



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 2019

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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 2019 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991 (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, MARCH 2020

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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Definitions:

Treasury:	Financial authority in public service. (The department of Government that has control over the collection, management and disbursement of public revenue).
Vote:	Represents an Office/Ministry/Agency.
Appropriation Act:	Estimate of expenditure and revenue for a particular financial year presented to the National Assembly, the Act passed by Parliament.
Appropriation Account:	Government Income and Expenditure statement, showing on receipt side the estimated budgeted amounts and on expenditure side the actual expenditure amounts and the difference thereof.
Standard sub-division:	Government Balance account, showing balances incurred on each account/activity.
Suspension:	Reduction on budget (Treasury may from time to 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.
Under expenditure:	Saving on the budget.
Miscellaneous Revenue:	All revenue collected and not having a specified revenue code.
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).
Key performance indicator (KPI):	A measurable value used to monitor and demonstrates how effectively an organization is achieving key business objectives.
International Standards of Supreme Audit Institutions (ISSAI):	Professional standards and best practice guidelines for public sector auditors, officially authorised and endorsed by the International Organisation of Supreme Audit Institutions (INTOSAI).
Types of Audit Opinions:	<p>Unqualified Opinion. In an unqualified report, the auditors conclude that the financial statements of your O/M/A's present fairly its affairs in all material aspects.</p> <p>Qualified Opinion. An auditor's report is qualified when there is either a limitation of scope in the auditor's work, or when there is a disagreement with management regarding application, acceptability or adequacy of accounting policies.</p> <p>Disclaimer Opinion. 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>Adverse Opinion. The Financial statements of an O/M/A's do not fairly present its actual financial position and the required information was either not disclosed, or (if disclosed) was inadequately disclosed or was inaccurate.</p>
Reasonable Assurance:	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.
Limited Assurance:	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.

Direct reporting engagement:	It is when an auditor measures or evaluates the subject 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.
Attestation engagement:	It is when a responsible party (the entity) measures the subject matter against the criteria and presents the subject matter information, on which you, the auditor, then gather sufficient and appropriate audit evidence to provide a reasonable basis for forming a conclusion.
Subject matter:	Refers to the information, condition or activity that is measured or evaluated against certain criteria.
Materiality:	Is a concept or convention relating to the importance or significance of an amount, transaction, or discrepancy that affects the decision of the user.
OMA:	Office/Ministry/Agency
IFMS:	Integrated Financial Management System

**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 2019**

1. SECTION A: FINANCIAL AUDIT

1.1 UNQUALIFIED AUDIT OPINION

I have audited the financial statements of the Department of Works of the Ministry of Works and Transport for the year ended 31 March 2019, 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, including a summary of significant accounting policies.

In my opinion, the financial statements of the Department of Works as at 31 March 2019 are prepared, in all material respects, in accordance with Section 12 & 13 of the State Finance Act, 1991, (Act 31 of 1991) and relevant legislation.

1.2 BASIS FOR UNQUALIFIED 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 opinion.

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 determined that there were no key audit matters to communicate in my report.

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 Works in the financial statements. My opinion is not modified in respect of these matters:

1.4.1 Capital projects

The audit found that the total approved cost for one (1) capital project reported by the Accounting Officer was exceeded with N\$ 5 189 415.70 as shown below.

Nature of project	Approved total cost	Total expenditure as at 31/03/2019	Difference
	N\$	N\$	N\$
Upgrading of Ministerial Headquarter	38 418 000	43 607 415.70	5 189 415.70

It is recommended that the Accounting Officer should ensure that the approved total cost for the capital projects should not be exceeded.

Management comment

No comment was provided by the Accounting Officer.

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. I have nothing to report in this regard.

1.6 REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The financial statements, notes to the financial statements and general information (attached as Annexure A) were submitted later than required by the Accounting Officer on 18 November 2019 instead of 31 October 2019.

2. SECTION B: COMPLIANCE AUDIT AND AUDIT OF PERFORMANCE INFORMATION

2.2 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 the appropriated funds of the Department of Works of the Ministry of Works and Transport for the financial year ended 31 March 2019.

2.2 DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND AUDIT SCOPE

The audit aimed to determine whether the Department of Works of the Ministry of Works and Transport has used the appropriated funds in compliance with Appropriation Act, 2018 (Act 4 of 2018); Appropriation Amendment Act, 2018 (Act 15 of 2018); State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2018 (Act 15 of 2015); Treasury Instructions and Public Procurement Regulations during the financial year ended 31 March 2019.

2.3 AUDIT OBJECTIVE

The objective of this compliance audit is to verify and assess whether Department of Works of 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 of Works of the Ministry of Works and Transport presented the subject matter information on which the auditor then gathered sufficient and appropriate audit evidence to provide limited 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 used in the audit was derived from the following laws and regulations:

- Appropriation Act, 2018 (Act 4 of 2018);
- Appropriation Amendment Act, 2018 (Act 15 of 2018);
- 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 2019 submitted by the Accounting Officer in order to determine whether this information complied with laws and regulations that governs them.

