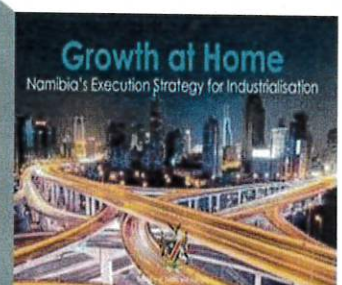




**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
MINISTRY OF INDUSTRIALISATION,  
TRADE & SME DEVELOPMENT**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

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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 Industrialisation, Trade & SME Development for the financial year ended 31 March 2020 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 2021**

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

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

1. 5. 1954

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<b>Materiality:</b>	Is a concept or convention relating to the importance or significance of an amount, transaction, or discrepancy that effects the decision of the user.
<b>International Standards of Supreme Audit Institutions (ISSAI)</b>	Professional standards and best practice guidelines for public sector auditors, officially authorised and endorsed by the International Organisation of Supreme Audit Institutions (INTOSAI).
<b>OMA</b>	Office/Ministry/Agency
<b>Reasonable Assurance</b>	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.
<b>Limited Assurance</b>	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.
<b>Direct reporting engagement</b>	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.
<b>Attestation engagement</b>	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.
<b>Subject matter</b>	Refers to the information, condition or activity that is measured or evaluated against certain criteria.
<b>Types of Audit Opinions:</b>	<p><b>Unqualified Opinion.</b> 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><b>Qualified Opinion.</b> 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><b>Disclaimer Opinion.</b> Auditor's 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><b>Adverse Opinion.</b> The financial statement 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>

## 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 without 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>Underexpenditure:</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 the 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.



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS  
OF THE MINISTRY OF INDUSTRIALISATION, TRADE AND SME DEVELOPMENT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

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**1. SECTION A: FINANCIAL AUDIT**

**1.1 UNQUALIFIED OPINION**

I have audited the financial statements of the Ministry of Industrialization, Trade and SME Development for the financial year ended 31 March 2020 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.

In my opinion, the financial statements of the Ministry of Industrialisation, Trade and SME Development as at 31 March 2020 are prepared in all material respects, in accordance with 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 an unqualified 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 determined that there were no key audit matters to communicate in my report.

**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. Based on the work I have performed I have nothing to report in this regard.

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

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

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

I have audited the financial performance and the use of appropriated funds of the Ministry of Industrialization, Trade and SME Development for the financial year ended 31 March 2020.

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

The audit aimed to determine whether the Ministry of Industrialization, Trade and SME Development's financial performance and the use of appropriated funds is in compliance with the Appropriation Act, 2019, (Act 2 of 2019), Appropriation Amendment Act, 2019, (Act 3 of 2019) State Finance Act, 1991, (Act 31 of 1991), Procurement Act 2015, (Act 15 of 2015), Treasury Instructions and Public Procurement Regulations during the financial year ended 31 March 2020.

### **2.3 AUDIT OBJECTIVE**

The objective of this compliance audit is to verify and assess whether the Ministry of Industrialization, Trade and SME Development 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 of Industrialization, Trade and SME Development presented the subject matter information on which the auditor gathered sufficient and appropriated audit evidence to provide reasonable assurance informing 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. The scope of this audit is the 2019/2020 financial year.

### **2.4 AUDIT CRITERIA**

The audit criteria used in the audit was derived from the following laws and regulations:

- Appropriation Act, 2019 ( Act 2 of 2019);
- Appropriation Amendment Act, 2019, (Act 3 of 2019);
- 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 2020 submitted by the Accounting Officer in order to determine whether this information complied with laws and regulations that governs them. The audit team conducted interviews with Management and those charged with governance and document reviews were also carried out.

### **2.6 KEY AUDIT FINDINGS**

#### **2.6.1 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):

Although Treasury authorisation was obtained to utilise certain expected saving for the defrayal of expenditure by way of virements during the year, five (5) operational subdivisions were exceeded with a total amount of N\$ 1 791 842.32. These amounts are unauthorized in terms of Section 6(a)(iii) of the State Finance Act, 1991 (Act 31 of 1991).

The Accounting Officer should monitor the budget regularly in order to ensure that funds are available before expenditure is incurred.

### **2.6.2 Underexpenditure**

The total budget of the Ministry was underspent with an amount of N\$ 20 728 315.26 (9.14%) which is contrary to Treasury Instruction DC 0202.

