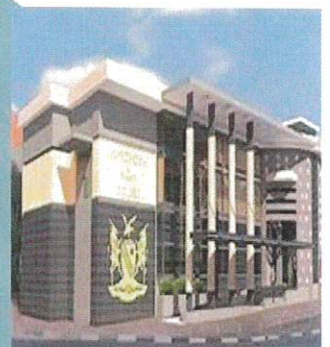




**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**

# **DEPARTMENT OF WORKS OF THE MINISTRY OF WORKS AND TRANSPORT**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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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 Transport of the Ministry of Works and Transport for the financial year ended 31 March 2023 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".

**WINDHOEK, MARCH 2024**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

2014

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**Definitions:**

<b>Treasury:</b>	Financial authority in public service. (The department of Government that has control over the collection, management and disbursement of public revenue).
<b>Vote:</b>	Represents an Office/Ministry/Agency.
<b>Appropriation Act:</b>	Estimate of expenditure and revenue for a particular financial year presented to the National Assembly, the Act passed by Parliament.
<b>Appropriation Account:</b>	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.
<b>Standard sub-division:</b>	Government Balance account, showing balances incurred on each account/activity.
<b>Suspension:</b>	Reduction on budget (Treasury may from time to time withhold or suspend any amount in an estimate of expenditure).
<b>Virement:</b>	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.
<b>Unauthorised Expenditure:</b>	Expenditure that exceeds the amount appropriated (budgeted) for a vote, main division or subdivision.
<b>Under expenditure:</b>	Saving on the budget.
<b>Miscellaneous Revenue:</b>	All revenue collected and not having a specified revenue code.
<b>Commitments:</b>	Funds reserved to acquire goods or services from a supplier.
<b>Suspense accounts:</b>	Is an account opened in the books of Government that records movement of transactions of a temporary nature, for example salary deductions of housing instalments.
<b>S&amp;T Advance Suspense Account:</b>	A suspense account reflecting the outstanding subsistence and travel advances.
<b>Rejection Account:</b>	A suspense account reflecting names and balances of all persons/companies that owe money to the State.
<b>Budget:</b>	Is an estimation of the revenue and expenses over a specified future period of time.
<b>Subsistence Advance:</b>	Payment given in advance to an employee to reimburse accommodation, meal and incidental expenses, while on official assignment.



<b>Performance Information:</b>	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).
<b>Key performance indicator (KPI):</b>	A measurable value used to monitor and demonstrates how effectively an organization is achieving key business objectives.
<b>International Standards of Supreme Audit Institutions (ISSAI):</b>	Professional standards and best practice guidelines for public sector auditors, officially authorised and endorsed by the International Organisation of Supreme Audit Institutions (INTOSAI).
<b>Types of Audit Opinions:</b>	<p><b>Unqualified Opinion.</b> In an unqualified report, the auditors conclude that the financial statements of O/M/A's present fairly its affairs in all material aspects.</p> <p><b>Qualified Opinion.</b> 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><b>Disclaimer Opinion.</b> Auditors 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><b>Adverse Opinion.</b> The Financial statements of an O/M/A 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>
<b>Reasonable Assurance:</b>	It is when the audit conclusion is expressed positively, conveying that, in the auditor's opinion, the subject matter is or is not compliant in all material respects or, where relevant, that the subject matter information provides a true and fair view, in accordance with the applicable criteria.
<b>Limited Assurance:</b>	It is when the audit conclusion states that, based on the procedures performed nothing has come to the auditor's attention to cause the auditor to believe that the subject matter is not in compliance with the criteria.
<b>Direct reporting engagement:</b>	It is when an auditor measures or evaluates the subject



	<p>matter against the criteria. The auditor is responsible for producing the subject matter information. The auditor selects the subject matter and criteria, taking into consideration risk and materiality. By measuring the subject matter evidence against the criteria, the auditor is able to form a conclusion.</p>
<b>Attestation engagement:</b>	<p>It is when a responsible party (the entity) measures the subject matter against the criteria and presents the subject matter information, on which the auditor, then gather sufficient and appropriate audit evidence to provide a reasonable basis for forming a conclusion.</p>
<b>Subject matter:</b>	<p>Refers to the information, condition or activity that is measured or evaluated against certain criteria.</p>
<b>Materiality:</b>	<p>Is a concept or convention relating to the importance or significance of an amount, transaction, or discrepancy that affects the decision of the user.</p>
<b>OMA:</b>	<p>Office/Ministry/Agency</p>
<b>IFMS:</b>	<p>Integrated Financial Management System</p>



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE DEPARTMENT OF  
TRANSPORT OF THE MINISTRY OF WORKS AND TRANSPORT FOR THE  
FINANCIAL YEAR ENDED 31 MARCH 2023**

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**1. SECTION A: FINANCIAL AUDIT**

**1.1 QUALIFIED AUDIT OPINION**

I have audited the financial statements of the Department of Transport of the Ministry of Works and Transport for the year ended 31 March 2023 provided by the Accounting Officer as attached in Annexure A. These financial statements comprise the Appropriation account, Standard subdivisions, Departmental revenue for the year then ended, and notes to the financial statements, and general information for the financial year then ended 31 March 2023.

In my opinion, except for the matters described in the Basis for Qualified Audit Opinion the financial statements of the Department of Transport of the Ministry of Works and Transport as at 31 March 2023 are prepared, in all material respects, in accordance with Section 12 and 13 of the State Finance Act, 1991 (Act 31 of 1991) and relevant legislation.

**1.2 BASIS FOR QUALIFIED 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 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 qualified opinion. My opinion has been qualified based on the following:

**1.2.1 Permanently allocated vehicles (Government Garage)**

The Accounting Officer did not submit the annual statement for all Government vehicles owned/managed by the Department of Transport for the financial year under review which should indicate the total number and value of vehicles owned by the Government. This matter has also been reported in the annual audit report for the 2021/2022 financial year.

It is recommended that the Accounting Officer should ensure that the annual statement and register of all Government vehicles is kept and submitted for audit purposes.

**Management comment**

No comment was provided by the Accounting Officer.

### 1.2.2 Incorrect standard subdivision charged

According to Treasury Instruction DL 0101, expenditure should be charged to the standard subdivisions under which they belong.

The audit found that eighteen (18) payments amounting to N\$ 23 955 683.65 were paid from the wrong standard subdivisions contrary to Treasury Instruction DL 0101.

It is recommended that the Accounting Officer should ensure that these payments are paid from the correct standard subdivision.

#### Management comment

The Accounting Officer acknowledge the finding and the Department has taken measures that items are budgeted according to the appropriate standard subdivision for the 2023/2024 financial year.

### 1.2.3 Invoices from previous years paid in 2022/2023 financial year

Treasury Instructions FD 0506 states that “ *An Accounting Officer shall make every endeavour to ensure that payment for all authorised services and all deliveries received to be defrayed from amounts voted for that year, is effected before the end of the financial year*”.

The audit found that nine hundred and seventy three (973) invoices for goods and services rendered between 2012/2013, 2018/2019, 2020/2021 and 2021/2022 financial years, amounting to N\$ 90 911 656.13, were paid during the financial year under review without Treasury approval.

It is recommended that the Accounting Officer should ensure that invoices from previous financial years are paid during the financial year in which they are budgeted.

