



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**

**DEPARTMENT OF NAMIBIAN**

**CORRECTIONAL SERVICE OF THE**

**MINISTRY OF SAFETY AND SECURITY**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013**

Published by authority

Price (Vat excluded) N\$ 24.95

Report no: 85/2014

**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 Namibian Correctional Service of the Ministry of Safety and Security for the financial year ended 31 March 2013 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, SEPTEMBER 2014**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

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OF THE MINISTRY OF SAFETY AND SECURITY  
FOR THE FINANCIAL YEAR ENDED  
31 MARCH 2013**

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## **1. INTRODUCTION**

This report on the accounts of the Ministry of Safety and Security: Department of Namibian Correctional Service for the financial year ended 31 March 2013 is presented to the National Assembly in accordance with 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.

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Ministry of Safety and Security: Department of Namibian Correctional Service for the year ended 31 March 2013. These financial statements comprise the Appropriation Account, Standard Subdivisions, Departmental Revenue, Miscellaneous Revenue for the year then ended, and notes to financial statement and general information submitted.

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.

## **2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

My responsibility is to express an opinion on these financial statements based on our audit. I conducted our 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.

## **3. AUDITOR'S RESPONSIBILITY**

My responsibility is to express an opinion on these financial statements based on our audit. I conducted our audit in accordance with International Standards for Supreme Audit Institutions. 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.

#### **4. AUDIT FINDINGS**

##### **4.1. Emphasis of Matters**

I draw attention to the following matters:

###### **4.1.1 Under expenditure**

The total budget of the Department was under spent with an amount of N\$ 1 212 089.77 (0.27%).

It is recommended that the Accounting Officer put measures in place to avoid underexpenditure and ensures that planned projects are implemented.

###### **4.1.2 Unauthorised expenditure**

Three (3) main divisions of the Vote were exceeded by an amount totaling N\$ 330 603.32 which is contrary to Section 6(a)(ii) of the State Finance Act.

Although Treasury approval was obtained to utilize certain expected savings for the defrayal of excess expenditure by way of virements during the year, twenty-two (22) subdivisions were exceeded by an amount of N\$ 6 748 385.62 which is unauthorized in terms of Section 6(a) (iii) of the Act.

It is recommended that the Accounting Officer put control measures in place to avoid unauthorized expenditure.

#### 4.1.3 Subsistence Advances

During the audit, it was found that the Subsistence and Travel Advance Suspense Account is indicating an unclear debit balance of N\$ 1 673 195.91. However, only N\$ 1 209 743.66 was reflected in the debit balance list provided by the Department. The difference of N\$ 463 452.25 remains unexplained. Furthermore, it was also noted that the statement submitted by the Accounting Officer indicated that claims are not submitted within 30 days as required by Treasury Instruction HB 0505.

It is recommended that the difference of N\$ 463 452.25 be explained by the Accounting Officer and also ensure that claims are submitted within 30 days as required by Treasury Instruction HB0505.

#### 4.1.4 Virements

Differences were noted between the virement authorised by Treasury and the virements in the Appropriation Account as follows:

<b>Main Division</b>	<b>Approved Virements</b>	<b>Virements as per Appropriation Account</b>	<b>Difference</b>
	N\$	N\$	N\$
01	(2 041 000)	(876 198)	(1 164 802)
02	1 078 400	662 395	416 005
03	2 101 342	1 211 136	890 206
04	(5 579 982)	(3 240 275)	(2 339 707)
05	6 831 240	3 356 830	3 474 410
06	(2 390 000)	( 1 113 888)	(1 276 112)

The Department responded that the “differences are caused by the time gap between the submission of the virement request for approval by Treasury by the time approval is granted the funds are used.” However, it is strongly recommended that the Accounting Officer should see to it that the requested amounts are not used prior to the approval of virements and also ensure that approved virements in the Appropriation account agrees to with those approved by Treasury.

#### 4.1.5 Suspense Account

The final ledger shows six (6) suspense account balances of the Department as at 31 March 2013 of which three (3) had credit balances and three (3) had debit balances. The following suspense accounts were in excess of N\$ 100 000:

<b>Suspense account</b>	<b>Amount Debit/(Credit)</b>
	N\$
Receipt Suspense Account	7 073 277.95
S&T Suspense Advance Account	1 673 195.91
Bills Payable	(6 228 012.47)

It is recommended that the Accounting Officer should see to it that the reconciliations are done on a monthly basis.

