



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

MINISTRY OF LABOUR, INDUSTRIAL RELATIONS AND EMPLOYMENT CREATION

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 Labour, Industrial Relations and Employment Creation 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, April 2018

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

DEFINITION

<p>Types of Audit Opinions:</p>	<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>
<p>Treasury:</p>	<p>Financial authority in public service. (The department of Government that has control over the collection, management and disbursement of public revenue).</p>
<p>Vote:</p>	<p>Represents an Office/Ministry/Agency.</p>
<p>Appropriation Act:</p>	<p>Estimate of expenditure and revenue for a particular financial year presented to the National Assembly, the Act passed by Parliament.</p>
<p>Appropriation Account:</p>	<p>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.</p>
<p>Standard sub-division:</p>	<p>Government balance account, showing balances incurred on each account/activity.</p>
<p>Suspension:</p>	<p>Reduction on budget (Treasury may from time to time withhold or suspend any amount in an estimate of expenditure).</p>
<p>Virement:</p>	<p>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.</p>
<p>Unauthorised Expenditure:</p>	<p>Expenditure that exceeds the amount appropriated (budgeted) for a vote, main division or subdivision.</p>
<p>Underexpenditure:</p>	<p>Saving on the budget.</p>
<p>Miscellaneous Revenue:</p>	<p>All revenue collected and not having a specified revenue code.</p>
<p>Tender Board Exemptions:</p>	<p>To free from an obligation (Tender Board Regulations) to which others are subjected.</p>
<p>Commitments:</p>	<p>Funds reserved to acquire goods or services from a supplier.</p>
<p>Suspense accounts:</p>	<p>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.</p>
<p>S&T Advance Suspense Account:</p>	<p>A suspense account reflecting the outstanding subsistence and travel advances.</p>

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)
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 LABOUR, INDUSTRIAL RELATIONS AND EMPLOYMENT CREATION
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 Labour, Industrial Relations and Employment Creation for the financial year ended 31 March 2017 is presented to the National Assembly in accordance with 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 Labour, Industrial Relations and Employment Creation for the financial year ended 31 March 2017. 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 account was submitted by the Accounting Officer 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 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, 1991 (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 Underexpenditure

Treasury Instructions DC 0202 which stipulates that "*When drawing up draft estimates, Accounting Officers and their Financial Advisers shall take note of and guard against the following: (a) more funds than can reasonably be spent shall not be requested; (b) services which must first be authorised under new legislation shall not be budgeted for beforehand (c) estimates shall not be loaded because curtailments are expected*".

The Accounting Officer reported an underexpenditure of N\$ 5 954 672.97, which is 3.54% of the total appropriated budget. However, no explanation was provided whether all objectives of the Ministry were met as per the requirement of Circular: D12/2016 of the Auditor - General.

The Accounting Officer should indicate whether all objectives of the Ministry were met in relation to the underexpenditure and also should always ensure that Treasury Instruction DC0202 is adhered to.

Management comment

In his response on the draft report, the Accounting Officer indicated that he concurs with the finding and the Ministry did not meet all its objectives due to the budget adjustments and budget cuts by the Ministry of Finance.

1.4.2 Unauthorized expenditure

The unauthorized expenditure mentioned below 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)

Although Treasury approval was obtained to utilize certain expected savings for the defrayal of expenditure by way of virement during the year, five (5) subdivisions were exceeded by an amount totaling N\$ 478 325.37, according to the main ledger. This amount is unauthorized in terms of Section 6(a) (iii) of the State Finance Act, 1991 (Act 31 of 1991).

It is recommended that the Accounting Officer should put measures in place in order to monitor the financial position and to take appropriate action timely to avoid exceeding appropriated funds.

Management comment

In his response on the draft report, the Accounting Officer indicated that he agrees with the finding in the report and has measures in place to avoid future over-expenditure.

