



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
REGIONAL COUNCIL OF THE OSHANA
REGION**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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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 Oshana Regional Council for the financial year ended 31 March 2019 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, February 2020

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS
OF THE REGIONAL COUNCIL OF OSHANA
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

1. ADVERSE AUDIT OPINION

I have audited the financial statements of the Regional Council of Oshana for the financial year ended 31 March 2019. These financial statements comprise the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets, Statement of Cash Flow, Comparison of Budget and Actual and Notes to Financial Statements for the year then ended and a summary of significant accounting policies.

In my opinion because of the significance of the matters discussed in the Basis for Adverse audit Opinion paragraph the financial statements do not give a true and fair view of the Oshana Regional Council as at 31 March 2019 and their financial performance and cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS).

2. BASIS FOR ADVERSE 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 a basis for my opinion. An adverse audit opinion is being expressed due to the following:

- Understatement of assets by N\$ 146 072 208 due to non-compliance with the accounting standard by fully depreciating assets acquired with government grant;
- Non-compliance with IPSAS 1 paragraph 24 on disclosure of variance between budget and actual;
- Non-compliance with IPSAS 24 with regard to reconciliation of cash budget and the statement of financial performance;
- Two financial reporting frameworks (IFRS and IPSAS) used with the preparation of financial statement (Note 2.2);
- Note 2.3 is not complying with IPSAS 17 paragraph 71;
- None disclosure of current year depreciation in the note 2; and
- None adherence to IPSAS 33.

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. These matters were addressed in the context of my audit of the financial statements as a whole and in forming my opinion thereon and I do not provide a separate opinion on these matters. I have nothing to report in this regard.

4. OTHER INFORMATION

Management is responsible for the other information. The auditor's opinion on the financial statements does not cover the other information and accordingly the auditor does not express any form of assurance conclusion thereon. In connection with the 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 the knowledge obtained in the audit or otherwise appears to be materially misstated. I have nothing to report in this regard.

5. 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 Generally Recognised Accounting Practice and legislation and for such internal control as management determines it 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.

6. 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.

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

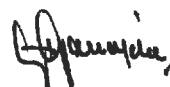
- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a 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 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.

7. ACKNOWLEDGEMENT

The co-operation and assistance by the management and staff of the Oshana Regional Council during the audit is appreciated.



JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

WINDHOEK, February 2020

REGIONAL COUNCIL OF THE OSHANA REGION
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH

	Note	2019 N\$	2018 N\$
ASSETS			
Current assets			
		14 200 619	19 169 659
Cash and cash equivalent	2.18	9 022 929	14 718 107
Receivables from exchange transactions	2.13	4 021 368	2 537 432
Refund Deposit by suppliers	2.15	6 050	6 050
Receivables from non-exchange transactions	2.14	34 736	42 032
VAT receivables	2.2	1 005 614	1 598 433
Inventories	2.7	109 922	267 605
Non-Current assets			
		18 395 293	41 259 906
Properties Plant and Equipment	2.3	13 274 094	36 259 906
Intangible Assets	2.4	121 199	-
Investment in Associate		5 000 000	5 000 000
Total assets		32 595 912	60 429 565
EQUITY AND LIABILITIES			
Current Liability			
		9 668 349	10 170 715
Trade and other payables from exchange transactions	2.12	2 140 788	2 831 470
Refundable deposit from customers	2.17	13 275	9 790
Deferred Income		3 189 779	3 983 324
Employee benefit obligation	2.8	*2 136 906	729 276
Trade and other payables from non-exchange transactions	2.16	1 973 693	2 496 327
Short Term Borrowings	2.5	213 908	120 528
Non-Current Liability			
Non-current employee benefit obligation	2.8	12 965 049	13 491 086
Net Assets			
Accumulated surplus		9 962 514	36 767 764
Total equity and liabilities		32 595 912	60 429 565

*Amount do not agree to the amount in the note.

