



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

MINISTRY OF HEALTH AND SOCIAL SERVICES

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Published by authority

Price (Vat excluded) N\$ 31.97
Report

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 Health and Social Services for the financial year ended 31 March 2011 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 2012

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE
MINISTRY OF HEALTH AND SOCIAL SERVICES
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2011**

1. INTRODUCTION

1.1 Report

This report on the accounts of the Ministry of Health and Social Services for the financial year ended 31 March 2011 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 in co-operation with the Permanent Secretary 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 DURING THE AUDIT

4.1.1 Expenditure

The under mentioned unauthorised expenditure occurred during the financial year and is reported as such in terms of Section 27(6)(a) of the State Finance Act, 1991 (Act 31 of 1991):

- (i) The total budget was exceeded with a total amount of N\$ 31 134 092.72 (1.20%) the excess is unauthorised in terms of Section 6(a)(i) of the act.
- (ii) Four (4) main divisions were exceeded by a total of N\$ 72 619 447.50. The excesses are unauthorised in terms of section 6(a)(ii) of the Act.
- (iii) Although Treasury approval was obtained to utilise expected savings for the defrayal of excess expenditure by way of virements during the year, twenty eight (28) operational and two (2) development subdivisions were exceeded with N\$ 121 848 005.49 and N\$ 106 060.57 respectively. These excesses are unauthorised in terms of section 6(a)(iii) of the Act.

4.1.2 Appropriation Account

The actual expenditure for the year under review as reflected in the appropriation account for the following main divisions did not agree with the General Ledger (GL) as shown in the table below:

Main division	Actual as per Appropriation	Actual expenditure as per General Ledger	Difference
	N\$	N\$	N\$
02	75 807 993.54	76 158 944.67	2 649 048.87
03	837 765 884.45	836 765 778.33	1 000 106.12
04	1 502 032 746.47	1 506 684 959.36	(4 649 732.66)
05	27 408 456.75	27 425 505.23	(17 048.48)
06	23 595 276.34	23 548 276.13	47 000.21
07	21 318 642.27	21 222 603.75	96 038.52
08	35 975 624.89	36 059 384.80	(83 759.91)
09	73 750 131.75	73 861 157.66	(111 025.91)
10	19 127 678.96	19 118 522.22	9 156.74
11	3 230 024.83	3 249 859.83	(19 835.00)

It is recommended that regular reconciliations are carried out to ensure correctness of records.

4.1.3 Virements

The approved virements for the following main divisions as reflected in the General Ledger did not agree for the second consecutive year with the appropriation account as shown in the table below:

Main division	Approved Authorisation	Appropriation Account	Difference
	N\$	N\$	N\$
02	(178 639.00)	-	178 639.00
03	12 870 632.50	11 912 608.00	9 836 713.50
04	327 027.50	(1 554 883.00)	1 898 507.53
05	(325 053.00)	(388 053.00)	63 000.00
06	(58 000.00)	(173 509.00)	84 491.00
08	(11 997 954.64)	(9 455 610.00)	11 947 954.64
09	(5 969 412.39)	(1 155 313.00)	4 814 099.39
10	30 399.00	(147 60.00)	15 639.00

It is recommended that reconciliations are carried out to ensure correctness of records.

4.1.4 Subsistence and travelling allowance

The Accounting Officer reported a total of one hundred and five (105) cases of outstanding subsistence advances amounting to N\$ 561 539.10 as at 31 March 2011 but the S&T Advance suspense account reflects a balance of N\$ 1 075 493.73 which gives an unexplained difference of N\$ 513 954.63. The reasons for the outstanding advances were that staff members did not travel, or were still on trip by 31 March, staff members returned earlier than the advance date, claims were not submitted, overpayments of advances and insufficient funds at the end of the financial year.

It is recommended that the Accounting Officer should adhere to:-

Treasury instruction HB 0506, which states that *“where a person neglected to submit a claim for subsistence and other anticipated expenditure within 30 days after s/he returned to his headquarters, the outstanding amount on an advance against his claims shall be deducted monthly from his/her salary starting from the next month”*.

The Accounting Officer should also put measures in place to ensure that before trips are approved the availability of funds should be checked.

4.1.5 Suspense accounts

The main ledger showed uncleared balances in thirty four (34) suspense accounts at 31 March 2011, sixteen (16) with credit and eighteen (18) with debit balances.

The following suspense accounts closed with balances of more than N\$ 100 000 at year end:

Description of account	Debit/(Credit)
	N\$
Medical Stores Trade Account	422 700 477.14
RD Cheques	625 804.24
Receipt suspense	1 583 957.46
S&T Advance Suspense Account	1 075 493.73
Rejection Account	6 554 756.84
Bills Payable	(60 886 723.87)
Electronic Fund Transfer Clearing	(3 962 230.97)
Namibia Wildlife and Resorts	141 588.00
Tax Code	726 656.02
Salary Interface Control Account	677 221.38
Pension Funds:GIPF	(1 790 929.04)

Clearing of the suspense accounts is highly recommended. It is also observed with grave concern that the medical store Trade account, receipt suspense, S&T advance, Rejection account, electronic funds transfer clearing and Pension Fund: GIPF have such high balances.

