



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

MINISTRY OF FINANCE

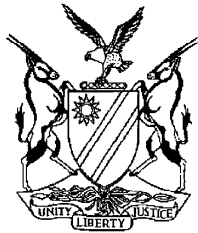
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Ministry of Finance for the financial year ended 31 March 2012 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, March 2013

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE
MINISTRY OF FINANCE
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2012**

1. INTRODUCTION

1.1 Report

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

1.2 Powers and duties

Section 25(1)(c) of the State Finance Act, 1991, provides that the Auditor-General should satisfy himself that:

- (a) all reasonable precautions have been taken to ensure that all monies due to the State are collected, and that the laws relating to the collection of such monies have been complied with;
- (b) all reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for, the State's assets, such as stores, equipment, securities and movable goods; and
- (c) the expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

In addition, Section 26(1)(b)(iv) of the State Finance Act, 1991, empowers the Auditor-General to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources.

2. FINANCIAL STATEMENTS

The appropriation accounts were submitted to the Auditor-General in terms of Section 13 of the State Finance Act, 1991.

The financial statements, notes to the financial statements and general information supplied by the Accounting Officer are attached as annexure A to this report.

3. SCOPE OF THE AUDIT

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

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

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

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

4. AUDIT OBSERVATIONS

4.1 MAIN ISSUES/FINDINGS IDENTIFIED BY THE AUDIT

4.1.1 Expenditure

The total budget was underspend with an amount of N\$ 469 478 413.75 (12.79%). However, 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, six (6) of the operational subdivisions were exceeded by an amount totalling N\$ 4 639 403.33. These excesses are unauthorised in terms of Section 6(a)(iii) of the Act.

It is recommended that the Accounting Officer put measures in place to avoid unauthorised expenditure and to ensure that the total budget is utilised for the purposes intended.

4.1.2 Virements

Differences were noted between the virement authorised by Treasury also reported by the Accounting Officer and the virements processed in the Appropriation account:

Main divisions	Virements processed	Authorised Virements	Difference
	N\$	N\$	N\$
0902	(44 614 627)	(41 793 000)	(2 821 627)
0905	250 000	-	250 000
0906	10 500 000	(11 500 000)	(1 000 000)
0907	42 905 142	58 100 000	(15 194 858)
0912	44 112 627	63 291 000	(19 178 373)
0913	(76 005 142)	(89 000 000)	12 994 858

It is recommended that the Accounting Officer should see to it that the correct viremented amounts is processed through to the Appropriation accounts and that the financial statement prepared should reflect correct amounts.

4.1.3 Suspense accounts

The main ledger shows balances on fifteen (15) of the Ministry's suspense accounts as at 31 March 2012, of which eight (8) with credit balances and seven (7) with debit balances. The following are amounts reflected in the General Ledger exceeding N\$ 100 000:

Description	Debit/(Credit)
	N\$
Receipt Suspense	504 734.62
Receipt Suspense Customs	(32 760 137.99)
Receipt Suspense IRD	(14 342 469.17)
RD Cheques	588 044.71
Rejection Account	(163 708.06)
Bills Payable	53 726 526.01
Electronic Banking	(167 798 536.28)
S&T Advance Account	2 357 982.76

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

4.1.4 Outstanding balance on subsistence and travel allowances

The suspense account reflected an outstanding balance on the subsistence and travel allowance suspense account amounting to N\$ 2 357 982.76. However, the statement submitted by the Accounting Officer shows an outstanding amount of N\$ 1 410 206.38. The difference of N\$ 947 776.38 has to be explained by the Accounting Officer.

For the third consecutive year, the Accounting Officer failed to submit the statement in the format as requested in Circular D12/2010 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 Tender Board exemption from normal Tender procedures

The Tender Board approved eight exemptions from normal Tender procedures to the value of N\$ 344 990 838.45.

