



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF HEALTH AND SOCIAL
SERVICES**

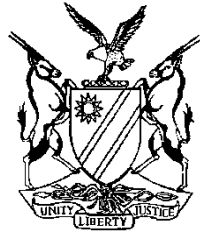
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

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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 Health and Social Services 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, June 2015

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF HEALTH AND SOCIAL SERVICES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

1. REPORT ON THE FINANCIAL STATEMENTS

1.1 INTRODUCTION

This report on the accounts of the Ministry of Health and Social Services 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 Health and Social Services 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 account was submitted timeously by the Accounting Officer to the Auditor-General on 06 November 2014 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.

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 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). 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\$ 221 292 540.77 (4.22%). 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, ten (10) sub-divisions were exceeded with a total amount of N\$ 29 222 332.39 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.

1.4.2 Virements

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

Main division	Approved virements	Appropriation account	Difference
	N\$	N\$	N\$
03 - Referral Hospital Services	152 715 849	142 557 864	(10 157 985)
04 - Regional Health & Social Welfare Services	(163 164 901)	(150 711 633)	12 453 268
05 - Primary Health Care Service	7 612 882	7 617 599	4 717
06 - Development Social Welfare Services	2 702 294	3 702 294	1 000 000
07 - Tertiary Healthcare Services	12 362 944	8 612 944	(3 750 000)
09 - Policy, Planning & Human Resources Development	3 143 850	3 593 850	450 000

It is recommended that reconciliations are carried out to ensure correctness of records and that virements in the General Ledger agree with those as approved by Treasury.

1.4.3 Original Budget

It was observed that there are differences between the approved original budget and the appropriation account in the following two (2) main divisions:

Main division	Approved budget	Appropriation account	Difference
	N\$	N\$	N\$
05 - Primary Health Care Services	27 034 000	29 034 000	(2 000 000)
07 - Tertiary Healthcare Services	29 565 000	27 565 000	2 000 000

It is recommended that the Accounting Officer should explain the above mentioned differences.

1.4.4 Trade Account

The Accounting Officer reported a gross loss of N\$ 169 631 744.78 in the Central Medical Store trade account but the closing balance in the Medical Stores Suspense account reflects a debit balance of N\$ 108 559 776.26 which gives as unexplained difference of N\$ 61 071 968.52.

It is recommended that the Accounting Officer should explain the difference.

Management comment

In his response on the draft report, the Accounting Officer indicated that the Medical Stores Trade Account had over the years very huge debit balances, created by the lack of funds or insufficient budgets from the regional directorates, which resulted in debits not being set off. Currently, the Trade Account is not in use anymore and the Ministry is striving to reduce the balance.

1.4.5 Tender Board exemptions

The following four (4) exemptions were exceeded by a total amount of N\$ 64 891 080.31 without approval from the Tender Board:

Exemption no.	Approved exemption	Actual expenditure	Difference
	N\$	N\$	N\$
E1/13-1/2013	1 138 169 700.00	1 171 387 340.79	(33 217 640.79)
E1/13-2/2013	488 439 075.98	519 698 190.13	(31 259 114.51)
E1/13-3/2013	1 725 594.23	2 109 589.49	(383 995.26)
E1/13-9/2013	950 000.00	980 330.11	(30 330.11)
Total	1 629 284 370.21	1 694 175 450.52	(64 891 080.31)

The Accounting Officer should ensure that exemptions are not exceeded and should approach Tender Board when the exemptions are to be exceeded.

1.4.6 Vehicles

1.4.6.1 Vehicle accidents

The Accounting Officer reported 30 accidents for the year 2013/2014. Fourty (40) vehicles were repaired during the year under review. However, the Accounting Officer could not provide the number of vehicles that were still to be repaired at the beginning of the financial year, but at the end of 2012/2013, the Accounting Officer reported 30 vehicles that were still to be repaired.

The closing balance of vehicles still to be repaired at 31 March 2014, was wrongly reported as twenty nine (29).

1.4.6.2 Vehicles on hand

The Accounting Officer reported an opening balance of 1 733 vehicles on hand, while the closing balance indicated 1 861 vehicles on hand on hand at 31/03/2013.

It is recommended that the Accounting Officer should explain the above differences. The Accounting Officer should also provide the supporting documents for audit purposes.

1.4.7 Compensation Payments (valid claims against the state)

The Accounting Officer reported five (5) compensation payments, however Treasury authorization for a settlement of a civil claim against the State for an amount of N\$ 975 000 could not be provided for audit purposes.

It is highly recommended that the Accounting Officer should see to it that the Treasury Authorization is submitted for audit purposes.

1.4.8 Suspense accounts

The main ledger showed uncleared balances in thirty two (32) suspense accounts at 31 March 2014, of which fourteen (14) had debit and eighteen (18) with credit balances.

