



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

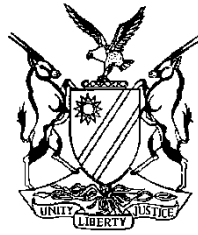
MINISTRY OF SPORT, YOUTH AND NATIONAL SERVICE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Ministry of Sport, Youth and National Service for the financial year ended 31 March 2015 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 2016

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF SPORT, YOUTH AND NATIONAL SERVICE
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

1. REPORT ON THE FINANCIAL STATEMENTS

1.1 INTRODUCTION

This report on the accounts of the Ministry of Sport, Youth and National Service for the financial year ended 31 March 2015 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 Ministry of Youth, Sport and National Service for the financial year ended 31 March 2015. 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 & 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 audit opinion.

1.4 KEY AUDIT FINDINGS

1.4.1 Unauthorized Expenditure

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

Although Treasury approval was obtained to utilise expected savings for the defrayal of excess expenditure by way of virements during the year, eight (8) operational subdivisions were exceeded with an amount of N\$ 520 075.87. These excesses are unauthorised in terms of Section 6(a)(iii) of the Act.

Management comment

In his response on the draft report, the Accounting officer noted that the Ministry has a manual commitment register in place and a Budget Committee to monitor the expenditure trends.

1.4.2 Virements

The following virements at the respective main divisions as reflected in the Appropriation Account do not agree with the virements approved by Treasury. It is of grave concern that the Ministry's virements are not reconciling for the third consecutive year.

Main division	Approved Authorisation	Appropriate Account	Difference
	N\$	N\$	N\$
01: Office of the Minister	(1 866 922)	(1 835 225)	31 697
02: Administration	24 548 973	37 635 190	13 086 217
03: Youth Development, Training and Employment	(51 608 879)	(56 264 372)	(4 655 493)
04: National Heritage and Culture	(6 728 390)	(9 940 256)	(3 211 866)
05: Arts	11 020 835	8 769 015	(2 251 820)
06: Sport and Culture	24 634 383	21 635 648	(2 998 735)

It is recommended that the Accounting Officer ensures that the approved virements in the Appropriation Account agrees with those approved by Treasury.

Management comment

In his response on the draft report, the Accounting officer indicated that the Ministry reported this omission that occurred for the third consecutive year. The Ministry has put measures in place to address this shortcoming.

1.4.3 Revenue

1.4.4 Departmental Revenue

The budget and actual figures as reported in the Revenue Ledger do not agree for the following revenue heads:

Revenue head	Revenue Ledger- Budget	RevenueBudget	Difference
	N\$	N\$	N\$
Miscellaneous	200 000	270 000	(70 000)
Youth Centres	1 700 000	285 000	1 415 000
Culture Centres	285 000	-	285 000
College of the Arts	270 000	-	270 000
Private Telephone calls	240	240	-
Unclaimed Cheques	-	200 000	(200 000)
Lease:Independence Stadium	-	1 700 000	(1 700 000)
Total	2 605 240	2 605 240	-

This indicates that the Ministry did not perform regular reconciliations.

It is recommended that the Accounting Officer should reconcile the budget and Revenue ledger to ensure that no differences occur.

1.4.5 Bank Accounts

The Accounting Officer reported fifty one (51) bank accounts during the previous financial year. During the 2014/2015 financial year, the Accounting Officer failed to report the operations or closure of forty four (44) bank accounts, and only provided a statement with supporting bank statements for seven (7) bank accounts.

The Accounting Officer reported a closing balance (credit) of N\$ 510 610.78 for Commonwealth Youth Credit Initiative as at 02/03/2015. However, the bank balance as at 01 April 2015 indicates a debit balance of N\$ 1 489 469.22. The Accounting Officer should explain why the balance was reported as indicated. In addition, the Accounting Officer is requested to reveal the status of the remaining forty four (44) bank accounts in question.

1.4.6 Fund Accounts (College of the Arts Development Fund)

The Ministry operated one (1) fund account during the financial year under review. The income and expenditure statements as well as the cash books and the reconciliation statements for the fund account were not provided. Treasury authorization for this fund account was not provided for audit purposes.

It is recommended that the Accounting Officer ensures that all statements in respect of the fund account controlled by the Ministry are submitted for audit purposes as requested by Circular D12/2010 of the Auditor-General.

Management comment

In his response on the draft report, the Accounting officer indicated that the College of the Arts did not keep an income and expenditure statement, cashbook and reconciliation statements for the year under review. This is attributed to an immense back log as far as 2009. Internal arrangements have been put in place to reduce the back log.

