



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 2022

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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 2022 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 2023**

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

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

2020-2021

TABLE OF CONTENTS

1.	SECTION A: FINANCIAL AUDIT .....	1
1.1	UNQUALIFIED AUDIT OPINION.....	1
1.2	BASIS FOR UNQUALIFIED AUDIT OPINION .....	1
1.2.1	DEPARTMENTAL REVENUE .....	1
1.3	KEY AUDIT MATTERS .....	3
1.4	EMPHASIS OF MATTERS .....	1
1.4.1	DECEASED ACTIVE ON PAYROLL SYSTEM .....	3
1.5	OTHER INFORMATION .....	3
2.	SECTION B: COMPLIANCE AUDIT AND THE AUDIT OF PERFORMANCE INFORMATION.....	4
2.1	COMPLIANCE WITH LAWS AND REGULATIONS .....	4
2.2	DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND AUDIT SCOPE.....	4
2.3	AUDIT OBJECTIVE.....	4
2.4	AUDIT CRITERIA .....	4
2.5	SUMMARY OF METHODS APPLIED .....	5
2.6	BASIS FOR UNQUALIFIED AUDIT OPINION ON THE SUBJECT MATTER.....	5
2.6.1	UNAUTHORIZED EXPENDITURE.....	5
2.6.2	Annual stocktaking.....	5
2.6.3	STORES AND DEPOTS .....	6
2.7	UNQUALIFIED AUDIT OPINION ON THE SUBJECT MATTER .....	6
3.	AUDIT OF PERFORMANCE INFORMATION .....	6
3.1	DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND AUDIT SCOPE.....	6
3.2	AUDIT OBJECTIVE.....	7
3.3	AUDIT CRITERIA .....	7
3.4	SUMMARY OF METHODS APPLIED .....	7
3.5	SELECTED KEY PERFORMANCE INDICATORS .....	8
3.6	CONCLUSION ON THE SUBJECT MATTER.....	8
4.	RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS.....	8
5.	AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS .....	8
6.	GENERAL INFORMATION.....	10
	ACKNOWLEDGEMENT .....	10
1.	AUDITED FINANCIAL STATEMENTS .....	11
1.1	APPROPRIATION ACCOUNT .....	11
1.2	STANDARD SUBDIVISIONS .....	12
1.3	DEPARTMENTAL REVENUE (AS PER GENERAL LEDGER).....	13
1.4	NOTES TO THE FINANCIAL STATEMENTS.....	13
1.4.1	Appropriation account: Explanation of variations exceeding 2% .....	13
2.	GENERAL INFORMATION.....	15
2.1	MISCELLANEOUS REVENUE .....	15
2.2	BANK ACCOUNTS.....	15
2.3	AGENCY PAYMENTS .....	15
2.4	COMMISSIONS AND SPECIAL COMMITTEES.....	15
2.5	COMPENSATION PAYMENTS.....	15
2.6	OUTSTANDING SUBSISTENCE ADVANCES.....	15
2.7	CAPITAL PROJECTS (INTERNAL FUNDED).....	16
2.8	DONATIONS TO GOVERNMENT .....	16
2.9	DEBT TO GOVERNMENT .....	16
2.10	ANNUAL STOCKTAKING.....	16
2.11	VEHICLES ON HAND (OWN FLEET AND POOL VEHICLES).....	16
2.12	VEHICLE ACCIDENTS .....	17

