



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF MINES AND ENERGY
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 Mines and Energy 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**

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DEFINITIONS

Treasury:	Financial authority in public service. (The department of Government that has control over the collection, management and disbursement of public revenue).
Vote:	Represents an Office/Ministry/Agency.
Appropriation Act:	Estimate of expenditure and revenue for a particular financial year presented to the National Assembly, the Act passed by Parliament.
Appropriation Account:	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.
Standard sub-division:	Government Balance account, showing balances incurred on each account/activity.
Suspension:	Reduction on budget (Treasury may from time to time withhold or suspend any amount in an estimate of expenditure).
Virement:	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.
Unauthorised Expenditure:	Expenditure that exceeds the amount appropriated (budgeted) for a vote, main division or subdivision.
Underexpenditure:	Saving on the budget.
Miscellaneous Revenue:	All revenue collected and not having a specified revenue code.
Commitments:	Funds reserved to acquire goods or services from a supplier.
Suspense accounts:	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.
S&T Advance Suspense Account:	A suspense account reflecting the outstanding subsistence and travel advances.
Rejection Account:	A suspense account reflecting names and balances of all persons/companies that owe the money to the State.
Budget:	Is an estimation of the revenue and expenses over a specified future period of time.
Subsistence Advance:	Payment given in advance to an employee to reimburse accommodation, meal and incidental expenses, while on an official assignment.
Performance Information:	Measurement of an individual, group, organization, system or component which is collected, analysed and reported. (Includes Strategic plans, annual plans, performance agreements and personal development plans).

Key performance indicator (KPI):	A measurable value used to monitor and demonstrates how effectively an organization is achieving key business objectives.
International Standards of Supreme Audit Institutions (ISSAI):	Professional standards and best practice guidelines for public sector auditors, officially authorised and endorsed by the International Organisation of Supreme Audit Institutions (INTOSAI).
Attestation engagement:	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.
Subject matter:	Refers to the information, condition or activity that is measured or evaluated against certain criteria.
Materiality:	Is a concept or convention relating to the importance or significance of an amount, transaction, or discrepancy that affects the decision of the user.
O/M/A:	Office/Ministry/Agency
Types of Audit Opinions:	<p>Unqualified Opinion. In an unqualified report, the auditors conclude that the financial statements of your O/M/A's present fairly its affairs in all material aspects.</p> <p>Qualified Opinion. An auditor's report is qualified when there is either a limitation of scope in the auditor's work, or when there is a disagreement with management regarding application, acceptability or adequacy of accounting policies.</p> <p>Disclaimer Opinion. 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>Adverse Opinion. 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>
Reasonable Assurance:	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.
Limited Assurance:	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.

Direct reporting engagement:	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.
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**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF MINES AND ENERGY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

1. SECTION A: FINANCIAL AUDIT

1.1 UNQUALIFIED AUDIT OPINION

I have audited the financial statements of the Ministry of Mines and Energy 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, Departmental revenue, notes to the financial statements and general information for the year ended, and other explanatory information.

In my opinion, the financial statements of the Ministry of Mines and Energy as at 31 March 2022 are prepared, in all material respects, in accordance with 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 Supreme Audit Institutions 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 an unqualified opinion.

1.3 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.

1.4 OTHER MATTERS

Attention is drawn to the management on the following matter that relates to my responsibility in the audit of the financial statements and excluding matters already disclosed by the Ministry of Mines and Energy in the financial statements. My opinion is not modified in respect of this matter:

1.4.1 Audit committee

The audit found that the Ministry has a non-functional audit committee as an external oversight function required for good governance to ensure operational effectiveness and efficiency, thus internal audit recommendations might not be implemented.

It is recommended that the Accounting Officer should ensure that the committee is functional.

Management comment

The Accounting Officer indicated that the Committee has not been functional because the members were waiting for the orientation to be conducted by the Ministry of Finance. The programme was delayed and at the time of the report the training has not been conducted.

1.4.2 IT Steering Committee

The audit found that the Ministry does not have an IT Strategic Committee. The primary purpose of an IT Steering Committee is to provide strategic direction for IT-related projects. An IT Steering Committee is a group of high-level stakeholders who are tasked with establishing an institution's IT priorities, as well as a governance framework to support these projects and initiatives.

It is recommended that the Accounting Officer should establish and implement the IT Strategic Committee for the Ministry.

