

TUESDAY, 23 OCTOBER 2018

MOTIVATION SPEECH BY HON. MIKE KAVEKOTORA

REPORTS OF THE PARLIAMENTARY STANDING COMMITTEE ON PUBLIC ACCOUNTS ON THE REVIEW OF THE AUDITED REPORTS OF THE AUDITOR-GENERAL ON CENTRAL GOVERNMENT (O/M/As) AND STATE OWNED ENTERPRISES (SOEs):

Honorable Speaker,

Honorable Members,

As you are aware, the duties of the Public Accounts Committee in terms of Rule 69 of the Standing Rules and Orders of the National Assembly, are amongst others; to examine, consider and report on all reports of the Auditor-General:

- (a) The accounts showing the appropriation of the sums granted by Parliament to
meet public expenditure of the Republic;
- (b) Such other accounts, reports and any other matter or task as may be referred to
the Committee by the House, or under any other law;
- (c) All reports of the Auditor-General on any such accounts;

- (d) All accounts and reports of accounts where the State has interests;
and
- (e) All State-Owned Enterprises and Parastatals.

The reports, Hon. Speaker, presents the outcomes of all the concerns and issues raised during the Committee's review and examination on the Central Government Audited Reports for the financial years ended 31 March 2013 to 2014, and the State Owned Enterprises for the financial years ended 2005 to 2014 as tabled in Parliament by the Office of the Auditor-General through the Ministry of Finance.

Audited reports are divided in four categories namely: Unqualified (clean audit), Qualified (satisfactory/acceptable but with some concerns), Disclaimer and Adverse (issues of serious or major concerns discovered). The Committee concentrated and put more emphasis on the latter three.

The PAC Committee also evaluated responses provided by the Accounting Officers/Chief Executive Officers and where the responses were found not to be satisfactory further requests were made for clarification and in some instances, in terms of Article 63(2) (f) of the Namibian Constitution, the PAC Committee invited officials to appear before it and account through a public hearing.

Honorable Speaker

Honorable Members,

Let me, at the outset indicate that the Public Accounts Committee strives to contribute positively to the continuous improvement of sound, prudent and transparent public financial management within all the O/M/As and SOEs.

It is not my wish to go into details of the two reports which are before the Assembly today, assuming that Members had an opportunity to read through the reports and will, therefore, be able to discuss the reports in detail and make significant contribution.

However, allow me to highlight some few issues of grave concern to the Committee when it reviewed the reports of the Auditor-General, as follows:

- The Committee was particularly concerned that both the Offices, Ministries and Agencies and the State Owned Enterprises, were not providing their financial statements on time, thereby, not complying with the requirements of the State Finance Act and other legislations to account for the public funds which have been given to them through Parliament;
- Most of the O/M/As and SOEs failed to provide sufficient supporting documents (vouchers, records, and registers) to enable the auditors to verify the correctness of the statements, transactions and proper recording of assets, hence, limiting the audit scope.

- There is a lack of strict financial management or internal control measures to curb unauthorized expenditure, thus, leading to fruitless, irregular and wasteful expenditure.
- There is a growing tendency amongst O/M/As to deviate from normal tender procedures as exempted or approved by the then Tender Board of Namibia.
- The Committee is also concerned about the delay in the submission of audited financial reports to Parliament.
- Reconciliations on most accounts were not regularly done.

Furthermore, it was found that there is no respect for corporate governance in most SOEs and that due processes, ethics, diligence and care are not being followed, not even to mention the Companies Act. There is a serious lack of transparency and accountability as most of the SOEs are struggling to thrive and survive, if not bankrupt.

The Committee is also concerned that no consequences or actions have been taken against the individual public officials, ministries or parastatals whose finances were found to be in chaos, but instead, they continue to receive more money or bail-outs over many years with no accountability.

Honorable Speaker,

Honorable Members,

I would like to reiterate that PAC as an oversight Committee is tasked with a duty to examine and inform this Assembly on the integrity, economy, efficiency, effectiveness and prudent ways of handling public finances. It is also our duty to inform this House where there is a need for improvement, and we have underscored that in our reports.

In an effort to contribute to prudent and transparent financial management, the PAC Committee recommends the following:

Offices, Ministries and Agencies:

1. Accounting Officers must ensure that their respective O/M/As adhere to and comply with all financial regulations.
2. O/M/As must ensure strict control over their expenditure to eliminate occurrence and reoccurrence of unauthorized expenditure.
3. O/M/As should institute effective measures to control and monitor their budgets to avoid under spending and over spending.
4. O/M/As should ensure that all supporting documents are kept and made available for auditing purposes on an annual basis and timeously submit financial information to the Auditor-General.
5. O/M/As should establish internal audit function and the Ministry of Finance should take the lead in providing assistance including capacity building in order to ensure enhanced internal controls.
6. Ensure internal audit units and audit Committees are established in all O/M/As and SOEs
7. O/M/As should ensure that regular reconciliations are carried out to ensure correctness of records.
8. O/M/As should ensure that there is working strategies in place and monitoring mechanisms to compel all staff Members who travelled to fill in their claim forms upon return.
9. Accounting Officers who fails to manage their finances prudently should be disciplined and fired if found to be incompetent.

State Owned Enterprises:

1. The PAC Committee should be given access to financial and audit reports of all SOEs including those established under the Company's Act, or established with a provision for auditing to be done by external auditing company and not by the Auditor-General.
2. SOEs should put corrective measures in place to ensure there is prudent use of public funds and put a stop on financial mismanagement in those entities.
3. The Ministry of Public Enterprises and line ministries must ensure that SOEs who fails to submit their annual audited financial reports/statements on time and fail to manage their funds prudently are taken to task and disciplined;
4. The Ministry of Public Enterprises and other custodian O/M/As should ensure that the Boards of SOEs implements the recommendations made by the auditors to ensure accountability and transparency in the management of public funds;
5. The Ministry of Public Enterprises must identify the reasons why some SOEs are technically insolvent and recommends solutions to parliament.
6. The Ministry of Public Enterprises or line ministries should ensure that technically insolvent SOEs are brought back to solvency.
7. The SOEs must ensure safe keeping of accurate and verifiable supporting documents of all transactions.
8. The SOEs should keep complete and updated registers for both movable and fixed assets at all times;

9. The SOEs should strengthen their internal control systems and processes in order to account for and safeguard public assets; and
10. Budgetary allocations from Treasury must be withheld from SOEs with continuous disclaimers and adverse audit opinions.

Finally, Honorable Speaker, I would like to thank my colleagues from the Public Accounts Committee and the Secretariat for their dedication and commitment.

I also would like to thank the Office of the Auditor-General and their officials, and staff members from the Ministry of Finance (Treasury) for their positive support and advice rendered throughout this exercise.

I thank you.

