



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**  
**MINISTRY OF INDUSTRIALISATION**  
**AND TRADE**

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

Published by authority

Price (Vat excluded): N\$ 39.00  
Report no: 05/2024



**REPUBLIC OF NAMIBIA**



**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 and Trade 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, FEBRUARY 2024**

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

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

10/10/10

## TABLE OF CONTENT

DEFINITIONS.....	I
1. SECTION A: FINANCIAL AUDIT.....	1
1.1 UNQUALIFIED AUDIT OPINION.....	1
1.2 BASIS FOR UNQUALIFIED AUDIT OPINION.....	1
1.3 KEY AUDIT MATTERS.....	1
1.4.1 STORES AND DEPOTS.....	1
1.4.2 RECEIPT SUSPENSE ACCOUNT.....	2
1.4.3 ACCIDENTS - COST OF REPAIRS.....	2
1.4 OTHER INFORMATION.....	2
<b>2. SECTION B: COMPLIANCE AUDIT AND AUDIT OF PERFORMANCE INFORMATION.....</b>	<b>3</b>
<b>2.1 COMPLIANCE TO LAWS AND REGULATIONS.....</b>	<b>3</b>
<b>2.2 DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND AUDIT SCOPE.....</b>	<b>3</b>
<b>2.3 AUDIT OBJECTIVE.....</b>	<b>3</b>
<b>2.4 AUDIT CRITERIA.....</b>	<b>3</b>
<b>2.5 SUMMARY OF METHODS APPLIED.....</b>	<b>3</b>
<b>2.6.1 UNAUTHORIZED EXPENDITURE.....</b>	<b>3</b>
2.7 UNQUALIFIED AUDIT OPINION ON THE SUBJECT MATTER.....	5
3. AUDIT OF PERFORMANCE INFORMATION.....	5
3.1 DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND AUDIT SCOPE.....	5
3.2 AUDIT OBJECTIVE.....	6
3.3 AUDIT CRITERIA.....	6
3.4 SUMMARY OF METHODS APPLIED.....	6
3.5 KEY AUDIT FINDINGS.....	6
3.6 CONCLUSION ON THE SUBJECT MATTER.....	6
4. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS.....	7
5. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND COMPLIANCE AUDIT.....	7
6. GENERAL INFORMATION.....	8
7. ACKNOWLEDGEMENT.....	8
1. AUDITED FINANCIAL STATEMENTS.....	9
1.1 APPROPRIATION ACCOUNT.....	9
1.2 STANDARD SUBDIVISIONS.....	10
1.3 DEPARTMENTAL REVENUE.....	11
1.4. NOTES TO THE FINANCIAL STATEMENTS.....	11
2. GENERAL INFORMATION.....	12
2.1 VIREMENTS.....	12
2.2 MISCELLANEOUS REVENUE.....	12
2.3 BANK ACCOUNTS.....	12
2.4 BURSARY AND STUDY ASSISTANCE.....	12
2.5 DEBT TO GOVERNMENT.....	12
2.6 ANNUAL STOCKTAKING.....	13
2.7 INTERNAL INSPECTIONS.....	13
2.8 VEHICLES ON HAND.....	13
2.9 SUSPENSE ACCOUNTS.....	14
2.10 CAPITAL PROJECTS.....	15

## 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 the receipt side the estimated budgeted amounts and on the 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 the Government that records the 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, meals 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.
<b>Materiality:</b>	Is a concept or convention relating to the importance or significance of an amount, transaction, or discrepancy that affects 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</p>

there is a disagreement with management regarding application, acceptability or adequacy of accounting policies.

**Disclaimer Opinion.** Auditors do not express an opinion on the financial position of a firm because they have not completed an examination of its accounts or the examination is not broad enough in scope to enable them to form an opinion.

