



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 2014**

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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 2014 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, April 2015

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
OFFICE OF THE PRIME MINISTER
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

1. REPORT ON THE FINANCIAL STATEMENTS

1.1 INTRODUCTION

This report on the accounts of the Office of the Prime Minister for the financial year ended 31 March 2014 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 Prime Minister for the financial year ended 31 March 2014. These financial statements comprise the following statements submitted for the year then ended:

- Appropriation account;
- Standard subdivisions;
- Departmental revenue;
- Notes to the financial statements; and
- General information.

The appropriation accounts were submitted timeously by the Accounting Officer to the Auditor-General on 07 October 2014 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 the 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 was underspent with an amount of N\$ 20 177 037.38 (5.65%).

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

1.4.2 Virements

Differences were noted between the virements authorised by Treasury and also reported by the Accounting Officer as well as the virements processed on the Appropriation account as follow:

Main division	Approved virements	Appropriation account	Difference
	N\$	N\$	N\$
01. Office of the Prime Minister	10 503 000	10 204 000	299 000
03. Administration	(10 464 400)	(7 385 400)	(3 079 000)
05. Public Service Commission Secretariat	(725 000)	(675 000)	(50 000)
06. Public Service Information Technology Management	(908 000)	(4 196 500)	3 288 500
07. State Owned Enterprise Governing Council	(764 000)	(305 500)	(458 500)

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

Management Comments

In her response the Accounting Officer indicated that the Office takes note of the recommendation and strive further to minimize this challenge.

1.5 ACKNOWLEDGEMENT

I would like to express my appreciation for the courtesy extended and assistance rendered by the staff of the Office of the Prime Minister during the audit.

1.6 UNQUALIFIED 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 2014 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 Prime Minister as at 31 March 2014, and their financial performance and their cash flows for the year then ended 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).

WINDHOEK, April 2015

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

1. AUDITED FINANCIAL STATEMENTS

1.1 Appropriation account

2013/2014						2012/2013
Service	N\$	Authorised expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure/ (Excess)	Percent tage	
	N\$	N\$	N\$	N\$	%	N\$
01. Office of the Prime Minister:						
Original budget	37 053 000					
Plus: Virement	10 204 000	47 257 000	45 022 009.41	2 234 990.59	4.73	40 852 193.18
02. Governance of State Owned Enterprises, Anti Corruption and Disaster Management:						
Original budget	53 430 000					
Plus: Virement	4 499 000	57 929 000	56 440 725.80	1 488 274.20	2.57	56 801 564.07
03. Administration:						
Original budget	110 311 000					
Less: Virement	(7 385 400)	102 925 600	93 116 184.07	9 809 415.93	9.53	42 678 753.65
04. Public Service Management:						
Original budget	64 924 000					
Plus: Virement	1 123 000	66 047 000	65 323 646.21	723 353.79	1.10	26 136 106.79
05. Public Service Commission Secretariat:						
Original budget	20 027 000					
Less: Virement	(675 000)	19 352 000	17 566 139.79	1 785 860.21	9.23	16 831 629.84
06. Public Service Information Technology Management:						
Original budget	28 271 000					
Less: Virement	(4 196 500)	24 074 500	22 882 911.97	1 191 588.03	4.95	20 136 591.60
07. State Owned Enterprise Governing Council:						
Original budget	8 022 000					
Less: Virement	(305 500)	7 716 500	6 911 250.59	805 249.41	10.44	3 666 719.26
08. Improvement:						
Original budget	34 895 000					
Less: Virement	(3 263 600)	31 631 400	29 493 094.78	2 138 305.22	6.76	24 763 373.46
TOTAL:		356 933 000	336 755 962.62	20 177 037.38	5.65	231 866 931.85

