



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
NATIONAL PLANNING COMMISSION
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

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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 National Planning Commission for the financial year ended 31 March 2017 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, February 2018

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

DEFINITIONS

| | |
|---|---|
| <p>Types of Audit Opinions:</p> | <p>Unqualified Opinion. In an unqualified report, the auditors conclude that the financial statements of your O/M/A's present fairly its affairs in all material aspects.</p> <p>Qualified Opinion. An auditor's report is qualified when there is either a limitation of scope in the auditor's work, or when there is a disagreement with management regarding application, acceptability or adequacy of accounting policies.</p> <p>Disclaimer Opinion. Auditor's do not express an opinion on the financial position of a firm because they have not completed an examination of its accounts or the examination is not broad enough in scope to enable them to form an opinion.</p> <p>Adverse Opinion. The Financial statement 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> |
| <p>Treasury:</p> | <p>Financial authority in public service. (The department of Government that has control over the collection, management and disbursement of public revenue).</p> |
| <p>Vote:</p> | <p>Represents an Office/Ministry/Agency.</p> |
| <p>Appropriation Act:</p> | <p>Estimate of expenditure and revenue for a particular financial year presented to the National Assembly, the Act passed by Parliament.</p> |
| <p>Appropriation Account:</p> | <p>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.</p> |
| <p>Standard sub-division:</p> | <p>Government balance account, showing balances incurred on each account/activity.</p> |
| <p>Suspension:</p> | <p>Reduction on budget (Treasury may from time without or suspend any amount in an estimate of expenditure).</p> |
| <p>Virement:</p> | <p>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.</p> |
| <p>Unauthorised Expenditure:</p> | <p>Expenditure that exceeds the amount appropriated (budgeted) for a vote, main division or subdivision.</p> |
| <p>Underexpenditure:</p> | <p>Saving on the budget.</p> |
| <p>Miscellaneous Revenue:</p> | <p>All revenue collected and not having a specified revenue code.</p> |
| <p>Tender Board Exemptions:</p> | <p>To free from an obligation (Tender Board Regulations) to which others are subjected.</p> |
| <p>Commitments:</p> | <p>Funds reserved to acquire goods or services from a supplier.</p> |
| <p>Suspense accounts:</p> | <p>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.</p> |
| <p>S&T Advance Suspense Account:</p> | <p>A suspense account reflecting the outstanding subsistence and travel advances.</p> |

| | |
|---------------------------------|--|
| 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 specified |
| 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) performance agreements and personal development plans) |
| Materiality: | Is a concept or convention relating to the importance or significance of an amount, transaction, or discrepancy that effects the decision of the user. |

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**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE NATIONAL PLANNING COMMISSION
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

1. REPORT ON THE FINANCIAL STATEMENTS

1.1 INTRODUCTION

This report on the accounts of the National Planning Commission for the financial year ended 31 March 2017 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 National Planning Commission for the year ended 31 March 2017. These financial statements comprise the following statements submitted for the year then ended:

- Appropriation account;
- Standard subdivisions;
- Departmental revenue;
- Notes to 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 STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sections 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 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 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 the basis for an unqualified audit opinion.

1.4 ACKNOWLEDGEMENT

The co-operation and assistance by the management and staff of the National Planning Commission during the audit is appreciated.

1.5 KEY AUDIT FINDINGS

No material audit findings were observed.

2. ADDITIONAL REPORTING RESPONSIBILITIES

2.1 OTHER MATTERS

Attention is drawn to the management on the following matters that relate to my responsibility in the audit of the financial statements, and excluding matters already disclosed by the National Planning Commission in the financial statements:

2.2.1 Audit Committee

The audit found that the Commission does not have an Audit Committee.

The absence of the Audit Committee within the Commission might have an adverse impact with regards to issues raised by both the internal and external auditors, which could be material, not to be addressed on time or at all. In addition, recommendations made by the internal auditor might not be implemented, and weaknesses in internal controls might not be addressed. Subsequently, errors and fraud perpetrated might not be prevented, detected and corrected promptly.

