



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

# MINISTRY OF DEFENCE AND VETERANS AFFAIRS: VOTE 08 DEPARTMENT OF DEFENCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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**REPUBLIC OF NAMIBIA**



**TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY**

I have the honour to submit herewith my report on the accounts of the Ministry of Defence and Veterans Affairs: Vote 08 Department of Defence 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 without 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 specified.
<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>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 OMA 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.
<b>Direct reporting engagement:</b>	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.
<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, 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>VAT</b>	Value Added Tax
<b>NDF</b>	Namibia Defence Force



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS  
OF THE MINISTRY OF DEFENCE AND VETERANS AFFAIRS: DEPARTMENT OF DEFENCE  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

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**1. SECTION A: FINANCIAL AUDIT**

**1.1 UNQUALIFIED OPINION**

I have audited the financial statements of the Ministry of Defence and Veteran Affairs: Department of Defence 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 for the year then ended and notes to the financial statements.

In my opinion, the financial statements of the Ministry of Defence and Veterans Affairs: Department of Defence as at 31 March 2021 are prepared, in all material respect in accordance with Section 12 & 13 of the State Finance Act, 1991 (Act 31 of 1991) and relevant legislation.

**1.2 BASIS FOR QUALIFIED OPINION**

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

**1.3 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 FOLLOW UP ON PRIOR YEAR AUDITS**

### **1.4.1 Foreign bank account**

During the 2018/2019 audit, a Defence Attaché was appointed on 21 January 2014 and accredited to the Democratic Republic of Congo for a period of four years from 01 March 2014 to 28 February 2018. During the year under review, there was no one appointed as a Defence attaché. This Mission has a bank account which is held at Standard Bank, Kinshasa. The closing balance at the end of the 2017/2018 financial year was U\$ 28 438.83. The audit found that total expenditure of US\$ 17 496.60 was incurred even though there was no Defence Attaché based in the Democratic Republic of Congo, during the 2018/2019 financial year. The auditors were not provided with documents on what the funds were spent on in the absence of an Attaché at the mission.

During the 2018/2019 audit, it was found that an amount of USD 1 093.00 was debited on 13 March 2019 in respect of "Spouse Allowance" from the Trust Merchant Bank S.A account. No evidence was provided to substantiate the cost incurred as the Defence Attaché who was accredited to that mission term ended in February 2018. No proof was provided for any Defence Attaché being appointed during the period under review.

In response to the 2018/2019 draft report, the Accounting Officer indicated that the Ministry takes note of the finding and will, with the advice from the Ministry of International Relations and Corporation, propose to despatch a team of internal auditors to the Office of the Defence Attaché to investigate the findings and submit an independent report to the Auditor-General.

The follow-up audit found the above finding remain the same and the Accounting Officer did not provide a feedback report for audit purposes as indicated in the Accounting Officer's response on the previous report.

It is recommended that the Accounting Officer should provide feedback on this matter as a matter of urgency.

## **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 Defence and Veteran Affairs: Department of Defence 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 Defence and Veteran Affairs: Department of Defence's financial performance and the use of appropriated funds is in compliance with the Appropriation Act, 2020 (Act 4 of 2020); Appropriation Amendment Act, 2020 (Act 8 of 2020); State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015); Treasury Instructions and Public Procurement Regulations during the financial year ended 31 March 2021.

### **2.3 Audit objective**

The objective of this compliance audit is to verify and assess whether the Ministry of Defence and Veteran Affairs: Department of Defence 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 of this compliance audit are derived from the following laws and regulations stated below:

- Appropriation Act, 2020 (Act 4 of 2020);
- Appropriation Amendment Act, 2020 (Act 8 of 2020);
- State Finance Act, 1991 (Act 31 of 1991);
- 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 laws and regulations that governs them.

## 2.6 BASIS FOR UNQUALIFIED AUDIT OPINION

### 2.6.1 Stocktaking

The Accounting Officer reported that for the year under review, no stocktaking was conducted due to Covid-19. This is contrary to Treasury Instruction KA0901 which states that stores, equipment and livestock to be subjected to stocktaking at least once each financial year and the reports thereon be submitted to Treasury for approval as soon as possible after the stocktaking, but in any case within 30 days after the end of the financial year concerned.