4.1.6 Statements not submitted

For the second consecutive year the Ministry did not submit the following statements for reporting purposes :

Item 37.2 : Cost of damages to Government property (vehicles)

Item 25 : Contributions/financial aid/donations and free services by the Government

Item 34 : Stock Depots

It is recommended that the Accounting Officer submits all annual statements and accounts for reporting purposes as stipulated in the Auditor General Circular : D /2/2010.

4.1.7 Bank Accounts

For the second consecutive year the Ministry failed to submit the accounts, necessary documents and records such as bank statements for the following bank accounts to enable the auditors to audit and verify the correctness of the account balances.

Otjzondjupa UNHCR Osire

Caprivi global Fund

Kavango Regional Health Account

It is recommended that the Accounting Officer ensures that the necessary documents are submitted for audit purposes.

4.1.8 Revenue outstanding

The Ministry did not submit the records to enable the auditors to verify the correctness of statements from the Windhoek Central Hospital, Erongo, Karas, Kunene and Kavango Regions. It was also observed that revenue outstanding amounted to N\$ 3 433 547.64. The revenue outstanding was in respect of medical services not paid by medical aids and private individuals.

It is recommended that the Accounting Officer implements effective control measures to ensure proper recordkeeping. Revenue must also be collected from medical aid funds and individuals on time.

4.1.9 Asset Inspection audits

The findings below were in the Otjzondjupa Region at most of the hospitals, health centres and clinics in the region. The asset inspection was conducted in the Otjzondjupa Region during March 2011 but no response was received from the Accounting Officer.

4.1.9.1 Supervisory checks

There was no indication that supervisors check the work of their subordinates especially the accounting records. This is an important aspect of the control process and might lead to greater accuracy of data, reduce the risk of unintentional error, reduce losses and deter fraud, theft and abuse. The importance of these checks cannot be over-emphasized.

It is strongly recommended that supervisors are reminded of the importance and benefits of such checks, and where they are carried out, a simple record of the nature and results should be recorded.

4.1.9.2 Stores and Equipment

Equipment found at some points inspected do not bear Government ownership mark, which makes it difficult to identify them as State property.

It is therefore recommended that Treasury Instruction KA 0701 which stipulates that “All stores and equipment which can be marked and are not yet marked appropriately shall be marked with the Official Government marking” should be adhered to.

4.1.9.3 Firefighting equipment

Most of the inspection points visited do not have fire extinguishers and those that were found, were not serviced and have expired.

It is therefore recommended that the expired fire extinguishers should be replaced and serviced on an annual basis to ensure effectiveness. Where there are no fire extinguishers, the Ministry should ensure that they are purchased as soon as possible in order to insure safety of Government properties.

4.1.9.4 Security

At most of the hospitals, health centres and clinics visited in the Region, the security guards on duty were not provided with uniforms, firearms or radio transmitters. They were not found at their duty points. No inspections are done on vehicles entering and leaving the premises and no registers are kept to register these Vehicles. This is contrary to the agreement between the Government and the Security companies.

It is recommended that the Ministry ensures that the security service provider to adhere to the agreement and provide security personnel with all the necessary equipment such as weapons and two-way radios to enable them to perform their duties properly. Furthermore, they should also be reminded of their duties as per the stipulated agreement.

4.1.10 Trade account

The Accounting Officer reported a net profit of the Central Medical Store to the amount of N\$ 27 708 843.48 but the closing balance in the Medical Store Trade Account suspense account reflects an amount of N\$ 422 700 477.14. The difference of N\$ 394 999 633.66 should be explained by the Accounting Officer.

5. ACKNOWLEDGEMENT

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

6. QUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the Ministry of Health and Social Services for the year ended 31 March 2011 in accordance with Article 127(2) of the Namibian Constitution and Section 25(1) of the State Finance Act, 1991 (Act 31 of 1991).

Except for my remarks in paragraph 4.1.1-Unauthorised expenditure; 4.1.2-Appropriation account 4.1.3-Virements 4.1.6 – Statements not submitted and 4.1.9 - Trade Account.