The Accounting Officer should put measures in place to avoid under expenditure and to ensure that planned projects are implemented and should comply with the Treasury Instruction DC 0202 which stipulates that *“when drawing up draft estimates Accounting Officers and their Financial Advisors shall take note of and guard against the following: (a) more funds than can reasonably be spent shall not be requested”*.

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

In my opinion, the Ministry of Industrialization, Trade and SME Development’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, Appropriation Amendment Act, 2019 (Act 3 of 2019) and Appropriation Act, 2019 (Act 2 of 2019).

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

The audit found that the Annual plan and quarterly reviews submitted for audit was not approved, hence, the KPI audit could not be carried out to assess the Ministry’s achievements in terms of its service delivery and provide assurance thereof.

In his comment on the management letter, the Accounting Officer indicated that the Annual plan was submitted to the Office of Prime Minister for approval but the response has not been received yet. Furthermore, he indicated that the Annual plan for the Ministry is evaluated and analysed by the Office of Prime Minister for the quarterly reviews that was submitted for audit purposes, hence approval has not been received yet.

## **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 controls as management determines it 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.

The management is also responsible for ensuring adherence to the State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015), Appropriation Act, 2019 (Act 2 of 2019), Appropriation Amendment Act, 2019 (Act 3 of 2019) Public Procurement Regulations and Treasury Instructions and to ensure that effective and efficient internal controls are implemented to enable compliance to the law that governs the performance information.

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

The management is also responsible for ensuring adherence to Section 25(1)(a)(iii), 26(1)(a)(i) and 27(3) of the State Finance Act, 1991 (Act 31 of 1991), 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 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 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 skepticism 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.
- 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, 2019 (Act 2 of 2019), Appropriation Amendment Act, (Act 3 of 2019), 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.

**5. GENERAL INFORMATION**

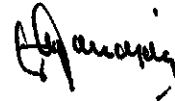
The financial statements, notes to the financial statements and general information provided by the Accounting Officer are attached as Annexure A.

The accounts were submitted timeously by the Accounting Officer to the Auditor-General on 29 October 2020 in terms of *Section 13 of the State Finance Act, 1991(Act 31 of 1991)*.

**6. ACKNOWLEDGEMENT**

The co-operation and assistance by the management and staff of the Ministry of Industrialization, Trade and SME Development during the audit is appreciated.

**WINDHOEK, MARCH 2021**



**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## 1. AUDITED FINANCIAL STATEMENTS

## 1.1 Appropriation account

2019/2020						2018/2019
Service	N\$	Authorized expenditure N\$	Actual expenditure N\$	Variations		Actual expenditure N\$
				Under-expenditure/ (Excess) N\$	Percentage %	
<b>01. Office of the Minister:</b>						
Original budget	3 927 000					
Plus: Virement	1 090 000	5 017 000	4 679 388.97	337 611.03	6.73	4 150 262.58
<b>02. Administration:</b>						
Original budget	32 718 000					
Plus: Virement	6 300 000					
Less: Suspension	(700 000)	38 318 000	35 718 636.25	2 599 363.75	6.78	28 653 815.01
<b>03. International Trade:</b>						
Original budget	30 641 000					
Plus: Virement	4 660 000					
Less: Suspension	(500 000)	34 801 000	33 273 087.11	1 527 912.89	4.39	102 022 847.20
<b>04. Industrial Development:</b>						
Original budget	145 498 000					
Less: Virement	(14 915 000)					
Less: Suspension	(61 900 000)	68 683 000	58 196 075.19	10 486 924.81	15.27	104 847 278.78
<b>05. Investment Centre:</b>						
Original budget	26 170 000					
Plus: Virement	1 865 000					
Less: Suspension	(245 000)	27 790 000	26 834 513.13	955 486.87	3.44	40 082 981.45
<b>06. Internal Trade:</b>						
Original budget	56 072 000					
Plus: Virement	1 000 000					
Less: Suspension	(5 000 000)	52 072 000	47 250 984.09	4 821 015.91	9.26	43 032 626.00
<b>Total</b>		<b>226 681 000</b>	<b>205 952 684.74</b>	<b>20 728 315.26</b>	<b>9.14</b>	<b>322 789 811.02</b>

