

1.0 OUR BUSINESS

The Public Procurement and Asset Disposal Board was established in 2002 by an Act of Parliament: the PPAD Act [CAP 42:08] of 2001 with a mandate to: Adjudicate and award tenders for central Government; Adopt and circulate bidding packages for mandatory use by all procuring and disposing entities; Establish committees and delegate authority to them; Monitor compliance and ensure adherence to the Act by Procuring and Disposing Entities; Register and discipline contractors; Support procurement capacity building, and Advise on public procurement and asset disposal.



Chairperson of the Board: Bridget Poppy John

Registered Office Premises

Plot 8913, Maakgadigau Way,
Gaborone West Industrial
Gaborone, Botswana

Contact Details

Postal: P/Bag 0058, Gaborone, Botswana

Telephone: + 267 3602000 / 3906853

Fax: +267 3906822

Website: www.ppadb.co.bw

External Auditors: Deloitte and Touché

Bankers

Standard Chartered Bank Botswana
Industrial Branch

Reporting date: 31st March 2016

OUR VISION

To be the centre of excellence in public Procurement and asset disposal by 2018.

OUR MISSION

PPADB exists to lead a devolved, efficient, cost effective and transparent public procurement and asset disposal system.

OUR VALUES

● Integrity

Our activities shall be characterized by honesty, trustworthiness and shall be above reproach in accordance with internationally recognized standards of corporate governance.

● Transparency

We shall ensure at all times that the entire procurement and asset disposal system is transparent and meets the expectations of all our customers.

● Fairness

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

● Service Excellence

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

● Botho

Our business benefits from the respect for one another and for our stakeholders. We will exude dignity and respect for self and others.

UNIQUE SELLING PROPOSITION

Keeping Tenders Clean

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LETTER TO THE MINISTER



28 September 2016

Honourable O. K. Matambo
Minister of Finance and Development Planning
Private Bag 008
GABORONE

Dear Sir,

In accordance with Section 60 (b) of the Public Procurement and Asset Disposal Act [CAP 42:08], I hereby submit the Annual Performance Report of the Public Procurement and Asset Disposal Board for the Financial Year ended 31st March 2016.


Thank You.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Bridget Poppy John', is shown above a horizontal line.

Bridget Poppy John
Executive Chairperson

2.0 EXECUTIVE CHAIRPERSON'S STATEMENT

A professional portrait of Bridget P. John, the Executive Chairperson of the Public Procurement and Asset Disposal Board (PPADB). She is a Black woman with short, dark, curly hair, wearing a dark brown patterned blazer over a white top, a pearl necklace, and a small flag pin on her lapel. She is seated in a dark leather office chair, smiling slightly at the camera. The background is a blurred office setting.

I am pleased to present the 2015/2016 Annual Report for the Public Procurement and Asset Disposal Board (PPADB). The Report provides a summary of the operations, achievements, and constraints experienced by the Board for the period April 2015 to March 2016.

Executive Chairperson: Bridget P. John

PERFORMANCE HIGHLIGHTS

2.1 Achievements

The main achievements during the year 2015/16 included the reduction in contractor registration timelines from the initial six weeks to three weeks where proper documentation was submitted, the opening of the Francistown office, as well as the publication of the first Price Reference Guide.

The number of contractors registered with the PPADB increased from twelve thousand three hundred and thirty five (12 335) in 2014/15 to seventeen thousand nine hundred and thirty two (17 932) during the period under review. Revenue generated through contractor registration on the other hand increased by 50% from P11, 423,332 in the previous year to P17, 226,246 in 2015/16 against a targeted revenue of P9, 830, 000. The increase was a result of the growing demand for contractor registration service which was driven by anticipated and or running tenders.

In the year 2015/16, the Board developed and published in collaboration with the World Bank, the first Price Reference Guide. The Guide seeks to strengthen the public procurement system in order to achieve high levels of rationality, reasonableness of the cost, transparency and integrity and enhance value for money in public procurement as premised in the PPAD Act. The Guide is used throughout the procurement cycle in the preparation of budget estimates and Bill of Quantities; Assessing the reasonableness of prices during evaluation and adjudication and in benchmarking price offers, spend analysis, trend of cost items, and for reporting purposes. For the initial publication, Batteries, Food Rations, Furniture, Vehicles, Vehicle Spare Parts, Tyres, Protective Clothing, Domestic Supplies, Stationery, Security Services and Advertising Services were identified and reference prices developed. The Board will continue to expand the Guide in consultation with its stakeholders.

The opening of the Francistown office during the reporting period was intended to improve access to PPADB services. The office will among others speed up the processing of contractor registration applications and site inspections in the northern part of the country, support District Administration Tender Committees, monitor compliance, and support procurement capacity building to improve public education on tendering.

During the year under review, the corporate performance level stood at 91% against a target of 80%, an increase of 2.5% from the previous year's 88.5%. An electronic performance monitoring system at corporate and divisional level was introduced in the period under review. This is in line with the Board's objective of building a high performance culture at PPADB.

The Board adjudicated five hundred and twenty seven (527) submissions in 2015/16, a 28% decline compared to seven hundred and thirty five (735) submissions during the 2014/15 financial year. In terms of value, tenders awarded by the Board in 2015/16 amounted to P3.91 billion as opposed to P5.04 billion for the 2014/15 financial year, a drop of 22%. The reduction was due to an increase in the financial thresholds of the Ministerial Tender Committees and District Administrative Tender Committees which handled the adjudication of most tenders. This shows there is progress in attaining the Board's objective to significantly devolve its authority to Tender Committees over time and focus more on oversight.

The Ministerial Tender Committees (MTCs) and the District Administration Tender Committees (DATCs) adjudicated on five thousand three hundred and forty (5340) and one thousand nine hundred and thirty seven (1937) submissions during the 2015/16 financial year valued at P4.09 billion and P541 million respectively as opposed to five thousand six hundred and sixty four (5664) and two thousand one hundred and fifty (2150) valued at P2.96 billion and P308 million for MTCs and DATCs respectively in 2014/15.

The Special Procurement and Asset Disposal Committee (SPADC) adjudicated a total of one hundred and nineteen (119) requests during the 2015/16 financial year valued at P5.33 billion as opposed to one hundred and forty three (143) submissions in 2014/15 amounting to P660 million. The total value of procurement for the PPADB and its Committees for the 2015/16 financial year amounted to P13.87 billion excluding micro procurement by Ministries. The value is higher than that of tenders awarded by PPADB and its Committees during the 2014/15 financial year which was P8.96 billion. The value of tenders awarded through micro procurement for the 2015/16 financial year amounted to P527 million, compared to P278 million in 2014/15.

For the first time in the 2015/16 financial year, Procurement Plans for all Ministries were published in the Government Portal and PPADB website. This was a positive milestone towards enhancing transparency and levelling the playing field in terms of access to information. The adherence level by Procuring Entities to these plans in 2015/16 ranged from 51% to 94%, with Ministry of Defence, Justice and Security (MDJS) scoring the highest adherence level (94%) and Ministry of Infrastructure, Science and Technology (MIST) registering the lowest adherence (51%). Improved adherence to Procurement Plans by Procuring Entities will facilitate timely execution of projects and services to the nation.

The Integrated Procurement Management System was completed during the period under review followed by the piloting of e-bidding modules to test the functionality for online ITT creation and vetting, tender release, bid preparation and submission, tender closing and opening, evaluation, report writing, dispute resolution and adjudication.

The PPADB was ISO certified in November 2013 and continues to implement the Quality Management System and uphold its ISO 9001: 2008 certification following five surveillance audits by the Botswana Bureau of Standards (BOBS). The organization expects to be recertified in November 2016 upon expiry of its current three year certification and transition to the new ISO 9001:2015 in the 2017/18 financial year.

As part of learning and growth, the Board undertook a study tour to Mauritius during the financial year to appreciate the procurement set up there with particular interest in the governance model, procurement policy and dispute resolution aimed at improving the Botswana system. The Board also hosted delegations from the Lesotho Public Procurement and Advisory Department and from the Gambian Public Procurement Authority.

2.2 Challenges

Despite progress made during the 2015/16 financial year, the Board experienced a number of challenges including delays in addressing some of the tender related complaints, late initiation of procurement by some Procuring Entities, delays in the evaluation of tenders and responding to Board's queries, and non-submission of End of Activity reports for projects which constrained the effectiveness of the Suspension and Delisting Committee.

As the Board improves on the scope of executing its broad mandate, funding is increasingly becoming a constraint on the Board's ability to smoothly deliver on its strategic objectives. During the 2015/16 financial year the Board projected a budget deficit as the subvention from the Ministry of Finance and Development Planning and the internally generated funds forecast were insufficient to cater for all prioritized planned projects for the financial year. These were once-off projects expected to cost P13 million including research and consultancies, ICT equipment such as servers, and

related expenditure in preparation for the opening of the Francistown Office. Authority was therefore sought and granted by the Ministry for the Board to fund the additional expenditure from its accumulated reserves. Furthermore, due to budgetary constraints the additional IPMS project funding from MFDP of P2.5 million for the year was not released and had to be funded from the PPADB reserves following consultation with the Ministry. The cost containment measures implemented by the Board during the year resulted in a deficit of P14.5 million being funded from the Board's reserves against the expected deficit of P15.5 million.

The Board is committed to having a balanced budget hence it is not anticipated that there would be any deficit in future unless it is authorized by the shareholder. Further, the Board does not anticipate a significant build up in cash balances beyond what Management would have set aside for the funding of accrued liabilities such as gratuity and other terminal benefits, as well as obligations to our creditors. Having opened the Francistown satellite office in February 2016, the Board will continue to exercise a heightened level of financial discipline to contain expenditure within the approved operating budget limits.

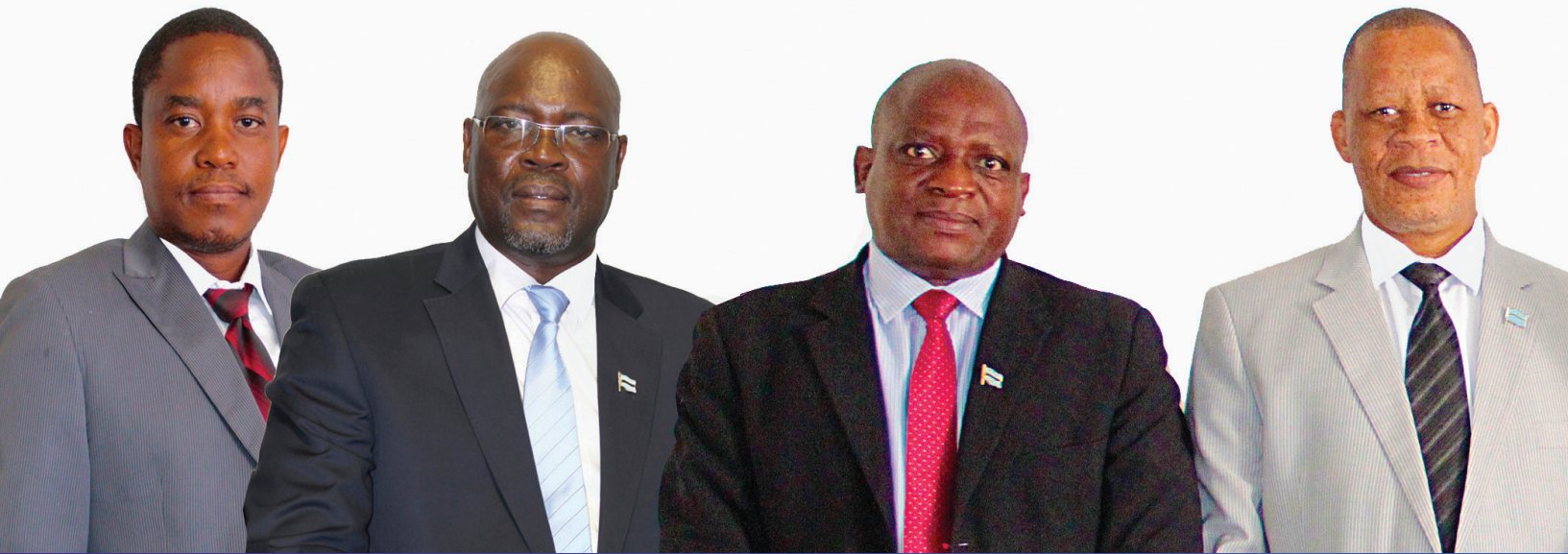
2.3 Acknowledgments

I wish to convey my deep appreciation to the dedicated staff of the PPADB who consistently worked hard during the year juggling competing assignments to ensure the attainment of the objectives of the organisation. I thank Board members for their full commitment and sacrifice in attending to the weekly business of the Board and providing strategic guidance.

The results achieved by the Board would not have been possible had it not been for the continuing cooperation and understanding of Accounting Officers, Ministerial Tender Committees, District Administration Tender Committees, the Procuring Entities, Public Oversight Agencies, the bidding community, and other stakeholders. I wish to take this opportunity to express my gratitude for the unwavering support that the Ministry of Finance and Development Planning and other organs of Government extend to the PPADB.

Bridget P. John
Executive Chairperson

3.0 THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE



FROM LEFT TO RIGHT

1. Taolo Sebonego
Non-Executive Director
Supplies
2. Morris Ramabu
Non Executive Director Works
-Resigned 30 September 2015
3. Kgakgamalo. K. Ketshajwang
Executive Director Supplies
4. Elijah T. Motshedi
Executive Director Works



5. Bridget P. John
Executive Chairperson

6. Joyce M. Mokobi
Executive Director Services

7. Gerald N. Thipe
Non-Executive Director Services

Corporate Governance

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

The inclusion of non-executive directors in the Board is intended to ensure independent decision-making of the Board and bring industry knowledge for the Board to stay relevant and respond to emerging issues.

