



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE MINISTRY OF LABOUR, INDUSTRIAL RELATIONS AND EMPLOYMENT CREATION

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

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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, Industrial Relations and Employment Creation for the financial year ended 31 March 2020 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 2021

A handwritten signature in black ink, appearing to read 'Junias Etuna Kandjeke'.

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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DEFINITIONS

Treasury:	Financial authority in public service. (The department of Government that has control over the collection, management and disbursement of public revenue).
Vote:	Represents an Office/Ministry/Agency.
Appropriation Act:	Estimate of expenditure and revenue for a particular financial year presented to the National Assembly, the Act passed by Parliament.
Appropriation Account:	Government Income and Expenditure statement, showing on receipt side the estimated budgeted amounts and on expenditure side the actual expenditure amounts and the difference thereof.
Standard sub-division:	Government Balance account, showing balances incurred on each account/activity.
Suspension:	Reduction on budget (Treasury may from time to time withhold or suspend any amount in an estimate of expenditure).
Virement:	Moving of budgeted funds from one account to another account within the same budget of the same office/ministry/agency. The utilization of a saving under one main division/sub division of a vote to defray an excess under another existing division of the same vote.
Unauthorised Expenditure:	Expenditure that exceeds the amount appropriated (budgeted) for a vote, main division or subdivision.
Underexpenditure:	Saving on the budget.
Miscellaneous Revenue:	All revenue collected and not having a specified revenue code.
Commitments:	Funds reserved to acquire goods or services from a supplier.
Suspense accounts:	Is an account opened in the books of Government that records movement of transactions of a temporarily nature, for example salary deductions of housing instalments.
S&T Advance Suspense Account:	A suspense account reflecting the outstanding subsistence and travel advances.
Rejection Account:	A suspense account reflecting names and balances of all persons/companies that owe the money to the State.
Budget:	Is an estimation of the revenue and expenses over a specified future period of time.
Subsistence Advance:	Payment given in advance to an employee to reimburse accommodation, meal and incidental expenses, while on an official assignment.
Performance Information:	Measurement of an individual, group, organization, system or component which is collected, analysed and reported. (Includes Strategic plans, annual plans, performance agreements and personal development plans).

Key performance indicator (KPI):	A measurable value used to monitor and demonstrates how effectively an organization is achieving key business objectives.
International Standards of Supreme Audit Institutions (ISSAI):	Professional standards and best practice guidelines for public sector auditors, officially authorised and endorsed by the International Organisation of Supreme Audit Institutions (INTOSAI).
Attestation engagement:	It is when a responsible party (the entity) measures the subject matter against the criteria and presents the subject matter information, on which you, the auditor, then gather sufficient and appropriate audit evidence to provide a reasonable basis for forming a conclusion.
Subject matter:	Refers to the information, condition or activity that is measured or evaluated against certain criteria.
Materiality:	Is a concept or convention relating to the importance or significance of an amount, transaction, or discrepancy that affects the decision of the user.
OMA:	Office/Ministry/Agency
Types of Audit Opinions:	<p>Unqualified Opinion. In an unqualified report, the auditors conclude that the financial statements of your O/M/A's present fairly its affairs in all material aspects.</p> <p>Qualified Opinion. An auditor's report is qualified when there is either a limitation of scope in the auditor's work, or when there is a disagreement with management regarding application, acceptability or adequacy of accounting policies.</p> <p>Disclaimer Opinion. Auditors do not express an opinion on the financial position of a firm because they have not completed an examination of its accounts or the examination is not broad enough in scope to enable them to form an opinion.</p> <p>Adverse Opinion. The Financial statements of an O/M/A's do not fairly present its actual financial position and the required information was either not disclosed, or (if disclosed) was inadequately disclosed or was inaccurate.</p>
Reasonable Assurance:	It is when the audit conclusion is expressed positively, conveying that, in the auditor's opinion, the subject matter is or is not compliant in all material respects or, where relevant, that the subject matter information provides a true and fair view, in accordance with the applicable criteria.
Limited Assurance:	It is when the audit conclusion states that, based on the procedures performed; nothing has come to the auditor's attention to cause the auditor to believe that the subject matter is not in compliance with the criteria.