#### **4.1.6 Non-submission of Annual Report Statements and Supporting documentation**

##### **4.1.6.1 Stock (Depots)**

The Accounting Officer provided the annual report statement for Stock (Depot). However, supporting documentation to verify this information was not provided for audit purposes.

##### **4.1.6.2 Vehicle Accidents**

The Accounting Officer reported 53 accidents during the financial year. However, nine (9) accident reports could not be provided for audit purposes.

##### **4.1.6.3 Vehicle Repairs**

The Accounting Officer reported that twenty three (23) vehicles were repaired during the year under review at a total cost of N\$ 171 365.60. However, not all invoices for repairs could be provided for audit purposes.

##### **4.1.6.4 Total number of vehicles on hand (Vehicles written off/Auctioned)**

The Accounting Officer reported that seventy six (76) vehicles were auctioned and three (3) vehicles were written off. However, only one Treasury authorisation for thirty six (36) vehicles was provided for verification. Treasury authorisations for the remaining forty (40) auctioned vehicles and three (3) vehicles written off were not submitted for audit purposes.

##### **4.1.6.5 Bursaries and Study Assistance**

The Ministry provided study assistance to nine (9) staff members to the amount of N\$ 51 220.00. However, contracts of four (4) officials were not provided for audit purposes.

It is recommended that the Accounting Officer should submit all annual report statements and supporting documentation as required by Circular D12/2010 of the Auditor-General.

#### **4.1.7 Exemptions from Normal Tender Procedures**

The following approved exemption was exceeded:

<b>Exemption no</b>	<b>Approved Amount</b>	<b>Actual Expenditure</b>	<b>Difference</b>
E1/23-7/2012	N\$ 1 200 000.00	N\$ 1 369 799.13	N\$ 169 799.13

The Accounting Officer should provide an explanation on the exceeded exemption. Furthermore, the Accounting Officer should ensure that approved exemptions are not exceeded.

#### **4.1.8 Capital Projects**

The approved total cost of project amounts on the statement provided by the Accounting Officer does not agree with those in the Development Budget Book.

It is recommended that the Accounting officer should provide an explanation on the differences.

#### **4.1.9 Miscellaneous Revenue**

The Accounting Officer reported an amount of N\$ 54 773.13 for Miscellaneous Revenue. However, the General Ledger reflects an amount of N\$ 1 216 769.29. Furthermore, the Accounting Officer also reported an amount for Private Telephone calls, Prisoner's Labour, Obsolete, Worn-out and surplus which do not agree with the General Ledger.

### **5. ACKNOWLEDGMENT**

The co-operation and assistance by the management and staff of the Ministry of Safety and Security: Department of Namibian Correctional Service during the audit is appreciated.

### **6. BASIS FOR QUALIFIED AUDIT OPINION**

6.1 The Ministry failed to carry out reconciliations on the following accounts:

- i) Receipt Suspense Account: Paragraph 4.1.5
- ii) S & T Suspense Advance Account 4.1.5

6.2 Non-submission of annual report statements: Paragraph 4.1.6

### **7. QUALIFIED AUDIT OPINION**

I certify that I have audited the financial statements of the Ministry of Safety and Security: Department of Namibian Correctional Service for the year ended 31 March 2013 in accordance with the terms of Article 127(2) of the Namibian Constitution and Section 25(1) of the State Finance Act 31, 1991.

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Audit Opinion paragraph, the financial statements fairly represent the receipts and payments of Vote 21 for the year ended 31 March 2013, and in all material respects the receipts and payments have been applied for 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**  
**123 Robert Mugabe Avenue**  
**Private Bag 13299**  
**WINDHOEK**  
**NAMIBIA**



