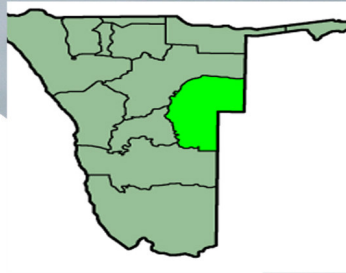




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

REGIONAL COUNCIL OF THE OMAHEKE REGION

FOR THE FINANCIAL YEARS ENDED 31 MARCH 2006 AND 2007

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Regional Council of the Omaheke region for the financial years ended 31 March 2006 and 2007, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, November 2009

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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

1. INTRODUCTION

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

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

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

2. FINANCIAL STATEMENTS

The Regional Council's financial statements were submitted to the Auditor-General by the Accounting Officer in compliance with Section 40(1) of the Regional Councils Act, 1992, **except that these were submitted on 9 April 2009. The Act stipulates such submission within three months after the end of a financial year.** The abridged balance sheet, Annexure A, is a true reflection of the original.

The following annexures are also attached to this report:

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

* No cash flow statement has been compiled by the Council. The attached statement at annexure C has been compiled by the auditors in the required format.

3. SCOPE OF AUDIT

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

The audit as carried out by audit staff of his Office, included:

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

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

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

- the financial transactions conform to the authorities which govern them.

5. AUDIT OBSERVATIONS AND COMMENTS

5.1 INCOME/ REVENUE

5.1.1 Sundry income (2006)

At the time of the audit a cheque deposit dated 24 March 2006 of N\$ 131 082.77 for sundry income could not be traced to the cash-book and reconciliation statement.

5.1.2 Income from settlement areas (2006 & 2007)

- (i) During the years under review, the Council could not provide source documents related to the following settlement areas: Otjinene, Epukiro, Corridor and Aminuis.
- (ii) Yellow cards for Tallismanus debtors were not summarized, and therefore were not reflected in the annual financial statements, whilst yellow cards from other settlements (Epukiro, Corridor, Otjinene and Aminuis) were not provided for audit purposes.

5.1.3 General (2006 & 2007)

Furthermore, the effectiveness of the revenue system was tested and found to be NOT satisfactory due to the following reasons.

- The revenue collection process is decentralized and there is no uniformity.
- There is no reconciliation done between electricity cards inventory sent to settlements and income received from these sales.
- The pre-payment metering card issue documents are not completed properly.
- There are no cash-books at the settlements.
- Receipts are not issued upon sale of electricity cards.

There are no management checks performed on monthly returns and receipts. This poor internal control may lead to fraud or embezzlement of funds.

5.2 EXPENDITURE

5.2.1 General (2006)

There was no proper filing done by the Regional Council on the expenditure files, hence important audit tests could not be carried out due to the absence of supporting documents.

5.2.2 General expenditure

2005/06

At the time of the audit, supporting documents for payments of general procurements amounting to N\$ 192 913.67 were not provided for audit purposes. In some cases only the supporting documents could be obtained without the cheque being attached or only the cheque issued without the supporting documents. Details of these expenses are as follows:

| Date | Details | Cheque No | Amount |
|--------------|---|-----------|-------------------|
| | | | N\$ |
| 01/07/2005 | General Revenue Account | 7749 | 26 631.17 |
| 19/10/2005 | Upholstery 4 U | 8488 | 4 025.00 |
| 06/12/2005 | Min of Works, Transport & Communication | 8873 | 36 133.00 |
| 05/01/2006 | Waltons | 9069 | 35 145.80 |
| 24/01/2006 | Leonardville Village Council | 9109 | 78 649.66 |
| 29/03/2006 | Telecom Namibia | 9504 | 17 896.84 |
| TOTAL | | | 198 481.47 |

2005/06

At the time of the audit, supporting documents for payments of subsistence and travel allowances amounting to N\$ 15 072.06 were not provided for audit purposes. In some cases only the supporting documents could be obtained without the cheque being attached or only the cheque issued without the supporting documents attached.

