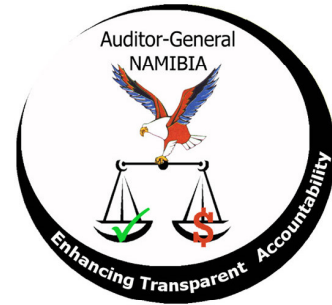




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

MINISTRY OF FINANCE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

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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 Finance for the financial year ended 31 March 2010 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 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE
MINISTRY OF FINANCE
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2010**

1. INTRODUCTION

1.1 Report

This report on the accounts of the Ministry of Finance for the financial year ended 31 March 2010 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 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 Unauthorised expenditure

The under mentioned unauthorised 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) Although Treasury approval was obtained to utilise certain expected savings for defrayal of excess expenditure by way of virementation during the year, ten (10) of the operational subdivisions were exceeded by an amount totalling N\$ 647 495.14. These excesses are unauthorised in terms of Section 6(a)(iii) of the Act.

4.1.2 Appropriation account - Virements

- (i) The virementation of nine (9) of the Ministry's main divisions were wrongly reflected on the Appropriation Account. The difference between the approved virements and the appropriation account amounted to N\$ 29 081 400. This difference could not be explained by the Accounting Officer. The following main divisions were affected as follows:

Main division	Approved virements	Amount on appropriation account	Difference
	N\$	N\$	N\$
02	(35 973 414.80)	(52 973 414.80)	(17 000 0000.00)
03	516 000.00	-	516 000.00
04	(29 348 190.87)	(19 348 155.45)	10 000 035.42
06	7 000 000.00	6 900 000.00	100 000.00
09	-	100 000.00	100 000.00
10	(7 000 000.00)	-	(7 000 000.00)
11	(32 457 167.50)	(25 148 583.75)	7 308 583.75
12	289 575 773.17	202 894 154.00	86 681 619.17
13	(156 694 400.00)	(47 724 000.00)	108 970 400.00
Total			19 081 400.00

It is recommended that the Accounting Office should explain the difference.

4.1.3 Suspense accounts

The main ledger shows balances on fourteen (14) of the Ministry's suspense accounts as at 31 March 2010, nine (9) with credit balances and five (5) with debit balances. Most of the balances are of a continuous nature. The following are amounts reflected in the General Ledger exceeding N\$ 100 000.

Description	Debit/(Credit)
	N\$
Receipt Suspense Customs	(16 083 857.95)
Receipt Suspense IRD	(155 614 827.01)
RD Cheques	531 951.01
S & T Advance Suspense Account	1 256 264.56
Bills Payable	(194 315 418.66)
Electronic Banking	(8 872 190.23)

It is recommended that the Accounting Officer should take all necessary steps to reconcile and reduce the balances on the accounts.

4.1.4 Outstanding balance on subsistence and travel allowances

The General Ledger reflected an outstanding balance on the Subsistence and Travel allowance suspense account amounting to N\$ 1 256 264.56. However, the statement submitted by the Accounting Officer shows an outstanding amount of N\$ 739 150.23. The difference of N\$ 517 114.33 has to be explained by the Accounting Officer.

For the second consecutive year, the Accounting Officer failed to submit the statement in the format as requested in Circular D12/2010 of the Office of the Auditor-General. The advance, claim and trip dates are not indicated. The period of outstanding advances should also be disclosed.

It is recommended that the balance on the suspense account is cleared according to Treasury

Instructions HB 0505 and 0506, which stipulate that a claim for subsistence and other anticipated expenditure shall be submitted within 30 days after a person returned to his headquarters and monthly for a person who is elsewhere for a long period. In cases of non-compliance, the advances should be recovered through salary deductions. The Accounting Officer should also submit the statement in the format as requested in Circular D12/2010.

4.1.5 Revenue outstanding

The Accounting Officer reported an amount of N\$ 7 156 352 947 as revenue outstanding on Inland Revenue for the financial year under review. This state of affairs where revenue outstanding even exceeds the total annual budget is of grave concern.

It is strongly recommended that strict recovery measures should be taken immediately to recover the outstanding revenue.

In her respond on the draft report the Accounting Officer indicated that the Ministry sent out statements of accounts for VAT and Income Tax and is confident that this balance will significantly decrease in the next financial year.