2.13	SUSPENSE ACCOUNTS .....	17
2.14	INTERNAL INSPECTIONS .....	18

## DEFINITIONS

<b>Treasury:</b>	Financial authority in public service. (The department of Government that has control over the collection, management and disbursement of public revenue).
<b>Vote:</b>	Represents an Office/Ministry/Agency.
<b>Appropriation Act:</b>	Estimate of expenditure and revenue for a particular financial year presented to the National Assembly, the Act passed by Parliament.
<b>Appropriation Account:</b>	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.
<b>Standard sub-division:</b>	Government Balance account, showing balances incurred on each account/activity.
<b>Suspension:</b>	Reduction on budget (Treasury may from time to time withhold or suspend any amount in an estimate of expenditure).
<b>Virement:</b>	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.
<b>Unauthorised Expenditure:</b>	Expenditure that exceeds the amount appropriated (budgeted) for a vote, main division or subdivision.
<b>Underexpenditure:</b>	Saving on the budget.
<b>Miscellaneous Revenue:</b>	All revenue collected and not having a specified revenue code.
<b>Commitments:</b>	Funds reserved to acquire goods or services from a supplier.
<b>Suspense accounts:</b>	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.
<b>S&amp;T Advance Suspense Account:</b>	A suspense account reflecting the outstanding subsistence and travel advances.
<b>Rejection Account:</b>	A suspense account reflecting names and balances of all persons/companies that owe the money to the State.
<b>Budget:</b>	Is an estimation of the revenue and expenses over a specified future period of time.
<b>Subsistence Advance:</b>	Payment given in advance to an employee to reimburse accommodation, meal and incidental expenses, while on an official assignment.
<b>Performance Information:</b>	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).
<b>Key performance indicator (KPI):</b>	A measurable value used to monitor and demonstrates how effectively an organization is achieving key business objectives.
<b>International Standards of Supreme Audit Institutions (ISSAI):</b>	Professional standards and best practice guidelines for public sector auditors, officially authorised and endorsed by the International Organisation of Supreme Audit Institutions (INTOSAI).
<b>Attestation engagement:</b>	It is when a responsible party (the entity) measures the subject matter against the criteria and presents the subject matter information, on which you, the auditor, then gather sufficient and appropriate audit evidence to provide a

	reasonable basis for forming a conclusion.
<b>Subject matter:</b>	Refers to the information, condition or activity that is measured or evaluated against certain criteria.
<b>Materiality:</b>	Is a concept or convention relating to the importance or significance of an amount, transaction, or discrepancy that affects the decision of the user.
<b>OMA:</b>	Office/Ministry/Agency
<b>Types of Audit Opinions:</b>	<p><b>Unqualified Opinion.</b> 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><b>Qualified Opinion.</b> 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><b>Disclaimer Opinion.</b> Auditors 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><b>Adverse Opinion.</b> The Financial statements 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>
<b>Reasonable Assurance:</b>	It is when the audit conclusion is expressed positively, conveying that, in the auditor's opinion, the subject matter is or is not compliant in all material respects or, where relevant, that the subject matter information provides a true and fair view, in accordance with the applicable criteria.
<b>Limited Assurance:</b>	It is when the audit conclusion states that, based on the procedures performed; nothing has come to the auditor's attention to cause the auditor to believe that the subject matter is not in compliance with the criteria.
<b>Direct reporting engagement:</b>	It is when an auditor measures or evaluates the subject matter against the criteria. The auditor is responsible for producing the subject matter information. The auditor selects the subject matter and criteria, taking into consideration risk and materiality. By measuring the subject matter evidence against the criteria, the auditor is able to form a conclusion.



**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 2022**

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**1. SECTION A: FINANCIAL AUDIT**

**1.1 UNQUALIFIED AUDIT OPINION**

I have audited the financial statements of the Ministry of Labour, Industrial Relations and Employment Creation for the financial year ended 31 March 2022 provided by the Accounting Officer as attached in Annexure A. These financial statements comprise the Appropriation account, Standard subdivisions, notes to the financial statements and general information for the financial year then ended and other explanatory information.

In my opinion, the financial statements of the Ministry of Labour, Industrial Relations and Employment Creation as at 31 March 2022 are prepared, in all material respects, in accordance with Section 12 and 13 of the State Finance Act, 1991 (Act 31 of 1991) and relevant legislation.

**1.2 BASIS FOR UNQUALIFIED AUDIT OPINION**

I conducted my audit in accordance with International Standards for Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the Code of Ethics for International Organization of Supreme Audit Institutions (INTOSAI) together with the ethical requirements that are relevant to my audit of the financial statements in Namibia and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**1.3 EMPHASIS OF MATTERS**

Without qualifying my audit opinion on the basis of this paragraph, I draw attention to the following matter that relate to my responsibility in the audit of the financial statements, as disclosed by the Ministry of Labour, Industrial Relations and Employment Creation in the financial statements:

**1.3.1 Departmental revenue**

- i) The revenue for the 2021/2022 financial year reported by the Accounting Officer listed below differs from the revenue for the 2021/2022 financial year reflected in the revenue ledger as follows:

**Revenue reported by Accounting Officer:**

Revenue head	Estimate 2021/2022	Actual revenue 2021/2022	Difference
	N\$	N\$	N\$
Machinery and factory plan registration	60 000	32 557.45	27 442.55
Career guidance and aptitude test	6 000	275.00	5 725.00
Registration, issuing and Renewal of employment agencies licenses	5 000	3 950.00	1 050.00
Staff members parking fees	4 000	4 000	-
Bids (fees for procurement)	10 000	31 400.00	(21 400)

**Revenue as per General ledger:**

Revenue head	Estimate	Actual revenue 2021/2022	Difference
	N\$	N\$	N\$
Miscellaneous	11 000	166 111.43	155 111.43
Parking fees	4 000	-	(4 000.00)
Service rendered	60 000	-	(60 000.00)
Sales of bidding documents	10 000	-	(10 000.00)
Commission on stop orders	-	-	-
<b>Total</b>	<b>85 000</b>	<b>166 111.43</b>	<b>81 111.43</b>

It is recommended that the Accounting Officer should ensure that the reported revenue should not differ with revenue reflected in the revenue ledger.

ii) The statement reported by the Accounting Officer reflects revenue heads that are different from the revenue heads in the Estimate of revenue, income expenditure budget book.

