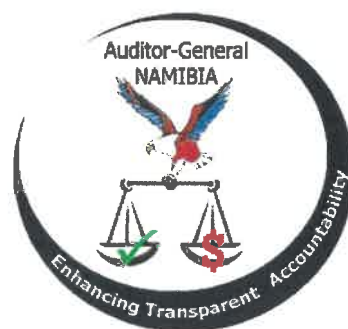




REPUBLIC OF NAMIBIA



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 2016

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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 Works of the Ministry of Works and Transport for the financial year ended 31 March 2016 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, April 2017

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

DEFENITIONS

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.
Suspensions:	Reduction on budget (Treasury may from time withhold 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.
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)

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**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF
THE MINISTRY OF WORKS AND TRANSPORT: DEPARTMENT OF WORKS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

1 REPORT ON THE FINANCIAL STATEMENTS

1.1 INTRODUCTION

This report on the accounts of the Department of Works of the Ministry of Works and Transport for the financial year ended 31 March 2016 is presented to the National Assembly in accordance with the terms of Article 127(2) of the Constitution of the Republic of Namibia and provisions set out in the State Finance Act, 1991(Act 31 of 1991), as amended.

I have audited the accompanying financial statements of the Department of Works of the Ministry of Works and Transport for the financial year ended 31 March 2016. These financial statements comprise the following statements submitted for the year then 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 provided by the Accounting Officer are attached as Annexure A.

1.2 MANAGEMENT'S RESPONSIBILITY 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, Act 31 of 1991 and relevant legislation, and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, 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 for 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 misstatement.

Powers and duties

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

- (a) All reasonable precautions have been taken to ensure that all monies due to the State are collected, and that the laws relating to the collection of such monies have been complied with;
- (b) All reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for, the State's assets, such as stores, equipment, securities and movable goods; and

- (c) 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 misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 control.

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 qualified audit opinion.

1.4 KEY AUDIT FINDINGS

1.4.1 Appropriation account

Treasury Instruction BC 0301(m) requires a Financial Adviser to check the correctness of the annual appropriation accounts of the votes under his control and other final accounts and statements as required by the Auditor-General. However, a difference of N\$ 2 700 000 was noted between the total budget in the Appropriation account and the total budget amount in the Trial Balance as follows:

Description	Appropriation account	Trial balance	Difference
	N\$	N\$	N\$
Total Budget	689 992 000	687 292 000	2 700 000

This resulted in the understatement of the Trial Balance. The Accounting Officer explained that this was due to the fact that the N\$ 2 700 000 was not loaded on the Trial Balance by the Ministry of Finance.

It is recommended that the Accounting Officer should always scrutinize the financial statements for correctness and report any discrepancies to the Ministry of Finance before closing of the books for rectification to avoid any misstatement of the financial statements.

The Accounting Officer explained that the difference was caused by the additional funds that were loaded by the Ministry of Finance, on the Appropriation Account and not on the general ledger.

1.4.2 Unauthorised expenditure

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

- (i) One (1) main division was exceeded with an amount of N\$ 3 067 944.32 which is unauthorised in terms of Section 6(a)(ii) of the Act; and

- (ii) Although Treasury approval was obtained to utilise certain expected savings for the defrayal of expenditure through virements during the year, sixteen (16) sub-divisions were exceeded with a total amount of N\$ 17 956 302.27 which is unauthorised in terms of Section 6(a)(iii) of the Act.

Although the Accounting Officer provided explanations for unauthorized expenditure, it is recommended that the Accounting Officer should put control measures in place to avoid unauthorized expenditure.

1.4.3 Departmental Revenue

Treasury Instruction DB 0501 stipulates that, “no change (introduction of new main divisions or subdivisions, changes of descriptions, etc.) shall be made to the form of a vote without the prior authorisation of the Treasury”. However, revenue head-Vehicle Sales was created on the Department Revenue’s General ledger without Treasury Authorization and revenue amounting to N\$ 300 753.52 was credited to it.

The Accounting Officer explained that this revenue head is not for the Department of Works, it was wrongly disclosed in the revenue general ledger and the Ministry only noticed this disclosure after the closing of the books, as this was a late regional entry/transaction.

