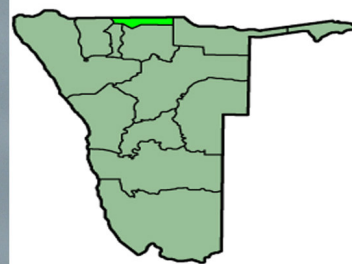




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

REGIONAL COUNCIL OF THE OHANGWENA REGION

FOR THE FINANCIAL YEARS ENDED 31 MARCH 2006 AND 2007

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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 Regional Council of the Oshana region for the financial years ended 31 March 2006 and 2007, 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, November 2009

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE
ACCOUNTS OF THE REGIONAL COUNCIL OF THE OHANGWENA REGION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2006 AND 2007**

1. INTRODUCTION

The Regional Council of the Ohangwena region was established under Section 2(1) of the Regional Councils Act, 1992 (Act 22 of 1992).

The financial powers, duties and functions of the Council are stipulated in Article 108 of the Namibian Constitution and Section 28 of the Regional Councils Act. Sections 39 and 40 of the Act require that accounting records of the Council shall be kept and its financial statements shall be prepared by its Chief Regional Officer.

Figures in the report are rounded off to the nearest Namibian dollar.

2. FINANCIAL STATEMENTS

The Regional Council's financial statements were submitted to the Auditor-General by the Accounting Officer in compliance with Section 40(1) of the Regional Councils Act, 1992, **except that the statements related to the 2005/06 financial year were submitted on 1 February 2007 and those related to the 2006/07 financial year on 16 December 2008. The Act allows a period of three months after year end.** The abridged balance sheets, Annexure A, are a true reflection of the original.

The following annexures are also attached to this report:

- Annexure B: Statements of income and expenditure
- Annexure C: Cash flow statements*
- Annexure D: Notes to the financial statements

* The Council did not prepare cash flow statements for the years under review. These have been compiled by the auditors in the required format.

3. DELAY OF THE REPORT

The Office of the Auditor-General experienced a lack of capacity which contributed to the delay.

4. SCOPE OF THE AUDIT

The Chief Regional Officer of the Regional Council is responsible for the preparation of the financial statements and of ensuring the regularity of the financial transactions. It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and the regularity of the financial transactions included in them and to report his opinion to the National Assembly.

The audit as carried out by staff of the Office of the Auditor-General, included:

- examination on a test basis of the evidence relevant to the amounts, disclosure and regularity of the financial statements.

The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- the financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;
- in all material respects, expenditure and income have been applied to the purposes intended by the Regional Councils Act; and
- the financial transactions conform to the authorities which govern them.

4. AUDIT OBSERVATIONS AND COMMENTS

4.1. ANALYSIS OF FINANCIAL INFORMATION

During the year under review the analysis of the budget and the actual expenditure has not been done due to the fact that the Council did not process the budgeted figures onto the pastel financial system. Such controls are necessary to detect excess expenditure timeously.

4.2 Fixed assets

2006/07

4.2.1 No reliance could be placed on the fixed asset register, as the closing balances in the fixed asset register differ from the closing balances reflected in the general ledger.

4.2.2 Assets to the value of N\$ 24 049 were not included in the fixed asset register. These amounts were discovered from the payment vouchers. Details of the assets are indicated in the table below:

Date	Details	Cheque nr	Amount
30 March 2007	Office furniture	8442	22 494
25 July 2006	Office equipment	7364	1 555
Total			24 049

4.2.3 The opening balances reflected in the annual financial statements do not correspond with the closing balances of the previous financial statements; hence the audit team could not obtain assurance of the correctness of fixed asset amounts. The value of Land and Buildings was not included in the 2005/06 financial statements but the opening balance has been reflected as N\$ 7 457 143 in the 2006/07 financial year.

4.2.4 The fixed asset register reflects a recording of a cell phone amounting to N\$ 2 849 (bought on 8th February 2007). This asset entry could not be traced in the general ledger and trial balance.

