



## Table of Contents



### **CORPORATE STATEMENTS**

Executive Chairperson's Letter to the Minister

Board of Directors

Executive Chairperson's Foreword

Executive Management

### **OPERATIONS OF THE BOARD**

Statutory Committee

### **STRATEGIC PLAN IMPLEMENTATION**

### **OTHER OPERATIONS AND STRATEGY**

### **IMPLEMENTATION AREAS**

### **FINANCIALS**

**CP**

**02**

**04**

**06**

**10**

**12**

**14**

**18**

**25**

**28**



26<sup>TH</sup> September 2012  
Honourable O. K. Matambo, M.P  
Minister of Finance and Development Planning  
Private Bag 008  
Gaborone

Dear Sir,

In accordance with Section 60 (b) of the Public Procurement & Asset Disposal Act [CAP 42:08], I hereby submit the Annual Performance Report of the Public Procurement & Asset Disposal Board for the Financial Year ended 31st March 2012.

Thank you.

Yours faithfully,

Bridget P. John

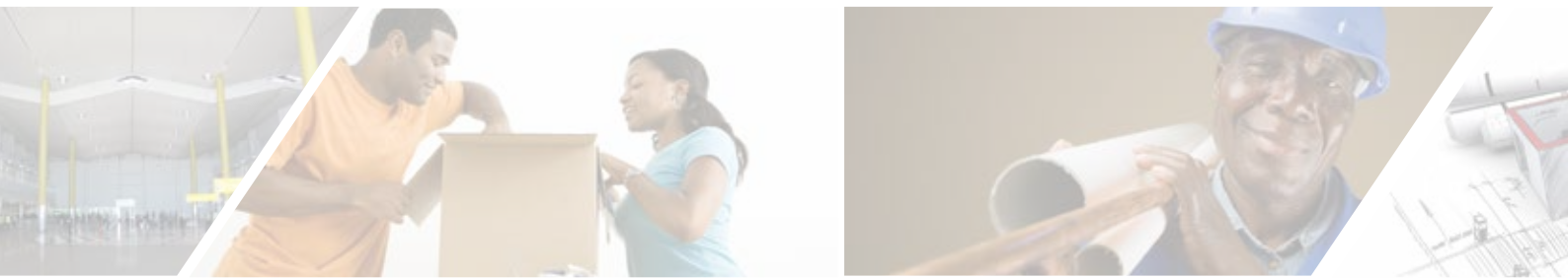




## Board of Directors







**Board of Directors**



**Executive Chairperson**  
Bridget P. John



**Executive Director Works**  
Mosimolodi B. Lefhoko



**Executive Director Services**  
Ishmael Joseph



**Executive Director Supplies**  
Idah M. Marumo



**Board Secretary**  
Moffat R. Lubinda



**Non Executive Director Works**  
Alex L. Monchusi



**Non Executive Director Services**  
Nelson D. Mokgethi



**Non Executive Director Supplies**  
Manfred Kgari



## Executive Chairperson's Foreword





## Executive Chairperson's Foreword



**Executive Chairperson  
Bridget P. John**

*It is my pleasure to present the Public Procurement and Asset Disposal Board Annual Report for the financial year 2011/12. Despite challenges faced during the year, the Board has made strides in the execution of its mandate.*

## Highlights

This year, 2011/12, was a fourth year in the implementation of the PPADB's 2008-13 Strategic Plan whose leverage areas include, reduced financial dependence on government funding, devolution of authority, monitoring and compliance, human resource transformation, strategy implementation and monitoring, capacity building, information and technology processes as well as stakeholder relations and branding. An annual plan was developed on the basis of the Strategic Plan and only 69% was implemented owing to capacity constraints.

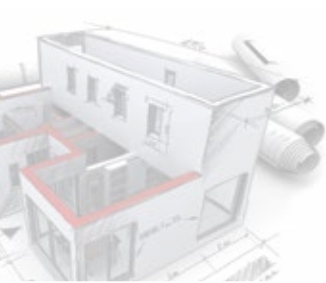
The Board intensified its cost recovery and cost reduction initiatives during the 2011/12 financial year in order to reduce its over dependence on Government funding as required by the PPAD Act. Income was generated through contractor registration, capacity building workshops for Procuring Entities (PEs), the bidding community, and other stakeholders. These activities yielded an amount of P2 997 054 which constituted 11% of the subvention received from Government against a target of P2 800 000 or 10%. The cost reduction initiative included the drive to save costs on utilities and others, resulting in an overall cost reduction of 42% during the financial year.

Monitoring visits to ongoing projects were undertaken in line with Section 52 of the PPAD Act. This empowers the Board to inspect and test works, services and supplies to verify compliance with any bid award. A total of twenty (20) projects were visited against a target of fifteen (15) projects during the 2011/12 financial year. 12 (60%) of the projects visited were progressing well whilst 8 (40%) were behind schedule.

The Board further called for the submission of End of Activity Reports (EOARs) by Procuring Entities (PEs). This resulted in the submission of 55 reports against a target of 148. Whilst this is a poor submission rate, it is considered a good start given that in the past very few reports were submitted. The analysis of EOARs indicated that majority of the projects were implemented successfully. Three contractors were forwarded to the Suspension and Delisting Committee for further investigation. Three (3) projects were forwarded to the Directorate on Corruption and Economic Crime (DCEC) for investigation. In addition, the Board provided technical support to Ministerial Tender Committees (MTCs) and District Administration Tender Committees (DATCs) in the form of the attachment of committee members to the PPADB. The attachment of PPADB officers to Ministries was also effected for skills transfer purposes. Compliance with procurement and disposal requirements also improved during the period under review as all the Instructions To Tender (ITT) documents received from PEs were drawn in accordance with the requirements of the PPAD Act with the result that no tenders were cancelled on account of flawed ITTs. The Board aggressively followed up on the submission of procurement plans by Ministries. This effort resulted in the receipt of all plans for the period under review.

The Directorate on Corruption and Economic Crime (DCEC) conducted an environmental scan on the PPADB during the financial





year. Its report identified some areas of risk in the organization at the Contractor Registration Unit (CRU) and called for the restructuring and strengthening of the unit to efficiently deliver timely service. The leakage of confidential information was raised as a concern as well as issues relating to PEs such as the improper evaluation of tenders, the poor management of contracts by PEs, the requests for price increases and lack of procurement planning. The PPADB committed to address the risks identified and tighten controls.

The Board achieved an increase in the approval rate of PE recommendations from a baseline of 39% in 2010/11 to 57% while deferrals were reduced from 53% to 27%, with rejections increasing from 8% to 16%. The improvement in compliance performance was closely related to capacity building initiatives, provision of technical support to PEs, as well as monitoring visits undertaken to Ministerial Tender Committees (MTCs) and District Administration Tender Committees (DATCs).

Overall, 94.9% of all procurement requests were handled by MTCs and DATCs. The total value of procurement activity handled by MTCs amounted to P1 875, 984, 431.76. DATCs were not able to provide the value of procurement activities handled by them during the year in question owing to poor record keeping. The Board itself only decided on 5.1% of the total number of requests amounting to a value of P3 386, 063, 366.78. These submissions were mainly from large Procuring Entities such as the Ministry of Minerals Energy and Water Resources, the Ministry of Local Government, the Ministry of Transport and Communications, and the Ministry of Environment Wildlife and Tourism. About 12.5% of submissions handled by the PPADB were retroactive requests. Of the total number of 48 requests received only 13% amounting to a value of P13, 502, 425, 63 were approved. The approved retroactive requests were those satisfying the requirement of emergency and urgency.

It is therefore becoming evident that the time is ripe for Government to consider shifting all tender award decisions to PEs in order to allow PPADB to become a proper regulator.

## Challenges

Despite the satisfactory progress made by the Board during the year, a number of challenges, which included the following, were encountered:

- poor adherence to procurement plans by PEs resulting in adherence of only 48% overall. This translated into delayed service delivery to the public.
- unauthorized procurement continued during the year, although the number of such transactions declined by 28% from 67 in 2010/11 to 48 in 2011/12, an increase of 26% in terms of value.
- project site visits pointed to the inadequate supervision of projects and the poor enforcement of contracts by both PEs and contractors.
- the absence of Procurement Units (PUs) and the shortage of Committee secretariats for DATCs.

- poor responsiveness by PEs on the submission of EOARs, only 37% of the expected reports being received.

The Board continued to incur litigation costs during this period amounting to P566 767 compared to P586 868 in 2010/11. Seven (7) cases registered with the courts of law were by aggrieved parties who challenged the decisions of MTCs and the Board. Three (3) of the cases were lost by the PPADB, two (2) were won, and the remaining two (2) were still pending at the end of the financial year. Most of the challenges were concerned with procedural matters.

## Way Forward

As the adjudication and award workload declines, the Board will continue to intensify the compliance monitoring of PEs and its Committees to ensure the development and adherence to procurement plans as well as improve the quality of decisions by Committees of the Board in order to enhance public confidence in public procurement.

The cost recovery policy will be reviewed in an effort to widen the revenue base and reduce dependence on Government funding to allow the Board the flexibility to undertake initiatives aimed at improving public procurement and performance without funding being a major constraint. For example, the close monitoring of the work of DATCs has not been effective owing to funding constraints.

The PPADB will review its 2008/13 Strategic Plan and formulate a new 5 year Strategic Plan during the coming financial year. The Board will also dialogue with the Ministry of Finance and Development Planning (MFDP) and other stakeholders in respect of establishing the PPADB as a proper regulator of public procurement with a view to improving efficiency, governance and accountability in the system.



## Acknowledgements

I would like to convey my appreciation to members of the Board and the PPADB staff who worked tirelessly to ensure the attainment of the objectives of the PPADB in the year 2011/12.

The results achieved by the Board would not have been possible had it not been for the contribution and the cooperation of the Ministerial Tender Committees, the District Administration Tender Committees, the Procuring Entities, and other stakeholders.

