



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 2014

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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 2014 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, May 2015

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF LANDS AND RESETTLEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

1. REPORT ON THE FINANCIAL STATEMENTS

1.1 INTRODUCTION

This report on the accounts of the Ministry of Lands and Resettlement for the financial year ended 31 March 2014 is presented to the National Assembly in accordance with the terms of Article 127(2) of the Constitution of the Republic of Namibia and provisions set out in the State Finance Act, 1991(Act 31 of 1991), as amended.

I have audited the accompanying financial statements of the Ministry of Lands and Resettlement for the financial year ended 31 March 2014. 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 accounts were submitted timeously by the Accounting Officer to the Auditor-General on 8 October 2014 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, 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 Unauthorised expenditure

- The total budget was overspent with an amount of N\$ 2 499 329.19 (0.83%) which is unauthorised expenditure in terms of Section 6 (a)(i) of the State Finance Act, 1991 (Act 31 of 1991).
- Six (6) main divisions were exceeded by a total amount of N\$ 2 609 938.93 which is unauthorised in terms of Section 6 (a)(ii) of the State Finance Act, 1991 (Act 31 of 1991).
- Twenty six (26) subdivisions were exceeded by a total amount of N\$ 2 761 406.15 which is unauthorised 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 to avoid over-spending and ensures that planned activities are implemented within the approved budget. Furthermore, if specific activities are expected to exceed the budgeted funds due to unforeseen circumstances, funds should be viremented from activities where savings are expected.

Management comment

In her response on the draft report, the Accounting Officer indicated that the over expenditure was as a result of insufficient allocation of funds for the implementation of job evaluation and grading system (JEG).

1.4.2 Virements

Differences were noted between the virements authorised by Treasury also reported by the Accounting Officer and the virements processed on the Appropriation account as follow:

Main divisions	Approved virements	Appropriation account	Difference
	N\$	N\$	N\$
01 Office of the Minister	709 173	600 856	108 317
02 Administration	(17 659 492)	(6 110 136)	(11 549 356)
03 Resettlement and Regional Offices	(4 840 903)	(5 062 285)	221 382
04 Valuation and Estate Management	145 225	97 818	47 407
05 Land Reform	(2 450 276)	(2 734 741)	284 465
06 Geomatic Planning and Research	(2 119 317)	(2 229 672)	110 355
07 Centralised Registration	1 001 382	609 692	391 690
08 Research Training Information Systems	(681 459)	(622 832)	(58 627)
09 Lands and Resettlement/Regional Offices	26 436 367	15 877 275	10 559 092
10 Lands and Resettlement/Information Technology	(382 600)	(425 975)	43 375

It is recommended that the Accounting Officer should verify processed virements to ensure that the approved virements in the Appropriation Account agree with those approved by Treasury. Furthermore, when the approved virement can no longer be applied due to depletion of funds, an adjusted virement should be sought from Treasury.

Management comment

In her response on the draft report, the Accounting Officer indicated that the Ministry will implement the recommendation when virementing funds in future.

1.5 ACKNOWLEDGEMENT

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

1.6 UNQUALIFIED 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 2014 in accordance with the terms of Article 127(2) of the Namibian Constitution and Section 25(1) of the State Finance Act, 1991 (Act 31 of 1991).

In my opinion, the financial statements present fairly, in all material respects the financial position of the Ministry of Lands and Resettlement as at 31 March 2014, and their financial performance and their cash flows for the year then ended in accordance with the State Finance Act, 1991 (Act 31 of 1991).

