Annual Report 2017/18



1.0

Keeping Tenders Clean



2017/ 2018 Annual Report

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CORPORATE STATEMENTS

Our Vision

"To be the centre of excellence in public procurement and asset disposal by 2018"

Mission

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

Unique Selling Proposition

"Keeping Tenders Clean"

Values



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



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



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



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



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

LETTER TO THE MINISTER



24 September 2018

Honourable O. K. Matambo Minister of Finance and Economic Development 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 2018.

Thank you.

Yours faithfully,

Bridget Poppy John Executive Chairperson

2.0 EXECUTIVE CHAIRPERSON'S STATEMENT

It is my pleasure to present the 2017/18 Annual Report for the Public Procurement and Asset Disposal Board (PPADB). The Report provides a summary of the operations including the achievements and challenges encountered during the reporting period.

Bridget Poppy John Executive Chairperson

2.1 PERFORMANCE HIGHLIGHTS

2.2 Strategic Plan implementation

The 2017/18 financial year marked the fifth and last year of the implementation of the 2013-2018 Strategic Plan. The performance of the Board over the last five years was recorded as 76% for the 2013/14 financial year, 88.5%, 91%, 93% and 93.7% for the subsequent years. Over the period of the strategic plan, the Board adopted a risk based thinking approach in the execution of its mandate and received and maintained ISO 9001: 2008 and 2015 certification which facilitated customer centricity leading to improvement in corporate performance and overall customer satisfaction.

Furthermore, the Board significantly improved its support to procurement capacity building through collaboration with Botswana Accountancy College (BAC) and Botswana Public Service College as well as undertaking workshops. The BAC was able to introduce a Certificate and Master's Degree programmes on procurement through PPADB support, with a view to providing training opportunities for public officers and other interested partners. Further, the World Bank Reimbursable Advisory Services (RAS) agreement provided technical assistance to PPADB in strengthening public procurement in Botswana in areas such as preparation of simplified bidding documents, value for money audits, development of a price catalogue for commonly procured items, development of scheme of service, procurement structure and job profiles for Government procurement personnel as well as the review of the procurement of textbooks for schools.

Other notable achievements include the successful implementation of the Integrated Procurement Management System (IPMS) aimed at automating contractor registration, e-bidding and other operations with a view to enhancing transparency and efficiency. The roll-out of IPMS is ongoing. The Board also formulated a Business Continuity Plan to mitigate risk in the event of disaster to ensure its operations continue uninterrupted. The review of the PPAD Act to improve efficiency, governance and accountability commenced during the Strategic Plan and is expected to be concluded in the next financial year.

The Board has since formulated its four-year Strategic Plan covering the period 2018/19 to 2021/2022, maintaining its previous vision of being the Centre of Excellence in Public Procurement and Asset Disposal. In this new Strategic Plan, PPADB promises its clients an Effective, Efficient, Inclusive, and Accountable Public Procurement System that yields value for money, inspires public confidence, enables ease of doing business, and treats bidders equitably whilst driving socio-economic development.

2.3 Financial Year 2017/18 Performance

2.3.1 Quality Management System

During the 2017/18 financial year, PPADB became the first organization to successfully transition from ISO 9001:2008 to ISO 9001:2015 and one of the first three to be certified on the new standard in Botswana.

2.3.2 Compliance Monitoring

The Board undertook Compliance Audits for Ministerial and District Administration Tender Committees during the reporting period to review their financial thresholds based on performance and capacity.

The devolution of authority to Tender Committees is intended to speed up procurement decision making to facilitate timely service delivery.

The main challenge in relation to significant devolution of authority to Tender Committees is inadequate resources for the procurement function in some Procuring Entities to support the work of Tender Committees. Engagement will continue with relevant parties to address this concern, which revolves around the recruitment and retention of skilled personnel. The risk of corruption in procurement will continue to be monitored and mitigated to ensure that tenders are clean and Government gets best value.

2.3.3 Adjudication of Tenders for Central Government

During the 2017/18 financial year, the Board adjudicated on six hundred and fourteen (614) submissions. The figure represents a six percent (6%) increase when compared to the previous financial year when five hundred and seventy-nine (579) submissions were considered by the Board. In terms of value, the Board awarded tenders amounting to P1.907 billion compared to P6.003 billion in the 2016/17 financial year, representing a 68% decrease. The high value in 2016/17 was due to the roads projects awarded under the Ministry of Transport and Communications.

MTCs adjudicated on a total number of five thousand six hundred and ninety three (5 693) submissions during the period under review amounting to P5,409 billion compared to the previous financial year of four thousand and seventy four (4 074) submissions amounting to P5.43 billion. The DATCs adjudicated on a total number of one thousand six hundred and fourty five (1645) submissions amounting to P400.5 million as opposed to the previous year's one thousand six hundred and sixty seven (1 667) submissions totaling P398 million. Records were not available for 4 of the 28 DATCs mainly owing to the absence of Secretaries.

During the period under review, the Special Procurement and Asset Disposal Committee (SPADC) adjudicated a total of ninety-eight (98) requests amounting to P3.604 billion compared to a total of one hundred and sixty nine (169) in 2016/17 financial year amounting to a total of P1.187 billion.

The total value of procurement for PPADB and its Committees for the 2017/18 financial year amounted to P11.322 billion excluding micro procurement by Ministries, lower than the 2016/17 financial year figure of P13.075 billion. The value of tenders awarded through micro procurement for the 2017/18 financial year amounted to P402.6 million compared to P335 million in the 2016/17 financial year.

2.3.4 Contractor Registration

Performance regarding contractor registration improved significantly during the 2017/18 financial year. The number of contractors registered with PPADB increased from twenty-one thousand six hundred and sixty four (21664) in 2016/17 to twentyeight thousand and forty seven (28047) during the period under review. Revenue generated through contractor registration during the reporting period declined by 26.64% from P17, 225,519 in the previous year to P12, 636, 252 in 2017/18. The reduction was as a result of the introduction of online verification of contractor registration in tendering which replaced the submission of manual certified copies. The merging of codes and sub-codes during the review of contractor registration resulted in a loss of revenue. These enhancements were however introduced to improve service delivery and reduce cost for the customer. Improvements in the turnaround time when registering companies through the normal registration process obviated the need for companies to use the express registration as the latter attracts higher registration fees.

2.3.5 Capacity building

The PPADB capacity building programme ensures that those who are, or may become, involved at any level of public procurement and asset disposal have the necessary skills to enable them to perform at the highest level of competence and effectiveness and in the best interest of the public. In the financial year 2017/2018, a total of fifty-seven (57) capacity building workshops were conducted by PPADB, targeting Committees of the Board, Procuring Entities, Parastatals, Local Authorities, the bidding community and other stakeholders from the private sector. Some of the topics covered during training include; (i) understanding of the public procurement and asset disposal legal framework; (ii) procurement responsibilities and roles (iii) procurement planning; (iv) preparation of bidding documents and evaluation of tenders (v) implementing empowerment schemes in procurement; (vi) contract administration; and (vii) procurement ethics and corruption in procurement. A total of one thousand, seven hundred and sixtyfour (1764) participants were trained during the year, a 5% increase from 1684 participants trained in the 2016/17 financial year.

2.4 Challenges

As the Organisation continues to execute its mandate, some of the major challenges which persist include the non-submission of End Of Activity Reports by Procuring Entities, which constrains the monitoring of performance of contractors and tracking delivery of awarded contracts as well as the effectiveness of the Suspension and Delisting Committee to discipline defaulting contractors. Furthermore, nonperforming contractors continue to bid for and win Government contracts, and often continue with their unacceptable performance and misconduct.

The performance of DATCs in relation to compliance to the PPAD Act needs to improve particularly where there are no Secretaries resulting in poor record keeping. Increasing devolution to Tender Committees necessitate enhanced capacity hence it is important for Procuring Entities to continue to resource the procurement function appropriately with skilled personnel.

The conceptualization, planning, and contract management need to receive more attention at Procurement Entity level to address concerns of poor project implementation resulting in time and cost overruns which compromise quality. The Board will continue to identify gaps in the PPAD Act and Regulations and submit those to Government to strengthen the legal framework to support sustainable public procurement that offers best value.

The monitoring and enforcement of empowerment schemes such as Economic Diversification Drive (EDD) and Citizen Economic Empowerment (CEE) need to improve particularly at contract implementation stage to allow for the assessment of the impact of the schemes.

The Board continues to operate with a limited annual budget despite its increasing requirements. There is need to revisit PPADB's annual budget and align it with its mandate, strategy, and key activities. The Board should continue to review its cost recovery initiatives to raise more money and lessen dependence on the Government's subvention.

PERFORMANCE HIGHLIGHTS

2.5 Acknowledgements

I take this opportunity to convey my appreciation to members of the Board and the PPADB staff who consistently worked hard to ensure the attainment of the objectives of the PPADB in the previous strategic plan and indeed in the year 2017/18.

The results achieved by the Board would not have been possible had it not been for the support of Accounting Officers, Ministerial Tender Committees, District Administration Tender Committees, Procuring Entities, bidding community, and other stakeholders. I am grateful for the consistent support of the Ministry of Finance and Economic Development and other organs of Government.

Bridget Poppy John Executive Chairperson



PERFORMANCE HIGHLIGHTS (CONTINUED)



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2017/18

2016/17

60

2013/14

2014/15

2015/16

3.0 BOARD OF DIRECTORS



Board Chairperson Bridget P. John



Executive Director Works Elijah T. Motshedi



Executive Director Supplies Kgakgamalo K. Ketshajwang



Executive Director Services Tumelo Motsumi



Non-Executive Director-Supplies Taolo Sebonego



Non-Executive Director-Services Gerald N. Thipe



Non-Executive Director-Works Andrew Nkaro



Board Secretary Patience Motswagole

3.1 CORPORATE GOVERNANCE

The Public Procurement and Asset Disposal Board (PPADB) consist of Board members who are appointed by the Minister of Finance and Economic Development (MFED). 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). The part time members are drawn from different associations of contractors, professional bodies, and the private sector. The inclusion of non-executive members is intended to promote transparency and bring in industry knowledge to enhance the work of the Board and ensure relevance in addressing emerging issues in the national and international markets that have a bearing on the operations of the Board.

Board members are responsible for providing strategic guidance and ensuring that PPADB successfully delivers on its mandate as highlighted in the PPAD Act. 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. The Board is also responsible for the management of the contractor registration system, the establishment of Tender Committees and devolution of authority to them, monitoring compliance to the Act, issuing standardized bidding packages, supporting building and procurement capacity advising stakeholders on matters of public procurement and asset disposal. The Board adjudication meetings are held weekly and those of the Board Management which provides strategic direction for the organization are held quarterly, and on a need basis.

