



Annual Report 2008/09



CORPORATE STATEMENTS

OUR VISION

“To be the centre of excellence for public procurement and asset disposal by 2018”

OUR MISSION

“To lead the effective implementation of a devolved, efficient, cost effective and transparent public procurement and asset disposal system through an appropriate regulatory environment”





OUR VALUES

Fairness and Equity

The Board shall treat all its customers in a fair, consistent and non discriminatory manner

Integrity

The activities of the Board shall be characterized by honesty, trustworthiness and shall be above reproach in accordance with best internationally practice and recognized standards of corporate governance

Customer service

The Board shall at all times serve its customers efficiently, effectively and with respect.

Partnerships

The Board shall ensure that the strategy and modalities for the achievement of its mandate are based on a solid foundation through collaborative efforts involving all stakeholders

Communication

The Board shall actively seek to establish and maintain an effective communication channel with all stakeholders and staff.

Transparency

The Board shall ensure, at all times that the entire procurement system is transparent and meets expectations of all its customers



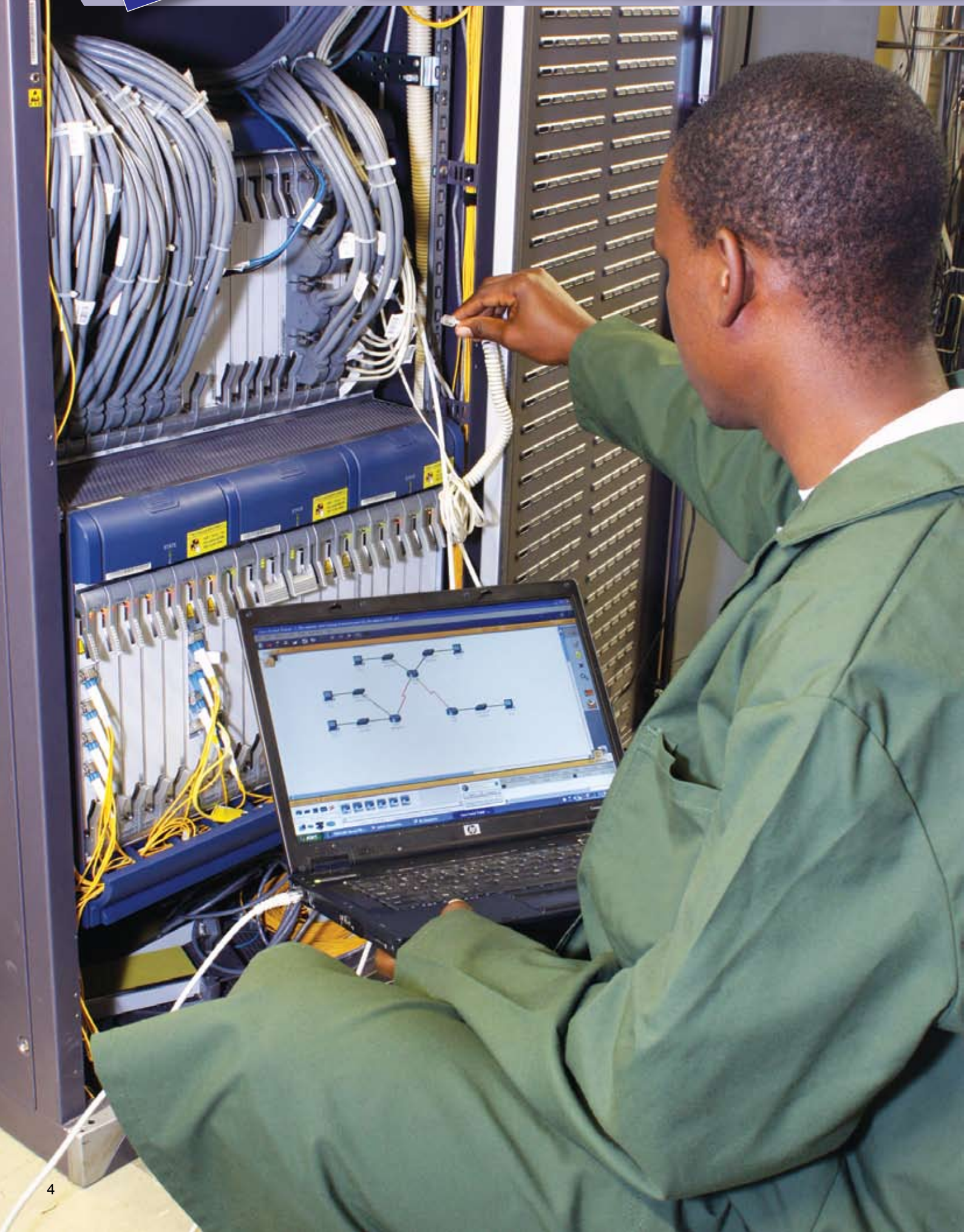


CONTENTS

Executive Chairman's Letter to the Minister	5
Board Members	6 - 7
Management Team	8 - 9
Executive Chairman's Statement (Foreword)	11
Executive Summary	13
Corporate governance	15
Internal sub-committees of the Board	15
1. Board of Directors Tender Committee	15
2. Management Tender Committee	15
3. Audit Committee	15
Financial Highlights 2007/08	16
Finances of the Board	17
Financial Audit	17
Board Committees	19
Statutory Committees	19
Board Committee	19
Ministerial Tender Committees (MTC s)	19
District Administration Tender Committees (DATCs)	19
SPADC	19
Special Dedicated Committee for the Disciplined Forces	20
Independent Complaints Review Committee	20
Advisory Committee on Public Procurement and Asset Disposal	20
Operations of the Board	21
Procurement Management	21
Adjudication by PPADB	21
ITTs Vetted During 2008/2009 Financial Year	22
Challenges related to vetting of ITTs	22
Interventions	23
Strategy Implementation	23
Challenges Relating to Strategy Implementation	24
Interventions	24
Capacity Building	24
Challenges related to Capacity Building	25
Interventions	25
Contractor Registration	28
Other Operations And Strategy Implementation Areas	29
Stakeholders Relations and Education	29
Human Resources Transformation	31
Human Resource Policies	31
Recruitment and retention	310



Performance Management and Training and Development	33
Employee Welfare	33
Integrated Procurement Management System (IPMS)	34
Financial Statement 2008/2009	35
Board Approval of the Annual Financial Statements	37
Report of the Independent Auditors	38
Income Policies	40
Basis of Preparation	40
Property, Plant and Equipment	40
Capital grants	40
Inventories	40
Foreign Currencies	40
Pension Costs	40
Cash and Cash Equivalents	40
Receivables	40
Revenue Recognition	40
Financial Instruments	40
Provisions	41
Leases	41
Adoption of new and revised international financial reporting standards	41





EXECUTIVE CHAIRMAN'S LETTER TO THE MINISTER

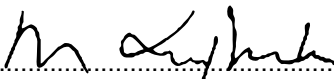
31st March 2009

Honourable O. K. Matambo, M.P
Minister of Finance & Development Planning
P/ Bag 008
GABORONE

Dear Sir,

In accordance with section 60 (b) of the Public Procurement & Asset Disposal Act [CAP 42:08], I have the honour Sir, to submit the Annual Performance Report of the Public Procurement & Asset Disposal Board for the Financial Year ended 31 March 2009.

I have the honour, to submit this report Sir .


.....
Mosimolodi B Lefhoko

Acting Executive Chairman



BOARD OF DIRECTORS

Mr Armando V. Lionjanga
Board Chairman



Mr Mosimolodi B. Lefhoko
Executive Director - Works
Board Member



Mr Ishmael Joseph
Executive Director - Services
Board Member



Mrs Idah M. Mammo
Executive Director - Supplies
Board Member





Mr Alex L. Monchusi
Director - Works (Part time)
Board Member



Mr Nelson D. Mokgethi
Director - Services (Part time)
Board Member



Ms Keitumetse Morolong
Director - Supplies (Part time)
Board Member





MANAGEMENT

Tshireletso C. Modukanele
General Manager Corporate
Services

Moffat R. Lubinda
Board Secretary

Elijah T. Motshedi
Divisional Manager Works

Joyce Mokobi
Divisional Services
Manager





Kgakgamalo Ken Ketshajwang
Divisional Manager Supplies

Nkata Seleka
Information Technology
Manager

Batho Lenchwe
Chief Accountant

Mompoti M. Baleseng
Human Resource and
Admin Manager

Ditapole Chibua-Tsheboeng
Public Relations & Public
Education Manager







EXECUTIVE CHAIRMAN'S STATEMENT

It is with great pleasure that on behalf of the PPADB I have the honour to present a report for the financial year 2008/2009. During the period under review PPADB positively piloted the national drive for public procurement reforms initiative as was envisaged at its inception with the coming into force of the PPAD Act in 2002.

The reporting period was characterized by commendable progress as PPADB continued to fulfil its mandate of managing a public procurement and asset disposal system that is aimed at attaining value for money and steering away from cost overruns through employing efficient processes and systems that are above reproach. To this end, and pursuant to the spirit of the applicable provisions of the PPAD Act, the Board has embarked on some ambitious but realizable initiatives to devolve significant authority to PE's in the interest of enhancing efficiency in project and service delivery. Complimenting this initiative was the capacity building activities which included training of staff in the Ministerial Tender Committees and District Administration Tender Committees (MTCs & DATCs), Government Departments as well as some parastatals including follow up visits to monitor adherence to basic procurement standard practices, procedures and guidelines. In our ongoing quest to build a robust and credible public procurement system and to assist to further assist in compliance monitoring, procuring units were encouraged to prepare procurement plans and emphasis was placed on the importance of contract management once works, supplies and services were awarded to contractors by the Board or its competent Committees.

