



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF JUSTICE
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

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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 Justice for the financial year ended 31 March 2017 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, February 2018

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

DEFINITIONS

Types of Audit Opinions:	<p>Unqualified Opinion. In an unqualified report, the auditors conclude that the financial statements of your O/M/A's present fairly its affairs in all material aspects.</p> <p>Qualified Opinion. An auditor's report is qualified when there is either a limitation of scope in the auditor's work, or when there is a disagreement with management regarding application, acceptability or adequacy of accounting policies.</p> <p>Disclaimer Opinion. Auditor's do not express an opinion on the financial position of a firm because they have not completed an examination of its accounts or the examination is not broad enough in scope to enable them to form an opinion.</p> <p>Adverse Opinion. The Financial statement of an O/M/A's do not fairly present its actual financial position and the required information was either not disclosed, or (if disclosed) was inadequately disclosed or was inaccurate.</p>
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 without 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.

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 specified
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) performance agreements and personal development plans)
Materiality:	Is a concept or convention relating to the importance or significance of an amount, transaction, or discrepancy that effects the decision of the user.

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**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF JUSTICE
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

1. REPORT ON THE FINANCIAL STATEMENTS

1.1 INTRODUCTION

This report on the accounts of the Ministry of Justice for the financial year ended 31 March 2017 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 Justice for the year ended 31 March 2017. These financial statements comprise the following statements submitted for the year 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, Act 31 of 1991.

The financial statements, notes to the financial statements and general information supplied 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 Sections 12 and 13 of the State Finance Act, 1991 (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). 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

1.4.1.1 Unauthorised expenditure

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

- (i) Three (03) main divisions were exceeded with N\$ 318 678.22, 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 savings for the defrayal of expenditure through virements during the year, eleven (11) subdivisions were exceeded with a total amount of N\$ 1 055 904.79 which 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.

Management comment

In his response on the draft report, the Accounting Officer indicated that the Ministry accepts the findings but wish to state that a letter was written to the Ministry of Finance to obtain approval to utilise savings to ensure that no unauthorised expenditure will be incurred. The request was not approved by the Ministry of Finance. The Accounting Officer put measures in place to avoid over-expending and ensure that planned activities are implemented with the approved budget.

1.4.1.2 Underexpenditure

The Accounting Officer did not provide explanations for variances in excess of 2% on the following main divisions as required by Section 13 (2) of the State Finance Act, Act 31 of 1991:

Main division	Variance
	%
09: Attorney General	100
10: Civil Litigation	100
11: Prosecutor General	100
12: Legal Services and International Cooperation	100
13: Master of the High Court	4.31
14: Magistracy	115.72

The Accounting Officer should explain the variance on the above-mentioned main divisions as required by the Act. The Accounting Officer should also explain why funds were viremented to those main divisions despite the fact that the Ministry requested the Ministry of Finance to transfer those main divisions to the Office of the Judiciary and the Office of the Attorney-General after the split from the Ministry of Justice.

Management comment

In his response on the draft report, the Accounting Officer indicated that these main divisions should have been suspended from the Ministry of Justice chart of accounts after the split of the office of the Attorney-General and the Office of the Judiciary from the Ministry of Justice but was not done by the Ministry of Finance.

1.4.1.3 Points keeping stock and stock taking

The Accounting Officer reported that the Ministry conducted stock taking at eight (8) stock control points. However, these stock taking reports were not approved by Treasury due to the fact that no arrangements were made for the late submission of the stock taking reports.

It is recommended that the Accounting Officer should comply with Treasury Instruction KA 0901 which stipulates that " *Accounting Officer shall submit the report to Treasury for approval as soon as possible after the stocktaking within 30 days after the end of the financial year*".

Management comment

In his response on the draft report, the Accounting Officer indicated that the Ministry accepts the findings and will ensure that compliance with the applicable Treasury Instructions in future.