Details of these payments are as follows:

| Date | Payee details | Cheque No | Amount |
|--------------|---------------|-----------|------------------|
| | | | N\$ |
| 06/04/2005 | Imasiku SW | 7261 | 1 645.06 |
| 14/04/2005 | Nguvauva K | 7274 | 1 947.00 |
| 07/12/2005 | Tjizera BU | 8880 | 2 942.00 |
| 04/01/2006 | Pienaar BD | 9065 | 4 350.00 |
| 11/01/2006 | Getzen R | 9080 | 1 000.00 |
| 16/01/2006 | Nguvauva K | 9082 | 1 200.00 |
| 29/03/2006 | Toromba EN | 9496 | 1 988.00 |
| TOTAL | | | 15 072.06 |

It was observed that bank charges for the following accounts were included in the total net expenditure of the services/income mentioned below, instead of being reflected as bank charges in the income statement for both financial years under review.

2006

| DETAILS | Amount |
|-----------------------|-----------------|
| | N\$ |
| ORC 5% Cheque account | 5 727.08 |
| ORC Stannic account | 2 180.92 |
| TOTAL | 7 908.00 |

2007

| DETAILS | Amount |
|-----------------------|-----------------|
| | N\$ |
| ORC 5% Cheque account | 3 129.55 |
| ORC Stannic account | 2 248.81 |
| TOTAL | 5 378.36 |

5.3 PAYROLL

5.3.1 2005/06 financial year: General

- (i) At the time of the audit the Council could not provide the salary sheets for the months of April 2005 up to February 2006.
- (ii) The capital portion for the vehicle allowance is fully taxed instead of 75% thereof.
- (iii) Cell phone charges were regarded as cell phone allowances which is paid to individual managers.
- (iv) Staff record cards and advices for appointment are not completed on time.
- (v) No proper filing system is in place in both the finance and human resources departments.

5.3.2 2005/06 financial year: Salaries

- (i) The basic salary of the Governor for the year under review used to calculate GIPF contributions differs from the basic salary indicated on the salary calculation form, e.g. for January 2006 it is N\$ 241 310 but N\$ 166 077 was used to calculate pension contributions.
- (ii) During the audit it was noted that payments made to LEWIS for furniture amounting to N\$ 20 199.95 were wrongly allocated as salary and wages.

5.3.3 2006/07 financial year

- (i) At the time of the audit the Council could not provide the salary sheets for the months August 2006 to November 2006 and March 2007.
- (ii) A wrong salary notch was paid to the Deputy Director: Finance during the period of August 2006 up to October 2006. From October 2006 up to February 2007 part of this overpayment was recovered. It was observed that an amount of N\$ 496.25 is still to be recovered.

| | Amount |
|------------------------------|-----------------|
| | N\$ |
| Back pay made in July 2006 | 1 449.25 |
| Overpayment Aug – Oct 2006 | 1 429.50 |
| | 2 878.75 |
| Paid back Oct 2006- Feb 2007 | (2 382.50) |
| Still to be recovered | (496.25) |

- (iii) A wrong salary notch was paid to the Assistant Accountant for the period of August 2006 up to March 2007, resulting in an overpayment of N\$ 1 466. No recoveries have been made.
- (iv) From the selected sample, double entries were made in the general ledger for the months of May 2006 and December 2006, amounting to N\$ 582 470.23
- (v) The Regional Council did not consider the taxable amount on the fringe benefits of the Honourable Governor's vehicle allowance, which is 1.5% of the cost price.
- (vi) Reconciliations could not be carried out satisfactorily due to the unavailability of the salary sheets, therefore the salaries and wages account could not be concluded on.

(vii) Other payroll related findings follow below. Refer to the comments column for more detail:

| Staff member | Comments/Query |
|---------------------------|--|
| Hon. Governor | Advice of appointment was not completed. Basic salary for 2005/06 was wrongly reflected, resulted in wrong PAYE and GIPF deductions. |
| Three councillors | Staff records not completed and PAYE wrongly calculated. |
| Director: Planning | Vehicle taxable portion wrongly calculated |
| Assistant Accountant | Wrong notch was used |
| Deputy Director: Planning | Vehicle taxable portion wrongly calculated |
| Deputy Director: Admin | Vehicle taxable portion wrongly calculated |
| Deputy Director: Finance | Salary overpayment & vehicle taxable portion wrongly calculated |

5.4 CASH AND BANK

5.4.1 2005/06 and 2006/07 financial year

At the time of the audit the following differences were found between the bank reconciliation amounts and the general ledger amounts.

| Details | Reconciliation | General ledger/ cash-book | Difference |
|--------------------------------|------------------|------------------------------|---------------------|
| | N\$ | N\$ | N\$ |
| Build Together Receipt account | 20 944.73 | 8 958.34 | (11 986.39) |
| Stannic account | 56 295.59 | (510 704.41) | (567 000.00) |
| TOTAL | 77 240.32 | (501 746.07) | (578 986.39) |

