



**REPUBLIC OF NAMIBIA**



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

# **OFFICE OF THE PRESIDENT**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013**

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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 2013 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, AUGUST 2014**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

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31 MARCH 2013**

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**1. INTRODUCTION**

This report on the accounts of the Office of the President for the financial year ended 31 March 2013 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.

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Office of the President for the year ended 31 March 2013. These financial statements comprise the Appropriation Account, Standard Subdivisions, Departmental Revenue, Miscellaneous Revenue for the year then ended, and notes to financial statement and general information submitted.

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.

**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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**3. AUDITOR'S RESPONSIBILITY**

My responsibility is to express an opinion on these financial statements based on our audit. I conducted our 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 our audit opinion.

#### **4. AUDIT FINDINGS**

I draw attention to the management on the following matter(s) that relate to my responsibility in the audit of the financial statements.

##### **4.1. Underexpenditure**

The total budget of the Office was underspend with an amount of N\$ 1 167 423.35 (0.31%).

It is recommended that the Accounting Officer should put measures in place to avoid underexpenditure and ensures that planned projects are implemented.

##### **4.2 Unauthorised Expenditure**

- (i) Two (2) main divisions were exceeded by a total amount of N\$ 82 780.41 which is unauthorised in terms of Section 6(a)(ii) of the State Finance Act.
- (ii) Treasury approval was obtained to utilise certain expected savings for the defrayal of excess expenditure through virements during the year, six (6) subdivisions were exceeded by a total amount of N\$ 232 703.46 which is unauthorised in terms of Section 6(a)(iii) of the State Finance Act.

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

### 4.3 Virements

The following virements at the respective main divisions as reflected in the Appropriation Account do not agree with the virements as approved by Treasury.

<b>Main Division</b>	<b>Approved Virements</b>	<b>Appropriation Accounts</b>	<b>Differences</b>
	(N\$)	(N\$)	(N\$)
02	(727 300)	(155 100)	(572 200)
03	144 000	146 200	(2 200)
04	(210 000)	(204 400)	(5 600)

It is recommended that the Accounting Officer should ensure that the approved virements in the appropriation accounts agreed with those approved by Treasury.

### 4.4 Subsistence Advances

The Accounting Officer reported the Subsistence Advance outstanding balance at 31 March 2013 to the amount of N\$ 155 908.28. However, the Subsistence and Travel Advance Suspense Account reflected a balance of N\$ 212 113 which gives an unexplained difference of N\$ 56 205.

It is recommended that the Accounting Officer should ensure that steps should be taken to clear the S&T Advance suspense account at all times.

### 4.5 Suspense Accounts

The final ledger shows seven (7) suspense account balances of the Ministry as at 31 March 2013 of which two (2) had credit balances and five (5) had debit balances. The following suspense accounts were in excess of N\$ 100 000:

<b>Description</b>	<b>Debit/ (Credit)</b>
	N\$
Rejection Account	6 004 047.88
S&T Advance Account	212 113.39
Bills Payable	(1 168 718.65)

It is noticed with grave concern that the rejection account has such a high balance.

It is recommended that the Accounting Officer should take the necessary steps to reconcile all suspense accounts at all times in order to clear or reduce the balances of suspense accounts and reconcile its records on a regular basis.

## 5. ACKNOWLEDGEMENT

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

## **6. UNQUALIFIED AUDIT OPINION**

I certify that I have audited the financial statements of the Office of the President, for the year ended 31 March 2013 in accordance with the terms of Article 127(2) of the Namibian Constitution and Section 25(1) of the State Finance Act, No 31 of 1991.

In my opinion, the financial statements fairly represent the receipts and payments of Vote 01 for the year ended 31 March 2013, 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**  
**123 Robert Mugabe Avenue**  
**Private Bag 13299**  
**WINDHOEK**  
**NAMIBIA**