Annual statement	Estimate of revenue, income expenditure book
<ul style="list-style-type: none"> <li>• Machinery and factory plan registration</li> <li>• Career guidance and Aptitude Test</li> <li>• Registration, Issuing and renewal of employment agencies licenses.</li> </ul>	<ul style="list-style-type: none"> <li>• Unclaimed cheques</li> <li>• Miscellaneous</li> <li>• Public</li> </ul>

It is recommended that the Accounting Officer should ensure that the reported revenue should not differ with revenue as reflected in the estimate of revenue, income expenditure budget book.

**Management comment**

In response to the draft report, the Accounting Officer indicated that the Ministry of Finance allocated revenue heads as per the General Ledger of which some descriptions are different from the Ministries allocation. The description of the revenue head is allocated based on the actual type of revenue received. The matter will be taken up with Treasury to guide the Ministry.

### **1.3.2 Deceased employees active on payroll system**

The audit found deceased Workmen's Compensation employees still active on payroll module of the Ministry and they were paid a monthly benefit even after the date of death.

It is recommended that the Accounting Officer should put measures in place to ensure that all deceased Workmen's Compensation employees are removed from the payroll system and measures are also put in place to avoid the same situation to happen again. Furthermore, it is recommended that the Accounting Officer should indicate how the Ministry will recover the money paid after Workmen's Compensation employees are deceased.

#### **Management comment**

The Accounting Officer indicated that even though the beneficiaries are on the Ministerial Payroll, the Ministry does not have access to information on whether they are still alive or not. The Ministry is currently busy with the compilation of a database of all compensation awards active on the Payroll system by gathering all released information from Social Security Commission to allow payroll verification to be conducted annually by the Ministry to avoid similar situations in the future.

### **1.4 KEY AUDIT MATTERS**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there were no key audit matters to communicate in my report.

### **1.5 OTHER INFORMATION**

Management is responsible for the other information. My opinion on the financial statements does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and in doing so consider whether the other information is materially inconsistent with the financial statements. There was no other information in connection with my audit of the financial statements for the year under review.

## **2. SECTION B: COMPLIANCE AUDIT AND THE AUDIT OF PERFORMANCE INFORMATION**

### **2.1 COMPLIANCE WITH LAWS AND REGULATIONS**

#### **SUBJECT MATTER: FINANCIAL PERFORMANCE AND THE USE OF APPROPRIATED FUNDS**

I have audited the financial performance and the use of appropriated funds of the Ministry of Labour, Industrial Relations and Employment Creation for the financial year ended 31 March 2022.

### **2.2 DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND AUDIT SCOPE**

The audit aimed to determine whether the Ministry of Labour, Industrial Relations and Employment Creation used the appropriated funds in compliance with the Appropriation Act, 2021 (Act 1 of 2021); Appropriation Amendment Act, 2021 (Act 4 of 2021); State Finance Act, 1991 (Act 31 of 1991); Public Procurement Act, 2015 (Act 15 of 2015); Treasury Instructions, PSM Circular No.10 of 2020 and Public Procurement Regulations during the financial year ended 31 March 2022.

### **2.3 AUDIT OBJECTIVE**

The objective of this compliance audit is to verify and assess whether Ministry of Labour, Industrial Relations and Employment Creation has complied with all laws and regulations that have an impact on the financial statements in accordance with the ISSAIS. This audit is an attestation engagement where the Ministry presented the subject matter information on which the auditor then gathered sufficient and appropriate audit evidence to provide reasonable assurance in forming an opinion. In forming an opinion, the findings and recommendations are taken into consideration.

In addition, the objective of this audit is to verify and assess whether public funds have been used appropriately and lawfully, and to report issues of non-compliance so that corrective action is taken and compliance to laws and regulations is strengthened.

