



**REPUBLIC OF NAMIBIA**



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

# **GUARDIAN FUND**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2000, 2001, 2002,  
2003 AND 2004**

Published by authority

Price (Vat excluded) N\$

Report no 1010

## 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 Guardian Fund for the financial year ended 31 March 2000, 2001, 2002, 2003 and 2004 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, November 2011**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL  
ON THE ACCOUNTS OF THE GUARDIAN FUND  
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2000, 2001, 2002, 2003 AND 2004**

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**1. INTRODUCTION**

The accounts of the Guardian Fund for the years ended 31 March 2000, 2001, 2002, 2003 and 2004 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991).

The firm PKF (Namibia) has been appointed in terms of section 26 (2) of the State Finance Act, 1991, to audit the accounts of the fund on behalf of the Auditor-General and under his supervision.

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

**2. FINANCIAL STATEMENTS**

The Fund's financial statements were submitted to the Auditor-General by the Accounting Officer on 30 November 2010. The financial statements are filed in the Office of the Auditor-General.

The following annexure is also attached to this report:

Annexure A: Balance sheets

Annexure B: Liabilities - Differences between the annual financial statements and the Guardian Fund System

Annexure C: Statement of receipts and payments

**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 as carried out by the said firm, included:

- a) Examination on a test basis of the evidence relevant to the amounts, disclosure and regularity of the financial transactions included in the financial statements;
- b) assessment of the significant estimates and judgements made by the Accounting Officer of the fund in preparation of the financial statements and 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 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 irregularities;
- in all material respects, the expenditure and income have been applied for the purposes intended; and
- the financial transactions conform to the authorities which govern them.

## **4. AUDIT OBSERVATIONS AND COMMENTS**

### **4.1 Liabilities**

#### ***Receiver of Revenue monies***

The Guardian Fund system does not appear to be set-up to identify all monies that have remained unclaimed for a period of thirty years to transfer these balances to the Receiver of Revenue account. Therefore, the completeness and accuracy of this account could not be verified.

The Receiver of Revenue monies were not paid over to the state as per the section 92 of chapter V of the Administration Act of 1965.

#### ***Unclaimed monies and unclaimed commission monies***

The Guardian Fund system does not appear to be set up to identify all minors (21 years and less) that have turned majors (21 years and more) during a specific period. The transfer of balances of minors that turned majors on the A-Z account to the unclaimed monies account is done manually. A detailed list of minors that turned majors could not be provided, and therefore the completeness and accuracy of both accounts could not be verified.

Money held on the A-Z account for the credit of minors is interest-bearing, whereas money held to the credit of majors on the unclaimed monies account does not bear interest. As the auditors were unable to establish if all money on minors that turned majors have been transferred to the non-interest bearing unclaimed monies account, the auditors were unable to verify whether majors have received interest that they were not entitled to.

#### ***Interest Stabilisation Fund (ISF)***

The accuracy of the interest journal allocating interest from the ISF to the interest bearing accounts could not be ascertained for the year ended 31 March 2000. The auditors identified a difference of N\$ 391 346 between the ISF detailed list and the interest journal allocating the interest from the ISF to the interest bearing accounts, the ISF detailed interest list being more.

As per Section 88 of Chapter V of the Administration Act of 1965, interest is calculated as determined by the Cabinet from time to time. The letters from the Cabinet approving the interest rate changes from 2000 and 2001 financial years could not be located during the audit and thus the accuracy of the interest capitalised could not be verified.

#### ***Payments from the Guardian Fund's accounts***

Payments made from the fund in some cases did not have all the supporting documentation attached and therefore it could not be determined whether these were valid payments or not. The duties between the personnel initiating the payment and the personnel signing the physical cheques or making the Electronic Fund Transfer (EFT) approval are, however, segregated.

### **4.2 Liabilities - Differences between financial statements and Guardian Fund system**

The auditors noted differences between the balances as per the Guardian Fund accounting system as at 31 March 2000, 31 March 2001, 31 March 2002, 31 March 2003 and 31 March 2004 and the balances as per the Pastel system, from which the financial statements were prepared.

These differences are summarised as per Annexure B.

### 4.3 Assets

#### *Investments*

The auditors were unable to get all confirmations of balances from institutions where investments were held at year end and therefore the accuracy and completeness of the following investment balances could not be verified:

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
	N\$	N\$	N\$	N\$	N\$
Totals per confirmation from financial institution	13 000 000	17 500 000	75 949 097	100 322 406	223 233 372
Totals per financial statements	140 788 755	178 292 202	211 911 685	263 541 510	316 866 346
Difference	<b>(127 788 755)</b>	<b>(160 792 202)</b>	<b>(135 962 589)</b>	<b>(163 219 104)</b>	<b>(93 632 975)</b>

Investments for the following institutions were not received to date:

- Standard Bank
- Nedbank

#### *Bank balances*

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
	N\$	N\$	N\$	N\$	N\$
Cash on current account	<b>3 098 334</b>	<b>2 148 948</b>	<b>10 426 404</b>	<b>2 771 479</b>	<b>3 585 785</b>

These balances could all be satisfactory verified.

### 4.4 OPENING BALANCES

For the year beginning 1999/2000 the correctness of the opening balances could not be verified due to the fact that the balances could not be provided for audit purposes.