2005/06

4.2.5 Although assurance that assets do exist was obtained from the fixed asset register provided by the Council, the closing balances in the fixed asset register differ from the closing balances in the general ledger. It was noted that the serial numbers and location of the fixed assets were not recorded in the asset register. Furniture and fittings to the value of N\$ 26 918 were not reflected in the fixed asset register.

4.3 Capital projects (2007)

Capital projects reflected in the previous financial year were capitalized but the categories were differently reflected in the current financial year. Furthermore, additions to current capital projects were difficult to verify due to the fact that expenditure was processed according to suppliers but not according to project categories.

Descriptions or references to expenditure related to projects are not properly recorded in the general ledger. Hence no assurance was obtained concerning the correctness of the additions to capital projects.

4.4 Cash and bank

4.4.1 Bank reconciliation

2007

First National Bank - Current account

At the time of audit, a difference of N\$ 60 754 was noted between the cash-book balance (N\$ 266 136) and the bank reconciliation figure (N\$ 205 382).

2006

At the time of audit, a difference of N\$ 69 574 was noted between the cash-book balance (Unfavourable – N\$ 1 944 193) and the bank reconciliation figure (Unfavourable – N\$ 1 874 619) for the First National Bank current account.

Furthermore, cheques to the total value of N\$ 11 911 were stale cheques at the end of the financial year but were not reversed.

A difference of N\$ 125 611 has also been noted for the Standard Bank Call Deposit account. This resulted from differences between the bank statement closing balance of N\$ 2 593 576 and the bank reconciliation closing balance of N\$ 2 467 965.

4.4.2 Cash Control Account (2007)

The outstanding balance of N\$ 37 715 indicates that no reconciliation has been performed. This account should have been cleared at the end of the financial year.

4.5 Inventory (2006 & 2007)

During the year under review the Council did not prepare a stock-taking report for consumable items. As a result inventory is not disclosed in the annual financial statements.

4.6 Salaries and wages

2007

At the time of the audit the VIP payroll printout for April 2006, December 2006, January 2007 and March 2007 were not provided for audit purposes. Reconciliations on salary and wages could thus not be performed. Furthermore the Council does not maintain a salary control account hence differences between the general ledger and the payroll journal, amounting to N\$ 83 623 could not be rectified timely.

2006

The audit area of payroll was found to be satisfactory, except for the following:

- A difference of N\$ 13 251 was found between the VIP payroll list and the general ledger. Variance reports are not printed every month.
- During the year under review it was noted that the taxable amount on the vehicle benefit of the Regional Governor is not calculated.

4.7 Expenditure

2007

4.7.1 Subsistence and traveling

4.7.1.1 During the year under review, supporting documents for claims amounting to N\$ 269 507 were not submitted for audit purposes. Details of the claims are contained in the management letter.

4.7.1.2 Furthermore, it was observed that outstanding advances are cleared off at the end of the financial year without claims being submitted.

4.7.1.3 Three transactions to the amount of N\$ 22 735 have been duplicated in the general ledger. Details have been included in the management letter.

4.7.2 General expenditure

2007

4.7.2.1 At the time of the audit supporting documents for transactions amounting to N\$ 70 669 were not submitted for audit purposes. Details of these transactions are as follows:

Date	Details	Cheque number	Amount
			N\$
12/04/2006	Nored	0698	1 216
30/06/2006	IWAY	7597	5 201
27/10/2006	Eenhana Comm Centre	7789	300
27/10/2006	Ondobe Comm Centre	7812	600
23/01/2007	Cacco Meetings	8138	10 364
03/10/2006	World Habitat Day	7726	10 000
15/11/2006	Helao Nafidi Town Council	7878	3 000
27/04/2006	Oshakati Business School	6998	16 488
20/09/2006	Trade Fair	7626	10 000
11/07/2006	Ondobe Constituency Office	7307	10 000
15/09/2006	Entertainment: Governor	7609	3 500
TOTAL			70 669