5.4.2 2006/07 financial year

| Details | Reconciliation | General ledger | Difference |
|--------------------------------|----------------------|----------------------|-----------------------|
| | N\$ | N\$ | N\$ |
| Capital Project cheque account | 189 890.93 | 24 880.90 | (165 010.03) |
| Capital Project Call account | 6 752 352.71 | 6 671 160.18 | (81 192.53) |
| Build Together Call account | 4 523 432.87 | 3 737 170.75 | (786 262.12) |
| 5% Cheque account | 596 777.49 | 643 879.96 | 47 102.47 |
| RACOC cheque account | 30 233.44 | 30 600.56 | 367.12 |
| Independence account | 5 348.88 | 5 617.14 | 268.26 |
| Traditional Authority account | 49 448.23 | 43 278.90 | (6 169.33) |
| Build Together cheque account | 414 474.94 | (409 151.78) | (823 626.72) |
| TOTAL | 12 561 959.49 | 10 747 436.61 | (1 814 522.88) |

5.5 DEBTORS

5.5.1 Build Together debtors (2006 & 2007)

Sundry debtors reflected in the balance sheets have been carried forward since the 2004/05 financial year. No analysis was available.

It was observed that loan applications were not approved but the Council disbursed the money to the beneficiaries; hence there is no loan agreement between the Council and the beneficiaries. It was also noted that debtors related to the Build Together Programme were not reflected in the annual financial statements.

5.5.2 Customer control account

The balances for the years under review could not be reconciled with the individual debtors. No age analysis was available and no provision for bad and doubtful debts has been made.

5.6 INVESTMENTS (2005/06)

The amount of N\$ 1 000 000 reflected in the annual financial statements as an investment could not be confirmed as correct as no bank certificate supporting such a balance was submitted to the auditors.

5.7 FIXED ASSETS (2006 & 2007)

(i) Fixed assets register

During the years under review the Council could not provide the fixed assets register, hence important audit tests could not be carried out to confirm the correctness, values and existence of the assets reflected the balance sheet. No movement is shown in the values of the various categories of assets as from 31 March 2005.

(ii) Depreciation

It was also noted that the Council did not depreciate its fixed assets. This could lead a the misstatement of values reflected in the annual financial statements.

(iii) Assets under construction

Furthermore, the Council could not provide the audit team with an updated general ledger to verify all the individual projects under construction. Projects under construction were not reported in the annual financial statements and the capital expenditure has not been capitalized during the years under review. The balance of the Capital Projects Fund reflects the unspent monies available as income and expenditure are set off against each other. The account should be operated as a proper Fund account.

5.8 ACCOUNTS PAYABLE (2006 & 2007)

The Council reflected an amount of N\$ 25 276.37 as creditors in the respective financial statements. It was noted that these were creditors for the 2004/05 financial year which are being carried forward. Council should analyse the amount and make the necessary corrections.

5.9 BANK ACCOUNTS CONFIRMATIONS (2006 & 2007)

At the time of the audit the following bank accounts were not confirmed by the banks but they are reflected in the annual financial statements.

2007

| Details | Amount |
|----------------------------------|------------------|
| | N\$ |
| ORC Build Together Call Account | 3 737 171 |
| Build Together Receipt Account | 51 355 |
| Decentralization Call Account | 56 557 |
| ORC Change Project Account | 29 747 |
| Independence Celebration Account | 5 617 |
| OVC Fund | 12 888 |
| ORC Emergency Disaster Fund | 3 408 |
| | 3 896 743 |

2006

| Details | Amount |
|----------------------------------|------------------|
| | N\$ |
| ORC Build Together Call Account | 3 522 449 |
| Build Together Receipt Account | 20 945 |
| Decentralization Call Account | 54 595 |
| ORC Change Project Account | 593 291 |
| Independence Celebration Account | 811 |
| OVC Fund | 13 254 |
| ORC Emergency Disaster Fund | 4 128 |
| | 4 209 473 |

6. ACKNOWLEDGEMENT

The courtesy and assistance extended to the Auditor-General's staff by the Chief Regional Officer and his staff during the audit are appreciated.

