



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

MINISTRY OF LANDS AND RESETTLEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Ministry of Lands and Resettlement for the financial year ended 31 March 2011 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, March 2012

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE
MINISTRY OF LANDS AND RESETTLEMENT
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2011**

1. INTRODUCTION

1.1 Report

This report on the accounts of the Ministry of Lands and Resettlement for the financial year ended 31 March 2011 is presented to the National Assembly in accordance with the terms of Article 127(2) of the Constitution of the Republic of Namibia and Section 27(1) of the State Finance Act, 1991 (Act 31 of 1991), as amended.

1.2. Powers and duties

Section 25(1)(c) of the State Finance Act, 1991 provides that the Auditor-General satisfies himself that:

- (a) all reasonable precautions have been taken to ensure that all monies due to the State are collected and that the laws relating to the collection of such monies have been complied with;
- (b) all reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for the State's assets such as stores, equipment, securities and movable goods; and
- (c) the expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

In addition, Section 26(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.

2. FINANCIAL STATEMENTS

The appropriation accounts were submitted to the Auditor-General in terms of Section 13 of the State Finance Act, 1991.

The financial statements, notes to the financial statements and general information supplied by the Accounting Officer are attached as annexure A to this report.

3. SCOPE OF THE AUDIT

- 3.1** The Accounting Officer of the Ministry in co-operation with the Permanent Secretary of the Ministry of Finance is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions therein. It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly. The audit included:

- (a) examination on a test basis of evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements; and
- (b) evaluation of the overall adequacy of the presentation of information in the financial statements.

3.2 The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- (a) the financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;
- (b) in all material respects, the expenditure and income have been applied to the purposes intended by the legislature; and
- (c) the financial transactions confirm to the authorities that govern them.

4. AUDIT OBSERVATIONS

4.1. MAIN ISSUES/FINDINGS IDENTIFIED BY THE AUDIT

4.1.1. Expenditure

The total budget was underspend with an amount of N\$ 10 883 927.70 (5.72%). However, the under mentioned unauthorised expenditure is reported in terms of Section 27(6)(a) of the State Finance Act, 1991 (Act 31 of 1991):

- (i) Two (2) main divisions were exceeded by an amount of N\$ 1 861 362.87 which is unauthorised in terms of Section 6(a)(ii) of the Act.
- (ii) Although Treasury approval was obtained to utilise certain expected savings for the defrayal of excess expenditure through virements during the year, eight (8) subdivisions were exceeded by a total amount of N\$ 2 800 634.63 which is unauthorised in terms of Section 6(a)(iii) of the Act.

4.1.2 Virements

Differences were identified between the virements approved by Treasury and the virements reflected in the appropriation account. The differences are as follows:

Main divisions	Virement approved by Treasury	Appropriation Account	Differences
	N\$	N\$	N\$
01- Office of the Minister	(64 900.50)	-	(64 900.50)
02- Administration	9 471 427.25	8 887 780.00	583 647.25
04- Valuation and Estate Management	(190 923.00)	-	(190 923.00)
05- Land Reform	(5 327 823.50)	(5 000 000.00)	(327 823.50)

The Accounting Officer should ensure that the approved virements do not differ from those reflected in the appropriation account. Where the approved virement can no longer be applied due to depletion of funds, an adjusted virement should be sought from Treasury.

4.1.3 Suspense Account

The main ledger shows nine (9) uncleared balances on the Ministry's suspense account at 31 March 2011 of which six (6) are credit and three (3) are debit.

The following Suspense accounts had balances exceeding N\$ 100 000:

Suspense Account	Balance 31/03/2011	
	Debit (N\$)	Credit (N\$)
Bills payable	N\$	N\$
RD Cheques	141 412.91	(9 187 086.89)

The clearing of suspense account balances is commendable.