The following nine (9) suspense accounts closed with balances of more than N\$ 100 000 at year end:

Description of account	Debit/(Credit)
	N\$
Medical Stores Trade Account	108 559 776.26
RD Cheques	416 935.73
S&T Advance Suspense Account	1 012 039.91
Rejection Account	(4 108 993.60)
Bills Payable	(57 524 170.32)
Tax Code	(165 021.69)
Electronic Fund Transfer Clearing Account (EFT)	(399 741.33)
Pension Funds:GIPF	(191 841.25)
Debt Establishment	1 032 386.00

Clearing of the suspense accounts is highly recommended. It is also observed with grave concern that the Medical Stores Trade account and Rejection account have high balances.

1.5 ACKNOWLEDGEMENT

The cooperation and assistance of the management and staff of the Ministry of Health and Social Services during the audit is highly appreciated.

1.6 BASIS FOR QUALIFIED AUDIT OPINION

My opinion has been qualified due to the following:

- Expenditure - Paragraph 1.4.1
- Virements - Paragraph 1.4.2
- Tender Board Exemptions - Paragraph 1.4.6
- Vehicles - Paragraph 1.4.7
- Compensation Payments - Paragraph 1.4.8
- Suspense accounts - Paragraph 1.4.9

1.7 QUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the Ministry of Health and Social Services, 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 Financial Act, 1991(Act 31 of 1991).

In my opinion, except for the possible effects of the matters described in the Basis for Qualified opinion paragraph, the financial statements present fairly, in all material respects the financial position of the Ministry of Health and Social Services as at 31 March 2014, and their financial performance and their cash flows for the year then ended 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).

WINDHOEK, June 2015

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

2. ADDITIONAL REPORTING RESPONSIBILITIES

2.1 OTHER MATTERS

Without expressing an audit opinion on the basis of this paragraph, and excluding matters already disclosed by the Ministry of Health and Social Services in the financial statements I draw attention to the following other matter(s) that relate to my responsibility in the audit of the financial statements:

2.1.1 Asset inspection

An asset audit inspection was carried out at Zambezi region during the period of 22 – 30 September 2014 and a Management letter, dated 11 December 2014 (reference no. 4/3/2/3/A13), containing findings that were observed during the audit was sent to the Ministry of Health and Social Services but at the time of writing this report no response was received from the Ministry.

2.1.2 Regularity audit

A regularity audit for Payroll, Subsistence & Travelling Allowance and Bank Accounts was performed at Zambezi region during the period of 15 – 19 September 2014. A management letter, dated 01 December 2014 (reference no. 4/3/2/3/A13), was sent to the Ministry of Health and Social Services, but no response was received from the Ministry.

ANNEXURE A

1. AUDITED FINANCIAL STATEMENTS

1.1 Appropriation Account

2013/2014				2012/2013		
Service	N\$	Authorized expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure/ (Excess)	Percentage	
	N\$	N\$	N\$	N\$	%	N\$
01. Office of the Minister:						
Original budget	4 587 000					
Plus: Virement	3 772 973	8 359 973	7 367 577.45	992 395.55	11.87	5 655 800.97
02. Human Resource Management and General Services:						
Original budget	144 016 000					
Plus: Virement	4 835 798	148 851 798	139 350 384.19	9 501 413.81	6.38	98 414 059.45
03. Referral Hospital Services:						
Original budget	1 290 899 000					
Plus: Virement	142 557 864	1 433 456 864	1 405 925 012.07	27 531 851.93	1.92	1 089 886 550.96
04. Regional Health and Social Welfare Services:						
Original budget	3 395 389 000					
Less: Virement	(150 711 633)	3 244 677 367	3 102 545 988.89	142 131 378.11	4.38	2 325 134 250.68
05. Primary Health Care Services:						
Original budget	29 034 000					
Plus: Virement	7 617 599	36 651 599	33 576 089.96	3 075 509.04	8.39	31 778 942.84
06. Development Social Welfare Services:						
Original budget	38 311 000					
Plus: Virement	3 702 294	42 013 294	33 567 626.76	8 445 667.24	20.10	24 720 851.11
07. Tertiary Health Care Services:						
Original budget	27 565 000					
Plus: Virement	8 612 944	36 177 944	34 648 373.20	1 529 570.80	4.23	26 571 180.43
08. Policy Planning and Human Resources Development:						
Original budget	99 245 000					
Less: Virement	(1 007 305)	98 237 695	84 077 745.71	14 159 949.29	14.41	64 286 400.14

Appropriation account

2013/2014					2012/2013	
Service	Authorized expenditure	Actual Expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percentage		
N\$	N\$	N\$	N\$	%	N\$	
09. Finance and Logistics:						
Original budget	88 784 000					
Plus: Virement	3 593 850	92 377 850	80 876 326.29	11 501 523.71	12.45	56 154 115.05
10. Special Disease Programmes:						
Original budget	123 198 000					
Less: Virement	(24 097 234)	99 100 766	96 886 980.71	2 213 785.29	2.23	45 489 785.09
11. Automatic Energy and National Radiation Protection Regulator:						
Original budget	4 470 000					
Plus: Virement	1 122 850	5 592 850	5 383 354.00	209 496.00	3.75	4 935 275.30
Total	5 245 498 000	5 024 205 459.23	221 292 540.77	4.22	3 773 027 222.02	

