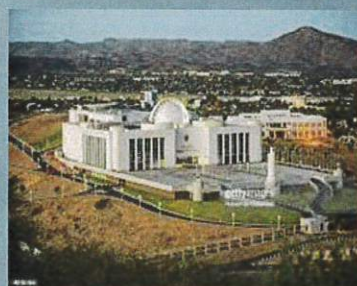




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

OFFICE OF THE PRESIDENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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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 2021 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, MARCH 2022

A handwritten signature in black ink, appearing to read 'Junias Etuna Kandjeke'.

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

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DEFINITIONS

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| Treasury: | Financial authority in public service. (The department of Government that has control over the collection, management and disbursement of public revenue). |
| Vote: | Represents an Office/Ministry/Agency. |
| Appropriation Act: | Estimate of expenditure and revenue for a particular financial year presented to the National Assembly, the Act passed by Parliament. |
| Appropriation Account: | Government Income and Expenditure statement, showing on receipt side the estimated budgeted amounts and on expenditure side the actual expenditure amounts and the difference thereof. |
| Standard sub-division: | Government Balance account, showing balances incurred on each account/activity. |
| Suspension: | Reduction on budget (Treasury may from time to time withhold or suspend any amount in an estimate of expenditure). |
| Virement: | Moving of budgeted funds from one account to another account within the same budget of the same office/ministry/agency. The utilization of a saving under one main division/sub division of a vote to defray an excess under another existing division of the same vote. |
| Unauthorised Expenditure: | Expenditure that exceeds the amount appropriated (budgeted) for a vote, main division or subdivision. |
| Underexpenditure: | Saving on the budget. |
| Miscellaneous Revenue: | All revenue collected and not having a specified revenue code. |
| Commitments: | Funds reserved to acquire goods or services from a supplier. |
| Suspense accounts: | Is an account opened in the books of Government that records movement of transactions of a temporarily nature, for example salary deductions of housing instalments. |
| S&T Advance Suspense Account: | A suspense account reflecting the outstanding subsistence and travel advances. |
| Rejection Account: | A suspense account reflecting names and balances of all persons/companies that owe the money to the State. |
| Budget: | Is an estimation of the revenue and expenses over a specified future period of time. |
| Subsistence Advance: | Payment given in advance to an employee to reimburse accommodation, meal and incidental expenses, while on an official assignment. |
| Performance Information: | Measurement of an individual, group, organization, system or component which is collected, analysed and reported. (Includes Strategic plans, annual plans, performance agreements and personal development plans). |

| | |
|---|---|
| Key performance indicator (KPI): | A measurable value used to monitor and demonstrates how effectively an organization is achieving key business objectives. |
| International Standards of Supreme Audit Institutions (ISSAI): | Professional standards and best practice guidelines for public sector auditors, officially authorised and endorsed by the International Organisation of Supreme Audit Institutions (INTOSAI). |
| Attestation engagement | It is when a responsible party (the entity) measures the subject matter against the criteria and presents the subject matter information, on which you, the auditor, then gather sufficient and appropriate audit evidence to provide a reasonable basis for forming a conclusion. |
| Subject matter | Refers to the information, condition or activity that is measured or evaluated against certain criteria. |
| Materiality | Is a concept or convention relating to the importance or significance of an amount, transaction, or discrepancy that affects the decision of the user. |
| OMA | Office/Ministry/Agency |
| Types of Audit Opinions: | <p>Unqualified Opinion. In an unqualified report, the auditors conclude that the financial statements of your O/M/A's present fairly its affairs in all material aspects.</p> <p>Qualified Opinion. An auditor's report is qualified when there is either a limitation of scope in the auditor's work, or when there is a disagreement with management regarding application, acceptability or adequacy of accounting policies.</p> <p>Disclaimer Opinion. Auditors do not express an opinion on the financial position of a firm because they have not completed an examination of its accounts or the examination is not broad enough in scope to enable them to form an opinion.</p> <p>Adverse Opinion. The Financial statements of an O/M/A's do not fairly present its actual financial position and the required information was either not disclosed, or (if disclosed) was inadequately disclosed or was inaccurate.</p> |
| Reasonable Assurance | It is when the audit conclusion is expressed positively, conveying that, in the auditor's opinion, the subject matter is or is not compliant in all material respects or, where relevant, that the subject matter information provides a true and fair view, in accordance with the applicable criteria. |
| Limited Assurance | It is when the audit conclusion states that, based on the procedures performed; nothing has come to the auditor's attention to cause the auditor to believe that the subject matter is not in compliance with |

| | |
|------------------------------------|---|
| | the criteria. |
| Direct reporting engagement | It is when an auditor measures or evaluates the subject matter against the criteria. The auditor is responsible for producing the subject matter information. The auditor selects the subject matter and criteria, taking into consideration risk and materiality. By measuring the subject matter evidence against the criteria, the auditor is able to form a conclusion. |

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
OFFICE OF THE PRESIDENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

1 SECTION A: FINANCIAL AUDIT

1.1 QUALIFIED AUDIT OPINION

I have audited the financial statements of the Office of the President for the financial year ended 31 March 2021, provided by the Accounting Officer as attached in Annexure A. These financial statements comprise the Appropriation account, Standard subdivisions, Departmental revenue, notes to the financial statements and general information for the financial year then ended, and other explanatory information.

