



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
OMAHEKE REGIONAL COUNCIL  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

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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 Omaheke Regional Council for the financial year ended 31 March 2016, 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, June 2017**

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

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNT OF THE  
OMAHEKE REGIONAL COUNCIL  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

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**1. Report on the Financial Statements**

**1.1 INTRODUCTION**

The accounts of the Omaheke Regional Council for the financial year ended 31 March 2016 are being reported on in accordance with the provisions set out in the Regional Council Act 1992 (Act 22 of 1992).

Figures in the report are rounded to the nearest Namibia dollar and deficits are indicated in (brackets).

I certify that I have audited the accompanying financial statements of the Omaheke Regional Council for the financial year ended 31 March 2016. These financial statements comprise of the following:

Annexure A: Balance sheet;  
Annexure B: Income statement;  
Annexure C: Cash Flow statement; and  
Annexure D: Notes to the financial Statements.

The financial statements were submitted by the Accounting Officer to the Auditor-General in compliance with Section 40(1) of the Regional Council Act, 1992, except that they were only submitted on 20 September 2016 instead of three months (3 months) after the year end as required by the Act.

The financial statements, notes to the financial statements and general information provided by the Accounting Officer are attached as Annexure A-D.

**2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Section 39 of the Regional Council's Act, 1992 and relevant legislation, and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**3. AUDITOR'S RESPONSIBILITY**

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

## **Powers and duties**

Section 25(1) (c) of the State Finance Act, 1991, provides that the Auditor-General should satisfy himself that:

- (a) All reasonable precautions have been taken to ensure that all monies due to the State are collected, and that the laws relating to the collection of such monies have been complied with;
- (b) All reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for, the State's assets, such as stores, equipment, securities and movable goods; and
- (c) The expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

In addition, Section 26(1) (b)(iv) of the State Finance Act, 1991, empowers the Auditor-General to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is insufficient and inappropriate to provide a basis for the audit opinion.

## **4. ACKNOWLEDGEMENT**

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

## **5. KEY AUDIT FINDINGS**

### **5.1 MISSTATEMENT OF FUNDS**

Unexplained differences of N\$ 33 007 760 on (Development fund: capital project) and N\$ 28 630 416 for (Accumulated funds) were observed between the General Ledger and Financial statements.

### **Recommendation**

It is recommended that the Council should perform regular reconciliations to avoid misstatement of the financial statements.

### **5.2 ACCUMULATED FUNDS ACCOUNT**

An unexplained difference of N\$ 4 640 195 between the closing balance and opening balance on the accumulated funds account and general ledger was observed.

### **Recommendation**

It is recommended that Council should ensure that closing balances of the prior financial year are correctly brought forward.

### **5.3 NON- SUBMISSION OF SUPPORTING DOCUMENTS**

The auditors were unable to carry out important audit tests due to non-submission of supporting documents amounting to N\$ 15 730 040.

### **Recommendation**

It is recommended that the Council should provide documents for audit purpose.

### **5.4 ACCOUNTS PAYABLE**

An unexplained difference of N\$ 916 062 was found between the accounts payable age analysis and the financial statements.

It was also noted that the Supplier Detailed Ledger contains duplicated suppliers amounting to N\$ 352 999.

It was further noted that the supplier detailed ledgers contains debit balances amounting to (N\$ 1 139 094): On investigation, it was found that the Council made payments to suppliers without any invoices received or some suppliers were duplicated and only payments were recorded on them.

### **Recommendation**

It is recommended that the Council should regularly perform reconciliations to avoid possible misstatement of the financial statements.

Furthermore, it is recommended that the Council ensures that every payment is supported by an invoice.

## **5.5 LOCAL AUTHORITIES 5% LEVY**

The Council did not collect any revenue from Witvlei Village Council, Otjinene Village Council and Gobabis Municipality during the year under review and no debtors were raised to reflect the outstanding balances.

### **Recommendation**

It is recommended that the Council should ensure that all debtors are created for those Local Authorities that did not pay their 5% levy.

## **5.6 CASH AND CASH EQUIVALENTS**

The auditors observed an unexplained difference of N\$ 32 150 265 in the movement in Cash and Cash Equivalents.

