



REPUBLIC OF BOTSWANA
OFFICE OF THE AUDITOR GENERAL

REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE BOTSWANA GOVERNMENT FOR THE YEAR ENDED 31 MARCH 2023



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ENDED 31 MARCH 2023**

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REPUBLIC OF BOTSWANA

OFFICE OF THE AUDITOR GENERAL

17 February 2026

Honourable Ndaba Nkosinathi Gaolatlhe, VP
Minister of Finance
Private Bag 008
GABORONE

Dear Sir,

In accordance with Section 124 (3) of the Constitution of Botswana, I have the honour to submit my report on the audit of the accounts of the Government for the financial year ended 31 March 2023.

I have the honour to be, Sir.

A handwritten signature in black ink, appearing to read 'Keneilwe Senyarelo'.

Keneilwe Senyarelo FCCA, ACPA
AUDITOR GENERAL

STRATEGIC FOUNDATIONS

VISION

- A World Class Supreme Audit Institution.

MISSION

- To improve accountability through quality reports and assure the nation that public resources are applied to obtain value for money.

VALUES

- Botho
- Integrity
- Teamwork
- Competence
- Professionalism
- Independence
- Objectivity

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I BACKGROUND

1. General Overview

The Auditor General of Botswana is appointed by the President under Section 112 of the Constitution of the Republic, as read together with Section 4 of the Public Audit Act, 2012. The powers and duties of the Auditor General are set out under Section 124 of the Constitution. In terms of the Public Audit Act the Auditor General is empowered to conduct the following types of audits:



Compliance audit



Financial audit



Performance audit

The mandate of the Office of the Auditor General, under Section 124 of the Constitution and other governing legislation, is to audit Government Ministries, Departments, Local Authorities, and selected parastatal organisations, and to submit reports thereon to the respective authorities. The Auditor General's Annual Report constitutes the principal output of the Office, reflecting the cumulative audit work undertaken during the year.

II INTRODUCTION

2. Audit of Public Accounts

- a) In accordance with Section 124 of the Constitution, I am required to audit the public accounts of Botswana and of all officers, courts and authorities of the Government of Botswana and submit my reports thereon to the Minister responsible for finance, who shall cause them to be laid before the National Assembly.

In discharging these duties, I am required in terms of Section 7 of the Public Audit Act, 2012 to satisfy myself that;

- i) All reasonable precautions have been taken to safeguard the collection and custody of public moneys and that the laws, instructions and directions relating thereto have been duly observed;
 - ii) The disbursement of public moneys has taken place under proper authority and for the purposes intended by such authority;
 - iii) All reasonable precautions have been taken to safeguard the receipt, custody, issue and proper use of public stores, and that the instructions and directions relating thereto have been duly observed; and
 - iv) Adequate instructions or directions exist for the guidance of officers responsible for the collection, custody, issue and disbursement of public moneys or the receipt, custody and issue of public stores.
- b) In addition, in terms of the same Section of the Public Audit Act, I am required to examine the economy, efficiency and effectiveness with which any officer, authority or institution of Government has, in the discharge of official functions, applied or utilised the public moneys or public supplies and submit reports on the findings thereon to the Minister who shall lay such reports before the National Assembly.
- c) Further, under Section 68 (3) of the Local Government Act, 2012, I am required to audit the accounts of the local authorities (city councils, town councils, township authorities and district councils),

and submit my reports, together with the audited financial statements, to the respective Accounting Officers, who shall cause them to be laid before their Authorities.

3. Scope of Public Accounts Audit

The audit mandate extends to all Ministries and Extra - Ministerial Departments of Government, local authorities and selected parastatal organizations, in terms of Section 124 of the Constitution and other relevant legislation.

Notwithstanding the provision of any other written law relating to audit, the Public Audit Act further empowers me, where I consider it in the public interest to do so, carry out investigations into the financial affairs of any public entity.

4. Extent of Audits

The statutory audit is discharged by a programme of test checks and examinations, which are applied, in conformity with standard audit practice, selectively over the year under review. The checks are intended to provide an assurance on the general accuracy and propriety of the Government financial and accounting transactions and not to disclose each and every accounting error or financial irregularity. With the considerable growth in recent years on Government revenues and expenditures, the examination of the accounts is, of necessity, increasingly executed by means of selective test checks and in-depth reviews, which are designed to indicate possible areas of weakness in the systems of accounting and internal control environment.

5. Submission of Accounts

Section 42(2) of the Public Finance Management Act provides that the Accountant General shall prepare and submit to me, for the purpose of auditing, the Annual Statements of Accounts within six months after the end of the financial year to which those Statements relate, that is to say, by 30 September each year.

However, in the year under review, because of the persistent challenges with the Government Accounting and Budgeting System, the Annual Statements of Accounts were submitted to me twenty (20) months (May 2025) after the statutory deadline of 30 September 2023.

6. Auditor General's Certificate

The examination of the Annual Statements of Accounts of Botswana Government for the year ended 31 March 2023, which had been submitted to me in terms of Section 42 of the Public Finance Management Act has been completed and my certificate thereon dated 06 February 2026 was transmitted to the Accountant General.

7. Submission of the Report

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

However, due to the late submission of the Annual Statements of Accounts by the Accountant General as explained above, I have not been able to meet the requirement of the Act in this regard.

III GENERAL

8. Public Accounts Committee

Standing Order 105.3 of the National Assembly provides that the Public Accounts Committee, a Standing Committee of the House, shall, after the end of each financial year, examine the accounts prepared and signed by the Accountant General. In accordance with this requirement, the Committee examined the accounts for the financial year 2021/2022 during the period May to June 2025.

9. The Committee on Statutory Bodies and State Enterprises

In terms of Standing Order 110 of the National Assembly, the Parliamentary Committee on Statutory Bodies and State Enterprises is required to examine accounts of all Statutory Bodies and State Enterprises. However, the Committee did not sit in the year under review for this purpose.

10. Currency

The monetary values in this report are in the Pula currency, unless otherwise expressly indicated. The year-end balances in foreign currencies were translated to the Pula equivalent at the applicable middle-market rate as at 31 March 2023. For the Botswana Diplomatic Missions accounts, a fixed exchange rate for each host country, as determined by the Ministry of Finance, has been used throughout the year, unless otherwise advised by the Ministry.

IV STATEMENT OF ASSETS AND LIABILITIES

11. Statement of Assets and Liabilities – (Statement No. 1)

This Statement comprises of Financial Assets and Liabilities and related obligations which are presented separately in this report. Only Imprests balances are shown below.

Imprests

The balance of outstanding imprests held by public officers as at 31 March 2023 totalled **P22 023 346**, classified as follows;

Travelling Imprests	20 320 117
Standing Imprests	1 703 229
TOTAL	22 023 346

The total balance of Standing Imprests comprises of;

- Ministry for State President P74 030
- Ministry of Foreign Affairs P1 097 558
- Ministry of Defence and Security P531 641.

V CONSOLIDATED FUND

12. Revenue Results (Statement No.2)

The estimated revenue for the year was P81 322 000 000, and the actual collections were P86 063 306 183, resulting in an over collection of P4 741 306 183.

13. Appropriation Act

The sum appropriated from the Consolidated Fund by the Appropriation Act, 2022 for the financial year ended 31 March 2023 was P68 896 852 281.

14. Supplementary Estimates

Two resolutions of the National Assembly approved supplementary provisions of P133 375 590 and P2 022 558 540 respectively to the following Ministries as per Financial Papers No. 1 and No. 2 of 2022/2023.

Financial Paper No. 1 of 2022/2023 – November 2022

Finance	24 322 360
Defence and Security	109 053 230
Total	133 375 590

Financial Paper No. 2 of 2022/2023 - February 2023

Parliament	10 665 580
State President	40 247 540
Finance	31 646 340
Agriculture	115268590
Trade & Industry	9 781 830
Local Government & Rural Development	106 432 800
Health	765 013 100
Ministry of Justice	18 401 590
Attorney General's Chambers	1 500 000
Foreign Affairs	21 760 890
Independent Electoral Commission	443 430
Land & Water Affairs	8 509 090
Transport & Public Works	95 090 460

Communication, Knowledge& Technology	109 470 230
Defence & Security	683 516 480
Ministry of Education and Skills Development	4 810 590
TOTAL	2 022 558 540

VI DEVELOPMENT FUND

15. Appropriation Act (Statement No.6)

The Minister of Finance issued a warrant of P16 430 271 196, from the Development Fund for the year ended 31 March 2023. The actual expenditure was P14 290 310 559 equating to 94% of the approved budget.

16. Supplementary Estimates

The supplementary estimates from the Development Fund were approved for the following Ministries as per Financial Papers No. 1 and 2 of 2022/2023 issued in November 2022 and February 2023 respectively. The supplementary budgets were financed by reallocating funds from slow spending programmes and projects.

Financial Paper No. 1 of 2022/2023 – November 2022

Agriculture	374 402 458
Attorney General's Chambers	44 655 927
TOTAL	419 058 385

Financial Paper No. 2 of 2022/2023 - February 2023

Lands & Water Affairs	589 385 436
TOTAL	589 385 436

VII OTHER STATEMENTS

17. Statement of Recurrent Expenditure – (Statement No.3)

The warranted provisions for the various Ministries/Departments in the year under review was P55 517 446 750. The total expenditure incurred in the financial year was P54 935 839 558, leaving an unspent balance of P581 607 192.

The actual expenditure on statutory commitments relating to Public Debt, Pensions, Gratuities and Compensations, Specified Officers and Miscellaneous totalled P16 514 702 157.

18. Statement of Investments and Loans Made from Special Funds – (Statement No. 8)

The Statement shows investment and loans made from Special Funds in financial institutions, fund management entities, as well as loans to local authorities, public enterprises and statutory bodies.

The Statement had a balance of P3 421 333 928 as at 31 March 2023 as shown below:

Investment as per Annual Statement of Accounts	2 569 227 796
Loans & other net assets as per ASA submission	852 106 132
TOTAL	3 421 333 928

Outstanding loans made from the Public Debt Service Fund included the following:

a) Botswana Meat Commission – P368 000 000

Out of the P368 000 000 loan, the balance of P248 000 000 was in arrears as at 31 March 2023 as follows;

P160 000 000 was due in 2019, and P88 000 000 was due in 2020. Despite the Commission being unable to pay the years arrears, Government issued another loan in 2023 amounting to P120 000 000. As at 31 March 2023, there were no repayments made for the two outstanding loans.

b) Air Botswana - P230 000 000

As at 31 March 2023, the balance on the loan stood at P230 000 000 and the loan was still in arrears as reported in the previous year. The first instalment was due in 2021 but has not been honoured to date.

c) Botswana Postal Services – 140 000 000

The loan amounting to P140 000 000 had an outstanding balance of P137 243 928. The outstanding balance arose due to delayed commencement of the repayments, which began in 2022 instead of the originally agreed start date of 2017.

I have not been provided with a satisfactory explanation for the failure to honour the repayment terms of the loan.

d) Bamangwato Concession Limited – P900 566 097

An amount of P900 566 097 loaned to BCL to meet the cost of liquidation has not been repaid to date. Despite repeated requests and follow-up enquiries, I have still not received satisfactory confirmation regarding the loan status of the payment made to the liquidator of BCL. In particular, there is no loan agreement clearly setting out repayment terms, repayment dates, and applicable interest rates. Should it transpire that the amount advanced is not repayable for any reason, this would be inconsistent with the terms governing disbursements from the Fund, as prescribed in the Fund Order. The Fund Order requires that disbursements from the Fund should not have the effect of depleting the fund but rather should grow it.

19. Statement of Special Funds – (Statement No. 10)

The audit of the accounts of the various Special Funds for the financial year ended 31 March 2023 under various Ministries resulted in the following observations:

19.1. Agricultural Credit Guarantee Scheme Fund

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

area. The following observations were noted from the audit of this Special Fund:

a) Delays in Submission of Premiums to Ministry of Finance

In terms of Guideline 14.0 of the Agricultural Credit Guarantee Scheme (ACGS), participating bank or lending institution is required to submit paid premiums to the Ministry of Finance (MoF) on or before April 30 following the qualifying cropping period. However, it was noted that Citizen Entrepreneurial Development Agency (CEDA) submitted their premiums on 11 May 2022 while National Development Bank (NDB) submitted their premiums much later, on 25 June and 30 December 2022 respectively. These delays in submission of premiums are inconsistent with prescribed timelines and may result in cash flow problems within the ACGS Fund, potentially compromising timely processing of claims and new applications.

b) Items Not Covered by the Scheme

According to ACGS guidelines “the Scheme will cover three main items/operations as follows: seasonal inputs, Farm/field development and farm machinery & equipment”. The audit review, however, revealed that some loans guaranteed under the Scheme were used for purposes outside the approved scope of coverage, contrary to the prescribed guideline. Non-compliance with the Fund Order may result in depletion of Scheme funds.

The following payments, which fall outside the scope of the Fund, were made from the Fund;

Contract Number	Bank	Purpose	Loan Amount (P)
10009472	CEDA	Farm purchase & seasonal inputs	5 600 000.00
10015282	NDB	Irrigation equipment	73 032 .01
10015353	NDB	Farm Vehicles	232 558.83
10015979	NDB	Farm Vehicles	275 557.21
10009440	CEDA	Farm acquisition, boomspray, planter, disc plough storage shed	5 408 000.00
Total			11 589 148.05

The inclusion of these items under the Scheme represents non-compliance to the established eligibility criteria and undermines the objective of ensuring that the Scheme resources are directed strictly towards qualifying agricultural activities.

In response, Management acknowledged the finding and stated that they have investigated the matter with NDB and CEDA and advised them to desist from financing assets not covered by the scheme guidelines with immediate effect.

19.2. Botswana Defence Force Rewards and Fines Fund

The Botswana Defence Force Rewards and Fines Fund was established to support the welfare of Defence Force personnel and their families.

As at 31 March 2023, the Fund recorded the following financial activities:

Description	Amount (P)
Income (Fines)	888 051
Total Expenditure (incl. Misc Exp P524 513)	899 513
Over expenditure	11 462

Expenditure exceeded income by P11 462, reflecting a minor deficit for the year under review. While the shortfall is not material, it is considered that the expenditure of P524 513, approximately 58%, classified as Miscellaneous, reduces the transparency of financial reporting and limits the ability to fully assess the effectiveness of the Fund.

19.3. Botswana Innovation Fund

The purpose of the Fund is to promote innovation in the private sector through technology, product, and business development by providing cash grants to companies, organisations, and research institutions registered with the Botswana Innovation Hub, and support skills transfer to citizens through training programs.

Non-Repayment of Commercialised Projects

The audit of the accounts of Special Fund had noted that two (2) projects that were supported were commercialised in 2018 and 2021 respectively, and were therefore due for repayment. However, the two recipients had not commenced repayment of their loan portions of 50% as required under the funding agreement. At the time of the audit, the outstanding amounts were P486 879 and P363 860, respectively. I am not aware of any action taken by the management of the Fund to ensure that the terms of the loans were complied with, and with what results.

The non-repayment of these loans has resulted in loss of funds, reducing the resources available to support other prospective proposals / projects. This highlights the need for improved monitoring and enforcement of

repayment obligations to safeguard public resources and ensure sustainability of the Fund.

19.4. Botswana Police Relief Fund

The purpose of the Fund is to make payments to the dependents of the deceased officers or spouses provided that they were contributors at the time of death.

As at 31 March 2023, income was P7 462 650 from members contribution whereas expenditure was P4 837 716 of which 60% related to funeral claims. Transfers to Botswana Police Service Physical Fitness, Sports and Social Responsibility Fund (BPSPFSSRF) accounted for 40% of the contribution.

19.5. Botswana Police Rewards and Fines Fund

The purpose of the Fund is to support the well-being of Police Officers and their families.

Income for the year under review amounted to P503 754 whilst P413 766 was expenditure (amenities and funeral expenses).

19.6. Cattle Export Levy Fund

The audit of accounts of the Fund gave rise to the following observations:

The Cattle Export Levy Fund was established to make provision for the imposition of a levy on cattle exported from Botswana, cattle slaughtered in Botswana Meat Commission (BMC) abattoir, municipal abattoirs, private abattoirs and butcheries and matters incidental thereto.

a) Outstanding Slaughter Levy

At the time of audit in July 2025, several abattoirs had outstanding slaughter levies totalling P2 385 790, with some arrears dating back to 2012. This was contrary to Section 5(2) of the Cattle Export and Slaughter Levy Act, which requires that *“every abattoir or butchery shall, within 14 days of slaughtering any cattle, pay the levy imposed by the Act.”*

In addition to long-standing arrears referred to above, repeated delays in remittance of slaughter levies beyond the statutory 14-day timeframe

were noted. The table below provides examples of late payments by various slaughter facilities:

<u>Payment Date</u>	<u>Slaughter Facility</u>	<u>Period Covered</u>	<u>Amount (P)</u>
20/09/2022	Botswana Meat Commission	June–July 2022	154 560
09/05/2022	Ipolokeng Slaughter Slab	February–April 2022	2 850
20/12/2022	Kubu Slaughter Facility	December 2021–November 2022	123 330
02/03/2023	Powane Slaughter	January–May 2022	1 410
07/01/2022	Monakgomo Slaughter Facility	August–November 2022	21 780
13/12/2022	Multi Species Abattoir	June–September 2022	215 160

The repeated delays in levy payments, together with long-standing arrears, highlight weaknesses in monitoring and enforcement of levy collections. This situation undermines the Fund's ability to generate revenue on a timely basis and raises concerns regarding the effective administration of the Cattle Export and Slaughter Levy Fund.

b) Weaknesses in the Slaughter Levy Payments Tracking System

There were significant weaknesses in the payment tracking system used for slaughter levy collections:

- The system does not retain or display historical payment records for slaughter facilities.
- Revenue offices rely on customers to present previous receipts as proof of payment, creating a manual and error-prone process.
- In the absence of receipts, customers verbally declare the month of payment, which cannot be independently verified by sub-cashiers.
- Reconciliation of payments is not performed, making it difficult for slaughter facilities to remit levies at any revenue office without prior documentation.

This lack of system integration and verification introduces a high risk of revenue loss, duplicate payments, or non-payment, undermining the effective administration of the Fund.

c) Lack of Reconciliation by the Ministry

There were significant weaknesses in the reconciliation and data management processes of the Cattle Export and Slaughter Levy Fund:

- The Department of Veterinary Services was unable to reconcile the number of cattle slaughtered annually with the total levy collected during the same period.
- Most levy-related data is retained at district level and does not reach Headquarters, resulting in fragmented and incomplete records.
- Both cattle export and slaughter levies were recorded under a single account code (72701) and charged at the same rate of P30 per head, making it impossible to distinguish between the two revenue streams.

In view of the status of the records, I was not able to verify the accuracy and completeness of the information provided for audit.

d) Direct Appointment

The Department of Veterinary Services (DVS) procured services for hosting the World Organisation for Animal Health (WOAH) Africa Regional Commission event held from 20 to 24 February 2023 at the Gaborone International Convention Centre (GICC), at a total cost of P1 848 588 through direct procurement. However, I could not obtain evidence of justification demonstrating that the circumstances warranted the use of direct procurement, as required under the public procurement framework. This weakened assurance that the procurement was conducted in a manner consistent with the principles of transparency, fairness, and value for money.

e) Poor Record Keeping - Bobirwa District Abattoir

The Meat Inspector stationed at the abattoir was unable to provide accurate data on the number of cattle slaughtered at any given time. Furthermore, no records were available at the abattoir to confirm payment of slaughter levies, and there was no evidence of compliance with levy payment requirements.

Confirmation of slaughter numbers and levy payments had to be obtained from the District Council Headquarters, indicating a breakdown in local record-keeping and reporting.

This lack of documentation and data integrity at the point of slaughter significantly undermines the effectiveness of levy administration and increases the risk of revenue loss or misstatement.

f) Lack of Accountability by Botswana National Beef Producers Union

A sum of P836 800 was disbursed to the Botswana National Beef Producers Union (BNBPU) to support critical operations aimed at facilitating beef production and strengthening organizational management activities. However, no supporting documents such as invoices, receipts or expenditure reports were available to account for the use of these funds.

This is contrary to standing communication from the Ministry, which requires BNBPU to submit supporting documentation for all transactions funded under the program.

The absence of documentation violates the rules governing the Fund and failed financial oversight as well as, undermining accountability for disbursed resources.

19.7. Confiscated Assets Trust Fund

The Fund was established under Statutory Instrument No. 158 of 2018 to receive deposits and administer monies collected as proceeds and instruments of crime under the Proceeds and Instruments of Crime Act.

During the year under review, total forfeited funds amounted to P4 178 358 representing a significant increase from the P899 014 recorded in the previous financial year. An audit of the Fund gave rise to the following observations:

a) Unavailability of Fund Management Committee

Paragraph 6 (2) of the Confiscated Assets Trust Fund Order states that "The Committee shall be appointed by the Minister responsible for Justice in consultation with the Accounting Officer"

Contrary to this requirement, no evidence of an appointed Fund Management Committee was provided as no appointment letters were produced to confirm its existence. The absence of a duly constituted committee weakens governance and oversight arrangements, increasing the risk that the Fund may be mismanaged or used in a manner inconsistent with its intended purpose.

b) Unrecorded Multi-Currency Call Account under the Confiscated Assets Trust Fund

In addition to the omission of the Receivers Interest Bearing Account from the Accountant General's Annual Statements of Accounts, audit review revealed that a multi-currency call account with a closing balance of R117 091.92 as at 31 March 2023 was also not recorded in the financial accounts of the Confiscated Assets Trust Fund. This omission contributes to the misstatement of cash and bank balances, and highlights weaknesses in the completeness of financial reporting for the Fund, thereby exposing public funds to the risk of unreported balances being misused or remaining undetected.

All bank accounts under the Confiscated Assets Trust Fund, including the multi-currency call account, should be fully accounted for in the Fund's financial records and consolidated in the Accountant General's Annual Statements of Accounts – Special Funds.

19.8. Conservation Trust Fund

The Conservation Trust Fund was established to finance elephant conservation initiatives and support community-based projects benefiting communities residing in or adjacent to elephant ranges. The Fund is administered by the Permanent Secretary in the Ministry responsible for conservation and is financed through proceeds from the sale of ivory, donations from any persons and income generated from investment of Fund resources.

For the year under review, Cash held by Accountant General amounted to P61 908 210 whereas expenditure for the year amounted to P10 853 948. There was no income received for the year.

19.9. Copyright and Neighbouring Rights - Levy on Technical Devices Fund

In terms of the Fund Order establishing the Special Fund, I am required to appoint auditors to audit the accounts of the Fund. At the time of preparing this report, the procurement process for the appointment of auditors had not been finalised.

19.10. COVID-19 Fund (Ministry of Finance)

The COVID-19 Fund was established to address the economic and social impact of the pandemic by providing relief funding for the control, prevention, and treatment of the disease, as well as support for its after effects.

During the year under review, the Fund had a total income of P2 368 056 412, of which P2 367 835 452 (99%) represented unutilised funds transferred from Ministries.

19.11. COVID-19 Fund (Ministry of Basic Education)

The opening balance of the COVID-19 Fund was P3 158 587. As at the end of the 2022/23 financial year, the cash held by the Accountant General amounted to P1 118. I was not able to obtain documentation supporting the expenditure of P3 157 469, resulting in this expenditure being unvouched. As a result, compliance with the Fund Order as well as the completeness and the accuracy of recorded transactions could not be determined.

