



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MINISTRY OF MINES AND ENERGY**

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 Mines and Energy 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.

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

WINDHOEK, MARCH 2021

Table of Contents

1.	SECTION A: FINANCIAL AUDIT	1
1.1	UNQUALIFIED AUDIT OPINION	1
1.2	BASIS FOR UNQUALIFIED AUDIT OPINION	1
1.3	KEY AUDIT MATTERS	1
1.4	OTHER MATTERS	1
1.4.1	AUDIT COMMITTEE	1
2.	SECTION B: COMPLIANCE AUDIT AND AUDIT OF PERFORMANCE INFORMATION.....	3
2.1	COMPLIANCE TO LAWS AND REGULATIONS	3
2.2	DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND AUDIT SCOPE.....	3
2.3	AUDIT OBJECTIVE.....	3
2.4	AUDIT CRITERIA	3
2.5	SUMMARY OF METHODS APPLIED	3
2.6	KEY AUDIT FINDINGS	4
2.6.1	UNAUTHORIZED EXPENDITURE.....	4
2.6.2	UNDEREXPENDITURE	4
2.7	OPINION ON THE SUBJECT MATTER.....	4
3.	AUDIT OF PERFORMANCE INFORMATION	4
3.1	DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND AUDIT SCOPE.....	4
3.2	AUDIT OBJECTIVE.....	5
3.3	AUDIT CRITERIA	5
3.4	SUMMARY OF METHODS APPLIED	5
3.5	CONCLUSION ON THE SUBJECT MATTER.....	6
4.	RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS.....	6
5.	AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS.....	6
6.	GENERAL INFORMATION.....	7
7.	ACKNOWLEDGEMENT.....	8
ANNEXURE A	9
1.	AUDITED FINANCIAL STATEMENTS.....	9
1.1	APPROPRIATION ACCOUNT	9
1.2	STANDARD SUBDIVISIONS	10
1.3	DEPARTMENTAL REVENUE	11
1.4	NOTES TO THE FINANCIAL STATEMENTS.....	11
1.4.1	APPROPRIATION ACCOUNT: EXPLANATIONS OF VARIATIONS EXCEEDING 2% BETWEEN THE AUTHORIZED AND ACTUAL EXPENDITURE	11
1.4.2	DEPARTMENTAL REVENUE: EXPLANATIONS OF VARIATIONS EXCEEDING N\$ 200 000.....	13
2.	GENERAL INFORMATION.....	14
2.1	BANK ACCOUNTS	14
2.2	FUND ACCOUNTS	14
2.3	BURSARY AND STUDY ASSISTANCE	15
2.4	Vehicles on hand (own fleet).....	15
2.5	OUTSTANDING COMMITMENTS	15
2.6	ANNUAL STOCKTAKING.....	15
2.7	SUSPENSE ACCOUNTS	15
2.8	CAPITAL PROJECTS.....	16

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.
O/M/A:	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 MINES AND ENERGY
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 Mines and Energy 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 year ended, and other explanatory information.

In my opinion, the financial statements of the Ministry of Mines and Energy as at 31 March 2020 are prepared, in all material respects, in accordance with 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 Supreme Audit Institutions 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 an unqualified 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 Mines and Energy in the financial statements. My opinion is not modified in respect of these matters:

1.4.1 Audit Committee

An Audit Committee assists Ministries in its oversight of the integrity of the Ministry's financial statements, internal controls, compliance with emerging laws and regulations, and financial reporting, internal and external auditors' independence and performance, risk management and overall governance processes. However, it was found that the Ministry does not have an Audit Committee in place.

It is recommended that the Accounting Officer should ensure that an Audit Committee is established as an independent advisory and oversight function to ensure a sound system of internal control, risk management and reliable financial reporting.

Management comment

The Accounting Officer indicated that the Ministry took note of the recommendation and the committee will be established.

1.5 OTHER INFORMATION

Management is responsible for the other information. My opinion on the financial statements does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. There was no other information in connection with my audit of the financial statements for the year under review.

