



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 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 Prime Minister 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 PRIME MINISTER
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2012**

1. INTRODUCTION

1.1 Report

This report on the accounts of the Office of the Prime Minister 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 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 an amount of N\$ 15 971 207.98 (5.86%). 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, one (1) subdivision was exceeded by an amount of N\$ 1 822.75. This excess is unauthorised in terms of Section 6(a)(iii) of the Act.

4.1.2 Virements

Differences were noted between the virements authorised by Treasury also reported by the Accounting Officer and the virements processed to the Appropriation account:

Main divisions	Virements processed	Authorised virements	Difference
	N\$	N\$	N\$
01	(635 000)	(1 250 000)	615 000
03	(24 541 000)	(23 149 000)	(1 392 000)
04	23 067 000	23 986 000	(919 000)
06	(3 405 000)	(3 340 000)	(65 000)
07	(499 000)	(580 000)	81 000
08	2 863 000	1 183 000	1 680 000

It is recommended that the Accounting Officer should see to it that the correct virement amounts are posted to the Appropriation account and that the financial statements prepared should reflect these amounts.

4.1.3 Subsistence and travel allowances

The Accounting Officer reported eighty nine (89) cases of outstanding subsistence and travelling advances totalling N\$ 416 692.81 as at 31 March 2012.

However, N\$ 169 724.03 of the N\$ 416 692.81, was due for payment before 30 days of return from the official duty station.

The S&T Advance Suspense Account also shows a balance outstanding as on 31 March 2012 as N\$ 501 141.55 instead of N\$ 416 692.81 which leaves a difference of N\$ 84 448.74 that must be explained by the Accounting Officer.

4.1.4 Deviations from normal Tender procedures

During the financial year Tender Board exemption amounted to N\$ 126 224 000. The actual expenditure could not be verified because the supporting documents were not provided by the Accounting Officer as requested by the Auditor-General's Circular D12/2010. The approved exempted amounts are as follows:

Exemption No.	Description	Amount approved
E1/2-3/2011	General annual exemption	N\$ 125 824 000
E1/2-5/2011	Consultancy Services - Audit on the Impact of Remunerative work outside the Public Service	
E1/2-6/2011	Acquisition of Consultancy Services – Open Source Software	200 000
		200 000
Total		126 224 000

It is recommended that documentation in respect of deviations from normal Tender procedures should be provided according to the Auditor – General's Circular D12/2010 for audit purposes.

4.1.6 Miscellaneous revenue

The variance of N\$ 191 485.81 between the estimate and actuals on Miscellaneous revenue was not explained by the Accounting Officer as required by Circular D12/2010 of the Auditor-General.

It is recommended that a variance of any departmental revenue which exceeds N\$ 100 000 be explained and be provided to the Office of the Auditor-General as required in Circular D12/2010 of the Auditor-General.

4.1.7 Suspense accounts

The Office had outstanding balances on thirteen (13) suspense accounts of which five (5) with debit balances and eight (8) with credit balances.

The following suspense accounts reflected balances of more than N\$ 100 000 at 31 March 2012:

Account name	Debit	Credit
	N\$	N\$
Computer Trading Account - Office of the Prime Minister		11 803 221.69
RD Cheques	2 017 496.38	
S&T Advance Suspense Account	501 141.55	
Rejection Account	10 087 889.29	
Bills Payable		3 648 537.89

It is recommended that the Accounting Officer should put in more efforts to reconcile all the suspense accounts at 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. EMPHASIS OF MATTER

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. Under spending of the total vote with 5.86%
- b) Paragraph 4.1.2 Virements. Differences noted between virements authorized by Treasury and those processed to the Appropriation account.

7. BASIS FOR QUALIFIED OPINION

The Ministry failed to carry out reconciliations on the following account:

- i) Suspense accounts

The reconciliations are important in order to account for all transactions that need to be transferred to the relevant vote account or revenue account to ensure completeness thereof. Similar recommendations were during previous financial years, however the situation remains unchanged.

8. QUALIFIED 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 2012 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, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements fairly represent the receipts and payments of Vote 02 for the year ended 31 March 2012 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
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Windhoek
Namibia

