



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

MINISTRY OF INFORMATION & COMMUNICATION TECHNOLOGY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

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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 Information and Communication Technology for the financial year ended 31 March 2012 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 2013

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE
MINISTRY OF INFORMATION AND COMMUNICATION TECHNOLOGY
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2012**

1. INTRODUCTION

1.1 Report

This report on the accounts of the Ministry of Information and Communication Technology for the financial year ended 31 March 2012 is presented to the National Assembly in accordance with the terms of Article 127(2) of the Constitution of the Republic of Namibia and Section 27(1) of the State Finance Act, 1991(Act 31 of 1991), as amended.

1.2. Powers and duties

Section 25(1)(c) of the State Finance Act, 1991 provides that the Auditor-General satisfies 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.

2. FINANCIAL STATEMENTS

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 to this report.

3. SCOPE OF THE AUDIT

3.1 The Accounting Officer of the Ministry in co-operation with the Permanent Secretary of the Ministry of Finance is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions therein. It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly.

The audit included:

- (a) examination on a test basis of evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements; and
- (b) evaluation of the overall adequacy of the presentation of information in the financial statements.

- 3.2 The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:
- (a) the financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;
 - (b) in all material respects, the expenditure and income have been applied to the purposes intended by the legislature; and
 - (c) the financial transactions conform to the authorities that govern them.

4. AUDIT OBSERVATIONS

4.1. MAIN ISSUES/FINDINGS IDENTIFIED BY THE AUDIT

4.1.1 Expenditure

- (i) The total budget of the Ministry was underspend with an amount of N\$ 13 600 959.31 (4.27%).
- (ii) One (1) main division was exceeded by an amount of N\$ 72 540.74. The excess expenditure is contrary to section 6(a)(ii) of State Finance Act, 1991 (Act 31 of 1991).
- (iii) Although Treasury approval was obtained to utilize certain expected savings for defrayal of excess expenditure by way of virements during the year, sixteen (16) subdivisions were exceeded by an amount totalling N\$ 15 778 850.02 according to the main ledger. An amount of N\$ 466 850.02 is made up of operational expenditure and N\$ 15 312 000.00 is made up of development expenditure. The excess expenditure is contrary to section 6(a)(iii) of State Finance Act, 1991 (Act 31 of 1991).

The Accounting Officer should put measures in place to avoid any saving and unauthorised expenditure.

4.1.2 Virements

The following differences were noted between the virements authorized by Treasury and virements processed on the Appropriation account:

Main divisions	Approved Virements	Virements processed	Differences
	(N\$)	(N\$)	(N\$)
02	10 000.00	(12 388.00)	(22 388.00)
03	40 000.00	60 000.00	20 000.00
04	(50 000.00)	(47 612.00)	2 388.00

The Accounting Officer should explain the differences as a matter of urgency.

4.1.3 Subsistence advance

The Accounting Officer reported a balance on the outstanding subsistence advance to the amount of N\$ 3 783.00 but the S&T Subsistence advance suspense account reflect a balance of N\$ 217 656.75 which gives an unexplained difference of N\$ 213 873.75.

The Accounting Officer should explain the balance as a matter of urgency.

4.1.4 Exemption from normal Tender Board procedures

The Ministry obtained exemptions from normal Tender procedures for the procurements of materials and supplies amounting to N\$ 900 000.00 but the Ministry exceeded the exempted amount with N\$ 4 420 465.00.

The Accounting Officer should explain why the approved exemption was exceeded and why the Ministry did not approach Treasury for approval of an additional exemption on time to avoid to exceed the exemption.

4.1.5 Suspense accounts with outstanding balances

The Accounting Officer did not furnish the Auditor-General with a prescribed certificate as per Treasury Instruction FD 0703 regarding suspense accounts that had outstanding balances at 31 March 2012. The following suspense accounts had outstanding balances exceeding N\$ 100 000:

Suspense account	Balance 31/03/2012	
	Debit	Credit
	N\$	N\$
S&T Advance Suspense Account	217 656.75	-
Rejection	1 000 841.37	-
Bills payable		4 531 062.82

It is recommended that the Accounting Officer provides the necessary certificate for audit purposes. Clearing of suspense accounts is strongly recommended.

5. ACKNOWLEDGEMENT

The assistance and co-operation of the management and staff of the Ministry of Information and Communication Technology during the audit is appreciated.

6. EMPHASIS OF MATTER

Without qualifying my opinion, attention is drawn to the management on the following matters that relate to my responsibility in the audit of financial statements:

- a) Paragraph 4.1.1 Expenditure. The total budget of the Ministry was underspend by an amount of N\$ 13 600 959.31 (4.27%).
- b) Paragraph 4.1.2 Virements. Differences noted between virements approved and processed.

