



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

MINISTRY OF FINANCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

Published by authority
Price (Vat excluded) N\$ 43.00
Report no: 49/20202

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 Ministry of Finance for the financial year ended 31 March 2019 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 2020

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

Table of Contents

1.	SECTION A: FINANCIAL AUDIT	1
1.1	UNQUALIFIED AUDIT OPINION	1
1.2	BASIS FOR UNQUALIFIED AUDIT OPINION	1
1.3	KEY AUDIT MATTERS	1
1.4	EMPHASIS OF MATTERS	1
1.4.1	BILLS PAYABLE	1
1.5	OTHER INFORMATION	2
2.	SECTION B: COMPLIANCE AUDIT AND AUDIT OF PERFORMANCE INFORMATION	2
2.1	COMPLIANCE TO LAWS AND REGULATIONS	2
2.2	DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND AUDIT SCOPE	2
2.3	AUDIT OBJECTIVE	2
2.4	AUDIT CRITERIA	2
2.5	SUMMARY OF METHODS APPLIED	3
2.6	OPINION ON THE SUBJECT MATTER	3
2.7.	KEY AUDIT FINDINGS	3
2.7.1	UNAUTHORIZED EXPENDITURE	3
2.7.2	UNDEREXPENDITURE	3
3.	AUDIT OF PERFORMANCE INFORMATION	4
3.1	DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND AUDIT SCOPE	4
3.2	AUDIT OBJECTIVE	4
3.3	AUDIT CRITERIA	5
3.4	SUMMARY OF METHODS APPLIED	5
3.5	CONCLUSION ON THE SUBJECT MATTER	5
4.	RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS	6
5.	AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS	6
6.	GENERAL INFORMATION	7
7.	ACKNOWLEDGEMENT	8
	ANNEXURE A :	9
1.	AUDITED FINANCIAL STATEMENTS	9
1.1	APPROPRIATION ACCOUNT	9
1.2	STANDARD SUBDIVISIONS	11
1.3	DEPARTMENTAL REVENUE	12
1.4	NOTES TO THE FINANCIAL STATEMENTS	13
1.4.1	APPROPRIATION ACCOUNT: EXPLANATIONS OF VARIATIONS EXCEEDING 2% BETWEEN AUTHORIZED AND ACTUAL EXPENDITURE	13
1.4.2	DEPARTMENTAL REVENUE: EXPLANATIONS OF VARIANCES EXCEEDING N\$ 200 000	15
2.	GENERAL INFORMATION	17
2.1	BANK ACCOUNT	17
2.2	COMPENSATION PAYMENTS	17
2.3	DEBT TO GOVERNMENT	17
2.4	ANNUAL STOCKTAKING	17
2.5	VEHICLES	17
2.5.3	ACCIDENTS – COST AND DAMAGES	17
2.6	LIVESTOCK	17
2.7	LOSSES AND DAMAGES	17
2.8	DONATIONS BY GOVERNMENT	17
2.9	CAPITAL PROJECTS	18
2.10	SUSPENSE ACCOUNTS	18
2.11	BURSARIES AND STUDY ASSISTANCE	18
2.12	ACCIDENTS – COST OF DAMAGES	19

DEFINITIONS

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.

<p>Limited Assurance:</p>	<p>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.</p>
<p>Direct reporting engagement:</p>	<p>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.</p>

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF FINANCE
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

1. SECTION A: FINANCIAL AUDIT

1.1 UNQUALIFIED AUDIT OPINION

I have audited the financial statements of the Ministry of Finance for the financial year ended 31 March 2019, 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 year ended, and a summary of significant accounting policies and other explanatory information 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, the financial statements of the Ministry of Finance as at 31 March 2019 are prepared, in all material respects, in accordance with the State Finance Act, 1991 (Act 31 of 1991).

1.2 BASIS FOR UNQUALIFIED 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 an unqualified opinion.

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 to the management on the following matters that relate to my responsibility in the audit of the financial statements, as disclosed by the Ministry of Finance in the financial statements. My opinion is not modified in respect of this matter.

