REPUBLIC OF BOTSWANA

OFFICE OF THE AUDITOR GENERAL

REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE

BOTSWANA GOVERNMENT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

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REPUBLIC OF BOTSWANA
OFFICE OF THE AUDITOR GENERAL

Office of the Auditor General
Private Bag 0010
Gaborone
Botswana

08 November 2022

Honourable Peggy O Serame, MP
Minister of Finance and Economic Development
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 2021.

I have the honour to be, Madam,

Pulane D. Letebele
AUDITOR GENERAL

STRATEGIC FOUNDATIONS

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I BACKGROUND

1. **General Overview**

The Auditor General of Botswana is appointed in accordance with Section 116 of the Constitution of the Republic and draws her mandate from Section 124. The Public Audit Act empowers the Auditor General to conduct the following types of audits;

- Compliance audit
- Financial audit
- Performance audit
- Audit of Performance Information
- Specialised audit
- IT audit

The core business of the Office of the Auditor General is to provide an audit service to Government Ministries and Departments, Local Authorities, Land Boards and selected parastatals and thereafter submit the findings to Parliament, 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 over the year.

2. **Staffing**

The Office has a staff compliment of two hundred and sixty-one (261), out of which one hundred and ninety (190) are audit positions. Of the one hundred and ninety, ten (10) are vacant. There are seventy-one (71) Corporate Services positions, one (1) of which is vacant.

3. **Gender**

One hundred and sixty-one (161) out of the total of two hundred and sixty-one (261) officers or 61.7% are female.

4. **Qualifications**

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 employed, 91% (163) hold a first degree or higher. 8% (15), hold a Diploma in Accounting and Business Studies or equivalent. 1% of the auditors has a Certificate in Accounting and Business Studies or equivalent.

5. **Achievements**

Agility is a key competency of the Office of the Audit General. In the year under review this was manifest through uptake and execution of audits requested by key stakeholders. This includes the critical audit of Covid-19 which has shed light on the country's preparedness to natural disasters and the efficacy of Covid-19 related expenditures.

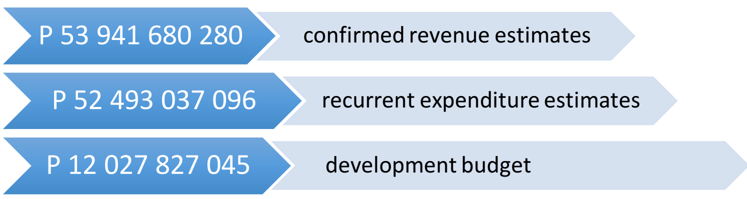
6. **Challenges**

A technical workload assessment of 2017 revealed a need to create an additional 112 audit positions, of which half (56) has already been filled. The remaining will be filled once the recruitment freeze is lifted. This will greatly enhance audit coverage.

Funding.

The total approved recurrent budget for the Office of the Auditor General for financial year ended 31 March 2021 was ninety-five million, five hundred and four thousand, five hundred and ten Pula (**P95 504 510**).

This allocation was to cover audit of the national budget for the year under review, which consisted of;



The above components amount to one hundred and eighteen billion, four hundred and sixty-two million (**P118 462 000 000**).

The Auditor General's allocation constitutes 0.08% of the national budget and thus limits the audit coverage. A minimum of one percent would be adequate.

II INTRODUCTION

7. **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;

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.

8. **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 the Ministries and extra-Ministerial Departments of Government, of all local authorities and land boards and selected parastatal organizations.

In addition, under the Public Audit Act, I am required to carry out performance audits of the 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.

9. **Extent of Audits**

The statutory audit is discharged by a programme of test checks and examinations, which are applied, in conformity with standard audit practice, selectively over the year under review. The checks are intended to provide an assurance on the general accuracy and propriety of Government financial and accounting transactions and not to disclose 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.

10. **Submission of Accounts**

Section 42(2) of the Public Finance Management Act provides that the Accountant General shall 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.

11. **Auditor General's Certificate**

The examination of the Annual Statements of Accounts of Botswana Government for the year ended 31 March 2021, 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 5 July 2022 was transmitted to the Accountant General.

12. **Submission of the Report**

In terms of Section 19 (3) of the Public Audit Act, (Cap 54: 02). I am required to submit my report on the audit of the annual accounts and statements and related matters to the Minister responsible for finance within 9 months after the end of the financial year to which those accounts and statements relate, that is to say, 31 December in each year, who shall cause them to be laid before the National Assembly.

13. **Outstation Inspections**

The conduct of outstation inspections of up-country offices to review their operations and compliance with the rules and regulations forms part of the planned audits of the Ministerial accounts. For the year under review, inspections and follow-up of projects in the districts as well as audits in the diplomatic missions were limited due to COVID-19 challenges.

III GENERAL

14. **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 and the accounts of the Special Funds. The Committee examined the accounts for the financial year 2019/2020 in accordance with this requirement from May to June 2022.

15. **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.

16. **Currency**

The monetary values in this report are in the Pula currency, unless otherwise expressly indicated. The year-end balances in foreign currencies were translated to the Pula equivalents at the applicable middle-market rate as at 31 March 2021. For the Botswana Diplomatic Missions accounts, a fixed exchange rate for each host country, as determined by the Ministry of Finance and Economic Development, has been used throughout the year, unless otherwise advised by the Ministry.

IV STATEMENT OF ASSETS AND LIABILITIES

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

Imprests

The balance of outstanding imprests held by public officers as at 31 March 2021 totalled **P11 767 794**, classified as follows;

Travelling Imprest	11 228 770
District Imprests	18 699
Standing Imprests	520 325
TOTAL	**11 767 794**

With reference to travelling Imprest in the Ministry of Investment, Trade and Industry and the Industrial Court, credit balances of **P75 905** and **P2 304** respectively have been identified, and I consider they should have been scrutinized.

In respect of District Imprests an amount of **P18 699** has been outstanding since 2004. I stated in my previous report that the facility of District Imprests no longer exists, and therefore the balance should be investigated and cleared from the books of account.

I had recommended in the past that Standing Imprests should form part of the year end Board of Survey cash checks facilitated by the Ministry of Finance and Economic Development.

V CONSOLIDATED FUND

18. **Revenue Results**

The estimated revenue for the year was **P53 941 680 280**, and the actual collections were **P61 408 472 390**, resulting in an over collection of **P7 466 792 110.**

19. **Appropriation Act**

The sum appropriated from the Consolidated Fund by the Appropriation Act 2020 for the financial year ended 31 March 2021 was P62 530 735 260.

20. **Supplementary Estimates**

During the year under review, a resolution of the National Assembly approved supplementary provisions totalling **P2 740 000 000**, in terms of Section 119 (3) of the Constitution, for the following Ministries in the amounts indicated.

Financial Paper No 1. of 2020/2021- September 2021

Finance and Economic Development	1 300 000 000
Agriculture Development & Food Security	100 000 000
Basic Education	240 000 000
Health & Wellness	1 000 000 000
Transport & Communications	100 000 000
TOTAL	2 740 000 000

VI DEVELOPMENT FUND

21. **Appropriation Act**

The Minister for Finance and Economic Development issued a warrant of **P12 027 827 045**, from the Development Fund for the year ended 31 March 2021. The actual expenditure was **P10 228 031 517,** representing 85% of the approved budget.

22. **Supplementary Estimates**

The supplementary estimates for the Development Fund were **P200 000 000**.

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

The sum of monies appropriated from the Consolidated Fund to various Ministries/Departments in the year under review was **P52 493 037 096**. At the end of the year the total expenditure was **P51 498 190 093**, leaving an unspent balance of **P994 847 003**.

The actual expenditure on statutory commitments relating to Public Debt, Pensions, Gratuities, Compensations, Specified Officers and Miscellaneous totalled **P10 954 490 617.**

24. **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 284 422 326** on 31 March 2021 as shown below:

Investment as per Annual Statement of Accounts	2 559 700 759
Loans & other net assets as per ASA submission	724 721 567
TOTAL	**3 284 422 326**

Loans from the Public Debt Service Fund included the following:

a) Botswana Meat Commission - **P248 000 000**

Repayments on the two (2) loans making up the above total were due in 2019 and 2021. As at 31 March 2021 the Commission had not paid any instalment and was in arrears as in the previous year.

b) Air Botswana - **P230 000 000**

The first instalment was scheduled for 2021. At the time of audit in December 2021 no payment had been made.

c) Botswana Postal Services - **P140 000 000**

As at 31 March 2021, the balance on the loan was **P138 617 718** and no payments were made in the year under review.

d) Bamangwato Concession Limited – **P1 112 510 527**

Pursuant to Government decision to advance funds to BCL liquidator of up to **P1.14 billion** to meet the cost of liquidation. Disbursements made to date totalled **P1 112 510 527** and were accounted for as follows: -

- An amount of **P900 566 097** was issued as a loan from the Public Debt Services Fund. However, the loan agreement specifying the terms of the loan could not be availed for audit verification.

- The balance of **P211 944 430** was disbursed as an advance from Government revenue under Section 33 (1) of the Public Finance Management Act. Arrangements will need to be made for clearance of this advance.

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

A Special Fund refers to any fund of public revenues established by the law for some specific purpose. It can be any trust fund held by the Government or any fund created by the Minister while exercising his powers (Section 38(I) of the Public Finance Management Act Cap. 54:01).

Observations and comments arising from the audit of the accounts of the Special Funds for the financial year ended 31 March 2021 are made below, under the respective Special Funds:

(a) Agriculture Credit Guarantee scheme

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

In the year under review, the sum of **P6 470 671** was paid out as supplementary payment to participating farmers in areas which were declared drought stricken by the President. Although Cabinet approved only **P4 360 492** through Presidential Directive Cab 26(A)/2020, the expenditure incurred went above this figure by **P2 110 079.** Authority for the over expenditure was not sought from Cabinet before payment was made.

As I have mentioned in my previous reports, the Ministry of Finance and Economic Development as the custodian of the Fund, was not in possession of the assessment reports which were used as guiding tools to pay beneficiaries. It was noted that the reports remained with the financing institutions and therefore we could not ascertain if; all farmers who had benefited from the scheme were 100% rain-fed production, loans disbursed to farmers were used for the intended purpose or whether the beneficiaries were all legitimate.

A total of **P150 619** was paid to a beneficiary in Molepolole who was outside the area declared drought stricken.

In response, the Accounting Officer admitted that Molepolole was outside the area declared drought stricken, however the beneficiary was previously omitted by Citizen Entrepreneurship Development Agency (CEDA) on the list of farmers paid for the 2012/2013 drought year. The Ministry assessed and approved the request to include the beneficiary in the 2019/2020 claims. This in my view, creates a possible risk of mismanagement of the Fund.

(b) <u>Guaranteed Loan Insurance Fund</u>

The contract agreement between Government and Aon Botswana (Pty) Ltd expired on 30 June 2020 and the service provider continued operating on temporary extension of the contract despite failing to submit audited accounts for the 3 years from 2019 to 2021.

The contract agreement stated that the client shall pay the Service Provider Management fees calculated at four percent (4%) of the premiums collected during the relevant billing month and the Management fees were to remain fixed for the duration of the contract. In the year under review, the Service provider claimed Management fees amounting to **P4 000 353** which was 8.1% of **P47 849 521** being premiums received for the year ended March 2021. In the financial year 2019/2020, the Service Provider also claimed a total of **P3 896 325** equating to 8.3 % instead of 4%. For the financial years 2018/19 to 2020/21, the Service Provider submitted unaudited financial statements to the Ministry despite the fact that the terms of reference of the memorandum of agreement appendix B1 states that audited accounts must be submitted to the Ministry within six months after 31 March, failing which penalties would be imposed as per the Public Finance Management Act and Guaranteed Loans Insurance Fund Order. No action was taken against the service provider for non-compliance.

In the financial years ending 31 March 2020 and 2021, the Ministry was charged audit fees amounting to **P203 801** and **P209 915.31** respectively although there were no audits carried out. Upon enquiry the Ministry could only ascertain that the last audit was conducted for 31 March 2018 accounts. The audit tender was cancelled in October 2020 and even at the time of audit in December 2021 the auditors were not yet appointed.

(c) Livestock Advisory Service Centre 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.

For the year ended 31 March 2021, the Fund had received income amounting to **P12 294 874** but only **P3 382 600** was verified. The remaining **P8 912 274** could not be verified as the collections were made outside Gaborone and records were not availed for audit contrary to paragraph 10 of the Fund Order.

Revenue was collected and held over a prolonged period, the longest observed being 30 days before being remitted to the Treasury Cashier which may lead to cash losses.

(d) 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;

- Of the P12 003 906 revenue collected during the year, P2 450 160 collected at the Ministry Headquarters and P4 434 998 collected at outstations could not be verified.

- A total of P6 311 196 was paid to International Development Ireland Ltd for provision of consultancy and Management implementation support for Botswana Meat Commission restructuring plan. This included payment for development of a turnaround strategy, implementation plan and Management support services. In my view, the expenditure should have been borne directly by Botswana Meat Commission as it forms part of its routine activities and operations.

- An amount of P500 000 was paid to Botswana Veterinary Surgeons Council on 20 August 2020 for the Council's operational costs. In my view, expenditures approved to be expended under the Fund should be paid directly from the Fund for audit trail and to facilitate monitoring of transactions in the Fund.

(e) Tourism Development Fund

The purpose of the Fund is to promote tourism development through effective pursuit of opportunities in the tourism sector which are of national importance but not as yet attractive to the private sector.

The amount of P47 671 177 received in respect of royalties from Botswana Tourism Organisation for the year under review was overstated by P1 024 318 which was erroneously paid into the Fund instead of Department of Broadcasting Services.

(f) National Road Safety Fund

As stated in my previous reports, the National Road Safety Fund has no fund order for its administration. The Fund is still administered through the Road Traffic Act Cap 69:01 pending finalization of the fund order.

The Road Traffic Act states that the Fund shall be used for the promotion of road safety in Botswana.

The sum of P12 500 000 was disbursed to Botswana Railways to finance the improvement of designated level crossings during the financial year 2019/20 and P250 000 for the Railway Safety Week during the year 2020/21. Botswana Railways was required to submit the accountability reports for the two disbursements. However, the reports were not availed for audit.

(g) Tourism Industry Training Fund

The purpose of the Fund is to finance the skills training programmes for employees of the tourism sector at basic, intermediate and advanced levels in the key areas of the hospitality industry. However, training was not conducted since 2018 as I highlighted in my previous report for reasons that could not be explained other than COVID 19 challenges. Out of the total of P101 078 669 balance as at 1 April 2020, P50 000 000 was transferred to the COVID19 Relief Fund.

(h) Human Resource Development Fund

The Vocational Training Fund, established under the repealed Vocational Training Act continued under the name Human Resource Development Fund. The purpose of the Fund is to reimburse employers who have incurred training costs for apprentices or trainers.

It was observed that there were withdrawals made by the Ministry of Finance and Economic Development from the Fund reserves since the beginning of the COVID-19 pandemic. The relevant authorities as guided by the Public Finance Management (PFM) Act duly approved the fund transfers. Even though the withdrawals were for a good course and in the best interest of the public, it is worth cautioning that continuous withdrawal of the reserves may at the end cast liquidity fears (going concern) on the Fund administration.

The sum of P400 million was paid from the Fund on 27 March 2020 and HRDC was informed on 28 April 2020. Similarly, a withdrawal of P100 million was made from the Fund on the 26 March 2021 and communication to that effect was only received from Accountant General on the 26 June 2021.

In my view, these late or ineffective communications may lead to lack of transparency, poor accountability and inadequate fund Management.

(i) Debt Participation Capital Fund

The purpose of the Fund is to service loans which have been prepaid by commercial enterprises and loans that were converted into equity by Government.

In 2004, Government set a special purpose vehicle known as Debt Participation Capital Funding Limited. A memorandum of agreement between the government and the Debt Participation Capital Funding Limited, a public company was signed on 26 March 2004.

The purpose of the agreement was to sell part of the Public Debt Service Fund loan book rights under a certain loan agreement with various statutory corporations and companies as borrowers. The sale was to further the development of the domestic capital market while raising revenue for the government. At the time of audit, the outstanding balance on the 72 loans was P1 058 million.

i. <u>Transfer Documents</u>

Documents submitted for audit revealed outstanding balance owing on the 72 loans as P1 058 million as at 01 April 2004, but the office could not provide evidence of the entire process of sale of the loan book.

ii. <u>Status of Loans</u>

The status of the outstanding 72 loans could not be verified as the loan schedule was not availed for audit.

iii. <u>Accountability in Government Books</u>

Confirmation of Government shareholding in the company could not be verified. The Statement of Assets held by Government in Commercial undertakings and statutory bodies (statement 18) did not include the Debt Participation Capital Funding Company.

(j) Foreign Exchange Stabilisation Reserve Fund

The purpose of the Fund is to allow gains on foreign exchange transactions made by the government or any statutory corporation to be set off against losses, thus reducing the consequences of large fluctuations arising from such transactions.

As at 31 March 2021, the fund had excess of expenditure over income amounting to P965 304.

(k) Revenue Stabilisation Fund

The Fund was established to safeguard a general revenue reserve, which is intended to supplement other recurrent revenues to ensure the maintenance and orderly expansion of public services in a manner which is consistent with National Development Plans.

As at 1 April 2020, the Fund had an opening balance of P142 375 754 of which P100 000 000 was transferred to COVID 19 relief fund leaving a balance of P42 375 754.

(l) National Petroleum Fund

i. Investments

A decision was made that upon maturity of all investments, the proceeds must be transferred to Government Remittance Account as per Presidential Directive CAB 20 (A) of 2018, which was meant to strengthen financial Management of Special Funds.

BankABC bond amounting to P21 794 595 managed by Kgori Capital had matured on 31 December 2020 but was not yet transferred to the Government Remittance Account at the time of audit in December 2021.

In March 2021, the National Petroleum Fund (NPF) Management Committee further resolved that all NPF investments be disposed of and the proceeds be transferred to Bank of Botswana Remittance Account. This has not been the case as investments amounting to P75 582 879 per Balance Sheet as at 31 March 2021, including the BankABC bond were yet to be remitted by Kgori Capital at the time of audit in December 2021. A difference of P7 233 was noted between the recorded investment figures in the Kgori Capital Monthly Portfolio Report and the balance sheet.

In addition, monthly Management fees continued to be paid to Kgori Capital including fees for the BankABC Bond, which had long matured. Management fees paid for the months of January and February 2021 amounted to P108 494.

ii. Assets

Some NPF assets amongst them two project vehicles were not handed over to the Department of Energy. The matter was raised in the 2019/2020 audit Management letter and a response was yet to be received. Therefore, it could not be verified whether all the project equipments were returned and taken on charge by the Department.

iii. Levy Collection System

The contract between the Ministry and Kgori Capital elapsed in 2018 and it was noted that the Levy Collection computer system that was procured at a cost of P31 360 000 by the Department of Energy had not been handed over.

This matter was also raised in the 2018/2019 audit Management letter and the response was still awaited at the time of writing this report.

(m) National Environmental Fund

The purpose of the Fund is to finance and promote activities designed to conserve, protect and manage Botswana environment.

The following amounts were charged to the fund during the year:

Opening balance	**38 188, 333**
Income from the Government of Botswana	11 972 677
Expenses charged as per the fund order	(3 210 527)
Closing balance	**46 950 483**

a) Monitoring of funded projects

Expenditure charged to the fund related to funding of projects undertaken by non-profit making community based organisations whose core functions are in line with the objectives of the fund. However, project appraisals could not be availed to assess performance.

b) Project status

The status of projects could not be established as stipulated in the work plans of some community projects, see below;

(i) Lephaleng VDC T/A BVP Project

The project was for waste recycling, waste disposal, public awareness and training at an estimated cost of P202 436. The amount was fully disbursed on 03 June 2020. The project work plan had no time frames indicating commencement as well as completion date. There was no information on how the project was executed.

(ii) Motlhware Community Development Trust

The trust was established for promotion of sustainable Management and utilisation of natural resources, including recruitment of staff, ablution, branding and website set up for P1 374 579 over a period of 12 months. A payment of P1 680 041 was made on 06 July 2020, resulting in over expenditure of P305 462. It could not be ascertained whether the over expenditure was authorised or appropriate. Furthermore, the project work plan did not indicate the commencement and completion dates.

(iii) Boiteko Trust

The project was a start-up phase for the development of Boiteko Development Park as per the work plan for P434 250 over a period of 12 months. The project commenced in June 2019 and was scheduled for completion in June 2020. A payment of P115 800 was made in October 2020 indicating that the project had overlapped into the second financial year. There was no information regarding progress of the project and it was likely that the project could exceed budget.

(iv) Koinaphu Trust

The project was intended to design and implement the Community Tannery Enterprise, train and generate income within the villages around Phuduhudu for 24 months with a budget of P706 500. There was no commencement date on the work plan but payments were noted from as far back as 2018. It could not be established whether the payment of P235 500 made in December 2020 was made within the initial period of 24 months or the project had over shot its time frame.

(v) National Environmental Fund Strategy

The project entailed planning, formulation and implementation of the National Environmental Fund strategy for the sum of P581 299. A payment of P174 389 was made in March 2021 when the project was at 30% completion stage. The project work plan had no time frames indicating commencement as well as completion dates, and it was not clear if the project was within schedule time frame.

(n) Road Levy Collection Fund

The purpose of the Fund is to hold all revenues collected from the road fund levy so as to utilize the monies to finance the maintenance of roads country wide.

i. Fund Expenditure

The income and expenditure account for the fund reflected a total expenditure of P649 473 907 whereas the General Ledger showed total expenditure of P979 296 989 resulting in a difference of P329 823 082 which needs investigation.

ii. Project completion

Most projects were not completed on time due to various reasons such as change of scope, breakdown of machinery, falsified performance bonds, disputes (complainant interdicting award), delayed approval of application for Environmental Impact Assessment (mining rights), contractor's refusal to commence the works citing low rates, failure to perform, unfavourable weather conditions and contractor's cash flow challenges. This was despite the fact that the majority of these contractors had been paid considerable sums of money but failed to deliver. All these challenges delayed the projects' completion time as shown by instances below;

- Tsau-Habu Junction

  A contractor was engaged for the Asphalt overlay of Tsau-Habu junction (25km) for a total cost of P32 295 872. The commencement date was 28 January 2020 and the scheduled completion date was 27 September 2020. At the time of audit in November 2021, actual expenditure stood at P31 360 523 leaving a balance of P935 349 to complete the remaining works. Progress was reported as partially complete and that works were expected to go under defects liability period but the end of activity report was not yet issued. There was no further information relating to revised completion date and what would happen in the event the defects liability period elapse before the completion of the project. Explanation was not provided on what actually led to the partially completed works.

- Nokaneng - Gumare Road

A contractor was engaged for the overlay and road marking of Nokaneng - Gumare road (37 km) for a contract sum of P53 486 619, commencing on 1 November 2019 and scheduled for completion on 31 October 2020. It was noted that progress at the end of July 2021 was 49%, which was 10 months behind schedule. It was reported that the contractor experienced 6 weeks' delay due to the breakdown of the roller and the asphalt plant. After the breakdown the contractor worked for only 5 days from 13 to 17 August 2021 and no further work had been done beyond this date. Correspondences have been sent to the contractor to submit a revised work plan. At the time of the audit the contractor had not submitted the revised work plan, raising suspicions that he might have abandoned the contract.

- Werda – Makopong Road

A contractor was engaged for the reseal and road marking of Werda – Makopong road for a total of P20 815 364 starting from 10 March 2018 to 10 October 2019. It was noted that the contractor progressed to 80% and showed no further commitment to complete the remaining works, even after a notice was given in May 2021 to do remedial works. The actual expenditure for the project stood at P19 901 650 leaving a paltry sum of P913 714, which could be a contributing factor for the reluctance to proceed with the remaining works. Correspondence revealed that a notice to terminate the contract was to be effected, but at the time of the audit it was not yet done.

- Molepolole - Lephepe Road

A contractor was awarded the tender for reseal and road marking of Molepolole - Lephepe road section for a total sum of P26 775 112, starting from 3 February 2020 to 2 October 2020. Progress was assessed at 95% excluding the access road to Lephepe (1.6km) which was still outstanding due to changes in scope. Actual expenditure for the project stood at P20 039 702 leaving a difference of P6 735 410 unutilised. It was noted that the intention was to omit the access road and procure it with a changed scope but the details were not disclosed regarding the benefits anticipated and the motivation to change scope.

It was further noted that the contractor had extended the Advance Guarantee which expired on 8 February 2021, but could not ascertain whether the extension covered the project to the end. Similarly, the performance Bond expired on 8 February 2022, but clarification was not provided regarding what was in place as cover for the performance bond since the project was not complete. There was a risk that government could incur extra costs arising from failure to extend the performance bond to the completion of the project.

- Moletemane Access Road

A contractor was awarded the tender for block paving of Moletemane access road for a contract sum of P45 984 137, from 17 June 2019 until 16 June 2020. It was noted that the actual construction works commenced in June 2020 because of the delayed approval of the Environmental Impact Assessment (EIA) and design variations (12 months). Following the delay, the contractor submitted extension of time claims to the Engineer for consideration, and the determination of the matter was expected on 24 September 2021. Since the date of the determination had elapsed, and the outcome was not produced during the audit, it is important that the outcome is confirmed. It is equally important that an update is given on progress to date regarding the dumping of base layer that was ongoing, mining permits for the new barrow pits that were expected on 2 November 2021, and whether the contractor managed to submit a revised work programme.

- Tutume – Maitengwe road

A contractor was awarded the tender for resealing, asphalt overlaying, erosion protection works and road marking of Tutume – Maitengwe road for a sum of P46 500 896 from 20 August 2019 until 19 August 2020. It was noted that the contractor failed to perform according to the contract terms which prompted the employer to recall the performance bond at a point when progress was measured at 49%. It was revealed that the contractor raised objections and sought court interdiction. At the time of audit, the matter was not yet settled.

It was further revealed that a request to terminate the contract was approved by the Ministerial Tender Committee on November 8, 2021 but at the time of the audit, there was no evidence that this decision was implemented.

(o) Export Credit Re-insurance Fund

The main purpose of the Fund is to; provide a guarantee for losses on bank loans granted to citizen owned businesses and the development of a self- sustaining small and medium scale enterprises sector in Botswana.

The fund may also provide for the setting up of any institutional support programme that may be necessary in the carrying out of its objectives.

The fund was established to cover political risks that may be incurred by exporters. Exporters are offered credit insurance cover for both commercial and political risks and its administrators are Botswana Export Credit and Insurance Company (BECI) who are responsible for the daily activities of the fund. A review of the Fund gave rise to the following observations;

(i) Memorandum of Agreement

The Memorandum of Agreement, which started on 01/04/2016 was to remain in force for a period of 5 years until 31/03/2021, unless notice of termination was given by either party 12 months prior to expiry. At the time of audit in May 2022, the agreement had expired and was not yet renewed.

(ii) ABSA Bank Prepaid Card

It was noted that the Fund held a prepaid card with ABSA, which was designed to help the organisation digitise its daily and ad-hoc payments such as travel and petty cash expenses.

On 17 March 2021, the card was used to fund a seminar for potential clients at the sum of P23 990 (USD2 203), which was outside its prescribed purpose and was wrongly classified as training instead of a marketing expense.

(iii) Authorised Bank Account Signatories

There were several authorised bank signatories to the Fund with the different banks where accounts were held. The signing arrangement for the seven (7) signatories nominated on the Bank Gaborone account was that any signatory could co-sign with one another. BIFM disclosed 8 signatories whilst ABSA disclosed 5 signatories with no signing arrangement, and some of these signatories were not in any way related to finance or administration of the fund.

Further scrutiny revealed that a former underwriting officer, who resigned on 31 March 2020 was confirmed as signatory to the BIFM investment fund account.

Lack of a prescribed signing arrangement with the requisite limitations may lead to loss of funds.

The list of signatories should be updated promptly and also provide for one individual who could countersign all transactions, preferably the Finance Manager.

(p) National Disaster Relief Fund

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

(i) Unauthorised Payments from the Fund

The Fund Order specifies all items to be expensed from the fund and any disbursements from the Fund not specifically stated in the Fund Order should be approved by the Minister in writing.

Contrary to the above requirements, P34 160 was paid from the Fund account for the purchase of hand sanitiser, disposable gloves and N95 mask for the District Health Management Team office in Gaborone. These expenses actually relate to the Ministry of Health and Wellness.

Furthermore, P10 950 was paid from the Fund for the purchase of hand sanitiser for Office of the District Commissioner which was contrary to the Fund Order.

I have concluded that the expenses above, totalling P45 110, indicate that the Fund was not entirely used for its intended purposes.

(ii) Accounts of the Fund

The National Disaster Relief account had incurred P548 155 as at 31 March 2021, of which only P435 344 worth of transactions was fully supported by the required documentation such as Payment Vouchers, General Purchase Orders, Invoices and Goods Received Notes. Supporting documents for the remaining P112 811 could not be produced for audit.

This made it difficult to determine whether all payments made were related to the disaster relief activities.

(q) Copyright and Neighbouring Rights (Technical Devices) Fund

In terms of the Fund Orders establishing the Special Funds, I am required to appoint the auditors to audit the accounts of the Funds. However, at the time of writing this report, the procurement process for appointment of auditors for this Fund was not complete.

(r) Sim's Bursary Trust Fund

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

The revenues of the fund comprise of all sums realised from the estate of the late William Sim and the interests earned from its investment.

Fund Movement for the year 2020/ 2021

The following amounts were charged to the fund during the year:

Opening balance	**580 303.82**
Interest earned at Quarter 1	5 078.49
Interest earned at Quarter 2	5 179.39
Interest earned at Quarter 3	5 247.71
Interest earned at Quarter 4	5 255.55
Closing balance as at 31 March 2021	**601 064.96**

There was however, no expenditure charged to the fund during the year ended 31 March 2021.

(s) Botswana Defence Force Rewards & Fines Fund

An analysis of the BDF Fines Recovery – Payroll Monthly Sub Ledger Report for the financial year 2020-21 revealed that fifty-eight (58) officers had outstanding balances from as far back as 2009 which were non-moving. The fines charged totalled P1 040 335, of which P490 767 was collected and P549 567 was still outstanding at the time of audit.

(t) Confiscated Asset Trust Fund

Section 4 (20) of the Fund Order states that the fund may provide for compensation and rehabilitation of victims of crime. In our previous audit report the concern raised was lack of clear guidelines to direct implementation of the Order for providing compensation and rehabilitation of victims of crime. At the time of the audit in January 2021, the matter had not been resolved as the fund order was still under review. It was also noted that during the year under review the Implementation Committee responsible for advising the Accounting Officer had not met citing COVID-19 issues.

The delay in completion of the amendment of the Fund Order and subsequently coming up with clear guidelines has resulted in deserving victims of crime not being compensated.

(u) Road Traffic Fines Fund

An audit on the Fund revealed that tender number DJS/MTC/POL: 070/2019-2020 for procurement of calibration equipment was awarded on the 15 February 2018 with an expiry date of 15 February 2020. It was noted that, procurement for calibration equipment amounting to P121 878.40 was made on 16 December 2020 before a new tender was awarded on the 22 December 2020. Furthermore, this was a violation of PPABD threshold for micro procurement which was P50 000.

(v) Botswana Prisons Fund

The accounts of the Fund for the financial year ended 31 March 2021 were audited and there were no observations.

(w) Botswana Police Relief Fund

It was noted that supporting documents such as marriage and death certificates for payments of funeral claims were not attached to substantiate claims. In most cases only payment vouchers were availed for audit. Furthermore, it was observed that paying officers were allowed to withdraw funds on behalf of the bereaved spouses/families and there was no evidence provided to verify that the spouses/families had received the money.

Lack of detailed narrations on the payment vouchers made it even more difficult to identify and confirm officers who had benefited from the fund.

It was also noted that an amount of P134 740 was not included in the funds transferred to Botswana Police Service Physical Fitness, Sports & Social Responsibility Fund resulting in overstatement of the Income and Expenditure Statement.

The amounts transferred to the Fund could not be substantiated due to some inconsistencies in contributions where differences were noted between the amounts from the payroll summary deductions posted to the general ledger and amounts reported in the income and expenditure statement. See examples below;

Month	GL	Payroll	Income Statement
January	524 340	523 380	525 940
February	521 008	527 280	559 728
March	523 920	527 220	534 020

(x) **Botswana Police Rewards and Fines Fund**

I have audited the accounts of the Fund for the financial year ended 31 March 2021. It was observed that a certain company was engaged to supply all funeral wreaths throughout the financial year without a contract or evidence of sourcing quotations for procurement. Although these were micro procurements, in aggregate they were material. Botswana Police Services did not give other small businesses the opportunity to compete for procurement of wreathes, hence disadvantaging them and defeating the efforts of small business empowerment.

