



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**

# **MINISTRY OF FINANCE**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**



**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 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

<b>Treasury:</b>	Financial authority in public service. (The department of Government that has control over the collection, management and disbursement of public revenue).
<b>Vote:</b>	Represents an Office/Ministry/Agency.
<b>Appropriation Act:</b>	Estimate of expenditure and revenue for a particular financial year presented to the National Assembly, the Act passed by Parliament.
<b>Appropriation Account:</b>	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.
<b>Standard sub-division:</b>	Government Balance account, showing balances incurred on each account/activity.
<b>Suspension:</b>	Reduction on budget (Treasury may from time to time withhold or suspend any amount in an estimate of expenditure).
<b>Virement:</b>	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.
<b>Unauthorised Expenditure:</b>	Expenditure that exceeds the amount appropriated (budgeted) for a vote, main division or subdivision.
<b>Underexpenditure:</b>	Saving on the budget.
<b>Miscellaneous Revenue:</b>	All revenue collected and not having a specified revenue code.
<b>Commitments:</b>	Funds reserved to acquire goods or services from a supplier.
<b>Suspense accounts:</b>	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.
<b>S&amp;T Advance Suspense Account:</b>	A suspense account reflecting the outstanding subsistence and travel advances.
<b>Rejection Account:</b>	A suspense account reflecting names and balances of all persons/companies that owe the money to the State.
<b>Budget:</b>	Is an estimation of the revenue and expenses over a specified future period of time.
<b>Subsistence Advance:</b>	Payment given in advance to an employee to reimburse accommodation, meal and incidental expenses, while on an official assignment.
<b>Performance Information:</b>	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).

<b>Key performance indicator (KPI):</b>	A measurable value used to monitor and demonstrates how effectively an organization is achieving key business objectives.
<b>International Standards of Supreme Audit Institutions (ISSAI):</b>	Professional standards and best practice guidelines for public sector auditors, officially authorised and endorsed by the International Organisation of Supreme Audit Institutions (INTOSAI).
<b>Attestation engagement:</b>	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.
<b>Subject matter:</b>	Refers to the information, condition or activity that is measured or evaluated against certain criteria.
<b>Materiality:</b>	Is a concept or convention relating to the importance or significance of an amount, transaction, or discrepancy that affects the decision of the user.
<b>OMA:</b>	Office/Ministry/Agency
<b>Types of Audit Opinions:</b>	<p><b>Unqualified Opinion.</b> 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><b>Qualified Opinion.</b> 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><b>Disclaimer Opinion.</b> 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><b>Adverse Opinion.</b> 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>
<b>Reasonable Assurance:</b>	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.
<b>Limited Assurance:</b>	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  
MINISTRY OF FINANCE  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

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**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 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 year ended.

In my opinion, the financial statements of the Ministry of Finance as at 31 March 2021 are prepared, in all material respects, in accordance with the terms of Article 127(2) of the Namibia Constitution and Section 25(1) of 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 matters:

**1.4.1 Compensation payments**

The Accounting Officer reported claims against the State amounting to N\$ 2 838 719.57, however, Treasury authorisation was not provided to verify the validity of the payments made to 3<sup>rd</sup> parties amounting to N\$ 803 569.92 as required by Treasury Instruction EC 0108, which states that "*The State Attorney or his proxy must make a settlement recommendation to the ministry as soon as consensus is reached, the involved ministry obtains the Treasury's authorisation for settlement in accordance with Section 21 of the State Finance Act, 1991*".

It is recommended that the Accounting Officer should ensure that the necessary Treasury authorisation is obtained for such payments are submitted for audit purposes.

#### **Management response**

In his response on the draft report, the Accounting Officer acknowledged that Section 21 (c) of the Act was not adhered to and shall ensure it is complied with in future.

#### **1.4.2 Bank accounts**

The bank statement as at 31 March 2021 for the Covid 19 Emergency bank account with a closing balance amounting to N\$ 42 381 237.27 was not provided for the audit.