4.7.2.2 It was further noted that the Council issued cash cheques amounting to N\$ 20 000. Details of the transactions are as follows:

Date	Details	Cheque number	Amount
			N\$
03/10/2006	World Habitat Day	7726	10 000
20/09/2006	Trade Fair	7626	10 000
TOTAL			20 000

4.7.2.3 Proper filing of expenditure vouchers was not done during the year under review.

2006

The following irregularities were discovered:

- a) Cheque numbers 006543 and 006598 were issued without proper authorization. Only one signature appears on these cheques.
- b) It was further observed that the Council did not follow the tender procedure for the repair of the Council vehicles to the value of N\$ 82 842. Exemption from tender procedures should be supported with a Council resolution.
- c) The general ledger reflects an expenditure of N\$ 41 123 (cheque number 6640). No supporting documents could be obtained for the expense incurred.

4.8 Funds

4.8.1 Income – Build Together program

2007

A difference of N\$ 1 713 000 was found between the total amount received since the 1998/99 financial year for the Build Together program and the amount reflected in the annual financial statements of N\$ 2 648 105. The audit figure amounted to N\$ 4 361 105.

4.8.2 Expenditure

2007

- (a) It was noted that supporting documents for expenditure of delegated functions amounting to N\$ 780 698 were not submitted for audit purposes.

Date	Details	Reference number	Amount
13/10/2006	China Jiangsu International	PN 100507	N\$ 475 129
02/11/2006	China Jiangsu International	PN 100508	305 569
TOTAL			780 698

- (b) It was further observed that expenditure amounting to N\$ 1 860 523 was not reflected in the general ledger and cash-book of the Council, and as such expenditure for delegated functions could be understated.

Date	Details	Cheque number	Amount
05/12/2006	China Jiangsu International	007969	N\$ 804 368
22/03/2007	China Jiangsu International	008351	482 929
21/02/2007	China Jiangsu International	008244	573 226
TOTAL			1 860 523

2006

It was noted that expenditure for the Build Together program to the total value of N\$ 236 026 has not been reflected in the annual financial statements.

4.9 Income

4.9.1 Revenue received (2006)

At the time of the audit the following differences were found on actual revenue received:

Month	Settlement area	Cash-book figure	Audited figure	Difference
		N\$	N\$	N\$
March '06	Ongha	3 534	2 220	1 314
April '05	Ongenga	2 846	2 616	230
March '06	Ongenga	5 011	4 261	750
April '05	Omungwelume	4 171	3 700	471
March '06	Omungwelume	5 741	5 955	(214)
TOTAL				2 551

Furthermore, it was observed that no management checks are done on the face value documents.

4.9.2 Accounts receivable

Income is understated with N\$ 139 062 due to the fact that no debtor account has been created for Nored who owed this amount with regard to the unpaid surcharges for the months January 2006 to March 2006.

4.9.3 Interest received (2006)

An amount of N\$ 136 603 was deposited into the First National Bank 32 Day call account on 2 June 2005. The amount has been included as interest received per journal. No supporting documents could be submitted.

Furthermore, according to the bank statements of the Standard bank call deposit account, interest received amounts to N\$ 125 621. This interest received was not reflected in the annual financial statements.

4.9.4 Water billing (2007)

From the audit sample selected it was noted that not all the billings for the Eeengendjo Senior Secondary School are included in the customer detailed ledgers. The value of the billings not included in the customer detailed ledger amounts to N\$ 104 944. Details of these transactions are as follows:

Date	Detail	Bill number	Amount
			N\$
16 October 2006	Eengendjo SSS	350356	20 954
15 January 2007	Eengendjo SSS	350849	15 446
15 February 2007	Eengendjo SSS	351007	22 371
15 September 2006	Eengendjo SSS	350193	26 306
15 December 2006	Eengendjo SSS	350562	19 867
Total			104 944

Furthermore, it was observed that no management checks are done on the face value documents.

