



REPUBLIC OF NAMIBIA

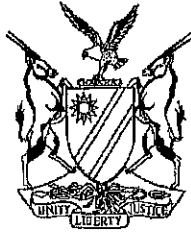


REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF MINES AND ENERGY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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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 Mines and Energy 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

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.
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**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF MINES AND ENERGY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

1. SECTION A: FINANCIAL AUDIT

1.1 UNQUALIFIED AUDIT OPINION

I have audited the financial statements of the Ministry of Mines and Energy for the financial year ended 31 March 2021, provided by the Accounting Officer as attached in Annexure A. These financial statements comprise the Appropriation account, Standard subdivisions, Departmental revenue, notes to the financial statements and general information for the year ended, and other explanatory information.

In my opinion, the financial statements of the Ministry of Mines and Energy as at 31 March 2021 are prepared, in all material respects, in accordance with 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 are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements in Namibia, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide an unqualified opinion.

1.3 KEY AUDIT MATTERS

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there were no key audit matters to communicate in my report.

1.4 EMPHASIS OF MATTERS

Attention is drawn to the management on the following matters that relate to my responsibility in the audit of the financial statements, as disclosed by the Ministry of Mines and Energy in the financial statements. My opinion is not modified in respect of these matters:

1.4.1 Pool vehicles

The Accounting Officer reported six (6) vehicles allocated to the Ministry by the Government Garage, of which one (1) vehicle was returned back to the Government Garage. The Accounting Officer did not provide the store issue and receipt voucher for the returned vehicle.

It is recommended that the Accounting Officer should provide the store issue and receipt voucher for audit purpose and ensure that documents are properly kept at all times.

Management comment

In his response on the draft report, the Accounting Officer indicated that the Ministry acknowledges that there was no proper hand-over when the pool vehicles were returned to Government Garage. The Ministry will ensure that control measures are strengthened on the issuing and receiving of pool vehicles.

1.5 OTHER INFORMATION

Management is responsible for the other information. My opinion on the financial statements does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. There was no other information in connection with my audit of the financial statements for the year under review.

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

2.1 COMPLIANCE TO LAWS AND REGULATIONS

SUBJECT MATTER: FINANCIAL PERFORMANCE AND THE USE OF APPROPRIATED FUNDS

I have audited the financial performance and the use of appropriated funds of the Ministry of Mines and Energy 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 Mines and Energy used the appropriated funds in compliance with the Appropriation Act, 2020 (Act 4 of 2020), State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015), Appropriation Amendment Act, 2020 (Act 8 of 2020), 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 Mines and Energy has complied with all laws and regulations that have an impact on the financial statements in accordance with the ISSAIs. This audit is an attestation engagement where the Ministry presented the subject matter information on which the auditor then gathered sufficient and appropriate audit evidence to provide reasonable assurance in forming an opinion. In forming an opinion, the findings and recommendations are taken into consideration.

In addition, the objective of this audit is to verify and assess whether public funds have been used appropriately and lawfully, and to report issues of non-compliance so that corrective action is taken and compliance to laws and regulations is strengthened.

2.4 AUDIT CRITERIA

The audit criteria used in the audit was derived from the following laws and regulations:

- Appropriation Act, 2020 (Act 4 of 2020);
- Appropriation Amendment Act, 2020 (Act 8 of 2020);

- State Finance Act,1991(Act 31 of 1991);
- Public Procurement Act, 2015(Act 15 of 2015);
- Treasury Instructions; and
- Public Procurement Regulations.

2.5 SUMMARY OF METHODS APPLIED

I have audited the financial statements for the financial year ended 31 March 2021 submitted by the Accounting Officer, in order to determine whether this information complied with the laws and regulations that governs them. The audit team conducted interviews with management and those charged with governance and document reviews were also carried out.