4.1.6 Explanations for variations

The Accounting Officer gave explanations per subdivision instead of per main division. This is contrary to Circular D12/2010 which states that only main divisions be explained.

The Ministry has a high saving to the amount of N\$ 225 494 030.89 and should provide well summarised explanations stating the main reason for the saving, because these funds could have been allocated to other Votes. It also demonstrates a lack of proper budgeting process.

5. ACKNOWLEDGEMENT

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

6. AUDIT OPINION

I certify that I have audited the financial statements of the Ministry of Finance for the year ended 31 March 2010 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 fairly represent the receipts and payments of Vote 09 for the year ended 31 March 2010 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

2009/2010						2008/2009
Service	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percentage		
N\$	N\$	N\$	N\$	%	N\$	
01. Office of the Minister:						
Original Budget	4 276 000	4 276 000	2 771 672.73	1 504 327.27	35.18	3 004 378.31
02. Administration:						
Original budget	190 220 000					
Less: Virement	(52 973 414.80)					
Less: Virement	<u>(10 000 000)</u>	127 246 585.20	78 744 738.40	48 501 846.80	38.12	56 502 309.54
03. Internal Audit:						
Original budget	6 605 000	6 605 000.00	4 267 615.01	2 337 384.99	35.39	3 717 445.75
04. State Revenue:						
Original budget	131 665 000					
Less: Virement	<u>(19 348 155.45)</u>	112 316 845.55	89 284 722.88	23 032 121.67	20.51	71 830 269.58
05. Economic Policy Advisory Services:						
Original budget	2 932 000					
Plus: Virement	300 000	3 232 000.00	2 757 881.39	474 118.61	14.67	2 478 631.79
06. Customs and Excise:						
Original budget	148 490 000					
Plus: Virement	6 900 000	155 390 000.00	100 560 312.02	54 829 687.98	35.29	170 378 921.38
07. Pension Scheme:						
Original budget	16 253 000	16 253 000	14 488 146.57	1 764 853.43	10.86	60 382 000.00

ANNEXURE A (continued)

2009/2010						2008/2009
Service	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percen-tage		
N\$	N\$	N\$	N\$	%	N\$	
08. Medical Aid Scheme:						
Original budget	969 914 000.00					
Less: Virement	(65 000 000.00)	904 914 000	901 327 006.06	3 586 993.94	0.40	751 843 037.62
09. Tender Board:						
Original budget	4 131 000.00					
Plus: Virement	100 000.00	4 231 000	2 510 498.90	1 720 501.10	40.66	1 759 967.84
10. Budget Management and Control:						
Original budget	277 881 000.00	277 881 000	233 000 543.89	44 880 456.11	16.15	279 379 473.21
11. Expenditure and Financial Management:						
Original budget	53 685 000.00					
Less: Virement	(25 148 583.25)	28 536 416	21 444 164.10	7 092 252.15	24.85	16 669 316.39
12. Asset, Cash and Debt Management:						
Original budget	491 970 000.00					
Plus: Virement	202 894 154.00	694 864 154	690 441 765.38	4 422 388.62	0.64	1 164 995 935.54
13. Information Technology						
Original budget	119 643 000.00					
Less: Virement	(47 724 000.00)	71 919 000	40 571 901.78	31 347 098.22	43.59	40 946 925.97
Original budget	2417 665 000.00					
Less: Suspension	(10 000 000.00)					
GRAND TOTAL	2 407 665 000	2 407 665 000	2 182 170 969.11	2 254 940 030.89	9.37	2 623 888 612.92

ANNEXURE A (continued)

