



REPUBLIC OF NAMIBIA



Total		
Assets	81120547	81120547
Liabilities	81120547	81120547
Surplus	0	0
Expenditure		
Salaries	41142811	41142811
Travel	17894	17894
Printing	100000	100000
Repairs	2420000	2420000
Electricity	7300000	7300000
Other	10711177	10711177
Total	23444122	23444122
	81120547	81120547



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

GUARDIAN FUND

FOR THE FINANCIAL YEARS ENDED 31 MARCH 2005, 2006, 2007, 2008, 2009 AND 2010

Published by authority

Price (Vat excluded) N\$ 25.48

Report no 2023

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 years ended 31 March 2005, 2006, 2007, 2008, 2009 and 2010 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, September 2012

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL
ON THE FINANCIAL STATEMENTS OF THE GUARDIAN FUND
FOR THE YEARS ENDED 31 MARCH 2005 TO 31 MARCH 2010**

1. INTRODUCTION

The accounts of the Guardian Fund for the years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009, and 31 March 2010 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 31 March 2012. The financial statements are filed in the Office of the Auditor-General.

The following annexure is also attached to this report:

Annexure A: Annual financial statements as prepared by the Guardian Fund (6 copies attached)

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 Opening balances

The following differences were found in the opening balances due to journals passed after the 2004 financial statements were submitted.

Account description	Closing balance as per the 2004 financial statements	Balance per the 2005 financial statements comparative figures	Difference
	N\$	N\$	N\$
A-Z (Interest-bearing accounts)	(308 342 537)	(316 348 605)	8 006 068
Unclaimed monies	(4 552 001)	(5 073 815)	521 814
Unclaimed commission monies	(168 004)	(139 360)	(28 645)
Receiver of Revenue	(1 875 323)	(1 721 092)	(154 231)
Interest stabilization fund	(5 514 266)	(5 169 260)	(345 006)
Bank Windhoek account	3 585 786	3 585 786	-
Investment account	316 866 346	324 866 346	(8 000 000)

The auditors were unable to establish the reason or view supporting documentation for this and thus are unable to verify the adjustment.

4.2 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 Receiver as per 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 that have turned majors 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.

Deposits received

Deposits were received by the fund for which no beneficiary files were opened on the Guardian Fund system as insufficient information received from the various institutions from where the money was transferred to the Guardian Fund.

No detailed list of all the money received for which the name of the beneficiary could not be determined by the Guardian Fund, is maintained. Therefore, the completeness and accuracy of this liability could not be verified.

As per the regulations of the Act, section 86(2), an account should be opened in the books of the Guardian Fund in the name of the person to whom that money belongs or the estate of which that money forms part.

Payments from the Guardian Fund's accounts

Payments made from the fund did not always have all the supporting documentation attached and therefore it could not be determined whether the payments were valid or not.

The auditors also noted weaknesses with regards to the segregation of duties in the set-up, processing and releasing of payments to beneficiaries.

The same person is in the position to amend the bank account details of a beneficiary and load the payment details for approval. Even though the release of the electronic payment is done by a different department, the banking details are not verified by this department for existing beneficiaries. The auditors were unable to verify, whether all payments made, were valid payments.

4.3 Liabilities - Differences between financial statements and Guardian Fund system

The auditors have noted differences between the balances as per the Guardian Fund accounting system as at 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 31 March 2010 and the balances as per the Pastel system, from which the financial statements were prepared.

These differences are summarised as follows:

	2005	2006	2007	2008	2009	2010
	N\$	N\$	N\$	N\$	N\$	N\$
Balance as per the Guardian Fund	(363 072 740)	(411 864 372)	(479 622 829)	(533 696 820)	(647 637 800)	(719 427 184)
Balance as per Pastel system	(376 071 629)	(440 466 107)	(513 203 098)	(590 483 169)	(679 244 102)	(749 680 875)
Difference	12 998 889	28 601 735	33 80 269	56 786 349	31 606 302	30 253 691

4.4 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:

	2005	2006	2007	2008	2009	2010
	N\$	N\$	N\$	N\$	N\$	N\$
Totals per confirmation from financial institution	225 342 171	410 068 974	521 016 458	591 526 657	666 300 634	744 589 764
Totals per financial statements	381 452 692	474 364 968	560 446 238	605 513 496	696 343 238	775 344 235
Difference	(156 110 520)	(64 295 994)	(39 429 780)	(13 986 838)	(30 042 604)	(30 754 471)

Investments for the following institutions were not received to date:

- Standard Bank: no account numbers could be supplied;
- Nedbank: no account numbers could be supplied;
- Bank Windhoek: client authorisation outstanding; and
- Simonis Storm: investment confirmations for the years ending 2005 and 2006 could not be obtained.