Board members are responsible for providing strategic guidance and ensure that the PPADB successfully delivers on its mandate. The Board continues to strive for 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 Ministries and make awards accordingly. Board adjudication meetings to consider Government's tender related business are held every week, and those of the Board Management are held quarterly and on a need basis. During the 2015/16 financial year, the Board rationalized its Committees to ensure effective decision-making.

Board Committees

COMMITTEE	MEMBERS	DUTIES
Board Management	Executive Chairperson (Chairperson) All Full Time and Part-Time Board members The Board Secretary (Secretary)	The Board is referred to as Board Management when considering matters specific to PPADB as an organization, and not tender related business for Government's Procuring and Disposing Entities. The Board Management approves all policies of the PPADB as well as Strategic Plans and monitors the overall performance of the entity. It considers and approves the PPADB's tenders of value exceeding P5, 000,000 and appoints senior staff members of managerial positions at Bands 5 and 6. Board Management further approves organizational budget and any virements during the year for transactions in excess of P500, 000.
Board Tender Committee	Mr. T. Sebonego (Chairperson) Mr. K. K. Ketshajwang Mr. E. Motshedi Ms. M. Ramodimoosi (Legal Advisor) Mr. B. Linchwe (Secretary)	The Committee adjudicates and awards tenders for the procurement values ranging from P3, 000 001 to P5, 000,000.
Human Resources Committee	Mr. G. N. Thipe (Chairperson) Ms. J.M. Mokobi Ms. J. Thuto (Secretary)	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 is also responsible for making recommendations on the appointment of staff on Bands 5 and 6.

COMMITTEE	MEMBERS	DUTIES
Finance and Audit Committee	Mr. G. N. Thipe (Chairperson) Mr. T. Sebonego Mr. K. K. Ketshajwang Ms. P. Chengeta (Secretary)	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 to Board Management in line with International Auditing, Accounting and Financial Reporting Standards.

In order to maintain good governance at Management level, there are other committees established to advise management on the day to day running of the organization. These include the Management Tender Committee, Budget and Estimates Committee, Recruitment and Appointments Committee (for Bands 1-4), Managers Committee, and Executive Management, among others.

COMMITTEES OF THE BOARD: TENDER RELATED FUNCTIONS

Special Procurement and Asset Disposal Committee (SPADC)

The Special Procurement and Asset Disposal Committee (SPADC) is established in terms of Section 63 of the PPAD Act to handle the procurement and disposal 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 sensitive tenders from the Botswana Defence Force, Directorate of Intelligence and Security Services, Directorate on Corruption and Economic Crime, Prisons, and the Botswana Police Service, among others. SPADC comprises two (2) Full-Time members, one (1) Part-Time member, a senior member of the Public Service, and is chaired by the Executive Chairperson of the Board. The Committee meets once a week.

Ministerial Tender Committees (MTCs)

The Committees are established in terms of Section 61 of the PPAD Act. They comprise officials from Ministries who carry out duties delegated to them by the Board. Ministerial Committee members are recommended by Accounting Officers for appointment by PPADB. During the period under review the financial thresholds for MTCs ranged from P 25 000 000 to P 100 000 000. The financial thresholds for Committees are reviewed every two years.

District Administration Tender Committees (DATCs)

Members of the Committees are officials based at District level, appointed by the Board on the recommendation of the District Commissioners in the Districts and Deputy Commissioners in the Sub-Districts.

There are twenty-eight (28) DATCs that exercise powers delegated to them by the Board. The financial thresholds for DATCs ranged from P 2 000 000 to P 4 500 000 during the period under review.

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 End of Activity Reports are submitted to the Board indicating poor contactor performance, these are forwarded to the Committee for investigation as well as any other complaint against contractors. The investigations are conducted in reference to the requirements of the Code of Conduct for Contractors or the terms of the contract. Issues of performance and ethical conduct are assessed by the Committee. Once the investigations are complete, the Disciplinary Committee submits recommendations to the Board for 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 contractor from the PPADB register. The Committee comprises of two (2) members from the private sector, one (1) member from the Directorate of Corruption and Economic Crime, three (3) members from the PPADB. The Senior Legal Officer at the PPADB serves as the secretary to the Committee. Half the membership constitutes a quorum.

OTHER COMMITTEES

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 of Finance and Development Planning and are drawn from commerce, industry, academia and professions relevant to the work of the Independent Committee. The Committee 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.

Advisory Committee on Public Procurement and Asset Disposal

This Committee is established in terms of Section 110 of the PPAD Act and it is not a Committee of the Board. Members of this Committee are appointed by the Minister of Finance and Development Planning from contractors' associations and professional bodies, Ministries, Public Oversight Agencies, an entity 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 advise on the coordination of policies and practices of the PPADB with those of other public entities, in addition to other functions. This Committee was not active during the period under review.



Executive Management Team



Bridget P. John
Executive Chairperson



Elijah T. Motshedi
Executive Director Works



Joyce M. Mokobi
Executive Director Services



Kgakgamalo K. Ketshajwang
Executive Director Supplies



Baitshapi Tebogo
General Manager Corporate Services



Masingoaneng B. Ramodimoosi
Board Secretary



Oteng Raesima
Information, Communication and Technology Manager



Julia Ditlhong
Senior Manager, Strategy Research and Policy

4.0 STRATEGIC PLAN IMPLEMENTATION

4.1 CUSTOMER PERSPECTIVE

Adjudication and Award of Tenders

Board Adjudication

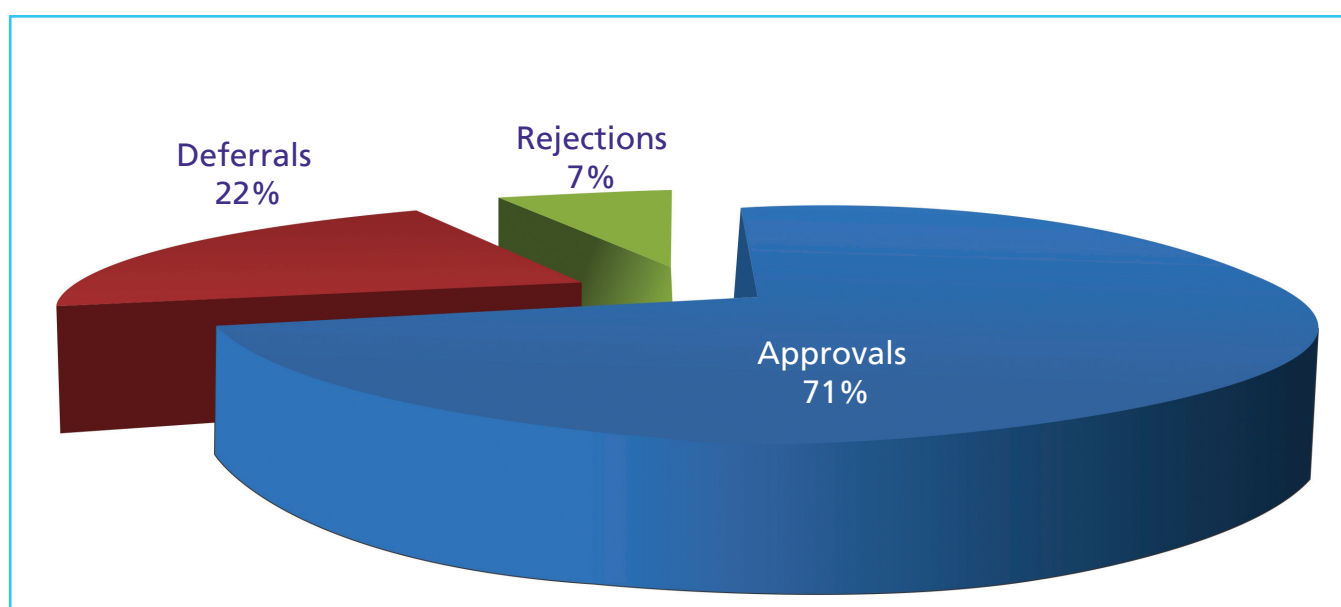
During the 2015/16 financial year, the Board adjudicated on five hundred and twenty seven (527) submissions. This represents a twenty eight percent (28%) decrease when compared to the previous financial year when seven hundred and thirty five (735) submissions were adjudicated.

Table 1: Total submissions to the Board in 2015/16 financial year

	Services	Supplies	Works	OBS	Total
Approvals	60	59	68	83	270
Deferrals ¹	19	11	38	16	84
Rejections	13	6	4	4	27
Sub Total	92	76	110	103	381
Noted & others	36	30	53	27	146
Total	128	106	163	130	527

¹ The number of submissions where the Board deferred its decision is not a reflection of the number of projects where the Board did not take final decision at all, but rather it represents the total number of submissions to which the Board deferred its decisions pending additional information or clarifications which would facilitate a final decision being taken on the request, during the weekly Board meetings.

Figure 1: Distribution of Board Adjudication decisions



Analysis of Submissions

During the 2015/16 financial year, the Board received five hundred and twenty seven (527) submissions and only three hundred and eight one (381) of those submissions required the Board to make adjudication decisions while the rest were for noting only. The Board approved two hundred and seventy (270) (71%), deferred its decision on eighty four (84) (22%) of the submissions and rejected twenty seven (27) (7%) of the submitted requests. This represents an increase in the approval rate from 61% during the previous financial year to 71% in the current year. Deferrals decreased from 29% to 22%, while rejections decreased from 9% to 7% when compared to the previous year. The increase in the percentage of approvals and the decline in both the deferral rate and the rejection rate is a positive indication that the Board's target of 70% approval, 20% deferral rate and 10% rejection is attainable. A higher approval rate will minimise delays in tendering and project implementation.

During the 2015/16 financial year, PPADB approved tenders whose value exceeded MTCs financial thresholds. It also considered retroactive requests of any value given that Committees have not been authorised to consider such requests. The Board also considered requests for direct appointments and selective tenders for value exceeding P25 million in order to ensure there is no over-reliance by Procuring Entities on less competitive methods of procurement. During the 2015/16 financial year, the Board awarded tenders from Ministries amounting to P3,915,897,508.20 which represents a decrease of P1,126,565,318.27 or 22% on procurement that was approved by PPADB in the previous financial year. The value of tenders awarded through open competitive bidding amounted to P3,286,628,128.66, representing 81% of the value of tenders awarded by the Board during the year under review against a target of 70%.

Table 2: Total Awards made by PPADB per Ministry

MINISTRY	TENDER AWARDS (BWP)
Ministry of State President	95,438,481.80
Ministry of Education and Skills Development	391,446,471.14
Ministry of Health	773,283,658.59
Ministry of Minerals Energy and Water Resources	613,152,040.09
Ministry of Transport and Communications	1,376,146,054.95
Ministry of Defence Justice and Security	100,330,230.56
Ministry of Local Government and Rural Development	186,100,406.15
Ministry of Environment, Wildlife and Tourism	160,824,447.29
Administration of Justice	64,085,902.27
Ministry of Infrastructure Science and Technology	155,089,815.36
TOTAL	3,915,897,508.20

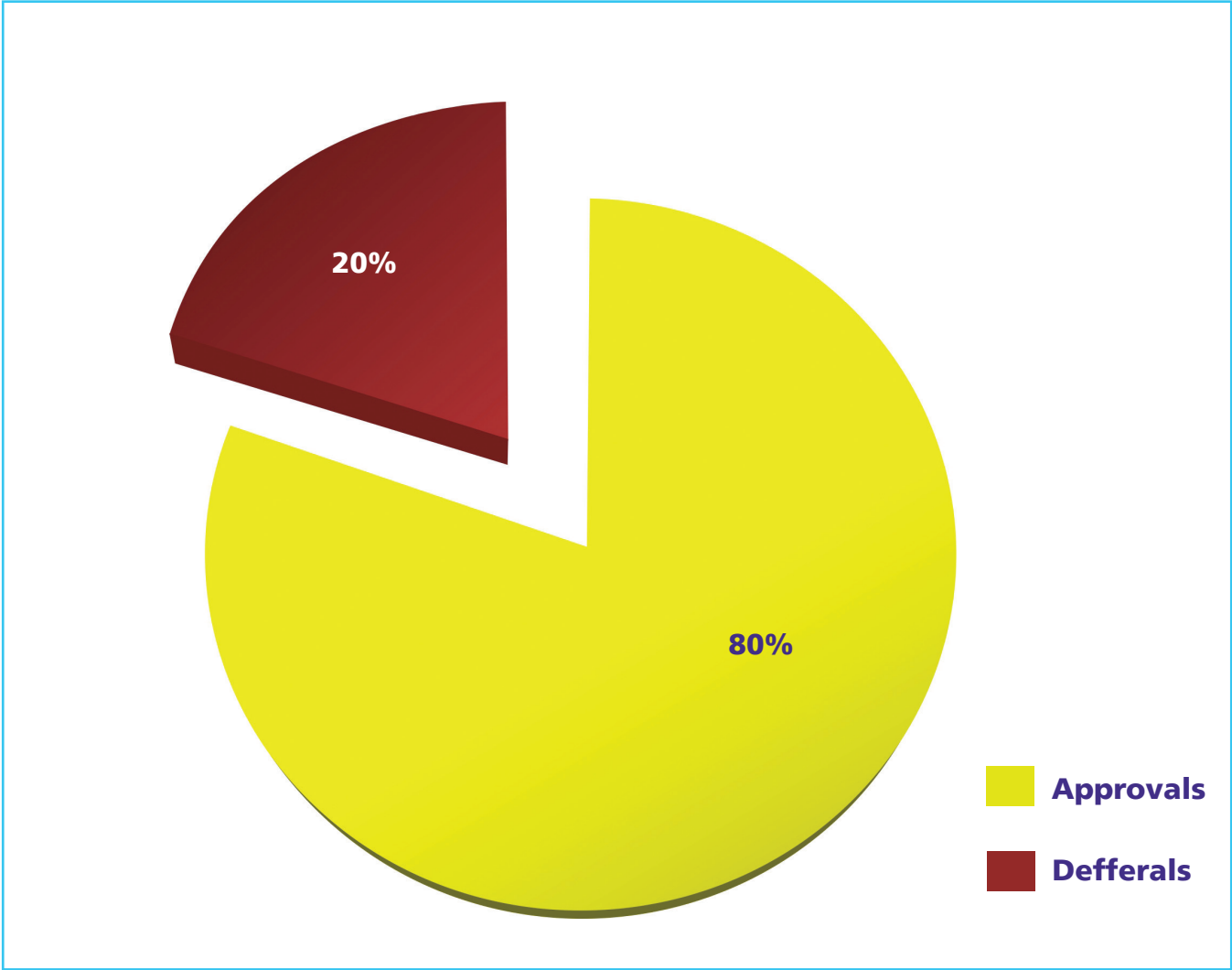
The Ministry of Transport and Communications had the highest value of awarded tenders at P1,376,146,054.95 followed by the Ministry of Health at P773, 283,658.59. The Administration of Justice had the least value of awarded tenders which stood at P64, 085,902.27. During the period under review, the Board did not receive requests to award tenders from seven (7) Ministries namely; Ministry of Finance and Development Planning, Ministry of Investment Trade and Industry, Ministry of Foreign Affairs and International Cooperation, Ministry of Agriculture, Ministry of Youth Sports and Culture, Ministry of Labour and Home Affairs, and Ministry of Lands and Housing. This means that during the period under review, these Ministries did not have projects that exceeded MTCs/DATCs financial thresholds.

