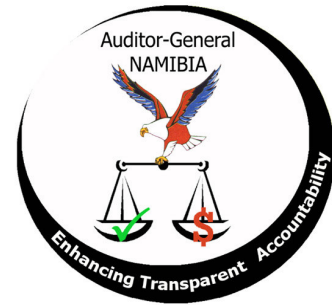




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

MARINE RESOURCES FUND

FOR THE FINANCIAL YEARS ENDED 31 MARCH 2000 AND 2001

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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 Marine Resources Fund for the financial years ended 31 March 2000 and 2001 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, July 2009

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT of the AUDITOR-GENERAL
on the ACCOUNTS of the MARINE RESOURCES FUND
for the financial years ended 31 MARCH 2000 and 2001**

1. INTRODUCTION

The Marine Resources Fund was established in terms of Section 45 (1) of the Marine Resources Act, 2000 (Act 27 of 2000), to financially assist research and development in connection with sea fisheries, as defined in Section 45 (3) of the Act. The Fund's income is derived mainly from levies on harvested or quotas for harvesting sea animals and other products from the sea. The Permanent Secretary: Fisheries and Marine Resources is the Accounting Officer in terms of Section 45 (4) of the Act.

2. FINANCIAL STATEMENTS

The financial statements published in this report are filed in the Office of the Auditor-General and comprise the following:

- Annexure A: Balance sheets
- Annexure B: Income and expenditure statements
- Annexure C: Notes to the financial statements

3. SCOPE OF THE AUDIT

3.1 The Accounting Officer of the Fund is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions. 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 the evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements;
- (b) assessment of the significant estimates and judgements made by the Accounting Officer of the Fund in the accounting of the transactions, his determination of and decision on relevance of transactions to the Fund and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed; and
- (c) evaluation of the overall adequacy of the presentation of information for its inclusion 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; and
- (c) the financial transactions conform to the authorities which govern them.

4. AUDIT OBSERVATIONS

4.1 BALANCE SHEET ITEMS

4.1.1 Property, plant and equipment (1999/2000 and 2000/2001)

The Fund does not have a fixed assets register in place. The auditors were thus unable to perform any test on fixed assets.

It is a standard accounting requirement to have a fixed asset register in place. Therefore it is recommended that the Fund must establish and maintain an asset register. It is proposed that the asset register should reflect the following details per asset:

- A full detail description of the asset
- The respective dates of acquisition and the cost thereof
- Depreciation rate
- Accumulated depreciation reflecting opening balance and depreciation for the year
- The date of any revaluation and the revalue amount
- Cost of additions
- The respective date of any disposal and the consideration received in respect thereof
- The net book value/carrying amount of the asset
- Other fields deemed necessary could be added.

Comment by the Accounting Officer of the Fund

In his comment, the Accounting Officer noted that a fixed assets register is already in place and the asset values and depreciations are disclosed as from the 2001/2 financial statements.

4.1.2 Cash and bank

(1999/2000)

The amount disclosed as cash and bank balance in the balance sheet at year end does not agree to the reconciled amount as per bank reconciliation at 31 March 2000 of N\$12 701 532. The balance sheet discloses the bank balance amount as N\$12 690 569, which could not be verified neither does it agree with the amount disclosed in the notes of N\$12 411 558 (Note 13).

The Accounting Officer should ensure that bank reconciliations are performed, verified and that the correct figure is disclosed in the financial statements.

Comment by the Accounting Officer of the Fund

In his comment, the Accounting Officer noted that there was a typing error on the notes regarding the amount in the bank account as stated in the notes of the 1999/2000 financial statements. He promised that this error will be rectified and won't happen again.

(2000/2001)

A bank reconciliation of the Bank Windhoek current account reflects four cheques which are older than six months which should have been written back.

Date	Cheque Number	Amount
		N\$
21/02/2000	889	55.00
28/03/2000	1027	1322.82
07/06/2000	1178	110.00
15/06/2000	1219	65 609.05

It is recommended to ensure that stale cheques are dealt with in the required manner. Furthermore bank reconciliations should be printed and kept for audit purposes and also for management checks which should be evidenced by their signature as being checked on a monthly basis.