The non-existence of the Audit Committee weakens the position of the internal audit function, and limits its independence from management, resulting in the compromise of the effectiveness of the internal audit function.

It is recommended that the Commission should ensure the establishment of an Audit Committee, as outlined, in the Internal Audit Charter of the Commission.

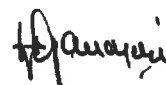
Management Comment

In her response on the draft report, the Acting Permanent Secretary indicated that the Commission has taken note of the audit recommendation as per the Internal Audit Charter.

3. UNQUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the National Planning Commission for the year ended 31 March 2017 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 National Planning Commission as at 31 March 2017 and its financial performance and its receipts and payments for the year then ended in accordance with the State Finance Act, 1991 (Act 31 of 1991).



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

WINDHOEK, February 2018

ANNEXURE A

1. AUDITED FINANCIAL STATEMENTS

1.1 Appropriation account

| Services | 2016/2017 | | | | | 2015/2016 |
|--|------------------------|-----------------------|----------------------------|---------------------|--------------------|-----------------------|
| | Authorized expenditure | Actual expenditure | Variations | | Actual expenditure | |
| | | | Under-expenditure (Excess) | Percentage | | |
| N\$ | N\$ | N\$ | N\$ | % | N\$ | |
| 01. Office of the Minister: | | | | | | |
| Original budget | 167 806 000.00 | | | | | |
| Less: Virement | (1 056 004.00) | | | | | |
| Less: Suspension | (8 619 394.00) | 158 130 602.00 | 157 800 654.05 | 329 947.95 | 0.21 | - |
| 02. Administration: | | | | | | |
| Original budget | 11 663 000.00 | | | | | |
| Less: Virement | (456 127.00) | | | | | |
| Less: Suspension | (1 051 331.51) | 10 155 541.49 | 9 968 078.35 | 187 463.14 | 1.85 | 166 911 183.05 |
| 03. Microeconomic Planning Department: | | | | | | |
| Original budget | 13 745 000.00 | | | | | |
| Plus: Virement | 1 575 741.00 | | | | | |
| Less: Suspension | (2 883 174.94) | 12 437 566.06 | 12 322 498.04 | 115 068.02 | 0.93 | 12 283 631.33 |
| 04. Regional, Sectoral Planning & Policy Co-ordination: | | | | | | |
| Original budget | 16 142 000.00 | | | | | |
| Plus: Virement | 133 156.00 | | | | | |
| Less: Suspension | (2 808 580.00) | 13 466 576.00 | 13 074 603.56 | 391 972.44 | 2.91 | 15 344 231.25 |
| 05. Monitoring and Evaluation and Development Partner Coordination: | | | | | | |
| Original budget | 6 554 000.00 | | | | | |
| Less: Virement | (196 766.00) | | | | | |
| Less: Suspension | (1 479 179.55) | 4 878 054.45 | 4 826 930.51 | 51 123.94 | 1.05 | 16 061 472.89 |
| 06. Information System Centre: | | | | | | |
| Original budget | - | - | - | - | - | 4 550 980.96 |
| Less: Virement | - | - | - | - | - | |
| Less: Suspension | - | - | - | - | - | |
| Total | | 199 068 340.00 | 197 992 764.51 | 1 075 575.49 | 0.54 | 215 151 499.48 |

