



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF VETERANS AFFAIRS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

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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 2015 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, April 2016

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE MINISTRY OF VETERANS AFFAIRS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

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 2015 is presented to the National Assembly in accordance with the terms of Article 127(2) of the Constitution of the Republic of Namibia and Section 27(1) of the State Finance Act, 1991 (Act 31 of 1991), as amended.

I have audited the accompanying financial statements of Ministry of Veterans Affairs for the financial year ended 31 March 2015. These financial statements comprise the following statements submitted for the year ended:

- Appropriation Account;
- Standard Subdivisions;
- Departmental Revenue;
- Notes to the financial statements; and
- General information.

The appropriation account was submitted by the Accounting Officer to the Auditor-General in terms 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 STATEMENT

Management is responsible for the preparation and fair presentation of these financial of these financial statements in accordance with Section 12 and 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 financials 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 based on the audit. I conducted the audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Powers and Duties

Section 25(1)(c) of the State Finance Act, 1991, provides that the Auditor-General should satisfy himself that:

- (a) all reasonable precautions have been taken to ensure that all monies due to the State are collected, and that the laws relating to the collection of such monies have been complied with;
- (b) all reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for, the State's assets, such as stores, equipment, securities and movable goods; and

- (c) the expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

In addition, Section 26(1) (b) (iv) of the State Finance Act, 1991, empowers the Auditor-General to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinion.

1.4 KEY AUDIT FINDINGS

1.4.1 Original Budget vs Appropriation Account

The following Original Budget figures from the budget book do not agree with the original budget amounts in the Appropriation Account.

Main Division	Original budget	Appropriation account	Difference
	N\$	N\$	N\$
02-General Services	34 367 000	30 367 000	4 000 000
03-Policy Heritage and Social Affairs	1 474 653 000	1 474 153 000	500 000
04-Development and Project Planning	43 218 000	47 718 000	(4 500 000)

It is recommended that the Accounting Officer explain these differences. Furthermore, the names of two main divisions are differently reflected in the budget book and the appropriation account as follows:

Main division	Budget	Appropriation Account
03	Policy, Heritage and Social Affairs	Policy, Social Support, Training and Skill Development
04	Development and Project Planning	Project Management and Liaison

1.4.2 Deviation from normal Tender procedures

Although Tender Board exemption was granted for acquiring goods and services which could not be procured through Tender procedures, following subdivisions exceeded the approved exemption as follows:

Description	Approved exemption amount	Actual expenditure	Variance
Operational Expenditure:	N\$	N\$	N\$
022-Materials and Supplies	420 000	437 186.59	(17 186.59)
024-Utilities	2 600 000	3 280 227.16	(680 227.16)
027-Other Services and Expenses	4 500 000	10 183 145.82	(5 683 145.82)

It is recommended that the Accounting Officer should implement proper budgetary control measures to avoid over expenditure on Tender Board exemptions.

1.4.3 Subsistence Advances

The suspense account indicates a credit balance of N\$ 197 546.49 whereas the daily subsistence allowance debit balance list indicates an amount of N\$ 16 192.50 resulting in a difference of N\$ 181 353.99.

It is recommended that the Accounting Officer should explain the difference between the two statements, and take necessary steps to clear the S&T Advance Suspense Account.

Management comment

In his response on the draft report, the Accounting Officer indicated that the balances accumulated from previous financial years. The Ministry is looking for mechanisms to find ways to do reconciliations.

1.4.4 Unified Stock Control

The Ministry's Manual Main Register, Counter books and Store Issue/Receipt vouchers are not updated on a regular basis as per Treasury Instructions and Stock Manual regulations. The Ministry failed to update the Main Registers, Counter Books, Store Receipt/Issue voucher from the 2013-2015 financial years.

Management comment

In his response on the draft report, the Accounting Officer noted that the Ministry took note of the raised concern and has started to update the manual register and other registers.

1.5 ACKNOWLEDGMENT

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

1.6 BASIS FOR AUDIT OPINION

My opinion has been qualified due to the following:

- Deviation from Normal Tender Procedures – Paragraph 1.4.6

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 2015 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 2015 and its financial performance and receipts and payments for the year then ended in accordance with Section 12 & 13 of the State Finance Act, 1991.

