



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
OFFICE OF THE PRESIDENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

Published by authority

Price (Vat excluded) N\$ 24.00
Report no.2017/42

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 2016 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 2017

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

DEFINITIONS

Treasury:	Financial authority in public service. (The department of Government that has control over the collection, management and disbursement of public revenue).
Vote:	Represents an Office/Ministry/Agency.
Appropriation Act:	Estimate of expenditure and revenue for a particular financial year presented to the National Assembly, the Act passed by Parliament.
Appropriation Account:	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.
Standard sub-division:	Government Balance account, showing balances incurred on each account/activity.
Suspension:	Reduction on budget (Treasury may from time without or suspend any amount in an estimate of expenditure).
Virement:	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.
Unauthorised Expenditure:	Expenditure that exceeds the amount appropriated (budgeted) for a vote, main division or subdivision.
Underexpenditure:	Saving on the budget.
Miscellaneous Revenue:	All revenue collected and not having a specified revenue code.
Tender Board Exemptions:	To free from an obligation (Tender Board Regulations) to which others are subjected.
Commitments:	Funds reserved to acquire goods or services from a supplier.
Suspense accounts:	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.
S&T Advance Suspense Account:	A suspense account reflecting the outstanding subsistence and travel advances.
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
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)

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	Underexpenditure	2
1.4.2	Unauthorized expenditure.....	2
1.4.3	Virements.....	3
1.4.4	Supporting documents not submitted.....	3
1.4.4.1	Donations by Government	3
1.5	ACKNOWLEDGEMENT.....	4
1.6	UNQUALIFIED AUDIT OPINION	4
2.	ADDITIONAL REPORTING REQUIREMENTS.....	4
2.1	EMPHASIS OF MATTERS.....	4
2.1.1	Performance Information.....	4
2.1.2	Subsistence Advances	4
2.1.3	Stock taking report	5
1.	AUDITED FINANCIAL STATEMENTS.....	6
1.1	APPROPRIATION ACCOUNT	6
1.2	STANDARD SUBDIVISIONS	7
1.3	DEPARTMENTAL REVENUE	8
1.4	NOTES TO THE FINANCIAL STATEMENTS.....	8
1.4.1	Appropriation account: Explanations of variations exceeding 2% between the authorised and actual expenditure.	8
2.	GENERAL INFORMATION	9
2.1	MISCELLANEOUS REVENUE	9
2.2	BANK ACCOUNT	9
2.3	CAPITAL PROJECTS.....	9
2.4	BURSARIES AND STUDY ASSISTANCE.....	9
2.5	WELLNESS	9
2.6	EXEMPTION FROM NORMAL TENDER BOARD PROCEDURES.....	10
2.7	VEHICLE ACCIDENTS	10
2.8	CONTRIBUTIONS/DONATIONS BY THE GOVERNMENT.....	10
2.9	SUSPENSE ACCOUNTS.....	10
2.10	POINTS KEEPING STOCK AND STOCK TAKING.....	11
2.11	DEBT TO THE GOVERNMENT	11

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
OFFICE OF THE PRESIDENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

1. REPORT ON THE FINANCIAL STATEMENTS

1.1 INTRODUCTION

This report on the accounts of the Office of the President for the financial year ended 31 March 2016 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 President for the financial year ended 31 March 2016. 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 Section 13 of the State Finance Act, 1991.

The financial statements, notes to the financial statements and general information provided 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 Section 12 and 13 of the State Finance Act, Act 31 of 1991 and relevant 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 Underexpenditure

The total budget of the Office was underspent with an amount of N\$ 28 682 483.15 which is 4.01% of the total budget.

The Accounting Officer should put measures in place to prevent underexpenditure and ensures that planned projects are implemented.