4.1.4 Tender Board exemption

The following item exempted during the financial year, exceeded the estimated amount:

Description	Estimated value	Actual expenditure	Difference
Subsistence and travelling	N\$ 2 444 500	N\$ 3 988 446.32	N\$ (1 543 946.32)

The Accounting Officer explained the difference as an initial requested exemption from normal tender procedures in terms of Section 17(1)c of the entire allocation to S&T which had led to the over-expenditure. The Board only approved 80% of the allocation whereas most of the items under subdivision 021 cannot be procured by way of normal tender.

4.1.5 Appropriation account

Main division 07 Centralised Registration- Central and Southern Regions have been overspend with total amount of N\$ 956 157.68 but the explanation was not included in the explanations of variations exceeding 2%.

The Accounting Officer should provide the Office of the Auditor-General with an explanation and should ensure that in future variations exceeding 2% are explained.

4.1.6. Donations

The Ministry received a donation of software and hardware to support the Directorate of Valuation and Estate Management from the Rural Poverty Reduction Program (RPRP) under European Union (EU) at the value of N\$ 4 484 965.00 and from the German Technical Cooperation (GTZ) at the value of N\$ 62 932.66. However, it was found that these items are not accounted for as government assets. It was also found that the Treasury Authorisation for items received from Rural Poverty Reduction Program (RRRP) was not provided to the Office of the Auditor-General.

The Accounting Officer should provide a proof of where these items are recorded as well as provide the Treasury authorization for the items received from the Rural Poverty Reduction Program (RPRP).

4.1.7 Bank accounts

The Ministry reported an operational bank account named the Communal Land Reform, however no supporting documents and financial statements were provided for audit purposes. It was further found that for this same fund there are other separate twelve (12) bank accounts in the Regions in operation, which was also not reported to the Office of the Auditor-General.

It is recommended that the Accounting Officer should ensure that proper functional controls be put in place for the handling of these bank accounts. The Accounting Officer should ensure that all financial statement since May 2003 be prepared and forwarded to the Office of the Auditor-General with all supporting documents for audit purposes.

5. ACKNOWLEDGEMENT

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

6. AUDIT OPINION

I certify that I have audited the financial statements of the Ministry of Lands and Resettlement for the financial year ended 31 March 2011 in accordance with the terms of Article 127(2) of the Namibian Constitution and Section 25(1) of the State Finance Act, 1991 (Act 31 of 1991).

In my opinion the financial statements fairly represent the receipts and payments of Vote 25 for the year ended 31 March 2011 and in all material respect the receipts and payments have been applied for the purpose intended by the National Assembly and conform to the authorities which govern them.

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

OFFICE OF THE AUDITOR-GENERAL
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Private Bag 13299
Windhoek
Namibia

1. FINANCIAL STATEMENTS

1.1 Appropriation account

Service	2010/2011					2009/2010
	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percent - age		
N\$	N\$	N\$	N\$	%	N\$	
01. Office of the Minister:						
Original budget	3 028 000	3 028 000	2 832 185.64	195 814.36	6.47	2 565 398.73
02. Administration:						
Original budget	46 411 000					
Plus: Virement	8 887 780	55 298 780	47 645 845.94	7 652 934.06	13.84	51 537 055.51
03. Resettlement						
Original budget	22 557 000	22 557 000	21 330 725.32	1 226 274.68	5.44	15 570 898.76
04. Valuation and Estate Management:						
Original budget	5 364 000	5 364 000	6 269 205.19	(905 205.19)	(16.88)	6 233 124.96
05. Land Reform						
Original budget	74 723 000					
Less: Virement	(5 000 000)	69 723 000	67 718 305.01	2 004 694.99	2.88	42 442 963.85
06. Survey and Mapping						
Original Budget	26 536 000					
Less: Virement	(3 695 093)	22 840 907	21 637 025.85	1 203 881.15	5.27	22 076 888.86
07. Centralised Registration (Central and Southern Regions)						
Original Budget	5 743 000	5 743 000	6 699 157.68	(956 157.68)	(16.65)	12 843 561.63
08. Planning, Research, Training and Information Systems:						
Original budget	5 834 000					
Less: Virement	(192 687)	5 641 313	5 179 803.60	461 509.40	8.18	4 431 769.19
09. Regional Offices						
Original Budget	-	-	(181.51)	181.51	-	-
GRAND TOTAL		190 196 000	179 312 072.72	10 883 927.20	5.72	157 701 661.49