It is recommended that the Accounting Officer should provide the bank statement for the Covid 19 Emergency bank account for audit purposes.

#### **1.4.3 Grants by Government**

The Accounting Officer reported grants paid to unemployed individuals as relief during the COVID-19 pandemic to the amount of N\$ 304 876 037.27 for the financial year under review, however no supporting documents were provided for disbursements amounting to N\$ 34 222 550.00 to verify the validity and accuracy of this amount.

It is recommended that the Accounting Officer should provide the supporting documents for audit purposes.

#### **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 2021.

### **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, 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 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, 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.

### **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 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. KEY AUDIT FINDINGS**

### **2.6.1 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, one (1) operational subdivision was exceeded by a total amount of N\$ 6 931.39. This excess is unauthorized in terms of Section 6(a)(iii) of the Act.

Although explanations were provided for the unauthorized expenditure, it is recommended that the Accounting Officer should ensure that control measures are strengthened to avoid unauthorized expenditure in future.

#### **Management response**

In his response on the draft report, the Accounting Officer accepted the recommendation and shall ensure control measures are strengthened to avoid unauthorized expenditure.

### **2.6.2 Underexpenditure**

The Ministry realised underexpenditure amounting to N\$ 120 714 733.58 on the total vote which are funds that could have been used for other pressing needs in the country. 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.”*

It is recommended that the Accounting Officer should ensure that Treasury Instruction DC 0202 is adhered to at all times.

#### **Management response**

In his response on the draft report, the Accounting Officer indicated that the Ministry takes note of the recommendation and shall ensure that Treasury Instruction DC0202 is adhered to.

### **2.6.3 Suspense accounts**

- (i) Treasury Instruction FD 0702, states that *“the Accounting Officer should keep auxiliary registers (superfluous) to enable the Ministry to reconcile the suspense accounts placed under their control with the respective ledger accounts.”* However, the following audit findings were noted:

The Ministry had unexplained outstanding balances on the following seven (7) suspense accounts as at 31 March 2021 whereas these suspense accounts should have zero balances at year end:

Suspense account	Balance as at 31 March 2021 Debit/(Credit)
	N\$
Electronic fund transfer clearing account (EFT)	(667 588.19)
Electronic fund transfer clearing account (EFT- IRD)	33 814 864.96
Social security	(1 220.30)
Salary interface control account	(7 025.43)
Pension Fund: GIPF	2 147.52
Electronic banking	(108 806 688.20)
Debt establishment	108.62

It is recommended that the Accounting Officer should ensure that the suspense accounts with balances should be zero at year end and should take note of Treasury Instruction FD 0702 to ensure reconciliation is timely performed in future so that balances are correctly reflected at the end of the financial year.

#### (ii) Outstanding subsistence advances

Differences were noted in the balance of outstanding subsistence advances as follows:

Balance as per Debit Balance List	S&T advance suspense account	Difference
N\$ 21 848.62	N\$ 1 720 305.67	N\$ 1 698 457.05

The Accounting Officer explained that the difference is attributed to some adjustment journals processed on the Daily Subsistence Allowance (DSA) module clearing off the debit balance list, but have not gone through to the General Ledger (GL) in the DSA suspense account. Steps are ongoing to identify the latter adjustment journal and to pass a journal accordingly to clear off the debits.

It is recommended that the Accounting Officer should take note of Treasury Instruction FD 0702 and ensure reconciliations are performed timely to ensure balances are correctly reflected at year end.

#### Management response

In his response on the draft report, the Accounting Officer indicated that investigations are ongoing with the assistance of internal and external stakeholders (Treasury and SILNAM) for the difference in balances between the DSA advance suspense account and the debit balance list.

#### 2.6.4 Annual stocktaking

Treasury Instruction KA 0901 states that “Stores, equipment and livestock shall be subjected to stocktaking at least once each financial year and the Accounting Officer shall submit the report thereon to Treasury for approval as soon as possible after stocktaking, but in any case within 30 days after the end of the financial year concerned”. The audit found that the Ministry conducted stocktaking at all thirteen (13) stock points and submitted the reports to Treasury for approval. However, Treasury approval for five (5) stock reports were not obtained as Treasury did not approve it due to corrections that had to be made by the Ministry, or due to late submissions.