4.9.5 Royalties and dividends (2007)

It was noted that surcharges from Nored for January 2006, February 2006 and March 2006 amounting N\$ 139 062 were received in the year under review and recorded as such in the cash-book as well as in the bank statement but these are not reflected in the general ledger nor as debtors in the 2005/06 financial year.

4.10. Debtors

4.10.1 Water sales (2006 & 2007)

From the sample selected, it was observed that the calculation of closing balances for water sales on most of the yellow cards was not correctly done. Debtors could as a result be misstated in the annual financial statements.

4.10.2 Build Together program (2006)

From the sample selected, a difference of N\$ 108 347 has been observed between the amounts owed as per general ledger (N\$ 736 339) and the loan repayment schedule (N\$ 844 686) for the Build Together program. Details are contained in the management letter. Build Together debtors as reflected in the annual financial statements could as such be misstated.

4.10.3 Water sales - Ongha Settlement (2006)

The general ledger reflects an amount of N\$ 658 357 as being owed for water sales whereas the annual financial statements reflect debtors for the Ongha settlement as N\$ 667 204.

4.11 Creditors

2007

During the year under review, the following liabilities could not be confirmed due to the non-submission of supporting documents:

Details	Amount
	N\$
Creditors control	67 333
Provision for leave gratuity	820 761
Total	888 094

4.12 Balance sheet (2006)

Minor differences were found between the balance sheet submitted by the Council and the trial balance. The balance sheet in this report has been adjusted to agree with the trial balance.

4.13 Accumulated funds (2007)

An unexplained adjustment of N\$ 4 901 822 had to be made to arrive at the figure of N\$ 27 066 793 disclosed in the balance sheet of the Council. This was mainly due to differences between audited balances of previous years which have been changed afterwards.

5. ACKNOWLEDGEMENT

The courtesy and assistance extended by the Regional Council's staff to the staff of the Auditor-General during the audit is appreciated.

6. QUALIFIED AUDIT OPINION

The accounts of the Regional Council of the Ohangwena region for the financial years ended 31 March 2006 and 2007 have been audited in terms of Section 38 of the Regional Councils Act, 1992 (Act 22 of 1992) and Section 25(1)(b) of the State Finance Act, 1991 (Act 31 of 1991).

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

- Fixed assets have been understated by N\$ 7 457 143 (2006).
- Differences were found between the reconciled cash-book balances and the bank balances (2006).
- Salaries could not be reconciled (2007).
- No supporting documents for expenditure amounting to N\$ 1 120 874 were submitted (2007).
- A large difference of N\$ 1 713 000 was found between the total amount received from Government for the Build Together program since its initiation and the balance reflected in the financial statements (2007).
- Expenditure of N\$ 1 860 523 related to delegated functions is not reflected in the general ledger (2007).
- Expenditure of N\$ 236 026 related to the Build Together program is not reflected in the financial statements (2006).
- The creditors control account (N\$ 67 333) and the correctness of the provision for leave gratuities (N\$ 820 761) could not be confirmed (2007).
- An unexplained adjustment of N\$ 4 901 822 had to be made to the accumulated funds in order to agree with the amount submitted by the Council (2007).

Except for the above-mentioned issues, in my opinion, the accounts fairly present the financial position of the Council for the years ended 31 March 2006 and 2007 and the results of its operations and cash flow for the years then ended.