(y) COVID - 19 Relief Fund

The purpose of the fund was to respond to the economic and social impact of the COVID-19 Pandemic through provision of relief funding for the control, prevention and treatment of the disease and the after effects.

Income and expenditure for the year ended 31 March 2021 was as follows;

Opening Balance	**875 693 715**
Total Receipts	2 564 537 609
Total Disbursements	(2 769 113 996)
Net balance	**671 117 328**

A review of the Fund revealed the following observations;

i. Industry Support Facility

Funds amounting to P250 million was warranted for participating Institutions such as Local Enterprise Authority, CEDA and BDC under the Ministry of Investment, Trade and Industry to support informal, small, medium and large enterprises. At the time of audit in July 2021, only P68.5 million (27.4%) had been disbursed to beneficiaries indicating a low uptake.

ii. Strategic Grain Reserve

An amount of P196 683 098 was disbursed to Botswana Agricultural Marketing Board (BAMB) with no Memorandum of Agreement (MOA) or any instrument to govern the utilisation of the funds. The absence of MOA creates the risk of uncertainty as the rights and obligations of each party are not laid down. At the time of audit, there was also no evidence of an expenditure report on the utilisation of the funds.

iii. Procurement of COVID-19 Vaccines

The country participated in a global platform of more than 150 countries to secure vaccines through COVAX facility, wherein three million US Dollars was contributed for purchase of various vaccines. There was yet another platform for African countries; African Vaccine Acquisition Team (AVAT) which Botswana subscribed to and paid seven million US Dollars through Letters of Authority (LA). There were other direct procurements of vaccines which were processed through LAs.

The payment details provided by the Ministry of Health and Wellness (MoHW) represented advance payments to secure various vaccines using various modes of payment. Given the above, the total verified payments for COVID-19 vaccines amounted to P271 543 531.

On 29 October 2021, the Ministry was able to secure Pfizer COVID-19 vaccine doses at a total estimated cost of P275 533 876. At the time of audit, the payment was still in process.

The contract between MoHW and Mordena Switzerland GmbH (Moderna) had several discrepancies including;

- Unauthorised signatories;
- Contract not initialled and witnessed;
- Signatures appended at inappropriate pages; and
- Contract price varying with final supplier's invoice.

iv. Contact Tracing

The Ministry issued a tender for P31 842 720 to Botswana Red Cross to carry out COVID-19 contact tracing for which the Department of Health Management Team (DHMT) had already engaged temporary employees to carry out the same mandate in all districts resulting in a duplication of efforts. The African Comprehensive HIV/AIDS Partnerships (ACHAP) was similarly contracted to conduct the same exercise.

v. Personal Protective Equipment and Tracking Devices

Government awarded a tender to an asset tracking company, to supply tracking bracelets in July 2020. The contract agreement was signed on 18 August 2020 at a price of P14 300 000. Government decided to terminate the contract on the 15 October 2020 with a commitment to honour its obligations that existed as at termination. The legal team acting on behalf of the contractor submitted documentary evidence of expenditure incurred amounting to P14 118 878.

vi. Wage Subsidy

An amount of P4 225 674 was paid to undeserving beneficiaries from April to June 2020. There were no controls in place to check the authenticity of the information provided by the applicants to guard against uploading of ghost employees.

Information produced by the Ministry of Finance and Economic Development (MFED) revealed that 426 Government employees had unduly benefitted from the wage subsidy in April 2020. The total amount paid was P788 428.

At the time of audit there was no evidence that monthly reconciliations were carried out as required by Section 10 (b) of the Fund Order.

As at October 2020 payments were still ongoing although they were slated for the three months of April, May and June 2020. This contravened COVID-19 Guidelines. The late payments defeated the purpose of the subsidy.

vii. Food Baskets

Most local authorities had not complied with the COVID -19 Food Relief Response. Lack of proper guidance had led to uncontrolled prices of food commodities, undefined criteria, direction on eligibility for food packages and uncontrolled overtime.

There was no standard way to test the eligibility of beneficiaries as individuals/families in similar circumstances were assessed differently. Perusal of the assessment forms revealed that the outcome depended on the discretion of the assessor. Furthermore, in Mogoditshane 65 289 beneficiaries had qualified for assistance whereas 64 884 had been assessed, thereby bringing doubt on the accuracy of the database as the numbers assisted exceeded those that were assessed.

In some instances, double dipping had occurred where individuals or families had benefited under both the Instant Food Relief Programme and the Destitute Programme baskets between 29 April 2020 and 18 May 2020.

viii. <u>Procurement Process for Hotel Accommodation</u>

At the beginning of the pandemic, there was no proper guidance on the procurement of hotel accommodation given the emergency. Lack of clear criteria for hotel selection meant that it was at the discretion of the procurement personnel.

There were no Requests for Quotations (RFQs) on hotel accommodation, inconsistencies in preparation of payment vouchers were also noted contradicting the guidelines provided to the various District Health Management Teams.

Most COVID-19 related expenditure was charged to the COVID-19 Relief Fund, which made it difficult to disaggregate expenditure on the different components of the Fund. The Ministry extracted a report on expenditure for hotel accommodation and meals totalling P201 414 332 for the period April 2020 to January 2021. The accuracy and completeness of this figure could not be verified.

ix. <u>Repatriation of Batswana in the Diaspora</u>

An amount of P1 063 610 was paid to an airline to charter a flight from Ethiopia to Botswana for 90 Batswana and 4 other nationals with the understanding that the individuals would reimburse the Government P11 315 each within one month of arrival. The Ministry stated that as of 22 July 2021 only P215 000 was refunded.

x. <u>Safety Health and Environment Officers (SHE)</u>

The issues raised below were observed in the appointment of SHE officers for Ministry of Education;

- Lack of established guidelines governing the SHE officers' appointment process.
- SHE officers' personal files did not have academic certificates;
- Some officers were hired before the advert was publicized; and
- Some had not been given personal protective clothing.

26. **Statement of Unspent Development Deposits - Statement 12**

The balance of Unspent Development Deposits from foreign and local sources as at 31 March 2021 totalled P20 997 601 490, net of a debit of P19 886 368 appearing under the Centre for Disease Control. The balance includes accounts with no movement since 2018 as shown below;

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

27. **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 Conference Centre (GICC) project was P89 500 000. The outstanding balance as at 31 March 2021 was P48 386 123. Repayments for financial years 2019/20 and 2020/21 had not been made resulting in arrears of P9 653 196.

28. **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 2021, the Government liabilities under this account totalled P2 494 487 398. These include Private Firms Retentions Monies amounting to P489 684 131 and Other Deposits of P2 004 803 267.

The year-end balances for these accounts included debit balances totalling P6 405 566 across all Ministries.

29. **<u>Statement of Advance Accounts – (Statement No. 15)</u>**

The statement shows advances, surcharges and losses of cash and stores. Debit balances represent monies owed to Government by individual employees and must be recovered whilst credit balances should be investigated and appropriate corrective action taken.

As at 31 March 2021, the total outstanding balance under these accounts was P1 421 092, net of credits of P83 163 172.

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

- The balance of Fund includes two items totalling P885 541 752 which I considered not appropriate to be included under these accounts. An amount of P673 597 322 related to the balance on purchase of shares in De Beers for which an appropriate account was yet to be identified. The other amount, P211 944 430 being in respect of BCL and Others Liquidation Advance Account.

- The total outstanding balances under the Residential Property Loan and the Motor Vehicle Loan schemes were a debit of P9 732 080 and a credit of P112 961 respectively. A sum of P5 747 210 under Residential Property Loans and P25 075 (debit) under Motor Vehicle Loans were non-moving.

  The credit balance of P112 961 under Motor Vehicle Loans Scheme account was a result of misallocations. The reconciliation of the credit balance had been long ongoing, and the balance had reduced but the matter needs to be concluded.

- The credit balance of P162 804 under Ministry of International Affairs and Cooperation in respect of Mission Suspense (Salaries) account was a result of exchange rate fluctuations and payments made to officers who have returned from Missions. The balances should be cleared from the account.

<u>Non-Moving Advances</u>

The total outstanding balance for Non-moving items as at 31 March 2021 of P75 445 000 should be investigated and appropriately dealt with.

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

The Statement reflects Government bank accounts maintained at the Bank of Botswana, commercial banks, Missions abroad and cash held at Treasury Offices.

The Statement depicted an overdrawn balance of P21 779 190 486 as at 31 March 2021, an increase of 93%, from prior year balance of P11 303 660 585.

Account	Amount (P)
Cash in Transit	25 317 757
Cash in Hand	576 720
Cash on Deposit	37 854 636
Government Investment Account	(22 806 166 422)
Cash at Bank	963 226 823
Total	**(21 779 190 486)**

The audit of this statement gave rise to the following observations;

a) Point of Sale (POS)

Receipts in the General Ledger and Bank Statement

The following are reconciling items that need to be cleared;

Revenue Office	Period	Receipts in General Ledger but not in Bank Statement (BWP)	Receipts in Bank Statements but not in General Ledger. (BWP)
Machaneng	2018-2021	65 116.30	-
Lobatse	2018-2021	5 427 497.37	460 006.57
Gumare		118 089.72	-
Tsabong	2016-2021	775 863.59	406 3011.82
Moshupa		2 176 436.15	122 352.12
Parliament	2019-2021	251 528.43	265 754.75
Molepolole	2018-2021	707 554.88	574 295.31
Serowe	2015-2021	851 876.85	355 717.13
Mahalapye		388 020.36	-

Commissions and Bank charges

Commission is charged at 2.8% on every deposit. These transactions must be adjusted in the General Ledger during reconciliation, but this had not been done in previous years and the year under review.

Some reconciliations show outstanding bank charges from previous years as lump sum without separating them into commission, bank charges or rentals, which made it difficult to verify the amounts for each classification.

In some reconciliation statements, calculations for commissions charged for some years were not availed.

As at 31 March 2021, some Point of Sale General Ledger accounts had overdrawn balances totaling P4 724 245 as shown in the table below which should have been investigated and corrected as they relate to previous years.

Revenue Office	Amount
Imprest Office	4 031 369
Palapye	88 479
Tonota	23 574
Tutume	130 823
TOTAL	**4 724 245**

b) Cash in Transit

As at 31 March 2021, the account had a net total of **P25 317 757**, comprising debit balances of **P25 574 788** and credit balances of **P257 031**, some dating as far back as March 2017.

Below are details of the uncleared debits and credits.

Location	Uncleared Debits (BWP)	Uncleared Credits (BWP)	Period
Francistown revenue office	1 251 367		June 2018 - March 2021
Gaborone Imprest office	7 338 987		March 2017- Feb 2021
Hukuntsi revenue office	2 042 804		April 2020 -March 2021
Income Tax Gaborone		87 652	March 2021
Kang revenue office	1 692 279		July 2020 -March 2021
Kasane revenue office	1 692 279		Nov 2020 -March 2021
Mahalapye	1 304 417		Nov 2020 -March 2021
Masunga Government Pula Card		19 379	
Palapye Government Pula Card		150 000	
Selibe Phikwe	5 798 598		July 2020 -March 2021

c) Remittances

The Remittances Account had a closing balance of P75 377 279 as at 31 March 2021, which included unreconciled receipts in the General Ledger and the Bank Statement as shown in the table below;

Date	Unreconciled receipts (General ledger)	Unreconciled receipts (Bank Statement)
31 March 2018	887 549.42	25 446 685.79
31 March 2019	1 242 342.97	17 866 906.54
31 March 2020	(72 599 889.15)	33 659 835.43
31 March 2021	4 829 272.93	7 796 801.61

d) Government Pula Card

As at 31 March 2021, the Pula accounts had balances of **P4 280 038** and **P2 442 177** as debit and credit balances respectively.

Requests for replenishment of bank accounts were not done by custodians as is the procedure but instead funds were transferred by the Cash Management Unit to the respective bank accounts.

The General Ledger was not updated by funds transferred to the bank, resulting in discrepancies between the general ledger and bank statements. The omission of this accounting procedure will result in funds not being reflected in the books of accounts at any given time. Revenue offices continue to spend from the General Ledger despite un-availability of funds on them, hence the overdrawn balances on the ledgers.

Review of the Pula card account revealed that Tutume and Nata revenue offices maintained two (2) accounts each, of which only one account was operational.

e) Government Investment Accounts

Government Pula Fund Investment - Bank of Botswana

The Government Investment account comprises of cash, market gains and exchange gains. The cash component had an overdrawn balance of **P23 306 166 421** as at 31 March 2021 compared to **P9 736 084 769** from the previous financial year, an increase of 139%

Overdrawn balance on investment account

Month	Pula Bank account balance (Pula)
April 2020	(8 913 079 203.40)
May 2020	(12 640 291 935.04)
June 2020	(13 969 291 997.04)
July 2020	(14 524 863 165.48)
August 2020	(17 178 805 919.70)
September 2020	(23 070 165 848.69)
October 2020	(21 743 363 347.38)
November 2020	(22 103 113 994.42)
December 2020	(24 900 340 733.03)
January 2021	(20 292 259 242.98)
February 2021	(21 149 711 108.89)
March 2021	(23 306 166 421.70)

A total of **P21 971 859 864** was withdrawn from this account to the Liquidity account for the financial year 2020/21 despite it being overdrawn.

f) Government Liquidity Fund

The account provides a buffer between Government Remittances and Pula Fund. As at 31 March 2021, the General Ledger had a balance of **P500 000 000** as compared to an overdrawn balance of **P2 850 122 696** in the previous year.

g) Cash on Deposits - Other

African Import, Export Bank Dividend

As at 31 March 2021, the account had accrued interest on dividend amounting to P2 945 772, an increase of P25 723 from the previous year.

h) Group Accounts

BoB Salaries

As at 31 March 2021, the Salaries Account had a General Ledger balance of P30 750 050. A review of the bank reconciliation revealed that there were receipts available for reconciliation amounting to P362 542 110 in the bank statement and receipts of P 142 007 147 in the General Ledger resulting in a difference of P220 534 962 dating as far back as 2005.

Banking Group Q

The current account reconciliation statement as at 31 March 2021 reflected an overdrawn balance of P12 961 892 in the General Ledger. As in the previous year, the call account for this group was not availed for audit.

A review of the reconciliation statement revealed that payments amounting to P14 427 844 in the Bank Statement and P11 049 068 in the General Ledger were not reconciled. Likewise, receipts amounting to P11 049 168 in the Bank Statement and P1 465 952 in the General Ledger were also not reconciled. These should be investigated and cleared.

BoB Group F

As at 31 March 2021, the Bank statement had a balance of P39 300 890 whereas the General Ledger balance was P37 262 527 resulting in a difference of P2 038 363 being unpresented cheques dating as far back as 2011. These need to be investigated and cleared.

Electronic Fund Transfers (EFT) - Revenue Offices

	Treasury Office	CR
1	Bobonong	401 856
2	Francistown	4,986 154
3	Gantsi	19 276 518
4	Goodhope	9 321 028
5	Kasane	209 312
6	Letlhakeng	1 170 558
7	Masunga	795 166 492
8	Mochudi	71 469 980
9	Palapye	11 709 305
10	Selibe Phikwe	13 170 496
11	Serowe	21 630 676
12	Tutume	8 583 945
	Total	**956 694 464**

The EFT accounts were reconciled up to 31 March 2021, with debit and credit (overdrawn) balances of P1 003 547 287 and P956 694 464 respectively. Credit balances need to be investigated and appropriate action taken.

The following issues were also raised in relation to transactions in the reconciliation statements;

i) <u>Voided Payments</u>

Large volumes of voided transactions were noted at some revenue offices as tabulated below;

Revenue office	Amounts Voided
Maun	889 601
Francistown	397 436
Kasane	83 433
Gantsi	72 683
Letlhakane	65 292
Gumare	46 646
Charleshill	20 000
Bobonong	18 207
Jwaneng	68 636
Ramotswa	27 899
Hukuntsi	55 156
Goodhope	166 872

This poses a risk of possible voiding of fraudulent transactions if there is no due diligence.

j) Net General Ledger Transaction Errors (Outstanding replenishments)

A reconciliation of these accounts also showed '*net general transaction errors and outstanding replenishment items*, as shown in the table below, which need to be investigated and corrected.

Revenue office	General Ledger error transactions	Outstanding replenishments
Maun	25 000 000	-
Francistown	90 938 889	95 000 000
Kasane	1 035 973.80	5 000 000.00
Gantsi	1 007 116.35	25 000 000.00
Letlhakeng	3 963 451.50	-
Gumare	4 000 000.00	5 000 000.00
Shakawe	4 400 000.00	-
Bobonong	4 013 675.55	-
Hukuntsi	4 986 156.60	-
Goodhope	8 993 093.30	-

Letlhakane Revenue Office

The Bank statement had a balance of **P1 049 959** whilst the General Ledger reflected a balance of **P798 967 820**. The difference needs to be investigated and resolved.

Selibe Phikwe Revenue Office

As at 31 March 2021 the General Ledger had an overdrawn balance of (P13 170 496) and the bank balance was P7 174 233. The difference resulted from a misallocated batch which had not been adjusted.

Masunga Revenue Office

The bank reconciliation revealed that there was an item described as "uncommon items between Account Payable & General Ledger" amounting to P207 868 304.90, which needs investigation.

Machaneng Revenue Office

As at 31 March 2021 the General ledger had a balance of **P2 528 917** while the bank statement showed a balance of **P2 412 902**. The bank statement had unreconciled payments which were not captured in the General Ledger.

Mahalapye Revenue Office

As at 31 March 2021 the General Ledger balance stood at P2 365 412 against the bank statement balance of P7 932 036.57. The difference of P5 566 625 should be investigated and cleared.

Palapye Revenue Office

The account had a bank statement balance of P1 431 991 while the General ledger had an overdrawn balance of P11 709 304. The difference of P10 277 313 needs to be investigated and cleared.

Current/Cheque accounts for Revenue Offices

Revenue offices ordinarily have a cheque/current account and a call account. The call account replenishes the current accounts to pay off the daily transactions, hence the current accounts should have nil balances.

The correctness of the value of cash assets as reflected in Statement 16 (statement of cash and bank balances) could not be verified as the call account bank statements were not availed for audit.

k) Botswana Missions

A verification of the Foreign Mission accounts reconciliation statements was carried out and the following observations were noted;

Kenya USD

The General Ledger balance was reconciled against the cashbook and a difference of P9 210 was noted.

There were also receipts in the General Ledger that did not appear in the cashbook from the previous financial year 2019/2020 amounting to P1 448.

Kenya Local

The General Ledger and the cashbook had a difference of P2 309 which needs to be investigated.

Zambia Local

The General Ledger balance and the Cash Book balance had a difference of P3 861.

There were receipts in the cash book that did not appear in the General Ledger amounting to P137.74. Likewise, there were receipts in the General Ledger that were not in the Cash Book, amounting to P4 000. These were prior year receipts 2019/2020 that need to be investigated and accounted for accordingly.

India Local

The bank reconciliation for the local currency revealed unpresented cheques amounting to P14 978 dating as far back as 2017.

Johannesburg

The Bank reconciliation revealed transactions amounting to P689 859 not captured in the Cash Book dating as far back as 2018 as tabulated below;

Date	Uncaptured transactions	Amount (Rands)	Amount (Pula)
25/10/2018	Virginia Tlou	5 168.79	3 438.28
17/05/2019	Dr Munoko	13 574.55	9 029.79
17/05/2019	Dr Fischer	37 363.20	24 854.00
10/10/2020	Demmah Demmah	1 540.00	1 024.41
19/03/2020	Dr Heinrich Grimshel	709 286.26	471 817.22
19/03/2020	Bennie George	270 138.20	179 695.93
	TOTAL		**689 859.63**

Washington

There were receipts noted in the General Ledger which did not appear in the Cash Book, amounting to P202 409.

Furthermore, the Missions bank reconciliation revealed unpresented cheques amounting to P6 006 810 ($501 947.88) which needs to be investigated.

Mozambique Local

Prior year errors for financial year 2017/2018 amounting to P28 901 need to be investigated and cleared.

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

The statement reflects loans to statutory bodies and public officers guaranteed by Government.

The contingent liabilities as at 31 March 2021 totalled **P7 851 992 718** as detailed below:

ITEM	AMOUNT
Parastatals Borrowings	P4 968 022 093
Non-Interest Bearing Borrowings	P1 479 633 468
Public Officers Borrowings	P1 404 337 157
TOTAL	**P7 851 992 718**

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

The statement shows Government shareholding in commercial undertakings, International Organisations, State Enterprises and Statutory Bodies.

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

The Statement is a memorandum of monies owed to the Government, which should have been collected in previous years.

Total arrears as at 31 March 2021 were P140 223 431.

a. The Ministry of Finance and Economic Development had private telephone arrears of revenue amounting to P6 857, made up of P5 503 for previous years and P1 353 for the year under review.

b. Ministry of International Affairs and Cooperation also had arrears of revenue amounting P1 690 817. The bulk of the arrears relate to VAT Reimbursement totalling P1 431 703 leaving a balance of P259 114 relating to private telephone charges.

c. National Assembly had private telephone arrears of revenue amounting to P42 028.

34. **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 2021 the account had maintained a balance of **P10 000 000.**

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

This statement is a year-end summary of all outstanding loss cases that have been reported and not yet finalized or disposed.

Table A-Losses of Cash

There were 7 cases reported during the year under review with a value of P316 430. Of these, 4 cases relate to systematic fraud which dated as far back as 2014. The amount recovered as at 31 March 2021 was P39 727 leaving a balance of P276 703 still under investigation. A summary of cases under each Ministry is shown below.

Ministry	No of cases	Loss Amount	Recovered
Finance & Economic Development	1	235 485	-
Nationality, Immigration & Gender Affairs	1	11 900	-
Local Government & Rural Development	4	29 318	-
Defence Justice and Security	1	39 727	39 727
TOTAL	7	316 430	39 727

Table B - Loss of Stores

Reported in the Period under Review

There were 15 cases of loss of Stores reported during the year under review valued at P84 827. Of these cases, 10 fall under the Ministry of Environment, Natural Resources, Conservation and Tourism valued at P39 760. As at 31 March 2021, an amount of P12 036 was recovered, while P13 585 was written-off, leaving a balance of P59 206 to be recovered.

Reported in the Previous Years

Out of the loss amount of P1 299 176 reported in the previous years, a total of P18 728 was recovered and P41 386 written-off, leaving a balance of P1 239 062 still to be resolved.

Table C- Losses through Motor Vehicle Accidents

Reported during the year under review

In the year under review, 113 cases of accidents to Government motor vehicles were reported, costing a total of P18 916 101. Of this amount, P3 074 723 was recoverable from third parties, P2 780 335 charged to drivers whilst P3 244 668 was charged to public funds. No case was finalised in the year under review.

Reported in Previous years

Accidents to Government motor vehicles reported in the previous years totalled P16 259 117. The amount charged to public funds was P3 244 668, amount charged to drivers was P2 780 335 whilst P2 598 885 was charged to third parties.

PARLIAMENT

36. **Warranted Provision**

The utilisation of funds warranted to Parliament for the financial year ended 31 March 2021 is indicated below;

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
National Assembly	144 280 172	143 411 162	-869 010	0.61
Ntlo ya Dikgosi	8 782 780	8 765 290	-17 490	0.20
TOTAL	**153 062 952**	**152 176 452**	**-886 500**	**0.58**

37. **Non-Moving Advances**

The non-moving advances which were outstanding on 31 March 2021 under Parliament are shown below;

Account	No. of Cases	Amount
Training Bond Liability	1	75 868
Travelling Imprest	14	110 034
Total	**15**	**185 902**

38. **Warranted Provision**

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2021 is indicated below-

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
State House	14 979 060	14 425 049	-554 011	-3.7
Office of the President	416 467 103	408 427 673	-8 039 430	-1.9
Directorate of Public Service Management	85 356 409	82 762 261	-2 594 148	-3.0
National Aids and Health Promotion Agency	48 937 923	47 080 753	-1 857 170	-3.8
Office of the Former President – F. G. Mogae	2 481 332	2 422 704	-58 628	-2.4
Information Services	64 526 315	62 973 994	-1 552 321	-2.4
Broadcasting Services	226 124 660	223 717 574	-2 407 086	-1.1
Government Printing and Publishing Services	55 941 890	55 059 891	-881 999	-1.6
National Strategy Office	25 612 172	25 533 354	-78 818	-0.3
Directorate on Corruption and Economic Crime	118 987 115	118 114 197	-872 918	-0.7
Directorate on Intelligence and Security	451 714 743	449 758 2788	-1 956 465	-0.4
Office of the Former President S.K.I Khama	4 315 590	4 180 052	-135 538	-3.1
TOTAL	**1 515 444 310**	**1 494 455 780**	**-20 988 530**	**-1.4**

39. **Non-Moving Advances**

The non-moving advances which were outstanding on 31 March 2021 under the Ministry are shown below.

Account	No. of Cases	Amount
Surcharge - Damage to government vehicle	2	37 013
Surcharge - P&P - Payroll	1	888
Advances Imprest Recoveries	2	16 319
Advances - Industrial Class	2	10 750
Advances - P&P Grade D4 and below	5	-4 968
Loss of cash - Cash shortage	3	639 609
Recovery of Overpayment of salaries	22	217 232
Travelling Imprest	69	114 326
Total	**106**	**1 031 169**

40. **Administration of Poverty Eradication Programme**

The programme is aimed at economic empowerment of individuals, groups, cooperatives and families. Its success was measured by; the number of graduates, change in beneficiaries' quality of life and a reduction in non-operational/failed projects.

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

Funded Projects

Of the 9117 funded projects, 5724 were operational as at January 2022 which represents 62.8%. A total of 291 (3.2%) projects had failed, 1551 (17.0%) were non-operational and the remaining 17.0% were not classified in the database. The failed projects translate into losses amounting to P3 637 500. In discussions with Management, it was noted that investigations would be carried out on the unclassified projects in the database. Examples of Issues adversely affecting the success of the programme included, amongst others;

- In Kanye, 151 backyard gardens were reassessed of which 109 with expenditure of P1 362 500 were deemed to have failed. The Ministry had resolved to replace the failed gardens with alternative projects, contrary to the guidelines, which stated that an individual can only benefit once. Evidence to support such a decision could not be availed for audit.

- Similarly in Maun, 16 out of 40 backyard gardens were replaced with totally new projects after incurring expenditures of P200 000 on the abandoned projects.

- Other factors such as competition in the market, unsuitable packaging of projects, attacks by wild animals in areas adjacent to national parks also led to failure of projects.

a) Wasteful Expenditure

   i. The backyard gardening projects had a failure rate of up to 37% mainly attributable to high water bills, disconnections and water restrictions. These projects resulted in wasteful expenditure exceeding P2 million.

   ii. The Parakarungu fish farm, registered with 20 beneficiaries was approved for funding in 2018, but was delayed since the site did not have a reliable source of water. At the time of audit in January 2022, the problem still persisted rendering the project unusable despite the P1 260 236 already spent.

iii. The Ministry acquired 34 industrial machines in 2017 for use in specific industries at a cost of P6.4 million. These assets were distributed to various districts, with the instruction to form industry specific groups. The audit sampled 7 districts which had been allocated 9 machines, out of which only 2 were operational.

b) <u>Assessment Criteria and Project Packaging</u>

i) Some cost centres including Mahalapye, Kanye, Goodhope, Selibe Phikwe, Serowe, Maun and Kasane had enrolled programme beneficiaries but upon request, the mandatory individual assessment reports could not be availed.

ii) The funding model of the Poverty Eradication Programme Guidelines, 2013 specifies that beneficiaries will receive funding up to a limit of P15 000. However, it was noted that some beneficiaries were packaged with funding of up to P49 474 in S/Phikwe, P35 088 in Chobe and P22 431 in Goodhope despite the limits set in the guidelines. Upon enquiry from the District Commissioners Offices it was explained that the increase had been approved by the Coordinator but there was no documented evidence to that effect.

iii) Some beneficiaries were given projects that were not aligned to their areas of interest because their projects of choice were saturated and they were left with no alternative but to accept what was on offer. Such a practice contributed to the project failure.

c) <u>Limitations on Programme Guidelines</u>

The Guidelines did not provide for assistance to beneficiaries before the first cash flows could be realized in ventures such as animal production, crop production and other seasonal businesses since they were required to terminate their enrollment on the Ipelegeng programme or any other government programme once they have been enrolled in the Poverty Eradication programme.

41. **Warranted Provision**

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2021 is indicated below.

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	1 867 552 100	1 820 127 550	-47 424 550	2
Accountant General	331 252 130	311 438 040	-19 814 090	2
Finance & Intelligence Agency	23 562 120	19 099 684	-4 462 336	23
TOTAL	**2 222 366 350**	**2 150 665 274**	**- 71 701 076**	**3**

Out of the expenditure of P2 150 665 274 for the Ministry, an amount of P 1 582 952 838 (74%) was utilised on payment of Grants, Subventions and payments to Parastatals falling under the portfolio of the Ministry, as well as contributions to International Organisations.

42. **Non-Moving Advances**

The non-moving advances which were outstanding on 31 March 2021 under Ministry of Finance and Economic Development are shown below.

Account	No. of Cases	Amount
Advance-P&P Emergency	1	(250)
Advances – Imprest Recoveries	4	8 037
Advances- P&P Grade D4 & Below	1	20 832
Loss of cash - Shortages	3	8 425 638
Prepayment Account	77	422 873
Residential Property Loan	36	5 747 210
Motor Vehicle Loan	12	25 075
Recovery of overpayment of salaries	16	300 242
Training Bond Liability	1	97 081
Travelling Imprest	14	46 089
Total	**165**	**15 092 827**

43. **Francistown Treasury Cashier**

Point of Sale - (POS)

A review of the Point of Sale account revealed that the office was operating two separate accounts for point of sale. The accounts had balances amounting to P3 897 592 and P16. The account with the balance of P16 was not active and attracted unnecessary bank charges.

The requirement that all collections in excess of P10 000 under these accounts be transferred to Remittance Account was not observed, as there were many account balances in excess of this amount, the highest amount being P253 614 for First National Bank.

Unreconciled Receipts

A reconciliation of the Point of Sale account revealed that some receipts only reflected in the General Ledger and not in the Bank Statement as detailed below:

Office	GL Amount (Pula)
Francistown	3 767 926
Tutume	1 225
Masunga	54 375
Letlhakane	2 055

Restrictions in the GAB System - misallocation

Although each revenue station had been allocated accounts codes for their daily cash collection, it was noted that the Revenue Collector at Administration of Justice office collected an amount totalling P170 827 using Francistown Treasury Cashier office account 0302.54154, which resulted in misallocation.

Cheque Account

An examination of the Cheque Account indicated weaknesses and shortcomings in the reconciliations and resolution of the long standing reconciling items, which were reconciled up to 2015. From 2016 up to the audit date reconciliation was not carried out. It was worth noting that cheques totalling P17 110 were voided and later paid.

The maintenance of the Bank Payment register was less than satisfactory. There was no record of the spoiled cheques. The system also allowed reprinting of cheques many times without reflecting those in the register. This weakness could result in fraudulent activities.

Furthermore, physical verification of cheques against the ledger balances had revealed some discrepancies; cheques ranging from 4657 to 4683 were in the ledger but could not be availed to auditors.

Government Pula Card Account

As at July 2020, the Government Pula Card Account was overdrawn by P15 198.20. An examination of the account revealed some receipts that only reflected in the Bank Statement and not in the General Ledger. Transactions amounting to P1 000 and P100 000 paid into the Bank on 27 May 2020 and 14 July 2020 respectively did not appear in the General Ledger.

Further scrutiny of the account indicated a balance of P367 055 in the Bank Statement, which did not appear in the General Ledger.

44. **Warranted Provision**

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2021 is as reflected below:

Department	Warranted Provision Expenditure	Actual Expenditure	Under Expenditure	%
Headquarters	60 814 052	51 582 749	-9 231 303	-0.15
Immigration & Citizens	260 363 818	242 072 612	-18 291 206	-0.07
Gender affairs	29 602 928	24 122 973	-5 479 955	-0.19
Civil & National Registration	84 169 691	81 617 616	- 2 552 075	-0.03
TOTAL	**434 950 489**	**399 395 950**	**- 35 554 539**	**-0.08**

45. **Non-Moving Advances**

The non-moving advances which were outstanding on 31 March 2021 under the Ministry are shown below.

