



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
OFFICE OF THE PRIME MINISTER  
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 Prime Minister 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 PRIME MINISTER  
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 Prime Minister 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 satisfies 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 of the Office of the Prime Minister 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 was underspend with a total amount of N\$ 18 036 409.54 (10.96%). However, 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 (Act 31 of 1991);

Although Treasury approval was obtained to utilise certain expected savings for the defrayal of excess expenditure by means of virements during the year, seven (7) subdivisions were exceeded by an amount of N\$ 282 408.62. This excess is unauthorised in terms of Section 6(a)(iii) of the Act.

###### 4.1.2 Virements

Differences were detected between the virements as approved by Treasury and the virements in the Appropriation account prepared by the Ministry of Finance and they were as follows:

Main division	Appropriation Accounts	Virements Statement from OPM	Difference
	N\$	N\$	N\$
01 – Office of the Prime Minister	(2 063 500)	(2 150 000)	86 500
02 – Government of State owned Enterprises and Disaster Management	(1 213 000)	(1 215 000)	2 000
03 – Administration	3 525 000	3 510 000	15 000
04 – Public Service Management	1 913 500	2 017 000	(103 500)

It is recommended that the Accounting Officer should see to it that the correct viremented amounts from the Ministry of Finance are posted to the Appropriation accounts and that the financial statement prepared should reflect these amounts.

###### 4.1.3 Subsistence and Travel allowances

The Accounting Officer reported forty nine (49) cases of outstanding subsistence and travelling advance totalling N\$ 223 507.16 as at 31 March 2011.

The S&T Advance Suspense Account shows the balance outstanding as on 31 March 2011 as N\$ 432 086.98 which leaves a difference of N\$ 208 579.82 that must be explained by the Accounting Officer.

###### 4.1.4 Suspense accounts

The Office had outstanding balances on sixteen (16) suspense accounts of which, ten (10) with debit balances and six (6) with credit balances.

The following suspense accounts reflected balances of more than N\$ 100 000 at 31 March 2011:

<b>Account name</b>	<b>Debit</b>	<b>Credit</b>
	N\$	N\$
Computer Trading Account		7 643 916.73
Computer Trading Account	136 397.16	
RD Cheques	5 923 885.85	
S&T Advance Suspense Account	432 086.98	
Rejection Account	4 231 483.70	
French Support NIPAM Training Programme		251 459.00
Bills Payable		4 394 106.79

It is observed with grave concern that the Accounting Officer did not reconcile the suspense account despite the recommendation made in the previous report that suspense account such as the Computer Trading Account, RD cheques and Rejection account has increased compared to the previous year. It is recommended once again that the Accounting Officer should put in more efforts to reconcile all the suspense accounts before the end of the financial year.

## **5. ACKNOWLEDGEMENT**

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

## **6. AUDIT OPINION**

I certify that I have audited the financial statements of the Office of the Prime Minister for the financial 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, (Act 31 of 1991).

In my opinion, the financial statements fairly represent the receipts and payments of Vote 02 for the year ended 31 March 2011 and in all material respects the receipts and payments have been applied to the purposes intended by the National Assembly and conform to the relevant authorities which govern them.

