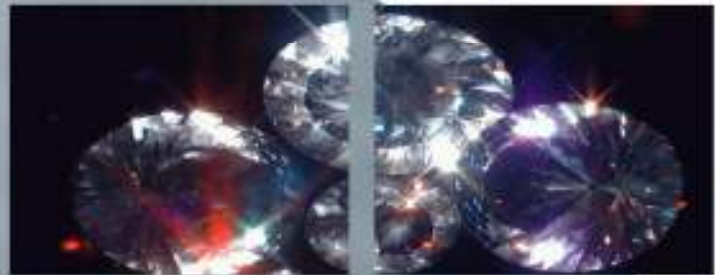




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

DIAMOND VALUATION FUND

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009 and 2010

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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 years ended 31 December 2009 and 2010 in terms of Article 127(2) of the Namibian Constitution. My report is transmitted to the Permanent Secretary in terms of Section 63(7) of the Diamond Act, 1999 (Act 13 of 1999) to be laid upon the Table of the National Assembly by the Minister of Mines and Energy in terms of Section 63(11) of the Act.

WINDHOEK, December 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE DIAMOND VALUATION FUND
OF NAMIBIA FOR THE FINANCIAL YEARS
ENDED 31 DECEMBER 2009 AND 2010**

1. INTRODUCTION

The Diamond Valuation Fund was established in terms of Section 63(1) of the Diamond Act, 1999 (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, 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 sheets

Annexure B: Income and expenditure statements

3. SCOPE OF THE AUDIT

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.

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. Shipment forms

For the fourth financial year, the following amounts of revenue for the 2009 financial year were received to the shipment forms:

Date	Details	Shipment no	Amount/Bank statement	Amount/ Shipment form or invoice	Difference
Feb-09	Namdeb		N\$ 12 673	N\$ 84 487	N\$ (71 814)
Mar-09	Namdeb	CS93-02/09, REVAL			
Apr-09	Namdeb	CS91,Q90,Q91 CS94-03/09 REVAL-	504 579	556 241	(51 662)
May-09	Namdeb	Q90,Q91,S92,C92 CS95-04/09 REVAL Q90,CS92, CS93	888 311	846 954	41 357
Jun-09	Namdeb	CS96-05/09	1 292 565	944 758	347 807
Jul-09	Namdeb	INDIAN SALE CS97-06/09	55 210	347 807	(292 597)
Aug-09	Namdeb	REVAL-Q90-Q94 CS97-06/09 REVAL-Q96, REVAL-Q90-Q96	3 368 736	2 325 365	1 043 371
Sep-09	Namdeb	CS98-07/09	-	1 098 581	(1 098 581)
Oct-09	Namdeb	REVAL-Q93-Q97 CS99-08/09	-	1 462 891	(1 462 891)
Nov-09	Namdeb	REVAL-Q91-Q98 CS00-09/09	-	505 112	(505 112)
Dec-09	Namdeb	REVAL-CS99- 08/09	-	478 507	(478 507)
		CS01-10/09 REVAL-CS99- 08/09	2 000 000	1 280 273	719 727
	Total		8 122 074	9 930 976	(1 808 902)

It is recommended to the Fund to conduct a proper reconciliation of revenue received from mining companies and follow-up on the differences.

From the above, revenue for 2009 is understated by N\$ 1 808 902.

The following Shipment form for 2010 financial year selected for audit purposes could not be provided:

Date	Details	Amount
26/01/2010	Namdeb	N\$ 1 117 713

It is again recommended that the Fund should adhere to the requirements of the State Finance Act, 1991 (Act 31 of 1991), with reference to Section 26(1) (b) (i) and (ii), which stipulates that employees employed by the Office of the Auditor-General shall have access to all relevant documentation.

4.2 Incomplete financial statements

The auditors found that the financial statements for the year ending 2010 were incomplete. Comparative figures, notes to the financial statements and trial balance were not provided by the Fund.

It is recommended that the Fund provides the trial balance, notes to the financial statements and comparative figures for the 2010 financial year.

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 years ended 31 December 2009 and 2010 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, 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 2010 and in all material respects the income and expenditure have been applied for the purposes intended and conform to the authorities that govern them.

Qualified Audit Opinion 2009

The audit opinion for 2009 has been qualified because revenue is understated by N\$ 1 808 902.

In my opinion, except for the effects of the matter described in the above paragraph, the annual financial statement for the year ended 31 December 2009 and in all material respects the income and expenditure have been applied for the purpose intended and conform to the authorities that govern them.

WINDHOEK, December 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

DIAMOND VALUATION FUND

BALANCE SHEETS AS AT 31 DECEMBER 2010

	2010	2009	2008
	N\$	N\$	N\$
ASSETS			
Current assets			
Cash and bank	3 968	122 929	4 643 774
LIABILITIES			
Funds	3 968	122 929	4 643 774
Accumulated surplus: Previous year	122 929	4 643 774	4 794 160
Surplus/(Deficit) of income over expenditure	(118 961)	(4 520 845)	(150 386)
	3 968	122 929	4 643 774

DIAMOND VALUATION FUND

INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2010

	2010	2009	2008
	N\$	N\$	N\$
INCOME			
Fees received from producers	16 804 389	8 427 440	17 210 932
Interest received from the bank	30 694	70 887	370 183
TOTAL INCOME	16 835 083	8 498 327	17 581 115
EXPENDITURE			
Government Diamond Valuers for valuations done	16 952 711	12 920 249	17 605 477
Bank charges	1 333	3 379	1 742
Legal advisor	-	89 984	120 842
Entertainment	-	5 560	3 440
TOTAL EXPENDITURE	16 954 044	13 019 172	17 731 501
Surplus/(Deficit) of income over expenditure	(118 961)	(4 520 845)	(150 386)