In my opinion the financial statements fairly present the receipts and payments of Vote 13 for the year ended 31 March 2011 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
BPI Building, 6th floor
Independence Avenue 277
Private Bag 13299
WINDHOEK,
NAMIBIA

1. FINANCIAL STATEMENTS

1.1 Appropriation account

2010/2011						2009/2010
Service	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percentage		
N\$	N\$	N\$	N\$	%	N\$	
01. Office of the Minister:						
Original budget	3 581 000					
Plus: Virement	400 000	3 981 000	4 160 636.47	(179 636.47)	(4.51)	3 727 585.24
02. Human Resource Management and General Services:						
Original budget	78 474 000	78 474 000	75 807 993.54	2 666 006.46	3.40	79 181 955.72
03. Referral Hospital Services:						
Original budget	754 116 000					
Plus: Virement	11 912 608	766 028 608	837 765 884.45	(71 737 276.45)	(9.36)	795 656 576.73
04. Regional Health and Social Welfare Services:						
Original budget	1 531 762 000					
Less: Virement	(1 554 883)	1 530 207 117	1 502 032 746.47	28 174 370.53	1.84	1 397 225 331.58
05. Primary Health Care Services:						
Original budget	27 324 000					
Less: Virement	(388 053)	26 935 947	27 408 456.75	(472 509.75)	(1.75)	24 363 119.77
06. Development Social Welfare Services:						
Original budget	24 699 000					
Less: Virement	(173 509)	24 525 491	23 595 276.34	930 214.66	3.79	17 724 577.94
07. Tertiary Health Care Services						
Original budget	23 179 000					
Plus: Virement	400 000	23 579 000	21 318 642.27	2 260 357.73	9.59	20 840 967.26
08. Policy Planning and Human Resources Development:						
Original budget	45 865 000					
Less: Virement	(9 455 610)	36 409 390	35 975 624.89	433 765.11	1.19	35 217 656.26

ANNEXURE A (continued)

Appropriation account (continued)

2010/2011					2009/2010	
Service		Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Percentage	Actual expenditure
	N\$	N\$	N\$	N\$	%	N\$
09. Finance and Logistics:						
Original budget	81 775 000					
Less: Virement	(1 155 313)	80 619 687	73 750 131.75	6 869 555.25	8.52	78 543 414.33
10. Special Disease Programmes:						
Original budget	19 264 000					
Plus: Virement	14 760	19 278 760	19 127 678.96	151 081.04	0.78	14 268 698.87
11. Automatic Energy and National Radiation Protection Regulator:						
Original budget	3 000 000	3 000 000	3 230 024.83	(230 024.83)	(7.67)	1 460 892.76
Total	2 593 039 000	2 593 039 000	2 624 173 096.72	(31 134 096.72)	(1.20)	2 468 210 934.46

ANNEXURE A (continued)

1.2 Standard subdivisions

Subdivision	2010/2011			2009/2010
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational				
Current expenditure: Personnel				
001. Remuneration	1 052 419 166	1 160 104 324.84	(107 685 158.84)	990 756 492.16
002. Employer's contribution to staff's pension fund	104 285 595	106 973 381.95	(2 687 786.95)	92 381 604.79
003. Other conditions of service	27 525 088	31 775 399.97	(4 250 311.97)	27 095 255.97
004. Improvement of remuneration structure	-	-	-	(808.59)
Subtotal – Personnel expenditure	1 184 229 849	1 298 853 106.76	(114 623 257.76)	1 110 232 544.33
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	37 722 214	35 573 249.79	2 148 964.21	36 368 084.40
022. Materials and supplies	305 243 079	302 690 249.90	2 552 829.10	331 238 595.21
023. Transport	48 096 930	43 346 898.75	4 750 031.25	45 254 174.52
024. Utilities	103 258 641	99 311 637.58	3 947 003.42	98 943 667.71
025. Maintenance	13 422 662	11 728 958.79	1 693 703.21	10 680 521.87
027. Other services and expenses	245 468 533	239 568 814.92	5 899 718.08	228 522 367.53
Subtotal – Goods and other services	753 212 059	732 219 809.73	20 992 249.27	751 007 411.24
Current expenditure: Membership fees and subscriptions				
041. International	4 572 255	4 577 078.97	(4 823.97)	541 109.99
Subtotal – Membership fees and subscriptions	4 572 255	4 577 078.97	(4 823.97)	541 109.99
Current expenditure: Subsidies, grants and other transfers				
043. Government organizations	500 000	293 158.32	206 841.68	51 641.50
044. Individual and non-profit organizations	245 202 239	237 207 088.94	7 995 150.06	219 479 548.70
Subtotal-Subsidies and other current transfers	245 702 239	237 500 247.26	8 201 991.74	219 531 190.20
Total: Current expenditure	2 187 716 402	2 273 150 242.72	(85 433 840.72)	2 081 312 255.76
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	6 477 018	5 959 573.38	517 444.62	9 342 873.81
102. Vehicles	59 971 178	53 971 177.69	6 000 000.31	60 452 675.18
103. Operational equipment, machinery and plant	50 636 726	22 875 386.33	27 761 339.67	28 994 822.10
Subtotal – Acquisition of assets	117 084 922	82 806 137.40	34 278 784.60	98 790 371.09
Total: Operational expenditure	2 304 801 324	2 355 956 380.12	(51 155 056.12)	2 180 102 626.85
Development				
Capital expenditure: Goods and other services				
022. Materials and supplies	2 250 000	1 139 199.34	1 110 800.66	1 426 603.39
027. Other services and expenses	4 150 000	3 567 614.55	582 385.45	-
Subtotal – Goods and other services	6 400 000	4 706 813.89	1 693 186.11	1 426 603.39
Capital expenditure: Acquisition of capital assets				
101. Furniture and office equipment	15 506 740	12 322 008.58	3 184 731.42	9 135 176.23
103. Operational equipment, machinery and plant	2 339 653	2 305 253.19	34 399.81	102 919.81
105. Feasibility studies, design and supervision	59 967 271	54 078 578.01	5 888 692.99	70 771 884.39
107. Construction, renovation and improvements	204 024 012	198 886 594.66	5 137 417.34	206 671 723.79
Subtotal - Acquisition of capital assets	281 837 676	267 592 434.44	14 245 241.56	286 681 704.22
Total: Development expenditure	288 237 676	272 299 248.33	15 938 427.67	288 108 307.61
GRAND TOTAL	2 593 039 000	2 628 255 628.45	(35 216 628.45)	2 468 210 934.46