In my opinion, except for the effects of the matters described in the Basis for Qualified Audit Opinion paragraph, the financial statements of the Office of the President as at 31 March 2021 are prepared, in all material respects, in accordance with Section 12 & 13 of the State Finance Act, 1991(Act 31 of 1991).

1.2 BASIS FOR AUDIT OPINION

I conducted my audit in accordance with International Standards for Supreme Audit Institutions. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements in Namibia, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.2.1 Bank accounts

1.2.1.1 Credit cards

The Office has six (6) credit cards from First National Bank issued to six (6) different officials who work closely with the President. At the time of writing this report, no Treasury approval for opening of these credit cards was provided for audit purposes. This issue was also reported in the 2019/2020 audit report.

For the financial year under review, an audit was conducted on the credit cards and the audit found the following anomalies:

- a) A total amount of N\$ 5 672.35 was incurred on a credit card issued to a staff member, however the motivation for this expenditure, the accountability reports and proof of receipts/invoices were not provided for audit purposes.

Furthermore, it was found that at the time of writing this report, the credit card account was closed and the staff member's employment contract had expired in December 2020. It was therefore indicated that the above amounts were deducted from the staff member's leave gratuity when his contract came to an end and a working paper for the leave gratuity calculation was provided for audit purposes. However, proof of such deduction from the leave gratuity was not submitted for audit purposes.

It is recommended that the Accounting Officer should provide the Treasury approval for the opening of these credit cards. Furthermore, it is also recommended that the Accounting Officer should ensure that the approved motivations, expenditure accountability reports and proof of deductions from leave gratuity

are provided for audit purposes and should further indicate how this amount will be recovered from the former staff member if it was not deducted from his leave gratuity.

- b) The Accounting Officer provided the closing balance for one credit card as at 30 December 2020 with a balance of N\$ 7 529.18. However, the balance as at 31 March 2021 was not provided for audit purposes. Furthermore, two credit card accounts were reported to be closed, and no proof of such account closure was provided for audit purposes.

It is recommended that the Accounting Officer should provide proof of such closure for audit purposes and should provide the bank balances as at 31 March 2021.

Management comment

The Accounting Officer indicated that the Office is not in agreement, because the account closure letter for the two accounts was provided to the auditors.

Auditors comment

Although account closure letter to the bank were provided, proof of closure by the bank could not be provided.

1.2.1.2 San Development Bank Account

During the 2019/2020 financial year, an audit was carried out on the above mentioned bank account and the audit found various irregularities of which similar findings were also reported in the 2018/2019 financial year audit report and it was discovered that there were no improvement on the controls for the mentioned account.

Recommendations were given on various findings hence an assessment was done to determine whether those charged with governance had implemented the recommendations made in the prior year's annual audit report.

With this bank account now being transferred to the Ministry of Gender, Poverty Eradication and Social Welfare, a follow-up audit was conducted on the recommendations provided for in the 2019/2020 audit report.

It was found that all of the following recommendations given in the 2019/2020 audit report and examined within the year under review as they appear in the annual audit report for the 2019/2020 financial year, management has not implemented them.

1.2.1.3 Follow up recommendations

- i. During the audit of the 2019/2020 financial reports, it was found that N\$ 76 280.00 was to be paid back of which only N\$ 34 111.00 was paid back into the bank account leaving an unexplained difference of N\$ 42 169.00.

It was recommended that the Accounting Officer should ensure that all the remaining funds are paid back into the bank account and proof thereof be filed for future reference and audit purposes.

Management comment

The Accounting Officer indicated that the Office is not in agreement, however an amount of N\$ 35 576.04 was handed over to a staff member to top up for the payment of casual workers at the Katwitwi pay point.

Auditors comment

No evidence was provided by the Accounting Officer to substantiate the statement or comment provided.

ii. During the audit of the 2019/2020 financial reports, it was found from the N\$ 618 981.96 issued out for payment, an amount of N\$ 113 358.24 for fifty eight (58) beneficiaries was not paid out, but no evidence could be provided, and this money was supposed to be deposited back into the San Development Bank account. However, the auditors were not provided with proof of the deposit.

It was further found that the allocated amount for another pay point was N\$ 618 981.64. However, the amount paid to beneficiaries of the same paypoint was N\$ 649 394.64 which is more than the allocated amount. Auditors were not provided with supporting documents to confirm where the additional money came from.

It was recommended that the remaining money should be deposited back into the bank account and proof thereof should be filed for future reference and audit purposes. In addition, where the payment is more than the allocated amount, the Accounting Officer should explain the variance.

Although the Accounting Officer indicated that the Office agrees with the finding in the previous report, the audit found that this recommendation is not implemented as there was no proof provided for audit purposes which indicates that these remaining funds were paid back into the bank account.

