



**REPUBLIC OF NAMIBIA**



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

# **MINISTRY OF FISHERIES AND MARINE RESOURCES**

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

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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 Fisheries and Marine Resources for the financial year ended 31 March 2013 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

**WINDHOEK, SEPTEMBER 2014**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

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ON THE ACCOUNTS OF THE  
MINISTRY OF FISHERIES AND MARINE RESOURCES  
FOR THE FINANCIAL YEAR ENDED  
31 MARCH 2013**

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**1. INTRODUCTION**

This report on the accounts of the Ministry of Fisheries and Marine Resources for the financial year ended 31 March 2013 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.

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Ministry of Fisheries and Marine Resources for the year ended 31 March 2013. These financial statements comprise the Appropriation Account, Standard Subdivisions, Departmental Revenue, Miscellaneous Revenue for the year then ended, and notes to the financial statement and general information submitted.

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

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sections 12 and 13 of the State Finance Act, Act 31 of 1991 and legislation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**3. AUDITOR'S RESPONSIBILITY**

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

## **4. AUDIT FINDINGS**

### **4.1 EMPHASIS OF MATTERS**

I draw attention to the management on the following matter(s) that relate to my responsibility in the audit of the financial statements.

#### **4.1.1 Underexpenditure**

The total budget of the Ministry was underspend with an amount of N\$ 21 929 699.39 (8.25%).

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

#### **4.1.2 Unauthorised expenditure**

Although Treasury approval was obtained to utilise certain expected savings for the defrayal of excess expenditure through virements during the year, ten (10) subdivisions were exceeded by an amount totalling N\$ 3 683 577.25 which is unauthorised in terms of Section 6(a)(iii) of the State Finance Act.

It is recommended that the Accounting Officer should implement budgetary control measures to avoid unauthorised expenditure.

#### 4.1.3 Virements

The following virements at the respective main divisions as reflected in the Appropriation Account do not agree with the virements approved by Treasury.

<b>Main Division</b>	<b>Approved Virement</b>	<b>Virement per Appropriation Account</b>	<b>Difference</b>
	N\$	N\$	N\$
04	(1 884 000)	(849 000)	(1 035 000)
05	(2 200 000)	(3 235 000)	1 035 000

It is recommended that the Accounting Officer should ensure that the approved virements in the Appropriation Accounts agree with those approved by Treasury.

#### 4.1.4 Subsistence Advances

According to the Daily Subsistence Allowance balance list, an amount of N\$ 940 964.15 was outstanding on advances as at 31 March 2013, while the balance of the S&T Advance Suspense Account indicates a balance of N\$ 1 056 729.91 which leaves a difference of N\$ 115 765.76 which must be explained by the Accounting Officer.

Some advances have not been cleared within 30 days after the return of employees to their work stations and the Ministry did not make an effort to recover the outstanding advances as stipulated in Treasury Instruction HB0505, which requires that claims are submitted within 30 days after returning from the trip.

It is recommended that the Accounting Officer should ensure that steps should be taken to clear the difference between the debit list and the S&T Advance suspense account at all times. Furthermore, the Accounting Officer should also ensure that claims are submitted within thirty (30) days as stated in Treasury Instruction HB0505.

#### 4.1.5 Suspense Accounts

The final ledger shows seven (7) debit suspense account balances of which four (4) had credit and three (3) debit balances as at 31 March 2013. Furthermore, the Accounting Officer did not furnish the Auditor-General with the prescribed certificate as per Treasury Instruction FD0703. The following suspense accounts were in excess of N\$ 100 000:

<b>Suspense Account</b>	<b>Debit/(Credit)</b>
	N\$
Omahenene Inland Aquaculture Centre	(436 114.00)
S&T Advance Suspense Account	1 056 729.91
Bills Payable	(2 052 078.49)

It is recommended that the Accounting Officer should take the necessary steps to reconcile all suspense accounts at all times in order to clear or reduce the balances of suspense accounts and reconcile its records on a regular basis and submit all prescribed information as per Circular D12/2010 of the Auditor-General.

