



**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 2012**

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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 2012 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 2013**

**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 2012**

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**1. INTRODUCTION**

**1.1 Report**

This report on the accounts of the Ministry of Lands and Resettlement for the financial year ended 31 March 2012 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 conform 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 of the Ministry was underspend with an amount of N\$ 13 905 498.21 (6.15%). 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):

Although Treasury approval was obtained to utilise certain expected savings for the defrayal of excess expenditure through virements during the year, thirteen (13) subdivisions were exceeded by a total amount of N\$ 1 385 782.17 which is unauthorised in terms of Section 6(a)(iii) of the Act.

#### **4.1.2 Suspense accounts**

The main ledger shows ten (10) uncleared balances on the Ministry's suspense account at 31 March 2012.

The Bills payable suspense account had a balance exceeding N\$ 100 000 to the amount of N\$ 14 092 978.04.

The clearing of suspense account balances is commendable.

#### **4.1.3 Appropriation account: Explanations of variations exceeding 2%.**

Main division 06 (Geomantic Planning and Research) and 07 (Centralised Registration- Central and Southern Regions) have underspend with total amounts of N\$ 1 201 028.69 and N\$ 280 506.83 respectively but no explanations were provided for these main divisions whereas under spending of expenditure occurred.

The Accounting Officer should provide the Office of the Auditor-General with the required explanations.

#### 4.1.4 Outstanding statements

##### 4.1.4.1 The following statements were provided late for audit purposes

Statement no.	Statement name
7	Miscellaneous revenue
10	Fund accounts
11	Bank accounts
17	Commissions & Special Committees
19	Outstanding commitments
20	Salary advance
21	Subsistence Advances
34	Stock (Depots)
36	Inspections (Unified Stock Control System)
40	HIV/AIDS
41	Certificates:
	41.1 - Securities
	41.2 - Head office register
	41.3 - Standing subsistence advances
	41.4 - Pension and Medical Aid Scheme
	Contribution

##### 4.1.4.2 The following source documents were provided late for audit purposes.

Item 31: Exemptions from normal tender procedures (The payment vouchers to support the actual expenditure.)

Audit verification of the above documents could not be done, as it was only submitted on the date of the Auditor-General's statutory deadline.

The Accounting Officer should ensure that all the statements are forwarded to the Office of the Auditor-General in time.

## 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. EMPHASIS OF MATTER

Attention is drawn to the management on the following matters that relate to my responsibility in the audit of the financial statements:

- a) Paragraph 4.1.1 Expenditure. The total budget of the Ministry was underspend with an amount of N\$ 13 905 498.21 (6.15%).

## **7. 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 2012 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 represents the receipts and payments of vote 25 for the year ended 31 March 2012 and in all material respects the receipts and payments have been applied to the purposes intended by the National Assembly and conform to the authorities which govern them.

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

**OFFICE OF THE AUDITOR-GENERAL**  
**269 Independence Avenue**  
**Private Bag 13299**  
**Windhoek**  
**Namibia**

## 1. FINANCIAL STATEMENTS

## 1.1 Appropriation account

Service	2011/2012					2010/2011
	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percentage		
N\$	N\$	N\$	N\$	%	N\$	
<b>0.1 Office of the Minister</b>						
Original budget						
Plus: Virement	3 345 000					
	274 173	3 619 173	3 237 313.39	381 859.61	10.55	2 832 185.64
<b>02. Administration:</b>						
Original budget	41 582 000					
Less: Virement	(15 560 000)	26 022 000	25 603 755.64	481 244.36	1.61	47 645 845.94
<b>03. Resettlement and Regional Offices:</b>						
Original budget	15 165 000					
Less: Virement	(651 000)	14 514 000	13 711 261.32	802 738.68	5.53	21 330 725.32
<b>04. Valuation and Estate Management:</b>						
Original budget	7 332 000					
Plus: Virement	190 000	7 522 000	6 786 729.31	735 270.69	9.77	6 269 205.19
<b>05. Land Reform</b>						
Original budget	87 255 000					
Plus: Virement	19 145 000	106 400 000	101 446 072.72	4 953 927.28	4.66	67 718 305.01
<b>06. Geomatic Planning Research</b>						
Original Budget	29 876 000					
Less: Virement	(428 000)	29 448 000	28 246 971.31	1 201 028.69	4.08	21 637 025.85
<b>07. Centralised Registration (Central and Southern Regions)</b>						
Original budget	7 194 000					
Plus: Virement	610 000	7 804 000	7 523 493.17	280 506.83	3.59	6 699 157.68

