



REPUBLIC OF BOTSWANA  
**OFFICE OF THE AUDITOR GENERAL**



**REPORT OF THE AUDITOR GENERAL**  
**ON THE ACCOUNTS OF THE BOTSWANA GOVERNMENT**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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REPUBLIC OF BOTSWANA

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## OFFICE OF THE AUDITOR GENERAL

06 September 2023

Honourable Peggy O Serame, MP  
Minister of Finance  
Private Bag 008  
GABORONE

Dear Madam,

In accordance with Section 124 (3) of the Constitution of Botswana, I have the honour to submit my report on the audit of the accounts of the Government for the financial year ended 31 March 2022.

I have the honour to be, Madam,

A handwritten signature in black ink, appearing to read 'Keneilwe Senyarelo'.

Keneilwe Senyarelo  
ACTING AUDITOR GENERAL

# STRATEGIC FOUNDATIONS

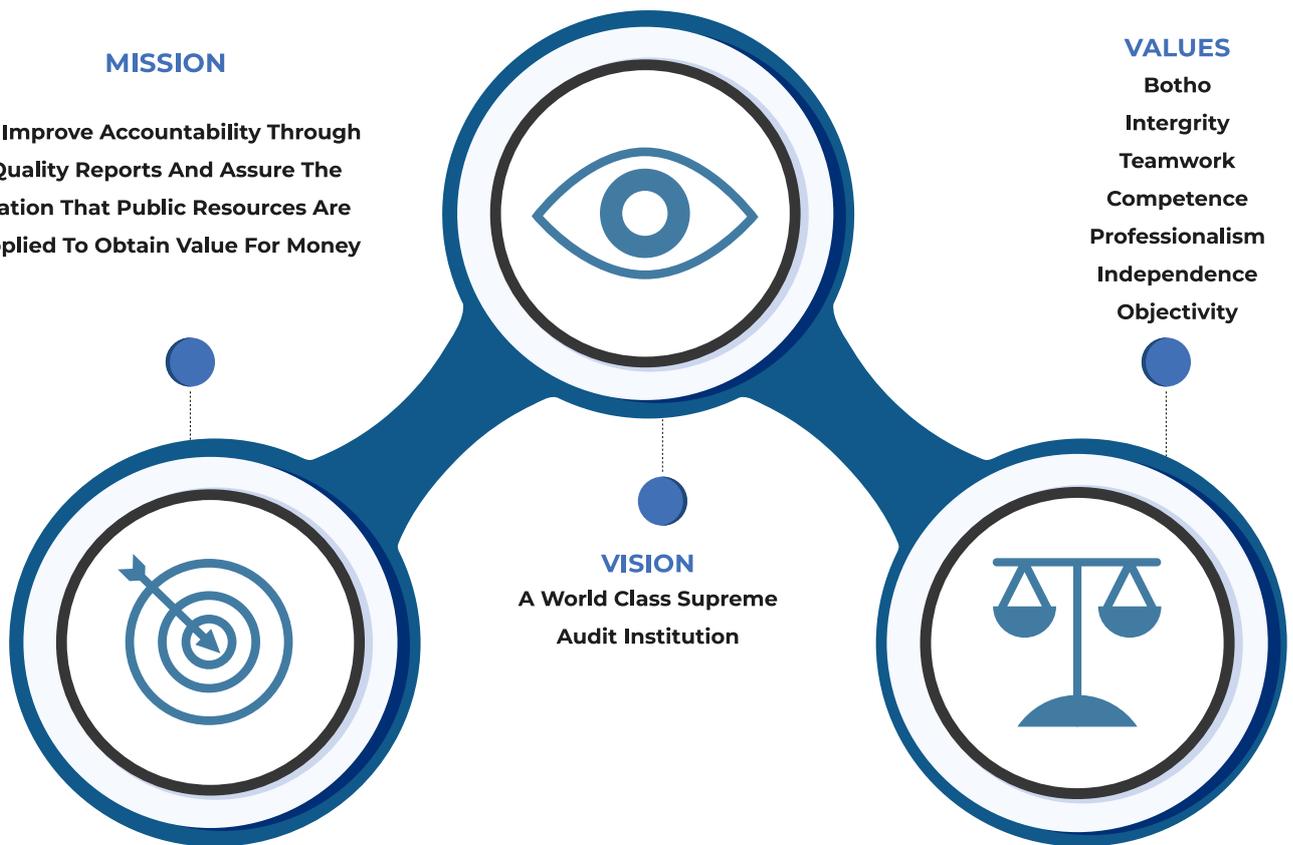
## OFFICE OF THE AUDITOR GENERAL

### MISSION

To Improve Accountability Through Quality Reports And Assure The Nation That Public Resources Are Applied To Obtain Value For Money

### VALUES

Botho  
Integrity  
Teamwork  
Competence  
Professionalism  
Independence  
Objectivity



### VISION

A World Class Supreme Audit Institution

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# I BACKGROUND

## 1. General Overview

The Auditor General of Botswana is appointed under Section 112 (f) of the Constitution of the Republic and draws her mandate from Section 124 of the same Constitution. The Public Audit Act, 2012 empowers the Auditor General to conduct the following types of audits:



**Compliance audit**



**Financial audit**



**Performance audit**

The mandate of the Office of the Auditor General is to carry out audits of Government Ministries and Departments, Local Authorities, Land Boards and selected Parastatals, and thereafter submit the findings to the National Assembly, Councils and Land Boards, respectively. The Auditor General's Annual Report is the main output of the Office and is a reflection of cumulative effort during the year.

## 2. Staff Establishment

On the whole the staff establishment has increased nominally over the past five years, whereas the Government budget has increased appreciably resulting in a heavier workload. This is further compounded by the re-organisation and rationalisation of Government Ministries, Departments and Agencies.

The table below shows the size of staff in the past five years comparative to the government revenue and expenditure budgets.

Year	Establishment	Revenue	Expenditure	Development	Total
2018	244	60 196 856 657	62 808 590 237	14 745 844 969	137 751 291 863
2019	265	57 490 439 051	70 280 100 226	15 454 299 474	143 224 838 751
2020	262	58 663 042 919	71 258 198 229	13 644 309 450	143 565 550 598
2021	262	61 408 472 390	64 252 476 238	10 228 031 517	135 888 980 145
2022	262	81 118 654 833	68 179 883 141	11 863 252 617	161 161 790 591

### 3. **Gender Equality**

The Office of the Auditor General is an equal opportunity employer.

One hundred and sixty-one employees out of a total of two hundred and sixty-two (262), which is 61%, are female.

### 4. **Learning and Development**

In pursuit of professionalisation of staff for auditing competence, the Office has placed an increased emphasis on professional courses. To date there are twenty-one financial and compliance auditors who hold Association of Chartered Certified Accountants qualification (ACCA). This represents more than ten percent (10%) of the financial and compliance auditors. Similarly six (6) out of sixteen information systems auditors hold Chartered Information System's Auditors (CISA) qualification representing 25%. Three (3) out of ten (10) forensic auditors hold Chartered Fraud Examiners certificate, representing thirty percent (30%).

The Office of the Auditor General is equipped with suitably qualified staff to deliver the Office mandate competently. Out of one hundred and eighty (180) auditors, one hundred and sixty-three (163) hold first degree or higher. This represents 91%. Fifteen (15), translating to 7.9% hold a Diploma in Accounting and Business Studies or equivalent. Two (2) hold a Certificate in Accounting and Business Studies or equivalent, representing 1%. One auditor holds a qualification lower than certificate.

### 5. **Retirements**

Two senior officers, the Deputy Auditor General (Financial and Compliance Audit) and Senior Assistant Auditor General (Central Government Audit) retired in March 2022.

## 6. Audit of Public Accounts

- a) I am required by Section 124 of the Constitution to audit the public accounts of Botswana and of all officers, courts and authorities of the Government of Botswana and submit my reports thereon to the Minister responsible for finance, who shall cause them to be laid before the National Assembly.

In discharging these duties, I am required in terms of Section 7 of the Public Audit Act, (Cap. 54:02) to satisfy myself that;

- i) all reasonable precautions have been taken to safeguard the collection and custody of public moneys and that the laws, instructions and directions relating thereto have been duly observed;
  - ii) the disbursement of public moneys has taken place under proper authority and for the purposes intended by such authority;
  - iii) all reasonable precautions have been taken to safeguard the receipt, custody, issue and proper use of public stores, and that the instructions and directions relating thereto have been duly observed; and
  - iv) adequate instructions or directions exist for the guidance of officers responsible for the collection, custody, issue and disbursement of public moneys or the receipt, custody and issue of public stores.
- b) In addition, I have the duty, by virtue of the same Section of the Public Audit Act, to examine the economy, efficiency or effectiveness with which any officer, authority or institution of Government has, in the discharge of official functions, applied or utilized the public moneys or public supplies and submit my report on the findings thereon to the Minister who shall lay such reports before the National Assembly.
- c) I am also required by the terms of Section 68 (3) of the Local Government Act, and Section 32 (3) of the Tribal Land Regulations to audit the accounts of the local authorities (city councils, town councils, township authorities and district councils) and land boards, and submit my reports thereon together with the audited statements to the Chief Executive Officers of these

entities, who shall cause them to be laid before their respective Authorities and Boards, as the case may be.

## 7. **Scope of Public Accounts Audit**

The scope of the audit mandate, in terms of Section 124 of the Constitution and of other relevant governing Acts, covers the accounts of all Ministries and extra-Ministerial Departments of Government, all local authorities and land boards and selected parastatal organizations.

In addition, under the Public Audit Act Section 7 (2), I am required to carry out performance audits of various entities of Government, local authorities and land boards to assess the extent to which value for money has been attained in the use of the resources at the disposal of those entities.

In terms of the same Act, notwithstanding the provision of any other written law for the audit, I am empowered to carry out investigations into the financial affairs of any public corporation, where I consider it in the public interest to do so.

## 8. **Extent of Audits**

The statutory audit is discharged through a programme of test checks and examinations, which are applied selectively in conformity with standard audit practice over the year under review. The checks are intended to provide an assurance on the general accuracy and propriety of the Government financial and accounting transactions and not to detect each and every accounting error or financial irregularity. With the considerable growth in recent years on Government revenues and expenditures, the examination of the accounts is, of necessity, increasingly executed by means of selective test checks and in-depth reviews, which are designed to indicate possible areas of weakness in the systems of accounting and internal control.

## 9. **Submission of Accounts**

Section 42(2) of the Public Finance Management Act requires the Accountant General to prepare and submit to me, for the purpose of auditing, the Annual Statements of Accounts within six months after the end of the financial year to which those Statements relate, that is to say, by 30 September each year.

10. **Auditor General's Certificate**

The examination of the Annual Statements of Accounts of Botswana Government for the year ended 31 March 2022, which had been submitted to me in terms of Section 42 of the Public Finance Management Act has been completed and my certificate thereon dated 21 August 2023 was transmitted to the Accountant General.

### 11. **Public Accounts Committee**

Standing Order 105.3 of the National Assembly provides that the Public Accounts Committee, a Standing Committee of the House shall, after the end of each financial year, examine the accounts prepared and signed by the Accountant General. The Committee examined the accounts for the financial year 2019/2020 in accordance with this requirement from May to June 2022.

### 12. **The Committee on Statutory Bodies and State Enterprises**

The Parliamentary Committee on Statutory Bodies and State Enterprises met from 4 to 20 October 2021 to examine the Chief Executive Officers of selected parastatal organisations on the performance and activities of their entities, in terms of Standing Order 110 of the National Assembly. At the time of writing this report, the report of the Committee to the House on the said examinations, in terms of Standing Order 110.4, had not yet been published.

### 13. **Currency**

The monetary values in this report are in the Pula currency, unless otherwise expressly indicated. The year-end balances in foreign currencies were converted to the Pula equivalent at the applicable middle-market rate as at 31 March 2022. For the Botswana Diplomatic Missions accounts, a fixed exchange rate for each host country, as determined by the Ministry of Finance, has been used throughout the year, unless otherwise advised by the Ministry.

14. **Statement of Assets and Liabilities – (Statement No. 1)****Imprest**

The balance of outstanding imprest held by public officers as at 31 March 2022 totalled **P18 353 639**, classified as follows;

Travelling Imprest	17 193 947
District Imprest	18 699
Standing Imprest	1 140 993
<b>TOTAL</b>	<b>18 353 639</b>

The total balance of Standing Imprest comprises of;

- Ministry of Presidential Affairs and Public Administration P50 642
- Ministry of International Affairs and Cooperation P717 319
- Ministry of Defence, Justice and Security P373 032.

District Imprest relates to Administration of Justice and needs to be investigated and cleared, as the facility is no longer available. This is a long standing matter which still remains in the accounts.

15. **Revenue Results (Statement No. 2)**

The estimated revenue for the year 2021/2022 was P73 281 789 900, and the actual collection was P81 118 654 833, resulting in an over-collection of P8 349 010 691.

16. **Appropriation Act**

The sum appropriated from the Consolidated Fund by the Appropriation (2021/2022) Act, 2021 for the financial year ended 31 March 2022 was P65 098 706 671. The total expenditure incurred in the financial year 2021/2022 was P52 575 176 735.

17. **Supplementary Estimates**

A resolution of the National Assembly approved supplementary provisions totalling P2 360 580 130 and P587 359 180 to the following Ministries as per Financial Papers 1 and 2 of 2021/2022, respectively.

**Financial Paper No 1. of 2021/2022 - July 2021**

Finance and Economic Development	4 500 000
Health & Wellness	1 125 773 600
Defence, Justice & Security	65 855 820
Tertiary Education	1 164 450 710
TOTAL	2 360 580 130

**Financial Paper No 2. of 2021/2022 - December 2021**

Health & Wellness	560 621 500
Defence, Justice & Security	26 737 680
TOTAL	587 359 180

18. **Appropriation Act (Statement No.6)**

The Minister for Finance and Economic Development issued a warrant of P14 752 562 609, from the Development Fund for the year ended 31 March 2022. The actual expenditure was P11 863 252 617 equating to 80% of the approved budget.

19. **Supplementary Estimates**

The supplementary estimates for the Development Fund were approved for Ministry of Land Management, Water and Sanitation Services at the sum of P1 860 594 507 as per Financial Paper No. 2 of 2021/2022 issued in December 2021.

20. **Statement of Recurrent Expenditure – (Statement No.3)**

The warranted provision for various Ministries/Departments in the year under review was P53 603 728 250. The total expenditure incurred in the financial year 2021/2022 was P52 575 176 735, leaving an unspent balance of P1 018 552 515 (2%).

The actual expenditure on statutory commitments relating to Public Debt, Pensions, Gratuities and Compensations, Specified officers and Miscellaneous totalled P15 604 706 406.

Appropriation	Warranted	Supplementary	Expenditure	Under/over
65 098 706 671	53 603 728 250	2 947 939 310	52 575 176 735	1 018 552 515

21. **Statement of Investments and Loans Made from Special Funds – (Statement No. 8)**

The Statement shows special funds in Financial Institutions, Fund Management Entities, as well as loans to Local Authorities, Public Enterprises and Statutory Bodies.

The Statement had a balance of P3 328 409 805 as at 31 March 2022.

Investment as per Annual Statement of Accounts (ASA)	2 539 288 487
Loans & other net assets as per ASA submission	789 121 318
<b>Total</b>	<b>3 328 409 805</b>

Outstanding Loans from the Public Debt Service Fund included the following:

a) Botswana Meat Commission - P248 000 000

The above loan balance is made up of P160 000 000 due in 2019 and P88 000 000 due in 2020. As at 31 March 2022, the two loans were still unpaid.

b) Air Botswana - P230 000 000

As at 31 March 2022, the balance on the loan stood at P230 000 000 and the loan was still in arrears as reported in the previous year. Instalments of P22 585 279 and P23 149 911 due in June 2021 and December 2021 respectively, were not honoured.

c) Botswana Postal Services - P140 000 000

As at 31 March 2022, the balance on the loan was P138 617 718 and no payments were made in the year under review, same as last year.

d) Bamangwato Concession Limited - P1 112 510 527

- An amount of **P900 566 097** was loaned to BCL to meet the costs of liquidation. The loan status remains the subject of inquiry of my office. This is a long outstanding matter.

22. **Statement of Special Funds – (Statement No. 10)**

The audit of the accounts of Special Funds for the financial year ended 31 March 2022 under the various Ministries gave rise to the following comments and observations:

(a) Sim's Bursary Trust Fund

Sim's Bursary Trust Fund was established in 1991 through Statutory Instrument Number 97 of 1991. The purpose of the Fund was to finance training of deserving citizens of Botswana with interest accrued from investments through the Ministry of Education.

Fund Movement For the year 2021/2022

The interest from investments was P21 439 in the year under review, which is not sufficient to fund any scholarship. Consequently, there has been no explanations from the Fund in the year under review, as in previous years.

(b) Tertiary Education Development Fund

The Tertiary Education Development Fund was established in 2004, through the Statutory Instrument No. 57 of 2004. The purpose of the Fund was to meet the costs of construction of the following;

- A second university in Botswana – Botswana International University of Science and Technology (BIUST),
- Construction of a medical school and its associated facilities in Botswana and,
- Expansion of the University of Botswana (UB).

### Fund Movement for the year 2021/2022

The following statement reflects the movements in the Fund account during the Financial Year 2021/2022:

Opening balance	5 391 658
Receipt from the consolidated fund	213 000 000
Fund balance before expenditure	218 391 658
Transfers to BIUST for development projects 2021/2022	(81 121 820)
<b>Closing balance</b>	<b>137 269 838</b>

Authority for payment made to BIUST totalling P81 121 820 could not be verified due to non-availability of supporting documents.

(c) Tourism Industry Training Fund

Training not Conducted

The Tourism Industry Training Fund has not been conducting training since 2018 as a result of the impending merger of the Tourism Industry Training Fund and Tourism Development Fund. It was reported that the merger was at an advanced stage. The balance of the Fund as at 31 March 2022 stood at P66 678 585. Training activities of the Fund needed to continue, utilising the existing rules.

(d) National Road Safety Fund

A review of the accounts of the Fund gave rise to the following observations:

The overall expenditure for the road safety activities was P37 153 236, representing 53% of the budget of P69 920 000. A review of the March 2022 expenditure report shows that 40 out of 84 planned activities had not started, which represents 47% non-implementation of projects, programmes and activities that promote road safety.

A budget of P3.1 million was approved for Ministry of Health (MOH) to help build capacity on Emergency Medical Service (EMS) in the year 2021/2022. Similarly, the sum of P3.4 million was approved in the 2020/2021 road safety budget for utilisation by MOH. However, these funds were not utilised. In response to the matter, MOH prepared a plan in August 2021 but the plan was never executed.

The National Road Safety Fund Committee disbursed an amount of P2.5 million to districts to implement activities focusing on road safety awareness campaigns, information dissemination and road safety education. However, it was noted that monitoring and evaluation of these activities was not adequate.

(e) Agricultural Credit Guarantee Scheme

The purpose of the Fund is to provide financial assistance to small and medium scale farmers of arable rainfed farms in any part of the country that has been declared by the Government to be a drought - stricken area.

Premiums Received From Financial Institutions

During the year under review, income from premiums amounted to P18 309 024, received as follows;

Opening balance	15 637 502
Premiums received	
• Citizen Entrepreneurial Development Agency	8 812 685
• National Development Bank	9 496 338
Closing balance	33 946 525

There was no expenditure in the year under review as there was no drought declared.

(f) Botswana Police Relief Fund

As stated in my last year's report, supporting documents such as marriage and death certificates were still not attached on funeral claims. Without these documents it was not easy to identify and confirm officers who benefited from the Fund.

Accounts Committee Not Appointed

The Police Act, Section 67 (5), requires the establishment of an Accounts Committee consisting of contributors to the Fund from all ranks as may be determined and appointed by the Commissioner. The Committee shall advise the Commissioner on who qualifies for a relief grant. In the year under review, the Committee had not been appointed.

(g) Botswana Police Rewards and Fines Fund

An audit of the Fund was carried out and the following observation was raised:

Supporting documents for expenditure relating to the Fund were not availed for audit contrary to Financial Procedures 1002 (2) read in conjunction with Financial Procedures 1301 (2) which requires that "Supporting documentation must be securely attached to all payment vouchers which have been prepared for payment".

(h) Road Traffic Fines Fund

Contracts for purchase of Motor Vehicles and Canopies

Botswana Police had contracts with motor dealers for the supply of motor vehicles at P32 328 691 and canopies amounting to P352 355. The contracts were not availed for audit.

(i) National Environment Fund

The National Environmental Fund was established in 2004, through the Statutory Instrument No. 70 of 2010 and published on 30 July 2010.

As at 31 March 2022 the balance of the Fund was P44 199 892 after expenditure of P2 750 590 was incurred during the year under review.

(j) Road Levy Collection Fund

Income for the year ended 31 March 2022 as per the Road Levy Collection Fund Statement totalled P1 084 248 274. The income comprised of collection from petrol and diesel sales by petroleum companies.

The Department relied on amounts paid by petroleum companies to Bank of Botswana as sales. There was no documentary evidence like receipts for confirming amounts submitted. Therefore, it could not be verified whether the total sales declared were the correct amounts for the year under review.

It was also noted that the Department collected the levy from only six (6) companies whereas there were seventy five (75)

companies licensed by Botswana Energy Regulatory Authority in the market as at 31 March 2022.

Monthly reconciliation of the receipts from petroleum companies against bank statement was not performed. It was also noted that not all companies submitted proof of payment, contrary to the Road Levy Collections Fund Order, 2001 paragraph 9 (c) which requires the Accounting Officer to maintain an account of all receipts of the fund.

#### Abandoned Project - Rehabilitation of Sefhare Drainage

The rehabilitation of Sefhare Drainage was scheduled to run from 1 August 2017 to 31 January 2018, at a contract sum of P5 410 371. Records showed that as at July 2019, total expenditure for the project was P4 085 817 which is 76% of the contract sum. At the time of audit in November 2022, the project was still not complete.

I am not aware of any action taken against the contractor who failed to complete the project, and any further steps to complete the project.

#### (k) Livestock Advisory Service Fund

The purpose of the Fund is to receive and hold all revenues generated by Government from the sale of livestock and it provides a revolving facility from which the Livestock Advisory Centre requisites may be purchased.

An overpayment of P3 572 658.30 in respect of customs duty charges was made to Botswana Unified Revenue Services (BURS) for imported ear tags. The BURS statements reflected that a total of P4 201 716 was due to be paid as customs duty, instead, a sum of P7 345 316 was paid.

Income for the financial year 2021/2022 was P20 964 221 as per the income and expenditure statement whereas the report generated from the LAC-POS system (used for sales of ear tags) showed a total of P16 580 730, resulting in a difference of P4 383 491.

#### (l) Cattle Export Levy Fund

The purpose of the Fund is to make provision for the imposition of a levy on cattle exported from Botswana, and on cattle slaughtered at Botswana Meat Commission abattoir, municipal

abattoirs, private abattoirs and butcheries. The Fund shall be used for the general benefit of the livestock industry in Botswana.

An audit of the Fund for the year under review gave rise to the following observations;

Misallocations into the Fund

A total of P12 315 in respect of security services, artificial insemination fees, semen straws and Liquid Nitrogen was credited into the Fund, contrary to the terms of the Fund Order, which states that monies paid into the Fund account should be levies paid for cattle export and for each head of slaughtered cattle. The income of the Fund has therefore been inflated to this extent.

(m) National Petroleum Fund

Investments amounting to P66 527 626 per Balance Sheet as at 31 March 2022 were yet to be remitted to Government by former Fund Managers. Management should monitor all the investments to ensure that they are recouped into the government account by October 2023 in line with the maturity date.

The contract between the Ministry and former Fund Managers elapsed in 2018 and it was noted that the Levy Collection System that was procured at a cost of P31 360 000 by the Department of Energy had not been handed over to the Ministry by former Fund Managers.

In view of the said circumstances surrounding management of the Fund by the former Fund Managers, I consider that timely action should have been taken to ensure that all properties of the Fund are taken into custody of the Fund.

(n) National Disaster Relief Fund

The purpose of the Fund is to provide financial assistance to natural disaster victims.

(o) Guardians Fund

Audit of the Master of High Court Guardians Fund accounts revealed that the Master of the High Court did not maintain a register for recording receipt of cheques as required by Financial Instructions and Procedures. It was also noted that cheques amounting to P198 057 were not accounted for in the General

Ledger and were not remitted to the Accountant General for recording purposes.

(p) Export Credit Re-Insurance Fund

The purpose of the Fund is to provide for re-insurance against risk of monetary loss or detriment, attributable to circumstances beyond the control of any person suffering the loss or detriment of any contract of insurance entered into by a person carrying on business in Botswana and involved in trade with foreign countries or providing loans and similar facilities related thereto.

A company paid a cash deposit of P75 333 to Fund administrator Botswana Export Credit Insurance (BECI), as guarantee for procurement of mobile phones from a foreign supplier. As at 31 March 2022 the deposit was still appearing in the statements of the Fund, two (2) years after the guarantee period expired on 14 June 2020.

23. **Statement of Public Debt - (Statement No. 11)**

The Statement of Public Debt as at 31 March 2022 had a balance of P40 955 244 736, representing an increase of P7 128 994 633 from the previous year.

24. **Statement of Unspent Development Deposits - (Statement No.12)**

The balance of Unspent Development Deposits from foreign and local sources as at 31 March 2022 was P28 893 192 462. This balance includes amounts which have not shown any movement since 2018 as indicated below -

<b>Unspent Development Deposits</b>	<b>Balances(P)</b>
Japanese Government	3 677 308
BCL Sysmin Re-employment Account	250 731 504
International Bank for Reconstruction and Development (IBRD)	333 098
United Nations Environmental Program (UNEP)	779
International Fund for Agricultural Development (IFAD) Grant	466 167
Arab Bank for Development in Africa (BADEA)	58 112 335
International Fund for Agricultural Development (IFAD) Loan	164 111
Sysmin Support Grant Lome IV	458 455 753

25. **Statement of Loans Made by Government from Public Revenue - (Statement No. 13)**

Botswana Development Corporation - P89 500 000

The loan amount to the Corporation for the construction of the Gaborone International Convention Centre (GICC) project was P89 500 000. The outstanding balance as at 31 March 2022 was P43 559 525, after a payment of P4 826 597 in the financial year 2021/2022.

26. **Statement of Other Deposits – (Statement No. 14)**

The Statement reflects monies held by Government on behalf of third parties, excluding Unspent Development Deposits.

As at 31 March 2022, the Government liabilities under this account totalled P2 917 576 557. These include Private Firms Retentions Monies amounting to P457 281 958 and Other Deposits of P2 460 294 599.

27. **Statement of Advance Accounts – (Statement No. 15)**

The Statement shows advances, surcharges and losses of cash and stores. Debit balances represent monies owed to Government which must be recovered, whilst credit balances represent overpayments or errors which should be investigated and appropriate corrective action taken.

As at 31 March 2022, the total outstanding balance under the Advance Accounts was P1 934 998 177, net of credits of P75 041 651.

A review of balances under this Statement gave rise to the undernoted observations;

The balance of the Fund includes two items totalling P885 541 752 which I considered not appropriate to be included under this statement. A longstanding amount of P673 597 322 related to the balance on the purchase of shares in De Beers for which an appropriate account was yet to be identified. The other amount of P211 944 430 was paid to BCL as an advance to cover liquidation expenses for which there are no clear repayment terms.

Non-Moving Advances

A total outstanding balance of P70 310 154 for non-moving items as at 31 March 2022 should be investigated and appropriately dealt with.

Included in this balance is P3 995 468 under Residential Property Loans and P217 257 under Motor Vehicle Loans.

28. **Statement of Cash and Bank Balances – (Statement No. 16)**

The statement reflects Government bank accounts maintained at Bank of Botswana, Commercial Banks, Missions abroad and cash held at Treasury Cashier Offices.

As at 31 March 2022, the Statement had a credit balance of P15 118 629 447.

<b>Account</b>	<b>Amount</b>
Cash in Hand	1 310 967
Cash on Deposit	119 014 898
Government Investment Account	(16 327 487 050)
Cash at Bank	1 088 531 738
<b>Total</b>	<b>(15 118 629 447)</b>

An audit of the statement gave rise to the following observations;

Treasury Cashier Offices

Non-matching Transactions

The reconciliation statements for this account had outstanding items dating as far back as 2015, which need to be investigated and cleared.