## **5. ACKNOWLEDGEMENT**

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

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

- a) Paragraph 4.1.2 - Unauthorized expenditure
- b) Paragraph 4.1.3 – Virement
- c) Paragraph 4.1.4 –Subsistence advances
- d) Paragraph 4.1.5 – Suspense accounts

## **7. QUALIFIED AUDIT OPINION**

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

In my opinion, except for the effect of the matters discussed in the Basis for qualified opinion paragraph, the financial statements fairly represent the receipts and payments of Vote 22 for the year ended 31 March 2013 and in all material respects the receipts and payments have been applied for the purposes intended by the National Assembly and conform to the authorities which govern them.

**JUNIAS ETUNA KANDJEKE**  
**AUDITOR-GENERAL**

**Office of the Auditor-General**  
**123 Robert Mugabe Avenue**  
**Private Bag 13299**  
**Windhoek**  
**Namibia**

## 8. FINANCIAL STATEMENTS

## 8.1 Appropriation Account

Service	2012/2013				2011/2012	
	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percent-age		
	N\$	N\$	N\$	%	N\$	
<b>01. Office of the Minister:</b>						
Original budget	5 768 000					
Less: Virement	(658 000)	4 110 000	3 488 820.18	621 179.82	15.11	3 771 637.64
<b>02. Administration:</b>						
Original budget	37 424 000					
Plus : Virement	8 422 000	45 846 000	34 547 874.12	11 298 125.88	24.6	35 677 293.84
<b>03. Resources Management:</b>						
Original budget	54 709 000					
Less : Virement	(3 080 000)	51 629 000	47 952 358.20	3 676 641.80	7.12	41 373 522.55
<b>04. Operations and Surveillance :</b>						
Original budget	88 031 000					
Less: Virement	(849 000)	87 182 000	87 126 269.66	55 730.34	0.06	78 237 885.17
<b>05. Aquaculture:</b>						
Original budget	52 968 000					
Less : Virement	3 235 000	49 733 000	44 840 514.38	4 892 4885.62	9.84	56 160 091.84
<b>06. Policy Planning and Economics:</b>						
Original budget	18 563 000					
Plus : Virement	400 000	18 963 000	17 577 464.07	1 385 535.93	7.31	15 007 889.70
<b>Total</b>		<b>257 463 000</b>	<b>235 533 300.61</b>	<b>21 929 699.39</b>	<b>8.52</b>	<b>230 228 320.74</b>



ANNEXURE A  
(continued)

