



**REPUBLIC OF NAMIBIA**



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

# **OFFICE OF THE PRESIDENT**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

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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 2012 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 2013**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL  
ON THE ACCOUNTS OF THE  
OFFICE OF THE PRESIDENT  
FOR THE FINANCIAL YEAR ENDED  
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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 2012 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\$ 4 800 961.52 (1.65%). However, the 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).

Although Treasury approval was obtained to utilise certain expected savings for the defrayal of excess expenditure through virements during the year, four ( 4) subdivisions were exceeded by a total amount of N\$ 1 048 102.78 which is unauthorised in terms of Section 6(a)(iii) of the Act.

It is recommended that the Accounting Officer put measures in place to avoid under spending or over spending the budget.

###### **4.1.2 Virements**

Differences were noted between the virements authorized by Treasury and virements processed to the Appropriation account as follows:.

<b>Main divisions</b>	<b>Approved virements</b>	<b>Virements processed</b>	<b>Differences</b>
	N\$	N\$	N\$
01	345 000	915 300	(570 000)
02	(40 000)	(71 300)	31 300
03	(445 000)	(486 000)	41 000
04	140 000	(358 000)	498 000

The Accounting Officer should explain the balances as a matter of urgency.

###### **4.1.3 Suspense accounts**

Eight (8) suspense accounts had outstanding balances at 31 March 2012 of which five (5) with debit balances and three (3) with a credit balance. The following accounts had balances exceeding N\$ 100 000:

<b>Description</b>	<b>Debit</b>	<b>Credit</b>
	N\$	N\$
S&T Advance Suspense Account		136 027.11
Rejection account		1 663 647.91
Bills payable	2 236 034.06	

The clearing of all suspense accounts is recommended.

## **5. ACKNOWLEDGEMENT**

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

## **6. EMPHASIS OF MATTER**

Without qualifying my opinion, attention is drawn to the management on the following matters that relate to my responsibility in the audit of the financial statements:

- a) Paragraph 4.1.1 Expenditure. The total budget of the Office was underspend with an amount of N\$ 4 800 961.52 (1.65%).
- b) Paragraph 4.1.2 Virements. Differences noted between virements authorized by Treasury and those processed to reflected in the Appropriation account.

## **7. AUDIT OPINION**

I certify that I have audited the financial statements of the Office of the President for the year ended 31 March 2012 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 2012, 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**

**Office of the Auditor-General**  
**269 Independence Avenue 277**  
**Private Bag 13299**  
**Windhoek**  
**Namibia**

## 1. FINANCIAL STATEMENTS

### 1.1 Appropriation account

2011/2012						2010/2011
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	39 290 000					
Plus: Virement	915 300	40 205 300	37 778 876.58	2 426 423.42	6.04	34 688 330.01
<b>02. Administration:</b>						
Original budget	223 428 000					
Plus: Virement	1 080 944	224 508 944	223 667 500.16	841 443.84	0.37	262 097 454.28
<b>03. Office of the Founding President:</b>						
Original budget	15 006 000					
Plus: Virement	426 500	15 432 500	14 151 501.55	1 280 998.45	8.30	16 706 991.09
<b>04. Cabinet Secretariat:</b>						
Original budget	10 589 000					
Less: Virement	(100 500)	10 488 500	10 236 404.19	252 095.81	2.40	8 320 410.34
<b>Totals</b>		<b>290 635 244</b>	<b>285 834 282.48</b>	<b>4 800 961.52</b>	<b>1.65</b>	<b>321 813 185.72</b>

