



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**

# **MINISTRY OF FISHERIES AND MARINE RESOURCES**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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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 Fisheries and Marine Resources for the financial year ended 31 March 2023 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 2024**

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

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

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## DEFINITIONS

<b>Treasury:</b>	Financial authority in public service. (The department of Government that has control over the collection, management and disbursement of public revenue).
<b>Vote:</b>	Represents an Office/Ministry/Agency.
<b>Appropriation Act:</b>	Estimate of expenditure and revenue for a particular financial year presented to the National Assembly, the Act passed by Parliament.
<b>Appropriation Account:</b>	Government Income and Expenditure statement, showing on receipt side the estimated budgeted amounts and on expenditure side the actual expenditure amounts and the difference thereof.
<b>Standard sub-division:</b>	Government Balance account, showing balances incurred on each account/activity.
<b>Suspension:</b>	Reduction on budget (Treasury may from time to time withhold or suspend any amount in an estimate of expenditure).
<b>Virement:</b>	Moving of budgeted funds from one account to another account within the same budget of the same office/ministry/agency. The utilization of a saving under one main division/sub division of a vote to defray an excess under another existing division of the same vote.
<b>Unauthorised Expenditure:</b>	Expenditure that exceeds the amount appropriated (budgeted) for a vote, main division or subdivision.
<b>Under expenditure:</b>	Saving on the budget.
<b>Miscellaneous Revenue:</b>	All revenue collected and not having a specified revenue code.
<b>Commitments:</b>	Funds reserved to acquire goods or services from a supplier.
<b>Suspense accounts:</b>	Is an account opened in the books of Government that records movement of transactions of a temporarily nature, for example salary deductions of housing instalments.
<b>S&amp;T Advance Suspense Account:</b>	A suspense account reflecting the outstanding subsistence and travel advances.
<b>Rejection Account:</b>	A suspense account reflecting names and balances of all persons/companies that owe money to the State.
<b>Budget:</b>	Is an estimation of the revenue and expenses over a specified future period of time specified
<b>Subsistence Advance:</b>	Payment given in advance to an employee to reimburse accommodation, meal and incidental expenses, while on an official assignment.
<b>Performance Information:</b>	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
<b>Key Performance Indicator (KPI):</b>	A measurable value used to monitor and demonstrates how effectively an organization is achieving key business objectives.



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**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
MINISTRY OF FISHERIES AND MARINE RESOURCES  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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**1. SECTION A: FINANCIAL AUDIT**

**1.1 ADVERSE AUDIT OPINION**

I have audited the financial statements of the Ministry of Fisheries and Marine Resources for the financial year ended 31 March 2023 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 financial year then ended and other explanatory information.

In my opinion, because of the significance of the matters discussed in the basis for adverse audit opinion paragraph, the financial statements are not prepared in all material respects, in accordance with the State finance Act, 1991.

**1.2 BASIS FOR ADVERSE 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 INTOSAI Code of Ethics 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. The Adverse audit opinion is based on the following:

**1.2.1 Receipt suspense**

The receipt suspense account reflects a credit balance of N\$ 1 331 188.44, which means that all the revenue received and deposited from revenue collected has not been allocated and disclosed in the revenue ledger under the respective revenue head, hence revenue is understated in the financial statements.

It is recommended that the Accounting Officer should ensure that reconciliations are performed timeously and revenue collected is allocated to the correct respective revenue heads.

**Management comment**

The Ministry takes note of the comments and indicated that the reconciliations were performed after the closing of the financial year and in conjunction with the Ministry of Finance and Public Enterprises. The schedule for reconciliations are not aligned to the financial year.

**1.2.2 Ministry's expenses paid for from Fund account**

During the 2021/2022 financial year, payments for goods and services were made from the general ledger, however, during the financial year under review, payments for goods and services amounting to N\$ 183 570 225.23 were made from the Marine Resources Fund, which is contrary to section 45(2) 2000, Act 27 of 2000, of the Marine Resource Act which states that the Minister shall utilise the moneys available in the

Fund to defray the expenses of research, development, training and education relating to Marine Resources Fund and not that of the Ministry.

It is recommended that the Accounting Officer should ensure that the Ministry's expenditures are not paid from the Marine Resources Fund Account as required by Section 45(2) of the Marine Resources Act 2000, Act 27 of 2000.

**Management comment**

The Accounting Officer indicated that the operational budget of the Ministry excluded any allocation to goods and services, subsidies and other transfers and acquisition of capital assets. Therefore the said expenses were accommodated under the Marine Resource Fund to the amount of N\$ 183 570 225.23.

**1.2.3 Unauthorized expenditure: Expenses from previous financial years**

- (i) The audit found that the Ministry paid invoices for acquisition of capital assets for previous financial years from 2019/2022 in the financial year under review amounting to N\$ 530 500.99 without any Treasury approval.