Management comment

The Accounting Officer took note of the recommendation and would ensure that the IT Steering Committee is established.

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 or my knowledge obtained in the audit or otherwise appears to be materially misstated. 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 AUDIT OF PERFORMANCE INFORMATION

2.1 COMPLIANCE TO 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 Mines and Energy 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 Mines and Energy used the appropriated funds in compliance with the Appropriation Act, 2021 (Act 1 of 2021), State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015), Appropriation Amendment Act, 2021 (Act 4 of 2021), Treasury Instructions 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 the Ministry of Mines and Energy 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 used in the audit was derived from the following laws and regulations:

- 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; and
- Public Procurement Regulations.

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 the laws and regulations that governs them. The audit team conducted interviews with management and those charged with governance and document reviews were also carried out.

2.6 KEY AUDIT FINDINGS

2.6.1 Unauthorized expenditure

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

i) Although Treasury approval was obtained to utilise expected savings for the defrayal of excess expenditure by way of virements during the year, two (2) operational subdivisions were exceeded with N\$ 511 951.97. This excess is unauthorised in terms of section 6(a) (iii) of the Act.

It is recommended that the Accounting Officer should ensure control measures are strengthened to avoid unauthorized expenditure in future.

Management comment

The Accounting Officer took note of the recommendations and would ensure that control measures are strengthened to avoid unauthorised expenditure. The Ministry will also engage Treasury so that the posting of the final virement is done timely.

2.7 UNQUALIFIED OPINION ON THE SUBJECT MATTER

In my opinion, the Ministry of Mines and Energy's financial performance and use of appropriated funds is in compliance, in all material respects, with the State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015), Treasury Instructions, Public Procurement Regulations, Appropriation Act, 2021 (Act 1 of 2021) and Appropriation Amendment Act, 2021 (Act 4 of 2021).

3. AUDIT OF PERFORMANCE INFORMATION

I have audited the performance information of the Ministry of Mines and Energy 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 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 Mines and Energy 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. The following two (2) were selected from the Directorate: Petroleum Affairs as follows;

- Number of fuel pricing regulations activities and upstream petroleum promotion conducted.
- Number of disruption of fuel supply.

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.

The 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 auditors tested the performance information against the following criteria/sub-criteria:

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

3.4 SUMMARY OF METHODS APPLIED

I reviewed the Strategic Plan, annual plan and Annual Performance Report 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 Directorate quarterly reports and Annual Performance Report.

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

The audit revealed a satisfactory outcome regarding the sub-criterias of relevance, accuracy and completeness.

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 controls 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.

The management is also responsible for ensuring adherence to the State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015), Appropriation Act, 2021 (Act 1 of 2021), Appropriation Amendment Act, 2021 (Act 4 of 2021), Public Procurement Regulations and Treasury Instructions to ensure that effective and efficient internal controls are implemented to enable compliance to the law that governs the performance information.

Those charged with governance are responsible of overseeing the entity's financial reporting process.

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 a 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 scepticism 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 uses and the reasonableness of accounting estimates and related disclosures made by management.

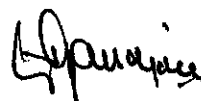
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I 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 on whether the financial performance and the use of appropriated funds is, in all material respect is in compliance with the Appropriation Act, 2020 (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 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 appropriation account was submitted timeously by the Accounting Officer to the Auditor-General on 04 October 2022 in terms of Section 13 of the State Finance Act, 1991 (Act 31 of 1991). The financial statements, notes to the financial statements and general information supplied by the Accounting Officer are attached as Annexure A.

