



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF MINES AND ENERGY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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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 Mines and Energy for the financial year ended 31 March 2018 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, May 2019

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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DEFINITIONS

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

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

Direct reporting engagement:

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

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF MINES AND ENERGY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

1. SECTION A: FINANCIAL AUDIT

1.1 UNQUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the Ministry of Mines and Energy for the financial year ended 31 March 2018 provided by the Accounting Officer as attached in Annexure A. These financial statements comprise the Appropriation Account, Standard Subdivision, Departmental Revenue, Notes to the Financial Statements and General Information for the financial year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the terms of Article 127(2) of the Namibian Constitution and Section 25(1) of the State Finance Act, 1991 (Act 31 of 1991).

In my opinion the financial statements of the Ministry of Mines and Energy as at 31 March 2018, are prepared, in all material respects, in accordance with Section 12 & 13 of the State Finance Act, 1991 (Act 31 of 1991) and relevant legislation.

1.2 EMPHASIS OF MATTERS

Attention is drawn to the management on the following matter(s) that relate to my responsibility in the audit of the financial statements, as disclosed by the Ministry of Mines and Energy in the financial statements:

1.2.1 Underexpenditure

The total budget of the Ministry was underspent with an amount of N\$ 9 941 032.83 (5.04%).

It is recommended that the Accounting Officer should put measures in place to avoid underexpenditure and should ensure that all planned programs are implemented.

Management Comment

In his response on the draft report, the Accounting Officer indicated that he agrees with the findings and it was caused by the slow implementation of the Procurement Act.

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. Except for the matters described in the basis for qualified opinion section of my report, I have determined that there were no key audit matters to communicate in my report.

1.4 OTHER INFORMATION

Management is responsible for the other information. The auditor's opinion on the financial statements does not cover the other information and, accordingly, the auditor does 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. 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

SUBJECT MATTER: FINANCIAL PERFORMANCE AND THE USE OF APPROPRIATED FUNDS

I certify that I have audited the financial performance and the use of appropriated funds of the Ministry of Mines and Energy for the financial year ended 31 March 2018.

2.2 DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND AUDIT SCOPE

The audit aimed to determine whether the Ministry of Mines and Energy's financial performance and the use of appropriated funds is in compliance with State Finance Act,1991(Act 31 of 1991), the Treasury Instructions, Appropriation Act,2017(Act 1 of 2017), Public Procurement Act,2015(Act 15 of 2015), and Public Procurement Regulations. This audit is an attestation engagement where the Ministry of Mines and Energy presented the subject matter information on which the auditor then gathered sufficient and appropriate audit evidence to provide a reasonable assurance in forming an opinion. In forming an opinion, the findings and recommendations are taken into consideration.

2.3 AUDIT OBJECTIVE

The objective of this compliance audit is to verify and assess whether Ministry of Mines and Energy has complied with all laws and regulations that have an impact on the financial statements in accordance with ISSAI 1250.

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, 2017(Act 1 of 2017);
- 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 audited the financial statements for the financial year ended 31 March 2018 submitted by the Accounting Officer in order to determine whether this information complied with laws and regulations that govern them.

2.6 CONCLUSION ON THE SUBJECT MATTER

In my opinion, the Ministry of Mines and Energy's financial performance and the use of appropriated funds is in compliance with the State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015), Treasury Instructions and Public Procurement Regulations.

2.7 KEY AUDIT FINDINGS

2.7.1 Unauthorised expenditure

Although Treasury approval was obtained to utilise certain expected savings for the defrayal of expenditure through virements during the year, three (3) operational sub-divisions were exceeded with a total amount of N\$ 161 920.38 which is unauthorised in terms of Section 6 (a)(iii) of the State Finance Act, 31 (Act 31 of 1991).

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

Management Comment

In his comment on the draft report, the Accounting Officer indicated that the unauthorized expenditure was caused by the some Journals that were posted by Treasury at the end of the financial year. This Ministry could not pass Corrections Journals as the books were closed.

3. AUDIT OF PERFORMANCE INFORMATION

I certify that I have audited the performance information of the Ministry of Mines and Energy for the financial year ended 31 March 2018 and the performance information was found to be useful, relevant and reliable.

