



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

MINISTRY OF FOREIGN AFFAIRS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

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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 Foreign Affairs for the financial year ended 31 March 2013 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, September 2014

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE
MINISTRY OF FOREIGN AFFAIRS
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2013**

1. INTRODUCTION

This report on the accounts of the Ministry of Foreign Affairs for the financial year ended 31 March 2013 is presented to the National Assembly in accordance with the terms of Article 127(2) of the Constitution of the Republic of Namibia and provisions set out in the State Finance Act, 1991(Act 31 of 1991), as amended.

Report on the Financial Statements

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

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

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

2. Management's Responsibility for the Financial Statements

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

3. AUDITOR'S RESPONSIBILITY

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

Powers and Duties

Section 25(1)(c) of the State Finance Act, 1991, provides that the Auditor-General should satisfy himself that:

- (a) all reasonable precautions have been taken to ensure that all monies due to the State are collected, and that the laws relating to the collection of such monies have been complied with;
- (b) all reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for, the State's assets, such as stores, equipment, securities and movable goods; and
- (c) the expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

In addition, Section 26(1)(b)(iv) of the State Finance Act, 1991, empowers the Auditor-General to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

4. AUDIT FINDINGS

4.1 EMPHASIS OF MATTERS

I draw attention on the following matter(s) that relate to my responsibility in the audit of the financial statements.

4.1.1 Unauthorised Expenditure

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

One (1) main division was exceeded with a total amount of N\$ 1 696 153.28 (0.37%). This amount is unauthorised in terms of Section 6(a) (ii) of the Act.

Although Treasury approvals were obtained to utilise certain expected savings for the defrayal of excess expenditure through virements during the year, nine (9) operational subdivisions were exceeded by an amount totalling N\$ 2 519 019.63, 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.

4.1.2 Virement

The approved virement for the following main divisions as reflected in the General Ledger did not agree with the appropriation account as shown in the table below:

Main division	Approved authorisation	Appropriation account	Difference
	N\$	N\$	N\$
01	(863 890)	(412 890)	(451 000)
02	(1 151 240)	(1 246 240)	95 000
03	(4 310 000)	(4 610 000)	300 000
05	(4 002 163)	(3 007 463)	(994 700)
06	11 669 293	11 279 593	389 700

The Accounting Officer explained that during the reconciliation process, the Ministry realised that some main divisions did not have sufficient funds when virements were processed and applied for adjustments of virements to correct it. No reply was received from the Ministry of Finance and adjustments were not effected.

4.1.3 Suspense Accounts

The final ledger shows four (4) suspense account balances of the Ministry as at 31 March 2013 of which three (3) with debit and one (1) had credit balances. The following had outstanding balances of more than N\$ 100 000 at the end of March 2013:

Description	Debit/(Credit)
	N\$
Foreign Missions Bank Account	32 513 151.70
Subsistence Advance Suspense Account	635 644.95
Bills Payable	(2 081 630.63)

The Ministry is commended for reconciling the Suspense Accounts but attention should be given to the reconciliation of the Foreign Missions Bank Account suspense account.

5. ACKNOWLEDGEMENT

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

6. UNQUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the Ministry of Foreign Affairs for the financial year ended 31 March 2013 in accordance with the terms of Article 127(2) of the Namibian Constitution and Section 25(1) of the State Finance Act, 1991 (Act 31 of 1991).

In my opinion the financial statements fairly represent the receipts and payments of Vote 07 for the year ended 31 March 2013 and in all material respects the receipts and payments have been applied for the purposes intended by the National Assembly and conform to the authorities which govern them.

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

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Private Bag 13299
WINDHOEK
NAMIBIA

7. FINANCIAL STATEMENTS

7.1 Appropriation Account

Service	2012/2013					2011/2012
	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percentage		
N\$	N\$	N\$	N\$	%	N\$	
01. Office of the Minister:						
Original budget	6 397 000					
Less: Virement	(412 890)	5 984 110	5 705 826.24	278 283.76	4.65	6 647 340.14
02. Administration:						
Original budget	34 460 000					
Less: Virement	(1 246 240)	33 213 760	32 433 218.74	780 541.26	2.35	31 624 610.36
03. Regional and Bilateral Affairs:						
Original budget	14 878 000					
Less: Virement	(4 610 000)	10 268 000	10 074 605.42	193 394.58	1.88	9 024 420.33
04. Multilateral Policy Co-Ordination:						
Original budget	22 614 000					
Less: Virement	(2 003 000)	20 611 000	20 273 303.81	337 696.19	1.64	16 573 683.12
05. Protocol and Consular:						
Original budget	12 370 000					
Less :Virement	(3 007 463)	9 362 537	9 153 258.75	209 278.25	2.24	9 164 510.92
06. Missions:						
Original budget	452 134 000					
Plus: Virement	11 279 593	463 413 593	465 109 746.28	(1 696 153.28)	(0.37)	475 301 096.68
Total:		542 853 000	542 749 959.24	103 040.76	0.02	548 335 661.55

