



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

OSHIKOTO REGIONAL COUNCIL

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023



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 2023 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991 (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

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

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

WINDHOEK, June 2024

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
OSHIKOTO REGIONAL COUNCIL
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

1. ADVERSE OPINION

I have audited the financial statements of the Oshikoto Regional Council for the financial year ended 31 March 2023 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, in all material respects, the financial position of the Oshikoto Regional Council and its financial performance and cash flows for the years then ended in accordance with the International Public Sector Accounting Standards (IPSAS).

2. BASIS FOR ADVERSE OF 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:

2.1 STATEMENT OF CASH FLOW IPSAS 2

Casting errors were noted on the face of the cash flow statement resulting in a significant difference of N\$ 99 983 527 (2023).

Comparability in the cash flow statement was impaired as a result of restatements in prior year presentation figures amounting to N\$ 73 664 500 (2022) of which no reasonable assurance could be obtained.

An unexplained variance amounting to N\$ 8 338 711(2023) and N\$ 729 917(2022) was observed between the client's cash flow statement and the auditor's recalculation.

RECOMMENDATION

It is recommended that the Council ensures that its cash flow statement is in compliance with IPSAS 2 and that the cash and cash equivalent are balanced to the actual cash at the end of the financial period.

2.2. PROPERTY, PLANT AND EQUIPMENT

2.2.1. REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Financial statements reflect a revaluation surplus amounting to N\$ 3 915 515 on assets that were revalued for the year under review, the following were noted:

- (a) Insufficient documentation was provided regarding the basis or model used for revaluation of assets [The cost model (carry an asset at cost less accumulated depreciation and any accumulated impairment losses). The revaluation model (carry an asset at its fair value at the revaluation date less subsequent accumulated depreciation and subsequent impairment losses)];
- (b) The valuation was not conducted by a professional valuer as per the requirements of IPSAS 17 par 45; and
- (c) The Council did not disclose the accounting policy on asset revaluation.

RECOMMENDATION

It is recommended that the Council ensure that when valuing their assets, they should use professional valuer from professionals registered body.

2.2.2. ACCOUNTING OF CLASSES OF PROPERTY, PLANT AND EQUIPMENT

It was observed that the Council did not account for land and buildings separately as per IPSAS 17 par 74, therefore auditors were unable to determine and verify the land value from the N\$ 72 966 043 disclosed in the financial statements as building on note 3.

RECOMMENDATION

It is recommended that the Council should make sufficient and appropriate disclosure in the financial statements as per the requirements of relevant accounting standards.

2.3. PROVISION FOR LEAVE

Provision for leave amounting to N\$ 1 064 414 could not be verified with regards to accuracy, existence and completeness due to incomplete leave records.

RECOMMENDATION

It is recommended that the Council do regular updates of leave records to ensure accuracy and completeness of provision for leave.

2.4. REVENUE FROM NON- EXCHANGE TRANSACTIONS

The audit revealed that the Council failed to make appropriate disclosures as prescribed by IPSAS 23, where significant information regarding the nature, timing and commitment of grants/projects should be disclosed, but were not disclosed.

Furthermore, it was noted that the Council received funds in October 2022 for Sanitation and Food for work programs; however Council failed to implement the disbursements, and as such, these funds were not used and ended up being recognized as deferred income for the following financial year.

In addition, it was found that due to delay in submitting invoices of the Construction project of Guinas Constituency, the final invoice amounting to N\$ 723 499 (28 March 2023) was not paid at year-end and no provision was raised as prescribed by IPSAS 23 .

RECOMMENDATION

It is recommended that the Council ensures compliance to the disclosure requirements of IPSAS 23 and IPSAS 19.

The funds for Sanitation and Food for work programs, which were recognized as deferred income, should be used for the purposes intended.

It is further recommended that the Council ensure the outstanding invoice at year-end are raised and recognized as provisions as per IPSAS 19.

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 determined that there are no key audit matters identified in respect of the financial statements for the Oshikoto Regional Council.