Management comment

The Accounting Officer indicated that the Office is not in agreement with the finding since no money remained from the cash withdrawal. The Office could not withdraw funds for Kavango West and Ohangwena because funds were not transferred by the Office.

Auditors comment

The auditors were not provided with evidence of how the funds were distributed to the recipients.

- iii. On 28 July 2019, a staff member withdrew N\$ 259 786.56 for the payment of students and casual workers in the Kunene region for the period November 2018 – February 2019 as per the general expense form. The original names on the pay sheet were replaced with new names; however, no prior authorisation was provided as to how the students became beneficiaries at the time of the payment and why the previous beneficiaries were replaced.

It was recommended that the Accounting Officer should provide an explanation why beneficiaries were added on the list at the time of payment without prior approval by the Accounting Officer.

The audit found that this recommendation is not implemented because no explanations were provided for audit purposes as to why the beneficiaries were added on the list at the time of payment without prior approval from the Accounting Officer.

Management comment

The Accounting Officer indicated that the learners that were removed from the Pay Sheet dropped out of school and were replaced with learners that were added to the master list. During the time the paysheets were prepared, the Office did not receive their proof of registration, but when visiting the schools they were found at the school and also registered for that academic year.

Auditors comment

The auditors were not provided with proof of authorisation by the Accounting Officer to distribute the fund to the learners that replaced the once that dropped out of school.

1.2.2 Goods and services

- a) During the audit fieldwork, the auditors found that the following suppliers were paid for goods and services but there is no indication as to whether the items were delivered at the Office. No delivery notes were provided for audit purposes. The items were found not to be recorded in the main register/counter book in accordance with the basic stock control manual:

| Supplier | Invoice | Description | Amount |
|------------------------------------|-------------|---|------------|
| | | | NS |
| Coordinate Retails Cc | 2020-01222 | Masks | 17 000.00 |
| Power Medical Supplies | PM0040 | Sanitizers and masks | 56 005.00 |
| Onyati Southern Africa Investments | OSAI2020/33 | Supply and installation of diesel power generator | 390 356.00 |
| Benade Trading Enterprises | INB1917 | Walk-through detector | 629 245.05 |

It is recommended that the Accounting Officer should ensure that, all the items purchased are duly received and recorded in the relevant books and registers by the Office. Furthermore, the Accounting Officer should provide evidence that these items were delivered and proof thereof should be provided for audit purposes.

Management comment

The Accounting Officer indicated that the Office is in agreement with this comment and issued an internal memorandum to prevent it to reoccur.

b) Payments processed without following proper procurement procedures

Payments amounting to N\$ 730 253,45 were made without following proper procurement procedures as prescribed for in Part 5 of the Public Procurement Act, 2015(Act 15 of 2015). Also, there was no indication of which method was followed to procure goods or services. Furthermore, no supporting documents such as completed requisitions for quotations, signed purchase orders and delivery notes or report for work done were provided for audit purposes.

Moreover, the auditors were informed that the Office made use of the emergency procurement method. However, the auditors were not provided with the supporting documents (proof that only one supplier has the exclusive right to manufacture the goods or to supply the goods, works or services to be procured, and no suitable alternative is available). This may result in unauthorized payments and may lead to possible fraud and misappropriation of funds.

It is therefore recommended that the Accounting Officer should provide this office with evidence of approval for procuring most of these items on an emergency basis from the procurement management committee and explanations indicating the steps taken to address this issue.

It is further recommended that the Accounting Officer should ensure that payments are only processed when proper public procurement procedures are followed as prescribed in Part 5 of the Public Procurement Act, 2015 (Act 15 of 2015). The Accounting Officer should also provide the supporting documents for audit purposes.

Management comment

The Accounting Officer indicated that the Office agrees with the finding and has issued an internal memorandum to prevent the reoccurrence.

1.2.3 Government organizations

The audit found that a payment of N\$ 163 959.05 was made to two (2) schools in Windhoek from the Government organization sub-account as an education allowance for learners attending schools in Namibia, whilst the parent of the kids are posted abroad and payment of this nature is supposed to be made to schools/institutions within the country where the staff member is stationed/posted. It is contrary to Public Service Staff Rule D.XII/II paragraph 12 on Education and Domiciliary Allowance.

It is recommended that the Accounting Officer should ensure that Public Service Rules are complied with at all times and should ensure that the overpayment is refunded.

Management comment

The Accounting Officer indicated that the Office is in agreement with the finding and the rules were misinterpreted. The staff members concerned will be informed to refund the Office.

1.2.4 Suspense accounts

1.2.4.1 Receipts suspense

The receipt suspense account reflects a credit balance of N\$ 108 457.00, which means that all the revenue received and deposited from private telephone calls and miscellaneous revenue has not been allocated and disclosed in the revenue ledger under the respective revenue head hence revenue is understated in the financial statements.

It is recommended that the Accounting Officer should ensure that revenue collected is allocated to the respective revenue heads.

The Management comment

The Accounting Officer indicated that the delay to allocate funds to correct revenue head is caused by Bank of Namibia sending information through to the Ministry of Finance and then forward it to this Office.