Account	No. of Cases	Amount
Surcharge-Damage to Government Vehicle	1	17 209
Advance – P & P Grade D4 and below	1	-209
Loss of cash – cash shortages	2	496 396
Recovery on Overpayment of Salaries	15	176 644
Training Bond Liability	1	1 556
Travelling Imprest	17	24 482
Total	**37**	**716 078**

46. **Warranted Provision**

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2021 is as indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	493 115 141	488 290 507	-4 824 635	1
Crop Production	226 800 482	225 390 979	-1 409 503	0.6
Agricultural Research	93 299 264	98 791 254	5 491 990	6
Animal Production	136 488 328	133 550 742	-2 937 587	2
Agric. Bus. Promotions	35 091 824	34 892 993	- 198 831	0.6
Veterinary Services	434 383 168	436 876 519	2 493 351	0.6
Agric. Res. Statistics & Policy Dev	21 280 963	21 241 835	-39 126	0.2
TOTAL	**1 440 459 170**	**1 239 034 830**	**-1 424 341**	**0.1**

The Department of Agricultural Research had incurred expenditure in excess of the sub-warranted funds to the tune of P5 491 990 whilst the Department of Veterinary Services had incurred expenditure in excess of the sub-warranted funds to the tune of P2 493 351.

47. **Non-Moving Advances**

The non-moving advances which were outstanding on 31 March 2021 are as indicated below;

Account	No. of Cases	Amount
Emergency Advances P&P	3	6 700
Advances - D4 & below	6	46 365
Damage to Government Vehicles	4	70 192
Surcharge - P&P Payroll	4	14 128
Imprest Recoveries	7	22 261
Loss of cash –cash shortage	7	261 820
Loss of stores	1	8 354
Recovery on overpayment of salaries	117	1 142 108
Training bond liability	2	66 298
Total	**151**	**1 638 226**

48. **Department of Veterinary Services**

Procurement

An audit of the above Department gave rise to a number of observations, the main ones of which were the following;

a) Department Evaluation Committee
The Department did not appoint an independent evaluation committee. The procurement officers were also performing the evaluation, therefore compromising the objectives of the evaluation.

b) Purchase from same supplier
There were some dominant suppliers from which the Department made most of its purchases, some of which were related to the same Director.

c) Procurement at inflated prices
Instances of procurement at inflated prices compared to market prices were noted. Examples are as shown below;

Item	Amount Charged (BWP)	Retailer1 (6Pack) (BWP)	Retailer 2 (6Pack) (BWP)
6 *330ml coke	1 254	37.50	37.50
6*330ml Breakfast Punch	1 254	34.95	36.95
200*1L Disinfectant surface cleaner	28 000	5 990	5 730
100*500ml Disinfectant spray; surface and air	12 880	2 695	2 795
150*5L Hand Sanitizer	80 640	26 250	30 000
65*3ply Respiratory masks	15 925	130	97.50
20*5L hand Sanitizer	17 500	3 500	4 000
50*5L hand Sanitizer	3 332	8 750	10 000

d) **Stock Management**

Supplies records were poorly maintained and poor storage conditions were noted. Items of supplies were not properly stored.

49. **Foot And Mouth Disease**

During the period from July 2020 to March 2021, the Ministry procured foot and mouth vaccines from Botswana Vaccine Institute (Pty) Ltd for the sum of P17 501 784. All Government Purchase Orders and Goods Received Notes related to these payments did not specify quantities ordered or received. Furthermore, the vaccines were directly delivered to Kasane and Maun offices but documents in support of deliveries could not be availed. This compromised any efforts to reconcile the payments with deliveries made.

50. **Warranted Provision**

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2021 is as indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	1 048 235 172	1 042 921 157	- 5 314 015	-0.51
Out of School Education and Training Citizens	55 890 877	55 596 326	- 294 551	-0.53
Curriculum Development and Evaluation	22 465 700	22 157 101	-308 600	-1.37
Department of Teaching Service Management	5 947 836 447	5 949 329 520	1 493 073	0.025
Department of Pre and Primary	35 427 277	35 227 609	- 199 668	-0.56
Department of Secondary Education	1 979 777 298	1 977 838 054	- 1 939 244	-0.10
Department of Technical Service	45 792 021	45 634 508	157 513	-0.34
Department of Information Communication and Media	17 421 047	17 221 022	- 200 024	-1.15
Department of Special Support Services	20 775 172	20 703 207	- 71 965	-0.35
Department of Educational Planning and Research	11 868 030	11 794 997	- 73 033	-0.62
TOTAL	**9 185 489 040**	**9 178 423 500**	**-7 065 540**	**-0.08**

The performance of the Ministry in the year under review shows that the Ministry performed fairly well in budget utilisation with expenditure at almost 99% of the warranted provision. However, the Department of Teaching Service Management incurred excess expenditure over the warranted funds.

51. **Non-Moving Advances**

Account	No. of Cases	Amount
Surcharge-Damage to Government vehicles	4	58 599
Surcharge-P&P Payroll	3	177 670
Advance-P&P Emergency	3	-8 101
Advances-Imprest Recoveries	16	67 487
Advances -Industrial Class	13	5 863
Advances-P&P Grade D4 below	33	75 400
Loss of cash-cash shortage	7	333 284
Recovery of overpayment of salaries	493	10 152 874
Training Bond Liability	11	669 648
Total	**583**	**11 532 729**

52. **Procurement of Textbooks for Schools, Financial Year Ended 31 March, 2021**

I conducted an audit on procurement of books for the three financial years 2018/19, 2019/20 and 2020/21. The votes ledger showed a trend of variances against the budget year after year as tabulated below:

Financial year	Approved Estimate	Warranted Provision	Actual Expenditure
2018/19	21 540 230	81 549 032	78 970 950
2019/20	14 000 000	82 352 774	81 224 495
2020/21	14 000 000	56 861 494	56 703 608

It was evident that the budget provision for this account was difficult to contain given that the actual expenditure always exceeded the approved estimates. Most of the findings and anomalies related to lack of supervision, inadequate record keeping, lack of monitoring and reconciliation.

In response, the Accounting Officer indicated that the Ministry of Basic Education had been under-funded over the years and thus the budget for textbooks was inadequate. The Ministry had therefore been forced to reprioritise its budget to fund the textbooks, hence the actual expenditure exceeded the approved estimate over the audited years.

In the absence of those necessary internal controls like supervision, record keeping, monitoring and reconciliation, it is logical that the actual expenditure will continue along the negative trend.

Shortage of textbooks

My audit teams visited some schools in South East Region and observed that there was an acute shortage of textbooks in some primary and secondary schools.

We observed that in all the Junior Secondary Schools there was only one class set of textbooks provided for about 26 to 30 students.

The Ministry acknowledged that there was shortage of textbooks in schools mainly due to the inadequate budget allocated. South East Region was aware that schools had a serious shortage of books. The shortage was a result of large enrolments and allocation of limited funds. Because of this shortage, core textbooks were kept in classrooms storage facilities and used as class sets and reference books. In an effort to alleviate the shortage, the Ministry was at an advanced stage to introduce the use of eBooks in schools.

Unutilized Textbooks

In some schools several books were over supplied whilst in others there were shortages observed. Some schools were supplied with more books than required even in instances where they provided a record of their needs. There were some old syllabus textbooks found in several schools that were no longer relevant to the current syllabus resulting in wasteful expenditure.

In response, the Accounting Officer indicated that the Ministry had noted the observation. In order to procure textbooks, the Regional Office requests schools to audit their textbooks and indicate their requirements. However, it has been observed that both the Regional Office and Department of Secondary Education Headquarters procured textbooks for schools. This therefore results in double procurement of books, creating excess of the same books in some schools. It should be noted that the syllabus is reviewed every three years and thus this may result in change of textbook prescription. This leads to schools having some textbooks, which are not in the current prescriptions as books cannot be auctioned.

In my view, Ministry of Basic Education should implement the required improvements in text books stock Management processes and use the available Systems like SWIMS to control procurement, receipts, distribution and issue of text books.

Undelivered Textbooks

Books valued at P893 028.36 were fully paid for but had not been delivered to schools by some publishers. The delivery spreadsheet and payment vouchers demonstrated that the books had been paid for and allocation made for distribution to various schools.

The Ministry acknowledged that there were gaps in the process of procuring secondary schools in the sense that the Procurement Officers at the schools received the textbooks and signed the delivery notes. However, the payment was made at Regional Office and as such the Procurement Officer at the Regional Office generated Goods Receipt Note (GRN) to accompany the Invoice for payment.

Temporary teachers

During the time of audit, it was observed that there was no linkage between Human Resources (HR) Unit, Accounts Administration Unit and the Sub Region paying offices to enable verification of information relating to temporary teachers. Some temporary teachers personal files did not include all vital information such as acceptance letters, assumption of duty letters, re-direction letters, effective transfer dates, confirmations etc. This may be due to a lack of thorough internal checks when processing temporary teacher’s recruitment information.

The Ministry acknowledges that there has been some irregularities on some of the records that need to be kept for Temporary Teachers. The prevailing practice is that Temporary Teachers’ appointment letters do not have a provision for acceptance of offer. This is an irregularity that has since been addressed by amending the letter to include the acceptance of offer since the beginning of the financial year 2022/2023. The assumption of duty letters are given to Sub Regions by the schools to process payments of Temporary Teachers, and they are therefore kept at Sub Regions.

The Regional Office however conceded that there may be some files not appropriately labelled, purely due to human error.

Overstaffing - Permanent and Pensionable Teachers

There were 75 schools in South East Region, which included primary, junior and senior secondary schools. An examination of the establishment register showed that of the 75 schools, 33 had more permanent teachers than the stipulated requirement, resulting in a total of 139 teachers employed in excess of the approved establishment of 1 576.

In response the Ministry indicated that South East Region had 75 schools and occurrence of mismatches in the Public Service Establishment Register was a challenge that was inherited from the old Infinum Human Resource System that was previously used in the Public Service. The old system allowed more than one officer to be attached to one post, which is not applicable in the new Oracle system. The Ministry explained that during migration to the new system a lot of mismatches were experienced.

In some instances, temporary teachers were employed to relieve teachers who went on confinement or unpaid leave. Upon return of the substantive position holders, the temporary teachers were retained.

The Accounting Officer reiterated that the Ministry acknowledges the query and it should be noted that in some instances the appointments of temporary teachers were not terminated for various reasons. Some temporary teachers were retained in order to assist in the respective schools during COVID 19 where the Ministry was required to reduce the class size to 30 students in order to maintain social distancing. Some temporary teachers appointed to relieve teachers on maternity and unpaid leave were retained by the Region when the substantive holder resumes duty and they were re-directed to another school where there is a need.

Transfers and vacant posts

The audit observed that the HR records and the establishment registers were not frequently updated for teachers who were transferred from one school to another. In some cases, teachers who had been transferred out still appeared in the original schools register while the replacement teacher's name did not appear in the register despite their resumption of duty at the new school.

In response Management indicated that, it has to be noted that prior to November 2021, there was an acute shortage of qualified Primary School teachers as they were exhausted in the market. This resulted in many vacant posts at Primary Schools which went unfilled for a very long time. To address this, the Ministry took a deliberate decision to engage graduates with Diplomas in Secondary Education and certain Degree disciplines permanently at Primary Schools.

The Ministry acknowledges that there has been a gap in terms of updating the establishment registers as required. It should be noted that in some cases the Region had manually done the transfers, but did not update in the ORACLE system. This is an anomaly and the Region is currently working on updating the registers. Vacancy reports are updated regularly. Vacancy occurrences take place frequently, almost daily as they are caused by promotions, transfers, re-designations, resignations, etc.

In my view, there is need to bring about improvements in the maintenance of establishment registers and these need to be matched with the Oracle system to prevent "ghost" employees.

Special leave

Some teachers were relieved from their duties by temporary teachers due to ill health. These were teachers who had either been granted long sick leave, those that are disabled and need assistance or had been prescribed light duty. This has resulted in a situation where one post is occupied by more than one teacher leading to overpayment of salaries.

Cases of this nature require regular reviews by the medical board and appropriate recommendations.

Payment of salaries to ex-employees

The audit noted that employees who exited the public service through dismissal, retirement, resignation or death were still paid salaries in the months subsequent to their exit.

It could not be established whether the salary overpayments were recovered as documentation for ex-employees' terminal benefits were not availed for audit. Liability schedule and withdrawal notifications forms were not filed in personal files. When officers exit the public service the casualty returns must be submitted to the Ministry of Finance and Economic Development promptly to stop salary payments. In cases where overpayments have occurred, Management must ensure that liabilities are recovered from terminal benefits.

Management indicated that salary overpayments were caused by the fact that at the time of exit the salaries payment cycle for the following month would have already begun and the salaries could not be stopped then.

Unauthorised overtime

In a sample of schools visited in the South East Region, a total of P818 352 was incurred as overtime without due authorization.

In response the Ministry indicated that the authority has been delegated to School Heads to manage overtime of their respective schools. The Regional Office will monitor the situation so that it is not abused. It is worth noting that mission schools are paid subventions. Therefore, non-teaching staff overtime is governed by each school's own policies and guiding procedures. The Board of Directors set the policies and procedures for the school.

53. **Warranted Provision**

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2021 is indicated below.

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	884 645 739	795 813 606	-88 832 133	10
Cooperative Development	48 607 707	45 067 303	-3 540 404	7.3
Trade & Consumer Affairs	30 324 050	28 669 854	-1 654 196	5.5
Industrial Affairs	23 983 144	21 421 909	-2 561 235	10.7
Department of International Trade	22 853 390	21 080 081	-1 773 309	7.8
TOTAL	**1 010 414 030**	**912 052 753**	**-98 361 277**	**9.8**

54. **Non-Moving Advances**

The non-moving advances which were outstanding on 31 March 2021 are shown below.

Account	No. of Cases	Amount
Loss of cash	1	4 422
Overpayment of salaries	5	14 560
Training Bond	1	88 243
Surcharge - P&P Payroll	1	1553
Total	**8**	**108 778**

55. **Warranted Provision**

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2021 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	250 669 601	237 057 749	-13 611 852	10
Local Governance & Development Planning	10 221 903	9 210 533	-1 011 370	7.3
Finance & Procurement Services	4 913 158 441	4 897 814 076	-15 344 365	5.5
Tribal Administration	611 103 696	595 578 874	-15 524 822	10.7
Local Govt. Technical Services	11 270 380	10 739 805	-1 773 309	7.8
Rural Development	5 170 460	4 675 017	-530 575	-0.4
Social Protection	1 336 642 865	1 330 781 513	-495 443	0.6
Community Development	11 264 264	9 153 560	-5 861 352	-18.7
TOTAL	**7 149 501 610**	**7 095 011 127**	**-98 361 277**	**9.8**

56. **Non-Moving Advances**

The non-moving advances which were outstanding on the 31 March 2021 under the ministry are shown below-

Account	No. of Cases	Amount
Surcharge - Damage to Government vehicle	4	22 266
Surcharge - P&P – Payroll	3	36 921
Advances - P&P Emergencies	3	7 300
Advances – Imprests Recoveries	5	16 115
Advances - Industrial Class	7	7 302
Advances - P&P Grade D4 and below	13	55 567
Loss of cash - Cash shortage	7	57 972
Recovery of Overpayment of salaries	57	532 318
Travelling Imprest	56	58 422
Total	**155**	**794 183**

57. **Development Expenditure - Construction of Bobonong Tsetsebye Road**

A comparison of the bill of quantities and the actual expenditure revealed inconsistencies in the provision of accommodation for project supervisory staff which was quoted for P14 326 100 while actual expenditure amounted to P16 569 649 resulting in a variance of P2 243 549. Initially, 4 permanent structures were supposed to be built to accommodate the project engineer's staff and these were to be handed over to the Ministry at the end of the project. However, these were not constructed, which resulted in alteration of the project scope, approval of which could not be availed.

Furthermore, the audit noted a rented accommodation quotation for a period of 4 months at a cost of P393 500. However, the rented houses were occupied for the entire project duration of 30 months at a cost of P757 870 which resulted in a cost overrun of P364 370.

The project also required a purchase of 7 motor vehicles estimated at P1 890 000 in the Bill of Quantities. These vehicles were to be handed over to the Ministry at the end of the contract. However, there were no procurement documents to support the vehicle register availed for audit. Lack of documentation therefore rendered the physical verification impossible.

The bush clearing aspect of the project was estimated at P3 825 000 in the bills of quantities. However, the contractor submitted a claim of P7 958 000 for bush clearing. Following negotiations with the consultant, the claim was reduced to P5 773 761 which was still in excess of the estimate.

The gravel base was estimated at P4 000 000 in the bills of quantities and the actual claim was P27 736 371 resulting in cost overrun of P23 736 371.

In total, the actual expenditure overshot the project overall estimated contract price of P309 990 180 by P40 650 425. This is an indication that project monitoring and contract Management was inadequate.

58. **<u>Construction of Tribal Administration Offices Under Department Of Local Government Technical Services</u>**

The Economic Stimulus Programme (ESP) guidelines prescribed factors for effective implementation of the projects, which included effective project Management and capacity to ensure quality and timely delivery of projects. However, the key findings pointed to non-achievement of the expected deliverables by the Ministry across regions.

a) <u>Inefficiencies in Project Management</u>

The standard contract agreement ("agreement") required both parties to execute their obligations within the agreed time frame, including the 'Defects Liability Period' of 6 months. This proved to be a challenge for both parties to the 'Agreement' across different districts.

i. The construction projects sampled went way beyond the agreed timeframes. The delays went up to 6 years with some of the contractors eventually abandoning sites. The Sekhutlane project was scheduled for completion on 25 May 2016 but as at the time of audit in October 2021 it was still incomplete. At that stage expenditure stood at P792 691 and the Contractor had abandoned site leaving material left unattended outside the project site. Other cases were experienced at Mmea and Kedia in the Central District, of which their respective contracts had to be terminated due to underperformance. These delays had attracted unnecessary variable costs including insurance, which were borne by the Ministry.

ii. Most newly constructed projects had been handed over to the Ministry, except for Kedia, Gamajaalela and Majwanaadipitse which were still on-going at the time of audit. The Ministry had accepted the projects even though some were incomplete and had construction defects. Therefore the Ministry had taken the responsibility to source additional funds to repair the defects and ultimately meet the objectives of the ESP as well as end user expectations. Accepting of defective and incomplete projects by the Ministry was a contravention of the Contract/Memorandum of Agreement, which gave certain obligations to the Contractor and this created unnecessary wasteful expenses.

b) Inefficient Procurement Processes

The Local Authorities Procurement and Asset Disposal Act (LAPAD Act) provides for fair and equitable procurement practices. It also requires that the procurement process should be efficient, effective and economic to the client.

The Ministry specified a standard design for the Administration, Cell, Ablution and Car Park facilities, to be constructed at different sites included in the ESP scope. Therefore, all the Local Authorities were expected to have adopted the same design and the Ministry had set the Total Estimated Costs (TEC) at P1.2 million (ESP 1) and P1.4 million (ESP3) for TYPE1 and P1.8 million for TYPE2 respectively.

The cost of construction varied slightly across different districts covered in the scope of audit except for Kweneng District Council (KDC) which spent well in excess of the TEC. The KDC had spent P2.5 million for ESP Type 2 package whereas the highest costs incurred by other districts stood at P1.6 million, therefore creating a cost variance of P906 849. In addition, for ESP1 TYPE 1 and ESP3 TYPE 1, the KDC had incurred additional costs amounting to P591 756 and P454 271 respectively as compared with the highest cost across other districts.

I consider the disparities unreasonable considering the favourable geographical location and access to resources of KDC compared to other districts. Moreover, the figures for KDC exclude some of the items in the package like motor vehicles.

The Ministry had awarded tenders for 10 projects which were valued in excess of P15.7 million, but the delegated local authorities could not submit Tender Evaluation Reports and Adjudication Minutes relating to the ESP projects which had been executed under their authority.

I have concluded that the normal procurement process was not followed as prescribed by the LAPAD Act.

The LAPAD Act provides that the Evaluation Committee shall evaluate bids submitted to it by the procuring and disposing entity and shall conduct a preliminary examination of all bidders to ensure that they are compliant with applicable criteria. The LAPAD Act 153 (12)c, provides that 'the Adjudication Committee may reject the recommendations with reasons'

The Adjudication Committee of the North East District Council (NEDC) had rejected contractors that were recommended by the Evaluation Committee, but the justifications for rejection of the recommendations as per the requirements of the LAPAD Act were not disclosed. All these contracts were valued in excess of P1 million.

I consider non-availability of the adjudication reports as a significant non-compliance issue in relation to the procurement procedures, which warrant investigative procedures to be carried regarding the selection process.

The Ministry had adopted Ipelegeng practices when selecting artisans for the construction of customary courts at Khwai, Etsha 1, Samuchima, Zutshwa and Streuizendam. The practice was not only in contravention of the LAPAD Act as recommended by the ESP Guidelines, but it has proved to be costly to the Ministry as the physical state of the affected facilities could not reflect the P6 million already disbursed.

In my view projects of this nature requiring technical expertise should not be left to artisans without the involvement of professionals. This laxity had resulted in deviation from the prescribed criteria and had proved costly to the Ministry because most of the facilities had major construction defects. The Ministry would have to source additional funds to make good the defects despite the P6 million already spent.

c) <u>ESP Package - End User Expectations</u>

The ESP package for Customary Courts included an Ablution Block, Cell Block, Car Port, Administration Block and a government vehicle for all the selected tribal courts.

I have noted that the Ministry had authorised some variations to the project scope for Tobera, Kauxwi and Natale villages. The variations led to the exclusion of Ablution Bock, Cell Block, Car Ports and Vehicles. In response, the implementing local authorities cited financial constraints as the main reason for not meeting the expectations of the end users in line with the ESP objectives. I have considered the reasoning but it has been revealed that the district councils were still holding funds committed to the program in excess of P2 million, which could be utilised for the benefit of all.

Issues relating to wasteful expenditure were noted at Mokoswane, Makwate and Shashe Mooke villages. Cell Blocks costing P200 000 in total were converted to store rooms after the tribal police were absorbed into the Botswana Police Service. These facilities had never been fully utilized for 4 years as they were considered to be surplus to requirements by the tribal administration staff.

Shashe Mooke Administration Block substructure had shown water marks which were visible at a height way above the flooring, which was an indication that the structure had been placed in a plot prone to flooding. Despite the fact that the building had cost P1 million, the Ministry may have to relocate the structure at an additional cost.

d) Financial Performance (ESP1, 2 & 3)

The Financial Instructions and Procedures require that, funds of a capital nature or under the Development Fund should be utilized for the intended purposes and within the limit as approved by Parliament.

The Ministry had disbursed P50.2 million to different district councils, which was equivalent to the total Contract Sums of targeted projects. A total of 45 projects were completed at a cost of P48 million, which is 96% of the disbursed funds, and thereafter handed over to the users. The district councils had therefore managed to retain P2 million, which is mainly comprised of Provisional Sums and Contingency Funds.

I am of the view that the district councils had retained the excess funds for too long considering that some of the projects were completed as far back as 2018, and could have utilised such amounts for purposes aligned to the ESP strategic objectives.

The Financial Instructions and Procedures require proper accounting of all the expenses relating to the purchase of goods and services to ensure that they have been utilised for the intended purposes.

I have noted that the Ministry had disbursed P10.2 million to construct court facilities at Manxotai, Matobo, Lejwana, Khwai, Samochima, Etsha 1, Zutshwa and Streuizendam. However, upon request, the respective local authorities did not submit the required technical files and accounting records. In such cases, the operational cost drivers could not be reliably determined and it had proved to be complex to prepare the Final Accounts of each project as the actual costs for direct labour, direct material and associated cost overheads could not be reliably calculated.

While the Ministry has managed to deliver the facilities to the respective beneficiaries, issues of non-compliance to the applicable criteria such as the LAPAD Act in some instances, inadequate monitoring by the Ministry as well as contractors failure to always execute their obligations has compromised the objectives of the ESP. The Ministry spent in excess of P51 Million in all the projects but had accepted facilities which had construction defects. Variations of scope and instances of wasteful expenditure would require additional funds to achieve the objectives of the programme.

59. **Kang Storm Water Drainage And Internal Roads Project Under Department of Local Government Technical Services**

I have carried out an audit on the construction of Kang Storm Water Drainage & Internal Roads Project to establish whether the objectives of the Economic Stimulus Programme (ESP) were achieved and all the factors for effective implementation of the programme were considered. The prescribed factors include; supporting development of infrastructure projects which would have long term benefits for the economy if done and delivered on time, monitoring and evaluation to track progress towards the achievement of results, Effective project Management and capacity to ensure quality and timely delivery of projects within budget and effective timeous procurement and contract processes. The key findings are as follows;

a) Unclaimed Liquidated Damages (FIDIC 47.1) P6.9 million

According to FIDIC, "If a Contractor fails to comply with the Time for Completion in accordance with Clause 48, for the whole of the Works or, if applicable, any Section within the relevant time prescribed by Clause 43, then the Contractor shall pay to the Employer the relevant sum stated in the Appendix to Tender as liquidated damages for such default and not as a penalty (which sum shall be the only monies due from the Contractor for such default) for every day or part of a day which shall elapse between the relevant Time for Completion and the date stated in a Taking Over Certificate…."

A contract for the Kang Storm Water Drainage Internal Roads Project was awarded for an initial contract period of 24 months. The 'Contractor' later requested an extension of nine (9) months, which was duly acceded to by the Kgalagadi District Council (KGDC). However, the contactor went way beyond the revised 'Time for Completion' by a further eight (8) months. Evidence supporting the additional time sanctioned by the Adjudication Committee was not availed. The latter extension contravened FIDIC Sub Clause 43.1 (Time for Completion of the Conditions of the Particular Application of Contract).

In my view, in the event that the extension of time was not agreed upon, then the Contractor was liable to pay the KGDC penalty on time overrun for the additional eight (8) months, amounting to P6 963 282.32 as calculated using the formulae stipulated in the contract.

b) Engineering Surveyor Deductions - P1.2 Million

The provisions of FIDIC Clause 2.6 stipulate that "Whenever, the Engineer is required to exercise his discretion, he shall exercise such discretion impartially within the terms of the Contract and having regard to all the circumstances. Any such decision, opinion, consent, expression of satisfaction, or approval, determination of value or action may be opened up, reviewed or revised as provided in Clause 67."

The Project Engineer (Consultant) had decided on and effected Engineering Surveyor deductions from the Contractor's payments amounting to P1 209 000. The liability accrued because the Contractor changed his surveying personnel but had not sought or submitted a request for approval with credentials to the Project Engineer for consideration, which constituted non-compliance to Sub Clause 16.1 (Contractor's Employees)-FIDIC and attracted such penalties. However, the Employer decided to reverse the decision and reimbursed the Contractor even though they had acknowledged that the contractor had not followed the procedure.

In my view, the Engineer's decision is final until Clause 67.3 - Arbitration is put to use. None of the parties to the Contract could make the final determination of the matter at hand. Any non-compliance issues raised in the contract which attract penalties should be dealt with accordingly. Therefore, such an instruction to reverse the transaction was found to be contrary to the provisions of the Contract.

c) Unresolved Engineer's Determinations

The following issues were raised by the Engineer as far back as June 2019 but remained unresolved at the time of audit in November 2021.

i. Material Cost Overpayment - P10.6 Million

The Contractor was overpaid by an amount of P10 683 786. The overpayment resulted from direct payments for materials to the suppliers amounting to P9 704 192. An additional P979 594.48 was from Contractor's claims for "Rise and Fall" items which were not included in the schedule. The information on the handingover certificate shows that the Contractor had substantially completed the project on 24 February 2020 but no evidence was availed to substantiate how the matter was resolved.

ii. Haulage of "Cut to Spoil" Material - P1.48 Million

The Employer and the Contractor had a dispute regarding the cost of 'Haulage of Cut to Spoil Material'. The Contractor offered to carry out the haulage of spoil material at a rate of P38.75/m3/km, and the Engineer made a final determination of P31.83/m3/km as a working rate. The Employer rejected the rate and instead recommended a working rate of P14.06/M3/Km resulting in a total of P1.48 million, which was rejected by the Contractor.

In my view the Contractor had carried out additional works which were not sanctioned by the Employer as it did not go through the Adjudication Committee.

iii. Works Executed By Non Approved Sub-Contractors

In terms of FIDIC 4.1, the Contractor shall not subcontract any part of the Works without prior consent of the Project Engineer. The Contractor had engaged two (2) Sub Contractors without prior approval by the Engineer and the Engineer procedurally notified the Contractor of his intention not to recognize the works carried by the aforementioned sub-contractors in line with the provisions of the contract.

Although the subcontractors had completed the structures, it could not be verified how the dispute between the Contractor and the Engineer was resolved.

While the project has been completed and the ESP objectives were achieved, it is important that all the prescribed guidelines and procedures are complied with for efficient implementation and Management of the project. The project was not effectively managed by the Employer as issues of non-compliance and underperformance by the Contractor were noted during the early days of the Contract, but the Employer did not exercise the powers embedded in the Contract at the right time. As a result, some critical issues remained unresolved.

60. **Warranted Provision**

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2021 is indicated below;

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	628 151 451	539 134 897	-89 016 554	14
Dept. of Water Affairs	-	5 853	5 853	-
Mines	25 295 098	24 225 824	-1 069 274	4
Energy Affairs	22 052 942	20 556 622	-1 496 320	7
TOTAL	**675 499 491**	**583 923 196**	**-91 576 295**	**14**

The Ministry expenditure decreased by 16% (P109 473 409) from P693 396 605 in the previous financial year to P583 923 196 in the year under review mainly due of significant decrease in subventions to Parastatals under the portfolio of the Ministry (from P558 565 597 to P450 195 199).

61. **Non-Moving Travelling Imprests**

Account	No. of Cases	Amount
Surcharge - P&P – Payroll	2	-1647
Surcharge – Damage to Government vehicle	1	4 183
Advances – Imprests Recoveries	1	-3 444
Advances - P&P Grade D4 and below	1	-1 667
Recovery of Overpayment of salaries	6	52 956
Travelling Imprest	31	275 529
Total	**42**	**325 910**

62. **Warranted Provision**

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2021 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	703 119 784	696 192 006	-6 927 778	0.99
Policy, Pln, Monit	1 764 571	1 779 468	14 896	0.84
Health Sector Rel.	2 345 771	2 395 348	49 577	2.11
Clinical Services	840 955 274	840 407 785	- 547 489	0.07
Public Health	20 742 005	20 663 526	- 78 479	0.38
Aids Pre. & Care	4 867 599	4 471 240	-396 358	8.14
Health Inspectorate	9 295 510	6 743 004	-2 552 506	27.46
Health Policy Research & Development	242 158 400	237 784 697	-4 373 703	1.80
Health Services Management	6 874 689 147	6 833 245 723	-41 443 423	0.60
HSME & QA	11 773 130	9 449 327	-2 323 803	19.7
TOTAL	**8 711 711 190**	**8 653 132 125**	**58 579 065**	**0.3**

63. **Non-Moving Balances**

The non-moving balances which were outstanding on 31 March 2021 under Health and Wellness are shown below.

Account	No. of Cases	Amount
Surcharge – Damage to Government vehicle	15	168 580
P & P Emergency Advances	6	15 000
Imprest Recoveries	112	510 456
Advance – Industrial Class	38	54 526
Advance P & P Grade 4 and below	42	181 859
Loss of Cash	1	19 250
Overpayment of Salaries	472	6 161 549
Training Bond Liability	33	3 599 899
Surcharge P&P Payroll	5	86 146
Total	**724**	**10 797 265**

64. **<u>Letsholathebe Memorial Hospital</u>**

Audit of the accounts of Letsholathebe gave rise to the following observations;

1. <u>Idle Assets</u>

a) ACT Scan Machine received by Letsholathebe Memorial Hospital from Nyangabgwe Referal Hopsital was never installed for use and had remained idle for a long time. Efforts to establish the cost of machine and date of delivery were not successful due to unavailability of documentation as the machine was said to have been received some years back.

b) It was noted that the Hospital had received an Audio Booth on 10 January 2020 through Gen 12 Number 03777042. The booth had not been installed as it was not requested for. According to the hospital Management, the audiology unit did not need the audio booth. Efforts to establish the price from the Ministry was not successful as they could not produce the source documents like invoices and GPO.

c) At the time of audit in July 2021, 2 Lab-Freeze Medical Refrigerators that were received on 14 July 2020 through Gen 12 03244596 and 03244597 had remained in the warehouse without being issued to users. Reasons for not issuing the equipment on time were not advanced to auditors.

