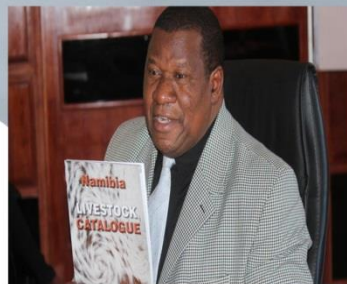




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF AGRICULTURE, WATER
AND FORESTRY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

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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 Agriculture, Water and Forestry for the financial year ended 31 March 2014 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honorable 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, July 2015

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF AGRICULTURE, WATER AND FORESTRY
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 Agriculture, Water and Forestry 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 Agriculture, Water and Forestry for the financial year ended 31 March 2014. These financial statements 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 supplied 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 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 Expenditure

The total budget was underspent with an amount of N\$ 38 203 403.27(1.62 %).

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

Management Comment

In his response on the draft report, the Accounting Officer indicated that cognizance of the recommendation has been noted and measures will be put in place to ensure that planned projects are implemented in order to avoid under-expenditure.

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 as follows:

Main division	Appropriation account	Approved virements	Difference
	N\$	N\$	N\$
1. Office of the Minister	(524 916)	(419 560)	105 356
2. Administration	(6 306 283)	(3 055 972)	3 250 311
3. Veterinary Services	54 922 591	13 072 505	41 850 086
4. Research	861 000	139 000	722 000
5. Agriculture Development and Extention	308 592	2 613 584	2 304 992
6. Agriculture Engineering	(17 910 297)	(791 076)	17 119 221
7. Planning, Pricing, Marketing and Co-operation	(29 749 892)	(613 481)	29 136 411
8. Agricultural Training	(2 808 320)	(709 320)	2 099 000
9. Emergency Relief	(6 138 044)	960 956	7 099 000
10. Resource Management	14 396 487	2 714 487	11 682 000
11. Rural Water Supply	(5 328 918)	(12 460 316)	7 131 425

It is recommended that the Accounting Officer should put measures in place to ensure that virements in the appropriation account agree with those approved by Treasury.

Management Comment

In his response on the draft report, the Accounting Officer indicated that the recommendation of the Auditor-General has been noted and will be implemented as soon as possible.

1.4.3 Deviations from normal Tender procedures

The Accounting Officer reported an amount of N\$ 9 600 000 for exemption number E1/18/1-3/2013 while the approved tender document indicates N\$ 4 800 000 for the financial year under review.

The supporting documents for the actual expenditure amounting to N\$ 11 408 428.40 for deviations of normal tender procedures were not submitted for audit purposes.

It is recommended that the Accounting Officer submits supporting documents to ensure that the amounts disclosed in the financial statements are correct.

1.4.4 Departmental revenue

The following discrepancies were found between the Revenue Ledger and Revenue Budget:

Revenue head	Revenue ledger	Budget amount	Difference
	N\$	N\$	N\$
Miscellaneous revenue	1 363 660	398 897	964 763
Lost equipment and stores	-	30 000	(30 000)
Visa & permit fees	30 000	-	(30 000)
Registration fees on remedies, feeds and fertilizers	835 543	540 333	295 210
Meter linkage and rental fees	3 009 246	2 111 000	898 246

It is recommended that the Accounting Officer ensures that there is no difference between the ledger and the budget.

Management Comment

In his response on the draft report, the Accounting Officer indicated that the recommendation of the Auditor-General has been noted and will definitely be implemented.

1.4.5 Internal controls

(i) Reconciliation

The audit found that reconciliation between the different subsystems (Accounts Payable, DSA, Accounts Receivable, Goods & Services, Acquisition of Assets subsystems) and General Ledger are not carried out.

The non-performance of monthly reconciliation might lead to errors going undetected and amounts disclosed in the financial statements could be misstated.

The Accounting Officer should put control measures in place to ensure that reconciliation between the different subsystems and General Ledger are carried out.

Management Comment

In his response on the draft report, the Accounting Officer indicated that the recommendation has been noted and measures have already been put in place to create a new section specifically responsible for reconciliations.

(ii) Overtime

The audit revealed that overtime hours worked exceeded three (3) or ten (10) hours per day/week without the Ministry of Labour authorization as prescribed by Section 17(1) of the Labour Act , 2007 (Act no. 11 of 2007).

This practice of working more hours than prescribed by the Labour Act result in non-compliance of the Labour Act no.11 of 2007.

The Accounting Officer should obtain approval from the Ministry of Labour before overtime hours worked exceed the prescribed hours.

Management comment

In his response on the draft report, the Accounting Officer indicated that the recommendation is noted with seriousness and measures will be put in place as advised.

(iii) Attendance register

It was found that attendance registers are not attached to the overtime claim forms, hence the verification of days and hours worked could not be performed.

Failure to attach the attendance registers to the overtime claim forms might lead to over/underpayments.

The Accounting Officer should implement internal control measures to ensure that staff members attach attendance registers to the overtime claim forms at all times for control purposes.