4. OTHER INFORMATION

Management is responsible for the other information. My opinion on the financial statements does not cover the other information and, accordingly, do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

5. AUDIT OF KEY PERFORMANCE INFORMATION (KPIs)

The Council did not submit the Annual Performance Review report for audit, as a result, the auditors could not verify the Council's overall performance during the year under review.

The auditors noted that there were changes in the KPI's between the Annual Plan and Quarterly Review, which were not documented. E.g. the annual plan indicates that the performance indicator for construction of rural toilets would be the number of toilets constructed, but in the quarterly review it is reported as the percentage of completion. Similarly, there were changes the KPI for construction of Build Together Houses which was the number of build together houses constructed in the Annual Plan, but was changed to percentage of completion at the Quarterly Review.

RECOMMENDATION

It is recommended that the Council ensures that KPIs remain consistent during planning and reporting stages and any changes to the KPI's should be documented.

6. 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 (IPSAS) and legislations 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.

7. 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.

8. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (COMPLIANCE)

The financial statements were submitted late by the Accounting Officer to the Auditor-General on the 6 October 2023 instead of the granted extension ending 30 September 2023 in terms of Section 40 (1) of the Regional Council 1992, (Act 22 of 1992).

9. ACKNOWLEDGEMENT

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

WINDHOEK, June 2024



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

ANNEXURE A

OSHIKOTO REGIONAL COUNCIL

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH

	Note	2023 N\$	2022 N\$
ASSETS			
CURRENT ASSETS		29 434 023	29 153 216
Cash and cash equivalents at hand	8	15 163 556	8 810 987
Cash and cash equivalent control account	8	2 445	-
Receivables from exchange transactions	6	7 584 620	8 004 178
Receivables from non-exchange transactions	6	5 285 562	5 197 301
Taxation (VAT)		919 914	6 563 560
Inventories	4	477 926	577 190
NON-CURRENT ASSETS		151 118 014	130 016 930
Property, Plant & Equipment	3	99 652 384	*95 889 083
Intangible assets	3	50 992	**134 962
Work in progress capital project	3	45 855 434	28 433 681
Investment in associates	5	5 559 204	5 559 204
TOTAL ASSETS		180 552 037	159 170 146
CURRENT LIABILITIES		8 196 452	10 410 724
Trade and other payables (from exchange transactions)		972 630	595 744
Refundable deposits from customers	7	87 958	75 978
Provision for doubtful debts		321 775	352 544
Deferred income	7	2 615 077	4 855 287
GRV accrual control		-	20 520
Employee benefit obligation	7	2 031 306	2 202 520
Cash and cash equivalent	7	-	66 597
Unallocated deposit		-	470
Insurance asset refund		-	138 330
Trade and other payables (from non-exchange transactions)	7	2 167 706	2 102 734
NON-CURRENT LIABILITIES		8 640 901	8 234 965
Employee benefit obligation		8 640 901	8 234 965
TOTAL LIABILITY		16 837 353	18 645 689

ANNEXURE A

OSHIKOTO REGIONAL COUNCIL

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH

(continued)

	Note	2023 N\$	2022 N\$
NET ASSETS		163 714 684	140 524 457
Accumulated surplus	9	163 714 684	140 524 457
TOTAL NET ASSETS AND LIABILITIES		180 552 037	159 170 146

*Amount does not agree to Note 3. Variance amounting to N\$ 2 513 664 was found between the financial statements and the disclosure note.

** Amount does not agree to Note 3. Variance amounting to (N\$ 21 161) was found between the financial statements and disclosure note.