2. <u>Micro Procurement – Minor Works, Buildings and Maintenance</u>

A contractor was engaged to attend to water supply faults at Kareng and Makakung Clinics on the 24/09/20 at a quoted price of P28 112. The resultant GPO no. 01/1114/20-21/017317 was issued at an amount of P49 692 but covering only one clinic. There was no explanation as to why the GPO did not match the original quotation.

65. **<u>Gantsi Hospital</u>**

a) <u>Contract for outsourced fuel supply</u>

The hospital engaged a private company for the supply of fuel as a backup plan. However, there was no formal contract signed between the two parties. The reconciliation of the account was also not effective as the audit noted an amount of P1 075 975 which was still unaccounted for.

b) <u>Procurement of Food</u>

The hospital did not have any food contract with suppliers for the financial year 2020/21. It was stated that the food tender failed because most suppliers' tender documents were missing required attachments. The Procurement unit failed to provide evaluation reports and submissions from supplier to verify that there were missing required documents. According to the Procurement unit, purchases were made from different suppliers that were directly chosen based on reliability. Failure to put companies through competitive processes could open doors for abuse of the procurement process.

c) <u>Motor Vehicle Accidents</u>

An examination of records relating to ambulance accidents revealed that one driver, who was appointed on 31 March 2020 as an Ambulance driver had accumulated a total of 3 accidents in a period of 11 months. It was reported that the driver had eye sight issues and was not subjected to any eye tests upon resumption of her duties as should have been procedure. The accidents had cost the Ministry a total of P155 928 for repairs of the three vehicles damaged. One of the three ambulances was now grounded and not repaired.

d) <u>Surcharges</u>

The hospital did not effect deductions from officers who had been surcharged but instead filed the surcharge letters away. The surcharges which were not effected amounted to P97 949.

e) <u>Outsourced Services</u>

A security company had been awarded a contract to provide security services for the duration of 2 years from 1 April 2015 to 31 March 2017. The DHMT delayed to sign the contract agreement to allow the services to commence until the proposed contract duration lapsed.

In October 2017, the company served the Attorney General with intention to sue. The issue was resolved through an out-of-court settlement.

f) <u>Hospital Facilities</u>

During inspection of hospital facilities, instances were noted where some equipment were either not put to use or dysfunctional.

A Medical Refrigerator that was purchased at a cost of P52, 224 had not functioned since delivery. At the time of audit, the necessary steps to address the issue had not been taken by either returning the fridge or fix. Efforts to get the delivery notes or Gen 12s of the refrigerator in order to establish delivery date proved futile.

An X-Ray machine was also reported to have never been used since installation due the dental clinic's failure to get a license for use. The reason for not obtaining a license was because the clinic walls were not leaded for protection from radiation rays.

It was also noted that equipment in the dental clinic did not have government serial numbers.

The Supplies procedure stipulates that the Accounting Officer is primarily responsible for the control and proper usage of supplies, equipment and other government property on charge to his/her Ministry.

In the absence of efficient measures of organisation and supervision within the Ministry, Government assets may not have any economic benefit or no value adding to the Ministry.

66. **Construction of Shakawe Primary Hospital**

The construction of the 70 bed Shakawe Primary Hospital in 2017 was meant to greatly improve access to health services for the community of Shakawe. The estimated cost of the project was P480 999 172 though the contract was awarded at a lesser price of P309 898 812.

Auditors were unable to verify the conformity of the project to its deliverables as some of the critical records like; final account statement, evaluation reports for mechanical services, electrical services and consultancy services were not availed for audit.

Furthermore, withholding tax liability could not be established as the supporting documents were not availed for audit.

67. **Warranted Provision**

The utilisation of funds warranted to the Department for the financial year ended 31 March 2021 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Admin of Justice	300 861 270	299 754 073	-1 107 197	0.4

68. **Non-Moving Travelling Imprests**

The non-moving advances and imprest which were outstanding on the 31 March 2021 under this Department are as shown below-.

Account	No. of Cases	Amount
Surcharge – Damage to Government vehicle	1	7 370
Advance - Imprest Recoveries	8	37 320
Advance – Industrial Class	1	2 030
Advance – P & P Grade D4 & Below	1	1 435
Loss of Cash – Cash shortages	4	162 886
Overpayment of Salaries	18	106 780
Travelling Imprest	13	65 068
Total	**46**	**382 889**

69. **Development Expenditure - Maintenance of Court Facilities**

Administration of Justice engaged the Botswana Housing Corporation (BHC) through a memorandum of agreement for the provision of maintenance of court facilities during NDP 11. The project work included air conditioning system, roof leakages, security and circuit surveillance system, fire alarm and detection, electrical system, ablution facilities, landscaping and carport maintenance. The budgeted cost allocated in the National Development Plan was P108 067 624. The department could not avail information regarding projects undertaken during the period under review.

70. **Warranted Provision**

The utilisation of the funds warranted to the Chambers for the financial year ended 31 March 2021 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Attorney General	244 754 310	239 130 433	-5 623 877	2

71. **Non-Moving Advances**

The non-moving advances and imprest outstanding on the 31 March 2021 under this Department are as shown below-.

Account	No. of Cases	Amount
Surcharge – Damage to Government vehicle	1	39 130
Surcharge – P & P Payroll	4	25 072
Advance – P & P Grade D4 & Below	1	-584
Recovery of Overpayment of Salaries	3	24 010
Training Bond Liability	2	57 253
Total	**11**	**144 881**

72. **Warranted Provision**

The utilisation of funds warranted to the Office for the financial year ended 31 March 2021 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Auditor General	85 265 135	79 164 258	-6 100 877	8

73. **Non-Moving Advances**

The non-moving advances & Imprest outstanding on 31 March 2021 under this Department are shown below: -

Account	No. of Cases	Amount
Surcharge – P&P payroll	1	1
Advance - Imprest Recoveries	3	71 912
Advance – Industrial Class	1	1 500
Advance – P & P Grade D4 & Below	1	910
Recovery of Overpayment Salaries	2	4 708
Training Bond Liability	1	22 310
Travelling Imprest	3	17 224
Total	**12**	**118 565**

74. **Warranted Provision**

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2021 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	119 469 679	114 589 543	-4 880 136	4
Washington	29 723 209	26 187 523	-3 535 686	-3
New York	44 959 794	44 963 863	4 069	0.01
London	29 247 550	22 471 569	-6 775 981	30
Lusaka	6 651 603	6 203 932	- 447 671	7
Brussels	27 039 527	25 966 037	- 1 073 490	4
Stockholm	17 016 765	13 727 259	-3 289 506	24
Harare	13 297 833	13 158 992	-138 841	1
Windhoek	9 546 061	8 533 524	-1 012 537	12
Beijing	29 953 366	27 530 033	- 2 423 333	9
Geneva	41 815 264	41 456 585	- 358 679	1
Pretoria	14 175 744	9 472 972	-4 702 772	50
Johannesburg	12 123 584	10 715 815	-1 407 769	13
Tokyo	30 017 942	27 927 742	-2 090 200	7
Addis Ababa	16 084 660	15 944 915	- 139 745	2
Nairobi	18 026 766	17 626 908	- 399 858	4
Canberra	24 860 340	24 669 389	- 190 951	1
New Delhi	17 539 217	17 342 496	- 196 721	1
Abuja	17 338 841	12 929 078	-4 409 763	34
Brasilia	19 493 073	17 136 870	-2 356 203	14
Kuwait	12 731 066	10 245 804	-2 485 262	24
Maputo	19 455 194	18 299 960	-1 155 234	3
Berlin	22 543 980	21 818 491	- 725 489	4
Paris	19 478 192	17 582 299	-1 885 893	11
TOTAL	**612 589 250**	**566 501 600**	**-46 087 650**	**8**

75. **<u>Non-Moving Advances</u>**

The non -moving advances and imprest which were outstanding on the 31 March 2021 under this Ministry are as shown below-.

Account	No. of Cases	Amount
Surcharge – Damage to Government vehicle	1	3 077
Advance on Gratuity Members of Parliament	1	-8 334
Loss of Cash – Cash shortages	1	599 534
Overpayment of Salaries	1	98 979
Travelling Imprest	33	159 033
Total	**37**	**852 288**

76. **Warranted Provision**

The utilisation of funds warranted to the Commission for the financial year ended 31 March 2021 is as shown below.

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
IEC	68 914 800	60 366 995	-8 547 805	14

77. **Non-Moving Advances**

The non-moving advances which were outstanding on the 31 March 2021 under the Commission are as shown below-

Account	No. of Cases	Amount
Surcharge – P & P Payroll	1	5 379
Advances – P & P Grade D4 & Below	2	8 000
Total	**3**	**13 379**

78. **Warranted Provision**

The utilisation of funds warranted to the Office for the financial year ended 31 March 2021 is indicated below

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Ombudsman	35 779 350	30 379 792	- 5 399 558	- 0.15

The expenditures of P30 379 792 of the Ministry represents 85% utilisation of funds warranted to the Ministry for the year under review, compared to 94% in the previous year.

79. **Non-Moving Advances**

There were no outstanding non - moving advances and imprest on 31 March 2021 under this Office.

80. **Warranted Provision**

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2021 is indicated below;

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	702 272 087	650 991 914	- 51 280 174	12
Surveys and Mapping	43 449 452	41 915 693	- 1 533760	23
Town & Country Planning	28 000 410	27 057 343	-943 06824	
Lands	53 448 374	48 723 283	-4 725 091	
Deeds Registry	15 351 581	13 608 750	-1 742 831	33
Project Management Office	19 293 247	17 866 507	-1 426 740	28
Water & Sanitation	117 252 527	116 466 397	-786 130	16
Land Tribunal	31 637 827	27 627 619	-4 010 208	41
TOTAL	**1 010 705 505**	**944 257 506**	**-66 447 999**	

81. **Non-Moving Advances**

The non -moving advances and imprest which were outstanding on the 31 March 2021 under this Ministry are as shown below-

Account	No. of Cases	Amount
Surcharge – Damage to Government vehicle	1	1 158
Surcharge – P&P Payroll	5	8 037
Advance – Industrial Class	2	2 991
Advance – P & P Grade D4 & Below	1	-1 250
Loss of Cash – Cash shortages	4	358 681
Overpayment of Salaries	26	353 427
Travelling Imprest	23	75 787
Total	**62**	**798 831**

82. **Warranted Provision**

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2021 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	261 017 211	257 379 252	-3 637 958	
Wildlife & National Parks	308 315 082	308 076 642	-238 439	-
Tourism	21 429 767	21 381 402	-48 365	-
Meteorological Services	66 700 137	66 596 980	-103 157	-
Sanitation and Pollution Control	25 377 690	25 159 290	-218 401	-
Forestry and Range Resources	90 794 316	90 317 850	-476 466	-
Environmental Affairs	24 825 585	24 793 842	-31 743	-
National Museum, Monuments and Art Gallery	34 697 882	34 651 183	-46 698	-
TOTAL	**833 157 670**	**828 356 442**	**-4 801 228**	

83. **Non-Moving Advances**

The non-moving advances and imprest which were outstanding on 31 March 2021 under this Ministry are as shown below:

Account	No. of Cases	Amount
Surcharge – Damage to Government vehicle	2	9 086
Surcharge – P&P Payroll	3	7 719
Advances – Imprest recoveries	4	9 786
Advance – Industrial Class	1	250
Advance – P & P Grade D4 & Below	12	77 050
Loss of Cash – Cash shortages	1	41 735
Overpayment of Salaries	31	166 622
Training Bond Liability	2	60 961
Travelling Imprest	37	76 803
Total	**93**	**450 012**

84. **Trans Kgalagadi Frontier Park**

i. Unrecorded Receipts – Tsabong

An examination of receipt book Form Rev. 1m serial no. 04664601 – 04664800 revealed that receipt numbers 04664678, 04664679 and 04664680 were not utilised and remained intact in the booklet while receipt numbers 04664681 onwards were fully utilised. The reason for skipping and not cancelling the receipts was not given especially that the entire booklet had been fully utilised leaving the above stated blank receipts only. There was evidence that the receipt books were not reviewed by a senior official. It was further noted that receipts of serial number 00062686A to 00062700 on Form Rev. 87 remained unutilised when Form Rev. 87 was phased out, but the booklet was not taken to the Treasury Cashier for proper disposal.

ii. Mabuasehube Gate

The security of cash collected was inadequate and needed immediate attention.

iii. State Of The Art Campsite Management At Mabuasehube

An audit of the campsite revealed the following;

- A tour operator had been doing business in the park under circumstances that were not clear to the Management of the park.
- The company operated without a Lease and a Tourism Enterprise License, and it did not appear in the Department of Tourism data base.
- Furthermore, the company shared government facilities such as office space, telephones and water without making any payment.
- The company started its operations in the park on 15th July 2011 but had never paid royalties and other levies as is the case with similar companies in the industry.
- The company had not submitted a staff list to allow its employees exemption from paying every time they enter the park like ordinary customers.
- The company had not submitted the Annual Vehicle Permit to allow company vehicles to be exempted from paying every time they entered the park. It was explained that the company employees and vehicles were not charged entrance fees into the park with the hope that the company would submit all the necessary documentation.

iv. Follow up to pay and comply

The Management of the park indicated that they made attempts to pursue the matter dating as far back as 2017, by demanding payments for bills amounting to P 2,068 as at January 2019 and camp fees amounting to P142,610 as at March 2019.

At the time of audit in October 2021, the outstanding amounts were not yet paid including both accumulated bills and fees up to October 2021, but the private company was still enjoying free use of Government resources without authority.

It was evident that the company was operating illegally in the park and owed government money for services that had not been exempted from the time of commencement of operations to date.

v. Financial Report

The bilateral agreement requires for audited financial reports. The annual financial statements of the past three years covering 2017/2018, 2018/2019 and 2019/2020 had not been submitted to Auditor General for audit.

The last submission was on 21st August 2017 via ref WP/NAT 14/2/5 XVI (36) for the financial year 2016/2017. The current audit was conducted on the basis of financial statements that had not been validated by the Accounting Officer.

85. **Warranted Provision**

The utilisation of funds warranted to Industrial Court for the financial year ended 31 March 2021 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Industrial Court	43 251 396	40 028 195	3 223 201	7

There was an increase in the warranted provision from the previous financial year, which resulted in underspending.

86. **Non-Moving Advances**

The non - moving advances and imprest, which were outstanding on 31 March 2021 under the Industrial Court are as shown below-.

Account	No. of Cases	Amount
Overpayment of Salaries	1	1 963
Travelling Imprest	3	-4 490
Total	**4**	**-2 527**

87. **Warranted Provision**

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	660 995 432	477 572 720	-183 422 712	28
National Archives & Record Services	28 357 368	23 292 257	-5 065 111	18
Youth National Internship	184 997 580	170 837 129	-14 160 451	8
TOTAL	**874 350 380**	**671 702 106**	**-202 648 274**	**23**

88. **Non-Moving Advances**

The non-moving advances which were outstanding on 31 March 2021 under this Ministry are shown below:

Account	No. of Cases	Amount
Advances – Imprest Recoveries	1	58 174
Recovery of Overpayment of Salaries	3	10 984
P & P Payroll	1	2 400
Travelling Imprest	13	10 680
Total	**18**	**82 238**

89. **Integrated Agricultural Projects**

A review of the projects gave rise to the following observations:

1. Radihemelo Grey Water Project

The Radihemelo Sewage Water Recycling project was initiated as an Economic Stimulus Programme by the Ministry of Agricultural Development and Food Security in 2016 at a budget of P16 643 258. The project included the construction of internal roads, water treatment plant, ablution blocks, reticulation of water, installation of electricity and water storages tanks for 26 plots measuring between 1 to 2 hectares to be used for youth companies through Ministry of Youth Empowerment, Sport and Culture Development.

The audit of the project revealed the following;

a) The project involved four (4) parties, being the Ministry of Youth Empowerment Sport and Culture Development, Ministry of Agricultural Development and Food Security, Local Enterprise Agency and the Ministry of Land Management, Water and Sanitation Services, who had a Memorandum of Understanding which was not signed, therefore unenforceable. The Memorandum of Understanding is very critical as it spells out specific mandate by each agency or ministry and further promotes cooperation among the parties.

b) Construction of 24 tunnels

The tender for the construction of 24 tunnels with irrigation systems was awarded at a price of P2 892 439 through tender authority CDS/DATC/DCP11/2018-2019 dated 06 March 2019. The project was to run for three (3) months starting from 6 March 2019 to 6 June 2019 as per the contract. The project was completed, tested and commissioned on the 9 September 2019. At the time audit in November 2021 only 3 tunnels out of 24 were in use while the remaining 21 were dysfunctional due to poor workmanship by the contractor.

The failure of this project has negatively impacted on the envisaged long term benefits to the youth.

2. Moiyabana Integrated Farming Project

This project was established in 2011 by the youth community around Moiyabana area but collapsed due to various reasons. In 2020/21, P2.5 million was allocated to resuscitate the project. The project activities included repairing of fence, water bowsing, tanks, chairs, and construction of guard house. However, materials purchased for the above activities were stored on site without security.

90. **Warranted Provision**

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2021 is indicated below-

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	58 173 337	56 998 022	-1 175 316	2
DBES	-	28 984	-28 984	100
Department of Housing	136 486 672	136 066 596	-420 077	0.31
DPIP	15 210 986	15 093 412	-117 574	1
DFM	239 320 420	237 699 892	1 -620 529	1
DID	20 328 381	20 248 127	-80 254	0.39
DPRDME	438 783	438 312	- 471	0.11
TOTAL	**469 958 580**	**466 515 376**	**-3 443 204**	

91. **Non-Moving Advances**

The non-moving advances which were outstanding on 31 March 2021 under this Ministry are shown below-

Account	No. of Cases	Amount
Surcharge – Damage to Government vehicle	1	9 910
Surcharge – P&P Payroll	1	454
Advance – Industrial Class	6	2 593
Advance – P & P Grade D4 & Below	3	4 025
Loss of Cash – Cash shortages	1	600
Recovery of overpayment of salaries	20	180 574
Training Bond Liability	1	49 367
Total	**33**	**247 522**

92. **Warranted Provision**

The utilisation of funds warranted to Ministry for the financial year ended 31 March 2021 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	468 759 438	465 363 912	-3 395 526	1
Road Transport & Safety	175 164 502	171 698 552	-3 465 950	2
Central Transport Org	446 784 020	440 193 364	-6 590 656	1
Telecommunications And Postal Services	9 092 387	8 181 286	-911 101	10
Roads	258 304 907	256 063 955	-2 240 952	1
Information Technology	443 736 636	439 094 637	-4 641 999	1
TOTAL	**1 801 841 890**	**1 780 595 707**	**-21 246 183**	**1**

93. **Non-Moving Advances**

The non-moving advances which were outstanding as at 31 March 2021 are shown below:

Account	No. of Cases	Amount
Surcharge – Damage to Government vehicle	5	93 228
Surcharge – P&P Payroll	5	202 537
Advance- P&P Emergency	2	200
Advance- Imprest Recoveries	2	8 634
Advance- Industrial class	6	8 010
Advances D4 and below	4	5 283
Loss of cash- cash shortage	2	216 236
Recovery of overpayment of salaries	56	688 088
Training bond liability	2	188 082
Travelling Imprest	39	79 935
Total	**123**	**1 194 268**

94. **Central Transport Organisation**

a) Repairs and Maintenance of Government Vehicles

Repairs and maintenance of Government vehicles was sub-contracted to private garages. Instances were noted where Government vehicles were held by subcontracted garages for periods exceeding two years. There were no records maintained by CTO to track these vehicles.

There were no detailed guidelines on the outsourcing of vehicles to private garages except for the Presidential Directive CAB 9 (B) 2013, which was, not elaborate enough to guide.

b) Boarded vehicles auction

The auction report revealed that some names of buyers of boarded vehicles that appeared in the vendue roll for an auction of P1 000 000 during the financial year 2020/21 were not captured in the General Ledger resulting in an understatement of revenue.

95. **Botswana Integrated Transport Project**

a) Matters Reported In Previous Years

Management letters for financial years 2017/2018 and 2018/2019 had not been responded to at the time of audit in October 2021.

I had reported in the Management letter that as at June 2018;

- there were delays in project implementation;
- there were no work plans in place for each project component;
- the expenditure levels were at 33.4% for Botswana Government whilst World Bank component stood at 38.8%.

In 2019, I highlighted a misallocation of expenses totaling P3 293 212 on the Mankgodi - Jwaneng road paid from Rakhuna-Mabule road. In a follow up audit of October 2021 there was no evidence that adjustments were raised to correct the misallocation.

b) Expenditure Patterns

Financial statements for the year 2020/2021 revealed that the overall project implementation and progress was relatively slower than projected, resulting in low expenditure. The World Bank disbursements stood at US 110 108 223 (59.2%) out of a total of US 186m. According to the loan agreement, the World Bank contract

was expiring in January 2020 but it was revised and extended to December 2021.
The loan agreement amendment was sought to optimize the utilisation of the World Bank funds before the closing date. The concern was that when the agreed period lapses and the World Bank ceases financing the project, a significant portion of funding would be forfeited.

c) Training

An amount of P22 000 000 was reserved for training, the objective of which was capacity building, knowledge transfer and institutional strengthening which was planned to be carried out during project implementation. As at 31 March 2021 the total amount spent was P13 346 069 (60%). At the time of audit in October 2021, there were no strategies in place aimed at accelerating training to utilize the funds before the World Bank funding ceases.

96. **Upgrading of Tshesebe-Masunga Road (Project)**

a) Unavailability of records

The upgrading of Tshesebe – Masunga road was covered under the Economic Stimulus Program (ESP). The tender was awarded for a contract sum of P400 044 366 on February 2017. Essential project records such as the project memorandum, tender evaluation reports, contract agreements, payment certificates and supporting documents and the final account report were not availed for audit making it difficult to establish whether the project funds were used for the intended purpose.

b) Advance Payment

The sum of P60 006 655 was paid to the contractor as an advance payment which represented 15% of the contract price. From the information gathered, the contract agreement had specified that the advance should be paid at 10% which equates to P40 004 437.

c) Project vehicles overpayment

The contractor secured a loan with a commercial bank to purchase vehicles contrary to the terms of the advance agreement. At termination of the contract, the loan was not fully paid even though the contractor was further advanced P7 055 898 by the Department to clear the loan.

Ownership of vehicles was to be passed to the Department of Roads on completion of the project. At the time of audit, the bank had repossessed the vehicles and the loaned amount of P7 055 898 had not been recovered from the contractor.

A perusal of the internal audit report revealed that the supplier quotations for the vehicles were valued at P4 959 286 which was P2 096 612 less than the Bills of Quantities of P7 055 898.

d) Undue payment to Consultant

The contract for consultancy services for Tshesebe-Masunga Road was awarded at a contract sum of P18 751 082. When the main contractor was terminated in September 2018, the consultant continued to occupy the construction site with no work until a new contract to complete the project was awarded in June 2021. The Permanent Secretary in the Ministry of Finance had approved a retroactive payment of P13 680 571 for the consultant's idle time and an actual payment of P9 789 180 was processed in July 2021. Audit noted that the Permanent Secretary invoked Section 43(4) of the Public Finance Management (PFM) Act and recommended that the accounting officer responsible for the Ministry of Transport and Public Works be surcharged by the Permanent Secretary to the President. It could not be established whether the surcharge was effected.

97. **Warranted Provision**

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2021 is indicated below.

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	177 790 284	154 074 984	-23 715 300	13
BDF	4 583 403 340	4 545 417 692	-37 985 648	0.8
Police	2 757 388 830	2 747 307 320	-10 081 510	0.3
Prisons	621 216 306	616 398 771	-4 817 535	0.8
TOTAL	**8 139 798 760**	**8 063 198 768**	**-76 599 992**	**0.94**

98. **Non-Moving Advances**

The non-moving advances which were outstanding as at 31 March 2021 are shown below:

Account	No. of Cases	Amount
Surcharge – Damage to Government vehicle	11	69 120
Permanent and Pensionable-Emergency Advances	1	3 107
Advances-Imprest Recoveries	4	18 017
Advances-Industrial Class	1	1 000
Advances- Permanent & Pensionable Grade D4 & Below	13	-19 556
Loss of Cash-Cash Shortages	2	59 867
Recovery of overpayment of salaries	31	643 513
Training Bond Liability	4	188 607
BDF Fines Recovery	46	443 518
Travelling Imprest	33	342 376
Total	**146**	**1 768 569**

99. **Warranted Provision**

The utilisation of funds warranted to Ministry for the financial year ended 31 March 2021 is as indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	153 227 719	129 072 322	-24 155 397	15.8
Labour & Social Security	55 874 342	55 161 141	-713 201	1.3
Department of Housing	136 486 672	136 066 596	-420 077	0.31
Occupational Health &Safety	13 523 119	12 068 721	-1 454 398	10.8
Skills Development	503 616 968	449 296 606	-54 320 362	10.8
TOTAL	**726 242 148**	**645 598 790**	**-80 643 358**	**11.1**

100. **Non-moving advances**

Account	No. of Cases	Amount
Imprest recoveries	2	8 360
Loss of cash	4	291 047
Overpayment of Salaries	24	190 316
Emergency Advances D4& below	1	-588
Total	**31**	**488 135**

101. **Department of Labour and Security**

Procurement of Goods and Services

The procurement process at Department of Labour and Security is centralised whereby goods and services are ordered through Headquarters and suppliers deliver the goods directly to districts and regional offices.

Upon receiving goods and invoices, districts and regions courier invoices to Headquarters which subsequently issues Goods Received Notes and process payments without confirming the specifications, quality, quantity and condition of goods received as per Supplies Regulations and Procedures.

102. **Warranted Provision**

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2021 is as indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	1 869 698 799	1 862 367 247	-7 331 552	-
Tertiary Education & Financing	2 322 379 573	2 321 902 220	-477 353	-
Teacher Training	356 472 356	350 118 161	-6 354 195	2
Research Science & Technology	9 126 328	8 976 032	-150 296	2
Radiation Protection	14 576 216	14 441 721	-134 495	1
Inspectorate Institute of Health Sciences	174 414 747	166 563 690	-7 851 057	5
TOTAL	**4 746 668 019**	**4 724 369 072**	**-22 298 947**	**-**

103. **Non-Moving Advances**

The non-moving advances which were outstanding as at 31 March 2021 are shown below:

Account	No. of Cases	Amount
Advances- Imprest recoveries	1	6 500
Bonded student recoveries- old scheme	491	1 626 364
Grant loan scheme	1 648	25 186 841
Student advance loan scheme	3 331	-1 060 954
Recovery of overpayment of salaries	5	123 654
Training Bond Liability	1	511 762
Travelling Imprest	7	-3 694
Total	**5484**	**26 394 141**

IX LOCAL GOVERNMENT AUTHORITIES

104. In terms of Section 68 (3) of the Local Government Act, (Cap 40:01) and Tribal Land Act, (Cap 32:02) and Section 32 (3) of the Tribal Land Regulations, 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.

My audit findings across all Local Authorities revealed very low collection of Income from Own Sources as laid down in the Charts of Accounts. Rates and SHHA debtors continue to increase annually as demonstrated in tables below:

<u>Debtors for Rates</u>

Authority	2018/2019	2019/2020	2020/2021
Francistown	113 689 792	12 344 512	119 483 535
Gaborone	338 949 767	392 466 278	460 224 528
Jwaneng	9 830 660	10 762 288	14 420 755
Lobatse	18 118 172	17 518 490	18 713 748
Selebi Phikwe	14 456 189	14 883 058	14 754 688
Sowa	143 143	165 144	190 768
Total	**495 187 724**	**548 139 770**	**627 788 022**

Debtors for SHHA/BML

District Councils	2018/2019	2019/2020	2020/2021
Central	158 893 231	168 605 295	182 600 954
Chobe	10 429 164	11 781 338	16 530 198
Ghanzi	11 254 631	11 254 631	11 254 631
Kgalagadi	992 780	425 143	513 524
Kgatleng	31 211 283	34 809 438	36 780 396
Kweneng	123 414 435	138 104 783	117 164 454
North East	39 847 858	41 309 174	42 778 790
North West	417 053	-	13 577 898
South East	21 425 596	21 369 988	21 324 591
Southern	14 904 470	6 409 833	10 500 114
Total	**412 790 501**	**434 069 623**	**453 025 550**
Urban Councils			
Francistown	23 543 245	22 683 152	21 999 277
Gaborone City	32 506 375	56 358 216	56 417 513
Jwaneng Town	815 664	1 089 235	1 243 596
Lobatse Town	8 087 782	8 624 079	8 192 973
Selebi Phikwe	18 570 155	18 892 545	18 820 695
Sowa Town	-	-	-
Total	**83 523 221**	**107 647 227**	**106 674 054**
Grand Total	**496 313 722**	**541 716 851**	**559 699 604**

Land Boards were equally collecting low on lease rentals, which is their main revenue stream. This made the Land Boards dependency on Government grants to increase every financial year.

The other major challenge was poor recording of assets (fixed assets, land and buildings). It is a requirement that all local authorities maintain an asset register for all its properties but this has proved to be a difficult exercise since most local authorities could not produce one. The main challenge was records from way back, which had buildings that were built long ago but with no records available to support their values.

X SPECIALISED AUDIT

105. The Specialized Audit Division was established in late 2018 and became operational in 2019. The need for the establishment of this Division was necessitated by a number of factors including the highly publicized financial scandals reported, increase in occupational fraud, corruption and other financially motivated crimes that have a bearing on the performance and Government ability to deliver on its mandate. It was established to specifically initiate and undertake investigative and forensic audits where there is suspicion of fraud or mismanagement in any public institution.

Specialised Audit was engaged to conduct an audit investigation on payments made to a local aviation company. The Government of Botswana, through the Ministry of Education and Skills Development, under the Department of Tertiary Education Financing (DTEF), sponsored students to pursue aviation training at this company.

The overarching aim of the audit was to establish the DTEF's position with regard to an alleged P18 million debt. The request was made in terms of Section 14 (1) (b) of the Public Audit Act, 2012. After careful assessment and analysis of the financial transactions between the company and DTEF, I concluded that the company should refund DTEF P44, 034, 733.50.

In response to the audit recommendations, Management of DTEF has undertaken to engage the Attorney General to recover the funds from the company.

XI POLICY, RESEARCH AND DEVELOPMENT (PR&D)

106. The Division is responsible for the OAG policy interpretation and direction; policy formulation and review; and monitoring the implementation of audit policy. It provides advice, support and direction in the delivery of independent policy research and quality assurance services to ensure adherence to the quality control system comprising national laws, systems, policies, procedures, standards and best practices.

The Policy, Research and Development Division conducts quality assurance reviews of audit assignments of different audit types undertaken by the Office. The review exercises are done to ensure that the Office conducts audits in accordance with International Organization of Supreme Audit Institutions (INTOSAIs) Principles, which are the Standards adopted by the Office, and makes recommendations with the view to improve the quality of the audit service. In addition to the in-house quality assurance review, the Office is periodically peer reviewed by the African Organization of Supreme Audit Institutions – English Speaking (AFROSAI-E). The review is a quality assurance exercise widely regarded as an important component of good governance and it examines the most critical performance areas at both strategic and operational levels.

The objectives of this Division are consistent with the International Organization of Supreme Audit Institutions (INTOSAIs) Principles, which require Supreme Audit Institutions (SAIs) to adopt policies and procedures to;

a) Review the efficiency and effectiveness of the SAI's internal standards and procedures
b) Have proper planning and supervision to achieve its goal
c) Recruit personnel with the appropriate qualifications
d) Have written guidance and instructions on the conduct of audit work
e) Be responsive to changing environments and emerging risk

With regard to responding to changes in the audit environment, the Division undertakes researches into different audit types with an objective of keeping the Office abreast of latest developments in those areas.

XII PERFORMANCE AUDIT

107. 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 intentions. It also promotes accountability and transparency.

During the year under review, two performance audit reports were completed and submitted to the Minister of Finance and Economic Development. Sixteen audits were at various stages of the audit process.

The completed reports are;

- Provision of Potable Water by Water Utilities Corporation
- The Regulation of Public Road Transport Services by the Department of Roads Transport and Safety

The two completed reports are summarised below. These summaries are given here as briefing notes on key findings and for information only. The detailed reports have been tabled separately before the National Assembly and to be examined by the relevant Public Accounts Committees during their regular sittings.