<b>Treasury Cashier</b>	<b>Unreconciled items- (Receipt)/payment</b>	<b>Age analysis</b>
Francistown	548.75	2019
Ghanzi	(2 587.25)	2020
	1 715.20	2020
	3 097.85	2018
Goodhope	(1 457.10)	2019
	(129.00)	2019
Gumare	190.35	2021
Kanye	2 953.90	2019
	740.00	2019
	(P1 035.53)	2018
Kasane	2 649.40	2017
	(5 076.76)	2017
	(20 470.55)	2017
	(P27 087.04)	2017
Letlhakeng	1 306.30	Could not be confirmed
Maun	(522)	2016
	(261.40)	2015
	244.50	2015
Mochudi	2.40	2019
Moshupa	(1 308.00)	2020
	653.75	2020
	(3 006.75)	2018
	2 042.00	2018
Shakawe	924.20	2017

a. Cash on Deposit

The account had a closing balance of P119 014 898 as at 31 March 2022. A scrutiny of the account gave rise to the following observations;

## Point of Sale (POS) – Treasury Cashier Offices

### POS Minimum Balance

The arrangement for the POS accounts with the commercial banks was that the banks shall remit regularly to the Government Remittance Account, or anytime when the collections reach P10 000.

As at 31 March 2022, the following Treasury Cashier Offices had their POS bank account balances exceeding P10 000 as shown below:

<b>Treasury Office</b>	<b>Amount</b>
Masunga	351 731
Serowe	424 447
Letlhakane	152 193
Machaneng	14 010
Tutume	145 319
Parliament	15 851
Mochudi	11 477
Bobonong	21 922
Maun	47 923
Francistown	61 753
Kasane	16 638
Tsabong	24 014

Some Treasury Cashier Offices listed below closed with credit balances, which should be investigated and cleared.

<b>Treasury Office</b>	<b>31 March 2022</b>
Imprest Office	4 064 045
Palapye	128 398
Letlhakeng	8 581 459
Serowe	966 580
Charleshill	1 639 549
Kasane	19 865 824
<b>Total</b>	<b>35 245 900</b>

## Government Investment Accounts

### Government Liquidity Fund

The account comprises of cash, market gains and exchange gains. As at 31 March 2022, the account balance stood at P500 000 000.

b. Cash at Bank

Remittances

The Remittances Account had a closing debit balance of P82 716 814 as at 31 March 2022. The balance included unreconciled receipts and payments from the previous financial year which need to be investigated and cleared.

**Unreconciled items**

Item	31 March 2022
Unreconciled payments in the Bank Statement	183 673 131.50
Payments Available for Reconciliation in the GL	187 248 896.41
Receipts available for Reconciliation in the GL	150 381 377.92
Unreconciled Receipts in the Bank Statement	764 088 798.85

c. Salaries Account

The salaries account had unreconciled items in the ledger amounting to **P283 060 181** and unreconciled payments of **P206 399 864** in the bank statement. These figures are cumulative from as far back as 2005 as indicated below.

	Unreconciled Payments in the bank	Payments in General Ledger
Month	Amount as at 31 March 22 (P)	Amount 31 March 22 (P)
Mar-05	27490.50	(44 944 717.45)
Mar-06	32 402 354.83	6 730 807.95
Mar-07	6 726 798.97	(125 684 659.11)
Mar-08	16 256 998.73	(32 981 425.65)
Mar-09	26 415 953.48	(26 025 946.28)
Mar-10	98 251 870.21	139 038 551.60
Mar-11	4 152 260.80	106 209 664.12
Mar-12	869 383.40	122 798 903.18
Mar-13	2 557 900.69	103 319 476.31
Mar-14	2 997 648.95	(188 285 831.55)
Mar-15	514 475.45	38 385 744.91
Mar-16	12 188 896.45	41 937 426.50
Mar-17	1 111 523.15	25 239 751.77
Mar-18	1 075 246.25	24 296 117.05
Mar-19	78 647.75	20 123 549.10
Mar-20	0.00	21 617 094.95
Mar-21	15 098.22	(3 372 194.86)
Apr-21	757 317.05	2 605 976.33
<b>TOTAL</b>	<b>206 399 864.88</b>	<b>283 060 181.43</b>

d. Group Accounts

Banking Group 2

As at 31 March 2022 the bank statement had a balance of P21 791 691, inclusive of unreconciled payments amounting to P1 516 784 dating as far back as May 2013.

Banking Group 3

As at 31 March 2022 the bank statement had a balance of P4 731 409, inclusive of unreconciled payments amounting to P581 855 dating as far back as April 2013.

Banking Group 4

As at 31 March 2022 the bank statement had a balance of P5 165 662 inclusive of unreconciled payments of P3 912 dating as far back as July 2013 that need to be cleared.

Government Pula Card Account

As at 31 March 2022, the Pula Card Account had debit and credit balances of P12 823 752 and P2 455 193 respectively.

The following Treasury Cashier Offices overspent from the General Ledger as shown below;

**Treasury offices with overdrawn bank balances**

<b>Treasury Cashier Office</b>	<b>Credit ledger balance</b>
Accountant General HQ	672 505
Mochudi	1 118 977
Tsabong	183 666
Goodhope	480 046

In the previous report, I highlighted the same issue, which requires corrective measures.

I had reported last year that Tutume and Nata Treasury Cashier Offices operated two (2) accounts each of which only one account was operational in each case. This issue has not been resolved.

## Call & Current Accounts (Treasury Cashier Offices)

### Call Accounts

Call Accounts had debit and credit in the General Ledger balances of P434 563 044 and P189 864 395 respectively. However, the reconciliation statements for the 34 Treasury Cashier Offices were not availed for verification.

### Current Accounts

Treasury Cashier Offices had old current accounts, which were not closed. The accounts should have been reconciled, adjusted accordingly and closed as they distort the government books of accounts.

Current accounts should close with a nil balance on daily basis. However, there were current accounts that had balances as shown below;

### **Treasury Cashier Offices with Bank Balances**

<b>Treasury Office</b>	<b>Bank Balance (P)</b>
Moshupa	100 000
Masunga	100 000
Goodhope	5 000
Bobonong	100 000
Palapye	100 000
Shakawe	100 000
Gumare	100 000
Tsabong	100 000

## Electronic Fund Transfer Accounts - Treasury Cashier Offices

The Electronic Fund Transfer (EFT) accounts for the following Treasury Offices had overdrawn balances amounting to P1 070 446 552 as at 31 March 2022 which need to be reconciled.

<b>No</b>	<b>Treasury Cashier Office</b>	<b>Bank Balance (P)</b>
<b>1</b>	Bobonong	1 249 644
<b>2</b>	Francistown	23 694 313
<b>3</b>	Gantsi	25 204 839
<b>4</b>	Goodhope	5 494 952
<b>5</b>	Kasane	647 418
<b>6</b>	Letlhakeng	2 486 627
<b>7</b>	Masunga	910 851 146
<b>8</b>	Palapye	9 728 835
<b>9</b>	Selibe Phikwe	16 994 237
<b>10</b>	Serowe	15 129 661
<b>11</b>	Tutume	9 535 368
<b>12</b>	Gumare	9 880 618
<b>13</b>	Kang	476 416
<b>14</b>	Molepolole	39 072 478
<b>Total</b>		<b>1 070 446 552</b>

There were unaccounted differences between bank statements and general ledgers as shown in the table below:

<b>Treasury Cashier Office</b>	<b>Unaccounted differences</b>
Letlhakane (52327)	974 072 277.39
Masunga (52335)	662 743 648.60
Tsabong (52225)	41 748.70

These differences should be investigated and reconciled.

### e. Botswana Missions

A verification of Foreign Missions bank account reconciliation statements elicited the following observations that should be investigated and resolved:

#### **New York**

- Arrears from previous years as stated in the March 2022 reconciliation statement amounting to P14 751.19 could not be confirmed as there were no explanatory notes attached.

## **Paris**

- Difference of P262 701 between Statement 16 and General Ledger balances.
- Fluctuation difference of P41 780.77
- Rounding off difference of (P261 014.97).

## **Abuja - USD**

- Fluctuation difference of P342 837.32
- Un-presented cheques that relates to previous financial years.
- Transactions amounting to P141 828.78 were not accounted for in the General Ledger.

## **Windhoek**

- An overpayment of P4 141.97 to Fuel Supply dated 14 September 2017 is still not claimed.
- Transactions for 2017-2020 financial years amounting to P17 322.90 were not accounted for in the general ledger. This included contractual gardening services of P8 385.55 paid in March 2018.

## **Maputo**

- The Bank balance did not match with the cash book balance resulting in a difference of P11 524.60.
- Transactions amounting to P956 029.60 for 2017-2020 financial years were not accounted for in the general ledger. This included P844 557.31 described as 'Uncaptured retirement of imprest', P73 036.92 described as un-receipted amount for VAT refund and P35 954.37 narrated as 'uncaptured amount for purchase of toners.

## **Johannesburg**

- Transactions amounting to P225 850.03 dating back to 2018, were not captured in the Cash Book.
- Transactions labelled as 'other adjustments' amounting to P1 400 865.98 were added back into the bank balance as payments.

29. **Statement of Contingent Liabilities (Statement No.17)**

The Statement reflects loans to statutory bodies, public officers guaranteed by Government, and undertakings to international organisations made through Bank of Botswana..

The contingent liabilities as at 31 March 2022 stood at P7 369 176 472 as detailed below:

ITEM	AMOUNT
Parastatals Borrowings	5 633 721 398
Non-Interest Bearing Treasury Notes	144 674 696
Public Officers Borrowings	1 590 780 378
<b>TOTAL</b>	<b>7 369 176 472</b>

30. **Statement of Assets Held by Government in Commercial Undertakings (Statement No. 18)**

The Statement shows Government shareholdings in commercial undertakings, International Organisations, State Enterprises and Statutory Bodies.

The following assets, held by Government in undernoted companies were not included in the Statement:

- Tautona Lodge (Pty) Ltd – P58 240 000
- Debt Participation Capital Funding Limited – P71 569 389

31. **Statement of Arrears of Revenue – (Statement No. 19)**

The Statement consists of monies owed to the Government, which should have been collected in previous years. Total arrears as at 31 March 2022 were P144 290 334.

32. **Statement of Contingencies Fund – (Statement No. 20)**

The Fund was established to enable advances for urgent and unforeseen circumstances for which no other provision exists, where such expenditure could not be delayed. As at 31 March 2022 the account had a balance of P10 000 000.

33. **Statement of Losses of Public Monies and Stores – (Statement No. 22)**

This Statement is a year-end summary of all outstanding losses on cases that have been reported and not yet finalised or disposed of. Total outstanding losses of public monies as at 31 March 2022 was P15 479 883 of which P983 084 was recovered and P23 684 was written off leaving a balance of P14 503 114.

### **Table A - Losses of Cash**

In the year under review there was one (1) case reported under Ministry of Finance, amounting to P80 815 as compared to seven (7) cases reported in my previous report that amounted to P316 430.

### **Table B - Loss of Stores**

The outstanding balance in the account as at 31 March 2022 was P938 782.

Out of the loss amount of P1 136 546 reported in the previous years, a total of P92 618 was recovered and P348 423 written-off, leaving a balance of P688 467 still to be resolved.

### **Table C - Losses through Motor Vehicle Accidents**

In the year under review, 181 accidents to Government motor vehicles were reported, with a damage cost of P20 800 600. Of this amount, P1 744 510 was recoverable from third parties, P2 665 353 charged to drivers whilst P3 715 803 was charged to public funds.

Accidents to Government motor vehicles reported in the previous years totalled P11 115 141. The amount charged to public funds was P3 175 959 and an amount of P264 534 was charged to drivers whilst P2 852 076 was charged to third parties.

## PARLIAMENT

34. **Warranted Provision**

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
National Assembly	146 104 030	144 871 769	-1 232 261	0.84
Ntlo ya Dikgosi	8 174 240	8 008 731	-165 509	2.02
<b>TOTAL</b>	<b>154 278 270</b>	<b>152 880 500</b>	<b>-1 397 770</b>	<b>2.86</b>

The utilisation of funds warranted to Parliament for the financial year ended 31 March 2022 is indicated below:

The total amount warranted to both Departments was P154 278 270. The actual expenditure was within warranted provision leaving an unspent balance of P1 397 770 or 3%.

35. **Non-Moving Advances**

The non-moving advances which were outstanding on 31 March 2022 under Parliament are shown below:

Account	Amount
Advances- Industrial class	1 100
Advances- P&P Grade D4 & below	275 205
Advances on gratuity- Members of Parliament	7 246 403
Advance on gratuity- Contract Officers	28 000
Recovery of overpayment of salaries	28 238
Training Bond Liability	59 868
Travelling Imprest	149 269
<b>Total</b>	<b>7 788 083</b>

## MINISTRY FOR PRESIDENTIAL AFFAIRS, GOVERNANCE AND PUBLIC ADMINISTRATION

### 36. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2022 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
State House	14 677 267	14 015 710	-661 557	-4.5
Office of the President	424 736 858	410 176 480	-14 560 378	-3.4
Directorate of Public Service Management	87 426 090	85 601 355	-1 824 736	-2.1
Botswana Defence Force	0	-16 700	-16 700	0
National Aids and Health Promotion Agency	51 077 995	49 907 345	-1 170 650	-2.3
Office of the Former President – F. G. Mogae	2 665 410	2 519 277	-146 133	-5.5
Information Services	69 980 423	66 150 893	-3 829 530	-5.5
Broadcasting Services	243 479 512	241 394 620	-2 084 892	-0.9
Government Printing and Publishing Services	59 956 589	57 666 181	-2 290 408	-3.8
National Strategy Office	31 201 812	30 861 553	-340 260	-1.1
Directorate on Corruption and Economic Crime	128 648 038	126 265 226	-2 382 811	-1.9
Directorate on Intelligence and Security	455 610 530	454 845 420	-765 110	-0.2
Office of the Former President S.K.I Khama	4 003 392	3 687 689	-315 703	-7.9
Counter Terrorism Analysis & Fusion Agency	11 177 404	10 927 170	-250 234	-2.2
<b>TOTAL</b>	<b>1 584 641 320</b>	<b>1 554 002 218</b>	<b>-30 639 102</b>	<b>-1.9</b>

The total warranted provision of the Ministry was P1 584 641 320 and the actual expenditure was P1 554 002 218, recording under expenditure of P30 639 102 or 1%. The overall Ministry performance was generally

reasonable as all Departments were well within their warranted provisions while maintaining expected expenditure levels.

37. **Non-Moving Advances**

The non-moving advances for the Ministry as at 31 March 2022 are shown below:

<b>Account</b>	<b>Amount</b>
Advances - P&P Grade D4 and below	7 109
Surcharge - Damage to government vehicle	37 013
Surcharge - P&P – Payroll	1 500
Advances - Imprest Recoveries	3 902
Advances - Industrial Class	4 150
Advance on Gratuity- Members of Parliament	268 750
Loss of cash - Cash shortage	1 355 458
Recovery of Overpayment of salaries	263 816
Travelling Imprest	188 635
<b>Total</b>	<b>2 130 333</b>

38. **National AIDS and Health Promotion Agency (NAHPA)**

Rental Budget

The Agency had not budgeted for office rent, which amounted to P4 554 879. As a result, the rent amount was sourced elsewhere by way of virements. It is considered that in all cases, provision should be made and sought for all anticipated expenditures as a measure of financial control.

Grants for NGOs

The grants for Non-Governmental Organisations (NGOs) amounting to P5 249 675 were sourced from different accounts, which requires authority from the Permanent Secretary of the Ministry responsible for Finance. There was no evidence that this authority was sought.

## Financial Statements not Submitted - NGOs

Four contracted Non-Governmental Organisations, namely, Botswana Network on Ethics, Law and HIV/AIDS; Cancer Association of Botswana; Tebelopele Voluntary Counselling and Testing Centre and Anti-tobacco Network, did not submit their financial statements to account for the funds disbursed, contrary to the standard Memorandum of Agreement (MoA) dated 21 May 2021 Clause No 9 Paragraph 9.2 (a) which states that "The other party shall furnish NAHPA with detailed implementation progress and Financial Reports including detailed financial statements of expenditures and supporting documents"

Furthermore, paragraph 11.6 (b) of the MoA states that NAHPA reserves the right to withhold disbursement of any payment either wholly or partially in the event that Financial and Technical reports are not tendered as per the Agreement. This provision was not utilised by NAHPA.

### 39. **Department of Broadcasting Services**

#### Digital Migration Project

##### a) Contract Additions Without Approval

A tender for Digital terrestrial television was awarded at a contract sum of P53 008 900 for a period of 10 months beginning October 2014 to August 2015.

After award, the Department changed the scope of work, reducing the digital broadcasting sites from 48 to 45 and diesel generators from 48 to 35. These alterations should have reduced the contract sum by P534 242.55. However, the contract sum was never adjusted, instead additional items were added to the contract to utilise the "saving", without any evidence of approval.

##### b) Time Overruns

The contractor was expected to complete the project by 22 August 2015, but was awarded an extension of sixty (60) days to 22 October 2015. However, the project was only completed on 03 March 2016, five months after the revised timeline. At the time of audit, the final account had not been prepared.

The contract agreement Clause 17.1 stipulated that any delays in the delivery of the project should attract liquidated damages amounting to 1% of the contract monthly, but no charge was levied for the period of time that was not approved for extension.

c) Direct Appointment of Contractors

Various contractors were directly appointed to carry out different engagements contrary to the Public Procurement and Asset Disposal Act (PPAD Act) as follows:

- Supply and commissioning of the remote control system for radio transmitter at Botswana Television at a cost of P5 756 520.
- Supply, installation and commissioning of 96 digital exciters for Television Analogue Transmitters at a contract sum of P20 851 785.49.
- Upgrading of the cooling systems at Radio and Television Transmitter stations at a contract sum of P3 288 744.90.

The reasons for these direct appointments were not available.

d) Contract Variation

An enquiry as to why the remote control system contract was awarded at P7 071 936.13 whereas it was quoted at P5 803 132.43 as per the Public Procurement and Asset Disposal Board (PPADB) Form 1a (Record of Bid Opening) did not elicit any plausible explanation.

e) Unutilised Equipment

There were several components of the remote control system which were unutilised, un-serviced and abandoned as indicated below:

- The digital exciters supplied in 2015 had not been installed and commissioned. The exciters and control units were still in boxes except for Maun and Ghanzi sites. The equipment had passed the warranty period which could lead to obsolescence and theft.

- The pressure units acquired at a cost of P3 468 015 were not functional and were switched off as they were not compatible with the cooling system, indicating a wasteful expenditure.
- The remote control system was not in use, and its maintenance was not carried out according to schedule.

## MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

### 40. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2022 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	603 161 987	573 099 791	-30 062 196	-5
Accountant General	340 362 643	319 748 974	-20 613 669	-6.1
Financial Intelligence Agency	27 900 090	19 923 935	-7 976 155	-28.6
<b>TOTAL</b>	<b>971 424 720</b>	<b>912 772 700</b>	<b>-58 652 020</b>	<b>-6</b>

The overall performance of the Ministry was satisfactory having utilised 94% of the warranted provision. However, the Department of Financial Intelligence Agency (FIA) had a notable under expenditure of 29% of the warranted provision of P27 900 090, compared to 23% of the previous year. The warranted provision of the Department of FIA relative to the actual expenditure in the 2 years indicated is considered an excess of requirements.

### 41. Non-Moving Advances

The non-moving advances under the Ministry as at 31 March 2022 are shown below:

Account	Amount
Advances - P&P Emergency	20 312
Advances - Imprest Recoveries	7 364
Advances - P&P Grade D4 & Below	27 488
Loss of cash - Shortages	8 124 676
Prepayment Account	238 140
Residential Property Loan	3 995 468
Motor Vehicle Loan	217 257
Recovery of overpayment of salaries	350 308
Training Bond Liability	97 081
Travelling Imprest	1 891
<b>Total</b>	<b>13 079 985</b>

42. **Project on Construction of Shakawe Treasury Cashier Office and Staff Houses**

The project entailed construction of the Shakawe Treasury Cashier Office block and staff houses. According to the assessment report, out of nineteen (19) bidders, only five (5) qualified for progress to stage 2 and four (4) to stage 3 which is the financial stage. Bidder no. 5 was ranked number 1 at final stage but the tender was awarded to a different contractor at P45 002 163. There was no justification provided for this decision.

Liquidated Damages not Charged

The project was commissioned in October 2015, and scheduled to be completed by October 2016 (52 weeks). At the end of the 52 weeks contract period, progress recorded was only 6%. Termination was effected on 8 November 2016 without charging the estimated liquidated damages of P438 000 as stipulated in the contract agreement.

Although it was indicated that the performance security was recovered from the contractor, proof of payment was not availed for audit verification raising doubt as to whether it was actually recovered.

Re-awarding of the tender

Subsequently another contractor was awarded the tender for the sum of P44 055 947 inclusive of 4% for sub-contractors fees, for yet another 52 calendar weeks commencing on the 23 April 2018 and scheduled for completion on 22 April 2019.

Cost overruns

a) Consultancy – P1 034 961

Payment to consultants exceeded the contract sum by P1 034 961 as depicted in the table below;

<b>Agent</b>	<b>Stage achieved</b>	<b>Approved fees</b>	<b>Total paid</b>	<b>Difference</b>
Consultant 1	5	1 669 363	1 954 162	284 799
Consultant 2	5	1 072 270	1 342 661	270 391
Consultant 3	5	1 461 189	1 940 961	479 771
<b>TOTAL</b>				<b>1 034 961</b>

There was no evidence of authority to exceed the approved fees.

b) Contractor - P6 314 968

An examination of payment certificate number 17 revealed that the contractor was paid more than the amount quoted on the Bill of Quantities. Although the Accounting Officer had authorised 7.5% for contingencies, payments made exceeded the authorised limit and approval by the PPADB was not obtained as tabulated below;

**Unauthorised variations**

DESCRIPTION	BILL OF QUANTITIES	AMOUNT PAID	PERCENTAGE VARIATION	VARIATION AMOUNT
Treasury office	6 681 258	9 186 776	37	2 505 518
External works to Treasury office	3 694 727	5 121 137	38	1 426 410
Gate house	281 291	389 689	38	108 398
Generator and pump house	1 051 521	1 465 061	39	413 540
Staff house 2 beds A	585 053	1 023 376	74	438 322
Staff house 2 beds B	585 053	1 025 719	75	440 666
Staff house 2 beds C	585 053	1 045 739	78	460 686
Staff house 3 beds	672 975	1 089 223	61	416 248
External works to staff houses	574 037	679 217	18	105 180
<b>TOTAL</b>				<b>P6 314 968</b>

PPADB Regulation 95 (7) specifies that the total variations should not exceed 25% of the contract sum. Procuring entities are required to properly scope projects and produce cost estimate at project inception to avoid significant scope changes during project implementation. Approval of variations exceeding 15% of the contract sum must be sought at the Board/Ministerial Tender Committee.

### Excess Expenditure for Using Unspecified Materials

The contractor proposed to substitute the stipulated G5 material with soilcrete for under footings as an alternative since the G5 material was not available in Shakawe. The material was to develop slabs and under footing. The contractor highlighted that the use of soilcrete would have no cost implications to the client as stated in the letter dated 21 April 2018. Upon submission of payments the contractor quoted P500/m<sup>3</sup> compared to approved P120/m<sup>3</sup> for G5, this resulted in excess expenditure of P1 587 260. The use of soilcrete was also not approved by the engineer.

#### 43. **Project on Construction of Charleshill Treasury Cashier Office and Staff Houses**

##### Wasteful Expenditure – Project Design

A company was contracted for the design of the project and paid a sum of P581 099. The design was not utilised, instead a standard design already in existence for another project (Hukuntsi) was adopted. This miscommunication could have been avoided.

#### 44. **Project on Construction of Hukuntsi Treasury Cashier Office and Staff Houses**

The project entailed construction of one (1) revenue office block, six (6) staff houses, guardhouse, pump house and associated external works. The project was awarded at a sum of P41 391 494 for 52 weeks commencing 14 August 2017 and due for completion on 13 August 2018.

##### Overpayment to Consultants – P5 901 461

Various consultants were contracted for different services and an over-expenditure of P5 901 461.25 across the consultants' payments was incurred.

## MINISTRY OF NATIONALITY, IMMIGRATION AND GENDER AFFAIRS

### 45. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2022 is as reflected below:

Department	Warranted Provision Expenditure	Actual Expenditure	Under Expenditure	%
Headquarters	58 613 924	57 882 430	-731 491	-1.2
Immigration & Citizens	265 388 251	253 039 047	-12 349 204	-4.7
Labour and Social Security	0	-1 142	-1 142	-
Gender affairs	38 310 277	33 773 418	-4 536 859	-11.8
Civil & National Registration	90 503 638	88 502 710	-2 000 928	-2.2
<b>TOTAL</b>	<b>452 816 090</b>	<b>433 196 463</b>	<b>-19 619 627</b>	<b>-4.3</b>

The Ministry utilised 96% of its overall warranted provision. Of the five departments within the Ministry, Gender Affairs recorded 12% under expenditure.

### 46. Non-Moving Advances

The non-moving advances which were outstanding under the Ministry on 31 March 2022 are shown below:

Account	Amount
Surcharge-Damage to Government Vehicle	(540)
Advances- Industrial Class	6 000
Advance – P & P Grade D4 and below	11 591
Loss of cash – cash shortages	496 396
Recovery on Overpayment of Salaries	285 871
Travelling Imprest	6 100
<b>Total</b>	<b>805 418</b>

## MINISTRY OF AGRICULTURAL DEVELOPMENT AND FOOD SECURITY

### 47. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2022 is as indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	390 675 963	380 585 093	-10 090 870	2.6
Crop Production	228 804 750	227 369 430	-1 435 320	0.6
Agricultural Research	128 878 617	126 617 527	-2 261 090	1.8
Animal Production	144 884 452	140 601 951	-4 282 501	3
Agric. Bus. Promotions	36 484 178	35 569 964	-914 214	2.5
Veterinary Services	438 707 540	433 754 508	4 953 032	1.1
Agric. Research Statistics & Policy Development	23 562 010	21 838 096	-1 723 914	7.3
<b>TOTAL</b>	<b>1 391 997 510</b>	<b>1 366 336 569</b>	<b>-25 660 941</b>	<b>1.8</b>

The Ministry recorded 98% of expenditure over warranted provision of P1 391 997 510.

### 48. Non-Moving Advances

The non-moving advances which were outstanding on 31 March 2022 are as indicated below:

Account	Amount
Surcharge- Damage to Government Vehicle	98 437
Surcharge - P&P Payroll	58 654
Permanent & Pensionable Emergency Advances	6 700
Imprest Recoveries	12 446
Advances- Industrial Class	4 000
Advances- P& P Grade D4 and below	10 293
Loss of Cash	138 154
Loss of cash – cash shortage	266 388
Recovery on overpayment of salaries	1 540 892
Training bond liability	66 298
Travelling Imprest	227 742
<b>Total</b>	<b>2 430 004</b>

## MINISTRY OF BASIC EDUCATION

### 49. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2022 is as indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	1 066 567 068	1 062 706 752	-3 860 316	-0.4
Vocational Training & Education	0	-8 242	-8 242	0
Out of School Education and Training Citizens	54 697 250	54 456 942	-243 308	-0.4
Curriculum Development and Evaluation	22 941 230	22 750 310	-190 920	-0.8
Department of Teaching Service Management	6 028 447 214	6 027 319 819	-348 871 221	-5.8
Department of Pre and Primary	32 895 388	32 811 414	-83 974	-0.3
Department of Secondary Education	2 226 382 054	2 217 970 352	-8 411 702	-0.4
Department of Technical Service	44 852 566	44 757 045	-95 521	-0.2
Department of Information Communication and Media	16 995 324	17 087 754	92 431	0.5
Department of Special Support Services	19 154 880	19 060 854	-94 027	0.5
Department of Educational Planning and Research	11 369 597	11 311 757	-57 840	-0.5
<b>TOTAL</b>	<b>9 524 302 570</b>	<b>9 510 221 756</b>	<b>-14 080 814</b>	<b>-0.1</b>

50. **Non-Moving Advances**

The non-moving advances which were outstanding on 31 March 2022 are as indicated below:

<b>Account</b>	<b>Amount</b>
Surcharge-Damage to Government vehicles	58 540
Surcharge-P&P Payroll	78 037
Advance-P&P Emergency	-6 601
Advances-Imprest Recoveries	86 723
Advances -Industrial Class	5 978
Advances-P&P Grade D4 below	18 467
Loss of cash-cash shortage	401 518
Recovery of overpayment of salaries	10 076 492
Training Bond Liability	645 179
Travelling Imprest	507 809
<b>Total</b>	<b>11 872 142</b>

## MINISTRY OF INVESTMENT, TRADE AND INDUSTRY

### 51. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2022 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	850 258 690	846 274 439	-3 984 251	0.5
Cooperative Development	48 480 910	46 245 470	-2 235 440	4.6
Trade & Consumer Affairs	29 958 260	27 824 516	-2 133 744	7.1
Industrial Affairs	23 477 660	21 759 970	-1 717 690	7.3
Department of International Trade	22 853 940	20 461 827	-2 392 113	10.5
<b>TOTAL</b>	<b>975 029 460</b>	<b>962 566 221</b>	<b>-12 463 239</b>	<b>1.3</b>

The warranted provision for the Ministry was P975 029 460 and actual expenditure stood at P962 566 221, leaving an unspent balance of P12 463 239 which represents 1.3%. The Department of International Trade recorded expenditure of 86%, compared to 92% in the previous year.