It is recommended that the Accounting Officer should ensure that stocktaking should take place as required by Treasury Instructions KA 0901.

### Management comment

The Accounting Officer indicated that the Ministry confirms that no stock taking was conducted due to Covid-19 pandemic with the gradual lifting of restrictions stocktaking will take place as requested by the Treasury Instructions.

## 2.7 UNQUALIFIED OPINION ON THE SUBJECT MATTER

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

## 3. AUDIT OF PERFORMANCE INFORMATION

The following two KPIs were selected for audit for the year under review:

Strategic objective	Key Performance Indicators
Develop a national defence architecture and a formidable defence force	# of training exercises conducted
Enhance capacity for collective domestic security	% of readiness to provide aid services

### **3.1 CONCLUSION**

The outcome of the audit revealed a satisfactory outcome of KPI's.

### **4. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

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

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

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

### **5. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement

resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my 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 financial statements, notes to the financial statements and general information provided by the Accounting Officer are attached as Annexure A (Appropriation account, Standard subdivisions, Departmental revenue, notes to the financial statements and general information).

The accounts were submitted timeously by the Accounting Officer to the Auditor-General on 31 October 2021 in terms of Section 13 of the State Finance Act, 1991 (Act 31 of 1991).

## **7. ACKNOWLEDGEMENT**

The co-operation and assistance by the management and staff of the Ministry of Defence and Veteran Affairs: Department of Defence 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	N\$	Authorised expenditure N\$	Actual expenditure N\$	Variations		Actual expenditure N\$
				Under-expenditure/ (Excess) N\$	Percent age %	
<b>01. Office of the Minister:</b>						
Original budget	3 349 000					
Plus: Virement	630 000	3 979 000	2 799 030.20	1 179 969.80	29.65	4 072 982.76
<b>02. Administration:</b>						
Original budget	1 986 801 000					
Plus: Virement	27 930 000	2 014 731 000	1 953 588 702.23	61 142 297.77	3.03	1 597 250 348.93
<b>03. Training:</b>						
Original budget	305 189 000					
Plus: Virement	11 670 000	316 859 000	299 772 269.83	17 086 730.17	5.39	297 210 005.22
<b>04. Namibian Army:</b>						
Original budget	2 706 160 000					
Less: Virement	(74 980 000)					
Less: Suspension	(5 000 000)	2 626 180 000	2 595 004 436.45	31 175 563.55	1.19	2 792 528 214.58
<b>05. 21<sup>st</sup> Brigade:</b>						
Original budget	406 104 000					
Less: Virement	(9 400 000)	396 704 000	393 824 187.27	2 879 812.73	0.73	405 797 398.33
<b>06. Namibian Air Force:</b>						
Original budget	324 543 000					
Plus: Virement	7 150 000	331 693 000	329 225 230.78	2 467 769.22	0.74	337 224 524.11
<b>07. Military Hospital:</b>						
Original budget	98 985 000					
Plus: Virement	500 000	99 485 000	96 851 077.37	2 633 922.63	2.65	104 098 042.44



## ANNEXURE A (continued)

2020/2021						2019/2020
Service	Authorised expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percent-age		
N\$	N\$	N\$	N\$	%	N\$	
<b>08. Namibian Navy:</b>						
Original budget	361 840 000					
Plus: Virement	21 000 000	382 840 000	380 206 616.91	2 633 383.09	0.69	376 001 305.45
<b>09. Defence Attaché:</b>						
Original budget	36 132 000					
Plus: Virement	15 500 000	51 632 000	49 492 217.94	2 139 782.06	4.14	38 818 267.23
<b>Total:</b>	<b>6 224 103 000</b>	<b>6 100 763 768.98</b>	<b>123 339 231.02</b>	<b>1.92</b>	<b>5 953 301 089.05</b>	

