



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF VETERANS AFFAIRS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

Published by authority

Price (Vat excluded) N\$ 23.00
Report no: 2017/ 31

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 Office of the Vice-President: Veterans Affairs for the financial year ended 31 March 2016 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.

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

WINDHOEK, April 2017

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.
Tender Board Exemptions:	To free from an obligation (Tender Board Regulations) to which others are subjected.
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).

Table of Contents

1.	REPORT ON THE FINANCIAL STATEMENTS	1
1.1	INTRODUCTION	1
1.2	MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENT	1
1.3	AUDITOR’S RESPONSIBILITY	1
1.4	KEY AUDIT FINDINGS	2
1.4.1	Unauthorised expenditure	2
1.4.2	Underexpenditure.....	2
1.5	ACKNOWLEDGMENT.....	3
1.6	UNQUALIFIED AUDIT OPINION.....	3
1.	AUDITED FINANCIAL STATEMENT.....	4
1.1	Appropriation account	4
1.2	Standard subdivisions	5
1.3	Departmental revenue	6
1.4	Notes to the financial statements	7
1.4.1	Appropriation account: Explanations of variations exceeding 2%	7
2.	GENERAL INFORMATION.....	8
2.1	Capital projects	8
2.2	Exemption from Normal Tender Procedures	8
2.3	Donations to the Government	8
2.4	Stocktaking	9
2.5	Vehicles	9
2.5.1	Vehicle accidents	9
2.5.2	Vehicles on hand.....	9
2.6	Suspense Accounts	9

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE OFFICE OF THE VICE-PRESIDENT: VETERANS AFFAIRS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

1. REPORT ON THE FINANCIAL STATEMENTS

1.1 INTRODUCTION

This report on the accounts of the Office of the Vice-President: Veterans Affairs for the financial year ended 31 March 2016 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 Office of the Vice-President: Veterans Affairs for the financial year ended 31 March 2016. 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 statements in accordance with Section 12 and 13 of the State Finance Act, 1991 (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 misstatements, 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 of 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 misstatements.

Powers and Duties

Section 25(1)(c) of the State Finance Act, 1991, provides that the Auditor-General should satisfy himself/herself 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 misstatements 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 controls.

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

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

1.4 KEY AUDIT FINDINGS

1.4.1 Unauthorised expenditure

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

Although Treasury approval was obtained to utilise certain expected savings for the defrayal of expenditure through virements during the year. Two (2) operational sub-divisions were exceeded with a total amount of N\$ 87 898.67 which is unauthorised in terms of Section 6(a)(iii) of the State Finance Act, 1991 (Act 31 of 1991).

It is recommended that the Accounting Officer should implement budgetary control measures to avoid unauthorised expenditure in future.

Management comment

In his response on the draft report, the Accounting Officer indicated that the Ministry is in agreement with the findings and will implement budgetary control measures to avoid unauthorised expenditure in future.

1.4.2 Underexpenditure

Treasury Instruction DC 0202 states that when drawing up draft estimates Accounting Officers and their Financial Advisers shall take note of and guard against that more funds than can reasonably be spent shall not be requested. However, the total budget of the Ministry was underspent with a total amount of N\$ 136 024 686.77 (16.66%). These funds could have been used for other pressing needs in the country.

It is recommended that the Accounting Officer should comply with Treasury Instruction DC 0202 and should ensure that planned projects are implemented.

Management comment

In his response on the draft report, the Accounting Officer indicated that the Ministry is in agreement and will strictly implement control measures to ensure that all appropriation funds are spend.

1.5 ACKNOWLEDGMENT

The assistance and co-operation of the management and staff of the Office of the Vice-President: Veterans Affairs during the audit is appreciated.

1.6 UNQUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the Office of the Vice-President: Veterans Affairs for the year ended 31 March 2016 in accordance with the terms of Article 127(2) of the Namibian Constitution and Section 25(1) of the State Finance Act, 1991 (Act 31 of 1991).

In my opinion the financial statements present fairly in all material respects, the financial position of the Office of the Vice-President: Veterans Affairs as at 31 March 2016 and its financial performance and its receipts and payments for the year then ended 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).