1.2 Standard subdivisions

Subdivision	2009/2010			2008/2009	
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure	
	N\$	N\$	N\$	N\$	
Operational:					
Current expenditure: Personnel					
001. Remuneration	175 788 763	146 902 284.53	28 886 478.47	130 883 371.78	
002. Employer's contribution to staff's pension fund	20 827 000	15 618 136.66	5 208 863.34	13 380 825.01	
003. Other conditions of service	2 949 000	1 462 095.75	1 486 904.25	1 638 542.40	
004. Improvement of remuneration structure	497 237	484 250.00	12 987.00	-	
Total	200 062 000	164 466 766.94	35 595 233.06	145 902 739.19	117 112
Current expenditure: Goods and other services					
021. Travel and subsistence expenses	18 100 000	12 216 836.31	5 883 163.69	10 355 921.76	
022. Materials and supplies	12 634 000	5 301 559.31	7 332 440.69	5 231 807.31	
023. Transport	5 915 000	5 993 896.66	(78 896.66)	5 710 528.36	
024. Utilities	46 418 584	29 984 567.77	16 434 016.23	24 527 621.62	
025. Maintenance	49 068 700	27 506 286.78	21 562 413.22	26 529 847.71	
026. Property rental and related charges	2 210 000	1 933 150.93	276 849.07	1 769 055.03	
027. Other services and expenses	126 137 746	72 347 172.89	53 790 573.11	61 113 800.33	
Total	260 484 030	155 283 470.65	105 200 559.35	135 238 582.12	
Current expenditure: Membership fees and subscriptions					
041. International	15 736 416	14 409 874.80	1 326 541.20	3 290 242.80	2 938
042. Domestic	26 000	-	26 000.00	-	
Total	15 762 416	14 409 874.80	1 352 541.20	3 290 242.80	2 938
Current expenditure: Subsidies, grants and other transfers					
043. Contingency provision	265 150 000	222 171 339.64	42 978 660.36	268 880 694.29	
044. Individuals and non-profit organisations	884 181 000	881 990 482.11	2 190 517.89	785 528 519.59	
Total	1 149 331 000	1 104 161 821.75	45 169 178.25	1 054 409 213.88	18 839
Total: Current expenditure	1 625 639 446	1 438 321 934.14	187 317 511.86	1 338 840 777.99	65 066
Capital expenditure: Acquisition of assets					
101. Furniture and office equipment	17 549 000	9 488 090.99	8 060 909.01	7 959 794.79	
102. Vehicles	12 762 400	8 466 004.31	4 296 395.69	5 381 442.50	
103. Operational equipment	943 000	19 043.25	923 956.75	79 045 436.45	
Total	31 254 400	17 973 138.55	13 281 261.45	92 386 673.74	10 458
Capital transfers:					
121. Government Organisations	10 000 000	10 000 000.00	-	24 010 000.00	
Total	10 000 000	10 000 000.00	-	24 010 000.00	

ANNEXURE A (continued)

Subdivision	2008/2009			2008/2009
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Lending and equity participation				
174. Equity participation: International	674 793 154	674 700 000.00	93 154.00	1 135 979 434.00
Total	674 793 154	674 700 000.00	93 154.00	1 135 979 434.00
Total: Operational expenditure	2 341 687 000	2 140 995 072.69	200 691 927.31	2 591 216 885.73
Development				
Capital expenditure: Acquisition of assets				
107. Construction, renovation and improvement	65 978 000	41 175 896.42	24 802 103.58	32 671 727.19
Total: Development expenditure	65 978 000	41 175 896.42	24 802 103.58	32 671 727.19
GRAND TOTAL	2 407 665 000	2 182 170 969.11	225 494 030.89	2 623 888 612.92

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue heading	Estimate	Actual revenue 2009/2010	More/(Less) than estimate	Actual revenue 2008/2009
	N\$	N\$	N\$	N\$
Members' contribution to Government				
Employees Medical Aid Scheme	74 196 970	88 517 997.67	14 321 027.67	80 761 540.85
Re-deposit of unclaimed cheques	37 100 706	-	(37 100 706.00)	
Unclaimed cheques	-	28 279 867.50	28 279 867.50	122 646 562.29
Sale of tender documents	768 646	1 521 977.48	753 331.48	1 033 500.49
Private telephone calls	20 121	0.00	(20 121.00)	900.00
Auction sales (Customs)	33 022	84 432.91	51 410.91	62 587.12
State warehouse rent	120 914	145 037.84	24 123.84	193 887.21
Collateral losses	77 287	320 372.41	243 085.41	649 652.28
Special attendance	683 234	580 600.68	(102 633.32)	428 767.37
Miscellaneous	5 000 000	1 066 024.51	(3 933 975.49)	38 856 811.33
Auction fees	-	75 335.00	75 335.00	-
Export Levy (Customs)	2 700 000	2 941 041.19	241 041.19	-
Additional Duty	9 800 000	9 147 903.09	(652 096.91)	-
Licence Fees (Customs)	10 000 000	22 417.50	(9 977 583.50)	-
Guarantee Levy Payments	-	2 770 000	2 770 000	-
TOTAL	140 500 900	135 473 007.78	5 027 892.22	244 634 208.94

