

*Report to World Bank infoDEV Programme*

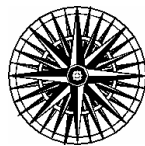
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**From Accounting to Accountability:  
Managing Financial Records  
as a Strategic Resource**

**Namibia: A Case Study**

**[infoDEV 257-980121]**

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## **RESPONSIBILITY**

Although this study is funded by the World Bank *infoDEV* Programme, the Bank bears no responsibility for, and is not in any way committed to, the views and recommendations expressed herein.

# PREFACE

## Purpose of the Research Study

This study is part of a project entitled 'From Accounting to Accountability' which has been funded by the World Bank Information for Development (*infoDEV*) program, with additional funding from the United Kingdom Department for International Development.

Governments are investing heavily in introducing new financial management systems as a means of improving accountability and managerial efficiency. Often this involves computerising and integrating financial management functions from budgeting through to audit. However many efforts to strengthen financial controls fail. Administrators, donors, and other stakeholders need to know why this is the case and how they can improve the success rates of the projects.

In sub-Saharan Africa, and elsewhere, it is common to find financial records in a chaotic state and this is undermining the ability to audit accounts efficiently and to provide evidence to detect and prosecute fraud. Typically chaotic financial records are seen as a symptom of poor management in the accounting cadre. It is often believed that computerising the financial management workflow will solve any records control issues. However, there are other records management issues to consider.

This study examines the proposition that chaotic financial records are more likely to reflect a failure to set up adequate records management systems and to train staff to use these systems properly and consistently. It attempts to show that chaotic records are not a symptom of poor financial management, but rather contribute to the cause of it.

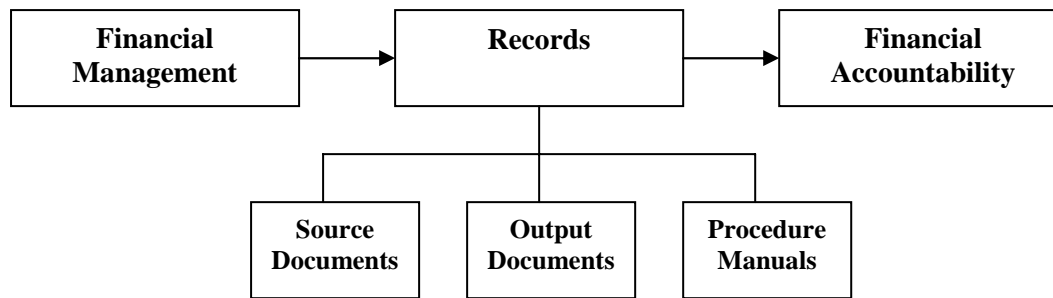
The research focuses on those records that relate to the accounting and auditing functions of these systems and take account of both the computerised and paper records of accounting transactions as well as relevant administrative, operational and policy records. It defines an accounting system as a system that records actual revenues and expenditures; it comprises the series of tasks and records of an organisation by which transactions are processed as a means of maintaining financial information to provide an accurate account of government expenditure.

Because accounting records exist in a mixed media environment, strong controls are required to protect them against unauthorised access, alteration, copying and destruction - 'the most common and easiest method of fraud is to suppress or falsify transaction data before their introduction into a computer.'<sup>1</sup> Identifying key input, output and control documents to support public sector accounting also forms a critical component of this study.

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<sup>1</sup> Michael J Comer. *Corporate Fraud*. Third Edition. (Aldershot, UK: Gower Publishing Ltd: 1998): 214





*Records are the link between accounting and accountability*

The aim of the research is to provide a means of improving government financial accountability by strengthening accounting records systems. Project outputs include: a reference model to integrate records management into accounting system reform projects and case studies from Namibia, Tanzania and Zimbabwe on the relationship between accounting records and financial accountability. The reference model will establish good practice for managing financial records and provide tools to assess the effectiveness of record keeping systems and the capacity for records management programmes to carry out their mandate. The model does not aim to provide a one-size-fits-all notion of ‘good practice’, but to develop and apply analytical tools to emphasise ‘good fit’ based on a thorough understanding of what exists on the ground and the needs of system users.

## **Namibia as a Case Study**

Namibia offers a number of advantages for a case study. The public service of Namibia has a good reputation in the region and therefore provides the opportunity to identify good practice in a developing country context. Moreover, it has been working for a number of years on integrating its financial management systems. This is a goal that many other countries in the region are also seeking to achieve. Thus Namibia can provide a case study of the realities of implementing such integrated systems and the likely implications for financial record systems.

## **Scope of the Assessments**

The assessments are intended to provide a picture of the state of financial records across government. Four assessments were carried out: a records management programme assessment, a records management systems assessment, an assessment of facilities and maintenance and a human resources assessment. They were applied to the central Government of Namibia and included the Ministries of Basic Education, Culture and Sport, Finance, Works, Transport and Communications, Health and Social Security (Otjiwarongo offices), Labour, and Mines and Energy. The Prime Minister’s Office and the National Archives also participated. To test the applicability of the tools in local government,

assessments were carried out for the City of Windhoek (a tier one local authority) and for Otjiwarongo Municipality (a tier two local authority).

Most of the financial records to which this case study refers are transaction records. These might include purchase orders, payment vouchers, invoices, payroll records, cash books, subsistence and travel expense reports, bills of lading, inland revenue returns, etc. However, contracts, tenders, payroll case files and other documents that support financial transactions are also considered as part of the assessment in order to ensure that the essential links between the two are in place.

## **EXECUTIVE SUMMARY**

This report focuses on the financial management systems in Namibia and the financial records that underpin them. It examines core central government systems as well as those used by the City of Windhoek (Tier One Local Authority) and Otjiwarongo Municipality (Tier Two).

The programmes for managing financial records are assessed against a specially developed reference model. The approach used in the assessment is based on developing a thorough understanding of what exists on the ground and emphasises a 'good fit' rather than any one-size-fits-all notion of 'good practice'. The assessment below takes into account what is working on the ground and gives greater weight to what is affordable and realistic in the specific circumstances pertaining in Namibia.

### **Central Government**

The Government of Namibia is justly proud of its strong tradition of respect for record keeping and accountability. However, there are signs that records management systems are beginning to break down and this may have harmful consequences for the future.

The Auditor General identified 73 instances where poor record keeping or records management were a matter of concern in the financial year ending 1998. This involved transactions representing only 0.44% of the total actual expenditure of central government. Fraud is not a widespread problem, despite cases that have been and are being investigated. Yet it is important to recognise that the financial systems with the weakest controls are those that are traditionally key targets for fraud in most countries: the payments (FCS), payroll and the subsistence and travel systems. There is room for improvement and a need for closer co-operation between the National Archivist, the Auditor General, the Accountant General and Accounting Officers to strengthen standards, although at present the overall impact on financial accountability is not serious.

The assessment focussed on the records used for or generated by the main financial functions of government and the regulations, controls, human resources and infrastructure needed to support the financial records they generate. In central government these functions are mainly processed by a suite of computer systems operated by the Ministry of Finance that were intended to form an 'integrated financial management system'. The main systems are: General Ledger, Bank Reconciliation, Funds Control System, Payroll, Medical Aid, Subsistence and Travel, Manual Cheques, ASYCUDA customs management, Inland Revenue and Debt Management.

This report also evaluates the management of paper accounting records, source documents and outputs for these systems in a representative sample of ministry headquarters. Government offices in Otjiwarongo were visited to gain an impression of the situation outside Windhoek.

The fundamental issue is that there is no active government-wide records management programme, which would normally be co-ordinated through the National Archives. Although in many respects good structures are in place, there is no guiding hand to ensure that systems,

procedures and processes are updated to take into account changes in the work of government. On the whole, record *keeping* (in other words the creation of financial records in accordance with good accounting practice) under the overall direction of the Accountant General is, with some exceptions, in good shape, but records *management*, under the overall direction of the National Archives is encountering problems.

### ***Legal and regulatory framework***

Although the legal and regulatory framework has good features, it has not kept up with changing conditions. Both the *Treasury Instructions (1991)* and the *Archives Code* require revision. Also, there is no government-wide accounting manual that translates the broad principles expressed in the *Treasury Instructions* into procedures that allow them to have practical effect.

The question of the legal admissibility of electronic records would appear to be a 'grey area'. Also, civil servants are not aware that electronic records are defined as public records under the *Archives Act*.

### ***Organisational structure***

The organisational structure was rated adequate, although there is scope for strengthening the position of the National Archives. The Chief of the National Archives is graded at deputy director level and the Archives itself is poorly situated within government to take an active role in co-ordinating records management across government (ie it is a sub-division within the Ministry of Basic Education, Culture and Sport). His authority to enforce compliance is neither widely recognised nor respected. Likewise, the position of the Accountant General in ensuring good practice in financial management is made more difficult because of the large gap in rank between this post and the Accounting Officers.

### ***Financial provisions***

Compared to other sub-Saharan African countries, the Government of Namibia is comparatively well resourced and this is reflected in their ability to manage their financial records.

### ***Staffing***

Staffing levels in the National Archives is very poor. This makes it impossible for this agency to perform its statutory function of co-ordinating records management throughout government. As a result, the records management function as a whole has virtually no presence throughout government.

Within line ministries, staffing levels appear to be adequate, but there is no single post that has responsibility for the management of all records within the organisation. The absence of a single point for communication further limits the level of input from the National Archives in the management of financial records.

### ***Facilities and maintenance***

The facilities and maintenance for both paper and electronic records are adequate. In marked contrast to many other governments in the region, the Namibia has allocated sufficient funds to record keeping. Particularly in the Ministry of Finance, the facilities to house the computer systems and to manage electronic records are improving. There is a state-of-the-art National Archives building and good storage accommodation in line ministries. However, at present there is no records centre facility for the storage of semi-current records, although space is available in the new National Archives building.

### ***Records management systems***

Both computerised and paper-based systems were examined. The computerised systems assessment revealed two kinds of issues:

- operational issues: problems with the environment in which the systems operate
- records management issues: weaknesses in the systems' ability to manage financial records.

While the computer systems are not as strong as they could be, the weaknesses found in managing records found do not pose a significant problem at present. Most of the electronic transaction records required for operational and audit purposes are not needed for more than eight years, and there are adequate procedures in place to back-up and store data for that period.

The Ministry of Finance's computerised financial systems are integral to the processing of all government revenue and expenditure. The strongest systems are found in the revenue generating areas, in particular the Directorates of Inland Revenue and Customs and Excise. The Treasury systems have been less successful.

A fundamental weakness in the integration process is the lack of security when transferring data from one system to another. Particular areas of concern are firstly cheque printing and secondly data transfers from the Central Bank to the Bank Reconciliation System via the Internet. It would be relatively easy for anyone to intercept data transferred from the Central Bank and obtain details of the government's daily bank balance and details of cheque numbers, amounts, and so forth.

The difficulties of controlling data transfers on a procedural level are indicative of larger problems, specifically weaknesses in procedures, documentation, organisational behaviour and capacity:

- An excessive reliance upon consultants in the past has led to a situation where no government employee really understands how the computer systems work.
- There is virtually no technical documentation available for most of the systems. This has serious implications both for maintaining the systems and the ability of internal and external audit to advise management of the soundness of systems.
- Staff are largely trained on the job with very little procedural documentation, which means that the bad habits of individual supervisors are passed on the next generation.

The Data Systems Division of the Ministry of Finance has identified to management the need for a Systems Owner (ie key user) that determines business rules and daily accounting procedures. However, it remains to be seen whether this approach will work.

Finally, neither the Auditor General's Office nor the Internal Audit staff at the Ministry of Finance have adequate expertise in auditing computer systems. Efforts to increase capacity in this area should be made a priority.

Overall, the management of electronic records by these systems is rated inadequate, although examples of good practice were found, for instance, the backing up of computer data of the main financial management systems.

An area of immediate risk is the computerised debt management system. At present a copy of the backup data for the system is not stored off-site and the supporting source documents (correspondence, contracts) reside in the same room as the computer. Given the financial value of the information and the comparatively small amount of paper and computer storage media involved, it would be sensible for the Ministry of Finance to develop a vital records programme to protect these and other essential records.

Most of the Treasury systems were not tracking records or maintaining useful audit trails. There is a risk that the failure to implement audit trails on key financial systems may result in fraud not being detected. The tracking and audit controls on the Subsistence and Travel (S&T), Creditors (FCS), and Payroll systems are weak. In many countries these types of systems are key targets for fraud. This situation is compounded by the failure of the Office of the Auditor General's to audit the computerised systems because of a lack of expertise in computer audit techniques.

The ability to register and classify, and access and retrieve records is of key importance to accounting staff. Therefore, it is not surprising that, with few exceptions, these record keeping control functions work well across all computer systems.

It should be noted that there are electronic financial records that are likely to be of considerable historical interest to future generations, for example domestic and foreign debt management systems (history of public finance), customs systems (economic history) and Inland Revenue systems (social and economic history).<sup>2</sup> The current situation is unsatisfactory for ensuring the long-term preservation of these records. In the next five years the National Archives will need to develop the capacity to appraise and advise on the management of electronic records. A decision will need to be taken as to whether the

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<sup>2</sup> It should be noted the National Archives has not had the opportunity to carry out an appraisal.

National Archives should acquire the staff capacity and equipment to provide data archive services, either on their own or in partnership with relevant government agencies. Possible partners could include the Administration and Information Technology Department of the Office of Prime Minister or the University of Namibia.

The Government has few significant problems in managing paper financial records. Therefore, although time consuming, labour intensive and thus expensive, the Government can revert to manual systems in an emergency, as was the case in closing out the FY 99/00 accounts. The main exception to this positive picture is the management of source documents in the S&T system, which must be improved. It is an area where fraud could be a risk.

In addition, in a large number of offices there are no tracking systems in place to record the movement of records outside the creating or processing section. However, the new computerised Inland Revenue system should be singled out as a notable example of good practice in the integration of papers and electronic records. It has excellent features, particularly the file tracking functionality.

In most of the line ministries assessed there were no formal written guidelines restricting access to paper financial records.

Although retention periods for financial records are prescribed in the *Financial Instructions*, they are out of date, and in any case, are not being implemented. Failure to transfer and destroy voluminous paper records in accordance with retention schedules will result in congestion in storage areas and eventually will adversely effect the timely and efficient retrieval of information for auditors and others.

One key weakness identified throughout is the lack of monitoring for compliance with existing procedures for keeping and managing records encoded in the *Financial Instructions*.

### ***Training and career development***

The number of qualified archives and records management staff in government is entirely inadequate. Although there are plans to make working on government records more attractive by restructuring the scheme of service for archives staff, the absolute shortage of qualified archives and records management staff in the region is a cause for concern. Unless there is a significant increase in the number of records professionals available for recruitment, it is likely that the national archives will continue to lose out to neighbouring countries, parastatals and the private sector, which can afford to offer more attractive salaries. Recommendations for addressing training needs are available in Chapter Three.

### ***Inspection and compliance***

An effective programme of inspections is vital to ensure that line ministries are effectively managing their records. However, the National Archives can no longer carry out the records management function owing to shortages of staff and other resources, including an adequate budget. As a result, there is no programme of monitoring and inspection. This is the greatest

area of risk is for the future because without regular external inspection there will be no means for informing and advising management where problems are occurring.

## ***Recommendations***

The Government of Namibia must implement a national programme for managing financial records. The National Archives should be reoriented; in addition to performing an important role as a cultural institution, it also needs to make a positive contribution to the efficiency of government. As a first step, the Ministry of Basic Education, Culture and Sport should develop a strategy to ensure that the National Archives meets present and future needs for records management to support national accountability. This should include the development of a network of Departmental and Local Government Records Officers to support the records management programme and the creation of a records centre for the storage of semi-current records. In both cases, it is recommended that other stakeholders are consulted fully. These should include the Auditor General, Office of Prime Minister, and line ministries.

The Ministry of Finance and the Office of the Auditor General also has an important roles to play. Both internal and external auditors need to strengthen their capacity to audit computerised systems. In the short term this can be out-sourced, but in the medium term it will be important to ensure there is adequate in-house capacity in this area. The proposed creation of systems owners in the Ministry of Finance with responsibility for developing business rules and procedures is an important innovation. These procedures should include rules for record keeping consistent with the *Archives Act* and *Archives Code*. Rules over access to paper and computerised financial records should be codified. In general, accounting staff should be sensitised to good records management practice. Partnership with the National Archives is highly desirable. More detailed recommendations appear in Chapter One below.

## **Local Authorities**

To test the applicability of the reference model to a local government environment, assessments were carried out of the management of paper and computerised financial records in two local authorities. An assessment of the records management programme was carried out for the City of Windhoek. In addition, studies were made of the management of financial records in the City of Windhoek (Tier One Local Authority) and Otjiwarongo Municipality (Tier Two).<sup>3</sup>

### ***City of Windhoek***

The City of Windhoek has good systems for managing its financial records, both paper and electronic. There are areas where improvement could be made, but overall this city is a model of good practice for the sub-Saharan region.

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<sup>3</sup> There are three tiers of local authorities in Namibia graded according to size and scope, Tier 1 being the largest through to Tier 3 as the smallest.



The main weaknesses of the regulatory framework lie with the *Archives Code* issued under the authority of the *Archives Act 1992* which is now out-of-date and requires revision to take into account changes in the use of information technology. As with central government, the legal admissibility of electronic records needs to be clarified.

Although in theory the National Archivist is responsible for policy on all categories of local authority records, in practice he is not able to perform this function owing to competing priorities. Thus there is no central point to which local authorities can turn for guidance on records management. Moreover, there is no system of counterparts in the local authorities to whom the National Archivist can work with to ensure that good records management practices are followed through. The Government of Namibia should consider creating a system of local authority records officers with responsibility for acting as a focal point for joint activities between National Archives and the local authority in all aspects of records management. This should not be a new post, but a role assigned to an existing staff position.

Staff numbers in the local authority appear to be adequate to carry out records management functions and likewise, there appears to be sufficient funds allocated to this area of activity.

Weaknesses in records controls for managing paper systems are in areas which are least likely to have an immediate impact. Any shortcomings that do exist are not having a significant impact on financial systems at present. In most cases good storage facilities and equipment are available for storing paper financial records. However, one storage room used to keep financial records had a serious damp problem and severe mould growth was found on almost all records held in it. This does need to be addressed.

The Council's computerised financial systems work well and they have no significant problems managing their records at present. There are good facilities for maintaining electronic records. File servers and back-up facilities are maintained in purpose-built temperature-controlled rooms.

The systems are well documented and changes to them are tracked and recorded. Moreover, manuals are readily available to users in both paper and electronic (ie on-line) form. Training is also readily available and in-house training facilities are well resourced.

All computerised systems register and classify, track and can access and retrieve records well. It should be noted however, that the records control functions of scheduling/retention, transfer and destruction have not been implemented well.

At present, there do not appear to be electronic records that will be required for more than 10 years. The council does have a tradition of progressive adoption of information technology to reengineer its functions and processes. Consequently, in future the council may create or receive records (for example relating to large capital projects) that only exist in electronic form and may be required for long periods. The situation with regard to electronic records should be kept under review.

The situation with respect to monitoring records management systems is poor. Until June 1999, the National Archives tried to maintain regular planned inspections of local authorities. However, in recent years these visits were not made because of staff shortages.

## ***Otjiwarongo Municipal Council***

The Municipal Council of Otjiwarongo is a second tier local authority. This is subject to the *Local Authorities Act 1992* and the *National Archives Act 1992*. The Town Treasurer's Department is responsible for financial management. This is a small department so the volume of financial transaction records is correspondingly small. The Treasurer's Department operates a very basic computerised financial system specific to the department.

## ***Recommendations***

The National Archives, working in partnership with the local authorities, should develop a network of local authority records officers who can provide local foci for a national records management programme to support the needs of local authorities. In most cases the local authority records officer would be a role assigned to an existing local authority post. They should work closely with the proposed local branches of the National Archives.

Windhoek City Council should take steps to address the problem of the damp records store room.

# CHAPTER ONE

## RECORDS MANAGEMENT PROGRAMME: GOVERNMENT OF NAMIBIA

### Introduction

This report focuses on the programme for managing financial records in Namibia and the financial management systems which create them. It provides context to the current situation, both for financial management and records management. This includes the development of the integrated financial management system. It is based on an analysis of relevant legislation and regulations, plus extensive interviews with staff at all levels in the Ministry of Finance, Office of Prime Minister, Office of the Auditor General, selected line ministries and staff in Otjiwarongo District and Otjozondupa Directorate (Ministry of Health). It incorporates, where relevant, key findings from the assessments of systems, human resources and facilities and maintenance treated in greater detail elsewhere in this report. (See Appendix B for detailed results of the records management programme assessment.)

Good practice for records management programmes has been defined in *Principles and Practices of Managing Financial Records: A Reference Model and Handbook*, developed by the Rights and Records Institute. Common principles and practices were derived from a number of sources including the draft International Organisation for Standardization ISO 15489 (Records Management) standard, the Australian Records Management Standard (AS 4390/1996) produced by Standards Australia, and other seminal records management texts. The Reference Model also reflects the practical experience of the International Records Management Trust over ten years in a broad range of countries in Africa and the Caribbean. This provides the benchmark against which the programme for managing financial records was assessed.

### Key Findings

The Government of Namibia can be justly proud of its a strong tradition of respect for record keeping and accountability. Overall, the condition of records management in line ministries is significantly better than most countries in the sub-Saharan region. However, there are signs that records management systems are beginning to break down and this may have harmful consequences for the future.

On the whole, record *keeping* (in other words the creation of financial records in accordance with good accounting practice) under the overall direction of the Accountant General is, with some exceptions, in good shape. However, records *management*, under the overall direction of the National Archives is encountering problems. A fundamental issue is there is no active government-wide records management programme, which would normally be co-ordinated through the National Archives. Although in many respects good structures are in place, there is no guiding hand to ensure that systems, procedures and processes are updated to take into account changes in the work of government.

The Ministry of Finance operates a group of computer systems that were intended to form an 'integrated financial management system'. In practice these systems operate separately, with human intervention being required to trigger most data transfers between systems using flat files. In a few cases data has to be hand keyed to transfer information from one system to another.

The main computerised systems are:

- General Ledger
- Bank Reconciliation
- Funds Control System
- Payroll
- Medical Aid
- Subsistence and Travel
- Manual Cheques
- ASYCUDA (Customs Management)
- Inland Revenue
- Debt Management.

Most of these are bespoke programs. The exceptions are the Customs system (ASYCUDA supplied by UNCTAD) and Debt Management (supplied by the Commonwealth Secretariat). The assessment also included evaluating the programme for managing paper accounting records (eg source documents, outputs and control documents for these systems) in a representative sample of line ministries. Government offices in Otjiwarongo were visited to gain an impression of the situation outside Windhoek.

The National Archives seriously lacks capacity to monitor the management of both paper and computerised records and thus make a contribution to the efficiency of government. In particular, the retention schedules for paper records have not been revised to take into account the introduction of new computerised financial management systems.

The inclusion of references to the provisions of the *Archives Act, 1992* in the draft *Acceptable Use Policy on Information Technology Resources*, produced by Office of the Prime Minister, October 1998 is an important step in ensuring that the government's information technology policy follows good practice. Although examples of best practice were found, for instance, the backing up of computer data of the main financial management systems, the records management systems for electronic records are inadequate.

There is virtually no technical documentation available for most of the computer systems. This has implications both for maintaining the systems and the ability of internal and external audit to advise management of the soundness of systems. The Government of Namibia should consider taking steps to ensure that computerised financial systems and procedures are adequately specified and documented, and the resulting paper and electronic records properly managed. The lead in this area should be taken by the Ministry of Finance. The proposed introduction of Systems Owners with responsibility for setting the business rules, issuing user manuals and training could be (if correctly implemented) an opportunity for regularising this situation with respect to financial transaction records. However, it is open to question whether all the systems owners will have the necessary skills or enthusiasm for this task.

The records management systems for paper records are inadequate because records management procedures are not consistently followed. The National Archives issues an *Archives Code* and a Registry Manual, but this does not cover financial transaction records in detail. However, the condition of record keeping systems in the line ministries is still good compared to other countries in the sub-Saharan region and the impact so far of shortcomings on the ability to account for expenditure is slight.

There is little evidence of the chaotic or collapsed record systems that are common elsewhere. The Auditor General identified 73 instances where poor record keeping or records management were a matter of concern in the financial year ending 1998. This represents 0.44% of the total actual expenditure of central government which is not a large figure. However, it may be useful to monitor trends to give early warning in case problems become more serious. The previous years the percentages were 0.04% in FY 1995/96 and 0.48% in FY 1996/97. This suggests that either the records management programme previously run by the National Archives is beginning to break down or that external auditors are applying more stringent standards than hitherto. There is some reason to believe that both possibilities are occurring simultaneously. If the records management programme is not revived by the National Archives, over a period of time it will become increasingly difficult to retrieve source documents for audit or management purposes. There is clearly room for improvement and closer co-operation between the National Archivist, the Auditor General, the Accountant General and Accounting Officers to strengthen standards, but at present the overall impact on financial accountability is not serious.

The new computerised Inland Revenue system should be singled out as a notable example of good practice in the integration of papers and electronic records. It has excellent features, particularly the file tracking functionality. It deserves to be used as a showcase of best practice for other countries in the region.

The facilities for both paper and electronic records are rated as adequate. In marked contrast to many other governments in the region, Namibia has allocated sufficient funds to record keeping. This includes a state-of-the art National Archives building and good storage accommodation in line ministries.

The legal and regulatory framework was rated inadequate. The key documents are the *Constitution for the Republic of Namibia, 1990 Chapter 16, State Finance Act, 1991, the Archives Act 1992 (Act 12 of 1992), Treasury Instructions (1991)* and the *Archives Code*. Although the framework has good features, it has not kept up with changing conditions. For example, the *Treasury Instructions (1991)* are out of date and currently under review. There is no government-wide accounting manual that translates the broad principles expressed in

the *Treasury Instructions* into procedures that allow the Instructions to have practical effect. The *Archives Code* issued under the authority of the *Archives Act 1992* needs to be reviewed and updated, for example with respect to the control and storage of semi-current records. Also the disposal instructions for financial records incorporated in the *Code* have not been reviewed and revised to take into account the introduction of the new computerised financial systems. The requirement in the *Code* to report new word processor projects reflects a period when computers were much more scarce in government and is clearly impractical in the present circumstances. This procedure must be reviewed.

The question of the legal admissibility of electronic records would appear to be a 'grey area'. No clear guidance could be found during either three-week visit. Civil servants are not aware that electronic records are defined as public records under the *Archives Act*.

The organisational structure was rated adequate, although there is scope for strengthening the position of the National Archivist and the National Archives. Currently the National Archives is a sub-division of the National Library and is located in the Ministry of Education, Culture and Sport. While this makes sense with regard to the National Archives' responsibilities as a cultural institution, it makes it difficult for the archives to meet its statutory responsibilities for records management for the public service. It is important to note that the *Archives Act* not only delineates responsibility, but also provides for the inspectorate role of the Head of Archives. However, because the Head of the Archives is graded below the director level and the Archives itself is poorly situated within government, his authority to enforce compliance is neither widely recognised nor respected. In some countries (for example the USA) the National Archivist has greater power to inspect and sanction because his position is graded at the permanent secretary ('ministerial') level and the Archives itself is designated as an independent agency with its own budget. Likewise, the position of the Accountant General with respect to ensuring the smooth running of the government accounting system is made more difficult because of the large gap in rank between this post and the Accounting Officers.

Within line ministries, responsibility for records management is assigned to the Senior Control Officer. His/her duties, however, do not appear to be clearly defined and the formal working relationship with registry staff can be limited.

There is room for concern over the sustainability of existing arrangements for records management. Although in general, financial provisions in line ministries for managing records are good, there are important structural weaknesses. Staffing levels of record keeping personnel in the line ministries would appear to be adequate, but the situation in the National Archives is very poor. Apart from the National Archivist himself, there are no records management staff in the National Archives, which makes it impossible for this agency to perform its statutory function of co-ordinating records management throughout government.

It is difficult for the National Archives to recruit and retain staff. Since 1995 there has been no qualified records manager. The National Archives employed a records management consultant from Zimbabwe for two years, from 1997-1999, to run its government-wide records management programme and to train a counterpart to succeed him at the end of the contract. Over the two-year period, a 'counterpart' would be trained, but then left the Archives after 8-10 months because he/she could earn a significantly greater salary elsewhere in the civil service or in the private sector. Salaries for the records cadre peak at the level of Senior Archivist, which pays NAD 72,000 (approximately UK£7,250/year). Currently there

are only two positions allocated for Senior Archivists, neither of which are taken up as there are no qualified staff that will take a position with such a low salary.

Although there are plans to restructure the scheme of service for archives staff by eliminating training grades, the shortage of qualified archives and records management staff in the region is a cause for concern. Unless there is a significant increase in the number of records professionals available for recruitment, it is likely that the national archives will continue to lose staff to parastatals and the private sector, which can afford to offer more attractive salaries.

An effective programme of inspections is vital to ensure that line ministries are managing their records efficiently. Although the National Archives does have the necessary powers, this function is not currently being carried out. Until June 1999, the Archives tried to maintain regular planned inspections of registries that comprised two 3-day visits each year to the northern regions, north-eastern regions and southern regions. These visits included inspections of the ministerial and local government regional offices, with priority given to newly established local government offices. The programme should have included follow-up visits to check whether recommendations outlined in reports were being carried out. However, these visits were not made because of staff shortages and financial constraints (ie insufficient travel and subsistence funds). This is the greatest area of risk is for the future.

Overall, there is scope for improving the effectiveness of the National Archives. It should take a much more proactive stance with regard to meeting its statutory responsibilities for records management in the public sector. There needs to be a stronger emphasis on providing leadership and making a contribution to the efficiency of government. This will require an appropriate allocation of resources and changes to the legal and regulatory framework. The Government of Namibia should consider taking steps to strengthen the authority of the National Archives to meet its responsibilities, for example by moving the National Archives to a ministry with a stronger co-ordinating role across government, such as the Office of Prime Minister or by regrading the National Archivist.

As a first step, the Ministry of Basic Education, Culture and Sport should develop a ten-year capacity building plan to ensure that the National Archives meets present and future needs for records management to support national accountability. It is recommended that other stakeholders are consulted fully. These should include the Auditor General, Office of Prime Minister, line ministries and the public.

A more detailed summary table of recommendations appears below. The results of the questionnaire on which this assessment is based can be found in Appendix B.

## Recommendations

Institution	Key Weaknesses	Suggested Actions
<b>Ministry of Finance</b>	1 The <i>Treasury Instructions</i> are out of date.	1 Update <i>Treasury Instructions</i> to take account of computerised financial management systems. Develop an <i>Accounting Manual</i> that prescribes detailed procedures for implementing the <i>Treasury Instructions</i> .
	2 There are no written procedures for the keeping of paper source and output documents for the financial management systems.	2 The Ministry of Finance should develop user manuals that specify how to keep and manage paper documents (source/output) for all of its financial management systems. Relevant accounting staff throughout the public service should receive training in these procedures. The National Archives should be consulted, where appropriate.
	3 It is unclear whether electronic records are admissible as evidence in a court of law.	3 Seek clarification from the government lawyers.
	4 There is no vital records programme for the protection of financial records.	4 The Ministry of Finance and the National Archives should develop a vital records programme. Special attention should be given to the protection of source documents for the debt management system because of the high value of this information.
	5 The Ministry of Finance does not have adequate documentation of its main computerised financial systems.	5 With respect to new or 'off the shelf' systems, create a systems documentation library in the Data Systems Division of the Ministry of Finance. Ensure that the Head of the Data Systems Division is held responsible for ensuring that documentation is complete and up-to-date. With respect to existing systems, as far as possible assemble and create documentation.



Institution	Key Weaknesses	Suggested Actions
6	There is no comprehensive and tested written disaster plan to protect the government's strategic financial systems.	6 Current back-up and storage procedures do not go far enough and do not replace the need for a formal disaster recovery plan. The Data Systems Division of the Ministry of Finance should develop a plan with key stakeholders including the National Archives and the Central Bank. The plan should be tested (ie rehearsed) at least once a year.
7	Very few accounting staff have relevant training in records management.	7 National Archives to run short courses for accounting staff. The courses should teach awareness of the provisions of the <i>Archives Act</i> and <i>Archives Code</i> and basic records management techniques and procedures appropriate to their responsibilities.
8	With the exception of the Inland Revenue System (and to a large extent ASYCUDA), none of the computerised financial systems satisfactorily meet the control requirements for the management of electronic records. Of particular concern are tracking, maintaining an audit trail, scheduling and retention, transfer and destruction.	8 Work with suppliers, systems developers, internal and external auditors to integrate the control requirements for records in computerised systems. In particular, internal auditors should specify the information to recorded by the computerised audit trail function.
<b>National Archives</b>	1 The National Archives is a sub-division of the National Library and is located in the Ministry of Basic Education, Culture and Sport. The lack of authority of the National Archivist post and the cultural focus of the parent ministry makes it difficult for the National Archives to fulfil its statutory responsibilities for records management for the public service.	1 Consider either a) transferring the National Archives to a ministry with a stronger role in co-ordinating activity across government, such as the Office of the Prime Minister, or b) regrading the post of the National Archivist.

Institution	Key Weaknesses	Suggested Actions
<b>National Archives (contd)</b>	2 The <i>Archives Code</i> is out of date, especially with regard to the control and storage of semi-current records and the management of electronic records.	2 Review and update the <i>Archives Code</i> .
	3 There are no detailed procedures for the management of electronic records, as provided by the <i>Archives Code</i> .	3 The National Archives should develop procedures in partnership with relevant stakeholders.
	4 The financial management systems are creating computerised records that merit permanent preservation by the National Archives for research and historical purposes.	4 The National Archives should plan to develop the capacity and acquire the equipment to provide data archive services within 5 years. This could be in co-operation with the Administration and Information Technology Department of the Office of Prime Minister.
	5 It is not clear at which point electronic data generated by a computer is deemed to be an electronic document under the terms of the Archives Act.	5 Seek clarification from the government lawyers
	6 Retention schedules for financial records are out of date.	6 The Ministry of Finance and the National Archives should agree new retention schedules for both paper and electronic financial records
	7 Some facilities for storing paper financial records in the regions may be below acceptable standard.	7 The National Archives should resume programme of inspections in the regions.

Institution	Key Weaknesses	Suggested Actions
<b>National Archives (contd)</b>	8 National Archives staff do not have opportunities for increasing their skills, for example in developing expertise in managing electronic records.	8 Determine whether appropriate training can be provided at the University of Namibia, distance learning or overseas scholarships, or a combination of these.
	9 Staff turnover at the National Archives is so rapid that it undermines the effectiveness and perhaps the long term stability of the institution. The situation is exacerbated by a national shortage of qualified records management professionals.	9 Identify key individuals for development as future leadership of National Archives to protect the institution's long term viability.  <i>See also actions listed under Office of Prime Minister</i>
<b>Office of Prime Minister</b>	1 The National Archives does not have sufficient staff to meet its statutory responsibilities.	1 a) Implement recruitment programme. b) Review pay levels and salaries structure for archives staff.
	2 There is a national shortage of qualified records management professionals.	2 In the short term, relax restrictions on recruiting qualified professionals from elsewhere in the region. In the long term, provide bursaries to train sufficient records managers to meet the national need in both the public and private sectors
	3 Institutional arrangements for records management could be improved.	3 Create system of departmental records officers in line ministries (eg Senior Control Officer) to act as a focal point for joint activities between National Archives and line ministries.
	4 Most civil servants are not aware that electronic records are official records under the terms of the <i>Archives Act</i> .	4 a) Office of the Prime Minister should ensure that the <i>Acceptable Use Policy on Information Technology Resources</i> is disseminated widely throughout the public service.  5 b) The Ministry of Basic Education, Culture and Sport to issue circulars reminding civil servants of the existing policy.

## **CHAPTER TWO**

# **RECORDS MANAGEMENT SYSTEMS: GOVERNMENT OF NAMIBIA**

### **Introduction**

A records management systems assessment was carried out of the management of paper and computerised financial records of the Government of Namibia and two local authorities.

Within central government, this included the computerised systems managed by the Ministry of Finance's Treasury Directorate, the Customs and Excise Directorate and the Inland Revenue Directorate. Paper-based records systems and use of the computerised Funds Control System (ie creditor's system) were evaluated in the Ministries of Basic Education, Culture and Sport; Finance (as a line ministry); Works, Transport and Communications; Health and Social Services (Otjiwarongo District office); Labour; and Mines and Energy. The assessment also took account of the paper and computerised parts of the revenue collection systems for the Directorates of Customs and Excise and Inland Revenue.

The focus of this chapter is on the management of financial records in central government. Chapter Four, which follows, examines the management of financial records in local authorities.

In both cases, *Records Control Requirements* for paper systems and for computerised systems defined by the Research Division of the Rights and Records Institute provide the benchmark against which the systems were assessed. These requirements are included in Appendix H. They represent the recommended minimum requirements for systems to manage records to support the financial management function. Assessment tools derived from these requirements were used to gather information and facilitate analysis.<sup>4</sup> An analysis of the results enables the government to identify areas of weakness and to plan interventions.

A comprehensive description of the results of this assessment is included in Appendix G.

### **Description of Systems**

The Government of Namibia manages its finances using a combination of manual and computerised systems. These functions comprise:

- budgeting
- cash management
- debt management

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<sup>4</sup> See *Principles and Practices in Managing Financial Records: A Reference Model and Assessment Tool*. [London: IRMT, March 2001] Available for download from [www.irmt.org](http://www.irmt.org) and [www.infodev.org](http://www.infodev.org)

- revenue administration
- accounts administration
  - ◊ payroll
  - ◊ subsistence and travel
  - ◊ creditors payments
  - ◊ benefits (Medical Aid).

The regional and district offices of the line ministries carry out financial functions manually. These functions produce records, such as purchase requests, cashbooks, and so on, which are sent to line ministry headquarters for processing. Most financial functions in the line ministries' headquarters are also carried out manually; only the procurement function (ie Creditor's) is automated through the use of a terminal networked to the centralised Funds Control System (FCS) that is managed by the Ministry of Finance Treasury Directorate (see FCS, Appendix G, page 96). Another exception is with the processing of customs and excise duties; thirteen out of sixteen border posts are networked and operate using the ASYCUDA customs management system.

Data extracted from the paperwork received and created by the line ministries is input into computerised systems managed by the Ministry of Finance's Directorates of Treasury, Customs and Excise and Inland Revenue. These central (ie core) systems in turn produce paper printouts and reports that are managed manually either by the appropriate Directorate of the Ministry of Finance or by the line ministry's administration and finance division.

A major limitation of the investigation into the Government's financial systems is that there is no agreed visual representation (ie schema) of the existing systems to manage revenue and to manage expenditure. This makes it much more difficult to maintain the system and much harder for internal and external auditors to satisfy themselves on the soundness of the system.

A number of external consultants have attempted to illustrate individual systems and, to an extent, show how some systems relate to one another. However, none of these capture a 'total' systems view of how information (ie records) feeds up and through the system. In lieu of an official diagram, the research team interviewed widely and Figures 1 and 2 represent the outcome of those conversations and provide the basis for this study.<sup>5</sup>

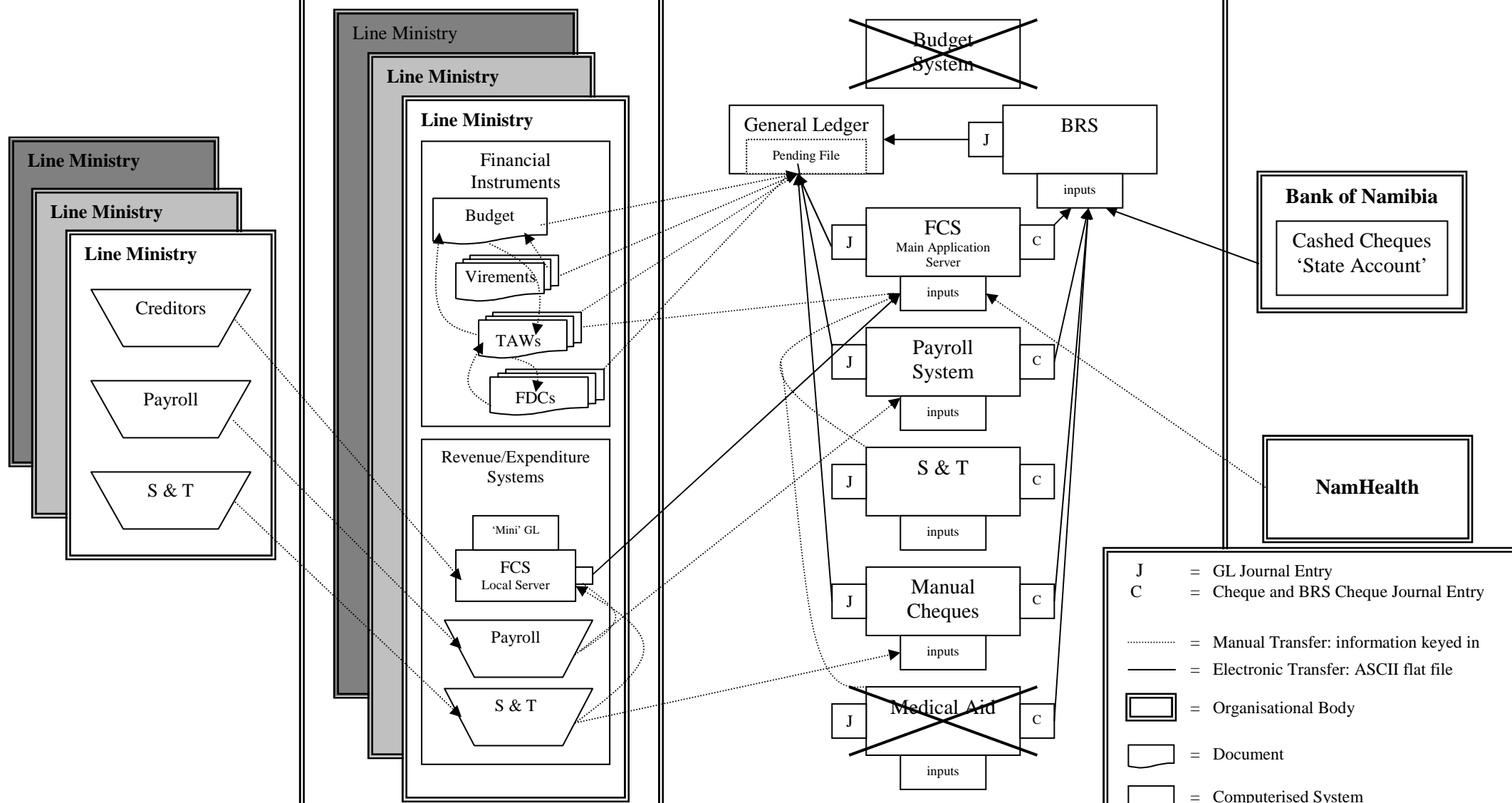
Figure 1 *Overview of EXPENDITURE Systems Data Transfer* shows how information on government expenditure is captured and reported from the line ministry offices in the regions and districts through to the central Treasury systems. Figure 2 *Overview of REVENUE Systems Data Transfer* does the same for revenue data, including revenue collected by the Customs and Excise Directorate through its border posts and the Inland Revenue Directorate through local magistrate's offices. Both schemas take account of the paper and computerised parts of the system. This is important for understanding how the parts link together when reading the paper and computerised systems assessments.

