



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

DEPARTMENT OF PRISONS AND CORRECTIONAL SERVICES OF THE MINISTRY OF SAFETY AND SECURITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

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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 Prisons and Correctional Services of the Ministry of Safety and Security for the financial year ended 31 March 2012 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 2013

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE DEPARTMENT OF PRISONS AND CORRECTIONAL
SERVICES OF THE MINISTRY OF SAFETY AND SECURITY
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2012**

1. INTRODUCTION

1.1 Report

This report on the accounts of the Department of Prisons and Correctional Services of the Ministry of Safety and Security for the financial year ended 31 March 2012 is presented to the National Assembly in accordance with the terms of Article 127(2) of the Constitution of the Republic of Namibia and Section 27(1) of the State Finance Act, 1991 (Act 31 of 1991), as amended.

1.2 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.

2. FINANCIAL STATEMENTS

The appropriation accounts were submitted 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 supplied by the Accounting Officer are attached as annexure A to this report.

3. SCOPE OF THE AUDIT

- 3.1** The Accounting Officer in co-operation with the Permanent Secretary of the Ministry of Finance is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions therein. It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly. The audit included:

- (a) examination on a test basis of evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements; and
- (b) evaluation of the overall adequacy of the presentation of information in the financial statements.

3.2 The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- (a) the financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;
- (b) in all material respects, the expenditure and income have been applied to the purposes intended by the legislature; and
- (c) the financial transactions conform to the authorities that govern them.

4. AUDIT OBSERVATIONS

4.1 MAIN ISSUES/FINDINGS IDENTIFIED BY THE AUDIT

4.1.1 Expenditure

The total budget of the Department was underspend with an amount of N\$ 4 120 686.84 (0.93%). However, the under mentioned unauthorized expenditure 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):

- (i) One (1) main divisions of the vote was exceeded by an amount totaling N\$ 1 611 888.23 which is contrary to Section 6(a)(ii) of the State Finance Act.
- (ii) Although Treasury approval was obtained to utilize certain expected savings for the defrayal of excess expenditure by way of virements during the year, thirteen (13) subdivisions were exceeded by an amount of N\$ 6 859 829.97 which is unauthorized in terms of Section 6(a)(iii) of the Act.

It is recommended that the Accounting Officer put measures in place to avoid under spending of the budget and also the unauthorised expenditure.

4.1.2. Subsistence and travel allowances

During the audit it was found that the subsistence and travel advance suspense account is indicating an unclear debit balance of N\$ 1 050 843.76, however only N\$ 431 854.06.00 was reported on the statement. The difference of N\$ 616 989 implicates that there may be a lot of outstanding claims or money owed to the State.

It is recommended that reconciliation must be done on a monthly basis to clear this accounts and the individuals owing should be instructed to submit their claims or else deductions should be made from their salaries.

4.1.3 Revenue

The statement provided shows a total amount of N\$ 369 430.44 received on revenue as per general ledger. However, this amount could not be properly verified as the department does not have an electronic cash book, and no proper manual cashbook is maintained. It was also discovered that the budgeted amount for revenue as per general ledger amounting to N\$ 210 811.00, differs from the amount in the budget book with N\$ 47 192.00.

It is highly recommended that a proper cashbook be implemented for proper records on revenue and also statements should contain all information as stated in Circular D12/2010 of the Auditor-General.

4.1.4 Suspense Account

The General Ledger reflected balances on six (6) suspense accounts, The following accounts had balances exceeding N\$ 100 000:

Suspense account	Amount Debit/(Credit)
	N\$
Namibia prison trade account	(1 491 965.98)
Receipt suspense account	6 456 488.38
S&T suspense account	1 050 843.76
Bills payable	(11 627 894.73)
Electronic Fund Transfer Clearing Account (EFT)	843 980.66

It is recommended that the Accounting Officer should see to it that the reconciliations are done on a monthly basis and explanations should be given on the high balances.