ANNEXURE B**OSHIKOTO REGIONAL COUNCIL****STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH**

	Note	2023 N\$	2022 N\$
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		77 237 121	69 883 131
Government subsidy		51 085 580	49 860 999
Government Grants		25 040 554	19 149 864
5% Rates and contribution from local authorities	10.1	1 108 986	872 268
Fines ,Penalties and Levies		2 000	-
REVENUE FROM EXCHANGE TRANSACTIONS		5 503 111	4 110 267
Income from Municipal services	10.2	3 879 639	2 889 916
External investments surcharges/dividend	10.4	425 722	421 420
Bank interest received	10.3	291 996	82 008
Interest received/BTP		196 898	177 588
Rental revenue from facilities and equipment	10.5	636 312	468 705
Agency fees 2.5% commission		72 546	70 630
OTHER INCOME	10.6	278 491	539 081
TOTAL REVENUE		83 018 724	74 532 479
OPERATING EXPENSES	11	66 055 013	64 611 402
SURPLUS FOR THE YEAR		16 963 711	9 921 076

ANNEXURE C

OSHIKOTO REGIONAL COUNCIL

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

		Build Together Fund	Accumulated surplus	Total funds
	Note	N\$	N\$	N\$
Opening balance at of 1 April 2021		1 365 000	135 852 883	137 217 883
Surplus for the year	9	-	9 921 076	9 921 076
Adjustment in accumulated funds		-	*(21 988 038)	(21 988 038)
Accumulated profit		-	8 287 494	8 287 494
Gain on property re-valuation		-	7 086 042	7 086 042
Balance as at 31 March 2022		1 365 000	139 159 458	140 524 458
Opening balance at of 1 April 2022		1 365 000	139 159 458	140 524 458
Surplus for the year	9	-	16 963 711	16 963 711
Adjustment in accumulated funds		-	(22 983 611)	(22 983 611)
Gain on property re-valuation		-	12 203 009	12 203 009
Accumulated profit		-	17 007 118	17 007 118
Balance as at 31 March 2023		1 365 000	162 349 684	163 714 684

*A variance of N\$ 17 354 716 for Adjustment in accumulated fund for (2022) closing balance N\$ 4 633 322 prior year audit report and (2023) N\$ 21 988 038 financial statement was observed.

ANNEXURE D

OSHIKOTO REGIONAL COUNCIL
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH

	Note	2023 N\$	2022 N\$
Cash flows from operating activities			
Receipts		200 641 511	154 149 982
Taxation		1 011 905	391 304
Interbank transfer		98 740 795	73 664 500
Fines, Penalties and Levies		485 445	444 138
Government , grants and subsidies		84 079 833	70 483 140
Sales of goods and services		4 319 086	3 293 375
Interest received		357 716	97 889
Other receipts		11 646 730	5 775 636
Payments		72 467 299	138 928 210
Employee cost		43 390 476	43 034 096
Goods and services		14 067 167	12 501 082
Finance cost		164 120	157 811
Rent paid		14 025	19 200
Other payments		14 831 511	9 551 521
Interbank transfer		-	73 664 500
Net Cash Flow from Operating Activities		128 174 212	15 221 773
Cash Flow from Investing activities			
Purchases of PPE (WIP)		(21 838 115)	(19 165 727)
Net Cash Flow used in investing activities		(21 838 115)	(19 165 727)
Net increase(decrease) in cash and cash equivalent		106,336,097	(3 943 955)
Cash and Cash equivalent as of 1 April 2022		8 810 986	12 754 941
Cash and Cash equivalent as of 31 March 2023	8	*15 163 556	8 810 986

*Cash flow statement does not balance with N\$ 99 983 527 (2023).

** Restatements in prior year presentation figures amounting to N\$ 73 664 500 (2022) of which no reasonable assurance could be obtained to balance off the cash flow.

