



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
OFFICE OF THE JUDICIARY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

Published by authority

Price (Vat excluded) N\$ 39.00  
Report no: 2018/40



**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 Judiciary 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, April 2018**

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

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**



## DEFINITIONS

<p><b>Types of Audit Opinions:</b></p>	<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> 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><b>Adverse Opinion.</b> 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><b>Treasury:</b></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><b>Vote:</b></p>	<p>Represents an Office/Ministry/Agency.</p>
<p><b>Appropriation Act:</b></p>	<p>Estimate of expenditure and revenue for a particular financial year presented to the National Assembly, the Act passed by Parliament.</p>
<p><b>Appropriation Account:</b></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><b>Standard sub-division:</b></p>	<p>Government balance account, showing balances incurred on each account/activity.</p>
<p><b>Suspension:</b></p>	<p>Reduction on budget (Treasury may from time to time withhold or suspend any amount in an estimate of expenditure).</p>
<p><b>Virement:</b></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><b>Unauthorised Expenditure:</b></p>	<p>Expenditure that exceeds the amount appropriated (budgeted) for a vote, main division or subdivision.</p>
<p><b>Underexpenditure:</b></p>	<p>Saving on the budget.</p>
<p><b>Miscellaneous Revenue:</b></p>	<p>All revenue collected and not having a specified revenue code.</p>
<p><b>Tender Board Exemptions:</b></p>	<p>To free from an obligation (Tender Board Regulations) to which others are subjected.</p>
<p><b>Commitments:</b></p>	<p>Funds reserved to acquire goods or services from a supplier.</p>
<p><b>Suspense accounts:</b></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><b>S&amp;T Advance Suspense Account:</b></p>	<p>A suspense account reflecting the outstanding subsistence and travel advances.</p>



<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 specified.
<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>Materiality:</b>	Is a concept or convention relating to the importance or significance of an amount, transaction, or discrepancy that effects the decision of the user.





## 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	Unauthorised expenditure.....	2
1.4.2	Suspense Accounts.....	3
1.4.3	Exemption from normal Tender procedures .....	3
1.5	ACKNOWLEDGEMENT.....	4
1.6	UNQUALIFIED AUDIT OPINION.....	4
ANNEXURE A	.....	5
1.	AUDITED FINANCIAL STATEMENTS.....	5
1.1	<b>Appropriation account</b> .....	5
1.2	<b>Standard subdivisions</b> .....	6
1.3	Revenue .....	7
1.4	NOTES TO THE FINANCIAL STATEMENTS .....	7
1.4.1	Appropriation account: Explanations of variations exceeding 2 % .....	7
1.4.2	Departmental revenue: Explanation of variances exceeding N\$ 200 000.....	7
2.	GENERAL INFORMATION .....	9
2.1	Suspense accounts .....	9
2.2	Bank accounts.....	9
2.3	Exemption from normal Tender procedures .....	10
2.4	Bursary and Study assistance .....	10
2.5	Wellness .....	10
2.8	Commissions and Special Committees .....	10
2.9	<b>Vehicles</b> .....	10
2.9	<b>Losses or Damages</b> .....	11



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
OFFICE OF THE JUDICIARY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

---

**1. REPORT ON THE FINANCIAL STATEMENTS**

**1.1 INTRODUCTION**

This report on the accounts of the Office of the Judiciary 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 Office of the Judiciary for the year ended 31 March 2017. 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 Section 13 of the State Finance Act, Act 31 of 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 a basis for the audit opinion.

## **1.4 KEY AUDIT FINDINGS**

### **1.4.1 Unauthorised expenditure**

The unauthorised expenditure mentioned below 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) Two (02) main divisions were exceeded with a total amount of N\$ 284 947.17 which is unauthorised in terms of Section 6(a)(ii) of the Act; and
- (ii) Although Treasury approval was obtained to utilise certain expected saving for the defrayal of expenditure through virements, six (6) operational subdivisions were exceeded with a total amount of N\$ 1 382 771.81. This is unauthorised in terms of Section 6(a)(iii) of the Act.

It is recommended that the Accounting Officer should put measures in place to avoid over-expenditure and should ensure that planned activities are implemented within the approved budget. Furthermore, if specific activities are expected to exceed the budgeted funds due to unforeseen circumstances, funds should be viremented from activities where savings are expected.