2. SECTION B: COMPLIANCE AUDIT AND 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 Mines and Energy 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 Mines and Energy used the appropriated funds in compliance with the Appropriation Act, 2019 (Act 2 of 2019), State Finance Act, 1991 (Act 31 of 1991), Public Procurement Act, 2015 (Act 15 of 2015), Appropriation Amendment Act, 2019 (Act 3 of 2019), 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 the Ministry of Mines and Energy 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 used in the audit was derived from the following laws and regulations:

- 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 the laws and regulations that governs them. The audit team conducted interviews with management and those charged with governance and document reviews were also carried out.

2.6 KEY AUDIT FINDINGS

2.6.1 Unauthorized expenditure

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

Although Treasury authorization was obtained to utilize certain expected savings for the defrayal of expenditure by way of virements during the year, four (4) operational and one (1) development subdivisions were exceeded by a total amount of N\$ 332 772.86. Although explanations were provided for the unauthorized expenditure, these excess are unauthorized in terms of Section 6(a)(iii) of the Act.

It is recommended that the Accounting Officer should ensure control measures are strengthened to avoid unauthorized expenditure in future.

2.6.2 Underexpenditure

The total budget of the Ministry was underspent with an amount of N\$ 19 212 103.03 (8.53%) and realised underexpenditure on eight (8) main divisions of more than 2%. Although explanations were provided for the underexpenditure Treasury Instruction DC0202 states that *“When drawing up draft estimates Accounting Officers and their Financial Advisers shall take note of and guard against that more funds than can reasonably be spent shall not be requested”*.

In addition, the Ministry did not provide an explanation for the underexpenditure of more than 2% on main division seven (7) - Petroleum Affairs.

It is recommended that the Accounting Officer should comply with Treasury Instruction DC 0202 and ensure that it is adhered to, and provide the explanation for variance for main division-07.

2.7 OPINION ON THE SUBJECT MATTER

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

3. AUDIT OF PERFORMANCE INFORMATION

I have audited the performance information of the Ministry of Mines and Energy 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 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 timeliness.

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 public.

The scoping of the key performance indicators was performed, by looking at the high-level statements, which are indicated in the Mandate of the Ministry of Mines and Energy and the 2017-2022 Strategic Plan. Key performance indicators were selected based on what would be significant to the intended users and their usefulness in assessing the entity's achievements in terms of its service performance objectives.

3.2 AUDIT OBJECTIVE

The objective of the Key Performance Indicator (KPI) audit is to provide 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, programs, and projects.

The objective of this audit is also to provide reasonable assurance to Parliament, members of the general public and other relevant stakeholder whether the reported actual performance has actually occurred and is based on the selected criteria.

3.3 AUDIT CRITERIA

In this audit, I tested the performance information against the following criteria/sub-criteria:

- Compliance with legislative requirements;
- Usefulness;
- Reliability;
- Existence;
- Timeliness;
- Presentation;
- Measurability;
- Relevance;
- Consistency;
- 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 Mandate of the Ministry of Mines and Energy and the Strategic Plan. Key performance indicators were selected based on what would be significant to the intended users and their usefulness in assessing the entity's achievements in terms of its service performance objectives. The scoping on Key performance indicators was conducted on the percentage (%) of equity held by Namibians in mining operations.

3.5 CONCLUSION ON THE SUBJECT MATTER

The audit revealed a satisfactory outcome for the Key Performance Indicator (KPI), the percentage (%) of equity held by Namibians in mining operations regarding the compliance, usefulness, reliability, existence, timeliness, presentation, measurability, relevance, consistency, accuracy, validity and completeness sub-criteria, as the reported performance information was useful, reliable and evidence-based, and thus the Ministry is commended on this.

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 controls 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.

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

Those charged with governance are responsible of overseeing the entity's financial reporting process.

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 a 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 matter are outlined under Section 25(1)(c), Section 26(1) and Section 27(3) of the State Finance Act, 1991 (Act 31 of 1991).