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue heading	Estimate	Actual revenue 2010/11	More/(Less) than estimated	Actual revenue 2009/2010
	N\$	N\$	N\$	N\$
Health services	32 900 000	35 686 590.68	2 786 590.68	32 899 299.53
Board and lodging	4 400 000	5 362 093.11	962 093.11	4 966 972.24
Inspection fees	374 000	317 666.01	(56 333.99)	284 690.12
Mortuary fees	445 000	268 555.00	(176 445.00)	241 044.35
Sale of electricity	62 000	92 939.29	30 939.29	84 113.27
Ambulance fees	37 000	101 850.35	64 850.35	98 001.65
Private telephone calls	15 000	8 839.12	(6 160.88)	9 944.28
Unclaimed cheques	-	1 978 148.75	1 978 148.75	1 955.95
Miscellaneous	1 950 000	15 012 915.71	13 062 915.71	20 767 710.08
Medical Reports	500 000	325 976.03	(174 023.97)	-
Incineration	560 000	1 089 140.60	529 140.60	905 271.60
Vehicle Sales	900 000	-	(900 000.00)	-
	42 143 000	60 244 714.65	18 101 714.65	60 259 003.07

1.4 Miscellaneous revenue

Miscellaneous revenue was computed as follows:

Description	Amount
	N\$
Application fee	132 240.00
Compensation Clearance	332 879.72
Generic products	214 930.00
Import & Export	3 000.00
Day Care Taker	830.55
Health Certificate	250.00
Left Over Food	4 280.00
License	30 077.00
Lost of Properties	10.00
Elective Doctors	3 000.00
Employment work permit	4 420.00
Med Application	20 912.00
P. Photocopy	1 475.05
Prosthesis	375.00
Deduction from salaries	9 697 060.73
Registration Fee	655 298.48
Retention	3 562 460.25
Spectacles	6 946.60
Stethoscope	4 083.95
Surplus	113 539.54
Refund on overdue (Penalties)	89 891.10
Tender Document	26 504.86
Thermometer	3 929.50
Tuition fees	96 500.00
Wheel chair	2 975.00
Vehicle Refund	5 044.38
Total	15 012 915.71

1.4 Notes to the financial statements

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

(i) Over-expenditure

Main division 01: Office of the Minister (N\$ 179 636.47 – 4.51%)

The over-expenditure was a result of overspending due to the appointment of the Special Advisor to the Hon. Minister. The appointment of the Special Advisor was not budgeted for as it was done from the Office of the President. Additional funding has been requested from the Ministry of Finance but not received.

Main division 03: Referral Hospital Services (N\$ 71 737 276.45 – 9.36%)

The over-expenditure was mainly under the subdivisions Remuneration, GIPF and Other Conditions of Service for the four Referral Hospitals; Katutura Hospital, Windhoek Central Hospital, Oshakati Hospital and Rundu Hospital due to the following:

Overtime: The biggest portion of the overspending under the remuneration budget of the above hospitals was due to high overtime bills. The vacancy rate is very high at these hospitals (20% average per year for Registered Nurses) resulting in the existing nurses filling the gap by performing overtime.

Re – introduction of services like screening, a stroke unit and day care unit at some hospitals also resulted in the high overtime bill, as the nursing staff were withdrawn from the existing staff allocations.

Outbreak of diseases in Regions like meningitis in the Khomas Region also contributed to the overtime bill.