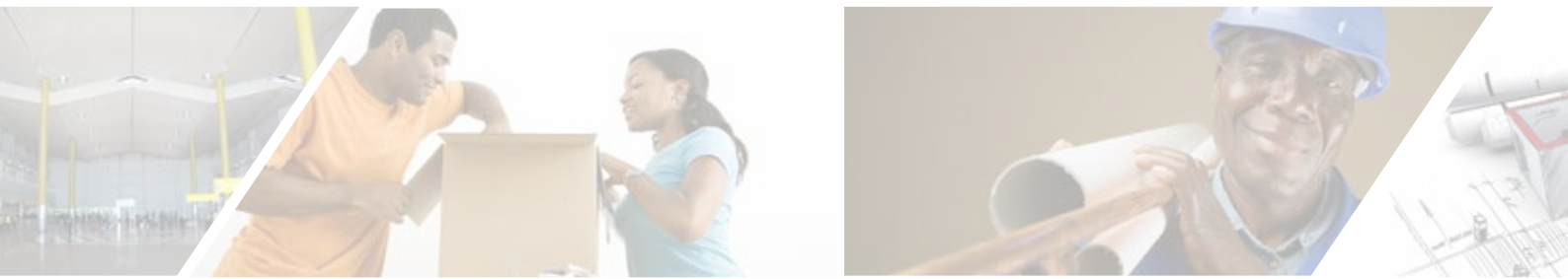






## Executive Management Team





## Executive Management Team



**Executive Chairperson**  
Bridget P. John



**Executive Director Works**  
Mosimolodi B. Lefhoko



**Executive Director Services**  
Ishmael Joseph



**Executive Director Supplies**  
Idah M. Marumo



**Board Secretary**  
Moffat R. Lubinda



## Executive Management Team



**General Manager Corporate Services**  
Tshireletso C. Modukanele



**Information Technology Manager**  
Nkata Seleka



**Divisional Manager Works**  
Elijah T. Motshedi



**Divisional Manager Services**  
Joyce Mokobi



**Divisional Manager Supplies**  
Kgakgamalo K. Ketshajwang







## The Board And Corporate Governance

*Public Procurement and Asset Disposal Board (PPADB) consists of Board members who are appointed by the Minister of Finance and Development Planning (MFDP). The Board has a membership of seven (7) made up of the Executive Chairperson, three (3) Executive Directors, and three (3) Non-Executive Directors drawn from different associations of contractors, professional bodies and the private sector.*

These members are responsible for providing the strategic guidance that ensures that PPADB upholds its values and delivers on its mandate. The Board continues to strive towards the attainment of the highest Corporate Governance and legal compliance standards 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 and make awards accordingly. The Board is also responsible for the management of the contractors' registration system, the establishment of committees and the delegation of power to them, ensuring compliance with the Act, issuing standardized bidding packages and advising stakeholders on matters of procurement.

### Internal sub-committees of the Board

There are four (4) Committees of the Board which provide support to the Board in carrying out its functions of providing guidance to the organization.

#### 1. Board Tender Committee

The Committee considers, adjudicates and awards tenders for the procurement of goods and services of the value of P1, 000 001 to P5,000,000. Tenders awarded are brought to the Board Management for noting only. All tenders in excess of P 5 000 000 are handled by the Board.

The Committee comprises the following:

<b>Mr. M. Kgari</b>	Part-time Director, Supplies (Chairperson)
<b>Mrs. I.M. Marumo</b>	Executive Director, Supplies
<b>Mr. M.B. Lefhoko</b>	Executive Director, Works
<b>Mrs. J.M. Mokob</b>	Divisional Manager, Services
<b>Ms T C Modukanele</b>	GM, Corporate Services (Secretary)
<b>Mrs. P. Aisam</b>	Legal and Compliance Manager

#### 2. Management Tender Committee

The Committee adjudicates and awards tenders of the value of P100 000 to P1, 000,000.

The members of the Committee are:

<b>Mrs. I.M. Marumo</b>	Executive Director, Supplies
<b>Mr. M.B. Lefhoko</b>	Executive Director, Works

**Mr. I. Joseph**  
**Mr. M.R. Lubinda**  
**Mrs. T.C. Modukanele**  
**Mr. B. Linchwe**

Executive Director, Services  
 Board Secretary (Resigned 24/12/2011)  
 General Manager, Corporate Services  
 Chief Accountant (Secretary)

#### 3. Human Resource Committee

The Human Resources Committee (HRC) is a committee of the Board whose mandate is to advise the Board on a wide range of human resource management policies and to ensure that the Board is adequately resourced with human capital to execute its mandate. The Committee provides direction on the interpretation and application of the General Conditions of Service which regulate relations between the PPADB and its employees. The Committee also provides advice on strategic human resource management issues such as organizational development, management development and succession planning. It is responsible for compliance and monitoring to ensure adherence to Corporate Governance Standards.

The Committee comprises the following:

<b>Mr. A. Monchusi</b>	Part-time Director, Works (Chairperson)
<b>Mr. M. Kgari</b>	Part-time Director, Supplies
<b>Mr. I. Joseph</b>	Executive Director, Services
<b>Ms. T. C. Modukanele</b>	General Manager, Corporate Services
<b>Ms. N. Seleka</b>	Information Technology Manager
<b>Mr. O. Gaboutloeloe</b>	Senior Legal Officer resigned (30/09/11)
<b>Ms. M.B. Ramodimoosi</b>	Senior Legal Officer joined (01/11/2011)
<b>Ms. M. M. Baleseng</b>	Human Resources and Administration Manager resigned (12/09/2011)
<b>Ms. J. Thuto</b>	Human Resources and Administration Manager joined 04/01/2012)

#### 4. Finance and Audit Committee

The Finance and Audit Committee comprises five (5) members, three (3) of whom are Board members whilst two (2) are members of the Executive Management.

The Finance and Audit Committee advises the Board on financial and audit matters. The responsibilities of the Committee include, among others, the continuous review of audit reports, financial and internal controls and the management of financial resources. The Committee also reviews accounting policies and recommends amendments in line with International Accounting Standards.

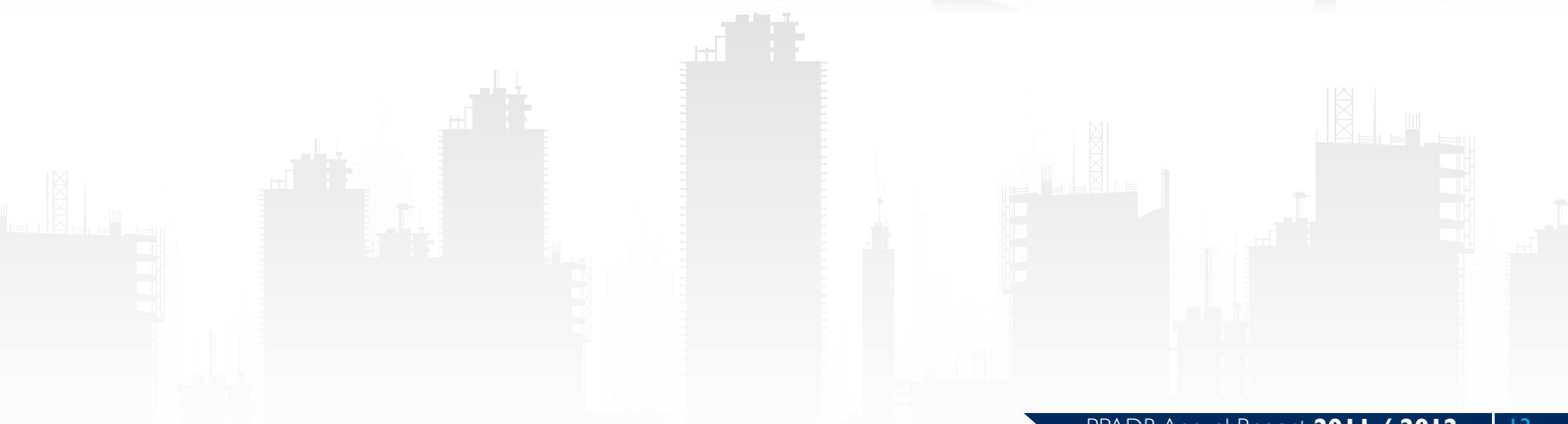
The Committee comprises:

<b>Mr. N. Mokgethi</b>	Part-time Director, Services (Chairperson)
<b>Mr. A. Monchusi</b>	Part-time Director, Works
<b>Mrs. I.M. Marumo</b>	Executive Director, Supplies
<b>Ms. T. C. Modukanele</b>	General Manager, Corporate Services
<b>Mr. K. Ketshajwang</b>	Divisional Manager, Supplies
<b>Ms. B. Mbayi</b>	Management Accountant (Secretary)





## Statutory Committees



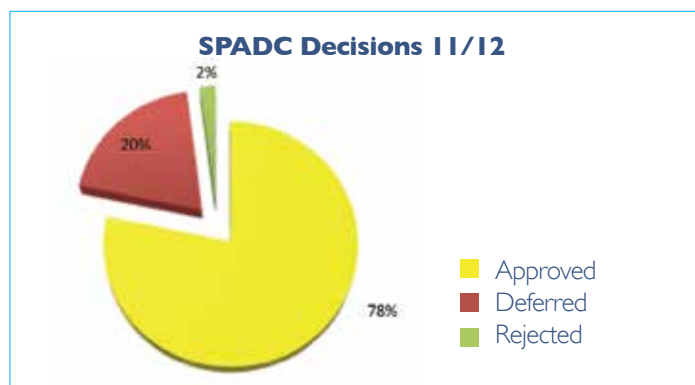


## Statutory Committees

### Special Procurement and Asset Disposal Committee (SPADC)

SPADC is established in terms of Section 63 of the PPAD Act to handle the procurement of highly sensitive works, supplies and services by the disciplined forces in respect of which strict confidentiality and utmost secrecy may be required for a fixed duration. The Committee adjudicates on tenders such as those of the Botswana Defence Force, Directorate of Intelligence and Security and the Botswana Police Services. SPADC comprises two (2) Executive Directors, one (1) Non Executive Director, a senior member of the Public Service and is chaired by the Executive Chairperson of the Board. The Committee meets once a week. During the 2011/12 financial year, SPADC considered a total of 198 requests. This shows a slight decline in the number of requests when compared with the 2010/2011 financial year during which the Committee considered 206 requests from Procuring Entities. The distribution of the Committee's decisions on the requests is shown by the Pie Chart below.

**Figure 1: Distribution of decisions reached by SPADC during the 2011/12 financial year**



The Committee approved 155 (78%) of the submissions. The approval rate was the same when compared with the previous year. The Committee on the other hand deferred 39 (20%) of the submissions during the period under review as opposed to 18% during the 2010/11 financial year, while only 4 (2%) of the submissions were rejected, the latter being lower than the previous year's rejection rate of 4%. The increase in the approval rate was mostly due to the intensified and robust capacity building initiatives introduced in the previous years which continued during the 2011/2012 financial year, culminating in the development and delivery of the training modules that ensured a structured training programme targeting the special needs of each procuring entity.