## 1.2 Standard subdivisions

Subdivision	2011/2012			2010/2011
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational:</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	35 286 244	35 807 961.42	(521 717.42)	28 328 599.20
002. Employer's contribution to staff's pension fund	4 215 000	3 525 946.13	689 053.87	2 898 725.77
003. Other conditions of service	370 000	168 798.17	201 201.83	12 339.71
<b>Total</b>	<b>39 871 244</b>	<b>39 502 705.72</b>	<b>368 538.28</b>	<b>31 239 664.68</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence expenses	6 686 732	6 036 289.04	650 442.96	4 322 293.95
022. Materials and supplies	1 145 468	1 019 726.75	125 741.25	1 036 003.37
023. Transport	18 460 000	18 144 680.68	315 319.32	15 246 251.24
024. Utilities	7 028 000	6 860 688.63	167 311.37	5 952 148.21
025. Maintenance	464 000	400 572.33	63 427.67	292 404.28
027. Other services and expenses	7 262 000	5 557 446.42	1 704 553.58	5 429 361.43
<b>Total</b>	<b>41 046 200</b>	<b>38 019 403.85</b>	<b>3 026 796.15</b>	<b>32 278 462.48</b>
<b>Current expenditure: Subsidies, grants and other transfers</b>				
043. Government organisations	91 668 000	91 668 000.00	-	82 275 000.00
044. Individuals and non-profit organisations	115 000	110 675.00	4 325.00	112 276.00
<b>Total</b>	<b>91 783 000</b>	<b>91 778 675.00</b>	<b>4 325.00</b>	<b>82 387 276.00</b>
<b>Total: Current expenditure</b>	<b>172 700 444</b>	<b>169 300 784.57</b>	<b>3 399 659.43</b>	<b>145 905 403.16</b>
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	266 800	236 463.74	30 336.26	65 738.08
102. Vehicles	-	-	-	348 600.00
103. Operational equipment, machinery and plant	778 000	689 281.10	88 718.90	784 241.56
<b>Total: Capital expenditure</b>	<b>1 044 800</b>	<b>925 744.84</b>	<b>119 055.16</b>	<b>1 198 579.64</b>
<b>Total: Operational expenditure</b>	<b>173 745 244</b>	<b>170 226 529.41</b>	<b>3 518 714.59</b>	<b>147 103 982.80</b>
<b>Development:</b>				
<b>Capital expenditure: Goods and other services</b>				
022. Material and Supplies	25 000	25 000.00	-	370 832.22
027. Other services and expenses	2 500 000	2 498 070.48	1 929.52	3 959 672.19
<b>Total</b>	<b>2 525 000</b>	<b>2 523 070.48</b>	<b>1 929.52</b>	<b>4 330 504.41</b>
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	7 500 000	7 161 823.45	338 176.55	26 593 263.60
103. Operational equipment, machinery and plants	4 000 000	3 976 562.68	23 437.32	515 069.73
105. Feasibility studies, design and supervision	-	-	-	2 106 923.93
106. Purchase of land and intangible assets	5 000 000	5 000 000.00	-	6 898 737.54
107. Construction, renovation and improvements	82 865 000	81 946 296.46	918 703.54	134 264 703.71
134. Abroad	15 000 000	15 000 000.00	-	-
<b>Total</b>	<b>114 365 000</b>	<b>113 084 682.59</b>	<b>1 280 317.41</b>	<b>170 378 698.51</b>
<b>Total: Development expenditure</b>	<b>116 890 000</b>	<b>115 607 753.07</b>	<b>1 282 246.93</b>	<b>174 709 202.92</b>
<b>GRAND TOTAL</b>	<b>290 635 244</b>	<b>285 834 282.48</b>	<b>4 800 961.52</b>	<b>321 813 185.72</b>

### 1.3 Departmental revenue

Revenue for the year is reported as follows:

Revenue heading	Estimate	Actual revenue 2011/2012	More/(Less) Than Estimated	Actual Revenue 2010/2011
	N\$	N\$	N\$	N\$
Private telephone calls	50	-	(50.00)	-
Unclaimed cheques	-	1 963.93	1 963.93	66 191.02
Miscellaneous	173 601	375 841.72	202 240.72	358 377.02
<b>Total</b>	<b>173 651</b>	<b>377 805.65</b>	<b>204 154.65</b>	<b>424 568.04</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\$ 2 426 423.42 - 6.04%)

Less expenses were incurred on personnel expenditure due to management vacancies of the Under Secretary and Director in the Department –Economic Advisory Services as well as the position of the Deputy Executive Director in the President’s private office. Funds requested under other conditions of service could not be utilized, because there were no resignations.

There is also an underexpenditure on S&T expenditure. This is due to the fact that less trips were undertaken by some support staff than anticipated. The expenditure on ceremonial and entertainment was also less than anticipated.