## 5. ACKNOWLEDGEMENT

The assistance and co-operation given by the management and staff of the fund during the audit is appreciated.

## 6. FINANCIAL RESULTS

The results of the various operations and of transactions on the assets and liabilities accounts for the years are as follows:

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
	N\$	N\$	N\$	N\$	N\$
<b>Assets</b>					
Investment account	140 788 755	178 292 201	211 911 685	263 541 510	316 866 346
Cash on current account	3 098 334	2 148 948	10 426 404	2 771 479	3 585 785
<b>Total assets</b>	<b>143 887 089</b>	<b>180 441 149</b>	<b>222 338 089</b>	<b>266 312 989</b>	<b>320 452 131</b>
<b>Liabilities</b>					
Interest bearing accounts	135 746 501	170 245 984	212 684 027	256 313 286	308 342 537
Unclaimed monies	3 856 672	3 935 959	2 863 120	5 472 792	4 552 001
Unclaimed commission monies	826 823	783 817	101 671	159 414	168 004
Receiver of revenue	1 940 378	1 913 571	1 905 403	1 905 402	1 875 323
Interest stabilisation fund	1 516 715	3 561 818	4 783 868	2 462 095	5 514 266
<b>Total liabilities</b>	<b>143 887 089</b>	<b>180 441 149</b>	<b>222 338 089</b>	<b>266 312 989</b>	<b>320 452 131</b>

## 7. SUSPENSE ACCOUNTS

No suspense accounts were noted.

## 8. IRREGULARITIES AND LOSSES

No irregularities and losses, other than items noted above, were revealed by the audit for the year under review.

## 9. CLAIMS AGAINST THE FUND

No material claims against the Guardian Fund were received during the years under review.

## 10. GIFTS / DONATIONS BY / TO THE GUARDIAN FUND

No gift or donation was paid to/by the Guardian Fund for the years under review.

## 11. TRANSFER OF PROPERTY TO / FROM GOVERNMENT

There was no transfer of property to / from government for the years under review.

## 12. SPECIAL INVESTIGATIONS

No special investigations were carried out during the year.

## **13. GENERAL**

### **13.1 Internal controls**

The design of the accounting and internal controls are satisfactory, however the execution of the controls are not properly implemented. Proper segregation of duties is not always feasible due to the small number of staff employed. While increased management involvement reduces risks, the risk arises that management and the Fund override existing controls, a potential dangerous practice which the fund should vigilantly guard against.

The auditors noted that changes to the data in the Guardian Fund accounting system can be made after original entry. The auditors were unable to view an access log to the system that shows the identity of the person accessing the system, the time of access and the changes made. The ability to make changes to the system, without being able to trace these changes, could undermine the integrity of the data in the system.

### **13.2 Formal and informal queries**

Formal queries are embodied in this report.

Informal queries were addressed to the Master of the High Court and dealt with locally.

## **14. DISCLAIMED AUDIT OPINION**

The accounts of the Guardian fund for the financial years ended 31 March 2000, 31 March 2001, 31 March 2002, 31 March 2003 and 31 March 2004, summarised per Annexure A, were audited by me in terms of the provisions of Chapter V of the Administration Act 66 of 1965, read with section 25(1)(b) of the State Finance Act, 1991.

I am unable to express an audit opinion due to the following reasons:

- The Guardian system appears to be unable to identify all monies unclaimed for a period of thirty (30) years to be transferred to the Receive of Revenue account.
- The Guardian fund system appears to be unable to identify all minors that have turned majors.
- The accuracy of the interest journal allocating interest from the Interest Stabilisation fund to the interest bearing accounts could not be ascertained.
- Payments made from the fund in some cases did not have all the supporting documentation attached.
- Differences between the balances as per the Guardian fund system and Pastel system were noted.
- Auditors were unable to get all confirmations of financial statements of balances from institutions where investments were held.

**WINDHOEK, November 2011**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## GUARDIAN FUND: MASTER OF THE HIGH COURT

## BALANCE SHEETS FOR THE FINANCIAL YEARS ENDED 31 MARCH

	<b>2004</b>	<b>2003</b>	<b>2002</b>
	N\$	N\$	N\$
<b>Assets</b>			
Investment account	316 866 346	263 541 510	211 911 685
Cash on current account	3 585 785	2 771 479	10 426 404
	<b>320 452 131</b>	<b>266 312 989</b>	<b>222 338 089</b>
<b>Liabilities</b>			
Interest bearing accounts	308 342 537	256 313 286	212 684 027
Unclaimed monies	4 552 001	5 472 792	2 863 121
Unclaimed commission monies	168 004	159 414	101 671
Receiver of Revenue	1 875 323	1 905 402	1 905 402
Interest Stabilisation Fund	5 514 266	2 462 095	4 783 868
	<b>320 452 131</b>	<b>266 312 989</b>	<b>222 338 089</b>
	<b>2002</b>	<b>2001</b>	<b>2000</b>
	N\$	N\$	N\$
<b>Assets</b>			
Investment account	211 911 685	178 292 201	140 788 755
Cash on current account	10 426 404	2 148 948	3 098 334
	<b>222 338 089</b>	<b>180 441 149</b>	<b>143 887 089</b>
<b>Liabilities</b>			
Interest bearing accounts	212 684 027	170 245 984	135 746 501
Unclaimed monies	2 863 120	3 935 959	3 856 672
Unclaimed commission monies	101 671	783 817	826 823
Receiver of revenue	1 905 403	1 913 571	1 940 378
Interest Stabilisation Fund	4 783 868	3 561 818	1 516 715
	<b>222 338 089</b>	<b>180 441 149</b>	<b>143 887 089</b>



