



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 2012

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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 2012 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 2013

**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 2012**

1. INTRODUCTION

1.1 Report

This report on the accounts of the Ministry of Environment and Tourism for the financial year ended 31 March 2012 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.

2. FINANCIAL STATEMENTS

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 Expenditure

The total budget was underspent with an amount of N\$ 48 395 323.54 (6.06%). These funds could have been used on other pressing needs in the country. However, 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):

Although Treasury approval was obtained to utilise certain expected savings for the defrayal of excess expenditure by way of virements, two (2) subdivisions were exceeded with a total amount of N\$ 654 664.01 which is unauthorised in terms of Section 27(6)(a)(iii) of the Act.

It is recommended that the Accounting Officer put measures in place to avoid requesting huge unutilised amounts from Ministry of Finance and to avoid unauthorised expenditure.

4.1.2 Subsistence advances

The S&T advance suspense account as indicated in the general ledger revealed a balance of N\$ 1 232 333.30 which is not cleared. The list of outstanding claims indicates an amount of N\$ 205 198.00 arising to a difference of N\$ 1 027 135.30 between these two amounts.

It was also noted that some of the advances are outstanding for longer than 30 days. The Accounting Officer must ensure that compliance with Treasury Instructions HB0505 and 0506 should be adhered to, which stipulate that claims must be submitted within 30 days after the return from a trip or, if not complied with, the amount must be recovered from the salary. Reconciliation for S&T must be carried out on a regular basis to ensure that all the accounts with balances are identified and dealt with accordingly.

4.1.3 Bank accounts

The Ministry operated eighteen (18) bank accounts during the financial year under review, but the Accounting Officer did not submit any source documents such as cashbook, bank reconciliation statements and income and expenditure statements for seven bank accounts as required by section 12(2) of the State Finance Act, 1991 for audit purpose.

It is recommended that the source documents relating to these bank accounts be submitted to the Auditor-General for audit purposes.

4.1.4 Suspense accounts

The final trial balance reflected twelve (12) unclear suspense account balances of the Ministry as at 31 March 2012. The following accounts were in excess of N\$100 000:

Description	Balance as at 31/03/2012
	Debits/ (Credits)
	N\$
Namibia Tourism Board	1 904 147.28
Namibia Wildlife and Resort	34 076 809.15
Receipt Suspense	775 840.50
RD Cheques	919 697.28
S&T Advance Suspense Account	1 232 333.30
Rejection Account	2 726 545.37
Bills Payable	(18 203 190.47)

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 certificate to the Auditor-General annually on 31 March that suspense accounts of the Ministry have been thoroughly analyzed and reconciled with the ledger accounts and also that steps are constantly being taken to clear all items in the suspense accounts.*

The Accounting Officer should reconcile the suspense account and furnish them to the Auditor-General.

4.1.5 Tender Board exemptions

This account could not be verified as the Ministry failed to submit the actual expenditure on the goods and services for the exempted amounts as per Circular D12/2010 of the Auditor-General.

It is recommended that the Accounting Officer should see to it that actual expenditure on goods and services for exempted amount are forwarded for audit purposes.

4.1.6 Non- submission of statement and source documents.

The following statements were not provided for audit purposes.

The following source documents were not provided for audit purposes.

Item 13: Trust Fund – Source documents were not provided, which should indicate utilization/expenditure and income incurred by the fund.

Item 35/36: Points keeping stock and Stock-taking – Not all stock-taking and financial reports were provided for audit purpose.

Item 37.2: Vehicle Accidents – The payment vouchers for the repaired vehicles amounting to N\$ 142 221.85 were not provided for audit purpose.

It is recommended that the Accounting Officer should see to it that all statements with supporting documents as mentioned above are forwarded for audit purposes.

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. EMPHASIS OF MATTER

Attention is drawn to the management on the following matters that relate to my responsibility in the audit of the financial statements:

- a) Paragraph 4.1.1 Expenditure. The total budget of the Ministry was underspend with an amount of N\$ 48 395 323.54 (6.06%).