3.2 Board Committees

Board Management

The Board is referred to as the Board Management when considering operational matters specific to PPADB as an organisation and not tender related business for Government's Procuring and Disposing Entities. The Board Management is responsible for approving and monitoring implementation of all policies of the PPADB as well as the Strategic Plan of the organization. It also ensures that the monitoring and implementation of the Strategic Plan is done on a quarterly basis with a view to ensuring that the organization achieves its intended objectives. It considers and approves PPADB's tenders of value exceeding P5 million and appoints senior staff members of managerial positions at Bands 5 and 6. Board Management also approves the organizational budget and any virements during the year for amounts in excess of P500 000.

Board Management comprises of the following;

- The Executive Chairperson (Chairperson)
- All Full Time and Part-Time Board members
- The Board Secretary (Secretary)

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

Board Changes

During the period under review, Ms. Tumelo Motsumi was appointed Executive Director Services on the 13th September 2017, replacing the deceased, Ms. Joyce M. Mokobi.

Committees of the Board

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

Board Tender Committee

The Committee adjudicates and awards tenders for the procurement of supplies, services and works of values ranging from P3, 000 001 to P5, 000,000. The Committee is comprised of the following:

Mr. T. Sebonego	Part-time Director, Supplies (Chairperson)
Mr. K.K Ketshajwang	Full-time Director-Supplies
Mr. E.T. Motshedi	Full-time Director, Works
Ms. P. Chengeta	Chief Accountant (Secretary)

CORPORATE GOVERNANCE (CONTINUED)

Human Resources Committee

The Human Resources Committee (HRC) is a committee of the Board whose mandate is to advise the Board on a wide range of human resource management policies and to ensure that the Board is adequately resourced with human capital to execute its mandate. The Committee provides direction on the interpretation and application of the General Conditions of Service which regulate relations between the PPADB and its employees. The Committee also provides advice on strategic human resource management issues such as organizational development, management development and succession planning. It is responsible for compliance and monitoring to ensure adherence to Corporate Governance Standards. The Committee is also responsible for making recommendations to the Board Management on the appointment of staff on Bands 5 and 6.

The Committee comprised the following:

Mr. A. Nkaro	Part-time Director, Works (Chairperson)
Mr. G. N. Thipe	Part-time Director, Services
Ms. T. Motsumi	Full-Time Director, Services
Ms. K. Henry	Human Resources Manager (Secretary)-resigned on the 21st January 2018.

Finance and Audit Committee

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

The Committee comprised of the following:

Mr. G. N. Thipe	Part-time Director, Services (Chairperson)
Mr. T. Sebonego	Part-time Director, Supplies
Mr. K. K. Ketshajwang	Executive Director, Supplies
Ms. L. Tlale	Management Accountant (Secretary)

3.3 Committees of the Board: Tenderrelated Functions

The Special Procurement and Asset Disposal Committee (SPADC) is established in terms of Section 63 of the PPAD Act to handle procurement of highly sensitive works, supplies and services by the disciplined forces and other institutions 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, Directorate on Corruption and Economic Crime, Botswana Prison Service 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)

These Committees are established in terms of Section 61 of the PPAD Act. The Committees comprise officials from Ministries who carry out duties delegated to them by the Board. During the period under review MTCs adjudicated tenders on behalf of the Board as per the delegated responsibility threshold. The threshold varies from across MTCs with the highest threshold being P300,000,000 and the lowest being P25,000,000. There are 18 MTCs and two Tender Committees for Administration of Justice and Central Medical Stores. The financial thresholds for Committees are reviewed every two years. The Board last reviewed the financial thresholds of the Committees on the 1st of May 2016. The thresholds are due for increase during the 2018/19 financial year following compliance and performance audits of Tender Committees.

District Administration Tender Committees (DATCs)

Members of the Committees are appointed by the Board upon recommendation by 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. They comprise officials based in the Districts who adjudicate tenders on behalf of the Board at their respective Districts. A comprehensive assessment of the committees was conducted to determine their capacity and performance during the 2015/16 financial year. As a result, the Board adopted a nonuniform financial threshold based on the capacity, procurement requirements, and performance. The financial ceilings for the period under review ranged from P2,000,000 to P10,000,000 and became effective on 01st May, 2016.

CORPORATE GOVERNANCE (CONTINUED)

Suspension and Delisting Disciplinary Committee

The Suspension and Delisting Committee is a committee of the Board established pursuant to Section 50 of the PPAD Act. The mandate of the Committee is to investigate, at the direction of the Board, issues of performance and non-compliance to the Code of Conduct for Contractors or established breaches of Contract, and thereafter make recommendations to the Board on appropriate action to be taken. The final decision may involve reprimanding the Contractor, suspending or delisting (removing the concerned contractor from the PPADB Register) from participating in government procurement and asset disposal for a specified period of time. The modus operandi of the Committee is legislated by the Public Procurement and Asset Disposal (Suspension and Delisting of Contractors Regulations) which were published in 2009. The Contractors Code of Conduct of 2013 has been appended to the Suspension and Delisting Regulations for legal effect. The Committee commenced its operations on 12th March 2013 following publication of the Code of Conduct for Contractors.

The Committee is comprised of two (2) members from the private sector, one (1) member from the Directorate on Corruption and Economic Crime (DCEC) and the three PPADB Divisional Managers (Supplies, Services and Works). The Senior Legal Officer at PPADB serves as the Secretary to the Committee. Half the membership constitutes a quorum.

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 Economic Development 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.

3.4 Other Committees

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 Economic Development from contractors' associations and professional bodies. Ministries. Public Oversight Agencies, entities charged with monitoring of public enterprise performance and the PPAD Board as outlined in section 111 of the PPAD Act. The function of the Committee is to review the performance of the Board, its Committees, the procuring and disposal entities, and the Independent Complaints Review 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 PPADB with those of other public entities, in addition to other functions. This Committee was not active during the period under review.



3.5 EXECUTIVE MANAGEMENT TEAM



Board Chairperson Bridget P. John



Executive Director Works Elijah T. Motshedi



Executive Director Supplies Kgakgamalo K. Ketshajwang



Executive Director Services Tumelo Motsumi



General Manager Corporate Services Baitshepi Tebogo



Information Technology Manager Oteng Raesima



Senior Manager: Strategy, Research and Policy Julia Ditlhong



Board Secretary Patience Motswagole

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3.6 MANAGEMENT TEAM



Divisional Manager Works Augustine Tema



Divisional Manager Supplies Lucas Kennekae



Ag. Divisional Manager Services Gofaone Awich



Contractor Registration Unit Manager William Moswetsi



Internal Audit Manager Ontiretse Diboko



Public Relations and Education Manager Charles Keikotlhae



Human Resources Manager Kelebantswe Henry



Strategy Manager Tshepo Sayed



Chief Accountant Portia Chengeta

MANAGEMENT TEAM (CONTINUED)



Management Accountant Lesego Tlale



Francistown Centre Coordinator Uwo Marobela



Senior Analyst QMS Tshepo Owen Katse



Devolution and Compliance Coordinator Lefoko Ramoatlhodi



Senior Legal Officer Keneilwe Modise



ICT Coordinator Neo Mogwai



Capacity Building Coordinator Lady Botlhole

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Senior Administration Officer Margaret Rapuleng



Senior Purchasing Officer Malebogo Pule

4.0 Strategic Plan Implementation

4.1 CUSTOMER PERSPECTIVE

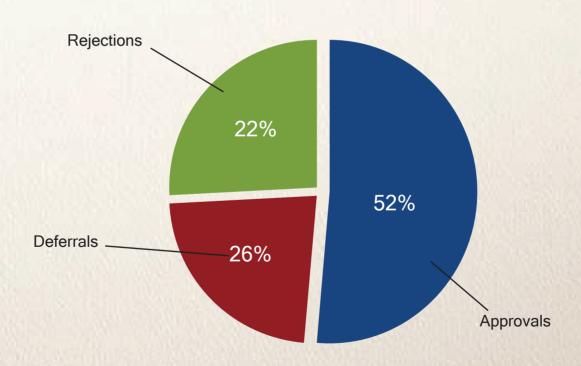
Adjudication and Award of Tenders

Board Adjudication

During the 2017/18 financial year, the Board adjudicated on six hundred and fourteen (614) submissions. The figure represents six percent (6%) increase when compared to the previous financial year when five hundred and seventy-nine (579) submissions were made for the Board's adjudication.

Table 1: Total submissions to the Board in 2017/18 financial year					
Services	Supplies	Works	OBS	Total	TENDER AWARDS (BWP)
Approvals	17	48	29	37	131
Deferrals	24	14	11	16	65
Rejections	25	13	18	1	57
Sub Total	66	75	58	54	253
Noted & others	56	37	201	67	361
Total	122	112	259	121	614

Figure 1: Distribution of Board Adjudication decisions



Analysis of Submissions

During the year under review, the Board received six hundred and fourteen (614) submissions and only two hundred and fifty-three (253) of those submissions required the Board to make adjudication decisions while the rest were only for noting. The Board approved one hundred and thirty-one (131), (52%), deferred its decision on sixty five (65), (26%) of the submissions and rejected fifty seven (57), (22%) of the submissions and rejected fifty seven (57), (22%) of the submitted requests. This represents a decrease in the approval rate from 64% during the previous financial year to 52% in the year under review. Deferrals increased from 21% to 23%, while rejections increased from 15% to 23% when compared to the previous year. The decrease in the percentage of approvals and the increase in both the deferral rate and the rejection rate require that measures be put in place to attain the Board's target of 70% approval, 20% deferral rate, and 10% rejection rate.

During the 2017/18 financial year, PPADB approved tenders whose value exceeded the thresholds of MTCs and considered retroactive requests of any value given that Committees have not been authorised to consider such retroactive requests. The Board awarded tenders from Ministries amounting to P1,907,968,530.09 which represents a decrease of P4,095,115,090.82 or 68% on procurement approved by PPADB in the previous financial year as there was little progress in roads projects during the 2017/18 financial year. The value of tenders awarded through open competitive bidding amounted to P1, 490 607 694. 59, representing 38% of the value of tenders awarded by the Board during the year under review against a target of 70% of tenders which should be subjected to competitive bidding. Overreliance on less competitive bidding by Procuring Entities is a matter of concern which needs to be addressed through proper procurement planning, among others, to ensure Government gets best value.