ANNEXURE E

OSHIKOTO REGIONAL COUNCIL

STATEMENT OF COMPARISON OF BUDGET VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH

OPERATIONAL BUDGET 2022-2023

	Approved Budget	Adjustment	Final Budget	Actual amount on comparison basis	Difference between final budget and actual
	N\$	N\$	N\$	N\$	N\$
Revenue	49 711 471	-	49 711 417	51 085 581	(1 374 164)
Government subsidy	4 800 000	-	4 800 000	3 864 180	935 820
Revenue from settlement	20 000	-	20 000	134 837	(114 837)
Interest received	300 000	-	300 000	125 805	174 195
Bids fees	5 000	-	5 000	3 593	1 407
Photocopy charges	81 500	-	81 500	54 153	27 347
Property Rental	10 000	-	10 000	8 047	1 953
Official accommodation	2 700	-	2 700	1 760	940
Parking fees	700 000	-	700 000	358 204	341 796
Lease of land	4 962 686	-	4 962 686	5 942 001	(979 315)
VAT refund (operation)	70 000	-	70 000	72 546	(2 546)
2.5% Third parties commission	357 414	-	357 414	357 414	-
Balance as of 1st April 2022	-	-	-	96 438	(96 438)
Refund (Fuel, HR, Forum & Others	20 000	-	20 000	2 000	18 000
illegal connection	15 000	-	15 000	-	15 000
Interest on overdue accounts	20 000	-	20 000	21 075	(1 075)
Reconnection fees	30 000	-	30 000	28 175	1 825
Water connection /Disconnection fees	10 000	-	10 000	15 480	(5 480)
Water deposit	5 000	-	5 000	9 016	(4 016)
Building plan	138 330	-	138 330	138 330	-
Insurance refund	-	-	-	464 199	(464 199)
Outstanding commitments	-	-	-	-	-
Totals	61 259 047	-	61 259 047	62 782 834	(1 523 787)

ANNEXURE E

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

	Approved budget	Adjustment	Final Budget	Actual amount on comparison basis	Different between final budget and actual
	N\$	N\$	N\$	N\$	N\$
Operational Expenditure					
Remuneration	36 856 913	-	36 856 913	35 961 551	895 362
Contribution (GIPF and MOPOOBPF)	5 235 977		5 235 977	4 394 687	841 290
Other condition of services	1 869 795	(10 000)	1 859 795	1 963 771	(103 976)
Personnel expenditure -subsistence					
Allowances	43 962 685	(10 000)	43 952 685	42 320 009	1 632 676
Travelling and subsidy	737 117	40 000	777 117	734 791	42 326
Material and suppliers	1 059 344	(130 000)	929 344	853 899	75 445
Transport	1 845 000	-	1 845 000	1 604 527	240 473
Utilities	7 879 000	140 000	8 019 000	7 027 021	991 979
Maintenance expenses	1 215 000	(100 000)	1 115 000	1 071 852	43 148
Property rental	240 400	1 500	241 900	189 145	52 755
Other services and expenses	3 212 500	60 000	3 272 500	2 744 124	528 376
Goods and expenses subtotal	16 188 361	11 500	16 199 861	14 225 359	1 974 502
Membership fees and subscriptions	397 000	(1 500)	395 500	383 947	11 553
Individuals and non-profit organization	10 000	-	10 000	-	10 000
Subsidies and other current transfer	407 000	(1 500)	405 500	383 947	21 553

ANNEXURE E

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

	Approved Budget	Adjustment	Final Budget	Actual amount on comparison basis	Different between final budget and actual
	N\$	N\$	N\$	N\$	N\$
Operational expenditure					
Furniture and office equipment	651 000	-	651 000	234 384	416 616
Operation equip, Machinery	50 000	-	50 000	140 577	(90 577)
Furniture and office equipment	701 000	-	701 000	374 961	326 039
Transfer to rural account	-	-	-	4 020	(4 020)
transfer to drought account	-	-	-	20	(20)
Accrued expenditure	-	-	-	116 573	(116 573)
Total operational expenditure	61 259 046	-	61 259 046	57 304 270	3 954 770

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

BUDGET VARIANCES EXPLANATION

Revenue

1. Interest received increase due to high cash inflow.
2. Photocopy charges increased due to high demand of copies by community's members.
3. VAT Refund- The Council received more VAT refund from NAMRA during the year under review. Vat refund consist of funds for the past Financial year.
4. Official Accommodation- During the year under review Council collected more as the estimated budget on Official accommodation due to revised tariff on official accommodation.
5. Water deposit fees increase due to growth of the Settlement areas.
6. Subsidy have increased due to additional budget to cater for employees salary increment

Expenditures

Expenditures are below the estimated budget due to late approval of the budget by the Ministry of Urban and Rural Development During the Year under review Council spent 94% of the total budget and could not attain 100% due to delay in the procurement process.