4.1.3 Debtors (1999/2000 & 2000/2001)

The Fund does not have debtors accounts in their set of accounts. This is a situation which seems impossible due to the nature of the Fund's operations with regard to fund levy income. This is due to the fact that most, if not all the time that fund levies are not paid on time or immediately after the trip to the sea. Most of the time fishing right-holders only pay their dues after four or even more months. That means transactions are not accounted for until the actual money is received and a receipt is issued. Furthermore revenue due in prior financial years is being accounted for in the current financial year.

It is highly recommended that the Accounting Officer establishes a system of control over fund levy income, which can be achieved by opening up debtors' accounts. This issue was highlighted in the previous management letter and it is likely that this finding will be encountered in all the financial years of which the books have already been closed. However, it is hoped that the recommendation is going to be implemented in the years to follow.

Comment by the Accounting Officer of the Fund

In his comment, the Accounting Officer noted that they are rectifying the matter and the situation will look different in the coming financial years.

4.2 INCOME STATEMENT ITEMS

4.2.1 Income (1999/2000 & 2000/2001)

Vouchers supporting the following transactions could not be provided for audit purposes:

No.	Date	Receipt No.	Amount
			N\$
1	08/04/1999	G0363362	18 642.90
2	30/07/1999	G0363822	14 846.70
3	11/01/2000	G619453	14 540.73
4	22/09/1999	G0619036	7 424.64
5	25/01/2000	G0619479	1 060 522.54
6	14/02/2000	G0619608	19 839.31
7	08/03/2000	G0619672	49 568.67
8	01/11/1999	G0619204	4 607.53
9	07/02/2000	G0619577	907.41
10	26/11/1999	G0619303	9 878.03
11	06/09/1999	G0363992	146.38
12	08/04/1999	G0363353	1 398.85
13	14/10/1999	G0619135	10 743.10
14	07/09/1999	G0619006	112 432.82
15	01/02/2000	G0619516	14 484.54
16	12/04/2000	G0619845	7 274.08
17	22/06/2000	G6200156	12 252.02
18	26/10/2000	G0620649	17 836.46
19	13/03/2001	G0621372	7 257.90
20	02/05/2000	G0619877	1 687.45
21	23/05/2000	G0620021	9 745.74
22	14/06/2000	G6200078	7 152.88
23	26/07/2000	G0620248	53 407.16
24	29/08/2000	G0620428	3 007.15
25	26/09/2000	G0620526	358.02
26	14/11/2000	G0620690	1 800.21
27	19/12/2000	G0620822	1 783.08
28	26/01/2001	G0620992	919.53
29	27/02/2001	G0621305	2 508.17
30	10/05/2000	G0619903	723.45
31	15/06/2000	G6200125	334.75
32	10/08/2000	G0620337	484.48
33	26/09/2000	G0620541	1 262.11
34	28/11/2000	G0620728	5 684.51
35	30/01/2001	G0621013	755.12
36	13/03/2001	G0621396	516.60
37	27/12/2000	G0620845	55.69
38	11/01/2001	G0620889	1 556.69
39	19/05/2000	G0619954	60.30
40	18/08/2000	G0620405	140.63
41	15/01/2001	G0620901	47.25
Total			1 478 595.60

It is recommended that the Accounting Officer ensures that complete supporting vouchers are kept and submitted for audit purposes.

Comment by the Accounting Officer of the Fund

In his comments, the Accounting Officer noted that the Ministry is in the process of compiling all the records, within the custody of the directorate of Policy, Planning and Economics (PPE). The information required and records are available and safeguarded by the Fisheries Administration within PPE, and since this responsibility is in the domain of the directorate of PPE, the matter is now being handled there.

4.2.2 Interest received (2000/2001)

The income statement reflects an amount of N\$ 439 912 as interest received from the bank on the 32 day call account. This figure does not agree to the figure verified from the bank statements of N\$ 322 668, which is equal to the amount disclosed in the General ledger. There is thus an unexplained difference of N\$ 117 244.

The Accounting Officer should ensure that correct figures are disclosed in the financial statements.