Management comment

In his response on the draft report, the Accounting Officer indicated that the recommendation is noted and the Ministry will implement serious internal control measures.

(iv) Daily Subsistence allowance

The financial delegation of power issued by the Accounting Officer in accordance with the State Finance Act (Act 31 of 1991) containing the specimen signatures of officials authorized to sign the DSA advances and claims was last updated in 2002.

Failure to update the specimen signatures could lead to unauthorized personnel approving advances and claims leading to unauthorized expenditure.

There is no evidence/supporting documents attached to the claims of local trips to proof that trips have taken place. This might create a loophole for staff members to submit claims for trips that did not take place.

It is strongly recommended that the specimen signatures of power issued by the Accounting Officer should be reviewed annually and updated.

Management Comment

In his response the Accounting Officer indicated that the recommendation is noted and will be complied with. A trip summary report will be implemented as an internal control mechanism.

1.4.6 Bursaries and study assistance

The Accounting Officer did not provide supporting documents in respect of bursaries and study assistance for audit purposes.

The Accounting Officer should ensure that supporting documents are provided for audit purposes.

1.4.7 Donor funded projects

The Accounting Officer did not provide supporting documents as well as the actual expenditure incurred. The amount on the statement provided by the Accounting Officer for Geohydrological Investigation of the Cuvelai Basin including the feasibility study on the desalination project does not agree with the amount on the Development budget.

The Accounting Officer should provide the actual expenditure incurred as well as supporting documents for audit purposes.

1.4.8 HIV/AIDS activities

The Accounting Officer did not provide Treasury Approval for the amount funded by the donor (GIZ) as well as supporting documents for the breakdown of actual expenditure incurred to the amount of N\$ 745 333.29.

The Accounting Officer should provide the Treasury approvals as well as the supporting documents for audit purposes.

1.4.9 Suspense account

The Ministry had balances on eight (8) suspense accounts at 31 March 2014. Three (3) had debit balances and five (5) had credit balances. The following suspense accounts had balances of more than N\$ 100 000 as at 31 March 2014.

Description	Balance as at 31/03/2014 Debit / (Credit)
	N\$
Equipment trade account	(75 298 295.15)
Rejection account	4 826 711.40
Seed and fertilizer scheme – Kavango region	(5 274 158.89)
Bills payable	(5 896 312.48)
Stores trade account	(846 00.00)
RD cheques	72 700.00
S&T advance suspense	69 267.01
Electronic fund transfer (EFT)	(51454.00)

It is recommended that the Accounting Officer should reconcile the suspense accounts to reduce or clear the balances.

1.4 ACKNOWLEDGEMENT

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

1.5 BASIS FOR QUALIFIED AUDIT OPINION

My opinion has been qualified due to the following:

- Virements - paragraph 1.4.1
- Tender Board exemption – paragraph 1.4.2
- Debt to the Government – paragraph 1.4.3
- Bursary and study assistance – paragraph 1.4.6
- Donor funded projects – paragraph 1.4.7
- HIV/AIDS – paragraph 1.4.8
- Suspense accounts – paragraph 1.4.9

1.6 QUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the Ministry of Agriculture, Water and Forestry 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, except for the possible effects of the matters described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects the financial position of the Ministry of Agriculture, Water and Forestry as at 31 March 2014, and their financial performance and their cash flows for the year then ended in accordance with the State Finance Act, 1991 (Act 31 of 1991).

WINDHOEK, July 2015

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

1 AUDITED FINANCIAL STATEMENTS

1.1 Appropriation Account

2013/2014						2012/2013
Service	N\$	Authorized expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure/ (Excess)	Percentage	
	N\$	N\$	N\$	N\$	%	N\$
01. Office of the Minister:						
Original budget	5 743 000					
Less: Virement	(524 916)	5 218 084	4 961 114.09	256 969.91	4.92	3 252 877.84
02. Administration:						
Original budget	243 593 000					
Less: Virement	(6 306 283)	237 286 717	233 068 750.38	4 217 966.62	1.78	236 343 848.54
03. Veterinary Services:						
Original budget	208 040 000					
Plus: Virement	54 922 591	262 962 591	256 144 180.31	6 818 410.69	2.59	219 620 769.52
04. Research:						
Original budget	90 006 000					
Less: Virement	(861 000)	89 145 000	86 623 862.56	2 521 137.44	2.83	82 839 766.13
05. Agriculture Development and Extension:						
Original budget	151 435 000					
Plus: Virement	308 592	151 743 592	149 231 812.72	2 511 779.28	1.66	139 988 155.46
06. Agriculture Engineering:						
Original budget	291 398 000					
Less: Virement	(17 910 297)	273 487 703	272 781 484.22	706 218.78	0.26	305 321 665.30
07. Planning, Pricing Marketing and Co-operation:						
Original budget	99 521 000					
Less: Virement	(29 749 892)	69 771 108	68 870 937.29	900 170.71	1.29	64 649 943.23

Appropriation account (continued)