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 & 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), Procurement Act, 2015(Act 15 of 2015) and Treasury Instruction 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

- From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my 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, 2017 (Act 1 of 2017), 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. POWERS AND DUTIES

Section 25(1) (c) of the State Finance Act, 199, (Act 31 of 1991) provides that the Auditor-General should satisfy himself that:

- (a) All reasonable precautions have been taken to ensure that all monies due to the State are collected, and that the laws relating to the collection of such monies have been complied with;
- (b) All reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for, the State's assets, such as stores, equipment, securities and movable goods; and;
- (c) The expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

In addition, Section 26(1) (b)(iv) of the State Finance Act, 1991, (Act 31 of 1991) empowers the Auditor-General to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

7. GENERAL INFORMATION

The financial statements, notes to the financial statements and general information supplied by the Accounting Officer are attached as Annexure A. The appropriation account was submitted timeously by the Accounting Officer to the Auditor-General on 26 October 2018 in terms of Section 13 of the State Finance Act, 1991 (Act 31 of 1991)

8. ACKNOWLEDGEMENT

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



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

WINDHOEK, May 2019

1. AUDITED FINANCIAL STATEMENTS

ANNEXURE A

1.1 Appropriation account

Service	2017/2018		Variations		2016/2017	
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Percentage	Actual expenditure	
N\$	N\$	N\$	N\$	%	N\$	
01. Office of the Minister:						
Original budget	2 989 000.00					
Additional budget	400 000.00					
Plus: Virement	802 000.00	4 191 000.00	3 880 637.06	7.41	3 967 592.54	
02. Administration:						
Original budget	41 348 000.00					
Additional budget	19 653 000.00					
Plus: Virement	5 687 680.00					
Less: Suspension	(7 817 000).00	58 871 680.00	55 005 758.21	6.57	33 372 150.92	
03. Mining:						
Original budget	28 721 000.00					
Additional budget	2 082 000.00					
Plus: Virement	1 017 320.00	31 820 320.00	30 648 294.85	3.68	30 731 020.08	
04. Geological Survey:						
Original budget	52 413 000.00	17.126 640.00	51 624 041.97	5.39	34 571 990.14	
Additional budget	593 000.00					
Plus: Virement:	1 180 640.00					
05. Energy:						
Original budget	61 632 000.00					
Additional budget	536 000.00					
Less: Virement	(2 009 000).00					
Less: Suspension	(34 553 998.74)	25 605 001.26	25 178 678.42	1.66	53 146 834.99	
06. Diamond Affairs:						
Original budget	8 456 000.00					
Additional budget	403 000.00					
Plus: Virement	962 000.00	9 821 000.00	9 376 267.26	4.53	12 768 186.26	
07. Petroleum Affairs:						
Original budget:	10 008 000.00					
Additional budget	100 000.00					
Plus: Virement	716 000.00	10 824 000.00	10 576 116.52	2.29	9 686 952.30	
08. Petroleum Fund:						
Original Budget:	2 358 000.00					
Additional budget	50 000.00					
Less: Virement	(539 640.00)	1 868 360.00	1 317 174.14	29.50	-	
GRAND TOTAL		197 188 001.26	187 246 968.43	9 941 032.83	5.04	178 244 727.23

ANNEXURE A (continued)