## 1.2 Standard subdivisions

Subdivision	2019/2020			2018/2019
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational:</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	68 147 000	65 900 297.01	2 246 702.99	64 581 273.14
002. Employer's contribution to GIPF and M.P.O.O.B.P.F.	8 727 000	7 981 887.99	745 112.01	8 018 377.05
003. Other condition of services	850 000	658 086.68	191 913.32	1 481 708.01
005. Employers contribution to the Social Security	196 000	175 113.17	20 886.83	176 932.41
<b>Total</b>	<b>77 920 000</b>	<b>74 715 384.85</b>	<b>3 204 615.15</b>	<b>74 258 290.61</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence allowances	6 579 000	6 307 150.14	271 849 86	2 045 178.14
022. Materials and supplies	1 018 000	969 505.42	48 494.58	479 777.47
023. Transport	900 000	881 224.05	18 775.95	396 715.72
024. Utilities	13 727 000	11 172 460.40	2 554 539.60	8 885 730.45
025. Maintenance expenses	750 000	714 689.47	35 310.53	-
027. Other services and expenses	160 000	1 240 787.45	(1 080 787.45)	70 775 418.47
028. Training course, symposium and workshops	120 000	119 599.56	400.44	-
029. Printing and advertisements	250 000	187 487.56	62 512.44	-
031. Politicians entertainment	46 000	39 241.22	6 758.78	-
033. Office refreshments	40 000	39 728.30	271.70	-
034. Official entertainment	4 000	-	4 000.00	-
038. Consultancy fees	12 897 000	12 640 309.46	256 690.54	-
040. Security contracts	1 500 000	1 422 705.52	77 294.48	699 428.50
<b>Total</b>	<b>37 991 000</b>	<b>35 734 888.55</b>	<b>2 256 111.45</b>	<b>83 282 248.75</b>
041. Membership fees and the Subscriptions: International	965 000	881 477.41	83 522.59	27 000 000.00
<b>Total:</b>	<b>965 000</b>	<b>881 477.41</b>	<b>83 522.59</b>	<b>27 000 000.00</b>
<b>Current expenditure: Subsidies grants and other transfers</b>				
045. Public and departmental enterprises and Private Industries	-	-	-	32 002 963.60
051. Subsidies Public and Departmental enterprises and Private Industries	17 000 000	17 183 662.37	(183 662.37)	-
053. Subsidies for State Owned Enterprises	43 418 000	37 871 706.32	5 546 293.68	-
<b>Total</b>	<b>60 418 000</b>	<b>55 055 368.69</b>	<b>5 362 631.31</b>	<b>32 002 963.60</b>
<b>Total: Current expenditure</b>	<b>177 294 000</b>	<b>166 387 119.50</b>	<b>10 906 880.50</b>	<b>216 543 502.96</b>
<b>Total: Operational expenditure</b>	<b>177 294 000</b>	<b>166 387 119.50</b>	<b>10 906 880.50</b>	<b>216 543 502.96</b>

Subdivision	2019/2020			2018/2019
	Authorised expenditure	Actual expenditure	Under expenditure/ (Excess)	Actual expenditure
<b>Development:</b>	N\$	N\$	N\$	N\$
<b>Capital expenditure: Acquisition of assets</b>				
103. Operational equipment, machinery and plants	-	-	-	11 990 000.00
107. Construction, renovation and improvement	49 387 000	39 565 565.24	9 821 434.76	94 256 308.06
<b>Total Capital Transfers</b>	<b>49 387 000</b>	<b>39 565 565.24</b>	<b>9 821 434.76</b>	<b>106 246 308.06</b>
<b>Total: Development expenditure</b>	<b>49 387 000</b>	<b>39 565 565.24</b>	<b>9 821 434.76</b>	<b>106 246 308.06</b>
<b>GRAND TOTAL</b>	<b>226 681 000</b>	<b>205 952 684.74</b>	<b>20 728 315.26</b>	<b>322 789 811.02</b>

### 1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate	Actual revenue 2019/2020	More/(Less) than estimated	Actual revenue 2018/2019
	N\$	N\$	N\$	N\$
Miscellaneous	10 000	69 704.01	59 704.01	52 126.17
<b>Total</b>	<b>10 000</b>	<b>69 704.01</b>	<b>59 704.01</b>	<b>52 126.17</b>

### 1.4 Notes to the financial statements

#### 1.4.1 Appropriation account: Explanations of variations exceeding 2% between the amounts voted and actual expenditure

##### Underexpenditure

##### Main division 01 - Office of the Minister (N\$ 337 611.03 – 6.73%)

The underexpenditure was due to the resignation of the Deputy Minister's Personnel Assistant who joined the private sector for greener pasture. Furthermore, a number of planned trips were cancelled including the scaling down on the printing of promotional material due to the outbreak of Covid-19.