<u>Provision of Potable Water by Water Utilities Corporation (WUC)</u>

The objective of the audit was to assess whether the WUC had put measures in place to ensure that provision of potable water services was carried out in an economic, efficient and effective manner in the country. The audit focused on the operations of WUC with regard to provision of potable water in the country from financial years 2014/15 to 2018/19.

The key audit findings were as follows;

i) <u>Water Supply to the Customers</u>

The WUC had not been able to supply adequate drinking water to the population in the country. Moreover, the WUC had not been able to match water demand with supply from available water sources.

The imbalances in the national water supply and demand was due to insufficient water production from the available water sources resulting from a decline in borehole yields. The inadequate water supply had also been aggravated by high water losses due to frequent pipe bursts. The existence of imbalances in water distribution system had resulted in shortage of water in some areas.

In response, the WUC Management indicated that development of a National Water Conservation and Water Demand Management (NWC&DM) project was ongoing and was planned to be complete in May 2021 after which implementation by various stakeholders would start.

ii) Access to Potable Water

The WUC had not been able to ensure that all people had access to potable water in the country as some villages in the country had limited or no access to potable water. Some households in some villages had limited or no access to potable water due to delays in connecting customers to the water grid and water pressure imbalance in the water distribution network, especially in villages with varying topography.

In response, the Management indicated that they had developed a new WUC structure that has stream-lined responsibilities. Under the new structure that came into effect in November 2020 with new connections and network maintenance under separate sections, it is expected that the 20 days target for the new connections will be met.

With regard to imbalance in water pressure, Management indicated that, Water Supply and Demand Management is implemented along the North South Carrier Corridor including Greater Gaborone area and rollout to other areas was ongoing. In addition, WUC Management indicated that a Non-Revenue Water Reduction Strategy has been developed.

iii) Monitoring of the Water Resources

The drinking water supplied to the communities did not meet the required specifications for drinking water as it contained micro-organisms that exceeded allowable limits for drinking water for both chemistry and microbiology indicators.

The audit further revealed that there was inadequate monitoring of water quality in the water distribution facilities such as water storage tanks and water distribution network. This was attributed to lack of monitoring equipment as well as transport to fulfil the sampling schedule. The supply of contaminated water is a public health threat.

In response, the WUC Management indicated that the Corporation has several projects aimed at installation of new treatment plants and optimisation of the existing treatment plants as well as moving from disinfection using chlorine gas to chlorine dioxide which has more advantages. In areas where there are no treatment facilities, chlorine floaters and tablets are used in disinfection and meanwhile water quality is monitored on daily basis with manual dosing of chlorine through floaters in villages with no disinfection facilities.

iv) Maintenance of Potable Water Infrastructure

The Corporation did not adequately maintain its water infrastructure (boreholes, booster pumps, water storage tanks and water treatment plants) as maintenance was executed in a reactive manner. This was due to procurement inefficiencies, lack of expertise and capacity by WUC to carry out maintenance, as well as inadequate Management of water infrastructure projects. The downtime of infrastructure had resulted in some communities staying for more than 2 days to a month without water.

In response, the WUC Management indicated that Maintenance Strategy (known as Reliability Centered Maintenance (RCM)) is in place for some Business Centres. Preventative maintenance schedules are generated through the system for all Business Centres, and adherence to schedules will be enforced.

The Management further indicated that plans to implement the Asset Maintenance Strategy are in place as induction has been carried out at other Business Centres. In addition, bulk water meters are monitored, and internal mechanism are cleaned/replaced as and when need arise as per the existing Meter Testing and Replacement Policy.

v) Control of Water losses

The WUC was not able to control the water losses to the internationally accepted rate of 15%. Both apparent and real water losses experienced by WUC were mainly from the water distribution system through leakages, customer meter inaccuracies and unauthorized consumption. The high water losses were due to lack of a leak detection strategy and inadequate maintenance of water infrastructure. The water losses had negatively contributed to the imbalance in water demand and supply. Additionally, the water losses strained the water resources and reduced the Corporation's revenue.

In response, the Management indicated that a project for the Supply, Installation and Commissioning of Non-Revenue Water Monitoring Equipment has been approved. The Management further indicated that a Pilot Project of satellite technology in detecting leaks in water pipeline network for Molepolole and Kanye Villages was ongoing.

vi) Revenue Collection from Water Sales

The WUC had not effectively collected water consumption revenue from its customers as evidenced by high debt from its customers (Government institutions, domestic consumers, business and industrial). The contributing factor to this included irregular water meter readings which led to inefficiency in billing its customers.

In response, the Management indicated that a comprehensive Debt Management Strategy has been developed and that focus will be on implementing and driving collections. This includes: calling customers, loud haulers, final demand letters and use of third party debt collectors. The Management further indicated that customers are also encouraged to pay through other platforms such as the WUC App, cell phone, internet banking etc. Customers are also encouraged to pay by being given messages via the radios.

The Regulation of Public Road Transport Services by the Department of Road Transport and Safety

The objective of the audit was to assess the measures put in place by the Department of Road Transport and Safety to regulate public road transport operations.

The key audit findings were as follows;

i) Guidelines

The Department did not formulate the guidelines and procedures for processing, issuing and monitoring of public road transport permits. The Road Traffic Act (RTA) of 1972, the Road Transport (Permits) Act (RTPA) of 1973 and the DRTS standards were the tools relied upon for guidance in regulating these processes.

The RTPA and RTA are high level documents that might not always be helpful at operational level. The DRTS service standards are a summarised time efficiency standard and like the Acts, they do not assist in the identification of bottlenecks within the permit processing activity. The Department was not realistic in formulating the standard because more often than not, this was not achieved.

In response, the DRTS concurred with the recommendation by stating that guidelines and manuals will indeed assist in the delivery of their services in addition to the already existing processes and work instructions. The Management also stated that consultation with relevant stakeholders will be done.

ii) Record Keeping

Record keeping is vital in any organisation as it ensures easy access to documents that may be required for legal, audit and administration purposes. Regulation 24 (1) of the National Archives and Records Services Act (2002), provides that the Permanent Secretary or Accounting Officer of a Government Department shall be responsible for ensuring that all public records of such Department receive appropriate physical care and are secured.

Nonetheless, it was observed during the audit that physical permit records in almost all the stations visited were not kept as per the above requirements.

iii) Road Transport Permit Applications

The Department conducts route surveys to determine the potential for public road transport services demand for any new and/or additional routes. Even when the surveys showed that the routes were already serviced, the Department continued to receive permit applications for those routes since the Road Transport (Permits) Act – CAP 69:03 of 1973 allows eligible Batswana to apply for any route they want or perceive to be feasible. The Department revealed that in order to minimise the influx of applications, applicants were usually informed of the status of the routes applied for but the aspiring applicants continued to overwhelm the Department with applications which take most of their time to adjudicate.

In response, Management stated that the observation will be considered.

iv) Vehicle Testing

Road Traffic Act (RTA), Section 108 (2), mandates Department of Road Transport and Safety (DRTS) to test vehicles for roadworthiness. Roadworthiness certificates are then issued to vehicles that have been tested and satisfy the requirements. A roadworthiness certificate is a requirement for the issuance and renewal of road transport permits.

a) Vehicle Testing Machines

DRTS uses two types of testing machines to check for roadworthiness. These are the stationary and mobile automated testing machines designed to test vehicle suspension, alignment, chassis and steering mechanisms among others.

At the time of audit, the mobile machine in the North West Region could not be used because the hard flat surface that is required for the machine to be operational had not been prepared. Therefore, transport permits were issued without verification of roadworthiness of public service vehicles, which compromised the safety of the public.

b) Maintenance of Vehicle Testing Machines

Maintenance is a crucial activity that prolongs the lifespan of an item. For this activity to be conducted consistently there is need for the existence of guideline tools like maintenance and service plans. Service plans cover all factory-required services. Maintenance Plans cover the cost of scheduled services like service plans do, but they also include the cost of any maintenance or mechanical repairs that are needed due to normal wear and tear.

The maintenance and service reports on these machines were not availed during the audit. Therefore, it was not possible for the audit to vouch as to how often these machines were serviced and maintained.

Management noted these observations in their response.

v) Monitoring of Road Transport Operators

The DRTS in their annual planning set out activities to monitor road transport activities. However, these plans were not followed and achieved due to several factors which hindered the Department to achieve their goals and mandate in promoting and ensuring road safety.

vi) Permit Monitoring System

In addition to highway patrols, the DRTS monitored the permit issued to public transport operators through the Vehicle Registration and Driver Licence Remote Access System (VRDLRAS) gadget. It checks the validity of road transport permits and authenticity of the same operator driver's licences.

For monitoring permits, the DRTS had allocated one VRDLRAS device to each region which was not adequate considering the vastness of some of the region. Consequently, it is not able to detect and curb irregularities by public transport operators.

vii) Compliance to the Road Transport (Permits) Act

The Road Transport (Permits) Act (RTPA) allows the Transport Controller to revoke a permit if the vehicle is not operational for three (3) months. It was evident that the inspection officers found it difficult to interpret this section, since it is not clear whether the three months referred to the ninety (90) consecutive days or cumulative days over a period of one year. However, DRTS was not able to effect this requirement on PSV holders who did not comply with the Road Transport (Permit) Act.

Management noted the observation.

108. **Introduction**

I am mandated to audit Botswana Railways and Air Botswana while the rest of the statutory bodies and state-owned 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 of their organisations 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-owned Enterprises during its examination of the accounts of these organisations.

The succeeding paragraphs are observations, comments resulting from my audits, (where appropriate), and review of the audited accounts and 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.

109. **Air Botswana**

The financial statements of Air Botswana for the financial year ended 31 March 2021 were audited by Messrs Ernst & Young, Certified Auditors, who were appointed by the Board in terms of Section 22 (2) of Air Botswana Act, (Cap 74:07).

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 Air Botswana Corporation as at 31 March 2021, 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 Air Botswana Act (74:07).

2.1.1 Material Uncertainty Related to Going Concern

The auditors drew attention to note 35 of the financial statements which indicated that the Corporation incurred a loss of BWP28 million (2020:107million) during the year ended 31 March 2021.

These events or conditions along with other matters as set forth in note 35, indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern. The auditor's opinion was not modified in respect of this matter.

2.2 Financial Results

In the year under review, the Corporation recorded a loss of P28.19 million from its operations, a significant increase in performance from prior year loss of P107.19 million, attributable to a significant decrease in operational costs by 53% from P197.04 million in the previous year to P417.89 million in the year under review. Revenue decreased by 79% from P294.33 million in the previous year to P61.24 million in the year under review. The traffic revenue decreased by 81% from P275.08 million in the previous year to P52.63 million in the year under review, the significant decrease is mainly due to reduction in passenger numbers by 87%. The Corporation was funded by Government grants which increased from P25.49 million in the previous year to P119.70 million in the year under review.

Significant reductions in expenditure were mainly due to:

- Fuel and oil declined by 87% **(P39.82 million)**
- Airport and navigation fees 87% **(P12.30 million**)
- Aircraft "wet" lease 100% **(P6.97 million)**
- Passenger services-catering 86%**(P6.30 million)**
- Ground handling 80% **(P8.19 million**)

2.3 Working Capital

The working capital position of the Corporation as at 31 March 2021 showed total current assets of P123.48 million and total current liabilities of P127.02 million, resulting in a net current liabilities position of P3.54 million.

Included in the current assets is P38.47 million for non-current assets held for sale which is the ATR 42-500 turboprop aircraft. It has been classified as assets held for sale as at 31 March 2020. Corporation's Board approved the sale of the aircraft in April 2020 as part of the re-fleeting process which began in 2018.

3.0 Management Letter

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

3.1 Prepayments and staff loan account reconciliations

The auditors noted that the prepayments and staff loan accounts amounting to P2 984 677 and P1 300 964 respectively at year end were not reconciled. Some expenses were incurred and incorrectly classified as prepayments. The staff loan account also included amounts that were supposed to be expensed.

In response Management stated that the Staff Loans account was reconciled on a monthly basis. They stated that Staff Advances to staff will be the only transactions posted into the staff loans account and any other payroll payments made outside pay-day will be captured directly into the expense accounts. Management also stated that the prepayment schedule would be continuously maintained with monthly reconciliations done on timely basis with the ledger. Furthermore, they stated that Prepayments for the goods received and or services rendered will be expensed/amortized to the Statement of Comprehensive Income.

3.2 Shareholder compact not agreed with both parties (Repeat Finding)

The auditors noted that the compact with the Government was not signed during the year under review. Thereby no agreement on the activities of the Corporation as to achieve some of the goals for its corporate governance.

In response Management agreed that the Shareholder compact has not been signed and engagements in this regard have been ongoing with the Ministry. However, Strategic direction on Operations and Shareholder expectations are mitigated by constant engagements and reporting to the Ministry through the monthly Performance Improvement Consultative Forum, chaired by the Honourable Minister and attended by all parastatal Heads and Ministry directors. They also stated that the Airline submits operational updates and requests for approval of such things as pricing tariffs and route development plans and that they will continue to engage with the Ministry to close this audit finding.

Furthermore, Management stated that with the impending corporation of the Airline, the proper governance assurance will be obtained through the Companies Act compliance and code of conduct expected from a company.

3.3 Assets with zero balances on asset register (Repeat Finding)

The auditors noted that there were assets on the fixed assets register which had zero balance as at year end, however, the assets were still available for use. Management were not assessing the useful lives and residual values of assets on a regular basis as required by IAS16 Property Plant and Equipment, paragraph 51 which states that "if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate under IAS8".

In response Management stated that a comprehensive assessment of all items of Property Plant and Equipment will be made to determine the items' usefulness to the corporation. They stated that items with no immediate or future use will be disposed and taken out of the statement of financial position and that those items determined too still be of use to the corporation's operations will still be kept on the statement of financial position but be monitored closely.

110. **Banyana Limited**

The financial statements of Banyana (Proprietary) Limited for the financial year ended 30 June 2021 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 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

In the year under review, Banyana Limited recorded a loss of P609 051 compared to a loss of P256 705 in the previous year. The increase in loss was due to 26% increase in operating expenses from P1.83 million in the previous year to P2.31 million in the year under review.

Revenue earned from services increased by 26% from P1.34 million in the previous year to P1.69 million in the year under review.

2.3 Working Capital

The working capital of Banyana Limited as at 30 June 2021 showed current assets of P1.24 million and current liabilities of P0.42 million, resulting in a net current asset position of P0.82 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 Status

The auditors noted that the Company incurred losses for the past few years. Revenue increased in the current year by P347 387 compared to the previous year, which showed the Company`s performance turnaround efforts. However, Operating Expenses increased significantly resulting in increase of net loss for the year by P389 488 compared to the previous year. The following table shows the performance of the Company for the past three years:

Description	2021	2020	2019
Net loss	(650 722)	(261 234)	(827 642)
Accumulated loss	(8 889 566)	(8 238 843)	(7 654 278)

These accumulated losses gave rise to significant doubts on the going concern status of the Company.

In response Management agreed with the observation and indicated that strategies were in place to generate more revenue by subleasing the remaining 3 centre pivots measuring approximately 380.000 ha, 207.1824 ha and 220.000 ha for commercial fodder production and another 364.4806 ha for commercial small stock production. These were expected to generate more revenue for the Company.

Furthermore, Management indicated that this process would complete the privatisation of Banyana farms in accordance with the Presidential Directive CAB 8/2014 dated 3rd April 2014. Once the privatisation was concluded, it would be within the Board`s plan to recommend the Company for closure to the shareholders. The envisaged date for closure was the 30th June 2023. This was expected to fully address the going concern status of the Company.

3.2 Insurance Cover

The auditors noted the following on review of insurance policies:

- Motor vehicles were over-insured by P224 722 compared to net book value as at the year end
- Farm buildings with a net book value of P239 312 were not insured

Asset	Sum Insured	NBV	(Under)/ over insured
Buildings	0.00	239 312	(239 312)
Motor vehicles	471 300	226 578	244 722

In response Management indicated that the net book value (NBV) of the said vehicles differed from the insured values because the insurer recommended that vehicles be revalued for insurance purposes every year while in the Company books, the vehicles were measured using the cost model as per the accounting policy. The revaluation of vehicles every year ensured that the assets of the Company were adequately insured and safeguarded the Company against potential capital losses if the vehicles were involved in an accident.

Additionally Management indicated that the Company was in the process of privatisation as per the Presidential Directive CAB 8/2014 and were of the view that since some of the buildings were leased out with the land to the private investors and the remaining buildings would also be leased out, it would make economic sense to insure the remaining buildings with a net book value of P239,312 as Management expects the Company to be liquidated by 30 June 2023 once the remaining pieces of land (inclusive of buildings) were leased out to private investors.

3.3 Leave and Gratuity Provision Understated

The auditors noted that the Company did not maintain proper schedules for leave and gratuity and no provision was made during the year. Only leave and gratuity payments were accounted for. This resulted in significant audit adjustments amounting to P 290 576.

In accordance with IAS 19 (employee benefits), a Company should recognise a provision for short term and termination employee benefits (leave, gratuity, and severance) in the period in which the employees render service.

In response Management noted the observation and indicated that with immediate effect Management would put systems in place to ensure that proper leave and gratuity schedules were maintained and employee leave pay and gratuity balances would be reconciled to the schedules on a regular basis.

111. **Botswana Accountancy College**

The financial statements of Botswana Accountancy College for the financial year ended 31 March 2020 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 statement gave a true and fair view of the financial position of the Botswana Accountancy College as at 31 March 2020, 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 surplus of P36.27 million, compared to P41.35 million recorded in the previous year. Revenue and Other Operating Income increased by 13% from P225.88 million the previous year to P254.48 miilion in the year under review. The decrease in surplus was mainly attributable to an increase in Administration Expenses from P188.41 million in the previous year to P214.49 million in the year under review. Another contributing factor was the decrease in net impairment loss of P2.3 million in the year under review, compared to net impairment gains on trade receivables realised of P3.7 million in the previous year. Finance Costs increased from P368 819 in the previous year to P1.52 million in the year under review.

2.3 Working Capital

The working capital position of the College as at March 2020 showed total current assets of P129.95 million and total current liabilities of P99.99 million, resulting in a net current assets position of P29.96 million.

3.0 Management Letter

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

3.1 Foreign Currency Denominated Supplier Balances not Converted at Year-end Exchange Rate

The auditors noted that the College had not converted foreign currency denominated supplier balances at year-end using the relevant exchange rates prevailing at the year-end. As a result, the foreign currency Trade Payables were understated by P560 102. The auditors had proposed the Management for an adjustment entry to correct the error.

In response, the Management stated that the discrepancies came from Sub-Ledger not agreeing to Main Ledger during processing. Management stated that they had engaged the consultant to assist resolve the discrepancy between the Sub-Ledger and General Ledger, before passing any entries.

3.2 Investment in a new company not accounted

The auditors noted that during the year, the College had incorporated a company, as a wholly–owned subsidiary (Campus Investment Partner (Proprietary) Limited) for the purpose of developing the plot owned by the College. However, they noted that this investment was not reflected in the accounts.

In response, Management noted the observation.

112. **Botswana Accountancy Oversight Authority**

The financial statements of Botswana Accountancy Oversight Authority for the financial year ended 31 December 2020 were audited by Deloitte, 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 2020, 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 an increase in net surplus of 55% from P304 000 in the previous year to P469 900 in the year under review. The improvement in financial performance was mainly attributable to an increase in Government subvention by P573 800 from P14.75 million in the previous year to P15.32 million in the year under review.

The Authority was funded primarily by Government grants and in the year under review the grant was P15.32 million, making 75% of total income.

Expenditure increased slightly by 6% from P18.92 million in the previous year to P19.97 million in the year under review.

2.3 Working Capital

The working capital position of the Authority as at 31 December 2020 showed total current assets of P10.85 million and total current liabilities of P9.32 million resulting in a net current assets position of P1.53 million.

3.0 Management Letter

The following was a 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 was not 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 is not considered independent to function in an internal audit capacity. Furthermore, the auditors suggested that the existence of a formal internal audit functions 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 is unable to fund the Authority. Management further noted that in the interim, the Authority would continue to use the Technical department to perform that function.

113. **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 circularized all statutory bodies and state-owned enterprises requesting them to forward to me their audited financial statements and reports for the purposes of review and inclusion of the review results in this report .The Botswana Agricultural Marketing Board did not submit the audited financial statements for the financial year under review, nor give an explanation for their inability to do so .

Consequently, I have not been able to carry out the review of the accounts of the Board for the financial year ended 31 March 2021 for the benefit of the National Assembly.

114. **Botswana Bureau of Standards**

The financial statements of Botswana Bureau of Standards for the financial year ended 31 March 2021 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 2021, 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 incurred a loss of P10.83 million for the year ended 31 March 2021 and a net cash outflow of P3.93 million. The current liabilities of the Bureau exceeded current assets by P1.65 million 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 through adequate operational subventions.

2.2 Financial Results

In the year under review, the Bureau recorded a net loss of P10.83 million from its operations, before a loss on property revaluation of P105.36 million compared to a profit of P5.66 million recorded in the previous year before a gain on property revaluation of P29.01 million. The decline in financial performance was attributable to a decrease in revenue by 28% from P12.60 million in the previous year to P9.04 million in the year under review. Expenditure increased by 6.8% from P97.53 million in the previous year to P104.20 million in the year under review.

The Bureau was funded by Government grants which decreased from P88.80 million in the previous year to P78.81 million in the year under review.

2.3 Working Capital

The working capital position of the Bureau as at 31 March 2021 showed total current assets of P14.73 million and total current liabilities of P16.38 million, resulting in a net current liabilities position of P1.65 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 and Upkeep of the Fixed Asset Register

The auditors noted that the information maintained in the Norming Asset Manager for all assets differed with the information in the General Ledger. During the year under review, all additions were posted under the adjustment column in the register and not all disposals were initially included. The auditors also observed that although the ledgers were updated during the course of the audit, differences between the total cost as per the register and the revaluation adjustments differed from the financial information, especially for building properties.

In response, Management committed to investigate the root cause of the finding and stated that corrective action would be done accordingly. They stated that the review progress would be intensified to ensure that the asset register is kept up to date, ensuring that additions and disposals were accounted for accordingly. Furthermore, a reconciliation procedure would be performed on regular basis to ensure accuracy and completeness of the financial transactions. Management also stated that in order to re-enforce performance on the matter, the assignment would be incorporated within relevant employees' performance contracts and assessed accordingly.

3.2 Non reconciliation of Capital Grant

The auditors were not able to determine all the assets that were acquired out of capital grants, the amounts amortised to date and the amortisation charge for the year. The auditors stated that they tried to perform reconciliations considering that all assets were acquired out of capital grants, yet they were unable to get to the amounts disclosed in the prior years.

Management stated that though reconciliations relating to the capital grant were performed accordingly, there were issues relating to accounting treatment of some transactions which caused some delays. However, reconciliation was performed and shared with the auditors and the documents further proposed the additional journal for adjustment. Management stated that going forward the reconciliation would be performed on a regular basis and that all unadjusted items accordingly be attended to accordingly. Also the envisaged review of the financial regulations would reinforce performance and review of these kind of processes to eliminate deficiencies within internal control system.

3.3 Valuation not carried out as per policy

The auditors noted that the policy adopted by the Bureau requires that a revaluation of all properties be carried out every three years. However, the auditors noted that this exercise was conducted every year and the rationale for such an exercise was not clearly documented.

In response, Management stated that the anomaly raised by the auditors would be ratified. BOBS would endeavour to comply with the policy document going forward.

3.4 Inconsistency in accounting policies

The auditors observed that the investment property, though carried using the fair value model was depreciated in the current year which was inconsistent with the accounting principles and the required accounting treatment. This was reversed during the course of the audit.

In response, Management stated that the correct adjustment was accordingly made during the audit process. Furthermore, as already indicated the review procedures of the financial transactions would be enhanced to ensure accurate processing of financial data. Furthermore, an in house training would be arranged to train finance staff on new IFRS and other related issues.

115. **Botswana Communications Regulatory Authority**

The financial statements of Botswana Communications Regulatory Authority for the financial year ended 31 March 2021 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 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

In the year under review the Group and the Authority recorded a surplus of P27.46 million and P21.63 million, compared to P47.30 million and P15.45 million respectively in the previous year.

Total income for the Group decreased by 0.35 % from P 199.48 million in the previous year to P198.78 million in the year under review, while total operating expenditure increased by 11.76% from P147.33 million in the previous year to P164.65 million in the year under review.

Income for the Authority increased by 0.30% from P142.23 million in the previous year to P142.66 million in the year under review, while operating expenditure decreased by 6.21% from P121.93 million to P114.36 million.

2.3 Working Capital

The working capital position of the Group showed total current assets of P538.83 million whilst total current liabilities were P37.36 million which resulted in a net current assets position of P501.47 million.

The Authority showed total current assets of P255.66 million and total current liabilities of P51.99 million which resulted in a net current assets position of P203.67 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.

116. **Botswana Development Corporation Limited**

The financial statements of Botswana Development Limited for the financial year ended 30 June 2020 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 2020, 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 profit of P136.06 million, before Other Comprehensive Income compared to a restated profit of P54.46 million before restated Other Comprehensive Income reported in the previous year. The Company recorded a profit of P222.54 million before Other Comprehensive Income in the year under review, compared to a profit of P198.73 million before Other Comprehensive Income in the previous year.

The profit from operations for the Group increased by 73% from a restated figure of P78.63 million in the previous year to P136.06 million in the year under review, mainly due to an increase in fair value gain on Investment Properties by 191% from a restated figure of P42.88 million in the previous year to P124.77 million in the year under review. Income for the Group increased by 30% from 384.06 million in the previous year to 500.89 million in the year under review.

The operating profit for the Company increased by 12% from 198.73 million in the previous year to P222.54 million in the year under review, while Other Operating Expenses declined by 53% from P88.92 million in the previous year to P41.87 million. Income for the company increased by 23% from P276.72 million in the previous year to 341.73 in the year under review.

2.3 Working Capital

As at 30 June 2020, the working capital position of the Group showed total current assets of P752.80 million and total current liabilities of P736.57 million, resulting in net current assets position of P16.23 million. The Company had total current assets of P739.97 million and total current liabilities of P692.85 million, resulting in a net current assets position of P47.12 million.

3.0 Management Letter

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

3.1 Review of Financial Information

The auditors identified a significant number of audit misstatements during the review of the Group's consolidation as a result of errors and omissions in the consolidation workings. The issues that were noted included:

- Non consolidation of LLR to date of disposal, elimination of transactions at company level and accounting for the disposal at group level.
- Errors in the impairments provision balance for certain investments associates.
- Lack of full elimination of certain intercompany transaction.

- The fair value gains arising from the disposed Sechaba shares were recycled to the profit and loss which is not permitted in accordance with IFRS 9 Financial instruments as the shares are classified as available for sale.

In response, Management stated that the treatment of LLR at the end of the financial year was one of a judgement call that required justification on a stance of control and the ability to provide suitable audit evidence on the same. Finalisation of the discussion took some time and as such was adjusted post first consolidation. Other omissions were noted and were subsequently rectified.

3.2 VAT Factor Review (Repeating finding)

The auditors noted that the VAT apportionment factor used for calculating input VAT was the BURS approved factor for the financial year 2014 and had not been updated annually since then.

In response, Management noted the recommendation and a calculation was done, reviewed by their tax specialists and a submission to BURS on the updated factors to be applied was to be done.

3.3 Statutory Records

The auditors noted that there were additional shares issued to BDC from the following subsidiaries in the current year for which no share certificates were issued:

- Milk Africa
- Commercial Holdings (Pty) Ltd
- Residential Holdings (Pty) Ltd
- Western Industrial Estates (Pty) Ltd

In response, Management indicated that they would increase liaison between the Investment and Finance units as well as the attendance of the key Board sub–committee meetings such as BRIC. Management indicated that this would allow for the finance team to be able to have more insights into investments as opposed to only at financial reporting stage and would thus reduce instances of these findings in the future.

117. **Botswana Energy Regulatory Authority**

The financial statements of Botswana Energy Regulatory Authority for the financial year ended 31 March 2021 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 Energy Regulatory Authority as at 31 March 2021, 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 Relating to Going Concern

The auditors drew attention to note 24 of the financial statements, which indicated that the Authority had incurred a current year loss of P876 035 and accumulated loss of P1 511 005 during the year ended 31 March 2021 (2020: P634 970) and, as of that date, the company's current liabilities exceeded its current assets by P2 586 708 (2020: P1 502 012). The auditors stated that these events or conditions, along with other matters as set forth in note 24, indicated that a material uncertainty existed that may cast significant doubt on the Authorities' ability to continue as a going concern. The auditor's opinion was not modified in respect of this matter.

2.2 Financial Results

The financial operations of the Authority showed a deficit of P876 035 for the year under review, compared to a surplus of P118 246 in the previous year. The decline in the financial performance was mainly due to an increase in operating expenses by 2% from P53.26 million in the previous year to P54.21 million in the year under review.

The Authority was funded primarily by Government grants and in the year under review the revenue grant was P49.63 million which represented 93% of the total income. The capital grant received during the year under review was P3.21 million compared to P1.75 million received in the previous year.

2.3 Working Capital

The working capital position of the Authority as at 31 March 2021 showed total current assets of P28.74 million and total current liabilities of P31.33 million resulting in a net current liabilities position of P2.59 million. The current liabilities included Deferred Revenue of P14.75 million, Lease Liability of P1.28 million and Payroll Provisions of P11.62 million.

3.0 Management Letter

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

3.1 Audit Preparedness

The auditors noted that the Authority was unprepared for the audit of the year under review. The auditors indicated that the initial balance was provided on the 25 June 2021 and the final one submitted on the 13 September 2021 during the audit which led to several audit processes being redone at a cost.

In response, Management indicated that the delay was due to the transition between two finance teams post year end and thus not affording the outgoing team enough time to finalise the reconciliations in time for the audit exercise.

3.2 Accrual of benefits for the reinstated and former employees

The auditors noted that on the 12th of August 2021, the Authority received a judgement from the high court of Botswana ordering the reinstatement of former Finance Director. Management recorded a liability of P1 560 092 in the books as at the period ended since it was an adjusting event subsequent to the year ended in line with the principles of IAS 10 (Events after the reporting period).

After discussions with Management and review of judgement, the auditors furthermore observed that Management did not make a provision for P2 188 742 relating to 3 former employees who were also dismissed by the Authority along with the Finance Director. The auditors stated that an amount of P2 188 742 should be recorded in the books of accounts taking into account the precedence set by the high court on the reinstatement of the Finance Director. This according to the auditors also in line with the principles of IAS 37 Para 36, which states that "*An entity must recognize a provision if a present obligation has arisen as a result of a past event, and that payment is probable and an amount can be estimated reliably*".

In response, Management acknowledged the need to provide for all probable liabilities and recognise the liabilities as at reporting date for both cases.

118. **Botswana Examinations Council**

The financial statements of Botswana Examinations Council for the financial year ended 31 March 2021 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 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 Council recorded a surplus of P11.90 million compared to a deficit of P28.25 million in the previous year. The main contributors to the surplus were administrative expenses which decreased by 1.1% from P153.32 million in the previous year to P151.68 million in the year under review. Restructuring costs in the year under review were nil compared to the previous year which had an amount of P39 million.

Revenue for the Council decreased by 1.1 % from P296.65 million in the previous year to P293.52 million in the year under review with no change in Government subvention. Finance income increased by 124.4% from P1.16 million in the previous year to P2.61 million in the year under review.

2.3 Working Capital

The working capital position of the Council as at 31 March 2021 showed total current assets of P111.81 million and total current liabilities of P100.32 million, resulting in a net current assets position of P11.49 million.

3.0 Management Letter

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

3.1 Finance Function Resourcing (Repeat Finding)

The auditors had observed in the prior year that the Payments Accountant was appointed to act as the Finance Manager and the Senior Internal Auditor transferred to the Finance Department to assist as a Management Accountant. This had resulted in vacant key Management positions. In the year under review these positions had still not been filled substantively.

In response, Management explained that the matter was being addressed by the ongoing transformation process, with the restructuring exercise planned for implementation effective June 2022.

