



**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 2015**

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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 2015 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 2016**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## TABLE OF CONTENT

1.	REPORT ON THE FINANCIAL STATEMENTS.....	1
1.1	INTRODUCTION.....	1
1.2	MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS .....	1
1.3	AUDITOR’S RESPONSIBILITY .....	1
1.4	KEY AUDIT FINDINGS .....	2
1.4.1	EXPENDITURE .....	2
1.4.2	VIREMENTS .....	3
1.4.3	REVENUE OUTSTANDING .....	3
1.5	ACKNOWLEDGEMENT.....	4
1.6	UNQUALIFIED AUDIT OPINION.....	4
	ANNEXURE A .....	5
1	AUDITED FINANCIAL STATEMENTS AND NOTES .....	5
1.1	APPROPRIATION ACCOUNT .....	5
1.2	STANDARD SUBDIVISIONS .....	6
1.3	DEPARTMENTAL REVENUE.....	7
1.4	NOTES TO THE FINANCIAL STATEMENTS.....	7
1.4.1	APPROPRIATION ACCOUNT .....	7
1.4.2	DEPARTMENTAL REVENUE: EXPLANATIONS OF VARIATIONS EXCEEDING N\$ 100 000 .....	8
2.	GENERAL INFORMATION .....	9
2.1	COMMISSIONS AND SPECIAL COMMITTEES .....	9
2.2	EXEMPTION FROM NORMAL TENDER BOARD PROCEDURES .....	9
2.3	CAPITAL PROJECTS .....	10
2.4	BURSARIES AND STUDY ASSISTANCE.....	10
2.5	COST OF DAMAGES TO GOVERNMENT PROPERTIES .....	11
2.6	AIRCRAFTS.....	11
2.7	SUSPENSE ACCOUNTS .....	11

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
MINISTRY OF FISHERIES AND MARINE RESOURCES  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

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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 2015 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 2015. These financial statements comprise the following statements submitted for the year then ended:

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

The appropriation account was submitted by the Accounting Officer 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 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**

### **1.4.1 Expenditure**

The total budget was underspent with an amount of N\$ 43 516 616.41 (11.80%). 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):

- (i) One (1) main division was exceeded with a total amount of N\$ 1 050 375.76. This amount is unauthorised in terms of Section 6(a)(ii) of the Act.
- (ii) Although Treasury approvals were obtained to utilise certain expected savings for the defrayal of excess expenditure through virements during the year, thirteen (13) operational subdivisions were exceeded by an amount totalling N\$ 6 115 648.10, 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 his response on the draft report, the Accounting Officer indicated that the Ministry concurs with the findings on the unauthorised expenditure.

### 1.4.2 Virements

In the previous years 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.

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	(5 233 000)	(1 713 000)	(3 520 000)
02-Administration	2 823 000	(385 000)	3 208 000
03-Resource Manangement	5 990 000	(9 290 000)	8 691 000
04-Operations and Surveillance	(2 600 000)	(2 722 000)	122 000
05-Aquaculture	10 850 000	14 080 000	(3 230 000)
06-Policy, Planning and Economics	200 000	30 000	170 000

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

#### **Management comment**

In his response on the draft report, the Ministry concurs with the findings.

### 1.4.3 Revenue outstanding

The Accounting Officer reported revenue outstanding in respect of quota fees to the amount of N\$ 25 497 319.88 for the period 2005 to 2015.

It is recommended that the Accounting Officer should ensure that all outstanding fees are collected.

#### **Management comment**

In his response on the draft report, the Accounting Officer indicated that the Ministry concurs with the findings. The Ministry will put measures in place to collect the outstanding quota fees.

## **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 2015 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 2015 and its financial performance and its receipts and payments for the year then ended in accordance with the State Finance Act.