### **Recommendation**

It is recommended that the Council should ensure that all figures are correctly disclosed in the financial statements.

## **5.7 CONSULTANT EXPENSE**

The Omaheke Regional Council is currently paying over N\$ 160 000 per month for accounting services. For the year under review, the Omaheke Regional Council has paid N\$ 4 209 856 as Accounting Services while having a fully functional finance team. Furthermore the VAT returns are also outsourced to another consultant and was paid N\$ 401 847 for the year under review.

## **5.8 GENERAL**

The accounting function of the Omaheke Regional Council is totally outsourced to a consultant. The qualifications of staff in appropriate positions in the finance department should however be reviewed to ensure that qualified personnel are employed in respective positions.

## **6. BASIS FOR DISCLAIMER AUDIT OPINION**

- Unexplained differences on development and accumulated funds amounting to N\$ 33 007 760 and N\$ 28 630 416 respectively;
- Non-submission of records amounting to N\$ 15 730 040;
- Unexplained difference of N\$ 916 062 on accounts payable;
- Overstatement of suppliers amounting to N\$ 352 999;
- Unexplained difference on the Cash Flow Statement amounting to N\$ 32 150 265;
- Non-provision for local authority debtors; and
- Consultant expenditure N\$ 4 209 856.



## **7. DISCLAIMER AUDIT OPINION**

The accounts of the Regional Council of Omaheke for the financial year ended 31 March 2016 have been audited in terms of Section 38 of the Regional Councils Act, 1992 (Act No. 22 of 1992).

Because of the significance of the matters described in the Basis for Disclaimer of audit Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements



**WINDHOEK, June 2017**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

ANNEXURE A

**REGIONAL COUNCIL FOR THE OMAHEKE REGION BALANCE SHEET**  
**AS AT 31 MARCH**

	Note	2016 N\$	2015 N\$
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment		9 596 250	10 886 976
<b>Other Non-Current Assets</b>			
Work-in-Progress-Capital Projects	12.1	103 433 840	75 664 026
<b>Current Assets</b>			
Stock-Build Together Materials		-	7 000 081
Stock:Consumables	8	907 876	-
Prepayments		38 164	-
Accounts Receivables	9	13 859 384	15 492 295
Cash and Cash Equivalents	10	79 980 050	71 192 735
<b>TOTAL ASSETS</b>		<b>207 815 564</b>	<b>180 236 113</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Accumulated Fund	15	23 807 376	51 064 530
Development Fund:Capital Projects		168 393 364	101 310 931
Build Together:Capital Funds		18 924 667	20 182 263
<b>Current Liabilities</b>			
Accounts Payable	14	69 293	4 606 721
Sundry & Other Creditors	14.1	(3 379 136)	-
Overdraft		-	3 071 668
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>207 815 564</b>	<b>180 236 113</b>

**REGIONAL COUNCIL FOR THE OMAHEKE REGION  
INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH**

	Note	2016 N\$	2015 N\$
<b>INCOME</b>		<b>54 706 671</b>	<b>56 389 978</b>
Government Transfers:MRLGHD	11	45 569 790	44 000 000
Rates and Levies from Local Authorities		467 152	486 550
Grants and Donations Received	2	15 000	2 365 422
Rates and Charges Fees income		3 266 969	1 493 709
Interest and Dividends Received		2 904 050	2 785 273
Other Income		1 340 132	1 772 378
Delegated Functions	3	1 143 578	3 486 646
<b>TOTAL INCOME</b>			
<b>EXPENDITURES</b>		<b>52 254 855</b>	<b>46 589 122</b>
Personnel Expenditure	11.6	25 935 755	26 624 507
Transport Charges		2 328 234	2 301 104
Subsistence and Travel		3 020 946	2 167 461
Property Rental		158 287	128 143
Utilities		5 148 721	5 414 263
Maintanance and Repairs		3 533 971	2 970 347
Materials and Supplies		519 859	-
Membership fees and Subscriptions: Domestic		237 581	-
Grants and Contributions		3 100	1 094 840
Depreciation Expense	4.5	1 346 859	335 391
CDC Meeting and HIV/AIDS Expenses		349 012	-
Other Expenditures		6 058 203	4 131 903
Delegated Functions	3	3 614 327	1 421 163
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>2 451 816</b>	<b>9 800 856</b>