REGIONAL COUNCIL OF THE OSHANA REGION
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH

	Note	2019 N\$	2018 N\$
REVENUE FROM NON-EXCHANGE TRANSACTION			
Government Subsidy	2.1.1 (b)	53 038 636	58 412 818
Government Grants	2.1.1 (b)	3 086 848	6 210 908
Contribution from Local Authorities	2.1.1 (c)	2 975 679	2 779 185
		59 101 163	67 402 911
REVENUE FROM EXCHANGE TRANSACTION			
Income from Municipal Services	2.1.2 (a)	1 543 267	1 299 199
Finance Income - external investment	2.1.2 (c)	213 792	514 688
Finance Income - Bank Interest Received	2.1.2 (b)	419 633	264 848
Rental revenue from facilities and equipment		154 155	110 347
Finance income - Interest on outstanding receivables		284 590	203 874
Agency fees		68 505	60 206
Taxes and Fines	2.1.1 (a)	4 330	-
Other Income	2.1.2 (d)	188 801	872 272
		2 877 073	3 325 434
Early Childhood Development		-	2 193 445
TOTAL REVENUE		61 978 236	72 921 790
OPERATING EXPENDITURE			
Remuneration Expenditure	2.11	*40 028 132	39 446 184
Remuneration of Councilors	2.11	4 554 917	4 575 765
Other Condition of Service		2 191 225	2 873 678
Subsistence and Travelling Allowance		454 692	436 113
Material and Supplies		217 843	337 977
Transport and Related Expenses		918 417	1 113 203
Utilities Expenses		3 798 042	3 789 255
Maintenance Expenses		166 986	651 375
Rental Expenses		1 447 659	1 170 755
Other Expenses		2 843 770	2 651 402
Membership Fee and License Renewal		391 590	444 490
Depreciation		22 696 535	33 982 708
Rural Development		6 415 203	3 088 334
ECD and Income Generating Projects		909 450	1 632 044
TOTAL EXPENSES		87 034 461	96 193 283
SURPLUS/(DEFICIT)		(25 056 225)	(23 271 493)

* The amount does not agree to the amount in the note.

REGIONAL COUNCIL OF THE OSHANA REGION
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH

	Note	N\$
Total Retain Earnings as at 01 April 2017		61 306 291
Adjustment to Retain Earning		(1 267 038)
		<u>60 039 253</u>
Surplus for the year 2018		(23 271 490)
Total Retain Earnings as at 31 March 2018		<u>36 767 763</u>
Adjustment	3	(1 749 014)
		<u>35 018 749</u>
Surplus/(Deficit) for the year 2019		(25 056 228)
Total Retain Earning as at 31 March 2019		<u><u>9 962 521</u></u>

REGIONAL COUNCIL OF THE OSHANA REGION
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH

	Note	<u>2019</u>	<u>2018</u>
		N\$	N\$
Cash flow from operating activities			
Cash Received from Customers		63 334 233	81 694 746
Adjustment		6 545	22 500
Cash Paid for Goods and Service		23 660 054	24 515 363
Cash Paid for Employees		43 272 483	44 476 828
Cash Paid for Interest and Bank Charges		88 000	94 753
Net Cash Provided By Operating Activities		(3 679 759)	12 630 302
Cash Flow from investing activities			
Purchases of PPE - WIP		(2 016 350)	(10 275 003)
Purchases of Properties Plants and Equipment		(92 442)	(497 740)
Total Cash movement		(2 108 792)	(10 772 743)
Net Increase/(Decrease) In cash		(5 788 551)	1 857 559
Beginning Cash Balance		14 597 572	12 740 013
Ending Cash Balance		8 809 021	14 597 572