Despite the explanation by the Accounting Officer the Departmental revenue was overstated with an amount of N\$ 300 753.52.

It is recommended that Treasury Instructions DB 0501 should be adhered to and no revenue head should be created without prior Treasury authorization. Furthermore, it is recommended that Vehicles sales revenue head should be removed from the General ledger of the Department to avoid money being credit to it in future.

1.4.4 Outstanding Commitments

The Accounting Officer reported a null statement in respect of outstanding commitments. However, the audit found that there were seventeen (17) outstanding commitments with a total amount of N\$ 4 190 438.28 in the Funds Distribution Certificate. If the committed expenditures are not cleared (paid/cancelled) before the end of March, it will only be honoured in the next financial year and this might result in the possible overspending on the new budget, hence unauthorised expenditure can be realised.

It is recommended that the Accounting Officer should avoid outstanding commitments, subsequently avoiding overspending and unauthorised expenditure in the next financial year.

1.4.5 Outstanding Subsistence Advances

Treasury Instructions HB 0505 requires that a claim for subsistence and other anticipated expenditure should be submitted within 30 days after a person returned to his headquarters and monthly by a person who is elsewhere for a long period. If there are differences between the advance and claim it should be repaid immediately. In addition, Treasury Instruction HB0506 states that where a person neglects to submit a claim, a salary deduction be made and shall not exceed 25% of his/her monthly salary.

However, the audit found that the Debit balance list had an outstanding amount of N\$ 510 199.56 as at 31 March 2016. From the N\$ 510 199.56, the audit revealed that an amount of N\$ 200 543.55 was recovered leaving an outstanding amount of N\$ 309 656.01. This was due to the fact that staff members did not submit S&T claims within thirty (30) days upon their return and for those that the claim was less than the advance they did not pay back the amount due.

It is recommended that the Accounting Officer should adhere to Treasury Instructions HB 0505 and HB 0506.

1.4.6 Bursary/Study Assistance

Treasury Instructions BB 0101 (h) stipulates that an Accounting Officer shall be responsible for the submission of vouchers and relevant documentation to the Auditor-General, for each payment made from State moneys.

However, it was found that the Department paid a total amount of N\$ 512 503.90 for study assistance during the financial year and the Accounting Officer only submitted sixteen (16) payment vouchers amounting to N\$ 237 310.89 for audit purpose hence, the remaining vouchers amounting to N\$ 275 193.01 could not be verified. Failure to provide payment vouchers for audit purposes constitute audit scope limitation.

It is recommended that the Accounting Officer should comply with Treasury Instruction BB 0101(h) and provide the payment vouchers for audit purposes.

1.4.7 Debt to the Government

Treasury Instruction EA 0501 (1)(a-b) stipulates that debts owed to the State may at the discretion of Accounting Officers and without reference to the Treasury be recovered by means of instalments, provided that:

- (a) Due cognisance be taken of the debtor's standing and financial position in determining the period of the repayment; and
- (b) The debt is recovered within a period of 12 months.

However, the Accounting Officer reported debt to the amount of N\$ 277 394.30 but the audit found that not all debt was reported by the Accounting Officer to the Auditor-General. Furthermore, the principle debt of respective debtors could also not be verified, since the necessary documents were not provided and it was further detected that debts were not recovered within a period of twelve months and Treasury approvals to this effect were not provided. Failure to disclose all debt and to provide required documents for audit purposes constitute audit scope limitation as the auditors could not verify these documents.

It is recommended that the Accounting Officer should ensure that documents are provided for audit purposes and should further ensure that Treasury Instruction EA 0501 (1) (a-b) is adhered to.