2.6 KEY AUDIT FINDINGS

2.6.1 Underexpenditure

Treasury Instruction DC 0202 (a) states that *“when drawing up draft estimates Accounting Officers and their Financial Advisers shall take note of and guard against the following: (a) more funds than can reasonably be spent shall not be requested”*. However, the audit found that the total budget was underspent with an amount of N\$ 73 200 858.04 (10.61%). This money could have been used for other national pressing needs.

It is recommended that in future the Accounting Officer should ensure that requested funds are utilized to avoid under-expenditure.

2.6.2 Unauthorized expenditure

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

Although Treasury approval was obtained to utilise certain expected savings for the defrayal of expenditure through virements during the year, five (5) sub-divisions were exceeded with a total amount of N\$ 426 832.43.

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 unauthorized expenditure.

2.6.3 Suspense accounts

Treasury Instruction FD 0704 stipulates that *“Unless otherwise provided Accounting Officers shall provide the Auditor-General with an annual return of all amounts and cases which appear in their suspense accounts and which , have been outstanding on 30 September for longer than six months , and shall indicate in which cases amounts are regularly recovered by means of instalments with references to the Treasury authorization , or what steps have been , or will be, taken to recover the amounts”*.

The audit found that the Accounting Officer did not submit the annual return/explanations for all amounts and cases reflected in the suspense accounts for audit purpose.

It is recommended that in future, the Accounting Officer should ensure that the annual return is provided for audit purposes as required by the Treasury Instruction FD 0704.

2.6.4 Annual stocktaking

Treasury Instructions KA 0901 states that *“Stores, equipment and livestock shall be subjected to stock taking at least once each financial year and the Accounting Officer shall submit the report thereon (as intended in Treasury Instruction KA 0905) to Treasury for approval as soon as possible after the stock taking, but in case within 30 days after the end of financial year concerned.”* Furthermore, the Prime Minister issued directive No.1 of 2018 which states that *“Staff members in regional offices of OMAs must be trained to conduct stock control in their respective regions. Staff members should not travel from the head-office or from one region to another, to conduct stock at regional level”*.

The Accounting Officer reported that no stocktaking was conducted at the following thirty-four (34) stock control points due to unavailability of funds which is in contrary to Treasury Instruction KA 0901 and the Prime Minister’s Directive No.1 of 2018:

No.	Stock point
1.	Karasburg Sub-Office
2.	Luderitz Sub-Office
3.	Mariental Regional Office
4.	Rehoboth Sub-Office
5.	Gobabis Regional Office
6.	Windhoek Head Quarters Maintenance
7.	Windhoek Krupp Street Regional Office
8.	Windhoek Hospital Sub-Office
9.	Windhoek Regional Office Gardens
10.	Swakopmund Regional Office
11.	Swakopmund Gardens
12.	Ruacana Sub-Office
13.	Otjiwarongo Government Stores
14.	Walvis Bay District Office
15.	Windhoek Head Office Capital Projects Management
16.	Government Stores Trade Account - Keetmanshoop
17.	Government Stores Trade Account - Otjiwarongo
18.	Government Stores Trade Account - Ondangwa
19.	Tsumeb Sub-Office
20.	Outapi Regional Office
21.	Omuthiya Regional Office
22.	Eenhana Regional Office
23.	Keetmanshoop Hospital Sub-Office
24.	Omaruru Sub-Office
25.	Ngoma Sub-Office
26.	Kongola Sub-Office
27.	Okahao Sub-Office
28.	Oshikuku Sub-Office
29.	Government Stores Trade Account Section 01
30.	Government Stores Trade Account Section 03-08
31.	Government Stores Trade Account Section 09
32.	Government Stores Trade Account Section 12-13
33.	Government Stores Trade Account Section 14
34.	Government Stores Trade Account Section 15

It is recommended that in future, the Accounting Officer should ensure that Treasury Instruction KA0901 and Prime Minister's Directive No.1 of 2018 are adhered to.

2.6.5 Stores and depots

- (a) Treasury Instruction KA 1306 states that *"at the end of each financial year, stores ledger shall be closed off and the balances on hand (number and value) shall be carried to the new financial year"*.