Oshikoto Regional Council has migrated from conversional meter to prepaid meter on electricity to cut on the cost

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

CAPITAL DEVELOPMENT BUDGET

	Approved Budget N\$	Final Budget N\$	Actual amount on comparison basis N\$	Difference between final budget and Actual N\$
REVENUE				
Construction of Services -Onayena	946 000	946 000	442 672	503 328
Construction of Services -Oshivelo	1 182 000	1 182 000	717 003	464 997
Construction of Services -Onyuulaye	237 000	237 000	237 000	-
Construction of Guinas Constituency Office - Tsintsabis	22 715 085	22 715 085	22 355 849	359 236
Planning and surveying of Oshigambo	-	-	-	-
Sanitation	2 115 000	2 115 000	2 115 000	-
Cash/Food for Work	-	-	1 003 632	(1 003 632)
5% Rates & Taxes from Local Authorities	1 750 000	1 750 000	4 392 051	(2 642 051)
VAT Claims Refunds	2 500 000	2 500 000	108 485	2 391 515
Accrued interest on capital accounts	40 000	40 000	34 774	5 226
Surcharges and Dividends	550 000	550 000	485 445	64 555
Upgrading of Roads (RFA Funded Roads)	1 055 200	1 055 200	568 993	486 207
Bank Balance on Capital project Accounts as at 31.03.2023	5 146 060	-	-	-
Bank Balance on Rural project Accounts as at 31.03.2023	609 477	-	-	-
TOTAL REVENUE	33 090 285	33 090 285	32 460 903	629 382

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

CAPITAL DEVELOPMENT BUDGET

	Approved Budget	Final Budget	Actual amount on comparison basis	Difference between final budget and Actual
	N\$	N\$	N\$	N\$
EXPENDITURES				
Rural sanitation programme	2 115 000	2 115 000	1 574 278	540 722
Cash/Food for Work	-	-	-	-
Construction of Services (Infrastructure)				
Onayena	946 000	946 000	440 242	505 758
Construction of Services (Infrastructure)				
Oshivelo	1 182 000	1 182 000	1 105 198	76 802
Construction of Services -Onyuulaye	237 000	237 000	237 000	-
Planning and surveying of Oshigambo	-	-	-	-
Upgrading of Roads (RFA Funded Roads)	1 055 200	1 055 200	359 470	695 730
Construction of Quinas Constituency Office - Tsintsabis	22 715 085	22 715 085	22 322 867	392 219
Land compensation at declared settlement	5 146 060	5 146 060	1 590 145	3 555 915
Bank Balance on Capital project Accounts as at 31.03.2023	609 477	609 477	563 020	46 456
Constituency Development Fund (CDF)	4 840 000	4 840 000	3 377 820	1 462 180
TOTAL EXPENDITURE FOR FUNDED PROJECTS	38 845 822	38 845 822	31 570 039	7 275 782

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

	2023	2022
	N\$	N\$
Revenue Description		
Omuthiya Town Council	408 043	289 065
Oniipa Town Council	9 269	6 517
Tsumeb Municipality	691 675	576 686
Total	1 108 987	872 268

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.