7. DISCLAIMED AUDIT OPINION

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

I am unable to express an opinion as to whether the accounts fairly present the financial position and related transactions of the Council for the financial years ended 31 March 2006 and 2007 due to the following reasons:

- The completeness and correctness of revenue could not be confirmed (2006 & 2007).
- No salary sheets were submitted for a substantial number of months which resulted therein that the correctness of salaries could not be confirmed (2006 & 2007).
- Substantial differences were found between reconciled cash-books, bank balances and the general ledger (2006 & 2007).
- Debtors could not be reconciled, Build Together debtors have been omitted and no provision for bad and doubtful debts has been made (2006 & 2007).
- The investment of N\$ 1 million could not be substantiated (2006).
- No fixed asset register was kept, no depreciation was brought to account, capital development expenses have not been capitalised with the result that the values, existence and completeness of assets could not be confirmed (2006 & 2007).
- Substantial bank balances could not be confirmed due to the lack of bank statements and/or bank certificates (2006 & 2007).

WINDHOEK, November 2009

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

REGIONAL COUNCIL FOR THE OMAHEKE REGION

BALANCE SHEETS AS AT 31 MARCH

| | Notes | 2007 N\$ | 2006 N\$ | 2005 N\$ |
|-------------------------------------|------------|-------------------|-------------------|-------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Fixed assets | 2 | 5 827 019 | 6 827 019 | 5 827 019 |
| Investments | | - | 1 000 000 | - |
| Current assets | | | | |
| Cash on hand and bank | 6 | 11 750 259 | 15 115 641 | 14 407 377 |
| Debtors | 7 | 8 186 173 | 14 363 600 | 8 001 869 |
| Total assets | | 25 763 451 | 36 306 260 | 28 236 265 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Accumulated Fund | Annexure B | 4 058 815 | 6 810 300 | 6 562 009 |
| Liabilities | | | | |
| Trade and other payables | 3 | 1 703 215 | 536 114 | 25 278 |
| Funds | 8 | 20 001 421 | 28 959 846 | 21 648 978 |
| Total equity and liabilities | | 25 763 451 | 36 306 260 | 28 236 265 |

REGIONAL COUNCIL FOR THE OMAHEKE REGION

INCOME STATEMENTS FOR THE YEAR ENDED 31 MARCH

| | Notes | 2007 N\$ | 2006 N\$ | 2005 N\$ |
|-------------------------------------|-------|------------------|------------------|------------------|
| Income | 4 | 16 729 470 | 18 421 287 | 13 967 817 |
| Expenditure | 9 | 19 054 942 | 18 299 152 | 14 345 401 |
| Net operating surplus/(loss) | | (2 325 472) | 122 135 | (377 584) |
| Interest on current account | 5 | (177 523) | 99 467 | 78 728 |
| Accumulated income/(deficit) | | (2 502 995) | 221 602 | (298 856) |
| ~ at the beginning of the year | | 6 810 300 | 6 562 009 | 6 860 865 |
| ~adjustments | | (248 490) | 26 689 | - |
| ~ at the end of the year | | 4 058 815 | 6 810 300 | 6 562 009 |

REGIONAL COUNCIL FOR THE OMAHEKE REGION

CASH FLOW STATEMENTS AS AT 31 MARCH

| | Notes | 2007 N\$ | 2006 N\$ | 2005 N\$ |
|---|----------|-------------------|--------------------|--------------------|
| Cash flow from operating activities | | | | |
| Net operating (surplus)/ loss | | (2 325 472) | 122 135 | (377 584) |
| Movement in current assets (increase)/ decrease | | 6 177 427 | (6 361 731) | (1 657 897) |
| Net cash inflow from operations | | 3 851 955 | (6 239 596) | (2 035 481) |
| Net cash flow of investing activities | | | | |
| Interest received/(paid) | 5 | (177 523) | 99 467 | 78 728 |
| Investments (increase)/decrease | | 1 000 000 | (1 000 000) | - |
| Property, plant and equipment acquired (increase)/ decrease | | - | - | (3 320 423) |
| Net change in cash and cash equivalents | | 4 674 432 | (7 140 129) | (5 277 176) |
| Adjustments | | (248 490) | 26 689 | - |
| Current liabilities (increase)/decrease | | 1 167 101 | 510 836 | (119 734) |
| Movement in funds (decrease)/increase | | (8 958 425) | 7 310 868 | 8 197 228 |
| Increase in cash and cash equivalents | | | | |
| Cash and cash equivalents at the beginning of the year | | 15 115 641 | 14 407 377 | 11 607 059 |
| Cash and cash equivalents at the end of the year | 6 | 11 750 259 | 15 115 641 | 14 407 377 |

REGIONAL COUNCIL FOR THE OMAHEKE REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH

1. BASIS OF PREPARATION

The financial statements are prepared in accordance with Namibian Statement of Generally Accepted Accounting Practice.

