



*Procuring with Integrity*



# ANNUAL REPORT **2020/2021**





**2020/2021**

**ANNUAL  
REPORT**



## GENERAL INFORMATION

Country of Incorporation and Domicile	Namibia
Nature of Business and Principal	To conduct the bidding process on behalf of public entities.
Board of Directors 1 April 2020 to 28 February 2021	<p>Mr P. Swartz (Chairperson and Administrative Head)</p> <p>Ms L. Ramakhutla (Deputy Chairperson and Deputy Administrative Head)</p> <p>Mr J. Muadinohamba</p> <p>Ms M. Nakale</p> <p>Ms H. Herman</p> <p>Mr P. Shilongo</p> <p>Ms M. Iyambo</p> <p>Mr H. Loftie-Eaton</p> <p>Mr T. Ndove</p>
Board of Directors 1 March 2021 to 31 March 2021	<p>Mr P. Swartz (Chairperson and Administrative Head)</p> <p>Ms L. Ramakhutla (Deputy Chairperson and Deputy Administrative Head)</p> <p>Ms J. !Garus-Oas</p> <p>Ms E. Nghiidipaa,</p> <p>Ms H. Herman</p> <p>Mr O. Nangolo</p> <p>Mr E. Shilongo</p> <p>Mr M. Kambulu</p> <p>Mr A. Ngavetene</p>
Registered Office	<p><b>Central Procurement Board of Namibia</b></p> <p>Erf 8161 Julius Nyerere Street, Southern Industry, Windhoek West,</p>
Postal Address	<p>P O Box 23650 Windhoek Namibia</p>





## Bankers

### **Bank Windhoek**

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Tel: +264 61 299 1480

## Auditors

### **PKF-FCS Auditors**

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# ACRONYMS

<b>BEC</b>	Bid Evaluation Committee
<b>CPBN</b>	Central Procurement Board of Namibia
<b>FIDIC</b>	International Federation of Consulting Engineers
<b>IPPs</b>	Individual Procurement Plans
<b>MoF</b>	Ministry of Finance
<b>PPA</b>	Public Procurement Act
<b>PPU</b>	Procurement Policy Unit
<b>PPR</b>	Public Procurement Regulation
<b>SBD</b>	Standard Bidding Documents



# 1. CHAIRMAN'S OVERVIEW

It is with great pleasure that I present to you our 4th annual report for the financial period 2020/2021.

The year 2020/2021 will be remembered as an unprecedented period in modern history, defined by the global outbreak of the COVID-19 pandemic. As we present this annual report, we reflect on the profound impact this crisis has had on individuals, communities, businesses, and economies worldwide. It is a year that challenged our resilience, adaptability, and determination, and yet, it also demonstrated the remarkable capacity of humanity to come together in the face of adversity.

COVID-19 forced us to reevaluate our priorities, innovate in unexpected ways, and reassess the resilience of our operations. It underscored the importance of adaptability and the need to embrace change proactively.

Amidst the challenges, the CPBN Board steered the organisation to embrace the challenges to reach new levels of efficiency by adjusting processes and procedures that could aid the future performance of the organisation.

## 1.1 GOVERNANCE

The Board responded to the challenges triggered by the pandemic with a resultant effect of digitalising the meeting process, adjusting the bid evaluation process to remain compliant in law, whilst also appointing Ernst and Young as internal auditors, through a competitive bidding process to manage risk and improve operational inefficiencies.

During this period, the Board finalised the review of the strategic business plan of the organisation with the assistance of an external consultant and adjusted the organisational structure accordingly. The decisiveness of the Board and the leadership demonstrated during this period has improved the organisations' efficiency whilst delivering on its mandate.

## 1.2 PERFORMANCE

The Board approved the fit for purpose organisational structure to execute the strategic plan. This resulted in an increase of the positions from 51 to 65 positions. However, only 33 of the said positions were filled during the year under review. This number excludes an additional six (6) employees on contract thus making a staff complement of thirty-nine (39) staff members during the period under review.

A government grant amounting to N\$36,6 million was received to finance the operations of CPBN. The Board approved a revised budget in line with the grant to ensure that the strategic plan was sufficiently funded for the year and that the service delivery is not compromised. This grant is an increase of 46% above the government grant of N\$25 million which was received in the previous financial year. Even though CPBN solely depend on the government grant, the organisation was able to generate an income of N\$1,667,310 from the sales of bidding documents whereas only N\$432,490 was generated in the previous financial year.



**Mr P. Swartz**

Chairperson



Employee costs remain the major expenditure accounting for 77% of the total expenditure compared to 74% in the previous financial year. The increase in employee costs is attributed to the increase in the number of employees and the annual inflationary salary increments which was approved and implemented in the financial year under review.

### 1.3 PUBLIC PROCUREMENT ACTIVITIES

During the period under review, the Board approved nine (9) Individual Procurement Plans (IPPs). This is the same number of IPPs approved in the previous financial year, however, the value of the IPPs significantly dropped from N\$5,471,870,163 in the previous financial year to only N\$794,159,457 in the financial year under review as per table below:

#### 1.3.1 Individual Procurement Plans (IPPs)

	2018/2019 (N\$)	2019/2020 (N\$)	2020/2021 (N\$)
Individual Procurement Plans (IPPs)	8,774,271,718	5,471,870,163	794,159,457
Number of Public Entities	14	9	9

The drop in the value of IPPs is ascribed to the effects of the pandemic on the supply chains and the economic activities of public entities in Namibia.

#### 1.3.2 Awards

The table below provides a comparison summary of procurement awards for the past three years.

Procurement Method	2018/2019 (N\$)	2019/2020 (N\$)	2020/2021 (N\$)
Open Advertised Bidding	187,307,348	1,086,744,649	1,953,805,157
<b>Restricted Bidding</b>	129,726,923	-	-
Direct Procurement (includes Entity to Entity)	1,032,114,786	982,899,272	1,030,056,782
	<b>1,349,149,057</b>	<b>2,069,643,921</b>	<b>2,983,861,939</b>

#### 1.3.4 Variation Orders, Price Increases and Contract Extensions

Other Awards	2018/2019 (N\$)	2019/2020 (N\$)	2020/2021 (N\$)
Variation Orders	23,913,210	247,009,879	0
Price Increases	40,872,242	511,869,614	69,492,559
Contract Extensions	1,521,826,132	1,015,508,231	889,069,107
<b>Total</b>	<b>1,586,608,584</b>	<b>1,774,387,724</b>	<b>958,561,666</b>

The CPBN intends to work towards minimising price increases during contract execution, reducing the variation orders as well as reducing number of contract extensions to give the opportunity and encourage competitive bidding process in the long term. The above intention is evident from the above table demonstrating the reduction in variation orders and contract extension over the three years, which are attributed to the number of reasons such as.

- Improved Project Planning from both the Procuring Agent and the Public Entities (PE). This planning process includes preparation of comprehensive standard bidding documents, clear communication with potential bidders through pre-bid meeting to ensure clear understanding of the project's scope and requirements.
- Comprehensive and well-defined contracts, leading to greater sense of responsibility and accountability from the contractors and service providers.



- c. Performance Monitoring and Contract Management by both the CPBN and the PE, leading to identification of potential risks/issues and addressing them before they require significant modifications or variations.

In terms of appeals, seven (7) dissatisfied bidders took CPBN to the Review Panel. Six (6) of the appeals were upheld and only one matter was dismissed in favour of CPBN. Additionally, two bidders further appealed the matters to the High Court of which one was ruled in favour of CPBN for the one appeal while the other appeal was dismissed by the High Court as not urgent.

The increase of independent reviews before the Review Panel is deemed positive as it allows for quicker decision-making to finalise the procurement processes. It further builds reference material to guide processes, procedures, and practices in public procurement, whilst it aids in restoring trust in the procurement redress system.

The Board established a Monitoring and Evaluation Unit to monitor the implementation of procurement contracts awarded and signed by CPBN under section 8(c) of the PPA. The Unit reported that twenty-two (22) contracts, valued at N\$1,159,128,366 are active whilst five (5) contracts valued at N\$297,451,677, were completed. Two contracts were identified as behind schedule and actions were taken by the contractor and the public entity to catch up on the time and work.

It was evident from the site visits that all the projects were adversely affected by COVID-19 measures and the implementers were challenged to devise strategies to minimise the impact.

Regrettably, six (6) bids valued at N\$648,499,471 were cancelled during this financial year.

## 1.4 STAKEHOLDERS

The media plays a significant role in public education and most importantly the dissemination of information. The CPBN has been receiving negative media coverage because of a lack of understanding of the mandate and operations of the organisation by journalists. To address these shortcomings, the CPBN hosted a media induction during the period under review.

Attended by journalists from various media houses, the induction was aimed at educating the journalists on the mandate and procurement process of the CPBN, which will assist them in reporting objectively in the future. Furthermore, the induction was part of the CPBN stakeholders' engagement strategy to build and enhance working relations with members of the media.

A stakeholders engagement breakfast, focusing on public entities, was hosted with head of public entities to deliberate on issues affecting the procurement process and discussing ways on how public procurement can be improved. The Board clarified the timelines observed in the procurement processes and introduced standard timelines for the entities to adhere to in order to fast track the procurement processes.

## 1.5 OUTLOOK

The Board should seek improved operational efficiency in public procurement as it will aid governmental economic objectives to stimulate the local economy through public procurement. The Board has to continue prioritising the advancement of Namibian suppliers and service providers through public procurement.

The CPBN made inroads to incorporate key stakeholders in different aspects in the procurement process. The organisation must be built on these developments, engaging with the stakeholders to provide information, seek collaboration in the best interest for public procurement advancement in



Namibia, and to solicit deliberations on the implementation of the PPA, as amended. This will foster greater cooperation and transparency in public procurement.

Lastly, the CPBN has realised that procurement education cannot be left to the Procurement Policy Unit and therefore deemed capacity building of employees as a critical strategy to improve service delivery in public procurement. It, therefore, makes sense to collabourate with the Procurement Policy Unit and other like-minded institutions to enlighten bidders and other public entity officials in the practice of public procurement. Failure to capacitate a wider group of practitioners could lead to an erosion of trust in the procurement system in the country.

## 1.6 CONCLUSION

Thank you to the employees of CPBN who were resolute in delivering services amidst the pandemic restrictions. You were quick to adapt, to meet online, to map out and revise operating procedures so that we could minimise disruptions. We can look back and smile that we weathered this storm and emerged victorious. Let us employ these characteristics in improving our service delivery.

I want to thank the Board for your support and leadership during this year. Your wisdom and guidance did not only steer the organisation through these challenging times, but it also set a benchmark to deal with future changes.

Honourable Minister, Ipumbu Shiimi, and the leadership of the Ministry of Finance, thank you for the support, guidance, and trust in the Board and my ability to lead the organisation. You made time for us when it mattered to listen and guide us whilst reminding us of our role and responsibility in times of adversity. I appreciated the discussions on succession and the future of public procurement.

Lastly, I thank our stakeholders for your collaborations, your engagements, and your support. We have seen improvements in transparent reporting and reduced timelines, let us continue to engage each other in order to serve the Namibian nation better.

**Patrick Swartz**  
Chairperson



## 2. STRATEGY



### MISSION

To implement a procurement system in a competitive and transparent manner that realises value for money in the best interest of all Namibians.



### VISION

To be a vibrant and excellent procurement and asset disposal body that contributes towards the attainment of Namibia's development agenda.



### VALUES

Core Value	Description
 <b>Value for Money</b>	We shall consider costs, quality and sustainability in all our actions and decisions.
 <b>Integrity</b>	We shall conduct ourselves in a trustworthy, fair, confidential, honest manner and in line with good governance principles.
 <b>Transparency</b>	We shall ensure that the entire procurement and disposal process is open and clear.
 <b>Accountability</b>	We shall be answerable for our actions and decisions.
 <b>Responsiveness</b>	We shall ensure timeous service delivery in relation to set standards.
 <b>Teamwork</b>	We value the unique contribution of each team member and shall support one another.



### 3. CORPORATE GOVERNANCE

The Central Procurement Board of Namibia was established in terms of section 8 of the Public Procurement Act, 15 of 2015 (PPA). Section 11(2) of the PPA provides for the appointment of nine (9) Board members, of which two (2) are the Chairperson and the Deputy Chairperson, and the Administrative Head and Deputy Administrative heads, respectively. The seven (7) other Board members are Independent Non-Executive Directors.

The CPBN Board serves dual functions, namely the Adjudication of procurement related matters, and the Governance function of the CPBN as an organisation. The Adjudication function of the Board is instructed in terms of section 9 of the Act, whereas the Governance function is enabled by the establishment of the CPBN as an administered organisation.

The Board is guided in the execution of its Adjudication duties by the Public Procurement Act, 15 of 2015; the Public Procurement Regulations, and any other Directives as issued by the Minister of Finance as well as all the relevant laws of the Republic of Namibia. Similarly, in the execution of its Governance duties, the Board is guided by the Public Procurement Act, 15 of 2015 as well as best practices of Corporate Governance.

Section 16 of the Act provides for the establishment and appointments of Board Committees to "exercise such powers and perform such functions as the Board may delegate in terms of section 17 of the Act. In this regard, the Board appointed three subcommittees, the Audit and Risk Committee (ARC); the Human Resources Committee (HRC) and the Technical Committee.





# CPBN

1 APRIL 2020 TO 28 FEBRUARY 2021





# CPBN

1 MARCH 2021 TO 31 MARCH 2021



**Mr P. Swartz**  
Chairperson



**Ms L. Ramakhutla**  
Deputy Chairperson



**Ms J. !Garus-Oas**  
Independent Member



**Ms E. Ngiidipaa**  
Independent Member



**Ms H. Herman**  
Independent Member



**Mr O. Nangolo**  
Independent Member



**Mr P. Shilongo**  
Independent Member



**Mr M. Kambulu**  
Independent Member



**Mr A. Ngavetene**  
Independent Member



### 3.1 BOARD COMPOSITION AND MANDATE

The CPBN's Board comprises of nine (9) members. The Chairperson serves as the Accounting Officer of the Board and is also appointed as Administrative Head. The Chairperson is deputised by the Deputy Chairperson who is also appointed as Deputy Administrative Head. Both the Chairperson and Deputy Chairperson are appointed on a full-time basis for a period of five (5) years. The appointment of the Chairperson, although it is done in accordance with section 11 of the PPA, is not in line with the spirit and ethos of the Code of Corporate Governance of Namibia (NamCode), as the Chairperson is not an independent, non-executive member. As part of their duties, the Board is mandated to give meaning and effect to the provisions of the Public Procurement Act, (Act No. 15 of 2015). The Board is amongst others tasked with advancing the objects of the Act which entails;

- To promote integrity, accountability, transparency, competitive supply, effectiveness, efficiency, fair dealing, responsiveness, informed decision-making, consistency, legality, and integration in the procurement of assets, works and services.
- To promote, facilitate and strengthen measures to implement the empowerment and industrialisation policies of the government, including job creation for Namibian citizens.

In order for the Board to carry out its mandate as herein postulated above, it draws its powers in terms of Section 9 of the enabling legislation with its accompanying directives and regulations.

The table below reflects the Members of the Board for the period under review.

Name	Position	Term
Mr P. Swartz	Chairperson and Administrative Head	5 years
Ms L. Ramakhutla	Deputy Chairperson and Deputy Administrative Head	5 years
Mr J. Muadinohamba	Independent Non-Executive Member	3 years
Ms M. Nakale	Independent Non-Executive Member	3 years
Ms H. Herman	Independent Non-Executive Member	3 years
Mr P. Shilongo	Independent Non-Executive Member	3 years
Ms M. Iyambo	Independent Non-Executive Member	3 years
Mr H. Loftie-Eaton	Independent Non-Executive Member	3 years
Mr T. Ndove	Independent Non-Executive Member	3 years

### Board Attendance

Board Member	Adjudication Meetings	Governance Meetings	HRC Meetings	ARC Meetings	TC Meetings
<b>2020/2021 - 1st April 2020 to 28 February 2021</b>					
Mr P. Swartz	29/39	6/6	4/5 Ex-Officio	7 Ex-Officio	1 Ex-Officio
Ms L. Ramakhutla	21/39	3/6	4/5 Ex-Officio	3 Ex-Officio	0 Ex-Officio
Mr J. Muadinohamba	38/39	6/6	4/5	N/A	N/A
Ms H. Herman	36/39	5/6	4/5	N/A	N/A
Mr P. Shilongo	38/39	5/6	5/5	N/A	1/1
Ms M. Nakale	37/39	6/6	N/A	9/9	1/1
Ms M. Iyambo	38/39	6/6	N/A	8/9	1/1
Mr T. Ndove	37/39	6/6	N/A	7/9	N/A
Mr H. Loftie-Eaton	38/39	5/6	5/5	N/A	1/1



## Board Attendance

Ms L. Namoloh	N/A	N/A	5/5	N/A	N/A
<b>March 2021 - New Board Appointed</b>					
Mr P. Swartz	1	N/A	N/A	N/A	N/A
Ms L. Ramakhutla	1	N/A	N/A	N/A	N/A
Ms H. Herman	1	N/A	N/A	N/A	N/A
Mr P. Shilongo	1	N/A	N/A	N/A	N/A
Mr A. Ngavetene	1	N/A	N/A	N/A	N/A
Ms E. Nghiidipaa	1	N/A	N/A	N/A	N/A
Ms J. !Garus-Oas	1	N/A	N/A	N/A	N/A
Mr M. Kambulu	1	N/A	N/A	N/A	N/A
Mr O. Nangolo	1	N/A	N/A	N/A	N/A
<b>Total</b>	<b>39</b>	<b>6</b>	<b>5</b>	<b>9</b>	<b>1</b>

*In accordance with section 15 (6) of the PPA, seven (7) members of the Board constitute a quorum and six (6) or more members present and voting in favour of any matter at the meeting constitute the decision of the Board.*

## 3.2 ADJUDICATION MEETINGS REPORT

The adjudication of procurement matters constitutes a major part of the Board's mandate. The Board meets frequently to consider and approve matters submitted by public entities which are above their procurement threshold. These matters include, amongst others, contract extensions, contract variations, individual procurement plans, standard bidding documents, awards etc.

## 3.3 GOVERNANCE MEETINGS REPORT

The Board is responsible for the organisation's strategic direction and for the overall governance oversight. The Board provides guidance and leadership to management in the establishment of functional structures, the development of policies and procedures, risk management as well as prudent financial management. The Board considered and approved the following matters in particular:

- Revised Budget for the financial year 2020/21 to 2022/23
- Budget for 2021/22 to 2023/24
- Revised organisational structure
- Revised Annual Financial Statements for 2017/18, and 2018/19
- Annual Financial Statements for 2019/20
- Inflationary salary adjustments for staff below executives
- Policies
- Appointment of Internal Auditors

### 3.3.1 Strategic Plan

During the period under review the Board approved a five-year strategic plan for the period 2021/22 – 2025/26. The aim of the strategic plan is to assist the organisation in identifying risks and inefficiencies, with the primary purpose of achieving exponential improvements in the process and mechanisms of procurement. Furthermore, the strategic plan aspires to ensure that the public procurement system in Namibia achieves the best value for money, in a transparent and ethical manner, thus ensuring equitable and sustainable economic growth.



The plan focuses on six (6) strategic objectives defined within three (3) Strategic Themes namely: (i) *Governance*, (ii) *Stakeholder Relations* and (iii) *Public Procurement Excellence* over the next five years. The performance of the organisation will be measured through seventeen (17) strategic performance indicators and twenty-two (22) strategic projects.

### 3.4 HUMAN RESOURCE COMMITTEE

The Human Resources Committee (HRC) comprises of four (4) Board members and seeks to assist the Board to ensure that:

- a. The CPBN's remuneration strategy and conditions of services is developed to attract, retain and motivate human resources and;
- b. The corporate governance structure of the CPBN is adequate, efficient and appropriate.

During the financial year, the HRC considered the following matters amongst the many:

- Performance Management System
- Staff training and skills development
- Contracts of the Executive Heads
- Policies regarding Human Resources
- Job descriptions of executive positions on new organisational structure

### 3.5 AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee (ARC) comprises of three (3) Board members, and it seeks to assist the Board in discharging its duties relating to the following:

- a. Safeguarding of assets,
- b. Monitoring the integrity and operation of adequate and effective systems and control processes,
- c. Reviewing of presented financial statements in compliance with all applicable legal and regulatory requirements and accounting standards,
- d. Oversight of appointments, functions, removal and remuneration of external and internal auditors,
- e. Monitoring the integrity of integrated reporting system and internal controls including financial reporting and sustainability issues,
- f. Information technology governance as it relates to integrated reporting; and
- g. Review the statutory accounts and consider accounting issues arising in respect of the CPBN's affairs and recommend them to the Board for approval.

The ARC deliberated and recommended amongst other, the following matters for Board approval:

- Annual report for 2017/18
- Revised Annual Financial Statements for 2018/19
- Revised budget 2020/21 – 2022/23 after Government grant was approved
- Appointment of internal auditors
- Internal audit work plan
- Internal audit charter
- Budget for 2021/22 – 2023/24

### 3.6 TECHNICAL COMMITTEE REPORT

The Technical Committee (TC) comprises of four (4) Board members and seeks to assist the Board to ensure:

- a. Review of the technical aspect for the large project as and when it is requested by the Board;
- b. Review of the Evaluation and Monitoring reports of large/complex procurement contracts and advise the Board accordingly;
- c. Review of the Variation Orders, price increases, termination and determination of contracts for procurement projects; and
- d. Act as a liaison with the Public Entity on matters of strategic/large projects when necessary.



### 3.7 DIRECTORS EMOLUMENT AND SALARIES

In terms of Section 18 (1) of the PPA with the exception of the Chairperson and Deputy Chairperson, a member of the Board or Committee member who is not a full-time employee of the State, is paid such allowances as the Minister of Finance may determine. According to section 18 (2) of the PPA, the Chairperson and Deputy Chairperson of the Board are paid such remuneration and allowances as the line minister may determine after having due regard to the requirements of section 22 of the Public Enterprises Governance Act, 2006 (Act No.6 of 2006).