Standardized Bidding Packages (SBPs) were designed and posted on the PPADB website to assist and facilitate in the preparation of tender documents. In addition an SBP Advisory Centre was established

to provide affront - desk - assistance in this regard to stakeholders and clients through knowledge and skills facilitation.

On the corporate front 2008/2009 ushered the first year in the implementation of the second PPADB Strategic Plan that will guide the operations of the Board up to 2013. Owing to the lessons learnt from the implementation of the previous strategic plan, a dedicated staff resource was recruited in the office of the Executive Chairman to coordinate and drive strategy implementation.

Regarding staff retention, an issue which has been of perennial concern to the Board, I am happy to report that an intervention strategy was adopted in line with Government policy through which incentives were offered to staff categorized as possessing scarce skills to avoid losing them to competing institutions which might appear more attractive.

The above achievements could not have been possible without the unwavering support from all Board Members who considerably provided the strategic guidance, advice and direction. In the same vein, my profound appreciation and also extended to PPADB Executive Management, and staff for rallying behind the corporate leadership of PPADB in our quest towards the accomplishment of our Vision, Mission and Values.

On behalf of the Board, I would also like to acknowledge the significant contributions made by the MTCs and DATCs who exercised their delegated powers with diligence on behalf of the Board. Without them the fulfilment of the role and mandate of the Board would have been without challenges





EXECUTIVE SUMMARY

The reporting period was characterised by development challenges as PPADB was proactively positioning itself as a public procurement and asset disposal management organisation for Central Government. During the reporting period PPADB's total estimated expenditure was projected at P28, 316,389.00 and only P26, 594, 507.00 was availed as government subversion grant.

An analysis of adjudication submissions to the Board, although giving a challenging output, shows that the Board did not compromise on the quality of scrutiny of bid recommendations. Thus the Board only approved 56% against the targeted 90% approval rate. This is closely related to the delay in vetting of instructions to tender (ITTs) documents. A turnaround time of 14 days was targeted to vet all ITTs received by PPADB and only 79% met the target.

Although developing an excellence model in public procurement was challenging, a breakthrough in some areas has been achieved. During the reporting period, the implementation of the PPADB Strategic Plan 2008-2013 was boosted with the establishment of an office

responsible for, among others, the coordination and monitoring of the strategy implementation activities.

Generally, PPADB managed to retain critical staff due to the implementation of the Staff Retention policy during the period under review. The PPADB also realised improved positive media publications.

Finally, the Board was also successful in its efforts of empowering Procuring Entities (PEs) and other stakeholders. An additional Ministerial Tender Committee was established leading to an establishment of 16. Skills' training on public procurement and asset disposal was intensified as more training sessions were undertaken. The workshops targeted all those officers and staff in the Procuring Entities who are involved at all levels of procurement including those involved in the framing of procurement policy, authorisation of procurement procedures, decisions and payments. Capacity building was also carried out for the bidding community, procuring entities as well as various targeted stakeholders.



Works related contractors being capacitated on submitting competitive bids at a workshop held in Maharajah





CORPORATE GOVERNANCE

The overall control of Public Procurement and Asset Disposal Board lies with the Board members who are appointed by the Ministry of Finance and Development Planning (MDP). The Minister of Finance and Development Planning (MFDP) is empowered under section 12(1) of the Public Procurement and Asset Disposal Act (Cap 42:08) to appoint members of the Board.

The Board continues to strive towards the attainment of the highest Corporate Governance and legal compliance standards in its operations. The Board has, since its inception adopted as one of its values transparency and it aims at attaining the highest levels of accountability and transparency in its operations.

The primary function and responsibility of the PPAD Board as per section 37 (1) of the PPAD Act (CAP 42:08) is to adjudicate on bid recommendations from the Government Ministries. The composition of the Board is seven (7) Members, comprising of the Executive Chairman, three Executive Directors and three Non-Executive Directors Members who are chosen from the various sector, for enhanced transparency. The tenure of office of the Board Members is four years, renewable only once for a further term not exceeding four (4) years.

The non-executive Board members are remunerated at rates prescribed by the Government of Botswana from time to time. During the year under review, Board fees were a P1, 200 per sitting.

Internal sub-committees of the Board

The Board as an entity has internal structures and committees to carry out its administrative functions. The functions of these structures are detailed in the Administrative Manual and Financial Regulations, as the case may be.

1. Board of Directors Tender Committee

This committee comprises of the Executive Chairman (Chairman of the Committee)

- All Directors (full -time and part -time)

- Board Secretary (Legal advice)
- General Manager, Corporate Services, (Secretary).

Two full time Board members and one part time member form a quorum.

The responsibility of the Committee is to adjudicate tenders for procurement of goods and services at a value of more P500 000.

2. Management Tender Committee

- Comprise of 2 Executive Directors, one of who will act as Chairman
- The Board Secretary
- The General Manager Corporate Services

The Committee is responsible for adjudicating tenders for procurement of goods and services at a value of P100 000 to P500 000.

Chief Accountant who acts as the Secretary to the Committee

3. Audit Committee

The Audit Committee comprises of five (5) members, three are Board members whilst the other two members are members of the executive management.

The main function of the Audit Committee is to assist the Board in discharging its duties under the PPAD Act for prudent management of financial matters and reporting thereon. The Committee continuously reviews reports on the management of internal controls, and management accounts. It also reviews the audited annual financial statements and makes recommendations for their approval by the Board.

The committee reviews accounting policies and recommends for amendments in accordance with international accounting standards and other regulating bodies.



During the year, the following comprised the audit committees:

Mr. A.L. Monchusi	Non-Executive Director- Chairperson
Mr. I. Joseph	Executive Director-Chairperson
Ms K. Morolong	Non-Executive Director
Mr. B. Linchwe	Chief Accountant- Member - Secretary
Mrs. T.C Modukanele	General Manager - Corporate Services - Member

Manpower and Remuneration Committee

The Manpower and Remuneration Committee has a complement of two members of the Board whilst the other two are members of the executive management.

During the year, the following comprised the Committee:

Mr. Nelson D. Mokgethi	Non- Executive Director- Chairperson
Mr. Ishmael Joseph	Executive Director- Supplies
Ms. Keitumetse Morolong	Non-Executive Director
Mrs. Tshireletso C. Modukanele	General Manager- Corporate Services
Mrs. Mompati M. Baleseng	Human Resources and Administration Manager

The Manpower and Remuneration Committee assumes compliance and monitoring role to ensure adherence to Corporate Governance Standards, and that decisions in respect of Human Resources

Management Policies, Terms and Conditions of Employment including Remuneration and Benefits Policies comply with relevant statutes or pieces of legislation.

The main function of the Committee is to advise the Board on human resources policies and strategies, including remuneration and the appointment to senior management positions. It also assists with recruitment of senior staff members of PPADB.

The Committee is responsible for recruitment of middle management and professional staff of the Bands 6 and 5. During the year 2008/09 the Committee presented recommendations to the Board with regard to creation of new positions in the organization in order to improve service delivery.

As a result of those recommendations the Board approved creation of new positions in the middle management and professional level; Legal and Compliance Manager, Principal Procurement Specialist – Civil and Electrical Engineering, and Executive Assistant to the Executive Chairman.

However, the Committee experienced some challenges with recruitment into some of the vacancies that occurred in these levels during the course of the year, including the new positions created. There were instances where the positions had to be advertised more than once, in other instances the preferred candidates would turn down the offers on the basis of low remuneration packages.

Financial Highlights 2008/09

The Ministry of Finance and Development Planning approved a budget of P 26 594 507 against and estimated budget proposal of P 28 316 320 Million for the Board' operational needs. PPADB does not generate enough to meet operational, hence it has had to dependent upon an annual grant from Government under a subvention of the MFDP, to finance its operations. The cut in the subvention yielded a budget that was less than the estimate.



Finances of the Board

One of the leverage areas of the strategic plan is to reduce financial dependence on Government funding; including fees, charges and levies for services provided to all beneficiaries.

It is against this background that PPADB embarked on an exercise to develop a Cost Recovery Strategy.

Financial Audit

Financial Audits of the operations of the Board were conducted by the Office of the Auditor General for the period 2008/9.

The Board has since made recommendations to the MFDP on a suggested/suitable amendment to the PPAD Act to among others;

Empower the Board to appoint Auditors to carry out its audit functions.

To expand the relevance of section 3 as read with section 8



A staff member working on the gazettelement of MTC members



Staff at work - Service excellence





BOARD COMMITTEES

In line with Section 61 of the PPAD Act which states that the Board shall appoint Committees to carry out devolved mandate. The Board has established statutory and internal committees;

STATUTORY COMMITTEES

Board Committee

This committee was established to adjudicate and award tenders to the most compliant and responsive bids.