WINDHOEK, November 2009

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

REGIONAL COUNCIL FOR THE OHANGWENA REGION

BALANCE SHEETS AS AT 31 MARCH

	Notes	2007 N\$	2006 N\$	2005 N\$
ASSETS				
Non-current assets		22 840 352	15 719 301	15 244 108
Fixed assets	2 & 3	22 840 352	15 719 301	857 297
Investments	4	-	-	14 386 811
Current assets		29 313 719	39 788 486	19 532 669
Cash on hand and bank	5	26 137 935	35 468 946	17 637 827
Sundry debtors		127 156	-	-
Accounts receivable and prepayments	6	3 048 628	4 319 540	1 894 842
Total assets		52 154 071	55 507 787	34 776 777
EQUITY AND LIABILITIES				
Equity		51 255 667	53 111 456	19 429 599
Accumulated Funds	8	27 066 793	27 479 141	19 429 599
Government Funds	9	24 188 874	25 632 315	-
Current liabilities		898 404	2 396 331	15 347 178
Bank overdraft		-	1 874 619	-
Accounts payable	10	898 404	521 712	15 347 178
Total equity and liabilities		52 154 071	55 507 787	34 776 777

REGIONAL COUNCIL FOR THE OHANGWENA REGION

INCOME STATEMENTS FOR THE YEARS ENDED 31 MARCH

	Notes	2007 N\$	2006 N\$	2005 N\$
Income	11	13 123 272	12 191 166	11 987 448
Expenditure	12	20 663 741	13 677 689	10 856 987
Net operating surplus/(loss)		(7 540 469)	(1 486 523)	1 130 461
Interest on current account	7	2 226 300	2 122 390	4 097 820
Accumulated funds		(5 314 169)	635 867	5 228 281
- At the end of the year		27 479 141	19 429 599	43 322 305
- Adjustments		4 901 821	7 413 675	(29 120 987)
- At the end of the year		27 066 793	27 479 141	19 429 599

REGIONAL COUNCIL FOR THE OHANGWENA REGION

CASH FLOW TO THE FINANCIAL STATEMENTS AS AT 31 MARCH

	2007	2006	2005
	N\$	N\$	N\$
Cash flow from operating activities	(7 540 469)	(1 486 523)	1 130 461
Surplus over expenditure for the year adjusted for non-cash items:			
Movement in current assets (Increase)/decrease	1 143 755	(2 424 698)	123 161
Net cash inflow from operations	(6 396 714)	(3 911 221)	1 253 622
Net cash flow of investing activities			
Interest received	2 226 300	2 122 390	4 097 820
Investments - Decrease/(increase)	-	14 386 811	(3 092 392)
Property, plant and equipment acquired, value adjustments	(7 121 051)	(14 862 004)	12 274 013
Net change in cash and cash equivalents	(11 291 465)	(2 264 024)	14 533 063
Adjustments	4 901 822	7 413 675	(29 120 987)
Current liabilities - Increase/(decrease)	(1 497 927)	(12 950 847)	15 347 178
Movement in funds	(1 443 441)	25 632 315	-
CASH AND CASH EQUIVALENTS			
- Beginning of the year	35 468 946	17 637 827	16 878 573
- End of the year	26 137 935	35 468 946	17 637 827

REGIONAL COUNCIL FOR THE OHANGWENA REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH

1. ACCOUNTING POLICIES

The annual financial statements are prepared on the historical cost basis and incorporate the following principal accounting policies which are consistent with those applied in the previous year.

1.1 Fixed assets

Fixed assets are stated at cost or valuation where assets have been acquired by grant or by donation, less accumulated depreciation. Costs include all costs directly attributable to bring the assets to working condition for their intended use. Fixed assets are depreciated over their expected useful lives as determined by the Ministry of Regional and Local Government, Housing and Rural Development from time to time.

Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

Office equipment	10 years
Furniture	10 years

2. PROPERTY, PLANT AND EQUIPMENT

2007	Land & buildings	Plant, machinery & equipment	Vehicles	Furniture & fittings	Total
	N\$	N\$	N\$	N\$	N\$
Cost or valuation					
Beginning of the year	7 457 143	2 155 400	1 014 132	507 714	11 134 388
Adjustment to opening balance	-	-	-	-	-
Additions/(Disposal)	2 126 664	2 567 356	(122 550)	31 727	4 603 197
Cost at 31 March 2007	9 583 807	4 722 755	891 582	539 441	15 737 585
Less Depreciation					
Balance beginning of the year	593 118	723 768	469 588	259 342	2 045 816
Adjustment	7 833	(410 544)	(122 549)	-	-525 260
Charge for the year	97 284	508 645	524 967	139 458	1 270 353
Accumulated depreciation	698 234	821 868	872 006	398 800	2 790 909
Net book value as at 31 March 2007	8 885 572	3 900 887	19 576	140 642	12 946 676