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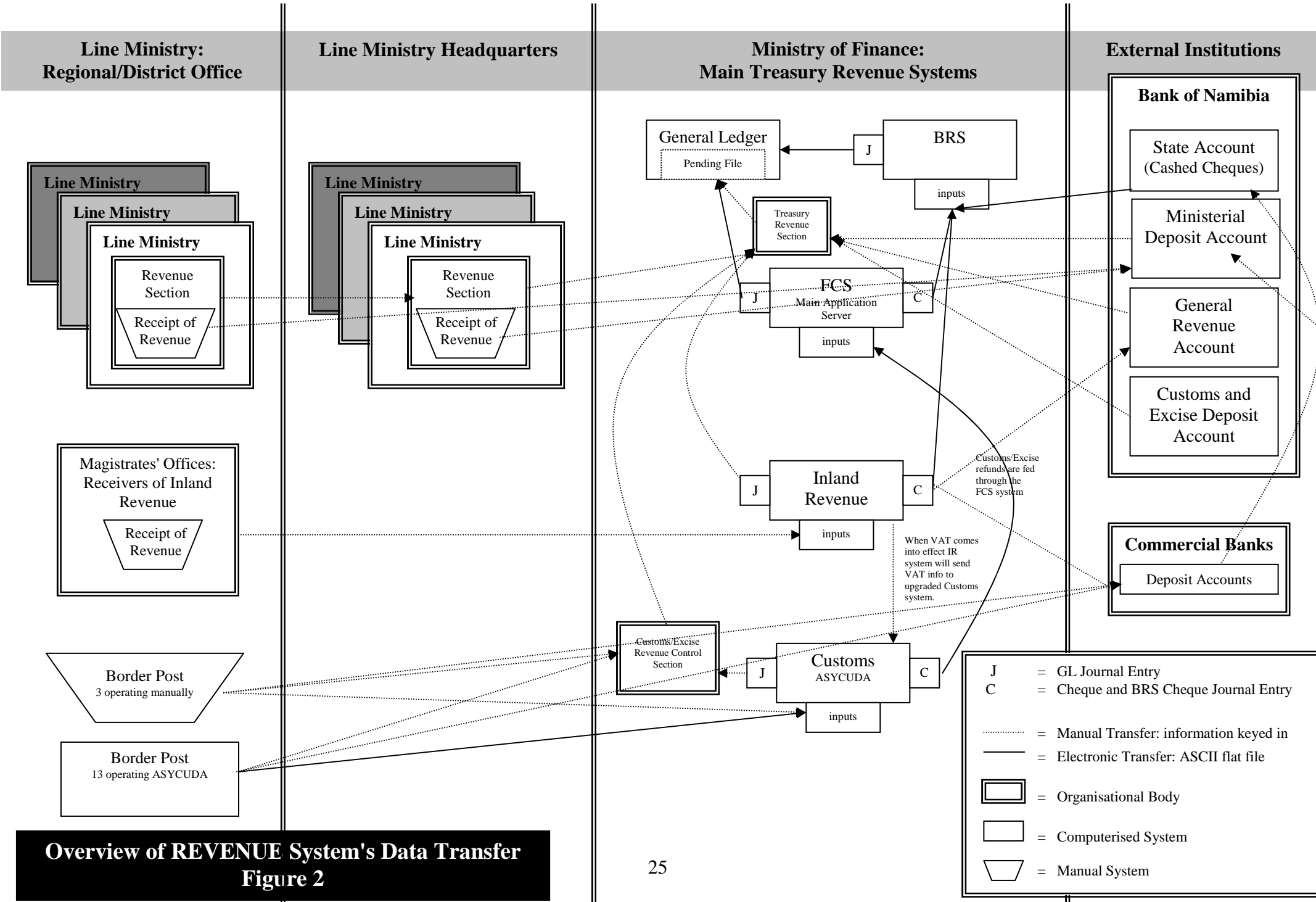
<sup>5</sup> The diagrams were shown to the Director and Deputy Director of the Data Systems Division who confirmed that it is broadly correct.

An analysis of document flows for the payments, payroll, S&T and Customs systems are included in Appendix I.

**Line Ministry: Regional/District Office**      **Line Ministry Headquarters**      **Ministry of Finance: Main Treasury Expenditure Systems**      **External Institutions**



**Overview of EXPENDITURE System's Data Transfer**  
**Figure 1**



**Overview of REVENUE System's Data Transfer**  
**Figure 2**



## Key Findings

The records management systems assessment revealed two kinds of issues:

- Operational issues: problems with the environment in which the systems operate.
- Records management issues: weaknesses in the systems' ability to manage financial records.

There are fundamental problems with the way in which the computerised systems operate. In particular, the data transfer methods used are insecure. This is in part a result of the failure to integrate the systems properly.

Another problem is that, as stated earlier, there is virtually no technical documentation available for most of the systems. This has serious implications both for maintaining the systems and the ability of internal and external audit to advise management of the soundness of systems. However, internal and external is further impaired by the fact that neither the Auditor General's Office nor the Internal Audit staff at the Ministry of Finance have adequate expertise in examining computer systems. The skills to audit computerised systems should be acquired in the short term perhaps through buying in these skills and in the longer-term through training staff.

The assessment looked at the systems in detail from a records management perspective and while the systems are not as strong as they could be, the weaknesses found do not pose a significant problem at present. Most of the electronic transaction records required for operational and audit purposes are not needed for more than eight years, and there seem to be adequate procedures in place to back-up and store data for that period. However, this is still an area for concern. Main ledgers, for example, are to be kept for ten years (eg general ledger records). General Ledger (GL) data was produced within the mainframe operated by the Office of the Prime Minister until 1995 and then by its own networked GL system on the mainframe. This system was then migrated to a server environment in 1999. There are now problems accessing GL data from the original mainframe system and from the networked system pre-1999.

The Government has few significant problems in managing paper source documents and printed outputs. Therefore, although time consuming, labour intensive and thus expensive, the Government can revert to manual systems in an emergency, as was the case in closing out the FY 99/00 accounts. Nevertheless the tracking and audit functions of these systems must be strengthened along with the data transfer methods and the procedures for the manual parts of systems must be tightened.

Fraud is not a widespread problem at present, despite the existence of cases that have been and are being investigated. Yet it is important to recognise that the systems with the weakest controls are those that are traditionally key targets for fraud in most countries: the payments (FCS), payroll and the subsistence and travel systems.

Finally, there are indeed some financial records that might maintain value over time (eg records of national debt and customs and tax records). In these cases, controls must be put in place to ensure that they are preserved.

## *Operational Issues*

Weakness in the management of paper records are not, on the whole, the result of operational issues. However, there are operational factors that have an impact on the management of computerised financial records.

The Ministry of Finance's computerised financial systems are integral to the processing of all government revenue and expenditure. The strongest systems are found in the revenue generating areas, in particular the Directorates of Inland Revenue and Customs and Excise. The Treasury systems have been less successful. Although individual systems, to varying degrees, work well, the Treasury has failed to integrate them effectively. In December 1999, efforts to migrate the Treasury systems to avoid possible Y2K complications led to an almost complete collapse.

A fundamental weakness in the integration process is the lack of security when transferring data between systems. Human intervention is often required to trigger transfers of data in the form of ASCII flat files from one system to another (either by copying and transferring records on disks or by FTP (file transfer protocol)). Particular areas of concern are firstly cheque printing and secondly data transfers from the Central Bank to the Bank Reconciliation System. In the case of the former, the file could easily be altered by means of a standard text editor. In the latter case, data is transferred daily via the Internet to an external consultant working in the Revenue Offices. It is not advisable for security and accountability reasons to assign this responsibility to a non-government employee. In addition, it would be relatively easy for anyone, located virtually anywhere in the world, to intercept this file and obtain details of the government's daily bank balance and details of cheque numbers, amounts, and so on.

The various databases have different data structures, which makes using vulnerable 'flat files' the only practicable means of transferring data. Often the links between systems are unreliable or have ceased to transmit data because a particular system is no longer operational or has changed structure. For example, at the end of 1999 the Central Bank changed the data structure of the system it uses to produce data for the Bank Reconciliation System. As a result no data has been successfully transferred from the Central Bank since 20 December 1999 and at present the Bank Reconciliation System cannot produce useful information. Also, problems in synchronising data obtained from differing sources can lead to duplicate submissions; in particular this is a problem for the General Ledger. Ultimately, these difficulties have major implications for the reliability of the information provided by both the General Ledger and Bank Reconciliation Systems (see Appendix G).

Much work has been initiated in the nine months since the systems were migrated in December 1999. New procedures are being tested by the Ministry of Finance's Data Systems Division<sup>6</sup> to control the exchange of information between systems (ie those systems that generate cheques and must update the General Ledger and the Bank Reconciliation System). These procedures specify:

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<sup>6</sup> The Data Systems Division is currently a division with the Treasury Directorate. There are plans for it to become an independent Directorate for data and financial systems.

- the media on which data can be transferred in cases where no electronic links are available
- the naming conventions to be followed
- the measures to be followed to reduce the chances of transmitting duplicate files
- the responsibilities of the owner of the system receiving the data
- the use of a data control document as a key control over the transfer of data between systems.

Although, the introduction of new procedures is useful, it remains to be seen whether they will be adhered to. At present it is unclear who is responsible for monitoring compliance and there appear to be no sanctions for non-compliance.

The difficulties of controlling data transfers on a procedural level are indicative of larger problems, specifically weaknesses in procedures, documentation, organisational behaviour and capacity. The lack of procedures and documentation can have an adverse effect on the way in which staff create and keep paper and electronic records.

An excessive reliance upon consultants in the past has led to a situation where no government employee really understands how the computer systems work. The system of using counterparts to transfer knowledge from consultant to civil servants has not worked because all the knowledge about a system was concentrated on one civil servant, who in many cases moved on to another position. In future, the Government of Namibia should consider training several counterparts to reduce this risk.

No permanent civil servant seems to know how all of the various parts of the existing systems relate to each other. In February 2000 only the external consultants in the Revenue Section (many have left or been moved to the Data Systems Division) were able to produce a credible diagram of how some systems communicated with one another. None of the consultants and staff interviewed agreed with each other on how each individual system works. The absence of this basic vision makes it difficult for the various parts of the Treasury and the line ministries to co-operate or to appreciate the implications of their own actions for other stakeholders. The lack of technical documentation exacerbates this.

There is an absence of a government-wide accounting manual that bridges the gap between broad principles expressed in the *Treasury Instructions* (which are out of date) and user guides for computer operators. Staff are largely trained on the job with very little procedural documentation, which means that the bad habits of individual supervisors are passed on the next generation. Moreover, ministries vary slightly in how they handle similar situations, which leads to inconsistencies in source data. Some accounting staff do not know what the procedures are and most do not understand how their work fits into the broader scheme of things, which leads to an overly narrow view of their responsibilities. Manuals are required that include guidance on managing financial records and clear illustrations of how the systems work.

The Data Systems Division has identified to management the need for a user department that determines business rules and daily accounting procedures. In addition to defining business rules, the ‘user department’ (led by the ‘systems owner’ or principal user, in most cases the chief accountant for that section) should document these rules in the form of manuals, train staff in their use, and assume the responsibility for ensuring that these rules are enforced. The view is that the IT department is the service provider and can implement financial management rules and procedures. However, the key users must define them and it remains to be seen whether they will do this. Systems owners should consult the National Archives to take account of records management procedures in these manuals.

Finally, neither the Auditor General’s Office nor the Internal Audit staff at the Ministry of Finance have adequate expertise in auditing computer systems. Consequently, they are not able to provide reliable opinions to neither Parliament nor management about the suitability of computerised systems to manage and account for government finance. Efforts to increase capacity in this area should be made a priority. Moreover audit staff should be more actively advising the Data Systems Division on how to strengthen audit and tracking controls on systems.

### ***Records Management Issues***

There are clearly significant problems with the computerised parts of the financial management systems and the environment in which they operate. The problems these systems have with managing their records is less critical in comparison with the operational issues discussed above.

The assessments show that records management problems are systematic and weaknesses are consistent across systems and line ministries. With few exceptions specific controls rate poorly across all systems. Weaknesses must be addressed if computerised and paper financial records are to continue to successfully underpin financial management.

The assessment looked at the records controls in detail for both the manual and computerised financial systems. It found that the strengths and weaknesses of the systems’ records management capabilities relate directly to how the accounting, audit and IT cadres in government perceive the importance of each control function. Where accountants or auditors have responsibility for whether a particular records control works well (ie registration/classification, tracking, maintenance of audit trails and access and retrieval) the functions are better enforced. However, those functions that are traditionally controlled by the National Archives are ignored (ie scheduling/retention, transfer and destruction); failure to implement these functions may have long-term implications for establishing accountability and may also carry substantial cost implications in terms of restoring electronic records. There is a strong need to sensitise the accounting and auditing cadres to the purpose these functions serve. This should be tied to efforts to strengthen capacity in the National Archives and to the resumption of its inspectorate role.

<b>Which computerised systems manage records well?</b>	
Inland Revenue .....	Adequate
ASYCUDA .....	Adequate
Debt Management .....	Inadequate
Bank Reconciliation .....	Inadequate
General Ledger .....	Poor
Funds Control System .....	Poor
Subsistence & Travel .....	Poor
Payroll .....	Poor

Inland Revenue has the strongest system because its computerised revenue system is closely linked to a File and Document Control and Task Allocation sub-system. The integration of paper and electronic records in the Inland Revenue system is exemplary and provides an excellent example of good practice in controlling the use and location of taxpayer case files. However this system works well because there is a clear business reason for linking it to a File and Document Control and Task Allocation sub-system; linking to this sub-system improves job workflow as well as provides accountability for and the locations of paper case files. As a result, it might not present a useful model for all other systems, unless they are also case file based. However

<b>Which line ministries manage paper records well?</b>	
Inland Revenue: Ministry of Justice, Otjiwarongo..	Adequate
Ministry of Labour .....	Inadequate
Ministry of Finance .....	Inadequate
Ministry of Basic Education, Culture and Sport.....	Inadequate
Ministry of Works, Transportation and Communication.....	Inadequate
Ministry of Mines and Energy.....	Inadequate
Customs & Excise: Eros Airport .....	Inadequate
Ministry of Health, Otjiwarongo .....	Poor

opportunities to adapt this model to other systems should be pursued by the system owners working with the Data Systems Division and the National Archives.

The Ministry of Justice office in Otjiwarongo collects revenue on behalf of the Inland Revenue Directorate. It achieved the best rating of the line ministries assessed. It does not have access to the central computerised system and all office systems are manual and are run according to traditional registry practices. The paper financial records generated from its function as a collector of Inland Revenue are managed as part of this registry system. The application of registry procedures ensures that all records controls, including those that were neglected in other systems (eg scheduling, transfer and destruction), are being applied.

The ability to register and classify, and access and retrieve records is of key importance to accounting staff. Therefore, it is not surprising that, with few exceptions, these records control functions work well. Registration / classification is the strongest function. This is because the assigning of a unique number (eg purchase order number, payroll number, S&T document number and so on) and the classification of transactions according to the Chart of Accounts, Customs' schedules and tax codes are integral to the financial management function. The links between the computerised and paper parts of the system are

The ability to register and classify, and access and retrieve records is of key importance to accounting staff.

<b>Which records controls work well?</b>		
	<b>Computerised</b>	<b>Paper</b>
Registration/Classification .....	Good	Adequate
Access/Retrieval.....	Adequate	Adequate
Tracking .....	Inadequate	Inadequate
Maintaining Audit Trails .....	Inadequate	Adequate
Transfer.....	Poor	Poor
Scheduling/Retention.....	Poor	Poor
Destruction .....	Poor	Poor

Therefore, it is not surprising that, with few exceptions, these records control functions work well. Registration / classification is the strongest function. This is because the assigning of a unique number (eg purchase order number, payroll

number, S&T document number and so on) and the classification of transactions according to the Chart of Accounts, Customs' schedules and tax codes are integral to the financial management function. The links between the computerised and paper parts of the system are

well-maintained by the registration/classification process. This is an important first step in ensuring that transactions can be traced through the financial management system.

The ability to find and retrieve specific transaction records as needed and according to defined criteria is an important component of any financial system. Enforcing this control protects records from unauthorised viewing, alteration or destruction. The failure of many of the Treasury systems following the migration from the mainframe to the server environment means that some systems can no longer access data created on the mainframe system.

Controlling access to the system also has an impact on the viability of this function. In most cases the systems assign access permissions to users. However, this process is too often controlled by external consultants as opposed to government employees and is therefore an area for concern. In most of the line ministries assessed there were no formal written guidelines restricting access to paper financial records. Guidelines are needed to establish access restrictions to both paper and electronic records.

The ability to track records through a system is also essential to ensuring that a record can be easily retrieved and that only authorised actions have been taken on it. Furthermore, the maintenance of audit trails are critical to ensuring the integrity of the financial management function and limiting opportunities for fraud to occur. In computerised systems the implementation and maintenance of these functions are normally the responsibility of the system's IT administrator. Yet only the ASYCUDA customs management system and Inland Revenue's system perform these functions well.

Overwhelmingly, the Treasury systems were not tracking records or maintaining useful audit trails. Weaknesses in the Treasury systems' general performance and the inability of internal and external audit to examine any of the computerised systems contribute greatly to the failure of these key records management functions. IT personnel look to auditors for guidance on what audit trails to enable. No guidance has been provided to date. Training should be provided to internal and external auditors to enable them to audit computerised systems. This would give them the necessary knowledge to guide IT staff in defining what information these systems should be capturing to provide sufficient and adequate audit evidence on which to base audit opinions. It would also supplement the audit of paper financial records which is being carried out adequately. In addition, strengthening the tracking and audit trail functions is critical in cases where systems are most vulnerable to fraud. The Funds Control, Payroll and Subsistence and Travel systems are key targets for fraud, yet none of these systems track records well or maintain audit trails.

In particular, the management of source documents in the S&T system must be improved. This is an area at risk from fraud. Given the weakness of the computerised system (see Appendix G, page 104), source documents are critical in documenting the S&T history of an individual and ensuring that advances are cleared before a new one is issued. The current practice in most ministries is to file S&T documents by document number (issued from the S&T computerised system).<sup>7</sup> However this filing method makes it difficult to trace an individual when the computerised system is not functioning. The Ministry of Basic Education, Culture and Sport maintains its S&T paper records as individual case files, arranged by salary reference number. This method makes it easier to document the S&T

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<sup>7</sup> When the S&T system is down, staff sometimes process payments through the FCS or Manual Cheques.

history of individuals and is more effective against fraud. Innovations piloted by the Inland Revenue should be considered as a possible solution for this system.

The weakness in tracking is mirrored in the management of paper source and output documents. In a large number of offices there are no tracking systems in place to record the movement of records outside the creating or processing section. Therefore if records are borrowed, there are no procedures for ensuring their safe return. This results in a risk to the integrity of records through loss or tampering and makes following up when records are not returned very difficult. The Ministry of Labour and the Ministry of Finance perform this function adequately. They were able to demonstrate that some tracking systems had been implemented and the need to track the movement of records was well understood. Fortunately, the movement of financial records once processed is not high so the impact of this weakness on the audit trail is small.

Few accountants, auditors or IT personnel recognise the importance of records scheduling/retention, transfer and destruction as key control functions. Financial management systems ought to ensure that records required for operational and audit purposes are kept and remain accessible and that those that are no longer required are eliminated (eg in computerised systems, deleted or transferred to a back-up storage facility). Failure to transfer and destroy voluminous paper records in accordance with retention schedules will result in congestion in storage areas. As well as having a negative effect on timely and efficient retrieval of information, this presents the risk of losing the evidence base required by auditors to report on the soundness of financial management and to facilitate decision-making by management.

The records management function as a whole has virtually no presence throughout government as a key support service. This is the main cause of why functions are rarely understood or valued. The records management function has vanished generally because, as discussed in Chapter One, the National Archives does not have staff to carry out this function. What impact the omission of these functions will have depends upon the value of these records over time. Most financial transaction records created and kept by these systems will only be needed for a short period of time, so broadly the absence of these functions does not have a serious impact.

However, the Government of Namibia has successfully implemented strategic countrywide computerised financial systems that are generating electronic records of permanent value to the nation. These are likely to be of considerable historical interest to future generations, for example domestic and foreign debt management systems (Third World debt), customs systems (economic history) and Inland Revenue systems (social and economic history). Unlike earlier systems, where paper printouts would probably have sufficed for most purposes, the value of these new systems to economists, social scientists and historians, will be the ability to manipulate the data for statistical purposes. In the next five years the Government will need to develop the capacity to provide data archive services.

Retention periods for financial records are prescribed in the *Financial Instructions*. However disposal schedules are out of date and do not take into account the computerised financial management systems. The Ministry of Justice in Otjiwarongo was the only line ministry assessed that was implementing disposal schedules for paper records and, even here, the consistency of implementation of schedules requires improvement.

Tied to this is the problem that civil servants are not aware that electronic records are defined as public records under the *Archives Act 1992*. In practice the electronic records managed by the financial systems are under the daily control of consultants or contractors who are not aware of the procedures for controlling the destruction of government records. The Ministry of Finance and the National Archives should work together to sensitise civil servants about their responsibilities to create and keep electronic records. Moreover, records management rules should be made clear to consultants and contractors.

The following matrices summarise separately the scores of the computerised revenue and expenditure management systems under the control of the Ministry of Finance, and the paper systems used by line ministries. They record how the various records controls rated for each system and allow for comparisons across the 'integrated' computerised system and across the line ministries. Systems are rated on a scale of 1 to 4, with 1 equating to Poor and 4 to Good. The Records Management Rating is defined as the overall ability of the system or ministry to manage its records and is an average of the scores allocated for each function. Scoring follows the same method for both the computerised systems managed by the Ministry of Finance and the paper parts of the system assessed in the line ministries.

#### **RATING DEFINITIONS**

- 1 : POOR** The system or ministry fails to meet the need to provide sufficient and reliable evidence of transactions. Failure to meet requirements may significantly impact on operations.
- 2 : INADEQUATE** The system or ministry does not fully meet the need to provide sufficient and reliable evidence of transactions. Shortcomings may have a significant impact on operation.
- 3 : ADEQUATE** The system or ministry meets the need to provide sufficient and reliable evidence of transactions. Any shortcomings will only have a minimal impact.
- 4 : GOOD** The system or ministry fully meets the need to provide sufficient and reliable evidence of transactions.



**COMPUTERISED SYSTEMS SCORES MATRIX: GOVERNMENT OF NAMIBIA**

<b>SUMMARY OF SCORES AND RATINGS</b>	General Ledger	Bank Reconciliation System	Funds Control System	Payroll	Subsistence and Travel	Debt Management	ASYCUDA	Inland Revenue
Registration / Classification	3	4	4	3	4	1	4	4
Tracking	2	1	1	1	1	3	4	4
Maintaining an Audit Trail	1	2	1	1	1	2	4	4
Access / Retrieval	3	3	3	1	3	4	4	4
Scheduling / Retention	1	1	1	1	1	1	1	2
Transfer	1	1	1	1	1	1	1	3
Destruction	1	1	1	1	1	1	1	1
<b>TOTAL (out of 28)</b>	<b>12</b>	<b>13</b>	<b>12</b>	<b>9</b>	<b>12</b>	<b>13</b>	<b>19</b>	<b>22</b>
<b>Records Management Rating (Average = total ÷ 7)</b>	<b>1.7</b>	<b>1.9</b>	<b>1.7</b>	<b>1.3</b>	<b>1.7</b>	<b>1.9</b>	<b>2.7</b>	<b>3.1</b>

**PAPER SYSTEMS SCORES MATRIX: GOVERNMENT OF NAMIBIA**

<b>SUMMARY OF SCORES AND RATINGS</b>	Ministry of Basic Education and Culture	Ministry of Works Transport and Communication	Ministry of Mines and Energy	Ministry of Labour	Ministry of Finance - Auxiliary Services	Ministry of Health - Otjivarongo	Inland Revenue: Ministry of Justice, Otjivarongo	Customs & Excise: Eros Airport
Registration/ Classification	3	3	3	3	3	3	3	3
Tracking	2	2	2	3	3	1	3	2
Maintaining an Audit Trail	3	3	3	4	3	2	4	3
Access/ Retrieval	3	3	3	3	3	2	3	2
Scheduling/ Retention	1	1	1	1	1	1	3	1
Transfer	1	1	1	2	2	1	3	2
Destruction	1	1	1	1	1	1	3	1
<b>TOTAL (out of 28)</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>17</b>	<b>16</b>	<b>11</b>	<b>22</b>	<b>14</b>
<b>Records Management Rating (Average = total ÷ 7)</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2.4</b>	<b>2.3</b>	<b>1.6</b>	<b>3.1</b>	<b>2</b>

## **Maintenance and Facilities**

### ***Facilities***

Generally, office storage facilities for paper records are good. Most offices have sturdy metal shelving units of good quality and appropriate file binders in good condition. Many file storage areas have smoke alarms and fire extinguishers close by. Doors are locked and windows barred. In those file storage areas without fire protection, this should be implemented as soon as possible.

For computerised financial records, the central Treasury systems are moving towards good practice. However procedures currently in place do not go far enough to adequately protect these electronic records. Back-up tapes of the central systems are stored in the Inland Revenue building. Although this is technically off-site, it still comprises part of the same complex of buildings and therefore may still be vulnerable to a disaster that hits the Ministry of Finance. The Data Systems Division is currently considering a reciprocal support agreement with the Bank of Namibia and it is recommended that this be implemented.

As a first priority, the management of back-up procedures in line ministries should be strengthened. Currently the Financial Services department in each line ministry is responsible for backing up their local server. Although this is being done regularly in each line ministry inspected, the storage of the back up tapes is neither secure nor in accordance with required environmental conditions. For example, tapes are left on or near other magnetic sources (eg computer monitors, telephones and so on) and they are stored in safes in rooms which do not have any temperature controls, in both cases risking loss of data. Tapes are reused until they fail. Proper storage conditions and procedures should be instituted for the daily, weekly and monthly back-up tapes.

There is a lack of intermediate storage for paper financial records. To ensure that the records controls continue to operate effectively, low cost intermediate storage should be provided. An efficient way to achieve this would be to establish a Records Centre under the management of the National Archives.

### ***Disaster Planning***

Paper vital records are not identified and protected. This is a serious risk in the event of an emergency or disaster as it may be difficult to reconstruct information about debtors and liabilities. A vital records programme should be developed and implemented.

The situation for computerised systems is better as regular back-ups of data provide some protection to vital and other financial records. However there is no comprehensive disaster plan in place. There are no regular tests to ensure that systems can be restored from back-up data. A regularly tested and comprehensive disaster recovery programme should be instituted as a matter of priority.

## Impact

Although weaknesses in the performance of records controls have been identified, they do not currently have a significant effect on the performance of systems as can be seen from the reports of the Auditor-General. Problems that can be ascribed to records, when quantified, do not result in a large financial loss.

There are areas where the impact is more serious and the risk to performance is greater. Chief amongst these is the lack of systems documentation for the computerised financial management systems. This problem has been recognised by the Data Systems Division and steps are being taken to address it. However, no progress has been made and some systems owners are not keen to participate.

Added to this are weaknesses in back-up and security provisions for the computerised financial management systems. The risk of a loss of data would affect the reliability and integrity of statements about the Government's financial position on which management decisions are based. The effects of this can already be seen in the problems faced in closing the FY00 accounts due to the failure of many of the computerised financial management systems.

Poor tracking and audit controls on these systems open the Government to the risk of both petty and large-scale fraud. There is a risk that the failure to implement audit trails on key financial systems may result in fraud not being detected. Key systems for fraud are subsistence and travel (S&T), payments (FCS) and Payroll, all of which are at risk currently. This situation is compounded by the failure of the Auditor General's Department to audit the computerised systems because of a lack of expertise in computer audit. Currently, levels of fraud appear to be comparatively low in Namibia and implementing these controls will help to ensure that this remains the case.

## Conclusions

Compared to other sub-Saharan African countries, the Government of Namibia is comparatively well resourced and this is reflected in their ability to manage their financial records. Examples of best practice are evident within the Government of Namibia. For example, the links maintained in the registration process between the paper and computerised parts of the records control system for managing records. In addition, the Inland Revenue's revenue management system which is linked to the File and Document Control System that underpins it provides a model for the design of financial systems that rely on case files.

Those functions that are of key concern to the accountants and auditors generally performed adequately. Yet there are gaps that may adversely affect the management of financial records over time. Across both paper and computerised records systems there were generic weaknesses in the areas of scheduling/retention, transfer and destruction. The National Archives should ensure that these functions are being carried out in accordance with procedures in the *Financial Instructions* and the *Archives Code*. However both should be revised.

A number of key operational weaknesses within the Treasury systems were identified as a result of the assessment. These affect the integrity of the data within the computerised financial management systems. In particular, the reliance on flat file data transfers between computerised financial systems is an area of concern. Flat files can be edited easily. Although steps are being taken by the Data Systems Division to address these issues, little progress has yet been made. Ensuring the security of data and the integrity of the systems must be a priority for the Government.

## CHAPTER THREE

### HUMAN RESOURCES: GOVERNMENT OF NAMIBIA

The organisational structures and competencies for managing financial records in the Government of Namibia were analysed and compared to an 'ideal type' to identify gaps. This involved consulting relevant documentation and interviews with personnel officers and management in the Ministry of Finance, Office of Prime Minister, the Ministry of Basic Education and Culture and other line ministries.

#### Reporting lines and responsibilities

Two matrices are presented below. The first shows an ideal allocation of roles and responsibilities for managing financial records, based on good practice in a number of countries. The second matrix shows the situation in Namibia.

#### IDEAL STRUCTURE

LEVELS	RECORDS MANAGEMENT		ACCOUNTING	
	Examples of job titles		Examples of job titles	
<b>SENIOR MANAGEMENT</b> directs and takes responsibility for policy and operations	<b>National Policy</b> National Archivist/ Director of Archives and Records Management ↓	<b>Line Ministry</b> Director of Information/ Director of Administration ↓	<b>National Policy</b> Accountant General ↓	<b>Line Ministry</b> Accounting Officer (usually the Permanent Secretary) ↓
<b>MANAGEMENT</b> responsible for implementation of policy	Head of Records Management <sup>1</sup> ←→	Records Manager <sup>2</sup> ↓	←→ Accountant ↓	
<b>SUPERVISORY</b> oversees procedures to give effect to policy	Records Supervisor ↓		Senior Accounts Clerk ↓	
<b>OPERATIONAL</b> executes tasks to achieve policy objectives	Records Clerk		Accounts Clerk ↓ Junior Accounts Clerk	

*Notes*

<sup>1</sup> External authority, usually from the National Archives, providing records management guidance to ministries at management level. An important function is to produce authorised disposal schedules for financial records.

<sup>2</sup> May report directly to the Accounting Officer in smaller administrations

## GOVERNMENT OF NAMIBIA

LEVELS	RECORDS MANAGEMENT		ACCOUNTING	
<b>SENIOR MANAGEMENT</b>	National Policy	Line Ministry  Director of IT (proposed for Ministry of Finance)  Director of Auxiliary Services	National Policy  Director Treasury	Line Ministry  Accounting Officer (usually the Permanent Secretary)
<b>MANAGEMENT</b>	Chief of National Archives <i>NB Ideally this should be a senior management position</i>  ↓ <b>Vacant Position</b> Head of Records Management	↓  Chief Control Officer  ↓	↓ Accountant General  ↓ Financial Adviser  ↓	↓  ↓
<b>SUPERVISORY</b>	Control Registry Clerk  ↓		Control Officer (eg Senior Accountant Senior Taxation Officer)  ↓	
<b>OPERATIONAL</b>	Records Clerk		Accounts Assistant	

The first matrix (ideal structure) indicates the relationship between the different functions that should have responsibility for managing financial records in a ministry, department or agency. It shows both the records management structure and that of the accounting staff who may carry out much of the day-to-day financial record keeping. Position titles will vary from government to government, and between ministries. In addition staff numbers and reporting levels will vary.

The second matrix, representing the organisational structures in Namibia, illustrates the deviation from the 'ideal' in the first matrix. A key problem is that the Chief of the National Archives is graded at Deputy Director level and cannot be considered a senior management position. This has an impact on the post holder's ability to enforce National Archives legislation because it is difficult for a deputy director to hold more senior graded staff in other ministries to account.

Similarly, the Accountant General is graded below the Director level. This makes it difficult for the Accountant General to put pressure on Accounting Officers to follow good practice (who are usually at the Permanent Secretary level), given the gap between their grades. Therefore it is more difficult for him/her to enforce financial policy, including issues that relate to the management of financial records.

Within line ministries, there is no single post that has responsibility for the management of all records within the organisation. Rather, this is split between a number of control officers, each responsible for the records pertaining to their particular function. Reporting lines are also split. The majority of financial records are in the care of control officers drawn from the accounting cadre that report to the Financial Adviser. In addition, the Control Officer Procurement, Control Officer Stock Control and the Control Officer Registry, which are part of the Auxiliary Services Directorate, also control records needed for financial management.

The Chief Control Officer in the Directorate of Auxiliary Services is the closest position to a records manager for the organisation and also has a range of other important auxiliary responsibilities. This post can be compared to that of a Departmental Records Officer on the United Kingdom model<sup>8</sup>, in the sense that it is the position with most responsibility for records across the ministry. However it does not appear to be officially a focal point for communication between the National Archives and the line ministry. The absence of a single point for communication contributes to the limited level of input from the National Archives in the management of financial records. The responsibilities of this position should be extended to formally act as liaison with the National Archives on matters of records management.

## **Training**

Having identified the key positions within the Government of Namibia responsible for the management of financial records, an assessment was made of the potential training requirements of the GoN. This was carried out by assessing posts and post holders against a skills matrix and a competencies framework, using a combination of interviews and questionnaires and an analysis of job descriptions, where available. A representative sample of staff in the Ministry of Finance was selected with the advice of the Chief Personnel Officer. Staff in the National Archives were also interviewed.

## ***Accounting Staff***

The majority of accounting staff do not appear to be aware of the provisions of the *Archives Act* regarding paper and electronic records. Apart from registry staff, few staff had any guidance or training in managing financial records, even those clerks whose main duties involved handling records. Among junior accounting staff, knowledge of the requirements

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<sup>8</sup> In the United Kingdom central government, a network of Departmental Records Officers (DROs) have been in place since the late 1950s when a modern records management programme was formally adopted by the British government. Depending on the size of the organisation, the DRO is either occupied with records management issues on a full time basis, or a role assigned to a post with other administrative duties. The role of the DRO is to act as a focal point for contact between the national archives and the ministry, department or agency that creates the records.



for keeping records contained in the *Financial Instructions* was variable. It is not necessary to have a detailed knowledge of the provisions. However, in some cases it was not clear whether staff knew that they existed.

### ***National Archives staff***

With the exception of the Chief of the National Archives, none of the staff of the National Archives have training in records management. In addition, there appear to be no records staff with a sufficient grasp of basic accounting systems to enable them to advise in the management of financial records. It was clear that the National Archives also lacks staff with a sufficient background in information technology or the management of electronic records.

The National Archives has a tradition of recruiting former teachers. Consequently, such staff have skills which could be put to good use in providing training courses and seminars for the public service on good records management practice. Currently no training courses are provided given the lack of knowledge of staff in the National Archives. For them to be able to offer this service, they must first receive the necessary training themselves.

## **Recommendations**

### ***Reporting lines and responsibilities***

A named officer in each ministry, department or agency should be designated 'Departmental Records Officer' as the main point of contact between the National Archives and the ministry with respect to implementing the provisions of the National Archives Act and good records management practice. This could take the form of expanding the existing post of Chief Control Officer to include these duties explicitly.

Responsibility for the National Archives should be transferred to a ministry with a stronger role in co-ordinating activity across government, such as the Office of the Prime Minister. In addition the position of the Chief of the National Archives should be upgraded to an appropriate management level to enable him/her to carry out their duties as designated under the *Archives Act* and enforce these with senior officials.

### ***Training***

All staff should be acquainted with provisions of the *Archives Act* as part of the induction process into the civil service, possibly by means of annual seminars run by the National Archives. All accounting staff should be made aware of the provisions of *the Financial Instructions* as regards managing financial records. This should be covered as part of the induction process into the civil service. The training should be appropriate to the grade level of the staff.

Selected accounting staff, ie those with responsibility for managing financial records, should be familiarised with the procedures for implementing retention schedules for financial records.

It is important that a qualified records manager be appointed to the staff of the National Archives and, if necessary, provide the appointee with training in basic accounting or financial management concepts to enable them to advise on the management of financial records in line ministries. In addition, a member of the Ministry of Finance should be designated as liaison with the National Archives on policy issues for the management of financial records.

The National Archives should take steps to build capacity to manage electronic records through new appointments and/or the development of existing staff. This could be augmented by a co-operative arrangement with the Administration and Information Technology Department of the Office of Prime Minister. They must be in a position to provide advice to those building and using computerised systems in order to ensure that records management requirements are adhered to.

## **CHAPTER FOUR**

# **RECORDS MANAGEMENT OVERVIEW: LOCAL AUTHORITIES**

### **Introduction**

To test the applicability of the reference model to a local government environment assessments were carried out for two local authorities. The results of the assessments are presented here in one chapter. They include a records management programme assessment for the City of Windhoek (Tier One Local Authority) along with records management systems assessments for both computerised and paper records. A separate assessment was carried out of paper financial records in Otjiwarongo Municipality (Tier Two).<sup>9</sup> The conclusions at the end of the section draw together the findings of both assessments and an analysis of consistent weaknesses across local government is presented.

As for central government, the generic principles outlined in the Financial Records Reference Model<sup>10</sup> provide the benchmark against which records management is assessed. The *Records Control Requirements* for paper systems and for computerised systems defined by the Rights and Records Institute are included in Appendix H. They represent the recommended minimum requirements for systems to manage records to support the financial management function. Assessment tools derived from these principles and requirements were used to gather information and facilitate analysis as for central government (See *Principles and Practices in Managing Financial Records: A Reference Model and Assessment Tool* for further details). The results of these assessments enable the local authorities to identify areas of weakness that require improvement and to plan interventions.

### **Tier One Local Authority: Windhoek City Council**

The Windhoek City Council is a large first tier authority with complex financial management systems. The Finance Department is not subject to the rules laid out in the *Treasury Instructions*. It is subject to the *Local Authorities Act of 1992* from which its *Financial Instructions* are derived. It is also subject to the *Archives Act 1992*.

The Information Services Division of Windhoek City Council's Corporate Services Department has responsibility for managing the IT services to the Council, this includes management of the integrated financial management system. Increasingly financial management functions are computerised and some records series are now no longer maintained in paper.

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<sup>9</sup> There are three tiers of local authorities in Namibia graded according to size and scope, Tier 1 being the largest through to Tier 3 as the smallest.

<sup>10</sup> Available on the World Bank *infoDEV* website at <http://www.infodev.org/> and the International Records Management Trust website at <http://www.irmt.org/>

The City of Windhoek has good systems for managing its financial records, both paper and electronic. There are areas where improvement could be made, but overall this is a model of good practice for the sub-Saharan region. The Auditor General's reports do not identify any problems with records management that might affect the accuracy of the audited accounts.

### ***Records Management Programme: Key Findings***

Various aspects of the programme for managing financial records were rated Good, Adequate, Inadequate or Poor (see page 47 for a description of these scores and how they are allocated).

The legal and regulatory framework was rated inadequate. The relevant documents are the:

- Constitution for the Republic of Namibia, 1990, Chapter 12, Article 107, Chapter 16, Article 127 (Auditor General)
- Local Authorities Act, 1992, Part XVII, Articles 85, 86 (1)
- City of Windhoek Financial Regulations G/N No 58/1970 Government Gazette No 3070/70 regs. 4, 8 (1), 10 (3), 18 (1), 18 (3) (b), 20, 26 (2), 27, 36 (2), 36 (3), 38.
- City of Windhoek Tender Regulations G/N 64/1965 Government Gazette No. 2620/1965 reg .5 (2) (a-b).
- City of Windhoek Draft Procurement Policy and Procedures paras 112, 113, 118(b), 120, 122 (d) (i), 135, 202, 205 (d), 206 (c), 207 (h), 405, Annexure A, clause 27.
- Archives Act 1992 (Act 12 of 1992): Sections 1; 3 (1); 3 (2) 4 (1); 12; 14
- Archives Code.

The main weaknesses of the existing arrangements lie with the *Archives Code* issued under the authority of the *Archives Act 1992*. This is now out-of-date and requires revision to take into account changes in the use of information technology in office applications (see Chapter One for details of the *Act* and the *Code*). As with central government, the legal admissibility of electronic records is an issue that needs to be clarified.

With respect to the financial management system itself, there appears to be no accounting manual that translates the broad principles expressed in the Financial Regulations into procedures that allow the regulations to have practical effect in relation to managing financial records. There are on-line manuals that define procedures for accounting practice however these do not address the management of financial records.

The organisational structure was adequate. The Strategic Executive: Finance has overall responsibility for the efficient operation of financial systems and it would appear that responsibility for managing financial records has not been delegated to a specific officer. The Government of Namibia should consider creating a system of local authority records officers (eg Senior Control Officer) with responsibility for acting as a focal point for joint activities between National Archives and the local authority in all aspects of records

management. This need not be a new post, but may be a role assigned to an existing staff position.

The main organisational weakness lies with central government. Theoretically the Chief of the National Archives is responsible for policy on all categories of local authority records, but in practice he is not able to perform this function owing to competing priorities. The Chief of the National Archives is the only qualified records manager in the National Archives. There is nobody to whom he can delegate responsibility for the records management function.

Staff numbers in the local authority appear to be adequate to carry out records management functions and likewise, there appears to be sufficient funds allocated to this area of activity. Staff turnover appears to be low, which suggests that a lack of a formal career structure for records staff does not appear to have a significant impact.

Staff are given on-the job training in keeping paper financial records. However some records management processes (eg the need to destroy records) are not well understood. With respect to electronic records, most of the IT staff have formal qualifications and the necessary experience and training to back up and maintain systems. They do not receive guidance on the requirements for managing records in the computerised financial management system.

The monitoring of records management systems is poor. Until June 1999, the National Archives tried to maintain regular planned inspections of local authorities. The programme should have included follow-up visits to check whether recommendations outlined in reports were being carried out. However, in recent years these visits were not made because of staff shortages (see Chapter One for further comments on the National Archives).

## ***Records Management Systems***

### *Description of System*

The Council uses a computerised integrated financial management system (IFMS) to control its finances. The IFMS was developed in-house and uses a Progress database and programming language (version 8). All systems share one platform, Windows NT 4.x, which allows them to be highly integrated thus reducing data duplication.<sup>11</sup> The systems are being upgraded to operate in a Windows environment. Any new developments to the systems are done in conjunction with users.<sup>12</sup>

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<sup>11</sup> The Council operates a local area network (LAN) consisting of approximately 500 workstations linked between 25 buildings. It consists of 13 Windows NT 4.x servers and 6 Novell Netware 4/3 servers.<sup>11</sup> All workstations run on the Windows NT 4.x operating system. All hardware, software and network equipment is standardised (ie one operating system for workstations, one brand name and model for PCs and one software package for every business requirement.

