



**REPUBLIC OF NAMIBIA**

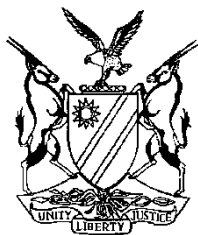


**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**  
**MINISTRY OF FOREIGN AFFAIRS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

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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 Foreign Affairs 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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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

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**1. REPORT ON THE FINANCIAL STATEMENTS**

**1.1 INTRODUCTION**

This report on the accounts of the Ministry of Foreign Affairs 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 Foreign Affairs for the financial 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 accounts were submitted timeously by the Accounting Officer to the Auditor-General on 04 February 2015 in terms of Section 13 of the State Finance Act, 1991.

The financial statements, notes to the financial statements provided 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 and 13 of the State Finance Act, Act 31 of 1991 and relevant 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). 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**

- (a) The total budget was underspent with an amount of N\$1 468 104.23 (0.21%).
- (b) One (1) operational subdivision was exceeded by an amount totalling N\$ 1 376 472.01 which is unauthorised in terms of Section 6(a) (iii) of the State Finance Act, 1991.

It is recommended that the Accounting Officer should closely monitor and review the financial position of the Ministry on a continuous basis to enable better financial control, and take appropriate action timeously to avoid unauthorized expenditure.

## 1.4.2 Virements

Virements of main divisions as reflected in the Appropriation Account does not agree with those approved by Treasury. It is of grave concern that the Ministry's virements are not reconciling for the second consecutive year.

<b>Main division</b>	<b>Approved virements</b>	<b>Appropriation account</b>	<b>Difference</b>
	N\$	N\$	N\$
01 Office of the Minister	540 500	553 530.99	(13 030.99)
02 Administration	(1 226 796)	(1 232 553.77)	5 757.77
03 Regional and Bilateral Affairs	2 072 030	2 011 945.95	60 084.05
04 Multilateral Policy Coordination	7 240 000	6 969 923.82	270 076.18
05 Protocol and Consular	1 115 000	1 134 430.64	(19 430.64)
06 Missions	(9 840 734)	(9 437 277.63)	(403 456.37)

It is recommended that the Accounting Officer should ensure that the approved virements in the Appropriation Account agree with those approved by Treasury.

## 1.5 ACKNOWLEDGEMENT

I would like to express my appreciation for the courtesy extended and assistance rendered by the staff of the Ministry of Foreign Affairs during audit.

## 1.6 UNQUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the Ministry of Foreign Affairs 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).

In my opinion, the financial statements present fairly in all material respects, the financial position of the Ministry of Foreign Affairs as at 31 March 2014 and its financial performance and its cash flows for the year then ended in accordance with the State Finance Act.

WINDHOEK, May 2015

**JUNIAS ETUNA KANDJEKE**  
**AUDITOR-GENERAL**

## **2. ADDITIONAL REPORTING RESPONSIBILITIES**

### **2.1 OTHER MATTERS**

Without expressing an audit opinion on the basis of this paragraph, and excluding matters already disclosed by the Ministry of Foreign Affairs in the financial statements I draw attention to the following other matter(s) that relate to my responsibility in the audit of the financial statements.

During the audit of Namibian Missions abroad, the following issues were raised:

- The officials responsible for the collecting record keeping and banking of State monies are not appointed in writing as stipulated by Treasury Instruction GC0101;
- Lack of supervisory checks especially on the cash-book and other revenue related records;
- No counter books are in place to account for E-class items (Consumables items);
- Attendance registers are not implemented;
- Not all Government properties are marked with the GRN ownership mark as required by Treasury Instruction KA 0701;
- Salary files of local staff were found not updated with increments and other related information;
- Salary files of home based staff were lacking personal documentation;
- No clear salary structure for local staff; and
- No proper controls exist over transport;

It is recommended that the Accounting Officer should put measures in place and implement controls to ensure that staff that perform administrative duties adhere to the procedures as stated in various administrative regulations.

## 1. AUDITED FINANCIAL STATEMENTS

## 1.1 Appropriation account

Service	2013/2014				2012/2013	
	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure / (Excess)	Percentage		
N\$	N\$	N\$	N\$	%	N\$	
<b>01. Office of the Minister:</b>						
Original budget	5 851 000.00					
Plus: Virements	553 530.99	6 404 530.99	6 393 221.70	11 309.29	0.18	5 705 826.24
<b>02. Administration:</b>						
Original budget	48 697 000.00					
Less: Virements	(1 232 553.77)	47 464 446.23	47 160 696.96	303 749.28	0.64	32 433 218.74
<b>03. Regional and Bilateral Affairs:</b>						
Original budget	15 805 000.00					
Plus: Virements	(2 011 945.95)	17 816 945.95	17 708 543.91	108 402.04	0.61	10 074 605.42
<b>04. Multilateral Policy Co-ordination:</b>						
Original budget	46 976 000.00					
Plus: Virements	6 969 923.82	53 945 923.82	53 474 132.08	471 791.74	0.87	20 273 303.81
<b>05. Protocol and Consular:</b>						
Original budget	11 230 000.00					
Plus: Virements	1 134 430.64	12 364 430.64	12 197 820.59	166 610.05	1.35	9 153 258.75
<b>06. Missions:</b>						
Original budget	564 526 000.00					
Less: Virements	(9 437 277.63)	555 088 722.37	554 682 480.54	406 241.83	0.07	465 109 746.28
<b>Total:</b>		<b>693 085 000.00</b>	<b>691 616 895.77</b>	<b>1 468 104.23</b>	<b>0.21</b>	<b>542 749 959.24</b>