7.2 Standard subdivisions

Subdivision	2012/2013			2011/2012
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	254 312 763	254 444 222.04	(131 459.04)	194 325 553.41
002. Employer's contribution to the G.I.P.F	8 697 700	8 733 253.92	(35 553.92)	8 097 721.54
003. Other conditions of service	23 243 337	22 787 440.29	455 896.71	33 439 856.64
Total	286 253 800	285 964 916.25	288 883.75	235 863 131.59
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	22 989 000	21 959 879.97	1 029 120.03	20 679 591.47
022. Materials and supplies	5 443 600	5 424 112.70	19 487.30	4 147 100.07
023. Transport	16 642 400	17 200 384.31	(557 984.31)	18 941 205.20
024. Utilities	18 252 500	17 948 970.18	303 529.82	21 319 972.95
025. Maintenance expenses	6 010 660	6 336 123.77	(325 463.77)	6 590 494.84
026. Property rental and related charges	67 485 130	67 629 039.48	(143 909.48)	69 506 915.31
027. Other services and expenses	9 623 100	9 426 837.34	196 262.66	10 912 826.16
Total	146 446 390	145 925 347.75	521 042.25	152 098 106.00
Current expenditure: Membership fees and subscriptions				
041. International	12 410 000	12 275 029.65	134 970.35	10 379 350.96
Total	12 410 000	12 275 029.65	134 970.35	10 379 350.96
Current expenditure: Subsidies, grants and other transfers				
043. Government organisations	2 677 800	3 096 025.00	(418 225.00)	4 491 161.53
Total	2 677 800	3 096 025.00	(418 225.00)	4 491 161.53
Total: Current expenditure	447 787 990	447 261 318.65	526 671.35	402 831 750.08
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	2 587 510	3 028 020.64	(440 510.64)	4 341 302.16
102. Vehicles	787 500	787 500.00	-	-
Total	3 375 010	3 815 520.64	(440 510.64)	4 341 302.16
Total operational expenditure	451 163 000	451 076 839.29	86 160.71	407 173 052.24
Development				
Capital expenditure: Acquisition of assets				
105. Feasibility studies, design and supervision	1 000 000	983 119.95	16 880.05	-
107. Construction, renovation and improvements	-	-	-	4 212 976.94
134. Abroad	90 690 000	90 690 000.00	-	136 949 632.37
Total: Development expenditure	91 690 000	91 673 119.95	16 880.05	141 162 609.31
GRAND TOTAL	542 853 000	542 749 959.24	103 040.76	548 335 661.55

7.3 Departmental Revenue

Revenue for the year is as follows:

Revenue heading	Estimate	Actual revenue 2012/2013	More /(Less) than estimated	Actual revenue 2011/2012
	N\$	N\$	N\$	N\$
Private telephone calls	25 000	18 592.99	(6 407.01)	12 984.37
Unclaimed cheques	-	(453.12)	(453.12)	-
Miscellaneous	1 000 000	359 748.25	(640 251.75)	812 000.62
Interest on investments	150 000	134 404.98	(15 595.02)	141 277.17
House rent: Foreign Missions	400 000	1 337 765.41	937 765.41	1 366 693.11
Total	1 575 000	1 850 058.51	275 058.51	2 332 955.27

7.4 Miscellaneous Revenue

Miscellaneous revenue collected by the Ministry during the financial year under review comprises of the following:

Description	Amount
	N\$
Berlin (VAT refund)	286 691.72
Gaborone-(VAT refund)	247.17
Harare (VAT refund)	111.28
Havana (VAT refund)	1 413.53
London (VAT refund)	3 507.49
Moscow (VAT refund)	1 922.65
Paris- False bank notes	1 110.87
Pretoria- (VAT refund)	47 216.98
Payroll	12 000.00
Unclaimed cheque	226.56
Used Cellphones sold to Staff	500.00
Used Cellphones Sold to Staff	4 800.00
Total	359 748.25

7.5 Notes to the financial statements**7.5.1 Appropriation account: Explanations of variations exceeding 2% between the authorised and actual expenditure.****Underexpenditure****Main division 01 – Office of the Minister (N\$ 278 283.75 – 4.65%)**

The Office of the Minister under spent the budget with 4.65% mostly on Travel and Subsistence Allowance. Planned official trips were cancelled in the last quarter, due to the reshuffle of Ministers. No virement could be done, due to the quota of virement that the Ministries are allowed to make in a specific financial year.

Main division 02 – Administration (N\$ 780 541.26 – 2.35%)

The underexpenditure was due to the exchange rate impact. The Ministry was forced to reduce activities to ensure that the Ministry does not over spend on the overall vote. It was virtually impossible to do external virements in the last quarter due to inaccuracy of funds available on the Funds Distribution Certificate (FDC).

Main division 05 – Protocol and Consular (N\$ 209 278.25- 2.24%)

The underexpenditure was due to the exchange rate impact on the Ministry's vote; some activities were cancelled to ensure that the Ministry does not overspend on the total vote. Some protocol duties to accompany the President and Prime Minister on official duties were reduced in the last quarter. No virements could be done due to the quota of the virements that the Ministries are allowed to make in a specific financial year.

