

**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**  
**TOWN COUNCIL OF ONGWEDIVA**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 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 Town Council of Ongwediva for the financial year ended 30 June 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, May 2019**

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 ONGWEDIVA TOWN COUNCIL  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

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**1. ADVERSE OPINION**

I have audited the financial statements of the Ongwediva Town Council for the financial year ended 30 June 2019 provided by the Accounting Officer as attached in Annexure A to G. These financial statements comprise the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets, the Cash Flow Statement, Statement of Comparison of budget and actual amounts, and the Notes to the 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 Ongwediva Town Council as at 30 June 2019 and its financial performance and its 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:

- Council did not comply with IPSAS 33 - First time adoption, in terms of indicating which:
  - Transitional exemptions were utilized that do affect fair presentation;
  - Transitional exemptions utilized that do not affect fair presentation; and
  - IPSAS that were adopted in full;
- Council did not perform a reconciliation of actual amounts on comparable basis and actual amounts in the financial statements in terms of Paragraph 47 of IPSAS 24;
- Understatement of trade receivables due to negative balances in the debtors age analysis amounting to N\$ 2 505 844; of which a credit amount of N\$ 1 783 107 relates to Account created by the council to record deposits made into the Council's bank account but that could not be allocated to customers' accounts due to insufficient information. The remaining negative balance is due to overpayments made on customers' accounts. This is a contradiction with paragraph 48 of IPSAS 1, that states that assets and liabilities, revenue and expenses, shall not be offset unless required or permitted by an IPSAS. Additionally, the correctness of provision for doubtful debts might be affected due to funds received but not allocated to correct accounts;
- Adjustment to allowance for doubtful debts of N\$ 4 004 842 incorrectly posted to retained earnings instead of statement of financial performance, which is in contradiction with IPSAS 29 paragraph 74. Which states that "*If, in a subsequent period, the amount of the*

## 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;



**TOWN COUNCIL OF ONGWEDIVA  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2019  
KEY COUNCIL INFORMATION AND MANAGEMENT**

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**Promulgation of Council**

Ongwediva was promulgated as a town in 1992 as per Local Authorities Act, 1992 (Act 23 of 1992), as amended.

**Nature of business and principal activities**

Ongwediva Town Council is a local authority whose nature of business and principal activities is to provide municipal services in terms of Section 30 of the Local Authorities Act, 1992 (Act 23 of 1992), as amended.

**Councillors**

<b>Name</b>	<b>Office</b>	<b>Nationality</b>
Hon. Angelina Angula	Mayor	Namibian
Hon. Jason Asino	Deputy Mayor	Namibian
Hon. Naemi Amuthenu	Chairperson of Management Committee	Namibian
Hon. Ulalia Nghilongwa	Member of Management Committee	Namibian
Hon. Malakia Petrus	Member of Management Committee	Namibian
Hon. Johannes Shitundeni	Additional Member of Management Committee	Namibian
Hon. Maria MutalenI Kavalela	Member of Council	Namibian

There have been no changes in office bearers during the year under review.

**Executive and senior management cadres**

<b>Name</b>	<b>Office</b>	<b>Nationality</b>
Mr. Damian E. Egumbo	Chief Executive officer	Namibian
Mrs. Rebekka N. Amadhila	Senior Manager: Economic Development & Community Services	Namibian
Mr. David Mulokoshi	Senior Manager: Planning & Technical Services	Namibian
Mr. Immanuel Nakale	Senior Manager: Finance & Human Resource Administration	Namibian

There have been no changes in the management cadres during the year under review.

**TOWN COUNCIL OF ONGWEDIVA  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2019  
MAYOR'S REPORT**

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**1. Introduction**

The International Monetary Fund reported that “during 2010-2015, Namibia experienced a period of exceptional growth but macroeconomics imbalances rose, resulting in public debt sharply increasing and international reserves falling below adequate levels”. The reported economic slowdown continued during the 2018/2019 financial year and as a local authority council tasked with the provision of municipal services, Ongwediva Town Council was not spared of the effects of the economic hardships. Council has, therefore, adopted and implemented strategic structural and fiscal adjustments as means to mitigate the impact of the economic down turn.

Further to the above, Governments fiscal consolidation adjustments resulted in the review of the N\$ 15 000 000 00 earmarked for Ongwediva Town Council in the MTEF to an allocation of N\$ N\$ 10 000 000.00. This amount was further reduced to N\$ 5 000 000.00 during the Government’s mid-term budget review for 2018/2019. Council had to reduce its budget by the same margin which in turn had an impact on Council’s planned capital projects. To make matters worse, only a fraction of the N\$ 5 000 000 00 was actually paid over to Council due to the mismatch in the government financial year and that of local authorities coupled ‘with the bureaucratic public procurement process.

**2. Achievements**

Council had some major highlights for the year under review:

- Approval of General Plan and Proclamation of Omatando Extension Proper and Omatando Extensions 1 to 7
- Application for Need and Desirability for Efidi Extensions 2 to 5
- Commencement with the project of sewer reticulation provision at the Reception Area
- Commencement with the project of upgrading Ehenge Street to a bitumen standard
- Purchase of spray pumps for malaria control and prevention
- Compensation of seven (7) crop field owners
- Keeping payments up to date for all Council’s major service providers
- Upholding Corporate Governance Principles
- Land delivery – allocation of land for residential and business development

**3. Challenges**

Some of the major challenges faced Council during the year under review were:

- Lack of financial resources to implement all planned capital projects and operational activities
- Non-implementation of projects and operational activities due to non-compliance to procurement requirements by bidders in terms of the Public Procurement Act no 15 of 2015
- Inadequate staffing of personnel to administer the public procurement management unit
- Accumulation of debtors due to socio-economic ills
- Low rate of private investment in infrastructure development projects

**TOWN COUNCIL OF ONGWEDIVA  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2019  
ACCOUNTING OFFICER'S REPORT**

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The Accounting Officer has pleasure to submit his report on the financial statements of Ongwediva Town Council for the year ended 30 June 2019.

