



**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 2023**

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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 2023 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 2024**

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

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**



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## DEFINITIONS

<b>Treasury:</b>	Financial authority in public service. (The department of Government that has control over the collection, management and disbursement of public revenue).
<b>Vote:</b>	Represents an Office/Ministry/Agency.
<b>Appropriation Act:</b>	Estimate of expenditure and revenue for a particular financial year presented to the National Assembly, the Act passed by Parliament.
<b>Appropriation Account:</b>	Government Income and Expenditure statement, showing on receipt side the estimated budgeted amounts and on expenditure side the actual expenditure amounts and the difference thereof.
<b>Standard sub-division:</b>	Government Balance account, showing balances incurred on each account/activity.
<b>Suspension:</b>	Reduction on budget (Treasury may from time to time withhold or suspend any amount in an estimate of expenditure).
<b>Virement:</b>	Moving of budgeted funds from one account to another account within the same budget of the same office/ministry/agency. The utilization of a saving under one main division/sub division of a vote to defray an excess under another existing division of the same vote.
<b>Unauthorised Expenditure:</b>	Expenditure that exceeds the amount appropriated (budgeted) for a vote, main division or subdivision.
<b>Underexpenditure:</b>	Saving on the budget.
<b>Miscellaneous Revenue:</b>	All revenue collected and not having a specified revenue code.
<b>Commitments:</b>	Funds reserved to acquire goods or services from a supplier.
<b>Suspense accounts:</b>	Is an account opened in the books of Government that records movement of transactions of a temporarily nature, for example salary deductions of housing instalments.
<b>S&amp;T Advance Suspense Account:</b>	A suspense account reflecting the outstanding subsistence and travel advances.
<b>Rejection Account:</b>	A suspense account reflecting names and balances of all persons/companies that owe the money to the State.
<b>Budget:</b>	Is an estimation of the revenue and expenses over a specified future period of time.
<b>Subsistence Advance:</b>	Payment given in advance to an employee to reimburse accommodation, meal and incidental expenses, while on an official assignment.
<b>Performance Information:</b>	Measurement of an individual, group, organization, system or component which is collected, analysed and reported. (Includes Strategic plans, annual plans, performance agreements and personal development plans).

<b>Key performance indicator (KPI):</b>	A measurable value used to monitor and demonstrates how effectively an organization is achieving key business objectives.
<b>International Standards of Supreme Audit Institutions (ISSAI):</b>	Professional standards and best practice guidelines for public sector auditors, officially authorised and endorsed by the International Organisation of Supreme Audit Institutions (INTOSAI).
<b>Attestation engagement:</b>	It is when a responsible party (the entity) measures the subject matter against the criteria and presents the subject matter information, on which you, the auditor, then gather sufficient and appropriate audit evidence to provide a reasonable basis for forming a conclusion.
<b>Subject matter:</b>	Refers to the information, condition or activity that is measured or evaluated against certain criteria.
<b>Materiality:</b>	Is a concept or convention relating to the importance or significance of an amount, transaction, or discrepancy that affects the decision of the user.
<b>O/M/A:</b>	Office/Ministry/Agency
<b>Types of Audit Opinions:</b>	<p><b>Unqualified Opinion.</b> In an unqualified report, the auditors conclude that the financial statements of your O/M/A's present fairly its affairs in all material aspects.</p> <p><b>Qualified Opinion.</b> An auditor's report is qualified when there is either a limitation of scope in the auditor's work, or when there is a disagreement with management regarding application, acceptability or adequacy of accounting policies.</p> <p><b>Disclaimer Opinion.</b> Auditors do not express an opinion on the financial position of a firm because they have not completed an examination of its accounts or the examination is not broad enough in scope to enable them to form an opinion.</p> <p><b>Adverse Opinion.</b> The Financial statements of an O/M/A's do not fairly present its actual financial position and the required information was either not disclosed, or (if disclosed) was inadequately disclosed or was inaccurate.</p>
<b>Reasonable Assurance:</b>	It is when the audit conclusion is expressed positively, conveying that, in the auditor's opinion, the subject matter is or is not compliant in all material respects or, where relevant, that the subject matter information provides a true and fair view, in accordance with the applicable criteria.
<b>Limited Assurance:</b>	It is when the audit conclusion states that, based on the procedures performed; nothing has come to the auditor's attention to cause the auditor to believe that the subject matter is not in compliance with the criteria.