<sup>12</sup> Key users are identified to participate in the system's development. Accounting staff vet problems to the key users who then takes them to the system's developer, who has responsibility for maintaining the request tracking system that records all changes made to the system.. The project leader is responsible for data integrity, security and access. Internal audit also participates as part of the development team.

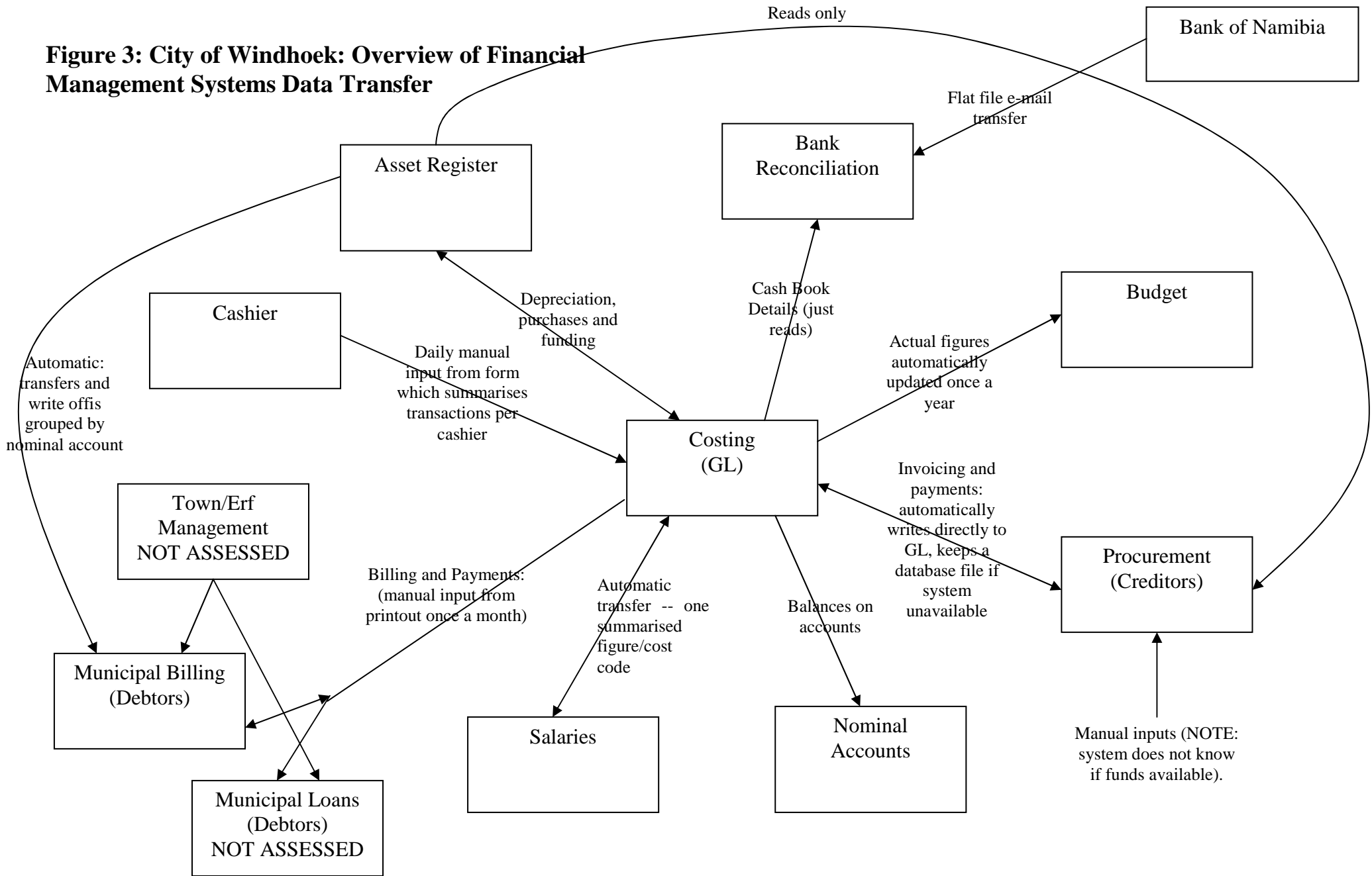
The computerised financial systems evaluated include:

- Budget: provides the facility to produce financial year budgets, extracting actual figures from the Costing system
- Costing (General Ledger): operates general ledger system of the Council, including the cashbook
- Nominal Accounts: updates the general ledger to provide the yearly financial statements.
- Bank Reconciliation: reconciles bank statements and transactions on Council's cashbook
- Procurement (Creditors): manages inventory of council including: ordering, receiving, distributing, payment and reconciliation of all stock items
- Municipal Billing System: manages, bills and collects all charges for services rendered by the council (ie electricity, water, refuse, removal and so on)
- Cashier System: receives money and issues receipts for all payments made to the Council for services rendered
- Salaries/Human Resource Services: covers the entire spectrum of functions including: appointments, leave, event recording, budgeting, salaries, performance appraisal and so on
- Asset Register: records all assets of the Council as well as inventory items and controls the provision of funding for the replacement of items.

The systems are well documented and changes to the systems are recorded. Moreover, manuals are readily available to users in both paper and electronic (ie on-line) form. Training is also readily available and in-house training facilities are well resourced.

See Figure 3 that follows.

**Figure 3: City of Windhoek: Overview of Financial Management Systems Data Transfer**



## Key Findings

The assessment supports the conclusion that those records management problems that do exist are systematic and not specific to a particular individual or organisation; this also emerged from the assessment of the central government records systems (see Chapter Two, Records Management Systems: Government of Namibia).

The assessment looked at the records controls for both paper and computerised records in detail. These include the systems' ability to register/classify, track, access/retrieve, maintain audit trails, schedule/retain, transfer and destroy records (see the box below for a summary of the records scores for paper records and the scores matrix later in this chapter for details of scoring for the computerised financial management systems).

The main weaknesses found related to the scheduling/retention, destruction and transfer functions. Non-compliance with these functions reflects problems in the National Archives' ability to carry out its records management function, as discussed earlier in this chapter and in Chapter One, Records Management Programme: Government of Namibia).

The Council's computerised financial systems work well and they have no significant problems managing their records at present. Currently, there do not appear to be electronic records that will be required for more than 10 years. However, in paragraph 135 of the draft *Procurement Policy and Procedures* the possibility of electronic data exchange to issue solicitations, purchase orders and other related data is provided for. The council does have a tradition of progressive adoption of information technology to reengineer its functions and processes. Consequently, in future the council may create or receive records (for example relating to large capital projects) that only exist in electronic form and may be required for long periods. The situation with regard to electronic records should be kept under review.

### Which records controls work well in managing paper financial records?

Registration/Classification ....	Adequate
Access/Retrieval.....	Adequate
Maintaining an Audit Trail....	Adequate
Tracking.....	Inadequate
Scheduling/Retention .....	Inadequate
Destruction .....	Inadequate
Transfer .....	Poor

Links between the paper and computerised parts of the financial management system are good, particularly in the Billing section. For example, each application for water or electricity filed was allocated an installation number. Subsequently each customer is allocated a customer reference number, generated by the computerised system and this is reproduced on the statements which are also bar-coded.<sup>13</sup> Expenditure vouchers are linked to the computerised system by cheque number.

All computerised systems register and classify, track and can access and retrieve records well. With the exception of the Nominal Accounts and Bank Reconciliation systems, all other systems maintain audit trails. It is understood that these two systems do not maintain audit trails on the grounds that both accept transfers directly from other systems (eg transfers to the Nominal Accounts systems come directly from the Costing system), thus users are not keying in or

<sup>13</sup> Since 1997 statements are only kept electronically.



manipulating data in any way. Both systems function primarily as recording and reporting devices.

Internal Audit advises systems staff on the information that should be captured using audit trails. This is an example of good practice. Most systems only record when changes occur to it; they



*Creditor's Office, City of Windhoek*

do not log when records are viewed only. Audit trails are either kept on-line or deleted after a set period of time and once they have been printed and the paper copy kept. In most cases they are not deleted, except for systems such as the budget system where audit trails are closed after the budget is approved and then files can be overwritten. Auditors would be able to adequately use the paper financial records to confirm whether transactions were valid by tracing transactions from aggregated reports to the computerised data and back to the source documents.

The tracking function for paper records is not adequate. The paper records are stored in processing offices, file storage rooms within the sections and in safe rooms within the finance department. The movement of records from offices to storage is not tracked. On the whole, there are no mechanisms to monitor the temporary removal of records from storage. An exception to this is the Creditors section where they use a loans register to document which expenditure vouchers are borrowed from the file storage room. This is good practice. The salaries section employs a copies policy

whereby only photocopies are removed from the section. This is another example of good practice. Some of the systems (eg Costing and Billing) scored adequate in terms of transfer because they maintain a 'history database' (ie after three years, data is transferred to a history database for reference purposes). It is important to note, however, that the decision to transfer data is based on systems performance issues and not as a result of consultation with the National Archives.

Although it was reported that records have been destroyed, there is no documentation to describe what has been destroyed. For example, according to staff, labour slips are destroyed at the end of the financial year by burning. However, there is no written record of this activity and written authorisation is not required before destruction takes place. This process must be made more systematic and be duly authorised by the National Archives in accordance with the *Archives Code* issued under the *Archives Act 1992*.

The systems reflect the fact that the accounting and internal audit cadres and information technology staff are competent and know what they need from the systems. Those functions that are of particular importance to auditors and accountants work well, while those functions of

importance to the National Archives are weak. Accountants do not usually appreciate the need for the records control functions of scheduling/retention, transfer and destruction, so they are not implemented. The Central Registry does not play a role in the management of financial records so they do not remedy this situation.

The Central Registry does maintain a *Complete List of Other Archives*, as prescribed by the *Archives Act 1992* with retention periods for records series agreed by the National Archives. However, this is not up to date and consequently does not reflect the increasing use of computerised financial management systems. Senior staff were aware of the retention periods prescribed by the Central Registry. However, there was no evidence to suggest that schedules were being implemented consistently. Some records series are being destroyed regularly, ie labour slips, however this was not documented. On the whole staff were aware of the role of the Central Registry of the City of Windhoek in scheduling records, but were not aware of the National Archives.

The following matrix summarises the scores of the computerised records management systems for financial records for the City of Windhoek. It records how the various records controls rated for each system and allows for comparisons between them. Systems are rated on a scale of 1 to 4, with 1 equating to Poor and 4 to Good. The Records Management Rating is defined as the overall ability of the system to manage the records it contains and is calculated by working out an average.

The results for the paper records assessment are summarised in the table above on page #.

#### **RATING DEFINITIONS**

- 1 : POOR** The system fails to meet the need to provide sufficient and reliable evidence of transactions. Failure to meet requirements may significantly impact on operations.
- 2 : INADEQUATE** The system does not fully meet the need to provide sufficient and reliable evidence of transactions. Shortcomings may have a significant impact on operation.
- 3 : ADEQUATE** The system meets the need to provide sufficient and reliable evidence of transactions. Any shortcomings will only have a minimal impact.
- 4 : GOOD** The system fully meets the need to provide sufficient and reliable evidence of transactions.

## City of Windhoek: Computerised Systems Scores Matrix

<b>SUMMARY OF SCORES AND RATINGS</b>	Budget	Costing	Nominal Accounts	Bank Reconciliation	Procurement	Billing	Cashier	Salaries / HRS	Asset Register
Registration / Classification	4	4	4	4	4	4	4	4	4
Tracking	3	3	3	3	4	4	3	3	3
Maintaining an Audit Trail	4	4	2	1	4	4	4	4	4
Access / Retrieval	4	4	3	3	4	3	4	4	3
Scheduling / Retention	1	1	1	1	1	1	1	1	1
Destruction	1	1	1	1	1	1	1	1	1
Transfer	3	3	1	1	1	3	1	1	3
<b>TOTAL (out of 28)</b>	<b>20</b>	<b>20</b>	<b>15</b>	<b>14</b>	<b>19</b>	<b>20</b>	<b>18</b>	<b>18</b>	<b>19</b>
<b>Records Management Rating (Average = total ÷ 7)</b>	<b>2.9</b>	<b>2.9</b>	<b>2.1</b>	<b>2</b>	<b>2.7</b>	<b>2.1</b>	<b>2.6</b>	<b>2.6</b>	<b>2.7</b>

### *Facilities and Maintenance*

File servers and back-up facilities are maintained in purpose build temperature-controlled rooms. Stand-by UPS equipment is in place. Databases are split over five servers, which reduce the risk of a total systems failure. Each night standard tape back-ups are made and archived. This replicates a smaller version of the network (ie file server), which links to a mirroring site. In the even of an emergency, back-up servers are available within two kilometres from headquarters at a security-controlled site. These servers are able to replicate services on a small scale.

Office storage facilities for paper records within the Finance Department were good. Shelving was of good quality and usually metal. Binders were sturdy and appropriate to contents. One example of good practice was the metal door protecting entrance to the Creditors processing office. This should be kept locked.



*Basement storage room, City of Windhoek*

One storage room used to keep financial records had a serious damp problem. Staff were aware of the problem and attributed it to an underground water source. Severe mould growth was found on almost all records. On some records this was so severe that they were unreadable. The storeroom should be cleared and those records which are obsolete destroyed, and those which must be maintained should be treated appropriately.

## **Tier Two Local Authority: Otjiwarongo Municipal Council**

The Municipal Council of Otjiwarongo is a second tier local authority. Like the City of Windhoek, this is subject to the *Local Authorities Act 1992* and the *Archives Act 1992*. The Town Treasurer’s Department is responsible for financial management. This is a small department so the volume of financial transaction records is small. The Treasurer’s Department operates a very basic computerised financial system specific to the department. There was no documentation of the system available and no one present was able to describe adequately how it operates. Staff understand clearly how the processes work, however they have little understanding of how computers work. The General Ledger, Payments (ie Creditors), Payroll and Billing functions appear to be automated using a Unix based system. It was not clear whether or how these systems linked to one another. There appears to be strong reliance on computer printouts as source documents.

### ***Key Findings***

The records management arrangements in Otjiwarongo Municipal Council fall short of the ideal and improvements could be made.

There were no written procedures to help regulate financial management or financial records management. A key business weakness is that practices are dependent upon the individuals within the department and their familiarity with the system. Written procedures must be prepared to describe workflow processes.

The registration and classification of financial records is carried out adequately. Key records series are assigned identifiers, for example in the creditors section the records of transactions are assigned a cheque number as the retrieval key; in the billing section receipts are linked to the computerised system by a reference number assigned to individuals. However, not all records are registered.

Senior staff reported that financial records are not taken outside the section, even temporarily, as there is a very small staff. It was unclear whether auditors removed records during the course of their audit. Records are transferred to a storeroom on-site when the strong room is full. There is no documentation to indicate which records have been removed to this storage area.

<b>Which records controls work well in managing paper records?</b>	
Registration/Classification.....	Adequate
Access/Retrieval.....	Adequate
Maintaining an Audit Trail....	Adequate
Tracking.....	Inadequate
Scheduling/Retention.....	Poor
Transfer.....	Poor
Destruction.....	Poor

An adequate audit trail is maintained. The small volume of transaction records facilitates the use of source documents by auditors to confirm that transactions are reliable and duly authorised. Although there are weaknesses in other records controls that may affect the reliability of this function, consequences at this time would not have a significant impact due to the small volume of records.

Financial records are stored in locked storerooms and access is restricted to staff of the department. In the billing section a counter blocks access by members of the public to the processing office. This is an example of good practice. There are no written procedures governing access to records. This is symptomatic of the lack of written procedures within the section.

Finding aids are not used to retrieve financial records. However, given the small volume of records, and the limited number of on-site storage areas, records could still be retrieved in a timely and efficient manner. It should be noted that if records were transferred to intermediate storage (as they should be) this informal retrieval system would break down. One of the storage areas was congested resulting in records piled on the floors. Although attempts were made to maintain order, this situation will have an impact on timely and efficient retrieval.

According to senior staff, unwritten disposition schedules are applied to financial records and staff are aware of these. However their application is adhoc. This system should be regularised and disposition schedules should be authorised by the National Archives.

Records are not transferred to intermediate storage. Older financial records are moved to a storeroom onsite. This is not systematic.

Financial records are filed according to financial year, which would aid the implementation of retention periods driven by number of years after audit. According to senior staff, some records are destroyed annually. However records are not kept of what has been destroyed and there are no written procedures to determine how this process is carried out and whether it is duly authorised.

## ***Facilities and Maintenance***

Storage facilities were not adequate. Shelving was insufficient for the volume of records stored. Destroying or transferring records no longer required for operational purposes, introducing more storage equipment and tidying up would create the required space. There was no protection for vital records.

## **Impact**

This section and the following Conclusions section examines the impact of the findings of the assessment on both local authorities. Although weaknesses in the records management systems for financial records have been identified by the assessment these are not currently having a significant impact on the financial management of these two authorities. This is borne out by the reports of the Auditor General which do not highlight significant problems that are attributable to poor records management.

These issues should be tackled to ensure that performance continues at a level that continues to support the financial management objectives of the organisation. This means that weaknesses in the performance of the National Archives and in the functioning of the records control system must be addressed to minimise the risk of an increasing impact over time.

## **Conclusions**

The findings of the local authority assessments support those of the assessments carried out in central government. The local authorities examined, in particular the City of Windhoek, are comparatively well resourced and this is reflected in their ability to manage their financial records. Although weaknesses have been identified, these do not currently have a significant impact on the day-to-day functioning of the records systems, rather problems will emerge over time if controls are not implemented soon. The sooner the problems are addressed, that is before records systems have broken down irretrievably, the easier and less expensive the solution.

The role of the National Archives is central to ensuring the adequate functioning of all records controls, most particularly the areas of scheduling/retention, transfer and destruction. Although records managers are concerned with the entire spectrum of records control systems, it is these areas that fall outside of the immediate concern of the accountants and auditors and therefore it is these areas that are weakest.

As drawn out by the records management programme assessment and supported by the records management systems assessments, these functions are weak. The National Archives is under-resourced and does not have the capacity to implement the requirements already set out in law to ensure that records schedules are brought up to date and implemented, and that records are transferred and destroyed systematically in accordance with these schedules. This situation must be addressed if there is to be an improvement in the management of financial records.

City of Windhoek exhibited many examples of best practice, particularly in the management of computerised financial records. This is the result of a well-resourced and well-qualified financial and IT team. Although their understanding of the principles and practices of managing records is limited, those records controls that are seen to be of direct relevance to accounting and auditing are performed satisfactorily. Further evidence of the benefits of a well-resourced administration can be seen in the storage facilities afforded to both the computerised systems and the paper financial records. The back-up and storage of computerised financial records is an example of best practice. On the whole, the facilities for storing paper records were good with the exception of one storage area in the basement which had a severe damp problem.

Otjiwarongo Municipality does not have the same resources available to it as the City of Windhoek and this was evident in the records management systems. Financial management systems were less complex and involved less computerised functions. Records storage facilities were still adequate but were not as good as in Windhoek. A key problem that must be addressed in Otjiwarongo Municipality is the lack of documentation of business processes and systems. There is a great deal of dependence on the knowledge of staff in post and this is damaging to the efficient functioning of the department over time.

### LIST OF PERSONS CONSULTED

#### **Public Accounts Committee**

Hon. A Mouton, Chairman  
Mr L S Mwiya, Senior Parliamentary Clerk

#### **Office of the Prime Minister**

##### **National Planning Commission Secretariat**

Ms N C Kali, Head, National Accounts, Economics Statistics Division  
Mr F S M Hangula, Government Statistician

##### **Administration and IT Management**

Mr G Elliott, Under Secretary  
Mr S H Isaak, Director, Management Services  
Mr Kessler  
Mr J H Brand

#### **Ministry of Finance**

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Mr A Schoonbee, Deputy Director, Data Systems Division  
Mrs Kauria, Financial Adviser  
Mrs C Mukumba, Economist  
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Mr L C Vons Solus, Chief Internal Auditor, Special Investigations  
Mr P Davies, Chief Accountant, Financial Systems  
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Mrs M Heydenryck, Chief Accountant, Bank Reconciliation/Payroll  
Mr S R Marenga, Chief Accountant  
Mr G S Orange, Chief Accountant, Budget Formulation and Control

Mr E K U Tjitendero, Chief Accountant, Budget Formulation  
Mr A S Sangwali, Principal Accountant, Monitoring Unit  
Mrs W M Meyer, Senior Accountant, Monitoring Unit  
Mr V Sawyer, Senior Accountant, Payroll and Subsistence & Travel  
Ms R Garirsa, Systems Analyst, Payroll Division  
Mr H Auchab, Accountant, Cheque Distribution Office  
Ms E Coetzee, Accountant, Cheque Distribution Office  
Ms M Eises, Accountant, General Ledger  
Ms S Julius, Accountant, Manual Cheques  
Ms A Junius, Accountant, Home Loans  
Ms E Theron, Accountant, Cheque Printing  
Ms L Van Wyck, Accountant, Cash Flow Management  
Mr Coetzee, Medical Aid  
Mr D P Madi, Assistant Accountant, Bank Reconciliation  
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Ms M Mabung, Personnel Officer  
Mr M Tujendapi, Training Officer  
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Ms A H Vyff, Senior Accountant, Salary Department  
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Mrs F A Snyder, Control, Registry  
Mrs M H Shama, Accountant, Subsistence and Travel  
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Mr W M Vries, Chief Customs and Excise Officer  
Mr R Van der Hoeven, Chief Customs and Excise Officer



Mr I Murongi, Acting Chief, Customs and Excise Officer  
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Ms A N Shikura, Customs Registry Officer  
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Mr P J Vanwyk, Chief Taxation Officer, Field Audit  
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Mr G Beyleveld, Deputy Director, General Services Directorate  
Mr J Kutzner, Chief, National Archives  
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Mr E R October, Accountant, Subsistence & Travel  
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Administrator, Funds Control System  
Mr W R O Bock, Accountant, General Services

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Mr P J G Enslin, Strategic Executive: Finance  
Mr K H Egumbo, Strategic Executive, Planning, Urbanisation and Environment  
Mr P du Pisani, Strategic Executive, Infrastructure, Water and Technical Services  
Mr D Gerber, Manager, Budget Services and Financial Statements  
Mr K Hennies, Manager, Billing  
Mr C Ramothibe, Manager, Economic Development  
Mr J Rossouw, Manager, Costing and Expenditure  
Mr D Steinbach, Manager of Information Services  
Mr P Swartz, Manager, Revenue Collection and Credit Control  
Mr S F Ueitele, Director Properties and Protective Services  
Ms J Joseph, Acting Head, Human Resources

Ms E Erasmus, Acting Control Officer, Salaries  
Mrs S Jacobs, Registry Clerk

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Mr C H Kruger, Senior Accountant

### **Magistrates' Office, Otjiwarongo**

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### **RECORDS MANAGEMENT PROGRAMME ASSESSMENT: GOVERNMENT OF NAMIBIA**

This assessment evaluates the state of financial records held in ministries and agencies throughout the Government of Namibia taking into account the control environment, capacity and sustainability of existing arrangements. The information gathered provides a broad assessment of the infrastructure required to support financial records management. It can be used to identify areas of weakness that require improvement and plan interventions.

The assessment is based on professional good practice. It was carried out through a programme of interviews with accounting staff in the Ministry of Finance and selected ministries, and staff in the National Archives. It was also necessary to examine legislation, regulations and procedures that provide the framework for both financial and records management.

The assessment is based on a questionnaire, answers to questions follow the score card. Negative answers to any of the questions demonstrate that there is a gap in the framework for managing financial records. In addition, comments from assessors should indicate where the framework is inadequate.

The assessment is summarised in the Score Card (below). Namibia scored a total of 24 out of a possible 44, giving them an average of 1.8 (Inadequate). The score is useful as a benchmark for tracking future improvements. However, the details of the scores reveal both strengths and areas for improvement. In future the government should aim to have fewer areas rated 'inadequate' or 'poor'.

## Scorecard

	Good	Adequate	Inadequate	Poor	Score
<b>Control Environment</b>					
Legal and Regulatory framework	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2
Organisational Structure	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3
<b>Capacity</b>					
Staffing	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2
Facilities (Paper records)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3
Facilities (Electronic records)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3
Records Management Systems (Paper Records)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2
Records Management Systems (Electronic records)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1
<b>Sustainability</b>					
Financial Provisions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4
Training (Paper and Electronic Records)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2
Career Development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1
Enforcement/Compliance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1
<b>Average:</b>					<b>1.8</b>
Scoring:					
Poor	= 1				
Inadequate	= 2				
Adequate	= 3				
Good	= 4				

# Questionnaire

## CONTROL ENVIRONMENT: *Legal and Regulatory Framework*

<p>1 Is there primary legislation in place that provides direct guidance for the management of financial records? For example, a Public Records/National Archives Act?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p><i>Please list the title/s of all relevant legislation and reference the section/s of their main provisions. (Provide details of legislation and provisions in an appendix). Where appropriate, please include additional comments.</i></p> <p style="text-align: center;"><b>Title of Legislation</b> <b>Cite Reference to Relevant Part/s of Law</b></p> <p>1 Archives Act 1992 (Act 12 of 1992): Sections 1; 3 (1); 3 (2) 4 (1); 12; 14</p> <p><i>Comments:</i> The <i>Archives Act 1992</i> provides ‘for the custody and care of and control over archives in Namibia, and for matters thereto.’ Refer to Appendix C for details of legislation It is important to note that the Act not only delineates responsibility, but also provides for the inspectorate role of the Head of Archives. However, because the Head of the Archives is graded below the director level and the Archives itself is poorly situated within government (ie it is a sub-division within the Ministry of Basic Education, Culture and Sport), his authority to enforce compliance is neither widely recognised nor respected. In some countries (for example the USA) the National Archivist has greater power to inspect and sanction because his position is graded at the permanent secretary (‘ministerial’) level and the Archives itself is designated as an independent agency with its own budget. The Act’s definition of a document is good practice: ‘[A document] means a combination of any medium and the information contained therein or thereon, including on paper, parchment, vellum, charts, plans, working drawings, or in volumes, files, scrolls, or in the form of punched cards, punched tape, magnetic tape, compact disc, photographic negatives and copies, cinematographic film, microfiche or gramophone, phonographic or other kind of sound recordings.’</p>
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**CONTROL ENVIRONMENT: *Legal and Regulatory Framework continued***

<p>2 Is there other legislation in place that provides indirect guidance for the management of financial records? For example, the Constitution, Finance and Audit Act, and so on.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p><i>Please list the title/s of all relevant legislation and reference the section/s of their main provisions. (Provide details of legislation and provisions in an appendix). Where appropriate, please include additional comments.</i></p> <p style="text-align: center;"><b>Title of Legislation (Cite Reference to Relevant Part/s of Law)</b></p> <p>1 Constitution for the Republic of Namibia, 1990 Chapter 16, Articles 124-6</p> <p>2 State Finance Act, 1991 Part I, Section 2 (4); Section 24 (1)</p> <p><i>Comments:</i> Refer to Appendix D for details of legislation.</p>
<p>3 Are there regulations and instructions that provide guidance for the management of financial records? For example, Financial Instructions, Accounting Manual and so on.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p><i>Please list the title/s of all relevant legislation and reference the section/s of their main provisions. (Provide details of legislation and provisions in an appendix). Where appropriate, please include additional comments.</i></p> <p style="text-align: center;"><b>Title of Legislation (Cite Reference to Relevant Part/s of Law)</b></p> <p>1 Treasury Instructions (1991) B A 0202 (b); B B 0101 (i); B C 0102 (a) and (b); B C 0301 (c); F E 0102; F E 0301; F E 0400; F E 0500;</p> <p>2 Archives Code All provisions are relevant.</p> <p><i>Comments:</i> Refer to Appendix E for details of regulations and instructions. The <i>Treasury Instructions (1991)</i> are out of date and currently under review. There is no government-wide accounting manual that translates the broad principles expressed in the <i>Treasury Instructions</i> into procedures that allow the Instructions to have practical effect. Printing the records retention schedules in the <i>Treasury Instructions</i> restricts the ability to amend them regularly as needed. Instead, it may be preferable for the <i>Treasury Instructions</i> to refer users to the schedules. The <i>Archives Code</i> is out-of-date with respect to the management of electronic records.</p>

## CONTROL ENVIRONMENT: *Legal and Regulatory Framework continued*

4	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>If yes, please comment. If no, where do the laws and regulations conflict? Explain:</i>
5	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>Comments:</i> The <i>Finance Act</i> is under review. The <i>Treasury Instructions</i> are out-of-date. The <i>Archives Code</i> issued under the authority of the <i>Archives Act 1992</i> needs to be reviewed and updated, for example with respect to the control and storage of semi-current records. Also the disposal instructions for financial records incorporated in the <i>Code</i> have not been reviewed and revised to take into account the introduction of the new computerised financial systems. Provisions in the document for word-processed and other computerised documents are out-of-date.
6	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>Comments:</i> The Director of Treasury has general responsibility, but it would appear that this responsibility has not been delegated to a specific officer.
7	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>If yes, explain. If this responsibility is delegated, identify to whom it is delegated? If no, comment if appropriate.</i> Theoretically the National Archivist is responsible for policy on all categories of records, but in practice he does not have time to perform this function. The National Archivist is the only records professional in the National Archives. There is nobody to whom he can delegate responsibility for the records management function.
8	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>Comments:</i>



**CONTROL ENVIRONMENT: *Legal and Regulatory Framework continued***

<p>9 Is responsibility for providing guidance on records management assigned to the National Archives?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p><i>If yes, is this set out in law? If so, please list which law. If no, is this responsibility assigned to anyone and if so, to whom?</i> The Archives Act 1992 (Act 12 of 1992) NOTE: In practice there are no staff to perform this role. With respect to the records management function the National Archives lacks the staff and institutional arrangements (eg there is no system of records management liaison officers in line ministries) to make a contribution to the efficiency of government. With respect to its records management function it has become a marginal institution.</p>
<p>10 Is responsibility for preparing and issuing disposal schedules for financial records assigned to the National Archives in the legislation?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p><i>If yes, are these laws/regulations enforced? If no, to whom is the responsibility assigned and how is it enforced?</i> The National Archives approves disposal schedules for accounting records, which have been incorporated into the <i>Treasury Instructions</i>. The schedule for financial records has not been revised in the last 20 years. The Directorate level of the Treasury and the grading of the Accountant General makes it difficult for the Accountant General to meet statutory responsibilities for enforcing the <i>Financial Instructions</i>. The grading of the National Archivist (below director level) is not consistent with his statutory responsibilities under the <i>Archives Act</i>. In both cases, consideration should be given to changing the status of these officers to enable them to effectively carry out their statutory roles as internal regulators within government.</p>
<p>11 Do the laws and/or regulations set out requirements for how long financial records must be kept?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p><i>Comments:</i> See comments to Question 10.</p>
<p>12 Do the laws and/or regulations make provision for the admissibility of electronic evidence in a court of law?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p><i>If yes, please comment. If no, is there any case law or precedent/s that affects the legal admissibility of electronic records?</i> This would appear to be a 'grey area'. No clear guidance could be found during the three-week visit. Civil servants are not aware that electronic records are defined as public records under the <i>Archives Act</i>.</p>
<p>13 Does the law require the appraisal and authorised disposal of public records?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p><i>Comments:</i> In practice this is not being carried out in line ministries.</p>

**CONTROL ENVIRONMENT: *Organisational Structure***

<p>14 Is the National Archives located appropriately in the government structure?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p><i>Comments:</i> Currently the National Archives is a sub-division of the National Library and is located in the Ministry of Basic Education, Culture and Sport. While this makes sense with regard to the National Archives' responsibilities as a cultural institution, it makes it difficult for the archives to meet its statutory responsibilities for records management for the public service.</p>
<p>15 Within ministries, is responsibility assigned for the management of financial records?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p><i>Comments:</i> Responsibility is assigned to the Senior Control Officer. His/her duties, however, do not appear to be clearly defined and the links with registry staff are limited. The Government should consider creating a system of departmental records officers in line ministries (eg Senior Control Officer) with responsibility for acting as a focal point for joint activities between National Archives and line ministries in all aspects of records management.</p>

## CONTROL ENVIRONMENT: *Financial Systems*

16 Describe briefly the main financial systems and their locations.

N/A

The Ministry of Finance operates a suite of systems that were intended to form an 'integrated financial management system'. In practice these systems operate separately, requiring human intervention to trigger data transfers between systems using flat files in some cases and hand keying of data in others. The main systems are:

- General Ledger
- Bank Reconciliation
- Funds Control System
- Payroll
- Subsistence and Travel
- Manual Cheques
- Medical Aid
- Debt Management
- Inland Revenue
- ASYCUDA Customs Management System

Most of these systems are bespoke programs. The exceptions are the Customs' system (ASYCUDA supplied by UNCTAD) and Debt Management (supplied by the Commonwealth Secretariat).

The systems that comprise the 'integrated financial management system' have had a history of problems, that have been exacerbated by the migration of systems to avoid anticipated Y2K problems. In the last financial year there have been a number of serious data problems and the accounts for the FY 00 had to be closed manually. This is likely to affect the accuracy of the general ledger as well as other systems.

The Medical Aid system has been discontinued and the function outsourced. Only outstanding claims pre-April 2000 remain to be processed by the former system.

The equipment for these systems are scattered on various floors in the Ministry of Finance. With the creation of the Data Services Division, they are progressively being relocated to the 2<sup>nd</sup> floor.

<b>CAPACITY: Staffing</b>		
17 Are the numbers of staff adequate for controlling and managing financial records?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>Comments:</i> Accounting staff numbers in line ministries appear to be adequate. However, there are no records management staff in the National Archives. This is unsatisfactory.
18 Do accounting staff have the right qualifications/competencies for managing records appropriate for their assigned roles?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>Comments:</i> There are very few staff with formal accounting qualifications. In the majority of cases junior and supervisory staff have only received on-the-job training. Very few staff have heard of the <i>Archives Act</i> or <i>Archives Code</i> or are aware of its provisions. Some staff were aware of the record keeping requirements set out in the <i>Treasury Instructions</i> . A larger proportion of registry staff are aware of the <i>Archives Code</i> , but they handle correspondence and contracts, not financial transactions.
19 Do National Archives staff have the right qualifications/competencies for managing financial records appropriate for their assigned roles?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>Comments:</i> See answer to question 18 above.
<b>CAPACITY: Facilities (Paper Records)</b>		
20 Is suitable records storage equipment provided in offices (eg filing cabinets, shelving, binder or box files and so on)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>Comments:</i> In most cases good storage facilities and equipment are available. This is an example of good practice. However, there is evidence that in the regions the rapid implementation of the decentralisation programme in the health sector has made necessary the use of unsuitable facilities and equipment.
21 Is there a records centre where semi-current records may be transferred?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>If yes, does the records centre have adequate facilities for storing records according to records management standards (eg adequate space, storage containers, shelving, etc)? If no, explain.</i> The National Archives has recently moved into a new building. There is no area specifically designated as a records centre. However, currently some of the floors of the National Archives building are being used by other ministries for storage. These could move out to provide room for the storage of semi-current records. The National Archives building meets international standards. The <i>National Development Plan 2000-2005</i> includes plans to build regional records centres, but these will not be effective unless appropriately qualified staff can be found to run them. The <i>Archives Code</i> does not include procedures for the transfer of semi-current records to a records centre. The <i>Code</i> will require revision if records centres are established.

**CAPACITY: Facilities (Electronic Records)**

<p>22 Are there suitable storage facilities for electronic financial records (eg fireproof safe, temperature controls and so on)?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p><i>Comments:</i></p> <p>The Ministry of Finance stores backups of computer data from the main financial management systems with the Inland Revenue offices in a fire safe with appropriate environmental controls. This is best practice.</p> <p>However, it would appear that this is not done for the data of the debt management system.</p> <p>Each line ministry has a server for the FCS system and they are responsible for daily, weekly and monthly backups as a precautionary measure. In the majority of cases the data is stored in a safe, however tapes are not properly labelled and tapes are recycled too often.</p>
<p>23 Are there any records that are only kept in electronic format that are required for more than 10 years?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p><i>If yes, explain and comment on whether there are adequate facilities for the long term storage and management of electronic records? If no, explain.</i></p> <p>The National Archives has not carried out an appraisal, but it would appear that there are electronic financial records that are likely to be of considerable historical interest to future generations, for example domestic and foreign debt management systems (history of public finance), customs systems (economic history) and Inland Revenue systems (social and economic history).</p> <p>Unlike earlier systems, where paper printouts would probably have sufficed for most purposes, the value of the information produced by these new systems to economists, social scientists and historians, will be the ability to manipulate the data electronically for statistical purposes.</p> <p>The current situation is unsatisfactory. In the next five years the National Archives will need to develop the capacity and acquire the equipment to provide data archive services.</p>

### CAPACITY: Records Management Systems (Paper Records)

<p>24 Are there written procedures for managing financial records (eg registration, tracking, retrieval, storage, scheduling, destruction or transfer)?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p><i>If yes, are the procedures up-to-date and relevant to current financial management systems (eg if systems have been computerised is this reflected in the procedures?)? Also, are the procedures consistently applied across all ministries? If no, explain.</i></p> <p>The National Archives issues an <i>Archives Code</i> and a <i>Registry Manual</i>, but this does not cover financial transaction records in detail.</p> <p>The proposed introduction of Systems Owners with responsibility for setting the business rules, issuing user manuals and training could be (if correctly implemented) an opportunity for regularising this situation with respect to financial transaction records.</p> <p>The retention schedules for paper records have not been revised to take into account the introduction of new computerised financial management systems.</p>
<p>25 Are records management procedures consistently applied across all ministries?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p><i>Comments (The Auditor General's reports may be helpful in forming a view on this point):</i></p> <p>Records management procedures are generally not followed consistently. However, the condition of record keeping systems in the line ministries is still quite good compared to other countries in the Sub-Saharan region. There is little evidence of the chaotic or collapsed record systems that are common elsewhere. Yet the Auditor General identified 73 instances where poor record keeping or records management were a matter of concern in the financial year ending 1998. This suggests that the good effects of the records management programme previously run by the National Archives is beginning to break down. If the programme is not revived, it will become increasingly difficult to retrieve source documents for audit or management purposes. There is clearly room for improvement and closer co-operation between the National Archivist, the Auditor General, the Accountant General and Accounting Officers to improve standards.</p>
<p>26 Are vital paper records identified and protected against disaster?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p><i>Comments:</i></p> <p>An area of risk is the computerised debt management system. At present a copy of the backup data for the system is not stored off-site and moreover the supporting source documents (correspondence, contracts) resides in the same room as the computer. Although most of the paperwork could be reconstructed from the registry and elsewhere, if the room was destroyed, it would be difficult to be certain that all the information about the government's liabilities and repayments had been recovered. Given the comparatively small amount of paper and computer storage media involved and the financial value of the information, it would be sensible for the Ministry of Finance to develop a vital records programme to protect these and other essential records.</p>

**CAPACITY: Records Management Systems (Electronic Records)**

<p>27 Do the main computerised systems have adequate records management functionality to meet the requirements of the financial regulations?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p><i>Comments:</i> With the exception of the Inland Revenue System, none of the computerised financial systems met fully the control requirements for the management of electronic records. However, the Inland Revenue System has excellent features, particularly the file tracking functionality. It deserves to be used as a showcase of good practice for other countries in the region.</p>
<p>28 Do up-to-date retention schedules exist for the management of electronic records?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p><i>Comments:</i> The retention schedules do not reflect the introduction of computerised financial management systems.</p>
<p>29 Are civil servants aware that electronic records are official records?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p><i>Comments:</i> The <i>Acceptable Use Policy on Information Technology Resources</i>, draft, Office of the Prime Minister, October 1998 para 5 states 'Just as with any other government record, electronic records are retained or disposed of in accordance with the <i>Archives Act 1992</i>'. This aspect of the policy is an example of good practice.  However, in practice most civil servants are not aware of this fact. Moreover, in practice the electronic records of the financial systems that exist at present are under the daily control of consultants or contractors who would not necessarily be aware of the procedures for controlling the destruction of government records.  A further area of potential confusion is that it is not clear at which point electronic data generated by a computer is deemed to be an electronic document under the terms of the <i>Archives Act</i>.</p>

**CAPACITY: Records Management Systems (Electronic Records) Continued**

<p>30 Are there adequate procedures for the management of electronic records?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p><i>Comments:</i></p> <p>The <i>Archives Code</i> (sections 8 and 9) includes the requirement that:</p> <ul style="list-style-type: none"> <li>• Computer archives should be cared for, and protected against damage, unauthorised access or destruction in accordance with whatever conditions the Head of Archives stipulates in specific cases.</li> <li>• Whenever an office begins a computer project, the Officer in Charge should report it to the Head of Archives.</li> <li>• Each ministry, local authority or statutory institution using a computer program, compiles a list of computer archives in its List of Other Archives.</li> <li>• Whenever an office commences a word processor project, this should be reported as soon as possible.</li> </ul> <p>The <i>Archives Code</i> is out of date. There is no evidence that the Head of Archives has stipulated any detailed procedures as is provided for under the <i>Code</i>. Moreover, it would appear that the requirement to report new computer projects or to list computer archives is widely ignored.</p> <p>The requirement to report new word processor projects reflects a period when computers were more scarce in government and is clearly impractical in the present circumstances. This procedure must be reviewed.</p>
<p>31 Does the government have adequate documentation of its main computerised financial systems?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p><i>Comments:</i></p> <p>There is virtually no technical documentation available for most of the computer systems. This has serious implications both for maintaining the systems and the ability of internal and external audit to advise management of the soundness of systems.</p>
<p>32 Are vital electronic records identified and protected against disaster?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p><i>Comments:</i></p> <p>Backups of source code of the main financial systems are kept offsite in a fire safe. This is an example of good practice. Regular back-ups of systems' data are made on a daily, weekly and monthly basis. These are kept in a fire safe in the Inland Revenue building.</p>
<p>33 Is there a comprehensive and tested written disaster plan to protect the government's strategic financial systems?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p><i>Comments:</i></p> <p>Some common practices have been implemented: backing up of source code, storage of data in fire safe, identifying other sources of servers for running financial systems applications. However, this does not constitute a proper, tested disaster plan.</p>



<b>SUSTAINABILITY: <i>Financial Provisions</i></b>		
34	Is there a budget for managing financial records?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>If yes, is the budget adequate for maintaining records according to legal requirements and records management standards? If no, explain:</i>  While there is no specific budget for the management of financial records, this requirement is covered under the general administrative budget.
<b>SUSTAINABILITY: <i>Training (Paper Records)</i></b>		
35	Do the National Archives staff receive training in the management of paper financial records?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, who provides this training? If no, explain:</i> A staff member is following a distance-learning course entitled Introduction to Archives and Records Management at his own expense. This will not be sufficient to meet the institutional need. Technikon, South Africa offers the course.
36	Do staff in ministries originating or using financial records receive formal training in the management of paper financial records?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, who provides this training? If not, how are staffed trained?</i>  This would appear to be largely on-the-job training.
37	Is formal or on-the-job training relevant to the financial system and procedures in place	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>Comments:</i> The Ministry of Finance has run occasional courses on budgeting and public accounts using an ESAMI consultant, but this is of a general nature. There is a need to create user manuals for the new financial systems, which include procedures for the management of the relevant input and output documents.
<b>SUSTAINABILITY: <i>Training (Electronic Records)</i></b>		
38	Do the National Archives Staff receive training in the management of electronic records?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, who provides this training? If no, explain:</i>  See answer to question 35.
39	Do staff in ministries originating or using financial records receive formal training in the management of electronic records?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, who provides this training? If not, how are staffed trained?</i>
40	Is formal or on-the-job training relevant to the financial system and procedures in place?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>Comments:</i> See answer to question 37

