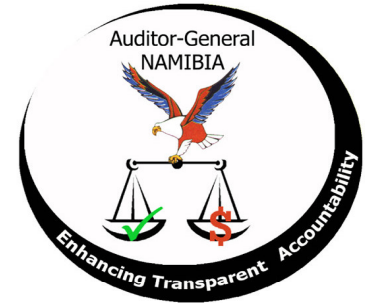




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

MINISTRY OF LABOUR AND SOCIAL WELFARE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

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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 Ministry of Labour and Social Welfare for the financial year ended 31 March 2010 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 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE
MINISTRY OF LABOUR AND SOCIAL WELFARE
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2010**

1. INTRODUCTION

1.1 Report

This report on the accounts of the Ministry of Labour and Social Welfare for the financial year ended 31 March 2010 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 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.

2. FINANCIAL STATEMENTS

The appropriation accounts were submitted to the Auditor-General in terms of Section 13 of the State Finance Act.

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 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 ISSUES/FINDINGS IDENTIFIED BY THE AUDIT

4.1.1 Unauthorized expenditure

The undermentioned unauthorized expenditure occurred during the financial year and is reported as such in terms of Section 27(6)(a) of the State Finance Act, 1991 (Act 31 of 1991).

(i) Three (3) main divisions were exceeded by an amount of N\$ 922 420.15 which is contrary to Section 6(a) (ii) of the State Finance Act, 1991 (Act 31 of 1991).

(ii) Although Treasury approval was obtained to utilize certain expected savings for the defrayal of expenditure by way of virement during the year, ten (10) subdivisions were exceeded by an amount totaling N\$ 2 354 178.70, which is made up of only operational expenditure, according to the main ledger. The excess expenditure is contrary to Section 6(a) (iii) of the State Finance Act, 1991 (Act 31 of 1991).

4.1.2 Suspense Account

The Ministry had balances on seven (7) suspense accounts of which four (4) had debit and three (3) credit balances at the end of the financial year.

The following suspense accounts have balances exceeding N\$ 100 000.00:

Account	Balance 31/03/2010	
	Debit	Credit
	N\$	N\$
S & T Advance Suspense Account	266 533.68	
Rejection Account		1 112 576.92
Bills Payable		3 722 416.02

It is recommended that the Accounting Officer should ensure that the reconciliation and cleaning of suspense accounts.

4.1.4 Capital Projects

The statement regarding the estimations and actual expenditure on development projects during the financial year under review was incorrectly reported for four consecutive years. The approved total cost of the projects, total expenditure for the previous financial year, actual expenditure for the current year and the total expenditure incurred up to the end of the financial year under review, were incorrectly calculated.

The Accounting Officer should submit a correct statement in future as prescribed in Circular D12/2010.

4.1.5 Virements

The following virements as authorized by Treasury are not agreeing with virements as reflected on the General Ledger.

Main divisions	Approved virements as per Treasury Authorisation	Virements reflected on the appropriation account	Difference
	N\$	N\$	N\$
01	843 000	836 000	7 000
02	5 453 800	5 258 258	195 542
03	(562 000)	(989 000)	427 000
04	(1 086 000)	(835 658)	(250 342)
06	(5 061 800)	(4 667 600)	(394 200)

The Accounting Officer should ensure that the approved virements agree with those in the Appropriation account. If approved virements can no longer be applied due to the depletion of funds, adjustment virements need to be obtained from Treasury.

4.1.6 Non-submission of statements

The following statements were not submitted for audit purposes:

- Statement 5: Unauthorised expenditures
- Statement 11: Bank Accounts
- Statement 31: Exemption from normal Tender Board procedures

5. ACKNOWLEDGEMENT

The co-operation and assistance of the management and staff of the Ministry of Labour and Social Welfare during the audit is appreciated.

6. QUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the Ministry of Labour and Social Welfare for the year ended 31 March 2010 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).

Except for my comments in paragraph 4.1.6, - Non-submission of statements, in my opinion the financial statements fairly represent the receipts and payments of Vote 14 for the year ended 31 March 2010 and in all material respects, the receipts and payments have been applied to the purposes intended by the National Assembly and conform to the authorities which govern them.

