



**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 2013**

Published by authority

Price (Vat excluded) N\$ 25.91  
Report no. 89/2014

**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 2013 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, SEPTEMBER 2014**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## Table of Contents

1. INTRODUCTION	1
2. MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS	1
3. AUDITOR’S RESPONSIBILITY	1
4. AUDIT FINDINGS	2
4.1 Emphasis of Matters	2
4.1.1 Underexpenditure	2
4.1.2 Virements	2
4.1.3 Suspense accounts	3
4.1.4 Aircraft	3
4.1.5 Non-submission of Annual Report Statements	3
5. ACKNOWLEDGMENT	4
6. UNQUALIFIED AUDIT OPINION	4
7. FINANCIAL STATEMENTS	5
7.1 Appropriation account	5
7.2 Standard subdivisions	6
7.3 Departmental revenue	7
7.4 Notes to the financial statements	8
7.4.1 Appropriation account: Explanations of variations exceeding 2% between the authorized and actual expenditure.	8
8. GENERAL INFORMATION	9
8.1 Bank Accounts	9
8.2 Capital Projects	10
8.3 Bursary and Study Assistance	10
8.4 Vehicles Accidents	10
8.5 Donations to the Government	10
8.6 Tender Board Exemptions	11

**REPORT OF THE AUDITOR-GENERAL  
ON THE ACCOUNTS OF THE MINISTRY OF ENVIRONMENT AND TOURISM  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013**

---

## **1. INTRODUCTION**

This report on the accounts of the Ministry of Environment and Tourism for the financial year ended 31 March 2013 is presented to the National Assembly in accordance with 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.

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Ministry of Environment and Tourism for the year ended 31 March 2013. These financial statements comprise the Appropriation Account, Standard Subdivisions, Departmental Revenue, and Miscellaneous Revenue for the year then ended, and notes to the financial statement and general information submitted.

The appropriation accounts were submitted to the Auditor-General in terms of Section 13 of the State Finance Act, 1991.

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

## **2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the applicable financial reporting framework 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.

## **3. AUDITOR'S RESPONSIBILITY**

My responsibility is to express an opinion on these financial statements based on our audit. I conducted our audit in accordance with International Standards for Supreme Audit Institutions. These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

### **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.

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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinion.

#### **4. AUDIT FINDINGS**

##### **4.1 Emphasis of Matters**

I draw attention to the following matters:

##### **4.1.1 Underexpenditure**

The total budget of the Ministry was underspend with an amount of N\$ 54 338 091.95 (9.49%).

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

##### **4.1.2 Virements**

Differences were noted between the virements approved by Treasury and virements processed in the Appropriation Account.

<b>Main Division</b>	<b>Approved Virements</b>	<b>Appropriation Account</b>	<b>Difference</b>
	N\$	N\$	N\$
Administration	2 174 100	2 068 100	106 000
Scientific Services	(4 135 000)	(4 060 000)	(75 000)
Environmental Affairs	31 000	62 000	(31 000)

It is recommended that the Accounting Officer should ensure that the approved virements and the appropriation account agree with those approved by Treasury.

### 4.1.3 Suspense accounts

The Accounting Officer reported eleven (11) suspense accounts with outstanding balances at the end of the financial year; seven (7) with debit and four (4) with credit balances.

The following suspense accounts had balances exceeding N\$ 100 000 on 31 March 2013:

Description	Debit/( Credit)
	N\$
Namibia Tourism Board	1 904 147.28
Namibia Wildlife and Resort	34 076 809.15
Receipt Suspense	124 695.46
RD Cheques	928 032.80
S&T Advance Suspense Account	1 713 457.58
Bills Payable	(20 099 850.60)

It is recommended that the Accounting Officer should take all necessary steps to clear the balances on the accounts. Furthermore, it is recommended that the Accounting Officer should put measures in place on clearing the balances of the Namibia Tourism Board and Namibia Wildlife and Resort.