It is recommended that the Accounting Officer shall make suitable arrangements to ensure that all claims payable by the Ministry, are received within reasonable period, in order to prevent claims from being submitted long after services have been rendered to avoid unauthorized expenditure if the payment is not honoured.

**Management comment**

The Accounting Officer agrees with the findings and take concerted efforts to ensure all claims payable are processed during the financial year that it occurred to prevent late payment of claims and accumulation of interest.

- (ii) The audit found that the Ministry paid overtime claims in the financial year under review while the overtime had been performed in previous financial periods. These payments amounted to N\$ 723 930.17.

It is recommended that the Accounting Officer should make suitable arrangements to ensure that all claims which are payable to their offices are received within reasonable period, in order to prevent claims from being submitted long after services have been rendered to avoid interest if the payment is not honoured within an agreed timeframe and unauthorized expenditure.

**Management comment**

The Accounting Officer agrees with the findings and take concerted efforts to ensure all claims payable are processed during the financial year that it occurred to prelate payment of claims and accumulation of interest.

**1.2.4 Compensation payments**

Treasury Instructions EB 0102 states that, *"In terms of the provisions of section 21 (b) of the Act, no claim, whether or not it instituted by means of judicial process, shall be settled by the state without the authorization of the Treasury, and accounting officers shall submit all such cases to the Treasury for authorization"*.

However, during the audit it was found that an amount of N\$ 1 238 568.57 was paid to a staff member as a compensation payment without Treasury authorization.

It is recommended that the Accounting Officer should ensure that all compensation payments are made in compliance with Treasury Instructions EB 0102.

**Management comment**

The Accounting Officer took note of the comments and the Ministry will henceforth ensure that no compensation payment would be paid without seeking the approval from Treasury.

**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. No key audit matter is reported for the year under review.

**1.4 OTHER MATTERS**

Attention is drawn to management on the following matter that relate to my responsibility in the audit of the financial statements, and excluding matters already disclosed by the Ministry of Fisheries and Marine Resources in the financial statements. My opinion is not modified in respect of these matters:

**1.4.1 Remunerative work outside employment in the public service**

Public Service Act 1995 (Act 13 of 1995) Section 17, states that, *“members of the public service should seek permission to perform remunerative work outside employment in the public service”*.

The audit found that a staff member operated a business and traded with O/M/A's through their entities for which an amount of N\$ 1 096 396.37 was paid. However, the audit did not find the following documents in the respective personnel file for the financial year 2022/2023:

- a) Form 1 - Declaration of engagement in remunerative work outside public service employment and other personal interest.
- b) Form 2 - Application for approval of engagement in remunerative work outside public service employment.
- c) Approval from Executive Director or Public Service Commission.

It is recommended that the Accounting Officer should ensure that staff members comply with the requirements of Public Service Act, 1995 (Act 13 of 1995) at all times. The Accounting Officer should also explain if permission to conduct remunerative work was granted to the staff member for the 2022/2023 financial year.

**Management comment**

The Accounting Officer indicated that the respective staff member submitted the declaration of interest timeously in 2021/2022 financial year and again in the 2023/2024 financial year. However, approval was not obtained from the side of the Ministry from the Executive Director or Public Service Commission for the 2021/2022 financial year. The Ministry will ensure that from 2023/2024 financial year the process of approval for staff members that have declared interest will be obtained.

## **1.5 RECURRING MATTERS**

The following issues were reported in the 2021/2022 audit report, however, these matters were found not to be addressed by the Accounting Officer during the year under review:

### **1.5.1 Internal audit**

The audit found that there was no Internal Audit Plan prepared for the 2022/2023 financial year. Furthermore, it was discovered that there was no internal audit report produced for the 2022/2023 financial year.

It is recommended that the Accounting Officer should prioritize addressing this finding by taking the appropriate actions and should further explain why the internal auditor did not come up with an audit plan and audit reports for the financial year under review prior to resigning on 28 February 2023.

#### **Management comment**

The Accounting Officer indicated that the Ministry has advertised the position of the Internal Auditor and hereby make a commitment to have the internal audit function operational by the start of the next financial year.

### **1.5.2 Audit committee**

The audit found that, the Accounting Officer had not appointed an Audit Committee in the financial year 2022/2023.

It is recommended that the Accounting Officer should prioritize the establishment of an effective audit committee in the Ministry.

#### **Management comment**

The Accounting Officer stated that, *“the recommendation is noted and the Accounting Officer has experienced challenges in the implementation of the Audit Committee in the absence of an Internal Auditor. However, after the appointment of the Internal Auditor we will prioritize the establishment of the Audit Committee”*.