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain marketable securities.

1.1 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Regional Council and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Government grants are recognised as and when received.

Interest is recognised on a time proportion basis which takes into account the effective yield on the assets over the period it is expected to be held.

Income from water, electricity and other services are recognised when the services are rendered. Income from prepaid water and electricity is recognised as and when received.

1.2 Property, plant and equipment

All property, plant and equipment are initially recorded as cost and adjusted for any impairment in value.

Depreciation is calculated on the straight-line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment are as follows:

| | |
|------------------------|---------|
| Motor vehicles | 20 % |
| Furniture and fittings | 20 % |
| Office equipment | 33.33 % |
| Computer equipment | 33.33 % |

1.3 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant is related to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to the Capital Projects Fund.

REGIONAL COUNCIL FOR THE OMAHEKE REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH

1.4 Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables and trade creditors. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

1.5 Capital projects

Capital projects include all direct and related indirect expenditure on contracts. The stage of completion is based on the inspection performed. Once commissioned, they are transferred to other categories of fixed assets. Capital projects relating to settlements are transferred to the settlements once the settlements are proclaimed as Town or Village Councils.

| | <u>2007</u> | <u>2006</u> |
|---|-------------------------|-------------------------|
| | N\$ | N\$ |
| 2. PROPERTY, PLANT AND EQUIPMENT | | |
| Development expenditure | 2 153 609 | 2 153 609 |
| Development expenditure | 2 961 252 | 2 961 252 |
| Motor vehicles - Net value | 371 843 | 371 843 |
| Computer equipment - Net value | 143 916 | 143 916 |
| Office equipment - Net value | 41 730 | 41 730 |
| Furniture & fittings - Net value | 109 263 | 109 263 |
| Machinery & equipment - Net value | 45 407 | 45 407 |
| | <u>5 827 020</u> | <u>5 827 020</u> |

2004/2005

| Owned assets | Office | Motor | Furniture | Office | Computer | Total |
|--------------------------|-----------|-----------|--------------|-----------|-----------|------------------|
| | equipment | vehicles | and fittings | equipment | equipment | |
| | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ |
| Opening carrying value | - | 181 047 | 31 148 | 30 571 | 110 221 | 352 987 |
| Cost | - | 293 590 | 37 974 | 30 746 | 131 682 | 493 992 |
| Accumulated depreciation | - | (112 543) | (6 826) | (175) | (21 461) | (141 005) |
| Additions | 52 899 | 287 901 | 91 141 | 25 724 | 86 222 | 543 887 |
| Depreciation | (7 492) | (97 105) | (13 027) | (14 565) | (52 527) | (184 716) |
| Closing carrying value | 45 407 | 371 843 | 109 262 | 41 730 | 143 916 | 712 158 |
| Cost | 52 899 | 581 491 | 129 115 | 56 470 | 217 904 | 1 037 879 |
| Accumulated depreciation | (7 492) | (209 648) | (19 853) | (14 740) | (73 988) | (325 721) |

REGIONAL COUNCIL FOR THE OMAHEKE REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH

Special Purpose Fund Assets

| | 2005 |
|------------------------|-------------------------|
| | Capital projects |
| | N\$ |
| Opening carrying value | 2 153 609 |
| Cost | 2 153 609 |
| Depreciation | - |
| Additions | 2 961 252 |
| Closing carrying value | 5 114 861 |
| Cost | 5 114 861 |
| Depreciation | - |
| Grand Total | 5 827 019 |

| | 2007 | 2006 | 2005 |
|-------------------------------------|------------------|----------------|---------------|
| | N\$ | N\$ | N\$ |
| 3. TRADE AND OTHER PAYABLES | | | |
| ORC Build Together Cheque Account | 409 152 | - | - |
| ORC Decentralization Cheque Account | 405 825 | - | - |
| Social Upliftment & Brickmaking | 1 059 | - | - |
| Supplier Control account | 861 903 | - | - |
| ORC Stannic | - | 510 704 | - |
| Interbank account | - | 134 | - |
| Trade payables/ Accounts payable | 25 276 | 25 276 | 25 278 |
| | 1 703 215 | 536 114 | 25 278 |

