



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 2017

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Ministry of Sport, Youth and National Service for the financial year ended 31 March 2017 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

WINDHOEK, April 2018

DEFINITIONS

Types of Audit Opinions:	<p>Unqualified Opinion. In an unqualified report, the auditors conclude that the financial statements of your O/M/A's present fairly its affairs in all material aspects.</p> <p>Qualified Opinion. An auditor's report is qualified when there is either a limitation of scope in the auditor's work, or when there is a disagreement with management regarding application, acceptability or adequacy of accounting policies.</p> <p>Disclaimer Opinion. Auditor's do not express an opinion on the financial position of a firm because they have not completed an examination of its accounts or the examination is not broad enough in scope to enable them to form an opinion.</p> <p>Adverse Opinion. The financial 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>
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.
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 money to the State.
Budget:	Is an estimation of the revenue and expenses over a specified future period of time specified.
Subsistence Advance:	Payment given in advance to an employee to reimburse accommodation, meal and incidental expenses, while on an official assignment.
Performance Information:	Measurement of an individual, group, organization, system or component which is collected, analysed and reported. (Includes Strategic plans, annual plans, performance agreements and personal development plans
Materiality:	Is a concept or convention relating to the importance or significance of an amount, transaction, or discrepancy that effects the decision of the user.

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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 2017**

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 2017 is presented to the National Assembly in accordance with the terms of Article 127(2) of the Constitution of the Republic of Namibia and 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 Sport, Youth and National Service for the financial year ended 31 March 2017. 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(Act31 of 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, 1991, (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 misstatements, whether due to fraud or error.

1.3 AUDITOR'S RESPONSIBILITY

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

Powers and duties

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

- (a) All reasonable precautions have been taken to ensure that all monies due to the State are collected, and that the laws relating to the collection of such monies have been complied with;
- (b) All reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for, the State's assets, such as stores, equipment, securities and movable goods; and
- (c) The expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

In addition, Section 26(1)(b)(iv) of the State Finance Act, 1991, empowers the Auditor-General to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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, Act 31 of 1991:

- i) The total budget of the Ministry was overspent with an amount of N\$ 23 487 222.89 (6.18 %) which is unauthorized in terms of Section 6(a) (i) of the Act;
- ii) Three (3) main divisions were exceeded with a total amount of N\$ 24 849 304.64 which is unauthorised in terms of Section 6 (a) (ii) of the Act; and
- iii) Although Treasury approval was obtained to utilise certain expected savings for the defrayal of expenditure through virements during the year, twelve (12) sub-divisions were exceeded with a total amount of N\$ 26 215 669.80 which is unauthorised in terms of Section 6 (a) (iii) of the Act.

It is recommended that the Accounting Officer should closely monitor and review the financial position of the Ministry on a continuous basis to enable better financial control and take appropriate action timeously to avoid unauthorized expenditure.

Management comment

In her response on the draft report, the Accounting Officer indicated that the Ministry has been monitoring the financial position and the Treasury approvals have been obtained, however it was impossible to balance the anticipated unauthorized expenditure due to the budget suspension of N\$ 111 million that took place during the financial year.

1.4.2 Livestock

No stock-taking reports were produced and no stock verification sheets were completed. This is contrary to Treasury Instruction KA 0901 which states that Stores, Equipment and Livestock shall be subjected to stocktaking at least once each financial year and the Accounting Officer shall submit the report thereon to Treasury for approval as soon as possible after the stocktaking, but in any case within thirty (30) days after the end of the financial year concerned.

It is strongly recommended that the Accounting Officer should provide an explanation why the stocktaking reports for the centres were not submitted.

Management comment

In her response on the draft report, the Accounting Officer indicated that the Ministry has taken note of the recommendation and will ensure the implementation thereof in future.

1.4.3 Points keeping stock and annual stocktaking

The Accounting Officer reported that forty one (41) stock points were inspected for the year under review. However, stocktaking reports for sixteen (16) points inspected were not produced. This is contrary to Treasury Instruction KA 0901 which states that Stores, Equipment and Livestock shall be subjected to stocktaking at least once each financial year and the Accounting Officer shall submit the report thereon to Treasury for approval as soon as possible after the stocktaking, but in any case within thirty (30) days after the end of the financial year concerned. Such reports shall be submitted to the Accounting Officer in the form or manner prescribed by Treasury in T.I K A 0905, duly signed by all members of the Board.