Direct reporting engagement:	It is when an auditor measures or evaluates the subject matter against the criteria. The auditor is responsible for producing the subject matter information. The auditor selects the subject matter and criteria, taking into consideration risk and materiality. By measuring the subject matter evidence against the criteria, the auditor is able to form a conclusion.
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**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF LABOUR, INDUSTRIAL RELATIONS AND EMPLOYMENT CREATION
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

1. SECTION A: FINANCIAL AUDIT

1.1 UNQUALIFIED AUDIT OPINION

I have audited the financial statements of the Ministry of Labour, Industrial Relations and Employment Creation for the financial year ended 31 March 2020 provided by the Accounting Officer as attached in Annexure A. These financial statements comprise the Appropriation account, Standard subdivisions, Departmental revenue, notes to the financial statements and general information for the financial year then ended, and other explanatory information.

In my opinion, the financial statements of the Ministry of Labour, Industrial Relations and Employment Creation as at 31 March 2020 are prepared, in all material respects, in accordance with Section 12 & 13 of the State Finance Act, 1991 (Act 31 of 1991) and relevant legislation.

1.2 BASIS FOR UNQUALIFIED AUDIT OPINION

I conducted my audit in accordance with International Standards for Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the Code of Ethics for International Organization of Supreme Audit Institutions (INTOSAI) together with the ethical requirements that are relevant to my audit of the financial statements in Namibia and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 KEY AUDIT MATTERS

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there were no key audit matters to communicate in my report.

1.4 OTHER MATTERS

Attention is drawn to the management on the following matters that relate to my responsibility in the audit of the financial statements, and excluding matters already disclosed by the Ministry of Labour, Industrial Relations and Employment Creation in the financial statements. My opinion is not modified in respect of this matters:

1.4.1 Risk Management Policy

The audit noted that management has not come up with a documented risk management policy to provide information and guidance on Risk Management. Risk Management is a process of identifying, assessing, managing and controlling risks within an organization and it is aimed at providing guidance regarding the management of risk to support the achievement of the Ministry's objectives, protect staff and the Ministry's assets.

It is recommended that the Accounting Officer should develop and implement a risk management policy.

Management comment

The Accounting Officer indicated that the Ministry will establish a committee to develop a policy during the 2021/2022 financial year.

2. SECTION B: COMPLIANCE AUDIT AND THE AUDIT OF PERFORMANCE INFORMATION

2.1 COMPLIANCE TO LAWS AND REGULATIONS

Subject matter: Financial performance and the use of appropriated funds

I have audited the financial performance and the use of appropriated funds of the Ministry of Labour, Industrial Relations and Employment Creation for the financial year ended 31 March 2020.

2.2 Description of the subject matter information and audit scope

The audit aimed to determine whether the Ministry of Labour, Industrial Relations and Employment Creation used the appropriated funds in compliance with the Appropriation Act, 2019 (Act 2 of 2019); Appropriation Amendment Act, 2019 (Act 3 of 2019); State Finance Act, 1991 (Act 31 of 1991); Public Procurement Act, 2015 (Act 15 of 2015); Treasury Instructions and Public Procurement Regulations during the financial year ended 31 March 2020.

2.3 Audit objective

The objective of this compliance audit is to verify and assess whether Ministry of Labour, Industrial Relations and Employment Creation has complied with all laws and regulations that have an impact on the financial statements in accordance with the ISSAIS. This audit is an attestation engagement where the Ministry presented the subject matter information on which the auditor then gathered sufficient and appropriate audit evidence to provide reasonable assurance in forming an opinion. In forming an opinion, the findings and recommendations are taken into consideration.

In addition, the objective of this audit is to verify and assess whether public funds have been used appropriately and lawfully, and to report issues of non-compliance so that corrective action is taken and compliance to laws and regulations is strengthened.

2.4 Audit criteria

The audit criteria of this compliance derived from the following regulations and laws stated below:

- Appropriation Act, 2019 (Act 2 of 2019);
- Appropriation Amendment Act, 2019 (Act 3 of 2019);
- State Finance Act, 1991 (Act 31 of 1991);
- Public Procurement Act, 2015 (Act 15 of 2015);
- Treasury Instructions; and

- Public Procurement Regulations.

2.5 Summary of methods applied

I have audited the financial statements for the financial year ended 31 March 2020 submitted by the Accounting Officer in order to determine whether this information complied with laws and regulations that governs them.

