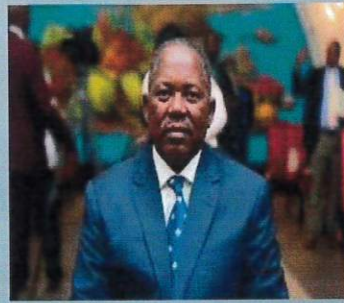




**REPUBLIC OF NAMIBIA**



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

# **MINISTRY OF DEFENCE**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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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 2023 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, FEBRUARY 2024**

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

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**



## 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

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**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 2023**

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**1. SECTION A: FINANCIAL AUDIT**

**1.1 UNQUALIFIED AUDIT OPINION**

I have audited the financial statements of the Ministry of Defence and Veterans Affairs: Department of Defence for the financial year ended 31 March 2023, 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 2023 are prepared, in all material respect in accordance with Section 12 and 13 of the State Finance Act, 1991 (Act 31 of 1991) and relevant legislation.

**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 further described in the Auditor's Responsibilities for the Audit of 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 no key audit matters to report on.

**1.4 EMPHASIS OF MATTERS**

Without qualifying my audit opinion on the basis of this paragraph, I draw attention to the following matters that relate to my responsibility in the audit of the financial statements, as disclosed by the Department of Defence in the financial statements:

#### **1.4.1 Receipt suspense account**

The Receipt Suspense Account reflects a credit balance of N\$ 833 997.82 which is an indication that revenue received and deposited was not allocated and disclosed to the respective revenue heads.

The Accounting Officer should conduct regular reconciliation in order to ensure that revenue collected is allocated to the correct revenue heads.

#### **Management comment**

The Accounting Officer indicated that the Department identified the weaknesses in the reconciliation of suspense account due to manpower challenges. To remedy the situation, the Department requested the Ministry of Finance and the Public Enterprises to provide training. However, no response or action was forthcoming from the latter. The Department intends to submit a follow-up request for training on the Account payable module.

#### **1.4.2 Outstanding subsistence advances**

The outstanding subsistence advance balance as per Debit balance list amounts to N\$ 382 608.79, while the balance on the S&T advance suspense account is N\$ 972 964.30 giving an unexplained difference of N\$ 590 355.51 as at 31 March 2023.

It is recommended that the Accounting Officer should reconcile the S&T suspense account and debit balance list.

#### **Management comment**

The Accounting Officer indicated that the Ministry agrees with the findings and takes note of the recommendation to reconcile the S&T suspense account and debit balance list.

### **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 or 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. I have nothing to report in this regard.

## **2. SECTION B: COMPLIANCE AUDIT AND AUDIT OF PERFORMANCE INFORMATION**

### **2.1 COMPLIANCE TO LAWS AND REGULATIONS**

### **2.2 SUBJECT MATTER: FINANCIAL PERFORMANCE AND THE USE OF APPROPRIATED FUND**

I have audited the financial performance and the use of appropriated funds of the Department of Defence for the financial year ended 31 March 2023.

### **2.3 DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND AUDIT SCOPE**

The audit is aimed to determine whether the Department of Defence's financial performance and use of its appropriated funds is in compliance with the Appropriation Act, 2022 (Act 2 of 2022), Appropriation Amendment Act, 2022 (Act 7 of 2022), State Finance Act, 1991 (Act 31 of 1991), the Public Procurement Act, 2015 (Act 15 of 2015), the Public Procurement Amendment Act, 2022 (Act 3 of 2022), Treasury Instructions and Public Procurement Regulations during the financial year 31 March 2023.

### **2.4 AUDIT OBJECTIVE**

The objective of this compliance audit is to verify and assess whether 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 informing on opinion. The findings and recommendations are taken into considerations. 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.

### **2.5 AUDIT CRITERIA**

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

- Appropriation Act, 2022 (Act 2 of 2022);
- Appropriation Amendment Act, 2022 (Act 7 of 2022);
- State Finance Act, 1991 (Act 31 of 1991);
- Public Procurement Act, 2015 (Act 15 of 2015);
- Public Procurement Amendment Act, 2022 (Act 3 of 2022);
- Treasury Instructions; and
- Public Procurement Regulations.