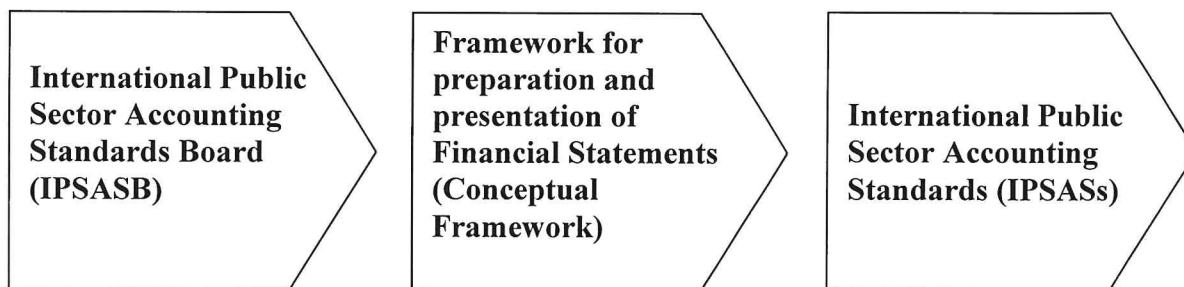
**1. Main business**

Ongwediva Town Council's mandate is to provide municipal services in terms of Section 30 of the Local Authorities Act, 1992 (Act no. 23 of 1992), as amended.

**2. Financial Reporting framework**

The annual financial statements have been prepared in accordance with the Accrual Basis of Accounting based on International Public Sector Accounting Standards (IPSASs) which were adopted and implemented for the first time (IPSAS 33) for the year under review. IPSASs have been adopted by Council to assist in fulfilling the government's duty to be publicly accountable through transparent measurement and disclosure of transactions that would result in fair presentation of the financial position, financial performance and cash flows of Council.

IPSASs are based on the following conceptual framework:



IPSASs ensure that the financial information is useful through understand ability, relevance, faithful representation, timeliness, comparability and verifiability of such information.

Accordingly, the financial statements have been prepared in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991) and the Local Authorities Act, 1992 (Act 23 of 1992), as amended. The accounting policies have been applied consistently compared to the prior year.

**3. Financial performance**

Council's total revenue amounted to N\$ 102 3 million, whereas Council's total expenses amounted to N\$ 91 3 million.

Council's net surplus for the year under review amounted to N\$ 11 056 727 (2018: N\$ 9 463 851) whereas its accumulated surplus amounted N\$ 190 355 538 50 to (2018: N\$ 6 693 369). A considerable increase in the accumulated surplus came about as result of adoption of IPSASs that have seen additions to assets over the years re-allocated from the accumulated surplus.

**TOWN COUNCIL OF ONGWEDIVA  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2019  
ACCOUNTING OFFICER'S REPORT (Continued)**

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**9. Going concern**

The Accounting Officer believes that Council has adequate financial resources to continue in operation for at least the next twelve (12) months from the date of this statement and accordingly the financial statements have been prepared on a going concern principle. The Accounting Officer is not aware of any material changes that may adversely impact Council, nor is s/he aware of any material non-compliance with statutory or regulatory requirements or any pending changes to legislation, which may affect Council from the date of this statement.

**Litigation statement**

Although Council becomes involved in various claims incidental to the ordinary course of business, Council is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

**11. Events after the reporting period**

The accounting Officer is not aware of any matter or circumstance arising since the end of the financial year.

**12. Councillors**

The Councillors in office at the date of this report are as follows:

<b>Name</b>	<b>Office</b>	<b>Nationality</b>
Hon. Angelina Angula	Mayor	Namibian
Hon. Jason Asino	Deputy Mayor	Namibian
Hon. Naemi Amuthenu	Chairperson of Management Committee	Namibian
Hon. Ulalia Nghilongwa	Member of Management Committee	Namibian
Hon. Malakia Petrus	Member of Management Committee	Namibian
Hon. Johannes Shitundeni	Additional Member of Management Committee	Namibian
Hon. Maria Mutaleni Kavalela	Ordinary member of Council	Namibian

There have been no changes in office during the year under review.

**13. Executive and senior management cadres**

<b>Name</b>	<b>Office</b>	<b>Nationality</b>
Mr. Damian E. Egumbo	Chief Executive officer	Namibian
Mrs. Rebekka N. Amadhila	Senior Manager: Economic Development & Community Services	Namibian
Mr. David Mulokoshi	Senior Manager: Planning & Technical Services	Namibian
Mr. Immanuel Nakale	Senior Manager: Finance & Human Resource Administration	Namibian

There have been no changes in the management cadres during the year under review.



**TOWN COUNCIL OF ONGWEDIVA**  
**FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**30 JUNE 2019**  
**CORPORATE GOVERNANCE STATEMENT**

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**1. Obligation to prepare a Corporate Governance Report**

As a local authority, Council operates under the Local Authorities Act 23, 1992 (Act no 23 of 1992), as amended. As a third tier of government, the Council is subjected to the State Finance Act no 31 of 1991. As a Public Entity, the Council is subjected to the Public Procurement Act no 15 of 2015. The Council is abided to the supreme law of the land, the Namibian Constitution. Thus, in order to achieve all these, the Council is guided by the governance principles, legislation and directives.

**2. Good governance**

The Council strives to promote the highest standards of good governance by subscribing to good corporate governance as outlined in the Local Authorities 23, 1992 (Act no 23 of 1992), as amended, State Finance Act 31, 1991 (Act no 31 of 1991), Public Procurement Act 15, 2015 (Act no 15 of 1992), the Namibian Constitution and all relevant legislation.