2.6 Key audit findings

2.6.1 Unauthorized expenditure

The unauthorized expenditure mentioned below occurred during the financial year 2019/2020 and is reported as such in terms of Section 27 (6)(a) of the State Finance Act,1991(Act 31 of 1991):

- (i) Although Treasury approval was obtained to utilize certain expected savings for the defrayal of expenditure by way of virement during the year, four (4) subdivisions were exceeded with an amount totaling N\$ 232 868.13. This amount is unauthorized in terms of Section 6(a)(iii) of the State Finance Act, 1991 (Act 31 of 1991).

It is recommended that the Accounting Officer should put measures in place in order to monitor the financial position and to take appropriate action timely to avoid exceeding appropriated funds.

Management comment

The Accounting Officer indicated that the Ministry concurs with finding and will ensure that proper commitment of all financial transactions are made in future to avoid unauthorized expenditure.

2.6.2 Underexpenditure

Treasury Instructions DC 0202 stipulates that *“when drawing up draft estimates, Accounting Officers and their Financial Advisers shall take note of and guard against the following: (a) more funds than can reasonably be spent shall not be requested; (b) services which must first be authorised under new legislation shall not be budgeted for beforehand (c) estimates shall not be loaded because curtailments are expected”*.

The Accounting Officer reported an underexpenditure of N\$ 25 774 628.23, which is 13.7% of the total appropriated budget. These funds could have been utilized for other projects in the country.

The Accounting Officer should always ensure that Treasury Instruction DC 0202 is adhered to.

Management comment

The Accounting Officer indicated that the Ministry concurs with the finding and will ensure that commitment of all financial transactions are made in future.

2.6.3 Points keeping stock and annual stocktaking

Treasury Instruction KA 0901 states that “stores, equipment and livestock shall be subjected to stocktaking at least once each financial year and the Accounting Officer shall submit the report thereon (as intended in T.I. KA 0905) to Treasury for approval as soon as possible after the stock-taking, but in any case within 30 days after the end of the financial year concerned”.

The Accounting Officer reported that the Ministry has twenty three (23) stock points. However, the Accounting Officer only carried out stock taking at sixteen (16) points, leaving out seven (7) stock points during the financial year under review. However, no exemption from Treasury was obtained or granted.

It is recommended that the Accounting Officer should ensure that stocktaking is conducted or should obtained exemptions as required by the Treasury Instructions.

Management comment

The Accounting Officer indicated that the Ministry concurs with the finding and will ensure that internal short coming are being addressed as well as discrepancies will also be avoided in future.

2.7 OPINION ON THE SUBJECT MATTER

In my opinion, the Ministry of Labour, Industrial Relations and Employment Creation’s financial performance and use of appropriated funds is in compliance, in all material respects, with the Appropriation Act, 2019 (Act 2 of 2019); Appropriation Amendment Act, 2019 (Act 3 of 2019); State Finance Act, 1991 (Act 31 of 1991); Public Procurement Act, 2015 (Act 15 of 2015); Treasury Instructions and Public Procurement Regulations.

3. AUDIT OF PERFORMANCE INFORMATION

I have audited the performance information of the Ministry of Labour, Industrial Relations and Employment Creation for the financial year ended 31 March 2020.

3.1 DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND AUDIT SCOPE

A Performance Management System (PMS) is defined as a systematic process for achievement and improvement in obtaining results from an organization and its staff members by managing performance within an agreed framework consisting of objectives, outputs, key performance indicators (KPIs) and timelines.

The primary function of the PMS is to enable Offices, Ministries and Agencies (OMAs) to achieve success in National Development Plans (NDP) and provide improvements in service delivery to the general public.

3.2 AUDIT OBJECTIVE

The objective of the Key Performance Indicator (KPI) audit is to provide reasonable assurance on whether the reported performance information measured against key performance indicators is useful, reliable and evidence-based. Key performance indicators also provide the basis for the (OMAs) to inform the Parliament, the public and other stakeholders on its strategic priorities, programmes, and projects. This audit is an attestation engagement where the Office presented the subject matter information on which the auditor then gathered sufficient and appropriate audit evidence to provide reasonable assurance in forming an opinion. The findings and recommendations are taken into consideration.