1.2 Standard subdivisions

Subdivision	2013/2014			2012/2013
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational				
Current expenditure: Personnel				
001. Remuneration	1 927 143 880	1 945 524 605.43	(18 380 725.43)	1 503 180 527.41
002. Employer's contribution to staff's pension fund	174 163 078	174 204 881.42	(41 803.42)	134 779 054.63
003. Other conditions of service	58 560 376	65 746 787.24	(7 186 411.24)	46 273 382.36
Subtotal – Personnel expenditure	2 159 867 334	2 185 476 274.09	(25 608 940.09)	1 684 232 964.50
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	54 554 860	48 654 108.30	5 900 751.70	43 644 394.47
022. Materials and supplies	1 040 686 824	1 035 638 505.96	5 048 318.04	700 369 118.56
023. Transport	82 994 738	78 349 938.55	4 644 799.45	61 178 727.41
024. Utilities	198 543 671	189 156 198.05	9 387 472.95	149 968 938.90
025. Maintenance expenses	35 559 388	30 503 224.23	5 056 163.77	22 536 504.71
026. Property rental and related charges	595 000	440 709.47	154 290.53	118 204.00
027. Other services and expenses	606 544 023	590 501 184.34	16 042 838.66	424 057 298.35
Subtotal – Goods and other services	2 019 478 504	1 973 243 868.90	46 234 635.10	1 401 873 186.40
Current expenditure: Membership fees and subscriptions				
041. International	4 500 000	2 325 008.94	2 174 991.06	3 919 975.09
Subtotal – Membership fees and subscriptions	4 500 000	2 325 008.94	2 174 991.06	3 919 975.09
Current expenditure: Subsidies, grants and other transfers				
043. Government organizations	8 975 000	8 974 999.98	0.02	5 507 785.68
044. Individual and non-profit organizations	317 928 430	318 018 847.89	(90 417.89)	305 014 528.16
Subtotal-Subsidies and other current transfers	326 903 430	326 993 847.87	(90 417.87)	310 522 313.84
Total: Current expenditure	4 510 749 268	4 488 038 999.80	22 710 268.20	3 400 548 439.73
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	11 139 086	8 616 147.18	2 522 938.82	8 569 454.75
102. Vehicles	55 600 000	47 488 552.18	8 111 447.82	30 672 502.57
103. Operational equipment, machinery and plant	36 747 925	33 765 409.45	2 982 515.55	26 430 432.68
Subtotal – Acquisition of assets	103 487 011	89 870 108.81	13 616 902.19	65 672 390.00
Total: Operational expenditure	4 614 236 279	4 577 909 108.61	36 327 170.39	3 466 220 828.83
Development:				
Capital expenditure: Goods and other services				
022. Materials and supplies	22 196 000	22 124 996.65	71 003.35	11 258 430.27
027. Other services and expenses	6 616 000	5 304 027.69	1 311 972.31	5 936 624.22
Subtotal – Goods and other services	28 812 000	27 429 024.34	1 382 975.66	17 195 054.49
Capital expenditure: Acquisition of capital assets				
101. Furniture and office equipment	30 941 866	13 298 820.94	17 643 045.06	6 286 179.76
105. Feasibility studies, design and supervision	155 983 257	84 718 317.46	71 264 939.54	56 350 073.09
107. Construction, renovation and improvements	415 524 598	320 850 187.88	94 674 410.12	226 975 084.95
Subtotal - Acquisition of capital assets	602 449 721	418 867 326.28	183 582 394.72	289 611 337.80
Total: Development expenditure	631 261 721	446 296 350.62	184 965 370.38	306 806 391.36
GRAND TOTAL	5 245 498 000	5 024 205 459.23	221 292 540.77	3 773 027 222.02

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	10 000	9 678.33	(321.67)	12 074.21
Miscellaneous	15 783 000	19 102 086.17	3 319 086.17	42 437 166.18
Health services	35 700 000	41 395 666.21	5 695 666.21	44 439 677.05
Boarding and lodging: Health	5 300 000	5 601 800.38	301 800.38	7 104 947.53
Inspection fees	318 000	656 436.01	338 436.01	441 633.02
Mortuary fees	267 000	205 895.00	(61 105.00)	192 234.00
Sale of electricity	95 000	621 638.66	526 638.66	267 423.62
Ambulance fees	102 000	60 903.45	(41 096.55)	139 264.31
Vehicle sales	900 000	-	(900 000.00)	-
Incineration	1 090 000	1 094 478.98	4 478.98	1 352 811.40
Medical reports	500 000	418 303.32	(81 696.68)	377 547.27
Registration of Medicine	655 000	637 758.32	(17 241.68)	684 079.13
Retention	3 562 000	3 263 430.23	(298 569.77)	3 543 990.68
	64 282 000	73 068 075.06	8 786 075.06	100 992 848.40

1.4 Miscellaneous revenue

Miscellaneous revenue was computed as follows:

Description	Amount
	N\$
Amendment	201 053.32
Application fees	2 406 580.46
Blood Transfusion	5 160.00
Cellphone Refund	1 100.54
Certification and Admission	125.00
Coleman Beatrice	720.00
Compensation Clearance	25 436.00
Composionate Clearance	57 344.00
Despensing Licence	4 000.00
Deduction from Salaries	284 214.59
Gastroscopy	53 086.00
Generic Product	51 700.00
GF	8 071 419.40
Health Certificates	4 080.45
Health Passport	1 202.00
Import & Export	62 446.00
Left over Food	11 296.70
License	15 198.00
Line Extension	700.00
Lost of Property	1 350.00
Neck Collor	20.00
Orthosis	4 495.00
P. Photocopy	39.50
Product Test	8 201.51
Retention	2 790 131.66
Stethoscope	2 350.00
Surplus	4 465 784.09
Tender Documents	514 764.00
Thermometer	6 708.90
Transport	264.00
Tuition fees	43 120.00
Veterinary	4 420.00
Work Permit	3 527.05
Wheel Chair	48.00
Total	19 102 086.17

1.5 Notes to the financial statements

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

Underexpenditure

Main division 01: Office of the Minister (N\$ 992 395.55 - 11.87%)

The variance can be attributed to the delay of submissions of invoices from Government Garage. Payments could thus not be made by 31 March 2014. In addition there was an underexpenditure under the remuneration due to an over allocation of funds for salaries.

Main division 02: Human Resource Management and General Services (N\$ 9 501 413.81 - 6.38%)

The variance can be attributed to six (6) staff members who resigned towards the end of the financial year. In addition, the unavailability of stock at Government Stores led to the cancellation of a number of orders thus funds budgeted for materials and supplies could not be utilized. Under transport, the underexpenditure can be attributed to the repair of work on vehicles not completed by service providers on damaged vehicles by 31st March 2014.

Main division 04: Regional Health and Social Welfare Services (N\$ 142 131 378.11 – 4.38%)

The variance can be attributed to the external virement that was approved very late hence funds could not be utilized. In addition, the majority of orders issued for the materials and supplies had to be cancelled due to non-delivery by suppliers. Other challenges include the cancellation of the contract for the rental of photocopier machines. The funds that were budgeted for this purpose could thus not be utilized.

Main division 05: Primary Health Care Services (N\$ 3 075 509.04 – 8.39%)

There were delays in the tender procedures for the procurement of orthopedic materials and the lack of adequate documentation from suppliers adversely affected the implementation of Orthopedic Technical Services outreach services. Due to the lack of Orthopedic Technical Services materials, the outreach mobile clinics were not conducted thus leading to the underutilization of funds.

Main division 06: Development Social Welfare Services (N\$ 8 445 667.24 – 20.10%)

The variance can mainly be attributed to Etegameno Rehabilitation & Resource Centre which was not operational during the period under review. As a result, the budgetary provision that was made for water and electricity and catering for patients could not be utilized thus resulted in the underexpenditure.

Main division 07: Tertiary Healthcare Services (N\$ 1 529 570.80 – 4.23%)

The Directorate had major underexpenditure under other conditions of service of about 93% due to staff members whose contracts ended during the financial year and their leave and separation gratuities were not paid. Under materials and supplies there was an underspending of 6%. In addition, funds were reserved for the service of the Central Medical Stores generator. However, the Ministry of Works, Transport and Communication handled the maintenance.

Main division 08: Policy, Planning and Human Resource Development (N\$ 14 159 949.29 – 14.41%)

The variance was mainly under the remuneration, GIPF and other conditions of service and was due to a high staff turnover rate. Furthermore, funds earmarked for the minor maintenance for office equipment (computers and printers) could not be utilized as it was done by the ministerial IT staff. The reduction of the number of days for the Management Development Forum can also be attributed to the underexpenditure.

Main division 09: Finance and Logistics (N\$ 11 501 523.71 – 12.45%)

The underspending can mainly be attributed to fifty six (56) vehicles that were not delivered on time and non-completion of renovation work at General stores by 31 March 2014.

Main division 10: Special Disease Programmes (N\$ 2 213 785.29 – 2.23%)

The variance was identified under infrastructure maintenance where the cost of repairing a leaked roof was significantly lower than initially estimated. In addition, the budgetary provision was made for the utilization of Global Fund vehicles that were transferred to the Ministry during 2012. However, the process of registering the vehicles was delayed and subsequently the budgeted funds could not be spent.

Main division 11: Atomic Energy and National Radiation Protection Regulator (N\$ 209 496.00 – 3.75%)

The allocation under remuneration is provided mainly for the gratuity for the staff that resigned from the Ministry and the figures are estimated based on the historical trends. This has resulted in an over estimation for the current financial year of which savings could not be redirected timely. In addition, a 22% underexpenditure was realized under the calibration of equipment by Foreign Service providers who performed the work only after settlement of previous invoices for work done. Due to delays in pending payments, additional calibration for which the underexpenditure was reserved could not be done.