Failure to provide adequate documentation represents a non-compliance with the provisions of Section 124 (2) of the Constitution on access to information by the Auditor General or any person authorised by her.

19.12. COVID-19 Fund (Ministry of Presidential Affairs)

During the review of the COVID-19 accounts for the year ended 31 March 2023, it was observed that an amount of P8 000 000 was utilised to settle a lawsuit arising from a contract that was prematurely and unlawfully terminated by the Ministry. The contract concerned was for the supply and delivery of electronic movement tracking devices, which the Ministry had determined were no longer required at the time of termination.

While I contend that this Special Fund may not be the correct vote of charge, I consider that the circumstances leading to nugatory expenditure should be investigated through a submission of loss report by the Ministry.

19.13. COVID-19 Fund (Ministry of Foreign Affairs)

There were no transactions under this Ministry in the year under review, and the balance of P2 556 091 was transferred to Ministry of Finance COVID-19 Account.

19.14. COVID-19 Fund (Ministry of Health and Wellness)

An audit of the Fund's accounts revealed the following;

Non-COVID Related Expenditure – P416 319 083

A total amount of P 416 319 083 was spent on activities not related to COVID -19 contrary to paragraph 8 of the COVID-19 Pandemic (Corona Virus) Relief Fund Order, 2020. Such expenditure represents non-compliance with the governing legal framework and points to weaknesses in expenditure oversight and adherence to approved fund management controls. Some of the non COVID-19 related Expenditure are highlighted below;

Irregular Expenditure

A total amount of P25 101 699.44 was used to finance psychosocial support activities specifically for employees, exceeding the authorized amount of P14 950 000.

While psychosocial support is recognised as an important component of pandemic response, this expenditure did not align with the Fund's mandate, which explicitly directed that such support should be directed toward the establishment and operation of public counselling centres and facilities accessible to the general public.

The under-noted expenditures are considered incorrect charges to the accounts of the Fund:

- P5 444.95 spent on a Ministry of Health Christmas party;
- P62 580 paid to Wild View Resort for recreational activities at Kasane: and
- P80 080 paid to Key Intelligent Holdings solution for accommodation, boat cruise and game drive for 55 officers for stress management workshop at Kasane.

The expenditure represents misclassification and misuse of funds under the guise of "psychosocial support therapy".

19.15. COVID-19 Fund (Ministry of Trade and Industry)

Income received during the year under review from Ministry of Finance COVID-19 Fund was P84 017 234 and incurred expenditure amounting to P17 234 in respect of hospital bill leaving an unspent balance of P84 000 000 as at 31 March 2023.

19.16. Debt Participation Capital Fund

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

Cash held by Accountant General as at 31 March 2023 was P9 153 713. There has not been any movement in the Fund since 2015, indicating that it has remained dormant for an extended period.

The continued dormancy of the Fund raises concerns regarding its relevance, operational effectiveness, and the efficiency of public resource utilisation. Idle balances held over several years may point to the absence of active programme implementation or a lack of periodic review of fund objectives. This situation suggests the need for policy reassessment to determine whether the Fund's purpose remains valid, and whether unutilised resources could be repurposed or reallocated to priority areas of economic development.

19.17. Export Credit Re-Insurance Fund

The Fund was established to provide re-insurance against risk of monetary losses or detriment, arising from circumstances beyond the control of any person suffering the loss or detriment of any contract of insurance entered into by a person carrying on business in Botswana and involved in trade with foreign countries or providing loans and similar facilities related thereto.

During the year under review, the Fund accumulated interest on income amounting to P2 327 899. Other income amounted to P2 625.

19.18. Foreign Exchange Stabilisation Reserve Fund

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

As at 31 March 2023, the Fund recorded an excess expenditure over income amounting to P60 054 198, indicating that foreign exchange losses exceeded the gains during the year. By comparison, for the year ended 31 March 2022, the Fund had also recorded excess of expenditure over income, but at a significantly lower amount of P965 304.

The substantial increase in net losses over the two-year period indicates that the Fund's capacity to absorb foreign exchange fluctuations has been significantly strained. While foreign exchange movements are inherently beyond the control of Government, the trend suggests either exposure to more severe currency movements and/or that existing mechanisms for managing and mitigating foreign exchange risk are inadequate. Persistent and rising deficits of this magnitude raise concerns regarding the Fund's effectiveness in stabilising Government exposure to foreign exchange fluctuations, and underscore the need for enhanced monitoring and oversight.

19.19. Guaranteed Loans Insurance Fund

The purpose of the Fund is to provide short-term insurance for motor vehicles, and residential properties of public officers financed through the Government Employees Motor Vehicles & Residential Property Advance Scheme (GEMVAS).

Absence of Audited Financial Statements for Guaranteed Loans Insurance Fund (Recurring Issue)

Terms of Section 6 (1)(c) of the Guaranteed Loans Insurance (GLIF) Fund Order, 2022, there should be an appointed committee which will be responsible for the review and approval of audited financial statements for the Fund.

However, it was observed that accounts of GLIF were last audited for the financial year ending March 2021 by Ernst & Young. As of the current review period, no subsequent audited financial statements have been presented for Committee review or approval. The continued absence of audited financial statements constitutes a serious breach of accountability and transparency requirements under the PFM Act. This lapse hinders the committee's ability to exercise effective oversight and increases the risk of undetected financial misstatements and irregularities as well as potential losses.

In response, Management stated that they had engaged BDO as their external auditor for the audit of the financial statements for Guaranteed Loans Insurance Fund for the year ended 31 March 2021 and the remaining 7 months before the fund was handed over by the current Administrators.

19.20. Guardians Fund

The Guardian's Fund was established by Section 101 of the Administration of Estates Act (Cap. 31:01). The Fund comprises all monies received by the Master of the High Court in trust for known or unknown persons. The Fund is controlled by the Master of the High Court and administered by the Office of the Accountant General subject to instructions issued by the Master of the High Court.

a) Anomalies in the Depositors Account

The opening balance for the Fund was P711 489 346.48. During the year under review, P166 128 991.60 was received and P126 539 205.29 paid out, resulting in a closing balance of P761 672 485.52.

However, audit review revealed the following anomalies;

The depositors' analysis report which records individuals' transactions and supports the closing balance, was not availed for audit verification. As a result, audit could not conclude on the accuracy and completeness of the closing balance in the General Ledger.

A comparison between Statement 10 and System-Generated Reports revealed significant variances as shown below:

Receipts

Location	System Receipts (P)	Statement 10 (P)	Difference (P)
Lobatse	81 416 278.42	110 319 865.29	28 903 586.87
Francistown	30 220 891.53	55 809 126.31	25 588 234.78
Total	111 637 169.95	166 128 991.60	54 491 821.65

Payments

Location	System Payments (P)	Statement 10 (P)	Difference (P)
Lobatse	98 717 772.34	102 923 294.64	4 205 522.30
Francistown	22 161 418.40	23 615 910.65	1 454 492.25
Total	120 879 190.74	126 539 205.29	5 660 014.55

The variances between system-generated reports and Statement 10 could not be reconciled or substantiated, indicating weaknesses in financial control and records management.

The absence of supporting analysis and unreconciled variances in key financial reports undermines the integrity and reliability of the Fund's financial statements. Given the fiduciary nature of the Guardian's Fund, such weaknesses expose the Government to the risk of loss, misstatement, and potential misappropriation of trust monies.

b) Multiple Depositors Accounts

The following depositors had multiple active accounts captured under their names, each with a distinct Depositor ID and different account opening dates:

Date Opened	Depositor Name	Depositor ID	Account Balance(P)
28/05/2007	KS	GF_LO/D00/002336	0.00
27/12/2007	KS	GF_LO/D00/001715	0.00
31/10/2022	IBK	GF_LO/D00/008826	1 281 899.07
31/10/2022	IBK	GF_LO/D00/008829	768 816.46

Both accounts remain active, and no documentation was provided to justify the existence of multiple accounts with the same names.

The absence of supporting records raises concern over data integrity and control over depositor records, and may indicate weaknesses in account management or record duplication within the Fund's system. Such anomalies may also increase the risk of erroneous payments, double claims, or fraudulent withdrawals.

c) Differences in Interest Computation

A comparison between Statement 10 and system-calculated interest on cash held by the Accountant General revealed a significant variance amounting to P3 576 464.02, as detailed below:

Item Description	Lobatse (P)	Francistown (P)	Total (P)
Statement 10	7 641 514.06	2 951 838.67	10 593 352.73
System- Calculated Interest	10 231 234.98	3 938 581.77	14 169 816.75
Over/ (Understatement)	(2 589 720.92)	(986 743.10)	(3 576 464.02)

The interest reported in Statement 10 was lower than the system-calculated amount, resulting in a potential understatement of

P3.58 million. This indicates weaknesses in the interest computation and reporting process, which may lead to misstatement of Fund balances and underpayment to beneficiaries.

d) Negative Interest Balances on Depositor Accounts

Audit review identified that several depositors had negative interest balances, which is inconsistent with standard interest accrual practices. The affected accounts and balances are summarised below:

Depositor ID	March 2023 Interest (P)
GF_FT/D00/004282	(622.32)
GF_FT/D00/002778	(1 070.33)
GF_FT/D00/004906	(1 016.68)
GF_FT/D00/004394	(1 051.74)
GF_FT/D00/004409	(11 846.26)
GF_FT/D00/005034	(3 076.83)
TOTAL	(18 684.16)

Negative interest balances indicate weaknesses in account management and may result in incorrect reporting of depositor entitlements.

e) Manual Interest Calculations without Supporting Documentation

There were instances where interest was calculated manually upon minors' reaching maturity date. However, the manual interest computations were not attached to the corresponding payment vouchers, and the accuracy of the calculations could not be independently verified.

Upon enquiry, management stated that incomplete or inaccurate capture of beneficiary details, particularly dates of birth, may have contributed to the discrepancies in the interest computations. Manual interest calculations without supporting documentation increase the risk of incorrect interest payments and undermine the reliability of the Fund's financial records.

Sample of Affected Transactions

Depositor ID	Interest Paid (P)
GF_LO/D00/002849	504 632.89
GF_LO/D00/004610	193 030.46
	6973.35

19.21. Housing Fund

The Housing Fund was established under Statutory Instrument No. 15 of 2015. Its purpose is to receive, maintain, and utilize funds made available to it or earned by it, in order to support either wholly or partially the development of housing for intended beneficiaries in Botswana. Beneficiaries are identified by the Government from time to time.

For the year under review, the Fund had an opening balance of P57 619 279 and a closing balance of P106 138 098.09. Receipts from SHHA Revolving Fund during the period amounted to P48 518 819.17 while no expenditure was incurred in 2022/2023.

In the past, my predecessors' reports on this Fund indicated that it had remained largely inactive since inception. In 2018/2019, no expenditure had been incurred except for a one-off payment of P531 915 to the UN Habitat Secretariat, made following a government decision, with subsequent payments intended to be funded through normal budgetary processes over the following five years. The 2019/2020 report similarly noted that the Fund remained inactive, and the reasons for non-utilization could not be established.

The prolonged inactivity has resulted in idle funds, which may delay housing project implementation and the delivery of benefits to intended recipients, while raising concerns regarding the effectiveness and utilization of the Fund.

a) Absence of a Management Committee

Since its inception, the Housing Fund has operated without a Fund Management Committee, contrary to Paragraph 6 of the Housing Fund Order (Statutory Instrument No. 15 of 2015), which provides that the Minister shall appoint a Fund Management Committee, after consultation with the Accounting Officer.

The Fund Management Committee is intended to provide oversight and strategic direction for the administration, disbursement, and investment of the Fund.

The absence of a formally appointed Committee raises serious concerns regarding the governance and accountability of the Fund. Without structured oversight, Fund activities may be subject to inconsistent decision-making, non-compliance with statutory provisions, arbitrary

disbursement and investment practices as well as increased risk of mismanagement or misuse of public funds.

b) Funds not invested

Since its establishment, the Housing Fund has not undertaken any investments, contrary to Paragraph 7 of the Housing Fund Order (Statutory Instrument No. 15 of 2015), which provides that the Fund shall receive interest accrued from the investment of its monies, as well as repayments from Housing Fund beneficiaries.

The failure to invest idle funds has resulted in forgone income-generating opportunities, thereby constraining the Fund's financial capacity to support housing development initiatives. This situation undermines the Fund's long-term sustainability and limits its ability to effectively fulfil its mandate of providing housing support to eligible beneficiaries.

19.22. Human Resource Development Fund (HRDF)

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

During the year under review, the Fund received P422 319 346 in levy income and incurred expenditure of P249 670 633, resulting in a surplus of P211 292 841.

19.23. Levy on Alcoholic Beverages Fund

The purpose of the Fund is to promote projects and activities aimed at combating alcohol abuse and minimise the effect of alcohol abuse such as;

- Public and school education campaigns on the harm of alcohol abuse,
- Advocating alcohol free youth activities,
- Supporting measures for the rehabilitation of victims of alcohol abuse and
- Monitoring and limiting the role of advertising of alcohol in sports activities.

In terms of Section 2 of the Fund Order (Statutory Instrument No. 90 of 2008) establishing the Fund, I am required to appoint an independent auditor to audit the Fund's accounts. At the time of preparing this report,

the procurement process for the appointment of the auditor was ongoing.

19.24. Livestock Advisory Services Fund

The purpose of the Livestock Advisory Services Fund is to;

- collect, receive and hold all revenue generated by Government as well as monies generated from the sale of stock and
- provide for a revolving facility from which the Livestock Advisory Centre requisites may be purchased. A review of the Fund gave rise to the following:

a) Understatement of Expenditure – P191 319.11

A payment of €15 289 made to Datamars was incorrectly recorded in the ledger as P15 289.00. Applying the correct exchange rate of 0.0740, the transaction should have been recognised as P206 608.11. This resulted in understatement of expenditure amounting to P191 319.11. The misstatement raises concerns regarding the accuracy of financial reporting, adequacy of controls over foreign currency transactions, and overall accountability.

b) Non-Renewal of LAC Point- Of- Sale System Maintenance Contract

The contract between Agileum (Pty) Ltd and the Department of Veterinary Services for maintenance of the LAC Point-of-Sale System expired on 1 February 2024, yet the system continued to be used without a renewed agreement. The continued use without a valid contract exposes the Department to financial and operational risks such as unfavourable pricing, lack of contractual protection and potential disputes.

c) Overstocking of Small Stock Ear Tags

The Department amended its contract with Datamars SA-Switzerland, reducing cattle ear tags by 1 000 000 and replacing them with 1 000 000 small stock ear tags. By 8 February 2024, only 198 795 tags (19.9%) had been sold. The low turnover suggests overstocking and misalignment with operational needs, requiring reassessment of the original purchase plan.

19.25. National Disaster Relief Fund

The purpose of the Fund is to provide financial assistance to victims of natural disasters. For the financial year under review, the Fund was

warranted an amount of P5 000 000 and incurred expenditure of P473 476.25 mainly for food basket for disaster victims.

The Fund's accounts for the financial year ended 31 March 2023 were audited, and no adverse comments were raised.

19.26. National Electrification Fund

The purpose of the Fund is to;

- a) Finance the cost of the subsidy required to enable household connection to the electricity grid owned by the Botswana Power Corporation; and
- b) serve as a source of development funds for future electrification projects.

In terms of the Fund Order, I am required to appoint auditors to audit the Fund's accounts. At the time of preparing this report, the procurement process for their appointment had not been completed.

19.27. National Environmental Fund

The National Environment Fund (NEF) was established to finance and promote activities aimed at conserving, protecting, and managing Botswana's environment. The Fund supports projects proposed and submitted by trusts, which determine the level of expenditure in any given year.

The audit of the accounts of the Fund gave rise to the following observations:

a) Board Charter Not Finalised

The revised Board Charter dated September 2022, had not been finalised at the time of audit in June 2025, despite a formal resolution by the NEF Board to conclude the process during its meeting held on 26 and 27 September 2022. The delay in finalising the Charter may affect the clarity of governance and accountability structures of the Fund.

b) Unspent Budget - Target Funding

The NEF had targeted funding allocations of P90 000 000 for the year 2022, and P120 000 000 for the year 2023, as outlined in the draft Strategy and Action Plan (2020 – 2027).

Despite these targets, the NEF Board approved a budget of P8 530 000 on 27 September 2022 for the year under review. Of this amount, only P885 940 was disbursed to the Ramokgwebana Development Trust for a land reclamation project, which was not a new initiative.

This expenditure represents only 0.9% of the targeted funding, indicating that no new projects were financed during the 2022/2023 financial year. The significant underutilisation of planned funds suggests delays in project identification, approval, or implementation, thereby limiting the Fund's contribution to achieving its environmental conservation and management objectives.

i. Asset Register Not Updated

The asset register availed for audit was not up to date. As a result, physical verification of allocated equipment such as laptops and tablets could not be undertaken, as some items were allocated to members who were no longer part of the Board and employees who were no longer serving as focal persons of the Fund.

The failure to maintain an updated asset register increases the risk of loss or misappropriation of assets and may result in understatement of the Fund's inventory records due to omissions and inadequate tracking of assets.

ii. Revenue from Botswana Unified Revenue Services and Botswana Tourism Organisation not Reconciled - P25 257 080.56

As at 31 March 2023, only three (3) receipts amounting to P25 257 080.56 were recorded in the General Ledger. The following anomalies were noted:

- The amount was not apportioned between the Tourism Development Fund (TDF) and the NEF in the prescribed ratio of 75% (TDF) and 25% (NEF), after deducting the 5% administration and audit fees, as required by the governing arrangements.

- No reconciliations had been performed on individual revenue accounts, including royalties receivable from the Botswana Tourism Organisation (BTO) and plastic levy collections from the Botswana Unified Revenue Services (BURS) for the financial year 2022/2023.
- Source documents from these entities were not available to substantiate the recorded revenue.

As a result, the completeness and accuracy of recorded revenue could not be confirmed, increasing the risk of mismanagement and potential loss of public funds.

iii. Projects that ran Beyond Budgeted Timeframes

At the time of audit, several projects financed under the Fund remained incomplete, despite having exceeded their approved implementation timeframes. Some of these projects date as far back as 2014, with no documented evidence of closure, approved extensions, or recovery plans.

Summary of Incomplete Projects:

Project Name	Initial Timeframe	Total Disbursement (P)	Project Status
Itireleng People's Theatre Trust	28/11/2014 – 31/12/2015	663 240	Incomplete with cost overrun of P153 655
University of Botswana (on behalf of Sexaxa Development Trust)	07/09/2017 – 07/09/2019	2 000 000	Incomplete
Inno lead Consulting	24 months (unspecified start)	581 299	Incomplete
Now for Them Trust	24 months (unspecified start)	5 461 580	Incomplete

The continuation of these projects beyond their budgeted timelines exposes the Fund to financial inefficiency and risks of project failure, including potential cost overruns, delays in intended benefits, and the

absence of accountability mechanisms to ensure completion or recovery of funds.

19.28. National Petroleum Fund

The National Petroleum Fund was established to;

- i. meet the engineering, construction, and operational costs of the strategic storage facilities for Government fuel;
- ii. purchase petroleum products for the Government's strategic oil stocks;
- iii. stabilise prices charged by the oil industry; and
- iv. meet insurance premiums for the insurance of Government's strategic oil installations and oil stocks.
- v. As at 31 March 2023, the National Petroleum Fund reported total income of P1.66 billion and expenditure of P1.55 billion. The reported amounts included accounting adjustments, such as prior period corrections and internal reconciliations of P1.26 billion and P33.5 million, respectively, rather than representing new cash flows. This presentation ensures that the Fund's financial records accurately reflect all transactions and prior period balances.

19.29. National Road Safety Fund

The National Road Safety Fund was established to receive and safeguard moneys made available to it or earned by it, which are to be utilized to meet financial obligations of the National Road Safety Committee (NRSC). The objective of the National Committee is to promote road safety in Botswana.

a) Activity Reports Not Produced for Audit

The Department budgeted P2 000 000 for the Departmental Road Safety Committee (DRSC) to implement fifty (50) activities and programmes under various road safety pillars aimed at promoting road safety across Botswana.

The audit however revealed that the Department did not produce adequate reports to support the utilisation of the allocated funds. Specifically:

- No expenditure reports were provided to track the use of the allocated funds.
- Monitoring and Evaluation (M&E) reports for the planned activities were not available for audit verification.
- There was no evidence of performance tracking, progress updates, or outcome assessments for the funded initiatives.

The absence of expenditure and M&E reports hinders accountability and transparency, making it difficult to determine whether the allocated funds achieved the intended outcomes.

b) National Committee Not Convened

The National Road Safety Committee (NRSC) did not convene any meetings during the year under review. The last recorded meeting took place on 22 August 2019, representing a breach of the National Road Safety Committee Regulations Part II, Section 7(1). This prolonged inactivity spanning nearly six years, indicates the absence of documented strategic engagement, oversight, or decision-making by the Committee.

The failure to convene the Committee significantly limits effective oversight and governance of the National Road Safety Fund, creating risks that fund activities may not be properly monitored or aligned with intended objectives.

19.30. President Housing Appeal Fund

The Fund was established by Statutory Instrument No. 20 of 2019 for the purpose of constructing basic housing for destitute persons and maintenance of dilapidated houses for such beneficiaries. The Fund is essentially a continuation and successor to the Presidential Housing Appeal, previously operated administratively as housing campaign under the Ministry of Presidential Affairs Governance and Public Administration.

As at 31 March 2023, the Fund held a balance of P900 112 with no movement reported since the previous financial year. The inactivity of the Fund raises concerns regarding the timeliness of housing interventions and the effective use of resources for the intended beneficiaries.

19.31. Prison Industries Revolving Fund

The Prisons Industry Revolving Fund was established by Statutory Instrument No.129 of 2022 (Prisons Industry Revolving Fund Order) to provide funding for the training and development of prisoners to acquire skills related to rehabilitation programmes, finance the purchase of materials for production of goods and services by prisoners, and provide financial support to qualifying prisoners upon release.

Revenue to be credited to the fund is derived from proceeds generated through sale of products or services produced by prisoners, as well as accrued interest from investments.

As at 31 March 2023, cash held by the Accountant General amounted to P107 737. No income or expenditure was reported during the year under review. The absence of transactions under this Fund would suggest that there were no activities undertaken in the prison industries of the Prison Service in pursuit of the rehabilitation objectives.

19.32. Prisons Rewards and Fines Fund

The Fund was established to provide financial support to the spouses or families of deceased junior or subordinate officers, or to junior or subordinate officers retired on account of mental or physical incapacity.

As at 31 March 2023, the fund recorded total income of P69 323, primarily derived from disciplinary fines.

19.33. Public Debt Service Fund

As at 31 March 2023, the Fund's investments totalled P2 279 372 199, which included a loan of P900 566 097 extended to BCL liquidator to cover liquidation costs. The loan has not yet been repaid, and no clear repayment terms have been established. In the absence of a valid loan agreement specifying its terms and conditions, the recoverability of this disbursement remains uncertain.

19.34. Revenue Stabilisation Fund

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

During the year under review, income amounting to P6 501 563 was received from the National Development Bank.

19.35. Road Levy Collections Fund

The purpose of the Fund is to hold all revenue collected from the Road Levy Collections Fund so as to utilise the monies of the Fund to finance the maintenance of roads.

During the year, expenditures totaling P697 054 765.91 were incurred outside the Fund's primary purpose, including transfers to the Department of Government Fleet Management (P170 027 887.17) for fuel purchases, financial support to Air Botswana (P91 000 000), and the National Petroleum Fund (P436 026 878.74). These expenditures were authorised by the Minister of Finance in terms of Section 40(2) of the Public Finance Management Act. While legally approved, such transfers reduce the funds available to directly achieve the Fund's core objectives.

