



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF VETERANS AFFAIRS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

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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 2017 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 2018

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DEFINITIONS

Types of Audit Opinions:	<p>Unqualified Opinion. 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>Qualified Opinion. An auditor's report is qualified when there is either a limitation of scope in the auditor's work, or when there is a disagreement with management regarding application, acceptability or adequacy of accounting policies.</p> <p>Disclaimer Opinion. Auditor's 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.</p> <p>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.</p>
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.
Appropriation Act:	Estimate of expenditure and revenue for a particular financial year presented to the National Assembly, the Act passed by Parliament.
Appropriation Account:	Government Income and Expenditure statement, showing on receipt side the estimated budgeted amounts and on expenditure side the actual expenditure amounts and the difference thereof.
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.
Tender Board Exemptions:	To free from an obligation (Tender Board Regulations) to which others are subjected.
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) performance agreements and personal development plans)
Materiality:	Is a concept or convention relating to the importance or significance of an amount, transaction, or discrepancy that effects the decision of the user.

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF
MINISTRY OF VETERANS AFFAIRS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

1. REPORT ON THE FINANCIAL STATEMENTS

1.1 INTRODUCTION

This report on the accounts of the Ministry of Veterans Affairs for the financial year ended 31 March 2017 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.

I have audited the accompanying financial statements of the Ministry of Veterans Affairs for the financial year ended 31 March 2017. These financial statements comprise the following statements submitted for the year ended:

- Appropriation account;
- Standard subdivisions;
- Departmental revenue;
- Notes to the financial statements; and
- General information.

The appropriation account was submitted by the Accounting Officer 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.

1.2 MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENT

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 it necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

1.3 AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

Powers and Duties

Section 25(1)(c) of the State Finance Act, 1991, provides that the Auditor-General should satisfy himself/herself 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 controls.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinion.

1.4 KEY AUDIT FINDINGS

1.4.1 Unauthorised expenditure

The following undermentioned unauthorised 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 main division was exceeded with an amount of N\$ 71 946.00 which is unauthorized in terms of Section 6(a)(ii) of the Act.
- (ii) Although Treasury approval was obtained to utilise certain expected savings for the defrayal of expenditure through virements during the year, seven (7) operational sub-divisions were also exceeded with a total amount of N\$ 708 293.36 which is unauthorised in terms of Section 6(a)(iii) of the Act.

It is recommended that the Accounting Officer should implement budgetary control measures to avoid unauthorised expenditure in future.

Management comment

In his response on the draft report, the Accounting officer indicated that the Ministry agrees with the findings. The over-expenditure is due to the general ledger at the Ministry of Finance not posting transactions on time.

1.4.2 Virements

According to Treasury Instruction DE 0401 the “Accounting Officer shall keep a meticulous record of virements which were granted in respect of their votes, as, after the books have been closed for the financial year concerned they must indicate the effect on the estimated amounts on the appropriation accounts (whether an increase or decrease).”

Differences were noted between virements authorised by Treasury and the virements reflected in the Appropriation Account as follows, and no explanation was provided on the differences:

Main division	Virements as per Appropriation account	Authorized virements	Difference
	N\$	N\$	N\$
01. Office of the Minister	(54 794)	(59 843)	(5 049)
02. General Services	4 930 087	4 935 136	5 049

It is recommended that the Accounting Officer should provide an explanation for the differences and ensure that Treasury Instruction DE 0401 is complied with.

Management comment

In his response on the draft report, the Accounting Officer indicated that the Ministry is in agreement with the finding and that the difference was as a result of an oversight by the Ministry. The Ministry assures that Treasury Instruction DE0401 will be complied with.

1.4.3 Exemption from normal Tender procedures

The Accounting Officer reported approved Tender Board exemptions amounting to N\$ 838 808 000 for various goods and services for the period under review. However, the exempted amount under Subdivision 026: Property rental and related expenses have been exceeded with an amount of N\$ 2 055 148.09.

It is recommended that the Accounting Officer should put measures in place to ensure that the approved exemption is not exceeded.

Management comment

In his response on the draft report, the Accounting officer indicated that the viremented funds caused the subdivision to exceed the approved exempted amount.

1.5 ACKNOWLEDGMENT


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

1.6 UNQUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the Ministry of Veterans Affairs for the year ended 31 March 2017 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 present fairly in all material respects, the financial position of the Ministry of Veterans Affairs as at 31 March 2017 and its financial performance and its receipts and payments for the year then ended 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).