1.2 Standard subdivisions

Subdivision	2010/2011			2009/2010
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	46 605 220	47 845 106.05	(1 239 886.05)	42 036 682.41
002. Employer's contribution to GIPF	5 947 000	5 383 832.56	563 167.44	4 531 302.17
003. Other conditions of service	791 000	1 017 880.12	(226 880.12)	506 980.68
Total	53 343 220	54 246 818.73	(903 598.73)	47 074 965.26
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	4 989 000	3 988 446.37	1 000 553.63	3 758 070.40
022. Materials and supplies	1 257 000	993 839.46	263 160.54	589 517.47
023. Transport	4 059 000	3 783 582.64	275 417.36	2 830 583.84
024. Utilities	5 615 000	5 083 403.31	531 596.69	5 136 630.42
025. Maintenance	648 000	450 789.12	197 210.88	7 708 525.20
026. Property rental and related charges	1 239 000	1 208 900.00	30 100.00	2 268 328.98
027. Other services and expenses	5 973 000	5 128 812.38	844 187.62	6 120 768.63
Total	23 780 000	20 637 773.28	3 142 226.72	28 412 424.94
Current expenditure: Membership fees and subscriptions				
041. International	435 000	339 040.28	95 959.72	398 633.00
Total:	435 000	339 040.28	95 959.72	398 633.00
Total: Current expenditure	77 558 220	75 223 632.29	2 334 587.71	75 886 023.20
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	2 554 120	1 969 396.51	584 723.49	361 889.90
102. Vehicles	6 231 091	6 085 984.29	145 106.71	2 984 991.10
Total:	8 785 211	8 055 380.80	729 830.20	3 346 881.00
Total: Operational expenditure	86 343 431	83 279 013.09	3064 417.91	79 232 904.20
Development:				
Capital expenditure: Goods and other services				
022. Materials and supplies	2 515 000	1 927 413.81	587 586.19	1 387 172.96
027. Other services and expenses	14 035 789	13 512 546.36	523 242.64	13 078 278.78
Total	16 550 789	15 439 960.17	1 110 828.83	14 465 451.74

ANNEXURE A (continued)

Subdivision	2010/11			2009/10
	Authorised expenditure	Actual expenditure	Under expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	7 705 000	7 493 330.334	211 669.66	936 245.13
103. Operational equipment and machinery	795 000	595 000.00	200 000.00	-
105. Feasibility studies, design and supervision	4 760 093	2 796 609.15	1 963 483.85	2 991 783.80
106. Purchase of land and intangible assets	50 000 000	50 000 000.00	-	-
107. Construction, renovation and improvement	18 941 687	14 608 159.97	4 333 527.03	36 521 276.62
133. Public and departmental enterprises and Private Industries	5 100 000	5 100 000.00	-	23 554 000.00
Total	87 301 780	80 593 099.46	6 708 680.54	64 003 305.55
Total: Development expenditure	103 852 569	96 033 059.63	7 819 509.37	78 468 757.29
GRAND TOTAL	190 196 000	179 312 072.72	10 883 927.28	157 701 661.49