As part of an audit in accordance with the International Standards for Supreme Audit Institutions, I exercise professional scepticism 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 on whether the financial performance and the use of appropriated funds is, 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.

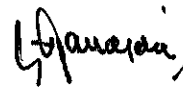
6. GENERAL INFORMATION

The appropriation account was submitted timeously by the Accounting Officer to the Auditor-General on 23 October 2020 in terms of Section 13 of the State Finance Act, 1991 (Act 31 of 1991). The financial statements, notes to the financial statements and general information supplied by the Accounting Officer are attached as Annexure A.

7. ACKNOWLEDGEMENT

The assistance and co-operation of the management and staff of the Ministry of Mines and Energy during the audit is appreciated.

WINDHOEK, MARCH 2021



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

1. AUDITED FINANCIAL STATEMENTS

1.1 Appropriation account

Service	2019/2020		Variations		2018/2019	
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Percentage	Actual expenditure	
	N\$	N\$	N\$	%	N\$	
01. Office of the Minister:						
Original budget	4 313 000					
Less: Virement	(151 000)	4 162 000	3 941 790.91	220 209.09	5.29	3 664 283.05
02. Administration:						
Original budget	66 806 000					
Additional budget	930					
Plus: Virement	2 923 600					
Less: Suspension	(7 300 000)	62 430 530	54 742 769.64	7 687 760.36	12.31	42 049 063.19
03. Mining:						
Original budget	33 891 000					
Less: Virement	(826 370)					
Less: Suspension	(1 700 000)	31 364 630	28 890 505.50	2 474 124.50	7.89	33 423 727.82
04. Geological Survey:						
Original budget	73 594 000					
Plus: Virement	1 567 700					
Less: Suspension	(21 295 930)	53 865 770	51 771 050.84	2 094 719.16	3.89	49 350 477.26
05. Energy:						
Original budget	75 965 000					
Additional budget	342 000					
Less: Virement	(8 317 090)					
Less: Suspension	(29 000 000)	38 989 910	37 956 021.52	1 033 888.48	2.65	60 774 540.39
06. Diamond Affairs:						
Original budget	12 632 000					
Plus: Virement	5 189 900	17 821 900	12 581 614.85	5 240 285.15	29.40	9 605 743.82
07. Petroleum Affairs:						
Original budget	13 630 000					
Less: Virement	(742 740)	12 887 260	12 613 573.83	273 686.17	2.12	10 886 009.43
08. Energy Fund:						
Original budget	5 334 000					
Plus: Virement	356 000					
Less: Suspension	(2 048 000)	3 642 000	3 454 569.88	187 430.12	5.15	1 525 487.64
GRAND TOTAL		225 164 000	205 951 896.97	19 212 103.03	8.53	211 279 332.60

ANNEXURE A (continued)