Mr. A.V Lionjanga	Executive Chairman
Mr. I. Joseph	Executive Director - Member
Mr. M. B. Lefhoko	Executive Director - Member
Mrs. I. M. Marumo	Executive Director - Member
Mr. D.N. Mokgethi	Non-Executive Director - Member
Mr. A. Monchusi	Non-Executive Director - Member
Ms. K. Morolong	Non-Executive Director - Member
Mr. M.R. Lubinda	Board Secretary

Ministerial Tender Committees (MTC s)

These comprise officials from within Ministries to carry out duties as delegated to them by the Board from time to time. Currently MTCs adjudicate, on behalf of the Board, on tenders not exceeding P5, 000,000 in value, subject to biennial review. The members of these committees are appointed by the Board on recommendation from their respective Ministries.

By the end of 2008/9 financial year, 16 MTCs were operational. MTCs have now been established for all Ministries. The implementation of the PPADB Regulations (2006) is seen as a major step towards the implementation of reforms in the procurement system, this has improved in the administration and management of tenders especially at committees of the Board and Procuring entities at large.

District Administration Tender Committees (DATCs)

Like all committees of the Board with delegated powers of adjudication to a limited spectrum, DTAC's operate on powers delegated to them by the Board.

They comprise of officials based in the Districts, and they currently adjudicate on tenders not exceeding P500, 000 in value, (and in the main deal with food commodity contracts for central government institutions) Members of these committees are appointed by the Board on recommendations from the District Officers or District Commissioners.

SPADC

This is a special committee that adjudicates on sensitive tenders such as those of the Botswana Defence Forces (BDF) and the Botswana Police Services. This committee comprises two full- time PPAD Board Members, one part-time PPAD Board Member, a senior Member of the Public Service and it is chaired by the Executive Chairman of the Board.

Data available show that from April 2008 to March 2009, SPADC considered 162 requests. The following Figure 1 shows the breakdown of decisions reached by this committee. The committee met at least once a week.

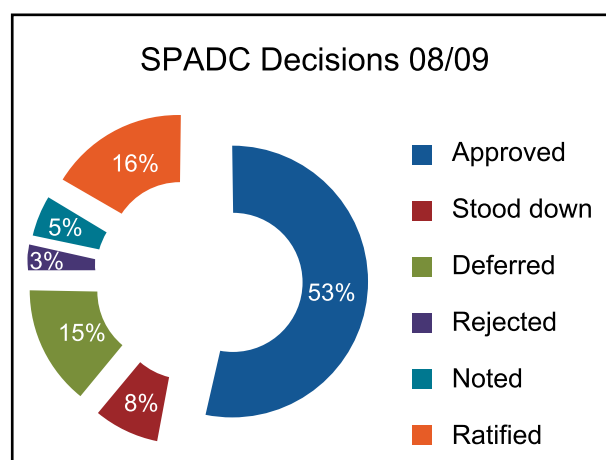


Figure 1 Distribution of decisions reached by SPADC between April 2008 and March 2009



This committee deferred decisions on only 30% of request made during this period.

Special Dedicated Committee for the Disciplined Forces

This Committee has been recently established in accordance with section 51 of the Public Procurement and Asset Disposal Act specifically to handle the non-sensitive procurement and asset disposal requirements of the disciplined forces.

Independent Complaints Review Committee

This is not a committee of the Board, but a committee established under the PPAD Act. Members of the Independent Committee are appointed by the Minister and are drawn from commerce, industry, academia and professions relevant to the work of the Independent Committee.

The Committee deals with disputes on the Board's decisions by contractors on the procurement and disposal process, the registration process, disciplinary process and others.

Advisory Committee on Public Procurement and Asset Disposal

This is not a committee of the Board, but a committee provided for under the PPAD Act. Members of this committee are appointed by the Minister from contractors' associations and professional bodies, ministries, public entities and the PPAD Board as outlined in section 111 of the PPAD Act.

The function of the Advisory committee is to review the performance of the Board, its Committees, the procuring and disposal entities and the Independent Committee. The Advisory Committee, has, however not held any meetings in the period under review as we reported in the previous year.



OPERATIONS OF THE BOARD

PROCUREMENT MANAGEMENT

ADJUDICATION BY PPADB

During the year 2008/2009 2438 submissions were brought before the Board for adjudication and this represents a reduction of 740 submissions when compared to the previous financial year when 3178 submissions were adjudicated by the Board. Table 1 below shows the total number and distribution of submissions during the financial year under review. The reduction in the number of submissions was mainly due to the biennial review of the financial ceilings for both its Ministerial and District Administration Tender Committees. In April 2008, the Board increased the financial thresholds for Ministerial Tender Committees from P1 Million to P5 Million and those of the District Administration Tender Committees from P100 000 to P500 000. Therefore as a result on the increase in thresholds it meant there was an increase in the responsibilities of both committees and these meant an increase in adjudication responsibilities, while for the Board an increase in responsibilities of its committees meant a decrease in the number of submissions that the Board adjudicates.

Table 1 Submissions throughput of the Board during 2008/2009 financial year

Divisions	Number of Submissions	Approved	Deferred ¹	Rejected
Services	611	386	188	37
Supplies	660	349	270	41
Works	1121	606	493	22
Office of Board Secretary	46	25	20	1
Total	2438	1369	971	101

The Division of Works continued to handle more submissions due to the insignificant effect of the increase of the threshold that substantially reduced adjudication work for Services and Supplies. The internal restructuring of submissions to the Board has resulted in a steady growth of submissions from Office of the Board Secretary, in the form of complaints and price

adjustment requests. Figure below shows the distribution of submissions by each adjudication division.

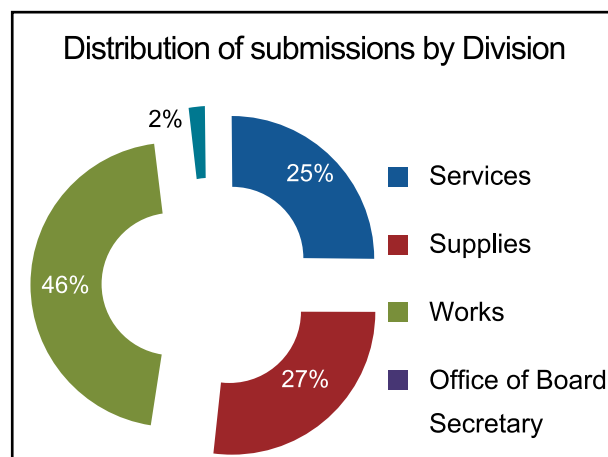


Figure 2 Distribution of submissions by handling Division during 08/09

Analysis of submissions

- Figure 3 shows the distribution of decisions reached by the Board during the year under review. The Board approved 1369 (56.1%) of the submissions it adjudicated and this represents a decline in the percentage of submissions approved by the Board when compared to the previous financial year when 61.6% submissions were approved by the Board. The decline in the percentage of submissions approved by the Board was as a result of the increase in the number of submissions deferred and rejected by the Board relative to the total number of submissions received by the Board. The decline in the approval rate signifies a draw back in the Board's objective of increasing its approval rate to around 90%.
- The Board deferred 39.8 % (971) submissions during the 2008/2009 financial year and this represents an increase in percentage of deferred submissions when compared to the previous financial year when 34.7% submissions were deferred.

¹ **Deferrals** - The number of deferred submissions is not a reflection of the number of projects that have been permanently deferred by the Board during the financial year 2008/2009. It represents the number of deferred recommendations during the weekly Board meetings in the above financial year. The submission required a Procuring Entity to provide additional information or address a particular issue that the Board felt was essential to enable them to make an informed decision on that particular submission. Once the required information is submitted by the Procuring Entity, the deferred submission may automatically become an approval or a rejection. Thus most deferrals ultimately become awards.



- There was also an increase in the percentage of rejected submission from 3.7% in the 2007/2008 financial year to 4.1% in the 2008/2009 financial year.

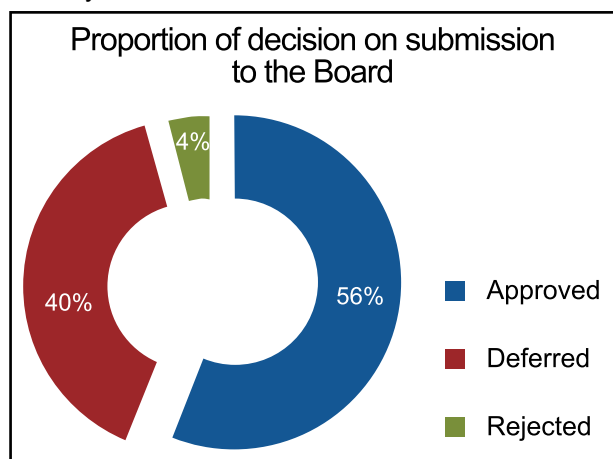


Figure 3 Distribution of adjudication decisions taken by the Board during 08/09.

An observation of the summary of adjudications decision of the Board reflects that during the 2008/2009 there was a decline in the approval while those deferred and rejected increased. As a result of the decline in the progress and in order to achieve the 90% approval rate and 10% deferral rate more efforts need to be undertaken by the Board to reduce the deferrals and the rejections substantially. This would include fast tracking the process of setting up Procurement Units and staff them with personnel that have both procurement skills and qualifications and also introducing targeted capacity building initiatives based on the needs of a particular procuring entity as their needs and problems defer.