SPADC Adjudication

During the 2015/16 financial year, SPADC considered a total of one hundred and nineteen (119) requests. This shows a slight decrease of seventeen percent (17%) in the number of requests when compared to the 2014/2015 financial year when the Committee considered one hundred and forty three (143) requests from the Procuring Entities. The distribution of the Committee's decisions on the requests is shown below.

The Committee approved ninety five (95) (80%) of the submissions. The approval rate was slightly lower than the previous year's approval rate of 82%. The Committee on the other hand deferred twenty four

Figure 2: Distribution of decisions reached by SPADC during the 2015/16 financial year.

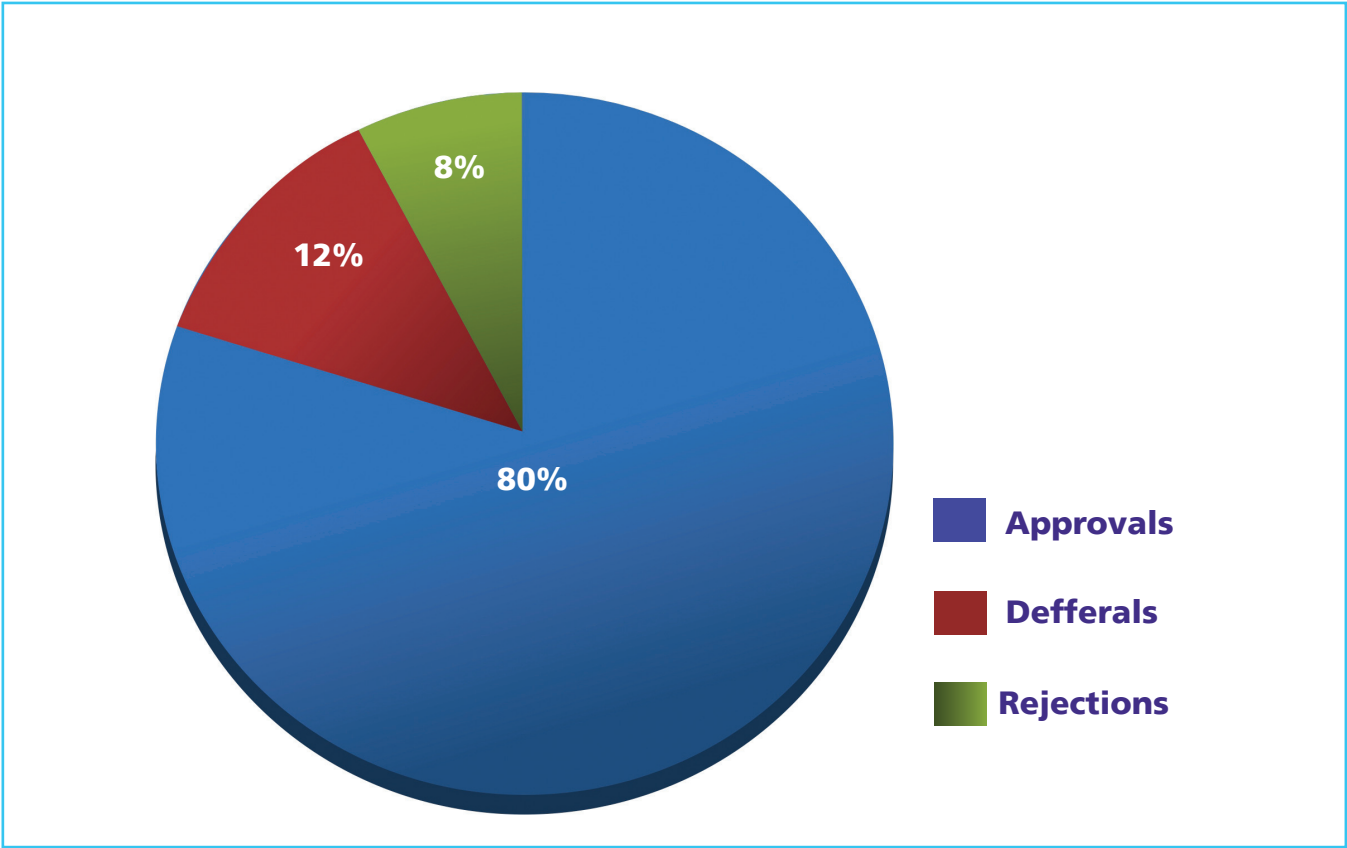


(24) (20%) of the submissions during the period under review which was higher than the deferral rate of the 2014/15 financial year of fourteen percent (14%). There were no rejections during the period under review which is an improvement when compared to the previous year's rejection rate of six percent (6%). During the period under review, the Committee awarded tenders amounting to P5,337,512,302.26 which is a significant value in comparison to the value of tenders awarded in the 2014/15 financial year of P639,107,478.65.

**Ministerial Tender Committees (MTCs)
Adjudication**

The Committees received a total of five thousand three hundred and forty (5340) submissions compared to the previous year's number of seven thousand three hundred and ninety two (7392) submissions, this was a decrease of 28%. Out of the total submissions received, four thousand two hundred and eighty one (4281) (80%) were approved, six hundred and sixty one (661) (12%) were deferred and three hundred and ninety eight (398) (8%) were rejected. The approval rate was slightly lower when compared to the previous year's rate of 81%. MTCs are generally performing well and exceeding the Board's set targets of 70% for approvals, 20% deferrals and 10% rejections.

Figure 3: The 2015/16 adjudication decisions by MTCs



During the period under review, all MTCs submitted their adjudication statistics which included the value of tenders approved by the Committees and information on tenders awarded through micro procurement. The Ministerial Tender Committees awarded tenders amounting to P4,094,248,181.60

which was relatively higher when compared to the previous period's P2,964.517,120.63, representing a difference in value of thirty eight percent (38%). Micro procurement amounted to P527,307,558.3 compared to P278 million for 2014/15.

Table 3: Tender awards made by different Ministerial Tender Committees

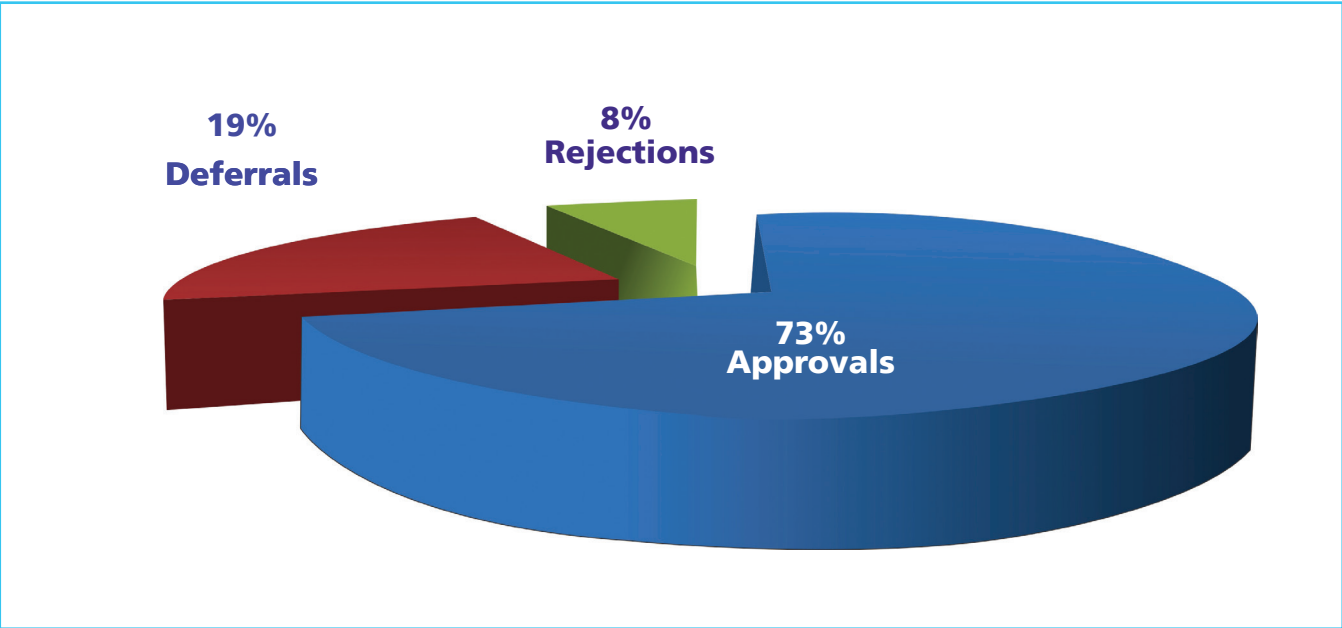
MINISTERIAL TENDER COMMITTEE	TENDER AWARDS (BWP)	MICRO-PROCUREMENT (BWP)
Ministry of Education and Skills Development	565,473,544.00	39,873,417.98
Ministry of State President	216,100,907.23	11,113, 566.22
Ministry of Health	342,051,671.63	122, 659, 947.87
Ministry of Minerals Energy and Water Resources	312,735,410.28	5, 774, 369.07
Ministry of Environment Wildlife and Tourism	94,068,486.21	94, 044,083.42
Ministry of Transport and Communication	533,130,101.27	118, 907,502.14
Ministry of Defence Justice and Security	705,856,255.27	4, 615, 239.97
Ministry of Investment, Trade and Industry	28,817,179.42	11,943,199
Ministry of Local Government and Rural Development	346,321,578.58	26, 015, 091.63
Ministry of Finance and Development Planning	58,189,787.83	8, 994,654.14
Ministry of Agriculture	151,557,699.38	6, 378, 220.08
Ministry of Youth Sports and Culture	44,092,564.77	4, 402, 962.64
Ministry of Infrastructure Science and Technology	266,730,657.17	7, 593, 968.22
Ministry of Lands and Housing	376,201,998.31	49, 118, 497.18
Ministry of Labour and Home Affairs	33,855,466.68	5, 336, 468.44
Ministry or Foreign Affairs and International Cooperation	19,064,873.57	10, 536, 370.30
TOTAL	4,094,248,181.60	527, 307, 558.3

District Administration Tender Committees (DATCs) Adjudication

Only twenty two (22) of the twenty eight (28) DATCs managed to submit their adjudication statistics and the value of awarded tenders. Three (3) DATCs were not operational during the year under review. The other three (3) DATCs did not submit their statistics due to poor records management. A total of one thousand nine hundred and thirty seven (1937) requests were submitted to the DATCs for adjudication. Out of the total submissions, the Committees approved one

thousand four hundred and eighteen (1418) at 73% of the submissions whilst a total of three hundred and sixty three (363) at 19% constituted the deferrals and one hundred and fifty six (156) at 8% were rejected. The approval rate (73%) was relatively higher than previous year's approval rate of 71%. The current deferral rates standing at 19% were slightly lower than the previous year's (22%) whereas the rejection rate (8%) was the same compared to the previous year's rate of 8%. DATCs generally met the set targets of 70% for approvals, 20% for deferrals and 10% for rejections.

Figure 4: The 2015/16 adjudication decisions by DATCs



Analysis of Submissions

During the period under review, Departments under the Central Government submitted requests to relevant DATCs amounting to P540,734,610.70 which was higher than the previous year's total of P307,944,846.13. Furthermore, it is worth noting that of the total number

of submissions made to the DATCs for adjudication, a total of three hundred and twenty six (326) were open tenders amounting to P410,103,032.19, contributing 76% of total tenders awarded against a target of 70%.

Table 4: Tender awards made by the District Administration Tender Committees for the 2015/16 financial year.

DISTRICT ADMINISTRATION TENDER COMMITTEE	TOTAL VALUES FOR 2015/2016 (BWP)
Letlhakeng	22,407,835.63
Molepolole	240,881,632.60
Francistown	50,454,077.87
Kasane	148,968.83
Gaborone	5,826,911.73
Gantsi	18,349,902.87
Kanye	8,582,614.87
Tsabong	10,878,182.26
Serowe	51,365,223.17
Tutume	16,083,051.56
Palapye	* Nil
Bobirwa	No data
Selibe Phikwe	1,721,126.86
Lobatse	8,780,987.03
Jwaneng	1,648,603.25
Masunga	22,510,159.14
Mochudi	10,839,211.96
Letlhakane	11,862,161.16
Maun	31,959,323.64
Ramotswa	2,250,348.88
Hukuntsi	3,732,235.25
Tonota	No data
Mahalapye	No data
Goodhope	*Nil
Mabutsane	4,918,711.74
Moshupa	12,920,973.00
Mogoditshane	*Nil
Charleshill	2, 710,873.60
TOTAL	540,734,610.70

*Note: Palapye, Goodhope, and Mogoditshane DATCs were not operational in the year under review mostly because they did not have a Secretariat.