1.4.1 Bills payable

The Bills payable suspense account reflects a debit balance of N\$ 217 879 218.08, whereas this suspense account should have a credit balance. The Accounting Officer explained that it was noted at 31 March 2019 that the Bills Payable Suspense Account reflects a debit balance as stated above instead of a credit balance. From the reconciliations which was done for the 2018/19 financial year, the Bills Payable should have reflected a credit balance of N\$ 12 266 793.03.

The Accounting Officer should ensure that regular reconciliations are carried out to ensure that the Bills payable suspense account reflects a credit balance.

Management comment

In her response on the draft report, the Accounting Officer indicated that the Ministry is in the process of reconciling and verifying the account.

1.5 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. There was no other information in connection with my audit of the financial statements for the year under review.

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 Ministry of Finance for the financial year ended 31 March 2019.

2.2 DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND AUDIT SCOPE

The audit aimed to determine whether the Ministry of Finance financial performance and the use of appropriated funds is in compliance, in all material respects, with the Appropriation Act, 2018 (Act 4 of 2018), Appropriation Amendment Act, 2018 (Act 15 of 2018), 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 2019.

2.3 AUDIT OBJECTIVE

The objective of this compliance audit is to verify and assess whether the Ministry of Finance 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 Ministry presented the subject matter information on which the auditor then gathered sufficient and appropriate audit evidence to provide reasonable 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 used in the audit was derived from the following laws and regulations:

- Appropriation Act, 2018 (Act 4 of 2018);
- Appropriation Amendment Act, 2018 (Act 15 of 2018);
- State Finance Act, 1991 (Act 31 of 1991);
- Public 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 2019 submitted by the Accounting Officer, in order to determine whether this information complied with the laws and regulations that governs them. The audit team conducted interviews with management and those charged with governance and document reviews were also carried out.

2.6 OPINION ON THE SUBJECT MATTER

In my opinion, the Ministry of Finance's financial performance and use of appropriated funds is in compliance, in all material respects, with the State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015) Treasury Instructions, Public Procurement Regulations and Appropriation Act, 2018 (Act 4 of 2018) and Appropriation Amendment Act, 2018 (Act 15 of 2018).

2.7. KEY AUDIT FINDINGS

2.7.1 Unauthorized expenditure

The following unauthorized expenditure occurred during the financial year and is hereby reported as such in terms of Section 27(6)(a) of the State Finance Act, 1991 (Act 31 of 1991):

Although Treasury authorization was obtained to utilize certain expected savings for the defrayal of expenditure by way of virements during the year, six (6) operational subdivisions were exceeded by a total amount of N\$ 4 668 097.94. These excesses are unauthorized in terms of Section 6(a)(iii) of the Act.

It is recommended that the Accounting Officer should ensure that control measures are put in place to avoid unauthorized expenditure in future.

Management comment

In her response on the draft report, the Accounting Officer indicated that the Ministry acknowledges the recommendation and upholds its commitment to ensure that control measures are put in place to avoid unauthorized expenditure in future.

2.7.2 Underexpenditure

The Ministry realised the following underexpenditure on ten (10) main divisions of more than 2%. Although explanations were provided for the variance as required by Circular D12/2018 of the Auditor-General, Treasury Instruction DC 0202 states that “when drawing up draft estimates Accounting Officers and their Financial Advisors shall take note of and guard against that more funds than can reasonably be spent shall not be requested”:

Main divisions	Authorized expenditure	Actual expenditure	Variation	Percentage
	N\$	N\$	N\$	%
01. Office of the Minister	5 563 372	5 030 913.06	532 458.94	9.57
02. Administration	348 540 694	331 991 930.87	16 548 763.13	4.75
03. Internal Audit	6 234 000	5 999 074.60	234 925.40	3.77
05. Economic Policy Advisory Services	9 377 000	8 898 949.13	478 050.87	5.10
06. Customs & Excise	328 172 802	305 214 365.81	22 958 436.19	7.00
07. Public Private Partnership Management	3 156 000	2 865 070.77	290 929.23	9.22
09. Tender Board	5 656 596	5 211 910.21	444 685.79	7.86
11. Expenditure and Financial Management	29 293 000	27 742 359.66	1 550 640.34	5.29
12. Asset, Cash and Debt Management	161 206 000	152 773 669.98	8 432 330.02	5.23
13. Information Technology	69 458 000	65 843 597.85	3 614 402.15	5.20

It is recommended that the Accounting Officer should take note of Treasury Instruction DC 0202 and should ensure that it is adhered to.