REGIONAL COUNCIL FOR THE OMAHEKE REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH

| | 2007 | 2006 | 2005 |
|--|-------------------|-------------------|-------------------|
| | N\$ | N\$ | N\$ |
| 4. GROSS REVENUE | | | |
| <i>Income from PTO's/ Utility income</i> | | | |
| Electricity consumption | 1 232 974 | 221 164 | 759 718 |
| Water consumption | 2 760 | 8 745 | 352 713 |
| Water basic | (500) | 26 | - |
| Refuse removal | - | 10 | - |
| Sewerage fixed | - | 10 | - |
| Sewerage basic | - | 10 | - |
| Other services | 2 560 | 131 983 | 138 048 |
| Pre- paid electricity | 73 780 | - | - |
| Epukiro deposits | 2 105 | 52 921 | - |
| Aminuis deposits | 78 637 | 74 377 | - |
| Tallismanus deposits | 104 308 | 91 856 | - |
| Otjinene deposits | 294 784 | 387 832 | - |
| Income from tenders | 1 300 | 2 600 | - |
| Recurring budget from MRLGH | 13 091 631 | 14 962 949 | 11 451 780 |
| Development budget funds | - | 971 275 | - |
| <i>Donations Received</i> | 408 117 | 195 600 | - |
| Donations received OVC | 31 800 | 39 800 | - |
| UN children fund/ UNICEF fund | 376 317 | 145 800 | - |
| World habitat day | - | 10 000 | - |
| Sundry income | 1 153 812 | 971 744 | - |
| Levy Gobabis Town Council | 200 095 | 212 397 | - |
| Levy Leonard Village Council | 8 525 | 32 200 | - |
| 5% Assessment rates | - | - | 164 609 |
| Natis (Roads Authority) | 74 582 | 99 378 | 17 894 |
| Sundry income | - | 4 210 | 1 082 975 |
| | 16 729 470 | 18 421 287 | 13 967 737 |
| 5. INVESTMENT INCOME | | | |
| Bank interest | (179 561) | 44 872 | 78 728 |
| Interest received on investments | 2 038 | 54 595 | - |
| | (177 523) | 99 467 | 78 728 |

REGIONAL COUNCIL FOR THE OMAHEKE REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH

| | 2007 | 2006 | 2005 |
|--|-------------------|-------------------|-------------------|
| | N\$ | N\$ | N\$ |
| 6. CASH AND CASH EQUIVALENTS | | | |
| 6.1 Own Funds | 673 627 | 1 107 634 | 1 538 286 |
| ORC Decentralization account | - | 122 189 | 291 977 |
| Change Project account | 29 747 | 593 291 | 779 634 |
| Fleet Management account | - | - | 27 687 |
| 5 % Account | 643 880 | 392 154 | 438 988 |
| 6.2 Special Purpose Funds | 11 076 632 | 14 008 007 | 12 869 091 |
| Capital Projects account | 24 881 | 334 239 | 169 142 |
| Capital Projects call account | 6 671 160 | 9 047 563 | 8 966 372 |
| Build Together account | - | 877 654 | 54 028 |
| Build Together call account | 3 737 171 | 3 522 449 | 3 624 318 |
| Build Together Receipt account | 51 355 | 20 945 | - |
| Decentralization call account NDP | 56 557 | 54 595 | - |
| ORC Stannic account | 21 769 | - | - |
| RACOC cheque account BWK | 30 601 | 35 056 | - |
| Social Upliftment & Brickmaking - Call | 46 284 | 82 659 | - |
| Social Upliftment & Brickmaking - Cheque | - | 14 560 | - |
| Governor's Social Fund - Call account | 59 668 | 94 | - |
| HIV/Aids Awareness account | - | - | 35 423 |
| Independence Celebrations account | 5 617 | 811 | 1 079 |
| Orphans and Vulnerable Children account | 12 888 | 13 254 | 12 516 |
| Emergency Disaster Fund | 3 408 | 4 128 | 6 213 |
| Traditional Authorities cheque account | 43 279 | - | - |
| Interbank account | 260 000 | - | - |
| Social Upliftment & Brickmaking - Fund | 51 994 | - | - |
| TOTAL CASH AND CASH EQUIVALENTS | 11 750 259 | 15 115 641 | 14 407 377 |

