



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 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 Trade and Industry 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**

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**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE
MINISTRY OF TRADE AND INDUSTRY
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2013**

1. INTRODUCTION

This report on the accounts of the Ministry of Trade and Industry 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 provisions set out in 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 Trade and Industry and for the year ended 31 March 2013. These financial statements comprise the Appropriation Account, Standard Subdivisions, Departmental Revenue, Miscellaneous Revenue for the year then ended, and notes to 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 Section 12 & 13 of the State Finance Act, Act 31 of 1991 and legislation, and for such internal control as management determines is 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 our audit. I conducted our 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

I draw attention to the following matters:

4.1 Unauthorised Expenditure

Although Treasury authorization was obtained to utilize certain expected savings for the defrayal of expenditure by way of virement during the year, one (1) operational subdivision was exceeded by a total amount of N\$ 3 916.76. This excess is unauthorised in terms of Section 6(a)(iii) of the Act.

4.2 Loans to the Government

The closing balance of the loan amount reduced with the value of N\$ 494 819.85 however, no payment was reported and no evidence was provided for any amount being written off. Furthermore, supporting vouchers were also not provided for audit verification. The difference remains to be explained. The account is reflected as follows:

Type of loan	Term	Rate of interest	Balance as at 1 April 2012	Interest levied 2012/2013	Capital and interest 2012/2013	Balance as at 31 March 2013	Arrears at 31 March 2013
Business loans	Variable terms	10% p.a.	N\$ 722 129.00	N\$ -	N\$ -	N\$ 227 309.15	N\$ 227 309.15

Management comments

In his response the Accounting Officer indicated that these loans were disbursed by the former Rehoboth Government before independence in 1990. After independence, Cabined at its 32nd meeting held on 04 April 1990 approved the appointment of an Interim Board of Directors for RECOR to wind up its operations. The Ministry of Trade and Industry was assigned with the responsibility to oversee the affairs of the corporation until it was finally dissolved. The Ministry did everything it could to trace the debtors.

The Accounting Officer further explained that the Ministry had consultative meetings with the Office of the Government Attorney. The Ministry was advised that no interest should be charged on the lenders who had passed on. Therefore, the reduction in both capital and interest was the result of the recommendation by the Government Attorney and subsequent Treasury approval to write off an amount of N\$ 985 587.02, inclusive of both capital and interest. With regard to the remaining outstanding amount of N\$ 227 309.15, the Ministry is seized with the matter in consultation with other stakeholders.

4.3 Other Matters

I draw attention to the following matters:

4.3.1 Budget Control

The Ministry realized a saving of N\$ 10 003 231.41 (1.37%) during the financial year. The Accounting Officer is commended for maintaining savings within 2%.

4.3.2 Subsistence Advances

The Accounting Officer reported outstanding subsistence advances of N\$ 124 347.65, but the suspense account has an outstanding balance of N\$ 196 228.22 as at 31 March 2013.

It is recommended that the difference of N\$ 71 880.57 be explained by the Accounting Officer. Furthermore it was also noted that the statement submitted by the Accounting Officer indicated that claims were not submitted within 30 days as required by Treasury Instruction HB 0505.

Management Comments

In his response the Accounting Officer indicated that the difference amount of N\$ 71 880.57 on this account emanated from the data migration from the old Funds Control System (FCS) into the new Integrated Financial Management system (IFMS). The amount was transferred as lump sum making it difficult to reconcile. The Ministry has approached Treasury to assist with the reconciliation, but to no avail.

5. ACKNOWLEDGEMENT

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

6. UNQUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the Ministry of Trade and Industry 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 the financial statements fairly represent the receipts and payments of Vote 19 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

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Namibia

ANNEXURE A

7. FINANCIAL STATEMENTS

7.1 Appropriation account

		2012/2013				2011/2012
Service		Authorized expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure/ (Excess)	Percentage	
	N\$	N\$	N\$	N\$	%	N\$
01. Office of the Minister:						
Original budget	8 316 000	8 316 000	8 262 311.98	53 688.02	0.65	7 354 517.46
02. Administration:						
Original budget	50 047 000					
Plus: Virement	700 000	50 747 000	50 004 258.14	742 741.86	1.46	45 260 205.27
03. International Trade:						
Original budget	154 398 000					
Less: Virement	(350 000)	154 048 000	152 543 401.08	1 504 598.92	0.98	104 898 336 .18
04. Industrial Development:						
Original budget	383 893 000	383 893 000	376 279 994.88	7 613 005.12	1.98	262 177 554.89
05. Investment Centre:						
Original Budget	40 151 000					
Plus: Virement	200 000	40 351 000	40 304 208.61	46 791.39	0.12	55 529 838.69
06. Internal Trade:						
Original Budget	91 055 000					
Less: Virement	(550 000)	90 505 000	90 462 593.90	42 406.10	0.05	67 032 804.33
Totals		727 860 000	717 856 768.59	10 003 231.41	1.37	542 253 256.82