1.4.8 Exemption from normal Tender procedures

The Department was granted an Annual Tender exemption from normal tender procedures as follows:

Description	Approved exemption	Actual expenditure	Difference
	N\$	N\$	N\$
Purchase of air tickets	868 000	240 083.00	627 917.00
Materials and supplies	2 197 000	3 544 192.00	(1 347 192.00)
Hiring of vehicles	1 388 000	2 241 562.00	(853 562.00)
Maintenance expenses	1 001 364	1 091 173.00	(89 809.00)
Property rental and related charges	91 206 000	103 474 806.00	(12 268 806.00)
Other services and expenses	19 406 400	9 858 259.00	9 548 141.00
Furniture and office equipment and household furniture	700 000	161 249.00	538 751.00
Tools for departmental workforce	3 100 000	2 887 986.00	212 014.00
Trade account (Central Government Stores)	11 500 000	6 505 749.04	4 994 250.96
Total	131 366 764	130 005 059.04	1 361 704.96

The actual expenditure could not be verified because the register and supporting documents were not provided for audit purposes. Failure to provide supporting documents constitute an audit scope limitation. Four (4) sub-divisions were exceeded, contrary to the approved Tender exemption.

It is recommended that the Accounting Officer should explain why supporting documents were not provided as stated in the Auditor-General Circular D12/2016 for audit purpose. Furthermore, the Accounting Officer should keep a register for expenditures under the exemption to ensure that the approved exemption is not exceeded.

1.4.9 Vehicles

Treasury Instruction BB 0101(i) stipulates that an Accounting Officer shall be responsible for the accuracy of the accounting records, accounts and other financial documents under his control.

The Accounting Officer reported a closing balance of eight hundred and fifteen (815) vehicles on hand. However, the opening balance as at 01 April 2015 was reported as hundred and three (103) vehicles. In addition, supporting documents provided by the Accounting Officer disclosed a balance of 262 vehicles on hand.

It is recommended that the Accounting Officer should explain the above mentioned differences as reported on the vehicles which were in the custody of the Department.

1.4.10 Accidents - Cost of damage

Treasury Instruction BB 0101(i) stipulates that an Accounting Officer shall be responsible for the accuracy of the accounting records, accounts and other financial documents under his control.

The Accounting Officer reported that there were nine (9) vehicle accidents during the financial year and six (6) vehicles were repaired at a total cost of N\$ 79 340.08. However, the audit observed that there were no payments for repair of vehicles under the account code for vehicle repairs during the financial year under review, hence, the payment of N\$ 79 340.08 as reported by the Accounting Officer could not be verified, resulting in audit scope limitation.

It is recommended that the Accounting Officer should provide proof or explain the above-mentioned expenditure on the vehicles repaired.

1.4.11 Fixed Property Sold

The annual statement required by the Auditor-General of all fixed property (houses, farms, etc.) sold as per Treasury Instruction KK 0104 during the financial year, should indicate the selling price and other moneys received and the ledger item credited.

However, the following properties sold have not been presented in the annual statement provided by the Accounting Officer, although all the transactions for the properties sold occurred within the financial year under review which might lead to material misstatement due to non-disclosure:

Erf and town/Suburb	Purchase price
	N\$
Erf 843, Rundu	29 917.45
Erf 802, Okahandja	66 164.00

It is recommended that the Accounting Officer should ensure that all documents provided for audit purposes are correct.

1.4.12 Trade accounts

It was observed that the Accounting Officer did not carry forward the closing balance amounting to N\$ 7 331 279.81.

The Accounting Officer reported the following balances in the stores system. However, these balances do not agree with the Integrated Financial Management System (IFMS) account analysis report balances as indicated below:

	Stores system	IFMS account analysis report	Difference
	N\$	N\$	N\$
Income	(115 331 749.69)	(135 437 400.03)	(20 105 650.34)
Expenditure	98 691 748.04	196 068 945.62	(97 377 197.58)
Profit/(Loss)	(16 640 001.65)	60 631 545.59	77 271 547.24

It is recommended that the two systems should be reconciled on a regular basis.

1.4.13 Alienation of Government houses

- i) According to the Cabinet decision AO. 5th /22.02.2000/004 buyers of Government houses are required to pay interest rate of 15.5% on the purchase price if the period of registration of transfer of the property into the buyer's name exceeded ninety (90) days from the date the buyer signs the deed of sale.

