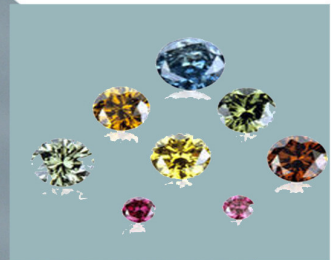




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

# DIAMOND BOARD

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2005 AND 2006

Published by authority

Price (Vat excluded) N\$ 18.94  
Report no 837

**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 Board for the financial years ended 31 December 2005 and 2006 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, May 2010**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT of the AUDITOR- GENERAL  
on the ACCOUNTS of the DIAMOND BOARD  
OF NAMIBIA for the financial years  
ended 31 DECEMBER 2005 and 2006**

**1. INTRODUCTION**

The Diamond Board was established in terms of Section 2(1) of the Diamond Act, (Act 13 of 1999), to advise the Minister on any matter relating to the diamond industry in, and the control and protection of the diamond resources of Namibia. The Board's income is derived mainly from levies imposed on producers.

The Board consists of fourteen (14) members in terms of the Act all appointed by Cabinet. The objectives of the Board are stipulated in terms of Section 3 of the Diamond Act (Act 13 of 1999) as follows -

- (a) to advise the Minister on any matter relating to the diamond industry in, and the control and protection of the diamond resources of, Namibia;
- (b) to advise the Minister on any such matter referred to it by the Minister for investigation or advice;
- (c) to facilitate by financial or other means the promotion and protection of such diamond industry and diamond resources;
- (d) to perform such other functions in relation to the control and protection of such diamond industry and diamond resources as the Minister after consultation with the Board may prescribe.

Figures in the report are rounded off to the nearest Namibia Dollar.

**2. SCOPE OF THE AUDIT**

2.1 The Accounting Officer of the Board 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 Board in the accounting of the transactions, his determination of and decision on relevance of the transactions to the Board 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.
- 2.2 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.

### 3. 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

### 4. AUDIT OBSERVATIONS

#### 4.1 Expenditure

##### 4.1.1 Non-submission of audit information

Vouchers supporting the following expenditure transactions could not be provided for audit purposes:

Date	Details	Amount
		N\$
17/05/2005	Anner's Catering	1 400
13/06/2005	Namibia today	1 256
06/06/2006	MTC	4 170
06/01/2006	PRU Office - Oranjemund	2 800

As a result, expenditure to the value of N\$ 9 626 could not be confirmed. The problem of missing vouchers appears to be of a continuous nature as similar occurrences took place in prior years.

#### Recommendation

It is recommended that the Accounting Officer adheres to the requirements of the State Finance Act, 1991 (Act 31 of 1991), with reference to Section 26(1) (b) (i) and (ii).

All transactions should be supported by the necessary supporting documents and made available for audit.

##### 4.1.2 Protected Resources Unit (PRU) of the Namibian Police

#### 2005 financial year:

The auditors found that the list of expenses for the PRU amounted to N\$ 1 026 154. Included in this amount is N\$ 100 000 which was paid back to the Board on the 10<sup>th</sup> November 2005 and N\$ 60 000 for January 2006 replenishments. Therefore the correct amount should be N\$ 866 154, for the financial year ending 31 December 2005. The income statement reflects an expenditure of N\$ 956 411 as total payments to the PRU for the year. The total expenditure of the PRU has thus been overstated by N\$ 90 257.

#### 2006 financial year:

The auditors also found that the list of expenses for the PRU in the General Ledger amounts to N\$1 057 899, while the income statement reflects an expenditure of N\$ 599 571 as total expenditure for the PRU. The total expenditure of the PRU has thus been understated by N\$ 458 328.

#### Recommendation

It is recommended that the Accounting Officer should ensure that the amount reflected in the financial statements agrees with the General Ledger.

### 4.1.3 Depreciation

#### 2005 financial year:

The asset register reflects an amount of N\$ 296 663 as depreciation for the 2005 financial year. This amount was understated by N\$ 4 876 in the income statement according to the auditors calculations.

#### 2006 financial year:

The asset register reflects an amount of N\$ 89 726 as depreciation for assets bought during the 2006 financial year. However, the auditors calculations amount to N\$ 84 779. Expenditure in the income statement was thus overstated by N\$ 4 947.

#### Recommendation

It is recommended that the Accounting Officer ensures that the amount reflected in the asset register is calculated correctly.

### 4.1.4 Net book value of assets

#### 2005 financial year:

The asset register reflects an amount of N\$ 267 550 as net book value for the 2005 financial year. This amount was understated by N\$ 24 386 in the balance sheet due to unrecorded assets.

#### 2006 financial year:

The asset register reflects an amount of N\$ 367 969 as net book value for assets bought during the 2006 financial year. However, the auditors calculations amount to N\$ 371 551. Assets in the balance sheet were thus understated by N\$ 3 582 due to unrecorded assets.

#### Recommendation

It is recommended that the Accounting Officer ensures that the amount reflected in the asset register is calculated correctly.

### 4.2.1 Non-submission of audit information (2005 and 2006)

The following receipts selected for audit purposes could not be provided at the time of the audit:

Date	Description	Amount
		N\$
21/01/2005	Namdeb	90 299
09/02/2005	Samicor	12 064
17/02/2005	Namdeb	240 557
06/03/2006	Samicor	11 941
18/04/2006	Namdeb	166 397
12/05/2006	Diamond fields	862
26/06/2006	Namdeb	205 359
09/12/2006	Diamond fields	23

Thus an amount of N\$ 727 502 could not be confirmed.

