



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**

# **DIAMOND VALUATION FUND**

**FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2012 AND 2013**

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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 2012 and 2013 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, August 2016**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**



**REPORT OF THE AUDITOR-GENERAL ON THE  
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FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2012 AND 2013**

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**1. Report on the Financial Statements**

**1.1 INTRODUCTION**

This report on the accounts of the Diamond Valuation Fund for the financial years ended 31 December 2012 and 2013 is presented to the National Assembly in accordance with the terms of Article 127(2) of the Constitution of the Republic of Namibia and 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 years ended 31 December 2012 and 2013. These financial statements comprise the following:

Annexure A: Balance Sheet

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 20 July 2015 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 audit opinion.

#### **4. ACKNOWLEDGEMENT**

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

#### **5. KEY AUDIT FINDINGS**

##### **5.1 Expenditure**

It was noted that expenses amounting to N\$ 2 866 814 (2011) and N\$ 4 142 955 (2012) were incorrectly recorded in 2012 and 2013 financial years respectively. These misstatements occurred due to cash based accounting processing which resulted in material overstatement of expenditure in 2012 and 2013 financial years.

##### **5.2 Unrecorded Liabilities**

It was further noted that expenses amounting to N\$ 4 142 955 for 2012 financial year were incorrectly recorded in the 2013 financial year and therefore resulted in expenses and liabilities being materially understated in 2012.

##### **5.3 Incomplete Financial statements**

The financial statements for the years ended 2012 and 2013 were incomplete. Notes to the financial statements were not provided by the Fund for reporting and audit purposes.

## 6. BASIS FOR QUALIFIED AUDIT OPINION

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

- Expenses were not recorded in the financial year incurred, resulting in a material misstatement of N\$ 2 866 814 (2012) and N\$ 4 142 955 (2013);
- Unrecorded liabilities and expenses amounting to N\$ 4 142 955 (2013).

## 7. QUALIFIED AUDIT OPINION

The accounts of the Diamond Valuation Fund for the financial years ended 31 December 2012 and 2013 summarised in Annexures A to B were audited by me in terms of section 63 (9) of the Diamond Act (13 of 1999).

In my opinion, except for the effects of the matters described in the Basis for Qualified Audit Opinion paragraph, the financial statements fairly reflect the financial position and performance in all material respect of the Fund for the financial years ended 31 December 2012 and 2013.



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

**WINDHOEK, August 2016**

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

	<b>2013</b>	<b>2012</b>	<b>2011</b>
	N\$	N\$	N\$
<b>ASSETS</b>			
<b>Current Assets</b>	<b>2 698 634</b>	<b>1 977 910</b>	<b>2 174 032</b>
Cash on hand and Bank	2 698 634	1 977 910	2 174 032
<b>Total Assets</b>	<b>2 698 634</b>	<b>1 977 910</b>	<b>2 174 032</b>
<b>EQUITY AND LIABILITIES</b>			
Accumulated funds	1 977 910	2 174 032	3 968
Operating Surplus (Deficit)	720 724	(196 122)	2 170 064
<b>Total Equity and Liabilities</b>	<b>2 698 634</b>	<b>1 977 910</b>	<b>2 174 032</b>



## DIAMOND VALUATION FUND

## INCOME STATEMENT FOR YEARS ENDED 31 DECEMBER

	2013	2012	2011
	N\$	N\$	N\$
<b>INCOME</b>	27 112 825	21 241 346	16 607 809
<b>EXPENDITURE</b>	(26 451 485)	(21 502 605)	(14 466 561)
<b>Net operating surplus/(loss)</b>	661 340	(261 258)	2 141 248
Bank interest received	59 384	65 136	28 816
Accumulated income/(deficit)	720 724	(196 122)	2 170 064

