



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 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 Home Affairs and Immigration for the financial year ended 31 March 2014 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, May 2015

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF HOME AFFAIRS AND IMMIGRATION
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 Home Affairs and Immigration 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 Home Affairs and Immigration for the 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 on 16 October 2014 by the Accounting Officer to the Auditor-General in terms of Section 13 of the State Finance Act, 1991.

The financial statements, notes to the financial statements and general information 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) and applicable laws and regulations. These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Powers and duties

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

- (a) all reasonable precautions have been taken to ensure that all monies due to the State are collected, and that the laws relating to the collection of such monies have been complied with;
- (b) all reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for, the State's assets, such as stores, equipment, securities and movable goods; and

- (c) the expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

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

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

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

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

1.4 KEY AUDIT FINDINGS

1.4.1 Expenditure

The total budget was underspent with an amount of N\$ 48 160 472.56 (11.52%). However, the following 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):

Although Treasury approval was obtained to utilise certain expected savings for defrayal of excess expenditure by way of virement during the year, two (2) subdivisions were exceeded by an amount totalling N\$ 363 814.84. These excesses are unauthorised in terms of Section 6(a) (iii) of the Act.

It is recommended that the Accounting Officer closely monitors and reviews the financial position of the Ministry on a continuous basis to enable better financial control and take appropriate actions timeously to avoid underspending and unauthorised expenditure.

1.4.2 Virements

Differences were detected between the virements and authorised by Treasury (reported by the Accounting Officer) and the virements in the Appropriation account. Furthermore the amounts viremented from main divisions 05 and 07 exceeded the amount authorised by Treasury.

Main division	Appropriation account	Approved virements	Difference
	N\$	N\$	N\$
01 – Office of the Minister	(89 635)	(460 000)	370 365
02 – Administration	13 925 235	30 963 600	(17 038 365)
03 - Civil Registration	(2 035 600)	(17 287 000)	15 251 400
04 - Alien Control	2 334 600	2 346 000	(11 400)
05 – Information and Technology	(2 971 000)	(281 000)	(2 690 000)
06 - Immigration Control	(8 010 600)	(12 430 600)	4 420 000
07 - Refugee administration	(3 153 000)	(2 851 000)	(302 000)

It is recommended that the Accounting Officer should implement control measures to ensure that money applied for virementation is not utilised until the virementation is processed. Controls to ensure that the

amount virement does not exceed the amount applied for and approved by Treasury should also be implemented.

1.4.3 Suspense accounts

The Ministry had balances on ten (10) suspense accounts as at 31 March 2014. Seven (7) had debit balances and three (3) had credit balances. The Accounting Officer did not submit documentation to substantiate the balance.

The following suspense accounts had balances exceeding N\$ 100 000 at 31 March 2014:

Description	Debit/(Credit)
	N\$
Receipt suspense	571 833.30
RD cheques	159 737.30
S&T advance suspense account	4 918 513.97
Bills payable	(3 765 642.77)
Electronic fund transfer clearing account	145 471.99

It is recommended that the Accounting Officer ensures that the suspense accounts are reconciled on a regular basis. Furthermore, the Accounting Officer should submit documentation for audit purposes.

1.4.4 Expired tenders

The following companies were found to be providing services to the Ministry while the tender contracts appears to have expired. The Accounting Officer could also not provide information as to when the tenders expired.

Company name	Type of services rendered	Value of services
		N\$
Rent A Drum	Refuse removal	79 256.77
Independent Business Systems (Pty) Ltd	Photocopier rentals	1 055 212.36
Nashua Namibia (Pty) Ltd	Photocopier rentals	36 642.62

It is recommended that the Accounting Officer should ensure that all tenders awarded by the Ministry are monitored and the necessary action [(i.e. requesting for extensions or re-advertising the tender(s))] is taken promptly.

1.4.5 Expenditure charged to wrong sub-divisions

A total amount of N\$ 7 002 133.67 was found to have been charged to wrong standard sub-divisions.

It is recommended that the Accounting Officer should ensure that expenditures are charged to the correct sub-divisions.

1.4.6 Non-submission of annual report statements

Even though formal and informal requests were made to the Financial Advisor, the following annual report statements were not submitted as required by the Auditor-General's circular D12/2010:

Statement number	Statement description
21	Subsistence Advances
22	Capital Projects
28	Fixed Property bought/sold
31	Exemption from normal tender procedures
33	Equipment
34	Stock (Depots)
35	Points keeping stock and stock-taking
36	Inspection (Unified stock control system)
41.2	Head Office register

It is recommended that the Accounting Officer should submit all annual report statements as required by Circular D12/2010 of the Auditor-General.