### 52. Non-Moving Advances

The non-moving advances which were outstanding on 31 March 2022 are shown below.

Account	Amount
Surcharge - P&P Payroll	1 553
Loss of cash- Cash Shortage	4 422
Recovery of Overpayment of salaries	18 902
Training Bond Liability	34 365
Travelling Imprest	27 080
<b>Total</b>	<b>86 322</b>

## MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

### 53. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2022 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	160 878 475	140 719 543	-20 158 932	-12.5
Local Governance & Development Planning	10 032 372	9 417 437	-614 935	-6.1
Finance & Procurement Services	4 781 496 151	4 683 357 414	-98 138 738	-2.1
Tribal Administration	650 102 868	583 451 541	-66 651 327	-10.3
Local Govt. Technical Services	11 744 390	11 236 077	-508 313	-4.3
Rural Development	8 741 520	7 149 146	-1 592 374	-18.2
Social Protection	1 502 712 904	1 415 256 355	-87 456 549	-5.8
Community Development	11 449 089	9 819 849	-1 629 240	-14.2
<b>TOTAL</b>	<b>7 137 157 770</b>	<b>6 860 407 363</b>	<b>-276 750 407</b>	<b>-3.9</b>

Total warranted provision for the Ministry was P7 137 157 770 and actual expenditure was P6 860 407 367 leaving unspent balance of P276 750 407 representing 4% of the warranted provision.

The following Departments recorded unspent balances to the extent indicated, which would suggest possible over-provision of funds:

Headquarters at	12%
Tribal Administration	10%
Rural Development	18%
Community Development	14%

#### 54. **Non-Moving Advances**

The non-moving advances which were outstanding under the Ministry on 31 March 2022 are shown below:

<b>Account</b>	<b>Amount</b>
Surcharge - Damage to Government vehicles	8 559
Surcharge - P&P Payroll	36 921
Advances - Imprest Recoveries	24 626
Advances - Industrial Class	3 032
Advances - P&P Grade D4 and below	84 966
Loss of Cash - Cash Shortage	45 817
Recovery of Overpayment of Salaries	582 623
Travelling Imprest	46 109
<b>Total</b>	<b>832 653</b>

#### 55. **Constituency Community Projects (CCP)**

##### Non-adherence to Applicable Guidelines

The Constituency Community Projects Guidelines had specified the Local Authority Procurement & Assets Disposal (LAPAD) Act as the recommended authority for procurement. However, in Mochudi East and Mochudi West constituencies the evaluation process followed the lpelegeng Guidelines, therefore contravening the applicable criteria.

##### Time Overrun

The projects undertaken at Chobe, Gabane/Mmankgodi, Mogoditshane, Thamaga/Kumakwane, Kanye South, Kanye North, and Mmathethe/Molapowabojang constituencies went beyond the 'Time of Completion'. The Ministry could not avail the approval for 'Extension of Time'.

##### Lack of Submission of Returns by Service Providers

The Ministry engaged Botswana Power Corporation and Water Utilities Corporation to execute electricity distribution and water connection respectively. The Chobe constituency disbursed P10.8 million and Mogoditshane constituency P1.4 million to both service providers.

The guidelines for CCP Projects (2017) required monthly reports to the Ministry by the project implementing body at local authority level. This requirement was not observed.

#### Unutilised Facilities

Some Constituency Community Projects in Serowe South, Serowe North, Maun West, Ngami, Kgalagadi South, Gabane/Mmankgodi, Thamaga/Kumakwane, Lentsweletau/Mmopane, Mogoditshane and Kanye South were completed but remained unutilised for periods ranging between 8 months to 5 years standing the risk of being vandalised.

This defeats the intended purpose of service delivery to the concerned communities.

#### Boreholes Without Land Rights

The Maun East and Kgalagadi South constituencies enlisted boreholes as some of their preferred projects. Such projects required land and water rights to be acquired prior to execution.

However, the boreholes in the two constituencies were drilled without those rights. As at August 2022, they had neither water rights nor land rights but they were operational.

### 56. **Project on Tutume Storm Water Drainage & Internal Roads**

The main contract was awarded at P272 378 311 including 5% contingencies and 14% Value Added Tax (VAT). A scrutiny of the payment certificates revealed over-expenditure of P31 604 432.

#### Direct Appointment of Supervisory Consultant

A consultant was awarded a tender of P17 276 862 for the supervisory services of the construction of 3 bridges and 40 km street solar lights for 24 months. This was a direct appointment against the decision of the Adjudication Committee that had approved the 'Restricted' bidding method as per the LAPAD Act.

The consultant requested for an extension of 6 months at a cost of P4.9 million citing an omission on the initial scope. The authority to adjust the duration from 24 to 30 months with additional costs of P4.9 million could not be availed when requested.

57. **Destitute Housing Projects**

Tender Documents not Availed for Audit Inspection - Evaluation Reports

Instances were noted where various tenders valued at P15.7 million were awarded but the Project Technical Files reviewed by the audit did not include Evaluation Reports which is a PPADB requirement.

Tenders without evaluation reports

<b>Location</b>	<b>Financial Year</b>	<b>Number of Houses</b>	<b>Contract Sum</b>
Tsabong Sub District	2019/2020	39	3 429 500
	2020/2021	44	3 700 000
	2021/2022	42	4 200 000
Hukuntsi Sub District	2020/2021	26	2 600 000
	2021/2022	18	1 800 000
<b>Total</b>			<b>15 729 500</b>

Deviation from the Project Scope

The house designs were standardised and each beneficiary was expected to be given a two-and-half bedroom house estimated at P100 000. Okavango Sub District deviated from the standard design as they had constructed 52 one-and-half bedroom house units at P100 000 instead.

There was no evidence that authority was sought and given to deviate from the standard design was approved.

## MINISTRY OF MINERAL RESOURCES, GREEN TECHNOLOGY AND ENERGY SECURITY

### 58. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2022 is indicated below;

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	304 584 350	271 378 932	-33 205 418	10.9
Dept. of Water Affairs	0	-4 411	-4 411	-
Mines	26 149 240	24 785 795	-1 363 445	5.2
Energy Affairs	21 028 950	20 066 664	-962 286	4.6
<b>TOTAL</b>	<b>351 762 540</b>	<b>316 226 981</b>	<b>-35 535 560</b>	<b>10.1</b>

Total warranted provision for the Ministry was P351 762 540 and actual expenditure was P316 226 981, recording overall under expenditure of P35 535 560 or 10%. Headquarters had recorded expenditure of 89% of the warranted provision.

### 59. Non-Moving Advances

The non-moving advances which were outstanding under the Ministry on 31 March 2022 are shown below:

Account	Amount
Surcharge – Damage to Government vehicle	-1 978
Surcharge - P&P – Payroll	-9 140
Advances- Industrial class	2 000
Advances - P&P Grade D4 and below	8 500
Recovery of Overpayment of salaries	52 956
Travelling Imprest	53 303
<b>Total</b>	<b>105 641</b>

## MINISTRY OF HEALTH AND WELLNESS

### 60. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2022 is indicated below:

Department	Warranted Provision	Actual Expenditure	Expenditure Over + or Under -	%
Headquarters	654 772 872	652 278 537	-2 494 335	0.4
Primary health care services	0	15 959	15 959	
Health Sector Rel.	0	-6 415	-6 415	0
Clinical Services	0	130 251	130 251	0
Public Health	0	7 031	7 031	0
Aids Pre. & Care	0	-83 398	-83 398	0
Health Inspectorate	7 819 244	7 573 397	-245 848	3.1
Health Policy Research & Development	234 588 327	233 989 738	-598 589	0.3
Health Services Management	8 673 632 571	8 786 394 320	112 761 749	1.3
HSME & QA	11 046 226	10 190 942	-855 284	7.7
Public Health	0	68 642	68 642	0
<b>TOTAL</b>	<b>9 581 859 240</b>	<b>9 690 559 003</b>	<b>108 699 763</b>	<b>1.1</b>

Total warranted provision for the Ministry was P9 581 859 240 and actual expenditure was P9 690 359 003 resulting in unauthorised expenditure of P108 699 763. This was a result of over expenditure of P112 761 749 under the Department of Health Services Management. It is to be noted that over expenditure of funds warranted to Ministries or sub-warranted to Departments are not permitted under any circumstances in terms of the warrants authorising Ministerial expenditures.

61. **Non-Moving Advances**

The non-moving advances which were outstanding under the Ministry on 31 March 2022 are shown below:

<b>Account</b>	<b>Amount</b>
Surcharge - Damage to Government vehicles	179 716
Surcharge P & P Payroll	91 383
Permanent & Permanent Emergency Advance	15 000
Advances - Imprest Recoveries	504 475
Advances - Industrial Class	50 897
Advances P & P Grade 4 and below	119 076
Loss of Cash - Cash Shortages	70 550
Recovery of Overpayment of Salaries	6 121 229
Training Bond Liability	2 613 777
Travelling Imprest	2 209 242
<b>Total</b>	<b>11 975 345</b>

## ADMINISTRATION OF JUSTICE

### 62. Warranted Provision

The utilisation of funds warranted to the Department for the financial year ended 31 March 2022 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Admin of Justice	315 647 920	312 256 546	-3 391 374	1.1

The Department's warranted provision was P315 647 920 for the year under review which was an increase of 5% from the previous year's warranted provision of P300 861 270. The expenditure for the year was P312 256 546, representing 99% funds utilisation.

### 63. Non-Moving Advances

The non-moving advances which were outstanding under the Department on 31 March 2022 are shown below:

Account	Amount
Surcharge - Damage to Government Vehicles	11 316
Surcharge P&P Payroll	5 447
Advances - Imprest Recoveries	27 329
Advances - Industrial Class	2 030
Advance - P & P Grade D4 & Below	44 986
Loss of Cash - Cash Shortages	141 963
Recovery of Overpayment of Salaries	143 467
Travelling Imprest	58 213
District Imprest	18 699
<b>Total</b>	<b>453 450</b>

## ATTORNEY GENERAL'S CHAMBERS

### 64. Warranted Provision

The utilisation of the funds warranted to the Chambers for the financial year ended 31 March 2022 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Attorney General	250 129 830	244 439 227	-5 690 603	2.3

Compared to the previous year the Chambers continued to perform satisfactorily with 98% utilisation of warranted funds in the year under review, following another 98% in the previous year.

### 65. Non-Moving Advances

The non-moving advances which were outstanding under the Department on 31 March 2022 are shown below:

Account	Amount
Surcharge – Damage to Government vehicle	39 130
Surcharge – P & P Payroll	22 301
Recovery of Overpayment of Salaries	24 010
Training Bond Liability	57 253
Travelling imprest	30 195
<b>Total</b>	<b>172 889</b>

## OFFICE OF THE AUDITOR GENERAL

### 66. Warranted Provision

The utilisation of funds warranted to the Office for the financial year ended 31 March 2022 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Auditor General	89 341 640	82 717 641	-6 623 999	7

The Office of the Auditor General has spent 93% of the warranted provision, compared to the previous year utilisation of 92%.

### 67. Non-Moving Advances

The non-moving advances which were outstanding under the Department on 31 March 2022 are shown below:

Account	Amount
Advances - Imprest Recoveries	71 912
Advances – Industrial Class	1 500
Advances – P & P Grade D4 & Below	910
Recovery of Overpayment Salaries	4 708
Training Bond Liability	11 310
Travelling Imprest	-245
<b>Total</b>	<b>90 095</b>

## MINISTRY OF INTERNATIONAL AFFAIRS AND COOPERATION

### 68. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2022 is indicated below:

Department	Warranted Provision	Actual Expenditure	Expenditure Over + or Under -	%
Headquarters	104 794 054	104 986 032	191 978	0.1
Washington	29 138 010	28 305 683	-832 327	2.9
New York	42 931 850	42 739 839	-192 011	0.4
London	25 499 790	24 723 334	-776 456	3.0
Lusaka	6 310 470	6 274 971	-35 499	0.6
Brussels	27 529 780	27 465 982	-63 798	4.5
Stockholm	16 168 330	15 790 194	-378 136	2.3
Harare	11 007 130	10 977 704	-29 426	0.3
Windhoek	9 306 850	9 262 777	-44 073	0.5
Beijing	28 581 120	27 368 732	-1 212 388	4.2
Geneva	39 616 460	37 602 892	-2 013 568	5.1
Pretoria	11 677 970	11 389 430	-288 540	2.5
Johannesburg	11 483 870	11 323 643	-160 227	1.4
Tokyo	28 583 720	27 562 796	-1 020 924	3.6
Addis Ababa	14 779 670	14 653 031	-126 639	0.9
Nairobi	17 876 490	17 687 490	-189 000	1.1
Canberra	24 645 066	24 363 758	-281 308	1.1
New Delhi	18 916 790	18 890 466	-26 324	0.1
Abuja	15 900 470	15 544 053	-356 417	2.2
Brasilia	18 654 800	17 802 588	-852 212	4.6
Kuwait	12 173 750	10 738 354	-1 435 396	12
Maputo	13 689 050	13 352 383	-336 667	2.5
Berlin	26 791 720	26 587 099	-204 621	0.8
Paris	23 634 670	23 370 538	-264 132	1.1
<b>TOTAL</b>	<b>579 691 880</b>	<b>565 763 769</b>	<b>-12 928 111</b>	<b>2.2</b>

In the above table, Headquarters departmental expenditure reflects an over expenditure of P191 978 of the sub-warranted funds, in breach of the terms of the sub-warrant, which indicates lack of financial and expenditure control.

69. **Non-Moving Advances**

The non - moving advances which were outstanding on 31 March 2022 under this Ministry are as shown below:

<b>Account</b>	<b>Amount</b>
Surcharge - Damage to Government Vehicles	3 077
Surcharge - P&P Payroll	194 654
Advance on Gratuity - Members of Parliament	-8 334
Loss of Cash - Cash Shortages	599 534
Recovery of Overpayment of Salaries	730 956
Travelling Imprest	56 252
<b>Total</b>	<b>1 576 139</b>

70. **Contract Agreement with Freight Companies - Headquarters**

Freight companies were engaged to provide storage for personal properties of public officers serving in foreign missions without adhering to tendering procedures. The service providers did not have running contracts with the Ministry, which could provide clear terms of engagement. In such circumstances, I am not aware how those companies were selected.

## INDEPENDENT ELECTORAL COMMISSION

### 71. Warranted Provision

The utilisation of funds warranted to the Commission for the financial year ended 31 March 2022 is as shown below.

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Independent Electoral Commission	66 219 360	64 986 211	-1 233 149	2

The Commission had utilised 98% of warranted funds in the year under review, compared to 88% in the previous year.

### 72. Non-Moving Advances

The non-moving advances which were outstanding under the Commission on 31 March 2022 are shown below:

Account	Amount
Advances - P & P Grade D4 & Below	8 000
Loss of Cash - Cash Shortages	1 464
<b>Total</b>	<b>9 464</b>

## OFFICE OF THE OMBUDSMAN

### 73. Warranted Provision

The utilisation of funds warranted to the Office for the financial year ended 31 March 2022 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Ombudsman	35 090 040	32 611 425	- 2 478 615	7.1

The office recorded 93% expenditure with an unspent balance of P2 478 615.

## MINISTRY OF LAND MANAGEMENT, WATER AND SANITATION SERVICES

### 74. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2022 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	639 676 444	615 721 154	-23 955 290	4
Surveys and Mapping	44 211 618	42 415 062	-1 796 556	4
Town & Country Planning	29 429 090	27 666 003	-1 763 087	6
Lands	54 220 698	50 999 602	-3 221 096	6
Deeds Registry	14 825 960	13 651 683	-1 174 277	8
Project Management Office	19 579 130	18 096 232	-1 482 898	8
Water & Sanitation	130 140 030	127 671 917	-2 468 113	2
Land Tribunal	31 864 590	28 736 308	-3 128 282	10
<b>TOTAL</b>	<b>963 947 560</b>	<b>924 957 961</b>	<b>-38 989 599</b>	<b>4</b>

Out of the warranted provision of P963 947 560 the Ministry had unspent balance of P38 989 599 or 4%. The total warranted provision had decreased by 5% from P1 010 705 505 to P963 947 560. However, Water and Sanitation sub warranted provision increased by 11% from P117 252 527 to P130 140 030. The same Department had an unspent balance of 16% in the previous year as compared to 2% in the year under review.

### 75. Non-Moving Advances

The non-moving advances which were outstanding under the Ministry on 31 March 2022 are shown below:

Account	Amount
Surcharge - Damage to Government Vehicles	1 159
Surcharge - P&P Payroll	6 363
Advances - Imprest recoveries	5 108
Advances - Industrial class	991
Advance - P & P Grade D4 & Below	-1 250
Loss of Cash - Cash Shortages	358 681
Recovery Overpayment of Salaries	324 793
Training Bond Liability	123 389
Travelling Imprest	77 373
<b>Total</b>	<b>896 607</b>

76. **North-South Carrier (NSC) – Mogodi Hill to Pitsane**

Delayed Payments

The North-South Carrier project covering Mogodi Hill to Pitsane was scheduled to commence on 24 September 2014 and was scheduled for completion on 13 December 2015 at a cost of P132 978 410. During the course of the project, the Ministry delayed to pay the contractor an amount of P5 469 623.75 which resulted in the contractor suspending works. Upon resumption of work, the contractor claimed extension of time costing P600 111, which was inclusive of demobilisation and remobilisation.

Delaying payments affects the project delivery schedules, resulting in denied service to the community.

77. **North South Carrier (NSC) – Mmamashia to Kanye**

Increase in Consultancy Service Fees without Approval

The supervising consultant was awarded the tender for supervision of Mmamashia – Kanye NSC on 15 October 2010 at a contract price of P15 214 640. The contract amount was increased to P23 421 632.82 on the 18 June 2014 as per PPADB Form 3. The total amount paid up to the completion of the project of P76 877 312.45. (excluding invoice number 100 which was paid recently in January 2023). The contract amount was increased by 228%.

In its letter dated 24 February 2017, Ref 10/3/3/10 III (3) PPADB did not approve the Ministry's request to increase the consultancy fees from P23 421 632.82 to P35 466 145.97 on the basis that it was in excess of the allowable 25% variation threshold as per PPAD Regulations 95(7).

PPADB advised the procuring Ministry to obtain authorisation from the Ministry of Finance with a clear justification.

There was no evidence that authorisation for an increase of the contract price was sought as advised by PPADB.

North - South Carrier, Kanye Village

The initial cost of connecting Kanye village to the North South Carrier was estimated at P680 989 000. During implementation, the cost was revised to P945 924 182. However, the tender was awarded at a sum P704 080 715. At the time of audit in August 2022, the cumulative amount paid for the project was P1 221 685 582 which exceeded the contract price by P517 604 866 (74%).

I am not aware of any approval on the price increase by the Ministry of Finance.

#### Interest Charges on Late Payments – P982 443

Interest amounting to P982 443 was paid to the Contractor as a result of late payments. On enquiry, Management indicated that project funds got depleted before the payment could be made.

#### Failure to Account for Auction Sale Proceeds - P719 226

The Contractor auctioned a total of seven (7) vehicles from the North South Carrier project in Kanye, with proceeds amounting to P719 226.

There was no evidence that the funds received were transferred or deposited into the Government accounts.

## MINISTRY OF ENVIRONMENT, NATURAL RESOURCES CONSERVATION AND TOURISM

### 78. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2022 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	186 301 744	178 166 704	-8 135 040	4.4
Wildlife & National Parks	375 937 074	340 490 763	-35 446 311	9.4
Tourism	24 350 837	23 655 681	-695 156	2.9
Meteorological Services	72 788 298	72 562 447	-225 851	0.3
Sanitation & Pollution Control	27 687 713	27 465 529	-222 184	0.8
Forestry & Range Resources	91 860 337	90 246 138	-1 614 199	1.8
Environmental Affairs	25 063 082	24 666 645	-396 436	1.6
National Museum, Monuments & Art Gallery	44 031 525	41 941 647	-2 089 879	4.7
<b>TOTAL</b>	<b>848 020 610</b>	<b>799 195 555</b>	<b>-48 825 055</b>	<b>5.8</b>

The warranted provision of the Ministry was P848 020 610 and actual expenditure of P799 195 555 leaving an unspent balance of P48 825 055 or 6%. The provision had slightly increased from the previous year's provision of P833 157 670 by 2%. The overall under expenditure in the previous year was 0.6% as compared to 6% in the year under review.

### 79. Non-Moving Advances

The non-moving advances which were outstanding under the Ministry on 31 March 2022 are shown below:

Account	Amount
Surcharge - Damage to Government Vehicles	3 315
Surcharge - P&P Payroll	8 119
Advances - Imprest recoveries	12 222
Advances - Industrial Class	250
Advances - P & P Grade D4 & Below	13 790
Loss of Cash - Cash Shortages	41 735
Recovery of Overpayment of Salaries	250 821
Training Bond Liability	113 402
Travelling Imprest	79 405
<b>Total</b>	<b>5239</b>

80. **Headquarters**

a . Expired Leases

The Ministry did not renew leases for some rented properties in Gaborone and Maun over a period of three (3) years dating as far back as July 2015. A sum of **P6 371 670** was paid for rentals on these expired leases.

OCCUPANT	PLOT NO.	LEASE PERIOD	MONTHLY RENTAL (VAT excl.)	PERIOD WITHOUT LEASE	AMOUNT PAID WITHOUT LEASE
Dept. of Environmental Affairs	523 Unit 3-5 Maun	30/09/2021-30/03/2022	24 260	6 months	145 560
Forestry and Range Resources	1272 Loapi House Gaborone	01/07/2015 – 30/03/2022	78 869	6 years 8 Months	3 54905
Environmental Affairs	1271 Gaborone	01/07/2015 – 30/03/2022	59 489	6 years 8 Months	2 677 005
<b>TOTAL</b>					<b>6 371 670</b>

b . Failure to Complete Project

A contractor was engaged for general maintenance of office and staff houses at the Department of Tourism from 5 August 2020 and was due for completion on 23 October 2020. The project was not completed due to a delay of 4 months on payment of contractor's fees amounting to P389 857. The contractor then demanded compensation for the delay of payment and for legal costs incurred and could not continue with the project.

81. **Department of Wildlife and National Parks**

a . Unused Aircraft – Service Cost

Six (6) Jabiro aircraft procured for wildlife patrol were grounded at Sir Seretse Khama International Airport reportedly due to unfavorable weather conditions in the country. The grounded airplanes attracted insurance cover of USD480 000 per year and service charges of P311 790. Storage charges also continue to escalate at the hangar because the airplanes were not collected after service.

b. Procurement Process not Followed

The procurement of maintenance services for the Jabiro airplanes was done through direct appointment on 7 April 2022 and also in retrospect, when the airplanes were already at the service provider.

This constituted unfair advantage over other service providers who were not given the opportunity to compete. Lack of competition may subject government to unreasonable prices.

## INDUSTRIAL COURT

### 82. Warranted Provision

The utilisation of funds warranted to Industrial Court for the financial year ended 31 March 2022 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Industrial Court	41 731 480	41 334 352	-397 128	1.0

The Court recorded 99% expenditure out of the warranted provision, compared to 93% in the previous year, leaving an unspent balance of P397 128.

### 83. Non-Moving Advances

The non-moving advances which were outstanding under the Industrial Court on 31 March 2022 are shown below:

Account	Amount
Recovery of overpayment of Salaries	1 783
Travelling Imprest	-4 491
<b>Total</b>	<b>-2 708</b>

The credit balance under the travelling imprest account implies an over- retirement of the imprest, which should have been refunded or adjusted, as may be appropriate.

## MINISTRY OF YOUTH EMPOWERMENT, SPORT AND CULTURE DEVELOPMENT

### 84. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2022 is indicated below-

Department	Warranted Provision	Actual Expenditure	Expenditure Over+ or Under-	%
Headquarters	715 820 053	592 909 609	-122 910 444	17.2
National Archives & Record Services	32 838 514	28 060 886	-4 777 628	14.5
Department of Youth	0	-12 137	-12 137	100
Youth National Internship	193 721 193	123 755 798	-69 965 395	36.1
<b>TOTAL</b>	<b>942 379 760</b>	<b>744 714 145</b>	<b>-197 665 604</b>	<b>21</b>

The overall expenditures for Departments totalled P744 714 145, representing 79% of the warranted provisions, compared to 77% in the previous year. This persistent relatively low expenditures would suggest possible provision of funds in excess of requirements, or purposes budgeted for not implemented.

### 85. Non-Moving Advances

The non-moving advances which were outstanding under the Ministry on 31 March 2022 are shown below:

Account	Amount
Advances - Imprest Recoveries	58 174
Advances - P&P Grade D4 & below	2 915
Recovery of Overpayment of Salaries	11 492
Travelling Imprest	36 225
<b>Total</b>	<b>108 806</b>

86. **Rental Overpayments**

The Ministry incurred rental overpayments to several landlords amounting to P1 036 109. Landlords were notified of their overpayments and the need to refund the Government, but no recoveries had been made as at 31 March 2022.

Over payment should offset against next rental payment if the lessors would not refund.

## MINISTRY OF INFRASTRUCTURE AND HOUSING DEVELOPMENT

### 87. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2022 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	59 225 147	57 481 837	-1 743 310	2.9
Department of Building & Engineering Services	0	-7 258	-7 258	0
Department of Housing	149 486 124	145 844 130	-3 641 994	2.4
Department of Project Infrastructure Planning	21 376 932	17 516 276	-3 860 656	18.1
Department of Facilities Management	240 464 139	236 258 852	-4 205 287	1.7
Department of Infrastructure Develop	25 366 278	22 073 060	-3 293 218	13
Department of Policy Research & Development Monitoring & Evaluation	1 097 080	639 071	-458 009	41.7
<b>TOTAL</b>	<b>497 015 700</b>	<b>479 805 967</b>	<b>-17 209 733</b>	<b>3.5</b>

In the year under review, all the Departments had under expenditures of the warranted provisions which resulted in the overall under-utilisation of the warranted provision by P17 209 733 or 4%. Higher under-utilisation was noted at Department of Policy Research and Development at 42% and the Department of Project Infrastructure Planning at 18%.

### 88. Non-Moving Advances

The non-moving advances which were outstanding under the Ministry on 31 March 2022 are shown below:

Account	Amount
Surcharge – Damage to Government vehicle	305
Surcharge – P&P Payroll	2 787
Advance – Industrial Class	-396
Advance – P & P Grade D4 & Below	2 508
Recovery of overpayment of salaries	1 68 551
Training Bond Liability	48 367
Travelling Imprest	76 543
<b>Total</b>	<b>298 665</b>

## MINISTRY OF TRANSPORT AND COMMUNICATIONS

### 89. Warranted Provision

The utilisation of funds warranted to Ministry for the financial year ended 31 March 2022 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	447 642 932	444 516 750	-3 126 182	1
Road Transport & Safety	179 578 873	179 118 233	-460 640	0.3
Central Transport Org	439 208 037	434 963 154	-4 244 883	1
Telecommunications and Postal Services	9 758 274	9 382 496	-375 778	4
Roads	222 786 745	219 485 907	-3 300 838	2
Information Technology	520 611 679	518 910 471	-1 701 208	0.3
<b>TOTAL</b>	<b>1 819 586 540</b>	<b>1 806 377 011</b>	<b>-13 209 529</b>	<b>1</b>

The Ministry's warranted provision was P1 819 586 540 and actual expenditure was P1 806 377 011, resulting in an unspent balance of P13 209 529 or 1%.

### 90. Non-Moving Advances

The non-moving advances which were outstanding under the Ministry on 31 March 2022 are shown below:

Account	Amount
Surcharge – Damage to Government vehicle	45 503
Surcharge – P&P Payroll	211 919
Advances- P&P Emergency	3 000
Advances- Imprest Recoveries	10 736
Advances- Industrial class	8 010
Advances- P&P Grade D4 and below	334
Loss of cash- cash shortage	261 963
Recovery of overpayment of salaries	672 497
Training bond liability	125 799
Travelling Imprest	89 268
<b>Total</b>	<b>1 429 029</b>

### 91. Headquarters - Botswana Integrated Transport Project (BITP)

The Government of Botswana entered into a 10-year financing agreement with the World Bank and the OPEC Fund for International Development (OFID) for undertaking the BITP. The project aims at;

easing traffic congestion, improving road safety, and enhancing overall ambience of transport infrastructure, thereby augmenting the already existing road infrastructure. BITP was scheduled to run from 2009 to 2019 for both actual works and the defects liability period.