### 4.1.4 Aircraft

The Accounting Officer reported the following expenditure on Aircraft. However, the audit detected different expenditure amounts and are reported as follows:

Item	Expenditure reported by Accounting Officer	Expenditure as per audit
	N\$	N\$
Fuel	147 200.00	313 881.00
Maintenance	407 068.40	520 837.60
Landing Fees	466.00	9 067.85
Pilot Hire	54 600.00	65 000.00

It is recommended that the Accounting Officer should ensure that correct information is submitted to the Auditor-General for audit purposes.

### 4.1.5 Non-submission of Annual Report Statements

The statement for Trust Fund Account for the year under review was not submitted to the Auditor- General as per Circular D12/2010.

It is recommended that the Accounting Officer should submit all annual report statements to the Auditor-General as required by Circular D12/2010.

### 4.1.6 Tender Board Exemption

Although approval was obtained from the normal tender procedures, one subdivision exceeded the approved amount by N\$ 1 180 000. The Accounting Officer should put measures in place to avoid exceeding approved Tender Board Exemption in future.

## **5. ACKNOWLEDGMENT**

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

## **6. UNQUALIFIED AUDIT OPINION**

I certify that I have audited the financial statements of the Ministry of Environment and Tourism for the financial year ended 31 March 2013 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 present fairly the receipts and payments of Vote 18 as at 31 March 2013 and in all material respects the receipts and payments have been applied to the purpose intended by the National Assembly and conform to the authorities which govern them.

**JUNIAS ETUNA KANDJEKE**  
**AUDITOR-GENERAL**

**OFFICE OF THE AUDITOR-GENERAL**  
**123 Robert Mugabe Avenue**  
**Private Bag 13299**  
**WINDHOEK**  
**NAMIBIA**

## 7. FINANCIAL STATEMENTS

## 7.1 Appropriation account

2012/2013					2011/2012	
Service	Authorised expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percent-age		
N\$	N\$	N\$	N\$	%	N\$	
<b>01. Office of the Minister:</b>						
Original budget	6 053 999					
Plus: Virement	65 000	6 118 999	5 490 416.16	628 582.84	10.27	4 114 601.54
<b>02. Administration:</b>						
Original budget	144 828 000					
Plus: Virement	2 068 100	146 896 100	126 391 203.86	20 504 896.14	13.96	125 393 856.06
<b>03. Parks and Wildlife Management:</b>						
Original budget	185 852 001					
Less: Virement	(412 000)	185 440 001	163 482 768.61	21 957 232.39	11.84	172 447 011.74
<b>04. Scientific Services:</b>						
Original budget	65 189 000					
Less: Virement	(4 060 000)	61 129 000	55 692 675.01	5 436 324.99	8.89	49 358 462.58
<b>05. Tourism:</b>						
Original budget	128 568 000					
Plus: Virement	2 276 900	130 844 900	128 366 886.96	2 478 013.04	1.89	361 257 934.68
<b>06. Environmental Affairs:</b>						
Original budget	41 959 000					
Plus: Virement	62 000	42 021 000	38 687 957.45	3 333 042.55	7.93	37 885 633.86
<b>Total</b>		<b>572 450 000</b>	<b>518 111 908.05</b>	<b>54 338 091.95</b>	<b>9.49</b>	<b>750 457 500.46</b>



