



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

MINISTRY OF ENVIRONMENT AND TOURISM

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

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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 Environment and Tourism for the financial year ended 31 March 2010 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 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE
MINISTRY OF ENVIRONMENT AND TOURISM
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2010**

1. INTRODUCTION

1.1 Report

This report on the accounts of the Ministry of Environment and Tourism for the financial year ended 31 March 2010 is presented to the National Assembly in accordance with the terms of Article 127(2) of the Constitution of the Republic of Namibia and Section 27(1) of the State Finance Act, 1991 (Act 31 of 1991), as amended.

1.2 Powers and duties

Section 25(1)(c) of the State Finance Act, 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, empowers the Auditor-General to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources.

The financial statements, notes to the financial statements and general information supplied by the Accounting Officer are attached as annexure A.

3. SCOPE OF THE AUDIT

3.1 The Accounting Officer of the Ministry in co-operation with the Permanent Secretary of the Ministry of Finance is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions therein. It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly. The audit included:

- (a) examination on a test basis of evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements; and
- (b) evaluation of the overall adequacy of the presentation of information in the financial statements.

3.2 The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- (a) the financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;
- (b) in all material respects, the expenditure and income have been applied to the purposes intended by the legislature; and

(c) the financial transactions conform to the authorities that govern them.

4. AUDIT OBSERVATIONS

4.1 MAIN ISSUES/FINDINGS IDENTIFIED BY THE AUDIT

4.1.1 Unauthorised expenditure

The unauthorised expenditure mentioned below occurred during the financial year and is 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 by a total amount of N\$ 5 740 031.87 which is unauthorised in terms of Section 6(a)(ii) of the Act; and
- (ii) Although Treasury approval was obtained to utilise certain expected savings for the defrayal of excess expenditure by way of virements, nine (9) subdivisions were exceeded with a total amount of N\$ 9 296 379.19 which is unauthorised in terms of Section 6(a)(iii) of the Act.

4.1.2 Capital Projects

The statement provided by the Ministry was not prepared according to Circular D12/2010. The payment vouchers for Etosha National Park Fence, Community Based Tourism Lodge Development, International Tourism Marketing, Community Based Tourism Development and Namibia Coast Conservation and Management Project were not provided for audit purposes.

It is recommended that the Accounting Officer should see to it that all outstanding payment vouchers are forwarded to the Office of the Auditor-General for audit purposes.

4.1.3 Bursary and study assistance

During the financial year under review the Accounting Officer reported that the Ministry granted bursaries and study assistances to 49 staff members the amount totalling to N\$ 593 333.00. However, the verification revealed that only twenty-eight (28) staff members were financially assisted during the 2009/2010 financial year and an amount totalling N\$ 429 069.78 was paid.

It is recommended that the Accounting Officer should ensure that the correct statement with sufficient and relevant supporting documents is forwarded to the Office of the Auditor-General without delay for audit purposes.

In his response on the draft report the Accounting Officer submitted an unsigned statement indicating 36 staff members amounting to N\$ 427 628.

4.1.4 Suspense accounts

The final trial balance reflected nine (9) uncleared suspense account balances of the Ministry as at 31 March 2010. The following accounts were in excess of N\$100 000:

Description	Balance as at 31/03/2010
	Debits/ (Credits)
	N\$
Namibia Tourism Board	(1 904 147.28)
Namibia Wild life and Resort	(34 076 809.15)
Receipt Suspense	1 227 393.74
RD Cheques	960 535.84
S&T Advance Suspense Account	418 244.30
SIDA Project	126 873.02
Bills Payable	(43 855 581.02)

The Accounting Officer should explain why the Namibia Resorts Trade Account, Namibia Tourism Board and SIDA Project account are reflecting the same closing balances for the last four consecutive years. The audit also identified an increase in the balances of RD Cheques and Bills Payable. The Accounting Officer should explain the increase in the balances of these accounts.

It is recommended that the Accounting Officer should make sure that all suspense accounts are reconciled as prescribed in Treasury Instruction FD 0703 which states *“that accounting officers shall furnish the following certificate to the Auditor-General annually on 31 March: The following suspense accounts of the Ministry have been thoroughly analyzed and reconciled with the ledger accounts. Steps are constantly being taken to clear all items in the suspense accounts.”*

In his response on the draft report the Accounting Officer indicated that the Ministry of Finance was approached to write off the balances for Namibia Resort Trade Account, Namibia Tourism Board and SIDA Project. However, this request was declined and the Accounting Officer was advised to make provision for it on the Budget. The Ministry is still pursuing the matter.