1.4 Notes to the financial statements

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

(i) Underexpenditure

Main division 01 – Office of the Minister (N\$ 1 504 327.27 – 35.18%)

The underexpenditure was as a result of the vacancy of a Personal Assistant Grade 3A L2 that became vacant during October 2007. The acting Personal Assistant's remuneration is catered for under main division 05. No resignations or retirements thus an under spending occurred. Less international commitments were attended by the Office of the Minister during the period under review, resulting in an under spending. Stricter control measures are currently in place to ensure that stationery is used effectively, hence the under spending. Provision was made for an increase in photocopy rental and courier charges but the actual amounts did not increase. Maintenance of photocopy machines is included in the rental agreement, as a result no payment was made under this subdivision hence the under spending. The under spending is also due to the late receipt of invoices and accounts from suppliers and service providers. It was envisaged that an Advisor to the Office of the Minister would come on board during the reporting period. However, this did not materialise and no furniture could be bought as envisaged, hence the under spending.

Main division 02 - Administration (N\$ 48 501 846.80 – 38.12%)

The under spending was as a result of vacancies which were not filled during this financial year due to the lengthy recruitment process. The under spending was as a result of less training courses and workshops attended abroad. The under spending was as a result of late submission of invoices for water and electricity from Local Authorities. The maintenance of the lifts initially budgeted for was covered under the maintenance contract of the Ministry of Works hence the under spending. The minimal under spending was as a result of the termination of rental agreement of offices at Capital Centre 3rd floor.

Provision was made for claims against the Ministry, however, there were no claims settled during the reporting period thus the under spending. Payment for furniture and office equipment did not materialise due to late submission of invoices by suppliers. All required vehicles could not be delivered by suppliers by the end of the financial year hence the under spending. Provision was made for possible replacement of parts of the lift installations in case of breakage which did not materialize hence the under spending.

Main division 03 – Internal Audit (N\$ 2 337 384.99 - 35.39%)

The under spending was as a result of vacancies of three (3) Internal Auditors that were not filled due to the lengthy recruitment process. The under spending was as a result of no resignations or retirements and planned field audit trips to other towns which were cancelled due to staff shortage. Supplies which were cancelled and not available at Government Stores resulted in an under spending. The under spending was as a result of cancelled workshops for 22 Internal Auditors, the postponement of the membership application and furniture not bought since vacancies were not filled.

Main division 04 – State Revenue (N\$ 23 032 121.67 – 20.51%)

The under spending was due to the lengthy process of advertising and interviewing the vacant positions of the Commissioner of Inland Revenue, Deputy Director: Tax Administration, Operation, Training, Special Investigations and Support Services (Windhoek) Deputy Director, (Oshakati), Control Taxation Officer (Walvis bay), Chief Taxation Officers, Senior Taxation Officers, Taxation Officers and Registry Clerks (Keetmanshoop, Otjiwarongo, Oshakati and Rundu) . The management cadre position was advertised during the 2009/2010 financial year but no suitable candidate was appointed for these positions. The effect was that the positions had to be re-advertised and interviewed but still no suitable candidate was appointed.

The under spending was mainly due to the lower than expected resignations and other termination of services and retrenchments. For the 2009/10 financial year, there were only a few resignations, retrenchments and other termination of services.

Due to the outsourcing of some functions of Special Investigations and Forensic Audit to the private fraternity the investigations on private companies by officials decrease tremendously and therefore a underexpenditure on the Subsistence and related expenses. It also had the effect that the officials did not have to travel a lot country wide for special investigations and forensic auditing as they became part of the forensic audit teams for capacity building and in-house movement of some audit cases together with the private auditors who were appointed to assist with complex audit cases. Some workshops/seminars and tax related courses were also cancelled due to staff shortage. Due to unavailability of stock ordered from Government Stores, these purchase orders could not be paid. These payments will thus only be made in the next financial year, which resulted in an under spending. The under spending was as a result of no escalation charges per annum on the rental of photocopy machines and copy charges while there was a decrease in the volume of copies made by the Directorate Inland Revenue.

No renovation was done to the Rundu Regional office due to the delay in obtaining Bill of Quantities from the Ministry of Works which delayed the issuing of Bill of quantities. All other funds were utilized for the Regional Office Walvis Bay, Keetmanshoop and Otjiwarongo. Some retention money on the renovation of the Oshakati Regional office has to be paid and all relevant documentation was forwarded to Ministry of Works for approval but documents were not certified and as a result no payment could be made. Due to completion of the new inland revenue office in Otjiwarongo, and the cancellation of the lease agreement for the Oshakati regional office, no additional funds were spent on rent.