1.4.3 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 for 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\$	N\$	N\$
01 – Office of the Minister	1 456 099	1 232 805	223 294
02 – Administration	(7 264 104)	(8 474 052)	1 209 948
03 – Labour Market Services	(272 427)	(172 427)	(100 000)
04 – Labour Services	4 375 262	4 291 262	84 000
05 – Office of the Labour Commissioner	3 470 452	3 320 452	150 000
07 – Office of the Employment Equity Commissioner	(24 605)	1 392 637	(1 417 242)
08 – International Relations and Advice	(1 740 677)	(1 590 677)	(150 000)

It is 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 he undertakes to comply fully with Treasury Instruction DE0401.

1.4.4 Outstanding Subsistence advance

In terms of Treasury Instructions BB 0101(i) and FD 0702 the accounting officer shall be responsible for the accuracy of the accounting records, accounts and other financial documents under his control and establish and maintenance of effective systems of internal auditing and control of state moneys, as well as keeping of auxiliary registers (superfluous) to enable them to reconcile the suspense account placed under their control with the ledger accounts.

The Accounting Officer reported the Subsistence Advance outstanding balance at 31 March 2017 to the amount of N\$ 408 591.89. However, the Subsistence and Travel Advance Suspense Account reflected a balance of N\$ 550 705.49 which gives an unexplained difference of N\$ 142 113.60. Which might result in the misstatement of the outstanding subsistence advance.

It is recommended that the Accounting Officer should closely monitor the subsistence and travelling allowance account and ensures that reconciliations are carried out on a regular basis to avoid differences in the future. Treasury Instructions BB 0101(i) and FD 0702 should be adhered to in order to avoid misstatement of the financial statements.

Management comment

In his response on the draft report, the Accounting Officer indicated that he concurs with the finding and will closely monitor the Subsistence and Travelling allowance account to ensure that reconciliations are carried out on a monthly basis to avoid unnecessary differences in future.

1.4.5 Non-submission: Supporting documents

1.4.5.1 Tender board Exemption

(i) The Accounting Officer reported approved Tender Board exemptions amounting to N\$ 52 666 000 for various goods and services for the period under review. Although Tender Board exemption was granted for acquiring goods and services which could not be procured through Tender procedures, the actual exempted expenditure reported amounting to N\$ 31 574 211.36 could not be verified due to non-submission of the necessary documents, hence, correctness of the actual expenditure could not be verified as reported below:

Exemption number	Description	Exempted amount	Actual expenditure	Variance
		N\$	N\$	N\$
E1/6-1/2016	Travel and subsistence expenses	9 543 000	7 606 133.55	1 936 866.45
	Materials and supplies	4 730 000	2 384 665.75	2 345 334.25
	Transport	2 624 000	1 006 442.69	1 617 557.31
	Utilities	11 024 000	11 382 328.62	(358 328.62)
	Maintenance expenses	2 500 000	233 349.21	22 666 250.79
	Property rental and Related Charges	1 801 000	1 461 366.48	339 633.52
	Other services and expenses	13 375 000	3 236 627.02	10 138 372.98
	Membership fees	540 000	379 928.01	160 071.99
	Individuals and Non-profit Organisations	6 367 000	3 883 370.03	2 483 629.97
	Office furniture and equipment	162 000	-	162 000.00
		52 666 000	31 574 211.36	21 091 788.64

- (ii) The audit also observed that one (1) Sub-division was exceeded with a total amount of N\$ 358 328.62.

It is recommended that the Accounting Officer should always avail or submit all supporting documents/vouchers to the Office of the Auditor-General upon request. Furthermore, the Accounting Officer should ensure that exempted amounts are not exceeded.

Management comment

In his response on the draft report, the Accounting Officer indicated that he concurs with the finding.

1.4.6 Suspense Accounts

Treasury Instruction FD 0703 requires the Accounting Officer to thoroughly analyse and reconcile the suspense accounts with the ledger accounts and to constantly take steps to clear all items in the suspense accounts; however the following four (4) suspense accounts closed with balances of more than N\$ 100 000 at 31 March 2017.

