

# REPUBLIC OF NAMIBIA



## BUDGET SPEECH

FOR

VOTE 04:

AUDITOR-GENERAL FOR THE 2019/2020 FINANCIAL  
YEAR

BY

HON. CALLE SCHLETTWEIN, MINISTER OF  
FINANCE

MONDAY, APRIL 29, 2019  
WINDHOEK

*\*Check Against Delivery*

**Honourable Speaker,**

**I rise to motivate Vote 04, Auditor-General. The Auditor-General is mandated to audit the state revenue fund and report thereon to the National Assembly as per Article 127 (2) of the Namibian Constitution.**

**It has been mentioned many times that the Auditor-General's reports identify gaps in governance and public finance management that need to be attended to by Accounting Officers. Some of the issues highlighted in these reports are related to weakness in internal controls, absence of risk management process, over expenditure, lack of audit committees, non-compliance to rules and regulations, misuse of daily subsistence allowances, non-reconciliation of suspense accounts, absence of business continuity plans and controls over government assets. In order, to fulfil the audit mandate, the Office of the Auditor-General (OAG) needs resources to conduct asset inspections throughout the country. These inspections are intended to ensure that relevant controls are in place to safeguard Government assets.**

**During the previous financial year, this Office achieved the following:**

**The Office further managed to table 133 audit reports for Local Authorities, O/M/As, SOEs, Funds and Regional Councils. The Office also tabled two performance audit reports covering sewerage infrastructure and coastal management. The OAG is also leading in the implementation of the Performance Management System with 70% implementation of the 2018/19 annual plan.**

**The office produced its first annual performance activity report the previous year which was launched by the Auditor-General in February 2019.**

**The Auditor-General was appointed by SADC to represent the region and serves on the Board of external auditors of the African Union (AU) for a period of two (2) years up to December 2020. The audit work of the AU was allocated to members of the External Board of Auditors and Namibia is involved in the audit through its operational team.**

**The Auditor-General of Namibia as President and Chairman of the Governing Board of the African Organization of Supreme Audit Institutions (AFROSAI) has been nominated to be a candidate for the INTOSAI Governing Board to represent Africa for three (3) years up to 2022. Elections will take place in September 2019, Moscow. INTOSAI is the highest body of global Auditors-General of UN member states. The OAG is proud of this achievement and recognition.**

**Honourable Speaker**

**The Office will continue to render advisory services and engage stakeholders on a regular basis to help improve public finance management in Government and its institutions. Past and recent audits and observations show that there is a need for capacity building within the O/M/A's, Regional Councils, Municipalities, Towns and Villages.**

**Apart from the notable improvements the office continues to face challenges pertaining to late or none submission of financial statements and none implementation of audit recommendations.**

**Due to limited funds of which 85% goes to personnel expenditure in the 2019/2020 Financial Year, the Office will only be able to finalize one hundred and five (105) Audit Reports.**

**These include forty (40) government audit reports, fifty-four (54) Regional and Local Authority and Statutory Body audit reports as well as eleven (11) specialized audit reports.**

**Abovementioned specialized audit reports planned for 2019/20 will cover three (3) Performance Audit Reports; two (2) Follow-up on previous Performance Audit Reports; two (2) Environmental Audit Reports, two (2) Information System reports, one (1) transversal audit report and one (1) other Special Audit Report.**

**Besides shortcomings the Office will continue to conduct its audits in line with International Audit Standards and will strive to improve the quality of its processes.**

**The Office of the Auditor-General will continue to capacitate its staff to ensure that they acquire the technical skills for Information Systems and Key Performance Indicator Audits as these new types of audit that have been introduced.**

**Quality assurance, research & development and training division will continue to ensure that quality and factual reports are produced at all times. The research and development division keeps the Office abreast with international standards and the latest developments in auditing.**

**Honourable Speaker,**

**In the 2019/20 financial year, the Office will carry out three (3) main programme, namely;**

**Programme 1: Public Expenditure Oversight;**

**Programme 2: Independence and Legal Framework; and**

**Programme 99: Policy Co-ordination and Support Services**

**Details on each of these programs have not changed and remains follows:**

**Programme 1: Public Expenditure Oversight**

**The objectives of 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**
- **To develop Institutional capacity and Professionalization and to ensure compliance to audit methodologies and standards**