### **2.6 SUMMARY OF METHODS APPLIED**

I have audited the financial statements for the financial year ended 31 March 2023 submitted by the Accounting Officer in order to determine whether this information complied with laws and regulations that governs them.

## **2.7 KEY AUDIT FINDINGS**

### **2.7.1 Unauthorised expenditure**

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

- (i) One (1) main division was exceeded with an amount of N\$ 68 311.33 which is unauthorised in terms of Section 6(a)(ii) of the State Finance Act; and
- (ii) Although Treasury approval was obtained to utilise certain expected savings for the defrayal of expenditure through virements during the year, eight (8) operational subdivisions were exceeded with a total amount of N\$ 1 468 927.43 and two (2) subdivisions under development expenditure with an amount of N\$ 45 153 186.07, which is unauthorised in terms of Section 6(a)(iii) of the State Finance Act.

It is recommended that the Accounting Officer should put measures in place to avoid over-spending and should ensure that planned activities are implemented within the approved budget. Furthermore, if specific activities are expected to exceed the budgeted funds due to unforeseen circumstances, funds should be viremented from activities where savings are expected.

#### **Management comment**

The Accounting Officer indicated that the Ministry agrees with the finding and take note of the recommendation to put measures in place to avoid overspending.

## **2.8 OPINION ON THE SUBJECT MATTER**

In my opinion, the Department of Defence 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), Public Procurement Amendment Act, 2022 (Act 3 of 2022), Treasury Instructions, Appropriation Act, 2022 (Act 2 of 2022), Appropriation Amendment Act, 2022 (Act 7 of 2022) and Public Procurement Regulations.

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

I have audited the performance information of the Ministry of Defence for the financial year ended 31 March 2023.

### **3.1 DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND AUDIT SCOPE**

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

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 general public.

The scoping of the key performance indicators was performed by looking at the high-level statements, which are indicated in the Department's Mandate, the Strategic Plan (2017 - 2023) and the Annual Plan for the financial year 2021/2023.

### **3.2 AUDIT OBJECTIVE**

The objective of the Key Performance Indicator (KPI) audit is to provide reasonable 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, programmes, and projects. 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. The findings and recommendations are taken into consideration.

### **3.3 AUDIT CRITERIA**

In this audit, the performance information was tested against the following criteria:

- Compliance with legislative requirements;
- Usefulness;
- Reliability;
- Existence;
- Timeliness;
- Presentation;
- Measurability;
- Relevance;
- 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 Strategic Plan (2017- 2023) and the Annual Plan of the Department of Defence for the financial year 2022/2023. A key performance indicator was selected based on what would be significant to the intended users, their usefulness and reliability in assessing the Ministry's achievements in terms of its service performance objectives.

The following key performance indicator was audited:

Strategic objective	Key Performance Indicators
Enhance organisational performance	<i># of Payroll audit report</i> <i># of Wage bill containment reports produced</i>

### 3.5 CONCLUSION ON THE SUBJECT MATTER

The audit revealed a satisfactory outcome on the existence, timeliness, relevance and completeness criteria as all performance indicators were predetermined, quantifiable and thus the Department of Defence is commented on it.

### 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, 2022 (Act 2 of 2022), Appropriation Amendment Act, 2022 (Act 7 of 2022), 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 and 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 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, 2022 (Act 2 of 2022), Appropriation Amendment Act, 2022 (Act 7 of 2022), State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015), Public Procurement Amendment Act, 2022 ( Act 3 of 2022), 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

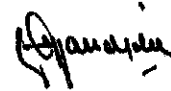
The financial statements, notes to the financial statements and general information provided by the Accounting Officer are attached as Annexure A (Appropriation account, Standard subdivisions, Departmental revenue, notes to the financial statements and general information).