**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.



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
MINISTRY OF MINES AND ENERGY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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**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 2023, 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.

In my opinion, the financial statements of the Ministry of Mines and Energy as at 31 March 2023 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 EMPHASIS OF 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 these matters:

**1.4.1 Debt to Government**

**(i) Salary overpayment to staff members due to wrong salary notches**

The audit found that five (5) staff members from the Ministry have been overpaid as a result of being placed on wrong salary notches, hence they should have paid back the departmental debt owed to the Government.

It is recommended that the Accounting Officer should ensure that debt to Government is recovered.

### **Management comment**

The Ministry confirmed that the affected staff members were informed in writing and proof to that effect was provided in the audit query. Some staff members responded on how they will pay back the money, of which most of them indicated periods beyond 12 months, which requires Treasury approval. For the staff members whose deductions exceed 12 months, the Ministry is preparing a comprehensive submission to Treasury. The Ministry will commence on 01 March 2024 to implement the deduction.

### **(ii) Salary overpayment**

The audit found that a staff member during 2016 was overpaid an amount of N\$ 46 257.73, however, at the time of writing this report, this amount has not been recovered from the staff member.

It is recommended that the Accounting Officer should ensure that debts to Government are recovered.

### **Management comment**

The Accounting Officer indicated that the staff member was paid a double salary at her appointment in 2016. She was informed to pay back on 09/06/2021, but no response was received from the staff member. An advice was issued to payroll to deduct the outstanding balance in equal 12 months installment with effect from 01 March 2024.

### **(iii) Salary overpayment due to unauthorised absence from duty**

The audit found that a staff member, accompanied her husband on a foreign mission during October 2019 to January 2020. The staff member was overpaid on her salary during this period which resulted in a debt to Government amounting to N\$ 87 056.25.

In addition, the audit found that another staff member, took unapproved leave from 29 June 2020 to 03 July 2020, which resulted in a debt to Government amounting to N\$ 5 174.85.

It is recommended that the Accounting Officer should ensure that debt to Government is recovered.

### **Management comment**

The Accounting Officer indicated the affected staff members were informed of the debt in writing but failed to respond. The Human Resource office issued advices to payroll for deductions to resume with effect from 01 March 2024.

### **(vi) Housing subsidy overpayment due to increase in interest rate**

The audit found that seven (7) staff members owed on housing subsidy due to the changes in interest rates, but did not pay the debt.

It is recommended that the Accounting Officer should ensure that debt to Government is recovered.

### **Management comment**

The Accounting Officer indicated that the staff members were informed of the overpayments from 2020 to 2022, however they have not responded to the letters written to them. The overpayments will be recovered in twelf (12) months installment with effect from 01 March 2024.

#### **(v) Salary benefits overpaid/underpaid**

The audit found that two (2) staff members from the Ministry has been overpaid on cash bonus, bonus overpayment and GIPF, hence they should pay back the departmental debt of N\$ 85 236.84 owed to the Government.

It is recommended that the Accounting Officer should ensure that debt to Government is recovered.

### **Management comment**

The Accounting Officer indicated that staff members were informed of the departmental debts during 2021 to 2023. However, no response to date has been received. Advices were issued to payroll to deduct with effect from 01 March 2024.

## **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 2023.

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

The audit aimed to determine whether the Ministry of Mines and Energy financial performance and use of its appropriated funds is in compliance with the Appropriation Act, 2022 (Act 2 of 2022), Appropriation Amendment Act, 2022 (Act 7 of 2022), State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015), Treasury Instructions and Public Procurement Amendment Act, 2022 ( Act 3 of 2022) and Public Procurement Regulations during the financial year ended 31 March 2023.

### **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, 2022 (Act 2 of 2022);
- Appropriation Amendment Act, 2022 (Act 7 of 2022);
- State Finance Act, 1991 (Act 31 of 1991);
- Public Procurement Act, 2015 (Act 15 of 2015);
- Public Procurement Amendment Act, 2022 (Act 3 of 2022);
- 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 2023 submitted by the Accounting Officer, in order to determine whether this information complied with the laws and regulations that governs them.

## **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) One main division was exceeded with an amount of N\$ 21 590.04. This excess is unauthorised in terms of section 6 (a)(ii) of the Act.
- ii) Although Treasury approval was obtained to utilise expected savings for the defrayal of excess expenditure by way of virements during the year, four (4) operational subdivisions were exceeded with N\$ 75 222.70. 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.