Comment by the Accounting Officer of the Fund

In his comment, the Accounting Officer noted that the difference under question constitutes interest received from the 32 days investment account.

4.3 EXPENDITURE

4.3.1 Operational cost (1999/2000)

It was observed that on several occasions the Fund has paid for expenses on behalf of the Ministry. The money was to be refunded back to the Fund from the Ministry's main budget. Although money was refunded, the transactions were recorded in the books of the Fund as if it has incurred those expenses. One of such cases was an amount of N\$ 20 880.30 paid to a staff member for S&T on 12 November 1999. Although the money was refunded, the transaction was recorded in the Fund's S&T account in the General Ledger, however no reverse recording was made.

The Accounting Officer should spend the funds for the purposes for which these are intended.

Comment by the Accounting Officer of the Fund

In his comment, the Accounting Officer noted that the situation will be rectified and the Ministry will ensure that it does not happen again in the coming financial years.

4.3.2 Miscellaneous accounts (1999/2000)

The income statement reflects large amounts of miscellaneous income of N\$ 9 623 149 and miscellaneous expenses of N\$ 5 210 559. These amounts include money transferred between a Nedbank bank account and a Bank Windhoek bank account. The Fund initially had a bank account with Nedbank which was closed during the financial year under review and a new bank account was opened with Bank Windhoek. These transfers do not constitute income or expenses as they are merely transfers of money from one bank account to another.

It is recommended that transactions must be properly classified and recorded.

Comment by the Accounting Officer of the Fund

In his comment, the Accounting Officer stated that he took note of the auditors recommendations and that the entries of the said transactions will be rectified.

4.4 Retained income

The closing balance of the retained income account as at 31 March 1999 amounted to N\$ 6 641 187 whereas the opening balance as at 01 April 1999 is reflected as N\$ 7 641 187. The difference of N\$ 1 000 000 remained unexplained.

5. ACKNOWLEDGEMENT

The courtesy extended and assistance rendered by the staff of the Marine Resources Fund to the auditors during the audit is appreciated.

6. QUALIFIED AUDIT OPINION

The accounts and the financial statements of the Marine Resources Fund for the financial year ended 31 March 2000 and 2001 were audited by me in terms of Section 45(8) of the Act, read with Section 25(1)(b) of the State Finance Act, 1991.

The audit opinion has been qualified due to the following reasons:

- Fixed assets could not be verified.
- The current bank account balance could not be verified.
- Debtors are not reflected in the balance sheets.
- Supporting vouchers for income transactions were not available.
- Miscellaneous revenue and expenditure is materially misstated.
- The closing and opening balances of the retained income account differ by N\$ 1 million.

Except for the above-mentioned issues, I certify that, in my opinion the financial statements fairly reflect the transactions and the financial position of the Fund for the financial years ended 31 December 2000 and 2001 and in all material respects the income and expenditure have been applied to the purposes intended and conform to the authorities that govern them.

WINDHOEK, July 2009

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

MARINE RESOURCES FUND
BALANCE SHEET AS AT 31 MARCH

	<u>Notes</u>	2001	2000	1999
		N\$	N\$	N\$
EMPLOYMENT OF CAPITAL				
Fixed assets	11	994 509	906 543	659 237
Furniture & office equipment		649 812	467 260	259 135
Vehicles		199 860	274 146	214 665
Operational equipment, machinery.& plant		144 837	165 137	185 437
Investments	12	2 000 000	-	5 500 000
Current assets				
Bank	13	13 297 746	12 690 569	481 950
		16 292 255	13 597 112	6 641 187
CAPITAL EMPLOYED				
Retained income	14	16 292 255	13 597 112	6 641 187
		16 292 255	13 597 112	6 641 187