Due to a dispute between Inland Revenue and the Hybrid mail for the printing of monthly tax forms and annual tax return forms, printing of the forms were not completed and as a result the payment could not be made. Furniture and office equipment budgeted for different offices were not purchased due to vacant positions. All vehicles budgeted for were not received from the supplier and as a result the payment could not be made.

Main division 05 – Economic Policy Advisory Services (N\$ 474 118.61 – 14.67%)

The under spending was due to vacancies for two Deputy Directors and two Chief Economists which were only filled late in the financial year. Outstanding commitments for leave for leave gratuity incurred on account of two staff members who resigned during the financial year. As a result of unfilled vacancies, planned travel and purchase of stationery could not be fully undertaken, resulting in an under spending. Limited participation in training, workshops and seminars due to staff shortage and anticipated training for staff members was hampered due to late filling of vacancies.

Main division 06 – Customs and Excise (N\$ 54 829 687.98 – 35.29%)

The restructuring of the Directorate was approved for the financial year but not effected, thus the under spending. Late payment of membership fees to the World Customs Organisation in Brussels due to the late receipt of invoices. The under spending was also due to fluctuations in the Euro/Dollar and Rand.

Main division 07 – Pension Scheme (N\$ 1 764 853.43 – 10.68%)

The under spending was as a result of the vacancy of Chief Control Officer not filled due to the lengthy recruitment process and no resignations. Due to staff shortage and the drawn out recruitment process staff members could not undertake trips as planned. The fact that the anticipated recruitment of staff was not finalized, expenditure on office supplies was lower than anticipated. Provision was made for an increase in photocopy paper, toner and courier charges but there were no increases. No major break down occurred as a result of proper use of equipment. Anticipated training did not take place due to staff shortage.

Less payment of benefits to Members of Parliament and Judges in the current financial year resulted in an under spending.

Main division 09 – Tender Board (N\$ 1 720 501.10 - 40.66%)

Due to the resignation of one Senior staff member and the lengthy recruitment process, this vacancy and others were not filled and resulted in an under spending. Contribution to GIPF is based on salaries paid and as a result of unfilled positions less was paid than expected. The under spending was also due to trips which could not be realised due to staff shortage. Funds budgeted for stationery could not be utilised due to staff shortage.

The under spending was as a result of the non-usage of courier services by Tender board, as tenderers made use of their own private courier services. Proper utilisation of equipment minimised the maintenance expenditure, hence the under spending. As a result of staff shortage, staff members could not undertake the planned activities (training, workshops and conferences) and this resulted in an under spending. Lack of office space and unfilled vacancies resulted in required furniture not being purchased hence the under spending.

Main division 10 – Budget Management and Control (N\$ 44 880 456.11 – 16.15%)

The under spending was as a result of vacancies which were not filled during the financial year and late filling of other vacancies from previous financial year hence the under spending. Most foreign trips were not undertaken as anticipated, resulting in an under spending.

Under spending was due to the fact that the budget books printing could not be printed at the same time and the printing time and process continue until the beginning of the new financial year. There were no major machine repairs or machine maintenance. Less training was also undertaken.

The Directorate also planned to attend workshops and meetings outside the country, but due to other commitments and workloads, some foreign trips could not be under taken, hence the under spending. There was a underexpenditure of N\$ 42 828 660.36 (17%) on the contingency provision, thus an under spending. Less furniture and equipment was bought due to a staff shortage, which resulted in an under spending.

Main division 11 – Expenditure and Financial Management (N\$ 7 092 252.15 – 24.85%)

An amount of N\$ 790 000.00 was viremented from subdivision 004 (Improvement of Remuneration Structure) to subdivision 001 to spend on vacant positions, due to delay in the recruitment the money could not be spent and vacant positions were not filled as anticipated. Fewer resignations during the financial year resulted in an under spending. Staff members could not attend planned activities as anticipated, which resulted in a underexpenditure of N\$250 000.00. The purchase of additional computers could not happen as vacant positions were not filled. Stricter measures on the use of photocopy hires and courier charges resulted in an under spending. Fewer break downs were experienced on equipment during the year under review hence the under spending. Less bank charges paid due to favourable interest rate fluctuations on commercial bank services fees than anticipated resulted in an under spending. Provision was made in the budget for the payment of valuation adjustment. During the year under review payments were only made based on the valuation adjustments request from the Central Bank. Due to vacant positions, and the purchase of furniture and office equipment through Government Stores resulted in an under spending.