The audit found that the Accounting Officer reported the following nineteen (19) stock points with opening balances as at 01 April 2018 which do not correspond to the closing balances as at 31 March 2018, leaving the differences unexplained:

No.	Stock point	Balance as at 31 March 2018 (Closing balance)	Balance as at 01 April 2018 (Opening balance)	Variance
		N\$	N\$	N\$
1.	Otjiwarongo Regional Office	466 540.96	2 001 873.80	1 535 332.84
2.	Grootfontein Regional Office	266 204.20	2 009 873.11	1 743 668.91
3.	Rundu Govt. Stores (Admin)	-	809 703.30	809 703.30
4.	Khorixas Sub- Office	-	2 767 067.18	2 767 067.18
5.	Ruacana Sub -Office	425 274.94	429 787.99	4 513.05
6.	Oshikuku Sub-Office	-	42 298.65	42 298.65
7.	Okahao Sub- Office	-	80 258.28	80 258.28
8.	Ondangwa Govt. Stores (Admin)	-	654 710.26	654 710.26
9.	WHK Central Govt. Stores (Warehouse)	-	753 456.45	753 456.45
10.	Otjiwarongo Govt. Stores	-	478 265.43	478 265.43
11.	Katima Mulilo Govt. Stores	-	1 003 062.89	1 003 062.89
12.	Ondangwa Reproduction Services	-	172 290.35	172 290.35
13.	Rundu Reproduction Services	-	58 637.23	58 637.23
14.	Katima Mulilo Reproduction Services	-	100 446.67	100 446.67
15.	Cleaning Services Windhoek	-	390 569.40	390 569.40
16.	WHK .H.O.Fixed Assets Management	-	2 829 356.84	2 829 356.84
17.	WHK.H.O.Capital Projects Management	-	16 681 775.87	16 681 775.87
18.	Outapi Regional Office	375 739.68	4 273 943.77	3 898 204.09
19.	Tsumkwe Sub-Office	-	153 124.91	153 124.91

It is recommended that the Accounting Officer should ensure that the closing balances are corresponding to the opening balances.

2.8 UNQUALIFIED AUDIT OPINION

In my opinion, the Department of Works of the Ministry of Works and Transport' financial performance and 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), Treasury Instructions, Public Procurement Regulations and Appropriation Act, 2018 (Act 4 of 2018) and the Appropriation Amendment Act, (Act 15 of 2018).

3. AUDIT OF PERFORMANCE INFORMATION

I have audited the performance information of the Department of Works of the Ministry of Works and Transport for the financial year ended 31 March 2019.

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.

The scoping of the key performance indicators was performed, by looking at the high-level statements, which are indicated in the mandate of the Department of Works and the 2017-2022 Strategic Plan. Key performance indicators were selected based on what would be significant to the intended users and their usefulness in assessing the entity's achievements in terms of its service performance objectives.

3.2 Audit objective

The objective of the performance information audit is to provide assurance to Parliament, members of the public and other relevant stakeholders whether the reported output (achievements) compared to planned targets have actually occurred.

3.3 Summary of methods applied

The audited performance information was selected based on the Department's projects among those of strategic priority because of their usefulness in assessing the Department's achievements in terms of its service delivery. Based on the evidence provided, the reported outputs (achievements) are compared with planned output's Key Performance Indicators (KPIs) using the Annual Plan and the Annual Performance Review Reports.

Furthermore, I conducted interviews and reviewed documents to obtain information that pertains to the selected key performance indicators.

3.4 Key audit findings

	INDICATOR/FINDING	RECOMMENDATIONS
1.	Fully functional GRN building facilities and services, renovations and alterations to existing buildings issued with final completion certificates: Number of practical completion certificates issued for constructed building facilities and services.	
	The planned outputs are twenty-five (25) and achieved seventeen (17) outputs have been reported, however, the audit found that only sixteen (16) Certificates of Practical Completion were issued during the financial year under review.	The Accounting Officer should ensure that targets are achieved and are also correctly accounted for.
2.	Integrated Fixed Assets Management System updated: (%) of GRN Fixed Assets captured	
	It is reported that seventy-eight percent (78%) was achieved, however, the audit found that the report generated from the Integrated Fixed Asset Management System does not indicate the date the data was captured and verified, thus, reported achievement could not be validated.	The Accounting Officer should put measures in place to enable validation of reported information.
3.	State Properties registered at Deeds Office under GRN: (%) of State Assets registered in GRN	
	It is reported that ninety percent (90%) was achieved, however, the audit found that the report generated from the Integrated Fixed Asset Management System does not indicate the date the data was captured and verified, thus, reported achievement could not be validated.	The Accounting Officer should put measures in place to enable validation of reported information.
4.	Government houses earmarked for sale have been sold under alienation scheme: Number of targeted houses sold:	
	The Accounting Officer reported that the planned outputs are one thousand (1000) and no house was sold during the financial year under review. He explained that the alienation process has been put on hold indefinitely. The audit found that ten (10) houses were sold under the alienation scheme to the total amount of N\$ 1 761 476.20 during the financial year under review.	The Accounting Officer should ensure that the correct information is reported.

3.5 CONCLUSION ON THE SUBJECT MATTER

The audit revealed an unsatisfactory outcome on all four (4) selected KPIs on measurability and consistency; therefore, the reported information is not reliable and might not be useful to the public and stakeholders.

3.6 REPLY FROM THE AUDITED ENTITY

The management letter for performance information audit dated 13 December 2019 was sent to the Accounting Officer in order to respond on the matters found during the audit. The response was expected not later than 23 December 2019 but at the time of writing this report, no response has been received to date. No comments were provided by the Accounting Officer.