1.4.2 Virements

The following virements at the respective main divisions as reflected in the appropriation account do not agree with the virements as approved by Treasury. This resulted in the misstatement of the standard subdivisions. Circular D12/2016 of the Auditor-General requires the approved virements to be compared to the General Ledger to ensure that they are in agreement and any differences to be explained:

Main Division	Authorised virements	Virement as per Appropriation account	Difference
	N\$	NS	N\$
01 –Office of the Minister	(27 754)	(123 469)	95 715
02 –Central Administration and Legal Support Services	(22 432 998)	(18 593 999)	(3 838 999)
03 –Law Reform	2 089 640	2 013 512	76 128
04 –Legislative Drafting	3 860 832	5 228 965	102 131
05 – Office of the Ombudsman	2 818 530	2 716 399	(400 017)
07 –Legal Services	971 344	685 554	285 790
08 –Master of High Court	2 000 273	2 013 600	(13 327)

This issue has also been reported for two consecutive financial years, 2014/2015 and 2015/2016. In his previous responses, the Accounting Officer indicated that internal control measures have been put in place to prevent this from happening in future, however no improvement has taken place.

It is once again recommended that the Accounting Officer should comply with Treasury Instruction DE 0401 which stipulates that “*Accounting Officer shall keep a meticulous record of virements which were granted in respect of their votes, as, after the books have been closed for the financial year concerned they must indicate the effect on the estimated amounts on the appropriation accounts (whether an increase or decrease).*”

Management comment

In his response on the draft report, the Accounting Officer indicated that the Ministry always verifies to make sure that the appropriation account agrees with the approved virement. Unfortunately the Ministry of Finance reversed funds which resulted in the differences for virementation.

1.5 ACKNOWLEDGEMENT

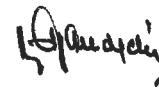
The assistance and co-operation of the management and staff of the Ministry of Justice during the audit is appreciated.

1.6 UNQUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the Ministry of Justice 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,1991 (Act 31 of 1991).

In my opinion, the financial statements present fairly in all material respects, the financial position of the Ministry of Justice as at 31 March 2017 and its financial performance and its receipts and payments for the year then ended in accordance with the State Finance Act,1991 (Act 31 of 1991).

WINDHOEK, February 2018



JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

1. AUDITED FINANCIAL STATEMENTS

1.1 Appropriation Account

2016/2017						2015/2016
Service	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percentage		
N\$	N\$	N\$	N\$	%	N\$	
01. Office of the Minister:						
Original budget						
Less: Virement						
Less: Suspension						
	2 787 533.00	2 734 102.89	53 430.11	1.92	3 210 000.55	
02. Central Administration And Legal Support Services:						
Original budget						
Less: Virement						
Less: Suspension						
	141 991 311.89	142 153 208.14	(161 896.25)	(0.11)	125 772 481.63	
03. Law Reform:						
Original budget						
Plus: Virement						
Less: Suspension						
	10 054 441.68	9 967 029.07	87 412.61	0.87	12 053 742.54	
04. Legislative Drafting:						
Original budget						
Plus: Virement						
Less: Suspension						
	17 352 929.00	17 391 934.77	(39 005.77)	(0.22)	11 419 610.16	
05. Office of the Ombudsman:						
Original budget						
Plus : Virement						
Less: Suspension						
	18 241 522.00	18 359 298.20	(117 776.20)	(0.65)	20 615 084.44	

1.1 Appropriation account (continued)

2016/2017						2015/2016
Service	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percent-age		
N\$	N\$	N\$	N\$	%	N\$	
06. Legal Aid :						
Original budget	45 067 000.00					
Plus: Virement	10 703 606.00					
Less: Suspension	(700 175.00)	55 070 431.00	54 892 580.43	177 850.57	0.32	52 830 624.69
07. Legal Service:						
Original budget	16 790 000.00					
Plus: Virement	685 554.00					
Less: Suspension	(1 295 062.00)	16 180 492.00	15 950 344.01	230 147.99	1.42	2 727 235.53
08. Master of the High Court:						
Original budget	15 347 000.00					
Plus: Virement	2 013 600.00					
Less: Suspension	(247 765.00)	17 112 835.00	16 755 577.98	357 257.02	2.09	159 769 975.49
09. Attorney General:						
Plus: Virement	35 538.00	35 538.00	-	35 538.00	100	-
10. Civil Litigation:						
Plus: Virement	1 422.00	1 422.00	-	1 422.00	100	2 385 152.00
11. Prosecutor General:						
Plus: Virement	89 520.00	89 520.00	-	89 520.00	100	8 168 607.87
12. Legal Services and International Cooperation:						
Plus: Virement	13 000.00	13 000.00	-	13 000.00	100	13 859 915.62
13. Master of the High Court:						
Plus: Virement	206 210.00	206 210.00	197 328.16	8 881.84	4.31	-
14. Magistracy:						
Plus: Virement	10 142.00	10 142.00	(1 593.86)	11 735.86	115.72	66 626 682.04
TOTAL:		279 147 327.57	278 399 809.79	747 517.78	0.27	*335 646 112.56