### **2.4 AUDIT CRITERIA**

The audit criteria of this compliance derived from the following regulations and laws stated below:

- Appropriation Act, 2021 (Act 1 of 2021);
- Appropriation Amendment Act, 2021 (Act 4 of 2021);
- State Finance Act, 1991 (Act 31 of 1991);
- Public Procurement Act, 2015 (Act 15 of 2015);
- Treasury Instructions;
- Public Procurement Regulations; and
- PSM Circular No.10 of 2020.

## **2.5 SUMMARY OF METHODS APPLIED**

I have audited the financial statements for the financial year ended 31 March 2022 submitted by the Accounting Officer in order to determine whether this information complied with laws and regulations that governs them.

## **2.6 BASIS FOR UNQUALIFIED AUDIT OPINION ON THE SUBJECT MATTER**

### **2.6.1 Unauthorized expenditure**

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

- i) One (1) main division was exceeded with a total amount of N\$ 1 608 524.42 which is unauthorised in terms of Section 6 (a)(ii) of the Act; and
- ii) Although Treasury approvals were obtained to utilize certain expected savings for the defrayal of excess expenditure through virements during the year, seventeen (17) subdivisions were exceeded with a total amount of N\$ 3 036 771.77, which is unauthorized in terms of Section 6(a)(iii) of the Act.

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

### **Management comment**

In response to the draft report, the Accounting Officer indicated that the Ministry has introduced an electronic commitment register to record all financial transactions in order to keep record of all expenditure trends.

### **2.6.2 Annual stocktaking**

Treasury Instruction KA 0901 states that; *“Stores, equipment and livestock shall be subjected to stock taking at least once each financial year and the Accounting Officer shall submit the report thereon (as intended in T.I KA 0905) to Treasury for approval as soon as possible after the stock taking, but in case within 30 days after the end of the financial year concerned.”*

The audit found that out of twenty-three (23) stockpoints, the Accounting Officer did not conduct stocktaking at twelve (12) stockpoints as required by Treasury Instruction KA0901.

It is recommended that the Accounting Officer should ensure that stocktaking is conducted at all stock points.

## **Management comment**

In response to the draft report, the Accounting Officer indicated that stock-taking could not be conducted at all stock points due to financial constraints. However, the Ministry is committed to ensure it complies with Treasury Instruction KA 0901. The Stock Board is busy to conduct stock-taking at all stock points for the 2022/2023 financial year.

### **2.6.3 Stores and depots**

Treasury Instruction KA 1501 states that; *“the Accounting Officer shall at the close of each financial year submit to the Auditor-General a statement and a copy thereof to the Treasury, in which the total value of the following is indicating stores on hand at the beginning of the financial year, receipts, surpluses taken on charge, stores issued or written off and stores on hand during the end of the financial year”*

The Accounting Officer submitted a nil statement, contrary to Treasury Instructions KA 1501 which requires the Accounting Officer to submit a statement to the Auditor-General.

It is recommended that Accounting Officer should ensure that the Ministry submits correct statements for audit purposes.

## **2.7 UNQUALIFIED AUDIT OPINION ON THE SUBJECT MATTER**

In my opinion, the Ministry of Labour, Industrial Relations and Employment Creation’s financial performance and use of appropriated funds is in compliance, in all material respects, with the Appropriation Act, 2021 (Act 1 of 2021); Appropriation Amendment Act, 2021 (Act 4 of 2021); State Finance Act, 1991 (Act 31 of 1991); Public Procurement Act, 2015 (Act 15 of 2015); Treasury Instructions, PSM Circular No.10 of 2020 and Public Procurement Regulations.

## **3. AUDIT OF PERFORMANCE INFORMATION**

I conducted an audit on the performance information of the Ministry of Labour, Industrial Relations and Employment Creation for the financial year ended 31 March 2022.

### **3.1 DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND AUDIT SCOPE**

A Performance Management System (PMS) is as a systematic process for achievement and improvement in obtaining results from an organization and its staff members by managing performance within an agreed framework consisting of objectives, outputs, key performance indicators (KPIs) and timeliness.

The primary function of the PMS is to enable Offices, Ministries and Agencies (OMAs) to achieve success in National Development Plans (NDP) and provide improvements in service delivery to the public.

The scoping of the key performance indicators was performed, by looking at the high-level statements, which are indicated in the Mandate of the Ministry of Environment, Forestry and Tourism and the 2017-2022 Strategic Plan.

Key performance indicators were selected based on what would be significant to the intended users and their usefulness in assessing the entity's achievements in terms of its service performance objectives.

### **3.2 AUDIT OBJECTIVE**

The objective of the Key Performance Indicator (KPI) audit is to provide assurance on whether the reported performance information measured against key performance indicators is useful, reliable and evidence-based. Key performance indicators also provide the basis for the (OMAs) to inform the Parliament, the public and other stakeholders on its strategic priorities, programs, and projects.