### Special Procurement Committee for Central Medical Stores

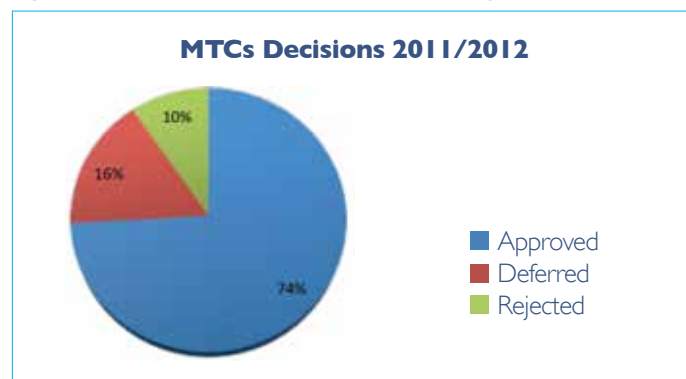
The Special Procurement Committee for Central Medical Stores (CMS) was established in terms of Section 51 of the PPAD Act to handle procurement for CMS due to the volume and sensitive nature

of procurement undertaken at CMS. The Committee adjudicates, on behalf of the Board, tenders not exceeding P25, 000,000 in value. During the 2011/12 financial year, members of the Committee were gazetted and trained by PPADB. During the period under review the Committee did not undertake any adjudication due to logistical problems.

### Ministerial Tender Committees (MTCs)

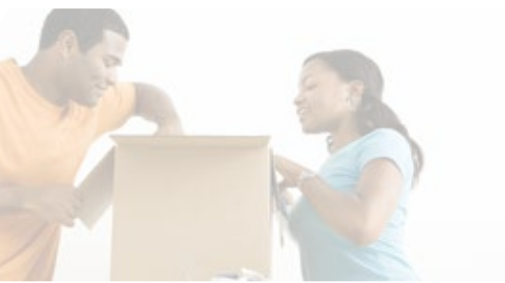
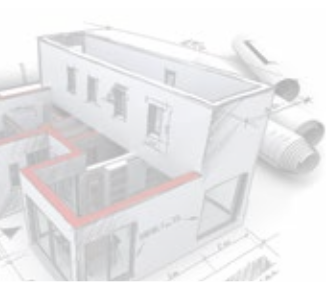
These Committees are established in terms of Section 61 of the PPAD Act. The Committees comprises officials from Ministries to carry out duties delegated to them by the Board from time to time. Currently MTCs adjudicate, on behalf of the Board, tenders not exceeding P25, 000,000 in value. The financial thresholds for Committees are reviewed every two years. The members of these Committees are appointed by the Board on the recommendation of their respective Ministries. By the end of the 2011/12 financial year, all 16 MTCs in all Ministries were operating.

**Figure 2: The 2011/12 adjudication decisions by MTCs**



The Committees received 6487 submissions in total. Of the total submissions, 4803 (74%) were approved, 1062 (16.4%) were deferred and 622 (9.6%) were rejected.

Unlike in the previous reporting period where only eight (8) MTCs had managed to submit their returns, a notable improvement has been observed whereby all MTCs were able to submit their returns during the 2011/12 financial year. However, only 14 MTCs were able to submit returns that included the value of tenders approved by the Committees. There are efforts aimed at improving the situation to ensure that during the next reporting period information on values of tenders approved by all Committees is submitted to PPADB for monitoring purposes.



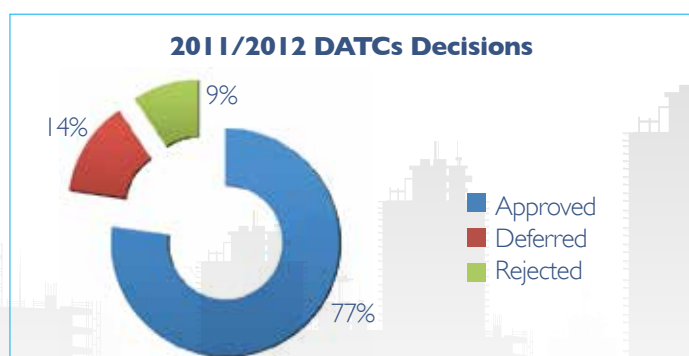
**Table 1: Tender awards made by different Ministerial Tender Committees**

MINISTERIAL TENDER COMMITTEE	TENDER AWARDS
Ministry of State President	25,050,706.81
Ministry of Education and Skills Development	242,054,972.39
Ministry of Health	592,476,795.72
Ministry of Minerals Energy and Water Resource	88,742,809.95
Ministry of Environment Wildlife and Tourism	21,579,766.58
Ministry of Transport and Communication	240,543,611.38
Ministry of Defence Justice and Security	281,037,507.00
Ministry of Local Government	22,502,913.89
Ministry of Finance and Development Planning	80,901,096.46
Ministry of Agriculture	146,333,357.00
Ministry of Youth Sports & Culture	29,055,959.89
Ministry of Infrastructure Science and Technology	57,308,336.96
Ministry of Lands and Housing	40,221,228.29
Ministry of Labour and Home Affairs	8,175,369.41
<b>TOTAL</b>	<b>1,875,984,431.76</b>

## District Administration Tender Committees (DATCs)

There are twenty four (24) DATCs that exercise powers delegated to them by the Board. They comprise officials based in Districts and adjudicate on tenders not exceeding P 2,000,000 in value. The DATCs used to deal mainly with food commodity contracts for Central Government institutions. However, the increase of the threshold to P 2,000,000 has resulted in the work of the DATCs broadening to include other contracts, particularly for maintenance works. Members of these Committees are appointed by the Board on the recommendation of the District Commissioners in the Districts and Deputy District Commissioners in the Sub-Districts.

**Figure 3: The 2011/12 adjudication decisions by DATCs**



A total of 2509 requests were submitted to the DATCs for adjudication. The Committees approved 1937 (77%) of the submissions whereas 337 (14%) and 235 (9%) were deferred and rejected respectively.

Unlike in the previous reporting period where only fourteen (14) DATCs had managed to submit their returns, a notable improvement has been noticed whereby all DATCs were able to submit returns during the 2011/12 financial year. The returns submitted by the DATCs were only the adjudication statistics and did not include the values of tenders approved by the committees. There are efforts aimed at improving the situation to ensure that during the next reporting period information on values of tenders approved by the Committees is available.

## Independent Complaints Review Committee (ICRC)

This Committee is established in terms of Section 95 of the PPAD Act and is not a Committee of the Board. 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. It comprises the Chairperson and four (4) members. Its mandate entails reviewing complaints arising from decisions of the Board lodged by contractors in respect of the procurement and disposal process, the registration process, the disciplinary process and others. During the 2011/12 financial year the Committee received two complaints from Sinohydro CMC NSC2 Joint Venture, and China Jiangsu International (Pty) Ltd. The Independent Committee upheld the decisions of the Board not to approve the Procurement Entity's recommendations on both matters.





## Statutory Committees

### Advisory Committee on Public Procurement and Asset Disposal

This Committee is established in terms of Section 110 of the PPAD Act and is not a Committee of the Board. Members of this Committee are appointed by the Minister from contractors' associations and professional bodies, Ministries, Public Oversight Agencies, Entities charged with monitoring of public enterprise performance and the PPAD Board as outlined in section 111 of the PPAD Act. The function of the Committee is to review the performance of the Board, its Committees, the procuring and disposal entities, and the Independent Committee. The Advisory Committee is expected to propose improvements to the Act and the Regulations, improvements to the management of the public procurement and asset disposal system, and advice on the coordination of policies and practices of PPADB with those of other public entities, in addition to other functions.

### Suspension and Delisting Disciplinary Committee

This is a Committee of the Board established in pursuance of the provisions of Section 50 of the PPAD Act. The Disciplinary Committee may be directed by the Board with respect to any aspect of its operations. When a complaint against a contractor is lodged with the Board, the latter forwards the complaint to the Disciplinary Committee for investigation. The investigations are conducted in reference to the requirements of the Code of Conduct or the terms of the contract. Once the investigations are complete, the Disciplinary

Committee submits recommendations to the Board for a decision. The decision may involve reprimanding the contractor; suspending the contractor for a specified period of time from participating in Government procurement and asset disposal or removing the concerned company from the PPADB register. The Committee comprises one (1) member from the Attorney General's Chambers, one (1) member from the Directorate of Corruption and Economic Crime and three (3) members from PPADB Divisions. The quorum for a meeting of the Disciplinary Committee is half the number of its membership. Since the Committee was inaugurated in 2010, it has not been able to function as it awaits the publication of the Code of Conduct for Contractors. During the 2011/2012 financial year, the Code of Conduct was still being developed and going through relevant structures in Government.

### Disposal Of Assets

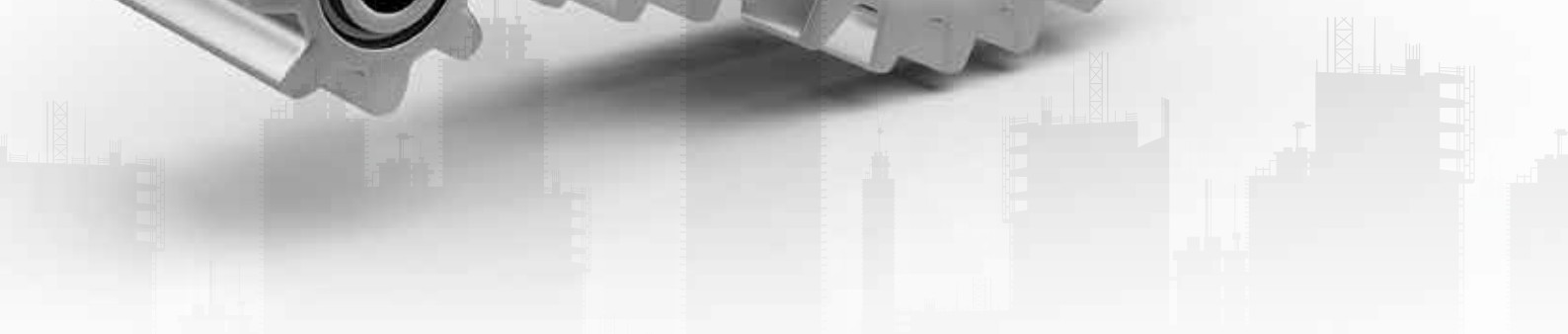
During the 2011/2012 financial year, the Government Procurement Office under the Ministry of Finance and Development Planning undertook the disposal of items for a number of Government Ministries and Departments amounting to P4, 559,157.93. These included among others, furniture, camping equipment, and fridges. The Botswana Defence Force also disposed of vehicles and dairy animals that realized a total value of P6, 466,100.00. The total value that was realized from the above disposal processes amounted to P11, 025,257.93. The Board did not directly handle any request for disposal during the 2011/12 financial year as these were handled at MTC level. Most Ministerial Tender Committees did not handle any disposal transactions.