The following findings relate to all components, which were at various phases of implementation for the year ended 31 March 2022;

a. No Provision for Retention fees

The contract agreement for installation of the new traffic signaling system and the Centralized Traffic Control (CTC) project did not provide for retention, therefore exposing the government to possible losses. The retention money would be utilised in the event that the contractor failed to complete the job.

b. Delayed Implementation of the Project

The project was implemented with a delay of four years after completion of conceptual designs. By the time the project commenced, the contractor realised that there was need to relocate utilities such as water, electricity and internet services to make way for the project.

The delay to relocate water lines resulted in the contractor increasing the provisional sum from P1 509 320 to P66 749 968. Although justification for the adjustment was provided and authorisation granted, the expenditure could have been avoided.

c. Losses Incurred Upon Contractor Liquidation

Component B

The contractor for Component B of the BITP project was liquidated on 31 July 2020. The Ministry was only notified about the liquidation on 30 December 2020 after the contractor had left the site.

The total Liquidated Damages payable to the government as a result of the above delay amounted to P206 853 798, but it was not paid.

The government issued a recovery instruction to the Attorney General on 20 April 2022 (REF MTC 6/4/97 III (32)) and it still remained unclear when the contractor would settle the outstanding amounts.

## MINISTRY OF DEFENCE, JUSTICE AND SECURITY

### 92. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2022 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	1 63 353 170	1 53 372 485	-9 980 685	6.1
Botswana				
Defence Force	4 775 382 040	4 737 332 792	-38 049 248	0.8
Botswana Police Service	2 875 647 260	2 869 240 289	-6 406 971	0.2
Botswana Prisons & Rehabilitation	668 626 510	648 857 810	-19 768 700	3.0
<b>TOTAL</b>	<b>8 483 008 980</b>	<b>8 408 803 376</b>	<b>-74 205 604</b>	<b>0.9</b>

The expenditure of the departments of the Ministry is within the warranted provisions, recording a 99% overall budget utilisation.

The total warranted provision for the year was P8 483 008 980 and actual expenditure was P8 408 803 376. The provision had slightly increased from the previous year's provision of P8 139 798 760 by 4%.

### 93. Non-Moving Advances

The non-moving advances which were outstanding under the Ministry on 31 March 2022 are shown below:

Account	Amount
Surcharge - Damage to Government Vehicles	66 175
Surcharge P&P Payroll	1 100
Advances - Imprest Recoveries	19 189
Advances - Industrial Class	1 000
Advances - Permanent & Pensionable Grade D4 & Below	-4169
Loss of Cash - Cash Shortages	58 711
Recovery of Overpayment of Salaries	448 493
Training Bond Liability	62 060
BDF Fines Recovery	568 765
Travelling Imprest	296 190
<b>Total</b>	<b>1 517 514</b>

94. **Botswana Police Service**

a. Safer City

The Botswana Police Service (BPS) noted the need to modernise its facilities for combating crime in the country through the adoption of a modern surveillance system called the Safer City Solution (the System). The project was approved in the National Development Plan (NDP) 10 with an estimated cost of P158 000 000.

Omission of Supporting Services from Project Estimate (P83 090 006)

It was noted that the costs for support services amounting to P83 090 006 were not included in the initial project cost, details of which are shown in the table below.

<b>SERVICE</b>	<b>TOTAL (P)</b>
Bandwith & Fibre connections	45 119 971
Power connection & supply	15 682 671
Bandwith	4 481 234
Fleet management connectivity	3 500 000
WIFI	368 134
Generator	571 200
VAT	13 366 796
<b>Total</b>	<b>83 090 006</b>

b. Police Sirens and Emergency Strobe Lights Project

Delay in Contract Award

A tender for P534 296 was awarded for the supply, delivery, installation and commissioning of police sirens and emergency strobe lights. The tender was closed in March 2018 and was only awarded fourteen months later in May 2019. Due to the delay, the contracted company requested for a price adjustment shortly

after the contract signing, which was not granted. The contractor then went ahead to supply but did not install the equipment.

Subsequently, another contractor was engaged to perform the installation and was paid an amount of P104 267 which could have been saved.

c. Contract Not Signed - Radio and Transmitter Equipment

A tender for maintenance of the radio trunking system for Botswana Police was awarded at a sum of P27 971 553 for a period of three years. The contract commenced on 01 December 2018 and ended on 30 November 2021. However, the contract agreement availed for audit was not signed.

## MINISTRY OF EMPLOYMENT, LABOUR PRODUCTIVITY AND SKILLS DEVELOPMENT

### 95. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2022 is as indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	155 909 560	139 406 186	-16 503 374	10.6
Labour & Social Security	63 550 910	57 939 674	-5 611 236	8.8
Occupational Health & Safety	14 774 630	13 650 431	-1 124 199	7.6
Skills Development	545 299 520	488 518 101	-56 781 419	10.4
<b>TOTAL</b>	<b>779 534 620</b>	<b>699 514 392</b>	<b>-80 020 228</b>	<b>10.3</b>

In the year under review the Ministry's warranted provision was P779 534 620 and actual expenditure was P699 514 392, resulting in an unspent balance of P80 643 358 or 10%.

The Ministry's warranted provision increased by 7% from the previous year amount of P726 242 148.

### 96. Non-moving advances

The non-moving advances which were outstanding under the Ministry on 31 March 2022 are shown below:

Account	Amount
Advances - Imprest Recoveries	10 766
Advances - Industrial Class	1 375
Advances - P&P Grade D4 & below	-4
Loss of cash - Cash Shortage	194 453
Recovery of overpayment of Salaries	197 331
Travelling Imprest	10 892
<b>Total</b>	<b>414 813</b>

## MINISTRY TERTIARY EDUCATION, RESEARCH, SCIENCE AND TECHNOLOGY

### 97. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2022 is as indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	1 714 629 530	1 712 002 120	-2 627 410	0.2
Tertiary Education & Financing	3 485 190 630	3 356 647 094	-128 543 536	4
Teacher Training	355 615 180	347 260 240	-8 354 940	2
Research Science & Technology	12 954 200	11 317 843	-1 636 357	13
Radiation Protection Inspectorate	15 318 160	13 622 387	-1 695 773	11
Institute of Health Sciences	183 405 140	177 678 687	-5 726 453	3
<b>TOTAL</b>	<b>5 767 112 840</b>	<b>5 618 528 371</b>	<b>-148 584 469</b>	<b>3</b>

Total warranted provision for the year was P5 767 112 840 and actual expenditure was P5 618 528 371 leaving an unspent balance of P148 584 469 or 3%. The warranted provision increased from the previous year's provision of P4 746 668 019 by 22%.

### 98. Non-Moving Advances

The non-moving advances which were outstanding under the Ministry on 31 March 2022 are shown below:

Account	Amount
Advances - Imprest Recoveries	6 500
Bonded Student Recoveries - Old Scheme	1 170 443
Grant Loan Scheme	23 464 412
Student Advance Loan Scheme	-1 981 527
Recovery of Overpayment of Salaries	143 015
Travelling Imprest	4 345
<b>Total</b>	<b>22 807 188</b>

99. In terms of Section 68 (3) of the Local Government Act, (Cap 40:01) and Section 32 (3) of the Tribal Land Regulations (Tribal Land Act, (Cap 32:02), I am required to audit the accounts of all Councils and Land Boards, and submit my reports and audited statements to the Minister, responsible for finance and to the Town Clerks, Council Secretaries and Land Board Secretaries who shall cause them to be tabled before their respective Full Councils and Land Boards, as the case may be.

Section 73 of the Local Government Act established the Local Authorities Public Accounts Committee to examine the accounts of every Council and Land Board which are required to be presented to the Minister. The Committee reports the results of its findings to the Minister.

The Local Government authorities under the scope of my mandate are as follows:

#### **Town and City Councils**

- City of Francistown Council
- Gaborone City Council
- Jwaneng Town Council
- Lobatse Town Council
- Selibe Phikwe Town Council
- Sowa Town Council

#### **District Councils**

- Central District Council
- Chobe District Council
- Ghanzi District Council
- Kgalagadi District Council
- Kgatleng District Council
- Kweneng District Council
- North East District Council
- North West District Council
- South East District Council
- Southern District Council

#### **Land Boards**

- Chobe Land Board
- Ghanzi Land Board
- Kgalagadi Land Board
- Kgatleng Land Board

- Kweneng Land Board
- Maletse Land Board
- Ngwaketse Land Board
- Ngwato Land Board
- Rolong Land Board
- Tati Land Board
- Tawana Land Board
- Tlokweng Land Board

## XI | INFORMATION SYSTEMS AUDIT

100. The Auditor General is mandated by Section 15 of the Public Audit Act, 2015 (CAP 54:02) to carry out special audits on any matter incidental to her powers and duties as provided for in the same Act. Accordingly, I have carried out Information Systems audits of some government systems. The following are some of the noteworthy findings.

101. **Ministry of Nationality Immigration and Gender Affairs**

a. Department of Immigration and Citizenship

i) Third Party/Contractor System Access

A foreign supplier was engaged to administer and maintain the Passport and Border Control System, having an unrestricted remote access to the system. There was no evidence of monitoring by the Department to verify what changes have been effected on the system. This was not only against policy but also meant the system was vulnerable to unauthorised transactions or compromised security.

ii) System Configurations

There was neither established approach for the delivery of IT resources nor a standard with which to assess adequacy of configurations. This left the systems susceptible to compromised confidentiality, integrity and availability issues. This was also noted with Births and Death Registration System at the Department of Civil and National Registration.

b. Department of Civil and National Registration (DCNR)

Births and Death Registration System

There was a compliance shortfall on the policy on Security Requirements of Information Systems that states that appropriate controls shall be contained within the application systems and these should include the validation of input data, internal processing and output data.

The system accepted input data without validating it for correctness, existence or duplication. Consequently, the data stored and processed maybe incomplete, inaccurate or

inconsistent hence could not be relied upon for decision or policy making.

102. **Ministry of Finance and Economic Development**

Accountant General

Government Payroll Pensions and Passages System (GPPPS)

a. GPPPS Module Usage

In my Performance Audit Report (No.7 of 2009) on the Efficiency and Effectiveness of the Government Payroll, Pensions and Passages System (GPPPS) I had indicated that the system was procured with the intention of rapid and accurate processing of pensions and gratuities. However, I observed in an Information Systems Audit on GPPPS that I carried out in 2022 that the Pensions Module was not being utilised and the Ministry had resorted to doing calculations manually. The Ministry was not getting value for money from the procurement rendering it wasteful expenditure.

b. Service Level Agreement

There was no service level agreement for the financial systems housed at the Department of Information Technology (DIT). In addition, there was no evidence of regular evaluation of the services provided by DIT. This resulted in system unavailability and frequent down time of resources.

103. In addition to financial audits which I am required to undertake on the public accounts of the Central Government and Local Authorities (Councils and Land Boards) and selected Parastatals, I am also required by Section 7 (2) of the Public Audit Act (No. 15 of 2012) to conduct performance audits on these entities to assess the extent to which value for money has been achieved in the use of resources at the disposal of officers at these entities. I am required to submit my reports on Central Government and Parastatals' audits to the Minister responsible for Finance, who shall cause them to be laid before the National Assembly in accordance with Section 20 (1) of the Public Audit Act of 2012. With respect to performance audit reports of Local Authorities, these are to be tabled before the respective Full Councils and Land Boards, in terms of Section 68 (11) & (12) of the Local Government Act, No. 18 of 2012 and Section 32 (5) (iii) of the Tribal Land Regulations

Performance audit is an independent, objective and reliable examination of whether Government's undertakings, systems, operations, programmes and organisations are performing in accordance with the principles of economy, efficiency and effectiveness. The main objective of the audit is to assist Management streamline its work, based on identified operational and managerial gaps and suggest corrective action to be taken to improve efficiency and effectiveness of service delivery. It does not question the intentions and decisions by the legislature, but examines whether possible shortcomings in the laws and policies have affected the achievement of those objectives. It also promotes accountability and transparency.

I carried out a Performance Audit on the Operations of Botswana Accountancy Oversight Authority (BAOA).

The detailed report has been tabled separately before the National Assembly and is to be examined by the Public Accounts Committee during its regular sitting.

The main objective of the audit was to assess the extent to which BAOA efficiently manages its key operations to ensure effective oversight on the accounting and auditing profession in Botswana. The audit focused on the operations and processes that BAOA has put in place to carry out its mandate in the financial years 2017 to 2020.

The key audit findings were as follows;

a. Maintenance of Registers

BAOA kept registers of certified auditors, audit firms and facilitated registration of entities eligible for registration as Public Interest Entities (PIEs). However, the following shortcomings regarding maintenance of registers to facilitate effective oversight by BAOA were revealed:

- BAOA entirely relied on eligible entities to take an initiative on their own to register as Public Interest Entities. This created a possibility for some entities eligible for registration as PIEs to be excluded in the BAOA register.

In response, Management indicated that partnerships have been formed with all local audit firms to ensure that all eligible Public Interest Entities are registered with the Authority. This has been cemented through a legal provision in the Act that took effect on 1 April 2022 which requires that before commencement of an audit of a PIE, request of evidence of registration of such PIE with the Authority should be produced, failure of which shall put the audit in abeyance pending the production of the registration certificate.

b. Registration of Public Interest Entities

Majority of Public Interest Entities did not renew their registration within the stipulated time. However, the Authority neither enforced penalties for non-compliance as the Regulations required nor provided evidence of any other remedial efforts it made to curb the non-compliance.

In response Management indicated that processes will be put in place to ensure that registration certificates are issued on time. It was stated that during its formative years, the Board of the Authority adopted a developmental approach to introduce the Authority and its mandate to its Stakeholders. Management further stated that with the implementation of the Financial Reporting (Amendment) Act, 2020, on 1 April 2022, the Board of the Authority adopted a more stringent approach to enforcing non-compliance through sanctions, as it believed that the Authority's mandate is now understood by all entities and that there could be no excuse. It is the Authority's expectation that, going forward, the situation will improve significantly.

c. Renewal of Registration by PIEs

While the turnaround time for the renewal process was not specified, it had been established that there were significant inconsistencies in the time taken for renewal of registration for every stage yearly, with the longest total average application time of one hundred and sixteen (116) days recorded in 2020 and the shortest average time of forty (40) days recorded in 2018.

In response Management stated that service standards or process maps will be developed to address the issue. The Authority has also embraced technology to enhance the registration process through a Portal which has been rolled out for use by PIEs and Auditors at the beginning of June 2022.

d. Provision of Key Services

While the Financial Reporting Act, 2010 does not provide guidance on setting standards for corporate governance, the Authority had taken an initiative to identify and adopt a corporate governance model for the country to ensure that Public Interest Entities (PIEs) and auditors apply financial reporting and auditing standards as well as corporate governance codes that conform to international best practice. However, in the adoption of the King III Code, measures were not taken to avoid contradictions between the Code and the already existing legislations of Public Interest Entities particularly State-Owned Enterprises (SOEs).

In response, Management indicated that the Authority participates in several stakeholder forums, at which the lack of harmony between the statutes of State-Owned Enterprises and best practices in corporate governance is brought to the attention of legislators. The Authority notified the parent Ministries and Parliamentary Committees (Committee of Statutory Bodies and State Enterprises and Committee of Governance and Oversight) of this misalignment.

e. Internal Audit

At the time of the audit, BAOA did not have an internal audit function. Meanwhile, the technical department of the Authority was assigned to perform the internal audit responsibilities, which is against the international standards.

Management in response indicated that the Board of the Authority assessed the risk of not having a fully functional internal audit department and resolved that the size of the Authority and

the associated risk at that point in time did not warrant an independent internal audit function. Nevertheless, as the Authority had now grown in size, with the consequential increase in risk, the Board approved outsourcing of the internal audit function to an independent service provider. The Authority had initiated the process of acquiring the services of an Independent Service Provider, which was expected to be complete during the second quarter of 2022.

f. Stakeholder Engagement

There was inadequate engagement of relevant stakeholders by the Authority which could negatively impact on operational excellence.

In response, Management stated that the Authority identified six groups of key stakeholders as, Government of Botswana, Parliament, Public Interest Entities, Auditors, Professional Accountancy Organisations (PAOs), Other Regulators, Communities, and the Media. The Authority has developed engagement strategies for each one of these stakeholders to ensure balanced communication commensurate to the level of interest and influence. It was indicated that in 2022, when the new Act was implemented, the Authority virtually held stakeholder awareness sessions with each of these groups. The Authority also used publications, social media, Memorandum of Understanding, attendance and participation at Parliamentary Committees, and scheduled feedback meetings to engage with its Stakeholders.

#### 104. **Introduction**

I am mandated to audit Botswana Railways and Air Botswana while the rest of the statutory bodies and state enterprises are audited by independent auditors appointed by their Boards of Directors under the terms of their governing statutes. However, there is a long-standing arrangement for these entities to provide me with the audited accounts and reports for purposes of review and inclusion of the review results in my report to the National Assembly. These reviews are for the benefit of the Committee on Statutory Bodies and State Enterprises during its examination of the accounts of these organisations.

The following paragraphs are observations, comments resulting from my audits (where appropriate), and review of the audited accounts and management reports of those bodies. It has not been possible to obtain financial statements and reports from all parastatals as some of these were not ready for a variety of reasons, and where this is the case I have so indicated in this report. In this connection, it is to be noted that out of all parastatals, fifteen (15) did not submit their audited financial statements as requested for the year under review and in some cases, for the previous years. I consider this situation unsatisfactory.

#### 105. **Air Botswana**

As part of my writing of this report, and in line with the long standing arrangement with the Public Accounts Committee, I had circularised all statutory bodies and state enterprises requesting them to forward to me their audited financial statements and reports for review and inclusion of the results in this report.

Air Botswana did not submit the audited financial statements for the financial year under review and had explained that the audit of the financial year 2021/22 was still on-going because the newly appointed auditors took longer to do their internal process to do a risk assessment and other preliminary work on Air Botswana.

Consequently, I have not been able to carry out the review of the accounts of the organisation for the financial year ended 31 March 2022 for the benefit of the National Assembly and the nation at large.

## 106. **Banyana (PTY) Limited**

The financial statements of Banyana (Proprietary) Limited for the financial year ended 30 June 2022 were audited by Messrs RSM Botswana, Certified Auditors, who were appointed by the Board.

### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinions of the auditors:

The annual financial statements presented fairly, in all material respects, the financial position of Banyana (Proprietary) Limited as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

##### 2.1.1 Going-Concern Status

The company received a Presidential Directive on the 30 March 2022 stating that the company should be wound up within 6 months. The directive further indicated that upon winding up of the company, the farm leases should be transferred to the Ministry of Lands Water and Sanitation Services while the farms should remain under the Ministry of Agriculture for technical backstopping. In light to the aforementioned cessation of operations, the accounting policies have been altered to reflect the short term nature. All assets and liabilities have been classified as current. The carrying amounts have been adjusted to realisable and payable amounts respectively.

#### 2.2 Financial Results

In the year under review, Banyana Limited recorded a profit of P35 339, compared to a loss of P650 724 (before Fair Value Adjustments on other financial assets of P41 671) in the previous year. The profit was due to 75% increase in Operating Income from P13 607 in the previous year to P23 770 in the year under review and also there was a Derecognition gains on right of use assets of P322 958 in the year under review.

#### 2.3 Working Capital

The working capital of Banyana Limited as at 30 June 2022 showed current assets of P1.46 million and current liabilities of P0.28 million, resulting in a net current assets position of P1.18 million.

### 3.0 Management Letter

The following were some of the significant matters raised by the auditors and the Management responses thereto-

#### 3.1 Remeasurement of Right of Use Assets

The auditors noted that due to the new developments on going-concern status of the company, Management was required to remeasure right of use assets. However, Management did not remeasure on the assumptions used on IFRS 16, and this resulted in significant journal amounting to P322 958. In addition, Management did not account for interest and depreciation expenses on lease liability and right of use assets workings and this resulted in the misstatement on depreciation of P46 646 and interest expense of P54 558.

In response, Management noted the observation. Management did not reassess the assumptions used on IFRS 16 to determine the lease term of the leased land from the Department of Lands (State land) and the Ngwaketse Land Board (Tribal land) due to the uncertainty created by Presidential Directive AC5SP(B)/2021 RVE.1 dated 30 March 2022 directing that the company be closed. Management was not sure of when the company would be wound down as it was still working with the relevant Government departments on leasing out the remaining portion of the farm. Due to that uncertainty, Management could not estimate reliably the remaining lease term of the farms.

Furthermore, Management had assumed that the auditors would recompute the depreciation charge on the right of use assets and the interest charge on the lease liability as they had previously been engaged to help the company implement the disclosure requirements of IFRS 16.

### 107. **Botswana Accountancy College**

The financial statements of Botswana University College of Business Science T/A Botswana Accountancy College for the financial year ended 31 March 2022 were audited by Messrs PricewaterhouseCoopers, Certified Auditors, who were appointed by the Board.

## 2.0 Accounts

### 2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements gave a true and fair view of the financial position of the Botswana Accountancy College as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

### 2.2 Financial Results

In the year under review, the College recorded a loss of P24.16 million, compared to P28.48 million loss before a gain on revaluation of properties of P17.03 million (which brought the total comprehensive loss down to P11.44 million) in the previous year. The loss was mainly attributable to an increase in Administrative expenses by 4% from P231.50 million in the previous year to P240.51 million in the year under review. Another contributing factor to the loss incurred was an increase in net impairment loss on trade receivables by 52% from P3.32 million the previous year to P5.04 million in the year under review.

### 2.3 Working Capital

The working capital position of the College as at March 2022 showed total current assets of P100.94 million and total current liabilities of P97.69 million, resulting in a net current assets position of P3.25 million.

## 3.0 Management Letter

The auditors had issued a management letter and the matters raised dealt with accounting procedures and internal controls which were only of interest to Management, hence did not merit mentioning in this report.

## 108. **Botswana Accountancy Oversight Authority**

The financial statements of Botswana Accountancy Oversight Authority for the financial year ended 31 December 2021 were audited by Messrs Deloitte and Touché, Certified Auditors who were appointed by the Board in terms of Section 65 (2) of the Financial Reporting Act, 2010.

## 2.0 Accounts

### 2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of the Authority as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

### 2.2 Financial Results

The financial operations of the Authority showed a deficit of P3.07 million for the year under review, compared to a surplus of P469 900 recorded in the previous year. The decline in financial performance was mainly attributable to decrease in Government subvention by P3.29 million from P15.32 million in the previous year to P12.03 million in the year under review. Other Income significantly decreased by 83% from P140 400 in the previous year to P23 200 in the year under review.

The Authority was funded primarily by Government grants and in the year under review the grant was P12.03 million, making 68% of total income.

Expenditure increased slightly by 4% from P19.97 million in the previous year to P20.74 million in the year under review.

### 2.3 Working Capital

The working capital position of the Authority as at 31 December 2021 showed total current assets of P9.50 million and total current liabilities of P9.57 million resulting in a net current liabilities position of P66 100.

## 3.0 Management Letter

The following was a significant matter raised by the auditors and the management response thereto-

### 3.1 Internal Audit Function (Repeat Finding)

The auditors noted that the establishment of an internal audit function had been approved by the Board, however it had not been implemented by the Authority. The auditors further noted that the Authority relies on its technical department to assist with

providing a level of oversight of the Authority's finance and operational functions, for which there was no formally established process and the Authority's technical department was not considered independent to function in an internal audit capacity. Furthermore, the auditors suggested that the existence of a formal internal audit function would enable the Authority to identify deficiencies or weaknesses in internal controls that address both financial and business risks.

In response Management acknowledged that the Board approved the implementation of the internal audit function and also approved sourcing of funds to establish the function from the Ministry of Finance and Economic Development. However, due to the constraints faced by the Government as a result of its declining revenues caused by the COVID-19 pandemic, currently it was unable to fund the Authority. Management had started the process of resourcing this function and they expected to complete it before the end of 2022. They further noted that in the interim, the Authority would continue to use the Technical Department to perform that function.

109. **Botswana Agricultural Marketing Board**

As part of my writing of this report, and in line with the long standing arrangement with the Public Accounts Committee, I had circularised all statutory bodies and state enterprises requesting them to forward to me their audited financial statements and reports for review and inclusion of the results in this report.

The Botswana Agricultural Marketing Board did not submit the audited financial statements for the financial year under review, stating that the audit was still on going.

Consequently, I have not been able to carry out the review of the accounts of the Board for the financial year ended 31 March 2022 for the benefit of the National Assembly and the nation at large. As reported last year, the accounts for that year had also not been submitted on time and I am not aware of the reasons for these continued delays.

110. **Botswana Bureau of Standards**

The financial statements of Botswana Bureau of Standards for the financial year ended 31 March 2022 were audited by Messrs Grant Thornton, Certified Auditors, who were appointed by the Board in terms of Section 8 (2) of the Standards Act, (Cap 43:03).

## 2.0 Accounts

### 2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements gave a true and fair view of the financial position of the Botswana Bureau of Standards as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS).

#### 2.1.1 Material Uncertainty Related to Going-Concern

The Auditors drew attention to note 24 of the financial statements which indicated that the Bureau had accumulated losses of P2 737 810 (2021: P1129 268) and incurred a loss of P1 244 537 (2021: P10 830 325) for the year ended 31 March 2022. Also, Current Liabilities of the Bureau exceeded Current Assets by P5 117 528 (2021: P1 645 281) as at the year end. These positions indicated that the Bureau may struggle to continue as a going-concern without the continued support of the Government of Botswana through adequate operational subventions.

### 2.2 Financial Results

In the year under review, the Bureau recorded a net loss of P1.24 million from its operations, compared to a loss of P10.83 million recorded in the previous year before a loss on property revaluation of P105.36 million. The decline in financial performance was attributable to decrease in Other Income by 38% from P5.70 million in the previous year to P3.54 million in the year under review. Expenditure decreased by 5% from P101.89 million in the previous year to P97.05 million in the year under review.

The Bureau was funded by Government grants which increased from P78.81 million in the previous year to P80.54 million in the year under review.

### 2.3 Working Capital

The working capital position of the Bureau as at 31 March 2022 showed total current assets of P14.52 million and total current liabilities of P19.63 million, resulting in a net current liabilities position of P5.12 million.

### 3.0 Management Letter

The following were some of the significant matters raised by the auditors and the management responses thereto-

#### 3.1 Non-compliance with Imprest Settlement Policy

The auditors noted non-compliance with settlement and remittance of imprest given out to employees. It was noted that the settlement policy stated that receipts should be remitted within 10 days after return and the Bureau reserved the right to deduct the amount of travel advance from the employee's monthly salary without further notice.

In response, Management noted the concern by the auditors and they committed that settlement of imprest would be done in line with the imprest regulations. Measures were being put in place to correct the anomaly. Management stated that they were in the process of recruiting for the vacant position of Assistant Accountant who would ensure proper reviews, monitoring and follow-ups. They further stated that Department Managers and Directors would be engaged to assist in resolving the matter and monthly reports would be consistently produced for reviews by relevant authorities.

#### 3.2 Non-compliance with Section 98 of the Income Tax Act Chapter 52.01

The auditors noted that the Bureau did not comply with Section 98 of the Income Tax Act as evidenced by delayed payments of Pay-As-You-Earn (PAYE) to the Botswana Unified Revenue Service (BURS) from the month of November 2021 to March 2022. The total payable at period end amounts to P3 483 455 which was subsequently paid on 25 May 2022.

The auditors were not able to assess the impact of any penalties and interest that may be levied by BURS hence no adjustment had been made on the financial statements.

In response, Management acknowledged the findings and confirmed that the liabilities were settled by May 2022. Further engagement was done with the bank to assign a dedicated Relationship Manager for Bureau.

## 111. **Botswana Communications Regulatory Authority**

The financial statements of Botswana Communications Regulatory Authority for the financial year ended 31 March 2022 were audited by Messrs PricewaterhouseCoopers, Certified Auditors who were appointed by the Board in terms of Section 26(2) of the Communications Regulatory Authority Act, (No.19 of 2012).

### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinion of the auditors:

The consolidated and separate financial statements gave a true and fair view of the consolidated and separate financial position of the Botswana Communications Regulatory Authority and its subsidiary as at 31 March 2022, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### 2.2 Financial Results

In the year under review, the Group and the Authority recorded a surplus of P38.66 million and P29.33 million, compared to P27.46 million and P21.63 million respectively in the previous year.

Total income for the Group increased by 5% from P198.78 million in the previous year to P208.17 million in the year under review, while total Operating Expenditure increased by 0.41% from P164.65 million in the previous year to P165.33 million in the year under review.

Income for the Authority increased by 7% from P142.66 million in the previous year to P152.43 million in the year under review, while Operating Expenditure increased by 5 % million from P114.36 million to P118.92 million.

#### 2.3 Working Capital

The working capital position of the Group showed total current assets of P816.79 million whilst total current liabilities were P268.90 million which resulted in a net current assets position of P547.89 million.