Table 5: Adherence to Procurement Plans

MINISTRY	LEVEL OF ADHERENCE
Ministry of State President	82%
Ministry of Lands and Housing	53%
Ministry of Education and Skills Development	60%
Ministry of Health	85%
Ministry of Minerals Energy and Water Resources	80%
Ministry of Transport and Communications	68%
Ministry of Defence Justice and Security	94%
Ministry of Local Government and Rural Development	73%
Ministry of Environment, Wildlife and Tourism	80%
Ministry of Infrastructure Science and Technology	51%
Ministry of Youth, Sports and Culture	83%
Ministry of Agriculture	62%
Ministry of Investment Trade and Industry	89%
AVERAGE ADHERENCE	73.8%

Improved adherence to procurement plans will assist in timely delivery of services to the nation.

Suspension and Delisting Disciplinary Committee

During the 2015/2016 financial year, the Suspension and Delisting Disciplinary Committee reviewed its Guidelines for Suspension and Delisting of Contractors to address issues of standardizing penalties for similar offences. The proposed changes were shared at a stakeholders consultative workshop where participants supported the changes. The amendment of the Guidelines by the Board is underway. The Committee received six (6) matters in the period under review. It considered all but made a decision on one (1) submission as indicated below, the other five (5) are yet to be concluded as additional information was required:

Zhong Gan Engineering & Construction (Pty) Ltd Case: Tender No. PR6/1/11 (110) for Design & Build Contract for the Construction of Unified Schools at Tsabong:

The matter was referred to the Committee following a complaint by Powacom Engineering (Pty) Ltd. Following the award of the tender, Zhong Gan replaced Powacom with another sub contractor. The Committee found that there was no prima facie actionable conduct sufficiently made out against Zhong Gan given that the subcontractor's substitution had been sanctioned by the Procuring Entity within the terms of the Contract. As such the Suspension and Delisting Committee recommended in favour of Zhong Gan and that the Board dismiss the complaint, and further that the matter be referred to a competent authority for investigations on whether the substitution of the sub contractor had not resulted in the contractor unduly benefitting from reduced fees by the new subcontractor. The Board approved the Committee's recommendation.

Independent Complaints Review Committee (ICRC)

During the 2015/16 financial year, the Committee received two (2) complaints. The ICRC dismissed one (1) complaint and upheld one (1) complaint in favour of the contractor. Also during the period under review, the ICRC lost three members through resignations, and managed to replace two (2) members.

Disposal of Assets

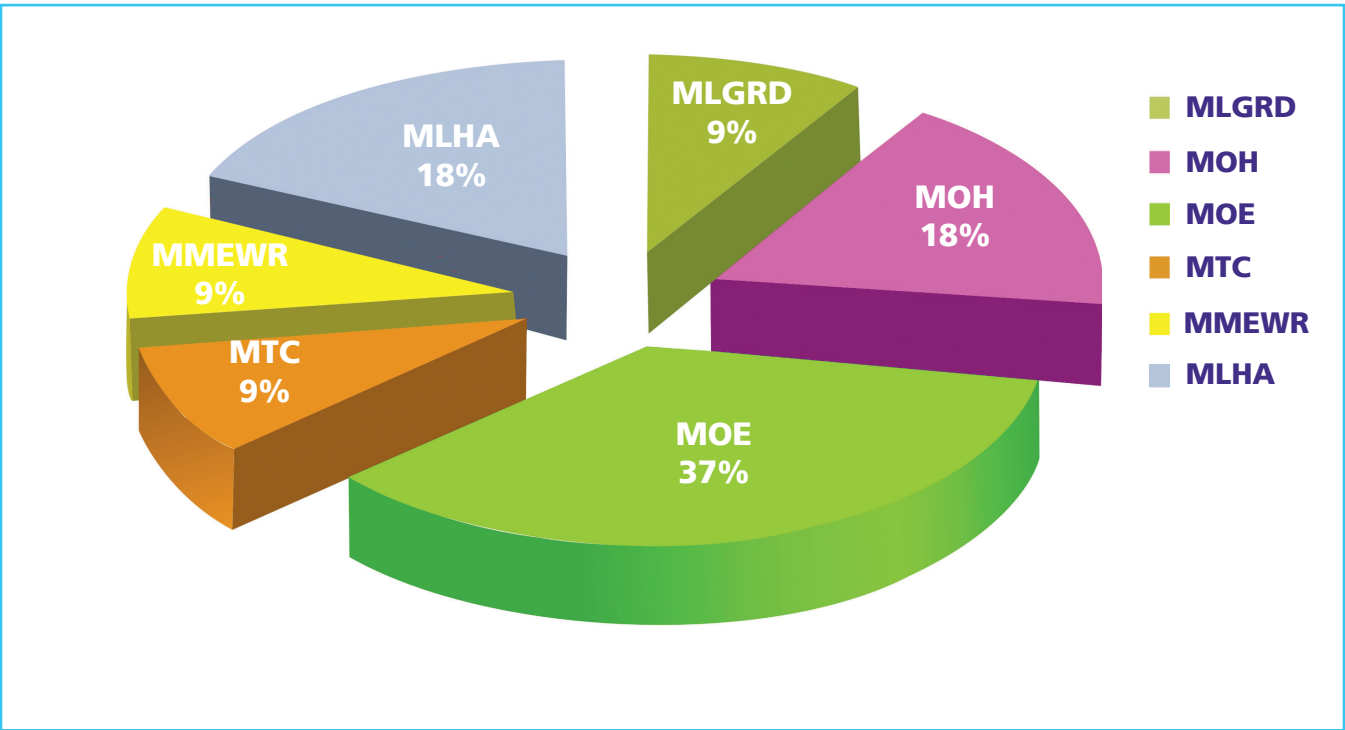
During the period under review, the Ministry of Lands and Housing disposed of through auction sales, office furniture and vehicles amounting to P503,009.10, while the Ministry of Investment Trade and Industry realised P13, 485 for disposal of furniture. The Ministry of Agriculture disposed of cattle, ostrich and ostrich produce, sour milk and honey valued at P273 474. The Ministry of Foreign Affairs and International Cooperation and the Ministry of State President disposed of unserviceable items valued at P71, 265 and P51, 922 respectively. The Ministry of Transport

and Communications disposed of eight hundred million (800, 000, 000) Botswana Telecommunications Corporation Limited government owned shares valued at P1.00 per share through public listing in the Botswana Stock Exchange.

Retroactive requests

A total of eleven (11) retroactive requests were submitted to the Board during the 2015/16 financial year. This shows a reduction in the number of retroactive requests by PEs from the twenty one (21) requests submitted during the 2014/15 financial year. The Board only approved two (2) requests. The Ministry of Education and Skills Development submitted the largest number of requests at four (4), followed by the Ministry of Labour and Home Affairs and Ministry of Health at two (2), respectively. The Ministry of Minerals Energy and Water Resources, and the Ministry of Transport and Communications as well as the Ministry of Local Government and Rural Development submitted one (1) request each, while ten(10) Ministries did not submit any requests during the 2015/16 financial year.

Figure 5: Total percentage of retroactive requests during the 2015/16 financial year



The cost of retroactive requests amounted to P24,101,180.87 which was significantly lower when compared to the previous year's value of P184,658,539.77. The Board approved retroactive requests amounting to P600,220.79 which represents 2.5% of the total value for the retroactive requests. The approved requests satisfied the order that allows the Board to approve retroactive requests provided they were of an emergency nature intended to save lives and the environment. This is a positive indication that Procuring Entities are improving in terms of seeking prior authorization of procurement and adhering to the requirement of the PPAD Act.

End of Activity Reports (EOARs)

During the 2015/16 financial year, the Board received twenty six (26) EOARs. These reports are necessary for the Board to analyze performance of contractors and take appropriate action where necessary. The reports further inform the Board on future award decisions. Of the EOARs received, a total average of 54% of the projects were completed within budget, scope and schedule as opposed to the Board's target of 75%. This is a worrisome performance, which is often attributable to poor contract management by the PEs. There is need for greater focus on proper scoping of projects, coordination and sequencing of preparatory work to facilitate project execution as well as consistent supervision of projects.

Devolution of authority

The PPADB 2013 – 2018 Strategic Plan aims for increased devolution to enable PPADB to focus on providing oversight on procurement, compliance monitoring and standards setting. The PPAD Act calls for significant devolution of authority over time to Committees of the Board, the aim being to improve overall operational efficiency in project implementation and therefore, service delivery to the nation. According to Section 65 of the PPAD Act, the Board is expected to review and increase the financial ceilings of both the MTCs and DATCs biennially. The percentage of value devolved in the 2015/16

financial year was 54% against a target of 60%, a significant increase from the previous year's 39.3%. In the 2015/16 financial year, the Board carried out compliance audits for all MTCs and DATCs with the intention to review financial thresholds. The audit findings and recommendations were shared with respective committees and new financial thresholds will be effected in the coming financial year.

Strengthening of Procurement Units

The strengthening of Procurement Units by Accounting Officers continued during the reporting period. All the sixteen (16) Ministries recruited at least one officer who is dedicated to procurement duties. The strengthening of Procurement Units has taken long owing to lack of posts and challenges in the recruitment and attraction of skilled procurement personnel. This is work in progress as strong Procurement Units will assist Government in attaining best procurement outcomes.

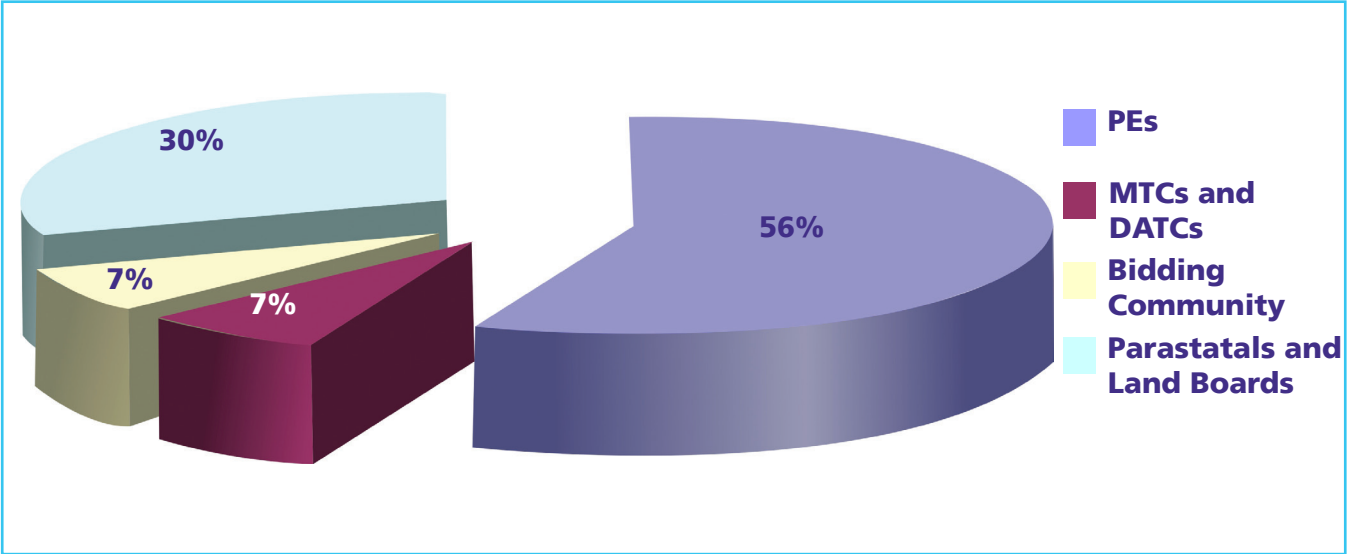
Procurement and Disposal Plans

During the last quarter of 2015/2016, all Ministries submitted their Procurement Plans for the financial year 2016/17. The Board continued to closely monitor the implementation of the plans to ensure that procurement and disposal were initiated on time to avoid "urgent" and retroactive requests. The Procurement plans are now being published in the PPADB website.

Capacity Building

A total of forty-six (46) workshops were conducted by PPADB during the 2015/2016 financial year. The total number of participants trained during the year stood at one thousand five hundred and thirty nine (1539) as compared to one thousand five hundred and twenty four (1524) participants for the year 2014/2015 financial year. Overall, participants appreciated the workshops and found them useful and relevant to their day-to-day procurement functions.

Figure 6: Number of workshops undertaken by the Board during the 2015/2016 financial year



Challenges

- o Short notice requests for training hence there is need for improved annual planning for workshops by stakeholders.
- o The uptake of the BAC Certificate programme is slow as a result of Procuring Entities not fully utilizing the opportunity to upskill procurement personnel.



STRATEGIC PARTNERSHIPS

Botswana Accountancy College

During the 2015/ 2016 financial year, 94 students were enrolled for the Certificate in Public Sector Procurement and Tender Process Management offered by the Botswana Accountancy College. In addition to the above, the Ministry of Education and Skills Development enrolled and trained the most employees (200) in the various regions of the country. The Department of Tertiary Education Financing (DTEF) sponsored 110 students full time on the BAC course as part of the Target 20000 initiative.

Botswana Public Service College Memorandum of Understanding

During the 2015/2016 financial year, PPADB trained Botswana Public Service College Trainers on the BQA accredited Public Procurement and Asset Disposal programme to improve their procurement skills.

University of Botswana – Postgraduate Diploma in Public Procurement

During the 2015/16 financial year, the PPADB roped in World Bank experts to provide technical input in the development of the proposed Postgraduate programme to be offered by the University of Botswana. The assistance was granted under the Reimbursable Advisory Services (RAS 2) agreement.