## Strategic Plan Implementation





## Strategic Plan Implementation

Performance during the 2011/12 financial year marked the fourth (4th) year of implementing the five (5) year Strategic Plan. During the period under review, the implementation of the Strategic Plan focused on the following Leverage areas:

- o Adjudication and Contractor Registration
- o Monitoring and Compliance
- o Devolution of Authority
- o Capacity Building
- o Reduction of Financial Dependence
- o Human Resource Transformation
- o Strategy Implementation and Monitoring
- o Information Technology Processes
- o Stakeholder Relations and Branding

### Adjudication And Contractor Registration

During this financial year, the Board adjudicated 533 submissions. This represents a 54% decline when compared to the previous financial year when 1154 submissions were adjudicated. The decline in the number of submissions is attributed to the fact that during the 2011/12 financial year, Government prioritized the completion of ongoing projects; poverty eradication programmes; the maintenance and efficient operation of existing public infrastructure, especially health, education and sewerage systems; hence there were only a few new projects. The decline in the number of submissions to the Board was also due to the fact that the majority of projects were falling within the financial threshold of the Committees of the Board.

Table 2: Total submissions to the Board in 2011/12 financial year

	Services	Supplies	Works	OBS	Total	Percentages (%)
<b>Approvals</b>	103	54	56	6	219	41.1%
<b>Deferrals<sup>1</sup></b>	45	15	41	1	102	19.1%

<sup>1</sup>The number of deferred submissions is not a reflection of the number of projects that were permanently deferred by the Board during the financial year. It represents the number of deferred recommendations during the weekly Board meetings. The deferrals required Procuring Entities to provide additional information or address particular issues that the Board felt was essential to enable them to make an informed decision on each.

<b>Rejections</b>	31	7	21	4	63	11.8%
<b>Noted &amp; others</b>	61	29	11	48	149	28%
<b>Total</b>	240	105	129	59	533	100%

### Board Adjudication Decisions

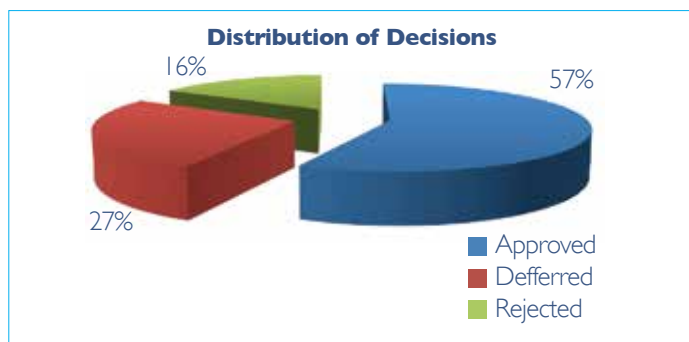
Table 3: Total Board adjudication decisions for the 2011/12 financial year

	Services	Supplies	Works	OBS	Total	Percentages (%)
<b>Approvals</b>	103	54	56	6	219	57%
<b>Deferrals</b>	45	15	41	1	102	26.6%
<b>Rejections</b>	31	7	21	4	63	16.4%
<b>Total</b>	179	76	118	11	384	100%

N.B: The difference between Table 2 and 3 is that Table 1 includes submissions to the Board which were for information purpose only, not requiring any decision.



**Figure 4: Distribution of Board Adjudication decisions**



## Analysis of Submissions

During the 2011/12 financial year, the Board received 533 submissions and only 384 of those submissions required the Board to make adjudication decisions while the rest were for noting only. The Board approved 219 (57%), deferred 102 (27%) and rejected 63 (16%) of the requests. This represents an increase in the approval rate from 39% during the previous financial year to 57% in the current year. Deferrals decreased from 53% to 27%. Rejections increased from 8% to 16%. The decline in the number of deferred submissions is a welcome development in the Board's objective of decreasing the rate of deferrals, and it is a sign that the Board's capacity building initiatives are bearing fruit.

**Table 4: Total Awards made by PPADB per Ministry**

MINISTRY	EXPENDITURE IN PULAs
Ministry of State President	140,108,805.85
Ministry of Education and Skills Development	76,469,895.53
Ministry of Health	64,096,657.36
Ministry of Minerals Energy and Water Resource	1,300,905,863.21
Ministry of Environment Wildlife and Tourism	689,666,935.94
Ministry of Transport and Communication	569,664,406.05
Ministry of Defence Justice and Security	66,063,044.00
Ministry of Local Government	394,912,951.22
Ministry of Finance and Development Planning	15,929,621.99
Ministry of Trade and Industry	34,970.10
Ministry of Agriculture	19,970,381.13
Ministry of Foreign Affairs and International Cooperation	24,762.00
Ministry of Infrastructure Science and Technology	245,269.16
Ministry of Lands and Housing	1,470,153.78
Ministry of Labour and Home Affairs	17,123,560.74
Ministry of Youth Sports and Culture	0.00
<b>TOTAL</b>	<b>3,356,687,278.06</b>

The Board had a target of increasing approvals by 10% from a baseline of 48%, reducing deferrals by 10% from a baseline of 47% and reducing rejections by 10% from a baseline of 5%.

Despite the increase in approved submissions and the decrease in deferred submissions more needs to be done to ensure that the set targets are consistently achieved. This would necessitate capacitating Procuring Entities to ensure that they have the right skills to undertake evaluation of tenders and formulate suitable specifications.

## Tender Awards

This serves to provide information on the value of tenders awarded by the Board during the 2011/12 financial year per Ministry. PPADB approves tenders whose value exceed the threshold of minimum P25 million, as well as consider all retroactive requests irrespective of value as Committees have not been empowered to consider retroactive requests.

During the period under review Ministries submitted requests amounting to P 3,356,687,278.06 on procurement that was approved by PPADB.



## Strategic Plan Implementation

The Ministry of Minerals, Energy and Water Resources had the highest value of awarded tenders at P1, 300,905,863.21 followed by the Ministry of Environment, Wildlife and Tourism at P689, 666,935.94 and the Ministry of Foreign Affairs and International Cooperation had the least value of awarded tenders which stood at P24, 762.00.

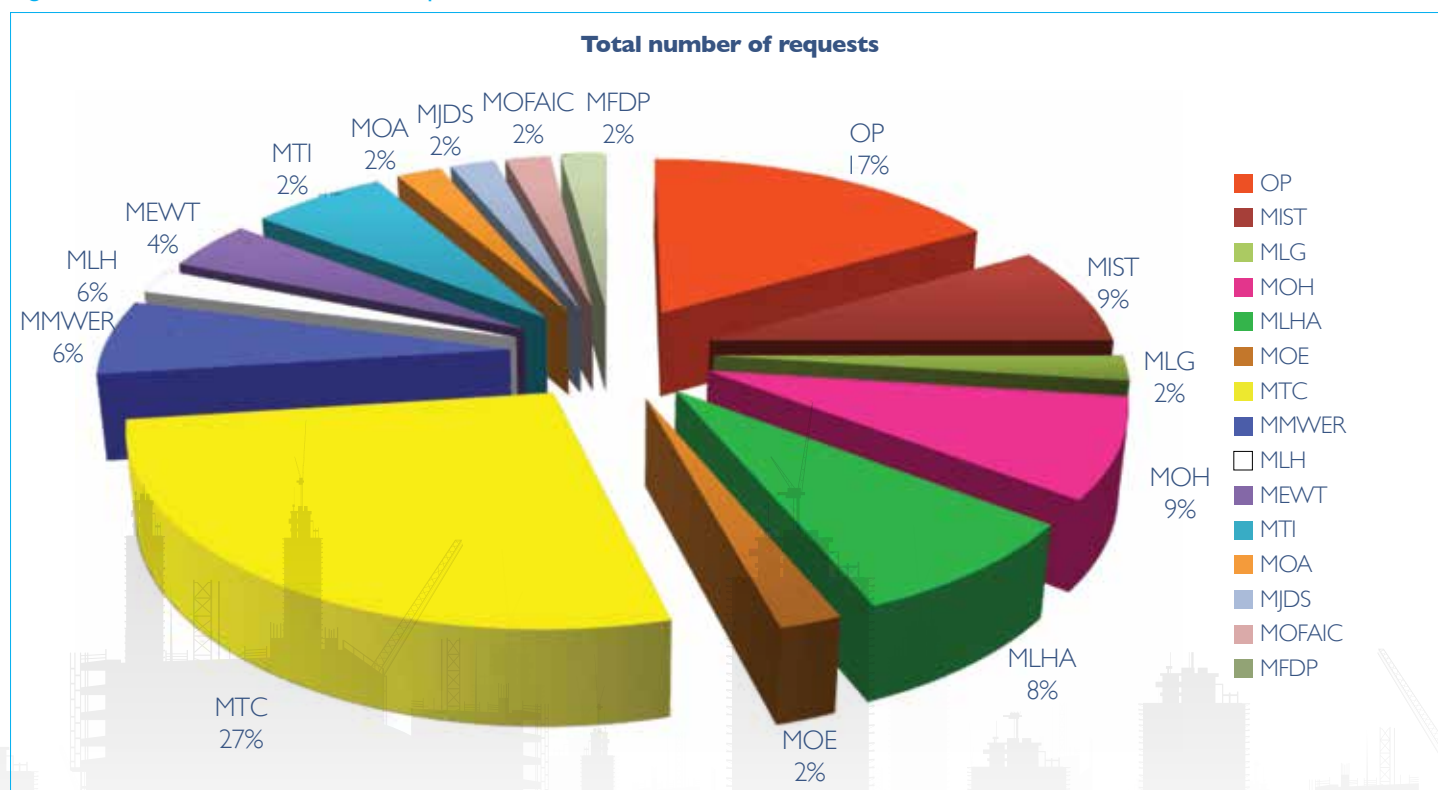
During the 2011/12 financial year the Board Committees adjudicated 7080 submissions while the Board Adjudicated 384 submissions. The MTCs adjudicated 5767 submission while the DATCs adjudicated 1313 submissions. This shows that a much large number of submissions are handled at Board Committee level. In total, the Board and its Committees adjudicated 7464 submissions. Of these, 77.3% were handled by MTCs, 17.6% by DATCs, while only 5.1% were handled by the Board. The above statistics show that a large number of procurement falls below the P25 million threshold. Even though the Board handled a smaller number of submissions, the value of procurement it handled is much higher than that handled by the MTCs and DATCs. The value of procurement approved by the Board amounted to approximately P 3.4 billion, while tenders approved at MTCs amounted to approximately P 1.9 billion. It has not been possible to reflect the value of tenders handled by DATCs owing to poor record keeping. There are efforts aimed at improving this situation.