## SUSTAINABILITY: *Career Development*

41 Is there a career structure for records management in the National Archives?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Changes to the salaries structure implemented by WASCOM have destroyed the existing career structure.
42 Is staff turnover in the National Archives so fast that it has an impact on the sustainability of the system?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p><i>Comments:</i></p> <p>It difficult for the National Archives to recruit and retain staff. For instance, the National Archives employed a records management consultant from Zimbabwe for two years, from 1997-1999, to run its government-wide records management programme and to train a counterpart to succeed him at the end of the contract. Over the two-year period, a ‘counterpart’ would be trained, but then left the Archives after 8-10 months because he could earn a significantly greater salary elsewhere in the civil service or in the private sector. Since 1995 there has been no qualified records manager; candidates with the proper qualifications object to the salary level.</p> <p>Salaries for the records cadre peak at the level of Senior Archivist, which pays NAD 72,000 (approximately UK£7,250/year). Currently there are only two positions allocated for Senior Archivists, neither of which are taken up as there are no qualified staff that will take a position with such a low salary.</p> <p>Although there are plans to restructure the scheme of service for archives staff by eliminating training grades, the shortage of qualified archives and records management staff in the region is a cause for concern. Unless there is a significant increase in the number of records professionals available for recruitment, it is likely that the national archives will continue to lose out to parastatals and the private sector, which can afford to offer more attractive salaries.</p>
43 Is there a career structure for record keeping staff within ministries?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p><i>Comments:</i></p> <p>The structure exists, but it is limited. Record clerks can progress to Senior Record Clerk and finally Chief Record Clerk.</p> <p>Accounting clerks can at present rise to the level of Chief Accountant.</p>
44 Is the turnover of records staff in line ministries so fast that it has an impact on the sustainability of the system?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p><i>Comments:</i></p> <p>Excessive staff turnover does not appear to be a problem with respect to record keeping staff in line ministries.</p>

## SUSTAINABILITY: *Monitoring/Compliance*

<p>45 Does the National Archives have powers to inspect ministries for compliance with good practice in the management of financial records?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p><i>If yes, are regular inspections carried out? Please list the frequency of inspections. If no, is this role assigned to any other body?</i></p> <p>Although National Archives do have the necessary powers, this function is not currently being carried out. Until June 1999, the Archives tried to maintain regular planned inspections of registries that comprised two 3-day visits each year to the northern regions, north-eastern regions and southern regions. These visits included inspections of the ministerial and local government regional offices, with priority given to newly established local government offices. The programme should have included follow-up visits to check whether recommendations outlined in reports were being carried out. However, these visits were not made because of staff shortages and financial constraints (ie insufficient travel and subsistence funds).</p> <p>The greatest area of risk is for the future. The National Archives can no longer carry out the records management function owing to shortages of staff and other resources, including an adequate budget. As a result, there is no programme of monitoring and inspection.</p> <p>In addition, other officers also have some formal responsibility for ensuring records management controls are correctly implemented. <i>The Treasury Instructions</i> state ‘Accounting records shall be kept properly and safely and, if at all possible, under lock and key in a room specially equipped for this purpose. The person in control shall ensure that the records are identified clearly in terms of their classification in category B of the List and of Other Archives and are arranged in a neat and orderly fashion so that reference thereto may be facilitated. Regular inspections shall be conducted by the head of office to ensure that the above mentioned is complied with and that the available storage space is utilised as economically and effectively as possible (F E 0301).’</p> <p>The Office of Auditor General comments in his report to Parliament when poor record keeping affects the ability to account for expenditure or to carry out a satisfactory audit.</p>
<p>46 Does the National Archives have the authority to enforce its recommendations?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p><i>If yes, list the law/regulation where this is set out. If no, explain.</i></p> <p>The <i>Archives Act 1992</i> specifies the penalties, which include fines and terms of imprisonment, for offences relating to the protection of records. Such offences include:</p> <ul style="list-style-type: none"> <li>• wilfully damaging records</li> <li>• removing or destroying records outside the provisions of the Act</li> <li>• unauthorised access to records.</li> </ul> <p>It would appear that these sanctions are very much a last resort and in practice are not used. The Head of the Archives is graded below the director level and the Archives itself is poorly situated within government (ie it is a sub-division within the Ministry of Basic Education, Sport and Culture), his or her authority to enforce compliance is neither widely recognised nor respected</p>

### EXTRACTS FROM THE ARCHIVES ACT 1992

The *Archives Act 1992 (Act 12 of 1992)* provides ‘for the custody and care of and control over archives in Namibia, and for matters incidental thereto.’ It defines archives as:

*All documents received or created in the course of conduct of affairs in specified offices, including a government office or an office of a local authority or statutory institution; and which are not, because of their nature or the provision of any other law, required to be dealt with in any other way than in accordance with the provisions of this Act. (Section 1)*

The word ‘archives’ in the *Archives Act* covers both current documents and non-current documents. The *Act* defines clearly what a document is:

*[A document] means a combination of any medium and the information contained therein or thereon, including on paper, parchment, vellum, charts, plans, working drawings, or in volumes, files, scrolls, or in the form of punched cards, punched tape, magnetic tape, compact disc, photographic negatives and copies, cinematographic film, microfiche or gramophone, phonographic or other kind of sound recordings. (Section 1)*

The *Act* designates the National Archives of Namibia as the component within the Ministry of Basic Education and Culture ‘*responsible for the regulation, execution and administration of matters concerning the custody and care of archives and accessions in accordance with the provisions of this Act.*’ The Head of the Archives is the responsible official, performing his or her duties in terms of the *Act* subject to such directions as the Minister may give. (Section 3 (1))

In addition to the responsibilities of the National Archives and the Head of the Archives, the *Act* assigns responsibility for establishing control over record keeping to government officers, offices of local authorities and statutory institutions:

*The head of office shall be responsible for the custody, care and filing of all archives which have not been transferred to an archives depot, and shall in this regard be subject to directives issued by the Head of Archives.*

*The Head of Archives may inspect the custody, care and filing of such archives (Section 4 (1, 2))*

**EXTRACTS FROM THE STATE FINANCE ACT 1991**

Part I, Section 2 (4) of the *State Finance Act, 1991* establishes the system of account-books, accounts and registers:

*The Permanent Secretary shall keep proper accounts of all transaction in relation to State moneys by means of a system of account-books, accounts and registers approved by the Treasury after consultation with the Auditor-General.*

Section 24 (1) of the *Act* gives the Treasury authority to issue *Treasury Instructions (1991)* in matters involving the management and control of public moneys and state property.

### EXTRACTS FROM TREASURY INSTRUCTIONS 1991 AND ARCHIVES CODE

*Treasury Instructions (1991)* place responsibility on the Accountant General, Accounting Officers, Financial Advisers and the Treasury for establishing and maintaining accounting systems. The Accountant General advises the Treasury on the accounts and accounting system that has to be kept and applied (B A 0202 (b)).

The accounting officer is then responsible for *'the accuracy of the accounting records, accounts and other financial documents under his control and the establishment and maintenance of effective systems of internal auditing and control of State moneys, other property of the State and securities'* (B B 0101 (i)). Financial Advisers are in turn in charge of keeping the prescribed financial records and providing information regarding financial matters of his ministry (B C 0301 (c)). Finally, on behalf of the Treasury, an internal audit officer and investigating officer are to be given access to all official documents, paper, records and so on that may be required during the conduct of an investigation or to carry out routine functions (BC 0102 (a) and (b)).

Chapter F 'Bank accounts, cheques, bookkeeping and accounting records' of the *Treasury Instructions* outlines broadly the methods for keeping account books and records, including general instructions on the safekeeping and disposal of account records. It clearly allocates responsibility for the control and custody of records to be delegated by the accounting officer to a specific official in the Auxiliary Services Component (referred to as the 'control officer'). (F E 0102). The chapter goes on to specify that:

*Accounting records shall be kept properly and safely and, if at all possible, under lock and key in a room specially equipped for this purpose. The person in control shall ensure that the records are identified clearly in terms of their classification in category B of the List of Other Archives and are arranged in a neat and orderly fashion so that reference thereto may be facilitated.*

*Regular inspections shall be conducted by the head of office to ensure that the above mentioned is complied with and that the available storage space is utilised as economically and effectively as possible (F E 0301)*

The chapter provides a categorised listing of Accounting Records of the List of Other Archives (F E 0500) and the proposed disposal date. Specific disposal instructions are not provided, but section F E 0400 provides a broad description of how records may be cleared from offices.

The Head of Archives may in any manner which he or she deems proper issue directives regarding: the access to and the utilisation of archives. The *Archives Code* [no date] gives form and substance to this power. It has sections include:

- Control of, custody over and inspection of archives

- Registry procedures
- Filing systems
- Disposal of terminated and current filing systems
- Requirement to list other archives
- Disposal of terminated and current filing systems
- Computer projects and archives
- Word processor projects and archives
- Microform projects and archives
- Transfer and re-issue of archives
- Archives of commissions/committees of enquiry
- Access to archives in offices.

## Appendix F

<b>Analysis of Audited National Accounts - Namibia</b>									
VOTE	FY 1995/96			FY 1996/97			FY 1997/98		
	Actual expenditure	Unvouched	Percentage	Actual expenditure	Unvouched	Percentage	Actual expenditure	Unvouched	Percentage
President	34,504,938.96	-	0.00%	43,513,522.98	-	0	48,980,521.15	-	-
Prime Minister	64,838,320.14	-	0.00%	83,859,893.14	-	0	51,328,751.97	-	-
Parliament	19,731,166.28	-	0.00%	23,635,658.31	-	0	35,809,479.50	-	-
Auditor General	4,441,225.96	-	0.00%	6,002,164.87	-	0	6,903,720.49	-	-
Civic Affairs	24,763,040.53	-	0.00%	30,130,417.47	-	0	36,758,792.18	-	-
Police	198,545,084.15	-	0.00%	250,369,701.75	-	0	280,014,107.44	-	-
Foreign Affairs	95,078,652.79	-	0.00%	111,208,763.78	-	0	111,987,617.50	-	-
Defence	274,997,592.81	-	0.00%	381,509,800.44	500,000.00	0.13	413,771,149.06	-	-
Finance	15,692,729.73	1,659,020.88	10.57%	261,828,681.78	-	0	381,011,193.81	25,000,000.00	6.56
Basic Education and Culture	1,078,729,264.71	-	0.00%	1,389,275,695.13	-	0	1,412,414,756.93	-	-
Youth and Sport	19,798,162.94	-	0.00%	30,974,540.37	-	0	33,311,230.17	-	-
Information and Broadcasting	75,861,704.88	-	0.00%	77,979,982.00	-	0	84,706,806.57	-	-
Health and Social Services	678,530,218.31	-	0.00%	798,908,521.97	15,773,762.00	1.97	882,710,428.60	-	-
Labour and Human Resources Development	17,354,840.12	-	0.00%	15,466,397.96	-	0	17,618,917.90	-	-
Mines and Energy	34,509,507.27	-	0.00%	44,759,688.93	1,931,636.11	4.32	71,172,001.92	-	-
Justice	62,635,530.13	-	0.00%	75,409,114.43	-	0	75,194,519.29	-	-
Regional and Local Government and Housing	154,365,945.31	-	0.00%	164,642,621.89	-	0	194,028,645.27	-	-
Environment and Tourism	81,176,933.35	89,732.93	0.11%	89,693,450.79	-	0	88,802,367.43	-	-
Trade and Industry	25,778,197.44	-	0.00%	70,353,331.35	-	0	41,977,155.60	-	-
Agriculture and Rural Development	262,022,948.29	-	0.00%	478,785,443.63	1,489,971.96	0.31	409,174,296.67	-	-
Water Affairs	247,652,310.14	-	0.00%						
Fisheries and Marine Resources	43,130,412.09	-	0.00%	56,552,809.94	-	0	50,680,711.60	-	-
Works	286,508,848.33	-	0.00%	278,420,674.50	5,868,740.66	2.11	312,394,245.66	606,772.56	0.19
Transport	261,980,990.78	-	0.00%	301,154,609.71	-	0	401,969,511.97	-	-
Lands, Resettlement and Rehabilitation	41,187,940.05	-	0.00%	59,805,179.10	-	0	67,675,320.18	-	-
National Planning Commission	8,911,355.20	-	0.00%	152,862,531.54	-	0	18,480,301.03	-	-
Higher Education, Vocational Training, Science and Technology	91,782,570.18	-	0.00%	11,724,979.60	-	0	194,888,731.10	-	-
Prisons and Correctional Services	36,402,577.09	-	0.00%	45,221,715.82	-	0	54,535,037.09	-	-
<b>TOTAL:</b>	<b>4,240,913,008</b>	<b>1,748,754</b>	<b>0.04%</b>	<b>5,334,049,893</b>	<b>25,564,111</b>	<b>0.48%</b>	<b>5,778,300,318</b>	<b>25,606,772</b>	<b>0.44%</b>



### **RECORDS MANAGEMENT SYSTEMS' ASSESSMENT: GOVERNMENT OF NAMIBIA**

As illustrated in Figures 1 and 2 (Chapter Two), the computerised Treasury systems form the core of the financial management regime for the Government of Namibia. All revenue and expenditure data is ultimately captured by these systems. This appendix begins by providing a detailed study of the computerised systems managed by the Treasury Directorate. It also examines the key revenue systems managed by the Inland Revenue Directorate and the Customs and Excise Directorate.

An analysis of the paper-based systems follows the discussion of the computerised systems. Much of the accounting function in line ministries continues to be carried out manually, despite the use of computerised financial management systems. Maintaining control of source and output documents remains of key importance. Analyses of document flows for the Procurement, Payroll, S&T and Customs systems and the movement of these records through the system is documented in Appendix I.

#### **Computerised Systems Assessment**

##### ***Government of Namibia, Ministry of Finance***

This assessment focuses on the controls needed to manage the records processed by these systems and that are required for fiscal administration and audit. It examines the procedures around the systems, the quality of the data in the systems and the management of the paper inputs and outputs of the system; all of which affects the accuracy, completeness and reliability of financial management information.

The key financial management systems examined in the Ministry of Finance were:

- Treasury Directorate:
  - ◇ Budget Formulation (not in operation and therefore not assessed formally)
  - ◇ General Ledger (GL)
  - ◇ Bank Reconciliation System (BRS)
  - ◇ Funds Control System (FCS)
  - ◇ Payroll System
  - ◇ Subsistence and Travel (S&T)

- ◇ Manual Cheques (most of this process is manual and therefore not assessed formally)
- ◇ Medical Aid (recently outsourced and therefore not assessed formally)
- ◇ Debt Management System
- Customs and Excise Directorate
  - ◇ Customs ASYCUDA
- Inland Revenue Directorate
  - ◇ Inland Revenue System (including File and Document Control and Task Allocation System (FDC))

The technical details and location of these systems are summarised in the table below.

<b>Financial Management System: Ministry of Finance COMPUTER SYSTEMS</b>				
<b>System</b>	<b>Date</b>	<b>Operating System</b>	<b>Application</b>	<b>Location</b>
Budget System	Unknown	UNIXWare	Adabas/Natural	NA: further systems development was stopped.
General Ledger <sup>i</sup>	Updated 1997	UNIXWare moving to AIX	Informix/Uniface moving to Oracle	UNIX Server/5 <sup>th</sup> Floor Revenue Office <sup>ii</sup>
Bank Reconciliation System <sup>i/v</sup>	Circa 1974	Oracle: emulates a hierarchical database despite being relational	Translated COBOL	NT Server/5 <sup>th</sup> Floor Revenue Office <sup>ii</sup>
Funds Control System	Updated 1999	UNIXWare 7	Adabas/Natural	UNIX Server/2 <sup>nd</sup> Floor Computer Room
Payroll <sup>i/v</sup>	Circa 1974	NT and AIX <sup>iii</sup>	COBOL /ASCII flat files	NT Server/5 <sup>th</sup> Floor Revenue Office (not same as BRS) <sup>ii</sup>
Subsistence & Travel <sup>i/v</sup>	Circa 1974	Same as BRS – plan to change to MS SQL	Translated COBOL	Same as BRS <sup>ii</sup>
Manual Cheques <sup>i/v</sup>	Circa 1974	Same as BRS – plan to change to MS SQL	Translated COBOL	Same as BRS <sup>ii</sup>
Medical Aid <sup>i/iv</sup>	Updated late 1999	UNIXWare	Adabas/Natural	UNIX Server/1st floor Medical Aid Office
Debt Management System	1993	Unix	Commonwealth Secretariat Debt Management System V7.2	Debt Management office in Treasury, 2 <sup>nd</sup> Floor
Customs: ASYCUDA	Upgrading 2001		UNCTAD ASYCUDA 2.7 (upgrading to ASYCUDA++)	3 <sup>rd</sup> Floor Customs/Excise ASYCUDA Dept.
Inland Revenue	Updated early 1999 (original 1982)	AIX	Progress	UNIX Server 5 <sup>th</sup> Floor Revenue Office (not same as GL) <sup>ii</sup>

<sup>i</sup> Migrated from OPM Mainframe in December 1999.

<sup>ii</sup> Planning to move to 2<sup>nd</sup> floor under the control of the Data Systems Division (forthcoming IT Directorate).

<sup>iii</sup> Development of the system will continue in NT because it is much simpler to debug in NT; production will be carried out in AIX in future.

<sup>iv</sup> Medical Aid has been outsourced. The old system will only operate until all claims made prior to 1 April 2000 are processed. NamHealth processes all new claims.

<sup>v</sup> Data warehouse for these data systems will be on a UNIX AIX operating system using NT applications.

## ***Records Control Requirements: Overview of Treasury Directorate Systems***

### *The Integrated Financial Management System (IFMS)*

- The computerised Treasury systems were migrated from a mainframe to a server environment as a Y2K measure. This migration has brought about a nearly complete failure of the systems.
- The addition of manual procedures to strengthen the integrity and consistency of electronic data transfers are encouraging, but more work is needed to ensure that data is complete and kept secure.

The *Financial Systems Development Project* began after Independence in July 1990 to assist Namibia in the fiscal, monetary and financial management areas.<sup>14</sup> One of the major activities was the development and implementation of a computerised integrated financial management system (IFMS) throughout Government and linked to a central system in the Treasury. Cabinet approved the introduction of the system in March 1992 and an expert in computerised Government financial systems was recruited in October 1992 to commence the IFMS computer project.

Eight years on, one of the greatest problems facing the Treasury is the weakness of its attempts to integrate its computerised financial management systems. Moreover, efforts to migrate mainframe systems to a server environment as a Y2K measure have brought about a nearly complete failure of the systems.<sup>15</sup> As a result, the Government was forced to close its FY 99/00 accounts manually.

### *Budget Formulation*

- The system is not implemented. Budgeting is being done manually, with the aid of Microsoft Excel spreadsheets.

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<sup>14</sup> Under this project, the International Monetary Fund (IMF) fielded two missions in 1991: one to review the computer operations and one to review the Treasury management. The IMF mission on computer operations highlighted major weaknesses in the existing mainframe computer applications, this includes their inability to share common data or to produce reliable or timely management reports. These financial applications were developed eighteen years previously with no integrated plan in view. On the recommendation of the IMF, the Government approved the introduction of an integrated computer system to replace existing computerised financial applications. The second mission identified problems in cash management and Treasury operations. Since November 1991, the Ministry of Finance initiated a number of changes to the budget preparation and execution processes and the accounting system under the project.

<sup>15</sup> Part of the problem was that when these systems were migrated, the inherent problems with the programs were not corrected; each of the programs was duplicated exactly as they were on the mainframe including any errors they contained. Because the server environment is more sensitive, these problems were magnified.

## Overview of the System

The annual budget is compiled from the estimates provided by the ministries. The budget is set in two parts: estimated revenue and estimated expenditure. The expenditure incurred in the annual budget is authorised by the National Assembly through an Appropriation Act.

## Key Issues and Observations

It was the Ministry of Finance's intention to use the Budget Formulation system to prepare the 1997/98 budgets, but the government budget cycle was brought forward and condensed in 1995 in an effort to present the budget to Parliament before the Christmas recess (it is usually presented in February/March). Because of the tight deadline and the new system being an unknown quantity it was not used, nor was it used for the following years budget (1997/1998). It has now been abandoned.

No assessment against the Records Control Requirements was carried out on this system.

## *General Ledger (GL)*

- The GL is not reporting complete and up-to-date information; it is not an accurate reflection of moneys spent. This allows line ministries to overspend. Business rules for sending revenue and expenditure data to the GL need to be strengthened and enforced.
- An external consultant from QData is responsible currently for assigning access rights to GL users. The GL is the main record of government revenue and expenditure and access to it should be controlled internally for security reasons.
- Computer audit functions are not enabled and there are no business rules governing under what conditions a record can be viewed, altered and/or deleted and who is authorised to do so.
- Main ledgers, including the GL, should be kept for 10 years, however there is no awareness that this retention period should be applied to the computerised GL data and no provisions are in place to store this data to ensure long-term access for this period and then delete it when its retention period ends.

## Overview of the System

The GL operates a cash accounting system that provides a master record of the government's account balances and is used to prepare financial statements and management reports. It was produced within the mainframe operated by the Office of the Prime Minister until 1995. In 1995, Phase II of the Financial Systems Development Programme to integrate financial management systems included introducing into the Ministry of Finance its own networked GL system.

One of the important aims of Phase II was to ensure that the Funds Control System (FCS) fed information into both the networked GL and the Bank Reconciliation System (BRS) on the mainframe.<sup>16</sup>

Key Issues and Observations

In terms of registration, the GL assigns a journal number, but several entries can share the same number (ie it is not unique to each transaction per se). However, taking into account the purpose of the GL as a recording and reporting instrument, the assignment of a unique identifier is not critical. The system relies primarily on the journal number, which provides adequate identification to enable access and retrieval of information.<sup>17</sup> The Chart of Accounts is the principal form of classification and is reflected in the system as per account code number. It is build into the master file before the annual ledger is put into operation. All transactions are classified consistently.

<b>Records Control Requirements Ratings Summary</b>	
Registration/Classification .....	Adequate
Tracking .....	Inadequate
Maintaining Audit Trails.....	Poor
Access/Retrieval.....	Adequate
Scheduling/Retention.....	Poor
Transfer .....	Poor
Destruction.....	Poor
<b>Ability to manage records: POOR</b>	

The tracking function is limited in the GL system. Tracking demonstrates that a record is what it purports to be and that it has been created, altered or deleted by the person who purports to have done so according to a recognised authority. Although the GL system is not a complex system and only three individuals have access to it, one of these individuals is an external consultant from QData who has the same security clearance as the systems owner (Chief Accountant, GL). There is a potential risk in allowing a non-government employee a level of authority that may allow he/she to bypass or disable the tracking function.

During processing, data can only be in either the pending file or processed into the GL. Even if the data is rejected as an unposted batch and waiting reprocessing it will be located in the pending file. Once data is processed into the GL, the system can track transactions on-line according to the journal number and fiscal year period. None of the data is held off-line as yet. An area of concern is that there is a function to delete data, but it was unclear whether the system logs information on delete operations because the audit trail is not active.

Audit functions are not enabled and therefore the system is not maintaining audit trails. It is also worth noting that the auditors are not auditing the electronic system even though the Auditor General’s Department and Internal Audit (Ministry of Finance) are authorised users with an enquiry level of access.

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<sup>16</sup> A new automated BRS came with the new GL system. Yet although the GL had been taken from the mainframe system, the old BRS continued in use.

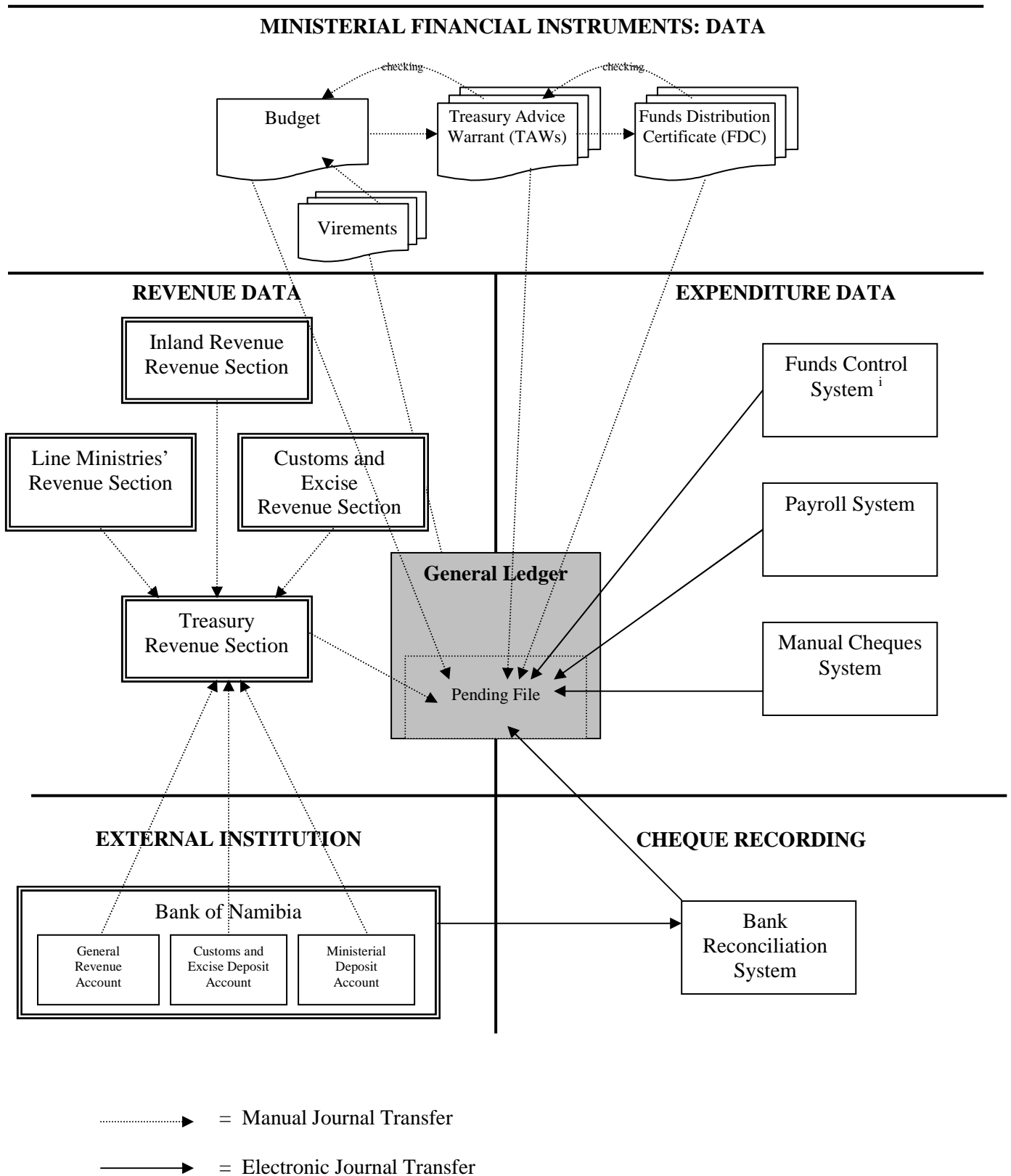
<sup>17</sup> It is feasible to track and eliminate duplicates even once they have been processed into the GL. However, this process will be laborious and time consuming, as it requires the GL manager to print the contents of the system and scan through for duplicates.

There has been a history of problems in transferring data to the GL, in particular with regard to data from the BRS (see the following section on the Bank Reconciliation System). Much of these problems, in particular the inability to detect duplicate data, could be minimised if adequate registration, tracking and audit functions were put into effect.

Data files of revenue and expenditure information needed to update the GL are received either by electronic transfer (downloaded on-line or received on diskettes) or manually keyed into the system. Figure 4 illustrates how the GL receives revenue and expenditure data from the central systems.

# Data Transfer to the GL

Figure 4



<sup>i</sup> The FCS receives expenditure information from the S&T system (although in practice S&T information more often captured through the Manual Cheques system) and the old Medical Aid system (pre April 2000), as well as from NamHealth (Medical Aid was outsourced to NamHealth in April 2000).



All input data is held in a pending (ie 'holding') file before it is processed into the ledger. During processing the GL rejects journal entries that are either duplicates or incorrect (eg invalid code or unbalanced journal) and leaves them in the pending file as unposted batches; data that is accepted is processed into the GL.<sup>18</sup> Despite controls on the system, the GL has problems identifying duplicates; it can only identify duplicates while the data is in the pending file. If data is downloaded into the pending file, screened, approved and processed into the GL and then later duplicate data is downloaded, the system cannot recognise whether the new data repeats data already in the system. This affects the integrity of the GL as an accurate record of government revenue and expenditure.

The GL is a recording and reporting instrument; the system cannot anticipate or predict what information it ought to receive (eg salary corrections, additional amounts to be paid and so on). Moreover, even when a debit or credit is moved from one vote to another, it is virtually impossible for the GL to track this adequately. Stronger business rules need to be implemented and enforced to ensure that all necessary information is sent to the GL in a timely fashion to ensure accurate, complete and up-to-date reporting.<sup>19</sup> Although the Data Services Division of the Ministry of Finance are testing procedures to control the exchange of data between systems, they are not sufficient to address this issue.

In terms of meeting access and retrieval requirements, the system does define and apply different user groups and appropriate access rights. However, an area of caution worth noting is that an external consultant from QData is currently controlling the assignment of access rights to users. This process should be controlled internally. It was difficult to prove absolutely whether the system could prevent against unauthorised viewing or destruction of records. Passwords are in effect and should control this. However, it is important to note that there are no formal written business rules governing under what circumstances records can be viewed, altered and/or deleted and who can do this. In terms of retrieval, searching can be carried out easily using a combination of the journal number and period within the financial year.

Scheduling and retention rules are not applied to GL data. Main ledgers are to be kept for 10 years. However, there is no awareness that the designated retention period should be applied to computerised financial records, including the GL.

Although the system can technically transfer data off-line, no GL data has been transferred (the records on-line data back to the 96/97 Fiscal Year when the system was implemented). When the system was migrated from the mainframe to the server only the transaction file was taken off-line. The Data Systems Division has copies of the full transaction files dating back to 97/98. According to the Under Secretary for Administration and IT Management in the Office of the Prime Minister (OPM) back-up tapes of GL data from the mainframe are kept at the OPM. However, it is unlikely that any of this data can be accessed, as the equipment is no longer available to read it.

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<sup>18</sup> A listing of the unposted batches is printed out and manual checks are then carried out to identify errors and duplications; data is deleted or corrected as required. Once the manual check is complete and any revisions or deletions made, the data is released again for processing. If the system accepts the information as correct it will release the data into the GL; if not the process for unposted batches is repeated.

<sup>19</sup> Much of the problem stems from the fact that line ministries do not reconcile their accounts monthly; often many wait until year-end to do this. As a result, for minimally six months out of the year, the government cannot know its true revenue and expenditure.

According to the Chief Accountant and the Data Systems Division no GL data has ever been destroyed since the new GL system was implemented in 1995, nor should it have been. However, data kept at OPM has never been destroyed either. Unless a low-cost solution for accessing the data from the mainframe GL system can be found, there is no benefit in retaining these tapes. Any GL data older than 10 years should be destroyed according to the records retention rule for main ledgers issued by the National Archives.

*Bank Reconciliation System (BRS)*

- The BRS is used as a cheque tracking system, but the system has a history of not tracking transactions adequately.

Overview of the System

The Bank Reconciliation System is only used as a cheque tracking system. It provides computerised maintenance of the outstanding cheque file. In the normal process of writing cheques (ie payroll and creditors checks, as well as handwritten cheques), the system automatically posts the cheques into an outstanding cheque file throughout the month. When the bank statement is received from the Central Bank the cleared cheques are reconciled against the file.<sup>20</sup>

Prior to 1993, only the Ministry of Finance carried out the bank reconciliation function. This was done through the Bills Payable Suspense Account and produced only one cheque. In 1993, as part of the decentralisation process, the Ministry of Finance had to create twenty-seven sub-accounts, one for each of the line ministries, and then introduce into the General Ledger (GL) separate Bills Payable Suspense Accounts for each sub-account.<sup>21</sup> Line ministries were required to do the reconciliation of their individual Bills Payable Suspense Accounts against their payments and commitments. In addition, each of the line ministries

<b>Records Control Requirements Ratings Summary</b>	
Registration/Classification .....	Good
Tracking .....	Poor
Maintaining Audit Trails .....	Inadequate
Access/Retrieval .....	Adequate
Scheduling/Retention.....	Poor
Transfer.....	Poor
Destruction.....	Poor
<b>Ability to manage records: INADEQUATE</b>	

<sup>20</sup> As mentioned above, in 1995, a new automated Bank Reconciliation System came along with the new networked GL system. However, the old BRS system on the mainframe continued in use and the new system was not made operational.

<sup>21</sup> Problems also arose as a result of having to divide the funds held in the central Bills Payable Suspense Account into twenty-seven responsibilities so that the balance remains at zero. During this exercise, an amount was discovered that could not be allocated to any one ministry because it related to how the country had been governed before Independence. (Prior to Independence, there was central government and eleven second tier government self-practising units. Each of these eleven units were given six months to close their books before they were amalgamated into one Ministry of Finance. The unallocated funds remaining in the Bills Payable Suspense Account represented unfinished business that existed from Independence to 1995). The solution was to transfer these funds into a separate suspense account in order to move it away from the twenty-seven line ministries. This amount has yet to be audited.

were requested to key in the information needed to produce their own cheques, although the actual printing of the cheques remained at the Ministry of Finance.<sup>22</sup>

### Key Issues and Observations

In terms of registration, the Oracle system does assign a unique number. However, in practice the system uses cheque numbers as reference and these numbers cannot be duplicated or modified. Data in the system cannot be changed or revised once it is entered. The cheque numbers do map easily across to source documents. Requirements for classification are not applicable to this system.

Although the BRS is essentially a recording instrument; it should be able to track data. However, the system is not tracking and, in particular, it has a history of problems with tracking errors (see Key Issues and Observations section above). None of the data is held off-line as yet.

The BRS's ability to maintain audit trails is also very limited. As is often the case, the system does not store audit trail data as a separate record. However, because the BRS is primarily a recording instrument, auditors can, if the system is operating properly, trace transactions to and from source documents and to and from reports. In practice, this would be very labour intensive.

The system does define different groups of users and their access permission and only authorised individuals can assign or amend permissions. The cheque numbers serves as the primary key for searching. All data is stored in one database.

The problems of tracking and maintaining audit trails, and to a limited extent accessing and retrieving records, are equally as evident with the BRS as with the GL. In some cases the problems experienced are tied to one another.

For example, in March 1997 the BRS recorded approximately NAD 600,000,000 in outstanding cheques and the GL recorded approximately NAD 20,000,000. As a result of this discrepancy, the Government could not close its books and the Auditor-General could not audit the accounts (see below). It was discovered that between 1995 and 1997, after the new GL was introduced, there was an intermittent flaw in the data transfer between the point where the cheques were printed (ie mainly the FCS) and the new GL. Although some journal data did transfer from the FCS to the GL, most did not. However, the cheque data was transferring and updating the BRS.

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<sup>22</sup> Despite the change in procedures, initially no procedures manual was drawn up for use by the line ministries and the training given was inadequate. Problems in properly reconciling accounts and using suspense accounts remain to this day. Ideally, the system should be automatic instead of having staff responsible for manual checking. In the line ministries it is difficult to staff Bank Reconciliation Offices because there is a shortage of trained staff that know the whole system. Most staff in the line ministries do not know the system well enough to know which source documents to refer to for solving problems.

According to the *Report of the Auditor General on the Accounts of the Government of Namibia for the Financial Year Ended 31 March 1996* (excerpt from section 1.3.1) ‘The Permanent Secretary [for the Ministry of Finance] explained that the problems experienced with the new computerised ledger system had seriously delayed the closure of the financial records and the preparation of the accounts for the financial year 1995/96. He informed [the Auditor General] that, as a result of these problems, considerable checks and reconciliations had to be made by each Ministry to ensure that all financial transactions had been recorded in the ledger. Lack of experience in the Ministry’s accounting personnel was also stated as having contributed to the delay.’ He goes on to state that he is ‘seriously concerned that the new computerised ledger system was introduced without identifying and eliminating problems of this nature.’ He recommends that ‘the Ministry of Finance must ensure that in future, a new computerised financial system is introduced to operate initially in parallel with the system to be replaced. The existing system should be withdrawn only after the Ministry is fully satisfied that no major problems exist in the new system.’ Despite the Auditor General drawing attention to the cause for the extensive delay by the Ministry of Finance in submitting the accounts, the problem persisted.

The *Report of the Auditor General on the Accounts of the Government of Namibia for the Financial Year Ended 31 March 1997* (excerpt from section 1.3.1) records that ‘this delay [ie submission of the 1996/97 accounts] together with that experienced in the audit of the 1995/96 accounts has had a very serious knock-on effect on the work programme of [the Auditor General’s] office, both on the audit of the Government accounts and [his] other statutory audit responsibilities. It has also resulted in considerable delay in the submission of this audit report to the National Assembly.’

While the Ministry of Finance established a team to reconcile the figures, a UNDP consultant identified the technical problem. The consultant wrote a procedure manual to simplify processes and offered training sessions throughout government. Because earlier training was inadequate, users were not conversant enough with the system to be able to detect this problem earlier. Following this exercise the GL and the BRS matched and the government could close its books in March 1998. However, the GL problem has never been completely fixed.

As a result of these problems the line ministries create manual journals on paper. They receive from the Ministry of Finance a GL printout and a BRS printout and a list of cheques<sup>23</sup> against which they do their reconciliation. The line ministries produce a manual journal that is sent to the Treasury to update the GL. However, the line ministries do not always reconcile on a monthly basis; some wait until the fiscal year end when they have six months to clear their accounts. Consequently, for approximately six months of the year, the Government does not have accurate GL figures and must rely on the BRS statements (which are two to three months behind) or statements from the Central Bank (which are three to four days behind). The Government’s cash flow is calculated against the latter.

An inaccurate record of government spending allows for overspending. The Treasury knows that the budgets are being exceeded but it cannot detect where, which is clearly a tracking issue. Although the Ministry of Finance issues strong circulars, it cannot apply sanctions against overspending and the line ministries do not accept responsibility.

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<sup>23</sup> When a cheque is produced a list is printed out.

In 1999 the BRS developed a new problem; providing another example where strengthening the tracking and audit trail functions would be useful. Although the opening and closing balances appeared to be correct, the distribution of funds to the individual ministry accounts was incorrect. This problem had to be rectified manually because the ministries cannot reconcile their accounts if the BRS information is not accurate. The problem lay with the Funds Control System (FCS) that sends cheque information to the BRS. The FCS was supposed to be made Y2K compliant by April 1999. In March 1999 the old system was shut down and a new Y2K compliant system went live, but errors were found and it had to be taken down until June 1999. In June the system again went live, but communication errors were detected in the line ministries' connections via Digicom lines. In July 1999 the Digicom lines were re-established and appeared to be working properly until 6 September 1999 when the line ministries made inquiries about errors in the distribution of funds. Following a manual check, it was discovered that for a two month period (from 19 July to 3 September) the BRS system had been misallocating approximately 60,000 cheques as a result of a programme fault where the Digicom links were sending information (ie transferring funds) to the wrong accounts and when the cheques were cashed, the BRS journal was sending the wrong information to the GL.

At the entry level the system appeared to be performing properly because the balances were correct. However, the system was not designed to detect misrouting problems. Moreover, when the new system went live there was no parallel run with the old system, which might have helped to detect errors.

BRS data should be kept for 5 years. One official was aware that the physical cheques and the bank reconciliation registers (ie printed data sheets) should be kept for this period. However, there is no awareness that the designated retention period should be applied to computerised financial records, including the BRS. Therefore, retention schedules are not being applied to these records.

The system does not transfer semi-current data off-line.

The system is supposed to be able to delete records, however, to one official's knowledge this has never been done.

## *Funds Control System (FCS)*

- The FCS is meant to function as a computerised commitment register for creditor's payments. Yet payments that should be routed through other systems (eg Subsistence and Travel payments and Payroll payments) are often being processed by the FCS system. As a result such external payments are rarely recorded and the funds expended cannot be recovered easily from the S&T and/or Payroll systems. This creates opportunities for fraud. [tracking problem]
- There are cases where handwritten purchase orders from the regions are put through the manual cheques system when funds are not available to process them through the FCS. Where this occurs, the payment is never recorded on the FCS which leaving an inaccurate record of creditor's payments and allow opportunities for overspending. [registration / tracking / retrieval problems]
- The controls on the system are not sufficient to prevent the mis-recording or re-recording of some data in the system. This can have an adverse effect on the accuracy and completeness of creditor's information. [tracking / registration problems]
- The systems audit function has been disabled on the ground that it does not produce meaningful information and no one was using it. This has security implications that can affect the integrity of the data. [auditing problem]
- Systems back-up procedures, especially in line ministries, are not consistent. There have been cases where FCS data has been lost and cannot be recovered. [transfer problem]

### Overview of the System

In 1993 work began on the Funds Control System (FCS) to replace the older Creditors System running on an ICL 3960 mainframe that was housed at the Government Data Centre located under the Prime Minister's Office. This system represented the first step in developing an IFMS.

The FCS comprises two systems: a commitment control system for implementation across Ministries and an accounts payable system for implementation at the Treasury. Cheques are printed by and collected from the Ministry of Finance.

The system captures the Chart of Accounts, budget appropriation amounts and then line ministries link to the Treasury through a PC-based network and input data.<sup>24</sup> However, the system does not have full access to the whole budget. Instead each line ministry must request a Treasury Advice Warrant (TAW) each month, which must then be input manually into the

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<sup>24</sup> The process of inputting data into the FCS was phased over to the line ministries' headquarters, starting with the largest spending ministries. By the 1995/96 fiscal year, all line ministries headquarters were linked to the system.

