



**REPUBLIC OF NAMIBIA**



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

# **MINISTRY OF TRADE AND INDUSTRY**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

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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 Trade and Industry for the financial year ended 31 March 2012 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act 1991 (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

**WINDHOEK, March 2013**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL  
ON THE ACCOUNTS OF THE  
MINISTRY OF TRADE AND INDUSTRY  
FOR THE FINANCIAL YEAR ENDED  
31 MARCH 2012**

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## **1. INTRODUCTION**

### **1.1 Report**

This report on the accounts of the Ministry of Trade and Industry for the financial year ended 31 March 2012 is presented to the National Assembly in accordance with the terms of Article 127(2) of the Constitution of the Republic of Namibia and Section 27(1) of the State Finance Act, 1991 (Act 31 of 1991) as amended.

### **1.2. Powers and duties**

Section 25(1)(c) of the State Finance Act, 1991, provides that the Auditor-General satisfies 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(l)(b)(iv) of the State Finance Act, 1991, empowers the Auditor-General to investigate and report on the economy efficiency and effectiveness of the use of the State's resources.

## **2. FINANCIAL STATEMENTS**

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

The financial statements notes to the financial statements and general information supplied by the Accounting Officer are attached as annexure A to this report.

## **3. SCOPE OF THE AUDIT**

**3.1** The Accounting Officer of the Ministry in co-operation with the Permanent Secretary of the Ministry of Finance is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions therein. It is the responsibility of the Auditor-General to form an independent opinion based on the audit on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly. The audit included:

- (a) examination on a test basis of evidence relevant to the amounts disclosure and regularity of financial transactions included in the financial statements; and
- (b) evaluation of the overall adequacy of the presentation of information in the financial statements.

**3.2** The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- (a) the financial statements are free from material misstatement whether caused by error fraud or other irregularity;

- (b) in all material respects the expenditure and income have been applied to the purposes intended by the legislature; and
- (c) the financial transactions conform to the authorities that govern them.

**4. AUDIT OBSERVATIONS**

**4.1. MAIN ISSUES/FINDINGS IDENTIFIED BY THE AUDIT**

**4.1.1 Expenditure**

The Ministry realized an underexpenditure of N\$ 18 679 554.18 (3.33%) during the financial year. These resources could have been used for other projects in the Country.

It is recommended that the Accounting Officer should implement proper measures to control the budget.

**4.1.2 Suspense Account**

The final ledger shows thirteen (13) suspense accounts balances at 31 March 2012. There are two (2) with debit and eleven (11) credit balances. The following suspense account reflected balances of more than N\$ 100 000.

Suspense Accounts	Debit/Credit Amount
	N\$
S&T advance suspense account	695 000.34
Bills payable	(28 335 069.20)
Electronic Fund Transfer Clearing Account (EFT	(1 636 486.65)

It is recommended that the Accounting Officer should take all necessary steps to reconcile suspense accounts.

**4.1.3 Subsistence Advances**

The Accounting Officer reported outstanding subsistence advances of N\$ 164 961.22, but the suspense account has an outstanding balance of N\$ 695 000.34 as at 31 March 2012. It is recommended that the difference of N\$ 530 039.12 be explained by the Accounting Officer.

According to the Treasury Instructions HB 0505 and HB 0506, subsistence and travelling advances should be processed within 30 days after returning from the trip, if not, these advances should be recovered from the employee's salary immediately.

**5. ACKNOWLEDGEMENT**

The co-operation and assistance of management and staff of the Ministry of Trade and Industry during the audit is highly appreciated.

## **6. EMPHASIS OF MATTER**

Without qualifying my report, attention is drawn to the management on the following matter that relate to my responsibility in the audit of the financial statements:

- a) Paragraph 4.1.1 Expenditure. The total budget of the Ministry was underspend with an amount of N\$ 18 679 554.18 (3.33%).