REGIONAL COUNCIL FOR THE OHANGWENA REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

2006	Machinery & vehicles	Office furniture, equipment & computers	Other equipment	Total	
	N\$	N\$	N\$	N\$	
Cost or valuation					
Beginning of the year	1 100 779	697 811	1 028	1 799 618	
Adjustment to opening balance	-	-	(1 028)	(1 028)	
Additions/(Disposal)	1 708 325	544 958	-	2 253 283	
Cost at 31 March 2006	2 809 104	1 242 769	-	4 051 873	
Less Depreciation					
Balance beginning of the year	332 009	579 385	-	911 394	
Charge for the year	248 628	118 942	-	367 570	
Accumulated depreciation	580 637	698 327	-	1 278 964	
Net book value as at 31 March 2006	2 228 467	544 442	-	2 772 909	
2005	Motor vehicles	Computer equipment	Office equipment	Other equipment	Total
	N\$	N\$	N\$	N\$	N\$
Opening net book value	317 334	159 574	52 763	-	529 671
Additions	696 798	120 519	451 603	1 028	1 269 948
Cost at 31 March 2005	1 014 132	280 093	504 366	1 028	1 799 619
Less: Accumulated depreciation	(283 483)	(177 629)	(481 209)	-	(942 321)
Net book value as at 31 March 2006	730 649	102 464	23 157	1 028	857 298

REGIONAL COUNCIL FOR THE OHANGWENA REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

	2007	2006	2005
	N\$	N\$	N\$
3. ASSETS CONSTRUCTED AND UNDER CONSTRUCTION			
Construction of services Oshikango	-	2 115 412	-
Construction of waste dump site - Oshikango	-	1 672 606	-
Construction of Ohangwena sewerage line	-	2 409 116	-
Renovations of Traditional Authority head quarters	-	775 716	-
Construction of Epembe constituency office	-	1 269 552	-
Alterations and additions Ohangwena regional office	-	30 990	-
Construction of Okongo constituency office	-	820 864	-
Construction of Omundaungilo constituency office	825 470	825 470	-
Planning of Endola settlement	-	165 376	-
Planning of Ongha settlement	-	91 159	-
Cleaning of settlements	-	197 624	-
Regional water project	-	985 215	-
Design and servicing Omungwelume	1 084 287	283 550	-
Construction of Ondobe constituency office	1 191 508	1 096 091	-
Construction of Endola constituency office	1 385 173	110 669	-
Elevated reservoir & ground storage Okongo	2 015 964	96 982	-
Oshikango constituency office	532 518	-	-
Extension of ORC offices	2 820 009	-	-
Okongo services	38 746	-	-
	9 893 676	12 946 392	-
4. INVESTMENTS			
Sanlam	-	-	14 386 811

REGIONAL COUNCIL FOR THE OHANGWENA REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