**Adverse Opinion.** 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.



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS  
OF THE MINISTRY OF INDUSTRIALIZATION AND TRADE  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

---

**1. SECTION A: FINANCIAL AUDIT**

**1.1 UNQUALIFIED AUDIT OPINION**

I have audited the financial statements of the Ministry of Industrialization and Trade 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 for the year ended and notes to the financial statements and general information.

In my opinion, the financial statements for the Ministry of Industrialization and Trade are prepared in all material respects in accordance with Section 12 and 13 of the State Finance Act, 1991(Act 31 of 1991) and relevant legislation.

**1.2 BASIS FOR UNQUALIFIED AUDIT OPINION**

I conducted my audit in accordance with International Standards for Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements in Namibia, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unqualified audit 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 EMPHASIS OF MATTERS**

Without qualifying my audit opinion on the basis of this paragraph, I draw attention to the following matter that relate to my responsibility in the audit of the financial statements, as disclosed by the Ministry of Industrialization and Trade in the financial statements:

**1.4.1 Stores and depots**

The Accounting Officer submitted nil statements for the 2021/2022 and 2022/2023 financial years contrary to Treasury Instructions KA 1501 which requires the Accounting Officer to submit a statement to the Auditor-General indicating the total value of the stores on hand at the beginning of the financial year, received, issued written-off, surpluses and stores on hand at the end of the financial year. However, the audit found that the Ministry procured materials and supplies amounting to N\$ 1 905 998.44, and various stores were issued during the financial year under review.

**Management comment**

In his response on the draft report, the Accounting Officer indicated that the Ministry acknowledges its error and will ensure that stock taking for the 2023/2024 financial year is conducted.

It is recommended that the Accounting Officer should ensure that correct information is reported for audit purposes.

**1.4.2 Receipt suspense account**

In his response on the draft report, the account reflects a credit balance of N\$ 110 084.81 as at 31 March 2023 which is an indication that revenue received and deposited was not allocated and disclosed to the respective revenue heads and no explanation was provided.

**Management comment**

In his response on the draft report, the Accounting Officer indicated that an amount of N\$ 24 614.15 pertains to previous financial years while an amount of N\$ 84 787 was posted after the due date of the Ministry of Finance and Public Enterprises, which will be posted during the 2023/2024 financial year.

The Accounting Officer should ensure that revenue is allocated to the respective revenue heads.

**1.4.3 Accidents - cost of repairs**

During the audit, the auditors found vehicles to be repaired, however, the Accounting Officer did not report these vehicle accidents under Statement 37.2 – cost of repairs. The vehicle was driven by the staff member between 27 March 2022 and 10 April 2022, however, the Accounting Officer only requested for an accident report from the staff member on 13 October 2023.

It is recommended that the Accounting Officer should explain why these accidents were not reported as required by the Auditor-General.

**Management comment**

In his response on the draft report, the Accounting Officer indicated that the Ministry wrote a letter to the former staff member requesting for the submission of the accident report and legal advice from Government Attorney was requested.

**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 OF APPROPRIATED FUNDS**

I have audited the financial performance and the use of appropriated funds of the Ministry of Industrialization and Trade for the financial year ending 31 March 2023.

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

The audit is aimed to determine whether the Ministry of Industrialization and Trade's financial performance and use of its appropriated funds complied 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 31 March 2023.

### **2.3 AUDIT OBJECTIVE**

The objective of this compliance audit is to verify and assess whether the Ministry of Industrialization and Trade 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 utilised 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 is derived from the following regulations and laws 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 this information complied with the laws and regulations that governs them.

### **2.6 BASIS FOR UNQUALIFIED AUDIT OPINION ON THE SUBJECT MATTER**

#### **2.6.1 Unauthorized expenditure**

The following unauthorized 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):

- (i) One (1) main division was exceeded with a total amount of N\$ 148 418.89 which is unauthorized expenditure as per Section 6 (a)(ii) of the State Finance Act, 1991 (Act 31 of 1991).