## **7. AUDIT OPINION**

I certify that I have audited the financial statements of the Ministry of Trade and Industry for the year ended 31 March 2012 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 the financial statements fairly represent the receipts and payments of Vote 19 for the year ended 31 March 2012, and in all material respects the receipts and payments have been applied to 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**  
**269 Independence Avenue**  
**Private Bag 13299**  
**Windhoek**  
**Namibia**

## 1. FINANCIAL STATEMENTS

## 1.1 Appropriation account

Service		2011/2012				2010/2011
		Authorized expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure/ (Excess)	Percentage	
		N\$	N\$	N\$	%	N\$
<b>01. Office of the Minister:</b>						
Original budget	8 728 000					
Less Virement	(833 667)	7 894 333	7 354 517.46	539 815.54	6.84	5 848 041.32
<b>02. Administration:</b>						
Original budget	43 566 000					
Plus: Virement	6 540 278	50 106 278	45 260 205.27	4 846 072.73	9.67	89 818 525.84
<b>03 International Trade:</b>						
Original budget	143 053 000					
Less: Virement	(33 419 950)	109 633 050	104 898 336.18	4 734 713.82	4.32	54 214 934.75
<b>04. Industrial Development</b>						
Original budget	243 073 000					
Plus: Virement	23 415 460	266 488 460	262 177 554.89	4 310 905.11	1.62	228 635 903.53
<b>05. Investment Centre:</b>						
Original Budget	54 802 000					
Plus: Virement	3 133 840	57 935 840	55 529 838.69	2 406 001.31	4.15	21 008 525.31
<b>06. International Trade:</b>						
Original Budget	64 830 000					
Plus: Virement	4 044 850	68 874 850	67 032 804.33	1 842 045.67	2.67	56 242 278.14
<b>Totals</b>		<b>560 932 811</b>	<b>542 253 256.82</b>	<b>18 679 554.18</b>	<b>3.33</b>	<b>455 768 208.89</b>

## ANNEXURE A (continued)

## 1.2 Standard subdivisions

Subdivision	2011/2012			2010/2011
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational:</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	49 679 471	43 256 855.71	6 422 615.29	36 624 986.83
002. Employer's contribution to GIPF	6 601 340	4 716 035.46	1 885 304.54	3 920 936.08
003. Other conditions of service	3 508 000	3 379 682.56	128 317.44	3 310 026.22
<b>Total</b>	<b>59 788 811</b>	<b>51 352 573.73</b>	<b>8 436 237.27</b>	<b>43 855 949.13</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence expenses	13 818 000	12 580 739.98	1 237 260.02	12 961 624.23
022. Materials and supplies	2 419 000	2 157 428.87	261 571.13	1 866 446.16
023. Transport	4 789 000	4 679 337.34	109 662.66	3 995 667.09
024. Utilities	9 044 000	7 571 233.02	1 472 766.98	6 414 809.10
025. Maintenance	3 602 000	3 531 823.74	70 176.26	1 409 598.17
026. Property rental and related charges	4 261 000	4 230 240.42	30 759.58	2 532 127.25
027. Other services and expenses	51 698 000	49 866 248.35	1 831 751.65	43 198 158.65
<b>Total</b>	<b>89 631 000</b>	<b>84 617 051.72</b>	<b>5 013 948.28</b>	<b>72 378 430.65</b>
<b>Current expenditure: Membership fees and subscriptions</b>				
041. International	12 150 000	11 876 921.61	273 078.39	11 602 604.73
042. Domestic	20 000	19 999.75	0.25	-
<b>Total:</b>	<b>12 170 000</b>	<b>11 896 921.36</b>	<b>273 078.64</b>	<b>11 602 604.73</b>
<b>Current expenditure: Subsidies grants and other transfers</b>				
044. Individual and non-profit organisations	400 000	400 000.00	-	400 000.00
045. Public and departmental enterprises and private industries	85 480 000	85 480 000.00	-	67 668 268.37
<b>Total</b>	<b>85 880 000</b>	<b>85 880 000.00</b>	<b>-</b>	<b>68 068 268.37</b>
<b>Total: Current expenditure</b>	<b>247 469 811</b>	<b>233 746 546.81</b>	<b>13 723 264.19</b>	<b>195 905 252.88</b>
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	4 290 000	3 288 052.04	1 001 947.96	1 519 768.26
102. Vehicles	5 430 000	5 054 031.24	375 968.76	3 525 187.75
<b>Total:</b>	<b>9 720 000</b>	<b>8 342 083.28</b>	<b>1 377 916.72</b>	<b>5 044 956.01</b>
<b>Total: Operational expenditure</b>	<b>257 189 811</b>	<b>242 088 630.10</b>	<b>15 101 180.91</b>	<b>200 950 208.89</b>
<b>Development:</b>				
<b>Capital expenditure: Goods and other services</b>				
022. Materials and supplies	320 000	320 000.00	-	310 000.00
027. Other services and expenses	4 800 000	3 000 000.00	1 800 000.00	1 350 000.00
<b>Total</b>	<b>5 120 000</b>	<b>3 320 000.00</b>	<b>1 800 000.00</b>	<b>1 660 000.00</b>