## 7.2 Standard subdivisions

Subdivision	2012/2013			2011/2012
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational:</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	128 647 033	112 962 277.07	15 684 755.93	102 459 365.12
002. Employer's contribution to staff's pension fund	13 483 297	11 319 657.01	2 163 639.99	10 528 214.14
003. Other conditions of service	2 110 000	1 077 852.25	1 032 147.75	1 026 784.86
<b>Total</b>	<b>144 240 330</b>	<b>125 359 786.33</b>	<b>18 880 543.67</b>	<b>114 014 364.12</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and Subsistence Allowance	41 670 880	37 648 202.69	4 022 677.31	28 583 262.21
022. Materials and Supplies	11 838 920	8 141 974.81	3 696 945.19	5 753 552.87
023. Transport	60 638 775	60 593 702.87	45 072.13	57 350 378.12
024. Utilities	25 327 146	21 461 221.14	3 865 924.86	19 233 665.10
025. Maintenance Expenses	1 186 000	999 003.09	186 996.91	1 339 614.29
026. Property Rental and Related charges	2 274 970	1 993 644.00	281 326.00	1 805 104.69
027. Other Services and Expenses	36 944 779	33 705 531.62	3 239 247.38	32 097 141.75
<b>Total</b>	<b>179 881 470</b>	<b>164 543 280.20</b>	<b>15 338 189.80</b>	<b>146 162 719.03</b>
<b>Current expenditure: Membership fees and subscriptions</b>				
041. International	1 922 900	1 824 976.82	97 923.18	2 171 877.46
042. Domestic	2 000 000	2 000 000.00	0.00	1 900 000.00
<b>Total</b>	<b>3 922 900</b>	<b>3 824 976.82</b>	<b>97 923.18</b>	<b>4 071 877.46</b>
<b>Current expenditure: Subsidies, grants and other transfers</b>				
043. Government organizations	83 923 300	83 923 300.00	0.00	104 500 000.00
<b>Total</b>	<b>83 923 300</b>	<b>83 923 300.00</b>	<b>0.00</b>	<b>104 500 000.00</b>
<b>Total: Current expenditure</b>	<b>411 968 000</b>	<b>377 651 343.37</b>	<b>34 316 656.63</b>	<b>368 748 960.61</b>

## Standard subdivisions (continued)

Subdivision	2012/2013			2011/2012
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	1 642 000	908 195.06	733 804.94	3 925 807.79
102. Vehicles	5 776 700	5 452 887.80	323 812.20	7 480 263.98
103. Operational equipment, machinery and plant	2 031 300	1 518 133.47	513 166.53	1 884 332.55
<b>Total: Capital expenditure</b>	<b>9 450 000</b>	<b>7 879 216.33</b>	<b>1 570 783.67</b>	<b>13 290 404.32</b>
<b>Total: Operational expenditure</b>	<b>421 418 000</b>	<b>385 530 559.70</b>	<b>35 887 440.30</b>	<b>382 039 364.93</b>
<b>Development</b>				
<b>Recurrent expenditure</b>				
022. Materials and supplies	38 000 000	32 026 839.36	5 973 160.64	2 459 476.70
027. Other services and expenses	4 500 000	3 099 024.71	1 400 975.29	7 443 514.96
<b>Total</b>	<b>42 500 000</b>	<b>35 125 864.07</b>	<b>7 374 135.93</b>	<b>9 902 991.66</b>
<b>Development: Capital expenditure</b>				
103. Operational equipment, machinery and plant	-	-	-	385 926.50
105. Feasibility studies, design and supervision	-	-	-	4 301 355.05
107. <b>Construction, renovation and improvements</b>	<b>108 532 000</b>	<b>97 455 484.28</b>	<b>11 076 515.72</b>	<b>94 259 497.74</b>
121. Government organizations	-	-	-	259 568 364.58
<b>Total</b>	<b>108 532 000</b>	<b>97 455 484.28</b>	<b>11 076 515.72</b>	<b>358 515 143.87</b>
<b>Total: Development expenditure</b>	<b>151 032 000</b>	<b>132 581 348.35</b>	<b>18 450 651.65</b>	<b>368 418 135.53</b>
<b>GRAND TOTAL</b>	<b>572 450 000</b>	<b>518 111 908.05</b>	<b>54 338 091.95</b>	<b>750 457 500.46</b>

## 7.3 Departmental revenue

Revenue for the year is as follows:

Revenue heading	Estimate	Actual revenue 2012/2013	More/(Less) than estimated	Actual revenue 2011/2012
	N\$	N\$	N\$	N\$
Park entrance fees	55 000 000	45 347 782.61	(9 652 217.39)	45 673 574.70
Registration of professional hunters	200 000	165 050.00	(34 950.00)	153 200.00
Registration of culling team	30 000	17 000.00	(13 000.00)	20 400.00
Film fees	220 000	262 705.26	42 705.26	222 609.75
Miscellaneous	2 000 000	3 845 293.46	1 845 293.46	2 123 270.41
Departmental fines	15 000	2 733.34	(12 266.66)	11 644.97
Tourists concessions	3 500 000	1 219 615.00	(2 280 385.00)	3 164 236.72
Application fees for gambling licences	80 000	16 004.00	(63 996.00)	54 000.00
Wildlife registration and licences	240 000	272 475.00	32 475.00	304 275.00
Wildlife utilization permits	850 000	758 150.00	(91 850.00)	801 070.00
Application levy on gambling income	16 000 000	-	(16 000 000.00)	-
Unclaimed cheques	-	(1 120.00)	1 120.00	-
<b>Total</b>	<b>78 135 000</b>	<b>51 905 688.67</b>	<b>26 229 311.33</b>	<b>52 528 281.55</b>