1.4.7 Subsistence and Travelling Allowance

The Accounting Officer reported a total of one hundred and eighty six (186) cases of outstanding Subsistence advances amounting to N\$ 1 046 088.37 as at 31 March 2015. The S & T Advance Suspense Account however reflects a balance of N\$ 1 235 812.94, which gives a difference of N\$ 189 724.57.

1.5 ACKNOWLEDGEMENT

The cooperation and assistance of the management and staff of the Ministry during the audit is highly appreciated.

1.6 BASIS FOR QUALIFIED AUDIT OPINION

My opinion has been qualified due to the following:

- Virements-paragraph 1.4.3
- Bank Accounts – Paragraph 1.4.6
- Fund Accounts-paragraph 1.4.7

1.7 QUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the Ministry of Sport, Youth and National Service, for the financial year ended 31 March 2015 in accordance with the terms of Article 127(2) of the Namibian Constitution and Section 25(1) of the State Financial 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 Ministry of Sport, Youth and National Service as at 31 March 2015, and their financial performance and receipts and payments for the year then ended in accordance with the State Finance Act 1991.

WINDHOEK, April 2016

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

ANNEXURE A

1. AUDITED FINANCIAL STATEMENTS

1.1 Appropriation Account

2014/2015						2013/2014
Service	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percent-age		
N\$	N\$	N\$	N\$	%	N\$	
01. Office of the Minister:						
Original budget						
Less: Virement	4 378 017	4 224 053.83	153 963.17	3.52	2 937 344.64	
02. Administration:						
Original budget	229 566 388	229 417 366.47	149 021.53	0.06	191 485 403.68	
Plus: Virement						
02. Youth Development:						
Original budget	223 179 330	223 126 081.06	53 248.94	0.02	242 462 106.88	
Less: Virement						
03. National Heritage and Culture:						
Original budget	57 094 436	56 800 301.11	294 134.89	0.52	80 622 782.64	
Less: Virement						
04. Arts:						
Original budget	69 801 918	69 341 328.47	460 589.53	0.66	70 625 835.67	
Plus: Virement						
06. Sport:						
Original budget	125 224 911	124 785 616.16	439 294.84	0.35	85 564 743.52	
Plus: Virement						
Total:	709 245 000	707 694 747.10	1 550 252.90	0.22	673 698 217.03	

ANNEXURE A (continued)

1.2 Standard subdivision

Subdivision	2014/2015			2013/2014
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	148 941 593	148 860 026.19	81 566.81	125 145 160.52
002. Employer's contribution to GIPF	16 286 522	16 473 345.39	(186 823.39)	13 371 971.44
003. Other conditions of service	2 577 017	2 775 950.69	(198 933.69)	893 612.31
Total	167 805 132	168 109 322.27	(304 190.27)	139 410 744.27
Current expenditure: Goods and other Services				
021. Travel and subsistence expenses	19 350 000	18 088 114.37	1 261 885.63	15 934 443.25
022. Materials and supplies	10 342 000	10 282 069.95	59 930.05	5 039 094.08
023. Transport	30 534 358	30 485 466.25	48 891.75	31 453 851.21
024. Utilities	22 929 542	22 912 888.61	16 653.39	28 852 670.88
025. Maintenance	16 840 000	16 839 684.46	315.54	28 018 820.32
026. Property rental and related charges	783 100	783 056.23	43.77	1 478 661.42
027. Other services and expenses	191 517 929	191 235 017.04	282 911.96	112 920 924.78
Total	292 296 929	290 626 296.91	1 670 632.09	223 698 465.94
Current expenditure: Membership Fees and Subscriptions				
041. Membership fees	995 805	995 804.88	0.12	966 898.29
043. Government organisations	148 490 071	148 490 070.28	0.72	171 823 675.00
044. Individuals and non-profit organisations	53 950 000	53 949 999.16	0.84	56 882 726.10
Total	203 435 876	203 435 874.32	1.68	229 673 299.39
Total: Current expenditure	663 537 937	662 171 493.50	1 366 443.50	592 782 509.60
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	3 243 197	3 220 384.34	22 812.66	10 570 931.66
102. Vehicles	3 342 416	3 342 415.57	0.43	3 365 000.00
103. Operational plants and equipment	6 413 820	6 410 883.36	2 936.64	9 846 103.82
Total: Capital expenditure	12 999 433	12 973 683.27	25 749.73	23 782 035.48
Total: Operational expenditure	676 537 370	675 145 176.77	1 392 193.23	616 564 545.08
Development:				
Capital expenditure: Acquisition of Assets				
105. Feasibility studies, design and supervision	1 444 820	1 443 797.00	1 023.00	2 571 527.14
107. Construction, renovation & improvements	31 262 810	31 105 773.33	157 036.67	54 562 144.81
Total: Development expenditure	32 707 630	32 549 570.33	158 059.67	57 133 671.95
GRAND TOTAL	709 245 000	707 694 747.10	1 550 252.90	673 698 217.03