The Board must plan its stocktaking according to a programme linked to time -schedules for each financial year before the beginning thereof and must submit it to the Accounting Officer for approval.

It is highly recommended that the Accounting Officer should provide an explanation why the stocktaking reports for the sixteen (16) points inspected were not submitted for audit purposes.

Management comment

In his response on the draft report, the Accounting Officer indicated that the Ministry took note of the recommendation and will ensure implementation in future.

1.5 ACKNOWLEDGEMENT


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

1.6 UNQUALIFIED 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 2017 in accordance with the terms of Article 127(2) of the Namibian Constitution and Section 25(1) of the State Finance Act, 1991(Act 31 of 1991).

In my opinion, the financial statements present fairly, in all material respects the financial position of the Ministry of Sport, Youth and National Service as at 31 March 2017, and their financial performance and receipts and payments for the year then ended in accordance with the terms of Article 127(2) of the Namibian Constitution and Section 25(1) of the State Finance Act, 1991 (Act 31 of 1991).

WINDHOEK, April 2018



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

1. AUDITED FINANCIAL STATEMENTS

ANNEXURE A

1.1 Appropriation Account

Service	2016/2017		Variations		2015/2016	
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Percentage	Actual expenditure	
N\$	N\$	N\$	N\$	%	N\$	
01. Office of the Minister:						
Original budget	4 697 000.00					
Plus: Virement	417 107.00					
Less: Suspension	(1 520 679.35)	3 593 427.65	3 686 773.93	(93 346.28)	(2.60)	4 222 233.58
02. Administration:						
Original budget	158 228 000.00					
Less: Virement	(779 011.00)					
Less: Suspension	(58 733 956.90)	98 715 032.10	97 640 958.41	1 074 073.69	1.09	136 033 774.92
03. Youth Development, Training and Employment:						
Original budget	204 282 000.00					
Plus: Virement	2 682 953.00					
Less: Suspension	(26 885 435.00)	180 079 518.00	204 785 426.94	(24 705 908.94)	(13.72)	219 668 510.18
04. National Heritage and Culture Programmes:						
Original budget	-	-	-	-	-	(221 890.92)
05. Arts:						
Original budget	-	-	50 049.42	(50 049.42)	-	(93 305.00)
06. Sporting, Promotion and Support:						
Original budget	123 838 000.00					
Less: Virement	(2 321 049.00)					
Less: Suspension	(23 646 220.01)	97 870 730.99	97 582 722.93	288 008.06	0.29	85 885 921.36
Total:		380 258 708.74	403 745 931.63	(23 487 222.89)	(6.18)	445 495 244.12

ANNEXURE A (continued)