3. AUDIT OF PERFORMANCE INFORMATION

I have audited the performance information of the Ministry of Finance for the financial year ended 31 March 2019.

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 Ministry of Finance 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, performance information were tested against the following criteria:

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

3.4 SUMMARY OF METHODS APPLIED

The scoping of the key performance indicators was performed, by looking at the high-level statements, which are indicated in the Mandate of the Ministry of Finance and the 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. The scoping on Key performance indicators was conducted on the Division: Internal Audit and the Division: Medical Aid.

3.5 CONCLUSION ON THE SUBJECT MATTER

The audit revealed satisfactory outcomes regarding compliance, usefulness, reliability, existence, timeliness, presentation, measurability, relevance, consistency, accuracy, validity and completeness sub-criteria and thus the Ministry is to be complimented on that.

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 controls as management determines it 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.

The management is also responsible for ensuring adherence to the State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015), Public Procurement Regulations, Appropriation Act, 2018 (Act 4 of 2018), Appropriation Amendment Act, 2018 (Act 15 of 2018) and Treasury Instructions and ensure that effective and efficient internal controls are implemented to enable compliance to the laws and regulations that governs the performance information.

Those charged with governance are responsible of overseeing the entity's financial reporting process.

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 a 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.
- 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.
- 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 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 is 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, 2018 (Act 4 of 2018), Appropriation Amendment Act, 2018 (Act 15 of 2018), State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015), Treasury Instructions and Public Procurement Regulations. I have conducted the audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). Those standards require 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.

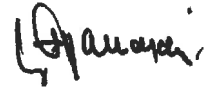
6. GENERAL INFORMATION

The appropriation account was submitted timeously by the Accounting Officer to the Auditor-General on 16 October 2019 in terms of Section 13 of the State Finance Act, 1991. The financial statements, notes to the financial statements and general information supplied by the Accounting Officer are attached as Annexure A.

7. ACKNOWLEDGEMENT

The assistance and co - operation of the management and staff of the Ministry of Finance during the audit is appreciated.

WINDHOEK, MARCH 2020



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

1. AUDITED FINANCIAL STATEMENTS

1.1 Appropriation account

Service	2018/2019					2017/2018
	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percentage		
N\$	N\$	N\$	N\$	%	N\$	
01. Office of the Minister:						
Original budget						
Plus: Virement	4 846 000					
	717 372	5 563 372	5 030 913.06	532 458.94	9.57	3 802 007.14
02. Administration:						
Original budget	323 896 000					
Additional budget	190 000 000					
Less: Virement	(69 355 306)					
Less: Suspension	(96 000 000)	348 540 694	331 991 930.87	16 548 763.13	4.75	223 072 622.74
03. Internal Audit:						
Original budget	6 294 000					
Less: Virement	(60 000)	6 234 000	5 999 074.60	234 925.40	3.77	6 422 572.29
04. Inland Revenue:						
Original budget	221 660 000					
Plus: Virement	3 192 000	224 852 000	221 130 163.57	3 721 836.43	1.66	313 632 771.28
05. Economic Policy Advisory Services:						
Original budget	9 557 000					
Less: Virement	(180 000)	9 377 000	8 898 949.13	478 050.87	5.10	8 932 493.09
06. Customs and Excise:						
Original budget	315 473 000					
Plus: Virement	14 699 802					
Less: Suspension	(2 000 000)	328 172 802	305 214 365.81	22 958 436.19	7.00	285 597 303.80
07. Public Private Partnership Management:						
Original budget	3 702 000					
Less: Virement	(546 000)	3 156 000	2 865 070.77	290 929.23	9.22	4 078 972.81