7. ACKNOWLEDGEMENT

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



JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

WINDHOEK, MARCH 2023

ANNEXURE A

1. AUDITED FINANCIAL STATEMENTS

1.1 Appropriation account

Service	2021/2022		Variations		2020/2021	
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Percentage	Actual expenditure	
N\$	N\$	N\$	N\$	%	N\$	
01. Office of the Minister:						
Original budget	3 123 000					
Plus: Virement	371 420	3 494 420	3 331 052.77	163 367.23	4.68	3 764 058.06
02. Administration:						
Original budget	45 830 000					
Plus: Virement	11 669 520					
Less: Suspension	(1 600 000)	55 899 520	54 974 067.18	925 452.82	1.66	48 226 664.63
03. Mining:						
Original budget	24 560 000					
Plus: Virement	189 657					
Less: Suspension	(500 000)	24 249 657	22 582 280.04	1 667 376.96	6.88	21 309 531.96
04. Geological Survey:						
Original budget	54 074 000					
Less: Virement	(577 593)					
Less: Suspension	(2 400 000)	51 096 407	42 194 339.36	8 902 067.64	17.42	47 738 820.88
05. Energy Funds:						
Original budget	57 795 000					
Less: Virement	(14 605 194)					
Less: Suspension	(9 500 000)	33 689 806	32 926 246.38	763 559.62	2.27	51 809 433.49
06. Diamond Affairs:						
Original budget	10 944 000					
Plus: Virement	2 173 810	13 117 810	12 965 119.25	152 690.75	1.16	18 132 785.66
07. Petroleum Affairs:						
Original budget	11 169 000					
Less: Virement	(488 000)	10 681 000	10 345 808.74	335 191.26	3.14	10 527 831.75
08. Energy Fund:						
Original budget	4 946 000					
Plus: Virement	1 266 380	6 212 380	6 107 067.85	105 312.15	1.70	4 929 192.29
GRAND TOTAL		198 441 000	185 425 981.57	13 015 018.43	6.56	206 438 318.72

1.2 Standard subdivisions

Subdivision	2021/2022			2020/2021
	Authorized expenditure	Actual expenditure	Underexpenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	99 655 115	99 667 913.71	(12 798.71)	98 317 862.35
002. Employer's contribution to GIPF	12 512 020	12 000 048.13	511 971.87	11 597 250.42
003. Other conditions of service	957 230	843 499.48	113 730.52	1 379 000.49
005. Employers contribution to the social security	266 780	254 633.26	12 146.74	246 627.64
Total	113 391 145.00	112 766 094.58	625 050.42	111 540 740.90
Current expenditure: Goods and other Services				
021. Travel and subsistence expenses	2 150 000	1 769 767.53	380 232.47	960 021.13
022. Materials and supplies	1 108 000	1 037 981.24	70 018.76	1 302 902.03
023. Transport	2 327 000	2 206 635.09	120 364.91	2 592 087.30
024. Utilities	10 596 649	10 284 672.87	311 976.13	7 079 886.06
025. Maintenance expenses	1 200 000	1 003 595.56	196 404.44	3 152 713.87
027. Other services and expenses	2 984 000	2 699 520.23	284 479.77	2 981 440.42
Total	20 365 649	19 002 172.52	1 363 476.48	18 069 050.81
Current expenditure: Membership Fees and Subscriptions				
041. Membership fees: International	2 638 000	2 090 187.16	547 812.84	7 549 904.02
042. Membership fees: Domestic	4000	400.00	3 600.00	400.00
053. Subsidies for state owned enterprises	-	-	-	-
Total	2 642 000	2 090 587.16	551 412.84	7 550 304.02
Capital Expenditure: Capital transfers				
124. Abroad	3 050 000	2 982 658.26	67 341.74	2 008 465.40
Total	3 050 000	2 982 658.26	67 341.74	2 008 465.40
Total Operational recurrent expenditure	136 398 794	133 858 854.25	2 539 939.75	139 168 561.13
Development:				
Capital expenditure: Goods and services				
032. Material and supplies	6 100 000	5 789 753.78	310 246.22	8 539 962.40
037. Other services and expenses	15 900 000	9 223 218.23	6 676 781.77	13 766 254.84
Total: Development expenditure	22 000 000	15 012 972.01	6 987 027.99	22 306 217.24
Capital expenditure: Acquisition of assets				
113. Operational equipment, machinery and Plants	600 000	26 513.54	573 486.46	770 830.53
115. Feasibility studies, design and supervision	2 651 100	1 409 301.11	1 241 798.89	-
117. Construction, renovation and improvement	32 241 105	30 635 682.39	1 605 123.61	44 192 709.82
131. Government Organization	1 500 000	1 500 000.00	-	-
TOTAL	36 992 206	33 571 497.04	3 420 708.96	44 963 540.35
Total: Development	58 992 206	48 584 469.05	10 407 736.95	67 269 757.59
GRAND TOTAL	198 441 000	185 425 981.57	13 015 018.43	206 438 318.72

