



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

NATIONAL ARTS COUNCIL

FOR THE FINANCIAL YEARS ENDED 31 MARCH 2010

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the National Arts Council for the financial year ended 31 March 2010, in terms of Article 127(2) of the Namibian Constitution. My report is transmitted to the Minister of Youth, National Service, Sport and Culture in terms of Section 17(1) of the National Arts Fund Act, 2005 (Act 1 of 2005) to be laid upon the Table of the National Assembly by the Minister of Youth, National Service, Sport and Culture in terms of Section 17(3)(c) of the Act.

WINDHOEK, November 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE NATIONAL
ARTS COUNCIL OF NAMIBIA
FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2010**

1. INTRODUCTION

The Council was established in terms of Section 5 of the National Arts Fund of Namibia Act, 2005 (Act 1 of 2005), to promote and develop the arts in Namibia; to establish a Council to control and manage the Fund and to provide for related matters. The Council's income is derived mainly from Government funds. The accounts of the National Arts Council for the year ended 31 March 2010 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991) and the National Arts Fund Act, 2005 (Act 1 of 2005).

The Council consists of seven (7) members; (a) the permanent secretary or any person in the Ministry delegated to represent the Permanent Secretary; (b) a staff member, designated by the Minister, who is responsible for the arts and who holds a rank not less than that of the Deputy Director; (c) a staff member, appointed by the Minister responsible for finance who holds a rank or grade equal to or higher than that of Deputy Director; (d) four persons nominated for appointment by the Minister, Institutions, Organisations and individuals with vested interests in arts. The objectives of the Fund are stipulated in terms of Section 4 of the National Arts Fund of Namibia Act (Act no. 1 of 2005) as follows:

- (a) To encourage participation of individual persons, groups, institutions and organisations in arts programmes;
- (b) to expand, improve, upgrade and develop arts activities and related educational services;
- (c) to support institutions and other bodies engaged in arts activities;
- (d) to provide and improve arts facilities especially for the socio-economically disadvantaged communities;
- (e) to grant scholarships and financial support relating to arts, to individuals;
- (f) to raise funds from any source for the promotion and development of arts; and
- (g) to finance projects and programmes relating to arts;

2. SCOPE OF THE AUDIT

2.1 The Accounting Officer of the Council is responsible for the preparation of financial statements and for ensuring the regularity of the financial transactions. It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly.

The audit included:

- (a) Examination, on a test basis, of evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements,
- (b) assessment of the significant estimates and judgements made by the Accounting Officer of the Council in the accounting of transactions, his determination of and decision on the relevance of

transactions to the Fund and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed, and

(c) Evaluation of the overall adequacy of the presentation of information for its inclusion in the financial statements.

2.2 The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- the financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;
- in all material respect, the expenditure and income have been applied to the purposes intended; and
- the financial transactions conform to the authorities which govern them.

3. FINANCIAL STATEMENTS

The financial statements published in this report are filed in the Office of the Auditor-General and comprise the following:

Annexure A: Balance sheet

Annexure B: Income statement

4. AUDIT OBSERVATIONS

4.1 Financial statements

4.1.1 Misstatement of accumulated funds

The grants received of N\$ 1 405 000 was wrongly disclosed in the previous balance sheet as long-term liabilities. Taking the afore-mentioned into account, the equity and liabilities of the previous year was overstated by a net figure of N\$ 973 858. The auditors could not determine if this misstatement was rectified during the year under review.

The net loss for the year under review amounts to N\$ 1 116 229 which means that the accumulated funds should be a deficit of N\$ 794 230 whereas it is currently disclosed as a positive balance of N\$ 195 805 which is a difference of N\$ 990 033. The Council should investigate and rectify this misstatement.

4.1.2 Grants received

Grants received to the amount of N\$ 1 218 000 could not be confirmed.

4.1.3 Fixed assets

The fixed asset register does not include the accumulated depreciation and the Council does not have a policy on fixed assets.

It is recommended to the Council to develop a policy on fixed assets which is in line with Generally Accepted Accounting Principles and draw up a register for fixed assets to ensure that depreciation is accounted for.

