



**REPUBLIC OF NAMIBIA**



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

# **MINISTRY OF HOME AFFAIRS AND IMMIGRATION**

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

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**REPUBLIC OF NAMIBIA**



**TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY**

I have the honour to submit herewith my report on the accounts of the Ministry of Home Affairs and Immigration for the financial year ended 31 March 2013 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

**WINDHOEK, August 2014**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## Table of Contents

1.	INTRODUCTION .....	1
2.	MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS .....	1
3.	AUDITOR'S RESPONSIBILITY .....	1
4.	AUDIT FINDINGS .....	2
4.1	EMPHASIS OF MATTERS .....	2
4.1.1	Expenditure .....	2
4.1.2	Virements .....	3
4.1.3	Subsistence and travelling allowance .....	3
4.1.4	Non-Submission of Annual Report Statements .....	3
4.1.5	Suspense accounts .....	4
5.	ACKNOWLEDGMENT .....	4
6.	BASIS FOR QUALIFIED AUDIT OPINION .....	4
7.	QUALIFIED AUDIT OPINION .....	4
8.	FINANCIAL STATEMENTS .....	5
8.1	Appropriation account .....	5
8.2	Standard subdivisions .....	6
8.3	Departmental revenue .....	7
8.4	Notes to the financial statements .....	7
8.4.1	Appropriation account: Explanations of variations exceeding 2% between the authorized and actual expenditure. ....	7
8.4.2	Ministerial revenue: Explanations of variations exceeding N\$ 100 000. ....	8
9.	GENERAL INFORMATION .....	8
9.1	Bank Accounts .....	8
9.2	Tender Board Exemptions .....	9
9.3	Capital Projects .....	10

**REPORT OF THE AUDITOR-GENERAL  
ON THE ACCOUNTS OF THE  
MINISTRY OF HOME AFFAIRS AND IMMIGRATION  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013**

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**1. INTRODUCTION**

This report on the accounts of the Ministry of Home Affairs and Immigration for the financial year ended 31 March 2013 is presented to the National Assembly in accordance with the terms of Article 127(2) of the Constitution of the Republic of Namibia and Section 27(1) of the State Finance Act, 1991 (Act 31 of 1991), as amended.

**Report on the Financial Statements**

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

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

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

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

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

**3. AUDITOR'S RESPONSIBILITY**

My responsibility is to express an opinion on these financial statements based on 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 our audit opinion.

#### **4. AUDIT FINDINGS**

##### **4.1 EMPHASIS OF MATTERS**

Attention is drawn to the management on the following matter(s) that relate to my responsibility in the audit of the financial statements.

###### **4.1.1 Expenditure**

The total budget was underspend with an amount of N\$ 22 613 016.18 (8.89%).

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

Although Treasury approval was obtained to utilise certain expected savings for defrayal of excess expenditure by way of virementation during the year, seven (7) subdivisions were exceeded by an amount totalling N\$ 1 021 218.14. These excesses are unauthorised in terms of Section 6(a)(iii) of the Act.

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

#### 4.1.2 Virements

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

<b>Main division</b>	<b>Appropriation Account</b>	<b>Authorised Virements</b>	<b>Difference</b>
	N\$	N\$	N\$
01 - Office of the Minister	(671 888)	(676 000)	4 112
02 - Administration	6 280 498	5 509 300	771 198
03 - Civil Registration	7 935 500	5 681 660	2 253 840
04 - Alien Control	(2 151 220)	(2 059 900)	(91 320)
05 - Information and Technology	(4 140 600)	(1 639 600)	(2 501 000)
06 - Immigration Control	(5 308 500)	(5 086 800)	(221 700)
07 - Refugee administration	(1 943 790)	(1 728 660)	(215 130)

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

#### 4.1.3 Subsistence and travelling allowance

According to the Integrated Financial Management System (DSA) Debit balance list, an amount of N\$ 2 143 216.91 was outstanding on advances at 31 March 2013 while the Substance and Travelling Advance suspense account indicates an amount of N\$ 5 397 545.30 which leaves an unexplained difference of N\$ 3 254 328.39.

It is recommended that the Accounting Officer should reconcile the suspense account and the IFMS debit balance list to ensure that correct information is submitted to the Auditor-General and to avoid any difference on the said account.