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate 2021/2022	Actual revenue 2021/2022	More/(Less) than estimated	Actual revenue 2020/2021
	N\$	N\$	N\$	N\$
Miscellaneous	250 000.00	918 459.33	668 459.33	191 114.24
Geological survey	200 000.00	189 443.69	(10 556.31)	100 450.56
Oil exploration-rental fees	30 000 000.00	32 833 047.80	2 833 047.80	14 804 037.79
Prospecting licences and claims	2 100 000.00	9 932 304.05	7 832 304.05	3 925 639.60
Diamond royalties	1 568 148 975.25	678 775 122.10	(889 373 853.15)	881 178 045.69
Other mineral royalties	624 000 000.00	711 486 631.41	87 486 631.41	618 731 448.79
Sale of bidding documents	100 000.0	59 360.00	(40 640.00)	88 150.00
Private telephone calls	100 000.00	-	(100 000.00)	-
Total	2 224 898 975.25	1 434 194 368.38	(790 704 606.87)	1 519 018 886.67

1.4 Notes to the financial statements

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

(i) Underexpenditure

Main division 01: Office of the Minister (N\$ 163 367.23 - 4.68%)

The main contributing factor to the underspending is on personnel expenditure funds were viremented from other subdivision to cater for leave gratuity for the late Honourable Deputy Minister. However, at the end of the financial year, funds were not utilized as the outstanding issues were not resolved.

Main division 03: Mining (N\$ 1 667 376.966 - 88%)

The underspending on travel and subsistence allowance is contributed by the trips that were diverted to virtual meetings due to COVID-19 restrictions, which resulted in the underspending on both local and international travel and subsistence allowance during the 2021/2022 financial year.

In addition, the underspending was realized on the small-scale mining project caused by the delay in the handover of the site to the contractor due to procurement challenges experienced on the project.

Main division 04: Geological Survey (N\$ 8 902 067.64 - 17.42%)

The underspending on travel and subsistence allowance is contributed by the trips that were diverted to virtual meetings due to COVID-19 restrictions, which resulted in the underspending on both local and international travel and subsistence allowance during the 2021/2022 financial year.

The underexpenditure on materials and supplies, maintenance expenses and other services and expenses attributed by the pending documents required by the Procurement Act and late submission of bank guarantee certificates on foreign payments. The underexpenditure on membership subscription fees occurred due to the delay in the submission of invoices for 2021/2022 financial year. Thus, resulted in the underexpenditure on the main division.

Development budget

The underspending was observed under the High Resolution Airborne Geophysics, Geological Sample Storage and Database, Regional Geochemical Sampling Survey, Airborne Electromagnetic Survey, Regional Geological Mapping and Environmental Monitoring of Active and Abandoned Mines projects. Bids were advertised and many bidders participated in the bidding process to bid for procurement to specialized goods and services. However, after the bid evaluation, all bids were cancelled as there were no successful substantive responsive bidders.

Furthermore, invoices for seismology equipment could not be paid due to outstanding performance security. The underspending on Geo-Laboratories Upgrading and Staff Training (004065) project resulted from the delay in the delivery of goods and late submission of invoices. As a result, the invoice was not paid and money was not utilized in the financial year.

Main division 05: Energy (N\$ 763 559.62 -2.27%)

The underexpenditure resulted from membership subscriptions fees. The invoice for the World Energy Council membership fees for the 2021/2022 financial year was not provided. This, resulted in an underexpenditure on the main division.

Main division 07: Petroleum Affairs (N\$ 335 191.26 - 3.14%)

The underexpenditure resulted from remuneration GIPF, employer is contribution to social security and, S & T due to the delay in filling the two positions of Deputy Director and Chief Inspector.

1.1.2 Departmental Revenue: Explanations of variations exceeding N\$ 200 000

(i) Underestimated

Prospecting Licences and Claims (N\$ 7 832 304.05)

The actual revenue collected during the 2021/2022 financial year was N\$ 9 932 304.05 which is more than then estimated amount of N\$ 2 100 000. The main reason for the variation is the increase in application fees, annual license fees, and the introduction of new fees on Mineral licences. This was as a result of Government Gazette No.7611 of 27 August 2021, which came into force on 01 September 2021.

Other mineral royalties (N\$ 87 486 631.41)

The royalties for other minerals collected during the 2021/2022 financial year was N\$ 711 486 631.41 which is more than the estimated amount of N\$ 624 000 000. The variance was caused by the positive commodity prices especially in the base and precious metals. During the year under review, uranium prices also recorded an increase in prices that led to an increase in payment of royalties.