WINDHOEK, April 2017



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

ANNEXURE A

1. AUDITED FINANCIAL STATEMENT

1.1 Appropriation account

2015/2016						2014/2015
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	4 799 000					
Less: Virement	(883 545)					
Less: Suspension	(1 215 657)	2 699 798	2 213 660.40	486 137.60	18.01	2 812 003.25
02. General Services:						
Original budget	32 968 000					
Less: Virement	(188 622)					
Less: Suspension	(3 018 664)	29 760 714	27 749 670.38	2 011 043.62	6.76	28 335 421.76
03. Policy, Social Support, Training and Skills Development:						
Original budget	739 045 000					
Plus: Virement	10 451 779					
Less: Suspension	(3 093 155)	746 403 624	613 463 714.16	132 939 909.84	17.81	1 467 850 612.11
04. Project Management And Liaison:						
Original budget	56 804 000					
Less: Virement	(9 379 440)					
Less: Suspension	(9 858 696)	37 565 864	36 978 268.29	587 595.71	1.56	40 858 400.51
Total		816 430 000	680 405 313.23	136 024 686.77	16.66	1 539 866 437.63

ANNEXURE A (continued)

1.2 Standard subdivisions

Subdivision	2015/2016			2014/2015
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	33 801 997	32 624 869.38	1 177 127.62	30 971 475.91
002. Employer's contribution to the G.I.P.F and M.P.O.O.B.P.F.	3 803 860	3 702 928.24	100 931.76	3 414 051.34
003. Other conditions of service	993 441	1 023 885.91	(30 444.91)	207 912.73
005. Employer's contribution to the social security commission	111 000	-	111 000.00	-
Total	38 710 298	37 351 683.53	1 358 614.47	34 593 439.98
Current expenditure: Goods and other services				
021. Travel and subsistence allowance	3 798 245	3 441 627.98	356 617.02	3 803 120.69
022. Materials and supplies	862 625	757 974.43	104 650.02	437 186.59
023. Transport	6 428 655	6 389 258.02	39 396.98	8 351 457.86
024. Utilities	4 343 047	4 067 145.30	275 901.70	3 280 227.16
025. Maintenance expenses	421 326	398 283.88	23 042.12	431 431.05
026. Property rental and related charges	236 700	209 448.16	27 251.84	350 298.08
027. Other services and expenses	6 387 252	6 279 823.12	107 428.88	10 183 145.82
Total	22 477 850	21 543 560.89	934 289.11	26 836 867.25
Current expenditure: Subsidies, grants and other transfers				
043. Government organisations	727 335 959	601 868 000.00	125 467 959.00	1 454 981 000.00
Total	727 335 959	601 868 000.00	125 467 959.00	1 454 981 000.00
Total: Current expenditure	788 524 107	660 763 244.42	127 760 862.58	1 516 411 307.23
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	2 579 234	1 311 869.02	1 267 364.98	545 306.67
Total: Capital expenditure	2 579 234	1 311 869.02	1 267 364.98	545 306.67
Total: Operational expenditure	791 103 341	662 075 113.44	129 028 227.56	1 516 956 613.90

ANNEXURE A (continued)

Subdivision	2015/2016			2014/2015
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Development:				
Capital expenditure: Goods & other services				
022. Materials and supplies	-	-	-	100 000.00
027. Other services and expenses	-	-	-	19 195.00
Total	-	-	-	119 195.00
Capital expenditure: Acquisition of assets				
105. Feasibility studies, design and supervision	5 875 000	54 031.49	5 820 968.51	999 995.21
107. Construction, renovation and improvements	19 451 659	18 276 168.30	1 175 490.70	21 790 633.52
Total	25 326 659	18 330 199.79	6 996 459.21	22 790 628.73
Total: Development expenditure	25 326 659	18 330 199.79	6 996 459.21	22 909 823.73
GRAND TOTAL	816 430 000	680 405 313.23	136 024 686.77	1 539 866 437.63

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate	Actual revenue 2015/2016	More/(Less) than estimated	Actual revenue 2014/2015
	N\$	N\$	N\$	N\$
Private telephone calls	2 250	-	(2 250.00)	-
Miscellaneous	40 000	23 490.38	(16 509.62)	43 692.23
Parking fees	1 080	-	(1 080.00)	-
Total	43 330	23 490.38	(19 839.62)	43 692.23

1.4 Notes to the financial statements

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

Underexpenditure

Main Division 01 - Office of the Minister (N\$ 486 137.60 – 18.01%)

Veterans Affairs budgeted for the positions of the Special Advisor and the Consultant, but due to these positions being vacant for the whole financial year, the budgeted amount could not be fully utilized as planned, which led to a huge underexpenditure.

Main Division 02-General Services (N\$ 2 011 043.62 – 6.76%)

Veterans Affairs made provision to procure Information Communication Technology (ICT) equipment during the year under review but due to cumbersome processes to obtain specifications for various ICT equipment from the Office of the Prime Minister (OPM), the tender was only advertised in March 2016. This had resulted in the committed funds not being utilised as planned.

The main division also experienced high staff turnover which resulted in a higher underexpenditure in remuneration, GIPF and subsistence and travelling allowance.

This underexpenditure could also be attributed to the higher budgeting on activities such as utilities and Other conditions of service.