## GUARDIAN FUND: MASTER OF THE HIGH COURT

## BALANCE SHEET FOR THE FINANCIAL YEARS ENDED 31 MARCH (continued)

	<b>2000</b>	<b>1999</b>
	N\$	N\$
<b>Assets</b>		
Investment account	140 788 755	100 571 637
Cash on current account	3 098 334	2 784 645
	<b>143 887 089</b>	<b>103 356 282</b>
<b>Liabilities</b>		
Interest bearing accounts	135 746 501	95 126 614
Unclaimed monies	3 856 672	5 313 549
Unclaimed commission monies	826 823	809 333
Receiver of revenue	1 940 378	1 979 552
Interest Stabilisation Fund	1 516 715	127 234
	<b>143 887 089</b>	<b>103 356 282</b>

**GUARDIAN FUND: MASTER OF THE HIGH COURT**  
**LIABILITIES - DIFFERENCES BETWEEN THE ANNUAL FINANCIAL STATEMENTS AND**  
**THE GUARDIAN FUND SYSTEM FOR THE FINANCIAL YEARS ENDED 31 MARCH**

<b>INVESTMENT ACCOUNTS</b>				
	<b>Assets on 1 April</b>	<b>Investments realized</b>	<b>Investments made</b>	<b>Balance on 31 March</b>
	N\$	N\$	N\$	N\$
<b>2004</b>	263 541 510	214 250 000	267 574 835	316 866 346
<b>2003</b>	211 911 685	192 870 174	244 500 000	263 541 510
<b>2002</b>	178 292 201	123 380 516	157 000 000	211 911 685
<b>2001</b>	140 788 755	128 496 553	166 000 000	178 292 201

<b>Institutions</b>	<b>Assets on 1/4/1999</b>	<b>Deposits</b>	<b>Withdrawals</b>	<b>Balance on 31/3/2000</b>
	N\$	N\$	N\$	N\$
Stocks	4 354 630	-	379 637	3 974 993
Policies	2 000 000	-	-	2 000 000
Shares	17 007	-	-	17 007
Building Societies	19 200 000	45 500 000	25 200 000	39 500 000
Banks	75 000 000	89 296 755	69 000 000	95 296 755
	<b>100 571 637</b>	<b>134 796 755</b>	<b>94 579 637</b>	<b>140 788 755</b>

## GUARDIAN FUND: MASTER OF THE HIGH COURT

## STATEMENT OF RECEIPTS AND PAYMENTS FOR THE FINANCIAL YEAR 2000/2001

	<b>Opening balance</b>	<b>Receipts</b>	<b>Payments</b>	<b>Closing balance</b>
	N\$	N\$	N\$	N\$
Interest bearing accounts	135 746 501	51 921 134	10 865 819	-
Unclaimed monies	3 856 672	1 989 774	2 060 121	3 927 020
Unclaimed commission monies	826 823	9 204	52 211	783 817
Receiver of Revenue	1 940 378	2 610	29 417	1 913 571
Interest Stabilisation Fund	1 516 715	18 620 428	17 702 270	-
	<b>143 887 089</b>	<b>72 543 150</b>	<b>30 709 838</b>	<b>6 624 408</b>



REPUBLIC OF NAMIBIA



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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 Guardian Fund for the financial year ended 31 March 2000, 2001, 2002, 2003 and 2004 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, November 2011**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL  
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**1. INTRODUCTION**

The accounts of the Guardian Fund for the years ended 31 March 2000, 2001, 2002, 2003 and 2004 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991).

The firm PKF (Namibia) has been appointed in terms of section 26 (2) of the State Finance Act, 1991, to audit the accounts of the fund on behalf of the Auditor-General and under his supervision.

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

**2. FINANCIAL STATEMENTS**

The Fund's financial statements were submitted to the Auditor-General by the Accounting Officer on 30 November 2010. The financial statements are filed in the Office of the Auditor-General.

The following annexure is also attached to this report:

Annexure A: Balance sheets

Annexure B: Liabilities - Differences between the annual financial statements and the Guardian Fund System

Annexure C: Statement of receipts and payments

**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 as carried out by the said firm, included:

- a) Examination on a test basis of the evidence relevant to the amounts, disclosure and regularity of the financial transactions included in the financial statements;
- b) assessment of the significant estimates and judgements made by the Accounting Officer of the fund in preparation of the financial statements and whether the accounting policies are appropriate to the fund's circumstances, consistently applied and adequately disclosed; and
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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 irregularities;
- in all material respects, the expenditure and income have been applied for the purposes intended; and
- the financial transactions conform to the authorities which govern them.

## **4. AUDIT OBSERVATIONS AND COMMENTS**

### **4.1 Liabilities**

#### ***Receiver of Revenue monies***

The Guardian Fund system does not appear to be set-up to identify all monies that have remained unclaimed for a period of thirty years to transfer these balances to the Receiver of Revenue account. Therefore, the completeness and accuracy of this account could not be verified.