3.3 AUDIT CRITERIA

In this audit, the performance information was tested against the following criteria:

- Compliance with legislative requirements;
- Usefulness;
- Reliability;
- Existence;
- Timeliness;
- Presentation;
- Measurability;
- Relevance;
- Validity;
- Accuracy; and
- Completeness.

3.4 SUMMARY OF METHODS APPLIED

The scoping of the key performance indicators was performed, by looking at the high-level statements, which are indicated in the Strategic Plan (2017/2018-2021/2022) and the Annual Plan of the Ministry of Labour, Industrial Relations and Employment Creation's for the financial year 2019/2020. Key performance indicators were selected based on what would be significant to the intended users, their usefulness and reliability in assessing the Ministry achievements in terms of its service performance objectives. The following key performance indicator was audited:

STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATORS
Ensure effective regulatory framework and compliance	Percentage of registered complaints resolved
Promote decent and sustainable employment	% of job seekers placed

3.5 RESULTS OF THE AUDIT

Based on the first strategic objective, to ensure effective regulatory framework and compliance, the KPI tested was the percentage of registered complaints resolved and the audit revealed a satisfactory outcome on the timeliness, presentation, measurability, accuracy, and completeness on the audit of the above KPI.

The second objective tested was, to promote decent and sustainable employment and the tested KPI is % of job seekers placed. The criteria tested on the above KPI are; timeliness, presentation, measurability, accuracy and completeness and the audit revealed a satisfactory outcome on the KPI.

3.6 CONCLUSION ON THE SUBJECT MATTER

The audit found that all the audit criteria were satisfactory.

4. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Section 12 & 13 of the State Finance Act, 1991, (Act 31 of 1991) and legislation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible of overseeing the entity's financial reporting process.

The management is also responsible for ensuring adherence to the State Finance Act, 1991(Act 31 of 1991), Appropriation Act, 2019 (Act 2 of 2019), Appropriation Amendment Act, 2019 (Act 3 of 2019), Public Procurement Act, 2019 (Act 15 of 2015), Treasury Instructions and the Public Procurement Regulations and to ensure that effective and efficient internal controls are implemented to enable compliance to the law that governs the performance information.

5. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs), will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

My powers and duties towards auditing and reporting on the financial statements and compliance to the subject matters are outlined under Section 25(1) (c), Section 26 (1) and Section 27 (3) of the State Finance Act, 1991 (Act31 of 1991).

As part of an audit in accordance with the International Standards for Supreme Audit Institutions, I exercise professional skepticism throughout the audit, I also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
- It is also my responsibility to express an opinion / conclude on whether the Financial performance and the use of appropriated funds, in all material respect is in compliance with the Appropriation Act, 2019 (Act 2 of 2019), Appropriation Amendment Act, 2019 (Act 3 of 2019), State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015), Treasury Instructions and Public Procurement Regulations. I have conducted the audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the audited entity is in compliance with the authorities that govern the audited entity in the execution of its roles and responsibilities.

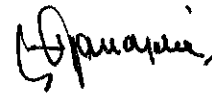
6. GENERAL INFORMATION

The financial statements, notes to the financial statements and general information provided by the Accounting Officer are attached as Annexure A.

The accounts were submitted timeously by the Accounting Officer to the Auditor-General on 30 October 2020 in terms of Section 13 of the State Finance Act, 1991.

7. ACKNOWLEDGEMENT

The co-operation and assistance by the management and staff of the Ministry of Labour, Industrial Relations and Employment Creation during the audit is appreciated.