1.2 Standard subdivisions

Subdivision	2019/2020			2018/2019
	Authorized expenditure N\$	Actual expenditure N\$	Underexpenditure/ (Excess) N\$	Actual expenditure N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	94 940 930	94 876 736.96	64 193.04	87 922 514.78
002. Employer's contribution to GIPF	11 627 652	11 144 518.74	483 133.26	10 732 754.74
003. Other conditions of service	1 450 890	1 352 071.34	98 818.66	1 403 369.58
005. Employers contribution to the social security	242 100	238 785.14	3 314.86	238 359.13
Total	108 261 572.00	107 612 112.18	649 459.82	100 296 998.23
Current expenditure: Goods and other Services				
021. Travel and subsistence expenses	5 581 000	5 279 791.66	301 208.34	3 587 323.51
022. Materials and supplies	2 323 000	1 633 425.40	689 574.60	954 174.85
023. Transport	6 200 418	3 254 058.81	2 946 359.19	4 532 867.89
024. Utilities	12 956 940	10 798 396.13	2 158 543.87	9 989 815.05
025. Maintenance expenses	4 200 000	3 854 855.56	345 144.44	550 168.63
027. Other services and expenses	1 299 000	1 184 266.10	114 733.90	3 822 260.32
028. Training course, symposiums & workshops	500 000	489 434.53	10 565.47	230 899.17
029. Printing and advertisements	700 000	657 581.65	42 418.35	418 383.28
031. Politicians entertainment	48 000	23 143.39	24 856.61	47 260.15
033. Office refreshments	220 000	117 910.80	102 089.20	148 774.33
038. Consultancy fees	200 000	177 779.93	22 220.07	-
040. Security contracts	690 000	423 549.21	266 450.79	258 336.75
Total	34 918 358	27 894 193.17	7 024 164.83	24 540 263.93
Current expenditure: Membership Fees and Subscriptions				
041. Membership fees: International	7 971 000	2 142 931.91	5 828 068.09	3 463 001.83
042. Membership fees: Domestic	-	-	-	1 900.00
053. Subsidies for State Owned Enterprises	7 500 000	7 500 000.00	-	12 000 000.00
Total	15 471 000	9 642 931.91	5 828 068.09	15 464 901.83
Capital Expenditure: Capital transfers				
101. Furniture and office equipment	50 000	50 000.00	-	-
102. Vehicles	700 000	696 707.72	3 292.28	-
124. Abroad	2 000 000	2 000 000.00	-	-
Total	2 750 000	2 746 707.72	3 292.28	-
Total: Operational expenditure	161 400 930	147 895 944.98	13 504 985.02	140 302 163.99
Development:				
Capital expenditure: Goods and Services				
022. Materials and supplies	3 300 000	3 223 946.27	76 053.73	3 085 988.27
027. Other services and expenses	20 680 612	19 734 839.16	945 772.84	10 760 129.01
028. Training course, symposiums and workshops	200 000	40 000.00	160 000.00	-
029. Printing and advertisements	100 000	-	100 000.00	-
035. Maintenance expenses	500 000	348 287.44	151 712.56	-
Total	24 780 612	23 347 072.87	1 433 539.13	13 846 117.28
Capital expenditure: Acquisition of Assets				
101. Furniture and office equipment	400 000	200 000.00	200 000.00	-
103. Operational equipment machinery and plant	2 600 000	1 613 845.65	986 154.35	3 497 513.11
105. Feasibility studies, design and supervision	10 000 000	10 000 000.00	-	8 435 068.71
107. Construction, renovation and improvement	22 982 458	19 895 033.47	3 087 424.53	41 698 469.51
121. Government organisations	3 000 000	3 000 000.00	-	3 500 000.00
TOTAL	38 982 458	34 708 879.12	4 273 578.88	57 131 051.33
Total: Development expenditure	63 763 070	58 055 951.99	5 707 118.01	70 977 168.61
GRAND TOTAL	225 164 000	205 951 896.97	19 212 103.03	211 279 332.60

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	230 000	337 976.98	107 976.98	2 463 051.23
Geological survey	200 000	99 013.43	(100 986.57)	28 684 945.59
Oil exploration-rental fees	29 500 000	29 412 961.99	(87 038.01)	24 040 722.93
Unclaimed cheques	-	-	-	4 940.00
Prospecting license and claims	2 000 000	2 968 383.76	968 383.76	4 538 997.13
Diamond royalties	1 268 000 000	706 641 773.63	(561 358 226.37)	1 255 108 363.29
Other mineral royalties	315 000 000	545 864 433.84	230 864 433.84	347 036 605.19
Sale of bidding documents	200 000	153 000.00	(47 000.00)	156 700.00
Private telephone calls	-	688.15	688.15	-
Total	1 615 130 000	1 285 478 231.78	(329 651 768.22)	1 662 034 325.36

1.4 Notes to the financial statements

1.4.1 Appropriation account: Explanations of variations exceeding 2% between the authorized and actual expenditure

Underexpenditure

Main division 01: Office of the Minister (N\$ 220 209.09 - 5.29%)

The underexpenditure was mainly attributed by the delay in filling the position of the Secretary to the Office of the Minister. The delay has contributed to the underexpenditure on employers contribution to GIPF and Social Security. Furthermore, some planned trips were cancelled, resulting on underexpenditure on the daily subsistence and travel allowance (DSA). In addition, the entertainment allowance could not be utilized as expected, resulting in the underexpenditure.