#### Management comment

The Accounting Officer indicated that the Ministry confirms the finding. The Department picked up an error on invoice dates that was used and invoice date and month was mixed up resulting in them falling in the wrong financial year. Most of them are utility payments that are paid monthly and are received after the Ministry of Finance and Public Enterprises has closed the system for payment.

### 1.2.4 Revenue -Government Garage Trade Account

The Accounting Officer did not provide the following requested information, which should have been used to perform the audit on revenue from pooling/hiring of vehicles to OMA's as well as from permanently allocated vehicles for Government Garage for the financial year under review:

No.	Information not submitted
1.	Fuel statement from the bank and proof of revenue recovery for 2022/2023 financial year for Pool vehicles;
2.	Fuel statement from the bank and proof of revenue recovery for 2022/2023 financial year for permanently allocated vehicles; and
3.	Summary of all outstanding invoices for the 2022/2023 financial year.

It is recommended that the Accounting Officer should ensure that requested information is kept and provided for audit purposes at all times.

**Management comment**

No comment was provided by the Accounting Officer.

**1.2.5 Same invoice reference number paid**

The audit found that the Department of Transport made nine (9) payments amounting to N\$ 62 629.85 for services rendered , however, these invoice reference numbers are the same with invoices already paid.

It is recommended that the Accounting Officer should ensure that duplicate payments are avoided and should further ensure that all overpayments be refunded to the Department.

**Management comment**

No comment was provided by the Accounting Officer.

**1.2.6 Accidents – Cost of damages**

a) Treasury Instruction BB 0101(i) states that “ *An Accounting Officer who, under Section 8 the Act, is charged with the general financial administration of a vote and State moneys under his control, shall be responsible for the accuracy of the accounting records, accounts and other financial documents under his control*”

i) The audit found discrepancies between the closing balance as at 31 March 2022 and the opening balance as at 01 April 2022 for vehicles still to be repaired as follows:

Description	Balance as at 31 March 2022	Balance as at 01 April 2022	Variance
Vehicles to be repaired	1	10	9
Estimated repair cost (N\$)	2 795.65	68 770.32	65 974.67

It is recommended that the Accounting Officer should ensure that the opening and closing balances agree.

ii) The Accounting Officer reported that the Department of Transport incurred a total amount of N\$ 99 610.34 to repair seven (7) vehicles during the financial year under review, and that fourteen (14) vehicles were involved in accidents with an estimated cost of damage amounting to N\$ 332 583.50. However, the auditors were not provided with expenditure vouchers, quotations for cost estimates and accident reports to verify the accuracy of the reported actual expenditure, estimated cost and accidents.

It is recommended that the Accounting Officer should ensure that the expenditure vouchers, quotations for lost items and accident reports are provided for audit purposes at all times.

**Management comment**

No comment was provided by the Accounting Officer.

### **1.2.7 Petty Cash – Local and Foreign Currency**

The Accounting Officer did not report the reimbursement amounts for petty cash both local and foreign currencies in the annual statement provided for audit. Furthermore, the audit found a total amount of payments made from foreign currency amounting to N\$ 130 359.00. However, the Accounting Officer reported an amount of N\$ 76 770.00 resulting in an unexplained difference of N\$ 53 589.00.

It is recommended that the Accounting Officer should ensure that the reimbursement amounts are disclosed/reported in the annual statement. Furthermore, the Accounting Officer should ensure that correct payment amounts are disclosed or recorded.

#### **Mangement comment**

No comments were provided by the Accounting Officer.

### **1.2.8 Suspense accounts**

Treasury Instruction FD 0702 state that the *“Accounting Officer shall keep auxiliary registers (superfluous) to enable them to reconcile the suspense account placed under their control with the ledger accounts”*.

#### **(i) Bills payable**

The Bills payable suspense account reflected a debit balance of N\$ 517 881.35 as at 31 March 2023 instead of a credit balance.

The Accounting Officer should ensure that reconciliations are conducted to avoid the Bills payable suspense account having a debit balance instead of a credit balance.

#### **(ii) Receipt suspense account**

The Receipt Suspense Account reflects a credit balance of N\$ 470 029.61 which is an indication that revenue received and deposited was not allocated and disclosed to the respective revenue heads and no explanation provided.

The Accounting Officer should ensure that reconciliations are conducted to allocate the revenue to the correct respective revenue heads.

#### **(iii) Rejection suspense account**

The rejection suspense account reflects a closing credit balance of N\$ 11 791.73, whereas this suspense account should have a debit balance to reflect total outstanding debt within the Department.

It is recommended that the Accounting Officer should ensure that this suspense account is having a credit balance instead of a debit balance.

**Management comment**

The Accounting Officer acknowledges the audit finding and will ensure that the Department will continue to reconcile and balance them accordingly.

**iv) Unexplained suspense accounts closing balances**

The following suspense accounts are having closing balances as indicated below:

Description	Balance as at 31 March 2023 Debit/ (Credit)
	N\$
Government Garage Trade Account	173 990 185.75
Air Transport Services Trade Account	2 922 710.42
Petty cash	62 550.00
Government Garage Vehicle Replacement	(40 193.04)
Electronic fund transfer clearing (EFT)	(369 378.56)

It is recommended that the Accounting Officer should provide a detailed analysis of what constitutes the balances.

**Management comment**

No comment was provided by the Accounting Officer.

- v) The S&T Advance suspense account reflects a debit balance of N\$ 1 266 928.31 as at 31 March 2023, however, the Accounting Officer did not disclose what constitutes the balance.

It is recommended that the Accounting Officer should provide/disclose the detail for what constitutes the balance.

**Management comment**

No comment was provided by the Accounting Officer.

**1.2.9 Bank accounts**

- i) The Accounting Officer did not report the Trans – Kalahari Project bank account which had a credit balance of N\$ 57 307 042.65 as at 31 March 2023 as per the General Ledger Cashbook. Furthermore, the Accounting Officer did not provide/submit the listed document for this bank account for audit purposes:

- 1) Cashbook and Bank statement reconciliation of the opening and closing balances;
- 2) Income and expenditure statement for the financial year under review;
- 3) Bank statements for April and March for the year under review; and
- 4) Cash books for April and March for the financial year under review.

It is recommended that the Accounting Officer should ensure that the listed information is kept and provided for audit purposes.

**Management comment**

The Accounting Officer is in agreement that the account is audited by the Auditor-General of both countries Botswana and Namibia. The account was opened under the guideline of the bilateral agreement between member states.

ii) The Accounting Officer did not provide expenditure vouchers for Government Air Transport services (credit card) bank account for audit purposes.

It is recommended that the Accounting Officer should ensure that the expenditure vouchers are kept and provided for audit purposes.

**Management comment**

No comment was provided by the Accounting Officer

**1.2.10 Aircraft**

Treasury Instruction BB 0101(h) states, *“An Accounting Officer who, under Section 8 of the State Finance Act (Act 31 of 1991), is charged with the general financial administration of a vote and State moneys under his/her control, shall be responsible for the submission, to the Auditor-General, of a voucher, or order given in terms of Section 25(1)(c)(iv) of the Act, for each payment made by him/her from the State monies”.*

The Accounting Officer did not provide the following supporting documents for the Aircraft expenditure:

<b>Information not submitted</b>	<b>Amount</b>
	N\$
Payment vouchers for fuel expenditures	10 982 612.22
Payment vouchers and proof of payments for Maintenance service plan (MSP), auxiliary power unit(AUP)	5 790 561.38
Payment vouchers and proof of payments Engine service plan (ESP)	6 205 824.60
<b>Total</b>	<b>2 297 8998.2</b>

The Accounting Officer did not submit the Income and Expenditure statement as required by Circular D12/2023 of the Auditor-General for audit purposes.