## ANNEXURE A (continued)

## 1.2 Standard subdivisions

Subdivision	2020/2021			2019/2020
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational:</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	3 634 491 000	3 615 435 540.87	19 055 459.13	3 712 516 536.63
002. Employer's contribution to the GIPF and M.P.O.O.B.P.F.	462 228 000	460 619 249.33	1 608 750.67	473 549 575.70
003. Other conditions of service	180 450 000	165 054 940.79	15 395 059.21	179 352 095.85
005. Employer's contribution to the Social Security	17 901 000	17 454 767.40	446 232.60	18 238 350.40
<b>Total</b>	<b>4 295 070 000</b>	<b>4 258 564 498.39</b>	<b>36 505 501.61</b>	<b>4 383 656 558.58</b>
<b>Current expenditure: Goods and services</b>				
021. Travel and subsistence expenses	12 900 000	9 918 959.14	2 981 040.86	9 799 320.90
022. Materials and supplies	344 496 000	331 331 305.68	13 164 694.32	272 717 639.10
023. Transport	161 538 000	161 289 861.79	248 138.21	96 412 739.22
024. Utilities	175 665 000	175 616 525.57	48 474.43	169 935 265.77
025. Maintenance expenses	91 417 000	86 363 711.27	5 055 288.73	16 894 896.33
026. Property rental and related charges	3 996 000	3 962 807.29	33 192.71	4 696 044.36
027. Other services and expenses	53 978 000	50 556 333.63	3 421 666.37	36 940 872.47
<b>Total</b>	<b>843 990 000</b>	<b>819 039 504.37</b>	<b>24 950 495.63</b>	<b>607 396 778.15</b>
<b>Current expenditure: Subsidies, grants and other transfers</b>				
044. Individual and non-profit organisations	102 500 000	102 499 676.70	323.30	-
049. Support for non-profit organisations	-	-	-	2 000 000.00
<b>Total</b>	<b>102 500 000</b>	<b>102 499 676.70</b>	<b>323.30</b>	<b>2 000 000.00</b>
<b>Total: Current expenditure</b>	<b>5 241 560 000</b>	<b>5 180 103 679.46</b>	<b>61 456 320.54</b>	<b>4 993 053 336.73</b>
<b>Capital expenditure: Acquisition of assets</b>				
102. Vehicles	28 100 000	18 255 662.95	9 844 337.05	-
103. Operational equipment, machinery and plant	634 443 000	606 117 400.70	28 325 599.30	583 565 831.59
<b>Total</b>	<b>662 543 000</b>	<b>624 373 063.65</b>	<b>38 169 936.30</b>	<b>583 565 831.59</b>
<b>Total: Operational expenditure</b>	<b>5 904 103 000</b>	<b>5 804 476 743.11</b>	<b>99 626 256.89</b>	<b>5 576 619 168.32</b>
<b>Development:</b>				
<b>Capital expenditure: Acquisition of assets</b>				
113. Operational equipment, machinery and plant	170 000 000	146 352 933.43	23 647 066.57	141 408 402.47
115. Feasibility studies, design and supervision	-	-	-	998 582.10
117. Construction, renovation and improvements	150 000 000	149 934 092.44	65 907.56	234 274 936.16
<b>Total: Development expenditure</b>	<b>320 000 000</b>	<b>296 287 025.87</b>	<b>23 712 974.13</b>	<b>376 681 920.73</b>
<b>GRAND TOTAL</b>	<b>6 224 103 000</b>	<b>6 100 763 768.98</b>	<b>123 339 231.02</b>	<b>5 953 301 089.05</b>

ANNEXURE A (continued)

**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\$
Ministerial fines	528 000	518 189.72	(9 810.28)	590 640.69
Ministerial fines	-	(21 552.65)	(21 552.65)	-
Miscellaneous	1 200 000	754 002.74	(445 997.26)	2 339 693.49
<b>Total</b>	<b>1 728 000</b>	<b>1 250 639.81</b>	<b>(477 360.19)</b>	<b>2 930 334.18</b>

**1.4 NOTES TO THE FINANCIAL STATEMENTS**

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

**Underexpenditure**

**Main division 01: Office of the Minister (N\$ 1 179 969.80 – 29.65%)**

The underspending on this main division is the result of the domestic, regional and international travel restrictions because of the worldwide COVID-19 pandemic. The Office of the Minister could not attend to regional and international commitments (UN, AU and SADC) during the COVID-19 pandemic, therefore an under spending of 89.9% was realised on subsistence and travel allowance under the main division. In addition, an underexpenditure of 9.43% was realised on personnel expenditure on remuneration and other conditions of service for the Office of the Minister due to the Advisor to the Minister position that was not filled.

