



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 2019

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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 2019 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 2020

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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| 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). 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 (ISSAIs): | Professional standards and best practice guidelines for public sector auditors, officially authorised and endorsed by the International Organisation of Supreme Audit Institutions (INTOSAI). |
| 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. |
| 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. |

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF ENVIRONMENT AND TOURISM FOR THE FINANCIAL
YEAR ENDED 31 MARCH 2019**

1. SECTION A: FINANCIAL AUDIT

1.1 UNQUALIFIED AUDIT OPINION

I have audited the financial statements of the Ministry of Environment and Tourism for the financial year ended 31 March 2019, 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 31 March 2019, and a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements of the Ministry of Environment and Tourism as at 31 March 2019 are prepared in all material respects in accordance with Section 12 and 13 of 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 a basis for my 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 no key audit matters to report on.

1.4 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.

I do not have any other information to report on.

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 statements of the Ministry of Environment and Tourism for the financial year 31 March 2019.

2.2 DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND AUDIT SCOPE

The audit aimed to determine whether the Ministry of Environment and Tourism used the appropriated funds in compliance with Appropriation Act, 2018(Act 4 of 2018); Appropriation Amendment Act, 2018 (Act 15 of 2018); State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015); Treasury Instructions and Public Procurement Regulations during the financial year ended 31 March 2019.

2.3 Audit objective

The objective of this compliance audit is to verify and assess whether the Ministry of Environment and Tourism 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 of this compliance audit are derived from the following laws and regulations stated below:

- Appropriation Act, 2018 (Act 4 of 2018);
- Appropriation Amendment Act, 2018 (Act 15 of 2018);
- 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 2019 submitted by the Accounting Officer in order to determine whether this information complied with laws and regulations that governs them.

2.6 BASIS FOR UNQUALIFIED AUDIT OPINION

2.6.1 Outstanding subsistence and travel advances

Treasury Instruction HB 0505 states that, *“a claim for subsistence and other anticipated expenditure shall be submitted within 30 days after a person returned to his headquarters and monthly by a person who is elsewhere for a long period. Advances which not standing advances shall be set off against claims for subsistence and other expenditure, and should claim be less than the advance, the difference shall be repaid immediately by the relevant person”* The Accounting Officer reported one (1) case where a staff member owes an amount of N\$ 5 841, since April 2016.

It is recommended that the Accounting Officer should explain why the balance was not recovered yet and why it is still outstanding. The Accounting Officer should ensure that claims are submitted within 30 days as required by Treasury Instruction.

Management comment

The Accounting Officer indicated that the Ministry is in the process to sought advise from the Government Attorney’s Office to recover the debt as the staff member resigned.

2.6.2 Annual stocktaking

Treasury Instruction KA 0901 *“stores, equipment and livestock shall be subject to stocktaking at least once each financial year and the Accounting Officer shall submit the report thereon to Treasury for approval as soon as possible after the stocktaking”* The Accounting Officer reported fourteen (14) points keeping stock, but Treasury granted exemption for stocktaking not to be conducted at thirteen (13) points during the financial year under review except the Windhoek Regional Office. However, the Accounting Officer did not conduct stocktaking at the Windhoek Regional office as requested by Treasury.

The Accounting Officer should explain why stocktaking was not conducted at Windhoek Regional Office as requested by Treasury.

Management comment

The Accounting Officer indicated in his comments that stock taking could not be conducted due to limited resources.

2.6.3 Stores and depots

Treasury Instruction BB 0101(i) stipulates that, *“An Accounting Officer who, under section 8 of the Act , is charged with the general financial administration of a vote and state moneys under his control, shall be responsible for the accuracy of the accounting records, accounts and other financial documents under his control and the establishment and maintenance of effective systems of internal auditing and control of state moneys, other property of the state and securities”*

The Accounting Officer indicated that the Ministry did not have stores and depots for the year under review. However, the closing balance of stock on hand in respect of stores/depots reported by the Accounting Officer as at 31 March 2018, amounted to N\$ 51 661 400.33. The Ministry bought furniture and Office equipment to the amount of N\$ 1 923 845.16 for the year under review.