Description	Amount
	N\$
Receipts suspense	(257 998.32)
Subsistence and travelling advance suspense account	550 705.49
Rejection account	(1 533 206.57)
Bills Payable	278 864.06

It is of grave concern to observe that the Bills payable has a debit balance instead of a credit balance and the rejection account has a high credit balance.

It is recommended that the Accounting Officer should take the necessary steps to reconcile all suspense accounts at all times in order to clear or reduce the balances of suspense accounts to a reasonable level by the end of each financial year, and reconcile its records with the General Ledger on a regular basis.

Management comment

In his response on the draft report, the Accounting Officer indicated that these internal short-comings are being addressed and such discrepancies will be avoided in future, by ensuring that reconciliations will be done quarterly to clear or reduce the balances of suspense accounts.

1.4.7 Audit Committee

The Ministry does not have an Audit Committee to oversee work of the Internal Auditor(s) and implementation of recommendations by External Auditor(s). In the absence of Audit Committee, issues and recommendations by Internal and External Auditors which might cause material financial misstatement might not be addressed or implemented on time or at all, resulting in recurring audit findings. An active audit committee is a good practice that promotes good governance and enhance the effectiveness of internal controls.

Management comment

In his response on the draft report, the Accounting Officer indicated that the Audit Committee was not constituted due to high rate of staff turnover that rendered appropriate staffing impossible hence impractical to establish this crucial committee. However, as soon as the vacancies are filled, the Ministry has planned to have this Committee set-up by the 31 March 2018, in order to carry its functions accordingly.

1.4.8 Risk Management Policy

The Ministry does not have a written Risk Management Policy to identify and prevent intentional and unintentional risks that might occur. In the absence of written Risk Management Policy, the Ministry may not be able to identify intentional and unintentional risks in order to put prevention and mitigation measures in place on time. A written Risk Management Policy should be put in place in order to help and to palliate the process of identifying intentional and unintentional risks

Management comment

In his response on the draft report, the Accounting Officer indicated that the Management fully agrees that there is an urgent need for the policy to be in place. However, the challenge is that currently there is no capacity to develop one. It is therefore hereby requested that the Auditor-General should assist the Ministry in this regard. It is the considered view that for consistency and uniformity there should be one General Policy Framework for the Public Service to avoid confusion and inconsistencies in the implementation, management and control of intentional and unintentional risks.

1.4.9 Appropriation account

The audit observed that there are differences between the budget book and the appropriation account as follows:

Services	Budget book	Appropriation account	Differences
	N\$	N\$	N\$
02 – General services	62 403 000	60 187 000	2 216 000
03 – Labour market services	62 197 000	64 413 000	(2 216 000)

It is recommended that the Accounting Officer should explain the differences.

1.5 ACKNOWLEDGEMENT

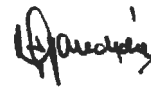
The co-operation and assistance by the management and staff of the Ministry of Labour, Industrial Relations and Employment Creation during the audit is appreciated.

1.6 UNQUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the Ministry of Labour, Industrial Relations and Employment Creation for the financial year ended 31 March 2017 in accordance with the terms of Article 127(2) of the Namibian Constitution and Section 25(1) of the State Financial 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 Labour, Industrial Relations and Employment Creation as at 31 March 2017 and its financial performance and its receipts and payments for the year then ended in accordance with Section 12 & 13 of the State Finance Act, 1991.