Accrued interest on investments up to year-end is not always capitalised. The auditors were thus unable to verify the accuracy of the investment balances.

Bank balances

	2005	2006	2007	2008	2009	2010
	N\$	N\$	N\$	N\$	N\$	N\$
Cash on current account	3 430 514	2 415 234	1 168 344	18 384 731	5 589 861	14 701 382

These balances could all be satisfactory verified. External bank confirmations were obtained, which agreed to the bank balances as per the bank reconciliation.

A number of stale cheques were identified on the bank reconciliations as follows:

	N\$
2005	142 697
2006	459 504
2007	1 084 801
2008	541 248
2009	144 368
2010	218 467

The stale cheques should be reversed to increase (debit) the positive bank balances and increase the liability.

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:

	2005	2006	2007	2008	2009	2010
	N\$	N\$	N\$	N\$	N\$	N\$
Assets						
Investment account	381 452 692	474 364 968	560 446 238	605 513 496	696 343 238	775 344 235
Cash on current account	3 430 514	2 415 234	1 168 343	18 384 731	5 589 861	14 701 382
Total assets	384 883 206	476 780 202	561 614 581	623 898 227	701 933 099	790 045 617
Liabilities						
Interest bearing accounts	376 071 629	440 466 107	513 203 098	590 483 169	679 244 102	749 680 875
Unclaimed monies	6 404 157	6 208 741	5 842 672	10 109 412	15 145 127	24 304 294
Unclaimed commission monies	521 938	529 347	536 128	538 254	637 395	895 042
Receiver of revenue	1 714 871	1 691 349	1 691 478	1 691 478	1 676 548	1 676 588
Interest stabilisation fund	170 611	27 884 658	40 341 205	21 075 914	5 229 927	13 488 818
Total liabilities	384 883 206	476 780 202	561 614 581	623 898 227	701 933 099	790 045 617

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 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 year 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.

As mentioned under point 4.1 above, unauthorised payments can occur as there is a lack of segregation of duties with regards to the set-up, processing and release of electronic payments, which are not independently verified prior to the release of the funds.

13.2 FORMAL AND INFORMAL QUERIES

Formal queries are embodied in this report.

Informal queries were addressed to the Master of the High Court.

14. DISCLAIMED AUDIT OPINION

The accounts of the Guardian fund for the financial years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 31 March 2010, 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.

The statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and the settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Accordingly, these financial statements do not include any adjustments pertaining to the valuation of assets and the classification of liabilities that might be necessary if the Fund is unable to continue as a going concern.

Due to the significance of the matters referred to in paragraph 4, I am unable to form an opinion as to whether these financial statements fairly present the financial position of the fund on 31 March 2005,

31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 31 March 2010 in the manner required by the State Finance Act, 1991 (Act 31 of 1991).

BALANCE SHEET FOR THE FINANCIAL YEAR 2004/2005

GUARDIAN FUND: MASTER OF THE HIGH COURT
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A. LIABILITIES		
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DETAILS	LIABILITIES AS AT 31 MARCH 2004	LIABILITIES AS AT 31 MARCH 2005
	N\$	N\$
INTEREST BEARING ACCOUNTS	308 344 537	376 071 629
UNCLAIMED MONIES	4 552 002	6 404 157
UNCLAIMED COMMISSION MONIES	168 004	521 938
RECEIVER OF REVENUE	1 875 323	1 714 871
INTEREST STABILISATION FUND	5 514 266	170 611
	320 452 132	384 883 206
	320 452 132	384 883 206

B. ASSETS		
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DETAILS	ASSETS AS AT 31 MARCH 2004	ASSETS AS AT 31 MARCH 2005
	N\$	N\$
INVESTMENT ACCOUNT	316 866 346	381 452 692
CASH ON CURRENT ACCOUNT	3 585 786	3 430 514
	320 452 132	384 883 206
	320 452 132	384 883 206

MASTER OF THE HIGH COURT

BALANCE SHEET FOR THE FINANCIAL YEAR 2005/2006

GUARDIAN FUND: MASTER OF THE HIGH COURT
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A. LIABILITIES		
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DETAILS	LIABILITIES AS AT 31 MARCH 2005	LIABILITIES AS AT 31 MARCH 2006
	N\$	N\$
INTEREST BEARING ACCOUNTS	376 071 628	440 466 107
UNCLAIMED MONIES	6 404 158	6 208 741
UNCLAIMED COMMISSION MONIES	521 938	529 347
RECEIVER OF REVENUE	1 714 871	1 691 349
INTEREST STABILISATION FUND	170 611	27 884 658
	384 883 206	476 780 202
	384 883 206	476 780 202