2.6 KEY AUDIT FINDINGS

2.6.1 Unauthorized expenditure

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

- The total budget of the vote is exceeded with N\$ 5 318.72. This amount is unauthorized in terms of Section 6(a)(i) of the Act;
- One (1) main division is exceeded with N\$ 3 974 785.66. This excess is unauthorised in terms of Section 6(a)(ii) of the Act; and
- Although Treasury authorization was obtained to utilize certain expected savings for the defrayal of expenditure by way of virements during the year, four (4) operational subdivisions were exceeded by a total amount of N\$ 4 397 871.38. This excess is unauthorized in terms of Section 6(a)(iii) of the Act.

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

Management comment

In his response on the draft report, the Accounting Officer indicated that the Ministry took note of the recommendation and wil ensure that control measures are strengthened.

2.6.2 Virement

Differences were noted between virements approved by Treasury and the virements reflected in the Appropriation account as follows:

Main division	Appropriation account	Authorised virement	Difference
	N\$	N\$	N\$
02. Administration	2 251 000	2 151 000	100 000
05. Energy	2 678 500	(2 578 500)	100 000

It is recommended that the Accounting Officer should ensure that virements are correctly reflected on the Integrated Financial Management System (IFMS).

Management comment

In his response on the draft report, the Accounting Officer indicated that the Ministry took note of the recommendation. Treasury made an error in the approval of the virement by taking the money from a different main division other than the one indicated in the submission.

2.6.3 Suspense accounts

Treasury Instruction F D0702 states that "The Accounting Officer should keep auxiliary registers (superfluous) to enable the Ministry to reconcile the suspense accounts placed under their control with the respective ledger accounts".

However, the audit findings below were noted:

- (i) The Ministry had outstanding balances on the following twelve (12) suspense accounts as at 31 March 2021, whereas these suspense accounts should have zero balances at year end:

Suspense account	Balance as at 31 March 2021	
	Debit/(Credit)	
	N\$	
Electronic Fund Transfer Clearing Account (EFT)		(43 371.48)
Social security		(48.99)
Tax code		(59 812.54)
Salary interface control account		0.93
Pension funds: GIPF		(96 510.32)
Pension funds: Political Office Bearers		(69 358.00)
National Housing Enterprise (10%)		(669.59)
Standard Bank (Windhoek)		58 174.06
First National Bank (Windhoek)		(8 290.76)
Bank Windhoek Main Branch		1 968.00
Commercial Bank of Namibia		7 000.00
Debt establishment		(18 93.19)

(ii) **Receipt suspense account**

The receipt suspense account reflected a credit balance of N\$ 41 244 966.6, whereas this suspense account should have a debit balance, thus the suspense account reflects unallocated revenue due to the credit balance reported.

(iii) **Debit balance suspense accounts**

The following suspense accounts reflected credit balances, whereas these suspense accounts should have debit balances as follows:

Suspense account	Amount	
	N\$	
Subsistence advance suspense account		(233 058.47)
Rejection Account		(37 243.23)

The Accounting Officer reported that these suspense accounts are thoroughly analysed and reconciled with the ledger accounts.

Eight (8) (RD cheques, S&T advance suspense, rejection account, Bills payable, Electronic funds transfer (EFT), National Housing Enterprise (NHE), Bank Windhoek and Commercial Bank of Namibia) of the suspense accounts have been fully reconciled with the ledger, however, changes were not effected by the

Ministry of Finance. The receipt suspense account was reconciled until December 2020, while the six (6) non payroll suspense accounts are in process.

The Ministry has put in place measures to reconcile all items in the suspense accounts. These measures include a dedicated team that is working on the reconciliation.

Recommendation for all suspense accounts

Although explanations were provided, it is recommended that the Accounting Officer should strengthen control measures to ensure reconciliation is timely performed so that balances at year end are correctly reflected as required by Treasury Instruction FD 0702.

Management comment

In his response on the draft report, the Accounting Officer indicated that the Ministry took note of the recommendation and will ensure that control measures are in place to ensure timely performance of reconciliations.