## 7. FINANCIAL STATEMENTS

## 7.1 Appropriation account

2012/2013					2011/2012	
Service	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	42 745 000					
Plus: Virement	213 300	42 958 300	42 810 161.42	148 138.58	0.34	37 778 876.58
<b>02. Administration:</b>						
Original budget	317 168 000					
Less: Virement	(155 100)	317 012 900	317 092 142.35	(79 242.35)	(0.02)	223 667 500.16
<b>03. Office of the Founding President:</b>						
Original budget	7 420 000					
Plus: Virement	146 200	7 566 200	7 569 738.06	(3 538.06)	(0.05)	14 151 501.55
<b>04. Cabinet Secretariat:</b>						
Original budget	12 426 000					
Less: Virement	(204 400)	12 221 600	11 119 534.82	1 102 065.18	9.02	10 236 404.19
<b>Totals</b>		<b>379 759 000</b>	<b>378 591 576.65</b>	<b>1 167 423.35</b>	<b>(0.31)</b>	<b>285 834 282.48</b>



## 7.2 Standard subdivisions

Subdivision	2012/2013			2011/2012
	Authorised expenditure	Actual Expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational:</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	38566 000	40 701 611.26	(2 135 611.26)	35 807 961.42
002. Employer's contribution to staff's pension fund	4 333 000	3 989 288.14	343 711.86	3 525 946.13
003. Other conditions of service	352 000	748 175.38	(396 175.38)	168 798.17
<b>Total</b>	<b>43 251 000</b>	<b>45 439 074.78</b>	<b>(2 188 074.78)</b>	<b>39 502 705.72</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence expenses	7 672 000	7 644 734.89	27 265.11	6 036 289.04
022. Materials and supplies	1 842 000	1 638 171.34	203 828.66	1 019 726.75
023. Transport	17 238 000	15 489 319.10	1 748 680.90	18 144 680.68
024. Utilities	9 266 500	8 606 376.03	660 123.97	6 860 688.63
025. Maintenance	1 200 200	845 420.22	354 779.78	400 572.33
027. Other services and expenses	9 059 600	9 024 998.24	34 601.76	5 557 446.42
<b>Total</b>	<b>46 278 300</b>	<b>43 249 019.82</b>	<b>3 029 280.18</b>	<b>38 019 403.85</b>
<b>Current expenditure: Subsidies, grants and other transfers</b>				
043. Government organisations	97 035 000	97 035 000.00	-	91 668 000.00
044. Individuals and non-profit organisations	-	-	-	110 675.00
<b>Total</b>	<b>97 035 000</b>	<b>97 035 000.00</b>	<b>-</b>	<b>91 778 675.00</b>
<b>Total: Current expenditure</b>	<b>186 564 300</b>	<b>185 723 094.60</b>	<b>841 205.40</b>	<b>169 300 784.57</b>
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	579 700	406 576.61	173 123.39	236 463.74
103. Operational equipment, machinery and plant	265 000	197 101.47	67 898.53	689 281.10
<b>Total: Capital expenditure</b>	<b>844700</b>	<b>603 678.08</b>	<b>241 021.92</b>	<b>925 744.84</b>
<b>Total: Operational expenditure</b>	<b>187 409 000</b>	<b>186 326 772.68</b>	<b>1 082 227.32</b>	<b>170 226 529.41</b>
<b>Development:</b>				
<b>Capital expenditure: Goods and other services</b>				
022. Material and supplies	-	-	-	25 000.00
027. Other services and expenses	1 000 000	1000 000.00	-	2 498 070.48
<b>Total</b>	<b>1000 000</b>	<b>1000 000.00</b>	<b>-</b>	<b>2 523 070.48</b>
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	500 000	500 000.00	-	7 161 823.45
103. Operational equipment, machinery and plants	16 750 000	750 000.00	-	3 976 3 562.68
104. Purchase of a building	28 300 000	28 300 000.00	-	-
105. Feasibility studies, design and supervision	7 000 000	7000 000.00	-	-
106. Purchase of land and intangible assets	3 000 000	2 996 327.93	3 672.07	5 000 000.00
107. Construction, renovation and improvements	108 000 000	107 918 476.04	81 523.96	81 946 296.46
134. Abroad	27 800 000	27 800 000.00	-	15 000 000.00
<b>Total</b>	<b>191 350 000</b>	<b>191 264 803.97</b>	<b>85 196.03</b>	<b>113 084 682.59</b>
<b>Total: Development expenditure</b>	<b>192 350 000</b>	<b>192 264 803.97</b>	<b>85 196.03</b>	<b>115 607 753.07</b>
<b>GRAND TOTAL</b>	<b>379 759 000</b>	<b>378 591 576.65</b>	<b>1 167 423.35</b>	<b>285 834 282.48</b>