**3. Councillors**

<b>Name</b>	<b>Office</b>
Hon. Angelina Angula	Mayor
Hon. Jason Asino	Deputy Mayor
Hon. Naemi Amuthenu	Chairperson of Management Committee
Hon. Ulalia Nghilongwa	Member of Management Committee
Hon. Malakia Petrus	Member of Management Committee
Hon. Johannes Shitundeni	Additional Member of Management Committee
Hon. Maria Mutaleni Kavalela	Ordinary member of Council

Councillors are principal members of Council serving as policy and decision makers in terms of the Local Authorities Act 23, 1992 (Act no 23 of 1992), as amended.

**4. Management Committee of Council**

<b>Name</b>	<b>Office</b>
Hon. Naemi Amuthenu	Chairperson of Management Committee
Hon. Ulalia Nghilongwa	Member of Management Committee
Hon. Malakia Petrus	Member of Management Committee
Hon. Johannes Shitundeni	Additional Member of Management Committee
Hon. Angelina Angula	Ex-Officio
Hon. Jason Asino	Ex-Officio

The Management Committee, among other things, is responsible for ensuring that the decision of Council are carried out; preparation of budgets; and control of approved expenditure in accordance with section 26 of the Local Authorities Act 23, 1992 (Act no 23 of 1992), as amended.

**TOWN COUNCIL OF ONGWEDIVA  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2019  
CORPORATE GOVERNANCE STATEMENT (Continued)**

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**8. Procurement Management Unit**

In accordance with section 25 (1) (a) of the Public Procurement 15, 2015 (Act no. 15 of 2015), Council has appointed the following staff members to be members of the Procurement Management Unit:

<b>Name</b>	<b>Office</b>
Josephine Hainana	Head
Hiskia Shuuya	Member
Max Ngunaihe	Member

The Procurement Management Unit is responsible for conducting and managing procurement activities of Council.

**9. Land Advisory Committee**

The following persons have appointed to be members of the Land Advisory Committee in terms of Council Resolution CM71.2/2019 (MCM 64.2/201/):

<b>Name</b>	<b>Office</b>
Damian Egumbo	Chairperson
Apson Kashihakumwa	Secretary
Malakia Petrus	Member
Rebekka Amadhila	Member
Mirjam Ndjalo	Member
David Mulokoshi	Member
Immanuel Nakale	Member
Jackson Muma	Member
Nestor Imene	Member
Leonhard Amaambo	Member

The Land Advisory Committee is entrusted to recommend to the Management Committee of all land related matters.

**TOWN COUNCIL OF ONGWEDIVA  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2019  
CORPORATE GOVERNANCE STATEMENT (Continued)**

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**12. Open Market Committee**

The following persons have appointed to be members of the Open Market Committee in terms of Council Resolution CM 116.2/2017 (MCM 110.1/2017):

<b>Name</b>	<b>Office</b>
Ulalia Nghilongwa	Chairperson
Salome Shidute	Member
David Mulokoshi	Member
Penda Kashihakumwa	Member
S Nakupanga	Member
Saara Iikondja	Member
Ndesheetelwa Tsuos	Member
Frieda Kavalulwa	Member
Lisias Nahambo	Secretary

The Committee is mandated to oversee the operation of Ongwediva Open Market.

**13. Street Naming Committee**

The following persons have appointed to be members of the Street Naming Committee in terms of Council Resolution CM 71.2.2018 (MCM 64.3/2018):

<b>Name</b>	<b>Office</b>
Angelina Angula	Chairperson
Mirjam Ndjalo	Secretary
Vistorine M Shipanga	Member
J Kanzi	Member
Andreas Uutoni	Member
Jason Asino	Member

The Committee is mandated to oversee the naming and/or renaming of streets in Ongwediva and all related matters.

**TOWN COUNCIL OF ONGWEDIVA**  
**FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**30 JUNE 2019**  
**CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

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**1. Introduction**

Literally, Corporate Social Responsibility (CSR) is an idea that an entity should create value through the production of goods and services as well as the creation of employment and sources of income. CSR should also concern the effects for human beings, inside and outside the entity, like good labour relations, safety, etc. CSR cares about the effects on the natural environment around the entity. This can come in different forms ranging from engaging in non-profit causes to financially bettering the community through creating stronger connections between employees and employer with society within which they operate. Ongwediva Town Council is no exception and CSR remains its responsibility.

Accordingly, Council has a donations and grants policy duly approved and it applies it when making donations for social development programmes.

**2. CSR activities undertaken by Council**

Ongwediva Town Council is a local authority with a responsibility of rendering municipal services to residents within its area of jurisdiction. It is an undoubted fact that as a Local Authority, the Council is not in a position of stretching its arms wide far financially. It was for that reason that Council only donated materials to the Ministry of education in Oshana Region, Ongwediva's Women and Men Network and Ongwediva Extension 9's Neighbour Watch Group to a tune of a combined amount of N\$ 15 000 as approved by the Minister on November 09, 2019 (Refer to the ministerial letter referenced 14/1/1/O11).

Ongwediva Junior Council (OJC) was established some years back. Learners are elected from different schools in Ongwediva to be members of OJC on an annual basis. Council fully funds activities undertaken by OJC. An amount of N\$ 41 217 was spent on OJC activities under the year under review. Specifically, OJC hosted a Christmas party for orphans and vulnerable children in December 2018.

Ongwediva Junior Council is headed by the Junior Mayor, has been appointed in terms of (Council Resolution CM 42.3/2017)

Their term of office came to an end in December 2018.



**TOWN COUNCIL OF ONGWEDIVA**  
**FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**30 JUNE 2019**  
**ACCOUNTING OFFICER'S RESPONSIBILITIES**

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The Accounting Officer is required by Section 86 of the Local Authorities Act 23, 1992 (Act no 23 of 1992), as amended, to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is his responsibility to ensure that financial statements fairly present the state of affairs of Council as at the end of financial period and the results of its operations and cash flows for the period then ended, in conformity with the Accrual Basis of Accounting prepared under the International Public Sector Accounting Standards (IPSASs). The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the Accrual Accounting Basis using International Public Sector Accounting Standards (IPSASs) as the financial reporting framework, being adopted and implemented for the first time by using and applying standard 33 for the financial year ended 30 June 2019. A ministerial approval was granted to Council in terms of Section 86 (4) the local authorities Act no 23, 992 (Act, no. 23 Of 1992), as amended.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by Ongwediva Town Council and places considerable importance on maintaining a strong control environment. To enable Council to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout Council and all employees are required to maintain the highest ethical standards in ensuring the Council's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Council is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, Council endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanation given by management, that system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial controls can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Accounting Officer is satisfied that Council has or has access to adequate resources to continue in operational existence for the foreseeable future based on Council's approved budget for 2019/2020.