**REGIONAL COUNCIL FOR THE OMAHEKE REGION CASH FLOW  
STATEMENT FOR THE YEAR ENDED 31 MARCH**

	<b>2016</b>	<b>2015</b>
	N\$	N\$
<b>OPERATING ACTIVITIES</b>		
<b>Net Cash flows/(Outflows) from Operating Activities</b>	<b>3 798 677</b>	<b>15 560 125</b>
Cash receipts from customers and other receipts	5 132 086	8 903 332
Delegated Functions Funds Received	1 143 578	3 486 646
Government Transfer:MRLGHRD	45 569 790	44 000 000
Cash payments to suppliers and employees	(47 293 668)	(42 202 963)
Delegated Functions payments	(3 614 327)	(1 412 163)
Interest received from investments bank	2 861 218	2 785 273
<b>INVESTING ACTIVITIES</b>		
<b>Net Cash flows/(Outflows) from Investing Activities</b>	<b>(28 685 932)</b>	<b>(24 718 992)</b>
Capital projects expenditure	(27 769 814)	(22 712 506)
Purchase of Fixed Assets	(916 117)	(2 006 486)
<b>FINANCING ACTIVITIES</b>		
<b>Net cash flow/(Outflow) from Financing Activities</b>	<b>65 824 837</b>	<b>1 090 951</b>
Build Together Funds introduced	(1 257 596)	4 944 000
Transfer of Capital Projects Funds introduced	67 082 433	(3 853 049)
<b>Net Increase/(Decrease in cash and cash equivalents</b>	<b>*8 787 317</b>	<b>(8 067 916)</b>
Add: Cash and Cash Equivalents at the beginning of the year	68 121 067	76 188 983
Adjustment for prior year undeclared bank balances	3 071 668	-
<b>Cash and Cash Equivalent at the end of the year</b>	<b>79 980 052</b>	<b>68 121 067</b>
<b>Represented by</b>	<b>79 980 052</b>	<b>68 111 067</b>
Cash and Cash Equivalents	79 980 052	71 182 735
Bank Overdraft	-	(3 071 668)

\*See audit observation 5.5.

**REGIONAL COUNCIL OF THE OMAHEKE REGION NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH**

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**1. ACCOUNTING POLICIES**

The annual financial statements are prepared in accordance with and comply with Namibia statements of Generally Accepted Accounting Practices. The annual financial statements are prepared under the historical cost convention. The following accounting policies are consistent, in all material respects, with those of the previous year.

The annual financial statements are prepared in line with the accruals concept. It should be noted however that income and expenditure in relation to delegated functions is accounted for during the year on a cash accounting concept, in line with the State Finance Act 1992; however, since all liability in relation to delegated funds remains with the relevant Line Ministry, and all unspent delegated funds are returned to the State Account as of 31<sup>st</sup> March, this does not materially affect the Regional Council financial statements.

All fixed assets are stated at historical cost less accumulated depreciation. Depreciation is calculated using the straight-line method to write-off the cost of each asset to its residual value over its estimated useful life. The estimated useful lives of the assets are as follows: -

Buildings	50 years
Machinery & Equipment	5 years
Vehicles	5 years
Office Furniture & Equipment	3 years
Computer Equipment	3 years

**2. GRANTS AND DONATIONS**

Grants and donations received by the Regional Council throughout the period are summarized as follows:

	<b>2016</b>	<b>2015</b>
	N\$	N\$
<b>Grants and Donations</b>		
Telios Sponsorship	5 000	-
Cenored	5 000	-
Narib Consultants	5 000	-
	<b>15 000</b>	<b>-</b>

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

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**3. DELEGATED FUNCTIONS**

The Regional Council is currently performing functions delegated by central government Line Ministries, as indicated, in accordance with the decentralisation Enabling Act,2000.