#### 4.1.4 Non-Submission of Annual Report Statements

The Ministry did not submit the following annual report statements for auditing and reporting purposes:

<b>Statement Number</b>	<b>Statement</b>
23.	Bursaries and Study Assistance
28	Fixed property bought/sold
38.2	Other Losses
41.1	Securities
41.2	Head Office Register

It is recommended that the Accounting Officer should submit all annual statements and accounts for audit and reporting purposes as stipulated in Circular D12/2010 of the Auditor-General and Section 12(1)(d) of the State Finance Act, 1991.

#### 4.1.5 Suspense accounts

The final ledger shows eight (8) suspense account balances of the Ministry as at 31 March 2013 of which three (3) had credit balances and five (5) had debit balances. The following suspense accounts were in excess of N\$ 100 000:

Description	Debit/(Credit)
	N\$
Receipt Suspense	(986 836.15)
RD Cheques	159 267.30
S&T Advance Suspense Account	5 397 545.30
Bills Payable	(743 005.80)
Electronic Fund Transfer Clearing Account	1 273 410.35

Although reconciliations were carried out, it is recommended that the Accounting Officer should continue to clear the Suspense Accounts.

#### 5. ACKNOWLEDGMENT

The co-operation and assistance by the management and staff of the Ministry of Home Affairs and Immigration during the audit is appreciated.

#### 6. BASIS FOR QUALIFIED AUDIT OPINION

6.1 The Ministry failed to carry out reconciliations on the following accounts:

- i) Subsistence and Travelling Allowances: Paragraph 4.1.3
- ii) Suspense Accounts Paragraph 4.1.5

6.2 Non-submission of annual report statements: Paragraph 4.1.4

#### 7. QUALIFIED AUDIT OPINION

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

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Audit Opinion paragraph, the financial statements fairly present the receipts and payments of Vote 05 for the year ended 31 March 2013, and in all material respects the receipts and payments have been applied for the purposes intended by the National Assembly and conform to the authorities which govern them.

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

**OFFICE OF THE AUDITOR-GENERAL**  
**123 Robert Mugabe Avenue**  
**Private Bag 13299**  
**WINDHOEK**  
**NAMIBIA**

## 8. FINANCIAL STATEMENTS

## 8.1 Appropriation account

		2012/2013				2011/2012
Service		Authorised expenditure	Actual expenditure	Variations		Actual expenditure
				Under - expenditure/ (Excess)	Percentage	
	N\$	N\$	N\$	N\$	%	N\$
<b>01. Office of the Minister:</b>						
Original budget	6 000 000					
Less: Virement	(671 888)	5 328 112	4 383 875.37	944 236.63	17.72	4 261 286.94
<b>02. Administration:</b>						
Original budget	40 114 000					
Plus: Virement	6 280 498	46 394 498	44 844 775.89	1 549 722.11	3.34	44 360 252.66
<b>03. Civil Registration:</b>						
Original budget	82 602 000					
Plus: Virement	7 935 500	90 537 500	80 016 444.46	10 521 055.54	11.62	64 509 830.92
<b>04. Alien Control</b>						
Original budget	22 074 000					
Less: Virement	(2 151 220)	19 922 780	19 268 503.52	654 276.48	3.28	25 097 549.37
<b>05. Information and Technology:</b>						
Original budget	7 514 000					
Less: Virement	(4 140 600)	3 373 400	1 662 797.71	1 710 602.29	50.71	257 467.25
<b>06. Immigration Control:</b>						
Original budget	89 412 000					
Less: Virement	(5 308 500)	84 103 500	78 075 461.96	6 028 038.04	7.17	77 227 288.64
<b>07. Refugee</b>						
Original budget	6 599 000					
Less: Virement	(1 943 790)	4 655 210	3 450 124.91	1 205 085.09	25.89	2 248 934.53
<b>Total</b>		<b>254 315 000</b>	<b>231 701 983.82</b>	<b>22 613 016.18</b>	<b>8.89</b>	<b>217 962 610.31</b>