United States Technical Development Agency (USTDA)

The PPADB was invited to share its experiences on procurement with other Procurement personnel at the Global Initiative Training organized by USTDA in Ethiopia.

PUBLIC CONFIDENCE IN THE PUBLIC PROCUREMENT SYSTEM

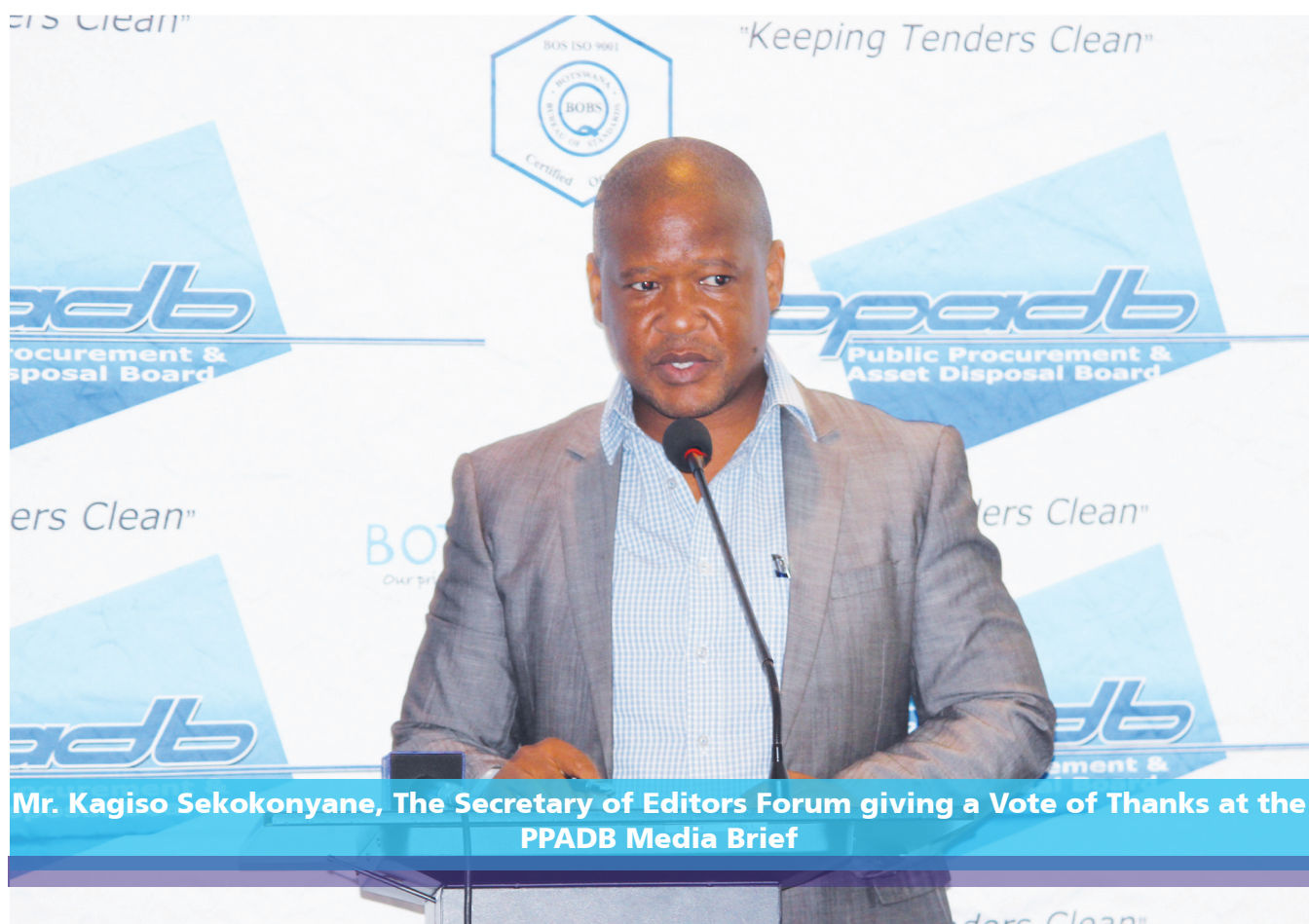
Publicity

During the 2015/16 financial year, the PPADB received media publicity on its operations. The assessment of media reports revealed the following:

- 94% of the reports were positive against a target of 70%.
- 6% of the reports were negative against a target of 30%.

Overall positive articles outnumbered negative articles. There was a slight improvement in the positive reports when compared with previous year's 92% and this signifies the Board's efforts in public awareness building on its mandate.

During the 2015/16 financial year, the PPADB conducted a media briefing in line with Section 87 of the PPAD Act to update the media on developments and challenges facing the Board. The discussions touched on media adverts freeze, the independence of the Board to freely execute its mandate without political interference, public confidence in the procurement system and the PPADB, and measures taken against those undermining the integrity of the system by leaking confidential information to the contractors. The Board finds interactions with the media very useful as it provides feedback for the Board to explore ways of addressing concerns and perceptions relating to its functions.



Public Confidence Index

During the 2015/16 financial year, PPADB commissioned an independent consultant to carry out the first ever nationwide survey on the public confidence in the public procurement and asset disposal system in Botswana targeting PEs, Committees of the Board, Media, Youth, Bidding Community, Households, and the general public. The report was intended for internal use by the Board to reflect on its effectiveness.

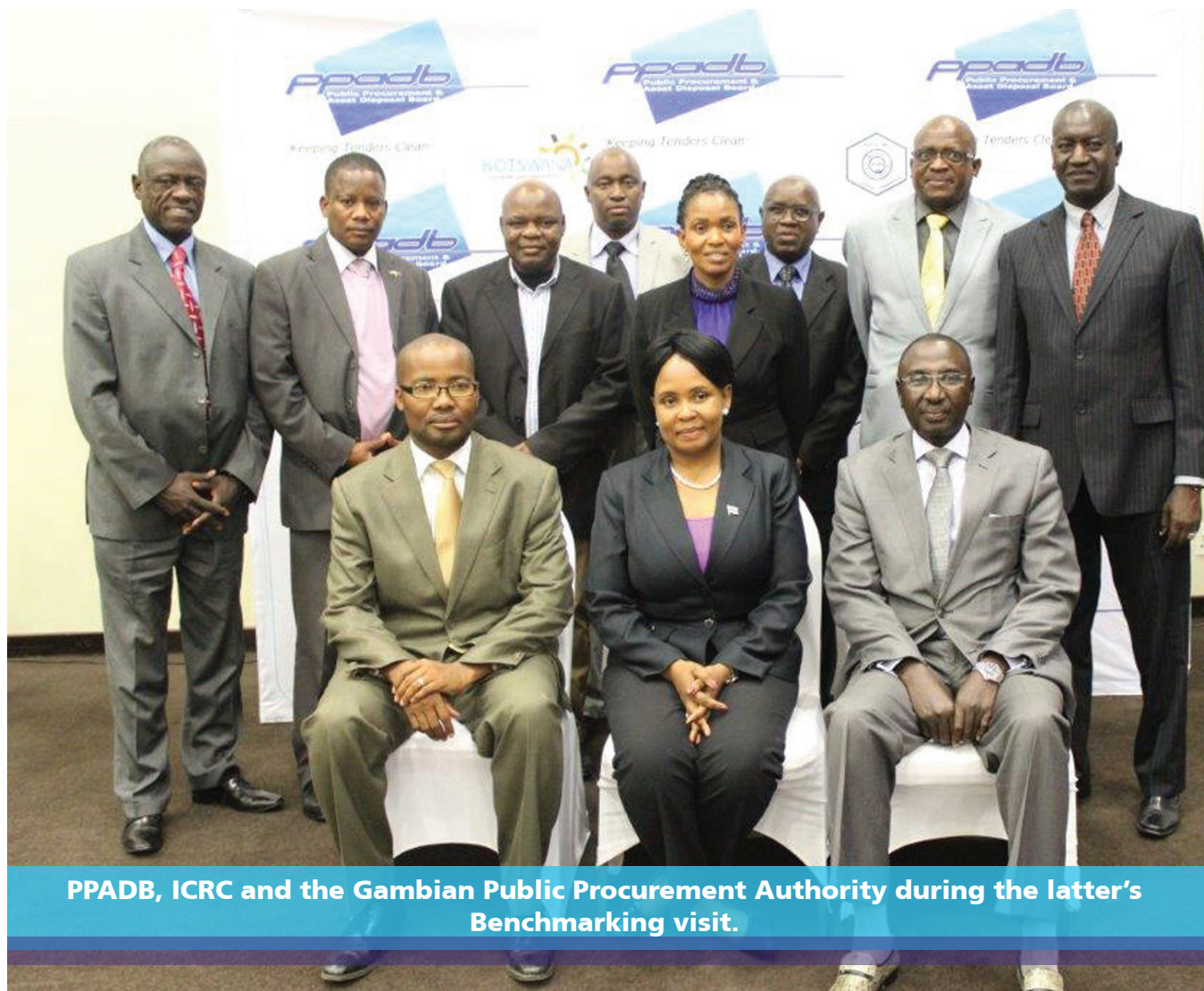
The results of the Survey indicated a public confidence level of 55% on PPADB, exceeding the set target of 50% by 5%. The public confidence index assessed trust issues by stakeholders, good governance, and implementation of the mandate, adherence to set standards by the Board and its committees, prudential management of tenders and the safeguard of public funds. The main recommendation was that PPADB needs to intensify public awareness targeting different stakeholders in public procurement as well as clarify roles of different parties in procurement.

Customer Satisfaction Survey

The PPADB undertook a National Customer Satisfaction Survey targeting all stakeholders across

the country who consume various PPADB services. The report was intended for internal use by PPADB to improve on its weaknesses. The survey was meant to measure the degree to which the services of the PPADB met customer expectations and to identify problematic areas for improvement. The survey targeted customers who had transacted with PPADB in the past twenty four months and this included contractors, PEs, Board Tender Committees, among others. A total of 713 customers were targeted consisting of 527 contractors, 126 PEs and 60 Tender Committee Members. The survey observed that the customer satisfaction level was 52% against a target of 70%.

Some of the main concerns raised in the survey included limited access to PPADB's only office in Gaborone creating costs for customers. Following the survey an office was opened in Francistown to improve access. The other concern related to delays in addressing tender related complaints, an area that the Board is addressing. The Board will implement prioritized recommendations from the survey with a view to ensuring that when the next survey is conducted during the 2017/18 financial year, there would be improvement in the level of customer satisfaction.



PPADB, ICRC and the Gambian Public Procurement Authority during the latter's Benchmarking visit.

Benchmarking Visits

The Board hosted the Lesotho Public Procurement and Advisory Department and The Gambian Public Procurement Authority during the reporting period

where issues of mutual interest were shared. The Board also undertook a study tour to Mauritius to appreciate their procurement set up with a view to improving on the Botswana system.

Promoting Transparency

During the 2015/16 financial year, forty-eight (48) Adjudication meetings were held by the Board resulting in the publication of (46) Board decisions in the Daily News on Tuesdays and on the website. Owing to inadequate information presented by Procuring Entities on their recommendations there were no decisions reached in two Board meetings where all matters were deferred. MTCs and DATCs decisions as well as Procurement Plans continue to be published in the PPADB website, while open tenders are published in the Government Gazette. Debriefing of bidders by the Procuring Entities continued during the year under consideration for contractors to be informed on why their bids were not successful.

Fairs and Exhibitions

Targeted publicity such as radio programmes and other publicity initiatives saw the Board participating in local major fairs and exhibitions such as the Youth Expo, and the Global Expo which were targeting the small, micro, medium enterprises and regional as well as international economic players. These assisted the Board to share information on public procurement to improve the level of awareness and participation in tenders.

COMPLAINTS

A total of one hundred and seventy eight (178) complaints relating to adjudication and award of tenders by MTCs, DATCs and the Board were recorded by PPADB during the 2015/16 financial year. One hundred and fifty seven (157) complaints were resolved by the Board, two (2) were escalated to the Independent Complaints Review Committee (ICRC) and the remaining complaints were either not concluded pending additional information or were escalated by the complainants to the High Court. Some of the complainants did not follow the administrative dispute resolution process, opting to directly approach the High Court to lodge their

complaints. It must be noted that the administrative route to resolving complaints is quicker as projects are not delayed for extended periods hence contractors are encouraged to follow the administrative route.