7. AUDIT OPINION

I certify that I have audited the financial statements of the Ministry of Information and Communication Technology for the financial year ended 31 March 2012 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 29 for the year ended 31 March 2012 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

Office of the Auditor-General
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Windhoek
Namibia

1. FINANCIAL STATEMENTS

1.1 Appropriation account

2011/2012						2010/2011
Service	N\$	Authorized expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure/ (Excess)	Percent-age	
	N\$	N\$	N\$	N\$	%	N\$
01. Office of the Minister:						
Original budget	325 000					
Plus: Virements	300 000	3 625 000	3 315 045.45	309 954.55	8.55	4 427 476.04
02. Administration:						
Original budget	212 615 000					
Plus: Virements	387 612	213 002 612	209 819 232.99	3 183 379.01	1.49	13 851 687.88
03. Print Media and Regional Offices:						
Original budget	12 080 000					
Plus: Virements	310 351	12 390 351	10 361 267.21	2 029 083.79	16.38	134 669 566.32
04. Audio Visual Media, Copyright Services and Regional Offices:						
Original budget	80 666 000					
Plus: Virements	533 388	81 199 388	74 422 341.73	6 777 046.27	8.35	73 980 330.97
05. Information Communication Technology Development						
Original budget	7 797 000					
Plus: Virements	300 000	8 097 000	6 722 963.57	1 374 036.43	16.97	3 484 266.92
06. Communication						
Original budget	-	-	72 540.74	(72 540.74)	-	2 231 778.94
Totals		318 314 351	304 713 391.69	13 600 959.31	4.27	232 645 107.07

1.2 Standard subdivisions

Subdivision	2011/2012			2010/2011
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	38 294 351	28 706 197.81	9 588 153.19	21 714 304.64
002. Employer's contribution to GIPF	4 466 000	3 019 933.74	1 446 066.26	2 480 124.04
003. Other conditions of service	300 000	235 565.17	64 434.83	892 405.63
Total	43 060 351	31 961 696.72	11 098 654.28	25 086 834.31
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	3 925 300	3 256 389.81	668 910.19	2 261 635.91
022. Materials and supplies	960 700	922 634.23	38 065.77	782 965.63
023. Transport	5 260 000	5 260 673.54	(673.54)	3 470 167.86
024. Utilities	3 049 000	3 123 368.46	(74 368.46)	2 441 633.05
025. Maintenance	1 101 000	1 259 414.69	(158 414.69)	934 336.20
026. Property rental and related charges	875 000	764 430.09	110 569.91	486 537.02
027. Other services and expenses	6 810 388	6 012 433.44	797 954.56	4 008 734.13
Total	21 981 388	20,599 344.26	1 382 043.74	14 386 009.80
Current expenditure: Membership fees and subscriptions				
041. International	1 716 000	1 624 192.32	91 807.68	260 738.84
042. Domestic	-	-	-	100 000.00
Total:	1 716 000	1 624 192.32	91 807.68	360 738.84
Current expenditure: Subsidies, grants and other transfers				
043. Government organization		14 161.00	(14 161.00)	15 838.20
044. Individual and non-profit organizations	178 462 000	177 709 530.20	752 469.80	124 142 000.00
Total	178 462 000	177 723 691.20	738 308.80	124 157 838.20
Total: Current expenditure	245 219 739	231 908 924.50	13 310 814.50	163 991 421.15
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	2 159 612	1 755 299.33	404 312.67	835 022.58
Total:	2 159 612	1 755 299.33	404 312.67	835 022.58
Total: Operational expenditure	247 379 351	233 591 683.09	13 787 667.91	164 826 443.73
Development:				
Capital expenditure: Goods and other services				
022. Materials and supplies	2 129 000	2 129 000.00	-	-
027. Other services and expenses	4 693 000	-	4 693 000.00	8 044 884.67
Total	6 822 000	2 129 000.00	4 693 000.00	8 044 884.67

ANNEXURE A (continued)

Subdivision	2011/2012			2010/2011
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	1 900 000	140 347.66	1 759 652.34	2 155 000.00
103. Operational equipment and machinery	16 604 000	11 032 000.00	5 572 000.00	25 747 000.00
105. Feasibility studies, design and supervision	2 580 000	1 433 953.05	1 146 046.95	1 770 000.00
106. Purchase of land and intangible assets	600 000	600 000.00	-	-
107. Construction, renovation and improvements	42 429 000	55 713 867.15	(13 284 867.15)	30 101 778.67
Total	64 113 000	68 920 167.86	(4 807 167.15)	59 773 778.67
Total: Development expenditure	70 935 000	71 049 167.68	(114 167.15)	67 818 663.34
GRAND TOTAL	318 314 351	304 713 391.69	13 600 959.31	232 645 107.07

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue heading	Estimate	Actual revenue 2011/2012	More/(Less) than estimated	Actual revenue 2010/2011
	N\$	N\$	N\$	N\$
Private telephone calls	200	-	(200.00)	-
Miscellaneous	65 000	131 315.84	66 315.84	253 220.67
Sale of Constitution	2 000	14 935.72	12 935.72	5 975.00
Sale of photos	6 000	37 060.00	31 060.00	189 135.00
Sale of Namibian Review	1 000	28 880.40	27 880.40	2 392.00
TOTAL	74 200	212 191.96	137 991.96	450 772.67