4.1.5 Vehicle Accidents

The department reported 36 accident reports during the financial year 2011/2012, however the estimated cost of this accidents could not be verified due to the fact that some accident reports do not have estimated amounts and the auditor was only provided with 27 accident reports for verification. Accident reports for the below mentioned vehicles are still outstanding:

NO	VEHICLE REGISTRATION
1	PS 159
2	PS 333
3	PS 200
4	PS 145
5	PS 205/379
6	PS 1002
7	PS 405
8	PS 405
9	PS 333

It is strongly recommended that the Accounting Officer must see to it that all the outstanding accident reports are provided for audit purposes.

4.1.6 Virements

The following differences were noted between the virements approved by Treasury and the virements processed in the Appropriation account:

Main division	Virements approved	Virements processed	Difference
	N\$	N\$	N\$
01	(131 087)	(130 437)	(650)
03	(8 237 196)	8 237 846)	650

It is recommended that the Accounting Officer provide explanation for these differences.

4.1.7 Non-submission of Statements

The department did not provide Statement 40 - HIV/AIDS.

It is recommended that the Accounting Officer explains as to why this statement could not be provided as requested per Auditor-General's Circular D12/2010.

4.1.8 Bursaries and Study Assistance

The department reported 10 officials given study assistance, however contracts of two officials were not provided for audit purposes.

It is recommended that the Accounting Officer must see to it that these contracts/signed agreements are provided for verification purposes.

5. ACKNOWLEDGEMENT

The co-operation and assistance of the management and staff of the Ministry during the audit is appreciated.

6. EMPHASIS OF MATTER

Attention is drawn to the management on the following matters that relate to my responsibility in the audit of the financial statements:

- a) Paragraph 4.1.1 Expenditure. The total budget of the Department was underspend with an amount of N\$ 4 120 686.84 (0.93%).
- b) Paragraph 4.1.6 Virements. Differences noted between virements authorized by Treasury and those reflected in the Appropriation account.

7. BASIS FOR QUALIFIED OPINION

The Department failed to carry out reconciliations on the suspense accounts. These reconciliations are important in order to account for all transactions that need to be transferred to the relevant vote account or revenue account to ensure completeness thereof. Similar recommendations were made during previous financial years, however the situation remains unchanged.

The Department also failed to maintain a proper electronic or manual revenue cash-book. The statement on HIV/AIDS was not provided and contracts on study assistance as well as motor vehicle accident reports were not submitted for audit purposes.

8. QUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the Department of Prisons and Correctional Services of the Ministry of Safety and Security for the financial year ended 31 March 2012 in accordance with the terms of Article 127(2) of the Namibian Constitution and Section 25(1) of the State Finance Act, 1991 (Act 31 of 1991).

In my opinion, except for the effect of the matters as discussed in the Basis for qualified opinion paragraph, the financial statements fairly present the receipts and payments of Vote 21 for the year ended 31 March 2012, and in all material respects the receipts and payments have been applied to the purposes intended by the National Assembly and conform to the authorities which govern them.

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

OFFICE OF THE AUDITOR GENERAL
269 Independence avenue
Private Bag 13299
WINDHOEK
NAMIBIA

1. FINANCIAL STATEMENTS

1.1 Appropriation account

2011/2012						2010/2011
Service	Authorised expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percentage		
N\$	N\$	N\$	N\$	%	N\$	
01. Office of the Minister:						
Original budget	4 464 000					
Plus: Virement	29 339	4 493 339	4 326 403.20	166 935.80	3.72	4 058 904.32
02. Administration:						
Original budget	40 120 000					
Plus: Virement	2 896 610	43 016 610	42 355 475.46	661 134.54	1.54	35 438 455.83
03. Prisons and Correctional Services:						
Original budget	355 895 000					
Plus: Virement	5 551 448	361 446 448	356 628 695.27	4 817 752.73	1.33	345 109 619.88
04. Human Resource and Development:						
Original budget	7 457 000					
Plus: Virement	9 544 998	17 001 998	18 613 886.23	(1 611 888.23)	-9.48	12 625 679.11
05. Agricultural Development:						
Original budget	17 037 000	17 037 000	16 950 248.00	86 752.00	0.51	18 510 414.71
Total:		442 995 395	438 874 708.16	4 120 686.84	0.93	415 743 073.85

