



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

OFFICE OF THE PRESIDENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Office of the President for the financial year ended 31 March 2014 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, APRIL 2015

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
OFFICE OF THE PRESIDENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

1. REPORT ON THE FINANCIAL STATEMENTS

1.1 INTRODUCTION

This report on the accounts of the Office of the President for the financial year ended 31 March 2014 is presented to the National Assembly in accordance with the terms of Article 127(2) of the Constitution of the Republic of Namibia and provisions set out in the State Finance Act, 1991(Act 31 of 1991), as amended.

I have audited the accompanying financial statements of the Office of the President for the financial year ended 31 March 2014. These financial statements comprise the following statements submitted for the year then ended:

- Appropriation account;
- Standard subdivisions;
- Departmental revenue;
- Notes to financial statements; and
- General information

The appropriation accounts were submitted untimely by the Accounting Officer to the Auditor-General on 05 December 2014 in terms of Section 13 of the State Finance Act, 1991.

The financial statements, notes to the financial statements and general information provided by the Accounting Officer are attached as Annexure A.

1.2 MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Section 12 and 13 of the State Finance Act, Act 31 of 1991 and relevant legislation, and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

1.3 AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on our audit. I conducted our audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Powers and duties

Section 25(1) (c) of the State Finance Act, 1991, provides that the Auditor-General should satisfy himself that:

- (a) All reasonable precautions have been taken to ensure that all monies due to the State are collected, and that the laws relating to the collection of such monies have been complied with;
- (b) All reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for, the State's assets, such as stores, equipment, securities and movable goods; and
- (c) The expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

In addition, Section 26(1) (b)(iv) of the State Finance Act, 1991, empowers the Auditor-General to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinion.

1.4 KEY AUDIT FINDINGS

1.4.1 Unauthorized expenditure

The following unauthorised expenditure occurred during the financial year and is hereby reported as such in terms of section 27(6)(a) of the Act.

- (i) One (1) main division was exceeded by a total amount of N\$ 138 449.94 which is unauthorised in terms of Section 6(a) (ii) of the State Finance Act.
- (ii) Three (3) subdivisions were exceeded by a total amount of N\$ 549 411.24 which is unauthorised in terms of Section 6(a) (iii) of the State Finance Act.

It is recommended that the Accounting Officer should implement budgetary control measures to avoid unauthorised expenditure in future.

1.4.2 Virements

The following virements at the respective main divisions as reflected in the Appropriation Account do not agree with the virements as approved by Treasury.

Main Division	submit virements	Appropriation accounts	Variance
	N\$	N\$	N\$
01-Office of the President	(80 000)	(3 052 847)	(2 972 847)
02-Administration	(120 000)	4 265 361	(4 385 361)
03-Office of the Founding President	200 000	(740 239)	(540 239)
04-Cabinet Secretariat	-	(472 275)	(472 275)

It is recommended that the Accounting Officer should ensure that the approved virements in the Appropriation Account agree with those approved by Treasury.

Management Comments

In his response on the draft report, the Accounting Officer responded that the statements submitted did not have correct complete information and also the approved virements at Treasury were entered incorrectly on the appropriation account. The office is currently sorting out the discrepancy with Treasury.

1.4.3 Subsistence advances

From the audit it was found that twenty four (24) out of forty two (42) selected subsistence advances were processed and paid without any motivation or supporting documents attached.

It is recommended that the Accounting Officer should ensure that all payments are supported by relevant documentations.

Management response

In his comments on the draft report the Accounting Officer indicated that full implementation of the recommendation will be from 01 April 2015.

1.4.4 Non-submission of supporting documents

The Accounting Officer did not submit the primary source documents for audit purposes at the time of the audit in order to verify the correctness of the submitted financial and activities reports, thus correctness of the following financial statements could not be verified.

- Bursary and study assistance
- Contributions/grant/financial aid/gifts/donations/free services by the Government.
- Exemptions from normal Tender procedures
- Equipment
- Point keeping stock and stock-taking
- Inspections
- Vehicle Accidents
- HIV/AIDS activities

It is recommended that in future the Accounting Officer should provide auditors with primary source documents as supporting documents for verification of the correctness of the submitted financial statements.

1.5 ACKNOWLEDGEMENT

The assistance and good co-operation given by the management and the staff of the Office of the President is appreciated.

1.6 BASIS FOR QUALIFIED AUDIT OPINION

My opinion has been qualified due to the following:

- None submission of supporting documents. Paragraph 1.4.4

1.7 QUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the Office of the President for the financial year ended 31 March 2014 in accordance with the terms of Article 127(2) of the Namibian Constitution and Section 25(1) of the State Finance Act, 1991 (Act 31 of 1991).