ITTS VETTED DURING 2008/2009 FINANCIAL YEAR

The Board received 433 ITTs of which a total of 425 were vetted while 8 were returned for reformatting and were never re-submitted to the Board. Twenty-one (21) ITTs were received from various Districts and Sub-Districts Administration Centres. Of those vetted 343 or 79% met the target of 14 days turnaround time set by the Board for vetting ITT's while 90 or 21% exceeded the target for various reasons that pose challenges for the PPADB.

Challenges related to vetting of ITTs

The Board still experiences extended turnaround time in vetting of ITTs. The following are some of the challenges that remain common among PEs:

- Procurement procedures:** Lack of understanding of procurement procedures and principles by project officers at PEs. Some ITTs had compliance issues raised by the Office of the Board Secretary that had to be resolved complaints sorted out through OBS therefore they were kept on hold.
- Coordination:** Lack of Coordination between PPADB line Divisions, Registry Unit and Office of the Board Secretary causing delays in vetting of ITTs. Some ITTs were delayed between Divisions, while others were returned to the PEs to submit to MTCs for vetting due to thresholds.
- Procurement planning:** PEs taking too long to address PPADB queries and conclude ITT vetting. Some ITTs were returned to PEs to use SBPs but were never brought back to PPADB for vetting

Table 2 and Figure 4 below summarise the ITT vetting across all Divisions of the Board.

Table 2 Summary of ITT vetting across all Divisions

	Received Services	Fully vetted	Vetted within 1 week	Vetted within 2 weeks	Vetted beyond 2 weeks
Services					
Number of ITTs	141	133	62	66	13
Percentage of ITTs fully vetted			44%	47%	9%
Supplies					
Number of ITTs	84	84	30	29	25
Percentage of ITTs fully vetted			40%	30%	30%
Works					
Number of ITTs	208	208		156	52
Percentage of ITTs fully vetted				75%	25%
Total	433	425		343	90
				79%	21%

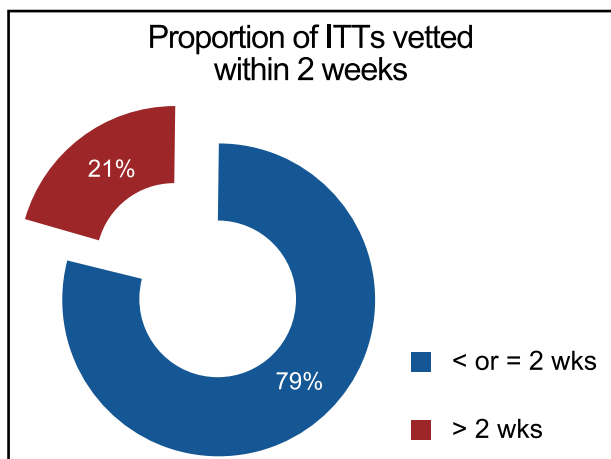


Figure 4 Proportion of ITTs vetted within the set turnaround time of 2 weeks

Interventions

Faced with above challenges, the PPADB at organisational level or through its Divisions has devised targeted interventions like an example cited for the Works Division. Whereby the Works Division has developed an excel database to capture ITTs details and the Procurement officer was assigned responsibility to collect ITTs from Registry and OBS and update database on daily bases to minimise delays.

Works Division organised meetings with senior management of DBES and Roads Department to address issues related to procurement process delays amongst them was delays in attending to deferral of ITTs and adjudication submissions and the need for PEs to quickly respond to Board queries and correction of ITTS to minimise delays in project implementation.

STRATEGY IMPLEMENTATION

This financial year was the first year in the implementation of the PPADB Strategic Plan 2008 – 2013. This followed the review of the previous strategic plan which ran from 2004 to 2007. Eight Strategic Leverage Areas were identified for implementation. These are;

- Reduced Financial Dependence

- Devolution of Authority
- Monitoring and Compliance
- HR Transformation
- Strategy Implementation and Monitoring
- Capacity Building
- Information and technology Processes
- Stakeholder Relations, Education and Branding

During the first year of the implementation of the 2008 – 2013 Strategic Plan, some significant achievements were realized. These include the increase in internally generated revenue. The revenue was generated mainly through the registration of contractors, sale of tender documents and facilitation at workshops. Another significant achievement was in regard to capacity building.

Training of various Government Ministerial Tender Committees and District Administration Tender Committees was carried out to empower the relevant staff on principles of public procurement and asset disposal as well as the governing legal provisions. Further, the PPADB recruited an Executive Assistant to the Executive Chairman who has been tasked, inter alia, with coordinating the implementation of the strategic plan.

During the reporting period, significant strides were made towards finalizing preparations for the tender for the implementation of the Integrated Procurement Management System (IPMS). At the end of the fiscal year negotiations were at an advanced stage with the preferred bidder and there were positive signs that an award was eminent for the successful contractor to commence work as was envisaged in the strategic plan. In regard to Human Resource Transformation, the PPADB successfully implemented the staff retention policy. The policy is aimed at retaining staff through incentives for identified scarce skills to reduce staff turnover which in the past occurred



mainly due to relatively more attractive opportunities being offered to staff elsewhere compared to those tenable at PPADB.

Another achievement of note was in regard to the devolution of authority away from PPADB to MTC's and DATC's. It was during this financial year that PPADB increased the threshold within which the Board Committees could exercise their powers in regard to adjudication compared to the previous financial thresholds. The threshold for MTCs was increased from P1 Million to P5 Million and the DATCs from P100, 000 to P500, 000.

Challenges Relating to Strategy Implementation

Notwithstanding the above accomplishments, some challenges were encountered in the implementation of the strategic plan. Leverage area specific challenges are covered under specific area elsewhere in this report. However the some of the main challenges for the PPADB to effectively implement the strategy include: inadequate funding; inadequate implementation capacity at both PPADB and procuring entities; and institutional arrangement within the procuring entities not aligned with the PPAD Act and/or Regulations, e.g. lack of procurement units within the procuring entities.

Interventions

General intervention strategies have been brought to bear to improve implementation. During the year under review, measures were put in place to monitor the implementation of Annual Work Plans aligned to the strategy. These included the designation of an office specific monitoring strategy implementation. Other initiatives to generate revenue from branding of the PPADB were also implemented as part of the cost recovery strategy. Further, directives were circulated to Accounting Officers of the different Government Ministries to encourage them to establish Procuring Units.

CAPACITY BUILDING

Capacity Building workshops were organised with PEs and bidding community to improve their level of understanding of the procurement procedures so as to improve compliance with the PPAD Act in order to

minimise delays in project implementation. A total of 37 workshops were conducted. Fifteen (15) workshops were carried out for Institutions in various Districts to discuss the ITTs and evaluation process as well as other relevant topics before opening of bids to allow PEs to engage in prudential evaluation process. Nine were for both PEs and suppliers of goods. Another nine were for PEs and service providers. A further five were for PEs and works contractors and consultants.

A total 1310 participants individually benefitted from this capacity building exercise. Procuring entities and contractors trained during the year are shown in Table 3 below.

Figure 5 below shows the distribution according to procurement areas covered.

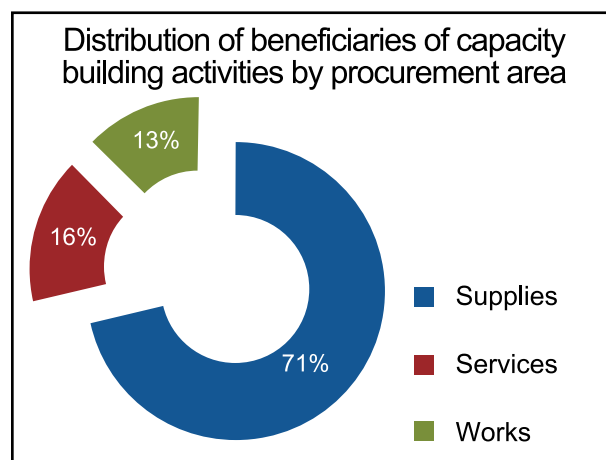


Figure 5 Distribution of capacity building beneficiaries according to area of procurement

The distribution shown above represents the few procuring entities responsible for works procurement from one end and multiple entities involved in procurement of supplies on the other. The numbers reached were commensurate with the increase in financial threshold for the Ministerial and District Administration Procurement and Asset Disposal Committees (that took place at the commencement of the financial year).



Challenges related to Capacity Building

The PPADB continues to mount an aggressive capacity building programme in the form of training. However there are challenges to be overcome from within PPADB and from PEs and bidding community. These are listed below:

- Procurement units: Absence of procurement units in Ministries continues to be a major bottleneck in realising the objectives of capacity building in that there is no target group/focal point for training. The transfer of people result in the same Department being trained but with no significant impact on the performance;
- Capacity: Lack of capacity to develop standardized and well targeted training modules;
- Inconsistent reporting on the effectiveness of training workshops;
- Planning: Delays in adopting a proactive organizational plan for capacity building to an extent that capacity building is driven by requests from PEs rather than the plan;
- Funding: Some Departments continuing to not make budgetary provisions for procurement related capacity building;

Interventions

In the form of interventions the PPADB has:

- Capacity building team: Established a team to coordinate capacity building at organisational level and ensure smooth running of feedback and review from PEs and therefore targeting training to PE requirements;
- Compliance and monitoring committee : Created a monitoring and compliance unit as an intervention to aggressively monitor Board committees for compliance, in doing so established a post to recruit a compliance and monitoring manager;
- Persuasion: Increased advocacy for establishment of procurement unit in accordance with PPAD Regulations.



