



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**

# **OFFICE OF THE PRESIDENT**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011**

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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 Office of the President for the financial year ended 31 March 2011 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, March 2012**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL  
ON THE ACCOUNTS OF THE  
OFFICE OF THE PRESIDENT  
FOR THE FINANCIAL YEAR ENDED  
31 MARCH 2011**

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**1. INTRODUCTION**

**1.1 Report**

This report on the accounts of the Office of the President for the financial year ended 31 March 2011 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.

**1.2 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.

**2. FINANCIAL STATEMENTS**

The appropriation accounts were submitted 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 to this report.

**3. SCOPE OF THE AUDIT**

**3.1** The Accounting Officer in co-operation with the Permanent Secretary of the Ministry of Finance is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions therein. It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly. The audit included:

- (a) examination on a test basis of evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements; and
- (b) evaluation of the overall adequacy of the presentation of information in the financial statements.

**3.2** The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- (a) the financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;
- (b) in all material respects, the expenditure and income have been applied to the purposes intended by the legislature; and
- (c) the financial transactions conform to the authorities that govern them.

#### **4. AUDIT OBSERVATIONS**

##### **4.1 MAIN ISSUES/FINDINGS IDENTIFIED BY THE AUDIT**

###### **4.1.1 Expenditure**

The total budget of the Office was underspend with an amount of N\$ 38 548 814.28 (10.71%). However, under-mentioned unauthorised expenditure 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) Although Treasury approval was obtained to utilise certain expected savings for the defrayal of excess expenditure through virements during the year, five ( 5) subdivision was exceeded by a total amount of N\$ 1 181 801.16 which is unauthorised in terms of Section 6(a)(iii) of the Act.

###### **4.1.2 Vehicles**

The Office reported fourteen (14) motor vehicle accident resulting in damages to the amount of N\$ 403 187.35 during the financial year under review. However, during the verification it was found that a total number of 16 accidents were reported with damages amounting to N\$ 171 417.31 and eleven vehicles were repaired to the amount of N\$ 150 490.56 contrary to what the Office has reported as N\$ 165 539.64.

It is recommended that the Accounting Officer should ensure that financial information reported to the Auditor-General should be true and correct.

#### **5. ACKNOWLEDGEMENT**

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

#### **6. AUDIT OPINION**

I certify that I have audited the financial statements of the Office of the President for the year ended 31 March 2011 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 fairly represent the receipts and payments of Vote 01 for the year ended 31 March 2011, and in all material respects, the receipts and payments have been applied for the purposes intended by the National Assembly and conform to the authorities which govern them.

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

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**Windhoek**  
**Namibia**

## 1. FINANCIAL STATEMENTS

### 1.1 Appropriation account

2010/2011						2009/2010
Service	N\$	Authorised expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure / (Excess)	Percentage	
	N\$	N\$	N\$	N\$	%	N\$
<b>01. Office of the President:</b>						
Original budget	35 252 000					
Plus: Virement	9 505 000	44 757 000	34 688 330.01	10 068 669.99	22.50	29 144 619.09
<b>02. Administration:</b>						
Original budget	297 984 000					
Less: Virement	(9 105 000)	288 879 000	262 097 454.28	26 781 545.72	9.27	273 202 284.60
<b>03. Office of the Founding President:</b>						
Original budget	18 524 000					
Less: Virement	(375 000)	18 149 000	16 706 991.09	1 442 008.91	7.95	20 494 971.70
<b>04. Cabinet Secretariat:</b>						
Original budget	8 638 000					
Less: Virement	(25 000)	8 613 000	8 320 410.34	292 589.66	3.40	6 882 093.69
<b>Totals</b>		<b>360 398 000</b>	<b>321 813 185.72</b>	<b>38 584 814.28</b>	<b>10.71</b>	<b>329 723 969.08</b>