ANNEXURE A (continued)

1.2 Standard subdivisions

Subdivision	2011/2012			2010/2011
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	220 217 264	220 510 055.22	(292 791.22)	190 172 869.93
002. Employer's contribution to staff's pension fund	28 311 256	28 518 194.89	(206 938.89)	26 594 548.54
003. Other conditions of service	1 612 875	1 942 875.30	(330 000.30)	1 292 831.39
Total	250 141 395	250 971 125.41	(829 730.41)	218 060 249.86
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	6 092 892	5 685 068.16	407 823.84	5 299 128.06
022. Materials and supplies	16 946 138	16 527 999.28	418 138.72	23 591 396.83
023. Transport	14 643 748	14 342 690.65	301 057.35	13 613 444.64
024. Utilities	31 477 586	35 856 629.76	(4 379 043.76)	28 965 653.67
025. Maintenance expenses	1 776 122	1 761 231.16	14 890.84	1 300 450.72
027. Other services and expenses	22 574 652	22 088 767.48	485 884.52	23 081 261.09
Total	93 511 138.00	96 262 386.49	(2 751 248.49)	95 851 335.01
Current expenditure: Subsidies, grants and other transfers				
041. Membership Fees and Subscriptions: International	71 250	83 030.96	(11 780.96)	12 379.90
044. Individuals and non- profit organisation	722 680	718 172.56	4 507.44	613 271.91
Total	793 930	801 203.52	(7 273.52)	625 651.81
Total: Current expenditure	344 446 463	348 034 715.42	(3 588 252.42)	314 537 236.68
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	556 209	556 207.24	1.76	2 571 354.21
102. Vehicle	4 440 530	4 440 528.26	1.74	14 114 296.58
103. Operational equipment machinery and plant	4 988 862	4 982 919.33	5 942.67	2 564 487.57
Total	9 985 601	9 979 654.83	5 946.17	19 250 138.36
Total: Operational expenditure	354 432 064	358 014 370.25	(3 582 306.25)	333 787 375.04
Development:				
Capital expenditure: Acquisition of Assets				
103. Operational equipment, machinery and plants	3 154 000	1 964 715.58	1 189 284.42	1 500 000.00
105. Feasibility studies, design and supervision	13 411 000	11 690 687.24	1 720 312.76	9 678 698.81
107. Construction, renovation and improvements	71 998 331	67 204 935.09	4 793 395.91	70 777 000.00
Total: Development expenditure	88 563 331	80 860 337.91	7 702 993.09	81 955 698.81
GRAND TOTAL	442 995 395	438 874 708.16	4 120 686.84	415 743 073.85

ANNEXURE A (continued)

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue heading	Estimate	Actual revenue 2011/2012	More/ (Less) than estimated	Actual revenue 2010/2011
	N\$	N\$	N\$	N\$
Private telephone calls	184	-	(184.00)	
Miscellaneous	67 524	241 038.21	173 514.21	65 618.10
Departmental Fines	4 892	-	(4 892.00)	-
Letting of State land and Building	-	-	-	1 830.00
Prisoner's Labour	121 999	89 292.34	(32 706.66)	255 400.62
Water & Electricity: Prison Service	9 022	-	(9 022.00)	25 956.00
Hostel Fees	2 653	-	2 653.00	-
Obsolete, Worn-out and Surplus	4 537	39 099.89	34 562.89	273 051.62
Total	210 811	369 430.44	158 619.44	621 856.34

1.4 NOTES TO THE FINANCIAL STATEMENTS**1.4.1 Appropriation account: Explanations of variations exceeding 2% between authorised and actual expenditure.****(i) Underexpenditure****Main division 01 - Office of the Minister (N\$ 166 935.80 - 3.72%)**

The underexpenditure of 3.72% is caused by outstanding commitments on advances and claims that were not submitted on time for clearing. The other cause is the late submission of invoices by suppliers.

