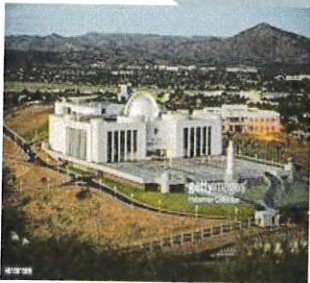




REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
NAMIBIA CENTRAL INTELLIGENCE SERVICE
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

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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 Namibia Central Intelligence Service for the financial year ended 31 March 2021 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 2022

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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DEFINITIONS

Treasury:	Financial authority in public service. (The department of Government that has control over the collection, management and disbursement of public revenue).
Vote:	Represents an Office/Ministry/Agency.
Standard sub-division:	Government Balance account, showing balances incurred on each account/activity.
Suspension:	Reduction on budget (Treasury may from time without or suspend any amount in an estimate of expenditure).
Virement:	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.
Unauthorised Expenditure:	Expenditure that exceeds the amount appropriated (budgeted) for a vote, main division or subdivision.
Underexpenditure:	Saving on the budget.
Miscellaneous Revenue:	All revenue collected and not having a specified revenue code.
Commitments:	Funds reserved to acquire goods or services from a supplier.
Suspense accounts:	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.
S&T Advance Suspense Account:	A suspense account reflecting the outstanding subsistence and travel advances.
Rejection Account:	A suspense account reflecting names and balances of all persons/companies that owe the money to the State.
Budget:	Is an estimation of the revenue and expenses over a specified future period of time specified.
Subsistence Advance:	Payment given in advance to an employee to reimburse accommodation, meal and incidental expenses, while on an official assignment.
Performance Information:	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)
Materiality:	“Materiality” is used by auditors to decide whether an omission or misstatement could influence the understanding and decisions made by the users of the financial statements. Materiality depends on the amount or size or the nature of the omission or misstatement. Thus, materiality provides a threshold or cut-off point rather than being a primary qualitative characteristic which information must have if it is to be useful.
Unqualified opinion:	An unqualified opinion means that the report is clean. It is usually expressed when auditors determine that the financial statements of the organization are presented fairly or give true and fair view of the entity’s operations, in accordance with the applicable financial reporting framework
Qualified opinion:	Where there is one or more material misstatements or possible material misstatement.
Adverse opinion:	Where the misstatements are pervasive and thus affect a large part or the whole of the financial statements
Disclaimer:	Where the auditor has not been able to obtain sufficient audit evidence but not due to the auditor or SAI and the possible misstatement could be material and pervasive.

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS
OF THE NAMIBIA CENTRAL INTELLIGENCE SERVICE
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

1. SECTION A: FINANCIAL AUDIT

1.1 UNQUALIFIED AUDIT OPINION

I have audited the financial statements of the Namibia Central Intelligence Services for the financial year ended 31 March 2021, provided by the Accounting Officer as attached in Annexure A. These financial statements comprise the Standard subdivisions, Departmental revenue, notes to the financial statements and general information for the year then ended 31 March 2021 and other explanatory information.

In my opinion, the financial statements of the Namibia Central Intelligence Services as at 31 March 2021 are prepared, in all material respects in accordance with the State Finance Act, 1991 (Act 31 of 1991).

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 INTOSAI 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 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.

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 Namibia Central Intelligence Service for the financial year ended 31 March 2021.

2.2 Description of the subject matter information and audit scope

The audit aimed to determine whether the Namibia Central Intelligence Service financial performance and the use of appropriated funds is in compliance with the Namibia Central Intelligence Service Act, 1997 (Act 10 of 1997); State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015); Appropriation Act, 2020 (Act 4 of 2020); Appropriation Amendment Act, 2020 (Act 8 of 2020); Treasury Instructions and Public Procurement Regulations during the financial year ended 31 March 2021. This audit

is an attestation engagement where the Service 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.

2.3 Audit objective

The objective of this compliance audit is to verify and assess whether the Namibia Central Intelligence Service has complied with all laws and regulations that have an impact on the financial statements in accordance with the ISSAIs.