During the audit, it was observed that the following properties were sold and no interest was paid by the purchaser after the ninety (90) days lapsed:

Erf and town/Suburb	Purchase Price	Date after 90 days (Commence date of Interest)	Registration Date
	N\$		
Erf 2148, Khorixas	71 048.10	19 August 2015	29 October 2015
Erf 627, Olympia	170 776.05	07 December 2014	29 April 2015
Erf 125, Gobabis	84 003.75	01 March 2015	10 February 2016
Erf 369 Otjiwarongo	129 025.75	05 September 2014	16 October 2015
Erf 8704, Windhoek	244 120.00	02 October 2015	02 February 2016
Erf 506 Grootfontein	63 200.00	25 March 2015	11 April 2016

It was also found that the days exceeded were incorrectly calculated which resulted in the wrong amount being charged which caused the State to lose revenue. Therefore, if the buyer fails to settle the agreed amount within ninety (90) days, the Accounting Officer should ensure that the buyer pays interest at a rate of 15.5% on the purchase price and ensures that interest is charged on the correct number of days.

- ii) The following documents were required by the Alienation Unit from the purchaser in order to conclude the sale of the house to the eligible buyer:

- Confirmation of annual income by the Personnel Office of the tenant's ministry;
- Clearance Certificate (Proof of Rental Credit/Arrears) from salary officer as from the date of occupation. (NB: Tenants with outstanding house rent are not eligible for the offer);
- Clearance Certificate (Proof of rate & tax, & water & electricity Account payment i.e. Credit/Arrears) from municipality;

- Original or certified copy of identity documents (Passport or ID card);
- Original or certified copy of latest Pay slip;
- Original or certified copy of a Marriage Certificate (When applicable);
- Contact telephone or cell phone number where the tenant can be contacted;
- Original allocation form or proof of allocation of official accommodation; and
- Name and Address of Conveyancers (attorneys) who will attend to the transfer of the property into the tenant's name.

It was found that the Alienation unit omitted/did not obtain some required documents for the tenants to buy the houses. Failure to obtain all the required documents may result in the State houses being sold to ineligible buyers.

- iii) Proof of payment for the following properties could not be found in the file to ascertain the correctness of the amount paid:

Erf and town/SuburbPurchase	Amount
	N\$
Erf 125, Gobabis	84 003.75
Erf 8705, Windhoek	244 120.00
Erf 4389, Ongwediva	126 037.83
Erf 312, Gobabis	43 038.75

Without the proof of payment, the auditors could not ascertain whether the buyer paid the purchase price, thus, the correctness of the amount reported in the statement could not be verified.

It is recommended that the Accounting Officer should ensure that proof of payment is obtained kept for future reference and audit purposes.

- iv) It is stated in the said Cabinet decision that houses will be offered at market value as determined by a qualified valuator and all the houses that have been identified for sale will be valued based on the present property market condition and the prices as determined by the valuator less a discount based on the annual income of the tenant will be regarded as the selling price. However, it was found that houses in the Khomas and Otjozondjupa Regions were sold according to the valuation that was done in 2003, which is way below the market value. This state of affair resulted in the Government selling the houses at a lower market value, hence, loss of revenue to the Government.

It is therefore recommended that the Accounting Officer should ensure that all identified houses to be sold, should be valued and sold within twelve months to ensure that houses are sold at the current market value.

1.4.14 Decentralized bank accounts: Maintenance function

Treasury Instruction FB0404 states that "Where the Treasury has granted permission in terms of section 2(4)(a) of the Act to Accounting Officers to open an account at a commercial bank, the officer shall himself arrange with his bank to obtain a bank statement at the end of each month in order to compile the bank reconciliation".

It was found that during the financial year, there were no cashbooks and reconciliation statements for bank accounts held at commercial banks. The Accounting Officer explained that, the Department of Works could not provide information regarding cashbooks, reconciliation statements and income and expenditure statements for the financial year under review, as they have not been preparing these financial statements. However, with the appropriate training/coaching they will be able to submit a comprehensive report.

It is recommended that the Accounting Officer should ensure that staff members obtain the appropriate training/coaching to enable the Department to prepare cashbooks, reconciliation statements and income and expenditure statements.

1.5 ACKNOWLEDGEMENT

I would like to express my appreciation for the courtesy extended and assistance rendered by the staff of the Department of Works of the Ministry of Works and Transport during the audit.