4.1.5 Departmental revenue

The Accounting Officer did not explain why the unclaimed cheques and tourist concessions were overestimated as required by Circular D12/2010 of the Auditor-General

5. ACKNOWLEDGEMENT

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

6. AUDIT OPINION

I certify that I have audited the financial statements of the Ministry of Environment and Tourism for the year ended 31 March 2010 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 fairly present the receipts and payments of Vote 18 for the year ended 31 March 2010 and in all material respects the receipts and payments have been applied to the purposes intended by the National Assembly and conform to the authorities which govern them.

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

OFFICE OF THE AUDITOR-GENERAL
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Private Bag 13299
WINDHOEK,
NAMIBIA

1. FINANCIAL STATEMENTS

1.1 Appropriation account

		2009/2010			2008/2009	
Service		Authorised expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure/ (Excess)	Percent-age	
	N\$	N\$	N\$	N\$	%	N\$
01. Office of the Minister:						
Original budget	4 104 000.00					
Less: Virement	(702 000.00)	3 402 000.00	3 056 334.67	345 665.33	10.16	3 597 536.72
02. Administration:						
Original budget	79 956 000.00					
Plus: Virement	788 658.00	80 744 658.00	71 716 569.57	9 028 088.43	11.18	43 599 805.09
03. Parks and Wildlife Management:						
Original budget	123 857 000.00					
Less: Virement	(86 658.00)	123 770 342.00	129 510 373.87	(5 740 031.87)	(4.64)	107 952 490.27
04. Scientific Services:						
Original budget	18 296 000.00					
Less: Virement	(195 818.74)	18 100 181.26	15 975 254.65	2 124 926.61	11.74	15 536 984.67
05. Tourism:						
Original budget	52 489 000.00					
Plus: Virement	150 000.00	52 639 000.00	51 090 470.17	1 548 529.83	2.94	35 525 137.12
06. Environmental Affairs:						
Original budget	26 946 000.00					
Plus: Virement	45 818.74	26 991 818.74	22 146 803.98	4 845 014.76	17.95	6 170 904.05
Total		305 648 000.00	293 495 806.91	12 152 193.09	3.98	212 382 857.92

1.2 Standard subdivisions

Subdivision	2009/2010			2008/2009
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	80 095 000	76 719 392.29	3 375 607.71	63 747 561.27
002. Employer's contribution to staff's pension fund	7 176 000	8 075 741.54	(899 741.54)	6 946 852.84
003. Other conditions of service	1 016 000	891 817.86	124 182.14	1 697 386.14
Total	88 287 000	85 686 951.69	2 600 048.31	72 391 800.25
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	18 400 819	16 446 610.38	1 954 208.62	12 126 402.37
022. Materials and supplies	5 287 000	4 220 530.26	1 066 469.74	3 711 035.73
023. Transport	26 497 000	26 704 912.46	(207 912.46)	39 511 617.46
024. Utilities	18 916 000	18 302 169.37	613 830.63	15 900 988.24
025. Maintenance	1 255 000	1 143 776.31	111 223.69	397 197.39
026. Property rental and related charges	3 048 000	2 993 303.37	54 696.63	24 900.00
027. Other services and expenses	3 805 181	3 650 811.11	154 369.89	3 410 233.20
Total	77 209 000	73 462 113.26	3 746 886.74	75 082 374.39
Current expenditure: Membership fees and subscriptions				
041. International	1 614 000	1 726 139.16	(112 139.16)	779 537.87
Total	1 614 000	1 726 139.16	(112 139.16)	779 537.87
Current expenditure: Subsidies, grants and other transfers				
043. Government organizations	47 000 000	47 000 000.00	-	25 000 000.00
044. Individuals and non-profit organisations	50 000	49 187.00	813.00	-
Total	47 050 000	47 049 187.00	813.00	25 000 000.00
Total: Current expenditure	214 160 000	207 924 391.11	6 235 608.89	173 253 712.51

Standard subdivisions (continued)