2013/2014						2012/2013
Service	N\$	Authorized expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure/ (Excess)	Percentage	
	N\$	N\$	N\$	N\$	%	N\$
08. Agricultural Training:						
Original budget	19 235 000					
Less: Virement	(2 808 320)	16 426 680	16 131 158.31	295 521.69	1.80	17 505 495.19
09. Emergency Relief:						
Original budget	1 050 000	1 050 000	1 050 000.00	-	-	150 100.98
10. Resource Management:						
Original budget	65 661 000					
Less: Virement	(6 138 044)	59 522 956	58 578 018.73	944 937.27	1.59	58 608 947.77
11. Rural Water Supply:						
Original budget	1 061 531 000					
Plus: Virement	14 396 487	1 075 927 487	1 058 869 140.99	17 058 346.01	1.59	337 185 122.80
12. Forestry:						
Original budget	122 286 000					
Less: Virement	(5 328 918)	116 957 082	114 985 137.13	1 971 944.87	1.69	110 302 946.61
Total:		2 359 499 000	2 321 295 596.73	38 203 403.27	1.62	1 575 769 639.37

ANNEXURE A (continued)

1.2. Standard subdivisions

Subdivision	2013/2014			2012/2013
	Authorized expenditure	Actual expenditure	Under expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<u>Operational:</u>				
Current expenditure: Personnel				
001. Remuneration	469 895 101	468 456 942.94	1 438 158.06	369 455 741.54
002. Employer's contribution to the GIPF	52 019 757	51 238 339.70	781 417.30	41 814 755.29
003. Other conditions of service	9 432 722	9 398 766.84	33 955.16	5 686 714.37
Total	531 347 580	529 094 049.48	2 253 530.52	416 957 211.20
Current expenditure: Goods and other services				
021. Travel and subsistence	70 107 437	63 736 070.25	6 371 366.75	58 765 586.01
022. Materials and supplies	38 876 242	33 361 577.02	5 514 664.98	40 098 664.31
023. Transport	103 008 265	103 008 265.00	-	98 283 491.00
024. Utilities	69 239 124	66 425 643.80	2 813 480.20	63 430 270.54
025. Maintenance	10 270 081	9 511 183.46	758 897.54	6 708 395.51
026. Property rental and related charges	206 000	152 800.00	53 200.00	4 000.00
027. Other services and expenses	77 255 512	74 936 121.37	2 319 390.63	65 544 066.20
Total	368 962 661	351 131 660.90	17 831 000.10	332 834 473.57
Current expenditure: Membership and subscriptions, subsidies and other current transfers				
041. International	3 428 000	3 169 972.78	258 027.22	2 305 357.92
042. Domestic	813 000	758 616.15	54 383.85	105 704.41
043. Government organizations	19 572 000	19 571 999.26	0.74	20 000 000.00
044. Individuals and non-profit entities	33 021 000	32 342 678.97	678 321.03	48 628 855.93
045. Public and departmental enterprises and private industries	9 000 000	8 999 999.34	0.66	25 002 726.79
Total	65 834 000	64 843 266.50	990 733.50	96 042 645.05
Total: Current expenditure	966 144 241	945 068 976.88	21 075 264.12	845 834 329.82
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	9 552 069	8 236 557.31	1 315 511.69	4 486 184.48
102. Vehicles	42 395 000	42 395 000.00	-	20 621 500.00
103. Operational equipment, machinery and plant	9 792 690	8 373 308.34	1 419 381.66	8 368 561.22
Total: Capital expenditure	61 739 759	59 004 865.65	2 734 893.35	33 476 245.70
Total: Operational expenditure	1 027 884 000	1 004 073 842.53	23 810 157.47	879 310 575.52
<u>Development:</u>				
Capital expenditure: Goods and other services				
022. Materials and supplies	7 640 000	7 544 059.82	95 940.18	5 415 928.76
027. Other services and expenses	15 131 000	15 122 493.29	8 506.71	13 796 196.48
Total	22 771 000	22 666 553.11	104 446.89	19 212 125.24

ANNEXURE A (continued)

Standard subdivisions (continued)

2013/2014			2012/2013	
Subdivision	Authorized expenditure	Actual expenditure	Under expenditure / (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	1 606 000	1 505 999.71	100 000.29	1 499 744.50
102. Vehicles	2 395 000	2 394 999.09	0.91	-
103. Operational equipment, machinery and plant	9 222 000	9 221 998.17	1.83	6 029 161.70
104. Purchase of buildings	2 700 000	2 699 999.50	0.50	-
105. Feasibility studies, design and supervision	139 251 000	136 382 873.56	2 868 126.44	51 513 919.81
106. Purchase of land and intangible assets	3 139 000	3 138 998.00	2.00	1 789 036.50
107. Construction, renovation and improvement	892 885 348	881 871 753.48	11 013 594.52	329 355 946.78
Total	1 051 198 348	1 037 216 621.51	13 981 726.49	390 187 809.29
Capital Expenditure: Capital transfers				
131. Government organizations	257 645 652	257 338 579.58	307 072.42	287 059 129.32
Total	257 645 652	257 338 579.58	307 072.42	287 059 129.32
Total: Development Expenditure	1 331 615 000	1 317 221 754.20	14 393 245.80	696 459 063.85
Grand Total:	2 359 499 000	2 321 295 596.73	38 203 403.27	1 575 769 639.37