**ANNEXURE A (continued)**

Subdivision	2011/2012			2010/2011
	Authorised expenditure	Actual expenditure	Under expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	91 150 000	90 685 766.73	464 233.27	400 000.00
103. Operational equipment and machinery	7 400 000	7 400 000.00	-	18 577 000.00
105. Feasibility studies design and supervision	14 718 000	14 558 000.00	160 000.00	7 906 000.00
106. Purchase of land and intangible assets	1 000 000	1 000 000.00	-	1 000 000.00
107. Construction renovation and improvements	184 355 000	183 200 860.00	1 154 140.00	211 275 000.00
<b>Total</b>	<b>298 623 000</b>	<b>296 844 626.73</b>	<b>1 778 373.27</b>	<b>239 158 000.00</b>
<b>Capital Transfers</b>				
131. Government and organizations	-	-	-	14 000 000.00
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14 000 000.00</b>
<b>Total: Development expenditure</b>	<b>303 743 000</b>	<b>300 164 626.73</b>	<b>3 578 373.27</b>	<b>254 818 000.00</b>
<b>GRAND TOTAL</b>	<b>560 932 811</b>	<b>542 253 256.82</b>	<b>18 679 554.18</b>	<b>455 768 208.89</b>

**1.3 Departmental revenue**

Revenue for the year is as follows:

Revenue heading	Estimate	Actual revenue 2011/2012	More/(Less) than estimated	Actual revenue 2010/2011
	N\$	N\$	N\$	N\$
Private telephone calls	1 951	-	(1 951.00)	-
Miscellaneous	96 281	122 398.13	26 117.13	(2 156.58)
Assize fees	39 170	-	(39 170.00)	-
<b>TOTAL</b>	<b>137 402</b>	<b>122 398.13</b>	<b>(15 003.87)</b>	<b>(2 156.58)</b>

**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\$ 539 815.54 – 6.84%)**

- The position of the Personnel Assistant to the Hon. Minister was budgeted for, but the position was not filled, instead a Consultant to the Hon. Minister was appointed. His salary was paid from Consultancy Services budgeted under goods and other services.
- A number of the planned trips and activities were delegated to senior staff members to attend on behalf of the Hon. Minister and the Deputy Minister due to other commitments.
- The Minister's office hosted fewer foreign delegations than initially anticipated resulting in an underexpenditure.



- Furniture was not delivered in time, because the supplier had to order it from South Africa, resulting in the underexpenditure .

**Main division 02: Administration (N\$ 4 846 072.73 – 9.67%)**

- The underexpenditure is as a result of the resignation of the Internal Auditor and vacant posts especially for the Editor and Deputy Director IT that could not be filled due to shortage of skills in the market.
- Due to reprioritization, some trips were cancelled and only important local and international trips were undertaken resulting an underexpenditure.
- The underexpenditure was due to strict control measures put in place on the utilization of cleaning material and stationery.
- The underexpenditure was a result of debit acceptance received just before the closure of the financial year by Ministries housed in the Bredan Simbwaye Square for municipal services. The arrangement is that the Ministry of Trade pays the City of Windhoek account on behalf of other Ministries and get reimbursed through debit acceptance.
- It was anticipated that a number of staff members will enrol for qualifying studies at various training institutions/ organizations. Unfortunately, only few applied, resulting an underexpenditure.
- A tender (Tender F1/14- 1/2011) was awarded for supply of services, computers and related software. The tenderer failed to deliver on time claiming that prices escalated by almost thirty per cent (30%). The resubmission was disapproved by the tender board thus resulting in an underexpenditure.
- The Ministry intended to purchase three passenger vehicles but due to high costs, we could only manage to purchase two resulting an underexpenditure.

**Main division 03: International Trade (N\$ 4 734 713.82 – 4.32%)**

- Vacant posts especially those of Commercial Counsellors and Chief Policy Analyst, protracted recruitment procedures and lack of specialist expertise in fields trade and investment, resulting in an underexpenditure.
- The underexpenditure was the result of strict control measures on travelling as only mandatory trips were undertaken during the year.
- The underexpenditure was due to strict control measures put in place on the utilization of stationery and other consumables.
- Funds ear marked for the running cost of the Commercial Office to the United Arab Emirate (UAE) could not be transferred due to the prolonged delay in accreditation process of the Commercial Counsellors. No posting was done.
- Underexpenditure are due to the favourable exchange rate and over budgeting on the subscription to the South African Development Community (SADC) membership fees.
- The underexpenditure is due to non-delivery of some furniture ordered through the Government Stores.
- Initially it was planned to purchase land, but at the end, it was donated to the government resulting in the underexpenditure.