Re-grading of Medical Officers: the Medical Officers had been re-graded effective as from 01 August 2010. The Ministry did not receive additional funding in this regard, but was advised to utilize the saving within the budget to cater for the re-grading. A directive was given within the Ministry that vacancies should not be filled, and the money be utilized for re-grading. The available funds were however not sufficient and hence contributed to the overspending under salaries, bonuses, vehicle allowance and fixed overtime for doctors.

Motor vehicle allowances were introduced for all Medical Officers, which had a huge impact on the budget.

Main division 05: Primary Health Care Services (N\$ 472 509.75 - 1.75%)

The over-expenditure was due to the regarding of Medical Officers which was effective from the 1st of August 2010. This also had an impact on the Employers Contribution to GIPF, which also contributed to the overspending. This has not been budgeted for and savings were not sufficient to cover the total cost.

Main division 11: Atomic Energy and National Radiation Protection Regulator (N\$ 230 024.83 –7.67%)

The overspending was under the Remuneration budget. The Directorate Atomic Energy and National Radiation Protection is a new Directorate, thus the recruitment of new staff for which no provision was made in the annual Appropriation, resulted in the overspending.

(ii) Underexpenditure

Main division 02: Human Resource Management and General Services (N\$ 2 666 006.46 – 3.40%)

The underexpenditure was a result of pending litigation cases. There are many pending cases on the court roll currently which are postponed for further investigations. Expenditure only accrues to the State once the case has been settled and the Government is found liable. For the financial year 2010/2011, seventeen (17) civil claims against the State were launched; however only four of these cases were contested and finalized in the High Court but judgment is still awaited.

Court cases of this nature take very long to be finalized and thus are difficult to estimate during the time of budgeting. Delays in the tendering processes especially for the furniture and office equipment also resulted in the underexpenditure.

Main division 04: Regional Health and Social Welfare Services (N\$ 28 174 370.53 – 1.84)

The variance was due to additional funding of N\$ 30 million from the Ministry of Finance for the procurement of CT Scans for the four referral Hospitals: Katutura Intermediate, Oshakati Intermediate, Rundu Intermediate and Windhoek Central Hospital.

The suppliers delivered the CT Scans very late in the financial year due to delays in the tendering process. The payments could not be made on time; hence the underexpenditure.

Main division 06: Development Social Welfare Services (N\$ 930 214.66 – 3.79%)

The underexpenditure was as a result of late approval of the virementation. The approval came close to the end of the financial year, thus some of the envisage activities that were to be carried out from the viremented funds did not take place.

Main division 07: Tertiary Health Care Services (N\$ 2 260 357.73 – 9.59%)

The underexpenditure was due to vacancies such as the Director of CSS, Biomedical Engineer and Chief Medical Technologist that were not filled during the financial year. The delay in the Tendering processes, especially for furniture and Office Equipment also resulted in the underexpenditure.

Main division 09: Finance and Logistics (N\$ 6 869 555.25 – 8.52%)

Funds earmarked for virementation to cater for the payment of invoices for Water and Electricity and Catering bills could not be viremented. The Ministry had already requested three virementations which was the limit per year, thus the fourth one was not approved by the Ministry of Finance; hence the under spending.

1.4.2 Departmental revenue: Explanations of variations of N\$ 100 000 and above.

(i) Over-estimated

- **Mortuary fees**

Many people know that after five days of keeping a corpse in the State mortuary, they are required to pay N\$ 10.00. The burials are usually within these five days, hence no payments are made. Some families make use of private mortuaries, hence the low collection.

- **Vehicle Sales**

No vehicles were sold during the financial year under review.

- **Medical Reports**

It is newly introduced source of revenue; it has no past history on which to base estimate.

(ii) Underestimated

- **Health Services**

The over collection was due to the adjustment of hospital fees and effective collection from private patients, mostly the MVA Fund.

- **Board & lodging**

More revenue was generated due to an effective collection mechanism and the provision of more accommodation to health staff.

- **Miscellaneous**

Revenue collected was mainly for the registration of medicine on the Namibian Medicine Register and is payable to the Registrar of medicine within the Ministry of Health and Social Services in terms of the Medicines and Related substances control Act, and Act 13 of 2003. It was very difficult to know how many companies will register with the Medicine Board during any financial year, thus not easy to estimate revenue to be collected.

- **Incineration**

It is a newly introduced source of revenue for the past two years. It does not have a history which makes it difficult to estimate.

- **Unclaimed cheques**

Cheques are cancelled on the IFMS system, through the module where it was issued.