Appropriation account (continue)

Service	2018/2019				2017/2018	
	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percentage		
N\$	N\$	N\$	N\$	%	N\$	
08. Medical Aid						
Scheme:						
Original budget	2 593 777 000					
Additional budget	2 585 515 000					
Plus: Virement	86 180 536					
Less: Suspension	(2 585 515 000)	2 679 957 536	2 672 164 951.74	7 792 584.26	0.29	2 621 114 525.98
09. Tender Board:						
Original budget	3 152 000					
Plus: Virement	2 504 596	5 656 596	5 211 910.21	444 685.79	7.86	43 381 835.88
10. Budget Management and Control:						
Original budget	279 487 000					
Additional budget	170 000 000					
Less: Virement	(3 400 000)	446 087 000	440 198 392.91	5 888 607.09	1.32	379 692 166.48
11. Expenditure and Financial Management:						
Original budget	36 274 000					
Less: Virement	(6 981 000)	29 293 000	27 742 359.66	1 550 640.34	5.29	48 159 364.20
12. Asset, Cash and Debt Management:						
Original budget	179 190 000					
Additional budget	20 000 000					
Less: Virement	(27 984 000)					
Less: Suspension	(10 000 000)	161 206 000	152 773 669.98	8 432 330.02	5.23	267 743 749.21
13. Information Technology:						
Original budget	68 246 000					
Plus: Virement	1 212 000	69 458 000	65 843 597.85	3 614 402.15	5.20	62 212 585.60
GRAND TOTAL		4 317 554 000	4 245 065 350.16	72 488 649.84	1.68	4 267 842 970.50

ANNEXURE A (continued)

1.2 Standard subdivisions

Subdivision	2018/2019			2017/2018
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	519 679 686	497 060 469.91	22 619 216.09	496 408 428.84
002. Employer's contribution to G.I.P.F	58 056 400	57 666 620.88	389 779.12	58 291 214.90
003. Other conditions of service	7 101 218	5 728 076.72	1 373 141.28	5 100 024.34
005. Employers' contribution to social security	1 597 672	1 545 433.58	52 238.42	1 322 709.34
Total	586 434 976	562 000 601.09	24 434 374.91	561 122 377.42
Current expenditure: Goods and other services				
021. Travel and subsistence allowances	6 290 598	4 691 309.79	1 599 288.21	6 139 694.99
022. Materials and supplies	11 298 731	6 567 376.67	4 731 354.33	12 047 585.18
023. Transport	10 000 000	9 013 020.83	986 979.17	8 723 881.84
024. Utilities	64 899 269	61 859 264.68	3 040 004.32	71 573 397.71
025. Maintenance expenses	129 143 000	122 160 439.75	6 982 560.25	93 877 300.03
026. Property rental and related charges	11 300 000	10 577 310.22	722 689.78	26 197 125.68
027. Other services and expenses	31 535 604	29 136 107.78	2 399 496.22	203 839 151.57
028. Training course, symposiums and workshops	4 781 802	4 263 315.75	518 486.25	-
029. Printing and advertisements	7 159 000	6 556 374.70	602 625.30	-
033. Office refreshments	293 000	261 621.44	31 378.56	-
040. Security contracts	17 800 000	15 657 820.18	2 142 179.82	-
Total	294 501 004	270 743 961.79	23 757 042.21	422 398 137.00
Current expenditure: Membership fees and subscriptions				
041. International	19 629 560	11 492 063.05	8 137 496.95	30 219 330.06
Total	19 629 560	11 492 063.05	8 137 496.95	30 219 330.06
Current expenditure: Subsidies, grants and other transfers				
043. Government organisations	2 842 134 396	2 839 080 091.01	3 054 304.99	3 187 309 884.26
045. Public and departmental enterprises and private industries	-	-	-	40 376 916.86
046. Subsidies to sun national bodies	260 800 000	251 847 610.27	8 952 389.73	-
047. Subsidies to other extra budgetary bodies	169 464 476	169 263 725.48	200 750.52	-
053. Subsidies to state owned enterprises	118 923 000	118 923 000.00	-	-
Total	3 391 321 872	3 379 114 426.76	12 207 445.24	3 227 686 801.12
Total: Current expenditure	4 291 887 412	4 223 351 052.69	68 536 359.31	4 241 426 645.60
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	639 588	527 554.26	112 033.74	50 000.00
126. Capital transfers to other extra budgetary bodies	20 527 000	20 526 718.58	281.42	-
Total	21 166 588	21 054 272.84	112 315.16	50 000.00
Total: Operational expenditure	4 313 054 000	4 244 405 325.53	68 648 674.47	4 241 476 645.60