WINDHOEK, April 2018



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

1. AUDITED FINANCIAL STATEMENT

1.1 Appropriation account

Service	2016/2017					2015/2016
	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percentage		
N\$	N\$	N\$	N\$	%	N\$	
01. Office of the Minister:						
Original budget	6 642 000.00					
Plus: Virement	1 232 805.00					
Less: Suspension	(1 195 374.26)	6 679 430.74	6 139 344.52	540 086.22	8.09	8 085 503.73
02. General Services:						
Original budget	60 187 000.00					
Less: Virement	(8 474 052.00)					
Less: Suspension	(4 874 325.26)	46 838 622.74	46 304 160.61	534 462.13	1.14	102 873 222.66
03. Labour Market Services:						
Original budget	64 413 000.00					
Less: Virement	(172 427.00)					
Less: Suspension	(28 668 678.30)	35 571 894.70	35 136 324.68	435 570.02	1.22	55 831 983.01
04. Labour Services:						
Original budget	37 931 000.00					
Plus: Virement	4 291 262.00					
Less: Suspension	(2 085 964.65)	40 136 297.35	38 958 516.87	1 177 780.48	2.93	46 648 088.65
05. Office of the Labour Commissioner:						
Original budget	23 199 000.00					
Plus: Virement	3 320 452.00					
Less: Suspension	(1 646 229.10)	24 873 222.90	22 950 223.50	1 922 999.40	7.73	25 361 069.11
06. Social Assistance:						
Original budget	-	-	(18 900.00)	18 900.00	-	27 011 306.87
07. Office of the Employment Equity Commission:						
Original budget	5 593 000.00					
Plus: Virement	1 392 637.00					
Less: Suspension	(235 431.40)	6 750 205.60	5 903 230.07	846 975.53	12.55	9 056 273.16
08. International Relations and Advice:						
Original Budget	9 508 000.00					
Less: Virement	(1 590 677.00)					
Less: Suspension	(369 665.17)	7 547 657.83	7 069 758.64	477 899.19	6.33	7 778 601.20
Total		168 397 331.86	162 442 658.89	5 954 672.97	3.54%	282 646 048.39

1.2 Standard subdivisions

ANNEXURE A (continued)

Subdivision	2016/2017			2015/2016
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	94 027 095.00	91 804 517.92	2 222 577.08	93 192 216.97
002. Employer's contribution to the G.I.P.F and M.P.O.O.B.P.F	11 568 977.00	10 699 564.65	869 412.35	11 009 412.93
003. Other conditions of service	2 050 161.00	1 363 005.48	687 155.52	1 395 149.55
004. Improvement of remuneration structure	4 000.00	-	4 000.00	-
005. Employers contribution to Social Security	22 000.00	-	22 000.00	(511.99)
Total	107 672 233.00	103 867 088.05	3 805 144.95	105 596 267.46
Current expenditure: Goods and other services				
021. Travel and subsistence allowance	8 802 155.61	7 606 133.55	1 196 022.06	12 160 558.33
022. Materials and supplies	2 624 828.00	2 384 665.75	240 162.25	4 462 058.15
023. Transport	1 040 789.39	1 006 442.69	34 346.70	6 347 290.10
024. Utilities	11 668 063.00	11 382 328.62	285 734.38	11 210 235.37
025. Maintenance expenses	6 000 172.00	5 995 056.63	5 115.37	13 263 802.99
026. Property rental and related charges	1 501 000.00	1 461 366.48	39 633.52	1 688 837.57
027. Other services and expenses	17 112 634.44	16 868 514.46	244 119.98	26 776 902.52
Total	48 749 642.44	46 704 508.18	2 045 134.26	75 909 685.03
Current expenditure: Subsidies, grants and other Transfers				
041. Membership fees: International	390 000.00	379 928.01	10 071.99	750 982.95
044. Individual and non-profit organizations	3 929 749.00	3 864 470.03	65 278.97	33 936 772.59
Total	4 319 749.00	4 244 398.04	75 350.96	34 687 755.54
Total: Current expenditure	160 741 624.44	154 815 994.27	5 925 630.17	216 193 708.03
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	1 794 000.00	1 793 515.35	484.65	5 498 963.27
Total: Capital expenditure	1 794 000.00	1 793 515.35	484.65	5 498 963.27
Total: Operational expenditure	162 535 624.44	156 609 509.62	5 926 114.82	221 692 671.30

ANNEXURE A (continued)