Long-Standing Incomplete Road Projects with High Expenditure

Four (4) projects with total expenditure of P72 760 593.09, representing 99% of the contract sum, remained incomplete despite exceeding their planned completion dates. These projects, initiated between 2017 and 2021 remained incomplete at the time of audit in May 2025, resulting in cost overruns and delayed service delivery.

Project Name	Start & Completion Date	Contract (P)	Amount	Expenditure to Date (P)	Project Status
Rehabilitation of Sefhare Village Drainage Works	01/08/2017 – 31/01/2018	–	5 410 371.68	4 637 632.16	Incomplete
Reseal & Road Marking of Werda–Makopong Road (30 km)	10/03/2018 – 04/09/2020	–	20 815 314.54	21 239 218.54	Incomplete-cost overruns
Block Paving of Moletamane Access Road	17/06/2019 – 16/06/2020	–	45 984 137.22	46 623 527.39	Incomplete-Cost overruns
Dry Grading of Jakalas No. 1 & No. 2 Access Road (55 km)	14/12/2021 – 13/11/2022	–	1 465 929.10	260 205.00	Terminated
Total			73 675 752.5	72 760 583.09	

Delayed completion of these projects, coupled with cost overruns, demonstrates weaknesses in project monitoring and management. This exposes public funds to inefficiency, undermines timely delivery of road infrastructure, and may delay socioeconomic benefits intended for the communities served.

19.36. Road Traffic Fines Fund

The Fund is established to receive, deposit, and administer the road traffic fines imposed under the Road Traffic Act. For the year under review, traffic fines income amounted to P127 728 756, while expenditure totalled P5 915 685, leaving a closing balance of P18 694 441.

a) Unavailability of Fund Management Committee

The Road Traffic Fines Fund did not have a Fund Management Committee in place, contrary to Section 6 of the Road Traffic Fines Order, 2023.

The absence of a formally appointed committee raises concerns regarding oversight of Fund activities, including the determination of disbursement and investment strategies.

Without structured oversight, fund activities may not be properly monitored or aligned with intended objectives, increasing the risk of inefficient management of resources.

b) Excess Income not invested - P19 063 666.97

Excess income of P19 063 666.97 was not invested, contrary to Section 10 of the Road Traffic Fines Fund Order, which requires that funds not needed for immediate use be invested. As a result, the Government lost potential interest income that could have contributed to the growth of the fund.

19.37. Sim's Bursary Trust Fund

The purpose of the Fund was to finance the training of deserving citizens of Botswana using interest accrued from investments by the Ministry of Education.

The Fund balance as at 31 March 2023 was P644 736 and the interest from investments in the year under review was P22 232. Since inception the interest income from investments has remained low, and insufficient to finance scholarship for even a single student in any year, in line with the wishes of the testator.

In light of the slow growth of the Fund over the years and the ever-increasing cost of scholarships, resulting in failure to carry out the wishes of the late Mr Sim, consideration may be given to the dissolution of the Fund under the guidance of the High Court.

19.38. Sir Seretse Khama Memorial Fund for the Handicapped

The Fund is established to assist handicapped persons in Botswana by providing for their needs either in cash or in kind. For the year under review, the Fund was warranted an amount of P500 000 from the Consolidated Fund and recorded total expenditure of P340 596 leaving an unspent balance of P159 404. As at 31 March 2023, cash held by the Accountant General amounted to P6 973 460.

The audit did not identify any significant deficiencies in the management or utilisation of the Fund during the year under review.

19.39. Tertiary Education Development Fund

The Fund is established to finance the construction of a second university in Botswana, Botswana International University of Science and Technology (BIUST), a medical school and expansion of the University of Botswana. The projects are now complete and up and running. I consider that the Fund is being stretched beyond its original purpose to finance other activities of these institutions.

a) Change of Scope for the Construction of Covered Walkway

A contract for construction of a covered walkway was awarded at a cost of P1 606 829. During implementation, modifications to the initial design led to additional fees of P950 237.13, representing 59% variation, well above the 25% threshold permitted under Regulation 105, Part 2 of the Public Procurement Regulatory Authority (PPRA).

The excessive variation indicates non-compliance with procurement regulations and exposes the Fund to potential financial irregularities, which may affect the timely delivery of educational infrastructure projects.

b) Unbudgeted Developments

Expenditure amounting to P1 010 050 was incurred for consultancy services to develop a bankable feasibility study for a proposed BIUST Solar Power Plant. This activity was not included in the approved budget,

and the payment represents a retrospective approval, contravening Paragraph 33 of the Public Procurement Regulatory Authority (PPRA), which mandates that procurement planning be integrated with the budget. The inclusion of these expenditures increased the risk of Fund depletion due to unplanned expenditures.

c) Overspending: Sir Ketumile Masire Teaching Hospital

The Sir Ketumile Masire Teaching Hospital incurred actual expenditure of P61 034 844 for purchase of equipment for radiotherapy and oncology, which exceeded the disbursed amount of P60 478 905 by P555 939.

This over-expenditure indicates weaknesses in the budget monitoring and internal controls which resulted in a breach of budgetary controls and raises concerns about financial discipline and oversight.

19.40. Tobacco and Tobacco Products Levy Fund

The Fund was established to support tobacco control initiatives, including treatment, rehabilitation, training, advocacy, research, law enforcement support, and related activities.

In terms of Section 12 (2) (Statutory Instrument No. 8 of 2014) of the Fund Order, I am required to appoint an independent auditor to audit the Fund. At the time of preparing this report, procurement process for appointment of auditors was in progress, and audited financial statements were therefore not available.

19.41. Tourism Industry Training Fund

The Fund is established to finance skills development programs for employees in the tourism and hospitality sector and to provide allowances to youths and interns attached to the industry.

No training conducted

During the year under review, the Fund did not achieve its primary objective as no training activities were conducted, and no allowances were paid to youths or interns. This inactivity has persisted since 2021, indicating a failure to operationalise the Fund despite the availability of resources earmarked for sector development.

The prolonged inactivity undermines the Fund's strategic purpose, limits the development of critical skills in the tourism sector, and reduces opportunities for youth and intern participation in the industry growth.

20. Statement of Public Debt - (Statement No. 11)

As at 31 March 2023 the Statement of Public Debt had a balance of P45 791 233 278, comprising External Debt of P18 890 293 729 and Internal Debt of P26 900 939 548. The total amount decreased by P4 835 988 542 from the previous year, due to repayment of loans.

21. Statement of Unspent Development Deposits – (Statement 12)

As at 31 March 2023 the balance of both Unspent Development Deposits from foreign and local sources totalled P30 688 708 184. Examination of the Statement revealed that some accounts remained inactive for prolonged periods, with no movement or explanation provided for the inactivity. Details of non-moving accounts are as follows:

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

22. Statement of Loans Made by Government from Public Revenue – (Statement No. 13)

Table A – Domestic Development Fund Lending

Botswana Development Corporation – P36 229 628

A loan amounting to P89 500 000 was advanced to the Botswana Development Corporation for the construction of the Gaborone International Convention Centre (GICC), with a repayment period from 2003 to 2031. As at 31 March 2023 the outstanding balance stood at P36 229 628, following a repayment of P12 156 495 made during the 2022/2023 financial year. The total amount redeemed to date is P53 270 372.

Table C – Other On-Lending

Botswana Power Corporation – P25 728 677

The loan to Botswana Power Corporation for the Maun/ Francistown Transmission Line was originally advanced at P5 029 875.00. The loan is repayable over 38 years including a grace period of 8 years, commencing in 2002 and ending in 2031, at an interest rate of 0.75 per cent per annum.

As at 31 March 2023, the outstanding balance of the loan stood at P25 728 677, following a repayment of P2 639 714 during the year under review. The total amount redeemed to date is P34 400 567. The outstanding balance reflects both principal and accrued interest.

23. Statement of Other Deposits – (Statement No. 14)

The Statement of Other Deposits reflects monies held by Government on behalf of third parties, excluding unspent Development Deposits. In principle, the account should have a nil balance once transactions are settled.

As at 31 March 2023, Government liabilities under this account totalled P2 664 492 282, comprising Private Firms Retentions Monies of P432 646 669 and Other Deposits of P2 231 845 613.

The statement also showed debit balances of P7 585 655 which require investigation and clearance to ensure Government records accurately reflect amounts held on behalf of third parties.

The persistence of debit and credit balances in the Statement of Other Deposits had been noted in my predecessor's Reports. These balances may arise from overpayments, accounting errors, or unreconciled transactions, while credit balances represent monies held for third parties yet to be remitted. The recurrence of these issues over multiple years highlights weaknesses in monitoring and reconciliation.

24. Statement of Advance Accounts – (Statement No. 15)

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

As at 31 March 2023, the Statement showed a total outstanding balance of P2 219 134 398, net of credits of P72 731 189. Of concern are two long - standing items totalling P885 541 752, which have been reported in successive years without resolution. Suitable accounting arrangements have not been made to regularise these balances.

An amount of P673 597 322 relates to the purchase of shares in De Beers which by its nature represents an investment and should not be classified under Advance Accounts. No share certificates were available to validate the transaction and ownership. The continued retention of this item under these accounts is therefore inappropriate and reflects a long-standing weakness in financial reporting.

The other item, amounting to P211 944 430, pertains to the BCL and Others Liquidation Advance Account. This amount, which was paid from this account and classified as a recoverable advance, forms part of the P900 566 097 paid from the Public Debt Service Fund to the BCL liquidator towards liquidation expenses. This payment does not exhibit the characteristics of a recoverable advance and should not have been classified under Advance Accounts. As earlier indicated with the latter amount, the recoverability of this sum is doubtful in the absence of clear and reasonable terms under which the advance was made.

The total outstanding balances under the Residential Property and Motor Vehicle Loan Schemes were P17 678 192 and P429 947, respectively. Of these, the non-moving balances were P5 983 995 for Residential Property Loans and P76 589 for Motor Vehicle Loans, indicating that repayments have not been collected as expected. This indicates weaknesses in the loan recovery and follow-up, which could result in losses to public funds and reduces the resources available for other borrowers.

25. Non-Moving Advances

As of 31 March 2023, non-moving advances totaling P69 094 008 remain outstanding. These represent funds advanced to individuals that have not been repaid or reconciled for an extended period. If not properly addressed, such non-moving advances may reflect weak financial controls, increase the risk of losses to public funds, and reduce resources available for other government programs. These advances should therefore be thoroughly investigated and appropriate corrective action taken.

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

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

As at 31 March 2023, the Statement recorded a credit balance of P16 645 281 951 and a debit balance of P2 413 058 115.

Account	Amount (P)
Cash in Transit	13 502 059
Cash in Hand	696 986
Cash on Deposit	91 873 253
Government Investment Account	(15 283 365 832)
Cash at Bank	945 029 696
Total	(14 232 223 837)

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

a) Cash in Transit

As at 31 March 2023, the account reflected a debit balance of P13 542 059 across revenue offices and Missions abroad.

Delays were noted in the receipting and clearance of replenishments at several Treasury Cashier Offices, with some transactions outstanding for extended periods. In certain cases, replenishments dating back to 2022 had only been receipted in 2023, while others had not yet been receipted at the time of audit. These delays may result in misstatement of the Remittance Account and indicate weaknesses in cash handling and timely recording of transactions..

b) Cash in Hand

This Cash in Hand account reflected a closing balance of P696 986. However, discrepancies were noted between the General Ledger and supporting records (T53), including unreconciled transactions dating back as far back 2019 totalling P5 046.10 across Francistown, Mahalapye, and Serowe Treasury Cashier offices, respectively.

The persistence of these discrepancies indicates weaknesses in reconciliation procedures and undermines the reliability of reported cash balances.

c) Cash on Deposit

Point-Of-Sale (POS) - Treasury Offices

As at 31 March 2023, the Point-of-Sale Account was overdrawn by P4 775 104, indicating that withdrawals exceeded available funds at certain Treasury Offices.

In addition, differences were noted between the General Ledger and the Statement 16 Point of Sale balances for certain Treasury Offices.

Some unreconciled items in the Point-of-Sale Account date as far back as 2015, with some transactions lacking adequate supporting details. This absence of supporting details may hinder effective reconciliation and compromise the accuracy of financial reporting.

The overdrawn position of the Point-of-Sale accounts reflects weaknesses in cash management, while long-standing unreconciled differences between the General Ledger and Statement 16 compromise the accuracy of financial reporting.

d) Government Investment Account

The Government Investment Account (GIA) holds the Government share of foreign exchange reserves held by Bank of Botswana. This is, in turn, split between the GIA- Liquidity Portfolio and the GIA – Pula Fund.

As at 31 March 2023, the Government Investment Account balance stood at (P15 283 365 832).

i) Government Pula Fund

The Government Pula Fund represents the share of the Government funds in the long-term investment portfolio. As at 31 March 2023, the Government Pula Fund was overdrawn by P15 783 365 831. This balance excluded accumulated unrealized fair value gains of P3 967 126 226 and accumulated unrealized exchange gains of P23 780 911 698.

ii) Government Liquidity Fund

The Liquidity Fund provides a buffer between Government Remittances Account and the Government Pula Fund. The liquidity threshold is set at P500 million, any excess funds is transferred to the Government Pula Fund. As at 31 March 2023, the Fund maintained the prescribed balance of P500 million.

e) Cash at Bank

Banking Group 1- EFT Account

As at 31 March 2023, the EFT account reflected a General Ledger debit balance of P71 047 554 compared to a Bank Balance of P34 219 934.61.

Reconciliation revealed long-outstanding items, including unpaid BURS transactions totalling P75 076 115.61, dating as far back as 2011, and unidentified payments amounting to P127 826 541 reflected in the bank statement. Of the unidentified payments, P123 680 565.27 related to prior financial years covering period 2008 to 2022, while only P4 145 975.73 related to the year under review.

The persistence of long-outstanding and unidentified transactions suggests weaknesses in account reconciliation and internal controls, increasing the risk of misstatement in financial reporting, potential loss of funds, and continued difficulties in accurately monitoring cash balances.

Banking Group 2 - EFT Account

As at 31 March 2023, the account reflected an overdrawn General Ledger balance of P71 834 193. Reconciling items amounting to P42 295 889.11 were reflected in the account, comprising long-outstanding items of P2 295 889.11 dating back to 2013 and more recent reconciling items amounting to P40 000 000 originating from the 2022 financial year.

The continued presence of both long-standing and recent unresolved reconciling items indicates persistent weaknesses in reconciliation processes and timely clearance of balances.

Banking Group 5- RTGS Account

As at 31 March 2023, the account reflected a bank balance of P31 290 042.08, while the General Ledger showed an overdrawn balance P9 923 120.14 resulting in a material discrepancy.

Review of the account further revealed the existence of long-outstanding and incorrectly captured transactions, including unidentified payments amounting to P804 567 reflected in the bank statement, double payments to BURS totaling P764 579.33 made in February 2020, and an Incorrectly captured replenishment of P120 000 000 recorded in the General Ledger.

These discrepancies indicate weaknesses in cash and transaction monitoring. The inability to reconcile the bank and ledger balances, together with the persistence of unresolved items over several years, undermines the reliability of the accounting records and increases the risk of financial misstatement.

BOB Remittances Account

As at 31 March 2023, the Remittance Account reflected a closing balance of P55 551 095. This balance includes long-standing unreconciled items dating back to 2005, comprising payments in the bank statement of P183 673 131.50 (2005–2019), receipts in the bank statement of P736 296 819.70 (2005–2023), receipts pending reconciliation in the General Ledger of P299 470 982.14 (2005–2023), and payments pending reconciliation in the General Ledger of P391 296 199.66 (2005–2022).

Balances in the Remittance Account reflect funds not yet fully processed or transferred. Long-standing unreconciled items suggest delays and weak internal controls, obscuring the government's true cash position and increasing the risk of errors or mismanagement.

BOB Salaries Account

As at 31 March 2023, the Salaries Account reflected a General Ledger balance of P10 331 065, up from P6 033 240 in the previous year. Payments available for reconciliation in the ledger totaled P191 924 200 and unreconciled payments in the bank statement amounted to P134 326 751, compared to P283 060 181 and P206 399 864 respectively in 2022.

The unreconciled items obscure the true cash position, delay salary reporting, and increase the risk of errors in the processing of payroll payments.

Special Funds Remittance Account

This account had a closing General Ledger balance of P46 045 354 as at 31 March 2023. However, supporting documents relating to this account were not availed for audit verification, limiting assurance over the accuracy and validity of the balance.

Government Pula Card

As at 31 March 2023, the Pula Card Account reflected a debit balance of P11 306 215 and a credit balance of P1 497 093. Several Treasury Offices had overspent their General Ledger balances, including Tutume (P178 697), Mochudi (P1121 865), Nata (P53 327), Machaneng (P24 724), and Gumare (P118 480). Additionally, the reconciliation statement for Gumare Treasury Office bank account was overdrawn by P24 019.

This issue was also highlighted in the previous report, and corrective measures are needed to rectify the anomaly. Continued overspending and unreconciled balances indicate weak financial controls at some Treasury Offices, which could result in misstatements in the General Ledger and potential misuse of public funds.

Electronic Funds Transfer (EFT) Accounts

An examination of the Electronic Fund Transfer accounts of the Treasury Cashier Offices revealed long outstanding unreconciled and unresolved items. The accounts included unreconciled payments dating as far back as 2012, highlighting weaknesses in financial control and delayed transaction processing. The table below summarizes the offices, periods, and amounts of these unreconciled payments:

Period	Treasury Cashier Office	Unreconciled Payments (P)
2013-2023	Francistown	405 627.05
2013-2020	Masunga	125 288.57
2012-2020	Tonota	57 406.70
2014-2022	Letlhakane	177 157.00
2013-2021	Tutume	70 090.53
2012-2020	Mahalapye	1 373 094.15

2012-2022

Serowe

7826.40

The Masunga Treasury Cashier Office reconciliation statement included a duplicated receipts batches of P22 000 000 pending reversal. Of this total, P1 500 000 relates to the financial year 2019/2020. This remains unresolved and requires corrective action to avoid distorting reported cash balances.

Additionally, reconciliation statements continue to reflect uncleared and unaccounted transactions (Uncommon items between Accounts Payable & General Ledger), including P9 569 relating to the 2015-2016 financial year for Masunga Treasury Office, and P115 883 for the 2016/2017 financial year for Machaneng Treasury Office. The persistence of unreconciled and unaccounted transactions across multiple years indicates weaknesses in financial controls and reconciliation processes. These lapses increase the risk of misstatement of cash balances and potential loss or misappropriation of public funds.

Current and Call Accounts

A review of the Current and Call Account revealed several irregularities and long-standing reconciliation issues as outlined below:

As at 31 March 2023, several Treasury Cashier Offices recorded overdrawn bank balances, as shown below:

Treasury Cashier Office	Amount (P)
Francistown Cheque (52290)	(890 492.19)
Serowe Cheque (52292)	(579 882.98)
Letlhakeng Cheque (52284)	(749 308.94)
Machaneng Cheque (52294)	(273 249.35)
Mochudi Cheque (52285)	(147 242.26)
Molepolole Cheque (52286)	(1 645 160.05)
Nata Cheque (52465)	(53 327.49)
Masunga Cheque (52000)	(11 649 980.93)
Tonota Cheque (52293)	(327 549.45)
Machaneng Call (54294)	(538,171.78)

The persistent occurrence of overdrawn accounts indicates weaknesses in cash management and monitoring at the affected Treasury Offices. The Accounting Officer should ensure that sufficient

funds are maintained in operational accounts to prevent such occurrences.

Discrepancies were noted between balances recorded in the General Ledger and those in Statement 16 as follows:

Treasury Cashier Office	General Ledger Balance	Statement 16 Balance
Tonota Call Account	118 199.87	36 957 560
Selibe Phikwe Call Account	251 525 .75	47 061 727
Mahalapye Call Account	(1 129 004.34)	9 024 251
Machaneng Call Account	(538 171.78)	8 370 366

These significant variances indicate that reconciliations are either incomplete or inaccurate, undermining the reliability of reported cash balances.

Several Treasury Cashier Offices had reconciling items dating as far back as 2004, as shown below:

Treasury Cashier Office	Period	Bank Unreconciled Payments (P)	Ledger Available for reconciliation Payments (P)	Bank Unreconciled Receipts (P)
Masunga (52340)	2011	1 392 686.35	4 782 311.46	37 205 337.37
Francistown (52290)	2019	161 191.28	1 051 443.03	100.84
Tonota	2019	9 552.55	337 121.28	-
Lobatse (52281)	2021-2022	2 330 014.83	-	2 495 613.33
Lethakeng (52284)	2019	249 381.43	205 331.83	156 548.04
Ramotswa (52236)	2011	297 193.63	1 072 950.63	2 367 211.08
Machaneng (52294)	2019	21 844.89	295 094	-
Lethakeng (52223)	2010	1 477 998.80	1 001 272.94	3 517 198.06
Molepolole (52286)	2019	-	1 278 354.22	1 377 391 .91
Mochudi (52285)	2019	193 942.24	41 486.70	44.42
Selibe-Phikwe (52295)	2019	4 512.53	2 089 719.60	5 467.28
Mochudi (52211)	2004	4 948 275.84	5 103 458.24	2 186 467.43
Molepolole (52212)	2004	29 935 184.44	2 326 651.21	45 012 822.77

Additionally, the Molepolole Call Account (54324) with a General Ledger balance of P505 000 could not be traced to Statement 16. The absence of reconciliation impairs the accuracy of financial reporting and may conceal potential irregularities.

Commercial Bank Group Accounts (Call and Current)

Group P

Current Account

As at 31 March 2023, the General Ledger reflected a balance of P5 548.89, while the Bank had a zero balance and Statement 16 recorded a balance of P8 329.

Reconcillation revealed long-standing unreconciled items, including ledger payments of P60 489.65, of which P55 944.05 relate to the 2019/2020 financial year, and bank payments of P68 325.05, also mainly relating to the same year.

The call account for Group P was not availed for audit verification.

The absence of supporting records and unresolved reconciling items reduces the reliability of reported cash balances and weakens assurance on the accuracy of government bank accounts, potentially hindering transparent tracking of public funds.

Group Q

Current Account

As at 31 March 2023, the Group Q account was overdrawn by P281 121.07 . Reconciling items included stale cheques totalling P293 077.25 dating as far back as 2020.

Call Account

The General Ledger reflected a balance of P242 499.10 compared to P240 922 recorded in Statement 16.

The overdrawn position, together with stale cheques and minor discrepancies between the General Ledger and Statement 16, indicate weaknesses in cash management and reconciliation. Such unresolved items reduce confidence in the accuracy of reported balances and highlight the need for timely clearance of reconciling items.

Group R

Current Account

As at 31 March 2023, the Group R Current Account was overdrawn by P66 471.96. The account included long-standing unreconciled receipts of P67 381.80, payments pending reconciliation of P56 009.76, voided payments of P35 369.75, and unreconciled payments in the bank statement of P92 290.78. The call account for this group was not made available for audit verification.

The Call Account for this Group was not made available for audit verification.

The combination of overdrawn balance, multiple reconciling items, and missing supporting records indicates weaknesses in cash management and timely reconciliation. These discrepancies compromise the accuracy of reported balances and increase the risk of errors in financial reporting.