##### Main division 02 – Administration (N\$ 2 599 363.75 – 6.78%)

The underexpenditure was due to the number of cancelled planned trips and activities due to re-prioritization and the impact of Covid-19 on international travel towards the end of the financial year. This Ministry is responsible for the payments of the utility services for the three building blocks, A,B and C and the additional new building which houses the Ministry of Fisheries and Marine Resources and the Ministry of Safety and Security. The agreement is that this Ministry pays and get refunded through debit acceptance. There are serious challenges with this arrangement and in this case, funds were received late and could not be utilized due to the closure of the financial year, which resulted in the underexpenditure.

The Ministry has also terminated a security contract during the reporting period due to non-performance by the contractor, resulting in the underexpenditure.



**Main division 03 – International Trade (N\$ 1 527 912.89) – 4.39%**

Provision was made for the vacant positions of Commercial Counsellors to be appointed to the United Arab Emirates. The appointment and opening of these offices were rescinded in the financial year could only be effected towards the closer of the financial year resulting in underexpenditure.

The excess on this subdivision was as a result of currency fluctuation between the Namibia dollar and major foreign currency for funds transfer to the Namibian Counsellor Offices. The delay by the Bank Reconciliation Division of the Ministry of Finance to update the expenditure ledger timeously has left little room for this Ministry to approach Treasury to request for virement of funds to defray the excess before the closer of the financial year.

The Ministry has overestimated the annual membership contribution to the Southern African Development Community Accreditation Services (SADCAS), resulting in an underexpenditure.

**Main division 04 – Industrial Development (N\$ 10 486 924.81 – 15.27%)**

The underexpenditure under personnel expenditure was as a result of vacant posts of the Chief Development Planners and Chief Engineer vacant positions which could not be filled due to skills scarcity and other related technical difficulties in securing the ideal candidates.

**Main division 05 – Investment Centre (N\$ 955 486.87 – 3.44%)**

This Ministry has four (4) senior staff members seconded to the Office of the President and Vice President respectively. The arrangement is that this Ministry pays their additional added conditions of service and benefits and claim reimbursement through the debit acceptance system. The challenge with this arrangement is that in many instances the budget allocation provided by the respective offices to be debited against these expenses are exhausted and journals could not be processed. This challenge has forced this Ministry to make adequate budgetary allocation to avoid over commitment.

The retirement of the Deputy Executive Director of the Namibia Investment Centre in the middle of the financial year of which the post is still vacant, has massively contributed to this huge underexpenditure. The Ministry has opted to utilise officials posted as Commercial Councillors to represent the Ministry at meetings in the respective Countries, who are posted to and at the neighbouring countries instead of sending officials from the Headquarters, resulting into underexpenditure.

In addition, an amount of N\$ 1 085 266.20 was transferred as an expense from the presiding financial year by the Ministry of Finance into this Ministry's General Ledger. This expense was accounted for in the 2018/2019 financial year. The original amount was N\$ 5 086 878.99 which was taken up with Treasury to rectify but to no avail.

**Main division 06 – Internal Trade (N\$ 4 821 015.91 – 9.26%)**

It was anticipated to recruit two (2) Deputy Directors for Weight and Measure and Consumer Protection within a reasonable period, unfortunately due to the technical competence required from the potential candidates, it has taken longer to search for candidates with the right skills and experience.

A number of the planned trips and activities were cancelled due to re-prioritization and only statutory and important trips were undertaken. The underexpenditure was also realized from the Liquor Board sitting allowances due to scaling down on the number of board meetings.

The Namibia Industrial Development Agency (NIDA) implements the Ministry's projects. The institution has experienced exodus of professionals leaving a serious vacuum on its human capital, resulting in the project activities to be scaled down and the effect of the COVID-19 pandemic. This unfortunate situation has created a serious vacuum, as projects are moving at a slow pace leading to costs overruns and delay in projects completion. The Ministry is mindful of the importance of maintaining good infrastructure, foster development and ultimately rejuvenate the economy from the capital side. Therefore, underexpenditure experience were due to human capital deficit, the effect and the exposure to the virus.