ANNEXURE A (continued)

2. GENERAL INFORMATION

2.1 Revenue

The Accounting Officer reported the following revenue as outstanding at 31 March 2011:

Region	Description	No. of cases	Amount
			N\$
Hardap	Health services	13 237	118 346.00
Katutura State Hospital	Health Services	12	53 050.00
	Board and Lodging	41	121 750.00
	Incinerator	12	3 100.00
Kavango	Health services	21 186	174 784.45
Khomas	Health services	227 955	84 788.00
Ohangwena	Health services	18 571	305 805.00
Omaheke	Health services	4 121	93 499.50
Omusati	Health services	24 168	174 870.00
Oshakati	Health services	21 669	2 026 039.69
Oshana	Health services	10 262	73 276.00
Oshikoto	Health services	10 691	62 425.00
Otjozondjupa	Health services	8 567	124 499.00
Rundu State Hospital	Health services	823	17 315.00
TOTAL		361 315	3 433 547.64

(See paragraph 4.1.7)

2.2 Compensation payments

Treasury approved the payment of N\$ 142 595.82 in respects of five (5) claims against the State during the year under review.

2.3 Study assistance

The Ministry provided three hundred and thirty five (345) candidates with financial assistance to a total amount of N\$ 3 302 224.96. Seven (7) candidates that previously benefited from the assistance have complied with their agreements during the financial year.

2.4 Bank accounts

The following are the bank accounts of the Ministry held at commercial banks:

Account name	Institution/ bank name	Balance as at 31/03/2011
		N\$
HIV/AIDS Trust Call Account	Standard	3 199 604.41
Global Fund Principal Recipient Letter of Account	Standard	3 410 288.83
Case Management Global Fund Account	Standard	10 542 851.55
TB Global Fund Principal Recipient Call Account	Standard	9 402.86
MoHSS GL Malaria Round 6 IR	Standard	1 025 858.77
Malaria	Standard	394 011.94
Condoms Global Fund	Standard	1 926 505.70
CDC Cooperation Agreement Current Account	Standard	1 565 560.96
TB Global Fund Round 5	Standard	710 720.40
Otjondjupa Global Fund	Standard	2 559.77
UNFPA/AFHS	FNB	61 292.91
UNFPA/Combi	FNB	29 948.24
Kunene Global Fund TB	Bank WHK	537.09
MOHSS NID Account	Bank WHK	11 854.68
Petty Cash Account	Bank WHK	73 875.63
Cash Advance Bank Account	Bank WHK	252 420.10
Demographic Health Survey	Commercial	409 793.39
WHO House Hold Survey and National	Commercial	2 193 879.96
Directorate Omusati Region	Bank WHK	48 174.10
Global Fund Principal Recipient HIV/AIDS Account	Standard	10 293.48
HIV/AIDS Trust Current Account	Standard	34 992.39
Communication for Behaviour Impact	Standard	13 920.58
Prevention of Mother to Child Transmission of HIV/AIDS	Standard	108 132.62
Home Based Care Programme	Standard	1 290 761.23
Karas Region TB Round 5	Standard	41 322.10
Treatment of State Patient with Special Disease Account	Standard	20 465 193.51
MOHSS GL Malaria VCT IR	Standard	469 509.22
Global Fund Tuberculosis	Standard	37 861.85
Oshikoto Regional Health Directorate	Standard	92.87
National TB Control Program	Standard	565.37
Erongo Global Fund Project	Standard	1 621.12
Omusati TB Control Program	Standard	49 281.57
Hardap Global Fund	Standard	1 037.56
Ohangwena Global Fund	Standard	63 184.11
Global Fund Round 5	Standard	483.87
Adolescent Friendly Health Services	Standard	284 568.17

(See paragraph 4.1.5)

2.5 Development projects

(i) The following were the development projects of the Ministry for the year under review:

Nature of project	Approved total cost/ budget	Adjusted appropriation 2010/2011	Total expenditure at 31/03/2010	Actual expenditure 2010/2011	Total expenditure at 31/03/2011	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Etegameno Rehabilitation	9 500 000	1 800 000	132 515.41	1 771 275.74	1 903 791.15	01/04/2013
Renovation of MOHSS Head Office	32 242 000	2 278 000	25 780 486.78	1 927 086.16	27 707 572.94	14/10/2013
Gobabis Hospital Renovation	17 257 000	3 400 000	5 010 951.01	3 389 436.46	8 400 387.47	31/03/2013
Katutura Hospital renovation	104 134 000	9 680 000	99 888 309.24	9 208 267.87	109 096 577.11	31/03/2014
Windhoek Central Hospital	106 670 000	7 724 991	108 726 264.70	6 760 620.67	115 486 885.37	31/03/2014
Oshakati Hospital extension	407 946 000	57 339 904	192 971 369.70	56 714 066.60	249 685 436.30	31/03/2013
Khorixas Hospital upgrading	32 953 000	451 005	31 955 998.82	243 197.46	32 199 196.28	31/03/2014
Tsandi District Hospital	38 575 000	6 655 194	31 573 592.49	6 604 627.57	38 178 220.06	31/03/2013
Outjo Hospital extension & Renovation	20 003 000	1 400 000	28 695 656.54	1 283 954.02	29 979 610.56	31/03/2013
Omaruru Hospital extension	27 500 000	5 754 805	24 364 023.31	5 521 400.62	29 885 423.93	31/08/2013
Nationwide PHC Clinic Upgrading and construction	298 923 000	61 519 189	164 575 880.93	60 437 631.69	225 013 512.62	31/03/2014
Nationwide PHC Centre Construction and upgrading	183 979 000	32 750 000	61 107 611.97	32 826 986.19	93 934 598.16	31/03/2015
Okakarara Hospital upgrading	36 200 000	3 185 503	25 880 336.45	3 049 517.05	28 929 853.50	31/03/2014
Rundu Hospital upgrading	34 000 000	5 300 000	49 737 333.40	5 117 754.67	54 855 088.07	02/09/2014
Swakopmund Hospital upgrading	29 233 000	1 131 140	23 491 283.43	699 755.25	24 191 038.68	31/03/2013
Katima Mulilo Hospital upgrading	62 600 000	11 420 993	38 950 093.47	11 016 025.05	49 966 118.52	31/03/2014
Eenhana Hospital extension	21 900 000	814 867	14 778 750.67	814 865.99	15 593 616.66	31/03/2013
Mariental Hospital Renovation	26 523 000	4 879 007	6 839 652.03	4 558 887.89	11 398 539.92	31/03/2013
Keetmanshoop Hospital upgrading	20 000 000	2 376 656	18 900 943.81	2 358 719.79	21 259 663.60	31/08/2014
Okahandja hospital upgrading	20 000 000	3 381 701	6 406 557.13	3 360 242.94	9 766 800.07	31/03/2014
Okahao Hospital Renovation	20 000 000	6 922 208	8 820 709.31	4 392 057.08	13 212 766.39	31/08/2014
Onandjokwe Hospital upgrading	76 000 000	9 997 661	11 540 206.89	9 670 399.19	21 210 606.08	31/03/2014
Otjiwarongo Hospital Upgrading	18 860 000	1 760 000	3 595 346.97	1 754 433.22	5 349 780.19	31/03/2013
Renovation of the Regional Offices	45 104 000	3 352 238	23 853 565.86	3 223 193.24	27 076 759.10	31/03/2014
Renovation of St Mary's Hospital	16 800 000	3 102 426	9 693 882.02	2 387 586.09	12 081 468.08	31/03/2013
Renovation of Regional Training centres	24 500 000	1 346 152	99 181.90	1 158 983.56	1 258 165.46	31/03/2014
Nationwide sanitation facilities	4 100 000	500 000	5 237 230.45	77 628.66	5 314 859.11	31/03/2013
Usakos Hospital Upgrading	13 500 000	1 600 000	151 667.64	1 562 162.59	1 713 830.23	31/03/2013
Development and strengthening of network infrastructures	20 000 000	400 000	1 000 000.00	369 149.42	1 369 149.42	31/03/2014
Nationwide Replacement and Construction of Incinerators	24 000 000	3 300 000	4 086 685.25	2 865 214.15	6 951 899.40	31/03/2014
Minor capital works- Maintenance and repairs	96 500 000	7 000 000	40 528 647.75	6 617 870.69	47 146 518.44	01/04/2030
Engela District Hospital Upgrading	13 500 000	836 014	-	172 562.43	172 562.43	31/03/2014
Grootfontein District Hospital	12 500 000	695 324	-	648 062.42	648 062.42	31/03/2015
Opuwo District Hospital	12 500 000	900 000	-	84 260.50	84 260.50	31/03/2014
Kongo District Hospital	13 500 000	900 000	-	19 147.50	19 147.50	31/03/2014
Nkurenkuru District Hospital	10 500 000	900 000	-	866 439.07	866 439.07	31/03/2013
Omuthiya District Hospital	4 500 000	2 500 000	-	2 071 096.21	2 071 096.21	31/03/2013
Outapi District Hospital	15 500 000	900 000	-	882 537.34	882 537.34	31/03/2014
National AIDS Coordination Project	9 000 000	3 000 000	-	2 188 939.60	2 188 939.60	31/03/2013
Maternity ward upgrading-WCH	46 734 000	15 082 698	26 739 501.43	13 623 205.59	40 362 707.02	31/03/2013
Total	2 027 736 000	288 237 676	1 095 114 236.76	272 299 248.33	1 367 413 484.96	

(ii) Donor funded projects

The Accounting Officer reported that a total amount of N\$ 18 032 400.64 was funded by the Global Fund during the financial year for the renovations of ART clinics.