1.2 Standard subdivisions

Subdivision	2013/2014			2012/2013
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	89 573 000	85 169 390.89	4 403 609.11	70 772 165.65
002. Employer's contribution to the G.I.P.F	11 708 000	9 658 381.91	2 049 618.09	8 558 597.04
003. Other conditions of service	2 430 000	789 483.74	1 640 516.26	1 667 674.19
Total	103 711 000	95 617 256.54	8 093 743.46	80 998 436.88
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	12 084 000	10 645 768.12	1 438 231.88	6 168 364.76
022. Materials and supplies	2 181 500	1 891 979.79	289 520.21	1 317 158.97
023. Transport	18 368 700	17 566 293.21	802 406.79	22 679 487.17
024. Utilities	17 334 600	16 069 940.51	1 264 659.49	10 492 306.89
025. Maintenance expenses	2 156 500	1 788 409.39	368 090.61	1 810 830.97
026. Property rental and related charges	1 692 000	1 677 683.36	14 316.64	1 535 697.09
027. Other services and expenses	23 726 000	22 333 414.84	1 392 585.16	16 392 117.28
Total	77 543 300	71 973 489.22	5 569 810.78	60 395 963.13
Current expenditure: Membership fees and subscriptions				
041. International	751 700	648 250.78	103 449.22	529 529.75
Total	751 700	648 250.78	103 449.22	529 529.75
Current expenditure: Subsidies, grants and other transfers				
043. Government organizations	118 534 000	118 534 000.00	-	75 631 000.00
044. Individual and non-profit organizations	640 000	623 311.82	16 688.18	51 459.15
Total	119 174 000	119 157 311.82	16 688 18	75 682 459.15
Total Current expenditure	301 180 000	287 396 308.36	13 783 691.64	217 606 388.91
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	1 306 000	1 181 168.90	124 831.10	1 357 728.97
Total	1 306 000	1 181 168.90	124 831.10	1 357 728.97
Total Operational expenditure	302 486 000	288 577 477.26	13 908 522.74	218 964 117.88
Development:				
Current expenditure:				
022. Material and supplies	300 000	300 000.00	-	500 000.00
027. Other services and expenses	500 000	500 000.00	-	1 000 000.00
Total	800 000	800 000.00	-	1 500 000.00
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	4 200 000	4 200 000.00	-	4 000 000.00
104. Purchase of building	-	-	-	1 231 282.43
105. Feasibility studies, design and supervision	-	-	-	3 450 119.30
107. Construction, renovation and improvements	49 447 000	43 178 485.36	6 268 514.64	2 721 412.24
Total	53 647 000	47 378 485.36	6 268 514.64	11 402 813.97
Total: Development expenditure	54 447 000	48 178 485.36	6 268 514.64	12 902 813.97
GRAND TOTAL	356 933 000	336 755 962.62	20 177 037.38	231 866 931.85

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate	Actual revenue 2013/2014	More/(Less) than estimated	Actual revenue 2012/2013
	N\$	N\$	N\$	N\$
Private telephone calls	20 000	4 310.00	(15 690.00)	25 769.50
Unclaimed cheques	1 000	-	(1 000.00)	-
Miscellaneous	83 015	378 378.19	295 363.19	694 050.21
TOTAL	104 015	382 688.19	278 673.19	719 819.71

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\$ 2 234 990.59 – 4.73%)

The underexpenditure under Personnel expenditure was due to vacancies which were not filled. The expenditure on Other Conditions of Service and Travel and Subsistence, were lower than estimated due to saving measures and limitations on projects.

Main division 02: Governance of State Owned Enterprises, Anti Corruption and Disaster Management (N\$ 1 488 274.20 – 2.57%)

The underexpenditure under Personnel expenditure was due to over-estimation of virement for salary which was lesser than expected. Travel and subsistence allowance and transport costs were limited which minimized the expenditure.

Main division 03: Administration (N\$ 9 809 415.93 – 9.53%)

The execution of the capital project for Oshana Disaster Risk Management Warehouse and second office of the Prime Minister was delayed. The underexpenditure under personnel expenditure was due to vacancies for computer technician (Temporary students), and other vacancies which were not yet filled. The underexpenditure under other condition of service was due to over-estimation of virement which was lesser than expected. The expenditure on travel and subsistence, material and supplies and utilities were lower than estimated due to saving measures and limitations on projects.