ANNEXURE A (continued)

1.3. Departmental revenue

Revenue for the financial year is as follows:

Revenue head	2013 / 2014			2012 / 2013
	Estimate	Actual revenue	More/(Less) than estimated	Actual revenue
	N\$	N\$	N\$	N\$
Private telephone calls	2 000	551.22	(1 448.78)	3 818.74
Unclaimed cheques	-	-	-	60.00
Miscellaneous *	1 363 660	238 241 408.93	236 877 748.93	704 275.55
Visa and permit fees	30 000	-	(30 000.00)	-
Lost equipment and stores	-	47 262.18	47 262.18	57 169.61
Ministerial fines	8 000	-	(8 000.00)	-
Lease/letting State land and buildings	150 380	279 064.76	128 684.76	156 504.16
Sale of stock and farm produce	5 100 000	3 323 272.02	(1 776 727.98)	4 340 747.81
Veterinary and clinical services	1 100 000	870 540.51	(229 459.49)	816 253.87
Services rendered to ministries	3 000	-	(3 000.00)	-
Performance testing fees	6 850	-	(6 850.00)	-
Sale of furs and wool	350 000	622 855.57	272 855.57	754 440.35
Grazing fees	4 250	3 860.00	(390.00)	4 395.00
Meat hygienic services	1 945 285	2 883 885.29	938 600.29	1 871 782.22
Registration fees on remedies, feeds and fertilizers	835 543	799 853.40	(35 689.60)	778 701.43
Hides and skins	10 230	13 510.70	3 280.70	13 939.70
Ploughing services	1 500	1 758 359.45	1 756 859.45	1 326 270.30
Planting services	300	38 900.00	38 600.00	450.00
Seeds and fertilizers	1 000	641 578.36	640 578.36	1 168 111.30
Auction fees	3 215 300	498 543.53	(2 716 756.47)	1 085 146.42
Sale of water and electricity: Employees	121 260	161 430.57	40 170.57	325 832.89
Sale of water (Hardap irrigation scheme)	-	65 507.49	65 507.49	132 531.11
Laboratory testing fees	1 342 550	1 987 914.41	645 364.41	1 314 467.04
Meter linkage and rental fees	3 009 246	7 929 247.60	4 920 001.60	5 534 895.00
Permit fees	2 932 584	4 575 881.24	1 643 297.24	3 594 367.34
Commission fees	460 000	521 984.14	61 984.14	392 399.25
Game and game produce	17 300	-	(17 300.00)	858.00
Total	22 010 238	265 265 411.37	243 255 173.37	24 377 417.09

*see paragraph 1.4.4

ANNEXURE A (continued)

* Miscellaneous revenue is compiled as follows:

Nature of Revenue	Amount
	N\$
Photocopies/faxes	550.00
Stock card	5 460.00
Access cards	1 905.00
Surplus on funds	211.88
Books (Woodland of Namibia)	5 009.89
Accumulating register	5 425.00
Borehole reports	30.00
Show price	1 250.00
Inspection fees	11 296.73
Tender levies	19 200.00
Scrap metal	1 512.40
Insurance claims	2 745.03
Ear tag	57.50
Quarantine	2 350.00
Salary overpayment	250.00
Transport	317 375.70
Subsidy overpayment	2 292.00
Accommodation	142 717.13
Renting of stadium	1 050.00
Cell phone roaming	660.00
Cremation of animals	30 795.00
GRN accidents	1 376.35
Lost equipment and stores	151.30
Overtime	44 875.92
Unpaid leave	12 600.00
Salary reversals	126 588.00
Balance of emergency animal disease bank account	237 424 299.86
Total	238 162 034.69

ANNEXURE A (continued)

1.4 Trade account: Equipment and transport

(i) Balance sheet as at 31 March 2014

	2013/2014	2012/2013
	N\$	N\$
Capital employed	234 851 725	202 490 103
Capital as at 1 April	202 490 103	159 905 486
Net Surplus/(Deficit)	32 361 622	42 584 617
	234 851 725	202 490 103
Employment of capital	159 553 430	127 739 234
Fixed assets at net book value	127 739 234	116 808 831
Purchases	31 814 196	10 930 403
Plus:	75 298 295	74 750 869
State revenue fund	75 298 295	74 750 869
	234 851 725	202 490 103

(ii) Replacement Reserve Fund for the year ended 31 March 2014

	2013/2014	2012/2013
	N\$	N\$
Balance on 1 April	74 750 869	43 096 655
Plus: Transfer from income statements	547 426	31 654 214
Capital	(31 814 196)	(10 930 403)
Net Surplus for the year	32 361 622	42 584 617
MINISTRY OF FINANCE LEDGER ACCOUNT	75 298 295	74 750 869
Remarks: Balance to be kept in the account for the following reasons:		
i. The purchase of new vehicles committed in fiscal year	28 119 318	24 900 344
ii. License renewals of vehicles	5 000 000	5 000 000
iii. Maintenance and repairs on vehicles fleet	42 178 977	44 850 525
Total	75 298 295	74 750 869

