



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

MINISTRY OF INFORMATION & COMMUNICATION TECHNOLOGY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

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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 Information and Communication Technology for the financial year ended 31 March 2011 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 2012

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE
MINISTRY OF INFORMATION AND COMMUNICATION TECHNOLOGY
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2011**

1. INTRODUCTION

1.1 Report

This report on the accounts of the Ministry of Information and Communication Technology for the financial year ended 31 March 2011 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 total budget was underspent by N\$ 18 841 892.93 (7.49%). The under mentioned unauthorized expenditure is reported in terms of Section 27(6)(a) of the State Finance Act, 1991 (Act 31 of 1991):

- (i) Although treasury approval was obtained to utilize certain expected savings for defrayal of excess expenditure by way of virement during the year, twelve (12) subdivisions were exceeded by an amount totalling N\$1 076 994.46 according to the main ledger. The whole amount is made up of operational expenditure. The excess expenditure is contrary to section 6(a)(iii) of State Finance Act, 1991 (Act 31 of 1991).

In his comments on the draft report the Accounting Officer indicated that he agrees with the finding and that the contributing factor is that the General Ledger is never available in time to enable possible further virement to take place before the end of the financial year. Another contributing factor is that there seems to be a challenge in terms of the IFMS because it allows payments to go through even in the events of insufficient funds.

4.1.2 Subsistence and travelling allowance

The Ministry reported balance in the outstanding subsistence advance to the amount of N\$ 8 322.00 but the S&T advances suspense account reflects a balance of N\$ 117 388.26 which gives an unexplained difference of N\$ 109 066.26.

The Accounting Officer should explain the balance as a matter of urgency.

In his comment on the draft report the Accounting Officer indicated that he is busy with the reconciliation to find out exactly what brought up a difference of N\$ 109 066.26.

5. ACKNOWLEDGEMENT

The assistance and co-operation of the management and staff of the Ministry of Information and Communication Technology during the audit is appreciated.

6. AUDIT OPINION

I certify that I have audited the financial statements of the Ministry of Information and Communication Technology for the financial year ended 31 March 2011 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 29 for the year ended 31 March 2011 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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Windhoek
Namibia

1. FINANCIAL STATEMENTS

1.1 Appropriation account

Service	2010/2011				2009/2010
	Authorized expenditure	Actual expenditure	Variations		Actual expenditure
			Under-expenditure/ (Excess)	Percent-age	
	N\$	N\$	N\$	%	N\$
01. Office of the Minister:					
Original budget	4 500 000	4 427 476.04	72 523.96	1.61	3 316 850.10
02. Administration:					
Original budget	26 248 000	13 851 687.88	12 396 312.12	47.23	9 175 434.92
03. Print Media Affairs					
Original budget	137 184 000	134 669 566.32	2 514 433.68	1.83	129 143 684.26
04. Audio Visual Media, Copyright Services and Regional Offices:					
Original budget	74 790 000	73 980 330.97	989 669.03	1.32	63 930 941.93
05. Information Communication Technology Development					
Original budget	4 268 000	3 484 266.92	783 733.08	18.36	5 533 244.97
06. Communication					
Original budget	4 317 000	2 231 778.94	2 085 221.06	48.30	21 959 543.27
Totals	251 487 000	232 645 107.07	18 841 892.93	7.49	233 059 699.45