The exemptions comprise of the following:

Exemption	Goods/Services	Approved amount	Actual expenditure
		N\$	N\$
E1/17-1/2011	Annual exemption 2011/2012	258 730 000.00	6 714 062.95
E1/17-2/2011	Tender Board Exemption for the Purchase of 20 Pre-Fabricated Units	8 000 000.00	4 389 435.00
E1/17-3/2011	Exemption from Tender Procedures for the Supply and Delivery of Uniforms	5 000 000.00	778 913.15
E1/17-4/2011	Exemption for the Purchase of Essential Goods and the Supply Services	49 469 038.45	11 884 200.44
E1/17-5/2011	Exemption for the Migration from Asycuda++ to the Asycuda World System	16 588 400.00	4 894 113.46
E1/17-6/2011	Exemption Private Health Care Consultants for the consulting of the Public Service Employees Medical Aid Scheme (PSEMAS)	1 583 400.00	1 187 550.00
E1/17-7/2011	Exemption for the Supply, Delivery and Assembling of Furniture to the Directorate Customs	5 120 000.00	74 560.42
E1/17-08/2011	Exemption for the Expenditure for Literacy Initiative (FLI) Launch and Awareness Campaign	500 000.00	491 188.25
	Total	344 990 838.45	30 414 023.67

Audit verification of the actual amount could not be done, as supporting documentation was only provided at the date of the Auditor-General's statutory deadline.

5. ACKNOWLEDGEMENT

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

6. EMPHASIS OF MATTER

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

- a) Paragraph 4.1.1 Expenditure. The total budget was underspent with 12.79%.
- b) Paragraph 4.1.2 Virements. Differences noted between virements authorized by Treasury and those reflected in the Appropriation account.
- c) Paragraph 4.1.3 Suspense accounts

8. AUDIT OPINION

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

In my opinion, the financial statements fairly represent the receipts and payments of Vote 09 for the year ended 31 March 2012 and in all material respects the receipts and payments have been applied to the purposes intended by the National Assembly and conform to the authorities which govern them.

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

OFFICE OF THE AUDITOR-GENERAL
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Private Bag 13299
WINDHOEK
NAMIBIA

1. FINANCIAL STATEMENTS

1.1 Appropriation account

2011/2012						2010/2011
Service	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percent age		
N\$	N\$	N\$	N\$	%	N\$	
01. Office of the Minister:						
Original budget	4 665 000	4 784 836	1 934 763.00	2 850 073.00	59.56	2 193 120.06
Plus: Virement	119 836					
02. Administration:						
Original budget	190 620 000					
Less: Virement	(41 790 758)	148 829 242	112 821 214.71	36 008 027.29	24.19	85 950 407.19
03. Internal Audit:						
Original budget	7 738 000					
Plus: Virement	432 032	8 170 032	6 417 687.53	1 752 344.47	21.45	5 217 291.31
04. State Revenue:						
Original budget	137 942 000					
Plus: Virement	4 382 685	142 324 685	119 698 205.99	22 626 479.01	15.90	112 182 703.31
05. Economic Policy Advisory Services:						
Original budget	5 209 000	5 680 354	4 607 382.90	1 072 971.10	18.89	2 930 700.03
Plus: Virement	471 354					
06. Customs and Excise:						
Original budget	316 083 000					
Plus: Virement	13 834 684	329 917 684	160 367 511.37	169 550 172.63	51.39	132 326 945.05
07. Pension Scheme:						
Original budget	41 473 000					
Plus: Virement	42 980 557	84 453 557	82 854 275.40	1 599 281.60	1.89	5 309 855.35

ANNEXURE A (continued)

2011/2012						2010/2011
Service	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percentage		
N\$	N\$	N\$	N\$	%	N\$	
08. Medical Aid Scheme:						
Original budget	1 136 723 000					
Plus: Virement	33 648 763	1 170 371 763	1 144 968 839.43	25 402 923.57	2.17	976 651 492.37
09. Tender Board:						
Original budget	6 003 000					
Plus: Virement	225 931	6 228 931	4 019 452.79	2 209 478.21	35.47	2 950 642.93
10. Budget Management and Control:						
Original budget	263 763 000					
Plus: Virement	1 073 508	264 836 508	247 705 930.07	17 130 577.93	6.47	383 811 166.13
11. Expenditure and Financial Management:						
Original budget	30 235 000					
Less: Virement	(9 631 396)	20 603 604	16 178 915.25	4 424 688.75	21.48	19 076 943.93
12. Asset, Cash and Debt Management:						
Original budget	1 370 801 000					
Plus: Virement	44 899 820	1 415 700 820	1 258 061 966.28	157 638 853.72	11.14	583 123 840.40
13. Information Technology						
Original budget	144 820 000					
Less: Virement	(75 393 476)	69 426 524	42 213 981.53	27 212 542.47	39.20	33 149 990.20
GRAND TOTAL	3 671 328 540	3 201 850 126.25	469 478 413.75	12.79	2 344 875 098.26	