ANNEXURE A (continued)

(iii) Capital income for the year ended 31 March 2014

	2013/2014	2012/2013
	N\$	N\$
Gross income	84 120 858	79 071 992
Rental charges	35 550 610	33 616 922
Auctions	257 219	7 587 522
Transfer for purchase of new vehicles	46 776 856	37 867 548
Income from auctions 2012/2013	1 536 173	-
Less: Expenditure	31 814 196	10 930 403
Purchases of new vehicles	31 814 196	10 930 403
Net profit for the financial year 2013/2014	52 306 662	68 141 589

(v) Maintenance income statement for the year ended 31 March 2014

	2013/2014	2012/2013
	N\$	N\$
Gross income	53 677 537	65 338 515
Rental charges	53 325 915	50 425 383
Transfers	351 622	14 913 132
Less: Expenditure	106 540 818	101 825 890
AFS payments	-	771 480
Fuel & Oil	6 316	17 571
Repairs and maintenance	6 701 853	10 021 989
Roads Authority	3 147 842	4 090 513
Other expenses	115 402	884 704
Vehicle hiring from Government Garage	3 982 873	4 389 633
Log and trip authority books	-	50 000
Stannic transfers	87 500 000	64 000 000
Journal reversal	3 550 359	17 600 000
Auction held in 2012/2013	1 536 173	
Net loss for the financial year 2013/2014	(52 863 281)	(36 487 375)

1.5. Notes to the financial statements

1.5.1 Appropriation account: Explanations of variations exceeding 2% between authorized and actual expenditure

Underexpenditure

Main division 01: Office of the Minister (N\$ 256 969.91 – 4.92%)

The underexpenditure was due to the over-estimated remuneration for the Ministers. The Office of the Minister also managed to procure a photocopier on which most of duplication of documents is done, this led to the reduction of cartridges and toners that had to be procured.

Main division 03: Veterinary Services (N\$ 6 818 410.69 – 2.59%)

The under spending of funds under this main division was due to the following reasons:

There was a reduction in the foreign trips undertaken by Directorate of Veterinary Services Management.

Although it was a drought year, the financial year was good for the Directorate. Less incidents of disease outbreaks were reported. Being a drought year, staff members did not attend the planned courses, symposiums and workshops. This is because more animals required supplementation in terms of vitamins and minerals, therefore staff members paid more attention to supplement animals in poor conditions.

The Directorate did not purchase air conditioners and office equipment, because the planned construction of the office and accommodation had not been completed in the various regions.

Main division 04: Research (N\$ 2 521 137.44 – 2.83%)

A total of eleven (11) positions could not be filled before the end of the financial year due to a lack of suitably qualified candidates. During early October 2013, the Ministry was forced to freeze all vacant positions due to budget constraints. In January 2014 the funds were returned, but it was too late to fill the positions. Due to critical positions not being filled, site visits to breeding farms and research stations could not be done.

The anticipated fencing material tender was only awarded in April 2014, thus the budgeted funds could not be spent. Applications were also submitted for the new photocopier machines and the subsequent hire thereof. As the tenders were not awarded, these funds were not spent. Another tender, the advertisement for a Quotation Tender (Q tender) for laboratory equipment, was not finalized before the end of the financial year and had to be cancelled.

Consultancy on Namibia Agricultural Research Institute (NARI) was not spent due to documentation delay.

1.5.2 Departmental revenue: Explanations of deviations of N\$ 100 000 and above.

(i) Over-estimated

Veterinary and Clinical Services

The decrease was as a result of less animal diseases that were reported during that period.

Sale of fur and wool

The increase was mainly due to very good Swakara, pelt prices realized at international markets.

Auction Fees

There was no approval for auctions from the Ministry of Finance, however the auction fees from Gellap Ost research station falls under the Karakul Breeders Association.

(ii) Under-estimated

Miscellaneous

Bank accounts of emergency animal disease control were closed as per the Ministry of Finance instructions.

Lease, Letting State buildings/Land and Building

The increase for this revenue code can mainly be attributed to the fact that the Ministry lease some houses to private companies for their staff members.

Sale of Stock and Farm Produce

The deficit in the sale of stock and farm produce was mainly due to severe drought experienced during the previous year. Many animals, especially breeding males (bulls, rams and bucks) could not be sold because weaker buying power of farmers and poor conditions of the animals.

Pelt prices realized at international markets.

Meat Hygienic Service

The increase in revenue collected under this revenue code can mainly be ascribed to various factors such as the number of animals slaughtered. The price of animals as such makes it difficult to predict.

Ploughing Services

The ministry has bought seventy two (72) tractors with implements and provides subsidized ploughing services to farmers. This was done in order to encourage farmers to make use of ploughing services provided by the Ministry.