2.6.4 Outstanding subsistence advances

Differences were noted in the balances of outstanding subsistence advances as at 31 March 2021 as follows:

Balance as per the debit list	S&T advance suspense account	Reported by the Accounting Officer
N\$ 16 623.22	N\$ (233 058.47)	N\$ 14 356.22

It is recommended that the Accounting Officer should explain these differences.

2.7 UNQUALIFIED OPINION ON THE SUBJECT MATTER

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

3. AUDIT OF PERFORMANCE INFORMATION

I have audited the performance information of the Ministry of Mines and Energy for the financial year ended 31 March 2021.

3.1 DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND AUDIT SCOPE

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

The primary function of the PMS is to enable Offices, Ministries and Agencies (OMAs) to achieve success in National Development Plans (NDP) and provide improvements in service delivery to the public.

The scoping of the key performance indicators was performed, by looking at the high-level statements, which are indicated in the Mandate of the Ministry of Mines and Energy and the 2017-2022 Strategic Plan. Key

performance indicators were selected based on what would be significant to the intended users and their usefulness in assessing the entity's achievements in terms of its service performance objectives.

3.2 AUDIT OBJECTIVE

The objective of the Key Performance Indicator (KPI) audit is to provide assurance on whether the reported performance information measured against key performance indicators is useful, reliable and evidence-based. Key performance indicators also provide the basis for the (OMAs) to inform the Parliament, the public and other stakeholders on its strategic priorities, programs, and projects.

The objective of this audit is also to provide reasonable assurance to Parliament, members of the general public and other relevant stakeholders whether the reported actual performance has actually occurred and is based on the selected criteria.

3.3 AUDIT CRITERIA

In this audit, the auditors tested the performance information against the following criteria/sub-criteria:

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

3.4 SUMMARY OF METHODS APPLIED

The scoping of the key performance indicators was performed, by looking at the high-level statements, which are indicated in the Mandate of the Ministry of Mines and Energy and the Strategic Plan. Key performance indicators were selected based on what would be significant to the intended users and their usefulness in assessing the entity's achievements in terms of its service performance objectives. The scoping on Key performance indicators was conducted on the percentage (%) of the Solar Revolving Fund Business Process Re-engineering plan implemented.

3.5 CONCLUSION ON THE SUBJECT MATTER

The key performance indicator, the percentage of the Solar Revolving Fund (SRF) Business Process Re-engineering plan implemented from the Directorate of Energy Fund was selected from the 2020/2021 annual plan.

The Annual Performance Plan review document as required by the Public Service Management Circular (PSMC) No 9 of 2015 for the selected KPI (% of the Solar Revolving Fund (SRF) Business Process Re-engineering (BPR) plan implemented”) was provided for the audit, but the selected KPI was not indicated there, due to the annual plan that was revised, which resulted in the suspension of the selected KPI, thus the KPI could not be tested against the criteria of timeliness, presentation, measurability, consistency, validity, accuracy and completeness.

Management comment

In his response on the draft report, the Accounting Officer indicated that the Ministry took note of the conclusion remarks of the performance information audit of the Solar Revolving Fund.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Section 12 and 13 of the State Finance Act, 1991, (Act 31 of 1991) and legislation, and for such internal controls as management determines 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.

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

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

5. AUDITOR’S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
- It is also my responsibility to express an opinion on whether the financial performance and the use of appropriated funds is, in all material respect is in compliance with the Appropriation Act, 2020 (Act 4 of 2020), Appropriation Amendment Act, 2020 (Act 8 of 2020), State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015), Treasury Instructions and Public Procurement Regulations. I have conducted the audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the audited entity is in compliance with the authorities that govern the audited entity in the execution of its roles and responsibilities.

6. GENERAL INFORMATION

The appropriation account was submitted timeously by the Accounting Officer to the Auditor-General on 04 October 2021 in terms of Section 13 of the State Finance Act, 1991 (Act 31 of 1991). The financial statements, notes to the financial statements and general information supplied by the Accounting Officer are attached as Annexure A.