ANNEXURE A (continued)

Subdivision	2018/2019			2017/2018
	Authorized expenditure N\$	Actual expenditure N\$	Under-expenditure/ (Excess) N\$	Actual expenditure N\$
Lending and equity participation				
175. Equity participation: joint ventures and domestic enterprises	-	-	-	22 449 917.41
Total	-	-	-	22 449 917.41
Development:				
Capital expenditure: Acquisition of assets				
105. Feasibility studies, design and supervision	-	-	-	1 284 959.47
107. Construction, renovation and improvement	4 500 000	660 024.63	3 839 975.37	2 631 448.02
Total: Development expenditure	4 500 000	660 024.63	3 839 975.37	3 916 407.49
GRAND TOTAL	4 317 554 000	4 245 065 350.16	72 488 649.84	4 267 842 970.50

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate N\$	Actual revenue 2018/2019 N\$	More/(Less) than estimated N\$	Actual revenue 2017/2018 N\$
Members' contribution to Government				
Employees Medical Aid Scheme	348 894 014	435 708 614.16	86 814 600.16	410 688 920.33
Sale of tender documents	100 000	868 735.00	768 735.00	497 540.00
Auction sales (Customs)	200 000	58 400.13	(141 599.87)	872 728.12
Warehouse rent (Customs)	104 538	158 435.81	53 897.81	51 251.76
Collateral losses	10 000	556 014.00	546 014.00	5 916.00
Special attendance	500 000	741 881.72	241 881.72	639 512.74
Miscellaneous	-	15 673 843.21	15 673 843.21	33 467 607.17
Unclaimed cheques	-	(3 456.02)	(3 456.02)	33 490 001.19
Export levy (Customs)	44 317 600	294 175 665.23	249 858 065.23	174 815 862.93
Additional duty (Customs)	699 810	464 969.45	(234 840.55)	2 201 977.27
Licence fees (Customs)	10 000	17 294.41	7 294.41	17 100.00
Guarantee levy payments	(156 371 400)	-	156 371 400.00	-
Provisional payments (Customs)	-	24 510 167.03	24 510 167.03	11 780 979.48
Ministerial fines	-	300.00	300.00	-
Environmental levy (Customs)	156 371 400	82 817 022.43	(73 554 377.57)	95 299 491.63
TOTAL	394 835 962	855 747 886.56	460 911 924.56	763 828 888.62

1.4 Notes to the financial statements

1.4.1 Appropriation account: Explanations of variations exceeding 2% between authorized and actual expenditure

Underexpenditure

Main division 01 - Office of the Minister (N\$ 532 458.94 – 9.57%)

The total underexpenditure of 9.57% was attributed to personnel expenditure and goods and other services. The underexpenditure on personnel expenditure was more on Employers Contribution to Government Institutions Pension Fund (GIPF) as a result of an overestimation. Budget provisions were made for the Minister to attend the 2018 International Monetary Fund/World Bank group annual meetings in Bali Nusa Dua, Indonesia during the period of 08-14 October 2018, however due to equal competing functions to be undertaken during the same period the Minister could not attend the said meeting. With regards to office refreshments, the underexpenditure was caused by cancelled meetings and reduced requisitions for refreshments as cost cutting measures.

