



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

DEPARTMENT OF POLICE OF THE MINISTRY OF SAFETY AND SECURITY

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 Department of Police of the Ministry of Safety and Security 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

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE
DEPARTMENT OF POLICE OF THE
MINISTRY OF SAFETY AND SECURITY
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2012**

1. INTRODUCTION

1.1 Report

This report on the accounts of the Department of Police of the Ministry of Safety and Security 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 should satisfy himself that:

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

In addition, the State Finance Act, 1991, Section 26(1)(b)(iv) 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(Act 31 of 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 Department 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 legislator; 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 Unauthorized expenditure

The under mentioned unauthorized 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).

- (i) The total vote of the Department was overspend with an amount of N\$ 2 972 656.10 (0.14%). This is contrary to Section 6(a)(i) of the State Finance Act.
- (ii) One (1) main division of the vote was exceeded by an amount totaling to N\$ 25 399 829.08 which is contrary to Section 6(a)(ii) of the State Finance Act.
- (iii) Although Treasury approval was obtained to utilize certain expected savings for the defrayal of excess expenditure by way of virements during the year, twelve (12) subdivisions were exceeded by an amount of N\$ 41 766 898.23 which is unauthorized in terms of Section 6(a)(iii) of the Act.

4.1.2 Suspense accounts

The Department had outstanding balances on twenty-two (22) suspense accounts of which twelve (12) had a debit and ten (10) had a credit balance at the end of the financial year under review.

The following are suspense account balances exceeding N\$ 100 000:

Description	Debit	Credit
	N\$	N\$
Receipt Suspense Account	238 299.03	
Rejection Account	2 011 097.48	
S&T Advance Suspense Account	8 248 304.46	
Bills Payable	13 671 506.78	
Special Field Force		(462 099.38)

It is recommended that regular reconciliations should be performed to reduce or clear high balances on all suspense accounts, and an explanation should be provided as to why the Bills Payable is having a debit balance.

4.1.3 Revenue

It was observed that the statement provided by the Ministry, had different actual figures from the Revenue ledger. See the table below:

Revenue head	Revenue ledger	Statement	Difference
	N\$	N\$	N\$
Departmental fines	65 206.22	2 700.00	62 506.22
Lost equipment & Stores	106 539.60	71 044.24	35 495.36
Private telephone calls/fax/copies	753 676.55	772 261.85	(18 585.30)
Copies of plans	93 570.00	21 940.00	71 630.00
Traffic control (Road worthy & driver competency)	6 143 675.00	6 187 215.00	(43 540.00)
Miscellaneous	2 095 077.83	1 235 891.84	859 185.99
Unclaimed cheques	9 736.60	0.00	9 736.60
Sale of found property	630.20	0.00	630.20
Lease/Letting of state land and building	(7 179.90)	0.00	(7 179.90)
Mortuary fees	11 454.00	0.00	11 454.00
Totals	9 272 386.10	8 291 052.93	981 333.17

Furthermore, the explanations of revenue items exceeding N\$100 000 was also not provided for audit purposes.

It is recommended that the Accounting Officer should explain the differences and also ensure that statements submitted to the Auditor-General are correct.

4.1.4 Bank accounts

It was noted during the verification that the six (6) bank accounts kept by the Department only one cashbook for one account was provided for audit purposes. No Treasury authorisations were provided to verify the opening of all these bank accounts kept by the Department.

It is highly recommended that the Accounting Officer should please provide all these documents mentioned above for audit purposes to give a true opinion on the existence of these bank accounts.

4.1.5 Subsistence and travel allowance

This statement was not compiled according to Circular D12/2012 as required by the Auditor-General. The recovered amounts and the remaining balance from the outstanding claims as well as exact dates of travelling together with the reasons for late submission of claims could not be identified.

It was further noted that the S&T advance suspense account showed an amount of N\$ 8 248 304.46, whereas the list of outstanding claims amounted to N\$ 1 431 148.64, arising in an unexplained difference of N\$ 6 817 155.82

It is highly recommended for statements to be prepared according to circular D12/2010 as required by the Auditor-General, and the explanation of the difference be provided by the Accounting Officer for audit purposes.

4.1.6 Aircraft (amount charged for service rendered)

It came to the attention during the verification of primary source documents provided for audit that the revenue receipts provided for audit verifications do not agree with the total amount reported during the financial year under review. The reported amount charged for service rendered during the financial year 2011/2012 was N\$ 1 328 182 71, whereby the total amount derived from the verified revenue receipt was N\$ 1 090 876.90. This means a difference of N\$ 237 305.81 was found and receipts were not provided for verification purpose.

It is therefore recommended that the Accounting Officer provides the receipts amounting to N\$ 237 305.81.