**Main division 02: Administration (N\$ 61 142 297.77 – 3.03%)**

The delayed approval for the virement of funds by Treasury and the procurement and delivery of vehicles due to the reliance on the South African market contributed to the underspending, coupled with the delayed processing of foreign payments by the Bank of Namibia resulted in an under spending of 5.76% on the acquisition of capital assets expenditure. Secondly, the country's dependency on South Africa for the acquisition of barracks and kitchen items was delayed and covid-19 pandemic had a negative impact on the execution on the materials and supplies and resulted in an under spending of 2.66%.

**Main division 03: Training (N\$ 17 086 730.17 - 5.39%)**

An under spending of 5.38% was realised on personnel expenditure because the vacancies for the military school through the recruitment process could not be filled and it resulted in an under spending.

**Main division 07: Military Hospital ( N\$ 2 633 922.63 - 2.65%)**

The highly specialised careers in the field of Medicine made recruitment and appointment of medical professionals very difficult to replace outgoing professionals at the military hospitals because of retirements, resignations, inter-ministerial transfers and deaths. Therefore, an underexpenditure of 2.35% on personnel expenditure for the main division was realised.

**Main division 09: Defence Attache (N\$ 2 139 782.06 - 4.14%)**

The under spending of 4.14% under this main division is the result of the numerous returns of the payment of the quarter four (January to March 2021) payment request from the Defence Attache' office in Luanda, Angola and Cuba by Intermediate/corresponding United States of America banks. Therefore, the payment could not be processed at the end of the 2020/2021 financial year.

## 2 GENERAL INFORMATION

### 2.1 Bank accounts

The Ministry operated the following bank accounts approved by Treasury. The Accounting Officer submitted a statement listing the bank accounts with the following closing balances as at 31 March 2021:

Name of account	Banking institution	Balance as at 31 March 2021 (Debit)/Credit
Ministry of Defence Funds (Call account)	First National Bank, Windhoek, Namibia	N\$ 7 327 538.48
August 26 Trust account	Nedbank of Namibia, Windhoek	N\$ 17 042 236.64
Namibia Defence attaché account	Commercial Bank of Ethiopia, Addis Ababa	US\$ 122 792.65
Namibia Defence attaché account	Commercial Bank of Ethiopia, Addis Ababa	ETB 349 397.33
Embassy of the Republic of Namibia	Bank of China, Beijing, China	US\$ 27 256.40
Embassy of the Republic of Namibia	Bank of China, Beijing, China	CNY 70 680.87
Embassy of the Republic of Namibia	Banco do Brasil, Brazil	US\$ 327 382.20
Embassy of the Republic of Namibia	Banco do Brasil, Brazil	R\$ 140 144.01
Namibia Defence adviser account	First National Bank of South Africa, Pretoria	ZAR 634 505.64
Embassy of Namibia ( MOD)	TMB Trust Merchant Bank S.A, D.R. Congo	US\$ 13 086.31
Permanent Mission of Namibia to the United Nations	Bank of America, Merrill Lynch	US\$ 6 131.63
Namibia Defence Attaché Account	Commerzbank, Berlin, Germany	€ 45 885.54
Namibia Defence Attaché Account	Banco de Fomento, SARL, Luanda, Angola	US\$ 768.89
Namibia Defence Attaché Account	Banco de Fomento, SARL, Luanda, Angola	AKZ 1 670 022.13
Embassy of the Republic of Namibia	UniCredit Bank, Russia	US\$ 96 434.56
Embassy of the Republic of Namibia	UniCredit Bank, Russia	RUR 961 486.08
Namibian High Commission	Stanbic Bank, Harare, Zimbabwe	US\$ 93 091.34
Embassy of the Republic of Namibia	First National Bank, Botswana, Gaborone	P 39 309.84
High Commission of Namibia	Royal Bank of Scotland, New Delhi, India	US\$ 7 285.42
High Commission of Namibia	Royal Bank of Scotland, New Delhi, India	INR 526 710.38
Namibian High Commission	Standard Chartered Bank, Zambia	US\$ 66 693.31
Namibia High Commission	Stanbic Chartered Bank, Zambia	ZMW 141 655.70
High Commission of the Republic of Namibia	Stanbic Bank, Dar es Salaam, Tanzania	US\$ 27 167.08
High Commission of the Republic of Namibia	Stanbic Bank, Dar es Salaam, Tanzania	TZS 8 941 766.24
Embassy of Namibia, Defence	Banco Metropolitano, Havana, Cuba	€ 113 920.77
Embassy of Namibia Defence	Banco Metropolitano, Havana, Cuba	CUC 224 593.79
Embassy of Namibia, Defence Attaché Office	Bank of America, N.A, Washington	US\$ 0.00