7. ACKNOWLEDGEMENT

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



WINDHOEK, MARCH 2022

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

1. AUDITED FINANCIAL STATEMENTS

1.1 Appropriation account

Service	2020/2021		Variations		2019/2020	
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Percentage	Actual expenditure	
N\$	N\$	N\$	N\$	%	N\$	
01. Office of the Minister:						
Original budget	3 527 000					
Plus: Virement	376 000					
Less: Suspension	(36 000)	3 867 000	3 764 058.06	102 941.94	2.66	3 941 790.91
02. Administration:						
Original budget	54 937 000					
Plus: Virement	2 251 000					
Less: Suspension	(8 367 000)	48 821 000	48 226 664.63	594 335.37	1.22	54 742 769.64
03. Mining:						
Original budget	24 804 000					
Less: Virement	(199 000)					
Less: Suspension	(1 320 000)	23 285 000	21 309 531.96	1 975 468.04	8.48	28 890 505.50
04. Geological Survey:						
Original budget	52 179 000					
Less: Virement	(27 500)					
Less: Suspension	(3 502 600)	48 648 900	47 738 820.88	910 079.12	1.87	51 771 050.84
05. Energy:						
Original budget	66 300 000					
Less: Virement	(2 678 500)					
Less: Suspension	(11 780 000)	51 841 500	51 809 433.49	32 066.51	0.06	37 956 021.52
06. Diamond Affairs:						
Original budget	14 027 000					
Plus: Virement	731 000					
Less: Suspension	(600 000)	14 158 000	18 132 785.66	(3 974 785.66)	(28.07)	12 581 614.85
07. Petroleum Affairs:						
Original budget	12 262 000					
Less: Virement	(385 000)					
Less: Suspension	(1 091 400)	10 785 600	10 527 831.75	257 768.25	2.39	12 613 573.83
08. Energy Fund:						
Original budget	5 514 000					
Less: Virement	(68 000)					
Less: Suspension	(420 000)	5 026 000	4 929 192.29	96 807.71	1.93	3 454 569.88
GRAND TOTAL		206 433 000	206 438 318.72	(5 318.72)	0.0	205 951 896.97