WINDHOEK, April 2016

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

1. AUDITED FINANCIAL STATEMENT

1.1 Appropriation account

2014/2015						2013/2014
Service	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percent-age		
N\$	N\$	N\$	N\$	%	N\$	
01. Office of the Minister:						
Original budget	6 005 000					
Less: Virement	(2 165 076)	3 839 924	2 812 003.25	1 027 920.75	26.77	2 827 785.33
02. General Services:						
Original budget	30 367 000					
Plus: Virement	3 537 076	33 904 076	28 335 421.76	5 568 654.24	16.42	30 772 368.47
03. Policy, Heritage and Social Affairs:						
Original budget	1 474 153 000					
Plus: Virement	2 094 000	1 476 247 000	1 467 850 612.11	8 386 387.89	0.57	790 645 490.21
04. Development and Project Planning:						
Original budget	47 718 000					
Less: Virement	(3 466 000)	44 252 000	40 858 400.51	3 393 599.49	7.67	20 741 220.92
Total:		1 558 243 000	1 539 866 437.63	18 376 562.37	1.18	844 986 864.93

ANNEXURE A (continued)

1.2 Standard subdivisions

Subdivision	2014/2015			2013/2014
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	37 149 924	30 971 475.91	6 178 448.09	27 138 837.71
002. Employer's contribution to staff's pension fund	3 894 000	3 414 051.34	479 948.66	2 883 980.70
003. Other conditions of service	903 000	207 912.73	695 087.27	993 725.79
Total	41 946 924	34 593 439.98	7 353 484.02	31 016 544.27
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	5 309 882	3 803 120.69	1 506 761.31	3 922 346.70
022. Materials and supplies	610 076	437 186.59	172 889.41	627 042.52
023. Transport	9 974 000	8 351 457.86	1 622 542.14	9 385 866.30
024. Utilities	4 929 000	3 280 227.16	1 648 772.84	2 940 555.85
025. Maintenance	480 000	431 431.05	48 568.95	113 172.50
026. Property rentals & related charges	400 000	350 298.08	49 701.92	419 840.72
027. Other services and expenses	13 992 118	10 183 145.82	3 808 972.18	11 406 162.78
Total	35 695 076	26 836 867.25	8 858 208.75	28 814 987.37
Current expenditure: Subsidies, grants and other transfers				
043. Government organisations	1 454 981 000	1 454 981 000.00	-	773 400 000.00
Total	1 454 981 000	1 454 981 000.00	-	773 400 000.00
Total: Current expenditure	1 532 623 000	1 516 411 307.23	16 211 692.77	833 231 531 84
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	1 020 000	545 306.67	474 693.33	1 505 814.99
Total: Capital expenditure	1 020 000	545 306.67	474 693.33	1 505 814.99
Total: Operational expenditure	1 533 643 000	1 516 956 613.90	16 686 386.10	834 737 346.63

ANNEXURE A (continued)

Subdivision	2014/2015			2013/2014
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Development:				
Capital expenditure: Goods & other services				
022. Materials & supplies	100 000	100 000.00	-	1 090 207.70
027. Other services & expenses	500 000	19 195.00	480 805.00	198 173.66
Total	600 000	119 195.00	480 805.00	1 288 381.36
Capital expenditure: Acquisition of assets				
104. Purchase of building	-	-	-	3 274 888.81
105. Feasibility studies, design and supervision	1 500 000	999 995.21	500 004.79	591 200.63
107. Construction, renovation and improvements	22 500 000	21 790 633.52	709 366.48	5 095 047.50
Total	24 000 000	22 790 628.73	1 209 371.27	8 961 136.94
Total: Development expenditure	24 600 000	22 909 823.73	1 690 176.27	10 249 518.30
GRAND TOTAL	1 558 243 000	1 539 866 437.63	18 376 562.37	844 986 864.93

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate	Actual revenue 2014/2015	More/(Less) than estimated	Actual revenue 2013/2014
	N\$	N\$	N\$	N\$
Private Telephone Calls	2 200	-	(2 200.00)	-
Miscellaneous	50 000	43 692.23	(6 307.77)	299 718.48
Parking Fees	1 080	-	(1 080.00)	-
Total	53 280	43 692.23	(9 587.77)	299 718.48

1.4 Notes to the financial statements

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

Under-expenditure

Main Division 01 - Office of the Minister (N\$ 1 027 920.75 - 26.77%)

The underexpenditure was caused due to vacant positions of the Consultant and the Special Advisor, the budgeted amount could not be fully utilized as planned. This led to a huge underspending under Other Services and Expenses, Travel and Subsistence Allowances, Employers Contribution to GIPF and Remuneration.