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue heading	Total estimate	Actual revenue 2010/2011	More/(Less) than estimated	Actual revenue 2009/2010
	N\$	N\$	N\$	N\$
Unclaimed Cheques	15 000	243 978.28	228 978.28	-
	250 000	1 008 334.52	758 334.52	(1 625 415.70)
Miscellaneous	-	364 646.26	364 646.26	-
Miscellaneous	-	364 646.26	364 646.26	-
Sale of Maps	560 000	685 125.63	125 125.63	535 458.10
Deeds Fees	3 500 000	6 582 748.37	3 082 748.37	6 283 480.87
Survey fees	-	-	-	82 308.53
Investigation fees:				
Surveyor-General	270 000	565 471.12	295 471.12	265 668.69
Services rendered	40 000 000	-	(40 000 000.00)	-
Permission to occupy	120 000	-	(120 000.00)	-
Total	44 715 000	9 450 304.18	35 264 695.82	5 541 500.49

See paragraph 4.1.6

1.4 NOTES TO THE FINANCIAL STATEMENTS

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

(i) Over-expenditure

Main division 04: Valuation and Estate Management (N\$ -905 205.19 – 16.88%)

The Directorate of Valuation and Estate Management was under pressure to ensure that all manual payments of land tax since 2004/5 to date were captured into the database to support the implementation of land tax payment reconciliation system. The current staff compliment could not cope with the normal routine work as well as the added pressure of meeting the deadline on capturing the manual receipts received from the Ministry of Finance and magistrate courts throughout the Country. In view of the above, the Directorate incurred expenses related to overtime in excess of the funds available in the operational budget.

3 Valuer SP3 were paid separation gratuity which was not anticipated.

Main division 07: Centralised Registration (Central and South Regions) (N\$ 956 157.68 – 16.65%).

No explanation was provided by the Accounting Officer.

(ii) Underexpenditure

Main division 01: Office of the Minister (N\$ 195 814.36 – 6.47%)

Leave Gratuity was paid to the Advisor of the Hon. Minister. Separation gratuity was paid to the Personal Assistant of the Minister.

Main division 02: Administration (N\$ 7 652 934.06 – 13.84%)

2x Human resource practitioners were transferred on promotion during the year under review.

1x cleaner: absconded

1x chief clerk: ill health retirement

Construction of the Ministerial Head Quarters all funds were not spent due to delays in the approval of payments by the Ministry of Works and Transport.

Construction of the Ministerial Regional Office: Rundu

The Town council reallocated the piece of land given to the Ministry to the regional council thus caused the delay.

Construction of the Ministerial Regional Office: Katima

The Ministry of Works and Transport delayed in appointing a consultant for the feasibility studies.

Construction of the Ministerial Regional Office: Opuwo

The Ministry budgeted on the principle that it would convert a storeroom of agriculture into offices, It was found not big enough and an alternative was given to find land from the Village Council.

Main division 03: Resettlement (N\$ 1 226 274.68 – 5.44%)

Remuneration

Resignations and death brought about underexpenditure where posts could not be filled on time.

Resignations: Director
Development Planners x2
Clerk x2
Cleaner

Retirement: Development Planner
Caretakers x2

Main division 05: Land Reform (N\$ 2 004 694.99 – 2.88%)

Other goods and service:

Land Board claims were not submitted on time.

Furniture and Office equipment:

The funds were meant to purchase furniture for Regional Offices.

Flexible Land Tenure:

Activities were affected by seasonal floods as the planned implementation in informal settlements of Oshakati and Ondangwa could not take place. Activities to drill and equip boreholes in Kavango could not be done due to heavy rains in the areas.

Main division 06: Survey and Mapping (N\$ 1 203 881.15 – 5.27%)

Fundamental datasets

The balance of N\$ 237 032.37 was too small to pay for the subsequent delivery as per the tender that was running. It was not possible to split into components that could absorb just N\$ 254 844.

Nation-wide integrated geodesy:

The observation of the 79 monuments built will cost over N\$1 million. Splitting the observation is not economical. The balance of N\$ 260 011.09 was too small for any meaningful geodetic activity.

Surveying of new township and other State lands:

The balance of N\$18 331.43 was not sufficient to execute any other survey.