Table 3 Summary of training activities and beneficiaries during 2008/2009 financial year

Period	Entities	Topics covered	Target group	Number
April 08 – June 08	Ministry of State President	Fundamentals of procurement	MTC members and secretariat	
	DCEC	Fundamentals of procurement	DCEC staff	20
	DA Kanye, Lobatse, Molepolole	Procurement planning, ITT, Contract administration	DATC members and PE representatives	145
	DA Gaborone, Kasane	Observation of adjudication meeting and discussion	DATC members and PE representatives	85
				250
July 08 - Sept 08	DA Masunga, Hukuntsi	Procurement planning, ITT, Contract administration	DATC members and PE representatives	88
	DA Francistown, Gaborone	Consultative meeting with PEs and contractors North and South	Government institutions and supplies and other contractors	185
	An Executive Course on Civil Military Relations	Military and civil personnel from Botswana	The role of PPADB in enhancing accountability on the security sector	65
	MTC Secretariats	Legal framework, tender documentation, evaluation and adjudication	MTC Secretaries from represented Ministries	13
	BIAC	Fundamentals of procurement	BIAC staff	15
				366
Oct 08 - Dec 08	All DA	Procurement planning, legal framework and SBP	DATC Secretaries	18
	Botswana Police Service	Fundamentals of procurement, tender documentation, evaluation and adjudication, procurement planning	BPS Senior management	70
	Defence and Security entities	Legal framework, tender documentation, evaluation and adjudication and issues arising from SPADC business	Staff from entities handling security sensitive procurement	30
	DCEC	An overview of PPAD system in Botswana	DCEC investigators and key personnel	100
	Ministry of Health MTC	Legal framework, tender documentation, evaluation and adjudication	MTC members and secretariat	9



Period	Entities	Topics covered	Target group	Number
Jan 09 - Mar 09	Catering services providers	Fundamentals of procurement	Catering services providers representatives	46
	BURS	Procurement planning, legal framework, bid documents and evaluation, contract administration and management	BURS senior personnel	75
	Ministry of Finance and Development Planning	Procurement planning, legal framework, bid documents and evaluation, and price	MFDP Departments	40
	Department of Information Technology	Fundamentals of procurement	DIT staff	20
	Department of Building and Engineering Services	Preparation of tender documents and tender evaluation process	DBES senior managers	20
				428
	Department of Supply	Procurement planning, legal framework, bid documents and evaluation, adjudication and price adjustment	DoS senior managers	45
	Ministry of Communications, Science and Technology	Fundamentals of procurement	MCST departments	38
	Ministry of Communications, Science and Technology MTC	Fundamentals of procurement	MTC members and secretariat	8
	Ministry of Agriculture	Fundamentals of procurement	MoA departments	30
	Roads Department	Public procurement principles, procedures, PPAD Act and PPADB Mandate	Roads department senior and project officers	30
	Works Consultants	Public procurement principles, procedures, PPAD Act and PPADB Mandate	Consultants from works related disciplines	50
	Works Contractors	Public procurement principles, procedures, PPAD Act and PPADB Mandate	Contractors from all works related disciplines	65
				266
Grand total				1310



Judging by the number of participants trained as shown in Table 3, it is evident that the greatest training activity took place during second and third quarters of the financial year. This is illustrated further in Figure 6 below.

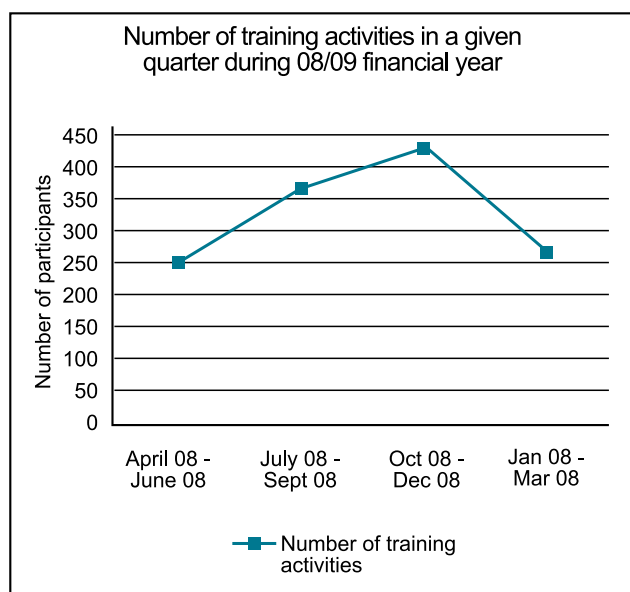


Figure 6 Distribution of training activities during 2008/2009 financial year

Contractor Registration

The PPADB is mandated to register all contractors in works, supplies and services intending to bid for Government procurement and disposal. To date the Board has only been able register contractors and consultants (service providers) in works. In addition and pursuant to the provisions of Part VIII on reservation and preferential treatment, the Board maintains lists of citizen contractors providing ICT supplies and services; and suppliers and/or manufacturers of medical supplies, drugs, laboratory reagents, equipment and related products.

During the year under review the Board considered 959 applications most of which were for construction at 829 followed distantly by consultants at 65, ICT at 39 and medical at 26. Figure 7 below illustrates the distribution. This picture will change once the PPADB starts registering suppliers and service providers.

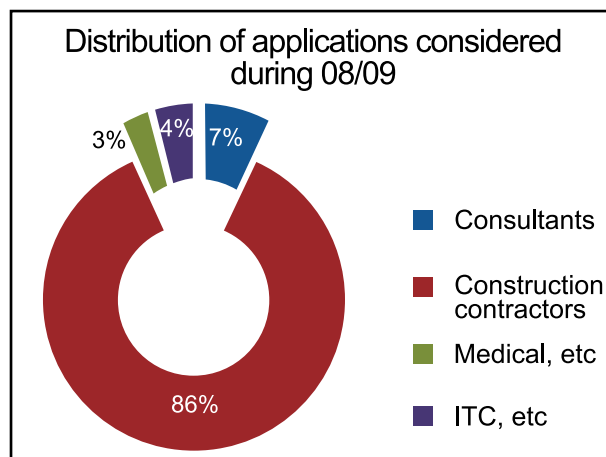


Figure 7 Distribution of applications considered by the Board during 08/09

Amongst the applications the tended to reach an outright rejection decision among consultants and to a lesser extent the construction registration applications. Whereas those among considered for listing as citizen contractors the applications were returned for further clarification, commitment and/or substantiation. Figure 8 below shows the distribution of registration outcomes for the different categories of applications.

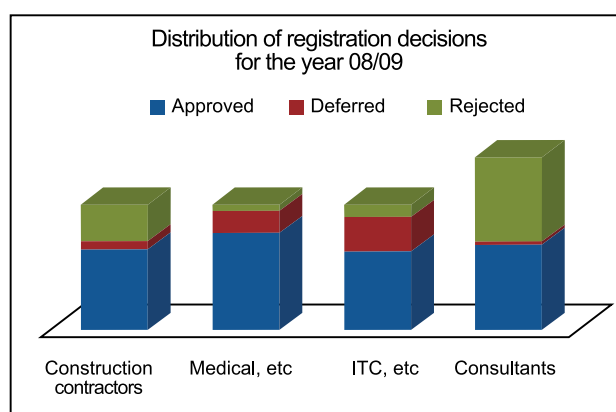


Figure 8 Distribution of registration decisions for the year 08/09.



OTHER OPERATIONS AND STRATEGY IMPLEMENTATION AREAS

Stakeholders Relations and Education

During the year under review, PPADB made significant strides in its endeavour to implement its Stakeholders Relations and Education Leverage Area. PPADB continued to enjoy positive support from the media through print, audio and visual media in the form of articles, regular press statements publicized and interviews targeting leadership. There was a marked reduction in negative reporting on decisions of the Board relating to Central Government procurement unlike in the past. This was due to:

- A more responsive and proactive attitude to the stakeholder enquiries needing constant information and feedback on tenders adjudicated by the Board.
- The proactive issuance of newsworthy information as well as the occasional engagements of the media to cover PPADB.
- Close monitoring of the level of negative versus positive publicity in a given year. Therefore a target for positive media coverage received a resounding success with **60%** (positive) publications versus **40%** (neutral/negative) publicity.

The PPADB conducted targeted briefs alongside open invitations to important events such as capacity building workshops, free coverage of fresh news of visiting teams' benchmarking from the sister organization from across Africa, such as Namibia (Central Tender Board) and Uganda (Public Procurement and Disposal of Assets Authority (PPDA)). Extensive media coverage was also extended to visitations by the then Assistant Minister of Finance and Development Planning Honourable Samson Guma Moyo on a familiarisation tour.

Press releases were issued concerning five main areas:

- Review of scope of devolution and increased of financial thresholds for committees of the Board,
- Existence of Debriefing policy for contractors to improve on future bids,
- Technical assistance from the European Union for a Consultancy on Procurement Policy and Institutional Framework Advice for Botswana,
- Capacity constraints affecting the expansion of office as well as efforts to open satellite offices, and
- Call for re-registration as PPADB phased out the use of old CTB certificates as well as registered contractors to collect outstanding PPADB certificates for bidding purposes.