Main Division 02-General Services (N\$ 5 568 654.24 - 16.42%)

The Ministry made provision for the payment of rental of vehicles and other related expenses but due to the delay in printing of the monthly statements by the Government Garage, not all the budgeted amount could be spent.

The main division also experienced high staff turnover which resulted in higher underspending in sub-divisions such as Remuneration, GIPF and Subsistence and Traveling.

Provisions were made to purchase Office Furniture for the year under review through the Government Stores Tender, but due to insufficient funds that were experienced by Government Store, the purchasing of office furniture was not executed as planned, hence the underexpenditure.

The underexpenditure could be attributed to the higher budgeting on activity such as Utilities.

Main division 04 – Development and Project Planning (N\$ 3 393 599.49 – 7.67%)

Like other main divisions, this main division also experienced high staff turnover which resulted in a higher underexpenditure within Remuneration, GIPF and Subsistence and Travel Allowance.

ANNEXURE A (continued)

2. GENERAL INFORMATION

2.1 Capital projects

The following were the development projects of the Ministry:

Nature of Project	Approved total budget	Total expenditure as at 31/03/2014	Approved appropriation 2014/2015	Actual expenditure 2014/2015	Total expenditure at 31/03/2015	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Construction of Veterans Houses	71 253 000	16 264 686.00	16 000 000	15 980 460.00	32 245 146.00	31/03/2017
Acquisition/Construction of offices for MOV HQ and Regional	75 000 000	7 806 219.18	4 000 000	3 999 995.21	11 806 214.39	31/03/2017
Offices Veteran Support	-	10 924 770.81	500 000	19 195.00	10 943 965.81	-
Package Erection and Preservation of Liberation struggle Monument	59 930 000	1 738 378.45	1 000 000	-	1 738 378.45	31/03/2017
Veteran Recreational Facilities	31 000 000	655 500.00	3 000 000	2 810 173.52	3 465 673.52	31/03/2016
Agricultural Support Programme	3 360 000	849 817.07	100 000	100 000.00	949 817.07	31/03/2016
Total	240 543 000	38 239 371.51	24 600 000	22 909 823.73	61 149 195.24	

2.5 Tender Board exemption from normal Tender procedures

Tender Board approved deviations from normal Tender Board procedures for acquiring goods and services as follows:

Good and services	Approved exemption	Actual expenditure on exemption	Difference
021: Travel and Subsistence Expenses	7 123 000	3 803 120.69	3 319 879.31
022: Materials and Supplies	420 000	437 186.59	(17 186.59)
024: Utilities	2 600 000	3 280 227.16	(680 227.16)
025: Maintenance	500 000	431 431.05	68 568.95
026: Property Rental and Related Expenses	2 350 000	350 298.08	1 999 701.92
027: Other Services and Expenses	4 500 000	10 183 145.82	(5 683 145.82)
043: Veterans Fund	1 454 981 000	1 454 981 000.00	-
032-107: Development	24 600 000	22 909 823.73	1 690 176.27
Total	1 497 274 000	1 496 376 233.12	697 766.88

*See paragraph 1.4.2

2.6 Suspense Accounts

The Ministry had balances on six (6) Suspense accounts at 31 March 2015. All six (6) suspense accounts had credit balances.

Description	Balances as at 31/03/2015
	N\$
Receipt Suspense	(53 778.09)
S&T Advance Suspense Account	(197 546.49)
Rejection Account	(1 804.27)
Bills Payable	(517 337.34)
Electronic Fund Transfer Clearing Account (EFIT)	(649.50)
Social Security	(29.54)

WINDHOEK, 16 October 2015

AMBASSADOR HOPELONG IPINGE
ACCOUNTING OFFICER