It is recommended that the Accounting Officer should ensure that Treasury Instruction KA0901 is adhered to

and submit the approved stocktaking reports for audit purposes.

### **Management response**

In his response on the draft report, the Accounting Officer indicated that all five (5) stocktaking reports initially submitted to Treasury, which did not obtain approval due to corrections that had to be made by the Ministry or due to late submission, are re-submitted to Treasury for approval.

## **2.7 UNQUALIFIED 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, 2020 (Act 4 of 2020) and Appropriation Amendment Act, 2020 (Act 8 of 2020).

## **3. AUDIT OF PERFORMANCE INFORMATION**

I have audited the performance information of the Ministry of Finance 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 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 was 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 Directorate of Expenditure and Financial Management.

### **3.5 CONCLUSION ON THE SUBJECT MATTER**

The Key Performance Indicator (KPI), the percentage (%) progress towards reconciliation of Public Service Employee Medical Aid Scheme (PSEMAS) Membership, for the strategic objective "to promote macro-economic stability" under the Medical Aid Division was tested against the above mentioned criteria.

Ninety eight percent (98%) of the Key Performance Indicator (KPI) was achieved and the audit revealed a satisfactory outcome, thus the Ministry is commended 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, 2020 (Act 4 of 2020) and Appropriation Amendment Act, 2020 (Act 8 of 2020) 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 AND COMPLIANCE AUDIT**

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 auditors' 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.

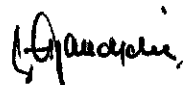
- It is also my responsibility to express an opinion on whether the financial performance and the use of appropriated funds is, in all material respect is in compliance with the Appropriation Act, 2020 (Act 4 of 2020), Appropriation Amendment Act, 2020 (Act 8 of 2020), State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015), Treasury Instructions and Public Procurement Regulations. 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 04 October 2021 in terms of Section 13 of the State Finance Act, 1991 (Act 31 of 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 2022**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## 1. AUDITED FINANCIAL STATEMENTS

## 1.1 Appropriation account

2020/2021						2019/2020
Service	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percentage		
N\$	N\$	N\$	N\$	%	N\$	
<b>01. Office of the Minister:</b>						
Original budget	3 342 000					
Less: Virement	(200 008)					
Less: Suspension	(465 000)	2 676 992	2 646 891.96	30 100.04	1.12	5 642 234.49
<b>02. Administration:</b>						
Original budget	751 373 000					
Less: Virement	(25 188 000)					
Less: Suspension	(101 500 000)	624 685 000	607 744 767.51	16 940 232.49	2.71	554 436 320.66
<b>03. Internal Audit:</b>						
Original budget	2 624 000					
Plus: Virement	2 496 750	5 120 750	4 964 954.57	155 795.43	3.04	6 073 586.93
<b>04. Inland Revenue:</b>						
Original budget	286 244 000					
Less: Virement	(18 060 000)					
Less: Suspension	(21 000 000)	247 184 000	238 315 351.01	8 868 648.99	3.59	229 477 487.30
<b>05. Economic Policy Advisory Services:</b>						
Original budget	11 349 000					
Less: Virement	(968 310)					
Less: Suspension	(116 000)	10 264 690	10 109 672.81	155 017.19	1.51	9 631 694.91
<b>06. Customs and Excise:</b>						
Original budget	347 875 000					
Less: Virement	(50 147 900)					
Less: Suspension	(21 500 000)	276 227 100	248 131 636.73	28 095 463.27	10.17	314 207 383.55
<b>07. Public Private Partnership Management:</b>						
Original budget	3 119 000					
Plus: Virement	398 700	3 517 700	3 396 903.80	120 796.20	3.43	2 623 102.56