The widespread occurrence of overdrawn accounts, long-outstanding reconciling items, and mismatches between ledger and statement balances reflects significant weaknesses in cash book maintenance and bank reconciliation controls across Treasury Cashier Offices. These matters warrant urgent management attention to ensure the integrity of Government bank accounts records and accurate reporting of public funds.

Botswana Missions

A review of the Accountant General Reconciliation and Foreign Missions bank account reconciliation statements revealed several unreconciled items from prior years of which supporting documentation was not provided, as detailed below;

Unreconciled Items – Prior year matters

Mission	Financial Year	Details	Amount (P)
Washington	2016-2017	Manual 2041761	154 273.88
Washington	2016-2017	RE/072/16-17/000097	10 929.00
Washington	2016-2017	RE/072/16-17/000087	3 265.59
Washington	2016-2017	RE/072/17-18/000082	11 326.30
Brussels	2018-2019	RE/075/18-19/000034	814.22
Germany	2021-2022	IN/1524/21-22/000094	3 861.04
Germany	2021-2022	IN/1524/21-22/000100	5 011.68

Germany	2021-2022	IN/1524/21-22/000038	2 287.27
Germany	2021-2022	IN/1524/21-22/000091	3 341.56

Additionally, transactions appearing in the Bank statement of the Botswana High Commission in London, totalling Great British Pound 884 395.14 were not recorded in the General Ledger. These include transfers between 7 March 2023 and 24 March 2023 as detailed below:

High Commission – London

Date	Bank Transaction Details	Transaction type	Pounds
07/03/2023	WL ITS LTD RE JLP 63562953000000181 DDR	Transfer	905.30
10/03/2023	Transfer 20179353	Transfer	520.00
13/03/2023	BX23030965595135 T Madisa DDR	Transfer	300.00
23/03/2023	Transfer 20179353	Transfer	878 110.16
24/03/2023	BX23032467034033 618141 BAKAE BLES TFR	Transfer	4 559.68
Total			884 395.14

The absence of corresponding entries in the ledger indicates weaknesses in bank reconciliation and transaction monitoring, which may lead to incomplete or inaccurate financial reporting.

Johannesburg

The reconciliation statement showed long-outstanding and uncaptured transactions including items dating back to 2019. Uncaptured transactions totalled to P10 673.67 (R13 574.55).

Other adjustments carried forward from prior years amounted to P689 037.67, including an overpayment to DRS Devilliers amounting to P77 783.87 (equivalent to R98 923.91) which had not been recovered as at the reporting date.

A summary of other transactions still under reconciliation includes overpayments and adjustments for hospitals, consultants, and other entities, as shown in the table below:

Detail	Amount (Rand)	Amount (P)
Overpaid Drs Devilliers & Partners	98 923.91	77 783.87
Garden City IN 1513/18-19/000145	16 232.00	12 763.22
Dr Shahzad IN 1513/18-19/000190	27 230.42	21 411.28
Clinix Hospital	51 505.11	40 498.47
Dr TS Ramokgopa	600.00	471.78
Unitas Hospital	305 409.70	240 143.65
Dr Reddy	9 000.00	7 076.70
Ethekwini Hospital	91 588.41	72 015.97
Ethekwini Hospital	17 505.97	13 764.94
Battle Creek	99 996.24	78 627.04
Receipt 56	125 164.50	98 416.85
Deborah Jacob to be cancelled batch IN /1513/20-21/000191 voucher	29 000.00	22 802.70
DRS Rodeth & Partners overpaid batch	3 978.73	3 128.48
Aquazania overpaid batch	168.80	132.73
TOTAL	876 303.79	689 037.67

The persistence of long-outstanding and unadjusted items, some dating back several financial years, indicates deficiencies in the timely reconciliation and clearance of accounts. Continued delays in recovering overpayments and resolving suspense items expose public funds to potential loss and weaken the reliability of reported balances. The Accounting Officer should ensure that all outstanding reconciling items are fully investigated, supported, and appropriately adjusted in the accounting records.

27. Statement of Contingent Liabilities - (Statement No.17)

The Statement of Contingent Liabilities represents loans to statutory bodies and public officers guaranteed by Government. It outlines, for each borrowing organisation, the lending agency, nature of liability, interest rate per annum, repayment period, and the maximum liability as at the end of the financial year.

As at 31 March 2023, total contingent liabilities amounted to P7 430 768 029 as detailed below;

ITEM	AMOUNT
Parastatals Borrowings	4 159 867 736
Non-Interest Bearing Treasury Notes	1 479 664 793
Public Officers Borrowings	1 680 724 971
Private Borrowings	110 510 530
Total	7 430 768 029

The total contingent liabilities of P7.43 billion highlight the Government's potential exposure if parastatals or public officers fail to meet their obligations, emphasizing the need for close monitoring and timely reporting.

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

The Statement presents Government shareholdings in commercial undertakings, International Organisations, State Enterprises and Statutory Bodies.

However, certain Government investments were omitted, including Tautona Lodge (Pty) Ltd valued at P58 240 000 and Debt Participation Capital Funding Limited. The exclusion of these assets results in an incomplete presentation of Government's shareholding in commercial undertakings.

Such omissions understate the Government's total equity holdings and may misrepresent the overall value of Government's interests in commercial entities, thereby reducing the reliability of the Statement as a reflection of Government's investment position.

In addition, the Statement reflects accumulated deficits within a number of State-Owned Entities amounting to P485 107 816 as at 31 March 2023, compared to P483 261 919 in the prior year. The persistence of these deficits indicates continued financial challenges within certain entities and poses a risk to the value of Government's investments.

29. Statement of Arrears of Revenue – (Statement No. 19)

The Statement reflects funds owed to Government, which remained uncollected at the end of the financial year and relates to amounts that should have been collected in previous years. As at 31 March 2023, total arrears of revenues amounted to P141 775 957. A significant portion of

these arrears was concentrated in a few Ministries, with individual account balances exceeding P1 million as summarised below;

Ministry	Account	Amount (P)
Agriculture	Sale of live animals to Zimbabwe	1 239 000
Education & Skills Development	School fees- local	89 049 408
Mineral Resources	Mineral Royalties	2 367 786
Auditor General	Audit Fees	1 603 776
Land Management and Water Affairs	Rent, State land/farm/Gabs/Francistown	3 694 766
Land Management and Water Affairs	Rent Offices	1 662 574
Land Management and Water Affairs	Consumer Water Account	14 887 352
Infrastructure	BHC Pool Houses	3 353 599
Tertiary Education	Courses and Book Fees	2 421 965

The continued accumulation of uncollected revenue indicates weaknesses in revenue administration, debt management and recovery processes. Prolonged non-collection increases the risk of doubtful recoverability, potential loss of public funds, and misstatement of Government revenue.

30. Statement of Contingencies Fund – (Statement No. 20)

The Fund was established to provide advances for urgent and unforeseen circumstances where no other budgetary provision exists, and where such expenditure could not reasonably be deferred. Allocations to this Fund are appropriated from the Consolidated Fund in accordance with the relevant legal provisions.

As at 31 March 2023, the account maintained a balance of P10 000 000, unchanged from previous years. The Fund is used alongside the National Disaster Relief Fund which is funded annually from the Consolidated Fund. In the year under review, no major disasters were reported except for an expenditure of P473 476 in the National disaster Relief Fund.

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

This Statement is a year-end summary of all reported cases of losses of public monies, stores and accidents to Government Motor Vehicles that had not been finalised or disposed of as at end of the financial year.

Table A-Losses of Cash

Reported during year under review

During year under review, four (4) cases of losses of cash were reported, amounting to P272 564.95. Of these cases, two (2) related to systematic fraud, while the remaining two (2) related to break-ins.

Reported under previous years

The balance of losses reported in previous financial years amounted to P15 443 246 of which P940 986 was recovered and P515 401 written off during the year under review, leaving P13 986 859 unrecovered.

The outstanding unrecovered balance of P13 986 859 represents a significant risk to public funds. The persistence of long-outstanding losses highlight weaknesses in monitoring and recovery processes, and case finalization processes, and underscores the need for strengthened controls and timely resolution to safeguard Government resources.

Table B - Loss of Stores

Reported during year under review

During the year under review, losses of stores amounted to P32 033, of which P26 733 was written off, leaving a balance of P5 300.

Reported in the previous year

Losses reported in the previous years totalled P1 009 578, of which P115 695 was recovered and P43 290 was written off, leaving an outstanding balance of P850 527. The continued existence of unrecovered losses highlights the need for strengthened controls and sustained recovery efforts to safeguard public resources.

Table C- Losses through Motor Vehicle Accidents

Reported during year under review

During the year under review, a total of 289 accidents involving Government motor vehicles were recorded, resulting in damages amounting to P8 959 332. Of this amount, P811 451 was recovered from third parties, P226 672 was charged to the respective drivers and P1 062 045 charged to public funds, leaving an unrecovered balance of P7 890 309.

Reported in the previous year

Accidents reported in the previous years totalled P16 640 235, of which P3 007 611 was charged to public funds, P2 196 556 was charged to drivers, and P2 347 845 was charged to third parties. While some costs were recovered from drivers and third parties, a substantial portion remains outstanding from both previous and current periods. These unrecovered amounts expose public funds to potential loss, highlighting the need for timely referral of outstanding cases to the Attorney General and efficient follow up on recovery efforts are essential to safeguard government resources.

VIII MINISTERIAL ACCOUNTS

PARLIAMENT

32. Warranted Provision

The utilisation of funds warranted to the Parliament for the financial year ended 31 March 2023 is indicated below-

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
National Assembly	155 693 820	154 062 676	-1 631 144	0.01
Ntlo ya Dikgosi	9 893 270	9 381 990	-511 280	0.05
TOTAL	165 587 090	163 444 665	-2 142 425	0.06

The underspending indicates that Parliament generally operated within its allocated resources, but it could also suggest that some planned activities were not fully implemented.

33. Non-Moving Advances

The non-moving advances which were outstanding on 31 March 2022 under Parliament are shown below:

Account	Amount
Advances on gratuity- Members of Parliament	537 508
Advance on gratuity- Contract Officers	282 982
Recovery of overpayment of salaries	28 237
Training Bond Liability	55 868
Travelling Imprest	88 344
Total	992 980

As at 31 March 2023, a total of P 992 980 in advances remained outstanding under Parliament, compared to P 7 788 083 as at 31 March 2022. The reduction is mainly attributable to two significant decreases: advances on gratuity for Members of Parliament, which decreased from P 7 246 403 to P 537 508, and advances for P&P Grade D4 and below, which were fully cleared from P 275 215 in 2022. A notable increase occurred in advances on gratuity for Contract Officers, which rose from P 28 000 to P 282 982.

MINISTRY FOR STATE PRESIDENT

34. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2023 is indicated below -

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
State House	15 419 335	14 881 953	-537 382	3
Office of the President	427 741 387	481 223 151	-9 518 236	2
Directorate of Public Service Managemnt	92 064 516	91 127 765	-936 751	1
National Aids and Heath Promotion Agency	51 424 833	50 234 597	-1 190 237	2
Office of the Former President President-F.G Mogae	2 532 620	2 429 968	-102 652	4
Information Services	65 086 938	64 226 981	-859 957	1
Broadcasting Services	217 140 300	215 610 737	-1 529 563	1
Government Printing and Publishing Services	64 311 550	63 609 330	-702 220	1
National strategy Office	29 778 414	28 827 427	-950 987	3
Directorate on Corruption & Economic Crime	135 676 678	134 955 263	-721 416	1
Directorate on Intelligence & Security	496 109 290	494 601 068	-1 508 222	3
Office of the Former President S.K.I Khama	3 799 270	3 519 380	-279 889	7
Counter Terrorism Analysis & Fusion Agency	17 667 539	17 286 388	-381 155	2
TOTAL	1 618 752 670	1 599 534 009	-19 218 661	1

For the financial year ended 31 March 2023, the Ministry was warranted P1 618 752 670 and spent P1 599 534 009, resulting in an overall underspending of P19 218 661 (1.2%). All departments generally

operated within their approved provisions, with underspending ranging from 1% to 7% across individual departments, the highest being in the Office of the Former President S.K.I. Khama (7%) and the lowest in several departments including the Directorate on Corruption and Economic Crime and Information Services (1%). This demonstrates that the Ministry managed its resources within the approved budget allocations.

35. **Non-Moving Advances**

The non-moving advances as at 31 March 2023 for the Ministry are as shown below:

Account	Amount
Surcharge – Damage to Government Vehicle	36 131
Advance - P&P Emergency	-334
Advances Imprest Recoveries	795
Advances - Industrial Class	-200
Advances – Grade D4 and Below	913
Advance on Gratuity- Contract Officers	648 936
Loss of cash - Cash shortage	20 818
Recovery of Overpayment of salaries	234 610
Travelling Imprest	205 905
Training Bond Liability	49 886
Total	1 415 454

As at 31 March 2023, non-moving advances under the Ministry amounted to P1 415 454, compared to P2 130 333 reported in the previous year. The reduction mainly reflects a significant fall in the balance for loss of cash, which decreased from P1 355 458 in 2021/2022 to P20 818 in 2022/2023.

The following audits were undertaken during the year and the key findings are noted below.

36. **Project on Facilitation of the Creative Industry**

- i) Remodelling of the Auditorium

Non-Compliant Membership - Evaluation Committee

The secretary of the Evaluation Committee was also appointed as a member of the Adjudication Committee. This arrangement contravened Public Procurement Regulations 2023, Section 7(7), which prohibits the secretary of an Evaluation Committee from serving on the Adjudication Committee. The dual role compromised compliance with procurement procedures and could have affected the impartiality of the adjudication process.

Insurance Cover Not Availed for Audit

The contract terms required the contractor to maintain insurance coverage for materials, plant and fees. However, the relevant insurance policies were not availed for audit, making it impossible to confirm compliance with this contractual requirement. The absence of evidence of insurance coverage exposes the project to potential financial risk in the event of loss or damage.

Time and Cost Overruns

The project was originally scheduled for completion within five (5) months, however, delays during project implementation extended the duration by one (1) year. Furthermore, delays in decision making processes resulted in a claim of P168 884 by the contractor. The time and cost overruns indicate weaknesses in project planning and supervision.

Undelivered Metal Detector Equipment

An amount of P75 000 was paid for the procurement of metal detector equipment. However, at the time of audit, the equipment had not been delivered despite the project being completed. The non-delivery of procured equipment indicates non-compliance with contract terms and exposes the Ministry to the risk of paying for undelivered goods.

ii) Supply, Workflow Design, Installation, Commissioning, and Training for UHD 4K Television Production Equipment

Performance Bond Not Provided

Clause 10 (6) of the Contract Agreement required the service provider to furnish a performance bond within fourteen (14) days of signing the Agreement. However, there was no evidence that a performance bond existed for the project.

In response, Management stated that obtaining a performance Bond had been challenging, as the contractor requested additional fee for its provision, resulting in Government bearing extra costs without perceived benefit. The absence of a performance bond exposes the project to financial risk in the event of non-performance by the contractor.

37. Renovation of Botswana Public Service College Staff Flats

Project Records not Produced for Audit

An audit on the refurbishment of Botswana Public Service College was completed in June 2023 and the observations were shared with the Ministry of Transport and Public Works.

Phase I of the project covered the renovation of two blocks of residential flats at a contract sum of P2 900 115.90, while Phase II covered the renovation of another block with six units at a contract sum of P1 678 150.

Neither the College nor the Ministry could produce the relevant project records to account for the total amount of P4 578 266 authorised for refurbishment of the said properties. These records included; project memorandum, tender evaluation reports, payment vouchers and minutes of meetings.

In June 2023, the matter was addressed to the Accounting Officer and a follow-up reminder was issued in May 2024 for responses on the above observations.

To date, these important documents have not been provided to enable a full audit of the project. The only comments received were from the College, citing challenges in accessing project records, including those for renovation of the flats.

38. Audit on the Covid 19 Pandemic (Corona Virus) Procurement

Financial Loss Due to Court Settlement

A tender for the supply of electronic movement tracking devices valued at P14 300 000 was awarded to a local supplier on 18 August 2020. The contract was prematurely terminated by the Ministry on the grounds that there were no funds for the purchase, as it had not been budgeted for. The contractor subsequently sued, and the Ministry agreed to a

settlement in the amount of P8 000 000, which was paid from the COVID-19 Account.

The circumstances of this payment are unsatisfactory for the following reasons:

- a. The Ministry should not have entered into a contract for which they knew there were no budgeted funds. This has resulted in nugatory expenditure of a substantial amount of P8 000 000.
- b. The payment was incorrectly charged to COVID-19 funds, which were specifically allocated for the pandemic containment.

MINISTRY OF FINANCE

39. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2023 is indicated below.

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	2 074 767 347	2 006 534 979	-68 232 368	3
Accountant General	345 444 200	343 463 702	-1 980 498	1
Financial Intelligence Agency	25 594 043	24 877 422	-716 621	3
TOTAL	2 445 805 590	2 374 876 104	-70 929 487	3

For the financial year ended 31 March 2023, the Ministry was allocated a total of P 2 445 805 590. Actual expenditure amounted to P 2 374 876 104, resulting in an overall underspending of P 70 929 487 (3.0%). The underspending indicates that the Ministry generally operated within its approved provisions.

40. Non-Moving Advances

The non-moving advances under the Ministry as at 31 March 2023 are shown below:

Account	Amount
Advances - Imprest Recoveries	7 169
Advances- Industrial Class	-147
Advances - P&P Grade D4 & Below	16 955
Loss of cash – Cash Shortages	9 134 803
Residential Property Loan	5 983 995
Motor Vehicle Loan	76 589
Recovery of overpayment of salaries	281 143
Training Bond Liability	97 081
Travelling Imprest	-11 220
Total	15 586 368

As at 31 March 2023, non-moving advances under the Ministry amounted to P 15 586 368, compared to P 13 079 985 in the previous year, showing an overall increase of P 2 506 383. The increase was mainly due to higher balances in loss of cash – cash shortages, which rose from P 8 124 676 to P 9 134 803, and residential property loans, which increased from P 3 995 468 to P 5 983 995. This was partially offset by a decrease in recovery of overpayment of salaries, which fell from P 350 308 to P 281 143, and motor vehicle loans, which declined from P 217 257 to P 76 589.

The notable increase in cash shortages and residential property loan balances indicates areas where financial controls and recoverability measures need strengthening.

The following audits were undertaken during the year and the key findings are noted below.

41. Government Employees Motor Vehicles and Residential Property Advance Scheme (GEMVAS).

Inconsistencies on Loan Computation

The Customer Relations Management Input System (CRM) which is used to process loans and insurance premiums was used in conjunction with eligibility check forms (in Excel). This dual system created differences in computation of deductions, making it difficult to determine the correct amounts to be deducted. Furthermore, amounts deducted from client payroll differed from those calculated in both eligibility check forms and CRM system.

Management stated that delays in updating interest rates were caused by extended unavailability of the Virtual Private Network services supplied by the Department of Information Technology, which affected timely system updates.

The inconsistencies in loan computations highlight weaknesses in controls and reconciliation between systems used for payroll deductions.

42. Tutume Treasury Cashier Office

Overpayment to Customers – P13 934

The bank reconciliation statement for the Government Pula Card account revealed that certain transactions recorded in the General Ledger amounting to P13 934 were paid twice in the Bank statement

resulting in the overpayments. These overpayments highlight weaknesses in payment controls and reconciliation processes at the Treasury Cashier Office. Such errors can affect government cash management and reduce available funds for other priorities.

In response, Management stated that efforts to recover the money have been made and to date, only P400 had been recovered.

Unremitted Funds - Road Traffic Certificate (RV 10)

Botswana Post collected road levy revenue on behalf of Government using (Road Traffic Certificates) receipt books. The funds collected through the following receipt books were not remitted to the Treasury Cashiers.

Date of Issue of receipt book	Receipt Book Number	Office issued to
14/06/23	19872001-19872500	Sebina Post office
20/06/22	18094035-18694500	Maitengwe Post Office
21/04/22	18305001-18305500	Nkange Post Office
24/08/21	18095501-18096000	Tutume Post Office
19/08/21	18095001-18095500	Tutume Post Office
18/08/21	18094501-18095000	Tutume Post Office
13/08/21	18094001-18094500	Maitengwe Post Office

In response, the management stated that Botswana Post Revenue Collectors are appointed by Department of Roads, Transport and Safety (DRTS) to collect on their behalf. Collections are deposited into a Merchant Bank Account and funds are subsequently transferred to the remittance account.

The collectors are monitored by DRTS and the system is linked to DRTS, and GABS, with funds swept daily.

Notwithstanding the existing system controls, the receipt books issued must be properly accounted for to facilitate reconciliation and ensure that all revenue is remitted to the Treasury. Failure to account for receipt books and unremitted funds could result in delayed or lost government revenue, undermining effective cash management.

MINISTRY OF LABOUR AND HOME AFFAIRS

43. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2023 is as reflected below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	60 414 804	59 219 343	-1 195 461	2
Immigration & Citizens	253 139 387	250 541 462	-2 597 952	1
Gender Affairs	39 945 234	36 977 865	-2 967 368 262	7
Civil & National Registration	89 609 016	89 276 590	- 332 426	0.4
TOTAL	443 108 440	436 015 260	- 7 093 180	1

For the financial year ended 31 March 2023, the Ministry of Labour and Home Affairs was warranted a total of P443 108 440. Actual expenditure amounted to P436 015 260, resulting in an overall underspending of P7 093 180 (1.6%). At department level, the highest underspending was noted at Gender Affairs, which spent P36 977 865 out of a provision of P 39 945 234, resulting in an underspending of P2 967 368 (7.4%). This represents an improvement compared to the previous year, when Gender Affairs recorded an underspending of 12%.

The underspending indicates that the Ministry generally operated within its approved provisions, although the variance at Gender Affairs may warrant further review.

44. Non-Moving Advances

The non-moving advances which were outstanding on 31 March 2023 under the Ministry are shown below:

Account	Amount
Surcharge-Damage to Government Vehicle	-540
Advances- Industrial Class	11 000
Advance – P & P Grade D4 and below	12 791
Loss of cash – cash shortages	496 396
Recovery on Overpayment of Salaries	283 372

Training Bond	556
Travelling Imprest	63 157
Total	866 731

As at 31 March 2023, non-moving advances under the Ministry of Labour and Home Affairs amounted to P866 731, slightly higher than last year's P835 418. The highest balances remained under cash shortages (P496 396) and recovery of overpayments of salaries (P283 372). These balances indicate that, although some progress has been made, significant amounts remain unrecovered.

MINISTRY OF AGRICULTURE

45. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2023 is as indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	514 849 439	508 682 191	-6 167 248	1
Crop Production	280 619 352	278 353 507	-2 265 845	1
Agricultural Research	57 201 519	56 282 451	-919 067	2
Animal Production	159 283 810	156 269 227	-3 014 583	2
Agric. Bus. Promotions	38 092 964	35 613 516	-2 479 448	6.5
Veterinary Services	483 246 527	475 667 137	-7 579 390	2
Agric. Res. Statistics & Policy Dev	25 274 380	23 763 708	-1 510 672	6
TOTAL	1 558 567 990	1 534 631 737	-23 936 253	2

For the financial year ended 31 March 2023, the Ministry of Agriculture was warranted P1 558 567 990 and spent P1 534 631 737, resulting in an overall underspending of P23 936 253 (1.54%). The most notable departmental underspending was in Agricultural Business Promotions (6.5%) and Agricultural Research Statistics & Policy Development (6%), while other departments recorded minor underspending. The Ministry generally operated within its approved provisions.