Seeds and Fertilizer

The Ministry has programs where seeds and fertilizer is bought and sold to small scale farmers to cover three (3) hectares on a subsidy basis. The provision of this subsidy is the reason why the amount has increased.

Laboratory Testing Fees

The increase was due to the fact that more farms are submitting samples to test for Brucella Melitensis in order to qualify for export of meat to European Market. More samples tested from game animals exported.

Meter Linkage and Rental Fees

The number of private customers/households has increased dramatically during the financial year under review. This is because people want to move away from sharing communal water points and bring their own individual private pipelines to their homesteads or into houses due to the non-payment in the shared water points.

It is very difficult to project the number of community members who will apply for private connections, hence the previous records were used , but there are changes in demand every year, thus the budgeted amount was underestimated compared to the projected real income for the financial year.

Permit Fees

The permits issued by law enforcement are demand driven. Thus if it is an open border period then more permits are issued for plant and plant products.

This increase was due to the fact that more companies or businesses in Namibia are importing animals (e.g. wildlife) and animal products during that period. Due to the drought situation there were few animals slaughtered locally, this resulted in a shortage of meat in Namibia and imports increased.

Forestry law enforcement was intensified due to the high demand of the forest produce that was not foreseen at the time of budgeting. Permits were available therefore hunting for own use took place.

ANNEXURE A (continued)

2. GENERAL INFORMATION

2.1. Bank accounts

During the financial year under review, the Ministry operated the following bank accounts for various programmes with commercial banks:

Name and description of account	Financial institution	Balance as at 31/03/2014
Embassy of Namibia Agriculture Account	ING – Brussels Sweden	Euro 11 010.69
Northern Regions Livestock Development Project: Training bank account	Standard Bank - Windhoek	N\$ 2 303 575.89
Northern Regions Livestock Development Project: 32 days call account	Standard Bank - Windhoek	N\$ 870 658.82
Project Immunoprophylaxis and molecular epidemiology	Nedbank- Windhoek	N\$ 81 631.43
Sikondo Irrigation farm	Bank Windhoek	N\$ 4 904 517.15

2.2. Compensation payments

During the financial year under review, the Ministry made compensation payments amounting to N\$ 40 000 with the necessary Treasury approvals.

2.3. Commissions and committees

The following expenditure was incurred by the commissions and committees that operated under the Ministry in respect of daily subsistence allowance, catering, transport, other costs and membership fees during the year under review:

Beneficiary	Date of appointment	Expenditure	
		2013/2014	2012/2013
		N\$	N\$
Co-operative Advisory Board	21 /12/1996: Act 23 of 1996	482 345.35	126 883.35
Okavango River Basin Water Commission	15 /09/1994: Cabinet decision	127 387.71	173 019.17
Orange Sengu River Basin Commission (ORASECOM)	3 /11/2000: Cabinet decision	32 051.65	53 596.01
Permanent Joint Technical Committee on the Kunene River	18/9/1990: Cabinet decision	21 891.50	-
Zambezi River Basin Commission	2004	11 124.47	41 916.75
SADC Water Resources Technical Committee	Unknown	147 746.94	17 374.82
Permanent Water Commission PWC between Namibia and South Africa	14/09/1994: Cabinet decision	-	2 606.00
AMCOW	2002	3 426.72	1 971.28
CUVECOM	2002	33 136.60	-
ZAMCOM	2002	11 124.47	-
Total		870 235.41	417 367.38

2.4. Debt to the Government

The Accounting Officer reported the following debt to the Government:

Description	Balance as at 31/03/2013	New cases for 2013/2014	Rectifications / Written off	Over deduction/ refunds	Payments for the year	Balance as at 31/03/2014
	N\$	N\$	N\$	N\$	N\$	N\$
Study debt	12 554.29	-	-	-	-	12 554.29
Vehicle damages	2 373 041.74	25 345.63	(1 091.45)	-	340 001.96	2 737 297.88
Unpaid leave	360 298.47	60 110.88	(520.00)	3 301.80	82 815.13	506 006.28
Theft/Fraud	205 741.24	-	-	-	50 162.46	255 903.90
Overpayments	1 273 845.26	509 702.53	(35 471.66)	3 772.92	403 817.35	2 155 666.40
Veterinary services	44 153.00	-	-	-	-	44 153.00
Surcharges	56 441.69	10 461.82	(1 010.00)	-	11 426.00	77 319.51
Maternity leave	79 420.59	-	(50 530)	-	-	28 890.59
Others	334 994.49	2 165.86	(1 728.71)	790.73	45 265.67	381 488.00
TOTAL	4 740 490.77	607 032.86	(90 351.82)	7 865.45	933 488.57	6 199 279.65

2.5 Capital projects (Funded by the Namibian Government)

The following were development projects of the Ministry during the 2013/2014 financial year:

	Approved total estimated cost	Approved appropriation 2013/2014	Total expenditure at 31/ 03/2013	Actual expenditure 2013/2014	Total expenditure at 31/ 03/2014	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Expansion of Intranet and the Implementation of e-Governance for MAWF	20 200 000	1 411 000	10 891 323.12	1 310 999.78	12 202 322.90	31/03/2015
Construction of MAWF Regional Offices	500 000 000	17 505 000	127 732 976.13	17 504 999.72	145 237 975.85	31/03/2020
Renovation And Upgrading of MAWF	250 000 000	8 466 000	87 785 058.47	8 370 527.34	96 155 585.81	01/03/2017
Construction of Veterinary Clinics, Offices and Accommodation	286 000 000	42 916 348	94 108 404.04	42 916 346.30	137 024 750.34	28/02/2016
Improvement of Animal Health Marketing Services	67 037 000	9 395 000	45 758 066.77	9 394 996.61	55 153 063.38	28/02/2025
Extension of the Central Veterinary Laboratory	348 230 000	11 289 000	105 752 896.66	11 288 998.73	117 041 895.39	30/03/2015
Development of Plant and Animal Health Inspection Centres	289 891 000	5 644 000	33 469 142.67	5 467 750.11	38 936 892.78	31/03/2015
Development of Livestock Breeding & Marketing Infrastructure in Communal areas	56 038 000	3 216 000	36 499 378.22	3 215 999.21	39 715 377.43	31/03/2015
Upgrading, Maintenance of Farm Infrastructure & Improvement of Systems & Training Institutions & Research Stations	129 048 000	13 644 000	69 830 832.08	13 579 552.89	83 410 384.97	31/03/2019
Support To Processing of Indigenous Plants And Mahangu	11 400 000	340 000	2 575 955.40	340 000.00	2 915 955.40	14/04/2015
Construction of Agricultural Development Centres	54 412 000	3 206 652	44 111 881.35	2 899 580.28	47 011 461.63	31/03/2017
Development of Agricultural Technology Centres	104 000 000	2 823 000	57 378 680.00	2 823 000.00	60 201 680.00	31/03/2015
Green Scheme	3 500 000	166 469 000	901 255 341.41	166 469 000.00	1 067 724 341.41	31/03/2030
Integrated Grain Storage Facilities	130 000 000	11 289 000	62 576 000.00	11 289 000.00	73 865 000.00	31/03/2015
National Horticulture Development Initiative	1 183 000 000	69 696 000	287 711 438.71	69 696 000.00	357 407 438.71	31/03/2016
Kalimbeza Rice Project	120 000 000	2 822 000	28 817 000.00	2 822 000.00	31 639 000.00	31/03/2015
Agricultural Feasibility Studies and Surveys	12 862 000	-	30 339 915.02	-	30 339 915.02	31/03/2025
Research and Feasibility Studies in Water Resource Management	96 800 000	9 931 000	81 148 404.55	9 930 999.13	91 079 403.68	31/03/2017
Integrated Water Resource Management Implementation at Basin Level	-	-	106 811 229.74	-	106 811 229.74	31/03/2014
Upgrading and Equipping of Water analysis laboratory	7 600 000	2 000 000	-	1 999 999.57	1 999 999.57	31/03/2016
Recharge and Quantification of the Stampriet Artesian Aquifer	7 969 000	1 000 000	-	1 000 000.00	1 000 000.00	31/03/2016
Quantification of Ground Water Resources of Namibia	11 400 000	1 000 000	-	1 000 000.00	1 000 000.00	31/03/2016
Review and Upgrading of the National Ground Water Monitoring System	7 700 000	800 000	-	800 000.00	800 000.00	31/03/2016
Artificial of the Windhoek Acquifer	70 580 000	2 000 000	-	2 000 000.00	2 000 000.00	31/03/2019
Rural Water Supply Coverage (Rural Secondary Pipeline Construction)	1 724 239 000	66 874 000	660 597 999.82	66 122 178.89	726 720 178.71	31/03/2030
Implementation of Decentralization, Constituency Office Construction	202 394 000	8 466 000	87 725 060.03	8 465 998.84	96 191 058.87	31/03/2020
Implementation of Community Based Management	195 000 000	33 580 000	218 469 363.94	32 190 784.80	250 660 148.74	31/03/2030
Construction of Large Dams, Desalination and Provision of Water to Larger	2 935 000 000	708 346 000	539 271 969.44	703 052 196.28	1 242 324 165.72	31/03/2015
Construction of Dams, Traditional Wells And Pans For Livestock Drinking	166 675 000	12 753 000	59 297 596.88	10 870 519.85	70 168 116.73	31/03/2030
Rural & Urban Sanitation Infrastructure Development	169 375 000	14 280 000	36 028 735.13	12 719 335.27	48 748 070.40	30/04/2030
Desalinated Bulk Water Supply to Uranium Mines at the Coast	150 000 000	55 871 000	-	53 692 394.41	53 692 394.41	04/01/2015
Integrated Forest Resource Management	500 000 000	44 582 000	182 362 996.67	43 988 596.19	226 351 592.86	31/03/2020
TOTAL	9 810 350 000	1 331 615 000	3 998 307 646.25	1 317 221 754.20	5 315 529 400.45	