**WINDHOEK, May 2016**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## 1 AUDITED FINANCIAL STATEMENTS AND NOTES

## 1.1 Appropriation account

Service	2014/2015				2013/2014
	Authorized expenditure	Actual expenditure	Variations		Actual expenditure
			Under-expenditure (Excess)	Percentage	
	N\$	N\$	N\$	%	N\$
<b>01. Office of the Minister:</b>					
Original budget	6 028 000				
Less: Virement	(1 713 000)	4 315 000	3 963 738.56	351 261.44	8.14
					3 927 211.10
<b>02. Administration:</b>					
Original budget	58 861 000				
Less : Virement	(385 000)	58 476 000	49 681 741.36	8 794 258.64	15.04
					31 867 008.81
<b>03. Resource Management:</b>					
Original budget	91 856 000				
Less : Virement	(9 290 000)	82 566 000	83 616 375.76	(1 050 375.76)	(1.27)
					33 188 686.05
<b>04. Operations and Surveillance :</b>					
Original budget	146 279 000				
Less: Virement	(2 722 000)	143 557 000	125 898 780.90	17 658 219.10	12.30
					130 327 860.21
<b>05. Aquaculture:</b>					
Original budget	49 902 000				
Plus : Virement	14 080 000	63 982 000	47 350 719.65	16 631 280.35	25.99
					47 393 819.88
<b>06. Policy Planning and Economics:</b>					
Original budget	15 822 000				
Plus: Virement	30 000	15 852 000	14 720 027.36	1 131 972.64	7.14
					18 256 673.23
<b>Total</b>		<b>368 748 000</b>	<b>325 231 383.59</b>	<b>43 516 616.41</b>	<b>11.80</b>
					<b>264 961 259.28</b>



## 1.2 Standard subdivisions

Subdivision	2014/2015			2013/2014
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational:</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	139 136 000	139 958 400.10	(822 400.10)	120 793 759.36
002. Employer's contribution to GIPF	12 479 000	12 586 027.12	(107 027.12)	10 997 555.44
003. Other conditions of service	2 663 000	2 068 710.87	594 289.13	1 391 555.91
<b>Total</b>	<b>154 278 000</b>	<b>154 613 138.09</b>	<b>(335 138.09)</b>	<b>133 182 870.71</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence expenses	13 911 000	12 823 428.30	1 087 571.70	11 540 513.44
022. Materials and supplies	22 030 000	22 208 525.89	(178 525.89)	9 876 791.47
023. Transport	14 932 000	13 168 260.77	1 763 739.23	7 262 726.48
024. Utilities	14 657 000	14 166 182.33	490 817.67	8 437 738.36
025. Maintenance	23 484 000	24 395 912.87	(911 912.87)	7 627 112.76
026. Property rental and related charges	733 000	693 885.79	39 114.21	801 771.20
027. Other services and expenses	11 521 000	9 655 963.77	1 865 036.23	9 178 541.36
<b>Total</b>	<b>101 268 000</b>	<b>97 112 159.72</b>	<b>4 155 840.28</b>	<b>54 725 195.07</b>
<b>Current expenditure: Membership fees and subscriptions</b>				
041. International	853 000	844 322.83	8 677.17	2 755 875.86
042. Domestic	253 000	367 478.08	(114 478.08)	426 000.00
<b>Total:</b>	<b>1 106 000</b>	<b>1 211 800.91</b>	<b>(105 800.91)</b>	<b>3 181 875.86</b>
<b>Current expenditure: Subsidies, grants and other transfers</b>				
043. Government organizations	17 130 000	17 126 750.76	3 249.24	12 964 350.99
044. Individual and non-profit organizations	186 000	75 577.49	110 422.51	212 843.78
045. Public and departmental enterprises and private industries	27 219 000	27 219 000.00	-	27 570 316.80
<b>Total</b>	<b>44 535 000</b>	<b>44 421 328.25</b>	<b>113 671.75</b>	<b>40 747 511.57</b>
<b>Total: Current expenditure</b>	<b>301 187 000</b>	<b>297 358 426.97</b>	<b>3 728 573.03</b>	<b>231 837 453.21</b>
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	1 250 000	629 036.28	620 963.72	1 325 544.28
102. Vehicles	4 546 000	4 546 000.00	-	5 221 554.67
103. Operational equipment, machinery and plants	2 265 000	1 658 547.60	606 452.40	3 215 883.49
<b>Total:</b>	<b>8 061 000</b>	<b>6 833 583.88</b>	<b>1 227 416.12</b>	<b>9 762 982.44</b>
<b>Total: Operational expenditure</b>	<b>309 248 000</b>	<b>304 192 010.90</b>	<b>4 955 989.15</b>	<b>241 600 435.65</b>
<b>Development:</b>				
<b>Capital expenditure: Goods and other services</b>				
105. Feasibility studies, design and supervision	1 500 000	34 655.48	1 465 344.52	1 000 000.00
107. Construction, renovation and improvement	58 000 000	21 004 717.26	36 995 282.74	22 360 823.63
<b>TOTAL</b>	<b>59 500 000</b>	<b>21 039 372.74</b>	<b>38 460 627.26</b>	<b>23 360 823.63</b>
<b>GRAND TOTAL</b>	<b>368 748 000</b>	<b>325 231 383.59</b>	<b>43 516 616.41</b>	<b>264 961 259.28</b>