## 1.2 Standard subdivisions

Subdivision	2013/2014			2012/2013
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational:</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	289 416 392.82	290 782 449.94	(1 366 057.12)	254 444 222.04
002. Employer's contribution to the G.I.P.F	11 135 608.34	11 114 259.90	21 348.44	8 733 253.92
003. Other conditions of service	37 804 576.00	37 474 715.79	329 860.21	22 787 440.29
<b>Total</b>	<b>338 356 577.16</b>	<b>339 371 425.63</b>	<b>(1 014 848.47)</b>	<b>285 964 916.25</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence expenses	29 901 617.42	28 841 117.26	1 060 500.16	21 959 879.97
022. Materials and supplies	6 958 722.58	6 953 851.94	4 870.64	5 424 112.70
023. Transport	25 633 430.00	25 628 503.44	4 926.56	17 200 384.31
024. Utilities	23 018 640.84	23 018 311.13	329.71	17 948 970.18
025. Maintenance expenses	10 016 593.00	10 016 031.76	561.24	6 336 123.77
026. Property rental and related charges	83 291 838.00	83 288 698.34	3 139.66	67 629 039.48
027. Other services and expenses	18 933 859.00	18 874 776.52	59 082.48	9 426 837.34
<b>Total</b>	<b>197 754 700.84</b>	<b>196 621 290.39</b>	<b>1 133 410.45</b>	<b>145 925 347.75</b>
<b>Current expenditure: Membership fees and subscriptions</b>				
041. International	44 274 587.00	44 274 225.66	361.34	12 275 029.65
<b>Total</b>	<b>44 274 587.00</b>	<b>44 274 225.66</b>	<b>361.34</b>	<b>12 275 029.65</b>
<b>Current expenditure: Subsidies, grants and other transfers</b>				
043. Government organisations	6 669 831.00	6 569 824.50	100 006.50	3 096 025.00
<b>Total</b>	<b>6 669 831.00</b>	<b>6 569 824.50</b>	<b>100 006.50</b>	<b>3 096 025.00</b>
<b>Total: Current expenditure</b>	<b>587 055 696.00</b>	<b>586 836 766.18</b>	<b>218 929.82</b>	<b>447 261 318.65</b>
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	9 234 160.00	8 784 410.45	449 749.55	3 028 020.64
102. Vehicles	16 795 144.00	16 788 679.99	6 464.01	787 500.00
<b>Total</b>	<b>26 029 304.00</b>	<b>25 573 090.44</b>	<b>456 213.56</b>	<b>3 815 520.64</b>
<b>Total operational expenditure</b>	<b>613 085 000.00</b>	<b>612 409 856.62</b>	<b>675 143.38</b>	<b>451 076 839.29</b>
<b>Development</b>				
<b>Capital expenditure: Acquisition of assets</b>				
105. Feasibility studies, design and supervision	6 000 000.00	6 000 000.00	-	983 119.95
134. Abroad	74 000 000.00	73 207 039.15	792 960.85	90 690 000.00
<b>Total: Development expenditure</b>	<b>80 000 000.00</b>	<b>79 207 039.15</b>	<b>792 960.85</b>	<b>91 673 119.95</b>
<b>GRAND TOTAL</b>	<b>693 085 000.00</b>	<b>691 616 895.77</b>	<b>1 468 104.23</b>	<b>542 749 959.24</b>

ANNEXURE A (continued)

**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\$
Private telephone calls	25 000	12 129.56	(12 870.44)	18 592.99
Unclaimed cheques	-	-	-	(453.12)
Miscellaneous	1 000 000	190 840.46	(809 159.54)	359 748.25
Interest on investments	150 000	87 321.95	(62 678.05)	134 404.98
House rent: Foreign Missions	1 421 908	216 397.97	(1 205 510.03)	1 337 765.41
<b>Total</b>	<b>2 596 908</b>	<b>506 689.94</b>	<b>(2 090 218.06)</b>	<b>1 850 058.51</b>

**2 GENERAL INFORMATION**

**2.1 Bank accounts**

The Accounting Officer reported the following closing balances as at 31 March 2014:

Mission	Balance as at 31 March 2014
	N\$
Abuja	30 031.70
	1 848 340.91
Addis Ababa	10 537 549.27
	56 028.61
Beijing	345 740.86
Berlin	1 925 715.40
Brazil	503 433.10
	695 721.95
Brussels	4 486 864.14
Cairo	8 059 322.00
Cape Town	321 220.67
Dar Es Salam	146 240.15
Gaborone	3 400 332.43
	1 122 019.53
	921 918.32
Geneva	145 110.11

## ANNEXURE A (continued)

Mission	Balance as at 31 March 2014
Harare	N\$ 4 479.38
Harare	453 166.01
Havana	2 905 928.79 1 397 794
Kinshasa	1 900 803.76
Kuala Lumpur	468 065.44 1 341 603.74
London	75 163.50 11 113 963.74
Luanda – USD	498 509.96 280 412.59
Lusaka	1 316 821.78 861.51
Moscow	9 419 545.28 153 994.31 59 233.74
New York	14 112 643.83 3 046.502.84
New Delhi	85 026.09 52 003.63
Ondjiva	1 154 192.70 49 102.81
Paris	680 157.78
Pretoria	684 902.47
Stockholm	3 286 017 380 655.18
Tokyo	5 473 761.98
Viena	722 962.88
Menogue	2 588 888.67
Washington	1 450 557.18

## 2.2 Relief of distress

During the financial year under review the Ministry incurred expenditure for the relief for distress in the form of contributions to the following organisations:

Nature of distress	Nature of the relief	Amount
Contribution to the African-led International support mission in Mali	African led international support mission in Mali	US\$ 1 000 000
Voluntary contribution towards electoral process in Madagascar	Collective support to the Government and people of Madagascar	600 639
African Solidarity initiative in support for post-conflict reconstruction and development in Africa	Pledge to Africa-led International support Mission to Central African Republic	500 000

## 2.3 Capital projects

The following are development projects of the Ministry as reflected in the General Ledger and the Development Budget:

Nature of project	Approved total budget	Approved appropriation 2013/2014	Total expenditure as at 31/03/2013	Actual expenditure 2013/2014	Total expenditure up to 31/03/2014	Expected year of completion
Installation of biometric access control system at HQ building	N\$ 5 000 000	N\$ 5 000 000	N\$ -	N\$ 5 000 000.00	N\$ 5 000 000.00	31/03/2014
Purchase of Diplomatic Premises Abroad	695 153 000	75 000 000	745 534 093.54	74 207 039.15	819 741 132.69	31/03/2016
<b>Total</b>	<b>700 153 000</b>	<b>80 000 000</b>	<b>745 534 093.54</b>	<b>79 207 039.15</b>	<b>824 741 132.69</b>	

## 2.4 Vehicle accidents

The Accounting Officer reported seven (7) vehicle accidents during the financial year under review. Four (4) vehicles were repaired at a total cost of N\$ 22 282.74. Two (2) vehicles still had to be repaired by 31 March 2014. One vehicle was slightly damaged and was repaired by government garage. The cost will be paid in the 2014/15 financial year.

## 2.5 Tender Board exemption

Tender Board approved one annual exemption from normal Tender procedures, E1/28-1/2013 to the value of N\$ 360 490 000 for the purchase of diplomatic premises, construction, renovations and improvements abroad and for goods and services required during the 2013/2014 financial year.

The exempted amount comprises the following:

Service	Exempted amount	Actual amount	Difference
	N\$	N\$	N\$
Travel and subsistence expenses	24 434 000	28 841 117.26	(4 407 117.26)
Materials and Supplies	7 829 000	6 953 851.94	875 148.06
Transport	23 315 000	25 628 503.44	(2 313 503.44)
Utilities	20 870 000	23 018 311.13	(2 148 311.13)
Maintenance expenses	10 125 000	10 016 031.76	108 968.24
Property rental and related charges	80 974 000	83 288 698.34	(2 314 698.34)
Other services and expenses	15 926 000	18 874 776.52	( 2 948 776.52)
Membership fees & subscription	34 500 000	44 274 225.66	(9 774 225.66)
Government organisations	7 253 000	6 569 824.50	683 175.50
Furniture and office equipment	9 873 000	8 784 410.45	1 088 589.55
Vehicles	15 195 000	16 788 679.99	(1 593 679.99)
Operational Equipment, Machinery and Plants	196 000	-	196 000.00
Capital Project Fund (purchase of diplomatic premises)	110 000 000	79 207 039.15	30 792 960.85
<b>Total</b>	<b>360 049 000</b>	<b>352 245 470.14</b>	<b>8 244 529.86</b>

## 2.6 Suspense accounts

The final ledger shows five (5) suspense account balances of the Ministry as at 31 March 2014 all with debit balances.

Description	Debit
	N\$
Receipt Suspension	13 521.66
Foreign Missions Bank Account	29 883 401.31
S & T Advance Suspension Account	998 082.55
Rejection Account	86 038.04
Bills Payable	1 037 153.28