## **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), Public Procurement Amendment Act, 2022 (Act 3 of 2022); Treasury Instructions, Appropriation Act, 2022 (Act 2 of 2022), Appropriation Amendment Act, 2022 (Act 7 of 2022) and Public Procurement Regulations.

### **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 2023.

#### **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 the Strategic Plan (2017/2018 -2022/2023) and the Annual Plan for the financial year 2022-2023. Key performance indicators were selected based on what would be significant to the intended users and their usefulness in assessing the entity's achievements in terms of its service performance objectives.

#### **3.2 AUDIT OBJECTIVE**

The objective of the Key Performance Indicator (KPI) audit is to provide reasonable 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 audit is an attestation engagement where the Office presented the subject matter information on which the auditor then gathered sufficient and appropriate audit evidence to provide reasonable assurance in forming an opinion. The findings and recommendations are taken into consideration.

#### **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 whether the selected key performance indicators for the year under review are reported in the quarterly reports and Annual Performance Report. Key Performance Indicators are selected based on what would be significant to the intended users, their usefulness and reliability in assessing the Office's achievements in terms of its performance objectives.

### 3.5 SELECTION OF KEY PERFORMANCE INDICATORS

The following key performance indicator was selected for the audit:

Strategic objectives	Project: KPI	Annual		Indicator definition
		Target	Actual	
Improve energy infrastructure to ensure security of supply, accessibility and affordability	Percentage of National Integrated Resource Plan implemented.	20%	20%	% Progress towards the completion of the generation projects determination

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

### 3.6 CONCLUSION ON THE SUBJECT MATTER

The outcome of the audit is satisfactory regarding the sub-criterias of relevance, accuracy and completeness. The Annual review report indicated that 100% of the target has been achieved.

## 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), Public Procurement Amendment Act, 2022 (Act 3 of 2022), Treasury Instructions, Appropriation Act, 2022 (Act 2 of 2022), Appropriation Amendment Act, 2022 (Act 7

of 2022), and Public Procurement Regulations and to ensure that effective and efficient internal controls are implemented to enable compliance to the law that governs the performance information.

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.
- 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, 2022 (Act 2 of 2022), Appropriation Amendment Act, 2022 (Act 7 of 2022), State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015), Public Procurement Amendment Act, 2022 (Act 3 of 2022), 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 financial statements, notes to financial statements and general information provided by the Accounting Officer are attached as Annexure A. The accounts were submitted timeously by the Accounting Officer to the Auditor-General on 28 August 2023 in terms of Section 25(1) of the State Finance Act, 1991 (Act 31 of 1991).

## **7. ACKNOWLEDGEMENT**

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



**WINDHOEK, MARCH 2024**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**



1. AUDITED FINANCIAL STATEMENTS

ANNEXURE A

1.1 Appropriation account

Service	2022/2023		Variations		2021/2022	
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Percentage	Actual expenditure	
N\$	N\$	N\$	N\$	%	N\$	
<b>01. Office of the Minister:</b>						
Original budget	3 544 000					
Additional budget	160 410					
Plus: Virement	253 597	3 958 007	3 883 814.59	74 192.41	1.87	3 331 052.77
<b>02. Administration:</b>						
Original budget	53 702 000					
Additional budget	862 700					
Plus: Virement	5 486 421	60 051 121	59 454 218.24	596 902.76	0.99	54 974 067.18
<b>03. Mining:</b>						
Original budget	22 952 000					
Additional budget	481 290					
Plus: Virement	1 836 550	25 269 840	25 129 831.61	140 008.39	0.55	22 582 280.04
<b>04. Geological Survey:</b>						
Original budget	49 447 000					
Additional budget	862 500					
Less: Virement	(4 665 224)	45 644 276	43 139 980.17	2 504 295.83	5.49	42 194 339.36
<b>05. Energy:</b>						
Original budget	36 532 000					
Additional budget	207 210					
Less: Virement	(3 592 711)	33 146 499	33 056 688.66	89 810.34	0.27	32 926 246.38
<b>06. Diamond Affairs:</b>						
Original budget	10 466 000					
Additional budget	1 333 920					
Plus: Virement	1 963 497	13 763 417	13 785 007.04	(21 590.04)	(0.16)	12 965 119.25
<b>07. Petroleum Affairs:</b>						
Original budget	11 159 000					
Additional budget	283 110					
Less: Virement	(1 374 130)	10 067 980	9 937 830.18	130 149.82	1.29	10 345 808.74
<b>08. Energy Funds:</b>						
Original budget	6 324 000					
Additional budget	226 860					
Plus: Virement	92 000	6 642 860	6 582 307.32	60 552.68	0.91	6 107 067.85
<b>GRAND TOTAL</b>		<b>198 544 000</b>	<b>194 969 677.81</b>	<b>3 574 322.19</b>	<b>1.80</b>	<b>185 425 981.57</b>

