



**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 2014**

Published by authority

Price (Vat excluded) N\$ 29.00

Report no: 47/2015

**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 2014 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, May 2015**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

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**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNT OF THE  
MINISTRY OF FISHERIES AND MARINE RESOURCES  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

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**1. REPORT ON THE FINANCIAL STATEMENTS**

**1.1 INTRODUCTION**

This report on the accounts of the Ministry of Fisheries and Marine Resources for the financial year ended 31 March 2014 is presented to the National Assembly in accordance with the terms of Article 127(2) of the Constitution of the Republic of Namibia and provisions set out in the State Finance Act, 1991(Act 31 of 1991), as amended.

I have audited the accompanying financial statements of the Ministry of Fisheries and Marine Resources for the financial year ended 31 March 2014. These financial statements comprise the following statements submitted for the year then ended:

- Appropriation account;
- Standard subdivisions;
- Departmental revenue;
- Notes to financial statements; and
- General information.

The appropriation accounts were submitted timeously by the Accounting Officer to the Auditor-General on 15 October 2014 in terms of Section 13 of the State Finance Act, 1991.

The financial statements, notes to the financial statements and general information are provided by the Accounting Officer.

**1.2 MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

**1.3 AUDITOR'S RESPONSIBILITY**

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs) and in compliance with the relevant laws and regulations. These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

## **Powers and duties**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinion.

## **1.4. KEY AUDIT FINDINGS**

### **4.1 Expenditure**

The total budget was underspent with an amount of N\$ 17 760 740.72 (6.28%). However, the following unauthorised expenditure occurred during the financial year and is hereby reported as such in terms of Section 27(6)(a) of the State Finance Act, 1991 (Act 31 of 1991):

Although Treasury approval was obtained to utilise certain expected savings for the defrayal of expenditure through virements during the year, one subdivision exceeded with a total amount of N\$ 843 759.36 which is unauthorised in terms of Section 6(a)(iii) of the Act.

It is recommended that the Accounting Officer should put measures in place to avoid such high under spending of the budget and also avoid unauthorised expenditure.

### ***Management comment***

In her response on the draft report, the Accounting Officer indicated that the Ministry will have regular budget meetings to inform different Directorates on the stance with regards to budget execution.

#### **1.4.2 Virements**

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

<b>Main Division</b>	<b>Approved virements</b>	<b>Appropriation account</b>	<b>Difference</b>
	N\$	N\$	N\$
01-Office of the Minister	(700 000)	(1 511 000)	811 000
02-Administration	(7 000 000)	(10 695 853)	3 695 853
03-Resource Management	500 000	(420 000)	920 000
04-Operations and Surveillance	-	5 384 133	(5 384 133)
05-Aquaculture	6 700 000	8 708 000	(2 008 000)
06-Policy, Planning and Economics	500 000	(1 465 280)	1 965 280

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

### ***Management comment***

In her response on the draft report, the Accounting Officer indicated that a staff member has been appointed who will only be responsible for reconciliation of suspense accounts as well as the General Ledger, to avoid such mistakes in future.

#### **1.4.3 Exemption from Normal Tender Board procedures**

Two subdivisions were exceeded with a total amount of N\$ 5 185 587. It is therefore, recommended that the Accounting Officer monitors the actual expenditure to ensure that exempted amounts are not exceeded.

### ***Management comment***

In her response on the draft report, the Accounting Officer indicated that a staff member has been appointed who will be responsible for reconciliation of suspense accounts as well as the General Ledger on a monthly basis.

#### **1.4.4 Revenue outstanding**

The Accounting Officer reported revenue outstanding in respect of Quota fees to the amount of N\$ 88 511 835.23 for the period 2005 to 2014 financial years.

It is recommended that the Accounting Officer should put measures in place to collect the outstanding amount.

*Management comment*

In her response on the draft report, the Accounting Officer indicated that the Ministry has put measures in place to collect the outstanding quota fees. This is evident in how much revenue the Ministry is collecting versus the estimates that are given.

**1.5 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 are appreciated.

**1.6 UNQUALIFIED 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 2014 in accordance with the terms of Article 127(2) of the Namibian Constitution and Section 25(1) of the State Finance Act, 1991 (Act 31 of 1991).

In my opinion, the financial statements present fairly in all material respects, the financial position of the Ministry of Fisheries and Marine Resources as at 31 March 2014 and its financial performance and its cash flows for the year then ended in accordance with the State Finance Act.