	2007	2006	2005
	N\$	N\$	N\$
5. CASH IN THE BANK			
BW Capital Project account	16 400 801	23 843 015	3 697 385
FNB Current account	205 382	-	6 970 547
FNB San Project account	26 181	28 713	31 140
FNB ORC Emergency Fund	327 650	328 721	381 375
Std Bank Build Together Program	298 672	416 306	376 975
Std Bank Build Together Program	564 258	226 146	170 621
Petty cash	49	628	998
FNB 32 Day A/c	4 162 849	3 897 976	3 540 821
Standard Bank Investment A/c	2 754 718	2 467 965	2 467 965
Std Bank ORC A/c	1 350 377	4 259 477	-
FNB Traditional Authority	9 285	-	-
Cash control	37 716	-	-
Total	26 137 935	35 468 946	17 637 827
6. ACCOUNTS RECEIVABLE			
ECD drought relief	-	83 509	83 508
Salary advances	-	-	5 469
Customer control account	-	-	755 111
Capital Project Epembe constituency office	-	-	430 462
Build Together debtors	2 740 635	3 233 306	-
Prepaid expenses	-	-	188 000
Build Together progress payment suspense	-	-	400 850
Build Together expenses	-	-	31 442
Water billings	220 642	821 217	-
Other	87 351	-	-
Pierre Smith Architects - Furniture Okongo constituency office	-	102 674	-
Build Together insurance premiums	-	10 935	-
Unesco poverty reduction program	-	3 505	-
Staff advances	-	50 664	-
Drought relief	-	6 710	-
Food for work program (EMU)	-	7 020	-
	3 048 628	4 319 540	1 894 842

REGIONAL COUNCIL FOR THE OHANGWENA REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

	2007	2006	2005
	N\$	N\$	N\$
7. INTEREST EARNED			
Interest earned	2 108 382	2 122 390	4 097 820
Build Together income - Interest	117 918	-	-
Total	2 226 300	2 122 390	4 097 820
8. ACCUMULATED FUNDS			
Net operating surplus	(7 540 469)	(1 486 521)	1 130 461
Add: Interest	2 226 300	2 122 390	4 097 820
	(5 314 169)	635 869	5 228 281
Accumulated income			
- at the beginning of the year	27 478 141	19 429 599	43 322 305
- adjustment	4 901 821	7 413 673	(29 120 987)
-at the end of the year	27 066 793	27 479 141	19 429 599
9. GOVERNMENT FUNDS			
Capital projects	21 540 769	22 167 245	-
Build Together program	2 648 105	2 465 070	-
Total	24 188 874	25 652 315	-
10. ACCOUNTS PAYABLE			
Sundry creditors	8 817	18 183	-
Sun Community Day	-	25 201	-
Emergency Fund	-	376 775	-
Councilors Capital Project Provisions	-	85 736	-
Oukwanyama Traditional Authority	-	15 816	-
Supplier control account	-	-	15 962
Provisions	820 761	-	25 013
Salary/wages control account	1 494	-	22 653
Creditors control	67 332	-	-
ORC Community support suspense account	-	-	229 802
Capital project suspense account	-	-	10 877 456
VTC	-	-	4 086 570
Borehole tenders	-	-	89 722
	898 404	521 712	15 347 178

REGIONAL COUNCIL FOR THE OHANGWENA REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

	2007	2006	2005
	N\$	N\$	N\$
11. INCOME			
Electricity & water sales	492 985	548 004	603 369
Refuse removal	56 682	-	-
Sewerage services	29 690	-	-
Sales - Permission to occupy (PTO)	-	-	72 144
Royalties	564 951	-	414 310
Hiring of properties	18 845	-	-
Subsidies & grants	11 701 613	10 612 073	10 587 440
Income Advertising Board	-	-	1 800
Tender levies received	-	-	7 750
Contribution received for HIV/AIDS vehicle	-	-	230 000
5 % Assessment rates	-	32 818	53 600
Profit on furniture and fittings sold	-	-	17 035
Other income	95 638	862 171	-
Delegated functions	80 400	136 100	-
Basic charges	82 218		
Reconnection fees	250		
	13 123 272	12 191 166	11 987 448
12. EXPENDITURE			
Compensation for homesteads	72 229	-	51 323
Maintenance expenses	89 845	162 369	107 106
Repairs & maintenance:			
- Office equipment	-	-	15 227
- Cleaning of settlement areas	-	-	3 450
- Buildings	11 032	93 398	88 429
- Air conditioners	3 887	12 235	
- Pump station	62 069	30 324	
- Computers	12 327	22 795	
- Fax machine		2 013	
- Cell phone	530	1 604	