2.6 Donations

The Ministry received the following donations with the necessary Treasury approvals from various donors:

(i) Foreign instances and other Governments

Name of donor	Nature of donation	Value	Treasury authorization
Health & Emergency Care Learning Technical Federal Ministry of Environment	Hospital Equipment	N\$ 28 743.60	20/11/1/13 (2010/578 AM)
Medicos Del Mundo	Refrigerators	39 375.00	20/11/1/13 (2010/446 AM)
CDC Namibia	Furniture and Computer Equipment	10 200.78	20/11/1/13 (2010/363)
International Atomic Energy Agency	32 Vehicles	10 378 353.99	20/11/1/13 (2010/354)
	X-Ray Equipment	61 734.44	20/11/1/13 (2010/492 AM)
Total		10 518407.039	

(ii) Local instances and persons

Name of Donor	Description	Value	Treasury authorization
AVBOB Namibia	One (1) Television set	N\$ 2 675.65	20/11/1/13(2010/329am)
Motor Vehicle Accident Fund (MVA)	Thirty Six (36) Wheel chairs	107 582.19	20/11/1/13(2009/411am)
Jet Mart Store	Sixty four (64) Heaters	15 398.85	20/11/1/13(2010/145am)
Total		125 656.69	

2.7 Equipment

The Accounting Officer reported that 45 points were inspected by the Ministry for the year under review. During the inspections surpluses of N\$ 167 675.60, deficiencies of N\$ 65 842.50, worn and damaged items of N\$ 644 129.41 and obsolete and redundant items valued at N\$ 5 022.40 were discovered.

2.8 Vehicles

The Ministry had one thousand four hundred and five (1601) vehicles at 31 March 2011. A total of 179 and 33 vehicles were purchased and donated respectively during the financial year under review.

2.9 Losses

Theft of Government property resulted in losses and damages to a total amount of N\$ 118 255.81.

ANNEXURE A (continued)

2.10 Tender Board exemptions

The Tender Board approved the following deviations from normal tender procedures to the value of N\$ 838 180 938 for the following procurements and services:

Exemption	Description of Goods/Services	Approved value	Actual expenditure	Difference
		N\$	N\$	N\$
E1/13-01/2010	Supply and Delivery of bulk medical gas to the Ministry of Health and Social Services	299 685 000	309 379.03	299 375 620.97
E1/13-02/2010	Purchase of Related Pharmaceutical and Supplies	-	426 656 050.24	(426 656 050.24)
E1/13-03/2010	Permission to purchase supplies from Cuba	50 000 000	18 160 254.00	31 839 746.00
E1/13-04/2010	*Annual exemption for essential procurement of goods and services	459 407 870	510 965 716.63	(51 557 846.63)
E1/13-05/2010	Security Services in Khomas, Oshikoto, Oshana, Omusati and Ohangwena Regions	-	10 118 288.98	(10 118 288.98)
E1/13-06/2010	Procurement of condoms for the Ministry of Health and Social Services	4 910 500	4 910 500.00	-
E1/13-07/2010	Purchase DDT 75%WP for the Ministry of Health and Social Services	2 902 991	-	2 902 991.00
E1/13-08/2010	Fitting newly procured vehicles with tow bars, bull bars, spot lights and speed limit devices for the Ministry of Health and Social Services	4 367 000	29 419.19	4 337 580.81
E1/13-09/2010	Fitting canopies to the newly procured vehicles	500 000	332 848.60	167 151.40
E1/13-10/2010	Purchase 4x4 vehicles for the Ministry of Health and Social Services	15 000 000	8 993 892.88	6 006 107.12
E1/13-11/2010	Construction of a house, office space and storage facilities on Impalila Island	100 000	-	100 000.00
E1/13-13/2010	Supply and delivery of condoms to the Ministry of Health and Social Services	1 307 577	1 307 577.60	(0.60)
	Total	838 180 938	984 686 917.45	(146 505 979.45)

* This exempted amount comprises of the following:

Category	Approved value
	N\$
Subsistence and traveling expenses	1 818 000
Material and supplies	12 721 000
Transport	31 129 840
Utilities	78 442 030
Maintenance expenses	453 000
Other services and expenses	86 524 000
Membership fees & subscriptions	1 420 000
Government organization	1 500 000
Individuals and non – profit organizations	245 250 000
Furniture and office equipment	150 000
Total	459 407 870

2.11 Trade account: Central Medical Store**Profit and loss statement for the year ended 31 March 2011**

	2010/2011
	N\$
Sales	380 092 856.55
Less: Cost of sales	344 127 372.21
Opening stock	140 151 511.29
Purchases	381 482 211.60
Less: Closing stock	(177 506 350.68)
Gross income	35 965 484.34
Less: Expenditure	(8 256 640.86)
Expired and damaged	(24 261.42)
Deficiencies	(8 232 379.44)
Net Profit for 2010/2011	27 708 843.48

(See paragraph 4.1.9)

WINDHOEK, 2011-10-20

MR K KAHUURE
ACCOUNTING OFFICER