The Authority showed total current assets of P273.44 million and total current liabilities of P51.53 million which resulted in a net current assets position of P221.91 million.

### 3.0 Management Letter

The following was one significant matter raised by the auditors and the management response thereto:

#### 3.1 Financial Statements Closure Process

The auditor noted that after submission for audit purposes the trial balances for both Botswana Communications Regulatory Authority and Universal Access and Service Fund Trust, management subsequently processed a number of journal entries mainly relating to Trade and Other Receivables, Accruals, Provisions and Other Liabilities. Most of these entries were relevant to the Revenue adjustment based on the revenue certificates submitted by Operators during the audit. Furthermore, there were journal entries passed for correction of transactions recorded during the year.

In response, Management stated that the Authority lost 2021/2022 folder in its network which contained all the reconciliations performed during the year. The folder could not be retrieved, so they had to redo the reconciliations for the entire year.

Management engaged Operators every year in advance to submit their audited Turnover certificates and made frequent follow-ups. Unfortunately, they delayed their submissions. However, management intended to utilise the penalty framework to encourage them to submit certificates timely.

## 112. **Botswana Development Corporation Limited**

The financial statements of Botswana Development Corporation Limited (BDC) for the financial year ended 30 June 2021 were audited by Messrs KPMG, Certified Auditors, who were appointed by the Board.

### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinion of the auditors:

The consolidated and separate financial statements gave a true and fair view of the consolidated and separate financial position

of Botswana Development Corporation Limited as at 30 June 2021, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

## 2.2 Financial Results

The financial operations of the Group showed a deficit of P77.22 million before Other Comprehensive Income, compared to a profit of P136.06 million before Other Comprehensive Income in the previous year. The Company recorded a profit of P35.04 million before Other Comprehensive Income in the year under review, compared to a profit of P222.54 million in the previous year.

The profit of the Group for the year decreased by 43% from P136.06 million in the previous year to a loss of P77.22 million in the year under review, mainly due to a decrease in Income of the Group by 31% from P485.15 million in the previous year to P333.00 million in the year under review.

The profit for the Company decreased by 84% from P222.54 million in the previous year to P35.04 million in the year under review, while Other Operating Expenses increased by 205% from P41.87 million in the previous year to P127.83 million in the year under review.

## 2.3 Working Capital

As at 30 June 2021, the working capital position of the Group showed total current assets of P614.10 million and total current liabilities of P317.39 million, resulting in a net current assets position of P296.71 million. The Company had total current assets of P501.14 million and total current liabilities of P244.86 million, resulting in a net current asset position of P256.28 million.

## 3.0 Management Letter

The following was one significant matter raised by the auditors and the Management response thereto:

### 3.1 Fully Depreciated Assets

The audit noted that the year-end fixed assets register contained fully depreciated assets which were still providing economic benefits to the company. This may indicate that the depreciation rates and residual values applied to property, plant and

equipment items may not be representative of the economic lives of these items.

The original cost of these fully depreciated assets amounted to:

Furniture, fittings and equipment	P8 784 473
Computer hardware	P2 481 532

In addition, a fully depreciated motor vehicle with an original cost of P462 127, which was disposed of during the year, still appeared on the assets register.

In response, Management was agreeable that the Fixed Assets Register contained fully depreciated assets for furniture and fittings as well as for computer hardware. Management was to make an assessment of all fully depreciated assets to determine whether they could be disposed of.

### 113. **Botswana Energy Regulatory Authority**

The financial statements of Botswana Energy Regulatory Authority for the financial year ended 31 March 2022 were audited by Grant Thornton, Certified Auditors, who were appointed by the Board.

#### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of Botswana Energy Regulatory Authority as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

#### 2.2 Financial Results

The financial operations of the Authority showed a surplus of P3.20 million for the year under review, compared to a loss of P876 035 in the previous year. The improvement in the financial performance was mainly due to an increase in other income (amortisation of capital grants, tender fees, other income) by 147% from P3.77 million in the previous year to P9.30 million in the year under review.

The Authority was funded primarily by Government grants and in the year under review, the revenue grant was P55.84 million

which represented 86% of the total income. The capital grant received during the year under review was P977 995 compared to P3.21 million received in the previous year.

### 2.3 Working Capital

The working capital position of the Authority as at 31 March 2022 showed total current assets of P33 million and total current liabilities of P32 million, resulting in a net current assets position of P736 443. The current liabilities included Deferred Revenue of P13.51 million, Lease Liability of P1.04 million and Trade and other payables of P17.68 million.

### 3.0 Management Letter

The following were some of the significant matters raised by the auditors and the Management responses thereto-

#### 3.1 Contingent liabilities

The auditors noted that the Authority had two cases before the Courts of Law relating to three former Board members. The cases were yet to be heard and concluded. The Authority's attorneys were confident in defending the cases. However, the auditors noted that should the Courts rule in favour of the plaintiffs (former Board members), the defendant (BERA) would incur an estimated liability of P14 790 716 which had been disclosed in the financial statements. The auditors also noted a case between the Authority and one of its service providers. It was noted that in the event that the Courts ruled in favour of the plaintiff (service provider), the defendant (BERA) would incur an estimated liability of P1 138 147 which had been disclosed in the financial statements.

In response, Management indicated a concern at the rising value of contingent liabilities. Although their lawyers were confident that they would succeed in all matters, they stated that they had engaged the Ministry and requested funds to provide for the liabilities.

#### 3.2 Forensic Audit

The auditors noted that the Board directed Management to undertake a review of the organisational and pay structures of the Authority. The tender was awarded to a consultant effective 19 April 2021 at a sum of USD195 000. The auditors revealed that USD43 600 was paid to date for services rendered by the consultant being completion of phase 2 out of 6 phases as per

the agreement. The auditors noted that due to project delays, one of the former Board members had raised doubts on the awarding of the tender, the Management had engaged with the consultant for further negotiation.

The Board later resolved that there be an audit undertaken on the Organisation Development Consultancy project. The auditors cited an invitation to tender dated 13 July 2022. The main objective of the forensic audit was to review the procurement process of the tender awarded and cover the role of the Board and Management, during implementation of the project from commencement.

The auditors further noted that the invitation to tender for forensic audit was reissued on 22 August 2022. As per discussion with the Board on 21 September 2022, the auditors noted that Management was not aware of any change in scope of the forensic audit or any reason why the tender was reissued. They further went on to state that the Auditor General was engaged to conduct the audit.

In response, Management stated that they were aware of the Board's decision to conduct a Forensic audit and that it would be done by the Office of the Auditor General.

### 3.3 Possibility of Undetected Fraud or Error Due to Post-dating of Journals

The auditors revealed that a sum of P22 053 721 was posted between 30 April 2022 and 31 August 2022 which was subsequent to period end. It was noted that the journals were mostly relating to payroll costs and depreciation of Property, Plant and Equipment. The auditors stated that enquiries with management revealed that the review of the account balances and reconciliations of the accounts for the period under review was performed subsequent to period end.

The auditors noted that the above might create possibility of fraud and error which might be difficult to prevent, detect and control well on time.

In response, Management acknowledged the risk caused by untimely reconciliations and committed to ensuring that reconciliations would be done in a timely manner.

### 3.4 Turnover of Those Charged with Governance

As part of the client reacceptance procedures and Anti-Money Laundering Policies, the auditors noted that there was turnover of Board members with some members resigning from their positions within 3 months of service.

The auditors revealed that senior management positions were vacant subsequent to period end and were still not replaced. The auditors further noted that the Authority was under restructuring exercise. The remaining senior management were given short term contracts (3 months) while awaiting approval of the new structure.

In response, Management noted the auditors' observation and highlighted that Board members serve at the pleasure of the Minister. Recruitment was on-going for the Chief Executive Officer's position. The position of Chief Operating Officer would remain vacant, as the position was not likely to be included in the proposed Organisational Structure. The filling of the other vacant senior management positions had been delayed by the on-going review of the organisational structure.

### 3.5 Termination of Rental Lease

The auditors noted that at the time of establishing an office in Gaborone the Authority vacated some of the office space in Lobatse before completing the term of the lease agreement. The auditors revealed that they were not able to sight the approval of the disposal of the lease assets nor any assessment of financial implication of opting out of binding contracts which would cause the organisation a loss of P5 554 687.

The auditors stated that the loss was attributable to leasehold improvements on buildings (lease assets) which cost the Authority an amount of P10 449 437 and they were made to understand that the lease hold improvements made within the building was being utilised by one of the Government Department.

In response, Management stated that monitoring controls on assessment of the financial impact of decisions were in place. They further stated that the termination of the lease was made notwithstanding the controls. Management also stated that they had sought to engage the Government Department on question to determine how the expenditure could be compensated for.

## 114. Botswana Examinations Council

The financial statements of Botswana Examinations Council for the financial year ended 31 March 2022 were audited by Messrs KPMG, Certified Auditors, who were appointed by the Council in terms of Section 20 (2) of the Botswana Examinations Council Act, (Cap 58:03).

### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of Botswana Examinations Council as at 31 March 2022, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards.

#### 2.2 Financial Results

In the year under review, the Council recorded a deficit of P15.63 million, compared to a surplus of P11.90 million in the previous year. The main contributors to the deficit were direct costs which increased by 33% from P137.42 million in the previous year to P182.12 million in the year under review.

Revenue for the Council decreased by 1% from P293.52 million in the previous year to P290.80 million in the year under review whilst Government subvention decreased from P277.89 million in the previous year to P267.18 million in the year under review. Finance Income increased by 102% from P2.61 million in the previous year to P5.28 million in the year under review.

#### 2.3 Working Capital

The working capital position of the Council as at 31 March 2022 showed total current assets of P88.15 million and total current liabilities of P102.17 million, resulting in a net current liabilities position of P14.02 million.

#### 3.0 Management Letter

The following were some of the significant matters raised by the auditors and the management responses thereto-

### 3.1 Trade and Other Receivables

The auditors noted that review of the grant confirmation from the Ministry of Basic Education identified an incident where an invoice for registration fees issued to the Ministry amounting to P4 588 560 which was captured but not posted in the system. The invoice was therefore not recorded in the accounting records of the Council.

In response, Management would ensure that regular reconciliations were performed and reviewed to avoid a similar issue from happening again.

A draft financial manual had been developed with policies for managing financial transactions, including receivables. The manual was still in the approval structures.

### 3.2 Property, Plant and Equipment and Intangible Assets

The auditors noted that the fixed assets and intangible assets registers contained fully depreciated or amortised assets in use and still providing economic benefits with a total original cost of P33 699 518 and P3 873 438, respectively. Management did not perform a re-assessment of useful life and depreciation rates for these assets that were still providing economic benefits. The breakdown was as follows:

<u>Asset Category</u>	<u>Asset original cost</u>
Computer equipment	18 883 500
Office equipment	10 396 283
Motor vehicle	4 419 738
Computer software	3 873 438
<b>Total</b>	<b>35 572 958</b>

In response, Management noted the recommendation. Management was working on the disposal of assets in poor condition, after which management would begin the process of assessing residual values and reviewing useful lives. The process was targeted for completion by February 2023.

### 3.3 Property and Equipment

The auditors noted that the Council did not have a Fixed Assets Policy in place to provide guidelines for capitalisation thresholds, identifying, recording, and controlling Property and Equipment. The policy should, for instance, guide the Council on the minimum amount to be capitalised.

In response, Management stated that a draft financial manual had been developed, which included policies such as the Assets Policy. The manual was under approval structures and currently with Policy Vetting Committee. The manual was being reviewed to incorporate new transformation position and would be completed by March 2023 on completion of the transformation project.

## 115. **Botswana Fibre Networks (Proprietary) Limited**

The financial statements of Botswana Fibre Networks (Proprietary) Limited (BoFiNet) for the financial year ended 31 March 2022 were audited by Messrs PricewaterhouseCoopers, Certified Auditors, who were appointed by the board.

### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements gave a true and fair view of the financial position of Botswana Fibre Networks Proprietary Limited as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

#### 2.2 Financial Results

The financial operations of Botswana Fibre Networks (Proprietary) Limited recorded an operating profit of P49.79 million (before Other Comprehensive Income) for the year under review, compared to an operating profit of P48.97 million (before Other Comprehensive Income) in the previous year. The contributors to an improved performance was a 13% increase in Other Income from P75.75 million in the previous year to P85.40 million in the year under review and also increase by 32% in Finance Income from P2.07 million in the previous year to P2.72 million in the year under review.

Income increased by 7%, from P438.45 million in the previous year to P469.67 million in the year under review.

#### 2.3 Working Capital

As at 31 March 2022, the working capital position of the company showed total current assets of P271.29 million and total current

liabilities of P483.66 million resulting in a net current liabilities position of P212.37 million.

### 3.0 Management Letter

The following was a significant matter raised by the auditors and the management response thereto-

#### 3.1 Inaccurate Useful Life Assessment of Property Plant and Equipment

The auditors noted that there were some assets with nil net book values which were still in use. This highlights that the useful life of the assets were not accurately assessed and should be re-assessed.

In response, Management indicated that an assets disposal committee had been put in place to be responsible for making recommendations and revising useful life of assets for updating on the Fixed Assets Register.

## 116. **Botswana Geoscience Institute**

The financial statements of Botswana Geoscience Institute for the financial year ended 31 March 2022 were audited by Messrs Mazars, Certified Auditors, who were appointed by the Board in terms of Section 30 (1) of the Botswana Geoscience Institute Act, 2014.

### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements presented fairly, in all material respects, the financial position of Botswana Geoscience Institute as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### Emphasis of Matter

The auditors drew attention to Note 22 to the annual financial statements which indicated the effects of COVID-19 on operations of the Institute mainly in the following areas:

- Financial Impact – Government funding reduction

- Human Resources – Loss of productive time/employee absenteeism
- Customers – Restrictions of in-person engagement, delayed customer service
- Technology - Information security and lack of business tools.

The above were mitigated by a detailed business impact analysis resulting in adjustments of both the workflow operation, redirection of funding and prioritization. The auditor's opinion was not modified in respect of this matter.

## 2.2 Financial Results

During the year under review, the Institute recorded a deficit of P3.25 million, compared to a surplus of P1.74 million recorded in the previous year.

The Institute was funded by Government grants. In the year under review the grant was P73.06 million, representing 88% of the total income, compared to a grant of P78.03 million in the previous year, which represented 91% of the total income.

Expenditure increased by 2% from P84.03 million in the previous year to P85.84 million in the year under review.

## 2.3 Working Capital

The working capital position of the Institute showed total current assets of P19.48 million and total current liabilities of P15.94 million, resulting in a net current assets position of P3.54 million.

## 3.0 Management Letter

The auditors had issued a management letter and the matters raised dealt with accounting procedures and internal controls which were of interest only to management, hence did not merit mention in this report.

## 117. **Botswana Housing Corporation**

The financial statements of Botswana Housing Corporation for the financial year ended 31 March 2022 were audited by Messrs Ernst & Young, Certified Auditors, who were appointed by the Board in terms of Section 24 (3) of the Botswana Housing Corporation Act, (Cap 74:03).

## 2.0 Accounts

### 2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements gave a true and fair view of the financial position of Botswana Housing Corporation as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Botswana Housing Corporation Act (Cap 74:03).

### 2.2 Financial Results

The financial operations of the Corporation recorded a significant improvement in profits for the year under review. The Corporation recorded a profit of P64.12 million for the year under review, compared to P1.06 million in the previous year.

The decline in income for the year was significant. Revenue and rental income decreased by 8% from P759.98 million in the previous year to P701.55 million in the year under review. Expenditure decreased by 13% from P792.09 million in the previous year to P689.67 million in the year under review.

Significant savings in expenditure of P85.82 million (45%) were noted in the cost of sale of housing inventories from P191.62 million in the previous year to P105.80 million in the year under review.

### 2.3 Working Capital

The working capital position of the Corporation as at 31 March 2022 showed total current assets of P1.44 billion and current liabilities of P0.69 billion, resulting in a net current assets position of P0.75 billion.

## 3.0 Management Letter

The following was a significant matter raised by the auditors and the management response thereto-

### 3.1 Assessment of Residual Values and Depreciation Rates

The auditors noted that the Corporation's fixed assets register included fully depreciated assets which were still providing

economic benefits to the Corporation. The following are examples:

Asset number	Description	Cost (BWP)
77201	Water Dispenser	2 048
50910	UPS-SX2000 MITEL	17 300
50908	UPS M8000	17 300

In response, Management acknowledged the observation and stated that all fully depreciated assets assessed during the year 2022-2023 be either disposed of or residual values revised.

## 118. **Botswana Digital and Innovation Hub**

The financial statements of Botswana Digital and Innovation Hub (BDIH) for the financial year ended 31 March 2022 were audited by Messrs Grant Thornton, Certified Auditors, who were appointed by the Board.

### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinion of the auditors:

The consolidated and separate annual financial statements gave a true and fair view of the financial position of Botswana Digital and Innovation Hub as at 31 March 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year ended in accordance with International Financial Reporting Standards.

#### 2.2 Emphasis of Matter

Without modifying their opinion, the auditors drew attention to note 29 and 30, which dealt with contingencies and commitments and going-concern and subsequent events. Since the construction of the Icon Building was not yet fully complete and further costs are required for remediation and completion of the building, the Hub's financial ability to continue as a going-concern was dependent on the Government of Botswana's continued support in the form of recurrent subventions and grants towards the construction activity.

#### 2.3 Financial Results

In the year under review, the Group recorded a deficit of P263.52 million, compared to a deficit of P3.11 million in the previous year, while the Company recorded a surplus of

P3.03 million in the year under review, compared to a surplus of P4.91 million in the previous year. The main contributor to the deterioration in financial performance for the Group was the decline in revenue by 5% from P37.85 million in the previous year to P35.78 in the year under review. The Government grant was the main source of revenue for the Group, making 87% of the total revenue during the year under review.

Expenditure for the Group also increased from P45.33 million from the previous to P307.62 million in the year under review. The increase in expenditure was attributed to a fair value adjustment of P260.19 million in the year under review.

The expenditure of the Company was P37.24 million compared to P35.38 million in the previous year, which represented a 5% increase.

## 2.4 Working Capital

As at 31 March 2022, the working capital position of the Group showed total current assets of P461.61 million and total current liabilities P114.46 million resulting in the net current assets position of P347.15 million, while that of the Company showed total current assets of P12.99 million and total current liabilities of P12.19 million, resulting in a net current asset position of P801 889. The substantial net current assets position of the Group resulted from Inventories of P371.56 million and Cash and Cash Equivalents of P74.46 million.

## 3.0 Management Letter

The following were some of the significant matters raised by the auditors and the management responses thereto-

### 3.1 Defects and Cracks Noted on Block F of the Iconic Building- (Repeat Finding)

The auditors observed that during the financial year ending 31 March 2017, the iconic building, which was under construction, developed certain cracks and defects in one of its portions (Block F), thus causing delay in obtaining necessary licenses from the Government to operate the entire building. To determine the cause of the cracks and remedy the situation, engineering experts were engaged. After assessing various factors over 2 years, the experts concluded that the defects were due to structural design and the costs of remedying these defects would amount to P24.10 million. In the prior year, the Company

obtained the necessary funding for these remediation works and the construction activities towards completion were ongoing.

The project entered its final stages which entailed finishes, heating, ventilation, air-conditioning, cooling, testing, commissioning and hand-over. The remediated structure was still under close monitoring through the contractor's weekly surveys and inspections by the structural engineers. Loading of the roof (through soil for the vegetated roof) was also being monitored to ensure that deflections were within tolerable allowances. To date, no abnormalities had been observed or reported by the construction engineer on the behaviour of the structure as the drive to completion continued.

BDIH continued to engage with the legal experts to pursue the reimbursement of the above remedial costs from the service providers who were considered to be potentially at fault for these cracks and defects.

Due to the technical complexities and the administrative impracticalities surrounding the defects, it was not possible to determine if the additional costs would increase the value of the building significantly after the remedial measures and its costs. As at the reporting period the remedial works had been completed with a total additional cost towards the iconic building adding up to P44.7 million for the period under review.

Consequently, the auditors proposed an unqualified audit report with an emphasis of the matter referring to the development of structural defects remedied subsequent to the period end.

In response, Management noted the observation.

### 3.2 Use of Unaudited Information to Assess Impairment of the Joint Venture – BIH Carrier Neutral Data Centre

During the review of the investment made towards the Joint Venture operation, the auditors noted that the joint venture was not audited since the date of its incorporation, although the Joint Venture agreement required the association to be audited. Unaudited information may not be reliable and hence use of this information may expose the company to financial reporting risks.

In response, Management stated that the matter was discussed and a resolution was made for BDIH as the managing partner to commence the process for appointment of the Joint Venture auditors. Quotes were obtained for the provision of services. However, due to lack of Joint Venture meetings, a

recommendation for the appointment was never made. The appointment of the auditors would be tabled at the next meeting of the Joint Venture. BDIH, as the managing partner continued to discharge its duties as per the Joint Venture contract including preparation of monthly management accounts.

## 119. **Botswana Institute for Development Policy Analysis**

The financial statements of Botswana Institute for Development Policy Analysis for the financial year ended 31 March 2022 were audited by Messrs Grant Thornton, Certified Auditors, who were appointed by the Trustees in terms of the Deed of Trust, (MA 16/95).

### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements gave a true and fair view of the financial position of Botswana Institute for Development Policy Analysis as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### 2.2 Financial Results

In the year under review, the Institute recorded a surplus of P318 094 (before a Gain on Property Revaluation of P178 184), compared to a deficit of P4.01 million in the previous year. The main contributor to the increase in surplus was P10.38 million for Revenue from Contracts with Customers.

Total income increased 29% from P22.85 million in the previous year to P29.58 million in the year under review.

The Institute was funded mainly by the Government grant of P18.79 million in the year under review, which represented 64% of the total income, compared to P19.00 million in the previous year. The revenue from research projects increased from P3.74 million in the previous year to P10.38 million in the year under review.

#### 2.3 Working Capital

The working capital position of the Institute as at 31 March 2022 showed total current assets of P27.25 million whilst total current

liabilities were P12.73 million, resulting in a net current assets position of P14.53 million.

### 3.0 Management Letter

The auditors had issued a management letter and the matters raised dealt with accounting procedures and internal controls which were of interest only to management, hence did not merit mention in this report.

## 120. **Botswana Institute of Chartered Accountants**

The financial statements of the Botswana Institute of Chartered Accountants for the financial year ended 31 December 2021 were audited by Messrs Grant Thornton, Certified Auditors, who were appointed by the members in terms of Section 53 (2) of the Accountants Act, 2010.

### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of the Botswana Institute of Chartered Accountants as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards.

#### 2.2 Financial Results

The financial operations of the Institute showed a net deficit of P116 519 in the year under review, compared to a net surplus of P1.32 million in the previous year. Admin expenses increased by 27% from P6.75 million in the previous year to P8.58 million in the year under review.

Revenue earned from services decreased by 10% from P15.59 million in the previous year to P17.11 million in the year under review. Government subvention decreased by 43% from P8.09 million in the previous year to P4.58 million in the year under review.

#### 2.3 Working Capital

The working capital position of the Institute as at 31 December 2021 showed total current assets of P23.98 million and total

current liabilities of P15.44 million resulting in a net current assets position of P8.53 million.

### 3.0 Management Letter

The following matter was raised by the auditors and the management response thereto-

#### 3.1 Property Plant and Equipment Verification

The auditors noted that the client's Fixed Assets Register reflected assets numbers which were not tagged on the physical assets.

In response, Management noted the finding and stated that among the assets sampled were the new assets which were not tagged as the Institute was generating a new coding system embedded in Marung system. The other assets without tags were the ones awaiting scrapping and disposal and were not assets in usable condition. Management stated that they would tag all assets appropriately and consistently align to the new coding in Marung system.

## 121. **Botswana Institute for Technology Research & Innovation**

The financial statements of Botswana Institute for Technology Research and Innovation for the financial year ended 31 March 2022 were audited by Messrs Ernst & Young, Certified Auditors, who were appointed by the Board.

### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of Botswana Institute for Technology Research and Innovation as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Companies Act, (Cap 42:01).

#### 2.2 Financial Results

During the year under review, the Institute recorded a deficit of P2.02 million, compared to a deficit of P4.90 million in the previous year. Income increased by 1% from P110.24 million in the previous year to P111.66 million in the year under review due to an

increase in revenue grant from P99.43 million to P101.43 million. Expenditure decreased from P115.13 million in the previous year to P113.68 million in the year under review, representing a 1% decrease.

The Institute was funded by Government Grants and in the year under review the Grant was P101.43 million, compared to P99.43 million in the previous year.

### 2.3 Working Capital

The working capital position of the Institute as at 31 March 2022 showed total current assets of P62.70 million, and total current liabilities of P59.57 million, resulting in a net current assets position of P3.13 million.

Current liabilities included P13.98 million as project funds and payroll accruals of P9.53 million.

### 3.0 Management Letter

The following were some of the significant matters raised by the auditors and the management responses thereto-

#### 3.1 Long Outstanding Receivables Balance (Repeat Finding)

The auditors noted that there were balances that were long outstanding since 2016 when they were initially recognised, being correction of misallocation on overpayment to BURS VAT CILAS (NADO DS) – P57 154.80 and correction of misallocation on overpayment to BURS VAT CILAS (NADO DS) – P48 712.40.

In response, Management noted the finding and stated that an assessment recoverability of receivables would be done regularly. They further stated that a follow-up would be made to BURS to recover the overpayment.

#### 3.2 Property, Plant & Equipment- fully Depreciated Assets (Repeat finding)

The auditors noted there were fully depreciated assets and assets that had been in use beyond their useful lives in the Fixed Assets Register.

In response, Management acknowledged the finding and stated that some items were in the list of items awaiting disposal.

### 3.3 Inventory –Allowance for Obsolete Inventories

The auditors noted that 95% of inventories held by BITRI were over 365 days old. The company should monitor inventory turnover and implement policy on provision for obsolescence. The company had not established a policy to provide for inventory obsolescence. The company's inventories listing, while containing details of inventory movements, was not comprehensive enough to provide management with useful information to monitor inventory turnover and to identify slow-moving inventory at a point in time.

In response, Management acknowledged the finding and stated that an inventory policy would be developed to guide in the management of inventory.

### 3.4 Compliance with Statutory Provisions-Financial Reporting (Amendment) Act.

The auditors noted that Botswana Accountancy Oversight Authority recently released a public notice summarising the major changes to the Financial Reporting (Amendment) Act, 2020, which was passed by Parliament in 2020 and commencement of the Act was set at 1 April 2022. Below are major changes which may affect Public Interest Entities (PIE) and other large entities:

- Enhanced penalties and sanctions for contravention of the provisions of the Act, not exceeding P500 000 in case of a PIE, and not exceeding P20 000 in case of a board member or officer of a PIE.
- A PIE or its officer who failed to produce its audited financial statements within the prescribed period should be liable to a fine not exceeding P100 000 (PIE) and a fine not exceeding P20 000 (officer) for each month the offence continued to occur, up to a maximum of P500 000.
- Inclusion of 'Public Body' in the definition of a PIE, which was any board, tribunal, commission, council, committee, or other body, corporate or incorporated established under any enactment and included any companies in which Government had equity shares.
- Establishment of a code of Corporate Governance.

In response, Management acknowledged the finding and stated that they would comply with statutory legislations going forward.

## 122. Botswana International University of Science & Technology

The financial statements of Botswana International University of Science and Technology (BIUST) for the financial year ended 31 March 2022 were audited by Messrs Grant Thornton, Certified Auditors, who were appointed by the University Council in terms of Section 19 (1) of the Botswana International University of Science and Technology Act, (Cap 57:05).

### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements gave a true and fair view of, financial position of Botswana International University of Science and Technology as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

##### 2.1.1 Material Uncertainty Related to Going-Concern

The auditors drew attention to note 28 of the annual financial statements, which indicated that the University incurred a net loss of P54.22 million during the year ended 31 March 2022, accumulated losses of P191.44 million and, as of that date, the University's current liabilities exceeded its current assets by P138.61 million. The note stated that these events or conditions, along with other matters as set forth in Note 28 of the financial statements, indicated that a material uncertainty exists that may cast significant doubt on the University's ability to continue as a going-concern. The auditor's opinion was not modified in respect of this matter.

#### 2.2 Financial Results

The University recorded a deficit of P54.22 million in the year under review, compared to a deficit of P14.58 million in the previous year. The deficit was attributable to the rise in Administrative Expenses by 4% from P64.42 million in the previous year to P70.00 million in the year under review, and rise in expenditure on projects by 23% from P12.01 million to P14.82 million.

Income decreased by 6% from P622.77 million in the previous year to P584.92 million in the year under review. Expenditure increased by 0.28% from P637.35 million in the previous year to P639.14 million in the year under review.

### 2.3 Working Capital

As at 31 March 2022, the working capital position of the University showed total current assets of P71.11 million and total current liabilities of P209.12 million resulting in a net current liabilities position of P138.01 million.

