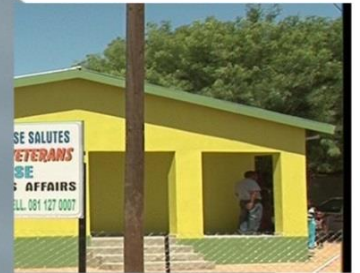




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF VETERANS AFFAIRS
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 Veterans Affairs 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**

Table of Contents

1.	REPORT ON THE FINANCIAL STATEMENTS	1
1.1	INTRODUCTION	1
1.2	MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS.....	1
1.3	AUDITOR’S RESPONSIBILITY	1
1.4	KEY AUDIT FINDINGS	2
1.4.1	Tender Board exemptions	2
1.4.2	Virements	2
1.4.3	Expenditure	3
1.5	ACKNOWLEDGEMENT	3
1.6	BASIS FOR QUALIFIED AUDIT OPINION.....	3
1.7	QUALIFIED AUDIT OPINION	3
1.	AUDITED FINANCIAL STATEMENTS	4
1.1	Appropriation account.....	4
1.2	Standard subdivisions	5
1.3	Departmental revenue	6
1.4	NOTES TO THE FINANCIAL STATEMENTS	7
2.	GENERAL INFORMATION	8
2.1	Capital projects	8
2.2	Suspense accounts.....	8
2.3	Bursary and study assistance.....	8
2.4	Vehicles	8

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF VETERANS AFFAIRS
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 Veterans Affairs 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 Veterans Affairs for the year ended 31 March 2014. These financial statements comprise the following statements submitted for the year ended:

- Appropriation account;
- Standard subdivisions;
- Departmental revenue;
- Notes to the financial statement; and
- General information.

The appropriation account was submitted timeously on 17 October 2014 to the Auditor-General in terms of Section 13 of the State Finance Act, 1991.

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

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 & 13 of the State Finance Act, Act 31 of 1991 and 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 controls 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 Tender Board exemptions

The Accounting Officer did not submit supporting documents for the actual expenditure on the Tender Board exemption.

It is recommended that the Accounting Officer ensures that the supporting documents are provided for audit purposes.

Management comment

In his response on the draft report, the Accounting Officer indicated that the supporting documents were omitted due to staff shortage within the Ministry.

1.4.2 Virements

The following virements at the respective main divisions as reflected in the Appropriation Account do not agree with the virements approved by Treasury as follows:

Main division	Appropriation account	Approved virements	Difference
	N\$	N\$	N\$
02 - General Services	(22 280 000)	(25 030 000)	2 750 000
03 - Policy, Social Support	23 370 000	26 570 000	3 200 000
04 - Project Management	190 000	(210 000)	(20 000)

It is recommended that the Accounting Officer ensures that the approved virements are correctly reflected in the Appropriation account.

Management comment

In his response on the draft report, the Accounting Officer indicated that in preventing it in future, the Ministry is currently committing the funds earmarked for virementation by processing virements with a reserve status until Treasury grants approval of funds to be viremented.

1.4.3 Expenditure

The total budget of the Ministry was underspent with an amount of N\$ 16 203 135 .07 (1.88 %).

It is recommended that the Accounting Officer should avoid underspending and ensure that planned projects are implemented.

Management comment

In his response on the draft report, the Accounting Officer indicated that recommendation is highly noted and mechanisms will be put in place to ensure that planned projects are fully implemented on time.

1.5 ACKNOWLEDGEMENT

The co-operation and assistance given by the management and staff of the Ministry of Veterans Affairs during the audit is appreciated.

1.6 BASIS FOR QUALIFIED AUDIT OPINION

My opinion has been qualified due to the following:

- Tender Board exemptions - paragraph 1.4.1
- Virements - paragraph 1.4.2

1.7 QUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the Ministry of Veterans Affairs 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, except for the possible effects of the matters described in the basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Ministry of Veterans Affairs as at 31 March 2014 and its financial performance and its cash flows for the year then ended in accordance with Section 12 & 13 of the State Finance Act, 1991.