It is recommended that the Accounting Officer should provide the Income and Expenditure statement as well as the supporting documents for audit purposes.

**Management comment**

No comment was provided by the Accounting Officer

### 1.2.11 Non - submission of annual statements

State Finance Act 31 of 1991, Section 26 (1)(b)(i) states that *“Whenever the Auditor – General performs his or her duties in terms of this Act, the Auditor – General or any competent person employed in the office of the Auditor General shall have access to all books, vouchers, other documents, money, stamps, securities, forms having a face or potential value, equipment, stores and other movable goods owned or leased by the State or the statutory institution concerned, in the possession under the control of any person and which the Auditor General deems necessary for an investigation, examination and audit in terms of this Act”*.

The Accounting Officer did not submit the following annual statements to the Auditor-General for audit purposes:

Revenue Outstanding (Statement 8.1)
Revenue Exempted (Statement 8.2)
Operation/Trade Account – Government Garage (Statement 12)
Commission of Inquiry (Statement 17.1)
Ministerial committees of Inquiry (Statement 17.2)
External (Donor) funded projects (Statement 22.2)
Losses through irregularities - Persons outside the Government (Statement 38.1.2)
Loss or damages through unavoidable causes (Statement 38.1.3)

It is recommended that the Accounting Officer should ensure that annual statements are submitted for audit purposes.

#### Management comment

No comment was provided by the Accounting Officer.

### 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 no key audit matters to report on.

### 1.4 EMPHASIS OF MATTERS

Attention is drawn to the management on the following matters that relate to my responsibility in the audit of the financial statements, as disclosed by the Department of Transport of the Ministry of Works and Transport in the financial statements. My opinion is not modified in respect of these matters:

#### 1.4.1 Filing system -Government Garage Trade Account

The audit found that there is no proper filing system at the Government Garage, as a result it has negatively affected the execution of the revenue audit.

It is recommended that the Accounting Officer should ensure that the Department of Transport maintains a proper filing system at the Government Garage.

**Mangement comment**

The Accounting Officer indicated that the Department has encountered technical issues with its fleet management system. However, a new system has been acquired and is in the final stage of migration. As a result, accurate data will only be available in fiscal year 2024/2025.

**1.5 OTHER INFORMATION**

Management is responsible for the other information. My opinion on the financial statements does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **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 Department of Transport in the Ministry of Works and Transport for the financial year ended 31 March 2023.

#### **2.2 Description of the subject matter information and audit scope**

The audit aimed to determine whether the Department of Transport in the Ministry of Works and Transport used the appropriated funds in compliance with the Appropriation Act, 2022 (Act 2 of 2022), Appropriation Amendment Act, 2022 (Act 7 of 2022), State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015); Treasury Instructions and Public Procurement Regulations during the financial year ended 31 March 2023.

#### **2.3 Audit objective**

The objective of this compliance audit is to verify and assess whether the Department of Transport in the Ministry of Works and Transport has complied with all laws and regulations that have an impact on the financial statements in accordance with the ISSAIS. This audit is an attestation engagement where the Department 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.

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, 2022 (Act 2 of 2022);
- Appropriation Amendment Act, 2022 (Act 7 of 2022);
- 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 2023 submitted by the Accounting Officer in order to determine whether this information complied with laws and regulations that governs them.

## 2.6 BASIS FOR QUALIFIED AUDIT OPINION

### 2.6.1 Underexpenditure

Tresury Instructions DC 0202 (a) state that *“When drawing up draft estimates Accounting Officers and their financial advisers shall take note of and against more funds than can be spent shall not be requested”*.

It was noted that the total budget for the Department of Transport was underspent with an amount of N\$ 253 295 488.73 – (8.06%). This money could have been utilized for other projects.

It is recommended that the Accounting Officer should put measures in place to avoid underexpenditure and should ensure that all planned programs are implemented.

#### Management comment

No comment was provided by the Accounting Officer

### 2.6.2 Unauthorised expenditure

The following unauthorized expenditure occurred during the financial year under review and is hereby reported as such in terms of Section 27(6) (a) of the State Finance Act, 1991 (Act 31 of 1991):

Although Treasury approval was obtained to utilise certain expected savings for the defrayal of expenditure through virements during the year, nine (9) operational sub-divisions were exceeded with a total amount of N\$ 733 839.03 which is unauthorised in terms of section 6 (a) (iii) of the Act.

It is recommended that the Accounting Officer should closely monitor and review the financial position of the Department on a continuous basis and take appropriate action timeously to avoid unauthorised expenditure in future. Furthermore, if specific activities are expected to exceed the budgeted funds due to unforeseen circumstances, funds should be viremented from activities where savings are expected.

#### Management comment

No comment was provided by the Accounting Officer.

### 2.6.3 Outstanding subsistence advances

a) Treasury Instruction BB 0101(i) states that *“ An Accounting Officer who, under Section 8 the Act, is charged with the general financial administration of a vote and State moneys under his control, shall be responsible for the accuracy of the accounting records, accounts and other financial documents under his control.”*

- i) The Debit balance list reflects a total amount of N\$ 666 103.04, while the S&T Advance suspense account is having a balance of N\$ 1 266 928.31 leaving an unexplained difference of N\$ 600 825.27. Furthermore, the Accounting Officer reported the outstanding subsistence advances amounting to N\$ 670 989.91 at 31 March 2023 while the debit balance list reflects a total amount of N\$ 666 103.04 leaving an unexplained difference of N\$ 4 886.87.

It is recommended that the Accounting Officer should conduct regular reconciliations to avoid unexplained differences.

**Management comment**

No comment was provided by the Accounting Officer.

- ii) The Accounting Officer reported that five (5) staff members were transferred to the Office of the President under the Directorate of Government Air Transport Services, however, they had outstanding subsistence advances amounting to N\$ 413 733.91. The audit could not verify the correctness of the annual statement provided for audit purposes as the Accounting Officer did not provide the detailed transaction history, statement of account and proof of transfer for audit purposes.

It is recommended that the Accounting Officer should provide the supporting documents for audit purposes at all times.

**Management comment**

No comment was provided by the Accounting Officer.

- b) Treasury Instructions HB 0505 states that *“A claim for subsistence and other anticipated expenditure shall be submitted within 30 days after a person return to his headquarters and monthly by a person who is elsewhere for a longer period”*. Furthermore, Treasury Instructions HB 0506 state that *“where a person neglected to submit a claim for subsistence and other anticipated expenditure withing 30 days after the returned to his headquarters, the outstanding amount on an advance against his claims shall be deducted monthly from his/her salary starting from the next month”*.

The audit found that fiveteen (15) staff members’ claims amounting to N\$ 194 098.82 were not submitted within the prescribed period as stipulated in the Treasury Instruction.

It is recommended that the Accounting Officer should ensure that Treasury Instruction HB 0505 and HB 0506 is complied with.

**Management comment**

No comment was provided by the Accounting Officer.