During the period under review, the line minister approved the increase of Board fees in line with the Ministry of Public Enterprises notice. An amount of N\$3,651,145 was paid out in allowances to Board members (exclusive of the salaries of the Chairperson and Deputy Chairperson). The payment during the period under review are herein reflected in the table below:

Name	Directors' fees (in N\$)	Salaries
Mr P. Swartz (Chairperson and Administrative Head of CPBN)	N/A	N\$1,714,800
Ms L. Ramakhutla (Deputy Chairperson and Deputy Administrative Head of CPBN)	N/A	N\$1,483,763
Ms M. Nakale (Chairperson of the Audit and Risk Committee)	544,019	N/A
Mr J. Muadinohamba	495,329	N/A
Ms H. Herman (Chairperson of the Human Resource Committee)	477,658	N/A
Mr P. Shilongo	528,304	N/A
Ms M. Iyambo (Chairperson of the Technical Committee)	547,074	N/A
Mr H. Loftie-Eaton	523,858	N/A
Mr T. Ndove	484,391	N/A
<b>TOTAL</b>	<b>N\$ 3,600,633</b>	<b>N\$ 3,198,563</b>

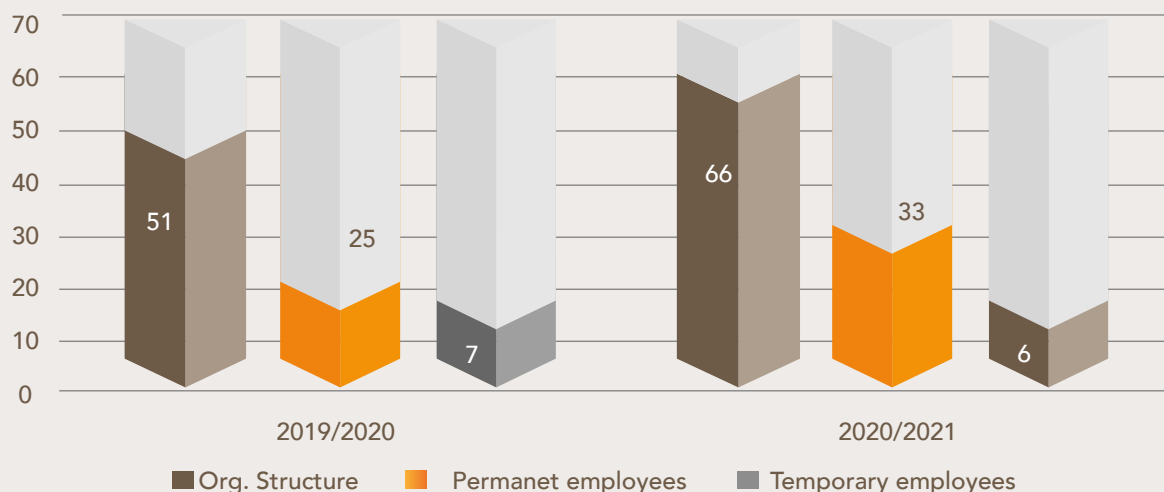
## 4. CPBN OPERATIONS

### 4.1 HUMAN CAPITAL

#### 4.1.1 Organisational Structure

During the period under review, the Board undertook an exercise to assess and revise the organisational structure. The assessment found that there were some key efficiency and effectiveness challenges. This resulted in the Board adopting a new organisational structure increasing the positions on the structure from 51 to 65. However, only 33 positions were filled permanently, and six (6) staff members were employed on contract, thus bringing the number of staff members to thirty-nine (39) during the financial year under reporting.

#### CPBN HEADCOUNT



#### 4.1.2 Fringe Benefits

The Board approved the provision of medical aid and pension as new fringe benefits to all staff members as part of the organisation's staff retention strategy.

#### 4.1.3 Staff Turnover

The staff turnover was relatively low at CPBN as only one employee resigned from the service during the period under review.

The CPBN acknowledges that employees are the greatest assets of the organisation. Apart from attracting talented employees, the organisation will also strive to create an environment in which employees feel valued, motivated and have a sense of belonging.

As an organisation that aspires to be recognised as the "best company to work for in Namibia", CPBN will implement programmes and practices that would support employee engagement and satisfaction. These programmes shall include performance management, talent management, professional development, team development, employee wellness, succession planning and proactive employee relations practices to address concerns before it leads to attrition of employees.





#### 4.1.4 Training & Development

One of the strategic objectives in the CPBN's strategic plan is to improve public procurement service. This objective can only be achieved if the organisation has skilled and competent employees.

As a result, CPBN has embarked upon empowering its staff through continuous staff development. The 39 employees (permanent and contract) underwent training in various programmes as per the table below:

Type of Training	Number of Employees	Duration of Training
Project Management	6	4 days
Team Dynamics	35	4 days
Integrated reporting	4	4 hours
Total Cost To Company	4	3 hours

#### 4.1.5 Team Dynamics Training

Thirty-five (35) employees participated in a Team Dynamics training which was identified as critical intervention to strengthen teams. Strengths Team Dynamics is based on Gallup's philosophy of strengths-based organisations. According to Gallup, organisations and workgroups often tend to focus on fixing their employees' weaknesses, but this leads to mediocre results at best.

The Strengths Team Dynamics training provides grounding for the unique strengths and contributions of each team member. It teaches employees a better understanding of their independent roles and aims to expand and enhance their partnerships in order to build an interdependent team.

The attendees learned how to use their collective talents to achieve specific performance objectives. When team members are aware of each other's talent filters, they understand how each person is inclined to think, act and feel. This awareness helps the team navigate the issues which the team encounter. They understand how the team can best work together to accomplish its goals and performance objectives.

#### 4.1.6 Team Building Exercise

The importance of teamwork cannot be overemphasised, as the success of an organisation can only be achieved through teamwork. When employees work together as a team, they are motivated and collaborate better.

The CPBN hosted a team building exercise for its employees during the period under review. The aim of the team building was to improve employee engagement and morale, strengthen communication, enhance company culture and most importantly promote cohesion.

#### 4.1.7 Employee Wellness

The COVID-19 pandemic brought about a level of disruption that neither Namibia, nor the larger globe had anticipated. The CPBN was not spared from the disruption caused by COVID-19 as operations had to come to a standstill on several occasions due to staff members testing positive.

To mitigate the risk of spreading the virus further and to protect the wellbeing of staff members and external stakeholders, a COVID Task Team was established. Furthermore, a COVID-19 Preparedness and Response Plan, which is aligned to government COVID-19 protocols, was implemented. Furthermore, in order to ensure business continuity, remote working was implemented where employees were expected to work from home.



The health and safety protocols and requirements such as the use of face masks, hand sanitising and social distancing remains of outmost importance. Furthermore, oxygen tanks were procured to be allotted to staff members meeting the defined health protocol. The CPBN will continue to be vigilant in this regard and will continue to adjust its safety protocols in line with national health regulations.

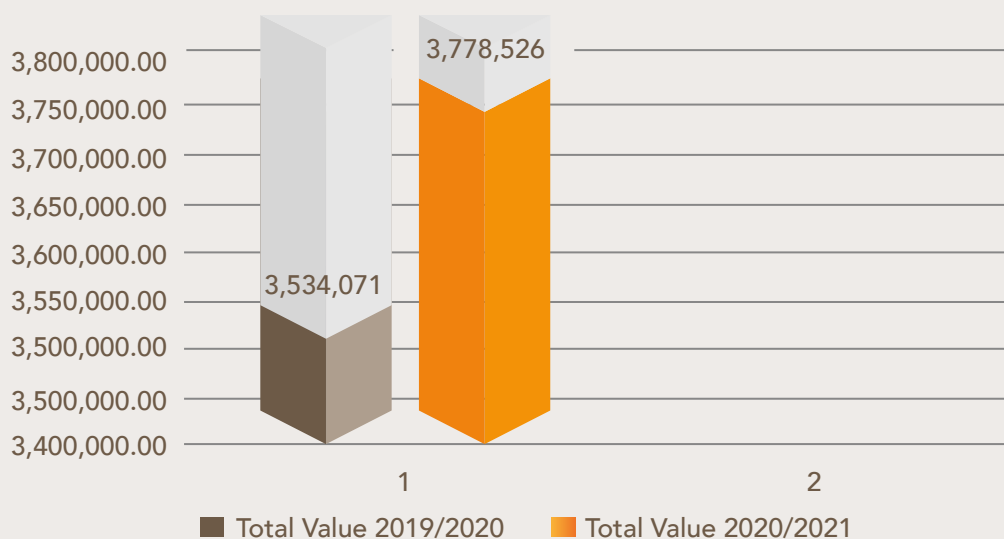
## 4.2 INTERNAL PROCUREMENT MANAGEMENT UNIT

The unit is responsible for conducting and managing the procurement activities of the Board from the initiation of the procurement to the award of the procurement contract.

### 4.2.1 Number of Procurement Awarded

Procurement Method	Total Value 2019/2020	Total Value 2020/2021
Small Value Procurement	951,825	580,211
Request for Sealed Quotation	1,724,082	689,010
Request for Proposal	283,268	824,320
Execution by Public Entities	574,896	535,306
Direct Procurement	874,787	1,101,630
Emergency Procurement	-	48,050
<b>Total</b>	<b>4,408,856</b>	<b>3,778,524</b>

### PROCUREMENT COMPARISON



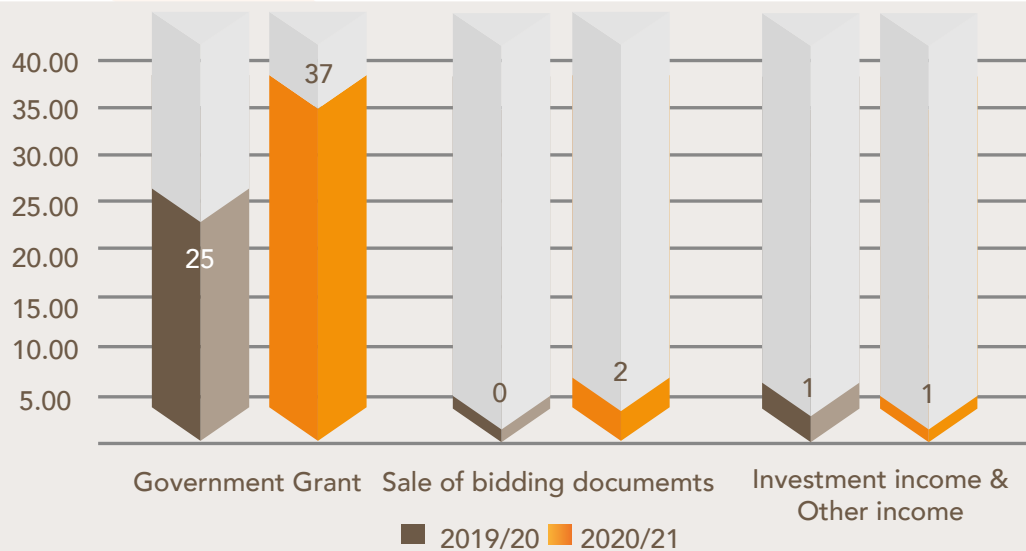
There was an increase in the value of bids awarded during the reporting period in comparison to the previous financial year.

## 4.3 FINANCIAL MANAGEMENT

### 4.3.1 Government Grant

The government grant received in the 2020/21 financial year was N\$36,6 million, 46% more than the grant of N\$25 million received in the previous financial year, 2019/20.

#### REVENUE GRAPH (IN MILLIONS)



### 4.3.2 Sale of Bidding Documents

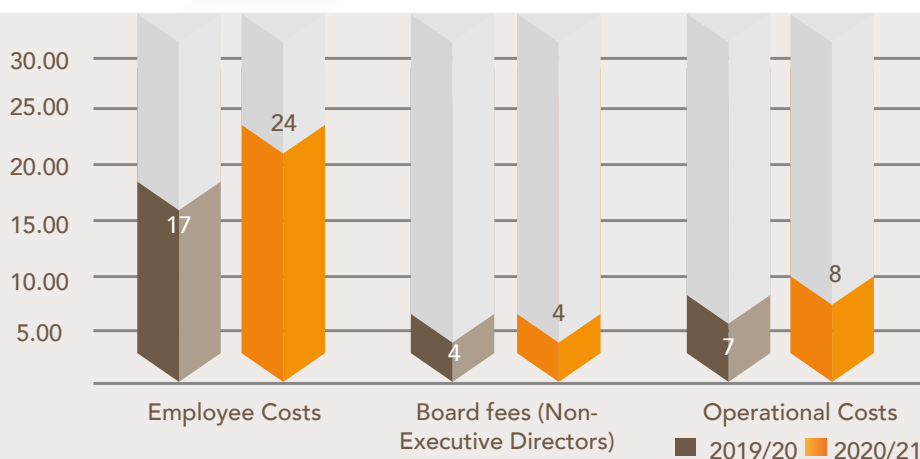
The revenue received from the sale of bidding documents in the year 2020/21 amounts to N\$1,677,310 whereas N\$432,490 was received in the prior year. The food tender For the Supply of Foodstuffs/Catering to Government School Hostels contributed to a higher revenue in 2020/21.

### 4.3.3 Investment & Other Income

Interest received in the year 2020/21 reduced by 27% compared to the interest received in the corresponding period. The interest received as percentage of cash balance as at 31 March 2021 was 3%, as compared to 4% in prior year. The reduction in the interest rates has contributed to the reduction of returns on investments. The average repo rate in March 2021 was 3.10% as compared to an average of 4.4% in March 2020. When the interest rates are low, the risk of investment is low, hence a lower return on the investment.

### 4.3.4 Expenditures

#### EXPENDITURE GRAPH (IN MILLIONS)





### 4.3.5 Employee Costs

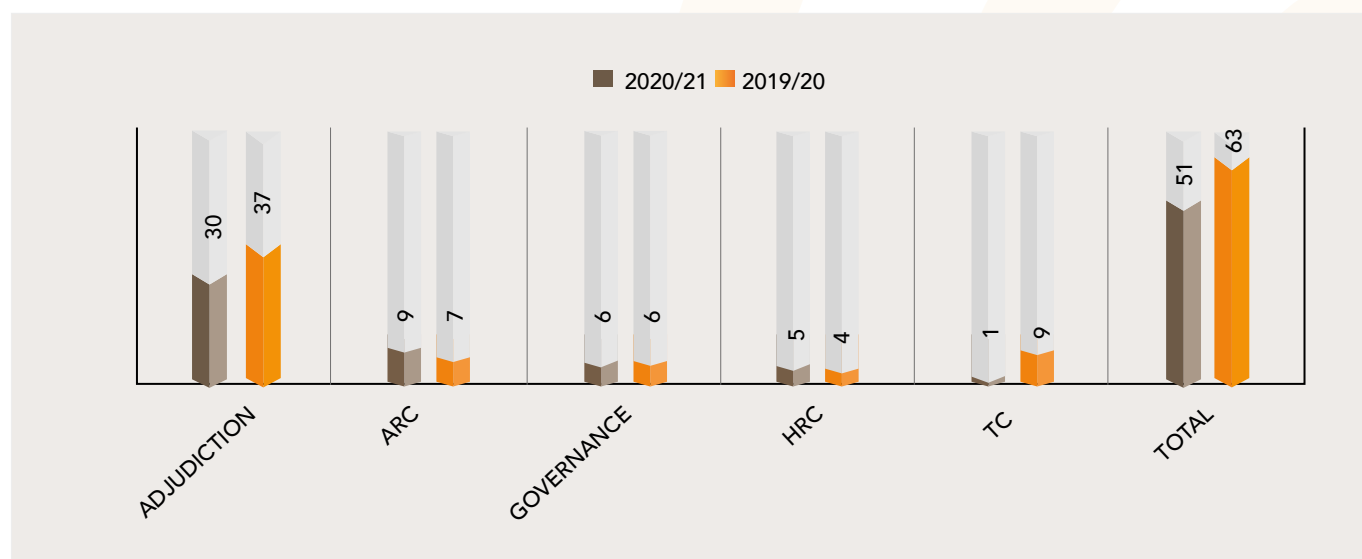
Employee costs increased with 32% in the financial year 2020/21 compared to the 2019/20 financial year. Employee costs make up 77% of the total expenditures in 2020/21 compared to 74% in 2019/20. The increase in employee costs is directly attributed to an increase in the on Boarding of new employees and the salary increments which were approved and implemented during 2020/21.

### 4.3.6 Board Fees

Boards fees decreased by 1% compared to the Board fees in prior year. Board fees make up 10% of the total operating expenditures in the year 2020/21, as compared to 13% in prior year.

The Board meetings statistics indicate that 51 meetings were held in 2020/21 as compared to 63 meetings in prior year. Although more meetings were held in the year 2019/20, the difference in monetary value pertains to the alignment to Tier 2 of the MoPE Government Gazette of 16 April 2018 as approved and effected in September 2020.

### BOARD MEETING STATISTICS



### 4.3.7 Operational Costs

General operational costs increased with 12% in the year 2020/21 as compared to prior year. Operational costs make up 23% of the total expenditures in 2020/21 as compared to 26% in the corresponding period. The increase in operational costs is attributed to the increase in staffing during 2020/21. Due to the increase in staffing, operational costs such as printing & stationery, procurement related publications, licences, telephone, emails and internet costs, training and insurance costs subsequently increased.

### 4.3.8 Asset Growth

Total assets increased by 9%, N\$44.6 million in the year 2020/21 as compared to N\$41.0 million in the year 2019/20. Total assets mainly comprises of Cash & Cash equivalents in both years.





## 4.4 PUBLIC PROCUREMENT MANAGEMENT

Regulation 3 of the Public Procurement Act, 15 of 2015, in Annexure 1, prescribes thresholds for public entities. Those thresholds guide public entities in terms of whether or not a public entity can internally conduct a particular procurement in line with Regulation 2(2) or alternatively the Board in accordance with section 8(a) read together with Regulation 2(1). Therefore, the Public Procurement Management Department oversees, facilitates, and guides public entities on the preparation of bidding documents and conducts the bidding process, for procurement projects that are referred to CPBN on behalf of public entities in line with the aforementioned legal provisions.

### 4.4.1 Procurement Process

The diagram below depicts a generic public procurement process at the CPBN, which consists of several stages that could be categorised into three distinct phases.



### 4.4.2 Individual Procurement Plans (IPPs)

The submission of the Individual Procurement Plans (IPPs) and the Standard Bidding Documents (SBDs) to the CPBN by public entities signal the initiation of the procurement process. The two documents outline the procurement plan, project value, procurement method, employer requirements, evaluation criteria and contract terms among others. Hereunder, is the List of IPPs approved by the Board during the period under review.

**Table 1:** Individual Procurement Plans (IPPs)

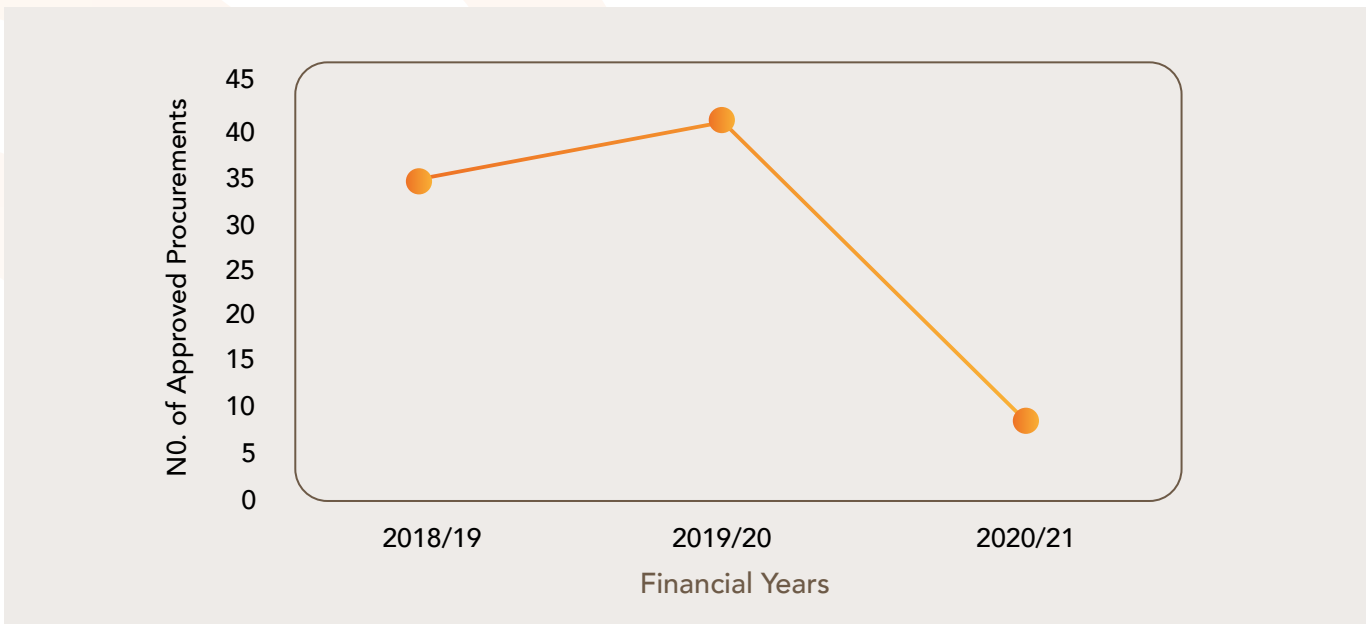
Item No.	Public Entity	Description	Procurement Method	Estimated Value (N\$)
1	Ministry of Health and Social Services	The Delivery of Anti-Retroviral Medicine.	Open International Bidding (OIB)	300,000,000
2	Ministry of Education, Arts and Culture	The Upgrading and Extension of a Combined School at Oshikunde-Phase 2	Open National Bidding (ONB)	73,526,400
3	Telecom Namibia	The Compilation, Supply of print directory, Advertising space as well as Development, maintaining of on-line directory and sale of the advertising space for a period of five (5) years, commencing with the 2020/2021 directory book up to 2024/2025	Open National Bidding (ONB)	64,137,640
4	University of Namibia (Unam)	The Provision of Landscaping and Gardening Services to the University of Namibia for a period of three (3) Years	Open National Bidding (ONB)	21,665,784
5	University of Namibia (Unam)	The Provision of Cleaning Services to the University of Namibia	Open National Bidding (ONB)	52,743,715
6	TransNamib	The Provision of Medical Aid Services to the Employees, Pensioners and Continuation Members of the TransNamib Holdings Limited	Open National Bidding (ONB)	171,965,513
7	University of Namibia (UNAM)	The Provision of Security Services to the University of Namibia for a period of three (3) years.	Open National Bidding (ONB)	81,965,000
8	NTA	The Provision of Security Services to the Namibia Training Authority (NTA) Head Office, Zambezi, Rundu, Gobabis, Okakarara, Valombola, Eenhana and Nakayale Vocational Training Centres (VTC) for a period of 36 months on behalf of NTA	Open National Bidding (ONB)	12,813,300
9	Central Procurement Board of Namibia	Office Rental for the Central Procurement Board of Namibia	Execution by Public Entities	15,342,106
				<b>794,159,457</b>

During the period under review, the Board adjudicated and approved ten (10) IPPs, however, one (1) of those IPPs was reported in 2018/19 financial year and its revised amount is depicted in the table below, thus leaving nine (9) new approved IPPs.