2011/2012						2010/2011
Service	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percentage		
	N\$	N\$	N\$	%	N\$	
<b>08. Planning, Research, Training and Information Systems:</b>						
Original budget	6 443 000					
Plus: Virement	290 000	6 733 000	6 181 533.20	551 466.80	8.19	5 179 803.60
<b>09. Regional Offices</b>						
Original budget	19 084 000					
Plus: Virement	800 000	19 884 000	16 658 315.15	3 225 684.85	16.22	(181.51)
<b>10. Information Technology</b>						
Original budget	4 488 000					
Less: Virement	(270 000)	4 218 000	2 863 229.58	1 354 770.42	32.12	-
<b>GRAND TOTAL</b>		<b>226 164 173</b>	<b>212 258 674.79</b>	<b>13 905 498.21</b>	<b>6.15</b>	<b>179 312 072.72</b>



## 0.2 Standard subdivisions

Subdivision	2011/2012			2010/2011
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b><u>Operational:</u></b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	64 226 189	57 742 893.53	6 483 295.47	47 845 106.05
002. Employer's contribution to GIPF	7 043 000	6 515 513.06	527 486.94	5 383 832.56
003. Other conditions of service	715 000	483 927.25	231 072.75	1 017 880.12
<b>Total</b>	<b>71 984 189.00</b>	<b>64 742 333.84</b>	<b>7 241 855.16</b>	<b>54 246 818.73</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence expenses	6 240 370	5 163 935.80	1 076 434.20	3 988 446.37
022. Materials and supplies	1 354 000	1 191 682.98	162 317.02	993 839.46
023. Transport	6 110 000	5 550 895.66	559 104.34	3 783 582.64
024. Utilities	5 616 000	5 418 369.65	197 630.35	5 083 403.31
025. Maintenance expenses	694 874	559 080.60	135 793.40	450 789.12
026. Property rental and related charges	350 000	242 359.24	107 640.76	1 208 900.00
027. Other services and expenses	5 325 740	4 967 684.19	358 055.81	5 128 812.38
<b>Total</b>	<b>25 690 984</b>	<b>23 094 008.12</b>	<b>2 596 975.88</b>	<b>20 637 773.28</b>
<b>Current expenditure: Membership fees and subscriptions</b>				
041. International	545 000	510 000.00	35 000.00	339 040.28
<b>Total:</b>	<b>545 000</b>	<b>510 000</b>	<b>35 000</b>	<b>339 040.28</b>
<b>Total: Current expenditure</b>	<b>98 220 173</b>	<b>88 346 341.96</b>	<b>9 873 831.04</b>	<b>75 223 632.29</b>
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	2 162 000	1 875 232.86	286 767.14	1 969 396.51
102. Vehicles	6 362 000	5 923 866.88	438 133.12	6 085 984.29
<b>Total:</b>	<b>8 524 000</b>	<b>7 799 099.74</b>	<b>724 900.26</b>	<b>8 055 380.80</b>
<b>Total: Operational expenditure</b>	<b>106 744 173</b>	<b>96 145 441.70</b>	<b>10 598 731.30</b>	<b>83 279 013.09</b>
<b><u>Development:</u></b>				
<b>Capital expenditure: Goods and other services</b>				
022. Materials and supplies	2 810 000	3 048 960.32	(238 960.32)	1 927 413.81
027. Other services and expenses	29 755 000	29 191 363.29	563 636.71	13 512 546.36
<b>Total</b>	<b>32 565 000</b>	<b>32 240 323.61</b>	<b>324 676.39</b>	<b>15 439 960.17</b>