## 7.4 Notes to the financial statements

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

#### (i) Underexpenditure

##### **Main division 01 - Office of the Minister (N\$ 628 582.84 – 10.27%)**

The underexpenditure was due to the fact that no leave gratuity or death benefits were processed from this main division. Furthermore, no death or resignation occurred during the period under review.

##### **Main division 02 - Administration (N\$ 20 504 896.14 – 13.96%)**

Under spending arose due to the vacancies that could not be filled because of the limited office space. Late implementation of phase 2 for the renovation of the Ministry's Head Quarters has negatively affected the holistic spending rate of this main division. Phase 2 was expected to be completed and used during the year under review.

Phase 1 was completed and offices currently in use could not cater for all the positions as they appeared in the Ministry's structure. Low rate of resignation and death in the Ministry has also contributed to under spending as the money that was estimated for paying the benefits of staff members who left the Ministry was not spend.

##### **Main division 03 - Parks and Wildlife Management (N\$ 21 957 232.39 – 11.84%)**

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 takes long. Other expenditure such as Daily Subsistence Allowance, Material and Supplies related to the vacant positions were affected as well. Delays in getting the tax directives that are required before processing leave gratuity from the Ministry of Finance, Inland Revenue is taking time which results in under spending.

The other contributing factor to underspending is that some companies that were awarded with the tender were running out of stock and could not provide equipment's on time.

##### **Main division 04 – Scientific Services (N\$ 5 436 324.99 – 8.89%)**

The Directorate budgeted for all posts in its establishment, but some vacant senior positions, such as two (2) Chief Conservation Scientists could not be filled during the financial year, hence the under spending on remuneration and other conditions of services. Unfilled vacancies also led to under spending of other sub-divisions, such as Subsistence and & Travelling, Overtime, Material and Supplies.

Under this main division, two Aerial Surveys were budgeted for, but due to the unavailability of a helicopter, as a result of an accident, the two surveys were postponed to 2013/2014 financial year. This led to under spending mostly on Subsistence and & Travelling, Material and Supplies, as well as overtime. The other contributing factor is also that some companies that were awarded with the uniform tender could not deliver on time.

The main division also budgeted for an auction of live game during the year under review. Due to the Cuba translocation project, the holding pens (boma) were unavailable for this project and the auction could only be conducted in the next financial year. As a result, under spending is observed on sample analysis, Veterinary services and animal fodder.

**Main division 06 - Environmental Affairs (N\$ 3 333 042.55 – 7.93%)**

The Directorate anticipated that all vacancies established would be filled during 2012/2013 financial year. However, not all positions were filled due to lack of office space. All related expenses were affected resulting in underexpenditure.

**8. GENERAL INFORMATION****8.1 Bank Accounts**

The Accounting Officer reported the following closing balances as at 31 March 2013:

<b>Account Name</b>	<b>Institution Name</b>	<b>Closing Balance as at 31 March 2013</b>
		N\$/EUR
Game Product Trust Fund	Standard Bank	3 237 233.61
Game Product Trust Fund	First National Bank	1 150 083.54
Game Product Trust Fund	First National Bank	9 819 805.97
Cape Cross Account	Standard Bank	710 697.70
ICEMA Operational Account	Standard Bank	26 667.01
NAMPLACE Project (MET)	Standard Bank	709 886.40
NACOMA Project Special Account Counterpart	Standard Bank	12 764.87
NACOMA Project Operational Account	Standard Bank	472 278.35
NACOMA Project Special Account	Standard Bank	1 043 572.21
National Lottery Trust Fund	Bank Windhoek	14 280.26
National Lottery Trust Fund	Bank Windhoek	661 200.01
KFW BMM Parks Project (FCA)	First National Bank	EUR183.15
KFW BMM Parks Project (FCA)	First National Bank	572 746.57
Game Products Trust Fund	Standard Bank	2 466 450.86
Game Products Trust Fund	Standard Bank	36 114 471.63

## ANNEXURE A (continued)

### 8.2 Capital Projects

The following were development projects of the Ministry as reflected in the General Ledger and the Development Budget.