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

OFFICE OF THE AUDITOR-GENERAL
269 Independence Avenue
Private Bag 13299
WINDHOEK
NAMIBIA

1. FINANCIAL STATEMENTS

1.1 Appropriation account

2009/2010						2008/2009
Service	N\$	Authorized expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure/ (Excess)	Percent-age	
	N\$	N\$	N\$	N\$	%	N\$
01. Office of the Minister:						
Original budget	3 892 000					
Plus: Virement	836 000	4 728 000	5 267 798.30	(539 798.30)	(11.42)	4 985 407.81
02. Administration:						
Original budget	22 124 000					
Plus: Virement	5 258 258	27 382 258	25 297 486.60	2 084 771.40	7.61	18 441 640.31
03. Labour Market Services:						
Original budget	29 694 000					
Less: Virement	(989 000)	28 705 000	22 673 671.96	6 031 328.04	21.01	32 189 108.93
04. Labour Services:						
Original budget	18 846 000					
Less: Virement	(835 658)	18 010 342	18 113 664.61	(103 322.61)	(0.57)	16 111 566.64
05. Office of the Labour Commissioner:						
Original budget	6 863 000					
Plus: Virement	398 000	7 261 000	6 432 291.90	828 708.10	11.41	5 886 811.28
06. Social Assistance:						
Original budget	954 801 000					
Less: Virement	(4 667 600)	950 133 400	905 490 883.94	44 642 516.06	4.70	918 142 379.19
07. Employment Equity Commission						
Original budget	-	-	279 299.24	(279 299.24)		-
Total:		1 036 220 000	983 555 096.55	52 664 903.45	5.08	995 756 914.16

1.2 Standard subdivisions

Subdivision	2009/2010			2008/2009
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001 Remuneration	41 694 000	37 959 368.36	3 734 631.64	31 881 667.03
002 Employer's contribution to G.I.P.F	4 667 000	4 162 002.30	504 997.70	3 279 936.11
003 Other conditions of service	587 000	451 058.02	135 941.98	539 610.62
Total	46 948 000	42 572 428.68	4 375 571.32	35 701 213.76
Current expenditure: Goods and other services				
021 Travel and subsistence expenses	5 464 056	5 004 160.87	459 895.13	4 565 174.94
022 Materials and supplies	1 821 000	1 458 487.24	362 512.76	800 888.34
023 Transport	2 264 400	2 801 452.51	(537 052.51)	3 929 767.22
024 Utilities	5 165 800	6 627 195.89	(1 461 395.89)	5 156 315.36
025 Maintenance	1 275 242	626 592.43	648 649.57	916 333.32
027 Other services and expenses	34 463 000	33 074 348.01	1 388 651.99	34 864 776.83
Total	50 453 498	49 592 236.95	861 261.05	50 233 256.01
Current expenditure: Subsidies, grants and other transfers				
044. Individuals and non-profit organisations	921 060 000	878 654 040.14	42 405 959.86	898 212 669.19
Total	921 060 000	878 654 040.14	42 405 959.86	898 212 669.19
Total: Current expenditure	1 018 461 498	970 818 705.77	47 642 792.23	984 147 138.96
Capital expenditure: Acquisition of assets				
101 Furniture and office equipment	1 843 200	1 450 045.97	393 154.03	1 785 756.67
102. Vehicles	3 940 302	3 940 302.42	0.42	-
Total: Capital expenditure	5 783 502	5 390 348.39	393 153.61	1 785 756.67
Total: Operational expenditure	1 024 245 000	976 209 054.16	48 035 945.84	985 932 895.63
Development:				
Capital expenditure: Goods and other services				
022. Materials and supplies	300 000	116 104.26	183 895.74	16 126.40
027. Other services and expenses	3 700 000	3 286 057.27	413 942.73	2 164 182.35
Total:	4 000 000	3 402 161.53	597 838.47	2 180 308.75
Capital expenditure: Acquisitions of assets				
105. Feasibility studies, design and supervision	2 787 000	1 176 104.52	1 610 895.48	693 685.92
107. Construction, renovation and improvement	5 188 000	2 767 776.34	2 420 223.66	6 950 023.86

