



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

MINISTRY OF SAFETY AND SECURITY

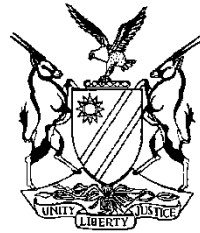
DEPARTMENT OF POLICE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

Published by authority

Price (Vat excluded) N\$ 28.00
Report no: 52/2015

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 Safety and Security: Department of Police for the financial year ended 31 March 2014 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, June 2015

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

TABLE OF CONTENT

1.	REPORT ON THE FINANCIAL STATEMENTS.....	1
1.1	INTRODUCTION.....	1
1.2	MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS.....	1
1.3	AUDITOR’S RESPONSIBILITY.....	1
1.4	KEY AUDIT FINDINGS.....	2
1.4.1	UnauthorizedExpenditure.....	2
1.4.2	Virements.....	3
1.5	ACKNOWLEDGEMENT.....	3
1.6	QUALIFIED AUDIT OPINION.....	3

ANNEXURE A

1.	AUDITED FINANCIAL STATEMENTS.....	4
1.1	Appropriation account.....	4
1.2	Standard subdivision.....	5
1.3	Departmental revenue.....	6
1.4	Notes to the financial statements.....	6
2	GENERAL INFORMATION.....	6
2.1	Bank accounts.....	6
2.2	Capital projects.....	7
2.3	Compensation payments (Valid claims against State).....	10
2.4	Bursary and study assistance.....	10
2.5	Aircraft Fule Cost.....	10
2.6	Fixed properties bought.....	10
2.7	Livestock.....	10
2.8	HIV/ADIS.....	10
2.9	Suspense accounts.....	10

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE MINISTRY OF SAFETY AND SECURITY:
DEPARTMENT OF POLICE FOR THE
FINANCIAL YEAR ENDED 31 MARCH 2014**

1. REPORT ON THE FINANCIAL STATEMENTS

1.1 INTRODUCTION

This report on the accounts of the Ministry of Safety and Security: Department of Police for the financial year ended 31 March 2014 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 Safety and Security: Department of Police for the financial year ended 31 March 2014. These financial statements comprise the following statements submitted for the year then ended:

- Appropriation account;
- Standard subdivisions;
- Departmental revenue;
- Notes to financial statements; and
- General information.

The appropriation accounts were submitted timeously by the Accounting Officer to the Auditor-General on 13 October 2014 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):

- (i) The total budget was exceeded with an amount of N\$ 53 249 252.30 (1.65%). This is unauthorized in terms of Section 6(a)(i) of the Act.
- (ii) Four (4) main divisions were exceeded by an amount of N\$ 56 970 037.40 which is unauthorized in terms of Section 6(a)(ii) of the Act.
- (iii) Ten (10) subdivisions were exceeded by an amount of N\$ 68 789 048.54 which is unauthorized in terms of Section 6(a)(iii) of the Act.

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

Management comment

In her response on the management letter, the Accounting Officer indicated that expenditures are normally posted late to the General ledger which makes it very difficult for line Ministries to control expenditures since they cannot check the funds available before they make any payment. The Department of Police has asked Silnam to introduce the funds availability check function at line Ministry level so that expenditure can be controlled to avoid over and under expenditures in future.

1.4.2 Virements

Differences were noted between the virements authorised by Treasury also reported by the Accounting Officer and the virements processed on the Appropriation account as follow:

Main division	Approved virementss	Appropriation account	Difference
	N\$	N\$	N\$
02-Compating of crime	192 888 520	198 543 520	(5 655 000)
04-Special Field Force	52 875 360	52 825 360	50 000
05-VIP Security Division	46 261 520	40 560 520	5 701 000
06-Signal Unit	8 544 880	8 640 880	(96 000)

It is recommended that the Accounting Officer should verify virements to ensure that the approved virements in the Appropriation account agree with those approved by Treasury.

Management comment

In her response on the management letter, the Accounting Officer indicated the differences on virements approved and processed are caused by the time frame between virements requested and processed which result in funds processed in the system being less than the virements approved as some funds will be used by then.

1.5 ACKNOWLEDGEMENT

I would like to express my appreciation for the courtesy extended and assistance rendered by the staff of the Ministry of Safety and Security: Department of Police during the audit is appreciated.

1.6 UNQUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the Ministry of Safety and Security: Departement of Police for the financial year ended 31 March 2014 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 Safety and Security: Departement of Police as at 31 March 2014, and their financial performance and their cash flows for the year then ended in accordance with the terms of Article 127(2) of the Namibian Consitution and Section 25(1) of the State Finance Act, 1991 (Act 31 of 1991).