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 & 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.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible of overseeing the entity's financial reporting process.

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, Public Procurement Regulations, Appropriation Act, 2018 (Act 4 of 2018) and the Appropriation Amendment Act, (Act 15 of 2018) and to ensure that effective and efficient internal controls are implemented to enable compliance to the law that governs the performance information.

5. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND COMPLIANCE AUDIT

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 the 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- 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 funds is, in all material respect is in compliance with State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015), Treasury Instructions, Public Procurement Regulations and Appropriation Act, 2018 (Act 4 of 2018) and the Appropriation Amendment Act, (Act 15 of 2018) 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 and 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 supplied by the Accounting Officer are attached as Annexure A. The appropriation account was submitted timeously by the Accounting Officer to the Auditor-General on 21 October 2019 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 Works of the Ministry of Works and Transport during the audit is appreciated.

WINDHOEK, MARCH 2020



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

ANNEXURE A

1. AUDITED FINANCIAL STATEMENTS

1.1. Appropriation account

		2018/2019			2017/2018	
Service	N\$	Authorised expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure/ (Excess)	Percentage	
		N\$	N\$	N\$	%	N\$
01. Office of the Minister:						
Original budget	7 483 000	7 483 000	6 575 113.30	907 886.70	12.13	6 625 027.50
02. Administration:						
Original budget	62 379 000					
Plus: Virement	66 750	62 445 750	58 273 001.55	4 172 748.45	6.68	209 741 540.35
03. Capital Projects Management:						
Original budget	85 705 000					
Less: Virement	(2 358 100)					
Less: Suspension	(1 100 000)	82 246 900	53 864 792.72	28 382 107.28	34.51	96 261 562.15
04. Fix Asset Management:						
Original budget	213 015 000					
Additional budget	30 000 000					
Less: Virement	(4 988 750)	238 026 250	217 754 421.02	20 271 828.98	8.52	127 524 976.37
05. Maintenance:						
Original budget	239 313 000					
Plus: Virement	4 995 000					
Less: Suspension	(300 000)	244 008 000	227 446 704.26	16 561 295.74	6.79	223 714 646.55
06. Information Technology:						
Original budget	6 184 000	6 184 000	5 692 618.36	491 381.64	7.95	7 042 317.02
07. Centralized Services (Government Store and Reproduction Services):						
Original budget	34 337 000					
Plus: Virement	2 507 000					
Less: Suspension	(794 000)	36 050 000	34 646 400.31	1 403 599.69	3.89	33 674 425.24
08. Garden Services:						
Original budget	13 821 000					
Less: Virement	(221 900)	13 599 100	12 589 090.44	1 010 009.56	7.43	11 934 312.99
Total		690 043 000	616 842 141.96	73 200 858.04	10.61	716 518 808.17

ANNEXURE A (continued)

1.2 Standard subdivisions

	2018/2019			2017/2018
	Authorized expenditure	Actual expenditure	Under expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	301 678 500	276 196 505.63	25 481 994.37	313 991 997.26
002. Employer's contribution to the GIPF	33 051 100	32 342 390.11	708 709.89	33 062 224.24
003. Other conditions of service	18 903 000	16 933 289.58	1 969 710.42	37 966 419.65
005. Employer's contribution to the Social Security	1 327 400	1 214 886.79	112 513.21	1 086 227.78
Total	354 960 000	326 687 072.11	28 272 927.89	386 106 868.93
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	5 900 810	5 089 002.74	811 807.26	7 887 947.95
022. Materials and supplies	6 391 000	2 974 099.88	3 416 900.12	2 915 371.19
023. Transport	11 313 000	5 232 054.25	6 080 945.75	3 917 929.24
024. Utilities	86 928 000	66 358 916.27	20 569 083.73	47 916 585.87
025. Maintenance expenses	4 076 000	3 357 670.37	718 329.63	452 507.28
026. Property rental and related charges	165 416 000	160 016 273.74	5 399 726.26	86 421 541.99
027. Other services and expenses	1 548 000	890 596.70	657 403.30	148 810 297.55
028. Training course, symposiums and workshops	10 361 190	8 514 715.23	1 846 474.77	-
029. Printing and advertisements	740 000	489 301.31	250 698.69	-
031. Entertainment politicians	40 000	25 846.98	14 153.02	-
033. Office refreshment	52 000	43 109.11	8 890.89	-
034. Official entertainment/corporate gifts	26 000	3 570.00	22 430.00	-
040. Security contracts	750 000	104 567.98	645 432.02	-
Total	293 542 000	253 099 724.56	40 442 275.44	298 322 181.07
Current expenditure: Membership fees and subscriptions				
043. Government organisations	-	-	-	19 000 000.00
046. Subsidies to sub-national bodies	21 638 000	21 369 750.00	268 250.00	-
Total	21 638 000	21 369 750.00	268 250.00	19 000 000.00
Total: Operational Recurrent Expenditure	670 140 000	601 156 546.67	68 983 453.33	703 429 050.00
Operational Capital expenditure: Acquisition of assets				
103. Operational equipment, machinery and plants	520 000	437 072.87	82 927.13	74 551.85
Total	520 000	437 072.87	82 927.13	74 551.85
Total: Operational Expenditure	670 660 000	601 593 619.54	69 066 380.46	703 503 601.85
Development:				
Development: Current expenditure				
101. Furniture and office equipment	-	-	-	2 472 548.43
105. Feasibility studies, design and supervision	2 475 000	1 860 473.18	614 526.82	1 575 379.43
107. Construction, renovation and improvement	16 908 000	13 388 049.24	3 519 950.76	8 967 278.46
Total: Development expenditure	19 383 000	15 248 522.42	4 134 477.58	13 015 206.32
Grand total	690 043 000	616 842 141.96	73 200 858.04	716 518 808.17

