



REPUBLIC OF NAMIBIA

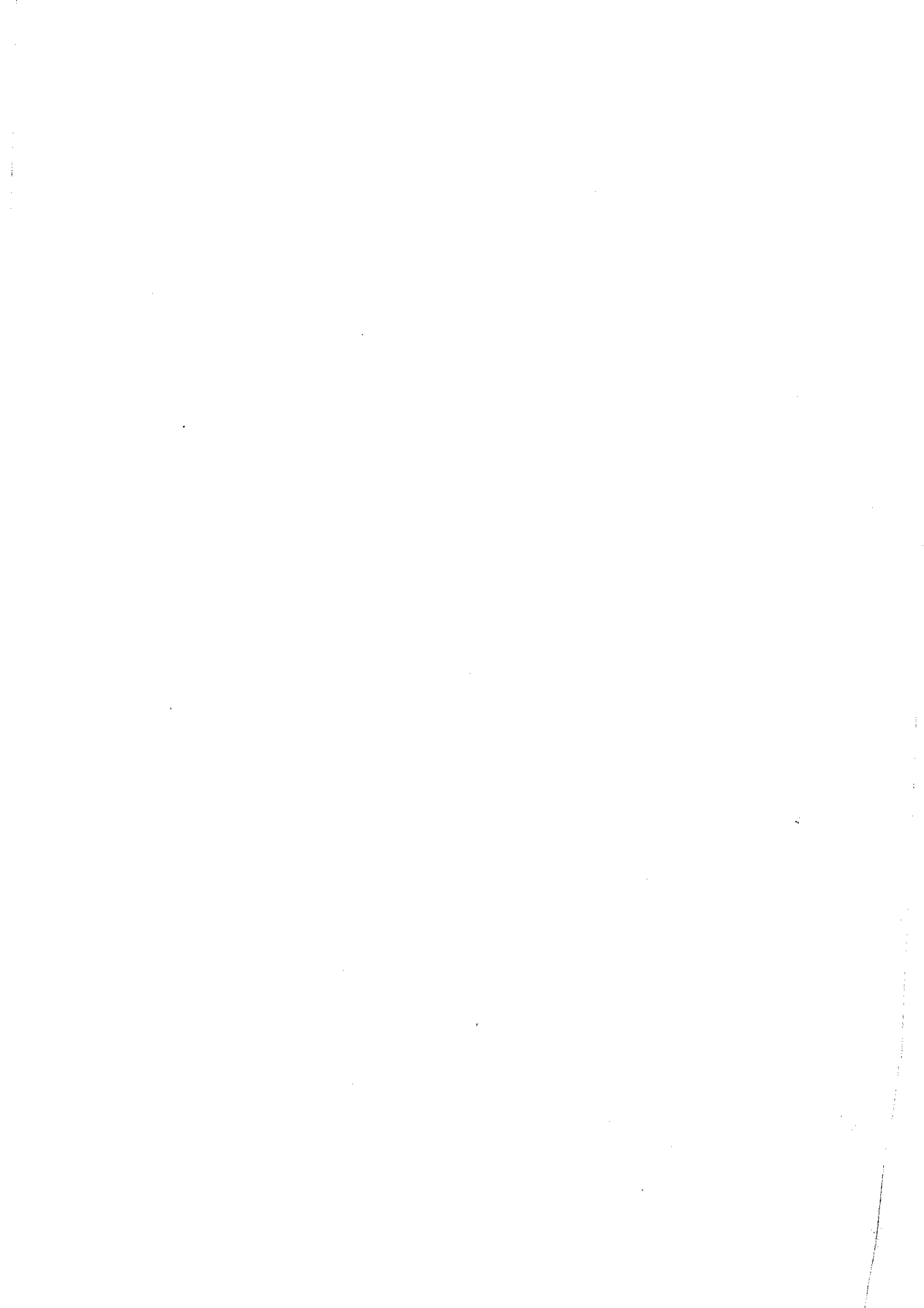


REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
OSHIKOTO REGIONAL COUNCIL
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Oshikoto Regional Council for the financial year ended 31 March 2022 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'.