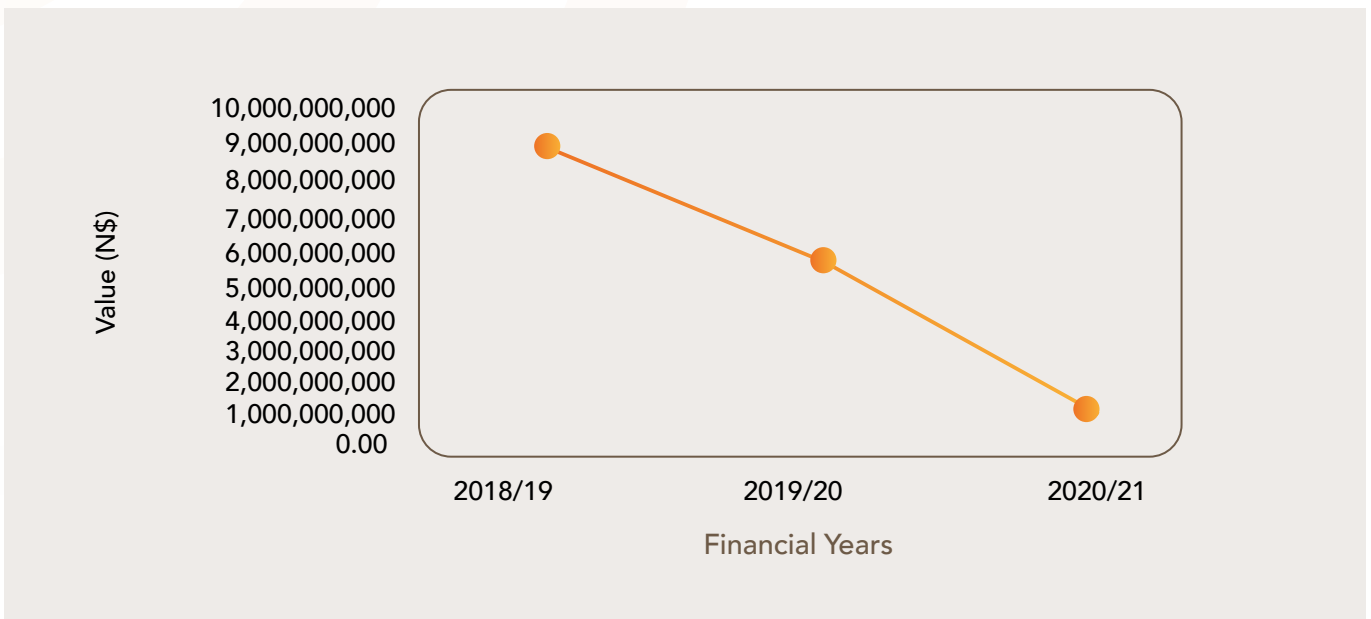
#### 4.4.1 Revised Individual Procurement Plans

Item No.	Public Entity	Description	Initial IPP Value (N\$)	Revised Amount (N\$) & Financial Year	Revision Type
1.	Ministry of Health and Social Services	Revised Individual Procurement Plan for the Provision of Security Services	283,311,000	220,478,038	Decrease

**Figure 1:** Comparison of approved IPP numbers over three Financial Years for 2018/19 to 2020/21



**Figure 2:** Comparison of Approved IPP values over three Financial Years (2018/19 to 2020/21)





- From the two (2) graphs above, it can be clearly deduced that there has been a declining trend in the number and values of Individual Procurement Plans over the past three (3) financial years. The declining trend can be attributed to the COVID-19 pandemic and the state in which the Namibian economy is (depression). The government's attention to COVID-19 pandemic meant that resource(s) allocation was diverted to fight the pandemic, thus most procurements were suspended or withdrawn due to lack of funds. Furthermore, the lockdown measures have led to a reduced government service provision limiting to essential services. This had a resultant effect of reduced government procurement of services.

#### **4.4.3 PROCUREMENT AWARDS/COMPETITIVE BIDDING**

This section records and reports on numbers and values of procurements awarded by the Board during the period under review through either Open National (section 29) or Open International Bidding processes (section 30) as prescribed in the Public Procurement Act, 15 of 2015, as amended.



#### 4.4.3.1 Open National Bidding (ONB)

**Table 2:** List of Procurement Conducted through ONB

Item No.	Public Entity	Procurement Matter	Awarded To	Contract Value (N\$)
1	Namibia Training Authority (NTA)	The Construction of Kunene Vocational Training Centre at Khorixas in the Kunene Region, Phase: 1	Adaptive Building and Land Construction CC	42,459,788
2	Namibia University of Science and Technology (NUST)	The Provision of Cleaning Services to the Namibia University of Science and Technology	Adaptic Investment CC and LYPA Investment CC	17,982,763
3	Ministry of Education, Arts and Culture (MoEAC)	The Construction of a New Otuzemba Primary School in Opuwo, in the Kunene Region Phase 1	Adaptive Building and Land Construction CC	44,969,834
4	Namibia Training Authority (NTA)	The Construction of Nkurenkuru Vocational Training Centre in Kavango West Region, Phase 1B	Neu-Olulya Trading CC	35,561,068
5	Ministry of Finance (MoF)	The Provision of Security and Fidelity/Transito Services to the Ministry of Finance	Omle Security Services cc and Omeya Investments cc	30,184,644
6	NamPower	Procurement of an Engineering procurement and Construction (EPC) Contractor for the Omburu 20 MW Photovoltaic (PV) Power Plant	Hopsol Africa (Pty) Ltd and Tulive Private Equity (Pty) Ltd JV	317,171,060
7	Ministry of Health and Social Services (MoHSS)	The Provision of Security Services for Ministry of Health and Social Services	Lot 1:Khomas Region: Vicmac Security Services cc; Lot 2://Kharas Region \02/11/2020: Ombandje Security Services cc; Lot 3: Hardap Region: Windhoek Security Services ; Lot 4: Erongo Region: Ovakuatjivi Trading Enterprises cc; Lot 5: Otjozondjupa Region: Khaibasen Security Services cc; Lot 7: Oshana Region: Omeya Investments cc; Lot 8: Zambezi Region: Independence Security Services cc; Lot 9: Kavango East & West: Tulikumo Investments cc; Lot 10: Kunene Region: Nelito Investments cc; Lot 11: Omaheke Region: Premier Investment No.25 CC; Lot 12:Omusati Region: Triple One Investments cc and Lot 13: Ohangwena Region: Shikuvule Trading cc	208,381,339



**Table 2:** List of Procurement Conducted through ONB (continued)

Item No.	Public Entity	Procurement Matter	Awarded To	Contract Value (N\$)
8	Ministry of Works and Transport (MoWT)	Northern Railway Phase 3: Oshakati Railway Station Building	Tatiana Trading Enterprises JV Ongushe Investments	39,050,397
9	Ministry of Health and Social Services (MoHSS)	Supply and Delivery of Anti-Retroviral Medicine (ARVs) Products	Nampharm (Pty) Ltd: <b>N\$314,626,280 (Excluding VAT)</b> Africare Pharmaceuticals Namibia: <b>N\$3,640,520 (Excluding VAT)</b>	314,626,280 3,640,520
10	NamWater	The Reconstruction of the Canal Section between Omahenene Border post and Olushandja Dam: Part A (Olushandja)	Radial Truss Industries (Pty) Ltd	41,575,067
11	NamWater	The Reconstruction of the Canal Section between Omahenene Border post and Olushandja Dam: Part B (Mahene Section)	Brumar Construction CC	51,913,110
12	Roads Authority	Procurement of Periodic Maintenance of Gravel Roads: Re-gravelling Contract in the Windhoek Region (Contracts: GRU-WHK 01 & GRU-WHK 02)	Adaptive Building Land Construction CC: Namibbeton (Pty) Ltd:	91,536,828 84,951,315
<b>Total (N\$)</b>				<b>1,324,004,013</b>

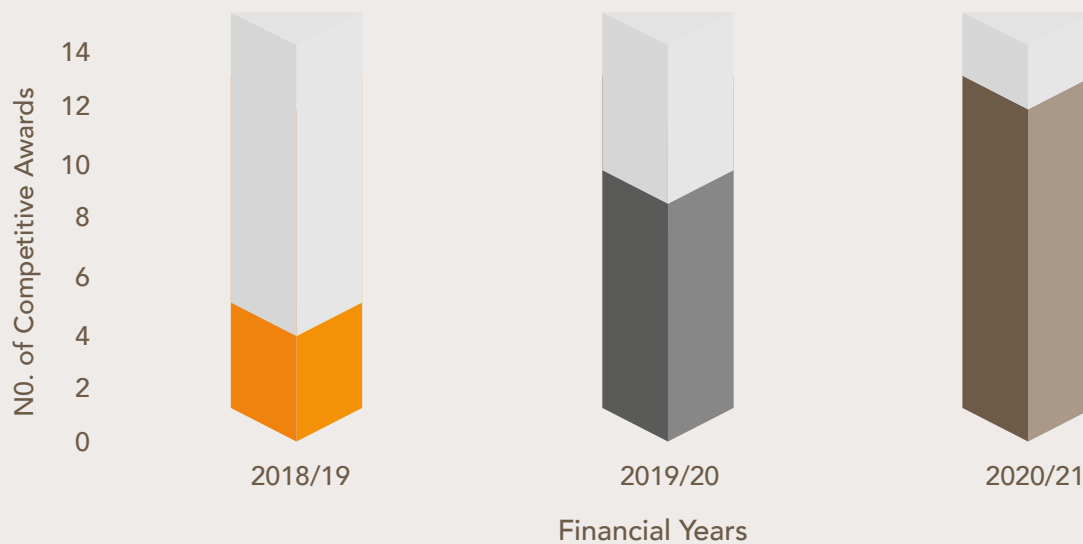


#### 4.4.3.2 Open International Bidding (OIB)

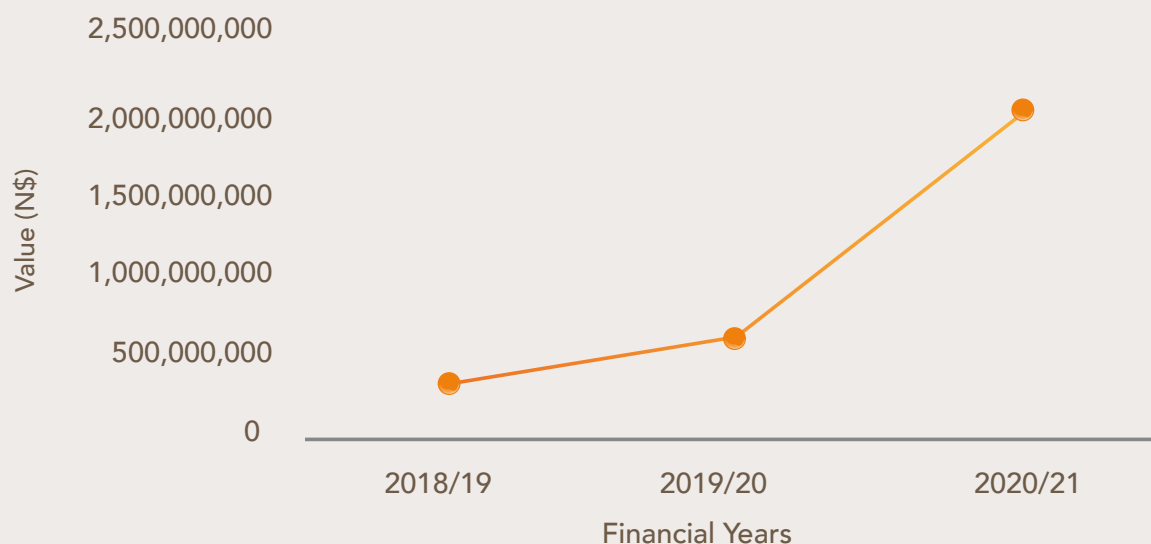
**Table 3:** List of Procurement conducted through OIB

Item No.	Public Entity	Procurement Matter	Awarded To	Contract Value (N\$)
	NamPower	The Design and Construction of the Auas-Gerus 400KV Transmission Line	Power Line Africa (Pty) Ltd	629,801,144
1	<b>TOTAL (N\$)</b>			<b>629,801,144</b>

**Figure 3:** Comparison of number of competitive bids over three Financial Years 2018/19 to 2020/21.



**Figure 4:** Comparison of Value of Competitive Bids over three Financial Years (2018/19 to 2020/21)



The two (2) graphs above depict an increasing trend for both the numbers and values of competitive bidding processes (ONB and OIB) undertaken and awarded by the Board for the past three (3) financial years. It is encouraged to procure goods, services, works and non-consultancy services through competitive supply or open bidding processes because there are likely benefits such as lower/competitive prices, quality goods/services and access to wider supply base. It should be noted that more awards (15) were awarded to Namibians through an Open National Bidding. In contrast, only one (1) Namibian was awarded a bid through International Bidding Processes during the period under review.

#### 4.4.3.3 Direct Procurements

Direct procurement is one of the procurement methods provided for in the PPA, particularly in Section 36. This section also includes the procurements concluded through Execution by Public Entities which is covered in Section 34 of the said Act. The majority of the transactions came from the Ministry of Health and Social Services, where services were procured directly or through execution by public entities (OMAS, SOEs) and/or private firms, and foreign governments through bilateral agreements.

**Table 4:** List of Direct Procurements approved by the Board

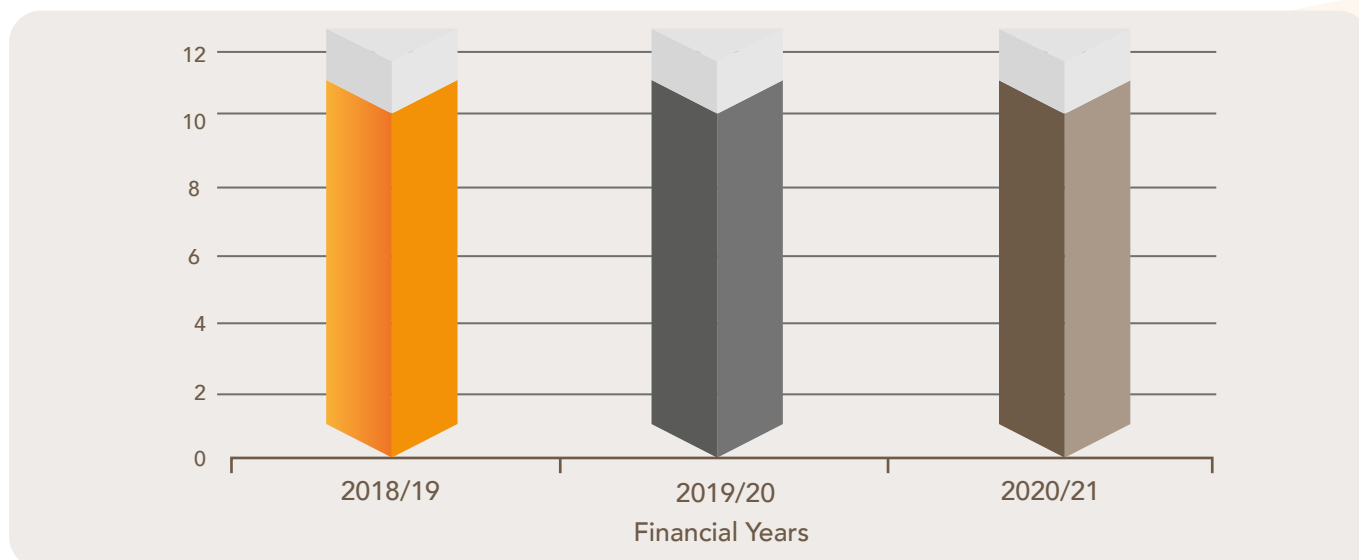
Item No.	Public Entity	Procurement Matter	Month	Awarded To	Contract Value (N\$)
1	Ministry of Health and Social Services (MoHSS)	Request for Authorisation to Directly Procure Services from the Missionary Hospitals, Catholic Health Services and Lutheran Medical Service Nkurenkuru-Directorate: Kavango East: Ministry of Health and Social Services for the 2020/2021 Financial Year	Jun-20	The Missionary Hospitals, Catholic Health Services and Lutheran Medical Service	123,841,000
2	Ministry of Health and Social Services (MoHSS)	Request for Authorisation to Directly Procure Services from a Sole Supplier: Oshikuku Roman Catholic, for the Ministry of Health and Social Services for the 2020/2021 Financial Year	Jun-20	Oshikuku Roman Catholic	76,135,589
3	Ministry of Health and Social Services (MoHSS)	Request for Authorisation to Directly Procure Services from a Sole Supplier: St Mary's Hospital in Rehoboth, Hardap Region for the Ministry of Health and Social Services for the 2020/2021 Financial Year	Jun-20	St Mary's Hospital in Rehoboth, Hardap Region	36,300,000
4	Ministry of Health and Social Services (MoHSS)	Request for Authorisation to Directly Procure Services from a Sole Service Provider: Namibia Blood Transfusion Services, under the Direct Procurement Method, for the Ministry of Health and Social Services for the 2020/2021 Financial Year	Jun-20	Namibia Blood Transfusion Services	85,000,000
5	Ministry of Health and Social Services (MoHSS)	Request for Authorisation to Directly Procure Services from a Public Entity: Namibia Institute of Pathology, through Execution by Public Entities as the Procurement method, for the Ministry of Health and Social Services for the 2020/2021 Financial Year	Jun-20	Namibia Institute of Pathology	485,000,000

**Table 4:** List of Direct Procurements approved by the Board (continued)

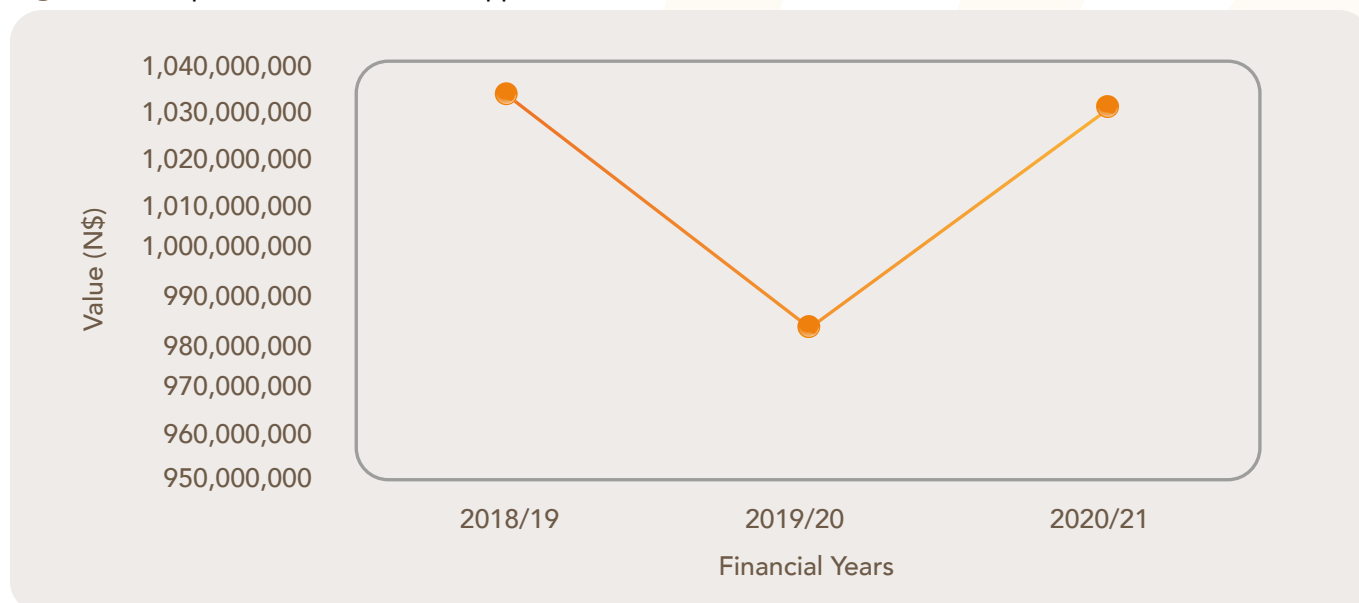
Item No.	Public Entity	Procurement Matter	Month	Awarded To	Contract Value (N\$)
6	Ministry of Health and Social Services (MoHSS)	Request for Authorisation to Directly Acquire Services from Service Providers for the Provision of Financial Assistance Academic and Training Under Direct Procurement	Jul-20	South Africa, Zambia, India, Cuba and Russian Federation	76,273,621
7	Ministry of Health and Social Services (MoHSS)	Request for Authorisation to Directly Procure Services from a Public Entity (City of Windhoek) Under Section 34 (Execution by Public Entities) for the Ministry of Health and Social Services for a period of 01 April 2020 to 31 March 2020	Jul-20	City of Windhoek	86,254,280
8	Ministry of Health and Social Services (MoHSS)	Request for Authorisation to Directly Acquire Services from Public Entities, Telecom Namibia for the Ministry of Health and Social Services	Jul-20	Telecom Namibia	20,000,000
9	Ministry of Health and Social Services (MoHSS)	Request for Authorisation to Procure Services Directly from Sole Service Providers for the Ministry of Health and Social Services for the 2020/2021 Financial Year	Aug-20	Government of the Republic of Cuba and Government of the People's Republic of China	41,206,292
10	Central Procurement Board of Namibia (CPBN)	Lease of Additional Office Space, Mandume Park Investment Twenty-Three cc (Flat No.14)	Nov-20	Mandume Park Investment Eleven CC	46,000
<b>TOTAL (N\$)</b>					<b>1,030,056,782</b>



**Figure 5:** Comparison of Number of Approved Direct Procurement over three Financial Years (2018/19 to 2020/21)



**Figure 6:** Comparison of the Values of Approved Direct Procurements over three Financial Years (2018/19 to 2020/21)



These services are by their nature location-based and depend on the capacity of service provider(s) to broaden their services in the same location. They also involve limited competition due to the fact that they are regulated by bilateral agreements, hence, they are not subjected to open competition. Therefore, 2018/19 and 2020/21 Financial Years are years with the highest value and number of procurements undertaken through Direct Procurements, with the Namibia Institute of Pathology (NIP) taking a large chunk. These services are procured on a yearly basis and remain the same over the three financial years in terms of the number but portraying variances in the related costs.