## Appropriation account (continued)

2020/2021						2019/2020
Service	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percentage		
N\$	N\$	N\$	N\$	%	N\$	
<b>08. Medical Aid</b>						
<b>Scheme:</b>						
Original budget	2 657 938 000					
Plus: Virement	480 458 073	3 138 396 073	3 116 668 984.39	21 727 088.61	0.69	2 876 841 494.04
<b>09. Procurement</b>						
<b>Policy Unit:</b>						
Original budget	10 425 000					
Less: Virement	(2 821 350)	7 603 650	7 070 098.74	533 551.26	7.02	7 374 260.20
<b>10. Budget Management and Control:</b>						
Original budget	1 797 231 000					
Less: Virement	(350 003 996)					
Less: Suspension	(95 000 000)	1 352 227 004	1 315 600 157.77	36 626 846.23	2.71	457 785 384.51
<b>11. Expenditure and Financial Management:</b>						
Original budget	42 941 000					
Less: Virement	(16 265 600)	26 675 400	25 351 620.51	1 323 779.49	4.96	31 545 044.79
<b>12. Asset, Cash and Debt Management:</b>						
Original budget	217 401 000					
Less: Virement	(9 602 367)	207 798 633	207 171 448.87	627 184.13	0.30	164 651 206.11
<b>13. Information Technology:</b>						
Original budget	82 041 000					
Less: Virement	(5 498 106)	76 542 894	71 056 795.84	5 486 098.16	7.17	85 079 771.89
<b>15. Government Internal Audit And Policy Coordination:</b>						
Original budget	5 601 000					
Less: Virement	(4 597 886)	1 003 114	978 981.91	24 132.09	2.41	-
<b>GRAND TOTAL</b>	<b>5 979 923 000</b>	<b>5 859 208 266.42</b>	<b>120 714 733.58</b>	<b>2.02</b>	<b>4 745 368 971.94</b>	

ANNEXURE A (continued)

1.2 Standard subdivisions

Subdivision	2020/2021			2019/2020
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational:</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	488 406 414	473 590 749.20	14 815 664.80	490 919 106.51
002. Employer's contribution to G.I.P.F	57 930 000	56 477 461.69	1 452 538.31	57 330 617.02
003. Other conditions of service	12 261 922	8 600 054.72	3 661 867.28	7 503 429.78
005. Employers contribution to social security	1 493 220	1 470 948.12	22 271.88	1 516 790.19
<b>Total</b>	<b>560 091 556</b>	<b>540 139 213.73</b>	<b>19 952 342.27</b>	<b>557 269 943.50</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence allowances	867 194	747 953.71	119 240.29	5 264 364.61
022. Materials and supplies	9 713 150	7 687 179.58	2 025 970.42	11 102 402.28
023. Transport	12 983 000	11 227 642.76	1 755 357.24	10 451 777.56
024. Utilities	80 655 000	76 115 287.00	4 539 713.00	59 149 821.00
025. Maintenance expenses	133 200 759	109 594 787.60	23 605 971.40	174 850 432.80
026. Property rental and related charges	18 000 000	16 944 279.09	1 055 720.91	14 407 811.78
027. Other services and expenses	42 581 635	37 120 497.05	5 461 137.95	13 813 076.49
028. Training course, symposiums and workshops	-	-	-	1 867 152.07
029. Printing and advertisements	-	-	-	2 337 634.58
033. Office refreshments	-	-	-	331 076.58
036. Property rental and related charges	-	-	-	551 118.91
040. Security contracts	-	-	-	15 429 574.51
<b>Total</b>	<b>298 000 738</b>	<b>259 437 626.79</b>	<b>38 563 111.21</b>	<b>309 556 243.17</b>
<b>Current expenditure: Membership fees and subscriptions</b>				
041. International	14 757 433	14 537 371.01	220 061.99	15 456 795.93
<b>Total</b>	<b>14 757 433</b>	<b>14 537 371.01</b>	<b>220 061.99</b>	<b>15 456 795.93</b>
<b>Current expenditure: Subsidies, grants and other transfers</b>				
043. Government organisations	4 374 765 273	4 316 322 336.94	58 442 936.06	18 544 018.60
044. Individuals and non-profit organisations	627 000 000	627 000 000.00	-	-
045. Public and departmental enterprises and private industries	100 000 000	100 000 000.00	-	-
046. Subsidies to sub national bodies	-	-	-	444 683 645.40
047. Subsidies to other extra budgetary bodies	-	-	-	3 244 396 281.17
051. Subsidies to public and departmental enterprises and private industries	-	-	-	110 000.00
053. Subsidies to state owned enterprises	-	-	-	151 376 000.00
<b>Total</b>	<b>5 101 765 273</b>	<b>5 043 322 336.94</b>	<b>58 442 936.06</b>	<b>3 859 109 945.17</b>
<b>Total: Current expenditure</b>	<b>5 974 615 000</b>	<b>5 857 436 548.47</b>	<b>117 178 451.53</b>	<b>4 741 392 927.77</b>
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	1 108 000	-	1 108 000.00	366 947.74
<b>Total</b>	<b>1 108 000</b>	<b>-</b>	<b>1 108 000.00</b>	<b>366 947.74</b>
<b>Total: Operational expenditure</b>	<b>5 975 723</b>	<b>4 741 759 875.51</b>	<b>118 286 451.53</b>	<b>4 741 759 875.51</b>