8.2 Standard subdivisions

Subdivision	2012/2013			2011/2012
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual Expenditure
	N\$	N\$	N\$	N\$
<b>Operational:</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	98 609 000	98 814 630.90	(205 630.90)	85 379 525.64
002. Employer's contribution to GIPF	9 283 000	9 519 477.89	(236 477.89)	8 508 458.68
003. Other conditions of service	1 302 000	1 210 195.80	91 804.20	1 249 337.15
<b>Total</b>	<b>109 194 000</b>	<b>109 544 304.60</b>	<b>(350 304.59)</b>	<b>95 137 321.47</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence expenses	16 524 000	13 019 066.82	3 504 933.18	12 688 648.83
022. Materials and supplies	14 986 000	13 742 026.54	1 243 973.46	9 044 829.94
023. Transport	11 662 000	11 525 465.01	136 534.99	10 574 828.14
024. Utilities	12 724 000	12 578 499.57	145 500.43	10 440 828.40
025. Maintenance	9 625 000	9 401 023.15	223 976.85	9 719 529.71
026. Property rental and related charges	1 296 000	1 313 046.39	(17 046.39)	1 033 914.75
027. Other services and expenses	10 335 000	9 851 676.67	483 323.33	11 359 376.96
<b>Total</b>	<b>77 152 000</b>	<b>71 430 804.15</b>	<b>5 721 195.85</b>	<b>64 861 956.73</b>
<b>Current expenditure: Membership fees and subscriptions</b>				
041. International	2 653 000	2 426 881.04	226 118.96	560 780.31
042. Domestic	700 000	700 000.00	-	693 000.00
<b>Total:</b>	<b>3 353 000</b>	<b>3 126 881.04</b>	<b>226 118.96</b>	<b>1 253 780.31</b>
<b>Current expenditure: Subsidies, grants and other transfers</b>				
044. Individual and non-profit organizations	228 000	228 000.00	-	179 000.00
045. Public and Departmental Enterprises And Private Industries	11 204 000	11 204 000.00	-	9 564 000.00
<b>Total</b>	<b>11 432 000</b>	<b>11 432 000.00</b>	<b>-</b>	<b>9 743 000.00</b>
<b>Total: Current expenditure</b>	<b>201 131 000</b>	<b>195 533 989.78</b>	<b>5 597 010.22</b>	<b>170 996 058.51</b>
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	2 440 000	1 619 695.61	820 304.39	1 277 390.74
102. Vehicle	400 000	400 000.00	-	125 698.35
103. Operational Equipment, Machinery and Plants	492 000	210 855.87	281 144.13	199 366.66
<b>Total:</b>	<b>3 332 000</b>	<b>2 230 551.48</b>	<b>1 101 448.52</b>	<b>1 602 455.75</b>
<b>Total: Operational expenditure</b>	<b>204 463 000</b>	<b>197 764 541.26</b>	<b>6 698 458.74</b>	<b>172 598 514.26</b>
<b>Development:</b>				
<b>Capital expenditure: Goods and other services</b>				
105. Feasibility studies, Design and Supervision	-	-	-	590 903.89
107. Construction, Renovation and Improvement	53 000 000	37 768 759.35	15 231 240.65	57 038 902.59
<b>Total</b>	<b>53 000 000</b>	<b>37 768 759.35</b>	<b>15 231 240.65</b>	<b>57 629 806.48</b>
<b>GRAND TOTAL</b>	<b>257 463 000</b>	<b>235 533 300.61</b>	<b>21 929 699.39</b>	<b>230 228 320.74</b>

### 8.3 Departmental Revenue

Revenue for the year is as follows:

Revenue heading	Estimate	Actual revenue 2012/2013	More/(Less) than estimated	Actual revenue 2011/2012
	N\$	N\$	N\$	N\$
Private telephone calls	35 000	768.90	(34 231.10)	1 138.60
Miscellaneous	10 000	189 229.35	179 229.35	71 994.83
<b>TOTAL</b>	<b>45 000</b>	<b>189 998.25</b>	<b>144 998.25</b>	<b>73 133.43</b>

### 8.4 Notes to the financial statements

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

##### (i) Underexpenditure

#### Main division 01 –Office of the Minister (N\$ 621 179.82 – 15.11%)

The under spending on Remuneration was mainly due to provision made for overtime. However, overtime was carried out by staff members of the Main Division.

The under spending on Subsistence and Travelling Allowance, came as a result of the cancellation of trips due to unforeseen commitments by the Office of the Minister. Provision was also made under Utilities, however, nothing was spend on this subdivision. Provision was made for training of staff members but due to unforeseen commitments not all planned courses took place during the year.

#### Main division 02 –Administration (N\$ 11 298 125.88–24.64%)

During the year under review positions became vacant on the establishment of Division General Services and could not be filled until the end of the financial year, hence the underspending on Personnel Expenditure. Furthermore, funds that were earmarked for Subsistence and Travelling Allowance were not fully utilized due to the cancellation of local and foreign trips.