**WINDHOEK, May 2015**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## 1 AUDITED FINANCIAL STATEMENTS AND NOTES

## 1.1 Appropriation Account

Service	2013/2014				2012/2013	
	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure (Excess	Percentage		
	N\$	N\$	N\$	%	N\$	
<b>01. Office of the Minister:</b>						
Original budget	5 837 000					
Less: Virement	(1 511 000)	4 326 000	3 927 211.10	398 788.90	9.22	3 488 820.18
<b>02. Administration:</b>						
Original budget	43 305 000					
Less : Virement	(10 695 853)	32 609 147	31 867 008.81	742 138.19	2.28	34 547 874.12
<b>03. Resources Management:</b>						
Original budget	34 237 000					
Less : Virement	(420 000)	33 817 000	33 188 686.05	628 313.95	1.86	47 952 358.20
<b>04. Operations and Surveillance :</b>						
Original budget	127 972 000					
Less: Virement	(5 384 133)	133 356 133	130 327 860.66	3 028 272.79	2.27	87 126 269.66
<b>05. Aquaculture:</b>						
Original budget	50 979 000					
Plus : Virement	8 708 000	59 687 000	47 393 819.88	12 293 180.12	20.60	44 840 514.38
<b>06. Policy Planning and Economics:</b>						
Original budget	20 392 000					
Less : Virement	(1 465 280)	18 926 720	18 256 673.23	670 046.77	3.54	17 577 464.07
<b>Total</b>	<b>282 722 000</b>	<b>264 961 259.28</b>	<b>17 760 740.72</b>	<b>6.28</b>	<b>235 533 300.61</b>	



## ANNEXURE A

## 1.2 Standard subdivisions

Subdivision	2013/2014			2012/2013
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational:</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	119 950 000	120 793 759.36	(843 759.36)	98 814 630.90
002. Employer's contribution to GIPF	11 648 000	10 997 555.44	650 444.56	9 519 477.89
003. Other conditions of service	1 650 000	1 391 555.91	258 444.09	1 210 195.80
<b>Total</b>	<b>133 248 000</b>	<b>133 182 870.71</b>	<b>65 129.29</b>	<b>109 544 304.60</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence expenses	13 826 000	11 540 513.44	2 285 486.56	13 019 066.82
022. Materials and supplies	10 431 000	9 876 791.47	554 208.53	13 742 026.54
023. Transport	7 340 000	7 262 726.48	77 273.52	11 525 465.01
024. Utilities	8 512 280	8 437 738.36	74 541.64	12 578 499.57
025. Maintenance	7 664 000	7 627 112.76	36 887.24	9 401 023.15
026. Property rental and related charges	802 000	801 771.20	228.80	1 313 046.39
027. Other services and expenses	9 461 000	9 178 541.36	282 458.64	9 851 676.67
<b>Total</b>	<b>58 036 280</b>	<b>54 725 195.07</b>	<b>3 311 084.93</b>	<b>71 430 804.15</b>
<b>Current expenditure: Membership fees and subscriptions</b>				
041. International	2 780 720	2 755 875.86	24 844.14	2 426 881.04
042. Domestic	426 000	426 000.00	-	700 000.00
<b>Total:</b>	<b>3 206 720</b>	<b>3 181 875.86</b>	<b>24 844.14</b>	<b>3 126 881.04</b>
<b>Current expenditure: Subsidies, grants and other transfers</b>				
043. Government organizations	13 000 000	12 964 350.99	35 649.01	-
044. Individual and non-profit organizations	218 000	212 843.78	5 156.22	228 000.00
045. Public and departmental enterprises and private industries	27 571 133	27 570 316.80	816.20	11 204 000.00
<b>Total</b>	<b>40 789 133</b>	<b>40 747 511.57</b>	<b>41 621.43</b>	<b>11 432 000.00</b>
<b>Total: Current expenditure</b>	<b>235 280 133</b>	<b>231 837 453.21</b>	<b>3 442 679.79</b>	<b>195 533 989.78</b>
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	1 455 000	1 325 544.28	129 455.72	1 619 695.61
102. Vehicles	5 225 000	5 221 554.67	3 445.33	400 000.00
103. Operational equipment, machinery and plants	3 276 000	3 215 883.49	60 116.51	210 855.87
<b>Total:</b>	<b>9 956 000</b>	<b>9 762 982.44</b>	<b>193 017.56</b>	<b>2 230 551.48</b>
<b>Total: Operational expenditure</b>	<b>245 236 133</b>	<b>241 600 435.65</b>	<b>3 635 697.36</b>	<b>197 764 541.26</b>
<b>Development:</b>				
<b>Capital expenditure: Goods and other services</b>				
105. Feasibility studies, design and supervision	1 000 000	1 000 000.00	-	-
107. Construction, renovation and improvement	36 485 867	22 360 823.63	14 125 043.37	37 768 759.35
<b>Total</b>	<b>37 485 867</b>	<b>23 360 823.63</b>	<b>14 125 043.37</b>	<b>37 768 759.35</b>
<b>GRAND TOTAL</b>	<b>282 722 000</b>	<b>264 961 259.28</b>	<b>17 760 740.72</b>	<b>235 533 300.61</b>