ANNEXURE A (continued)

1.3 Departmental revenue

Revenue for the financial year is as follows:

Revenue head	Estimate	Actual revenue 2018/2019	More/(Less) than estimated	Actual revenue 2017/2018
	N\$	N\$	N\$	N\$
Miscellaneous	1 463 905	113 750.37	(1 350 154.63)	92 039.56
Departmental fines	-	-	-	449.16
Letting of housing	-	4 000.00	4 000.00	8 320.80
Lease/Letting of state land and building	15 074 932	36 249 734.44	21 174 802.44	36 744 341.56
Lease of parking	78 266	55 259.62	(23 006.38)	58 228.08
Obsolete, worn-out and surplus	10 203 673	13 067 147.38	2 863 474.38	2 582 516.65
Unclaimed cheques	-	-	-	1 269 225.88
Total	26 820 776	49 489 891.81	22 669 115.81	40 755 121.69

1.4. Notes to the financial statements

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

Underexpenditure

Main division 01 – Office of the Minister (N\$ 907 886.70 – 12.13%)

The variance under personnel expenditure was the result of an extra position of the Deputy Minister that was not filled during the financial year. The variances under other conditions of services are due to a nominal amount that was budgeted to cater for leave gratuity and because of the unpredictability of less staff turnover. Variance under goods and other services is due to less trips that were undertaken during the financial year by the Political Office Bearers; materials and supplies and transport that were limited which minimized the expenditure although fewer funds were also transferred through virementation to avoid the underutilization on materials and supplies; the reduction on rental photocopiers and telephone charges under utilities; non demand on computer and photocopy maintenance. The training and printing and advertisement were limited to minimise the expenditure, entertainment of politicians; office refreshment; official entertainment/corporate gifts were not utilized as anticipated because of expenditure limitation and the Minister who was not on duty for a long time.

Main division 02 – Administration (N\$ 4 172 748.45 – 6.68%)

The variances under the personnel expenditure was mainly due to non-filling of two (2) Deputy Directors that were budgeted under the financial year. The variances under other conditions of service are due to a nominal amount that was budgeted to cater for leave gratuity and because of unpredictability of less staff turnover. The variance under goods and other services is due to: the subsistence and travel allowance that was minimised to curb travelling expenditure; more material and supplies, utilities, maintenance expenses and other services and expenses were paid hence the fewer utilised funds; less demand in trainings and reduction of the tuition fees awarded to staff members who are pursuing qualifying trainings (study assistance); printing and advertisement were limited to minimise the expenditure towards the end of the financial year that's resulted in underutilisation of funds as budgeted; Section Unit for security contracts that was not operational and limited amount viremented than anticipated.

Main division 03 – Capital Project Management (N\$ 28 382 107.28 – 34.51%)

The variances under the personnel expenditure on the remuneration was the result of the professional experts who were recruited on contract during the financial year ended and they left towards the end of September 2018; other condition of services and employer's contribution to the social security were the result of staff members' turnover and funds transferred through virementation and the delay by Inland Revenue office to finalise the amount to be paid to the professional experts.

The variance under goods and other services are due to, the trips that were less because of the professionals; an outstanding invoice for materials and supplies that was not submitted on time to the Directorate; the requested vehicles from government garage as planned could not materialize and the Directorate only received additional vehicles from government garage to be utilised by professionals deployed to the regions late; less utilities payment because of the terminated contract of the professionals and less maintenance has taken place than anticipated, a nominal amount that was viremented from the property rental and related charges payments and printing and advertisements; less training were limited to minimise the expenditure and funds transferred through virementation.

The variance under a development project (Government Offices: Photo-voltaic and Electrification Installation project (000325) were utilised due to the fact that after consultation was done and tenders called for in Oshana region was suspended when it was determined that the Ministry of Mines and Energy has already catered for earmarked institutions to be linked to the national grid line hence no funds utilised. The underexpenditure on Ministerial Headquarters – Upgrading (00329) was realised due to the upgrading of the archive that has been stopped.