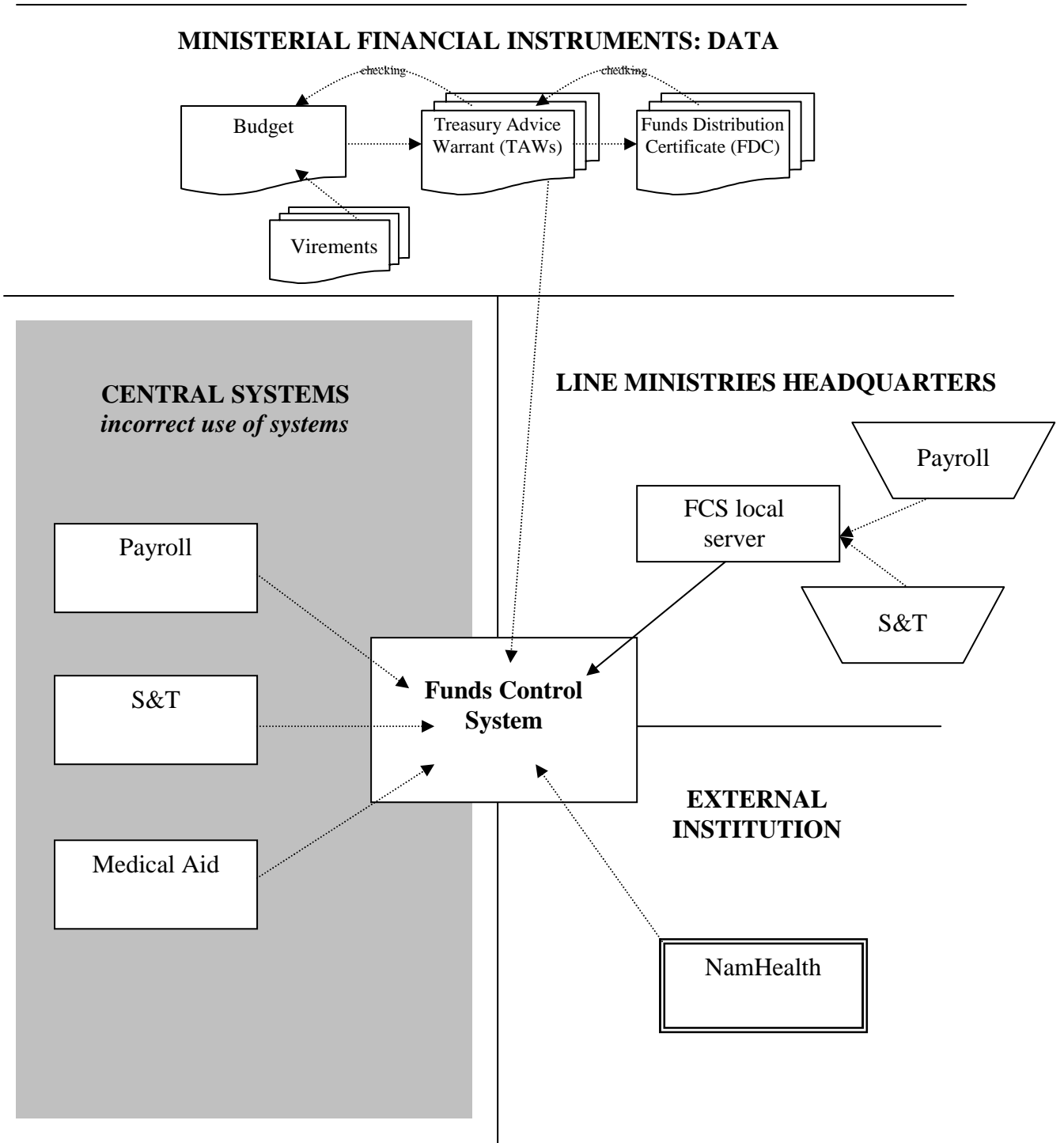
FCS. Expenditure is limited to TAWs.<sup>25</sup> The work flows and controls for creditors payments are described in more detail in Appendix I. Figure 5 illustrates how information currently gets onto the FCS.

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<sup>25</sup> Ministries are allowed to distribute the funds (authorised by the Treasury by TAW) to their regional and subordinate offices, as they consider appropriate. They can do this by issuing a Funds Distribution Certificate (FDC). Ministries can also transfer the funds between these offices through amending FDCs. The total distribution by FDCs for each subdivision on any given day should not exceed the total amount authorised by TAWs as on that date under that subdivision. Each holder of an FDC should monitor commitment of funds by maintaining a commitment control system. Ministries should commit the actual or estimated amount of expenditure against the funds authorised by FDC as and when purchase orders are raised. They are expected to exercise caution when approving requisitions for expenditure because they should not raise purchase orders unless the appropriate funds exist. Ministries examine suppliers' accounts for payment. They then generate a remittance advice to the central computer system under the Treasury for raising cheques against the State Account.

# Data Transfer to the FCS

Figure 5



.....→ = manual data transfer

————→ = electronic transfer: ASCII flat file transmitted via a dedicated lease line



## Key Issues and Observations

The FCS system generates Purchase Order (PO) numbers as its primary means of registration. It can also generate claim numbers and general expense numbers. Each PO number is unique and is recorded on the source documents to provide links to the paper systems. There is no function currently available on the system to allow these numbers to be modified once the PO is printed. The system captures the Chart of Accounts and classifies transactions consistently.

The system has the capability to register an invoice and track it once it is entered onto the system. However, the tracking system has been disabled because no one was using it.

Since the breakdown of the Subsistence and Travel (S&T) system in April 1999, line ministries have been processing S&T claims through the FCS system in order to have cheques printed.<sup>26</sup> This solution poses the risk of causing irregular and improper payments<sup>27</sup> because the S&T system is not linked to the FCS and cannot make a correct deduction from the budget (ie there is no automatic reconciliation). It is not a reliable method to ensure whether funds are available to cover claims. A similar problem was occurring with the FCS printing payroll related cheques. However, recently the Payroll system has been stabilised to where the error rate is less than 1% (see Payroll System section below). For both S&T and Payroll payments, the FCS can record external transactions. However, this must be done manually because there is no interface. As a result such external payments are rarely recorded and the funds expended can never be recovered from S&T and/or Payroll.

The writing up of manual purchase orders (POs) in the regions presents another cause of overspending.<sup>28</sup> POs can be handwritten; yet there may be no money in the budget to cover the expenditure. When the central office of the line ministry processes the invoice through the FCS system, payment will be rejected. If this happens, often the line ministry will revert to the manual cheques system to process payment. Thus the payment is never recorded on the FCS, leaving an inaccurate record of creditor's payments. Only the systems administrator can override the FCS system to process payments when no funds are available.

The system does produce an audit trail, but it is meaningless. It will track any user who creates a commitment, but if the record is modified, overwritten or deleted it will only reflect the last action taken; it does not capture a use history of the record. The audit trail used to be printed out every month, but is now only backed-up on magnetic tape because it is not seen as

### **Records Control Requirements Ratings Summary**

Registration/Classification .....	Good
Tracking .....	Poor
Maintaining Audit Trails .....	Poor
Access/Retrieval .....	Adequate
Scheduling/Retention.....	Poor
Transfer.....	Poor
Destruction .....	Poor

**Ability to manage records:  
POOR**

<sup>26</sup> S&T expenditures is also sent through Manual Cheques, which is discussed more fully in the section on the Manual Cheques System.

<sup>27</sup> Internal Audit Division, Ministry of Finance. *Subsistence and Travelling Allowance Audit Report*. (March 1998).

<sup>28</sup> According to the Financial Instructions, procurement should be authorised through the central office and a purchase order printed from the FCS system if funds are available. However there are occasions where this is circumvented and manual purchase orders are issued by regional offices.

a useful record. The MoF Internal Audit is supposed to define what the audit trails should consist of, but they have not done this.

The FCS system does restrict access and use according to user permissions. The systems administrator at each line ministry, working with the supervisor for procurement, is the only one with the authority to assign permissions on access and use. The FCS systems owner in the Treasury Directorate controls the number of licenses issued (250 users/license). The system can protect against unauthorised viewing or destruction. For example, a procurement clerk can only process POs and an invoice clerk can only process invoices and so on. The system does allow searches according to creditor number, PO number, vote code, TAW and so on. Access to audit functions is controlled, however there are no proper audit trails on the system.

Creditors payment records should be kept for between 3 and 5 years depending upon the type of record. However, there is no awareness that the designated retention period should be applied to computerised financial records, including the FCS. Therefore, these records are not scheduled. There are no automated reports on the FCS; reports are generated on a request only basis. These reports do not appear to be scheduled. Technically, the system has the capability to apply records retention dates to the data and transfer or delete data accordingly.

FCS data is not transferred to a temporary off-line data storage unit. Data is backed-up centrally according to a regular programme. Each line ministry headquarters is responsible for backing up data from their local server, however this is not being done to a standard by all line ministries. For example, the Ministry of Health's FCS server crashed in February 2000 and the system's data could not be restored because no back-ups had been taken since January 2000. The Ministry then waited until June 2000 to approach the MoF for help. A regular, monitored programme of backing-up and transferring older data could help to prevent such problems occurring.

No data has ever been purged from the system. Moreover, there are no plans to destroy data even through there is no administrative reason to keep it. The FCS systems owner wants ideally to warehouse this data including the data kept by the line ministries.

The FCS system does not currently provide adequate controls to prevent the mis-recording or re-recording of some data. For example, the system cannot detect variations in supplier names and therefore allows multiple supplier numbers to be allocated to one supplier. In one case a single supplier had four supplier numbers because the system allowed one duplicate entry and two variations of the supplier's name to be entered into the system:

- |   |
|---|
| <ol style="list-style-type: none"><li>1 The Supplier Company</li><li>2 The Supplier Company</li><li>3 Supplier Company</li><li>4 The Supplier Co.</li></ol> |
|---|

Such duplicates and variations make it difficult for managers to obtain an accurate picture of what is being purchased from a specific supplier because the system does not search for variations. Staff interviewed felt this could easily be corrected by asking the systems consultants to remove duplicates and variations from the system. However, this could lead to

the deletion of purchase orders and can have an effect on the ability to accurately audit transactions. According to the FCS systems owner, there are plans to introduce a different methodology for entering creditors' information using the tax ID number or company registration number to eliminate duplicates; this would allow the system to produce a 'history' of a code (eg Tax ID or registration number) which would expose duplicates.

In April 2000 work was completed to make the FCS system more user friendly. This includes linking fields, such as those for creditor's number and Chart of Accounts, automatically to an appropriate selection list. This eliminates having to go out of the screen in which one is working to find the appropriate creditor number and other details. In the past, having to do this often led to losing Purchase Orders in the system.

### *Payroll*

- The procedure of transporting cheque files by diskette in a flat file (ie comma-delimited file) is a security risk because it would be possible to alter payment amounts on the diskette without the change being detected.
- It is technically possible to exceed a budget ceiling without the system intervening to prevent this.
- It was estimated that the Ministry of Finance uses 50-100 boxes of computer paper a month (120,000 – 60,000 sheets a year) for payroll reports; some of these reports are not used.
- Some ministries reported that personnel files were incomplete or that filing was carried out inconsistently. This can cause subsequent problems in verifying salary payments and medical, tax and pension contributions.
- Government employees do not have a unique salary reference number.
- The payroll system may contain names of staff who are no longer employed.
- Salaries are paid through non-payroll systems.
- There are weaknesses in the budgetary control of salary expenditure.
- Salary files held by ministries are often incomplete and out of order.
- The control over documents originating salary changes could be improved.

### Overview of the System

The Payroll System is a centralised database operated by the Ministry of Finance. Paper inputs are sent from line ministries for processing. The outputs are either electronic (to the First National Bank for transfer to commercial bank accounts through the Automated Clearing Bank system) or hard copy (salary cheques to employees and reports to line ministries). Some 59,000 salaries (approximately 87%) are paid electronically; around 9,000 (13%) by printed cheque and some ad hoc payments are paid by manual cheque/cash. This includes approximately 20,000 teachers on the payroll. The documentation flows and controls are described in more detail in Appendix 4.

The Salary Office of the Offices/Ministries/Agencies (OMA) in which the employee commences work allocates the employee's salary reference number. When an employee moves to another Office, Ministry or Agency, the last pay certificate is sent to the new Ministry; the employee's file is closed and usually retained in the previous Ministry. The new Salary Office opens a new file and allocates a new salary reference number. As a result, it is possible for a government employee to have more than one number. There is circumstantial evidence that duplicate numbers exist

Key Issues and Observations

The salary reference number is the primary unique number used for access and retrieval. In most cases, this number is unique per ministry. As explained above, if a public servant moves to another ministry, they are issued a new salary reference number and a new personnel file is opened against that number. Although the salary reference number as input into the computerised payroll system will map across to the appropriate paper file in the employing ministry, when a civil servant changes ministry, the computerised system will not reflect that a new salary reference number has been issued by the ministry. There is nothing to link either in paper or through the computerised system the entire employment history of an individual.

It is useful to note that the system was inherited from pre-Independence. The reference number does not reference the vote code. Instead it only references a department (ie the first two digits reference the employing department).

<b>Records Control Requirements Ratings Summary</b>	
Registration/Classification .....	Adequate
Tracking .....	Poor
Maintaining Audit Trails.....	Poor
Access/Retrieval.....	Poor
Scheduling/Retention.....	Poor
Transfer .....	Poor
Destruction.....	Poor
<b>Ability to manage records: POOR</b>	

The system does classify transactions consistently. A valid code file does refer across to salary system codes and similar codes in the GL.

Only the systems technical manager can view at what stage the information is in processing and then only if he/she has the appropriate salary reference number. Only three months of data is kept on-line at any given time. Data is written off-line to disk, however there are problems reading the disks.

No audit trail is being captured beyond the input stage (ie who input the data) because it is a flat file system and any time data is captured into the system it completely overwrites the master file.

The system is not currently defining different groups of users and their permissions. However, all the system is programmed to do is run batch 1, run batch 2 and so on (ie input and send into processing). There are six data typists and one person doing the runs; one person with responsibility for processing payroll information is dangerous as it allows opportunities for fraud. The Payroll system is a COBOL flat file system and the skills to edit the processing code are limited and opportunities are few. The system does allow searches

on a combination of data elements, including salary reference number, surname and department. However there are problem accessing information that was held on the mainframe system prior to Y2K migration to the server environment.

According to retention schedules reproduced in the Financial Instructions, paper salary records are to be kept for seven years, control pay-roll (computer system, ie printout) and the payroll records are to be kept for five years, codification advice (computer system, ie printout) is to be kept for one year and the notice of appointment and deductions register is to be kept for three years. However, there is no awareness that the designated retention periods should be applied to computerised financial records, including the Payroll system (electronic data has never been addressed as part of the retention programme). Therefore, retention schedules are not applied to these records.

Some data is stored off-line, but there are problems restoring and reading it.

There is no programme for destroying payroll data according to an authorised retention programme.

Previous audit reports have shown that the Payroll system contains the names of staff that had resigned, retired, left at the end of their contracts or had died. Not only does this situation distort statistics as to the number of people employed in the Government service, but also introduces the risk of fraud. An employee can receive more than one salary; salary payments may continue to staff whose names erroneously remain on the payroll system.

The payroll system has c.95,000 current valid records, yet there are currently only 78,000 employees – discrepancy of 13,000. Approximately 8,000 have notch of ‘zero’, which means no salary is paid, but they could still receive payments on the supplementary payroll run, by receiving allowances.

The Payroll system maintains electronic payroll data for only three months. Payroll staff can access this information by salary reference number, surname and department. However there is no audit trail to track those who access the system. This weakness is being addressed.

The Ministry of Finance have introduced, on a trial basis, a Human Resource Information Management System (HRIMS) that allocates a personal code to each staff member. The intention is to link this HRIMS with the payroll system to provide an integrated personnel and payroll system. This will reduce the potential for duplicate salary reference numbers and for continuing payments to former employees. The planned date for roll out of HRIMS to the whole of government is March 2002.

Salaries generated by the Payroll System are paid mainly through the electronic banking system or by printed cheque. The Payroll System automatically charges the General Ledger with salaries expenditure. Some salaries are paid by the manual cheque system but this has no link with the Payroll System. Similarly, the Fund Control System is used to issue salary cheques; but there is no link with the payroll system. As a result, salary data may be omitted from the payroll database. This weakens budgetary control and also can result in taxable pay being understated. Efforts are being made to ensure that all salary payments are reflected in the payroll system.

Expenditure on salaries accounts for 85% of the Ministry of Basic Education and Culture's total budget. In past years it has been criticised for overspending. Partly this can be attributed to the absence of a link between the Payroll System and the Fund Control System; therefore it is technically possible to exceed a budget ceiling without the system intervening to prevent this. The Ministry reported difficulties in managing the payroll, especially with regard to teachers. It can take up to three months for a newly recruited teacher to receive a pay cheque. More seriously, it can take up to four months for a resignation to be processed. This can be a particular problem in the more remote areas where communications are more difficult. There have been incidents of 'ghost teachers', but the problem is small scale. The Ministry pointed out that it is difficult to reconcile personnel and payroll records. At present only two salary offices are decentralised. The majority of teachers' pay is handled by the Ministry headquarters, which lack up-to-date information on teachers and their locations. They rely on the payroll system, which was not designed to provide personnel information. The Ministry looks to the development of an integrated payroll and personnel system to ameliorate these problems.

Some ministries reported that personnel files were incomplete or that filing was carried out inconsistently. In particular, original documents are not well controlled and Salary Record Statements are often missing from the Salary Office files. This point was reinforced by the Auditor General's report for the financial year ending 1998, which criticised the completeness of employees' personal files in the National Planning Commission and the inability of the filing system to produce information when required for audit purposes in the Department of Works. Salary and Personnel Advices should be filed on the employee's personal file in numerical order, but this is not always done. This can cause problems in verifying salary payments and medical, tax and pension contributions and checking for duplicate payments.

### *Subsistence & Travel (S&T)*

- As of October 2000, the computerised S&T system is still not fully operational.
- The government processes a high volume of S&T claims. The manual system is not able to efficiently track advances to check whether previous S&T payments have been cleared. As a result there *may be* many instances of multiple payments being made to claimants that are not cleared upon their return.
- The accounting for S&T expenditure has been seriously delayed preventing proper control of overall expenditure and individual claims.

### Overview of the System

The Subsistence and Travel (S&T) System was implemented circa 1974 to receive and process claim forms for travel and subsistence allowances. The system was intended to allow S&T payments to be made, providing that advances do not exceed the estimated expenditure for the period of anticipated absence and claims are submitted within 30 days after a person returns to head office.

The S&T software application maintains an employee record for all government officials that submit S&T allowance claims for the previous and current financial years, which can be viewed. The application allows the user to create, modify and view departments, rate codes and claims. Journal entries, advance payments and cash repayments can be created and various reports produced.

Two accounts are maintained: the advances account and the current account. Transactions affecting the advance account are only debited/credited to the expenditure vote. Transactions affecting the current account may be debited/credited to the expenditure vote, or if the employee gets into debt situation, the amount of the debt is debited to the rejection suspense account. Thus an employee may have two different types of debt; an outstanding advance or an outstanding rejection.

The documentation flows and controls are described in more detail in Appendix H.

A new S&T system was to be implemented during Phase Two of the integration plan. However, progress was halted as a result of Y2K measures enacted in mid-year in 1998. Although the old system continued to be used, it stopped functioning altogether in April 1999. Work on the new system has continued since the Y2K migration and it currently runs on a Xitech mainframe emulation program. By October 2000, use of the system was still suspended pending input of the revised Chart of Accounts. However, in early September 2000 the data services division tested the year end run and the system was finally beginning to print cheques that were considered Adequate to users.

There are only fifteen data input terminals located in the Ministry of Finance building. Line ministry staff with responsibility for the S&T function must book time on a terminal to come into the MoF and input their data onto the system. Use of the system is restricted due to a licensing dispute and pricing of client terminals (there are currently only 15 user licenses issued by Xitech).

### Key Issues and Observations

The system generates a unique document number for each transaction. This document number is recorded on the source documents and provides a clear link between the paper and computerised parts of the system. Searching/sorting can be carried out using the document number, salary reference number and period of time. It does not appear that the document number can be modified or duplicated other than by the systems manager. If data is entered incorrectly, it can be cancelled before it is entered into the system. When the information is re-entered, the system assigns a new number. All transactions are classified according to consistent expenditure categories.

Virtually no tracking is being performed by the system. The S&T payment register can only retrieve the last three months of data. The system does not track at what stage the record is in processing. All data is still held by the system, so there is no need to track it off-line.

The system does have the ability to enable audit trails, but this function is not currently operating because the system is not fully operational as yet.

The system does define different user groups and their permissions and only the systems manager and owner can allocate access criteria to users. The system also allows searching using the document number, salary reference number, date and so on. However, the system is still not currently fully operational so much of this cannot be tested completely.

S&T records (both paper and electronic) are unscheduled. There is no awareness that the retention periods should be set and applied to computerised financial records, including the S&T system (electronic data is not addressed as part of the retention programme).

In theory retention periods can be incorporated into the system's rules, however this is not currently part of the system.

**Records Control Requirements  
Ratings Summary**

Registration/Classification .....	Good
Tracking .....	Poor
Maintaining Audit Trails .....	Poor
Access/Retrieval .....	Adequate
Scheduling/Retention.....	Poor
Transfer.....	Poor
Destruction.....	Poor

**Ability to manage records:  
POOR**

In theory the system can identify records that are eligible for deletion, however there are no records schedules to govern this process. In the old mainframe environment, the system was purged twice a year. No purging has been carried out in the new server environment.

In April 1999 the S&T system stopped functioning because the system's storage capacity was becoming overloaded. In an attempt to free-up storage space, data was deleted without ensuring that the hierarchy of the system remained intact. This damaged the integrity of the data and made it impossible to migrate the system from the mainframe to the server environment according to the Y2K strategy that was adopted. As a result, claims reimbursement cheques are either processed through the FCS system with the claimant being treated as a creditor or are written manually.

Although line ministries are paying advances through the FCS system, they are not processing any claims because the computerised system is not working. This has caused a backlog in processing which makes it difficult to check whether an individual has a previous advance that must be cleared before another can be issued. Although the problem of individuals not clearing advances is not a new one, the current situation makes it increasingly difficult to detect where moneys are owed.

According to a Ministry of Finance Internal Audit Division report on Subsistence and Travelling Allowance (March 1998), "there is a high number of outstanding claims, which arose mainly because of staff members not claiming immediately on their return to head office". The overall total of outstanding debt balance was N\$300,681.37.

The audit showed that when claims have been submitted late, the S&T system rejects it and the accountant requests a cheque through the FCS system to recover the claim submitted. This practice contradicts Treasury Instruction HB 0506 and should be stopped immediately.'

IMPACT: 'Failure to reconcile the General Ledger with the Commitment Register and to submit their claims within the time scale as specified in the Treasury Instructions is risky and can cause irregular or improper payments.'



For the financial year 1999/2000, the Manual Cheque System issued manual cheques for advances. This creates a journal entry in the General Ledger and a corresponding entry in the Bank Reconciliation System. Problems occurred on the bank reconciliation but these have been largely solved. The backlog of information for the period December 1999 to March 2000 has now been captured. At the time of the visit, the accounting procedures for dealing with outstanding S&T claims from 1999/2000 had only just been issued (4 October 2000).

For the financial year 2000/2001, no manual cheques have been entered; therefore the General ledger and bank reconciliations are some six months behind. As soon as the new Chart of Accounts has been created for 2000/2001, the outstanding balances from 1999/2000 will be transferred and 2000/2001 advances recorded in the General Ledger.

### *Manual Cheques*

- A system that was designed to accommodate emergencies has become routine (owing to the breakdown of other Treasury systems). The inputs and outputs from this process are rapidly becoming backlogged because the system depends upon one person handwriting cheques, answering queries and taking responsibility for the keeping the records of these transactions.
- Use of manual cheques to pay creditors, S&T claims and so on means that these payments are never recorded on the FCS or S&T system and so on. This can result in overspending and the inability to obtain an accurate picture of government expenditure.

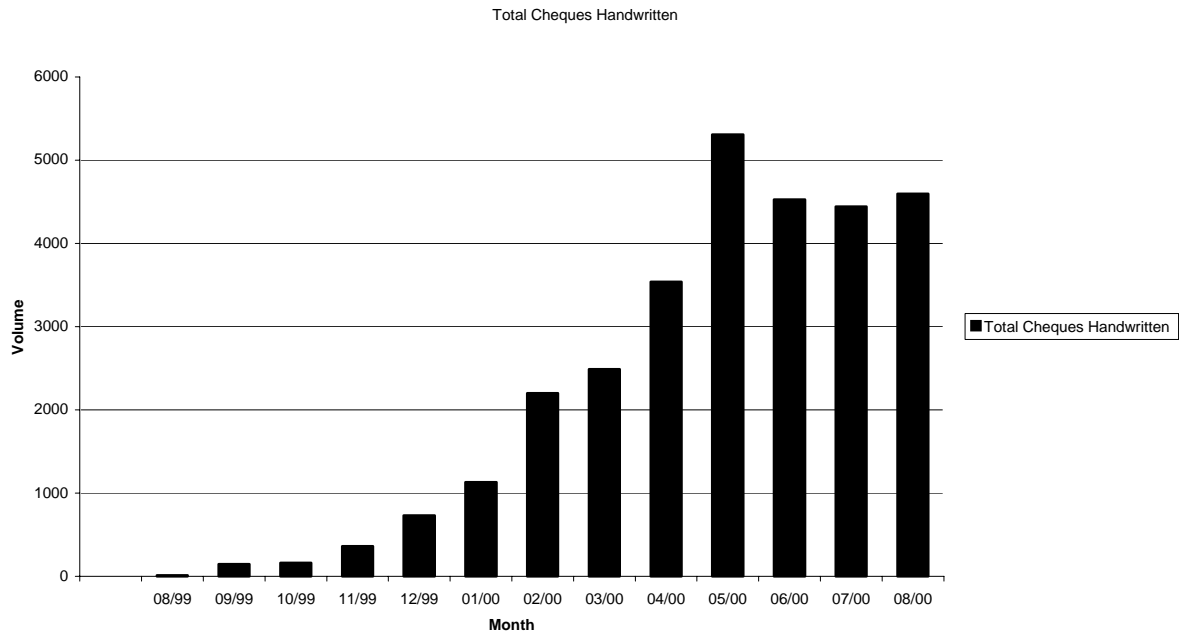
### Overview of the System

Manual cheques (ie handwritten cheques) are only to be issued in emergencies. The Financial Adviser for a ministry forwards an authority letter and a General Expense Form (T/9) to the Ministry of Finance requesting that a handwritten cheque be issued. However, the Financial Instructions are not explicit about the circumstances in which manual cheques can be issued.

### Key Issues and Observations

In mid-year 1999 the Permanent Secretary for the Ministry of Finance requested that the practice of handwritten cheques be stopped. However because of the failure of systems such as S&T and problems with the FCS system following the Y2K migration, manual cheques are being written by one individual in the Ministry of Finance on behalf of all twenty-seven ministries. Handwritten cheques are being issued routinely for emergency creditors' cheques; S&T advances and salaries for new appointments. Because the system was designed to handle emergencies only, it is not sufficient to accommodate the present workload and as a result a large backlog of information is accumulating in one area. This information cannot be input into the GL until it is keyed in manually. No information about these transactions reaches the BRS until the Bank of Namibia issues report on cheques cashed. The following graph illustrates the number of cheques being written by hand.

No assessment against the Records Control Requirements was carried out on this system.



### *Medical Aid System*

- Medical Aid has been outsourced to NamHealth. The Medical Aid system is only being used to capture and validate outstanding claims before 1 April 2000.
- Medical Aid payments are being processed through the FCS.

### Overview of the System

All Medical Aid administration has been outsourced to NamHealth and the MoF now only sets policy and audits NamHealth Advisers (ie MoF Medical Aid staff visit the NamHealth office to carry out a pre-audit). Medical aid expenditure is captured when NamHealth submit weekly invoices to the FCS for funds to cover supplier charges; the FCS issues one cheque which is then appropriated correctly by NamHealth. Monthly contributions are still recorded on the Payroll system. However, NamHealth does not have the ability to know if the appropriate contributions are being deducted by Payroll. The Medical Aid division submits a data tape weekly to NamHealth which lists new members and all the charges (including where payments of contributions are not made). This is the only way for NamHealth to know whether contributions accurately deducted.

The former Medical Aid system at the MoF only functions to process outstanding claims (pre-April 2000).<sup>29</sup>

### Key Issues and Observations

The division responsible for maintaining the mainframe systems located in the Office of the Prime Minister sent printouts from the payroll system to the Medical Aid Scheme administrators for the purpose of verifying that the correct deductions were being made to cover membership payments. This stopped when the new Medical Aid system was introduced in August 1996. As a result, no records are available that provide a check on whether the correct payments are being deducted.

No assessment against the Records Control Requirements was carried out on this system.

### *Debt Management System*

- A copy of the back-up data for the system is not stored off-site. In addition the supporting paperwork resides in the same room as the computer server. If the room were destroyed (eg by fire), it would be difficult to be certain that all the information about the government's liabilities and repayments had been recovered.
- Records Management Rating (computer records): Inadequate. Work is needed to improve the functionality of the system.

### Overview of the System

The Debt Management system captures basic information on loan agreements, including the disbursement agency, amount, interest rate, repayment schedule, creditor, borrower, executing agency (ie ministry) and so on. As soon as the loan is effective, disbursement advices (ie 'actuals') are input and the system records and calculates interest rates, forecasts payments and disbursements. The Bank of Namibia (BoN) uses the same system; monthly up-dates from the government's systems are copied to the BoN, who also uses the system to keep a guarantee of government debt.

All loan agreements since 1990 have been input into the system. In total, the system manages approximately 67 external loans, 173 Treasury Bills, and 38 stocks.

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<sup>29</sup> The purpose of the Public Service Employees' Medical Aid Scheme is to assist its members to meet certain medical expenses incurred either by the principal member or their dependents. The Scheme supports 43,000 principal members and 72,000 dependents. In early 1995, Medical Aid fraud, involving many public servants and large amounts of money, was uncovered at the Ministry of Finance. It was clear that the controls in the Medical Aid System that existed at the time were inadequate and it was decided that a new Medical Aid system would be developed and implemented in 1996. According to the Ministry of Finance, Internal Audit Section, the Medical Aid System's controls were not able to prevent fraud against the scheme, perpetrated by members and service providers either separately or jointly, even employees working in the Medical Aid Unit were able to commit fraud. This system was developed to check all drug and service billings against the maximum approved amounts, reimbursements, holding reimbursements to 95% of such maximum amounts, unless special approval has been given.

## Key Issues and Observations

A combination of the year the agreements was signed and the number of the loan from an agency makes up the unique number (eg the 20<sup>th</sup> loan for the Federal Republic of Germany signed in 1997 would be given the number 199720). This number does not map easily to the paper records. However a combination of the year and the agency is more often used to retrieve paper records. The registration number is also not secure in that it can be easily modified and/or duplicated and if data is amended for a specific record, no new registration number is issued. Records are not classified.

The system can track where the loan is in processing (ie how many disbursements have been made, where and so on). Given the purpose of the system as a recording device and the number of records it is managing, tracking as described in the Records Control Requirements is not wholly applicable to this system. What tracking the system does perform is adequate, but no more.

The system does store information about who logged on to what terminal and the date and time. However it does not provide an audit trail of what actions they took while logged on. The audit trail can be printed out, but the data captured may be of limited use.

The system does define different user groups and their access permissions. Only an authorised individual/s can make changes to these permissions. The system can search on a number of access points including, agreement number, country, date and so on. Data is only stored on the main server, however, the system has been upgraded and the data has remained accessible throughout.

Debtor's ledgers should be kept for 10 years, but the schedules are not explicit on other debt management records. There is no awareness that the retention periods should be set and applied to computerised financial records, including the Debt Management system (electronic data has never been addressed as part of the Government's retention programme).

In theory retention periods can be incorporated into the system's rules, however this is not currently part of the system and no data is ever transferred other than maintenance back-ups onto diskette.

In theory the system can identify records that are eligible for deletion, however there are no records schedules to govern this process. In the old mainframe environment, the system was purges twice a year. No purging has been carried out in the new server environment.

The system itself reflects best practice and it appears to be well run. However, at present a copy of the backup data for the system is not stored off-site and moreover the supporting paperwork resides in the same room as the computer server. Although most of the paperwork could be reconstructed from the registry and elsewhere, if the room was destroyed, it would

### **Records Control Requirements Ratings Summary**

Registration/Classification .....	Poor
Tracking .....	Adequate
Maintaining Audit Trails .....	Inadequate
Access/Retrieval .....	Good
Scheduling/Retention.....	Poor
Transfer.....	Poor
Destruction.....	Poor

**Ability to manage records:  
INADEQUATE**

be difficult to be certain that all the information about the government's liabilities and repayments had been recovered. Given the comparatively small amount of paper and computer storage media involved and the financial value of the information, it would be sensible for the Ministry of Finance to develop a vital records programme to protect these and other essential records.

It is worth noting that in addition to the loan agreements themselves, the system cannot print the previous month's outstanding total debt report. As a result a hard copy is printed and filed in the same room.

### ***Maintenance and Facilities: Treasury Directorate Systems***

The rooms in which the file servers for the Treasury systems are kept are reasonably tidy, but have only the minimal fire prevention controls (eg fire extinguisher and so on). Access to the server rooms is restricted and only systems staff have keys. The Data Systems Division hopes to provide better facilities in future, including stronger environmental controls, fireproofing and antistatic flooring.

Procedures are in place to back-up all of the Treasury systems. Daily and monthly back-ups are taken and stored on tapes. Daily back-ups are kept on-site in a fire safe and monthly back-up tapes are stored in a fire safe in the Inland Revenue Directorate. The GL, BRS, Payroll, S&T and Manual Cheques systems are also backed up onto CD and stored in the Bull S.A. Headquarters in South Africa. Each of the line ministries is responsible for doing daily, weekly and monthly back-ups of their local FCS file servers. Back-up tapes should be kept in a fire safe on site. Not all line ministries are doing this consistently and there is little evidence that this process is being monitored centrally.

There is little, if any, systems documentation for the Treasury systems and it was difficult to verify whether a complete inventory of hardware and software is kept.

There are maintenance contracts for all Treasury systems. Bull S.A. has been contracted to provide systems maintenance for each of these system. Computer Software Developers (CSD), a local company, has the contract to maintain the FCS, which includes providing a back-up server. Virus protection software is provided for most systems.

No vital records programme exists. The Data Systems Division has three disaster plans: one covers the FCS, one covers the Inland Revenue system and the other covers all other systems. This is not a comprehensive disaster recovery programme. Instead it only addresses issues including the provision of back-up servers, taking regular back-ups of the systems and the data and storing a copy of the back-ups off site.

The Debt Management System is the only one of the Treasury systems examined that is kept on a server in the processing offices. The software application is maintained by the Commonwealth Secretariat, it could not be verified how the hardware is maintained. Monthly back-ups are taken onto a diskette and kept in a diskette box in an office along the corridor. Despite the input of new data daily, no daily or weekly back-ups are taken. The Senior Accountant and Chief Accountant have responsibility for backing-up the system. Commonwealth Secretariat has all systems documentation and provides it on request. There is no fire safety or environmental controls to protect the server and it does not appear to be

covered by a vital records or disaster recovery programme. However, the Bank of Namibia does operate the same system and could provide a back-up for running the system if necessary.

***Records Control Requirements: Overview of Customs and Excise Directorate***

*ASYCUDA Customs Management System*

- The ASYCUDA system is an example of good practice in terms of its registration, classification, tracking and audit functions.
- The Statistical Bureaus has been unable to obtain timely customs data.
- Records Management Rating (computer records): Adequate. Some work could be done to improve the functionality of the system.

Overview of the System

The Customs and Excise Directorate use the ASYCUDA system developed by UNCTAD in Geneva to process and manage manifests and customs declarations, accounting procedures, and transit and suspense procedures. ASYCUDA also generates trade data that can be used for statistical economic analysis. The system takes account of international codes and standards developed by the International Organization for Standardization (ISO), the World Customs Organisation (WCO) and the United Nations. It has been configured to suit the characteristics of Namibia’s Customs regimes, National Tariffs, legislation and so on.

ASYCUDA operates in a client/server environment. Transaction and control data are stored on a relational database management system. The Government of Namibia currently runs ASYCUDA v2.7, which runs on a local area network on standard PCs under the prologue operating system. Thirteen out of sixteen border posts are operating using the ASYCUDA system.

See Appendix I for an overview of how customs and excise information is processed and data is fed into the ASYCUDA system.

Key Issues and Observations

The ASYCUDA automatically generates a unique Customs Registration number, which is recorded on all Customs Declaration forms. This number can be neither modified nor duplicated. Up until the assessment stage, the system will allow the record to be amended without assigning a new registration number. However once it passes this stage, a new number will be issued, but the system will link the

<b>Records Control Requirements Ratings Summary</b>	
Registration/Classification .....	Good
Tracking .....	Good
Maintaining Audit Trails .....	Good
Access/Retrieval .....	Good
Scheduling/Retention .....	Poor
Transfer.....	Poor
Destruction .....	Poor
<b>Ability to manage records: ADEQUATE</b>	

new record back to the preceding one (ie it provides a version history that is customisable to the government's needs). All registered transactions are classified according to Customs' schedules.

The system does keep track of where a record is in the clearance process (eg entry, assessment and so on). It also provides archiving tools and audit tracking facilities.

The system will allow an auditor to easily trace transactions between the originating documents, the ASYCUDA system and through to system generate outputs, in both directions, and through successive levels of summarisation. All relevant audit trail information is kept and is stored on the system dating back to 1995.

The system defines different groups of users and their access permissions. Only authorised systems staff can authorise amendments to access rights. The system prevents unauthorised viewing and use of records. Searches can be carried out using the transaction date, Customs Registration number and so on. Provisions are made to ensure that records can be assessed through systems upgrades.

Investigations did not reveal records schedules that define retention periods for customs and excise records. Retention periods are not based on the authority of the National Archives. Technically, however, the system could be customised to incorporate retention periods into systems rules.

The system is technically capable of transferring records to off-line storage. However, data is not currently being transferred.

No data is being destroyed and there are no plans to do so in future.

The Directorate is in the process of upgrading to ASYCUDA++ to allow the system to link up with the Inland Revenue system. Until this link is provided, ASYCUDA cannot calculate the cost of insurance and freight according to the new VAT calculations.

At present the border posts are sending all paperwork to the headquarters in Windhoek for filing. This is due to a combination of inefficient telecommunications systems and the inability to have a computer systems expert at each post to ensure consistency in operating the ASYCUDA system (ie if it is raining heavily in Windhoek, the entire system which is controlled from the centre goes down; if it is raining in one of the regions, only that part of the system will go down). When systems fail, the boarder posts must revert to manual operations.

The central filing system files documents by batches as received and in roughly date order. There have been problems retrieving information efficiently. When the paper documents cannot be found, staff often must go back to the computer records in ASYCUDA to print out the record again and search again for the supporting documentation. In particular, the Statistical Bureau has remarked on the difficulty of receiving customs documents as required. The ASYCUDA system does produce an ASCII flat file on diskette for the Statistical Bureau to use.

### ***Facilities and Maintenance: Customs and Excise Directorate***

ASYCUDA is a standard application. UNCTAD provides systems documentation, manuals and instructions for the ASYCUDA system. They also have the responsibility for maintaining the system's software. Hardware is maintained by Schoemans, a local company. Performance is checked, but there is no written procedure or regular schedule. Virus protection software is provided. The systems division keeps an inventory of hardware and software.

The room in which the servers are kept is reasonably tidy and temperature controlled. Access to it is restricted. However, no fire protection is provided. There is also no disaster recovery plan in place; only routine back-up procedures exist.

Data is backed up on a daily and weekly basis. There are plans to begin backing up each border post on a monthly basis. No written procedures exist for backing-up the system. The Chief Systems Analyst has responsibility for ensuring that back-ups are made. Tapes are kept in the server room and labelled with the date. There is a safe on the 1<sup>st</sup> floor of the Ministry of Finance where back-ups are stored.

### ***Records Control Requirements: Overview of Inland Revenue Directorate***

#### *Inland Revenue System*

- The Inland Revenue System is an example of good practice in integrating the paper-based and computerised parts of a system.
- Records Management Rating (computer records): Acceptable. Some work could be done to improve the functionality of the system.

#### Overview of the System

The Inland Revenue System is responsible for the efficient administration of revenue including: income tax, tax credits, general sales tax, and additional sales levy. The purpose is to provide an effective and fair tax service to the country and Government.

A new computerised tax administration system was commissioned in December 1998. The income tax component is fully developed and work is completing on the VAT module.<sup>30</sup> The objective is to computerise the entire workflow of the Directorate of Inland Revenue. The system provides a networked link to regional tax offices in Oshakati, Rundu and Walvis Bay. A File and Document Control (FDC) and Task Allocation system are closely linked sub-systems that also interact strongly with the taxpayer audit sub-system. See Appendix 4 for a diagram of the main functional systems and departments of the Directorate, a diagram of the core tax system and the systems configuration for the central server and three regional connections.

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<sup>30</sup> In September 1999 a draft VAT bill was tabled in Parliament. It is hoped that the bill will pass by March/April 2000. VAT will replace the general sales tax (GST) and additional sales levy (ASL).



The FDC is an example of best practice in controlling the use and location of taxpayer files. It provides a registry function whereby all files are logged in and out, and a function whereby the exact location of any file may be determined at any one time. It exists primarily as a service to improve job workflow, as well as to provide accountability for, and locations of various paper-based documents (or files).

The FDC system exists to allow the Directorate to track the location of taxpayer files at any given time to:

- minimise the number of files that are lost
- allocate responsible for files to officials
- automate the relocation of files to and from officials
- track the location of any file at any time.

The Task Allocation system was designed to automate the scheduling and allocation of jobs (or cases) to auditors. It interacts with auditors and supervisors, recording information about what cases are allocated to each auditor.

Key Issues and Observations

The system generates a tax reference number, which is the primary registration number. It also generates a unique journal number and a unique receipt number. The tax reference number maps easily across to the paper system managed by the FDC system. This number cannot be modified or duplicated and if the records are altered in any way it is reflected on the statement of account. The system classifies transactions consistently according

The purpose of the underlying FDC system is to enable accurate, up-to-date tracking of case files. When a tax return is issued, updated, assessed, audited and so on, the system will be able to track it. The FCC can query the usage of a systems user per month. In addition, the system keeps a production log on the database for each user. This log notes how often the user uses the system, the number of files issued per week and so on. However, the consistency of tracking is dependent upon user input. At year end, the IR system will flag data which is appropriate to be transferred to CD for off-line storage. The system currently holds the current year plus five years on-line; after six years data is transferred to an off-line archive.

<b>Records Control Requirements Ratings Summary</b>	
Registration/Classification .....	Good
Tracking .....	Good
Maintaining Audit Trails .....	Good
Access/Retrieval .....	Good
Scheduling/Retention.....	Inadequate
Transfer.....	Adequate
Destruction.....	Poor
<b>Ability to manage records: ADEQUATE</b>	

The system has an audit selection function and full audit trails are maintained in a separate database. No time limitations have been set on the time audit trail records are kept. The system allows auditors to easily trace transactions from the source documents, through the

system to the output documents in both directions and through successive levels of summarisation.

The IR system issues user permission according to different user groups. There is a clear structure of authority that oversees the issuing of user permissions. The IR administrator assigns office administrators who in turn oversee their user rights administrator who assigns permissions to assessors, auditors and other users and a user rights controller who confirms these permissions. The system allows searching a combination of tax reference numbers, dates, journal numbers and so on. Provisions are made to ensure that records remain accessible through system upgrades and other changes.

All records older than six years are archived. However, investigations did not reveal records schedules that define retention periods for inland revenue records. Retention periods are not based on the authority of the National Archives. Technically, however, the system demonstrates capacity to incorporate retention periods into systems rules.

The system is technically capable of transferring records to off-line storage. Data is currently being transferred after six years. The FDC system tracks the transfer of records. Once off-line data can be easily recalled via a storage jukebox system. The only problem with the adequacy of this function is that the process is not driven by records schedules.

No data is being destroyed and there are no plans to do so in future.

The Directorate of Inland Revenue is unique in the Government of Namibia for not only using new technology to streamline the administration of physical files, but also to control their registries. This enables them to detect the actual location of any physical file as opposed to just the reported location.