B. ASSETS		
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DETAILS	ASSETS AS AT 31 MARCH 2005	ASSETS AS AT 31 MARCH 2006
	N\$	N\$
INVESTMENT ACCOUNT	381 452 692	474 364 968
CASH ON CURRENT ACCOUNT	3 430 514	2 415 234
	384 883 206	476 780 202
	384 883 206	476 780 202

MASTER OF THE HIGH COURT

BALANCE SHEET FOR THE FINANCIAL YEAR 2006/2007

GUARDIAN FUND: MASTER OF THE HIGH COURT
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A. LIABILITIES

DETAILS	LIABILITIES AS AT 31 MARCH 2006	LIABILITIES AS AT 31 MARCH 2007
	N\$	N\$
INTEREST BEARING ACCOUNTS	440 466 107	513 203 098
UNCLAIMED MONIES	6 208 741	5 842 672
UNCLAIMED COMMISSION MONIES	529 348	536 128
RECEIVER OF REVENUE	1 691 349	1 691 478
INTEREST STABILISATION FUND	27 884 657	40 341 205
	476 780 202	561 614 581

B. ASSETS

DETAILS	ASSETS AS AT 31 MARCH 2006	ASSETS AS AT 31 MARCH 2007
	N\$	N\$
INVESTMENT ACCOUNT	474 364 968	560 446 238
CASH ON CURRENT ACCOUNT	2 415 234	1 168 343
	476 780 202	561 614 581

MASTER OF THE HIGH COURT

BALANCE SHEET FOR THE FINANCIAL YEAR 2007/2008

GUARDIAN FUND: MASTER OF THE HIGH COURT
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A. LIABILITIES		
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DETAILS	LIABILITIES AS AT 31 MARCH 2007	LIABILITIES AS AT 31 MARCH 2008
	N\$	N\$
INTEREST BEARING ACCOUNTS	513 203 098	590 483 169
UNCLAIMED MONIES	5 842 672	10 109 412
UNCLAIMED COMMISSION MONIES	536 128	538 254
RECEIVER OF REVENUE	1 691 478	1 691 478
INTEREST STABILISATION FUND	40 341 205	21 075 914
	561 614 581	623 898 227

B. ASSETS		
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DETAILS	ASSETS AS AT 31 MARCH 2007	ASSETS AS AT 1 MARCH 2008
	N\$	N\$
INVESTMENT ACCOUNT	560 446 238	605 513 496
CASH ON CURRENT ACCOUNT	1 168 343	18 384 731
	561 614 581	623 898 227

MASTER OF THE HIGH COURT

BALANCE SHEET FOR THE FINANCIAL YEAR 2008/2009

GUARDIAN FUND: MASTER OF THE HIGH COURT
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A. LIABILITIES		
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DETAILS	LIABILITIES AS AT 31 MARCH 2008	LIABILITIES AS AT 31 MARCH 2009
	N\$	N\$
INTEREST BEARING ACCOUNTS	590 483 169	679 244 102
UNCLAIMED MONIES	10 109 412	15 145 127
UNCLAIMED COMMISSION MONIES	538 254	637 395
RECEIVER OF REVENUE	1 691 478	1 676 548
INTEREST STABILISATION FUND	21 075 914	5 229 927
	623 898 227	701 933 099

B. ASSETS		
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DETAILS	ASSETS AS AT 31 MARCH 2008	ASSETS AS AT 31 MARCH 2009
	N\$	N\$
INVESTMENT ACCOUNT	605 513 496	696 343 238
CASH ON CURRENT ACCOUNT	18 384 731	5 589 861
	623 898 227	701 933 099

MASTER OF THE HIGH COURT

BALANCE SHEET FOR THE FINANCIAL YEAR 2009/2010

GUARDIAN FUND: MASTER OF THE HIGH COURT
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A. LIABILITIES		
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DETAILS	LIABILITIES AS AT 31 MARCH 2009	LIABILITIES AS AT 31 MARCH 2010
	N\$	N\$
INTEREST BEARING ACCOUNTS	679 244 102	749 680 875
UNCLAIMED MONIES	15 145 127	24 304 294
UNCLAIMED COMMISSION MONIES	637 395	895 042
RECEIVER OF REVENUE	1 676 548	1 676 588
INTEREST STABILISATION FUND	5 229 927	13 488 818
	701 933 099	790 045 617

B. ASSETS		
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DETAILS	ASSETS AS AT 31 MARCH 2009	ASSETS AS AT 31 MARCH 2010
	N\$	N\$
INVESTMENT ACCOUNT	696 343 238	775 344 235
CASH ON CURRENT ACCOUNT	5 589 861	14 701 382
	701 933 099	790 045 617

MASTER OF THE HIGH COURT