



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

DIAMOND VALUATION FUND

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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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 2015 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.

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

WINDHOEK, May 2017

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE
ACCOUNTS OF THE DIAMOND VALUATION FUND
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

1. Report on the Financial Statements

1.1 INTRODUCTION

This report on the accounts of the Diamond Valuation Fund for the financial year ended 31 December 2015 is presented to the National Assembly in accordance with the provisions set out in the Diamond Act, 1999 (Act 13 of 1999).

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

I certify that I have audited the accompanying financial statements of the Diamond Valuation Fund for the financial year ended 31 December 2015. These financial statements comprise of the following statements.

Annexure A: Balance sheet; and
Annexure B: Income statement.

The financial statements were submitted to the Auditor-General by the Accounting Officer in compliance with Section 63 (7) of the Diamond Act Act, 1999, except that they were only submitted on 21 September 2016 instead of three months after the end of the financial year as required by the Act.

2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Section 63 of the Diamond Act, 1999 and relevant legislation and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

3. AUDITOR'S RESPONSIBILITY

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

Powers and duties

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the qualified audit opinion.

4. ACKNOWLEDGEMENT

The courtesy and assistance extended to the Auditor-General and his staff members by the Diamond Valuation Fund administrators during the audit are appreciated.

5. AUDIT OBSERVATIONS

5.1 Unrecorded Liabilities

It was noted that expenditure relating to the 2013 and 2014 financial years amounting to N\$ 49 114 631 were paid in the financial year under review while expenditures not raised as creditors in the previous financial years.

Recommendation

It is recommended that all the payment expenditures not paid at year end should be raised as creditors.

Management Response

The Government Diamond Valuators (GDV) usually submit their invoices a few months after valuation work is done as there is a timing difference between when valuation is done and when actually export of diamonds take place, which is when actual money flow into the fund to defray GDV costs. The other reason is due to insufficient funds during the financial year 2013 and 2014. The fact that the fund received the invoice in 2015 the final could raise it as creditors in 2013 and 2014.

6. Basis for Qualified Audit Opinion

My opinion has been qualified due to:

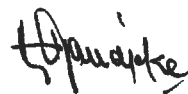
Unrecorded liabilities amounting to N\$ 49 114 631.

7. QUALIFIED AUDIT OPINION

The accounts of the Diamond Valuation Fund for the financial year ended 31 December 2015 summarised in Annexures A to B were audited by me in terms of section 63 (9) of the Diamond Act 1999 (13 of 1999).

In my opinion, except for the possible effects of the matter described in the Basis for Qualified audit Opinion paragraph, the financial statements present fairly in all material respects the financial position of the Diamond Valuation Fund for 2015 and their financial performance and cash flows for the year then ended.

WINDHOEK, May 2017



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**DIAMOND VALUATION FUND
BALANCE SHEET AS AT 31 DECEMBER**

	2015	2014
	N\$	N\$
ASSETS	75 663 112	76 315 397
Current Assets	75 663 112	76 315 397
Cash on hand and Bank		
Total Assets	75 663 112	76 315 397
EQUITY AND LIABILITIES		
Accumulated funds	76 315 397	2 698 634
Operating Surplus/(Deficit)	(652 285)	73 616 763

DIAMOND VALUATION FUND
INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

ANNEXURE B

	<u>2015</u>	<u>2014</u>
	N\$	N\$
INCOME	93 046 368	113 667 208
EXPENDITURE	93 698 653	40 050 445
Net operating surplus/(loss)	(652 285)	73 616 763
Bank interest received	1 556 037	156 074
Accumulated income/(deficit)	(652 285)	73 616 763