4.1.4 Disclosure of bank balance

The auditors discovered that the bank balance of N\$ 1 191 137 is disclosed as opening balance for the trial balance at year-end instead of the accumulated fund balance.

It is recommended to the Council to draw up proper and correct financial statements as per the International Financial Reporting Standards.

4.1.5 Financial statement and trial balance not in agreement and there is no comparative figures

There is a difference of between the Trial Balance and the Financial Statement. There were no comparative figures provided.

The expenditures as per income statement amounts to N\$ 2 394 320 while the trial balance amounts to N\$ 2 465 790 which is a difference of N\$ 71 470. The submitted trial balance does not disclose the assets and liabilities but only disclose the income and expenditure.

It is recommended to the Council to draw up proper financial statements as per the Generally Accepted Accounting Principles (GAAP).

5. ACKNOWLEDGEMENT

Courtesy is extended and assistance rendered by the staff of the National Arts Council of Namibia to the auditors during the audit, is highly appreciated.

6. AUDIT OPINION

The accounts of the National Arts Council of Namibia for the financial year ended 31 March 2010 summarized in Annexure A and B, were audited by me in terms of the provision so of Section 17(2)(b) of the National Arts Fund Act, 2005 (Act 1 of 2005), read with Section 25(1)(b) of the State Finance Act, 1991 (Act 31 of 1991).

I am unable to express an audit opinion due to the following reasons:

- The Accumulated Fund is misstated with approximately N\$ 990 033.
- Grants received to an amount of N\$ 1 218 000 could not be confirmed.
- The Council does not have a policy on fixed assets and does not accumulate depreciation.
- The trial balance of the Council opened with a bank balance of N\$ 1 191 137 instead of the previous years' closing balance of the Accumulated Fund.
- The expenditure is per income statement and the trial balance differs with N\$ 71 470.
- The trial balance does not disclose assets and liabilities.

WINDHOEK, November 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

NATIONAL ARTS COUNCIL

BALANCE SHEET FOR THE YEAR ENDED 31 MARCH 2010

	2010	2009
	N\$	N\$
Assets		
Fixed assets	143 459	104 771
Motor vehicle	70 327	87 908
Computer equipment	51 691	1 832
Office equipment	1 669	3 968
Furniture and fittings	19 772	11 064
Current assets	52 346	1 191 136
Current Account	52 346	1 191 136
Supplier Control Account	-	-
Total Assets	195 805	1 295 907
Equity and liabilities		
Long-term borrowings	195 805	1 405 000
Long-term liabilities	-	1 405 000
Accumulated funds	195 805	-
Profit/(loss) for the year	-	322 049
Total equity and liabilities	195 805	1 727 049

NATIONAL ARTS COUNCIL

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	2009/2010	2008/2009
	N\$	N\$
Income	1 278 093	1 422 086
Grants received	1 218 000	1 405 000
Insurance refund	3 780	142
Interest received	56 313	16 944
Grants distributed	1 374 611	386 317
Grants distributed - Performing arts	721 026	100 340
Grants distributed - Visual arts	565 805	137 145
Grants distributed - Media	15 280	148 832
Grants distributed - Literature	72 500	
Operating expenses	1 019 711	713 770
Accounting fees	955	4 082
Advertising and promotions	23 751	165 990
Bank charges	13 030	5 958
Board members sitting & other fees	16 700	13 900
Board member loan	20 247	1 500
Board refreshments	6 262	1 308
Bursaries	224 991	24 000
Computer expenses	64 999	14 285
Courier & postage	5 131	698
Depreciation	33 170	29 076
Insurance	15 851	-
Motor vehicle expenses	2 730	4 547
Repairs and maintenance	2 466	2 605
Rent	10 500	-
Office equipment (Rental of photocopy machine)	23 017	-
Petty cash (Other expenses)	4 182	-
Printing & stationery	24 560	6 240
Salaries & wages	330 703	179 076
Telephone and fax	28 792	10 412
Travel and accommodation	110 214	44 589
Selection committees	26 460	13 200
Sponsorship	31 000	192 304
Profit/(Loss) before Tax	(1 116 229)	321 999
Previous year balance	1 191 136	-
Current accumulated fund	74 908	321 999