



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

DIAMOND BOARD

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2007 AND 2008

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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 2007 and 2008, in terms of Article 127(2) of the Namibian Constitution. My report is transmitted to the Board in terms of Section 12(4)(a) of the Diamond Act, 1999(Act 13 of 1999) to be laid upon the Table of the National Assembly by the Minister of Mines and Energy in terms of Section 12(8) of the Act.

WINDHOEK, December 2011

**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 2007 AND 2008**

1. INTRODUCTION

The Diamond Board was established in terms of Section 2(1) of the Diamond Act, 1999 (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 consists of fourteen (14) members in terms of the Act all appointed by Cabinet. The objectives of the Board are stipulated in terms of Section 3 of the Diamond Act, 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.*

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

2. FINANCIAL STATEMENTS

The financial statements for the financial years ended 31 December 2007 and 2008 were signed by the Accounting Officer and are filed in the Office of the Auditor-General. The following annexures are attached to this report:

Annexure A: Balance sheets
Annexure B: Income statements

3. SCOPE OF THE AUDIT

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 Fund'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.

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.

4. AUDIT OBSERVATIONS

4.1 EXPENDITURE

4.1.1 Namibian Police Services (PRU-Protected Resources Unit)

The auditors found that an amount of N\$ 55 000 for the 2007 financial year that was paid out to PRU was excluded from the expenditure list which means that expenditure for 2007 is understated by the said amount.

Furthermore the auditors also found that the list of expenses of Namibian Police Services (PRU) in the General Ledger amounts to N\$ 723 948 for 2008 and N\$ 658 083 for 2007 while the income statement reflects amounts of N\$ 727 555: 2008 and N\$ 621 747: 2007 as total expenditure for Namibian Police Services (PRU). The total expenditure of Namibian Police Services is therefore overstated by N\$ 3 607: 2008 and understated by N\$ 18 664: 2007 respectively.

The Board is recommended to ensure that the amount reflected in the financial statement agrees with the General Ledger.

4.1.2 Incorrect disclosure

The Board paid the Office of the Auditor-General and a private accounting and audit firm a total amount of N\$ 26 339 during the 2007 financial year while the amount were already accounted for during the 2005 financial year. Expenditure related to accounting fees is thus overstated for 2007.

It is recommended that the Board should reconcile their accounts with actual payments before they finalize and submit their financial statements to this Office.

4.1.3 Provision for audit fees

The auditors recognized that the Board made a provision for audit fees of N\$ 35 000 during 2007 but the balance sheet for 2008 does not disclose such a provision anymore. The Board could not provide the auditors with an explanation how the provision was cleared.

It is recommended that the Board should fully apply the General Accepted Accounting Principles (GAAP).

4.2 REVENUE

4.2.1 Lack of supporting documents

The following fees received by the Board did not have supporting documents for both financial years:

Date	Details	Amount
		N\$
15/01/2007	DFN	1 153
02/02/2007	Samicor	31 785
23/05/2007	Samicor & Namdeb	9 965
19/06/2007	MTC Invalid	11 984
09/07/2007	Masakane	650
30/07/2007	Namdeb	191 478
02/08/2007	DFN	939
13/11/2007	Namdeb	26 874
		274 828
07/03/2008	*	18 548
07/03/2008	*	52
20/03/2008	DFN	783
02/04/2008	*	66
09/04/2008	Samicor	8 856
21/04/2008	DFN	1 177
02/06/2008	DFN	1 668
02/06/2008	DFN	23
09/06/2008	Samicor	4 858
17/07/2008	*	3 894
08/09/2008	Samicor	7 565
15/09/2008	Fourth Mining	223
12/11/2008	Namdeb	4 128
27/11/2008	DFN	1 780
11/12/2008	Namdeb	33 748
19/12/2008	Samicor	5 525
30/12/2008	C.Gontes	1 155
		94 049

As a result revenue to the value of N\$ 94 049: 2008 and N\$ 274 828:2007 could not be confirmed.

It is recommended to the Board that all transactions should be supported by the necessary supporting documents.

* It was also noted that in four (4) cases details of fees received from producers were not provided.

4.3 GENERAL OBSERVATIONS

Trial balances were not submitted for both years under review.

It is recommended to the Board that trial balances are submitted together with the income statement and balance sheets for audit purposes.

5. ACKNOWLEDGEMENT

The assistance and co-operation given by the staff of the Diamond Board of Namibia during the audit is appreciated.

6. AUDIT OPINION

The accounts and the financial statements of the Diamond Board for the financial years ended 31 December 2007 and 2008 were audited by me in terms of Section 12 (6) of the Diamond Act, 1999 (Act 13 of 1999) read with Section 25(1)(b) of the State Finance Act, 1991 (Act 31 of 1991).

I certify that, in my opinion, the financial statements fairly reflects the transactions and the financial position of the Board for the financial years ended 31 December 2007 and 2008 and in all material respects the income and expenditure have been applied for the purposes intended and conform to the authorities that govern them.

WINDHOEK, December 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

DIAMOND BOARD OF NAMIBA
BALANCE SHEETS AS AT 31 DECEMBER

ASSETS	2008	2007	2006
	N\$	N\$	N\$
Non-current assets			
Property, plant & equipment	493 339	239 337	406 358
Current assets			
Cash in the bank	416 506	1 818 239	2 387 323
Total Assets	909 845	2 057 576	2 793 681
EQUITY AND LIABILITIES			
Equity	909 845	2 022 576	2 748 681
Accumulated surplus: Previous year adjustment	2 022 576	2 748 681	1 181 948
Unexplained differences	(65 705)	-	-
Surplus /(Deficit) of income over expenditure	(1 107 026)	(726 105)	1 566 733
Current liabilities			
Audit fees – Provision	-	35 000	45 000
Total funds and liabilities	909 845	2 057 576	2 793 681

DIAMOND BOARD OF NAMIBIA

INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER

	2008	2007	2006
	N\$	N\$	N\$
INCOME			
Fees received	2 623 856	2 180 485	2 637 634
Interest received from the bank	81 395	122 771	47 788
Total income	2 705 251	2 303 256	2 685 422
EXPENSES			
Namibian Police Services	727 555	621 747	599 571
Accounting fees	-	26 339	-
Agent fees	-	-	8 558
Bank charges	2 494	2 731	3 421
General office expenses	18 000	34 635	22 751
Depreciation	243 917	167 020	318 887
Entertainment	5 605	5 221	7 414
Sitting fees	15 000	21 000	30 000
Vehicle insurance	89 650	36 219	38 186
Promotional activities	2 489 952	1 958 874	-
Cell phone payment for Diamond Inspectors	204 373	155 575	89 910
Advertisement	15 731	-	-
Total expenditure	3 812 277	3 029 361	1 118 689
Surplus/(deficit) of income over expenditure	(1 107 026)	(726 105)	1 566 733