**REGIONAL COUNCIL OF THE OSHANA REGION
COMPARISON OF BUDGET VS ACTUAL FOR THE YEAR ENDED 31 MARCH 2019**

	Budget	Actual	Available Funds
	N\$	N\$	N\$
INCOME			
Government subsidies	52 409 163	52 493 970	84 807
Opening balance	(170 812)	(377 717)	(206 905)
Income from the settlement Areas	1 870 000	1 360 300	(509 700)
Shares and dividends	400 000	260 438	(139 562)
Hiring of Properties (Hall etc.)	87 000	95 565	8 565
Other Income	181 082	858 988	677 906
TOTAL INCOME	54 776 433	54 691 544	(84 889)
Remuneration	38 337 783	39 479 511	(1 141 728)
Employers Contribution to the G.I.P.F and M.P.O.O.B.P.F	4 837 886	4 837 933	(47)
Other Conditions of Service	1 292 178	1 572 723	(280 545)
PERSONNEL EXPENDITURE SUBTOTAL	44 467 847	45 890 167	(1 422 320)
Travel and subsistence allowance	451 541	438 151	13 390
Materials and supplies	255 500	96 474	159 026
Transport	1 077 000	817 966	259 034
Utilities	3 666 920	4 420 559	(753 639)
Maintenance expenses	427 000	135 860	291 140
Property rental and related charges	1 577 000	1 602 392	(25 392)
Other services and expenses	2 444 975	2 331 862	113 113
GOODS AND OTHER SERVICES SUBTOTAL	9 899 936	9 843 264	56 672
Membership fees and subscriptions: Domestic Individuals and non-profit organizations	146 500	180 962	(34 462)
	189 150	181 827	7 323
SUBSIDIES & OTHER CURRENT TRANSFERS- SUBTOTAL	335 650	362 789	(27 139)
Furniture and office equipment	73 000	80 367	(7 367)
	73 000	80 367	(7 367)
VAT	-	908 385	(908 385)
Total Expenditure	54 776 433	57 084 972	(2 308 539)

REGIONAL COUNCIL OF THE OSHANA REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

THE OSHANA REGIONAL COUNCIL ACCOUNTING POLICIES

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Regional Council's Annual Financial Statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS).

The financial statements are presented in Namibia Dollars, which is the functional and reporting currency of the Regional Council and all values are rounded to the nearest thousand (N\$000).

The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

The income and expenditure in relation to Delegated Functions is accounted for during the year under review on a cash accounting basis, in line with the State Finance Act, 1991 (Act No. 31 of 1991).

Since all liabilities relating to Delegated Functions remains with the relevant Ministries and all unexpended Delegated Funds are returned to the State Account, it does not materially affect the Regional Council financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 REVENUE RECOGNITION

2.1.1 Revenue from non-exchange transactions – IPSAS 23

a) Fees, taxes and fines

The Regional Council recognize revenue from fees, taxes and fines when the event occurs and the transaction met the asset recognition criteria.

	<u>2019</u>	<u>2018</u>
	N\$	N\$
TAXES AND FINES	4 330	-
Uukwangula re-connection fee	2 530	-
Eheke re-connection fee	1 800	-

REGIONAL COUNCIL OF THE OSHANA REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

b) Transfers from other government entities

Oshana Regional Council recognizes government transfers as revenue when the transaction can be measured reliably and when the Council is in full control of the cash.

	2019	2018
	N\$	N\$
GOVERNMENT TRANSFERS	53 038 636	58 412 818
Government Transfer - Operational Budget	52 493 970	58 405 252
Government Transfer - Development Budget	-	-
Government Transfer - Rural Projects	544 666	7 566
GRANT INCOME	3 086 848	6 210 908
Grant Income - Rural Projects	2 684 223	2 995 298
Grant Income - Development Budget	402 625	3 215 610

c) 5 % Contribution from Local Authorities

The Regional Council received contribution from Local Authorities as per the provision of section 77 (1) of the Local Authorities Act, 1992 (Act No. 23 of 1992).

5 % Contribution from Local Authorities	2 975 679	2 779 185
Ongwediva Town Council	1 234 738	1 192 567
Oshakati Town Council	757 038	644 223
Ondangwa Town Council	983 903	942 395

2.1.2 Revenue from exchange transactions – IPSAS 9

a) Rendering of services

The Regional Council recognises revenue from rendering of local authorities services at Eheke and Uukwangula Settlement Areas.

REGIONAL COUNCIL OF THE OSHANA REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

a) Rendering of services (continued)

	2019	2018
	N\$	N\$
Rendering of Services	1 543 267	1 299 199
Water Consumption – Uukwangula	35 199	40 419
Water Basic – Uukwangula	102 810	95 988
Sewer Basic – Uukwangula	124 348	116 662
Refusal Removal – Uukwangula	40 295	37 803
Garden Refuse – Uukwnagula	1 940	1 792
Leasehold Fee – Uukwangula	269 918	242 370
Water Consumption – Eheke	427 477	272 401
Water Basic – Eheke	114 883	113 817
Sewer Basic – Eheke	126 257	74 491
Refuse Removal – Eheke	71 409	70 361
Garden Refuse – Eheke	20 033	21 511
Leasehold Fee – Eheke	208 698	211 584

b) Interest Income

Oshana Regional Council recognises interest income as earned from the commercial banks.