1.2.4.2 Bills payable

The Office's Bills payable suspense account reflects a debit balance of N\$ 227 098.82 in stead of a credit balance.

It is recommended that the Accounting Officer should ensure that this suspense account is reconciled and has a credit balance.

The Management comment

The Accounting Officer indicated that the debit balance comes from the Ministry of Finance migration from previous versions of the IFMS.

1.2.4.3 Virements

The Accounting Officer reported differences in virements as follows:

| Main division | Approved virement By Treasury | Appropriation account | Difference |
|---------------------------------------|----------------------------------|--------------------------|-------------|
| | N\$ | N\$ | N\$ |
| 01 – Office of the President | 20 200 000 | 18 768 459 | (1 431 541) |
| 02 - Administration | 1 972 481 | 3 658 126 | (1 685 645) |
| 03 – Office of the founding President | 1 000 000 | 991 537 | (8 463) |
| 04 – Vice President | 530 000 | 672 900 | 142 900 |
| 06 - Disability Affairs | - | 9 841 | (9 841) |
| 07 – Trade Investment Board | 23 702 481 | 24 081 181 | (378 700) |

It is recommended that the Accounting Officer should ensure that virements approved by Treasury are equal to those processed on the appropriation account to avoid any differences.

The Management comment

The Accounting Officer indicated that the Office concurs with the finding and has put measures in place by committing the external virements to avoid differences.

1.3 KEY AUDIT MATTERS

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there were no key audit matters to communicate in my report.

1.4 EMPHASIS OF MATTERS

Attention is drawn for management on the following matters that relate to my responsibility in the audit of the financial statements, as disclosed by the Office of the President in the financial statements. My opinion is not modified in respect of these matters:

1.4.1 Unauthorized expenditure

It has been noted that unauthorized expenditure on the vote, main divisions and subdivisions have been recurring for the past five (5) financial years as follows:

| Financial year | Vote exceeded | Number of main divisions exceeded | Amount exceeded | Number of subdivisions exceeded | Amount exceeded |
|----------------|---------------|-----------------------------------|-----------------|---------------------------------|-----------------|
| | N\$ | | N\$ | | N\$ |
| 2020/2021 | 1 005 388.71 | 2 | 3 306 267.46 | 13 | 5 587 877.25 |
| 2019/2020 | - | 2 | 463 475.66 | 7 | 4 601 688.55 |
| 2018/2019 | 30 256 345.93 | 6 | 30 256 345.93 | 13 | 34 527 279.60 |
| 2017/2018 | - | 1 | 1 343 277.60 | 7 | 3 701 252.54 |
| 2016/2017 | - | 1 | 2 846 888.76 | 3 | 5 211 903.81 |

The Accounting Officer indicated in the previous year, that the Office concurs with the finding for unauthorized expenditure and will implement a manual commitment register during the year 2020/2021 in order to close any gaps that might be the cause of unauthorised expenditure. However, no manual commitment register was implemented during the year under review.

The Accounting Officer is urged to implement measures to avoid any unauthorised expenditure in future. The Accounting Officer should also ensure that the commitment register is implemented.

The Management comment

The Accounting Officer indicated that the Office once again concurs with the finding and recommendations, but it is difficult to implement a commitment register due to staff shortages. The problem has now been addressed by filling the position of a Budget Senior Administrator to attend to the critical duty.

1.5 OTHER MATTERS

Attention is drawn to the management on the following matter that relate to my responsibility in the audit of the financial statements, and excluding matters already disclosed by the Office of the President in the financial statements. My opinion is not modified in respect of this matter:

1.5.1 Disaster Recovery Plan

The audit noted that management has not yet come up with an approved disaster recovery plan to provide information and guidance in the event of disaster.

A disaster recovery plan is an integral part of the overall risk management of the Office of the President since all of the risks cannot be eliminated. The management should implement a disaster recovery plan to prepare for potentially disruptive events. This process is extremely important because it provides detailed strategies on how Office of the President will continue after severe interruptions and disasters. In the event of a disaster, the continued operations of the Office of the President depend on the ability to replicate its systems and data. The disaster recovery plan stipulates how the Office will prepare for disaster, what the Office of the President response will be, and what steps it will take to ensure that operations can be restored

It is recommended that the Accounting Officer should develop a disaster recovery plan to ensure operations continue in the event a disaster occurs.

1.6 OTHER INFORMATION

Management is responsible for the other information. My opinion on the financial statements does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

2 SECTION B: COMPLIANCE AUDIT AND AUDIT OF PERFORMANCE INFORMATION

2.1. COMPLIANCE TO LAWS AND REGULATIONS

SUBJECT MATTER: FINANCIAL PERFORMANCE AND THE USE OF APPROPRIATED FUNDS

I have audited the financial performance and the use of appropriated funds of the Office of the President for the financial year ended 31 March 2021.

2.2 Description of the subject matter information and audit scope

The audit aimed to determine whether the Office of the President's financial performance and the use of its appropriated funds is in compliance with the Appropriation Act, 2020 (Act 4 of 2020); Appropriation Amendment Act, 2020 (Act 8 of 2020); State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015); Treasury Instructions and Public Procurement Regulations during the financial year ended 31 March 2021.