Main division 02: Administration (N\$ 7 687 760.36 - 12.31%)

The underexpenditure on the main division arises from materials and supplies and renovation, resulting from the cancellation of bids during the last quarter of the financial year, due to non- responsiveness of bids. Another contributing factor is on transport where funds were put aside to cater for the invoices from the Government Garage. However, the Ministry was not billed for the service rendered by the Government Garage for more than seven (7) months. The non-billing by Government Garage resulted in the underexpenditure on transport for the period under review. Furthermore, the Ministry budgeted for security services for the Regional Offices, however, due to the delay in the finalisation of the procurement process, the contracts were only implemented effective from 01 January 2020, resulting in the underexpenditure.

Main division 03: Mining (N\$ 2 474 124.50 - 7.89%)

There were trips undertaken towards the end of the financial year, which resulted in staff members not being able to submit their claims on time. These trips were only processed in the new financial year, resulting in the underexpenditure.

ANNEXURE A (continued)

The Ministry has a small scale mining project in Khorixas. The Ministry had been experiencing problems with the contractor. This led to the termination of the contract due to non-performance of the contractor. As a result of the termination, consultants had to be re-engaged under the new Public Procurement Act, 2015 (Act 15 of 2015) to oversee the finalization of the construction which currently stands at ninety-five percent (95%) completion. The process of engaging the consultants and the contractors took longer than anticipated resulting in the underexpenditure on the small-scale mining project. In addition, the underexpenditure on the small-scale mining project has affected the spending on the utility subdivision which was budgeted for payment of utilities for the Khorixas project.

Main division 04: Geological Survey (N\$ 2 094 719.16 - 3.89%)

The underexpenditure was contributed by the following factors:

The materials and supplies budget for the laboratory and geological field equipment could not be fully utilized due to delays experienced in the procurement process. The payments on foreign subscriptions were delayed due to invoices that were received late from the supplier after the closing date for the processing of foreign payments. Most of the foreign subscriptions were due in the last quarter of the financial year. Hence, some countries could not send their invoices on time due to the COVID-19 lockdown measures which started earlier in Europe. Although the Ministry tried its best to contact the suppliers, no solution was found until the closure of the financial year.

Another challenge was on the project that was awarded in the period under review for the development of Geotechnical data which was challenged by the review panel. It was resolved that the bid should be cancelled and re-advertised. Considering the remaining period at the time, the Ministry managed to re-advertise the bid, but could not award the bid before the closure of the financial year, resulting in the underexpenditure.

Fourteen percent (14%) of the budget allocated for the Regional Geochemical sampling survey could not be spent, because the Ministry could not source the helicopter services from the Ministry of Defence (MOD) as planned. In addition, the invoice for sampling equipment could not be paid during the financial year under review due to the delayed delivery of goods. Seven percent (7%) of the budget allocated for the Geo-Laboratory upgrade project could not be spent because the acquisition of spare parts and the application specialist for the Atomic Absorption Spectrometer could not materialize due to the delays from the specialized service provider.

Main division 05: Energy (N\$ 1 033 888.48 – 2.65%)

The underexpenditure was contributed by the delay in filling vacant positions. Another contributing factor was on transport where delays were experienced on the finalization of the contract with service providers for the servicing and repair of vehicles. Furthermore, underexpenditure was reported on the Irena subscription due to the overestimation of the budget. Although the subscription was paid, it was less than expected.

Main division 06: Diamond Affairs (N\$ 5 240 285.15 - 29.40%)

The main contributing factor to the underexpenditure on transport was due to the delay in obtaining contracts with service providers, resulting in an underexpenditure.

Main division 08: Energy Fund (N\$ 187 430.12- 5.15%)

The underexpenditure was on employers contribution to GIPF and Social Security, which was over-estimated when the provision was made on the filling of two (2) vacant positions.