**TOWN COUNCIL OF ONGWEDIVA  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS  
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE**

	Note	2019 N\$	2018 N\$
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	177 539 582	179 359 999
Loans Receivable		2 475 122	2 718 758
Investments	4	4 665 035	40 870 670
<b>CURRENT ASSETS</b>			
Trade and other receivables	5	14 882 298	16 878 530
Inventories		732 530	662 463
Cash & Cash Equivalents	6	49 508 613	2 405 941
<b>TOTAL ASSETS</b>		<b>249 803 180</b>	<b>242 896 362</b>
<b>FUNDS AND LIABILITIES</b>			
<b>FUND AND RESERVES</b>			
Capital outlay	7	-	179 359 999
Funds and accounts	8	45 129 543	47 174 823
Accumulated Surplus		190 355 538	-
<b>CURRENT LIABILITIES</b>			
Trade and other payables		4 541 291	7 498 334
Refundable deposits	9	2 281 147	2 304 205
Provisions	10	4 342 291	3 931 441
Deferred income	11	3 153 370	2 627 560
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>249 803 180</b>	<b>242 896 362</b>

**TOWN COUNCIL OF ONGWEDIVA**  
**FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019**

		<b>Accumulated surplus</b>	<b>Total</b>
	<b>Note</b>	<b>2019</b>	<b>2018</b>
		N\$	N\$
<b>Balance at 01 July 2017</b>		12 223 152	12 223 152
Surplus for the year		9 463 851	9 463 851
Adjustments to appropriation account	26	(14 993 634)	(14 993 634)
<b>Balance at 01 July 2018</b>		<b>6 693 369</b>	<b>6 693 369</b>
Surplus for the year		11 056 727	11 056 727
Adjustments to appropriation account	26	172 605 442	172 605 442
<b>Balance at 30 June 2019</b>		<b>190 355 538</b>	<b>190 355 538</b>

## ANNEXURE D

**TOWN COUNCIL OF ONGWEDIVA**  
**FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019 (Continued)**

	<b>2019</b>	<b>2018</b>
	N\$	N\$
<b>Cash flows from financing activities</b>		
Increase/(decrease) in refundable deposits	(23 057)	10 920
Increase/(decrease) in deferred income	525 810	(2 404 367)
<b>Net cash flows from/(used in) financing activities</b>	<b>502 753</b>	<b>(2 393 447)</b>
<b>Net increase in cash and cash equivalents</b>	<b>47 102 672</b>	<b>24 683</b>
Cash and cash equivalents - at 1 July	2 405 941	2 381 258
<b>Cash and cash equivalents - at 30 June</b>	<b>49 508 613</b>	<b>2 405 941</b>

6



**TOWN COUNCIL OF ONGWEDIVA  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2019  
ACCOUNTING POLICIES**

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## **1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS – IPSAS 33**

The financial statements have been prepared on a going concern in accordance with the first time adoption of International Public Sector Accounting Standards IPSASs – IPSAS 33. The financial statements are presented in Namibia dollars, which is the functional and reporting currency of Council and all values are rounded off to the nearest dollar.

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

Council may not comply fully with IPSASs on the first year of adoption. Hence, IPSAS 33 was developed and approved by the IPSASB to facilitate gradual implementation of IPSASs. IPSASB makes a provision of a three-year transitional relief period within which a user shall be expected to comply fully with IPSASs. Therefore, during the transitional period, Council has approved the following exemptions in paragraph 36-134 of IPSAS 33 to be allowed:

- Recognition and measurement of assets and/or liabilities (paragraph 36-41)
- Recognition and measurement of non-exchange revenue (paragraph 42-43)
- Borrowing costs (paragraph 44-45)
- Leases (paragraph 46-47)
- Provisions, contingent liabilities and contingent assets (paragraph 48-50)
- Related party disclosure (paragraph 51-52)
- Separate financial statements (paragraph 53-54)
- Consolidated financial statements (paragraph 55-58)
- Investments in associates and joint ventures (paragraph 59-62)
- Exemptions in paragraph 64-134

These accounting policies are consistent with the previous year, except where otherwise stated.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 Property, plant and equipment - IPSAS 17**

All Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, Council recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. When an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**TOWN COUNCIL OF ONGWEDIVA  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2019  
ACCOUNTING POLICIES**

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#### **2.4 Provisions and contingencies – IPSAS 19**

Provisions are recognised when:

- Council has an obligation at the reporting period date as a result of a past event;
- it is probable that Council will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

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

Council does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statement, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Council does not recognize a contingent asset, but discloses details of any contingencies in the notes to the financial statement, unless the possibility of an inflow of resources embodying economic benefits or service potential is remote. If it becomes virtually certain that an inflow of economic benefits service potentially will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the changes occurs.

#### **2.5 Leases – IPSAS 13**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property, or if lower, at the present value of the future minimum lease payments, depreciated over the useful life of such asset. Council recognizes the associated liability measures at as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges, recognized in surplus or deficit, and reduction of lease liability, disclosed as a liability in the statement of financial position.

Unlike, finance lease payments, operating lease payments are recognized as an operating expense in the profit or loss on a straight-line basis over the lease term.

#### **2.6 Internal reserves**

Council establishes internal reserves in line with Section 80 of the Local Authorities Act 23, 1992 (Act no 23 of 1992), as amended.