It is recommended that the Accounting Officer should ensure that Treasury instruction BB0101 (i) is adhered to.

Management comment

The Accounting Officer indicated that the Ministry concurs with the findings.

2.6.4 Unauthorised expenditure

The following unauthorised expenditure occurred during the financial year under review and is hereby 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 with an amount totalling to N\$ 2 103 604.23. This amount is unauthorised in terms of Section 6 (a) (ii) of the Act; and
- (ii) Although Treasury approvals were obtained to utilise certain expected savings for the defrayal of excess expenditure through virements during the years, eight (8) operational subdivisions were exceeded by an amount totalling N\$ 4 201 225.23, which is unauthorised in terms of Section 6(a)(iii) of the Act, 1991.

It is recommended that the Accounting Officer should closely monitor and review the financial position of the Ministry on a continuous basis to enable better financial control, and take appropriate action timeously to avoid unauthorised expenditure.

Management comment

In his comment on the draft report the Accounting Officer indicated that the Ministry took note of the recommendation and will ensure that appropriate action is taken on time to avoid unauthorised expenditure.

2.7 OPINION ON THE SUBJECT MATTER

In my opinion, the Ministry of Environment and Tourism'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 and Appropriation Act, 2018 (Act 4 of 2018) and Appropriation Amendment Act, (Act 15 of 2018).

3. AUDIT OF PERFORMANCE INFORMATION

I have audited the performance information of the Ministry of Environment and Tourism for the financial year ended 31 March 2019.

3.1 Description of the Subject Matter Information and Audit Scope

A Performance Management System (PMS) is as 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 Environment and Tourism 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.

Additional 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 performance information against the following selected criteria was tested:

- Compliance with legislative requirements,
- Usefulness;
- Reliability;
- Existence;
- Timeliness;
- Presentation;
- Measurability;
- Relevance;
- Consistency;

- Validity;
- Accuracy; and
- Completeness.

3.4 Summary of methods applied

The auditor reviewed the annual plan and the directorate quarterly reviews to confirm whether the Strategic Plan objectives, targets and KPIs have been correctly cascaded to the Annual Plan and the selected key performance indicators for the year under review are reported in the Annual Performance Report/ Annual plan review/Directorate quarterly reports.

Furthermore, the auditor conducted interviews and reviewed documents to obtain information that pertains to the selected key performance indicators.

Two (2) key performance indicators were selected out from the population of key performance indicators from the 2018/2019 Annual plan.

| Strategic Objective | Key Performance Indicators |
|---|---|
| Promote Biodiversity Economy in Rural Areas | Percentage progress in achieving targets in National Biodiversity Strategy and Action Plan 2013-2022 (NBSAP II) |
| Ensure Wildlife Management and Protection | Number of strategic preventative measures put in place to stop wildlife crime |

3.5 Conclusion on the subject matter

Presentation, consistency, accuracy, validity and completeness of performance information is not met which concluded that reported information is not reliable and might not be useful to the general public and stakeholders.

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, Act 31 of 1991 and legislation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

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

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

My powers and duties towards auditing and reporting on the financial statements and compliance to the subject matters 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 auditor's 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 auditor's 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, 2018 (Act 4 of 2018), Appropriation Amendment Act, Act 15 of 2018, 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 financial statements, notes to the financial statements and general information provided by the Accounting Officer are attached as Annexure A. The accounts were submitted timeously by the Accounting Officer to the Auditor-General.