Main division 02 - Administration (N\$ 16 548 763.13– 4.75%)

The underexpenditure was due to an uncontrollable variance on personnel expenditure occurred due to the calculation fluctuations of leave gratuity. The underexpenditure on daily subsistence advances (DSA) was caused by the introduction of cost cutting measures, which was to cancel some foreign trips. The underexpenditure on material and supplies was due to the cancellation of bids caused by partial non-compliance and failure to deliver/late delivery by bidders. There was an underspending on transport because of the late submission of invoices by the Government Garage.

The launch of the Integrated Tax Administration System (ITAS) in January 2019 and service delivery discussions with ITAS in February/March 2019 resulted in the disruption of service delivery, thereafter reducing printing cost (postage stamps) and courier service resulted in the underexpenditure on utilities. The underexpenditure on maintenance expenses was as a result of a challenge experienced with non-delivery of bidders. In addition to that, the Ministry of Works and Transport issued a directive to decentralize the maintenance to Regional Councils which in the end did not materialize and contributed to a delay in the execution.

The underexpenditure on property rental was caused by the termination of two (2) contracts for Continental Building and Mozart Square towards the end of the financial year. The review panel staff members who were to undertake a familiarization trip to neighbouring countries for benchmarking purposes did not materialize due to a shortage of staff in the section. The precise amount of retainer fees and sitting allowance for members are dependent on the quantity of review applications received and cannot be pre-determined, hence the underexpenditure.

Main division 03 - Internal Audit (N\$ 234 925.00 – 3.77%)

The underexpenditure on personnel expenditure was attributed to the non-appointment of assistant internal audit positions. Four (4) positions became vacant during the course of the year due to promotions and transfers. The underexpenditure on goods and other services was due to the division that planned to undertake trips to the regions during the financial year which could not materialize due to unforeseen circumstances (unplanned but urgent investigations).

Main division 05 - Economic Policy Advisory Services (N\$ 478 050.87 – 5.10%)

The overall underexpenditure of 5.10% was attributed to the underexpenditure on remuneration, employers' contribution to Government Institution Pension Fund (GIPF) and employers' contribution to social security as a result of vacant positions that could not be filled. The underexpenditure on goods and other services was due to the Directorate underspending on travel and subsistence allowances as a result of cost cutting measures.

Main division 06 - Customs & Excise (N\$ 22 958 436.19 – 7.00%)

The underexpenditure of 7% was attributed to personnel expenditure as control measures were put in place to reduce overtime at all customs operational offices. Some shifts were adjusted to minimize the number of overtime hours for customs officials. Furthermore, the Directorate Customs & Excise has approximately twelve (12) officials from various offices of different ranks who terminated their services, resulting in an underexpenditure on personnel expenditure.

Main division 07 - Public Private Partnership Management (N\$ 290 929.00 – 9.22%)

The variance of 9.22% was attributed to the main division having three (3) vacant positions (Director, Deputy Director and Chief Economist) that were planned to be filled. However, the recruitment process could not be completed by the end of the financial year. That contributed to the underexpenditure on all subdivisions on personnel expenditure. Not all planned trips could be undertaken due to the cost cutting measures which were introduced during the 2018 year in respect of goods and services.

Main division 09 - Tenderboard (N\$ 444 685.79 – 7.86%)

The variance of 7.86% was attributed to an underexpenditure on goods and other services as a result of the cancellation of some regional trainings and the procurement of consultancy services. New office furniture was acquired as the main division was newly established; however, some furniture items were acquired from other offices, which caused underexpenditure as a result.

Main division 11 - Expenditure and Financial Management (N\$ 1 550 640.34 – 5.29%)

The underexpenditure on personnel expenditure was due to vacant positions that could not be filled during the period under review. The underexpenditure on travel and subsistence advances was due to the implementation of cost cutting measures aimed at curbing travelling. Bank charges were underspent due to the fact that cheques were phased out, which caused a drop in charges by commercial banks.