	2023	2022
	N\$	N\$
Revenue Description		
Royalties-Cenored	4 765	623
Royalties-Nored	74 803	69 177
Total	79 568	69 800

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

3. PROPERTY, PLANT AND EQUIPMENT IPSAS 17

	Assets under construction	Buildings	Capital Infrastructure	Plant & Machinery	Office, Furniture & Fixture	Intangible Assets	Motor Vehicle	Total
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
31 March 2023								
Opening Balance	28 433 681	74 915 063	14 611 996	1 206 869	2 761 661	113 801	4 907 156	98 516 546
Additions	17 421 753	-	4 868 031	28 450	187 776	-	-	5 084 257
Disposal	-	-	-	-	-	-	(357 114)	(357 114)
Adjustments	-	-	-	-	(653 951)	-	(1 575 978)	(2 229 929)
Depreciation/Amortization current year	-	(1 949 020)	(389 082)	(190 803)	(1 314 906)	(62 809)	(1 319 280)	(5 225 899)
Sum of								
Revaluation					1 031 312		2 884 204	3 915 515
Surpluses	-	-	-	-				
Net Carrying Amount	45 855 434	72 966 043	19 090 945	1 044 517	2 011 892	50 992	4 538 987	99 703 376
31 March 2022								
Opening Balance	31 990 227	76 864 084	14 932 268	1 247 364	838 566	123 969	1 269 757	95 276 008
Additions	13 953 558	-	-	18 775	181 996	5 967	-	206 738
Disposal					(24 892)			(24 892)
Adjustments	(17 510 104)	-	-	68 480	98 311	41 553	2 613 307	2 821 651
Depreciation/Amortization current year	-	(1 949 020)	(320 272)	(182 486)	(1 244 659)	(57 688)	(4 254 773)	(8 008 898)
Sum of								
Revaluation					2 912 340		5 278 865	8 245 940
Surpluses	-	-	-	54 736				
Net Carrying Amount	28 433 681	74 915 064	14 611 996	1 206 869	2 761 661	113 801	4 907 157	98 516 548

OSHIKOTO REGIONAL COUNCIL

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

3. PROPERTY, PLANT AND EQUIPMENT IPSAS 17(Continued)

	Assets under construction	Buildings	Capital Infrastructure	Plant & Machinery	Office, Furniture & Fixture	Intangible Assets	Motor Vehicle	Total
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
31 March 2021								
Opening net book value	22 213 687	78 813 104	15 252 540	914 803	988 591	140 905	2 333 502	98 443 445
Additions	9 776 540	-	-	86 942	433 623	-	43 250	563 815
Disposal	-	-	-	-	-	-	-	-
Adjustments	-	-	-	410 860	(113 528)	-	(116 425)	180 907
Depreciation/A mortization								
current year		(1 949 020)	(320 272)	(165 240)	(470 121)	(16 937)	(990 570)	(3 912 161)
Closing carrying amount	31 990 227	76 864 084	14 932 268	1 247 364	838 565	123 968	1 269 757	95 276 006

*Variances were observed in prior year Property, plant equipment reconciliation opening balance (2023) N\$ 98 516 546 and the financial statement opening balance (N\$ 95 889 083) amounting to N\$ 2 492 503, as well as intangible asset prior year reconciliation (N\$ 113 801) and the financial statement opening balance (2023) N\$ 134 962, amounting to N\$ 21 161.

ANNEXURE F

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

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.

	2023	2022
	N\$	N\$
Work in progress		
WIP Onyuulaye	884 334	204 000
WIP Oshivelo	2 867 246	4 335 910
WIP Onayena	7 267 612	9 975 812
WIP Electrification	4 497 761	3 924 298
Build Together (BTP)	311 952	30 293
WIP Guinas Office	30 026 578	9 963 367
	45 855 434	28 433 681
WIP-Additions	17 421 753	(3 556 546)

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.