It is important to recognise that a computerised system is no more accurate than a paper-based system if staff do not follow the correct system. However, for the most part, the system FDC system in the Directorate offers a clear example of best practice. Although there are cases where staff members circumvent the system, for the most part it is adhered to.

There are two registries in the Directorate to handle the paper-based files; these too provide a model of best practice. One registry handles approximately 22,000 files of individuals and businesses (eg farmers) and the other approximately 12,000 files of companies and closed corporations. Within each of the registries there are clear reporting lines and division of labour. Statistics are kept on the number of files processed and accessed per day per section and per individual. In addition, the locations of outstanding files are regularly checked if they are kept longer than the two-week loan period.

### ***Facilities and Maintenance: Inland Revenue Directorate***

Bull S.A maintains the Inland Revenue system. The file server is kept on the 5<sup>th</sup> floor of the Treasury along with the Treasury systems.

The rooms in which the file servers are kept are reasonably tidy, but have only the minimal fire prevention controls (eg fire extinguisher and so on). Access to the server rooms is restricted and only systems staff have keys.

The Inland Revenue system has two servers, one replicating the other. Daily back-ups onto tape are stored on site in a fireproof safe, monthly back-ups are kept in the Inland Revenue Building in a fireproof safe.

Limited systems documentation exists for the Inland Revenue System and the File and Document Control System. However it was difficult to verify if a complete inventory of hardware and software is kept.

## Government of Namibia: Paper Systems

The control systems for paper financial records in central government were assessed against the Records Control Requirements for paper records and against generic principles for Facilities and Disaster Planning set out in the *Managing Financial Records Reference Model*. Assessments were carried out of financial records in the Ministry of Finance, Directorates of Customs and Excise and Inland Revenue; and in six line ministries. The ministries assessed comprised:

- Treasury systems
  - ◊ Ministry of Basic Education, Culture and Sport
  - ◊ Ministry of Works, Transport and Communication
  - ◊ Ministry of Mines and Energy
  - ◊ Ministry of Finance, Auxiliary Services
  - ◊ Ministry of Health, Otjiwarongo Regional Office
  - ◊ Ministry of Labour
- Inland Revenue systems
  - ◊ Ministry of Justice, Otjiwarongo
- Customs & Excise systems
  - ◊ Eros Airport

### *Overview of Treasury systems*

#### *Ministry of Basic Education, Culture and Sport*

- |   |
|---|
| <ul style="list-style-type: none"><li>• Storage facilities in the National Archives building are not adequate.</li><li>• The movement of records, particularly those moved to intermediate storage, is not being tracked.</li><li>• Records are not being transferred or destroyed in accordance with authorised retention schedules. The security of records moved to the National Archives building is at risk as a result of inappropriate transfer procedures.</li><li>• Records Management Rating (paper records): Inadequate. Procedures could be strengthened.</li></ul> |
|---|

An assessment was carried out of paper source and output documents in the Finance Section of the General Services Directorate. This comprised Procurement, Revenue, Salaries, S&T and Creditors.

Within the Finance Section, few records are stored in the offices in which transactions are processed. Most are kept in dedicated file storage rooms within the section. Older records are transferred to a storage area physically located in the National Archives but under the control of the Finance Section - Stock Control. Staff of the National Archives do not have a key to the storeroom.

Staff have adequate access to the *Treasury Instructions* which provide guidance for keeping financial records (Section F E 0000). Accounting records are kept in locked file rooms in accordance with instructions for safekeeping (F E 0301).

Key Issues and Observations

The Ministry provided some examples of good practice in the registration and classification of financial records. For example, salary files are kept consistently by salary reference number. These numbers are generated by the computerised Payroll system. If files for new employees are received from the regions with a duplicate salary number, the payroll system identifies this and the records are returned for amendment. For creditors records, source documents are linked to transaction data on the Funds Control System through the pay release number. This is used as the retrieval key for source documents. However it was observed that not all records series are registered and this should be remedied.

<b>Records Control Requirements Ratings Summary</b>	
Registration/Classification....	Adequate
Tracking.....	Inadequate
Maintaining an Audit Trail....	Adequate
Access/Retrieval.....	Adequate
Scheduling/Retention.....	Poor
Transfer.....	Poor
Destruction.....	Poor
<b>Ability to manage records:</b>	
<b>INADEQUATE</b>	

Tracking systems were not in place to document the movement of records. Although it is not necessary to document movement within the section, removal by external staff should be recorded to minimise the risk of loss or tampering. Salary files are not minuted. Therefore it would be difficult to detect if documents were removed from the file. The transfer of paper source and output documents to a storeroom in the National Archives building is not tracked. This could result in the loss of records that may be required to provide an audit trail.

An audit trail is maintained that will provide auditors with sufficient evidence on which to base their audit opinion. Auditors would be able to use source documents to trace transactions forward to aggregated data and back to the source documents to ensure that transactions are valid. The reliability of this function will be compromised if weaknesses in other systems are not addressed.

Most financial transaction records are kept in file storage rooms within the Finance Section rather than in processing offices. On the whole, files are clearly labelled and can be easily retrieved. Although formal finding aids are not maintained, staff are using printed reports from the computerised financial systems as retrieval aids. For example, the audit list of staff, printed from the Payroll system, is used as an index of staff names to the salary reference numbers used for filing. There are no written guidelines restricting access to records. As most documents are maintained in designated file storage rooms, which are kept locked when unattended, the impact of this is low.

S&T source documents are maintained in individual case files. In other ministries visited, S&T records were maintained chronologically by document number. The system employed in this ministry would make it easier to document the S&T history of individual employees and thus reduce opportunities for fraud.

Retention schedules are not being applied to financial records. Senior staff within the Finance Section are aware of the prescribed retention periods in the Financial Instructions however these are not being implemented.

Although some records are being transferred to intermediate storage at the National Archives building, this process is not systematic. No records are maintained of which files have been transferred. An inspection of records in storage at the National Archives showed that insufficient shelving had resulted in unsatisfactory storage. Records were piled on the floor. Boxes of salary statements and other assorted records that had been transferred in August 2000 were not kept securely. They were piled outside the storeroom in a corridor accessible from the lift and by security staff through an external door.



*Creditors Section file storeroom, Ministry of Basic Education, Culture and Sport*

Financial records are not being destroyed. Over time, this will result in the congestion of storage areas and the breakdown of the records system. At present, these consequences are not yet obvious and correcting the problem is relatively straightforward.

### Facilities and Maintenance

Office accommodation and file storage rooms within the Finance Section were well-maintained, clean and tidy. Filing cabinets and shelving were of a good standard and were, on the whole, adequate for the volume of records currently maintained. Rooms were locked and designated individuals kept keys. Most offices had smoke alarms and fire extinguishers were available in corridors. There are no procedures governing food being consumed in

offices storing records. A member of staff was observed eating in a file storage room. The introduction of foodstuffs to storage areas may encourage pests and should be discouraged.



*Records piled outside storeroom in National Archives building*

Storage facilities in the room leased from the National Archives were insufficient. Metal shelving provided was good but not sufficient for the volume of records in storage. The storeroom was not tidy. The storage area was kept locked, smoke detectors and fire extinguishers were available. However in the event of an emergency, Archives staff do not have access and therefore could not take action to protect the records stored inside.

#### *Ministry of Works, Transport and Communication*

- Tender Board records should be kept in the Registry.
- S&T records are misfiled. This is a serious problem given the weakness in the computerised system and will hinder timely and efficient audit.
- Staff are not aware of the role of the National Archives in authorising the destruction of financial records.
- Records Management Rating (paper records): Inadequate. Procedures could be strengthened.

An assessment was carried out in the Finance Section of the General Services Directorate. This comprised Procurement, Creditors, S&T and Salaries. This was a fairly small ministry and consequently the volume of records was relatively small.

Several copies of the Treasury Instructions are available to staff in the Financial Services. Only paper financial records of the current financial year are maintained in processing offices. The rest are maintained in storage areas on site. Tender Board documents are maintained within the Finance section. As official documents they should be transferred to the Registry as part of the central record keeping system.

## Key Issues and Observations

Some examples of good practice were observed in the registration and classification of financial records. Source documents, such as purchase orders, payment vouchers and salary files are assigned unique numbers. S&T records are linked to the computerised system by a computer generated document number which is then used for retrieval.<sup>31</sup> Output documents were not registered, for example salary statements and cheque lists.

Staff were aware of the need to track the movement of paper source and output documents. However there was no evidence that tracking procedures were in place. In addition, salary files are not minuted. Therefore it would be difficult to detect if documents were removed from the file.

An audit trail of paper financial records is maintained that will provide auditors with sufficient evidence on which to base their audit opinion. Auditors should be able to use source documents to adequately trace transactions forward to aggregated data and back to the source documents to ensure that transactions are valid.

There were no written guidelines on access restrictions. In areas used to store financial records, although filing cabinets and doors had locks, on the whole these were not used, even when staff were not present. File storage areas were tidy and well-maintained and retrieval of records is timely. However problems were observed in S&T where the labelling of lever-arch files did not always match the contents, and some incidences of misfiling were observed.

Formal finding aids were not maintained. However printed reports were used to aid retrieval. For example in the Creditors Section, staff used the cheque list as an index to source documents filed by cheque number.

Paper records are not being scheduled. Although senior staff within the Finance Section are aware of the prescribed retention periods in the Treasury Instructions, these are not being implemented.

Records are not being transferred to intermediate storage. In some cases, records are moved within the department from processing offices to file storage areas. This is conducted in good order. However there are no procedures in place to remove records to less costly storage once they are not required for immediate operational or audit purposes.

### **Records Control Requirements Ratings Summary**

Registration/Classification....	Adequate
Tracking.....	Inadequate
Maintaining an Audit Trail....	Adequate
Access/Retrieval.....	Adequate
Scheduling/Retention.....	Poor
Transfer.....	Poor
Destruction.....	Poor

#### **Ability to manage records:**

**INADEQUATE**

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<sup>31</sup> NB The subsistence and travel computerised system was not functioning at the time of inspection. S&T records were seen in the Creditors payments records. They were described as General Expenses and filed as part of this series, linked to the FCS data by cheque number.



Paper source and output records are not being routinely destroyed. Over time this will lead to congestion in storage areas and the breakdown of the records control system. Some staff were not aware of the role the National Archives should play in authorising destruction.

### Facilities and Maintenance

Office storage facilities were generally well-maintained and tidy. The shelving in the S&T file room, while of good quality, had reached capacity and some binders were being stored on the floor. This situation will deteriorate because the records control systems identified above are not being implemented. Office storage areas did not have smoke detectors. One safe room had both smoke detector and air conditioning but this was an exception. Efforts should be made to introduce smoke detectors into areas where financial records are stored to minimise the risk to records from fire.

### *Ministry of Mines and Energy*

- File storage areas are becoming congested because records are not being transferred or destroyed.
- Relations with the National Archives are not good and should be improved to assist the department with the implementation of retention schedules.
- Records Management Rating (paper records): Inadequate. Procedures could be strengthened.

An assessment was carried out in the Ministry of Mines and Energy. This is a very small ministry and the volume of financial records is correspondingly small. Areas assessed comprised the Creditors, Salaries and S&T sections.

The Director of Administration and Finance also has responsibility for the Registry and was very aware of the importance of records management. According to senior accounting staff, a copy of the Treasury Instructions is available to all staff on request. In addition, a copy is stored in the Salaries Section.

### Key Issues and Observations

The registration and classification of paper records is carried out adequately. Creditors payments are linked to the transaction data on the Funds Control System through the payment release number. This is written onto the paper source documents and are then filed by the payment release number. This is good practice. Where appropriate, forms are serially numbered, eg purchase orders, stores issue and receipt vouchers, etc. However not all records are registered.

There are no tracking mechanisms currently in place. According to staff financial records are never removed from the section. In other ministries, it was seen that auditors remove records when carrying out their audit. This should be tracked to ensure that all files are returned.

An audit trail is maintained that will provide auditors with sufficient evidence on which to base their audit opinion. Auditors should be able to use source documents to confirm that transactions are valid. Problems with tracking systems and transfer/destruction will affect the reliability of this function if not addressed.

There are no written procedures governing access. As this is a small ministry the number of staff is small so the risk to security is lessened. Given that the volume of records is small and storage facilities are good, records can currently be retrieved in a timely and efficient manner. However some file storage rooms are congested. This will have an impact on the efficiency of retrieval. If records are not transferred or destroyed systematically this situation will continue to deteriorate.

Senior staff were aware of the retention schedules prescribed in the Treasury Instructions. These are not being applied and records are not being scheduled. Staff complained of a lack of co-operation from the National Archives in implementing schedules.

Records are not being transferred to intermediate storage. As above, this is leading to congestion in office storage areas and, if allowed to continue, will compromise the efficiency of the records system.



*Congested storeroom, Ministry of Mines and Energy*

Records are not being destroyed in accordance with authorised disposition schedules. This is beginning to cause congestion in storage areas and the efficiency of the records control systems is being compromised. The situation will continue to deteriorate if controlled and authorised destruction of obsolete records is not undertaken.

Facilities and Maintenance

On the whole storage facilities within the department are good. Metal shelving, filing cabinets and file covers are in good condition. If records storage areas were decongested of obsolete records there would be adequate storage space within the department.

Most offices had smoke alarms and fire extinguishers were available in corridors.

<b>Records Control Requirements Ratings Summary</b>	
Registration/Classification....	Adequate
Tracking.....	Inadequate
Maintaining an Audit Trail....	Adequate
Access/Retrieval.....	Adequate
Scheduling/Retention.....	Poor
Transfer.....	Poor
Destruction.....	Poor
<b>Ability to manage records:</b>	
<b>INADEQUATE</b>	

*Ministry of Labour*

- The strong room is congested by records that should be transferred or destroyed.
- Closed records were inaccurately labelled.
- Records management rating (paper records): Inadequate. Procedures could be strengthened.

An assessment of the Finance Section of the General Services Department was carried out. This is a small ministry and the volume of transaction records is correspondingly small. The assessment comprised the Creditors, Salary and S&T sections.

Senior staff of the General Services Department have a copy of the Treasury Instructions. It was reported that this is available to all staff on request. The Deputy Director of General Services also has responsibility for the Registry and was very aware of the importance of records management.

Key Issues and Observations

The Ministry provided some examples of good practice in the registration and classification of financial records. For example, salary files are kept consistently by salary reference number. For creditors records, source documents are linked to transaction data on the Funds Control System through the pay release number. This is then used as the retrieval key. In addition, S&T claims are linked to the computerised system through the document number. However salary case files are not minuted which makes it difficult to ascertain that all the contents are there.

The Finance Section has implemented some tracking systems. In the salaries section, a loan register is kept to track the movement of files required by auditors and removed from the department. This is an example of good practice. The volume of financial records is small and staff reported that there is little movement of paper financial records outside the department unless required by auditors.

<b>Records Control Requirements Ratings Summary</b>	
Registration/Classification....	Adequate
Tracking.....	Adequate
Maintaining an Audit Trail....	Good
Access/Retrieval.....	Adequate
Scheduling/Retention.....	Poor
Transfer.....	Inadequate
Destruction.....	Poor
<b>Ability to manage records:</b>	
<b>INADEQUATE</b>	

An audit trail is maintained that will provide auditors with sufficient evidence on which to base their audit opinion. Auditors should be able to use source documents to confirm that transactions are valid. There are a small number of records and these are well-maintained. This will facilitate their timely and efficient use as audit evidence.

There are no written procedures to restrict access to paper financial records. As this is a small ministry the number of staff is small so the impact on security is low. Filing cabinets and offices, although lockable, were not kept locked.

On the whole finding aids are not used. The salaries section maintains a master list of permanent staff as an index to the salary case files. Retrieval is timely and efficient due to the limited number of storage areas and their close proximity rather than the efficiency of retrieval devices. However the strong room is congested making records stored in it difficult to retrieve. These include S&T and creditors records, stored in binders that are not accurately labelled and not in sequence, and closed salary files which are not stored in reference number order.

Paper source and output records are not scheduled. Although senior staff within the Finance Section are aware of the prescribed retention periods in the Treasury Instructions, these are not being implemented.

Records have not been transferred since the creation of the Ministry in 1990. However staff were aware that records should be transferred to the National Archives. Staff reported that closed salary files were due to be transferred this year although this had not yet taken place and was not against an authorised disposition schedule.

Financial records have not been destroyed according to authorised disposition schedules since the creation of the Ministry in 1990. Storage areas were becoming congested, a situation that will continue to deteriorate over time if destruction procedures are not implemented.

### Facilities and Maintenance

On the whole storage facilities within the department are good. Metal shelving, filing cabinets and file covers are in good condition. If the strongroom was decongested of obsolete records there would be adequate storage space within the department.

Offices and file storage areas within the department did not have smoke detectors however 'No smoking' signs were displayed prominently in offices and fire extinguishers were available nearby.



*File storage area, Ministry of Labour*

- Records are stored on the emergency stairwell. This is a safety risk to staff. In addition it is insecure and inadequate storage for financial records.
- Records are not being transferred and destroyed according to authorised disposal schedules.
- Records Management Rating (paper records): Inadequate. Procedures could be strengthened.

A limited assessment was carried out in the Department of Auxiliary Services of the Ministry of Finance on the records of expenditure against Vote 9. This comprised storage areas in the Creditors, Salary and S&T sections.

### Key Issues and Observations

The registration and classification of paper source and output documents is adequate. Cheque numbers are used to link source documents to the computerised FCS system. This is an example of good practice. In the Salaries Section, salary files are identified by unique salary reference numbers generated by the computerised Payroll system.

The records clerk in charge of the strong room for the Finance Section has implemented a tracking system to monitor when records are removed from storage including details of the name of the borrower, the purpose of removal and expected date of return. If files are not returned the clerk, to whom responsibility for the records has been designated, follows up with borrowing staff. This is good practice.

#### **Records Control Requirements Ratings Summary**

Registration/Classification.....	Adequate
Tracking.....	Adequate
Maintaining an Audit Trail....	Adequate
Access/Retrieval.....	Adequate
Scheduling/Retention.....	Poor
Transfer.....	Inadequate
Destruction.....	Poor

#### **Ability to manage records:**

**INADEQUATE**

When the file storage room is full financial records are moved to storage in the basement. No documentation is maintained to describe which records have been moved.



*Financial records in the emergency stairwell, Ministry of Finance*

An audit trail is maintained that will provide auditors with sufficient evidence on which to base their audit opinion. Auditors should be able to trace adequately transactions from source documents to the computerised Treasury systems to ensure that transactions are valid.

Access to financial records storage areas is not tightly controlled. Although the file storage room is kept locked, if

the clerk with responsibility for the key is not in the office, other members of staff can provide access. In addition, salaries records were seen stored piled on the floor in the emergency stairwell. These records are not kept securely.

Since the beginning of the FY 2000, records of creditors payments have been reorganised in their filing series by supplier to facilitate the servicing of enquiries. This is the preferred retrieval key.

Retention schedules, as set out in the Treasury Instructions, are not being implemented. Records are not scheduled for transfer or destruction. Where the transfer of financial records to intermediate storage does take place, it is not systematic, nor is it according to the authorised retention schedules. Records are transferred to a storage area in the basement, nicknamed 'Siberia' by staff, transfer takes place whenever storage areas in the Finance Section are deemed to be full. Other Departments of the Ministry of Finance also use this storage area.

Financial records are not being destroyed. This is unsustainable and will result in growing congestion in storage areas and the breakdown in the records controls. This problem should be addressed as soon as possible.

### Facilities and Maintenance

Records are only kept in offices during processing. Once processed, they are moved to a file storage room. The storage facilities were good, with a secure door, no windows and metal shelving. However adequate file covers were in short supply. On the whole, records were stored in a logical order on shelves however this was beginning to break down because of a shortage of space. Fire extinguishers were available in corridors in the event of fire.



*General Ledger file storeroom, Ministry of Finance*

- Records are not being stored in appropriate storage facilities.
- Records of the creditors section must be labelled once removed from the processing office to aid retrieval.
- Records Management Rating (paper records): Poor. The situation must be improved as a matter of priority.

An assessment was carried out of the regional office of the Ministry of Health, in Otjiwarongo municipality. This comprised the Creditors, S&T, Revenue and Salaries sections.

The Ministry of Health is continuing to decentralise its functions. The Otjiwarongo Directorate will be decentralised to three regions. It appears that the pace of decentralisation has currently outstripped the records control environment. This is largely a result of the current lack of adequate office accommodation and facilities in the regions.

Systems operated in the district are manual and do not interface directly with any computerised financial management systems including Payroll and FCS. For records of creditors, source documents are sent to the central Ministry in Windhoek for processing. In the salaries section, case files are maintained for individuals according to salary reference numbers.

Key Issues and Observations

The registration and classification of financial records in the regional office was carried out adequately. Most original source documents are sent to the Head Office in Windhoek for processing and form part of the records of the central ministry. However salary files are maintained in Otjiwarongo. A salary reference number was allocated to each case file as generated by the computerised Payroll system in Windhoek. This is good practice. Where appropriate, forms were serially numbered.

The movement of records is not tracked. This could result in records being lost or tampered with. However, the impact is low as only a small number of staff have access.

<b>Records Control Requirements Ratings Summary</b>	
Registration/Classification....	Adequate
Tracking.....	Poor
Maintaining an Audit Trail....	Inadequate
Access/Retrieval.....	Inadequate
Scheduling/Retention.....	Poor
Transfer.....	Poor
Destruction.....	Poor
<b>Ability to manage records:</b>	
<b>POOR</b>	

It would be difficult to reference audit queries for records of the creditors section relating to the previous financial years due to the lack of control over these records. This would not apply to the salaries section whose records were in good order.

There are no formal written controls on access to records. One example of good practice is the counter used in the salaries office to restrict access by members of the public to the processing area.

Purchase requests for the current financial year could be easily retrieved. However, after that time, poor storage hinders access. Records are moved to unmarked envelopes and placed in unlabelled boxes. Storage is haphazard. In contrast, salaries files can be retrieved in a timely and efficient manner. A printout is used as an index to the current files. Closed files are maintained alphabetically by surname in a separate series.

Retention schedules are not being applied to financial records. This is causing congestion in storage areas. Records are not being transferred to appropriate intermediate storage. Some records of the creditors section are stored in a garage. This is inappropriate storage for records as it does not provide security or protection required. In addition, records are not being destroyed in accordance with authorised disposition instructions. This is resulting in congestion in storage areas.

### Facilities and Maintenance

Storage facilities are poor. On the whole they are inappropriate for storing paper records. There is not enough office storage equipment, more shelving and filing cabinets are needed. For example, records are being stored in a kitchen area, a former bathroom and a garage. Often they are piled on the floor. In some cases, storage areas are not clean and tidy and security is poor. There is some fire protection as fire extinguishers are available in offices.

### ***Customs and Excise Directorate (paper systems)***

- There are no written retention schedules for Customs records.
- Retrieval of source documents from central storage may not be timely and efficient.
- Records should not be stored on the floor in the processing office.
- Records management rating (paper records): Inadequate. Procedures could be strengthened.

Some of the Customs & Excise posts send their records to central storage in Windhoek. Others maintain their own storage areas on site. Problems with access and retrieval were seen at the central store in February when the research team made a data-gathering visit. At the time of the assessment the central store was being relocated and it was not possible to carry out an inspection.

A sample was taken of source documents in Walvis Bay. This Customs post retains its original source documents permanently. In order to assess the time taken to retrieve source documents in the event of a query a random sample of 5 transactions from Walvis Bay were selected. These transactions had all taken place at intervals during the financial year 1999/00. Instructions were sent to Walvis Bay, via the Customs Directorate in Windhoek, to fax copies of the supporting documents to the Customs Directorate as soon as possible. The source



documents for all five transactions were located however copies of the documents were not received for two weeks.

An assessment was carried out in the Customs & Excise office at Eros Airport. This airport handles predominantly domestic passenger flights and also a large amount of freight, both imports and exports particularly to and from South Africa. The assessment was carried out of the records generated by the receipt of Customs and Excise revenue. The office uses the ASYCUDA system and this is the driver for the work processes.

### *Eros Airport*

The border post retained few records beyond the month of processing. At the end of each month, records are batched and transferred to a central storage area (as above). Staff at the office had no procedure manuals that documented work practices. They did have ASYCUDA manuals.

### Key Issues and Observations

The registration of customs declarations is an example of good practice. The paper source documents are linked to ASYCUDA through the registration number assigned by the computerised system. This appears on the printout of the customs declaration form which forms part of the transaction record. The phase VAT (Value Added Tax) number also links the computerised and paper records however this number not unique but is recycled every month. It is used as the retrieval key for source documents. Forms, where appropriate, are serially numbered. Other documents are not registered.

There are no formal tracking systems in place. All customs declaration forms are batched daily. They are transferred to intermediate storage under the custody of the central office at the end of every month. Although this process is not documented, the informal procedures are well understood by staff and are carried out regularly.

This is the basis for tracking customs declarations: those for the current month are in the processing office, all those for previous months will be in the central storage facility. There are no checks to compare batches transferred against those received.

An audit trail is maintained that will provide auditors with sufficient evidence on which to base their audit opinion. However most of the source documents required for audit are not kept at Eros Airport but are transferred to the central storage facility or to the Treasury Directorate (eg cash books/deposit slips). Auditors could use the source documents that are retained for a short time at Eros to validate transactions. However retrieving source documents sent from Eros to the central storage for audit is likely to be unsatisfactory.

<b>Records Control Requirements Ratings Summary</b>	
Registration/Classification....	Adequate
Tracking .....	Inadequate
Maintaining an Audit Trail ...	Adequate
Access/Retrieval.....	Inadequate
Scheduling/Retention.....	Poor
Transfer .....	Inadequate
Destruction.....	Poor
<b>Ability to manage records:</b>	
<b>INADEQUATE</b>	

Access to the processing room is restricted to Customs staff. There are no written procedures governing access to source documents, however user permissions are assigned by ASYCUDA according to staff function. Records kept in the processing office are difficult to retrieve. For customs declarations a certain level of control is retained as transactions are batched daily, however batches for the current month are piled against a wall of the processing office. Cashier daybooks and cancelled customs declarations are stacked under the photocopier.

A small number of records are kept in a storeroom on the premises including employee personnel files, records of inspections and cancelled customs declarations. This is kept locked. These are easily retrievable due to the small volume not because of the efficiency of filing.

Retention schedules are not applied to Customs records at Eros Airport. However they do not retain custody of source documents for long enough for this to be an issue. As discussed above, customs declarations are transferred monthly to a storage facility under the control of the Ministry of Finance, Customs & Excise Directorate.

Records are not being destroyed according to authorised disposition schedules. This has a low impact in Eros because of the small volume of records retained on site. However the failure to destroy the voluminous customs declarations in central storage when no longer required will reduce the timeliness and efficiency of retrieval systems as storage becomes congested.

### Facilities and Maintenance

Storage facilities were insufficient, resulting in source documents being piled on the floor. This is unacceptable. It impacts on safety and the ability to retrieve documents when required. Some transaction records were stored on the floor next to an electric heater. This is a serious fire risk. Records should be moved to appropriate shelving away from the heater. There was no fire protection in the office.

#### *Inland Revenue Directorate (paper systems): Otjiwarongo, Magistrates' Office*

- Records schedules are being applied and records are being transferred and destroyed in accordance with these.
- Records Management Rating (paper records): Adequate. Procedures should be applied more consistently.

Magistrate's offices across Namibia are authorised to collect revenue on behalf of the Inland Revenue Directorate of the Ministry of Finance. A limited assessment was carried out on the financial records created by this function in the Magistrate's Office in Otjiwarongo in addition to the assessment of the central computerised system.

All office systems were manual and did not interface directly with central computerised financial management systems, including the Inland Revenue system. The office is run according to traditional registry practices and procedures. The management of financial records was carried out using the same procedures applied to records of other functions of the office. Senior staff of the office had a copy of the Financial Instructions.

### Key Issues and Observations

Registration and classification is performed adequately. Where appropriate, files are assigned file numbers and, in addition, forms are serially numbered.

There are no tracking procedures in place to document when records are temporarily removed from storage. However the Magistrate's Office has only a small staff and there are no authorised external users of the records. An example of good practice is the maintenance of a file of authorisations from the National Archives for records transferred or destroyed in accordance with retention schedules. This documents the records series and dates.

An audit trail is maintained that will provide auditors with sufficient evidence on which to base their audit opinion. Auditors should be able to use source documents to adequately trace transactions to ensure that they are valid.

Finding aids for retrieval are not maintained. Most records are stored in three strong rooms to which access is restricted. The processing office has a counter that restricts access to records to staff. Members of the public are not allowed access behind the counter. There are no written procedures governing access permissions. Records within the strong rooms are stored logically and can easily be retrieved. There is a small staff so access is easy to monitor. Therefore the impact of this on security is low.

Records are being scheduled in accordance with authorised disposition instructions. Disposition instructions are assigned on a minute sheet attached to file storage boxes. However it was observed that these retention periods are not always acted upon and that not all records have been destroyed in accordance with their prescribed retention period.

Some records have been transferred to the National Archives in accordance with authorised disposition instructions. However not all records have been transferred, particularly financial records.

Records that should be destroyed in accordance with authorised disposition instructions can be easily identified as instructions are written on file storage containers. Records have been destroyed and this has been documented. However not all records, particularly the financial records, have been destroyed according to their schedule.

<b>Records Control Requirements Ratings Summary</b>	
Registration/Classification....	Adequate
Tracking.....	Adequate
Maintaining an Audit Trail....	Good
Access/Retrieval.....	Adequate
Scheduling/Retention.....	Adequate
Transfer.....	Adequate
Destruction.....	Adequate
<b>Ability to manage records:</b>	
<b>ADEQUATE</b>	

## Facilities and Maintenance

Adequate storage space is provided for the records, including financial records. This was kept clean and tidy. File binders and the wooden shelving in the office and storage areas were in good order. However there is no air-conditioning in the strong rooms. In addition stepladders are not provided to facilitate retrieval of records from high shelves. This is a health and safety risk. On the whole, doors and windows were secure however the lock on one strong room door was broken.

There were no smoke detectors or fire extinguishers in or near to file storage areas. This increases the risk of damage to records through fire.

### RECORDS CONTROL REQUIREMENTS: PAPER SYSTEMS

Records control requirements for paper-based systems are required to ensure that accounting systems manage records regardless of storage media or other characteristics. In a paper system, physical arrangement and location of the records and procedures are key. In a computerised system, the application functions and logical structures are key and location is unimportant.

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#### Registration

**A unique record identifier must be assigned to each accounting record regardless of where the record is stored (eg purchase order number, voucher number, payroll number and so on). In a computerised system the primary key used for retrieval purposes should coincide with the one used for paper source documents.**

The record keeping system must ensure that a record is registered when it is captured into the system.

The record keeping system must ensure that the forms on which transactions are recorded are identified by a serial number and counterfoil.

The record keeping system must ensure that supporting documents are either attached or linked to the relevant accounting record.

**Classification: The accounting system must classify transaction records according to consistent inflow and outflow categories established to meet the organisation's analytical requirements (eg according to a chart of accounts, nominal ledger structure, budget classification structure, etc). Classification should occur at the time of registration.**

The record keeping system must ensure that records are named and/or coded in a consistent manner over time.

The record keeping system must assist in the retrieval of all records relating to a particular function or activity.

#### Control Objective

To facilitate timely and efficient access and retrieval of records for operational and audit purposes. Assigning the appropriate classification at the time of registration facilitates systematic identification and arrangement of accounting activities and/or records into categories according to logically structured and consistent conventions, methods and procedural rules represented in a classification scheme. Enforcing this control on the registration of transaction records provides evidence that a record was created. The classification of records at the time of registration makes it possible to track expenditure over time.

## Tracking

**The record keeping system must be able to capture and maintain information about the movement and use of records (ie provide an audit trail) in order to know the location and custody of a record at all times. Any amendments or alterations to the record or the removal of the record from the file must indicate who took this action and when, to determine whether it was authorised.**

The record keeping system must track the issue, transfer between persons, and return of records to their 'home' location or storage as well as their disposal or transfer to any other authorised external organisation including an archives authority.

The record keeping system must ensure that tracking mechanisms record the item identifier, the title, the person or unit having possession of the item and the time/date of movement.

### **Control Objective**

To demonstrate that a record can be located easily and that it is what it purports to be; that it has been created, altered or destroyed by the person who purports to have created, altered or destroyed it according to a recognised authority. Enforcing this control ensures that the record can be found easily, thus minimising the risk of lost records and unauthorised amendments, and that no unauthorised actions have been taken on it.

## Access/Retrieval

**The record keeping system must be capable of finding and retrieving specific records from storage. Procedures must include and enforce controls over access to ensure that the integrity of the record of the transaction is not compromised.**

The record keeping system must regulate, through the use of formal guidelines, who is permitted access to records and in what circumstances.

The record keeping system must ensure that appropriate access controls are assigned to both users and records.

The record keeping system must ensure that amendments to access criteria are made by authorised individuals and that these are communicated to records management staff.

The record keeping system must protect against unauthorised viewing or destruction of the record.

The record keeping system must maintain finding aids (eg registers, file lists) to enable records to be located and retrieved when needed.

The record keeping system must ensure that documents are physically arranged in a logical order to facilitate retrieval.

### **Control Objective**

To provide timely and efficient access and retrieval of records needed for the continuing conduct of business, audit and to prevent unauthorised access and use. Enforcing this control demonstrates that records were effectively protected from unauthorised viewing, alteration or destruction.

## **Maintaining an Audit Trail**

**The record keeping system must be able trace records in order to provide sufficient and reliable evidence that only valid transactions have been processed. The audit trail should ensure that all transactions can be followed through the accounting system, from originating documents to the financial statements and vice versa.**

The record keeping system must permit the auditor to trace transactions between the creation of the originating document, manual transaction registers, journals and ledgers, in both directions, and through successive levels of summarisation.

The record keeping system must ensure that all relevant data and financial audit trail information is retained for a sufficient time to complete the audit.

### **Control Objective**

To provide a continuous trail of transactions through the accounting system. Enforcing this control ensures that transactions can be traced from creation, through processing, to the final statements. Without an audit trail the auditor may not have sufficient appropriate audit evidence on which to base the audit opinion.



## Scheduling/Retention

**The record keeping procedures must ensure that records required for operational and audit purposes are kept and remain accessible. The record keeping system must only allow for authorised individuals to transfer or destroy records according to authorised disposal instructions.**

The record keeping system must ensure that records are scheduled according to event driven disposal instructions where the retention periods are triggered by the number of years following audit and in compliance with legal and fiscal requirements. Disposal instructions must cover all financial records.

The record keeping system must ensure that disposal schedules identify data/records with event driven disposal instructions and provide authorised individuals with the capability to indicate when the specified event has occurred.

The record keeping system must allow for the rescheduling of records and the issue of new authorised disposal instructions where the accounting system or the regulatory requirements have changed from the original designations.

The record keeping system must allow only authorised individuals to extend or suspend (freeze) the retention period of individual files or record categories, which are required beyond their scheduled disposal because of special circumstances (such as a court order or an investigation) that alter the normal administrative, legal or fiscal value of the records or categories.

The record keeping system must be able to identify those records (regardless of location) that have not been scheduled so that a disposal instruction can be assigned.

### **Control Objective**

To ensure those records, which are required for operational and business purposes, are retained and that records that are no longer required are eliminated (ie destroyed or transferred to an archive facility) according to authorised instructions. Enforcing this control demonstrates compliance with the legal and regulatory environment applicable to the management of financial records, ensuring that records support financial management and audit objectives.

## Transfer

**Procedures must allow for the transfer of transaction records from one location to another and change the custody and responsibility accordingly. This could be**

- **transfer to an appropriate storage area under organisational control**
- **transfer to a storage area managed on behalf of the organisation (ie a records centre or commercial company)**
- **transfer to an archives authority (ie the national records and archives institution).**

The record keeping system must identify records that are eligible for transfer according to the disposal instruction.

The record keeping system must allow the physical arrangement and methods of identification to be maintained following transfer to enable records to be accessed if required.

The record keeping system must restrict execution of written records transfer instructions to authorised individuals and according to authorised disposal schedules.

The record keeping system must record what records have been transferred and when.

### **Control Objective**

To comply with instructions from the appropriate records authority to keep those records in the public interest. To achieve the most cost effective storage of records while maintaining their integrity and ability to access them. Enforcing this control demonstrates compliance with the legal and regulatory environment applicable to the management of financial records.

## **Destruction**

**The record keeping system must ensure that transaction records that are no longer required for operational and audit purposes and have no enduring value are removed or destroyed irretrievably according to authorised disposal instructions.**

The record keeping system must identify records that are eligible for destruction according to the disposal instruction.

The record keeping system must not allow the destruction of records unless approved in writing by an authorised individual against an authorised disposal schedule.

The record keeping system must ensure that records are destroyed in a way that preserves the confidentiality of any information they contain.

The record keeping system must record what records have been destroyed and when.

The record keeping system must ensure that, for records approved for destruction, all copies, including security copies, preservation copies and back up copies, are destroyed.

### **Control Objective**

To demonstrate that those records, which are no longer required for operational and audit purposes, are destroyed according to an agreed procedure. Enforcing this control demonstrates compliance with the legal and regulatory environment applicable to accounting records management and provides a mechanism to protect those records that should be preserved from unauthorised destruction or unauthorised access during the destruction process.

## RECORDS CONTROL REQUIREMENTS: COMPUTERISED SYSTEMS

Records control requirements for computerised systems are required to ensure that accounting systems manage records regardless of storage media or other characteristics. Each control requirement is accompanied by a diagram. The diagrams are expanded models of the activities shown on page 24.

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### Registration

**The computerised financial management system must use a unique record identifier for each transaction record they manage regardless of where the record is stored (eg purchase order number, voucher number, payroll number and so on). This identifier should link the computerised transaction record to the source documents (ie paper files are stored according to the same unique number that can be used for searching on the computerised system).**

The computerised financial management system must assign a unique identifier for each transaction record.

The computerised financial management system must not permit modification of the record identifier once assigned.

The computerised financial management system must not allow the records identifier to be duplicated.

The computerised financial management system must prevent subsequent changes to data that comprise a transaction record. Once changed or revised it becomes a new record and must be assigned a new unique record identifier.

**Classification: The computerised financial management system must be able to classify transaction records according to consistent inflow and outflow categories established to meet the organisation's analytical requirements (eg according to a chart of accounts nominal ledger structure, budget classification structure, etc.). Classification should occur at the time of registration.**

The computerised financial management system must ensure that transaction records are named and/or coded (ie classified) according to consistent inflow and outflow categories.

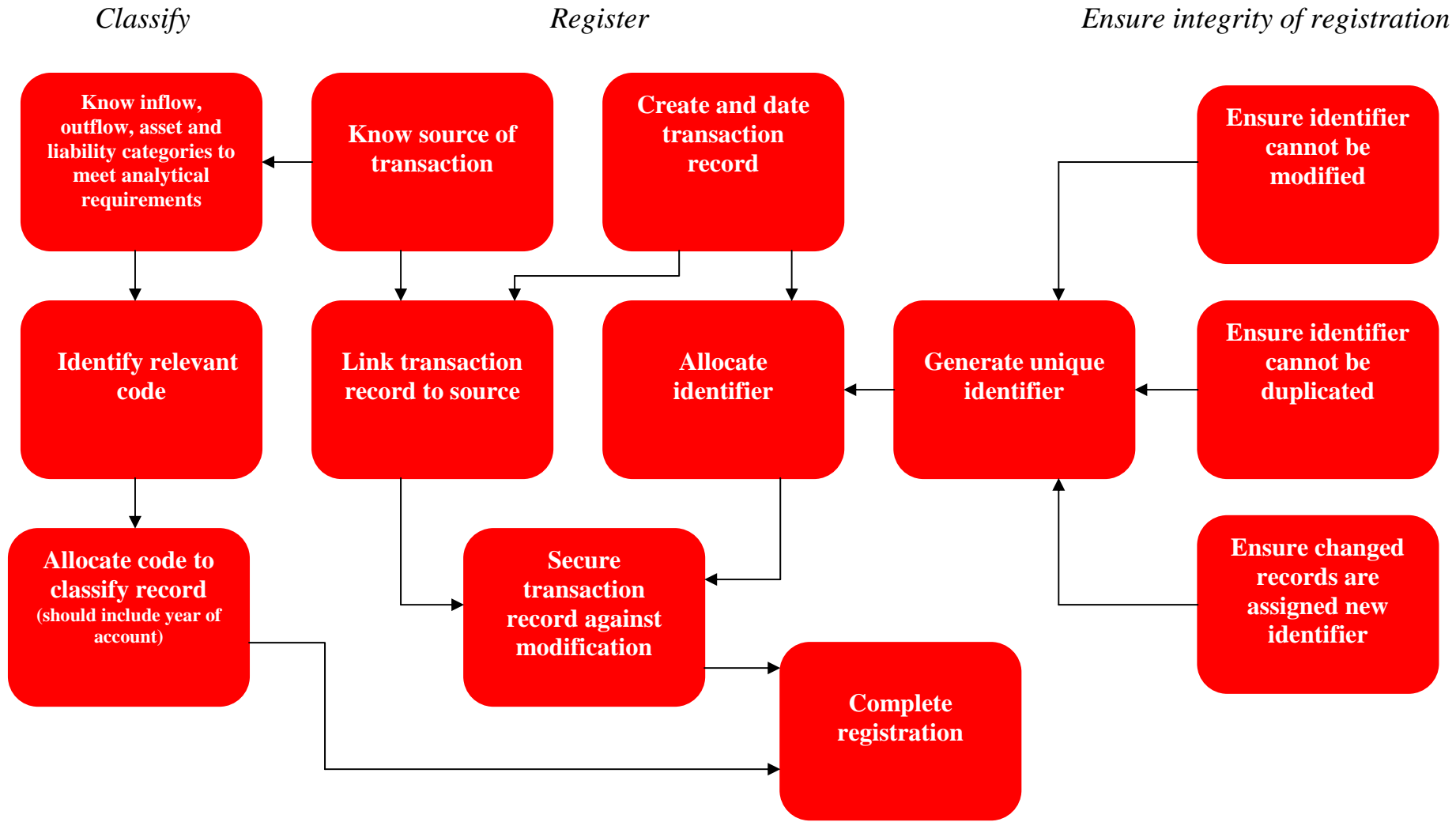
The computerised financial management system must assist in the retrieval of all transaction records relating to a particular function or activity.

#### Control Objective

To facilitate timely and efficient access and retrieval of transaction records for operational and audit purposes. Assigning the appropriate classification at the time of registration facilitates systematic identification and arrangement of accounting activities and/or transaction records into categories according to logically structured and consistent conventions, methods and procedural rules represented in a classification scheme. Enforcing this control on the registration of transaction records provides evidence that a record was created. The classification of records at the time of registration makes it possible to track expenditure over time.

## Registration/Classification System

Registering transaction records by using a unique transaction record identifier for each transaction and by consistently classifying each record according to inflows, outflow and other categories established to meet analytical requirements in order to ensure incontrovertible evidence of record creation and timely and efficient access and retrieval of records.