1.4 Notes to the financial statements

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

(i) Underexpenditure

Main division 01 – Office of the Minister (N\$ 309 954.55 – 8.55%)

This main division records an underexpenditure of more than 2%. On the appropriation account variances of 8.55% was recorded during the period under review. These come as a result of activities that was not executed as planned due to other official engagement in the office. Furthermore, there was a low turnover on maintenance expenses experienced, none delivery on time of material and supplies ordered especially towards the end of the financial year, hence cancellation of the order as well as reluctance on the part of suppliers to provide the tax invoice for services rendered on time in order for the Ministry to make payments.

Main division 03 – Print Media directorate (N\$ 2 029 083.79 –16.38%)

During the period under review the main division recorded an underexpenditure of 16.38%. The underexpenditure is attributed to the moratorium on filling of positions to cater for salary adjustment; high staff turnover. Some activities could not be implemented due to a lack of staff and decline in membership subscription to international bodies due ever changing information technology and access.

Main division 04 – Audiovisual media and Namibia Communication Commission (N\$ 6 777 046.27 – 8.35%)

This main division recorded an underexpenditure of 8.35%. This resulted from high staff turnover due to low remuneration compared to the same job categories in other institutions. Difficulties to attract graduates to fill all budgeted vacant positions due to high requirement when it comes to relevant experience that somebody graduating from the high institution of high learning could not possess. Delays on the part of Public Service Commission, moratorium on filling of vacancies to cater for salary adjustment of civil servants,

Furthermore, there was limited travel, reduction in attendance of workshop, seminars, symposiums, forums, etc. due to lack and other important commitments at head office. None filling of vacant positions resulted in non-purchase of furniture and office equipment, hence the underexpenditure.

Main division 05 – Directorate of Information and Communication Technology (N\$ 1 374 036.43 –16.97%)

This main division recorded an underexpenditure of 16.97%. This resulted from the process of recruiting suitable staff members as per the new establishment resulted in re-advertisements of positions due to a lack of suitably qualified candidates. The positions could subsequently not to be timeously filled as budgeted. The absence of appointed staff members due to delays in the recruitment process resulted in this surplus. Certain missions were also cancelled due to pressing national obligations, such as the Deputy Director's mission to Paris, France for a UNESCO council meeting, a visit to Zambia on bilateral Information Communication Technology (ICT), co-operation negotiations was also postponed to the 2012/13 financial year.

The provision for equipment for new staff appointments did not materialized due to recruitment delays thus less equipment was in use that required less maintenance. An underexpenditure on training expenses was realized since staff members that were financially supported by the Ministry had to fund their own studies due to unsuccessfulness in the studies the previous year, thus no funds was expended on the study expenses from the Ministry side.

Further, expenses planned for hosting foreign delegates for bilateral negotiations in ICT's such as Zimbabwe and Botswana was not expended, thus the underexpenditure recorded. The delay in the recruitment of staff members, the concomitant furniture and office equipment expenses were not expended for the staff members not in service yet.

2. GENERAL INFORMATION

2.1. Bursaries and staff assistance

During the financial year under review the Ministry paid study assistance to the amount of N\$ 242 000.00 for its eighteen (18) staff members to the various institutions in Namibia and South Africa. The study assistance was for capacity building and staff motivation.

2.2. Exemption from normal Tender Board procedures

The Ministry obtained exemptions from normal Tender procedures from the Tender Board on 11 July 2011 under reference E1/4-1/2011 for procurements of goods and services amounting to N\$ 155 958 000.00. The Ministry requires the exemption to obtain suppliers and goods from private companies without delay, in such cases, when commodities are only required in very small quantities and it is not possible to secure proper contract or invite formal tenders.

The following information for items that was exempted from the normal Tender Board procedures during the financial year under review:

Description of goods and services	Estimates value	Actual expenditure	Differences
	N\$	N\$	N\$
021: Travel and Subsistence	3 496 000	3 256 390	239 610
*022: Material and supplies	900 000	5 320 465	(4 420 465)
023: Fleet and related services	5 000 000	3 278 794	1 721 206
024: Utilities	3 000 000	2 667 941	332 059
025: Maintenance	1 000 000	943 624	56 376
026: Property rental and related charges	900 000	654 430	245 570.00
027: Other services	6 000 000	3 301 292	2 698 708.00
041: Membership/License fees (International)	2 000 000	1 624 192	375 808.00
043 - 044: Subsidies: Government, Individual and Non-profit organizations	133 662 000	133 622 000	40 000.00
Total	155 958 000	154 669 128	1 288 872.00

*NB: See paragraph 4.1.4

WINDHOEK, 2012-10-08

M. UA-NDJARAKANA
ACCOUNTING OFFICER