



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

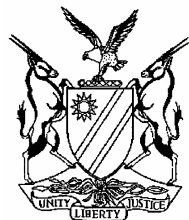
DIAMOND BOARD

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004

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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 Board for the financial years ended 31 December 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, July 2009

**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 2002, 2003 and 2004**

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 currently consists of eleven (11) persons, all appointed by Cabinet, four representing the Government and seven representing the producers. 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.

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 Board'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 ODSERVATIONS

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	Cheque number	Beneficiary	Amount
			N\$
22/01/2002	842	Protected Resource Unit	79 928.68
11/09/2002	858	Waltons	2 714.65
22/11/2002	881	WHK Country Club	1 472.00
29/04/2003	890	WHK Country Club	1 268.00
24/09/2003	900	WHK Country Club	1 044.00
04/12/2003	910	WHK Country Club	919.00

As a result, the correctness of total expenditure to the value of N\$ 84 115.33 – 2002, N\$ 3 231.00 – 2003, could not be confirmed. All transactions should be supported with the necessary supporting documents in compliance with Section 12(3) of the Act.

4.1.2 Depreciation

The Board did not have an approved depreciation policy, but they decided to use their own judgement for depreciating assets. During the 2002 financial year the Board depreciated all assets using 33.33 %, while in 2003 they used 25 % on vehicles and 33.33 % on all other assets. It is recommended that a depreciation policy is introduced and that assets are depreciated according to such policy.

4.1.3 Director fees

The income statement of the year 2002 reflects an amount of N\$ 45 000.00 as Directors' fees. Included in this amount is N\$ 22 500 which refers to sitting fees relating to the 2001 financial year which were not recorded as creditors in that financial year. The amount excludes N\$ 12 000.00 which relates to sitting fees of a meeting held on 22 November 2002 which have not been paid as at 31 December 2004. No minutes were submitted for any meetings held during the 2003 and 2004 financial years and the amount due for sitting fees could as such not be determined. No provision for creditors in this regard appear in the balance sheets and income statements.

4.2 Income

4.2.1 Non-submission of audit information

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

Date	Description	Amount
		N\$
17/06/2002	TIDAL Diamonds	17.22
29/08/2002	NamDeb Diamond Corp	170 076.81
10/01/2003	NAMDEB	150 462.11
17/02/2003	Storm Diamonds	26.80
08/04/2003	NAMDEB	127 308.59
20/08/2003	NAMDEB	114 091.40
07/08/2004	NamDeb Diamond Corp	237 186.69
24/09/2004	NamDeb Diamond Corp	224 010.88
18/02/2004	NamDeb Diamond Corp	214 324.17
29/03/2004	NamDeb Diamond Corp	126 724.35
29/03/2004	Tidal Diamond (Pty) Ltd	1.97
28/09/2004	NamDeb Diamond Corp	14 520.39
03/12/2004	Sakawe Mining Corp	10 059.10
03/12/2004	Storm Diamond Mining	93.88

Shipment registers/ levy sheets for the following amounts deposited could not be provided:

Date	Description	Amount
		N\$
27/10/2004	Sakawe Mining Corp	15 584.53
27/10/2004	NamDeb Diamond Corp	1 143 202.50
18/02/2004	NamDeb Diamond Corp	214 324.17
28/09/2004	NamDeb Diamond Corp	14 520.39
03/12/2004	NamDeb Diamond Corp	160 742.66
03/12/2004	Sakawe Mining Corp	10 059.10
03/12/2004	Storm Diamond Mining	93.88

4.2.2 Fees received

The trial balance for the year 2003 reflects fees received as N\$ 2 942 497.03 while the General Ledger reflects fees received as N\$ 2 726 480.41. The mentioned finding resulted in a difference of N\$ 216 016.62.

The Accounting Officer explained that the difference originated from an amount which has not been recorded in the General Ledger but only in the trial balance and income statement.

4.3 General

The annual financial statements were prepared without any notes attached to them. According to the Generally Accepted Accounting Practices there must be notes prepared to the financial statements. It is therefore recommended that the Board takes recognition of this practice. A cash flow statement should also be prepared for each financial year.

5. ACKNOWLEDGEMENT

The assistance and co-operation given by the staff of the Board 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 2002, 2003 and 2004 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:

- Not all supporting vouchers for expenditure transactions were submitted for audit purposes (2002).
- The correctness of all revenue transactions could not be confirmed.

Without further qualifying the opinion, attention is drawn to the underprovision of creditors mentioned in paragraph 4.1.3.

Except for the above-mentioned issues, I certify that, in my opinion the financial statements fairly reflect the transactions and the financial position of the Board for the financial years ended 31 December 2002, 2003 and 2004 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, July 2009

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

ANNEXURE A

DIAMOND BOARD

BALANCE SHEETS AS AT 31 DECEMBER

	2004	2003	2002	2001
	N\$	N\$	N\$	N\$
ASSETS				
Non-current assets				
Property, plant & equipment	494 469.74	635 592.84	605 502.48	73 408.88
Current assets	2 705 271.16	950 377.51	559 345.47	469 868.26
Cash in the bank	2 705 271.16	700 377.51	309 345.47	219 868.28
Advance to the Namibian Police services	-	250 000.00	250 000.00	250 000.00
	3 199 740.90	1 585 970.35	1 164 847.95	543 277.14
LIABILITIES				
Funds				
Accumulated surplus: Previous year	1 538 738.35	1 117 615.95	496 045.14	1 279 233.06
Adjustment	(250 000.00)	-	-	-
Surplus (Deficit) of income over expenditure	1 863 770.55	421 112.40	621 570.81	(783 187.92)
Accumulated surplus: Current year	3 152 508.90	1 538 738.35	1 117 615.95	496 045.14
Current liabilities				
Audit fees – Provision	47 232.00	47 232.00	47 232.00	47 232.00
	3 199 740.90	1 585 970.35	1 164 847.95	543 277.14

ANNEXURE B

DIAMOND BOARD

INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER

	2004	2003	2002	2001
	N\$	N\$	N\$	N\$
INCOME				
Fees received	2 809 964.47	2 942 497.03	1 639 985.72	-
Interest received from the bank	99 885.31	74 452.50	52 965.96	61 600.83
Prior year opening balance adjustment	-	-	53 800.00	-
TOTAL INCOME	2 909 849.78	3 016 949.53	1 746 751.68	61 600.83
EXPENDITURE				
Namibia Police Services	731 340.26	1 114 385.30	894 265.69	739 433.63
Accounting fees	-	44 304.50	46 000.00	-
Agents Fee	9 914.20	-	9 781.90	9 546.15
Bank Charges	881.14	1 114.52	1 324.57	600.78
Consumables	-	-	-	506.10
Depreciation	261 225.84	184 778.60	118 520.55	86 817.23
Entertainment	-	3 761.18	4 310.52	2 285.11
GDV Surveillance	-	2 483.03	3 262.99	1 620.00
General office expenses	345.00	-	-	1 342.75
Printing & stationery	-	-	2 714.65	2 637.00
Directors fees	-	-	45 000.00	-
Valuation fees	-	1 245 000.00	-	-
Vehicle Insurance	42 372.79	-	-	-
TOTAL EXPENDITURE	1 046 079.23	2 595 827.13	1 125 180.87	844 788.75
Surplus/(Deficit) of income over expenditure	1 863 770.55	421 122.40	621 570.81	(783 187.92)