## 1.2 Standard subdivisions

Subdivision	2010/2011			2009/2010
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational:</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	30 029 000	28 328 599.20	1 700 400.80	24 622 951.60
002. Employer's contribution to staff's pension fund	2 927 000	2 898 725.77	28 274.23	2 364 343.99
003. Other conditions of service	255 000	12 339.71	242 660.29	160 062.47
<b>Total</b>	<b>33 211 000</b>	<b>31 239 664.68</b>	<b>1 971 335.32</b>	<b>27 147 358.06</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence expenses	5 240 000	4 322 293.95	917 706.05	4 856 745.24
022. Materials and supplies	1 219 000	1 036 003.37	182 996.63	762 622.56
023. Transport	22 399 000	15 246 251.24	7 152 748.76	13 088 726.96
024. Utilities	6 812 000	5 952 148.21	859 851.79	4 741 141.36
025. Maintenance	367 000	292 404.28	74 595.72	281 469.96
027. Other services and expenses	6 068 000	5 429 361.43	638 638.57	2 856 580.51
<b>Total</b>	<b>42 105 000</b>	<b>32 278 462.48</b>	<b>9 826 537.52</b>	<b>26 587 286.59</b>
<b>Current expenditure: Subsidies, grants and other transfers</b>				
043. Government organisations	82 275 000	82 275 000.00	-	80 900 000.00
044. Individuals and non-profit organisations	120 000	112 276.00	7 724.00	870 095.00
<b>Total</b>	<b>82 395 000</b>	<b>82 387 276.00</b>	<b>7 724.00</b>	<b>81 770 095.00</b>
<b>Total: Current expenditure</b>	<b>157 711 000</b>	<b>145 905 403.16</b>	<b>11 805 596.84</b>	<b>135 504 739.65</b>
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	90 000	65 738.08	24 261.92	173 194.88
102. Vehicles	360 000	348 600.00	11 400.00	599 991.94
103. Operational equipment, machinery and plant	1 151 000	784 241.56	366 758.44	706 569.08
<b>Total: Capital expenditure</b>	<b>1 601 000</b>	<b>1 198 579.64</b>	<b>402 420.36</b>	<b>1 479 755.90</b>
<b>Total: Operational expenditure</b>	<b>159 12 000</b>	<b>147 103 982.80</b>	<b>12 208 017.20</b>	<b>136 984 495.55</b>
<b>Development:</b>				
<b>Capital expenditure: Goods and other services</b>				
022. Material and supplies	1 000 000	370 832.22	629 167.78	-
027. Other services and expenses	4 025 000	3 959 672.19	65 327.81	16 750 177.21
<b>Total</b>	<b>5 025 000</b>	<b>4 330 504.41</b>	<b>694 495.59</b>	<b>16 750 177.21</b>
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	27 084 000	26 593 263.60	490 736.40	22 498 396.61
103. Operational equipment, machinery and plants	1 000 000	515 069.73	484 930.27	-
105. Feasibility studies, design and supervision	2 504 000	2 106 923.93	397 076.07	4 332 064.69
106. Purchase of land and intangible assets	13 894 000	6 898 737.54	6 995 262.46	68 807 622.77
107. Construction, renovation and improvements	151 579 000	134 264 703.71	17 314 296.29	80 351 212.25
<b>Total</b>	<b>196 061 000</b>	<b>170 378 698.51</b>	<b>25 682 301.49</b>	<b>175 989 296.32</b>
<b>Total: Development expenditure</b>	<b>201 086 000</b>	<b>174 709 202.92</b>	<b>26 376 797.08</b>	<b>192 739 473.53</b>
<b>GRAND TOTAL</b>	<b>360 398 000</b>	<b>321 813 185.72</b>	<b>38 584 814.28</b>	<b>329 723 969.08</b>

### 1.3 Departmental revenue

Revenue for the year is reported as follows:

Revenue heading	Estimate	Actual revenue 2010/2011	More/(Less) than estimated	Actual revenue 2009/2010
	N\$	N\$	N\$	N\$
Private telephone calls	3 246	-	(3 246.00)	-
Unclaimed cheques	-	66 191.02	66 191.02	-
Miscellaneous	173 601	358 377.02	184 776.02	80 360.01
<b>Total</b>	<b>176 847</b>	<b>292 186.00</b>	<b>115 339.00</b>	<b>80 360.01</b>

### 1.4 Notes to the financial statements

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

##### (i) Underexpenditure

##### Main division 01: Office of the President (N\$ 10 068 669.92 – 22.50%)

Less expenses were incurred on personnel expenditure due to management vacancies of the Under Secretary and Director in Department –Economic Advisory Services as well as the position of the Deputy Executive Director in the President’s private office.

The underexpenditure is also due to less expense charged on transport budget. This is due to the fact that no claims were received from the Air Transport Services on trips undertaken with the Presidential Aircraft.

The other underexpenditure on Utilities resulted from water, sewerage and electricity charges and telephones bills for March 2011 which were not paid at the end of March as expected.

##### Main division 02: Administration (N\$ 26 781 545.72 – 9.27%)

The underexpenditure mainly resulted from the development budget.

The Office could not purchase all the furniture for the additional guest house during 2010/2011 due to the delay in the construction process and specification of the furniture, as such there is an underexpenditure on this main division.

The x-ray machines and other operational equipment could not be purchased since the construction was not yet completed .This expenditure occurred during 2011/2012 financial year.

Expenditure on Feasibility Studies, Design and Supervision was less than anticipated, this resulted from overestimated amount for the project Manager.

Less expenditure was incurred on landscaping due to the unresolved issues with City of Windhoek on the outer zone of the State House which was referred to the Prime Minister’s Office by Cabinet resulted in an underexpenditure.

The Funds Viremented for construction, renovation and improvement subdivision for renovation of Swakopmund State House, Olof Palm and Oshakati guest house could not be utilised as planned. The Oshakati guest house renovation only started during 2011/2012 financial year.



