



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

# MINISTRY OF VETERANS AFFAIRS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009

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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 Veterans Affairs for the financial year ended 31 March 2009 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.

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

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**WINDHOEK, February 2010**



**REPORT OF THE AUDITOR-GENERAL  
ON THE ACCOUNTS OF THE  
MINISTRY OF VETERANS AFFAIRS  
FOR THE FINANCIAL YEAR ENDED  
31 MARCH 2009**

**1. INTRODUCTION**

**1.1 Report**

This report on the accounts of the Ministry of Veterans Affairs for the financial year ended 31 March 2009 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; and
- (c) 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. 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 of Veterans Affairs 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 Unauthorised expenditure

The undermentioned unauthorised expenditure occurred during the financial year and is reported as such in terms of Section 27(a) of the State Finance Act, 1991 (Act 31 of 1991):

- (i) Although Treasury approval was obtained to utilise certain expected savings for the defrayal of excess expenditure by way of virements during the year, two (2) subdivisions were exceeded by a total amount of N\$ 495 109.19 which is unauthorised in terms of Section 6(a)(iii) of the Act.

###### 4.1.2 Suspense accounts

The Ministry had outstanding balances on six (6) suspense accounts, three (3) with debit balances and three (3) with credit balances for the year under review.

The following suspense accounts had closing balances in excess of N\$ 100 000:

Code	Name of suspense accounts	Debit	Credit
		N\$	N\$
723172452	S&T Advance Suspense Account	402 796.60	
723172454	Rejection account	317 686.82	
803180460	Bills payable		14 191 726.10

It is recommended that the Accounting Officer should take all necessary steps to reconcile and reduce the balances on the accounts.

###### 4.1.3 Capital projects

The Ministry operated four capital projects during the financial year, namely Veterans Registration and Database, Veterans Support Package, Research on Veterans and the Feasibility Studies for Veterans with total expenditure of N\$ 17 352 953.26. However, the Accounting Officer submitted a nil statement on capital projects which is contrary to Circular D2/2003 of the Office of the Auditor-General.

It is recommended that the Accounting Officer provides a statement on capital projects, giving full details of all the projects as requested in the above-mentioned circular.

#### 4.1.4 Deviation from normal Tender Board procedures

One (1) Tender Board exemption from normal Tender Board procedures was approved for services to the total value of N\$ 13 189 000.00. The Ministry did not report on the actual expenditure of each subdivision but only reported a total amount of N\$ 8 725 560.63. Supporting documentation was also not provided for audit verification of the actual expenditure

Exemption No.	Exemption	Description	Estimate value	Actual expenditure 2008/2009
E/31-1/08	Annual exemption	Travel and subsistence	N\$ 3 619 000	-
		Materials and supplies	1 200 000	-
		Utilities	500 000	-
		Maintenance expenses	70 000	-
		Other services and expenses	2 100 000	-
		Development: Materials and supplies	700 000	-
		Development: Other services and expenses	5 000 000	-
		<b>Total</b>		

It is therefore recommended that the Accounting Officer complies with circular D2/2003 of the Office of the Auditor-General and ensures that actual expenditure for exempted subdivisions is recorded and monitored through out the year and a register is kept to record all expenses related to the exemption.

#### 5. ACKNOWLEDGEMENT

The co-operation and assistance given by the management and staff of the Ministry of Veterans Affairs during the audit is appreciated.

#### 6. AUDIT OPINION

I certify that I have audited the financial statements of the Ministry of Veterans Affairs for the year ended 31 March 2009, 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 31 for the year ended 31 March 2009 and in all material respects the receipts and payments have been applied to the purposes intended by the National Assembly and conform to the authorities which govern them.

**JUNIAS ETUNA KANDJEKE**  
**AUDITOR-GENERAL**

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**WINDHOEK**  
**NAMIBIA**

## 1. FINANCIAL STATEMENTS

## 1.1 Appropriation account

2008/2009						2007/2008
Service	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	2 323 000					
Plus: Virement	380 000	2 703 000	2 070 014.49	632 985.51	23.42	1 335 251.72
<b>02. General Services:</b>						
Original budget	9 144 000					
Plus: Virement	815 000	9 959 000	8 093 875.72	1 865 124.28	18.73	4 613 700.85
<b>03. Policy, Social Support, Training and Skills Development:</b>						
Original budget	141 386 000					
Less: Virement	(895 000)	140 491 000	136 938 595.54	3 552 404.46	2.53	12 729 413.23
<b>04. Project Management and Liaison</b>						
Original budget	14 267 000					
Less: Virement	(300 000)	13 967 000	11 605 841.60	2 361 158.40	16.91	1 422 299.62
<b>Totals:</b>	<b>167 120 000</b>	<b>158 708 327.35</b>	<b>8 411 672.65</b>	<b>5.03</b>	<b>20 100 665.42</b>	