Additional objective of this audit is also to provide reasonable assurance to Parliament, members of the general public and other relevant stakeholders whether the reported actual performance has actually occurred and are based on the selected criteria.

### **3.3 AUDIT CRITERIA**

In this audit, the performance information was tested against the following criteria:

- Compliance with legislative requirements;
- Usefulness;
- Reliability;
- Existence;
- Timeliness;
- Presentation;
- Measurability;
- Relevance;
- Validity;
- Accuracy; and
- Completeness.

### **3.4 SUMMARY OF METHODS APPLIED**

The auditor reviewed the annual plan and the directorate quarterly reviews to confirm whether the Strategic Plan objectives, targets and KPIs have been correctly cascaded to the Annual Plan and the selected key performance indicators for the year under review are reported in the Annual Performance Report/ Annual plan review/Directorate quarterly reports.

Furthermore, the auditors conducted interviews and reviewed documents to obtain information that pertains to the selected key performance indicators.

### 3.5 SELECTED KEY PERFORMANCE INDICATORS

The selected KPIs of the projects for the strategic objectives are:

Strategic objective	Project	Key Performance Indicators	Achievement
Ensure social justice at the workplace	• Resolution of Labour disputes	• 72 % of Labour disputes resolved.	48 %
		• 90 % of reduction of pending cases.	51%

### 3.6 CONCLUSION ON THE SUBJECT MATTER

The outcome of the audit is satisfactory as the selected Key Performance Indicators (KPI) were perfectly achieved during the year.

### 4. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE 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 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.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible of overseeing the entity's financial reporting process.

- The management is also responsible for ensuring adherence to the Appropriation Act, 2021 (Act 1 of 2021); Appropriation Amendment Act, 2021 (Act 4 of 2021); State Finance Act, 1991 (Act 31 of 1991); Public Procurement Act, 2015 (Act 15 of 2015); Treasury Instructions, PSM Circular No.10 of 2020 and Public Procurement Regulations and to ensure that effective and efficient internal controls are implemented to enable compliance to the law that governs the performance information.

### 5. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs), will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



My powers and duties towards auditing and reporting on the financial statements and compliance to the subject matter are outlined under Section 25(1) (c), Section 26 (1) and Section 27 (3) of the State Finance Act, 1991 (Act 31 of 1991).

As part of an audit in accordance with the International Standards for Supreme Audit Institutions, I exercise professional skepticism throughout the audit, I also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
- It is also my responsibility to express an opinion/conclude on whether the financial performance and the use of appropriated funds, in all material respect is in compliance with the Appropriation Act, 2021 (Act 1 of 2021); Appropriation Amendment Act, 2021 (Act 4 of 2021); State Finance Act, 1991 (Act 31 of 1991); Public Procurement Act, 2015 (Act 15 of 2015); Treasury Instructions, PSM Circular No.10 of 2020 and Public Procurement Regulations.

- I have conducted the audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the audited entity is in compliance with the authorities that govern the audited entity in the execution of its roles and responsibilities.

## 6. GENERAL INFORMATION

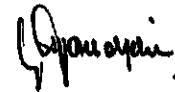
The financial statements, notes to the financial statements and general information provided by the Accounting Officer are attached as Annexure A.

The accounts were submitted timeously by the Accounting Officer to the Auditor-General on 30 October 2022 in terms of Section 13 of the State Finance Act, 1991.

### 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.

WINDHOEK, MARCH 2023



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

## ANNEXURE A

**1. AUDITED FINANCIAL STATEMENTS**  
**1.1 Appropriation account**

2021/2022						2020/2021
Service	N\$	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	6 466 000					
Plus: Virement	90 542	6 556 542	6 075 927.16	480 614.84	7.33	6 784 337.68
<b>02. General Services:</b>						
Original budget	57 011 000					
Additional budget	1 300 000					
Less: Virement	(1 881 740)					
Less: Suspension	(1 900 000)	54 529 260	53 810 946.57	718 313.43	1.22	51 588 900.99
<b>03. Labour Market Services:</b>						
Original budget	23 450 000					
Less: Virement	(791 025)	22 658 975	22 592 243.75	66 731.25	0.29	21 503 732.96
<b>04. Labour Services:</b>						
Original budget	38 847 000					
Plus: Virement	940 809	39 787 809	41 396 333.42	(1 608 524.42)	(4.04)	40 934 485.34
<b>05. Office of the Labour Commissioner:</b>						
Original budget	21 767 000					
Plus: Virement	381 191	22 148 191	21 262 383.33	885 807.67	4.00	21 204 206.02
<b>06. Office of the Employment Equity Commission:</b>						
Original budget	7 069 000	7 069 000	5 750 727.84	1 318 272.16	18.65	6 719 131.05
<b>07. International Relations and Advice:</b>						
Original budget	8 082 000					
Plus: Virement	1 260 223	9 342 223	8 430 522.26	911 700.74	9.76	7 007 403.84
<b>Total</b>		<b>162 092 000</b>	<b>159 319 084.33</b>	<b>2 772 915.67</b>	<b>1.71</b>	<b>155 742 197.88</b>