**Management comment**

In her response on the draft report, the Accounting Officer indicated that the Office is in agreement with the observation and the budget was in adequate due to the split of the budget between the Ministry of Justice and of the Office

**1.4.2 Suspense Accounts**

The Accounting Officer certified that the Suspense Accounts were analysed, reconciled, but the following accounts had balances in excess of N\$ 100 000:

Suspense Account	Balance as at 31 March 2017 Debit / (Credit)
	N\$
Receipt Suspense	(137 083.29)
RD Cheque	2 358 269.63
S&T Advance Suspense Account	162 149.08
Rejection Account	157 453.26
Magistrate Offices	100 981 639.02
Bills payable	(293 017.03)
Magistrate Deposit Account	(106 105 105.65)

It is recommended that the Accounting Officer should comply with Treasury Instruction FD 0703, which stipulates that suspense accounts of the Office should be thoroughly analyzed and reconciled with the ledger accounts. In addition, steps should constantly be taken to clear all items in the suspense accounts.

**Management comment**

In her response on the draft report, the Accounting Officer indicated that reconciliation are being done but further investigations are being conducted to clear those balances.

**1.4.3 Exemption from normal Tender procedures**

The Accounting Officer reported approved Tender exemptions amounting to N\$ 53 634 000 for various goods and services for the period under review. However, the exempted amount for Utilities has been exceeded with an amount of N\$ 3 485 314.36.

It is recommended that the Accounting Officer should explain why the approved exemption was exceeded.

**Management comment**

In her response on the draft report, the Accounting Officer indicated that the Office is in agreement with the findings and realised that the Office did not approach Tender Board for an additional exemption due to administrative oversight.

## 1.5 ACKNOWLEDGEMENT


The assistance and co-operation of the management and staff of the Office of the Judiciary during the audit is appreciated.

## 1.6 UNQUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the Office of the Judiciary 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 31, 1991.

In my opinion, the financial statements present fairly in all material respects, the financial position of the Office of the Judiciary 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, Act 31 of 1991.

WINDHOEK, April 2018



**JUNIAS ETUNA KANDJEKE**  
**AUDITOR-GENERAL**

## 1. AUDITED FINANCIAL STATEMENTS

## 1.1 Appropriation account

Services	2016/2017					2015/2016
	N\$	Authorized expenditure N\$	Actual expenditure N\$	Variations		Actual expenditure N\$
				Under-expenditure/ (Excess) N\$	Percentage %	
<b>01. Chief Justice:</b>						
Original budget	5 689 000.00					
Plus: Virement	4 954 396.00					
Less: Suspension	(72 233.72)	10 571 162.28	10 533 087.11	38 075.17	0.36	-
<b>02. Judge President:</b>						
Original budget	27 062 000.00					
Plus: Virement	5 043 953.00					
Less: Suspension	(115 886.74)	31 990 066.26	31 825 905.79	164 160.47	0.51	-
<b>03. Magistracy:</b>						
Original budget	61 282 000.00					
Plus: Virement	4 840 000.00					
Less: Suspension	(3 207 610.20)	62 914 389.80	63 040 315.01	(125 925.21)	(0.20)	-
<b>04. Administration:</b>						
Original budget	76 719 000.00					
Less: Virement	(24 144 512.00)					
Less: Suspension	(7 519 214.88)	45 055 273.12	44 901 255.30	154 017.82	0.34	-
<b>05. Supreme Court:</b>						
Original budget	4 982 000.00					
Plus: Virement	3 439 957.00					
Less: Suspension	(411 242.79)	8 010 714.21	7 918 465.05	92 249.16	1.15	-
<b>06. High Court:</b>						
Original budget	17 380 000.00					
Plus: Virement	8 395 755.00					
Less: Suspension	(364 905.90)	25 410 849.10	23 619 147.63	1 791 701.47	7.05	-
<b>07. Court Services:</b>						
Original budget	83 689 000.00					
Plus: Virement	1 186 451.00					
Less: Suspension	(2 753 016.75)	82 122 434.25	82 281 456.21	(159 021.96)	(0.19)	
<b>08. Judicial Commission Secretariat:</b>						
Original budget	1 678 000.00					
Plus: Virement	1 284 000.00					
Less: Suspension	(153 175.05)	2 808 824.95	2 779 183.72	29 641.23	1.06	
<b>TOTAL:</b>		<b>268 883 713.97</b>	<b>266 898 815.82</b>	<b>1 984 898.15</b>	<b>0.74</b>	<b>-</b>

Note: During the 2015/2016 financial year, the Office of the Judiciary was still part of the Ministry of Justice, hence no prior year figures.