Miscellaneous (N\$ 668 459.33)

The actual revenue collected during the 2021/2022 financial year was N\$ 918 459.33 which is more than the estimated amount of N\$ 250 000.00. The variance was caused by a reversal amounting to N\$ 458 768.40 from prior financial year and the new introduced application fees for administrative, blasting certificate; transport, export, high value mineral and accessory works permits.

Oil Exploration-Rental Fees (N\$ 2 833 047.80)

The actual revenue collected during the 2021/2022 financial year was N\$ 32 833 047.80 which is more than the estimated amount of N\$ 30 000 000. The recorded variance of N\$ 2 833 047.80 is due to an unbudgeted receipt of funds from a new licence that was issued to Apprentice. Additional to the new licence that was issued to Oranto Petroleum a payment was also made for rental fees that was due for 2020. These therefore resulted in the variance.

ii) Over estimated**Dimond royalties (889 373 853.15)**

The diamond royalties collected during the 2021/2022 financial year was N\$ 678 775 122.10 which is less than the estimated amount of N\$ 1 568 148 975.25. The variance was caused by the slow market recovery due to the Covid-19 pandemic. Furthermore, the Government granted a 5% deferment to Namdeb effective from 2021 in terms of section 116 of Minerals (Prospecting and Mining) Act. The deferment has caused the low royalty collection on diamonds.

2. GENERAL INFORMATION**2.1 Bank accounts**

The Accounting Officer reported the following bank accounts with closing balances as at 31 March 2022 as follows:

Account name	Bank	Closing balance as at 31 March 2022
Solar Revolving Fund	First National Bank	N\$ 2 342 297.89
Solar Revolving Fund	First National Bank	N\$ 22 468 893.81
Solar Revolving Fund	First National Bank	N\$ 110 459.08
Solar Revolving Fund	First National Bank	N\$ 3 085 082.75
Botschaf Der Republik Namibia	UniCredit Bank Austria AG	€ 32 823.15
Geological Survey Infrasound	Standard Bank	N\$ 2 289 404.93

2.2 Fund accounts

The Accounting Officer reported the following fund accounts with closing balances as at 31 March 2022 as follows:

Fund name	Closing balance as at 31 March 2022 N\$
National Energy Fund	129 423 061.35
National Energy Fund- Electricity levy	33 508 122.64
National Energy Fund-Petroleum & Energy	1 695 032.63
National Energy Fund- Equalisation Levy	1 000 000.00
National Energy Fund –Electricity Levy	70 000 000.00
National Energy Fund- P&E Gen Levy	-
NEF-National Energy Fund	54 601.42
NEF- Strategic oil storage	97 489 772.18
NEF-CFC Account	295 101.01
DBN debt reserve account	42 726 239.13
National Energy Fund-40%	52 477 257.40
National Energy Fund	12 269 513.30
NEF Equalization Fuel Levy	9 837 420.61
Equalization Fuel Levy	5 775 845.25
Equalization Fuel Levy	50 283 434.92
Equalization Fuel Levy	8 879 196.06
Equalization Fuel Levy	15 925.80
Nine one Namibia Money Market Fund B Acc	5 156 894.26
IJG Securities-National Energy Fund	75 584 826.22
IJG Securities-National Energy Fund	29 720 945.16
Diamond Board Fund	15 890 593.92
Diamond Valuation Fund	684 716.41
Minerals Development Fund	2 235 689.38
Mineral Development Fund	5 982 436.84
Equilization Fuel Levy Investment	51 451 585.89
Equilization Fuel Levy Investment	38 042 397.14
Electricity Levy Investment	29 226 790.02
Strategic Oil Storage Fixed Deposit	-

2.3 Compensation payments

The Accounting Officer reported an amount of N\$ 7 780.11 incurred in respect of compensation payments (valid claims against the State) during the year under review.

2.4 Commission and Special committees

The Accounting Officer reported expenditure incurred amounting of N\$ 62 626.00 in respect of for Commission and Special Committees on transport, accommodation and remuneration during the period under review.

2.5 Outstanding commitments

The Accounting Officer reported outstanding commitments on seven (7) main divisions amounting to N\$ 116 908.71.

2.6 Outstanding subsistence advances

The Accounting Officer reported outstanding subsistence advances amounting to N\$ 121 764.18 according to the IFMS debit balance list in respect of twenty-eight (28) staff members.

2.7 Miscellaneous revenue

The Accounting Officer reported miscellaneous revenue amounting to N\$ 918 459.33 for the year under review.