In recognition of the role of the media to play as the 'fourth estate,' especially on information dissemination, breaking news, critical analysis of adjudication awards, project delays on contract implementation and its impact on cost overruns, it was observed that with only two cases contested before the courts compared to the previous year's, there was a general increased regarding coverage/articles of complaints from aggrieved bidders seeking solace and fair remedy. The Board adopted and met a target for timely and informative responses to media queries within 48 hours in order to accommodate the urgency of the media reporting lead time.

PPADB successfully participated in several radio and television programmes and other events. The Table 4 shows some of these and subject of discussion.



Table 4 Media programmes and other public events in which PPADB participated

Medium	Programme/ event	Frequency	Subject	Targeted audience
Radio	RB1- Are bueng	1	Fairness and equity in the allocation of tenders	Contractors, the general public
	RB 1 Masa A Sele	1	Alleged corruption in the award of tenders	Local serious listenership, educated workforce, adults and general public
	RB 2- Lifeline	1	Role of PPADB vs PEs	General Public, Educated and
	Gabs FM 96.2	3	Capacity determination survey, Role of PPADB, Capacity building Workshop	Modern, business oriented and fast paced listenership, educated liberalists
	Yarona FM	1	Transparency and fairness in the award of tenders	Youth, 'edutainers', newly employed and
Television	Moring show Mascom Dumela	2	Capacity building workshop	General public, early birds and families, working class and contractors.
	Mascom Dumela show Moring show	1	De-listing of non-performing contractors	General public, early birds and families
Fairs and Exhibitions	BOCCIM Northern Trade Fair- Francistown	1	General mandate	Entrepreneurs, SMMEs, Public
	LEA SMME Fair	1	General Mandate & Citizen Empowerment	SMMEs
	Gaborone Consumer Fair- MTI	1	General mandate	Traders, consumers, procurers, general public, media,
	Global Expo BEDIA	1	Mandate, mandatory requirements for bidders, promote use of website	International bidders, and investors, consumers, business community,
	The Business Place Gaborone Station	1	General mandate, registration and bidding requirements, attention to detail, bid evaluation and adjudication criteria	Youth, new entrants in the market, would-be entrepreneurs.
Total		15		

Against a target of 12 programmes an achievement of a total of fifteen features was registered. PPADB appeared on its own or as part of other bodies like the Directorate on Corruption and Economic Crime (DCEC) where it continued to emphasise zero tolerance on corruption in the public procurement and asset disposal arena.



PPADB continues to form part and parcel of the Corruption Prevention Committees (CPC) with the objective of joint efforts to combat corruption through assistance in capacity building and training CPC's across Procuring Entities (Ministries and Departments).

Challenges related to Stakeholder Relations

PPADB faces a number of constraints that impact negatively on its stakeholder outreach.

- **Capacity:** Capacity constraints have affected the programme to hold Kgotla meetings to explain and discuss its mandate with members of the public, especially in rural areas.
- **Funding:** The PPADB depends wholly on Government disbursement for funding, and this is quite limited. This poses a challenge when it comes to strengthening offices like the Public Relations Office to be available to interact with members of the public directly and take the image of the organisation to the people. Funding constraint has put on hold the implementation of the organisation's *Corporate Social Responsibility (CSR) Policy*.

Interventions

The PPADB will tap into innovative ways of reaching out to stakeholders.

- **Alliances:** The PPADB will increase efforts to seek alliances with other agencies targeting various stakeholders in order to extend its outreach. These include DCEC, LEA, CEDA, BOCCIM and Government Departments.
- **Technology:** The Board will give greater attention to the brand and image of PPADB and its information dissemination, through a more cost effective utilization of the PPADB website www.ppadb.co.bw. This has seen a major face-lift and increased promotion of the portal to provide a 24/7 and simpler route to posted information.

Human Resources Transformation

Human Resource Policies

The human resources remain the most important asset to the Board and are seen to be paramount to attaining the Board's vision, "to be the centre of excellence for public procurement and asset disposal by 2018." The Human resources unit focuses on people development, motivation, and retention in its effort to develop a dynamic and robust organization. The Board achieves this by constant assessment and review of its processes to enhance proper implementation of key human resource guiding principles and policies. This year the Board embarked on the review of the Conditions of Service to bring them in line with best practice in human resource management.

Recruitment and retention

As at March 2009 the PPADB staff complement was 63. The breakdown summarising staff movement during the financial year is shown in Table 5 below.



Table 5 Summary of staff movement and training during the 2008/2009 financial year

	Executive	Middle and Senior management	Professional	Support	Total
Complement at beginning					54
Recruitment/ Resignation					
In	1		7	1	9
Out	1		3		4
Promotion					
In		1			1
Out			1		1
Total complement at year end	4	10	27	22	63
Training short term		3	7	9	19
Training long term		2	1	4	7
Total undergone training at year end		5	8	13	26

It is worth noting that the largest movement was inward among the mid career professional officers, with varied backgrounds that would add value to the Board in terms of participation in policy decision making. The outward movement occurred during up to the second quarter of the year.



The Board believes that employees are its most valuable resource and are partners in achieving the organisation's mission and goals. The Board therefore embarked on a staff retention strategy to identify key factors in recruiting, retaining, motivating and rewarding a skilled, productive and committed workforce. Consequently the Board developed and implemented an Attraction and Retention strategy, which may have effectively reduced staff turnover to nil in the third and fourth quarters of the year. Unlike in the previous year (2007/2008) where the Board lost 9 staff members of whom 4 were from senior management, during 08/09 outward movement was limited to only 3 in the professional cadre level.

Performance Management and Training and Development

The Board has a performance management system in place, which is also integrated into the training and development process of the PPADB. The employee performance appraisal is held mid-year and end-of-year, the system is used to identify employee performance gaps which are fed into the organisation's training and development plan.

As shown in Table 5 above, during this year junior officers, especially in the support services enrolled in short courses that were specifically aimed at equipping them in knowledge and skills required at their performance level, such as basic computer skills, customer and public relations, and tendering and procurement best practice procedures. Middle management and professional staff enrolled on on-line professional courses as well as attending enhancement programmes that continuously re-focus and develop their managerial skills in areas such as performance management, effective supervision, and talent management.

Employee Welfare

The Board implements a range of employee benefit and welfare schemes and services to assist in the welfare of employees, and to promote a committed and productive labour force. The Board has a group life assurance and occupational disability cover for its employees with an external service provider. The initial contract was with *AON Botswana (Pty) Ltd* which

upon expiry the Board engaged *Dynamics Insurance Brokers (PTY) Ltd* for the period 16th May 2008 until 31st March 2009.

The Board believes that excellence could be achieved through an empowered workforce that achieves and sustains optimal levels of health and wellbeing. The organisation organised and held a Health and Wellness event on November 21st 2008, under the theme "***Walking in Balance, Live and Work Healthy.***" The theme emphasised the importance for the PPADB employees to espouse health and wellness in the work environment in order for one to be able to produce optimal levels of efficiency.



PPADB Staff Wellness Day



Testing for blood type, blood sugar and other opportunistic diseases such as BP on the Staff Wellness Day



Integrated Procurement Management System (IPMS)

During the period under review, PPADB awarded the tender for the *Supply and Implementation of an Integrated Procurement Management System* to *Corporate Business Solution (Pty) Ltd* and the project management services to *X-Pert Group*, both local companies. The tender was an outcome of an earlier requirement analysis exercise which took place in 2007. The implementation of the system is planned to commence on 1st June 2009.

The identified/preferred solution is a web based system with various procurement modules to assist the Board in the effective and efficient delivery of its mandate. This will also enable the Board to extend its services to the procuring and bidding community beyond the confines of the PPADB Offices in Gaborone. IPMS is an enabler for all stakeholders such as Contractors, Procuring Entities, other institutions including the general public to log onto the PPADB website and view the list of companies registered with PPADB and even, apply and register online. Stakeholders will also be able to track progress on tenders online to see if a tender has already been evaluated and/or awarded, and identify and address bottlenecks in the system if any.

Procuring Entities will be able to submit Invitation to Tender documents (ITT's) to PPADB for vetting using the system which will result in reduced turn-around times. The Board will also be able to extract statistical data from the system which is a great challenge while operating a predominantly paper-based system. Statistics such as values of tenders awarded citizen preference schemes and its implementation over

time including procurement trends, will now be better analysed and packaged to interested parties and stakeholders.

IPMS is intended to revolutionize the current modus-operandi of the Board in carrying out its day to day business with great beneficitation to all stakeholders and one of the primary benefits being a more transparent procurement system. Monitoring committees of the Board will be taken to a different level and compliance issues will be tackled and addressed more timeously and effectively, with the envisaged cooperation and support of the accounting officers in charge of Procuring Entities i.e. Ministries and Departments, where committees of the Board are domiciled.

The Implementation of the system will take approximately 12 - 15 months, things being equal. A full time Project Manager will be engaged to ensure that all related goals and objectives are achieved within the set lead-time.