1.4.2 Unauthorized expenditure

The following unauthorised expenditure occurred during the financial year and is hereby reported as such in terms of Section 27(6) (a) of the State finance, Act, 1991:

- (i) Two (2) main divisions were exceeded with an amount totalling N\$ 3 180 548.87. This amount is unauthorised in terms of Section 6 (a)(ii) of the State Finance Act, 1991.
- (ii) Although Treasury approvals were obtained to utilise certain expected savings for the defrayal of excess expenditure through virements during the year, eleven (11) operational subdivisions were exceeded by an amount totalling N\$ 14 434 110.92 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 prevent unauthorised expenditure in future.

Management comment

In his response on the draft report, the Accounting Officer indicated that the Office submitted an external virement application in time to the Ministry of Finance but it was not approved and posted in good time.

1.4.3 Supporting documents not submitted

1.4.3.1 Donations by Government

The Accounting Officer did not provide Treasury Approval for the second consecutive year, for expenditure in respect of donations and gifts that was incurred during the financial year under review. This oversight is contrary to Treasury Instructions M B 0101 – MB 0103 which stipulate that “in terms of Section 18 of the Act, the Treasury is, at its discretion, authorised to approve that donations of movable as well as immovable property be made. It further states that Ministries shall inform the Auditor-General in the course of the financial year of all donations and submit a consolidated list of all donations at the end of the financial year.

It is recommended that the Accounting Officer should ensure that Treasury Authorisation is obtained for any donations received by the State.

Management comment

In his response on the draft report, the Accounting Officer indicated that he is in agreement with the findings and the recommendation will be implemented in the 2016/2017 financial year.

1.4.3.2 San Development Programme bank account

The Office has taken over the operations of the above stated bank account from the Office of the Prime Minister during the financial year under review. It was observed that the Office does not keep a cash book for this bank account nor are bank reconciliations performed on a monthly basis.

The Treasury Authorisation obtained from the Ministry of Finance for opening and maintaining of the bank account at a commercial bank indicated that the following conditions should be adhered to:

- (i) Approved system of book keeping, accounts and register;
- (ii) Annual reporting to the Auditor-General in the prescribed manner;
- (iii) Reconciliation of the bank statements on a monthly basis;

The Accounting Officer did not provide the above mentioned documents and as a result the auditor could not audit the bank account.

It is recommended that the Accounting Officer should explain why the documents mentioned above were not provided for audit purposes and why reconciliations were not performed.

1.5 ACKNOWLEDGEMENT

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

1.6 UNQUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the Office of the President for the financial year ended 31 March 2016 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 Office of the President as at 31 March 2016 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.

2. ADDITIONAL REPORTING REQUIREMENTS

2.1 EMPHASIS OF MATTERS

Without expressing an audit opinion on the basis of this paragraph, I draw attention to the following matter(s) that relate to my responsibility in the audit of the financial statements, as disclosed by the Office of the President in the financial statements:

2.1.1 Performance Information

During the financial year under review, the Office did not prepare an annual plan and as a result staff members did not sign performance agreements. Quarterly reviews were also not performed to ascertain whether set objectives were met.

It is recommended that the Accounting Officer should ensure that the Performance Management System is fully implemented.

2.1.2 Subsistence Advances

Treasury Instruction HB 0505 states that "A claim for subsistence and other anticipated expenditure shall be submitted within thirty (30) days after a person returned to his headquarters and monthly by a person who is elsewhere for a long period. Advances which are not standing advances shall be set off against claims for subsistence and other expenditure, and should claim be less than the advance, the difference shall be repaid immediately by the relevant person".

The Accounting Officer reported a total outstanding balance of N\$ 1 539 939.95 on Daily Subsistence Allowance (DSA) at 31 March 2016. The S&T Advance Suspense Account indicates a balance of N\$ 976 609.43, resulting in a difference of N\$ 563 330.52.

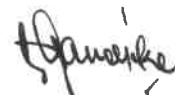
Of the outstanding advances, N\$ 404 461.90 is in respect of advances taken during March 2016. At the time of writing this report an amount of N\$ 91 423.78 remained outstanding.