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

**OFFICE OF THE AUDITOR GENERAL**  
**269 Independence Avenue**  
**Private Bag 13299**  
**Windhoek**  
**Namibia**

## ANNEXURE A

## 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 Prime Minister:</b>						
Original budget	23 634 000					
Less: Virements	(2 063 500)	21 570 500	20 776 892.09	793 607.91	3.68	28 891 543.31
<b>02. Governance of State-Owned Enterprises, and Disaster Management</b>						
Original Budget	31 360 000					
Less: Virements	(1 213 000)	30 147 000	29 225 478.72	921 521.28	3.06	137 561 052.40
<b>03. Administration:</b>						
Original Budget	32 439 000					
Plus: Virements	3 525 000	35 964 000	30 929 893.63	5 034 106.37	14.00	43 471 222.93
<b>04. Public Service Management</b>						
Original Budget	38 702 000					
Plus: Virements	1 913 500	40 615 500	36 633 147.74	3 982 352.26	9.81	34 176 638.31
<b>05. Public Service Commission Secretariat:</b>						
Original budget	12 767 000					
Plus: Virements	<u>2 240 000</u>	15 007 000	13 704 097.43	1 302 902.57	8.68	11 704 252.32
<b>06. Public Service Information Technology Management:</b>						
Original budget	25 607 000					
Less: Virements	(4 402 000)	21 205 000	15 203 080.85	6 001 919.15	28.30	18 185 055.50
<b>TOTAL:</b>		<b>164 509 000</b>	<b>146 472 590.46</b>	<b>18 036 409.54</b>	<b>10.96</b>	<b>273 989 764.77</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	59 343 000	55 294 729.14	4 048 270.86	45 129 100.15
002. Employer's contribution to GIPF	7 395 000	6 130 026.09	1 264 973.91	4 980 881.43
003. Other conditions of service	2 191 000	1 709 665.96	481 334.04	1 085 883.88
<b>Total</b>	<b>68 929 000</b>	<b>63 134 421.19</b>	<b>5 794 578.81</b>	<b>51 195 865.46</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence expenses	5 430 000	4 730 241.58	699 758.42	5 805 333.23
022. Materials and supplies	1 748 000	1 399 350.67	348 649.33	1 170 052.35
023. Transport	8 396 000	8 369 162.50	26 837.50	8 073 539.75
024. Utilities	6 113 000	6 094 030.86	18 969.14	5 564 863.12
025. Maintenance	1 274 500	820 013.28	454 486.72	501 438.97
026. Property Rental and Related Charges	1 600 000	1 588 650.23	11 349.77	1 342 221.14
027. Other services and expenses	20 670 500	17 049 398.26	3 621 101.74	14 020 156.12
<b>Total</b>	<b>45 232 000</b>	<b>40 050 847.38</b>	<b>5 181 152.62</b>	<b>36 477 604.68</b>
<b>Current expenditure: Membership fees and subscriptions</b>				
041. International	288 000	81 218.48	206 781.52	100 200.31
042. Domestic	17 000	-	17 000.00	-
<b>Total:</b>	<b>305 000</b>	<b>81 218.48</b>	<b>223 781.52</b>	<b>100 200.31</b>
<b>Current expenditure: Subsidies, grants and other transfers</b>				
043. Government organisations	36 754 500	36 754 500.00	-	151 646 000.00
044. Individual and non-profit organisations	100 000	95 559.99	4 440.01	88 794.44
<b>Total</b>	<b>36 854 500</b>	<b>36 850 059.99</b>	<b>4 440.01</b>	<b>151 734 794.44</b>
<b>Total: Current expenditure</b>	<b>151 320 500</b>	<b>140 116 547.04</b>	<b>11 203 952.96</b>	<b>239 508 464.89</b>
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	5 199 500	2 204 981.89	2 994 518.11	8 447 000.47
<b>Total:</b>	<b>5 199 500</b>	<b>2 204 981.89</b>	<b>2 994 518.11</b>	<b>8 447 000.47</b>
<b>Total: Operational expenditure</b>	<b>156 520 000</b>	<b>142 321 528.93</b>	<b>14 198 471.07</b>	<b>247 955 465.37</b>

## ANNEXURE A (continued)

Subdivision	2010/2011			2009/2010
	Authorised expenditure	Actual expenditure	Under expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Development</b>				
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	-	-	-	2 203 386.68
105. Feasibility studies, design and supervision	-	-	-	1 336 618.95
106. Purchase of land and intangible assets	-	-	-	-
107. Construction, renovation and improvements	7 989 000	4 151 061.53	3 837 938.47	22 494 293.78
<b>Total: Development expenditure</b>	<b>7 989 000</b>	<b>4 151 061.53</b>	<b>3 837 938.47</b>	<b>26 034 299.41</b>
<b>GRAND TOTAL</b>	<b>164 509 000</b>	<b>146 472 590.46</b>	<b>18 036 409.54</b>	<b>273 989 764.77</b>