WINDHOEK, June 2015

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

ANNEXURE A

1. AUDITED FINANCIAL STATEMENTS

1.1 Appropriation account

Service	2013/2014				2012/2013	
	Authorized expenditure	Actual expenditure	Under expenditure / (excess)	Percentage	Actual expenditure	
	N\$	N\$	N\$	N\$	%	N\$
01. Administration:						
Original budget	397 056 000					
Less: Virement	(316 924 120)	80 131 880	81 111 655.59	(979 775.59)	(1.22)	57 871 196.10
02. Combating of Crime:						
Original budget	2 011 043 000					
Plus: Virement	198 543 520	2 209 586 520	2 243 919 755.76	(34 333 235.75)	(1.55)	1 537 526 649.35
03. Training:						
Original budget	79 829 000					
Plus: Virement	14 217 880	94 046 880	92 657 091.91	1 389 788.09	1.48	107 687 144.77
04. Special Field Force:						
Original budget	324 845 000					
Plus: Virement	52 825 360	377 670 360	393 539 495.80	(15 869 135.80)	(4.20)	306 941 169.68
05. VIP Security Division:						
Original budget	278 376 000					
Plus: Virement	40 560 520	318 936 520	324 724 410.25	(5 787 890.25)	(1.81)	246 428 665.51
06. Signal Unit:						
Original budget	119 354 000					
Plus: Virement	8 640 880	127 994 880	127 189 719.97	805 160.03	0.63	97 350 590.71
07. National Forensic Science Institute:						
Original budget	16 920 000					
Plus: Virement	2 135 960	19 055 960	17 530 123.02	1 525 836.98	8.01	10 401 773.87
Total		3 227 423 000	3 280 672 252.30	(53 249 252.30)	(1.65)	2 364 207 189.99

1.2 Standard subdivisions

Subdivision	2013/2014			2012/2013
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	1 935 445 443	2 000 385 107.02	(64 939 664.02)	1 387 512 653.46
002. Employer's contribution to staff's pension fund	244 556 557	242 660 837.09	1 895 719.91	187 918 468.25
003. Other conditions of service	12 210 000	13 064 611.17	(854 611.17)	11 584 556.61
Total	2 192 212 000	2 256 110 555.28	(63 898 555.28)	1 587 015 678.32
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	82 373 000	76 872 169.73	5 500 830.27	74 311 708.13
022. Materials and supplies	97 493 000	97 310 120.16	182 879.84	113 739 538.54
023. Transport	130 754 000	130 041 175.97	712 824.03	123 010 752.04
024. Utilities	82 466 373	82 173 119.06	293 253.94	73 504 587.43
025. Maintenance expenses	3 540 000	3 538 193.51	1 806.49	4 844 928.57
026. Property rental and related charges	1 600 000	1 496 180.31	103 819.69	758 427.97
027. Other services and expenses	63 090 000	63 087 929.52	2 070.48	37 208 457.53
Total	461 316 373	454 518 888.26	6 797 484.74	427 378 400.21
Current expenditure: Subsidies, grants and other transfers				
041. Membership fees and subscriptions: International	6 128 627	6 206 979.72	(78 352.72)	372 197.33
044. Individual and non-profit organisations	5 000 000	5 140 124.15	(140 124.15)	2 849 094.67
Total	11 128 627	11 347 103.87	(218 476.87)	3 221 292.00
Total: Current expenditure	2 664 657 000	2 721 976 547.41	(57 319 547.41)	2 017 615 370.53
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	19 951 000	19 813 270.46	137 729.54	10 723 071.34
102. Vehicles	47 384 000	47 373 596.01	10 403.99	50 953 735.58
103. Operational equipment, machinery and plants	35 330 000	35 281 859.94	48 140.06	28 080 416.17
Total	102 665 000	102 468 726.41	196 273.59	89 757 223.09
Total: Operational expenditure	2 767 322 000	2 824 445 273.82	(57 123 273.82)	2 107 372 593.62
Development:				
Capital expenditure: Acquisition of assets				
103. Operational equipment, machinery and plants	-	-	-	52 795 000.00
107. Construction, renovation and improvement	460 101 000	456 226 978.48	3 874 021.52	204 039 596.37
Total: Development expenditure	460 101 000	456 226 978.48	3 874 021.52	256 834 596.37
GRAND TOTAL	3 227 423 000	3 280 672 252.30	(53 249 252.30)	2 364 207 189.99

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate	Actual revenue 2013/2014	More/(Less) than estimated	Actual revenue 2012/2013
	N\$	N\$	N\$	N\$
Private telephone calls	680 000	976 459.50	296 459.50	856 871.30.30
Miscellaneous	306 000	1 751 127.45	1 445 127.45	737 888.15
Departmental fines	50 000	43 726.90	(6 273.10)	65 467.19
Lost equipment and stores	74 000	138 470.79	64 470.79	174 119.58
Sale of found property	-	-	-	550.00
Copies of plans	52 000	8 290.00	(43 710.00)	12 770.00
Traffic control	6 391 879	6 957 220.00	565 341.00	6 534 660.00
Mortuary fees	19 500	16 640.00	(2 860.00)	15 090.00
Total	7 573 379.00	9 891 934.64	(2 318 555.64)	8 397 416.20

1.4 Notes to the financial statements

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

(i) Underexpenditure

Main Division 07: National Forensic Science Institute: (N\$1 525 836.98 – 8.01 %)

Vacant positions that were advertised for Scientists could not attract qualified candidates hence the underexpenditure on this main division.