## ANNEXURE A (continued)

## 1.2 Standard subdivisions

Subdivision	2021/2022			2020/2021
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational:</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	102 445 000	101 851 477.71	593 522.29	101 419 139.71
002. Employer's contribution to the G.I.P.F and M.P.O.O.B.P.F	11 909 000	11 987 760.13	(78 760.13)	12 007 621.41
003. Other conditions of service	1 283 586	1 842 984.37	(559 398.37)	3 419 809.61
005. Employers contribution to Social Security	308 000	308 587.29	(587.29)	308 329.47
<b>Total</b>	<b>115 945 586</b>	<b>115 990 809.50</b>	<b>(45 223.50)</b>	<b>117 154 900.20</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence allowance	3 336 980	2 841 387.53	495 592.47	2 107 532.82
022. Materials and supplies	2 631 562	2 587 713.65	43 848.35	2 501 770.34
023. Transport	4 579 000	4 209 505.39	369 494.61	2 900 197.05
024. Utilities	10 573 000	10 422 836.32	150 163.68	11 165 529.53
025. Maintenance expenses	240 000	225 819.66	14 180.34	572 159.67
026. Property rental and related charges	1 448 000	1 247 038.85	200 961.15	1 061 824.12
027. Other services and expenses	15 094 445	13 865 316.47	1 229 128.53	11 910 020.63
<b>Total</b>	<b>37 902 987</b>	<b>35 399 617.87</b>	<b>2 503 369.13</b>	<b>32 219 034.16</b>
<b>Current expenditure: Subsidies, grants and other transfers</b>				
041. Membership fees: International	961 148	935 653.21	25 494.79	1 423 264.12
043. Government organizations	2 396 000	2 396 000.00	-	3 297 000.00
044. Individual and non-profit organizations	1 191 000	1 028 246.05	162 753.95	1 067 832.80
<b>Total</b>	<b>4 548 148</b>	<b>4 359 899.26</b>	<b>188 248.74</b>	<b>5 788 096.92</b>
<b>Total: Operational current expenditure</b>	<b>158 396 721</b>	<b>155 750 326.63</b>	<b>2 646 394.37</b>	<b>155 162 031.28</b>
<b>Capital expenditure: Acquisition of Asset</b>				
<b>Operational Capital Expenditure</b>				
101. Furniture and office equipment	1 210 019	1 133 489.07	76 529.93	201 890.85
<b>Total</b>	<b>1 210 019</b>	<b>1 133 489.07</b>	<b>76 529.93</b>	<b>201 890.85</b>
<b>Total: Operational expenditure</b>	<b>159 606 740</b>	<b>156 883 815.70</b>	<b>2 722 924.30</b>	<b>155 363 922.13</b>
<b>Development:</b>				
<b>Development: Capital expenditure</b>				
107. Construction, renovation and improvements	2 485 260	2 435 268.63	49 991.37	378 275.75
<b>Total</b>	<b>2 485 260</b>	<b>2 435 268.63</b>	<b>49 991.37</b>	<b>378 275.75</b>
<b>Total: Development expenditure</b>	<b>2 485 260</b>	<b>2 435 268.63</b>	<b>49 991.37</b>	<b>378 275.75</b>
<b>Grand total</b>	<b>162 092 000</b>	<b>159 319 084.33</b>	<b>2 772 915.67</b>	<b>155 742 197.88</b>

**1.3 Departmental revenue (as per general ledger)**

Revenue head	Estimate	Actual revenue 2021/2022	More/(less) than estimated	Actual revenue 2020/2021
	N\$	N\$	N\$	
Miscellaneous	11 000	166 111.43	155 111.43	96 933.62
Parking fees	4 000	-	(4 000.00)	-
Service rendered	60 000	-	(60 000.00)	-
Sales of bidding documents	10 000	-	(10 000.00)	-
Commission on stop orders	-	-	-	9 939.37
<b>Total</b>	<b>85 000</b>	<b>166 111.43</b>	<b>81 111.43</b>	<b>106 872.99</b>