The Receiver of Revenue monies were not paid over to the state as per the section 92 of chapter V of the Administration Act of 1965.

#### ***Unclaimed monies and unclaimed commission monies***

The Guardian Fund system does not appear to be set up to identify all minors (21 years and less) that have turned majors (21 years and more) during a specific period. The transfer of balances of minors that turned majors on the A-Z account to the unclaimed monies account is done manually. A detailed list of minors that turned majors could not be provided, and therefore the completeness and accuracy of both accounts could not be verified.

Money held on the A-Z account for the credit of minors is interest-bearing, whereas money held to the credit of majors on the unclaimed monies account does not bear interest. As the auditors were unable to establish if all money on minors that turned majors have been transferred to the non-interest bearing unclaimed monies account, the auditors were unable to verify whether majors have received interest that they were not entitled to.

#### ***Interest Stabilisation Fund (ISF)***

The accuracy of the interest journal allocating interest from the ISF to the interest bearing accounts could not be ascertained for the year ended 31 March 2000. The auditors identified a difference of N\$ 391 346 between the ISF detailed list and the interest journal allocating the interest from the ISF to the interest bearing accounts, the ISF detailed interest list being more.

As per Section 88 of Chapter V of the Administration Act of 1965, interest is calculated as determined by the Cabinet from time to time. The letters from the Cabinet approving the interest rate changes from 2000 and 2001 financial years could not be located during the audit and thus the accuracy of the interest capitalised could not be verified.

#### ***Payments from the Guardian Fund's accounts***

Payments made from the fund in some cases did not have all the supporting documentation attached and therefore it could not be determined whether these were valid payments or not. The duties between the personnel initiating the payment and the personnel signing the physical cheques or making the Electronic Fund Transfer (EFT) approval are, however, segregated.

### **4.2 Liabilities - Differences between financial statements and Guardian Fund system**

The auditors noted differences between the balances as per the Guardian Fund accounting system as at 31 March 2000, 31 March 2001, 31 March 2002, 31 March 2003 and 31 March 2004 and the balances as per the Pastel system, from which the financial statements were prepared.

These differences are summarised as per Annexure B.

### 4.3 Assets

#### *Investments*

The auditors were unable to get all confirmations of balances from institutions where investments were held at year end and therefore the accuracy and completeness of the following investment balances could not be verified:

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
	N\$	N\$	N\$	N\$	N\$
Totals per confirmation from financial institution	13 000 000	17 500 000	75 949 097	100 322 406	223 233 372
Totals per financial statements	140 788 755	178 292 202	211 911 685	263 541 510	316 866 346
Difference	<b>(127 788 755)</b>	<b>(160 792 202)</b>	<b>(135 962 589)</b>	<b>(163 219 104)</b>	<b>(93 632 975)</b>

Investments for the following institutions were not received to date:

- Standard Bank
- Nedbank

#### *Bank balances*

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
	N\$	N\$	N\$	N\$	N\$
Cash on current account	<b>3 098 334</b>	<b>2 148 948</b>	<b>10 426 404</b>	<b>2 771 479</b>	<b>3 585 785</b>

These balances could all be satisfactory verified.

### 4.4 OPENING BALANCES

For the year beginning 1999/2000 the correctness of the opening balances could not be verified due to the fact that the balances could not be provided for audit purposes.

## 5. ACKNOWLEDGEMENT

The assistance and co-operation given by the management and staff of the fund during the audit is appreciated.



## 6. FINANCIAL RESULTS

The results of the various operations and of transactions on the assets and liabilities accounts for the years are as follows:

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
	N\$	N\$	N\$	N\$	N\$
<b>Assets</b>					
Investment account	140 788 755	178 292 201	211 911 685	263 541 510	316 866 346
Cash on current account	3 098 334	2 148 948	10 426 404	2 771 479	3 585 785
<b>Total assets</b>	<b>143 887 089</b>	<b>180 441 149</b>	<b>222 338 089</b>	<b>266 312 989</b>	<b>320 452 131</b>
<b>Liabilities</b>					
Interest bearing accounts	135 746 501	170 245 984	212 684 027	256 313 286	308 342 537
Unclaimed monies	3 856 672	3 935 959	2 863 120	5 472 792	4 552 001
Unclaimed commission monies	826 823	783 817	101 671	159 414	168 004
Receiver of revenue	1 940 378	1 913 571	1 905 403	1 905 402	1 875 323
Interest stabilisation fund	1 516 715	3 561 818	4 783 868	2 462 095	5 514 266
<b>Total liabilities</b>	<b>143 887 089</b>	<b>180 441 149</b>	<b>222 338 089</b>	<b>266 312 989</b>	<b>320 452 131</b>

## 7. SUSPENSE ACCOUNTS

No suspense accounts were noted.

## 8. IRREGULARITIES AND LOSSES

No irregularities and losses, other than items noted above, were revealed by the audit for the year under review.

## 9. CLAIMS AGAINST THE FUND

No material claims against the Guardian Fund were received during the years under review.

## 10. GIFTS / DONATIONS BY / TO THE GUARDIAN FUND

No gift or donation was paid to/by the Guardian Fund for the years under review.