### 7.3 Departmental Revenue

Revenue for the year is reported as follows:

Revenue heading	Estimate	Actual revenue 2012/2013	More/(Less) than estimated	Actual Revenue 2011/2012
	N\$	N\$	N\$	N\$
Unclaimed cheques	-	-	-	1 963.93
Miscellaneous	173 601	265 428.89	91 827.89	375 841.72
<b>Total</b>	<b>173 601</b>	<b>265 428.89</b>	<b>91 827.89</b>	<b>377 805.65</b>

### 7.4 Notes to the financial statements

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

##### (i) Underexpenditure

##### Main division 04: Cabinet Secretariat (N\$ 1 102 0615.18 - 9.02%)

The underexpenditure is due to less expenses incurred under Personnel expenditure, Daily Subsistence and Travel Allowance, Transport, Utilities, maintenance of labour saving devices and replacement of office equipment and furniture.

## 8. GENERAL INFORMATION

### 8.1 Miscellaneous revenue

During the financial year under review, the Office collected miscellaneous revenue totalling N\$ 265 428.89 comprising of the following components:

Components	Amount
	N\$
Correctional journals and accounting of overpayments on remuneration and subsistence allowance of previous financial year	197 287.07
Proceeds from sale of official cell phones	5 934.65
Refund from radio Electronic Cc (Receipt No. 7848933)	4 160.00
Proceeds from sale of items at the Office, Ongwediva T.F and Windhoek show grounds	20 875.00
Proceeds from reversal of four DSA Claim Cheques of previous financial years	32 437.60
Proceeds from vehicle accident claims of previous financial year	4 086.81
Interest on departmental debt (interest bearing debt)	647.76
<b>Total</b>	<b>265 428.89</b>

## 8.2 Capital 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 2012/2013	Total expenditure at 31/03/2012	Actual expenditure 2012/2013	Total expenditure at 31/03/2013	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
New State house	274 273 000	14 000 000	757 318 804.40	13 914 803.97	771 233 608.37	31/03/2015
State house extension in the regions	1 231 463 000	178 350 000	597 605 054.37	178 350 000.00	775 955 054.37	31/03/2016
<b>Total</b>	<b>1 505 736 000</b>	<b>192 350 000</b>	<b>1 354 923 858.77</b>	<b>192 264 803.97</b>	<b>1 547 188 662.74</b>	

## 8.3 Bursary and study assistance

During the financial year under review, the Office of the President awarded bursaries to six (6) staff members for an amount of N\$ 250 768.43.

## 8.4 Gifts by the Government

During the financial year under review, the Office of the President presented gifts to a total amount of N\$ 232 517.70. These expenses are regarded as part of ceremonial expenses for which treasury approval was obtained.

## 8.5 Exemption from normal Tender Board procedures

Tender Board approved the following exemptions from normal Tender procedures. Exemption was granted to purchase goods and services that are excluded from Tender Board procedures and are available at the Government Garage.

Exemption No.	Description	Approved amount 2012/2013	Actual Expenditure 2012/2013	Difference
		N\$	N\$	N\$
E1/1 – 1/13	021 DSA – Air tickets	1 500 000	1 229 413.20	270 586.80
	022 Materials and Suppliers	1 442 000	1 359 518.58	82 481.42
	023 Transport flight and other transport cost	17 238 000	15 489 318.25	1 748 681.75
	024 Utilities	10 054 000	7 706 517.23	2 347 482.77
	025 Maintenance	875 000	561 399.92	313 600.08
	027 Other services and expense	10 034 000	8 680 281.87	1 353 718.13
	103 Operational equipment, machinery and plants			
	105 Purchases of Intangible Assets	2 334 000	2 201 184.67	132 815.33
	107 construction of additional services to the presidential Guest house and Founding president	3 000 000	2 996 327.93	3 672.07
		8 000 000	21 255 583.54	1 744 416.46
<b>GRAND TOTAL</b>		<b>54 477 000</b>	<b>48 142 437.69</b>	<b>6 334 562.31</b>

## 8.6 HIV/AIDS

During the financial year under review, the Office of the President spend an amount of N\$ 80 385 for the commemoration of World Aids Day on 1 December 2012.

WINDHOEK, 2013-12-13

SAMUEL H. /GOAGOSEB  
SECRETARY TO THE PRESIDENT