46. Non-Moving Advances

The non-moving advances which were outstanding on 31 March 2023 are as indicated below:

Account	Amount
Surcharge- Damage to Government Vehicle	92 007
Surcharge - P&P Payroll	8 816
Permanent & Pensionable Emergency Advances	1 700
Imprest Recoveries	24 793
Advances- P& P Grade D4 and below	4 333
Loss of Cash	148 583
Loss of cash – cash shortage	38 593

Recovery on Overpayment of Salaries	1 411 326
Training Bond liability	66 298
Travelling Imprest	258 297
Total	2 054 746

As at 31 March 2023, non-moving advances under the Ministry of Agriculture totaled P2 054 746, down from P2 430 004 in the previous year. The yearly comparative largest balances were recovery of overpayments of salaries 2023 : P1 411 326 ; 2022 : P1 540 892), travelling imprests (2023 : P258 297 ; 2022 : P227 742), and loss of cash (2023 : P148 583 ; 2022: P138 154). The training bond liability remained unchanged at P66 298. Cash shortages decreased from P 266 388 to P38 593, reflecting progress in addressing these advances.

The following audits were undertaken during the year and the key findings are noted below.

47. Livestock Support Scheme

A moderate drought year was declared by His Excellency the President in 2021/2022 following the recommendation by Botswana Vulnerability Assessment Committee (BVAC). Consequently, the Ministry of Agriculture was expected to implement a 15% feed subsidy for extensive grazing livestock, effective 1 August 2022 to 31 January 2023, as part of interventions to mitigate the effects and overall impact of the drought.

Undue Benefit from the Scheme by Unauthorised Parties

Audit examination revealed that non-citizens and companies unduly benefited from the scheme by purchasing livestock feed from participating suppliers, contrary to the Guidelines which stipulated that the subsidy was to benefit only individual farmers with national identity cards (Omang).

Payment of the subsidy to unauthorised entities constituted a departure from the approved scheme Guidelines and undermined the objective of targeting drought relief assistance to eligible citizen farmers. In the absence of effective controls to prevent access by ineligible beneficiaries, there is a risk that resources intended for the targeted group were diverted, thereby reducing the effectiveness of the intervention.

Participation of Non-Compliant Retail Outlets

The guidelines stipulated that the subsidised livestock feeds were to be accessed through compliant feed retail outlets across the country. These retail outlets were expected to sell the feed to farmers within the capped prices approved under the scheme. Audit examination revealed instances where participating suppliers sold feed items at prices higher than the approved rates. Such non-compliance undermines the Government's objective of cushioning farmers against the adverse effects of drought and may have reduced the intended benefit of the subsidy.

Unclear Implementation Guidelines

The implementation Guidelines stipulated that the maximum quantity per purchase for each subsidised feed item should be ten (10) items, however, audit enquiries revealed that implementing officers interpreted this provision to mean that farmers could purchase the prescribed maximum quantities per day. The lack of clarity in the guidelines created room for varying interpretations, potentially enabling some farmers to make multiple purchases in a short period, thereby exceeding the intended limits. Such ambiguity undermines equitable access to the subsidy and increases the risk of abuse and depletion of programme funds.

48. Strategic Grain Reserve (SGR)

The Strategic Grain Reserve was established to:

- (i) Provide food relief to affected populations in the event of unforeseen events (natural calamity or other causes) that might cause breakdown in, or a shortage of normal grain supply and
- (ii) Supply various government feeding programmes in the country.

A review of the books of accounts for the Strategic Grain Reserve revealed the following;

Unavailability of a Separate Account for SGR

During the Financial Years 2019/2020 and 2020/2021 a total of P107 000 000 was disbursed to Botswana Agricultural Marketing Board (BAMB) for SGR replenishment.

At the time of audit in October 2023, Ministry of Agriculture was unable to demonstrate the existence of a dedicated SGR account. Since

inception, the funds have been deposited into the BAMB account at a local commercial bank.

The absence of a dedicated SGR account increases the risk of mismanagement or misappropriation of public funds, as it is unclear whether the funds were being used solely for the Strategic Grain Reserve. This situation reduces transparency and accountability.

Outstanding SGR Debt by BAMB – P290 638 830

Clause 7 (b) of the Agency Agreement stipulates that when SGR stocks are rotated, BAMB shall purchase the stocks at cost plus a 5% mark-up and settle the amount within thirty (30) days of statement date.

However, at the time of audit, BAMB owed the SGR a cumulative amount of P290 638 830 arising from non-compliance with the stock rotation settlement terms. The prolonged non-payment raises concerns regarding the safeguarding of SGR resources, the recoverability of the debt, and the long-term sustainability of the Reserve. Failure to enforce contractual obligations undermines financial integrity, weakens accountability, and exposes public funds to an elevated risk of loss.

The Accounting Officer acknowledged that poor governance, weak commercial management and ineffective debt collection contributed to the accumulation of outstanding debt, compounded by BAMB deteriorated financial position. The Ministry committed to address the weaknesses identified.

Unavailability of Quarterly Records

According to Section 4 (c) of the Agency Agreement, BAMB is required to submit quarterly reports to the Permanent Secretary on all matters pertaining to the SGR, including but not limited to policy matters. A review of records indicated no quarterly reports were provided, contrary to the Agency Agreement, making it difficult to verify whether funds were used appropriately.

Failure by BAMB to submit quarterly reports, as required by the Agency Agreement, impedes oversight and increases the risk that SGR funds may not be used for their intended purposes.

The monitoring tools developed by the Ministry as noted by the Accounting Officer are yet to be confirmed.

Advance for Feed Subsidy Not Accounted For

An advance payment of P28 million was made to BAMB in 2019 following the transfer of certain veterinary services. The advance was divided into three categories being; Feed subsidy for 2015/16 at P15 612 200, SGR maintenance for 2018/19 at P11 887 800 and Livestock Advisory Centre (LAC) pledge for P2015/16 at P500 000. The SGR maintenance funds were largely accounted for, except for an unaccounted balance of P172 568.29. However, Feed Subsidy and the LAC pledge amounting to P15 612 200 and P500 000 were not accounted for.

The failure to account undermines transparency over the use of public funds and prevents verification that the advance was applied for the intended purposes.

COVID – 19 Funds Unaccounted

On 8 October 2020, an amount of P196 683 098 was disbursed to BAMB by the Ministry for the procurement of produce from farmers to replenish the Strategic Grain Reserve. The Memorandum of Agreement required BAMB to maintain a separate account for these funds and to prepare a separate expenditure report. However, no expenditure report was availed at the time of audit in October 2023. The absence of financial records impedes transparency and prevents confirmation that the funds were used for the intended COVID-19 intervention.

The prolonged delay in accounting for the funds undermines transparency, weakens financial oversight, and increases the risk that funds may not have been applied for their intended purpose.

Loss on Disposal of Cowpeas – P14 921 937

Cowpeas valued at P14 921 937 under the Strategic Grain Reserve remained in storage at Pandamatenga branch for a more than nine (9) years without rotation. A Presidential Directive CAB 10A/2023 dated 28 March 2023 authorised the disposal of these cowpeas. The disposal was carried out on 4 July 2023 as the cowpeas were unfit for human or animal consumption.

The inadequate monitoring and failure to rotate stock in accordance with prescribed procedures resulted in the loss of economic benefit to the Government.

49. Botswana Meat Commission Support

Botswana Meat Commission (BMC) Support is the development account used to assist BMC as it was experiencing business continuity challenges and lack of adequate cash flow.

Regular Reports not Produced by BMC

During the financial year 2018/2019, P800 million was disbursed to BMC to support its business operations and improve cash flow. The Ministry of Finance and Economic Development had directed that, following disbursement, BMC should produce a comprehensive report detailing the utilization of the funds and the extent to which the intended objectives were achieved.

BMC did not produce the required report. Furthermore, there was no evidence that the Ministry had engaged with BMC to ensure compliance. This lack of reporting presents a significant risk of mismanagement of funds. The Ministry of Trade and Industry provided only a brief account of the utilization of the funds.

The absence of timely and comprehensive reporting undermines accountability and limits the ability of oversight to make strategic decisions.

Delays in Commencement of Effluent Treatment Plant

In the 2022/2023 financial year, BMC requested P10.4 million for the construction of an Effluent Treatment Plant (ETP) at Maun Abattoir, intended to assist in curbing pollution.

A sum of P6 million was released on 17 January 2023 while the project was still at tendering stage. At the time of audit in September 2023, the project had not commenced despite an expected completion date of June 2023. The delay in commencement created a risk of cost overruns.

The response from the Accounting Officer did not provide information on the utilisation of the P6 million released.

The Accounting Officer's failure to provide information on the utilisation of the P6 million prevented verification of whether public funds were applied appropriately and limited the effectiveness of the oversight.

MINISTRY OF EDUCATION AND SKILLS DEVELOPMENT

50. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2023 is as indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	1 143 277 512	1 140 706 658	-2 570 854	0.002
Out of School Edu & Training Citizens	54 948 804	54 302 872	-645 932	0.1
Curriculum Dev & Evaluation	24 027 639	23 761 402	-266 237	0.01
Dept of Teaching Service Management	6 468 314 817	6 466 459 543	-1 855 274	0.0003
Dept of Pre & Primary	32 738 753	32 412 020	-326 733	0.01
Dept of Secondary Education	2 046 106 653	2 034 757 071	-11 349 582	0.01
Dept of Technical Services	45 686 167	45 576 482	-109 685	0.002
Dept of Information, Comm & Media	19 207 861	18 813 374	-394 487	0.02
Dept of Special Support Services	22 516 304	22 432 702	-83 603	0.004
Dept of Edu Planning & Research	11 142 440	11 068 430	-74 010	0.01
TOTAL	9 867 966 950	9 850 290 553	17 676 397	0.002

The Ministry was warranted a total of P9 867 966 950 for the financial year ended 31 March 2023, of which P9 850 290 554 was spent, resulting in an overall under-expenditure of P17 676 396 or 0.18%. All departments recorded under-expenditure during the year. The most notable variances were recorded under the Department of Secondary Education, which underspent by P11 349 582 (0.55%), and Headquarters, which underspent by P2 570 854 (0.002%).

51. Non-Moving Advances

The non-moving advances which were outstanding on 31 March 2023 are as indicated below:

Account	Amount
Surcharge-Damage to Government vehicles	75 701
Surcharge-P&P Payroll	145 649
Advance-P&P Emergency	-6 376
Advances-Imprest Recoveries	95 841
Advances -Industrial Class	8 592
Advances-P&P Grade D4 below	226 958
Advances on Gratuity - Contract Officers	425 000
Loss of cash - Cash Shortage	349 660
Bonded Student Recoveries – Old Scheme	1 166 398
Recovery of Overpayment of Salaries	11 130 852
Training Bond Liability	584 828
Travelling Imprest	610 292
Total	14 813 396

The total non-moving advances increased from P11 872 142 in the previous year to P14 813 396 in 2023. Significant increases were observed under Recovery of Overpayment of Salaries 2022 : P10 076 492 ; 2023 : P11 130 852), Travelling Imprest 2022 : P507 809 ; 2023 : P610 292), and Advances for P&P Grade D4 and below (2022 : P18 467 ; 2023 : P226 958). Two items, Bonded Student Recoveries – Old Scheme (P1 166 398) and Advances on Gratuity – Contract Officers (P425 000), appeared during the year. Improvements were noted under Loss of Cash – Cash Shortages (2022 : P401 518 ; 2023 : P349 660) and Training Bond Liability (2022 : P645 179 ; 2023: P584 828).

Certain long-standing items, including Surcharge on Damage to Government Vehicles (2022 :P58 540 ; 2023: P75 701) and Surcharge on P&P Payroll (2022 : P78 037 ; 2023 : P145 649), showed minimal movement, indicating weaknesses in follow-up and recovery processes that require attention.

Continued monitoring and timely follow-up of non-moving advances is necessary to strengthen accountability and ensure that public funds are recovered and properly utilized.

The following audits were undertaken during the year and the key findings are noted below:

52. School Digitisation – South East Region (Kagiso Senior Secondary School, St Joseph’s College & Gaborone Senior Secondary School)

a) Non-availability of ICT Policy for School Community

The audit noted that no comprehensive ICT usage policy was available at Kagiso Senior Secondary School and St Joseph's College to guide the school community on the proper use of distributed laptops. A usage policy is essential to define acceptable use, restrictions, privacy and security measures, device care, (software updates), and consequences for misuse.

Gaborone Senior Secondary School had a usage policy in place; however, it contained gaps relating to cyber security for students and lacked clarity on the appropriate handling and use of devices. Additionally, guidance on whether the laptops are compulsory for both teachers and students was not provided.

The absence of clear and uniform policy creates inconsistencies across the schools, which may affect the effectiveness of the digitisation programme.

b) Laptops Not Recorded on Supplies Ledger

Laptops distributed to schools in the South East Region were not properly recorded in accordance with Supplies Procedures and Regulations 2006, which requires that allocated items be recorded on a Supplies Ledger card form Gen 109 or Consumable Material Control Ledger Card (Form Gen 189), whichever is applicable. This increases the risk of loss of Government property.

The absence of a well-defined application of procedures may lead to loss of Government property.

There is therefore a need for the Ministry to ensure all distributed laptops are accurately recorded and tracked, and that ICT Guidelines are reviewed, updated, and consistently applied across all schools.

Management indicated that Guidelines for utilisation of ICT devices in public schools were developed in February 2021 and have been disseminated to schools through regional sharing and capacity-building exercises. They also highlighted that appropriate use of devices is addressed in teacher training programmes and acknowledged the need to review, update, and ensure widespread application of the guidelines by February 2024.

c) Insufficient School Readiness

Several schools in the South East Region were not fully prepared to use the distributed laptops. Challenges observed included poor internet connectivity, inadequate IT staffing, lack of cyber security measures, insufficient charging points and concerns over safety of the devices.

Management indicated that capacity-building exercises have been conducted through regional sharing and teacher training programmes to support appropriate use of the devices. They also acknowledged the need to further strengthen infrastructure, staffing, and security measures to ensure schools are adequately prepared to use the laptops effectively.

School readiness was not fully assessed prior to implementation of the laptop distribution project. While management has undertaken capacity-building initiatives, gaps remain in infrastructure, staffing, security arrangements, and connectivity. Given that the SmartBots completion date is March 2025, timely interventions are required to ensure effective utilisation of devices and achievement of project objectives.

53. Maintenance of schools

54.

Central, Kweneng, South East, Kgatleng, Kanye South and North West Regions

a) Delayed Maintenance of Schools

An audit of cyclical maintenance contracts covering fourteen junior secondary schools across six regions revealed that maintenance of school buildings had been delayed significantly. Delays ranged from 8 to 17 years, with some schools not maintained since the early 2000s. Examples include Mariba and Artesia Junior Secondary Schools in Kanye South and Kgatleng, which have not been maintained for 14 years, and Kwena-Sereto Junior Secondary School in Kweneng, which has not had maintenance for 17 years.

Prolonged neglect of maintenance increases the risk of health and safety hazards and may result in higher Government expenditure on repairs.

In response, Management indicated that delays were caused by budget constraints, project implementation challenges, bidder queries, and litigations. Conditional assessments are being conducted to prioritize schools with severe deterioration, and operational improvements are being implemented, including engaging full-time resident clerk of works and commencing pre-tender activities early.

While Management's commitment to conduct condition assessments to identify schools with severe deterioration is noted, timely implementation of these measures is necessary to safeguard Government assets and ensure that maintenance is prioritised based on risk, thereby reducing the frequency and cost of emergency repairs.

b) Tenders Awarded at Incorrect Bid Prices

The Public Procurement and Asset Disposal Regulation 41 required procuring entities to correct purely arithmetic errors identified during bid evaluation, and reject a bid if the bidder declines such correction. However, the audit established that arithmetic errors detected during evaluation were not corrected, resulting in tenders being awarded at incorrect bid prices. The table below reflects examples noted during the audit;

School Name (JSS)	Award Price P	Checked Price P	(Over)/Understatement of Award P
Motswakhumo	10 935 772.35	10 915 927.83	(19 944.52)
Kwena-Sereto	11 821 070.48	12 005 006.53	183 996.05
Thamaga – Main Contractor	9 931 874.23	9 905 320.46	(26 553.77)
Thamaga – Electrical Sub-Contractor	911 618.74	909 858.77	(1 759.97)
Thamaga – Mechanical Sub-Contractor	1 740 980.52	1 678 802.73	(62 177.79)
Moeti - Electrical Sub-Contractor	432 519.00	562 821.28	130 302.28
Dukwi - Mechanical Sub-Contractor	2 479 618.02	2 436 115.94	(239 773.54)
Radikolo	10 044 000.00	10 014 795.56	(29 204.44)
Orapa	10 115 985.00	10 089 404.18	(26 580.82)
Nkange	11 366 107.68	11 469 940.16	103 832.48

The award of tenders at incorrect bid prices was therefore not in compliance with the Public Procurement and Asset Disposal Regulations, and exposes Government to potential financial loss and future contractual disputes. Failure to enforce arithmetic corrections also undermines the credibility, transparency, and fairness of the procurement process.

c) Non-Renewal of Performance Bonds

Paragraph 14 3.3 of the Contract Agreement between Department of Technical Services (DTS) and various contractors required that, performance bonds remain valid until project completion and acceptance by DTS. However, it was observed that the bonds were not renewed for several projects, as shown below;

Name of Junior School	Period not covered in Months
Lethabile	6
Marang	9
Dithejwane	8
Matsheng	10 and was still on going
Kwena-Sereto	13
Motswakhumo	6
Mariba	36 and was still on going
Thamaga	28 and was still on going
Moeti	no performance bond or renewal, terminated in November 2023

Frequent extension of time on construction/capital projects, mean performance bonds should be renewed accordingly to cover the new completion periods. Failure to do so exposes public funds to potential loss.

Operating with expired bonds leaves Government vulnerable to potential litigations and financial losses. Renewing and enforcing bonds is essential to safeguard public funds.

Management acknowledged that the performance bonds had expired and were not renewed to cover extended project periods. Measures were being enforced whereby contractors were required to renew bonds in accordance with the contracts and no payments were released if bonds were invalid.

Central Region

a) Inadequate Monitoring and Supervision of Projects

The Clerk of Works (CoW) was not present on-site at all times in the four (4) schools visited (Nkange, Orapa, Dukwi & Letlhabile Junior Secondary Schools) limiting oversight and increasing the risk of sub-standard workmanship. Clause 10.4(d) of the Memorandum of Agreement requires a CoW with authority to act on behalf of the Department of Technical Services.

Management has initiated the deployment of full-time resident CoWs to enhance supervision.

b) Project Records not Produced for Audit

Key documents, including Votes Ledgers for 2019/2020, 2020/2021, and 2023/2024, monthly progress reports, approvals for extension of time, and take-off schedules (except for Letlhabile JSS), were not provided. The absence of these records limited audit verification and accountability for maintenance fund utilisation.

c) Time Overrun (Dukwi Junior Secondary School) – 20 months

The Dukwi JSS project, scheduled from 2 September 2021 to 3 March 2022, experienced a 20-month delay as of December 2023. Project completion had been extended five times, with minimal progress in the final year.

In response, the Accounting Officer concurred with audit findings on time overruns, acknowledging project management shortcomings. The anticipated completion date and issuance of practical completion certificate was 30 June 2024. Management will ensure that similar project management shortfalls do not recur in future projects.

A revised works programme would be requested from the contractor for the extended period. Engagement of full time resident Clerk of Works had been initiated to ensure that work is executed according to approved programme, standards and specification, thereby mitigating future time overruns.

The recruitment for Clerk of Works personnel for upcoming maintenance projects was at selection stage.

d) Vandalism:

Widespread vandalism was observed across sampled schools, including broken windows, removed sinks, graffiti, and exposed electrical wiring. Vandalism increases maintenance costs, accelerates asset deterioration, and poses safety hazards.

The continued vandalism of school infrastructure increases the cost of maintenance and repairs, thereby diverting limited public resources from core teaching and learning priorities. This situation also accelerates the deterioration of school assets, undermines the learning environment, and exposes the school community to preventable safety risks. Over time, repeated infrastructure replacement due to vandalism places an avoidable financial burden on the public purse.

Management acknowledged the audit observation and stated that the issue of vandalism in the affected schools had been noted. Management further indicated that they would engage the respective Regional Education Offices to address the matter.

e) Non-Functional Solar Heating Systems

At Letlhabile and Orapa Junior Secondary Schools, newly installed solar water heating systems costing P902,740 and P609,000 respectively were non-operational, with only one unit functioning out of the sixty-three (63) functioning since installation in 2021. No evidence was provided to confirm functional testing prior to handover.

The malfunctioning systems resulted in no value being derived from the investment and presented a risk of financial loss to the Government.

The Accounting Officer acknowledged the finding and indicated that investigations would be undertaken and measures are being introduced to strengthen supervision, including the deployment of full-time clerks of works for future projects.

f) Abandonment of Construction Site: North-west, Central Regions

Several projects were abandoned or left inactive:

i) Moeti JSS: North-west Region

The project was observed to have no materials or personnel on site, despite being far from practical completion. A notice to terminate the contract was initially issued on 14 December 2021, but the termination was only effected in November 2023. This delayed action is inconsistent with

paragraph 19.2 of the Memorandum of Agreement, which allows immediate termination if contractor Fails to remedy. Defaults within thirty (30) days.

The Accounting Officer concurred that the decision to terminate took longer than expected, this is caused by project management irregularities at both regional and departmental levels.

ii) Dukwi JSS: Central Region

During the site inspection, it was observed that there was no activity on the project site, raising concerns about the contractor's commitment to completing the works. School management indicated that it had been three months since any work was visible on site. The project manager reported that the contractor cited financial constraints.

The Accounting Officer acknowledged the observation and stated that the contractor was onsite completing the outstanding works. The anticipated practical completion date of the project was 30 June 2024. The Ministry was enhancing project monitoring through the introduction of a full-time resident Clerk of Works to ensure closer supervision, quality delivery and adherence to project schedules.

iii) Motswakhumo JSS: Kweneng Region

The project was abandoned by the contractor in June 2021 when 60% of the work had been completed. Subsequent letters to enforce Liquidated and Ascertained Damages (LADs) were issued, but no corrective action was taken. Notice of termination was issued on 24 March 2022, with contract termination occurring on 12 September 2022. The project remained incomplete at the time of audit.

The Accounting Officer indicated that a resuscitation of the maintenance project was scheduled to start on 4 March 2024 with completion date of 29 March 2024. Full-time onsite personnel would be engaged for future projects to address the issues promptly and prevent similar lapses.

The observations at Moeti, Dukwi, and Motswakhumo Junior Secondary Schools indicate recurring project management

deficiencies, including contractor abandonment, extended delays, and lack of on-site supervision. These lapses expose the Government to potential financial losses due to expired performance bonds and uncompleted works. The Ministry's commitment to engage full-time resident Clerks of Works and enhance project monitoring is noted and, if effectively implemented, should mitigate delays, ensure compliance with contract requirements, and safeguard Government assets in future projects.

Kweneng Region

An audit of cyclic maintenance of schools in Kweneng Region (Motswakhumo, Matsheng, Kwena Sereto, Thamaga and Dithejwane) Junior Secondary Schools identified the following key observations were noted:

a) Unauthorised Payment – P281 775

An amount of P281 775 was paid for painting and re-decorating work at Dithejwane although the price was not included in the bill of quantities. No valid explanation was provided for this variation, indicating non-compliance with procurement and project management procedures.