7. ACKNOWLEDGEMENT

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



WINDHOEK, MARCH 2020

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

AUDITED FINANCIAL STATEMENTS

1.1 Appropriation account

| Service | 2018/2019 | | | | | 2017/2018 |
|---|--------------|------------------------|-----------------------|--------------------------------|---------------|-----------------------|
| | N\$ | Authorised expenditure | Actual expenditure | Variations | | Actual expenditure |
| | | | | Under-expenditure/ (Excess) | Percent - age | |
| | N\$ | N\$ | N\$ | N\$ | % | N\$ |
| 01. Office of the Minister: | | | | | | |
| Original budget | 4 011 000 | | | | | |
| Plus: Virement | 168 220 | | | | | |
| Less : Suspension | (20 000) | 4 159 220 | 4 101 905.46 | 57 314.54 | 1.38 | 4 915 765.27 |
| 02. Administration, Finance and Human Resources (DAFHR): | | | | | | |
| Original budget | 73 954 000 | | | | | |
| Plus: Virement | 9 819 874 | | | | | |
| Less : Suspension | (450 000) | 83 323 874 | 81 842 834.57 | 1 481 039.43 | 1.78 | 126 415 089.12 |
| 03. Wildlife and National PAR: | | | | | | |
| Original budget | 178 614 000 | | | | | |
| Plus: Virement | 4 946 066 | | | | | |
| Less: Suspension | (210 000) | 183 350 066 | 185 453 670.23 | (2 103 604.23) | (1.15) | 215 871 824.75 |
| 04. Scientific Services: | | | | | | |
| Original budget | 26 359 000 | | | | | |
| Less: Virement | (534 000) | | | | | |
| Less: Suspension | (210 000) | 25 615 000 | 24 573 019.38 | 1 041 980.62 | 4.07 | 29 027 824.93 |
| 05. Tourism and Gaming: | | | | | | |
| Original budget | 21 936 000 | | | | | |
| Less: Virement | (415 873) | 21 520 127 | 20 990 717.54 | 529 409.46 | 2.46 | 27 653 485.86 |
| 06. Environmental Affairs: | | | | | | |
| Original budget | 22 763 000 | | | | | |
| Plus: Additional budget | 7 000 000 | | | | | |
| Less: Virement | (357 195) | | | | | |
| Less: Suspension | (450 000) | 28 955 805 | 28 554 420.51 | 401 384.49 | 1.39 | 28 255 517.82 |
| 07. Directorate of Planning and Technical Services: | | | | | | |
| Original Budget | 74 427 000 | | | | | |
| Less : Virement | (13 627 092) | | | | | |
| Less: Suspension | (9 160 000) | 51 639 908 | 37 934 355.58 | 13 705 552.42 | 26.54 | 51 655 381.92 |
| Total | | 398 564 000 | 383 450 923.27 | 15 113 076.73 | 3.79 | 483 794 889.67 |