1.2 Standard subdivisions

Subdivision	2022/2023			2021/2022
	Authorized expenditure	Actual expenditure	Underexpenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational:</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	103 487 000	102 667 656.64	819 343.36	99 667 913.71
002. Employer's contribution to GIPF	12 246 493	12 151 479.44	95 013.56	12 000 048.13
003. Other conditions of service	1 617 507	1 616 767.02	739.98	843 499.48
005. Employers contribution to the social security	258 000	249 904.91	8 095.09	254 633.26
<b>Total</b>	<b>117 609 000</b>	<b>116 685 808.01</b>	<b>923 191.99</b>	<b>112 766 094.58</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence expenses	2 709 840	2 606 417.84	103 422.16	1 769 767.53
022. Materials and supplies	880 598	860 265.37	20 332.63	1 037 981.24
023. Transport	4 005 334	3 975 845.74	29 488.26	2 206 635.09
024. Utilities	10 500 760	10 394 297.64	106 462.36	10 284 672.87
025. Maintenance expenses	1 502 500	1 450 010.51	52 489.49	1 003 595.56
027. Other services and expenses	3 051 344	2 827 253.45	224 090.55	2 699 520.23
<b>Total</b>	<b>22 650 376</b>	<b>22 114 090.55</b>	<b>536 285.45</b>	<b>19 002 172.52</b>
<b>Current expenditure: Membership fees and subscriptions</b>				
041. Membership fees: International	2 508 124	2 505 434.41	2 689.59	2 090 187.16
042. Membership fees: Domestic	4 000	400.00	3 600.00	400.00
<b>Total</b>	<b>2 512 124</b>	<b>2 505 834.41</b>	<b>6 289.59</b>	<b>2 090 587.16</b>
<b>Capital Expenditure: Capital transfers</b>				
101. Furniture and office equipment	112 500	112 500.00	-	-
124. Abroad	2 660 000	2 660 000.03	(0.03)	2 982 658.26
<b>Total</b>	<b>2 772 000</b>	<b>2 772 500.03</b>	<b>(0.03)</b>	<b>2 982 658.26</b>
<b>Total Operational expenditure</b>	<b>145 544 000</b>	<b>144 078 233.00</b>	<b>1 465 767.00</b>	<b>133 858 854.25</b>
<b>Development:</b>				
<b>Capital expenditure: Goods and services</b>				
032. Material and supplies	6 900 000	6 899 999.63	0.37	5 789 753.78
037. Other services and expenses	18 116 711	16 673 643.48	1 443 067.52	9 223 218.23
<b>Total: Development expenditure</b>	<b>25 016 711</b>	<b>23 573 643.11</b>	<b>1 443 067.89</b>	<b>15 012 972.01</b>
<b>Capital expenditure: Acquisition of assets</b>				
113. Operational equipment, machinery and plants	1 200 000	934 081.90	265 918.10	26 513.54
115. Feasibility studies, design and supervision	2 534 965	2 534 964.49	0.51	1 409 301.11
117. Construction, renovation and improvement	19 248 324	18 848 755.31	399 568.69	30 635 682.39
131. Government organizations	5 000 000	5 00 000.00	-	1 500 000.00
<b>TOTAL</b>	<b>27 983 289</b>	<b>27 317 801.70</b>	<b>665 487.30</b>	<b>33 571 497.04</b>
<b>Total: Development expenditure</b>	<b>53 000 000</b>	<b>50 891 444.81</b>	<b>2 108 555.19</b>	<b>48 584 469.05</b>
<b>GRAND TOTAL</b>	<b>198 544 000</b>	<b>194 969 677.81</b>	<b>3 574 322.19</b>	<b>185 425 981.57</b>