### **1.5.3 Risk Management Policy**

During the audit of the 2022/2023 financial year, it was found that the Ministry did not have a Risk Management Policy in place.

It is recommended that the Accounting Officer should ensure that efforts are taken to formulate and implement a Risk Management Policy in the Ministry.

#### **Management comment**

The Accounting Officer indicated that the observation from the Office of the Auditor General with regards to the lack of development of a risk management policy is noted and efforts are to be made by the Ministry to formulate and implement the Risk Management policy in the future.

#### **1.5.4 IT Security Policy**

During the audit of the 2022/2023 financial year, it was found that the Ministry still had an IT Security Policy in a draft format. There was therefore no formal IT Security Policy to ensure clear direction in order to maintain information security across the organisation and to properly safeguard the organisations' assets.

It is recommended that the Accounting Officer should ensure that a formal IT Security Policy is formulated and implemented for good IT governance in the Ministry.

#### **Management comment**

The Accounting Officer indicated that the Ministry has appointed the Deputy Director of Information Technology in the 2023/2024 financial year and his office has been tasked to coordinate for the appointment of the IT Steering Committee and development of the IT Security Policy by the end of fourth quarter of the 2022/2023 financial year.

#### **1.6 OTHER INFORMATION**

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

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

#### **2.1 COMPLIANCE TO LAWS AND REGULATIONS**

##### **SUBJECT MATTER: FINANCIAL PERFORMANCE AND THE USE OF APPROPRIATED FUNDS**

I have audited the financial performance and the use of appropriated funds of the Ministry of Fisheries and Marine Resources for the financial year ended 31 March 2023.

#### **2.2 DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND AUDIT SCOPE**

The audit aimed to determine whether the Ministry of Fisheries and Marine Resources used the appropriated funds in compliance with the Appropriation Act, 2022 (Act 2 of 2022); Appropriation Amendment Act, 2022 (Act 7 of 2022), 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 2023.

## **2.3 AUDIT OBJECTIVE**

The objective of this compliance audit is to verify and assess whether Ministry of Fisheries and Marine Resources 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, 2022 (Act 2 of 2022);  
Appropriation Amendment Act, 2022 (Act 7 of 2022);  
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 2023 submitted by the Accounting Officer in order to determine whether these information complied with laws and regulations that governs them.

## **2.6 BASIS FOR QUALIFIED AUDIT OPINION**

### **2.6.1 Unauthorized expenditure**

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

Although Treasury approvals were obtained to utilize certain expected savings for the defrayal of excess expenditure through virements during the year, one (1) operational subdivision was exceeded by an amount totalling N\$ 91 920.33 which is unauthorised in terms of Section 6(a) (iii) of the Act.

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 unauthorized expenditure.

### **Management comment**

The Accounting Officer concurs with the finding and will clearly monitor and review the financial position to avoid future unauthorised expenditure.



## 2.6.2 Underexpenditure

The total budget of the Ministry was underspent with an amount of N\$ 12 519 900.84 (6.54%) which is contrary to Treasury Instruction DC 0202 which states that *"when drawing up draft estimates Accounting Officers and their Financial Advisors shall take note of and guard against that more funds than can reasonably be spent shall not be requested"*. The Accounting Officer did not indicate whether all objectives were met.

The Ministry realised the following underexpenditure on five (5) main divisions of more than 2%. Although explanations were provided for the variance as required by Circular D12/2018 of the Auditor-General.

The underexpenditure for the year is as follows:

Main division	Authorized expenditure	Actual expenditure	Variation	Percentage
	N\$	N\$	N\$	%
02. Administration	40 440 614.09	36 845 726.63	3 594 887.46	8.89
03. Resource Management	36 598 546.11	35 475 176.85	1 123 369.26	3.07
04. Operations	62 493 019.30	60 105 366.07	2 387 653.23	3.82
05. Aquaculture	37 090 832.50	32 178 074.79	4 912 757.71	13.25
06. Policy, Planning and Economics	12 292 456.00	11 808 163.42	484 292.58	3.94

It is recommended that the Accounting Officer should ensure that the indicated measures in the response to the Management letter are implemented to avoid underexpenditure and ensure that planned programmes are implemented.

### Management comment

The Accounting Officer concurs with the finding and report that not all objectives were met during the financial year. Therefore, the Ministry will implement the measures to avoid underexpenditure.

## 2.6.3 Debt to Government

Treasury Instructions HC 1001 states that *"excess payments of salaries, wages and allowances may be recouped by means of monthly instalments within a maximum of 12 months, calculated from the date on which the relevant person was informed in writing of the excess payment. In determining the period of payments, the person's financial position shall be duly taken into account and should it be found that more than 12 instalments are justified, authorization from the Treasury shall be obtained"*.