ANNEXURE A (continued)

1.2 Standard subdivisions

Subdivision	2011/2012			2010/2011
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	258 989 186	231 605 654.92	27 383 531.08	192 974 375.58
002. Employer's contribution to G.I.P.F	31 422 354	24 504 172.01	6 918 181.99	20 265 154.60
003. Other conditions of service	7 437 000	1 198 353.38	6 238 646.62	1 145 187.09
004. Improvement of remuneration structure	-	-	-	3 528.14
Total	297 848 540	257 308 180.31	40 540 359.69	214 388 245.41
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	25 450 000	15 514 312.10	9 935 687.90	10 950 606.61
022. Materials and supplies	27 550 581	8 553 977.02	18 996 603.98	6 013 329.22
023. Transport	8 908 000	8 994 294.79	(86 294.79)	8 426 661.41
024. Utilities	44 586 000	40 956 503.18	3 629 496.82	23 449 246.30
025. Maintenance expenses	60 695 647	33 069 484.97	27 626 162.03	26 055 520.58
026. Property rental and related charges	1 540 000	927 720.76	612 279.24	1 709 091.47
027. Other services and expenses	196 442 587	132 600 815.20	63 841 771.80	97 159 450.54
Total	365 172 815	240 617 108.02	124 555 706.98	173 763 906.13
Current expenditure: Membership fees and subscriptions				
041. International	3 665 000	3 305 792.02	359 207.98	3 005 217.64
042. Domestic	20 000	-	20 000.00	-
Total	3 685 000	3 305 792.02	379 207.98	3 005 217.64
Current expenditure: Subsidies, grants and other transfers				
043. Contingency provision	250 150 000	234 699 860.99	15 450 139.01	372 826 842.45
044. Individuals and non-profit organisations	1 190 061 185	1 161 164 336.84	28 896 848.16	944 425 513.28
Total	1 440 211 185	1 395 864 197.83	44 346 987.17	1 317 252 355.73
Total: Current expenditure	2 106 917 540	1 897 095 278.18	209 822 261.82	1 708 409 724.91
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	31 029 000	5 048 234.49	25 980 765.51	5 741 456.36
102. Vehicles	24 752 215	7 259 446.68	17 492 768.32	24 351 237.88
103. Operational equipment	40 448 000	66 620.05	40 381 379.95	55 435.75
Total	96 229 215	12 374 301.22	83 854 913.78	30 148 129.99
Capital transfers:				
121. Government organisations	-	-	-	(874 209.70)
Total	-	-	-	(874 209.70)

ANNEXURE A (continued)

Subdivision	2011/2012			2010/2011
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Lending and equity participation				
174. Equity participation: International	989 640 627	834 626 896.41	155 013 730.59	527 343 000.00
175. Equity participation: Joint venture and domestic enterprises	413 930 000	413 527 368.34	402 631.66	50 000 000.00
Total	1 403 570 627	1 248 154 264.75	155 416 362.25	577 343 000.00
Total: Operational expenditure	3 606 717 382	3 157 623 844.15	449 093 537.85	2 315 026 645.20
Development				
Capital expenditure: Acquisition of assets				
105. Feasibility studies, design and supervision	16 649 000	15 535 101.13	1 113 898.87	-
107. Construction, renovation and improvement	47 962 158	28 691 180.97	19 270 977.03	29 848 453.06
Total: Development expenditure	64 611 158	44 226 282.10	20 384 875.90	29 848 453.06
GRAND TOTAL	3 671 328 540	3 201 850 126.25	469 478 413.75	2 344 875 098.26

