



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 2016

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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 2016 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 2017

A handwritten signature in black ink, appearing to read "Junias Etuna Kandjeke".

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

Table of Contents

1.	REPORT ON THE FINANCIAL STATEMENTS	1
1.1	INTRODUCTION	1
1.2	MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS	1
1.3	AUDITOR'S RESPONSIBILITY	1
1.4	KEY AUDIT FINDINGS	2
1.4.1	UNAUTHORISED EXPENDITURE	2
1.4.2	EXEMPTION FROM NORMAL TENDER PROCEDURES	2
1.5	ACKNOWLEDGEMENT	3
1.6	UNQUALIFIED AUDIT OPINION	3
	ANNEXURE A.....	4
1.	AUDITED FINANCIAL STATEMENTS.....	4
1.1	APPROPRIATION ACCOUNT	4
1.2	STANDARD SUBDIVISIONS.....	5
1.3	DEPARTMENTAL REVENUE	6
1.4	NOTES TO THE FINANCIAL STATEMENTS	6
1.4.1	APPROPRIATION ACCOUNT: EXPLANATIONS OF VARIATIONS EXCEEDING 2%.....	6
2.	GENERAL INFORMATION	7
2.1	BURSARIES AND STUDY ASSISTANCE	7
2.2	INTERNAL INSPECTIONS	7
2.3	BANK ACCOUNTS	7
2.4	CAPITAL PROJECTS	8
2.5	SUSPENSE ACCOUNTS	9
2.6	EXEMPTIONS FROM NORMAL TENDER PROCEDURES.....	9

DEFINITIONS

Treasury:	Financial authority in public service. (The department of Government that has control over the collection, management and disbursement of public revenue).
Vote:	Represents an Office/Ministry/Agency.
Appropriation Act:	Estimate of expenditure and revenue for a particular financial year presented to the National Assembly, the Act passed by Parliament.
Appropriation Account:	Government Income and Expenditure statement, showing on receipt side the estimated budgeted amounts and on expenditure side the actual expenditure amounts and the difference thereof.
Standard sub-division:	Government Balance account, showing balances incurred on each account/activity.
Suspension:	Reduction on budget (Treasury may from time to time withhold or suspend any amount in an estimate of expenditure).
Virement:	Moving of budgeted funds from one account to another account within the same budget of the same office/ministry/agency. The utilization of a saving under one main division/sub division of a vote to defray an excess under another existing division of the same vote.
Unauthorised Expenditure:	Expenditure that exceeds the amount appropriated (budgeted) for a vote, main division or subdivision.
Underexpenditure:	Saving on the budget.
Miscellaneous Revenue:	All revenue collected and not having a specified revenue code.
Tender Board Exemptions:	To free from an obligation (Tender Board Regulations) to which others are subjected.
Commitments:	Funds reserved to acquire goods or services from a supplier.
Suspense accounts:	Is an account opened in the books of Government that records movement of transactions of a temporarily nature, for example salary deductions of housing instalments.
S&T Advance Suspense Account:	A suspense account reflecting the outstanding subsistence and travel advances.
Rejection Account:	A suspense account reflecting names and balances of all persons/companies that owe the money to the State.
Budget:	Is an estimation of the revenue and expenses over a specified future period of time.
Subsistence Advance:	Payment given in advance to an employee to reimburse accommodation, meal and incidental expenses, while on an official assignment.
Performance Information:	Measurement of an individual, group, organization, system or component which is collected, analysed and reported. (Includes Strategic plans, annual plans, performance agreements and personal development plans).

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE MINISTRY OF HOME AFFAIRS AND IMMIGRATION
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

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 2016 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 2016. These financial statements comprise the following statements submitted for the year then ended:

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

The appropriation account was submitted by the Accounting Officer to the Auditor-General in terms of Section 13 of the State Finance Act, 1991.

The financial statements, notes to the financial statements and general information supplied by the Accounting Officer is 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 qualified audit opinion.

1.4 KEY AUDIT FINDINGS

1.4.1 Unauthorised expenditure

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

- (i) Two (02) main divisions were exceeded with a total amount of N\$ 1 612 466.21 which is unauthorised in terms of Section 6(a)(ii) of the State Finance Act, Act 31 of 1991:
- (ii) Although Treasury approval was obtained to utilise certain expected saving for the defrayal of expenditure through virements sixteen (16) operational subdivisions were exceeded with a total amount of N\$ 13 868 924.57. This is unauthorised in terms of Section 6(a)(iii) of the State Finance Act, Act 31 of 1991.