WINDHOEK, June 2023

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
OSHIKOTO REGIONAL COUNCIL
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

1. ADVERSE AUDIT OPINION

I have audited the financial statements of the Oshikoto Regional Council for the financial year ended 31 March 2022 provided by the Accounting Officer as attached in Annexure A – F. These financial statements comprise the statement of financial position, statement of financial performance, statement of changes in net assets, statement of cash flow, and notes to the annual financial statements for the year then ended.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Audit Opinion paragraph, the financial statements do not present fairly, the financial position of the Oshikoto Regional Council as at 31 March 2022 and its financial performance and their cash flow for the year then ended in accordance with 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. The Adverse Audit opinion is being expressed due to the following:

2.1 STATEMENT OF CASH FLOW IPSAS 2

“An entity that prepares and presents financial statements under accrual basis of accounting shall prepare a cash flow statement in accordance with the requirements of IPSAS 2 and shall present it as an integral part of its financial statements presented”. The auditors noted that the Council prepared a cash flow statement using the direct method, however it did not present a reconciliation of its surplus/deficit from ordinary activities with the net cash flow from operating activities as required by IPSAS 2 Paragraph 29. Furthermore, an unexplained variance of N\$ 729 927 was found between the cash and cash equivalents disclosed in the statement of financial position and the re-performed reconciliation.

RECOMMENDATION

It is recommended that the Council ensures that its cash flow statement is in compliance with IPSAS 2 Paragraph 29.

2.2 ACCOUNTING POLICY

The auditors observed that the Council does not have an accounting policy in place for the financial year under review.

RECOMMENDATION

It is recommended that the Council ensures that an accounting policy is adopted and implemented.

2.3 DEFERRED INCOME FOR RURAL DEVELOPMENT

The auditors noted that the Council transferred funds as deferred income for rural development amounting to N\$ 676 181 which was not utilized at year end.

RECOMMENDATION

It is recommended that the Council ensures that all requested supporting documents are submitted for audit purposes.

2.4 ALLOWANCE FOR DOUBTFUL DEBTS

The Council used 2.5% provision rate which is pertaining to the 2023 financial year instead of 10% for 2022. A difference of N\$ 967 519 was observed between the recalculated provision for doubtful debts and provision for doubtful debts disclosed in the financial statements.

RECOMMENDATION

It is recommended that the Council should review and recalculate the provision for doubtful debts to ensure the correctness of the amounts disclosed in the financial statements.

2.5 DISCLOSURE OF PROPERTY, PLANT AND EQUIPMENT

2.5.1 MEASUREMENT AND RECOGNITION OF PROPERTY, PLANT AND EQUIPMENT

It was observed that the Council stated in the notes to the financial statements (Note 1.1) that "All Property, plant and equipment are stated at cost, less depreciation and impairment losses". However, it was noted that the Council revalued its assets during the year under review without disclosing that they have adopted the Revaluation method for measuring and recognition of property, plant and equipment.

RECOMMENDATION

It is recommended that the Council disclose the correct method used in measuring and recognition of property, plant and equipment and consistently apply it throughout the financial statements as required by IPSAS 17 (42 – 44) and IPSAS 3.

2.5.2 ASSET CLASSES IN THE NOTES TO THE FINANCIAL STATEMENTS

It was observed that the Council disclosed fixed assets according to the following classes which is in contravention of IPSAS 17 (52):

Disclosure	Recommended Disclosure
Plant , Machinery and Motor Vehicles	Plant and Machinery disclosed separately Motor Vehicles disclosed separately
Office Furniture, Equipment, and Computers	Office Equipment disclosed separately Computer Equipment disclosed separately

RECOMMENDATION

It is recommended that the Council disclose the asset schedule in the notes to the financial statement as per IPSAS 17 (52) which states “A class of property, plant and equipment is a grouping of assets of a similar nature or function in an entity’s operations.

2.6 DIFFERENCES IN NET CARRYING AMOUNTS

An unexplained difference of N\$ 2 492 502 was observed between the closing carrying amount of fixed assets disclosed in the financial statements (N\$ 96 024 045) and the closing carrying amount in the fixed asset register (N\$ 98 516 547).

RECOMMENDATION

It is recommended that the Council ensures that closing carrying values in the fixed assets register agree to the financial statements.

2.7 DEPRECIATION

A difference of (N\$ 1 179 192) was observed between the depreciation in the fixed asset register (N\$ 8 008 897) and the recalculated depreciation (N\$ 9 188 089).

RECOMMENDATION

It is recommended that the Council ensures depreciation is accurately calculated.

2.8 REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

It was observed that the Council revalued fixed assets for the year under review, however, the following discrepancies were noted:

- (a) The increase in property, plant and equipment resulting from the revaluation process could not be verified in the statement of financial position ie. N\$ 95 372 812 (2022) and N\$ 95 889 083 (2021);
- (b) Thirty-three (33) duplications of assets amounting to N\$ 2 911 836 were found in the list of revalued assets;
- (c) Eight hundred and nineteen (819) assets with a closing book value of N\$ 6 625 364 were added to the fixed asset register of 2022, however, these assets could not be traced in the fixed asset register of 2021;
- (d) The revaluation list contained classes of assets grouped (referenced AUD00001 to AUD00018 amounting to N\$ 5 316 276) instead of individual asset items and values;
- (e) The Council did not use an appraised valuator to revalue the assets as per IPSAS 17, hence no reliance can be placed on the revaluation process.