(ii) Over-expenditure**Main division 04 - Human Resource and Development – Administration (N\$ 1 611 888.23 – 9.48%)**

The over-spending on materials and supplies was caused by the commercialization of the pathology service by the Ministry of Health and Social Services. Consultation with the Ministry of Safety and Security did not take place nor was the financial implications communicated before the commercialization. The Department did not budget for this expenditure and only became aware of the account on the general ledger of February 2012. The department did not request virement as the financial year had already closed when the ledgers became available.

The over-expenditure on personnel expenditure was incurred on this subdivision because the department has to pay overtime to staff members, more overtime was worked than what was budgeted for. Other causes are the retirements and resignation of some senior staff members.

The over-expenditure on utilities was due to the fact that the Namibian Correctional Services uses relatively large quantities of water and electricity because of the 24-hour occupancy level and usage needs. This division cannot be properly estimated due to price increases by service providers.

2. GENERAL INFORMATION

2.1 Development projects

The following were development projects of the ministry exceeding N\$1 Million during the financial year:

Project name	Approved total cost of project	Approved appropriation 2011/2012	Total expenditure as at 31/03/2011	Actual expenditure in 2011/12	Total expenditure up to 31/03/2012	Year of completion
	N\$	N\$	N\$	N\$	N\$	
Elizabeth Nepemba Juvenile Construction	34 194 000	1 127 000	38 832 211.83	1 296 039.16	40 128 250.99	31/03/2011
Official Accommodation Construction	123 237 000	3 628 000	10 855 139.35	3 304 713.06	14 159 852.41	31/03/2016
Divundu Rehabilitation Farm Construction	23 985 000	308 000	26 450 330.90	306 486.68	26 756 817.58	31/03/2012
Scott Rehabilitation Farm Construction	438 229 000	54 921 000	92 084 620.08	54 862 517.52	146 947 137.60	31/03/2015
Omaruru Prison Training Construction	52 000 000	2 639 000	59 611 727.82	2 576 847.77	62 188 575.59	31/03/2012
Minor Renovations and Rehabilitation	62 706 000	4 000 000	27 224 940.70	3 965 659.53	31 190 600.23	31/03/2014
Ondangwa Remand Prison Construction	2 000 000	1 306 000	300 000.00	1 302 476.67	1 602 476.67	31/03/2015
Outapi Prison Construction	350 000	-	350 000.00	-	350 000.00	31/03/2015
Outapi Remand Prison Construction	300 000	1 451 000	350 000.00	999 997.00	1 349 997.00	31/03/2014
Walvisbay Prison High Security Fence Construction	8 200 000	-	200 000.00	-	200 000.00	31/03/2014
Windhoek Prison Unit Management Conversion	16 249 000	4 928 000	7 942 000.00	3 724 197.13	11 666 197.13	31/03/2012
Hardap Prison Unit Management Conversion	3 450 000	5 628 000	-	1 930 070.24	1 930 070.24	31/03/2012
Swakopmund Prison Renovation	11 750 000	1 669 331	2 000 000.00	1 349 880.05	3 349 880.05	31/03/2014
Offender Management System Installation	12 097 000	4 354 000	3 866 000.00	3 081 940.78	6 947 940.78	31/03/2011
Omaruru Prison Renovation	43 100 000	2 000 000	350 000.00	1 908 265.26	2 258 265.26	31/03/2015
Windhoek Remand Prison Construction	200 000 000	-	300 000.00	-	300 000.00	31/03/2014
Karayi Rehabilitation Farm Centre Construction	254 000	254 000	-	185 610.00	185 610.00	31/03/2011
Southern Headquarters Construction	350 000	350 000	-	65 637.06	65 637.06	31/03/2011
TOTAL	1 032 451 000	88 563 331	210 716 970.68	80 860 337.91	351 577 308.59	

2. Bursaries and study assistance

The department provided study assistance to an amount of N\$ 90 765 during 2011/12:

WINDHOEK, 2010-10-19

**DR. N. ANGOLO
PERMANENT SECRETARY**