MARINE RESOURCES FUND

INCOME STATEMENT FOR THE FINANCIAL YEARS ENDED 31 MARCH

	Notes	2001	2000	1999
		N\$	N\$	N\$
SALES				
COST OF SALES				
INCOME		21 724 974	23 874 704	13 888 850
EXPENSES		19 029 831	17 918 779	12 756 391
Subsistence & travel allowance (S&T)	2	139 428	131 328	246 260
Materials & supplies		3 007 815	2 510 518	1 918 668
Transport		92 380	86 547	94 904
Utilities		168 937	341 049	278 294
Maintenance expenses		2 144 951	1 634 274	2 169 210
Other services & expenses (OS & E)		7 819 491	5 752 813	5 655 888
Training & transfers		1 043 481	2 035 121	1 767 519
Miscellaneous expenses	10	4 270 713	5 210 560	513 853
Bank charges		16 650	12 725	11 222
Depreciation	11	325 985	203 214	100 573
Interest paid		-	630	-
NET PROFIT / (LOSS) FOR THE YEAR		2 695 143	5 955 925	1 132 459

MARINE RESOURCES FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH

	2001	2000	1999
	N\$	N\$	N\$
1. Income			
Donations and contributions	-	-	143 543
Jetty rental	-	28 849	-
Refunds	114 197	580 238	185 993
Interest earned current account	402 318	385 379	389 960
Namibia brief	190	2 090	2 470
Interest on call account	-	303 728	-
Interest 32 days notice account	439 912	460 653	224 240
Interest on long term investment	-	2 195 306	-
Levies-Horse Mackarel	3 262 877	2 745 409	2 843 977
- Hake	3 003 264	4 226 829	3 143 813
- Tuna	272 453	213 682	163 902
- Orange Roughy	254 797	427 725	1 843 152
- Line fish	13 107	23 314	10 963
- Rock Lobster	36 761	56 549	12 311
- Crab	127 074	290 814	75 176
- Pelagic	16 364	1 799 722	2 183 345
- Beach Trek	786 033	384	471
Bycatch levies- Horse Mackarel	287 092	186 785	58 175
- Hake	145 918	129 719	205 487
- Line fish	-	-	5 480
- Aquarium Fees- Adults	127 478	147 933	180 255
- Children	25 893	26 069	27 393
- Pensioners	7 767	8 515	10 488
- School groups	2 394	3 483	3 319
- Teachers	897	1 107	1 014
- Study groups	3 828	3 423	2 308
- Brochures	50	-	-
- Hire auditorium	500	3 850	1 750
Miscellaneous (9)	12 393 810	9 623 149	2 169 865
	21 724 974	23 874 705	13 888 850
2. Subsistence & travel allowance (S&T)			
Airtickets	11 202	3 403	99 101
Accommodation	31 484	26 500	22 941
Subsistence & travel allowances	96 742	101 425	124 218
	139 428	131 328	246 260

MARINE RESOURCES FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH

	2001	2000	1999
	N\$	N\$	N\$
3. Materials & supplies			
Stationery	52 725	55 720	68 646
Cleaning material	5 425	7 803	45 850
Provisions	4 058	2 827	11 895
Subscriptions	582 496	653 264	385 661
Protective clothing	40 382	46 246	31 755
Vessel fuel	1 707 492	1 116 063	931 165
Computer software	85 758	143 045	9 085
Books	240 118	151 677	69 507
Lab consumables	76 644	72 418	82 126
Computer consumables	66 639	129 650	75 582
Other	146 078	131 805	207 396
	3 007 815	2 510 518	1 918 668
4. Transport			
Fuel	43 734	26 424	31 354
Tyres	10 946	3 598	13 993
Batteries	283	-	-
Repairs	27 578	39 262	21 190
Services	9 839	17 263	28 367
	92 380	86 547	94 904
5. Utilities			
Water & electricity charges	29 156	70 265	54 310
Telephones & fax charges	5 933	142 303	102 510
Courier charges	119 080	19 242	13 878
Postage	185	2 487	30
Photocopy machine rental	-	47 712	57 485
Fax rental	-	18 259	13 925
Communication expenses	672	4 858	2 491
Building rental	13 911	35 923	23 865
Computer rental	-	-	9 800
	168 937	341 049	278 294
6. Maintenance expenses			
Office furniture	-	2 490	2 710
Computer equipment	39 519	108 642	94 928
Research vessel	1 499 675	1 320 996	1 759 930
Buildings	428 612	27	35 074
Other craft	177 145	202 119	276 568
	2 144 951	1 634 274	2 169 210