The Accounting Officer explained the reason why the suspense account balance is less than the Debit Balance list as follows: Some DSA advances were paid under the budget allocation (021) and when the reallocation journals were prepared, the Ministry of Finance did not honour these journals. A meeting was held during the 2016/2017 financial year with the Ministry of Finance to explain that due to the non reallocation, no information of these advances appeared on the S&T suspense account on the General ledger but only appears on DSA account, this is because the advances were captured as manual advances and as such will only be cleared when a claim is entered.

2.1.3 Stock taking report

The stock taking reports for the financial year 2015/2016 were rejected by Treasury, due to the fact that it was submitted late and no prior arrangements were made.

It is recommended that the Accounting Officer should explain why stock taking reports were not submitted timeously to Treasury for approval considering that no stock takings were conducted during the previous financial year and should also explain what measures were put in place to prevent late submission of the stock taking reports in future to Treasury for consideration and approval.



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

WINDHOEK, March 2017

1. AUDITED FINANCIAL STATEMENTS

1.1 Appropriation account

2015/2016						2014/2015
Service	N\$	Authorised expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure/ (Excess)	Percentage	
	N\$	N\$	N\$	N\$	%	N\$
01. Office of the President:						
Original budget	170 716 000					
Plus: Virement	2 519 000					
Less: Suspension	(33 000)	173 202 000	165 006 112.87	8 195 887.13	4.73	112 106 401.60
02. Administration:						
Original budget	441 463 000					
Less: Virement	(2 679 000)	438 783 000	434 837 025.82	3 945 974.18	0.90	460 901 647.46
03. Office of the Founding President :						
Original budget	54 599 000					
Less: Virement	(290 000)	54 309 000	34 587 829.29	19 721 170.71	36.31	15 550 599.43
04. Cabinet Secretariat:						
Original budget	-	-	1 834 309.33	(1 834 309.33)	(100.00)	14 583 080.80
05. San Development Programme:						
Original budget	48 291 000					
Plus: Virement	450 000	48 741 000	50 087 239.54	(1 346 239.54)	(2.76)	-
Total		715 035 000	686 352 516.85	28 682 483.15	4.01	603 147 729.29

1.2 Standard subdivisions

Subdivision	2015/2016			2014/2015
	Authorised expenditure	Actual expenditure	Under-expenditure/ (excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	63 978 000	74 547 836.39	(10 569 836.39)	60 114 916.51
002. Employer's contribution to staff's pension fund and M P O O B P F	5 032 000	6 969 329.29	(1 937 329.29)	5 425 087.11
003. Other conditions of service	1 645 000	1 935 256.65	(290 256.65)	2 933 255.65
005. Employers contribution to social security	172 000	-	172 000.00	-
Total	70 827 000	83 452 422.33	(12 625 422.33)	68 473 259.27
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	23 888 000	21 013 216.55	2 874 783.45	8 648 055.21
022. Materials and supplies	3 587 000	3 050 993.87	536 006.13	2 014 956.07
023. Transport	61 082 000	41 598 473.98	19 483 526.02	65 614 781.56
024. Utilities	15 495 000	15 247 565.93	247 434.07	11 444 346.71
025. Maintenance expenses	1 342 000	1 304 402.71	37 597.29	1 166 618.20
026. Property rental and related charges	250 000	-	250 000.00	-
027. Other services and expenses	126 628 000	111 761 287.46	14 866 712.54	59 158 996.70
Total	232 272 000	193 975 940.50	38 296 059.50	148 047 754.45
Current expenditure: Subsidies, grants and other transfers				
041. Membership fees and subscriptions International	10 000	-	10 000.00	-
043. Government organisations	231 442 000	230 780 550.00	661 450.00	168 745 000.00
044. Individuals and non-profit organisations	350 000	266 495.16	83 504.84	299 586.20
Total	231 802 000	231 047 045.16	754 954.84	169 044 586.20
Total: Current expenditure	534 901 000	508 475 407.99	26 425 592.01	385 565 599.92
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	7 222 000	6 645 569.82	576 430.18	3 895 004.85
103. Operational equipment, machinery and plant	6 075 000	4 960 863.00	1 114 137.00	1 187 124.52
Total: Capital expenditure	13 297 000	11 606 432.82	1 690 567.18	5 082 129.37
Total: Operational expenditure	548 198 000	520 081 840.81	28 116 159.19	390 647 729.29
Development:				
Capital expenditure: Acquisitions of assets				
101. Furniture and office equipment	10 000 000	10 000 000.00	-	10 000 000.00
103. Operational equipment, machinery and plant	45 000 000	45 000 000.00	-	59 800 000.00
104. Purchase of buildings	-	-	-	10 500 00.00
105. Feasibility studies, design and supervision	15 000 000	15 000 000.00	-	16 750 000.00
106. Purchase of land and intangible assets	-	-	-	19 000 000.00
107. Construction, renovation and improvements	79 133 000	78 566 676.04	566 323.96	78 250 000.00
134. Abroad	17 704 000	17 704 000.00	-	18 200 000.00
Total	166 837 000	166 270 676.04	566 323.96	212 500 000.00
Total: Development expenditure	166 837 000	166 270 676.04	566 323.96	212 500 000.00
GRAND TOTAL	715 035 000	686 352 516.85	28 682 483.15	603 147 729.29