**TOWN COUNCIL OF ONGWEDIVA  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2019  
ACCOUNTING POLICIES**

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**Transfers from government and other government entities**

Council measures revenues from transfers from government and other government entities at fair value and recognizes them as revenues on obtaining control of assets if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to Council and can be measured reliably.

**2.7.2 Revenue from exchange transactions**

**Rendering of services**

Council recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be measured reliably. When the outcome of the transaction cannot be measured reliably, revenue is recognized only to the extent the expenses incurred are recoverable.

**Sale of water**

Revenue from the sale of water is recognised when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Council.

**Rental income**

Rental income arising from operating leases on properties is accounted for and included in revenue.

**Interest income**

Interest income is accrued using effective yield method. The method applies this yield to the principal outstanding to determine interest income each period. Interest income is included in revenue.

**Dividends**

Dividends or similar distribution is recognized as revenue when the Council's right to receive payments is established.

**2.8 Budget information**

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of Council. As a result of adoption of the accrual basis for budgeting purposes, there are no basis, timing or Council differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

**TOWN COUNCIL OF ONGWEDIVA  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019  
NOTES TO THE FINANCIAL STATEMENTS**

**3. PROPERTY, PLANT AND EQUIPMENT**

	2019		2018	
	Cost/ Valuation N\$	Accumulated Depreciation N\$	Carrying Values N\$	Cost/ Valuation N\$
Office equipment	6 102 635	(4 360 777)	1 741 858	5 746 940
Infrastructure	240 696 376	(99 693 448)	141 002 928	240 696 376
Land and buildings	28 078 838	(14 463 346)	13 615 492	28 078 838
Motor vehicles	5 514 493	(4 440 816)	1 073 677	5 514 493
Plant and machinery	12 509 017	(7 994 528)	4 514 489	12 195 839
Work in progress	15 591 138	-	15 591 138	6 188 823
<b>Total</b>	<b>308 492 496</b>	<b>(130 952 915)</b>	<b>177 539 582</b>	<b>298 421 309</b>
				<b>(119 061 310)</b>
				<b>179 359 999</b>

**Reconciliation of property, plant and equipment – 2019**

	Opening balance N\$	Additions N\$	Depreciation N\$	Transfers N\$	Write off N\$	Total N\$
	Office equipment	1 883 933	355 750	(497 770)	-	(55)
Infrastructure	150 232 624	-	(9 229 696)	-	-	141 002 928
Land and buildings	14 525 676	-	(910 184)	-	-	13 615 492
Motor vehicles	1 470 908	-	(397 231)	-	-	1 073 677
Plant and machinery	5 058 035	89 943	(856 724)	223 235	-	4 514 489
Work in progress	6 188 823	9 625 550	-	(223 235)	-	15 591 139
	<b>179 359 999</b>	<b>10 071 243</b>	<b>(11 891 605)</b>	<b>-</b>	<b>(55)</b>	<b>177 539 582</b>



**TOWN COUNCIL OF ONGWEDIVA**  
**FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**30 JUNE 2019**  
**NOTES TO THE FINANCIAL STATEMENTS**

	<b>2019</b>	<b>2018</b>
	N\$	N\$
<b>4. INVESTMENTS</b>	<b>4 665 035</b>	<b>40 870 670</b>
Commercial banks	-	36 205 635
Equity investments	4 665 035	4 665 035
Investments were allocated as follows:	<b>4 665 035</b>	<b>40 870 670</b>
Capital Development Fund	-	28 733 086
Social Housing Fund	-	2 246 997
Decentralized Build Together Fund	-	5 225 552
Equity investments	4 665 035	4 665 035

Together with all local authorities in Kunene, Omusati, Oshana, Oshikoto, Ohangwena, Kavango and Zambezi regions, Council owns 15 shares in the Local Authority Electricity Company (LAEC) (Pty) Ltd which has 33.33% interest in NORED Electricity (Pty) Ltd. Currently, LAEC (Pty) Ltd is dormant. The Namibian Government created NORED Electricity (Pty) Ltd as a Regional Electricity Distribution (RED) company operating in the northern regions of Namibia. Dividends, when declared, are divided equally among all local authorities owning LAEC (Pty) Ltd.

Council has 10% in Ongwediva Medipark Investments (Pty) Ltd which, in turn, has 46,7% in Ongwediva Medipark (Pty) Ltd. This was Council's contribution in the form of land for the establishment of a private and unique hospital in Ongwediva.

Council owns Namfair (Pty) Ltd on a 100% basis. Namfair is currently a dormant company and Council is in a process of de-registering it upon approval by the Ministry of Urban and Rural Development. In the same vein, OATF will then be registered as a section 21 non-profitable company. Namfair owns Ongwediva Trade Fair Centre at which Ongwediva Annual Trade Fair (OATF), as an event, is held. Ongwediva Annual Trade Fair is managed by Ongwediva Town Council through an appointed OATF Preparatory Committee on a three-year basis. No dividends are declared and payable by Namfair to Council.

**TOWN COUNCIL OF ONGWEDIVA  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2019  
NOTES TO THE FINANCIAL STATEMENTS**

	<b>2019</b>	<b>2018</b>
	N\$	N\$
<b>7. CONTRIBUTION TO NET ASSETS</b>	<b>-</b>	<b>179 359 999</b>
Revenue contributions	-	1 539 652
General Capital contributions	-	177 820 347

Balances of contribution to net assets (capital outlay) comprised of equity component backing up non-current assets of Council increased by additions and decreased by depreciations, disposals and write-offs. The contribution to net asset (capital outlay) balances were reclassified to accumulated surplus or loss in the year under reviews to be in line with the Accrual Basis for Accounting based on International Public Sector Accounting Standards (IPSAS) which was introduced during the year under review.