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue heading	Estimate	Actual revenue 2011/2012	More/(Less) than estimate	Actual revenue 2010/2011
	N\$	N\$	N\$	N\$
Members' contribution to Government				
Employees Medical Aid Scheme	92 819 255	100 677 567.95	7 858 312.95	92 645 650.77
Re-deposit of unclaimed cheques	-	20 475 634.20	20 475 634.20	97 813 537.48
Sale of tender documents	738 000	1 536 996.10	798 996.10	1 472 630.00
Private telephone calls	500	-	(500.00)	261.46
Auction sales (Customs)	23 683	480 952.15	457 269.15	1 927 190.47
State warehouse rent	104 373	190 064.75	85 691.75	117 815.90
Collateral losses	1 000	405 879.33	404 879.33	233 718.76
Special attendance	714 319	634 390.00	(79 929.00)	556 150.00
Miscellaneous	2 000 000	49 094 748.23	47 094 748.23	3 485 821.07
Export Levy (Customs)	2 500 000	6 637 647.18	4 137 647.18	4 308 454.92
Additional Duty (Customs)	12 000 000	4 228 696.24	(7 771 303.76)	7 012 712.29
Licence Fees (Customs)	11 500	22 516.00	11 016.00	22 828.00
Guarantee Levy Payments	2 000 000	-	(2 000 000.00)	-
Unclaimed cheques	-	-	-	(59 650.00)
Health services	-	-	-	2.00
Deposits made by political parties	-	-	-	100.00
TOTAL	112 912 630	184 385 092.13	71 472 462.13	209 537 223.12

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\$ 2 850 073.00 – 59.56%)

The positions of Special Advisor and Economic Advisor which were funded but were not filled during the year under review as no suitable candidates were identified. As a result, underexpenditure was realized under all items relating to remuneration.

The Office of the Minister undertook less national and international trips during the period under review which resulted in less expenditure in travelling and subsistence and transport subdivisions. The acquisition and use of stationery is closely linked to the extent of the number of personnel in the office, as mentioned above the vacancies of Senior Advisor and Economic Advisor was not filled as envisaged. Provision was made for possible increase in courier charges but the actual costs remained minimal. Utilities actual outturn were very low, as other cost of utilities were covered by the budget of the Main division: Administration.

As a result of vacancies in funded position of Special and Economic Advisor no expenditure was incurred for furniture relating to these positions although an allocation was made.

Main division 02 – Administration (N\$ 36 008 027.71 – 24.19%)

Anticipated travelling to meetings symposiums and workshops outside and inside the country that could not be attended as a result of postponements and cancellations by stakeholders. Fewer maintenance/breakdown of equipment such as photocopy machines than what was anticipated. Delay in concluding lease agreements for office accommodation by stakeholders. The bigger variance in this category was as of a delay in implementing Public Finance Management programme supported by the European Union, whose funding was rolled over to the next financial year.

Provision was made for claims against the State as a result of accidents caused by the State and its employees. No claims were received during the year under review.

The standby generator ordered could not be delivered before the closure of the financial year. Furniture provision was budgeted to cater for increased establishment, but due to delayed recruitment acquisition of furniture could not be completed.

Main division 03 – Internal Audit (N\$ 1 752 344.47 – 21.45%)

Provision was made to cater for expenditure relating to resignations and transfers. No such expenditure was incurred as no resignations or transfers were recorded in the division.

Cancellation of planned field audit trips due to staff shortage. Less stationery than anticipated was bought due to efficiency gains in the utilization of stationery and supply. Less training related expenses were incurred.

Provision was made for membership fees that were likely to be incurred during the year and no payment was eventually made in respect of that provision.

No furniture was bought as provided for. The vehicles were bought as budgeted, leaving a variance due to price difference between the estimated cost and the actual tendered price, resulting in an underexpenditure.

Main division 04 – State Revenue (N\$ 22 626 479.01 – 15.90%)

The vacant positions of the Commissioner of Inland Revenue, which remained funded, but could not attract qualified candidates despite having been advertised on more than one occasion.

Other positions fell vacant during the financial year while provision was made for additional positions in the enlarged structure of the directorate. Approval from the Public Service commission for the new structure was only obtained during the last month of the financial year while provision for filling positions was made in the budget. Therefore, no recruitment took place resulting in under spending.