### 1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate 2022/2023	Actual revenue 2022/2023	More/(Less) than estimated	Actual revenue 2021/2022
	N\$	N\$	N\$	N\$
Prospecting licences and claims	2 200 000.00	16 777 576.47	14 577 576.47	9 932 304.05
Diamond royalties fees	1 512 956 252.52	1 559 244 401.41	46 288 148.89	678 775 122.10
Other mineral royalties	759 550 742.53	599 120 702.81	(160 430 039.72)	711 486 631.41
Private telephone calls	100 000.00	-	(100 000.00)	-
Miscellaneous	250 000.00	372 144 527.64	371 894 527.64	918 459.33
Geological services	200 000.00	258 565.00	58 565.00	189 443.69
Oil exploration-rental fees	20 000 000.00	16 498 822.27	(3 501 177.73)	32 833 047.80
Sale of bidding documents	200 000.00	39 600.00	(160 400.00)	590 360.00
<b>Total</b>	<b>2 295 456 995.05</b>	<b>2 564 084 195.68</b>	<b>268 627 200.55</b>	<b>1 434 194 368.38</b>

### 1.4 Notes to the financial statements

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

##### Underexpenditure

##### Main division 04: Geological Survey (N\$ 2 504 295.83 - 5.49%)

An underspending is observed on the development budget under the High Resolution Airborne Geophysics, Seismology and Ground Geophysics, Environmental Monitoring of Active and Abandoned Mines and Regional Geological Mapping projects. Bids were advertised and many bidders participated in the bidding process to bid for procurement of specialized goods and services. However, after the bid evaluation, all bids were cancelled as there were no successful substantive responsive bidders.

In addition, an underspending on Geo-Laboratories Upgrading and Staff Training project caused by the cancellation of WD-XRF Consultancy bid due to internal skills identified.

#### 1.4.2 Departmental revenue: Explanations of variations exceeding N\$ 200 000

##### i) Underestimation

##### Prospecting Licences and Claims (N\$ 14 577 576.47)

The actual revenue collected during the 2022/2023 financial year was N\$ 16 777 576.47 which is more than the estimated amount of N\$ 2 200 000.00. The variance has occurred due to an increased interest for mineral applications for industrial minerals. In addition, the Ministry has intensified its verification effort prior to the issuance of export authorization, transfers, renewal and amendments of mineral rights.

### **Micellaneous (N\$ 371 894 527.64)**

The actual revenue collected during the 2022/2023 financial year was N\$ 372 144 527.64 which is more than the estimated amount of N\$250 000.00. See breakdown for miscellaneous revenue paragraph 2.6.

### **Diamond royalties (N\$ 46 288 148.89)**

The actual revenue collected during the 2022/2023 financial year was N\$1 559 244 401.41 which is more than the estimated amount of N\$1 512 956 252.52. The variance has occurred as the production at DeBeers has increased due to the commissioning of the new mining vessel contributing to more carats recovered.

### **ii) Over-estimation**

#### **Other Mineral Royalties (N\$ 160 430 039.72)**

The royalties for other minerals collected during 2022/2023 financial year was N\$ 599 120.81 which is less than the estimated amount of N\$ 759 550 742.53. The recorded variance of N\$ 160 430 039.72 was attributed by B2Gold gold mine which significantly scaled down the production capacity due to depleting reserves and the fewer sales of gold.

### **Exploration-Rental fees**

It was reported that the Ministry did not explain the shortage of N\$ 3 501 177.73 as a variation on Exploration-Rental fees collected for the period under discussion. The Ministry has noted an omission of the exploration. The variance was caused by several companies who were supposed to pay their rental fees but could not do so.

## **2. GENERAL INFORMATION**

### **2.1 Bank accounts**

The Accounting Officer reported the following bank accounts with closing balances as at 31 March 2023 as follows:

<b>Account name</b>	<b>Bank</b>	<b>Closing balance as at 31 March 2023</b>
Solar Revolving Fund	First National Bank	N\$ 1 614 261.75
Solar Revolving Fund	First National Bank	N\$ 5 712 125.02
Solar Revolving Fund	First National Bank	N\$ 114 376.20
Solar Revolving Fund	First National Bank	N\$ 1 772 972.73
Botschaf Der Republik Namibia	UniCredit Bank Austria AG	€ 18 825.91
Geological Survey Infrasound	Standard Bank	N\$ 2 113 571.18

## 2.2 Fund accounts

The Accounting Officer reported the following fund accounts with closing balances as at 31 March 2023 as follows:

Fund name	Closing balance as at 31 March 2023
	N\$
National Energy Fund	239 134 424.38
National Energy Fund- Electricity levy	28 304 368.16
National Energy Fund-Petroleum & Energy	12 262 355.62
National Energy Fund- Equalisation Levy	401 000 000.00
National Energy Fund –Electricity Levy	25 000 000.00
National Energy Fund- P&E Gen Levy	500 000.00
NEF-National Energy Fund	1 187.91
NEF- Strategic oil storage	89 495 031.60
NEF-CFC Account	295 101.01
DBN Debt Reserve Account	44 444 926.59
National Energy Fund-40%	948 074.94
National Energy Fund	1 440 544.37
NEF Equalization Fuel Levy	966 341.57
Equalization Fuel Levy	841 458.90
Equalization Fuel Levy	510 185.46
Equalization Fuel Levy	961 763.25
Equalization Fuel Levy	17 692.95
Ninety-one Namibia Money Market Fund B Account	186 897.69
IJG Securities-National Energy Fund	896 437.31
IJG Securities-National Energy Fund	31 619 232.60
Equilization Fuel Levy Investment	913 090.80
Equilization Fuel Levy Investment	367 836.69
Electricity Levy Investment	30 970 896.55
Diamond Board Fund	23 678 643.96
Diamond Valuation Fund	27 722 318.91
Minerals Development Fund	36 23 758.61
Minerals Development Fund	4 691 913.88

## 2.3 Ministerial Committees of Inquiry

The Accounting Officer reported an amount of N\$ 149 592.41 incurred in respect of ministerial committees of inquiry during the financial year under review.

## 2.4 Outstanding commitments

The Accounting Officer reported outstanding commitments on six (6) main divisions amounting to N\$ 6 255.00.

## 2.5 Outstanding subsistence advances

The Accounting Officer reported outstanding subsistence advances amounting to N\$ 122 747.28 according to the IFMS debit balance list in respect of twenty-four (24) staff members.

## 2.6 Miscellaneous revenue

The Accounting Officer reported miscellaneous revenue amounting to N\$ 372 144 527.64 for the financial year under review as follows:

Description	Amount
	N\$
Export permit	883 942.00
Wholesale licence	27 700.00
Accessory work permit	24 000.00
Consumer installation certificate	16 950.00
High value mineral	82 000.00
Diamond permit	167 500.00
Transfer fees	122 200.00
Housing subsidy overpayment for previous financial year	103 831.85
Amendment fees	48 300.00
Transport permit	30 500.00
Retail licence	22 350.00
XRD powder analysis	424.00
NEPL	250.00
Copies	1 706.00
Case No.HC-MD-CIV-ACT-OTH-2019/03112	75 000.00
Map	143.00
Cellphone allowance top-up for previous financial year	700.00
Scanning	240.30
Royalties	47 727.21
Salary overpayment for previous financial year	3 988.58
Marble	621.00
Inspection of EPL file	300.00
Blasting certificate	25 000.00
Unallocated revenue for 2017/2018	10 987 769.15
Unallocated revenue for 2018/2019	6 403 102.40
Unallocated revenue for 2019/2020	214 242 505.19
Unallocated revenue for 2020/2021	5 874 821.79
Unallocated revenue for 2021/2022	132 950 955.17
<b>Total</b>	<b>372 144 527.64</b>

## 2.7 Bursary and study assistance

The Accounting Officer reported that an amount of N\$ 33 600 was incurred in respect of one (1) staff member for the financial year under review.

## 2.8 Debt to Government

The Accounting Officer reported outstanding debt to Government amounting to N\$ 1 345 509.91 as at 31 March 2023.

## 2.9 Annual stocktaking

The Accounting Officer reported stock and equipment valued at N\$ 58 928 846.54 kept at two (2) stock points, shortages and deficiencies and obsolete and worn-out stock and equipment valued at N\$ 81 800, for the financial year under review.

## 2.10 Suspense accounts

The final ledger shows the following fourteen (14) suspense accounts with balances as at 31 March 2023 of which six (6) with debit balances and eight (8) with credit balances:

Description	Balance as at 31 March 2023 Debit/(Credit)
	N\$
Receipt suspense account	263 085 291.89
RD cheques	69 600.00
S&T advance suspense account	(155 421.61)
Rejection account	(75 629.08)
Bills payable	(14 211.23)
Electronic fund transfer clearing account	(33 621.48)
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)	1 690.12
Debt establishment	(18 393.19)

## 2.11 Vehicles

### 2.11.1 Own fleet

The Accounting Officer reported eighty three (83) vehicles on hand as at 31 March 2023 with a combined value of N\$ 31 087 127.48.