RECOMMENDATION

It is recommended that the Council ensures the revaluation of fixed assets is conducted in compliance with IPSAS 17 and relevant standards e.g. IPSAS 1 (presentation of financial statements) and IPSAS 3 (changes in accounting estimates).

2.9 WORK IN PROGRESS (CAPITAL PROJECTS)

It was observed that the Council made payments amounting to N\$ 5 491 902 for work in progress (capital projects), however, certificates of completion were dated after year end.

RECOMMENDATION

It is recommended that the Council records the expenditure within the relevant financial year.

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in my professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the audit opinion thereon, and I do not provide a separate opinion on these matters. I have nothing to report in this regard.

4. OTHER INFORMATION

My opinion on the financial statements does not cover the other information and I do 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. If, based on the work I have performed, I conclude that there is a material misstatement of this other information; I am required to report that fact. 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 International Public Sector Accounting Standards and legislation and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

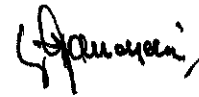
7. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The financial statements were submitted to the Office of the Auditor-General by the Accounting Officer in compliance with Section 40 (1) of the Regional Council Act, 1992, (Act 22 of 1992).

8. ACKNOWLEDGEMENT

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

WINDHOEK, June 2023



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

OSHIKOTO REGIONAL COUNCIL
STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH

		2022	2021
	Note	N\$	N\$
ASSETS			
Current Assets			
		29 153 215	27 735 662
Cash and Cash Equivalents	8	8 810 986	12 646 346
Receivables from exchange transactions	6	8 004 178	5 764 527
Receivables from non-exchange transactions	6	5 197 301	4 576 462
Taxation (VAT)		6 563 560	3 530 750
Inventories	4	577 190	1 217 576
Non-Current Assets			
		130 016 929	133 046 211
Property, Plant and Equipment	3	95 889 083	95 372 812
Intangible Assets	3	134 962	123 969
Work in Progress capital Project	3	28 433 681	31 990 226
Investments in Associates	5	5 559 204	5 559 204
TOTAL ASSETS		159 170 144	160 781 872
NET ASSETS AND LIABILITIES			
Current Liabilities			
		10 410 722	14 807 207
Trade and other payables from exchange transactions	7	595 744	4 937 002
Refundable deposits from customers		75 978	84 378
Provision for doubtful debts		352 544	-
Deferred income	7	4 855 287	5 097 270
GRV Accrual Control		20 520	204 496
Employee Benefit obligation	7	2 202 520	2 174 281
Cash and Cash Equivalent	7	66 597	-
Unallocated Deposit		470	470
Insurance Asset Refund		138 330	-
Trade and other payables from Non-exchange transactions	7	2 102 734	2 309 310
Non-Current Liabilities			
Employee benefit obligation		8 234 963	8 847 773
NET ASSETS			
Accumulated surplus	9	140 524 458	137 212 251
TOTAL NET ASSETS AND LIABILITIES		159 170 144	160 867 231

ANNEXURE B

OSHIKOTO REGIONAL COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH

	Note	2022 N\$	2021 N\$
REVENUE			
REVENUE FROM NON- EXCHANGE TRANSACTIONS			
Government Subsidy		49 860 999	49 860 645
Government Grants		19 149 864	8 296 805
5% Rates Contribution from Local Authorities	10.1	872 267	898 346
REVENUE FROM EXCHANGE TRANSACTIONS			
Income from Municipal Services	10.2	2 889 916	2 576 360
Finance Income- Extenal investments	10.4	421 419	400 350
Finance Income- Bank Interest Received	10.3	82 008	399 147
Finance Income- Interest Received/BTP		177 588	-
Rental revenue from facilities and equipment	10.5	468 706	135 651
Agency fees 2.5% Commission		70 630	79 954
OTHER INCOME	10.6	539 081	577 366
TOTAL REVENUE		74 532 478	63 224 624
OPERATING EXPENDITURE	11	64 611 402	59 266 645
SURPLUS(DEFICIT) FOR THE YEAR		9 921 076	3 957 979

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

	Note	Build- together fund N\$	Accumulated surplus N\$	Total funds N\$
Opening Balance as of 01 April 2020		1 365 000	131 390 737	132 755 737
Surplus for the year	9	-	3 957 978	3 957 978
Adjustment in accumulated funds		-	(4 633 322)	(4 633 322)
Accumulated Profit		-	4 273 747	4 273 747
Balance as at 31 March 2021		1 365 000	134 989 140	136 354 140
Opening Balance as of 01 April 2021		1 365 000	134 989 140	136 354 140
Surplus for the year	9	-	9 921 077	9 921 077
Adjustment in accumulated funds		-	(4 697 520)	(4 697 520)
Gain on property re-valuation		-	8 287 494	8 287 494
Accumulated Profit		-	7 086 042	7 086 042
Balances as at 31 March 2022		1 365 000	155 586 233	156 951 233