Table 3: Total Awards made by PPADB per Ministry

MINISTRY	TENDER AWARDS (BWP)
Ministry of Health and Wellness	590,675,807.20
Ministry of Transport and Communications	938,234,029.40
Ministry of Defence, Justice and Security	201,185,010.56
Ministry of Land Management, Water and Sanitation Services	175,454,482.93
Ministry of Infrastructure and Housing Development	2,419,200.00
TOTAL	1, 907, 968, 530.09

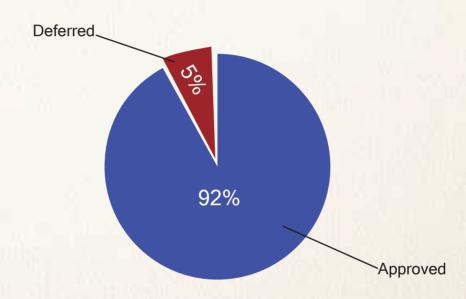
In the previous review period, the Ministry of Transport and Communications had the highest value of awarded tenders at P3 521 622 070.83 compared to the value of P938, 234, 029.40 in 2017/18 although it remained highest in terms of value of awarded tenders. This was followed by the Ministry of Health and Wellness at P590,675,807.20. The Ministry of Infrastructure and Housing Development had the least value of tenders awarded by the Board which stood at P2,419, 200.00 as its MTC handled almost all its tenders. During the period under review, the Board did not receive requests to award tenders from thirteen (13) Ministries namely; Ministry of Local Government and Rural Development, Ministry of Finance and Economic Development, Ministry of Investment, Trade and Industry, Ministry of Agricultural Development and Food Security, Ministry of Employment, Labour Productivity and Skills Development, Ministry of Basic Education, Ministry of Environment, Natural Resources Conservation and Tourism, Ministry of Mineral Technology Resources. Green and Energy Security, Ministry of Presidential Affairs and Public Administration, Ministry of Youth Empowerment, Sport and Culture Development, Ministry of Tertiary Education, Research, Science and Technology, Ministry of Nationality Immigration and Gender Affairs and Ministry of International Affairs and Cooperation. This demonstrates that during the period under review, these Ministries did not have projects that exceeded MTCs/DATCs thresholds. Significant devolution of authority is therefore being attained.

SPADC Adjudication

During the 2017/18 financial year, SPADC considered a total of ninety-eight (98) requests compared to one hundred and sixtynine (169) requests in the financial year 2016/17. This represent a decrease of 42% in the number of requests submitted during the period under review. The Committee approved ninety (90) requests, representing 92%, which is higher than that of the previous year of 86% approval rate. There were five (5), (5%) deferrals compared to 11% deferrals in 2016/17 and three (3), (3%) rejections, showing a decline from the 5% in the previous year.

The total amount of awarded tenders by the Committee during the period under review was P3 604 074 919.01 compared to P1 187 296 052.62 total amount of awarded tenders in the 2016/17 financial year.

Figure 2: Distribution of decisions reached by SPADC during the 2017/18 financial year.



Ministerial Tender Committees (MTCs) and District Tender Committee Thresholds

The review of financial thresholds, which is undertaken biennially, is informed by a comprehensive assessment of all Committees to determine their capacity and performance. Following the 2017/18 assessment, the Board adopted non-uniform financial thresholds for various MTCs and DATCs, which will become effective in the 2018/19 financial year.

Ministerial Tender Committees (MTCs) Adjudication

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MTCs adjudicated on a total number of five thousand six hundred and ninety-three (5 693) submissions during the period under review compared to the previous financial year number of four thousand and seventy four (4 074) submissions. Of the total submissions, four thousand, seven hundred and fifty-nine (4 759), (83.6%) were approved, five hundred and ninety eight (598), (10.5%) were deferred and three hundred and thirty six (336) (336), (5.9%) were rejected. The approval rate was slightly higher than that of the previous financial year's of 82%.

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 P5 409 503 440.63 almost the same amount with that of the previous financial year which stood at P5 435 892 916.49, representing a difference in terms of value of one percent (1%). Micro procurement in 2017/18 financial year amounted to P402 605 516.71, higher than that of the previous review period which amounted to P335 432 989.09.



PPADB team during site visit of Tonota-Francistown road project by Thapama Bridge

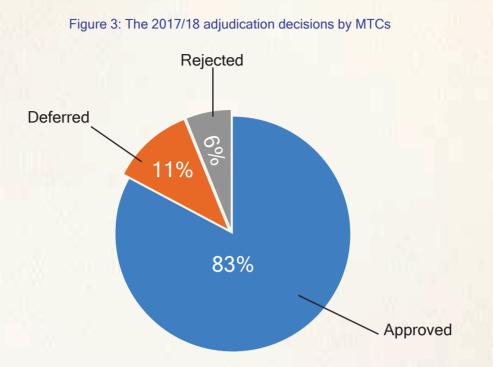


Table 5: Tender awards made by different Ministerial Tender Committees

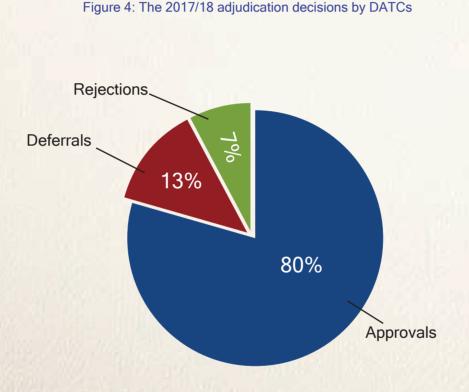
22

MINISTERIAL TENDER	TENDER AWARDS (BWP)	MICRO-PROCUREMENT
COMMITTEEE	, , , ,	(BWP)
MDJS	519 194 536.76	6 500 371.40
MLWS	364 658 189.88	47 202 991,65
MOPAGPA	278 268 843.67	28 425 876.03
MIAC	17 016 187.46	4 389 904.62
MITI	104 037 350.73	8 738 663.56
MTC	895 933 911.97	2 692 5135.3
MOHW	666 297 730.66	116 822 127.26
MOA	139 878 432.40	16 711 139.79
AOJ	54 374 210.95	0
MFED	28 513 811.98	12 883 882.04
MMGE	81 391 198.40	3796641.92
MENT	125 014 423.14	15 403 106.67
MLGRD	207 137 269.62	13 948 692.10
MYSC	59,509,066.20	7 703 213.16
MIH	547 548 419.39	1292220.83
MOBE	458 357 175.49	33 336 067.52
MOTE	33 633 821.88	30 201 985.71
MNIG	278 268 843.67	12 981 483.37
MELSD	31 005 605.69	15 342 013.78
CAC	519 464 410.69	0
TOTAL	5 409 503 440.63	402 605 516.71

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District Administration Tender Committees (DATCs) Adjudication

Only twenty-four (24) of the twenty-eight (28) DATCs submitted their adjudication statistics and the value of awarded tenders. However, some DATCs provided incomplete information due to poor record keeping and inconsistent submission of the required information. A total of one thousand six hundred and forty-five (1645) requests were submitted to the DATCs for adjudication with one hundred and twelve (112) of them for noting purposes only. Out of the total submissions, the Committees approved one thousand two hundred and twenty-one (1221) submissions representing eighty percent (80%) of the total submissions while deferrals stood at two hundred and four (204) or thirteen percent (13%) of the total submissions. There were one hundred and eight (108) rejections or seven percent (7%) of the total submissions. The eighty percent (80%) approval rate show an increase compared to the previous year's approval rate of seventy-three (73%). The 2017/18 deferral rate of twelve percent (13%) is lower than the previous year's rate of eight percent (8%).



During the period under review, Departments under Central Government submitted requests to relevant DATCs amounting to P400, 494, 560.27, which was higher than the previous year's total of P391, 121,239.20 representing a difference in value of two percent (2.4%).

Table 7: Tender awards made by District Administration Tender Committees for the 2017/18 financial year.

DISTRICT ADMINISTRATION	TOTAL VALUES FOR 2017/18
Mabutsane	459 668.92
Jwaneng	1 670 457.58
Mochudi	28 080 320.24
F/Town	49 025 725.16
Tutume	3 047 218.79
Letlhakeng	12 160 591.52
Molepolole	58 411 455.49
Serowe	9 797 441.97
Masunga	13 002 926.71
Ghanzi	675 288.70
Kasane	8 874 865.77
Kanye	8 307 094.78
Lobatse	681 897.35
Ramotswa	39 139 062.52
Goodhope	8 733 770.07
Tonota	36 898 509.85
Letlhakane	23 983 307.70
Palapye	593,808.62
Maun	54 484 513.13
Tsabong	29 954 727.76
Hukuntsi	2 508 715.58
Gaborone	Not submitted
Mogoditsane	1 188 868.68
Selibe Phikwe	8 455 164.58
Moshupa	Not submitted
Mahalapye	359 158.80
Bobonong	Not submitted
Gumare	Not Active
TOTAL	400, 494, 560.27

Gumare DATC was inactive during the period under review due to the vacancy in the Secretariat. Gaborone DATC was not ready during the data collection exercise while Adjudication statistics in respect of Bobonong and Moshupa could also not be obtained as the DATCs had no Secretariat. The Board continued to appeal to the relevant Ministries to fill vacancies in the DATC Secretariat.

Suspension and Delisting Disciplinary Committee

In the 2017/18 financial year, the Committee received five (5) cases referred to it by the Board. Cases that were carried forward from the previous financial years were nineteen (19) resulting in a total number of twenty four (24) cases in the period under review. The Committee considered, investigated and concluded seven (7) cases during the 2017/18 financial year and made recommendations to the Board on disciplinary action ranging from warning to suspension. The rest of the cases remain under investigation owing to delays experienced in gathering relevant information. Procuring Entities, Ministerial Tender Committees, District Administration Tender Committees, Land Boards, Local Authorities, Parastatals and all Government Departments are advised not to engage in public procurement or asset disposal (including Micro procurement) with the contractors that were found in breach of the code of conduct or their contracts.

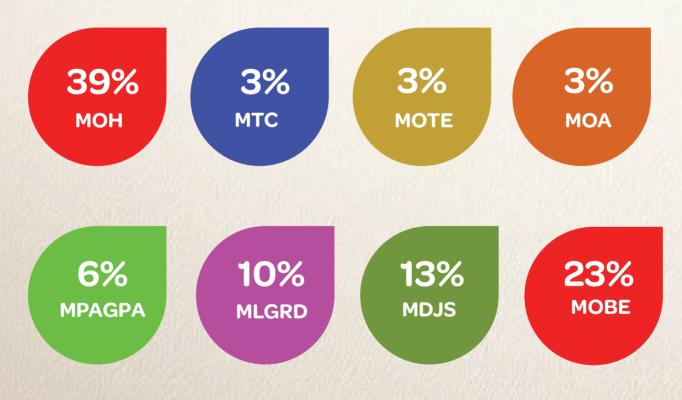
Independent Complaints Review Committee (ICRC)

During the 2017/18 financial year, the Committee received only one complaint. The Committee directed that the contended tender be cancelled and a new tender be floated.