3.2 Asset Management (Repeat finding)

The auditors noted as in the previous three years, that some fully depreciated assets were still in use and providing economic benefits to the Council, which was in breach of International Accounting Standards 16 and International Accounting Standard 38 which requires that assets be periodically revalued to reflect their economic useful lives. The following were the assets that were identified:

Category	Asset original Cost
Computer equipment	13 802 601
Office equipment	2 397 130
Motor vehicle	1 914 536
Computer software	3 873 438
Total	**21 987 705**

In response, Management noted that the exercise on the review of useful lives of fully depreciated assets would be done in the 2021/22 financial year. Management had in February 2021 carried out an asset tagging exercise to verify the existence of assets in the asset register and would implement recommendations made by consultant's in order to carry out the review of useful lives and residual values exercise.

3.3 Compliance with the Financial Intelligence Act (Repeat finding)

The auditors noted that the Council did not have documented processes and procedures to monitor compliance with the Financial Intelligence Act, which may result in financial losses as a result of penalties levied by Financial Intelligence Agency for non –compliance with the Act.

In response, Management stated that they were still not convinced that any of its operational activities can give rise to money laundering and terrorism financial risks. The Council also stated that they could not identify any clear compliance risks that it could be exposed to. That notwithstanding, Management indicated that they had sought clarity from the Financial Intelligence Agency (FIA) regarding applicability of the FIA Act in the context of the BEC. No response had been given to date. The Risk and Compliance function had since developed a Policy on Anti-money Laundering and Counter Financing of Terrorism. The approval process of the document had been suspended pending clarity sought above.

3.4 Impairment on Receivables

The auditors observed that the Council did not make an assessment based on the current conditions and information available for expected credit losses which resulted in the following:

- A misstatement of P8 564 096 relating to the Ministry of Basic Education.

- A misstatements of P207 137 related to various debtors included in Other Receivables and External Debtor accounts.

In response, Management stated that it would seek approval from Finance and Audit Committee to write-off unpaid debts from Zimbabwe University, Educational Testing Service and Marea Tsamaase since efforts made to recover the amounts had not been successful. BEC would, going forward, have a procedure in the financial manual (which is currently under review) on long outstanding debtors to ensure compliance to IFRS 9.

119. **Botswana Fibre Networks (Proprietary) Limited**

The financial statements of Botswana Fibre Networks (Proprietary) Limited (BoFiNet) for the financial year ended 31 March 2021 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 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 statements of Botswana Fibre Networks Proprietary Limited for the year ended 31 March 2020 were restated.

The financial operations of Botswana Fibre Networks(Proprietary)Limited recorded an operating profit of P68.92 million for the year under review, compared to an operating loss of P14.48 million reported in the previous year. The contributor to the improved performance was a 10% increase in revenue from P327.59 million in the previous year to P360.64 million in the year under review. Other income also contributed to the profit as it increased by 32.66% from P57.11 million in the previous year to P75.76 million in the year under review.

Expenditure decreased by 0.45%, from P404.56 million in the previous year to P402.72 million in the year under review. This decrease in expenditure was mainly due to a decrease in operating expenses from P211.48 million in the previous year to P179.11 million in the year under review.

2.3 Working Capital

As at 31 March 2021, the working capital position of the Company showed total current assets of P221.15 million and total current liabilities of P237.57 million resulting in a net current liability position of P16.42 million.

3.0 Management Letter

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

3.1 Government Grants-Memorandum of Understanding Not Signed

BoFiNet carried out certain projects for the Government where BoFiNet executed the infrastructure development projects and recovered such expenditure from Government.

The auditors noted that the Memorandum of Understanding between BoFiNet and the Government of Botswana, that stipulated the terms and conditions of these arrangements was not signed. The auditors indicated that BoFiNet may not be able to recover funds used on projects in case of disputes.

In response Management indicated that the Memorandum of Understanding had been reviewed by both legal parties and amendments were being updated.

120. **Botswana Geoscience Institute**

The financial statements of Botswana Geoscience Institute for the financial year ended 31 March 2021 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 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and Botswana Geoscience Institute Act, 2014.

Emphasis of Matter

The auditors drew attention to Note 23 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 of 22%
- Human Resources –Loss of productive time/employee absenteeism, delayed Human Resources Development
- 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 surplus of P1.74 million, as compared to a surplus of P4.15 million recorded in the previous year. This represented a decline of P2.41 million or 58%.

The Institute was funded by Government grants. In the year under review the grant was P78.03 million, representing 91% of the total income, compared to a grant of P65.06 million in the previous year, which represented 86% of the total income.

Expenditure increased by 18% from P71.39 million in the previous year to P84.03 million in the year under review.

2.3 Working Capital

The working capital position of the Institute showed total current assets of P24.32 million and total current liabilities of P17.53 million, resulting in a net current assets position of P6.79 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.

121. **Botswana Housing Corporation**

The financial statements of Botswana Housing Corporation for the financial year ended 31 March 2021 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 2021, 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 decline in profits for the year under review. The Corporation recorded a profit of P1.06 million for the year under review compared to P49.34 million in the previous year.

The decline in income for the year was significant. Revenue and rental income decreased by 13.68% from P880.46 million in the previous year to P759.98 million in the year under review. Expenditure decreased by 1.05 % from P800.55 million in the previous year to P792.09 million in the year under review.

Significant savings in expenditure of P111.00 million (36.68%) were noted in the cost of sale of housing inventories from P302.62 million in the previous year to P191.62 million in the year under review.

2.3 Working Capital

The working capital position of the Corporation as at 31 March 2021 showed total current assets of P1.62 billion and current liabilities of P0.87 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 Rental Income Reconciliations and Agreements

The auditors noted that no reconciliation was currently performed between the investment properties reflected in the Corporation's investment property register and the properties generating rental income as per the Corporation's monthly estate reports. They further noted that the Corporation rented 24 units to the Office of the President from May 2020 and these units were excluded from the investment property register. The rental income associated with these units was not recorded in the general ledger until February 2021 during which rental income for the period May 2020 to February 2021 was recognised in February 2021. Management stated that, the agreement for these properties only covered the period from October 2020 to March 2021.

In response, Management explained that the reconciliations would be performed monthly for the financial year 2022 instead of quarterly as it was done in the previous years.

122. **Botswana Innovation Hub**

The financial statements of Botswana Digital And Innovation Hub for the financial year ended 31 March 2021 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 give a true and fair view of, the financial position of Botswana Digital and Innovation Hub as at 31 March 2021, 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 qualifying their opinion, the auditors drew attention to note 28. During the financial year ending 31 March 2017, the investment property under construction, the icon building, which was measured at cost in line with the requirements of IAS 40, developed certain cracks and structural defects in one portion of the building. Management had engaged engineering experts to determine the cause and thereafter remedy of these defects. In the financial year ended 31 March 2019, the experts after their assessments had issued a report on the cause and the remedial actions to be taken to rectify the defect after which further construction activity could be carried out. Based on their assessment, the additional costs for the remedial actions were estimated to be approximately P24.10 million. During the current year, the remedial actions were carried out. It was estimated that the balance of works for block F shall be completed at a cost of P80.00 million.

To augment the resources and capital required to undertake the repairs and for the completion of the construction, the Government of Botswana had approved to fund these expenses and costs. The Company continues to engage with the legal experts to pursue the reimbursement of above 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.

The auditors also draw attention to Note 29 & 30 to the annual financial statements, which deals with going concern, subsequent events and specifically the possible effects of the future implications of COVID 19 on Botswana Digital and Innovation Hub future prospects, performance.

The auditors' opinion was not modified in respect of this matter.

2.3 Financial Results

In the year under review, the Group recorded a deficit of P3.11 million compared to a deficit of P16.32 million in the previous year, while the Company recorded a surplus of P4.91 million in the year under review compared to a deficit of P6.10 million in the previous year. The main contributor to an improvement in financial performance for the group was the decline in cost of sales by 85.94% from P17.35 million in the previous year to P2.44 in the year under review.

Total Income for the Group slightly decreased by 8.24% from P50.22 million in the previous year to P46.08 million in the year under review. The Government grant was the main source of revenue for the Group, making 80.55% of the total revenue during the year under review.

Expenditure for the Group decreased by 26.10 % from P66.14 million from the previous to P48.88 million in the year under review excluding tax of P302,176. The decrease in expenditure was attributed to movement in cost of sales which were 2.44 million in the year under review compared to P17.35 million in the previous year.

The expenditure of the Company was P35.38 million compared to P42.42 in the previous year which represented a 16.60% decrease.

2.4 Working Capital

As at 31 March 2021, the working capital position of the Group showed total current assets of P439.77million and total current liabilities P89.40million resulting in the net current assets position of P350.37 million, while that of the Company showed total current assets of P7.56 million and total current liabilities of P10.28 million, resulting in a net current liabilities position of P2.72 million. The substantial net current assets position of the Group resulted from Inventories of P372.00 million and Cash and Cash Equivalents of P58.01 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 on the Block F of the Iconic Building - (Repeat Finding)

The auditors observed that during the financial year ending 31 March 2017, the ICON 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. Over the 2 years, the experts after assessing various factors, had concluded that defects were due to structural design and the costs of remedying these defects would amount to P92.00 million. In the prior year, the Company obtained the necessary funding for these remediation works and the construction activities towards completion was ongoing.

BIH 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 ICON building adding up to P21.035 million for the period under review.

Until the time the construction of the building was completed, the building would be carried at cost which includes any expenses necessary to put the building to use for it to become a Cash Generating Unit. Once the building was completed, which was likely to happen in the next financial year, it was presumed that the fair value of the investment property could be reliably measured and the Company shall effect any changes to the value including any impairment as was necessary after a valuation exercise was undertaken.

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 stated that it was a reasonable approach to consider the value of the completed sections of the building based on the cost. This, with a view to adjusting the figures accordingly upon final completion of the structure. The process of determining the quantum of the loss arising from the structural deficiencies has begun and would be finalised upon completion as well. All these activities are programmed to be achieved in the next financial year 2021/2022.

3.2 Valuation of the Investment Properties

The auditors noted that the Iconic building was currently under construction hence the fair value of the investment property was not determinable and was measured at cost until the earlier of the date it becomes determinable or construction was complete. This was due to the nature of the building and its unique and the only one in Botswana.

The valuations were carried out only on land owned by the entity on the 31 July 2017 which was approximately 5 years since the valuation exercise. There has been no valuation since then.

In response Management stated that indeed the valuation cycle has now taken long. A three-year valuation turnaround period was normally the industry norm. Management had planned to value the land parcels in 2020. However, due to budget constraints this could not be done. Management would be assessing funds in the third quarter with a view to valuing the assets in Quarter 4.

3.3 Government Integrated Data Centre (GIDC) Project

The auditors observed that during review of the reconciliation of the GIDC accounts and bank balances, we have noted that Botswana Innovation Hub has utilised an amount of P1,700,00.00 towards its operations from the bank accounts maintained exclusively for the GIDC project without prior approval from the relevant ministry.

The said amount was currently accounted for as amount payable to GIDC as at period end.

In response Management indicated that Botswana Digital and Innovation Hub has complied with all its contractual obligations and completed all deliverables. Despite numerous engagements and interventions since March 2019, MTC did not respond to BDIH request for conclusion of the matter and settlement of outstanding fees. In order to mitigate the loss caused by the delays in getting paid and closing some of the cash flow challenges partly caused by this matter, BDIH proceeded to partly recover the debt from the available project funds. The letter to MTC was for information and noting and no response was required. Below was a chronology of engagements with MTC:

- In March 2019, the MTC Project Steering Committee(PSC) was engaged on the completed works and outstanding fees
- After all attempts by BDIH to get payment failed, the matter was then escalated to the MTC Permanent Secretary, Ms Mokone in July 2019
- Meeting was held with MTC legal department on the 12th September 2019
- BIH made a follow up with the PS MTC on the 12th November 2019
- On the 26th November 2019, BDIH resolved to formally seek for assistance from MoTE PS, Dr Mooko who then engaged PS MTC requesting closure of the matter. No formal response was received from the MTC
- In June 2020, BIH through the Board chair engaged PS MoTE
- During Q4 2020, the MTC informed BDIH that they want to audit the project. The audit was never undertaken. No response received on numerous follow ups
- In February 2021, BDIH wrote again to the MTC requesting for resolution of the matter. The PS MTC responded and appointed a team to engage BDIH on the matter. Several meetings were arranged from march 2021 to July 2021 by BDIH and MTC failed to honour the meetings.
  BDIH would continue to engage MTC on the matter until the project was closed off.

123. **<u>Botswana Institute for Development Policy Analysis</u>**

The financial statements of Botswana Institute for Development Policy Analysis for the financial year ended 31 March 2021 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 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 Emphasis of Matter

Material Uncertainty Related to Going Concern

The auditors drew attention to note 21 of the annual financial statements which indicates that the Institute incurred a loss of P4 010 422 for the year ended 31 March 2021 and the net cash flows from operations resulted in a net outflow of P3 908 468.

As at year end, although the Institute's cash and financial assets totalling P24 006 631 were adequate to cover the external liabilities of P11 239 504, the Institute was reliant on recurring Government Grants for its operations. Any reduction in these grants from the budgeted amounts in the future would likely have a significant impact on the ability of the Institute to continue operating as a going concern.

2.3 Financial Results

In the year under review, the Institute recorded a deficit of P4.01 million compared to a deficit of P0.65 (before a Gain on Property Revaluation) in the previous year. The main contributors to the deficit were the decrease in grants income by P3.69 million from P22.69 million in the previous year to P19 million in the year under review. Revenue generated from research projects also decreased from P5.4 million in the previous year to P3.7 million in the year under review.

The Government grant of P19 million in the year under review represented 80.4% of the total income, compared to P22.69 million in the previous year.

2.4 Working Capital

The working capital position of the Institute as at 31 March 2021 showed current assets of P26.21 million and current liabilities of P10.84 million, resulting in a net current assets position of P15.37 million.

3.0 Management Letter

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

124. **Botswana Institute of Chartered Accountants**

The financial statements of the Botswana Institute of Chartered Accountants for the financial year ended 31 December 2020 were audited by 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 2020, 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 surplus of P1.32 million in the year under review compared to a net surplus of P1.82 million in the previous year (a decline of 27.47%). Expenditure decreased by 8.79% from P26.63 million in the previous year to P24.29 million in the year under review.

Revenue earned from services decreased by 14.43% from P18.22 million in the previous year to P15.59 million in the year under review. Government subvention increased by 3.98% from P7.78 million in the previous year to P8.09 million in the year under review.

2.3 Working Capital

The working capital position of the Institute as at 31 December 2020 showed total current assets of P30.50 million and total current liabilities of P15.87 million resulting in a net current assets position of P14.63 million.

3.0 Management Letter

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

3.1 Audit Unpreparedness

The auditors noted that the Institute was unprepared for the current audit for the year ended 31 December 2020. The initial trial balance provided on commencement of the fieldwork had to be revised due to the volume of unprocessed transactions and a new trial balance was issued on 29 Jan 2021. This was not the final trial balance as the team had to further look into the accounts receivable and IFRS 9. Post revision of the trial balances, additional numerous client entries, including accruals had to be captured as late accounting entries during the audit fieldwork, all that culminates to the Institute`s unpreparedness for the audit.

The financial statements may be susceptible to errors due to amounts constantly changing due to journal entries or late accounting which increases risk of misstatement. Furthermore, many journal entries posted near or subsequent to the year end, may provide an opportunity for fraudulent activities due to susceptibility of manipulation of figures or human error in posting these journals. The auditors pointed out that this also indicates lack of review process and delay in updating of information in the accounting system on timely basis.

Management acknowledged the finding and indicated that the volume of transactions received at year end had a major contribution in the delay of finalising the accounts. They also stated that there was a significant number of lump sum deposits which they had to follow up for the allocation of funds. Management stated that they would carry on with measures that would improve on the year end process going forward.

125. **Botswana Institute for Technology Research & Innovation**

The financial statements of Botswana Institute for Technology Research and Innovation for the financial year ended 31 March 2021 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 2021, 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 P4.90 million as compared to a surplus of P4.65 million in the previous year. Income decreased by 5% from P116.17 million in the previous year to P110.24 million in the year under review due to a decrease in revenue grant from P107.63 million to P99.43 million. Expenditure increased from P111.52 million in the previous year to P115.13 million in the year under review, representing a 3% increase.

The main contributors to a rise in expenditure were the Depreciation charge of Property Plant and Equipment under Capital Grants which increased by 15.67% from P14.54 million to P16.82 million and the Staff Costs which increased by 3% from P59.35 million to P61.18 million. Asset Replacement- Recurrent increased by 42% from P1.43 million to P2.03 million, as well as Rent and Utilities which increased by 41% from P2.53 million to P3.58 million.

The Institute was funded by Government Grants and in the year under review the Grant was P99.43 million compared to P107.63 million in the previous year.

2.3 Working Capital

The working capital position of the Institute as at 31 March 2021 showed total current assets of P76.85 million and total current liabilities of P71.69 million, resulting in a net current assets position of P5.16 million.

Current liabilities included P45.11 million as project funds and payroll accruals of P11.41 million.

3.0 Management Letter;

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

3.1 Assets In Use Maintained at Residual Values

The auditors noted that there were assets predominantly under IT category that were not depreciated in the year under review.

Management explained that when an asset reaches its residual value of 5% which was set according to company policy, the system automatically stopped depreciating and it was maintained at its residual value until such a time that is disposed.

Management further stated that the assets could not be replaced at the end of their estimated useful life due to lack of resources. Therefore, it was not easy to monitor thousands of small assets individually to assess remaining useful life hence the determination to have a scrap value. However, an assessment of useful life for big assets was done periodically.

126. **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 2021 were audited by Messrs Mazars 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 presented fairly, in all material respects, the financial position of Botswana International University of Science and Technology as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and Botswana International University of Science and Technology Act 57:05.

2.1.1 Material Uncertainty Related to Going Concern

The auditors drew attention to note 30 of the annual financial statements, which indicated that the University incurred a net loss of P14.58 million (2020: P26.59 million) during the year ended 31 March 2021 and, as of that date, the University's current liabilities exceeded its current assets by P134.76 million (2020: 61.13 million). The note stated that these events or conditions, along with other matters as set forth in Note 30 of the financial statements, 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.

2.1.2 Emphasis of Matter

The auditors drew attention to note 29 of the financial statements of the University that describes the effects of restatement of prior year balances due to changes in accounting policies with respect to certain funds. The University had, for the purpose of better and clearer disclosure, split the capital funds balance into Development funds, Designated funds and Capital funds. To incorporate these changes, reclassifications and adjustments were required to be made which resulted in restatement of prior year balances. The accounting policies related to the treatment of each of these funds were provided under Note 2.8 to the annual financial statements. The auditor's opinion was not modified in respect of this matter.

2.2 Financial Results

The University recorded a deficit of P14.58 million in the year under review, compared to a restated deficit of P26.59 million in the previous year. The deficit was mainly attributable to the rise in staff costs by 15% from a restated P362.29 million in the previous year to P415.90 million in the year under review.

Income increased by 11% from a restated P561.67 million in the previous year to P622.72 million in the year under review. Expenditure increased by 8% from P588.30 million in the previous year to P637.35 million in the year under review.

The main sources of income comprised the following:

Item	Income 2021		2020	(Restated)
	P'000	%	P'000	%
Government Grant	482.07	77.4	420.52	74.9
Tuition fees	59.47	9.55	60.92	10.8
Other Income	7.55	1.21	7.99	1.4
Amortisation of				
Capital grants	61.62	9.90	61.32	10.9
Designated Amortised				
Capital fund	12.01	1.92	10.93	1.95
	622.72	**100**	**561.67**	**100**
Expenditure comprised the following:				
Staff costs			415.90	362.29
Operational costs			209.44	215.08
Expenditure on designated				
Projects			12.01	10.93
			637.35	**588.30**

2.3 Working Capital

As at 31 March 2021, the working capital position of the University showed total current assets of P84.79 million and total current liabilities of P219.55 million resulting in a net current liabilities position of P134.76 million.

Current liabilities included provisions for gratuity and leave pay of P118.68 million.

3.0 Management Letter

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

3.1 Non-adherence to BIUST Policy

The auditors observed that the procurement policy was not followed for some of the expenses paid during the year as follows:

Repairs and Maintenance Account.

1. Payment to Press Down Holdings Pty Ltd for supply and installation of solar batteries to the boys' hostels did not adhere to the procurement and payment policies. Auditors noted that there was no purchase requisition to initiate the procurement process, and no quotation and purchase order had been raised to the supplier. As per the procurement policy any expense/purchase in the range P100 000 to P500 000, 5 quotations should have been obtained. The auditors observed that this was not done.

2. The auditors also noted that an amount of P327 510 was paid out from the University based on an invoice and a memorandum. This was authorized by Director of PPCF, and payment was approved by the Director of Finance. As per the financial services policy, all invoices received by the accounts payable must be validated against Goods Received Notes (GRN) and purchase orders. The auditors did not find any GRNs or purchase order for this payment.

3. The auditors noted that another payment amounting to P341 943 to Oak Services (Pty) Ltd for provision of waste Management at BIUST did not adhere to the procurement policy. As per the procurement policy, any purchase in the range 100 000 to 500 000, requires five (5) quotations. The auditors noted that only 2 quotations were obtained from suppliers.

4. Auditors also noted that there were no quotations for services rendered by Shato's Investment Company and Ngwato Security amounting to P16 960 and P33 999 respectively. As per the procurement policy, purchases below P40 000 require at least one quotation.

Student Residence Maintenance

1. The auditors noted that a payment to Goldern Projects (Pty) Ltd for maintenance of school hostels did not adhere to the financial services policy. As per the financial services policy no goods shall be ordered except by way of a purchase order on an official order form. The auditors also noted that there was no purchase order form raised,

instead a letter was addressed to Goldern Projects dated 18/12/2019 notifying them that they had won the bid and offering Goldern Projects to respond to the offer.

In response Management stated that the incidences referenced were discovered by Management following an internal investigation commissioned by Management. The incidences related to work that the then Director PPCF, had done without following procurement procedures and engaged several companies to carry out student's residence maintenance work. Management reported that consequently, the invoices were only paid after a detailed internal audit investigation and verification of the goods and services provided to the University were done and that administration action was taken on those involved.

3.2 Approval Authority Not Followed

The auditors observed that the approval authority of being the Budget Holder in the Oracle system had been allocated to the Manager Physical Planning and Campus Facilities (PPCF), instead of Director PPCF. All purchase requisitions during the year from April to March 2021 had been approved by the Manager PPCF, instead of the Director PPCF. From enquiry the auditors understood that the director PPCF had been verbally or via another medium gave authorization to the manager to approve through Oracle system.

In response Management stated that the then Director PPCF had on his own delegated his Oracle approvals in the system to his Manager PPCF. Delegation of approval authority was normally done when the budget holder was away from office and was meant for business continuity. This was done through an Oracle function known as "vacation rule". Management further stated that administrative action was taken against the then Director PPCF for delegating his system approvals without any justifications.

3.3 Property, Plant and Equipment-Variation Approvals

The auditors observed that there was variation in the contract amount and the amount capitalized from the Capital Works in progress. The variation was due to changes in the contract terms which would not be documented into the contract. The variations as noted below were supposed to be approved at the Council Tender Committee (CTC) level.

Contractor	Project Name	Total Amount-Contract	Total Amount-Ledger	Variance
Rockefeller	Access	99 181 724	197 096 489	-97 914 765
MATD	Water & Sewage pumps	69 618 041	108 047 806	-38 429 765
Tswana	Storage tanks	1 775 802	14 471 803	-2 696 001
The Turf	Sports facility and turfing	3 257 860	4 191 915	-934 055
FIMA Enterprises	Proposed Library Services Block	8 062 888	10 806 012	-2 743 124
ARCSWANA	Provision of Consultancy services for proposed Data centre	7 565 802	5 025 500	2 540 302
Emporium t/a Tiki Architects	Student Centre	7 888 914	7 813 512	75 401

In response Management stated that all the variations were approved by either the Management Tender Committee (MTC) or the CTC. Management stated that they would compile and make available the documents for audit verification.

127. **Botswana Investment & Trade Centre**

The financial statements of the Centre for year ended 31 March 2021 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 2021, 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 P980 111, as compared to a surplus of P872 968 recorded in the previous year. The deficit was mainly attributed to a 30.49% decrease in Government subvention from P93.28 million in the previous year to P64.84 million in the year under review as well as a nil balance in Global Expo income.

Total income decreased by P27.81 million (22.37%) from P124.31 million in the previous year to P96.50 million in the year under review. Within this total income, revenue decreased by 7.83% from P20.95 million in the previous year to P19.31 million in the year under review.

2.3 Working Capital

The working capital position of the Centre as at 31 March 2021 showed total current assets of P67.16 million and current liabilities of P18.66 million, resulting in a net current assets position of P48.50 million.

3.0 Management Letter

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

3.1 Delays in Preparation of Bank Reconciliation (Repeat finding)

The auditors noted that the bank reconciliations of Bank of India were not prepared and reviewed on timely basis. As per accounting policies of the Centre, the bank reconciliations should be prepared and reviewed by the end of the succeeding month. The auditors understood that the delays were due to the lockdown enforced in India during April and May 2020 as result of COVID -19 pandemic.

In response, Management noted the finding and stated that they will ensure controls are carried out throughout the year except where limitations ensue.

3.2 Fully Depreciated Assets Still in Use (Repeat finding)

The auditors noted that as at end of 2021 financial year, total original cost of Property Plant and Equipment amounted to P22.50 million. Out of this, assets amounting to P11.70 million had been fully depreciated as at year end.

In response, Management noted that there is an on- going exercise to remove and replace fully depreciated assets. Two auction sales and one donation were conducted during the year and plans were underway to conduct more auction sales in the following year to clear out the fully appreciated assets. The residual values of the assets were assessed during the year as per the accounting standard, after which the useful lives of the assets were revised.

3.3 Breach of Francistown Land Development Covenant (Repeat finding)

BITC procured a property in 2001 from the Government of Botswana for P203 768 through a Deed of Fixed Period State Grant with condition that the Centre would develop the property by erecting a building to the value of or exceeding P1 200 000 within two years. BITC was unable to develop this property within the stipulated period. As a result, BITC is non-compliant with the covenant conditions and therefore risks forfeiture of property by Government and loss of 20% of the amount paid (i.e P40 754).

In response, Management noted that the Property Investment Strategy which details the property development plan for the years 2020 to 2030 was approved in principle by BITC Board of Directors in May 2021. The report was presented to the Ministry of Investment Trade & Industry in July 2021 for further input and consideration as directed by Board. BITC Management is currently awaiting formal approval from Ministry to start implementation of strategy.

128. **Botswana Meat Commission**

The financial statements of the Botswana Meat Commission (BMC) for the financial year ended 31 December 2020 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 2020, 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), and for such internal control as the Commissioners determine was necessary to enable the preparation of financial statements that were free from material misstatement, whether due to fraud or error.

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 P2.22 million and a marginal profit of P3.17 million respectively and the accumulated deficits for the Group and Commission of P1.315 million and P1.333 million 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 support. These conditions, along with other facts in Note 31 of the financial statement, indicated the existence of a material uncertainty that casted significant doubt on the Group's And 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.

2.2 Financial Results

In the year under review the Group recorded a total comprehensive loss of P2.22 million whilst the Commission recorded a total comprehensive income of P3.17 million compared to a total loss of P92.19 million and P104.19 million respectively in the previous year.

The Revenue for the Commission also decreased by 43% from P691.03 million in the previous year to P 394.06 million in the year under review. The commission expenditure decreased by 33% from P 355.80 million in the previous year to P238.20 million in the year under review.

The Revenue for the Group decreased by 43% from P715.96 million in previous year to P406.15 million in the year under review. Whereas the total expenditure decreased by 32% from P355.78

million in the previous year to P241.46 million in the year under review.

The Group revenue was disaggregated by primary geographical markets as at 31 December 2020 as illustrated by the table below:

	Sale of meat and allied meat products	Shipping	Cold Storage Services	Total
Norway, Europe & UK	242 311	-	-	242 311
RSA and other SADC countries	83 259	1 090	10 999	95 349
Botswana	68 490	-	-	68 490
Total	**394 060**	**1 090**	**10 999**	**406 149**

2.3 Working Capital

The working capital position of the Group as at 31 December 2020 showed total current assets of P139.16 million and total current liabilities of P370.56 million including a loan of P262.19 million which resulted in a net current liabilities position of P231.40 million. The Commission at the same period had total current assets of P125.81 million and total current liabilities of P451.14 million including a loan of P262.19 million which resulted in a net current liabilities position of P325.33 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

The auditors observed that the Commission made losses that resulted in a negative balance for accumulated funds as at 31 December 2020. Given the cumulative impact of limited financial resources available to the Commission annually it may increasingly become difficult for the Commission to effectively implement its mandate and strategy going forward.

The Commission made losses for the past years as follows:

31 Dec 2016-P191.1m loss
31 Dec 2017-P210.4m loss
31 Dec 2018-P90.1m loss
31 Dec 2019-P69.4m loss
31 Dec 2020-P3m marginal profit

This resulted in an accumulated deficit of the Commission of over P1.33 million (Group P1.31million) including current year marginal profit of P3 million (Group P1 million loss). The current year loss included a P26 million profit on disposal by the Commission for the disposal of assets which was a once off event. Normalized earnings would result in even greater losses for the period then ended.

In response Management indicated that they had taken up the matter on going concern with its shareholders and that a full Board of Governors had been appointed on a three year term. Government through the Ministry of agricultural development and Food Security had committed to support BMC for the next twelve months. The Ministry of Local Government and Rural Development had signed a two year contract of P235 million with BMC.

Management further indicated that BMC continues to exploit ways to turn its fortunes around and had engaged Financial Institutions for short term facilities to assist working capital requirements and to secure its lucrative markets for better returns.

129. **Botswana Medicines Regulatory Authority**

The financial statements of the Botswana Medicines Regulatory Authority for the financial year ended 31 March 2021 were audited by Messrs RSM Botswana, 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 financial statements presented fairly, in all material respects, the financial position of the Authority as at 31 March 2021, 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 Medicines and Related Substances Act, 2013.

2.2 Financial Results

In the year under review, the Authority recorded a deficit of P11.66 million compared to a surplus of P2.59 million recorded in the previous year.

Government grant decreased by 21% from P57.45 million in the previous year to P45.16 million in the year under review.

Expenditure increased by 17% from P55.89 million in the previous year to P65.22 million in the year under review. Significant increases in expenditure were noted in Employee costs which increased by 26% from P35.62 million in the previous year to P44.81 million in the year under review. Professional and other subscriptions rose by 67% from P303 669 in the previous year to P506 457 during the year under review.

2.3 Working Capital

As at 31 March 2021, the working capital position of the Authority showed total current assets of P20.17 million and total current liabilities of P12.56 million, resulting in a net current assets position of P7.61 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.

130. **Botswana National Productivity Centre**

The financial statements of Botswana National Productivity Centre for the financial year ended 31 March 2021 were audited by Messrs Deloitte, 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 consolidated financial statements gave a true and fair view of the financial position of Botswana National Productivity Centre as at 31 March 2021, 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 20 to the annual financial statements which indicated that BNPC recognised a property owned by the Government of Botswana under PPE on the statement of financial position starting from the financial year ended 31 March 2016 and provided depreciation charges relating to the property in the statement of Profit and Loss and Other Comprehensive Income starting from 31st March 2017 to 31st March 2020. The Centre also revalued office buildings on 31 May 2019.

The valuation as at 31 March 2019 amounted to P52 300 000, and the resulting surplus of P7 133 941 was recognised in Other Comprehensive Income with a corresponding credit to the Revaluation Reserve. The property did not meet the measurement and recognition criteria of IAS 16 and thus should not have been recognised as Property Plant and Equipment in the statement of financial position. The recognition was therefore a fundamental prior period error. The prior year financial statements had been restated to correct this error.

The property had since been derecognised from the Centre's books. Repairs or additions for the building was treated as expenses in the same year of the expenses. 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 P5.04 million compared to a restated deficit of P0.49 million in the previous year.

The Centre was funded by Government grants. In the year under review the grant was P34.56 million, representing 89% of the total income, compared to a grant of P38.29 million in the previous year, representing 84% of the total income.

Expenditure decreased by 1% from restated amount of P45.01 million in the previous year to P44.60 million in the year under review.

2.3 Working Capital

As at 31 March 2021, the working capital position of the Centre showed total current assets of P24.90 million and total current liabilities of P16.67 million, resulting in a net current assets position of P 8.23 million.