### 3.0 Management Letter

The following was a significant matter raised by the auditors and the management response thereto-

#### 3.1 Expired Contracts

The auditors observed that the University used the services of Vivo Energy Botswana Limited based on agreements that had expired. The contract expired on 16 April 2020 but the organisation continued to refer to the old contract in their engagement with Vivo Energy Botswana. They further noted recorded expenditure on the contract amounting to P1.92 million for the year.

In response, Management stated that the University had implemented Salesforce which was the module used for contract management and would assist in maintenance of procurement contracts. They further stated that they were causing for the contract with Vivo Energy Botswana to be extended which had been awaiting Vivo Chief Executive Officer's signature.

### 123. **Botswana Investment & Trade Centre**

The financial statements of Botswana Investment & Trade Centre (BITC) for the year ended 31 March 2022 were audited by Messrs PricewaterhouseCoopers, Certified Auditors, who were appointed by the Board in terms of Section 19 of the Botswana Investment and Trade Centre Act, (No. 12 of 2011).

## 2.0 Accounts

### 2.1 Audit Opinion

In the opinion of the auditors:

The consolidated financial statements gave a true and fair view of the financial position of the Botswana Investment & Trade Centre and its subsidiary for the year ended 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards.

### 2.2 Financial Results

In the year under review, the Centre recorded a deficit of P2.20 million, compared to a deficit of P980 113 recorded in the previous year. The increase in deficit was attributed to a 49.50% decrease in Finance Income from P2.68 million in the previous year to P1.35 million in the year under review.

Total income increased by P21.43 million (24%) from P89.22 million in the previous year to P110.65 million in the year under review. Within this total income, revenue increased by 28.01% from P84.15 million in the previous year to P107.73 million in the year under review.

Government subvention increased by 32.65% from P64.84 million in the previous year to P86.10 million in the year under review.

### 2.3 Working Capital

The working capital position of the Centre as at 31 March 2022 showed total current assets of P68.64 million and current liabilities of P23.69 million, resulting in a net current assets position of P44.95 million.

## 3.0 Management Letter

The following were some of the significant matters raised by the auditors and the Management responses thereto-

### 3.1 Bank Account Belonging to the Organisation but Registered Under the Botswana High Commission

The auditors noted that the organisation maintained an Indian Rupee bank account with RBL Bank registered under Botswana High Commission. The bank account had two signatories, one

employed under Botswana High Commission and another one employed by BITC. This was risky as the two signatories could authorise to release payment without the approval of the BITC signatory.

In response, Management noted the finding, however, recommendation by auditors to appoint another BITC signatory would not be possible due to terms of operation and jurisdictions in India. To prevent unauthorised payments management had put controls in place where full custody of the cheque book lay with the BITC employee and subjecting office transactions to monthly reconciliations to be done by head office.

### 3.2 Long Outstanding Debtors

The auditors noted that the management of the organisation's properties had been outsourced to Property Management Company who managed and collected debtors on the organisation's behalf. It was noted that the organisation had accounts receivables of P731 681.33 overdue by more than a year and that no payments of these debt balances were made in the current period. Most of the long outstanding debtors still occupied the organisation properties.

The auditors noted that although the outstanding balances were provided for as doubtful, the organisation was currently not fully utilizing its assets to derive the economic value out of them hence losing out in terms of cash inflows (rental income).

In response, Management noted the finding and that they would continue to monitor and follow up outstanding rental debtors and ensure the terms stipulated in the lease agreements were enforced. They indicated that rigorous efforts were undertaken including litigation process to ensure recovery of outstanding balances with assistance of contracted property management company. Management further indicated that they would continue to explore other possible options to ensure full recovery of funds.

## 124. **Botswana Meat Commission**

The financial statements of the Botswana Meat Commission (BMC) for the financial year ended 31 December 2021 were audited by Messrs Ernst & Young, Certified Auditors, who were appointed by the Commission in terms of Section 20 (3) of the Botswana Meat Commission Act, (Cap 74.04).

## 2.0 Accounts

### 2.1 Audit Opinion

In the opinion of the auditors:

The consolidated and separate financial statements gave a true and fair view of the financial position of Botswana Meat Commission Group as at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Botswana Meat Commission Act, (Chapter 74.04) (as amended).

#### Material Uncertainty Relating to Going-Concern

The auditors drew attention to the going-concern note of the consolidated and separate financial statements, which indicated that the Group and the Commission reported a total deficit of P112 million and P117 million respectively, the accumulated deficits for the Group and Commission of P1.431 billion and P1.451 billion respectively for the year then ended. The Group and Commission were unable to secure sufficient volumes of supply to produce sufficient revenues to cover costs and the Group and Commission would therefore be dependent on the Government of Botswana for ongoing financial support. These conditions, along with other facts in Note 26, Going-Concern, indicated the existence of a material uncertainty that cast significant doubt on Botswana Meat Commission's ability to continue as a going-concern. However, the auditor's opinion was not modified in respect of this matter.

#### Other Legal and Regulatory Requirements

The Commission had not complied with all provisions of Part 3, Financial Provisions of the Act with which it was the duty of the Commission to comply.

### 2.2 Financial Results

In the year under review the Group recorded a total Comprehensive Loss of P112.05 million whilst the Commission recorded a total Comprehensive Income of P117.39 million, compared to a total loss of P2.21 million and a marginal profit of P3.17 million respectively, in the previous year.

The Revenue for the Commission also decreased by 51.30% from P394.06 million in the previous year to P191.93 million in the year

under review. The Commission expenditure decreased by 16.13% from P238.22 million in the previous year to P199.78 million in the year under review.

The Revenue for the Group decreased by 49% from P406.15 million in previous year to P206.60 million in the year under review. The total expenditure decreased by 10% from P241.46 million in the previous year to P217.92 million in the year under review.

The Group revenue was disaggregated by primary geographical markets as at 31 December 2021 as illustrated by the table below:

	<b>Sale of meat and allied meat products</b>	<b>Shipping</b>	<b>Cold Storage Services</b>	<b>Total</b>
	P000	P000	P000	P000
Norway, Europe & UK	96 845	-	-	96 845
RSA and other SADC countries	12 445	1 702	12 956	27 104
Botswana	82 636	-	-	82 636
<b>Total</b>	<b>191 926</b>	<b>1 702</b>	<b>12 956</b>	<b>206 585</b>

### 2.3 Working Capital

The working capital position of the Group as at 31 December 2021 showed total current assets of P96.74 million and total current liabilities of P423.97 million including a loan of P274.37 million which resulted in a net current liabilities position of P327.23 million. The Commission at the same period had total current assets of P68.25 million and total current liabilities of P498.83 million including a loan of P274.40 million which resulted in a net current liabilities position of P430.58 million.

### 3.0 Management Letter

The following were some of the significant matters raised by the auditors and the management responses thereto-

#### 3.1 Going-Concern Considerations (Repeat Finding)

The auditors noted that BMC Group and Commission continued to realise year-on-year losses. This had been the case over the previous financial reporting periods including current year loss of P112 million (2020: P2 million loss) for Group and P117 million loss (2020: P3 million profit) for Commission. The losses had resulted in

accumulated deficit for the Group of P1 431 billion and P1 451 billion for Commission.

Given the cumulative impact of limited financial resources available to the Group and Commission annually, it may increasingly become difficult for the Group to effectively implement its mandate and strategy going forward.

Whilst the auditors acknowledged that the Commission's objectives were to produce quality meat and value adding products for global markets, there was requirement in terms of the Commission Act for the Commission to be profitable and build-up financial reserves. The Commission was brought into being through an Act of Parliament and based on this it could be strongly argued that the Group and Commission would continue to receive Government support.

As a result of the losses, BMC was not in compliance with Section 17 of the Botswana Meat Commission Act which stipulated that it was the duty of the Commission to make sufficient revenues to meet its ongoing obligations.

In response, Management indicated that in recognition of the continued exposure of BMC to the going-concern risk as evidenced by the negative Balance Sheet, a four (4) year turnaround Strategy tagged MERITING Strategy was developed and approved in September 2021. The Strategy was expected to provide a structured approach towards the implementation of initiatives that are geared towards returning BMC to profitability and sustainability by the year 2024. Furthermore, the Government of Botswana had issued a letter of support to BMC and therefore Management maintained that the going-concern assumptions are appropriate for the 2021 Financial Statements.

### 3.2 Dormant Subsidiaries

The auditors observed that the Group structure included a number of dormant entities. It was noted that there were administrative costs associated with the maintenance of the subsidiaries.

In response, Management noted that auditors' recommendation was aligned to the Board decision of 2019 wherein Management was instructed to liquidate or revive these dormant companies as appropriate. This process was negatively impacted by lack of internal legal capacity which had since been addressed. Mainline Carriers was reinstated in the CIPA registry in 2022. Allied Meat Insurance and BMC Meat Importers were in the process of

liquidation. However, as these companies were owned by Lobatse Leathers, which had been deregistered itself, the liquidation was stalled. Process was underway to re-register Lobatse Leathers with the help of external attorneys. The process was expected to be concluded by the end of September 2022.

### 3.3 Implementation of Whistle-blower Policy

The auditors noted that BMC had a whistle-blower policy in place for employees or stakeholders to anonymously report fraudulent or suspected fraudulent transactions. However, there were no communications or publications of the whistle-blower hotline anywhere within BMC for staff or any stakeholders to make any reports.

In response, Management acknowledged the gap that was identified by the auditors. Management indicated that the whistle-blowing policy and procedure was captured in the BMC handbook and that all employees were given a copy upon returning to work. They further stated that the publicity of the Policy would be improved with immediate effect, starting with the addition of the BMC hotline to the BMC websites and notice boards. It was also indicated that awareness training on the importance of having the whistle blowing platform would be provided on a regular basis to ensure that the facility was utilised for the benefit of both BMC and employees.

### 3.4 Non-compliance with the Financial Intelligence Agency (FIA) Act of 2019

It was observed by the auditors that BMC did not carry out vetting for customers that transacted over the Act's prescribed limit as well as maintaining a list of such customers. It was stated that this was in contravention of the FIA Act.

In response, Management agreed that they would develop an Anti-Money Laundering Policy during the 2022 financial year to comply with the requirements of the Financial Intelligence Agency Act of 2019 and that they would ensure compliance at all times. Management further acknowledged that currently customers were not vetted in line with the provisions of the Act. They further stated that other activities such as the assessment of BMC processes for compliance with the FIA would be implemented immediately to inform the type of interventions that would be required in order to ensure compliance.

### 3.5 Breach of Government Loan Agreements

The auditors observed that BMC had two loans with the Government amounting to a principal of P248 million. The auditors noted that the loans were for a period of 12 months up to February 2020 but the Commission had not made any payments within the stipulated period, and no interest payments had been made as per the agreement.

In response, Management acknowledged that the BMC was in breach of the two Government loans, and that a conversation around the possibility of the restructuring of the two loans had ensued with the Ministry of Finance. They further noted that the breach on the part of BMC was attributed to the cash flow challenges. It was stated that the Ministry had not yet responded to the request of restructuring and that the Commission was fully aware of the impact of defaulting to its credibility within Government and the market at large. Management further stated that if the Ministry acceded to the request of BMC to restructure the loans, repayments would commence in 2024 after the BMC had started enjoying the rewards from successful implementation of the MERITING Strategy.

### 3.6 Theft of Property Plant and Equipment(PPE)

The auditors observed that some property, plant and equipment went missing and no one could account where they went: Stunring Gun & Brisket Circular Saw.

In response, Management stated that they would develop a Policy on the security of Property Plant and Equipment. They stated that periodical asset verifications would be undertaken to confirm the existence of such assets in the fixed assets register. They further noted that BMC would intensify the security of assets by installing additional cameras within areas that had been identified as susceptible to theft of PPE.

## 125. **Botswana Medicines Regulatory Authority**

The financial statements of the Botswana Medicines Regulatory Authority for the financial year ended 31 March 2022 were audited by Messrs Grant Thornton, Certified Auditors, who were appointed by the Board in terms of Section 21 (3) of the Medicines and Related Substance Act, 2013.

## 2.0 Accounts

### 2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements gave a true and fair view of the financial position of the Botswana Medicine Regulatory Authority as at 31 March 2022, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

### 2.2 Financial Results

In the year under review, the Authority recorded a surplus of P15.80 million compared to a deficit of P11.66 million recorded in the previous year.

Income increased by 78% from P53.35 million in the previous year to P94.98 million. Government grant increased by 87% from P42.65 million in the previous year to P79.84 million in the year under review.

Expenditure increased by 21% from P65.22 million in the previous year to P79.21 million in the year under review. Significant increases in expenditure were noted in Travel and Accommodation costs which increased by 179% from P773 250 in the previous year to P2.16 million in the year under review and also noted in Publicity and Awareness expenses by 176% from P1.43 million in the previous year to P3.95 million in the year under review.

### 2.3 Working Capital

As at 31 March 2022, the working capital position of the Authority showed total current assets of P39.42 million and total current liabilities of P16.15 million, resulting in a net current assets position of P23.27 million.

## 3.0 Management Letter

The auditors had issued a management letter and the matters raised dealt with accounting procedures and internal controls which were of interest only to Management, hence did not merit mention in this report.

## 126. Botswana National Productivity Centre

The financial statements of Botswana National Productivity Centre for the financial year ended 31 March 2022 were audited by Messrs Deloitte and Touché, Certified Auditors, who were appointed by the Board in terms of Section 16 (2) of the Botswana National Productivity Centre Act (No.19 of 1993).

### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of Botswana National Productivity Centre as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### Emphasis of Matter

The auditors drew attention to Note 24 to the annual financial statements which indicated that the Centre incurred a loss of P6.70 million (2021: P 5.04 million) for the year and that the Government had reduced its funding to the Centre in the current year to P29.65 million from P34.56 million in 2021 financial year. The auditors noted that the Centre had sufficient resources to continue operating and settling its liabilities in the short-term as and when they became due. They further stated in the note that there had been no indication that the Government would cease funding the Centre in the foreseeable future. Consequently, management had concluded that the Centre would continue as a going-concern for at least 12 months after the date of approval of the financial statements. The audit opinion was not modified in respect of this matter.

#### 2.2 Financial Results

During the year under review, the Centre recorded a deficit of P6.70 million, compared to a deficit of P5.04 million in the previous year.

The Centre is funded by Government grants. In the year under review the grant was P30.90 million, representing 89% of the total income, compared to a grant of P34.56 million in the previous year.

Expenditure decreased by 10% from P44.60 million in the previous year to P40.37 million in the year under review.

### 2.3 Working Capital

As at 31 March 2022, the working capital position of the Centre showed total current assets of P18.06 million and total current liabilities of P8.65 million, resulting in a net current assets position of P 9.41 million.

### 3.0 Management Letter

The auditors had issued a management letter and the matters raised dealt with accounting procedures and internal controls which were of interest only to management, hence did not merit mention in this report.

## 127. **Botswana National Sports Council**

As part of my writing of this report, and in line with the long standing arrangement with the Public Accounts Committee, I had circularised all statutory bodies and state enterprises requesting them to forward to me their audited financial statements and reports for review and inclusion of the results in this report.

At the time of writing this report, Botswana National Sports Council had not submitted their annual financial statements and the management letter. In response, Management stated that auditors had not released the audited financial statements.

Consequently, I have not been able to carry out the review of the accounts of Botswana National Sports Council for the financial year ended 31 March 2022 for the benefit of the National Assembly and the nation at large.

## 128. **Botswana Oil Limited**

The financial statements of Botswana Oil Limited for the financial year ended 31 March 2022 were audited by Messrs PricewaterHouseCoopers, Certified Auditors, who were appointed by the Board.

## 2.0 Accounts

### 2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of Botswana Oil Limited (the Company) as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

### 2.2 Financial Results

In the year under review, the Company recorded a loss of P17.29 million, compared to a profit of P9.22 million in the previous year. The main contributor to the decline in performance was a P19.85 million decrease in Other Operating Income from P34.93 million in the previous year to P15.08 million in the year under review.

The administrative expenses decreased by 9% from a restated figure of P76.47 million in the previous year to P69.61 million in the year under review.

### 2.3 Working Capital

The working capital position of the Company as at 31 March 2022 showed total current assets of P345.67 million and total current liabilities of P207.43 million, resulting in a net current assets position of P138.24 million.

## 3.0 Management Letter

The auditors had issued a Management letter and the matters raised dealt with accounting procedures and internal controls which were of interest only to Management, hence did not merit mention in this report.

## 129. **Botswana Open University**

The financial statements of Botswana Open University for the financial year ended 31 March 2022 were audited by Messrs BDO, Certified Auditors, who were appointed by the Council in terms of Section 30 (2) of the Botswana Open University Act, No.13 of 2017.

## 2.0 Accounts

### 2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements presented fairly, in all material respects the financial position of Botswana Open University as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### 2.2 Financial Results

In the year under review, the University recorded a deficit of P12.08 million, compared to P14.78 million in the previous year. This reduction in deficit was due to the decrease in operating expenses by 20% from P54.87 million in previous year to P43.82 million in current year.

The University is funded by Government grants. In the year under review the grant was P123.93 million, representing 68.29% of total income. Another notable source of income was Revenue from Student Application and Tuition Fees of P45.55 million in the year under review, compared to P41.77 million in the previous year.

Expenditure decreased by 4% from P201.69 million in the previous year to P194.31 million in the year under review.

The decrease in expenditure was mainly due to the reduction of activity due to the COVID-19 state of emergency. Marking and Writers Expenses decreased by 62% from P856 615 in the previous year to P323 599 in the year under review. Other operating expenses also decreased by 13% from P54.87 million to P47.76 million in the year under review.

### 2.3 Working Capital

As at 31 March 2022 the working capital position of the University showed total current assets of P16.48 million and total current liabilities of P59.96 million resulting in a net current liabilities position of P43.48 million.

Current liabilities included trade and other payables of P50.89 million, deferred income of P8.68 million and lease liabilities P382 740.

### 3.0 Management Letter

The auditors had issued a management letter and the matters raised dealt with accounting procedures and internal controls, which were of interest only to management, hence did not merit mention in this report.

## 130. **Botswana Postal Services Limited**

The financial statements of the Botswana Postal Services Limited for the financial year ended 31 March 2022 were audited by Messrs Grant Thornton, Certified Auditors, who were appointed by the Board.

### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of Botswana Postal Services Limited as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

##### 2.1.1 Material Uncertainty Related to Going-Concern

The Company had an accumulated loss amounting to P191 405 112 (2021: P240 720 156) and a net current liabilities position of P60 607 549 (2021: P138 282 503). The continued deterioration of net liquidity position of the Company raises a concern on the ability to continue as a going-concern. The Government of the Republic of Botswana had committed in writing through the Ministry of Communications, Knowledge and Technology that it would continue to support the company and had committed to provide a Universal Service Obligation of P75 million to ensure it continues as a going concern in the financial year 2022/2023.

### 2.2 Financial Results

In the year under review, Botswana Postal Services Limited recorded a profit of P49.32 million before Other Comprehensive Income, compared to a restated loss of P38.74 million in the previous year. The main contributor to the profit was:

- Other operating income increased by 762% from P19.21 million to P165.48 million.

- Finance costs decreased from P33.39 million in the previous year to P27.03 million in the year under review.

### 2.3 Working Capital

As at 31 March 2022, the working capital position of the company showed total current assets of P321.72 million and total current liabilities of P382.33 million, resulting in a net current liabilities position of P60.61 million. The breakdown of the current liabilities was as follows:

• Trade and Other Payables	P279.14 million
• Borrowings	P72.30 million
• Lease Liabilities	P5.28 million
• Government Grant	P0.74 million
• Current tax payable	P7.23 million
• Bank Overdraft	P17.63 million

### 3.0 Management Letter

The following were some of the matters raised by auditors and the Management responses thereto-

#### 3.1 Non-Compliance with International Accounting Standard 37

The auditors observed that the entity made a provision of P15 million for employee benefits for the work force realignment which did not comply with the IAS 37 on Provisions, Contingent Liabilities and Contingent Assets recognition criterion. In accordance with IAS 37 financial statements deal with the financial position of an entity at the end of its reporting period and not its possible position in the future. Therefore, no provision was recognised for cost that need to be incurred to operate in the future. The only liabilities recognised in an entity's statement of the financial position are those that exist at the end of the reporting period.

The auditors acknowledged that management approved the workforce realignment on 16 December 2021, on further inquiries with management and through the supporting documents provided realignment of the workforce only took place after a year and the process was currently ongoing. Furthermore, auditors noted that no reliable estimate could be made of the obligation as it was still a work in progress.

In response, Management noted the finding and indicated that the project was envisaged to start and finish during the year

ended 31 March 2022, hence the provision. Management would endeavour to comply with the Standards in future.

### 3.2 Poor Monitoring of Controls Relating to Receivables (Repeat Finding)

The auditors noted poor controls relating to receivables as follows:

#### (a) Old Age Pensions

The auditors noted that;

- there were duplicate invoices accounted for and the client had to propose a write off amounting to P453 730.
- there were balances amounting to P149 275 that had no supporting reconciliations as required to process payment and hence would not be paid by the debtor, which were also proposed for write off.

#### (b) Advanced Money Orders

The auditors observed that monthly reconciliation was not done on Money Orders accounts. They noted that incoming payments for South Africa were recorded under Lesotho and there were also unrecorded incoming payments.

#### (c) Confirmations for DRTS, IHS and MTC

The auditors observed that confirmations from Department of Road Transport and Safety (DRTS), Institute of Health Sciences (IHS) and Ministry of Transport and Communications (MTC) did not match book balances or reconciliations. They noted that write-offs were proposed on unreconciled balances amounting to P30 022.

In response, Management stated that they would engage with debtors regarding outstanding supporting documents to finalise the reconciliation and enable payment by 31 July 2022. Management also indicated that there was a review of the reconciliation process to close identified gaps on correctness and completeness of transactions by 30 September 2022. Management further stated that the P30 022 balance was an accumulation of rounding differences between invoices and payments from 2012 to date and that it would be proposed for write off in the 2022/23 financial year.

### 3.3 Customs and Excise not Reconciled

During the audit, the auditors noted that the Company had paid customs duty on parcels received from outside the country on behalf of customers and recovered from clients upon collection at respective post offices. Parcels not collected were returned to International Mail Exchanging Centre (IMEC). The auditors indicated that the customs duty paid on behalf of customers was shown as a receivable in the books. However, auditors noted that the majority of the receivable balances were irrecoverable from BURS and that the amount had been provided as a bad debt. They further noted that there were parcels received back in 2019 and the Company had not returned them to the senders through appropriate channels. The auditors indicated that unclaimed parcels were highly susceptible to fraud through misappropriation.

In response, Management stated that a parcel processing platform was being developed (International Postal System, Post Global and Dynamics 365) to ensure completeness of transaction flow which would help in reconciliation and it was expected to be completed by 30 September 2022. Management further indicated that parcels dating as far back as 2019 were not returned due to Covid-19 disruptions. Management indicated that they had handed unclaimed parcels to BURS who in turn handed them back for disposal. They stated that some of the parcels required City Council environmental assessment for suitability for disposal and that they envisaged the process to be fully completed by 30 September 2022. Management ascertained that parcels were secured in a warehouse with surveillance cameras to guard against fraud and misappropriation.

### 3.4 Untimely Cash-on-Hand Reconciliation

In the review, the auditors noted that amounts from some post offices (Bobonong and Maitengwe) were duplicated which indicated that the client did not prepare timely reconciliations of cash on hand amounts. The auditors noted an unreconciled difference of P57 759 upon reviewing the Virtual Teller Machine and the ledger. The auditors also noted that the cash balance as per Post Global report and the cash counted and verified was short of P3 466.05.

In response, Management noted the finding and stated that controls would be tightened to close identified gaps and that they were going to provide further training to end-users.

## 131. **Botswana Power Corporation**

The financial statements of Botswana Power Corporation for the financial year ended 31 March 2022 were audited by Messrs PricewaterhouseCoopers, Certified Auditors, who were appointed by the Board in terms of Section 22 (2) of the Botswana Power Corporation Act, (Cap 74:01).

### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of the Botswana Power Corporation (the Corporation) as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

#### 2.2 Material Uncertainty Relating to Going-Concern

The auditors drew attention to Note 43 to the financial statements, which indicate that the Corporation incurred a net loss of P650 380 000 for the year ended 31 March 2022. Also as of that date the Corporation's current liabilities exceeded its current assets by P3 435 354 000. These events or conditions, along with other matters as set forth in Note 43, indicated that a material uncertainty existed that may cast significant doubt on the Corporation's ability to continue as a going-concern.

#### 2.3 Financial Results

The financial operations of the Corporation showed a loss of P650 million (before comprehensive income) for the year under review, compared to a loss of P384 million in the previous year. The decline in the financial performance was largely attributable to an increase in operating costs by 21 % from P4.38 billion in the previous year to P5.32 billion in the year under review. Consumer subsidy provided by the Government had not changed from P500 million in the previous year to P500 million in the year under review.

Revenue increased by 8% from P4.02 billion in the previous year to P4.34 billion in the year under review.

An upward adjustment of P3.59 billion was recognised on Land, Buildings and Generation, Transmission and also Distribution

Assets which resulted in total comprehensive income for the year of P2.41 billion in the year under review, compared to a total comprehensive income of P1.01 billion in the previous year.

## 2.4 Working Capital

The working capital position of the Corporation as at 31 March 2022 showed current assets of P1.46 billion and current liabilities of P4.90 billion resulting in a net current liabilities position of P3.44 billion.

## 3.0 Management Letter

The following were some of the significant matters raised by the auditors and the management responses thereto-

### 3.1 Property, Plant and Equipment Fully Depreciated Assets- (Repeat Finding)

The auditors noted that the Corporation had a number of fully depreciated assets (Motor vehicles) in the Fixed Assets Register which were still in use.

Fully depreciated assets as at 31 March 2022 are as follows:

<b>Assets class</b>	<b>Amount (BWP)</b>
Motor vehicles(in use)	38 194 956
Motor vehicles (not in use)	14 420 788
Total fully appreciated assets	<b>52 615 744</b>

In response, Management stated that during the year they engaged in a Corporation-wide verification of fully depreciated assets. The exercise was able to deal with more than 500 million of Network Assets. For the remaining Motor Vehicle, management was aware of ageing fleet and this fleet was maintained in the assets register as it waited for replacement in the short term. However, management would review vehicles not in use and derecognise them and also reviewed asset lives for those in use by quarter 2 of 2022/23.

### 3.2 Property, Plant and Equipment-Timely Capitalisation (Repeat Finding)

The auditors noted that the Corporation did not capitalise the network assets in a timely manner. The project engineers certified the date on which the assets were available for use and the date the assets were capitalised. However, auditors noted that some

network assets were not capitalised on the date specified on the engineers' certificate.

Asset number	Document signed date	Capitalisation date as per FAR
TPTS PR18	30.11.2020	09.03.2022
CAPEXRL00122	10.12.2020	30.04.2021
CAPEXRL00217	26.03.2020	30.04.2021
CAPEXRL00190	29.01.2020	31.01.2022

In response, Management acknowledged the finding. Though it had newly established the Project Management Division, the Corporation was finalising project implementation processes which were meant to fast track capitalisation of assets. Target date was quarter 2 of 2022/23.

### 3.3 Revenue Receivables – New Customer Approval Process (Repeat Finding)

The auditor noted that as per their testing of new customer approval process of the Corporation there were some instances where new customers were created without having all required documents. For example, credit check was not performed. Management stated that there was a period where their account to perform ITC check was closed and they could not perform the check for new customers. Since it was the mandate of BPC to connect citizens with electricity, the approval process was done pending ITC check with the intention of doing so once the system is accessible.

In response, Management acknowledged the finding and indicated that there was a point where there was a backlog of credit checks which had since been cleared. It should be noted that cash customers do not go through credit checks.

### 3.4 Auditor General's Comment

All the auditors' observations raised here are those that had been raised in the previous years, which gives the impression that the Corporation is not giving these matters the attention they deserve.

## 132. Botswana Privatisation Asset Holdings Limited

The financial statements of Botswana Privatisation Asset Holdings Limited for the financial year ended 31 March 2022 were audited by

Messrs Grant Thornton, Certified Auditors, who were appointed by the Board.

## 2.0 Accounts

### 2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements gave a true and fair view of the financial position of Botswana Privatisation Asset Holdings Limited as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

### 2.2 Financial Results

The financial operations of Botswana Privatisation Asset Holdings Limited recorded a profit of P11.51million for the year under review, compared to a loss of P69.50 million in the previous year.

Revenue increased substantially by 120% from P27.60 million in the previous year to P60.77 million in the year under review. The main contributor to the significant increase in financial performance were Dividend Income and Interest Income. Dividend Income increased by 187% from P16.90 million in the previous year to P48.49 million in the year under review while Interest Income increased by 15% from P10.69 million in the previous year to P12.28 million in the year under review.