REGIONAL COUNCIL FOR THE OMAHEKE REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH

| | 2007 | 2006 | 2005 |
|--|-------------------|-------------------|-------------------|
| | N\$ | N\$ | N\$ |
| 7. TRADE ACCOUNTS RECEIVABLE | | | |
| Customer Control Account | 6 837 923 | 6 967 666 | - |
| Build Together Sundry Debtors | 1 163 530 | 1 163 530 | - |
| Opening Balance/ Suspense Account | 184 720 | - | - |
| Supplier Control Account | - | 6 232 404 | - |
| | 8 186 173 | 14 363 600 | - |
| Service debtors | - | - | 4 336 843 |
| Talismanus | - | - | 490 872 |
| Otjinene | - | - | 2 151 989 |
| Epukiro | - | - | 1 419 790 |
| Aminuis | - | - | 84 869 |
| Tsjake Ben-Hur | - | - | 189 323 |
| Build Together debtors | - | - | 3 665 026 |
| Aminuis | - | - | 193 150 |
| Otjinene | - | - | 600 146 |
| Epukiro | - | - | 159 600 |
| Talismanus | - | - | 1 031 400 |
| Corridor | - | - | 517 200 |
| Sundry debtors | - | - | 1 163 530 |
| Total | - | - | 8 001 869 |
| 8. FUND ACCOUNTS | | | |
| Capital Project Fund | 11 810 902 | 20 729 068 | 14 250 375 |
| Build Together Fund | 8 033 685 | 8 068 230 | 7 343 372 |
| HIV/AIDS Awareness Fund | 30 601 | 35 056 | 35 423 |
| Independence Celebrations Fund | 5 642 | 12 797 | 1 079 |
| OVC Fund | 12 150 | 13 254 | 12 516 |
| Emergency Disaster Fund | 5 494 | 4 128 | 6 213 |
| Traditional Authorities Fund | 43 279 | - | - |
| Social Upliftment & Brickmaking - Fund | - | 97 219 | - |
| Governor's Social Fund | 59 668 | 94 | - |
| | 20 001 421 | 28 959 846 | 21 648 978 |

REGIONAL COUNCIL FOR THE OMAHEKE REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH

| | 2007 | 2006 | 2005 |
|------------------------------------|------------------|------------------|------------------|
| | N\$ | N\$ | N\$ |
| 9. EXPENDITURE | | | |
| Remuneration | 8 676 571 | 7 073 577 | 5 641 171 |
| Salaries | 5 235 529 | 4 054 134 | 3 127 931 |
| Allowances | 32 255 | 12 078 | 121 244 |
| Overtime | 12 505 | 23 638 | 10 890 |
| Bonus | 2 562 | 2 679 | 9 382 |
| Casual workers | - | - | 6 909 |
| Pay As You Earn | 1 418 045 | 996 720 | 876 778 |
| Social Security Commission | 22 672 | 21 559 | 36 395 |
| Life insurance | 210 167 | 152 883 | 124 705 |
| Medical aid | 119 130 | 106 170 | 78 805 |
| Pension GIPF & MPOOBPF | 427 705 | 299 716 | 337 902 |
| Other salary deductions | 388 724 | 609 122 | 312 347 |
| GIPF & MPOOBPF's | 807 277 | 794 878 | 597 883 |
| Other conditions of service | 70 320 | 32 479 | 58 941 |
| Leave gratuity | 35 738 | 11 220 | 58 941 |
| Social Security Commission | 22 672 | 21 259 | - |
| Other | 11 910 | - | - |
| Subsistence & travelling allowance | 1 273 917 | 627 643 | 567 147 |
| S & T councilors | 332 882 | 183 912 | 81 801 |
| S & T staff members | 933 547 | 430 438 | 466 431 |
| S & T other | 7 488 | 13 293 | 18 915 |
| Materials & supplies | 302 129 | 282 756 | 236 176 |
| Photocopying supplies | 808 | 3 000 | 15 279 |
| Fax stationery | 2 250 | 19 569 | - |
| General office supplies | 149 327 | 124 783 | 120 515 |
| Micro computer supplies | 12 160 | 12 686 | 14 928 |
| Protective clothing | 20 343 | 14 676 | - |
| Cleaning materials | 33 306 | 30 582 | 33 279 |
| Tools for water & electricity | 83 935 | 71 662 | 51 083 |
| Other | - | 5 798 | 1 092 |
| Transport | 1 203 147 | 729 839 | 53 400 |
| Fuels & lubricants | 652 628 | 687 584 | 1 334 |
| Spare parts & accessories | - | 4 025 | 1 020 |
| Repairs & service | - | 2 185 | 1 958 |
| Others - Specify | 550 519 | 26 385 | 29 653 |
| Transportation of goods | - | 9 660 | 19 435 |