Nature of Project	Approved total budget	Approved appropriation 2012/2013	Total expenditure as at 31/03/2012	Actual expenditure 2012/2013	Total expenditure as at 31/03/2013	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Construction and Renovation of MET headquarters (Philip Troskie Building)	136 725 000	12 000 000	60 185 544.55	10 763 375.83	70 948 920.38	31/03/2016
Construction and Extension of Regional Houses and offices for staff	79 500 000	15 450 000	79 265 318.58	11 976 466.63	91 241 785.21	2014
Water Provision for Game	19 344 000	1 500 000	9 037 820.76	1 482 307.03	10 520 127.79	31/03/2016
Fencing of Conservation Areas	150 424 000	35 000 000	81 788 325.00	29 045 595.82	110 833 920.82	31/03/2016
Wildlife Loan Scheme – Reintroduction of Game to Communal Conservancies	23 608 000	4 608 000	14 172 704.11	2 647 183.31	16 819 887.42	31/03/2014
Upgrading of Tourist Roads	78 871 000	19 000 000	44 118 941.34	16 849 624.80	60 968 566.14	31/03/2016
Community Based Tourism Lodge Development	34 950 000	5 000 000	34 506 175.25	4 668 661.40	39 174 837.12	31/03/2014
Namibia Coast Conservation and Management Project (NACOMA)	8 917 000	1 500 000	7 450 000.00	1 500 000.00	8 950 000.00	31/03/2015
Upgrade of sewerage and water supply system	44 000 000	12 000 000	1 011 539.87	8 674 133.53	9 685 673.40	31/03/2016
Development of tourist facilities for NWR	297 278 000	44 974 000	249 580 000.00	44 974 000.00	294 554 000.00	31/03/2014
<b>Total</b>	<b>873 617 000</b>	<b>151 032 000</b>	<b>582 116 369.93</b>	<b>132 581 348.35</b>	<b>713 697 718.28</b>	

### 8.3 Bursary and Study Assistance

The Accounting Officer reported a total amount of N\$ 290 105 that was spent on bursaries and study assistance for thirty-two (32) staff members during the year under review.

### 8.4 Vehicles Accidents

The Accounting Officer reported fourteen (14) vehicle accidents. These vehicles were repaired at a total cost of N\$ 182 221.15.

### 8.5 Donations to the Government

The Accounting Officer reported equipment donated to the Government by the Government of the Republic of China to the amount of N\$ 89 833.80 and Treasury approval was obtained.

**ANNEXURE A (continued)**

**8.6 Tender Board Exemptions**

Tender Board approved the following exemption from normal tender procedures to the value of N\$ 251 276 665 for the following procurements and services.

<b>Exemption Number</b>	<b>Description</b>	<b>Approved amount</b>	<b>Actual expenditure</b>	<b>Variance</b>
		N\$	N\$	N\$
E1/11-2/2012	Travel and Subsistence expenses	35 650 750	34 250 000	1 400 750
	Material and Supplies	11 100 920	9 550 000	1 550 920
	Transport	59 638 770	39 880 000	19 758 770
	Utilities	19 850 446	18 560 000	1 290 446
	Maintenance Expenses	1 225 000	1 105 000	120 000
	Property Rental	1 000 000	2 180 000	(1 180 000)
	Other Services and Expenses	35 150 779	33 650 000	1 500 779
	Membership and Subscription: International, Domestic and Government Organizations	87 660 000	75 550 000	12 110 000
<b>Total</b>		<b>251 276 665</b>	<b>214 725 000</b>	<b>36 551 665</b>

WINDHOEK, 13-12-2013

**SIMEON NEGUMBO  
ACCOUNTING OFFICER**