7. BASIS FOR QUALIFIED OF OPINION

The Ministry did not carry out reconciliations and submit documents for audit purposes as reflected below:

- i) Failure to submit documents and records on bank accounts;
- ii) Failure to submit actual expenditure amounts on Tender Board exemptions;
- iii) Failure to provide source documents for annual report statements;
- iii) Failure to reconcile and clear suspense accounts at year end; and

8. QUALIFIED OPINION

I certify that I have audited the financial statements of the Ministry of Environment and Tourism for the financial year ended 31 March 2012 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, except for the effect of the matters discussed in the Basis for qualified opinion paragraph, the financial statements fairly represent the receipts and payments of vote 18 for the financial year ended 31 March 2012, 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
269 Independence Avenue
Private Bag 13299
WINDHOEK,
NAMIBIA

1. FINANCIAL STATEMENTS

1.1 Appropriation account

2011/2012					2010/2011	
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	6 493 0000					
Plus: Virement	74 930	6 567 930	4 114 601.54	2 453 328.46	37.35	3 923 813.87
02. Administration:						
Original budget	129 149 000					
Plus: Virement	4 442 690	133 591 690	125 393 856.06	8 197 833.94	6.14	109 588 259.93
03. Parks and Wildlife Management:						
Original budget	198 274 000					
Plus: Virement	2 537 495	200 811 495	172 447 011.74	28 364 483.26	14.12	109 020 870.02
04. Scientific Services:						
Original budget	53 249 000					
Plus: Virement	128 474	53 377 474	49 358 462.58	4 019 011.42	7.53	21 931 393.29
05. Tourism:						
Original budget	363 957 000					
Less: Virement	(258 457)	363 698 543	361 257 934.68	2 440 608.32	0.67	58 350 979.69
06. Environmental Affairs:						
Original budget	40 439 000					
Plus: Virement	366 692	40 805 692	37 885 633.86	2 920 058.14	7.16	16 109 320.73
Total	798 852 824	750 457 500.46	48 395 323.54	6.06	318 924 637.53	

1.2 Standard subdivisions

Subdivision	2011/2012			2010/2012
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	126 401 070	102 459 365.12	23 941 704.88	89 782 396.17
002. Employer's contribution to staff's pension fund	11 992 105	10 528 214.14	1 463 890.86	9 431 688.02
003. Other conditions of service	2 380 000	1 026 784.86	1 353 215.14	810 860.32
Total	140 773 175	114 014 364.12	26 758 810.88	100 024 944.51
Current expenditure: Goods and other services				
021. Travel and subsistence allowance	39 236 693	28 583 262.21	10 653 430.79	20 600 403.64
022. Materials and supplies	8 999 000	5 753 552.87	3 245 447.13	4 532 906.30
023. Transport	57 480 656	57 350 378.12	130 277.88	32 170 738.94
024. Utilities	21 050 000	19 233 665.10	1 816 334.90	18 924 763.92
025. Maintenance	1 595 300	1 339 614.29	255 685.71	1 299 532.58
026. Property rental and related charges	1 953 000	1 805 104.69	147 895.31	2 007 999.06
027. Other services and expenses	33 798 000	32 097 141.75	1 700 858.25	3 784 469.95
Total	164 112 649	146 162 719.03	17 949 929.97	83 320 814.39
Current expenditure: Membership fees and subscriptions				
041. International	2 680 000	2 171 877.46	508 122.54	2 377 196.86
042. Domestic	1 900 000	1 900 000.00	-	2 300 000.00
Total	4 580 000	4 071 877.46	508 122.54	4 677 196.86
Current expenditure: Subsidies, grants and other transfers				
043. Government organizations	104 500 000	104 500 000.00	-	47 000 000.00
Total	104 500 000	104 500 000.00	-	47 000 000.00
Total: Current expenditure	413 965 824	368 748 960.61	45 216 863.39	235 022 955.76

Standard subdivisions (continued)

Subdivision	2011/2012			2010/2011
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	5 030 000	3 925 807.79	1 104 192.21	1 890 107.20
102. Vehicles	7 700 000	7 480 263.98	219 736.02	1 000 000.00
103. Operational equipment, machinery and plant	2 162 000	1 884 332.55	277 667.45	581 674.89
Total: Capital expenditure	14 892 000	13 290 404.32	1 601 595.68	3 471 782.09
Total: Operational expenditure	428 857 824	382 039 364.93	46 818 459.07	238 494 737.85
Development				
Recurrent expenditure				
022. Materials and supplies	2 500 000	2 459 476.70	40 523.30	8 440 033.17
027. Other services and expenses	7 500 000	7 443 514.96	56 485.04	7 400 789.37
Total	10 000 000	9 902 991.66	97 008.34	15 840 822.54
Development: Capital expenditure				
101. Furniture and office equipment	-	-	-	1 137 783.28
103. Operational equipment, machinery and plant	1 000 000	385 926.50	614 073.50	2 490 114.60
105. Feasibility studies, design and supervision	4 400 000	4 301 355.05	98 644.95	6 403 387.03
107. Construction, renovation and improvements	94 990 000	94 259 497.74	730 502.26	54 557 792.23
121. Government organizations	259 605 000	259 568 364.58	36 635.42	-
Total	359 995 000	358 515 143.87	1 479 856.13	64 589 077.14
Total: Development expenditure	369 995 000	368 418 135.53	1 576 864.47	80 429 899.68
GRAND TOTAL	798 852 824	750 457 500.46	48 395 323.54	318 924 637.53