1.2 Standard subdivisions

Subdivision	2010/2011			209/2010
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<u>Operational:</u>				
Current expenditure: Personnel				
001. Remuneration	24 862 000	21 714 304.64	3 147 695.36	19 736 695.48
002. Employer's contribution to GIPF	3 016 000	2 480 124.04	535 875.96	2 265 418.14
003. Other conditions of service	427 000	892 405.63	(465 405.63)	355 439.01
Total	28 305 000	25 086 834.31	3 218 165.69	22 357 552.63
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	2 625 000	2 261 635.91	363 364.09	2 209 854.76
022. Materials and supplies	1 114 000	782 965.63	331 034.37	556 388.09
023. Transport	4 000 000	3 470 167.86	529 832.14	1 678 202.75
024. Utilities	2 422 000	2 441 633.05	(19 633.05)	1 846 182.29
025. Maintenance	1 118 000	934 336.20	183 663.80	634 274.90
026. Property rental and related charges	500 000	486 537.02	13 462.98	779 838.71
027. Other services and expenses	4 474 000	4 008 734.13	465 265.87	4 716 738.03
Total	16 253 000	14 386 009.80	1 866 990.20	12 421 479.53
Current expenditure: Membership fees and subscriptions				
041. International	247 000	260 738.84	(13 738.84)	81 990.15
042. Domestic	100 000	100 000.00	-	153 000.00
Total:	347 000	360 738.84	(13 738.84)	234 990.15
Current expenditure: Subsidies, grants and other transfers				
043. Government Organization	30 000	15 838.20	14 161.80	8 500.00
044. Individual and non-profit organizations	124 142 000	124 142 000.00	-	120 841 408.65
Total	124 172 000	124 157 838.20	14 161.80	120 849 908.65
Total: Current expenditure	169 077 000	163 991 421.15	5 085 578.85	155 863 930.96
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	1 232 000	835 022.58	396 977.42	601 690.57
102. Vehicles	-	-	-	700 000.00
Total:	1 232 000	835 022.58	396 977.42	1 301 690.57
Total: Operational expenditure	170 309 000	164 826 443.73	5 482 556.27	157 165 621.53
<u>Development:</u>				
Capital expenditure: Goods and other services				
027. Other services and expenses	8 797 000	8 044 884.67	752 115.33	3 675 000.00
Total	8 797 000	8 044 884.67	752 115.33	3 675 000.00

ANNEXURE A (continued)

Subdivision	2010/11			2009/10
	Authorized expenditure	Actual expenditure	Under expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	2 155 000	2 155 000.00	-	3 700 000.00
103. Operational equipment and machinery	25 747 000	25 747 000.00	-	30 232 000.00
105. Feasibility studies, design and supervision	1 770 000	1 770 000.00	-	22 224 724.77
106. Purchase of land and intangible assets	-	-	-	183 970.99
107. Construction, renovation and improvements	42 709 000	30 101 778.67	12 607 221.33	15 878 382.16
Total	72 381 000	59 773 778.67	12 607 221.33	72 219 077.92
Total: Development expenditure	81 178 000	67 818 663.34	13 359 336.66	75 894 077.92
GRAND TOTAL	251 487 000	232 465 107.07	18 841 892.93	233 059 699.45

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue heading	Estimate	Actual revenue 2010/2011	More/(Less) than estimated	Actual revenue 2009/2010
	N\$	N\$	N\$	N\$
Private telephone calls	350	-	(350.00)	-
Miscellaneous	60 000	253 220.67	193 220.67	134 980.10
Sale of Constitution	3 600	5 975.00	2 375.00	23 505.00
Sale of photos	6 000	189 135.00	183 135.00	109 735.00
Sale of Namibian Review	2 600	2 392.00	(208.00)	2 125.00
TOTAL	72 550	450 722.67	378 172.67	270 345.10

1.4 Notes to the financial statements

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

(i) Underexpenditure

Main division 02 –Administration (N\$ 12 396 312.12 – 47.23%)

This main division exceeded 2% on appropriation account of variances that is 47.23% was recorded during the period under review. This came as a result of unfilled vacancies. Although all the planned activities under this main division were carried out successfully, budgeted funds could not be depleted due to the fact that payments were done based on the invoices submitted more specifically on the side of MICT Headquarter and Regional offices project for which only the feasibility studies and documentation were carried out and payments were done on the exact amounts as reflected the on invoices. Staff members managed their funds economically by prioritizing trips that were of outmost important for both Domestic and Foreign.