#### 4.4.5 Contract Extensions

Contract extensions occurs when existing contracts awarded by the Board on behalf of the public entities are extended to allow for more time to prepare for a competitive bidding process. From the contract listed below, the two (2) contract extensions for the Ministry of Finance (MoF) come from the former Tender Board and are yet to be procured on competitive basis as the public entity is still engaged in benchmarking studies and refining the technical specifications before going to the market.

**Table 5:** List of Contract Extensions approved by the Board

Item No.	Public Entity	Procurement Matter	Month	Service Provider	Contract Value (N\$)
1	Ministry of Health and Social Services	Request for Extension of the Contract for the Supply and Delivery of Anti-Retroviral Products (ARVs) for a period of six months (15 April to 15 October 2020)	Apr-20	Mylan Laboratories	94,969,410
2	Ministry of Education, Arts and Culture	Request for Extension of Time of Tender No: M9-12/2013A: The Provision of Maize Meal Blend, Transportation to Regional Warehouse under the Namibian School Feeding Programme (NSFP) services to government schools for the period of four months as from 01 April 2020 to 31 December 2020	Apr-20	Alason Trading Enterprises CC, Agrimill Commercial, Nutrifood (Pty) Ltd, Pena Manufacturers CC and Land-Locked Investments CC	54,652,188
3	Ministry of Education, Arts and Culture	Request for Extension of Time of Tender No: M9-12/2013A: The Provision of Protein Blend, Sugar and Salt and Transportation to Blender's Warehouse under the Namibian School Feeding Programme (NSFP) services to government schools for the period of four months as from 01 April 2020 to 31 December 2020	May-20	Bonsec Investments, Three One Three cc, Shimwe Enterprise CC	34,064,009
4	Namibia University of Science and Technology	Request for Extension of the current contract for the provision of cleaning services for a period of three (3) months starting from 01 June 2020 to 31 August 2020	Jun-20	Sensia Cleaning Services	1,200,000
5	Ministry of Education, Arts and Culture	Request for Extension Time of Tender No.M9-12/2013A: The Provision of Maize Meal, Blending and Transportation to Regional Warehouses under the Namibian School Feeding Program (NSFP) Services to Government Schools for the Period 01 April 2020 to 31 December 2020	Jun-20	Landlocked Investments CC, Alason Trading Enterprises cc, Pena Manufactures cc, Nutrifood (Pty) Ltd,	54,652,188
6	Telecom Namibia	Request to extend Current Provision of Security Services with Namibia Protection Services and Windhoek Security Services for a period of Three (3) Months	Jun-20	Namibia Protection Services and Windhoek Security Services	2,045,556
7	Ministry of Health and Social Services	Request for Contract Extension Tender No. A13-41/2013 for the Provision of Catering Services for a period of four (4) Months	Jul-20	Seal Caterers (Pty) Ltd, Independence caterers (Pty) Ltd, Pamo Trading Enterprises cc, OKG Food Services (Pty) Ltd, Kunene Catering Services, Nutrifood (Pty) Ltd, Tulipamwe Catering Services CC	34,611,001



**Table 5:** List of Contract Extensions approved by the Board (continued)

Item No.	Public Entity	Procurement Matter	Month	Service Provider	Contract Value (N\$)
8	Namibia University of Science and Technology	Request to Extend Current Security Contract with Namibia Protection Services (Pty) Ltd for a Period of two (2) Months	Jul-20	Namibia Protection Services (Pty) Ltd	1,920,000
9	Ministry of Finance	Request for an Extension of Tender F1/17-6/2009 for Administration of the Public Service Medical Aid Scheme (PSEMAS) to the Ministry of Finance for the Period 1st August 2020 – 31st December 2020	Aug-20	MetHealth Namibia	30,891,159
10	City of Windhoek	Request for an Extension of the Current Contract for the Provision of Security Services to the City of Windhoek	Aug-20	Omeya Investments CC, Splash Investment CC, Independent Security Services CC, Namibia Protection Services (Pty) Ltd and Windhoek Security Services CC	11,441,311
11	Namibia University of Science and Technology	Request to extend current procurement of the Cleaning Contract with Sensia Cleaning Services CC for a Period of Two (2) Months	Aug-20	Sensia Cleaning Services	800,000
12	Ministry of Education, Arts and Culture	Request to Extend Current Procurement of The Tender No. A9-11/2009: Catering Services to Government School Hostels for the Period 01 September 2020- 31 December 2020	Aug-20	OKG Food Services (Pty) Ltd, Kunene Caterers Services (Pty) Ltd, Heritage Caterers (Pty) Ltd, Free Namibia Caterers CC, Tsepo Catering (Pty) Ltd, Atlantic Food Services, Eyambeko Namibia Catering Services and Atlantic Catering Solutions.	246,307,190
13	Telecom Namibia	Request to extend Current Provision of Security Services with Namibia Protection Services and Windhoek Security Services for a period of Four (4) Months Starting from 01 October 2020 to 31 January 2021	Oct-20	Namibia Protection Services and Windhoek Security Services	2,727,405
14	Ministry of Health and Social Services	Request for Extension of Contract A13-41/2013: Rendering of Catering Services to the Ministry of Health and Social Services for a period of four months from 01 December to 31 March 2021	Nov-20	Pamo Trading Enterprises, OKG Food Services, Kunene Catering Services, Nutrifood, Tulipamwe Catering Services, Independence Catering Services, Seal Catering	34,611,001

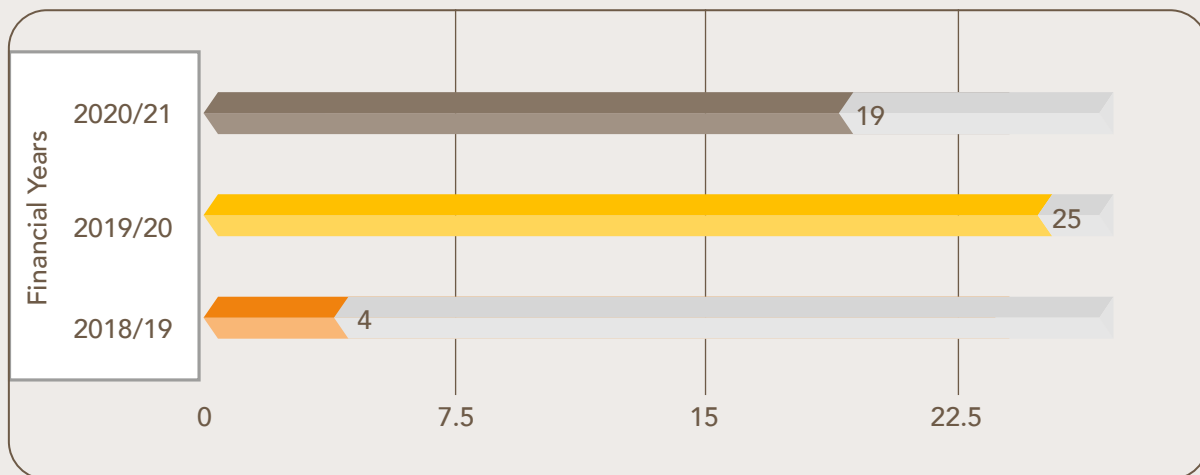
**Table 5:** List of Contract Extensions approved by the Board (continued)

Item No.	Public Entity	Procurement Matter	Month	Service Provider	Contract Value (N\$)
15	Ministry of Education, Arts and Culture	Request for Extension of Time for Tender No. A9-11/2009: Catering Services to Government School Hostels for the period 01 January 2021 until 31 March 2021	Dec-20	Messrs Kunene Catering Services, Messrs Heritage Caterers (Pty) Ltd, Messrs Free Namibia Caterers CC, Messrs Eyambeko Namibia Catering Services (Pty)Ltd, Messrs Atlantic Food Services, Messrs Atlantic Catering Solutions, Messrs Tsepo Catering (Pty) Ltd and Messrs OKG Food Services	183,610,814
16	Ministry of Health and Social Services	Rendering of Catering Services to the Ministry of Health and Social Services	Nov-20	Pamo Trading Enterprises, OKG Food Services, Kunene Catering Services, Nutrifood, Tulipamwe Catering Services, Independence Catering Services and Seal Catering	51,916,502
17	Ministry of Finance	Request for an Extension of Tender F1/17-6/2009 for Administration of the Public Service Medical Aid Scheme (PSEMAS) to the Ministry of Finance for the Period January 2021 – 30 June 2021	Dec-20	MetHealth Namibia	37,069,391
18	Telecom Namibia	Provision of Security Services Contract (NCS/ONB/TN-01/2018) with both Namibia Protection Services and Windhoek Security Services for a period of three months (01 February 2021- 31 April 2021)	Jan-21	Namibia Protection Services and Windhoek Security Services	2,045,556
19	City of Windhoek	Rendering of Security Services to the City of Windhoek	Jan-21	Omeya Investment CC, Splash Investments CC, Independent Security Services CC, Namibia Protection Services (Pty) Ltd and Windhoek Security Services	9,534,426
	<b>TOTAL (N\$)</b>				<b>889,069,108</b>

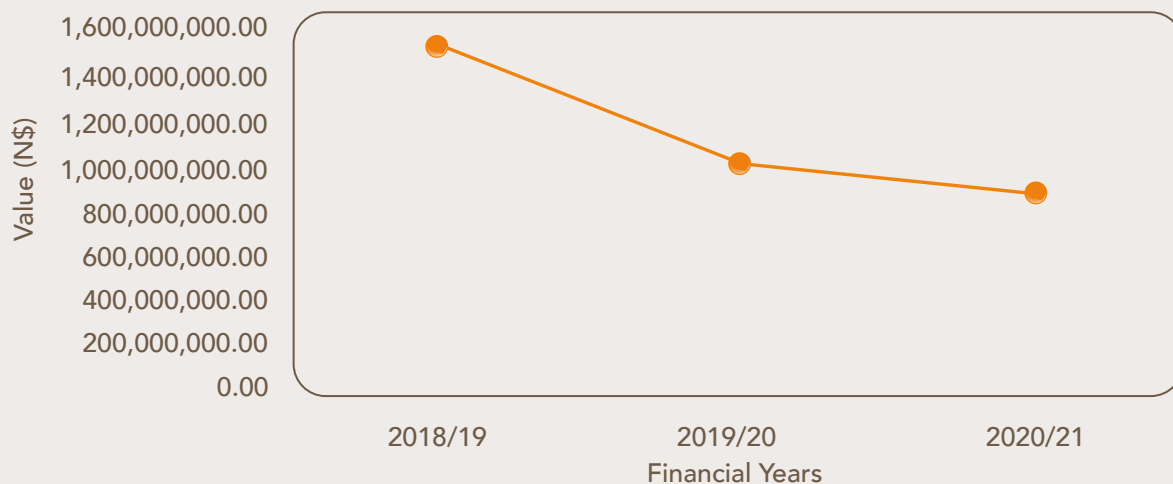


Both the numbers and values of the contract extensions decreased in the 2020/21 financial year in comparison to the 2019/20 statistics. This is an encouraging trend because it indicates that existing contracts are gradually being subjected to open and competitive supply, hence resulting in lesser number of contract extension requests by public entities and approvals by the Board. The decrease further demonstrates that there is better planning and contract management on the part of the public entities.

**Figure 7:** Comparison of Approved Contract Extension numbers over three Financial Years (2018/19 to 2020/21)



**Figure 8:** Comparison of Approved Contract Extension values over three Financial Years (2018/19 to 2020/21)



#### 4.4.6 Request for Annual Price Increase/Variation Orders

Existing contracts may make provisions for annual price increases due to inflation or based on Consumer Price Index (CPI) or costs resulting from COVID-19 impact on provision of goods or services. Contract variation orders come into effect when concluded contracts under implementation are changed due to either extension of time, omission, additions to the specifications and/or due to unforeseen circumstances.

**Table 6:** List of Variation Orders and Price Increase

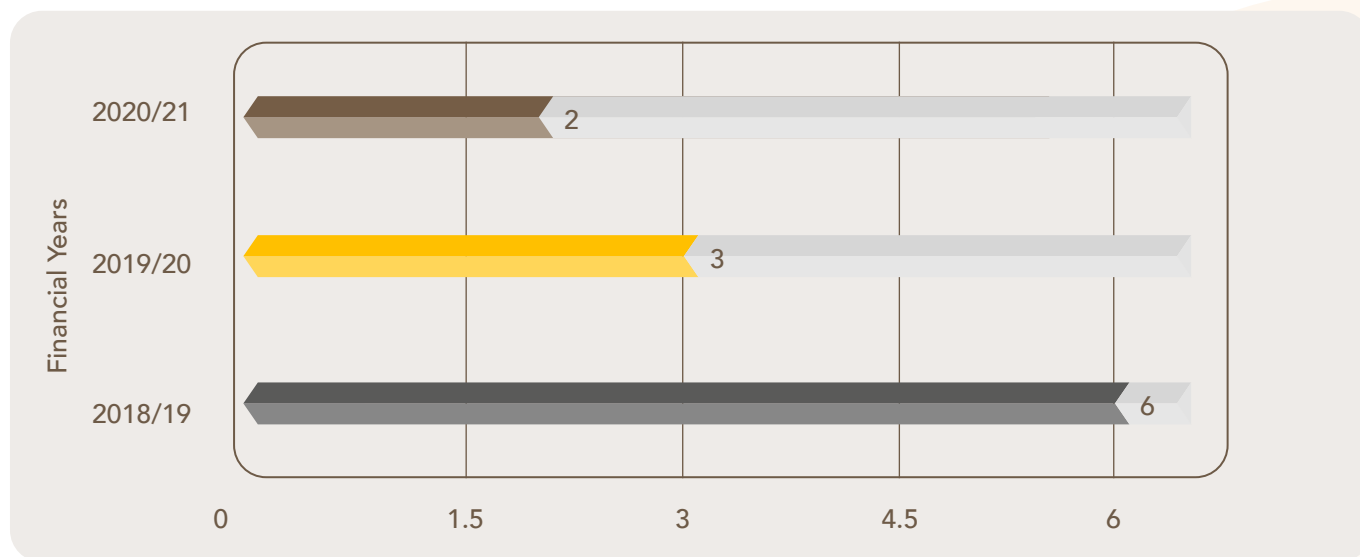
Item No.	Public Entity	Procurement Matter	Month	Service Provider	Contract Value (N\$)
1	Ministry of Education, Arts and Culture	Request for Awarding the Annual Price Increase for The Extended Bid No. A9-11/2009: Catering Services to Government School Hostels for the Period 01 June 2018- 31 May 2019	Jul-2020	Xantium Catering Services, Tsepo Caterers, Kunene Caterers, Free Namibia Caterers, Atlantic Food Services, OKG Food Services, Atlantic Catering Solutions, Heritage Caterers	38,286,926
2	Ministry of Education, Arts and Culture	Request for Awarding the Annual Price Increase for The Extended Bid No. A9-11/2009: Catering Services to Government School Hostels for the Period 01 June 2018- 31 May 2020	Apr-2021	Xantium Catering Services, Tsepo Caterers, Kunene Caterers, Free Namibia Caterers, Atlantic Food Services, OKG Food Services, Atlantic Catering Solutions, Heritage Caterers	31,205,633
	<b>TOTAL (N\$)</b>				<b>69,492,559</b>

\*Please note that there were no Variation Orders during the period under review.

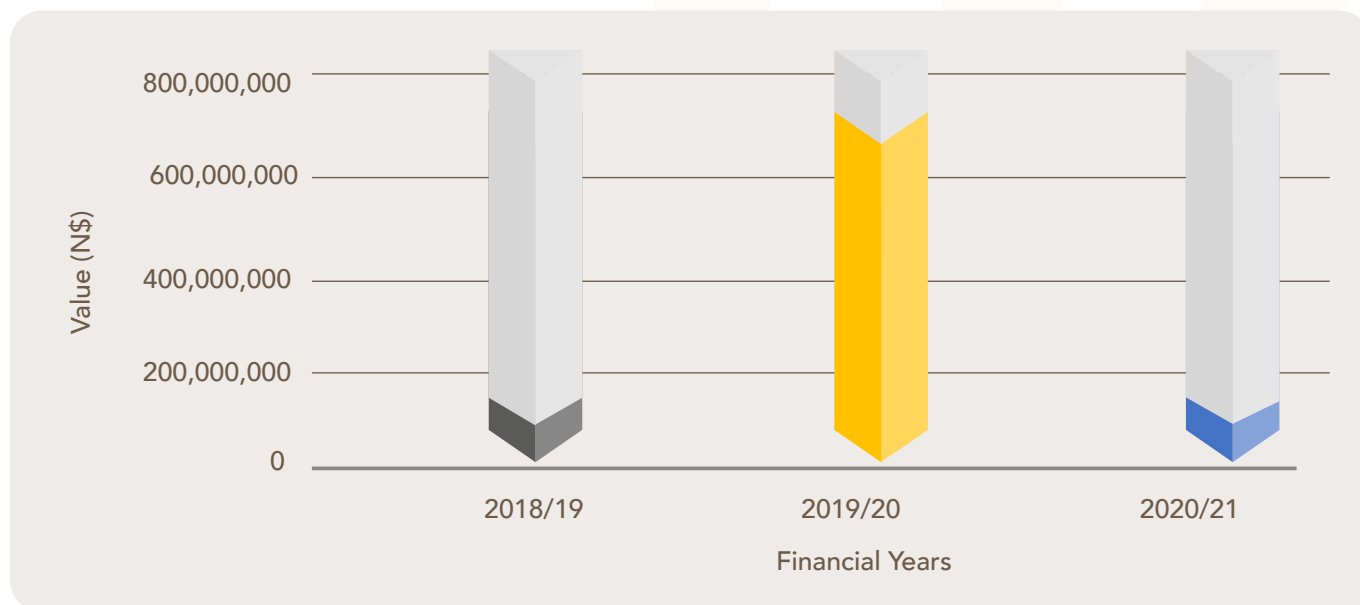
**Figure 9:** Comparison of Number of Variation orders/price increases over three financial years (2018/19 to 2020/21)



**Figure 9:** Comparison of Number of Variation orders/price increases over three Financial Years (2018/19 to 2020/21)



**Figure 10:** Comparison of Value of Approved Variation orders/price increases over three Financial Years (2018/19 to 2020/21)



Both the values and numbers of the contract variations and price increases show a declining trend from 2019/20 to 2020/21. Though, they are externally influenced and cannot be entirely mitigated in the procurement process, the trend is quite encouraging in terms of efficiency and prudence in use of resources, time and contract management to ensure that contracts are completed within time and budget.

#### 4.4.7 Cancelled Bids

Procurement cancellation and grounds for cancellation are provided for in section 54 of the PPA. This happens when in the process of procuring goods, works and services, events such as non-responsiveness, offers exceeding the cost estimate, goods or services no longer required, irregularity and economic viability happens, such circumstances warrant procurement cancellation.