2.3 Audit objective

The objective of this compliance audit is to verify and assess the Office of the President has complied with all laws and regulations that have an impact on the financial statements in accordance with the ISSAIs. This audit is an attestation engagement where the Office presented the subject matter information on which the auditor then gathered sufficient and appropriate audit evidence to provide limited assurance in forming an opinion. In forming an opinion, the findings and recommendations are taken into consideration.

In addition, the objective of this audit is to verify and assess whether public funds have been used appropriately and lawfully, and to report issues of non-compliance so that corrective action is taken and compliance to laws and regulations is strengthened.

2.4 Audit criteria

The audit criteria of this compliance audit are derived from the following laws and regulations stated below:

Appropriation Act, 2020 (Act 4 of 2020);
Appropriation Amendment Act, 2020 (Act 8 of 2020);
State Finance Act, 1991 (Act 31 of 1991);
Procurement Act, 2015 (Act 15 of 2015);
Treasury Instructions; and
Public Procurement Regulations.

2.5 Summary of methods applied

I have audited the financial statements for the financial year ended 31 March 2021 submitted by the Accounting Officer in order to determine whether this information complied with laws and regulations that governs them.

2.6 BASIS FOR UNQUALIFIED AUDIT OPINION

2.6.1. 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, 1991, although the Accounting Officer reported that there were no unauthorized expenditure in the year under review:

- (i) The total budget of the Office was overspent with an amount of N\$ 1 005 388.71. This amount is unauthorised in terms of Section 6 (a) (i) of the State Finance Act, 1991.
- (ii) Two (2) main divisions are exceeded with a total amount N\$ 3 306 267.43. This amount is unauthorised in terms of Section 6 (a) (ii) of the State Finance Act, 1991.
- (iii) Although Treasury approval was obtained to utilise certain expected savings for the defrayal of expenditure through virements during the year, thirteen (13) operational subdivisions were exceeded by an amount totalling N\$ 5 587 877.25, which is unauthorised in terms of Section 6(a)(iii) of the State Finance Act, 1991.

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

Management comment

The Accounting Officer indicated that the Office agrees with finding and has appointed a budget Senior Administrator to attend to this critical duty of avoiding unauthorised expenditure.

2.6.2 Donations by Government

The Accounting Officer reported gifts/donations by the Office amounting to N\$ 67 432.01. However, Treasury approval for these gifts were not provided for audit purposes as prescribed for by Treasury Instruction MB0101 which states *"In terms of section 18 of the Act, the Treasury is, at its discretion, authorised to approve that donations of movable as well as immovable state property be made"*.

It is recommended that the Accounting Officer should ensure that the Treasury approval is obtained before gifts are accepted.

Management comment

The Accounting Officer indicated that the Office requested for Treasury authorisation which was signed off by the Ministry of Finance but did not receive any feedback at the time of writing the report.

2.7 UNQUALIFIED AUDIT OPINION ON THE SUBJECT MATTER

In my opinion, the Office of the President's financial performance and the use of appropriated funds is in all material respects, in compliance, with the Appropriation Act,2020(Act 4 of 2020); Appropriation Amendment Act, 2020 (Act 8 of 2020); State Finance Act,1991(Act 31 of 1991), Public Procurement Act, 2015(Act 15 of 2015); Treasury Instructions and Public Procurement Regulations.

3 AUDIT OF PERFORMANCE INFORMATION

I have audited the performance information of the Office of the President for the financial year ended 31 March 2021.

3.1 Description of the subject matter information and audit scope

A Performance Management System (PMS) is a systematic process for achievement and improvement in obtaining results from an organization and its staff members by managing performance within an agreed framework consisting of objectives, outputs, key performance indicators (KPIs) and timeliness.

The primary function of the PMS is to enable Offices, Ministries and Agencies (OMAs) to achieve success in National Development Plans (NDP) and provide improvements in service delivery to the public.

The scoping of the key performance indicators was performed, by looking at the high-level statements, which are indicated in the Mandate of the Office of the President and the 2017-2022 Strategic Plan. Key performance indicators were selected based on what would be significant to the intended users and their usefulness in assessing the entity's achievements in terms of its service performance objectives.

3.2 Audit objective

The objective of the Key Performance Indicator (KPI) audit is to provide assurance on whether the reported performance information measured against key performance indicators is useful, reliable and evidence-based. Key performance indicators also provide the basis for the (OMAs) to inform the Parliament, the public and other stakeholders on its strategic priorities, programs, and projects.

The objective of this audit is also to provide reasonable assurance to Parliament, members of the general public and other relevant stakeholder whether the reported actual performance has actually occurred and is based on the selected criteria.

3.3 Audit criteria

In this audit, I tested the performance information against the following selected criteria/sub-criteria:

- Compliance with legislative requirements;
- Usefulness;
- Reliability;
- Existence;
- Timeliness;
- Presentation;
- Measurability;
- Relevance;
- Constistency;
- Validity;
- Accuracy; and
- Completeness.