- (ii) Although Treasury approval was obtained to utilise certain expected savings for the defrayal of expenditure through virements during the year, two (2) operational sub-divisions were exceeded with a total amount of N\$ 186 816.09 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 and take appropriate action timeously to avoid unauthorised expenditure in future. Furthermore, if specific activities are expected to exceed the budgeted funds due to unforeseen circumstances, funds should be viremented from activities where savings are expected.

**Management comment**

The Accounting Officer did not provide any comments.

**2.6.2 Debt to Government**

Treasury Instructions HC1001 states that *“Provided that it can be organized to the satisfaction of the Accounting Officer, 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 about the excess payment. In determining the period of payment, 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 Treasury should be obtained.”*

The Accounting Officer reported a principal debt amounting to N\$ 98 694.38 for three (3) staff members with a term of redemption period exceeding 12 months. However, Treasury approvals for redemption exceeding the 12-month period were not provided for audit purposes.

**Management comment**

In his response on the draft report, the Accounting Officer indicated that the Ministry will follow the right procedures in future.

It is recommended that the Accounting Officer should ensure that Treasury approval is obtained when the redemption period exceed twelve months as required by TI HC 1001.

**2.6.3 Stocktaking**

The Treasury Instruction KA 0901 states that *“Stores and livestock shall be subjected to stocktaking at least once each financial year and the accounting officer shall submit the report thereon (as intended in TI KA 0905) to Treasury for approval as soon as possible after the stocktaking, but in any case within 30 days after the end of the financial year concerned”*. In addition, the Office of the Prime Minister issued a Directive No. 1 of 2018 which states that *“Staff members in the regional offices of O/M/A’s must be trained to conduct stock controls in their respective regions. Staff members should not travel from head office or from one region to another to conduct stock at regional level”*.

The Accounting Officer reported that the Ministry is having eight (8) stock points abroad (foreign missions) and eleven (11) local stock points. During the financial year under review, stocktaking was only conducted at Head Office. The Accounting Officer indicated that the stocktaking at foreign missions could not be conducted due to COVID-19.

Furthermore, the Accounting Officer reported thirteen (13) stock points under annual Statement 36: Internal inspections whereas Statement 34: Annual stocktaking, the Accounting Officer reported 19 stock points (8 foreign and 11 local), which leaves a difference of six (6) stock points not reported.

**Management comment**

The Accounting Officer indicated that the Ministry acknowledges its error for not conducting annual stock taking and will ensure that the Ministry conduct its annual stock taking for the 2023/2024 financial year.

It is recommended that the Accounting Officer should ensure compliance with Treasury Instruction KA 0901 and Directive No. 1 of 2018, issued by the Office of the Prime Minister.

#### 2.6.4 Fixed assets register-Immovable assets

Treasury Instruction KK 0102 states that the “Registers reflecting all immovable State property must be kept at the head offices of the ministries concerned as well as their regional offices”.

However, contrary to T.I KK 0102 the Accounting Officer submitted a nil return for the financial year under review.

#### Management comment

In his response on the draft report, the Accounting Officer indicated that the Ministry acknowledges its error and will ensure that the register is updated.

It is recommended that the Accounting Officer should ensure that state-owned properties under the Ministry are reported for audit purposes.

### 2.7 UNQUALIFIED AUDIT OPINION ON THE SUBJECT MATTER

In my opinion the Ministry of Industrialization and Trade’s financial performance and the use of appropriated funds is in compliance in all material respects, with the State Finance Act, 1991(Act 31 of 1991) Appropriation Act, 2022 (Act 2 of 2022) Appropriation Amendment Act, 2022 (Act 7 of 2022) Public Procurement Act, 2015 (Act 15 of 2015) Treasury Instructions and the Public Procurement Regulations.