The Accounting Officer acknowledged the audit finding and indicated that project officers would be sensitised to refrain from recommending payments for items not included in the bill of quantities and that variation must follow the contract variation procedures.

b) Overpayment

The contractor for Motswakhumo JSS was overpaid by P1 288 836, as reported by DTS dated 22 June 2023. This could not be independently confirmed due to lack of supporting evidence.

In response, the Accounting officer stated that measures were being implemented to prevent recurrence of overpayments, including preparing termination/final accounts promptly while work is easily measurable. The department had initiated engagement of resident Clerk of Works for future projects to scrutinise payments, ensuring

they reflect actual work completed and safeguard public funds.

Payments for work not captured in the bill of quantities and overpayments to contractors underscore weaknesses in contract management and verification. Strengthened oversight, strict adherence to variation procedures, and engagement of onsite personnel are essential to prevent financial losses and protect government assets.

Kanye South Region

Lack of Tender Supporting Documents

A Contractor was awarded the tender for building works at Mariba JSS (Mabule) at an amount of P9 255 417 for a period of twenty-six (26) calendar weeks. Critical documents such as tender evaluation report, technical evaluation criteria, compliance criteria, financial criteria, declaration of conflict of interest and sectional analysis were not made available for audit. Consequently, the eligibility of the tender award could not be independently verified.

In response, Management noted that the required project records were maintained at records management unit. Practical completion of the project had not yet been achieved, and hence completion certificates and final accounts were not yet available.

Management highlighted that delays were due to a combination of poor contractor performance and internal project management shortfalls, including delayed inspections, payments, approvals, transport, and unconfirmed variations. Site meeting minutes were not produced but would be properly recorded and filed for future projects.

The project had six (6) approved extensions of time. Despite these, the contractor had not fully completed the works. The department was exercising leniency to mitigate project management lapses and avoid potential litigation. Approximately 99% of the works were complete, with remaining items including school boundary fence and certain variations (aluminium works, electrical works and mechanical works), to be executed during the six months'

Defects Liability Period. The anticipated project hand over was 30 June, after which the remaining works would be completed during the defects period.

The absence of critical tender documentation limits assurance over the propriety of the tender process and increases risk of non-compliance. Delays in completion and management of project records underscore weaknesses in contract and project administration. Ensuring complete documentation, timely monitoring, and strict adherence to contract procedures is essential to safeguard public funds and improve project delivery.

MINISTRY OF TRADE AND INDUSTRY

55. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2023 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	832 303 306	827 582 565	-4 720 741	1
Cooperative Development	54 163 100	52 628 980	-1 534 120	3
Trade & Consumer Affairs	23 334 820	22 524 262	-810 558 0.03	3
Industry Development	26 073 462	25 912 506	-160 956	1
Trade Development	25 798 182	23 791 194	-2 006 988	8
TOTAL	961 672 870	952 439 507	-9 233 363	1

For the financial year ended 31 March 2023, the Ministry was warranted a total provision of P961 672 870. Actual expenditure amounted to P952 439 507, resulting in an overall under-expenditure of P9 233 363, representing 0.96 % of the total warranted funds. There was a notable under-expenditure of 8 % under Trade Development, which was significantly higher than other departments.

56. Non-Moving Advances

The non-moving advances which were outstanding on 31 March 2023 are shown below:

Account	Amount
Advances - P&P Grade D4 and below	2 081
Loss of cash- Cash Shortage	4 422
Recovery of Overpayment of Salaries	23 189
Training Bond Liability	40 443
Travelling Imprest	23 128
Total	93 263

The Ministry's non-moving advances increased from P 86 322 in 2022 to P 93 263 in 2023, primarily due to unrecovered salary overpayments and training bond liabilities, while travelling imprests showed a reduction. The continued presence of non-moving advances underscores the need for strengthened recovery procedures to safeguard public funds.

The following audits were undertaken during the year and the key findings are noted below.

57. Department of Cooperatives

Co-operative Central Fund

Purpose of the Fund

The Co-operative Central Fund (CCF) was established under Section 47 of the Co-operative Societies Act, 2013. It is designated for the co-operative movement in Botswana. Its intended purposes include developing and maintaining co-operative education, training, audit and other activities that the Director may consider beneficial to the co-operative industry.

A scrutiny of the Fund accounts revealed the following;

CCF Not Fully Implemented

Since commencement of the Co-operative Societies Act of 2013, Societies were not making annual contributions to the Fund as required by the Act but instead, they were charged audit fees whenever they were audited by the Department and the fees deposited to the Fund. It was noted that when Societies were audited by private audit firms, no payments were made.

At the time of preparing this report, the Ministry had not fully engaged cooperative societies to enforce the relevant provisions of the Act.

Audited Societies Owing Audit Fees

At the time of audit, two hundred and eighty-nine (289) societies were scheduled for audit, but only one hundred and eighteen (118) (40%) were actually audited. Of those, only one society had settled the audit fees.

Failure to collect audit fees and conduct audits as required may undermine stakeholder confidence in the Ministry and could result in

resources not being used for their intended purposes. This situation increases the risk of society collapses, particularly where annual contributions are not made as mandated by the Act.

The Accounting Officer has undertaken to intensify the collection of outstanding audit fees.

MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

58. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2023 is indicated below

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	185 827 553	178 755 611	-7 071 942	4
Local Governance & Development Planning	11 369 765	10 375 894	-993 871	9
Finance & Procurement Services	4 712 408 517	4 703 337 974	-9 070 544	0.2
Tribal Administration	633 039 253	6 180 959 744	-14 079 509	2
Local Govt. Technical Services	12 978 689	12 320 055	-658 632	1
Rural Development	6 618 340	5 708 245	-910 092	1
Social Protection	1 686 009 591	1 650 730 147	-35 271 443	2
Community Development	10 971 273	10 616 718	-354 555	3
Total	7 259 222 980	7 190 812 388	-68 410 592	1

Overall, the Ministry spent P7 190 812 388 out of a total warranted provision of P7 259 222 980, resulting in an under-expenditure of P68 410 592 or 1%. This indicates that the Ministry largely adhered to its budget allocations. The largest proportional under-expenditure was recorded in Rural Development at 13.75 % followed by Local Governance and Development Planning at 8.74 % and Local Government Technical Services at 5.07%. Other departments recorded minor under-expenditures ranging from 0.19 % to 3.81%.

59. Non-Moving Advances

The non-moving advances which were outstanding on the 31 March 2023 under the Ministry are shown below-

Account	Amount
Surcharge - P&P – Payroll	23 094
Advances – P&P Emergency	14 282
Advance – Imprest Recovery	19 123
Advances - Industrial Class	91 960
Advances - P&P Grade D4 and below	29 586
Advance on Gratuity - Members of Parliament	-349 460
Loss of cash - Cash shortage	53 732
Recovery of Overpayment of salaries	527 567
Training Bond Liability	49 886
Travelling Imprest	43 506
Total	503 276

Total non-moving advances decreased from P832 653 in 2021/2022 to P503 276 in 2022/2023, representing an overall reduction of P329 377 or approximately 39.6 %. Several items have shown significant changes. Notably, Advances - Industrial Class increased significantly (2022: P3 032 ; 2023 : P91 960), indicating accumulation of unrecovered industrial class advances, while Advances – P&P Grade D4 and below decreased significantly (P84 966 : P29 586), reflecting improved recovery from lower grade staff. Advance on Gratuity – Members of Parliament, a new item in 2023 (- P349 460), likely reflects over-recovery or an accounting adjustment.

Items such as Travelling Imprest, Payroll surcharge, and Recovery of overpayments showed relatively small decreases, indicating that while some progress has been made in clearing outstanding advances, balances remain largely unresolved. Minor reductions in Travelling Imprest, Payroll surcharge, and Recovery of overpayments suggest limited progress in addressing outstanding advances, highlighting the need for continued follow-up.

The following audits were undertaken during the year and the key findings are noted below.

60. **Gabane Infrastructure Development Project**

Background

The Gabane Storm Water Drainage, Internal Roads, and Street Lighting Project was allocated P279,136,000 under the Economic Stimulus Programme (ESP). The project covered the design review, consultancy services, relocation of utilities, property compensation, construction supervision, land expropriation, and the construction of 21.18 km of internal roads with associated storm water drainage and 4.5 km of solar street lighting.

The initiative sought to improve internal road infrastructure and storm water management in Gabane Village, which previously lacked tarred road networks despite population growth. Its implementation enhanced mobility, stimulated local economic activity, and created employment opportunities within the community

Tender Documents not availed for Audit Inspection

The appointment of the consultant and the main contractor could not be verified due to unavailability of relevant documents such as; tender adverts, evaluation reports, committee minutes and tender addendums.

The lack of tendering documentation raises concern over the transparency and accountability of the procurement process. Proper maintenance of records is essential to provide assurance that public funds are applied fairly and in accordance with regulations.

The Accounting Officer indicated that records of project pre-tender activities shall be maintained going forward.

Claims Due to Delays, Right of Access – P27 028 806

The land and service expropriation exercise was carried out after the handover of site, resulting in the contractor claiming delays amounting to P27 028 806.

The financial claim of P27 028 806 highlights the consequences of failure to follow prescribed procedures. Such instances undermine the efficient use of public resources and emphasise the need for accountability in project implementation.

The Accounting Officer indicated that, the expropriation exercise delayed the relocation of services as plot boundaries had to be finalized

before moving Botswana Telecommunication Corporation, Botswana Power Corporation & Botswana Fibre Network (BofINET services).

Insufficient Insurance Cover

Insurance anomalies were noted, as the contractor did not maintain insurance cover up to the issuance of the performance certificate. Although the contract assigned responsibility to the contractor for compensation relating to property damage during construction, both the contractor and the Insurer declined liability. Consequently, government paid P5 841 176.92 in compensation.

The absence of adequate insurance cover exposed the project to financial risk and led to significant avoidable costs. Effective contract management and enforcement of insurance requirements are critical to safeguarding public funds.

The Accounting Officer, indicated that shortcomings in the contract relating to liability for property damage will be addressed future projects.

Cost Overruns

i. Construction Contract – P70 899 227

The construction project was awarded at a contract sum of P214 394 562 inclusive of contingencies and value added tax, for a contract period of twenty-seven (27) months. However, records submitted for audit including the final account, showed that a total of P285 293 790 was expended. The contract sum was therefore exceeded by P70 899 227, representing 33% increase over the original cost.

The Accounting Officer attributed the cost overruns to tendering before finalisation of the designs and claims arising from lack of access to site.

He further explained that tendering on the basis of draft quantities contributed to additional costs, including increased excavation works and concrete requirements for outfall drains.

The significant cost overruns reflect weaknesses in project planning and contract management. Commencing procurement before finalising designs exposed the project to predictable cost escalation and avoidable financial risk, ultimately increasing the burden on public funds. Careful planning and adherence to

established project preparation requirements are essential to prevent recurrence.

ii. Consultancy Costs – P5 314 123

A Consultant was appointed to undertake the design, review, pre and post contract services and construction supervision at a contract sum of P19 748 854 , including Value Added Tax. The engagement was critical to ensure proper project implementation and certification of final works.

As at June 2023, total consultancy expenditure amounted to P25 062 977, exceeding approved contract sum by P5 314 123 (27%).

He attributed the cost overruns to extensions of times arising from increased outfall drain quantities, lack of access and COVID 19 disruptions, which prolonged the Consultant's presence on site. Engineer's staff levels were reduced to limit additional costs, but the Consultant remained until project closure to issue Performance Certificate and certify Final Payment Certificate.

The cost overrun highlights weaknesses in project planning and contract management. Extensions of time without adequate safeguards increased public expenditure and demonstrate the need for stricter oversight and adherence to project preparation requirements.

iii. Relocation of Services and Land Expropriation

This exercise entailed relocating utility services and expropriating land to enable site development. Key activities included adjusting plot boundaries, relocating BTC, BPC, and BoFINET services, and compensating affected property owners. The exercise was necessary to prepare the site for construction while maintaining essential services

The actual expenditure for the activity was P21 448 189 against a budget of P17 651 064, resulting in over expenditure of P3 797 125 (21.5%). This indicates that the initial budget and cost estimates were not reasonable or sufficiently robust.

The Accounting Officer indicated that the initial cost estimate was based on and prepared before designs were available, limiting its

accuracy. Additional properties identified during implementation further increased expenditure.

The variance between budgeted and actual costs indicates shortcomings in the initial financial planning process. Unforeseen demands during implementation increased expenditure, emphasising the importance of accurate budgeting and proactive oversight to safeguard public resources.

iv. Time Overruns – 3 Years 8 Months

The project commenced on 14 August 2017 with an expected completion date of 13 November 2019 (28 months). The completion period was later revised to 17 February 2021, but records show that the project was actually completed on 20 May 2021, resulting in a time overrun of 3 years 8 months.

The project exceeded both the original and revised completion timelines, indicating delays in project execution and monitoring. The overrun of 3 years 8 months highlights gaps in project supervision and contract management. Ensuring timely submission and verification of project documentation is critical to prevent delays and contain potential additional costs.

The Accounting Officer acknowledged that the issuance of the Final Payment Certificate (FPC) was delayed due to the late submission of Final Payment Statement by the Contractor. The Performance Certificate (PC), which could only be issued once all obligations on the snag list were completed, was a prerequisite for certifying the FPC. This sequence of delays contributed to the extended project completion.

He further noted that additional costs were contained by restricting payment of time related claims to the latest revised completion date (17 February 2021), and indicated that lessons from this experience will be applied to strengthen monitoring and execution of future projects.

Ineffective Storm Water Drainage

The following anomalies were noted in relation to storm water drainage project:

i. Unauthorised Variations – P6 513 819

The Project Consultant approved variations amounting to P6 513 819, which exceeded the P100 000 limit stipulated in the “Contractor's Particular Conditions” clause 3.1 (d). The Consultant therefore acted beyond the limits of his authority. Furthermore, the Ministry did not pursue claims for damages arising from unauthorised variations as provided for in the Consultant's Contract.

The budget for the project was prepared using draft project designs rather than approved final designs, resulting in additional unbudgeted costs for government.

Approval of unauthorised variations and failure to recover associated costs demonstrates gaps in contract management and oversight. Reliance on draft designs for budgeting contributed to unplanned expenditure, emphasising the need for strict adherence to contractual limits and robust project cost planning.

ii. Incomplete Works

Observations revealed that some drain linings were left incomplete, as they were not lined with concrete, and were without gabion mattress required by project specifications. The affected sections had deteriorated and were compromised by rainwater and soil erosion.

Incomplete drainage works increase the risk of structural failure, erosion, and damage during rainfall. The situation highlights inadequate project planning and funding allocation, emphasising the need to ensure that critical infrastructure is completed according to approved designs and specifications.

The Accounting Officer stated that the works were not complete due to insufficient funds.

iii. Storm Water Challenges

Despite the construction of the drainage system, the village continued to experience frequent flooding of households and roadways. An additional amount of P8 000 000 was subsequently requested to rectify the storm water deficiencies.

The continued flooding of households and roadways, despite completion of the drainage works, demonstrates that the project outputs did not achieve their intended purpose. Furthermore, although additional funds were requested to address the defects, the absence of timely action has prolonged the risk of community safety.

This indicates weaknesses in project scoping, prioritisation of corrective measures and assurance over functionality of completed works.

The Accounting Officer acknowledged that storm water drainage component was inadequately addressed during project implementation.

He further indicated that concrete lining works were terminated earlier than planned due to insufficient funds. Council was unable to secure the requested P8 000 000 under the approved additional funding, as the rectification was treated as a separate scope of work.

MINISTRY OF MINERALS AND ENERGY

61. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2023 is indicated below;

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	298 180 800	283 842 480	-14 338 320	5
Mines	29 684 720	28 686 879	-997 841	3
Energy Affairs	22 167 990	20 478 981	-1 689 009	8
TOTAL	350 033 510	333 008 340	-17 025 170	5

The Ministry received a total warrant of P350 033 510 and spent P333 008 340, resulting in under-expenditure of P17 025 170 (4.86%). All three departments underspent their allocations, with the Energy Affairs Department recording the highest proportion of under-expenditure at 8 %. The under-expenditure reflects incomplete utilisation of approved resources.

62. Non-Moving Advances

The non-moving balances which were outstanding on 31 March 2023 are shown below.

Account	Amount
Surcharge – Damage to Government vehicle	7 597
Advances- Industrial class	2 000
Advances - P&P Grade D4 and below	25 150
Recovery of Overpayment of Salaries	29 183
Travelling Imprest	16 324
Total	80 253

The total non-moving advances as at 31 March 2023 amounted to P80 253, compared to P105 641 in the previous year, representing a decrease of P25 388. The reduction is primarily due to the clearance of certain payroll-related surcharges and travelling imprests. However, some items, such as industrial class advances and recovery of

overpayments, remain outstanding, indicating that follow-up and recovery efforts need to be strengthened.

The following audits were undertaken during the year and the key findings are noted below.

63. Refurbishment of Morupule A:

The Ministry of Minerals and Energy received an unsolicited proposal for refurbishment of Morupule A on 18 February 2015. The scope for Units 1, 2 and 4 was reduced from large scale renovation to major overhaul while refurbishment was focused on Unit 3. A clarification meeting between the Ministry and the bidder where it was agreed that a revised proposal would be submitted on 29 June 2015, quoting of P2 343 012 500 (US\$ 194 721 000).

The contract was subsequently awarded on 5 December 2015 at a price of P2 273 328 350 (US\$ 204 003 999), inclusive of 3% withholding tax. This contract price was far less than the initial tender quotes of P4 739 694 425 and P4 243 152 200 reflecting a reduction in project scope.

While the reduced price offered savings, the corresponding reduction in scope could affect the quality of the refurbishment and potentially shorten the operational lifespan of the units.

MINISTRY OF HEALTH

64. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2023 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	915 581 779	909 563 899	-6 017 880	1
Health Sector Rel.	0	-9 563	-9 563	0
Clinical Services	0	12 337	12 337	0
Public Health	0	44 711	44 711	0
Aids Pre. & Care	0	0	0	0
Health Inspectorate	17 444 890	14 764 222	-2 680 668	15
Health Policy Research & Development	281 776 251	280 466 306	-1 309 945	0.5
Health Services Management	9 538 497 864	9 413 647 469	-124 850 394	1
HSME & QA	15 803 035	14 932 428	-870 607	6
Botswana Public Health Institute	1 148 381	1 057 769	-90 612	8
TOTAL	10 770 252 200	10 634 479 577	-135 772 623	1

The Ministry was warranted P10 770 252 200 and expended P10 634 479 577, resulting in under-expenditure of P135 772 623 (1.26%). Most departments spent close to their allocated warrants. Notable deviations include Health Inspectorate P2 680 668(15%), Public Health P90,612 (8%), and HSME & QA P870 607 (6%) representing the highest under-expenditure at department level.

Overall, the Ministry generally operated within approved provisions, and under-expenditure in specific departments highlights areas where monitoring and timely execution of planned activities may need attention.

65. Non-Moving Advances

The non-moving balances which were outstanding on 31 March 2023 are shown below:

Account	Amount
Surcharge – Damage to Government vehicle	26 426
Surcharge P &P Payroll	380439
Advances- Imprest Recoveries	493 399
Advances – Industrial Class	77 776
Advances P & P Grade 4 and below	82 575
Advance on Gratuity – Contract Officers	64 025
Loss of Cash- Cash Shortages	94 006
Recovery of Overpayment of Salaries	7 516 820
Training Bond Liability	4 855 068
Travelling Imprest	3 029 629
Total	6 278 163

The total non-moving advances as at 31 March 2023 amounted to P6 278 163, compared to P11 975 345 in the previous year, representing a decrease of P5 696 182. Notable movements include a reduction in surcharge – damage to government vehicles (2022 : P179 716 ; 2023 : P26 426) and advances and imprest recoveries (2022 : P504 475 ; 2023 : P493 399). Conversely, some items increased, including recovery of overpayment of salaries (2022 : P6 121 229 ; 2023 : P7 516 820), training bond liability (2022 : P2 613 777; 2023 : P4 855 068), and travelling imprests (2022: P2 209 242 ; 2023 : P3 029 629). These variances indicate that while overall balances have reduced, certain categories continue to accumulate, highlighting the need for strengthened follow-up and recovery mechanisms.

The following audits were undertaken during the year and the key findings are noted below.

66. Central Medical Stores

Price Benchmarking not Favourable

Central Medical Stores relied on previous tender prices of the preferred bidder as the basis for estimating costs in subsequent procurements of medical supplies. The entity did not have an independent mechanism to verify market prices, resulting in significant differences between market rates and approved tender prices.

The reliance on previous tender prices without independent market verification increases the risk of overpayment for medical supplies. The

absence of a price benchmarking mechanism limits assurance that public funds are spent efficiently and that procurement reflects value for money. Implementation of a robust system to determine prevailing market prices is essential to strengthen oversight and prevent financial loss.

Supply of Counterfeit Medicines

Central Medical Stores (CMS) appointed a supplier through direct procurement to supply 50 different pharmaceutical products at a total cost of P119 421 955.80. The agreed delivery was 01 February 2023, 14 days from date of collection of Government Purchase Order. The supplier failed to meet this deadline and a revised delivery date of 21 February 2023, was also not met.

On 29 June 2023, the supplier delivered a consignment that did not meet the CMS Quality Assurance (QA) Guidelines particularly regarding product labelling. An enquiry with the Botswana Medicines Regularly Authority (BoMRA), confirmed that the products were counterfeit. CMS terminated the agreement and did not accept any further deliveries. The counterfeit products, billed at P9 523 128 had not been paid for at the time of audit.

The supply of counterfeit medicines exposes public funds and end-users to significant risk, including financial loss and potential harm to patients. Weaknesses in supplier vetting, quality assurance, and contract monitoring allowed the procurement of non-compliant products. Strengthening procurement controls, supplier verification, and adherence to Quality Assurance Guidelines is essential to safeguard public resources and ensure the integrity of medical supplies.

Expired Drugs – P95 504 141.15

For the financial year 2022/23 CMS held expired drugs valued at P95 504 141.15 of which COVID-19 vaccines accounted for P62 996 664. The contributing factors to this were as follows: A notable instance involved the Pfizer-COVID vaccines worth P18 784 486.80, delivered on 28 October 2022, with an expiry date of 31 October 2022, making them unusable on arrival.

The Accounting Officer stated that stocks accepted for delivery are verified to have at least 80% remaining shelf life. They noted that acquiring stocks with such a long remaining shelf life is generally feasible only when procured directly through framework contracts.

For emergency procurement, stocks may have shorter remaining shelf life, often sourced from surplus stocks in other regional markets. CMS verifies and approves acceptance based on available stock and consumption rates.

He further noted that the larger value of expired drugs was due to COVID-19 vaccines, which were supplied by the Ministry of Health and not procured by CMS. These vaccines were only stored and distributed by Central Medical Stores. Despite these challenges, CMS has managed to control expired stocks to remain below the World Health Organisation (WHO) – permitted limit of 5%.

The large value of expired drugs, particularly COVID-19 vaccines, demonstrates a risk to public resources and potential unavailability of essential medicines. Strengthening procurement planning, ensuring adequate shelf life for all stock, and improving coordination with suppliers are necessary to safeguard public funds and maintain the integrity of medical supplies.

67. Princess Marina Hospital

Lack of Maintenance Plan for Machinery - Radiology

Princess Marina Hospital did not have a maintenance plan for radiology machines and equipment. Some equipment had never been serviced since receipt, and one unit was never installed. Equipment ranged from units installed as far back as 2008 to more recent acquisitions, showing that some critical machines are over a decade old. This situation poses a significant risk to service continuity and patient care, highlighting the need for proactive maintenance and timely servicing to safeguard public investment and ensure reliability of critical hospital services.