ANNEXURE A (continued)

7.2 Standard subdivisions

Subdivision	2012/2013			2011/2012
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	50 746 000	50 641 536.72	104 463.28	43 256 855.71
002. Employer's contribution to GIPF	7 025 000	7 013 328.19	11 671.81	4 716 035.46
003. Other condition of services	4 618 000	4 609 576.91	8 423.09	3 379 682.56
Total	62 389 000	62 264 441.82	124 558.18	51 352 573.73
Current expenditure: Goods and other services				
021. Travel and subsistence allowances	15 200 000	15 119 162.71	80 837.29	12 580 739.98
022. Materials and supplies	2 854 000	2 827 262.82	26 737.18	2 157 428.87
023. Transport	4 759 000	4 736 566.44	22 433.56	4 679 337.34
024. Utilities	9 231 000	9 205 068.17	25 931.83	7 571 233.02
025. Maintenance expenses	3 759 000	3 762 916.76	(3 916.76)	3 531 823.74
026. Property rental and related charges	6 278 000	6 244 135.60	33 864.40	4 230 240.42
027. Other services and expenses	52 326 000	51 726 545.68	599 454.32	49 866 248.35
Total	94 407 000	93 621 658.18	785 341.82	84 617 051.72
Current expenditure: Membership fees and subscriptions				
041. International	12 545 000	12 541 117.33	3 882.67	11 876 921.61
042. Domestic	21 000	21 000.00	-	19 999.75
Total:	12 566 000	12 562 117.33	3 882.67	11 896 921.36
Current expenditure: Subsidies grants and other transfers				
044. Individual and non-profit organisations	400 000	400 000.00	-	400 000.00
045. Public and departmental enterprises and private industries	92 684 000	92 678 588.34	5 411.66	85 480 000.00
Total	93 084 000	93 078 588.34	5 411.66	85 880 000.00
Total: Current expenditure	262 446 000	261 526 805.67	919 194.33	233 746 546.81
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	2 678 000	2 658 542.24	19 457.76	3 288 052.04
102. Vehicles	250 000	248 716.94	1 283.06	5 054 031.24
Total:	2 928 000	2 907 259.18	20 740.82	8 342 083.28
Total: Operational expenditure	265 374 000	264 434 064.85	939 935.15	242 088 630.10
Development:				
Capital expenditure: Goods and other services				
022. Materials and supplies	1 300 000	1 298 700.05	1 299.95	320 000.00
027. Other services and expenses	2 500 000	2 401 753.36	98 246.64	3 000 000.00
Total	3 800 000	3 700 453.41	99 546.59	3 320 000.00

ANNEXURE A (continued)

Subdivision	2012/2013			2011/2012
	Authorised expenditure	Actual expenditure	Under expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	3 050 000	2 998 701.18	51 298.82	90 685 766.73
103. Operational equipment, machinery and plants	12 650 000	12 638 448.13	11 551.87	7 400 000.00
105. Feasibility studies design and supervision	12 500 000	12 256 321.24	243 678.76	14 558 000.00
106. Purchase of land and intangible assets	1 000 000	1 000 000.00	-	1 000 000.00
107. Construction, renovation and improvement	42 800 000	42 768 187.00	31 813.00	183 200 860.00
Total	72 000 000	71 661 657.55	338 342.45	296 844 626.73
Capital Transfers				
131. Government organization	302 686 000	295 318 730.16	7 367 269.84	-
134. Abroad	84 000 000	82 741 862.62	1 258 137.38	-
Total	386 686 000	378 060 592.78	8 625 407.22	-
Total: Development expenditure	462 486 000	453 422 703.74	8 963 749.67	300 164 626.73
GRAND TOTAL	727 860 000	717 856 768.59	10 003 231.41	542 253 256.82

7.3 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\$
Miscellaneous	-	68 578.62	68 578.62	122 398.13
TOTAL	-	68 578.62	68 578.62	122 398.13

8. GENERAL INFORMATION

8.1 HIV/AIDS

The Accounting Officer reported an amount of N\$ 100 000 budgeted for HIV/AIDS and that no expenditure was incurred on this activity.