1.2 Standard subdivisions

ANNEXURE A

Subdivision	2020/2021			2019/2020
	Authorized expenditure N\$	Actual expenditure N\$	Underexpenditure/ (Excess) N\$	Actual expenditure N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	98 963 470	98 317 862.35	645 607.65	94 876 736.96
002. Employer's contribution to GIPF	11 987 000	11 597 250.42	389 749.58	11 144 518.74
003. Other conditions of service	1 459 630	1 379 000.49	80 629.51	1 352 071.34
005. Employers contribution to the social security	276 000	246 627.64	29 372.36	238 785.14
Total	112 686 100.00	111 540 740.90	1 145 359.10	107 612 112.18
Current expenditure: Goods and other Services				
021. Travel and subsistence expenses	1 064 000	960 021.13	103 978.87	5 279 791.66
022. Materials and supplies	1 417 500	1 302 902.03	114 597.97	1 633 425.40
023. Transport	2 605 000	2 592 087.30	12 912.70	3 254 058.81
024. Utilities	7 080 000	7 079 886.06	113.94	10 798 396.13
025. Maintenance expenses	3 329 000	3 152 713.87	176 286.13	3 854 855.56
027. Other services and expenses	2 997 500	2 981 440.42	16 059.58	1 184 266.10
028. Training course, symposiums & workshops	-	-	-	489 434.53
029. Printing and advertisements	-	-	-	657 581.65
031. Travel and subsistence expenses	-	-	-	23 143.39
033. Transport	-	-	-	117 910.80
038. Consultancy fees	-	-	-	177 779.93
040. Security contracts	-	-	-	423 549.21
Total	18 493 000	18 069 050.81	423 949.19	27 894 193.17
Current expenditure: Membership Fees and Subscriptions				
041. Membership fees: International	3 245 000	7 549 904.02	(4 304 904.02)	2 142 931.91
042. Membership fees: Domestic	400	400.00	-	-
053. Subsidies for state owned enterprises	-	-	-	7 500 000.00
Total	3 245 400	7 550 304.02	(4 304 902.02)	9 642 931.91
Capital Expenditure: Capital transfers				
101. Furniture and office equipment	-	-	-	50 000.00
102. Vehicles	-	-	-	696 707.72
124. Abroad	2 008 500	2 008 465.40	34.60	2 000 000.00
Total	2 008 500	2 008 465.40	34.60	2 746 707.72
Total: Operational expenditure	136 433 000	139 168 561.13	(2 735 561.13)	147 895 944.98
Development:				
Capital expenditure: Goods and services				
022. Materials and supplies	-	-	-	3 223 946.27
027. Other services and expenses	-	-	-	19 734 839.16
028. Training course, symposiums and workshops	-	-	-	40 000.00
029. Printing and advertisements	-	-	-	-
032. Material and supplies	8 779 082	8 539 962.40	239 119.60	-
035. Maintenance expenses	-	-	-	348 287.44
037. Other services and expenses	14 350 000	13 766 254.84	583 745.16	-
Total: Development expenditure	23 129 082	22 306 217.24	822 864.76	23 347 072.87
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	-	-	-	200 000.00
103. Operational equipment machinery & plant	-	-	-	1 613 845.65
105. Feasibility studies, design and supervision	-	-	-	10 000 000.00
107. Construction, renovation and improvement	-	-	-	19 895 033.47
113. Operational equipment, machinery and plants	770 918	770 830.53	87.47	-
117. Construction, renovation and improvement	46 100 000	44 192 709.82	1 907 290.18	-
121. Government organisations	-	-	-	3 000 000.00
TOTAL	46 870 918	44 963 540.35	1 907 377.65	34 708 879.12
Total: Development	70 000 000	67 269 757.59	2 730 242.41	58 055 951.99
GRAND TOTAL	206 433 000	206 438 318.72	(5 318.72)	205 951 896.97

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate 2020/2021	Actual revenue 2020/2021	More/(Less) than estimated	Actual revenue 2019/2020
	N\$	N\$	N\$	N\$
Miscellaneous	250 000	191 114.24	(58 885.76)	337 976.98
Geological survey	200 000	100 450.56	(99 549.44)	99 013.43
Oil exploration-rental fees	30 000 000	14 804 037.79	(15 195 962.21)	29 412 961.99
Prospecting licences and claims	1 900 000	3 925 639.60	2 025 639.60	2 968 383.76
Diamond royalties	737 976 000	881 178 045.69	143 202 045.69	706 641 773.63
Other mineral royalties	198 607 500	618 731 448.79	420 123 948.79	545 864 433.84
Sale of bidding documents	200 000	88 150.00	(111 850.00)	153 000.00
Private telephone calls	-	-	-	688.15
Total	969 133 500	1 519 018 886.67	549 885 386.67	1 285 478 231.78

1.4 Notes to the financial statements

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

(i) Over-expenditure

Main division 06: Diamond Affairs (N\$ 3 974 785.66 - 28.07%)

The over-expenditure was contributed by the daily subsistence allowance (DSA) which had an adverse balance contributed by negative outstanding commitments. The Ministry was informed by Treasury not to cancel these negative commitments on DSA as Treasury is in the process of finding a solution. In addition, to the negative outstanding commitment on DSA, the main division had a negative amount on the subscription subdivision. This resulted from the African Diamond Producer Association (ADPA) payment processed in the 2019/2020 financial year and was erroneously posted by the Ministry of Finance in the 2020/2021 financial year. Unfortunately, there was no budgetary provision on the subdivision during the 2020/2021 financial year, resulting in over-expenditure on the main division. The matter was reported to Treasury for rectification before the closure of the financial year, but was not rectified.