Interest Income	419 633	264 848
Operational Accounts	124 248	124 313
Capital Projects Accounts	74 307	139 845
Rural Development Accounts	221 078	690

c) Royalties and Dividends

Oshana Regional Council has shares on Regional Council Electricity Company which hold shares in Nored Electricity (PTY) LTD. As per the service delivery agreement signed between the two parties NORED pay surcharges/royalties to the Regional Council at the rate approved by the Electricity Control Board (ECB) from time to time. Dividends or similar distributions must be recognised when the shareholders or the Regional council right to receive payments is established.

Royalties	213 792	514 688
Dividend	213 792	225 938
	-	288 750

REGIONAL COUNCIL OF THE OSHANA REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

d) Other Income

	2019	2018
	N\$	N\$
Other Income	188 801	872 272
Connection Fees – Uukwangula	8 488	8 980
Building Plan Fees – Uukwangula	1 667	10 181
Connection Fees – Eheke	4 603	16 212
Building Plan Fees - Eheke	7 112	2 767
Bid Fees	151 700	429 500
Sundry Income	6 457	304 627
Recovery	-	98 439
Trade Fair Income	-	915
Income Receive from Fax	-	6
Income received from Copies	8 774	645

2.2 VALUE ADDED TAXES – IAS 12

Expenses and assets are recognised net of the amount of sales tax except:

When VAT charged on a purchase of assets or services and services is not recoverable from the Receiver of Revenue such amount is realised as part of the cost of acquisition of the asset or part of the expense.

The net amount of VAT recoverable from or payable to the Receiver of Revenue is included in the Statement of Financial Position as part of receivables or payables.

REGIONAL COUNCIL OF THE OSHANA REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

Period	Months	Amount Claimed	Amount Disallowed	Undeclared Output	Amount Payable	Amount Paid	Amount Still Due
		N\$	N\$	N\$	N\$	N\$	N\$
	Opening Balance						1 598 433
	Adjustment to Prior Year Balance						1 488
	Adjusted Balance as at 1st April 2018						1 599 922
	Less Prior year balance paid						(1 599 922)
	Prior year balance not paid						-
5	April-May	295 161	(70 499)	-	224 662	224 662	-
7	Jun-Jul	199 007	(17 068)	-	181 939	-	181 939
9	Aug-Sept	242 813	-	(5 545)	237 268	-	237 268
11	Oct-Nov	80 911	(15 721)	-	65 190	-	65 190
1	Dec-Jan	205 194	-	(2 363)	202 831	-	202 831
3	Feb-Mar	318 386	-	-	318 386	-	318 386
		1 341 472	(103 288)	(7 908)	1 230 276	224 662	1 005 614

2.3 FIXED ASSETS AND DEPRECIATION – IPSAS 17

Fixed Assets are stated at cost or at valuation where assets have been acquired by grant or donation less depreciation written off over the expected useful lives as determined by the Regional Council from time to time.

Fixed Assets acquired with loan funds are not depreciated until the loan is repaid unless the expected lifetime of the asset is less than the repayment period of the loan in which case the depreciation is calculated on the shortfall. A fixed assets acquired with government grant is depreciated in full during the year the asset is put in use.

The estimated useful economic lives for each category of the asset are as follows:

Buildings	50 years
Plant and Machinery	20 years
Plant and Machinery (Small Engen	5 years
Motor vehicles	5 years
Office Equipment	5 years
Computer and other electronic equipment	3 years
Intangible Assets – Software	3 years
Assets Funded by Government Grants	1 year
Land does not depreciated	

**REGIONAL COUNCIL OF THE OSHANA REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)**

Gains and losses on disposal of property plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

Proceeds from the disposal of assets are transferred to the State Account, except in the instance where approval is granted for the Council to keep such proceeds.