WINDHOEK, MARCH 2021

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

ANNEXURE A

1. AUDITED FINANCIAL STATEMENTS

1.1 Appropriation account

		2019/2020			2018/2019	
Service		Authorized expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure/ (Excess)	Percentage	
	N\$	N\$	N\$	N\$	%	N\$
01. Office of the Minister:						
Original budget	7 757 000					
Plus: Virement	580 397					
Less: Suspension	(1 736 000)	6 601 397	5 603 634.35	997 762.65	15.11	6 390 455.73
02. General Services:						
Original budget	67 222 000					
Plus: Virement	1 497 153					
Less: Suspension	(5 652 000)	63 067 153	51 960 967.84	11 106 185.16	17.61	59 300 108.93
03. Labour Market Services:						
Original budget	26 083 000					
Less: Virement	(146 000)	25 937 000	22 464 950.58	3 472 049.42	13.39	31 689 522.10
04. Labour Services:						
Original budget	43 455 000	43 455 000	39 388 642.42	4 066 357.58	9.36	42 626 000.41
05. Office of the Labour Commissioner:						
Original budget	26 584 000					
Less: Virement	(116 050)	26 467 950	22 209 538.96	4 258 411.04	16.09	23 646 911.29
06. Social Assistance :						
Original budget	-	-	-	-	-	146 005.82
07. Office of the Employment Equity Commission:						
Original budget	7 961 000					
Less: Virement	(86 000)	7 875 000	6 897 447.77	977 552.23	12.41	6 642 379.19
08. International Relations and Advice:						
Original Budget	10 862 000					
Plus: Virement	4 270 500					
Less: Suspension	(348 000)	14 784 500	13 888 189.85	896 310.15	6.06	7 382 444.48
Total		188 188 000	162 413 371.77	25 774 628.23	13.7%	177 823 827.95

ANNEXURE A (continued)

1.2 Standard subdivisions

Subdivision	2019/2020			2018/2019
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	109 163 113	99 255 186.76	9 907 926.24	100 100 597.62
002. Employer's contribution to the G.I.P.F and M.P.O.O.B.P.F	12 284 000	11 833 096.12	450 903.88	11 932 394.23
003. Other conditions of service	2 120 797	2 019 917.44	100 879.56	2 293 520.44
005. Employers contribution to Social Security	354 000	304 625.11	49 374.89	311 654.96
Total	123 921 910	113 412 825.43	10 509 084.57	114 638 167.25
Current expenditure: Goods and other services				
021. Travel and subsistence allowance	6 022 000	5 636 302.07	385 697.93	3 444 861.50
022. Materials and supplies	3 271 834	1 612 293.15	1 659 540.85	1 634 978.39
023. Transport	3 903 000	2 926 971.07	976 028.93	4 673 349.98
024. Utilities	11 017 000	9 853 810.90	1 163 189.10	15 749 816.02
025. Maintenance expenses	3 611 437	2 561 698.48	1 049 738.52	9 909 150.18
026. Property rental and related charges	1 444 166	934 959.32	509 206.68	1 634 404.62
027. Other services and expenses	4 953 599	2 182 695.26	2 770 903.74	9 236 081.66
028. Training course, symposiums and workshops	917 499	380 428.92	537 070.08	278 000.00
029. Printing and advertisements	1 073 687	507 067.16	566 619.84	560 745.48
031. Entertainment Politicians	60 000	-	60 000.00	23 393.68
033. Office Refreshments	123 000	61 986.23	61 013.77	73 634.96
034. Official entertainment / Corporate gifts	50 000	1 311.35	48 688.65	14 234.80
036. Property rental and related charges	6 902 982	6 902 982	-	-
040. Security contracts	8 500 000	7 167 260.06	1 332 739.94	6 917 892.87
Total	51 850 204	40 729 765.97	11 120 438.03	54 150 544.14
Current expenditure: Subsidies, grants and other transfers				
041. Membership fees: International	1 185 733	1 185 732.65	0.35	623 408.04
044. Individual and non-profit organizations	-	-	-	146 005.82
047. Subsidies to other extra budgetary bodies	2 500 000	2 500 000.00	-	7 086 959.58
049. Support for non-profit organizations	2 300 153	2 003 115.87	297 037.13	865 638.49
Total	5 985 886	5 688 848.52	297 037.48	8 722 011.93
Total: Current expenditure	181 758 000	159 831 439.92	21 926 560.08	177 510 723.32
101. Furniture and Office Equipment	370 000	106 087.98	263 912.02	-
124. Abroad	60 000	46 933.02	13 066.98	-
Total	430 000	153 021.00	276 979.00	-
Total: Operational expenditure	182 188 000	159 984 460.92	22 203 539.08	177 510 723.32

Subdivision	2019/2020			2018/2019
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Development:				
Development: Capital expenditure				
107. Construction, renovation and improvements	6 000 000	2 428 910.85	3 571 089.15	313 104.63
Total	6 000 000	2 428 910.85	3 571 089.15	313 104.63
Total: Development expenditure	6 000 000	2 428 910.85	3 571 089.15	313 104.63
GRAND TOTAL	188 188 000	162 413 371.77	25 774 628.23	177 823 827.95