REGIONAL COUNCIL FOR THE OHANGWENA REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

	2007	2006	2005
	N\$	N\$	N\$
12. EXPENDITURE (continued)			
Material and supplies	184 269	253 003	167 256
-Cleaning materials	28 471	-	21 281
- Medical expenses & First Aid supplies	120	-	-
- Hiring of tents	2 265	-	-
- Electrical consumables	7 558	-	-
- Office consumable items	777	111 574	-
- Utensils	807	-	-
- Protective clothing	-	19 045	20 143
- Spare parts	-	677	-
- Books	-	-	14 519
- General office supplies	-	121 225	106 017
- Computer expenses	24 990	-	-
- Gazettes	-	-	-
- Photocopying supplies	110 442	-	-
- Tools	8 839	483	5 296
Membership fees	58 856	35 000	30 000
- Association of Regional Councils	-	35 000	30 000
- Internet charges and subscriptions	16 491	-	-
- Software license renewal	3 865	-	-
- Domestic institutions	38 500	-	-
Depreciation	1 270 353	367 570	464 945
Other services and expenses	671 240	490 370	285 561
- Accounting services	-	-	25 013
- Cell phone for Governor & management	55 343	-	-
- Staff training	77 750	-	-
- Advertising	21 379	27 552	31 133
- Commission, board and committee fees	6 500	5 000	1 500
- Entertainment	153 319	104 365	73 158
- Other expenses	337 788	169 985	-
- Investment fees	-	-	-
- Printing & stationery	-	5 072	15 736
- Staff welfare	-	-	-
- Symposiums and workshops	19 161	-	890
- Training courses	-	178 399	102 400
- Bank charges	-	-	35 731

REGIONAL COUNCIL FOR THE OHANGWENA REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

	2007	2006	2005
	N\$	N\$	N\$
Remuneration	9 493 178	7 935 413	6 212 813
- Salaries - Staff	-	-	3 944 160
- Basic salary	6 819 325	7 935 413	-
- Motor vehicle allowance	505 068	-	-
- Housing allowance	1 233 680	-	-
- Transport allowance	347 105	-	-
- Telephone allowance	6 840	-	-
- Furniture allowance	50 016	-	-
- Water and electricity allowance	13 008	-	-
- Bonus	396 281	-	-
- Rental allowance	2 594	-	-
- Salaries - Councilors	-	-	2 234 074
- Overtime	119 261	-	-
- Leave gratuity	-	-	34 579
GIPF & MPOOPF	1 145 210	1 025 789	784 823
Other conditions of service	901 667	116 112	248 073
- Social Security Commission	29 359	31 193	18 174
- Leave gratuity	14 163	58 067	-
- Workmen's Compensation	37 384	26 852	-
- Provision for leave gratuity	820 761	-	-
- Subsidies	-	-	229 899
Traveling and subsistence	595 242	333 129	355 097
Utilities	695 851	1 214 628	1 432 330
- Courier charges	5 161	2 459	6 583
- Radio	-	2 700	-
- Electricity	68 386	51 893	47 961
- Postage stamps	793	5 889	6 271
- Telephone & fax	346 354	380 368	563 276
- Water & sewerage	197 420	706 194	780 835
- Bank charges	47 465	43 268	-
- Renewal of box rental	2 411	1 342	-
- Internet	-	2 571	13 518
- Photocopier rental charges	27 861	17 844	11 186
- Other	-	100	2 700
Property rental and related charges	22 950	27 850	25 346
Study grants	15 778	-	19 192
Transport	509 884	570 837	673 122
Donations paid	3 000	-	-
Developmental grants	1 140 000	229 878	-
Subsidies paid	2 000	-	-
Settlement areas	847 702	-	-
HIV Project	112 701	-	-
Delegated functions	2 831 786	915 740	-
	20 663 741	13 677 689	10 856 987
Net (deficit)/surplus for the year	(7 540 469)	(1 486 523)	1 130 461