Expenditure increased from P2.12 million in the previous year to P2.29 million in the year under review. In addition to that there was a fair value loss on investments in Equity Shares of P42.13 million in the year under review compared to a fair value loss on investments in Equity Shares of P93.71 million realised in the previous year.

### 2.3 Working Capital

As at 31 March 2022, the working capital position of the Company showed total current assets of P57.66 million and total current liabilities of P962 797 resulting in a net current assets position of P56.70 million.

## 3.0 Management Letter

The auditors stated that they did not identify any control deficiencies during the course of their audit.

### 133. **Botswana Qualifications Authority**

The financial statements of Botswana Qualifications Authority for the financial year ended 31 March 2022 were audited by Messrs Mazars, Certified Auditors, who were appointed by the Board in terms of Section 23 (2) of the Botswana Qualifications Authority Act, (No. 24 of 2013).

#### 2.0 Accounts

##### 2.1 Audit Opinion

In the opinion of the auditors:

The financial statements presented fairly, in all material respects, the financial position of Botswana Qualifications Authority, as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Botswana Qualifications Authority Act, 2013.

##### 2.2 Financial Results

The Authority recorded a surplus of P6.28 million in the year under review, compared to a surplus of P20.21 million in the previous year. The main contributor to the significant decrease in surplus was a decrease in Income by 10% from P103.16 million in the previous year to P93.13 million in the year under review. Government subvention accounted for 81% of the total income, it decreased by 20% from P94.46 million in the previous year to P75.52 million in the year under review.

Expenditure increased by 4% from P83.49 million in the previous year to P86.85 million in the year under review.

##### 2.3 Working Capital

As at 31 March 2022, the working capital position of the Authority showed total current assets of P79.50 million and total current liabilities of P65.39 million, resulting in a net current assets position of P14.12 million.

#### 3.0 Management Letter

The following were some of the significant matters raised by the auditors and the management responses thereto-

### 3.1 Recommendations from Forensic Audit Report Not Fully Implemented

The auditors noted that recommendations from the forensic audit conducted by Ernst & Young in 2017 had not been fully implemented. Management had commented that not all recommendations were implemented because some were easy to implement and had no cost implications while some were long term with cost implications and due for completion by 31 March 2022.

In response, Management further acknowledged and agreed that at the time of the audit not all the recommendations from the forensic audit report were fully implemented. Some of the actions took longer than anticipated and the dates were revised along the way. Among those are the procurement of an integrated system, the data clean up and the review of the General Staff Conditions of Service. Some recommendations depended on external parties and therefore could not be closed until the third parties had responded. Others like the development of conflict of interest policy were dependent on other processes and could not be completed until those processes were completed (development of the shareholder compact). However, the plan was being monitored to ensure the recommendations were implemented as per the plan with the last item targeted for completion by 31 March 2023.

### 3.2 Report from the Ombudsman Not Fully Implemented (Repeat Finding)

The auditors noted in their prior year audit that the implementation of recommendations from the 2020/2021 Ombudsman report was still underway. The report had cited a number of control deficiencies in the process of accreditation of local educational institutions. An implementation plan needed to be drawn with target deadlines as guidance for the implementation.

In response, Management acknowledged and agreed that the finding was correct and planned to have closed all the outstanding recommendations by 31 March 2023 as per the plan. The Internal Audit Division also monitors and reports progress on implementation of audit recommendations to the Board monthly. The Risk and Audit Committee and the Board had also resolved that the audit recommendations should be included in the performance management contracts of directors for monitoring and accountability purposes.

### 3.3 Forensic Investigation On The Use Of Experts By Core Departments (Repeat Finding)

The auditors noted that subsequent to the prior year audit, they received the results of the forensic investigation that took place on the use of experts by core Departments. This report featured accreditation and expert fees expense and some employees were suspended to pave way for that investigation.

In response, Management acknowledged and agreed that at the time of audit, there was no action plan for addressing the recommendations. The draft action plan for the implementation of the recommendations had since been developed and being finalised for submission to the governance structures before implementation. The Risk and Audit Committee reviewed management's submissions to ensure that the corrective actions address the audit findings. While drafting the action plan, management noted that some of the recommendations were already under implementation. For instance, the criteria for appointment of experts, developing a selection criterion for experts, integration of SAGE and BITRIX and other IT systems. Other items like ensuring memoranda of agreement are signed, cessation of engaging non – approved experts, capturing experts in accounting software systems, developing forms for experts to use for claims were implemented in 2020 and 2021. A detailed plan would be availed for verification. Majority of the recommendations were due to be closed by 31 March 2023, while a few would overlap to 2023/24.

### 3.4 No Approved Policy On Non-complying ETPs For The Annual Subscription Fees

The auditors noted that receivables amounting to P1 264 718 as at year end were outstanding from Educational Training Providers as annual subscription fees of the amounts to P526 000 was coming from prior financial years and hence long outstanding. Only P47 000 had been received from these prior year debtors. Therefore, there was a high possibility that the remaining balance may not be recovered in the near future. The debtors could be impaired by more than the 11.42% that had been provided for non-recoverable. Management also stated that the monitoring and compliance procedure and process were still being drafted.

In response, Management acknowledged the finding and recommendation and would continue to monitor debtor balances monthly. In the past, management made follow ups and some of the debtors indicated that they had difficulty in paying their debts as their operations were affected by the

impact of COVID-19. Management was optimistic that following the lifting of State of Emergency and COVID-19 regulations most of the customers would be able to provide training and hence pay their obligations.

Management would further prioritise the development of the compliance and monitoring procedure and process by 31 October 2022. Management would also develop a compliance and monitoring policy during the financial year 2022/23 to be implemented effective 1 April 2023. Furthermore, during the ongoing review of the Act and regulations, management would ensure the inclusion of sanctions on non-complying ETPs, which was currently missing in the current legislation.

134. **Botswana Railways**

As part of my writing of this report, and in line with the long standing arrangement with the Public Accounts Committee, I had circularised all statutory bodies and state enterprises requesting them to forward to me their audited financial statements and reports for review and inclusion of the results in this report.

The Botswana Railways had not submitted the audited financial statements and had explained that the audit for the following financial years 2019/20, 2020/2021 and 2021/2022 were still ongoing. They further explained that the financial years 2019/20 and 2020/21 are audited by Deloitte and Touché and 2021/22 are audited by RSM.

Consequently, I have not been able to carry out the reviews of the accounts of Botswana Railways for all these financial years for the benefit of the National Assembly and the nation at large.

135. **Botswana Savings Bank**

The financial statements of Botswana Savings Bank for the financial year ended 31 March 2022 were audited by Messrs Deloitte and Touché, Certified Auditors, who were appointed by the Board with the approval of Bank of Botswana in terms of Section 4 (1) of Botswana Savings Act, (Cap 56:03).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of Botswana Savings Bank (the Bank) as at 31 March

2022, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards.

## 2.2 Financial Results

The financial operations of the Bank showed a profit of P34.34 million for the year under review, compared to a profit of P5.24 million in the previous year. Income increased by 22.49% from P146.01 million in the previous year to P178.86 million in the year under review.

Government grant increased to P9.84 million in the year under review compared to P1.58 million in the previous year.

## 2.3 Working Capital

The working capital position of the Bank as at 31 March 2022 showed total current assets of P3.17 billion and total current liabilities of P2.95 billion resulting in a net current assets position of P0.22 billion.

## 3.0 Management Letter

The following were some of the significant matters raised by the auditors and the management response thereto-

### 3.1 Dormant Funds not Transferred to the Central Bank after 10 Years

The auditors stated that as per Section 39 of the Banking Act all dormant accounts should be transferred to the Central Bank after 10 years if they have not been subsequently claimed by respective account holders. They noted that as at year end, accounts amounting to P28 172 863 had been dormant for more than 10 years and that they should be transferred to Central Bank of Botswana.

In response, Management concurred with the auditors' finding and the Central Banks' view that they should go beyond the prescriptions of the BSB Act, which provided that the dormant funds be set aside in a dormancy account whilst the Banking Act prescribes that such funds be remitted to Bank of Botswana. Management stated that they would raise the matter with the shareholder, with a recommendation that the two Acts be harmonised to eliminate any conflict of having to choose to comply with one Act to the detriment of another.

### 3.2 Non - Compliance with BSB Act

The auditors stated that the Board of Directors was supposed to have four (4) members from the private sector and three (3) from the public sector. However, the BSB Board had three (3) private sector members and four (4) public sector members. They further stated that three (3) Board members resigned during the year 2021 which was more than the provision of “not more than two (2) members shall expire in the same year”.

In response, Management had stated that the appointment to the Board was carried out by the Ministry of Finance and Economic Development. They further went on to state that the breach was noted and the Bank was in the process of rectifying the abnormality.

## 136. **Botswana Stock Exchange**

The financial statements of Botswana Stock Exchange for the financial year ended 31 December 2021 were audited by Messrs Grant Thornton, Certified Auditors, who were appointed by the Stock Exchange Committee in terms of Section 41 (2) of the Botswana Stock Exchange Act , (Cap 56:08) .

### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinion of the auditors:

The Group financial statements gave a true and fair view of the financial position of the Botswana Stock Exchange Limited as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards.

#### 2.2 Financial Results

The Group and the Stock Exchange recorded a profit of P11.14 million and P10.58 million respectively in the year under review, compared to P8.10 million and P10.94 million recorded in the previous year.

The income for the Group increased by 23.55% from P40.11 million in the previous year to P49.55 million in the year under review, while expenses increased by 3.09% from P32.00 million in the previous year to P38.28 million in the year under review.

## 2.3 Working Capital

The working capital position of the Group as at 31 December 2021 showed total current assets of P113.78 million and total current liabilities of P6.73 million, resulting in a net current assets position of P107.05 million.

The total current assets for the Stock Exchange were P88.67 million and the total current liabilities were P5.70 million, giving a net current assets position of P82.97 million.

## 3.0 Management Letter

The following was one significant matter raised by the auditors and the management response thereto-

### 3.1 Non-compliance with Accounting Standards, IAS 37-Provision, Contingent Liabilities & Contingent Assets

The auditors noted that during the review of the Fixed Assets Register and verification of assets, the amount of P252 613 was capitalised as an asset and an equal amount accrued for as payable to a service provider. Their further review indicated that the amount related to works on the IT system and only 15% (P37 892) of the task was completed as at period end. Under such circumstances, the company must have only recognised an amount of P37 892 as capital work in progress in the accounting records.

A corrective journal of P214 721 was processed in the books to reflect only the services received as at period end.

In response, Management noted that according to IAS 37, three criteria need to be met before a provision is recognised:

- (a) There is need to be a present obligation from past event

BSE had signed a contract with a service provider. The service provider had commenced performing their obligations as stipulated in the contract. This consequently results in the creation of an obligation for the BSE.

- (b) There is need to be a reliable estimate

The contract between BSE and the service provider clearly states the contractual amount of the service provided.

- (c) There is need to be a probable outflow of resources embodying economic benefits.

As at 31 December 2021, the service contracted for had already commenced being rendered to the BSE. The contract had not been cancelled therefore BSE was obliged to transfer economic benefits to the service provider for the service rendered.

In addition to the above, management had requested the Board to approve a budget for the services in 2021. Therefore, the whole amount was accounted for in the financial year in which the service related to.

### 137. **Botswana Telecommunications Corporation Limited**

The financial statements of the Botswana Telecommunications Corporation Limited for the financial year ended 31 March 2022 were audited by Messrs Deloitte & Touché, Certified Auditors, who were duly appointed.

#### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinion of the auditors:

The consolidated and separate financial statements gave a true and fair view of the financial position of Botswana Telecommunications Corporation Limited as at 31 March 2022 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards.

#### 2.2 Financial Results

The financial operations of the Corporation recorded a profit of P140.79 million for the year under review, (before impairment on assets transferred to held-for-sale of P7.76 million and income tax effect of P1.71 million), compared to a restated profit of P137.92 million in the previous year (before a revaluation gain in property of P63.87 million and income tax effect of P12.27 million).

Revenue decreased slightly by 2% from P1.43 billion restated in the previous year to P1.39 billion in the year under review. Expenditure decreased slightly from a restated P1.33 billion in the previous period to P1.31 billion in the year under review.

### 2.3 Working Capital

As at 31 March 2022, the working capital position of the Corporation showed total current assets of P789.33 million and total current liabilities of P400.38 million resulting in a net current assets position of P388.95 million.

### 3.0 Management Letter

In view of the restrictions imposed by the Botswana Stock Exchange Listing Requirements, I have not commented on the issues raised in the management letter.

## 138. **Botswana Tourism Organisation**

As part of my writing of this report, and in line with the long standing arrangement with the Public Accounts Committee, I had circularised all statutory bodies and state enterprises requesting them to forward to me their audited financial statements and reports for review and inclusion of the results in this report.

At the time of writing this report, Botswana Tourism Organisation had not submitted their annual financial statements and the management letters for four financial years: 2018/19, 2019/20, 2020/21 and 2021/22. The Organisation indicated that they had experienced delays in completing the 2018/19 audit due to the findings of forensic audit.

I had commented in my previous reports that Botswana Tourism Organisation was in breach of Section 22(2) which requires the accounts of the Organisation to be audited within the period of three months after the end of the financial year.

It is to be noted that failure to comply with the requirements of the Act had persisted over a number of years. This non-compliance continued to deny the National Assembly the opportunity to examine the accounts of the Organisation on a timely basis to meet the need of transparency and accountability.

## 139. **Botswana Trade Commission**

The financial statements of Botswana Trade Commission for the financial year ended 31 March 2022 were audited by Messrs Grant Thornton, Certified Auditors, who were appointed by the Board in terms of Section 29 (1) of the Botswana Trade Commission Act, No.20 of 2013.

## 2.0 Accounts

### 2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements gave a true and fair view of the financial position of Botswana Trade Commission as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

### 2.2 Financial Results

The financial operations of the Commission recorded a surplus of P535 713 for the year under review, compared to a deficit of P4.27 million reported in the previous year.

Income increased by 175% from P4.17 million in the previous year to P11.34 million in the year under review. Total expenditure increased by 28%, from P8.44 million in the previous year to P10.81 million in the year under review. The main contributor to a rise in total expenditure was Employee Costs which increased by 66% from P3.68 million to P6.10 million.

The Commission was funded by Government grants. In the year under review the grant stood at P11.34 million representing 100% of total income.

### 2.3 Working Capital

As at 31 March 2022, the working capital position of the Commission showed total current assets of P896 441 and total current liabilities of P1.20 million resulting in a net current liabilities position of P298 791.

Included in the Current Liabilities were Payroll Accruals of P534 324.

## 3.0 Management Letter

The auditors had issued a management letter and the matters raised dealt with accounting procedures and internal controls which were of interest only to management, hence did not merit mention in this report.

140. **Botswana Unified Revenue Service**

As part of my writing of this report, and in line with the long standing arrangement with the Public Accounts Committee, I had circularised all statutory bodies and state enterprises requesting them to forward to me their audited financial statements and reports for review and inclusion of the results in this report.

Section 28(2) requires that the audited accounts should be submitted within five months of the end of the financial year to which they relate. BURS has failed to comply with this requirement in respect of the financial year ended 31 March 2022, as had also been the case for the following financial years: 2018/19, 2019/20, and 2020/21.

In this connection, it is to be noted that failure to comply with the requirements of the Act had persisted over a number of years. This has continued to deny the National Assembly the opportunity to examine the accounts of BURS on a timely basis.

141. **Botswana University of Agriculture and Natural Resources**

The financial statements of Botswana University of Agriculture and Natural Resources for the financial year ended 31 March 2021 were audited by Messrs Deloitte & Touché, Certified Auditors, who were appointed by the Council in terms of Section 25 (1) of the Botswana University of Agriculture and Natural Resources Act, (No 12 of 2015).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of University as at 31 March 2021, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards.

2.2 Financial Results

In the year under review, the University recorded a surplus of P4.21 million, compared to a restated deficit of P574 988 in the previous year. The improvement in performance was largely attributable to net impairment gains on financial assets of P12.19 million and a significant decrease of 33.61% in finance costs from P93.10 million in the previous year to P61.80 million in the year under review.

Revenue for the University comprised the following:

	<b>2020</b>	<b>2021</b>
Government subvention	209 863 482	206 394 316
Tuition and other Student Fee Revenue	64 225 965	63 291 263
Amortisation of Capital grants	13 065 939	7 975 259
Other Income	8 352 080	1 919 372
Finance Income	<u>252 301</u>	<u>187 227</u>
<b>Total</b>	<b>295 759 767</b>	<b>279 767 437</b>

Government subvention decreased by 1.65% from P209.86 million to P206.39 million in the year under review. Finance income decreased by 26.0% from P252 301 in the previous year to P187 227 in the year under review.

### 2.3 Working Capital

The working capital position of the University as at 31 March 2021 showed total current assets of P129.50 million and total current liabilities of P89.70 million, resulting in a net current assets position of P39.79 million.

### 3.0 Management Letter

The following were some of the significant matters raised by the auditors and the management responses thereto-

#### 3.1 Land Without Title Deeds

The auditors observed that the University had not finalised the process of registration of four pieces of land obtained from the Government through an exchange programme in prior years. They stated that the carrying amount of land without title deeds amounted to P35.10 million (2020: P35.10 million)

In response, Management stated that the process of swapping the land parcels between the University and Government within Content Farm involved lengthy procedural and legal requirements. They further noted that there had been several engagements with the University conveyancer and Department of Lands and a final position would be communicated in August 2022.

3.2 No Formal Agreement for the Shared Water Usage Arrangement between BUAN and the Ministry of Agricultural Development and Food Security

The auditors noted that the entity consumed water from a shared meter registered under Ministry of Agricultural Development and Food Security. The University bears a 50% share of the water usage bill issued by Water Utilities Corporation regardless of the level of consumption as the terms of the arrangement were not formally documented. The auditors further stated that the reason was that the land on which the University operated was previously registered under Ministry on behalf of the Government. It was also noted that the property housed other departments which were under the Ministry.

In response, Management acknowledged the finding. They further stated that the University was in engagements with the Government as the owner of the main infrastructure from the water pipeline and in consultation with other key stakeholders.

142. **Botswana Vaccine Institute Limited**

As part of my writing of this report, and in line with the long standing arrangement with the Public Accounts Committee, I had circularised all statutory bodies and state enterprises requesting them to forward to me their audited financial statements and reports for review and inclusion of the results in this report.

The Botswana Vaccine Institute Limited had not submitted the audited financial statements for the financial year under review and had explained that the audit for financial year 2021/22 was still ongoing.

Consequently, I have not been able to carry out the review of the accounts of Institute for the financial year ended 31 March 2022 for the benefit of the National Assembly and the nation at large.

143. **Citizen Entrepreneurial Development Agency**

As part of my writing of this report, and in line with the long standing arrangement with the Public Accounts Committee, I had circularised all statutory bodies and state enterprises requesting them to forward to me their audited financial statements and reports for review and inclusion of the results in this report.

At the time of writing this report, the Agency had not submitted their annual financial statements and the management letter. In response, the management stated that the Agency was experiencing further delays in the signing of Audited Financial Statements for the year

ended 31 March 2020 and the year ended 31 March 2021. The Agency has successfully completed the process of appointing new auditors who would immediately start 2021/2022 audit after signing of prior year accounts by the previous auditors.

I have therefore not been able to review the audited accounts of CEDA for inclusion in my report.

144. **Civil Aviation Authority of Botswana**

As part of my writing of this report, and in line with the long standing arrangement with the Public Accounts Committee, I had circularised all statutory bodies and state enterprises requesting them to forward to me their audited financial statements and reports for review and inclusion of the results in this report.

At the time of writing this report, Civil Aviation Authority of Botswana had not submitted their annual financial statements and management letter. In response, the Finance Manager stated that the financials were still awaiting Board approval.

Consequently, I have not been able to carry out the review of the accounts of the Authority for the financial year ended 31 March 2022 for the benefit of the National Assembly and the nation at large.

145. **Companies and Intellectual Property Authority**

The financial statements of Companies and Intellectual Property Authority for the financial year ended 31 March 2022 were audited by Messrs Ernst & Young, Certified Auditors, who were appointed by the Board in terms of Section 32 (1) of the Companies and Intellectual Property Authority Act, (Cap 42:13).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of the Companies and Intellectual Property Authority as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Intellectual Property Authority Act (Cap 42:13).

## 2.2 Financial Results

The Authority recorded a surplus of P2.24 million in the year under review, compared to a surplus of P2.42 million in the previous year. The decline in the financial performance was mainly as a result of a P2.49 million increase in administration and other expenses from P60.97 million in the previous year to P63.46 million in the year under review.

Total income for the year under review was P66.60 million, an increase of 3% from P64.84 million reported in the previous year.

The Authority is funded by Government grant and in the year under review the grant was P57.71 million, representing 87% of total income.

## 2.3 Working Capital

The working capital position of the Authority as at 31 March 2022 showed total current assets of P25.76 million and total current liabilities of P18.66 million, resulting in a net current assets of P7.10 million.

## 3.0 Management Letter

The following were some of the significant matter raised by auditors and the management response thereto–

### 3.1 Reassessment of Useful Lives (Repeat finding)

The auditors noted that there were assets in the Fixed Assets Register (FAR) which were fully depreciated but still in use, which was an indication that the assets were being depreciated at a higher rate than they should have been.

In response, Management noted that the Authority was near completion of the FAR cleaning reassessment of useful lives exercise was part of this project. Furthermore, the Authority carried out a benchmark with a similar organisation on reassessment of useful lives to establish a good approach that was also cost effective. Management committed to carry out the exercise during this financial year.

### 3.2 Financial Reporting Act Amendments

The auditors noted that Botswana Accountancy Oversight Authority recently released a public notice summarising the major changes to the Financial Reporting (Amendment) Act,

2020 which was passed by Parliament in 2020 and commencement of the Act was set at 1 April 2022. Below were major changes which may affect Public Interest Entities (PIE) and other large entities;

- Revision of threshold for an entity to be classified as a PIE.
- Enhanced penalties and sanctions for contravention of the provision of the Act, not exceeding P500 000 in case of a PIE and not 20 000 in case of a board member or office of PIE.
- A PIE or its officer who fails to produce its audited financial statements within the prescribed period should be liable to a fine not exceeding P100 000 (PIE) and fine not exceeding P20 000 (officer) for each month the offence continues to occur, up to maximum of P500 000.
- Inclusion of 'Public Body' in definition of a PIE, which was any board tribunal, commission council, committee, or other body, corporate or incorporated established under any enactment and includes any companies in which Government had equity shares
- Establishment of a code of corporate governance

In response, Management noted the comment.

#### 146. **Competition and Consumer Authority**

The financial statements of the Competition and Consumer Authority (CCA) for the financial year ended 31 March 2022 were audited by Messrs KMPG, Certified Auditors, who were appointed by the Competition Commission in terms of Section 23 of the Competition Act 2018.

##### 2.0 Accounts

##### 2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of the Competition and Consumer Authority as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

## 2.2 Financial Results

The financial operations of the Authority for the year ended 31 March 2022 recorded a total comprehensive loss of P1.60 million in the year under review, compared to a total comprehensive loss of P2.02 million in the previous year.

Total income decreased by 7% from P45.01 million in the previous year to P41.78 million in the year under review. Government subvention reduced by 11% from P42.64 million in the previous year to P38.16 million in the year under review.

Expenditure decreased by 8% from P45.25 million in the previous year to P41.83 million in the year under review.

## 2.3 Working Capital

The working capital position of the Authority as at 31 March 2022 showed total current assets of P2.29 million and total current liabilities of P5.04 million, resulting in a net current liabilities position of P2.75 million.

## 3.0 Management Letter

The following was one significant matter raised by the auditors and the management response thereto-

### 3.1 Fully Depreciated Assets

The auditors observed that there was a significant number of fully depreciated assets included in the Fixed Assets Register which indicated that they were still in use. The cost of these fully depreciated assets amounted to approximately P5.5 million. Example of these had been included below;

Category	Opening Value	Accumulated Depreciation	Net Book Value
Computer	3 393 361	3 393 361	-
Motor Vehicle	1 365 976	1 365 967	-

In response, Management indicated that the Fixed Assets useful life assessment was carried out in 2020. Assets which had reached their useful life but still in use were identified but mainly could not be replaced due to funding limitations, these assets continue to be used. Assets verification and useful life assessment exercise would be undertaken before the end of the financial year.

## 147. Gambling Authority

The financial statements of the Gambling Authority for the financial year ended 31 March 2022 were audited by Messrs PricewaterhouseCoopers, Certified Auditors, who were appointed by the Board in terms of Section 20 of Gambling Act, 2012.

### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of the Gambling Authority as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

#### 2.2 Financial Results

The Authority recorded a deficit of P36 359 in the year under review, compared to a deficit of P403 916 in the previous year.

Expenditure decreased by 12% from P40.96 million in the previous year to P36.13 million in the year under review. Income decreased by 10% from P42.73 million in the previous year to P38.38 million in the year under review.

The Authority is funded by Government grants, and in the year under review, the grant was P33.95 million, compared to P37.27 million in the previous year. Other notable sources of income were Casino Entrance Fees of P1 100 655, Annual Fees of P800 000, Income from Gambling Machines of P583 250, Renewal fees P300 000 and Employee Licences Fees of P154 150.

#### 2.3 Working Capital

As at 31 March 2022 the working capital position of the Authority showed total current assets of P59.56 million and total current liabilities of P61.32 million, resulting in a net current liabilities position P1.76 million.

### 3.0 Management Letter

The auditors had raised matters that dealt specifically with accounting procedures and internal controls which were of

interest only to Management, in their management letter. The issues raised did not merit mention in this report.

## 148. **Human Resource Development Council**

The financial statements of the Human Resource Development Council for the financial year ended 31 March 2022 were audited by Messrs Ernst & Young, Certified Auditors, who were appointed by the Board in terms of Section 23 (2) of the Human Resource Development Council Act, (No. 17 of 2013).

### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of Human Resource Development Council as at 31 March 2022, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

#### 2.2 Financial Results

The financial operations of the Council recorded a profit of P14.05 million for the year under review, compared to a profit of P162 878 recorded in the previous year.

Revenue increased slightly by 5% from P82.02 million in the previous year to P85.79 million in the year under review and Other Income increased by 11% from P6.01 million in previous year to P6.67 million in the year under review. Expenditure decreased by 11% from P88.48 million in the previous year to P79.09 million in the year under review. The decrease in expenditure was mainly attributable to a reduction in Travelling and Accommodation expenses by P303 134 from P337 382 in the previous year to P34 248 in the year under review and a decrease in Stakeholder Meetings and Conferences expenses by P193 103 from P503 951 in the previous year to P310 848 in the year under review.

The revenue of the Council for the year under review was P85.79 million, of which P47.59 million was Government grant and P38.21 million was Human Resource Development Fund Administration fees.

### 2.3 Working Capital

As at 31 March 2022, the working capital position of the Council showed total current assets of P52.92 million and total current liabilities of P29.11 million, resulting in a net current assets position of P23.82 million. The current liabilities included Staff Accruals of P10.41 million and unutilised grants of P15.44 million.

### 3.0 Management Letter

The following were some of the matters raised by the auditors and the management responses thereto-

#### 3.1 Property, Plant & Equipment-Incorrect / No Salvage Value Applied

Upon re-performing depreciation, the auditors noted that some assets were depreciated correctly, however the incorrect salvage values were applied when depreciating the assets. As per the position of the Council, 10% of the cost of the asset was attributed to the salvage value.

In response, Management acknowledged the audit finding and undertook to review the assets register to ensure that all salvage values were correctly recorded and those which needed adjustment would be adjusted accordingly.

Management noted that most of the Council's assets were fairly old especially Furniture and Office Fittings. These assets had no scrap values attached to them at the time they were acquired and recorded as that was not a requirement. Management would engage the Accounting System Consultants for assistance to facilitate the editing of salvage values failing which they would be adjusted manually through a reassessment of their useful lives.

#### 3.3 Property, Plant & Equipment-Ownership Documents

The auditors noted that plots were registered under Tertiary Education Council instead of Human Resource Development Council. It was important to ascertain the rights & obligations of the buildings owned by the Council. Management obtained the title deeds owned by the Council, and noted that the title deeds were not in the Council name rather they were registered under Tertiary Education Council. Examples include;

LB000001- Plot No 6645

LB000002 -TEC HEAD OFFICE Plot 60113

Management acknowledged the audit finding and undertook to submit the necessary documents to the Registrar of Deeds for the change of name from that of the Tertiary Education Council to Human Resource Development Council.

149. **Legal Aid Botswana**

The financial statements of Legal Aid Botswana for the financial year ended 31 March 2022 were audited by Messrs Mesotlo & Associates, Certified Auditors, who were appointed by the Board in terms of Section 25 (2) of the Legal Aid Botswana Act, (Cap16:02).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements presented fairly, in all material respects, the financial position of Legal Aid Botswana as at 31 March 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and Legal Aid Act, 2013.