Main division 05: Public Service Commission Secretariat (N\$ 1 758 860.21 – 9.23%)

The underexpenditure under personnel expenditure was due to vacancies for a member of the Public Service Commission position not yet filled. The underexpenditure under other condition of service was due to over-estimation of virement which was lesser than expected. Transport and other services and expenses costs were limited which minimized the expenditure.

Main division 06: Public Service Information Technology Management (N\$ 1 191 500.03 – 4.95%)

The underexpenditure under Other Conditions of Service and Materials and Supplies was due to over-estimation of Virement which was lesser than expected. Travel and subsistence, maintenance and other services and expenses costs were limited which minimized the expenditure.

Main division 07: State Owned Enterprise Governing Council (N\$ 805 249.41 – 10.44%)

Personnel expenditure was lower due to vacancies that could not be filled. The underexpenditure under Other Conditions of Service was due to over-estimation of virement which was lesser than expected. Travel and subsistence, Transport and Other Services and Expenses costs were limited which minimized the expenditure.

Main division 08: Improvement (N\$ 2 138 305.22 – 6.76%)

Personnel expenditure was lower due to vacancy that could not be filled. The underexpenditure under other condition of service was due to over-estimation of virement which was lesser than expected. Travel and subsistence, Transport and Other Services and Expenses costs were limited which minimized the expenditure.

1.4.2 Revenue: Explanations of variations exceeding N\$ 100 000 between estimated and actual revenue.

Underestimation

Miscellaneous revenue

An amount of N\$ 318 553.65 was for salary and related allowance expenditure for November 2012 to March 2013 received in 2013/2014 financial year.

2. GENERAL INFORMATION

2.1 Bank accounts

During the financial under review, the Office kept and operated the following bank accounts:

Account Name	Banking institution	Purpose of the account	Balance at 31/03/2014
			N\$
National Independence Celebration Committee. Heroes Acre	First National bank	For depositing money and paying out expenses related to annual independence celebrations.	1 881 789.86
	Standard Bank	For depositing money and paying out expenses related to Heroes Acre.	210 429.79
San Development Programme.	Standard Bank	For depositing money and paying out expenses related to San Development Programme.	96 141.68
National Emergency Disaster Fund Flood Emergency	Bank Windhoek	For depositing money and paying out expenses related to national emergency disaster	167 072 129.34
	Bank Windhoek		
Management Project (FEMCO) National Emergency Disaster Fund (Call Account)	Bank Windhoek	For depositing money and paying out expenses related to national emergency disaster	199 304.44
		Emergency related activities	20 209 048.52

2.2 Operating/Trade Account

The profit and loss account for the Computer Trade Account for the year ended 31 March 2014 is as follows:

Expenditure		Income	
	N\$		N\$
Maintenance	3 557 993.96	Opening balance	4 048 513.69
Other services and expenses	15 611 458.09	Agriculture	99 331.05
Total	19 169 452.05	Defence	42 570.23
Surplus/(Loss)	(13 954 728.52)	Environment & Tourism	42 570.23
		Foreign Affairs	42 570.23
		Mines and Energy	42 570.23
		Office of the Auditor-General	145 293.49
		Office of the President	56 760.82
		Regional and Local Government	29 562.66
		Trade and Industry	56 760.82
		Works and Transport	42 570.23
		Information and Broadcasting	29 562.66
		Gender Equality and Welfare	29 562.66
		Other income	217 265.00
		MS Office Professional	246 689.30
		Home Affairs and Immigration	42 570.23
	5 214 723.53		5 214 723.53

2.3 Compensation payments (Claims against the State)

During the financial year under review, the Office made compensation payments amounting to N\$ 27 335.20 with the necessary Treasury approvals.

2.4 Commission and Special Committee

During the financial year under review, the Office made payments amounting to N\$ 580 769.85 for Public Office Bearer Commission (POBC) activities.