WINDHOEK, February 2018



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

ANNEXURE A

1. AUDITED FINANCIAL STATEMENT

1.1 Appropriation account

2016/2017						2015/2016
Service		Authorized expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure / (Excess)	Percent-age	
	N\$	N\$	N\$	N\$	%	N\$
01. Office of the Minister:						
Original budget	2 149 000.00					
Less: Virement	(54 794.00)					
Less: Suspension	(889 011.14)	1 205 194.86	1 158 285.34	46 909.52	3.89	2 213 660.40
02. General Services:						
Original budget	35 574 000.00					
Plus: Virement	4 930 087.00					
Less: Suspension	(4 835 279.80)	35 668 807.20	35 585 823.95	82 983.25	0.23	27 749 670.38
03. Policy, Heritage And social affairs:						
Original budget	828 297 000.00					
Less: Virement	(5 544 433.00)					
Less: Suspension	(81 691 164.20)	741 061 402.80	741 133 348.80	(71 946.00)	(0.01)	613 463 714.16
04. Development and Project planning:						
Original budget	44 967 000.00					
Plus: Virement	669 140.00					
Less: Suspension	(20 025 071.84)	25 611 068.16	24 565 088.03	1 045 980.13	4.08	36 978 268.29
Totals		803 546 473.02	802 442 546.12	1 103 926.90	0.14	680 405 313.23

ANNEXURE A (continued)

1.2 Standard subdivisions

Subdivision	2016/2017			2015/2016
	Authorised expenditure N\$	Actual expenditure N\$	Under-expenditure/ (Excess) N\$	Actual expenditure N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	33 019 442.11	33 315 476.43	(296 034.32)	32 624 869.38
002. Employer's Contribution to the G.I.P.F and M.P.O.O.B.P.F.	3 926 969.00	3 969 225.08	(42 256.08)	3 702 928.24
003. Other conditions of service	265 348.00	250 530.93	14 817.07	1 023 885.91
005. Employer's contribution to the Social Security	33 972.00	33 972.00	-	-
Total	37 245 731.11	37 569 204.44	(323 473.33)	37 351 683.53
Current expenditure: Goods and other services				
021. Travel and subsistence allowance	2 104 012.05	1 886 959.99	217 052.06	3 441 627.98
022. Materials and supplies	1 234 000.00	1 223 960.91	10 039.09	757 974.43
023. Transport	8 272 819.00	8 245 151.61	27 667.39	6 389 258.02
024. Utilities	5 751 000.00	5 744 676.54	6 323.46	4 067 145.30
025. Maintenance expenses	509 951.00	509 949.69	1.31	398 283.88
026. Property rental & related charges	3 102 679.00	3 102 678.12	0.88	209 448.16
027. Other services and expenses	4 771 451.72	4 738 409.83	33 041.89	6 279 823.12
Total	25 745 912.77	25 451 786.69	294 126.08	21 543 560.89
Current expenditure: Subsidies, grants and other transfers				
043. Government organisations	729 800 100.00	729 800 100.00	-	601 868 000.00
Total	729 800 100.00	729 800 100.00	-	601 868 000.00
Total: Current expenditure	792 791 743.88	792 821 091.13	(29 347.25)	660 763 244.42
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	1 187 425.14	1 187 422.98	2.16	1 311 869.02
Total: Capital expenditure	1 187 425.14	1 187 422.98	2.16	1 311 869.02
Total: Operational expenditure	793 979 169.02	794 008 514.11	(29 345.09)	662 075 113.44
Development:				
Capital expenditure: Acquisition of assets				
105. Feasibility studies, design and supervision	-	-	-	54 031.49
107. Construction, renovation and improvements	9 567 304.00	8 434 032.01	1 133 271.99	18 276 168.30
Total	9 567 304.00	8 434 032.01	1 133 271.99	18 330 199.79
Total: Development expenditure	9 567 304.00	8 434 032.01	1 133 271.99	18 330 199.79
GRAND TOTAL	803 546 473.02	802 442 546.12	1 103 926.90	680 405 313.23

1.3 Departmental Revenue

Revenue for the year is as follows:

Revenue head	Estimate	Actual revenue 2016/2017	More/(Less) than estimated	Actual revenue 2015/2016
	N\$	N\$	N\$	N\$
Private Telephone Calls	3 550	-	(3 550.00)	-
Miscellaneous	30 000	20 491.68	(9 508.32)	23 490.38
Parking Fees	2 640	-	(2 640.00)	-
Total	36 190	20 491.68	(15 698.32)	23 490.38

1.4 Notes to the financial statements

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

Underexpenditure

Main Division 01 - Office of the Minister (N\$ 46 909.52 – 3.89%)

Provision was made under the main division for Travel and Subsistence Allowance with an amount of N\$ 530 000 which was revised during the year to an amount of N\$ 256 988.86. The main division utilised only N\$ 210 087.50 which resulted in N\$ 46 901.36 not spend by 31 March 2017.