In addition, the objective of this audit is to verify and assess whether public funds have been used appropriately and lawfully, and to report issues of non-compliance so that corrective action is taken and compliance to laws and regulations is strengthened.

2.4 Audit criteria

The audit criteria of this compliance audit are derived from the following laws and regulations stated below:

- Appropriation Act, 2020 (Act 4 of 2020);
- Appropriation Amendment Act, 2020 (Act 8 of 2020);
- Namibia Central Intelligence Service Act, 1997 (Act 10 of 1997);
- 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 2021 submitted by the Director in order to determine whether this information complied with laws and regulations that governs them.

2.6 Key audit findings

No key audit findings were identified during the audit.

2.6.1 Opinion on the subject matter

In my opinion, in all material respects, the Namibia Central Intelligence Service financial performance and the use of appropriated funds, is in compliance in all material respects, with the Namibia Central Intelligence Service Act, 1997 (Act 10 of 1997); State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015); Appropriation Act, 2020 (Act 4 of 2020); Appropriation Amendment Act, 2020 (Act 8 of 2020); Treasury Instructions and Public Procurement Regulation.

3. 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 State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015), Treasury Instructions, Public Procurement Regulations and Namibia Central Intelligence Service Act, 1997 (Act 10 of 1997) and to ensure that effective and efficient internal controls are implemented to enable compliance to the law that governs the performance information.

4. 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 scepticism throughout the audit, I also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
- It is also my responsibility to express an opinion on whether the financial performance and the use of appropriated funds is, in all material respect in compliance with the Namibia Central Intelligence Service Act, 1997 (Act 10 of 1997); State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015); Appropriation Act, 2020 (Act 4 of 2020); Appropriation Amendment Act, 2020 (Act 8 of 2020); Treasury Instructions and Public Procurement Regulations. I have conducted the audit in accordance with International Standards for Supreme Audit Institutions (ISSAs). 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 Director are attached as Annexure A. The accounts were submitted timeously by the Accounting Officer to the Auditor-General in terms of Section 12 and 13 of the State Finance Act, 1991.

6. ACKNOWLEDGEMENT

The co-operation and assistance by the management and staff of the Namibia Central Intelligence Service during the audit is appreciated.

WINDHOEK, MARCH 2022



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

1. AUDITED FINANCIAL STATEMENTS

1.1 Operational expenditure

Operational expenditure for the year under review for the NCIS amounted to N\$ 214 611 457.42.

1.2 Departmental revenue

The Departmental revenue for the year under review for the NCIS amounted to N\$ 1 556 687.82.

1.3 NOTES TO THE FINANCIAL STATEMENTS

1.1.1 Departmental revenue: Explanation of variations exceeding N\$ 200 000

(i) Under-estimation

Interest on call account (N\$ 387 004.23)

The Service recorded a positive variance of N\$ 387 004.23. This is attributed to the improvement in the timely transfer of monthly budget resulting in the accumulation of more interest than anticipated.

2 GENERAL INFORMATION

2.1 Suspensions

The Director reported that a total amount of N\$ 68 656 790.00 was suspended during the financial year under review.

2.2 Virements

The Director reported that a total amount of N\$ 9 399 253.00 was viremented among different main subdivision during the year under review.

2.3 Outstanding commitments

The Director reported outstanding commitments amounting to N\$ 1 618 078.46 during the year under review.

2.4 Outstanding subsistence advances

The Director reported that a total amount of N\$ 59 753.70 was in respect of outstanding subsistence advances.

2.5 Bursary and study assistance

The Director reported that a total amount of N\$ 39 731.95 was for bursary and study assistance for four (4) staff members.

2.6 Capital projects

The Director reported the actual expenditure in respect of Development projects for the financial year under review for the Service amounting to N\$ 19 173 475.

2.7 Wellness

The Director reported total expenditure amounting to N\$ 81 675.43 in respect of wellness activities.

2.8 Internal inspections

The Director reported that no financial, stock and equipment inspections were conducted due to the outbreak of Covid-19, for the year under review.

WINDHOEK, 31-10-2021

**MR. J.N KAUPITWA
ACCOUNTING OFFICER**