## ANNEXURE A (continued)

## 1.2 Standard subdivisions (continued)

Subdivision	2020/2021			2019/2020
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Development:</b>				
<b>Capital expenditure: Acquisition of assets</b>				
107. Construction, renovation and improvement	662 930	79 052.90	583 877.10	3 609 096.43
117. Construction, renovation and improvement	3 537 070	1 692 665.05	1 844 404.95	-
<b>Total: Development expenditure</b>	<b>4 200 000</b>	<b>1 771 717.95</b>	<b>2 428 282.05</b>	<b>3 609 096.43</b>
<b>GRAND TOTAL</b>	<b>5 979 923 000</b>	<b>5 859 208 266.42</b>	<b>120 714 733.58</b>	<b>4 745 368 971.94</b>

## 1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate	Actual revenue 2020/2021	More/(Less) than estimated	Actual revenue 2019/2020
	N\$	N\$	N\$	N\$
Namfisa Board of Appeal Secretariat	-	1 000.00	1 000.00	-
Public Procurement Review Panel Secretariat	-	110 000.00	110 000.00	-
Members' contributions to Government	-	-	-	-
Employees Medical Aid Scheme	389 808 491	451 424 309.55	61 615 818.55	435 808 766.69
Sale of tender documents	-	187 100.00	187 100.00	765 153.00
Auction sales (Customs)	164 000	1 814 270.30	1 650 270.30	2 582 732.11
Warehouse rent (Customs)	57 490	386 236.34	328 746.34	481 044.96
Collateral losses	-	292 100.00	292 100.00	80 598.42
Special attendance	305 000	710 009.40	405 009.40	1 141 782.00
Miscellaneous	-	36 411 389.70	36 411 389.70	(235 245 762.96)
Redeposit of unclaimed cheques	-	-	-	(38 173.76)
Export levy (Customs)	103 368 000	308 435 946.77	205 067 946.77	303 168 283.76
Additional duty (Customs)	235 041	50 300.00	(184 741.00)	733 811.70
Licence fees (Customs)	8 990	285 600.00	276 610.00	41 722.77
Provisional payments (Customs)	9 760 000	(456 126 920.38)	(465 886 920.38)	10 466 265.02
Environmental levy (Customs)	59 541 413	55 315 547.41	(4 225 865.59)	94 428 212.49
<b>TOTAL</b>	<b>563 248 425</b>	<b>399 296 889.09</b>	<b>(163 951 535.91)</b>	<b>614 414 436.20</b>

**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 02 - Administration (N\$ 16 940 232.49 – 2.71%)**

The underexpenditure is attributed to positions which were budgeted for, but not filled during the 2020/2021 financial year. All management positions in the Ministry of Finance are subject to vetting, as a result, the filling of the management positions could not be finalized within the same financial year due to the vetting process which takes long and subsequent submission to the Public Service Commission for recommendation.