Main division 08: Planning, Research, Training and Information Systems (N\$ 461 509.40 – 8.10%)

Remuneration:

Chief Planner position-Vacant due to resignation

2. GENERAL INFORMATION

2.1 Vehicle Accidents

The Ministry reported nine (25) motor vehicle accidents during the financial year under review. Only five (16) vehicles were repaired at a total cost of N\$ 119 125.20

2.2 Tender Board exemption

The following items were exempted during the financial year:

Description	Estimated value	Actual expenditure	Difference
	N\$	N\$	N\$
Subsistence and travelling	2 444 500	3 988 446.32	(1 543 946.32)
Materials and supplies	3 657 600	2 921 253.27	736 346.73
Transport	3 559 000	3 783 582.64	224 582.64
Utilities	5 615 000	5 083 403.31	531 96.69
Maintenance expenses	635 800	450 789.12	185 010.88
Property rental and related expenses	1 239 000	1 208 900.00	30 100.00
Other services and expenses	20 022 055	18 641 358.74	1 380 696.26
Membership fees	435 000	339 040.28	95 959.72
Total	37 607 955	36 416 773.68	1 191 181.32

See paragraph 4.1.4

2.3 Development Projects

The following were development projects of the Ministry for the financial year

Project name	Approved total Budget	Approved annual appropriation 2010/2011	Total expenditure as at 31/03/2010	Actual expenditure per Ledger for 2010/2011	Total expenditure for 31/03/2011	Expected Year of Completion
	N\$	N\$	N\$	N\$	N\$	
Construction of Ministerial Head Quarters in Windhoek	86 593 000	21 000 000	93 287 83394	25 415 186.79	118 703 020.73	31/03/12
Construction of the Ministerial Regional Office in Opuuo	1 700 000	1 500 00.00	-	678 239.64	678 239.64	31/03/13
Construction of the Ministerial Regional Office in Rundu	3 350 000	350 000.00	-	34 426.13	34 426.13	31/03/13
Construction of the Ministerial Regional Office in Katima Mulilo	3 150 000	150 000.00	-	97 367.80	97 365.80	31/03/13
Ongoing Resettlement Sub Programme	44 867 000	6 190 000	45 098 313.09	5 997 520.51	51 095 833.60	31/03/13
Development of Communal Areas	111 922 000	22 400 000	15 454 361.14	1 587 605.70	17 041 966.84	31/03/12
Intergrated Regional Land Use Planning	4 570 000	600 000.00	1 098 613.40	275 440.88	1 374 054.28	31 03/13
Delimitation of Namibian Continental Shelf	92 600 000	4 500 000	17 337 624.30	4 411 679.63	21 749 303.93	31/03/13
Surveying of new Townships and other State land	17 570 000	1 500 000	101 759 893.58	1 481 668.57	103 241 562.15	31/03/13

Project name	Approved total Budget	Approved annual appropriation 2010/2011	Total expenditure as at 31/03/2010	Actual expenditure per Ledger for 2010/2011	Total expenditure for 31/03/2011	Expected Year of Completion
	N\$	N\$	N\$	N\$	N\$	
Development of National Fundamental Data Sets	32 265 000	8 160 000	27 103 959.79	4 685 304.27	31 789 264.06	31/03/13
Land Purchase Programme	536 178 000	50 000 000	416 827 812.90	50 000 000	466 827 812.90	31/03/13
Flexible Land Tensure System Nationwide	10 100 000	1 300 000	824 830.09	128 667.84	953 497.93	31/03/13
Integrated Geodesy	13 522 000	1 000 000	6 243 698.37	739 988.91	6 993 687.28	31/03/13
Total	968 537 000	119 150 000	731 253 288.97	96 033 059.67	827 286 348.64	

WINDHOEK, 2011-10-24

**LUDWINA SHAPWA
ACCOUNTING OFFICER**