8.2 Bank accounts

8.2.1 Foreign

The Ministry operated ten (10) bank accounts abroad and the following are the closing balances as at 31 March 2013:

Commercial Offices	Banking Institution	Amount as per bank statement
Geneva	Embassy of the Republic of Namibia – Trade Office - Geneva UBS Bank- Cheque account Geneva	€ 53 314.11
Geneva	Embassy of the Republic of Namibia – Trade Office - Geneva UBS Bank – Call account Geneva	CHF 1 460.23
Berlin	Botschaft der Republik Namibia Dresdner Bank AG	€ 105 936.96
Brussels	Embassy of the Republic of Namibia in Brussels - Trade Account ING Brussels	€ 103 116.69
Pretoria	The Embassy of the Republic of Namibia First National Bank	R 25 012.48
Paris	High Commission of Republic of Namibia – Trade Account Credit Lyonnais Bank	€ 74 202.36
Washington DC	Embassy of the Republic of Namibia – Commercial Account Bank of America, Washington DC	US\$ 202 229.34
Angola	Namibia Trade Office – Luanda Banco De Formento	US\$ 245 862.56
India	High Commission of the Republic of Namibia – New Delhi – India- Scotland Royal Bank.	NR 3 609 633.17
India	High Commission of the Republic of Namibia – New Delhi – India- Scotland Royal Bank	US\$ 284 582.85

ANNEXURE A (continued)

8.2.2 Local

The Ministry operated seven (7) bank accounts locally reflecting the following credit balances as at 31 March 2013:

Banking Institution	Amount as per bank statement
	N\$
Trade and Investment Promotion –Current Account Nedbank, Windhoek	537 859.45
Trade and Investment Promotion- Investment Account Nedbank Windhoek	20 779 383.69
MTI Special account – (DBC- Cash Plus Account) Standard Bank Windhoek	257 257.36
World Bank Grant Japanese (EPZ) First National Bank Windhoek	83 835.88
World Bank Cross Border Standard Bank Windhoek	688 488.44
SME Support Programme: Call account Standard Bank Namibia Windhoek	2 839 924.54
SME Support Programme: Current account Standard Bank Namibia Windhoek	236 850.23
Total	25 423 599.59

ANNEXURE A (continued)