GENERAL INFORMATION

FINANCIAL STATEMENTS
for the year ended 31 March 2009

BOARD MEMBERS

A.V. Lionjanga	Executive Chairman
I. Joseph	
I. Marumo	
M. Lefhoko	
D. Mokgethi	
K. Morolong	
A.L. Monchusi	

BOARD SECRETARY

M. Lubinda

NATURE OF BUSINESS

The Public Procurement and Asset Disposal Board (PPADB) was established by Act of Parliament number Cap 42:08 in 2001. The PPADB is in the business of adjudication of tenders for procurement and disposal of government assets.

REGISTERED OFFICE

Plot 8913
Maakgadigau Way
Gaborone West Industrial site

Private Bag 0058
Gaborone

AUDITORS

Auditor General

BANKERS

Standard Chartered Bank Botswana
Stanbic Bank Botswana Limited



BOARD APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

FINANCIAL STATEMENTS for the year ended 31 March 2009

The Members of the Board are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information in accordance with International Financial Reporting Standards.

The Auditor General is responsible to give an independent opinion on the fairness of the annual financial statements based on his audit of the affairs of the Organisation.

The Members of the Board are satisfied that management introduced and maintained adequate internal controls to ensure that dependable records exist for the preparation of the annual financial statements, to safeguard the assets of the Organisation and to ensure they are duly authorised.

The financial statements have been prepared on the going concern basis, since the Members of the Board have every reason to believe that the Board has adequate resources in place to continue in operation for the foreseeable future.

Against this background, the Members of the Board accept responsibility for the annual financial statements set out on pages 42 to 51 which were approved by the Board of Management on 02/12/2009 and are signed on its behalf by:

A.V. LIONJANGA
EXECUTIVE CHAIRMAN

M. LEFHOKO
EXECUTIVE DIRECTOR



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Fax: (+267) 3908582/3188145
FARM FOREST HILL, NO.9
LOT 134, MILLENNIUM PARK
KGALE HILL
GABORONE
BOTSWANA



OFFICE OF THE AUDITOR GENERAL
PRIVATE BAG 0010
GABORONE
BOTSWANA

REPORT OF THE AUDITOR GENERAL

TO THE BOARD OF DIRECTORS, PUBLIC PROCUREMENT AND ASSET DISPOSAL BOARD

I have audited the annual financial statements of the Public Procurement and Asset Disposal Board as set out on pages 42 to 51, which comprises the balance sheet as at 31 March 2009, the income statement, statement of changes in funds and cash flow for the year then ended.

The Board of Directors' Responsibility:

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. The responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility:

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement, and whether they were prepared in all material respects, in accordance with an applicable reporting frame work.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including, the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating, the appropriateness of the accounting policies used, the reasonableness of the accounting estimates made by management, as well as the overall presentation of the financial statements.

I have examined the books, accounts and vouchers of the Public Procurement and Asset Disposal Board to the extent I considered necessary and have obtained all the information and explanations I required. I believe that the audit procedures used and the evidence obtained are sufficient and an appropriate basis for the opinion given below.

Opinion:



In my opinion, The Board has kept and maintained proper accounts and records relating to assets and liabilities and income and expenditure, in compliance with the Public Procurement and Asset Disposal Board Act (CAP 42:08). The financial statements present fairly, in all material respects the financial position of the Board's affairs as of March 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

R.B. SEBOPENG
ACTING AUDITOR GENERAL

Date: 11/12/09



INCOME POLICIES

FINANCIAL STATEMENTS
for the year ended 31 March 2009

Basis of Preparation

The annual financial statements are prepared on the historical cost basis and in accordance with International Accounting Standards. The following are the principal accounting policies used by the Board.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is provided over the estimated useful lives of the assets in equal annual installments to write off the cost over the periods stated below.

Table 6 Estimated useful life of PPADB assets

Asset	Estimated useful life (years)
Furniture and fittings	5
Office equipment	5
Motor vehicles	4
Computers	3
Cell phones	2

Capital grants

Funds received from the Government of Botswana in respect of capital assets are credited to capital grants. Capital assets received from the Government are also credited to capital grants. An amount equal to depreciation for the year is amortized to the income statement.

Inventories

Inventories are stated at the lower of cost or net realizable value. Net realizable value is the selling price in the ordinary course of business.

Foreign Currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Such balances are translated at year-end exchange rates unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used.

Pension Costs

Citizen employees working on a contract basis are entitled to gratuities at the end of every four-year term. Those who are employed on a pensionable basis are entitled to a pension scheme. Non-citizen employees also receive gratuities at the end of each four-year contract. Provision is made in respect of these benefits on an annual basis and included in the operating results. The assets of the fund are held separately from those of the Board in an independently administered fund.

Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits and other highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Receivables

Receivables are measured at initial recognition at fair value. Bad debts are written off during the year in which they are identified.

Revenue Recognition

Interest from short-term bank deposits and investments are recognized on an accrual basis. Government grants are accounted for on a receipt basis. Any operating surplus realized is carried forward and included in overall equity.

Financial Instruments

Interest from short-term bank deposits and investments is recognized on an accrual basis. Government grants are accounted for on a receipt basis. Any operating surplus realized is carried forward and included in overall funds.

Financial Instruments

Investments in financial assets are initially recognized at cost. Subsequently, financial assets are re-measured at fair value, except for those held-to-maturity investments such as debt and loans, which are carried at amortized cost. Financial liabilities are recognized at the original debt less principal repayments and amortization.



Credit Risk

The financial assets of the Board, which were subject to credit risk consists mainly of cash resources and debtors. The cash resources are placed with reputable financial institutions. Mainly of cash resources and debtors. The cash resources are placed with reputable financial institutions.

Interest Rate Risk

Fluctuations in interest rates, impact on the value of short-term cash investment and financing activities, giving rise to interest rate risk . The cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimizing risks.

Fair Value

As at 31st March 2008, the fair values of all financial instruments reported in the financial statements approximate to their fair values due to their short term maturity. The financial instruments are held in the ordinary course of business.

Provisions

Provisions are recognized when the Board has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Employee entitlements to annual leave and contractual gratuities are recognized when they accrue to employees as a result of services rendered by employees up to the balance sheet date.

Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the leaser are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. Deposit payments of operating leases are capitalized in the balance sheet and then expensed in the income statement when they fall due.

Adoption of new and revised international financial reporting standards

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements: Added disclosures about an entity's capital
- IFRIC 8 Scope of IFRS 2
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 10 Interim Financial Reporting and Impairm



INCOME STATEMENT

FINANCIAL STATEMENTS
for the year ended 31 March 2009

	Notes	MARCH 2009 P	MARCH 2008 P
Government Grants	1	25,515,654	22,026,601
Other income	2	2,771,724	2,257,982
Total Revenue		<u>28,287,377</u>	<u>24,284,584</u>
Expenditure:			
Administrative	3	(7,167,503)	(7,795,458)
Staff costs	4	(20,876,632)	(14,983,719)
Total expenses		<u>(28 044 135)</u>	<u>(22 779 177)</u>
Net Operating surplus/Deficit		243,243	1,505,407
Interest Income		401,314	245,497
Surplus/(Deficit) for the year		<u>644,557</u>	<u>1,750,904</u>



BALANCE SHEET

FINANCIAL STATEMENTS
for the year ended 31 March 2009

	Notes	MARCH 2009 P	MARCH 2008 P
ASSETS			
Non current assets			
Property, plant and equipment	5	2,835,724	2,830,208
Current assets			
Receivables and prepayments	6	1,531,683	1,377,327
Cash and cash equivalents	7	3,784,842	1,993,530
		<u>5,316,525</u>	<u>3,370,858</u>
TOTAL ASSETS		<u>8,152,248</u>	<u>6,201,066</u>
FUNDS AND LIABILITIES			
Capital Funds and Reserves			
Capital Funds		2,835,724	2,830,208
Accumulated funds		653,221	(50,443)
Revaluation surplus		1,709	
		<u>3,490,654</u>	<u>2,779,765</u>
Current liabilities			
Payables and accruals	8	4,661,595	3,421,300
Bank overdraft	7	<u>4,661,595</u>	<u>3,421,300</u>
TOTAL FUNDS AND LIABILITIES		<u>8,152,248</u>	<u>6,201,066</u>



STATEMENT OF CHANGES IN FUNDS

FINANCIAL STATEMENTS
for the year ended 31 March 2009

	Capital grants P	Accumulated fund P	Total P
Balance at 1st April 2007	2,271,885	(2,257,960)	13,926
Capital Grants received during the year	2,093,404		2,093,404
Surplus for the period	1,750,904	1,750,904	
Transfer of recognised portion of capital grants	(1,078,468)		(1,078,468)
Disposals during the year	(456,613)	456,613	
Balance at 31 March 2008	<u>2,830,208</u>	<u>(50,443)</u>	<u>2,779,766</u>
Grants received during the year	1,078,853		1,078,853
Surplus for the period		644,556	644,556
Transfer of recognised portion of capital grants		(1,011,579)	(1,011,579)
Revaluation surplus	1,709		1,709
Accumulated depreciation adjustment	(2,649)		(2,649)
Disposals during the year	(60,817)	60,817	
Balance at 31 March 2009	<u>2,835,724</u>	<u>654,930</u>	<u>3,490,654</u>