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

(i) Over-estimated

• Vehicle Sales

The Ministry has auctioned ninety five (95) vehicles during the 2013/2014 financial year. The total revenue collected during the auction was N\$ 3 755 750. The revenue collected was accounted for in the General Ledger of the Ministry of Works and Transport since all vehicle auctions are coordinated by that Ministry.

- **Retention Fee**

The Retention fee is payable by companies whose products are registered on the Namibia Medicine Register to keep registration on status of registered medicines. The fees payable are N\$ 525 for medicines manufactured outside of Namibia and N\$ 250 for those manufactured in Namibia.

The under collection for retention fees can be attributed to the lack of follow up done due to staff shortages. Some companies are not adhering to the requirements, thus timely follow-up is critical. An Accountant has been appointed in this regard.

- (ii) **Underestimated**

- **Sale of Electricity**

Cost sharing measures have been introduced for all private institutions (Namibia Institute of Pathology) operating within State hospitals. This was done by installing separate meters and private companies pay for the monthly electricity consumption and this contributed to the over collection.

- **Miscellaneous**

The Miscellaneous revenue head is used to record all other sources of revenue for which no allocation code exist. The following are some of the items covered under miscellaneous:

- Application fee
- Sale of tender documents
- Sale of leftover food

The over-collection was a result of a journal passed for retention fees that did not go through the General Ledger. A journal to the amount of N\$ 2 790 131.66 was passed to correctly allocate the Funds collected under retention fees, which did not reflect in the General Ledger. The revenue collected was thus not collected under the correct revenue head.

- **Health services**

The Health Services revenue head is used to report revenue payable for the provision of health services both to the State and private patients. All fees payable for health services are set out in Regulation No. 73 of 2010 that deals with classification of State Hospitals, admission of patients to State Hospitals and fees payable by patients receiving treatment at State Hospitals and Health facilities.

The Ministry has during the reporting period commissioned new facilities, which has resulted in more patients being treated and hence more revenue collected than anticipated (the estimate was based on the past trends). The number of patients visiting facilities has also increased over the years due to access to health services and high disease burden.

Hospitals, especially referral hospitals with private wards reported an increase in the number of private patients visiting and admitted in these facilities. A total number of 22 917 private patients were seen at the five referral hospitals compared to 15 431 in the 2012/13 financial year.

- **Boarding and lodging**

Revenue under this revenue head is collected from the payment of rental fees by staff occupying official accommodation and is estimated based on past trends. Most of the newly constructed health facilities have staff accommodation. The over collection can be attributed to the collections from staff occupying these facilities since this was not included at the time of estimating the revenue collected.

Inspection fees

More businesses operating in rural areas than anticipated were inspected.

2 GENERAL INFORMATION

2.1 Revenue outstanding

The Accounting Officer reported the following revenue as outstanding at 31 March 2014:

Region	Description	No. of cases	Amount
			N\$
Erongo	Health Services	4 500	239 543.13
Hardap	Health Services	43 319	352 929.00
//Karas	Health Services	25 117	1 222 738.00
Kavango	Health Services	20 294	47 804.55
Khomas	Health Services	9 988	67 191.00
Kunene	Health Services	2 226	16 341.00
Ohangwena	Health Services	3 851	354 000.00
Omaheke	Health Services	4 483	58 220.00
Omusati	Health Services	28 007	206 649.00
Oshana	Health Services	4 504	31 272.00
Oshikoto	Health Services	12 166	61 076.00
Otjozondjupa	Health Services	10 272	371 086.00
Zambezi	Health Services	1 627	8 748.00
Oshakati Intermediate Hospital	Health Services	5 782	1 298 325.75
Rundu Intermediate Hospital	Health Services	2 146	35 200.00
Windhoek Central Hospital	Health Services	423	938 121.00
TOTAL		178 705	5 309 244.43

2.2 Compensation payments

Treasury approved payments of N\$ 1 179 843.98 in respect of five (5) claims against the State during the financial year under review.

