

## **VOTE 04: OFFICE OF THE AUDITOR GENERAL**

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### **INTRODUCTION**

#### **The mandate of the Vote**

The Office of the Auditor-General is established through the directives of Article 127 (1) of the Namibia Constitution. The Namibian Constitution and various other legal instruments such as the State Finance Act, 1991 (Act 31 of 1991), Regional Councils Act, 1992 (Act 22 of 1992) and Local Authorities Act, 1992 (Act 23 of 1992) mandates the Office to audit O/M/As (offices, ministries and agencies), regional councils, local authorities, funds and legally assigned statutory bodies and report thereon to the National Assembly.

The Office of the Auditor-General is further expected in terms of the State Finance Act, 1991 (Act 31 of 1991) Section 26(1) (b) (iv) to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources

### **EXECUTIVE SUMMARY OF THE VOTE**

#### **Achievements**

The Office is implementing its second strategic plan for the period 2013-2017. As part of the Performance Management Framework rolled out in the Government of the Republic of Namibia, this Office carries out annual reviews of its annual management plans.

The reports which have been finalized in terms of the stipulations of the relevant Acts amount to one hundred and sixty five (165) on 31 March 2015 compared to the one hundred and twenty seven (127) as at 31 March 2014. Three Performance Audit reports and three other special reports were finalized as well.

There are still some institutions which are unable to submit their financial statements timeously and it is of particular concern that the Auditor-General had to qualify, disclaim or express an adverse opinion on seventy seven (77) of the finalized financial audit reports during 2014/15.

#### **Challenges**

During the 2014/15 annual review, the following challenges were highlighted:

- Smart outputs and key performance indicators should be developed;
- Professionalization of staff is currently handled on committee level, but should rather form part of the Human Resource Development action plan;
- The time-recording system is still not utilized fully; and

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- Resignations and vacancies hamper the achievement of targets.

### The main objectives of the Vote

- Ensure that every government transaction involving government money is checked for correctness, for being within the law, and for being used for the purpose that the National Assembly approved the Central Government budget.
- Carryout performance audits which examine the way in which public resources such as money, are used.

### Overall vote actual performance

Breakdown \ Year	2014/15	
	N\$	
	Estimate	Actual
Operational Budget	76,263,000	73,528,958
Development Budget	2,730,000	2,722,253
Development Partners	0	0
<b>Total</b>	<b>78,993,000</b>	<b>76,251,211</b>

### Overview of the ministerial targets

Name of the Ministerial Targets	2013/14 Actual	2013/14-2015/16 Target	2014/15 Forecast	2014/2015 Actual
Finalize government audit reports annually	0	32	32	64
Finalize accrual based audit reports annually	84	131	121	101
Finalize performance audit reports annually	1	2	3	3
Finalize follow-up performance audit reports annually	1	2	2	0
Finalize environmental audit reports annually	0	1	2	0
Finalize forensic audit reports annually	0	1	2	0
Finalize other special audit reports annually	0	0	3	3
Carry out asset inspections annually	159	120	120	91

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Issue management letters	159	120	120	43
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**Targets**

**Target 1: Finalize 32 government audit reports annually**

**Effectiveness:** The Office finalized sixty four (64) government audit reports. Thirty two (32) were for the 2013/2014 financial year which were only finalized during 2014/2015 because extension was granted to OMA's by the Auditor-General to submit financial statements for audit purposes until 31 December 2013.

**Efficiency:** Target has been achieved.

**Impacts:** Stakeholders (Taxpayers, donors, etc.) are informed through the annual reports how O/M/A's spend the allocated funds. The Public Accounts Committee conducts public hearings after reports have been tabled and this creates awareness in the community with regard to public expenditure. Reporting also ensures accountability and transparency of public funds.

**Target 2: Finalize 121 accrual based audit reports annually**

**Effectiveness:** The Office was only able to finalize one hundred and one (101) of the planned one hundred and twenty one (121) accrual based audits. This was mainly caused by the fact that this Office battles to get financial statements from Local Authorities and Statutory Bodies on time. This hampers the timely delivery of effective reporting and corrective action being taken.