**Office of the Judiciary and Office of the Attorney general were still part of the Ministry of Justice during the 2015/2016 financial year; some main divisions were transferred to the Office of the Judiciary and the Office of the Attorney-General respectively.*

ANNEXURE A (continued)

1.2 Standard Subdivisions

Subdivision	2016/2017			2015/2016
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	114 601 759.00	115 313 896.99	(712 137.99)	280 013 596.33
002. Employers contribution to the GIPF and M.P.O.O.B.P.F	12 858 897.00	12 614 645.42	244 251.58	31 018 802.11
003. Other condition of service	1 332 195.00	1 331 396.81	798.19	3 816 782.20
004. Improvement of remuneration structure	1 081 065.00	1 081 064.22	0.78	1 600 000.00
005. Employers contribution to the Social Security	(496.00)	(500.45)	4.45	658.84
Total	129 873 420.00	130 340 502.99	(467 082.99)	316 449 839.48
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	6 941 665.00	6 492 962.38	448 702.62	21 708 171.52
022. Materials and supplies	2 526 390.00	2 520 400.98	5 989.02	10 389 748.15
023. Transport	-	-	-	70 102.23
024. Utilities	22 380 536.00	22 324 593.99	55 942.01	41 382 547.03
025. Maintenance expense	1 002 322.00	994 096.55	8 225.45	2 890 146.29
026. Property rental and related charges	1 459 224.00	1 459 223.56	0.44	5 273 900.66
027. Other services and expenses	53 302 001.68	52 669 169.44	632 832.24	123 471 112.35
Total	87 612 138.68	86 460 446.90	1 151 691.78	205 185 728.23
Current expenditure: Membership fees and subscriptions				
041. International	509 509.00	496 686.19	12 822.81	772 600.03
042. Domestic	59 300.00	59 241.14	58.86	148 051.59
Total	568 809.00	555 927.33	12 881.67	920 651.62
Total: Current expenditure	218 054 367.68	217 356 877.22	697 490.46	522 556 219.33
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	968 303.00	967 798.18	504.82	6 860 419.17
Total: Capital expenditure	968 303.00	967 798.18	504.82	6 860 419.17
Total: Operational expenditure	219 022 670.68	218 324 675.40	697 995.28	529 416 638.50
Development:				
Capital expenditure: Acquisition of assets				
105. Feasibility studies, design and supervision	18 419 432.00	18 415 661.38	3 770.62	20 297 278.11
107. Construction, renovation and improvements	41 705 224.89	41 659 473.01	45 751.88	62 881 035.01
Total: Development expenditure	60 124 656.89	60 075 134.39	49 522.50	83 178 313.12
GRAND TOTAL	279 147 327.57	278 399 809.79	747 517.78	612 594 951.62

1.3 Revenue

Revenue for the year is as follows:

Revenue head	Estimate	Actual revenue 2016/2017	More/(Less) than estimated	Actual revenue 2015/2016
	N\$	N\$	N\$	N\$
Private telephone calls	1 500	-	1 500.00	847.53
Miscellaneous	350 000	133 115.05	(216 884.95)	1 904 126.58
Legal fees	55 000	72 493.15	17 493.15	20 089.88
Bail	2 000 000	-	(2 000 000.00)	3 881 605.00
Government Gazette	450 000	567 782.17	117 782.17	503 600.00
Photocopies	55 000	-	(55 000.00)	160 436.50
Unclaimed money	200 000	-	(200 000.00)	1 518 331.88
Total	3 111 500	773 390.37	(2 338 109.63)	7 989 037.37

1.4 NOTES TO THE FINANCIAL STATEMENTS

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

(i) Underexpenditure

Main division 08 – Master of High Court (N\$ 357 257.02 – 2.09%)

Underexpenditure resulted from lesser expenditure on salaries and GIPF due to the turnover of the staff.