The accounts were submitted timeously by the Accounting Officer to the Auditor-General on 31 October 2023 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, FEBRUARY 2024



JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL



## 1. AUDITED FINANCIAL STATEMENTS

## 1.1 Appropriation account

		2022/2023				2021/2022
Service	N\$	Authorised expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure/ (Excess)	Percentage	
		N\$	N\$	N\$	%	N\$
<b>01. Office of the Minister:</b>						
Original budget	6 803 000					
Additional budget	95 000					
Less: Virement	(1 980 000)	4 918 000	3 971 804.56	946 195.44	19.24	2 697 681.67
<b>02. Administration:</b>						
Original budget	1 103 943 000					
Additional budget	33 286 000					
Plus: Virement	164 188 757	1 301 417 757	1 300 234 622.03	1 183 134.97	0.09	1 856 513 486.37
<b>03. Training:</b>						
Original budget	454 683 000					
Additional budget	12 493 000					
Plus: Virement	12 597 000	479 773 000	468 881 149.38	10 891 850.62	2.27	302 800 290.31
<b>04. Namibian Army:</b>						
Original budget	2 706 532 000					
Additional budget	126 172 000					
Less: Virement	(113 706 959)	2 718 997 041	2 710 618 681.44	8 378 359.56	0.31	2 451 725 656.80
<b>05. 21<sup>st</sup> Brigade:</b>						
Original budget	474 647 000					
Additional budget	15 664 000					
Less: Virement	(43 195 417)	447 115 583	439 005 682.03	8 109 900.97	1.81	374 870 135.61
<b>06. Namibian Air Force:</b>						
Original budget	457 099 000					
Additional budget	14 323 000					
Less: Virement	(24 455 931)	446 966 069	440 346 192.28	6 619 876.72	1.48	331 792 519 .83
<b>07. Military Hospital:</b>						
Original budget	96 453 000					
Additional budget	3 707 000					
Less: Virement	(5 390 500)	94 769 500	92 266 473.88	2 503 026.12	2.64	91 021 710.97

## ANNEXURE A (continued)

2022/2023					2021/2022	
Service	Authorised expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percentage		
N\$	N\$	N\$	N\$	%	N\$	
<b>08. Namibian Navy:</b>						
Original budget	511 403 000					
Additional budget	16 778 000					
Less: Virement	(15 156 950)	513 024 050	508 666 784.23	4 357 265.77	0.85	381 641 070.81
<b>09. Defence Attaché:</b>						
Original budget	36 132 000					
Plus: Virement	27 100 000	63 232 000	63 300 311.33	(68 311.33)	(0.11)	58 357 770.17
<b>Total:</b>		<b>6 070 213 000</b>	<b>6 027 291 701.16</b>	<b>42 921 298.84</b>	<b>0.71</b>	<b>5 851 420 322.54</b>