WINDHOEK, May 2015

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

ANNEXURE A

1. AUDITED FINANCIAL STATEMENTS

1.1 Appropriation account

Service	2013/2014					2012/2013
	N\$	Authorized expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure/ (Excess)	Percentage	
N\$	N\$	N\$	N\$	%	N\$	
01. Office of the Minister:						
Original budget	4 307 000					
Plus Virement	600 856	4 907 856	4 977 855.07	(69 999.07)	(1.43)	3 208 814.16
02. Administration:						
Original budget	56 078 000					
Less Virement	(6 110 136)	49 967 864	50 012 878.53	(45 014.53)	(0.09)	30 016 263.11
03. Resettlement and Regional Offices:						
Original budget	14 799 000					
Less Virement	(5 062 285)	9 736 715	9 668 226.68	68 488.32	0.70	9 588 251.84
04. Valuation and Estate Management:						
Original budget	8 200 000					
Plus: Virement	97 818	8 297 818	9 340 021.78	(1 042 203.78)	(12.56)	7 828 700.28
05. Land Reform:						
Original budget	142 959 000					
Less: Virement	(2 734 741)	140 224 259	140 205 380.08	18 878.92	0.01	133 645 233.11
06. Geomatic Planning and Research:						
Original Budget	35 494 000					
Less: Virement	(2 229 672)	33 264 328	33 958 738.57	(694 410.57)	(2.09)	21 769 075.45
07. Centralised Registration (Central and Southern Regions):						
Original budget	7 955 000					
Plus: Virement	609 692	8 564 692	8 547 681.52	17 010.48	0.20	7 769 223.47
08. Planning, Research, Training and Information Systems:						
Original budget	7 672 000					
Less: Virement	(622 832)	7 049 168	7 042 935.98	6 232.02	0.09	5 572 612.32
09. Regional Offices:						
Original budget	18 208 000					
Plus: Virement	15 877 275	34 085 275	34 833 618.08	(748 343.08)	(2.20)	22 253 410.32
10. Information Technology:						
Original budget	4 026 000					
Less: Virement	(425 975)	3 600 025	3 609 992.90	(9 967.90)	(0.28)	3 059 446.24
GRAND TOTAL		299 698 000	302 197 329.19	(2 499 329.19)	(0.83)	244 729 030.30

1.2 Standard subdivisions

Subdivision	2013/2014			2012/2013
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual Expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	85 792 831	87 046 096.93	(1 253 265.93)	67 504 648.08
002. Employer's contribution to GIPF	8 265 446	8 913 298.02	(647 852.02)	7 255 273.44
003. Other conditions of service	1 060 412	1 243 662.19	(183 250.19)	1 455 703.24
Total	95 118 689	97 203 057.14	(2 084 368.14)	76 215 624.76
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	5 575 196	5 477 686.27	97 509.73	4 385 874.34
022. Materials and supplies	1 415 601	1 417 808.23	(2 207.23)	1 618 352.10
023. Transport	5 086 834	5 082 527.52	4 306.48	5 116 014.91
024. Utilities	7 601 649	7 601 646.88	2.12	5 392 793.13
025. Maintenance expenses	705 869	705 862.34	6.66	1 136 457.81
026. Property rental and related charges	171 123	171 121.66	1.34	154 748.00
027. Other services and expenses	7 114 085	7 068 955.10	45 129.90	4 244 557.20
Total	27 670 357	27 525 608.00	144 749.00	22 048 797.49
Current expenditure: Membership fees and subscriptions				
041. International	534 228	534 226.83	1.17	510 000.00
Total:	534 228	534 226.83	1.17	510 000.00
Total: Current expenditure	123 323 274	125 262 891.97	(1 939 617.97)	98 774 422.25
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	546 776	546 767.96	8.04	658 523.85
102. Vehicles	1 873 248	1 873 246.34	1.66	1 848 590.84
Total:	2 420 024	2 420 014.30	9.70	2 507 114.69
Total: Operational expenditure	125 743 298	127 682 906.27	(1 939 608.27)	101 281 536.94
Development:				
Capital expenditure: Goods and other services				
022. Materials and supplies	2 736 068	2 736 049.93	18.07	3 071 051.17
027. Other services and expenses	23 882 166	24 511 899.65	(629 733.65)	18 982 353.21
Total	26 618 234	27 247 949.58	(629 715.58)	22 053 404.38
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	1 015 422	1 015 421.04	0.96	37 526.08
103. Operational equipment, machinery and plants	376 504	376 503.93	0.07	519 410.39
105. Feasibility studies, design and supervision	6 555 261	6 555 259.66	1.34	-
107. Constructin, renovation and improvement	37 689 281	37 619 288.71	69 992.29	24 058 002.15
133. Public and departmental enterprises and private industries	101 700 000	101 700 000.00	-	91 200 000.00
Total	147 336 468	147 266 473.34	69 994.66	121 394 088.98
Total: Development expenditure	173 954 702	174 514 422.92	(559 720.92)	143 447 493.36
GRAND TOTAL	299 698 000	302 197 329.19	(2 499 329.19)	244 729 030.30