ANNEXURE A

1.2 Standard subdivisions

| Subdivision | 2018/2019 | | | 2017/2018 |
|---|------------------------|-----------------------|-----------------------------|-----------------------|
| | Authorized expenditure | Actual expenditure | Under expenditure/ (Excess) | Actual expenditure |
| Operational | N\$ | N\$ | N\$ | N\$ |
| Current expenditure: Personnel | | | | |
| 001. Remuneration | 217 290 252 | 219 792 447.06 | (2 502 195.06) | 236 560 504.73 |
| 002. Employer's contribution to the GIPF | 25 054 000 | 24 882 902.21 | 171 097.79 | 27 106 580.12 |
| 003. Other conditions of service | 5 491 500 | 6 022 526.50 | (53 026.50) | 2 981 022.60 |
| 005. Employers contribution to the Social Security | 890 900 | 876 958.97 | 13941.03 | 863 261.34 |
| Total | 248 726 652 | 251 574 834.74 | (2 848 182.74) | 267 511 368.79 |
| Current expenditure: Goods and other services | | | | |
| 021. Travel and subsistence expenses | 11 603 872 | 11 022 769.32 | 581 102.68 | 24 597 971.70 |
| 022. Materials and supplies | 1 860 347 | 1 650 722.49 | 209 624.51 | 2 265 656.49 |
| 023. Transport | 34 225 522 | 33 769 766.60 | 455 755.40 | 38 173 746.06 |
| 024. Utilities | 28 619 427 | 28 131 958.66 | 487 468.34 | 38 545 470.27 |
| 025. Maintenance expenses | 3 453 000 | 2 482 483.66 | 970 516.34 | 323 937.16 |
| 026. Property rental and related charges | 164 300 | 153 927.38 | 10 372.62 | 3 224 642.00 |
| 027. Other services and expenses | 1 273 937 | 1 038 019.62 | 235 917.38 | 40 074 610.82 |
| 029. Printing and advertisements | 355 000 | 330 706.41 | 24 293.59 | - |
| 031. Entertainment Politicians | 30 000 | 11 645.34 | 18 354.66 | - |
| 033. Office refreshment | 39 780 | 16 650.65 | 23 129.35 | - |
| Total | 81 625 185 | 78 608 650.13 | 3 016 534.87 | 147 206 034.50 |
| Current expenditure: Membership fees and subscription | | | | |
| 041. Fees and subscriptions: International | 3 528 189 | 3 020 017.44 | 508 171.56 | 3 140 180.47 |
| 042. Membership fees and subscriptions: domestic | 530 495 | 421 991.96 | 108 503.04 | 615 000.00 |
| Total | 4 058 684 | 3 442 009.40 | 616 674.60 | 3 755 180.47 |
| Current expenditure: Subsidies, grants and other transfers | | | | |
| 044. Individuals and non- profit organisation | - | - | - | 17 311.26 |
| 045. Public and departmental enterprises and private industries | - | - | - | 21 500 000.00 |
| 052. Subsidies to small and medium term enterprises | 12 000 000 | 12 000 000.00 | - | - |
| 053. Subsidies for state owned enterprises | 6 100 000 | 6 100 000.00 | - | - |
| Total | 18 100 000 | 18 100 000.00 | 616 674.60 | 21 517 311.26 |
| Total: Current expenditure | 352 510 521 | 351 725 494.27 | 616 674.60 | 439 989 895.02 |

| Subdivision | 2018/2019 | | | 2017/2018 |
|---|------------------------|-----------------------|-----------------------------|-----------------------|
| | Authorized expenditure | Actual expenditure | Under expenditure/ (Excess) | Actual expenditure |
| | N\$ | N\$ | N\$ | N\$ |
| Capital expenditure: Acquisition of assets | | | | |
| 101. Furniture and office equipment | 2 160 000 | 1 923 845.16 | 236 154.84 | 647 452.21 |
| 103. Operational equipment, machinery and plants | 1 637 973 | 679 174.20 | 958 798.80 | - |
| Total: Capital expenditure | 3 797 973 | 2 603 019.36 | 1 194 953.64 | 647 452.21 |
| Total: Operational expenditure | 356 308 494 | 354 328 513.63 | 1 979 980.37 | 440 637 347.23 |
| Development | | | | |
| Recurrent expenditure | | | | |
| 022. Materials and supplies | 1 272 027 | 396 220.85 | 875 806.15 | - |
| Total | 1 272 027 | 396 220.85 | 875 806.15 | - |
| Capital expenditure | | | | |
| 105. Feasibility studies, design and supervision | - | - | - | 1 594 864.11 |
| 106. Purchase of land and intangible assets | 1 000 000 | 552 660.00 | 447 340.00 | - |
| 107. Construction, renovation and improvement | 39 983 479 | 28 173 528.79 | 11 809 950.21 | 41 562 678.33 |
| Total Development expenditure | 40 983 479 | 28 726 188.79 | 12 257 290.21 | 43 157 542.44 |
| | 42 255 506 | 29 122 409.64 | 13 133 096.36 | 43 157 542.44 |
| GRAND TOTAL | 398 564 000 | 383 450 923.27 | 15 113 076.73 | 483 794 889.67 |