2.8 Bursary and study assistance

The Accounting Officer reported that an amount of N\$ 52 510.00 was incurred in respect of two (2) staff members for the year under review.

2.9 Debt to Government

The Accounting Officer reported outstanding debt to the Government amounting to N\$ 2 056 833.59 as at 31 March 2022.

2.10 Annual stocktaking

The Accounting Officer reported stock and equipment valued at N\$ 56 183 346.85 kept at two (2) stock taking points, shortages and deficiencies of N\$ 164 960.00 and obsolete and worn-out stock and equipment valued at N\$ 290 418, for the year under review.

2.11 Suspense accounts

The final ledger shows the following sixteen (16) suspense accounts with balances as at 31 March 2022 of which six (6) with debit balances and ten (10) with credit balances:

Description	Balance as at 31 March 2022	
	Debit/(Credit)	
	N\$	
Receipt suspense account		(98 415 161.29)
RD cheques		69 600.00
S&T advance suspense account		(124 715.69)
Rejection account		(70 166.84)
Bills payable		(14 211.23)
Electronic fund transfer clearing account		(41 371.48)
Social security		(48.99)
Tax code		(59 812.54)
Salary interface control account		0.93
Pension fund: GIPF		(96 510.32)
Pension fund: Political Office Bearers		69 358.00
Standard Bank (Windhoek)		58 174.06
First National Bank (Windhoek)		(8 290.76)
Bank Windhoek Main Branch		1 968.00
Commercial Bank of Namibia		7 000.00
Debt establishment		(18 893.19)

2.12 Capital projects

The Accounting Officer reported the following development projects of the Ministry for the year under review:

Project name	Approved total budget	Total expenditure as at 31/03/2021	Approved appropriation 2021/2022	Actual expenditure 2021/2022	Total actual expenditure at 31/03/2022	Expected year of completion
National Airborne Geophysical Survey (NAGS)	N\$ 70 000 000	N\$ 48 428 094.83	N\$ 2 000 000	N\$ 893 619.79	N\$ 49 321 714.62	31/03/2025
Geological Samples Storage and Database	52 524 000	25 225 180.11	1 800 000	1 665 580.20	26 890 760.31	31/03/2025
Regional Geological Mapping	51 760 000	31 764 696.20	2 400 000	2 276 776.71	34 041 472.91	31/03/2026
Seismology and Ground Geophysics	521 412 000	11 941 895.32	2 500 000	552 903.58	12 464 798.90	31/03/2025
Regional Geochemical Sampling Survey	67 376 000	15 598 518.95	1 300 000	262 436.11	15 860 955.06	31/03/2026
Regional Integrated Interpretation Geophysics (RIIG)	199 750 000	7 584 050.74	3 000 000	922 249.45	8 506 300.19	31/03/2026
Engineering and Environmental Geological Assessment	9 623 000	2 763 367.38	1 000 000	615 087.66	3 378 455.04	31/03/2026
Upgrading of Geo Laboratories and Staff Training	31 004 000	14 226 822.38	152 800 000	187 673.74	14 414 496.12	31/03/2025
Small Scale Mining	68 906 000	37 516 535.02	3 500 000	1 607 989.20	39 124 524.22	31/03/2025
Major power project development	105 041 000	51 204 110.07	-	-	51 204 110.07	31/03/2026
Off-Grid Electrification and Solar Revolving Fund	129 160 000	74 648 728.05	1 500 000	1 500 000.00	76 148 728.05	31/03/2029
Rural electrification	885 374 000	772 649 412.78	22 917 206	22 675 359.07	795 324 771.85	30/03/2025
National Energy Institute	98 610 000	36 750 000	1 500 000	1 500 000.00	38 250 000	31/03/2026
Upgrading and expanding of IT Infrastructure	71 231 000	18 393 173.87	5 500 000	5 476 961.53	23 870 135.40	31/03/2025
Renovation and extension of MME buildings	100 900 000	24 989 555.18	8 575 000	8 477 832.01	33 467 387.19	31/03/2025
Total	2 462 671 000	1 173 684 140.88	58 992 206	48 584 469.05	1 222 268 609.93	

2.13 Suspensions

The Accounting Officer reported suspensions amounting to N\$ 14 000 000.00 for the financial year under review.

WINDHOEK, 2022-10-04

BRYAN EISEB
ACCOUNTING OFFICER