### 3. AUDIT OF PERFORMANCE INFORMATION

I have audited the performance information of the Ministry of Industrialization and Trade 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 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 Industrialization and Trade 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. The following two (2) key performance indicators were selected from the 2021/2022 annual plan:

Strategic objective	Project	Output	Key Performance Indicator (KPI)	Annual target
Improve manufacturing base to realise Industrialisation	Development of the Biomass Industry value chain	Biomass project developed at Otjiwarongo	% Progress made on the development of the Biomass project	100%
Promote entrepreneurial culture to develop Enterprises	Ozone sector Developed	Draft National Cooling Strategy Developed	% Progress made on The development of the National Cooling Strategy	100%

### **3.2 AUDIT OBJECTIVE**

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

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

### **3.3 AUDIT CRITERIA**

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

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

### **3.4 SUMMARY OF METHODS APPLIED**

The auditors reviewed the annual plan and the Ministry's quarterly reviews to confirm whether the Strategic Plan objectives targets and key performance indicators (KPIs) have been correctly cascaded to the Annual Plan and the selected key performance indicators (KPIs) for the year under review are reported in the Ministry's quarterly reports and Annual Plan Review Report.

Furthermore, the auditors conducted interviews and reviewed documents to obtain information that pertains to the selected key performance indicators (KPIs).

### **3.5 KEY AUDIT FINDINGS**

The audit found that:

- i) The targeted Key Performance Indicator (KPI) of achieving 100% progress in the development of the Biomass project was not met. The Accounting Officer was only able to achieve 75% progress.
- ii) The targeted Key Performance Indicator (KPI) of achieving 100% Progress in the development of the National Cooling Strategy was not achieved. The Accounting Officer was only able to achieve 75% progress.

It is recommended that the Accounting Officer should ensure that targets are met.

### **3.6 CONCLUSION ON THE SUBJECT MATTER**

The outcome of the audit is unsatisfactory as the Ministry has not fully implemented selected planned projects as per the annual plan to ensure service delivery as enshrined in the mandate of the Ministry.

#### **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) 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 Regulation 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 AND COMPLIANCE AUDIT**

My objectives are to obtain reasonable assurance 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 with 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).

- 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 uses and the reasonableness of accounting estimates and related disclosures made by management.
- 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 are in all material respects 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. I have conducted the audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the audited entity is in compliance with the authorities that govern the audited entity in the execution of its roles and responsibilities.

## **6. GENERAL INFORMATION**

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

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

## **7. ACKNOWLEDGEMENT**

The cooperation and assistance by the management and staff of the Ministry of Industrialization and Trade during the audit is highly appreciated.

**WINDHOEK, FEBRUARY 2024**



**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**



## 1. AUDITED FINANCIAL STATEMENTS

## 1.1 Appropriation account

2022/2023						2021/2022
Service	N\$	Authorized expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure/ (Excess)	Percent age	
	N\$	N\$	N\$	N\$	%	N\$
<b>01. Office of the Minister:</b>						
Original budget	4 343 000					
Additional budget	800 000					
Less: Virement	(473 540)	4 669 460	4 495 634.05	173 825.95	3.72	3 616 167.89
<b>02. Administration:</b>						
Original budget	44 851 000					
Additional budget	18 300 000					
Plus: Virement	5 815 540	68 966 540	67 229 272.56	1 737 267.44	2.52	50 279 299.79
<b>03. International Trade:</b>						
Original budget	65 530 000					
Additional budget	1 900 000					
Less: Virement	(6 776 870)	60 653 130	60 801 548.89	(148 418.89)	(0.24)	37 296 807.13
<b>04. Industrial Development:</b>						
Original budget	75 527 000					
Additional budget	25 900 000					
Plus: Virement	85 140	101 512 140	96 977 506.06	4 534 633.94	4.47	57 131 310.31
<b>05. Investment Centre:</b>						
Original budget	4 878 000					
Additional budget	200 000					
Plus: Virement	180 750	5 258 750	5 212 635.41	46 114.59	0.88	5 722 868.40
<b>06. Internal Trade:</b>						
Original budget	36 973 000					
Additional budget	19 632 000					
Plus: Virement	1 168 980	57 773 980	57 675 466.17	98 513.83	0.17	45 417 398.20
<b>Total</b>		<b>298 834 000</b>	<b>292 392 063.14</b>	<b>6 441 936.86</b>	<b>2.16</b>	<b>199 463 851.72</b>