1.3 Departmental revenue

Revenue for the year is reported as follows:

Revenue head	Estimate	Actual revenue 2015/2016	More/(Less) than estimated	Actual revenue 2014/2015
	N\$	N\$	N\$	N\$
Miscellaneous	50 000	90 698.87	40 698.87	153 163.24
Total	50 000	90 698.87	40 689.87	153 163.24

1.4 Notes to the financial statements

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

(i) Over-expenditure

Main Division 04: Cabinet Secretariat (N\$ 1 834 309.33 - 100%)

The excess on personnel expenditure resulted from debit acceptance that was not sent to the Office of the Prime Minister for staff members that were transferred from the Office of the President.

Main division 05: San Development Programme (N\$ 1 346 239.54 – 2.76%)

More expenditure was incurred on remuneration; this resulted from salary adjustments as per the Public Service Circular as well as the realignment of the Office structure which was not known during the budget preparation for the financial year 2015/2016-2017/2018 Medium Term Expenditure Framework (MTEF) period.

(ii) Underexpenditure

Main division 01: Office of the President (N\$ 8 195 887.13 – 4.73%)

The funds estimated under professional services could not be utilized in time due to technical decisions that was finalised only by the end of the financial year 15/16 and there were some planned activities that did not take place.

The amount allocated for renovation of the private office of the President could not be spent in full due to the non submission of bills by the service provider before 31 March 2016. Transport claims were also not submitted in good time for payment before 31 March 2016.

Main division 03: Office of the Founding President (N\$ 19 721 170.71 – 36.31%)

The funds estimated under professional services could not be utilized in time due to technical decisions that were only finalised by the end of the financial year and there were also some planned activities that did not take place.

An amount of N\$ 16 339 000 was allocated for the residence of the Founding President which is still in the process to be finalised in the 2016/2017 financial year. Some of the funds could not be spend due to the payment certificates not submitted in good time for payment before the 31 Match 2016. Transport claims were also not submitted in good time for payment before 31 March 2016.