1.2 Standard subdivisions

Subdivision	2017/2018			2016/2017
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	92 430 000.00	89 718 010.48	2 711 969.52	82 530 458.40
002. Employer's contribution to GIPF	11 135 000.00	11 000 907.94	134 092.06	9 459 127.13
003. Other conditions of service	1 021 000.00	1 147 180.20	(126 180.20)	871 232 .08
005. Employers contribution to the social security	244 000.00	207 606.64	36 393.36	-
Total	104 830 000.00	102 073 705.26	2 756 274.74	92 860 817.61
Current expenditure: Goods and other Services				
021. Travel and subsistence expenses	4 670 000.00	2 584 383.30	2 085 626.70	4 318 608.12
022. Materials and supplies	2 000 000.00	1 938 147.39	61 852.61	560 003.41
023. Transport	3 095 000.00	2 661 021.46	433 978.54	2 754 353.51
024. Utilities	8 028 000.00	8 010 839.31	17 160.69	7 297 724.99
025. Maintenance expenses	1 200 000.00	1 150 070.52	49 929.48	1 447 975.47
027. Other services and expenses	9 845 000.00	9 750 686.31	94 313.69	3 896 539.42
Total	28 838 000.00	26 095 148.29	2 742 861.71	20 275 204.90
Current expenditure: Membership Fees and Subscriptions				
041. Membership fees: International	3 033 000.00	2 848 714.38	184 285.62	1 700 845.25
042. Membership fees: Domestic	10 000.00	3 322.00	6 678.00	500.00
043. Government organisations	-	-	-	-
044. Individuals and non-profits organization	6 538 000.00	6 536 057.54	1 942.46	-
045. Individuals and non-profit organisations	1 500 000.00	11 500 000.00	-	9 782 250.00
Total	21 081 000.00	20 888 093.92	192 906.08	11 483 595.25
Total: Current expenditure	154 749 000.00	149 056 947.47	5 817 222.73	124 619 617.78
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	-	-	-	37 345.61
Total: Capital expenditure				37 345.61
Total: Operational expenditure	156 549 750.00	150 606 947.47	6 067 972.73	124 656 963.39
Development:				
Capital expenditure: Acquisition of Assets				
022. materials and supplies	5 350 276.00	5 259 643.70	90 632.30	827 973.32
027. Other services and expense	14 639 250.00	14 243 511.96	395 738.04	5 975 324.82
Total: Development expenditure	19 989 526.00	19 503 155.66	486 370.34	6 803 298.14
Capital expenditure: Acquisition of Assets				
103. Operational equipment machinery & plant	1 800 750.00	1 550 000.00	250 750.00	9 005 714.68
105. Feasibility studies, design &supervision	1 000 000.00	879 948.18	120 051.82	34 778 751.02
107. Construction, renovation & improvement	11 648 725.26	8 256 917.12	3 391 808.14	3 000 000.00
131. Government organisation	8 000 000.00	8 000 000.00	-	46 784 465.70
TOTAL	22 449 475.26	18 686 865.30	3 762 609.96	53 587 763.84
Total: Development	42 439 001.26	38 190 020.96	4 248 980.30	178 244 727.23
GRAND TOTAL	197 188 001.26	187 246 968.43	9 941 032.83	178 244 727.23

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate 2017/2018	Actual revenue 2017/2018	More/(Less) than estimated	Actual revenue 2016/2017
	N\$	N\$	N\$	N\$
Miscellaneous	200 000	898 921.15	698 921.15	310 339.37
Geological services	300 000	197 683.07	(102 316.93)	201 930.93
Oil exploration-rental fees	10 700 000	26 285 997.35	15 585 997.35	17 520 908.85
Unclaimed cheque	-	1 576 625.19	1 576 625.19	-
Prospecting licenses and claims	-	-	-	1 923 834.28
Diamond royalties	-	-	-	977 586 557.84
Other mineral royalties	-	-	-	390 738 980.75
Total	11 200 000	28 959 226.76	(17 759 226.76)	1 388 282 552.02

1.4 Notes to the financial statements

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

Underexpenditure

Main division 01: Office of the Minister (N\$ 310 362.94- 7.41%)

The underspending is mainly attributed by travel and subsistence allowance (S&T). An additional budget was received from Treasury towards the end of the financial year. The Directorate could not spend the additional funds in the remaining one (1) month of the financial year. This resulted in the underspending on DSA for the year under review.

Main division 02: Administration (N\$ 3 865 921.79- 6.57%)

The main contributing factor to the underspending is due to the Construction of the Ministerial Regional Office in Swakopmund. An amount of N\$ 2 347 313.47 was budgeted for the retention of the Regional Office as per the advice of the Ministry of Works and Transport. Later in the year, it was found that the retention was already paid with the final certificate during the 2016/2017 financial year.

The other contributing factor for the underspending is the early retirement of three (3) staff members, one (1) transfer and one (1) resignation. This resulted in the underspending under employers contribution to the Social Security.

For the underspending on travel and subsistence allowance (S&T), materials and supplies, transport and maintenance. Additional budget was received from Treasury towards the end of the financial year. The Directorate could not spend all the funds due to the limited time in executing the budget. This resulted in the underspending recorded for the year under review.