1.6 BASIS FOR QUALIFIED AUDIT OPINION

My opinion has been qualified due to the following:

- Outstanding commitments – Paragraph 1.4.4
- Bursary and study assistance – Paragraph 1.4.6
- Exemption from normal tender procedures – Paragraph 1.4.8
- Vehicles – Paragraph 1.4.9
- Trade account – Paragraph 1.4.12
- Alienation of Government houses – Paragraph 1.4.13

1.7 QUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the Department of Works of the Ministry of Works and Transport for the financial year ended 31 March 2016 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, except for the possible effects of the matters described in the basis for Qualified Audit Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Department of Works of the Ministry of Works and Transport as at 31 March 2016 and its financial performance and its receipts and payments for the year then ended in accordance with Section 12 & 13 of the State Finance Act, 1991.

2. ADDITIONAL REPORTING RESPONSIBILITIES

2.1 EMPHASIS OF MATTERS

Attention is drawn to the management on the following matter that relate to my responsibility in the audit of the financial statements, as disclosed in the financial statements.

2.1.1 Wellness

It was found that a total amount of N\$ 159 133.62 not related to wellness activities was paid from the wellness sub-item code (N\$ 57 950.00 for training services and N\$ 101 183.62 for telephone services). The Accounting Officer explained that the payments were effected from Wellness item code due to the depletion of funds on these sub-item codes.

It is recommended that the Accounting Officer should always request for virement of funds before using money from other sub-division with a saving.

2.2 OTHER MATTERS

Attention is drawn to the management on the following matters related to my responsibility in the audit of the financial statement, excluding those disclosed in the financial statements.

2.2.1 Internal controls

The following control mechanisms were found not to be working effectively thus making the Department vulnerable to fraud, misappropriation of asset and undetected errors:

- Internal Audit function: There is only one internal auditor and there is no approved audit charter to guide the function and operation of the internal audit unit;
- Audit Committee: The Ministry does not have any audit committee to monitor the performance of the internal audit unit and to ensure that the implementation of the recommendations by internal and external auditors are implemented; and
- Risk Management: There is no approved risk management framework in place; hence no formal or reliable risk assessment process is in place to identify and respond to the risks the Department is faced with.

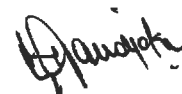
It is recommended that the Accounting Officer should strengthen the internal controls to mitigate the risk of misstatement in the financial statements due to error or fraud.

2.2.2 Performance Information

During the audit, it was observed that staff members did not sign performance agreements with their respective supervisors as required by the Performance Management System, which might lead to staff members not effectively contributing to the strategic objectives of the Department.

It is recommended that the Accounting Officer should ensure that all staff members sign performance agreements with their respective supervisors, because this will enhance contribution of individual staff to departmental strategic objectives.

WINDHOEK, April 2017



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

1 AUDITED FINANCIAL STATEMENTS

ANNEXURE A

1.1 Appropriation account

2015/2016						2014/2015
Service		Authorised expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure/ (Excess)	Percentage	
N\$		N\$	N\$	N\$	%	N\$
01. Office of the Minister:						
Original budget	10 902 000					
Plus: Virement	3 082 221					
Less: Suspension	(1 209 275)	12 774 946	11 056 952.64	1 717 993.36	13.45	8 118 409.08
02. Administration:						
Original budget	82 075 000					
Less: Virement	(3 944 834)					
Less: Suspension	(2 010 138)	76 120 028	79 187 972.32	(3 067 944.32)	(4.03)	71 912 383.65
03. Capital Projects Management:						
Original budget	90 969 000					
Plus: Virement	9 900 000					
Less: Suspension	(16 385 597)	84 483 403	83 150 441.18	1 332 961.82	1.58	84 141 202.78
04. Fixed Asset Management:						
Original budget	135 132 000					
Plus: Virement	1 929 000					
Less: Suspension	(673 000)	136 388 000	134 979 234.62	1 408 765.38	1.03	147 410 924.30
05. Maintenance:						
Original budget	347 513 000					
Less: Virement	(4 847 000)					
Less: Suspension	(21 948 527)	320 717 473	319 608 336.36	1 109 136.64	0.35	309 224 283.01
06. Information Technology:						
Original budget	10 694 000					
Plus: Virement	665 000					
Less: Suspension	(720 000)	10 639 000	9 917 743.68	721 256.32	6.78	5 283 375.97
07. Stores and Printing:						
Original budget	37 448 000					
Plus: Virement	990 000					
Less: Suspension	(1 725 283)	36 712 717	36 292 267.92	420 449.08	1.15	31 015 009.59
08. Garden Services:						
Original budget	11 935 000					
Plus: Virement	906 933					
Less: Suspension	(685 500)	12 156 433	11 892 918.73	263 514.27	2.17	11 593 272.67
Total:		689 992 000	686 085 867.45	3 906 132.55	0.57	668 698 861.05