ANNEXURE C

OSHIKOTO REGIONAL COUNCIL

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH

	2022	2021
	N\$	N\$
Cash flows from operating activities		
Receipts	154 149 982	137 682 429
Property Taxes	391 304	317 071
Interbank transfer	73 664 500	66 244 003
Fines, Penalties and Levies	444 138	483 697
Government. Grants and Subsidies	70 483 140	64 676 923
Rendering Services	3 293 375	4 393 328
Finance Income	97 889	603 572
Other Income, rentals and agency fees	5 775 636	963 835
Payments	65 263 710	131 978 100
Compensation of employees	43 034 096	42 609 771
Goods and Services	12 501 082	11 919 000
Finance Cost	157 811	287 520
Rent Paid	19 200	25 596
Other payments	9 551 521	10 846 906
Interbank Transfer	-	66 289 307
Net Cash Flow from Operating Activities	88 886 273	5 704 329
Cash Flow from Investing Activities		
Purchase of PPE (WIP)	(19 165 727)	(3 972 885)
Net Cash flow used in investing Activities	(19 165 727)	(3 972 885)
Net Increase (Decrease) in cash and cash equivalent	69 720 546	1 731 444
Cash and Cash Equivalent as of 1st April 2021	12 754 941	11 023 498
Cash and Cash Equivalent as of 31st March 2022	*8 810 986	12 754 941

*Cashflow statement does not balance with N\$ 73 664 682

ANNEXURE E

**OSHIKOTO REGIONAL COUNCIL
STATEMENT OF COMPARISON OF BUDGET VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH
2022**

OPERATIONAL BUDGET 2021-2022

	Approved Budget	Adjustment	Final Budget	Actual amount on comparison basis	Difference between final budget and actual
Revenue	N\$	N\$	N\$	N\$	N\$
Government Subsidy	49 861 000	-	49 861 000	49 861 000	-
Revenue from Settlement	3 500 000	-	3 500 000	3 166 601	333 399
Interest Received	30 000	-	30 000	18 775	11 225
Others (Tenders, Copies)	300 000	-	300 000	537 149	(237 149)
Property Rental	48 500	-	48 500	20 610	27 890
Official Accommodation	10 000	-	10 000	7 769	2 231
Parking Fees	2 700	-	2 700	300	2 400
Lease of Land	509 880	-	509 880	122 322	387 558
VAT Refund (Operation)	3 209 550	-	3 209 550	-	3 209 550
2.5% Third Parties Commission	65 000	-	65 000	70 630	(5 630)
Balance as of 1st April 2021	3 258 658	-	3 258 658	3 258 658	-
Refunds(FUEL,HR FORUM &OTHERS)	-	-	-	132 278	(132 278)
Insurance Refund	-	-	-	138 330	(138 330)
Total	60 795 288	-	60 795 288	57 334 422	3 460 866

ANNEXURE E

**OSHIKOTO REGIONAL COUNCIL
STATEMENT OF COMPARISON OF BUDGET VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH
2022(Continued)**

	Approved Budget	Adjustment	Final Budget	Actual amount on comparison basis	Difference between final budget and actual
	N\$	N\$	N\$	N\$	N\$
Operational Expenditure					
Remuneration	37 485 924	-	37 485 924	36 363 603	1 122 321
Contribution (GIPF and MOPOOBPF)	4 674 140	-	4 674 140	4 506 873	167 267
Other Condition of Services	1 472 155	(10 000)	1 462 155	1 285 031	177 124
PERSONNEL EXPENDITURE-SUBTOTAL	43 632 219	(10 000)	43 622 219	42 155 507	1 466 712
Travelling and Subsistence Allowances	510 338	40 000	550 338	538 410	11 928
Material and Supplies	1 380 000	(130 000)	1 250 000	614 311	635 689
Transport	1 800 000	-	1 800 000	1 391 690	408 310
Utilities	7 122 000	140 000	7 262 000	6 986 163	275 837
Maintenance Expenses	1 345 000	(100 000)	1 245 000	713 053	531 948
Property Rental	205 000	1 500	206 500	193 040	13 460
Other Services and Expenses	2 918 043	60 000	2 978 043	2 423 531	554 512
GOODS AND OTHER SERVICES-SUBTOTAL	15 280 381	11 500	15 291 881	12 860 198	2 431 684

ANNEXURE E

**OSHIKOTO REGIONAL COUNCIL
STATEMENT OF COMPARISON OF BUDGET VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH
2022(continued)**