Main Division 04-Development and Project Planning (N\$ 1 045 980.13 – 4.08%)

Provision was made under the main division for Travel and Subsistence Allowance with an amount of N\$ 872 000 which was revised during the year to an amount of N\$ 784 683. The late posting of transaction by the Ministry of Finance caused the vote not to spend the saving as it was only made available after the 31st March 2017.

The main division made provision for the Acquisition/Construction of Offices for MOVA HQ & Regional Offices under Development budget of an amount of N\$ 19 000 000 which was revised to N\$ 3 216 304 and spend only N\$ 2 083 032.01.

The underspending is as a result of cumbersome process by the Ministry of Works and Transport in appointing the Principal Agent, Quantity Surveyors, Engineers and Contractors to start with construction of the Veterans Affairs Oshana Regional Office in Oshakati. The actual work at the project only started in the middle of the financial year and because the contractors are paid on the certified actual work done, the budgeted amount could not be utilized as planned.

In the last month of the financial year, Veterans Affairs made an application for an external virement from the subdivision 107 which the National Planning Commission recommended, however the Ministry of Finance rejected the application. The purpose of external virement was to cover the shortfall experienced by one capital project in the same main division.

2. GENERAL INFORMATION

2.1 Fund Account

The Accounting Officer reported a closing balance of N\$ 56 709 719.60 of the Veterans Fund Account as at 31 March 2017.

2.2 Compensation Payments (Valid Claims against the State)

The Accounting Officer reported an amount of N\$ 35 000 in respect of compensation payments (valid claims against the State) during the year under review.

2.3 Outstanding Commitments

The Accounting Officer reported outstanding commitments to the amount of N\$ 8 979 612.78 during the year under review.

2.4 Capital projects

The following were the development projects for the year under review:

Nature of Project	Approved total budget	Total expenditure as at 31/03/2016	Approved appropriation 2016/2017	Actual expenditure 2016/2017	Total expenditure at 31/03/2017	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Construction of Veterans Houses	68 183 000	49 087 807.32	3 500 000	3 500 000.00	52 587 807.32	31/03/2019
Acquisition/Construction of Offices for MoVA HQ and Regional Offices	69 945 000	12 683 543.32	3 216 304	2 083 032.01	14 766 575.33	31/03/2019
Construction of Veterans Recreational Facilities at Onesi	369 730 000	3 874 005.83	2 851 000	2 851 000.00	6 725 005.83	31/03/2019
Total	507 858 000	65 645 356.47	9 567 304	8 434 032.01	74 079 388.48	

2.5 Exemptions from normal Tender procedures

The Accounting Officer obtained the following exemption from normal Tender Board procedures for acquiring goods and services valued at N\$ 838 808 000:

Exemption number	Good and services	Approved exemption	Actual expenditure	Difference
		N\$	N\$	N\$
E1/31-01/2016	021: Travel and subsistence expenses	3 077 000	399 140.77	2 677 859.23
	022: Materials and supplies	1 269 000	922 418.27	346 581.73
	024: Utilities	4 751 000	4 254 838.12	496 161.88
	025: Maintenance	515 000	458 264.04	56 735.96
	026: Property rental and related expenses	920 000	2 975 148.09	(2 055 148.09)
	027: Other services and expenses	5 401 000	3 732 898.30	1 668 101.70
	043: Veterans Fund	817 875 000	729 800 100.00	88 074 900.00
	032-107: Development	5 000 000	3 500 000.00	1 500 000.00
	Total	838 808 000	746 042 807.59	92 765 192.41

2.6 Donations to the Government

The Accounting Officer reported that during the financial year under review, the Office received the donations of 158 x Nokia 100 mobile devices including starter pack from Telecom Namibia valued at N\$ 42 759.02 with the necessary Treasury approval.

2.7 Stocktaking

The Accounting Officer reported that the value of stock on hand as at 31 March 2017 for all the fourteen (14) stock points amounted to N\$ 7 124 724.85.

2.8 Vehicles

The Accounting Officer reported that the Office had forty-eight (48) Government fleet vehicles on hand at the end of the 2016/2017 financial year.

2.9 Bursary and Study Assistance

The Accounting Officer reported that during 2016/17 financial year, the Office provided study assistance to five (5) staff members amounting to N\$ 54 115.

2.10 Suspense Accounts

The Office had the following outstanding balances on six (6) suspense accounts at 31 March 2017 of which all had credit balances:

Description	Balance as at 31 March 2017
	N\$
Receipt suspense	(5 709.98)
S&T advance suspense account	(198 062.48)
Rejection account	(31 628.67)
Bills payable	(397 865.45)
Pension funds: GIFP	(403.64)
Electronic Fund Transfer Clearing Account (EFT)	(1 159.50)

WINDHOEK, 18-10-2017

AMBASSADOR HOPELONG IPINGE
ACCOUNTING OFFICER