### 1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate	Actual revenue 2013/2014	More/(Less) than estimated	Actual revenue 2012/2013
	N\$	N\$	N\$	N\$
Private telephone calls	40 000	63.00	39 937.00	768.90
Miscellaneous	10 000	1 154 236.93	1 144 236.93	189 229.35
<b>TOTAL</b>	<b>50 000</b>	<b>1 154 299.93</b>	<b>1 104 299.93</b>	<b>189 998.25</b>

### 1.4 Notes to the financial statements

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

##### (i) Underexpenditure

#### Main division 01 –Office of the Minister (N\$ 398 788.90 – 9.22%)

The underexpenditure can mainly be attributed to remuneration. Provision was made for overtime, however, no overtime was performed by staff members of this main division, hence the underexpenditure. Provision was made for leave gratuity however, these funds were not utilized as no resignation was received from the main division, and also on this vote provision was made for clothing allowance which was not utilized for the period under review. Provision was also made under, travel and subsistence allowances however, due to other commitments from the Office of the Minister, not all funds were utilized. 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\$ 742 138.19–2.28%)

During the year under review, positions became vacant on the establishment of the division general services and these vacancies could not be filled until the end of the financial year, hence the underexpenditure on remuneration; as well as on employees contribution to GIPF. Funds that were earmarked for subsistence and travelling allowances were not fully utilized, due to cancellation of local and foreign trips. 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 FAO.

#### Main division 04 –Operations and Surveillance (N\$ 3 028 272.79 – 2.27%)

The underexpenditure can be attributed to the following reasons: The directorate re-prioritized some of its activities, and as a result some underexpenditure occurred on subsistence and travelling allowances, materials and supplies, as well as on other services and expenses. Another factor that also contributed to the underexpenditure, were funds that were earmarked for the construction of Ministry's regional office in Kavango under the development budget that were not fully utilized. The underexpenditure was caused by the delay in the construction process caused by misunderstanding between the contractor (builders) and the principal agent as a result an amount of N\$ 2,3 million could not be utilized.

### **Main division 05 – Aquaculture (N\$ 12 293 180.12 –20.60%)**

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

The Directorate re-prioritized some activities and as a result some underexpenditure occurred on subsistence and travelling allowance, operational equipment, machinery and plants provision was made for generators as well as lawn mowers but these items were not bought resulting in the underspending. This underexpenditure can be attributed to various reasons including the late appointment of annual contractors, delay of work by some contractors, the over estimation by Quantity Surveyors, delay in the tendering process, as well as the unavailability of land.

### **Main division 06 – Policy, Planning and Economics (N\$ 670 046.77- 3.54%)**

The underexpenditure can be attributed to the following:

The Directorate re-prioritized some of its activities and as a result some underexpenditure occurred on subsistence and travelling allowance, membership fees and subscription, an overestimation was made on this vote, hence the underexpenditure. Provision was made for computers, laptops and other labour saving devices, however not all funds were utilized which resulted in an underexpenditure.

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

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

##### **Miscellaneous**

Provision was made for unforeseen revenue that cannot be allocated to specific revenue heads. An amount of N\$ 100 000 was estimated to be collected, however, the Ministry managed to collect an amount of N\$ 1 152 236.93. This can be attributed to the fact that the Ministry received an amount of N\$ 1 000 000 from a fishing company that was fined for contravening the Marine Resource Act. It also managed to collect funds for the hiring and accommodation of its facilities in Kamutjonga Inland Fisheries Institute (KIFI) as well as Ongwediva Aquaculture centre.

## **2. GENERAL INFORMATION**

### **2.1 Commissions and Special Committees**

The Accounting Officer reported that during the financial year under review, a total amount of N\$ 19 000 was paid to members of the Marine Resources Advisory Council.