**Efficiency:** The targeted output could not have been reached with fewer inputs without compromising on the scope and quality of the audits.

**Impacts:** The Public Accounts Committee continues to perform public hearings after the reports have been tabled. This creates awareness in the community with regard to their Local Authority's performance.

**Target 3: Finalize 3 performance audit reports annually**

**Effectiveness:** The Office managed to meet the target of 3 performance reports which were finalized by 31 March 2015.

**Efficiency:** The targeted output could not have been reached with fewer inputs.

**Impacts:** The reports aimed at investigating the impact of the availability of firearms on gun related crimes, the systems in place to safeguard the environment and human health from the impact of waste and the control and management of illegal forest activities within community

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forests, respectively.

### **Target 4: Finalize 2 follow-up performance audit reports annually**

**Effectiveness:** No follow-up reports were produced during the period under review. Follow-up audits usually take place after field visits are carried out by the Public Accounts Committee to investigate findings as per the Auditor-General's report. The Office awaits a status report from the Public Accounts Committee to determine the follow-up audits.

**Efficiency:** The targeted output could not have been reached with less input.

**Impacts:** No follow-up audits were carried out during the 2014/15 financial year.

### **Target 5: Finalize 2 environmental audit reports annually**

**Effectiveness:** No reports were produced as the unit was only established during this financial year. The timeframe for an environmental audit is approximately 12 months. The first environmental audit started only in June 2014 and will therefore only be finalized during the 2015/16 financial year.

**Efficiency:** The targeted output was not achieved.

**Impacts:** No follow-up audits were carried out during the 2014/15 financial year.

### **Target 6: Finalize 2 forensic audit reports annually**

**Effectiveness:** No reports were produced as the unit could not be established during this financial year as planned.

**Efficiency:** The targeted output was not achieved.

**Impacts:** The forensic audit unit could not be established during 2014/15.

### **Target 7: Finalize 3 other special audit reports annually**

**Effectiveness:** Three audits were performed UNDP, SADC and a Transversal audit. The target was achieved.

**Efficiency:** On transversal audit less input were achieved and the quality was high. This report was done concurrently with the PAC hearings in the regions. UNDP and SADC output could not have been reached with less input without compromising on quality.

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**Impacts:** Stakeholders are informed through the annual reports. Reporting also ensures accountability and transparency of public funds.

### **Target 8: Carry out 120 asset inspections annually**

**Effectiveness:** The target was not achieved because of the backlog in the previous year's audit reports which were finalized in the 2014/2015 financial year. Only 91 inspections were conducted.

**Efficiency:** The targeted output could not have been reached with less input without compromising on quality. More inputs will ensure that the Office conducts more audits and asset inspections at regional offices.

**Impacts:** Stakeholders (Taxpayers, donors, etc.) are informed through the annual reports how OMAs control government assets. The Public Accounts Committee conducts public hearings after reports have been tabled and this creates awareness in the community with regard to public expenditure. Reporting also ensures accountability and transparency of public funds.

### **Target 9: Issue 120 management letters**

**Effectiveness:** The target was not achieved. Only forty three (43) management letters were issued during this financial year. Management letters are issued per Auditee and not per stock point audited. For example if five clinics are inspected, only one management letter will be issued to the Ministry of Health and Social Services.

**Efficiency:** The targeted output could not have been reached with less input without compromising on quality.

**Impacts:** Stakeholders (Taxpayers, donors, etc.) are informed through the annual reports and management letters how O/M/A's control government assets. The Public Accounts Committee conducts public hearings after reports have been tabled and this creates awareness in the community with regard to public expenditure. Reporting also ensures accountability and transparency of public funds.

### **Program-activities description**

During the review period, the Office of the Auditor-General had only two (2) programmes as illustrated in the table below, namely: Public Expenditure Oversight; and Supervision and Support Services.