## 1.2 Standard subdivisions

Subdivision	2016/2017			2015/2016
	Authorized expenditure	Actual expenditure	Under expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational:</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	193 474 428.00	192 831 925.08	642 502.92	-
002. Employer's contribution to staff's pension fund	22 469 001.00	22 470 762.43	(1 761.43)	-
003. Other conditions of service	3 253 000.00	3 264 221.65	(11 221.65)	-
005. Employer's contribution to SSC	462 000.00	329.81	461 670.19	-
<b>Total</b>	<b>219 658 429.00</b>	<b>218 567 238.97</b>	<b>1 091 190.03</b>	-
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence expenses	8 431 559.43	7 855 607.62	575 951.81	-
022. Materials and supplies	3 089 521.00	3 039 236.94	50 284.06	-
023. Transport	2 868.30	2 868.30	-	-
024. Utilities	15 604 181.00	15 554 764.33	49 416.67	-
025. Maintenance Expenses	572 524.00	572 323.11	200.89	-
026. Property rental and related charges	4 220 000.00	4 219 279.11	720.89	-
027. Other services and expenses	16 301 935.54	16 123 882.03	178 053.51	-
<b>Total</b>	<b>48 222 589.27</b>	<b>47 367 961.44</b>	<b>854 627.83</b>	-
<b>Current expenditure: Membership fees and subscriptions</b>				
041. International	236 000.00	205 936.54	30 063.46	-
042. Domestic	80 000.00	78 547.14	1 452.86	-
<b>Total</b>	<b>316 000.00</b>	<b>284 483.68</b>	<b>31 516.32</b>	-
<b>Total: Current expenditure</b>	<b>268 197 018.27</b>	<b>266 219 684.09</b>	<b>1 977 334.18</b>	-
<b>Operational Capital expenditure: Acquisition of capital assets</b>				
101. Furniture and office equipment	686 693.93	679 131.73	7 562.20	-
102. Vehicles	1.77	-	1.77	-
<b>Total: Capital expenditure</b>	<b>686 695.70</b>	<b>679 131.73</b>	<b>7 563.97</b>	-
<b>Total: Operational capital expenditure</b>	<b>686 695.70</b>	<b>679 131.73</b>	<b>7 563.97</b>	-
<b>Grand Total</b>	<b>268 883 713.97</b>	<b>266 898 815.82</b>	<b>1 984 898.15</b>	-

Note: During the 2015/2016 financial year, the Office of the Judiciary was still part of the Ministry of Justice, hence no prior year figures.



### 1.3 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\$
Private telephone calls	1 500	2 100.87	600.87	-
Miscellaneous	350 000	1 048 424.07	698 424.07	-
Bail	2 000 000	-	(2 000 000.00)	-
Bail	-	3 480 411.00	3 480 411.00	-
Photocopies	55 000	110 432.00	55,432.00	-
Unclaimed money	200 000	-	(200,000.00)	-
<b>Total</b>	<b>2 606 500</b>	<b>4 641 367.94</b>	<b>2 034 867.94</b>	

*Note: During the 2015/2016 financial year, the Office of the Judiciary was still part of the Ministry of Justice, hence no prior year figures.*

### 1.4 NOTES TO THE FINANCIAL STATEMENTS

#### 1.4.1 Appropriation account: Explanations of variations exceeding 2 % between the authorised and actual expenditure of the main divisions.

##### (i) Underexpenditure

##### Main division 06 – High Court (N\$ 1 791 701.47 – 7.05%)

A total amount of N\$ 1 676 746.97 could not be spent due to the following reasons:

The Office budgeted for seven (7) posts of Legal Officer Grade 5, however all candidates that were recruited did not meet the appointment requirements. As a result, the Office opted to appoint seven (7) staff members as Legal Officer Grade 7 out of adjustment against posts of Legal Officer Grade 5 with effect from 15 May 2016. Under the same main division, two (2) staff members terminated their employment in October 2016 and February 2017 respectively.

It is on this basis that the Office of the Judiciary realized a saving of 7.05% on its Personnel budget under the above mentioned main division of its Vote.

#### 1.4.2 Departmental revenue: Explanation of variances exceeding N\$ 200 000

##### (i) Under-estimation

##### Miscellaneous (N\$ 698 424.07)

An amount of N\$ 1 048 424.07 was collected and allocated as Miscellaneous revenue, including an amount of N\$ 537 029.95 for unclaimed money that was wrongly allocated under Miscellaneous revenue instead of Unclaimed money revenue head. This is an oversight which will be rectified and allocated under the correct revenue head, account code 31.36.22.702 in the next financial year.