## Retroactive Requests

A total of 48 retroactive requests were submitted to the Board during the 2011/12 financial year. This shows a reduction in the number of retroactive requests by PEs from the 67 requests submitted during the 2010/2011 financial year. The Ministry of Transport and Communication submitted the largest number of requests at eleven (11), followed by the Ministry of State President at eight (8). There were a number of Ministries who submitted the least number of requests at one (1). These include the Ministry of Education and Skills Development, the Ministry of Finance and Development Planning, the Ministry of Lands and Housing, the Ministry of Foreign Affairs and International Cooperation, the Ministry of Agriculture and the Ministry of Local Government. Only one of the 16 Government Ministries did not submit a retroactive request during the 2011/12 financial year. This was the Ministry of Youth Sports and Culture.

The total number of retroactive requests amounted to a cost of P 101,697,083.31, of which P13 502 425.63(13.3%) was approved. During the 2011/12 financial year the total cost of retroactive requests increased when compared with the previous year's cost of P27 312, 908.71. There has been a slight decline in the cost of retroactive requests approved by the Board compared to the amount of P13, 652,956.90 in the previous year.

Figure 5: Total number of retroactive requests







## ITTs Vetting

The Board received a total of 125 Invitation to Tenders (ITTs) from Procuring Entities for vetting during the 2011/12 financial year. Of the total submissions, 114 (91.2 %) were vetted within one week, whereas 11 (8.8 %) exceeded the target. All ITTs vetted were compliant with the statutory requirements during the 2011/12 financial year.

## Summary of ITTs vetted across Divisions

Table 5: ITTs vetted by the Board during 2010/11 financial year

	RECEIVED ITTs	VETTED WITHIN 1 WEEK	VETTED WITHIN 2 WEEKS	VETTED BEYOND 2 WEEKS
<b>SERVICES</b>	21	20	1	0
<b>SUPPLIES</b>	39	33	5	1
<b>WORKS</b>	65	61	2	2
<b>TOTAL</b>	125	114	8	3

## Challenges Relating to the Vetting of ITTs

- o The main challenge is that some Procuring Entities are unable to compile proper draft ITTs resulting in delays in the finalization of the bidding document. The delay in the vetting of ITTs is also attributable to Procuring Entities taking a longer time to avail themselves for meetings to discuss their ITTs.

## Interventions

The PPADB Divisions came up with the following intervention to curb these challenges:

- o Capacity Building Workshops were held with PEs to discuss the development of bidding documents which are compliant with the requirements of the PPAD Act.

## Complaints

A total of sixty three (63) complaints relating to adjudication and award of tenders were recorded during the financial year. All the complaints were resolved within the target turnaround time of four (4) weeks. 2 of the complaints were escalated to the Independent Complaints Review Committee and one ultimately was taken to the High Court. Some of the complainants did not follow the administrative dispute resolution process by going directly to the High Court. During the 2011/12 reporting period, decisions of the Board and of its Committees were challenged in the Courts as follows:

- o Monu Builders (Pty) Ltd - Decision of the MTC challenged. The court ruled in favour of the contractor.
- o KIA Motors (Pty) Ltd - Decision of the PE challenged. Court

ruled in favour of PPADB.

- o IT Integrators (Pty) Ltd - Decision of the PE challenged. Court ruled in favour of the applicants.
- o IBS Kalahari (Pty) Ltd - Decision of the PE challenged. Court ruled in favour of the applicants.
- o Synohydro - case not concluded.
- o Signon - case not concluded.
- o Bossie Dee - Decision of PE Challenged. This was an MTC Tender. Dismissed on grounds that the matter was not urgent.

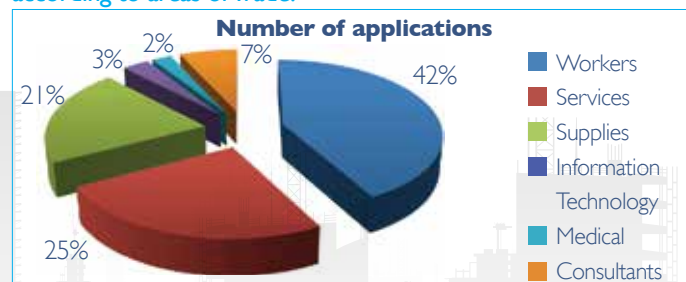
It should be noted that PPADB is always cited even on contractual matters involving PEs.

## Contractor Registration

The Board is required to register all contractors intending to bid for Central Government's procurement and asset disposal in respect of works, supplies and services. Prior to the current financial year, the Board had only been able to register contractors and consultants (service providers) in works, and maintained lists of citizen contractors who provide ICT supplies and services, and suppliers and/or manufacturers of medical supplies, drugs, laboratory reagents, equipment and related products. During the second quarter of the period under review, the Board started registering suppliers and services providers who were not part of the initial registration process.

During the year under review, the Board considered 2616 applications, most of which were for works contractors at 1102 (42%), followed by services contractors at 656 (25%), supplies contractors at 540 (21%), consultants at 177 (7%), ICT at 81 (3%) and Medicals at 60 (2%). The increase of 183% in the number of applications from 924 in the 2010/ 2011 financial year to 2616 in the 2011/2012 financial year was a result of the Board taking a decision to start registering suppliers and services providers who previously were not included in the initial registration process. This was done in order to comply with the requirements of Sections 116 and 118 of the PPAD Act. The figure below illustrates the distribution.

Figure 6: Distribution of Contractor Registration Application according to areas of Trade.





## Strategic Plan Implementation

Figure 7: Distribution of Registration decisions for the 2011/12 financial year

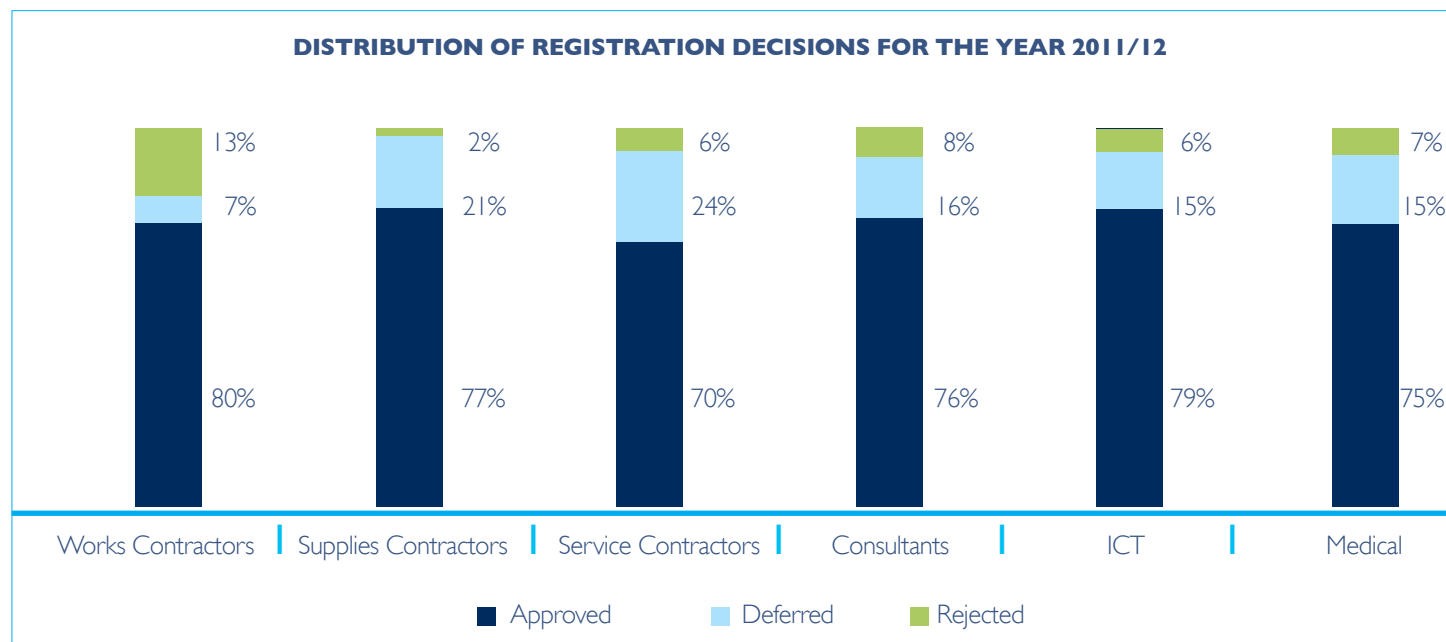


Table 6: Submission by Discipline

Discipline	Approvals	Deferrals	Rejections	Total
Works Contractors	886	76	140	1102
Supplies Contractors	415	115	10	540
Service Contractors	461	157	38	656
Consultants	134	29	14	177
ICT	64	12	5	81
Medical	45	11	4	60
<b>Total</b>	<b>2005</b>	<b>400</b>	<b>211</b>	<b>2616</b>

### Analysis of Contractor Registration Submissions

- o The Board received 2616 submissions for registration which represents a 283% increase over the previous year's total of 924 submissions. This increase was a result of the inclusion of some suppliers and service providers in the registration process who previously were not provided for.
- o On average, 77% of the submissions were approved by the Board. This shows a slight decrease from 81% over the previous period. The deferral rate stood at 15% whereas the rejection rate was 8%. When compared with the previous period the deferral rate has remained constant, while we observed a 4% increase in the rejection rate.