Main division 12 - Asset, Cash and Debt Management (N\$ 8 432 330.00 – 5.23%)

The variance of 5.23% was attributed to underexpenditure on personnel expenditure due to vacant positions which could not be filled during the financial year as part of cost cutting measures. Underexpenditure on goods and other services was realised due to the training and inspection units (responsible for providing training on Government assets for all OMA's and conducting inspections on Government assets) that could not carry out its activities as planned. Vacancies that occurred during the year could not be filled instantly.

No international bond was issued during the year under review. Furthermore, the currency fluctuation was favourable, and as a result, the Ministry paid less for rating agencies than what was originally estimated.

Main division 13 - Information Technology (N\$ 3 614 402.15 – 5.20%)

The variance of 5.20% was attributed to an underexpenditure on goods and services which was caused by a payment for network services, the amount to be paid to Paratus Telecom Namibia was approximately N\$ 4 950 000 (N\$ 1 650 000 per month x 3 months), but the contract expired and was renewed in the 2019/2020 financial year.

1.4.2 Departmental revenue: Explanations of variances exceeding N\$ 200 000

(i) Underestimated

Members' contribution to the Government employees medical Aid (N\$ 86 814 600.16)

Verification of Public Service Employee Medical Aid Scheme (PSEMAS) membership was conducted of which it was discovered that some members were not contributing towards the scheme. Consequently, arrear payments were collected during the financial year under review. The Ministry also recovered money that was erroneously paid to service providers. These caused a sharp increase in revenue.

Sale of tender documents (N\$ 768 735.00)

The increase in revenue came as a result of the amendment of regulations relating to the Public Procurement Act, 2015 (Act 15 of 2015). This amendment amongst others, set standard rates for the purchase of bidding documents, bid security and performance security.

Guarantee levy payments (N\$ 156 371 400.00)

The negative revision was as a result of a wrong posting by Treasury (Budget Management). The revision was meant to reduce Environmental Levy instead.

Collateral losses (N\$ 546 014.00)

Collateral losses are money claimed back from the bank in respect of housing guarantee issued by the Government on behalf of its employees. The increase in revenue was caused by the increase in service terminations.

Special attendance (N\$ 241 882.72)

The revenue increase resulted from more calls for special attendance for inspections conducted after office hours, weekends and on public holidays.

Export levy (N\$ 249 858 065.23)

This is attributed to the increase in the export of high value commodities such as diamonds and fish during the period under review.

Provisional payments (N\$ 24 510 167.03)

The increase in revenue collection was contributed by the increase in temporary importation of new vehicles which attracted more provisional payments, especially the construction vehicles and machineries. The estimate was reduced during the mid-term budget review due to a downward revision.

Miscellaneous revenue (N\$ 15 673 843.21)

An amount of N\$ 15 384 343.17 was credited to the miscellaneous account on 06 April 2018, being a penalty paid by Sanlam Namibia Limited, Sanlam Life Namibia and Professional Provident Society Insurance Company Limited to the Namibia Competition Commission as per the Government Gazette, 2016 (No. 340 of 2016).

(ii) Over-estimated**Environment Levy (N\$ 73 554 377.57)**

Carbon emissions taxes mostly account for the collection of environmental taxes. The importation of second hand vehicles into Namibia decreased significantly, and as a result, the collection of environmental taxes decreased. In addition, the increased exemption on environmental levy for a period up to six months on temporary vehicles reduced the revenue collection as some importers prefer that option.

Additional duty (Customs) (N\$ 234 840.55)

Investigations were underway to determine what items were still to attract additional duty, because it was removed from most of the items, if not all.

2. GENERAL INFORMATION

2.1 Bank account

The Accounting Officer reported that the Ministry operated the following bank account:

Account name	Bank	Closing balance as at 31/03/2019
Ministry of Finance	Standard bank	N\$ 2 984 939.61

2.2 Compensation payments

The Accounting Officer reported an amount of N\$ 31 061.28 in respect of a compensation payment made during the financial year under review.

2.3 Debt to Government

The Accounting Officer reported debt to the Government amounting to N\$ 990 012.83 for the financial year under review.