Subdivision	2009/2010			2008/2009
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	681 000.00	571 666.28	109 333.72	357 352.37
102. Vehicles	4 320 000.00	4 320 000.00	-	247 491.35
103. Operational equipment, machinery and plant	620 000.00	486 475.29	133 524.71	56 479.15
Total: Capital expenditure	5 621 000.00	5 378 141.57	242 858.43	661 322.87
Total: Operational expenditure	219 781 000.00	213 302 532.68	6 478 467.32	173 915 035.38
Development				
Recurrent expenditure				
022. Materials and supplies	5 000 000.00	4 818 920.53	181 079.47	3 795 595.08
027. Other services and expenses	9 000 000.00	8 565 801.64	434 198.36	7 973 983.74
Total	14 000 000.00	13 384 722.17	615 277.83	11 769 578.82
Development: Capital expenditure				
101. Furniture and Office Equipment	2 000 000.00	1 999 906.50	93.50	54 679.04
103. Operational Equipment, Machinery, and Plants	1 600 000.00	1 558 869.27	41 130.73	3 191 421.42
105. Feasibility studies, Design and Supervision	7 300 000.00	7 228 900.09	71 099.91	134 758.99
107. Construction, renovation and improvements	60 967 000.00	56 020 876.20	4 946 123.80	23 314 384.27
Total	71 867 000.00	66 808 552.06	5 058 447.94	26 698 243.72
Total: Development expenditure	85 867 000.00	80 193 274.23	5 673 725.77	38 467 822.54
GRAND TOTAL	305 648 000.00	293 495 806.91	12 152 193.09	212 382 857.92

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue heading	Estimate	Actual revenue 2009/2010	More/(Less) than estimated	Actual revenue 2008/2009
	N\$	N\$	N\$	N\$
Park entrance fees	47 720 000	48 124 644.04	404 644.04	38 489 251.98
Unclaimed Cheques	100 000	-	(100 000.00)	-
Registration of professional hunters	-	-	-	-
Registration of culling team	-	-	-	-
Film fees	78 000	56 800.00	(21 200.00)	223 180.00
Miscellaneous	60 000	987 513.64	927 513.64	159 616.03
Departmental fines	40 000	5 844.27	(34 155.73)	2 000.00
Tourists concessions	2 400 000	2 176 943.36	(223 056.64)	2 197 584.02
Application fees for gambling licences	55 000	15 000.00	(40 000.00)	46 750.00
Wildlife registration and licences	186 000	438 070.00	252 070.00	229 305.00
Wildlife utilization permits	245 000	676 745.00	431 745.00	274 690.00
Total	50 884 000	52 481 560.31	1 597 560.31	41 622 377.03

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 03 - Parks and Wildlife Management (N\$ 5 740 031.87 - 4.64%)

The Cabinet decision was taken to employ the war veteran kids in 2009/2010 financial year. As there was no provision made for this exercise, it gave negative impact on personnel expenditure of the directorate.

The over-spending was also caused by overtime performed by the staff that were deployed in the field for the purpose of human-wildlife management. Fire break-outs and tourist accidents continue to be a budgetary challenge for the Ministry.

The unpredicted nature of the activities, as opposed to the limited budgetary allocation, complicates and hampers the smooth running of activities, which could not without serious detriments be postponed or ignored.

(ii) Underexpenditure

Main division 01 - Office of the Minister (N\$ 345 665.33 - 10.16%)

The underexpenditure was due to the vacant post of the Deputy Minister. This had an impact on related expenditures that could not be incurred during the year under review.

Main division 02 - Administration (N\$ 9 028 088.43 - 11.18%)

This was due to numeral resignations and transfers of some staff members to other O/M/A'S. The other contributing factor to under spending was that a number of entry and junior positions such as work hands were proposed to be converted into critical professional positions identified for MET restructuring submitted to OPM for consideration and anticipated implementation from 2010/2011. Therefore these proposed positions to be abolished could not be filled. Also delays experienced on the Trotsky building, resulted in under spending on capital project

Main division 04 - Scientific Services (N\$2 124 926.61 -11.74%)

The underexpenditure was a result of vacancies within the directorate including the director position. When the director was appointed within the directorate; the deputy director position became vacant and was only filled in 2010/2011 financial year. Scientist positions could not be filled in the year under review due to unavailability of suitable qualified and experienced candidates. Other related expenditures were also negatively affected.

Main division 05 - Tourism (N\$1 548 529.83-2.94%)

The directorate was housed in a rented building with limited number of offices which were already filled to capacity. Therefore an underexpenditure was realized as a result of unfilled positions.

Main division 06 - Environmental Affairs (N\$ 4 845 014.76-17.95%)

The directorate anticipated that all vacancies established for the implementation of the Environmental Management Act would be filled during 2009/2010 financial year with the approval of the draft regulations. However, due to considerable changes propped by the Attorney General on the regulations, the Act could not be enforced. All related expenses were affected by this exercise.

1.4.2 Departmental revenue

Explanation of departmental revenue variations exceeding N\$100 000.

(i) Over-estimated

See paragraph 4.1.8

(iii) Underestimated

Park entrance fees (N\$ 404 644.04)

The underestimation was due to the increased number of tourists that visited our parks in the country.

Miscellaneous ((N\$927 513.64)

During the 2009/2010 financial year 21 new permits were introduced and were allocated under miscellaneous revenue head temporarily.