### 1.3 Departmental Revenue

Revenue for the year is as follows:

Revenue head	Estimate	Actual revenue 2014/2015	More/(Less) than estimated	Actual revenue 2013/2014
	N\$	N\$	N\$	N\$
Private telephone calls	10 000	4 299.00	(5 701.00)	63.00
Miscellaneous	110 000	339 982.16	229 982.16	1 154 236.93
<b>Total</b>	<b>120 000</b>	<b>344 281.16</b>	<b>224 281.16</b>	<b>1 154 299.93</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\$ 351 261.44 – 8.14%)

The underspending of 8.14% or N\$ 351 261.44 can mainly, be due to the following:

Provision was made for leave gratuity, however these funds were not utilized as no resignation was received from this main division, hence the underexpenditure of N\$ 107 000. What also contributed to the underspending on this main division is the fact that budgetary provision was made under vote 021: Travel and Subsistence Allowances, however due to other commitments from the Office of the Minister not all the funds were utilised. Under vote 023: Transport, an underexpenditure of N\$ 70 312.98 was realized due to other commitments from the Office of the Minister.

##### Main division 02 – Administration (N\$ 8 794 258.64 – 15.04%)

The underspending of 15.04% or N\$ 8 794 258.64 can be attributed to the following:

Under Other Conditions of Services, provision was made for leave gratuity , however these funds were not utilized as there was no resignation on this main division, hence the underexpenditure of funds that were earmarked for Subsistence and Travelling Allowance were not fully utilized, due to the cancellation of local and foreign trips, which resulted in an underexpenditure. on transport, an underexpenditure was realized due to prioritization of some activities which resulted in many trips to be cancelled.

On the development budget, an amount of N\$ 10 400 000 was allocated for the Construction of the Ministry's Head Office. Due to some technical problems and with the awarding of the tender of this project, the Ministry could only manage to spend an amount of N\$ 4 040 228.04 which left the Ministry with an underexpenditure of about N\$ 6 359 771.96.

##### Main division 04 –Operations and Surveillance (N\$ 17 658 219.10 – 12.30%)

The main contributing factor for the under spending of 12.30% or N\$ 17 658 219.10 can be attributed to the following:

The Directorate reprioritized on some of its activities, and as a result some underexpenditure occurred on Materials and Supplies as well as on Other Services and Expenses Another factor that also contributed to the under spending, was funds that were earmarked for the Construction of Offices for Fisheries Observer Agency that no could t be spent due to the fact that there were problems with the Tender documentation.

### **Main division 05 – Aquaculture (N\$ 16 631 280.35 – 25.99%)**

This main division recorded an underexpenditure of 25.99% or N\$ 16 631. 280.35 for the year which can be attributed to the following: an amount of N\$ 28 600 000 was earmarked for the Development Projects under this main division, however the Ministry could only manage to spend an amount of N\$ 12 900 000 which left the Ministry with an underexpenditure of N\$ 15 600 000. 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, and delay in the tendering processes as well as the unavailability of land.

### **Main division 06 – Policy, Planning and Economics (N\$ 1 131 972.64 - 7.14%)**

The under spending of 7.14% can be attributed to the following:

The Directorate re-prioritized some of its activities and as a result some underexpenditure occurred on other Services and Expenses: (N441 252.02). On furniture and Office Equipment, provision was made for computers, laptops and other labour devices, however not all funds were utilized which resulted in an underexpenditure of (N\$ 265 734.32).

#### **1.4.2 Departmental Revenue: Explanations 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\$ 110 000 was estimated to be collected, however, the Ministry managed to collect an amount of N\$ 339 982.16. This can be attributed to the fact that the Ministry received an amount of N\$ 150 000 from a fishing company that was fined for contravening the Marine Resources Act. The Ministry 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\$ 7 000 in respect of sitting allowances 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\$ 54 886 340 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\$
E1/19-1/2014	021-Travel and subsistence expenses	18 350 000	10 986 749.81	7 363 250.19
	022-Materials and supplies	5 042 000	4 135 230.00	906 770.00
	023-Transport expenses	8 257 000	7 443 589.26	813 410.74
	024-Utilities (Courier charges)	314 000	300 000.00	14 000.00
	025-Maintenance expenses	2 573 000	2 600 000.00	(27 000.00)
	027-Other services and expenses	12 431 000	8 141 962.74	4 289 037.26
	103-Survey equipment	1 915 000	1 815 342.00	99 658.00
	220600025-Maintenance expenses and software hardware	654 000	489 853.33	164 146.67
	220400022-Jet A-1Fuel and Lubricant	1 000 000	1 000 000.00	-
E1/19-3/2014	022-Insurance of patrol and research vessels	3 190 000	2 103 161.27	1 086 838.73
E1/19-4/2014	Purchase of Hover Airboat	1 160 340	1 160 340.00	-
<b>Total</b>		<b>54 886 340</b>	<b>40 176 228.41</b>	<b>14 710 111.59</b>