	2023	2022
	N\$	N\$
Inventory Category	477 925	577 190
Stationeries	140 941	99 052
Cleaning Materials	124 821	138 184
Cartridges	193 116	315 691
Electrical and Others	19 047	24 263

ANNEXURE F

OSHIKOTO REGIONAL COUNCIL

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

	2023	2022
	N\$	N\$
5. INVESTMENTS IN JOINT 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.		
Receivables from exchange transactions	7 584 620	8 004 178
Onayena	1 333 344	1 176 991
Oshivelo	2 504 421	2 493 918
Customer - Others	84 867	37 454
Nored	4 765	6 256
Cenored	74 803	69 177
Salary Control Account/Ganisheet/Maintenance	850	850
Build - Together debtors	3 581 569	4 219 532
Receivables from non-exchange transactions	5 285 562	5 197 301
Subsistence and Travelling Allowance(S&T)	(1 660)	7 160
Staff Members	1 302	6 606
Politician	(2 962)	554
5% Rates and Taxes from Local Authorities	5 287 222	5 190 142
Omuthiya Town Council	249 364	181 850
Oniipa Town Council	7 433	12 855
Tsumeb Municipality	5 030 425	4 995 436

ANNEXURE F

OSHIKOTO REGIONAL COUNCIL

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

	2023	2022
	N\$	N\$
7. TRADE AND OTHER PAYABLES		
Payables from exchange transactions	972 630	595 744
Trade and other payables	972 630	595 744
Deferred Income	2 615 077	4 855 287
Opening Balance	4 855 287	5 097 270
Adjustments	(4 778 287)	(2 261 516)
Capital Project	-	986 352
Rural Development Project	2 538 077	1 033 181
Employee Benefit obligation	2 031 306	2 202 520
Leave provision Short term	1 064 414	1 184 483
Accrued Bonus Provision	966 892	1 018 037
	-	-
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	2 167 706	2 102 734
DCPP- Agriculture Control Account	1 644 053	1 587 942
Health Ministry Control Account	368 319	360 400
Drought Control Account	70 884	71 892
Okashana RDC Control Account	84 450	82 500
Refundable deposits from customers	87 958	75 978
Water deposit finance	72 078	75 298
Water deposit Onayena	5 780	530
Water deposit Oshivelo settlement	10 100	150

ANNEXURE F

OSHIKOTO REGIONAL COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31

MARCH (Continued)

	2023	2022
	N\$	N\$
8. CASH AND CASH EQUIVALENTS	15 166 001	8 810 986
Fnb - Cheque	234 769	73 013
Fnb Call	937 049	17 154
Capital Project - Cheque	108 630	362 270
Capital Project - Call	4 268 803	3 961 216
Build Together Project Call	369 892	357 625
Build Together Project Cheque	-	5 575
Settlement - Call	4 063 795	702 424
Transport - Cheque	122 332	167 353
Oshikoto Rural Development Project - Call	2 480 982	458 130
Drought Aid Fund - Cheque	26 864	27 752
Build Together Project Inventory Cheque)	443 730	515 463
Rural Development Project	31 369	151 346
Trust Fund Call	60 882	60 048
Ministry Health Capital Project	371 596	363 676
Dray land Crop Production	1 642 863	1 587 942
8. Cash Control/Municipal Services/Finance Division	2 445	-
Cash Control/Municipal Services/Finance Division/Oshivelo Settlement	591	-
Cash Control/Build together Programme/Finance Division	1 634	-
Cash Control/Water Deposit/Finance Division	70	-
Lease Customers Receipt Book/Finance Division/Oshivelo Sett	150	-
9. ACCUMULATED FUNDS	163 714 685	140 524 457
Build Together Progress Revolving Fund	1 365 000	1 365 000
Accumulated Profit	17 007 118	7 086 042
Retained Earning	116 175 847	113 864 845
Net Profit/ Loss	16 963 711	9 921 077
Re-evaluation Surplus	12 203 009	8 287 494