<b>8. FUND RESERVES</b>	<b>45 139 543</b>	<b>47 174 823</b>
Capital Development Fund	28 973 387	28 973 387
Social Housing Fund	2 443 798	2 127 903
Build Together Fund	9 762 158	9 380 164
Ongwediva Trade Fair Centre Fund	3 950 200	-
Revenue account	-	6 693 369

The purposes of Capital Development Fund, Social Housing Fund, Built Together Fund and Ongwediva Trade Fair Fund are to fund capital projects internally; maintain existing social housing units constructed under a Decentralised Build Together Fund and service new areas for constructing additional units; serve as a revolving account for the decentralized build together programme; and finance expenditure of the Ongwediva Trade Fair Centre activities, respectively.

The balance of the revenue account has been shown as accumulated surplus in the statement of financial position in accordance with the Accrual Basis for Accounting based on International Public Sector Accounting Standards (IPSASs) which was adopted during the year under review.

**TOWN COUNCIL OF ONGWEDIVA**  
**FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**30 JUNE 2019**  
**NOTES TO THE FINANCIAL STATEMENTS**

	<b>2019</b>	<b>2018</b>
	N\$	N\$
<b>11. DEFERRED INCOME</b>	<b>3 153 370</b>	<b>2 627 560</b>
Medium Term Expenditure Framework 2016/17	447 240	447 240
Medium Term Expenditure Framework 2017/18	418 492	678 932
Medium Term Expenditure Framework 2018/19	786 250	-
Government subsidy - Ongwediva Fire Station	1 500 000	1 500 000
Government subsidy - LEDA	1 388	1 388

Unspent government subsidies received from the Ministry of Urban and Rural Development are reconciled as follows:

<b>Purpose of the subsidy</b>	<b>Balance at 01/07/2018</b>	<b>Received during the year</b>	<b>Spent and transferred during the year</b>	<b>Balance at 30/06/2019</b>
	N\$	N\$	N\$	N\$
Construction of services (MTEF 2016/2017)	447 240	-	-	447 240
Construction of services (MTEF 2017/2018)	678 932	-	(260 440)	418 492
Construction of services (MTEF 2018/2019)	-	3 292 500	(2 506 250)	786 250
Construction of Fire Station – Phase 2	1 500 000	-	-	1 500 000
Construction of Open Market at Oshiko	1 388	-	-	1 388
<b>Total</b>	<b>2 627 560</b>	<b>3 292 500</b>	<b>(2 766 690)</b>	<b>3 153 370</b>

Unspent government subsidies are recognized as deferred income until such time the amount is spent or the cost associated with them are incurred. When spent or the cost associated with them are incurred, the government subsidy is transferred from deferred income and recognized as income in the profit or loss in the financial year it is spent or the cost associated with it is incurred.

<b>12. PROPERTY TAXES REVENUE</b>	<b>24 958 087</b>	<b>24 003 218</b>
Residential	12 690 721	12 137 380
Commercial	12 267 367	11 865 838

Assessment rates of N\$0.0287 and N\$0.0074 are charged per N\$1 valuation of land and improvements, respectively. Such tariffs remained unchanged from the previous financial year.

**TOWN COUNCIL OF ONGWEDIVA**  
**FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**30 JUNE 2019**  
**NOTES TO THE FINANCIAL STATEMENTS**

	<b>2019</b>	<b>2018</b>
	N\$	N\$
<b>17. RENTAL REVENUE FROM PROPERTIES, FACILITIES AND EQUIPMENT</b>	<b>1 470 386</b>	<b>1 040 092</b>
Council houses	57 600	25 700
Open Market stalls	101 564	96 202
Plant and equipment	10 292	5 450
Fire brigade board room	-	4 140
Sam Nujoma Multi-Purpose Centre (SNMPC)hall	51 676	218 780
SNMPC offices	29 257	-
SNMPC Tuck Shop	5 978	-
Ongwediva Trade Fair Centre halls	173 185	-
Ongwediva Trade Fair Centre offices	228 948	-
Land at Informal settlements	374 858	330 610
Skip containers	413 029	335 210
Corner shop	24 000	24 000
<b>18. INTEREST RECEIVED</b>	<b>3 759 691</b>	<b>2 201 583</b>
Bank Accounts	1 200 952	-
Municipal service accounts	2 558 739	2 201 583
<b>19. OTHER INCOME</b>	<b>660 212</b>	<b>1 126 493</b>
Administrative cost on stop orders	33 784	35 604
Dividends - Ongwediva Medi-park Investment (Pty) Ltd	150 000	250 000
Dividends - LAEC (NORED)	-	135 882
Advertising fees - bill boards	140 730	123 060
Sundry income	335 698	581 947
<b>20. EMPLOYEE COST</b>	<b>28 636 930</b>	<b>26 356 338</b>
Employee related costs - salaries and wages	14 734 907	13 551 261
Bonuses - 13th cheques	1 202 130	1 116 800
Vehicle and transport allowances	917 861	857 488
Housing benefits	4 901 349	4 533 415
Employee related costs - Contributions to Medical Aid	2 151 247	1 853 002
Employee related costs - Contributions to Pension Fund	3 202 914	2 985 054
Employee related costs - Contributions to SSC	70 440	68 620
Standby allowances	108 900	105 600
Overtime payments	743 227	637 480
Cell phone allowances	51 300	29 400
Contributions to accumulated leave days	552 655	618 218

Council had 76 employees (47 men and 29 women) on its fixed establishment as at 30 June 2019.