	Approved Budget	Adjustment	Final Budget	Actual amount on comparison basis	Difference between final budget and actual
Membership Fees and Subscriptions: Domestic	N\$ 425 000	N\$ (1 500)	N\$ 423 500	N\$ 354 746	N\$ 68 754
SUBSIDIES & OTHER CURRENT TRANSFERS-SUBTOTAL	425 000	(1 500)	423 500	354 746	68 754
Furnitures and Office Equipment	411 193	-	411 193	72 460	338 733
Operational Equip, Machinery	293 000	-	293 000	96 068	196 932
FURNITURE AND OFFICE EQUIPMENT	704 193	-	704 193	168 528	535 665
Transfer to Capital Project	753 496	-	753 496	753 496	-
Total Operational Expenditure	60 795 289	-	60 795 289	56 292 475	4 502 815

**OSHIKOTO REGIONAL COUNCIL
STATEMENT OF COMPARISON OF BUDGET VERSUS ACTUAL AMOUNTS FOR THE
YEAR ENDED 31 MARCH 2022 (Continued)**

BUDGET VARIANCES EXPLANATION

Revenue

- 1 Revenue from Settlement and Lease of land revenues are below the budget due to national lockdown and adherence to COVID 19 regulations and directives from the Cabinet.
- 2 Bid Fees and Copies- The Council received a favourable result due to the Sale of bidding Documents.
- 3 VAT Refund- The Council did not receive VAT refund from NAMRA during the year under review. VAT refund was paid in the 2022/ 2023 Financial Year.
- 4 Official Accomodation- During the year under review Council collected below the estimated budget on Official accomodation due to staff members who vacated official houses.
- 5 Property Rental- The Council was hit hard by the varient of COVID 19 during the year under review there could not rent out most of facilities eg. Halls, PA system and Chairs.
- 6 Parking Fees-Parking fees revenue is below budget due to the tarriff that was approved toward the end of the financial year.

Expenditures

- 1 Expenditures are below the estimated budget due to late approval of the budget by the Ministry of Urban and Rural Development.
- 2 During the Year under review, Council experienced low inflow of cash therefore could not procure as planned.
- 3 Due to Covid 19 staff members were mostly working from home therefore Council spend more on Utilities and Materials and office supplies.

**OSHIKOTO REGIONAL COUNCIL
STATEMENT OF COMPARISON OF BUDGET VERSUS ACTUAL AMOUNTS FOR THE
YEAR ENDED 31 MARCH 2022 (Continued)**

CAPITAL/DEVELOPMENT BUDGET 2021/2022

	Final Budget	Actual amount on comparison basis	Difference between final budget and actual
Revenue	N\$	N\$	N\$
Construction of Services -Onayena	5 000 000	1 443 053	3 556 947
Construction of Services -Oshivelo	7 000 000	3 196 821	3 803 179
Construction of Guinas Constituency Office -Tsintsabis	12 000 000	1 553 313	10 446 687
Planning and surveying of Oshigambo	1 000 000	-	1 000 000
Sanitation	1 057 000	1 057 000	-
5% Rates & Taxes from Local Authorities	300 000	317 071	(17 071)
VAT Claims Refunds	1 000 000	-	1 000 000
Accrued interest on capital accounts	60 000	100 395	(40 395)
Surcharges and Dividends	550 000	452 857	97 143
Upgrading of Roads (RFA Funded Roads)	527 600	-	527 600
Total Revenue	28 494 600	8 120 510	20 374 090
Expenditures:			
Rural sanitation programme	1 057 000	380 819	676 181
Construction of Services(Infrastructure) Onayena	5 000 000	1 443 053	3 556 947
Construction of Services (Infrastructure) Oshivelo	7 000 000	3 196 821	3 803 179
Planning and surveying of Oshigambo	1 000 000	-	1 000 000
Upgrading of Roads (RFA Funded Roads)	527 600	-	527 600
Construction of Quinas Constituency Office -Tsintsabis	12 000 000	1 553 313	10 446 687
Constituency Development Fund (CDF)	1 910 000	-	1 910 000
Total expenditure for funded projects	28 494 600	6 574 006	21 920 594

**OSHIKOTO REGIONAL COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH**

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Regional Council Annual Financial Statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The Annual Financial Statements are presented in Namibian Dollars, which is the functional and reporting currency of the Regional Council and all values are rounded to the nearest dollar. The Accounting policies have been consistently applied to all the years presented.

The Annual Financial Statements have been prepared on the basis of historical cost, unless stated otherwise. The statement of cash flow is prepared using Direct method. The Annual Financial Statements are prepared on accrual basis. It should be noted, however, that 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, 1992; and since all liabilities relating to the Delegated Funds remains with the relevant Ministries and all unexpended Delegated Funds are returned to the State Account, it does not materially affect the Regional Council's Financial Statements.