## Tracking

**The computerised financial management system must be able to capture and maintain information about the movement (ie storage and distribution) and use of transaction records. Any amendments or alterations to the record or the deletion of the record must indicate who took this action and when, to determine whether it was authorised.**

In the computerised financial management system the following information must be logged for each change to a transaction record (ie alteration or amendment): record identifier, user account identifier, date/time, authorising identifier (if different from user account identifier)

In the computerised financial management system the following information must be logged for each delete operation: record identifier, user account identifier, date/time, authorising identifier (if different from user account identifier)

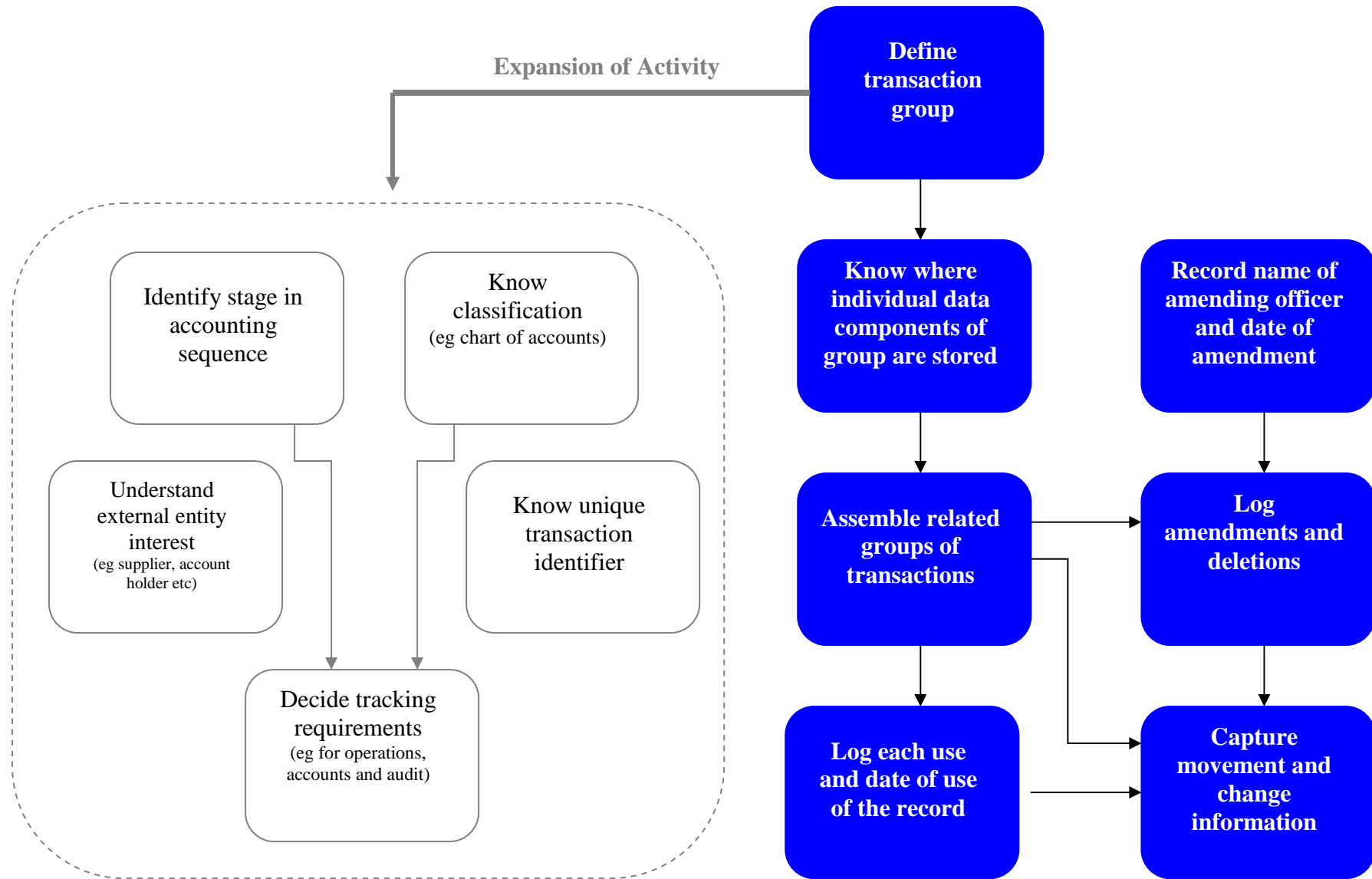
The computerised financial management system must be able to track transactions according to: common external entity (eg supplier, tax payer, etc), specific asset or liability, classification of account or stage in accounting sequence.

### **Control Objective**

To demonstrate that a record can be located easily and that it is what it purports to be; that it has been created, altered or destroyed by the person who purports to have created, altered or destroyed it according to a recognised authority. Enforcing this control ensures that the record can be easily retrieved and that only authorised actions have been taken on it.

# Tracking System

Capturing and logging information about the use, movement and amendment of records in order to provide an audit trail.



## Access/Retrieval

**The computerised financial management system must be capable of finding and retrieving specific transaction records from storage according to defined criteria (eg users, authorisation, search combinations, etc). The system must include and enforce controls over access to ensure that the integrity of the record of the transaction is not compromised.**

The computerised financial management system must provide the capability to define different groups of users and access criteria.

The computerised financial management system must control access to records based on groups as well as individuals meeting the access criterion/criteria.

The computerised financial management system must provide the capability for only authorised individuals to assign and amend access rights to protect against unauthorised viewing, alteration or destruction of the transaction record.

The computerised financial management system must allow searches using any appropriate combination of the following profile data elements: date filed; supplier; identification number (eg purchase order number, employee ID number, supplier ID number and so on); location of record; document creation date; author or originator; originating ministry, department or agency; disposal instruction code; disposal cut-off date; disposal action date; disposal action code; vital record indicator; record identifier.

The computerised financial management system must control access to audit functions based upon user account information.

The computerised financial management system must determine the access appropriate for sets of records.

The computerised financial management system must allocate user permissions for access to or action on particular groups of records.

The computerised financial management system must provide the capability for transaction records to be usable throughout any kind of system change, including format conversion, migration between hardware and software platforms or specific software applications, for the entire period of their retention.

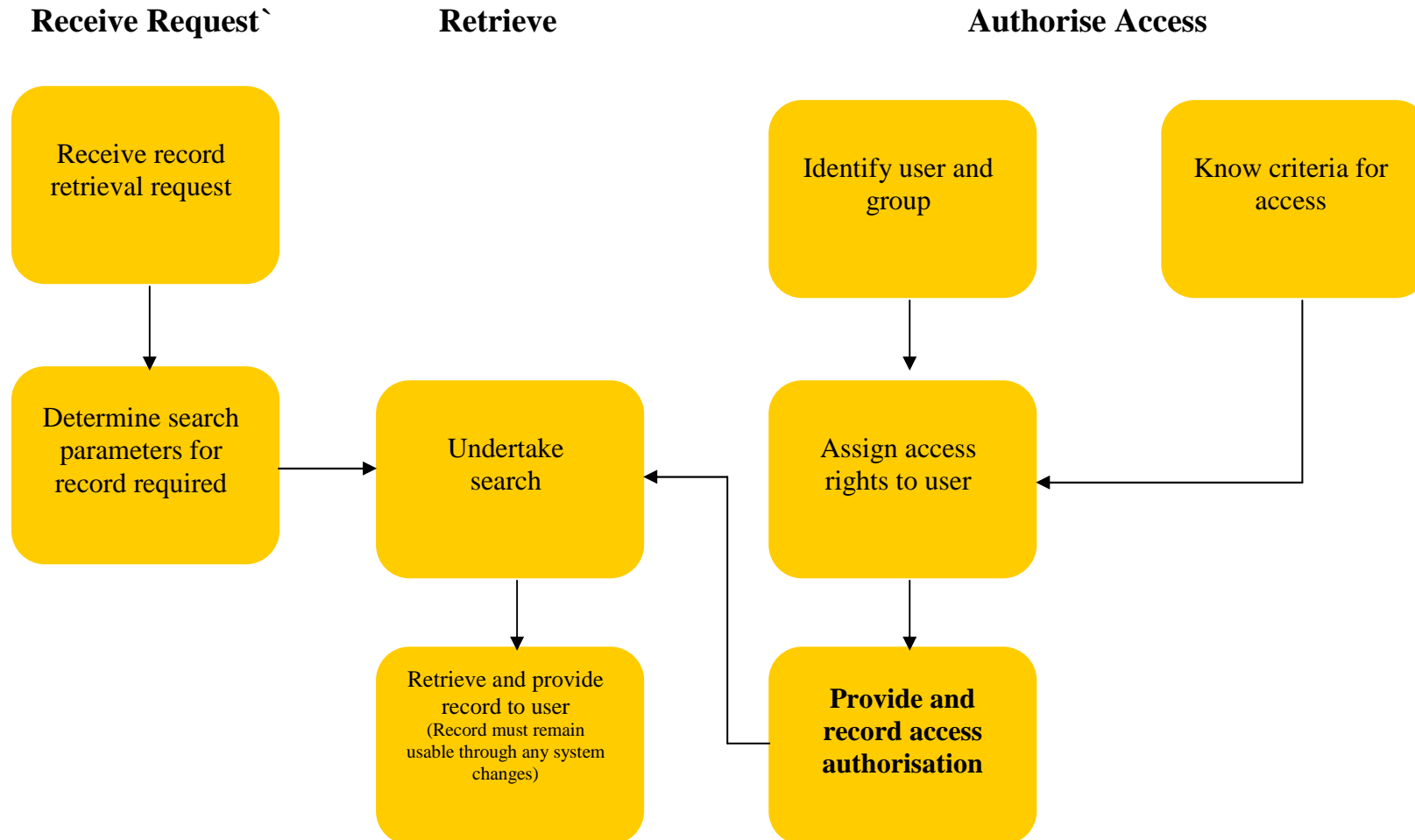
### **Control Objective**

To provide timely and efficient access and retrieval of transaction records needed for the continuing conduct of business, audit and to prevent unauthorised access and use. Enforcing this control demonstrates that records were effectively protected from unauthorised viewing, alteration or destruction.



## Access/Retrieval System

Retrieving records by accessing against defined criteria (users, authorisation, search combinations etc.) in order to provide timely and efficient access retrieval for operational and audit purposes.



## **Maintaining an Audit Trail**

**The computerised financial management system must be able to provide sufficient and reliable evidence that only valid transactions have been processed. The audit trail should ensure that any transactions can be followed through the accounting system, from originating documents to the financial statements and vice versa.**

The computerised financial management system must permit the auditor to trace transactions between original input, system generated transactions and internal allocation transactions and the financial statement, in both directions, and through successive levels of summarisation.

The computerised financial management system must retain all relevant data and financial audit trail information for a sufficient time to complete the audit.

The computerised financial management system must preserve the hierarchical relationships in order to be able to trace the links between the transaction records and aggregated reports.

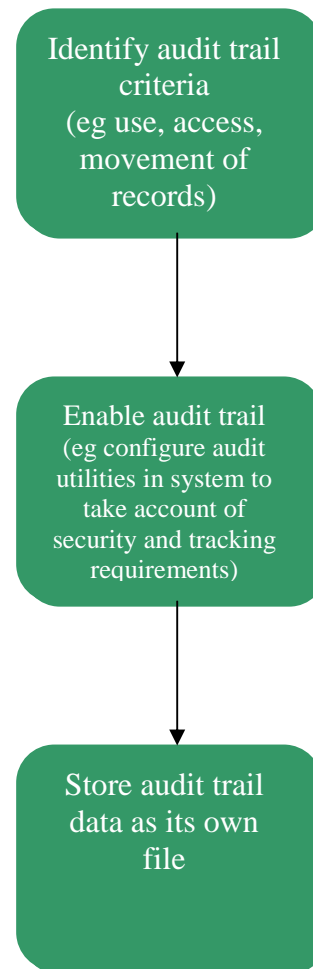
The computerised financial management system must provide the capability to store audit data as a record.

### **Control Objective**

To provide a continuous trail of transactions through the computerised financial management system (ie maintain the information gathered through tracking). Enforcing this control ensures that transactions can be traced from creation, through processing, to the final statements. Without an audit trail the auditor may not have sufficient appropriate audit evidence on which to base the audit opinion.

## Audit Trail System

Establishing the links between individual records, transactions and aggregated data in order to provide an audit trail.



## Scheduling/Retention

**The computerised financial management system must ensure that records required for operational and audit purposes are kept and remain accessible. The computerised financial management system must only allow for authorised individuals to assign a disposal instruction code according to authorised disposal instructions.**

The computerised financial management system must, as a minimum, be capable of scheduling data/records according to event driven disposal instructions where the retention periods are triggered by the number of years following audit and in compliance with legal and fiscal requirements.

The computerised financial management system must provide the capability to identify data/records with event driven disposal instructions and provide authorised individuals with the capability to indicate when the specified event has occurred.

The computerised financial management system must allow for the rescheduling of records already in the system when disposal instructions change from the original designations.

The computerised financial management system must provide the capability for only authorised individuals to extend or suspend (freeze) the retention period of individual files or record categories, which are required beyond their scheduled disposal because of special circumstances (such as a court order or an investigation) that altered the normal administrative, legal or fiscal value of the records or categories

The computerised financial management system must identify data/records that have been frozen and provide authorised individuals with the capability to reactivate or change their assigned disposals.

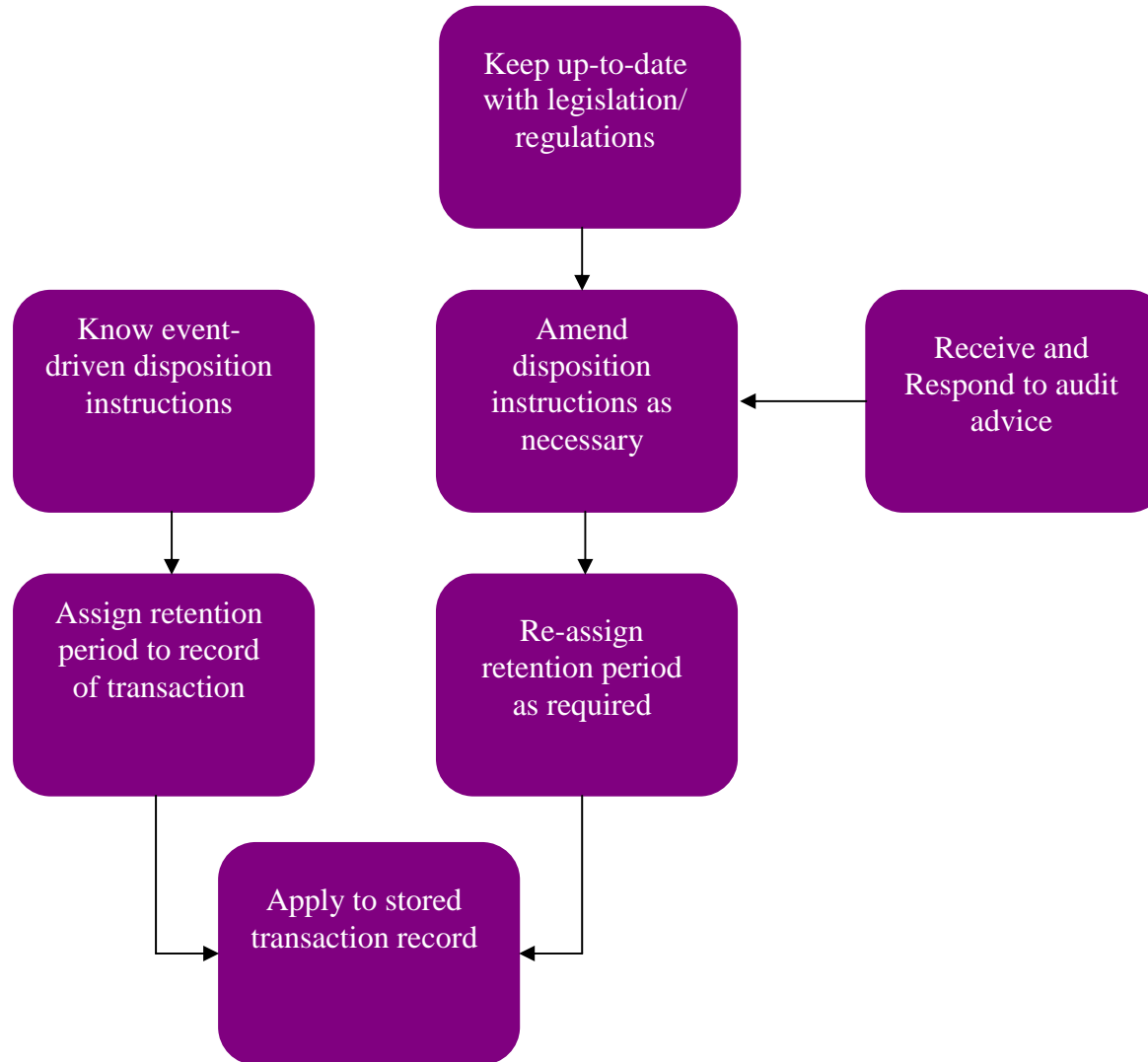
The computerised financial management system must be able to identify and print a list of records (regardless of media or location) that have not been scheduled so that a disposal instruction can be assigned.

### **Control Objective**

To demonstrate that those records, which are required for operational and administrative purposes, are kept and that records that are no longer required are eliminated (ie destroyed or transferred to an archive facility) according to an agreed programme. Enforcing this control demonstrates compliance with the legal and regulatory environment applicable to the management of financial records, ensuring that records support financial management and audit objectives.

## Scheduling/Retention System

Ensuring that records required for operational and audit purposes are kept and remain accessible.



## **Transfer**

**The computerised financial management system must be able to transfer transaction records from one location to another and change the custody, ownership and responsibility accordingly. This could be**

- **transfer to an appropriate storage area under organisational control**
- **transfer to a storage area managed on behalf of the organisation (ie a records centre or commercial company)**
- **transfer to an archives authority (ie the national records and archives institution).**

**When transferring electronic records, records should be copied where possible to archival quality tape.**

The computerised financial management system must identify those transaction records eligible for transfer according to the disposal instruction.

The computerised financial management system must restrict execution of the records transfer commands to authorised individuals.

The computerised financial management system must transmit records approved for transfer to a user-specified filename, path or device.

The computerised financial management system must have a capability of recording what records have been transferred and when.

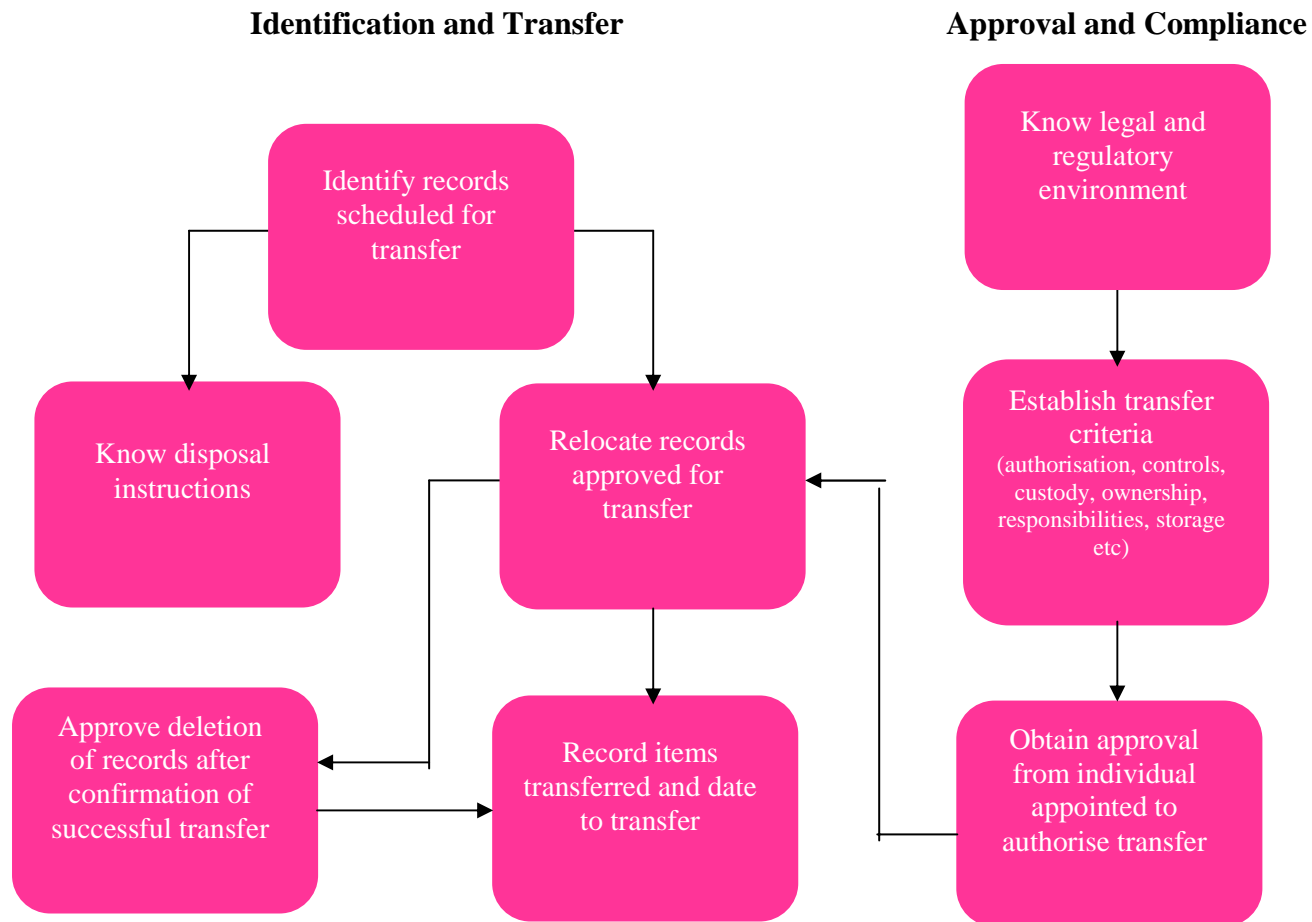
The computerised financial management system must, for records approved for transfer, provide the capability for only authorised individuals to suspend the deletion of records until successful transfer has been confirmed.

### **Control Objective**

To comply with instructions from the appropriate records authority to keep these records in the public interest. Enforcing this control demonstrates compliance with the legal and regulatory environment applicable to the management of financial records.

## Transfer System

Transferring records from one location to another by a controlled process according to disposal instructions and authorisation in order to comply with the legal and regulatory environment applicable to accounting records management.



## **Destruction**

**The computerised financial management system must be able to delete irretrievably transaction records that are no longer required for operational and audit purposes and have no enduring value.**

The computerised financial management system must identify records that are eligible for deletion according to the disposal instruction.

The computerised financial management system must restrict execution of the records deletion commands to authorised individuals.

The computerised financial management system must, for records approved for deletion, request a second confirmation that requires an authorised individual to confirm the delete command prior to execution. This could be done through the use of a dialog box.

The computerised financial management system must delete records in such a manner that the records cannot be physically reconstructed.

The computerised financial management system should be able to delete records as aggregates and selectively.

The computerised financial management system must record what records have been deleted and when.

The computerised financial management system must ensure that, for records approved for deletion, all copies, including security copies, preservation copies and back up copies are destroyed.

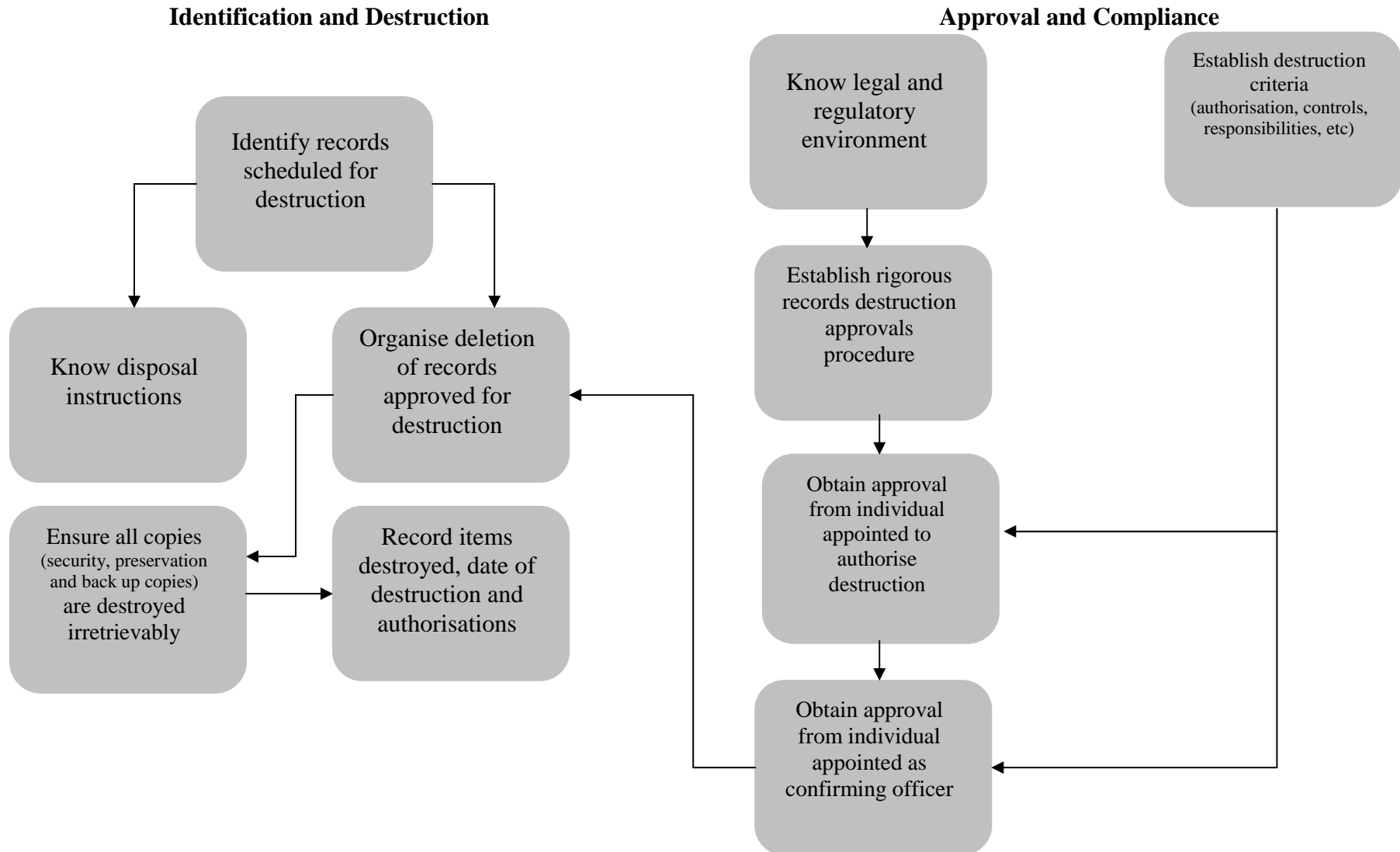
### **Control Objective**

To demonstrate that those records, which are no longer required for operational and administrative purposes, are deleted according to an agreed procedure. Enforcing this control demonstrates compliance with the legal and regulatory environment applicable to accounting records management and provides a mechanism to protect those records that should be preserved from unauthorised deletion.



## Destruction System

Deleting records irretrievably by a strictly regulated process of identification and authorisation in order to comply with the legal and regulatory environment applicable to accounting records management



## GOVERNMENT ACCOUNTING SYSTEM

### ANALYSIS OF DOCUMENT FLOWS: EXAMPLE OF PAYMENTS FUNCTION CREDITORS

#### Line Ministries

Procedures	Records	Documentation Controls
<p>Auxiliary Services</p> <p>1.1 (Central, Regional or District Divisions) Raise requisition and submit to Head Office (usually) in Financial Services or Administrative and General Services Directorate (Auxiliary Services)</p>	<ul style="list-style-type: none"> <li>• Requisition for Expenditure (Treasury Form T/8)</li> <li>• 3 supplier quotations</li> <li>• Economising Committee minutes</li> </ul>	<ul style="list-style-type: none"> <li>• Signed by Division Director as Requisitions Officer</li> <li>• If &gt;10,000, approved by Tender Board</li> <li>• 1 copy retained in division and 1 in line ministry</li> <li>• Chair of Line Ministry Economising Committee approval</li> <li>• Line Ministry Economising Committee minutes records an agenda number for each requisition</li> <li>• Line Ministry Economising Committee agenda number recorded on requisition</li> </ul>
<p>Auxiliary Services</p> <p>1.2 Enter order into Funds Control System (FCS)</p>	<ul style="list-style-type: none"> <li>• Purchase Order and Claim Form (PO) (Treasury Form T/10)</li> </ul>	<ul style="list-style-type: none"> <li>• FCS assigns sequential PO No. – recorded on T/10</li> </ul>
<p>Auxiliary Services</p> <p>1.3 Obtain goods and services</p>	<ul style="list-style-type: none"> <li>• Purchase Order and Claim Form (Treasury Form T/10)</li> </ul>	<ul style="list-style-type: none"> <li>• Signed by Line Ministry Head Office Accounting Officer, and approved by Chair of Economising Committee</li> <li>• 1 copy retained by Line Ministry Head Office (Auxiliary Services), 1 copy to Payments Section of Line Ministry, 2 copies to supplier</li> </ul>
<p>Payments Section</p> <p>1.4 Payments Section receives for payment and registers on FCS</p>	<ul style="list-style-type: none"> <li>• Purchase Order and Claim Form (Treasury Form T/10) – original from supplier</li> <li>• Supplier invoice</li> </ul>	<ul style="list-style-type: none"> <li>• Accounting Assistant verifies authorisations, amounts, dates, invoice number, Contract /Tender Board Authority number and supplier number</li> <li>• Original PO and invoices filed alphabetically by supplier name in strong room</li> </ul>
<p>Payments section</p> <p>1.5 Release for payment (electronic data transfer in FCS system)</p>	<ul style="list-style-type: none"> <li>• Released for Payment Report (FCS computer printout)</li> </ul>	<ul style="list-style-type: none"> <li>• Accountant certifies correct</li> <li>• Batched alphabetically according to supplier and filed by date</li> </ul>
<p>Payments section</p> <p>1.6 Release for cheque printing</p>	<ul style="list-style-type: none"> <li>• Cheque print report (by Vote by Supplier)</li> </ul>	<ul style="list-style-type: none"> <li>• Reconciliation of cheques printed</li> <li>• Payment reference number, cheque number and date entered on vouchers</li> </ul>

## Ministry of Finance/Treasury

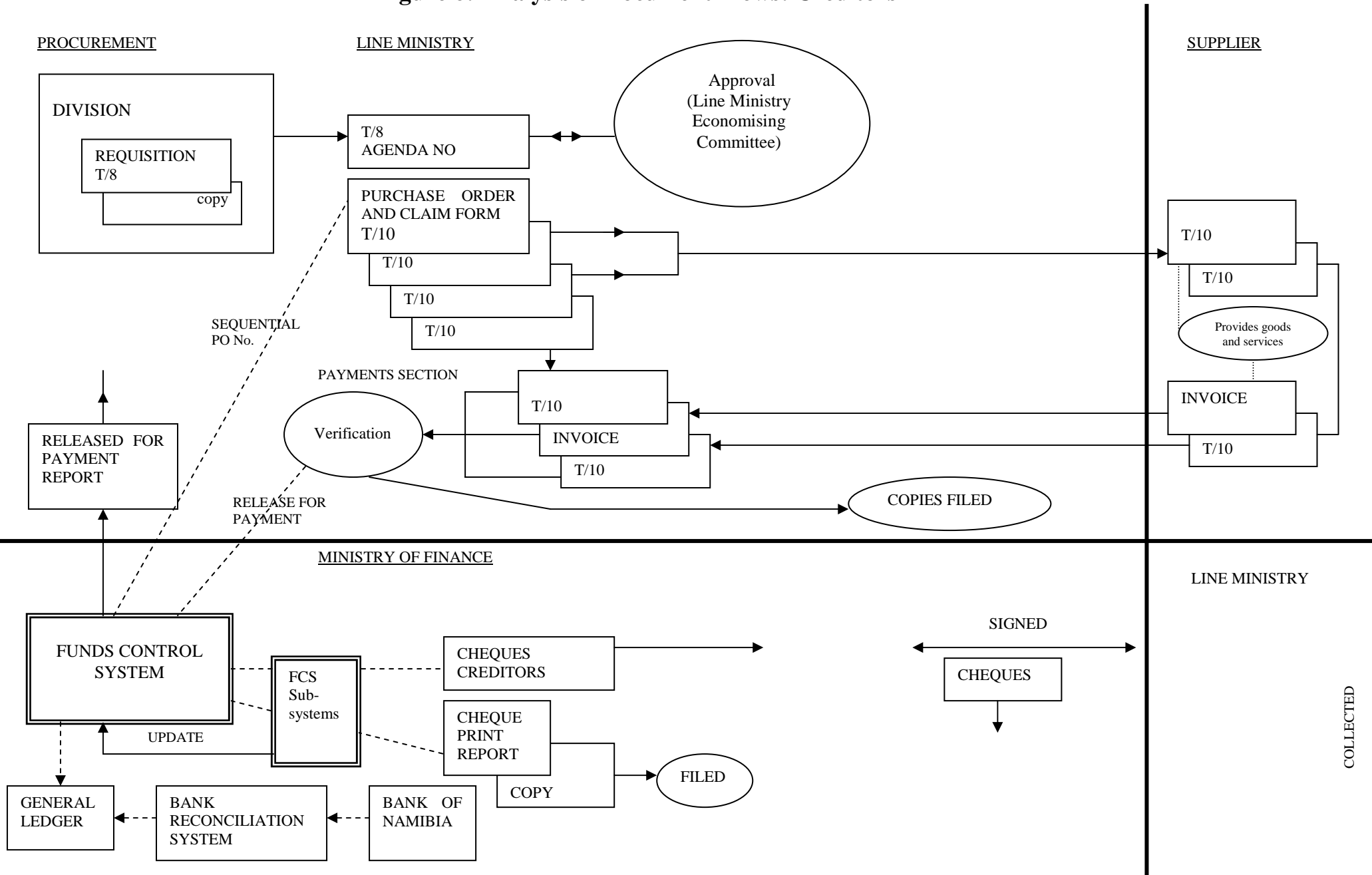
2.1	Cheque printing section downloads electronic 'batch' from Line Ministry (electronic data transfer QPA function) and automatically print cheques (QPB function) [cheques are signed by separate printing machine]	<ul style="list-style-type: none"> <li>• Print Report for creditors and FCS</li> </ul>	<ul style="list-style-type: none"> <li>• Check Print Report records cheque numbers</li> <li>• Check cheque numbers against vouchers and enter cheque number</li> </ul>
2.2	Update FCS system to notify Line Ministry that cheques have been printed		<ul style="list-style-type: none"> <li>▪ If FCS not functioning, Ministry generate a list of cheques</li> </ul>
2.3	Cheque Printing section hands over cheques and Cheque Print Report to Cheque Distribution section	<ul style="list-style-type: none"> <li>• Cheque Print Report</li> <li>• Cheques</li> </ul>	<ul style="list-style-type: none"> <li>• Cheque Print Report lists all cheques printed for Line Ministry</li> </ul>
2.4	Cheque Distribution section checks cheques against the Cheque Print Report and logs all cheques (including cancelled cheques) in the FCS Register and logs cancelled cheques in a Cancelled Cheque Register	<ul style="list-style-type: none"> <li>• Cheque Print Report</li> <li>• Cheques</li> <li>• FCS Register</li> <li>• Cancelled Cheque Register</li> </ul>	<ul style="list-style-type: none"> <li>• One copy of the Cheque Print Report is filed in FCS file book and other copy is returned to the Line Ministry with the cheques</li> </ul>
<b>NOTE: the following occurs after the FCS system records that a cheque has been issued</b>			
2.5	Line Ministries collect cheques	<ul style="list-style-type: none"> <li>• Cheque Print Report</li> <li>• Cheques</li> <li>• FCS Register</li> </ul>	<ul style="list-style-type: none"> <li>• Authorised Line Ministry official verifies cheques collected against the Cheque Print Report and signs the FCS Register</li> <li>• Ministry checks Released for Payment report against Cheque Print Report</li> </ul>
2.6	Funds Control System creates a journal entry (journal number, source and vote) in the General Ledger (GL) as a credit to the Bills Payable Suspense Account and debits the vote allocation in the GL	<ul style="list-style-type: none"> <li>• GL journal entry</li> <li>• Information for bank reconciliation system (BRS)</li> </ul>	<ul style="list-style-type: none"> <li>• Journal number provides the primary search key and the date</li> </ul>
2.7	The Bank Reconciliation System (BRS) records the cheque number and amount as an issued cheque	<ul style="list-style-type: none"> <li>• BRS record</li> </ul>	<ul style="list-style-type: none"> <li>• Cheque number provides the primary search key</li> </ul>
2.8	After the cheque is cashed at the Bank of Namibia, data is sent over the Internet as a flat file to the Ministry and then downloaded into the BRS. The BRS records that the cheque has been cashed, creates a journal entry to update the GL (record of daily bank transactions	<ul style="list-style-type: none"> <li>• Bank of Namibia statement no.</li> <li>• BRS journal entry</li> </ul>	<ul style="list-style-type: none"> <li>• Cheque number provides the primary search key</li> <li>• <i>Control Risk: flat file information is easily tampered with; transfers via the Internet are not secure in these circumstances and the file is being sent to a contractor who is not a Government employee.</i></li> </ul>

<p>2.9 The GL creates a journal entry to debit the Bills Payable Suspense Account and credits the State Account, which all bank transactions flow through.</p>	<ul style="list-style-type: none"> <li>• GL journal entry</li> <li>• Bills Payable Suspense Account printout</li> <li>• State Account printout</li> </ul>	<ul style="list-style-type: none"> <li>• Journal number provides the primary search key</li> <li>• At month end balance in GL Bills Payable A/C with balance of outstanding cheques in Bank Reconciliation A/C</li> </ul>
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### **Line Ministries**

<p>3.1 Collect Cheques from MoF and reconcile</p>	<ul style="list-style-type: none"> <li>• Cheque list</li> <li>• Cheques</li> <li>• Cheque Register</li> </ul>	<ul style="list-style-type: none"> <li>• Register records cheque number, supplier, amount, name of person who collected cheques and name of person who received cheques</li> <li>• File List of Cheques Printed, filed by date</li> </ul>
<p>3.2 Distribute Cheques (either collected or sent by registered mail)</p>	<ul style="list-style-type: none"> <li>• Cheque Register (for those collected)</li> </ul>	<ul style="list-style-type: none"> <li>• Records cheque number and signature of Line Ministry official authorised to collect cheques</li> </ul>

**Figure 6: Analysis of Document Flows: Creditors**



**ANALYSIS OF DOCUMENTATION FLOW  
PAYROLL SYSTEM**

1 Line Ministry Personnel Office

Procedures	Records	Documentation Controls
1.1 Authorisation of appointment, promotions, retirement, changes, etc	<ul style="list-style-type: none"> <li>• Personnel Office Advice</li> <li>• Appointment letters</li> <li>• Other supporting documentation</li> <li>• Record card</li> </ul>	<ul style="list-style-type: none"> <li>• Personnel Officer certifies information on form correct</li> <li>• Original advice to Salary Office</li> <li>• Copy filed on personnel file in Personnel Office (order varies per ministry)</li> <li>• Record card filed in Cardex system (alphabetical order by family name)</li> <li>• Forms should be controlled (by advice number) at this stage</li> </ul>

2 Line Ministry Salary Office

Procedures	Records	Documentation Controls
2.1 Raise Salary and Personnel Advice and other forms	<ul style="list-style-type: none"> <li>• Salary and Personnel Advice Forms for appointments and changes (159751), (2) Advice For Allowances And Earnings (159565) used to request a cheque, (3) Advice For Salary Deductions (Medical Aid) (159565), (5) Correction And Advice Of Particulars (158984), (6) Advice For Specific Instructions</li> </ul> <p><i>*new salary numbers are issued when employee changes ministry. This can result in a government employee having more than one salary number</i></p>	<ul style="list-style-type: none"> <li>• Salary Advice Forms should be signed for in Register of Advice Forms</li> <li>• Salary number issued for new appointments*</li> <li>• Check Salary file for duplicate payments</li> <li>• Signed by compiler</li> <li>• Checked by another salary officer and signed</li> <li>• Original Forms batched in 20s for transmission to Ministry of Finance (Data Capture)</li> <li>• Copies filed on Salary File with original documents in Salary Office in salary number order.</li> </ul>
2.2 Prepare batch for transmission to Ministry of Finance	<ul style="list-style-type: none"> <li>• Original Advice Forms batched in 20s</li> <li>• Batch Control Form</li> </ul>	<ul style="list-style-type: none"> <li>• Batch Control Form lists Salary Advice Forms</li> </ul>
2.3 Despatch Salary Advice Forms to Ministry of Finance	<ul style="list-style-type: none"> <li>• Register of Batch Control Forms, Batch Control forms and Salary Advice Forms</li> </ul>	<ul style="list-style-type: none"> <li>• Register signed by Ministry of Finance for receipt of Salary Advice Forms</li> </ul>

### 3 Ministry of Finance – Payroll System (Data Capture)

<b>Procedures</b>	<b>Records</b>	<b>Documentation Controls</b>
3.1 Receive batches from Salary Office	<ul style="list-style-type: none"> <li>• Batch Receipt Register</li> <li>• Batch Control Forms</li> </ul>	<ul style="list-style-type: none"> <li>• Finance sign for Forms listed in Batch Receipt Register</li> </ul>
3.2 Enter data on computer using Salary Data Capturing Program – two supplementary updates each month for officials and teachers plus update for insurance deductions once a month	<ul style="list-style-type: none"> <li>• Temporary file created on system</li> </ul>	<ul style="list-style-type: none"> <li>• Hash totals on Salary Advice Forms</li> <li>• Salary Advice Forms compared with computer print-out by Salary Office</li> </ul>
3.3 Pre-run data for System to identify errors	<ul style="list-style-type: none"> <li>• Error list</li> <li>• Salary Advice Forms</li> </ul>	<ul style="list-style-type: none"> <li>• Salary Advice Forms, Error List to Salary Office using register</li> </ul>
3.4 Transfer data to Computer Payroll Division	<ul style="list-style-type: none"> <li>• Floppy disk or email</li> </ul>	<ul style="list-style-type: none"> <li>• Hash totals prevent changes to data between Data capture and Payroll Division</li> </ul>

### 4 Line Ministry Salary Office

<b>Procedures</b>	<b>Records</b>	<b>Documentation Controls</b>
4.1 Check computer processing	<ul style="list-style-type: none"> <li>• Error list</li> <li>• Original Salary Advice Forms</li> </ul>	<ul style="list-style-type: none"> <li>• Computer output checked against Salary Advice Forms and Error List</li> <li>• Cheques not produced until error list corrected</li> </ul>
4.2 Return corrected list and Salary Advice Forms to Computer Payroll	<ul style="list-style-type: none"> <li>• Error list</li> <li>• Original Salary Advice Forms</li> </ul>	<ul style="list-style-type: none"> <li>• Register signed for returned forms</li> </ul>