Main division 13 – Information and Technology (N\$ 31 347 098.22 – 43.59%)

Due to the lengthy recruitment process, vacancies were left unfilled and resulted in an under spending. It was also expected to have a new IT structure. The funds that were allocated to the payment of GIPF was not allocated to GIPF, resulted in an under spending. Fewer resignations of personnel also resulted in an under spending. The under spending was due to the improvement in the network infrastructure, the tracing of break downs and now troubleshooting was done centrally and provide minimal travel. Trips abroad to investigate new systems as well as less domestic trips were undertaken due to improvement of the network infrastructures, resulted in an under spending. The under spending was as a result of the reduction of training materials due to the ending of IFMS project and the closing of the IFMS office. Less printing paper was needed because Ministries started to print their own reports and statements in their Offices. The IRD reports are printed at IRD Regional Offices.

The reduction of utilities due to the closing down of the project Office in the Capital building resulted in an under spending. Money was budgeted for data lines but less funds were used than what was expected.

The following projects were not acquired: the Tax system, Tender Board system, EFT and the IFMS roll-out, therefore the under spending. These projects are work in progress.

The appointment of a consultant to manage the Tax system project and training of users for the mentioned project for the system did not materialise and hard ware could not be bought. Because the Tax system project did not materialise, there was no need to acquire additional vehicles for transport to the regions.

1.4.2 Departmental Revenue: Explanations of variances exceeding N\$100 000.

(i) Over-estimated

Miscellaneous

This account was previously credited with revenue accrued from Export Levies, Additional duties and Licence fees, hence less collected.

Redeposit of unclaimed cheques

Unclaimed Inland Revenue cheques from previous financial years were written back during this period according to TI FB 1004. This resulted in the saving of over N\$ 28 279 867 for the period under review. The unclaimed cheques constitute a liability to the state.

Special Attendance

Revenue under this account is mainly collected from duties performed outside official working hours for customs clearing purposes. A marginally less than projected amount was collected, and the variance is only 2.53 % from the target.

Additional Duty (Customs)

Less additional duty was levied on some items for the protection of the local industry.

Licence Fees (Customs)

Licences for operating a clearing agency are renewable every calendar year. The licence fees were determined by the number of clearing agents that are re-registering and also by new entrants to this industry, hence the variance.

(ii) Under estimated

Unclaimed Cheques

The amount of N\$ 28 279 867 was wrongly charged to this Account code. This error was realized after the closing of the books.

Member's contribution to Government Medical Aid Scheme

The reasons for the variances were due to no tariff increases for service provider's payments. The other commitments, like the Bio-metrics smart card could not be fulfilled as approval was not granted by Cabinet.

Sale of Tender Documents

More than anticipated tender documents were sold by the Tender Board Secretariat which resulted in the higher collection of revenue.

Collateral Losses

Strict measures were put in place during 2006/07 financial year to ensure that default guarantees were successfully paid by the Ministry of Finance on behalf of the line Ministries. The situation has improved since the O/M/A's have started to inform the Ministry of Finance timeously on the status of default members. The amount stated was recovered during the year under review.

An Export Levy was introduced to discourage the exportation of some specified locally produced commodities for the purpose of promoting value addition.

Guarantee Levy Payments

Levy fees were not budgeted for in this financial year and deposited into the Miscellaneous account however, an account code was created for guaranty payments in February 2010, correction was made with manual journals whereby this account was charged with an amount of N\$ 1 970 000.00 and N\$ 800 000.00 respectively.