### 1.3 Departmental revenue

Revenue for the year is as follows:

Revenue heading	Estimate	Actual revenue 2010/2011	More/(Less) than estimated	Actual revenue 2009/2010
	N\$	N\$	N\$	N\$
Private telephone calls	8 500	21 830.29	13 330.29	16 448.00
Unclaimed cheques	1 000	9 018.00	8 018.00	-
Miscellaneous	5 000	22 953.29	17 953.29	66 180.62
<b>TOTAL</b>	<b>14 500</b>	<b>53 801.58</b>	<b>39 301.58</b>	<b>82 628.62</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 Prime Minister (N\$ 793 607.91 – 3.68%)

- The underexpenditure under Personnel Expenditure was due to vacancies for the Prime Minister's Office which was not filled.
- The expenditure on Travel and Subsistence, Material and Supplies, Maintenance, Other Services and Expenses and Furniture and Office Equipment were lower than estimated due to savings measures and limitations on projects.

#### Main division 02 – Governance of State – Owned Enterprises and Disaster Management (N\$ 921 521.28 – 3.06%)

- The underexpenditure under Personnel Expenditure was due to vacancies for Governance of State Owned Enterprises which were not filled.
- Expenditure on Travel and Subsistence, Material and Supplies, Other Services and Expenses and Furniture and Office Equipment costs were limited which minimized the expenditure.



**Main division 03 – Administration (N\$ 5 034 106.37 – 14%)**

- The execution of the capital project for Namibia Institute Public Administration Management (NIPAM) was delayed.
- The underexpenditure under Personnel Expenditure was due to vacancies for Electronic Document Record Management System (EDRMS) which were not filled and the resignation of the Under Secretary.
- The expenditure on Travel and Subsistence, Material and Supplies, Other Services and Expenses and Furniture and Office Equipment were lower than estimated due to savings measures and limitations on projects.

**Main division 04 – Public Service Management (N\$ 3 982 352.26 – 9.81%)**

- Personnel expenditure was lower due to vacancies that could not be filled.
- Travel and Subsistence, Transport, Maintenance, Other Services and Expenses, Membership Fees and Subscriptions and Furniture and Office Equipment costs were limited which minimised the expenditure.

**Main division 05 – Public Service Commission Secretariat (N\$ 1 302 902.57 – 8.68%)**

- Personnel expenditure was lower due to the retirement of the Commissioners.
- Travel and Subsistence, Maintenance, Other Services and Expenses, Membership Fees and Subscriptions and Furniture and Office Equipment costs were limited which minimised the expenditure.

**Main division 06 – Public Service Information Technology Management (N\$ 6 001 919.15 – 28.30%)**

- Due to the specialised nature of posts in the Department and the fact that salaries do not match those paid in private sector, problems were encountered in finding suitable candidates for vacancies.
- Travel and Subsistence, Transport, Maintenance, Other Services and Expenses and Furniture and Office Equipment costs were limited which minimised the expenditure.

**2. GENERAL INFORMATION**

**2.1 Bank accounts**

The Office keeps the following bank accounts:

<i>No.</i>	<i>Account Name</i>	<i>Bank</i>	<i>Branch</i>	<i>Balance 31/03/2011</i>
1.	National Emergency Disaster Fund (EMU)	Bank Windhoek	Windhoek	N\$ 80 871 858.15
2.	National Emergency Disaster Fund – Investment Account	First National Bank	Oshakati	109 873 454.47
3.	National Emergency Disaster Fund (EMU)	Bank Windhoek	Oshakati FEMCO	2 000 136.99
4.	National Independence Celebration	First National Bank	Windhoek	10 605 733.88
5.	Heroes Arce	Standard Bank	Gustav Voigts Centre	752 936.79
6.	San Development Programme	Standard Bank	Gustav Voigts Centre	3 602 950.93

## 2.2 Commissions & Special Committee

A Public Office Bearers Commission (POBC) was inaugurated by His Excellency the President on the 10<sup>th</sup> April 2006 with a total expenditure of N\$ 359 764.69 at 31 March 2011.