Under delegation, the Regional Council acts as an agent on behalf of the relevant Line Ministry. The relevant Line Ministry, however retains overall responsibility for performance of the function, and also retains the responsibility or approve related budget. This budget allocation is transferred to the Regional Council via monthly cash transfers; however, any unspent amounts as of the 31<sup>st</sup> March are paid back to the State Account, via the related Line Ministry. For this reason, the income and expenditure for each delegated should always net to nil.

	<b>2016</b>	<b>2015</b>
	N\$	N\$
<b>INCOME</b>		
Office of the Prime Minister-Drought Relief Distribution and Logistics	57 320	-
Ministry of Gender-Income Generating Activities	1 086 258	-
<b>TOTAL INCOME</b>	<b>1 143 578</b>	<b>-</b>
 <b>EXPENDITURE</b>		
Office of the Prime Minister	779 664	-
Ministry of Works-S&T(Technical Services)	99 120	-
Ministry of Gender	2 735 543	-
	<b>3 614 327</b>	<b>-</b>
 <b>SURPLUS/DEFICIT</b>	<b>(2 470 749)</b>	<b>-</b>

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

**ANNEXURE D**

**4. FIXED ASSETS**

2016	Building N\$	Motor Vehicles N\$	Furniture and Fittings N\$		Office equipment N\$	Computer equipment N\$	Total N\$
			Furniture and Fittings N\$	Office equipment N\$			
<b>Opening carrying amount</b>	<b>7 980 950</b>	<b>1 859 482</b>	<b>480 140</b>	<b>197 380</b>	<b>369 025</b>	<b>10 886 977</b>	
Cost at 01/04/2015	9 630 000	6 225 525	1 140 973	788 890	537 056	18 322 444	
Prior Year Adjustment Accumulated Depreciation	176 333	521 734	97 333	54 975	48 617	898 992	
Accumulated Depreciation	1 649 050	4 366 043	660 833	591 510	168 031	7 435 467	
Additions	-	509 202	231 888	179 061	34 972	955 123	
Depreciation	192 600	735 903	187 442	86 065	144 848	1 346 858	
<b>Closing carrying amount</b>	<b>7 612 017</b>	<b>1 111 047</b>	<b>427 253</b>	<b>235 401</b>	<b>210 532</b>	<b>9 596 250</b>	
Cost at 31/03/2016	9 630 000	6 734 727	1 372 861	967 951	572 028	19 277 567	
Accumulated Depreciation	2 017 983	5 623 680	945 608	732 550	361 496	9 681 317	

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

4. 2015	Building	Motor Vehicles	Furniture and fittings	Office equipment	Computer equipment	Total
	N\$	N\$	N\$	N\$	N\$	N\$
<b>Opening carrying amount</b>	<b>8 043 333</b>	<b>1 814 367</b>	<b>72 191</b>	<b>46 852</b>	<b>33 095</b>	<b>10 009 838</b>
Cost at 01/04/2014	9 500 000	5 482 067	617 071	576 331	140 489	16 315 958
Accumulated Depreciation	1 456 667	3 667 700	544 880	529 479	107 394	6 306 120
Additions	130 000	743 458	523 902	212 559	396 567	2 006 486
Depreciation	48 150	172 637	55 444	23 101	36 059	335 391
<b>Closing carrying amount</b>	<b>7 980 950</b>	<b>1 859 482</b>	<b>480 140</b>	<b>197 380</b>	<b>369 025</b>	<b>10 886 977</b>
Cost at 31/03/2015	9 630 000	6 225 525	1 140 973	788 890	537 056	18 322 444
Accumulated Depreciation	1 649 050	4 366 043	660 833	591 510	168 031	7 435 467



**ANNEXURE D**

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

	<b>2016</b>	<b>2015</b>
	N\$	N\$
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>	<b>9 596 250</b>	<b>10 886 976</b>
Building @ Cost	9 630 000	9 630 000
Building-Accumulation Depreciation	(1 841 650)	(1 649 050)
Motor Vehicle @ Cost	6 225 525	6 225 525
Motor Vehicle- Accumulation Depreciation	(5 101 948)	(4 366 043)
Furniture & Fitting @ Cost	1 140 973	1 140 973
Furniture & Fitting- Accumulation Depreciation	(848 275)	(660 833)
Office Equipment @ Cost	809 014	788 890
Office Equipment- Accumulation Depreciation	(677 575)	(591 510)
Computer Equipment @ Cost	573 062	537 055
Computer Equipment- Accumulation Depreciation	(312 876)	(168 031)

**6. INVESTMENTS**

The Regional Council, for the year under review did not commit any funds to investment.