**REGIONAL COUNCIL OF THE OSHANA REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (Continued)**

PROPERTY PLANT AND EQUIPMENT

31-Mar-19	Capital Infrastructure - Funded by Council Own Sources		Capital Infrastructure - Funded by Government Grant		Motor Vehicles		Office Computers & Other Electronic		Office Equipment		Furniture Fixture & Fittings		Plant and Machinery		Total
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Cost as at 1 April 2018	3 939 543	124 634 203	9 294 970	2 852 434	718 270	2 549 633	919 899	144 908 952							
Transfer/Adjustment	-	-	-	(396 650)	-	-	-	(396 650)							
Additions	7 349 176	21 438 005	-	80 367	-	-	-	80 367							28 867 548
Disposal	-	-	-	(419 931)	(4 620)	(5 179)	-	(419 931)							(429 730)
Cost as at 31 March 2019	11 288 719	146 072 208	9 294 970	2 116 220	713 650	2 544 454	919 899	172 950 120							
Accumulated Depreciation as at 31 March 2019	(165 134)	(146 072 208)	(8 514 555)	(1 947 741)	(598 534)	(2 297 363)	(80 491)	(159 676 026)							
Net book value as at 31 March 2019	11 123 585	-	780 415	168 479	115 116	247 091	839 408	13 274 094							

**REGIONAL COUNCIL OF THE OSHANA REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (Continued)**

31-Mar-18	Capital Infrastructure	Land & Buildings	Motor Vehicles	Computers & Other Electronic	Office Equipment	Furniture Fixture & Fittings	Plant and Machinery	Total
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Cost as at 1 April 2017	53 358 333	39 293 493	8 960 706	2 822 652	708 583	2 451 886	-	107 595 653
Adjustment	-	-	-	4 565	-	32 833	-	37 398
Additions	12 726 374	23 195 546	334 264	25 217	9 687	64 914	919 899	37 275 901
Cost as at 31 March 2018	66 084 707	62 489 039	9 294 970	2 852 434	718 270	2 549 633	919 899	144 908 952
Accumulated Depreciation as at 31 March 2018	(64 199 357)	(58 606 802)	(8 018 301)	(2 280 878)	(524 503)	(2 133 326)	(34 496)	(135 797 663)
Net book value as at 31 March 2018	1 885 350	3 882 237	1 276 669	571 556	193 767	416 307	885 403	9 111 289

REGIONAL COUNCIL OF THE OSHANA REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

	2019	2018
	N\$	N\$
WORK IN PROGRESS	-	27 148 617
W.I.P-Eheke Road	-	6 193 564
Construction of roads & Storm Water Eheke PIII	-	7 811 845
Work in Progress	-	6 910 208
W.I.P. New Oshakati	-	4 165 767
W.I.P. Accommodation	-	627 533
W.I.P Construction of Staffs	-	1 439 700
Total Property, Plant and Equipment	13 274 094	36 259 906
2.4 INTANGIBLE ASSETS - SOFTWARE		
Opening Balance as at 1 April 2018	-	
Transfers/Adjustments	396 650	
Balance as at 31 March 2019	396 650	
Accumulated Amortization	(275 451)	
Current Year Impairment loss	-	
Net Book Values as at 30 March 2019	121 199	
2.5 LOANS AND BORROWING –IPSAS 29		
SHORT TERM BORROWINGS (BANK OVERDRAFT)	213 908	120 528
Operational Current Account	-	3 506
Oshana Rural Development Call Account	-	80 464
Capital Project Current Account	213 908	36 558
2.6 INVENTORIES		

The Council keeps inventory items in stock for internal consumptions only therefore inventories are measured at cost at acquisition. In the case where inventory was received through non-exchange transactions (for no cost or for a nominal cost) the cost of the inventory is recognised at fair value at the date of acquisition. The cost of inventories comprise all cost of purchases cost of conversion and other cost incurred in process of installation.