**This programme consists of the following components:**

**Cash-based Financial Audits:**

Audits of Offices/Ministries and Agencies;

**Accrual-based Financial Audits:**

Audits of Local Authorities (Municipalities, Towns and Village Councils), State Owned Enterprises and Funds;

### **Environmental Audits:**

- These audits are specifically designed to check and evaluate the effectiveness of environmental management systems. Sound environmental management depends upon procedures, work instructions, guidelines, specification, training programmes and monitoring systems being implemented by Government institutions.
- Environmental auditing has become a valuable tool in the management and monitoring of environmental and sustainable development programmes such as global warming, poverty eradication etc.
- The information is generated through the application of the performance audit methodology which provide important information to many different stakeholders.

### **Performance Audits:**

Performance audit is based on three elements namely;

- Economy:  
Are resources acquired at the lowest possible cost without compromising quality?
- Efficiency:  
Are resources applied in the correct manner?
- Effectiveness:  
Has the use of resources achieved the stated objective or goal?

Performance audit reports which the Auditor-General presents to the National Assembly draw attention to obstacles regarding the economic, efficient and effective use of resources in the Public Sector and make constructive recommendations on how performance in the use of Public Sector resources can be improved.

**Compliance Audits;**

Compliance audit a type of audit that ensures the compliance to laws, rules, regulations and policies.

**Information System Audits;**

The evaluation of the Information Technology environment to give assurance on the availability, integrity and confidentiality of information systems.

**Key Performance Indicator Audits;**

Government has introduced the performance management system and its primary function is to enable Offices, Ministries and Agencies to achieve success in the NDP5 and improve service delivery to the public. It is against this background that the Office has to audit the performance management system in-order to provide assurance on whether the said objectives and targets of respective O/M/A's has been achieved.

**Research and Development;**

The main purpose of research and development is to undertake research that directly steers the primary function of the Office of the Auditor-General, namely the auditing of the public sector and the achievement of public sector financial management transformation.

The Office applies authoritative knowledge of public sector auditing concepts, principles, practices and functions within an undefined environment applying broad general policies, principles and goals, in:

- Developing new audit approaches, methods and procedures to be followed by the audit staff;
- Providing a technical interpretive and advisory service to the audit staff and;

- Steering the development and application of accounting and auditing standards as they relate to public sector through interaction with external regulatory and professional bodies, both locally and internationally.

### **Quality Assurance:**

Quality Assurance offers benefits for the Office in the following ways:

- It enables the identification and sharing of good practices;
- It discovers weaknesses in the audit process and assists the Office to identify its training and development strategy; and
- It promotes consistency between audits and consequently reporting.

**An amount of N\$ 70,777,000 is allocated to fund this programme.**

### **Programme 2: Independence and Legal Framework**

**Obtaining and maintaining financial and administrative autonomy and appropriate human, material and financial resources is a priority for the OAG in order to build public trust and confidence therefore the main objectives are:**

- **To strengthening public sector auditing through autonomous legal framework.**
- **To enhance financial and operational independence**

**To ensure transparency, accountability and good governance, powers and duties of the Auditor-General need to be strengthened through an enabling legal framework.**

**An amount of N\$ 2,321,000 is required to fund this programme.**



## **Programme 99: Policy Co-ordination and Support Services**

**This programme is to assist the Auditor-General regarding the overall administration, to facilitate the operations of his Office and to assist the audit components of the Office with logistical and technical support.**

**The provision of human resource management, training and development and facilitates strategic planning and performance management for the Office of the Auditor-General.**

**The main objectives are:**

- To enhance the utilization of resources effectively, efficiently and in an economical manner**
- To manage organisational risk effectively**
- To effectively manage information technology.**
- To Strengthen stakeholder communication and engagements;**
- To strengthen human resources, enhance leadership and organisational development;**

**An amount of N\$ 36,167, 000.00 is required to fund this programme:**

**A budget of Vote 04: Auditor-General amounting to N\$ 109,265,000.00 is required to implement the programmes. I cannot over-emphasize the fact that we need an effective and well-resourced Office of the Auditor-General. The promotion of accountability and transparency in our country requires a well resourced Supreme Audit Institution. In this regard request this August House to approve the budget allocation of Vote 04: Auditor General for the 2019/2020 Financial Year.**

**I thank you.**