**7. LOANS**

The Regional Council for the year under review did not undertake any loan or signed any financial loan agreement with any institution or person.

**8. INVENTORIES**

Inventories are measured at lower cost and net realised value. The cost of inventories should comprise all cost of purchases, cost of conversion and cost incurred in bringing the inventories to their present location and condition.

	<b>2016</b>	<b>2015</b>
	N\$	N\$
<b>Inventories</b>		
Stock: consumables	907 876	-
<b>TOTAL</b>	<b>907 876</b>	<b>-</b>

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

**9. ACCOUNT RECEIVABLES**

These are trade receivables which are carried at anticipated realised value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year-end. Bad debtors are written off during the year in which they are identified. Income from water, electricity and other services are recognised when received.

	<b>2016</b>	<b>2015</b>
	N\$	N\$
<b>Account Receivables</b>	<b>13 859 384</b>	<b>15 492 295</b>
Settlement Debtors/Amminus	1 135 700	860 345
Settlement Debtors/Talismanus	2 297 810	1 757 830
Settlement Debtors/Epukiro	174 595	1 765 399
Settlement Debtors/Omitara	13 252	13 252
Settlement Debtors/Kalahari	2 024	2024
Settlement Debtor/Otjinene	-	4 030 679
Prepayment- Creditors	-	44 725
Sundry Debtors	-	(399 110)
VAT/Tax Control Account	-	(2 818 853)
Build Together Beneficiaries	10 236 003	10 236 003

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

**10. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash.

	<b>2016</b>	<b>2015</b>
	N\$	N\$
<b>Cash and Cash Equivalents</b>	<b>79 980 050</b>	<b>71 192 735</b>
Decentralization Account	2 807 669	3 894 559
Decentralization Call Account	-	8 488 843
5% Account	1 321 093	1 965 942
Build Together Account	795 264	767 874
Build Together Revolving Account	511 604	282 944
Rural Development Account	3 367 655	3 567 047
Capital Project Account	3 760 353	3 602 481
Capital Project Call Account	24 765 398	30 841 421
Governor's Social Club Account	42 472	56 627
HIV/AIDS Awareness Account	33 580	-
Independence Celebr Account	12 037	-
Change Project Account	93 315	-
Fleet Management Account	151 945	-
OVC Project Account	5 531	-
Omaheke Trust Fund Account	1 071 441	-
Cash Control Account	-	23 223
Build Together Trust Call Account	484 110	8 299 783
Build Together Call Account	4 575 365	5 565 382
Nampost ORC Account	3 843 110	3 834 466
Nampost-Epukiro Settlement Account	2 143	2 143
Decentralization Call Account	9 511 853	-
STD BTP Premium Call Account	853 589	-
Emergency Disaster Fund Account	188	-
Nampost Tallismanus Settlement Account	265 704	-
Nampost Omitara Settlement Account	1 981	-
Nampost Epukiro Settlement Account	164 540	-
STD BTP Premium Call Account	2 263 838	-

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

	2016	2015
	N\$	N\$
<b>10. CASH AND CASH EQUIVALENTS (Continued)</b>		
Capital Project Call Account	13 620 088	-
Capital Project Chk Account	3 060 859	-
Min of Agriculture Account	235 819	-
ORC VAT Call Account	2 357 506	-

**11. INCOME**

The Regional Council receives administration grants from the Ministry of Regional and Local Government, Housing and Rural Development (MRLGH & RD). The grants are for the day to day operations of the Regional Council. Government grants are recognised as and when received.