1.2 Standard subdivisions

Subdivision	2016/2017			2015/2016
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	84 747 480.00	107 047 044.53	(22 299 564.53)	104 325 439.62
002. Employer's contribution to GIPF	9 240 014.00	12 989 050.62	(3 749 036.62)	12 291 151.70
003. Other conditions of service	1 539 918.00	1 555 564.04	(15 646.04)	1 692 246.54
004. Improvement of remuneration structure	-	-	-	15 378 776.08
005. Employers contribution to the social security	495.00	493.64	1.36	3 286.36
Total	95 527 907.00	121 592 152.83	(26 064 245.83)	133 690 900.30
Current expenditure: Goods and other Services				
021. Travel and subsistence expenses	9 518 273.35	8 299 354.66	1 218 918.69	11 319 558.10
022. Materials and supplies	5 590 733.00	5 221 179.74	369 553.26	2 847 002.61
023. Transport	9 865 676.00	9 186 988.48	678 687.52	33 840 826.68
024. Utilities	17 970 882.00	17 911 255.98	59 626.02	33 173 822.13
025. Maintenance expenses	6 746 000.00	6 741 735.61	4 264.39	10 211 112.44
026. Property rental and related charges	1 381 321.00	1 381 319.56	1.44	777 202.35
027. Other services and expenses	56 436 128.30	56 428 957.39	7 170.91	37 855 927.98
Total	107 509 013.65	105 170 791.42	2 338 222.23	130 025 452.29
Current expenditure: Membership fees and Subscriptions				
041. Membership fees: International	731 416.00	650 983.98	80 432.02	870 000.00
042. Membership fees: Domestics	31 754.00	31 753.92	0.08	-
043. Government organisations	114 790 000.00	114 789 998.97	1.03	122 122 000.00
044. Individuals and non-profit organisations	38 661 940.00	38 656 183.64	5 756.36	35 311 241.75
Total	154 215 110.00	154 128 920.51	86 189.49	158 303 241.75
Total: Current expenditure	357 252 030.65	380 891 864.76	(23 639 834.11)	422 019 594.34
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	1 379 838.09	1 337 716.32	42 121.77	1 211 711.95
103. Operational equipment, machinery and plants	400 000.00	400 000.00	-	1 001 236.66
Total: Capital expenditure	1 779 838.09	1 737 716.32	42 121.77	2 212 948.61
Total: Operational expenditure	359 031 868.74	382 629 581.08	(23 597 712.34)	424 232 542.95
Development:				
Capital expenditure: Acquisition of assets				
107. Construction, renovation and improvements	21 226 840.00	21 116 350.55	110 489.45	21 262 701.17
Total: Development expenditure	21 226 840.00	21 116 350.55	110 489.45	21 262 701.17
GRAND TOTAL	380 258 708.74	403 745 931.63	(23 487 222.89)	445 495 244.12

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate 2016/2017	Actual revenue 2016/2017	More/(Less) than estimated	Actual revenue 2015/2016
	N\$	N\$	N\$	N\$
Miscellaneous	160 000	57 896.60	(102 103.40)	77 729.74
Sport stadiums	250 000	45 750.00	(204 250.00)	61 500.00
Youth centres	2 200 000	1 299 815.80	(900 184.20)	1 403 686.31
College of the Arts	-	30.00	30.00	25.00
Total	2 610 000	1 403 492.40	(1 206 507.60)	1 542 941.05

1.4 Notes to the financial statements

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

Over-expenditure

Main division 01 – Office of the Minister (N\$ 93 346.28 – 2.60%)

The over-expenditure was as a result of personnel expenditure that was under budgeted and more foreign trips were undertaken than anticipated.

Main division 03 – Youth Development, Training and Employment (N\$ 24 705 908.94 – 13.72%)

The over-expenditure was incurred as a result of a management decision that was taken to employ the Ministry's temporary employees as permanent employees of the Ministry. No budgetary provisions were made for this exercise to take place. However, funds were to be viremented from different votes where savings were anticipated to cover for expenditure on personnel. Due to budget cuts of N\$ 110 000 000, virements could not take place, thus an over-expenditure was recorded.

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

Over-estimated

Youth Centres (N\$ 900 184.20)

The variance of N\$ 900 184.20 is ascribed to the fact that it was very difficult to accurately predict the demand for the usage of ministerial facilities in advance. The demand from the public to utilise the facilities was very low than anticipated and it was attributed to the fact that the facilities are in a dilapidated condition for the financial year under review.

Sport Stadiums (N\$ 204 250)

The variance of N\$ 204 250 recorded was attributed to the fact that it was not possible to accurately predict the demand for the utilization of the sport facilities by the public in advance, hence the variance.