ANNEXURE A (continued)

Main division 05 –Information Communication Technology Development (N\$ 783 733.08 – 18.36%)

This main division recorded a variance of 18.36%. This resulted from Contributions to the G.I.P.F, remuneration and other condition of service were paid accordingly and the under expenditure was mainly for unfilled vacancies. The division was faced with a challenge of finding potential candidate such as Translators of different indigenous languages and this resulted in vacancies to remain unfilled. The demand for office furniture and equipment could not be utilized as intended as this has to match with the number of positions filled.

Main division 06 –Communication (N\$ 2 085 221.06 –48.30%)

This main division recorded an Appropriation Account on variance of 48.30%.This came as a result of the Transfer of this main division from the Ministry of Works Transport and Communication for which only three staff members were transferred.Appropriated funds earmarked for all operational activities ranged from remuneration, material and supply,maintenance,office furniture etc. could not be utilized to a satisfactory level due to the fact that most vacancies remained unfilled, thus a variance as stated above.

2. GENERAL INFORMATION

2.1. Bursary and staff assistance

During the financial year under review the Ministry paid study assistance to the amount of N\$ 86 795.00 for twelve (12) staff members to the various institutions in Namibia and South Africa. The study assistance was for capacity building and staff motivation.

2.2. Development projects

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

Nature of project	Approved total cost of project	Total expenditure as at 31 March 2010	Approved appropriation 2010/2011	Actual expenditure 2010/2011	Total expenditure up to 31 March 2011	Year of completion
	N\$	N\$	N\$	N\$	N\$	
Ministry of Information and Communication Technology office complex (Head Quarter and Regions)	33 438 000	1 396 725.77	15 258 000	3 650 778.67	5 047 503.44	31March 2012
Establishment and roll-out of high broadband access networks	29 903 000	18 903 000.00	1 000 000	-	18 903 000.00	30 June 2011
Education audiovisual network consolidation	10 339 000	17 985 411.82	4 920 000	4 167 884.67	22 153 296.49	31 March 2015
Expansion and upgrading of NBC transmitter Network	321 036 000	191 613 547.63	40 000 000	40 000 000	231 613 547.63	31 March 2020
Upgrading of NBC studios	136 084 000	129 374 212.23	20 000 000	20 000 000	149 374 212.23	31 March 2020
Total	530 800 000	359 272 897.45	81 178 000	67 818 663.34	427 091 560.79	

2.3. Exemption from normal Tender Board exemptions

The Ministry obtained exemptions from normal Tender procedures from the Tender Board on 23 April 2010 under reference E1/4-1/09 for procurements of goods and services amounting to N\$ 138 222 000.00. The Ministry requires the exemption to obtain suppliers and goods from private companies without delay, in such case, when commodities are only required in very small quantities and it is not possible to secure proper contract or invite formal tenders.

The following information for items that was exempted from the normal Tender Board procedures during the financial year under review:

Description of goods and services	Estimates value	Actual expenditure	Differences
	N\$	N\$	N\$
021: Travel and Subsistence	1 900 000	1 810 000	90 000
022: Material and supplies	1 000 000	956 000	44 000
023: Fleet and related services	3 700 000	2 678 000	1 022 000
024: Utilities	1 800 000	1 747 000	53 000
025: Maintenance	1 000 000	854 000	146 000
026: Property rental and related charges	400 000	381 000	19 000
027: Other services	4 000 000	3 717 000	283 000
041: Membership/License fees (International)	150 000	82 000	68 000
043 - 044: Subsidies: Government, Individual and Non-profit organizations			1 234 000
	124 272 000	123 038 000	
Total	138 222 000	135 263 000	2 959 000

2.4. Suspense accounts

The main ledger shows five (5) suspense accounts had balances at 31 March 2010, of which four(4) had debit balances and one (1) with a credit balance.

The following suspense accounts had outstanding balances of more than N\$ 100 000:

Suspense account	Balance 31/03/2011	
	Debit	Credit
	N\$	N\$
Bills payable		3 733 830.50
S&T Advance Suspense Account	117 388.26	

WINDHOEK, 2012-01-24

M. UA-NDJARAKANA
ACCOUNTING OFFICER