It is recommended that the Accounting Officer should put measures in place to avoid over-spending and ensures that planned activities are implemented within the approved budget. Furthermore, if specific activities are expected to exceed the budgeted funds due to unforeseen circumstances, funds should be viremented from activities where savings are expected.

It is recommended that the Accounting Officer should comply with Treasury Instruction FD 0702 which stipulates that unless otherwise provided, the Accounting Officer shall keep auxiliary registers to enable them to reconcile the suspense account placed under their control with the ledger accounts.

1.4.2 Exemption from Normal Tender procedures

The Accounting Officer reported approved Tender Board Exemptions amounting to N\$ 116 971 000 for various goods and services for the period under review. However, the exemption exceeded with the amount of N\$ 71 563 615.

It is recommended that the Accounting Officer should put measures in place to ensure that exemptions are not exceeded

1.5 ACKNOWLEDGEMENT

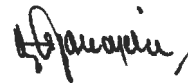
The co-operation and assistance by the management and staff of the Ministry of Home Affairs and Immigration during the audit is appreciated.

1.6 UNQUALIFIED 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 2016 in accordance with the terms of Article 127(2) of the Namibian Constitution and Section 25(1) of the State Finance Act 31, 1991.

In my opinion, except for the possible effects of the matter described in the basis for the Qualified Audit Opinion paragraph, the financial statements present fairly in all material respects, the financial position of the Ministry of Home Affairs and Immigration as at 31 March 2016 and its financial performance and its receipts and payments for the year then ended in accordance with the State Finance Act, Act 31 of 1991.

WINDHOEK, June 2017



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

1. AUDITED FINANCIAL STATEMENTS

ANNEXURE A

1.1 Appropriation account

2015/2016						2014/2015
Service	Authorised expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percentage		
N\$	N\$	N\$	N\$	%	N\$	
01. Office of the Minister:						
Original budget	6 106 000					
Plus: Virement	164 507					
Less: Suspensions	(478 500)	5 792 007	6 214 931.78	(422 924.78)	(7.30)	5 780 860.51
02. Administration:						
Original budget	90 322 000					
Plus: Virement	30 363 164					
Less: Suspensions	(8 425 680)	112 259 484	112 183 710.60	75 773.40	0.07	187 498 096.51
03. Civil Registration:						
Original budget	200 938 000					
Plus: Virement	49 571 770					
Less: Suspensions	(3 248 000)	247 261 770	239 467 163.90	7 794 606.10	3.15	114 128 761.36
04. Alien Control:						
Original budget	31 188 000					
Plus: Virement	4 507 000					
Less: Suspensions	(1 836 770)	33 858 230	32 806 601.41	1 051 628.59	3.11	28 239 104.25
05. Information and Technology:						
Original Budget	49 388 000					
Plus: Virement	28 167 098					
Less: Suspensions	(187 000)	77 368 098	77 080 814.83	287 283.17	0.37	42 103 140.08
06. Immigration Control:						
Original budget	135 432 000					
Plus: Virement	34 061 998					
Less: Suspensions	(27 733 720)	141 760 278	142 949 819.43	(1 189 541.43)	(0.84)	129 487 425.59
07. Refugee:						
Original budget	5 484 000					
Plus: Virement	205 463					
Less: Suspensions	(673 330)	5 016 133	4 375 087.79	641 045.21	12.78	4 102 369.31
Total	623 316 000	615 078 129.74	615 078 129.74	8 237 870.26	1.32	511 339 757.65