<b>TOTAL INCOME</b>	<b>54 706 671</b>	<b>56 389 978</b>
Government Transfers:MRLGHRD	45 569 790	44 000 000
Rates and Levies (5%) from Local Authorities	467 152	486 550
Grants and Donations Received	15 000	2 365 422
Rates and Charges Fees Income	3 266 969	1 493 709
Interest and Dividends Received	2 904 050	2 785 273
Other Income	1 340 132	1 772 378
Delegated Functions Income	1 143 578	3 486 646

**11.1 RATES AND LEVIES FROM LOCAL AUTHORITIES**

The Regional Council levies an amount equal to 5% of the rates levied to all rateable property situated in local Authority areas as stipulated in Section 77 (1) of the Local Authority Act, 1992 (Act 23 of 1992).

**11.2. GRANTS AND DONATIONS RECEIVED**

The Regional Council within some financial period, intermittently and on a non-regular basis receives donations from local and foreign donors for specific programs and initiatives or functions. These funds are channelled to the allocated beneficiary communities for the identified developmental projects. Government grants are recognised at their fair value where

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

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**11.2. GRANTS AND DONATIONS RECEIVED (Continued)**

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 they are intended to compensate. Where the grant relates to an asset, the fair value is credited to the capital account

**11.3 RATES AND CHARGES FEES INCOME**

The Regional Council receives income from settlements that receive services through the council. The charges are billed on a monthly basis as per customer's usage and services provision agreement. All the settlements that are within the Regional Council's administration are subject to these charges and fees.

**11.4 INTEREST AND DIVIDENDS RECEIVED**

The Regional Council receives royalties in respect of surcharges levied on its behalf by **CENORED**. The rates are based on approved rates tariffs by the Electricity Control Board. The Regional Council also earns interest from funds that are transferred into the several call accounts. Interest is recognised on a time proportion basis which takes into account the effective yield on the assets over a period it is expected to be held.

**11.5 OTHER INCOME**

The Regional Council receives incomes from the sale and administration of tender documents, rental from Regional Council properties and related sundry incomes.

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

**11.6 EXPENDITURE**

The Regional Council, as guided by the relevant statutory regulations, manages the day to day activities committing the funds that are allocated for several functions and administrative activities.

	<b>2016</b>	<b>2015</b>
	N\$	N\$
<b>EXPENDITURE</b>	<b>52 254 855</b>	<b>46 580 122</b>
Personal Expenditure	25 935 755	26 624 507
Transport Expenses	2 328 234	2 301 104
Subsistence and Travel	3 020 946	2 167 461
Property Rentals	158 287	128 143
Utilities	5 148 721	5 414 263
Maintenance Expenses	3 533 971	2 970 347
Materials and Supplies	519 859	-
Membership fees and Subscriptions: Domestic	237 581	-
Grants and Contributions	3 100	1 094 840
Depreciation Expense	1 346 859	335 391
CDC Meeting and HIV/AIDS Expenses	349 012	-
Other Expenditure	6 058 203	4 131 903
Delegated Functions	3 614 327	1 412 163

**12. WORK IN PROGRESS (WIP) - CAPITAL PROJECTS**

The Regional Council carries out capital development projects in identified settlement areas. The projects may be short term or long term and may not be completed with one financial year. The buildings which are erected but are still under construction are classified as Work In Progress (**WIP**) and are not depreciated until the work is completed and commissioned. The stage of completion is based on the inspection performed taking into account the application of funds thus far. Once commission the constructed asset is transferred to fixed assets for the Regional Council.