Retroactive requests

A total of thirty-one (31) retroactive requests were submitted to the Board during the year under review. The number shows an increase in comparison to the previous year's twenty two (22) retroactive requests. The Board approved only two (2) requests which were well justified. The Ministry of Health and Wellness submitted the largest number of requests at twelve (12), followed by the Ministry of Basic Education at seven (7), then the Ministry of Defence, Justice and Security at four (4) and that of Local Government and Rural Development at three (3). The Ministry of Presidential Affairs, Governance and Public Administration submitted two (2) requests. The Ministry of Agricultural Development and Food Security, the Ministry of Tertiary Education, Research, Science and Technology, and the Ministry of Transport and Communications each submitted one (1) request. Ten (10) Ministries did not submit any retroactive request during the financial year 2017/18.

The total value of retroactive requests amounted to P5,427,431.57, significantly lower than the previous year's amount of P12,185,085.65. The Board approved retroactive requests amounting to P198,127.00, representing 4% of the total value for the retroactive requests in line with the Retroactive Approval Order. The approved requests satisfied the order that allows the Board to approve retroactive requests provided they were urgent and intended to save lives and protect the environment. Procuring Entities are urged to consistently plan their procurement and initiate it on time to avoid failure to follow procurement procedures and to also reduce the number of Retroactive requests.





End of Activity Reports (EOARs)

During the reporting period 2017/18, the Board received fifteen (15) EOARs against a target of nineteen (19). These reports are necessary for the Board to analyse performance of contractors and take appropriate action where necessary. Further, the reports inform the Board on future award decisions relating to the contractors concerned. Of all the EOARs received, a total average of sixty six percent (66%) showed that the projects yielded value for money as they were completed on time, within cost and to the expected quality as compared to sixty five percent (65%) in the previous financial year.

Devolution of authority

The PPADB 2013 - 2018 Strategic Plan intends to gradually establish PPADB as a proper regulatory body with full oversight, compliance monitoring and standard setting powers. The Public Procurement and Asset Disposal Act Chapter 42:08 of 2001 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 financial ceilings of both the MTCs and DATCs biennially.

During the 2017/18 financial year, the Board undertook compliance audits of MTCs and DATCs, with the intention to review the thresholds, based on the performance and capacity of these Committees. The audit findings and recommendations were shared with respective committees. The current Committee thresholds are due for increase during the 2018-19 financial year.

Strengthening of Procurement Units

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The strengthening of Procurement Units is work in progress as all the eighteen (18) Ministries have recruited at least one officer who is dedicated to procurement duties on a fulltime basis. All the Ministries have successfully recruited for the position of Procurement Manager save for MIAC and MYSC. Efforts are advanced to secure officers for these vacant positions in the two Ministries concerned. The approved Scheme of Service for Procurement Unit (PU) proposes that the PU should be headed at the level of Director, thus transforming the PU into a Department in its own right. As at end of the 2017/18 financial year, five Ministries had successfully recruited for the position of Director-Procurement.

Procurement and Disposal Plans

During the last quarter of 2017/18, all Ministries submitted their Procurement Plans for the financial year 2018/19. The Board continued to closely monitor the implementation of the plans to ensure that procurement and disposal are initiated on time to avoid "urgent" and retroactive requests. The Procurement plans are now being published in the PPADB website and IPMS portal for transparency and to give the bidding community time to prepare themselves for bidding. Procuring Entities are urged to plan their asset disposal which is an area that requires significant improvement.

Capacity Building

A total of fifty-seven (57) capacity building workshops were conducted by PPADB during the 2017/2018 financial year. The workshops targeted Ministerial Tender Committees (MTCs) and District Administration Tender Committees (DATCs), Procuring Entities, Parastatals, Local Authorities, the bidding community and other stakeholders from the private sector and a total number of one thousand. seven hundred and sixty-four (1764) participants were trained during the year, a 5% increase from 1684 participants trained in the 2016/17 financial year. PPADB continues to be inundated with requests for training from the various stakeholders, indicating the relevance of public procurement and asset disposal training.

Overall, feedback from participants show that they appreciate the PPADB capacity building programme as they find the training useful and relevant to their day to day procurement and asset disposal performance.

The topics covered during training include; (i) understanding of the public procurement and asset disposal legal framework; (ii) procurement responsibilities and roles (iii) procurement planning and methods; (iv) the procurement cycle; (v) preparation of bidding documents and evaluation of tenders (vi) implementation of empowerment schemes in procurement; (vii) contract administration; (viii) debriefing process and complaints review; (ix) registration, suspension and delisting of contractors and (x) procurement ethics and corruption in procurement.

Figure 6: Number of Workshops Undertaken by the Board during the 2017/18 financial Year.



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Challenges

- The Board is inundated with requests for training and the Board strives to attend to such request and this stretches the Board's limited resources.
- The slow uptake of the BAC Certificate in Public Sector Procurement Management programme is expected to improve so that Ministries may enroll more of their employees to address capacity gaps.
- Professionalization of the procurement cadre is progressing slowly as Procurement Units continue to be under-resourced despite PPADB providing guidance on the Procurement Unit Structure and the Procurement Scheme of Service.

Strategic Partnerships

Botswana Accountancy College (BAC)

The Certificate in Public Sector Procurement and Tender Process Management developed by BAC in partnership with PPADB is on-going as per the Memorandum of Understanding (MOU) signed on the 14th July 2014 between PPADB and BAC to establish this collaboration for public officers and other parties to be trained.

On the 20th June 2017, BAC launched the Masters Programme in Procurement and Logistics Management which was developed by the BAC and the Sheffield Hallam University (UK). The programme has started enrolling prospective students.

Challenges

 A large number of students enrolled in these programmes are self-financing, and hence BAC are not enrolling sufficient numbers to optimize their capacity. Ministries are not enrolling enough officers to these programmes despite capacity gaps on the ground.

Botswana Public Service College Memorandum of Understanding;

In 2017-2018, PPADB participated in the Public Service and Supervisory Induction programmes organized and offered by the BPSC as established by the MOU entered into by the two organizations.

Challenge

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 Some of the public service induction and supervisory induction courses were not conducted during the financial year due to budgetary constraints experienced by the College.

World Bank

PPADB engaged the World Bank through the Reimbursable Advisory Services (RAS) agreement to provide technical assistance to PPADB in strengthening public procurement in Botswana; Under the agreement, the following have been achieved;

(a) Support for Improving the Procurement of Textbooks for Schools by identifying all challenges related to the aggregation of demand for textbooks, the process of evaluating and coming up with a prescription list for text books, the printing of books and the choice of books by schools and coming up with a Guidance Note to be used by the Ministry. The Guidance Note has been shared with the Ministry of Basic Education for implementation.

(b) Support for a Technical and Value for Money Audit was carried out for pre-selected ten (10) high value infrastructure projects to assess whether value for money was achieved during the implementation of these projects and if the procurement processes and procedures were followed. The project site visits covered Shakawe Senior Secondary School, Goodhope Senior Secondary School, Maun Airport, Sir Seretse Khama Airport, Hukuntsi, Metsimothabe and Tlokweng roads, Thune and Lotsane dams and the Gaborone Sewage Reticulation system. Desktop review and site visits for all the ten projects have been conducted and the final report will be submitted in the 2018/19 financial year.

Public Confidence in the Public Procurement System Publicity

During the 2017/18 financial year, most of the PPADB events and activities were covered by the media; print, radio and television and below is the assessment of print media reports for the period under review:

•Six hundred and twenty (620) 97% of the reports were positive, exceeding the the target of 70%

•Twenty (20) 3% of the reports were negative against a target of 30%.

Overall 'positive' articles outnumbered the 'negative' ones and this shows that efforts put in place to explain the mandate of the Board and its Committees are bearing fruits.

During the period under review the Board held a media briefing in accordance with Section 87(b) of the PPAD Act to update the media on the Board's achievements, challenges and interventions and to provide an opportunity for exchange of views on public procurement and asset disposal in general.

Issues discussed during the media briefing include among others, competition among contractors to achieve value for money in the interest of efficiency and level playing field; An open, competitive economy, and changing external obligations in relation to trade and procurement; Integrity, fairness and public confidence in the procurement and disposal processes; and Aggregation of common items for economies of scale. Also considered are the application of the socio-economic policies through procurement being the Economic Diversification Drive (EDD); Citizen Economic Empowerment (CEE); and Local Procurement Scheme.

In furthering the above intention of capacitating the media with relevant information, the Board also held a media capacity building workshop during the review period. The objective was to empower journalists so that they could accurately inform the public on Procurement and Asset Disposal system.

Public Confidence Index

As was the case in 2015/16 financial year, PPADB carried out a survey on Public Confidence in the Public Procurement and Asset Disposal System in Botswana during the 2017/18 financial year which started in October 2017 and ended in March 2018. The survey targeted the general public.

Compared to the 2015/16 results of 55%, the 2017/18 Public Confidence Survey results showed 57% public confidence in the Procurement and Asset Disposal System, an increase of 2%.

The Public Confidence Index assessed the demographic profile of the respondents; confidence ratings of performance of PPADB in different Adjudication Committees and procurement sectors and stages; reasons for the stated ratings; views on what can be done to improve confidence ratings; and recommendations on to how to improve the Procurement and Asset Disposal Systems in general. One of the recommendations of the survey was the need to enhance public awareness of the various anticorruption measures that are available at PPADB. The other key recommendation called on PPADB to give the public more information about the tendering process, so that they can have the confidence that there are checks and balances to 'keep tenders clean'.

Customer Satisfaction Survey

PPADB also carried out the Customer Satisfaction Survey in 2017/18 Financial year to measure the level of PPADB Customer Satisfaction level, targeting Contractors, PEs, PUs and Board Committees. The study found that PPADB customers are generally satisfied with its services. Customers called for guidance, current information, more consultation and capacity building that covers the full scope of work, full authority on procurement matters and efficient and reliable systems. Most of these expectations are being met as initiatives are already in place to address them. The 2017/18 overall Customer Satisfaction Index stood at (82%) which is commendable and demonstrates the fruits of being customer centric as required of an ISO certified organization.

Promoting Transparency

During the period under review, 41 Board meetings were held and Decisions (excluding those of the Board Committees), published in the DailyNews. Furthermore, Procurement plans continue to be published.

As a way of enhancing transparency, PPADB launched the Tip-off anonymous service in June 2017 operated by Deloitte whereby members of the public, contractors, procuring entities, or even PPADB employees can report perceived acts of corruption or unbecoming behavior without fear of intimidation. A few reports received were investigated and measures put in place to publicise the services for optimal use.

Outreach

As part of implementing the recommendations of the 2015/16 Public Confidence and Customer Satisfaction surveys, most of which called for more concerted efforts in raising awareness and educating the public on the Public Procurement and Asset Disposal System, PPADB undertook a number of outreach activities.

These activities included participation in local fairs and exhibitions such as the Business Botswana Northern Trade Fair, Consumer Fair, Youth Expo and Global Expo. PPADB also addressed four (4) full council meetings (Charleshill, Jwaneng, Tsabong and Maun) and held four (4) Open Days (Charleshill, Jwaneng, Tsabong and Lobatse).