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate 2019/2020	Actual revenue 2019/2020	More/(Less) than estimated	Actual revenue 2018/2019
	N\$	N\$	N\$	N\$
Miscellaneous	180 000	391 852.67	211 852.67	75 058.48
Commission on stop orders	-	-	-	720.00
Sale of bidding documents	-	21 900.00	21 900.00	29 700.00
Total	180 000	413 752.67	233 752.67	105 478.48

1.4 Notes to the financial statements

1.4.1 Appropriation account: Explanation of variations exceeding 2% between authorised and actual expenditure

Underexpenditure

Main division: 01- Office of the Minister (N\$ 997 762.65 – 15.11%)

The main division underspent with N\$ 997 762.65 on remuneration and training courses. The appropriated budget for remuneration was N\$ 2 959 000.00. Funds on the main division got depleted and a virement was done to increase the budget amount to N\$ 4 651 563.00 to cover the excess. The estimated amount was erroneously captured, thus the under expenditure of N\$ 997 141.83. This error is regretted.

Main division: 02 – General Services (N\$ 11 106 185.16 – 17.61%)

Four (4) staff members were promoted (transferred out of the Ministry). Two (2) staff members resigned and one (1) was cross transferred and the position was not filled within the financial year under review. The duration period to recruit new staff members took longer than expected as it is a cumbersome process, thus the under expenditure. Not all vacant budgeted positions could be filled before the closing of the financial year under review.

Invoices were received late and by the time they were processed on the Integrated Financial Management System it was close to the cut-off date of Ministry of Finance (MoF). Also, invoices were not received on time prior to the closing of the financial year. Most of the invoices were only paid in April 2020.

Funds appropriated for the capital projects (Extension of the Otjiwarongo Regional Office/ Renovation and Upgrading of Regional Offices) under the development budget for the 2019/2020 financial year could not be fully utilized due to reasons beyond the control of this Ministry.

The Ministry of Works and Transport (MWT) assisted this Ministry with the extension of the Otjiwarongo office, renovation of the old Office of the Labour Commissioner (OLC), upgrading and renovation of Walvis Bay, Outjo and Khorixas regional offices project. The technical team of the MWT visited some sites of the regional offices to familiarise themselves with the projects in order to do the designs/plans for the upgrading of the offices.

For the renovation of the old Office of the Labour Commissioner, the Ministry used the existing contract for minor renovations from Khomas Regional Council. The work was completed in June 2020, however, additional work was identified, which was still in the contract amount. The contractor is to finalise the work by end of October 2020.

The Ministry of Works and Transport finalised the structural designs/plans of the Outjo Regional Office in September 2020. The designs of the Otjiwarongo Regional Office needed few changes and will only be finalised by the end of October 2020, whereas the Ministry will invite bids for interior work to be done within the building. The extension of the office will start off in the 2021/2022 financial year. As a result, the funds budgeted could not be utilised for the project. The projects for the Walvisbay and Khorixas Regional Offices were shifted to the 2020/2021 financial year.

Main division: 03 - Labour Market Services (N\$ 3 472 049.42 – 13.39%)

The main division underspent due to the following:

Salary and bonuses had accumulated a huge variation with an amount of N\$ 575 748.68 and N\$ 459 515.93 respectively. The Directorate was unable to utilize all the funds allocated as three (3) of its staff members resigned and one staff member went on early retirement during the financial year under review.

There is a remaining balance of N\$ 70 706.77 and this can be attributed to the positions which became vacant during the financial year due to resignation of staff members.

Subsistence and travel has a remaining balance of N\$ 48 771.57. However, the Directorate was informed by the Finance sub-division not to utilise the said amount as it was earmarked to cater for outstanding commitments amount on the Main division which have been in a minus for months and the staff members were in consultations with the Ministry of Finance in order for the amount to be cleared.

Psychometric testing materials had a remaining balance of N\$ 59 520.92. This amount was supposed to be used for financing of the sound system for the testing room. However, the invoice could not be processed because the payment for the financial year closed. The invoice was received on time, but unfortunately it could not be processed and posted before the cut-off time.