## 1.2 Standard subdivisions

Subdivision	2022/2023			2021/2022
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational:</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	3 602 154 500	3 593 698 840.65	8 455 659.35	3 529 917 355.47
002. Employer's contribution to the GIPF and M.P.O.O.B.P.F.	446 617 000	444 929 930.78	1 687 069.22	446 958 637.57
003. Other conditions of service	179 821 500	177 506 065.51	2 315 434.49	166 304 035.21
005. Employer's contribution to the Social Security	16 724 000	16 525 092.65	198 907.35	16 808 106.41
<b>Total</b>	<b>4 245 317 000</b>	<b>4 232 659 929.59</b>	<b>12 657 070.41</b>	<b>4 159 988 134.66</b>
<b>Current expenditure: Goods and services</b>				
021. Travel and subsistence expenses	17 100 000	16 875 589.43	224 410.57	19 468 393.01
022. Materials and supplies	415 746 000	406 397 910.10	9 348 089.90	377 242 698.33
023. Transport	180 703 000	169 209 998.94	11 493 001.06	156 072 206.77
024. Utilities	194 700 000	194 034 308.77	665 691.23	190 704 926.23
025. Maintenance expenses	109 910 000	108 786 718.11	1 123 281.89	104 190 329.13
026. Property rental and related charges	5 116 000	5 111 795.23	4 204.77	4 423 593.63
027. Other services and expenses	86 035 000	79 158 752.16	6 876 247.84	41 066 084.22
<b>Total</b>	<b>1 009 310 000</b>	<b>979 575 072.74</b>	<b>29 734 927.26</b>	<b>893 168 231.32</b>
<b>Current expenditure: Subsidies, grants and other transfers</b>				
043. Government Organisations	54 000 000	52 189 891.50	1 810 108.50	53 000 000.00
<b>Total</b>	<b>54 000 000</b>	<b>52 189 891.50</b>	<b>1 810 108.50</b>	<b>53 000 000.00</b>
<b>Total: Current expenditure</b>	<b>5 308 627 000</b>	<b>5 264 424 893.83</b>	<b>44 202 106.17</b>	<b>5 106 156 365.98</b>
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and Office Equipment	2 266 000	1 627 198.39	638 801.61	-
102. Vehicles	21 742 000	21 513 651.58	228 348.42	-
103. Operational equipment, machinery and plant	442 578 000	446 887 515.51	(4 309 515.51)	498 901 325.74
<b>Total</b>	<b>466 586 000</b>	<b>470 028 365.48</b>	<b>(3 442 365.48)</b>	<b>498 901 325.74</b>
<b>Total: Operational expenditure</b>	<b>5 775 213 000</b>	<b>5 734 453 259.31</b>	<b>40 759 740.69</b>	<b>5 605 057 691.72</b>
<b>Development:</b>				
<b>Capital expenditure: Acquisition of assets</b>				
113. Operational equipment machinery and plant	111 000 000	110 388 206.70	611 793.30	98 022 404.54
117. Construction, renovation and improvements	184 000 000	182 450 235.15	1 549 764.85	148 340 226.28
<b>Total: Development expenditure</b>	<b>295 000 000</b>	<b>292 838 441.85</b>	<b>2 161 558.15</b>	<b>246 362 630.82</b>
<b>GRAND TOTAL</b>	<b>6 070 213 000</b>	<b>6 027 291 701.16</b>	<b>42 921 298.84</b>	<b>5 851 420 322.54</b>

## 1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate	Actual revenue 2022/2023	More/(less) than estimated	Actual revenue 2021/2022
	N\$	N\$	N\$	N\$
Private telephone calls	5 500	-	(5 500.00)	-
Miscellaneous	3 000 000	799 162.42	(2 200 837.58)	1 996 932.21
Lost equipment and stores	85 000	-	(85 000.00)	-
Ministerial fines	600 000	392 721.71	(207 278.29)	362 605.46
Sale of serviceable stores and equipment	130 000	-	(130 000.00)	-
Ministerial fines	-	(13 633.52)	13 633.52	(23 952.50)
<b>Total</b>	<b>3 820 500</b>	<b>1 178 250.61</b>	<b>(2 642 249.39)</b>	<b>2 335 585.17</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\$ 946 195.44 – 19.24%)**

The underspending of 19.24% on the main division is the result of an over estimation of costs on the travel and subsistence allowance and transport. The Honourable Minister and Honourable Deputy Minister attended limited domestic, regional and international commitments (UN, AU and SADC), therefore and underspending of 35.23% was realized on travel and subsistence allowance. In addition, an underspending of 39.64% was realised on transport due to a decrease in the car hire for visitors of the Office of the Minister.

**Main division 03: Training (N\$ 10 891 850.62 – 2.27 %)**

An under spending of 5.65% was realized on goods and other services because of the delayed delivery of goods and other services by suppliers during the recruitment process of new recruits.

**Main division 07: Military Hospital (N\$ 2 503 026.12– 2.64 %)**

The underspending on goods and services was due to the delay in the service and repairs of ambulances (Transport) and the supply and delivery of medicines and cleaning materials (materials and supplies) at the Namibian Defence Force (NDF) medical facilities.

However, having explained the reasons why the three (3) main divisions were underspent, the Accounting Officer has indicated that she is satisfied with the overall budget consumption rate of 99.29% for the 2022/2023 financial year under challenging circumstances.

#### **1.4.2 Revenue: Explanations of variations exceeding N\$ 200 000**

##### **Overestimated**

##### **Miscellaneous revenue (N\$ 2 200 837.58)**

The reduced revenue collected on the miscellaneous revenue head was mainly because the Ministry of Defence and Veteran Affairs expected an increase in United Nations Peace Keeping Operations (UNMAG) for the provision of staff officers and military observers, however, only limited participation was possible during the financial year under review.