Such efforts were also enhanced through the media channels such as media releases and interviews as well as coverage of topical procurement and asset disposal news. PPADB Facebook was also utilized to share information on PPADB activities.

Complaints

A total of two hundred and forty-six (246) complaints relating to adjudication and award of tenders were received by PPADB during the 2017/2018 financial year compared to one hundred and fifty three (153) in the previous financial year

Out of the two hundred and forty-six (246) complaints received, one hundred and thirty six (136) complaints were those lodged against MTCs and DATCs and subsequently addressed at that level, four (4) complaints were lodged directly against the Board, seventy four (74) were brought before the Board as appeals on MTC and DATC decisions. Twelve (12) were Parastatals complaints while the remaining twenty (20) fell under the ambit of the LAPAD Act and were therefore forwarded to the relevant authorities.

Litigation before the Courts

During the 2017/18 reporting period, PPADB was cited as a respondent in ten (10) cases involving tender adjudication decisions by the Board and its adjudication committees compared to nine (9) in the previous financial year. One (1) case was carried over from the previous years compared to seven (7) carried over in the previous reporting period. These cases involved administrative reviews and other tender related issues. Two (2) cases against PPADB and its Committees were dismissed. Three (3) were withdrawn by the Complainants compared to two (2) in the previous reporting period and five (5) cases are ongoing compared to one (1) in the previous reporting period.

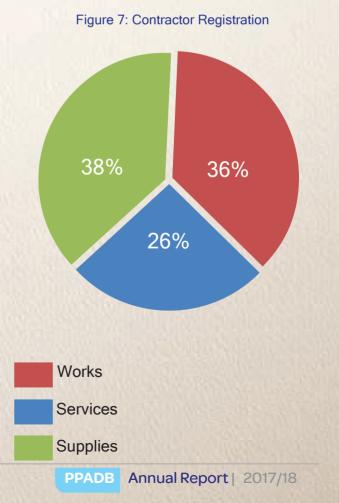
Contractor Registration

The Board is required under Section 49 of the PPAD Act to manage all aspects of contractor registration system, inclusive of all decisions on application for registration, reclassification of registered firms and the disciplining 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 Consultancy. During the 2017/18 financial year, the Board introduced online verification of contractor registration at tender which is part of the Integrated Procurement Management System (IPMS). The key objectives of the online contractor verification include but are not limited to the following;

- Reduction in cost to the contractor in terms of travel.
- Enhance transparency throughout the registration process.
- The system will do away with the need to certify PPADB copies of certificates for tendering purposes.
- Real time viewing of contractors registered with PPADB in different codes and grades.

Revenue generated through contractor registration during the reporting period declined by 26.64% from P17, 225,519 in the previous year to P12, 636, 252 in 2017/18 financial year due to youth contractors charged at half price and the phasing out of certified copies of documents by the Board for tendering due to online verification of contractors in the IPMS.

During the reporting period, the Board approved 36,712 Contractor registration applications of which 13,993 were for Supplies, 9,555 were for Services and 13,164 were for Works. This represented an overall cumulative percentage of 38% Suppliers, 26% Services and 36% Works Contractors as per the figure below.



Challenges and interventions

- The Board has noted that there is still lack of access to computers and internet by some members of the bidding community. The Board has made available the Customer Resource Centre at the PPADB offices in Gaborone and Francistown for use by applicants free of charge. However, the facility is oversubscribed resulting in customer complaints occasioned by waiting period.
- The Board has further noted that there is generally lack of basic knowledge in computing skills by the bidding community. The Board continued to provide free training to the bidding community across the country.
- The Board has experienced challenges with network connectivity since March 2013 but has seen some improvements over time as there was some optimization on the network and database design. Furthermore, measures are in place to secure more bandwidth to improve processing time and access to the system.

Integrated Procurement Management System (IPMS)

During the 2017/18 financial year, and following completion of the systems development and pilot stages, the rollout of the Integrated Procurement Management System (IPMS) to Ministries in implementation of milestone two (M2) modules namely ITT (Creation, Vetting and Release), Evaluation, Adjudication and Dispute Resolution commenced. A three-year strategy of the rollout implementation has been devised to guide PPADB in rolling out the system by 2021. Task force and implementation teams have been formed to spearhead the task of ensuring that all ministries fully utilize the system on the target date.

In initiating the rollout activities, the implementation team engaged six (6) Ministries during the period under review to implement their procurement activities through the system. These procurement activities were run and awarded through the system.

The PPAD Act requires biennial review of the registered contractor's database to re-evaluate their eligibility on the codes they are registered for. Additional functionality to enable online re-evaluation of the Contractor registration module has therefore been developed to facilitate this requirement.

Dikgatlhong Dam Project

4.2 INTERNAL PROCESSESES PERSPECTIVE

Implementation of Quality Management System (QMS)

The successful transition of PPADB into ISO 9001:2015 buttresses PPADB's commitment to the provision of quality service in line with customer expectations and stakeholder requirements. Further, it underscores PPADB's aspiration to become a center of excellence in public procurement and asset disposal thus facilitating procurement outcomes that drive economic development in Botswana.

The implementation of the Standard further enhances the organisation's corporate governance principles as it encapsulates risk management, aligning the quality management to the strategy of the organisation, knowledge management, as well as quality auditing among others. It is PPADB's desire that Public Service institutions especially Procuring Entities embrace Quality Management System to augment PPADB's efforts geared towards the improvement of the entire procurement cycle.

Review of the Strategic Plan

During the review period, the Board formulated its four-year Strategic Plan covering the period 2018/19 to 2021/2022, maintaining its previous vision of being the Centre of Excellence in Public Procurement and Asset Disposal. The overall intent of the Strategy is to maintain an Efficient, Transparent, Fair and Accountable Public Procurement System that inspires public confidence, and promotes ease of doing business whilst driving socio-economic development.

The need to pay closer attention to compliance on Sustainable Public Procurement regulations, use of open domestic bidding as the default method of procurement, successful completion of projects within time, scope, budget and quality to ensure value for money procurement have emerged as some of the key strategic focus for the Board in the new strategy.

During the four year period, the organisation endeavors to track and address perceived or real corruption to increase public confidence in the procurement system. The Strategic Plan envisages that the high-level outcomes would be realised by addressing the following areas: Improve value for money through: Accelerated devolution of adjudication and award of tenders to Procuring Entities by 2022; Promoting competitive tendering through open domestic bidding: Increased number of commonly procured items in the Price Catalogues and facilitating sustainable procurement by promoting life-cyle costing.

Efficient and transparent procurement system through: Improved Complaints and dispute resolution process; Reviewed procurement processes and procedures; Roll out Integrated Procurement Management System(IPMS) to all Procuring Entities; Strengthen regulatory & oversight capacity as well as Public confidence in procurement system and Promoting fair and equitable treatment of bidders and Intensify public education programme.

Public confidence in procurement system through: intensified public education programme and regular consultations with stakeholders.

Fair and equitable treatment of bidders: Promote fair and equitable treatment of bidders by availing opportunities to all, sharing information timely and addressing any unfair practices.

Corporate Governance

In order to fulfil its governance principles, the Board continues to subject the organization to financial and operational audits; implement the corruption prevention plans and risk mitigations measures and undertake Board Evaluation. During the 2017/18 financial year, the Board concluded its fourth evaluation to assess its compliance to good governance standards. Overall, the Board continued to perform well on all aspects demonstrating a strong commitment to good governance.



4.3 LEARNING AND GROWTH PERSPECTIVE

Human Resource Transformation

Recruitment and Retention

As at end of March 2018, PPADB had a staff complement of one hundred and twenty eight (128) employees with one hundred and nine (109) in post. Furthermore, PPADB had twenty five (25) temporary staff and fourteen (14) intern officers. During the period under review, a total of five (5) officers resigned from the employment of PPADB in pursuit of greener pastures, two (2) officers' contracts elapsed and one (1) officer was dismissed for misconduct. Overall staff turnover was three percent (3%) against a target of five percent (5%). The Board continued to fill vacant positions by giving priority to qualifying serving officers where appropriate.

Training and Development

The Board provided training and development opportunities to staff during 2017/18. Fourteen (14) Managerswere enrolled for training in the Management Development Programme. Furthermore, Executive Management attended Public Private Partnership (PPP) course and training and conducting disciplinary hearing. The organization also supported part time training to some employees by granting them study leave.

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

Employee Welfare

The Board availed counselling services to employees who required them. Counseling is important in addressing the psychosocial issues that employees may be struggling with.

The Board also provide a group life cover insurance for all Permanent and Pensionable as well as for Contracted Employees should an employee pass on while still in the employment of PPADB.

4.4 FINANCIAL PERSPECTIVE

Revenue Generated

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In the 2017/2018 financial year, revenue generated through cost recovery initiatives amounted to 25.4% of the total grant of P54 011 152 against a target of 22%. A total amount of P14 303 230 was generated, P12 594 662 was through registration of contractors; P1 002 500 through capacity building workshops; interest income was P581 747, while certification fees and other income amounted to P70 382. The revenue generated was however lower than the previous year's income of P16 931 503 owing largely to the reduction of 36% in revenue generated through express registration which was P3 405 710 in the previous year compared to P2 180 000 in the current year, and certification fees of P1 415 985 in the previous year compared to P45 365 in the current year. The Board took a decision to cease the certification services early in the current financial year since contractors were able to access their certificates from the Integrated Procurement Management System (IPMS). The use of Express Services in contractor registration declined given the relatively quicker turnaround times for normal registration, which stabilized at an average of two (2) weeks for most of the year.





STAFF

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Financial Statements

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PUBLIC PROCUREMENT AND ASSET DISPOSAL BOARD GENERAL INFORMATION

for the year ended 31 March 2018

BOARD OF DIRECTORS

- B P John T Motsumi E Motshedi K Ketshajwang T Sebonego G N Thipe A Nkaro
- Executive Chairperson Executive Director Executive Director Executive Director Non - Executive Director Non - Executive Director Non - Executive Director

BOARD SECRETARY

Patience Motswagole

NATURE OF BUSINESS

The Public Procurement and Asset Disposal Board (PPADB) was established by Act of Parliament number Cap42:08 of 2001.PPADB is in the business of adjudicating and awarding of tenders on behalf of the Government of the Republic of Botswana.

REGISTERED OFFICE

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

AUDITORS

Ernst & Young 2nd Floor Letshego Place Khama Crescent P O Box 41015 Gaborone

BANKERS

Standard Chartered Bank of Botswana Limited Stanbic Bank Botswana Limited Bank Gaborone Limited Barclays Bank First National Bank PUBLIC PROCUREMENT AND ASSET DISPOSAL BOARD GENERAL INFORMATION FINANCIAL STATEMENTS 31 March 2018

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PUBLIC PROCUREMENT AND ASSET DISPOSAL BOARD DIRECTORS' STATEMENT OF RESPONSIBILITY AND APPROVAL OF THE FINANCIAL STATEMENTS

31 March 2018

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 2017, 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 independent auditors are engaged to express an independent opinion on the financial statements and their unmodified opinion is presented on pages 43.