Commissions, Board and Committee fees had a remaining balance of N\$ 190 913.27. These funds were to be used for the media talk shows on different NBC radio stations to create awareness of Employment Service Act

and the Namibia Integrated Employment Information System (NIEIS). However, there was a delay from the NBC in giving out a revised quotation after the first quotation was found to be too expensive. The radio talk shows only took place in the 2021/2022 financial year.

Psychological services had a remaining balance of N\$ 500 000.00. However, this amount was wrongly allocated to this sub-division as it was earmarked for Namibia Standards Classification of Occupation (NASCO) research. The amount could not be utilised during the financial year because the research was postponed to the financial year 2021/2022.

Employment creation vote had a remaining amount of N\$ 500 000.00. The amount was supposed to be used for financing of employment creation initiatives. The internship programme for the graduates which was supposed to be implemented was only finalised toward the end of the financial year. Hence the funds could not be utilised.

The amount of N\$ 839 702.57 on the productivity unit account line item, were earmarked for the procurement of furniture for the productivity centre. The funds were only released in December 2019 and the Bid was advertised thereafter. However, the directorate only learned after the procurement meeting that funds cannot be spent directly from sub-division 027 (line item: Productivity unit), hence there was a need for an external virement. The external virement could not go through due to time constraints and as a result the amount could not be spent during the financial year 2019/2020.

The amount of N\$ 41 699.49, remained on the sub-division after the payment of all the trainings which were offered and there were no further training attended.

An amount of N\$ 111 404.00 remained on the main division. These funds were supposed to finance the printing of careers in Namibia books. The career books could not be printed because the procurement committee experienced lack of quorum. When it finally met and approved the tender, the company indicated that it will not be able to deliver the books on time given the remaining period before the financial year end.

There is a remaining balance of N\$ 52 452.13 on which the directorate did not utilize. The amount was supposed to cater for Office furniture for the office of the director, however, the invoice was only received after the financial year closed.

Main division: 04 – Labour Market Services (N\$ 4 066 357.58 – 9.36%)

The main division underspent due to:

Five (5) Labour Inspectors and four (4) Inspectors (Industries and Machinery) were promoted and one Labour Inspector retired, the positions could not be filled within the financial year under review.

Maintenance of the E-Labour System with the amount of N\$ 150 000.00 could not be utilised because the contract for maintenance was not yet finalised. The amount budgeted for training was not spent because the training provider decided to train the Labour Inspectors at no cost as part of their corporate social responsibility. Occupational Safety and Health Report was paid for by ILO on behalf of the Ministry, thus the under expenditure.

Workmen fund account code depleted due to high level of claims of medical service providers, the Ministry therefore viremented funds to cover the costs. The amount viremented was estimated higher to accommodate unforeseen medical claims, thus the under expenditure.

Main division: 05 – Office of the Labour Commissioner: (NS 4 258 411.04- 16.09%)

The main division underspent due to the following:

The Ministry could not attract qualified arbitrators to fill the vacant positions. Arbitration proceedings were postponed hence arbitrators could not travel to various regions for arbitration proceedings. The acquiring of stationaries and cleaning materials in the fourth quarter took longer than expected due to the procurement procedures that need to be followed.

The Ministry engaged the Singaporean government to set up a new Case Management System for the Office of the Labour Commission. There was a delay in the finalization of the agreement between two governments, hence the underexpenditure. The underexpenditure on the part-time Arbitration and Transcription Services depends on the complexity of the matter, as well as on the number of matters appealed to or reviewed by the Labour court.

Main division: 07 – Office of the Employment Equity Commission (NS 977 552.23- 12.41%)

The main division underspent due to the following:

The supplier to whom the bid was awarded for cartridges and toner failed to deliver, thus the under expenditure. The design for the sign boards and minor upgrading of the building did not materialize due to the fact that the several bids were invited and not all bidders quoted according to the specifications and the Ministry has to obtain sealed quotations instead. However, at the time the bid was awarded, it was already closure of the financial year. Commissions board meetings did not take place as per the schedule. No training took place. The annual report was not ready for printing by the end of the financial year.

Main division: 08 – International Relations and Advice (NS 896 310.15 – 6.06%)

The main division underspent due to the following:

One (1) of the staff members was transferred and thus resulted in underspending on remuneration. The Ministry anticipated that there may be resignations, though nobody resigned, thus the underexpenditure on leave gratuity. The underspending on DSA was due to exchange rates which was more favourable than anticipated.