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate 2014/2015	Actual revenue 2014/2015	More/(Less) than estimated	Actual revenue 2013/2014
	N\$	N\$	N\$	N\$
Private telephone calls	240	-	(240.00)	-
Unclaimed cheques	-	80.00	80.00	60.00
Miscellaneous	200 000	476 122.62	276 122.62	96 343.24
Sport stadiums	150 000	55 750.00	(94 250.00)	76 080.00
Youth centres	1 700 000	1 712 343.20	12 343.20	1 494 041.96
College of the Arts	270 000	57 205.00	(212 795.00)	201 980.00
Culture Centres	285 000	103 742.00	(181 258.00)	80 306.22
Total	2 605 240	2 405 242.82	(199 997.18)	1 948 811.42

(See paragraph 1.4.5.1)

1.4 Notes to the financial statements

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

Underexpenditure

Main division 01 – Office of the Minister (N\$ 153 963.17 – 3.52%)

The under spending was mainly realised on travel and subsistence allowance (DSA). The Ministry found it difficult to accurately predict the actual costs of the trips to be undertaken by the Office of the Minister for a particular financial year considering the fluctuation of the foreign currencies as the allowances for most of foreign trips are paid in the latter. These uncertainties result in a situation that lead to the Ministry to over or underestimate the cost for DSA.

The Ministry attempted to prevent the occurrence of savings by transferring an amount of N\$ 1 500 000 to other main divisions but it was unfortunate that the Minister had to cancel an official trip to Bulgaria due to another urgent assignment locally. It should be noted that the underexpenditure recorded did not have a negative impact on the achievement of the objectives of this main division.

1.4.2 Departmental Revenue: Explanations of variations exceeding N\$ 100 000

Under-estimated

Miscellaneous

This revenue head represents any revenue due to the State that is not specified in the MTEF documents and therefore it cannot be accurately estimated. It also caters for cancellation of cheques issued during the previous financial years and this is hard to predict.

Over-estimated

College of the Arts

The variance of N\$ 212 795 is attributed to the fact that less students enrolled with the College of the Arts than predicted. Furthermore, it is not possible to accurately predict the number of students that will enrol for any given financial year.

Culture Centres

The collection under this revenue head represents funds paid for the usage of Maria Mwengere Culture Centre facilities. The centre was under renovation over the period in question and as a result a variance of N\$ 181 258 was recorded.

2. GENERAL INFORMATION

2.1 Development projects

The following were development projects of the Ministry during the year under review:

Project	Approved total budget	Approved appropriation 2014/2015	Total expenditure at 31/03/2014	Actual expenditure 2014/2015	Total expenditure at 31/03/2015	Expected year of completion
Construction of Luderitz Water Front	N\$ -	N\$ 8 940 000	N\$ 12 882 829.00	N\$ 8 940 000.00	N\$ 21 822 829.00	31/03/2020
Construction of Gobabis Multi Purpose Youth Resource Centre	31 951 000	2 463 142	8 455 638.98	2 463 141.66	10 918 780.64	31/03/2021
Construction of Kai//Ganaxab Youth Service Training Centre	-	2 908 085	37 003 336.89	2 908 085.00	39 911 421.89	31/03/2020
Construction of Opuwo Multi Purpose Youth Resource Centre	26 889 000	5 075 355	3 882 234.68	4 918 328.02	8 800 562.70	31/03/2021
Construction of Ministerial Head Quarter	299 999 000	7 992 000	6 972 703.05	7 991 994.59	14 964 697.64	31/03/2021
Construction of Eenhana Sports Complex	68 494 000	773 232	26 169 514.63	773 231.41	26 942 746.04	31/03/2021
Construction of Swakopmund Sports Complex	-	203 660	1 736 906.52	203 659.05	1 940 565.57	31/03/2020
Construction of Aminus mini Sports Complex	14 240 000	238 577	759 999.65	238 576.18	998 575.83	31/03/2021
Construction of Tsumkwe/Gams Sports Complex	14 260 000	231 831	739 999.69	231 830.57	971 830.26	31/03/2021
Construction of Usakos mini Sports Complex	14 260 000	270 190	739 999.91	270 189.51	1 010 189.42	31/03/2021
Construction of Frans Dim bare Intergrated Rural Youth Development Centre	31 181 000	1 444 820	-	1 443 797.00	1 443 797.00	31/03/2021
Construction of maria Mwingere (Rundu) Multi Purpose Resource Centre	23 750 000	1 928 659	-	1 928 658.65	1 928 658.65	31/03/2021
Construction of Omuthiya Multi Purpose Youth Resource Centre	-	238 079	16 014 245.88	238 078.69	16 252 324.57	31/03/2018
Total	525 024 000	32 707 630	115 357 408.88	32 549 570.33	147 906 979.21	