3.0 Management Letter

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

3.1 Assessment of Fixed Assets Useful Lives

The auditors noted that the entity did not perform an assessment of the residual value and the useful lives applied to items of property and equipment assets as required by IAS 16. The entity's Fixed Assets Register contained fully depreciated assets with a total cost of P7.4 million which were still in use, but the useful lives had not been re-assessed. Failure to re-assess the residual values and useful lives of tangible fixed assets presents non – compliance with IAS 16 and might result in inappropriate valuation of the carrying amounts of property and equipment presented in the financial statements.

As per the review of the Fixed Assets Register, the total assets that were fully depreciated were as follows:

Item	Value (P)
Furniture & Fittings	1 795 830
Library books	1 536 738
Office Equipment	2 441 873
Plant & Machinery	397 378
Computer Equipment	1 234 174

In response, Management stated that the Centre had planned to undertake an exercise to remove abandoned assets from the register and dispose them off. This process was expected to be completed by December 2021.

131. **Botswana National Sports Commission**

The financial statements of Botswana National Sports Commission for the financial year ended 31 March 2020 were audited by Messrs Grant Thornton, Certified Auditors, who were appointed by the Commission in terms of Section 37 (2) of the Botswana National Sports Commission Act (No. 30 of 2014).

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 Sports Commission as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and the Botswana National Sports Commission Act No. 30 of 2014.

Emphasis of matter

The Commission had an accumulated deficit of P80 067 442 (2019: P86 458 982) and a net current liability position of P1 752 895 (2019: P1 312 349) as at 31 March 2020. The continued deterioration of the net equity position and a perennial precarious net liquidity position of the Commission continued to raised a concern on the ability of the Commission to continue as a going concern as reported in the previous year. In addition, the Covid-19 pandemic had affected cultural and sporting events across the world and it was expected that the effect of this pandemic would be felt by the Commission in the years 2020-21 and 2021-22. The ability of the Commission to continue was dependent on the continuous support of the Government of Botswana in supplementing the financial needs through revenue and capital subventions.

2.2 Financial Results

During the financial year under review, the Commission recorded a deficit of P4.52 million as compared to a deficit of P126.31 million in the previous year.

The Commission was funded by Government grants, in the year under review the Grant Income, including amortised grant was P130.02 million (93.77% of total income). Other income was derived from, among others, Stadium Income (P2 365 037), Rental Income (P1 527 535) and Sports Awards (P1 352 352).

The distribution of funds by the Commission to affiliates and other operating expenses were generally as follows,

Item	2020	2019
Distribution to Affiliates and Associates	33 280 527	28 599 838
Funds Distributions towards Special Projects	56 614 333	57 403 290
Other Operating Expenses	54 687 536	64 575 131
	144 582 396	**150 578 259**

2.3 Working Capital

The working capital position of the Commission as at 31 March 2020 showed total current assets of P11.49 million and total current liabilities of P13.24 million, resulting in a net current liabilities position of P1.75 million.

3.0 Management Letter

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

3.1 No Lease Agreement for Orange and BNSC

The auditors noted that the Commission was leasing some booster place to Orange. However, the Commission did not avail to the auditors any signed framework or signed lease agreement with Orange for the lease of the booster. The lease agreement that the Commission was using to charge rentals expired in 2019. Therefore the terms and conditions governing the lease of these properties were based on an expired lease agreement.

In response, Management stated that the Commission had submitted the lease agreement to Orange for signature in November 2019 who referred it to its legal team for perusal. The Commission indicated that it would continue to follow up the matter with Orange for completion.

3.2 Property, Plant and Equipment

The auditors noted that the Commission's Fixed Asset Register did not take into account the correct useful lives and residual values of assets hence incorrect depreciation charge in the Fixed Assets Register and the General Ledger.

In response, Management stated that the Commission was migrating from D-Bit Fixed Asset Software to Norming Asset Software and the industry useful assets would be taken into consideration and corrections made during the set up.

132. **Botswana Oil Limited**

The financial statements of Botswana Oil for the financial year ended 31 March 2021 were audited by Messrs Price water House Coopers, 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 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

In the year under review, the Company recorded a profit of P9.22 million compared to a loss of P8.87 million in the previous year. The main contributor to the improved performance was a P15.16 million increase in Revenue from P583.36 million in the previous year to P598.52 million in the year under review. The increase in revenue was able to cover an increase in administrative expenses by P5.64 million from P70.82 million in the previous year to P76.47 million in the year under review.

2.3 Working Capital

The working capital position of the Company as at 31 March 2021 showed total current assets of P355.35 million and total current liabilities of P200.94 million, resulting in a net current assets position of P154.41 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.

133. **Botswana Open University**

The financial statements of Botswana Open University for the financial year ended 31 March 2021 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 2021, 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 P14.78 million compared to a surplus of P21.75 million in the previous year. This could be caused by the increase in employee expenses by 14% from P122.42 million in previous year to P140 million in current year.

The University was funded by Government grants, in the year under review the grant was P129.65 million, representing 90% of total income, compared to P177.96 million in the previous year. Another notable source of income was Revenue from Student Application and Tuition Fees of P41.78 million in the year under review, compared to P37.10 million in the previous year.

Expenditure decreased by 2.46% from P206.42 million in the previous year to P201.34 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. Tutor and writer expenses costs decreased by 69% from P17.29 million in the previous year to P5.3 million in the year under review. Other operating expenses also decreased by 12% from P63.9 million to P55.8 million in the year under review.

2.3 Working Capital

As at 31 March 2021 the working capital position of the University showed total current assets of P25.16 million and total current liabilities of P56.65 million resulting in a net current liabilities position of P31.49 million.

Current liabilities included trade and other payables of P47.99 million, deferred income of P8.28 million and lease liabilities P0.38 million.

3.0 Management Letter issues

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

3.1 Depreciation on Property Plant and Equipment

Auditors discovered that there were two different processes being used simultaneously to calculate the depreciation on fixed assets and passed to the General Ledger. The auditors noted that Management calculated depreciation journals using the excel Fixed Asset Register and passing them to the General Ledger whilst the Fixed Asset Module was doing the same activity.

Due to this double entry, accumulated depreciation and depreciation charge for the year were misstated.

In response, Management highlighted that the current issue raised by auditors will be fixed by an on-going Asset verification exercise which involves training on the system asset register. This on-going exercises will also revert back to accumulated depreciation charge and correct it.

3.2 Unallocated Receipts

The auditors observed a balance of P5 267 718.87 under unallocated receipts in the system. According to the auditors the accumulation of this balance was caused by the following:

- Prepayments made by some of the students
- Incomplete registration in the system by some students which resulted in the system not invoicing the student account and
- The student receipts not matched against the relevant invoices in the student's accounts.

In their response, Management stated that necessary reinforcements on student registration process would be implemented to address the problem. They also highlighted that there was an ongoing exercise to address the accumulated amount.

3.3 Controls On Posting Transactions

The auditors observed that there was no documented evidence that journals were being approved before they were posted in the accounting system. This made it hard to review transactional history as there was no evidence.

In response, Management stated that the issue was currently addressed by the system developers. They highlighted that the entity had found a solution but it later proved to be in-sufficient for it hindered other processes such as student administration. The solution had to be stopped and a more sustainable solution sought.

3.4 Automation Of Tutor Payments

The auditors observed that the tutors payroll costs in the Francistown Regional Campus was still being managed on excel and had not been migrated to the University's payroll system. The auditors highlighted that this issue had the potential to create some discrepancies between the ledger payroll costs and the actual payroll costs

In response, Management stated that the issue would be addressed by the Student Service Division to ensure the Francistown Regional Campus was in compliance.

134. **Botswana Postal Services Limited**

The financial statements of the Botswana Postal Services Limited for the financial year ended 31 March 2020 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 2020, 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 P201 976 064 (2019: P159 236 453) and a net current liability position of P107 318 929 (2019: P78 887 161). Included in liabilities was an amount of P98 494 844 which was money held on behalf of Agencies. The continued deterioration of net liquidity position of the Company raised doubt on its ability to continue as a going concern. The Government of the Republic of Botswana had committed in writing through the Ministry of Transport and Communication that it would continue to support the Company and had committed to provide a Universal Service Obligation grant of P78 million to ensure it continues as a going concern in the financial year 2020/2021.

2.2 Financial Results

In the year under review Botswana Postal Services Limited recorded a loss of P44.80 million before Other Comprehensive Income compared to a loss of P948 354 in the previous year. The main contributors to the loss were increases in;

- Costs of operations by 10 % from P203 million to P223.71 million,
- Other operating expenses increases by 37% from P159.69 million to P218.91 million

Revenue increased by 10% from P292.61 million in the previous year to P320.78 million in the year under review.

The Company recognised a gain on Property Revaluation of P67 911 691 compared to a loss on Property Revaluation of P414 963 from the previous year.

2.3 Working Capital

As at 31 March 2020, the working capital position of the Company showed total current assets of P225.72 million and total current liabilities of P333.04 million, resulting in a net current liabilities position of P107.32 million.

3.0 Management Letter

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

3.1 Management of Cash on Hand at Post Offices

The auditors noted that 17 out of 143 Post Offices had exceeded the limits set for the amount of cash that they could hold. The set cash limits were as per the Botswana Post policy on the cash to be held per post office. The policy was in alignment with the insurance cover such that if money were to be stolen it would be fully recovered. However, if Post Offices were to keep cash above the set limit, the excess would not be covered by the insurance.

In response, Management stated that there was an influx of cash deposits by customers towards close of business on the last day of the month at most Post Offices. Over and above that, there was an exercise that was carried out to transfer cash from branches that were to be closed during lockdown to branches that were to remain operational. This resulted in the post offices exceeding the set cash limits. However, the cash limits were subsequently adjusted and Management had continued to monitor the cash limits. The insurance cover would also be adjusted to match the cash limits accordingly.

Management further stated that disbursements would be made within the limit immediately and adjustments of the limits made where there was consistent need for an increase by 30 September 2020.

3.2 Non - Compliance with Procurement Policy

The auditors observed instances of non-conformance to the procurement policy in invoices sampled for testing. These included:

i. Expenses (electricity) being approved by individuals not authorised per the guidelines of the policy. The auditors noted that purchases of electricity had been approved by the Procurement Manager who could only approve up to P250 000.00 whereas electricity purchases had exceeded P250 000.00.

ii. The required quotations for legal expenses had not been satisfied without any documentation and approval to the exceptions, moreover, the procurement office, which is responsible for procuring goods and services for the company was not engaged when awarding to legal providers, and these exceptions were not documented.

In response, Management noted the irregularities and stated that electricity was a stock item that was procured frequently and hence it would not be practical for it to be authorised by the Chief Executive Officer, Management Tender Committee, Board Committee and the Board of Directors accordingly. Management stated that the matter had been rectified and the Procurement and Chief Financial Officer were given delegated authority to sign for such stock items beyond P250 000.00 by the Tender Committee. The changes were to be reported back to the Tender Committee at its quarterly meetings.

3.3 Poor Management of the Fixed Assets Register

The auditors noted the following when performing substantive procedures and verification of Property, Plant and Equipment:

i. Some of the assets were re-allocated to locations other than those in the Fixed Assets Register.

ii. During the current year valuation it was observed that the company had plots that had not been recorded in the Fixed Assets Register. The assets were then captured in the Fixed Assets Register in the current period with zero opening balances. The auditors further noted that most of these plots were donations from the community.

iii. The custodians of the assets and the preparer of the Fixed Assets Register were two separate individuals. Upon inquiry, it was noted that there was no co-operation between the two officers such that the property department would be aware of assets where the same would not be reflected in the Fixed Assets Register.

The auditors had recommended that Fixed Asset Register be updated on a timely basis. There was no response from Management on the same.

3.4 Poor Management of Title Deeds Documents

The auditors noted in their review of ownership rights over properties by Botswana Post that there were properties owned by the Company without title deeds to validate ownership. Below is a list of properties wherein title deeds were not availed:

1. Kasane Post Office
2. Monarch Post Office
3. Rakops Post Office
4. Bokspits Post Office
5. Seronga Post Office
6. Broadhurst Post Office

In response, Management stated that ownership of those properties had been transferred to Botswana Post through Vesting Orders. There were however some delays in the application process. Management added that, requests for copies of title deeds that went missing had been made from the deeds office. Management would ensure that all the properties owned by Botswana Post had title deeds by 30 December 2020.

3.5 Timely Reconciliation of VAT

The auditors further noted the following exceptions in relation to VAT:

i. Delayed reconciliation of VAT- In the current year the auditors had experienced challenges in obtaining the schedule. Following submissions differences were noted which had to be reconciled during the audit.

ii. The company had made overpayments of P1.2 million to the regulatory body in the current period which were attributed to system errors. However, the Company did not rectify the errors timeously. The revised returns were furnished during the audit.

iii. Furthermore, the auditors noted that the work done by the Accountant was not reviewed and monitored.

In response, Management stated that VAT reconciliation had not always been possible during the year due to system implementation issues and that some of the returns were filed using provisional amounts. Reconciliation was done subsequently and the returns were revised accordingly. Management committed that going forward timely VAT reconciliations would be done on a monthly basis to ensure compliance.

3.6 Agency Observation

The auditors noted during their review of the Agency Contracts, the following instances of non-conformance with various agency terms and conditions:

i. Late payments made to the different stakeholders, which was a breach of the agreed terms and conditions. For example, the Botswana Savings Bank (BSB) contract stipulated that the amount collected on behalf of BSB should be remitted to BSB within ten days of claims receipts, failure of which a penalty of 10% per annum was to be charged which would affect the Company's liquidity.

ii. The Company was not maintaining specific bank accounts for agency activities, hence there was no separation between the operational activities and the agency business.

The increased agency business being handled by the Company had been a major contributor to its positive change in financial performance. This mainly entailed facilitating a transaction for a principal and earning a commission for the same and also periodically remitting balances to the principal. From the auditors enquiries with Management it was revealed that the Company was not maintaining agreed bank balances to support the agency activities as stipulated in some of the agreements. Furthermore, the auditors noted that the agency liabilities exceeded the total cash balances.

Agencies liabilities	(191 177 809)
Cash balances	104 175 568
Difference	(87 002 241)

In response, Management pointed out that the company had encountered difficulties in separating operational cash and agency cash. However, Management indicated that the business was working on various collection models to address the difficulty. The model was planned to be completed by December 2020 and would be implemented across all agencies. The Management further stated that the Company was also engaging the shareholder to recapitalize the business and were optimistic that the situation would improve with assistance of the shareholder.

3.7 Non - Compliance with the Conceptual Framework for Financial Reporting Accrual basis

The auditors noted that some of the revenue from Franking Machines, Electronic Mail System, Bulk Mail, Rental Income and Philatelic Sales had been accounted for on cash basis, which was not in compliance with the Conceptual Framework for financial reporting, which specifies the accrual basis as an underlying assumption in preparation of financial statements.

In response, Management noted the finding and stated that they would ensure compliance with the provisions of the Conceptual Framework for financial reporting. They indicated that this was the result of system implementation initial problems and had since been resolved. Monthly revenue analysis and reconciliation as part of the month end process would be enforced.

3.8 Border VAT

The auditors noted that Botswana Post pays customs duties for parcels at the border on behalf of customers and then claim against collections. However, the auditors noted that the accounting for such claims was not done adequately as there were no schedules prepared to monitor Border VAT.

In response, Management noted the finding and stated that it would strengthen controls around border VAT to ensure that the Customs Duties claimed and unclaimed from customers were reconciled on a timely basis and that the same was reflected in the Trial Balance. Reconciliation and collection of the forward paid amounts would be collected from customers by 30 December 2020. Management stated that going forward and with immediate effect, they would introduce a process by which no delivery would be made without first instituting collection of the VAT. This would be documented by the end of September 2020.

135. **Botswana Privatisation Asset Holdings Limited**

The financial statements of Botswana Privatisation Asset Holdings Limited for the financial year ended 31 March 2020 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 2020, 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 P32.99 million for the year under review, compared to a profit of P30.30 million in the previous year.

Revenue increased substantially from P26.57 million in the previous year to P59.98 million in the year under review. The main contributors to the significant increase in performance was due to an increase of Dividend Income by 194% from P17.10 million in the previous year to P50.22 million in the year under review. Interest Income also increased by 20% from P8.15 million in the previous year to P9.76 million in the year under review.

Expenditure decreased from P2.10 million in the previous year to P2.09 million in the year under review. In addition to that there was a fair value loss on investments in Equity Shares of P21.60 million in the year under review compared to a fair value gain on investments in Equity Shares of P6.30 million realised in the previous year.

2.3 Working Capital

As at 31 March 2020, the working capital position of the Company showed total current assets of P75.53 million and total current liabilities of P840 866 resulting in a net current assets position of P74.69 million.

3.0 Management Letter

The auditors stated that they did not identify any control deficiencies during the course of their audit.

136. **Botswana Qualifications Authority**

The financial statements of Botswana Qualifications Authority for the financial year ended 31 March 2021 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 2021, 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.

Emphasis of Matter

The auditors drew attention to Note 12 of the annual financial statements which related to the Impact of COVID-19 on the operations of Botswana Qualifications Authority. The auditors' opinion was not modified in respect of this matter.

2.2 Financial Results

The financial statements for the previous period were restated.

The Authority recorded a surplus of P20.21 million in the year under review, compared to a restated deficit of P17.65 million in the previous year. The main contributor to the significant increase in surplus was an increase in income by 31% from a restated P78.94 million in the previous year to P103.16 million in the year under review. Government subvention made 92% of the total income, it increased by 39% from P67.79 million in the previous year to P94.46 million in the year under review.

Expenditure decreased by 14% from a restated figure of P97.60 million in the previous year to P83.49 million in the year under review.

2.3 Working Capital

As at 31 March 2021, the working capital position of the Authorityshowed total current assets of P48.79 million and total current liabilities of P40.43 million resulting in a net current assets position of P8.36 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 there was a forensic audit done by Ernst & Young in 2017. The report cited a number of issues including payments made by the Authority which were not properly supported and justified. There were also a number of control weaknesses identified. Follow up on the report's implementation with Internal Audit revealed that some issues were implemented but some not yet implemented. The auditors added that detailed follow up reports were with Internal Audit.

In response, Management 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 activities were easy to implement and close within a short period of time as they had no cost implications, and some were long term and due for completion by 31 March 2022. Implementation and progress was being monitored and reported to the Board quarterly.

3.2 Results of Investigations Conducted Not Finalized

The auditors noted that there was an investigation which occurred during the year. As a result of this investigation some employees were suspended from the Authority and results of the investigations were being implemented. However, the report was not availed to the auditors as per Management's instruction. The auditors cautioned that there was a possibility of a material misstatement in the financial statement which they could not assess because they were not furnished with the report.

In response, Management stated that the recommendations were yet to be finalized and that they were currently implementing the first phase of the results of the investigation and majority of the activities would be implemented thereafter. Management revealed that the first phase was nearing completion and the report would be availed as soon as the phase was completed.

3.3 Report from the Ombudsman Not Fully Implemented

The auditors noted that during the year there was an investigation which was carried out by the Office of the Ombudsman. The report cited a number of control deficiencies in the process of accreditation of local educational institutions by the Botswana Qualifications Authority.

In response Management stated that they were currently analysing the findings in the report with the aim to close the identified gaps, enhance controls and make improvements in the registration and accreditation process. Like other audits findings, Management stated that they would draw an implementation target deadline to guide implementation of the activities with target deadlines. This would be implemented once finalized and progress reported to the governance structures.

137. **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-owned enterprises requesting them to forward to me their audited financial statements and reports for the purposes of review and inclusion of the review results in this report.

At the time of writing this report, Botswana Railways had not submitted their annual financial statements and the Management letter. In response, Botswana Railways Management indicated that their auditors were dealing with some significant challenges to conclude on the audit and it was not clear when the issues would be finalised.

Consequently, I have not been able to carry out the review of the accounts of Botswana Railways for the financial year ended 31 March 2021 for the benefit of the National Assembly.

138. **Botswana Savings Bank**

The financial statements of Botswana Savings Bank for the financial year ended 31 March 2021 were audited by PricewaterhouseCoopers, 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 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

The financial operations of the Bank showed a profit of P5.24 million for the year under review, compared to a profit of P13.78 million in the previous year. The acute decline in financial performance was due to a rise in Administrative and General Expenses by 31.7% from P38.94 million in the previous year to P51.28 million in the year under review.

Income decreased by 7.0 % from P 156.94 million in the previous year to P146.01 million in the year under review. Government grant decreased to P1.58 million in the year under review compared to P40.00 million in the previous year.

2.3 Working Capital

The working capital position of the Bank as at 31 March 2021 showed total current assets of P638.70 million and total current liabilities of P2.45 billion resulting in a net current liabilities position of P1.81 billion.

3.0 Management Letter

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

3.1 Compliance with the Cost to Income Ratio of the set Prudential Ratio

The auditors noted that during the year, the bank failed to meet the prescribed Cost to Income ratio as per the prescribed Bank of Botswana requirements. This was noted in the monthly and quarterly returns submitted by Botswana Savings Bank to Botswana (the "Regulator").

In response, Management concurred with the finding and would ensure that it would put in measures to ensure that such transgressions were avoided. The process would include a budget proposal that targets the recommended cost to income ratio, whilst strict monitoring would be put in place to guarantee compliance at all times.

3.2 Treatment of Deferred Income for tax purposes

The auditors had observed that Deferred Income (effective interest impact as per IFRS 9) for the purpose of tax had been treated the same way as it had been for accounting purposes and financial statements. This was in accordance with Section 10(b) for the Income Tax Act.

In response, Management had stated that the bank had engaged a tax expert on the matter and argued that this was a grey area and interpretation was subjective. The bank would further engage with BURS on treatment of the Deferred Income.

3.3 Technical reviews – Databases (BR.Net and Accpac)

The auditors further noted that auditing, logging and monitoring of database logs were not enabled on BR.Net and Accpac.

In response, Management had stated that since the decision had been taken to move from BR.Net to Finacle from Infosys were core banking application, the risk had been accepted and would be reassessed after implementation of new core banking system. Management also stated that they were currently upgrading AccPac. As soon as the upgrade had been completed audit logging as well as vendor solutions would be looked into and implemented.

3.4 Technical reviews – Databases on Privileged accounts

The auditors noted that privileged accounts which were no longer used should not remain active on the database and server level. These accounts should be disabled as it was risk for users with enabled active directory account to exploit the BR.Net application.

In response, Management had stated that in terms of solutions being implemented, no user would log in through privilege accounts in future. Each user would be assigned their own unique user accounts to track accountability. This would enable effective tracking and monitoring of privileged user and also this formed part of the ongoing cyber security project.

139. **Botswana Stock Exchange**

The financial statements of Botswana Stock Exchange for the financial year ended 31 December 2020 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 2020, 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

In the year under review, the Group and the Stock Exchange recorded a profit of P8.10 million and P10.94 million respectively in the year under review, compared to P6.40 million and P7.03 million recorded in the previous year.

The income for the Group increased slightly by 1.72% from P39.43 million in the previous year to P40.11 million in the year under review, while expenses increased by 3.09% from P33.02 million in the previous year to P32.00 million in the year under review.

2.3 Working Capital

The working capital position of the Group as at 31 December 2020 showed total current assets of P102.54 million and total current liabilities of P5.09 million, resulting in a net current assets position of P97.45 million.

The total current assets for the Stock Exchange were P77.86 million and the total current liabilities were P4.19 million, giving a net current assets position of P73.67 million.

3.0 Management Letter

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

3.1 Nil carrying value of assets (Motor Vehicles)

The auditors noted that during the review of the Fixed Assets Register, Management did not determine residual value of assets as per IAS 16, Property Plant and Equipment especially those assets which were still in use as detailed below:

The auditors noted that motor vehicle (Toyota Hilux D-Cab) costing P235 043 had been fully depreciated. However, the motor vehicle was still in use by the entity.

The Company disposed another motor vehicle during the year (Range Rover B541 BCS) realising a profit of P230 500 as the vehicle was fully depreciated. Another vehicle was bought during the period under review (Range Rover B419 BMA) costing P1 440 000 and no residual value was determined.

In response, Management noted over the years, the BSE's asset register had carried its assets at cost less depreciation. This was mainly due to the nature of assets that the BSE had (mainly Information technology assets) that were challenging to estimate their residual values. The depreciation rates used reflect the pattern in which the assets' economic benefits are consumed by the BSE. The BSE had maintained consistency across its assets base because a revaluation would require the entire class of assets to be revalued.

140. **Botswana Telecommunications Corporation Limited**

The financial statements of the Botswana Telecommunications Corporation Limited for the financial year ended 31 March 2021 were audited by Deloitte & Touché, 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 Telecommunications Corporation Limited as at 31 March 2021 and 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 and the requirements of the Companies Act (CAP 42:01).

Emphasis of Matter

Note 24 to the consolidated and separate financial statements indicated that the previous financial statements for the year ended 31 March 2020 were restated. The Group identified several prior periods' errors and corrected them by restating each affected financial statement line item for prior periods. The auditor's opinion was not modified in respect of this matter.

2.2 Financial Results

The financial operations of the Corporation recorded a profit of P135.33 million for the year under review, (before a revaluation gain in property of P63.8 million and income tax effect of minus P12.3 million), compared to a restated profit of P116.79 million in the previous year.

Revenue increased slightly by 1% from P1.42 billion restated in the previous year to P1.43 billion in the year under review. Expenditure decreased slightly from a restated P1.33 billion in the previous period to P1.30 billion in the year under review.

2.3 Working Capital

As at 31 March 2021, the working capital position of the Corporation showed total current assets of P627.76 million and total current liabilities of P411.52 million resulting in a net current assets position of P216.24 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.

141. **Botswana Tourism Organisation**

The financial statements of Botswana Tourism Organisation for the year ended 31 March 2021 were audited by Messrs Delloite, Certified Auditors, who were appointed by the Board in terms of Section 22 (2) of the Botswana Tourism Act.

I had commented in my previous report that Botswana Tourism Organisation was in breach of Section 22 (2) which requires the accounts of the Organisation to be audited within a period of three months after the end of the financial year.

In respect of the accounts for March 2021, the Organisation indicated that they had experienced delays on an ongoing audit due to findings of a Specialised Purpose (Forensic) conducted by their Shareholder in the 2019-2020.

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.

142. **Botswana Trade Commission**

The financial statements of Botswana Trade Commission for the financial year ended 31 March 2021 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 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 Commission recorded a deficit of P4.27 million for the year under review compared to a surplus of P912 790 reported in the previous year.

Income decreased by 27% from P5.69 million in the previous year to P4.17 million in the year under review. Total expenditure increased by 77%, from P4.77 million in the previous year to P8.44 million in the year under review. The main contributor to a rise in total expenditure was Employee Costs which increased by 87% from P1.97 million to P3.68.

The Commission was funded by Government grants. In the year under review, the grant stood at P4.13 million representing 99% of total income.

2.3 Working Capital

As at 31 March 2021, the working capital position of the Commission showed total current assets of P302 719 and total current liabilities of P1 286 435 resulting in a net current liabilities position of P983 716.

Included in the current liabilities were Payroll Accruals of P288 029.

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.

143. **Botswana Unified Revenue Service**

The financial statements of Botswana Unified Revenue Service(BURS) for the financial year ended 31 March 2021 were audited by Messrs Pricewaterhouse Coopers, Certified Auditors, who were appointed by the Board in terms of Section 28(2) of the Botswana Unified Revenue Services Act, (Cap 53:03).

Section 28(2) of the Act requires that the audited accounts be submitted within five months of the end of the financial year to which they relate. BURS had failed to comply with this requirement in respect of the financial year ended 31 March 2021 as had also been the case for the financial year ended 31 March 2020.

It is to be noted that failure to comply with requirements of the Act had persisted over a number of years. This had continued to deny the National Assembly the opportunity to examine the accounts of BURS on a timely basis.

144. **Botswana University of Agriculture and Natural Resources**

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

At the time of writing this report, Botswana University of Agriculture and Natural Resources had not submitted their annual financial statements and the Management letter. In response, Botswana University of Agriculture and Natural Resources Management stated that they are experiencing delay with audit owing to the challenges attributable to Covid 19 and the implementation of an Enterprise Resource Planning (ERP) system.

Consequently, I have not been able to carry out the review of the accounts of the University for the financial year ended 31 March 2021 for the benefit of National Assembly.

145. **Botswana Vaccine Institute Limited**

The financial statements of Botswana Vaccine Institute Limited for the financial year ended 31 December 2020 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 presented gave a true and fair view of the financial position of the Botswana Vaccine Institute Limited as at 31 December 2020, 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 Institute recorded a loss of P27.81 million compared to a loss of P23.50 million (P14.79 million after a revaluation gain on property of P8.71 million) in the previous year. The main contributor to the loss was a decrease in Sales of Vaccine by P9.7 million (12%) from P82.6 million in the previous year to P72.9 million in the year under review as well as the reversal of trade receivables impairment which decreased from P8.42 million in the previous year to P1.43 million in the year under review.

2.3 Working Capital

The working capital position of the Institute as at 31 December 2020 showed total current assets of P285.51 million and total current liabilities of P45.18 million, resulting in a net current assets position of P240.33 million.

3.0 Management Letter

The Institute's final Management letter was not submitted for review with signed financial statements so the issues raised could not be included in my report.

146. **Citizen Entrepreneurial Development Agency**

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

At the time of writing this report, CEDA had not submitted their annual financial statements and the Management letter. In response, CEDA Management stated that the financial statement of the Agency for the financial year ended 31 March 2021 were still being audited and are waiting for consultant computation of effective interest rate for the year 31 March 2021.

I have therefore not been able to review the audited accounts of CEDA for inclusion in my report.

147. **Civil Aviation Authority of Botswana**

The financial statements of Civil Aviation Authority of Botswana for the financial year ended 31 March 2021 were audited by Messrs PricewaterHouseCoopers, Certified Auditors, who were appointed by the Board in terms of Section 37 (1) and (2) of the Civil Aviation Act 2011.

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 Civil Aviation Authority of Botswana as at 31 March 2021, 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 Relating to Going Concern

The Authority incurred a loss of P30.30 million for the year ended 31 March 2021 and, as of that date, the Authority's current liabilities exceeded its current assets by P56.00 million. These events or conditions, along with other matters as set forth in the notes to the financial statements indicated that a material uncertainty existed that may cast significant doubt on the Authority'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 financial operations of Civil Aviation Authority of Botswana showed a loss of P30.30 million in the year under review compared to a loss of P29.20 million in the previous year.

Total income reduced by 21% from P326.72 million in the previous year to P258.28 million in the year under review. The composition of the comparative total income was as follows:

Item	2021	2020
Government Grant	195 768 433	150 000 000
Revenue Earned	61 890 883	176 323 206
Finance Income	617 470	394 196
TOTAL	**258 276 786**	**326 717 402**

Expenditure decreased by 19% from P354.66 million in the previous year to P287.69 million in the year under review.

2.3 Working Capital

The working capital position of the Authority as at 31 March 2021 showed total current assets of P23.20 million and total current liabilities of P79.20 million, resulting in a net current liabilities position of P56.00 million.

3.0 Management Letter

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

3.1 PAYE payments and filing of the monthly returns

The auditors noted that the Authority did not file PAYE returns and pay the related tax to BURS since December 2020 up to the reporting date.

In response, Management stated that the Authority plans to settle the outstanding PAYE amount by the end of the Amnesty period that was extended to 30 June 2022.

3.2 Physical verification of assets

The auditors observed that the Authority did not perform the physical verification of assets for the financial period ended 2021. In addition to this, no sufficient evidence was provided by Management to support that the same exercise was performed for the financial period ended 2020.

In response Management stated that the Asset verification exercise was performed in the financial year 2019/20. The exercise included Headquarters and all airports, however in the financial year 2020/21 travel was restricted due to Covid 19. Management further stated that the exercise will be done by Q2 2023.

3.3 Reconciliation of the project bank account to the deferred capital grant account

The auditors noted that the Deferred Capital Grant account did not agree with the balance as per the Project Bank Account. In a bid to reconcile these 2 balances, Management undertook a detailed exercise to investigate the cause of this variance. In that process it was noted that project funds were utilised to finance normal expenses.

In response, Management stated that the Deferred Capital Grant GL account was reconciled to the receipts and the certificates while the Project Bank Account was reconciled to the bank statement on a monthly basis. Management also stated that they intend to improve the reconciliations by comparing the Deferred Capital Grant to the Project Bank account and show a breakdown of the project funds held at different banks.