Un-serviced Machines at Prosthetics and Orthotics Department

The Prosthetics & Orthotics Department had machines which were more than 20 years old. Several units had no recorded service history. The absence of maintenance plan coupled with unclear responsibility between Medical Equipment Maintenance Services (MEMS) and the hospital maintenance department, increases the risk of equipment malfunction, service interruptions, and compromised patient care. Ensuring proper assignment of responsibility and implementing a structured maintenance schedule are essential to safeguard public investment and maintain the functionality of critical equipment.

Non-Functioning and Idle Equipment

During physical inspection at the Dental Clinic, several machines and equipment were found to be idle or non-functional for extended periods. Notably, an Automatic Flexible Machine purchased in 2022 for P39 900 had never been installed due to electrical faults, and multiple radiography and dental equipment units lacked explanation for non-use. Three Kavo dental chairs were also malfunctioning despite recent servicing. The prolonged inactivity and malfunction of essential equipment pose a risk to service delivery, compromise patient care, and highlight the need for timely installation, maintenance, and functional oversight of medical assets.

Quality Assurance Officers during Receipt of Drugs

During the year under review, the hospital spent funds amounting to P17 160 135 on micro procurement. However, no evidence was made available to confirm that Quality Assurance officers verified the drugs upon receipt from suppliers.

The lack of documented quality checks increases the risk of substandard or unsafe medicines being used, underscoring the need for robust verification procedures to safeguard public health and ensure accountability in the use of public funds.

Outstanding Loan Items - Central Sterilisation Unit (CSU)

The loan register of the Central Sterilisation Unit revealed that several medical instruments remained outstanding, having been borrowed but not returned. Management indicated that some items may have been returned but were not recorded due to absence of proper monitoring of the loan register.

The lack of accurate tracking and accountability for borrowed medical equipment increases the risk of loss or misuse of public resources and highlights the need for strengthened inventory control and record-keeping procedures.

Non-Maintenance of Stock Cards

Stock Control Ledger Cards for drugs were not maintained in most facilities, including Joosub Dada Clinic, Mmamokhase Clinic, Kanye Main Clinic, Phuthadikobo Clinic, Kgosing Clinic and Boribamo Clinic. Consequently, the receipt and issuance of drugs were not properly recorded. Staffing shortages at many pharmacies further exacerbated this challenge.

The absence of accurate stock records increases the risk of stock mismanagement, loss, or expiry of medicines and underscores the need for strengthened inventory management and adequate staffing to ensure accountability in the use of public resources.

Segregation of Duties Not Observed

Across several health facilities, adequate segregation of duties for the ordering, receipt, and distribution of drugs was not maintained. Staff shortages contributed to lapses in control, increasing the risk of errors, misappropriation, and inefficiencies in the management of public resources. Strengthened oversight, staffing, and adherence to internal controls are necessary to ensure accountability and safeguard medicines procured with public funds.

Lack of Storage Space for Drugs

Several health facilities including Phase 2 Warehouse in Gaborone, Boribamo Clinic in Molepolole, Peleng Central in Lobatse, Newtown Clinic in Serowe, Kasane Primary Hospital, and Donga Clinic, faced insufficient storage space for drugs.

Congestion and disorganised packing in the storerooms hindered stock identification and counting, increasing the risk of stock mismanagement and wastage, and highlighting the need for improved storage infrastructure and organisation.

Expired Drugs in Stock

Expired drugs were found in several health facilities without proper records or segregation. Plateau Clinic and Kasane Hospital in Chobe DHMT, Kweneng East Warehouse in Kweneng and Kazungula Health Post held expired drugs without expiry reports. Additionally, Boribamo and Mmamokhase Clinics, had expired drugs remaining in the dispensary shelves instead of being moved to the designated expired drugs section. This situation increases the risk of administering expired drugs and reflects weaknesses in stock management and oversight.

Francistown DHMT Warehouse

Expired Drugs - Amoxicillin Tablets 250mg

During the audit, 200 bottles of Amoxicillin tablets 250 mg, valued at P30 000 were found to have expired at the Francistown DHMT Warehouse. The expiry resulted from ordering quantities exceeding the Average Monthly Consumption (AMC).

This highlights weaknesses in inventory planning and stock monitoring, increasing the risk of wastage of public resources and potential patient safety concerns.

Idle Equipment

Several items in the warehouse remained unutilised. A cold-room donated in January 2023 had not been functioning since installation, and no explanation was provided. Another cold-room received from the Ministry of Health in October 2017 was never put to use due to malfunction. Three freezers delivered by the Ministry of Health in March 2022, January and June 2023 were provided without being requested. In addition, two forklifts procured in October 2012 as part of the warehouse package were not utilised.

The presence of idle equipment highlights weaknesses in asset planning, allocation, and utilisation, potentially resulting in inefficient use of public resources.

ADMINISTRATION OF JUSTICE

68. Warranted Provision

The utilisation of funds warranted to the Department for the financial year ended 31 March 2023 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Admin of Justice	344 081 990	339 394 690	-4 687 300	1

The Department of Administration of Justice was warranted P344 081 990 for the financial year ended 31 March 2023, of which P339 394 690 was expended, resulting in an under-expenditure of P4 687 300 (1%). This level of under-expenditure indicates that the Department largely operated within its approved financial provisions.

69. Non-Moving Advances

The non-moving advances and imprest which were outstanding on the 31 March 2023 under this Department are as shown below;

Account	Amount
Surcharge – Damage to Government vehicle	11 016
Surcharge P&P- Payroll	15 560
Advances - Imprest Recoveries	19 887
Advance – P & P Grade D4 & Below	15 668
Loss of Cash – Cash shortages	155 504
Recovery of Overpayment of Salaries	256 922
Travelling Imprest	10 709
Total	485 304

As at 31 March 2023, the Department had non-moving advances and imprests totaling P485 304. This represents an increase of P31 854 from the previous year's total of P453 450. The increase is primarily attributable to higher outstanding balances in loss of cash – cash shortages (P155 504) and recovery of overpayment of salaries (P256 922). Other balances, including surcharge on government vehicles (P11 016) and travelling imprests (P10 709), remained relatively stable. The persistence of certain outstanding items indicates the need for strengthened follow-up and recovery mechanisms.

ATTORNEY GENERAL'S CHAMBERS

70. Warranted Provision

The utilisation of the funds warranted to the Chambers for the financial year ended 31 March 2023 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Attorney General	262 991 770	261 136 669	-1 855 101	0.7

For the financial year ended 31 March 2023, the funds warranted to the Attorney General's Chambers amounted to P262 991 770, compared to P250 129 830 in the previous year. Actual expenditure for the year was P261 136 669, representing a utilisation of approximately 99%, with under-expenditure of P1 855 101. Compared to the previous year, where P244 439 227 was expended (98% utilisation), this indicates a slight increase in both warranted funds and actual expenditure.

71. Non-Moving Advances

The non-moving advances & Imprest outstanding on 31 March 2023 under this Department are shown below:

Account	Amount
Surcharge – Damage to Government vehicle	39 130
Surcharge – P & P Payroll	13 161
Advances – Imprest Recoveries	4 740
Recovery of Overpayment of Salaries	10 786
Training Bond Liability	32 547
Travelling imprest	34 632
Total	134 996

As at 31 March 2023, the total non-moving advances and imprests for the Chambers amounted to P134 996 compared to P172 889 in the previous year. Key movements include Surcharge – Damage to Government vehicle (P39 130), Surcharge P&P Payroll (P13 161), Recovery of Overpayment of Salaries (P10 786), Training Bond Liability (P32 547), and Travelling Imprest (P34 632). The overall reduction in non-moving advances indicates some improvement in recovery efforts;

however, outstanding balances remain, highlighting the need for continued monitoring and follow-up.

OFFICE OF THE AUDITOR GENERAL

72. Warranted Provision

The utilisation of funds warranted to the Office for the financial year ended 31 March 2023 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Auditor General	92 970 080	89 996 089	-2 973 991	3

For the financial year ended 31 March 2023, the Office of the Auditor General had a warranted provision of P92 970 080, of which P89 996 089 was expended, leaving an under-expenditure of P2 973 991 or 3 percent.

73. Non-Moving Advances

The non-moving advances & Imprest outstanding on 31 March 2023 under this Department are shown below: -

Account	Amount
Advances - Imprest Recoveries	71 913
Advances – Industrial Class	1 500
Advances – P & P Grade D4 & Below	910
Recovery of Overpayment Salaries	8 789
Training Bond Liability	11 310
Travelling Imprest	4 275
Total	98 696

The total non-moving advances and imprests for the Office of the Auditor General as at 31 March 2023 amounted to P98 696, compared to P90 095 in the previous year. The increase is mainly due to higher balances in Recovery of Overpayment of Salaries and Travelling Imprest, while other items remained largely unchanged.

MINISTRY OF FOREIGN AFFAIRS

74. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2023 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	123 455 309	122 093 682	-1 361 626	1
Washington	29 727 360	29 320 214	-407 146	1
New York	39 781 414	39 598 697	-182 717	0.5
London	25 235 208	23 780 471	-1 454 738	6
Lusaka	6 549 190	6 506 923	-42 267	0.6
Brussels	25 566 650	25 458 037	-108 613	0.4
Stockholm	16 305 490	16 399 789	94 299	0.6
Harare	12 654 189	14 424 946	1 770 757	1.4
Windhoek	11 251 216	11 210 499	-40 717	0.4
Beijing	23 093 370	22 342 965	-750 406	3
Geneva	38 647 661	39 024 579	376 918	1
Pretoria	12 612 601	12 350 818	-261 783	3
Johannesburg	11 415 010	11 387 098	-27 912	0.2
Tokyo	30 272 538	29 411 056	-861 482	3
Addis Ababa	15 494 795	14 747 869	-746 926	0.5
Nairobi	17 511 940	17 010 533	-501 407	3
Canberra	24 502 026	24 898 555	356 521	1
New Delhi	20 359 919	19 544 090	-815 830	4
Abuja	15 074 800	16 084 837	1 010 037	7
Brasilia	21 459 930	21 324 160	-135 770	0.6
Kuwait	11 413 136	11 290 651	-122 485	1
Maputo	14 799 646	14 730 727	-68 919	0.5
Berlin	24 886 541	25 711 975	825 434	3
Paris	24 982 460	24 284 034	-698 426	3
TOTAL	597 092 400	592 937 204	-4 155 196	0.7

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2023 amounted to P592 937 204 against a total provision of P597 092 400, resulting in a slight under-expenditure of P4 155 196, or 0.7%. Most offices recorded minor variances. Notable under-expenditures were recorded at London, where P23 780 471 was spent out of a provision of P25 235 208, representing an underspending of P1 454 738 (5.8%), and at New Delhi, which underspent by P815 830 (4.0%).

Significant over-expenditures were observed at Harare, where P14 424 946 was spent against a provision of P12 654 189, resulting in an over-expenditure of P1 770 757 (14.0%); at Abuja, which recorded an over-expenditure of P1 010 037 (6.7%); at Berlin, with P825 434 (3.3%) over budget; and at Geneva, with P376 918 (1.0%) over budget.

Overall, the Ministry's expenditures were closely aligned with the warranted provisions, with only a few offices showing notable deviations from their allocations.

75. **Moving Advances**

The non-moving advances and imprest which were outstanding on the 31 March 2023 under this Ministry are as shown below-

Account	Amount
Surcharge – Damage to Government vehicle	3 077
Surcharge- P&P- Payroll	194 654
Loss of Cash – Cash shortages	599 534
Recovery of overpayment of Salaries	104 141
Travelling Imprest	38 879
Total	940 284

The total non-moving advances and imprest for the financial year ended 31 March 2023 amounted to P 940 284, compared to P 1 576 139 in the previous year. The decrease in the total outstanding balance was largely influenced by changes in overpayments of salaries, which was the main contributor to the reduction in non-moving advances.

The following audits were undertaken during the year and the key findings are noted below.

76. **Botswana High Commission – Windhoek Namibia**

Computers not Compatible with Government System

The Mission purchased computers at a cost of P63 025 on 30 March 2023 for office use, which were not compatible with the Government Accounting & Budgeting System (GABS). Transactions were therefore recorded manually and later captured in the system through one computer which was GABS compatible.

Manual recording of transactions increases the risk of errors, delays, and inefficiencies in financial reporting. It may also compromise the integrity and timeliness of accounting records.

Management indicated that the local consultant was unable to resolve the JAVA compatibility issue until IT Officers were available to provide support.

77. Botswana Consulate - Johannesburg

Property Taxes and Rates not Claimed – P346 731 (R478 870)

The Department of International Relations and Cooperation of South Africa requested all Foreign Missions to submit a list of properties owned or leased such as the Chancery, Consular Office, Official Residence and residences by 28 February 2023 for exemption of taxes and rates. At the time of audit, the Consulate had not submitted the requested information. As a result, the Consulate did not claim P346 731 (R478 870) for the financial years 2020/21, 2021/22 and 2022/23.

Failure to meet the exemption requirements resulted in loss of potential savings that could have been realised through diplomatic privileges.

Value Added Tax Claims not refunded

Claims amounting to R40 864 286.82 for VAT refunds were submitted for both the Mission and transferred officers from the 2018/19 financial year. However, only R14 263 451 was approved for payment while claims totalling R26 600 836 were rejected by South African Revenue Services (SARS) citing incorrect filing of the tax documentation

Out of the approved amount of R14 263 541, only R58 513 was paid leaving an outstanding balance of R14 205 028.

The rejection of claims and delayed processing of approved refunds has resulted in significant financial loss to Government and reflects weaknesses in compliance, record-keeping, and follow-up on claims.

Arrears of Revenue - Private Phone Bills

An officer who completed his tour (term) on 31 December 2023 owed private telephone bills amounting to P42 761.39. At the time of audit, the bill was still outstanding.

Releasing officers from duty while personal charges remain unsettled exposes Government to probable loss of revenue and demonstrates

weak enforcement of cost-recovery controls, particularly at the point of exit.

78. Botswana High Commission - Pretoria

Expired Lease Agreements – Residential Houses

The lease agreements for houses 465 B Kings Highway Lynwood and No. 6 Warrenhill Woodhill Golf Estate expired on 31 May 2023 and 31 August 2023 respectively. However, both properties continued to be occupied at the time of audit in October 2023.

Failure to renew lease agreements before expiry exposes Government to legal claims, irregular tenancy arrangements, and possible financial liabilities due to the absence of enforceable contractual terms.

The Accounting Officer stated that the landlord did not submit the lease agreement on time, and that the lease agreements had since been signed on 31 May 2023.

Extensive Maintenance Required for Mission Owned Properties

The Mission owns six (6) properties, namely, Chancery, official residence and four other residential units, including two allocated to Botswana Defence Force. The properties, particularly the Chancery and official residence, required extensive maintenance.

A contractor had been engaged to refurbish the properties over a two (2) year period from 2019/2020 to 2020/2021 at a cost of P3 661 329. Despite this, defects persist due to poor workmanship and incomplete works.

Failure to enforce contract performance and ensure timely completion of repairs exposes Government to escalating maintenance costs, deterioration of State assets, and potential financial loss arising from substandard workmanship and weak project oversight.

The Accounting Officer indicated that maintenance of some properties was ongoing but decried the limited budget.

Deficiencies in the Contract Agreement - Security

The Mission entered into a contract with a company to provide security fence at the Chancery. The following inadequacies were noted in the contract;

- The contract was signed by both parties 6 months after commencement.
- The terms of duration were indefinite.

Failure to formalise contracts on time and to define clear contract duration exposes Government to potential legal disputes, weakens enforceability of contractual obligations, and increases the risk of financial loss.

The Accounting Officer stated that the deficiencies had been noted and were being addressed.

Theft Incident at the Chancery

On 9 January 2023 an incident occurred within the High Commission premises under the guard of a security company, involving the theft of two (2) Mission vehicles, Dell monitor, keys of other official cars, gate remote and Nokia cellphone. Investigations revealed that the security guard on duty was negligent. The Mission Insurance Company settled the stolen vehicles by payment of P819 060.

Negligence by the security guard exposes Government to financial loss, undermines the security of State assets, and reflects weaknesses in oversight of long-term service contracts.

The Accounting Officer stated that the security company in question had compensated some items like keys, and change of ignition system.

Notwithstanding the above response, the negligence of the guard could be attributed to laxity of controls and familiarity with the client, arising from a lengthy service agreement that had been running for 11 years.

Dormant Call Account

The Mission Call Account had a balance of P3 006 and had not been active since 2019. Inactive bank accounts may be vulnerable to fraudulent activities, and Government risks forfeiting the funds under bank rules.

Failure to monitor and regularise dormant accounts exposes Government to potential financial loss and compromises proper financial management and oversight, and the account needs to be normalised to ensure it is active or that the funds are appropriately recovered

79. **Botswana High Commission - Ethiopia**

Development Project

Background

The Ministry embarked on the construction of a six-story Chancery building in Addis Ababa, Ethiopia comprising office block space, an auditorium, three (3) residential apartments, ancillary buildings, and basement parking. The project design was completed in February 2017 and the award to the main contractor was on 12 July 2018 at a contract sum of USD10 389 800, with an original completion date of 18 April 2021. Pre and post-contract consultancy services totalling USD41 396 and USD65 007 respectively were awarded on 12 February 2016.

The audit revealed the following observations:

a. Delays in Completing and Handing - Over of the Project

Significant delays in completing and handing over the project was noted. The delays were attributed to factors including the Covid-19 pandemic, unavailability of materials, highly inflated costs of materials (aggregates, building blocks and sand), shortage of skilled labour, work permit challenges, delayed foreign material orders, delayed payments and design modifications. By August 2023 the project was only 84% complete, and the contractor had ceased work on the remaining tasks and snags due to financial constraints, raising concerns that the project could be abandoned.

The extended delays and incomplete works expose Government to increased project costs, potential contractual disputes, and the risk of abandoning a partially completed State asset, underscoring weaknesses in project monitoring, financial management, and contractor oversight.

b. Clerk of Works not Appointed

The Ministry of Infrastructure and Housing Development team of experts recommended the re-appointment of a Clerk of Works to provide Government oversight and ensure that the interests of Government were protected during the Chancery and Diplomats Apartments project. This recommendation arose because some ordered electro-mechanical materials did not meet approved specifications, the contractor was making structural modifications without client approval, proper processes for approving variations were not followed, the contractor delayed providing required information for interim payment certificates,

and there was a lack of proper coordination between consultants and subcontractors. Despite these concerns, the recommendation to appoint a Clerk of Works was not implemented.

The failure to appoint a Clerk of Works reflects inadequate oversight arrangements and weak project governance, which may compromise the assurance that Government's interests are adequately protected throughout the project.

Liquidated Damages not charged

The Construction Company did not meet the agreed project completion date of 30 June 2023 but remained on site beyond the contract period. This followed earlier instances in which agreed completion timelines were not honoured. Despite these repeated delays, the provisions of the contract relating to liquidated damages were not enforced. As a result, Government was exposed to avoidable financial risk arising from prolonged execution of the works.

Dispute on Termination of Lease Agreement

A dispute arose following the termination of residential lease for the Deputy Ambassador, whose official residence was occupied between 2016 to 2023, and vacated on 29 April 2023. Although the Mission invited the landlord for a joint inspection and formal handover, the landlord declined and instead demanded replacement of a refrigerator and painting of interior. At the time of the audit the matter remained unresolved and there is a risk of financial exposure to government should the dispute escalate to litigation or settlement.

Recurrent Expenditure

An audit of the recurrent expenditure at the Mission revealed the following:

Unavailability of Government Accounting and Budgeting System (GABS)

The Mission has experienced persistent malfunction and downtime of the Government Accounting and Budgeting System (GABS) since 2019. As a result, payments were processed manually and verified against an internally generated cashbook. The reliance on manual processes increases the risk of error, omission, or manipulation, and undermines the reliability of financial records maintained at the mission.

Rental Payments for a Vacant House

Rental payments of USD8 000 per month continued to be made for a property vacated by the Ambassador in March 2023. As at the end of August 2023, a total of USD32 000 had been paid for the period April to July 2023, despite the residence remaining unoccupied. The lease Agreement for the house expired in July 2023, and at the time of the audit in August 2023, a decision to either renew or terminate the lease had not yet been made.

Management indicated that the lease was retained in anticipation of the appointment of a substantive High Commissioner, and noted that securing a suitable accommodation could be a lengthy process.

However, continued payments for an unoccupied property do not represent prudent use of public funds and reflect weaknesses in rental contract management and decision-making processes.

At the time of writing the report the Accounting Officer had not responded to the audit observations.

80. Botswana High Commission - Kenya

High Rental Expenditure - Official Residence

In 2018, the Mission purchased an office building for the sum of USD4 400 000 (P41 300 000) in line with the Government's objective of reducing rental costs for Missions abroad. While this has successfully eliminated rental expenses, the Mission continued to incur annual rental costs of P3 384 204 for officers' residential accommodation. No documentation or explanation was provided to justify why a strategy of property acquisition for staff housing had not been pursued, despite the demonstration of cost-saving potential.

This continued reliance on rented residences undermines Government's cost-containment objective and may result in avoidable long-term expenditure.

Prolonged Use of Single Security Services

A security company was engaged to provide security services, including guard services, emergency response support and installation of security equipment, at the Botswana High Commission in Kenya from 1 June 2008. The company remained engaged at the time of audit resulting in a continuous service for a period of 15 years. While it is acknowledged

that the frequent changes in security contractors at diplomatic missions may present operational and security risks, the prolonged engagement of a single service provider without periodic market testing limits competition and may compromise value for money.

Management should consider instituting fixed contract periods with clearly defined performance indicators and regular reviews to ensure accountability, promote competitive procurement and uphold security standards at the Mission.

Use of Same Transport Services

The Mission continued to engage the same taxicab operator, primarily to transport Mission drivers working extended hours, at a monthly cost of P2 000. The service has been in place since 2016. However, the contract agreement engaging could not be availed for audit, making it difficult to confirm whether the contract was for a fixed contract period or subject to periodic review and competitive bidding.

The prolonged use of a single service provider without evidence of contract renewal limits transparency and may not provide assurance that value for money is being achieved.

Retained Corporate Lawyer

A Corporate Lawyer was engaged in 2014 to provide legal advisory services during the procurement of an office building. However, at the time of audit in May 2023, the lawyer continued to receive a monthly retainer fee. Management explained that the arrangement was considered cost-effective compared to sourcing for legal services on an adhoc basis.

The prolonged retention without evidence of periodic review raises serious concerns regarding adherence to procurement governance and sound contract management practices. In the absence of documented assessment, the Mission is exposed to the risk of maintaining an arrangement whose necessity, cost-effectiveness, and continued relevance have not been justified.

Non-renewal of Medical Insurance Policy

The Mission had a contract with an insurance company to provide medical insurance cover for five (5) Diplomatic Staff with three (3) dependents and eleven (11) locally recruited staff with ten (10) dependents. The contract expired in March 2023 and had not been

renewed at the time of audit in May 2023. The contract premium was estimated at P2 319 271.

The absence of a valid policy exposes the Mission to the risk of financial disputes and unmanaged medical liabilities, should covered officers or their dependents require medical assistance while the policy remains lapsed.

Outstanding Bank Reconciliations

The local currency bank account had not been reconciled since March 2021, with unreconciled payments amounting to P425 472.90 and unreconciled receipts of P208 025.98. In addition, invoices were paid before being captured in the system, resulting in misstatements in the accounts.