Main division 04 – Fixed Asset Management (N\$ 20 271 828.98 – 8.52%)

The variance under the personnel expenditure was the results of a nominal amount budgeted to cater for leave gratuity and because of predictability of termination of services by staff members.

The variances under goods and other services is the result of, less local trips undertaken; materials and supplies and transport were limited which minimised the expenditure. The rates and taxes, property rental and related payments were not picked up because of the cancellation of outstanding commitments towards

the end of the financial year and the termination of rental agreement the Ministry had entered into on behalf of user Ministries, Offices and Agencies and some payments that were put on hold due to pending investigation the under spending resulted; less other services and expenses paid because of the slow process of subdividing of land by the Ministry of Land Reform to finalise it; no maintenance expenses and training needs resulted in underutilisation of funds than expected during the financial year. The underspending under development project for Property Assessment Study and Maintenance Asset Management (002085) is because of the funds that were supposed to be transferred through virement that did not take place before closure of the financial year.

Main division 05 – Maintenance (NS 16 561 295.74 – 6.79%)

The variances under the personnel expenditure is the result of the nominal staff turnover than expected on employer's contribution to the social security during the financial year.

The variance under goods and other services is the result of fewer trips undertaken in consideration of the administrative directive issued under Public Service Act, 1995 (Act no.13 of 1995) for cost cutting measures; fuel and lubricants requisition and purchase orders for NAMCO which were committed but not paid and cancelled due to delays in the new PMU process and the tender which expired and not renewed in time, as well as materials from government stores which were committed but cancelled due to delay in PMU process; invoices from Government garage for four (4) months from December to March 2019 were not received on time for processing during the financial year under transport; invoices that was not received on time of which some of the commitments were cancelled towards the end of the financial year under utilities and maintenance expense; stoppage of the annual newspaper subscription by a directive from the Office of the Prime Minister under other services and expenses; more training needs were undertaken although resulted in underutilization of funds because of the decentralization meeting which was planned to be taken but did not take place; no printing and advertisements expenses were carried out which were planned to be carried out from the Devolution Decentralization meeting which did not take place. The variances under the acquisitions of capital assets on operational equipment, machinery and plants is due to the fact that the supplier did not have certain tools and equipment's in stock on time. Therefore, certain items could not be delivered those not invoiced hence the nominal underexpenditure during the financial year.

The variance under development projects: Extension/Upgrading and construction of the new DOW offices/sub-offices and workshops under spend because of the alteration and renovation at Tsumkwe sub-office that was not yet done as planned and Tsumeb sub-office was only partly completed and documentation at Oshivelo sub-office was not yet done. Feasibility studies for Eenhana Regional Office, Okangwati and Oshikuku sub-offices were not carried out as planned, Rehabilitation, upgrading or re-construction of oxidation ponds of sewer system is having an underexpenditure due to rehabilitation, upgrading and re-construction which was supposed to be carried out at Uibed SS School in Hardap Region, Amigab Village Council, Ehomba Combined School in the Kunene Region and Engendjo Secondary School in the Ohangwena Region; Rehabilitation of infrastructure and upgrading of existing specialised installations (001448) underutilization of funds were realised due to the invoices that were not received on time for payment before the closure of the financial year.

Main division 06 – Information Technology (N\$ 491 381.64 – 7.95%)

The variance under the personnel expenditure is the result of the System Administrator and Senior System Administrator positions that were not filled due to limitations.

The variance under goods and other services is due to, the fewer trips to the regional office undertaken as expected; materials and supplies were limited which minimized the expenditure; transport, the reduction in emergency trips to regional offices resulted in under spending on fuel and lubricants; the maintenance expenses that was minimal and the delay by procurement committee and no training needs during the financial year resulted in underutilization of funds.

Main division 07 – Centralized Services (Government Store and Reproduction Services) (N\$ 1 403 599.69 – 3.89%)

The variance under the personnel expenditure is the result of the positions that were not filled due to the request from the Office of the Prime Minister to reduce the wage bill and more staff turnover than expected on other conditions of services during the financial year. The variance under goods and services is due to invoices for material and supplies that was not submitted on time for payment from the region to the directorate.

Main division 08 – Garden Services (N\$ 1 010 009.56 – 7.43%)

The variance under the personnel expenditure is the result of the nominal staff turnover than expected on other conditions of services during the financial year. The variance under goods and other services is due to; subsistence and travel, material and supplies, utilities, maintenance were limited which minimized the expenditure although less funds were also transferred through virementation to avoid the underutilization.

The variance under the acquisition of capital assets was realized due to the operational equipment, machinery and plants. Less nominal tools and materials were bought during the financial year than expected.

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

(i) Under-estimated

Lease/Letting of State land and building (N\$ 21 174 802.44)

Through consultations, occupants were encouraged to make payments on time. Some deductions were also processed on the IFMS and as a result, the revenue collection has improved. Individuals leasing the State land e.g. kiosk, vending machines etc. were contacted and encouraged to make payments.