1.1 FIXED ASSETS AND DEPRECIATION

All Property, plant and equipment are stated at cost, less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant part of property, plant, and equipment are required to be replaced at intervals 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 depreciation is calculated on the shortfall.

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

Buildings	50 years
Machinery and Equipment	5 years
Motor vehicles	5 years
Furniture, Fittings and Fixtures	3 years
Computer equipment	3 years
Capital Infrastructure	50 years
Lands	Land has an infinite life
Investment Property	

OSHIKOTO REGIONAL COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH (Continued)

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

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

2. REVENUE

2.1 Contributions, Grants and Financial Aid from MURD

The Oshikoto Regional Council receives administrative grants from the Ministry of Urban and Rural Development. These grants are for the day-to-day operations of the Regional Council and capital projects.

2.2 Rates Levies from Local Authorities

The Oshikoto Regional Council as per Regional Councils' Act of 1992, levies an amount equal to 5% of the rates levied on all ratable property in local authority areas in Oshikoto Regional Council.

5% CONTRIBUTION FROM LOCAL AUTHORITIES

	2022	2021
	N\$	N\$
Revenue Description		
Omuthiya Town Council	289 065	234 232
Oniipa Town Council	6 517	8 248
Tsumeb Municipality	576 686	4 332 247
Total	872 268	4 574 727

2.3 Royalties and surcharges

The Oshikoto Regional Council receives royalties in respect of surcharges levied on its behalf by Nored and Cenored. These rates are based on approved tariffs by the Electricity Control Board and may vary from time to time.

	2022	2021
	N\$	N\$
Revenue Description		
Royalties-Cenored	623	11 306
Royalties-Nored	69 177	102 844
Total	69 800	114 150

OSHIKOTO REGIONAL COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (Continued)

3. Property, plant and equipment

	Assets under construction	Buildings	Capital Infrastructure	Plant & Machinery and vehicles	Office Furniture, Equipment, and Computers	Total
	N\$	N\$	N\$	N\$	N\$	N\$
31 March 2022						
Opening Balance	31 990 227	76 864 084	14 932 268	2 633 546	942 914	95 372 812
Additions	13 953 558	-	-	18 775	181 996	200 771
Adjustments	(17 510 104)	-	-	20 770	-	20 770
Depreciation/Amortization current year	-	(1 949 020)	(320 272)	(4 437 258)	(1 244 659)	(7 951 210)
Sum of Revaluation Surpluses	-	-	-	5 333 601	2 912 340	8 245 940
Net Carrying Amount	28 433 681	74 915 064	14 611 996	3 569 434	2 792 592	95 889 083
31 March 2021						
Opening net book value	22 213 687	78 813 104	15 252 540	3 659 165	988 592	98 713 400
Additions	9 776 540	-	-	130 192	424 443	554 635
Depreciation/Amortization current year	-	(1 949 020)	(320 272)	(1 155 810)	(470 121)	(3 895 224)
Closing carrying amount	31 990 227	76 864 084	14 932 268	2 633 546	942 914	95 372 811

OSHIKOTO REGIONAL COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH (Continued)

3. Property, plant and equipment (continued)	2022	2021
Intangible Assets	N\$	N\$
Opening net book value	251 714	-
Additions	5 967	-
Adjustment (Intangible asset)	-	140 905
Amortization: Accumulated	(122 719)	(16 937)
Closing carrying amount	134 962	123 968

3. Property, plant and equipment under construction**Capital expenditures for the year**

The following expenditure was incurred during the year and balances from prior years for capital projects or acquisitions.

Work In Progress	2022	2021
	N\$	N\$
WIP Onyuulaye	204 000	763 761
WIP Oshivelo	4 335 910	3 467 505
WIP Onayena	9 975 812	8 928 173
WIP Street lights	-	2 537 786
WIP Gravel roads	-	5 915 580
WIP Surveying	-	1 811 212
WIP Electrification	3 924 298	1 385 339
WIP Town and Regional Planning	-	1 368 285
WIP MSME Shelter	-	686 460
Solar Power Plant	-	430 316
Build Together (BTP)	30 293	675 987
Land Compensation	-	3 298 042
WIP Guinas Office	9 963 367	700 259
WIP Staff house-	-	21 522
	28 433 681	31 990 227
WIP-Additions	(3 556 546)	9 776 541

OSHIKOTO REGIONAL COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH (Continued)**4 Inventory**

Inventory is measured at cost upon initial recognition. 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. After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

	2022	2021
	N\$	N\$
Inventory Category	577 190	1 217 576
Stationeries	99 052	-
Cleaning Materials	138 184	-
Catridges	315 691	-
Electrical and Others	24 263	-

5 Investments in join Venture

	2022	2021
	N\$	N\$
Investments in join Venture	5 559 204	5 559 204
Nored Electricity	5 000 000	5 000 000
Cenored	559 204	559 204

6 Trade receivables

Trade receivables are carried at anticipated realizable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end excluding that of Subsistence and Travelling Allowance. Bad debts are written off during the year in which they are identified.