## 8. FINANCIAL STATEMENTS

## 8.1 Appropriation account

2012/2013						2011/2012
Service	Authorised expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percentage		
N\$	N\$	N\$	N\$	%	N\$	
<b>01. Office of the Minister:</b>						
Original budget	5 850 000					
Less: Virement	(876 198)	4 973 802	5 291 654.64	(317 852.64)	(6.39)	4 326 403.20
<b>02. Administration:</b>						
Original budget	3 046 000					
Plus: Virement	662 395	3 708 395	3 719 284.09	(10 889.09)	(0.29)	42 355 475.46
<b>03. Commissioner-General's Office:</b>						
Original budget	5 852 000					
Plus: Virement	1 211 136	7 063 136	7 041 551.67	21 584.33	0.31	356 628 695.27
<b>04. Correctional Operations:</b>						
Original budget	397 998 000					
Less: Virement	(3 240 275)	394 757 725	393 513 063.09	1 244 661.91	0.32	18 613 886.23
<b>05. Corporate Management:</b>						
Original budget	32 955 000					
Plus: Virement	3 356 830	36 311 830	36 035 383.15	276 446.85	0.76	16 950 248.00
<b>06. National Release Board:</b>						
Original budget	1 668 000					
Less: Virement	(1 113 888)	554 112	555 973.59	(1 861.59)	(0.34)	-
<b>Total:</b>	<b>447 369 000</b>	<b>446 156 910.23</b>	<b>446 156 910.23</b>	<b>1 212 089.77</b>	<b>0.27</b>	<b>438 874 708.16</b>

## ANNEXURE A (continued)

## 8.2 Standard subdivisions

Subdivision	2012/2013			2011/2012
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational:</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	253 350 932	252 378 708.01	972 223.99	220 510 055.22
002. Employer's contribution to staff's pension fund	29 854 000	29 660 340.91	193 659.09	28 518 194.89
003. Other conditions of service	707 068	1 063 536.89	(356 468.89)	1 942 875.30
<b>Total</b>	<b>283 912 000</b>	<b>283 102 585.81</b>	<b>809 414.19</b>	<b>250 971 125.41</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence expenses	5 591 734	5 553 677.36	38 056.64	5 685 068.16
022. Materials and supplies	18 666 143	20 327 377.12	(1 661 234.12)	16 527 999.28
023. Transport	10 435 960	10 627 423.91	(191 463.91)	14 342 690.65
024. Utilities	34 400 984	34 721 205.40	(320 221.40)	35 856 629.76
025. Maintenance expenses	552 211	539 951.75	12 259.25	1 761 231.16
027. Other services and expenses	21 108 004	20 923 755.55	184 248.45	22 088 767.48
<b>Total</b>	<b>90 755 036</b>	<b>92 693 391.09</b>	<b>(1 938 355.09)</b>	<b>96 262 386.49</b>
<b>Current expenditure: Subsidies, grants and other transfers</b>				
041. Membership Fees and Subscriptions: International	107 571	107 571.00	-	83 030.96
044. Individuals and non- profit organisation	593 000	584 327.09	8 672.91	718 172.56
<b>Total</b>	<b>700 571</b>	<b>691 898.09</b>	<b>8 672.91</b>	<b>801 203.52</b>
<b>Total: Current expenditure</b>	<b>375 367 607</b>	<b>376 487 874.99</b>	<b>(1 120 267.01)</b>	<b>348 034 715.42</b>
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	950 393	933 497.91	16 895.09	556 207.24
102. Vehicles	874 000	5 000 000.00	(4 126 000.00)	4 440 528.26
103. Operational equipment machinery and plants	1 480 000	1 479 646.34	353.66	4 982 919.33
<b>Total: Capital expenditure</b>	<b>3 304 393</b>	<b>7 413 144.25</b>	<b>(4 108 751.75)</b>	<b>9 979 654.83</b>
<b>Total: Operational expenditure</b>	<b>378 672 000</b>	<b>383 901 019.24</b>	<b>(5 229 019.76)</b>	<b>358 014 370.25</b>
<b>Development:</b>				
<b>Capital expenditure: Acquisition of Assets</b>				
101. Furniture and office equipment	300 000	278 536.80	21 463.20	-
103. Operational equipment, machinery and plants	-	-	-	1 964 715.58
105. Feasibility studies, design and supervision	7 690 000	2 474 115.14	5 215 884.86	11 690 687.24
107. Construction, renovation and improvements	60 707 000	59 503 239.00	1 203 760.00	67 204 935.09
<b>Total: Development expenditure</b>	<b>68 697 000</b>	<b>62 255 890.99</b>	<b>6 441 101.06</b>	<b>80 860 337.91</b>
<b>GRAND TOTAL</b>	<b>447 369 000</b>	<b>446 156 910.23</b>	<b>1 212 089.77</b>	<b>438 874 708.16</b>

### 8.3 Departmental revenue

Revenue for the year is as follows:

Revenue heading	Estimate	Actual revenue 2012/2013	More/ (Less) than estimated	Actual revenue 2011/2012
	N\$	N\$	N\$	N\$
Private telephone calls	1 000	-	1 000.00	-
Unclaimed cheques (Miscellaneous)	70 000	1 271 542.42	1 201 542.42	241 038.21
Departmental Fines	50 000	-	50 000.00	-
Prisoner's Labour	200 000	182 969.38	(17 030.62)	89 292.34
Water & Electricity: Prison Service	30 000	-	30 000.00	-
Obsolete, Worn-out and Surplus	300 000	148 220.28	(151 779.72)	39 099.89
<b>Total</b>	<b>651 000</b>	<b>1 602 732.08</b>	<b>(951 732.08)</b>	<b>369 430.44</b>

### 8.4 NOTES TO THE FINANCIAL STATEMENTS

#### 8.4.1 Appropriation account: Explanations of variations exceeding 2% between authorised and actual expenditure.

##### (i) Over-expenditure

##### Main Division 01 - Office of the Minister (N\$ 317 852 – 6.39%)

Over expending on Personnel expenditure is due to the secondment of the Personal Assistant of the former Minister to another Ministry who was still on our payroll as well as the payment of Leave Gratuity of the former Minister who went on retirement.

#### 8.4.2 Ministerial revenue: Explanations of variations exceeding N\$ 100 000.

##### Under-estimated

##### Unclaimed cheques (Miscellaneous)

Revenue was over-estimated.

##### Over-estimated

##### Obsolete, Worn-out and Surplus

Revenue was over-estimated.

## 9. GENERAL INFORMATION

## 9.1 Capital Projects

The following were development projects of the Department as reflected in the General Ledger and the Development Budget.

Project name	Approved total cost of project	Total expenditure as at 31/03/2012	Approved appropriation 2012/2013	Actual expenditure 2012/13	Total expenditure up to 31/03/2013	Year of completion
Official Accommodation Construction	N\$ 133 095 000	N\$ 14 159 852.41	N\$ 1 500 000	N\$ 1 363 727.37	N\$ 15 523 579.78	31/03/2015
Scott Rehabilitation Farm Construction	530 250 000	146 947 137.60	38 614 075	34 557 481.03	1 81 504 618.63	31/03/2015
Omaruru Prison Training Construction	52 029 000	62 188 575.59	500	458 889.63	62 647 465.22	31/03/2012
Minor Renovations and Rehabilitation	68 976 000	31 190 600.23	3 582 925	3 549 639.94	34 740 240.17	31/03/2014
Windhoek Prison Unit Management Conversion	43 292 000	11 666 197.13	12 510 000	12 136 358.58	23 802 555.71	31/03/2012
Hardap Prison Unit Management Conversion	22 657 000	1 930 070.24	6 090 000	5 454 283.00	7 384 353.24	31/03/2013
Divundu Prison Unit Management Conversion	5 617 000	-	1 000 000	391 820.94	391 820.94	31/03/2015
Swakopmund Prison Renovation	13 474 000	3 349 880.05	4 600 000	4 065 153.70	7 415 033.75	31/03/2014
Offender Management System Installation	12 497 000	6 947 940.78	300 000	278 536.80	7 226 477.58	31/03/2014
<b>TOTAL</b>	<b>915 123 000</b>	<b>278 380 254.03</b>	<b>68 697 000</b>	<b>62 255 890.99</b>	<b>340 636 145.02</b>	

See paragraph 4.1.8

### 9.2 Exemption from Normal Tender Procedures

The following exemptions were reported for the financial year:

Exemption Number	Estimated amounts	Actual amounts	Difference
	N\$	N\$	N\$
E1/23-8/2012	825 000	54 379.16	770 620.84
E1/23-1/2012	73 922 000	47 509 897.86	31 657 102.14
E1/23-14/2012	2 000 000	510 515.00	1 489 485.00
E1/23-7/2012	1 200 000	1 369 799.13	169 799.13
E1/23-10/2012	900 000	873 908.02	26 091.98
<b>TOTAL</b>	<b>78 847 000</b>	<b>50 318 499.17</b>	<b>33 773 500.83</b>

See paragraph 4.1.7

**WINDHOEK, 2013-12-03**

**DR. NDEUTALA ANGOLO**  
**ACCOUNTING OFFICER**