2.3 Bank accounts

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

Account name	Institution/ bank name	Balance as at 31/03/2014
		N\$
Global Fund PR Malaria	Standard Bank	14 944.66
Global Fund PR	Standard Bank	2 717 274.00
MoHSS – Windhoek Central Hospital	Bank Windhoek	68 856.77
Global Fund Principal Recipient HIV CFC	Standard Bank	1 821 123.03
Global Fund Principal Recipient TB CFC	Standard Bank	203 648.06
UNFPA/Combi	First National Bank	4 371.28
UNFPA/AFHS	First National Bank	11 957.37
UNHCR – OSIRE	First National Bank	558 643.73
Oshikoto Regional Health Directorate	Standard Bank	74 752.17
Gobabis UNICEF	Standard Bank	809.28
Caprivi UNFPA	First National Bank	188.57
Caprivi Regional Health Directorate Account	Bank Windhoek	71 732.92
Eenhana EMOC Project	Standard Bank	1 360.05
Oshakati Medical Seminar	First National Bank	40 800.72
Namibia Aids Trust Fund	Standard Bank	1 786 070.93
Global Fund Public Recipient Management	Standard Bank	10 500.62
Global Fund Principal Recipient Call	Standard Bank	8 260 408.59
Global Fund Principal Recipient TB	Standard Bank	9 993.05
Global Fund Principal Recipient MALARIA	Standard Bank	4 826 555.38
Global Fund Namibia Aids Trust	Standard Bank	17 624.09
North East Aids Project Fund	First National Bank	125 067.24
Directorate Omusati Region	Bank Windhoek	38 972.17
Kunene Region UNICEF	First National Bank	413 791.20
Khomas Regional Health Promoter	Standard Bank	126 787.22
MoHSS – WHO PROJECT	Nedbank	5 901 434.77
MoHSS – WHO PROJECT	Nedbank	1 626 336.21
MoHSS – NTLP SSF GLOBAL FUND	Standard Bank	3 705 730.60
MoHSS – GLOBAL FUNDNUT HIV/AIDS	Standard Bank	2 106 050.86
MoHSS – GLOBAL FUND CASE MANAGEMENT HIV/AIDS	Standard Bank	17 019 216.30
MoHSS – GLOBAL FUND GFVCTTTIR HIV/AIDS	Standard Bank	1 284 550.41
MoHSS – GLOBAL FUND PMTCT HIV/AIDS	Standard Bank	2 783 757.93
MoHSS – GLOBAL FUND HBC HIV/AIDS	Standard Bank	3 447 118.57
MoHSS – GLOBAL FUND CONDOMS HIV/AIDS	Standard Bank	4 688 677.36
MoHSS – GLOBAL FUND MALARIA	Standard Bank	2 300 073.96
CDC MoHSS – SP	Standard Bank	21 663 613.91
Treatment For State Patients	Standard Bank	2 070 646.81
Global Fund Principal Recipient HIV	Standard Bank	9 671.69
Petty Cash Bank Account	Bank Windhoek	374 087.87
Investment Account	Standard Bank	3 611 211.41

2.4 Capital projects

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

Nature of project	Approved total budget	Adjusted appropriation 2013/2014	Total expenditure at 31/03/2013	Actual expenditure 2013/2014	Total expenditure at 31/03/2014	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Development and Strengthening of Network Infrastructures	49 900 000	22 126 000	17 275 820.09	22 117 465.65	39 393 285.74	31/03/2016
Renovation of MOHSS Head Office (Phase 3)	62 755 000	7 440 000	29 282 689.55	2 814 380.31	32 097 069.86	31/03/2016
Rundu Hospital Upgrading/Renovation	79 890 000	23 500 000	63 479 337.38	13 071 403.42	76 550 740.80	31/03/2015
Katutura Hospital Renovation	210 903 000	49 000 000	127 931 761.50	45 173 639.67	173 105 401.17	31/03/ 2016
Windhoek Central Hospital	211 000 000	30 000 000	136 371 735.30	23 353 987.77	159 725 723.07	31/03/ 2017
Maternity Hospital Upgrading-WCH	13 500 000	10 000 000	43 815 049.77	3 612 069.71	47 427 119.48	31/03/2017
Omuthiya District Hospital	11 805 000	9 704 000	9 567 097.95	7 753 583.29	17 320 681.24	30/03/2016
Nationwide Mortuaries Upgrading	3 750 000	500 000	1 016 022.92	61 829.57	1 077 852.49	31/03/2017
Walvisbay Hospital Upgrading	7 370 000	200 000	-	53 744.58	53 744.58	30/03/2016
Oshakati Hospital Extension	530 557 000	51 000 000	370 750 961.34	33 869 179.92	404 620 141.26	30/04/2016
Onandjokwe Hospital Upgrading	94 400 000	10 400 000	31 132 498.38	881 590.68	32 014 089.06	31/03/2015
Khorixas Hospital Upgrading	61 163 000	380 000	33 942 664.84	-	33 942 664.84	31/03/2016
Tsandi District Hospital	49 983 000	17 396 631	39 512 838.96	12 486 978.66	51 999 817.62	30/03/2016
Outjo Hospital extension & Renovation	26 596 000	16 500 000	33 578 379.44	9 306 357.05	42 884 736.49	31/03/2016
Tsumeb Hospital Upgrading	11 016 000	603 369	128 038.24	-	128 038.24	31/03/2015
Omaruru Hospital Extension	8 513 000	150 000	30 150 913.03	-	30 150 913.03	31/08/2016
Nationwide PHC Clinic Upgrading and Construction	522 663 000	115 720 000	374 068 970.86	107 138 737.34	481 207 708.20	31/03/2015
Nationwide PHC Centre Construction and Upgrading	450 222 000	79 000 000	179 954 772.83	58 349 916.32	238 304 689.15	31/03/2017
Okakarara Hospital Upgrading	52 220 000	7 040 000	32 237 583.87	2 676 183.39	34 913 767.26	31/03/2016
Otjiwarongo Hospital Upgrading	66 700 000	17 000 000	9 719 964.48	5 553 997.01	15 273 961.49	31/03/2016
Swakopmund Hospital Upgrading	48 142 000	880 000	33 288 735.72	247 445.29	33 536 181.01	31/03/2016
Keetmanshoop Hospital Upgrading	59 940 000	25 600 000	27 673 197.97	16 211 955.97	43 885 153.94	31/08/2016