Total	7 975 000	3 943 880.86	4 031 119.14	7 643 709.78
Total: Development expenditure	11 975 000	7 346 042.39	4 628 957.61	9 824 018.53
GRAND TOTAL	1 036 220 000	983 555 096.55	52 664 903.45	995 756 914.16

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue heading	Estimate 2009/2010	Actual revenue as per GL 2009/2010	More/(Less) than estimated	Actual revenue 2008/2009
	N\$	N\$	N\$	N\$
Private telephone calls	1 650	-	(1 650.00)	-
Unclaimed cheques	32 689	-	(32 689.00)	-
Miscellaneous	98 171	142 110.30	43 939.30	274 466.42
Commission on Stop Orders	706	-	(706.00)	-
Total	133 216	142 110.30	8 894.30	274 466.42

1.4 Notes to the financial statements

1.4.1 Appropriation Account: Explanations of variations exceeding 2% between authorized and actual expenditure.

(i) Over-expenditure

Main division 01: Office of the Minister (N\$ 539 798.30 – 11.42%)

This main division was overspend with an amount of N\$ 539 798.30 due to the fact that more labour related cases occurred than usual which needed the attention of the political principles in order to preserve peace and stability in the labour market. Therefore, much of the amount was spend on S&T and fuel.

(ii) Underexpenditure

Main division 02: Administration (N\$ 2 084 771.40 – 7.61%)

This vote was underspend with N\$ 2 084 771.40 due to the following reasons:

- Companies appointed to carry out minor renovations could not finish on time, therefore less maintenance cost were incurred.
- Some staff members got promotional positions to other Ministries, some resigned and vacancies were not filled.
- Most of the service providers such as Government Stores and other private companies did not submit their invoices on time.

ANNEXURE A (continued)

Main division 03: Labour Market Services (N\$ 6 031 328.04 – 21.01%)

The program was underspent with the amount of N\$ 6 031 328.04 and this was attributed to the following:

- Delays in the approval of the creation of the subdivision Productivity Promotion on the structure. Funds were budgeted for the salaries, allowances and functionality of this subdivision.
- The tender for construction of Swakopmund was cancelled due to minor technical infringements in the tender document submitted to the Department of Works. Hence Department of Works re-advertised the tender in March 2009 and the site handover to the contractor was only done on 14 August 2009 and the contractor who was awarded the tender did not have enough capacity to spend the whole N\$ 5,3 million allocated for Swakopmund during 2009/10 financial year.
- The Ministry identified an empty plot to purchase in Walvis Bay after failing to get a Government plot. An amount of N\$ 1,062 million was allocated for the purchase of land and to start with feasibility studies. Necessary documentation were prepared, but later on the Ministry was given a portion of land by the Department of Works. Since the Ministry was given a Government plot, only N\$ 29 000 was spent for the feasibility study and the rest was returned back to Treasury.
- The construction of Outapi Labour Office was allocated an amount of N\$ 98 000 for retention. Defects were identified but the contractor did not turn up to fix the identified defects, hence the funds allocated were returned to Treasury.

Main division 05: Office of the Labour Commissioner (N\$ 828 708.10 – 11.41%)

The main division was underspent with the amount of N\$ 828 708.10 due to the unavailability of qualified candidates with Post Graduate Diplomas on Conciliation and Arbitration to be recruited in the vacant positions.

Main division 06: Social Assistance (N\$ 44 642 516.06 – 4.70%)

The program was underspent with an amount of N\$ 44 642 516.06. This was partly due to the cancellation of the awareness campaign as well as incomplete forms received from regional offices.

2. GENERAL INFORMATION

2.1 Bursaries and study assistance

During the financial year under review the Ministry awarded bursaries and study assistance to one hundred and fourteen (114) of its employees to the value of N\$ 952 175.90.

2.2 Vehicle Accidents

The Ministry reported fourteen (14) motor vehicle accidents during the financial year under review. Four (4) vehicles were repaired at a cost of N\$ 40 996.98 and ten (10) were still to be repaired as at 31 March 2010.

WINDHOEK, 2010-10-26

**PETER MWATILE
ACCOUNTING OFFICER**