REGIONAL COUNCIL OF THE OSHANA REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

2.7 INVENTORIES (Cont'd)

Inventory Category	2019	2018
	N\$	N\$
	109 922	267 605
Cartridges	38 508	86 718
Cleaning Materials	11 341	45 999
Protective Clothes	12 560	41 048
Stationaries	43 166	83 593
Cool drinks and Snacks	-	8 188
Other Inventory	4 347	2 059

2.8 PROVISIONS –IPSAS 19

Provision are recognised when the Regional Council has a present obligation (legal or constructive) as a result of a past event it is probable that an outflow of resources embodying economic benefits or services potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

DESCRIPTION	Doubtful Debts	Non-Current - Leave Days	Current Leave Days	Bonuses
	N\$	N\$	N\$	N\$
Balance as at 1st April 2018	1 899 014	13 491 086	-	729 276
Provision utilized during the year	-	(526 037)	-	(729 276)
Addition to Provisions	45 309	-	1 127 860	1 023 149
Total Current Year Provision	1 944 323	12 965 049	*1 127 860	*1 023 149

*Amount do not agree to the amount in the Statement of financial position.

2.9 BUDGET INFORMATION – IPSAS 24

The Council had an annual budget of N\$ 62 359 486 of which N\$ 54 776 434 (88%) is mean for operational budget and N\$ 7 583 052 (12%) is meant for development budget.

The Council did not receive the amount of N\$ 3 000 000 meant for the construction of services at Uukwangula Settlement therefore there was no project implemented at the Settlement Area.

REGIONAL COUNCIL OF THE OSHANA REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

2.9 BUDGET INFORMATION – IPSAS 24 (Cont'd)

Overall the Council overspend its budget by 4% and that is 2% above the acceptable margin by treasury. Although the Council overspend by 4%, 3% of the amount overspend was unavoidable because it was an omission in the budget whereby the four staff members were not properly budgeted for.

2.10 FOREIGN CURRENCY TRANSACTIONS – IPSAS 4

Transaction in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transactions. Accounts payables or receivables denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date.

Exchange differences arising from the settlement of payables or from the reporting of payables at rates different from those at which they were initially recorded during the period are recognised as income or expenses in the period in which they arise.

Description	Amount in Foreign currency	Exchange Rate	Amount in local Currency
S&T to China	200	13.94	2 788
S&T to China	352	13.94	4 907
S&T to Belgium	219	17.43	3 817
			11 512

2.11 PERSONNEL COST-IPSAS 39

	2019 N\$	2018 N\$
Remuneration of Councillors	4 554 917	4 575 765
Chairperson		
Basic Salary	465 767	465 767
Housing Allowance	127 306	127 306
Water and Electricity	44 280	44 280
Telephone Allowance	720	720
Employer Contribution to SSC	972	972
Employer Contribution to Pension	63 247	63 247

REGIONAL COUNCIL OF THE OSHANA REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

2.11 PERSONNEL COST-IPSAS 39 (Cont'd)

	2019	2018
	N\$	N\$
Members of Management Committee		
Basic Salary	935 306	947 844
Car Allowance	232 968	236 100
Housing Allowance	264 723	268 272
Water and Electricity	119 360	120 960
Telephone Allowance	2 131	2 160
Employer Contribution to SSC	2 916	2 916
Employer Contribution to Pension	189 741	189 741
Ordinary Council Members		
Basic Salary	1 011 948	1 011 948
Car Allowance	314 800	314 800
Housing Allowance	357 696	357 696
Water and Electricity	161 280	161 280
Telephone Allowance	2 880	2 880
Employer Contribution to SSC	3 888	3 888
Employer Contribution to Pension	252 988	252 988
Remuneration of Staff members	*40 026 837	39 446 184
Salary and Wages	26 996 616	26 879 569
Bonuses	2 550 123	2 073 032
Transport/Car Allowance	2 102 967	2 097 437
Housing Allowance/Subsidies	1 868 505	2 072 184
Overtime payments	89 228	363 514
Leave Gratuity	988 549	180 078
Acting Allowance	88 226	50 286
Cash Bonus	34 011	28 127
Bush Allowance	693 250	970 337
Contract Employee	-	11 892
Allowance for CACOC Coordinators	161 565	160 464
Employer Contribution to SSC	122 157	300 231
Employer Contribution to Pension	4 331 640	4 259 033
Total Remuneration	44 581 754	44 021 949

* The amount does not agree to the amount in the statement of financial performance.

REGIONAL COUNCIL OF THE OSHANA REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

2.12 TRADE AND OTHER PAYABLE FROM EXCHANGE TRANSACTIONS

	2019	2018
	N\$	N\$
	2 140 788	2 831 470
Trade Payables	2 112 065	2 748 378
Payments received in advance	-	5 597
Ministry of Education	28 723	77 495

2.13 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade receivables are carried at anticipated realized value. All outstanding amounts at year end which are older than 90 days are provided as provision for doubtful debts. Bad debts are written off during the year in which they are identified.