**Table 7:** List of procurements cancelled and reasons for cancellation

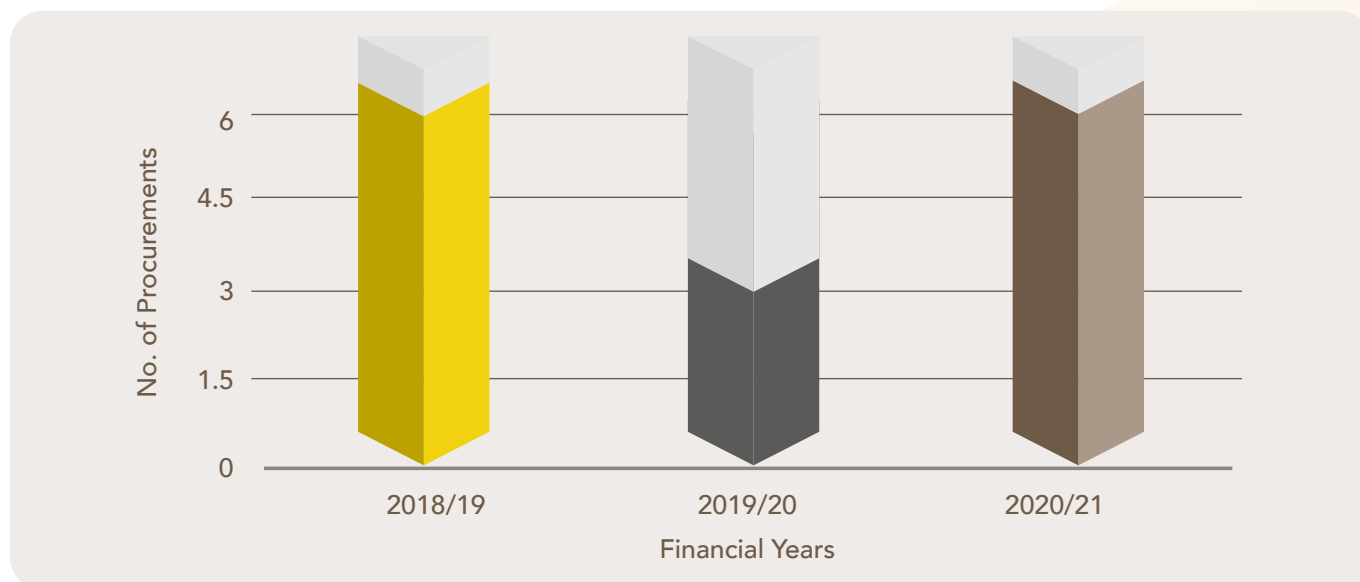
Public Entity	Procurement Matter	Procurement category	Procurement Method	Amount (N\$)	Reason for cancellation
Ministry of Finance	Provision of Security and Fidelity/Transito Services (Lot 1)	Section 54(1) (a)	NCS	11,310,923	This Bid had 4 Lots, Lot 2-4 were awarded, but Lot 1 was cancelled due to non-responsiveness in terms of Section 54(1) (a) of the PPA.
Ministry of Finance	The Administration of the Public Service Employees Medical Aid Scheme (PSEMAS)	Section 54(1) (a)	NCS	302,138,548	Cancelled due to non-responsiveness of bidders in terms of Section 54(1)(a) of the PPA.
Namcor	Construction of External Firefighting System at Walvisbay	Regulation 38(4)	Works	59,616,922	Annulled due to failure of the successful bidder in submitting the Performance Guarantee.
NamWater	Shortlisting of Consultants for the Consultancy Services for the Oshakati Purification Plant Extension	Section 54(1) (f)	CS	794,159,457	This bid was withdrawn by the Public Entity due to changes in Financiers. Initially, NamWater was to fund this project however, the entity received funding from KfW Development Bank in Germany which does not require to go through the procurement process as per the PPA.
NamWater	Shortlisting of Consultants for The Consultancy Services for the Rundu Purification Plant Extension	Section 54(1) (f)	CS	26,000,000	This bid was withdrawn by the Public Entity due to changes in Financiers. Initially, NamWater was to fund this project however, the entity received funding from KfW Development Bank in Germany which does not require to go through the procurement process as per the PPA.
Telecom Namibia	Supply, Delivery, Installation, Commissioning and Maintenance of Operations and Business Support Systems (OSS/OBSS)	Section 54(1) (g)	Goods	265,000,000	The bidding process did not create or achieve the expected outcome. Further the bidding process did not achieve the competitive supply and best value for public expenditures objectives as required by Section 2(a) of the PPA
<b>TOTAL</b>				<b>1,458,225,849</b>	



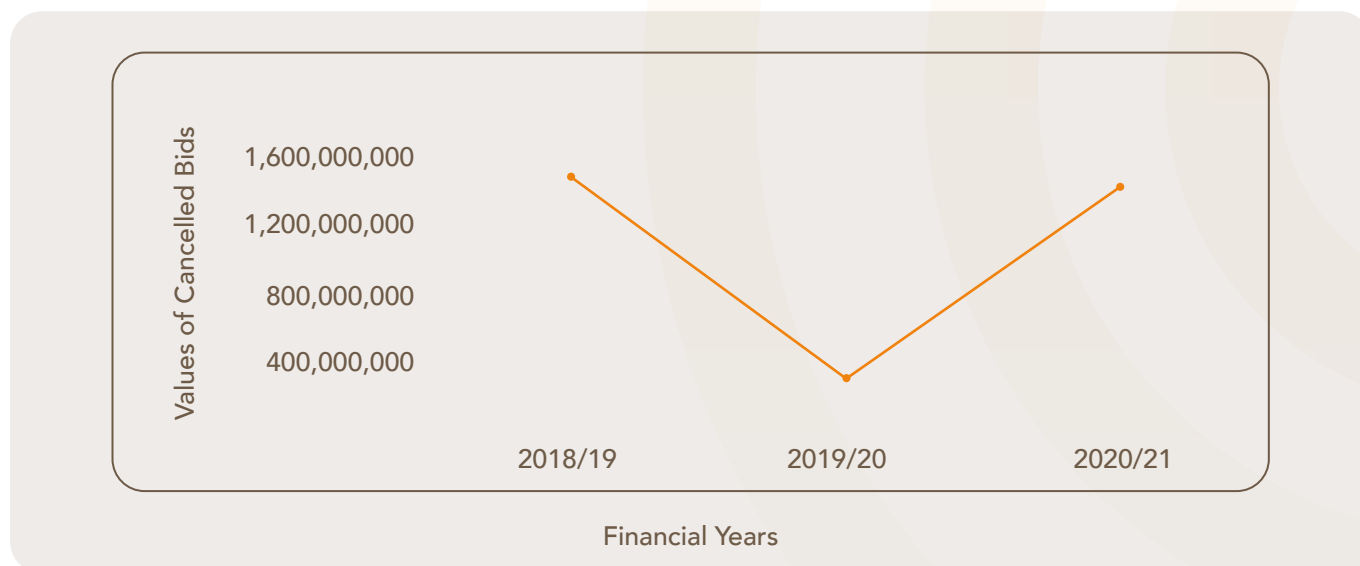


Please note that the cancellation section includes withdrawals based on changes in circumstances before the procurements are successfully completed e.g., due to financial constraints or change of financiers.

**Figure 11:** Comparison of Number of Cancelled Procurement over three Financial Years (2018/19 to 2020/21)



**Figure 12:** Comparison of value of Cancelled Procurement over three Financial Years (2018/19 to 2020/21)

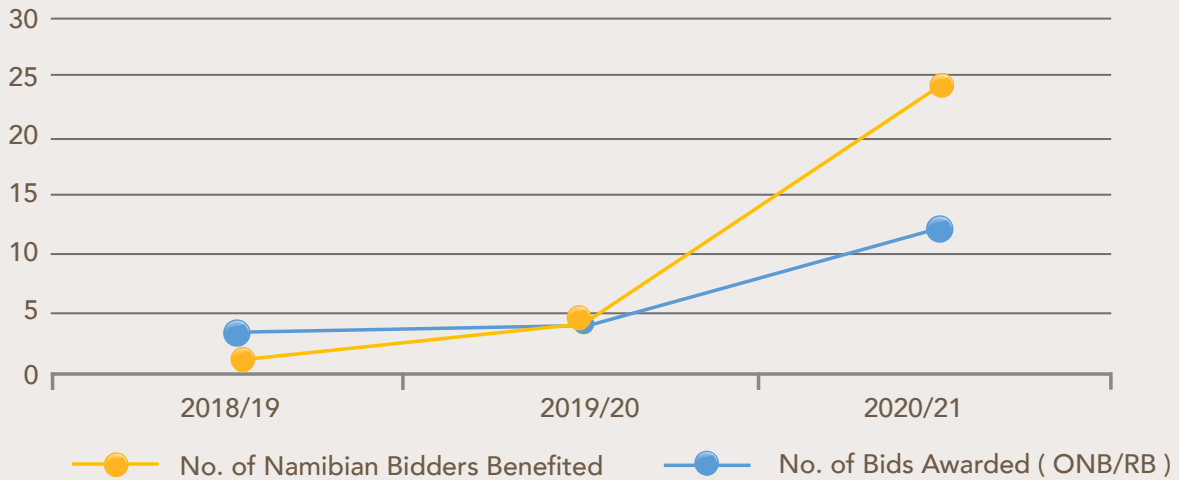


Over the three (3) financial years, cancellations have been declining from 2018/19 to 2019/20 in both numbers and values. Please note that the number and value of cancellation in 2020/21 includes three (3) cancellations, two (2) withdrawals and one (1) annulment thus increasing the number and value of cancellation during the period under review.

- Most of the bids were cancelled due to non-responsiveness. The main reason for non-responsiveness can be attributed to: A lack of proper understanding of the market by the public entity which ultimately results in a misalignment of the procurement needs on the one hand and the specifications as they relate to what the market can offer. Equally so, this could also be attributed to the bidder's misunderstanding of the Public Entities' business needs.

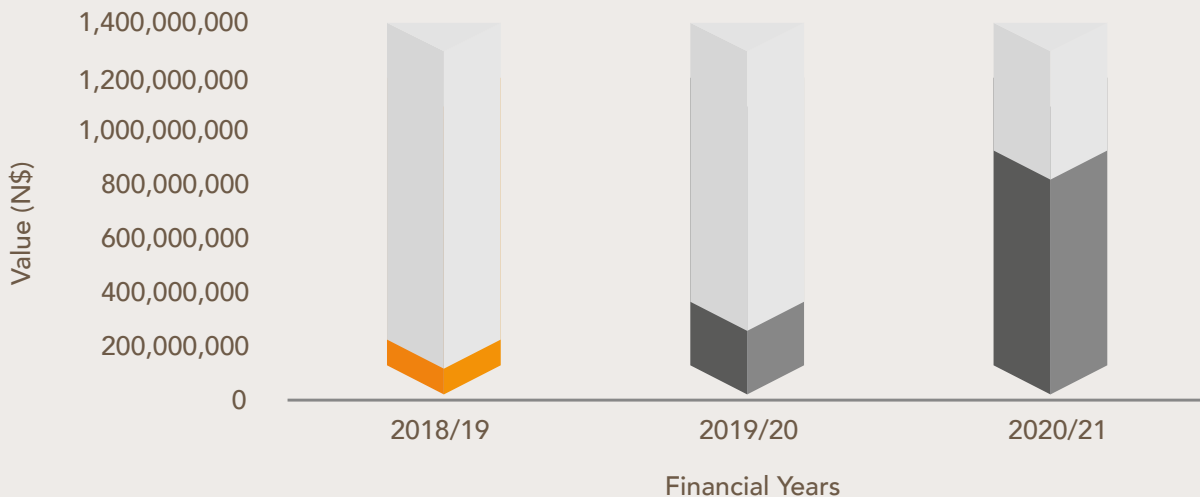
#### 4.4.8 Comparison of Namibian companies that have benefited over the past three (3) financial years.

**Figure 13:** Number of Namibia companies that benefited over three Years (2018/19 to 2020/21)



Inferring from the graph above, there is an increasing trend in both numbers and values of Namibian contractors who had benefited from award of contracts by CPBN over the past three (3) financial years, with the most significant one recorded in 2020/21. This implies that money was invested and spent on some material acquisition and labour within Namibia and employment was thus created for Namibians.

**Figure 14:** Value of Competitive Bids Namibians benefited from over three Years (2018/19 to 2020/21)



#### 4.4.9. Plans to Increase allocation of Bids to Namibians

- Empowerment of Namibians through targeted bids, forms part of CPBN's strategic plan over five (5) years, with targeted percentage of 60 to 80% in the fifth year.
- The implementation of the legal framework (e.g., preferential treatment guidelines) will be enhanced to ensure that Namibians benefit as provided for in Section 2 of the PPA.
- In view of the above, bidder education will be embarked upon through user-guidelines to increase the responsiveness of Namibian bidders.



#### 4.4.10. Challenges and Mitigation Measures

The table below attempts to outline the challenges encountered with corresponding mitigation measures to address those challenges during the period under review.

CHALLENGES	MITIGATING MEASURES
COVID-19 impact on procurement (evaluation process) and independent bid evaluators	CPBN resorted to virtual bid opening and procurement evaluation process and immediate replacement of BEC members affected by COVID-19 over a long period of time.
Review Panel and High Court challenges and subsequent orders on the execution of procurement projects and service delivery to Namibians in terms of timelines	Reviews by the Review Panel and courts are provided for them in the Act, therefore, CPBN can only continuously improve on the issues that lead to review and court challenges going forward.
Legal instruments lacking guidelines e.g., preferential treatments of Namibians.	Implementation of the Code of Good Practice on Preferential Treatment developed by the Ministry of Finance (PPU).

#### 4.4.11. Public Procurement Management Department Future Plans

- CPBN intends to work with the Public Policy Unit to obtain annual procurement plans of public entities earmarking projects exceeding their threshold, so that CPBN can in advance engage them on how to speedily procure such projects.
- Improve the technical relationships with public entities on the procurement requirements, standards and procedures of CPBN.
- Through the decongestion forum, CPBN will suggest procurement reforms in terms of improving bidding documents, legal framework, public entity, and user-guidelines as well as development of framework agreements.



## 4.5 LEGAL MATTERS

### 4.5.1 Update on Previous High Court Cases Reported in the 2019/2020 financial year

During the 2019/2020 financial year, the CPBN was party to a total of four (4) High Court litigation matters. An update on these matters is detailed below:

Case No	Applicant/ Plaintiff/ Appellant	Respondent/ Defendant	Public Entity	Relief Sought	Status
<b>HC-MD-CIV-ACT-DEL-2020/02891</b>	Pamo Trading & 2 Others	Tender Board of Namibia & CPBN	Ministry of Education, Arts & Culture	Claim for damages for the loss of profit which totals in the amount of N\$143 573 715.	This matter is at hearing stage.
<b>HC-MD-CIV-MOT-REV-2019/00496</b>	Global Diamond Valuers (Pty) Ltd	CPBN & 13 Others	Ministry of Mines & Energy	Review and setting aside of decision to award procurement contract.  This matter concerns the Government Diamond Valuations bid. The Award was made, the contract signed in August 2019 and work has already commenced.	The matter is still going through judicial case management.
<b>HC-MD-CIV-MOT-GEN-2020/00321</b>	PIS Security Services CC	Chairperson of the CPBN & 4 Others	NUST	Review and setting aside of a decision of the Review Panel for want of compliance with section 60 (c) of the Act.  The procurement contract signed on 28 April 2021.	The court set aside the Review Panel's decision.  <b>The matter is finalised.</b>



#### 4.5.2 Review Panel Matters

Section 59(1) of the Act states that a bidder or a supplier may, as prescribed, apply to the Review Panel for review of a decision or action taken by the Board or by a public entity for the award of a procurement contract.

During the year under review, the matters tabulated below were heard by the Review Panel:

Bid	Applicant	Relief Sought	Review Grounds	Review Panel Order
NCS/ONB/ CPBN- 01/2019 (Security Services)	Namibia Protection Services	An order reviewing and setting aside the CPBN's decision to disqualify the Applicant's bid.	The CPBN failed to comply with Regulation 35 of the Public Procurement Regulations, in that the deadline for bids to close was 29 days instead of the mandatory 30 days from the publication of the invitations to bid.	The Review Panel ordered that the procurement proceedings be terminated and started afresh in accordance with 60(f) of the Public Procurement Act No. 15 of 2015.
SC/EOI/ CPBN- 01/2019 (Oshakati Purification Plant)	Ongwediva Consulting Engineers CC	An order reviewing and setting aside the CPBN's decision to disqualify the Applicant's prequalification application.	The CPBN used an evaluation criteria and methodology that was not set out in the bidding document and not permitted in terms of the Public Procurement Act.	<p>The Review Panel in accordance with Section 60(c) of the Act, set aside the decision of CPBN and referred the matter back to CPBN for reconsideration with the following specific instructions:</p> <p>(a) that if the intention of ITB 1.3 was to restrict the expression of interest to Namibian citizens, same be administered in full compliance of Section 29(a) of the Public Procurement Act; or</p> <p>(b) that if the intention of ITB 1.3 was to restrict the expression of interest to Namibian Citizens that could associate themselves with Namibian companies and/or entities incorporated in Namibia with no less than 30 percent owned by previously disadvantaged persons, same be administered in full compliance of Section 29(b) of the Act and to the exclusion of any consideration impermissible at law.</p>
NCS/ONB/ CPBN- 05/2019 (Security Services)	Namibia Protection Services	An order reviewing and setting aside the CPBN's decision to disqualify the Applicant's bid.	The CPBN used an evaluation criteria and methodology that was not set out in the bidding document and not permitted in terms of the Public Procurement Act.	The Review Panel directed CPBN, in terms of Section 60(b) of the Act, to act or proceed in a manner that is in compliance with the Act because the Bid Evaluation Committee acted in a manner that is not in compliance with the Act. The Review Panel further directed CPBN, to exercise its power under section 9(1)(1) of the Act read with regulation 38(3) for a re-evaluation of all bids to be made by the Bid Evaluation Committee in accordance with the bid evaluation criteria set in the bidding document.

#### 4.5.2 Review Panel Matters (continued)

W/EOI/ CPBN- 01/2020 (Anixas II)	Lesedi Nuclear Services (Pty) Ltd JV Otesa Civil Engineering (Pty) Ltd	An order reviewing and setting aside the CPBN's decision to disqualify the Applicant's bid.	Unfairly disqualified because Otesa Civil Engineering submitted its mandatory documents as required by the bidding documents.	The Review Panel ordered that the procurement proceedings be terminated in terms of section 60(f) of the Act and started afresh.
W/EOI/ CPBN- 01/2020	Sistemas Avanzados De Tecnologia, S.A. (SATEC) ; Lex Technologies (Pty) Ltd; Green Enterprise Solution (Pty) Ltd	An order reviewing and setting aside the CPBN's decision to cancel the procurement process.	Challenged the lawfulness of the cancellation of the pre-qualification by the CPBN.	The Review Panel dismissed the application in terms of Section 60(a) of the Act in favour of the Board.
G/ONB/ CPBN- 01/2020	Kunene Catering Services (Pty) Ltd & 12 others.	An order reviewing and setting aside the CPBN's decision to disqualify the Applicants' bid.	Unfairly disqualified for invalid Social Security Commission Good Standing Certificate; Failure to submit company registration documents; Failure to submit Letter of Intent to Source Local Produce;	The Review Panel set aside the decisions of the CPBN in terms of section 60(c) of the Act and gave specific instructions as follows: 1. CPBN to re-evaluate the bids that contained Social Security Commission's Good Standing Certificates issued in respect of this bid. 2. CPBN to re-evaluate the bids on all other aspects that are highlighted in this Order i.e. Namibianisation, Storage Facility/Warehouse, et al. 3. The re-evaluation of the bids be done strictly in accordance with the criteria and methodology set out in the Instructions to Bidders to the extent that they are consistent with the provision of the law. 4. The re-evaluation is limited to bidders that have agreed in writing to the extension of the bid validity period in accordance with Section 49(2) and/or 43(3) (if applicable). 5. If the re-evaluation takes longer than the remaining portion of the extended bid validity period, CPBN should seek another extension with bidders.





#### 4.5.2 Review Panel Matters (continued)

NCS/ONB/ CPBN- 02/2020	Namibia Pro- tection Services & 2 Others	An order reviewing and setting aside the CPBN's decision to disqualify the Applicants' bids and direct- ing the CPBN to re-evaluate the bids with specific instruc- tions.	Unfairly disqualified for invalid Social Security Commission Good Standing Certificates.	<p>The Review Panel set aside the CPBN's Notice of Selection for Award and referred the bid back to the CPBN for reconsideration with specific instructions in terms of Section 60(c) of the Act. The instructions are as follows:</p> <p>a) That the CPBN re-evaluate all the bids that contained a Social Security Commission Good Standing Certificates issued during the bid opening of 26 May 2020 to 27 July 2020.</p> <p>b) That the re-evaluation is limited to bidders that have agreed in writing to the extension of the Bid Validity Period in accordance with Section 49(2) and/or 43(3) (if applicable) of the Public Procurement Act; and include bidders that did not receive a notice for an extension by omission or conduct of the CPBN;</p> <p>c) That if the re-evaluation takes longer than the remaining portion of the extended Bid Validity Period, the CPBN should seek another extension with bidders with those that remained in the race after the initial extension of the Bid Validity Period.</p>
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### 4.5.3 High Court Cases

In terms of section 59(4) of the Act any party who wishes to challenge a decision by CPBN or a public entity performing administrative functions under the Act must exhaust all other remedies before instituting any action in the High Court. During the year under review, two public procurement matters were before the High Court of Namibia. Herewith, details of the High Court cases:

Case No	Applicant/ Plaintiff/Appel- lant	Respondent/ Defendant	Public Entity	Relief Sought	Status
<b>HC-MD-CIV-MOT- GEN-2020/00321 113 [2021]</b>	PIS Security Services CC	Chairperson of CPBN & 4 Others	NUST	An order directing that the Court Order dated 17 November 2020 be carried into operation and executed with immediate effect despite the noting of an appeal by NPS.	The Court ordered that the 17 November 2020 Order be carried into operation and executed with immediate effect.  The procurement contract was signed on <b>28 April 2021</b> .  <b>The matter is finalised.</b>
<b>HC-MD-CIV-MOT- REV-2020/00511</b>	Medipark Pharmaceutical Wholesalers (Pty) Ltd	Chairperson of CPBN & 2 Others	Ministry of Health & So- cial Services	An order interdicting and restraining the CPBN from implementing a decision for the procurement of supply and delivery of anti-retroviral medicine products to be subject to open national bidding pending the outcome of the review application.	Urgent application dismissed because the delay in instituting the application was not properly explained. The Applicants have not proceeded with the review application in the ordinary course.  The Procurement contracts signed on <b>23 &amp; 30 June 2021</b> .  <b>The matter is finalised.</b>



## 4.6 MONITORING AND EVALUATION

In line with the provision of section 8(c), the Board directs and supervises accounting officers in managing the implementation of procurement contracts awarded by the Board. This legislative provision has been operationalised with the establishment of the M&E unit which amongst other roles and responsibilities is to monitor procurement awards implementation and report on quarterly basis of the progress of the projects. To that end, this section provides progress updates on the implementation of procurement awards during the period under review.

### 4.6.1 Progress with the Awards Implementations as of 31 March 2021

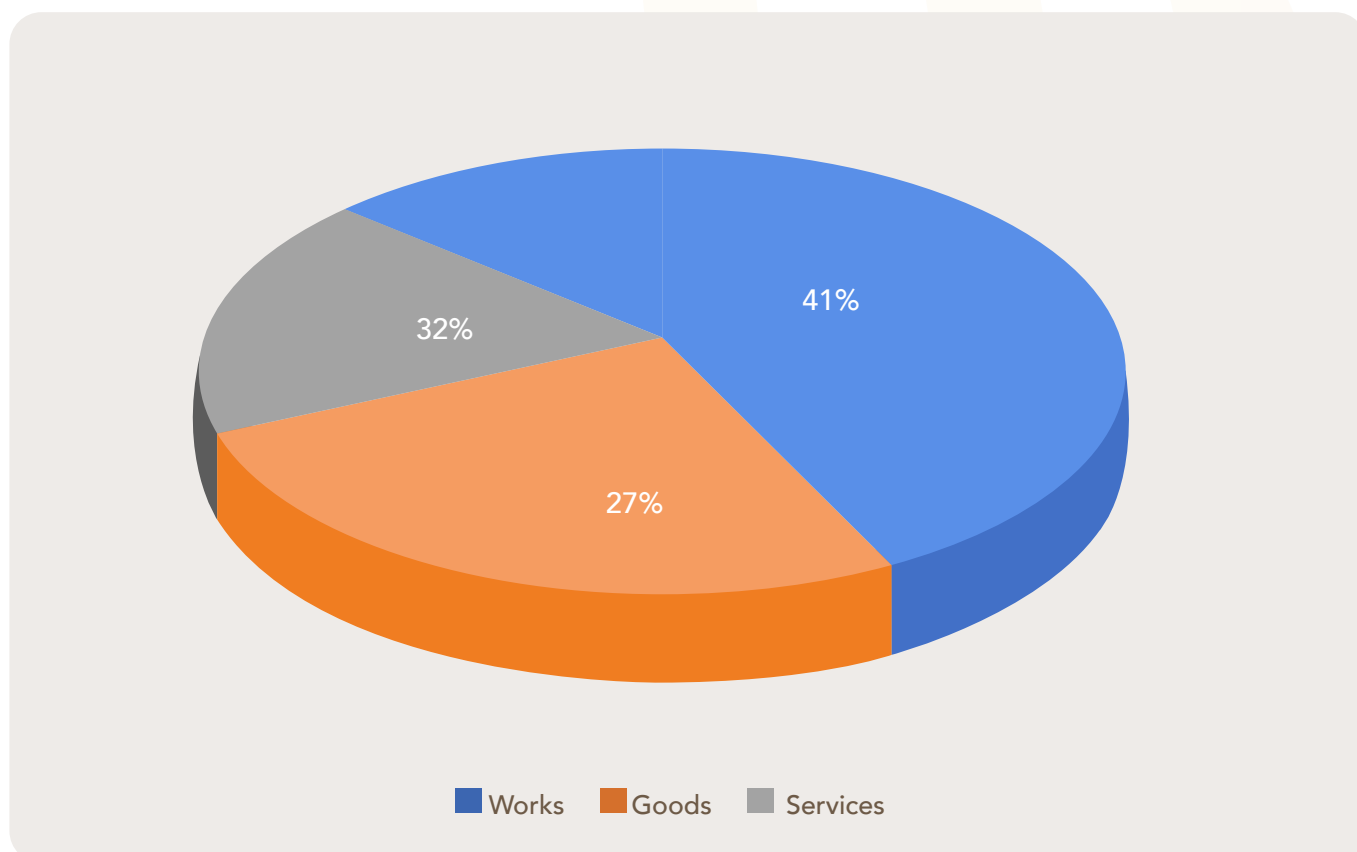
During the period under review, CBPN had twenty-two (22) active procurement contracts in the following categories Work (9), Goods (6) and Service (7).