1.2 Standard subdivisions

| Subdivision | 2016/2017 | | | 2015/2016 |
|---|------------------------|-----------------------|---------------------|-----------------------|
| | Authorized expenditure | Actual expenditure | Under expenditure | Actual expenditure |
| Operational: | N\$ | N\$ | N\$ | N\$ |
| Current expenditure: Personnel | | | | |
| 001. Remuneration | 45 641 331.90 | 45 257 318.71 | 384 013.19 | 50 895 714.16 |
| 002. Employer's contribution to staff's pension fund | 5 450 832.00 | 5 449 831.61 | 1 000.39 | 5 776 272.63 |
| 003. Other conditions of service | 490 310.00 | 490 308.75 | 1.25 | 300 224.98 |
| 005. Employer's contribution to SSC | 27.00 | - | 27.00 | - |
| Total | 51 582 500.90 | 51 197 459.07 | 385 041.83 | 56 972 211.77 |
| Current expenditure: Goods and other services | | | | |
| 021. Travel and subsistence expenses | 3 551 087.00 | 3 007 857.96 | 543 229.04 | 5 779 553.32 |
| 022. Materials and supplies | 859 573.00 | 775 208.69 | 84 364 .31 | 1 533 913.17 |
| 023. Transport | 2 509 468.00 | 2 509 466.30 | 1.70 | 2 582 387.15 |
| 024. Utilities | 2 742 090.00 | 2 741 469.69 | 620.31 | 2 467 406.76 |
| 025. Maintenance | 371 850.00 | 357 493.34 | 14 356.66 | 588 733.65 |
| 027. Other services and expenses | 4 111 777.10 | 4 063 816.58 | 47 960.52 | 4 571 854.23 |
| Total | 14 145 845.10 | 13 455 312.56 | 690 532.54 | 17 523 848.28 |
| Subsidies and current transfers | | | | |
| 041. Membership fees and subscriptions: International | 335 525.00 | 335 524.80 | 0.20 | 717 594.00 |
| 043. Government organizations | 131 930 811.00 | 131 930 811.00 | - | 134 392 000.00 |
| Total | 132 266 336.00 | 132 266 335.80 | 0.20 | 135 109 594.00 |
| Total: Current expenditure | 197 994 682.00 | 196 919 107.43 | 1 075 574.57 | 209 605 654.05 |
| Operational Capital expenditure: Acquisition of capital assets | | | | |
| 101. Furniture and office equipment | 1 073 658.00 | 1 073 657.08 | 0.92 | 2 145 845.43 |
| 102. Vehicles | - | - | - | 3 400 000.00 |
| Total: Capital expenditure | 1 073 658.00 | 1 073 657.08 | 0.92 | 5 545 845.43 |
| Total: Operational capital expenditure | 1 073 658.00 | 1 073 657.08 | 0.92 | 5 545 845.43 |
| Grand Total | 199 068 340.00 | 197 992 764.51 | 1 075 575.49 | 215 151 499.48 |

1.3 Departmental revenue

Revenue for the year is as follows:

| Revenue head | Estimate | Actual revenue 2016/2017 | More/(Less) than estimated | Actual revenue 2015/2016 |
|---------------------------|----------------|-----------------------------|----------------------------------|-----------------------------|
| | N\$ | N\$ | N\$ | N\$ |
| Miscellaneous | 200 000 | 69 159.32 | (130 840.68) | 69 455.95 |
| Sales of planning reports | 5 000 | 1 200.00 | (3 800.00) | 5 075.00 |
| Total | 205 000 | 70 359.32 | (134 640.68) | 74 530.95 |

1.4 Notes to the Financial Statements

1.4.1 Appropriation Account: Explanations of variations exceeding 2% between authorised and actual expenditure

Underexpenditure

Main Division 04 – Regional, Sectoral Planning and Policy Co-ordination (N\$ 391 972.44 – 2.91%)

The underexpenditure of N\$ 391 972.44 represents a variance of 2.91% less than appropriated, was due to positions that became vacant during the financial year and could not be filled. The other contributing factor is that most of the staff members were on official trips overlapping to the next financial year, since the DSA advances could not be settled by the end of the financial year. The outstanding commitments were cancelled resulting in funds becoming available on the execution ledger at the end of the financial year.

Despite the underspending, the National Planning Commission has fulfilled all the objectives that were set for the financial year.