4.1.7 Compensation payments (valid claims against the state)

During the audit it was observed that three different actual figures as illustrated below, were provided by the Department and thus the amount of N\$ 3 229 690.34 as disclosed in the financial statements might be over/understated.

Standard Subdivision	Compensation Payments (valid claims against the state) statement provided by the Ministry	Civil Claims statement provided by the Ministry	Commitment Register provided by the Ministry
044: Individuals and Non-profit organizations	N\$ 2 810 109.00	N\$ 13 853 302.41	N\$ 3 225 190.34

It is recommended that the Accounting officer should explain these different figures.

4.1.8 Non – submission of information

The Ministry did not submit the primary source documents at the time of the audit needed for audit purposes for the items mentioned below:

Item 23: Bursary and study assistance (Payment vouchers)
Item 31 : Exemptions from normal tender procedures (evidence on actual figures)
Item 32: Livestock
Item 34: Stock depot
Item 37 .2: Vehicle Accidents
Item 38.1: Losses through irregularities
Item 40: HIV/AIDS (Treasury authorisation for donated N\$ 400 000)

It is highly recommended to the Accounting Officer to submit the requested primary source documents when requested.

5. ACKNOWLEDGEMENT

The assistance and co-operation given by the management and staff of the Department of Police during the audit is appreciated.

6. EMPHASIS OF MATTER

Attention is drawn to the management on the following matters that relate to my responsibility in the audit of the financial statements:

- a) Paragraph 4.1. Unauthorised expenditure. Unauthorised expenditure in terms of Section 27(6)(a) of the State Finance Act.
- b) Paragraph 4.1.3 Revenue. Differences between the general ledger and the statement submitted.
- c) Paragraph 4.1.6 Non –submission of information. Information not submitted to the Office of the Auditor-General.

7. BASIS FOR DISCLAIMER OF OPINION

The audit could not obtain sufficient appropriate audit evidence on several matters which resulted in a scope limitation. As such, the expression of the audit opinion on the financial statements was severely affected. I am not in a position to express any opinion due to the following reasons:

- i) Failure to submit documents and records on bank accounts.
- ii) Failure to provide receipts for aircraft services rendered.
- iii) Failure to provide source documents on seven (7) annual report statements.
- iv) Failure to reconcile and clear suspense accounts at year end.

6. DISCLAIMER OF OPINION

I certify that I have audited the financial statements of the Department of Police of the Ministry of Safety and Security 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).

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.



JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

OFFICE OF THE AUDITOR-GENERAL
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Private Bag 13299
WINDHOEK, NAMIBIA

ANNEXURE A

1. FINANCIAL STATEMENTS

1.1 Appropriation account

Service	2011/2012				2010/2011	
	Authorized expenditure	Actual expenditure	Under expenditure / (excess)	Percen -tage	Actual expenditure	
	N\$	N\$	N\$	%	N\$	
01. Administration:						
Original budget	77 110 000					
Less: Virement	(20 599 972)	56 510 028	55 368 670.73	1 141 357.27	2.02	54 697 350.15
02. Combating of Crime:						
Original budget	1 204 453 000					
Plus: Virement	148 562 410	1 353 015 410	1 378 415 239.08	(25 399 829.08)	(1.88)	1 043 776 560.66
03. Training:						
Original budget	87 218 000					
Plus: Virement	10 526 000	97 744 000	97 623 279.76	120 720.24	0.12	93 705 462.21
04. Special Field Force:						
Original budget	357 332 000					
Less: Virement	(51 706 160)	305 625 840	292 518 772.49	13 107 067.51	4.29	321 830 062.01
05. VIP Security Division:						
Original budget	224 082 000					
Plus: Virement	16 066 000	240 148 000	232 714 207.63	7 433 792.37	3.10	208 236 197.95
06. Signal Unit:						
Original budget	91 875 000					
Plus: Virement	5 716 450	97 591 450	97 344 822.08	246 627.92	0.25	92 514 480.02
07. National Forensic Science Institute						
Original budget	27 485 000					
Less: Virement	(2 470 450)	25 014 550	24 636 942.33	377 607.67	1.51	18 908 135.54
Total		2 175 649 278	2 178 621 934.10	(2 972 656.10)	(0.14)	1 833 668 248.54

ANNEXURE A (continued)