Most of the projects reflect good progress with regards to the implementation of the procurement contracts. However, it is evident that COVID-19 has affected implementation as it was expected. The significant impact of COVID was noted on the manufacturing, delivery, testing and installation of power transformers projects awarded on behalf of NamPower in 2019 and 2020, respectively.

The chart below shows the percentage (%) representation of the active procurement awards.

<b>Total Active contracts</b>	22
<b>Value of Active Contracts in N\$</b>	1,159,128,366
<b>Completed Contracts</b>	5
<b>Value of completed Contracts in N\$</b>	297,451,678

**Figure 15:** Active procurement contracts: 1 April 2020 - 31 March 2021



## 4.6.2 Performance Monitoring

**Table 8:** below shows specific contract progress reported over the reporting period, 01 April 2020 to 30 March 2021.

Active Projects at 31 March 2021													
#	Projects in Execution	Public Entity's Name	Commencement (Contract Signing Date)	Duration in Months	Envisaged completion	Revised Completion	Total Budget	Actual Cost to date	Time Lapse in months	Expected completion Percentage	Average completion Percentage	Procurement Category	Comments
1	W/ONB/CPBN-07/2019:Construction of Kunene VTC	Namibia Training Authority	Jul-20	24	Sep-22	N/A	42,795,107	5 (12%)	7	30%	24%	Works	Site handover: 25/08/2020 Due to arithmetic error, the original Contract Sum of N\$42 459 788.00 has been amended to of N\$42 795 107.00
2	W/RB/CPBN-01/2018: Upgrading/Expansion of Nakayale VTC	Namibia Training Authority	Apr-19	26	Apr-21	Jun-21	37,780,312	32 (85%)	24	90%	90%	Works	Completion date revised because of COVID: 2 Months added. Actual cost incl. fees.
3	W/ONB/CPBN-08/2019: Construction of Nkurenkuru VTC	Namibia Training Authority	Sep-20	24	Sep-22	N/A	35,561,068	5 (15%)	7	29%	5%	Works	Site handover done end of September 2020, slow progress on site. Actual cost incl. fees.
4	W/RB/CPBN-04/2018: Upgrading of Okakarara VTC	Namibia Training Authority	Apr-19	26	Apr-21	Jun-21	64,251,259	27 (41%)	24	91%	60%	Works	Overall progress is behind schedule. Actual cost incl cost fees
5	W/RB/CPBN-02/2018: Upgrading/Expansion of Valombola VTC	Namibia Training Authority	Apr-19	25	Apr-21	May-21	27,695,420	29 105%	24	94%	99%	Works	Actual cost incl. fees, project is complete. Contractor busy cleaning up the site
6	G/OB/CPBN-03/2018: MANUFACTURING, DELIVERY, TESTING AND INSTALLATION OF POWER TRANSFORMERS AT BRAKWATER	Nampower	Jan-20	17	Oct-20	May-21	42,869,001	39 (90%)	15	89%	96%	Goods	completion date revised due to COVID 19: 7 Months added, final testing, commissioning and takeover could not happen as planned, travel restrictions and time differences
7	G/OB/CPBN-04/2018: MANUFACTURING, DELIVERY, TESTING AND INSTALLATION OF POWER TRANSFORMERS AT RUBY, SWAKOPMUND & TARMARISK SUBSTATION	Nampower	Jan-20	19	Feb-21	Jul-21	107,029,877	22 (20.91)	15	80%	58%	Goods	Batch #1 &3 delivered, batch # 3 delayed due to modifications & design expected to arrive end of June 2021. ( Phase rotation mistake identified caused the delays)
8	G/OB/CPBN-05/2018: MANUFACTURING, DELIVERY, TESTING AND INSTALLATION OF POWER TRANSFORMERS AT BRAKWATER	Nampower	Dec-19	26	Dec-20	Feb-22	89,895,000	9 (10%)	16	62%	46%	Goods	delays experienced due to COVID 19 outbreak (less staff and travel restrictions) and there was a fire incident experienced at the manufacturing factories on the 7 March 21 causing damages to the units that were scheduled for delivery.
9	G/OB/CPBN-06/2018: MANUFACTURING, DELIVERY, TESTING AND INSTALLATION OF POWER TRANSFORMERS AT BRAKWATER & HARDAP SUBSTATION	Nampower	Nov-19	29	Sep-20	May-21	77,017,766	69 (90%)	17	59%	80%	Goods	Hardap substation experienced delays in the installation due to modifications required on site for fire protection, completion is further pushed to May 21 as a result.
10	G/OB/CPBN-01/2019: PROCUREMENT OF DESIGN, MANUFACTURING, TESTING AND DELIVERING OF TWO MOBILE SUBSTATIONS	Nampower	Jan-20	19	Jul-21	N/A	46,680,151	5 (10%)	15	80%	77%		Physical inspection of the mobile substations trailers is not possible due to travel restrictions caused by COVID 19 and past practices ( remote online ) is not practical as the manufacturing facility has no internet connectivity at the point of construction . Fire incident reported at the factory & possible claim for cost and time is anticipated.

11	W/OIB/CPBN-01/2019 PROCUREMENT OF AN ENGINEERING AND CONSTRUCTION (EPC) CONTRACTOR FOR THE OMBURU POWER PLANT	NamPower	Jan-21	11	Nov-21	N/A	317,171,060	89 (28%)	3	27%	18%	Works	COVID 19 poses potential impact such as delays in procurement and logistics of goods and equipment, delays in the execution of Works as contractor's expertise may be quarantined for a certain period upon arrival in Namibia.
12	G/OIB/CPBN-04/2018: Supply and Installation of Information Technology (IT) Hardware	Social Security Commission	Aug-19				14,835,968	14 (95%)	20		93%	Goods	Contract duration not stated
13	Procurement Contract for the maintenance service of the electronic border management system	Ministry of Home Affairs and Immigration	May-19	36	Feb-22	N/A	48,980,522		23	65%		Services	report in September 2020 not inclusive of financial movements and progress on milestones
14	Bureau services for the supply and Personalization of Driving License cards	Roads Authority	Mar-19	60	May-21	N/A	111,083,077	17 (15%)	25	42%	75%	Services	JV partner 2D is under liquidation, presented sale agreement to BCX Namibia to take over all interest of the JV. CPBN waiting for the formal decision on the changes.
15	NCS/ONB/CPBN-02/2018: Procurement of Government Diamond Valuers	Ministry of Mines & Energy	Sep-19	60	Aug-24	N/A	Diamond Valuation - Sec 44 & 45 Diamond Act of 1999 = 0.25% of the total value of parcel. Examination - Section 64 of Diamond Act of 1999 = N\$2,500.00/hour rate. Expert Witness Services = N\$2,500.00/hour rate	38 (81%)	19	32%	32%	Non-Consultancy Services	Actual cost to date percentage is against the submitted invoice to date (total invoice submitted: 46,566,772.20 of which paid to date: 37,564,847.66). Average cost to date percentage to time elapsed (19 months of 60 Months)
16	W/OIB/CPBN-06/2019: Reconstruction of canal section between Mahenehe Border post and Olushandja Dam: Part A (Olushandja Section)	NamWater	Dec-20	12	Mar-22	N/A	41,575,067			13%		Works	Site handover: Feb 2021 30 staff recruited from local villages through headman. Busy with passway beside the canal to ensure no interruption of waterflow while Working on the main canal
17	Reconstruction of canal section between Mahenehe Border post and Olushandja Dam: Part B (Olushandja Section)	NamWater	Dec-20	12	Mar-22	N/A	51,913,110		2			Works	Site handover: Feb 2021 staff are yet to be recruited through headman, busy with the construction of site office
18	W/OIB/CPBN-04/2019: The Construction of a New Otuzemba Primary School in Opuwo, in the Kunene Region Phase 1	Ministry of Education, Arts and Culture	Aug-20	18	Jan-22	N/A	44,969,834	1 (1.59%)	7	40.4%	40%	Works	Site Handover: 25/09/2020 There is a delay on payment, Amount certified, N\$ 8,913,111.93 with 1.59% paid
19	NCS/ONB/CPBN-03/2019: The Provision of Cleaning Services to The Namibia University of Science and Technology	Namibia University of Science and Technology (NUST)	Sep-20	36	Oct-23	N/A	8,367,561	1 (14%)	5	13.9%	14%	Non-Consultancy Services	Project commenced 1 November 2020
20	NCS/ONB/CPBN-03/2019: The Provision of Cleaning Services to The Namibia University of Science and Technology	Namibia University of Science and Technology (NUST)	Sep-20	36	Oct-23	N/A	8,367,561	1 (14%)	5	13.9%	14%	Non-Consultancy Services	Project commenced 1 November 2020
21	NCS/ONB/CPBN-01/2020 (LOT3) Procurement of rendering Security and Fidelity Traslito Services to the MOF	Ministry of Finance	Nov-20	36	Oct-23	N/A	4,842,012	1 16.7%	5	13.9%	13.9%	Non-Consultancy Services	Project Commenced 1 November 2020, average completion is calculated on time elapsed
22	NCS/ONB/CPBN-01/2020 (LOT2 & 4) Procurement of rendering Security and Fidelity Traslito Services to the MOF	Ministry of Finance	Feb-21	36	Jan-24	N/A	25,342,632	1 (5.60%)	2	5.4%	5.4%	Non-Consultancy Services	Project commenced 1 February 2021, average completion is calculated on time elapsed
		Exceeding Expectations											
		On track											
		Fallen behind/ Off Track											
		Less than 3 months into Contract implementation											
		No report											

### 4.6.3 Compliance Monitoring

During the period under review the following sites were visited by the M&E Unit; Kunene VTC, Otuzemba Primary School, Nakayale VTC, Valombola VTC, Okakarara VTC, Water Canal section part A, Water Canal section part B and Nkurenkuru VTC.

The purpose of the visits was to verify and validate information presented in the progress update reports by the Public Entities. To track progress and document challenges on the implementation of the procurement awards and to Monitor adherence and compliance to the contracts term and conditions. Below finds the summary of common challenges and compliance issues found.

Compliance Issues Identified	Remedial Actions/Recommended Actions
<p>a. Non-compliance/ Failure to abide to Section 138 of the Labour Act, 2007 and Section 50 (2) (D) of the PPA, 2015 by the Contractors</p> <p><i>Workers are paid below the minimum wage for Construction Workers.</i></p>	<p>Contractors were directed and reminded of the Labour Clause in the SBD as stated below.</p> <p><i>"Rates of remuneration and other conditions of work employees of the contractor shall not be paid less favourable than those established for work of the same character in the trade Concerned".</i></p> <p>Contractors were further directed to abide by the written undertaking of section 138 of the Labour Act and Section 50 (2) D of PPA. Documentary evidence of the corrective measures (payment of salaries were received from the contractors)</p>
<p>b. Contractors' non-Compliance to the General Conditions of Contract (GCC) clause 7.1 of the Conditions of Contract as signed by the contractor, Sub-contracting is only permitted with the approval of the Project Manager, but the contractor may not assign the contract without the approval of the employer in Writing.</p>	<p>The Public Entity was requested for written approval by the Project Manager permitting the contractor to appoint the 5 subcontractors on site.</p> <p>The response from the public entity indicated that the Sub-contractors that were on site were domestic sub-contractors (only Labour were subcontracted) and hence no approval of the Project Manager was needed.</p>
<p>c. Project Performance behind Schedule</p>	<p>Consultation meetings were held with the Public Entities (clients) and the Contractors of the projects that were behind schedules (Okakarara and Nkurenkuru VTCs). Contractors were requested to submit the revised program of work. M&amp;E unit to continue to monitor the project's performance closely and alert the Board of potential triggers of any clause leading to the fundamental breaches of the signed contracts.</p>
<p>d. Workers not provided with PPE's.</p> <p>(Cloths, Safety Boots and Masks) since they came to the site, over a year ago.</p>	<p>Contractors were reminded onsite and directed through written letters that it is their responsibility to provide the Minimum protective Clothing as determined in compliance with Government Notice No 156 of 1997: "Regulations relating to the health and safety of employees at work")</p> <ul style="list-style-type: none"> <li>• 2 overalls per year</li> <li>• 1 Hard hat per year</li> <li>• 1 Safety boots every two years.</li> </ul> <p><i>As per government Notice No.7 of 2018 of the Ministry of Labour, Industrial Relations, and Employment Creation.</i></p>



## 4.7 STAKEHOLDERS ENGAGEMENT

One of CPBN's strategic objective is to enhance stakeholders relations with the view of building and strengthening stakeholders such relations. The organisation's stakeholders engagement strategy was interrupted by COVID-19 restrictions imposed during the period under review and could thus not be executed fully. However, despite the challenges, CPBN was able to host the following stakeholders engagement activities during the period under review:

### 4.7.1 Stakeholders Breakfast Meeting

A Stakeholders Breakfast Meeting was held on 23 February 2021 under the theme ***"Stakeholders Engagement towards service improvement"***. The event brought together Executive Directors from the various ministries and Chief Executive Officers of State-Owned Enterprises as the key stakeholders of CPBN and was aimed at updating the stakeholders on the progress of procurement activities as well as sharing the challenges and strategic vision of CPBN. Participants applauded CPBN for hosting the event which they believe it created a platform to discuss some of the burning issues faced by Public entities when they prepare the Standard Bidding Documents.





#### 4.7.2 Media Induction

The media plays a central and important role in informing the public about the activities of the CPBN through print, broadcast, or online media. In general, the media influences public perceptions and opinions, and it further shapes the relationships between an institution and its external stakeholders.

The CPBN suffered reputational damage due to negative publicity. This was attributed largely due to journalists having a lack of understanding of the mandate of CPBN and the procurement process in general. To address this shortcoming, CPBN hosted a media induction workshop during the weekend of 12-14 March 2021 in Swakopmund. The event was attended by sixteen (16) journalists from various media houses. Furthermore, the media induction was aimed at strengthening the working relationship between the institution and the various media houses. The event was well received by the journalists who commended CPBN for hosting the event as it helped them to understand the PPA and the procurement process better.



#### 4.7.3 Media Interviews

On 18 March 2020, Mr Ogone Tlhage, journalist of the Namibian Sun Newspaper, hosted the Chairperson of CPBN on the "The Evening Review", which is an online media platform of Namibia Media Holdings. The discussions, amongst others, focused around the differences between the Tender Board of Namibia and the Central Procurement Board of Namibia, and prolonged procurement processes. The Chairperson further dealt with issues relating to criticism, increased in review applications, the cumbersome review processes, improving public confidence and changes in procurement legislation.



The Chairperson also featured on the Namibia Broadcasting Corporation show called “One-on-One”, hosted by Mr Yarukeekuro Ndorokaze. In this interview, the Chairperson responded to questions relating to the establishment of CPBN, the challenges experienced, and milestones encountered since its establishment.

#### 4.7.4 Summary of other Stakeholder Engagements

The institution has decided to foster closer relationships with public entities to improve stakeholder relations and collaborations with the aim to execute procurement effectively and efficiently. Below, a summary of more regular engagements with key stakeholders are presented.

Name of Stakeholder	Date of engagement	Reason of engagement/interest
NamPower	Quarterly	<ul style="list-style-type: none"> <li>• Standing Quarterly meetings between the two entities.</li> <li>• Updates on Procurement matters between the two entities.</li> </ul>
Ministry of Finance	18 February 2021	<ul style="list-style-type: none"> <li>• Standing Quarterly meetings between the two entities.</li> <li>• Updates on Procurement matters between the two entities.</li> </ul>
Minister of Finance	3 August 2020	<ul style="list-style-type: none"> <li>• Progress made by CPBN.</li> <li>• Governance structure and appointment of Board members.</li> <li>• Procurement challenges.</li> </ul>
Namibia Chamber of Commerce and Industry (NCCI)	15 July 2020.	<ul style="list-style-type: none"> <li>• Cooperation to educate prospective bidders.</li> </ul>
Prospective Bidders, Public Entities hosted by NCCI Ondangwa (Broadcasted virtually by NCCI)	20 July 2020	<ul style="list-style-type: none"> <li>• CPBN Mandate.</li> <li>• Practices in Public Procurement.</li> <li>• Future Procurement Opportunities.</li> </ul>
Workshop for Public Entities (Virtual workshop)	21 August 2020	<ul style="list-style-type: none"> <li>• Simplification of Standard Bidding Documents for Works.</li> </ul>

## 4.8 RISK MANAGEMENT

In the absence of a risk management framework and policy, the Board accept its responsibility to identify, and manage risks which could impede on the organisation's ability to deliver on its mandate and strategic plan. This is evident in its discussions and the revision of the strategic plan when COVID-19 was declared a pandemic in Namibia.

Challenges emerging from the impact of COVID-19 pandemic, hasten the Board's decision to formalise the process of risk management. Through a competitive bidding process, Ernst and Young (EY) was appointed as an internal auditor who was also tasked to draft a risk management framework and to assist management in compiling the first draft risk register of CPBN. The following risks identified are linked to the strategic objectives of the organisation.

Strategic Objectives	Risks	Mitigation Measures
Ensure stakeholder satisfaction	Negative public perception	<ul style="list-style-type: none"> <li>Improve stakeholder relations through regular engagement and</li> <li>timeous information dissemination</li> </ul>
Improve financial management	Insufficient funding from government	<ul style="list-style-type: none"> <li>Inculcate a habit of doing more with less.</li> <li>Invest excess funds in higher interest-bearing investments until it is needed</li> </ul>
Improve transparency and good governance	Non-compliance to legislations and policies	<ul style="list-style-type: none"> <li>Create awareness amongst stakeholders on compliance.</li> <li>Constant monitoring and reporting on compliance to the Board.</li> <li>Review effectiveness of risk management practices through internal audit</li> <li>Report on risk management to Audit and Risk Committee on a quarterly basis</li> <li>Ensure staff accountability.</li> </ul>
	Risk management practices not effective	
Improve public procurement service delivery within CPBN's mandate	Delays in procurements awards.	<ul style="list-style-type: none"> <li>Manage procurement cycle against benchmarks.</li> <li>Engage public entities and bid evaluators to review processes and practices annually.</li> <li>Monitor and evaluate execution rate of contractors.</li> <li>Engage public entity and contractors regularly to address challenges immediately.</li> <li>Engage public entities in planning and the execution of procurement projects.</li> <li>Disseminate information relating to public entities timeously.</li> <li>Develop user guidelines and templates to facilitate procurement.</li> </ul>
	Execution rate of contractors	
	Lack of commitment from public entities	
Inculcate performance driven culture	Operational inefficiencies	<ul style="list-style-type: none"> <li>Review process flows and practices to improve workflow.</li> <li>Follow performance management process.</li> <li>Create professional development opportunities.</li> </ul>
Enable CPBN through appropriate infrastructure	Conducive working environment	<ul style="list-style-type: none"> <li>Assess the working environment regularly and optimise use of infrastructure.</li> <li>Review ICT strategy and utilisation of ICT annually and make adequate adjustments to serve stakeholders effectively.</li> </ul>





# ANNUAL FINANCIAL STATEMENTS 2020/2021



*Republic of Namibia*



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## OFFICE OF THE AUDITOR-GENERAL

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WINDHOEK  
9000

### AUDIT COMPLIANCE CERTIFICATE

### ON THE ACCOUNTS

### OF THE CENTRAL PROCUREMENT BOARD OF NAMIBIA

### FOR THE YEAR ENDED 31 MARCH 2021

The documentation as compiled by the firm PKF-FCS Auditors which is registered in terms of the Public Accountant's and Auditor's Act, 1951, who was appointed by the Central Procurement Board of Namibia, has been examined by Officials of the Office of the Auditor-General.

In terms of reference as agreed by Office of the Auditor-General and the Central Procurement Board of Namibia, I certify that the above-mentioned audit of the annual financial statements for the year ended 31 March 2021 has been carried out to my satisfaction.