## 1.2 Standard subdivisions

Subdivision	2022/2023			2021/2022
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational:</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	66 339 760	66 094 787.19	244 972.81	60 755 110.54
002. Employer's contribution to GIPF and M.P.O.O.B.P.F.	8 115 000	8 080 988.91	34 011.09	7 315 563.74
003. Other conditions of service	1 707 890	1 706 846.81	1 043.19	3 971 383.08
005. Employer's Contribution to the Social Security	174 200	170 590.91	3 609.09	161 797.36
<b>Total</b>	<b>76 336 850</b>	<b>76 053 213.82</b>	<b>283 636.18</b>	<b>72 203 854.72</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence allowances	6 459 000	6 094 662.20	364 337.80	2 180 759.15
022. Materials and supplies	2 604 240	2 555 551.24	48 688.76	981 878.42
023. Transport	2 600 000	2 516 187.13	83 812.87	1 000 000.00
024. Utilities	17 330 000	16 385 517.74	944 482.26	8 972 905.10
025. Maintenance expenses	800 000	648 952.47	151 047.53	500 000.00
027. Other services and expenses	19 324 800	19 046 355.43	278 444.57	16 885 323.66
<b>Total</b>	<b>49 118 040</b>	<b>47 247 226.21</b>	<b>1 870 813.79</b>	<b>30 520 866.33</b>
<b>Current expenditure: Membership fees and subscriptions</b>				
041. International	1 476 000	1 468 014.02	7 985.98	887 598.22
<b>Total</b>	<b>1 476 000</b>	<b>1 468 014.02</b>	<b>7 985.98</b>	<b>887 598.22</b>
<b>Current expenditure: Subsidies grants and other transfers</b>				
043. Government Organizations	500 000	500 000.00	-	-
044. Individual and non-profit organizations	36 916 000	37 078 087.84	(162 087.84)	300 000.00
045. Public and departmental enterprises and private industries	55 487 110	55 483 076.65	4 033.35	50 457 532.45
<b>Total</b>	<b>92 903 110</b>	<b>93 061 164.49</b>	<b>(158 054.49)</b>	<b>50 757 532.45</b>
<b>Total: Operational expenditure</b>	<b>219 834 000</b>	<b>217 829 618.54</b>	<b>2 004 381.46</b>	<b>154 369 851.72</b>
<b>Development:</b>				
<b>Capital expenditure: Goods and other services</b>				
032. Materials and supplies	627 000.00	627 000.00	-	2 000 000.00
037. Other services and expenses	-	-	-	1 000 000.00
<b>Total</b>	<b>627 000.00</b>	<b>627 000.00</b>	<b>-</b>	<b>3 000 000.00</b>

## Standard subdivisions (continue)

Subdivision	2022/2023			2021/2022
	Authorised expenditure	Actual expenditure	Under expenditure/ (Excess)	Actual Expenditure
	N\$	N\$	N\$	N\$
<b>Capital expenditure: Acquisition of assets</b>				
115. Feasibility studies, design and supervision	1 664 000	1 572 774.72	91 225.28	-
117. Construction, renovation and improvement	76 709 000	72 362 669.88	4 346 330.12	42 094 000.00
<b>Total</b>	<b>78 373 000</b>	<b>73 935 444.60</b>	<b>4 437 555.40</b>	<b>42 094 000.00</b>
<b>Total: Development expenditure</b>	<b>79 000 000</b>	<b>74 562 444.60</b>	<b>4 437 555.40</b>	<b>45 094 000.00</b>
<b>GRAND TOTAL</b>	<b>298 834 000</b>	<b>292 392 063.14</b>	<b>6 441 936.86</b>	<b>199 463 851.72</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\$
Miscellaneous	300 000	369 259.27	69 259.27	150 152.49
Legal fees	400 000	-	(400 000.00)	-
Government Gazette	800 000	-	(800 000.00)	-
<b>Total</b>	<b>1 500 000</b>	<b>369 259.27</b>	<b>(1 130 740.73)</b>	<b>150 152.49</b>