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with IFRS 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 goingconcern 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 46 to 68, which have been prepared on the going concern basis, were approved by the Board of Directors on 27th August 2018 and are signed on its behalf by:

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EXECUTIVE CHAIRPERSON B P John

NON-EXECUTIVE DIRECTOR G N Thipe



Firm of Charted Accountants 2nd Floor Plot 22, Khama Crescent PO Box 41015 Gaborone, Botswana Tel:+267 397/365 4000 Fax: +267 397 4079 Email:eybotswana@za.ey.com Partnership registered in Botswana Registration No: 10829 VAT: PO3625401112 www.ey.com

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Public Procurement And Asset Disposal Board set out on pages 46 to 68, which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Public Procurement And Asset Disposal Board as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Public Procurement And Asset Disposal Board Act (Chapter 42:08).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Public Procurement and Asset Disposal Board in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for **Professional Accountants** (IESBA Code) and other independence requirements applicable to performing audits of Public Procurement and Asset Disposal Board. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Public Procurement and Asset Disposal Board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statement of current period. We have detennined that there are no such matters to report.

Other Information

The Board of directors are responsible for the other information. The other information comprises the Executive Chairperson's Statement, the Board Responsibility and Approval of Annual Financial Statements and the Annual Report as required by the Public Procurement And Asset Disposal Board Act (Chapter 42:08) of Botswana, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report we conclude that there is a material misstatement of this other information,we are required to report that fact. We have nothing to report in this regard.

PUBLIC PROCUREMENT AND ASSET DISPOSAL BOARD INDEPENDENT AUDITOR'S REPORT

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by the Public Procurement and Asset Disposal Board Act (Chapter 42:08) and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board responsible for of Directors are assessing Public Procurement and Asset Disposal Board the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Public Procurement and Asset Disposal Board or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Public Procurement and Asset Disposal Board's financial reporting processes.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

•Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;



 Obtain an understanding of internal control relevant to the audit 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 Public Procurement and Asset Disposal Board's internal control;

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

 Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Public Procurement and Asset Disposal Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Public Procurement and Asset Disposal Board to cease to continue as a going concern.

PUBLIC PROCUREMENT AND ASSET DISPOSAL BOARD INDEPENDENT AUDITOR'S REPORT



•Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board members with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Annual financial statements of the current period and are therefore key audit matters. We describe these matters in our audit's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefit of such communication.

Ernst & Young Practising Member: Bakani Ndwapi Partner Certified Auditor Membership Number: 19980026 Gaborone 10 September 2018

PUBLIC PROCUREMENT AND ASSET DISPOSAL BOARD STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Note(s)	2018	2017
	11010(3)	Р	P
INCOME			
Government subvention	1	64 569 689	56 978 323
Other income	2	13 721 483	16 400 788
Interest income	3	581 747	530 714
Total Income		78 872 919	73 909 825
1. States			
EXPENDITURE			
Administration expenses		(34 476 281)	(27 487 568)
Staff costs	4	(49 255 53 <mark>5</mark>)	(46 963 094)
Total expenditure		(83 731 816)	(74 450 662)
Deficit for the year	4	(4 858 896)	(540 837)
Other comprehensive income		618 912	
Total comprehensive deficit for the year		(4 239 984)	(540 837)

PUBLIC PROCUREMENT AND ASSET DISPOSAL BOARD STATEMENT OF FINANCIAL POSITION As at 31 March 2018

	Note(s)	2018 P	2017 P
ASSETS		F	
Non-Current assets			
Property, Plant and equipment	5	39 499 317	13 936 880
Intangible assets	6	20 904 831	22 533 515
		60 404 14 8	36 470 395
Current assets			1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Trade and other receivables	7	3 794 412	2 962 243
Cash and cash equivalents	8	17 315 313	30 313 156
		21 109 725	33 275 399
Total assets		81 513 873	69 745 794
FUNDS AND LIABILITIES			
Funds and reserves			
Accumulated surplus		7 929 669	12 788 565
Revaluation Surplus	5	618 912	- 111 -
		8 548 581	12 788 565
Non-current liabilities			
Capital grants	9	59 785 237	36 470 395
		59 785 237	36 470 395
Current liabilities			
Trade and other payables	10	13 180 055	12 586 917
Project funds	11		7 899 917
	a series in plan	13 180 055	20 486 834
Total funds and liabilities	10	81 513 873	69 745 794

PUBLIC PROCUREMENT AND ASSET DISPOSAL BOARD STATEMENT OF CHANGES IN FUNDS

For the year ended 31 March 2018

	Revaluation Reserve	Accumulated Surplus	Total
	Р	Р	P
Balance at 31 March 2016	- 100	13 329 402	13 329 402
Total comprehensive deficit for the year		(540 837)	(540 837)
Balance at 31 March 2017		12 788 565	12 788 565
Deficit for the year	<u>-</u>	(4 858 896)	(4 858 896)
Other Comprehensive Income	618 912	-	618 912
Total comprehensive deficit for the year	618 912	(4 858 896)	(4 239 984)
Balance at 31 March 2018	618 912	7 929 669	8 548 581

PUBLIC PROCUREMENT AND ASSET DISPOSAL BOARD STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Note(s)	2018 P	2017 P Restated
CASH FLOWS FROM/(TO) OPERATING ACTIVITIES			
Deficit for the year		(4 858 896)	(540 837)
Adjustments for:			
- Interest received	3	(581 747)	(530 714)
- Depreciation of plant and equipment	5	4 145 063	3 440 014
- Amortisation of intangible assets	6	2 122 476	1 534 256
- Amortisation of capital grant	9	(6 267 539)	(4 974 270)
- Capital grants reversed on disposal of plant and equipment	9	(26 538)	(7 690)
- Project funds income accrued	11	(6 351 358)	(5 100 083)
(Profit)/Loss on disposal of plant and equipment		(53 938)	7 690
Operating deficit before working capital changes		(11 872 477)	(6 171 634)
Decrease/(increase) in trade and other receivables		(832 169)	994 757
Increase/(Decrease) in trade and other payables		593 138	(1 894 199)
Net cash (used in)/generated from operating activities		(12 111 508)	(7 071 076)
CASH FLOWS (TO)/FROM INVESTING ACTIVITIES			
Purchase of plant and equipment	5	(3 115 126)	(1 184 955)
Purchase of intangible assets	6	(493 792)	(4 581 935)
Proceeds on disposal of plant and equipment		80 477	
Interest received		581 747	530 714
Net cash (used in)/generated from investing activities	22.012.02.	(2 946 694)	(5 236 176)
CASH FLOWS FROM/(TO) FINANCING ACTIVITIES			
Capital grants received	1	2 060 360	5 766 890
Project funds received	11	1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 -	13 000 000
Net cash generated from financing activities		2 060 360	18 766 890
Net (decrease)/increase in cash and cash		(12 997 843)	6 459 638
Cash and cash equivalents at beginning of year		30 313 156	23 853 518
Cash and cash equivalents at end of the year	8	17 315 313	30 313 156

* The details of the restatement are disclosed under Note 17.1

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 operatesthe 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

New and revised Standards and Interpretations in issue but not yet applicable to PPADB At the date of authorisation of these financial statements, the following Standards and Interpretations, which are

New/Revised International Financial Reporting Standards	Effective Date
IFRS 15 (new)- Revenue from Contracts with Customers	1 January 2018
IFRC 23 Uncertainity over income tax treatment	1 January 2019
Prepayments features with negative compensation - ammendments to IFRS 9	1 January 2019
IFRS 16 Leases	1 January 2019
IFRS 9 Financial Instruments	1 January 2018

IFRS 15 (new)- Revenue from Contracts with Customers

The objective of IFRS 15 is to prescribe the accounting treatment for revenue arising from sale of goods and the rendering of services to a customer. The new standard outlines single comprehensive model of accounting for revenue arising from contracts with customers. Revenue is recognised when a customers obtains control of goods or services and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18 Revenue and Related Interpretations. The entity will adopt the new standard as at 1st April 2018 as IFRS 15 is effective for periods beginning on or after 1st January 2018. PPADB takes cognisant of the fact that the new standard will not have any impact on the Financial Statements since the entity relies mostly on government subventions that are outside the scope of IFRS 15 but accounted under IAS 20.

IFRC 23 Uncertainity over income tax treatment

In June 2017 the IASB isssued IFRC 23, Uncertainity over Income Tax Treatments which clarifies the recognition and measurements requirements in IAS 12 Income Taxes when there is uncertainity over income tax treatments. The Interpretation adresses the accounting for income taxes when tax treatments involves uncertainity that affects application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does specifically includes requirements relating to interest and penalties associated with uncertain tax treatments. PPADB is exempt from payment of income taxes as it a Government owned entity. This IFRC interpretation therefore has no effect on PPADB.

Prepayments features with negative compensation amendments to IFRS 9

Under IFRS 9, debt instruments can be measured at amortised costs or at fair value through other comprehensive income provided that the contractual cashflows are solely payments of principal and interests on the principal amount outstanding (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendment to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The basis for conclusions to the amendments clarified that the early termination can result from a contractual term or from an event outside the control of the parties to the contract such as change in law or regulation leading to the early termination of the contract. This amendment to IFRS 9 is effective for periods beginning on or after 1st January 2019. Therefore PPADB will apply it in future prospectively.

IFRS 16 Leases

The scope of IFRS 16 includes leases of all assets with certain exceptions. A lease is defined as a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration, IFRS 16 requires lessees to account for all leases under a single on balance sheet model in a similar way to finance leases under IAS 17. The standard includes to recognition exemptions for lessees- leases of "low-value" assets and short term leases (that is leases within 12 months or less). At the commencement dates of a lease, the lessee will recognise a liability to make lease payment and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right of use of asset. This standard is effective for periods beginning on or after 1st January 2019. Therefore PPADB will apply it in future prospectively.

IFRS 9 Financial Instruments

In July 2014 the IASB finalised the reform of Financial instrument Accounting and issued IFRS 9 which contains the requirement for:

a) The classification and the measurement of financial assets and liabilities b) The impairment methodology and

c) General hedge accounting.

PPADB will adopt the new standard as at 1 Apri12018 as IFRS 9 is effective for periods beginning on or after 1 January 2018. The entity has not made an assessment of impact of IFRS 9 and will do that next year when the standard is adopted.

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 fiow 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.

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 recognized 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

d) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

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.

Other Income.