Main division 03: Mines (N\$ 1 172 025.15 -3.68%)

The main contributing factor to the underspending is the allocation of funds to the Small Scale Mining project for the construction of the facility for cutting and polishing of dimension stone and semi-precious stones. Funds were budgeted for the payment of the contractor and consultants. The contractor did not carry out any work during the period under review and therefore, no invoices/certificates were issued to the Ministry for payment.

Main division 04: Geological Survey (N\$ 2 922 598.03 - 5.39%)

The delay in filling three (3) management positions contributed to the underspending on personnel expenditure. Another contributing factor to the underspending is Travel and Subsistence Allowance (S&T). Additional budget was received from Treasury towards the end of the financial year. The Directorate could not spend all the funds due to the limited time in executing the budget. This resulted in the underspending recorded for the year under review.

Underspending was further observed under the Geological Sample Storage and Database project and the Geo-Laboratories Upgrading and Staff Training project. A total underspending of N\$299 418.07 and N\$ 300 000 respectively, was recorded under these projects. The reason for the underspending is due to the delay in providing training on the implementation of the Public Procurement Act. This contributed significantly to the slow execution rate on the projects.

Main division 06: Diamond Affairs (N\$ 444 732.74- 4.53%)

The main contributing factor to the underspending is on travel and subsistence allowance (S&T). Additional budget was received from Treasury towards the end of the financial year. The Directorate could not spend all the funds due to the limited time in executing the budget. This resulted in the underspending recorded for the year under review.

Main division 07: Petroleum Affairs (N\$ 247 883.48- 2.29%)

The main contributing factor to the underspending is on Travel and Subsistence Allowance (S&T). Additional budget was received from Treasury towards the end of the financial year. The Directorate could not spend all the funds due to the limited time in executing the budget. This resulted in the underspending recorded for the year under review.

Main division 08: Energy Fund (N\$ 551 185.86- 29.50%)

The delay in filling two (2) management positions contributed to the underspending on personnel expenditure. The position of Director: Energy Funds and Deputy Director of Solar Revolving Fund were budgeted for during the year under review. Approval to fill the positions was only granted in March 2018.

1.4.2 Departmental Revenue: Explanations of variations exceeding N\$ 200 000**Oil Exploration- Rental fees (N\$ 15 585 997.35)**

The Ministry received arrear payments on exploration licenses that were supposed to be paid during the 2016/2017 financial year. This resulted in the actual variance of N\$ 15 585 997.35. Additionally, new licences were issued during the period under review and these were not anticipated during the revenue estimation for the financial year under review.

Miscellaneous (N\$ 698 921.15)

The variance of N\$ 698 921.15 resulted from the arrear payments received from several diamond cutting and polishing license fees. In order to address the arrear payments, the Ministry took action and issued a public notice for cancellation of all licenses with outstanding arrears. The response was overwhelming, resulting in the settlement of arrear payments by the license holders during the 2017/2018 financial year. Additionally, there were several companies that applied for the retailer license and never collected their licenses. Again, a public notice was issued and most companies responded positively, resulting in the payment of these licenses contributing to the variance under miscellaneous.

Unclaimed cheques (N\$ 1 576 625.19)

These are the stale cheques and were accounted for in terms of the Treasury Instructions FB1005, which states that "if a cheque is still outstanding 6 months after the date of issue, the amount shall be deposited in the State Revenue Fund by crediting miscellaneous revenue head and debiting the "Bills Payable" account. If the amount thus written back is later reclaimed, payments are made from miscellaneous heading of revenue"

2. GENERAL INFORMATION**2.1 Bank accounts**

The Accounting Officer reported the following bank accounts with closing balances as at 31 March 2018 as follows:

Account name	Bank name	Balance as at 31/03/2018
Solar Revolving Fund	First National Bank	1 296 168.79
Botschaf Der Republik Namibia	UniCredit Bank Austria AG	19 316.70
Geological Survey Infrasond	Standard Bank	267 200.32

2.2 Commissions/ Special committees

The Accounting Officer reported an amount of N\$ N\$ 28 846.00 in respect of Commissions/Special Committees.