**1.4 Notes to the financial statements****1.4.1 Appropriation account: Explanation of variations exceeding 2% between authorised and actual expenditure****(i) Underexpenditure****Main division 01: Office of the Minister (N\$ 480 614.84 – 7.33%)**

Due to the unprecedented effect of the Covid-19 pandemic in the country since March 2020, the newly appointed Minister and Deputy Minister could not undertake familiarization trips to the regions, in relation to labour and employment mandate in all sectors of the economy. The main division underspent on remuneration with N\$ 62 295.13 and other conditions of service with N\$ 188 354.00. The Ministry, however, over budgeted on remuneration and other conditions and services as no staff members resigned or retired.

**Main division 05: Office of the Labour Commissioner (N\$ 885 807.67 - 4.00%)**

Positions became vacant due to resignations of Arbitrators. The recruitment procedures took longer than expected as applicants lodged complaints and the matter was referred to the Public Service Commission to pronounce itself. The vacant post of the Deputy Labour Commissioner could not be filled on time as the new incumbent was appointed in January 2022. The delay was caused due to some technical and administrative matters. The virement of remuneration to defray the excess at other main divisions could not materialize as the submission for external virement was rejected by Ministry of Finance. The Ministry under budgeted as more staff members resigned as expected thus the variance.

Furthermore, the Ministry over budgeted on Government Institution Pension Fund (GIPF) and the Freelance Interpreters, Transcribers and part time Arbitrators did not submit their claims/invoices on time prior to the closing of the financial year.

**Main division: 06 – Office of the Employment Equity Commission (EEC): (N\$ 1 318 272.16 – 18.65%)**

The main division underspent on remuneration. The position of Control Administrative Officer and Review Officer, became vacant in September and October 2021 respectively and could not be filled by the end of the financial year. The virement of remuneration to defray the excess at other main divisions could not materialize due to the submission for external virement which was rejected by the Ministry of Finance.

The underexpenditure on travel and subsistence allowance is attributed to the adverse effect of the Covid-19 pandemic, which had a limiting effect on training of stakeholders, workplace inspections, verifications and investigations of complaints. The Ministry under budgeted as more staff members resigned as expected thus the variance. The underexpenditure is on printing and Commission Board meetings.

**Main division 07: International Relations and Advice: (N\$ 911 700.74 - 9.76%)**

The underspending was due to a staff member who did not submit the foreign payment for the Labour Attaché in Geneva to the Ministry of Finance. The original voucher was found afterwards as it was filed mistakenly. The Ministry under budgeted on GIPF.

**(ii) Overexpenditure**

**Main division 04: Labour Services (N\$ 1 608 524.42 - 4.04%)**

The Ministry is responsible to pay workmen's compensation allowances to beneficiaries (government employees who were injured at work and became disabled). All injuries at workplaces are administered by Social Security Commission (SSC). If a staff member became permanently disabled SSC register such cases with the Ministry and instructs the Ministry to pay the lump sum amount and the monthly allowances of beneficiaries. The Ministry cannot predict nor make budget provision for unforeseen workman's compensation beneficiaries. The Ministry thereafter approach Treasury to add the beneficiary to its payroll. Therefore, Social Security Commission registered twenty-two (22) cases with the Ministry during the financial year under review, of which the Ministry paid the lump sum amount of each beneficiary plus the monthly allowance of which no budget provision was made, thus the overspending.

Furthermore, posts became vacant due to retirement, promotions and/or transfers. The duration period to recruit new staff members took longer than expected and it is a cumbersome process, and worsened by the unavailability of candidates and panel members due to self-isolation, sickness and compassionate leave. Not all vacant and budgeted positions could be filled during the 2020/2021 financial year and was filled in the 2021/2022 financial year, of which no budget provision have been made due to the limited budget ceiling, thus the over-expenditure. Despite the Ministry's request for additional funds to fill the crucial vacant positions of labour inspectors as discussed at various budget meetings and follow up communiques, such requests were not considered.

## 2. GENERAL INFORMATION

### 2.1 Miscellaneous revenue

Miscellaneous revenue comprises of the following:

Description	Amount
	N\$
Remission of debt	49 066.30
Psychometric testing	13 275.00
Payroll reversal	26 564.33
Miscellaneous revenue	77 205.80
<b>Total</b>	<b>166 111.43</b>

### 2.2 Bank accounts

The Ministry operated two (2) bank accounts held at a local bank with the following balances:

Name	Balance as at 31 March 2022
	N\$
Donation account	332 087.01
Labour complaints	423 880.68

### 2.3 Agency payments

The Accounting Officer reported a payment of N\$ 2 396 000.00 to Social Security Commission as administration fees for the financial year ended 31 March 2022.