Nature of project	Approved total budget	Adjusted appropriation 2013/2014	Total expenditure at 31/03/2013	Actual expenditure 2013/2014	Total expenditure at 31/03/2014	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Katima Mulilo Hospital Upgrading	180 506 000	5 500 000	70 611 812.23	4 075 640.94	74 687 453.17	31/03/2017
Eenhana Hospital Extension	12 101 000	1 000 000	16 841 994.24	977 023.78	17 819 018.02	31/03/2016
Mariental Hospital Renovation	28 079 000	880 000	17 599 866.23	-	17 599 866.23	31/03/2016
Gobabis Hospital Upgrading	39 060 000	5 770 000	11 910 301.60	146 102.02	12 056 403.62	31/03/2015
Usakos Hospital Renovation	22 219 000	6 400 000	4 804 448.15	4 422 449.23	9 226 897.38	31/03/2016
Okahao Hospital Renovation	44 510 000	5 200 000	22 339 013.53	132 151.99	22 471 165.52	31/03/2015
Okahandja Hospital Upgrading	41 902 000	4 632 000	11 677 034.15	3 032 020.94	14 709 055.09	31/03/2015
Engela Hospital Upgrading	10 596 000	2 948 378	-	2 489 907.04	2 489 907.04	31/03/2015
Grootfontein Hospital Upgrading	12 678 000	885 783	12 790 576.83	435 782.38	13 226 359.21	31/03/2015
Opuwo District Hospital	30 500 000	3 243 560	1 889 311.31	2 765 125.84	4 654 437.15	31/03/2016
Okongo District Hospital	13 510 000	2 640 000	349 269.61	761 279.64	1 110 549.25	31/03/2015
Nkurenkuru District Hospital	206 700 000	4 248 000	3 305 048.90	847 466.17	4 152 515.07	31/03/2016
Outapi District Hospital	14 680 000	2 000 000	1 167 110.99	197 360.26	1 364 471.25	31/03/2016
Renovation of St Mary's Hospital	16 596 000	2 180 000	16 361 381.49	1 725 225.11	18 086 606.60	30/03/2015
Construction & Equipment of the new Central Medical Store	32 318 000	4 700 000	1 707 154.24	969 360.70	2 676 515.03	31/03/2015
Andara Hospital Upgrading	22 953 000	5 250 000	351 357.36	346 875.71	698 233.07	31/03/2016
Establishment of the National Public Health Laboratory	22 000 000	2 000 000	-	1 310 269.10	1 310 269.10	31/03/2017
Etegameno Rehabilitation and Resource Centre Upgrading	27 396 000	13 524 000	5 677 565.27	6 155 537.81	11 833 103.08	01/04/2015
DHS and Follow Up Research	-	6 616 000	3 602 165.51	5 304 027.69	8 906 193.20	30/06/2014
Renovation of Regional Training Centres	66 700 000	6 484 781	5 133 446.74	4 633 181.44	9 766 628.18	31/03/2016
Minor capital works - Maintenance and repairs	195 300 000	38 024 000	87 392 804.82	32 594 301.38	119 987 106.20	01/04/2030
Construction of Oshikoto RMT Office And Staff Accommodation	58 299 000	8 705 219	35 367 855.22	5 829 540.62	41 197 395.84	31/03/2016
Renovation of Senior Park: Housing Unitfor Low Income Independent Older People	5 146 000	210 000	177 642.70	19 875.34	197 518.04	30/03/2016
Renovation/Construction of the Regional Management Team Offices	59 360 000	4 080 000	30 090 045.24	2 391 399.80	32 481 445.04	31/03/2016
Total	3 427 247 000	631 261 721	1 986 026 240.78	446 296 350.62	2 432 322 591.40	

2.5 Donations

2.5.1 Donations to Government

The Ministry received the following donations from various donors with the necessary Treasury approval.

(i) Foreign instances and other Governments

Name of donor	Nature of donation	Value
		N\$
Association Vision Without Frontiers	504 Kit packs Cataract sets	5 262.39
Czech Republic	Positive Airway Pressure Machine	60 623.53
Oxygen Communications Company	Various gifts for less privileged children	11 000.00
Church of Jesus Christ of Latter-Days Saint	Medical Equipment	927 752.00
Dr. Gayann Hall	Equipment	4 525.00
Support E.V through Ohorongongo Cement	Medical Equipment	39 396.00
Total		1 048 558.92

(ii) Local instances and persons

Name of Donor	Description	Value
		N\$
2B Gold Namibia	Medical Equipment	99 876.61
Dr.E.L.Saidi	Photocopy machine Cannon MF4410 Serial No. 450B123AA	2 000.00
Tsumeb Municipality	Medical Equipment	64 500.00
Michelle McLean Children Trust	Samsung Washing Machine	7 499.00
Total		173 875.61

2.6 Equipment

The Accounting Officer reported that sixty eight (68) points were inspected for the year under review. During the inspections, stocktaking was conducted and surpluses of N\$ 2 963 236, deficiencies of N\$ 856 261.10, worn and damaged items of N\$ 315 575 were discovered.