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	1 265 395 278	1 303 174 412.60	(37 779 134.60)	1 069 154 595.05
002. Employer's contribution to staff's pension fund	186 692 960	163 322 589.82	23 370 370.18	132 949 942.12
003. Other conditions of service	6 468 040	7 210 695.94	(742 655.94)	13 679 536.59
Total	1 458 556 278	1 473 707 698.36	(15 151 420.36)	1 215 784 074
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	86 771 000	76 430 828.92	10 340 171.08	72 855 054.74
022. Materials and supplies	116 106 000	115 273 610.38	832 389.62	99 499 549.51
023. Transport	103 595 000	103 445 710.59	149 289.41	92 835 839.28
024. Utilities	64 724 450	64 817 868.76	(93 418.76)	59 174 628.14
025. Maintenance expenses	3 747 000	3 735 594.77	11 405.23	4 093 796.00
026. Property rental and related charges	700 000	699 937.50	62.50	387 792.38
027. Other services and expenses	37 224 000	36 980 762.17	243 237.83	41 908 542.64
Total	412 867 450	401 384 313.09	11 483 136.91	370 755 202.70
Current expenditure: Subsidies, grants and other transfers				
041. Membership fees and subscriptions: International	327 000	326 531.63	468.37	324 850.59
044. Individual and non-profit organisations	3 230 000	3 229 690.34	309.66	3 491 389.54
Total	3 557 000	3 556 221.97	778.03	3 816 240.13
Total: Current expenditure	1 874 980 728	1 878 648 233.42	(3 667 505.42)	1 590 355 516.58
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	18 173 000	18 152 348.76	20 651.24	23 810 425.03
102. Vehicles	33 497 000	33 495 096.87	1 903.13	26 920 054.06
103. Operational equipment, machinery and plants	44 555 550	44 285 789.36	269 760.64	54 623 433.90
Total	96 225 550	95 933 234.99	292 315.11	105 353 912.99
Total: Operational expenditure	1 971 206 278	1 974 581 468.31	(3 375 190.31)	1 625 709 430.67
Development				
Capital expenditure: Acquisition of assets				
103. Operational equipment, machinery and plants	28 000 000	28 000 000.00	-	29 983 910.23
104. Purchases of buildings	6 157 000	6 157 000.00	-	-
107. Construction, renovation and improvement	170 286 000	169 883 465.69	402 534.31	107 974 908.74
Total: Development expenditure	204 443 000	204 040 465.69	402 534.31	137 958 818.97
GRAND TOTAL	2 175 649 278	2 178 621 934.10	(2 972 656.10)	1 833 668 248.54

ANNEXURE A (continued)

1.3 Departmental revenue

Revenue heading	Estimate	Actual revenue 2011/2012	More/(Less) than estimated	Actual revenue 2010/2011
	N\$	N\$	N\$	N\$
Private telephone calls	2 900	753 676.55	750 776.55	14 473.31
Miscellaneous	300 000	2 095 077.83	1 795 077.83	1 983 495.42
Departmental fines	55 000	65 206.22	10 206.22	66 588.89
Lost equipment and stores	72 000	106 539.60	34 539.60	72 155.35
Sale of found property	-	630.20	630.20	2 810.00
Copies of plans	530 000	93 570	(436 430.00)	747 890.00
Traffic control	3 900 000	6 143 675.00	2 243 675.00	5 549 215.00
Unclaimed cheques	-	9 736.60	9 736.60	-
Ministerial fines	-	-	-	3 000.00
Lease/Letting of state land & building	-	(7 179.90)	(7 179.90)	-
Mortuary fees	-	11 454.00	11 454.00	1 528.00
Total	4 859 900.00	9 272 386.10	4 412 486.10	8 441 155.97

See paragraph 4.1.3

1.4 NOTES TO THE FINANCIAL STATEMENTS

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

(i) Underexpenditure

Main division 01 - Administration (N\$ 1 141 357.27 – 2.02%)

- The under spending on personnel expenditure was because of posts that were not filled.

Main division 02 - Police/Special Field Force (N\$ 13 107 067.51 – 4.29%)

- The under spending was caused by the turnover experienced.

Main division 05 - VIP Security (N\$7 433 792.37 – 3.10%)

- The under spending was caused by trips that could not be undertaken.

2. GENERAL INFORMATION

2.1 Development projects

The following are development projects of the Department exceeding N\$ 1 million:

Nature of project	Approved total budget	Total expenditure as at 31/03/2011	Approved appropriation 2011/2012	Actual expenditure 2011/2012	Total expenditure	Expected year of completion
	N\$' 000	N\$	N\$	N\$	N\$	
Upgrading of police stations	394 462	211 966 883.53	34 913 000	34 487 638.88	246 454 522.41	31/03/2016
Housing, various centre	336 512	146 070 609.28	31 568 000	31 621 007.06	177 691 616.34	31/03/2016
Acquisition of helicopter, aircraft and equipment	197 930	83 083 910.23	28 000 000	28 000 000.00	111 083 910.23	31/03/2015
Rehabilitation and renovations of police facilities	81 160	41 552 908.03	9 775 000	9 774 880.23	51 327 788.26	31/03/2016
PJ Kaundu training centre	42 665	21 674 551.76	8 000 000	7 996 310.13	29 670 861.89	31/03/2016
Ndiyona Police Station	28 304	26 390 099.66	859 000	857 588.71	27 247 688.37	31/03/2011
Schlip Police Station	29 868	5 431 999.47	15 568 000	11 566 760.92	16 998 760.39	31/03/2014
Kongola Class C Police Station	8 420	2 798 835.66	5 300 000	5 299 999.42	8 098 835.08	31/03/2013
Divundu Class C Police Station	8 420	2 798 215.61	5 300 000	5 300 000.00	8 098 215.61	31/03/2013
Oshifo Class C Police Station	7 150	3 300 000.00	3 530 000	3 526 108.46	6 826 108.46	31/03/2013
Onandjaba Class C Police Station	9 814	3 297 208.09	694 000	692 540.48	3 989 748.57	31/03/2011
Coblentz Class C Police Station	7 493	3 298 167.10	3 873 000	3 873 000.00	7 171 167.10	31/03/2013

Nature of project	Approved total budget N\$' 000	Total expenditure as at 31.03.2011	Approved appropriation 2011/2012	Actual expenditure 2011/2012	Total expenditure	Expected year of completion
	N\$' 000	N\$	N\$	N\$	N\$	
Oshikango Class A Police Station	38 000	3 000 000.00	14 000 000	13 999 291.95	16 999 291.95	31/03/2012
Okamatapati Class C Police Station	6 978	1 996 972.15	4 658 000	4 657 999.25	6 654 971.40	31/03/2013
Ojituuo Class C Police Station	6 797	1 997 366.64	3 200 000	3 198 115.28	5 195 481.92	31/03/2013
Eiseb Block Sub - Station	9 990	957 781.64	1 201 000	1 200 034.32	2 157 815.96	31/03/2014
Fuel Tank and Pump - Installation	17 000	2 988 960.85	4 000 000	3 999 999.66	6 988 960.51	31/03/2014
Angola- Ondjiva Attache	6 157	6 157 000.00	6 157 000	6 157 000.00	12 314 000.00	31/03/2012
Otjimuiwe Class B Police Station	10 374	-	1 031 000	1 031 000.00	1 031 000.00	31/03/2014
Oshikoto Regional Headquarter and Police Station	29 509	-	7 100 000	70 779.82	70 779.82	31/03/2014
Ondangwa Training Centre	22 508	-	2 649 000	2 645 135.77	2 645 135.77	31/03/2013
Police Cells Country wide- Construction Upgrade	67 449	-	5 000 000	5 000 000.00	5 000 000.00	31/03/2016
Israel Patrick Iyambo Police College	10 583	-	2 359 000	2 359 000.00	2 359 000.00	31/03/2016
National Police Headquarter – Additional Offices	39 439	-	4 297 000	4 297 000.00	4 297 000.00	31/03/2016
Omusati Regional Headquarter	7 160	-	805 000	803 611.23	803 611.23	31/03/2014
Caprivi Regional Headquarter	7 160	-	1 805 000	1 804 999.36	1 804 999.36	31/03/2014

Nature of project	Approved total budget	Total expenditure as at 31.03.2011	Approved appropriation 2011/2012	Actual expenditure 2011/2012	Total expenditure	Expected year of completion
	N\$' 000	N\$	N\$	N\$	N\$	
Hardap Regional Headquarter	7 160	-	805 000	804 999.40	804 999.40	31/03/2014
Omega Class C Police Station	3 588	-	430 000	425 989.61	425 989.61	31/03/2014
Karasburg Police Station - Construction	11 366	-	3 008 000	3 007 999.03	3 007 999.03	31/03/2015
Okangwati Police Station -Construction	3 588	-	430 000	430 000.00	430 000.00	31/03/2015
Etayi	3 588	-	430 000	430 000.00	430 000.00	31/03/2015
Ncaute Police Station	3 588	-	430 000	430 000.00	430 000.00	31/03/2014
Generators to all Police Stations	20 583	-	4 297 000	4 291 676.72	4 291 676.72	31/03/2017
Total	1 484 763	568 761 469.70	204 443 000	204 040 465.69	772 801 935.39	

2.2 Bursary and study assistance

The Ministry funded twenty-nine (29) staff members with a total amount of N\$575 709.85 for their studies in the current financial year.

WINDHOEK, 2012-10-09

DR N. ANGOLO
ACCOUNTING OFFICER