### 2.4 Commissions and Special Committees

The Accounting Officer reported total expenditure of N\$ 333 957.00 on travelling and subsistence allowance (DSA) and sitting allowance for the Wage Commission members.

### 2.5 Compensation payments

The Accounting Officer reported total payments of N\$ 1 067 077.43 to individual and service providers for medical expenses.

### 2.6 Outstanding subsistence advances

The Accounting Officer reported an outstanding balance of N\$ 458 513.26 as at 31 March 2022.

## 2.7 Capital projects (Internally funded)

During the financial year under review, the Accounting Officer reported the following in respect of capital projects:

Project name	Approved total budget	Total expenditure as at 31/03/2021	Approved appropriation 2021/2022	Actual expenditure 2021/2022	Total expenditure as at 31/03/2022	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Extension of Otjiwarongo office	6 000 000	-	500 000	450 008.63	450 008.63	31.03.2025
Renovation and improvement of buildings	2 757 000	1 059 754.16	1 985 260	1 985 260.00	3 045 014.16	31.03.2030
<b>TOTAL</b>	<b>8 757 000</b>	<b>1 059 754.16</b>	<b>2 485 260</b>	<b>2 435 268.63</b>	<b>3 495 022.79</b>	

## 2.8 Donations to Government

The Accounting Officer reported that the Ministry received donations amounting to N\$ 1 381 360.00 (cash and IT equipment) from the International Labour Organization (ILO).

## 2.9 Debt to Government

The Accounting Officer reported debt to the Government amounting to N\$ 227 133.33 at 31 March 2022.

## 2.10 Annual stocktaking

The Accounting Officer reported that stocktaking was conducted at eleven (11) stock points of the twenty-three (23) stock points of the Ministry. The stocktaking at eleven (11) stock points indicate stock on hand valued at N\$ 9 883 555.37, surplus of stock valued at N\$ 84 678.81, shortage/deficiencies of stock valued at N\$ 151 578.64 and worn-out/obsolete stock valued at N\$ 437 430.24. The Accounting Officer indicated that stocktaking was not conducted at twelve (12) stock points due to financial constraints.

## 2.11 Vehicles on hand (Own fleet and pool vehicles)

The Accounting Officer reported the following vehicles used by the Ministry for the financial year ended 31 March 2022 as follows:



(i) Own fleet

Own fleet	Sedan	Pick-ups/ Bakkies	Buses/ Combies	Other	Vehicles at hand	Value
Opening balance 01 April 2021	47	75	3	2	127	N\$ 17 687 700.00
Auctioned	-	(2)	-	-	(2)	(134 000.00)
Balance at 31 March 2022	47	73	3	2	125	17 553 700.00

(ii) Government Garage (Pool vehicles)

Pool vehicles	Sedan	Pick-ups/ bakkies	Total number of vehicles at hand
Opening balance 01 April 2021	4	1	5
Balance at 31 March 2022	4	1	5

2.12 Vehicle accidents

The Accounting Officer reported the following in respect of vehicle accidents:

Authorized use	Number	Actual damage cost
		N\$
Vehicles still to be repaired at 01 April 2021	-	-
Accidents reported (2021/2022)	4	137 489.93
Vehicles repaired during 2021/2022	4	137 489.93
Vehicles to be repaired at 31 March 2022	-	-

2.13 Suspense accounts

The Ministry had outstanding balances of seven (7) suspense accounts of which four (4) had debit balances and three (3) with credit balances at the end of the financial year as follows:

Description	Balance as at 31 March 2022 Debit/( Credit)
	N\$
Receipt suspense account	10 413.08
S&T Advance suspense account	490 226.10
Rejection account	(97 657.17)
Bills payable	1 075 482.04
Electronic Fund Transfer Clearing Account (EFT)	(19 320.00)
Pension Funds: GIPF	(5 628.04)
Debt establishment	3 600.00

## 2.14 Internal inspections

The Accounting Officer reported the following internal inspections:

<b>Inspection</b>	<b>Number of inspection points</b>	<b>Number of inspections conducted</b>
Stock and equipment	23	12
IT	3	3
<b>Total</b>	<b>26</b>	<b>15</b>

**WINDHOEK, 25-08-2022**

**AMB. BALBINA DAES PIENAAR  
ACCOUNTING OFFICER**