In my opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects the financial position of the Office of the President as at 31 March 2014, and their financial performance and their cash flows for the year then ended in accordance with the State Finance Act, 1991 (Act 31 of 1991).

WINDHOEK, April 2015

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

ANNEXURE A

1. AUDITED FINANCIAL STATEMENTS

1.1 Appropriation account

2013/2014					2012/2013
Service	Authorised expenditure	Actual expenditure	Variations		Actual expenditure
			Under-expenditure/ (Excess)	Percent -age	
N\$	N\$	N\$	N\$	%	N\$
01. Office of the President:					
Original budget 52 097 001.00					
Less: Virement (3 052 847.00)	49 044 154.00	48 533 238.81	510 915.19	1.04	42 810 161.42
02. Administration:					
Original budget 330 016 591.00					
Plus: Virement 4 265 361.00	334 281 952.00	334 420 401.94	(138 449.94)	(0.04)	317 092 142.35
03. Office of the Founding President:					
Original budget 15 576 348.00					
Less: Virement (740 239.00)	14 836 109.00	11 121 764.93	3 714 344.07	25.04	7 569 738.06
04. Cabinet Secretariat:					
Original budget 12 383 059.73					
Less: Virement (472 275.00)	11 910 784.73	11 691 144.10	219 640.63	1.84	11 119 534.82
Total	410 072 999.73	405 766 549.78	4 306 449.95	1.05	378 591 576.65

1.2 Standard subdivisions

Subdivision	2013/2014			2012/2013
	Authorised expenditure	Actual expenditure	Under-expenditure/ (excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<u>Operational:</u>				
Current expenditure: Personnel				
001. Remuneration	42 302 343.73	42 379 809.62	(77 465.89)	40 701 611.26
002. Employer's contribution to staff's pension fund	4 508 780.00	4 670 314.90	(161 534.90)	3 989 288.14
003. Other conditions of service	144 410.00	130 128.02	14 281.98	748 175.38
Total	46 955 533.73	47 180 252.54	(224 718.81)	45 439 074.78
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	7 253 101.00	6 489 495.93	763 605.07	7 644 734.89
022. Materials and supplies	1 416 000.00	1 396 403.27	19 596.73	1 638 171.34
023. Transport	16 010 000.00	15 975 868.60	34 131.40	15 489 319.10
024. Utilities	6 360 825.00	6 300 163.74	60 661.26	8 606 376.03
025. Maintenance	564 000.00	523 194.77	40 805.23	845 420.22
027. Other services and expenses	23 589 540.00	20 106 683.68	3 482 856.32	9 024 998.24
Total	55 193 466.00	50 791 809.99	4 401 656.01	43 249 019.82
Current expenditure: Subsidies, grants and other transfers				
043. Government organisations	133 185 000.00	133 185 000.00	-	97 035 000.00
044. Individuals and non-profit organisations	274 000.00	273 757.00	243.00	-
Total	133 459 000.00	133 458 757.00	243.00	97 035 000.00
Total: Current expenditure	235 607 999.73	231 430 819.53	4 177 180.20	185 723 094.60
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	355 000.00	281 447.53	73 552.47	406 576.61
103. Operational equipment, machinery and plant	610 000.00	554 282.72	55 717.28	197 101.47
Total: Capital expenditure	965 000.00	835 730.25	129 269.75	603 678.08
Total: Operational expenditure	236 572 999.73	232 266 549.78	4 306 449.95	186 326 772.68
<u>Development:</u>				
Capital expenditure: Goods and other services				
027. Other services and expenses	-	-	-	1 000 000.00
Total	-	-	-	1 000 000.00
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	15 000 000.00	15 000 000.00	-	500 000.00
103. Operational equipment, machinery and plants	12 000 000.00	12 000 000.00	-	750 000.00
104. Purchase of a building	-	-	-	28 300 000.00
105. Feasibility studies, design and supervision	10 500 000.00	10 500 000.00	-	7 000 000.00
106. Purchase of land and intangible assets	15 000 000.00	15 000 000.00	-	2 996 327.93
107. Construction, renovation and improvements	35 000 000.00	35 000 000.00	-	107 918 476.04
134. Abroad	86 000 000.00	86 000 000.00	-	27 800 000.00
Total	173 500 000.00	173 500 000.00	-	191 264 803.97
Total: Development expenditure	173 500 000.00	173 500 000.00	-	192 264 803.97
GRAND TOTAL	410 072 999.73	405 766 549.78	4 306 449.95	378 591 576.65