**ANNEXURE A (continued)****Main division 03: Office of the Founding President (N\$ 1 442 008.91 - 7.95%)**

The underexpenditure mainly resulted from the development budget and on operational equipment. This is because during the last construction phase less expense were incurred on materials and supplies than anticipated as well as on the operational equipment.

**Main division 04: Cabinet Secretariat (N\$ 292 589.66 - 3.40%)**

The underexpenditure is mainly due to transport expenses, less trips were undertaken than expected. Also because some kilometre claims from Government Garage was still outstanding as at 31 March 2011 which were budgeted for.

## 2. GENERAL INFORMATION

### 2.1 Miscellaneous revenue

During the financial year under review, the Office collected a miscellaneous revenue totalling N\$ 358 377.02. Miscellaneous revenue is comprised of the following components.

Components	Amount
	N\$
Correctional journals and overpayments on remuneration of previous financial year	336 326.73
Sales of two couches	7 895.90
Sales of items at Windhoek show Grounds	7 525.00
Interest on departmental debt	5 770.31
Interest on departmental debt 2009/2010(booked in 2010/2011)	859.08
<b>Total</b>	<b>358 377.02</b>

### 2.2 Development projects

The expenditure on the development projects mentioned below was incurred during the financial year under review.

Name of project	Approved total cost of project	Approved appropriation 2010/2011	Total expenditure at 31/03/2010	Actual expenditure 2010/2011	Total expenditure at 31/03/2011	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
New State House construction	497 897 000	72 394 000	687 657 568.87	49 092 769.54	736 750 338.41	31/03/2012
State house extensions in the Regions	107 229 000	116 809 000	394 831 054.37	113 909 000.00	508 740 054.37	30/06/2012
Renovation and construction of Founding President's Office	20 498 000	11 883 000	30 768 794.10	11 707 433.38	42 476 227.48	31/03/2012
<b>Total</b>	<b>625 624 000</b>	<b>201 086 000</b>	<b>1 113 257 417.34</b>	<b>174 709 202.92</b>	<b>1 287 966 620.26</b>	

### 2.3 Bursary and study assistance

During the financial year under review the Office of the President awarded bursaries to seven (7) staff members for an amount of N\$ 80 622.02.

### 2.4 Contribution/Grants/Financial aid/gifts/donations/free service by the Government

During the financial year under review, the Office of the President gave thirty five (35) gifts to a total amount of N\$ 66 120.00. These expenses are regarded as part of ceremonial expenses for which Tender Board Exemption and Treasury approval were obtained. The gifts were as follow:

Description of gifts	Number of Gifts	Amount
		N\$
Stated gifts given by His Excellency President Hifikepunye Pohamba and Madam Penxupifo Pohamba	30	63 924.00
Various gifts given by Dr Sam Nuyoma the Founding Father and Father of the Namibian Nation.	5	2 196.00
<b>Total</b>	<b>35</b>	<b>66 120.00</b>

## 2.5 Exemption from normal Tender Board procedures

Tender Board approved the following exemptions from normal Tender procedures under references E1/1 – 1/10, E1/1 – 2/10 and E1/1-3/10, on 9 April 2010, 9 July 2010 and 28 January 2011 respectively. Exemption was granted to purchase goods and services that are excluded from Tender Board procedures and not available at Government Garage.

Exemption reference	Description	Approved amount	Actual expenditure	Differences
		N\$	N\$	N\$
E1/1 – 1/10	021 DSA – Air tickets	2 560 000	670 135.00	1 889 865.00
	022 Materials and Suppliers	865 000	857 022.58	7 977.42
	023 Transport flight and other transport cost	16 399 000	15 246 251.27	1 152 749.00
	024 Utilities	4 707 000	4 706 966.00	34.00
	025 Maintenance	407 000	292 404.28	114 595.72
	027 Other services and expense	4 528 000	3 658 148.83	869 851.17
	103 Operational equipment, machinery and plants	1 501 000	789 513.39	711 486.61
<b>Sub-Total</b>		<b>30 967 000</b>	<b>25 583 475.35</b>	<b>5 383 524.65</b>
E1/1 – 2/10	102 Vehicles - Purchase of Club Transporter	348 990	348 990.00	-
E1/1 – 3/10	107 Construction, Renovation and Improvement	15 000 000	10 000 000.00	5 000,000
<b>GRAND TOTAL</b>		<b>46 317 000</b>	<b>36 569 431.35</b>	<b>10 383 524.65</b>

## 2.6 Suspense accounts

Eleven (11) suspense accounts had balances at 31 March 2011, seven (7) with debit balances and four with a credit balance. The following suspense accounts had outstanding balances of more than N\$ 100 000:

Description	Debit	Credit
	N\$	N\$
S&T Advance Suspense Account	143 883.81	
Rejection account	4 407 708.01	
Bills payable		17 868 930.10

WINDHOEK, 2011-10-26

DR. NDEUTALA ANGOLO  
SECRETARY TO THE PRESIDENT