## 11. TRANSFER OF PROPERTY TO / FROM GOVERNMENT

There was no transfer of property to / from government for the years under review.

## 12. SPECIAL INVESTIGATIONS

No special investigations were carried out during the year.

## **13. GENERAL**

### **13.1 Internal controls**

The design of the accounting and internal controls are satisfactory, however the execution of the controls are not properly implemented. Proper segregation of duties is not always feasible due to the small number of staff employed. While increased management involvement reduces risks, the risk arises that management and the Fund override existing controls, a potential dangerous practice which the fund should vigilantly guard against.

The auditors noted that changes to the data in the Guardian Fund accounting system can be made after original entry. The auditors were unable to view an access log to the system that shows the identity of the person accessing the system, the time of access and the changes made. The ability to make changes to the system, without being able to trace these changes, could undermine the integrity of the data in the system.

### **13.2 Formal and informal queries**

Formal queries are embodied in this report.

Informal queries were addressed to the Master of the High Court and dealt with locally.

## **14. DISCLAIMED AUDIT OPINION**

The accounts of the Guardian fund for the financial years ended 31 March 2000, 31 March 2001, 31 March 2002, 31 March 2003 and 31 March 2004, summarised per Annexure A, were audited by me in terms of the provisions of Chapter V of the Administration Act 66 of 1965, read with section 25(1)(b) of the State Finance Act, 1991.

I am unable to express an audit opinion due to the following reasons:

- The Guardian system appears to be unable to identify all monies unclaimed for a period of thirty (30) years to be transferred to the Receive of Revenue account.
- The Guardian fund system appears to be unable to identify all minors that have turned majors.
- The accuracy of the interest journal allocating interest from the Interest Stabilisation fund to the interest bearing accounts could not be ascertained.
- Payments made from the fund in some cases did not have all the supporting documentation attached.
- Differences between the balances as per the Guardian fund system and Pastel system were noted.
- Auditors were unable to get all confirmations of financial statements of balances from institutions where investments were held.

**WINDHOEK, November 2011**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## GUARDIAN FUND: MASTER OF THE HIGH COURT

## BALANCE SHEETS FOR THE FINANCIAL YEARS ENDED 31 MARCH

	<b>2004</b>	<b>2003</b>	<b>2002</b>
	N\$	N\$	N\$
<b>Assets</b>			
Investment account	316 866 346	263 541 510	211 911 685
Cash on current account	3 585 785	2 771 479	10 426 404
	<b>320 452 131</b>	<b>266 312 989</b>	<b>222 338 089</b>
<b>Liabilities</b>			
Interest bearing accounts	308 342 537	256 313 286	212 684 027
Unclaimed monies	4 552 001	5 472 792	2 863 121
Unclaimed commission monies	168 004	159 414	101 671
Receiver of Revenue	1 875 323	1 905 402	1 905 402
Interest Stabilisation Fund	5 514 266	2 462 095	4 783 868
	<b>320 452 131</b>	<b>266 312 989</b>	<b>222 338 089</b>
	<b>2002</b>	<b>2001</b>	<b>2000</b>
	N\$	N\$	N\$
<b>Assets</b>			
Investment account	211 911 685	178 292 201	140 788 755
Cash on current account	10 426 404	2 148 948	3 098 334
	<b>222 338 089</b>	<b>180 441 149</b>	<b>143 887 089</b>
<b>Liabilities</b>			
Interest bearing accounts	212 684 027	170 245 984	135 746 501
Unclaimed monies	2 863 120	3 935 959	3 856 672
Unclaimed commission monies	101 671	783 817	826 823
Receiver of revenue	1 905 403	1 913 571	1 940 378
Interest Stabilisation Fund	4 783 868	3 561 818	1 516 715
	<b>222 338 089</b>	<b>180 441 149</b>	<b>143 887 089</b>

## GUARDIAN FUND: MASTER OF THE HIGH COURT

## BALANCE SHEET FOR THE FINANCIAL YEARS ENDED 31 MARCH (continued)

	<b>2000</b>	<b>1999</b>
	N\$	N\$
<b>Assets</b>		
Investment account	140 788 755	100 571 637
Cash on current account	3 098 334	2 784 645
	<b>143 887 089</b>	<b>103 356 282</b>
<b>Liabilities</b>		
Interest bearing accounts	135 746 501	95 126 614
Unclaimed monies	3 856 672	5 313 549
Unclaimed commission monies	826 823	809 333
Receiver of revenue	1 940 378	1 979 552
Interest Stabilisation Fund	1 516 715	127 234
	<b>143 887 089</b>	<b>103 356 282</b>

**GUARDIAN FUND: MASTER OF THE HIGH COURT**  
**LIABILITIES - DIFFERENCES BETWEEN THE ANNUAL FINANCIAL STATEMENTS AND**  
**THE GUARDIAN FUND SYSTEM FOR THE FINANCIAL YEARS ENDED 31 MARCH**

<b>INVESTMENT ACCOUNTS</b>				
	<b>Assets on 1 April</b>	<b>Investments realized</b>	<b>Investments made</b>	<b>Balance on 31 March</b>
	N\$	N\$	N\$	N\$
<b>2004</b>	263 541 510	214 250 000	267 574 835	316 866 346
<b>2003</b>	211 911 685	192 870 174	244 500 000	263 541 510
<b>2002</b>	178 292 201	123 380 516	157 000 000	211 911 685
<b>2001</b>	140 788 755	128 496 553	166 000 000	178 292 201