1.3 Departmental revenue

Revenue for the year is reported as follows:

Revenue head	Estimate	Actual revenue 2013/2014	More/(Less) than estimated	Actual revenue 2012/2013
	N\$	N\$	N\$	N\$
Miscellaneous	391 026	58 923.55	(332 102.45)	265 428.89
Total	391 026	58 923.55	(332 102.45)	265 428.89

1.4 Notes to the financial statements

1.4.1 Appropriation account: Explanations of variations exceeding 2% between the authorised and actual expenditure.

(i) Underexpenditure

Main division 03: Office of the Founding President (N\$ 3 714 344.07 – 25.04%)

The underexpenditure is due to less expenses incurred under Personnel expenditure, Employers's Contribution to the GIPF and Other Condition of Services. Fewer trips were undertaken by the Founding President and his support staff than anticipated. Furthermore, less expenditure was incurred on professional services due to a delay in the approval of companies by the Cabinet Committee on Security as well as the lengthy vetting process of contractors and sub contractors through National Central Intelligent Services. The Office incurred less expenditure on maintenance and repair of operational equipment and office equipment. In addition the Office replaced fewer computers, printers and laptops than planned. Expenditure incurred in security equipment was also less than expected.

2. GENERAL INFORMATION

2.1 Miscellaneous revenue

Miscellaneous revenue comprises of the following components:

Components	Amount
	N\$
Proceeds from reversal of four DSA claim cheques of previous financial years	1 228.00
Correction journals and accounting of overpayments on remuneration and subsistence allowance of previous financial years	35 230.34
Proceeds from sale of items at the Ongwediva Trade Fair and Windhoek show grounds	22 318.90
Proceeds from over contribution to Social Security Commission for previous financial years	146.31
Total	58 923.55

2.2 Capital project

The expenditure on the development project mentioned below was incurred during the financial year under review:

Name of project	Approved total cost	Approved appropriation 2013/2014	Total expenditure at 31/03/2013	Actual expenditure 2013/2014	Total expenditure at 31/03/2014	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
State House Extension in the Regions	1 231 463 000	173 500 000	775 955 054.37	173 500 000.00	949 455 054.37	2015/2016
Total	1 231 463 000	173 500 000	775 955 054.37	173 500 000.00	949 455 054.37	

2.3 Bursaries and study assistance

During the financial year under review, the Office awarded bursaries and study assistance to seventeen (17) staff members to a total amount of N\$ 240 752.52.

2.4 Gifts by the Government

During the financial year under review, the Office presented gifts to a total amount of N\$ 193 784.93. These expenses are regarded as part of ceremonial expenses for which Treasury approval was obtained.

2.5 Exemption from normal Tender Board procedures

Tender Board approved the following exemption from normal Tender Board procedures:

Exemption No.	Description	Approved amount 2013/2014	Actual expenditure 2013/2014	Difference
		N\$	N\$	N\$
E1/1 – 1/13	DSA - Air tickets	1 530 000	1 309 810.55	220 189.45
	Materials and Suppliers	1 495 000	1 305 097.45	189 902.55
	Transport flight and other transport cost	16 255 000	15 975 963.60	279 036.40
	Utilities	6 080 000	5 863 900.55	216 099.45
	Maintenance	580 000	420 354.81	159 645.19
	Other services and expense	24 746 964	18 871 819.63	5 875 144.37
	Purchases of Intangible Assets	58 450	39 999.00	18 451.00
	Operational equipment	910 000	554 282.72	355 717.28
GRAND TOTAL		51 655 414	44 341 228.31	7 314 185.69

2.6 Vehicle accidents

The Accounting Officer reported two (2) vehicle accidents during the financial year under review. Both vehicles were repaired at a total cost of N\$ 32 723.61.

2.7 HIV/AIDS

During the financial year under review, the Office spent an amount of N\$ 51 900 for the commemoration of World Aids Day on 1 December 2013.

2.8 **Suspense accounts**

The following Suspense Accounts had balances as at 31 March 2014:

DESCRIPTION	Balance as at 31/03/2014 Debit/(Credit)
	N\$
S&T Advance Suspense Account	1 507 718.55
Rejection Account	1 597 432.09
Bills Payable	(3 121 177.54)
Electronic Fund Transfer Clearing	(2 278.73)
Social Security	18.70
Pension Fund: GIPF	10 624.54
Debt Establishment	900.00

Windhoek, December 2014

**S !GOAGOSEB
ACCOUNTING OFFICER**