	4 021 368	2 537 432
Head office	3 484 667	4 403 272
Uukwangula	1 163 341	-
Eheke	1 238 901	-
Prepayment (Vehicle Licenses)	76 523	-
Advance payment	2 259	33 174
Provision for doubtful debts	(1 944 323)	(1 899 014)

2.14 RECEIVABLES FROM NON- EXCHANGE TRANSACTIONS

S&T Advances	34 736	42 032
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2.15 REFUNDABLE DEPOSIT BY SUPPLIERS

Deposits on property rentals	6 050	6 050
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REGIONAL COUNCIL OF THE OSHANA REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

2.16 TRADE AND OTHER PAYABLE FROM NON-EXCHANGE TRANSACTIONS

	2019	2018
	N\$	N\$
	1 973 693	2 496 327
Suspense Account	-	2 357 245
Salary & Wages Control Account	1 686 261	43 851
Ministry of Agriculture Water and Forestry	287 432	95 231

2.17 REFUNDABLE DEPOSIT FROM CUSTOMERS

Consumer deposits	13 275	9 790
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2.18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Oshana Regional Council bank its money with the following banking institutions: First National Bank of Namibia Bank Windhoek and Standard Bank of Namibia.

BANK WINDHOEK	3 780 438	8 961 627
Current account	777 318	6 113 330
Call account	2 658 346	-
Revenue Account	344 774	2 848 297
STANDARD BANK	4 112 202	2 456 393
Current Account	153 959	-
Call Account	2 515 432	47 607
Equity Provisions Fund	-	6 225
Emergency Fund	-	59 769
Cash Plus Investment	702 555	655 880
Drought Relief Account	-	619
Ombuga Tree Planting Project	-	29 570
Oshana Community	740 256	1 656 723
FIRST NATIONAL BANK		
Call Account	1 130 289	3 300 080
Total Bank Balance	9 022 929	14 718 100

REGIONAL COUNCIL OF THE OSHANA REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

ANNEXURE F

3. ADJUSTMENT TO RETAIN EARNINGS

	2019
	N\$
	1 749 014
2017/2018 Sitting Allowance written off against Retain Earnings	(400)
Delayed March 2018 Surcharges Invoice therefor only processed in 2018/2019	(22 209)
Delayed March 2018 Surcharges Invoice therefor only processed in 2018/2019	(22 405)
Invoice processed as N\$ 210 in 2017/2018 instead of N\$ 2 100 corrected in 2018/19	2 100
Invoice processed as N\$ 210 in 2017/2018 instead of N\$ 2 100 corrected in 2018/19	(210)
Untraced transaction for 2018	(45 180)
Correction of debit note passed on 21/09/17	1 000
Credit note passed to correct the Account	11 955
Reversed double transaction	(450)
Reverse Invoice posted twice in 2017/18	(1 980)
Water charges – May 2017	509
17/18 RDC invoice reversed	6 177
Delayed 2017/2018 Financial year expenses processed in 2018/19	299 875
2017/18 invoices for MOU processed wrongly in 2017/18 financial year	(63 035)
Expenses for 2017/2018 financial year reversed	(2 990)
Expenses for 2016/2017 financial year reversed	(12 685)
Expenses for 2015/2016 financial year reversed	(750)
Expenses for 2015/2016 financial year reversed	(151)
Payment for Bufalo (2014/15) reversed	1 710
Payment for Festus M (2016/17) reversed	682
Payment for RDC Reversed 2018/19	7
Invoice Tobias Ntind (2017/18) Reversed	(2 200)
Invoice Tyres 2000 (2017/18) Reversed	(53)
Payment for William Nufu (2017/18) written off	100
Refund from GIPF – Leefa	(226)
Reverse 2016/17 Inv Allocated IT to Correct GL 0105>218	(172 710)
VAT amount for 2016/17 disallowed – Ongwediva Constituency Staff flats	(49 403)
2016/17 Invoice corrected	207
Disallowance understated 2017/18 (Period 9)	10
2017/18 Invoice processed twice reversed	(21 693)
2017/18 Invoice processed twice reversed	(1 408)
Reverse invalid transaction processed for EFT testing	(6 478)