## 8.2 Standard subdivisions

Subdivision	2012/2013			2011/2012
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	114 956 440	102 730 600.64	12 225 839.36	92 882 024.86
002. Employer's contribution to GIPF	10 789 788	10 698 098.81	91 689.19	9 314 184.84
003. Other conditions of service	1 403 440	2 067 620.15	(664 180.15)	775 944.08
004. Improvement of remuneration structure	1 600 000	1 456 206.90	143 793.10	2 494 374.01
<b>Total</b>	<b>128 749 668</b>	<b>116 952 526.50</b>	<b>11 797 141.50</b>	<b>105 466 527.79</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence expenses	12 758 560	9 169 170.49	3 589 389.51	5 694 316.25
022. Materials and supplies	3 096 262	1 915 583.96	1 180 678.04	1 612 151.32
023. Transport	5 378 760	5 256 909.07	121 850.93	10 457 718.85
024. Utilities	15 044 880	14 514 116.89	530 763.11	15 240 794.04
025. Maintenance	28 048 260	27 702 998.44	345 261.56	33 495 485.04
026. Property rental and related charges	1 082 450	902 032.82	180 417.18	4 736 797.82
027. Other services and expenses	14 296 520	13 570 416.44	726 103.56	7 378 314.30
<b>Total</b>	<b>79 705 692</b>	<b>73 031 228.11</b>	<b>6 674 463.89</b>	<b>78 615 577.62</b>
<b>Current expenditure: Subsidies, grants and Other transfers</b>				
041. Membership fees and subscriptions: International	26 200	26 145.60	54.40	28 439.85
043. Government organisations	100 000	100 000.00	-	-
<b>Total</b>	<b>126 200</b>	<b>126 145.60</b>	<b>54.40</b>	<b>28 439.85</b>
<b>Total: Current expenditure</b>	<b>208 581 560</b>	<b>190 109 900.21</b>	<b>18 471 659.79</b>	<b>184 110 545.26</b>
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	550 000	436 393.09	113 606.91	556 078.57
102. Vehicles	2 971 240	2 964 664.02	6 575.98	4 033 268.09
103. Operational equipment, machinery and plant	669 200	669 049.73	150.27	12 114 187.91
<b>Total: Capital expenditure</b>	<b>4 190 440</b>	<b>4 070 106.84</b>	<b>120 333.16</b>	<b>16 703 534.57</b>
<b>Total: Operational expenditure</b>	<b>212 772 000</b>	<b>194 180 007.05</b>	<b>18 591 992.95</b>	<b>200 814 079.83</b>
<b>Development</b>				
<b>Capital expenditure: Acquisition of assets</b>				
103. Operational equipment, machinery and plant	14 000 000	13 967 766.29	32 233.71	-
105. Feasibility studies, design and supervision	7 058 000	5 301 473.33	1 756 526.67	1 307 497.85
107. Construction, renovation & improvements	20 485 000	18 252 737.15	2 232 262.85	15 841 032.63
<b>Total: Development expenditure</b>	<b>41 543 000</b>	<b>37 521 976.77</b>	<b>4 021 023.23</b>	<b>17 148 530.48</b>
<b>GRAND TOTAL</b>	<b>254 315 000</b>	<b>231 701 983.82</b>	<b>22 613 016.18</b>	<b>217 962 610.31</b>

### 8.3 Departmental revenue

Revenue for the year is as follows:

Revenue heading	Estimate	Actual revenue 2012/2013	More/(Less) than estimated	Actual revenue 2011/2012
	N\$	N\$	N\$	N\$
Unclaimed cheques	1 000	-	(1 000.00)	-
Miscellaneous	117 000	3 043 788.56	2 926 788.56	1 845 300.90
Passport control	11 550 000	27 810 163.73	16 260 163.73	11 022 326.92
Visa & permit fees	49 489 000	48 243 919.41	(1 245 080.59)	42 559 794.94
<b>Total</b>	<b>61 157 000</b>	<b>79 097 871.70</b>	<b>17 940 871.70</b>	<b>55 427 422.76</b>

### 8.4 Notes to the financial statements

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

##### Underexpenditure

##### Main division 01 – Office of the Minister (N\$ 944 236.63 – 17.72%)

Underexpenditure on this main division is mainly on the remuneration which was under spent with N\$ 661 909.07 due to the positions which were not filled on time. The position of Liaison Officer and the one for Driver were budgeted for under this main division, but remained vacant.