**2.6.4 Donations to Government**

Treasury Instruction MA 0105 states that *“The Auditor General shall be notified of each donation or grants to the State, whether in cash or in kind, immediately after receipt thereof by the ministry receiving it, and the receipt number, the value or estimated value thereof, the full financial implications (expenses) thereof intended in T.I. M A 0101 (g) and catalogue or stock register folio on which the donation or grant was taken on charge, shall be stated”*.

The Accounting Officer reported that the Department of Transport received a donation of a motor vehicles from Gesellschaft Fur International Zusammenarbeit (GIZ) valued at N\$ 102 300.00 during the financial year under review. Treasury approved the acceptance of the donation during the 2020/2021 financial year, however the audit found that the donation is only being reported in the financial year under review.

It is recommended that the Accounting Officer should ensure that donations are reported to the Auditor-General immediately when it was received as required by Treasury Instruction MA 0105.

**Management comment**

No comment was provided by the Accounting Officer.

**2.6.5 Movable properties transferred within Government**

Treasury Instruction BB 0101(i) states that “ *An Accounting Officer who, under Section 8 the Act, is charged with the general financial administration of a vote and State moneys under his control, shall be responsible for the accuracy of the accounting records, accounts and other financial documents under his control.* ”

The Accounting Officer submitted a nil annual statement on movable property transferred within Government. However, the audit found that Treasury has approved the Department of Transport to transfer the movable properties valued at N\$ 535 713 191.38 to the Office of the President during the financial year under review.

It is recommended that the Accounting Officer should ensure that all transfers are correctly reported and accounted for.

**Management comment**

The Accounting Officer acknowledged the finding and indicated that it was an omission.

**2.6.6 Debt to Government**

a) Treasury Instruction BB 0101(i) states that “ *An Accounting Officer who, under Section 8 the Act, is charged with the general financial administration of a vote and State moneys under his control, shall be responsible for the accuracy of the accounting records, accounts and other financial documents under his control.* ”

The audit found discrepancies in the Debt to Government balances reported by the Accounting Officer and the amounts audited in the annual statement as follows:

<b>Description</b>	<b>Recovered amounts during the year</b>	<b>Outstanding balances as at 31 March 2023</b>
	N\$	N\$
Accounting Officers report	122 795.19	764 846.75
Audited amount	136 156.43	618 169.89
<b>Variance</b>	<b>(13 361.24)</b>	<b>146 676.86</b>

It is recommended that the Accounting Officer should ensure that correct information is submitted for audit purposes.

**Management comment**

No comment was provided by the Accounting Officer.

- b) Treasury Instructions HC 1001 states that *“Provided that it can be organized to the satisfaction of the Accounting officer, excess payments of salaries, wages, and allowances may be recouped by means of monthly instalments within a maximum of 12 months, calculated from the date on which the relevant person was informed in writing about the excess payment. In determining the period of payment, the person’s financial position shall be duly taken into account, and should it be found that more than 12 instalments are justified, authorization from Treasury should be obtained.”*

The Accounting Officer reported a principal debt amounting to N\$ 627 231.13 for seven (7) staff members with a term of redemption period exceeding 12 months. However, no Treasury approval was provided for audit purposes.

It is recommended that the Accounting Officer should ensure that Treasury Approval is obtained and submitted for audit purposes.

**Management comment**

No comment was provided by the Accounting Officer.

**2.6.7 Annual stocktaking**

- i) Treasury Instruction KA 0901 states that *“Stores, equipment and livestock shall be subjected to stocktaking at least once each financial year and the accounting officer shall submit the report thereon (as intended in T.I. K A 0905) to Treasury for approval as soon as possible after the stocktaking, but in any case within 30 days after the end of the financial year concerned”.*

The Accounting Officer reported that stock taking was conducted from 05 - 08 March 2023 at the Weather Bureau Windhoek and the stock taking report was submitted late to Treasury for approval.

It is recommended that the Accounting Officer should ensure that reports are not submitted late to Treasury for approval.

**Management comment**

No comment was provided by the Accounting Officer.

**2.6.8 Fixed assets register – Immovable assets**

Treasury Instruction KK 0102 state that *“Register reflecting all immovable state property must be kept at the head office of the ministries concerned as well as their regional offices”.*

The Accounting Officer submitted a Nil statement while the Department owns/manages immovable properties (houses, flats, GRN garages etc).

It is recommended that the Accounting Officer should ensure that registers are kept which listed and recorded all fixed assets and submitted for audit purposes.

**Management comment**

No comment was provided by the Accounting Officer.

**2.6.9 Katima Mulilo Government Garage Audit**

During the financial year under review, an asset inspection was conducted at Katima Mulilo Government Garage and the audit found the following anomalies:

- a) Chapter 4, paragraph 4.2.6.10.8 of the Unified Stock Control Manual stipulates that *“the central vehicle register must be updated by the issuing depot/unit as well as the receiving unit”*.
- i) The audit found that twenty two (22) vehicles in the Central Government Garage register were allocated to Katima Mulilo Government Garage, however, these vehicles are not in the vehicle register at Katima Mulilo Government Garage.

It is recommended that the Accounting Officer should provide evidence (supporting documents) that these vehicles were auctioned in October 2023. Furthermore, the Accounting Officer should provide evidence that the rest of the vehicles are indeed on the Katima Mulilo Government Garage register.

**Management response:**

This can be viewed as an administrative incident caused by the vehicles transferred by OMAs or returned/surrendered to the Katima Mulilo Garage. These vehicles were auctioned in October 2023, hence, they were removed from Katima Mulilo Garage register and not on the Central Government Garage since the process was still on-going. The rest of the vehicles are on Katima Mulilo Government Garage register. The possibility of mishandling of papers might have led to the misplacement of the page where these vehicles appear.

**Audit comment**

The evidence was not provided at the time of writing the report.

- ii) The audit found that various vehicles are not functioning due to mechanical problems. The audit team was informed that the vehicles are parked for a longer period as the required parts to repair vehicles were not procured on time in order to enable the artisans to repair the vehicles.

It is recommended that the Accounting Officer should ensure that vehicles are repaired on time.

**Management response:**

Procurement of spare parts remain centralized and the lengthy administrative procurement led to massive backlog. The aged fleet has also resulted in frequent repairs.

- b) Chapter 4 of the Unified Stock Control Manual explain in details on how the vehicles should be accounted (recording the details of the vehicles, components and accessories) at the issuing unit and receiving unit.

The audit found that receipt vouchers of eleven (11) pool vehicles were not found in the vehicle files, therefore, the audit could not verify the correctness of the quantity and types of accessories, make, engine numbers and VN numbers for the vehicles delivered at the Katima Mulilo Government Garage.

It is recommended that the Accounting Officer should ensure that the quantity and types of accessories, make, engine numbers and VN numbers of the vehicles are properly accounted for (recorded) upon vehicles being received by the regional Government Garage.

**Management response:**

Administrative human error will be improved as required by the Unified Stock Control Manual.

**2.6.10 Rundu Government Garage Audit**

During the financial year under review, an asset inspection was conducted at the Rundu Government Garage and the audit found the following anomalies:

- a) Chapter 4, paragraph 4.2.6.10.8 of the Unified Stock Control System stipulates that *"the central vehicle register must be updated by the issuing depot/unit as well as the receiving unit"*.

Two (2) vehicles in the Central Government Garage register were allocated to Rundu Government Garage, however, these vehicles are not in the vehicle register at Rundu Government Garage pool vehicles.

It is recommended that the Accounting Officer should ensure that these vehicles are in the Rundu Government Garage vehicle register.