2. GENERAL INFORMATION

2.1 Miscellaneous revenue

Miscellaneous Revenue comprised of the following:

| Description | Amount |
|--|------------------|
| | N\$ |
| Namibia Vision 2030 documents | 1 250.00 |
| Utilisation of auditorium | 750.00 |
| Study fees refund | 12 900.00 |
| Refund for the lost official 3G network device | 200.00 |
| Access cards | 201.84 |
| Cell phone contract excess refund | 4 023.85 |
| Refund on bond overpayment and study fees | 49 833.60 |
| Remissible Debt to Government | 0.03 |
| Total | 69 159.32 |

2.2 Bank accounts

The Accounting Officer reported the following closing balances as at 31 March 2017:

| Name of Bank Account | Financial Institution | Credit Balance at 31/03/2017 |
|---|-----------------------|------------------------------|
| | | N\$ |
| Global Fund-Fighting HIV/AIDS, Malaria and Tuberculosis | Bank Windhoek | 702 933.61 |
| National Planning Commission Secretariat - National Human Resource Plan | Bank Windhoek | 667 887.97 |

2.3 Compensation Payments (Valid claims against the State)

The Accounting Officer reported a total of N\$ 60 000 for compensation payments in respect of third party claims for the year under review.

2.4 Vehicles

The Accounting Officer reported a total of thirty eight (38) vehicles on hand to the value of N\$ 6 849 154 for the year under review.

The Accounting Officer further reported three (3) vehicle accidents during the year under review, of which only one (1) vehicle was repaired at a total cost of N\$ 4 954.14.

2.5 Exemption from normal Tender Board procedures

The Tender Board approved the following deviations from normal Tender Board procedures for acquiring goods and services valued at N\$ 159 345 000:

| Exemption number | Description | Approved exemption | Actual expenditure | Variance |
|------------------|--------------------------------|--------------------|--------------------|-----------------------|
| | | N\$ | N\$ | N\$ |
| E 1/22-01/2016 | Travel & subsistence expenses | 6 524 000 | 3 007 857.96 | 3 516 142.04 |
| | Materials and supplies | 2 117 000 | 775 208.69 | 1 341 791.31 |
| | Transport | 1 247 000 | 955 333.24 | 291 666.76 |
| | Utilities | 3 031 000 | 2 741 469.69 | 289 530.31 |
| | Maintenance expenses | 1 536 000 | 285 681.87 | 1 250 318.13 |
| | Other services and expenses | 5 036 000 | 4 063 816.58 | 972 183.42 |
| | Membership fees & subscription | 371 000 | 335 524.80 | 35 475.20 |
| | Government organisations | 139 483 000 | 131 930 811.00 | 7 552 189.00 |
| | TOTAL | | 159 345 000 | 144 095 703.80 |

2.6 Suspense accounts

The final ledger shows the following four (4) suspense account balances of the Commission as at 31 March 2017 of which one (1) had a credit balance and three (3) had debit balances:

| Description | Debit/(Credit) |
|--------------------------------|----------------|
| | N\$ |
| Receipt Suspense | (365.45) |
| S & T Advance Suspense Account | 180 051.52 |
| Rejection Account | 73 271.73 |
| Bills Payable | 85 872.32 |

2.7 Losses and damages

The Accounting Officer reported losses and damages amounting to N\$ 49 629.72 in respects of theft and N\$ 144 954.14 for vehicle accidents for the year under review.

2.8 Points of Keeping Stock and Annual Stock Taking

The Accounting Officer reported stock items to the value of N\$ 14 268 814 and obsolete eight (8) damage stock amounting to N\$ 33 178 for the year under review.

2.9 Performance Information

The Accounting Officer reported Performance agreements and Personal Development Plans (PDPs) for the Commission's strategic plan, annual plan and quarterly review report up to 2nd quarter for the financial.

The above mentioned information is based only up to the 2nd quarter of the 2016/2017 financial year.

WINDHOEK, 18 October 2017

ANNELY HAIPHENE
ACTING ACCOUNTING OFFICER