<b>Institutions</b>	<b>Assets on 1/4/1999</b>	<b>Deposits</b>	<b>Withdrawals</b>	<b>Balance on 31/3/2000</b>
	N\$	N\$	N\$	N\$
Stocks	4 354 630	-	379 637	3 974 993
Policies	2 000 000	-	-	2 000 000
Shares	17 007	-	-	17 007
Building Societies	19 200 000	45 500 000	25 200 000	39 500 000
Banks	75 000 000	89 296 755	69 000 000	95 296 755
	<b>100 571 637</b>	<b>134 796 755</b>	<b>94 579 637</b>	<b>140 788 755</b>

## GUARDIAN FUND: MASTER OF THE HIGH COURT

## STATEMENT OF RECEIPTS AND PAYMENTS FOR THE FINANCIAL YEAR 2000/2001

	<b>Opening balance</b>	<b>Receipts</b>	<b>Payments</b>	<b>Closing balance</b>
	N\$	N\$	N\$	N\$
Interest bearing accounts	135 746 501	51 921 134	10 865 819	-
Unclaimed monies	3 856 672	1 989 774	2 060 121	3 927 020
Unclaimed commission monies	826 823	9 204	52 211	783 817
Receiver of Revenue	1 940 378	2 610	29 417	1 913 571
Interest Stabilisation Fund	1 516 715	18 620 428	17 702 270	-
	<b>143 887 089</b>	<b>72 543 150</b>	<b>30 709 838</b>	<b>6 624 408</b>



**REPUBLIC OF NAMIBIA**



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

# **GUARDIAN FUND**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2000, 2001, 2002,  
2003 AND 2004**

Published by authority

Price (Vat excluded) N\$

Report no 1010

## 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 Guardian Fund for the financial year ended 31 March 2000, 2001, 2002, 2003 and 2004 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, November 2011**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**



**REPORT OF THE AUDITOR-GENERAL  
ON THE ACCOUNTS OF THE GUARDIAN FUND  
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2000, 2001, 2002, 2003 AND 2004**

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**1. INTRODUCTION**

The accounts of the Guardian Fund for the years ended 31 March 2000, 2001, 2002, 2003 and 2004 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991).

The firm PKF (Namibia) has been appointed in terms of section 26 (2) of the State Finance Act, 1991, to audit the accounts of the fund on behalf of the Auditor-General and under his supervision.

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

**2. FINANCIAL STATEMENTS**

The Fund's financial statements were submitted to the Auditor-General by the Accounting Officer on 30 November 2010. The financial statements are filed in the Office of the Auditor-General.

The following annexure is also attached to this report:

Annexure A: Balance sheets

Annexure B: Liabilities - Differences between the annual financial statements and the Guardian Fund System

Annexure C: Statement of receipts and payments

**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 as carried out by the said firm, included:

- a) Examination on a test basis of the evidence relevant to the amounts, disclosure and regularity of the financial transactions included in the financial statements;
- b) assessment of the significant estimates and judgements made by the Accounting Officer of the fund in preparation of the financial statements and 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 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 irregularities;
- in all material respects, the expenditure and income have been applied for the purposes intended; and
- the financial transactions conform to the authorities which govern them.

## **4. AUDIT OBSERVATIONS AND COMMENTS**

### **4.1 Liabilities**

#### ***Receiver of Revenue monies***

The Guardian Fund system does not appear to be set-up to identify all monies that have remained unclaimed for a period of thirty years to transfer these balances to the Receiver of Revenue account. Therefore, the completeness and accuracy of this account could not be verified.

The Receiver of Revenue monies were not paid over to the state as per the section 92 of chapter V of the Administration Act of 1965.

#### ***Unclaimed monies and unclaimed commission monies***

The Guardian Fund system does not appear to be set up to identify all minors (21 years and less) that have turned majors (21 years and more) during a specific period. The transfer of balances of minors that turned majors on the A-Z account to the unclaimed monies account is done manually. A detailed list of minors that turned majors could not be provided, and therefore the completeness and accuracy of both accounts could not be verified.

Money held on the A-Z account for the credit of minors is interest-bearing, whereas money held to the credit of majors on the unclaimed monies account does not bear interest. As the auditors were unable to establish if all money on minors that turned majors have been transferred to the non-interest bearing unclaimed monies account, the auditors were unable to verify whether majors have received interest that they were not entitled to.

#### ***Interest Stabilisation Fund (ISF)***

The accuracy of the interest journal allocating interest from the ISF to the interest bearing accounts could not be ascertained for the year ended 31 March 2000. The auditors identified a difference of N\$ 391 346 between the ISF detailed list and the interest journal allocating the interest from the ISF to the interest bearing accounts, the ISF detailed interest list being more.

As per Section 88 of Chapter V of the Administration Act of 1965, interest is calculated as determined by the Cabinet from time to time. The letters from the Cabinet approving the interest rate changes from 2000 and 2001 financial years could not be located during the audit and thus the accuracy of the interest capitalised could not be verified.