## 2. GENERAL INFORMATION

### 2.1 Bank accounts

The Ministry operated nineteen (19) bank accounts abroad and the following are the closing balances as at 31 March 2020:

Commercial offices	Banking institution	Balance as at 31 March 2020
Pretoria	First National Bank	ZAR 103 826.21
Angola	Banco de Fomento: KZ Account	KZ 3 715 137.04
Angola	Banco de Fomento: US\$ Account	US\$ 1 933.42
Geneva	UBS Bank: Euro Account	€ 47 661.03
USA	Bank of America	US\$ 64 503.66
Paris	Credit Lyonnais Bank of Paris	€ 78 178.70
India	Royal Bank of Scotland	US\$ 273 858.84
India	Royal Bank of Scotland	INR 133 119.03
Ethiopia	Commercial Bank of Ethiopia	ETB 145 711.90
Ethiopia	Commercial Bank of Ethiopia	US\$ 40 459.29
Namibia	Standard Bank	N\$ 13 515.45
Namibia	First National Bank	N\$ 379 535.45
Belgium	ING Bank	€ -1 145.00
Germany	Commerz Bank	€ 85 884.79
Germany	Commerz Bank	€ 476 269.28
Egypt	Banco do Brazil, Brazil, Brasilia	USD 3 666.27
UK	Barclays Bank London	GBP 59 920.30
China	Bank of China, Beijing	USD 1 654.76
Brasilia	Banco do Brazil, Brasilia	USD 99 338.57

## 2.2 Internal inspection

The Accounting Officer reported that the Ministry carried out inspections on nine (9) financial and nine (9) stock and equipment points during the financial year under review.

## 2.3 Points keeping stock and annual stocktaking

The Accounting Officer reported the following values of worn and damage stock at the following Commercial Offices as follows:

No.	Name of stock point	Amount
		N\$
1	Paris Regional Attache Office	1 200
2	Brussels Regional Attache Office	898
3	Berlin Regional Attache Office	155 105
4	New Delhi Regional Attache Office	1 800
5	Pretoria Regional Attache Office	80 695
6	Washington Regional Attache Office	29 495
7	Geneva Regional Attaches Office	1 956
8	Luanda Regional Attache Office	6 710
9	Addis Ababa Regional Attache Office	1 200

## 2.4 Suspense accounts

The final ledger shows the following nine (9) suspense account balances of the Ministry as at 31 March 2020 of which four (4) had debit balances and five (5) with credit balances:

Description	Balance as at 31 March 2020 Debit/(Credit)
	N\$
Receipt suspense account	(48 208.15)
Petty cash	200.00
S&T advance suspense account	282 837.99
Rejection account	(17 364.19)
Bills payable	(231 500.30)
Electronic Fund Transfer clearing account (EFT)	62 378.35
Social Security	55.35
Pension fund (GIPF)	(36.86)
National Housing Enterprise (10%)	(0.90)

ANNEXURE A (continued)

2.5 Capital projects

The Accounting Officer reported the following development projects for the Ministry for the year under review:

Project name	Approved total budget	Approved appropriation 2019/2020	Total expenditure as at 31 March 2019	Actual expenditure 2019/2020	Total expenditure as at 31 March 2020	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Construction of Sites and Premises Industrial Estates	1 097 649 000	20 000 000	1 166 278 383.63	18 772 521.60	1 185 050 905.23	31 March 2025
Construction of Garment Factories	155 295 000	8 000 000	44 917 691.48	3 982 383.24	48 900 074.72	31-March-2022
Agro Processing Development	350 959 000	4 000 000	120 309 035.87	2 562 250.89	122 871 286.76	31-March-2022
Special Industrialization Programme	450 000 000	5 187 000	1 18 409 670.04	4 043 649.13	122 453 319.17	31-March-2025
Product Development and Group Purchasing Project	35 000 000	3 000 000	6 999 172.68	2 751 090.05	9 750 262.73	31-March-2022
Gemstone and Jewellery Development Programme	42 000 000	3 000 000	11 804 891.33	1 253 670.33	13 058 561.66	30-March-2022
Namibia Standard Institute (NSI) in Walvisbay	51 199 875 000	6 200 000.00	147 027 000	6 200 000.00	153 227 000.00	31-March-2022
<b>Total</b>	<b>53 330 778 000</b>	<b>49 387 000</b>	<b>1 615 745 845.03</b>	<b>39 565 565.24</b>	<b>1 655 311 410.27</b>	

WINDHOEK, 29 October 2020

MR. SIKONGO HAIHAMBO  
ACCOUNTING OFFICER