2.5 Capital/Development projects

The following were development projects of the Office as reflected in the General Ledger and the development budget:

Nature of project	Approved total budget	Total expenditure as at 31/03/2013	Adjusted appropriation 2013/2014	Actual expenditure 2013/2014	Total expenditure as at 31/03/2014	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Expansion of GRN Intranet to the Regions (Phase II)	15 500 000	5 500 000.00	5 000 000	5 000 000.00	10 500 000.00	31/03/2016
Renovation of Old State House	18 848 000	-	900 000	828 863.04	828 863.04	31/03/2016
Construction of Second Office of the Prime Minister	255 416 000	1 230 899.25	21 978 000	18 409 363.07	19 640 262.32	31/03/2017
Oshana Disaster Risk Management Warehouse	49 400 000	2 830 264.03	24 243 000	21 696 373.69	24 526 637.72	31/03/2015
Hardap Disaster Risk Management Warehouse	57 346 000	3 172 479.85	2 326 000	2 243 885.56	5 416 365.41	31/03/2015
Total	396 510 000	12 733 643.13	54 447 000	48 178 485.36	60 912 128.49	

2.6 Bursary and study assistance

During the financial year under review, the Office awarded bursaries and study assistance to its employees to a total amount of N\$ 344 671.71.

2.7 Donations by the Government

During the financial year under review, the Honourable Prime Minister made Ex Gratia contributions amounting to N\$ 123 311.82 to various institutions and persons.

2.8 Exemptions from normal tender procedures

The Office obtained the following exemptions from normal Tender Board procedures for acquiring goods and services valued at N\$ 367 733 755. The following items were exempted:

Exemption number	Description	Estimated value	Actual expenditure	Difference less/(more)
		N\$	N\$	N\$
E1/2 -1/13	General annual exemption	339 154 000	166 669 842.20	172 449 157.80
E1/2 -4/13	To purchase furniture and air conditioner	100 000	105 265.08	(5 265.08)
E1/2 -5/13	To procure the services of consultants for OPM (SOEGC)	659 755	-	659 755.00
E1/2 -6/13	To procure the services of consultants for bencharking study and development of 5 year strategic plan of the SOEGC	600 000	185 150.00	414 850.00
E1/2 -7/13	Roll-out of unified communication system to O/M/A's	22 333 760	-	22 333 760.00
E1/2 -8/13	Second office of the Office of the Prime Minister capital project: TIPEEG Projects	19 335 000	18 409 363.64	925 636.36
E1/2 -9/13	Acquisition of an oracle E-Business suite payroll license	5 200 000	-	5 200 000.00
E1/2 -10/13	Direct procurement of salary survey	100 000	-	100 000.00
E1/2 -11/13	Printing of public office bearers commission's annual report	80 000	-	80 000.00
	Total	367 733 755	185 369 620.92	182 364 134.08

2.9 Suspense accounts

Fourteen (14) Suspense Accounts and Suspense Control Accounts had outstanding balances at the end of the financial year, of which seven (7) with debit and seven (7) with credit balances.

Description	Balance as at 31/03/2014 Debit / (Credit)
	N\$
Computer Trade Account	13 954 728.52
RD Cheques	709 361.99
S&T Advance Suspense Account	721 762.94
Rejection Account	19 152 102.51
Bills Payable	(4 860 672.12)
Electronic Fund Transfer Clearing	(238 550.24)
Receipt suspense	(25 628.89)
NIPAM	(2 432.08)
French support NIPAM Training Programme	5 111.50
Social Security	(1 205.42)
Tax Code	3 467.71
Pension Fund: GIPF	(80 976.70)
Pension Fund: Political Office bearers	(535.42)
Debt establishment	1 324.09

2.10 HIV/AIDS activities

The Accounting Officer reported payments in respect of HIV/AIDS activities amounting to N\$ 725 728.

WINDHOEK, 2014-10-07

ADV. N. MBAKO
ACCOUNTING OFFICER