8.3 Capital projects

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

Project name	Approved total budget N\$	Approved appropriation 2012/13 N\$	Total expenditure As at 31 March 2012 N\$	Actual expenditure 2012/13 N\$	Total expenditure as at 31 March 2013 N\$	Expected Year of completion
Private Sector Feasibility Studies	31 818 000	6 716 000	72 353 318.83	6 658 894.42	79 012 213.25	31/03/2015
Sites and Premises Development Programme	731 942 000	170 000 000	322 363 937.73	165 779 351.30	488 143 289.03	31/03/2015
Katwitwi EPZ Industrial Park	40 789 000	5 000 000	42 693 549.38	5 000 000.00	47 693 549.38	31/03/2015
Entrepreneurship Development Programme	190 390 000	44 855 000	76 793 521.45	43 005 443.66	119 798 965.11	31/03/2015
Construction and Renovation of MTI Regional Offices Kinshasa, Brazzaville & Pointe-Noire	35 408 000	7 200 000	29 040 000.00	6 956 887.78	35 996 887.78	31/03/2015
Namibia Trade Centre - DRC - Kinshasha	114 588 000	58 000 000	40 000 000.00	56 741 862.62	96 741 862.62	03/04/2015
Namibia Trade Centre - Congo - Brazzaville	132 945 000	3 000 000	5 515 860.00	3 000 000.00	8 515 860.00	31/03/2013
Namibian Standards Institute (NSI)	22 945 000	3 000 000	1 330 000.00	3 000 000.00	4 330 000.00	31/03/2015
Upgrading of NDC Infrastructure/Property	81 027 000	15 000 000	36 327 000.00	15 000 000.00	51 327 000.00	01/03/2015
Extension of Naute Date/Grape Development Project	33 419 000	10 000 000	9 584 000.00	10 000 000.00	19 584 000.00	31/12/2015
NDC Kavango/Mangetti Cattle Ranch Upgrade	143 312 000	40 115 000	21 645 000.00	38 880 017.15	60 525 017.15	31/03/2015
Crocodile Breeding and Training Centre	90 529 000	10 000 000	18 000 000.00	9 995 023.63	27 995 023.63	31/03/2015
Rental For SME Space in Windhoek, CBD Shopping Malls	39 300 000	19 500 000	6 000 000.00	19 500 000.00	25 500 000.00	31/03/2015
Improve of Living Conditions of Inhabitants in Katutura	5 000 000	500 000	700 000.00	500 000.00	1 200 000.00	31/03/2015
Construction of Socoto - Economic Development in Hardap and Karas Regions	18 575 000	2 500 000	1 000 000.00	2 487 897.79	3 487 897.79	31/03/2015
Namibia WTO Residential Property	90 918 000	15 000 000	5 300 000.00	15 000 000.00	20 300 000.00	31/03/2015
Namibia Trade Centre, Luanda Sul, Angola	10 000 000	-	10 000 000.00	-	10 000 000.00	31/03/2014
Garment Factory Development Programme	127 945 000	20 000 000	-	20 000 000.00	20 000 000.00	31/03/2015
Strategic Sector Wide Promotion and Development	26 300 000	6 300 000	-	6 149 154.59	6 149 154.59	01/03/2015
Pilot Industrial Upgrading and Modernization Project	31 451 000	2 000 000	-	2 000 000.00	2 000 000.00	01/03/2015
Construction of Houses for MTI Regional Offices Employees	29 775 000	7 300 000	-	7 300 000.00	7 300 000.00	31/03/2015
Omahenene Business Park	16 000 000	5 000 000	-	4 968 187.00	4 968 187.00	31/03/2018
Oshikango EPZ Park additional Warehouses	24 000 000	2 000 000	-	2 000 000.00	2 000 000.00	31/03/2017
Establishment of Regional Technology Productivity Centre	12 645 000	2 000 000	-	2 000 000.00	2 000 000.00	13/04/2014
	23 095 000	7 000 000	-	7 000 000.00	7 000 000.00	31/03/2018

Project name	Approved total budget	Approved appropriation 2012/13	Total expenditure As at 31 March 2012	Actual expenditure 2012/13	Total expenditure as at 31 March 2013	Expected Year of completion
Apprenticeship Programme for Vocational Trainees in support of Employment Creation	N\$ 6 500 000	N\$ 500 000	N\$ -	N\$ 500 000.00	N\$ 500 000.00	31/03/2018
Total	2 110 616 000	462 486 000	698 646 187.39	453 422 719.94	1 152 068 907.33	

8.4 Tender Board Exemptions

One (1) Tender Board exemption from normal Tender Board procedures was approved for services to the total value of N\$ 166 434 000 and is presented as follows:

Exemption No.	Exemption	Description	Estimate value	Actual expenditure 2012/2013	Difference Less/ (More)
			N\$	N\$	N\$
E1/14 -/2012	Annual exemption	Subsistence and travel expenses	8 000 000	5 740 727.84	2 259 272.16
		Material and supplies	2 000 000	841 036.51	1 158 963.49
		Transport	200 000	153 376.62	46 623.38
		Utilities	6 000 000	5 653 300.00	346 700.00
		Maintenance expenses	3 000 000	935 293.99	2 064 706.01
		Property rental and related charges	6 000 000	3 756 230.47	2 243 769.53
		Other services and expenses	35 000 000	9 159 514.74	25 840 485.26
		Membership Fees	12 150 000	12 150 000.00	-
		Individual & Non-Profit Organisation	400 000	400 000.00	-
		Public and Departmental Enterprises	92 684 000	92 684 000.00	-
		Furniture and Office equipment	1 000 000	145 338.58	854 661.42
Total			166 434 000	131 618 818.75	34 815 181.25

8.5 Bursary and Study Assistance

The Accounting Officer reported that the Ministry granted bursaries and study assistance to nine (9) staff members to the amount of N\$ 299 333.10 in various areas of study during the year under review.

8.6 Vehicle Accidents

The Accounting Officer reported that the Ministry had eight (8) motor vehicle accidents during the financial year under review. Only four (4) vehicles were repaired at a total cost of N\$ 42 379.91.

WINDHOEK

Dr. M. LINDEQUE
ACCOUNTING OFFICER