2.4 Annual stocktaking

The Accounting Officer reported stocktaking conducted at thirteen (13) stock points, and surpluses worth N\$ 500 680, shortages and deficiencies worth N\$ 253 693 and obsolete and worn-out items worth N\$ 26 955 were reported during stocktaking for the year under review.

2.5 Vehicles

2.5.1 Vehicles on hand (Own fleet)

The Accounting Officer reported two hundred and fifty four (254) vehicles on hand valued at N\$ 26 673 800..

2.5.2 Vehicles on hand (Government garage)

The Accounting Officer reported seven (7) vehicles on hand allocated to the Ministry by the Government garage valued at N\$ 2 029 300.

2.5.3 Accidents – Cost and damages

The Accounting Officer reported that total cost of damages amounted to N\$ 142 053 for the year under review in respect of motor vehicle accidents.

2.6 Livestock

The Accounting Officer reported livestock consisting of twelve (12) sniffer dogs valued at N\$ 300 000 for the year under review.

2.7 Losses and damages

The Accounting Officer reported losses amounting to N\$ 40 548.72 for the financial year under review.

2.8 Donations by Government

The Accounting Officer reported interlocks valued at N\$ 50 000 donated to the Ministry of Education, Arts and Culture for the financial year under review, with the necessary Treasury approval.

2.9 Capital projects

The following were the development projects of the Ministry:

Nature of project	Approved total budget	Total expenditure as at 31/03/2018	Approved appropriation 2018/2019	Actual expenditure 2018/2019	Total expenditure as at 31/03/2019	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Construction of staff accomodation at Omahenene Border Post	68 321 000	25 241 591.24	2 132 000	217 357.39	25 458 948.63	31 March 2017
Construction of staff housing at Transkalahari Border Post	33 932 000	14 546 493.27	1 000 000	-	14 546 493.27	31 March 2021
Construction of Noordoewer Office Administration	6 396 000	226 123.59	800 000	237 617.62	463 741.21	31 March 2021
Nationwide Renovation of MOF Facility	22 433 000	15 680 089.21	568 000	205 049.62	15 885 138.83	31 March 2020
Total	131 082 000	55 694 297.31	4 500 000	660 024.63	56 354 321.94	

2.10 Suspense accounts

The final ledger shows nineteen (19) suspense accounts with balances at the end of the financial year of which twelve (12) had debit balances and seven (7) with credit balances as follows:

Suspense account	Balance as at 31 March 2019 Debit/(Credit)
	N\$
Receipt suspense	(1 712 476.53)
Receipt suspense customs	3 256 839.21
Receipt suspense IRD	(680 665 010.74)
Petty cash	3 550.00
RD cheques	43 852.04
RD suspense customs	78 504.46
RD suspense IRD	33 604.01
S&T advance suspense account	1 799 404.26
Rejection account	1 648 587.68
Bills payable	217 879 218.08
Electronic fund transfer clearing account	413 119.32
Social security	(1 139.30)
Salary interface control account	2 676.93
Pension Fund: GIPF	(9 597.11)
Pension Fund: Political office bearers	(535.42)
Standard Bank (Windhoek)	3 622.92
First National Bank (Windhoek)	(535.40)
Debt establishment	11.37
Electronic banking	(265 750 585.81)

2.11 Bursaries and study assistance

The Accounting Officer reported an amount of N\$ 147 279.45 paid in respect of study assistance for fourteen (14) staff members.

2.12 Accidents – Cost of damages

The Accounting Officer reported cost of damages amounting to N\$ 142 051.25 in respect of six (6) vehicle accidents, in addition one (1) vehicle to the estimated value of N\$ 160 000 was written off.

WINDHOEK, 2019-10-16


MRS. E. B. SHAFUDAH
ACCOUNTING OFFICER

2.12 Accidents – Cost of damages

The Accounting Officer reported cost of damages amounting to N\$ 142 051.25 in respect of six (6) vehicle accidents, in addition one (1) vehicle to the estimated value of N\$ 160 000 was written off.

WINDHOEK, 2019-10-16

**MS. E. B. SHAFUDAH
ACCOUNTING OFFICER**