3.4 Summary of methods applied

The auditors reviewed the Strategic plan, Annual plan and Annual performance report to confirm whether the Strategic Plan objectives, targets and KPIs have been correctly cascaded to the Annual Plan and whether the selected key performance indicators for the year under review are reported in the Directorate quarterly reports and Annual Performance Report.

Furthermore, the auditors have conducted interviews and reviewed documents to obtain information that pertains to the selected key performance indicators.

3.5 AUDIT FINDINGS FOR KEY PERFORMANCE INDICATORS (KPI)

The audit revealed deficiencies in the performance information of the Office as indicated in the Memorandum of the audited Directorate and the selected KPIs below.

DIRECTORATE: STATE HOUSE AND ADMINISTRATION

(i) Percentage progress made in development of the risk register

The above mentioned indicator was tested for accuracy and reliability. According to the annual plan review, the Directorate has achieved 90% and 98% in quarter 3 and quarter 4 respectively, however, the audit could not determine how the actual output was calculated by the Directorate.

The Accounting Officer should indicate how the actual output was determined for the quarters under review.

(ii) Number of staff members with signed performance agreements (PAs)

The above mentioned indicator was tested for timeliness, validity and completeness but the audit found that the target set of two hundred and seventy two (272) was not met in quarter 1 for staff members with signed performance agreements as only one hundred and thirty seven (137) signed performance agreements were submitted which gives a variance of one hundred and thirty five (135) unsigned PAs.

It is recommended that the Accounting Officer should ensure that set targets are met at all times.

3.6 Conclusion on the subject matter

The audit revealed a satisfactory outcome on the presentation and accuracy sub-criteria's as all performance indicators were quantifiable and satisfactory outcome on the existence and measurability as the Strategic plan.

Timeliness, disclosure, relevance, validity and completeness of performance information is not met which concluded that reported information is not reliable and might not be useful to the general public and stakeholders.

4 RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE 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, 1991, (Act 31 of 1991) and legislation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible of overseeing the entity's financial reporting process.

The management is also responsible for ensuring adherence to the Appropriation Act, 2020 (Act 4 of 2020); Appropriation Amendment Act, 2020 (Act 8 of 2020); State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015); Treasury Instructions and Public Procurement Regulations and to ensure that effective and efficient internal controls are implemented to enable compliance to the law that governs the performance information.

5 AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs), will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

My powers and duties towards auditing and reporting on the financial statements and compliance to the subject matter are outlined under Section 25(1) (c), Section 26(1) and Section 27(3) of the State Finance Act, 1991 (Act 31 of 1991).

As part of an audit in accordance with the International Standards for Supreme Audit Institutions, I exercise professional scepticism throughout the audit, I also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
- It is also my responsibility to express an opinion on whether the financial performance and the use of appropriated funds is, in all material respect is in compliance with the Appropriation Act, 2019 (Act 2 of 2019), Appropriation Amendment Act (Act 3 of 2019), Treasury Instructions, Procurement Act, 2015 (Act 15 of 2015) and Public Procurement Regulations. I have conducted the audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). Those standards required that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the audited entity is in compliance with the authorities that govern the audited entity in the execution of its roles and responsibilities.

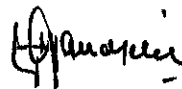
6 GENERAL INFORMATION

The financial statements, notes to the financial statements and general information provided by the Accounting Officer are attached as Annexure A. The accounts were submitted timeously by the Accounting Officer to the Auditor-General on 01 September 2021 in terms of Section 13 of the State Finance Act, 1991.

7 ACKNOWLEDGEMENT

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

WINDHOEK, MARCH 2022


JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

ANNEXURE A

1 AUDITED FINANCIAL STATEMENTS

1.1 Appropriation account

| 2020/2021 | | | | | | 2019/2020 |
|---|--------------|------------------------|-----------------------|-----------------------------|--------------|-----------------------|
| Service | | Authorised expenditure | Actual expenditure | Variations | | Actual expenditure |
| | | | | Under-expenditure/ (Excess) | Percentage | |
| N\$ | N\$ | N\$ | N\$ | N\$ | % | N\$ |
| 01. Office of the President: | | | | | | |
| Original budget | 108 007 000 | | | | | |
| Less: Virement | (18 768 459) | | | | | |
| Less: Suspension | (1 000 000) | 88 238 541 | 86 486 607.13 | 1 751 933.87 | 1.99 | 138 433 304.66 |
| 02. Administration: | | | | | | |
| Original budget | 317 368 000 | | | | | |
| Less: Virement | (3 658 126) | | | | | |
| Less: Suspension | (2 000 000) | 311 709 874 | 314 900 721.08 | (3 190 847.08) | (1.02) | 288 547 839.56 |
| 03. Office of the Founding President : | | | | | | |
| Original budget | 14 100 000 | | | | | |
| Less: Virement | (991 537) | 13 108 463 | 13 223 883.38 | (115 420.38) | (0.88) | 15 694 820.96 |
| 04. Vice President: | | | | | | |
| Original budget | 12 190 000 | | | | | |
| Less: Virement | (672 900) | 11 517 100 | 11 404 137.23 | 112 962.77 | 0.98 | 12 839 027.99 |
| 05. San Development Programme: | | | | | | |
| | - | - | - | - | - | - |
| 06. Disability Affairs: | | | | | | |
| Original budget | - | | | | | |
| Plus: Virement | 9 841 | 9 841 | 9 841.00 | - | - | 104 171.00 |
| 07. Trade Investment Board: | | | | | | |
| Original budget | 41 864 000 | | | | | |
| Plus: Virement | 24 081 181 | 65 945 181 | 65 509 198.89 | 435 982.11 | 0.66 | - |
| Total | | 490 529 000 | 491 534 388.71 | (1 005 388.71) | (0.2) | 455 619 164.17 |

