



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
DIAMOND VALUATION FUND  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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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 2016 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, February 2018**

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

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS  
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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 year ended 31 December 2016 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 year ended 31 December 2016. These financial statements comprise of the following statements.

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, 1999.

**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 cooperation given by the staff members to the Diamond Valuation Fund administrators during the audit are appreciated.

## **5. KEY AUDIT FINDINGS**

### **5.1 WRONG CLASSIFICATION**

The auditors noted that a loan amounting to N\$ 2 996 532 which was paid on behalf of Namib Desert Diamond (Pty) Ltd was raised as an expense and not accounts receivable.

## MANAGEMENT RESPONSE/ COMMENTS

*The amount N\$ 2 996 532 paid to NAMDLA was not a loan as indicated but part of the start-up capital amount expended to NAMDLA. This was a rental payment for NAMDLA's office rental expended from Diamond Valuation Fund as per approved Diamond Valuation Fund Budget for 2015/2016 financial Year.*

### 5.2 UNRECORDED ACCOUNTS PAYABLE

The auditors noted that a payment voucher for the 2015 financial year amounting to N\$ 4 320 450 was paid in the financial year under review while it was not raised as trade payable in the previous financial year ended 31 December 2015. It was further noted that a payment voucher paid in 2017 amounting to N\$ 5 379 582 was not raised as accounts payable in the financial year under review. The fund does not accrue for Global Diamond Valuers Namibia (Pty) Ltd invoices.

## MANAGEMENT RESPONSE/ COMMENTS

*The Rough Diamond Sorting Sales and Marketing agreement makes provisions for forty (40) days' time period within which the Valuation and exportation of diamonds shall be completed. Payment of royalties and consequently levies collected can only be paid after the exportations of diamonds have taken place. This mean the Government Diamond Valuers (GDV) can only submit their invoices after the exportation and sales reconciliations have been completed. The Ministry will therefore explore on possible solutions to rectify this situation in future.*

### 6. UNQUALIFIED AUDIT OPINION:

The accounts of the Diamond Valuation Fund for the financial year ended 31 December 2016 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 the financial statements present fairly in all material respects the financial position of the Diamond Valuation Fund as at 31 December 2016 and its financial performance and its cash flows for the year ended in accordance with the State Finance Act, 1991.



WINDHOEK, February 2018

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

## ANNEXURE A

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

	<b>2016</b>	<b>2015</b>
	N\$	N\$
<b>ASSETS</b>		
<b>Current Assets</b>	<b>59 371 550</b>	<b>75 663 112</b>
Cash on hand and Bank	59 371 550	75 663 112
<b>Total Assets</b>	<b>59 371 550</b>	<b>75 663 112</b>
<b>EQUITY AND LIABILITIES</b>		
Accumulated funds	75 663 112	76 315 397
Operating Surplus/(Deficit)	(16 291 562)	(652 285)
<b>Total Equity</b>	<b>59 371 550</b>	<b>75 663 112</b>
<b>Total Equity and Liabilities</b>	<b>59 371 550</b>	<b>75 663 112</b>



## ANNEXURE B

**DIAMOND VALUATION FUND  
INCOME STATEMENT FOR YEAR ENDED 31 DECEMBER**

	<b>2016</b>	<b>2015</b>
	N\$	N\$
<b>INCOME</b>		
Fees received	87 758 257	91 490 331
Interest received from the bank	2 201 619	1 556 037
Refunds	786 207	
<b>Total income</b>	<b>90 746 083</b>	<b>93 046 368</b>
<b>EXPENDITURE</b>		
Global Diamond Valuators (Global Diamond Valuator)	55 625 747	93 687 245
Bank Charges	10 158	2 808
GRN Negotiation Meetings	167 747	8 599
S&T FOR GRN Negotiation Team and Diamond Affairs Staff Members	471 765	-
Air tickets for GRN Negotiation Team and Diamond Affairs Staff Members	1 430 826	-
Refund to Diamond Board of Namibia	25 789	-
Advertisement for Namib Desert Diamonds (Pty) Ltd. Logo	9 604	-
Opening of New Account for Namib Desert Diamonds (Pty) Ltd	46 250 518	-
Rent for Namib Desert Diamonds (Pty) Ltd. Office Premises	2 996 532	-
Filming and Photograph for the Signing Ceremony of the Sales and Marketing Agreement	48 959	-
<b>Total expenditure</b>	<b>107 037 645</b>	<b>93 698 652</b>
<b>Surplus (Deficit)</b>	<b>(16 291 562)</b>	<b>(652 285)</b>