	2022	2021
	N\$	N\$
Receivables from exchange transactions	8 004 178	5 764 527
Onayena	1 176 991	1 058 100
Oshivelo	2 493 918	2 511 949
Customer - Others	37 454	51 227
Nored	6 256	102 844
Cenored	69 177	11 306
Provision for doubtful debts	-	(1 155 412)
Salary Control Account/Maintenance	850	4 748
Build - Together debtors	4 219 532	3 179 764

OSHIKOTO REGIONAL COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH (Continued)

	2022	2021
	N\$	N\$
6 Trade receivables (continued)		
Receivables from non exchange transactions	5 197 301	4 576 462
Subsistence and Travelling Allowance(S&T)	7 160	1 734
Staff Members	6 606	1 667
Politician	554	67
5% Rates and Taxes from Local Authorities	5 190 141	4 574 727
Omuthiya Town Council	181 850	234 232
Oniipa Town Council	12 855	8 248
Tsumeb Municipality	4 995 436	4 332 247
7 Trade and other payables		
Payables from exchange transactions	595 744	4 937 002
Trade and other payables	595 744	3 915 738
Advance payments from customers	-	994 212
Retention fee	-	27 052
Deffered Income	4 855 287	5 097 269
Opening Balance	5 097 270	3 140 581
Adjustments	(2 261 516)	(1 039 530)
Capital Project	986 352	1 473 883
Rural Development Project	1 033 181	1 522 335
Employee Benefit obligation	2 202 520	2 174 282
Leave provision Short term	1 184 483	1 262 252
Accrued Bonus Provision	1 018 037	912 030

OSHIKOTO REGIONAL COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (Continued)

	2022	2021
	N\$	N\$
7 Trade and other payables (continued)		
Cash and Cash Equivalent	66 597	-
Cash Control/Municipal Services: Onayena Settlement	36 316	-
Cash Control/Municipal Services: Oshivelo Settlement	28 681	-
Cash Control/Lease Customers: Onayena Settlement	600	-
Cash Control/Lease Customers: Oshivelo Settlement	1 000	-
Trade and other payables from Non-exchange transactions	2 102 734	2 309 309
DCPP- Agriculture Control Account	1 587 942	1 877 032
Health Ministry Control Account	360 400	358 184
Drought Control Account	71 892	74 093
Okashana RDC Control Account	82 500	-

OSHIKOTO REGIONAL COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH (Continued)

	2022	2021
	N\$	N\$
8 Cash and cash equivalents	8 810 987	12 646 346
GE - Cheque	73 013	924 080
Fnb Call	17 154	1 403 230
Capital Project - Cheque	362 270	2 862 053
Capital Project - Call	3 961 216	1 441 677
BTP Call	357 625	355 463
BTP Cheque	5 575	139 599
Settlement - Call	702 424	755 065
Transport - Cheque	167 353	176 284
OS Rrl Dev Prjct - Call	458 130	1 838 265
Drou Aid Fund - Cheque	27 752	28 889
BTP Inventory Cheque)	515 463	309 524
Rural Dev Project	151 346	222 509
Trust Fund Call	60 048	59 810
Min Health Capital Project	363 676	361 461
D CPP	1 587 942	1 877 032
Cash Control/Municipal Services/Finance Division/Onayena Settlement	-	6 773
Cash Control/Municipal Services/Finance Division/Oshivelo Settlement	-	(71 612)
Cash Control/Buildtogether Programme/Finance Division	-	2 064
Cash Control/Water Deposit/Finance Division	-	(45 320)
Lease Customers Receipt Book/Finance Division/Oshivelo Settlement	-	(500)
9 Accumulated funds	140 524 458	137 212 251
BTP Revolving Fund	1 365 000	1 365 000
Accumulated Profit	7 086 042	3 122 432
Retained Earning	113 864 845	128 766 841
Net Profit/ Loss	9 921 077	3 957 978
Re-evaluation Surplus	8 287 494	-

OSHIKOTO REGIONAL COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH (Continued)