##### Main division 02 – Administration (N\$ 1 549 722.11 – 3.34%)

Underexpenditure on this main division is mainly on the Subsistence and Travelling Allowance with N\$ 838 340.05. Trips were undertaken late and the reimbursement could not be processed, which resulted in this underspending. Utility underspend with N\$ 518 450.70 by the end of the financial year as there were some municipal service invoices not received.

##### Main division 03 – Civil Registration (N\$ 10 521 055.54 – 11.62%)

Underexpenditure on this main division is mainly on the remuneration which was under spent with N\$ 6 623 704.72 due to vacant budgeted positions which were not filled on time as a result of lengthy recruitment processes. Another underspending is on Subsistence and Travelling Allowance with N\$ 898 562.56 from trips which were undertaken late and the reimbursement could not be processed.

##### Main division 04 – Alien Control (N\$ 654 276.48 – 3.28%)

Underexpenditure on this main division is mainly on the Subsistence and Travelling Allowance with N\$ 352 047.50. Not all reimbursement for the trips undertaken could be processed as some trips were undertaken close to the closure of the financial year, which resulted in this underspending. The other underspending is on Remuneration with N\$ 183 879.12 due to the vacant position of Control Officer/Passports which was not filled on time.

##### Main division 05 – Information and Technology (N\$ 1 710 602.29 – 50.71%)

This main division was created for the first time during the year under review. The pay points of some staff members were changed late which resulted in the payroll being paid from other divisions and this resulted in the underspending of N\$ 1 366 665.80. The other factor is that the division had many vacant positions which were budgeted for and to be filled but it took long due to the lengthy recruitment processes.

### **Main division 06 – Immigration Control (N\$ 6 028 038.04 – 7.17%)**

Underexpenditure on this main division is mainly on the remuneration which was under spent with N\$ 4 954 000. This was due to vacant positions budgeted for which were not filled on time due to the lengthy recruitment processes. Another underspending is on Subsistence and Travelling Allowance with N\$ 957 231.58 on trips undertaken and the reimbursement could not be processed due to insufficient funds. Virement of funds to this account was considered late. Another underspending is on Materials and Supplies of N\$ 998 200 as a result of orders for uniforms which were issued but had to be cancelled as the financial year ended before the ordered uniforms could be delivered.

### **Main division 07 – Refugee Administration (N\$ 1 205 085.09 – 25.89%)**

Underexpenditure on this main division is mainly on the remuneration which was under spent with N\$ 1 041 363.06 due to vacant budgeted positions which were not filled on time as a result of the lengthy recruitment processes. Another underspending is on Subsistence and Travelling Allowance with N\$ 152 146.13 on trips undertaken late and the reimbursement could not be processed.

#### **8.4.2 Ministerial revenue: Explanations of variations exceeding N\$ 100 000.**

##### **Over-estimated**

###### **Visa and Permit fees**

There is a shortfall in this collection. This is due to fewer visas and permits approved. The estimate is based on previous collections.

##### **Under-estimated**

###### **Miscellaneous**

The estimate was surpassed by N\$ 2 926 788.56. This is due to collections from previous financial years which were cleared during the year under review. Some of the amounts are for the rental paid for Continental building and the collections at Magistrate offices.

###### **Passport Control**

The estimate was surpassed by N\$ 16 260 163.73. The estimate was based on the previous year's collection. Estimating for this collection is based on the number of passports expiring during that year and the collection of previous years.

## **9. GENERAL INFORMATION**

### **9.1 Bank Accounts**

The Accounting Officer reported the following closing balances as at 31 March 2013:

<b>Account Name</b>	<b>Financial Institution</b>	<b>Balance at 31/03/2013</b>
Escrow Account	Deutsche Bank	€ 207 570.04
Ministry of Home Affairs and Immigration Birth Registration Project	Nedbank	N\$ 107 948.33
Namibian High Commission in South Africa	FNB Pretoria RSA	R 296 024.67
Home Affairs - Immigration Account	Standard Bank	N\$ 79 732.65
Ministry of Home Affairs and Immigration	Standard Bank	N\$ 1 147 656.96
Ministry of Home Affairs and Immigration Refugee Project Account	Standard Bank	N\$ 1 751.80
Ministry of Home Affairs and Immigration-Passports	Standard Bank	(N\$ 1 607.18)