**TOWN COUNCIL OF ONGWEDIVA  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2019  
NOTES TO THE FINANCIAL STATEMENTS**

	<b>2019</b>	<b>2018</b>
	N\$	N\$
<b>24. GENERAL EXPENSES</b>	<b>15 654 870</b>	<b>12 725 850</b>
Advertising	270 489	244 048
Animal feeds	10 000	-
Assets written off	55	-
Bank charges	511 774	508 156
Business census/survey	-	130 000
Communication policy/Manual formulation	-	15 130
Compensation payments	3 918 111	3 139 371
Consumables (materials and stores)	216 463	127 352
Co-operation agreement activities	92 600	81 583
Corporate wear contributions	-	55 781
Expo participation	172 675	36 655
Fuel and oil	435 032	407 337
Functions	128 885	57 110
Healthy city and staff welfare	265 779	186 062
Incidental expenses	29 996	29 901
Insecticides	74 072	32 200
Insurance	264 999	234 755
Legal expenses	369 793	299 961
Marketing and publicity	95 887	71 832
municipal association contributions	93 303	48 650
Ongwediva Junior Council activities	41 217	47 232
Postage and telephone	817 446	619 394
Protective clothing	123 510	49 711
Printing and stationery	319 799	258 894
Rate contribution to Oshana Regional Council	1 247 904	1 200 161
Refreshments and entertainment	34 702	43 999
Security	799 999	532 044
SME skills development	3 860	22 651
Social development programmes	1 135 575	984 634
Subsistence and travelling	277 727	200 338
Town planning and land survey	158 095	172 515
Training and development	88 168	267 429
Utility services	3 656 955	2 620 964

**25. CAPITAL EXPENDITURE**

The capital expenditure amounting to N\$ 18 950 035 was allocated to the revenue account in the previous year, which is not in line with the newly adopted Accrual basis of accounting based on International Public Sector Accounting Standards (IPSASs). For further details, refer to the Statement on Changes in Net Assets.



**TOWN COUNCIL OF ONGWEDIVA**  
**FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**30 JUNE 2019**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30. PRIOR PERIOD ERRORS AND MISSTATEMENT**

Due to some administrative restrictions, the Auditor-General may not allow the restatement of prior period as a result of prior period errors. Therefore, errors and misstatement identified during current audits are only corrected the following financial year through direct entries to the appropriation account and relevant votes.

**31. CATEGORIES OF FINANCIAL INSTRUMENTS**

**2019**

<b>ASSETS</b>	<b>Debt instrument at amortized cost</b>	<b>Financial liabilities at amortized cost</b>	<b>Deferred income</b>	<b>Equity, non- financial assets and liabilities</b>	<b>Total</b>
<b>NON-CURRENT ASSETS</b>	N\$	N\$	N\$	N\$	N\$
Property, plant and equipment	-	-	-	177 539 582	177 539 582
Loans receivable	-	-	-	2 475 122	2 475 122
Equity investments	4 665 035	-	-	-	4 665 035
	<b>4 665 035</b>	-	-	<b>180 014 704</b>	<b>184 679 739</b>
<b>CURRENT ASSETS</b>					
Trade and other receivables	14 882 298	-	-	-	14 882 298
Inventories	-	-	-	732 530	732 530
Cash and cash equivalents	49 508 613	-	-	-	49 508 613
	<b>64 390 911</b>	-	-	<b>732 530</b>	<b>65 123 441</b>
	<b>69 055 946</b>	-	-	<b>180 747 234</b>	<b>249 803 180</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Funds	-	-	-	45 129 543	45 129 543
Accumulated surplus	-	-	-	190 355 538	190 355 538
	-	-	-	<b>235 485 081</b>	<b>235 485 081</b>
<b>CURRENT LIABILITIES</b>					
Trade and other liabilities	-	4 541 291	-	-	4 541 291
Refundable deposits	-	2 281 147	-	-	2 281 147
Provisions	-	-	-	4 342 291	4 342 291
Deferred income	-	-	3 153 370	-	3 153 370
	-	<b>6 822 438</b>	<b>3 153 370</b>	<b>4 342 291</b>	<b>14 318 099</b>
	-	<b>6 822 438</b>	<b>3 153 370</b>	<b>239 827 372</b>	<b>249 803 180</b>

**TOWN COUNCIL OF ONGWEDIVA**  
**FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**30 JUNE 2019**  
**NOTES TO THE FINANCIAL STATEMENTS**

**32. SALES OF WATER IN UNITS AND NAMIBIA DOLLARS**

	<b>2019</b>	<b>2018</b>
	N\$	N\$
Sales	39 164 386	33 620 253
Cost of sales	(23 318 004)	(22 470 732)
Gross profit	15 846 382	11 149 521
Net Expenses	(3 299 458)	(3 145 510)
Net surplus / (loss)	<b>12 546 924</b>	<b>8 004 011</b>
Gross profit on cost of sales %	67.96%	49.62%
Net surplus on cost of sales %	53.81%	35.62%
	<b>Units</b>	<b>Units</b>
	<b>Kilo liters</b>	<b>Kilo liters</b>
Water sales for the year	1 347 795	1 297 581
Water purchases for the year	1 401 799	1 317 411
<b>Distribution excess / (loss)</b>	<b>(54 004)</b>	<b>(19 830)</b>
<b>Distribution excess / (loss)</b>	<b>(3.85%)</b>	<b>(1.51%)</b>

**33. BULK WATER PURCHASES IN UNITS AND NAMIBIA DOLLARS**

Council purchased bulk water from Namibia Water Corporation (Namwater) during the year under review as follows:

<b>Month</b>	<b>Kiloliters</b>	<b>Total</b>	<b>Discount</b>	<b>Net total</b>
		N\$	N\$	N\$
Jul-18	99 066	1 708 708	(10 187)	1 698 520
Aug-18	116 954	2 015 427	(12 281)	2 003 146
Sep-18	131 384	2 268 602	(14 486)	2 254 117
Oct-18	125 011	2 149 962	(16 305)	2 133 657
Nov-18	125 997	2 406 297	(15 453)	2 390 844
Dec-18	82 361	1 572 920	-	1 572 920
Jan-19	137 007	2 615 377	(11 305)	2 604 072
Feb-19	105 605	2 016 852	(34 251)	1 982 601
Mar-19	122 587	2 337 435	(14 493)	2 322 943
Apr-19	124 082	2 372 539	(16 800)	2 355 739
May-19	105 615	2 016 497	(17 052)	1 999 445
Jun-19	126 130	2 413 976	(14 493)	2 399 483
<b>TOTAL</b>	<b>1 401 799</b>	<b>25 894 593</b>	<b>(177 106)</b>	<b>25 717 487</b>

**TOWN COUNCIL OF ONGWEDIVA  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2019  
NOTES TO THE FINANCIAL STATEMENTS**

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**44. SALE OF ERVEN**

During the financial year under review, cash proceeds to the value of N\$ 10 041 956 (2018: N\$ 2 841 626) were recognized as erven sold and were fully allocated to sale of erven account as reflected in note 19. A total amount of N\$ 467 245 (2018: N\$ 521 352) is excluded from the sale of erven and is shown as a refundable deposit as reflected in note 12. Moreover, amounts of N\$ 458 753 (2018: N\$ 79 921) not fully paid in previous years were fully paid during the year under review and were included in the cash proceeds of N\$ 10 041 956 (2018: N\$ 2 841 626).