ANNEXURE A (continued)

1.2 Standard subdivisions

Subdivision	2015/2016			2014/2015
	Authorised expenditure	Actual expenditure	Underexpenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	288 735 945	299 926 096.26	(11 190 151.26)	291 221 426.33
002. Employer's contribution to the G.I.P.F	27 852 760	29 428 056.44	(1 575 296.44)	27 699 030.68
003. Other conditions of service	6 065 112	6 863 795.68	(798 683.68)	4 218 882.08
005. Employers contribution to the social security commission	10 170	(70.26)	10 240.26	-
Total	322 663 987	336 217 878.12	(13 553 891.12)	323 139 339.09
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	12 124 539	10 667 344.72	1 457 194.28	9 921 117.05
022. Materials and supplies	5 499 564	4 448 334.77	1 051 229.23	10 520 506.02
023. Transport	15 900 540	15 680 375.21	220 164.79	9 301 799.31
024. Utilities	36 797 688	36 135 124.73	662 563.27	42 025 013.39
025. Maintenance expenses	2 144 180	1 740 295.49	403 884.51	4 442 794.99
026. Property rental and related charges	103 622 000	103 618 091.66	3 908.34	110 611 027.11
027. Other services and expenses	16 044 643	15 080 266.16	964 376.84	20 875 826.72
Total	192 133 154	187 369 832.74	4 763 321.26	207 698 084.59
Subsidies and current transfers				
043. Government organizations	126 729 000	126 729 000.00	-	99 306 000.00
045. Public and departmental enterprises	-	-	-	28 635.19
Total	126 729 000	126 729 000.00	-	99 334 635.19
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	6 654 029	6 078 317.15	575 711.85	3 172 701.17
103. Operational equipment, machinery and plant	3 138 830	2 945 561.05	193 268.95	4 929 347.37
Total	9 792 859	9 023 878.20	768 980.80	8 102 048.54
Total: Operational expenditure	651 319 000	659 340 589.06	(8 021 589.06)	638 274 107.41
Development:				
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	2 600 000	2 593 087.40	6 912.60	985 908.09
105. Feasibility studies, design and supervision	7 564 000	2 908 720.02	4 655 279.98	2 802 267.19
107. Construction, renovation and improvements	28 509 000	21 243 470.97	7 265 529.03	26 636 578.36
Total: Development expenditure	38 673 000	26 745 278.39	11 927 721.61	30 424 753.64
GRAND TOTAL	689 992 000	686 085 867.45	3 906 132.55	668 698 861.05

ANNEXURE A (continued)

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate	Actual revenue 2015/2016	More/(Less) than estimated	Actual revenue 2014/2015
	N\$	N\$	N\$	N\$
Private telephone calls	5 255	(4 252.29)	(9 507.29)	1 568.88
Miscellaneous	368 252	2 810 221.85	2 441 969.85	1 002 171.63
Letting of housing	-	63 890.07	63 890.07	8 284.00
Lease/Letting of state land and building	33 789 905	36 141 779.37	2 351 874.37	35 743 023.84
Vehicle sales	-	300 753.52	300 753.52	-
Lease of parking	117 943	85 881.95	(32 061.05)	84 510.47
Obsolete, worn-out and surplus equipment	5 820 985	10 533 608.65	4 712 623.65	10 756 440.87
Total	40 102 340	49 931 883.12	9 829 543.12	47 595 999.69

1.4 Notes to the financial statements

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

(i) Underexpenditure

Main division 01: Office of the Minister (N\$ 1 717 993.36 – 13.45%)

The variances under remuneration are the results of the additional funds transferred through virementation from the improvement of remuneration structure that was over estimated, hence the underexpenditure.