## 2.2 Exemption from normal Tender Board procedures

Tender Board approved the following exemptions from normal tender procedures to the value of N\$ 36 014 000 for the following goods and services:

<b>Exemption No.</b>	<b>Description</b>	<b>Approved amount</b>	<b>Actual expenditure</b>	<b>Difference</b>
		N\$	N\$	N\$
E1/19-1/2013	021-Travel and Subsistence expenses	12 529 000	3 449 352.00	9 079 648.00
	022-Material and Supplies	3 447 000	1 485 933.00	1 961 067.00
	023-Transport Expenses	4 013 000	7 260 846.00	(3 247 846.00)
	024-Utilities (Courier charges)	352 000	336 206.30	15 793.70
	025-Maintenance Expenses	5 150 000	1 421 854.00	3 728 146.00
	027-Other Services and Expenses	7 241 000	9 178 741.00	(1 937 741.00)
	025-MaintenanceExpense(Computer systems, Software and Hardware)	1 461 000	1 161 000.00	300 000.00
	103-Survey Equipment	821 000	-	821 000.00
E1/19-2/2013	022-Supply of Aircraft fuel Jet A-1+ lubricant	1 000 000	928 848.60	71 151.40
<b>Total</b>		<b>36 014 000</b>	<b>25 222 780.90</b>	<b>10 791 219.10</b>

## 2.3 Capital projects

The following were development projects of the Ministry for the financial year under review:

<b>Nature of project</b>	<b>Approved total budget</b>	<b>Total expenditure at 31/03/2013</b>	<b>Approved appropriation 2013/2014</b>	<b>Actual expenditure 2013/2014</b>	<b>Total expenditure at 31/03/2014</b>	<b>Expected year of completion</b>
	N\$	N\$	N\$	N\$	N\$	
Renovation of MFMR Head Office- WHK	40 250 000	16 891 631.02	285 867	285 867.00	17 177 498.02	31/03/2016
Extension and renovation of Swakopmund (NATMIRC)	13 000 000	33 961 303.44	1 000 000	992 206.04	34 953 509.48	31/03/2014
Construction of MFMR Regional Office in Kavango	22 500 000	6 264 563.10	8 500 000	6 173 745.95	12 438 309.05	31/03/2016
Aquaculture development project in Kavango	7 150 000	17 290 197.89	4 500 000	984 559.14	18 274 757.03	31/03/2016
Aquaculture development project in Caprivi	9 200 000	22 429 964.21	1 700 000	253 481.32	22 683 445.53	31/05/2016
Upgrading of Hardap facilities/ponds	3 000 000	3 573 654.29	2 000 000	44 178.72	3 617 833.01	31/03/2014
Leonardville fish farm project	20 100 000	25 648 085.12	10 200 000	9 195 486.48	34 843 571.60	31/05/2016
Upgrading of Keetmanshoop Fonteintjie Fish Farm community project	15 000 000	5 485 543.48	7 000 000	3 965 212.94	9 450 756.42	30/03/2014
Construction of fish and vegetable market outlet	1 600 000	5 981 820.01	300 000	-	5 981 820.01	31/03/2016
Construction of Noordoewer fish farm	11 000 000	4 075 274.82	650 000	194 851.89	4 270 126.71	31/03/2016
Construction of Onakalunga Fish Farm	164 000 000	347 827.76	1 350 000	1 271 234.15	1 619 061.91	30/03/2016
<b>Total</b>	<b>306 800 000</b>	<b>141 949 865.14</b>	<b>37 485 867</b>	<b>23 360 823.63</b>	<b>165 310 688.77</b>	

## 2.4 Bursaries and study assistance

During the financial year under review, the Ministry awarded bursaries and study assistance to twenty (20) staff members for an amount of N\$ 598 746.07.

## 2.5 Cost of damages to Government properties

The Accounting Officer reported eleven (11) vehicle accidents with an estimated value of repair cost of N\$ 72 510.09. Nine (9) of these vehicles were repaired at a cost of N\$ 55 215.19.

## 2.6 Aircraft

The Ministry incurred an amount of N\$ 5 314 250.98 relating to the operation of its Aircraft during the financial year under review. Expenses incurred were as follows:

<b>Item description</b>	<b>Amount</b>
	N\$
Fuel	90 192.95
Spares and maintenance	1 562 200.45
Insurance	708 461.28
Rental of hangar	4 205.84
Landing and parking fees	41 970.00
Subsistence and travel allowance	85 197.00
Other expenses (Remuneration)	2 779 516.64
Foreign payments ( Jeppessen)	42 506.82
<b>Total</b>	<b>5 314 250.98</b>

## 2.7 Suspense accounts

The final ledger shows seven (7) suspense account balances of which three (3) had credit and four (4) debit balances as at 31 March 2014.

<b>Suspense account</b>	<b>Debt/(Credit)</b>
	N\$
Omahenene Inland Aquaculture	(230 649.78)
S&T Advance Suspense Account	572 087.35
Bills Payable	(2 214 916.92)
Receipt Suspense	(6 546.47)
RD-Cheques	18 900.00
Social Security	234.64
Pension Funds -GIPF	2 240.71

**WINDHOEK, 2014-10-15**

**U. HIVELUAH  
ACCOUNTING OFFICER**