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue heading	Estimate	Actual revenue 2011/2012	More/(Less) than estimated	Actual revenue 2010/2011
	N\$	N\$	N\$	N\$
Park entrance fees	45 000 000	45 673 574.70	673 574.70	45 955 531.00
Unclaimed cheques	-	-	-	5 361 525.05
Passport control	-	(740.00)	(740.00)	-
Registration of professional hunters	150 000	153 200.00	3 200.00	-
Registration of culling team	30 000	20 400.00	(9 600.00)	-
Film fees	220 000	222 609.75	2 609.75	100 350.00
Miscellaneous	1 000 000	2 123 270.41	1 123 270.41	2 268 333.88
Departmental fines	2 000	11 644.97	9 644.97	14 559.59
Tourists concessions	2 500 000	3 164 236.72	664 236.72	2 727 688.16
Application fees for gambling licences	80 000	54 000.00	(26 000.00)	51 000.00
Wildlife registration and licences	230 000	304 275.00	74 275.00	463 575.00
Wildlife utilization permits	600 000	801 070.00	201 070.00	719 450.00
Application levy on gambling income	17 000 000	-	(17 000 000.00)	-
Total	66 812 000	52 527 541.55	(14 284 458.45)	57 662 012.68

See paragraph 4.1.5

1.4 Notes to the financial statements

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

(i) Underexpenditure

Main division 01 - Office of the Minister (N\$ 2 453 328.46 – 37.35%)

The underexpenditure was due to the funded foreign trip which was supposed to be under-taken by the Office of the Minister.

Main division 02 - Administration (N\$ 8 197 833.94 – 6.14%)

This was due to numeral resignations and transfers of some staff members to other O/M/A's. The other contributing factor to the under spending is that it was anticipated that the construction of phase two could solve the problem of office accommodation, however delays were experienced and staff could not be recruited.

Main division 03 - Parks and Wildlife Management (N\$ 28 364 483.26 – 14.12%)

The under spending is due to the delays in the recruitment process of staff members in the public service. Positions are advertised and interviews conducted but the filling of the positions took so long. An example is the position of Director: Park and Wildlife Management which became vacant at the end of May 2011 but could only be filled by July 2012.

Main division 04 – Scientific Services (N\$ 4 019 011.42 – 7.53%)

The Directorate of Scientific Services under spent under (Personnel expenditure) by N\$ 1 985 889.00 and this is due to four (4) senior vacant positions in the directorate: two chief and two principal conservation scientists. For the chief conservation scientist post (Wildlife Trade and Permit control) and for the one Principal conservation scientist post in the same section, candidates were interviewed and recommendations for the appointment were submitted to the public service commission. For the second principal conservation scientist post candidates are still to be interviewed. The remaining chief conservation scientist post (Surveys and Monitoring) was re-advertised because there were no suitable applicants, and this time suitable candidates applied and are shortlisted for interviews.

As a result of the above vacancies, the directorate also under spent on Goods and other services, which comprise travel and subsistence allowances, transport, material and supplies and utility. The use of funds under these subdivisions is depended on having the positions filled. The underspending is therefore due to vacancies. The directorate under spent by N\$ 114 572.89 which is due to delays in the construction of the vector proof quarantine facilities. The process started later than planned due to negotiations on the veterinary criteria between Namibian and Cuban veterinary and wildlife authorities.