WINDHOEK, July 2022



  
**JUNIAS ETUNA KANDJEKE**  
**AUDITOR-GENERAL**





## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### GENERAL INFORMATION

Country of incorporation and domicile Nature of business and principal activities	Namibia To conduct the bidding process on behalf of public entities
Board members	<b>Mr P. Swartz</b> (Chairperson of the Board and Administrative Head of Central Procurement Board of Namibia)
	<b>Ms L. Ramakhutla</b> (Deputy Chairperson of the Board and Deputy Administrative Head of Central Procurement Board of Namibia)
	<b>Ms H. Herman</b> (Independent Non-Executive Director)
	<b>Mr P. Shilongo</b> <b>Ms E. Shiponeni</b> (Board secretary)
	<b>Ms J. !Garus-Oas</b> <b>Ms E. Nghiidipaa</b> <b>Mr O. Nangolo</b> <b>Mr M. Kambulu</b> <b>Mr A. Ngavetene</b>
Business address	Mandume Park 1, Teinert Street Windhoek Namibia
Postal address	P O Box 23650 Windhoek Namibia
Bankers	Bank Windhoek
Auditors	PKF-FCS Auditors Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	PKF Financial Consulting Services (Pty) Ltd

**CENTRAL PROCUREMENT BOARD OF NAMIBIA**

Annual Financial Statements for the year ended 31 March 2021

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## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### BOARD MEMBERS' RESPONSIBILITIES AND APPROVAL

The Board members are required in terms of the Public Procurement Act 15 of 2015 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Board as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Board members acknowledge that they are ultimately responsible for the system of internal financial control established by the Board and place considerable importance on maintaining a strong control environment. To enable the Board members to meet these responsibilities, the Board members 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 the Board and all employees are required to maintain the highest ethical standards in ensuring the Board's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Board is on identifying, assessing, managing and monitoring all known forms of risk across the Board. While operating risk cannot be fully eliminated, the Board endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The Board members have reviewed the Board's cash flow forecast for the year to 31 March 2022 and, in light of this review and the current financial position, they are satisfied that the Board has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Board's annual financial statements. The annual financial statements have been examined by the Board's external auditors and their report is presented on pages 68 to 70. The annual financial statements set out on pages 71 to 107 and pages 63 to 67, which have been prepared on the going concern basis, were approved by the Board members on 07 DECEMBER 2021 and were signed on their behalf by:

**Mr P. Swartz**

Chairperson of the Board and Administrative Head of Central Procurement Board of Namibia)

**Ms L. Ramakhutla**

(Deputy Chairperson of the Board and Deputy Administrative Head of Central Procurement Board of Namibia)

**Ms H. Herman**

(Independent Non-Executive Director)



## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### BOARD MEMBERS' REPORT

The Board members have pleasure in submitting their report on the annual financial statements of Central Procurement Board of Namibia for the year ended 31 March 2021.

#### 1. INCORPORATION

The Board was incorporated and brought into force with effect on 1 April 2017 by Government Gazette 46/2017 (GG6255).

The Board is domiciled in Namibia where it is incorporated as a state owned enterprise under the Public Procurement Act 15 of 2015. The address of the registered office is set out on page 60.

#### 2. NATURE OF BUSINESS

Central Procurement Board of Namibia was incorporated in Namibia with interests in the public procurement sector. The Board operates in Namibia.

**The principal objectives of the Central Procurement Board:**

- to conduct the bidding process on behalf of public entities for the award of contracts for procurement or disposal of assets that exceed the threshold prescribed for public entities;
- to enter into contracts for procurement or disposal of assets on its own behalf or on behalf of public entities awarded by the Board;
- to direct and supervise accounting officers in managing the implementation of procurement contracts awarded by the Board.

There have been no material changes to the nature of the Board's business from the prior year.

#### 3. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Public Procurement Act 15 of 2015. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the Board are set out in these annual financial statements.

#### 4. EVENTS AFTER THE PORTING PERIOD

There is no immediate impact on the going concern assessment application to the Central Procurement Board at date of approval of these annual financial statements.

The pandemic is considered to be a non-adjusting event and there is no immediate concern around going concern. Management continually assesses and monitors developments with regard to the disease and at the time of finalising the report, the Board is confident that their responses are adequate and the crisis is being continuously monitored to assess the impact on the Board. The financial estimate cannot be determined reliably as the extent of COVID-19 is unknown. An analysis has been prepared by the Board, regarding the potential long-term effect of the disease, based on information available at approval date. This analysis is continuously updated. Refer to note 19.



## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### BOARD MEMBERS' REPORT

The Board has been operating effectively subsequent to the lockdown and cancellation of the national state of emergency.

The Board members are not aware of any other material event which occurred after the reporting date and up to the date of this report.

#### 5. GOING CONCERN

The Board members believe that the Board has adequate financial resources to continue in operation for the foreseeable future and accordingly, the annual financial statements have been prepared on a going concern basis. The Board members have satisfied themselves that the Board is in a sound financial position and able to meet its foreseeable cash requirements. The Board is not aware of any material changes that may adversely impact the Board. The Board members are also not aware of any material non-compliance with statutory or regulatory requirements, or of any pending changes to legislation which may affect the Board.

**CENTRAL PROCUREMENT BOARD OF NAMIBIA**

Annual Financial Statements for the year ended 31 March 2021

**BOARD MEMBERS' REPORT****6. BOARD MEMBERS**

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

<b>Board members</b>	<b>Nationality</b>	<b>Changes</b>
<b>Mr P. Swartz</b> (Chairperson of the Board and Administrative Head of Central Procurement Board of Namibia)	Namibian	
<b>Ms L. Ramakhutla</b> (Deputy Chairperson of the Board and Deputy Administrative Head of Central Procurement Board of Namibia)	Namibian	
<b>Ms M. Nakale</b> (Chairperson for the Audit and Risk Committee - ended 28 February 2021)	Namibian	End of term 28 February 2021
<b>Mr J. Muadinohamba</b>	Namibian	End of term 28 February 2021
<b>Ms H. Herman</b> (Chairperson of the Human Resources Committee - ended 28 February 2021) (Independent Non-Executive Director)	Namibian	End of term 28 February 2021/Re-appointment term 01 March 2021
<b>Mr P. Shilongo</b>	Namibian	End of term 28 February 2021/Re-appointment term 01 March 2021
<b>Ms M. Iyambo</b> (Chairperson of the Technical Committee)	Namibian	End of term 28 February 2021
<b>Mr H. Loftie-Eaton</b>	Namibian	End of term 28 February 2021
<b>Mr T. Ndove</b>	Namibian	End of term 28 February 2021
<b>Ms E. Shiponeni</b> (Boardsecretary)	Namibian	
<b>Ms J. !Garus-Oas</b>	Namibian	New term appointment 01 March 2021
<b>Ms E. Nghiidipaa</b>	Namibian	New term appointment 01 March 2021
<b>Mr O. Nangolo</b>	Namibian	New term appointment 01 March 2021
<b>Mr M. Kambulu</b>	Namibian	New term appointment 01 March 2021
<b>Mr A. Ngavetene</b>	Namibian	New term appointment 01 March 2021



## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### BOARD MEMBERS' REPORT

#### Contract termination of Board members

Board members	Cause of change	Date
<b>Ms M. Nakale</b> (Chairperson for the Audit and Risk Committee)	End of term	28 February 2021
<b>Mr J. Muadinohamba</b>	End of term	28 February 2021
<b>Ms M. Iyambo</b> (Chairperson of the Technical Committee)	End of term	28 February 2021
<b>Mr H. Loftie-Eaton</b>	End of term	28 February 2021
<b>Mr T. Ndove</b>	End of term	28 February 2021

#### Appointments of Board members

Board members	Cause of change	Date
<b>Ms J. !Garus-Oas</b>	New term appointment	01 March 2021
<b>Ms E. Nghiidipaa</b>	New term appointment	01 March 2021
<b>Mr O. Nangolo</b>	New term appointment	01 March 2021
<b>Mr M. Kambulu</b>	New term appointment	01 March 2021
<b>Mr A. Ngavetene</b>	New term appointment	01 March 2021

### 7. BOARD MEMBERS' INTERESTS IN CONTRACTS

During the financial year, no contracts were entered into which Board members or officers of the Board had an interest and which significantly affected the business of the Board.

### 8. LITIGATION STATEMENT

The Board becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The Board is currently involved in such an investigation, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

The current investigation relates to alleged irregularities pertaining to the recruitment of staff and overriding of contracts (refer to note 22 to the annual financial statements).

### 9. STATEMENT OF DISCLOSURE TO THE BOARD'S AUDITORS

With respect to each person who is a Board member on the day that this report is approved:

- there is, so far as the person is aware, no relevant audit information of which the Board's auditors are unaware; and
- the person has taken all the steps that he/she ought to have taken as a Board member to be aware of any relevant audit information and to establish that the Board's auditors are aware of that information.





## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### BOARD MEMBERS' REPORT

#### 10. TERMS OF APPOINTMENT OF THE AUDITORS

PKF-FCS Auditors were appointed as the Board's auditors for the 2018 financial year on 22 March 2019 in terms of a letter of acceptance of bind in terms of Public Procurement Act 15 of 2015 (section 55) and continued its appointment for the 2021 financial year.



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## INDEPENDENT AUDITOR'S REPORT

### To the Board of Central Procurement Board of Namibia

### Report on the Audit of the Annual Financial Statements

#### Opinion

We have audited the annual financial statements of Central Procurement Board of Namibia (the board) set out on pages 63 to 67 and on pages 71 to 105, which comprise the statement of financial position as at 31 March 2021, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies and the Board members' report.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Central Procurement Board of Namibia as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Public Procurement Act 15 of 2015.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the board in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and other independence requirements applicable to performing audits of annual financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Matter

We draw attention to note 19 in the Annual Financial Statements. Prior to 31 March 2021 and prior to the approval of these Annual Financial Statements the Covid-19 Pandemic has resulted in the announcement by President Geingob that a compulsory, temporary and then national lockdown was required as the next step to help manage the virus spread. Central Procurement Board of Namibia was compelled to honour the presidents call to business to be closed for trading during this period and implemented a remote working policy. This is unlikely to have resulted in lost revenue for the period 27 March 2020 to 4 May 2020. We still consider a going concern basis for the preparation of the Annual Financial Statements appropriate as Central Procurement Board of Namibia at 31 March 2021 disclosed a stable financial result.

Assurance • Agreed Upon Procedures • Forensic Services

Practice No 20601

Partners: J.P. Kouwenhoven | Jeanine Du Toit | Patterson Tjipueja | Uwe Wolff

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## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### INDEPENDENT AUDITOR'S REPORT

#### Other Information

The board members are responsible for the other information. The other information comprises the information included in the document titled "Central Procurement Board of Namibia annual financial statements for the year ended 31 March 2021", which includes the supplementary information (detailed income statement) as set out on pages 106 to 107. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Board Members for the Annual Financial Statements

The board members are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Public Procurement Act 15 of 2015, and for such internal control as the Board members determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the board members are responsible for assessing the board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board members either intend to liquidate the board or to cease operations, or have no realistic alternative but to do so.

#### Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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 our 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 control.
- 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 company's internal control.





## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### INDEPENDENT AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the board members' 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**PKF-FCS Auditors**  
**Registered Accountants and Auditors**  
**Chartered Accountants (Namibia)**  
**Per: U Wolff**  
**Partner**

9 March 2022  
**Windhoek**

**CENTRAL PROCUREMENT BOARD OF NAMIBIA**

Annual Financial Statements for the year ended 31 March 2021

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021**

	Notes	2021 N\$	2020 N\$
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	3,154,167	407,539
Right-of-use assets	5	1,605,094	2,715,574
		<b>4,759,261</b>	<b>3,123,113</b>
<b>Current Assets</b>			
Trade and other receivables	6	34,007	695,988
Cash and cash equivalents	7	39,838,955	37,222,163
		<b>39,872,962</b>	<b>37,918,151</b>
<b>Total Assets</b>		<b>44,632,223</b>	<b>41,041,264</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Retained income		36,983,107	33,621,202
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Lease liabilities	5	1,850,919	3,118,737
<b>Current Liabilities</b>			
Trade and other payables	8	5,798,197	4,301,325
<b>Total Liabilities</b>		<b>7,649,116</b>	<b>7,420,062</b>
<b>Total Equity and Liabilities</b>		<b>44,632,223</b>	<b>41,041,264</b>



## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2021 N\$	2020 N\$
Revenue	9	1,677,310	432,490
Other operating income	10	36,610,900	25,000,000
Other operating gains(losses)	12	(4,229)	-
Other operating expenses		(35,485,300)	(27,823,975)
<b>Operating surplus (deficit)</b>	11	<b>2,798,681</b>	<b>(2,391,485)</b>
Investment income	14	1,003,858	1,382,473
<b>Surplus (deficit) for the year</b>		<b>3,511,198</b>	<b>(1,344,577)</b>
Other comprehensive income		-	-
<b>Total comprehensive surplus(deficit) for the year</b>		<b>3,511,198</b>	<b>(1,344,577)</b>

**CENTRAL PROCUREMENT BOARD OF NAMIBIA**

Annual Financial Statements for the year ended 31 March 2021

**STATEMENT OF CHANGES IN EQUITY**

	Retained income N\$	Total equity N\$
Opening balance as previously reported	35,322,616	35,322,616
Adjustments		
Change in accounting policy-refer to note 3	(356,837)	(356,837)
<b>Balance at 01 April 2019 as restated</b>	<b>34,965,779</b>	<b>34,965,779</b>
Deficit for the year	(1,344,577)	(1,344,577)
Other comprehensive income	-	-
<b>Total comprehensive deficit for the year</b>	<b>(1,344,577)</b>	<b>(1,344,577)</b>
Opening balance as previously reported	33,621,202	33,621,202
Adjustments		
Change in estimate-refer to note 21	(149,293)	(149,293)
<b>Balance at 01 April 2020 as restated</b>	<b>33,471,909</b>	<b>33,471,909</b>
Surplus for the year	3,511,198	3,511,198
Other comprehensive income	-	-
<b>Total comprehensive surplus for the year</b>	<b>3,511,198</b>	<b>3,511,198</b>
<b>Balance at 31 March 2021</b>	<b>36,983,107</b>	<b>36,983,107</b>
Note(s)		





## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### STATEMENT OF CASH FLOWS

	Notes	2021 N\$	2020 N\$
Cash flows from operating activities			
Cash receipts from customers		1,715,543	24,736,502
Cash paid to suppliers and employees		6,033,175	(21,482,125)
Cash generated from operations	17	7,748,718	3,254,377
Interest income		1,003,858	1,382,473
Finance costs		(291,341)	(335,565)
<b>Net cash from operating activities</b>		<b>8,461,235</b>	<b>4,301,285</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(3,130,173)	(149,941)
Purchase of investment property		-	(5,222,257)
<b>Net cash from investing activities</b>		<b>(3,130,173)</b>	<b>(5,372,198)</b>
<b>Cash flows from financing activities</b>			
Payment on lease liabilities		(2,714,270)	2,761,901
<b>Total cash movement for the year</b>		<b>2,616,792</b>	<b>1,690,988</b>
Cash at the beginning of the year		37,222,163	35,531,175
<b>Total cash at end of the year</b>	7	<b>39,838,955</b>	<b>37,222,163</b>



## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### ACCOUNTING POLICIES

#### Corporate information

Central Procurement Board of Namibia is a state owned enterprise incorporated and domiciled in Namibia.

#### 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

##### 1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Public Procurement Act 15 of 2015.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars, which is the Board's functional currency.

These accounting policies are consistent with the previous period.

##### 1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

##### Lease classification

The Board is party to leasing arrangements, as a lessee. The treatment of leasing transactions in the annual financial statements is mainly determined by whether the lease is considered to be an operating lease or a finance lease. In making this assessment, management considers the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred.



## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### ACCOUNTING POLICIES

#### Key sources of estimation uncertainty

##### Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Board uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Board's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

##### Fair value estimation

Several assets and liabilities of the Board are either measured at fair value or disclosure is made of their fair values.

##### Impairment testing

The Board reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

##### Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of office equipment and IT equipment are determined based on Board replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

### 1.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets which the Board holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Board, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing



## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### ACCOUNTING POLICIES

costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Board and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Board. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term.

Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

**The useful lives of items of property, plant and equipment have been assessed as follows:**

Item	Depreciation method	Average useful life
Furniture and fixtures	Straightline	5 years
Motor vehicles	Straightline	5 years
Office equipment	Straightline	5 years
IT equipment	Straightline	3 years
Computer software	Straightline	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.



## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### ACCOUNTING POLICIES

#### 1.4 FINANCIAL INSTRUMENTS

Financial instruments held by the Board are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Board, as applicable, are as follows:

**Financial assets which are equity instruments:**

- Mandatorily at fair value through profit or loss; or

**Financial liabilities:**

- Amortised cost; or

Note 20 Financial instruments and risk management presents the financial instruments held by the Board based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Board are presented below:

#### Trade and other receivables

##### Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 6).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Board's business model is to collect the contractual cash flows on trade and other receivables.

##### Recognition and measurement

Trade and other receivables are recognised when the Board becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.



## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### ACCOUNTING POLICIES

#### Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 14).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

#### Impairment

The Board recognises a loss allowance for expected credit losses on trade and other receivables, excluding prepayments. The amount of expected credit losses is updated at each reporting date.

The Board measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

#### Measurement and recognition of expected credit losses

The Board makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 6.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 11).

#### Write off policy

The Board writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be



## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### ACCOUNTING POLICIES

subject to enforcement activities under the Board recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

#### Credit risk

Details of credit risk are included in the trade and other receivables note (note 6) and the financial instruments and risk management note (note 20).

#### Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

#### Trade and other payables

#### CLASSIFICATION

Trade and other payables (note 8), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

#### Recognition and measurement

They are recognised when the Board becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 15).

Trade and other payables expose the Board to liquidity risk and possibly to interest rate risk. Refer to note 20 for details of risk exposure and management thereof.

#### Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.





## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### ACCOUNTING POLICIES

#### Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

#### Derecognition

#### FINANCIAL ASSETS

The Board derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Board neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Board recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Board retains substantially all the risks and rewards of ownership of a transferred financial asset, the Board continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### Financial liabilities

The Board derecognises financial liabilities when, and only when, the Board obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### Reclassification

#### FINANCIAL ASSETS

The Board only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated. The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

#### FINANCIAL LIABILITIES

Financial liabilities are not reclassified.

### 1.5 LEASEHOLD PROPERTY

When the Board holds property under a long term prepaid lease agreement, the lease is classified as a finance lease or an operating lease in accordance with the provisions of IAS 17 Leases. Refer to the accounting policy on leases. When these leases are classified as finance leases, the property is capitalised as leasehold property, and is depreciated over the lease term.

### 1.6 TAX

#### Tax expenses

The Board is exempt from income tax.



## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### ACCOUNTING POLICIES

#### 1.7 LEASES

The Board assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Board has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

##### Board as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Board is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Board recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the Board has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the Board is a lessee are presented in note 5 Leases (Board as lessee).

##### Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Board uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Board under residual value guarantees;



## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### ACCOUNTING POLICIES

- the exercise price of purchase options, if the Board is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Board is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 5).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 15).

The Board remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Board will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Board incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.



## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### ACCOUNTING POLICIES

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Board expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

### 1.8 IMPAIRMENT OF ASSETS

The Board assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Board estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.



## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### ACCOUNTING POLICIES

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

#### 1.9 EMPLOYEE BENEFITS

##### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### 1.10 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the Board has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

#### 1.11 GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that:

- the Board will comply with the conditions attaching to them; and
- the grants will be received.



## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### ACCOUNTING POLICIES

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the profit or loss (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

#### 1.12 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Board recognises revenue from the following major sources:

- Sales of tender documents

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Board recognises revenue when it transfers control of a product or service to a customer.

##### **Sales of tender documents**

For sales of tender documents, revenue is recognised when control of the goods or service has transferred to the customer.

Revenue is recognised at a point in time for sales of tender documents.



**CENTRAL PROCUREMENT BOARD OF NAMIBIA**

Annual Financial Statements for the year ended 31 March 2021

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2021 N\$	2020 N\$
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**2. NEW STANDARDS AND INTERPRETATIONS****2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR**

In the current year, the Board has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7	01 January 2020	The impact of the amendment is not material.
• Presentation of Financial Statements: Disclosure initiative	01 January 2020	The impact of the amendment is not material.
• Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	01 January 2020	The impact of the amendment is not material.

**2.2. STANDARDS AND INTERPRETATIONS NOT YET EFFECTED**

The Board has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Board's accounting periods beginning on or after 01 April 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	Unlikely there will be a material impact
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	Unlikely there will be a material impact
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	Unlikely there will be a material impact
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41	01 January 2022	Unlikely there will be a material impact



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• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4	01 January 2021	Unlikely there will be a material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7	01 January 2021	Unlikely there will be a material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9	01 January 2021	Unlikely there will be a material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16	01 January 2020	Unlikely there will be a material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39	01 January 2020	Unlikely there will be a material impact

### 3. CHANGES IN ACCOUNTING POLICY

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

#### Application of IFRS 16 Leases

In the current year, the Board has adopted IFRS 16 Leases (as issued by the IASB in January 2016) with the date of initial application being 01 April 2019. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in the accounting policy for leases. The impact of the adoption of IFRS 16 on the company's annual financial statements is described below.

The company has applied the practical expedient available in IFRS 16 which provides that for contracts which exist at the initial application date, an entity is not required to reassess whether they contain a lease. This means that the practical expedient allows an entity to apply IFRS 16 to contracts identified by IAS 17 and IFRIC 4 as containing leases; and to not apply IFRS 16 to contracts that were not previously identified by IAS 17 and IFRIC 4 as containing leases.

IFRS 16 has been adopted by applying the modified retrospective approach, whereby the comparative figures are not restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 01 April 2019.

**CENTRAL PROCUREMENT BOARD OF NAMIBIA**

Annual Financial Statements for the year ended 31 March 2021

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS****Leases where Board is lessee****Leases previously classified as operating leases**

The Board undertook the following at the date of initial application for leases which were previously recognised as operating leases:

- recognised a lease liability, measured at the present value of the remaining lease payments, discounted at the Board's incremental borrowing rate at the date of initial application.
- recognised right-of-use assets measured on a lease by lease basis, at either the carrying amount (as if IFRS 16 applied from commencement date but discounted at the incremental borrowing rate at the date of initial application) or at an amount equal to the lease liability adjusted for accruals or prepayments relating to that lease prior to the date of initial application.

The company applied IAS 36 to consider if these right-of-use assets are impaired as at the date of initial application.

The company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases in terms of IAS 17. Where necessary, they have been applied on a lease by lease basis:

- when a portfolio of leases contained reasonably similar characteristics, the company applied a single discount rate to that portfolio;
- leases which were expiring within 12 months of 01 April 2019 were treated as short term leases, with remaining lease payments recognised as an expense on a straight-line basis or another systematic basis which is more representative of the pattern of benefits consumed;
- initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application.
- hindsight was applied where appropriate. This was specifically the case for determining the lease term for leases which contained extension or termination options.