#### ***Payments from the Guardian Fund's accounts***

Payments made from the fund in some cases did not have all the supporting documentation attached and therefore it could not be determined whether these were valid payments or not. The duties between the personnel initiating the payment and the personnel signing the physical cheques or making the Electronic Fund Transfer (EFT) approval are, however, segregated.

### **4.2 Liabilities - Differences between financial statements and Guardian Fund system**

The auditors noted differences between the balances as per the Guardian Fund accounting system as at 31 March 2000, 31 March 2001, 31 March 2002, 31 March 2003 and 31 March 2004 and the balances as per the Pastel system, from which the financial statements were prepared.

These differences are summarised as per Annexure B.

### 4.3 Assets

#### *Investments*

The auditors were unable to get all confirmations of balances from institutions where investments were held at year end and therefore the accuracy and completeness of the following investment balances could not be verified:

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
	N\$	N\$	N\$	N\$	N\$
Totals per confirmation from financial institution	13 000 000	17 500 000	75 949 097	100 322 406	223 233 372
Totals per financial statements	140 788 755	178 292 202	211 911 685	263 541 510	316 866 346
Difference	<b>(127 788 755)</b>	<b>(160 792 202)</b>	<b>(135 962 589)</b>	<b>(163 219 104)</b>	<b>(93 632 975)</b>

Investments for the following institutions were not received to date:

- Standard Bank
- Nedbank

#### *Bank balances*

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
	N\$	N\$	N\$	N\$	N\$
Cash on current account	<b>3 098 334</b>	<b>2 148 948</b>	<b>10 426 404</b>	<b>2 771 479</b>	<b>3 585 785</b>

These balances could all be satisfactory verified.

### 4.4 OPENING BALANCES

For the year beginning 1999/2000 the correctness of the opening balances could not be verified due to the fact that the balances could not be provided for audit purposes.

## 5. ACKNOWLEDGEMENT

The assistance and co-operation given by the management and staff of the fund during the audit is appreciated.

## 6. FINANCIAL RESULTS

The results of the various operations and of transactions on the assets and liabilities accounts for the years are as follows:

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
	N\$	N\$	N\$	N\$	N\$
<b>Assets</b>					
Investment account	140 788 755	178 292 201	211 911 685	263 541 510	316 866 346
Cash on current account	3 098 334	2 148 948	10 426 404	2 771 479	3 585 785
<b>Total assets</b>	<b>143 887 089</b>	<b>180 441 149</b>	<b>222 338 089</b>	<b>266 312 989</b>	<b>320 452 131</b>
<b>Liabilities</b>					
Interest bearing accounts	135 746 501	170 245 984	212 684 027	256 313 286	308 342 537
Unclaimed monies	3 856 672	3 935 959	2 863 120	5 472 792	4 552 001
Unclaimed commission monies	826 823	783 817	101 671	159 414	168 004
Receiver of revenue	1 940 378	1 913 571	1 905 403	1 905 402	1 875 323
Interest stabilisation fund	1 516 715	3 561 818	4 783 868	2 462 095	5 514 266
<b>Total liabilities</b>	<b>143 887 089</b>	<b>180 441 149</b>	<b>222 338 089</b>	<b>266 312 989</b>	<b>320 452 131</b>

## 7. SUSPENSE ACCOUNTS

No suspense accounts were noted.

## 8. IRREGULARITIES AND LOSSES

No irregularities and losses, other than items noted above, were revealed by the audit for the year under review.

## 9. CLAIMS AGAINST THE FUND

No material claims against the Guardian Fund were received during the years under review.

## 10. GIFTS / DONATIONS BY / TO THE GUARDIAN FUND

No gift or donation was paid to/by the Guardian Fund for the years under review.

## 11. TRANSFER OF PROPERTY TO / FROM GOVERNMENT

There was no transfer of property to / from government for the years under review.

## 12. SPECIAL INVESTIGATIONS

No special investigations were carried out during the year.

## **13. GENERAL**

### **13.1 Internal controls**

The design of the accounting and internal controls are satisfactory, however the execution of the controls are not properly implemented. Proper segregation of duties is not always feasible due to the small number of staff employed. While increased management involvement reduces risks, the risk arises that management and the Fund override existing controls, a potential dangerous practice which the fund should vigilantly guard against.

The auditors noted that changes to the data in the Guardian Fund accounting system can be made after original entry. The auditors were unable to view an access log to the system that shows the identity of the person accessing the system, the time of access and the changes made. The ability to make changes to the system, without being able to trace these changes, could undermine the integrity of the data in the system.

### **13.2 Formal and informal queries**

Formal queries are embodied in this report.

Informal queries were addressed to the Master of the High Court and dealt with locally.

## **14. DISCLAIMED AUDIT OPINION**

The accounts of the Guardian fund for the financial years ended 31 March 2000, 31 March 2001, 31 March 2002, 31 March 2003 and 31 March 2004, summarised per Annexure A, were audited by me in terms of the provisions of Chapter V of the Administration Act 66 of 1965, read with section 25(1)(b) of the State Finance Act, 1991.

I am unable to express an audit opinion due to the following reasons:

- The Guardian system appears to be unable to identify all monies unclaimed for a period of thirty (30) years to be transferred to the Receive of Revenue account.
- The Guardian fund system appears to be unable to identify all minors that have turned majors.
- The accuracy of the interest journal allocating interest from the Interest Stabilisation fund to the interest bearing accounts could not be ascertained.
- Payments made from the fund in some cases did not have all the supporting documentation attached.
- Differences between the balances as per the Guardian fund system and Pastel system were noted.
- Auditors were unable to get all confirmations of financial statements of balances from institutions where investments were held.