**Main division 05: Investment Centre (N\$ 2 406 001.31 – 4.15%)**

- Underexpenditure on remuneration, other conditions of services, and pension contributions were due to vacant positions of Commercial Counsellors, transfers and resignations.
- The Ministry in conjunction with the Commonwealth Secretariat hosted an investment conference of which a number of expenses were covered by the Commonwealth resulting in the underexpenditure.
- Funds were budgeted for vehicles but due to price changes the Ministry could not buy the number of vehicles as anticipated.

**Main division 06: Internal Trade (N\$ 1 842 045.67 – 2.67%)**

- The underexpenditure was due to the specialised nature of some posts (Engineers, Trade Inspectors and Trade Metrologists) for which skills are difficult to find on the market and could therefore not be filled.
- Some official trips taken were paid by our development partners (WAIPO and AFRIPO) resulting in an underexpenditure.
- Underexpenditure was the result of strict control measures on the procurement and use of stationary and related materials.
- Membership for African Regional Intellectual Property Organisation (AFRIPO) was paid from Namibians revolving fund with AFRIPO.
- Furniture meant for the offices of staff members that were not filled, was not bought thus resulting in an underexpenditure.

## 2. GENERAL INFORMATION

### 2.1 Bank accounts

#### 2.1.1 Attaché offices

Ten (10) bank accounts abroad were operated by the Ministry and had the following positive closing balances as at 31 March 2012:

Attaché office	Name of the bank	Amount as per bank statement
Geneva	Embassy of the Republic of Namibia – Trade Office - Geneva UBS Bank- Cheque account Geneva	€ 145 569.53
Geneva	Embassy of the Republic of Namibia – Trade Office - Geneva UBS Bank – Call account Geneva	CHF 17 863.62
Berlin	Botschaft der Republik Namibia Dresdner Bank AG	€ 57 415.12
Brussels	Embassy of the Republic of Namibia in Brussels - Trade Account ING Brussels	€ 71 776.21
Pretoria	The Embassy of the Republic of Namibia First National Bank	R 772 826.12
Paris	High Commission of Republic of Namibia – Trade Account Credit Lyonnais Bank	€ 86 238.99
Washington DC	Embassy of the Republic of Namibia – Commercial Account Bank of America, Washington DC	US\$ 243 647.28
Angola	Namibia Trade Office – Luanda Banco De Formento	US\$ 95 691.70
India	High Commission of the Republic of Namibia – New Delhi – India- Scotland Royal Bank.	INR 2 386 105.05
India	High Commission of the Republic of Namibia – New Delhi – India- Scotland Royal Bank.	US\$ 210 794.15

**ANNEXURE A (continued)**

**2.1.2 Local**

The Ministry operated eight (8) bank accounts locally in Windhoek which reflected the following credit balances as at 31 March 2012:

<b>Name of the bank</b>	<b>Amount as per bank statement</b>
	N\$
Trade and Investment Promotion –Current Account NedbankWindhoek	2 038 242.31
Trade and Investment Promotion- Investment Account Nedbank Windhoek	34 439 944.52
MTI Special account – (DBC- Afforestation Account) Standard Bank Windhoek	245 297.89
Development Brigade Corporation – Call Account Standard Bank Windhoek	245 297.89
World Bank Grant Japanese (EPZ) First National Bank Windhoek	83 163.68
World Bank Cross Border Standard Bank Windhoek	689 535.44
SME Support Programme: Call account Standard Bank Namibia Windhoek	4 819 156.49
SME Support Programme: Current account Standard Bank Namibia Windhoek	3 787.95

## 2.2 Development projects

The following were development projects of the Ministry funded for in the financial year 2011/2012:

Project name	Approved total budget N\$	Approved appropriation 2011/12 N\$	Total expenditure 31 March 2011 N\$	Actual expenditure 2011/12 N\$	Total expenditure 31 March 2012 N\$	Year of completion
Private Sector Feasibility Studies	31 818 000	6 106 000	66 247 318.83	6 106 000.00	72 353 318.83	31/03/2015
Sites and Premises Development Programme	731 942 000	110 773 000	211 590 937.73	110 773 000.00	322 363 937.73	31/03/2015
Katwitwi epz Industrial Park	40 789 000	20 000 000	22 693 549.38	20 000 000.00	42 693 549.38	31/03/2015
Entrepreneurship Development Programme	190 390 000	44 115 000	32 942 754.72	43 850 766.73	76 793 521.45	31/03/2015
Construction and Renovation of MTI Regional Offices	35 408 000	12 200 000	17 200 000.00	11 840 000.00	29 040 000.00	31/03/2015
Construction of Cold facilities and Warehouses in Lubumbashi, Kinshasa, Brazzaville & Pointe -Noire	114 588 000	40 000 000	-	40 000 000.00	40 000 000.00	03/04/2015
Namibia Trade Centre - DRC - Kinshasha	132 945 000	1 000 000	5 000 000.00	515 860.00	5 515 860.00	31/03/2013
Namibia Trade Centre - Congo - Brazzaville	22 945 000	1 000 000	1 000 000.00	330 000.00	1 330 000.00	31/03/2015
Namibia Standards Institution (NSI)	81 027 000	9 520 000	26 807 000.00	9 520 000.00	36 327 000.00	01/03/2015
Upgrading of NDC Infrastructure/Property	33 419 000	4 584 000	5 000 000.00	4 584 000.00	9 584 000.00	31/12/2015
Extension of Naute Date/Grape Development Project	143 312 000	20 645 000	1 000 000.00	20 645 000.00	21 645 000.00	31/03/2015
NDC Kavango/Mangetti Cattle Ranch Upgrade	90 529 000	10 000 000	8 000 000.00	10 000 000.00	18 000 000.00	31/03/2015
Crocodile Breeding and Training Centre	39 300 000	5 000 000	1 000 000.00	5 000 000.00	6 000 000.00	31/03/2015
Rental For SME Space in Windhoek, CBD Shopping Malls	5 000 000	1 000 000	-	700 000.00	700 000.00	31/03/2015
Improve of Living Conditions of Inhabitants in Katutura	18 575 000	2 500 000	-	1 000 000.00	1 000 000.00	31/03/2015
Construction of Socio- Economic Development in Hardap	90 918 000	5 300 000	-	5 300 000.00	5 300 000.00	31/03/2015
Nimibia WTO Residential Property	10 000 000	10 000 000	-	10 000 000.00	10 000 000.00	31/03/2014
<b>Total</b>	<b>1 812 905 000</b>	<b>303 743 000</b>	<b>398 481 560.66</b>	<b>300 164 626.73</b>	<b>698 646 187.39</b>	

### 2.3 Tender Board exemptions

One (1) Tender Board exemption from normal Tender Board procedures was approved for services to the total value of N\$ 56 700 000.

Exemption No.	Exemption	Description	Estimate value	Actual expenditure 2010/2011	Difference less/ (more)
E1/14 1/2011	- Annual exemption	Subsistence and travel expenses	N\$ 7 000 000	N\$ 4 257 395.66	2 746 604.34
		Material and supplies	500 000	467 535.68	32 464.32
		Transport	700 000	150 318.08	549 681.92
		Utilities	500 000	-	500 000.00
		Maintenance expenses	1 500 000	1 202 392.47	297 607.53
		Property rental and related charges	2 500 000	2 318 679.25	181 320.75
		Other services and expenses	25 000 000	15 003 867.12	9 996 132.88
		041-045, Subsidies and other current transfers	15 000 000	186 332.99	13 813 667.01
		Furniture and Office equipment	1 500 000	455 495.50	1 044 504.50
		Vehicles	2 500 000	1 346 445.48	1 153 554.52
<b>Total</b>			<b>56 700 000</b>	<b>26 388 462.23</b>	<b>30 311 537.77</b>

### 2.4 Bursary and study assistance

The Ministry granted bursaries and study assistance to staff members to an amount of N\$ 672 144.00 in various areas of study during the year under review.

### 2.5 HIV/AIDS

A total amount of N\$ 88 785.30 was spend regarding HIV/AIDS programmes, among others enabling environment, prevention, equal access to treatment, care and support services, impact mitigation services as well as management and coordinated programme management.

WINDHOEK 2012-10-16

**Dr. M. LINDEQUE**  
**ACCOUNTING OFFICER**