2. GENERAL INFORMATION

2.1 Development projects

The following were the development projects of the Ministry:

Nature of the project	Development budget - Total cost	Approved appropriation 2009/2010	Total expenditure 31/03/09	Actual expenditure 2009/2010	Total expenditure 31/03/10	Year of completion
Nationwide renovation of MoF facilities	N\$ 9 451 000	N\$ 3 000 000	7 720 292.58	1 816 912.99	9 537 205.57	31/03/13
Katwitwi border post	41 009 000	9 700 000	17 236 798.55	2 616 442.46	19 853 241.01	31/03/13
Oshakati regional Ooffice	8 037 000	3 600 000	8 766 588.29	2 342 803.01	11 109 391.30	31/03/11
Wenela border post	7 484 000	1 000 000	13 970 101.60	1 000 000.00	14 970 101.60	31/03/11
Klein Menasse border post	1 558 000	75 000	2 643 366.40	-	2 643 366.40	31/03/10
Walvis Bay houses	8 473 000	400 000	5 674 492.75	250 510.39	5 925 003.14	31/03/10
Hosea Kutako International Airport	21 657 000	8 918 000	862 898.62	1 218 390.64	2 081 289.26	31/03/12
Luderitz Customs and Excise housing	9 332 000	400 000	8 795 721.58	400 000.00	9 195 721.58	31/03/10
Keetmanshoop Customs facility	27 495 000	13 600 000	4 744 486.43	8 938 207.16	13 682 693.59	31/03/12
Noordoewer border post administration facility	21 315 000	-	2 446 726.25	-	2 446 726.25	31/03/11
Office accommodation for MoF	149 492 000	15 625 000	2 865 968.62	15 601 965.48	18 467 934.10	11/03/13
Otjiwarongo Customs facility	9 921 000	8 600 000	2 405 495.69	6 990 664.29	9 396 159.98	31/03/11
Otjiwarongo regional office	5 517 000	1 000 000	8 660 084.22	-	8 660 084.22	31/03/09
Oshikango Customs facility	12 331 000	60 000	2 218 976.02	-	2 218 976.02	31/03/12
Totals	333 072 000	65 978 000	89 011 997.60	41 175 896.42	130 187 894.02	

2.2 Tender Board exemption from normal Tender procedures.

The Tender Board approved five exemptions from normal tender procedures to the value of N\$ 256 816 049. The exemptions comprise of the following:

Exemption	Goods/Services	Approved amount	Actual expenditure
E1/17-1/2009	Annual exemption 2009/2010	N\$ 177 301 936	N\$ 77 099509.97
E1/17-2/2009	Procurement of scanners equipment	79 000 000	8 226 842.06
E1/17-4/2009	* Printing, supply and delivery of Government cheques by Etewo Liwa Employees Benefit Trust supported by Denu Distributors	300 000	787 667.64
E1/17-5/2009	Purchasing of patent software for economic and statistical analysis for the division: EPAS	214 113	145 088.64
	Total	256 816 049	86 259 108.31

*Audit verification of the actual amount could not be done, as supporting information was not provided.

2.3 Contingency provision

The total expenditure changed during the year was as follow:

Beneficiary	Purpose	Amount
		N\$
Namibia Wild Resort	Financing needs for NWR	10 000 000
Ministry of Health	Provision for the treatment of uncommon diseases	10 000 000
Ministry of Youth Sport and Culture	Boxing championship for Moses Hitman	1 700 000
Namibia Wild Resort	Capital for re-development of Etosha Zebra	34 000 000
Ministry of Youth Sport and Culture	Upgrading Independence Stadium for 2010 World Cup	9 456 182
Roads Authority	Rehabilitation of the roads damaged by the 2009 flood	50 000 000
Ministry of Youth Sport and Culture	Children of the liberation struggle	2 000 000
Electoral Commission of Namibia	Shortfall on Presidential and National Assembly elections	21 002 578
Office of the Prime Minister	Funeral of the late comrade Dr. Hendrik Witbooi	150 000
Agriculture	Production of rice at Kalimbeze in Caprivi Region	1 100 000
Office of the Prime Minister	Donation to the Haiti earth quake disaster	7 400 000
Office of the Prime Minister	National Independence celebrations	26 945 000
Youth	Shipwreck	2 632 570
Minister of Foreign Affairs	Refund to the Namibian embassy in Havanna	213 059
Ministry of Education	UNAM	12 423 068
Ministry of Education	Polytechnic	4 103 088
Ministry of Youth Sport and Culture	Reburial of Human remains	100 000
Local Government	Shangai Expo	5 121 652
Youth Sport and Culture	Shipwreck	3 824 142
Local Government	Trust Fund for Regional Development	20 000 000
Total		222 171 339

WINDHOEK, 05 November 2010

E. SHAFUDA
ACCOUNTING OFFICER