The underexpenditure on daily subsistence allowance was attributed to the fact that official trips could not be executed due to COVID 19 restrictions.

The underexpenditure on goods and services was due to the fact that some purchase orders issued during the financial year under review had to be cancelled due to non-delivery of goods and services by suppliers as a result of COVID 19 movement restrictions. In addition, the late submission of invoices by suppliers resulted in payments being effected in the next financial year. A resolution taken as a result of an internal audit recommendation for all rental related payments to be effected by the Ministry of Works and Transport. Cancellation of some planned procurement activities and the termination and or reduction of security personnel at various sites due to contract termination or acquisitions of alarm monitoring systems also led to the underexpenditure.

It should be noted that despite the above hindrances, the objectives for the financial year were fulfilled with minimum limitations.

**Main division 03 - Internal Audit (N\$ 155 795.43 – 3.04%)**

The underexpenditure is attributed to positions which were fully budgeted for, but only filled towards the end of the financial year under review.

**Main division 04 – Inland Revenue (N\$ 8 868 648.99 – 3.59%)**

The underexpenditure is attributed to the resignation and retirement of sixteen (16) staff members and persons not appointed to act in those positions. Furthermore, overtime which was budgeted for the cleaners and labourers to clean after disinfections/fumigation of offices as a result of COVID 19 cases was not fully expended. An over estimate towards the payment of the employers' contribution to the Government Institution Pension Fund (GIPF) also contributed to the underspending.

Due to COVID 19 all quarterly management meetings for which Daily Subsistence Allowance (DSA) was budgeted for, were done virtually resulting in an underspending on travel and subsistence allowances.

## ANNEXURE A (continued)

Moreover, due to the nationwide lockdown restricting movement between regions, the Inland Revenue Department (IRD) sought other transportation measures such as courier services for the delivery of stationeries and office equipment. Funds budgeted for the Integrated Tax Administration System (ITAS) project and payment for Phase 6 was paid accordingly. However, other provisions such as benchmarking study visits, stakeholders' communication and training could not be realised due to the COVID 19 pandemic. In addition, the delay in the submitting of invoices by suppliers and the process of certification resulted in some payments being deferred to the next financial year. The reduction in the payment of speed point commission to banking institutions due the usage of Electronic Funds Transfer (EFT) by clients during the lockdown period contributed to the underexpenditure. The objectives for the financial year were fulfilled without limitations.

### **Main division 06 - Customs & Excise (N\$ 28 095 463.27 – 10.17%)**

The underexpenditure on personnel expenditure is attributed to salary and overtime over-estimation at some cost centres and unspent funds under leave gratuity.

The underexpenditure on goods and services is attributed to the fact that some invoices for scanner maintenance could not be paid within the financial year under review due to further clarification that could not be finalized. Thus, a large portion of the allocated funds could not be spent. The budgetary provision for Asycudaworld consultant services that was budgeted for could not be realized due to prolonged procurement procedures. In addition, there were invoices that could not be settled due to clarity being sought to avoid duplication of payments. The objectives for the financial year were fulfilled with minimum limitations.

### **Main division 07 - Public Private Partnership Management (N\$ 120 796.20 – 3.43%)**

The underexpenditure on personnel expenditure under this main division was due to the fact that the vacant positions envisaged to be filled in the 2020/2021 financial year, were filled late in the year, hence, the remuneration was only paid from the second half of the financial year. The objectives for the financial year were fulfilled without limitations.

### **Main division 09 – Procurement Policy Unit (N\$ 533 551.26 – 7.02%)**

The underexpenditure under personnel expenditure is attributed to positions which were fully budgeted for, but could not be filled during the financial year, as well as vacancies which occurred during the course of the financial year. The underspending was attributed to limited spending on accommodation, conference facilities, fuel and DSA due to limited trainings, limited investigations and compliance audits conducted as a result of the COVID – 19 pandemic. Most trainings were rather conducted online and few audits were only conducted in Windhoek. The objectives for the financial year were fulfilled with minimum limitations.