## ANNEXURE A (continued)

Subdivision	2011/12			2010/11
	Authorised expenditure	Actual expenditure	Under expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	740 000	731 988.76	8 011.24	7 493 330.334
103. Operational equipment, machinery and plants	1 370 000	1 357 777.81	12 222.19	595 000.00
105. Feasibility studies, design and supervision	1 693 626	1 757 486.09	(63 860.09)	2 796 609.15
106. Purchase of land and intangible assets	50 000 000	50 000 000.00	-	50 000 000.00
107. Construction, renovation and improvement	17 051 374	14 025 656.82	3 025 717.18	14 608 159.97
133. Public and departmental enterprises and private Industries	16 000 000	16 000 000.00	-	5 100 000.00
<b>Total</b>	<b>86 855 000</b>	<b>83 872 909.08</b>	<b>2 982 090.52</b>	<b>80 593 099.46</b>
<b>Total: Development expenditure</b>	<b>119 420 000</b>	<b>116 113 233.09</b>	<b>3 306 766.91</b>	<b>96 033 059.63</b>
<b>GRAND TOTAL</b>	<b>226 164 173</b>	<b>212 258 674.79</b>	<b>13 905 498.21</b>	<b>179 312 072.72</b>

## 1.3 Departmental revenue

Revenue for the year is as follows:

Revenue heading	Total estimate	Actual revenue 2011/2012	More/(Less) than estimated	Actual revenue 2010/2011
	N\$	N\$	N\$	N\$
Unclaimed Cheques	15 000	-	(15 000.00)	243 978.28
Miscellaneous	250 000	4 619 283.02	4 369 283.02	1 008 334.52
Miscellaneous	-	-	-	364 646.26
Sale of Maps	580 000	345 211.51	(234 788.49)	685 125.63
Deeds Fees	3 600 000	7 133 038.65	3 533 038.6	6 582 748.37
Investigation fees:				
Surveyor-General	280 000	481 158.18	201 158.18	565 471.12
Permission to occupy	120 000	19 597.16	(100 402.84)	-
<b>Total</b>	<b>4 845 000</b>	<b>12 598 288.52</b>	<b>7 753 288.52</b>	<b>9 450 304.18</b>

## **1.4 NOTES TO THE FINANCIAL STATEMENTS**

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

#### **Underexpenditure**

**Main division 01: Office of the Minister (N\$ 381 859.61 – 10.55%)**

**Main division 03: Resettlement and Regional Offices (N\$ 802 738.68 – 5.53.%)**

#### **Ongoing Resettlement Projects**

- 1) Resignation of newly recruited Livelihood Support Programme (LISUP) agricultural staff at Skoonheid in Omaheke Region hampered the progress in the agricultural section i.e. crop & livestock.
- 2) Lack of cooperation and support from staff of the MLR and Regional Council, due to strained working relations with the project coordinator of Dessert Research Foundation Namibia(DRFN).
- 3) Insufficient budget allocation to resettlement projects and that hinders progress in the implementation of activities.

**Main division 04: Valuation and Estate Management (N\$ 735 270.69 – 9.77%)**

2x Senior Valuer Technician Grade SP2-Positions became vacant after promotion of staff members.

**Main division 05: Land Reform (N\$ 4 953 927.28– 4.66%)**

#### **Development of communal areas**

- 1) **Small Scale Commercial Farms in the Kavango Region:** Underexpenditure occurred as a result of the delay in completion by the contractors to complete the fencing work.
- 2) **Communal Land Registration Process:** Lengthy process of recruiting staff for Communal Land Registration has delayed the Communal Land Registration Program by 2 months.