**Management response:**

The registered numbers were among the vehicles that keep on popping up through the aged fleet system whenever it crashes. Accountability remains for the State assets.

- b) The audit found that various vehicles are not functioning due to mechanical problems. The audit team was informed that the vehicles are parked for a longer period as the required parts to repair vehicles were not procured on time in order to enable the artisans to repair the vehicles.

It is recommended that the Accounting Officer should ensure that vehicles are repaired on time.

**Management response:**

Procurement of spare parts remain centralized and the lengthy administrative procurement led to massive backlog. The aged fleet has also resulted in frequent repairs.

- c) Chapter 4 of the Unified Stock Control Manual explains in detail on how the vehicles should be accounted for (recording the details of the vehicles, components and accessories) at the issuing unit and receiving unit.

The audit did not find receipt vouchers of pool vehicles in the vehicle files, therefore, the audit could not verify the correctness of the quantity and types of accessories, make, engine numbers and vehicle identification numbers for the vehicles upon vehicles were delivered at the regional Government Garage.

It is recommended that the Accounting Officer should ensure that the quantity and types of accessories, make, engine numbers and VN numbers of the vehicles are properly accounted for (recorded) upon vehicles are received by the regional Government Garage.

**Management response:**

Administrative human error will be improved as required by the Unified Stock Control Manual.

d) Treasury Instruction KA0603 state that "any loss the state may suffer as a result of improper storage, custody or care may be recovered from the official responsible".

During the audit, the audit team found that the vehicles listed below parked in the Government garage yard had missing parts/accessories:

Registration no.	Make	Accessories/Parts missing
GRN 6064	Toyota	Battery and clutch
GRN 33259	Nissan	Battery
GRN 4578	Toyota	Spotlight, Canopy window, right front door window controller and side rear mirrors (x2)
GRN 33066	Isuzu	Battery and front door window controller
GRN 32058	Isuzu	Battery and engine
GRN 1403	Toyota	Battery
GRN 33006	Toyota	Rear lights (x2)
GRN 32816	Toyota	Rear lights (x2)
GRN 5074	Toyota	Left side rear mirror
GRN 3357	Mazda	Engine top (cylinder block) and car radio

It is recommended that the Accounting Officer should ensure that missing parts are documented or recovered for what reasons they were removed.

**Management response:**

The missing parts were removed due to non-functional especially batteries and they were auctioned while others were removed for repairs that were involved in accidents and ordering of parts were send.

**Audit comment**

Evidence was not provided for the reasons why spare parts were removed.

e) Treasury Instruction KA 0605 stipulates that "A list of missing articles shall be drawn up immediately and forwarded by the official in charge of stores, equipment and livestock to the police and head office together with a written report".

During physical inspection of vehicles, the audit team was provided with keys of vehicles for inspection and counting of the vehicles in the Government Garage, however, these vehicles could not be verified as they were not found an the Government Garage premises.

It is recommended that the Accounting Officer should ensure that movement of vehicles are documented at all times.

**Management response:**

These vehicles were issued to OMAs while others were in the field with Namibia Statistic Agency.

### **Audit comment**

The auditors were not provided with the detailed movement of vehicles.

### **2.7 QUALIFIED AUDIT OPINION ON THE SUBJECT MATTER**

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the Department of Transport in the Ministry of Works and Transport's financial performance and the use of appropriated funds is in compliance, in all material respects, with the State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015), Appropriation Act, 2022 (Act 2 of 2022), Appropriation Amendment Act, 2022 (Act 7 of 2022), Treasury Instructions and Public Procurement Regulations.

## **3 AUDIT OF PERFORMANCE INFORMATION**

### **3.1 DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND AUDIT SCOPE**

A Performance Management System (PMS) is as a systematic process for achievement and improvement in obtaining results from an organization and its staff members by managing performance within an agreed framework consisting of objectives, outputs, key performance indicators (KPIs) and timeliness.

The primary function of the PMS is to enable Offices, Ministries and Agencies (OMAs) to achieve success in National Development Plans (NDP) and provide improvements in service delivery to the public.

### **3.2 AUDIT OBJECTIVE**

The objective of the Key Performance Indicator (KPI) audit is to provide assurance on whether the reported performance information measured against key performance indicators is useful, reliable and evidence-based. Key performance indicators also provide the basis for the (OMAs) to inform the Parliament, the public and other stakeholders on its strategic priorities, programs, and projects.

Additional objective of this audit is also to provide reasonable assurance to Parliament, members of the public and other relevant stakeholders whether the reported actual performance has actually occurred and are based on the selected criteria.

### **3.3 SELECTED KEY PERFORMANCE INDICATORS**

The following KPIs of the projects for the strategic objectives listed below were selected for audit:

<b>No.</b>	<b>Strategic objective</b>	<b>Project</b>	<b>Key performance indicator(s)</b>
1.	Improve the Management of State Assets	-	Completion rate % of Fleet management system develop.
2.	Ensure a safe, modern and reliable infrastructure	-	Completion rate % of Mpacha Airport Runway and Apron Rehabilitation

### **3.4 KEY AUDIT FINDINGS**

The audit of Key Performance Information was not performed due to the following:

- i) The Accounting Officer did not provide the quarterly reviews for quarter one (1) and quarter four (4) for the financial year under review for audit purposes.
- ii) Furthermore, the audit found that the Annual plan provided does not indicate project names of the reported KPIs.

It is recommended that the Accounting Officer should ensure that the quarterly reviews are provided for audit purposes. Furthermore, the Accounting Officer should ensure that the project names are indicated in the Annual Plan.

### **3.5 CONCLUSION**

The audit could not provide reasonable assurance whether the Department of Transport in the Ministry of Works and Transport has delivered services as enshrined in the mandate of the Department.

## **4. 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.

The management is also responsible for ensuring adherence to the State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015), Treasury Instructions, Appropriation Act, 2022 (Act 2 of 2022), Appropriation Amendment Act, 2022 (Act 7 of 2022) and Public Procurement Regulations and to ensure that effective and efficient internal controls are implemented to enable compliance to the law that governs the performance information.

## **5. AUDITORS RESPONSIBILITY, POWERS AND DUTIES**

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 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 skepticism 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.
- 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 auditor's 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/conclude on whether the financial performance and the use of appropriated fund is, in all material respect is in compliance with the Treasury Instructions, State Finance Act, 1991 (Act 31 of 1991), Appropriation Act, 2022 (Act 2 of 2022), Appropriation Amendment Act, 2022 (Act 7 of 2022), Public Procurement Act, Act 15 of 2015 and Public Procurement Regulations and I have conducted the audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs).
- Those standards require that I comply with ethical requirements, 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.

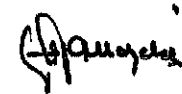
## 6. GENERAL INFORMATION

The financial statements, notes to the financial statements and general information provided by the Accounting Officer are attached as Annexure A. The accounts were submitted by the Accounting Officer to the Auditor-General in terms of Section 13 of the State Finance Act, 1991 (Act 31 of 1991).

## 7. ACKNOWLEDGEMENT

The co-operation and assistance by the management and staff of the Department of Transport in the Ministry of Works and Transport during the audit is appreciated.