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Total estimate	Actual revenue 2013/2014	More/(Less) than estimated	Actual revenue 2012/2013
	N\$	N\$	N\$	N\$
Unclaimed Cheques	2 120 251	-	(2 120 251.00)	-
Miscellaneous	120 000	378 860.31	258 860.31	41 166 978.14
Permission to occupy fees	-	14 532.17	14 532.17	3 360.00
Sale of Maps	600 000	175 067.22	(424 932.78)	325 268.69
Deeds Fees	480 966	1 340 595.35	859 629.35	8 049 620.80
Survey or General Investigation Fees:	7 130 185	282 072.70	(6 848 112.30)	85.00
Survey General	-	141 400.00	141 400.00	434 354.25
Service rendered	15 000	-	(15 000.00)	-
Permission to occupy	-	-	-	13 097.16
Total	10 466 402	2 332 527.75	8 133 874.25	49 992 764.04

1.4 Notes to the financial statements

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

i) Over-expenditure

Main division 04: Valuation and Estate Management (N\$ 1 042 203.78 – 12.56 %)

The over-spending on the above main division is attributed to the new grading and salary structure which was implemented during the year.

It should be noted that the improvement in salary and grading structure of public servants was estimated for during budgeting time while the structure was still in its draft form. However, when the structure was approved, after the budget was already approved, its financial cost exceeded the estimated amount and, thus, its implementation solely contributed to the over-expenditure on this main division.

Main division 06: Geomantic Planning & Research (N\$ 694 410.57 – 2.09 %)

The over-expenditure under this main division is a result of an oversight from the people responsible for effecting foreign payments at the Ministry of Finance. Payments to a foreign company were made using the exchange rate of the day at which the payments were processed although the Ministry has requested the Ministry of Finance to process the foreign payments to that company based on a fixed exchange rate per the contract signed between the company and the Ministry. The difference between the fixed exchange rate and the exchange rate on the day of some payments were as high as €1:4 vs the Namibian Dollar and this has led to over-expenditure on this main division.

Main division 09: Regional Offices (N\$ 748 343.08 – 2.20 %)

The over-spending on the above main division is attributed to the new grading and salary structure which was implemented during the year.

It should be noted that the improvement in salary and grading structure of public servants was estimated for during budgeting time while the structure was still in its draft form. However, when the structure was approved, after the budget was already approved, its financial cost exceeded the estimated amount and, thus, its implementation solely contributed to the over-expenditure on this main division.

2. GENERAL INFORMATION

2.1 Capital projects

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

Project name	Approved total budget	Approved appropriation 2013/2014	Total expenditure as at 31/03/2013	Actual expenditure 2013/2014	Total expenditure for 31/03/2014	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Land Purchase	890 500 000	101 700 000	624 027 812.94	101 700 000.00	725 727 812.94	31/03/20
Ongoing Resettlements	46 695 000	4 029 309	60 658 238.10	3 959 300.88	64 617 538.98	31/03/15
Flexible Land Tenure System.	37 509 000	522 226	2 745 204.06	522 225.54	3 267 429.60	31/03/20
Development of Communal Areas	104 387 000	22 990 329	62 390 894.32	22 981 329.51	85 372 223.83	31/03/15
Intergrated Regional Land Use Planning	12 972 000	1 630 000	3 384 119.40	1 630 000.00	5 014 119.40	31/03/15
Nationwide Integrated Geodesy	13 300 000	2 625 000	10 493 686.38	2 624 999.25	13 118 685.63	31/03/15
Namibia Land Information System	30 000	450 372	775 369.03	450 371.40	1 225 740.43	31/03/15
Delimitation of Namibian Continental Shelf	80 000 000	2 200 000	27 736 147.99	2 199 999.70	29 936 147.69	31/03/15
Development of National Fundamental Data Sets	32 926 000	11 387 924	41 149 261.48	12 026 658.78	53 175 920.26	31/03/15
Construction of the Ministerial Head Quarter in Windhoek	36 715 000	1 994 269	126 121 321.88	1 994 268.19	128 115 590.07	31/03/15
Construction of the Ministerial Regional Office in Opuwo.	23 998 000	9 996 648	3 936 761.98	9 996 647.42	13 933 409.40	31/03/15
Construction of the Ministerial Regional Office in Rundu.	40 300 000	9 995 003	3 591 555.82	9 995 002.30	13 586 558.12	31/03/15
Construction of the Ministerial Regional Office in Katima Mulilo.	18 144 000	865 772	3 934 217.75	865 771.25	4 799 989.00	31/03/15
Feasibility Studies on the Construction & Upgrading of the Ministerial Refional Offices. (Oshikoto, Erongo, Omusati & Ohangwena	20 000 000	800 000	32 909.22	800 000.00	832 909.22	31/03/15
Renovation to the Deeds Office of the Surveyor General.	18 280 000	2 767 850	1 824 436.07	2 767 848.70	4 592 284.77	31/03/16
Total	1 417 311 000	173 954 702	1 080 140 761.76	174 514 422.92	1 254 655 184.68	