*The first contractors who heeded the PPADB's call to register for Non-Works contractors on 15th August 2011*



## Monitoring And Compliance

### End of Activity Reports (EOARs)

The Board identified hundred and forty eight (148) EOARs outstanding from the previous two (2) years and resolved to follow them up for submission during the 2011/12 financial year. However, only fifty five (55) reports were received from PEs and considered by the Board. The fifty five (55) EOARs consisted of seven (7) for Services, forty five (45) for Supplies and three (3) for Works tenders. These reports were necessary for the Board to analyze and take appropriate action where necessary. The reports were also to inform the Board on the performance of contractors and provide guidance on future award decisions. The analysis of the EOARs indicated that the performance of contracts ranged from poor to excellent. Three contractors during the period under review were recommended for suspension and delisting on account of poor performance.

### Visits to Ongoing Projects

Section 52 of the PPAD Act requires that the continuous monitoring of projects awarded by the Board be undertaken. The Board planned to visit fifteen (15) ongoing projects during the 2011/12 financial year but managed to visit twenty (20) projects. The following projects were visited:

- o Dikgatlong Dam was on schedule
- o Lotsane Dam was behind schedule
- o Francistown Ramokgwebana Road was behind schedule
- o Kang-Hukuntsi Road was behind schedule
- o Gaborone Metsimotlhaba Road was behind schedule
- o Sir Seretse Khama Airport Terminal Building was behind schedule
- o Shakawe Senior Secondary School was behind schedule
- o Sir Seretse Khama Airport run way was on schedule
- o Provision of Catering at Gaborone Technical College was on schedule
- o Development and Implementation of Physical Planning Geospatial Data Warehouse Department of Town and Regional Planning Design was behind schedule
- o Ministry of Agriculture Livestock identification and trace back system (LITS) was behind schedule
- o Four(4) site visits were made on the supply and delivery of industrial gases CTO depots contracts:
  - Village Depot,
  - Police Depot,
  - Sebele Depot: and
  - Water Affairs Depot
- o Lot 181 (Procurement of office space for Ministry of Works & Transport) by Department of Lands was on schedule.

Observations made from the site monitoring visits were that the supervision of projects needed improvement. Most of the visited

projects were running behind schedule. There was unauthorised change of scope in some projects and this led to cost increases. Poor contract management was evident from the site visits. PPADB intends to intensify the monitoring of projects in the coming financial year.

### Tender Audits

The following tender audits were undertaken

- o Vital Drugs tender for CMS
- o Food ration tenders awarded by DATC for Mahalapye District Administration area

Some of the findings of the audits were as follows:

#### Vital Drugs Tender for CMS.

The findings of the audit were that, the Vital Drugs Strategy adopted by CMS was implemented in a generally satisfactory manner; through the vital drugs tenders awarded to Missionpharma and Delta, over the initial contract periods. There were, however, some performance related exceptions and other control weaknesses that required some improvement, for the full benefits of the consolidated supply model to be realized.

#### Food ration tenders awarded by DATC for Mahalapye District Administration area

The findings of the audit were that, some bidders were disqualified on the basis of "instructions to bidders" and not on the evaluation criteria; for example, the instructions to submit an original and two copies; for bidders to submit bound documents and for bidders to return the document as collected were used to disqualify bidders by some Procuring Entities. There were inconsistencies in the evaluation of tenders by some institutions; criteria that were used to disqualify bidders were not equally applied to some bidders, who were qualified despite similar omissions. Personnel at the Institutions entrusted with the procurement role have very little information on public procurement and asset disposal processes and procedures. Most if not all indicated that they had never been trained on public procurement and asset disposal processes and therefore had no knowledge of what the PPAD Act and its Regulations entail.

#### Ministerial Tender Committees and District Administration Tender Committees Monitoring Visits

The PPADB undertook visits to the Ministerial Tender Committees (MTCs) and District Administration Tender Committees (DATCs) to monitor compliance with the requirements of the PPAD Act and to offer guidance to the Committees on correct procurement and asset disposal procedures. During the 2011/12 financial year the Board planned to undertake seventeen (17) MTC/DATC visits but managed only eleven (11) visits due to budgetary constraints. Among the observations made during the visits was that the MTCs and DATCs lacked secretarial capacity to effectively carry out their work. The





## Strategic Plan Implementation

Board will intensify the monitoring and support of the Committees to improve compliance in the coming financial year:

### Devolution Of Authority

#### Secondment of Specialists to Procuring Entities

The Board planned to undertake handholding activities to PEs and provide technical support in an effort to improve procurement and asset disposal performance during the 2011/12. Sixteen (16) out of the planned seventeen (17) handholding activities were performed during the year.

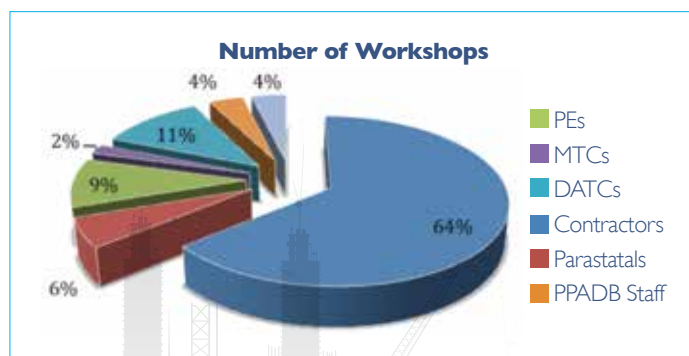
#### Committees of the Board's threshold

The Board planned to collect data and produce reports on its Committees' procurement performance since the increase in their financial threshold. A total of fifty eight (58) responses were received from the Committees of the Board against a target of forty one (41). The results from these reports were used to inform the decision not to increase financial thresholds for the 2012/13 financial year.

### Capacity Building

A total of fifty three (53) workshops were conducted by PPADB during the 2011/12 financial year. The total number of participants trained during the year stood at one thousand six hundred and forty two (1642). This shows a decline in the number of capacity building workshops and participants trained when compared to the previous year when sixty three (63) workshops were held and two thousand two hundred and fourteen (2214) participants were trained.

Figure 8: Number of Workshops Undertaken by the Board



#### Challenges

- o The PEs do not always budget for PPADB capacity building workshops;
- o The transfer of trained staff results in the PEs being repeatedly trained with no significant impact on performance;
- o An ad hoc approach to procurement functions results in capacity building initiatives not having the desired results. This is exacerbated by lack of Procurement Units in some Ministries;

and

- o Absence of a more effective tool to measure the impact of capacity building workshops.

#### Interventions

- o The Board embarked on a number of interventions during the year under review. These included: the development of training modules for short term programs and the conducting of training of trainers' course for PPADB staff. The intention is to accredit Trainers, modules and subsequently PPADB with Botswana Training Authority;
- o Intensifying the capacity building approach by introducing the handholding of MTCs and DATCs and urging Accounting Officers to strengthen Procurement Units in their respective Ministries; and
- o Strengthening of compliance monitoring efforts so that capacity building can address the real gaps on the ground.

### Reduced Financial Dependence On Government Funding

A total amount of P 2,997,054 was generated against a target of P 2 800 000. This amount was generated mainly through:

- o Contractor registration (registration of contractors)
- o Capacity Building workshops for PEs, Bidding community and other stakeholders
- o Investment income

The Board also undertook cost reduction initiatives of telephone bills and the use of remanufactured cartridges, thereby achieving a 42% and 6% reduction respectively against a target of 5%.

The Board attained an overall performance level of 69% during the 2011/12 financial year against the 57% attained during the previous financial year. The performance level was achieved through implementing ninety five (95) of the one hundred and thirty seven (137) activities planned for the 2011/12 financial year and thirty five (35) against sixty one (61) planned activities for the 2010/11 financial year. The targets for the 2011/12 financial year were stretched targets given that the activities were 137 in number compared to 61 activities planned for the 2010/11 financial year.

#### Recruitment and Retention

As at end of March 2012 the PPADB had a staff complement of seventy (70), comprising four (4) executive positions, ten (10) senior and middle management positions, twenty eight (28) professional positions and twenty eight (28) technical and support positions. A total of nine (9) employees were recruited during this financial year in the technical and support sections, while six (6) employees resigned from the organisation mainly citing greener pastures. The Board continues to implement its staff retention strategies.





## Other Operations And Strategy Implementation Areas Human Resources Transformation

### Performance Management, Training and Development

The Board has a performance management system in place which informs the training and development process of the PPADB. The employee performance appraisal is held midyear and at the end of the year. The system is used to identify employee performance gaps which feed the organization's training and development plan.

During this year; however; the organization was not able to implement the training plan due to non-availability of funds. Only continuing training was prioritized for funding.



*PPADB Training of Trainers session sponsored by the Supply Chain Management Services (SCMS), Crown Agents facilitated training sessions on presentation skills, audits and report writing.*

### Employee Welfare

The Board implements a range of employee benefit and welfare schemes and services to assist in improving the welfare of employees and promote a committed and productive labor force. The Board has a group life assurance and occupational disability cover for its employees with Glenrand Insurance Brokers.

### Integrated Procurement Management System (Ipms)

At present, core functions of PPADB are not fully automated and most are performed manually, including file storage and retrieval. Some information is not readily available to the organisation for timely and optimal monitoring, analysis and reporting. The lack of appropriate systems at PPADB is leading to significant delays in the registration of contractors, the vetting of tenders, all of which has a negative impact on the public tender cycle.

PPADB's Key Objectives relating to the IPMS Implementation can be summarized as follows:

- o PPADB wishes to be a centre of excellence in public procurement and asset disposal by the promotion of a transparent accessible system that conforms to international best practice in procurement and information technology.
- o PPADB objective is to improve overall efficiency in its services.

It is the Board's belief that the quality of internal processes, including information systems, has a direct bearing on the standard of service delivered to external customers.

### Benefits of the IPMS system implementation

A wide range of benefits is expected from the Implementation of the IPMS system. These include the following:

- o Increased operational efficiency;
- o Improved management information, procurement progress and statistical reporting on tendering;
- o Effective enforcement and monitoring compliance with the PPAD Act and Regulations;
- o Improved quality of service through ease of access/retrieval of information over longer service hours;
- o Enhanced vetting of contractors during registration with PPADB and monitoring of performance on existing contracts;
- o Transparency enhanced through better visibility of and timely communication of decisions in procurement operations; and
- o Improved implementation of citizen empowerment schemes pertaining to tendering.