Standard subdivisions

Subdivision	2016/2017			2015/2016
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Development:				
Development: Capital expenditure				
105. Feasibility studies, design and supervision	100 000.00	71 441.85	28 558.15	1 074 731.49
107. Construction, renovation and improvements	5 761 707.42	5 761 707.42	-	59 878 645.60
Total	5 861 707.42	5 833 149.27	28 558.15	60 953 377.09
Total: Development expenditure	5 861 707.42	5 833 149.27	28 558.15	60 953 377.09
GRAND TOTAL	168 397 331.86	162 442 658.89	5 954 672.97	282 646 048.39

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate 2016/2017	Actual revenue 2016/2017	More/(Less) than estimated	Actual revenue 2015/2016
	N\$	N\$	N\$	N\$
Unclaimed Cheques	-	180.00	180.00	-
Miscellaneous	250 000.00	229 176.69	(20 823.31)	234 839.95
Total	250 000.00	229 356.69	(20 643.31)	234 839.95

1.4 Notes to the financial statements

1.4.1 Appropriation account: Explanation of variations exceeding 2% between authorised and actual expenditure.

Underexpenditure

Main division 01 - Office of the Minister: (N\$ 540 086.22 – 8.09%)

The main division underspent due to the fact that Salaries and Daily Subsistence and Travel Allowance (DSA) was budgeted based on forecast planning, but all planned activities/itinerary did not materialise.

Main division 04 – Labour Services: (N\$ 1 177 780.48 – 2.93%)

The main division underspent due to:

- Positions that were budgeted for could not be filled, which also resulted in underexpenditure on Employers Contribution to the G.I.P.F and Other Conditions and Services.
- Labour Inspectors attended specialised training in South Africa close towards the end of the financial year and some of the Daily Subsistence and Travel Allowance claims were paid in the next financial year, which resulted in the underexpenditure.

Main division 05 – Office of the Labour Commissioner: (N\$ 1 922 999.40 – 7.73%)

The main division underspent due to the following:

- The underexpenditure was as a result of vacant positions unfilled and the Ministry's inability to attract and retain qualified staff members.
- Arbitration cases were postponed due to unavailability of Parties to the Cases as a result of the festive season as well as the study and sick leave of both Parties.
- The Office of the Labour Commissioner is required by law to make use of the services of freelance interpreters, part time arbitrators as well as private transcribers to fulfil its mandate. However, the Office has no control over as to when their service would be required as this depends on the arbitrator/ labour court processes. It was therefore difficult to ensure that the budget allocated was successfully executed.

Main division 07 – Office of the Employment Equity Commission: (N\$ 846 975.53 – 12.55%)

- The main division underspent due to positions which became vacant during the financial year due to resignations which had an effect on the expenditure of Daily Subsistence Allowance (DSA). Also unfilled vacancies led to a situation where the remained staff members were office bound which also resulted in the underexpenditure of DSA.

Main division 08 – International Relations and Advice: (N\$ 477 899.19 – 6.33%)

- The main division underspent due to vacant positions due to resignations and promotion, which resulted in the underexpenditure on Employers Contribution to the G.I.P.F and Other Conditions and Services.
- Positions which became vacant during the financial year caused by the promotion of previous incumbents, had an effect on the expenditure of the Daily Subsistence Allowance.

2. GENERAL INFORMATION

2.1 Suspension

Treasury suspended an amount totalling to N\$ 39 075 668.14 during the year under review.

2.2 Bank Accounts

The Ministry operates two (2) bank accounts with the necessary Treasury Authorization and the closing balance as at 31 March 2017 are indicated below:

Name of Account	Banking institution	Balances as at 31 March 2017
Donations account	Bank Windhoek	N\$ 310 645.92
Labour Complaints account	Bank Windhoek	338 422.81

2.3 Commissions and special committees

The Accounting Officer reported a total expenditure of N\$ 415 236.86 for Commissions and special committees.