2. GENERAL INFORMATION

2.1 Capital projects

The Accounting Officer reported the following development projects of the Ministry during the year under review:

Nature of project	Approved total budget	Total expenditure as at 31/03/2016	Approved appropriation 2016/2017	Actual expenditure 2016/2017	Total expenditure as at 31/03/2017	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Justitia Building Renovation	555 238 000	50 033 295.61	4 851 677.00	4 840 022.70	54 873 318.31	31/03/2019
Lower Courts Renovation	25 338 000	22 512 852.77	500 000.00	499 999.99	23 012 852.76	31/03/2020
Lower Courts Upgrading	534 124 000	276 478 292.13	36 351 000.00	36 315 017.65	312 793 309.78	31/03/2020
Windhoek H/C Upgrading	104 356 000	44 311 804.56	11 002 547.89	11 002 536.03	55 314 340.59	31/03/2020
Construction of Houses	20 017 000	9 569 804.69	700 000.00	700 000.00	10 269 804.69	31/03/2020
Construction of Prosec.-General	50 000 000	-	3 112 432.00	3 112 431.31	3 112 431.31	31/03/2020
Construction of Attorn.- General	51 607 000	3 000 000.00	3 607 000.00	3 605 126.71	6 605 126.71	31/03/2020
Total	1 340 680 000	405 906 049.76	60 124 656.89	60 075 134.39	465 981 184.15	

2.2 Suspense accounts

The final ledger shows five (5) suspense accounts balances at 31 March 2017, of which three (3) had debit balances and two (2) had credit balances as follows:

Suspense Account	Balance as at 31 March 2017 Debit / (Credit)
	N\$
Receipt suspense	8 148.08
S&T advance suspense account	33 989.38
Rejection account	(362.84)
Bills payable	(2 008 523.72)
Pension Funds: GIPF	13 191.47

2.3 Bank accounts

The Accounting Officer reported the following closing balance as at 31 March 2017:

Name of account	Financial Institution	Balance as at 31/03/2017
		N\$
Office of the Ombudsman	Nedbank	7 984.76

2.4 Exemption from normal Tender procedures

One annual exemption to the value of N\$ 81 138 611 was granted by Tender Board for the following goods and services for the financial year under review:

Exemption number	Description	Approved amount	Actual expenditure	Difference
		N\$	N\$	N\$
E1/12-1/2016	Travel and subsistence expenses	9 233 000	2 234 044.05	6 998 955.95
	Materials and supplies	2 193 077	919 907.84	1 273 169.16
	Transport	1 120 000	-	1 120 000.00
	Utilities	12 553 992	12 491 775.05	62 216.95
	Maintenance expenses	2 739 000	795 315.36	1 943 684.64
	Property rental	1 500 000	1 450 906.79	49 093.21
	Other services & expenses	51 799 542	36 597 384.82	15 202 157.18
	Total	81 138 611	54 489 333.91	26 649 277.09

2.5 Vehicles

2.5.1 Vehicle accidents

The Accounting Officer reported eighteen (18) vehicle accidents for the financial year under review. Seven (7) vehicles were repaired at a cost of N\$ 192 125.68. One (1) unauthorised vehicle accident was also reported by the Accounting Officer and the case is still under investigation.

2.5.2 Vehicles on hand

The Accounting Officer reported vehicles on hand for the year under review as follows:

Pool vehicles	Sedans	Pick-ups, Combies	Heavy vehicles	Trailers
Opening balance as per 1 st April 2016	23	26	1	3
Acquisition	-	-	-	-
Returned	-	-	-	-
Balance on 31st March 2017	23	26	1	3

2.6 Bursary and Study assistance

The Accounting Officer reported that financial assistance amounting to N\$ 258 120.49 was granted to twenty (20) employees during the year under review.

2.7 Wellness

The Accounting Officer reported that the Ministry spent N\$ 107 338.05 on Wellness activities during the financial year under review.

WINDHOEK, 2017-10-17

ISSASKAR VIRONGO KAVIZEMBUA NDJOZE
ACCOUNTING OFFICER