1.4.7 Bank account reconciliation

Not all bank account reconciliation statements were submitted as requested for audit purposes.

It is recommended that the Accounting Officer should ensure that regular reconciliations are conducted and submitted for audit purposes.

1.4.8 Non-submission of supporting vouchers

The Accounting Officer reported that an amount of N\$ 228 034.38 and N\$ 385 174.17 were spent on repairing vehicles involved in accidents and HIV/AIDS activities respectively. However vouchers to support these figures were not provided as requested.

It is recommended that the Accounting Officer should submit supporting documents for audit purposes at all times as contemplated in Section 12(3) of the Act, which requires the Accounting Officer to submit documents for audit purposes.

1.4.9 Non-disclosure of study financial assistance to staff members

The Accounting Officer reported that no study financial assistance was given to staff members during the financial year under review. However the audit revealed that payments totalling to N\$ 354 110 were made to the following institutions of higher learning:

Name of Institution	Amount paid
	N\$
University of Namibia	228 615
Polytechnic of Namibia	99 350
International University of Management	17 400
Southern Business School	8 745

It is recommended that the Accounting Officer should ensure that all payments are used in the financial statements.

1.4.10 Difference between the budget and the appropriation account

Differences between the budget and the appropriation account on Main Division 03 amounting to N\$ 900 000 and Main Division 06 amounting to N\$ 900 000 were observed.

It is recommended that the Accounting Officer should ensure that the budget is correctly reflected on the appropriation account.

1.5 ACKNOWLEDGEMENT

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

1.6 DISCLAIMED AUDIT OPINION

I certify that I have audited the financial statements of the Ministry of Home Affairs and Immigration for the financial year ended 31 March 2014 in accordance with the terms of Article 127(2) of the Namibian Constitution and Section 25(1) of the State Finance Act, 1991 (Act 31 of 1991).

I am unable to express an opinion due to the following:

- Difference between authorised virements and appropriation accounts;
- Unreconciled suspense accounts;
- Procurements on expired contracts;
- Non submission of annual report statements;
- Non reconciliations of bank accounts;
- Difference between budget and the appropriations account;
- Non submission of supporting vouchers.

WINDHOEK, May 2015

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

1. AUDITED FINANCIAL STATEMENTS

1.1 Appropriation account

Service	2013/2014					2012/2013
	Authorised expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percent-age		
N\$	N\$	N\$	N\$	%	N\$	
01. Office of the Minister:						
Original budget	7 012 000					
Less: Virement	(89 635)	6 922 365	5 805 414.35	1 116 950.65	16.14	4 383 875.37
02. Administration:						
Original budget	70 347 000					
Plus: Virement	13 925 235	84 272 235	79 898 610.34	4 373 624.66	5.19	44 844 775.89
03. Civil Registration:						
Original budget	141 110 000					
Less: Virement	(2 035 600)	139 074 400	122 112 406.65	16 961 993.35	12.20	80 016 444.46
04. Alien Control:						
Original budget	60 752 000					
Plus: Virement	2 334 600	63 086 600	60 112 599.01	2 974 000.99	4.71	19 268 503.52
05. Information and Technology:						
Original budget	7 185 000					
Less: Virement	(2 971 000)	4 214 000	3 486 218.13	727 781.87	17.27	1 662 797.71
06. Immigration Control:						
Original budget	1 21 288 000					
Less: Virement	(8 010 600)	113 277 400	95 039 322.02	18 238 077.98	16.10	78 075 461.96
07. Refugee:						
Original budget	10 279 000					
Less: Virement	(3 153 000)	7 126 000	3 357 956.94	3 768 043.06	52.88	3 450 124.94
Total		417 973 000	369 812 527.44	48 160 472.56	11.52	231 701 983.82