1.4 2 Departmental Revenue: Explanations of variations exceeding N\$ 200 000

Overestimated

Diamond royalties (N\$ 561 358 226.37)

The decrease in the royalties collected was caused by the overall decline in carats produced during the 2019/2020 financial year which affected the sales.

Underestimated

Prospecting license and claims (N\$ 968 383.76)

The reason for collecting more money from Exclusive Prospecting License (EPL) and mining claim applications than forecasted, was because more clients showed interest in lodging applications. The number of applications has therefore surpassed the predicted figure during the 2019/2020 financial year.

Other mineral royalties (N\$ 230 864 433.84)

The difference was caused by favourable market prices especially in the base and rare metals, coupled with high production recorded during the year under review. Furthermore, new mining companies paid royalties during the year.

2. GENERAL INFORMATION

2.1 Bank accounts

The Accounting Officer reported the following bank accounts with closing balances as at 31 March 2020 as follows:

Account name	Bank	Closing balance as at 31 March 2020
Solar Revolving Fund	First National Bank	N\$ 2 449 431.58
Solar Revolving Fund	First National Bank	N\$ 17 672 344.38
Solar Revolving Fund	First National Bank	N\$ 166 485.78
Botschaf Der Republik Namibia	UniCredit Bank Austria AG	€ 30 164.67
Geological Survey Infrasound	Standard Bank	N\$ 1 061 226.26

2.2 Fund accounts

The Accounting Officer reported the following fund accounts with closing balances as at 31 March 2020 as follows:

Fund name	Bank name	Closing balance as at 31 March 2020
		N\$
Diamond Board of Namibia	Bank Windhoek	9 050 367.67
Diamond Valuation Fund	First National Bank	160.20
Mineral Development Fund	First National Bank	2 282 570.52
Mineral Development Fund	First National Bank	1 077 966.61
National Energy Fund: Petroleum Equalisation on levy	Bank Windhoek	380 555 349.00
Petroleum & Energy Account	Bank Windhoek	4 657 408.84
Electricity levy	Bank Windhoek	46 225 177.33
Strategic oil storage USD forex account	Standard Bank	9 106 089.87
Strategic oil storage disbursement	Standard Bank	35 379 114.60
Strategic oil storage levy revenue account	Standard Bank	102 811.02
Strategic oil storage DBN debt reserve account	Standard Bank	156 881 162.58
Investec Management Equalisation levy	Investec Asset Management	182 127 316.60
Invested Electricity levy	Investec Asset Management	26 783 428.91
IJC Securities - Equalisation levy	IJG Securities Money Market Trust	162 175 869.21
IJC Securities - Electricity levy	IJG Securities Money Market Trust	27 029 311.54
Namasset - Equalisation levy	Namibia Asset Management	11 237 185.31
Namasset - Equalisation levy	Namibia Asset Management	48 061 944.40
Capricorn Investment Fund	Capricorn Asset Management	8 988 777.80
Capricorn Investment Fund	Capricorn Asset Management	47 013 021.65
Capricorn Investment Fund	Capricorn Asset Management	219 645 840.26
Standard Bank Money Market Fund	Stanlib Unit Trust Management	106 741 429.41
Standard Bank Money Market Fund	Stanlib Unit Trust Management	46 233 761.62
Standard Bank Money Market Fund	Stanlib Unit Trust Management	8 180 349.86
Standard Bank Money Market Fund	Stanlib Unit Trust Management	13 243.23
Standard Bank Equalisation levy call account	Standard Bank	36 000 000.00
Standard Bank Electricity call account	Standard Bank	45 000 000.00
Standard Bank Money P&E Gen Levy Call account	Standard Bank	1 000 000.00
Standard Bank Call account	Standard Bank	129.46

ANNEXURE A (continued)

2.3 Bursary and study assistance

The Accounting Officer reported an amount of N\$ 13 266 paid in respect of study assistance for two (2) staff members for the financial year under review.

2.4 Vehicles on hand (own fleet)

The Accounting Officer reported eight (8) vehicles were purchased during the year valued at N\$ 4 717 553.72 and a total of one hundred and one (101) vehicles on hand valued at N\$ 30 344 790.77 as at 31 March 2020.