## 9.2 Tender Board Exemptions

The Tender Board approved deviations from normal Tender Board procedures for acquiring goods and services valued at N\$ 85 698 344 comprising of the following:

<b>Exemption Number</b>	<b>Description</b>	<b>Approved Amount</b>	<b>Actual Expenditure</b>	<b>Variance</b>
		N\$	N\$	N\$
E1/3-1/2012	Annual General Exemption 2012/2013	*76 396 200	74 002 983.93	2 693 216.07
E1/3-2/2012	Acquiring of consultancy services on the drafting of Regulatory framework for churches and Marriage officers	140 144	44 800.00	95 344.00
E1/3-3/2012	Construction of Office Accommodation	7 500 000	201 929.80	7 298 070.20
E1/3-4/2012	Upgrading of water system and installation of new water tank at Omahenene Border Post.	90 000	84 237.79	5 762.21
E1/3-5/2012	Installation of Solar System at Mata-Mata Border Post	1 272 000	1 282 504.15	(10 504.15)
	<b>TOTAL</b>	<b>85 698 344</b>	<b>75 616 455.67</b>	<b>10 081 888.33</b>

\*The Accounting Officer reported E1/3-1/2012 to an amount of N\$ 76 396 200 and E1/3-4/2011 for N\$ 300 000 totalling N\$ 76 696 200.

### 9.3 Capital Projects

The following were development projects of the Ministry of Home Affairs and Immigration as reflected in the General Ledger and the Development Budget:

Nature of Project	Approved total budget N\$	Total expenditure at 31/03/2012 N\$	Approved appropriati on 2012/2013 N\$	Actual expenditure 2012/2013 N\$	Total expenditure at 31/03/2013 N\$	Expected year of completion
Extension of Eenhana Regional Registration Office	7 992 000	160 952.55	650 000	565 187.64	726 140.19	31-Mar-2012
Extension of Katima Mulilo Regional Registration Office	12 708 000	1 942 220.81	900 000	105 826.65	2 048 047.46	31-Mar-2012
Extension of Outapi Regional Registration Office	10 000 000	1 090 642.30	2 000 000	1 579 188.63	2 669 830.93	31-Mar-2014
Management Information System(MIS) Integration Project	15 300 000	19 743 118.25	14 000 000	13 967 766.29	33 710 884.54	31-Mar-2014
Renovation of Head Office for Ministry of Home Affairs and Immigration	23 500 000	8 325 929.32	4 050 000	3 466 532.03	11 792 461.35	31-Mar-2014
Construction of Oshakati Regional Registration Office	21 139 000	1 753 341.65	5 282 000	5 234 528.86	6 987 870.51	31-Mar-2014
Construction of the Keetmanshoop Regional Registration Office	15 900 000	-	2 500 000	2 044 503.39	2 044 503.39	31-Mar-2010
Extension of Opuwo Regional Registration Office	4 400 000	-	500 000	604 896.15	604 896.15	31-Mar-2013
Construction of Staff Housing at Katwitwi Border Post	5 443 000	-	943 000	662 801.88	662 801.88	31-Mar-2014
Construction of Khasamane Border Post	77 944 000	20 018 449.78	5 444 000	5 413 984.15	25 432 433.93	01-Mar-2014
Sub-Regional Registration Offices at Constituency Levels	5 182 000	-	216 000	154 476.40	154 476.40	31-Mar-2014
Establishment of the Asylum Seekers Protection Centre	4 500 000	-	500 000	432 454.01	432 454.01	31-Dec-2014
Construction of Dobe Border Post	14 708 000	4 055 425.91	4 558 000	3 289 830.69	7 345 256.60	31-Mar-2014
<b>Total</b>	<b>218 716 000</b>	<b>57 090 080.57</b>	<b>41 543 000</b>	<b>37 521 976.77</b>	<b>94 612 057.34</b>	

WINDHOEK, 2013-12-13

AMBASSADOR PATRICK NANDAGO  
ACCOUNTING OFFICER