Litigation

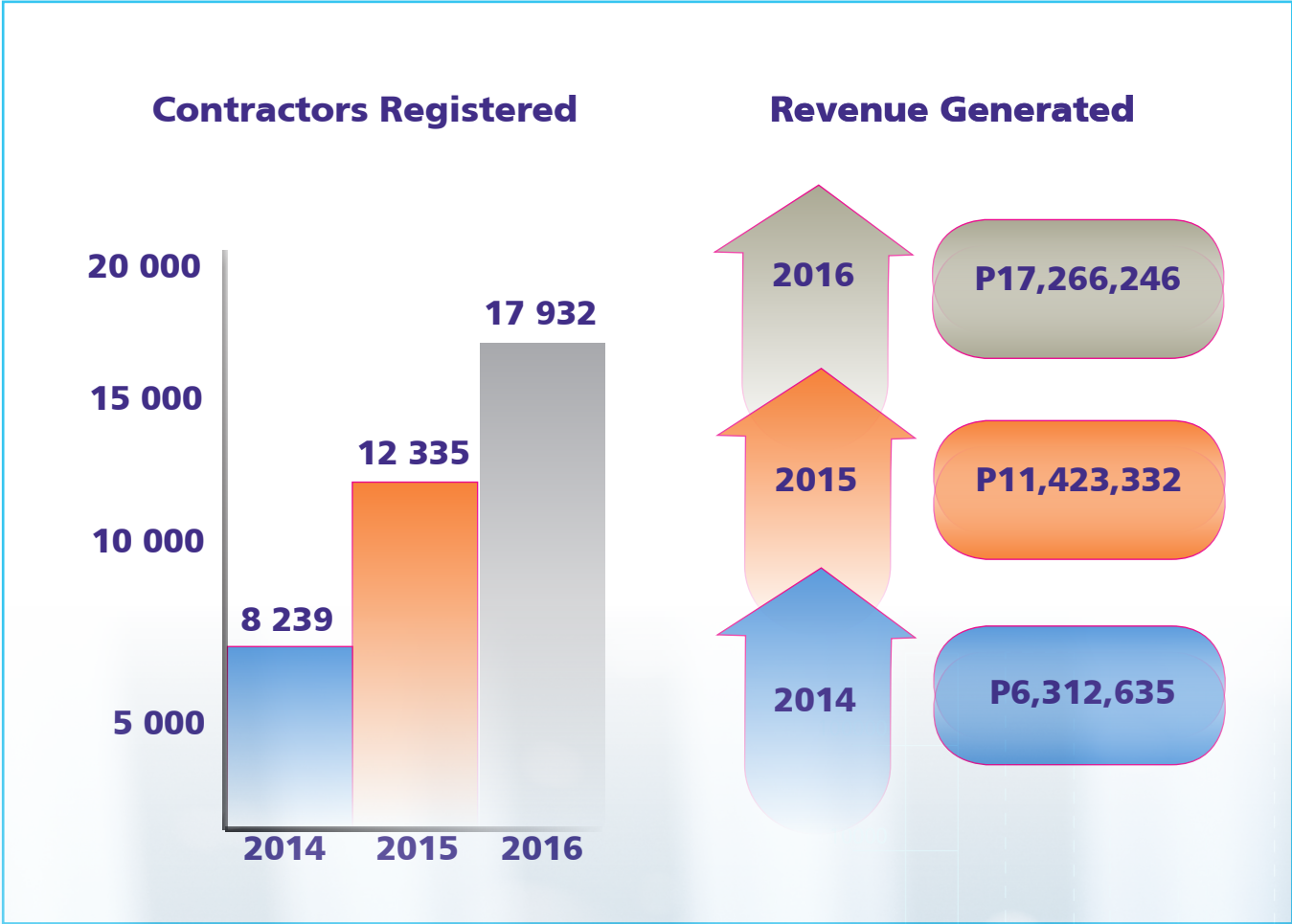
During the 2015/16 reporting period, PPADB was cited in 18 cases involving the Board, PEs or MTCs. Four (4) cases were completed and ruled in favour of PPADB, seven (7) cases were on-going, one (1) case was withdrawn whilst the PPADB lost three (3) cases. The Board will continue to explore more effective ways of addressing causes of litigation. Going forward serious consideration will be given to litigation history of contractors prior to award of tenders to ensure that contractors who delay Government's work and services to the people on the basis of frivolous complaints and litigation are not considered for award. This should however not deter contractors from pursuing genuine cases.

CONTRACTOR REGISTRATION

The Board is required under Section 49 of the PPAD Act to manage all aspects of contractor registration system, including all decisions on application for registration, reclassification of registered firms and the discipline of contractors in breach of the Code of Conduct and the defaulting on the execution of awarded bids. The Board registers contractors in respect of Works, Services, Supplies and Consultancies.

During the reporting period, the Board registered 17932 Contractors, of which 6836 were for Supplies, 4681 were for Services and 6415 were for Works. This represented an overall percentage of 38% Suppliers, 26% Services and 36% Works Contractors. The total number of registered contractors and the associated revenue continue to increase year on year as depicted in Figure 7.

Figure 7: Number of Registered Contrators and Revenue Generated



INTEGRATED PROCUREMENT MANAGEMENT SYSTEM (IPMS)

The Public Procurement and Asset Disposal Board continues to make strides in improving customer service, driving efficiency and increasing accessibility to its service offerings. In line with the Government of Botswana's overall objectives to improve the ease of doing business with Government, and to promote E-Gov services, the Board has seen it fit to introduce the Integrated Procurement Management System (IPMS). The IPMS is a web-based system that has been developed to assist the Board in automating its services to efficiently manage contractor registration as well as procurement and asset disposal. The advantages of having the online system include among others;

- Improved audit trails to counter corruption in tenders.
- Increased competition as more bidders will have access to tender documents.
- Availability of data generation and analysis.
- Reduce travel and administrative costs for prospective bidders.
- Convenient and speedy processing of tenders.

The IPMS was developed in two phases with phase 1 consisting of contract registration, which was launched in March 2013. Phase 2 comprised of e-Bidding, Capacity Building and Asset Disposal modules.

The e-Bidding module brings with it a complete online functionality for ITT creation and vetting, tender release, bid preparation and submission, tender closing and opening, evaluation, report writing, dispute resolution and adjudication.

Unlike in the contractor registration rollout, the PPADB has settled for a gradual approach to the implementation of e-Bidding and other modules of IPMS in order to effectively address any teething problems that may arise prior to full rollout. A pilot stage was embarked upon with a few selected Procuring Entities issuing tenders online to test the functionality of the system. So far, three online tenders have been successfully awarded through the system and the rollout will continue in subsequent years with the intention to fully adopt e-Bidding by end of the 2018/19 financial year. As part of the rollout, contractors will receive e-mail alerts on floating tenders and be able to download tender documents for free and submit online.

As part of its change management strategy for IPMS, the PPADB has set up customer resource centers and training facilities in Gaborone and Francistown to assist customers with various aspects of the IPMS, and facilitate quick and easy adaptation to the system. Training will also be conducted in various centers across the country to further increase awareness and knowledge on the usage of the IPMS.



Mr. Ramasimong of PPADB demonstrating to customers on how to register online using IPMS

The PPADB has partnered with the Botswana Post to collect contractor registration and tender participation fees. In addition, PPADB is working on

enabling electronic payments in the system, which should see a reduction in the number of customers queuing to pay for PPADB services.

4.2 INTERNAL PROCESSES PERSPECTIVE

Implementation of Quality Management System (QMS)

The PPADB continues to successfully take corrective actions to further enhance adherence to the ISO 9001:2008 requirements and to continually improve its processes in accordance with customer expectations. In the year 2015/16, the Board fully implemented the Corrective Action Plans from the May and November customer surveillance audits and trained nine (9) internal quality auditors.

The ISO 9001:2008 standard has been revised and a new version ISO 9001:2015 was published in September 2015. ISO has, however, granted a three year transition period with effect from September 2015 until September 2018. The import of that is, though ISO 9001:2015 is available, organizations already implementing ISO 9001:2008 can continue with it until 2018. PPADB has developed a transition plan which is expected to be implemented commencing 2016/2017 financial year to align its processes with the new standard.

Strategic Plan Implementation

The 2015/16 financial year marked the third year of 2013-2018 Strategic Plan implementation. The organization reported on twenty eight (28) measures, achieving a performance level of 91% against a target of 80% in the period under review. The targets that were not met include; projects yielding value for money; % of non-conformities closed; % level of customer satisfaction and tender related complaints resolved.

During the year under review, the Board commissioned a consultancy to undertake the mid-term review of the PPADB 2013-18 Strategic Plan. The review confirmed that implementation of the Strategic Plan was on track and further highlighted opportunities for improvement which the organization will prioritise to further enhance the attainment of the strategic plan objectives. The review introduced new indicators, among them, the monitoring of adherence to Citizen Economic Empowerment (CEE) and Economic Diversification Drive (EDD) interventions, as well as the utilization of the national procurement budget. The review further led to the stretching of targets such as the percentage of revenue generated against the Government grant given to the PPADB every year. The percentage was increased from 10% to 20% for the last two years of the plan.

Corporate Governance

At the core of the corporate governance practices is the Board and its structures. In accordance with its Strategic Plan, the Board has undertaken to improve the level of compliance to good corporate governance. In order to maintain effective governance structures and processes and the highest standards of ethics,

the PPADB has developed a Governance Framework which includes the Shareholder Compact, the Board Charter, and Board Evaluation Templates.

Evaluation of the Board and its structures is equally central to corporate governance. As is the case for every effective working team, a periodic performance review has to be conducted to take stock of how the Board is progressing. A Board evaluation seeks to answer whether the Board; has the right set of skills to tackle challenges, has relevant information for decision making, deploy the most appropriate processes to address the pivotal issues, and achieved the desired results.

During the 2015/16 financial year, the Board conducted its second evaluation to assess its compliance to good governance standards. The PPAD Board members undertook a self-evaluation of the Board. Overall, all Individual Board members performed well and demonstrated strong commitment as they received strong and satisfactory ratings.

4.3 LEARNING AND GROWTH PERSPECTIVE

HUMAN RESOURCE TRANSFORMATION

Recruitment and Retention

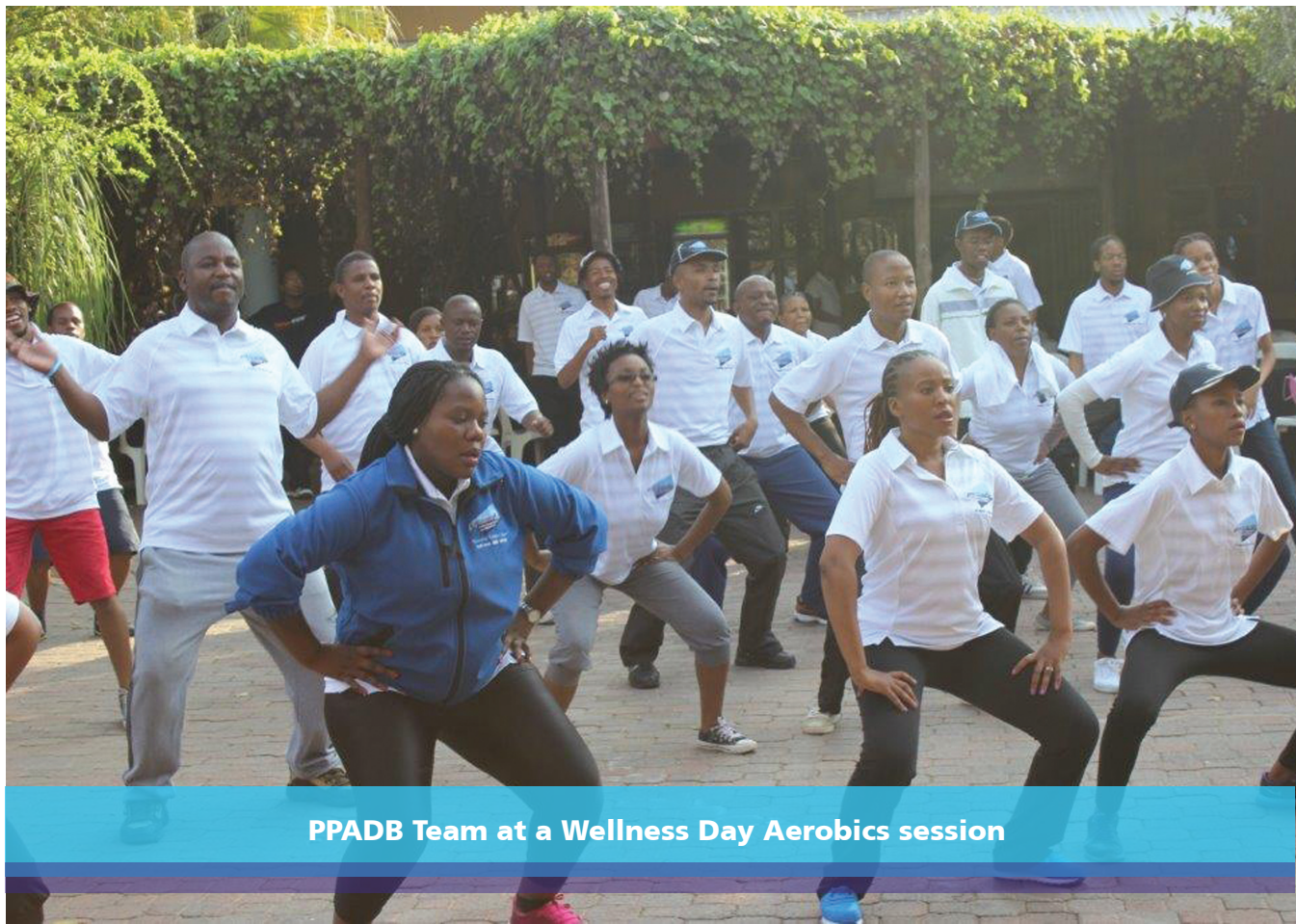
As at end of March 2016, the PPADB had a staff complement of one hundred and twenty seven (127) employees comprising four (4) executive positions, seventeen (17) senior and middle management positions, forty three (43) professional positions and sixty three (63) technical and support positions. During the period under review, a total of seven (7) officers resigned from the employment of PPADB mainly citing growth opportunities and better rewards elsewhere.

Training and Development

The Board continues to offer training and development initiatives to staff. During 2015/16 some Managers were enrolled for training in the Management Development Programme and Senior Management Development Programme. The organization also supports part time training for undergraduate courses.

The Board continues to implement a 360-degree assessment process which is a multi-source appraisal that uses the collective observations and perceptions of people who work with the employee being assessed. The assessment involves a self-assessment, assessment by one's peers, assessment by one's supervisor and assessment by one's supervisees.

During the 2015/16 financial year, different officers were trained in a number of courses that included amongst others: Employee Engagement, 360 Degree Assessment, and Quality Auditing.



PPADB Team at a Wellness Day Aerobics session

Employee Welfare

The Board implemented a range of employee benefits and welfare schemes and services to assist in improving the welfare of employees and promote a committed and productive labor force. On an annual basis, the Board conducts the Health and Wellness Day, for staff, as well as Team Building sessions and commemorates World Aids Day.