Obsolete, Worn-Out and Surplus (N\$ 2 863 474.38)

More auctions were conducted for the period under review than anticipated which increased the revenue collection.

(ii) Over-estimated

Miscellaneous revenue (N\$ 1 350 154.63)

An amount of N\$ 113 750.37 was received to the revenue head of Miscellaneous for the period under review. This revenue head has a variance of N\$ 1 350 154.63 as a result of over projection for the period under review.

8. GENERAL INFORMATION

2.1 Bank accounts

The Accounting Officer reported the following bank accounts with closing balances as at 31 March 2019 as follows:

Account name	Banking institutions	Closing balance as at 31 March 2019
		N\$
MWT Kavango	Bank Windhoek	289 061.84
MWT Khomas Region	Bank Windhoek	335 675.88
MWT Zambezi Regional Council	Bank Windhoek	52 938.70
MWT Omusati Regional Council	Bank Windhoek	285 964.13
MWT Oshikoto Regional Council	Bank Windhoek	1 368.41
MWT Ohangwena Regional Council	Bank Windhoek	380 906.48
MWT Oshana Regional Council	Bank Windhoek	115 246.32
MWT Otjozondjupa Regional Council	Bank Windhoek	1 506 526.17
MWT Kunene Regional Council	Bank Windhoek	724 229.93
MWT Omaheke Regional Council - Gobabis	Bank Windhoek	874.19
MWT Karas Regional Council	Bank Windhoek	5 655.30
MWT Hardap Regional Council – Mariental	Bank Windhoek	47 180.43
MWT Erongo Regional Council	Bank Windhoek	387 509.10
MWT Current Account	Nedbank	36 386 684.87
MWT Call Account	Nedbank	500 057.91

2.2 Operating/Trade account – Government Stores

The Accounting Officer reported a loss of N\$ 95 277 883.17 for the year ended 31 March 2019 as follows:

Description	Amount
	N\$
Opening loss - 01/04/2018	(96 898 779.24)
Plus: Operating income	80 325 480.04
Total loss	(16 573 299.20)
Less: Operating expenditure	(78 704 583.97)
Loss for the year: 31/03/2019	(95 277 883.17)

ANNEXURE A (continued)

2.3 Outstanding commitments

The Accounting Officer reported a total amount of N\$ 91 623 710.91 for outstanding invoices during the year including for the past five (5) financial years (2013/2014 to 2017/2018).

2.4 Bursaries and Study Assistance

The Accounting Officer reported an amount of N\$ 5 691 750.05 that was paid in respect of study assistance granted to sixty-two (62) staff members during the year under review.

2.5 Contribution by Government

The Accounting Officer reported an amount of N\$ 20 000.00 contributed towards a national clean-up campaign as per Cabinet directive from Office of the Prime Minister during the financial year under review.

2.6 Fixed property Sold

The Accounting Officer reported ten (10) houses that were sold under alienation scheme to the value of N\$ 1 763 367.11 (selling price N\$ 1 679 761.02 and interest charged N\$ 83 606.09) for the year under review

2.7 Debt to Government

The Accounting Officer reported one hundred and twenty-three (123) staff members with principle debt of N\$ 1 352 600.72. An amount of N\$ 357 476.32 was recovered through salary deductions during the financial year under review.

2.8 Annual stock taking

The Accounting Officer reported the value of stock for sixty-five (65) stock points as at 31 March 2019 as follows:

Value of stock on hand 31 March 2019	Surpluses	Shortages/Deficiencies	Obsolete/Wornout
N\$ 195 195 469.54	N\$ 472 314.63	N\$ 332 987.16	N\$ 1 726 182.82

2.9 Store and depots

The Accounting Officer reported stock on hand at fifty-one (51) stores and depots to the value of N\$ 111 944 584.10 as at 31 March 2019.

2.10 Vehicles

2.10.1 Vehicles on hand (Own fleet)

The Accounting Officer reported vehicles on hand for the year ended 31 March 2019 as follows:

Department	Vehicle type					Value
	Sedan	Pick- ups, combies	Heavy vehicles (Lorries, tractors & busses)	Motor bikes	Other	
Stores and printing						N\$
Opening balance 01 April 2018	3	7	-	-	-	850 000.00
Acquisition	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Written off	-	-	-	-	-	-
Auctioned	1	2	-	-	-	190 000.00
Depreciation						(85 000.00)
Balance 31 March 2019	2	5	-	-	-	575 000.00

Department	Vehicle type					Value
	Sedan	Pick- ups, combies	Heavy vehicles (Lorries, tractors & busses)	Motor bikes	Other	
Horticultural (Garden) services						N\$
Opening balance 01 April 2018	8	3	-	-	-	903 460.00
Acquisition	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Written off	-	-	-	-	-	-
Auctioned	-	-	-	-	-	-
Depreciation	-	-	-	-	-	(135 519.00)
Balance 31 March 2019	8	3	-	-	-	767 941.00