1.3 Departmental revenue

Revenue collected for the year is as follows:

| Revenue head | Estimate | Actual revenue 2018/2019 | More/(Less) than estimated | Actual revenue 2017/2018 |
|--------------------------------------|-------------------|--------------------------|----------------------------|--------------------------|
| | N\$ | N\$ | N\$ | N\$ |
| Unclaimed cheques | - | - | - | 2 216 003.70 |
| Miscellaneous | 150 000 | 22 818 406.39 | 22 668 406.39 | 3 345 098.47 |
| Departmental fines | 1 000 | 1 200.00 | 200.00 | 1 200.00 |
| Park entrance fees | 65 000 000 | 79 337 218.21 | 14 337 218.21 | - |
| Registration of professional hunters | 100 000 | 194 420.00 | 94 420.00 | 127 850.00 |
| Registration of culling team | 15 000 | 14 400.00 | (600 .00) | 6 950.00 |
| Film fees | 300 000 | 545 860.00 | 245 860.00 | 392 506.93 |
| Tourist concessions | 3 000 000 | 4 674 391.70 | 1 674 391.70 | 1 174 999.00 |
| Gambling licences fees | - | 4 237 113.52 | 4 237 113.52 | 118 600.00 |
| Wildlife registration and licenses | 350 000 | 582 620.00 | 232 620.00 | 425 803.00 |
| Wildlife utilization permits | 3 000 000 | 3 543 170.00 | 543 170.00 | 2 044 055.00 |
| Levies on gambling income | 30 000 000 | 38 910 911.22 | 8 910 911.22 | - |
| Sale of bidding documents | 100 000 | 17 450.00 | (82 550.00) | - |
| Removal of gambling house | 60 000 | 166 500.00 | 106 500.00 | - |
| Performance testing fees | (25 000 000) | - | (25 000 000.00) | - |
| Services rendered to ministries | 60 000 | - | (60 000.00) | - |
| Gambling licence | 4 000 000 | - | (4 000 000) | - |
| Total | 81 076 000 | 155 043 661.04 | 73 967 661.04 | 9 853 066.10 |

1.4 Notes to the financial statements

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

Underexpenditure

Main division 04 - Scientific Services (N\$ 1 041 980.62 -4.07%)

The variance was caused by vacancies that were budgeted for but not approved by the Secretary to Cabinet to be filled. The other contributing factor is that the rate of releasing funds has been low throughout the year and most of the funds were released in February 2019 which was difficult to spend all funds as the financial year was closing, considering the procurement processes involved.

Main division 05 -Tourism (N\$ 529 409.46 -2.46%)

All funds could not be spent due to a smaller amount of money being released. Contract to supply goods was awarded but money was not enough to issue an order. The time has lapsed before the goods were delivered which resulted in underspending.

Main division 07-Planning and Technical Services (N\$ 13 705 552.42 -26.54%)

An annual appropriation budget of N\$ 51 639 908 has been allocated to this main division during the 2018/2019 financial year with N\$ 9 384 402 for operational budget and N\$ 42 255 506 for development. The allocated funds were not fully utilized since some of the activities within the Directorate were put on hold and could not be undertaken during the period under review. In addition, some of the request to procure services were requested towards the end of the financial year and could not go through for payment. Moreover, during the budgeting period the Directorates have budgeted based on estimations; hence not all the funds have been utilized.

1.4.2 Departmental Revenue: Explanations of deviations exceeding N\$ 200 000

(i) Under-estimation

Miscellaneous (N\$ 22 668 406.39)

The difference of N\$ 22 668 406.39 was caused by N\$ 20 675 531.43 for park entrance fees of the 2017/2018 financial year. This occurred because some amounts of months were not allocated as a result of the omission. That amount was detected after the book year 2017/2018 has already closed. The amount of N\$ 1 222 740.29 was a direct payment from previous financial year and were not allocated to any sub heading of revenue. A total amount of N\$ 441 996.38 was for unpaid EFT as from the 2011 financial year, while an amount of N\$ 478 138.29 were payments from different modules.

Park entrance fees (N\$ 14 337 218.21)

Park entrance fees exceeded the original estimate of N\$ 65 000 000.00 with N\$ 14 337 218.21 since the Ministry received more visitors to the national parks than expected during the year under review.