- The variances under goods and other services are the results of less trips under taken. Most materials are now supplied by the Government stores. Charges that have been reduced since each department is now responsible for maintaining its vehicles and pay its own fuel and proper control measures have been put in place. Proper reconciliation that was carried out to avoid the miscalculations with Telecom.
- Underexpenditure on maintenance expense was due to less repairs on office equipment; other services and expenses that have decreased due to lesser need of training and workshops.

Main division 06: Information Technology (N\$ 721 256.32 – 6.78%)

The variance under goods and other services were due to, the fewer trips to the regional office undertaken as expected, the reduction in emergency trips to regional offices resulted in under spending on fuel and lubricants, telephone and internet usage vividly were reduced in financial year 2015/2016. The directorate was supposed to pay the Office of the Prime Minister for internet through Debit Acceptance since the Directorate was informed that payment of internet and e-mail usage of all OMA's will resume as from the year 2019, other services and expenses was minimal and no training needs resulted in underutilization of funds.

The variance under acquisition of capital assets was mainly due to less demand on the purchase of furniture and office equipment.

Main division 08: Garden/Horticulture Services (N\$ 263 514.27 – 2.17%)

The variances under the personnel expenditure was as the results of the staff members' turnover and the more additional funds transferred through virementation and less resignations of staff members.

The variance under goods and other services is due to the planned programs for training that did not take place, most materials are now supplied and provided by the Government Stores unlike before that the office materials were coming from private institutions and the invoices to execute the payment did not reach the office on time, utilities has a underexpenditure because of the new telephone billing system that reduces the charges, the underexpenditure on maintenance expense is by virtue of less repairs on office equipment, while other services and expenses was under spend with regard to limited trainings and workshops than anticipated.

The variance under the acquisition of capital assets was realized due to furniture and office equipment and the operational equipment, machinery and plant with regard to some orders that were cancelled towards the end of the financial year.

(ii) Over-expenditure

Main division 02: Administration

The variances under personnel expenditure are as a result of less additional funds transferred through virementation from the improvement of remuneration structure and because of the re-grading of the human resources staff members that led to the over expenditure.

1.4.2 Departmental revenue: Explanations of variations exceeding N\$ 200 000

(i) Under-estimated

Miscellaneous

This vote was affected by the fact that employees who needed to buy Government houses have to settle rental outstanding balances. The occupants were encouraged to settle their outstanding amounts and all these funds were paid under miscellaneous.

Lease/letting of State land and buildings

Inspection was carried out at regions and occupants were encouraged to make payment on time. Some deductions were also processed on the IFMS and as a result the revenue collection improved. Individuals leasing State land e.g. Kiosk, vending machine were contacted and encourage to make payments.

Vehicle sales

This revenue head is not for Department of Works; it was a wrong disclosure in the General ledger. The Ministry only noted this disclosure after the closing of the books, as this was a late regional entry/transaction.

Obsolete, worn-out and surplus equipment

More auctions were conducted for the period under review than anticipated.

2. GENERAL INFORMATION

2.1 Bank accounts

The Accounting Officer reported the following closing balances as at 31 March 2016:

Account Name	Institution	Balance at 31 March 2016
		N\$
Ministry of Works and Transport current account	Nedbank	37 020 986.89
Ministry of Works and Transport call account	Nedbank	475 523.93
Erongo Region	Bank Windhoek	1 271 710.78
Hardap Region	Bank Windhoek	948 067.46
Kavango East Region	Bank Windhoek	599 903.47
Kavango West Region	Bank Windhoek	57 685.55
Kharas Region	Bank Windhoek	1 719 226.12
Khomas Region	Bank Windhoek	5 275 686.05
Kunene Region	Bank Windhoek	663 279.05
Ohangwena Region	Bank Windhoek	3 258 994.70
Omaheke Region	Bank Windhoek	10 338.94
Omusati Region	Bank Windhoek	1 523 886.26
Oshana Region	Bank Windhoek	2 507 486.08
Otjozondjupa Region	Bank Windhoek	6 550 617.02
Oshikoto Region	Bank Windhoek	1 011 743.33
Zambezi Region	Bank Windhoek	525 577.12