## 1.4. Notes to the financial statements

## 1.4.1 Appropriation Account: Explanation of variations exceeding 2% between authorized and actual expenditure

## Underexpenditure

## Main division 01 – Office of the Minister (N\$ 173 825.95 – 3.72%)

An invoice for an air ticket was cancelled because of the payment deadline, however the payment for this ticket has been made in the 2023/2024 financial year.

## Main division 02 – Administration (N\$ 1 737 267.44 – 2.52%)

The variance on this main division is caused by unfilled vacant posts as well as high staff turnover due to early retirements and promotions. In addition to that, invoices from suppliers and other service providers were delayed and could not be processed before the end of the financial year. These invoices have been paid in the 2023/2024 financial year.

## Main division 04 – Industrial Development (N\$ 4 534 633.94 – 4.47%)

The Ministry had vacant positions that remained unfilled. Additionally, there was high staff turnover due to early retirements and promotions.

## 2. GENERAL INFORMATION

### 2.1 Virements

The Accounting Officer reported an amount of N\$ 39 478 000.00 in respect of virements with the required Treasury authorisation for the financial year ended 31 March 2023.

### 2.2 Miscellaneous revenue

The Accounting Officer reported Miscellaneous revenue amounting to N\$ 369 259.27 for the financial year under review.

### 2.3 Bank accounts

The Accounting Officer reported nineteen (19) bank accounts operated at the Namibian Missions abroad and the following are the closing balances as at 31 March 2023:

Commercial offices	Banking institution	Balance as at 31 March 2023
*Brazil	Banco do Brazil, Brasilia:	-
*Egypt	Credit Agricole Cairo:	-
China	Bank of China Beijing:	US\$ 76 465.84
China	Bank of China Beijing: CNY Account	¥ 199 307.01
United Kingdom	Barclays Bank London	£ 4 084.82
Germany	Commerz Bank Berlin	€ 207 666.06
Germany	Commerz Bank Berlin (Capital Account)	€ 90 181.63
Belgium	ING Bank Brussels	€ 52 967.52
Switzerland	UBS Bank of Geneva: € Account	€ 220.95
Switzerland	UBS Bank of Geneva: CHF Account	CHF 62 704.89
Angola	BFA Luanda : US\$ Account	US\$ 24.36
Angola	BFA Luanda : Kz Account	Kz 1 556 736.14
Ethiopia	Commercial Bank of Ethiopia Addis Ababa	ETB 158 916.11
Ethiopia	Commercial Bank of Ethiopia Addis Ababa	US\$ 69 772.65
United States of America	Bank of America Washington	US\$ 78 792.00
India	The Ratnakar Bank New Dehli (INR)	₹ 1 328.96
India	The Ratnakar Bank New Dehli	US\$ 221 399.77
South Africa	First National Bank of South Africa Pretoria	R 67 340.87
France	Credit Lyonnais Bank of Paris	€ 60 202.63

\* The Accounting Officer reported the closure of the following bank accounts:

Commercial office	Banking institution	Period of closure	Balance at time of account closure
Brazil	Banco do Brazil, Brasilia : US\$ Account	December 2022	R\$ 5 053.66
Brazil	Banco do Brazil, Brasilia : US\$ Account	December 2022	US\$ 4 422.58
Egypt	Credit Agricole Cairo:	June 2022	US\$ 113 472.45

### 2.4 Bursary and study assistance

The Accounting Officer reported an amount of N\$ 38 790.00 as at 31 March 2023 in respect of study assistance for staff members who are furthering their studies at various institutions of higher learning.