### **Main division 10 – Budget Management and Control (N\$ 36 626 846.23 – 2.71%)**

The underexpenditure on personnel expenditure is attributed to the resignation of staff members towards the end of the financial year and the positions could not be filled immediately.

## ANNEXURE A (continued)

The underexpenditure on goods and services is attributed to the fact that funds earmarked for the NAMTRIMO project was not fully utilized as only a few invoices were forwarded for payment, restrictions on gathering also meant people could not meet to proceed with the project. An underexpenditure was further realized on expenditure incurred to print budget books as it was resolved during the budget preparation to only print a few copies of the budget documents and to rather project the budget virtually in Parliament as we were trying to adjust to the new normal as a result of the COVID 19 pandemic. Funds set aside as contingency for the Ministry of Health and Social Services as well as that of Ministry of Agriculture, Water and Land Reform were not expended during the financial year under review. The objectives for the financial year were fulfilled without limitations.

### **Main division 11 – Expenditure and Financial Management (N\$ 1 323 779.49 – 4.96%)**

The underexpenditure on personnel expenditure is attributed to vacant positions which occurred during the course of the financial period and virements could not be carried out as the period to effect such virements had lapsed.

The underexpenditure on goods and services was attributed to the reduction in levels of ministerial deposits as a result of the COVID 19 movement restrictions, the effect was that the commission payable to banking institutions significantly reduced due to less deposits made. There was a slight overestimation on various international organisation subscription fees. The objectives for the financial year were fulfilled without limitations.

### **Main division 13 – Information Technology (N\$ 5 486 098.16 – 7.17%)**

The underexpenditure on personnel expenditure is attributed to vacant positions which occurred during the course of the financial year under review and a slight overestimation on some of the remuneration line items and reduction in the need to perform overtime work.

The underexpenditure on goods and services was due to the late submission of invoices by services providers resulting in deferring some payments to the following financial year. A slight overestimation on some payments for some projects initiated during the financial year under review. The challenge with complying with some of the payment requirements of the Bank of Namibia (intermediary bank) resulted in some payments being deferred to the following financial year. Cancellation of issued purchase orders due to non-delivery of goods (laptops) by suppliers contributed to the under spending.

### **Main division 15 – Government Internal Audit and Policy Coordination (N\$ 24 132.09 – 2.41%)**

The underexpenditure on personnel expenditure is attributed to the slight overestimation in the amount to be viremented to the main division after the creation of its pay point during the course of the financial year under review. The objectives for the financial year were fulfilled without limitations.



**1.4.2 Departmental revenue: Explanations of variances exceeding N\$ 200 000****(i) Underestimated****Members' contribution to the Government employees medical aid scheme (N\$ 61 615 818.55)**

Verification of the Public Service Employee Medical Aid Scheme (PSEMAS) membership was conducted which revealed non contribution by members, consequently, arrears were collected during the financial year under review, and this was a major contributing factor for the variance.

**Auction sales (Customs) (N\$ 1 650 270.30)**

The increase was due to the auctioning of high value items such as vehicles which resulted in the high increase in revenue.

**Warehouse rent (Customs) (N\$ 328 746.34)**

This increase was due to the fact that most traders did not come and collect their items from the warehouse and therefore additional rent was paid.

**Collateral Losses (N\$ 292 100.00)**

Collateral losses is money claimed back by 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\$ 405 009.40)**

Traders requested more calls on special attendance for inspections conducted at own premises and after hours due to several lockdowns and restriction of movement because of the COVID 19 pandemic, which resulted in the revenue increase.

**Export levy (Customs) (N\$ 205 067 946.77)**

This was attributed to the increase in the export of commodities such as diamonds and fish during the period under review and a positive adjustment thereof during the financial year under review.