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*P-Code	Programme Name	*A-Code	Activity Name	*MD in Charge	2014/15		
					Estimate	Actual	Execution rate(%)
01	Public Expenditure Oversight	01	Public Expenditure Auditing	03	52,622,000	51,456,994	97.79
							0.00
							0.00
							0.00
							0.00
<b>Sub-Total</b>					<b>52,622,000</b>	<b>51,456,994</b>	<b>97.79</b>
02	Supervision & Support Services	01	Policies Supervision	01	5,405,000	5,240,492	96.96
							0.00
		02	Co-ordination & Support Services	02	20,966,000	19,553,725	93.26
							0.00
							0.00
<b>Sub-Total</b>					<b>26,371,000</b>	<b>24,794,217</b>	<b>94.02</b>
<b>Vote-Total</b>					<b>78,993,000</b>	<b>76,251,211</b>	<b>96.53</b>

**Programme 01: Public Expenditure Oversight**

**Programme Objective**

The objectives for this programme are:

- To provide independent assurance and advice to the National Assembly on the proper accounting for and the regularity of the expenditure and receipts of Central Government, Regional Councils, Local Authorities, and legally assigned Statutory Bodies;
- To provide independent reports to the National Assembly on the economy and on the efficiency and effectiveness with which Public resources are used by Central Government, Regional Councils, Local Authorities, and legally assigned Statutory Bodies.

**Main activities**

**Public Expenditure Oversight**

**Output of Programme 01: Public Expenditure Oversight**

**Programme Effectiveness:** The programme did not reach all of its targets as planned. The reports which have been finalized in terms of the stipulations of the relevant Acts amounts to one hundred

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and sixty five (165) on 31 March 2014 compared to one hundred and fifty nine (159) that was planned for the financial year.

Thirty two (32) reports of the 2013/14 financial year were finalized in addition to the planned reports. There are still some institutions which are unable to submit their financial statements timeously and thus hampers the timely delivery of reports. The number of asset inspections was only 91 due to reasons mentioned above.

Three (3) performance audit reports were finalized during the financial year. No follow up performance audits were carried out. Three other special audit reports was also produced during the financial year.

**Efficiency:** The targeted output for government reports was exceeded by thirty two reports. However, the target for accrual based reports was not achieved. Three performance audit reports were finalized but no follow-up audits were conducted.

**Impacts:** The main aim of this programme was achieved which is:

- To provide independent assurance and advice to the National Assembly on the proper accounting for and the regularity of the expenditure and receipts of Central Government, Regional Councils, Local Authorities, and legally assigned Statutory Bodies; and
- To provide independent reports to the National Assembly on the economy and on the efficiency and effectiveness with which Public resources are used by Central Government, Regional Councils, Local Authorities, and legally assigned Statutory Bodies.

### **Programme 02: Supervision and Support Service**

#### **Programme Objective**

The objectives for this programme are:

- To certify that public accounts have been examined and whether they represent a true and fair view of the financial state of the institution, and to report thereon to the National Assembly;
- To assist the Auditor-General regarding the overall administration, and to facilitate the operations of, his/her Office;
- To assist the audit components of the Office with logistical and technical support.

#### **Description of the main activities**

##### **Policy supervision**

The purpose of this activity is to provide independent assurance and advice to the National Assembly on the proper accounting for and regularity of expenditure and receipts.

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### **Co-ordination and support services**

The purpose of this activity is to assist the Auditor-General regarding the overall administration, to facilitate the operations of his/her Office and to assist the audit components of the Office with logistical and technical support. In addition to the services provided to the Auditor-General, the main operations of this component are to provide administrative support services including budgeting, accounting, information technology support, personnel affairs, organizational procedures, and to provide logistics, material and equipment, transport services, internal auditing, secretarial, and other auxiliary services.

### **Output of Programme 02: Supervision and Support**

#### **Programme Effectiveness:**

The programme was able to reach most of its targets during this financial year. The Auditor-General signed off on one hundred and seventy one (171) reports. The Office implemented most of the planned initiatives on its strategic plan.

**Efficiency:** This Office is satisfied that the outputs were reached in the most economical way.

**Impacts:** The main aim of this programme is to assist the Auditor-General regarding the overall administration of his Office and to provide logistical and technical support to the audit components, which was achieved.