It was observed during the audit that there was no Treasury approval obtained for staff members with debt that was not recovered within a period of 12 months.

It is recommended that in future the Accounting Officer should ensure that the requirement of Treasury Instructions HC 1001 is adhered to at all times.

### Management comment

The Accounting Officer indicated that the Ministry is in agreement with the recommendation and will develop measures to ensure that Treasury Instruction HC 1001 is adhered to at all times.

## **2.7 QUALIFIED OPINION ON THE SUBJECT MATTER**

In my opinion, except for the effects of the matters described in the Basis for Qualified Audit Opinion paragraph, the Ministry of Fisheries and Marine Resources 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), Public Procurement amendment Act 2022, (Act 3 of 2022), Treasury Instructions, Appropriation Act, 2022 ( Act 2 of 2022), Appropriation Amendment Act, 2022 (Act 7 of 2022) and Public Procurement Regulations.

## **3. AUDIT OF PERFORMANCE INFORMATION**

I have audited the performance information of the Ministry of Fisheries and Marine Resources for the financial year ended 31 March 2023.

### **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 Fisheries and Marine Resources and the 2017-2022 Strategic Plan. Key performance indicators were selected based on what would be significant to the intended users and their usefulness in assessing the entity's achievements in terms of its service performance objectives.

### 3.2 Audit objective

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

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

### 3.3 Audit criteria

In this audit, the performance information was tested against the following selected criteria:

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

### 3.4 Summary of methods applied

I reviewed the Strategic Plan and annual plan 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 Directorate quarterly reports and Annual Performance Report.

### SELECTED KEY PERFORMANCE INDICATORS

The following two (2) key performance indicators from the Directorate of Operations and Policy, Planning and Economics were selected from the 2022/2023 annual plan:

Strategic objective	Key Performance Indicators
Enforce compliance with fisheries legislation	# of Patrols and inspections
Improve contribution of value added export to national economy	% of fees contribution report compiled

### 3.5 Key audit findings

#### DIRECTORATE: OPERATIONS

INDICATOR/FINDINGS	RECOMMENDATION
<p><b># of Patrols and inspections</b></p> <ul style="list-style-type: none"> <li>The quarterly targets for all quarters in the Annual plan were not met by the Ministry. It was explained that the target was partially achieved due to unavailability of crafts. Both aircrafts were under annual maintenance and vehicles (boats) needed repairs.</li> </ul> <p><b>Management comment:</b> The patrols and inspections were affected by the insufficient number of aircrafts available.</p> <p><b>Management comment:</b> The Ministry is experiencing a shortage of vehicles and frequent breakdowns of ageing fleet. The Ministry approached the Ministry of Finance and Public Enterprises for approval to fund new vehicles to address the aging fleet. The approval was not granted for the 2023/2024 financial year but the request is again for consideration for the 2024/2025 financial year. The Ministry is also reviewing aircrafts maintenance contracts, in accordance with procurement procedures.</p>	<ul style="list-style-type: none"> <li>The Accounting Officer should ensure that necessary arrangements are made for the maintenance of aircrafts and motor vehicles timely.</li> <li>The Accounting Officer should ensure that targets are aligned with the fishing season of the different species.</li> </ul>

#### DIRECTORATE: POLICY, PLANNING AND ECONOMICS

INDICATOR/FINDINGS	RECOMMENDATION
<p>% of fees contribution report compiled</p> <ul style="list-style-type: none"> <li>The quarterly targets for all quarters in the Annual plan were not met by the Ministry</li> </ul> <p><b>Management comments:</b> This activity is wrongly targeted as the Quarterly collection of the revenue per the fishing season does not fall within the same period of the financial year.</p> <p><b>Management comments:</b> This can be corrected in a way that the target should take into consideration the fishing season of the different species.</p>	<ul style="list-style-type: none"> <li>The Accounting Officer should ensure that reasonable targets are set, taking into consideration the fishing seasons of different species.</li> <li>The Accounting Officer should ensure that reasonable targets are set, taking into consideration the fishing seasons of different species.</li> </ul>

#### GENERAL OBSERVATIONS

NO	FINDING	RECOMMENDATION
1.	<p>The Ministry did not provide the required performance information as follows:</p> <ul style="list-style-type: none"> <li>(i) Evidence of actual performance of the selected KPIs.</li> <li>(ii) Supporting documents to verify the correctness of the selected KPIs.</li> </ul>	<p>It is recommended that the Accounting Officer should ensure that all supporting documents are provided at all times for audit purposes.</p>

### **3.6 Conclusion on the subject matter**

The audit found an unsatisfactory outcome on both performance indicators tested as the compliance with legislative requirements and reliability criteria against the selected key performance indicators could not be obtained.