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Other income consists of internally generated revenue mostly from codes registration by contractors and from the capacity building workshop conducted by PPADB to the bidding community as well as the procuring entities.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment is recognized 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 property 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 property, 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:

Land and Building	29 years
Leasehold improvements	10 years
Furniture and fittings	10 years
Office equipment	5 years
Motor vehicles	8 years
Computer equipment	4 years
Cellphones	2 years

PLANT AND EQUIPMENT CONTINUED

asset's carrying amount is written down An immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Carrying amount is the amount at which an asset is recognized in the statement financial position after deducting accumulated of depreciation and accumulated impairment losses. Recoverable amount is the higher of an asset's fair value less costs of disposal (sometimes called net selling price) and its value in use. An impairment loss is recognized whenever recoverable amount is below carrying amount. The impairment loss is recognized in the Statement of Comprehensive Income as an expense (unless it relates to a revalued asset where the impairment loss is treated as a revaluation decrease). Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognized within 'Other Income' in the statement of comprehensive income.

LAND AND BUILDINGS

Land and Buildings are carried at the revaluation amount. The buildings are carried at a revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment, provided that fair value can be measured reliably. The land and building was valued at the beginning of the financial year and also at the end of the financial year. The useful economic life for the building is twenty nine (29) years. The land is not depreciated.

INTANGIBLE ASSETS

Intangible assets are measured on initial recognition at cost. Following initial recognition intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. The current estimated economic useful lives of intangible assets is 10 years. However, this is reviewed at every year end and any changes in estimated period is treated as a change in accounting estimate. The amortisation expense on intangible assets is recognised in the statement of comprehensive Income as an expense under administration costs.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

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 noncurrent assets. Other receivables include advances made to employees.

Trade and other receivables are recognised initially at fair value. Subsequently trade and other receivables are measured at amortised cost.

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-generatingunit) 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.

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 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 charges, transaction costs. Finance including amortisation of direct transaction costs, are charged to statement of comprehensive the income using the effective interest rate method. Tranches of borrowings and overdrafts which mature on a regular basis are classified as current or noncurrent liabilities based on the maturity of the facility so long as the committed facility exceeds the drawn debt.

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 entity provides for bad debt when it is highly unlikely that the debt would be recovered. The whole amount is provided for as soon as the assessment is made.

The assessment of impairment and the calculation of recoverable amount of assets;

Impairment exist when the carrying value of an asset exceeds its recoverable amount which is the higher of its fair value less costs of disposal and it's value in use. The fair value less costs of disposal calculation are based on available data from recent sales transactions conducted at arms' length for similar assets less increamental costs of disposing the asset.

The determination of useful lives and residual values of items of plant and equipment;

The residual values, useful lives, methods of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively if appropriate.

The calculation of any provision for litigation and other legal matters;

The provision for legal matters and litigation is made based on the existing legal cases at the end of the financial year in which PPADB is likely to lose.

REVALUATION OF PROPERTY

The property revaluation reserve arose on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the property revaluation reserve that relates to that asset, and is effectively realised, and transferred directly to accumulated surplus. The property was fairly valued by an independent valuer, Riberry on 31st March 2018.

PUBLIC PROCUREMENT AND ASSET DISPOSAL BOARD NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

	Notes	2018	2017
	Hotoo	Р	Р
1 GOVERNMENT SUBVENTION		F4 011 1F2	52 670 960
Annual Government subvention Project Funds for operational expenditure	11	54 011 152 6 351 358	52 670 860 5 100 083
Less: Amounts used for capital expenditure	11	(2 060 359)	(5 766 890)
- Plant and equipment		(1 566 567)	(1 184 955)
- Intangible assets	6	(493 792)	(4 581 935)
	0	58 302 150	52 004 053
Add: Amortisation of capital grants	9	6 267 539	4 974 270
	•	64 569 689	56 978 323
2 OTHER INCOME			00 070 020
Contractor registration - Standard		10 414 662	10 665 382
- Express		2 180 000	3 405 710
Capacity building		1 002 500	877 650
Sundry income		25 017	36 061
Certification fees		45 365	1 415 985
Profit on disposal of plant and equipment		53 939	-
		13 721 483	16 400 788
3 INTEREST INCOME			
Bank interest		581 747	530 714
4 (DEFICIT)/SURPLUS FOR THE YEAR			
In addition to the amounts disclosed in Notes 1, 2 and 3 above, the			
deficit for the year is stated after taking into account the following:			
Auditor's remuneration			
- audit fees		125 000	352 000
- other services			59 000
Consulting fees		8 536 097	3 429 746
Depreciation		4 144 752	3 440 014
Amortisation of intangible assets		2 122 476	1 534 256
Legal fees		683 204	2 201 124
(Profit)/Loss on disposal of plant and equipment		(53 938)	7 690
Directors' emoluments - Fees		583 560	387 600
Staff costs (as below)		49 255 535	46 963 094
- Short term employee (Executive Directors) benefits		3 240 561	3 300 615
- Post employment benfits (Gratuity) for Executive Directors		602 511	600 708
- Staff members		45 412 463	43 061 771
Staff costs:		45 4 12 405	43 001 771
		40 526 757	29 561 400
Salaries and wages		40 536 757	38 561 400
Gratuity		4 151 260	4 013 543
Pension		1 486 532	1 132 944
Leave pay		1 144 581	1 420 320
Staff welfare		940 936	720 995
Training	121234444	995 469	1 113 892
Total		49 255 535	46 963 094

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For the year ended 31 March 2018

5 PROPERTY,PLANT AND EQUIPMENT	Land & Buildings Fair Value	Leasehold Improvements At Cost	Furniture &fittings At Cost	Office equipment At Cost	Motor vehicles At Cost	Computers At Cost	Total
	Р	Р	Р	Р	Р	Р	Р
At 31 March 2016	-	1 838 998	3 342 849	3 466 696	4 530 241	11 556 147	24 734 931
Additions	-	-	142 591	319 310	_	723 054	1 184 954
Transfers		- 1	-	2 018 920	-	-	2 018 920
Disposals	10 - T	-	-	(67 297)	-	-	(67 297)
At 31 March 2017		1 838 998	3 485 440	5 737 629	4 530 241	12 279 201	27 871 508
Additions	737 422	811 138	-	857 570	-	708 997	3115 126
- Land Received	13 000 000	-	-	-		-	13 000 000
- Building Received	13 000 000	1	-	-		-	13 000 000
Revaluation	618 912			-	-		618 912
Disposals			(42 884)	(107 169)			(150 053)
At 31 March 2018	27 356 334	2 650 136	3 442 555	6 488 030	4 530 241	12 988 198	57 455 493
Accumulated depreciation					1	ger ti	
At 31 March 2016	-	283 862	2 102 979	1 780 884	2 646 229	3 740 268	10 554 222
Charge for the year	-	162 207	121 754	775 140	353 303	2 027 611	3 440 014
Disposals	-	- 11	-	(59 607)	-		(59 607)
At 31 March 2017		446 069	2 224 733	2 496 418	2 999 532	5 767 879	13 934 630
Charge for the year	426 334	229 126	126 230	960 663	221 389	2 181 011	4 144 752
Disposals	T	- 11 - 12 - 12 - 12 - 12 - 12 - 12 - 12	(38 596)	(84 610)	- S.	1. A.	(123 206)
At 31 March 2018	426 334	675 195	2 312 366	3 372 470	3 220 921	7 948 890	17 956 176
Carrying amount							
At 31 March 2017	0 10 -	1 392 929	1 260 707	3 241 211	1 530 709	6 511 322	13 936 879
At 31 March 2018	26 930 000	1 974 941	1 130 189	3 115 560	1 309 320	5 039 308	39 499 317

	2018	2017
	Р	Р
5.1 Land and Buildings		
Opening carrying amount		
Additions	26 737 422	
Depreciation	(426 334)	(G - 3
Fair Value adjustment	618 912	
Closing carrying amount	26 930 000	11
Fair value	26 930 000	-

The fair value of the Land and Buildings was determined as at 31 March 2018 by Riberry (Proprietary) limited, an independent valuer with appropriate qualifications and experience in the valuation of the properties in the relevant location. The fair value was estimated using the open market value method. Refer to the tables shown on the next page. The Land and Buildings were valued using level 3 inputs. Level 3:Unobservable inputs (i.e. not derived from market data). Management believes that there was no material change in the fair value of the Land and Buildings as at 31 March 2018. The property consists a double storey building block that lies in Gaborone West Industrial land measuring 13000 square metres.

Sectional Tittle/ Lease Area Sales Information

Plot	Purchase Price(P)	Date	Property/Scheme	Land/ Section Are	ea	Rate/m2
54368	10 958 921.58	09/10/2013	i-Towers	996		11002,93
54374	3 500 000.00	14/10/2013	Grand Union	285		12280.70
74538	11 989 914.39	04/11/2013	Kagiso Court	726		16515,03
54368	5 988 265.00	05/11/2013	i-Towers	329		18201,41

Other Office Block Sales Information

Plot	Purchase Price(P)	Date	Property	Tenant	Lettable Area	Yield%	Building Rate/m2
1188-96	78 760 750,00	17/10/2012	Debswana House	Mostly Vacant	5016	6,68	12476
4787/8	27 456 000,00	21/01/2013	Roads Department	Botswana Government	2955	7	6576
4787/8	27 456 000,00	21/01/2013	Roads Department	Assuming Market Rates	3960	9,41	6576
PTN 112	24 500 000,00	11/07/2011	Pula Holdings	Various	2170	8,65	11286
PTN 116	38 000 000,00	Mid 2011	SADC Building	SADC	3500	9,35	11660

Tenancy

Tenant	Size(m2)	Rentals (P)	Period (yrs)	Commencement Date	Termination Date
PPADB	2721,61	165114	3	01/01/2014	31/03/2017

Valuation	
Market Value(Land only)	13 000 000,00
Market Value(Building Only)	13 930 000,00
Market Value(Land & Building)	26 930 000,00
Forced Sale Value	18 850 000,00
Insurance Replacement Cost	36 290 000,00

For the year ended 31 March 2018

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	2018	2017
	Р	Р
6 INTANGIBLE ASSETS		
Computer software:		
Cost		
Balance at the beginning of the year	24 067 771	-
Additions	493 792	4 581 935
Transfers (Note 11)	-	19 485 836
Balance at the beginning of the year	24 561 563	24 067 771
Accumulated amortisation		
Balance at the beginning of the year	1 534 256	-
Charge for the year	2 122 476	1 534 256
Balance at the end of the year	3 656 732	1 534 256
Carrying amount at the end of the year	20 904 831	22 533 515
7 TRADE AND OTHER RECEIVABLES		UC NUMBER
Cash and bank balances		
Trade receivables	336 570	131 297
Other receivables - Guaranteed loans defaults	131 622	131 622
Allowance for doubtful debts	(144 362)	(144 362)
	323 830	118 557
Prepayments	2 147 032	197 188
Staff loans and advances	1 315 530	2 638 478
Deposits	8 020	8 020
	3 794 412	2 962 243
Movement in the allowance for doubtful debts		
Balance at the beginning of the year	144 362	332 912
Amounts written off as unrecoverable during the year		(188 550)
Balance at the end of the year	144 362	144 362
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. Trade recievable are mostly from Government entities and highly unlikely that PPADB will fail to recover amounts due. The Directors believe that there is no further impairment provision required.		
The provision for bad debts has not moved compared to prior because this provision was only done for a guaranteed loan which we still hope to recover. For other trade debtors there is no provision necessary because we deal with procuring entities (Government Ministries) which do not fail to pay. 8 CASH AND CASH EQUIVALENTS		
Cash in hand	3 151	6 603
Bank balances	2 062 363	4 210 897
Short-term deposits	3 801 887	13 241 899
Stanbic Money Market Fund	11 447 912	12 853 757
	17 315 313	30 313 156