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	142 929 000	128 416 455.98	14 512 544.02	102 730 600.64
002. Employer's contribution to GIPF and M.P.O.O.B.P.F	15 407 000	12 588 427.83	2 818 572.17	10 698 098.81
003. Other conditions of service	2 562 000	1 637 393.73	924 606.27	2 067 620.15
004. Improvement of remuneration structure	2 000 000	1 966 849.86	33 150.14	1 456 206.90
Total	162 898 000	144 609 127.40	18 288 872.60	116 952 526.50
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	19 423 000	15 060 242.17	4 362 757.83	9 169 170.49
022. Materials and supplies	8 905 000	7 580 808.19	1 324 191.81	1 915 583.96
023. Transport	20 333 209	20 195 369.49	137 839.51	5 256 909.07
024. Utilities	20 539 000	19 738 520.11	800 479.89	14 514 116.89
025. Maintenance	80 585 835	76 055 472.66	4 530 362.34	27 702 998.44
026. Property rental and related charges	2 351 400	2 298 029.69	53 370.31	902 032.82
027. Other services and expenses	20 553 000	19 507 865.65	1 045 134.35	13 570 416.44
Total	172 690 444	160 436 307.96	12 254 136.04	73 031 228.11
Current expenditure: Subsidies, grants and Other transfers				
041. Membership fees and subscriptions: International	120 000	33 712.28	86 287.72	26 145.60
043. Government organisations	250 000	242 689.31	7 310.69	100 000.00
Total	370 000	276 401.59	93 598.41	126 145.60
Total: Current expenditure	335 958 444	305 321 836.95	30 636 607.05	190 109 900.21
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	1 925 556	1 545 947.23	379 608.77	436 393.09
102. Vehicles	-	-	-	2 964 664.02
103. Operational equipment, machinery and plant	4 039 000	3 824 930.15	214 069.85	669 049.73
Total: Capital expenditure	5 964 556	5 370 877.38	593 678.62	4 070 106.84
Total: Operational expenditure	341 923 000	310 692 714.33	31 230 285.67	194 180 007.05
Development:				
Capital expenditure: Acquisition of assets				
103. Operational equipment, machinery and plant	3 000 000	3 342 927.24	(342 927.24)	13 967 766.29
105. Feasibility studies, design and supervision	4 650 000	1 682 703.15	2 967 296.85	5 301 473.33
107. Construction, renovation & improvements	68 400 000	54 094 182.72	14 305 817.28	18 252 737.15
Total: Development expenditure	76 050 000	59 119 813.11	16 930 186.89	37 521 976.77
GRAND TOTAL	417 973 000	369 812 527.44	48 160 472.56	231 701 983.82

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\$
Unclaimed cheques	500	-	(500.00)	-
Miscellaneous	126 000	3 396 098.37	3 270 098.37	3 043 788.56
Passport control	12 128 000	10 919 558.46	(1 208 441.54)	27 810 163.73
Visa & permit fees	51 965 000	56 043 711.34	4 078 711.34	48 243 919.41
Total	64 219 500	70 359 368.17	6 139 868.17	79 097 871.70

1.4 Notes to the financial statements

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

Underexpenditure

Main division 01 – Office of the Minister (N\$ 1 116 950.65 – 16.14%)

Underexpenditure on this main division was mainly on the remuneration where the budget was under spent and the other under-spending was on subsistence and travel allowances. It was anticipated that this office will undertake many trips for familiarisation due to the change in top leadership, more funds were viremented to the subsistence and travel allowances. Other under spending was on other conditions of service and other services.

Main division 02 – Administration (N\$ 4 373 624.66 – 5.19%)

Underexpenditure on this main division was mainly on Remuneration which was under-spent because of vacant positions which were not filled on time due to the lengthy recruitment processes. The other under spending was on other conditions of service that was due to the fact that the estimate for leave gratuity was based on the previous year's events where the Ministry had a high staff turnover. The Subsistence and Travelling Allowance was under-spent, trips were undertaken late and reimbursement could not be processed, which resulted in this under-spending. Other Services and Expenses were under-spent, because less trainings were conducted for the positions filled than anticipated.

Main division 03 – Civil Registration (N\$ 16 961 993.35 – 12.20%)

Underexpenditure on this main division was mainly on Remuneration which was under-spent because of vacant positions which were not filled on time due to the lengthy recruitment processes. The other under-spending was on other conditions of service that was due to the fact that the estimate for leave gratuity was based on the previous year's events where the Ministry had a high turnover over of staff. The Subsistence and Travelling Allowance was under-spent, as it was anticipated that mobile registration will be conducted twice, but due to limited time frame only one could be carried out and the second one was moved to the next financial year which resulted in this under-spending. Other under-spending was on Capital projects which was under-spent.

Main division 04 – Alien Control (N\$ 2 974 000.99 – 4.71%)

Underexpenditure on this main division was mainly due to vacant positions which were not filled on time due to the lengthy recruitment processes. This also led to the under-expenditure on the employers contribution to GIPF. The other under spending was on condition of service was due to the fact that the estimates for leave gratuity was based on the previous year's events where the Ministry had a high staff turnover. The subsistence and travelling allowance was under-spent with as was anticipated that mobile registration will be conducted twice but due to limited time frame only one mobile could be carried out. The second mobile registration was moved to the next financial year which resulted in this under-spending.