The result of the development in the personnel has corresponded on the direction of spending on the subdivision Goods and Services. Therefore, the under spending in this category was due to fewer courses and cancellation of training courses and workshops. Internal auditors and special investigators did not travel much for inspections and auditing as anticipated due to shortage of staff members. At the end of the 2011/12 financial year there were outstanding invoices for the acquisition of materials and supplies, which could not be executed by year end. Some materials and supplies ordered from Government stores could not be secured resulting in the cancellation of orders. There were no significant increases in the rental of photocopy machines and courier charges. No major renovations were executed at the offices and only small repairs were done resulting in an underexpenditure of 69.2% of the budgeted amount. There were less training courses and workshops. The invoices for the commission on revenue stamps for March 2012, from Nam Post were received late and payments were only done in the 2012/13 financial year. Provision was made for private audit firms to undertake forensic audit on behalf of the Ministry. Due to the fee structure proposed by the Ministry only few private audit firms were engaged.

The payment for Commonwealth Association of Tax Administrators (CATA) subscriptions for 2011/2012 was effected only in 2012/13 due to the late receipt of the invoice.

During the period under review, the Ministry submitted a revised structure for IRD, which was only approved in March 2012. As a result of the delay in approving the new structure and filling of positions, money earmarked for, furniture, equipment and vehicles could not be utilised as planned.

Government stores was also out of stock, hence no furniture could be purchased for the existing staff, the alternative was to buy furniture from private suppliers and this has to be done through Tender process. As it was already towards the end of the financial year preparation of tender documentation for advertisement could not be finalised during the financial year.

Main division 05 – EPAS (N\$ 1 072 971.90 – 18.89%)

The underexpenditure under the item resulted in a virement which was made to the subdivision, as there was indication of a shortage of funds. However, as no additional recruitment for the position of Economist SP2 could take place, an underexpenditure was realised.

The main division benefitted from sponsored trips resulting in less spending on the budgeted amount. The cost of printing of the budget policy framework documents, which was budgeted to be incurred under this main division was under main division by the Budget Management and Control since all budget documents were printed in bulk as a pack. As a result, a substantial amount for this item was unspent. Not all budgeted training, workshops and symposia could be attended. Provision for the acquisition of the furniture for the Economist was made, but could not be expended, as no recruitment took place.

Main division 06 – Customs and Excise (N\$ 169 550 635.95 – 51.39%)

The delays in the filling of a position of Deputy Director and 62 vacancies in category Customs & Excise Officers was exacerbated by the introduction of the new minimum requirement for Customs and Excise Officer job categories which led to the withdrawal of early advertisement. In addition there was delay to get feedback from the Public Service Commission on the recommendation of the structure.

The above mentioned delay also impacted negatively on the other subdivisions of personnel expenditure. Provision was made for transport privileges and clothing allowance, but the outturn was low in clothing allowance; and a transport privilege was charged under remuneration.

The main division planned to undertake various activities including the participation in EPA negotiations, but some of the planned activities could not take place. Further, the effect of the delay in recruitment of additional staff members also contributed to the curtailment of travelling activities planned under the main division, such participation in joint patrols, road blocks and other enforcement activities. Provision for uniforms could not be used, because of the delay in the delivery of ordered furniture, which was only delivered after financial year-end. Other under spending is attributed to the delay in filling of positions which has an effect on material and supplies and stationeries. Sniffer dogs earmarked for Customs and

Excise operations could not be acquired due to unavailability of supplies in the SADC region. The pending case for which provision was made, was only finalised in the 2012/2013 financial year, resulting in the under spending in legal fees. Provision for security contracts were under spent as a result of supplier invoices not all received by the end of the financial year. Provision is made for payments in foreign currencies for membership in World Custom Organisation (WCO). Fluctuation in the exchange rate, affect the actual payment made.

The planned acquisition of corporate furniture for the whole Directorate including Regional Offices did not realised because the supply under the tender could not be concluded within the financial year. Funds that were budgeted for the maintenance of scanners were not fully utilised because part of the expenditures were financed from the scanner account and supplier maintenance guarantees. The main division also planned to buy vehicles for sniffer dogs and patrolling vehicles and boats, but this was also delayed because delays experienced in the preparation for tendering. The cars and boats were only secured in the following financial year (2012/2013).

Main division 08 – Medical Aid scheme (N\$ 25 402 923.57 – 2.17%)

As a result of vacancies which occurred under the sub division an under spending was realised mainly due to unfilled positions and non-payment of leave gratuity.

The medical claims received during the period under review were less than predicted. Additional furniture could also not be purchased on account of outstanding invoices.