WINDHOEK, May 2015

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

1. AUDITED FINANCIAL STATEMENTS

1.1 Appropriation account

2013/2014						2012/2013
Service	N\$	Authorized expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure/ (Excess)	Percentage	
	N\$	N\$	N\$	N\$	%	N\$
01. Office of the Minister:						
Original budget	5 181 000					
Less: Virement	(1 280 000)	3 901 000	2 827 785.33	1 073 214.67	27.51	2 987 167.70
02. General Services:						
Original budget	60 544 000					
Less: Virement	(22 280 000)	38 264 000	30 772 368.47	7 491 631.53	19.58	16 919 281.60
03. Policy, Social Support, Training and Skills Development:						
Original budget	769 439 000					
Plus: Virement	23 370 000	792 809 000	790 645 490.21	2 163 509.79	0.27	1 021 145 481.30
04. Project Management and Liaison:						
Original budget	26 026 000					
Plus: Virement	190 000	26 216 000	20 741 220.92	5 474 779.08	20.88	18 738 851.70
Totals:		861 190 000	844 986 864.93	16 203 135.07	1.88	1 059 790 782.30

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	30 497 864	27 138 837.71	3 359 026.29	22 841 500.70
002. Employer's contribution to staff's pension fund	3 301 000	2 883 980.77	417 019.23	2 630 074.03
003. Other conditions of service	1 079 136	993 725.79	85 410.21	474 494.25
Total	34 878 000	31 016 544.27	3 861 455.73	25 946 068.98
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	5 452 000	3 922 346.70	1 529 653.30	2 739 851.96
022. Materials and supplies	748 000	627 042.52	120 957.48	190 325.90
023. Transport	10 105 000	9 385 866.30	719 133.70	3 258 029.90
024. Utilities	3 342 000	2 940 555.85	401 444.15	1 987 430.29
025. Maintenance	144 000	113 172.50	30 827.50	98 369.43
026. Property rentals & related charges	625 000	419 840.72	205 159.28	459 918.47
027. Other services and expenses	15 102 000	11 406 162.78	3 695 837.22	2 429 432.50
Total	35 518 000	28 814 987.37	6 703 012.63	11 163 358.45
Current expenditure: Subsidies, grants and other transfers				
043. Government organisations	773 400 000	773 400 000.00	-	1 012 036 000.00
Total	773 400 000	773 400 000.00	-	1 012 036 000.00
Total: Current expenditure	843 796 000	833 231 531.64	10 564 468.36	1 049 145 427.43
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	2 994 000	1 505 814.99	1 488 185.01	43 749.55
Total: Capital expenditure	2 994 000	1 505 814.99	1 488 185.01	43 749.55
Total: Operational expenditure	846 790 000	834 737 346.63	12 052 653.37	1 049 189 176.98

ANNEXURE A (continued)

Standard subdivisions (continued)

Subdivision	2013/2014			2012/2013
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Development:				
Capital expenditure: Goods & other services				
022. Materials & supplies	1 200 000	1 090 207.70	109 792.30	433 826.65
027. Other services & expenses	200 000	198 173.66	1 826.34	309 766.47
Total	1 400 000	1 288 381.36	111 618.64	743 593.12
Capital expenditure: Acquisition of assets				
103. Operational equipment, machinery and plants	-	-	-	417 890.23
104. Purchase of building	4 000 000	3 274 888.81	725 111.19	-
105. Feasibility studies, design and supervision	1 000 000	591 200.63	408 799.37	300 000.00
107. Construction, renovation and improvements	8 000 000	5 095 047.50	2 904 952.50	9 140 121.97
Total	13 000 000	8 961 136.94	4 038 863.06	9 858 012.20
Total: Development expenditure	14 400 000	10 249 518.30	4 150 481.70	10 601 605.32
GRAND TOTAL	861 190 000	844 986 864.93	16 203 135.07	1 059 790 782.30

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate	Actual revenue 2013/2014	More/(Less) than estimated	Actual revenue 2012/2013
	N\$	N\$	N\$	N\$
Private telephone calls	2 000	-	(2 000.00)	-
Miscellaneous	95 000	299 718.48	204 718.48	49 178.82
Unclaimed Cheques	12 000	-	(12 000.00)	-
Parking Fees	1 080	-	(1 080.00)	-
TOTAL	110 080	299 718.48	189 638.48	49 178.82

1.4 NOTES TO THE FINANCIAL STATEMENTS

1.4.1 Appropriation account: Explanations of variations exceeding 2% between the amounts voted and the actual expenditure.