### **EXPENDITURE FROM CONTINGENCY 2014/15**

None

### **EXPENDITURE BY STANDARD ITEMS**

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<b>Breakdown \ Year</b>	<b>2014/15</b>	
	<b>Estimate</b>	<b>Actual</b>
Personnel Expenditure	47,141,000	46,672,277
Goods and Other Services	25,176,000	23,071,368
Subsidies and Other Current Transfers	130,000	124,185
Acquisition of Capital Assets(Operational)	3,816,000	3,661,128
Capital Transfers (Operational)		
<b>Operational Budget</b>	<b>76,263,000</b>	<b>73,528,958</b>
Operational Capital	2,730,000	2,722,253
Acquisition of Capital Assets (Development)		
Capital Transfers (Development)		
<b>Development Budget</b>	<b>2,730,000</b>	<b>2,722,253</b>
Total State Revenue	78,993,000	76,251,211
Fund Appropriation		
<b>Development Partners</b>		
<b>Grand Total</b>	<b>78,993,000</b>	<b>76,251,211</b>

**Explanations on variances**

The under-expenditure of 3.47% was mainly caused but the fact that this Office was unable to fill all the planned vacant positions. This caused a saving on personnel expenditure as well as on goods and other services.

**NON-TAX REVENUE**

<b>Revenue Source \ Year</b>	<b>2014/15</b>		
	<b>Estimate</b>	<b>Actual</b>	<b>Variance %</b>
Audit Fees	3 220 000	1 341 068	58
Private Telephone Calls	25 000	19 781	21
Miscellaneous	5 000	113 668	2 173
<b>Total</b>	<b>3 250 000</b>	<b>1 474 518</b>	<b>55</b>

**Private Telephone Calls**

Less private telephone calls were made than originally anticipated.

Miscellaneous revenue

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The under estimation was mainly caused by the following unforeseen refunds in terms of purchase of a vehicle, study fees, lost keys, salary and damage of laptop.

**Audit Fees**

This Office budgeted to generate revenue from audit fees charged to local authorities. However, on 3 June 2014, Treasury granted authorization (20/15/1/1/04 DB14/70) that the local authorities be exempted from paying audit fees for a period of five years starting from 2014/15 up to 2018/19 which caused the over estimation on audit fees.

**HUMAN RESOURCES CAPACITY**

<b>No of Staff</b>	<b>2014/15</b>
Approved	221
Funded	219

**EXPENDITURE FROM CONTINGENCY**

None

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**SUMMARY OF MOVABLE ASSETS**

**Furniture and equipment**

<b>worn and damaged</b>					
Description	Quantity	Average estimated market unit value (N\$)	Total Value (N\$) BiXCi	Quantity available to date	% of items not take for to auction( current stock level of individual items)
A	B	C	D	E	
			0		0.0
			0		0.0
			0		0.0
			0		0.0

<b>Obsolete and redudant</b>					
Description	Quantity	Average estimated market unit value (N\$)	Total Value (N\$) BiXCi	Quantity available to date	% of items not take for to auction( current stock level of individual items)
A	B	C	D	E	
			0		0.0
			0		0.0
			0		0.0
			0		0.0

**Vehicles**

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Obsolete and redudant						
	Description	Quantity	Average estimated market unit value (N\$)	Toal Value (N\$) BiXCi	Quantity available to date	% of items not take for to auction( current stock level of individual items)
	A	B	C	D	E	
1	Passenger Vehicle	2	14,000	28,000	2	0.0
2	2WD Station wagons,Combis Busses MPVs			0		0.0
3	2WD Pick-ups Panel vans with carrying capacity up to 1t			0		0.0
4	4WD Station wagons Combis Busses SUVs			0		0.0
5	4WD Pick-ups Panel vans with carrying capacity up to 1t			0		0.0
6	Motorcycle and Scooters			0		0.0
7	Animal Health Locust Personnel 2x4			0		0.0
8	Animal Health Locust Personnel 4x4			0		0.0
9	Tractors			0		0.0
10	Caravan			0		0.0
	Truck 3ton					
13	Truck 5 ton			0		0.0
14	Truck 10 ton			0		0.0
15	Truck 15 ton			0		0.0
16	Bus 65 seater			0		0.0