REGIONAL COUNCIL FOR THE OMAHEKE REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH

9. EXPENDITURE (continued)

| | 2007 | 2006 | 2005 |
|--|------------------|------------------|------------------|
| | N\$ | N\$ | N\$ |
| Utilities | 4 781 507 | 6 255 619 | 4 969 735 |
| Electricity charge | 3 079 824 | 3 689 163 | 2 429 033 |
| Water & sewerage charge | 1 244 962 | 1 700 678 | 1 402 864 |
| Telephone & fax charge | 351 817 | 387 095 | 313 701 |
| Postage stamps | 8 126 | 12 052 | 6 056 |
| Courier charge | 14 916 | 3 409 | 8 891 |
| Other (e.g. internet) | 81 862 | 50 455 | 71 702 |
| Utilities (Diesel for Tallismanus) | - | 412 767 | 737 488 |
| Maintenance expenses | 620 847 | 626 933 | 1 270 158 |
| Telefax machines | 691 | 2 305 | 3 004 |
| Photocopying machines | - | 12 437 | 1 743 |
| Calculators | - | 1 780 | 625 |
| Microcomputers/ Computers | 24 497 | 43 076 | 34 565 |
| Other | 31 233 | 3 538 | 17 220 |
| Water & electricity reticulation | 518 647 | 544 287 | 1 148 674 |
| Operational equipment, machinery & plant | 112 | 7 449 | 40 962 |
| Other assets | 45 667 | 12 061 | 23 365 |
| Property rental & related charges | 38 752 | 16 713 | 32 706 |
| Other services & expenses | 703 536 | 355 594 | 460 015 |
| Training courses | 1 710 | 28 027 | 33 226 |
| Symposiums & workshops | 47 060 | 14 204 | 36 373 |
| Printing | 1 526 | 4 292 | 5 976 |
| Security contracts | 34 748 | 10 640 | 11 870 |
| Entertainment - Politicians (Governor/ Councillor) | 29 395 | 24 260 | 16 101 |
| Official entertainment | 60 271 | 37 639 | 39 912 |
| Commissions, Board & Committee fees | - | 3 000 | - |
| Advertising | 33 697 | 20 282 | 16 933 |
| Insurance of assets | - | - | 5 520 |
| Other | 25 772 | 26 099 | 106 925 |
| Professional fees | 212 072 | 3 561 | 11 334 |
| Refuse removal | 176 123 | 126 486 | 120 246 |
| Bank charges | 81 162 | 57 104 | 55 599 |
| Membership fees & subscriptions | 69 085 | 69 110 | 29 000 |
| Interest on overdraft | - | 42 | - |
| Motocard expenses - Acc 3405 on budget | 528 231 | 738 392 | 662 275 |
| ORC 5% account expenditure | 353 246 | 356 016 | 151 343 |
| Subsidies, grants, contributions, etc | 132 723 | 511 354 | 28 617 |

REGIONAL COUNCIL FOR THE OMAHEKE REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH

9. EXPENDITURE (continued)

| | 2007 | 2006 | 2005 |
|--|-------------------|-------------------|-------------------|
| | N\$ | N\$ | N\$ |
| Furniture & office equipment | 300 931 | 384 396 | - |
| Tables | - | 31 223 | - |
| Chairs | 38 223 | 11 632 | - |
| Desks | 86 141 | 15 860 | - |
| Shelves | 37 850 | 22 012 | - |
| Fax machines | 15 690 | 10 776 | - |
| Computers (Hardware & Software) | 96 016 | 233 904 | - |
| Other | 21 480 | 47 739 | - |
| Pro material | 5 531 | 11 250 | - |
| Vehicles | - | 223 225 | - |
| Depreciation | - | - | 184 717 |
| Computer equipment | - | - | 52 527 |
| Furniture and fittings | - | - | 13 027 |
| Office equipment | - | - | 14 566 |
| Motor vehicles | - | - | 97 105 |
| Machinery and equipment | - | - | 7 492 |
| Operational equipment, machinery & plant, air conditioners | - | 15 464 | - |
| Total | 19 054 942 | 18 299 152 | 14 345 401 |