Main division 05 – Information and Technology (N\$ 727 781.87 – 17.27%)

Underexpenditure on this main division was mainly on the remuneration which was under-spend because of vacant positions which were not filled as expected, this lead to the under-spending on office furniture which was supposed to be bought for these vacant positions.

Main division 06 – Immigration Control (N\$ 18 238 077.98 – 16.10%)

Under-expenditure on this main division was mainly on the remuneration which was under-spent because of vacant positions which were not filled on time due to the lengthy recruitment processes. The other under-spending was on other condition of service which was due to the fact that the estimate for leave gratuity was based on the previous year's events where the Ministry had a lot of staff turnover. The subsistence and travelling allowance was under-spent as it was anticipated that mobile registration will be conducted twice but due to time frame only one could be carried out and the second one was moved to the next financial year which resulted in this under-spending. Other under spending was on capital projects which was under-spent

Main division 07 – Refugee Administration (N\$ 3 768 043.06 – 52.88%)

Underexpenditure on this main division was mainly remuneration which was under-spent because of vacant positions which were not filled, which also led to the under expenditure on the employers contribution to GIPF. Other under-spending was on capital project which was under-spent.

1.4.2 Ministerial revenue: Explanations of variations exceeding N\$ 100 000

(i) Over-estimated

Passport Control

The estimated collection could not be reached, hence a variance of N\$ 1 208 442.54. This was due to the fact that less people applied for passports compared to previous years.

(ii) Under-estimated

Miscellaneous

High demand for duplicates of full birth certificates, Identification cards and change of particulars has made the revenue to increase considerably. The estimate was exceeded by N\$ 3 270 098.37. An accurate estimation cannot be made as the collection depends on the demand from the public.

Visa and Permit fees

The collection under this item depends on the number of permits approved therefore an accurate estimate cannot be made. The estimate was exceeded by N\$ 4 078 711.34 due to the increase in application of visas and permits.

2. GENERAL INFORMATION

2.1 Capital Projects

The following are the estimates and actual expenditure on development projects for the year under review:

Nature of Project	Approved total budget	Total expenditure at 31/03/2013	Approved appropriation 2013/2014	Actual expenditure 2013/2014	Total expenditure at 31/03/2014	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Extension of Eenhana Regional Registration Office	7 698 000	726 140.19	650 000	190 348.72	916 488.91	31-Mar-2012
Extension of Katima Mulilo Regional Registration Office	12 708 000	2 048 047.46	900 000	622 826.34	2 670 873.80	31-Mar-2016
Extension of Outapi Regional Registration Office	7 400 000	2 669 830.93	650 000	411 257.40	3 081 088.33	31-Mar-2014
Management Information System(MIS) Integration Project	21 740 000	33 710 884.54	3 000 000	3 342 927.24	37 053 811.78	31-Mar-2014
Renovation of Head Office for Ministry of Home Affairs and Immigration	23 500 000	11 792 461.35	17 750 000	17 539 952.22	29 332 413.57	31-Mar-2014
Construction of Oshakati Regional Registration Office	24 755 250	6 987 870.51	13 218 000	7 574 690.03	14 562 560.54	31-Mar-2014
Construction of the Keetmanshoop Regional Registration Office	25 900 000	2 044 503.39	13 000 000	9 264 305.31	11 308 808.70	31-Mar-2015
Extension of Opuwo Regional Registration Office	6 585 000	604 896.15	2 000 000	1 290 793.92	1 895 690.07	31-Mar-2013
Construction of Staff Housing at Katwitwi Border Post	7 168 000	662 801.88	500 000	235 081.97	897 883.85	31-Mar-2014
Construction of Kashamane Border Post	77 944 000	25 432 433.93	18 100 000	15 873 611.30	41 306 045.23	01-Mar-2014
Sub-Regional Registration Offices at Constituency Levels	7 964 000	154 476.40	2 282 000	1 502 572.91	1 657 049.31	31-Mar-2014
Establishment of the Asylum Seekers Protection Centre	6 225 000	432 454.01	2 500 000	-	432 454.01	31-Mar-2015
Construction of Dobe Border Post	30 000 000	7 345 256.60	1 500 000	1 271 445.75	8 616 702.35	31-Mar-2014
Total	259 587 250	94 612 057.34	76 050 000	59 119 813.11	153 731 870.45	

WINDHOEK, 2014-10-16

AMBASSADOR PATRICK NANDAGO
ACCOUNTING OFFICER