2.3 Vehicles

2.4 Accidents: Cost of damages

The Accounting Officer reported one (1) vehicle accident for the year under review to the amount of N\$ 115 539.49.

2.3.2 Vehicles on hand (Own fleet)

The Accounting Officer reported vehicles on hand for the year ended 31 March 2018 as follows for its own fleet:

Own fleet	Vehicle type					Value
	Sedans	Pick-ups and Combies	Heavy vehicles (Lorries, Tractors & Busses)	Motor bikes	Other	
Balance 01 April 2017		54 x Pickups 1 x Quantum	2 x Tractors 2 x Trucks	-	2 x Forklift 7 x Landcruiser 4 x Trailers	N\$ 24 858 076.20
Balance 31 March 2018	18	55	4	-	13	24 858 076.20

2.4 Points keeping stock and annual stocktaking

The Accounting Officer reported stock on hand as at 31 March 2018 for two (2) stock keeping points to the value of N\$ 42 920 576.84.

2.5 Stores and depots

The Accounting Officer reported the following values of stock kept at its stores and depots:

Stock on hand	Surpluses	Shortages
N\$ 42 920 576.84	N\$ 150 680.00	N\$ 749 664.10

2.6 Capital projects

ANNEXURE A (Continued)

The Accounting Officer reported the following development projects of the Ministry for the year under review.

Project name	Approved total budget	Total expenditure at 31/03/2017	Approved appropriation 2017/2018	Actual expenditure 2017/2018	Total actual expenditure at 31/03/2018	Expected year of completion
Upgrading and Expanding of IT Infrastructure	N\$ 68 550 000	N\$ -	N\$ 3 000 000.00	N\$ 2 882 742.38	N\$ 2 882 742.38	31/03/2021
Renovation of MME buildings	27 900 000	19 367 713.57	1 000 000.00	684 905.10	20 052 618.67	31/03/2020
Construction of Ministerial Regional Office in Swakopmund	9 142 000	43 606 246.17	2 400 000.00	52 686.53	43 658 932.70	31/03/2019
Extension of MME Headquarter	300 000 000	35 109.73	1 000 000.00	879 948.18	915 057.91	31/03/2020
Small Scale Mining	53 383 000	34 326 695.48	1 164 000.00	432 303.04	34 758 998.52	31/03/2021
Major power project	105 041 000	49 704 110.07	-	-	49 704 110.07	31/03/2020
Geological Sample Storage and Database	50 891 000	16 871 937.15	2 200 000.00	1 900 581.93	18 772 519.08	31/03/2020
Regional Integrated Interpretation Geophysics (RIIG)	192 750 000	-	3 500 000.00	3 500 000.00	3 500 000.00	31/03/2022
Regional Geochemical Sampling Survey	67 376 000	10 017 487.97	1 000 000.00	1 000 000.00	11 017 487.97	31/03/2020
National Airborne Geophysical Survey (NAGS)	70 000 000	40 578 424.36	1 400 000.00	1 381 852.54	41 960 276.90	31/03/2022
Geo Laboratories Upgrading and Staff Training	29 562 000	10 344 198.07	300 000.00	-	10 344 198.07	31/03/2020
Environmental Monitoring of active and abandoned mines	4 323 000	1 677 667.08	-	-	1 677 667.08	31/03/2020
Regional Geological Mapping	40 460 000	19 761 641.78	3 690 000.00	3 690 000.00	23 451 641.78	31/03/2020
Seismological Network	1 518 340 000	-	4 000 000.00	4 000 000.00	4 000 000.00	31/03/2022
Off-Grid Electrification and Solar Revolving Fund	129 160 000	66 348 728.05	2 300 000.00	2 300 000.00	68 648 728.05	31/03/2020
Rural Electrification	885 374 000	648 907 437.76	7 485 001.26	7 485 001.26	656 392 439.02	31/03/2025
Renewable Energy and Energy Efficiency institute	98 610 000	22 250 000.00	8 000 000.00	8 000 000.00	30 250 000.00	31/03/2020
Total	3 650 862 000	983 797 397.24	42 439 001.26	38 190 020.96	1 021 987 418.20	

WINDHOEK, 2018-11-05

SIMEON.N. NEGUMBO
ACCOUNTING OFFICER