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

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

The management is also responsible for ensuring adherence to the Appropriation Act, 2022 (Act 2 of 2022) and Appropriation Amendment Act, 2022 (Act 7 of 2022); State Finance Act, 1991 (Act 31 of 1991, Public Procurement Act, 2015 (Act 15 of 2015), Treasury Instructions and Public Procurement Regulations and to ensure that effective and efficient internal controls are implemented to enable compliance to the law that governs the performance information.

#### **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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my 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, 2022 (Act 2 of 2022) and Appropriation Amendment Act, 2022 (Act 7 of 2022), 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, 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

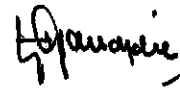
The financial statements, notes to the financial statements and general information provided by the Accounting Officer are attached as Annexure A.

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

## **7. ACKNOWLEDGEMENT**

The co-operation and assistance by the management and staff of the Ministry of Fisheries and Marine Resources during the audit is appreciated.

**WINDHOEK, MARCH 2024**



**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## ANNEXURE A

## 1. AUDITED FINANCIAL STATEMENTS

## 1.1 Appropriation account

2022/2023					2021/2022
Service	Authorized expenditure	Actual expenditure	Variations		Actual expenditure
			Under-expenditure/ (Excess)	Percentage	
N\$	N\$	N\$	N\$	%	N\$
<b>01. Office of the Minister:</b>					
Original budget 2 603 000.00					
Less: Virement (158 468.00)	2 444 532.00	2 427 591.40	16 940.60	0.69	2 302 066.37
<b>02. Administration:</b>					
Original budget 29 869 000.00					
Additional budget 11 050 990.09					
Less: Virement (479 376.00)	40 440 614.09	36 845 726.63	3 594 887.46	8.89	42 870 478.10
<b>03. Resource Management:</b>					
Original budget 36 692 000.00					
Additional budget 1 259 677.11					
Less: Virement (1 353 131.00)	36 598 546.11	35 475 176.85	1 123 369.26	3.07	36 433 190.74
<b>04. Operations and Surveillance:</b>					
Original budget 58 431 000.00					
Additional budget 2 017 111.30					
Plus: Virement 2 044 908.00	62 493 019.30	60 105 366.07	2 387 653.23	3.82	59 076 838.29
<b>05. Aquaculture:</b>					
Original budget 36 772 000.00					
Additional budget 1 101 563.50					
Less : Virement (782 731.00)	37 090 832.50	32 178 074.79	4 912 757.71	13.25	31 818 815.73
<b>06. Policy, Planning and Economics:</b>					
Original budget 11 180 000.00					
Additional budget 383 658.00					
Plus: Virement 728 798.00	12 292 456.00	11 808 163.42	484 292.58	3.94	9 558 707.28
<b>Total</b>	<b>191 360 000.00</b>	<b>178 840 099.16</b>	<b>12 519 900.84</b>	<b>6.54</b>	<b>182 060 096.51</b>



## 1.2 Standard subdivisions

Subdivision	2022/2023			2021/2022
	Authorized expenditure	Actual expenditure	Under-expenditure / (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational:</b>				
Current expenditure: Personnel				
001. Remuneration	148 820 938	146 151 747.51	2 669 190.49	141 235 300.06
002. Employer's contribution to the G.I.P.F. and M.P.O.O.B.P.F.	16 793 215	16 622 529.78	170 685.22	15 285 464.36
003. Other conditions of service	3 286 703	2 424 114.46	862 588.54	3 265 968.92
005. Employers contribution to the Social Security Commission	459 144	441 898.97	17 245.03	436 316.29
<b>Total</b>	<b>169 360 000</b>	<b>165 640 290.72</b>	<b>3 719 709.28</b>	<b>160 223 049.63</b>
Current expenditure: Goods and other services				
021. Travel and subsistence allowance	-	-	-	2 076.00
022. Materials and supplies	-	-	-	313 696.49
023. Transport	-	-	-	92 953.28
024. Utilities	-	-	-	5 983 420.06
025. Maintenance expenses	-	-	-	378 693.24
026. Property rental and related charges	-	-	-	54 793.20
027. Other services and expenses	-	-	-	1 658 354.38
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8 483 986.65</b>
<b>Total: Current expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8 483 986.65</b>
<b>Total: Operational expenditure</b>	<b>169 360 000</b>	<b>165 640 290.72</b>	<b>3 719 709.28</b>	<b>168 707 036.28</b>
<b>Development:</b>				
Capital expenditure: Goods and other services				
117. Construction, renovation and improvement	22 000 000	13 199 808.44	8 800 191.56	13 353 060.23
<b>Total</b>	<b>22 000 000</b>	<b>13 199 808.44</b>	<b>8 800 191.56</b>	<b>13 353 060.23</b>
<b>Grand Total</b>	<b>191 360 000</b>	<b>178 840 099.16</b>	<b>12 519 900.84</b>	<b>182 060 096.51</b>