Under Other Services and Expenses, provision was made for the allowance for a Special Advisor to the Minister, however not all the money was utilized due to the fact that part of his salary was paid by Food and Agriculture Organisation. Another factor that also contributed to the under spending was that funds that were earmarked for the construction and renovations of Head Quarters under the development budget were not utilized due to the fact that the company that was awarded the tender was not interested to take up the tender. As a result the tender was re-advertised resulting in the under expenditure.

#### Main division 03 –Resource Management (N\$ 3 676 641.80 – 7.12%)

The under spending can be attributed to the following reasons:

Vacant positions not filled during the year on this main division affected expenditure on Personnel. Funds that were earmarked for Subsistence and Travelling Allowances were not fully utilized due to re-prioritization of activities.

Another factor that also contributed to the underexpenditure is due to provision that was made on Other services and Expenses for the hiring of vessels when the research vessel is not available. However, no vessels were hired during the year under review, hence the underexpenditure. For Furniture and Office Equipment, provision was made for new furniture for the newly renovated Aquarium, however, not all the furniture was bought which resulted to an underexpenditure.

#### **Main division 05 – Aquaculture (N\$ 4 892 485.62 –9.84%)**

The under spending in this main division can be attributed to the following:

The Directorate re-prioritized some activities and as a result an underexpenditure occurred on Subsistence and Travelling Allowance, Materials and Supplies, Maintenance and Office furniture. Provision was made for laboratory equipment; however, the equipment was not bought. Furthermore, provision was made for Generators as well as Lawn mowers under Operational Equipment, Machinery and Plants. However, these items were not bought resulting in the underexpenditure.

Out of N\$ 24 million earmarked for Development Project under this Main Division an amount of N\$ 19.4 million was spend leaving an underexpenditure of N\$ 4.5 million.

#### **Main division 06 - Policy Planning and Economics (N\$ 1 385 535.93-7.31)**

The under spending can be attributing to the following:

The Directorate re-prioritized some of its activities and as a result some underexpenditure occurred on Subsistence and Travelling and Allowance. On Other Services and Expenses provision was made for the upgrading of computer hardware and software, unfortunately no upgrading was done due to the fact that new computers were acquired resulting in an underexpenditure. Furthermore, on Furniture and Office Equipment, provision was made for computers, laptops and other labour saving devices, however not all the funds were utilized which resulted in an underexpenditure.

#### **Departmental Revenue: Explanation of variations exceeding N\$ 100 000**

##### **(i) Underestimated**

##### **Miscellaneous**

Provision was made for unforeseen revenue that could not be allocated to the different revenue heads. An amount of N\$ 10 000 was estimated to be collected, however, the Ministry managed to collect an amount of N\$ 176 700. This was due to the fact that money for the hiring of accommodation facilities at Kamutjong Inland Fisheries Institute was received.

## 9. GENERAL INFORMATION

### 9.1 Bank Accounts

Three (3) bank accounts were operated by the Ministry which had the following closing balances as at 31 March 2013.

<b>Name of account</b>	<b>Name of Bank</b>	<b>Balance as on 31 March 2013</b>
Marine Resources Fund	Bank Windhoek	N\$ 6 980 019.76
Fisheries Sectoral HIV/AIDS Committee	Bank Windhoek	637 147.48
Stannic Fleet Management E-Fuel	Standard Bank	(579 537.69)

### 9.2 Commissions and Special Committees

The Accounting Officer reported that during the financial year under review, a total amount of N\$ 22 000 was paid to members of the Marine Resources Advisory Council.

### 9.3 Capital Projects

The following were development projects of the Ministry for the financial year.