2.2 Tender Board exemptions

Tender Board approved the annual exemption from normal Tender procedures for the procurement of services to a total amount of N\$ 361 918 340:

Exemption	Description	Approved exemption	Actual expenditure	Difference
E1/24-1/2014	Annual Exemption	N\$ 276 086 348	N\$ 191 135 249.87	N\$ 84 951 098.13
	Additional for purchasing and maintenance of training equipment and materials at skills training centres for the Ministry	1 832 000	94 194.22	1 737 805.78
	Additional fund on exemption for the women football championship to be hosted by Namibia from 11-25 October 2014	84 000 000	25 166 096.14	58 833 903.86
	Total	361 918 340	216 395 530.23	145 522 817.77

2.3 Vehicles

The Accounting Officer reported that the Ministry had one hundred and thirty nine (139) vehicles at 31 March 2015. The Ministry acquired five (5) vehicles at a cost of N\$ 3 342 415.57.

2.4 Motor vehicle accidents

The Accounting Officer reported five (5) vehicle accidents during the year under review. The vehicles were repaired at a total cost of N\$ 131 352.40.

2.5 Outstanding Commitments

The Accounting Officer reported outstanding commitments to a total amount of N\$ 299 978.88 at the end of the financial year under review.

2.6 Bursary and Study Assistance

The Accounting Officer reported that the Ministry awarded bursaries to a total amount of N\$ 821 589.48 to forty nine (49) staff members to pursue their studies at various institutions.

2.7 Donations: Local instances and persons

The Accounting Officer reported the following donation:

Name of Donor	Purpose	Description	Value
Multi Choice Namibia	Training	Equipment	N\$ 5 874
Total			5 874

Treasury authorization for this donation has been obtained.

2.8 Livestock

The Accounting Officer reported a total number of sixty six (66) livestock for the year under review.

2.9 Equipment

The Accounting Officer reported that forty (40) points were inspected by the Ministry for the year under review. During the inspections, shortages of N\$ 65 535, and damaged items of N\$ 26 034.50 were discovered.

2.10 Losses and Damages

The Accounting Officer reported two (2) cases of theft to the total value of N\$ 23 000 during the year under review. Both cases have been reported to the police.

2.11 HIV/AIDS

The Accounting Officer reported expenditure amounting to N\$ 128 598.10 in respect of HIV/AIDS activities.

2.12 Bank accounts

The Accounting Officer reported the following bank accounts during the financial year under review:

Account Name	Bank Name	Balance as at 31/03/2015
		N\$
Oranjemund Shipwreck	First National Bank	(120 679.31)
Children of the Liberation Struggle	Bank Windhoek	(461 087.73)
Commonwealth Youth Credit Initiative	First National Bank	(588 307.11)
Commonwealth Youth Credit Initiative	First National Bank	(510 610.78)
Namibia Youth Credit Scheme(call account)	First National Bank	(233 843.68)
Namibia Youth Credit Scheme (NYCS)	First National Bank	(18 990 968.20)
Namibia Youth Credit Scheme	First National Bank	(2 080 370.97)

2.13 Suspense Accounts

The Ministry had outstanding balances on six (6) suspense accounts at 31 March 2015 of which four (4) had debit and two (2) had credit balances.

Description	Debit/(Credit)
	N\$
Receipt suspense	21 840.05
Rejection account	51 618.68
RD Cheques	126 911.92
Subsistence advance suspense account	1 235 812.94
Bills payable	(3 856 564.22)
Pension funds: GIPF	(152 765.07)

WINDHOEK, 2015-10-06

ALFRED IILUKENA
ACCOUNTING OFFICER