The underexpenditure on operational equipment, machinery and plants resulted from over estimation on prices for radio systems and transmitters.

##### Main division 03: Office of the Founding President (N\$ 1 280 998.45 - 8.30%)

Less expenditure was incurred on remuneration and employers contribution to G.I.P.F. This is mainly due to positions being occupied by staff members of the Ministry of Safety and Security that were seconded to this Office. Less trips were also undertaken by the Founding President and his support staff hence resulted in an underexpenditure on S&T expenditure.

Expenditure incurred on water, sewerage and electricity charges and telephones bills for March 2012 were not paid at the end of March as expected.

Less expenditure was incurred under ceremonial, personal entertainment and printing services. There is also less expenditure incurred on replacement of furniture and security equipment than expected. During the final construction phase less expenditure was incurred on furniture and office equipment as planned.

##### Main division 04: Cabinet Secretariat (N\$ 252 095.81 - 2.40%)

The underexpenditure is mainly due to less transport expenditure and less trips undertaken than expected by the staff members in Cabinet Secretariat.

The expenditure on catering during Cabinet sessions were also less than expected as well as on the other specialised services usually requested e.g. printing and scanning of documents The expenditure on maintenance of labour saving devices and stationary were also less than expected.



## 2. GENERAL INFORMATION

### 2.1 Miscellaneous revenue

During the financial year under review, the Office collected miscellaneous revenue totalling N\$ 375 841.72. Miscellaneous revenue comprises of the following components.

Components	Amount
	N\$
Correctional journals and overpayments on remuneration of previous financial year	248 655.99
Proceeds from sale of furniture to the Minister of Presidential Affairs	2 457.42
Proceeds from sales of items at Windhoek show Grounds	5 425.00
Proceeds from vehicle accident claims for previous financial years	116 363.37
Interest on departmental debt ( Interest bearing debt)	2 939.94
<b>Total</b>	<b>375 841.72</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 2011/2012	Total expenditure at 31/03/2011	Actual expenditure 2011/2012	Total expenditure at 31/03/2012	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
New State house construction	201 332 000	21 500 000	736 750 338.41	20 543 465.99	757 318 804.40	31/03/2013
State house extensions in the regions	938 499 000	88 890 000	508 740 054.37	88 890 000.00	597 605 054.37	31/03/2016
Renovation and construction of Founding President's Office	33 296 000	6 500 000	42 476 227.48	6 174 287.08	48 650 514.56	30/03/2012
<b>Total</b>	<b>1 173 127 000</b>	<b>116 890 000</b>	<b>1 287 966 620.26</b>	<b>115 607 753.07</b>	<b>1 403 574 373.33</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\$ 108 368.97.

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

During the financial year under review, the Office of the President presented nineteen (19) gifts valued to a total amount of N\$ 93 716.91. These expenses are regarded as part of ceremonial expenses for which Tender Board Exemption and Treasury approval was obtained.

## 2.5 Exemption from normal Tender Board procedures

Tender Board approved the following exemptions from normal Tender procedures on 1 April 2011. Exemption was granted to purchase goods and services that are excluded from Tender Board procedures and not available at Government Garage.

<b>Exemption reference</b>	<b>Description</b>	<b>Approved amount</b>	<b>Actual Expenditure</b>	<b>Differences</b>
		N\$	N\$	N\$
E1/1 – 1/11	DSA – Air tickets	1 500 000	1 106 915.70	393 084.30
	Materials and Suppliers	1 240 000	1 030 424.22	209 575.78
	Transport flight and other transport cost	16 655 000	16 472 869.84	182 130.16
	Utilities	7 324 000	7 065 469.28	258 530.72
	Maintenance	756 000	343 338.52	412 661.48
	Other services and expense	5 099 000	4 010 808.57	1 088 191.43
	Operational equipment, machinery and plants	1 503 000	751 000.00	752 000.00
	Construction of additional services to the presidential Guest house and Founding President	23 000 000	21 255 583.54	1 744 416.46
<b>GRAND TOTAL</b>		<b>57 077 000</b>	<b>52 036 409.67</b>	<b>5 040 590.33</b>

WINDHOEK, 2013-10-31

**SAMUEL H. /GÔAGOSEB**  
**SECRETARY TO THE PRESIDENT**