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

	2016	2015
	N\$	N\$
<b>12.1 WORK IN PROGRESS</b>	<b>103 433 840</b>	<b>75 664 026</b>
WIP-Capital Projects/ Planning & Development Service/Okorukambe	26 618	-
WIP-Capital Projects/KAO/Aesib Traditional Authority/Okorukambe	2 184 613	840 648
WIP-Capital Projects/Construction of Regional Governor Office Park	12 784 512	-
WIP-Capital Projects/Construction of Okahunga T/A	3 096 422	1 595 009
WIP-Capital Projects/ Construction of Skoohed T/A	149 960	149 960
WIP-Capital Projects/Construction of Aminus Cons	113 593	113 593
WIP-Capital Project/Construction of Baglakhadi T/A	4 495 353	4 495 353
WIP-Capital Project/Construction of Services-Otjinene Phase 6	6 365 084	3 113 171
WIP-Capital Projects/Water Reticulation and Sewerage System/Otjombinde	502 896	-
WIP-Capital Projects/Construction of Oxidation Ponds-Otjinene	1 182 018	1 182 018
WIP-Capital Projects/Construction of Village Office-Otjinene	312 613	10 152 769
WIP-Capital Projects/Construction of Sevices-Buitepos	4 322 986	3 444 824
WIP-Capital Projects/Construction of Batswana Office-Aminius	5 491 107	5 491 107
WIP-Capital Projects/Construction of Services-Tallismanus	6 215 272	6 215 272
WIP-Capital Projects/Construction of Omitara Water & Sewerage Network	21 296 002	21 073 044
WIP-Capital Projects/Construction of T/A-Otjinene	3 991 393	-
WIP-Capital Projects/Communal Toilets-Otjinene Phase V	2 905 556	-
WIP-Capital Projects/Construction of Services	2 953 375	2 953 375
WIP-Capital Projects/Gobabis Constituency Sewerage System	364 599	364 599
WIP-Capital Projects/Epukiro Construction of Services	721 437	-
WIP-Capital Projects/Witvlei Construction of Sewerage project	7 883 198	3 991 393
WIP-Capital Project/Construction of Gobanin Offices-Otjinene	12 542 071	2 905 556
WIP-Capital Projects/Tallismanus upgrading of street/-Otjombinde	480 894	-
WIP-Capital projects/Epukiro Phase 2 Construction of Services	690 634	111 958
WIP-Capital Projects/Buitepos Phase 2 Construction of Service	654 471	-
WIP-Capital Projects/Witvlei Phase 4 Construction of Services	1 073 963	5 805 781
WIP-Capital Project/Construction of Witvlei Phase 3	-	1 664 596
WIP-Capital Projects/Rural Electrification Project	633 200	-

**REGIONAL COUNCIL OF THE OMAHEKE REGION NOTES TO THE  
FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH ( continued)**

**13. CONTROL ACCOUNTS FOR SMALL COMMUNITY PROJECTS**

	<b>2016</b>	<b>2015</b>
	N\$	N\$
<b>CONTROL ACCOUNT-GRANTS</b>	<b>(3 497 564)</b>	-
Sundry Payables/Build Together Insurance Premium Control/Directorate Planning & Development Service	(60 369)	-
Sundry Payables/Build Together Material Supplier	(7 000 081)	-
Sundry Payables/GRN Control Account	13 707	-
Sundry Payables/Ben Hur Development Centre MRLGHRD	1 340 000	-
Sundry Payables/Micro Finance-Rural Community Projects	1 538 003	-
Sundry Payables/Rural Employment Scheme	245 386	-
Sundry Payables/Food for Work Community Project	(122 423)	-
Sundry Payables/OVC Project	900	-
Sundry Payables/Build Together Receipts Control Account	499 136	-
Sundry Payables/International Organisation for Migration Governor Social Fund	5 705	-
	42 472	-

**14. CURRENT LIABILITIES**

**Accounts Payable-Trade Creditors**

Payables Control Account	69 293	4 606 721
<b>TOTAL</b>	<b>69 293</b>	<b>4 606 721</b>

**14.1 SUNDRY CURRENT LIABILITIES**

<b>Control Account</b>		
VAT Payable	118 427	-
<b>TOTAL</b>	<b>118 427</b>	<b>-</b>



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

	<b>2016</b>	<b>2015</b>
	N\$	N\$
<b>15. EQUITY</b>	<b>211 125 407</b>	<b>172 557 724</b>
Accumulated Fund or Retained Income	13 254 836	-
Development Fund Capital Projects	168 393 364	101 310 931
Build Together Capital Fund	18 924 667	20 182 263
Net Profit(Accumulated)	8 100 722	51 064 530-
Net Profit(Current Year)	2 451 818	-