2.5 Outstanding commitments

The Accounting Officer reported outstanding commitments amounting to N\$ 4 714 654.22 at the end of the financial year.

2.6 Annual stocktaking

The Accounting Officer reported stock and equipment valued at N\$ 39 425 771.98 kept at two (2) stock points, surpluses of N\$ 117 930, shortages and deficiencies of N\$ 164 960 and obsolete and worn-out stock and equipment valued at N\$ 67 934, for the year under review.

2.7 Suspense accounts

The final ledger shows the following seventeen (17) suspense accounts with balances as at 31 March 2020:

Description	Balance as at 31 March 2020 Debit/(Credit)
	N\$
Receipt suspense account	(128 231 027.33)
RD cheques	79 600.00
S&T advance suspense account	(182 318.27)
Rejection account	(110 409.44)
Bills payable	(14 211.23)
Electronic fund transfer clearing account	(41 871.48)
Social security	(48.99)
Tax code	(59 812.54)
Salary interface control account	0.93
Pension fund: GIPF	(92 120.72)
Pension fund: Political Office Bearers	69 358.00
National Housing Enterprises (10%)	(669.59)
Standard Bank (Windhoek)	58 174.06
First National Bank (Windhoek)	(8 290.76)
Bank Windhoek Main Branch	1 968.00
Commercial Bank of Namibia	7 000.00
Debt establishment	(18 893.19)

2.8 Capital projects

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

Project name	Approved total budget	Total expenditure as at 31/03/2019	Approved appropriation 2019/2020	Actual expenditure 2019/2020	Total actual expenditure at 31/03/2020	Expected year of completion
National Airborne Geophysical Survey (NAGS)	N\$ 70 000 000	N\$ 43 960 276.90	N\$ 2 500 000	N\$ 2 529 097.60	N\$ 46 489 374.50	31/03/2023
Geological Samples Storage and Database	52 524 000	22 272 519.08	984 970	970 421.80	23 242 940.88	31/03/2023
Regional Geological Mapping	51 760 000	26 672 837.43	2 478 100	2 091 945.65	28 764 783.08	31/03/2023
Seismology and Ground Geophysics	521 412 000	6 261 895.32	3 500 000	3 500 000.00	9 761 895.32	31/03/2023
Regional Geochemical Sampling Survey	67 376 000	12 314 517.90	3 000 000	2 584 221.09	14 898 738.99	31/03/2026
Regional Integrated Interpretation Geophysics (RIIG)	199 750 000	3 500 000.00	2 500 000	2 487 030.74	5 987 030.74	31/03/2026
Engineering and Environmental Geological Assessment	9 623 000	1 677 667.08	500 000	348 287.44	2 025 954.52	31/03/2026
Upgrading of Geo Laboratories and Staff Training	31 004 000	11 945 489.67	1 500 000	1 400 000.00	13 345 489.67	31/03/2023
Small Scale Mining	68 906 000	35 354 839.61	2 500 000	500 363.11	35 855 202.72	31/03/2023
Rural Electrification	885 374 000	703 273 269.45	27 482 458	27 482 457.47	730 755 726.92	30/03/2025
Namibia Energy Institute (NEI)	98 610 000	33 750 000.00	3 000 000	3 000 000.00	36 750 000.00	31/03/2026
Upgrading and Expanding of IT Infrastructure	71 231 000	2 882 742.38	9 017 542	8 949 551.09	11 832 293.47	31/03/2023
Construction of Ministerial Regional Office in Swakopmund	7 442 000	43 691 097.60	700 000	-	43 691 097.60	31/03/2021
Renovation and extension of MME buildings	100 900 000	21 639 538.36	4 100 000	2 212 576.00	23 852 114.36	31/03/2025
Total	2 235 912 000	969 196 690.78	63 763 070	58 055 951.99	1 027 252 642.77	

WINDHOEK, 2020-10-23

SIMEON.N. NEGUMBO
ACCOUNTING OFFICER