4.4 FINANCIAL PERSPECTIVE

Revenue Generated

A total amount of P19,378,720 was generated during the 2015/16 financial year which was higher than the previous year's income of P12, 962,243.00. Overall, the Board raised 36% revenue through cost recovery initiatives against a target of 10%. This amount was generated from registration of contractors (P17,266,246), capacity building workshops (P1,209,500) and interest income (P902,974).

We guarantee you

- Fairness
- Honesty
- Transparency
- Competitiveness
- Clear Communication

at ALL times.

ppadb
Public Procurement & Asset Disposal Board

For more information:
Toll Free:
0800 600 751

Tel: +267 360 2000
Fax: +267 390 6822
www.ppadb.co.bw



[PPADB



STAFF]





5.0 Report Of The Independent Auditors

PUBLIC PROCUREMENT AND ASSET

DISPOSAL BOARD

FINANCIAL STATEMENTS

31 MARCH 2016

Deloitte.

Member of Deloitte Touche Tohmatsu Limited.



PUBLIC PROCUREMENT AND ASSET DISPOSAL BOARD

GENERAL INFORMATION

for the year ended 31 March 2016

BOARD OF DIRECTORS

B P John
J Mokobi
E Motshedi
M Ramabu (Resigned 30 September 2015)
T Sebonego
K Ketshajwang
G N Thipe

BOARD SECRETARY

M B Ramodimoosi

NATURE OF BUSINESS

The Public Procurement and Asset Disposal Board (PPADB) was established by Act of Parliament number Cap 42:08 of 2001. PPADB is in the business of adjudication and award of tenders on behalf of Government of the Republic of Botswana.

REGISTERED OFFICE

Plot 8913
Maakgadigau Way, Gaborone West Industrial site
Private Bag 0058
Gaborone

AUDITORS

Deloitte & Touche

BANKERS

Standard Chartered Bank of Botswana Limited
Stanbic Bank Botswana Limited
Bank Gaborone Limited

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Statement of financial position	45
Statement of changes in funds	46
Statement of cash flows	47
Summary of significant accounting policies	48-55
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PUBLIC PROCUREMENT AND ASSET DISPOSAL BOARD

DIRECTORS' STATEMENT OF RESPONSIBILITY AND APPROVAL OF THE FINANCIAL STATEMENTS

31 March 2016

Directors' statement of responsibility

The Directors are responsible for the preparation and fair presentation of the financial statements of Public Procurement and Asset Disposal Board ("PPADB"), comprising the statement of financial position as at 31 March 2016, and the statements of comprehensive income, changes in funds and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards (IFRS).

The Directors are required by the Public Procurement and Asset Disposal Act, 2001, to maintain adequate accounting records and are responsible for the content and integrity of and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of PPADB as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with IFRS. The external auditors are engaged to express an independent opinion on the financial statements and their report is presented on page 43.

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Public Procurement and Asset Disposal Act, 2001, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by PPADB and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout PPADB and all employees are required to maintain the highest ethical standards in ensuring PPADB's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in PPADB is on identifying, assessing, managing and monitoring all known forms of risk across PPADB. While operating risk cannot be fully eliminated, PPADB endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors have made an assessment of PPADB's ability to continue as a going concern and there is no reason to believe the organisation will not be a going concern in the year ahead.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Directors' approval of the financial statements

The financial statements set out on pages 44 to 58, which have been prepared on the going concern basis, were approved by the Board of Directors on 6 September 2016 and are signed on its behalf by:

EXECUTIVE CHAIRPERSON

NON-EXECUTIVE DIRECTOR

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Public Procurement and Asset Disposal Board, which comprise the statement of financial position as at 31 March 2016, and the statements of comprehensive income, changes in funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 44 to 58.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 the 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 accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Public Procurement and Asset Disposal Board as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



Deloitte & Touche
Certified Auditors
Practicing Member: P Naik (19900296)

Gaborone
6 September 2016



PUBLIC PROCUREMENT AND ASSET DISPOSAL BOARD

STATEMENT OF COMPREHENSIVE INCOME*for the year ended 31 March 2016*

	<u>Notes</u>	<u>2016</u> <u>P</u>	<u>2015</u> <u>P</u>
INCOME			
Government subvention	1	41 557 565	48 552 255
Other income	2	18 775 195	12 191 583
Interest income	3	<u>902 974</u>	<u>738 172</u>
Total income		<u>61 235 734</u>	<u>61 482 010</u>
EXPENDITURE			
Administration expenses		(31 757 147)	(12 119 874)
Staff costs		<u>(43 966 392)</u>	<u>(36 400 782)</u>
Total expenditure		<u>(75 723 539)</u>	<u>(48 520 656)</u>
(Deficit)/surplus for the year	4	(14 487 805)	12 961 354
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive (deficit)/surplus for the year		<u>(14 487 805)</u>	<u>12 961 354</u>

	<u>Notes</u>	<u>2016</u> <u>P</u>	<u>2015</u> <u>P</u>
ASSETS			
Non-current assets			
Plant and equipment	5	<u>14 180 709</u>	<u>5 841 256</u>
Current assets			
Trade and other receivables	6	3 957 000	2 032 402
Cash and cash equivalents	7	<u>23 853 518</u>	<u>39 022 515</u>
		<u>27 810 518</u>	<u>41 054 917</u>
Total assets		41 991 227	46 896 173
FUNDS AND LIABILITIES			
Funds and reserves			
Accumulated surplus		<u>13 329 402</u>	<u>27 817 207</u>
Non-current liabilities			
Capital grants	8	<u>14 180 709</u>	<u>5 841 256</u>
Current liabilities			
Trade and other payables	9	<u>14 481 116</u>	<u>13 237 710</u>
Total funds and liabilities		<u>41 991 227</u>	<u>46 896 173</u>



PUBLIC PROCUREMENT AND ASSET DISPOSAL BOARD

STATEMENT OF CHANGES IN FUNDS

for the year ended 31 March 2016

	Accumulated surplus P
Balance at 1 April 2014	14 855 853
Total comprehensive surplus for the year	12 961 354
Balance at 31 March 2015	27 817 207
Total comprehensive deficit for the year	(14 487 805)
Balance at 31 March 2016	13 329 402

	<u>Notes</u>	<u>2016</u> <u>P</u>	<u>2015</u> <u>P</u>
CASH FLOWS (TO)/FROM OPERATING ACTIVITIES			
(Deficit)/surplus for the year Adjustments for:		(14 487 805)	12 961 354
Amortisation of capital grant		(2 642 893)	(1 620 010)
Depreciation		2 642 893	1 620 010
Profit on disposal of plant and equipment		(230 135)	(29 749)
Interest received		<u>(902 974)</u>	<u>(738 172)</u>
Operating surplus before working capital changes		(15 620 914)	12 193 433
Increase in trade and other receivables		(1 924 598)	(997 442)
Increase in trade and other payables		<u>1 243 406</u>	<u>3 511 050</u>
Net cash (used in)/from operating activities		<u>(16 302 106)</u>	<u>14 707 041</u>
CASH FLOWS (TO)/FROM INVESTING ACTIVITIES			
Purchase of plant and equipment	5	(11 085 328)	(3 067 755)
Proceeds on disposal of plant and equipment		333 117	51 967
Interest received		<u>902 974</u>	<u>738 172</u>
Net cash used in investing activities		<u>(9 849 237)</u>	<u>(2 277 616)</u>
CASH FLOWS FROM/(TO) FINANCING ACTIVITIES			
Capital grants received	8	11 085 328	3 067 755
Capital grants reversed on disposal of plant and equipment	8	<u>(102 982)</u>	<u>(22 218)</u>
Net cash from financing activities		<u>10 982 346</u>	<u>3 045 537</u>
Net (decrease)/increase in cash and cash equivalents		(15 168 997)	15 474 962
Cash and cash equivalents at beginning of year		<u>39 022 515</u>	<u>23 547 553</u>
Cash and cash equivalents at end of the year		<u><u>23 853 518</u></u>	<u><u>39 022 515</u></u>
<u>Comprising</u>			
Bank balances and cash	7	<u><u>23 853 518</u></u>	<u><u>39 022 515</u></u>



PUBLIC PROCUREMENT AND ASSET DISPOSAL BOARD
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
31 March 2016

GENERAL INFORMATION

The Public Procurement and Asset Disposal Board (PPADB) was enacted by an Act of Parliament [Cap 42:08] of 2001. PPADB is a parastatal organisation, operating under the Ministry of Finance and Development Planning (MFDP). The primary mandate of PPADB is to adjudicate and award tenders for Central Government and any other institutions specified under the Act for the delivery of works, services and supplies related services.

BASIS OF PREPARATION

The financial statements of PPADB have been prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention with the exception of certain assets and liabilities at fair value through profit or loss.

Items included in these financial statements are measured using the currency that best reflects the primary economic environment in which PPADB operates - the functional currency.

The financial statements are presented in Botswana Pula, which is the PPADB's functional and presentation currency.

NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the PPADB adopted the new and revised Standards and Interpretations of the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 April 2015.

Standards and Interpretations adopted in the current year with no effect on the financial statements

New/Revised International Financial Reporting Standards

New/Revised International Financial Reporting Standards	Effective Date
IFRS 2 (revised) - Share-based Payment	1 July 2014
IFRS 3 (revised) - Business Combinations	1 July 2014
IFRS 7 (revised) - Financial Instruments: Disclosures	1 January 2015
IFRS 8 (revised) - Operating Segments	1 July 2014
IFRS 9 (revised) - Financial Instruments - Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39	1 February 2015
IAS 16 (revised) - Property, Plant and Equipment	1 July 2014
IAS 19 (revised) - Employee Benefits	1 July 2014
IAS 24 (revised) - Related Party Disclosures	1 July 2014
IFRS 10 (revised) - Consolidated Financial Statements	1 July 2014
IFRS 13 (revised) - Fair Value Measurement	1 July 2014
Annual Improvements 2012-2013 Cycle	1 July 2014
Annual Improvements 2013-2014 Cycle	1 July 2014

New and revised Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which are applicable to PPADB, were issued but were not yet effective:

New/Revised International Financial Reporting Standards	Effective Date
IFRS 9 (revised) - Financial Instruments: Classification and Measurement	1 January 2017
IFRS 9 (revised) - Financial Instruments	1 January 2018
IFRS 10 (revised) - Consolidated Financial Statements	1 January 2016
IFRS 11 (revised) - Joint Arrangements	1 January 2016
IFRS 12 (revised) - Disclosure of Interests in Other Entities	1 January 2016
IFRS 14 (new) - Regulatory Deferral Accounts	1 January 2018
IFRS 15 (new) - Revenue from Contracts with Customers	1 January 2016
IAS 1 (revised) - Presentation of Financial Statements	1 January 2016
IAS 16 (revised) - Property, Plant and Equipment	1 January 2016
IAS 19 (revised) - Employee Benefits	1 January 2016
IAS 27 (revised) - Separate Financial Statements: Reinstatement of equity method	1 January 2016
IAS 28 (revised) - Investments in Associates and Joint Ventures	1 January 2016
IAS 34 (revised) - Interim Financial Reporting	1 January 2016
IAS 38 (revised) - Intangible Assets	1 January 2016
IAS 41 (revised) - Agriculture	1 January 2016
Annual Improvements 2012 - 2014 Cycle	1 January 2016

The Directors have not yet assessed the potential impact of the adoption of the above new and revised standards and interpretations. This assessment will be performed as the standards become effective.

SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted are set out below and are consistent, in all material respects, with those adopted in the previous year.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement 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.

GOVERNMENT GRANTS

Government grants are not recognised until there is reasonable assurance that PPADB will comply with conditions attaching to them and that the grants will be received.

Government grants whose primary condition is that PPADB should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of related assets.

Government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to PPADB with no future related costs are recognised in profit or loss in the period in which they become receivable.



PUBLIC PROCUREMENT AND ASSET DISPOSAL BOARD
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
31 March 2016

REVENUE RECOGNITION

Interest from short-term deposits and investments is recognized on a time-proportion basis using the effective interest approach. Revenue from services is exclusive of Value Added Tax (VAT) and discounts granted and is recognised in the statement of comprehensive income when the service has been rendered and the following conditions have been satisfied:

- a) The amount of revenue can be measured reliably;
- b) The stage of completion of the transaction at the statement of financial position date can be measured reliably;
- c) It is probable that the economic benefits associated with the transaction will flow to PPADB.

Revenue from fees charged for services is based on the stage of provision of service determined with reference to the services performed by the end of the year. When a receivable is impaired, PPADB reduces the carrying amount to its recoverable amount.

PLANT AND EQUIPMENT

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to PPADB and the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of plant and equipment and costs incurred subsequently to add to the asset. If a replacement cost is recognised in the carrying amount of an item of plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is charged so as to write off the depreciable value of the assets over their estimated useful lives down to their residual values, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The following methods were used during the year to depreciate plant and equipment to estimated residual values:

Leasehold improvements	10 years
Furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	4 years
Computer equipment	4 years
Cellphones	2 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised within 'Other Income' in the statement of comprehensive income.

EMPLOYEE RETIREMENT BENEFITS

PPADB's employees engaged on a pensionable basis are legible to join a defined contribution scheme. A defined contribution scheme is a pension plan through which PPADB pays monthly contributions into trustee-administered funds. PPADB has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. In addition, PPADB's employees working on a contract basis are entitled to gratuities at the end of their four year term of employment.

Employee entitlements to annual leave, gratuities, bonuses, medical aid, housing benefits, kilometer allowances, telephone allowances, retention allowances and severance benefits are recognised when they accrue to employees and an accrual is made for the estimated liability as a result of services rendered by the employee up to the statement of financial position date. Provision is made in respect of these benefits on an annual basis and included in the operating results.