Project	Approved total budget	Total expenditure at 31/03/2012	Approved appropriation 2012/13	Actual expenditure 2012/13	Total expenditure at 31/03/2013	Expected year of completion
Renovation of MFMR Head Office- WHK	N\$ 53 000 000	N\$ 16 891 631.02	N\$ 10 000 000	N\$ -	N\$ 16 891 631.02	31/03/2015
Construction of new research vessel	95 000 000	53 153 680.00	3 000 000	2 997 707.42	56 151 387.42	31/03/2014
Extension and renovation of Swakopmund (NATMIRC)	48 733 000	1 961 749.82	12 000 000	11 999 553.62	33 961 303.44	31/03/2014
Construction of MFMR Regional Office in Caprivi	7 000 000	6 003 630.43	1 000 000	1 000 000.00	7 003 630.43	31/03/2013
Construction of MFMR Regional Office in Kavango	19 534 000	3 961 626.33	3 000 000	2 302 936.77	6 264 563.10	31/03/2015
Kamujjongwa Inland Fisheries Institute	19 000 000	79 223 194.29	5 000 000	3 337 839.12	82 561 033.41	31/03/2015
Aquaculture development project in Kavango	3 934 000	15 959 855.15	1 400 000	1 330 342.74	17 290 197.89	31/05/2015
Aquaculture development project in Caprivi	9 200 000	21 977 013.98	1 100 000	452 950.23	22 429 964.21	31/05/2015
Upgrading of Hardap facilities/ponds	2 500 000	2 248 229.45	1 450 000	1 325 424.84	3 573 654.29	31/03/2014
Leonardville fish farm project	32 800 000	15 994 908.29	9 800 000	9 653 176.83	25 648 085.12	31/03/2015
Upgrading of Keetmanshoop Fonteijnjie Fish Farm community project	15 000 000	3 307 106.48	3 000 000	2 178 437.00	5 485 543.48	31/03/2015
Construction of fish and vegetable market outlet	6 600 000	5 590 136.81	1 000 000	391 683.20	5 981 820.01	30/03/2015
Construction of Noordower fish farm	18 350 000	3 352 345.15	800 000	722 929.67	4 075 274.82	31/03/2015
Construction of Onakalunga Fish Farm	6 350 000	272 049.85	450 000	75 777.91	347 827.76	30/11/2015
<b>Total</b>	<b>317 467 000</b>	<b>249 897 157.05</b>	<b>53 000 000</b>	<b>37 768 759.35</b>	<b>287 665 916.40</b>	

### 9.4 Bursary and Study Assistance

During the financial year under review, the Ministry awarded bursaries to twenty two (22) staff members for an amount of N\$ 514 610.

## 9.5 Aircraft

The Ministry incurred an amount of N\$ 3 634 284.20 relating to the operation of its Aircraft during the financial year under review. Expenses incurred were as follows:

Item description	Amount
	N\$
Fuel	677 720.49
Spares and maintenance	1 266 414.62
Insurance	143 000.00
Rental of hangar	3 704.39
Landing and parking fees	51 750.00
Subsistence and Travel allowance	87 598.00
Other expenses (Remuneration)	1 404 096.70
<b>Total</b>	<b>3 634 284.20</b>

## 9.6 Exemption from normal Tender Board procedures

The following is information for items that was exempted from the normal Tender Board procedures during the financial year under review:

Exemption No.	Description	Approved Amount	Actual expenditure	Difference
		N\$	N\$	N\$
E1/19-3/2012	Develop and implement revenue collection and debtors management system.	1 242 000.00	621 000.00	621 000.00
E1/19-4/2012	Lubricants rations and provision required during the mirabilis voyage to its home port of Walvis bay.	3 000 000.00	2 997 707.42	2 292.58
E1/19-5/2012	Extension of contract for Management and operations of Welwitchia and !Anichab Research Vessels	2 542 239.86	2 542 238.84	1.02
E1/19-6/2012	Office furniture for the Ministry of Fisheries and Marine Resources nationwide.	608 154.00	-	608 154.00
E1/19-7/2012	Replacement of weather stations at Mowe Bay and Swakopmund.	190 000.00	-	190 000.00
<b>Total</b>		<b>7 582 393.86</b>	<b>6 160 946.26</b>	<b>1 421 447.60</b>

WINDHOEK, 2013-12-16

U. HIVELUAH  
ACCOUNTING OFFICER