**WINDHOEK, November 2011**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## GUARDIAN FUND: MASTER OF THE HIGH COURT

## BALANCE SHEETS FOR THE FINANCIAL YEARS ENDED 31 MARCH

	<b>2004</b>	<b>2003</b>	<b>2002</b>
	N\$	N\$	N\$
<b>Assets</b>			
Investment account	316 866 346	263 541 510	211 911 685
Cash on current account	3 585 785	2 771 479	10 426 404
	<b>320 452 131</b>	<b>266 312 989</b>	<b>222 338 089</b>
<b>Liabilities</b>			
Interest bearing accounts	308 342 537	256 313 286	212 684 027
Unclaimed monies	4 552 001	5 472 792	2 863 121
Unclaimed commission monies	168 004	159 414	101 671
Receiver of Revenue	1 875 323	1 905 402	1 905 402
Interest Stabilisation Fund	5 514 266	2 462 095	4 783 868
	<b>320 452 131</b>	<b>266 312 989</b>	<b>222 338 089</b>
	<b>2002</b>	<b>2001</b>	<b>2000</b>
	N\$	N\$	N\$
<b>Assets</b>			
Investment account	211 911 685	178 292 201	140 788 755
Cash on current account	10 426 404	2 148 948	3 098 334
	<b>222 338 089</b>	<b>180 441 149</b>	<b>143 887 089</b>
<b>Liabilities</b>			
Interest bearing accounts	212 684 027	170 245 984	135 746 501
Unclaimed monies	2 863 120	3 935 959	3 856 672
Unclaimed commission monies	101 671	783 817	826 823
Receiver of revenue	1 905 403	1 913 571	1 940 378
Interest Stabilisation Fund	4 783 868	3 561 818	1 516 715
	<b>222 338 089</b>	<b>180 441 149</b>	<b>143 887 089</b>

## GUARDIAN FUND: MASTER OF THE HIGH COURT

## BALANCE SHEET FOR THE FINANCIAL YEARS ENDED 31 MARCH (continued)

	<b>2000</b>	<b>1999</b>
	N\$	N\$
<b>Assets</b>		
Investment account	140 788 755	100 571 637
Cash on current account	3 098 334	2 784 645
	<b>143 887 089</b>	<b>103 356 282</b>
<b>Liabilities</b>		
Interest bearing accounts	135 746 501	95 126 614
Unclaimed monies	3 856 672	5 313 549
Unclaimed commission monies	826 823	809 333
Receiver of revenue	1 940 378	1 979 552
Interest Stabilisation Fund	1 516 715	127 234
	<b>143 887 089</b>	<b>103 356 282</b>

**GUARDIAN FUND: MASTER OF THE HIGH COURT**  
**LIABILITIES - DIFFERENCES BETWEEN THE ANNUAL FINANCIAL STATEMENTS AND**  
**THE GUARDIAN FUND SYSTEM FOR THE FINANCIAL YEARS ENDED 31 MARCH**

<b>INVESTMENT ACCOUNTS</b>				
	<b>Assets on 1 April</b>	<b>Investments realized</b>	<b>Investments made</b>	<b>Balance on 31 March</b>
	N\$	N\$	N\$	N\$
<b>2004</b>	263 541 510	214 250 000	267 574 835	316 866 346
<b>2003</b>	211 911 685	192 870 174	244 500 000	263 541 510
<b>2002</b>	178 292 201	123 380 516	157 000 000	211 911 685
<b>2001</b>	140 788 755	128 496 553	166 000 000	178 292 201

<b>Institutions</b>	<b>Assets on 1/4/1999</b>	<b>Deposits</b>	<b>Withdrawals</b>	<b>Balance on 31/3/2000</b>
	N\$	N\$	N\$	N\$
Stocks	4 354 630	-	379 637	3 974 993
Policies	2 000 000	-	-	2 000 000
Shares	17 007	-	-	17 007
Building Societies	19 200 000	45 500 000	25 200 000	39 500 000
Banks	75 000 000	89 296 755	69 000 000	95 296 755
	<b>100 571 637</b>	<b>134 796 755</b>	<b>94 579 637</b>	<b>140 788 755</b>



## GUARDIAN FUND: MASTER OF THE HIGH COURT

## STATEMENT OF RECEIPTS AND PAYMENTS FOR THE FINANCIAL YEAR 2000/2001

	<b>Opening balance</b>	<b>Receipts</b>	<b>Payments</b>	<b>Closing balance</b>
	N\$	N\$	N\$	N\$
Interest bearing accounts	135 746 501	51 921 134	10 865 819	-
Unclaimed monies	3 856 672	1 989 774	2 060 121	3 927 020
Unclaimed commission monies	826 823	9 204	52 211	783 817
Receiver of Revenue	1 940 378	2 610	29 417	1 913 571
Interest Stabilisation Fund	1 516 715	18 620 428	17 702 270	-
	<b>143 887 089</b>	<b>72 543 150</b>	<b>30 709 838</b>	<b>6 624 408</b>