### 2.5 Debt to Government

The Accounting Officer reported debt to Government amounting to N\$ 184 148.90 for the financial year under review.

## 2.6 Annual stocktaking

The Accounting Officer reported stocktaking results as follows:

Description	Amount
	N\$
Value of stock	9 682 800.00
Obsolete/Worn out items	99 915.00

## 2.7 Internal Inspections

The Accounting Officer reported that the following Internal Inspections were conducted during the financial year under review:

Category of inspection	Number of inspection points	Number of points inspected
Stock and equipment	13	13
Other	13	13
<b>Total</b>	<b>26</b>	<b>26</b>
<b>Percentage</b>	<b>-</b>	<b>100%</b>

## 2.8 Vehicles on hand

The Accounting Officer reported vehicles on hand for the financial year ended 31 March 2023 as follows:

### (i) Own fleet

Description	Sedan	Pick-ups combies	Heavy vehicles	Other	Value
					N\$
Opening balance 01 April 2022	26	31	1	1	6 582 239.30
Acquisition	-	-	1	-	966 252.17
<b>Balance at 31 March 2023</b>	<b>26</b>	<b>31</b>	<b>2</b>	<b>1</b>	<b>7 548 491.49</b>

### (ii) Pool vehicles (Allocated Vehicles)

Description	Sedan	Pick-ups combies	Heavy vehicles	other	Value
					N\$
Opening balance 01 April 2022	4	1	-	-	1 206 500.00
<b>Balance at 31 March 2023</b>	<b>4</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1 206 500.00</b>

## 2.9 Suspense accounts

The final ledger shows the following seven (7) suspense accounts as at 31 March 2023 of which three (3) had debit balances and four (4) with credit balances:

Description	Balance as at 31 March 2023 Debit/(Credit)
	N\$
Receipt suspense account	(110 084.81)
S&T advance suspense account	149 160.88
Rejection account	(129 810.63)
Bills payable	(280 292.03)
Electronic Fund Transfer clearing account (EFT)	(2 880.00)
Social Security	107.26
Pension fund (GIPF)	2 864.51

## 2.10 Capital projects

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

Project name	Approved total budget N\$	Total expenditure as at 31 March 2022 N\$	Approved appropriation 2022/2023 N\$	Actual expenditure 2022/2023 N\$	Total expenditure as at 31 March 2023 N\$	Expected year of completion
Sites and Premises Development Programme	1 247 186 000	1 205 359 239.60	40 849 000.00	36 503 513.12	1 241 862 752.72	31/03/2025
Garment Factories Development Programme	152 488 000	64 400 074.00	1 500 000.00	1 499 281.76	65 899 355.76	31/03/2030
Agro-processing Development	407 488 551	131 091 287.00	7 920 875.00	7 920 875.00	139 012 162.00	31/03/2030
Special Industrialization Programme	497 191 517	131 407 736.00	26 439 125.00	26 439 000.00	157 846 736.00	31/03/2030
Product Development and group purchasing project	60 966 483	15 716 746.00	627 000.00	627 000.00	16 343 746.00	31/03/2030
Gemstone and Jewellery Development Programme	71 500 000	16 058 561.00	1 664 000.00	1 572 774.72	17 631 335.72	30/03/2030
<b>TOTAL</b>	<b>2 436 820 551</b>	<b>1 564 033 643.60</b>	<b>79 000 000.00</b>	<b>74 562 444.60</b>	<b>1 638 596 088.20</b>	

WINDHOEK, 31 AUGUST 2023

SIKONGO HAIHAMBO  
ACCOUNTING OFFICER