## 1.2 Standard subdivisions

Subdivision	2008/2009			2007/2008
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	9 523 000	8 063 872.06	1 459 127.94	4 122 236.32
002. Employer's contribution to staff's pension fund	1 014 000	775 130.89	238 869.11	343 907.79
003. Other conditions of service	132 000	66 435.15	65 564.85	2 753.28
<b>Total</b>	<b>10 669 000</b>	<b>8 905 438.10</b>	<b>1 763 561.90</b>	<b>4 468 897.39</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence expenses	3 579 000	1 984 108.09	1 594 891.91	910 122.26
022. Materials and supplies	1 577 000	773 746.92	803 253.08	155 597.19
023. Transport	4 038 000	4 468 677.99	(430 677.99)	888 954.73
024. Utilities	1 210 000	592 621.91	617 378.09	333 094.60
025. Maintenance	95 000	12 380.58	82 619.42	9 047.05
027. Other services and expenses	2 312 000	1 459 964.26	852 035.74	428 727.51
<b>Total</b>	<b>12 811 000</b>	<b>9 291 499.75</b>	<b>3 519 500.25</b>	<b>2 725 543.34</b>
<b>Current expenditure: Subsidies, grants and other transfers</b>				
043. Government organisations	120 000 000	120 000 000.00	-	10 776 000.00
<b>Total</b>	<b>120 000 000</b>	<b>120 000 000.00</b>	<b>-</b>	<b>10 776 000.00</b>
<b>Total: Current expenditure</b>	<b>143 480 000</b>	<b>138 196 937.85</b>	<b>5 283 062.15</b>	<b>17 970 440.73</b>
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	2 040 000	1 181 497.69	858 502.31	1 073 427.62
102. Vehicles	2 750 000	1 976 938.55	773 061.45	1 056 797.07
103. Operational equipment, machinery and plants	10 000	-	10 000.00	-
<b>Total: Capital expenditure</b>	<b>4 800 000</b>	<b>3 158 436.24</b>	<b>1 641 563.76</b>	<b>2 130 224.69</b>
<b>Total: Operational expenditure</b>	<b>148 280 000</b>	<b>141 355 374.09</b>	<b>6 924 625.91</b>	<b>20 100 665.42</b>
<b>Development</b>				
<b>Capital expenditure: Goods &amp; other services</b>				
022. Materials & supplies	1 040 000	1 039 999.50	0.50	-
027. Other services & expenses	8 800 000	8 356 343.76	443 656.24	-
<b>Total</b>	<b>9 840 000</b>	<b>9 396 343.26</b>	<b>443 656.74</b>	<b>-</b>
<b>Capital expenditure: Acquisition of assets</b>				
105. Feasibility studies, design and supervision	3 800 000	3 800 000.00	-	-
107. Construction, renovation and improvements	5 200 000	4 156 610.00	1 043 390.00	-
<b>Total</b>	<b>9 000 000</b>	<b>7 956 610.00</b>	<b>1 043 390.00</b>	<b>-</b>
<b>Total: Development expenditure</b>	<b>18 840 000</b>	<b>17 352 953.26</b>	<b>1 487 046.74</b>	<b>-</b>
<b>GRAND TOTAL</b>	<b>167 120 000</b>	<b>158 708 327.35</b>	<b>8 411 672.65</b>	<b>20 100 665.42</b>

## **1.4 NOTES TO THE FINANCIAL STATEMENTS**

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

#### **1.4.1.1 Underexpenditure**

##### **Main Division 01: Office of the Minister (N\$ 632 985.51 - 23.42%)**

Due to the fact that there were only two staff members, the spending and activities were limited. It is also realised now that the budget for the next financial year would be revised in order to avoid underspending again within the main division.

##### **Main Division 02: General Services (N\$ 1 865 124.28 - 18.73%)**

Seeing that the organisational structure was already approved, not all employees could have been appointed at once. This led to a big chunk of the underspending taking place within the remuneration part of the budget.

##### **Main Division 03: Policy, Social Support, Training and Skills Development (N\$ 3 552 404.46 - 2.53%)**

The amount underspent in this main division comes from the support package in the development budget and this is because the veterans were registered but not approved on time in order for the Ministry to identify the individual needs and to supply the Veterans with the necessary assistance.

##### **Main Division 04: Project Management and Liaison (N\$ 2 361 158.40 - 16.91%)**

To kick off with any project within the Ministry, an appropriate feasibility study needs to be done and this led to time being spent not as planned, which also led to money being unspent.

## **2. GENERAL INFORMATION**

### **2.2 Vehicle accidents**

The Accounting Officer reported twelve (12) vehicle accidents in respect of authorised use and one (1) in respect of unauthorised use. The (12) accidents caused damages to the value of N\$ 180 038.99, while the unauthorised use resulted in damages of N\$ 4 530.00. Nothing was recovered in respect of the unauthorized use during the financial year.

### **2.3 Bursary and study assistance**

The Ministry granted bursaries and study assistance to nine (9) staff members to an amount of N\$ 112 063.73 in various areas of study during the year under review.