1.2 Standard Subdivisions

Subdivision	2015/2016			2014/2015
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	194 768 013	204 490 994.53	(9 722 981.53)	196 242 818.51
002. Employer's contribution to GIPF and M.P.O.O.B.P.F	19 233 753	20 229 010.48	(995 257.48)	20 143 156.37
003. Other conditions of service	1 935 300	2 334 152.99	(398 852.99)	5 440 723.06
004. Improvement of remuneration structure	294 306	291 105.59	3 200.41	2 845 133.13
005. Employers contribution to the social security commission	405 000	-	405 000.00	-
Total	216 636 372	227 345 263.59	(10 708 891.59)	224 671 831.07
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	14 990 450	9 903 061.67	5 087 388.33	14 674 241.89
022. Materials and supplies	1 783 750	1 447 502.46	336 247.54	7 221 407.04
023. Transport	15 131 000	15 050 378.76	80 621.24	22 593 208.99
024. Utilities	22 052 844	18 528 971.81	3 523 872.19	29 145 620.63
025. Maintenance	73 648 125	73 652 204.49	(4 079.49)	41 293 558.20
026. Property rental and related charges	15 009 102	14 819 058.72	190 043.28	2 766 904.76
027. Other services and expenses	53 401 663	53 054 185.21	347 477.79	95 328 251.64
Total	196 016 934	186 455 363.12	9 561 570.88	213 023 193.15
Current expenditure: Subsidies, grants and Other transfers				
041. Membership fees and subscriptions: International	175 000	143 512.98	31 487.02	116 376.54
042. Membership fees and subscriptions: Domestic	120 000	111 386.75	8 613.25	-
043. Government organisations	175 000	27 531.94	147 468.06	239 365.56
Total	470 000	282 431.67	187 568.33	355 742.10
Total: Current expenditure	413 123 306	414 083 058.38	(959 752.38)	438 050 766.32
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	2 107 715	1 807 719.21	299 995.79	1 943 610.01
102. Vehicles	2 680 152	1 880 318.26	799 833.74	19 744 557.73
103. Operational equipment, machinery and plant	175 000	36 331.47	138 668.53	707 294.40
Total: Capital expenditure	4 962 867	3 724 368.94	1 238 498.06	22 395 462.14
Total: Operational expenditure	418 086 173	417 807 427.32	278 745.68	460 446 228.46
Development:				
Capital expenditure: Acquisition of assets				
103. Operational equipment, machinery and plant	-	-	-	4 060 199.31
107. Construction, renovation & improvements	205 229 827	197 270 702.42	7 959 124.58	46 833 329.88
Total: Development expenditure	205 229 827	197 270 702.42	7 959 124.58	50 893 529.19
GRAND TOTAL	623 316 000	615 078 129.74	8 237 870.26	511 339 757.65

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate	Actual revenue 2015/2016	More/(Less) than estimated	Actual revenue 2014/2015
	N\$	N\$	N\$	N\$
Miscellaneous	2 200 000	3 696 834.41	1 496 834 .41	3 149 568.23
Passport control	12 500 000	13 130 162.72	630 162.72	12 054 036.77
Visa & Permit fees	46 983 000	54 866 574.94	7 883 574.94	62 645 196.71
Total	61 683 000	71 693 572.07	10 010 572.07	77 848 801.71

1.4 Notes to the financial statements

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

(i) Over-expenditure

Main division 01 – Office of the Minister (N\$ 422 924.78) - 7.30%

The overspending of N\$ 422 924.78 on this main division is on personnel expenditure. The forecast used during the budget suspension and budget review was not accurate, as the five (5) % increment was not taken into consideration. Personnel expenditure was estimated to be low hence the budget cuts, which has now resulted in an over-expenditure. Virements could not be done to cater for this overspending as it was realized late.

(ii) Underexpenditure

Main division 03 – Civil Registration (N\$ 7 794 606.10 – 3.15%)

The underexpenditure is on subsistence and travel allowance. Funds were allocated to this main division to cater for mobile registration programmes but could not be utilized on time and resulted in under spending as for most of the trips taken the claims were not processed, but closed with balances on the debit balance list. Other underexpenditure was due to delays in suppliers to deliver especially the Government stores and most of the commitments had to be cancelled. Training which was planned for some staff members did not take place due to the turnaround Project activities which kept staff members engaged. The other amount is on capital projects Oshakati which was meant for retention that was meant for the Oshakati capital project was not paid during the year under review.

Main division 04 – Alien Control and Citizenship (N\$ 1 051 628.59 – 3.11%)

The underexpenditure on this main division is mainly on personnel expenditure. This is due to the fact that some of the personnel (Immigration Officers) who are budgeted for under this main division were paid under main division 06 Immigration and Border Control.

Main division 07 – Refugee Administration (N\$ 641 045.21 – 12.78%)

This is due to vacant positions of the Deputy Director and Administrative Officers that were budgeted for but not filled on time.

1.4.2 Ministerial Revenue: Explanations of variations exceeding N\$ 200 000

Underestimation

Miscellaneous

The collections under this allocation is through duplicates of Identity documents, Birth -, Marriage - and Death certificates, change of surnames and submissions or excess payments made to individuals. The estimate was surpassed with N\$ 1 496 834.41 during the year under review.

Passport Control

The estimate was exceeded with an amount of N\$ 630 162.72. This was due to the fact that the estimate was based on the previous collection.

Visa and Permit fees

The estimated revenue collection was based on the previous collections, estimating for this collection is difficult, as the Ministry cannot predict how many applicants and the approvals thereof. The collection is more than the estimate with N\$ 7 883 574.94.

2. GENERAL INFORMATION

2.1 Bursaries and study assistance

The Accounting Officer reported that eight (8) staff members were provided with study assistance amounting to N\$ 88 060 during the year under review.