##### **Ministerial fines (N\$ 207 278.29)**

This reduced revenue was due to a reduction of fines arising from Absent Without Official Leave (AWOL), together with the overall increased discipline of military staff members. Hence, less revenue from fines were collected than originally anticipated.

#### **GENERAL INFORMATION**

##### **2.1 Miscellaneous revenue**

The Accounting Officer reported miscellaneous revenue as follows for the year under review:

Description	Amount
	N\$
Manual journal	379 919.70
Payroll	58 606.87
Payroll reversal	341 514.79
Miscellaneous receipts	19 121.06
<b>Total</b>	<b>799 162.42</b>

## 2.2 Bank accounts

The Department 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 2023:

Account name	Banking institution	Balance as at 31 March 2023 (Debit)/Credit
Ministry of Defence Funds (Call account)	First National Bank, Windhoek, Namibia	N\$ 3 991 707.89
Ministry of Defence-Foreign Operation desk	Bank Windhoek, Namibia	N\$ 3 041 602.57
Namibia Defence attaché	Commercial Bank of Ethiopia, Addis Ababa	US\$ 4 649.37
Namibia Defence attaché	Commercial Bank of Ethiopia, Addis Ababa	ETB 60 303.41
Embassy of the Republic of Namibia	Bank of China, Beijing, China	US\$ 78 545.36
Embassy of the Republic of Namibia	Bank of China, Beijing, China	CNY 1 420 959.98
Embassy of the Republic of Namibia	Banco do Brasil, Brazil	US\$ 318 568.93
Embassy of the Republic of Namibia	Banco do Brasil, Brazil	R\$ 172 654.17
Namibia Defence Adviser Account	First National Bank of South Africa, Pretoria	ZAR 241 417.63
Embassy of Namibia ( MOD)	TMB Trust Merchant Bank S.A, D.R. Congo	US\$ 2 467.41
Permanent Mission of Namibia to the UNs	Bank of America, Merrill Lynch, New York	US\$ 18 245.15
Namibia Defence Attaché Account	Commerzbank, Berlin, Germany	€ 94 995.73
Namibia Defence Attaché Account	Banco de Fomento, SARL, Luanda, Angola	US\$ 41 486.48
Namibia Defence Attaché Account	Banco de Fomento, SARL, Luanda, Angola	AKZ 46 920.68
Embassy of the Republic of Namibia	UniCredit Bank, Russia	US\$ 119 903.32
Embassy of the Republic of Namibia	UniCredit Bank, Russia	RUR 957 408.09
Namibian High Commission	Stanbic Bank, Harare, Zimbabwe	US\$ 918.61
Embassy of the Republic of Namibia	First National Bank, Botswana, Gaborone	BWP 1 044 960.22
High Commission of Namibia	RBL Bank, New Delhi, India	US\$ 14 857.50
High Commission of Namibia	RBL Bank, New Delhi, India	INR 747 213.56
Namibian High Commission	Stanbic Bank, Lusaka, Zambia	US\$ 30 611.78
Namibia High Commission	Stanbic Bank, Lusaka, Zambia	ZMW 219 896.56
High Commission of the Republic of Namibia	Stanbic Bank, Dar es Salaam, Tanzania	US\$ 30 550.42
High Commission of the Republic of Namibia	Stanbic Bank, Dar es Salaam, Tanzania	TZS 8 842 495.44
Embassy of Namibia, Defence	Banco Metropolitano, Havana, Cuba	€ 117 557.25
Embassy of Namibia Defence	Banco Metropolitano, Havana, Cuba	CUC 256 242.14
Embassy of Namibia, Defence Attaché Office	Bank of America, N.A, Washington	US\$ 0.00
Ndilimani Pyrotechnics Industries Project	Bank Windhoek, Windhoek	N\$ 100 280 844.82
Defence Women, Peace and Security Namibia	Bank Windhoek, Windhoek	N\$ 63 975.30

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

The Accounting Officer reported compensation payments amounting to N\$ 4 050 944.06 for the financial year under review.

### **2.4 Outstanding commitments**

The Accounting Officer reported that the Department had an outstanding commitment to an amount of N\$ 203 636 584.35 as at 31 March 2023.