2. GENERAL INFORMATION

2.1 Miscellaneous revenue

Miscellaneous revenue comprises of the following components:

Components	Amount
	N\$
Booking of overpayment deposit	0.20
Payroll reversal	59 660.17
Sales of cellular Phone	1 031.50
Sales of track suits	21 600.00
Sales of furniture	6 557.00
Sales of items at Windhoek showgrounds	1 790.00
Parking fee	60.00
Total	90 698.87

2.2 Bank Account

Account Name	Bank	Balance as at 31 March 2016
		N\$
San Development Programme	Standard Bank	19 985 088.84

2.3 Capital projects

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

Name of project	Approved total cost	Approved appropriation 2015/2016	Total expenditure as at 31/03/2015	Actual expenditure 2015/2016	Total expenditure as at 31/03/2016	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Upgrading and renovation of State House	30 000 000	10 000 000	-	10 000 000.00	10 000 000.00	31/03/2018
Construction of Residence	36 300 000	3 800 000	32 500 000.00	3 233 676.04	35 733 676.04	31/03/2017
State Security Infrastructure	1 514 360 000	153 037 000	1 129 455 054.37	153 037 000.00	1 282 492 054.37	31/03/2018
Total	1 580 660 000	166 837 000	1 161 955 054.37	166 270 676.04	1 328 225 730.41	

2.4 Bursaries and study assistance

During the financial year under review, the Office provided bursaries and study assistance to thirty (30) staff members to a total amount of N\$ 596 161.50.

2.5 Wellness

The Office spent an amount of N\$ 220 207.75 for the commemoration of World Aids Day.

2.6 Exemption from normal Tender Board procedures

Tender Board approved the following annual exemption from normal Tender Board procedures:

Exemption number	Description	Approved exemption 2015/2016	Actual expenditure 2015/2016	Difference
E1/1-/2015	DSA - Air tickets	N\$ 4 633 250	N\$ 4 637 910.20	N\$ (4 660.20)
	Materials and supplies	2 968 000	2 584 261.94	383 738.06
	Transport	96 382 000	4 598 473.98	91 783 526.02
	Utilities	10 115 000	9 294 263.29	820 736.71
	Repairs maintenance services	2 742 000	2 127 895.42	614 104.58
	Property rental and related charges	250 000	-	250 000.00
	Other services	71 529 000	66 459 180.27	5 069 819.73
	Furniture and office equipment	6 899 000	5 934 790.88	964 209.12
	Operational equipment	7 075 000	2 430 873.29	4 644 126.71
	Construction, renovation and improvement	166 000 000	14 173 542.60	151 826 457.40
Total		368 593 250	112 241 191.87	256 352 058.13

2.7 Vehicle accidents

The Accounting Officer reported five (5) vehicle accidents during the financial year under review. The vehicles were repaired at a cost of N\$ 231 874.53.

2.8 Contributions/Donations by the Government

(i) Contributions by the Government

The Accounting Officer reported that the Office purchased items presented as gifts to visiting Heads of States and dignitaries within and outside Namibia, to a total amount of N\$ 462 105.25.

(ii) Donations by the Government

The Accounting Officer reported that a total amount of N\$ 46 000 was donated to schools and churches and N\$ 6 700.70 was spent on food for orphans.

2.9 Suspense accounts

The following suspense accounts had balances as at 31 March 2016:

Description	Balance as at 31/03/2016 Debit/(Credit)
	N\$
RD Cheques	465.76
S&T advance suspense account	976 609.43
Rejection account	1 692 129.33
Bills payable	(1 582 983.65)
Electronic Fund Transfer Clearing	(102 566.08)
Social Security	(36.78)
Pension Fund: GIPF	(37 295.63)
First National Bank (Windhoek)	5 190.00
Debt Establishment	(168.46)

2.10 Points keeping stock and stock taking

The Accounting Officer reported thirteen (13) points keeping stock, but because inspections were conducted late, no Treasury approval could be obtained.

2.11 Debt to the Government

The Accounting Officer reported overpayments on salaries and leave without pay to a total amount of N\$ 48 412.03.

WINDHOEK, 31-10-2016

**S H /GOAGOSEB
ACCOUNTING OFFICER**