**Main division 08: Planning, Research, Training and Information Systems (N\$ 551 446.80 – 8.19%)**

A research on the number of jobs created in the land reform sector did not take place. The funds were not used as it was reserved for the travel in establishing the number of jobs created in the land reform sector.

**Main division 09: Regional Offices (N\$ 3 225 684.85 – 16.22%)**

8x Regional Deputy director positions were interviewed in February 2012, but were referred by the PSC due to administrative oversights.

S & T funds could not be utilized due to a delay in the positions.

**Main division 10: Information Technology (N\$ 1 354 770.42 – 32.12%)**

#### **The 2 Candidates rejected the offer:**

1x Deputy Director Grade 4A(M) and 1x Analyst programmer Grade 3B Level 1 rejected the offer, hence GIPF could not be paid for staff members not appointed.

## 2. GENERAL INFORMATION

### 2.1 Development Projects

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

Project name	Approved total budget	Approved annual appropriation	Total expenditure as at 31/03/2011	Actual expenditure per Ledger for 2011/12	Total expenditure for 31/03/2012	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Construction of Ministerial Head Quarters in Windhoek	71 000 000	4 592 464	118 703 020.73	5 469 567.83	124 172 588.56	31 March 2012
Construction of the Ministerial Regional Office in Opua	11 200 000	409 910	678 239.64	399 308.25	1 077 547.89	31 March 2014
Construction of the Ministerial Regional Office in Rundu	9 950 000	37 626	34 426.13	37 625.18	72 051 .31	31 March 2014
Construction of the Ministerial Regional Office in Katima Mulilo	9 700 000	560 000	97 365.80	554 889.53	652 255.33	31 March 2013
Renovation of the Deeds/Surveyor - General Offices	2 780 000	1 080 000	-	1 079 999.03	1 079 999.03	31 March 2014
Ongoing Resettlement Sub Programme	49 078 000	5 845 000	51 095 833.60	5 775 152.59	56 870 986.19	31 March 2014
Development of Communal Areas	84 284 000	23 755 000	17 041 966.84	19 378 094.48	36 420 061.32	31 March 2014
Delimitation of Namibian Continental Shelf	94 290 000	5 000 000	21 749 303.93	4 986 844.91	26 736 148.84	31 March 2013
Surveying of new Townships and other State land	17 233 000	2 600 000	103 241 562.15	2 597 886.81	105 839 448.96	31 March 2014
Development of National Fundamental Data Sets	35 760 000	6 140 000	31 789 264.06	6 359 998.22	38 149 262.28	31 March 2014
Land Purchase Programme	569 622 000	66 000 000	466 827 812.90	6 000 000.00	532 827 812.94	31 March 2014

Project name	Approved total budget	Approved annual appropriation 2011/2012	Total expenditure as at 31/03/2011	Actual expenditure per Ledger for 2011/12	Total expenditure for 31/03/2012	Expected year of completion
Flexible Land Tensure System	N\$ 11 240 000	N\$ 1 300 000	N\$ 953 497.93	N\$ 1 337 797.13	N\$ 2 291 295.06	31 March 2013
Nationwide Integrated Geodesy	7 627 000	1 000 000	6 993 687.28	1 000 000.00	7 993 687.28	31 March 2014
Integrated Regional Land Use Planning	6 600 000	600 000	1 374 054.28	636 069.23	2 010 123.51	31 December 2013
Namibia Land Information System	2 497 000	500 000	-	499 999.90	499 999.90	
<b>Total</b>	<b>982 861 000</b>	<b>119 420 000</b>	<b>820 580 035.27</b>	<b>116 113 233.09</b>	<b>936 693 268.36</b>	

WINDHOEK, 2011-10-24

LUDWINA SHAPWA  
ACCOUNTING OFFICER