2.10.2 Vehicles on hand (Pool)

The Accounting Officer reported vehicles on hand for the year ended 31 March 2019 as follows:

Department	Vehicle type					Value
	Sedan	Pick- ups, combies	Heavy vehicles (Lorries, tractors & busses)	Motor bikes	Other	
Stores and Printing						N\$
Opening balance 01 April 2018	-	-	-	-	-	-
New Receipts	-	4	2	-	-	900 000.00

Returned	-	-	-	-	-	
Depreciation	-	-	-	-	-	(90 000.00)
Balance 31 March 2019	-	4	2	-	-	810 000.00

Department	Vehicle type					Value N\$
	Sedan	Pick- ups, combies	Heavy vehicles (Lorries, tractors & busses	Motor bikes	Other	
Horticultural (Garden) Services						
Opening balance 01 April 2018	1	-	1	-	-	182 900.00
New Receipts	-	-	-	-	-	-
Returned	-	-	-	-	-	-
Depreciation	-	-	-	-	-	(30 180.00)
Balance 31 March 2019	1	-	1	-	-	152 720.00

2.10.3 Accidents: Cost of damages

The Accounting Officer reported two (2) vehicle accidents for the year under review with estimated repair cost of N\$ 45 114.50.

2.11 Losses/Damages through irregularities and unavoidable causes

The Accounting Officer reported twenty-four (24) cases of losses/damages of government properties through irregularities and unavoidable causes to an amount of N\$ 224 502.14. Nineteen (19) cases were finalised while five (5) are yet to be finalised.

2.12 Suspense accounts

The final ledger shows the following thirteen (13) suspense account balances as at 31 March 2019 of which nine (9) had credit balances and four (4) had debit balances:

Description	Balance as at 31 March 2019
	Debit/(Credit) N\$
Stores trade account	95 277 883.17
Receipt suspense	(486 512.51)
S&T advance suspense account	(171.00)
RD cheques	395 711.45
S&T advance suspense account	526 262.50
Rejection account	(395 718.96)
Bills payable	(6 044 212.96)
Electronic fund transfer clearing account (EFT)	(82 223.87)
Social security	(81.00)
Pension Funds: (GIPF)	(99 400.83)
Mariental Town Council Build Together	(310.12)
Nampost savings bank	(50.00)
Debt establishment	3 377.25

2.13 Capital projects

ANNEXURE A (Continued)

The following were development projects of the Department of Works as reported by the Accounting Officer for the financial year under review:

No:	Nature of Project	Approved total budget	Total expenditure as at 31/03/2018	Approved appropriation 2018/2019	Actual expenditure 2018/2019	Total expenditure as at 31/03/2019	Expected year of completion
		N\$	N\$	N\$	N\$	N\$	
1	Installation of photo-voltaic and electrification of government office	34 851 000	26 974 282.74	867 000	160 022.07	27 134 304.81	30/03/2018
2	Infrastructure investigations	34 358 000	21 241 871.00	-	-	21 241 871.00	31/03/2018
3	Upgrading of Ministerial Headquarter	38 418 000	40 570 885.83	3 528 000	3 036 529.87	43 607 415.70	30/03/2019
4	Property assessment study and maintenance asset management	20 902 000	-	200 000	-	-	31/03/2020
5	Ongoing renovations and minor capital renovations	75 535 000	72 210 845.62	2 460 000	2 459 492.15	74 670 337.77	31/03/2024
6	Extension/upgrading of the DOW regional officer/sub-offices and workshop	84 000 000	44 042 361.20	1 949 000	1 642 990.30	45 685 351.50	31/03/2018
7	Rehabilitation, upgrading and reconstruction of oxidation ponds of sewer system	81 543 000	46 651 551.17	2 966 000	1 480 714.09	48 132 265.26	31/03/2021
8	Rehabilitation of infrastructure and upgrading of specialized installations	80 000 000	33 593 122.27	4 846 000	4 702 576.40	38 295 698.67	31/03/2021
9	De-bushing and clearing of minefields along the Namibia/Zambia borderline	23 896 980	462 308.14	-	-	462 308.14	31/03/2018
10	Upgrading and renovation of Government central nursery	15 866 000	4 482 434.56	-	-	4 482 434.56	31/03/2018
11	Upgrading of network infrastructure and expansion of IT services to regional officer	22 697 000	13 599 035.53	1 644 000	1 613 863.02	15 212 898.55	31/03/2018
12	Renovation of Government Stores and reproductive services	143 399 000	3 125 778.77	923 000	152 335.51	3 278 114.28	31/03/2019
	TOTAL	655 465 980	306 954 476.83	19 383 000	15 248 523.41	322 203 000.24	

WINDHOEK, 21 October 2019

WILLEM GOEIEMANN
ACCOUNTING OFFICER