REGIONAL COUNCIL OF THE OSHANA REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

3. ADJUSTMENT TO RETAIN EARNINGS (Cont'd)

	2019
	N\$
Reverse invalid transaction processed for EFT testing	(1)
2017/18 invoice processed twice reversed	95
Money received written off to Retained Earning	(459)
VAT for Build-it invoice for 2017/18 disallowance	(1 657)
Item found in store that was not included in the opening balance	(931)
Quantity adjustment	(639)
Invoice for 2017/18 written off	(1 189)
Money transferred from ECD Account to Gender (New Company)	5 000
VAT for Indongo Toyota invoice for 2017/18 disallowance	157
Quantity Adjustment	(321)
Quantity Adjustment	(2 507)
Quantity Adjustment	(369)
Reversed commission for feb 2018 not paid	(5 357)
Fixed leave days used in 2018/19 Financial year	(20 690)
2017/18 Depreciation not realized in the correct Financial Year	1 885 348
Invoice for John & Penny reversed	(2 760)
Invoices for Kapenda GH reversed	(2 021)
Invoice for Indileni reversed	(400)

ANNEXURE F

REGIONAL COUNCIL OF THE OSHANA REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

4. DELEGATED FUNCTIONS

The Oshana Regional Council is currently performing the following functions delegated by Central Government Ministries in accordance with the Decentralization Enabling Act 2000 (Act 33 of 2000).

Under delegation the Regional Council only acts as an agent for a particular line Ministry while the latter retains full control and overall responsibility to approve the related budget. Once the Ministry approve the budget it is then transferred to the Regional Council for execution.

The old Accounts of Ministry of Gender Equality and Child Welfare is part of the Regional Council operation because it has been like that before Ministry Equality and Child Welfare decentralise function to the Regional Council.

Description	2019	2018
	N\$	N\$
Income		
Ministry of Gender Equality and Child Welfare	2 448 944	2 193 445
Ministry of Education Art and Culture	108 269 806	116 086 230
Ministry of Works – Department of Maintenance	1 550 405	1 354 287
Ministry of Land Reform	264 151	142 892
Ministry of Agriculture – Rural Water Supply	-	-
Ministry of Information	264 117	207 500
Expenditure		
Ministry of Gender Equality and Child Welfare	1 089 601	1 632 044
Ministry of Education Art and Culture	117 129 673	104 092 277
Ministry of Works – Department of Maintenance	-	1 586 617
Ministry of Land Reform	118 636	117 045
Ministry of Agriculture – Rural Water Supply	930	-
Ministry of Information	153 586	80 647
Current Year Surplus/(Deficit)		
Ministry of Gender Equality and Child Welfare	1 359 343	561 401
Ministry of Education Art and Culture	(8 859 867)	11 993 952
Ministry of Works – Department of Maintenance	66 693	(232 330)
Ministry of Land Reform	145 515	25 847
Ministry of Agriculture – Rural Water Supply	-	-
Ministry of Information	110 254	126 852

*The Surplus/deficit for Ministry of works-Department of Maintenance, Ministry of Agriculture-Rural Water Supply and Ministry of Information are not calculated correctly.

REGIONAL COUNCIL OF THE OSHANA REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

4. DELEGATED FUNCTIONS (Cont'd)

Description	2019	2018
	N\$	N\$
Bank		
Ministry of Gender Equality and Child Welfare	1 364 343	1 634 223
Ministry of Education Art and Culture	3 134 085	11 993 952
Ministry of Works – Department of Maintenance	115 247	48 554
Ministry of Land Reform	182 758	37 242
Ministry of Agriculture – Rural Water Supply	1 070	
Ministry of Information	237 106	126 852
Accumulated Earning		
Ministry of Gender Equality and Child Welfare	1 364 343	1 634 223
Ministry of Education Art and Culture	3 134 085	11 993 952
Ministry of Works – Department of Maintenance	115 247	48 554
Ministry of Land Reform	182 758	37 242
Ministry of Agriculture – Rural Water Supply	(930)	-
Ministry of Information	237 106	126 852