2.4 Capital projects

The following are the estimates and actual expenditure on development projects for the year under review:

Project name	Approved total cost	Total expenditure as at 31/03/2016	Approved appropriation 2016/2017	Actual expenditure 2016/17	Total expenditure up to 31/03/2017	Expected Year of completion
	N\$	N\$	N\$	N\$	N\$	
Construction of the Ministry of Labour Head Office	878 115 000	29 780 569.30	5 761 707.42	5 761 707.42	35 542 276.72	31/03/2019
Construction of Omutiya Regional Labour Office	26 000 000	-	100 000.00	71 441.85	71 441.85	31/03/2020
TOTAL	904 115 000	29 780 569.30	5 861 707.42	5 833 149.27	35 613 718.57	

2.5 Bursary and study assistance

During the financial year under review, the Ministry paid study assistance to the amount of N\$ 680 408.83 for thirty two (32) staff members studying at various institutions in the country and abroad. The study assistance was for capacity building and staff motivation.

2.6 Exemptions from normal Tender Board procedures

The Accounting Officer reported approved Tender Exemption amounting to N\$ 52 666 000 for the following goods and services for the period under review:

Exemption number	Description	Exempted amount	Actual expenditure	Variance
		N\$	N\$	N\$
E1/6-1/2016	Travel and subsistence expenses	9 543 000	7 606 133.55	1 936 866.45
	Materials and supplies	4 730 000	2 384 665.75	2 345 334.25
	Transport	2 624 000	1 006 442.69	1 617 557.31
	Utilities	11 024 000	11 382 328.62	(358 328.62)
	Maintenance expenses	2 500 000	233 349.21	2 266 650.79
	Property rental and Related Charges	1 801 000	1 461 366.48	339 633.52
	Other services and expenses	13 375 000	3 236 627.02	10 138 372.98
	Membership fees	540 000	379 928.01	160 071.99
	Individuals and Non-profit Organisations	6 367 000	3 883 370.03	2 483 629.97
	Office furniture and equipment	162 000	-	162 000
		52 666 000	31 574 211.36	21 091 788.64

2.7 Debt to government

The Accounting Officer reported debt to Government owed by the employees to the value of N\$ 400 921.90 in respect of Daily Subsistence and Traveling Allowances, unpaid leave, and salary overpayments as at 31 March 2017.

2.8 Points keeping stock

Stock-taking was conducted at seven (7) points keeping stock countrywide and the outcomes were reported as follows:

Description	Amount
	N\$
Surplus	12 795.00
Deficiencies	120.10
Worn and damaged	41 849.00

2.9 Internal inspections

The Accounting Officer reported four (4) internal inspections out of Seven (7), conducted at Head Office (Finance, Transport and Subsistence and Travelling Allowance), and at Regional offices by the Ministry's Internal auditors during the financial year under review.

2.10 Number of Vehicles on hand at 31 March

The Accounting Officer reported a total of one hundred and twenty two (122) own fleet vehicles during the financial year under review.

	Sedan	Pick-ups and Kombis
Opening Balance 1 April	41	82
Acquisition	-	-
Written off	1	-
Auction/ Returned	-	-
Balance at 31 March	40	82

2.11 Cost of damages

The Accounting Officer reported nine (9) cases of losses/ damages at the end of the financial year under review with an estimated cost of N\$ 135 319.95.

2.12 Losses or damages through unavoidable causes

The Accounting Officer reported eight (8) cases of losses/ damages through unavoidable causes with an estimated cost of N\$ 155 194.35.

2.13 Wellness

During the financial year under review the Ministry spent N\$ 110 458.80 on health and wellness related activities.

2.14 Suspense accounts

Six (6) suspense accounts had outstanding balances at the end of the financial year, of which two (2) had debit balances and four (4) had credit balances as at 31 March 2017.

Description	Amount Debit/(Credit)
	N\$
Receipt suspense account	(257 998.32)
S&T Advance suspense account	550 705.49
Rejection account	(1 533 206.57)
Bills payable	278 864.06
Electronic fund transfer clearing account	(6 842.42)
Pension Funds: GIPF	(454.04)

2.15 Performance Information

The Accounting Officer reported that the Ministry has a Strategic Plan in place and Performance agreements were signed during the year under review.

WINDHOEK, 24-10-2017

**BRO-MATHEW SHINGUADJA
ACCOUNTING OFFICER**