## 2.3 Capital Projects

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

Nature of project	Approved total budget	Total expenditure at 31/03/2014	Approved appropriation 2014/2015	Actual expenditure 2014/2015	Total expenditure at 31/03/2015	Expected year of completion
Renovation of of MFMR Head Office in Windhoek	N\$ 42 250 000	N\$ 17 177 498.02	N\$ 10 400 000	N\$ 4 040 228.04	N\$ 21 217 726.06	31/03/2017
Extension of Luderitz Inspectorate Office	3 550 000	-	500 000	34 655.48	34 655.48	31/03/2017
Construction of Fish and Vegetable Market	1 600 000	5 981 820.01	300 000	-	5 981 820.01	31/03/2016
Extension of Arandis Hanger	4 450 000	-	500 000	-	-	31/03/2017
Henties Bay Satellite Office	3 450 000	-	500 000	-	-	31/03/2017
MFMR Regional Offices in Kavango	14 502 000	-	5 000 000	3 458 332.21	3 458 332.21	31/03/2016
Extension/ Construction of Office of Fisheries Observer Agency in Walvis Bay and Luderitz	16 550 000	12 438 309.05	14 000 000	532 908.32	12 971 217.37	31/03/2016
Aquaculture Developments Projects Kavango	18 754 000	18 274 757.03	3 000 000	-	18 274 757.03	31/03/2018
Aquaculture Development Projects in Zambezi	26 600 000	22 683 445.53	-	-	22 683 445.53	31/03/2017
Upgrading of Hardap Facilities	22 000 000	3 617 833.01	5 000 000	-	3 617 833.01	31/03/2015
Leonardville Fish Farm	11 300 000	34 843 571.60	6 600 000	5 581 593.71	40 425 165.31	31/03/2016
Upgrading of Keetmanshoop Fonteintjie Fish Farm	64 000 000	9 450 756.42	7 000 000	3 790 535.16	13 241 291.58	30/03/2017
Construction of Noordoer Fish Farm	40 788 000	4 270 126.71	2 000 000	530 182.73	4 800 309.44	31/03/2017
Construction Onakalunga Fish Farm	224 800 000	1 619 061.91	5 000 000	3 070 937.09	4 689 999.00	31/03/2017
<b>Total</b>	<b>859 994 000</b>	<b>124 375 359.28</b>	<b>59 500 000</b>	<b>21 039 372.74</b>	<b>151 396 552.03</b>	

## 2.4 Bursaries and Study Assistance

During the financial year under review, the Ministry awarded bursaries and study assistance to seventeen (17) staff members amounting to N\$ 354 069.88.

## 2.5 Cost of damages to Government Properties

The Accounting Officer reported fourteen (14) vehicle accidents with an estimated value of repair cost of N\$ 396 417.14.

## 2.6 Aircrafts

The Ministry incurred an amount of N\$ 6 334 734.13 relating to the operation of its Aircrafts during the financial year under review. Expenses incurred were as follows:

Item description	Amount
	N\$
Fuel	1 169 762.49
Navigation	10 638.69
Spares and maintenance	949 373.72
Insurance	1 065 421.27
Rental of hangar	33 120.00
Landing and parking fees	14 178.00
Subsistence and travel allowance	59 992.00
Other expenses (Remuneration)	3 031 887.96
<b>Total</b>	<b>6 334 734.13</b>

## 2.7 Suspense Accounts

The final ledger shows seven (7) suspense account balances of which two (2) had credit and five (5) had debit balances as at 31 March 2015.

Suspense account	Balance as at 31 March 2015 Debit/(Credit)
	N\$
Omahenene Inland Aquaculture	(664 235.03)
S&T Advance Suspense Account	897 921.08
Bills Payable	(1 432 830.83)
Electronic Fund Transfer Clearing Account	10 028.00
RD Cheques	19 900.00
Social Security	1 341.34
Pension Funds-GIPF	14 010.95

WINDHOEK, 16 October 2015

**DR. M. MAURIHUNGIRIRE**  
**ACCOUNTING OFFICER**