### 1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate	Actual revenue 2022/2023	More/(less) than estimated	Actual revenue 2021/2022
	N\$	N\$	N\$	N\$
Fishing boats and factory licences	197 247.60	211 470.00	14 222.40	262 310.00
Fishing quota levies	243 656 144.11	189 625 267.32	(54 030 876.79)	246 298 531.96
Private telephone calls	2 000.00	-	(2 000.00)	-
Miscellaneous	2 000.00	1 221 076.34	1 219 076.34	6 108 750.00
Total	243 857 391.60	191 057 813.66	(52 799 578.05)	252 669 591.96

### 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 02 – Administration (N\$ 3 594 887.46 - 8.89%)

On this main division, the Ministry realised underexpenditure of 8.89% and it can be attributed as follows:

Vacant positions were not filled timeously during the period and this main division realised underexpenditure of N\$ 425 254.68 for remuneration, but more so on leave gratuity on the operational budget. In terms of the development budget, an amount of N\$ 3 169 632.78 was underspent, this was due to the Ministry changing the contractor of the project in the last part of the financial year, due to cost dispute between the Contractor and Ministry of Works and Transport (MWT) and the new contractor, August 26 Construction, delayed in commencing activities, which resulted in the underexpenditure. In addition, the previous contractor's final account did not reach the Ministry by the payment cut-off of the financial year under review, and hence, the underexpenditure.

##### Main division 03 – Resource Management (N\$ 1 123 369.26 - 3.07%)

This main division underspent by 3.07% and can be attributed to the following factors:

Some budgeted vacant positions could not be filled during the year on this main division, adversely affecting the expenditure on remuneration, hence, underexpenditure of N\$ 751 425.73. The underspending could also be attributed to fact that funds earmarked for overtime could not be utilised fully due to the cancellation of the Orange Roughy and Sardine surveys. Slow recruitment also had an impact on the employer's contribution to the G.I.P.F which led to underexpenditure of N\$ 1 977.27. The provision made for Leave Gratuity was not fully utilised, hence, underexpenditure of N\$ 365 255.89. Slow recruitment also had an impact on the employer's contribution to Social Security, resulted into underexpenditure of N\$ 4 710.37.

**Main division 04 – Operations and Surveillance (N\$ 2 387 653.23 - 3.82%)**

The underspending of 3.82% on this main division can be attributed as follows:

Some vacant positions could not be filled timeously. Positions which were not critical could not be filled as well, due to a request from the Ministry of Finance and Public Enterprises to identify underexpenditure for the 3% salary adjustments resulted into underexpenditure of N\$ 1 026 039.91. The approval for the filling of the Marine Superintendent position was delayed for over 12 months and was only filled in July 2022. Slow recruitment also had an impact on the employer's contribution to the G.I.P.F. which led to underexpenditure of N\$ 34 899.12. Leave Gratuity was under budgeted on this main division, hence, an overspending of N\$ 91 920.33. Recruitment at a slow pace also had an impact on the employer's contribution to Social Security, resulted into underexpenditure of N\$ 5 062.73. The total underspending on construction, renovation and improvement amounts to N\$ 1 413 571.80, and can be attributed to the following factors:

**Extension of the Arandis Air wing Hanger**

The contractor appointed to renovate Arandis Airwing Hanger and repair the motor gate of the hanger had been struggling to fix the Airwing Hanger's motor gate since 2021/2022 financial year and up to date the problem is not yet resolved. Hence, the Ministry can only conclude that, the contractor has no capacity in fixing the motor gate and there is a need to find a potential company to fix the gate. MWT assessed the gate and found a specialized contractor to fix the gate.

**Mowe Bay Airwing Hanger**

The work was halted because the contractor does not have a permit to operate within the National Park, because Mowe Bay is located within a National Park and whoever enters or operate within the National Park is required by law to obtain a permit from the Ministry of Environment, Forestry and Tourism (MEFT).

MFMR wrote a letter requesting MEFT to issue the Contractor with a permit, and the Contractor was issued with the permit, resulted into underexpenditure of N\$ 193 536.67.

**Construction of MFMR Regional Office in Kavango**

The designs and drawings for storm water that was submitted for approval to Ministry of Works and Transport was not approved on time, it was approved at the end of the financial year under review. The Ministry planned to construct the storm water first to protect the building from flood and soil erosion, the storm water was not constructed last financial year as the Ministry was waiting for the approval of the designs and drawings, resulting into underexpenditure of N\$ 1 170 035.13.