Filming fees (N\$ 245 860.00)

Revenue for filming fees were originally estimated to be N\$ 300 000.00 but the actual revenue collected was N\$ 545 860.00 because more filming companies were received than expected. It is not easy to estimate the exact number of companies that would be filming in national parks beforehand.

Tourist concessions (N\$ 1 674 391.70)

The estimated collection for 2018/2019 financial year was exceeded due to the following reasons.

- Increase in concession fees in 2017;
- Upfront payment of concessions fees before issuing of permit; and
- Increase in the minimum fees from Tourism Lodges.

Gambling license fees (N\$ 4 237 113.52)

Outstanding license fees and penalties were collected. Penalties are now much more due to the increase in license fees which were implemented in April 2017.

Wildlife registration and licenses (N\$ 232 620.00)

Hunting farms were previously registered under conservancies. Payments were made per conservancy (e.g. N\$100.00 per conservancy). That has changed though, with hunting farms being registered and paid for individually. Similarly, these farms also had to register their game proof fences. This had a positive influence on the revenue collected under this source item.

Wildlife utilization permits (N\$ 543 170.00)

More wildlife utilization permits were applied and issued because of the drought while the number of trophy hunting permits, registration of new bird and skin dealers as a higher number of high value game species were exported. Therefore, more revenue was collected than estimated.

Annual Levy on Gambling Income (N\$ 8 910 911.22)

The Ministry estimated an income of N\$ 30 000 000.00 for the financial year under review. An amount of N\$ 38 910 911.00 was collected which resulted in a surplus of N\$ 8 910 911.00. Levies have increased with 10% from May 2017. Outstanding license fees and penalties were collected on the new rate, hence high collection on this revenue head.

2. GENERAL INFORMATION

2.1 Game product Trust fund

The Accounting Officer reported funds kept in trust fund and bank accounts that were operated by the Ministry during the financial year under review at the following institutions:

| Name | Financial Institution | Balance as at 31 March 2019 |
|--------------------------------------|------------------------------|------------------------------------|
| | | N\$ |
| Game Products Trust Fund | Standard Bank | 791 0661.36 |
| Game Products Trust Fund | First National Bank | 1 425 279.62 |
| Game Products Trust Fund | First National Bank | 14 068 407.83 |
| Game Products Trust Fund | Standard Bank | 5 981 942.20 |
| Environment and Tourism | Standard Bank | 1 579 058.90 |
| National Lottery Trust Fund | Bank Windhoek | 364 916.98 |
| National Lottery Trust Fund | Bank Windhoek | 1 860 189.81 |
| Namibia Parks Project (Namparks) | First National Bank | 4 491 542.62 |
| Namibia Parks Programme (Namparks 4) | Standard Bank | 8 847 599.97 |

| | | |
|--------------------------------------|---------------|--------------|
| Namibia Parks Programme (Namparks 4) | Standard Bank | 451 763.89 |
| NamParks V | Standard Bank | 3 800 030.96 |
| NamParks V | Standard Bank | 259 443.55 |

2.2 Aircraft

The Accounting Officer reported three (3) aircrafts on hand for the year ended 31 March 2019. During the financial year under review, the Accounting Officer reported that the Ministry spent N\$ 1 076 992.21 for wildlife survey, game spotting/capture, aerial patrols, park management, VIP flights and game census. An amount of N\$ 643 367.50 was charged for helicopter service rendered. The following expenditure was also incurred in respect of aircraft personnel:

| DESCRIPTION | AMOUNT |
|--------------|--------------|
| | N\$ |
| Remuneration | 2 669 481.00 |
| DSA | 77 092.00 |
| Overtime | 137 482.07 |