During the period under review, the Integrated Procurement Management System (IPMS) project suffered major delays which necessitated that interventions be put in place. The urgency to complete this project increased during the reporting period as PPADB moved ahead to start registering suppliers and services providers. With the registration of all suppliers and services providers across all disciplines becoming mandatory for companies to participate in Government of Botswana tenders in August 2012, manual data management and registration of contractors will be a challenge. This is an area in which IPMS should adequately optimize efficiency of service delivery.

Completion of all IPMS modules is expected during the next reporting period. The following are the IPMS modules:

- o Contractor Registration
- o ITT Vetting
- o Adjudication
- o Dispute Resolution
- o Suspension and Delisting
- o Procurement Planning



## Other Operations And Strategy Implementation Areas Human Resources Transformation

### Stakeholder Relations And Branding

During the year under review Stakeholder Relations Education and Branding set itself a number of targets aimed at enhancing the level of understanding of the PPADB mandate by various stakeholders as well as improve the PPADB's corporate image.

Of the four main targets set, only three were successfully achieved. These are the highest percentage of positive publications by the media about PPADB, participation at key stakeholder events such as fairs and expos, and the Vision 2016 launch where contractors converged in large numbers to seek information. The corporate social responsibility initiatives continued to pose a challenge. However, plans will be put in place in the coming year to intensify corporate social responsibility initiatives.

PPADB held two media briefings during the 2011/2012 financial year. This is per the requirements of Section 87(b) of the PPAD Act. The interaction with the media has, over time, enhanced the accuracy of information reported about PPADB. There were 140 publications recorded during the year about PPADB. 74% were positive, 12 % negative and 14 % neutral. The positive publications exceeded the set target of 60 % by 14%.

Unlike in the previous years, the media has taken a positive interest to appreciate the developments at PPADB. The Board has consistently invited the media to cover all PPADB events in order to promote transparency and enhance the public's understanding of the mandate, processes and procedures, as well as the challenges faced by PPADB.



*Members of the media attentive to a presentation led by the PPADB Executive Chairperson at a PPADB media briefing held on 17th June 2011.*



*The PPAD Board briefing the media. The Board Secretary Mr Moffat Lubinda responding to some of the questions raised by the media.*





## Financial Statements







# Financial Statements

for the year ended 31 March 2012

## BOARD MEMBERS

B. P. John  
I. Joseph  
I. M. Marumo  
M. B. Lefhoko  
D. N. Mokgethi  
A. L. Monchusi  
M. Kgari

## BOARD SECRETARY

M. R. Lubinda resigned 31.12.2011

## NATURE OF BUSINESS

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.

## 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  
Bank Gaborone  
Stanbic Investment Fund

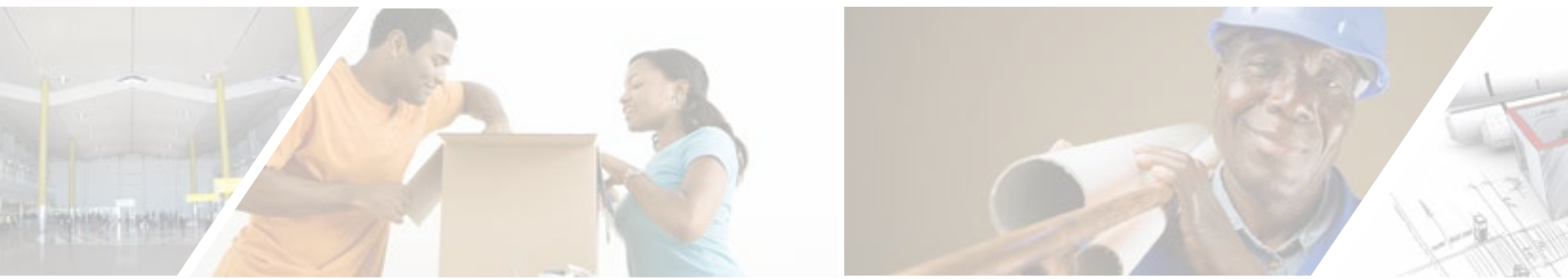




## Table of Contents

<b>Board Approval</b>	<b>30</b>
<b>Report from independent auditors</b>	<b>31</b>
<b>Income Statement</b>	<b>32</b>
<b>Balance Sheet</b>	<b>34</b>
<b>Statement of changes in funds</b>	<b>36</b>
<b>Cashflow statement</b>	<b>38</b>
<b>Accounting policies</b>	<b>39</b>
<b>Notes to the financial statements</b>	<b>40</b>





## Board Approval Of Annual Financial Statements

for the year ended 31 March 2012

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

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

The Members of the Board are satisfied that management introduced and maintained adequate internal controls to ensure that dependable records exist to 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 32 to 43 which were approved by the Board Management on 5TH SEPTEMBER, 2012 and are signed on its behalf by:

**Executive Chairperson**

B. P. John

**Part-Time Director**

D. N. Mokgethi







## Audit Report of the Auditor General

TELEPHONE: (+267) 3617100/3951050  
FAX: (267) 3908582/3188145  
FARM FORST HILL, NO.9  
LOT 134, MILLENIUM PARK  
KGALE HILL  
GABORONE  
BOTSWANA



OFFICE OF THE AUDITOR GENERAL  
PRIVATE BAG 0010  
GABORONE  
BOTSWANA

### AUDITOR REPORT OF THE AUDITOR GENERAL

#### TO THE BOARD OF DIRECTOR, PUBLIC PROCUREMENT AND ASSET DISPOSAL BOARD

I have completed the audit of the financial statements of the Public Procurement and Asset Disposal Board for the financial year ended 31 March 2012, as set out on pages 6-15, which comprises the statement of financial position as at 31 March 2012, the statement of comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended.

#### The Board of Directors' Responsibility:

The Directors of the Public Procurement and Asset Disposal Board 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 they were prepared in all material respects, in accordance with an applicable reporting framework.

An audit includes examination on a test basis of evidence supporting amounts and disclosures in financial statements. It also includes an evaluation of the appropriateness of the accounting principles, assessment of the reasonableness of accounting estimates made by management, as well as the overall presentation of the financial statements.

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

#### Audit opinion:

In my opinion, the financial statements of the Public Procurement and Asset Disposal Board present fairly, in all material respects, the financial position of the Board as at 31 March 2012, its statement of comprehensive income, its changes in funds and its statement of cash flows for the year ended, in accordance with International Financial Reporting Standards.

#### Report on other Legal and Regulatory Requirements:

- o The Board had prepared the Financial Statements in compliance with the requirements of the Public Procurement and Asset Disposal Act (CAP 42:08)
- o I have received all the information and explanations, which I required for the purposes of the audit of the Financial Statements of the Board.

R.B. SEBOPENG  
AUDITOR GENERAL  
Date: 10 September 2012



## Statement Of Comprehensive Income

for the year ended 31 March 2012

	Notes	March (2012) Pula	March (2011) Pula
Government Grants	1	2 818,101	26,893,103
Other income	2	3,814,488	2,543,979
<b>Total Revenue</b>		<b><u>31,998,589</u></b>	<b><u>29,437,082</u></b>
<b>Expenditure:</b>			
Administrative	3	7 000,500	6,569,645
Staff costs	4	2 426,244	23,105,174
<b>Total expenses</b>		<b><u>31 262 744</u></b>	<b><u>29 674 819</u></b>
Net Operating surplus/(Deficit)		7 35,845	( 237,737)
Interest Income		2 90,874	308,030
<b>Surplus/(Deficit) for the year</b>		<b><u>1 ,026,719</u></b>	<b><u>70,293</u></b>





## Statement Of Financial Position







## Statement Of Financial Position

for the year ended 31 March 2012

	Notes	March (2012) Pula	March (2011) Pula
<b>Assets</b>			
<b>Non current assets</b>			
Property, plant and equipment	5	1,938,148	2,455,502
<b>Current assets</b>			
Receivables and prepayments	6	2,074,556	2,488,403
Cash and cash equivalents	7	8,116,545	4,981,756
		<u>10,191,100</u>	<u>7,470,159</u>
<b>TOTAL ASSETS</b>		<b><u>12,129,249</u></b>	<b><u>9,925,661</u></b>
<b>Funds And Liabilities</b>			
<b>Capital Funds and Reserves</b>			
Capital Funds		3,274,530	2,455,502
Accumulated funds		1,582,735	638,576
Revaluation surplus		338,898	202,205
		<u>5,196,164</u>	<u>3,296,283</u>
<b>Current liabilities</b>			
Payables and accruals	8	6,933,086	6,629,378
		<u>6,933,086</u>	<u>6,629,378</u>
<b>TOTAL FUNDS AND LIABILITIES</b>		<b><u>12,129,249</u></b>	<b><u>9,925,661</u></b>





## Statement Of Changes In Funds





## Statement Of Changes In Funds

for the year ended 31 March 2012

	Capital grants Pula	Accumulated fund Pula	Revaluation Surplus	Total
Balance at 1st April 2010	2,376,115	496,878	87,415	
Capital Grants received during the year	1,111,530			1,111,530
Loss for the period		70,293		70,293
Transfer of recognised portion of capital grants	(970,528)	170,500		(800,028)
Revaluation surplus		(114,790)	114,790	
Disposals during the year				0
Adjustment		15,695		15,695
Balance at 31 March 2011	<b><u>2,455,502</u></b>	<b><u>638,576</u></b>	<b><u>202,205</u></b>	<b><u>3,296,283</u></b>
Capital Grants received during the year	1,728,779			1,728,779
Profit for the period		1,026,719		1,026,719
Transfer of recognised portion of capital grants	(992,311)			(992,311)
Disposals during the year	(54,133)	54,133		0
Revaluation	136,693	(136,693)	136,693	136,693
Balance at 31 March 2012	<b><u>3,274,531</u></b>	<b><u>1,582,735</u></b>	<b><u>338,898</u></b>	<b><u>5,196,164</u></b>







## Cash Flow Statement

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00
\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00
\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00
\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00
\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00
\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00
\$569.30	\$569.30	\$569.30	\$569.30	\$569.30	\$569.30	\$569.30	\$569.30	\$569.30	\$569.30	\$569.30	\$569.30
\$623.65	\$623.65	\$623.65	\$623.65	\$623.65	\$623.65	\$623.65	\$623.65	\$623.65	\$623.65	\$623.65	\$623.65
\$589.07	\$589.07	\$589.07	\$589.07	\$589.07	\$589.07	\$589.07	\$589.07	\$589.07	\$589.07	\$589.07	\$589.07
\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00
\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00