The Ministry proposed to use part of the suspended amount to cover the negative caused by the negative on the subscription subdivision. However, Treasury did not approve the request and assured the Ministry that the matter will be resolved at a different platform. An amount of N\$ 12 117 000 was suspended from the operational budget. The Ministry was then informed by Treasury to find savings to cover the negative. Unfortunately, due to the shortage of funds within the Vote, the Ministry could not identify further savings within the operational budget to cover the negative.

It is also evident that despite the underexpenditure realized on other main divisions within the vote, these savings were insufficient to cover the negative. In addition, these savings are mainly on remuneration and capital projects. Hence, virement of funds from remuneration is mostly not advised as it may result in a shortage on the remuneration subdivision. The savings realized on the capital projects could not be viremented as the Ministry is not allowed to virement funds from the capital projects to operational budget.

(ii) Underexpenditure**Main division 01: Office of the Minister (N\$ 102 941.94 - 2.66%)**

The underexpenditure was attributed by the delay in filling the position of Personal Assistant to the Minister, which resulted in an underexpenditure on remuneration and employer contribution to GIPF.

Main division 03: Mining (N\$ 1 975 468.04 – 8.48%)

The underexpenditure arised from the delay in the finalization of the filling of the position of the Deputy Director. In addition, the underexpenditure was realized on the small-scale mining project, caused by the contractor's non-performance at the Khorixas project. The funds were earmarked for the payment of the contractor and consultants, as well as the installation of equipment. The contractor did not carry out any work for the period under review, and as a result, no invoices were issued to the Ministry for payment. The installation of the equipment was interdependent on the successful completion of the consultant's activities.

Main division 07: Petroleum Affairs (N\$ 257 768.25- 2.39%)

The underexpenditure was on remuneration and employers contribution to the Government Pension Fund (GIPF) and Social Security, caused by the delay in filling two (2) vacant positions of the Deputy Director and Chief Inspector.

1.4 2 Departmental Revenue: Explanations of variations exceeding N\$ 200 000**(i) Overestimated****Oil exploration-rental fees (N\$ 15 195 962.21)**

The Ministry estimated to collect an amount of N\$ 30 000 000 during the financial year under review. However, due to the prevailing low market conditions, the petroleum industry was negatively affected compared to the mining industry. Many of the license holders have experienced difficulties raising funds to meet their license obligations. As a result, several license holders requested for a deferment of their annual rental fees to the next year, resulting in the reduction. Additionally, the challenging market conditions further resulted in the cancelation of some licenses in the financial year under review, which caused a drastic drop in the expected revenue.

(ii) Underestimated**Diamond royalties (N\$ 143 202 045.69)**

The estimation on the revenue head was initially N\$ 1 237 740 698. During the mid-term budget review, the initial estimation was revised to N\$ 737 976 000. An amount of N\$ 881 178 045.69 was collected, resulting in the revenue head variance of (N\$ 143 202 045.69). This is due to the increase in the demand for rough diamonds despite the Covid -19 pandemic, as major global markets such as the United States of America (USA) started to recuperate.

Prospecting license and claims (N\$ 2 025 639.60)

The revenue collection was estimated at N\$ 1 900 000, of which the actual amount of N\$ 3 925 639.60 was collected during the period under review. The Ministry underestimated the exploration activities by the mining companies, due to the unfavourable market conditions at that time. The Ministry received more mining rights applications compared to the previous financial year. As a result, the exploration activities have increased than anticipated, resulting in an increase in the collection.

Other mineral royalties (N\$ 420 123 948.79)

The estimation on this revenue was initially N\$ 315 000 000. During the mid term budget review, the initial estimation was revised to N\$ 198 607 500. The Ministry revised the estimation due to unfavourable market conditions at that time. At that stage, no price increase of commodities were expected, as most industries were heavily affected. It however, turned out different when the prices of copper and gold increased significantly, resulting in the Ministry collecting almost double the initial estimate, which resulted in a variance of N\$ 420 123 948.79. Therefore, the Ministry is happy to indicate that the favourable market prices in the base and rare metals group of minerals have increased the revenue collection, which was estimated to decrease.