7.5.2 Departmental revenue: Explanations of deviations of N\$ 100 000 and above**(i) Under estimation****House Rent Foreign Mission**

The Ministry is in the process of revising rent contributions with the intention of reducing it. However, the Ministry only managed to implement it in the 2013/2014 financial year, hence the reason for collecting more. It needs to be mentioned that in the 2013/2014 financial year the Ministry will report a minimal amount on this revenue head.

(ii) Over estimation**Miscellaneous**

The Ministry collected only 36% of the estimate on this Revenue Head. It is difficult to estimate miscellaneous revenue. The Ministry always ensures that money owing to Government is collected in the financial year under review.

8. GENERAL INFORMATION

8.1 Bank Accounts

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

Mission	Balance as at 31 March 2013
	N\$
Abuja	12 258.80
Addis Ababa	14 007 730.30
Beijing	2 072 227.27
Berlin	1 641 714.59
Brazil	1 015 593.95
Brussels	6 112 328.54
Cairo	9 133 373.13
Cape Town	245 288.03
Dar Es Salaam	606 982.15
Gaborone	619 663.34
Geneva	253 699.74
Harare	805 405.59
Havana	4 303 723.39
Kinshasa	723 905.08
Kuala Lumpur	1 228 256.32
London	466 103.45
Luanda	524 251.77
Lusaka	1 651 368.82
Moscow	197 704.37
New York	228 119.33
New Delhi	1 248 901.47
Ondjiva	4 877 386.30
Paris	773 551.03
Pretoria	3 384 712.17
Stockholm	3 660 811.33
Tokyo	54 206 646.49
Vienna	1 475 029.52
Washington	202 848.91

8.2 Capital Project

The following was development project of the Ministry as reflected in the General Ledger and the Development Budget:

Nature of project	Approved total budget	Approved appropriation 2012/2013	Total expenditure as at 31/03/2012	Actual expenditure 2012/2013	Total expenditure up to 31/03/2013	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Purchase of diplomatic premises abroad	694 153 000	91 690 000	653 860 973.59	91 673 119.95	745 534 093.54	31/03/2013
	694 153 000	91 690 000	653 860 973.59	91 673 119.95	745 534 093.54	

8.3 Vehicle Accidents

The Accounting Officer reported ten (10) vehicle accidents during the financial year under review. These ten (10) vehicles were repaired at a total cost of N\$ 211 357.26. Two (2) vehicles that are in respect of the previous financial year were repaired at the total cost of N\$ 17 039.55.

8.4 Bursary and Study Assistance

The Accounting Officer reported that the Ministry assisted twenty three (23) staff members as part of the capacity building programme to a total amount of N\$ 479 460.20.

8.5 Property bought by Government

The Accounting Officer reported that the Ministry bought residences in Washington DC and Tanzania at a total cost of N\$ 57 164 246.45.

8.6 Tender Board exemption

Tender board approved two annual exemptions from normal tender procedures, E1/28-2/2012 to the value of N\$ 105 260 000.00 for the purchase of diplomatic premises abroad and E1/28-1/2012 to the value of N\$ 155 950 000 for goods and services required during the 2012/2013 financial year.

The exempted amount comprises the following:

Service	Exempted amount	Actual amount	Difference
	N\$	N\$	
Travel and subsistence expenses	22 070 000	21 959 878.97	110 121.03
Materials and Supplies	5 638 000	5 424 112.70	213 887.30
Transport	19 810 000	17 200 384.31	2 609 615.69
Utilities	18 505 000	17 948 970.18	556 029.82
Maintenance expenses	6 024 000	6 336 123.77	(312 123.77)
Property rental and related charges	53 882 000	67 629 039.48	(13 747 039.48)
Other Services and expenses	10 860 000	9 426 837.34	1 433 162.66
Membership fees & subscription	10 310 000	12 275 029.65	(1 965 029.65)
Subsidies, Grants, Contributions	4 431 000	3 096 025.00	1 334 975.00
Furniture and office equipment	4 420 000	3 028 020.64	1 391 979.36
Total	155 950 000	164 324 422.04	(8 374 422.04)

8.7 Contributions by the Government

The Ministry made the following contributions during the financial year under review:

Institution	Amount
	N\$
Commonwealth Secretariat	1 510 896.69
Organization of African Unity	6 978 824.96
UN peacekeeping operations	286 643.65
Commonwealth Foundation	209 272.30
Comp Nuclear Test Ban Treaty Organisation	80 519.25
Group of 77 and China	44 778.00
UN Peacekeeping operations	1 688 451.91
ACP Secretariat	1 254 445.90
Queen Elizabeth Jubilee Trust Fund	132 652.00
CFTC & CYP	25 322.69
Perez Gurero Trust Fund	17 752.80
UNDP, UNPCDA, UNICEF & UN Habitat	45 469.50
Total	12 275 029.65

8.8 Subsistence Advances

The Accounting Officer reported outstanding advances of N\$ 635 644.95 at 31 March 2013. At the time of writing the report, only an amount of N\$ 26 298.23 remained outstanding. The balances will be recovered through salary deductions.

WINDHOEK, 2013-12-09

**AMB. SELMA ASHIPALA-MUSAVYI
ACCOUNTING OFFICER**