Main division 06 - Environmental Affairs (N\$ 2 920 058.14 – 7.16%)

The under spending were threefold:

- (a) The approval of the new structure positions was delayed such that positions budgeted for could not be filled while those in the process of being filled had to be cancelled, resulting in excess funds;
- (b) The payments of some international conventions were also delayed due to delayed invoices, which often come in arrears; and
- (c) Some budgeted funds for international travel could not be utilized because many of the international conventions provided full funding for the attending participants.

2. GENERAL INFORMATION

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 2012
		N\$
Game Product Trust Fund	Standard Bank	6 393 615.81
Game Product Trust Fund	FNB	1 111 678.03
Game Product Trust Fund	FNB	9 350 884.17
Cape Cross Account	Standard Bank	944 904.53
ICEMA Special Account	Standard Bank	(5 805.26)
ICEMA Operational Account	Standard Bank	77 986.83
National Protected Areas Project	Standard Bank	-
NACOMA Project Special Account Counterpart	Standard Bank	14 784.89
NACOMA Project Operational Account	Standard Bank	291 972.58
NACOMA Project Special Acc	Standard Bank	3 295 467.02
National Lottery Trust Fund	Bank Windhoek	105 267.65
National Lottery Trust Fund	Bank Windhoek	702 831.27
MET-SPAN Project	Standard Bank	472 738.99
KFW BMM Parks Project (FCA)	FNB	12 236.69
KFW BMM Parks Project (FCA)	FNB	1 341 296.80
Namibia Country Pilot Partnership (CCP)	Standard Bank	186 156.85
Game Products Trust Fund	Standard Bank	2 374 154.11
Game Products Trust Fund	Standard Bank	34 676 019.30

(See paragraph 4.1.3)

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 2011/2012	Total expenditure as at 31/03/2011	Actual expenditure 2011/2012	Total expenditure as at 31/03/2012	Expected year of completion
Construction and Renovation of MET Headquarters (Philip Troskie Building)	N\$ 136 725 000	N\$ 14 000 000	N\$ 33 487 051.82	N\$ 13 967 510.93	N\$ 47 454 562.75	31/03/2014
Construction and Extension of Regional Houses and offices for staff	79 500 000	17 000 000	79 922 749.10	16 812 532.05	96 735 281.15	31/03/2014
Water Provision for Game	19 344 000	1 500 000	10 408 158.50	1 460 122.97	11 868 281.47	31/03/2014
Fencing of Conservation Areas	150 424 000	48 724 000	34 783 591.54	48 686 542.30	83 470 133.84	31/03/2014
Wildlife Loan Scheme – Reintroduction of Game to Communal Conservancies	23 608 000	6 000 000	8 725 046.32	5 943 514.96	14 668 561.28	31/03/2012
Upgrading of Tourist Roads	78 871 000	20 532 000	26 654 644.27	19 053 466.43	45 708 110.70	31/03/2014
Community Based Tourism Lodge Development	34 950 000	7 100 000	26 996 331.78	7 509 843.47	34 506 175.25	31/03/2014
Community Based Tourism Development	18 633 000	2 925 000	9 835 845.59	2 893 062.55	12 728 908.14	31/03/2013
Namibia Coast Conservation and Management Project (NACOMA)	8 917 000	1 500 000	5 950 000.00	1 500 000.00	7 450 000.00	31/03/2014
Upgrade of sewerage and water supply system	44 000 000	1 134 000	-	1 011 539.87	1 011 539.87	31/03/2014
Development of tourist facilities for NWR	297 278 000	249 580 000	-	249 580 000.00	249 580 000.00	31/03/2014
Total	892 250 000	369 995 000	236 532 185.62	368 418 135.53	605 181 554.50	

2.3 Tender Board Exemptions

Tender Board approved the following exemption from normal tender procedures to the value of N\$ 195 087 000 for the following procurements and services.

Exemption	Description	Exempted amount
E1/11-3/2011	*Annual Exemption	N\$ 195 087 000
		195 087 000

*The exempted amount comprises the following items:

Exemption	Exempted amount
021 Travel and subsistence expenses	22 904 000
022 Material and supplies	6 948 000
023 Transport	29 990 000
024 utilities	18 903 000
025 Maintenance expenses	1 321 000
026 Property rental	2 561 000
027 Other Services and expenses	3 570 000
041 membership and subscription: International	108 890 000
042 Membership and subscription: Domestic	-
043 Government organization	-
	195 087 000

(See paragraph 4.1.6)

WINDHOEK, 30-10-2012

**MR. SIMEON NEGUMBO
ACCOUNTING OFFICER**