The actual Miscellaneous revenue collected amounts to N\$ 511 394.12, which was collected from salary overpayment refunds or Miscellaneous repayments, S&T repayments, Return to Drawer penalties, unpaid leave, unknown money and surpluses. However, the Miscellaneous revenue variance of N\$ 698 424.07 and

Unclaimed money variance of N\$ 200 000, is as a result of a recording error as explained above. The two items are unpredictable and can therefore never be estimated with certainty.

**(ii) Overestimated**

**Bail (N\$ 2000 000)**

Unclaimed bail money that is reflected in the bail register at the High Court or Lower Courts is normally transferred as unclaimed bail to State Account, in respect of criminal cases that have been finalised for periods longer than 12 months.

A revenue estimated of N\$ 2 000 000 for bail was recorded against account code 845 whilst the total actual revenue collected was mistakenly allocated against account code 826. As a result variances occurred on both account codes.

Even if unclaimed bail is indicated as revenue, it remains trust money which may be claimed at any given stage. Therefore, variances between the estimated and actual amount collected are rather unavoidable as claims are dependent on the finalisation of cases and the depositor's request for a refund, both of which are not within the Office's control. There is no need for two revenue codes for bail and one should definitely be removed.

**GENERAL INFORMATION**

**2.1 Suspense accounts**

The final ledger shows ten (10) suspense accounts balances at 31 March 2017, of which four (4) had debit balances and six (6) had credit balances as follows:

<b>Suspense Account</b>	<b>Balance as at 31 March 2017 Debit / (Credit)</b>
	N\$
Receipt Suspense	(137 083.29)
RD Cheque	2 358 269.63
S&T Advance Suspense Account	162 149.08
Rejection Account	157 453.26
Magistrate Offices	100 981 639.02
Bills payable	(293 017.03)
Electronic Fund Transfer Clearing Account (EFT)	(763.50)
Social Security	(1 215.00)
Pension Funds: GIPF	(228.46)
Magistrate Deposit Account	(106 105 105.65)

**2.2 Bank accounts**

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

<b>Name of account</b>	<b>Financial Institution</b>	<b>Balance at 31/03/2017</b>
		N\$
Magistrate's Office – Katutura (Mungunda Street)	First National Bank – Windhoek	803 959.03
Magistrate's Office – Otjinene	Standard Bank – Otjinene	84 266.20

### 2.3 Exemption from normal Tender procedures

The Accounting Officer reported approved Tender exemptions amounting to N\$ 53 634 000 for the following goods and services for the period under review:

Exemption number	Description	Approved exemption	Actual expenditure	Difference
		N\$	N\$	N\$
E1/12-3/2016	Travel and subsistence expenses	10 961 000	663 707.80	10 297 292.20
	Materials and supplies	2 914 000	1 329 982.76	1 584 017.24
	Transport	1 200 000	-	1 200 000.00
	Utilities	11 196 000	14 681 314.36	(3 485 314.36)
	Maintenance expenses	1 249 000	344 309.24	904 690.76
	Property rental	4 220 000	4 189 269.36	30 730.64
	Other services & expenses	19 894 000	3 149 240.07	16 744 759.93
	Office Equipment	2 000 000	590 081.56	1 409 918.44
	<b>Total</b>	<b>53 634 000</b>	<b>24 947 905.15</b>	<b>28 686 094.85</b>

### 2.4 Bursary and Study assistance

The Accounting Officer reported that financial assistance amounting to N\$ 436 194.72 was granted to twenty-four (24) employees during the year under review.

### 2.5 Wellness

The Accounting Officer reported that the Office of the Judiciary spend N\$ 209 056.08 on Wellness activities during the financial year under review.

### 2.6 Debt to the Government

The Accounting Officer reported outstanding debts totalling to an amount of N\$ 134 711.49 during the year under review.

### 2.7 Compensation payments

The Accounting Officer reported compensation payments to the amount of N\$ 270 000 during the financial year under review. This money was paid from the contingency fund by the Ministry of Finance on behalf of the Office of the Judiciary.

### 2.8 Commissions and Special Committees

The Accounting Officer reported that the Office of the Judiciary paid N\$ 20 034 for Commission fees during the financial year under review.

### 2.9 Vehicles

The Accounting Officer reported a total of hundred and twenty two (122) vehicles to the value of N\$ 31 860 908.63 on hand during the year under review.

The Accounting Officer further reported twenty (20) vehicle accidents during the year under review, out of this sixteen (16) vehicle were repaired at a total cost of N\$ 54 242.24.

## **2.9 Losses or Damages**

The Accounting Officer reported a loss amounting to N\$ 700 by one person employed by the Government.

**WINDHOEK, 2017-10-17**

**ROLANDA L VAN WYK  
ACCOUNTING OFFICER**