1.2 Standard subdivisions

| Subdivision | 2020/2021 | | | 2019/2020 |
|--|------------------------|-----------------------|-----------------------------|-----------------------|
| | Authorised expenditure | Actual expenditure | Under-expenditure/ (excess) | Actual expenditure |
| | N\$ | N\$ | N\$ | N\$ |
| Operational: | | | | |
| Current expenditure: Personnel | | | | |
| 001. Remuneration | 90 828 261 | 93 396 423.82 | (2 568 162.82) | 85 149 644.14 |
| 002. Employer's contribution to staff's pension fund and M P O O B P F | 9 128 500 | 9 158 674.30 | (30 174.30) | 7 697 609.14 |
| 003. Other conditions of service | 2 305 000 | 2 311 919.37 | (6 919.37) | 1 332 463.25 |
| 005. Employers contribution to social security | 241 000 | 239 863.36 | 1 136.64 | 207 537.68 |
| Total | 102 502 761 | 105 106 880.85 | (2 604 119.85) | 44 357 254.21 |
| Current expenditure: Goods and other services | | | | |
| 021. Travel and subsistence expenses | 12 570 441 | 11 197 906.85 | 1 372 534.15 | 37 548 674.67 |
| 022. Materials and supplies | 3 580 000 | 3 281 263.53 | 298 736.47 | 3 090 503.60 |
| 023. Transport | 14 513 759 | 13 950 360.31 | 563 398.69 | 22 528 693.38 |
| 024. Utilities | 20 341 398 | 20 290 837.83 | 50 560.17 | 22 828 591.46 |
| 025. Maintenance expenses | 43 000 | 32 934.84 | 10 065.16 | 1 380 836.27 |
| 027. Other services and expenses | 36 578 841 | 35 465 214.49 | 1 113 626.51 | 53 470 116.15 |
| 028. Training course, symposiums and workshops | - | - | - | 562 989.20 |
| 029. Printing and advertisements | - | - | - | 1 345 294.66 |
| 031. Entertainment politicians | - | - | - | 110 648.40 |
| 033. Office refreshments | - | - | - | 97 586.09 |
| 034. Official entertainment/corporate gifts | - | - | - | 442 602.17 |
| Total | 87 627 439 | 84 218 517.85 | 3 408 921.15 | 143 406 536.05 |
| Current expenditure: Subsidies, grants and other transfers | | | | |
| 041. Membership fees and subscription: International | 361 519 | 362 497.89 | (978.89) | 312 877.96 |
| 043. Government organizations | 239 457 920 | 239 457 920 | - | - |
| 045. Public and departmental enterprises and private industries | | | | |
| 047. Subsidies to other extra budgetary bodies | 12 392 061 | 12 326 019.87 | 66 041.13 | - |
| Total | 252 211 500 | 252 146 437.76 | 65 062.15 | 139 187 877.96 |
| Total: Current expenditure | 442 341 700 | 441 471 836.46 | 369 863.45 | 376 981 668.22 |
| Capital expenditure: Acquisition of assets | | | | |
| 101. Furniture and office equipment | 1 250 000 | 1 132 752.25 | 117 247.75 | 1 637 495.89 |
| 103. Operational equipment, machinery and plant | 1 037 300 | 1 029 800.00 | 7 500.00 | - |
| Total: Capital expenditure | 2 287 300 | 2 162 552.25 | 124 747.75 | 1 637 495.89 |
| Total: Operational expenditure | 444 629 000 | 443 634 388.71 | 994 611.20 | 378 619 164.11 |
| Development: | | | | |
| Capital expenditure: Acquisitions of assets | | | | |
| 113. Operational equipment, machinery and plant | 16 338 000 | 16 338 000.00 | - | 62 000 000.00 |
| 115. Feasibility studies, design and supervision | 5 006 000 | 5 006 000.00 | - | - |
| 117. Construction, renovation and improvements | 23 356 000 | 25 356 000.00 | (2 000 000.00) | 10 000 000.00 |
| 134. Abroad | 1 200 000 | 1 200 000.00 | - | 5000 000.00 |
| Total: Development expenditure | 45 900 000 | 47 900 000.00 | (2 000 000.00) | 77 000 000.00 |
| GRAND TOTAL | 490 529 000 | 491 534 388.71 | (1 005 388.71) | 455 619 164.11 |