ANNEXURE A

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\$
01. Office of the Prime Minister:						
Original budget	23 372 000					
Less: Virement	(87 000)	23 285 000	21 240 033.79	2 044 966.21	8.78	20 776 892.09
02. Governance of State-Owned Enterprises, and Disaster Management						
Original Budget	66 055 000					
Plus: Virement	2 379 000	68 434 000	67 778 909.68	655 090.32	0.96	29 225 478.72
03. Administration:						
Original Budget	67 828 000					
Less: Virement	(23 699 000)	44 129 000	36 336 328.11	7 792 671.89	17.66	30 929 893.63
04. Public Service Management						
Original Budget	29 540 000					
Plus: Virement	23 214 000	52 754 000	52 414 735.25	339 264.75	0.64	36 633 147.74
05. Public Service Commission Secretariat:						
Original budget	14 871 000					
Plus: Virement	1 928 000	16 799 000	15 367 901.08	1 431 098.92	8.52	13 704 097.43
06. Public Service Information Technology Management:						
Original budget	26 466 000					
Less: Virement	(2 857 000)	23 609 000	23 094 622.67	514 377.33	2.18	15 203 080.85
07. State Owned Enterprise Governing Council:						
Original budget	6 503 000					
Less: Virement	(252 000)	6 251 000	5 114 876.85	1 136 123.15	18.18	-
08. Public Service Management						
Original Budget	33 147 000					
Plus: Virement	4 355 757	37 502 757	35 445 141.59	2 057 615.41	5.49	-
TOTAL:		272 763 757	256 792 549.02	15 971 207.98	5.86	146 472 590.46

1.2 Standard subdivisions

Subdivision	2011/2012			2010/2011
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<u>Operational:</u>				
Current expenditure: Personnel				
001. Remuneration	67 136 757	63 492 338.57	3 644 418.43	55 294 729.14
002. Employer's contribution to GIPF	7 930 000	6 990 222.13	939 777.87	6 130 026.09
003. Other conditions of service	827 000	416 298.61	410 701.39	1 709 665.96
Total	75 893 757	70 898 859.31	4 994 897.69	63 134 421.19
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	6 498 978	4 738 150.67	1 760 827.33	4 730 241.58
022. Materials and supplies	1 648 000	1 288 818.60	359 181.40	1 399 350.67
023. Transport	10 044 000	9 597 823.24	446 176.76	8 369 162.50
024. Utilities	10 624 000	9 436 225.43	1 187 774.57	6 094 030.86
025. Maintenance	2 510 000	2 205 140.57	304 859.43	820 013.28
026. Property rental and related charges	1 680 000	1 641 621.47	38 378.53	1 588 650.23
027. Other services and expenses	38 914 022	37 503 984.73	1 410 037.27	17 049 398.26
Total	71 919 000	66 411 764.71	5 507 235.29	40 050 847.38
Current expenditure: Membership fees and subscriptions				
041. International	288 000	99 669.98	188 330.02	81 218.48
042. Domestic	18 000	-	18 000.00	-
Total:	306 000	99 669.98	206 330.02	81 218.48
Current expenditure: Subsidies, grants and other transfers				
043. Government organisations	110 782 000	110 782 000.00	-	36 754 500.00
044. Individual and non-profit organisations	190 000	108 397.15	81 602.85	95 559.99
Total:	110 972 000	110 890 397.15	81 602.85	36 850 059.99
Total: Current expenditure	259 090 757	248 300 691.15	10 790 065.85	140 116 547.04
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	1 742 000	978 273.27	763 726.73	2 204 981.89
Total:	1 742 000	978 273.27	763 726.73	2 204 981.89
Total: Operational expenditure	260 832 757	249 278 964.42	11 553 792.58	142 321 528.93
<u>Development</u>				
Capital expenditure: Acquisition of assets				
105. Feasibility studies, design and supervision	400 000	260 332.01	139 667.99	-
107. Construction, renovation and improvements	11 531 000	7 253 252.59	4 277 747.41	4 151 061.53
Total: Development expenditure	11 931 000	7 513 584.60	4 417 415.40	4 151 061.53
GRAND TOTAL	272 763 757	256 792 549.02	15 971 207.98	146 472 590.46

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue heading	Estimate	Actual revenue 2011/2012	More/(Less) than estimated	Actual revenue 2010/2011
	N\$	N\$	N\$	N\$
Private telephone calls	20 000	16 648.00	(3 352.00)	21 830.29
Unclaimed cheques	1 000	-	(1 000.00)	9 018.00
Miscellaneous	5 000	196 485.81	191 485.81	22 953.29
TOTAL	26 000	213 133.81	187 133.81	53 801.58

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 – Prime Minister (N\$ 2 044 966.21 – 8.78%)

- The saving under personnel expenditure was due to vacancies for Prime Minister's Office which was not filled.
- The expenditure on travel and subsistence, other services and expenses, furniture and office equipment were lower than estimated due to saving measures and limitations on projects.

Main division 03 – Administration (N\$ 7 792 671.89 – 17.66%)

- The execution of the capital project for Renovation of Disaster Risk Management and Second Office of the Prime Minister was delayed.
- The saving under personnel expenditure was due to vacancies for NIPAM which were transferred to the account and the Under Secretary position not yet filled.
- The expenditure on travel and subsistence, material and supplies, transport, utilities, other services and expenses, furniture and office equipment were lower than estimated due to saving measures and limitations on projects.