**Licence fees (Customs) (N\$ 276 610.00)**

There was a significant increase on the number of agents who renewed their licences and the introduction of the licence application fees that was charged, led to the increase in revenue.

**Miscellaneous revenue (N\$ 36 411 389.70)**

The variation is attributed to the crediting of the revenue head as a result of posting of previous financial years transactions from various suspense accounts, the receipt of revenue for which designated revenue head does not exist, and a lack of revenue estimate for the period.

(ii) Over-estimated

**Environmental levy (Customs) (N\$ 4 225 865.59)**

Revenue from environmental levy collection decreased mainly because of global and country wide lockdowns including Namibian borders in April 2020 due to the COVID 19 pandemic. This was also followed by other movement restrictions both local and international.

**Provisional payments (Customs) (N\$ 465 886 920.38)**

The decrease in revenue is associated to a sharp decrease in imports due to COVID 19 lockdowns and movement restrictions both locally and globally, from this revenue head. Refunds after re-exportation were also paid from this revenue code. There was also a negative adjustment under this revenue head during the financial year under review.

## 2. GENERAL INFORMATION

### 2.1 Bank accounts

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

Account name	Bank	Closing balance as at 31/03/2021
		N\$
ESAAG Annual Conference	First National Bank	30 268.97
Financial Literacy Initiative Training	Bank Windhoek	116 543.38
Financial Literacy Initiative Pool	Bank Windhoek	2 152 798.76
Private Public Partnership	Standard Bank	2 261 490.44
Finance Covid 19 Emergency	First National Bank	42 381 237.27
Finance Covid 19 Emergency	Bank Windhoek	26 661 750.00
Finance Covid 19 Emergency	Standard Bank	12 041 250.00
GIZ SDG-1 Economic Project	Standard Bank	1 541 684.00
Financial Literacy Initiative Investment	Bank Windhoek	3 978 782.04

### 2.2 Debt to Government

The Accounting Officer reported debt to the Government amounting to N\$ 617 343.41 for the financial year under review.

### 2.3 Vehicles

#### 2.3.1 Vehicles on hand (Own fleet)

The Accounting Officer reported two hundred and thirty seven (237) vehicles on hand as at 31 March 2021 valued at N\$ 23 630 460.00.

#### 2.3.2 Vehicles on hand (Government Garage)

The Accounting Officer reported two (2) pool vehicles on hand as at 31 March 2021 allocated to the Ministry by the Government garage valued at N\$ 490 800.00.

#### 2.3.3 Accidents – Cost of damages

The Accounting Officer reported seventeen (17) vehicle accidents with estimated cost of damages amounting to N\$ 355 541.49 for the financial year under review.

**2.4 Suspense accounts**

The final ledger shows seventeen (17) suspense accounts with balances at the end of the financial year of which ten (10) had debit balances and seven (7) with credit balances as follows:

Suspense account	Balance as at 31 March 2021 Debit/(Credit)
	N\$
Receipt suspense	(462 944.33)
Receipt suspense (Customs)	2 527 558.31
Receipt suspense (IRD)	(702 393 494.81)
Petty cash	3 550.00
RD cheques	43 852.04
RD suspense (Customs)	78 504.46
RD suspense (IRD)	(1 640.00)
S&T advance suspense account	1 720 305.67
Rejection account	1 325 608.33
Bills payable	(193 836.61)
Electronic fund transfer clearing account (EFT)	(667 588.19)
Electronic fund transfer clearing account (EFT- IRD)	33 814 864.96
Social security	(1 220.30)
Salary interface control account	(7 025.43)
Pension Fund: GIPF	2 147.52
Debt establishment	108.62
Electronic banking	108 806 688.20

**2.5 Exemptions from procurement procedures**

The Accounting Officer reported an exemption from procurement procedures for advertising services for technical and functional services for the ASYCUDA World System and the provision of medical aid scheme services which amounted to N\$ 40 816.80 for the financial year under review.

WINDHOEK, 2021-10-29

**MR. FRANCOIS BRAND**  
**ACCOUNTING OFFICER**