## 2.2 Capital projects

The following expenditure was incurred on the development projects of the Department of Defence during the financial year under review:

Project name	Approved total budget	Total expenditure as at 31/03/2020	Approved appropriation 2020/2021	Actual expenditure 2020/2021	Total expenditure as at 31/03/2021	Expected year of completion
Upgrading of Leopards Valley Military Base	N\$ 920 000 000	N\$ 442 217 614.93	N\$ 82 000 000	N\$ 66 984 215.86	N\$ 509 201 830.79	01/04/2025
Construction of Keetmanshoop Military Base	241 466 000	143 651 072.24	-	-	143 651 072.24	01/04/2025
Construction of Walvis Bay Naval Base	395 550 000	318 885 245.48	-	-	318 885 245.48	31/03/2025
Research and Development	6 657 655 000	4 358 362 667.31	170 000 000	146 352 933.43	4 504 715 600.74	31/03/2030
Construction of Karibib Airport Air Force Base	348 450 000	233 070 115.33	20 000 000	34 925 657.36	267 995 772.69	31/03/2035
Feasibility study, design and supervision of Military Bases	24 725 000	16 146 367.61	-	67 639.21	16 214 006.82	31/03/2030
Construction of Oshivelo Army Battle School	395 750 000	50 286 176.79	-	-	50 286 176.79	31/03/2030
Construction of Gobabis Military Base	551 184 000	56 617 983.61	-	-	56 617 983.61	31/03/2025
Construction of Ohuno Military Base	573 034 000	152 995 141.06	-	-	152 995 141.06	31/03/2025
Upgrading and renovation of Otjiwarongo Military Base	-	62 275 862.80	-	-	62 275 862.80	31/03/2030
Rehabilitation of old bases countrywide	615 250 000	682 410 722.93	43 000 000	42 988 882.78	725 399 605.71	31/03/2030
Construction of General Military Referral Hospital	800 000 000	39 809 371.59	-	-	39 809 371.59	30/03/2020
Upgrading of Osona Military Base	-	23 005 718.29	-	-	23 005 718.29	31/03/2023
Construction of Mpacha Military Base	545 434 000	41 186 981.62	5 000 000	4 967 697.23	46 154 678.85	01/04/2030
<b>Total</b>	<b>12 068 498 000</b>	<b>6 620 921 041.59</b>	<b>320 000 000</b>	<b>296 287 025.87</b>	<b>6 917 208 067.46</b>	

### 2.3 Aircraft

The Accounting Officer reported that the Ministry incurred a total amount of N\$ 362 853 804.04 on aircraft fuel and maintenance during the year under review.