Underexpenditure

Main Division 01 - Office of the Minister (N\$ 1 073 214.67 - 27.51%)

The main division mostly experienced underexpenditure on Remuneration, travel and subsistence allowance and other services and expenses.

The underexpenditure was caused by the sudden passing away of one of the POB's and the expiry of the Legal Advisor's contract at the beginning of the financial year. This led to a huge underexpenditure on remuneration, travel and subsistence allowances and other services and expenses.

Main Division 02-General Services (N\$ 7 491 613.53 - 19.58%)

The Ministry could not find a suitable building for office accommodation for the head office and regional offices for the year under review. The Ministry was accommodated by other O/M/A's leading to funds not used as budgeted.

The Ministry did not utilize the full budget amount under maintenance expenses as most of the computers and office equipment were new and had after sales service contracts.

The Ministry also experienced high staff turnover and delay in appointment and as a result could not purchase furniture and office equipment as planned, which also affected traveling and subsistence budgets.

Main Division 04- Planning and Project Management (N\$ 5 474 779.08 - 20.88%)

The big portion of the main division's underspending comes from the development budget and operational budget. The Ministry acquired plots to construct regional offices which surpasses purchasing of buildings. The process of construction is however lengthy due to appointment of contractors and documentation and designing of drawings.

The consultants that were suppose to undertake the feasibility studies in Oshana and Ohangwena regions were not contracted.

The Ministry did not manage to spend all the funds because it took time before the payment process is under taken. The remaining funds were to be utilized for the feasibility study of the Head Office in Khomas Region, and the Ministry of Works and Transport is still to finalise the ownership of the plot and instruct the principal agent to complete the feasibility study on the site and report back to the Ministry of Works and Transport.

1.4.2 Revenue: Explanations of variations exceeding N\$ 100 000 between estimated and actual revenue

Underestimation

Miscellaneous revenue

The estimate for 2013/2014 financial year was N\$ 95 000 for this revenue head. An amount of N\$ 299 718 was recorded under this non-tax revenue and is made up of DSA debts recovery, salary recalls, recovery of leave without pay, arrears GIPF contribution, and overpayment on bonus for past financial years.

2. GENERAL INFORMATION

2.1 Capital projects

The Ministry operated six (6) capital projects during the financial year as follows:

Nature of project	Approved total budget	Total expenditure as at 31/03/2013	Approved appropriation 2013/2014	Actual expenditure 2013/2014	Total expenditure at 31/03/2014	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Veterans Support Package	4 923 000	10 544 076.34	400 000	380 694.47	10 924 770.81	31/03/2015
Construction of Veterans Houses	23 000 000	11 264 686.00	5 000 000	5 000 000.00	16 264 686.00	31/03/2016
Acquisition/Construction of offices for MOV HQ and Regional Offices	75 000 000	3 940 129.74	5 000 000	3 866 089.44	7 806 219.18	31/03/2016
Erection and Preservation of Liberation struggle Monuments	28 655 000	1 028 865.22	800 000	709 513.23	1 738 378.45	31/03/2016
Veteran Recreational Facilities	31 000 000	560 452.50	3 000 000	95 047.50	655 500.00	31/03/2016
Agricultural Support Programme	3 360 000	651 643.41	200 000	198 173.66	849 817.07	31/03/2014
Total	165 938 000	27 989 853.21	14 400 000	10 249 518.30	38 239 371.51	

2.2 Suspense accounts

The main ledger shows balances on six (6) suspense accounts as at 31 March 2014. Five (5) had credit balances and one (1) had a debit balance.

Account	Debit/(Credit)
	N\$
Bills payable	(1 192 402.65)
S&T advance suspense account	334 580.93
Receipt suspense	(4 342.00)
Rejection account	(24 111.27)
Electronic fund transfer clearing	(8 785.00)
Social security	(29.54)

2.3 Bursary and study assistance

During the financial year under review, the Ministry awarded bursaries to the amount of N\$ 405 102.65 to fourteen (14) of its employees.

2.4 Vehicles

The Accounting Officer reported that the Ministry had forty four (44) vehicles on hand at the end of the financial year.

WINDHOEK, 17 October 2014

AMBASSADOR HOPELONG IPINGE
ACCOUNTING OFFICER