Main division 03 – Policy, Social Support, Training and Skills Development (N\$ 132 939 909.84 17.81%)

The huge variance under this main division was an amount of N\$ 125.5 million for Government Organisation which was caused by the delay in submitting bank transfer request to the Ministry of Finance of N\$ 105.6 million from the operation budget to the Veterans Fund. Another contributing factor was the approved virements from the Development Budget of N\$ 19.8 million which was approved by the National Planning Commission and Treasury, which was later rejected by Treasury during the actual bank transfer.

The main division experienced high staff turnover which contributed to variances under sub-divisions remuneration, GIPF, S&T and procurement of materials and supplies. Veterans Affairs had also experienced difficulties in recruiting suitable qualified personnel in specialised positions such as Social Workers, Control Administrative Officer (to run the Veterans Administrative System) and Psychological Councillor.

Like under main division 02, Veterans Affairs also made provision to procure Information Communication Technology (ICT) equipment under this main division during the year under review, but due to the cumbersome processes to obtain specifications for various ICT equipment from the Office of the Prime Minister (OPM), the tender was only advertised in March 2016. This had resulted in the reserved funds not being utilised as planned.

The lengthy processes in implementing programmes and activities under capital project resulted in huge variances.

2. GENERAL INFORMATION

2.1 Capital projects

The following were the development projects of the Office:

Nature of Project	Approved total budget	Total expenditure as at 31/03/2015	Approved appropriation 2015/2016	Actual expenditure 2015/2016	Total expenditure as at 31/03/2016	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Construction of Veterans Houses	68 183 000	32 245 146.00	16 958 000	16 842 661.32	49 087 807.32	31/03/2019
Acquisition/Construction of Veterans Affairs Regional Offices	69 945 000	11 806 214.39	877 329	877 328.93	12 683 543.32	31/03/2019
Erection and Preservation of Liberation Struggle Monuments	44 125 000	1 738 378.45	7 075 000	201 877.23	1 940 255.68	31/03/2019
Construction of Veterans Recreational Facilities at Onesi	369 730 000	3 465 673.52	416 330	408 332.31	3 874 005.83	31/03/2019
Total	551 983 000	49 255 412.36	25 326 659	18 330 199.79	67 585 612.15	

2.2 Exemption from Normal Tender Procedures

The Accounting Officer obtained the following exemptions from Normal Tender Board procedures for acquiring goods and services valued at N\$ 759 524 000:

Exemption number	Description	Approved exemption	Actual expenditure	Difference
		N\$	N\$	N\$
E1/31-01/2015	021: Travel and subsistence expenses	6 643 000	1 459 498.51	5 183 501.49
	022: Materials and supplies	1 600 000	613 216.00	986 784.00
	024: Utilities	3 200 000	3 125 082.24	74 917.76
	025: Maintenance	955 000	250 712.61	704 287.39
	026: Property rental and related Expenses	1 535 000	121 853.12	1 413 146.88
E1/31-02/2015	027: Other services and expenses	6 183 000	4 766 681.24	1 416 318.76
	043: Veterans Fund	707 500 000	601 868 000.00	105 632 000.00
	032-107: Development	31 908 000	17 004 294.69	14 903 705.31
	Total	759 524 000	629 209 338.41	130 314 661.59

2.3 Donations to the Government

During the financial year under review, the Office received the following donations with the necessary Treasury approval:

Donor	Nature of donation	Value
Telecom Namibia	158 x Mobile devices (Nokia 100) including starter pack	N\$ 42 759.02

2.4 Stocktaking

The Accounting Officer reported the value of stock on hand as at 31 March 2016 amounting to N\$ 6 617 949.16 and worn and damaged stock amounting to N\$ 18 000.

2.5 VEHICLES

2.5.1 Vehicle accidents

The Accounting Officer reported seven (7) motor vehicle accidents during the financial year under review. Five (5) vehicles were repaired at a total cost of N\$ 25 426.32 while two (2) vehicles are still to be repaired.

2.5.2 Vehicles on hand

The Accounting Officer reported that the Office had fifty six (56) Government fleet vehicles on hand at the end of the financial year.

2.6 Suspense Accounts

The Office had outstanding balances on five (5) suspense accounts at 31 March 2016 of which all had credit balances as follows:

Description	Balance as at 31 March 2016
	N\$
Rejection account	(25 280.74)
S&T advance suspense account	(171 248.69)
Bills payable	(375 244.87)
Pension funds: GIPF	(403.64)
Electronic fund transfer clearing account (EFT)	(649.50)

WINDHOEK, 21-10-2016

AMBASSADOR HOPELONG IPINGE
ACCOUNTING OFFICER