2. GENERAL INFORMATION

2.1 Development projects

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

Project name	Approved total budget	Approved appropriation 2016/2017	Total expenditure at 31/03/2016	Actual expenditure 2016/2017	Total expenditure at 31/03/2017	Expected year of completion
Construction of Ministerial Headquarters	N\$ 300 000 000	N\$ 9 976 000	N\$ 25 740 983.00	N\$ 9 975 843.57	N\$ 35 716 826.57	31/03/2021
Construction of Eenhana Sports Complex	68 494 000	1 260 000	27 474 601.74	1 250 031.30	28 724 633.04	31/03/2021
Construction of Opuwo Multi Purpose Youth Resources Centre	39 936 000	1 286 000	10 798 169.04	1 261 786.16	12 059 955.20	31/03/2021
Construction of Otjiwarongo Multi Purpose Youth Resources Centre	87 817 000	1 236 563	2 240 657.74	1 186 548.20	3 427 205.94	10/03/2021
Construction of Swakopmund Multi-Purpose Youth Resource Centre	60 000 000	35 000	2 442 565.57	34 704.23	2 477 269.80	31/03/2021
Construction of Mariental Multi Purpose Youth Resource Centre	19 235 000	1	-	-	-	31/03/2021
Construction of Outapi Sports Complex	68 027 000	6 337 000	29 747.28	6 311 163.30	6 340 910.58	31/03/2021
Construction of Fran's Dimbare Intergrated Rural Youth Development Centre	32 931 000	421 286	3 532 163.48	421 285.23	3 953 448.71	31/03/2021
Construction of Rundu Multi Purpose Youth Resource Centre	23 750 000	500 000	3 704 902.42	499 999.26	4 204 901.68	31/03/2021
Construction of Okakarara Sport Complex	60 000 000	174 990	-	174 989.30	174 989.30	31/03/2021
Total	760 190 000	21 226 840	75 963 790.27	21 116 350.55	97 080 140.82	

2.2 Exemptions from normal Tender procedures

Tender Board approved the following annual exemption from normal Tender procedures for the procurement of services to a total amount of N\$ 288 578 348:

Exemption number	Description	Approved exemption	Actual expenditure	Difference
		N\$	N\$	N\$
E1/24-1/2016	Annual Exemption	288 578 348	178 316 263.28	110 262 084.72
	Total	288 578 348	178 316 263.28	110 262 084.72

2.3 Vehicles

The Accounting Officer reported that the Ministry had one hundred and fifty six (156) own fleet valued at N\$ 71 800 000 at 31 March 2017.

2.4 Motor vehicle accidents

The Accounting Officer reported thirteen (13) vehicle accidents during the year under review. The vehicles were repaired at a total cost of N\$ 505 077.59.

2.5 Bursary and study assistance

The Accounting Officer reported that the Ministry provided study assistance amounting to N\$ 236 536.25 to twenty three (23) staff members to pursue studies at various institutions of higher learning.

2.6 Points keeping stock and annual stocktaking

The Accounting Officer reported that forty one (41) points were inspected by the Ministry for the year under review.

2.7 Compensation Payments (Valid Claims Against the State)

The Accounting Officer reported that an amount of N\$ 160 245.00 was paid as compensation for the year under review in respect of a motor vehicle accident.

2.8 Outstanding subsistence advances

The Accounting Officer reported a total of seventy six (76) cases of outstanding subsistence advances amounting to N\$ 322 927.77 at 31 March 2017.

2.9 Debt to Government

The Accounting Officer reported debt to the Government amounting to N\$ 125 196.92.

2.10 Bank accounts

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

Account name	Bank name	Balance as at 31/03/2017
		N\$
Children of the Liberation Struggle	Bank Windhoek	14 756.03
Commonwealth Youth Credit Initiative	First National Bank	1 867 079.82
Commonwealth Youth Credit Initiative(Social Security)	First National Bank	3 534 659.69

2.11 Suspense Accounts

The Ministry had the following outstanding balances on twelve (12) suspense accounts at 31 March 2017 of which seven (7) had debit and five (5) had credit balances:

Description	Balance as at 31 March 2017 Debit/(Credit)
	N\$
Rejection account	540 133.89
RD Cheques	123 681.92
S&T Advance Suspense account	395 105.78
Pension funds: GIPF	2 495.26
Receipt suspense	(33 300.20)
Bills payable	(1 152 896.63)
Electronic Fund Transfer Clearing Account (EFT)	(36 872.00)
Social Security	(81.00)
National Housing Enterprise (10%)	3 732.61
Standard Bank (Windhoek)	3 230.05
First National Bank (Windhoek)	4 793.00
Debt Establishment	(134.11)

WINDHOEK, 2017-10-20

EMMA KANTEMA-GAOMAS
ACCOUNTING OFFICER