Main division 09 – Tender Board (N\$ 2 209 478.21 - 35.47%)

Vacancies for the position of 1x Control Officer and 2x Chief Clerks were not filled, but was budgeted for. Due to concentration more on office activities, the main division spent less on travelling than anticipated.

As a result of the above, participation at scheduled training and workshops could not materialised and logistical equipment for the scheduled training and workshops were not purchased. Provision was made for the payment of possible claims and court cases against the Tender Board but no payments were done as there were no claims.

Provision was made for the purchase of furniture for the vacant positions but was not purchased as the vacancies were not filled.

Main division 10 – Budget Management and Control (N\$ 17 130 577.93 - 6.47%)

Vacancies occurred during the financial year and less overtime performed during the year as well as few resignations of staff members.

Fewer trips were undertaken during the financial year due to official engagements at the office.

All budget books could not be printed at the same time and the printing process continued until the end of the financial year resulting in some payments being done in the new financial year, hence the variances.

There was no major maintenance done. Less training was undertaken and planned workshops and meetings outside the country could not be attended.

The original budget amount for the 2011/2012 financial year was N\$ 264 million out of which N\$ 250 million was budgeted for Contingency provision. An amount of N\$ 235 million was spent and that left an underexpenditure of N\$ 15 million, which could not be spent, as no emergency occurred to absorb it.

Main division 11 – Expenditure and Financial Management (N\$ 4 424 688.75 – 21.48%)

The variances in this sub division were due to the vacant positions which were not filled during the financial year 2011/2012.

The anticipated cost of attending workshops and the Annual ESAAG Conference and Accountants General Meeting (AGM) turned out lower as not all persons planned to participate attended.

No major breakdowns were experienced. Bank charges paid were less than anticipated due to the commercial banks services fees reduction following the introduction of Electronic Funds Transfer (EFT).

This is a result of non-receipt of invoices for membership subscriptions to some institutions such as IBRD. The fees are only payable upon demand and the funds have to be budgeted since Namibia pledged promissory notes to these institutions. The amounts paid to international fees were also less than anticipated due to the strong Namibian currency against the international currencies.

Unfilled vacant positions contributed to less expenditure on furniture and equipment.

Main division 12 – Asset, Cash and Debt Management (N\$ 157 638 853.72 – 11.14%)

This is a result of the vacant position of Deputy Director Cash and Debt Management which was unfilled, due to delay in obtaining recommendation from the Public Commission, as well as vacancies in other non-management positions.

There were fewer trips being undertaken to attend auctions than budgeted for due to fewer auctions. The sponsored trips provided in lieu of using budgeted funds. The unfilled positions contributed to underexpenditure in materials and supplies. Utilities were provided for under Administration.

The vacant positions have contributed to furniture not bought for the period under review.

Some amounts budgeted for disbursement to SOEs could not be disbursed because the implementation of the projects for which they were earmarked could not be fully implemented by the SOEs and thus some of the funds were not claimed by the SOEs.

Main division 13 – Information Technology (N\$ 27 212 542.47 – 39.20%)

Consultation between the Ministry and the Department of Information Technology Management in the Office of the Prime Minister regarding the review of the structure of the Information Technology Division of the Ministry took longer than expected.

Provision was made under the main division for the funding of the implementation of the Integrated Tax Administration (ITAS). Given the delay in the tendering process, no expenditure was incurred. The upgrade of the Customs software system ASYCUDA as well as the Tender Board system could not be completed during the year as planned. The rollout of the IFMS to the Regions could not be implemented during the year due to on-going consultations with the stakeholder OMAs.

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

(i) Over-estimated

Additional Duty (Customs)

Additional duty is levied on some specified items such as (Dairy, Pasta) for the protection of the local infant industry. Levy on pasta and milk was increased and therefore discouraged Namibian traders to import milk and pasta. However, a decrease of 52.4% was recorded as the infant industry protection has lapsed in March 2011, hence the reduction in the collection of additional duty.

Guarantee Levy Payments

Guarantee beneficiaries are expected to pay a guarantee fee of 2%, calculated annually on the amount of principal outstanding from time to time under the guaranteed facility and payable annually in advance by the debtor of such facility. During the 2011/12 financial year, there was no guarantee levy payments received as most of the issued guarantees were issued before the levy was introduced in 2005, or the guarantee is issued to SOE's that failing to repay the loan obligation including the guarantees levy due to financial constraints.