CASH FLOW STATEMENT

FINANCIAL STATEMENTS
for the year ended 31 March 2009

	Notes	MARCH 2009 P	MARCH 2008 P
CASHFLOWS FROM OPERATING ACTIVITIES			
Net Surplus or (deficit) for the year		644,556	1,750,904
Less: Capital Grant Amortisation		-1,011,579	-1,078,468
Add: Depreciation Charge		1,011,579	1,078,468
(Profit)/Loss on disposal of property, plant and equipment		4,981	257,170
Net Fixed asset Adjustment		35,233	1,499
Less: Interest income		-401,314	-245,497
Operating deficit before working capital changes		283,455	1,764,076
Decrease/(increase) in net accounts receivable		-154,355	-786,998
Increase/(decrease) in accounts payable		1,240,294	1,093,466
Cash generated from operations		1,369,394	2,070,543
Net cash from/(used in) operating activities		1,369,394	2,070,543
CASHFLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-1,078,853	-2,093,404
Proceeds on disposal of property, plant and equipment		20,604	197,944
Interest received		401,314	245,497
Net cash from/(used in) investing activities		-656,935	-1,649,963
CASHFLOWS FROM FINANCING ACTIVITIES			
Capital Grants received		1,078,853	2,093,404
Net cash from/(used) in financing activities		1,078,853	2,093,404
NET CHANGE IN CASH AND CASH EQUIVALENTS		1,791,312	2,513,985
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR		1,993,530	-520,454
CASH AND CASH EQUIVALENTS END OF YEAR		3,784,842	1,993,531
REPRESENTED BY:			
Cash and cash equivalents		3,784,842	1,993,531



ACCOUNTING POLICIES

FINANCIAL STATEMENTS
for the year ended 31 March 2009

BASIS OF ACCOUNTING

The financial statements are prepared on the historical cost basis and incorporate the following principal accounting policies. These policies comply with International Financial Reporting Standards. The policies have been consistently followed in all material respects.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation.

DEPRECIATION

Depreciation is provided over the estimated useful lives of the assets in equal annual installments to write off the cost over the periods stated below ;

Furniture, Partitioning and fittings	5 years
Office equipment	5 years
Motor Vehicles	4 years
Computers	4 years
Cellphones	2 years

FOREIGN CURRENCIES

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Such balances are translated at year-end exchange rates unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used.

PENSION COSTS

Citizen employees working on a contract basis are entitled to gratuities at the end of every four-year term. Those who are employed on a pensionable basis are entitled to a pension scheme. Non-citizen employees also receive gratuities at the end of each four-year contract. Provision is made in respect of these benefits on an annual basis and included in the operating results. The assets of the fund are held separately from those of the Board in an independently administered fund.

CAPITAL GRANTS

Funds received from the Government of Botswana in respect of capital assets are credited to capital grants. Capital assets received from the Government are also credited to capital grants. An amount equal to depreciation for the year is amortised to the income statement.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash on hand and demand deposits, and other highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.



ACCOUNTING POLICIES (CONTINUED)

FINANCIAL STATEMENTS for the year ended 31 March 2009

REVENUE

Interest from short-term bank deposits and investments is recognised on an accrual basis.

Government grants are accounted for on a receipt basis. Any operating surplus realised is carried forward and included in overall funds.

FINANCIAL INSTRUMENTS

Investments in financial assets are initially recognised at cost. Subsequently, financial assets are re-measured at fair value, except for those held-to-maturity investments such as debt and loans, which are carried at amortised cost. Financial liabilities are recognised at the original debt less principal repayments and amortisation.

PROVISIONS

Provisions are recognized when the Board has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Employee entitlements to annual leave and contractual gratuities are recognized when they accrue to employees as a result of services rendered by employees up to the balance sheet date.

TRADE RECEIVABLES

Receivables are measured at initial recognition at fair value. Bad debts are written off during the year in which they are identified.



NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS
for the year ended 31 March 2009

	MARCH 2009 P	MARCH 2008 P
1 GRANTS		
Revenue grants received	26,594,507	24,120,006
Revenue grants utilised for capital expenditure	(1 078 853)	(2 093 404)
	25,515,654	22,026,601
2 OTHER INCOME		
Sundry Income	1,810,902	1,179,514
Amortisation of Capital Fund	960,821	1,078,468
	2,771,724	2,257,982
3 ADMINISTRATION EXPENSES		
Loss on disposal of fixed assets	4,981	257,170
Audit Fees	74,626	44,040
Advertising and promotion	681,915	614,256
Bank Charges	37,356	28,506
Uniforms and Protective Clothing		72
Consulting Fees	252,211	1,410,492
Cleaning Materials	166,980	150,742
Depreciation of Fixed Assets	960,821	1,078,468
General Office Expenses	366,200	254,596
Insurance	273,665	254,904
Legal Fees	1,161,103	884,679
Security	120,224	56,264
Motor Vehicle Expenses	71,960	50,620
Postage	25,187	18,954
Printing and Stationery	212,434	311,800
Rent	1,827,170	1,548,610
Repairs and Maintenance	322,283	231,459
Telephone, fax and internet	251,086	201,972
Electricity	127,318	110,089
Moving expenses		251,350
Water	75,556	
Gardening	67,202	
Subscriptions	48,443	36,415
Bad Debts	36,840	
Losses and write off's	1,943	
	7,167,503	7,795,458



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FINANCIAL STATEMENTS
for the year ended 31 March 2009

4 STAFF COSTS

	MARCH 2009 P	MARCH 2008 P
Gratuity	2,556,499	2,126,687
Staff Welfare Costs	138,366	53,211
Salaries and Wages	13,881,135	9,232,657
Director's emoluments	2,387,075	1,754,419
Training	1,913,557	1,816,746
	20,876,632	14,983,719

5 PROPERTY, PLANT AND EQUIPMENT

	Furniture and Fittings P	Office equipment P	Motor vehicles P	Computers P	Total P
Cost at 1st April 2008	1,284,428	1,582,138	1,003,703	2,042,661	5,912,931
Additions	665,859	201,004		211,990	1,078,853
Disposals	(35,233)	(17,164)		(24,976)	(77,373)
Revaluation			(194,170)		(194,170)
Transfers and Adjustments					
Balance at the end of year	1,915,054	1,765,978	809,533	2,229,676	6,720,241
Accumulated Depreciation					
Balance at the beginning of the year	962,509	733,237	340,878	1,046,099	3,082,723
Charge for the year	214,378	268,468	189,983	338,750	1,011,580
Disposal	(1,762)	(9,222)		(4,957)	(15,941)
Revaluation			(195,879)		(195,879)
Impairment loss					
Transfers and Adjustments			3,236	(1,202)	2,034
Balance at the end of year	1,175,125	992,483	338,219	1,378,690	3,884,517
Net book value as at 31 March 2009	739,929	773,495	471,314	850,986	2,835,724
Net book value as at 31 March 2008	321,920	848,901	662,825	996,562	2,830,208

- Cellphones have been classified under office equipment and depreciated using 50% depreciation rate.
- Prior year motor vehicle depreciation was adjusted in line with the new treatment as per the revised IAS 16
- Motor Vehicle costs have been revalued to reflect the current market prices as per the revised IAS 16.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FINANCIAL STATEMENTS
for the year ended 31 March 2009

6 RECEIVABLES AND PREPAYMENTS

Staff debtors
Prepayments
Deposits
Other debtors
New Loans Clearing

**MARCH
2009
P**

918,272
34,968
26,420
549,929
2,096

1,531,686

**MARCH
2008
P**

787,730
68,272
71,405
449,920

1,377,327

7 CASH AND CASH EQUIVALENTS

Cash
Current account
Call account
Stanbic Money Market Fund

2100
(1,359,810)
2,052,375
3,090,178

3,784,842

1,665
(2,071,966)
2,101,413
1,962,418

1,993,530

8 PAYABLES AND ACCRUALS

Trade payables
Other creditors
Staff Social Club
Accrued Expenses
Leave pay provision
Income Tax clearing
Gratuity provision
Provision for doubtful debts
New loans clearing a/c
Salary clearing a/c
Pension clearing a/c

14,098
95,073
33,824
592,823
779,244
109
3,066,840
36,840
-
5,376
37,368

4,661,595

20,060
304,076
24,027
432,550
423,289
2,203,355
1,203
12,740

3,421,300

9 SURPLUS FROM OPERATIONS

Deficit from operations is stated after taking into account the following:

Depreciation
Directors' emoluments

1,011,579
2,387,075

1,077,736
1,754,419



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FINANCIAL STATEMENTS
for the year ended 31 March 2009

	MARCH 2009 P	MARCH 2008 P
10 CONTINGENT LIABILITIES		
PPADB has guaranteed property, motor vehicles and personal loans for its staff members from Stanbic Bank and balances outstanding as at 31 March 2009		
Property	1,488,480	
Motor Vehicles	2,847,915	
Personal Loans	1,549,181	
	<u>5,885,575</u>	

CONTINGENT LIABILITIES

PPADB had 7 outstanding legal cases against it as at 31 March 2009. In the event of the matter proceeding, it is estimated that should PPADB be on the losing end of the cases, the liabilities therein from a legal cost perspective may be up to P450 000.

11 RELATED PARTY TRANSACTIONS

As per IAS 24, a total of P59 098 owed by ex-employees of PPADB was still outstanding. However, process to recover the moneys were in-progress as at 31 March 2009.



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Photography by Ulf Nermark for all photos
except Image below by John & Terry Sadie.





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