5 Computer Payroll Division, Cash Flow Management and Financial Systems

Procedures	Records	Documentation Controls
<p>5.1 Electronic bank transfer of salaries to commercial bank accounts</p> <p><i>Dedicated line from Finance (Electronic Banking) to FNB. Security of line to FNB in hand.</i></p>	<ul style="list-style-type: none"> <li>• ACB tape for First National Bank (FNB);</li> <li>• Report listing names, salary reference, branch and account number, and net pay (original to FNB);</li> <li>• Information sent by letter* to Cash Flow Management and by floppy disk** to Financial Systems, to transfer funds to FNB, attached list of total net salaries by Ministry;</li> <li>• Report listing deductions for insurance companies;</li> <li>• Report listing gross pay and allowances for tax assessment;</li> <li>• “Load report rejections” by ministry, sent to ministries, showing number received, accepted and rejected;</li> <li>• “Up front rejections” by ministry, sent to ministries for issue of hand written cheques;</li> <li>• Salary Recall Request Form from ministries, sent to FNB;</li> <li>• Bank Rejections and Recalls by ministry sent to ministries</li> </ul>	<ul style="list-style-type: none"> <li>• *Letter signed by Accountant (Electronic Banking), Chief Accountant (Bank Reconciliation), and Accountant General</li> <li>• **Floppy disk has generation number for each month</li> <li>• Separation of duties: Cash Flow Management request transfer of funds to FNB (authorised by two people); Financial Systems make electronic transfer (dedicated line) to FNB for credit of each Ministry</li> <li>• FNB given limits for each Ministry and item limit (highest salary)</li> <li>• Hash totals for each Ministry, file would be rejected by FNB if total for Ministry changed</li> <li>• Print-out to each Ministry showing net salaries checked to individual net pay list</li> <li>• FNB reconcile account balances for each bank, by ministry forward to Finance</li> <li>• Journals raised for each ministry to debit/credit totals for payments and recalls</li> </ul>
<p>5.2 Print cheques</p>	<ul style="list-style-type: none"> <li>• Individual salary cheques</li> <li>• Cheque register</li> <li>• Job control sheet</li> <li>• Cheque list</li> </ul>	<ul style="list-style-type: none"> <li>• Cheque Distribution Dept signs cheque register</li> <li>• Authorised line Ministry recipient signs for receipt against record of first and last cheque number</li> <li>• One copy of cheque list to recipient ministry, 1 copy retained in Cheque Distribution Dept</li> </ul>
<p>5.3 Print other Payroll reports</p>	<ul style="list-style-type: none"> <li>• Updated individual salary record statements</li> <li>• Abbreviated pay sheet</li> <li>• Payroll 280 detail (weekly)</li> <li>• Payroll 045 tax reconciliation (weekly)</li> <li>• Payroll 160 tax reconciliation (weekly, monthly)</li> <li>• Other reports</li> </ul>	<ul style="list-style-type: none"> <li>• One copy filed</li> <li>• Ministry sign for their copies</li> <li>• Automatic journal from salaries system to cash book, by ministry</li> </ul>

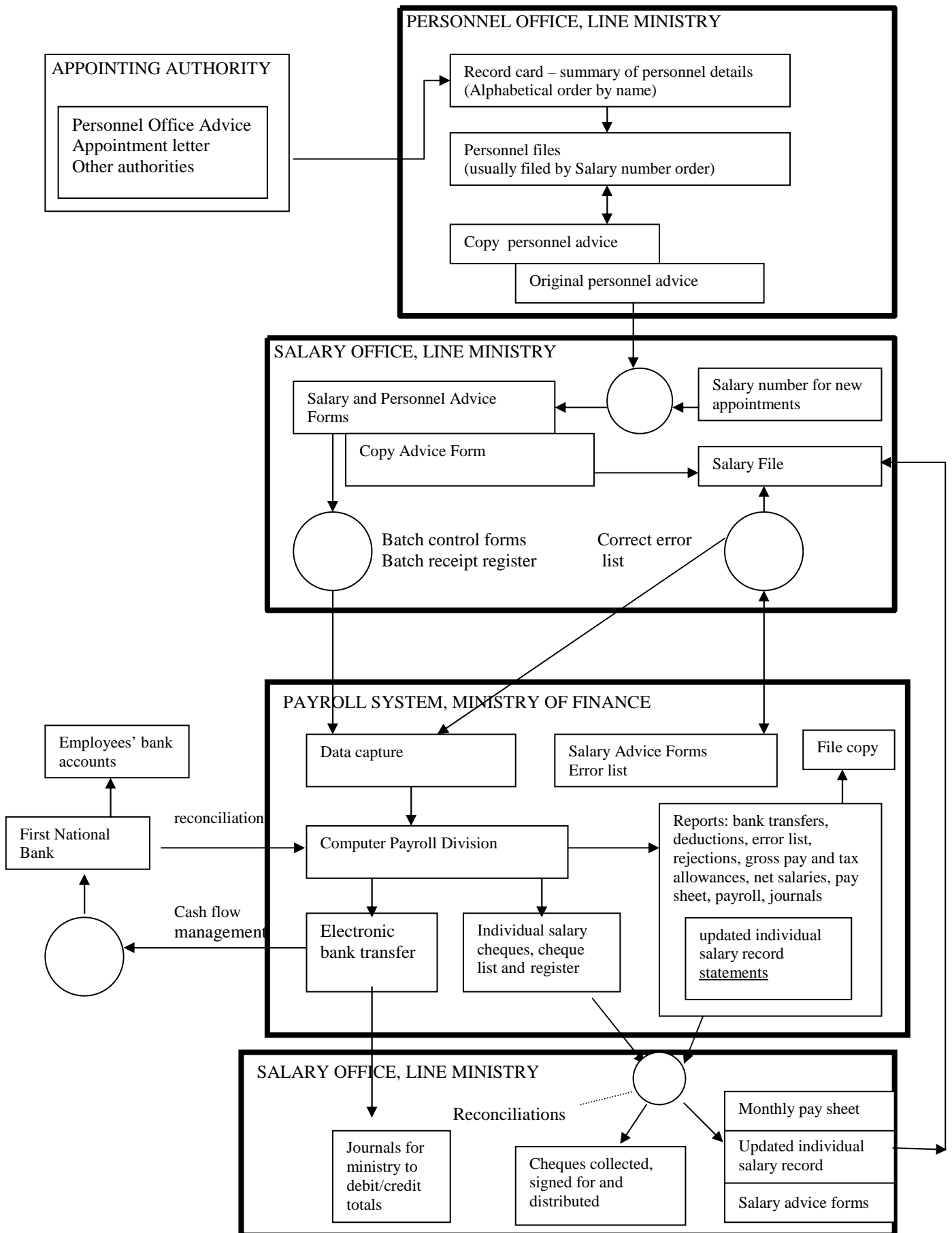


6 Line Ministry Salary Office

Procedures	Records	Documentation Controls
6.1 Check cheques from print run 6.2 New batch created for errors	<ul style="list-style-type: none"> <li>• Cheque list</li> <li>• Master Error list</li>   <li>• Updated individual Salary Record Statements*,</li> <li>• Abbreviated pay sheet 270,</li> <li>• Payroll 280 detail (weekly),</li> <li>• Payroll 045 tax reconciliation (weekly),</li> <li>• Payroll 160 tax reconciliation (weekly, monthly)</li> <li>• Month end pay sheet (3 copies)</li> <li>• Payslip (printed on payday)</li> </ul> <p><i>* Salary Record Statements are often missing from the Salary Office files. This reduces the value of checking for duplicate payments</i></p>	<ul style="list-style-type: none"> <li>• Cheque list ticked off, copy signed and returned</li> <li>• Computer output checked against Salary Advice Forms, Abbreviated pay sheet, Payroll 280 detail (weekly), Payroll 045 tax reconciliation (weekly), Payroll 160 tax reconciliation (weekly, monthly).</li> <li>• Original Salary Advice Forms filed by batches in date order in Salary Office</li> <li>• Updated individual Salary Record Statements filed on Salary files*</li> <li>• Month end pay sheet used for reconciliation of budget, suspense account and bank</li> </ul>
6.2 Distribute cheques 6.3 Paysheets returned if employee AWOL for cheque to be stopped	<ul style="list-style-type: none"> <li>• Cheque register</li> <li>• Paysheet</li> </ul> <p><i>** This is not often done and is therefore a weak control</i></p>	<ul style="list-style-type: none"> <li>• Employee signs for cheque</li> <li>• Payroll officer signs** paysheets when all payments disbursed</li> <li>• Paysheets filed</li> </ul>
6.4 Reconciliations	<ul style="list-style-type: none"> <li>• Monthly pay sheet, Deductions and tax print-outs</li> <li>• FNB reconciliations</li> <li>• Cash Book</li> </ul>	<ul style="list-style-type: none"> <li>• Reconciliation of pay sheets, deductions and tax with Cash Book</li> </ul>

**Figure 7: Analysis of Document Flows: Payroll**

**PAYROLL**



**ANALYSIS OF DOCUMENT FLOWS: EXAMPLE OF PAYMENTS FUNCTION  
SUBSISTENCE AND TRAVEL PAYMENTS**

**LINE MINISTRIES**

<b>Procedures</b>	<b>Records</b>	<b>Documentation Controls</b>
1.1 Government offices. Claimant fills out Advance Payment Form (Treasury Form 155807) in advance of travel and submits it to the administration and finance directorate at his/her line ministry.	<ul style="list-style-type: none"> <li>• Advance Payment Form (Treasury Form 155807)</li> <li>• (if foreign travel) supporting submission letter to explain purpose for travel</li> </ul>	<ul style="list-style-type: none"> <li>• Signed by supervisor and head of department (according to rank of claimant) for local travel</li> <li>• Signed by accounting officer and authorising officer for foreign travel</li> <li>• One copy retained in division (where much travel) and one in line ministry and filed according to claimant's name</li> </ul>
1.2 Enter claim into Subsistence and Travel (S&T) system [NOTE: when S&T system is not operational, must verify signatures against signature file and submit paper work to the Manual Cheques Unit of the Ministry of Finance/Treasury Division].	<ul style="list-style-type: none"> <li>• Advance Payment Form (Treasury Form 155807)</li> <li>• if foreign travel, supporting submission letter to explain purpose for travel</li> </ul>	<ul style="list-style-type: none"> <li>• Ministry date stamp</li> <li>• Signatures as above</li> </ul>

**Ministry of Finance/Treasury**

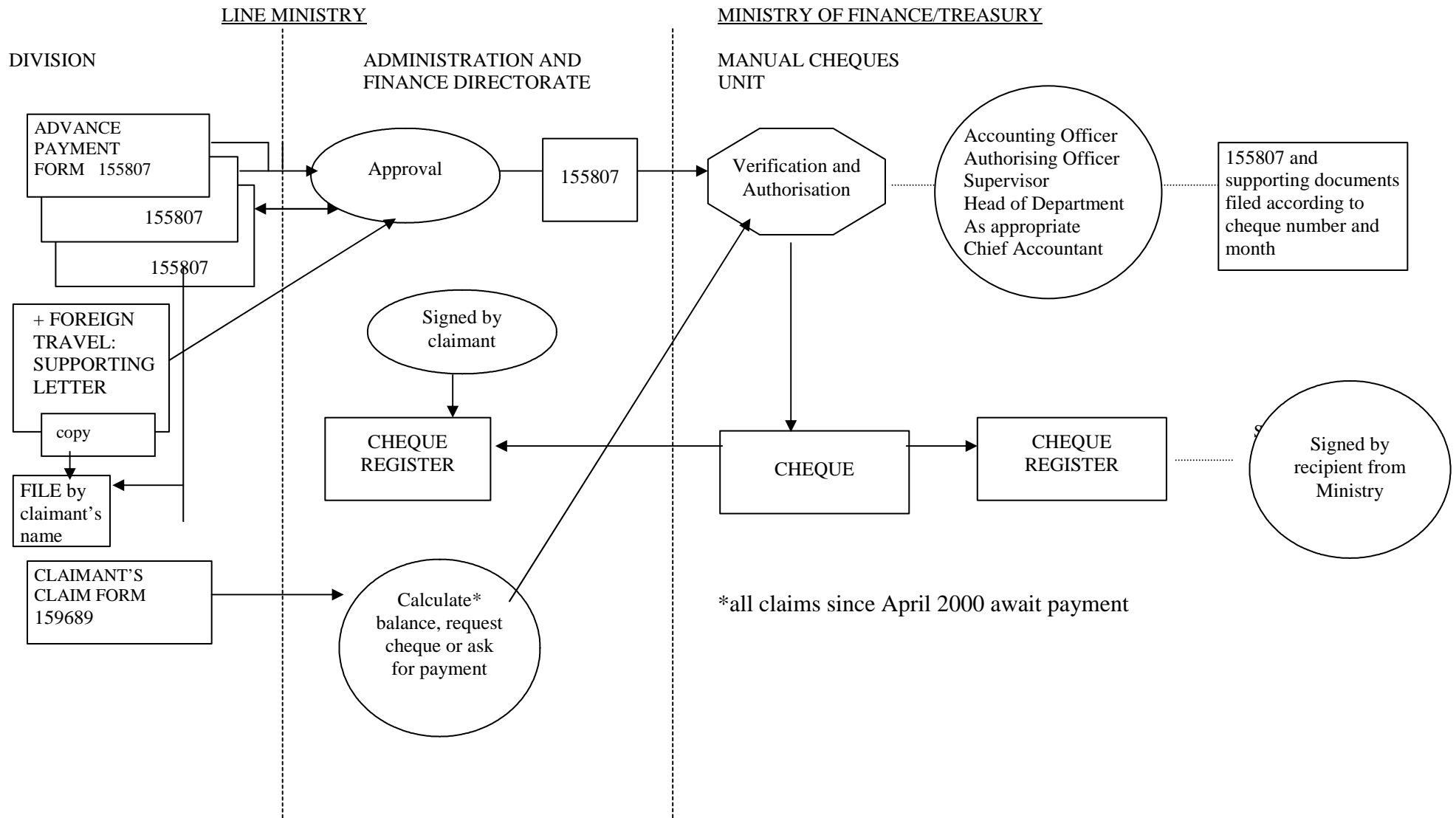
2.1 Manual Cheques Unit receives Advance Payment Form and checks signatures against the authority request letter that allows a designated individual to request hand-written checks	<ul style="list-style-type: none"> <li>• Advance Payment Form (Treasury Form 155807)</li> <li>• Authority letter</li> </ul>	<ul style="list-style-type: none"> <li>• Ministry date stamp</li> <li>• Authorised signatures from the accounting officer and authorising officer</li> </ul>
2.2 Chief Accountant for the General Ledger checks the documentation and stamps his approval	<ul style="list-style-type: none"> <li>• Advance Payment Form (Treasury Form 155807)</li> </ul>	<ul style="list-style-type: none"> <li>• Chief Accountant stamps and initials documentation</li> </ul>
2.3 Hand-written cheque is issued and recorded in a cheque register. Approved individuals collect cheque/s and sign register	<ul style="list-style-type: none"> <li>• Cheque</li> <li>• Cheque register</li> </ul>	<ul style="list-style-type: none"> <li>• Cheque books are batch numbered and batches are signed for in the Bank Requisition Unit</li> <li>• Cheque register records the date, name of payee, ministry, cheque number, cheque amount, printed name of person collecting cheque and signature, ID number, telephone number</li> </ul>

2.4 forms and supporting documentation filed in lever arch files	<ul style="list-style-type: none"> <li>• Advance Payment Form (Treasury Form 155807)</li> <li>• Supporting documentation</li> </ul>	<ul style="list-style-type: none"> <li>• Filed according to cheque number and then month</li> </ul>
<p><b>NOTE: (1) after the Manual Cheques system records that a cheque has been issued nothing is currently (financial year 2000/2001) happening to enter this information on either the General Ledger (GL) or the Bank Reconciliation System (BRS). The only recording is done after the cheques are cashed at the Bank of Namibia and the Bank submits a flat file report of cashed checks to the Ministry of Finance.</b></p> <p><b>(2) from September 99 to March 00 the cashbook was printed from Manual Cheque System.</b></p>		

## Line Ministries

3.1 Collect Cheques from MoF	<ul style="list-style-type: none"> <li>• Cheque Register</li> <li>• Advance Payment Form (Treasury Form 155807)</li> </ul>	<ul style="list-style-type: none"> <li>• Cheque number recorded on 155807</li> <li>• Register records cheque number, amount, name of person who collected cheques and signature, ID no</li> <li>• Paperwork filed according to claimant name</li> </ul>
3.2 Distribute to claimant Paperwork is then filed to await submission of claimant's claim form no 159689	<ul style="list-style-type: none"> <li>• S&amp;T Cheque Register</li> <li>• Cheque</li> <li>• Advance register (list of all advances by month)</li> </ul>	<ul style="list-style-type: none"> <li>• Records cheque number, name, amount. Claimant signs cheque (or specified person)</li> </ul>
3.3 Claimant submits a claim form [NOTE: it is impossible to verify whether claimants are submitting claims to clear payments from the Advance Register	<ul style="list-style-type: none"> <li>• Claim form 159689</li> <li>• Receipts for travel abroad</li> </ul>	<ul style="list-style-type: none"> <li>• Signed by claimant</li> </ul>
3.3 S&T office calculates balance and requests a cheque through the S&T system (ie currently manual cheques) if the claimant is owed money or notifies claimant by letter if they owe money. [if the claimant does not pay within two months, the salary office is notified by a letter and the money owed is deducted from the claimant's salary]	<ul style="list-style-type: none"> <li>• Claim form</li> <li>• [NOTE: All claims submitted since April 2000 are awaiting payment – kept in box]</li> <li>• If there is no claim after one month, claimant should be sent reminder by letter</li> </ul>	<ul style="list-style-type: none"> <li>• Signed by head of department and PS or Deputy PS</li> </ul>

**Figure 8 Analysis of Document Flows: Subsistence and Travel**



ANALYSIS OF DOCUMENT FLOWS:  
*EXAMPLE OF CUSTOMS FUNCTION*

IMPORTS AND EXPORTS

**Headquarters**

Procedures	Records	Documentation Controls
3.1 <u>Receipts</u> Month end, regions send cash books (manual) to C&E Revenue Control Section (RCS). RCS combine regions into a journal transfer.	<ul style="list-style-type: none"> <li>• Cash book</li> <li>• Journal transfer</li> </ul>	<ul style="list-style-type: none"> <li>• Journal signed by Director</li> <li>• Journal sent to</li> </ul>
3.2 Entry into General Ledger	<ul style="list-style-type: none"> <li>• Journal voucher</li> </ul>	<ul style="list-style-type: none"> <li>• Finance checks</li> <li>• Reconciliation with cash books and day books received from C&amp;E border posts</li> </ul>
3.3 Compile totals on computer for every station for every month	<ul style="list-style-type: none"> <li>• Journal voucher</li> <li>• Print-out</li> </ul>	<ul style="list-style-type: none"> <li>• Finance use for budgetary and revenue control</li> </ul>
3.3 <u>Refunds for temporary imports, overpayments, duty on fuel</u> C&E RCS process information, forward electronically to Finance	<ul style="list-style-type: none"> <li>• Claim form from company</li> <li>• Electronic data to Finance</li> <li>• General Ledger</li> <li>• Release for payment</li> <li>• Cheque</li> </ul>	<ul style="list-style-type: none"> <li>• Proof of export where required</li> <li>• Authorisation</li> <li>• Creditors control (Finance)</li> <li>• Segregation of duties between C&amp;E and Finance</li> </ul>
3.4 C&E forward cheque to company	<ul style="list-style-type: none"> <li>• Claim</li> <li>• Cheque</li> </ul>	<ul style="list-style-type: none"> <li>• Cheque compared to copy claim</li> <li>• Documents filed</li> </ul>
3.5 Creditors control	<ul style="list-style-type: none"> <li>• Monthly print-out of creditors</li> </ul>	<ul style="list-style-type: none"> <li>• Reconciliation against General Ledger (payments)</li> </ul>

**RECORDS MANAGEMENT PROGRAMME ASSESSMENT:  
CITY OF WINDHOEK**

**Scorecard**

	Good	Adequate	Inadequate	Poor	Score
<b>Control Environment</b>					
Legal and Regulatory framework	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2
Organisational Structure	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3
<b>Capacity</b>					
Staffing	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3
Facilities (Paper records)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3
Facilities (Electronic records)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4
Records Management Systems (Paper Records)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2
Records Management Systems (Electronic records)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3
<b>Sustainability</b>					
Financial Provisions	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3
Training (Paper and Electronic Records)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3
Career Development	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2
Enforcement/Compliance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2
<b>AVERAGE:</b>					<b>2.7</b>
Scoring:					
Poor	= 1				
Inadequate	= 2				
Adequate	= 3				
Good	= 4				

## Questionnaire

<b>CONTROL ENVIRONMENT: <i>Legal and Regulatory Framework</i></b>		
1	<p>Is there primary legislation in place that provides direct guidance for the management of financial records? For example, a Public Records/National Archives Act?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p><i>Please list the title/s of all relevant legislation and reference the section/s of their main provisions. (Provide details of legislation and provisions in an appendix). Where appropriate, please include additional comments.</i></p> <p><b>Title of Legislation</b> <b>Cite Reference to Relevant Part/s of Law</b></p> <p>2 Archives Act 1992 (Act 12 of 1992): Sections 1; 3 (1); 3 (2) 4 (1); 12; 14</p> <p><i>Comments:</i> Same as comments for central government assessment.</p>
2	<p>Is there other legislation in place that provides indirect guidance for the management of financial records? For example, the Constitution, Finance and Audit Act, and so on.</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p><i>Please list the title/s of all relevant legislation and reference the section/s of their main provisions. (Provide details of legislation and provisions in an appendix). Where appropriate, please include additional comments.</i></p> <p><b>Title of Legislation (Cite Reference to Relevant Part/s of Law)</b></p> <p>3 Constitution for the Republic of Namibia, 1990 Chapter 12, Article 107, Chapter 16, Article 127 (Auditor General)</p> <p>1 Local Authorities Act, 1992 Part XVII, Articles 85, 86 (1)</p> <p><i>Comments:</i> Refer to Appendix K for details of legislation.</p>



**CONTROL ENVIRONMENT: *Legal and Regulatory Framework continued***

<p>3 Are there regulations and instructions that provide guidance for the management of financial records? For example, Financial Instructions, Accounting Manual and so on.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p><i>Please list the title/s of all relevant legislation and reference the section/s of their main provisions. (Provide details of legislation and provisions in an appendix). Where appropriate, please include additional comments.</i></p> <p><b>Title of Legislation (Cite Reference to Relevant Part/s of Law)</b></p> <p>3 Financial Regulations G/N No 58/1970 Government Gazette No 3070/70 regs. 4, 8 (1), 10 (3), 18 (1), 18 (3) (b), 20, 26 (2), 27, 36 (2), 36 (3), 38. 4 Tender Regulations G/N 64/1965 Government Gazette No. 2620/1965 reg .5 (2) (a-b). 5 Draft Procurement Policy and Procedures paras 112, 113, 118(b), 120, 122 (d) (i), 135, 202, 205 (d), 206 (c), 207 (h), 405, Annexure A, clause 27. 6 Archives Code All provisions are relevant.</p> <p><i>Comments:</i> Refer to Appendices L - N for details of regulations and instructions. The <i>Archives Code</i> is out-of-date with respect to the management of electronic records.</p>
<p>4 Are the laws and regulations consistent in their requirements for managing financial records?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p><i>If yes, please comment. If no, where do the laws and regulations conflict? Explain:</i></p>
<p>5 Are these laws/regulations relevant and up-to-date?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p><i>Comments:</i></p> <p>The <i>Archives Code</i> issued under the authority of the <i>Archives Act 1992</i> needs to be reviewed and updated, for example with respect to the control and storage of semi-current records. Also the disposal instructions for financial records incorporated in the Code have not been reviewed and revised to take into account the introduction of the new computerised financial systems. Provisions in the document for word-processed and other computerised documents are out-of-date.</p>

**CONTROL ENVIRONMENT: *Legal and Regulatory Framework continued***

6	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p><i>Comments:</i>            The Strategic Executive: Finance has general responsibility, but it would appear that this responsibility has not been delegated to a specific officer.</p>
7	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p><i>If yes, explain. If this responsibility is delegated, identify to whom it is delegated? If no, comment if appropriate.</i>            Theoretically the National Archivist is responsible for policy on all categories of records, but in practice he is not able to perform this function owing to competing priorities.            The National Archivist is the only qualified records manager in the National Archives. There is nobody to whom he can delegate responsibility for the records management function.</p>
8	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p><i>Comments:</i></p>
9	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p><i>If yes, is this set out in law? If so, please list which law. If no, is this responsibility assigned to anyone and if so, to whom?</i>  <i>The Archives Act 1992 (Act 12 of 1992)</i>            NOTE: In practice there are no staff to perform this role.</p>
10	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p><i>If yes, are these laws/regulations enforced? If no, to whom is the responsibility assigned and how is it enforced?</i>            The National Archives approves disposal schedules for accounting records, including local government.</p>
11	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p><i>Comments:</i>            Disposal schedules are not fully comprehensive and are out of date.</p>

**CONTROL ENVIRONMENT: *Legal and Regulatory Framework continued***

12 Do the laws and/or regulations make provision for the admissibility of electronic evidence in a court of law?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<i>If yes, please comment. If no, is there any case law or precedent/s that affects the legal admissibility of electronic records?</i> This would appear to be a 'grey area'. No clear guidance could be found during the three-week visit. Local government public servants are not aware that electronic records are defined as public records under the <i>Archives Act</i> .
13 Does the law require the appraisal and authorised disposal of public records?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>Comments:</i> In practice this is not being carried out.

**CONTROL ENVIRONMENT: *Organisational Structure***

14 Does the National Archives have appropriate powers with respect to local authorities?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>Comments:</i> Although the appropriate powers exist, it will be important to allocate appropriate resources to ensure the National Archives can be effective in the regions.
15 Within the local authority, is responsibility assigned for the management of financial records?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>Comments:</i> The Government of Namibia should consider creating a system of local authority records officers (eg Senior Control Officer) with responsibility for acting as a focal point for joint activities between National Archives and the local authority in all aspects of records management.

**CONTROL ENVIRONMENT: *Financial Systems***

16 Describe briefly the main financial systems and their locations.	N/A	The City of Windhoek uses a computerised integrated financial management system (IFMS). The system was developed in-house and uses a Progress database and programming language. It shares a Windows NT 4.x platform and is highly integrated. The main sub-systems of the IFMS include: budget, costing (general ledger), nominal accounts, bank reconciliation, procurement (creditors), municipal billing system, cashier system, salaries/human resources and asset register.
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<b>CAPACITY: Staffing</b>			
17	Are the numbers of staff adequate for controlling and managing financial records?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>Comments:</i> Staff numbers in the local authority appear to be adequate. However, there are no records management staff in the National Archives to advise, monitor and inspect. This is unsatisfactory.
18	Do accounting staff have the right qualifications/competencies for managing records appropriate for their assigned roles?  <i>NOTE: use skills matrix to carry out assessment.</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>Comments:</i> Staff are given on-the job training in keeping paper financial records. The understanding of some records management processes for the management of paper records (eg the need to destroy records) are not well understood. Most of the IT staff have formal qualifications and the necessary experience and training to back up and maintain systems.
19	Do National Archives staff have the right qualifications/competencies for managing financial records appropriate for their assigned roles?  <i>NOTE: use skills matrix to carry out assessment.</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>Comments:</i> See Central Government assessment.
<b>CAPACITY: Facilities (Paper Records)</b>			
20	Is suitable records storage equipment provided in offices (eg filing cabinets, shelving, binder or box files and so on)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>Comments:</i> In most cases good storage facilities and equipment are available. This is an example of best practice. However, one storage room in the car park used to keep financial records has a serious damp problem and mould was found on almost all records in the room.
21	Is there a records centre where semi-current records may be transferred?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>If yes, does the records centre have adequate facilities for storing records according to records management standards (eg adequate space, storage containers, shelving, etc)? If no, explain.</i> The National Archives has recently moved into a new building. There is no area specifically designated as a records centre. However, currently some of the floors of the National Archives building are occupied by other ministries, which could move out to provide room for the storage of semi-current records. The National Archives building meets international standards. The <i>Archives Code</i> does not include procedures for the transfer of semi-current records to a records centre. The <i>Code</i> will require revision if records centres are established.

**CAPACITY: Facilities (Electronic Records)**

22 Are there suitable storage facilities for electronic financial records (eg fireproof safe, temperature controls and so on)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p><i>Comments:</i></p> <p>File servers and back-up facilities are maintained in purpose-built temperature-controlled rooms.</p>
23 Are there any records that are only kept in electronic format that are required for more than 10 years?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p><i>If yes, explain and comment on whether there are adequate facilities for the long term storage and management of electronic records? If no, explain.</i></p> <p>At present, there do not appear to be electronic records that will be required for more than 10 years. However, the draft <i>Procurement Policy and Procedures</i> (para 135) does provide for the possibility of electronic data exchange to issue solicitations, purchase orders and other related data. The council does have a tradition of progressive adoption of information technology to reengineer its functions and processes. Consequently, in future the council may create or receive records (for example relating to large capital projects) that only exist in electronic form and may be required for long periods. The situation with regard to electronic records should be kept under review.</p>

**CAPACITY: Records Management Systems (Paper Records)**

24 Are there written procedures for managing financial records (eg registration, tracking, retrieval, storage, scheduling, destruction or transfer)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p><i>If yes, are the procedures up-to-date and relevant to current financial management systems (eg if systems have been computerised is this reflected in the procedures?)? Also, are the procedures consistently applied across all departments? If no, explain.</i></p> <p>The National Archives issues an <i>Archives Code</i> and a <i>Registry Manual</i>, but this does not cover financial transaction records in detail.</p>
25 Are records management procedures consistently applied across departments?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p><i>Comments (The Auditor General's reports may be helpful in forming a view on this point):</i></p> <p>Although records management procedures are not consistently applied, recent Auditor General's reports do not comment on difficulties in retrieving financial records when needed. Weaknesses in records controls are in areas which are least likely to have an immediate impact. It would appear that any shortcomings are not having a significant impact at present.</p>
26 Are vital paper records identified and protected against disaster?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p><i>Comments:</i></p>

**CAPACITY: Records Management Systems (Electronic Records)**

<p>27 Do the main computerised systems have adequate records management functionality to meet the requirements of the financial regulations?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p><i>Comments:</i> The systems lacked some records management functionality, but the missing elements did not impede the systems' ability to meet essential business needs. The internal audit unit's work on advising systems staff on the information that should be captured using audit trails is an example of best practice.</p>
<p>28 Do up-to-date retention schedules exist for the management of electronic records?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p><i>Comments:</i></p>
<p>29 Are local authority employees aware that electronic records are official records?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p><i>Comments:</i></p>
<p>30 Are there adequate procedures for the management of electronic records?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p><i>Comments:</i> The <i>Archives Code</i> (sections 8 and 9) include the requirement that:</p> <ul style="list-style-type: none"> <li>• Computer archives should be cared for, protected against damage, unauthorised access or destruction in accordance with whatever conditions the Head of Archives stipulates in specific cases</li> <li>• Whenever an office begins a computer project, the Officer in Charge should report it to the Head of Archives</li> <li>• Each ministry, local authority or statutory institution using a computer program, compiles a list of computer archives in its List of Other Archives.</li> </ul> <p>Whenever an office commences a word processor project, this should be reported as soon as possible.</p> <p>The <i>Archives Code</i> is out of date. There is no evidence that the Head of Archives has stipulated any detailed procedures as is provided for under the <i>Code</i>. Moreover, it would appear that the requirement to report new computer projects or to list computer archives is widely ignored.</p> <p>The requirement to report new word processor projects reflects a period when computers were much more scarce in government and is clearly impractical in the present circumstances. This procedure must be reviewed.</p>

**CAPACITY: Records Management Systems (Electronic Records) Continued**

31 Does the local authority have adequate documentation of its main computerised financial systems?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>Comments:</i> The computerised systems appear to be very fully documented.
32 Are vital electronic records identified and protected against disaster?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>Comments:</i> There are effective back-up procedures in place.
33 Is there a comprehensive and tested written disaster plan to protect the government's strategic financial systems?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>Comments:</i> In the event of an emergency, back-up servers are available within two kilometres from headquarters at a security-controlled site. These servers are able to replicate services on a small scale.

**SUSTAINABILITY: Financial Provisions**

34 Is there a budget for managing financial records?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>If yes, is the budget adequate for maintaining records according to legal requirements and records management standards? If no, explain:</i>  While there is no specific budget for the management of financial records, this requirement is covered under the general administrative budget.
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**SUSTAINABILITY: Training (Paper Records)**

35 Do the National Archives staff receive training in the management of paper financial records?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>If yes, who provides this training? If no, explain:</i> A staff member is following a distance-learning course entitled Introduction to Archives and Records Management at his own expense. This will not be sufficient to meet the institutional need. Technikon, South Africa offers the course.
36 Do local authority staff originating or using financial records receive formal training in the management of paper financial records?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>If yes, who provides this training? If not, how are staffed trained?</i> This would appear to be largely on-the-job training. See answer to question 18.
37 Is formal or on-the-job training relevant to the financial system and procedures in place	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>Comments:</i>

### SUSTAINABILITY: *Training (Electronic Records)*

38 Do the National Archives Staff receive training in the management of electronic records?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>If yes, who provides this training? If no, explain:</i> See answer to question 35.
39 Do local authority staff originating or using financial records receive formal training in the management of electronic records?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>If yes, who provides this training? If not, how are staffed trained?</i>
40 Is formal or on-the-job training relevant to the financial system and procedures in place	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>Comments:</i> See answers to question 36 and 37

### SUSTAINABILITY: *Career Development*

41 Is there a career structure for records management in the National Archives?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
42 Is staff turnover in the National Archives so fast that it has an impact on the sustainability of the system?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>Comments:</i> It difficult for the National Archives to recruit and retain staff. For instance, the National Archives employed a records management consultant from Zimbabwe for two years, from 1997-1999, to run its government-wide records management programme and to train a counterpart to succeed him at the end of the contract. Over the two-year period, a 'counterpart' would be trained, but then left the Archives after 8-10 months because he could earn a significantly greater salary elsewhere in the civil service or in the private sector. Since 1995 there has been no qualified records manager; candidates with the proper qualifications object to the salary level. Salaries for the records cadre peak at the level of Senior Archivist, which pays NAD 72,000 (approximately UK£7,250/year). Currently there are only two positions allocated for Senior Archivists, neither of which are taken up as there are no qualified staff that will take a position with such a low salary. Although there are plans to restructure the scheme of service for archives staff by eliminating training grades, the shortage of qualified archives and records management staff in the region is a cause for concern. Unless there is a significant increase in the number of records professionals available for recruitment, it is likely that the national archives will continue to lose out to parastatals and the private sector, which can afford to offer more attractive salaries.



<b>SUSTAINABILITY: Career Development (continued)</b>		
43	Is there a career structure for record keeping staff within the local authority?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>Comments:</i> Staff turnover appears to be low, which suggests that a lack of a formal career structure for records staff does not appear to have a significant impact.
44	Is the turnover of records staff in the local authority so fast that it has an impact on the sustainability of the system?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>Comments:</i> Excessive staff turnover does not appear to be a problem.
<b>SUSTAINABILITY: Monitoring/Compliance</b>		
45	Does the National Archives have powers to inspect local authorities for compliance with good practice in the management of financial records?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>If yes, are regular inspections carried out? Please list the frequency of inspections. If no, is this role assigned to any other body?</i> Although National Archives do have the necessary powers, this function is not currently being carried out. Until June 1999, the Archives tried to maintain regular planned inspections of registries that comprised two 3-day visits each year to the northern regions, north-eastern regions and southern regions. These visits included inspections of the ministerial and local government regional offices, with priority given to newly established local government offices. The programme should have included follow-up visits to check whether recommendations outlined in reports were being carried out. However, these visits were not made because of staff shortages and financial constraints (ie insufficient travel and subsistence funds). The greatest area of risk is for the future. The National Archives can no longer carry out the records management function owing to shortages of staff and other resources, including an adequate budget. As a result, there is no programme of monitoring and inspection. The Office of Auditor General comments in his report to Parliament when poor record keeping affects the ability to account for expenditure or to carry out a satisfactory audit.
46	Does the National Archives have the authority to enforce its recommendations?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, list the law/regulation where this is set out. If no, explain.</i> The <i>Archives Act 1992</i> specifies the penalties, which include fines and terms of imprisonment, for offences relating to the protection of records. Such offences include: <ul style="list-style-type: none"> <li>• wilfully damaging records</li> <li>• removing or destroying records outside the provisions of the <i>Act</i></li> <li>• unauthorised access to records.</li> </ul> It would appear that these sanctions are very much a last resort and in practice are not used. The Head of the Archives is graded below the director level and the Archives itself is poorly situated within government (ie it is a sub-division within the Ministry of Basic Education, Culture and Sport), his or her authority to enforce compliance is neither widely recognised nor respected

**EXTRACTS FROM THE LOCAL AUTHORITIES ACT, 1992**

- 85 The accounting records of a local authority council referred to in section 86 and its financial statements referred to in section 87 shall be audited by the Auditor-General.
- 86 (1) The accounting officer of a local authority council –
- (a) shall keep such accounting records as are necessary to reflect the transactions and financial state of affairs of the local authority council;
  - (b) shall keep in the accounting records contemplated in paragraph (a) a revenue account which shall be credited with all moneys which accrue to and are received by the local authority council and be debited with all expenses of the local authority council.
- (3) the accounting records contemplated in sub-section (1) shall be kept at a place determined by the local authority council and shall not without the consent of the local authority council be removed from that place.
- (4) The Minister may, after consultation with the Auditor-General, issue instructions to an accounting officer in connection with the system of bookkeeping (including internal auditing) and accounting to be followed by that accounting officer in the performance of his or her functions in terms of this section and section 87.

**EXTRACTS FROM THE CITY OF WINDHOEK FINANCIAL REGULATIONS, 1970**

- 4 The draft estimates of all Departments shall be collected and summarised by the Town Treasurer and amended, if necessary, in consultation with the Head of Department concerned or the City Secretary. ....
- 8 (1) The Head of concerned Department or the City Secretary shall be responsible for the collection of all moneys entrusted to his Department by the Council's resolution and which is due to the Council.
- 10 (3) A record of all surpluses and deficiencies in moneys shall be kept containing the following particulars:
- Date of surplus or deficiency, employee responsible, amount, number of receipt, initials of responsible employee and his supervisor.
- 18 (1) All contracts or agreements involving the payments of moneys to or by the Council or a duly executed copy thereof shall be forwarded to the City Secretary who shall note the contents properly and forward a copy of the contract to the Head of Department charged with the execution of it.
- 18 (3) (b) Documents for payment on account of contracts shall be certified by the Head of the Department concerned or the City Secretary as provided by Regulation 18 except where the contract provides that such documents shall be certified by a consultant, architect or other professional person responsible for the work done under a contract.
- 20 The Town Treasurer shall keep adequate accounting and costing records of all works and projects approved in terms of regulation 7(3) and regulation 7(7).
- 26 (2) The Controller of Stores shall keep a comprehensive stores-register reflecting full particulars of purchases and issues and which will permit of balancing at any time.
- 26 The Head of a Department or the City Secretary which handles cheque forms, receipts, tickets, badges and printing with a face value shall be responsible for the safe custody of it and for the keeping of a register indicating receipts and issues in detail.
- 36 (2) The Internal Auditor shall have access to all the books of account and other records of all the Departments, and every Head of Department or the City Secretary shall furnish the Internal Auditor with such information as he may require to carry out his duties.

- 36 (3) The Internal Auditor shall submit his report to the Town Clerk who shall submit the report and the report of the Head of Department concerned and the City Secretary on its original form together with his comments to the Management Committee.
- 38 (1) All deeds of transfer, agreements and similar documents shall, upon completion, be handed to the City Secretary for safe custody
- 38 (2) The City Secretary shall keep a register of all documents mentioned in subregulation (1) in which the number, nature, period of validity and other information of importance regarding each document shall be recorded.

**EXTRACTS FROM THE CITY OF WINDHOEK TENDER  
REGULATIONS, 1965**

- 5      (2)      The following documents prepared by the Controller of Stores shall be attached to the tenders when submitted by the Head of Department:
- (a)      a comparative schedule of the tenders received.
  - (b)      a note of any points in respect of which the conditions of tender have not been complied with.

**EXTRACTS FROM THE CITY OF WINDHOEK DRAFT  
PROCUREMENT POLICY AND PROCEDURES**

- 112 It is the City of Windhoek's policy that decisions related to purchase orders and contract awards be documented and authorised in writing from the point of identification of the requirement through the termination of the transaction.
- 113 Individuals having both budgetary and delegated authority to approve a transaction of the type and size in question must approve documents (such as Purchase Requisitions).
- 118 (b) Where non-competitive or abnormal market conditions exist or in the case of emergency, the purchasing personnel should procure goods and services in the most advantageous manner in order to meet the municipal requirements. All supporting evidence of the non-competitive condition must be documented, approved and filed.
- 120 The Department of Finance is responsible for maintaining of vendor lists. The existing database on service providers should be updated at all time [sic]. The Procurement Division should work closely with the Business Registry Office (at the Ministry of Trade and Industry) so that there is an automatic updating of the database with the information on emerging entrepreneurs.
- 122 (d) (i) Tenders must be submitted on forms furnished, or copies thereof, and must be manually signed. If erasures or other changes appear on the forms, each erasure or change must be initialled by the person signing the tender. Failure to sign the form may lead to disqualification.
- 135 It is the policy of the City of Windhoek to eliminate operational costs.....The Procurement Division may, inter alia, consider the following:
- The use of automation, such as electronic data exchange, to create and issue solicitations, purchase orders and other related data
  - Elimination of distribution copies which are not required by particular recipients; and
  - Streamlining of informal purchasing for repetitive purchases.
- 202 A tender must be assigned a number by the Secretary of the Adjudication Committee prior to the advertisement or invitation for tender proposals, and this number shall be prominently stated on all the documents.

The Secretary will maintain a register of all the tender numbers issued, together with a brief description of the goods or contracts for works or services required, issued and returnable dates, type of tender and any special conditions attached thereto.

- 205 (d) The schedule and the tender documents will be signed and dated by the Secretary and his/her assistant and the original will be retained by the Secretary. The duplicate copy of the tender documents will be sent to the department requiring the goods, services or works for their valuation and recommendation.
- 206 (c) A detailed report on the evaluation and comparison of tenders ...shall be prepared by the department concerned.....
- 207 (h) Copies of all approved contracts together with the necessary reports should be submitted immediately after signature to the Strategic Executive of Finance.
- 405 [This regulation provides a detailed guidelines of the required structure and content of submissions to the Adjudication Committee]

#### Annexure A

[This provides a recommended set of standard contract terms and conditions. Clause 27 is of particular relevance]

Clause 27 The Seller/Contractor shall keep accurate and complete books of accounts, records, documents and other evidence related to the negotiation, pricing and performance of the contract, and any change or modification to it. The Seller/Contractor shall maintain accounting procedures and practices sufficient to reflect properly all direct and indirect costs of whatever nature claimed to have been incurred and anticipated to be incurred for the performance of the contract. The City of Windhoek or its representatives shall have the right to inspect and audit such books, records, documents and other evidence for the purpose of evaluating the accuracy and completeness of any cost, pricing or personnel data submitted to the Council in connection with the negotiation, pricing or performance of the contract.

All materials and documents described above shall be made available at the offices of the Seller/Contractor, at all reasonable times, for inspection, audit, or reproduction, until the expiration of the three (3) years from the day of final payment under this contract, or the final settlement or disposal of any claim made pursuant to this contract.