ANNEXURE A (continued)

2.6 Donor funded projects

The Accounting Officer reported the following development projects of the Ministry which were funded externally:

Name of project	Approved total cost	Amount funded 2013/2014	Donor	Expected year of completion
	N\$	N\$		
Geohydrological investigation of the Cuvelai basin including the feasibility of desalination	22 000 000	7 333 330	Germany – BGR	31/05/2017
MAWF-GIZ	62 100 000	6 654 069	GIZ	31/12/2013
IWRM in Cuvelai basin	38 500 000	7 700 000	EU – ACP	31/12/2013
Total	122 600 000	21 687 399		

See paragraph 1.4.7

2.7. Bursary and study assistance

The Accounting Officer reported that during the financial year under review, the Ministry awarded bursaries to the amount of N\$ 4 817 536.04 to eighty one (80) of its employees. (See paragraph 1.4.6)

2.8 Donations

(i) By the Government

The Accounting Officer reported the following donations with the necessary Treasury approval:

Beneficiary	Nature of donation	Value
		N\$
Braunfels Agricultural High School	One (1) boer goat ram	800
	One (1) Afrikaner bull	1 500
Total		2 300

ANNEXURE A (continued)

2.9 Tender Board exemptions

The Accounting Officer obtained the following exemptions from normal Tender Board procedures for acquiring goods and services valued at N\$ 296 167 027.

Description of goods /services	Exemption number	Amount approved	Actual expenditure	Difference
		N\$	N\$	N\$
Annual Tender Board Exemption for normal tender procedures	E1/18/1-1/2013	*278 696 000	*43 230 017.79	235 465 982.21
Exemption for appointment and payments of consultants for the feasibility study of Violsdrift Dam in Lower Orange River	E1/18/1-2/2013	4 000 000	-	4 000 000.00
Exemption to construct four (4) houses for the Directorate of Veterinary Services at Okaukuejo gate	E1/18/1-3/2013	4 800 000	2 757 401.40	2 042 598.60
Exemption for the rehabilitation of the 130km Etaka-Olushandja Canal in the Omusati and Oshana Regions for the Ministry of Agriculture, Water and Forestry	E1/18/1-4/2013	2 757 401	2 757 401.00	-
Exemption for the supply and delivery of fertilizers for the Dry land Crop production programme	E1/18/1-5/2013	4 793 626	4 793 626.00	-
Exemption for the purchase of the Tally Genicom 2150 printer for printing Purchase Orders for the Directorate of General Services: Subdivision: Procurement: Section Provision & Accounting	E1/18/1-6/2013	20 000	41 745.00	(21 745.00)
Exemption in terms of section 17(1) C of the Tender Board of Namibia Act, 1996 Act No. 16 for camping equipment	E1/18/1-7/2013	1 100 000	1 100 000.00	-
Total		296 167 027	54 680 191.19	241 486 835.81

2.10 Equipment

The Accounting Officer reported losses to the value of N\$ 79 327.70 and surpluses amounting to N\$ 125 989.60 which were detected during stocktaking.

2.11 Vehicles

(i) Motor vehicles

The total number of vehicles on hand at 31 March 2014 is 1483.

(ii) Cost of damages to Government property

The Accounting Officer reported one hundred and thirteen (113) vehicle accidents of which only forty six (46) vehicles were repaired at a cost of N\$ 829 003.27. Four (4) vehicles were auctioned for N\$ 94 000.

2.12 Losses and Damages

- (i) The Ministry suffered losses through irregularities by persons employed by the Government in respect of equipment valued at N\$ 63 983.06 and loss of money totaling N\$ 22 739.90. Actual damage was reported by the Accounting Officer as N\$ 168 1670.94.
- (ii) The Ministry realized losses through irregularities by persons outside the Government for collision with GRN motor vehicles amounting to N\$ 19 687.77. A settlement interest of N\$7 639.55 as per court order and a civil claim of N\$ 40 000 were paid.

2.13 HIV/AIDS activities

During the financial year under review, the Accounting Officer reported expenditure incurred relating to employee wellness and HIV/AIDS activities amounting to N\$ 745 333.29. An amount of N\$ 420 000 was donated by donors (GIZ). (See paragraph 1.4.7.)

2.14 Suspense accounts

The Ministry had balances on eight (8) suspense accounts at 31 March 2014. Three (3) had debit balances and five (5) had credit balances. The following suspense accounts had balances of more than N\$ 100 000 as at 31 March 2014.

Description	Balance as at 31/03/2014 Debit / (Credit)
	N\$
Equipment trade account	(75 298 295.15)
Rejection account	4 826 711.40
Seed and fertilizer scheme – Kavango region	(5 274 158.89)
Bills payable	(5 896 312.48)
Stores trade account	(846 00.00)
RD cheques	72 700.00
S&T advance suspense	69 267.01
Electronic fund transfer (EFT)	(51454.00)

WINDHOEK, 2014-10-13

JOSEPH IITA
ACCOUNTING OFFICER