**Impact on financial statements**

On transition at 1 April 2019 to IFRS 16, the company recognised an additional N\$5,222,257 of right-of-use assets and N\$5,579,093 of lease liabilities, recognising the difference in retained earnings.

When measuring lease liabilities, company discounted lease payments using its incremental borrowing rate at 01 April 2019.

Effect of IFRS 16 (2019 opening balances)	As reported 31 March 2019	IFRS 16 adjustments	As reported 1 April 2019
Right of use asset	-	5,222,257	5,222,257
IFRS 16 lease liability	-	(5,579,093)	(5,579,093)
Retained earnings	(35,322,615)	356,836	(34,965,779)
	<b>(35,322,615)</b>	<b>-</b>	<b>(35,322,615)</b>



## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 4. PROPERTY, PLANT AND EQUIPMENT

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	6,609	(3,354)	3,255	6,609	(2,032)	4,577
Motor vehicles	1,357,528	(144,803)	1,212,725	-	-	-
Office equipment	308,741	(90,924)	217,817	171,121	(51,871)	119,250
IT equipment	2,135,408	(443,465)	1,691,943	536,562	(297,018)	239,544
Computer software	47,224	(18,797)	28,427	47,224	(3,056)	44,168
<b>Total</b>	<b>3,855,510</b>	<b>(701,343)</b>	<b>3,154,167</b>	<b>761,516</b>	<b>(353,977)</b>	<b>407,539</b>

#### Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	4,577	-	-	(1,322)	3,255
Motor vehicles	-	1,357,528	-	(144,803)	1,212,725
Office equipment	119,250	137,621	-	(39,054)	217,817
IT equipment	239,544	1,635,024	(4,229)	(178,396)	1,691,943
Computer software	44,168	-	-	(15,741)	28,427
	<b>407,539</b>	<b>3,130,173</b>	<b>(4,229)</b>	<b>(379,316)</b>	<b>3,154,167</b>

#### Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	5,899	-	(1,322)	4,577
Office equipment	95,660	53,305	(29,715)	119,250
IT equipment	358,096	49,412	(167,964)	239,544
Computer software	-	47,224	(3,056)	44,168
<b>Other information</b>	<b>459,655</b>	<b>149,941</b>	<b>(202,057)</b>	<b>407,539</b>

The property, plant and equipment represents actual acquisitions. Assets received from the Ministry of Finance are not accounted for in the accounting records for the year ended 31 March 2020.

**CENTRAL PROCUREMENT BOARD OF NAMIBIA**

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2021 N\$	2020 N\$
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**5. LEASES (COMPANY AS LESSEE)**

Details pertaining to leasing arrangements, where the company is lessee are presented below:

The Board adopted IFRS 16 for the first time in the prior financial period. Comparative figures for the 2019 financial reporting period have been accounted for in accordance with IAS 17 and accordingly, any assets recognised under finance leases in accordance with IAS 17 for the comparative have been recognised as part of property, plant and equipment. The information presented in this note for right-of-use assets therefore only includes the current period.

**Net carrying amounts of right-of-use assets**

The carrying amounts of right-of-use assets are included in the following line items:

Buildings	1,605,094	2,715,574
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**Additions to right-of-use assets**

Buildings	-	5,222,257
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**Depreciation recognised on right-of-use assets**

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 11), as well as depreciation which has been capitalised to the cost of other assets.

Buildings	2,407,641	2,506,683
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**Other disclosures**

At 31 March 2021, the company is committed to N\$1,850,920 (2020: N\$ 2,868,370) for short-term leases. This differs from the portfolio of leases for which an expense was recognised in the current financial period, because of a 12 month lease agreement for 10 photocopier machines which was entered into in the last month of the financial period.

**Lease liabilities**

Lease liabilities have been included in the borrowings line item on the statement of financial position.

The maturity analysis of lease liabilities is as follows:

Within one year	1,850,919	2,868,369
Two to five years	-	250,368
	<b>1,850,919</b>	<b>3,118,737</b>
Non-current liabilities	1,850,919	3,118,737



## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 N\$	2020 N\$
<b>6. TRADE AND OTHER RECEIVABLES</b>		
<b>Financial instruments:</b>		
Trade receivables	-	38,233
Sundry receivable	-	870
Staff loan	21,917	1,000
<b>Non-financial instruments:</b>		
Prepayments	12,090	655,885
<b>Total trade and other receivables</b>	<b>34,007</b>	<b>695,988</b>
<b>Split between non-current and current portions</b>		
Current assets	34,007	695,988
<b>Financial instrument and non-financial instrument components of trade and other receivables</b>		
At amortised cost	21,917	40,103
Non-financial instruments	12,090	655,885
	<b>34,007</b>	<b>695,988</b>

#### Exposure to credit risk

Trade receivables inherently expose the Board to credit risk, being the risk that the Board will incur financial loss if customers fail to make payments as they fall due.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.



**CENTRAL PROCUREMENT BOARD OF NAMIBIA**

Annual Financial Statements for the year ended 31 March 2021

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

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There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

**Fair value of trade and other receivables**

The fair value of trade and other receivables approximates their carrying amounts.

**7. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of:

Bank balances	39,838,955	37,222,163
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**Credit quality of cash at bank and short term deposits, excluding cash on hand**

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

**Credit rating**

A1+	39,838,955	37,222,163
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**Exposure to currency risk**

The Board is not exposed to currency risk related to certain bank accounts as no accounts are denominated in a foreign currency.

**Namibia Dollar amount**

Namibia Dollar	39,838,955	37,222,163
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## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 N\$	2020 N\$
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Financial instruments:</b>		
Accrued expenses	-	632,545
Accrued expenses: Non-executive directors	30,881	300,407
Accrued expenses: Executive directors (note18)	-	1,195,689
Trade payables	2,339,670	-
Provision for leave pay	1,380,566	637,374
Provision for retirement gratuity	2,047,080	1,535,310
	<b>5,798,197</b>	<b>4,301,325</b>

#### Financial instrument and non-financial instrument components of trade and other payables

At a mortised cost	5,798,197	4,301,325
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#### Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

## 9. REVENUE

#### Revenue from contracts with customers

Sale of tender documents	1,677,310	432,490
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#### Disaggregation of revenue from contracts with customers

The company disaggregates revenue from customers as follows:

#### Sale of tender documents

Sale of tender documents	1,677,310	432,490
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#### Timing of revenue recognition

##### At a point in time

Sale of goods	1,677,310	432,490
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**CENTRAL PROCUREMENT BOARD OF NAMIBIA**

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2021 N\$	2020 N\$
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**10. OTHER OPERATING INCOME**

Other income - Sundry Income	10,900	-
Government grant	36,600,000	25,000,000
	<b>36,610,900</b>	<b>25,000,000</b>

**11. OPERATING SURPLUS (DEFICIT)**

Operating surplus (deficit) for the year is stated after charging (crediting) the following, amongst others:

**Auditor's remuneration - external**

Audit fees	160,232	266,512
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**Remuneration, other than to employees**

Administrative and managerial services	100,027	-
Consulting and professional services	1,320,120	776,443
	<b>1,420,147</b>	<b>776,443</b>

**Employee costs**

Salaries, wages, bonuses and other benefits	27,040,989	19,284,155
Retirement gratuity	-	1,535,310
Termination benefits	528,388	-
<b>Total employee costs</b>	<b>27,569,377</b>	<b>20,819,465</b>

**Leases****Operating lease charges**

Operating lease	36,800	-
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**Depreciation and amortisation**

Depreciation of property, plant and equipment	379,316	202,057
Depreciation of right-of-use assets	2,407,641	2,506,683
<b>Total depreciation and amortisation</b>	<b>2,786,957</b>	<b>2,708,740</b>



## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 N\$	2020 N\$
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#### Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

Employee costs	27,569,377	20,819,465
Lease expenses	36,800	-
Depreciation, amortisation and impairment	2,786,957	2,708,740
Other expenses	5,092,166	4,295,770
	<b>35,485,300</b>	<b>27,823,975</b>

#### 12. OTHER OPERATING GAINS (LOSSES)

##### Gains (losses) on disposals, scrappings and settlements

Property, plant and equipment	4	(4,229)	-
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#### 13. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

The following items are included within depreciation, amortisation and impairment losses:

##### Depreciation

Property, plant and equipment	379,316	202,057
Right - of - use assets	2,407,641	2,506,683
	<b>2,786,957</b>	<b>2,708,740</b>

#### 14. INVESTMENT INCOME

##### Interest income

##### Investments in financial assets:

Bank and other cash	1,003,858	1,382,473
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#### 15. FINANCE COSTS

Leasae liability	291,341	335,565
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**CENTRAL PROCUREMENT BOARD OF NAMIBIA**

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2021 N\$	2020 N\$
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**16. TAXATION**

No provision has been made for 2021 tax as the Board is exempt from taxation.

**17. CASH GENERATED FROM OPERATIONS**

Surplus (deficit) for the year	3,511,198	(1,344,577)
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**Adjustments for:**

Depreciation and amortisation	2,786,957	2,708,740
Loss on disposal of property, plant and equipment	4,229	-
Interest income	(1,003,858)	(1,382,473)
Finance costs	291,341	335,565

**Changes in working capital:**

Trade and other receivables	661,981	(695,988)
Trade and other payables	1,496,870	3,633,110
	<b>7,748,718</b>	<b>3,254,377</b>



## CENTRAL PROCUREMENT BOARD OF NAMIBIA

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### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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## 18. BOARD MEMBERS' AND EXECUTIVE MANAGEMENT EMOLUMENTS

### Board members

2021		
	Emoluments	Total
<b>Ms M. Nakale</b> (Chairperson for the Audit and Risk Committee)	544,019	544,019
<b>Mr J. Muadinohamba</b>	495,329	495,329
<b>Ms H. Herman</b> (Independent Non-Executive Director)	477,658	477,658
<b>Mr P. Shilongo</b>	528,304	528,304
<b>Ms M. Iyambo</b> (Chairperson of the Technical Committee)	547,074	547,074
<b>Mr H. Loftie-Eaton</b>	523,858	523,858
<b>Mr T. Ndove</b>	484,391	484,391
<b>Ms J. !Garus-Oas</b>	4,789	4,789
<b>Ms E. Nghiidipaa</b>	4,789	4,789
<b>Mr M. Kambulu</b>	4,789	4,789
<b>Mr A. Ngavetene</b>	4,789	4,789
	<b>3,619,789</b>	<b>3,619,789</b>

2020		
	Emoluments	Total
<b>Ms M. Nakale</b> (Chairperson for the Audit and Risk Committee)	579,260	579,260
<b>Mr J. Muadinohamba</b>	471,187	471,187
<b>Ms H. Herman</b> (Independent Non-Executive Director)	451,433	451,433
<b>Mr P. Shilongo</b>	551,670	551,670
<b>Ms M. Iyambo</b> (Chairperson of the Technical Committee)	601,415	601,415
<b>Mr H. Loftie-Eaton</b>	549,624	549,624
<b>Mr T. Ndove</b>	470,942	470,942
	<b>3,675,531</b>	<b>3,675,531</b>



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**Executive management**

2021		
	Emoluments	Total
<b>Mr P. Swartz</b> (Chairperson of the Board and Administrative Head of Central Procurement Board of Namibia)	1,714,800	1,714,800
<b>Ms L. Ramakhutla</b> (Deputy Chairperson of the Board and Deputy Administrative Head of Central Procurement Board of Namibia)	1,483,763	1,483,763
	<b>3,198,563</b>	<b>3,198,563</b>

2020		
	Emoluments	Total
<b>Mr P. Swartz</b> (Chairperson of the Board and Administrative Head of Central Procurement Board of Namibia)	2,144,400	2,144,400
<b>Ms L. Ramakhutla</b> (Deputy Chairperson of the Board and Deputy Administrative Head of Central Procurement Board of Namibia)	1,851,289	1,851,289
	<b>3,995,689</b>	<b>3,995,689</b>

Chairperson and Deputy Chairperson emoluments	Mr P. Swartz 2021	Mr P. Swartz 2020	Ms L. Ramakhutla 2021	Ms L. Ramakhutla 2020
Basic earnings	1,500,000	1,500,000	1,500,000	1,500,000
2018 Motor vehicle allowance (accrued 2020/paid 2021)	-	214,800	-	183,763
2019 Motor vehicle allowance (accrued 2020/paid 2021)	-	214,800	-	183,763
2020 Motor vehicle allowance (accrued 2020/paid 2021)	-	214,800	-	183,763
2021 Motor vehicle allowance	214,800	-	183,763	-
	<b>1,714,800</b>	<b>2,144,400</b>	<b>1,483,763</b>	<b>1,851,289</b>



## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 19. EVENTS AFTER THE REPORTING PERIOD

Prior to year-end, and after the regulated nationwide lockdown ended, a gradual and phased recovery of economic activity and easing of the lockdown restrictions had begun with a staged coronavirus alert level approach adopted by the government. The alert level is determined by government was based on its assessment of the infection rate and the capacity of the country's health system.

The Board is aware of the COVID-19 pandemic as well as the country's downgrade to sub-investment grade. The pandemic is considered to be a non-adjusting event and there is no immediate concern around going concern. Management continually assesses and monitors developments with regard to the disease and at the time of finalising the report, the Board is confident that their responses are adequate and the crisis is being continuously monitored to assess the impact on the Board. The financial estimate cannot be determined reliably as the extent of COVID-19 is unknown. An analysis has been prepared by the Board, regarding the potential long-term effect of the disease, based on information available at approval date.

The Board has been operating effectively subsequent to the lock down and cancellation of the national state of emergency.

#### 20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

##### Categories of financial instruments

##### Categories of financial assets

2021				
	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	6	34,007	34,007	34,007
Cash and cash equivalents	7	39,838,955	39,838,955	39,838,955
		<b>39,872,962</b>	<b>39,872,962</b>	<b>39,872,962</b>

2020				
	Note (s)	Amortised cost	Total	Fair value
Trade and other receivables	6	695,988	695,988	695,988
Cash and cash equivalents	7	37,222,163	37,222,163	37,222,163
		<b>37,918,151</b>	<b>37,918,151</b>	<b>37,918,151</b>

**CENTRAL PROCUREMENT BOARD OF NAMIBIA**

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS****Categories of financial liabilities**

<b>2021</b>					
	<b>Note(s)</b>	<b>Amortised cost</b>	<b>Leases</b>	<b>Total</b>	<b>Fair value</b>
Trade and other payables	8	5,798,197	-	5,798,197	5,798,197
Finance lease obligations	5	-	1,850,919	1,850,919	1,850,919
		<b>5,798,197</b>	<b>1,850,919</b>	<b>7,649,116</b>	<b>7,649,116</b>

<b>2020</b>					
	<b>Note(s)</b>	<b>Amortised cost</b>	<b>Leases</b>	<b>Total</b>	<b>Fair value</b>
Trade and other payables	8	4,301,324	-	4,301,324	4,301,324
Finance lease obligations	5	-	3,118,737	3,118,737	3,118,737
		<b>4,301,324</b>	<b>3,118,737</b>	<b>7,420,061</b>	<b>7,420,061</b>

**Gains and losses on financial instruments****Gains and losses on financial assets**

<b>2021</b>			
	<b>Note(s)</b>	<b>Amortised cost</b>	<b>Total</b>
<b>Recognised in profit or loss:</b>			
Interest income	14	1,003,858	1,003,858

<b>2020</b>			
	<b>Note(s)</b>	<b>Amortised cost</b>	<b>Total</b>
<b>Recognised in profit or loss:</b>			
Interest income	14	1,382,473	1,382,473



## CENTRAL PROCUREMENT BOARD OF NAMIBIA

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### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note(s)	2021 N\$	2020 N\$
<b>Capital risk management</b>			
The company is exposed to the following risks from its use of financial instruments:			
Lease liabilities	5	1,850,919	3,118,737
Trade and other payables	8	5,798,194	4,301,324
<b>Total borrowings</b>		<b>7,649,113</b>	<b>7,420,061</b>
Cash and cash equivalents	7	(39,838,955)	(37,222,163)
<b>Net borrowings</b>		<b>(32,189,842)</b>	<b>(29,802,102)</b>
Equity		36,983,109	33,621,203
Gearing ratio		(87)%	(89)%

### Financial risk management

#### Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The Board has overall responsibility for the establishment and oversight of the company's risk management framework. The Board has established the risk committee, which is responsible for developing and monitoring the company's risk management policies. The committee reports quarterly to the Board on its activities.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The company audit committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee and the risk committee.

### Credit risk

Credit risk is the risk of financial loss to the Board if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Board is exposed to credit risk on trade and other receivables and cash and cash equivalents. None of these exist at the moment and the related credit risk is assessed very low.

## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 20. Financial instruments and risk management (continued)

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The Board only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the Board through dealing with well-established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

The maximum exposure to credit risk is presented in the table below:

	Note(s)	Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Gross carrying amount	Gross carrying amount
Trade and other receivables	6	34,007	-	34,007	695,988	-	695,988
Cash and cash equivalents	7	39,838,955	-	39,838,955	37,222,163	-	37,222,163
		<b>39,872,962</b>	<b>-</b>	<b>39,872,962</b>	<b>37,918,151</b>	<b>-</b>	<b>37,918,151</b>

#### Liquidity risk

The Board is exposed to liquidity risk, which is the risk that the Board will encounter difficulties in meeting its obligations as they become due.

The Board manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows.

The financing requirements are met through cash generated from operations and government grant received.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period. The current liquidity risk is assessed as very low.

#### Foreign currency risk

The Board is not exposed to foreign currency risk.

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.



## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The Board policy with regards to financial assets, is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for members.

#### Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

	Note(s)	Average effective interest rate		Carrying amount	
		2021	2020	2021	2020
<b>Assets</b>					
Trade and other receivables	6	-%	-%	34,007	695,988
Cash and cash equivalents	7	5.00%	5.20%	39,838,955	37,222,163
				<b>39,872,962</b>	<b>37,918,151</b>
<b>Liabilities</b>					
Trade and other payables	8	-%	-%	5,803,982	4,301,325

#### Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Increase or decrease in rate	2021	2021	2020	2020
	Increase	Decrease	Increase	Decrease
<b>Impact on profit or loss:</b>				
Cash and cash equivalent 1% (2020:1%)	398,390	(398,390)	372,222	(372,222)



**CENTRAL PROCUREMENT BOARD OF NAMIBIA**

Annual Financial Statements for the year ended 31 March 2021

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS****Price risk**

The Board is not exposed to any price risk.

**21. Change in estimate****Leasee agreement extension**

The lease rental agreement initially signed with a termination date of 30 April 2021 was extended 1st to 31 July 2021 and thereafter to 30 November 2021 in order to provide the lessee with sufficient time to finalise arrangement to move to its new premises effective 1 December 2021. The extension agreement resulted in a decrease of monthly rental payments as well as extension of the lease terms. This is considered to represent a change in estimate and has been applied on a modified retrospective approach, whereby comparative figures are not restated.

Cumulated adjustments to retained earnings have been recognised in retained earnings as set out in the table below at 1 April 2020.

Change in term IFRS 16 impact	As reported 31 March 2020	IFRS 16 change in estimate adjustments	As reported 1 April 2020
Right of use asset	2,715,574	1,297,160	4,012,734
IFRS 16 lease liability	(3,118,737)	(1,446,453)	(4,565,190)
Retained earnings	(33,621,202)	149,293	(33,471,909)
	<b>(34,024,365)</b>	<b>-</b>	<b>(34,024,365)</b>

**22. Contingencies**

Litigation and claims in the process relating to investigations on alleged irregularities to recruitment of staff and overriding of contracts were ongoing at the date of release and approval of the annual financial statements. The Board's management consider the likelihood of the action against the Board being successful as unlikely.

Management's estimate of the financial exposure (inclusive of costs and disbursements) amounts to approximately N\$900,000.



## CENTRAL PROCUREMENT BOARD OF NAMIBIA

Annual Financial Statements for the year ended 31 March 2021

### DETAILED INCOME STATEMENT

	Note(s)	2021 N\$	2020 N\$
<b>Revenue</b>			
Sale of tender documents		1,677,310	432,490
<b>Other operating income</b>			
Loss on disposal of property, plant and equipment		10,900	-
Government grant		36,600,000	25,000,000
	10	<b>36,610,900</b>	<b>25,000,000</b>
<b>Other operating gains (losses)</b>			
Loss on disposal of property, plant and equipment		(4,229)	-
<b>Expenses (Refer to page 43)</b>		<b>(35,485,300)</b>	<b>(27,823,975)</b>
<b>Operating surplus (deficit)</b>	11	<b>2,798,681</b>	<b>(2,391,485)</b>
Investment income	14	1,003,858	1,382,473
Finance costs	15	(291,341)	(335,565)
<b>Surplus (deficit) for the year</b>		<b>3,511,198</b>	<b>(1,344,577)</b>

The supplementary information presented does not form part of the annual financial statements and is unaudited

**CENTRAL PROCUREMENT BOARD OF NAMIBIA**

Annual Financial Statements for the year ended 31 March 2021

**DETAILED INCOME STATEMENT**

	Note(s)	2021 N\$	2020 N\$
<b>Other operating expenses</b>			
Administration and management fees		100,027	-
Advertising		732,321	204,276
Auditors remuneration-external auditors	11	160,232	266,512
Bank charges		30,786	17,738
Board Evaluation Committee fees		359,680	673,870
Board minutes transcription fees		-	10,879
Cleaning		29,979	26,479
Conference and meeting fees		3,140	187,082
Consulting and professional fees		425,463	776,443
Consulting and professional fees-accounting		70,337	-
Consulting and professional fees-legal fees		824,320	-
Consumables		61,932	24,261
Depreciation		2,786,957	2,708,740
Employee costs		27,569,377	20,819,465
IT expenses		144,680	92,690
Insurance		154,193	62,405
Lease rentals on operating lease		36,800	-
Motor vehicle expenses		23,003	-
Municipal expenses		229,367	243,199
Office refreshments		12,421	21,461
Office relocation cost		41,679	-
Postage		432	561
Printing and stationery		416,281	359,795
Recruitment costs		4,440	27,676
Repairs and maintenance		1,570	32,445
Security		-	2,593
Small assets not capitalised		317,450	220,897
Software annual subscription		189,000	180,000
Staff welfare		-	91,838
Stakeholder engagement costs		155,668	32,694
Subscriptions		46,099	88,199
Telephone and fax		366,340	59,372
Training		176,409	46,742
Travel-local		14,917	545,663
		<b>35,485,300</b>	<b>27,823,975</b>

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# NOTES

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## NOTES



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