ANNEXURE A (continued)

2.7 Vehicles

A total of 162 vehicles were purchased during the financial year under review and thirty (30) accidents were reported during the year.

2.8 Inspections

The Accounting Officer reported that four (4) financial inspections were conducted by the Ministry during the financial year under review.

2.9 Tender Board exemptions

The Tender Board approved the following exemption from normal tender procedures to the value of N\$ 2 011 836 059.11 for the following goods and services:

Exemption	Description	Approved exemption	Actual expenditure	Difference
		N\$	N\$	N\$
E1/13-1/2013	Annual exemption for essential purchases, and the supply of services which cannot be procured through formal tender procedures	1 138 169 700.00	1 171 387 340.79	(33 217 640.79)
E1/13-2/2013	Procurement of pharmaceutical & related supplies	488 439 075.98	519 698 190.13	(31 259 114.15)
E1/13-3/2013	Rerouting of electrical services at Onandjokwe Hospital	1 725 594.23	2 109 589.49	(383 995.26)
E1/13-3/2013	Construction of pre-fabricated units as Aroab, Warmad and Tses PHC clinics in the //Karas region	5 057 044.56	-	5 057 044.56
E1/13-4/2013	Exemption for capital projects-hospitals: TIPEEG Projects-MoHSS	185 027 895.81	-	185 027 895.81
E1/13-5/2013	Procurement of services and supplies from SOE's for computerization of the Ministry & Installation of surveillance system CCTV at Central Medical Stores, Pharmaceutical Warehouse in WHK, Regional Depots (Rundu & Oshakati Intermediate Hospital) and Referral Hospitals (WHK Central, Katutura, Oshakati and Rundu)	15 323 391.53	-	15 323 391.53
E1/13-6/2013	Water reticulation and other emergency services for MoHSS, WCH	17 000 000.00	489 486.00	16 510 514.00
E1/13-08/2013	Registered nurses diploma project	50 000 000.00	7 909 747.19	42 090 252.81
E1/13-08/2013	Capital projects-Aranos Primary Health Care & Oshana RMT	45 202 000.00	-	45 202 000.00
E1/13-9/2013	Procurement of video Gastro scope, Video Endoscopes and Video Color printer for KIH	950 000.00	980 330.11	(30 330.11)
E1/13-10/2013	Exemption on contract A13-45/2013: Printing of official forms	2 500 000.00	1 957 018.00	542 982.00
E1/13-11/2013	Alterations and additions to MoHSS Head Office Phase 4 upgrading of lifts, refurbishment of first floor and new guide house	13 000 000.00	13 533.00	12 986 467.00
E1/13-13/2013	Procurement and replacement of existing ageing cold chain equipment for the regions in the MoHSS	10 000 000.00	113 688.20	9 886 311.80
E1/13-14/2013	Exemption on contract A13-40/2011: Rendering of Laundry services to the MoHSS	2 200 000.00	2 500.00	2 197 500.00
E1/13-15/2013	Renovation to wards of Oshakati Intermediate Hospital	2 942 981.00	-	2 942 981.00
E1/13-16/2013	Supply and delivery of weel chairs, seating systems, positioners and commodes for MoHSS	12 250 000.00	-	12 250 000.00
E1/13-17/2013	Onamafila PHC clinic and staff accomodation	9 396 174.00	-	9 396 174.00
E1/13-18/2013	Oxidation ponds at Andara Hospital	8 152 202.00	19 874.40	8 132 327.60
E1/13-19/2013	Procurement of ambulance life support equipment for newly converted ambulances and replacement of older ones	4 500 000.00	-	4 500 000.00
	Total	2 011 836 059.11	1 704 681 297.31	307 154 761.80

2.10 Trade account: Central Medical Store**Profit and loss statement for the year ended 31 March 2014:**

	2013/2014
	N\$
Sales	568 551 535.31
Less: Cost of sales	738 183 280.09
Opening stock	198 587 183.10
Plus: Purchases	758 127 135.05
Less: Expired	4 917 339.36
Less: Damaged	323 127.58
	961 954 785.09
Less: Closing stock	(223 771 505.00)
Gross loss	(169 631 744.78)

2.11 Bursary and Study Assistance

The Accounting Officer reported financial assistance with a total amount of N\$ 30 324 332.34 to four hundred and ninety six (496) students and N\$ 145 240 to nine (9) staff members.

2.12 HIV/AIDS activities

The Accounting Officer reported an amount of N\$ 41 820 379.65 in respect of HIV/AIDS and wellness activities.

WINDHOEK, 2014-11-06

ANDREW NDISHISHI
ACCOUNTING OFFICER