WINDHOEK, MARCH 2024



JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL

## ANNEXURE A

## 1. AUDITED FINANCIAL STATEMENTS

## 1.1. Appropriation account

Service	2022/2023					2021/2022
	Authorized expenditure	Actual expenditure	Variation		Actual expenditure	
			Under expenditure/ (Excess)	Percentage		
N\$	N\$	N\$	N\$	%	N\$	
<b>01. Government Garage:</b>						
Original budget	74 916 000					
Additional budget	2 717 000					
Plus: Virement	3 568 300	81 201 300	78 695 444.42	2 505 855.58	3.09	77 862 269.14
<b>02. Transportation Infrastructure:</b>						
Original budget	1 115 786 000					
Additional budget	431 000 000					
Less: Virement	(58 315 547)	1 488 470 453	1 387 231 851.79	101 238 601.21	6.80	1 306 978 172.28
<b>03. Railway Infrastructure Management:</b>						
Original budget	1 148 045 000					
Additional budget	50 000					
Less: Virement	(22 777 370)	1 125 317 630	980 895 905.44	144 421 724.56	12.83	638 913 971.01
<b>04. Transportation Policy and Regulation:</b>						
Original budget	43 792 000					
Additional budget	1 281 000					
Plus: Virement	10 707 438	55 780 438	55 578 952.00	201 486.00	0.36	51 074 021.97
<b>05. Civil Aviation Air Navigation Services:</b>						
Original budget	83 725 000					
Additional budget	33 191 000					
Plus: Virement	69 455 013	186 371 013	182 857 041.40	3 513 971.60	1.89	120 138 600.03
<b>06. Maritime Affairs:</b>						
Original budget	26 144 000					
Additional budget	3 000 000					
Less: Virement	(6 073 262)	23 070 738	22 764 733.69	306 004.31	1.33	25 480 532.02
<b>07. Meteorological Services:</b>						
Original budget	21 200 000					
Additional budget	2 066 000					
Plus: Virement	161 428	23 427 428	23 217 464.08	209 963.92	0.90	55 242 010.45
<b>08. Government Air Transport Services:</b>						
Original budget	66 789 000					
Additional budget	81 351 000					
Plus: Virement	3 720 000	151 860 000	151 282 725.06	577 274.94	0.38	70 366 988.54
<b>09. Aircrafts Accident Investigation:</b>						
Original budget	6 716 000					
Additional budget	35 000					
Less: Virement	(446 000)	6 305 000	5 984 393.39	320 606.61	5.08	7 135 312.11
<b>Total</b>		<b>3 141 804 000</b>	<b>2 888 508 511.27</b>	<b>253 295 488.73</b>	<b>8.06</b>	<b>2 353 191 877.55</b>

## ANNEXURE A (continued)

## 1.2 Standard subdivisions

Subdivision	2022/2023			2021/2022
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational:</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	131 047 079	131 158 333.24	(111 254.24)	129 061 492.87
002. Employer's contribution to the G.I.P.F and M.P.O.O.B.P.F	14 851 877	14 768 668.26	83 208.74	14 870 089.21
003. Other conditions of service	4 611 986	4 718 139.20	(106 153.20)	5 044 479.77
005. Employer's contribution to the social security	468 958	456 930.42	12 027.58	460 610.01
<b>Total</b>	<b>150 979 900</b>	<b>151 102 071.12</b>	<b>(122 171.12)</b>	<b>149 436 671.86</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence expenses	16 753 662	15 306 785.02	1 446 876.98	7 354 564.10
022. Materials and supplies	2 617 300	2 611 325.24	5 974.76	1 957 302.33
023. Transport	8 196 526	8 196 526.00	-	1 863 780.00
024. Utilities	18 157 538	17 771 639.10	385 898.90	19 006 634.25
025. Maintenance expenses	88 081 000	88 080 764.29	235.71	34 780 235.26
026. Property rental and related charges	-	-	-	3 028.42
027. Other services and expenses	98 942 000	98 460 679.91	481 320.09	77 889 057.22
<b>Total</b>	<b>232 748 026</b>	<b>230 427 719.56</b>	<b>2 320 306.44</b>	<b>142 854 601.58</b>
<b>Current expenditure: Membership fees and subscriptions</b>				
041. International	263 000	262 190.15	809.85	484 032.40
<b>Total</b>	<b>263 000</b>	<b>262 190.15</b>	<b>809.85</b>	<b>484 032.40</b>
<b>Current expenditures: Subsidies and other transfer</b>				
043. Government organisations	15 113 418	15 113 417.07	0.93	13 910 573.48
045. Public and departmental enterprises and private industries	5 472 000	5 472 000.00	-	6 498 000.00
<b>Total</b>	<b>20 585 418</b>	<b>20 585 417.07</b>	<b>0.93</b>	<b>20 408 573.48</b>
<b>Total: current operational expenditure</b>	<b>404 576 344</b>	<b>402 377 397.90</b>	<b>2 198 946.10</b>	<b>313 183 879.32</b>
<b>Capital expenditure: Acquisition of assets</b>				
103. Operational equipment, machinery and plants	227 656	177 911.08	49 744.92	1 004 003.62
<b>Total current capital expenditure</b>	<b>227 656</b>	<b>177 911.08</b>	<b>49 744.92</b>	<b>1 004 003.62</b>
<b>Total operational expenditure</b>	<b>404 804 000</b>	<b>402 555 308.98</b>	<b>2 248 691.02</b>	<b>314 187 882.94</b>
<b>Capital expenditure: Acquisition of assets</b>				
113. Operational equipment, machinery and plants	4 212 500	3 777 877.26	434 622.74	-
115. Feasibility studies, design and supervision	269 650 685	222 367 978.77	47 282 706.23	188 126 530.05
117. Construction, renovation and improvement	2 384 021 815	2 180 692 346.26	203 329 468.74	1 466 784 371.56
<b>Total</b>	<b>2 657 885 000</b>	<b>2 406 838 202.29</b>	<b>251 046 797.71</b>	<b>1 654 910 901.61</b>
<b>Capital transfers: Sub national bodies</b>				
131. Government organisations	79 115 000	79 115 000.00	-	349 093 093.00
134. Abroad	-	-	-	35 000 000.00
<b>Total</b>	<b>79 115 000</b>	<b>79 115 000.00</b>	<b>-</b>	<b>384 093 093.00</b>
<b>Total development Expenditure</b>	<b>2 737 000 000</b>	<b>2 485 953 202.29</b>	<b>251 046 797.71</b>	<b>2 039 003 994.61</b>
<b>GRAND TOTAL</b>	<b>3 141 804 000</b>	<b>2 888 508 511.27</b>	<b>253 295 488.73</b>	<b>2 353 191 877.55</b>

### 1.3 Departmental revenue

Revenue for the financial year under review is as follows:

Revenue head	Estimate	Actual revenue 2022/2023	More/(Less) than estimated	Actual revenue 2021/2022
	N\$	N\$	N\$	N\$
Miscellaneous	798 763	624 670.14	(174 092.86)	1 653 204.99
Services rendered to Ministries	3 820	-	(3 820.00)	-
Examination fees for seamen	18 722	30 820.00	12 098.00	30 024.00
<b>Total</b>	<b>821 305</b>	<b>655 490.14</b>	<b>(165 814.86)</b>	<b>1 683 228.99</b>

### 1.4 Notes to the financial statements

#### 1.4.1 Appropriation Account: Explanation of variations exceeding 2% between authorised and actual expenditure

##### Underexpenditure

##### Main division 01: Government Garage (N\$ 2 505 855.58 – 3.09%)

The underexpenditure is mainly due to a delay in the procurement process to appoint the contractor to renovate Rundu Government Garage. The contractor was appointed towards the end of the financial year and only one invoice could be paid on time.