2.3 Miscellaneous revenue

The Accounting Officer reported that Miscellaneous revenue was compiled as follows:

| Description | Amount |
|---|----------------------|
| | N\$ |
| Surplus | 3 382.99 |
| Subsistence and travelling allowance repayments | 48 797.15 |
| Remission of debts by Government Officials | 46 346.92 |
| Access card | 290.00 |
| Resort collections (Accommodation) | 38 100.00 |
| Shortages for 2013/14 (Etosha) | 40.00 |
| Shortages for S. Von Bach (Audit Finding) | 260.00 |
| Salary recalls from previous financial years | 55 876.16 |
| Buy out MTC contract | 500.00 |
| Resort collections for 2017/2018 | 20 675 531.43 |
| Salary overpayment | 266.00 |
| Recovery of loss caused to state vehicle | 200.00 |
| Library fees | 658.20 |
| Fine for contravening park rules | 2 000.00 |
| Park entrance | 280 410.00 |
| By order of international Britannia | 980.87 |
| Unpaid EFTs from 2011 financial year | 441 996.38 |
| Direct payment from previous financial year | 1 222 740.29 |
| SIM replacement | 30.00 |
| Total | 22 818 406.39 |

2.4 Capital projects

During the financial year under review, the Accounting Officer reported the following in respect of Capital projects:

| Project Name | Approved total budget N\$ | Total expenditure as at 31/03/18 N\$ | Approved appropriation 2018/2019 N\$ | Actual expenditure 2018/2019 N\$ | Total expenditure at 31/03/19 N\$ | Expected year of completion |
|---|------------------------------|---|---|-------------------------------------|--------------------------------------|-----------------------------|
| Construction and Extension of Regional Offices and Houses for Staff | 681 168 000 | 159 463 778.43 | 18 129 794 | 9 257 005.86 | 168 720 784.29 | 31/03/2026 |
| Water Provision for Game | 42 000 000 | 29 465 085.56 | 1 139 348 | 494 347.74 | 29 959 433.30 | 31/03/2026 |
| Fencing of Conservation Areas | 254 834 000 | 261 820 109.77 | 10 555 051 | 10 056 354.10 | 271 876 463.87 | 31/03/2025 |
| Upgrading of Tourist Roads | 309 971 000 | 137 882 735.98 | 8 186 965 | 6 722 370.36 | 144 605 106.34 | 31/03/2025 |
| Upgrading of sewerage and water supply systems | 135 172 000 | 81 966 427.81 | 4 244 348 | 2 592 331.58 | 84 558 759.39 | 31/03/2025 |
| TOTAL | 1 423 145 000 | 670 598 137.55 | 42 255 506 | 29 122 409.64 | 699 720 547.19 | |

2.5 Compensation payments

The Accounting Officer reported two (2) compensation payments (valid claims against the State) with a total amount of N\$ 51 140.20.

2.6 Donations

The Accounting Officer reported that the Ministry made donations to the following authorities. Treasury approvals were obtained:

i) Donations by Government

| Beneficiary | Nature | Value N\$ |
|------------------------------------|-------------------------------------|--------------|
| Uukolonkadhi Traditional Authority | 1 Cheetah skin | 50 000.00 |
| Masubia Traditional Authority | 6 Ivory Bangles | 246.24 |
| Namibia Wildlife Resort | Electrical and mechanical equipment | 4 957 194.28 |

ii) Donations to Government: Foreign instances

| Donor | Description | Amount |
|---|-----------------------------------|---------------------|
| KfW | Vehicles, furniture and equipment | N\$ 1 568 836.17 |
| NAMPARKS | Equipment | 58 276.00 |
| KfW/NAMPARKS | Furniture and equipment | 3 031 860.56 |
| GIZ/CBNRM (Community Based National Resources Management) | Assets | 63 424.09 |
| GIZ | Assets | 153 681.30 |
| GIZ/CBNRM | Assets | 501 171.12 |
| GIZ/CBNRM | IT equipment | 185 686.44 |

iii) Donations to the Government: Other Government

| Donor | Description | Amount |
|--------------------------------|-------------|-------------------|
| The people's Republic of China | Vehicles | N\$ 13 115 847 |
| GIZ | Vehicles | 677 983 |