2.2 Trade account

The Accounting Officer reported the profit and loss account for the Central Government Stores and Printers for the year ended 31 March 2016 as follows:

Expenditure		Income	
	N\$		N\$
Cost of sales	94 158 928.98	Income from sales (M/O/A)	113 018 097.34
Travel & Subsistence	441 960.00	Property Rental and Related Charges	694 512.00
Utilities	1 837 774.06	Auction fees	1 619 140.35
Transport	926 008.60		
Materials and supplies	16 753.50		
Maintenance expenses	297 818.97		
Other services and expenses	1 012 503.93		
Stock adjustments	6 717 290.45		
Price variances	(5 127.26)		
Sub total	105 403 911.23		
Surplus/(Loss)	9 927 838.46		
Total	115 331 749.69		115 331 749.69

2.3 Suspense Accounts

The following Suspense Accounts had balances as at 31 March 2016:

Description	Balance as at 31/03/2016 Debit / (Credit)
Store trade account	60 621 636.59
Receipt suspense	(1 499 494.46)
RD Cheques	370 514.05
Cash sales government stores	37 874 718.97
S&T advance suspense account	778 777.69
Rejection account	(94 461.30)
Bills Payable	(7 853 502.86)
Electronic fund transfer clearing	(162 604.00)
Pension Funds: GIPF	(4 351.71)
Debt establishment	(76 530.44)

2.4 Capital projects

The following were the development projects of the Department of Works as reflected in the General Ledger and the Development Budget:

Nature of Project	Approved total budget	Total expenditure as at 31/03/2015	Approved appropriation 2015/2016	Actual expenditure 2015/2016	Total expenditure as at 31/03/2016	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Ongoing renovations and minor capital renovations	65 935 000	60 911 917.60	4 650 000	3 514 473.27	64 426 390.87	31/03/2021
Extension, upgrading and construction of regional offices, sub-offices and workshops	97 000 000	32 416 746.96	7 186 000	9 642 317.72	42 059 064.68	31/03/2018
Rehabilitation, upgrading and re-construction of oxidation ponds of sewer system	61 556 000	42 160 957.43	3 807 000	2 380 487.42	44 541 444.85	31/03/2021
Rehabilitation of infrastructure and upgrading of exist specialized installations	50 000 000	26 873 332.07	2 100 000	711 279.50	27 584 611.57	31/03/2018
De-bushing and clearing of minefields along the Namibia/Zambia borderline	23 000 000	165 328.14	600 000	-	165 328.14	31/03/2018
Upgrading and renovation of Government Central Nursery	11 302 000	710 562.47	2 939 000	2 866 804.94	3 577 367.41	31/03/2018
Installation of Photo-voltaic and electrification of Government offices	34 851 000	26 829 788.93	610 000	144 493.81	26 974 282.74	31/03/2018
Infrastructure investigations	31 283 000	20 168 705.53	2 400 000	885 307.03	21 054 012.56	31/03/2018
Upgrading of Ministerial headquarter	38 418 000	35 481 797.39	2 100 000	1 505 802.40	36 987 599.79	30/03/2018
Property assessment study and maintenance asset management	17 952 000	-	650 000	-	-	31/03/2017
Upgrading of network infrastructure and expansion of IT services to Regional Offices	22 697 000	7 889 576.06	2 600 000	2 593 087.40	10 482 663.46	31/03/2018
Renovation of Government stores and reproductive services	44 839 000	-	6 331 000	2 501 224.90	2 501 224.90	31/03/2019
Total	498 833 000	253 608 712.58	35 973 000	26 745 278.39	280 353 990.97	

WINDHOEK, 2016-10-31

WILLEM GOEIJMANN
ACCOUNTING OFFICER