#### Recommendation

It is recommended that the Accounting Officer adheres to the requirements of the State Finance Act, 1991 (Act 31 of 1991), with reference to Section 26(1) (b) (i) and (ii).

All transactions should be supported by the necessary supporting documents.

#### **4.2.2 Fees received (2006)**

The auditors found that the list of fees received according to the General Ledger amounts to N\$ 2 637 634. The Board erroneously recorded N\$ 3 976 which belongs to the Diamond Valuation Fund in its books instead of N\$ 596. Profit has thus been overstated by N\$ 3 380.

#### **Recommendation**

The Accounting Officer should always ensure that correct revenue is recorded in the Board's books.

### **4.3 GENERAL OBSERVATIONS**

#### **4.3.1 Sitting fees (2005)**

The auditors found that Board sitting fees for the 2003 and 2004 financial year were only paid in 2005. No creditor provision had been made for these expenses in those respective years.

#### **Recommendation**

It is recommended that the Board sitting fees are paid in the year in which the meetings occur.

#### **4.3.2 Receipts (2005)**

It was found that the Board uses two receipt books at the same time.

#### **Recommendation**

The Accounting Officer should ensure that only one receipt book is used at a time and only to use the second one when the first receipt book is completed.

#### **4.3.3 Creditors (2006)**

The auditors found that an invoice from a service provider dated 09/12/2005 for services rendered to the Board, was for the prior year but the expenditure was disclosed in the current financial year (2006).

#### **Recommendation**

It is recommended that the Accounting Officer makes sure that expenses incurred for services rendered to the Board are disclosed in the year it relates to.

#### **4.3.4 Attendance lists and minutes (2006)**

Attendance lists and minutes of Board meetings held on the 7th December 2005 and 5<sup>th</sup> December 2006 were not provided to the auditors during the time of the audit.

#### **Recommendation**

The Accounting Officer should ensure that all minutes of meetings are submitted to the auditors during audits.

## **5. ACKNOWLEDGEMENT**

The courtesy extended and assistance rendered by the staff of the Diamond Board of Namibia to the auditors during the audit is appreciated.

## **6. QUALIFIED AUDIT OPINION**

The financial statements of the Diamond Board of Namibia for the financial years ended 31 December 2005 and 2006 were audited by me in accordance with the provisions of Section 25 (1) of the State Finance Act, 1991 read with Section 12 (6) of the Diamond Act, (Act 13 of 1999).

The audit opinion has been qualified due to the following reasons:

- Expenditure relating to the Protected Resources Unit have been over-stated by N\$ 90 257.
- Receipts amounting to N\$ 727 502 could not be confirmed due to a lack of supporting documents.

Except for the above-mentioned remarks, I certify that, in my opinion the financial statements fairly present the financial position of the Board for the financial years ended 31 December 2005 and 2006 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, May 2010**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## DIAMOND BOARD OF NAMIBIA

## BALANCE SHEETS AS AT 31 DECEMBER

	<b>2006</b>	<b>2005</b>	<b>2004</b>
	N\$	N\$	N\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment	406 358	267 550	494 470
<b>Current assets</b>			
Cash in the bank	2 387 323	961 630	2 705 271
<b>Total Assets</b>	<b>2 793 681</b>	<b>1 229 180</b>	<b>3 199 741</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds</b>			
Accumulated surplus: Previous year	1 181 948	3 152 509	1 538 738
Adjustment	-	-	(250 000)
Surplus /(Deficit) of income over expenditure	1 566 733	(1 970 561)	1 863 771
Accumulated surplus: Current year	<b>2 748 681</b>	<b>1 181 948</b>	<b>3 152 509</b>
<b>Current liabilities</b>			
Audit fees – provision	45 000	47 232	47 232
<b>Total funds and liabilities</b>	<b>2 793 681</b>	<b>1 229 180</b>	<b>3 199 741</b>



## ANNEXURE B

## DIAMOND BOARD OF NAMIBIA

## INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER

	<b>2006</b>	<b>2005</b>	<b>2004</b>
	N\$	N\$	N\$
<b>INCOME</b>			
Fees received	2 637 634	442 920	2 809 965
Interest received from the bank	47 788	121 173	99 885
<b>TOTAL INCOME</b>	<b>2 685 422</b>	<b>564 093</b>	<b>2 909 850</b>
<b>EXPENDITURE</b>			
Protected Resources Unit	599 571	956 411	731 340
Audit fees	-	26 339	-
Agents fee	8 558	-	9 914
Bank charges	3 412	2 671	881
Depreciation	318 887	296 663	261 226
Entertainment	7 414	4 713	-
General office expenses	22 751	42 983	345
Sitting fees	30 000	52 500	-
Vehicle insurance	38 186	45 287	42 373
Promotional activities	-	1 107 087	-
Cellphones payment for Diamond Inspector	89 910	-	-
<b>TOTAL EXPENDITURE</b>	<b>1 118 689</b>	<b>2 534 654</b>	<b>1 046 079</b>
Surplus/(Deficit) of income over expenditure	1 566 733	(1 970 561)	1 863 771