2.2 Contributions by the Government

During the financial year under review, the Ministry donated equipment worth N\$ 1 227 300 to various resettled farmers.

2.3 Contributions to the Government

During the financial year under review, the Ministry received donation of equipment worth N\$ 2 066 835 from various foreign instances and governments.

2.4 Fixed properties bought

During the financial year under review, the Accounting Officer reported that the Ministry bought farms for resettlement purposes with a combined hacters of 101 260.4 worth N\$ 142 230 592

2.5 Exemption from normal Tender Board procedures

During the financial year under review, the Ministry procured goods and services through approved exemptions from normal Tender Board procedures totalling to an amount of N\$ 63 754 960.43. The following exemptions were approved by the Tender Board:

Exemption	Description	Approved amount	Actual expenditure	Difference
		N\$	N\$	N\$
E1/16-1/2013	Procurement of essential goods and services which could not be procured through normal tender procedures.	61 120 000.00	51 841 488.09	9 278 511.91
E1/16-4/2013	Fences and construction of multipurposes auction facilities and kraals in small scale commercial farming areas in Omusati region	6 702 846.99	5 199 760.27	1 503 086.72
E1/16-5/2013	Fences and construction of multipurposes auction facilities and kraals in small scale commercial farming areas in Ohangwena region	7 683 806.42	6 074 868.33	1 608 938.09
E1/16-2/2013	Design and supervision of water infrastructure in areas designated for small scale commercial farming areas	5 000 000.00	638 754 960.43	(138 843.74)
Total		80 506 653.42	63 754 960.43	12 251 692.98

2.6 Point keeping stock and stock taking

The Ministry has twenty one (21) points keeping stock where stock takings were conducted. Furthermore, during stock taking surpluses of N\$ 490 869.28 and deficiencies amounting to N\$ 50 775.56 were found.

2.7 Vehicle accidents

Fifteen (15) motor vehicle accidents occurred during the financial year under review of which eleven (11) vehicles were repaired at a total cost of N\$ 144 565.36.

2.8 Losses through irregularities by persons employed by the Government

Eleven (11) cases through irregularities by persons employed by the Government occurred during the financial year under review amounting to N\$ 1 204 763.98 of which one case involve a loss of cash to the amount of N\$ 1 160 255.29. Seven (7) cases were finalised and four (4) were in the process of finalisation. A total amount of N\$ 4 756.01 was recovered.

2.9 Commissions and Special Committees

The Accounting Officer reported that during the financial year under review, the Ministry paid remuneration, subsistence allowance, transport and stationery for Commissions and Special Committees totalling to N\$ 2 454 983.83.

2.10 Purchase of land

The Accounting Officer reported an amount of N\$142 230 592 for purchase of farms for resettlement purposes, however the general ledger reflected an amount of N\$ 101 700 000 which gives an unexplained difference of N\$ 40 530 592. It is recommended that the Accounting Officer explains the difference.

WINDHOEK, 2014-10-08

**LUDWINA SHAPWA
ACCOUNTING OFFICER**