148. **Companies and Intellectual Property Authority**

The financial statements of Companies and Intellectual Property Authority for the financial year ended 31 March 2021 were audited by Messrs Ernest & 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 2021, 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 P2.42 million in the year under review, compared to a surplus of P4.63 million in the previous year. The decline in the financial performance was mainly as a result of a P2.33 million increase in administration and other expenses from P58.64 million in the previous year to P60.97 million in the year under review.

Total income for the year under review was P64.72 million, a decrease of 0.43% from P65 million reported in the previous year. The Authority was funded by Government grant and in the year under review, the grant was P55.42 million, representing 85.64% of total income.

2.3 Working Capital

The working capital position of the Authority as at 31 March 2021 showed total current assets of P28.47 million and total current liabilities of P26.52 million, resulting in a net current position of P1.95 million.

3.0 Management Letter issues

The following significant matter was raised by auditors and the Management response is also indicated;

3.1 Reassessment of Useful Lives (Repeated finding)

The auditors noted that there were assets in the Fixed Asset Register 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 agreed with the auditors finding. The Authority had not reassessed the useful lives of its assets. Management had resolved to engage a consultant for the provision of consultancy services to clean up the Authority's Fixed Asset Register whose main objectives would be updating the register and the assessment of useful life for the Authority's assets. Management stated that assets will be reviewed in compliance to the Authority's capitalisation policy. The consultancy would update the Fixed Asset Register and also determine asset valuations. The exercise will further provide guidance on carrying out re-assessment of useful lives on an annual basis as recommended. This Management resolved to carry out post budget review, upon Management allocating funds for the exercise, as it was omitted in the budget for the year.

149. **Competition and Consumer Authority**

The financial statements of the Competition and Consumer Authority for the financial year ended 31 March 2021 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 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 for the year ended 31 March 2021 recorded a total comprehensive loss of P2.02 million in the year under review compared to a total comprehensive loss of P4.64 million in the previous year.

Total revenue increased by 24% from P36.41 million in the previous year to P44.99 million in the year under review. Revenue of the Authority was mainly made up of Government grants of P42.64 million representing 95% of the total income.

Expenditure increased by 15% from P39.24 million in the previous year to P45.25 million in the year under review. Major contributors to expenditure increase were staff costs which increased by 54% from P20.33 million in the previous year to P31.33 million in the year under review.

2.3 Working Capital

The working capital position of the Authority as at 31 March 2021 showed total current assets of P3.35 million and total current liabilities of P5.74 million, resulting in a net current liabilities position of P2.39 million.

3.0 Management Letter

The following significant matter was raised by the auditors and the Management response is also indicated;

3.1 Fully Depreciated Assets

The auditors observed that there was a significant number of fully depreciated assets included in the Fixed Asset Register which indicated that they were still in use. The cost of these fully depreciated assets amounted to approximately P5.5 million.

In response, Management indicated that they undertook a review of assets useful lives regularly and that some fully depreciated assets were still in use because the Authority was not able to dispose and replace them due to insufficient funding.

150. **Gambling Authority**

The financial statements of the Gambling Authority for the financial year ended 31 March 2021 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 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 Authority recorded a deficit of P403 916 in the year under review, compared to a deficit of P342 045 million in the previous year.

Expenditure decreased by 14.08% from P48.08 million in the previous year to 40.96 million in the year under review. Income decreased by 12.11% from P48.62 million in the previous year to P42.73 million in the year under review.

The Authority was funded by Government grants and in the year under review the grant was P37.27 million compared to P41.73 million in the previous year. Other notable sources of income were Casino Entrance Fees of P982 421, Annual Fees of P800 000, Income from Gambling Machines of P702 000 and Employee Licences Fees of P170 000.

2.3 Working Capital

As at 31 March 2021 the working capital position of the Authority showed total current assets of P54.52 million and total current liabilities of P56.99 million, resulting in a net current liabilities position P2.47 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.

151. **Human Resource Development Council**

The financial statements of the Human Resource Development Council for the financial year ended 31 March 2021 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 2021, in accordance with the International Financial Reporting Standards.

2.2 Financial Results

The financial operations of the Council recorded a profit of P162 878 for the year under review, compared to a loss of P10.67 million recorded in the previous year.

Revenue increased slightly by 4% from P78.96 million in the previous year to P82.02 million in the year under review and Other Income increased by 22% from P4.93 million in previous year to P6.01 million in the year under review. Expenditure decreased by 8% from P96.08 million in the previous year to P88.48 million in the year under review. The decrease in expenditure was mainly attributable to a reduction in Travelling and Accommodation expenses by P1.67 million from P2.01 million in the previous year to

P337 382 in the year under review and a decrease in Stakeholder Meetings and Conferences expenses by P1.98 million from P2.48 million in the previous year to P503 951 in the year under review. However, during the same period, there was a notable increase in Subscription expenses by P621 858 from P2.12 million in the previous year to P2.74 million in the year under review.

The revenue of the Council for the year under review was P82.02 million, of which P50.60 million was Government grant and P31.42 million was Human Resource Development Fund Administration fees.

2.3 Working Capital

As at 31 March 2021, the working capital position of the Council showed total current assets of P39.18 million and total current liabilities of P29.44 million, resulting in a net current assets position of P9.74 million. The current liabilities included Staff Accruals of P12.35 million and unutilised grants of P10.92 million.

3.0 Management Letter

The following significant matter was raised by the auditors and the Management response is also indicated;

3.1 Property, Plant & Equipment-Assessment of Useful Life (Repeat Finding)

The auditors indicated that the Council needs to assess the useful lives of assets which had a carrying amount of nil or close to nil.

In response, Management acknowledged the audit finding and confirmed that during the year under review an assessment of all Council assets was done as part of a comprehensive asset verification exercise. Most of the Council's assets were old especially Furniture and Office Fittings and these assets had no scrap values attached to them at the time they were acquired and recorded. Management would seek technical advice on how best to comply with the requirements of the Standards.

152. **Legal Aid Botswana**

The financial statements of Legal Aid Botswana for the financial year ended 31 March 2021 were audited by Messrs Grant Thornton, 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 gave a true and fair view of the financial position of Legal Aid Botswana as at 31 March 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and Legal Aid Botswana Act, (Cap16:02).

2.2 Financial Results

The financial operation of Legal Aid Botswana for the year ended 31 March 2021 recorded a deficit of P2.66 million, compared to a surplus of P0.11 million in the previous year.

Government grant for the year was P41.72 million (Government Subvention and Amortisation of Capital Grant) which constituted 99% of the P41.87 million total income of Legal Aid Botswana.

Expenditure was P44.53 million in the year under review as compared to P46.20 million in the previous year which was an increase of 4%. The major contributors to the decrease in expenditure were the following:

	2021	2020 P million	% decrease
Leases Expenses	0.77	1.60	(52)
Other Operating Expenses	9.48	16.27	(42)

2.3 Working Capital

As at 31 March 2021, the working capital position of Legal Aid Botswana showed total current assets of P15.99 million and total current liabilities of P18.35 million, resulting in a net current liabilities position of P2.36 million.

3.0 Management letter

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

3.1 Internal audit effectiveness and efficiency

The auditors noted that there were no internal audit reports in the current year. They also did not cite any internal audit plan for the audit period. Internal audit is a key department to ensure appropriate Corporate Governance and to enhance monitoring of internal controls and processes in the organisation. No reports issued during the year indicated that the process of monitoring had not happened in the organisation. There must be a risk based plan for internal audit which must be monitored by the audit committee.

In response, Management stated that the Internal Auditor resigned on the 30th June 2021. Management stated that the recruitment processes to get a replacement was underway. The Internal Audit Charter and annual risk based internal audit plan would be approved by the Board Audit Committee as soon as practicable after the appointment of the new Internal Auditor.

3.2 Security Policies

The auditors noted that IT policies were not reviewed and updated at least annually. Most policies, although having a revision date of 27/2/2020, were never approved. IT Policies Remote Access Agreement, Change Management, User Rights were not dated and had pending approvals. The auditors also noted that the following Policies were not available –Business Continuity Management Policy (BCM Plan), Cybersecurity Policy, Patch Management Plan and Incident Response Plan.

In response, Management agreed to the observations and stated that policies would be reviewed bi-annually and sent for board approval for any changes to ensure that all policies were signed. The following policies to be developed: Business Continuity Management Policy (BCM), Cybersecurity Policy, Patch Management Plan and Incident Response Plan.

153. **Local Enterprise Authority**

The financial statements of Local Enterprise Authority for the financial year ended 31 March 2021 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 2021, 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 P20 million compared to a net surplus of P84.87 million in the previous year. This decrease in net surplus was largely attributable to a combination of an increase in operating expenses by 26% from P104.61 million in the previous year to P131.90 million in the year under review and a decrease in Government subvention by P59 million from P183.37 million in the previous year to P124.09 million in the year under review.

The operations of the Authority were financed largely by Government grant of P147.52 million in the year under review, which represented 98% of the total income, compared to P187.40 million in the previous year, also representing 99% of total Income.

2.3 Working Capital

As at 31 March 2021, the working capital position of the Authority showed total current assets of P 90.23 million and total current liabilities of P 82.75 million resulting in a net current asset position of P7.48 million.

3.0 Management letter

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

3.1 Reasonableness of Assets Useful Lives (Repeat Finding)

The auditors noted that the Fixed Assets Register contained fully depreciated assets that were still providing economic benefits to the Authority. This was an indication that the depreciation rates that were applied to these items did not reflect their actual economic lives.

In response, Management stated that the maintenance of the Authority's Fixed Assets Register was an ongoing exercise. The process would entail assessing all assets in the register for their residual values and useful lives. The exercise was expected to be completed in the next financial period, 2021/2022 (31st March 2022).

3.2 Cancelled Leases in the Deposit Listing

The auditors noted that deposit listing included deposits relating to leases cancelled in the prior year and, as per inspection of the communication with the lessors, the deposits were not refundable as the properties were left in an unsatisfactory state by LEA.

In response, Management stated that the Authority continued to review the rental security deposit listing and made follow ups with previous landlords to recover deposits. An amount of P264,380 was recovered in the current period from the previous lessors. Amounts deemed irrecoverable shall be expensed accordingly (31st March 2022).

3.3 Completed Assets Included in the Work in Progress Listing

The auditors noted some completed assets which were still classified as work in progress. As a result, no depreciation was calculated on these assets which should have been classified under Land and Buildings in the Fixed Assets Register.

In response, Management stated that they would ensure a constant review of the items under work in progress through liaising with the Project Coordinator and user departments to ensure that all projects that were completed were transferred to the relevant assets classes to be depreciated (31st March 2022).

154. **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-owned enterprises requesting them to forward to me their audited financial statements and reports for the purposes of review and inclusion of the review results in this report.

The Management stated that the submission of the financial statements of Mineral Development Company Botswana (MDCB) were delayed due to certain technical accounting issues relating to treatment of the interest in De beers group as well as a Morupule Coal Mine rehabilitation trust.

Consequently, I have not been able to carry out the review of the accounts of the Company for the financial year ended 31 March 2021 for the benefit of the National Assembly.

155. **Motor Vehicle Accident Fund**

The financial statements of Motor Vehicle Accident Fund for the financial year ended 31 December 2020 were audited by Messrs PricewaterhouseCoopers, Certified Auditors who were appointed by the Board in terms of section 18 (2) of the Motor Vehicle Accident Fund Act (Cap. 69:02).

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 Motor Vehicle Accident Fund as at 31 December 2020, 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 Fund showed a deficit of P140.91 million before other comprehensive income of P189.84 million which resulted in total comprehensive gain of P48.93 million. Comparing to the previous year, the Fund recorded a deficit of P176.40 million before other comprehensive income of P282.02 million leading to total comprehensive gain of P105.63 million.

Total operating income decreased by P38.08 million (15%) from P248.67 million in the previous year to P210.59 in the year under review. The major changes under operating income were as illustrated in the following comparative figures:

Item	2020	2019
Investment Income	119 419 267	134 287 846
Changes in Fair value of Investments (At Fair Value through Profit and Loss)	(22 623 105)	2 695 974
Foreign Exchange Gains / (Loss)	17 825 975	(11 027 315)

Total expenses decreased by 9% from P418.75 million in the previous year to P382.43 million in the year under review. The major contributor to the decrease in total expenses were the Claims Provision which decreased by 24% from P185.93 million in the previous year to P141.15 million in the year under review and 32%

decrease in Road Safety Campaign Expenses from P7.29 million in the previous year to P4.95 million in the year under review.

2.3 Working capital

The working capital position of the Fund as at 31 December 2020 showed total current assets of P273.34 million and total current liabilities of P295.21 million resulting in a net current liabilities position of P21.87 million.

3.0 Management Letter

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

3.1 Fuel Levy Audited Reports (Repeat Finding)

The auditors noted that as per section 17 of the MVA Fund Act, a fuel seller needed to provide an audit certificate biannually to MVA certifying the volumes of petrol sold, levy collected and paid. Furthermore subsection 7 of the above section stated that where a fuel seller failed to comply with the above requirements, MVA should carry out an audit of the sellers's books and re-charge the related expenses. The auditors noted that there were no audited fuel levy reports submitted by Total Gabs for the period January 2020 to December 2020 (all 12 months of the financial year).

The auditors also noted that follow up reminders were sent by the MVA Fund to obtain audited fuel levy reports, but to no avail.

In response, Management stated that they had noted the recommendation from the auditors and would ensure that where sellers/importers of fuel did not carry out the audit within a month at the end of every six months, then the Fund would in accordance with Section 17.7 of the Act appoint auditors to undertake the assignment and the costs would be passed to the seller/importer and furthermore impose penalties to defaulters.

Management further highlighted that the Act was not prescriptive on when the audit had to be undertaken by the seller/importer, save that it only prescribed that such an audit certificate had to be submitted to the Fund within seven (7) days of the audit. The Fund would therefore address this gap in the Act administratively.

156. **National Development Bank**

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-owned enterprises requesting them to forward to me their audited financial statements and reports for the purposes of review and inclusion of the review results in this report.
At the time of writing this report, National Development Bank had not submitted their annual financial statements and the Management letter. In response, the Chief Executive Officer stated that the financial statements of the Bank for the financial year ended 31 March 2021 were still being audited and the reasons advanced were that there were initial delays in commencing the audit for National Development Bank for the year 31 March 2021.

Consequently, I have not been able to carry out the review of the accounts of the Bank for the financial year ended 31 March 2021 for the benefit of the National Assembly.

157. **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-owned enterprises requesting them to forward to me their audited financial statements and reports for the purposes of review and inclusion of the review 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 they were experiencing delays because of Governance issues (there was no Board) and they wrote the letter to the relevant Ministry informing them about reasons for not submitting the financial statements.

Consequently, I have not been able to carry out the review of the accounts of the Centre for the financial year ended 31 March 2021 for the benefit of the National Assembly.

158. **Non–Bank Financial Institutions Regulatory Authority**

The financial statements of Non-Bank Financial Institutions Regulatory Authority for the financial year ended 31 March 2021 were audited by Messrs Grant Thornton, 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 gave a true and fair view of the financial position of the Non-Bank Financial Institutions Regulatory Authority as at 31 March 2021, 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 Non-Bank Financial Institution Regulatory Authority Act, 2016.

2.2 Financial Results

For the year ending 31 March 2021, the authority recorded an increase in total operating surplus of 24% from P6.43 million in the previous year to P7.97 million in the year under review. Income increased by 2% from P87.68 million in the previous year to P89.29 million in the year under review with Supervisory Levies of P67.32 million (2020: P58.77 million) contributing 75% of the total income. Expenses increased by 0.16% from P81.83 million in the previous year to P81.96 million in the year under review.

The main sources of income were as follows:

	2021 P million	2020 P million	% Increase
Government grant	11.63	19.98	(41)
Amortisation of Government grants	3.66	6.33	(42)
Other Operating Income	6.68	2.60	157
Supervisory Levies	67.31	58.77	15

2.3 Working Capital

The working capital position of the Authority as at 31 March 2021 showed total current assets of P29.94 million and total current liabilities of P10.12 million, resulting in a net current assets position of P19.82 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.

159. **Okavango Diamond Company Limited**

The financial statements of Okavango Diamond Company (Proprietary) Limited for the financial year ended 31 March 2021 were audited by Messrs KPMG, 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 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 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 USD43.37 million in the year under review as compared to a loss of USD10.65 million recorded in the previous year.

Revenue decreased from USD406.22 million in the previous year to USD339.72 million in the year under review.

The Company recorded a decrease in Cost of Sales from USD401.45 in the previous year to USD290.74 in the year under review. Operating Expenses increased by 3.5% from USD3.59 million in the previous year to USD3.72 million in the year under review. The impairment loss of USD12.23 million recorded in the previous year was reversed in the year under review.

2.3 Working Capital

The working capital position of the Company as at 31 March 2021 showed total current assets of USD162.81 million and total current liabilities of USD54.01 million, resulting in a net current assets position of USD108.80 million.

3.0 Management Letter

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

3.1 Fully Depreciated Assets (Repeat finding)

As reported in the previous period, the auditors noted that at year-end, the Fixed Assets Register included 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 USD1 549 855 million as at the reporting date.

In response, Management stated that this matter was known to them and were committed to close it by March 2022 on the basis that the practical completion date of November 2021 was achieved. The reason for this was that Okavango Diamond company was in transition phase with the Head Office project ongoing. Management had decided it would be cost effective to continue to use all fully depreciated assets until the completion of this project which would see the replacement of these assets.

Notwithstanding the above, Management stated that they had completed an assessment of the residual values and applicable depreciation rates for Property, Plant and Equipment. The current values and rates had been assessed as fair given the growth trajectory of the business.

160. **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-owned enterprises requesting them to forward to me their audited financial statements and reports for the purposes of review and inclusion of the review results in this report. The Public Enterprises Evaluation and Privatisation Agency did not submit the audited financial statements for the financial year under review. The Finance Manager stated that there were delays in audit.

Consequently, I have not been able to carry out the review of the accounts of the Agency for the financial year ended 31 March 2021 for the benefit of the National Assembly.

161. **Public Procurement and Asset Disposal Board**

The financial statements of Public Procurement and Asset Disposal Board for the financial year ended 31 March 2021 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 2021, 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 (Chapter 42.08).

2.2 Financial Results

In the year under review, the Board recorded a deficit of P8.93 million, compared to a surplus of P9.18 million in the previous year.

Income decreased by 16.6% from P92.97 million in the previous year to P77.52 million in the year under review. The entity was mainly funded by Government grants. In the year under review the grant was P60.19 million, representing 78% of total income, compared to P92.97 million in the previous year.

Expenditure increased by 3.1% from P83.79 million in the previous year to P86.45 million in the year under review.

The main sources of income and expenditure were as indicated below:

Income	2021 P 'million	2020 P 'million
Government Subvention	60.19	76.54
Revenue	16.05	15.27
Other income	1.29	1.16

Expenditure		
Administration Expenses	27.08	28.39
Staff Costs	59.37	55.36

2.3 Working Capital

As at 31 March 2021, the working capital position of the Board showed total current assets of P35.83 million and total current liabilities of P23.57 million resulting in a net current assets position of P12.26 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 Signatories

The auditors observed that former employees who left PPADB were still listed as authorised signatories for FNBB.

In response, Management acknowledged the finding and suggested that a letter would be sent to the bank instructing them to remove former account signatories from the signatory list. The list was sent to the bank in the period under review.

3.2 Calculation Of Gratuity Provision

In reviewing gratuity provisions, the auditors identified the following deficiencies;

1. Management initially did not have a gratuity schedule indicating liability to individual employees and only maintained a reconciliation of the provision. This resulted in an under-provision of P4 104 912 when Management performed the provision on an individual basis.

2. There were mathematical errors in the calculation provided by Management, indicating lack of thorough review of the calculation.

3. As Per the conditions of employment, only employees employed under band 5 and up were entitled to gratuity. There were some employees who were below band 5 and their employment contracts contained a clause for entitlement to gratuity.

In response, Management acknowledged the findings. They stated that the under-provision was largely caused by the change of policy in the determination of the method of calculating gratuity where in the past the gratuity was based on one's earned basic salary to date whereas currently the gratuity was calculated based on the current basic salary regardless of how much was one's past basic salary. Management stated that they would correct and adjust the gratuities to correctly account for the financial records to the Board.

162. **SPEDU**

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

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 year, a contractor was engaged by the 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 and 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 paid directly by Ministry of

Investment, Trade and Industry, the parent Ministry under which the company functions.

Further, subsequent to the year-end, the contractor further initiated a legal claim for P8.1 million with interests and costs towards another phase of the same project. As at date of approval of these financial statements, this amount had not yet been paid or settled, either by the Company or the Ministry of Investment, Trade and Industry.

These events and conditions present a material uncertainty around the ability of the Company to continue as a going on concern as it is uncertain if the amounts already paid by the Ministry of Investment Trade and industry to the contractor would be recovered from the Company in future. It is also uncertain about how the Company would pay and settle the additional claims that may arise out of the contract in future.
Therefore, 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 P0.17 million, compared to a net surplus of P1.54 million recorded in the previous year. The decline in surplus in the year under review was attributable to a 11% decrease in the Government subvention from P44.45 million in the previous year to P39.43 million in the year under review.

Expenditure decreased by 8.9% from P46.17 million in the previous year to P42.03 million in the year under review. The significant decrease were in administrative expenses from P3.96 million in the previous year to P2.09 million (47%) in the year under review and Seminars, Workshops and Conferences from P1.01 million in the previous year to P0.516 million in the year under review, thus a decrease of 49%.

2.4 Working Capital

The financial position of SPEDU showed total current assets of P7.34 million and total current liabilities of P7.67 million, resulting in a net current liability position of P0.33 million.

3.0 Management Letter

The auditors did not come across any matter to report that could indicate deficiency in controls that may result in misstatement of financial statements.

163. **Special Economic Zones Authority**

The financial statements of the Special Economic Zone Authority for the year ended 31 March 2020 were audited by Ernest &Young, 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 2020, 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 net loss of P0.69 million. Compared to a surplus of P0.85 recorded in the previous year.

Government subvention increased by 21% from P40.60 million in the previous year to P49.10 million in the year under review.

Operating expenses increased by 27% from P40.80 million in the previous year to P51.70 million in the year under review.

Significant expenditure included Employee cost of P16.40 million and Consultancy fees of P18 million.

2.3 Working Capital

The working capital position of the Authority as at 31 March 2020 showed total current assets of P46.90 million and total current liabilities of P10.90 million, resulting a net current assets position of P36 million.

3.0 Management Letter

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

3.1 Other Receivables

The auditors observed that the other receivables balance included an amount of P50 513 which should have been amortised to the profit or loss in that year.

In response, Management indicated that they will ensure reconciliations are performed.

3.2 Integration of the General Ledger and Fixed Asset Register

The auditors noted that prior year adjustments were made in the General Ledger but not in the Fixed Asset Register. This led to variances in the General Ledger and Fixed Asset Register.

In response, Management acknowledged the finding and stated that they will ensure adjustments made to the General Ledger will be reconciled to the assessment Management system.

3.3 Tax Exemption

The auditors noted that there was no deferred income tax balance in the financial statements. Management believes that SEZA is exempt from taxation, yet they were not included on the list of exempt entities.

In response, Management indicated that they were still in discussion with the Ministries concerned.

164. **Statistics Botswana**

The financial statements of Statistics Botswana for the financial year ended 31 March 2021 were audited by Messrs PricewaterhouseCoopers, 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 2021, 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 deficit of P9.57 million compared to a deficit of P12.22 million in the previous year.

Income decreased from P171.99 million in the previous year to P162.87 million in the year under review. The Government grant, which forms 67% of total income, decreased from P112.81 million in the previous year to P108.38 million in the year under review.

The improvement in financial performance was attributable to operating expenses which decreased from P184.21 million in the previous year to P172.43 million in the year under review.

2.3 Working Capital

As at 31 March 2021, the working capital position of Statistics Botswana showed current assets of P6.54 million and current liabilities of P62.74 million, resulting in a net current liabilities position of P56.20 million. Included under current liabilities were Leave pay of P10.27 million and Gratuity of P10.67 million.

3.0 Management Letter

The following was a significant matter raised by the auditors and the Management responses thereto;

3.1 Project Management (Repeat finding)

The auditors noted that the Organisation conducted 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 of one project to fund expenses of another approved project, which was active but had insufficient funds for its implementation mostly because the Government of Botswana had delayed in disbursing funds for that specific project. As at 31 March 2021, the Botswana Multi-Topic Household Survey (BMTHS) project used P11.4 million meant for other projects. This amount was included within Deferred Income and was effectively reflected as a receivable. Other Income was credited with the same amount.

The auditors further noted that no approval was obtained from the Government of Botswana through the Ministry of Finance and Economic Development for the diversion of funds to this project.

Management rather relied on internal approvals from within the Organisation.

The auditors also noted there was a cash deficit of P3.3 million in comparison between the Cash balance and Deferred Income balance. This difference was brought forward from the prior year. Management used project funds to pay for General Administrative Expenses without getting approval from the Ministry of Finance and Economic Development.

In response, Management noted and acknowledged the observations made. Following a similar observation made by the auditors last year November 2020, a decision was taken not to commence any projects before funds were received. The Botswana Multi-Topic Household Survey (BMTHS) figure of P11.4 million was a cumulative figure from the prior year. Management committed to work with the Ministry to have the BMTHS negative balance resolved within the current year. In line with the decision not to commence projects before funds were received. Management further stated that there were 3 critical projects for 2021/22 financial year that had not commenced as funds had not yet been received from Government. Internal controls would continue to be strengthened to ensure that project and recurrent expenditure were clearly identifiable and that projects did not spend more than funds received.

165. **<u>University of Botswana</u>**

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

The Deputy Vice Chancellor had responded stating that there were delays in the release of audited financial statements of the University of Botswana for the year ended 31 March 2021 as the Board had just been appointed and the Finance and Audit Committee(FAC) was not appointed to approve the audited Financial statements .

Consequently, I have not been able to carry out the review of the accounts of the University for the financial year ended 31 March 2021 for the benefit of National Assembly.

166. **Water Utilities Corporation**

The financial statements of Water Utilities Corporation for the financial year ended 31 March 2021 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 2021, 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 Water Utilities Corporation Act, (Cap 74:02).

2.2 Financial Results

The financial statements for the previous period were restated.

In the year under review, the Corporation recorded a loss of P166.04 million, compared to a restated profit of P49.92 million in the previous year.

Operating expenses increased by 16.04% from a restated amount of P1.99 billion in the previous year to P2.31 billion in the year under review. The Finance Costs decreased from P26.67 million in the previous year to P25.57 million in the year under review.

Revenue decreased slightly by 0.79% from P1.83 billion in the previous year to P1.81 billion in the year under review. Other Income decreased by 26.38% from P23.98 million in the previous year to P30.30 million in the year under review.

2.3 Working Capital

As at 31 March 2021, the working capital position of the Corporation showed total current assets of P2.39 billion and total current liabilities of P1.02 billion resulting in a net current asset position of P1.37 billion.

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 IAS 16 – annual assessments of useful lives

The auditors noted that Management had not re-assessed the useful lives of the assets as per the requirements of IAS 16. Furthermore, the auditors noted that there were fully depreciated assets to a total cost of P274 759 216 which Management was still using. The auditors stated that this could be an indication that useful lives of assets were not appropriate and should be re-assessed.

In response, Management acknowledged the finding stated that it would re-assess useful lives annually.

3.2 Amortisation of Revenue Grant not recognised timely

The auditors noted that the Revenue Grant relating to restructuring was not amortised timely unlike Capital Grants amortization. The client policy on Revenue Grants was to recognise the grant when the related expense was recognised however exit packages were paid out of payroll during the year and no amortization was charged.

Furthermore, a Revenue Grant of P112 million was received during the year relating to a payment of legal costs but the grant was only amortised after commencement of the audit. An amortisation adjustment of P167 289 541 had been passed.

In response, Management stated that they believed that their review and workings for Amortisation were effective and precise, and the department understood what must happen. The P112 million and P167 million was not passed before the Trial Balance was given to the auditors, but the journals were communicated to the auditors during their planning process, when Trial balance was submitted to them, even before the detailed testing started. Management however stated that they would work on immediate processing when the expense had been incurred.

3.3 Key Reconciliations Not Performed and Reviewed Timely and Effectively

The auditors review of the following audit requests submitted indicated that there was a significant lack of Management review of key reconciliations and reports.

- Fixed asset reconciliation
- Payroll reconciliation
- Supplier reconciliation
- Debtors' reconciliation
- Other receivables
- Accruals
- Bank reconciliation
- ECL model
- Leave pay provision schedule

The initial submission of the above were not fit for purpose and had to be returned for re-work several times either due to expected items missing, balances not tying to the General Ledger, opening balances not tying to the signed financial statements etc.

In response, Management said that they would ensure that reconciliations were performed and reviewed and that training would be conducted across the regions to close knowledge gaps that might exist.

3.4 Fixed Assets Not Correctly Depreciated

The auditors noted the following upon re-computation of depreciation:

- Two assets being (11462 &11463- Water Supply Distribution) were not depreciated.
- Assets which were fully depreciated and had been depreciated resulting in an overstatement of P161 133.
- Assets which were not correctly depreciated resulting in an understatement of P44 103 225.

Overall depreciation had been understated by P43 942 092.

The auditors also noted assets which were written off in 2019 that were depreciated in the current year as Management had not removed them from the asset register i.e. asset number 15459,15460 and 11645. The depreciation impact was P2 201 074. Only the cost and prior year accumulated depreciation adjustment was made in the Trial balance in the prior years and current year.

In response, Management stated that they would ensure there was an improvement to the current depreciation reconciliation and corrections would be addressed well on time.

167. **Vision 2036 Coordinating Agency**

The financial statements of Vision 2036 Coordinating Agency for the financial year ended 31 March 2021 were audited by Messrs Grant Thornton, Certified Auditors, who were appointed by the Council.

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 Vision 2036 Coordinating Agency 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

The financial statements for the year ended 31 March 2020 were restated.

In the year under review, the Council recorded a surplus of P821 818 compared to a deficit of P1.71 million in the previous year. Government subvention income increased from P6.71 million in the previous year to P11 million in the year under review.

Operating expenses increased by 21.06% from P8.26 million in the previous year to P10 million in the year under review. The major increases were realised in Advertising and Publicity and Employee Costs which increased by P930 171 and P811 302 respectively.

2.3 Working Capital

The working capital position of the Council as at 31 March 2021 showed total current assets of P4.11 million and total current liabilities of P5.79 million, resulting in a net current liabilities position of P1.68 million.

3.0 Management Letter

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

3.1 Expenses Beyond Organisational Need

The auditors noted that during the year there was restatement of prior year financials. Botswana Telecommunications Corporation (BTC) expenses in prior year were understated by P826 000. Upon reviewing the agreements and approval process the auditors concluded that there was possibility of Management paying for services they don't really require. The agreement had been designed for about 30 users which was the approved organisational structure then. The charges came to about P43 000 per month. Furthermore, auditors observed that the current size of the entity was very small compared to the initial intended size. Since the size of the entity was still in the process of being established, the usual approval process of obtaining a few number of quotes were not carried out.

In response Management concurred with the recommendation to assess the Agency`s ICT requirements. They also indicated that it was worth noting that the current contract was based on the approved Council structure of 2018, whose implementation has stalled as per instructions of the parent Ministry. When the office was set up the procurement processes and procedures were not yet in place so reliance was based on the guidance of the Information Technology unit of the parent Ministry. The current contract with BTC ended in December 2021 and would be reviewed accordingly.

3.2 Property, Plant and Equipment

The auditors noted that, during the fixed assets physical verification testing, fixed assets did not have identification tags, which could be used to trace assets back to the Fixed Assets Register. The auditors highlighted that in the absence of unique identification details for assets, Management may not be able to identify missing assets timeously. In addition, it proved difficult to accurately and effectively verify existence of assets.

In response, Management agreed that tagging assets was necessary.

3.3 Controls around Journal Entries

The auditors observed that journals were being recorded and approved by the firm (MSD) that the entity had outsourced their accountancy function to. Upon further inquiry, auditors noted that Management has not implemented procedures to review and approve journals recorded by the accounting firm. Although the auditors had tested the journal entries and found no irregularities, they pointed out the risk that journal entries may be used to perpetuate fraud and therefore failure to have strong controls by Management may lead to the financial statements being misstated.

In response, Management acknowledged the finding and concurred with the recommendations that Management should implement strong controls around journal entries.

XIV CONCLUSION

168. 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.

08 November 2022

Pulane D. Letebele
AUDITOR GENERAL

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