



# GOVERNMENT GAZETTE

## OF THE

# REPUBLIC OF NAMIBIA

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## Government Notice

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### OFFICE OF THE PRIME MINISTER

No. 56 2006

#### ADMINISTRATIVE DIRECTIVE RELATING TO OVER-EXPENDITURE

The following Administrative Directive (No. 1 of 2006) was issued by the Right Honourable Prime Minister to Accounting Officers and other staff members in the Public Service:

1. Pursuant to deliberations on reports of the Auditor-General, Cabinet expressed concern with regard to the recurrent instances of over-expenditure within Offices, Ministries and Agencies (O/M/As), including cases of financial indiscipline mentioned in the said reports of the Auditor-General.
2. Exceeding approved budget limits represents a disregard of the National Assembly's powers to control and authorize the use of tax-payers money for approved activities and up to specified limits. Therefore, in view of the escalating trend within Offices, Ministries and Agencies with regard to unauthorized expenditure, I wish to invite your attention to *Section 6 and Section 9 of the State Finance Act, 1991*, which read as follows:

***"6. Subject to the provisions of sections 9 and 16 (1) (a) no expenditure shall be incurred during a financial year on services of the State which -***

- (a) *in the case of expenditure in respect of which an amount of money has been appropriated by an appropriation Act-*
- (i) *results in the total amount mentioned in an estimate of expenditure in respect of a vote being exceeded;*
  - (ii) *results in the total amount mentioned in a main division of a vote being exceeded;*
  - (iii) *results in the total amount mentioned in a subdivision of a main division being exceeded;*
  - (iv) *results in a Column 2 amount of any vote being exceeded;*
- (b) *in the case of expenditure in respect of which amounts of money have been appropriated by or under any other law, results in the amounts determined by or under such law being exceeded."*

**"9. (1) Notwithstanding the provisions of sections 6 and 7, the Minister may -**

- (a) *until an amount of money has been appropriated by an appropriation Act in respect of a financial year, but during a period not exceeding four months after the commencement of such financial year, authorize the withdrawal of monies from the State Revenue Fund without an appropriation by law, in order to defray expenditure on services in respect of which money was appropriated in the preceding financial year: Provided that -*
- (i) *the total amount of money which may be so authorized shall not at any time exceed an amount of money equal to thirty-three percent of the total amount of money appropriated by an appropriation Act for the preceding financial year;*
  - (ii) *any expenditure on services defrayed under such authorization before the commencement of the appropriation Act in respect of the financial year concerned, shall be deemed to be expenditure defrayed under that appropriation Act;*
- (b) *authorize the withdrawal of moneys from the State Revenue Fund in order -*
- (i) *to defray expenditure on services in connection with any anticipated excess of an amount mentioned in an estimate of expenditure in respect of a vote;*
  - (ii) *to defray expenditure on services of a special nature which are not provided for in an appropriation Act, if the Minister is satisfied that the expenditure concerned cannot without serious detriment to the public interest be postponed until provision can be made therefore by law;*
- (c) *authorize the establishment of a new main division and, if necessary, subdivisions thereof in respect of a vote for the expenditure referred to in paragraph (b)(ii);*

- (d) *authorize the withdrawal of moneys from the State Revenue Fund in order to defray expenditure on services in connection with an anticipated excess of a Column 2 amount.*
- (2) *The Minister shall not authorize under subsection (1)(b) or (d) the withdrawal of an amount of money which at any time exceeds an amount of money equal to three percent of the total amount appropriated by the current appropriation Act or of the total amount of money in respect of which the withdrawal has been authorized under subsection (1)(a), as the case may be, and particulars of the amounts of money withdrawn there under, shall be submitted by the Minister to the National Assembly for appropriation of the amounts concerned, not later than the end of the financial year in which such withdrawal has been authorized.*
- (3) *Any main division established under paragraph (c) of subsection (1), shall for the purposes of this Act be deemed to have been shown in the estimate of expenditure concerned.*
3. You should also ensure compliance with Section 16 and 17 of the State Finance Act, 1991, which describes the powers of the Treasury.
4. Attention is also drawn to the fact that many of the Auditor-General's reports express concern about large un-recovered S&T advances. Compliance with Treasury Instructions HB 0505 and 0506 should be ensured. These instructions read as follows:
- "HB 0505 - A claim for subsistence and other anticipated expenditure shall be submitted within 30 days after a person returned to his headquarters and monthly by a person who is elsewhere for a long period. Advances which are not standing advances shall be set off against claims for subsistence and other expenditure, and should the claim be less than the advance, the difference shall be repaid immediately by the relevant person."*
- "HB 0506 - Where a person neglected to submit a claim for subsistence and other anticipated expenditure within 30 days after he returned to his headquarters or monthly by an official who is elsewhere for a long period, the outstanding amount on an advance against his claims shall be deducted monthly from his/her salary starting from the next month. The amount deducted shall not exceed 25% of his monthly salary."*
5. Another important financial discipline tool is the Tender Board of Namibia Act, 1996 (Act 16 of 1996). Special attention is drawn to Section 17 of the Act which reads as follows:
- 17.(1) *If, in respect of the procurement of goods and services for, or the letting or hiring of anything or the acquisition or granting of any right for or on behalf of, or the disposal of property of, the Government -*
- (a) *the estimated value thereof does not exceeded N\$ 10 000;*
- (b) *the opposite party to an agreement to be entered into is -*
- (i) *a statutory body, local authority or regional council in Namibia approved by the Minister; or*

- (ii) *the government of, or any statutory body, local authority or regional council in, a country other than Namibia, which statutory body, local authority or regional council the Minister has likewise approved,*
- (c) *the Board in any particular case for good cause deems it impracticable or inappropriate to invite tenders,*
- the Board need not comply with the provisions of section 11; and*
- (2) *In the application of subsection (1) (c), the reasons for not inviting tenders shall be kept on record by the Board.*
6. In order to improve financial controls and to avoid any over-expenditure, it is of vital importance to keep an up to date commitment register as prescribed in the Treasury Instructions, *Chapter DG 0000*. The late receipt of the General Ledger should not be used as an excuse for not reconciling the accounts on monthly basis. I, however, agree that the late receipt of the General Ledger from the Ministry of Finance has an impact on reconciliation of accounts, but in the absence of the General Ledger the commitment register should be used to control over-expenditure.
7. It is imperative to stress that you are responsible for ensuring that all disbursements are made within budgetary allocations. Furthermore, it needs to be emphasized that Permanent Secretaries are personally answerable to the Public Accounts Committee of the National Assembly. Equally, as accounting officers, you are liable to be surcharged for any unauthorized, irregular or wasteful expenditure by your respective ministries or for any loss of revenue resulting from financial irregularity or serious inefficiency.
8. Your attention is drawn to Treasury Instructions, *Chapter DG 0000*, which deals with commitment and receipt registers, and *Chapter BB 0000* which deals with responsibilities of Accounting Officers.
9. I look forward to an improvement in overall financial management processes, with specific reference to the internal control mechanisms employed within all State institutions.
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