A Committee of Inquiry was appointed by the Public Service Commission to look into the operations of the Ministry of Works and Transport on 15 September 2010 and was dissolved on the 28 February 2011 with a total expenditure of N\$ 155 779.00 at 31 March 2011.

## 2.3 Subsistence advances

The outstanding balance for subsistence advance was N\$ 223 507.16 at 31 March 2011 in respect of forty nine (49) cases.

## 2.4 Bursary and study assistance

A total amount of N\$ 140 860.12 was spent on bursaries and study assistance for staff members during the year under review.

## 2.5 Donations

### (i) By the Government

Donations were made by the Office during the year to an amount of N\$ 95 559.99

### (ii) To the Government

The Office received an amount of N\$ 197 316 with the necessary Treasury Approval form SADC RVAA for the assistance of a drought relieve.

## 2.6 Tender Board Exemption

The Tender Board approved deviations from normal Tender Board procedures for acquiring goods and services valued at N\$ 64 906 500.00. The actual expenditure amounted to N\$ 56 479 151.97 leaving a balance of N\$ 427 348.03

## 2.7 Development projects

The following were development projects of the Office of the Prime Minister exceeding N\$ 1 million as reflected in the General Ledger, the development budget and the previous report of the Auditor-General:

Nature of project	Approved total cost	Total expenditure as at 2010/03/31	Adjusted appropriation for 2009/2010	Actual expenditure per ledger 2010/2011	Total expenditure up to 2011/03/31	Expected year of completion
Namibia Institute for Public Administration and Management	N\$ 81 614 000	N\$ 66 490 674.97	N\$ 7 989 000	N\$ 4,151,061.53	N\$ 70 641 736.50	31/03/2014

## 2.10 Operating/Trade Account

The profit and loss account for the computer trade account for the year ended 31 March 2011 is as follows:

Expenditure		Income	
	N\$		N\$
Remuneration	-	<b>Opening balance</b>	<b>5 874 826.86</b>
S&T	-	Agriculture	61 052.58
Materials & Supplies	-	Defence	72 441.13
Maintenance	1 558 742.68	Education	99 470.27
Other services and expenses	12 002 311.41	Environment & Tourism	61 402.27
Furniture	-	Finance	27 952.39
		Fisheries and Marine Resources	61 402.27
		Foreign Affairs	61 402.27
	13 561 054.09	Gender Equality and Welfare	39 340.94
		Health and Social Services	50 379.80
Surplus/(Loss)	<b>7 643 916.73</b>	Home Affairs and Immigration	50 013.72
		Information and Broadcasting	39 340.94
		Justice	39 340.94
		Labour and Social Welfare	61 402.27
		Lands and Resettlement	27 952.39
		Mines and Energy	50 013.72
		National Planning Commission	61 402.27
		Office of the President	27 952.39
		Office of the Prime Minister	61 402.27
		Office of the Auditor-General	83 463.60
		Regional and Local Government	72 441.13
		Safety and Security	61 402.27
		Trade and Industry	44 488.74
		Namibian Police	27 952.39
		Works and Transport	88 081.72
		Youth, National Service, Sport	22 061.33
		Other income	57 080.40
		MS Office Professional	13 919 507.55
	<b>21 204 970.82</b>		<b>21 204 970.82</b>

WINDHOEK, 2011-10-18

**N. MBAKO**  
ACCOUNTING OFFICER