(ii) Over-expenditure

Main Division 04: Special Field Force: (N\$15 869 135.80 – 4.2 %)

The overexpenditure is resulted from job evaluation and grading (JEG).

2 GENERAL INFORMATION

2.1 Bank accounts

The Accounting Officer reported six (6) bank accounts with the following closing balances:

Name of account	Banking institution	Balance at 31 March 2014 (Debit)/Credit
High Commission of the Republic of Namibia	First National Bank	N\$ 189 297.59
Namibian Police Petty Cash Main Account	Standard Bank	N\$ 397 247.31
Traffic Law Enforcement Support Account	Standard Bank	N\$ 5 098 445.56
Namibian Police Forensic Account	Nedbank	N\$ 87 106.28
Namibia High Commission: Safety & Security	Stanbic Bank	USD 76 510.82
Consulado Da Rep. Da Namabia-Ondjiva. Mos	BFA	USD 55 472.77

2.2 Capital projects

The following were development projects of the Department as reflected in the General Ledger and the development budget:

Nature of project	Approved total budget	Actual expenditure as at 31/03/2013	Approved budget 2013/2014	Actual expenditure 2013/2014	Total expenditure up to 31/03/2014	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Police Station Upgrading	256 192 000	303 131 261.86	122 142 000	119 060 611.08	422 191 872.94	31/03/2016
Police Accomodations (Housing Various Centres)	289 220 000	236 288 773.17	140 979 000	140 979 000.01	377 267 773.18	31/03/2016
Rehabilitation and Renovation of Police Facilities	34 500 000	59 311 064.11	10 000 000	10 000 000.00	69 311 064.11	31/03/2016
Schilp Police Station Construction	26 894 000	22 524 760.30	800 000	799 868.68	23 324 628.98	31/03/2013
P. J. Kaundu Training Centre	62 665 000	32 885 639.26	8 000 000	7 999 349.60	40 884 988.86	31/03/2016
Kongola Police Station	22 100 000	15 598 296.34	4 000 000	3 999 859.34	19 598 155.68	31/03/2014
Divundu Police Station	21 100 000	14 314 521.33	3 000 000	2 999 999.37	17 314 520.70	31 03/2013
Oshifo Police Station Class C	27 830 000	13 823 107.36	5 000 000	5 000 000.00	18 823 107.36	31 03/2014
Onaandjaba Class C Police Station	30 814 000	14 308 781.39	4 200 000	4 200 000.00	18 508 781.39	31/03/2013

ANNEXURE A (continued)

Nature of project	Approved total budget	Actual expenditure as at 31/03/2013	Approved budget 2013/2014	Actual expenditure 2013/2014	Total expenditure up to 31/03/2014	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Coblenz Police Station	20 173 000	10 970 833.07	2 500 000	2 500 000.00	13 470 833.07	31/03/2014
Oshikango Class A Police Station	38 000 000	21 996 841.91	1 000 000	999 884.72	22 996 726.63	31/03/2013
Okamatapati Class C Police Station	20 658 000	11 597 717.03	2 000 000	1 681 162.93	13 278 879.96	31/03/2014
Upgrading of Ondangwa Training Centre	46 273 000	6 210 011.20	3 000 000	2 997 791.65	9 207 802.85	31/03/2015
Otjituuo Class C Police Station	17 700 000	11 193 956.97	2 500 000	2 497 735.81	13 691 692.78	31/03/2014
Eiseb Block Sub-Police Station	25 226 000	7 516 164.55	5 500 000	5 500 000.00	13 016 164.55	31/03/2014
Aminius Class C Police Station	39 000 000	-	1 000 000	1 000 000.00	1 000 000.00	31/03/2014
Installation of Fuel Tanks and Pumps	31 000 000	9 737 029.82	6 000 000	6 000 000.00	15 737 029.82	31/03/2016
Oshikuku Class C Police Station	20 000 000	-	2 000 000	2 000 000.00	2 000 000.00	31/03/2016
Omusati Regional Headquarters	43 305 000	803 611.23	4 500 000	4 500 000.00	5 303 611.23	31/03/2016
Caprivi Regional Headquarters	43 305 000	1 804 999.36	4 500 000	4 499 901.22	6 304 900.58	31/03/2016
Hardap Regional Headquarters	43 305 000	804 999.40	5 500 000	5 500 000.00	6 304 999.40	31/03/2016
Oshikoto Regional Headquarters	164 000 000	70 779.82	9 500 000	9 500 000.00	9 570 779.82	31/03/2015
Karasburg Police Station	34 066 000	5 050 393.42	5 000 000	5 000 000.00	10 050 393.42	31/03/2015
Otjomuise Class B Police Station	42 431 000	1 031 000.00	8 850 000	8 848 373.08	9 879 373.08	31/03/2014
Purchase of Farms	45 000 000	-	2 800 000	2 800 000.00	2 800 000.00	31/03/2016
Etayi Police Station	44 430 000	430 000.00	5 000 000	4 999 022.43	5 429 022.43	31/03/2014
Ncaute Police Station	44 430 000	430 000.00	5 000 000	5 000 000.00	5 430 000.00	31/03/2016
Kuisebmond Police Station	39 889 000	-	2 530 000	2 529 999.55	2 529 999.55	31/03/2014