**Henties Bay Satellite Office**

This project is at the stage of the feasibility study, design and documentation. MFMR could not fully utilize the funds budgeted for during 2022/2023 financial year, as per the above explanation, which has been addressed in conjunction with MWT as the custodian of the government infrastructures, hence, the whole budget for this project amounting to N\$ 50 000.00 could not be utilised.

**Main division 05 – Aquaculture (N\$ 4 912 757.71 - 13.25%)**

This main division under spent by 13.25%, and the underexpenditure can be explained as follows:

Some vacant positions could not be filled timeously, resulted into underexpenditure of N\$ 654 694.99 on remuneration, N\$ 9 071.72 on employers contribution to G.I.P.F, N\$ 29 115.75 on other conditions of service and N\$ 2 888.27 on Social Security. The total underspending amounting to N\$ 4 216 986.98 on construction, renovation and improvement can be explained as follows:

**Aquaculture Development Project in Kavango (Mpungu Aquaculture Fish Farm)**

It was observed that there are a number of defects on the building which the old Contractor left unattended. Apart from the defects, there was outstanding work to be completed as well. Ministry of Fisheries and Marine Resources (MFMR) requested MWT to assess the project and prepare the Bill of Quantity to commence with the work. The MWT conducted the assessment and compiled the Bill of Quantity which was then submitted to our Ministry, hence, underexpenditure of N\$ 1 076 986.98.

**Leonardville Fish Farming Project**

(N\$ 1 515 000 budgeted, N\$ 300 000 virement to Extension of the Arandis Airwing Hanger, Budget variance N\$ 1 215 000. During the 2021/2022 financial year, Aqua Engineering Company responsible for the construction of the filtration room was consulted by the Ministry to provide the outstanding invoice for the payment to be able to continue with the maintenance and servicing the filtration room. The invoice did not yet reach MFMR and requested the MWT to consult them. Based on the above narrative, MFMR could not fully utilize the funds budgeted for during the 2022/2023 financial year, as per the above explanation, which has been addressed in conjunction with MWT as the custodian of the government infrastructures.

**Upgrading of Keetmanshoop Fonteintjie Fish Farm Community Project**

MFMR could not continue with the work as anticipated, because there is a dispute on the land ownership where the farm is located. Consultation was made with the MWT to submit the outstanding certified invoices for payment, however, MWT could not submit any certified invoices because the Contractor who was responsible for the project laid charges against the Ministry, MWT will only release payment certificates once the case is resolved by the court, as a result, the whole budget of N\$ 1 925 000.00 could not be utilised.

**Main division 06 – Policy, Planning and Economics (N\$ 484 292.58 - 3.94%)**

According to the Appropriation Account, this main division under spent with 3. 4%, due to the following factors:

Some positions were vacated and could not be filled timeously resulted in underexpenditure of N\$ 162 575.54. Slow recruitment also had an impact on the employer's contribution to the G.I.P.F. which led to underexpenditure of N\$ 103 730.93. The provision made for leave gratuity was not fully utilised, hence, underexpenditure of N\$ 213 527.49. Slow recruitment also had an impact on the employer's contribution Social Security which led to underexpenditure of N\$ 4 458.62.

**1.4.2 Departmental revenue: Explanation of variances exceeding N\$ 200 000****i) Over-estimated****Fishing quota levies (N\$ 54 030 876.79)**

The fishing seasons are not the same as the financial year, it does not fall in the same cycle. Revenue projections are based on the Total Allowable Catches (TACs) and TACs can vary from year to year, which makes it difficult to give precise revenue figures to be collected. Fishing conditions at sea can also play a major role when it comes to revenue collection to the state. Any under collection will be recovered during the course of the 2023/2024 financial year, ceteris paribus.

## ii) Under-estimated

**Miscellaneous revenue (N\$ 1 219 076.34)**

Revenue wrongly credited to Vote 37 after monthly EFTs were allocated during the 2020/2021 financial year instead of Vote 22.

**2. GENERAL INFORMATION****2.1 Fund accounts**

The Ministry operated a Fund account during the financial year under review at a local Bank with the following closing balances as at 31 March 2023:

Account name	Closing balance as at 31 March 2023
	N\$
Current Account- Marine Resources Fund	254 262 004.45
32 day notice account -Marine Resources Fund	3 873 514.15

**2.2 Operating/Trade Account – Omahenene (Auditor to revert back)**

The Accounting Officer reported the profit and loss account for the Omahenene Trade Account for the financial year ended 31 March 2023 as follows:

Expenditure		Income	
	N\$		N\$
Operating expenditure	317 073.47	Opening Balance (01/04/2022)	-
		Operating Income	317 073.47
		Closing balance (31/03/2023)	-
<b>Total</b>	<b>317 073.47</b>		<b>317 073.47</b>

The balance of N\$ 317 073.47 was transferred to the State Revenue Fund.