Wildlife registration and licences (N\$ 252 070.00)

Included in this excess is the collection of registration of professional hunters and culling team.

Wildlife utilization permits (N\$ 431 745)

During the financial year the permit fees increased for more than 100% and this resulted in collecting high revenue than projected.

2. GENERAL INFORMATION

ANNEXURE A (Continued)

2.1 Bank accounts

During the financial year under review the Ministry operated the following bank accounts:

Name of account	Bank	Closing balance 31-03 2010 N\$
		N\$
Game Product Trust Fund	Standard Bank	4 309 926.23
Game Product Trust Fund	FNB	1 022 224.86
Game Product Trust Fund	FNB	8 375 093.45
Cape Cross Account	Standard Bank	847 851.19
ICEMA Special Account	Standard Bank	986 396.79
Intergraded Community-Based EC	Standard Bank	324 452.58
ICEMA FFEM Account	Standard Bank	33 870.63
ICEMA Operational Account	Standard Bank	494 903.79
National Protected Areas Project	Standard Bank	37 431.05
NACOMA Project Special Account Counterpart	Standard Bank	45 247.65
NACOMA Project Operational Account	Standard Bank	61 983.92
NACOMA Project Special Acc	Standard Bank	2 386 683.88
		4 582.91
National Lottery Trust Fund	Bank Windhoek	549 151.40
National Lottery Trust Fund	Bank Windhoek	
MET-SPAN Project	Standard Bank	930 584.02
KFW BMM Parks Project (FCA)	FNB	36 947.25
KFW BMM Parks Project (FCA)	FNB	253 385.56
Game Translocation and Mangeti Park Project	Standard Bank	-
Namibia Country Pilot Partnership (CCP)	Standard Bank	(463.16)
Game Products Trust Fund	Standard Bank	2 153 077.14
Game Products Trust Fund	Standard Bank	31 685 204.23

2.2 Capital Projects

The Accounting Office reported the following estimates and actual expenditure on development projects of the Ministry exceeding N\$ 1 million as follow:

Nature of project	Approved total budget	Approved appropriation 2009/2010	Total expenditure as at 31.03.2009	Actual expenditure 2009/2010	Total expenditure as at 31.03.2010	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Construction and Renovation of MET Headquarters (Philip Troskie Building)	72 225 000	22 500 000	4 920 137.29	13 510 178.90	18 430 316.10	31/03/12
Construction and Extension of Regional Houses and offices for staff	81 862 000	20 000 000	41 138 769.57	19 916 662.22	61 055 431.79	30/03/12
Water Provision for Game	8 344 000	2 500 000	6 547 791.71	2 421 866.28	8 969 657.99	30/03/12
Fencing of Conservation Areas	13 050 000	3 700 000	6 265 407.54	7 826 341.10	14 091 748.64	30/03/12
Wildlife Loan Scheme – Reintroduction of Game to Communal Conservancies	13 192 000	4 000 000	1 688 156.43	3 565 801.64	5 253 958.07	30/03/12
Upgrading of Tourist Roads	30 960 000	9 000 000	4 772 217.31	8 847 569.62	13 619 786.93	31/03/12
Upgrading of Etosha National Park fence	41 578 000	10 000 000	1 554 461.34	9 937 947.97	11 492 409.31	31/03/12
Community Based Tourism Lodge Development	33 600 000	5 000 000	18 376 909.87	4 999 906.50	23 376 816.37	31/03/12
International Tourism Marketing	14 000 000	2 000 000	8 000 000.00	2 000 000.00	10 000 000.00	31/03/12
Community Based Tourism Development	14 600 000	5 667 000	2 000 000.00	5 667 000.00	7 667 000.00	31/03/12
Namibia Coast Conservation and Management Project (NACOMA)	26 433 000	7 219 000	2 950 000.00	1 500 000.00	4 450 000.00	31/03/12
Total	349 844 000	85 867 000	129 213 850.00	80 193 274.23	209 407 125.20	

2.3 Donations to the Government

During the financial year under review the following donations were given to the Government and Treasury approvals were received

Donor	Item	Value N\$	Treasury approval #
	N\$	N\$	N\$
United State Department of Interior Fish and Wildlife	Vehicle	286 649.00	2009/67AM
Robert Bosch Corporation (BOSCH)	Tools	32 639.64	2009/85AM
Namibia Nature Foundation	Vehicle	31 000.00	2009/86AM
Spanish Agency for International Development Cooperation	Euro 300 000.00	3 403 990.00	DB09/127
Total		3 754 278.64	

See paragraph 4.1.5

WINDHOEK, 25-10-2010

Dr. K. SHANGULA
ACCOUNTING OFFICER