10 Revenue	2022	2021
	N\$	N\$
Revenue from non exchange transactions		
10.1 5% Rate and Taxes from Local Authorities	872 268	898 345
Omuthiya Town Council	289 065	318 406
Tsumeb Municipality	576 686	574 012
Oniipa Town Council	6 517	5 927
Revenue from exchange transactions		
10.2 Income from Municipal Services	2 889 916	2 576 360
Onayena Settlement	1 308 875	1 013 011
Oshivelo Settlement	1 581 041	1 563 349
10.3 Interest Income	82 008	399 148
Interest received from Rural Dev. Projects	16 716	23 056
Interest received from BTP	2 165	233 826
Interest received for Operational	11 951	38 575
Interest received for Capital Projects	44 128	100 414
Interest Received from Health	-	3 277
Interest Received from Trust Fund	245	-
Interest Received from Settlement	6 571	-
Interest Received from Transport	232	-
10.4 Total Royalties/Surcharges	421 420	400 349
Nored Electricity	380 679	334 724
Cenored Electricity	40 741	65 625

OSHIKOTO REGIONAL COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH (Continued)

	2022	2021
	N\$	N\$
10 Revenue (continued)		
10.5 Rental Income	468 705	135 652
Leasehold Income :Finance	2 495	-
Leasehold Income Onayena Settlements	265 450	-
Leasehold Income Oshivelo Settlement	166 667	74 383
Property Rentals	26 939	49 637
Official Accommodation	7 154	11 632
10.6 Other Income	539 081	577 365
Copies and Faxes	3 403	4 964
Bid Fees	530 000	545 860
Building plan	5 378	11 876
Sundry Income	-	11 665
Bill Boards -Oshivelo Settlement	-	3 000
Parking Fees	300	-

ANNEXURE F

OSHIKOTO REGIONAL COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (Continued)

	2022	2021
	N\$	N\$
11 OPERATING EXPENDITURE	64 611 402	59 266 646
Remuneration Staff members	32 076 832	31 443 612
Remuneration of Councilors	4 062 011	4 062 731
Employer Contribution to GIPF	4 000 900	3 286 133
Employer Contribution to MPOOBPF	505 974	572 918
Non Pensionable Benefits-Councillors	401 663	133 888
Other Condition of Service	584 021	2 543 178
Subsistence and Travelling Allowance	517 103	535 105
Material and supplies	882 086	1 019 135
Transport and Related expenses	1 276 747	1 146 387
Utilities Expenses	5 830 830	5 827 632
Maintenance Expenses	666 930	435 226
Rental Expenses	156 472	183 030
Other Expenses	2 200 25	1 922 700
Depreciation and Amortization	8 008 897	3 912 160
Membership Fee and Lincense Renewal	298 530	360 669
Rural Development	3 316 624	1 663 321
Small Scales	-	71 729
Land Compensation	-	147 092
Road Fund Administration/Road Fund Administration/Planning Division	(174 474)	-

OSHIKOTO REGIONAL COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH (Continued)

12 DELEGATED FUNCTIONS

The Oshikoto Regional Council is currently performing the following functions as delegated by central governmental ministries, in accordance with the Decentralization Enabling Act, 2000 (Act 33 of 2000).

Under delegation, the Regional Council acts as an agent on behalf of the relevant ministry, however, retains overall responsibility for performance for a particular line Ministry, while the latter retains full control and overall responsibility to approve the related budget. This budget allocation transferred to the Regional Council via monthly cash transfers.

The transactions for DCCP, Ministry of Health and Social Services, ECD and Drought accounts are part of the Regional Council operations, because they are not delegated yet, however the Council is taking care of the financial transactions at the Regional level.

	2022	2021
	N\$	N\$
INCOME	128 963 110	190 718 206
Min. of work (Maintenance)	1 176 242	1 841 354
Min. of Information, Communication and technology	80 040	158 354
Min. of land	400 611	449 106
ORC Education	121 634 289	176 951 229
Rural Water Supply and Sanitation Cordination	1 377 539	7 176 302
Ministry of Gender, Equality and Child Welfare	4 294 389	4 141 861
EXPENDITURES	143 471 451	160 814 975
Ministry of works	1 175 353	1 848 415
Min. of Information, Communication and Technology	138 875	124 690
Min. of land	391 451	381 078
Ministry of education	134 005 026	153 066 576
Rural Water Supply and Sanitation Cordination	3 863 184	4 452 400
Ministry of Gender, Equality and Child Welfare	3 897 562	941 816

OSHIKOTO REGIONAL COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH (Continued)

12 DELEGATED FUNCTIONS (continued)	2022	2021
	N\$	N\$
BANK BALANCES	16 038 812	31 996 411
Bank Windhoek: Ministry of Works	1 440	551
Bank Windhoek: Gender, Equality and Child Welfare	1 334 019	2 386 451
Bank Windhoek: Education	12 046 969	24 417 706
Bank Windhoek: MICT	32 659	91 494
Bank Windhoek: Land	137 216	128 056
Bank Windhoek: Rural Water Supply and Sanitation Coordination	2 486 509	4 972 153