**2.3 Donations to Government**

The Accounting Officer reported the following donation received by the Government with the necessary Treasury approval as follows:

Name of donor	Nature of donation	Value
		N\$
Kavango Zambezi Transfrontier Conservation Area (KAZA)	Boat to conduct river patrols in the Zambezi region	347 553.00

## 2.4 Accidents - Cost of damages

The Accounting Officer reported seven (7) vehicle accidents for the financial year under review. Two (2) vehicles were repaired at a cost of N\$ 52 959.25.

## 2.5 Suspense accounts

The final ledger shows six (6) suspense account balances of which four (4) had credit and two (2) debit balances as at 31 March 2023:

Suspense account	Balance as at 31 March 2023 Debit/(Credit)
	N\$
Receipt suspense	(1 331 188.44)
RD cheques	1 000.00
S&T advance suspense account	90 014.66
Rejection account	(105 211.99)
Bills payable	(168 613.08)
Debt establishment	(300.00)

## 2.6 Annual stocktaking

The Accounting Officer reported that stocktaking was conducted at eight (8) stock points during the year under review. Value of stock, surpluses, deficiencies, worn and damaged items, obsolete and redundant items were reported as follows:

Description	Amount
	N\$
Value of stock	1 194 861 477.56
Surpluses	236 699.00
Deficiencies	4 608.00
Obsolete/Worn-out	18 791.00

## 2.7 Internal inspections

The Accounting Officer reported the following internal inspections for the year under review:

Inspection type	Number of inspection points	Number of points inspected
Financial	8	4
Stock and equipment	8	8
Others (Depot )	-	-
Total	16	12

## 2.8 Commissions and Special committees

The Accounting Officer reported expenditure incurred on special committees amounting to N\$ 383 885.50 for the financial year under review.

## 2.9 Stores and depots

The Accounting Officer reported the estimated value of stores and depots on hand at 31 March 2023 amounting to N\$ 1 194 861 477.56.

## 2.10 Vehicles

The Accounting Officer reported that the Ministry had ninety-seven (97) vehicles on hand for own fleet and fourteen (14) vehicles on hand for Government Garage.

## 2.11 Revenue outstanding

The Accounting Officer reported revenue outstanding to the amount of N\$ 3 867 215.82 during the year under review. The Accounting Officer indicated that most right holders have settled their outstanding amount by the time of reporting.

## 2.12 Miscellaneous revenue

The Accounting Officer reported miscellaneous revenue to the amount of N\$ 1 221 076.34 for the financial year under review.

## 2.13 Capital projects

The Accounting Officer reported capital projects as follows:

Nature of project	Approved total budget	Total expenditure as at 31/03/2022	Approved appropriation 2022/2023	Actual expenditure as at 2022/2023	Total actual expenditure as at 31/03/2023	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Extension and Renovation of MFMR Head Office in Windhoek	63 286 000	70 931 386.38	15 066 000	11 896 367.22	82 827 753.60	31/03/2026
MFMR Regional Office in Kavango East Region	43 903 000	24 977 408.83	1 873 000	702 964.87	25 680 373.70	31/03/2026
Renovation and upgrading of Aquaculture development Project in Kavango East and West	31 999 000	21 249 809.81	1 236 000	159 013.02	21 408 822.83	31/03/2026
Construction of Leonardville Fish Farming Project	60 944 000	43 867 555.91	1 215 000	-	43 867 555.91	31/03/2026
Renovation and Upgrading of Keetmanshoop Fonteintjie Fish Farm Community Project	25 000 000	30 693 988.85	1 925 000	-	30 693 988.85	31/03/2026
Extention of Henties Bay Satellite Office	-	-	50 000	-	-	31/03/2026
Extension of the Arandis Airwing Hanger	-	-	635 000	441 463.33	441 463.33	31/03/2026
Total	225 132 000	191 720 149.78	22 000 000	13 199 808.44	204 919 958.22	

## 2.14 Bursary and study assistance

The Accounting Officer reported bursary and study assistance for three (3) staff members amounting to N\$ 120 000.00 during the financial year under review.

**2.15 Aircraft**

The Accounting Officer reported aircraft expenses to the amount of N\$ 8 464 276.69 for the financial year under review.

**2.16 Debt to Government**

The Accounting Officer reported outstanding debt as at 31 March 2023 to the Government amounting to N\$ 776 330.18 for the financial year under review.

**WINDHOEK, 28 AUGUST 2023**

**MS. ANNELLY HAIPHENE  
ACCOUNTING OFFICER**