The underspending on non-governmental travel was due to exchange rates which were more favourable than anticipated. The underspending was a result of members of the Labour Advisory Council who did not attend scheduled meetings and thus no sitting allowances were paid as well as DSA for members from outside Windhoek.

The Ministry only purchased one (1) set of golf T-shirts instead of having two (2) sets each for staff members who attend trade fairs, thus the underexpenditure on promotional materials.

2. GENERAL INFORMATION

2.1 Suspension

The Accounting Officer reported a suspension of N\$ 7 736 000.00 during the year under review.

2.2 Bank accounts

The Accounting Officer reported that the Ministry operated two (2) bank accounts with the necessary Treasury authorization and the closing balances as at 31 March 2020 are indicated below:

Name of account	Banking institution	Balances as at 31 March 2020
Donations account	Bank Windhoek	N\$ 187 665.99
Labour complaints account	Bank Windhoek	448 625.35

2.3 Compensation payments

The Accounting Officer reported total expenditure of N\$ 2 008 968.97 for workmen's compensation.

2.4 Commissions and Special Committees

The Accounting Officer reported total expenditure of N\$ 896 915.40 for Commissions and Special Committees.

2.5 Bursary and study assistance

The Accounting Officer reported that during the financial year under review, the Ministry paid study assistance amounting to N\$ 9 900.00 for one (1) staff member.

2.6 Debt to Government

The Accounting Officer reported eleven (11) incidences of debt to Government amounting to N\$ 279 309.32 for the year under review.

2.7 Points keeping and stocktaking

The Accounting Officer reported that stocktaking was conducted at sixteen (16) out of twenty three (23) stock points countrywide and the outcomes were reported as follows:

Description	Amount
	N\$
Surplus	27 382.74
Deficiencies	4 539.80
Worn and damaged	84 638.62

2.8 Internal inspections

The Accounting Officer reported twenty eight (28) internal inspections, conducted at all regional offices by the Ministry's Internal Audit division during the financial year under review.

2.9 Vehicles (Own fleet)

The Accounting Officer reported a total of one hundred and thirty four (134) vehicles on hand as at 31 March 2020:

	Sedans	Pick-ups and Kombis	Others
Opening Balance 1 April 2019	51	83	1
Acquisition	-	-	-
Written off	(1)	-	-
Auction/returned	-	-	-
Closing balance 31 March 2020	50	83	1

2.10 Losses and damages

The Accounting Officer reported four (4) cases with a total amount of N\$ 36 189.78 in respect of losses and damages by persons employed in the public service during the year under review.

2.11 Wellness

The Accounting Officer reported a total amount of N\$ 14 392.80 paid in respect of wellness activities during the year under review.

2.12 Suspense accounts

Six (6) suspense accounts had outstanding balances at the end of the financial year, of which two (2) had debit balances and four (4) had credit balances as at 31 March 2020:

Description	Balance as at 31 March 2020 Debit/(Credit)
	N\$
Receipt suspense account	179 586.24
S&T Advance suspense account	422 130.06
Rejection account	(238 492.64)
Bills payable	(1 575 796.78)
Electronic Fund Transfer Clearing Account (EFT)	(2 050.00)
Pension Funds: GIPF	(34 158.94)

2.13 Vehicles accidents

The Accounting Officer reported the cost of damage by accidents to the amount of N\$ 192 054.28 during the year under review.

2.14 Capital Projects

The Accounting Officer reported the following development projects of the Ministry during the year under review:

Project name	Approved total cost	Total expenditure as at 31/03/2019	Approved appropriation 2019/2020	Actual expenditure 2019/2020	Total expenditure up to 31/03/2020	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Extension of Labour office - Otjiwarongo Renovations and Upgrading of MLIREC Buildings	31 600 000	313 104.63	1 900 000	-	313 104.63	31/03/2022
	19 245 000	7 329 000	4 100 000	2 428 910.85	9 757 910.85	31/03/2030
Total	50 845 000	7 642 104.63	6 000 000	2 428 910.85	10 071 015.48	

WINDHOEK, 21-10-2020

BRO-MATHEW SHINGUADJA
ACCOUNTING OFFICER