ANNEXURE A (continue)

Nature of project	Approved total budget	Actual expenditure as at 31/03/2013	Approved budget 2013/2014	Actual expenditure 2013/2014	Total expenditure up to 31/03/2014	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Construction and Upgrade of Police Cells Countrywide	37 000 000	8 681 290.90	7 000 000	6 994 351.90	15 675 642.80	31/03/2016
Oshana Regional Headquarters	41 800 000	-	1 800 000	1 800 000.00	1 800 000.00	31/03/2017
Israel Patrick Iyambo College	38 583 000	3 537 275.26	8 000 000	7 831 716.75	11 368 992.01	31/03/2016
Additional Offices within the National Headquarters	252 439 000	-	25 000 000	24 999 999.98	24 999 999.98	31/03/2016
Omega Class C Police Station	44 430 000	425 989.61	5 000 000	4 999 999.91	5 425 989.52	31/03/2016
Generators to all Police Stations	25 000 000	4 291 676.72	8 000 000	8 000 000.00	12 291 676.72	31/03/2016
Okangwati Police Station	44 430 000	430 000.00	6 000 000	5 999 950.00	6 429 950.00	31/03/2016
Epako Class B Police Station	41 000 000	-	2 500 000	2 500 000.00	2 500 000.00	31/03/2016
Noordoewer Class C Police Station	39 500 000	-	500 000	499 417.48	499 417.48	31/03/2016
Greenwell Matango Class C Police Station- Caprivi	44 000 000	-	2 500 000	2 499 976.83	2 499 976.83	31/03/2016
Ongha Class C Police Station	40 000 000	-	7 000 000	6 716 507.45	6 716 507.45	31/03/2016
Nkurenkuru Class C Police Station	42 500 000	-	1 500 000	1 497 882.19	1 497 882.19	31/03/2016
Babylon Class C Police Station	41 000 000	-	2 500 000	2 496 127.92	2 496 127.92	31/03/2016
Windhoek Regional Hq - Additional Offices	43 500 000	7 001 123.94	3 500 000	3 498 714.95	10 499 838.89	31/03/2016
Mpungu Class C Police Station	35 000 000	-	2 500 000	2 499 773.65	2 499 773.65	31/03/2016
Total	2 383 688 000	821 151 505.91	460 101 000	456 226 978.48	1 277 378 484.39	

2.3 Compensation payments (Valid claims against the State)

The Department reported a total amount of N\$ 2 439 073.82 as compensation payments in respect of claims against the State with the necessary Treasury approvals.

2.4 Bursary and study assistance

The Accounting Officer funded staff members with a total amount of N\$ 961 215.72 for their studies during the financial year under review.

2.5 Aircraft Fuel Cost

The Department spent N\$ 1 350 409.94 towards fueling of aircrafts.

2.6 Fixed properties bought

The Accounting Officer reported that the Department bought a three (3) bedroom house at a cost of N\$ 233 302.50.

2.7 Livestock

The Department had the following livestock as at 31 March 2014:

Type of live stock	Total number on hand as on 31/03/2014
Goat	7
Dogs	29
Horses	17
Cattle	42

2.8 HIV/AIDS

An amount of N\$ 315 380.40 was spent by the Department towards HIV/AIDS related activities.

2.9 Suspense accounts

The Department had outstanding balances on six (6) suspense accounts and the below mentioned accounts had balances of more than N\$100 000 at the end of the financial year under review:

Details	Balance Debit/(Credit)
	N\$
S & T Advance Suspense Account	4 478 191.64
Rejection Account	868 623.48
Bills payable	(7 146 059.05)
Electronic Fund Transfer Clearing Account	832 046.32
Taxcode	(110 279.98)
Special Field Force	(446 107.97)