In addition, during the period under review, the exchange rate between the United States (US) dollar and the Namibian dollar as well as the penalty charges on late payments, have played a significant role in the positive collection of revenue.

2. GENERAL INFORMATION**2.1 Bank accounts**

The Accounting Officer reported the following bank accounts with closing balances as at 31 March 2021 as follows:

Account name	Bank	Closing balance as at 31 March 2021
Solar Revolving Fund	First National Bank	N\$ 3 674 034.85
Solar Revolving Fund	First National Bank	N\$ 23 019 260.68
Solar Revolving Fund	First National Bank	N\$ 267.07
Botschaf Der Republik Namibia	UniCredit Bank Austria AG	€ 1 834.60
Geological Survey Infrasond	Standard Bank	N\$ 1 847 357.19

2.2 Fund accounts

The Accounting Officer reported the following fund accounts with closing balances as at 31 March 2021 as follows:

Fund name	Bank name	Closing balance as at 31 March 2021
		N\$
Diamond Board of Namibia	Bank Windhoek	11 987 286.75
Diamond Board of Namibia	Bank Windhoek	1 846 066.58
Diamond Valuation Fund	First National Bank	131 612.36
Mineral Development Fund	First National Bank	2 344 550.23
Mineral Development Fund	First National Bank	1 106 588.58
National Energy Fund: Petroleum Equalisation on levy	Bank Windhoek	122 581 906.48
Petroleum & Energy Account	Bank Windhoek	2 851 273.75
Electricity levy	Bank Windhoek	21 901 681.22
Strategic oil storage USD forex account	Standard Bank	9 106 089.87
Strategic oil storage disbursement	Standard Bank	184 936 148.58
Strategic oil storage levy revenue account	Standard Bank	63 827.46
Strategic oil storage DBN debt reserve account	Standard Bank	81 256 111.62
Investec Management Equalisation levy	Investec Asset Management	191 069 178.09
Invested Electricity levy	Investec Asset Management	28 098 408.54
IJC Securities - Equalisation levy	IJG Securities Money Market Trust	170 692 445.76
IJC Securities - Electricity levy	IJG Securities Money Market Trust	28 448 740.96
Namasset - Equalisation levy	Namibia Asset Management	11 788 259.04
Namasset - Equalisation levy	Namibia Asset Management	50 418 911.38
Capricorn Investment Fund	Capricorn Asset Management	9 456 131.04
Capricorn Investment Fund	Capricorn Asset Management	49 457 368.49
Capricorn Investment Fund	Capricorn Asset Management	231 065 881.14
Standard Bank Money Market Fund	Stanlib Unit Trust Management	111 594 287.50
Standard Bank Money Market Fund	Stanlib Unit Trust Management	48 335 718.49
Standard Bank Money Market Fund	Stanlib Unit Trust Management	8 543 774.45
Standard Bank Money Market Fund	Stanlib Unit Trust Management	14 424.40
Bank Windhoek Equalisation levy call account	Bank Windhoek	36 000 000.00
Bank Windhoek Electricity call account	Bank Windhoek	70 000 000.00
Bank Windhoek Money P&E Gen Levy Call	Bank Windhoek	1 000 000.00
Standard Bank Call account	Standard Bank	250 000 000.00

2.3 Commission and Special committees

The Accounting Officer reported an amount of N\$ 80 207.00 incurred in respect of expenditure in respect for commission and special committees on transport, accommodation and remuneration during the period under review.

2.4 Outstanding commitments

The Accounting Officer reported outstanding commitments on five (5) main divisions amounting to N\$ 38 606.00.

2.5 Bursary and study assistance

The Accounting Officer reported that an amount of N\$ 49 553.50 was incurred in respect of four (4) staff members for the year under review.

2.6 Donation to Government

The Ministry received a donation of a surveillance system, land folio licensing system and burglar bars valued at N\$ 8 355 901.00 from the Diamond Valuation Fund with the required Treasury authorization.