### 2.11.2 Permanently allocated

The Accounting Officer reported five (5) vehicles on hand as at 31 March 2023 with a combined value of N\$ 2 901 473.66.

### 2.11.3 Accidents-cost of damages

The Accounting Officer reported one (1) vehicle accident for the financial year under review. Two (2) vehicles were still to be repaired as at 1 April 2022. All three (3) vehicles were still to be repaired as at 31 March 2023.

ANNEXURE A (Continued)

2.12 Capital projects

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

Project name	Approved total budget	Total expenditure as at 31/03/2022	Approved appropriation 2022/2023	Actual expenditure 2022/2023	Total actual expenditure at 31/03/2023	Expected year of completion
National Airborne Geophysical Survey (NAGS)	N\$ 70 000 000	N\$ 49 321 714.62	N\$ 1 200 000	N\$ 1 175 595.62	N\$ 50 497 310.24	31/03/2025
Geological Samples Storage and Database	N\$ 52 524 000	N\$ 26 890 760.31	N\$ 1 000 000	N\$ 1 000 000.00	N\$ 27 890 760.31	31/03/2025
Regional Geological Mapping	N\$ 51 760 000	N\$ 34 041 472.91	N\$ 1 100 541	N\$ 597 288.29	N\$ 34 638 761.20	31/03/2026
Seismology and Ground Geophysics	N\$ 521 412 000	N\$ 12 464 798.90	N\$ 1 500 000	N\$ 1 289 693.81	N\$ 13 754 492.71	31/03/2025
Regional Geochemical Sampling Survey	N\$ 67 376 000	N\$ 15 860 955.06	N\$ 1 931 723	N\$ 1 931 722.15	N\$ 17 792 677.21	31/03/2026
Regional Integrated Interpretation Geophysics (RIIG)	N\$ 199 750 000	N\$ 8 506 300.19	N\$ 2 000 000	N\$ 1 548 963.48	N\$ 10 055 263.67	31/03/2026
Engineering and Environmental Geological Assessment	N\$ 9 623 000	N\$ 3 378 455.04	N\$ 200 000	N\$ 138 094.16	N\$ 3 516 549.20	31/03/2026
Upgrading of Geo Laboratories and Staff Training	N\$ 31 004 000	N\$ 14 414 496.12	N\$ 2 000 000	N\$ 1 371 248.65	N\$ 15 785 744.77	31/03/2025
Small Scale Mining	N\$ 68 906 000	N\$ 39 124 524.22	N\$ 3 069 950	N\$ 3 069 950.00	N\$ 42 194 474.22	31/03/2025
Major power project development	N\$ 105 041 000	N\$ 51 204 110.07	N\$ -	N\$ -	N\$ 51 204 110.07	31/03/2026
Off-Grid Electrification and Solar Revolving Fund	N\$ 129 160 000	N\$ 76 148 728.05	N\$ 2 500 000	N\$ 2 500 000.00	N\$ 78 648 728.05	31/03/2029
Rural electrification	N\$ 885 374 000	N\$ 795 324 771.85	N\$ 17 683 289	N\$ 17 672 680.52	N\$ 812 997 452.37	30/03/2025
National Energy Institute	N\$ 98 610 000	N\$ 38 250 000.00	N\$ 5 000 000	N\$ 5 000 000.00	N\$ 43 250 000.00	31/03/2026
Upgrading and expanding of IT Infrastructure	N\$ 71 231 000	N\$ 23 870 135.40	N\$ 11 214 497	N\$ 11 025 118.10	N\$ 34 895 253.50	31/03/2025
Renovation and extension of MME buildings	N\$ 100 900 000	N\$ 33 467 387.19	N\$ 2 600 000	N\$ 2 571 090.03	N\$ 36 038 477.22	31/03/2025
<b>Total</b>	<b>2 462 671 000</b>	<b>1 222 268 609.93</b>	<b>53 000 000</b>	<b>50 891 444.81</b>	<b>1 273 160 054.74</b>	

WINDHOEK, 28-08-2023

PENDA ITHINDI  
ACCOUNTING OFFICER