##### Main division 02: Transportation Infrastructure (N\$ 101 238 601.21 – 6.80%)

The underexpenditure is mainly due to a request from Ministry of Works and Transport to open a Road Infrastructure Improvement suspense account to transfer an amount of N\$ 101 128 640.22 for invoices not paid at the closing of the 2022/2023 financial year. A total of N\$ 82 033 589.31 was utilised and an amount of N\$ 19 095 050.91 was returned to Treasury because the invoices received from service providers were above the funds available per respective projects.

The Ministry also needed to compensate the land owners, but due to a lengthy process to conclude the agreement with the land owners as some of their land is within the town boundary but is not yet subdivided in residential areas.

**Main division 03: Railway Infrastructure Management (N\$ 144 421 724.56 – 13.83%)**

The underexpenditure is mainly due to the length of time to clear procurement formalities (exemption to sign contract), the contractor's liquidity/cashflow issue to start mobilisation, poor and delayed resourcing of contractor's project team and water scarcity in the project area. Poor coordination, planning and control by contractor's management and contractor's financial challenges delayed procurement of project materials. Labour issues of late payments of contractor's workers.

Relaxed compliance to Environmental Management Plan (EMP), Transnamib not ready to take over and maintain the completed sections, labour given and sign contractor, relaxed implementation of health safety requirements and the slow progress on culvert construction.

Contractor's actual progress below planned progress, length of time for contractor to submit supporting documents for claims, minor labour issues, non-compliance to EMP by the contractor's drivers (driving in protected areas), execution of the project in a national park. Late delivery of construction materials.

**Main division 09: Aircrafts accident investigation (N\$ 320 606.61 – 5.08%)**

The underexpenditure is mainly due to traveling of the Directorate of Aircraft Accident and Incident Investigation (DAAII) depends on unforeseen events, such as aircraft accidents. If no aircraft accidents occur, DAAII staff members would travel less. The use of courier services also is difficult to predict due to the very nature of the core functions of DAAII, which is to investigate aircraft crashes which determines the rate at which DAAII purchase items or making use of services such as courier services.

Due to the unpredictability of the investigation of aircraft accidents and incidents, the DAAII has underspent, also the purchase of equipment such as specialised equipment is contingent on the number of investigations conducted by investigators as well as that much of the required investigation equipment as still usable, thus only some needed were replaced. Most of the investigator's equipment has been purchased during the 2022/2023 financial year.

## 2 GENERAL INFORMATION

### 2.1 Miscellaneous revenue

Miscellaneous revenue for the financial year under review comprised of the following:

Description	Amount
	N\$
Regional and direct deposits April 2022 to March 2023	544 194.85
Lost equipment and stores	13 240.10
Tender documents ( Including journal import created by MoF )	67 235.19
<b>Total</b>	<b>624 670.14</b>

### 2.2 Bank accounts

The Accounting Officer reported the following bank accounts with closing balances as at 31 March 2023:

Account name	Closing balances at 31 March 2023
	(N\$)
MWT Acquisition of Vehicles for Political Office Bearers	3 821 706.50
Government Air Transport Services	(50.04)

### 2.3 Operating/Trade Account

#### 2.3.1 Government Air Transport Services Trade Account

The Accounting Officer reported a deficit for the financial year under review as follows:

Description	Amount
	N\$
Opening balance	(23 346 843.24)
Plus: Operating income	31 344 778.77
<b>Total income</b>	<b>7 997 935.53</b>
Less: Operating expenditure	(10 920 645.95)
<b>Deficit at 31 March 2023</b>	<b>(2 922 710.42)</b>

### 2.4 Compensation payments

The Accounting Officer reported an amount of N\$ 6 437 812.41 paid as compensation for land to communities members affected by construction of roads and railways during the financial year under review.

## 2.5 Commissions and Special Committees

The Accounting Officer reported that an amount of N\$ 519 279.71 was paid to the following permanent Commissions (Board) during the financial year under review:

Commissions	Amount
	N\$
Road Transportation Board	100 412.00
Transportation Commission of Namibia	207 985.20
Road Board	210 882.51
<b>Total</b>	<b>519 279.71</b>

## 2.6 Outstanding commitments

The Accounting Officer reported outstanding commitments for the financial year under review as follows.:

Description	Amount
	N\$
Government Garage	4 008 954.94
Road Transportation Infrastructure	714 249.40
Railway Infrastructure	1 256 329.88
Transport Policy and Regulation	1 150 195.63
Maritime Affairs	1 227 848.52
Meteorological Services	429 519.06
Road Infrastructure Improvement Project Suspense Account	101 128 640.22
<b>Total</b>	<b>109 915 737.65</b>

## 2.7 Outstanding subsistence advances

The Accounting Officer reported outstanding subsistence advances amounting to N\$ 670 989.91 in respect of thirty-eight (38) staff members as at 31 March 2023.

## 2.8 Bursaries and study assistance

The Accounting Officer reported that an amount of N\$ 224 370.50 was paid in respect of study assistance granted to thirteen (13) staff members during the financial year under review.

## 2.9 Donations to Government

The Accounting Officer reported that the Department of Transport received a donation of a motor vehicle from Gesellschaft Fur International Zusammenarbeit (GIZ) valued at N\$ 102 300.00 during the financial year under review.

## 2.10 Debt to Government

The Accounting Officer reported fifty- six (56) staff members with a total debt to Government amounting to N\$ 887 6641.94 as at 01 April 2022. An amount of N\$ 122 795.19 was recovered during the financial year under review and outstanding debt amounting to N\$ 764 846.75 as at 31 March 2023.

## 2.11 Annual stocktaking

The Accounting Officer reported stocktaking results at twenty-four (24) stock points for the financial year under review as follows:

Description	Amount
	N\$
Value of stock	36 429 771.71
Surpluses	182 569.83
Shortages/Deficiencies	16 434.54
Obsolete/Worn out items	757 499.55

## 2.12 Stores and depots

The Accounting Officer reported twenty-four (24) stores and depots on hand as at 31 March 2023 as follows:

Description	Amount
	N\$
On hand at 01 April 2022	95 217 989.64
Receipt during the financial year	24 582 366.00
Surpluses	182 569.83
Issued during the financial year	13 661 227.45
Shortages/lossess	16 434.54
Written-off	757 499.55
<b>On hand 31 March 2023</b>	<b>99 452 462.88</b>

## 2.13 Vehicles

The Accounting Officer reported vehicles on hand for the year ended 31 March 2023 as follows:

### 2.13.1 Vehicles on hand (Own fleet):

Own fleet	Vehicle type		
	Sedan	Pick-ups, combies	Value
			N\$
Balance at 01 April 2022	1	5	645 185.37
Depreciation	-	-	(275 638.10)
<b>Balance at 31 March 2023</b>	<b>1</b>	<b>5</b>	<b>369 547.27</b>

### 2.13.2 Vehicles on hand (Permanently allocated)

Pool vehicle	Vehicle type					Value
	Sedan	Pick-up, combies	Heavy vehicles	Motor bike	Other	
Balance at 01 April 2022	40	30	12	3	17	N\$ 2 832 920.85
Depreciation	-	-	-	-	-	(1 085 643.31)
Transferred	(3)	(2)	(1)	-	(1)	(191 110.07)
<b>Balance at 31 March 2023</b>	<b>37</b>	<b>28</b>	<b>11</b>	<b>3</b>	<b>16</b>	<b>1 556 167.47</b>

### 2.14 Accidents – Cost of damages

The Accounting Officer reported ten (10) vehicles to be repaired as at 01 April 2022 at an estimated cost of N\$ 68 770.32, fourteen (14) accidents occurred during the financial year under review with the estimated cost of N\$ 332 583.50. Seven (7) vehicles were repaired during the financial year at a cost of N\$ 99 610.34 and seventeen (17) are still to be repaired as at 31 March 2023 to the estimated amount of N\$ 301 743.48.