Emphasis of Matter

The auditors drew attention to Note 23 to the annual financial statements which indicated that the Outsourced Legal Service provision and Lease Liabilities had been reclassified from Trade and Other Payables to Provisions and Lease Liabilities, respectively. The audit opinion was not modified in respect of this matter.

2.2 Financial Results

The financial operations of Legal Aid Botswana for the year ended 31 March 2022 recorded a surplus of P90 407, compared to a restated deficit of P2.66 million recorded in the previous year.

Government grant for the year was P46.63 million (Government Subvention and Amortisation of Capital Grant) which constituted 97% of the P46.66 million total income of Legal Aid Botswana.

Expenditure was P46.21 million in the year under review as compared to a restated amount of P44.22 million in the previous year which was an increase of 5%. The major contributors to the increase in expenditure were the following:

	<b>2022</b> <b>P million</b>	<b>2021</b> <b>P million</b>	<b>%</b> <b>increase</b>
Depreciation	4.25	3.78	12.40
Other Operating Expenses	10.37	9.48	9.43

### 2.3 Working Capital

As at 31 March 2022, the working capital position of Legal Aid Botswana showed total current assets of P16.86 million and total current liabilities of P19.26 million, resulting in a net current liabilities position of P2.39 million.

### 3.0 Management letter

The following was a significant matter raised by the auditors and the management response thereto-

#### 3.1 Internal Audit Effectiveness and Efficiency (Repeat Finding)

The auditors noted that there were no internal audit reports in the current year due to the absence of Internal Audit function.

In response, Management noted the finding and accepted it as there was no internal audit activity during the financial year under review 2021/22. Recruitment of the Internal Auditor commenced in quarter 2 of 2021 and was approved by the Board in quarter 2 of 2021/22. However, for the current year 2022/23, no further action was required as the finding was addressed by the appointment of a new internal audit manager in January 2022, who had since presented the 2022/23 annual audit plan and internal audit charter to the Audit and Risk Committee and both documents were approved.

## 150. Local Enterprise Authority

The financial statements of Local Enterprise Authority (LEA) for the financial year ended 31 March 2022 were audited by Messrs KPMG, Certified Auditors, who were appointed by the Board in terms of Section 25 (2) of the Small Business Act, (Cap 43:10).

## 2.0 Accounts

### 2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of, the financial position of Local Enterprise Authority as at 31 March 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

### 2.2 Financial Results

For the year under review, the Authority showed a net surplus of P17.79 million compared to a net surplus of P20.09 million (restated) in the previous year (a decline of 11%). This decrease in net surplus was largely attributable to an increase in operating expenses by 15% from P132.18 million in the previous year to P152.40 million in the year under review.

The operations of the Authority were financed largely by a Government subvention of P130.12 million in the year under review, which represented 76% of the total income.

### 2.3 Working Capital

As at 31 March 2022, the working capital position of the Authority showed total current assets of P74.42 million and total current liabilities of P54.31 million resulting in a net current asset position of P20.11 million.

## 3.0 Management letter

The following were some of the significant matters raised by the auditors and the management responses thereto-

### 3.1 Maintenance of the Fixed Assets Register

The auditors noted that management had reconstructed the Fixed Assets Register to resolve issues that the auditors had raised in prior years in relation to management of property, plant and equipment. However, auditors noted that there were some deficiencies that still required remediation. These are as follows;

- Assets in the register did not have tags or serial numbers for ease of identification making physical verification of assets and reconciliation to fixed asset register challenging.
- Asset with no acquisition date were identified in the fixed asset register in the office equipment class.
- Asset with inadequate description: An asset included under leasehold improvement with cost of P1 million had a description of Leasehold Improvement – PN 100702 Supplier Cert 6. Other examples included an asset described as "Library books" without a detailed listing.

In response, Management stated that the Authority had just completed updating the Fixed Assets Register. The next phase would include updating of tags, acquisition dates and descriptions, which was scheduled for completion by 31 March 2023.

### 3.2 Lack of Controls over Capital Work in Progress Management

The auditors noted that there was no monitoring of work-in-progress including review of costs capitalised under each project. In addition, there was no evidence of comparing actual costs to approved capital budgets and following up on variances. The auditors also noted that management could not fully substantiate when certain projects were completed nor provide evidence supporting dates from which the assets were depreciated.

In response, Management accepted the auditors' recommendation of designing and implementing effective controls over work-in-progress projects. They stated that they would implement recommendations immediately.

### 3.3 Fully Depreciated Assets in Use

The auditors noted that management updated the useful lives and residual values during the preparation of the 2022 financial statements and restated some of the comparatives to correct the prior year over - depreciation. However, auditors noted some fully depreciated assets when reviewing the Fixed Assets Register. Leasehold improvement and office furniture were included as fully depreciated assets.

In response, Management stated that restatements were made to the annual financial statements to correct errors arising from incorrect residual values. Management further stated that they would continue reviewing useful lives and residual values annually as required by IFRS. Based on the nature of fully

depreciated assets, they were unlikely to be materially misstated as they were old with minimal residual values.

#### 3.4 No Appropriate Basis for Determining Market Gap Allowance

The auditors noted that there was no clear basis for determining market gap allowance paid to employees. It was mentioned that the amounts were determined in prior years and there had been no review to assess whether they were still adequate. The allowance for the Executive Committee members amounted to P357 000 for the month of December 2022. The auditors could not obtain sufficient and appropriate basis for how the allowance was determined, including approvals by the Board.

In response, Management noted the recommendation and stated that the matter would be taken up with the appropriate governance structure of the Authority (Human Resources Committee and Board) to final determination as review of the remuneration structure.

#### 3.5 Inadequate Controls Over Asset Disposals

The auditors noted that the Authority completed a full asset verification exercise which resulted in a write-off of fully depreciated assets with an original cost amounting to P23.3 million. These assets were mostly very old and were disposed of in prior years but the Fixed Assets Register was not updated timely for disposals. Approval records relating to these disposals were also not available for inspection due to inadequate record keeping in prior years and as such the disposals had to be rectified retrospectively by the current Board and the necessary prior year adjustments had been in the current year financial statements.

In response, Management noted the recommendation and had drafted an Asset Disposal Policy for approval by the 31 March 2023. This policy document should prescribe the asset disposal process together with approvals and controls.

### 151. **Mineral Development Company Botswana Limited**

As part of my writing of this report, and in line with the long standing arrangement with the Public Accounts Committee, I had circularised all statutory bodies and state enterprises requesting them to forward to me their audited financial statements and reports for review and inclusion of the results in this report.

Mineral Development Company Botswana Limited had not submitted the audited financial statements for the financial year under review and had explained that the audit for the financial year 2021/22 was still ongoing.

Consequently, I have not been able to carry out the review of the accounts of the Company for the financial year ended 31 March 2022 for the benefit of the National Assembly and the nation at large.

152. **Motor Vehicle Accident Fund**

As part of my writing of this report, and in line with the long standing arrangement with the Public Accounts Committee, I had circularised all statutory bodies and state enterprises requesting them to forward to me their audited financial statements and reports for review and inclusion of the results in this report.

At the time of writing this report, Motor Vehicle Accident Fund had not submitted their annual financial statements and the management letter. In response, Management stated that MVA Fund's information technology platform was hacked and lost data. The Fund reported the challenge to Ministry of Finance and requested for extension of the statutory deadline for submission of audited financial statements and management letter, which was granted.

Consequently, I have not been able to carry out the review of the accounts of Motor Vehicle Accident Fund for the financial year ended 31 March 2022 for the benefit of the National Assembly and the nation at large.

153. **National Development Bank**

The financial statements of the National Development Bank for the financial year ended 31 March 2022 were audited by Messrs Ernst & Young, Certified Auditors, who were appointed by Board in terms of Section 19 (2) of National Development Bank Act, (Cap 74:05).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The consolidated and separate financial statements gave a true and fair view of the consolidated and separate financial position of the National Development Bank as at 31 March 2022, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended

in accordance with the International Financial Reporting Standards.

## 2.2 Financial Results

In the year under review, the Group recorded a deficit of P100.78 million compared to deficit of P55.38 million (before gains on property revaluation of P26.25 million) in the previous year, while the Bank recorded a deficit of P101.55 million in the year under review compared to a deficit of P55.38 (before gains on property revaluation of P26.25 million) in the previous year. The main contributors to the decline in performance was an increase in Personnel expenses by 23% from P50.13 million in the previous year to P61.60 million in the year under review and also an increase in Other expenses by 20% from P33.78 million in the previous year to P40.58 million in the year under review.

Revenue for the bank increased by 14% from P132.56 million in the previous year to P151.41 million in the year under review. Grant income increased by 11% from P14.72 million in the previous year to P16.34 million in the year under review.

Expenditure increased by 20% from P126.86 million in the previous year to P151.80 million in the year under review.

## 2.3 Working Capital

The working capital position of the Bank as at 31 March 2022 showed total current assets of P960.37 million and total current liabilities of P99.22 million, resulting in a net current assets position of P861.15million.

## 3.0 Management Letter

The auditors had issued a management letter and the matters raised therein dealt with accounting procedures and internal controls, which were of interest only to management, hence did not warrant mention in this report.

## 154. **National Food Technology Research Centre**

As part of my writing of this report, and in line with the long standing arrangement with the Public Accounts Committee, I had circularised all statutory bodies and state enterprises requesting them to forward to me their audited financial statements and reports for review and inclusion of the results in this report.

At the time of writing this report, National Food Technology Research Centre had not submitted their annual financial statements and management letter. In response, the Finance Manager stated that the financials were still awaiting Board approval.

Consequently, I have not been able to carry out the review of the accounts of the Centre for the financial year ended 31 March 2022 for the benefit of the National Assembly and the nation at large.

## 155. **Non-Bank Financial Institutions Regulatory Authority**

The financial statements of Non-Bank Financial Institutions Regulatory Authority for the financial year ended 31 March 2022 were audited by Messrs Mazars, Certified Auditors, who were appointed by the Board in terms of Section 33 (1) of the Non-Bank Financial Institution Regulatory Authority Act, 2016.

### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements presented fairly, in all material respects, the financial position of Non-Bank Financial Institutions Regulatory Authority as of 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and in the manner required by the Non-Bank Financial Institution Regulatory Authority Act, 2016.

#### Emphasis of matter

The auditors drew attention to Note 26 of the annual financial statements which indicated that the effects of Covid -19 might have had some impact in the results. The impact is not expected to be material on the operations of the Authority. The audit opinion was not modified in respect of this matter.

#### 2.2 Financial Results

For the year ending 31 March 2022, the Authority recorded an increase in total operating surplus of 84% from P7.97 million in the previous year to P14.65 million (before Gains on property revaluation of P181 980) in the year under review. Income increased by 5% from P90.13 million in the previous year to P94.42 million in the year under review with Supervisory Levies of P75.76 million (2021: P67.31 million) contributing 80% of the total income.

Expenses decreased by 4% from P81.96 million in the previous year to P79.08 million in the year under review.

The main sources of income were as follows:

	2022 <u>P million</u>	2021 <u>P million</u>	% Increase <u>(decrease)</u>
Government Grant	11.65	11.63	0.14
Amortisation of Government grants	1.07	3.66	(71)
Other Operating Income	4.80	6.68	(28)
Supervisory Levies	75.76	67.31	13

### 2.3 Working Capital

The working capital position of the Authority as at 31 March 2022 showed total current assets of P46.53 million and total current liabilities of P12.66 million, resulting in a net current assets position of P33.87 million.

### 3.0 Management Letter

The auditors had issued a management letter and the matters raised dealt with accounting procedures and internal controls which were of interest only to management, hence did not merit mention in this report.

## 156. Okavango Diamond Company Limited

The financial statements of Okavango Diamond Company (Proprietary) Limited for the financial year ended 31 March 2022 were audited by Messrs Ernst & Young, Certified Auditors, who were appointed by the Board.

The Okavango Diamond Company Limited was incorporated under the Companies Act in April 2013 as a private company limited by guarantee, wholly owned by Government to trade in rough diamonds.

### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements gave a true and fair view of the financial position of Okavango Diamond Company (Proprietary)

Limited as at 31 March 2022, and of its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards and in a manner required by the Companies Act, (Cap 42:01).

## 2.2 Financial Results

The financial statements of the Company were presented in US Dollars, which was the company's functional currency.

The financial operations of the Company recorded a profit of USD249.65 million in the year under review, compared to a loss of USD43.37 million recorded in the previous year.

Revenue increased from USD339.72 million in the previous year to USD1.05 billion in the year under review.

The Company recorded an increase in Cost of Sales from USD278.52 million in the previous year to USD721.46 million in the year under review. Operating Expenses decreased by 20% from USD3.72 million in the previous year to USD2.96 million in the year under review. The impairment loss of USD12.23 million recorded in the previous year was reversed in the previous year.

## 2.3 Working Capital

The working capital position of the Company as at 31 March 2022 showed total current assets of USD371.68 million and total current liabilities of USD32.29 million, resulting in a net current assets position of USD339.40 million.

### 157. **Public Enterprises Evaluation and Privatisation Agency**

As part of my writing of this report, and in line with the long standing arrangement with the Public Accounts Committee, I had circularised all statutory bodies and state enterprises requesting them to forward to me their audited financial statements and reports for review and inclusion of the results in this report.

The Public Enterprises Evaluation and Privatisation Agency did not submit the audited financial statements for financial years, 2020/21 and 2021/22.

Consequently, I have not been able to carry out the review of the accounts of the Agency for both financial years.

## 158. **Public Procurement and Asset Disposal Board**

The financial statements of Public Procurement and Asset Disposal Board for the financial year ended 31 March 2022 were audited by Messrs Ernst & Young, Certified Auditors, who were appointed by the Board in terms of Section 58 (8) of the Public Procurement and Asset Disposal Act, (Cap 42:08).

### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinion of the auditors:

The financial statements presented fairly, in all material respects, the financial position of Public Procurement and Asset Disposal Board as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and in the manner required by the Public Procurement and Asset Disposal Act (Cap 42.08).

#### 2.2 Financial Results

In the year under review, the Board recorded a deficit of P9.78 million (before a revaluation surplus of P2.86 million), compared to a deficit of P8.93 million in the previous year.

Income decreased by 1% from P77.52 million in the previous year to P76.80 million in the year under review. The Board was mainly funded by Government grants. In the year under review the grant was P63.43 million, representing 83% of total income, compared to P60.19 million in the previous year.

Expenditure increased by 0.1% from P86.45 million in the previous year to P86.58 million in the year under review.

The main sources of income and expenditure were as indicated below:

<u>Income</u>	2022 <u>P 'million</u>	2021 <u>P 'million</u>
Government Subvention	63.43	60.19
Revenue	12.03	16.05
Other income	1.34	1.29
 <u>Expenditure</u>		
Administration Expenses	30.72	27.08
Staff Costs	54.48	59.37

### 2.3 Working Capital

As at 31 March 2022, the working capital position of the Board showed total current assets of P31.84 million and total current liabilities of P26.75 million, resulting in a net current assets position of P5.09 million.

### 3.0 Management Letter

The following were some of the significant matters raised by the auditors and the management responses thereto-

#### 3.1 Property Plant and Equipment Impairment

The auditors observed some assets lined up along corridors, which were set aside for impairment and subsequent disposal. Furthermore, during physical verification the auditors noted additional assets which were not included in the asset register.

In response, Management acknowledged the finding and stated that prior to year-end, they identified assets to be disposed of and the disposal process had been approved by the Board. The assets would be disposed of in line with the Board policy.

#### 3.2 Year-End Financial Statement Closing Procedures

The auditors noted that in the current financial year ended 31 March 2022, the Board's year end processes took longer than expected. This contributed to significant delays in the completion of the audit.

The main contributing factor was the change in accounting policy for valuation of property, plant and equipment. The

process was shelved as it was noted it would take longer to conclude. The change in accounting policy was deferred to the year ended 31 March 2023.

In response, Management acknowledged the finding and indicated that the delays were caused by the conclusion of the Balance Sheet clean-up exercise.

## 159. **Selebi-Phikwe Economic Diversification Unit**

The financial statements of Selebi-Phikwe Economic Diversification Unit (SPEDU) for the financial year ended 31 March 2022 were audited by Messrs Grant Thornton Certified Auditors, who were appointed by the Board in terms of Section 191 of the Companies Act (Cap 42:01).

### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements gave true and a fair view of the financial position of SPEDU as at 31 March 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in a manner required by the Companies Act (Cap 42:01).

#### 2.2 Emphasis of Matter

##### Material Uncertainty Related to Going-Concern

The auditors drew attention to Note 17 in the financial statements on "Going-Concern". During the previous year, a contractor who was engaged by a Company to undertake a project called "A Works Contract for the Design and Build of Phase 1 Infrastructure in Bolelanoto and Senwele Industrial Sites" initiated a claim of P32.25 million against the Company towards certain activities and work carried out. The High Court of Botswana ruled in favour of the contractor directing the Company to pay the amount claimed. Subsequent to the year-end, this amount was deposited in an escrow account and eventually withheld directly by Ministry of Investment, Trade and Industry, the parent Ministry under which the Company functions. During the year under review, the contractor further initiated a legal claim of P14 million with interest and costs towards another phase of the same project.

However, following a determination by the Public Procurement and Asset Disposal Board (PPADB) that the contractor had

obtained the PPADB registration illegally and subsequent withdrawal of the registration, the Company cancelled its contract on 11 January 2022, and held the position that it was no longer exposed to litigation on the matter as the contract was null and void from the inception and is of the view that the matter no longer poses any going-concern issues.

As at the date of this report, since the litigation was not yet finalised by the court, it was uncertain if the company would be expected to settle any amounts relating to this contract. However, in the event that the suit is ruled in favour of the contractor, the company may not be able to settle the obligations without the support of the parent Ministry.

The auditor's opinion was not modified in respect of this matter.

### 2.3 Financial Results

In the year under review, the financial operations of the Company showed a net surplus of P884 774, compared to a net surplus of P171 865 recorded in the previous year.

Expenditure decreased by 17% from P42.03 million in the previous year to P34.91 million in the year under review. The significant decrease was in donations and sponsorships from P610 208 in the previous year to P17 655 (97%) in the year under review, and Promotions and Advertising from P1.16 million in the previous year to P174 860 in the year under review, thus a decrease of 85%.

### 2.4 Working Capital

The financial position of SPEDU showed total current assets of P9.37 million and total current liabilities of P9.03 million, resulting in a net current asset position of P338 012.

## 160. **Special Economic Zones Authority**

The financial statements of the Special Economic Zone Authority for the year ended 31 March 2022 were audited by Messrs BDO, Certified Auditors, who were appointed by the Board in terms of the Special Economic Zones Authority Act, 2015.

## 2.0 Accounts

### 2.1 Audit Opinion

In the opinion of the auditors:

The financial statements presented fairly in all material respects, the financial position of the Special Economic Zones Authority as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and in the manner required by the Special Economic Zones Act, 2015.

### 2.2 Financial Results

In the year under review, the Authority recorded a surplus of P3.26 million, compared to a surplus of P1.29 million recorded in the previous year. The main contributor to the improved performance was amortisation of Government grant increased by 80% from P3.17 million in the previous year to P5.71 million in the year under review.

Government subvention increased by 2% from P39.79 million in the previous year to P40.55 million in the year under review.

Operating expenses increased by 3% from P41.27 million in the previous year to P42.62 million in the year under review.

Significant expenditure included Travel and Accommodation of P2.18 million and Advertising of P3.00 million.

### 2.3 Working Capital

The working capital position of the Authority as at 31 March 2022 showed total current assets of P12.73 million and total current liabilities of P17.03 million, resulting a net current liabilities position of P4.30 million.

## 3.0 Management Letter

The auditors had issued a management letter and the matters raised dealt with accounting procedures and internal controls, which were of interest only to management, hence did not merit mention in this report.

## 161. Statistics Botswana

The financial statements of Statistics Botswana for the financial year ended 31 March 2022 were audited by Messrs KPMG, Certified Auditors, who were appointed by the Board in terms of Section 24 (2) of the Statistics Act, 2009.

### 2.0 Accounts

#### 2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of Statistics Botswana as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### 2.2 Financial Results

For the financial year under review, Statistics Botswana recorded a surplus of P1.11 million, compared to a deficit of P9.57 million in the previous year.

Income increased by 55% from P162.87 million in the previous year to P252.82 million in the year under review. The Government grant, which forms 44% of total income, increased from P108.38 million in the previous year to P112.17 million in the year under review.

Operating expenses increased by 46% from P172.43 million in the previous year to P251.71 million in the year under review.

#### 2.3 Working Capital

As at 31 March 2022, the working capital position of Statistics Botswana showed current assets of P37.05 million and current liabilities of P92.33 million, resulting in a net current liabilities position of P55.27 million.

Included under current liabilities were:

Leave pay of P10.45 million  
Severance of P50 990  
Gratuity of P4.08 million.

### 3.0 Management Letter

The following were some of the significant matters raised by the auditors and the management responses thereto-

#### 3.1 Project Management (Repeat finding)

The auditors noted that the Organisation undertook different projects using funds it received from the Government of Botswana through the Ministry of Finance and Economic Development and other donors. All projects funds were received through one bank account (Barclays Bank Current Account).

During the year under review, the auditors noted that management used funds from one project to fund expenses of another approved project that was active but had insufficient funds for its implementation mostly because Government had delayed in disbursing funds.

As at 31 March 2022, the Botswana Multi-Topic Household Survey (BMTHS) which was the project using funds from another project, commenced the year with a deficit of P8.6 million, received from P3.6 million during the year and spent P4.4 million, ending the year with an accumulated deficit of P9.5 million.

In response, Management noted and acknowledged the observations made. Following a similar observation made by the auditors from previous years (2020 and 2021) Management had taken a decision that no project starts until funds have been received. In the event that a project overruns its budget, additional funds should be requested failing which the project should be suspended. As for BMTHS, management had received funding for the project, and decided that spending should be kept within the approved budget.

#### 3.2 Non-compliance with Procurement Policy

The auditors noted the provision of the procurement policy that tenders above P2 million should be approved by the Board Tender Committee.

The auditors noted a tender for Supply and Delivery of Branded Information, Education and Communication materials amounting to P2.67 million was not approved by Board Tender Committee although the tender amount was at their approval level. The tender was only approved by Management Tender Committee.

In response, Management acknowledged the finding and stated that the tender should have been submitted to the Board Tender Committee for ratification but an omission occurred in this regard. Due care should be taken to ensure that such omissions do not recur in future.

### 3.3 Incorrect Calculations for Depreciation

The auditors identified a significant number of control deficiencies in relation to depreciation of PPE and consequently amortisation of capital grants. The issues that were noted included:

- Opening accumulated depreciation and amortisation, and current year depreciation and amortisation charges were incorrectly calculated per the system calculation provided.
- Some Intangible assets which should have been fully amortised had closing book values of P761 498.19 and P361 360.76.
- A current year depreciation charge was calculated for some assets that should have been fully depreciated in line with the organisation's policy.

The auditors noted that the calculations were extracted from the Fixed Assets system and were processed as in the General Ledger.

In response, Management noted the issues around Fixed Assets depreciation variation to recalculated figures by the auditors. The necessary steps should be taken to ensure that correct calculations are done and related adjustments made to the algorithm that made these in the financial management system. Management would undertake this as a matter of urgency to prevent recurrence.

### 3.4 Lack of Review of Internal Audit Charter

The auditors noted that an internal audit charter directs the activities of an Internal Audit function and is vital for its success. A charter provides a blue print for how Internal Audit would operate and allows Those Charged with Governance (TCWG) to clearly signal the value it places on Internal Audit's independence.

The Internal Audit charter for Statistics Botswana had not been reviewed annually as required by the Internal Auditing Standards. The available charter was last reviewed in 2013.

In response, Management noted the observations made and stated that the charter would be reviewed before the end of financial year 2022/23.

162. **University of Botswana**

As part of my writing of this report, and in line with the long standing arrangement with the Public Accounts Committee, I had circularised all statutory bodies and state enterprises requesting them to forward to me their audited financial statements and reports for review and inclusion of the results in this report.

The University of Botswana had not submitted the audited financial statements for the financial year under review and had explained that the audit of the financial year 2021/22 was still on going. Due to delayed of appointment of the University of Botswana Council.

Consequently, I have not been able to carry out the review of the accounts of the University for the financial year ended 31 March 2022 for the benefit of National Assembly and the nation at large.

163. **Water Utilities Corporation**

The financial statements of Water Utilities Corporation for the financial year ended 31 March 2022 were audited by Messrs PricewaterhouseCoopers, Certified Auditors, who were appointed by the Board in terms of Section 25 (2) of the Water Utilities Act, (Cap 74:02).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of Water Utilities Corporation as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

2.2 Financial Results

The financial statements for the previous period were restated.

In the year under review, the Corporation recorded a loss of P392.36 million, compared to a loss of P174.49 million in the previous year.

Operating expenses increased slightly by 1% from restated amount of P2.32 billion in the previous year to P2.34 billion in the year under review. The Finance Costs increased from P25.57 million in the previous year to P28.12 million in the year under review.

Revenue increased by 14% from P1.81 billion in the previous year to P2.07 billion in the year under review. Other Income increased by 1% from P30.30 million in the previous year to P30.45 million in the year under review.

### 2.3 Working Capital

As at 31 March 2022, the working capital position of the Corporation showed total current assets of P2.93 billion and total current liabilities of P7.13 million, resulting in a net current asset position of P2.22 billion.

### 3.0 Management Letter

The following were some of the significant matters raised by the auditors and the management responses thereto-

#### 3.1 Lack of Appropriate Performance and Timely Review of Supplier Reconciliations

The auditors noted that there were instances where payments were made to suppliers before year end but the supplier accounts were not updated to reflect this, leading to non-genuine reconciling items. Further, they noted some reconciling items that were long outstanding dating back to 2018 from different suppliers. The above was cited as a result of lack of proper performance and timely review of supplier reconciliations.

In response, Management acknowledged the finding and stated that the process of addressing long outstanding items in supplier accounts was still in process.

#### 3.2 Non-Genuine Debtors Identified in Debtors' Book

The auditors noted debtors that were erroneously created within the debtors' book. Debtors worth P187 million were created in

error through overclocking meter readings which were released for billing without correcting, resulting in individuals having large bills worth over P100 000 which were not reversed during the year. Auditors also noted cases of repeated estimations where customer plots had not been visited for subsequent verification of the consumption resulting in debt above P5 000.

In response, Management stated that they have implemented day end procedures that cover the meter to cash process, billing and credit control.

### 3.3 Incorrect Classification of Statutory and Other Liabilities

The auditors' review of Botswana Government debtors account revealed that transactions captured were between the Corporation and various Government departments. They further identified transactions such as Construction Industry Trust Fund (CITF) Levy, garnishee orders, death and GLA claim, stale cheques, sitting allowances etc. This was indicative of lack of reconciliation and review of key accounts.

In response, Management stated that a letter had been written to the Ministry of Justice to provide reference and banking details to enable payment of the CITF levy. They stated that other transactions in the vendor account would be investigated and resolved.

### 3.4 Failure to Maintain the 1.5:1 Debt Ratio as per EIB Loan Covenant

The auditors noted that the Corporation had failed to comply with the debt coverage ratio of the EIB loan of 1.5:1. The Corporation had a debt coverage ratio of -7.1:1 as calculated in line with the provisions of the EIB loan agreement Article 6.12 and was lower than the optimum ratio required. This was due to the fact that the Corporation had made a loss in the current year.

In response, Management stated that EIB had been informed of the non-compliance to the debt covenant. They stated that the last repayment would be made on 15 March 2023. They further stated that the Corporation was honouring repayments as they fall due.

## 164. Vision 2036 Coordinating Agency

As part of my writing of this report, and in line with the long standing arrangement with the Public Accounts Committee, I had circularised all statutory bodies and state enterprises requesting them to forward to

me their audited financial statements and reports for review and inclusion of the results in this report.

At the time of writing this report, Vision 2036 had not submitted their annual financial statements and the management letter. In response, Vision 2036 management indicated that the audit was still on-going as there was a delay with the commencement due to the set-up of the National Planning Commission.

Consequently, I have not been able to carry out the review of the accounts of the Agency for the financial year ended 31 March 2022 for the benefit of the National Assembly and the nation at large.

166. I would like to express my gratitude to all officers, notably the Accountant General and his staff, the Accounting Officers of all Ministries and Extra-Ministerial Departments and their staff and Heads of Parastatals and their staff who have contributed to the production of this report in the discharge of my statutory functions under the Constitution.

I would also like to extend my gratitude to the Government Printer who, as always, has assisted with speedy printing of the report.

06 September 2023



Keneilwe Senyarelo  
**ACTING AUDITOR GENERAL**

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