9 CAPITAL GRANTS	2018 P	2017 P
Balance at beginning of year	36 470 395	14 180 709
Capital grants received	3 608 919	5 766 890
- Funds used to purchase plant and equipment (Note 5)	3 115 126	1 184 955
-Funds used to purchase intangible assets (Note 6)	493 792	4 581 935
Assets Acquired	26 000000	21 504 756
- Plant and equipment (Note 5)		2 018 920
- Intangible assets (Note 6)		19 485 836
Acquisition Land and Building	26 000 000	
Amortisation of capital grants	(6 267 539)	(4 974 270)
Net book value of disposals of plant and equipment	(26 538)	(7 690)
Balance at end of year	59 785 237	36 470 395

The balance comprises grants received from the Government utilised for the acquisition of items of property, plant and equipment and the equity realised from transferring of the Land and Building from the shareholder to PPADB. The carrying amount of the capital grants is equivalent to the carrying amount of plant and equipment

10 TRADE AND OTHER PAYABLES

Trade payables	2 321 392	2 254 364
Gratuity pay accruals	4 200 269	5 955 669
Leave pay accruals	6 004 071	3 920 377
Other payables	654 323	456 507
	13 180 055	12 586 917
10,1 GRATUITY		
Opening Balance	5 955 669	7 374 985
Acrual for the year	4 151 260	4 013 543
Amounts paid during the year	(5 906 660)	(5 432 859)
Closing balance	4 200 269	5 955 669
10,2 LEAVE PAY PROVISION		
Opening Balance	3 920 377	2 776 602
Acrual for the year	2 911 022	2 390 320
Amounts paid during the year	(827 328)	(1 246 545)
Closing balance	6 004 071	3 920 377

11 PROJECTS FUNDS	2018	2017	
	Р	Р	
Integrated Procurement Management System ("IPMS"):			
Balance at the beginning of the year	7 899 917		
Funds received during the year	- "	13 000 000	
Capital Expenditure	(1 548 559)		
Operational expenditure during the year (Note 1)	(6 351 358)	(5 100 083)	
Balance at the end of the year	-	7 899 917	

In the prior years, PPADB was managing the IPMS project on behalf of the Ministry of Finance and Economic Development ("MFED"). PPADB received and disbursed funds relating to the project as and when approved by MFED.

During the financial year 2016/2017, MFED transferred the ownership of the project to PPADB at the carrying value as at 1April 2016. As at 31st March 2017, there was unspent IPMS grant of P7 899 917 which was carried forward to the current financial year and was all spent hence the balance of nil under project

12 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. Refer to note 4 for pension contibutions paid.

13 FINANCIAL INSTRUMENTS		2018 P	2017 P
13.1 Categories of financial instruments			
Financial assets			
Loans and receivables (including cash & bank)	Note 7 & 8	21 109 725	33 078 211
Financial liabilities			
Trade and other payables	Note 10 & 11	2 975 715	2 710 871
Projects funds			7 899 917
Capital Grants		59 785 237	36 470 395

The financial liabilites are unsecured. The entity is on cash basis and maturity disclosure analysis is not required.

The capital of PPADB comprises accumulated funds as disclosed in the statement of changes in funds.

13.2 Commitment and Contingencies Operating Lease Commitments

PPADB has entered into operating lease contracts with some of its suppliers and contractors with lease terms between one to three years. The future minimum lease payables under the operating leases are as follows;

	2018 P	2017 P Restated
Within one year	5 002 005	2 625 611
After one year but not more than five years	4 069 250	1 292 240
More than five years	Surf System Soles - v	a12246.74
	9 071 255	3 917 851

Land disputes

Currently PPADB is engaged in land negotiations for land on plot 8913, Maakgadigau, Gaborone with Botswana Railways. The land under negotiations measures up to 2400 square metres.

The total value of the land that may be given up is still uncertain.

13,3 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.

13,4 Interest rate risk:

Financial instruments that are sensitive to interest rate risk are bank balances. PPADB invests excess cash resources in call accounts, short-term deposits and Money Market Funds, which earn interest.

A 0.5% increase in interest rates would result in an decrease in the deficit for the year of P86 561(2017: P130 511), while a decrease in interest rates by a similar margin would result in an equal and opposite effect on the deficit 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.

13,5 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.

13,6 Liquidity risk management:

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

14 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).

15 RELATED PARTY T	RANSACTIONS	2018 P	2017 P
PPADB entered into the following	transactions with related parties.		
Funding received:			
Annual Government subvention	(note 1)	54 011 152	52 670 860
Project funds received for IPMS			13 000 000
Expenditure:			
Directors' emoluments	- fees	583 560	387 600
	- for managerial services	3 240 561	3 300 615
Agency commission paid			
Botswana Post (Also a Parastatal)		83 707	19 643
Trade receivables			
Botswana Post		303 900	-

16 EVENTS AFTER THE REPORTING PERIOD

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

PRIOR PERIOD RESTATEMENT 17

17.1 Cash Flow restatement

During the March 2017 financial year the Board received BWP 13 million for the IPMS software development and maintenance. BWP 5.1 million was used in the running expenses for IPMS software maintenance. This amount was presented as an application/use of funds under financing activities. The amount has been reclassified to operating activities.

The error resulted in understatement of cash received from financing activities by BWP 5.1 million and overstatement of cash generated from operating activities of the same amount. The Statement of Comprehensive income and the statement of financial position are not affected however. For the comparison of the full effect on cash flow statement caused by this restatement see the table below

Impact of mistatements on cash flow statement For the year ended 31 March 2018

		2018	2017	2017
	Notes	Р	Р	Р
	a disalihirta	le de mart	Restated	Signed
CASH FLOWS FROM/(TO) OPERATING ACTIVITIES				
-Project funds income accrued	11		(5 100 083)	1
Impact on net cash (used in)/generated from operating activities		() (.	(5 100 083)	
CASH FLOWS FROM/(TO) FINANCING ACTIVITIES				
Project funds utilised	14 - U.S.	anter -	94 Day 24	(5 100 083)
Impact on net cash generated from/(used in) financing activities	1		Britania)	(5 100 083)

The correction of the BWP 5.1 million had no impact on cash and cash equivalents as the cash outflow was merely moved from financing activities to operating activities.

17, 2 PPADB entered into a number of agreements with various contractors which give PPADB an obligation/ commitments to pay the contractors money in future periods. The commitments and contingencies were not quantified and disclosed in prior year financial statements. The total commitments to be restated is BWP 3 917 851. The prior year notes have been restated to disclose PPADB commitments and contingencies. Refer to note 13.2 for details of amounts reinstated.

Also in prior period audited financial statements, PPADB did not disclose related party transactions with Botswana Post a fellow subsidiary owned by the Government. The total amount of agency fees paid to Botswana Post in prior year to be disclosed in the financials amounted BWP 19 643. Refer to note 15 above for this related party disclosure.

The Statement of Comprehensive income, the statement of financial position and the statement of cash flows are not affected by this however.

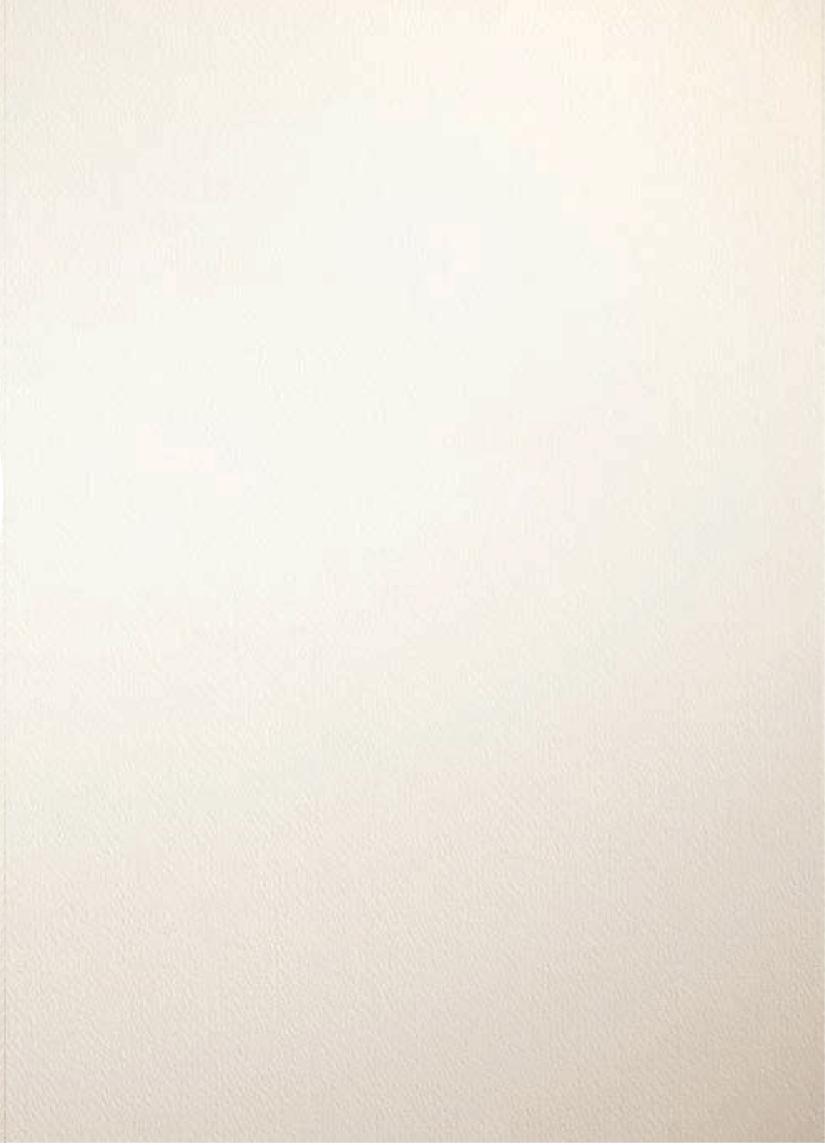
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	PPADB Annual Report 2017/18





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