## Cash Flow Statement

for the year ended 31 March 2012

	March (2012) Pula	March (2011) Pula
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
Net Surplus or (deficit) for the year	1,026,719	70,293
Less: Capital Grant Amortisation	-992,311	-970,528
Add: depreciation charge	992,311	970,528
(Profit)/Loss on disposal of property, plant and equipment	27,912	-72,379
Less: Interest income	-290,874	-308,030
<b>Operating Profit Before Working Capital Changes</b>	<b>763,757</b>	<b>-310,116</b>
(Increase)/decrease in accounts receivable	413,847	-470,013
Increase/(decrease) in accounts payable	303,708	926,041
Cash generated from operations	717,555	456,028
<b>Net cash from/(used in) operating activities</b>	<b>717,555</b>	<b>456,028</b>
<b>Cashflows From Investing Activities</b>		
Purchase of property, plant and equipment	-392,397	-1,111,530
Proceeds on disposal of property, plant and equipment	26,221	248,564
Interest received	290,874	308,030
<b>Net cash from/(used in) investing activities</b>	<b>-75,302</b>	<b>-554,936</b>
<b>Cashflows From Financing Activities</b>		
Capital Grants received	1,728,779	1,111,530
Adjustment	0	10,011
<b>Net cash from/(used) in financing activities</b>	<b>1,728,779</b>	<b>1,121,541</b>
<b>Net Change In Cash And Cash Equivalents</b>	<b>3,134,789</b>	<b>712,517</b>
<b>Cash And Cash Equivalents Beginning Of Year</b>	<b>4,981,756</b>	<b>4,269,239</b>
<b>Cash And Cash Equivalents End Of Year</b>	<b>8,116,545</b>	<b>4,981,756</b>
Represented By:		
<b>Cash and cash equivalents</b>	<b>8,116,545</b>	<b>4,981,756</b>



## Accounting Policies

### 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, except motor vehicles which are depreciated on revalued amounts.

### Depreciation

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

Furniture, Partitioning and fittings	5 years
Office equipment	5 years
Motor Vehicles	see notes above
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. 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.

### 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

for the year ended 31 March 2012

	March (2012) Pula	March (2011) Pula
<b>1 Grants</b>		
Revenue grants received	29,912,880	28,004,633
Revenue grants utilised for capital expenditure	(392,397)	(1,111,530)
Capital Grants ( Motor Vehicles)	(1,336,382)	
	<b>28,184,101</b>	<b>26,893,103</b>
<b>2 Other Income</b>		
Contractor Registration	2,202,524	1,881,481
Capacity Building	5,273,306	
Sundry Income	9,234,848	
Amortisation of Capital Fund	992,311	970,528
	<b>3,814,488</b>	<b>2,852,009</b>
<b>3 Administration Expenses</b>		
Loss on disposal of fixed assets	2,791,200	-
Audit Fees	79,097	67,370
Advertising and promotion	295,102	520,382
Bank Charges	32,503	38,989
Consulting Fees	143,153	149,503
Cleaning expenses	226,500	214,210
Depreciation of Fixed Assets	992,311	970,528
General Office Expenses	158,277	185,493
Insurance	294,691	346,113
Legal Fees	344,517	369,995
Security	153,684	142,646
Motor Vehicle Expenses	82,356	109,027
Postage	34,406	30,712
Printing and Stationery	528,640	665,312
Rent	1,827,170	1,827,170
Repairs and Maintenance	202,357	180,489
Telephone, fax and internet	245,782	298,239
Electricity	323,570	253,173
Water	57,149	61,665
Gardening	84,017	73,983
Subscriptions	242,555	64,647
Benchmarking Expenses	599,731	-
Losses and Write Offs	25,020	-
	<b>7,000,500</b>	<b>6,569,646</b>
<b>4 Staff costs</b>		
Gratuities	2,704,835	2,554,987
Staff Welfare Costs	114,187	205,476
Salaries and Wages	21,105,387	19,845,075
Training	337,835	499,636
	<b>24,262,244</b>	<b>23,105,174</b>



	Furniture and Fittings Pula	Office Equipment Pula	Motor vehicles Pula	Computers Pula	Total Pula
<b>5 Property, Plant And Equipment</b>					
Cost at 1st April 2011	<u>2,008,356</u>	<u>1,981,232</u>	<u>942,108</u>	<u>2,637,251</u>	<u>7,568,946</u>
Additions	53,935	164,859		173,603	392,397
Disposals		-181,339		-15,400	-196,739
Revaluation			-112,850		-112,850
Balance at the end of year	<u>2,062,291</u>	<u>1,964,752</u>	<u>829,258</u>	<u>2,795,454</u>	<u>7,651,754</u>
Accumulated Depreciation					
Balance at the beginning of the year	<u>1,557,168</u>	<u>1,429,048</u>	<u>14,017</u>	<u>2,113,211</u>	<u>5,113,444</u>
Charge for the year	196,794	274,068	235,527	285,922	992,311
Disposals		-127,206		-15,400	-142,606
Revaluation			-249,544		-249,544
Balance at the end of year	<u>1,753,962</u>	<u>1,575,911</u>	<u>0</u>	<u>2,383,733</u>	<u>5,713,605</u>
Net book value as at 31 March 2012	<u>308,329</u>	<u>388,841</u>	<u>829,258</u>	<u>411,721</u>	<u>1,938,148</u>
Net book value as at 31 March 2011	<u>451,188</u>	<u>552,184</u>	<u>928,091</u>	<u>524,040</u>	<u>2,455,503</u>

Cellphones have been classified under office equipment and depreciated using 50% depreciation rate.





## Notes To The Financial Statements

for the year ended 31 March 2012

	March (2012) Pula	March (2011) Pula
<b>6 Receivables And Prepayments</b>		
Staff debtors (Gratuity advces)	1,674,442	2,209,350
Prepayments	110,207	76,029
Deposits	7,501	13,372
Trade Debtors	117,993	178,529
Guaranteed loan defaulter	164,326	0
Income Tax	88	
	<b>2,074,556</b>	<b>2,477,280</b>
<b>7 Cash And Cash Equivalents</b>		
Cash in hand	2,543	4,788
Current account	(611,396)	(1,546,709)
Call account	3,328,463	2,394,362
Stanbic Money Market Fund	3,816,127	4,039,536
Bank Gaborone	1,580,808	89,779
	<b>8,116,545</b>	<b>4,981,756</b>
<b>8 Payables And Accruals</b>		
Trade payables	210,243	178,529
Other creditors	712,923	102,812
Staff Social Club	89,943	70,810
Accrued Expenses (leave provision)	1,261,125	1,161,312
Income Tax clearing	0	3,513
Gratuity provision	4,658,852	5,106,948
Salary clearing a/c	0	5,374
Tender Advert Clearing A/C	0	80
	<b>6,933,086</b>	<b>6,629,378</b>
<b>9 Surplus From Operations</b>		
Surplus/ (Deficit) from operations is stated after taking into account the following:		
Depreciation	992,311	970,528
Directors' emoluments	<b>2,805,426</b>	<b>2,208,765</b>





## Notes To The Financial Statements (cont.)

for the year ended 31 March 2012

	March (2012) Pula	March (2011) Pula
--	-------------------------	-------------------------

### 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 2012

Property	1,557,869	1,263,637
Motor Vehicles	1,307,637	2,764,002
Personal Loans	798,526	2,848,866
	<b><u>3,664,032</u></b>	<b><u>6,876,504</u></b>

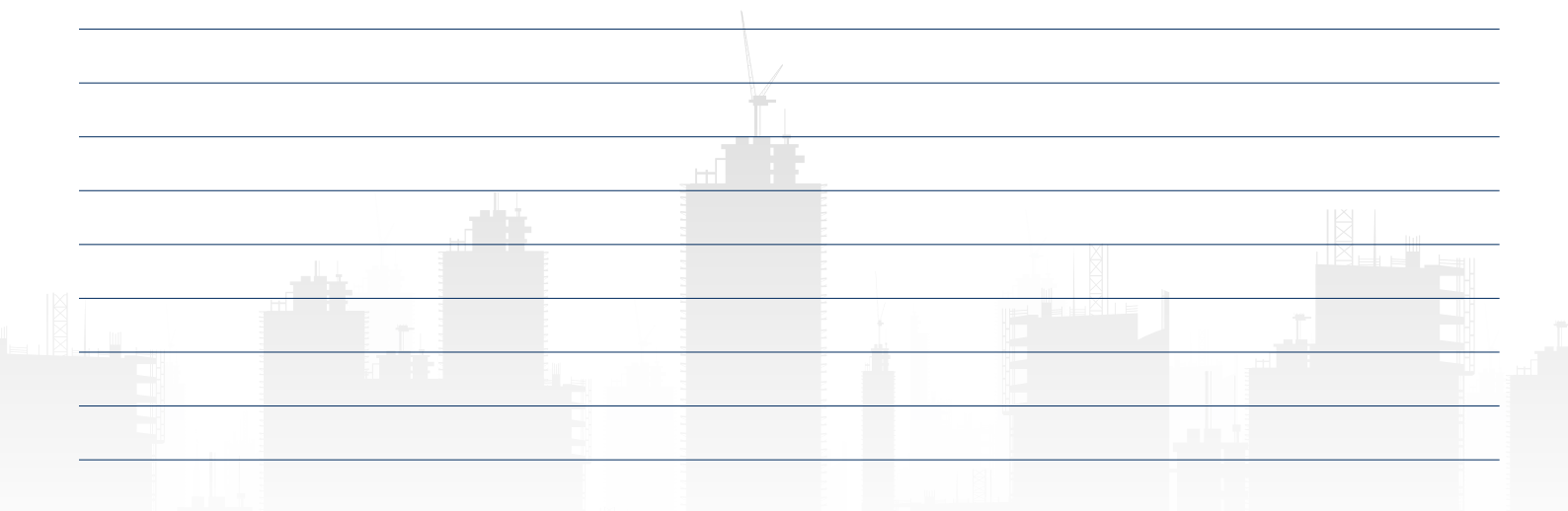
PPADB has P485 000 outstanding legal cases against it as at 31 March 2012.







## Notes







**PPADB Staff**



**PPADB Offices in Gaborone**