(ii) Underestimated

Miscellaneous

This represents the receipts that have been recorded during the year but have not been correctly allocated to the respective revenue accounts due to insufficient information, hence the recorded variance.

Member's contribution to Government Medical Aid Scheme

The reason for the variance of 8.43% more than the estimate can be explained by the increase in the number of membership from 191 161 to 211 801 members.

Redeposit of unclaimed cheques

Although funds were not estimated for financial year 2011/12, an amount of N\$ 20.4 million was recorded as unclaimed cheques.

Sale of tender documents

More tender documents were sold than anticipated, hence the over collection by 53.70%.

Collateral losses

The recovery on collateral losses for the past two financial year's average is around N\$ 277 045.59. The recovery is progressing well, but at a slow rate because of the amount that is able to be recovered on each deduction as a minimum. It is against this background, that it can be recognised that the estimated figure was highly understated given the evidence of actual collections from the past financial year and the outstanding balances from the control cards.

Warehouse Rent (Customs)

The variance of 82.1% was as a result of goods retained in Customs warehouses which were not cleared within the specified time frame. Importers opted to store these vehicles in the State Warehouse where storage fees are lower than NAMPORT. A lot of Cargo Vessels are now calling in at the ports and therefore undeclared goods are moved to the State Warehouse to make space for the next Vessels to off load, thus resulted in an increase in the Warehouse rent.

Auction Sales

The auction sales collections are depended on the number of detained goods and the prices they fetch on the auction and also their value (normal goods versus luxury goods). Due to an increase in the number of vessels calling in to the port of Walvis Bay, NAMPORT requires additional space regularly for new shipments. As a result longstanding containers are moved to the State Warehouse for unpacking. This resulted in a great number of these goods being abandoned and undeclared, thus more public auctions were conducted which include high price goods e.g. luxury vehicles resulted in high revenue being collected. Therefore, the actual revenue collected exceeded the estimated revenue.

Export Levy (Customs)

An export levy was introduced to discourage the exportation of some specified locally produced commodities for the purpose of promoting value addition. Increase in demand due to hides and skins exported to the overseas market and there is significant increase in the demand for the Namibian hides and skins. Thus, the actual revenue collected during the year under review exceeded the estimated revenue with 165.5%.

2. GENERAL INFORMATION

2.1 Development projects

The following were the development projects of the Ministry:

Nature of the project	Development budget - Total cost	Total expenditure 31/03/2011	Approved appropriation 2011/2012	Actual expenditure 2011/2012	Total expenditure 31/03/2012	Year of completion
	N\$	N\$	N\$	N\$	N\$	
Katwitwi Border Post	39 575 000	23 353 241.01	2 810 000	1 040 381.67	24 393 622.68	31/03/2014
Rundu Regional Office	4 310 000	-	250 000	210 928.71	210 928.71	31/03/2012
Omahenene Border Post Housing	29 810 000	-	5 200 000	4 947 182.57	4 947 182.57	31/03/2014
TransKalahari Border Post Housing	3 994 000	-	258 000	-	-	31/03/2012
Nationwide Renovation of MoF Facility	8 970 000	-	23 000 000	6 244 095.38	6 244 095.38	31/03/2014
Hosea Kutako International Airport	31 633 000	8 986 102.48	14 289 000	14 289 000.00	23 275 102.48	31/03/2012
Ariamsvlei Border Post	33 471 000	3 752 727.59	2 102 000	1 246 101.13	4 998 828.72	31/03/2012
Keetmanshoop Customs Facility	26 227 000	23 884 986.04	992 000	992 000.00	24 876 986.04	31/03/2012
Office Accommodation for MoF	140 576 000	22 743 450.48	13 066 158	13 066 157.53	35 809 608.48	31/03/2014
Noordoewer Border Post	46 202 000	6 084 108.57	2 644 000	2 190 435.11	8 274 543.68	31/03/2014
WalvisBay Regional Revenue Office Additions	3 375 000	-	-	-	-	31/03/2012
Total	388 008 000	88 804 616.17	64 611 158	44 226 282.10	133 030 898.27	

WINDHOEK, 2012-10-12

**E. SHAFUDA
PERMANENT SECRETARY**