## 2.5 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 31/03/2022	Approved appropriation 2022/2023	Actual expenditure 2022/2023	Total expenditure as at 31/03/2023	Expected year of completion
Upgrading of Leopards Valley Military Base Research and Development	N\$ 920 000 000	N\$ 574 868 070.99	N\$ 104 836 000	N\$ 64 319 875.08	N\$ 639 187 946.07	01/04/2030
Construction of Karibib Airport Air Force Base	6 657 655 000	4 602 738 005.28	144 000 000	141 781 082.97	4 744 519 088.25	31/03/2030
Rehabilitation of Old Bases Countrywide	348 450 000	278 046 892.82	7 000 000	6 956 881.27	285 003 774.09	31/03/2035
Construction of Mpacha Military Base	615 250 000	794 168 792.43	33 164 000	74 007 670.56	868 176 462.99	31/03/2030
<b>Total</b>	<b>9 086 789 000</b>	<b>6 299 830 119.60</b>	<b>295 000 000</b>	<b>292 838 441.85</b>	<b>6 592 668 561.45</b>	<b>01/04/2030</b>



## 2.6 Bursary and study assistance

The Accounting Officer reported study assistance amounting to N\$ 15 875 914.37 for the financial year under review.

## 2.7 Aircraft

The Accounting Officer reported that the Department incurred a total amount of N\$ 395 230 829.12 on aircraft fuel and maintenance during the financial year under review.

## 2.8 Donations by Government

The Accounting Officer reported that the Department donated items with the necessary Treasury approval to the Republic of Mozambique to the value of N\$ 10 876 194.00 for the financial year under review.

## 2.9 Donations to Government

The Accounting Officer reported that the Department received donations with the necessary Treasury approval to the value of N\$ 893 957.63 for the financial year under review from the German Armed Forces Technical Advisory Group.

## 2.10 Debt to Government

The Accounting Officer reported debt to the Government amounting to N\$ 13 929 704.84 for the financial year under review.

## 2.11 Exemption from procurement procedures

The Accounting Officer reported that an amount of N\$ 551 908 000.00 was exempted from the normal procurement procedures for the financial year under review.

## 2.12 Annual stocktaking

The Accounting Officer reported that stocktaking was conducted at fifty-two (52) stock points for the financial year under review. The Accounting Officer reported the following values:

Description	Amount
	N\$
Value of stock	17 621 725 009.63
Surpluses	1 006 964.63
Shortages/Deficiencies	845 960.23
Worn out items	9 441 665.02
Obsolete	215 242.00

### 2.13 Internal inspections

The Accounting Officer reported that seven (7) internal inspections were conducted during the financial year under review.

### 2.14 Vehicles

#### 2.14.1 Vehicle accidents

The Accounting Officer reported that three hundred and twenty vehicles (320) are to be repaired as at 1 April 2022 and further reported one hundred and fifty (150) vehicle accidents for the financial year under review. Thirteen vehicles (13) were repaired at cost of N\$ 388 270.04, with four hundred and fifty-seven (457) vehicles still to be repaired by the end of the financial year.

Nine (9) vehicles valued at N\$ 1 640 92.66 were written off and thirty-nine (39) vehicles to the value of N\$ 1 545 010.60 were auctioned.

#### 2.14.2 Vehicles on hand

The Accounting Officer reported that the Department had nine hundred and forty-one (941) vehicles (own fleet) and four (4) pool vehicles as at 31 March 2023.

### 2.15 Fixed assets

The Accounting Officer reported fixed assets valued at N\$ 774 748 237.25 for the financial year under review.

### 2.16 Suspense accounts

The Accounting Officer reported five (5) suspense accounts with outstanding balances, two (2) with debit balances and three (3) with credit balances as at 31 March 2023:

Suspense account	Balance as at 31 March 2023 Debit/(Credit)
	N\$
Receipt suspense	(833 997.82)
S&T advance suspense account	972 964.30
Rejection account	8 648.30
Bills payable	(395 975.21)
Electronic Funds Transfer Clearing Account (EFT)	(6 206.04)

WINDHOEK, 2023-08-31

DR. WILHELMINE I. SHIVUTE  
ACCOUNTING OFFICER