Main division 05 – Public Service Commission Secretariat (N\$ 1 431 098.92 – 8.52%)

- The saving under personnel expenditure was due to over – estimation of virement for overtime which was less than expected.
- Travel and subsistence, transport, maintenance, other services and expenses and furniture and office equipment costs were limited which minimised the expenditure.

Main division 06 – Public Service Information Technology Management (N\$ 514 377.33 – 2.18%)

- Personnel expenditure was lower due to vacancies that could not be filled.
- Travel and subsistence, transport, maintenance and expenses, furniture and office equipment costs were limited which minimised the expenditure.

Main division 07 – State Owned Enterprise Governing Council (N\$ 1 136 123.15 - 18.18%)

- Personnel expenditure was lower due to vacancies that could not be filled.
- Travel and subsistence, materials and supplies, other services and expenses, furniture and office equipment costs were limited which minimised the expenditure.

Main division 08 – Public Service Management (N\$ 2 057 615.41 - 5.49%)

- Personnel expenditure was lower due to vacancies that could not be filled.
- Travel and subsistence, transport, other services and expenses, 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>Balance 31/03/2012</i>
			N\$
1.	National Emergency Disaster Fund (EMU)	Bank Windhoek	63 821 520.59
2.	National Emergency Disaster Fund – Investment Account	First National Bank	91 650 346.03
3.	National Emergency Disaster Fund (EMU)	Bank Windhoek	15 281.00
4.	National Emergency Disaster Fund (Call Account)	Bank Windhoek	56 895 640.65
4.	National Independence Celebration	First National Bank	9 390 739.84
5.	Heroes Arce	Standard Bank	138 253.45
6.	San Development Programme	Standard Bank	987 774.58

2.2 Commissions & Special Committee

A Public Office Bearers Commission (POBC) was inaugurated by His Excellency the President on the 10th of April 2006 with a total expenditure of N\$ 852 582.80 at 31 March 2012.

2.3 Bursaries and study assistance

A total amount of N\$ 195 116.83 was spent on bursaries and study assistance for staff members during the year under review.

2.4 Donations**(i) By the Government**

Donations were made by the Office during the year to an amount of N\$ 89 051.50

(ii) To the Government

The Office received donations to a total amount of N\$ 75 141 268.23.

2.5 Operating/Trade Account

The profit and loss account for the computer trade account for the year ended 31 March 2012 is as follows:

Expenditure		Income	
	N\$		N\$
Remuneration	-	Opening balance	7 643 916.73
S&T	-	Agriculture	187 597.80
Materials and supplies	-	Defence	167 597.80
Maintenance	4 734 520.44	Education	114 152.14
Other services and expenses	10 170 794.05	Environment & Tourism	187 597.80
Furniture	-	Finance	187 597.80
		Fisheries and Marine Resources	114 152.14
	14 905 314.49	Foreign Affairs	44 315.15
Surplus/(Loss)	11 803 221.69	Gender Equality and Welfare	136 360.81
		Health and Social Services	286 497.80
		Home Affairs and Immigration	128 934.78
		Information and Broadcasting	193 198.32
		Justice	117 760.81
		Labour and Social Welfare	132 543.45
		Lands and Resettlement	209 652.73
		Mines and Energy	165 993.33
		National Planning Commission	187 597.80
		Office of the President	-
		Office of the Prime Minister	73 445.66
		Office of the Auditor-General	143 282.65
		Regional and Local Government	73 445.66
		Safety and Security	44 315.15
		Trade and Industry	73 445.66
		Namibian Police	261 043.46
		Works and Transport	187 597.80
		Youth, National Service, Sport	39 340.94
		Other income	2 625.00
		MS Office Professional	15 598 816.01
		Anti-Corruption	5 711.00
	26 708 536.18		26 708 536.18

2.6 Capital/Development projects

The following were development projects of the Office of the Prime Minister:

Nature of project	Approved Total Budget	Total expenditure as at 2011/04/01	Adjusted appropriation for 2011/2012	Actual expenditure per ledger 2011/2012	Total expenditure up to 2012/03/31	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Namibia Institute for Public Administration and Management	81 614 000	70 641 736.50	8 000	-	70 641 736.50	31/03/2012
Renovations of Disaster Risk Management Office and Warehouse	8 959 000	-	7 016 000	6 451 473.01	6 451 473.01	31/03/2013
Second Office of the Honourable Prime Minister and renovation of the Old State House	11 513 000	-	4 507 000	801 779.58	801 779.58	31/03/2014
Oshana Disaster Risk Management Warehouse	200 000	-	200 000	108 851.79	108 851.79	31/03/2014
Hardap Disaster Risk Management Warehouse	200 000	-	200 000	151 480.22	151 480.22	31/03/2014
Total	102 486 000	70 641 736.50	11 931 000	7 513 584.60	78 155 321.10	

WINDHOEK, 2012-10-08

N. MBAKO
ACCOUNTING OFFICER