ANNEXURE F

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

10. REVENUE	2023	2022
	N\$	N\$
Revenue from non-exchange transactions		
10.1 5% Rate and Taxes from Local Authorities	1 108 987	872 268
Omuthiya Town Council	408 043	289 065
Tsumeb Municipality	691 675	576 686
Oniipa Town Council	9 269	6 517
Revenue from exchange transactions		
10.2 Income from Municipal Services	3 879 639	2 889 916
Onayena Settlement	1 850 825	1 308 875
Oshivelo Settlement	2 028 814	1 581 041
10.3 Interest Income	291 996	82 008
Interest received from Fnb expense-cheque	80	-
Interest received from BTP inventory	348	-
Interest received from Rural Development. Project-cheque	59	-
Interest received from Rural Development. Projects	34 774	16 716
Interest received from Build Together Project	7 749	2 165
Interest received for Operational	79 654	11 951
Interest received for Capital Projects	240	44 128
Interest Received from Health	113 153	-
Interest Received from Trust Fund	835	245
Interest Received from Settlement	54 853	6 571
Interest Received from Transport	251	232
10.4 Total Royalties/Surcharges	425 722	421 420
Nored Electricity	386 400	380 679
Cenored Electricity	39 322	40 741
10.5 Rental income	636 312	468 705
Leasehold Income :Finance	-	2 495
Leasehold Income Onayena Settlements	351 715	265 450
Leasehold Income Oshivelo Settlement	226 817	166 667
Property Rentals	48 975	26 939
Official Accommodation	8 805	7 154

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

	2023	2022
	N\$	N\$
10.6 Other income	278 491	539 081
Copies and Faxes	3 748	3 403
Bid Fees	124 745	530 000
Building plan	8 998	5 378
Sundry Income	910	-
Parking Fees	1 760	300
Insurance asset refunds	138 330	-
11. OPERATING EXPENDITURE	66 055 013	64 611 403
Remuneration Staff members	31 487 839	32 076 832
Remuneration of Councillors	4 062 011	4 062 011
Employer Contribution to GIPF	3 845 632	4 000 900
Employer Contribution to MPOOBPF	505 974	505 974
Non Pensionable Benefits-Councillors	401 663	401 663
Other Condition of Service	2 308 764	584 021
Subsistence and Travelling Allowance	767 565	517 103
Material and supplies	920 704	882 086
Transport and Related expenses	1 478 832	1 276 747
Utilities Expenses	6 524 559	5 830 830
Maintenance Expenses	957 096	666 930
Rental Expenses	165 653	156 472
Other Expenses	2 506 760	2 200 257
Depreciation and Amortization	5 225 900	8 008 897
Membership Fee and license Renewal	426 421	298 530
Rural Development	807 159	3 316 624
Small Scales	3 261 086	-
Road Fund Administration/Road Fund Administration/Planning Division	401 396	(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 Dry Land Crop Production Programme, Ministry of Health and Social Services, Gender, Equality and Child Welfare 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.

	2023	2022
	N\$	N\$
INCOME	133 727 164	128 963 110
Ministry. of work (Maintenance)	1 181 552	1 176 242
Ministry. of Information, Communication and technology	161 356	80 040
Ministry. of land	345 703	400 611
ORC Education	119 544 395	121 634 289
Rural Water Supply and Sanitation coordination	6 582 923	1 377 539
Ministry of Gender, Equality and Child Welfare	5 911 236	4 294 389
EXPENDITURES	139 936 583	143 471 451
Ministry of works	1 057 158	1 175 353
Ministry. of Information, Communication and Technology	190 698	138 875
Ministry. of Land	373 986	391 451
Ministry of Education	130 412 634	134 005 026
Rural Water Supply and Sanitation Coordination	3 526 243	3 863 184
Ministry of Gender, Equality and Child Welfare	4 375 864	3 897 562

ANNEXURE F

OSHIKOTO REGIONAL COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31

MARCH (Continued)

BANK BALANCE	9 829 390	16 038 812
Bank Windhoek: Ministry of works	125 833	1 440
Bank Windhoek: Gender Equality and child welfare	2 869 390	1 334 019
Bank Windhoek : Education	1 178 729	12 046 969
Bank Windhoek : MICT	3 317	32 659
Bank Windhoek : Land	108 932	137 216
Bank Windhoek : Rural water supply and sanitation coordination	5 543 189	2 486 509