1.3 Departmental revenue

Revenue for the year is reported as follows:

| Revenue head | Estimate | Actual revenue 2020/2021 | More/(Less) than estimated | Actual revenue 2019/2020 |
|-------------------------|---------------|-----------------------------|----------------------------------|--------------------------------|
| | N\$ | N\$ | N\$ | N\$ |
| Private telephone calls | - | 12 749.32 | 12 749.32 | 360 299.05 |
| Miscellaneous | 50 000 | 338 055.66 | 288 055.66 | - |
| Unclaimed cheques | - | - | - | 2 733.45 |
| Total | 50 000 | 350 804.98 | 300 804.98 | 363 032.50 |

2. GENERAL INFORMATION**2.1. Suspension of funds**

The Accounting Officer reported that the Office suspended a total amount of N\$ 3 000 000 from the Vote during the mid-term budget review.

2.2. Debt to the Government

The Accounting Officer reported various debt amounting to N\$ 188 947.46 attributed to daily subsistence allowance and salary overpayment of which N\$ 164 524.08 was recovered during the year under review.

2.3. Revenue**2.3.1 Departmental revenue**

The Accounting Officer reported that Office total revenue of N\$ 350 804.98 which has been derived from the Private Telephone Calls and from Miscellaneous revenue for the year under review.

2.3.2 Miscellaneous revenue

The Accounting Officer reported a breakdown of miscellaneous revenue as follows:

| Description | Amount |
|---|------------|
| | N\$ |
| Payroll reversal for payment pertaining to the closed financial year 2020/2021 | 111 765.41 |
| Reversal of sale payable EFT | 1 104.00 |
| Correction of double entries in previous financial year and overpayment to staff member | 225 186.25 |

2.4. Annual stocktaking

The Accounting Officer reported that annual stocktaking was conducted for the year under review with the necessary Treasury approval at one stock point and stock on hand valued at N\$ 63 375 706.98 was reported. The following was found during the stock taking:

| Description | Amount |
|-------------------|--------------|
| | N\$ |
| Shortages | 7 566 575.00 |
| Obselete/Worn out | 106 959.95 |

Stores on hand for stores held at depots as at 31 March 2021 was reported as N\$ 189 341.51 by the Accounting Officer. The Accounting Officer further reported that internal inspections were conducted at all fourteen (14) stockpoints.

2.5 Vehicles

2.5.1 Vehicles on hand

The Accounting Officer reported vehicles on hand as at 31 March 2021 as follows:

| Vehicle type | Number |
|--------------|------------|
| Sedans | 70 |
| Pick ups | 89 |
| Motor sikes | 35 |
| Ambulances | 3 |
| Total | 197 |

2.5.2 Cost of damages –Accidents

The Accounting Officer reported six (6) vehicle accidents for the year under review. Three (3) vehicles out of the six (6) were repaired at a total cost of N\$ 120 368.30.

2.6 Suspense accounts

The final ledger shows seven (7) suspense accounts with balances at the end of the financial year of which five (5) had credit balances and two (2) with debit balances as follows:

| Suspense account | Balance as at 31 March 2021 Debit/(Credit) |
|-----------------------------------|--|
| | N\$ |
| Receipt suspense | (108 457.00) |
| S&T advance suspense account | (47 310.19) |
| Rejection account | 25 423.88 |
| Bills payable | 227 098.82 |
| Electronic Fund Transfer Clearing | (123 376.38) |
| Social security | (59.51) |
| Pension Funds: GIPF | (25 909.76) |

2.7 Outstanding subsistence advances

The Accounting Officer reported that the Debit balance list had an outstanding balance of N\$ 48 932.19 as at 31 March 2021.

2.8 Capital projects

The Accounting Officer reported the following capital project:

| Name of the project | Approved total budget | Total expenditure as at 31/03/2020 | Approved appropriation 2020/2021 | Actual expenditure 2020/2021 | Total expenditure as at 31/03/2021 | Expected year of completion |
|-------------------------------|-----------------------|------------------------------------|----------------------------------|------------------------------|------------------------------------|-----------------------------|
| | N\$ | N\$ | N\$ | N\$ | N\$ | |
| State Security Infrastructure | 1 741 577 000 | 181 796 902.76 | 45 900 000.00 | 47 900 000.00 | 229 696 902.76 | 31/03/2025 |
| Total | 1 741 577 000 | 181 796 902.76 | 45 900 000.00 | 47 900 000.00 | 229 696 902.76 | |

2.9 Bursary and study assistance

The Accounting Officer reported that the Office paid N\$ 32 420.00 in respect of study assistance for two (2) staff members for the year under review.

2.10 Wellness

The Accounting Officer reported expenditure amounting to N\$ 11 000.00 in respect of wellness activities for the year under review.

2.11 Bank accounts

The Accounting Officer reported five (5) credit cards with a total balance of N\$ 41 152.08 during the financial year under review.

WINDHOEK, 20 AUGUST 2021

AMBASADOR GRACE UUSHONA
ACCOUNTING OFFICER