### 2.15 Losses and damages through irregularities (persons employed by Government)

The Accounting Officer reported sixteen (16) cases with a total amount of N\$ 340 612.63 of which thirteen (13) are on vehicles accidents, ten (10) cases with an amount of N\$ 329 787.88, [three (3) cases the amount involved not disclosed/reported], two (2) are on stolen cellphones with an amount of N\$ 10 824.75 and one (1) lost computer (amount involved not disclosed/reported).

### 2.16 Petty cash

The Accounting Officer reported the following petty cash closing balances at Government Air Transport Services as at 31 March 2023 as follows:

Description	Balance as at 31 March 2023
Local currency (NAD)	58 632.84
Foreign currency (USD)	60 359.00

## 2.17 Suspense accounts

The Department had the following outstanding balances on nine (9) suspense accounts at 31 March 2023 of which five (5) had debit balances and four (4) had credit balances.

Description	Balance as at 31 March 2023 Debit/ (Credit)
	N\$
Government Garage Trade Account	173 990 185.75
Air Transport Services Trade Account	2 922 710.42
Receipt suspense	(470 029.61)
Petty cash	62 550.00
S&T advance suspense account	1 266 928.31
Rejection account	(11 791.73)
Government Garage Vehicle Replacement	(40 193.04)
Bills payable	517 881.35
Electronic fund transfer clearing (EFT)	(369 378.56)

## 2.18 Capital projects (Internally Government funded projects)

The Accounting Officer reported the following development projects of the Department of Transport for the financial year under review:

No.	Nature of project	Approved total budget	Total expenditure at 31/03/2022	Approved appropriation 2022/2023	Actual expenditure 2022/2023	Total expenditure as at 31/03/2023	Expected year of completion
		N\$	N\$	N\$	N\$	N\$	
1.	Construction of ATC towers	467 926 000	69 222 594.48	3 000 000	3 000 000.00	72 222 594.48	2026/03/31
2.	Construction, rehabilitation and upgrading of Government Garages nation-wide	165 315 000	32 409 721.46	4 172 300	2 374 650.98	34 784 372.44	2030/03/31
3.	Northern railway extension	2 823 760 000	1 153 541 299.87	28 695 500	17 087 711.19	1 170 629 011.06	2030/03/31
4.	Railway networking upgrading	5 090 841 000	3 084 963 475.48	222 000 000	219 591 371.85	3 304 554 847.33	2030/03/31
5.	To extend and upgrade the facilities of the Meteorological services	430 128 000	140 921 876.69	4 212 500	3 777 877.26	144 699 753.95	2030/03/31
6.	Upgrading of Walvis Bay - Kranzberg railway	3 772 838 000	1 008 515 096.71	812 736 000	721 052 908.51	1 729 568 005.22	2025/06/30
7.	Upgrade of Mpacha airport	350 000 000	142 428 364.80	78 408 969	76 935 046.05	219 363 410.85	2030/03/01
8.	Upgrading of Civil aviation infrastructure	452 098 000	444 573 727.76	3 000 000	3 000 000.00	447 573 727.76	2030/03/31
9.	Swakopmund - Henties Bay - Kamanjab link (412 km)	1 216 297 000	729 916 909.67	235 622 015	235 227 750.43	965 144 660.10	2027/03/31
10.	Upgrading of MR91 Gobabis-Aminius & Mr 40 Amimius-Aranos	1 240 954 000	733 880 956.02	179 592 481	167 300 639.19	901 181 595.21	2026/03/30
11.	Construction of gravel road: Isize- Sifuha- Malindi- Schuckmansburg (50km)	632 219 010.93	605 599 264.68	26 682 100	26 619 746.25	632 219 010.93	2024/03/31
12.	Fencing of state owned aerodromes	77 545 000	45 423 383.52	1 000 000	913 315.12	46 336 698.64	2030/03/31
13.	Tr 1/16: Windhoek - Okahandja road rehabilitation phase 1 (67km)	3 461 612 000	1 302 991 343.05	424 923 000	365 886 487.05	1 668 877 830.10	2026/03/31
14.	Construction of Tr9/1: Windhoek - Hosea Kutako road to a dual carriage (44km)	4 069 000 000	958 877 503.39	265 839 500	249 450 871.08	1 208 328 374.47	2026/03/31
15.	Mr 44: Swakopmund - Walvis Bay road upgrading (44km)	1 215 334 000	900 124 041.96	283 165 700	273 169 561.66	1 173 293 603.62	2026/03/31
16.	Access roads to schools and clinics	182 383 000	61 052 000.00	34 115 000	34 115 000.00	95 167 000.00	2030/03/01
17.	Labour-based construction (DR3610-Tr1/11) Mangel west quarantine camp	142 529 000	67 102 390.84	15 345 285	13 886 356.79	80 988 747.63	2030/03/31

No.	Nature of project	Approved total budget	Total expenditure at 31/03/2022	Approved appropriation 2022/2023	Actual expenditure 2022/2023	Total expenditure at 31/03/2023	Expected year of completion
18.	Construction of new facilities for DAATI	N\$ 152 000 000	-	N\$ 3 632 200	N\$ 1 846 153.00	N\$ 1 846 153.00	2022/03/01
19.	Construction of gravel road : Oupjili(TR10/2) -Onkumbula(40 km)	-	1 000 000.00	3 000 000	3 000 000.00	4 000 000.00	2026/03/31
20.	D 3622: Omukukuu-Omboloka(25km) Road graveling	-	1 000 000.00	3 000 000	3 000 000.00	4 000 000.00	2026/03/01
21.	Rehabilitation of the southern rail way line section Sandvethaar-Buchholzbrun	1 415,000 000	2 117 215.73	60 357 450	21 717 755.88	23 834 971.61	2030/03/31
22.	Helavi – Alex Muranda (Charlie cutline) gravel roads standards 137 km	11 500 000	-	11 500 000	10 000 000.00	10 000 000.00	2026/03/31
23.	Construction of Head Office for civil aviation	432 000 000	234 527 138.99	15 000 000	15 000 000.00	249 527 138.99	2026/03/31
24.	Upgrading of Hosea Kutako International airport	323 000 000	121 786 000.00	18 000 000	18 000 000.00	139 786 000.00	2025/04/01
	<b>TOTAL</b>	<b>28 124 279 010.93</b>	<b>11 841 974 305.10</b>	<b>2 737 000 000</b>	<b>2 485 953 202.29</b>	<b>14 327 927 509.39</b>	

WINDHOEK, 23 AUGUST 2023

ESTER N. KAPANDA  
ACCOUNTING OFFICER