FOREIGN CURRENCY TRANSLATIONS

In preparing the financial statements, transactions in currencies other than the PPADB's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items

denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from procuring entities for services performed by PPADB in the ordinary course of operation. If collection is expected in one year or less (or in the normal operating cycle of the operation if longer), they are classified as current assets. If not, they are presented as non-current assets. Other receivables include advances made to employees.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that PPADB will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowable account, and the amount of the loss is recognised in the statement of comprehensive income within 'administration expenses'. When a trade receivable is uncollectable, it is written off against the allowable account for trade receivables. Subsequent recoveries of the amounts previously written

off are credited against 'administration expenses' in the statement of comprehensive income.

IMPAIRMENT OF ASSETS

At the end of each reporting period PPADB reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, PPADB estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating-unit) is increased to the revised estimate of its recoverable amount. This is done so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the statement of comprehensive income.

PROVISIONS

Provisions are recognised when PPADB 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 the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.



PUBLIC PROCUREMENT AND ASSET DISPOSAL BOARD

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

31 March 2016

TRADE PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The effective interest method is as described below under 'Financial Instruments'.

LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of total comprehensive income on a straight-line basis over the period of the lease.

BORROWINGS

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct transaction costs. Finance charges, including amortisation of direct transaction costs, are charged to the statement of comprehensive income using the effective interest rate method. Tranches of borrowings and overdrafts which mature on a regular basis are classified as current or non-current liabilities based on the maturity of the facility so long as the committed facility exceeds the drawn debt.

FINANCIAL RISK MANAGEMENT

PPADB's activities expose it to various financial risks, which under the review period have been analysed, evaluated, accepted as tolerable; and hence no derivative instruments have been used to hedge the financial risks. PPADB's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on PPADB's financial performance.

PPADB's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. PPADB regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

FINANCIAL INSTRUMENTS

PPADB classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in

accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the PPADB's statement of financial position when PPADB becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

FINANCIAL ASSETS

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and funds on deposits.

Impairment of financial assets

'Loans and receivables' are assessed for indicator of impairment at each statement of financial date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For 'Loans and receivables' objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the consumer will enter bankruptcy or financial re-organisation.

FINANCIAL INSTRUMENTS (CONTINUED) FINANCIAL ASSETS (CONTINUED)

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest. The effective interest method is as described below.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

De-recognition of financial assets

PPADB de-recognises a financial asset only when the contractual right to the cash flows from the asset expire; or it transfers the financial asset substantially all the risks and rewards of ownership of the asset to another entity. If PPADB neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, PPADB recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If PPADB retains substantially all the risks and rewards of ownership of a transferred financial asset, PPADB continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

FINANCIAL LIABILITIES

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method (as described below), with interest expense recognised on an effective yield basis. PPADB's financial liabilities are classified as 'other financial liabilities'.

De-recognition of financial liabilities

PPADB derecognises financial liabilities when, and only when, the PPADB's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying PPADB's accounting policies. These areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to PPADB's financial statements are disclosed.

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of events that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The most significant estimates and assumptions made in the preparation of these financial statements are as follows:

- the calculation of bad debts provision;
- the assessment of impairments and the calculation of the recoverable amount of assets;
- the determination of useful lives and residual values of items of plant and equipment; and
- the calculation of any provision for guarantees, claims, litigation and other legal matters.



PUBLIC PROCUREMENT AND ASSET DISPOSAL BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

		2016 P	2015 P
1	GOVERNMENT SUBVENTION		
	Annual Government subvention	50 000 000	50 000 000
	Less: Amounts used to purchase plant and equipment	(11 085 328)	(3 067 755)
	Add: Amortisation of capital grants	2 642 893	1 620 010
		<u>41 557 565</u>	<u>48 552 255</u>
2	OTHER INCOME		
	Contractor registration - standard	9 484 606	5 696 817
	- express	6 519 950	4 805 000
	Capacity building	1 209 500	511 963
	Sundry income	69 314	266 869
	Certification fees	1 261 690	881 185
	Profit on disposal of plant and equipment	230 135	29 749
		<u>18 775 195</u>	<u>12 191 583</u>
3	INTEREST INCOME		
	Bank interest	<u>902 974</u>	<u>738 172</u>
4	(DEFICIT)/SURPLUS FOR THE YEAR		
	In addition to the amounts disclosed in Notes 1, 2 and 3 above, the (deficit)/surplus for the year is stated after taking in account the following:		
	Auditor's remuneration		
	- audit fees - current year	147 485	99 000
	- prior year	14 042	-
	Bad debts	-	131 622
	Consulting fees	1 332 786	556 182
	Depreciation	2 642 893	1 620 010
	Legal fees	1 584 516	979 009
	Directors' emoluments - fees	304 500	232 500
	Staff costs (as below)	43 966 392	36 400 782
	- Directors' emoluments for managerial services	<u>3 584 700</u>	<u>2 909 393</u>
	- Staff members	<u>40 381 692</u>	<u>33 491 389</u>
	Staff costs:		
	Salaries and wages	36 387 149	30 358 463
	Gratuity and pension	4 833 721	4 151 996
	Leave pay	1 378 175	1 078 619
	Staff welfare	1 166 128	678 554
	Training	201 219	133 150
		<u>43 966 392</u>	<u>36 400 782</u>

5 PLANT AND EQUIPMENT

	Leasehold improvements P	Furniture & fittings P	Office equipment P	Motor vehicles P	Computers P	Total P
COST						
At 1 April 2014	-	2 348 991	2 264 190	3 591 996	3 446 707	11 651 884
Additions	1 838 998	511 212	196 252	350 765	170 528	3 067 755
Disposals	-	(28 238)	(23 395)	(253 278)	-	(304 911)
At 31 March 2015	<u>1 838 998</u>	<u>1 838 998</u>	<u>2 831 965</u>	<u>2 437 047</u>	<u>3 689 483</u>	<u>3 617 235</u>
14 414 728						
Additions	-	510 884	1 097 397	1 513 566	7 963 481	11 085 328
Disposals	-	-	(67 748)	(672 808)	(24 569)	(765 125)
At 31 March 2016	<u>1 838 998</u>	<u>3 342 849</u>	<u>3 466 696</u>	<u>4 530 241</u>	<u>11 556 147</u>	<u>24 734 931</u>
ACCUMULATED DEPRECIATION						
At 1 April 2014	-	1 793 091	1 174 366	1 811 329	2 457 369	7 236 155
Charge for the year	121 655	124 567	306 474	793 207	274 107	1 620 010
Disposals	-	(25 414)	(17 396)	(239 883)	-	(282 693)
At 31 March 2015	<u>121 655</u>	<u>1 892 244</u>	<u>1 463 444</u>	<u>2 364 653</u>	<u>2 731 476</u>	<u>8 573 472</u>
Charge for the year	162 207	210 735	362 923	887 103	1 019 925	2 642 893
Disposals	-	-	(45 483)	(605 527)	(11 133)	(662 143)
At 31 March 2016	<u>283 862</u>	<u>2 102 979</u>	<u>1 780 884</u>	<u>2 646 229</u>	<u>3 740 268</u>	<u>10 554 222</u>
CARRYING AMOUNT						
At 31 March 2015	1 717 343	939 721	973 603	1 324 830	885 759	5 841 256
At 31 March 2016	<u>1 555 136</u>	<u>1 239 870</u>	<u>1 685 812</u>	<u>1 884 012</u>	<u>7 815 879</u>	<u>14 180 709</u>

6 TRADE AND OTHER RECEIVABLES

	2016 P	2015 P
Trade receivables	291 640	243 140
Other receivables - Guaranteed loans defaults	131 622	131 622
Allowance for doubtful debts	<u>(332 912)</u>	<u>(332 912)</u>
	90 350	41 850
Prepayments	209 939	61 660
Staff loans and advances	3 648 691	1 920 872
Deposits	8 020	8 020
	<u>3 957 000</u>	<u>2 032 402</u>
Movement in the allowance for doubtful debts		
Balance at the beginning of the year	332 912	201 290
Allowance charged during the year	-	131 622
Balance at the end of the year	<u>332 912</u>	<u>332 912</u>

Trade receivables are provided for based on estimated irrecoverable amounts determined by reference to PPADB's past experience of collecting payments from each trade receivable. In determining the recoverability of trade receivables, the PPADB considers the change in the quality of the trade receivable from the date the credit was initially granted up to the reporting date. The Directors believe that there is no further impairment provision required.



PUBLIC PROCUREMENT AND ASSET DISPOSAL BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

		<u>2016</u> P	<u>2015</u> P
7	CASH AND CASH EQUIVALENTS		
	Cash in hand	4 213	4 660
	Bank balances	8 130 619	10 643 134
	Short-term deposits	7 205 344	17 452 381
	Stanbic Money Market Fund	8 513 342	10 922 340
		<u>23 853 518</u>	<u>39 022 515</u>
8	CAPITAL GRANTS		
	Balance at beginning of year	5 841 256	4 415 729
	Funds used to purchase plant and equipment	11 085 328	3 067 755
	Amortisation of capital grants	(2 642 893)	(1 620 010)
	Net book value of disposals of plant and equipment	(102 982)	(22 218)
	Balance at end of year	<u>14 180 709</u>	<u>5 841 256</u>
	The balance comprises grants received from the Government utilised for the acquisition of items of property, plant and equipment. The carrying amount of the capital grants is equivalent to the carrying amount of plant and equipment.		
9	TRADE AND OTHER PAYABLES		
	Trade payables	2 775 159	1 631 460
	Integrated Procurement Management System (IPMS) Grant - Note 15	-	2 974 368
	Gratuity pay accruals	7 374 985	5 036 420
	Leave pay accruals	2 776 602	1 772 033
	Other payables	1 554 370	1 823 429
		<u>14 481 116</u>	<u>13 237 710</u>
10	PENSION FUND		
	PPADB operates a defined contribution pension fund for its employees. It is funded by contributions from PPADB. Other than the normal contributions due in terms of the Rules of the Pension Fund, PPADB has no other obligations or commitments towards the fund members.		
11	FINANCIAL INSTRUMENTS		
11.1	Categories of financial instruments		
	Financial assets		
	Loans and receivables (including bank balances and cash)	<u>27 600 579</u>	<u>40 993 257</u>
	Financial liabilities		
	Trade and other payables (including amounts due to related parties)	<u>4 329 529</u>	<u>6 429 257</u>

11 FINANCIAL INSTRUMENTS (CONTINUED)

11.2 Capital risk management:

There is no active capital risk management process in place primarily because PPADB is constituted under an Act of Parliament. Under this Act, the Government of Botswana provides grants for both capital and operational expenditure based on detailed budgets submitted by the Board of Directors. The capital of PPADB comprises accumulated funds as disclosed in the statement of changes in funds.

11.3 Interest rate risk:

Financial instruments that are sensitive to interest rate risk are bank balances on call. PPADB invests excess cash resources in a call account which earns interest on a daily basis. A 0.5% increase in interest rates would result in an increase in the surplus for the year of P36,027 (2015: P87,262), while a decrease in interest rates by a similar margin would result in an equal and opposite effect on the surplus for the year. 0.5% is considered the most likely

movement in interest rates based on the past interest rate adjustments announced by the Bank of Botswana.

11.4 Credit risk:

PPADB does not engage in any material trading activities on credit. In this regard the credit risk associated with trade and other receivables is not considered to be material. PPADB holds bank accounts with reputable financial institutions.

11.5 Liquidity risk management:

PPADB's capital and operational expenditure is funded by the Government of Botswana in the form of grants given in terms of the Public Procurement and Asset Disposal Act (2001).

12 TAXATION

No provision for taxation is required as PPADB is exempt from taxation in terms of the Second Schedule of the Income Tax Act (Chapter 52:01).

13 RELATED PARTY TRANSACTIONS

PPADB entered into the following transactions with related parties.

Revenue:

Annual Government subvention

	<u>2016</u>	<u>2015</u>
	P	P
Annual Government subvention	<u>50 000 000</u>	<u>50 000 000</u>
Expenditure:		
Directors' emoluments - fees	304 500	232 500
- for managerial services	<u>3 584 700</u>	<u>2 909 393</u>



PUBLIC PROCUREMENT AND ASSET DISPOSAL BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

14 CONTINGENT LIABILITIES

Staff loans

PPADB had previously guaranteed its staff members' loans for properties, motor vehicles and personal loans held with Stanbic Bank Botswana Limited and Bank Gaborone Limited.

The balances outstanding as at the year end are as follows:

	2016 P	2015 P
Personal loans	-	63 344

All guarantees with the two banks were cancelled during the current year.

Pending litigations

Legal action is being taken against PPADB for various claims for suspected unlawful awarding of tenders and claims by suppliers. In the event that the applicants are successful, the total amount of claims as at 31 March are:

Legal costs	50 000	1 550 000
Claims against PPADB	5 000 000	23 754 266
	<u>5 050 000</u>	<u>25 304 266</u>

PPADB management is confident of successfully defending the claims, hence no accrual has been made for them.

15 INTEGRATED PROCUREMENT MANAGEMENT SYSTEM (IPMS) GRANT

Balance at the beginning of the year	2 974 368	2 935 273
Funds received during the year	-	4 500 000
Expenditure during the year	(2 974 368)	(4 460 905)
Balance at the end of the year	<u>-</u>	<u>2 974 368</u>

Comprising cumulative:

Funds received	9 087 281	9 087 281
Capital expenditure incurred - IPMS	(7 791 486)	(4 817 118)
Capacity building workshops - IPMS	(1 295 795)	(1 295 795)
	<u>-</u>	<u>2 974 368</u>

PPADB is currently managing the IPMS project on behalf of the Ministry of Finance and Development Planning (MFDP). PPADB receives and disburses funds relating to the project as approved by MFDP. The balance at the end of the year represents the unspent portion.

16 EVENTS AFTER THE REPORTING PERIOD

There have been no material events between the reporting date and the date of approval of these financial statements that may require adjustment or disclosure in the financial statements.