iv) Donations to Government: Local instances

| Donor | Description | Amount |
|---------------------------|------------------|-----------------|
| Swavet | Veterinary Drugs | N\$ 5 600.66 |
| Medfam holdings (pty) ltd | Veterinary Drugs | 883.85 |
| NWR | Office building | 1 749 142.00 |

v) Donations to Government: Persons

| Donor | Description | Amount |
|----------------------|---------------|-----------------|
| Joachim Jurgen Dedef | Elephant Tusk | N\$ 1 827.60 |
| | Elephant Tusk | 1 370.70 |
| | Rhino Horn | 140 000.00 |
| | Rhino Horn | 80 000.00 |

2.7 Internal inspections

The Accounting Officer reported that the following internal inspections were conducted during the year under review:

| Category | Number of inspection points | Number of points inspected |
|---------------------|-----------------------------|----------------------------|
| Financial (Revenue) | 37 | 0 |
| Stock and equipment | 78 | 4 |
| Internal audit | 58 | 58 |
| Total | 173 | 62 |

The Accounting Officer reported a donation of electrical and mechanical equipment valued at N\$ 4 957 194.28 made by the Ministry of Environment and Tourism to Namibia Wildlife Resort.

2.8 Livestock

The Accounting Officer reported a total of twenty-nine (29) horses on hand of which five (5) were lost.

2.9 Vehicles on hand

The Accounting Officer reported the Ministerial fleet on hand at 31 March 2019 as follows:

2.9.1 Own fleet

| | Sedan vehicles | Pickups, combies | Heavy vehicles | Motor bikes | Others |
|---------------------------------|----------------|------------------|----------------|-------------|-----------|
| Opening balance at 1 April 2018 | 37 | 248 | 148 | 30 | 10 |
| Acquisitions | - | - | - | - | - |
| Donation | - | 35 | 1 | - | - |
| Written off | - | - | - | - | - |
| Balance 31 March 2019 | 37 | 283 | 149 | 30 | 10 |

2.9.2 Government Garage

| | Sedan vehicles | Pick-ups, combies | Heavy vehicles |
|---------------------------------|----------------|-------------------|----------------|
| Opening balance at 1 April 2018 | 19 | 128 | 3 |
| Acquisitions | - | - | - |
| Returned | - | - | - |
| Balance 31 March 2019 | 19 | 128 | 3 |

2.10 Vehicle accidents

During the financial year under review, the Accounting Officer reported the following in respect of vehicle accidents:

| Authorized use | Number | Estimated/Actual Damage |
|--|--------|-------------------------|
| Vehicle still need to be repaired at 01 April 2018 | 7 | N\$ 242 274.41 |
| Accidents reported (2018/2019) | 8 | 513 129.35 |
| Vehicles repaired as at 31 March 2019 | 2 | 21 967.92 |
| Written off/Damaged beyond repair | - | - |
| Vehicles to be repaired at 31 March 2019 | 14 | 345 003.76 |

2.11 Suspense accounts

The following suspense accounts had balances at 31 March 2019:

| Description | Balance as at 31 March 2019 Debit/(Credit) |
|---|--|
| | N\$ |
| RD cheques | 963 548.19 |
| S&T advance suspense account | 283 437.47 |
| Rejection account | (72 325.12) |
| Bills payable | 382 516.14 |
| Electronic fund transfer clearing account | (7 943.52) |
| Bank Windhoek Main Branch | 10 22.91 |

2.12 Deficits

The Accounting Officer reported deficits due to revenue shortages to a total amount of N\$ 7 660.00.

2.13 Annual stocktaking

The Accounting Officer reported fourteen (14) points keeping stock.

2.14 Outstanding commitments

The Accounting Officer reported outstanding commitments of N\$ 6 856 252.07 as at 31 March 2019.

2.15 Debt to Government

The Accounting Officer reported a balance of N\$ 397 152.28 at 31 March 2019 on debt to the Government.

WINDHOEK, 13 OCTOBER 2019

**TEOFILUS NGHITILA
ACCOUNTING OFFICER**