



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

DIAMOND VALUATION FUND

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2008

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Diamond Valuation Fund for the financial year ended 31 December 2008 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, November 2010

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

**Report of the Auditor-General
On the Accounts of the Diamond Valuation Fund
Of Namibia for the Financial Year
Ended 31 DECEMBER 2008**

1. INTRODUCTION

The Diamond Valuation Fund was established in terms of Section 63(1) of the Diamond Act, (Act 13 of 1999), to settle the costs incurred in valuation of any unpolished diamonds and in administering the Fund. The Fund's income is derived mainly from duties charged on the export of unpolished diamonds.

The objectives of the Fund are stipulated in terms of Section 63(2) of the Diamond Act (Act 13 of 1999) as follows:

The money available in the Diamond Valuation Fund shall be utilized to defray the cost of valuation of any unpolished diamond pursuant to the provisions of the Diamond Act and to defray the expenses incurred in administering the said Fund.

2. FINANCIAL STATEMENTS

The financial statements published in this report are filed in the Office of the Auditor-General and comprise the following:

Annexure A: Balance sheet

Annexure B: Income and expenditure statement

3. SCOPE OF THE AUDIT

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

The audit included:

- (a) examination, on a test basis, of evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements;
- (b) assessment of the significant estimates and judgements made by the Accounting Officer of the Fund in the accounting of the transactions, his determination of and decision on relevance of the transactions to the Fund and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed; and
- (c) evaluation of the overall adequacy of the presentation of information for its inclusion in the financial statements.

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

- the financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;
- in all material respects, the expenditure and income have been applied to the purposes intended; and
- the financial transactions conform to the authorities which govern them.

4. AUDIT OBSERVATIONS

4.1. Valuation fees

According to shipment form sent to Samicor on the 15th of February 2008, the Fund was supposed to receive an amount of N\$18 548.03 and not N\$ 8 523.26 that was deposited in the Funds bank account.

Recommendation

It is however recommended that the Accounting Officer, should ensures that all the monies received are deposited in the correct bank account.

4.2. Shipment forms

For the third consecutive year the following shipment forms, for monies received from different mining companies were not provided during the audit:

| Date | Detail | Amount |
|--------------|------------------------|-------------------|
| | | N\$ |
| 20/03/2008 | Diamond Fields Namibia | 5 221.90 |
| 08/09/2008 | Samicor | 16 462.20 |
| 15/09/2008 | Fourth Mining Company | 1 486.39 |
| 12/11/2008 | Samicor | 27 518.01 |
| 11/12/2008 | Namdeb | 233 708.50 |
| 17/12/2008 | Namdeb | 245.98 |
| Total | | 284 642.98 |

Recommendation

The Accounting officer is once again recommended to adhere to the requirements of the State Finance Act, 1991 (Act 31 of 1991), with reference to Section 26(1) (b) (i) and (ii). (i) *“the Auditor General shall have access to all books, vouchers, other documents, money, stamps, securities, forms, having face or potential value, equipment, stores and other moveable goods owned or leased by the state or the statutory institution concerned, in the position or under the control of any person and which the Auditor-General deems necessary for an investigation, examination and audit in terms of this Act”*, (ii) *“may request such particulars, accounts and statements as he or she deems necessary for such an investigation, examination and audit”*.

5. ACKNOWLEDGEMENT

The assistance and co-operation of the staff of the Fund during the audit is appreciated.

6. AUDIT OPINION

The financial statements of the Diamond Valuation Fund of Namibia for the financial year ended 31 December 2008 were audited by me in accordance with the provisions of Section 25 (1) of the State Finance Act, 1991 read with Section 63(9) of the Diamond Act, (Act 13 of 1999).

I certify that, in my opinion the financial statements fairly reflect the transactions and the financial position of the Fund for the financial year ended 31 December 2008 and in all material respects the income and expenditure have been applied to the purposes intended and conform to the authorities that govern them.

WINDHOEK, November 2010

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

DIAMOND VALUATION FUND

BALANCE SHEET AS AT 31 DECEMBER

| | 2008 | 2007 |
|--|------------------|------------------|
| | N\$ | N\$ |
| ASSETS | | |
| Current assets | | |
| Cash in the bank | 4 643 774 | 4 794 159 |
| LIABILITIES | | |
| Funds | | |
| Accumulated surplus: Previous year Surplus | 4 794 160 | 3 621 426 |
| (Deficit) of income over expenditure | (150 386.21) | 1 172 733 |
| | 4 643 774 | 4 794 159 |

DIAMOND VALUATION FUND

INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER

| | NOTES | 2008 N\$ | 2007 N\$ |
|--|----------|-------------------|-------------------|
| INCOME | A | | |
| Fees received | | 17 210 932 | 13 996 206 |
| Interest received from the bank | | 370 183 | 257 402 |
| | | 17 581 115 | 14 253 608 |
| TOTAL INCOME | | | |
| EXPENDITURE | | | |
| Government Diamond Valuers | B | 17 605 477 | 12 690 599 |
| Bank charges | | 1 742 | 1 079 |
| Consultant | C | 120 842 | 389 197 |
| Entertainment | | 3 440 | - |
| | | 17 731 501 | 13 080 875 |
| TOTAL EXPENDITURE | | | |
| Surplus/(Deficit) of income over expenditure | | (150 386) | 1 172 733 |

Notes to the Income Statement

A. Income received from producer for valuation done on their production.

B. Paid to Diamond Valuator for Valuation done on Diamonds.

C. Legal advisor to the government on agreements.