2.2 Internal inspections

The Accounting Officer reported that twenty one (21) financial points were inspected for the year under review.

2.3 Bank accounts

The Accounting Officer reported the following closing balances as at 31 March 2016:

Account Name	Bank Name	Balance as at 31/03/2016
MHAI Birth Registration Project	Nedbank Namibia	N\$ 4 024.61
Home Affairs Immigration Account	Standard Bank Namibia	105 961.17
MHAI Refugee Project Account	Standard Bank Namibia	(995.83)
MHAI Passport Account	Standard Bank Namibia	94 021.29

ANNEXURE A (Continued)

2.4 Capital Projects

The following were the development projects of the Ministry as reflected in the General ledger and Development budget for the year under review:

Nature of Project	Approved total budget	Total expenditure as at 31/03/2015	Approved appropriation 2015/2016	Actual expenditure 2015/2016	Total expenditure as at 31/03/2016	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Establishment of the Asylum Seekers Protection Centre	1 621 000	1 685 392.82	729 954	729 953.10	2 415 345.92	31-Mar-2016
Construction of Zambezi Regional Office	-	3 669 122.56	-	-	3 669 122.56	-
Extension of Ohangwena Regional Registration Office	138 382 000	955 016.56	1 748 000	1 693 674.43	2 648 690.99	31-Mar-2018
Construction of Oshana Regional Office	31 611 000	31 031 510.42	1 000 000	397 513.57	31 429 023.99	31-Mar-2015
Construction of Oshikoto Regional Office	90 565 000	41 223.19	170 684	170 683.55	211 906.74	31-Mar-2019
Construction of Omusati Regional Registration Office	-	3 186 785.53	310 194	296 204.15	3 482 989.68	-
Construction of Karas Regional Office	40 782 000	20 355 937.74	12 399 011	1 443 988.80	21 799 926.54	31-Mar-2016
Construction of Kavango West Regional Office	93 000 000	58 062.63	1 358 777	1 311 411.90	1 369 474.53	31-Mar-2018
Construction of Kunene Regional Registration Office	36 756 000	4 276 388.99	6 106 588	6 084 837.10	10 361 226.09	31-Mar-2018
Construction of Ministerial Head Office	1 065 378 000	41 758 229.61	127 488 000	166 533 440.82	208 291 670.43	31-Mar-2018
Construction of Kashamane Border Post	130 000	47 896 502.78	6 823 237	6 823 236.11	54 719 738.89	31-Mar-2018
Construction of Dobe Border Post	29 000 000	9 333 575.19	850 000	10 742 355.13	20 075 930.32	31-Mar-2018
Construction of staff housing at Katwitwi Border Post	49 977 000	1 666 790.53	1 043 404	1 043 403.76	2 710 194.29	31-Mar-2018
Total	1 770 402 000	165 914 538.55	206 184 849	197 270 702.42	354 701 666.15	

2.5 Suspense accounts

The Ministry had balances on eight (8) suspense accounts as at 31 March 2016. Five (5) had debit balances and three (3) had credit balances.

Suspense Account	Amount
	N\$
Receipt suspense account	138 751.64
Rejection account	(683 869.61)
Social Security	(958.38)
Pension Fund: GIPF	8.03
Debt Establishment	787.41
RD Cheques	173 687.30
S & T advance suspense account	4 966 756.08
Bills Payable	(1 060 044.67)

2.6 Exemptions from Normal Tender Procedures

The Tender Board approved exemptions from normal Tender Board procedures for acquiring goods and services valued at N\$ 116 971 000 comprising of the following:

Category	Approved exemption	Actual expenditure	Difference
	N\$	N\$	N\$
021 - Subsistence and traveling expenses	9 283 000	9 903 062	(620 062)
022 - Materials and Supplies	1 315 000	1 436 604	(121 604)
023 - Transport	11 131 000	15 050 379	(3 919 379)
024 - Utilities	15 292 000	18 528 972	(3 236 972)
025 - Maintenance expenses	46 095 000	73 652 204	(27 557 204)
026 - Property Rental and Related Charges	14 770 000	14 819 059	(49 059)
027 - Other Services and Expenses	18 473 000	53 054 185	(34 581 185)
041 - Membership fees and Subscription	275 000	254 900	20 100
043- Government Organisation	275 000	27 532	247 468
101 - Furniture and Office Equipment	62 000	1 807 719	(1 745 719)
Total	116 971 000	188 534 615	(71 563 615)

WINDHOEK, 2016-10-10

AMBASSADOR PATRICK NANDAGO
ACCOUNTING OFFICER