2.7 Movable property transferred within Government

The Accounting Officer reported eight (8) redundant vehicles at an estimated value of N\$ 364 400.00 that were transferred to the Ministry of Education, Arts and Culture to be used by motor mechanics learners for practical assessment with the necessary Treasury approval.

2.8 Annual stocktaking

The Accounting Officer reported stock and equipment valued at N\$ 57 670 838.48 kept at two (2) stock points, shortages and deficiencies of N\$ 164 960.00 and obsolete and worn-out stock and equipment valued at N\$ 1 900.00, for the year under review.

2.9 Suspense accounts

The final ledger shows the following seventeen (17) suspense accounts with balances as at 31 March 2021:

Description	Balance as at 31 March 2021 Debit/(Credit)
	N\$
Receipt suspense account	(41 244 996.36)
RD cheques	69 600.00
S&T advance suspense account	(233 058.47)
Rejection account	(37 243.23)
Bills payable	(14 211.23)
Electronic fund transfer clearing account	(43 371.48)
Social security	(48.99)
Tax code	(59 812.54)
Salary interface control account	0.93
Pension fund: GIPF	(96 510.32)
Pension fund: Political Office Bearers	69 358.00
National Housing Enterprises (10%)	(669.59)
Standard Bank (Windhoek)	58 174.06
First National Bank (Windhoek)	(8 290.76)
Bank Windhoek Main Branch	1 968.00
Commercial Bank of Namibia	7 000.00
Debt establishment	(18 893.19)

2.10 Capital projects

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

Project name	Approved total budget	Total expenditure as at 31/03/2020	Approved appropriation 2020/2021	Actual expenditure 2020/2021	Total actual expenditure at 31/03/2021	Expected year of completion
National Airborne Geophysical Survey (NAGS)	N\$ 70 000 000	N\$ 46 489 374.50	N\$ 2 100 000	N\$ 1 938 720.33	N\$ 48 428 094.83	31/03/2023
Geological Samples Storage and Database	52 524 000	23 242 940.88	2 000 000	1 982 239.23	25 225 180.11	31/03/2023
Regional Geological Mapping	51 760 000	28 764 783.08	3 000 000	2 999 913.12	31 764 696.20	31/03/2023
Seismology and Ground Geophysics	521 412 000	9 761 895.32	2 200 000	2 180 000.00	11 941 895.32	31/03/2023
Regional Geochemical Sampling Survey	67 376 000	14 898 738.99	700 000	699 779.96	15 598 518.95	31/03/2026
Regional Integrated Interpretation Geophysics (RIIG)	199 750 000	5 987 030.74	1 600 000	1 597 020.00	7 584 050.74	31/03/2026
Engineering and Environmental Geological Assessment	9 623 000	2 025 954.52	1 000 000	737 412.86	2 763 367.38	31/03/2026
Upgrading of Geo Laboratories and Staff Training	31 004 000	13 345 489.67	1 000 000	881 332.71	14 226 822.38	31/03/2023
Small Scale Mining	68 906 000	35 855 202.72	3 500 000	1 661 332.30	37 516 535.02	31/03/2023
Off-Grid Electrification and Solar Revolving Fund	129 160 000	71 648 728.05	3 000 000	3 000 000.00	74 648 728.05	31/03/2029
Rural electrification	885 374 000	730 755 726.92	41 900 000	41 893 685.86	772 649 412.78	30/03/2025
Upgrading and expanding of IT Infrastructure	71 231 000	11 832 293.47	6 800 000	6 560 880.40	18 393 173.87	31/03/2023
Renovation and extension of MME buildings	100 900 000	23 852 114.36	1 200 000	1 137 440.82	24 989 555.18	31/03/2025
Total	2 259 020 000	1 018 460 273.22	70 000 000	67 269 757.59	1 085 730 030.81	

WINDHOEK, 2021-10-04

SIMEON.N. NEGUMBO
ACCOUNTING OFFICER