**45. TARIFF ADJUSTMENTS**

Tariff adjustments were duly approved and promulgated in the Government Gazette no. 6639, general notice no. 337, dated June 29, 2018.

**46. BUDGET APPROVAL**

The Minister duly approved the budget on June 25, 2018 (Refer to the ministerial letter with reference 14/1/1/O11).

**47. SPECIAL INVESTIGATIONS**

No special investigations were carried out during the financial year under review.

**48. HIV / AIDS**

Council has Sam Nujoma Multi-Purpose Centre as its social arm. The Centre has an HIV and AIDS programme focusing on prevention of sexual transmission infections (STIs) and protective sheath use, education and awareness campaigns on Gender-Based Violence (GBV) as well as caring for orphans and vulnerable children. The programme is fully funded by Council. An amount totalling N\$ 1 190 571 was budgeted for whereas the actual expenditure amounted to N\$ 1 135 575.

**49. RELATED PARTIES**

Members of the executive and senior management

<b>Name</b>	<b>Office</b>	<b>Nationality</b>
Mr. Damian E. Egumbo	Chief Executive Officer	Namibian
Mrs. Rebekka N. Amadhila	Senior Manager: Economic Development & Community Services	Namibian
Mr. David Mulokoshi	Senior Manager: Planning & Technical Services	Namibian
Mr. Immanuel Nakale	Senior Manager: Finance & Human Resource Administration	Namibian

There have been no change in the executive and senior management during the year under review.

**TOWN COUNCIL OF ONGWEDIVA  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2019  
NOTES TO THE FINANCIAL STATEMENTS**

	<b>2019</b>	<b>2018</b>
	N\$	N\$
<b>Compensation to executive and senior management</b>	<b>3 974 319</b>	<b>3 743 091</b>
Employee related costs - salaries and wages	1 941 763	1 845 950
Bonuses - 13th cheques	162 124	146 641
Vehicle and transport allowances	370 757	348 089
Housing benefits	728 926	669 374
Employee related costs - Contributions to Medical Aid	212 072	211 188
Employee related costs - Contributions to Pension Fund	422 172	400 571
Employee related costs - Contributions to SSC	3 888	3 888
Standby allowances	3 300	2 700
Cell phone allowances	43 200	24 900
Contributions to accumulated leave days	86 117	89 790

2.3	Council does not have an IT security policy, policies covering physical access to IT environments, an IT Steering Committee as well as processes to review user access rights on the system	Council will develop and implement IT processes, policy and procedures for implementation	Ujama Uamburu – System Administrator	On-going	2019/2020 financial year
2.4	Council neither has a disaster recovery that cover all key organizational functions with an exception of FINSTEL nor does it have an IT continuity plan or formal, documented and tested emergency procedures in place	Council will develop and implement a disaster recovery plan and emergency procedures	Mirjam Ndjalo – Planning & Development Officer; Ujama Uamburu – System Administrator	On-going	2019/2020 financial year or thereafter
3.1.1	Council does not review/reassess the useful life of assets at each financial year-end	Council will develop and implement a reassessment policy on useful life of assets in the 2019/2020 financial year or thereafter	Immanuel Nakale – Senior Manager: Finance & Hr Admin	Not resolved	2019/2020 financial year or thereafter
3.1.2	Council depreciates assets-additions fully in the year of acquisition which is contrary to the accounting standards; Furthermore, depreciation is not recognized in surplus or deficit of the annual financial statements	Depreciation was and will continue to be calculated in accordance with approved depreciation policy of Council which is in line with the financial system being in use; Depreciation will be disclosed in the profit and loss statement	Immanuel Nakale – Senior Manager: Finance & Hr Admin	Pro-rata calculation of depreciation – Not resolved but it is calculated in line with approved depreciation policy; Disclosure of depreciation in the statement of financial performance – Resolved	30 June 2019
3.1.3	Council did not perform a physical verification of assets observed by auditors not did it tag its assets with unique numbers corresponding to the Asset Register	Council will use system-generated numbers to mark physical assets; Physical verification will be conducted and if practically possible invite auditors to observe such verification process	Lahya Aimwata – General Ledger Accountant	Resolved	30 September 2019



**TOWN COUNCIL OF ONGWEDIVA  
FIRST TRANSITIONAL IPSAS FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2019  
NOTES TO THE FINANCIAL STATEMENTS**

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**52. AUDIT REPORT FOR 2017/2018**

The latest audit report for 2017/2018 was not received from the office of the Auditor General at the time of producing these financial statements. It shall be tabled in the next succeeding Council Meeting by the Mayor as soon as it will be received in accordance with Section 87 (3) of the Local Authorities Act, 1992 (Act no 23 of 1992), as amended, whose minutes were sent to the Minister in accordance with the Act.

**53. ACCOUNTING REPORTING FRAMEWORK**

Council ceased preparing its financial statements based on Generally Accepted Municipal Accounting Practice (GAMAP) in the previous year and adopted the Accrual Accounting Basis International Public Sector Accounting Standards (IPSASs) during the year under review. The accounting Reporting Framework was duly approved by Council and the Minister in accordance with Local Authorities Act 1992 (Act no 23 of 1992), as amended.