MARINE RESOURCES FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH

	2001	2000	1999
	N\$	N\$	N\$
7. Other services & expenses (OS&E)			
Training	760	-	163 930
Vessel management fee	4 180 372	2 964 998	2 649 147
Symposiums and workshops	35 166	54 664	-
Printing	79 197	74 081	63 441
Security services	27 345	12 334	336 982
Advertisements	-	-	26 963
Vehicle / Plain vessel hire	-	(292 682)	221 410
Consultancy fees	637 751	307 380	1 040 488
Insurance	205 551	191 602	219 367
Cleaning services	22 124	14 816	21 704
Accounting fees	-	1 000	-
Salaries	363 684	766 192	671 296
Receiver of Revenue	42 247	28 702	20 383
Social Security	2 006	431	-
Port dues	28 398	72 545	205 951
Clearing charges	-	9 676	4 315
Refuse removal	-	-	4 116
Medical aid contribution	900	3 600	3 600
Copy charges	5 037	5 308	2 795
Contributions	1 364 400	564 327	-
Others	824 553	973 839	-
	7 819 491	5 752 813	5 655 888
8. Training & Transfers			
NAMFI	1 000 000	1 986 500	1 735 000
Training	7 975	-	-
Bursaries	33 906	34 621	24 684
Course fees	1 600	14 000	7 835
	1 043 481	2 035 121	1 767 519

MARINE RESOURCES FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH

	2003	2002	2001
	N\$	N\$	N\$
9. Miscellaneous income			
Swakopmund			220
Money received from Iceida			262 220
Money received from benefit			21 958
Advance received from MOF for Vessel Purchase			12 000 000
Unknown deposits	2 724		109 412
Corrections	180		
Sale of CDs and books	11 350		
	14 254		12 393 810
10. Miscellaneous Expenses			
Downpayment for vessel (Moenslip)	-	-	4 264 477
Unknown transfer	-	-	6 236
Correction of over deposits	2 330	-	-
Redeposit of awal	1 200	-	-
	3 530	-	4 270 713
11. Fixed Assets net value			
At Cost			
Office furniture at cost	278 900	165 610	103 953
Furniture & fittings at costs	118 559	116 744	72 513
Computer equipment at cost	677 453	378 607	149 950
Sedan at cost	198 451	198 451	121 594
Bakkie at cost	133 859	133 859	133 859
Quadbike at cost	39 117	39 117	-
Air conditioner at cost	6 947	6 947	6 947
Generator at cost	196 054	196 054	196 054
Total	1 649 340	1 235 389	784 870
Less: Accumulated depreciation			
Office furniture	42 374	22 371	8 088
Furniture & fittings	31 985	20 698	10 301
Computer equipment	350 742	150 633	48 891
Sedan	77 861	38 171	13 728
Bakkie	80 603	53 831	27 060
Quadbike	13 102	5 279	-
Air conditioner	2 740	2 045	1 351
Generator	55 424	35 818	16 213
Total	654 831	328 846	125 632
Fixed Assets net book value			
Office furniture	236 526	143 239	95 865
Furniture & fittings	86 574	96 046	62 211
Computer equipment	326 712	227 974	101 059
Sedan	120 590	160 280	107 866
Bakkie	53 256	80 028	106 799
Quadbike	26 015	33 838	-
Air conditioner	4 207	4 902	5 596
Generator	140 630	160 236	179 841

Total	994 509	906 543	659 238
12. Investments			
Sanlam	-		1 500 000
Old Mutual	-	-	1 500 000
Long term	2 000 000	-	2 500 000
	2 000 000	-	5 500 000
13. Current assets			
Bank, as per bank statement	13 297 746	12 690 569	684 100
Less outstanding payments	783 283	(279 437)	203 983
Plus outstanding receipts	1 214	425	1 833
	14 082 243	12 411 558	481 950
14. Retained income			
Retained income: Previous year	13 597 112	7 641 187	5 508 728
Surplus for the year	2 695 143	5 955 925	1 132 459
	16 292 255	13 597 112	6 641 187