### 2.4 Suspense accounts

The Accounting Officer reported seven (7) suspense accounts with outstanding balances at the end of the financial year, five (5) with debit balances and two (2) with credit balances as at 31 March 2021:

Suspense account	Debit/(Credit)
	N\$
Receipt suspense	(2 226 318.95)
RD cheques	1 000.00
S&T advance suspense account	1 773 647.25
Rejection account	1 103 704.79
Bills payable	821 338.17
Social Security Commission	170.37
Electronic Funds Transfer Clearing Account (EFT)	(14 213.38)

### 2.5 Miscellaneous revenue

The Accounting Officer reported that miscellaneous revenue comprised of the following:

Description	Amount
	N\$
Payroll	379 210.94
Miscellaneous receipts	67 228.86
Cleared payables	307 562.94
<b>Total</b>	<b>754 002.74</b>

### 2.6 Donations to Government

The Accounting Officer reported the following donations with the necessary Treasury approval:

**(i) Foreign instances**

<b>Donor</b>	<b>Item</b>	<b>Value</b>
		N\$
Germany Armed Forces Technical Advisory Group	Motor Vehicle, VW Toureg V6 3.0 TDI	1 099 282.55
Germany Armed Forces Technical Advisory Group	Special clamps	38 595.15
Chinese Embassy in Namibia		
Germany Armed Forces Technical Advisory Group	Medical Equipment	60 500.00
Germany Armed Forces Technical Advisory Group		
Poly Technologies Inc, China	Three (3) 20 Feet GP steel Containers	71 400.00
Germany Armend Forces Technical Advisory Group		
Germany Armed Forces Technical Advisory Group	Equipment	1 743 900.64
Germany Armed Forces Technical Advisory Group	Medical Supplies	392 805.00
	Dental X-RAY Trailer	
	Furniture	718 640.00
	System for weighing vehicles	179 970.50
		161 679.60

**(ii) Local instances**

<b>Donor</b>	<b>Item</b>	<b>Value</b>
		N\$
Central Northern Regional Electrical Distributor (CENORED)	Redundant electrical material	41 061.15
August Twenty-Six Logistics (PTY)LTD	Bakery equipment	1 249 910.26
ZALA Construction CC	Personal protective equipment	49 900.00

**2.7 Internal inspections**

The Accounting Officer reported that six (6) out of seven (7) internal inspections were conducted.

**2.8 Relief of distress**

The Accounting Officer reported that the Ministry rendered assistance towards relief of distress to the Office of the Prime Minister through the Directorate of Disaster Risk Management and all expenses were incurred by the Prime Minister's Office.

**2.9 Vehicles on hand**

The Accounting Officer reported that the Ministry had nine hundred and thirty five (935) vehicles (own fleet) on hand and four (4) pool vehicles as at 31 March 2021.



## **2.10 Suspensions**

The Accounting Officer reported that the Ministry suspended N\$ 5 000 000.00 from the vote during the Mid-term budget review.

## **2.11 Stores and depots**

The Accounting Officer reported that the value of stock on hand at its stores and depots amounted to N\$ 1 571 219 012.30 for the year under review.

## **2.12 Losses and damages**

The Accounting Officer reported losses and damages amounting to N\$ 1 929 552.46 for the year under review.

## **2.13 Wellness**

The Accounting Officer reported that during the year under review, no budget allocation was made for this programme thus no activities were undertaken during the financial year.

## **2.14 Bursaries and study assistance**

The Accounting Officer reported that a total amount of N\$ 3 172 544.75 was spent on tuition fees, allowances and accommodation.

## **2.15 Stocktaking**

The Accounting Officer reported that for the year under review, no stocktaking was conducted due to Covid-19.

## **2.16 Debt to Government**

The Accounting Officer reported outstanding debt amounting to N\$ 3 651 262.00 for the year under review.

## **2.17 Compensation payments (Valid claims against the State)**

The Accounting Officer reported compensation payments amounting to N\$ 244 507.51 for the year under review.

## **2.18 Outstanding commitments**

The Accounting Officer reported outstanding commitments amounting to N\$ 151 237 213.43 for the year under review.

**WINDHOEK, 2021-10-01**

**Dr. WILHELMINE I. SHIVUTE**  
**ACCOUNTING OFFICER**