The USD bank account was also unreconciled since February 2021. Unreconciled payments and receipts amounted to P988 867.03 and P145 160.69 respectively. Further, receipts totalling P105 376.94 and payments of P1 001 933.15 appearing in the General Ledger could not be traced to the Bank Statement.

Bank reconciliations were delayed due to the use of manual processes, which increased the risk of error and contributed to prolonged non-reconciliation of the accounts.

The failure to perform timely bank reconciliations increases the risk of undetected errors or irregularities and undermines the reliability of financial information reported by the Mission.

Unserviceable Items not disposed

The Mission continued to store unserviceable household items that were due for disposal (sale), even though they had no residual value. The items occupied space in the storeroom, without any documented justification for their continued retention. The prolonged storage of unusable assets increases the risk of loss through pilferage or mismanagement and reflects weak asset disposal control.

Fleet Register not maintained

The Mission did not maintain a fleet register as required by Supplies Procedures 2008 (504). In addition, vehicle logbooks were not up to date and in several instances records of repairs, maintenance and servicing were missing. Trip dates were also inconsistently recorded, with some journeys undertaken without prior authorisation, and in other cases

authorisation granted after the trip had already been undertaken. Some continuation logbooks did not indicate the vehicles to which they related, and the Mission relied on the motor dealerships, rather than its own controls, for reminders on important service milestones.

The absence of a complete and reliable record for the vehicle fleet undermines effective oversight, increases the risk of misuse, and may expose Government to avoidable repair and replacement costs.

The Accounting Officer had not responded to the observations at the time of writing the report.

81. Botswana High Commission- India

High Rental Expenditure - Chancery and Mission Residences

The Mission was paying P9 209 050 annually in rental for the Chancery and officers' residences, representing 49% of the total Warranted Provision. Such high proportion of funds committed to rentals may limit the Mission's ability to effectively carry out its operations within the approved budget.

The continued reliance on leased properties, consuming 49 % of the Mission's recurrent budget, limits operational flexibility and results in recurring costs without asset growth. Failure to align with Government's real-estate investment strategy may lead to long-term financial inefficiencies and avoidable pressure on future budget allocations.

Management is advised to consider purchasing property for both Chancery and staff accommodation, in line with Government's strategy to invest in real estate for Missions abroad and reduce long-term rental costs.

Unpresented Cheques

Unpresented cheques amounting to P50 853 208 (Rs 337 446 636.80), issued to suppliers as far back as 2017 were noted. Although payments had been initiated, the prolonged accumulation of unpresented cheques indicates inadequate monitoring and follow-up of outstanding liabilities. Failure to review and clear such items timeously may result in misstated cash balances, unresolved obligations, and future budgetary pressures.

Segregation of Duties not Observed – Medical Claims

A refund of P38 879 was processed for an officer's cosmetic dental procedures. The same officer initiated and authorised the refund, contrary to Section 413 of the Financial Instructions and Procedures. Supporting referral documents from the dental practitioner were not attached on the payment or made available for audit verification. The absence of segregation of duties increases the risk of financial loss.

Continued instances of inadequate segregation of duties may expose government funds to misuse and reduce confidence in the financial management of public resources.

At the time of writing the report, the Accounting Officer had not responded to the observations.

82. Botswana High Commission - Canberra, Australia

Abnormal Variance - Revenue Budget

The actual revenue collected at the High Commission in Canberra significantly exceeded the budgeted estimates in several categories. Medical claims reimbursements amounted to P133 908 against an estimate of P10 000, while VAT reimbursements for the Mission were P173 820 compared to the estimated P80 000. In addition, revenue not budgeted for was collected from the sale of government furniture (P12 287), sale of goods and services (P7 722), and sundry receipts (P6 544).

In response, Management noted and undertook to implement the recommendation.

The collection of revenue in excess of budgeted estimates, including unbudgeted receipts highlights gaps in budget forecasting and monitoring. Without timely adjustments to budget plans, there is a risk that resource allocation decisions may not reflect actual financial inflows, potentially affecting the efficient deployment of public funds.

High Property Rental Fees

The Mission constructed the Chancery in 2009 in line with the Government's objective of reducing rental expenditure for Missions abroad, which successfully reduced the office rental costs. Despite this, the Mission continued to pay P3 538 376 per annum as rental for six diplomatic residences.

Continued high rental expenditure limits funds available for essential diplomatic operations and may affect the efficient use of public resources.

Management explained that ownership in Australia could be costly due to maintenance and annual property rates among other expenses.

Delayed Maintenance for Mission Properties

The Chancery owned by the Mission required extensive maintenance, including roof leaks and structural wall cracks in the lift shaft which allowed water seepage that could compromise the safety of employees and the integrity of the building. In addition, the air-conditioning system was not operational, creating unconducive working environment for staff.

The need for repairs had persisted for several years, with quotations for the lift shaft dating as far back as 2016. The prolonged delay in addressing the maintenance issues may compromise the health and safety of employees and affect the Mission's operational efficiency.

Management appreciated and acknowledged the situation.

Unpresented Cheques

Cheques amounting to AUD82 806.53 (P692 000), dated as far back as 2021, remained unpresented and were considered stale. Financial Procedures 1715 require that cheques older than 90 days be reviewed and written back; in this instance, the cheques had not been written back, resulting in prolonged outstanding obligations. This could affect the accuracy of reported cash balances and the reliability of the Mission's financial reporting.

83. Botswana Embassy - Tokyo, Japan

Misallocation - Reimbursement of Medical Claims

Medical claims totalling to P88 049 were recorded under the medical expenses account (1515-00140) instead of the medical reimbursement account (1515-23682).

Management indicated that, by arrangement between the Ministry and the Office of the Accountant General, claims were recorded in the medical expenses vote to prevent depletion; however, no documentation supporting this arrangement was provided.

The absence of supporting documentation for the arrangement raises concerns over the transparency and proper accountability of medical claim transactions, which may affect the reliability of reported expenditure.

Outstanding Rental Deposits

An amount of ¥2 100 000 (P185 765) paid as rental deposit for a residential property in March 2004 remained outstanding after the Embassy vacated the house in August 2022 . Legal action was authorized by the Ministry to recover the deposit, incurring additional costs of ¥112 000 (P9 907) and ¥383 000 (P33 880) for potential litigation. At the time of audit, the deposit had not yet been refunded.

The prolonged delay in recovering the rental deposit results in tied-up public funds and additional legal costs, reducing the efficient use of Government resources.

Assets/Supplies without Government Serial Number – Office Equipment

Several office equipment at both the Chancery and the residential premises, including desktop computers, CPUs, and printers assigned to the Administration Attaché, Accounts Clerk, and Deputy Head of Mission, were not coded or marked with Government serial numbers as required under Supplies Regulations and Procedures 1506.

The absence of Government serial numbers increases the risk of misplacement (lack of identification when tracing), loss, or misappropriation of public assets and weakens accountability over government property.

Expired Contract Agreement - Medical Insurance

The Embassy's medical insurance contract, which provided cover for staff medical expenses, expired on 31 August 2022 and had not been renewed in February 2024.

Without a current policy, staff may face out-of-pocket expenses for medical treatment, and the Government may be exposed to unforeseen liabilities arising from medical claims that should have been covered under the policy.

Medical Bills not covered

Medical bills amounting to ¥572 269 paid by the Embassy were not reimbursed under the insurance policy. The claims worksheet indicated

that these were not covered, but no explanation was provided. This raises the risk that Government funds may be used for expenses that may not be eligible for coverage.

84. Botswana Embassy - Paris, France

Bank reconciliation not up to date

Bank reconciliations at the Embassy were not performed monthly as required, bank reconciliations for 2020, were performed in September 2023. This lapse in controls increases the risk of fraud and errors.

Management committed to ensure that bank reconciliations are performed on monthly basis.

Unreconciled Transactions

Payments totaling €1 055.52 were recorded in the cashbook but not reflected in the bank statement, while a further € 6 955.06 appeared in the bank statement but was not in the cashbook. These discrepancies required clearance to ensure accurate reporting of financial transactions.

Management acknowledged the issue and stated reconciliation of outstanding transactions in the cash book has begun.

85. Botswana High Commission - Harare, Zimbabwe

An audit of the accounts of the Botswana High Commission Harare, Zimbabwe gave rise to the following observations;

Delayed Capturing of Mission Transactions

The Mission processed supplier payments manually and only recorded the transactions at the end of the financial year. This delayed the reconciliation of accounts and correction of misallocations, potentially affecting accuracy of reported balances.

In response, Management attributed the issue of long-standing challenges with the GABS system and reported that efforts had been made to improve internet connectivity.

Inadequate Record Keeping

Inventory valued at P471 732 was not recorded in the Supplies Ledger Cards, contrary to the requirements of Supplies Procedures 501. The omission increases the risk of misappropriation of government assets.

In response, Management indicated that, the inventory update was in progress and expected to be completed by 26 July 2024.

Use of Official Vehicles for private matters

The High Commission used official vehicles to transport officers' children to and from school without formal approval, contrary to General Orders 198.3.

Management explained that the practice continued due to distance of the school from the office and economic hardships, and that engagement with the Ministry Headquarters had been undertaken. The necessary approval should be sought to normalise the situation.

Residential Properties with no Title Deeds

The Mission owns nine (9) residential properties of which only one (1) has a Title Deed, and the deed details do not fully correspond with the physical property location. The absence of valid title deeds for the majority of the properties may make it difficult to substantiate government ownership and could expose the assets to legal or administrative challenges.

In response, Management stated that they have initiated the process of obtaining original Title Deeds from the Department of Deeds, Companies, and Intellectual Property for all properties.

Reduced Project Funding

The total estimated cost of refurbishment of the Mission properties was P14 889 486, while the Consultant's estimate was P9 506 017. Ultimately the project received partial funding of P7 239 389 representing roughly half the estimated requirement. This constrained funding resulted in prioritization of certain works over others, leaving some snags or structural defects unresolved as identified by Department of Buildings and Engineering Services.

Partial funding of the refurbishment may compromise the quality and safety of Mission properties, increasing the likelihood of structural defects and higher future maintenance costs.

Management indicated that they had submitted a request to Ministry of Foreign Affairs Headquarters, for the Ministry of Transport and Public Works to assess the affected properties and provide guidance on way forward.

Defects on Refurbished houses

Five houses refurbished between 2019/2020 to 2021/2022 developed visible structural defects within three years of completion. Some defects were attributed to soil conditions, while others resulted from poor workmanship and insufficient supervision during construction.

The defects on recently refurbished houses may compromise the value of government investment and result in additional future expenditure.

Management stated that they were taking steps to address the defects, although progress was constrained by budget and pending assessment by Public Works Team.

Lack of Documentation of Project Oversight

During the execution of the refurbishment project, no formal records were maintained to substantiate monitoring and supervision of works. The absence of documented oversight may compromise assurance on the proper use of public funds and reduce transparency and accountability for project execution.

Final Accounts not produced for Audit

Five (5) out of six (6) properties earmarked for refurbishment were completed, but no final accounts were prepared, contrary to the FIDIC Red Book Section 14:11 which requires the Contractor to submit the Draft Final Statement within fifty-six (56) days after receiving the Performance Certificate.

The absence of final accounts limits the ability to verify project costs and expenditures, reducing transparency and accountability in the management of public funds.

Management indicated that final accounts could not be produced due to incomplete records and had requested for a detailed investigation to determine the root cause of the missing documentation.

Procurement Procedures not followed – House at Critchton Avenue

In July 2018, Department purchased a house at Critchton Avenue, Marlborough, Harare, Zimbabwe amounting to US\$ 698 521 (P9 190 073). The procurement process did not involve relevant stakeholders such as the Attorney General's Chambers and Ministry of Lands and Housing, and essential pre-acquisition documents such as title deed, sales agreement, and valuation and inspection reports were not obtained. The Ambassador at the time was given the Power of Attorney to sign for the transfer of the property when the procurement was at an advanced stage.

The house was leased for 6 months from 1 February 2018 to 31 July 2018 while negotiations were ongoing. The payment for the purchase made on 25 June 2018, overlapped with rental period/payments and efforts to recover the July rental and security deposit totalling US\$6,000 were futile.

At the time of audit in August 2023, the property exhibited structural defects including termites damage to wardrobes and kitchen units. Visible cracks were noted, paints were peeling off at some parts of the house, leakages were also noted on the ceiling. These conditions indicate that some defects predated the purchase.

Failure to follow proper procurement procedures and conduct thorough pre-acquisition inspections exposes government funds to potential loss, raises questions about the legitimacy of the acquisition.

Management stated that they will liaise with the Botswana Defence Force to resolve the matters by June 30 2024.

Dilapidated Government Owned Houses

Two Government owned houses at 6 Oswald Close and 31 Langbourne Avenue were dilapidated and not habitable. In a discussion with Management, it was noted that the houses, located on large plots in prime areas, could be re-developed to construct additional staff residences to reduce the substantial rental payments currently incurred by the Mission.

At the time of audit, four (4) officers occupied private houses rented at US\$10 000 per month, amounting to US\$120 000 annually (P1 566 580).

Failure to utilise government-owned properties efficiently results in unnecessary expenditure on rentals and underutilisation of public assets.

Management indicated that they intended to undertake demolition and reconstruction once funding becomes available.

INDEPENDENT ELECTORAL COMMISSION

86. Warranted Provision

The utilisation of funds warranted to the Commission for the financial year ended 31 March 2023 is as shown below.

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Independent Electoral Commission	66 952 150	66 112 327	-839 823	1

There was an under-expenditure of P839 823 (1.25%) against the warranted provision of P66 952 150. The variance is marginal, indicating that the Commission utilised its allocated funds almost in full.

87. Non-Moving Advances

The non-moving advances which were outstanding on 31 March 2023 under the Commission are as shown below-

Account	Amount
Advances – Industrial Class	1 333
Loss of cash- Cash shortages	1 464
Recovery of Payment of Salaries	9 341
Total	12 138

Total advances increased from P9 464 in the prior year to P12 138, mainly due to recoveries of payment of salaries amounting to P9 341, which were not recorded in the previous year. Conversely, advances for P & P Grade D4 and below, which appeared in the prior year, were not recorded during the year under review. Loss of cash and shortages remained unchanged at P1 464.

OFFICE OF THE OMBUDSMAN

88. Warranted Provision

The utilisation of funds warranted to the Office for the financial year ended 31 March 2023 is indicated below

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Ombudsman	43 642 730	39 396 177	- 4 246 553	10

The Office utilised P39 396 177 of the warranted provision of P43 642 730, resulting in an under-expenditure of P4 246 553, equivalent to 10 %. This reflects an increase in under-expenditure compared to the previous financial year's 7.1%. The increase in under-expenditure suggests reduced budget absorption capacity

89. Non-Moving Advances

There were no outstanding non - moving advances and imprest on 31 March 2023 under this Office.

MINISTRY OF LANDS AND WATER AFFAIRS

90. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2023 is indicated below;

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	627 717 149	626 311 052	-1 406 096	2
Surveys and Mapping	43 107 675	42 088 942	-1 018 733	2
Town & Country Planning	29 387 820	28 085 639	-1 302 181	4
Lands	53 306 357	52 285 489	-1 020 869	2
Deeds Registry	15 774 730	15 328 786	-445 944	2.8
Project Management Office	19 174 490	18 848 733	-325 757	1.7
Water & Sanitation	128 829 168	128 184 139	-645 029	05
Land Tribunal	32 972 090	31 698 855	-1 273 235	3.9
Total	950 269 480	942 831 634	-7 437 846	0.8

The Ministry recorded an overall under-expenditure of P7 437 846 (0.8%) against a total warrant of P950 269 480, showing improved utilisation compared to the prior year's under-expenditure of 4%.

91. Non-Moving Advances

The non -moving advances and imprest which were outstanding on the 31 March 2023 under this Ministry are as shown below-

Account	Amount
Surcharge – Damage to Government vehicle	-2 956
Surcharge – P&P Payroll	1 132
Advance – P & P Grade D4 & Below	-1 250
Advances – Imprest recoveries	5 108
Loss of Cash – Cash shortages	347 140
Recovery overpayment of Salaries	279 262
Training bond Liability	95 998
Travelling Imprest	48 483
Total	772 918

The total non-moving advances and imprests decreased from P896 607 in the prior year to P772 918 in the year under review, reflecting a reduction of 14%. The decrease was mainly due to reductions in training bond liabilities, recovery of overpayment of salaries, and loss of cash shortages. However, some long-outstanding balances, particularly on loss of cash and salary recoveries, remained uncleared.

The persistence of these balances indicates weak follow-up on recoveries, which may expose public funds to potential loss.

The following audits were undertaken during the year and the key findings are noted below.

92. Water Supply Pipelines and Sanitation Networks

During the year under review, audits were carried out on three (3) major water and sanitation projects, namely the Gaborone Water Supply Master Plan, Lobatse Water Supply Master Plan and Rehabilitation of Glen Valley Wastewater Treatment Plant. The following observations were noted;

a) Cost overruns - P126 762 538

The Rehabilitation of Glen Valley Wastewater Treatment Plant experienced significant cost overruns. The initial contract, valued at P30 829 869.20 was awarded in April 2014 and scheduled for completion in March 2015. However, the project was not completed, and the contractor was paid P32 257 369.93 for 90% of the works, exceeding the contract price by P1 427 500.73

In May 2019, a second contractor was engaged to complete the outstanding works and carry out further rehabilitation. The new contract was awarded for P179 927 920 but was later revised to P305 262 958, resulting in a cost overrun of P125 335 038, equivalent to 69.6%.

The significant cost overruns indicate weaknesses in project management, cost control, and supervision. This increases the risk of resource wastage and delays in service delivery.

In response, the Accounting Officer indicated that the first contractor had demobilised due to non-payment, which led to additional costs for remobilization and completion. Although the revised contract sum of P 305 262 958 was approved by the Water Utilities Board, there remains a need to strengthen project planning, cost estimation and monitoring to prevent future overruns.

b) Unauthorised Increase in Contract Price

The North South Carrier (NSC) 2.3 project comprised three (3) contracts; with award amounts of P897 209 251.59, P252 835 352.86 and P792 078 477.53, bringing the total contract sum to P1 942 123 081.98.

As reflected in the Votes Ledger as at 31 May 2023, the total expenditure amounted to P2 114 125 260.05, exceeding the combined contract value by P172 002 178.07, or 8.8 %. No evidence was provided to confirm that the increase was authorised. This highlights weak controls over contract variations and non-compliance with procurement requirements.

a) Overcharge of VAT – P402 966

A review of payments under the Glen-Valley Waste Water Treatment Plant Project revealed that Value Added Tax (VAT) in Interim Payment Certificate (IPC) No.22 was erroneously charged at 14% instead of the applicable 12%, resulting in an overcharge of P201 483. The same overcharged amount incorrectly carried forward and added to the subtotal in IPC No.23, increasing the total overcharge to P402 966. No corrective adjustment was reflected in the subsequent IPCs.

The overcharge represents a direct financial loss to Government arising from weak verification controls. Although management acknowledged the error, no corrective adjustment had been made at the time of preparing this report.

b) Time Overruns

Significant time overruns were noticed across all the three(3) projects reviewed. The Glen Valley Waste Treatment Plant was delayed by 23 months, while the Gaborone Water Supply Master Plan (NSC 2.3) and Lobatse Water Supply Master Plan, which were both planned for completion by November 2021, were still not commissioned as at May 2024. There was no evidence of approved time extensions or application of liquidated damages. These challenges indicate weaknesses in project planning, monitoring, and contract administration.

Prolonged project delays negatively affect service delivery and contribute to cost escalations through extended supervision, price variations, and inflationary pressures.

The Accounting Officer attributed the delays to the impact of COVID-19 and additional works on sewer networks, and committed to regularising the time extensions.

c) Unpaid Interim Payment Certificates (IPCs)

As at the time of preparing this report, four (4) interim Payment Certificates (IPCs) for the Glen Valley Waste Water Treatment Plant, totalling P48 716 988.37 remained unpaid ;

Certificates Number	Date	Amount (P)
IPC 23	16-Feb-23	15 927 095.09
IPC 24	16-Jan-23	10 702 864.52
IPC 25	05-Jul-23	10 410 179.16
IPC 26	26-Aug-23	11 676 849.59
Total		48 716 988.36

A project closeout report was issued on 12 April 2022 despite these unpaid certificates. FIDIC Sub-Clause 14.7 [Payment], entitles contractors to financing costs for late payments

Failure to settle certified payments on time exposes Government to additional financial liabilities and may strain contractor relations.

The Accounting Officer indicated that verification of works had been completed to facilitate payments in the 2024/25 financial year.

d) Late signing of the contracts

In terms of Clause 1.6 of the International Federation of Consulting Engineers (FIDIC) Yellow Book, contracting parties are required to enter into an agreement within twenty – eight (28) days after the Contractor receives the Letter of Acceptance, unless otherwise agreed.

For the Gaborone Master Plan NSC 2.3 project, the contractors signed acceptance forms on 25 September 2020 for Contract 3 and on 29 September 2020 for Contracts 1 and 2. The works for all three (3) contracts commenced in November 2020. However, the formal contract agreements were signed much later than the prescribed period. Contracts 1 and 2 were signed on 26 May 2021, representing a delay of approximately nine (9) months, while Contract 3 was signed on 14 April 2021, representing a delay of approximately seven (7) months.

Delays in signing contract agreements before commencement of works expose Government to legal and financial risks, including potential

disputes over obligations, unclear contract terms, and weak enforcement of performance provisions. Such practices undermine contract management discipline and accountability in project execution.

For Lobatse Water Supply Master Plan, the contractors signed acceptance forms on the 29 September 2020 for Package 1 and on 28 October 2020 for Package 2. Both projects commenced in November 2020. However, the contract agreements were only signed on 20 May 2021 and 14 April 2021 respectively, which was more than six months after commencement works.

During the period prior to contract signing, the Government was exposed to legal and financial risks as there were no binding contractual mechanisms in place to address potential disputes or claims.

Failure to comply with legal and regulatory requirements governing project implementation exposes Government to operational, legal, and financial risks, and weakens overall project governance and accountability.

The Accounting Officer accepted the finding and indicated that measures will be put in place to ensure that in future, contracts are signed before the commencement of the works.

e) Inadequate Performance Bonds

For the Gaborone Water Supply Master Plan NSC 2.3. the contractors arranged Performance Bond Guarantees of 10% of their contract sums from a Financial Institution. The guaranteed amounts were P89 720 925.16 and P75 984 959.15, both expired in April 2023, therefore not covering the rest of contract period since contract was still ongoing.

Similarly, in the Lobatse Water Supply Master Plan, Performance Bond Guarantees covering the initial 12 – month contract period were not extended after the contracts were prolonged to June and August 2023.

These anomalies are contrary to FIDIC Yellow Book provisions, which require that Performance Bonds remain valid until all works are completed and defects remedied.

In the absence of valid Performance Bonds, Government may incur losses if contractors fail to complete the works or remedy defects.

93. Glen Valley Waste Treatment Plant

Delayed Final Account

The Final Account for the project had not been prepared as at October 2023, despite the Defect Liability Period (DLP) having ended on 28 April 2023. This is contrary to FIDIC Yellow Book, General Conditions Clause 14.7 which require the Contractor to submit the Statement of Completion within 84 days after receipt of the Take-Over Certificate.

The delayed preparation of the Final Account exposes Government to the risk of unapproved expenditure and weakens accountability over project costs. It also impedes the verification of completed works, thereby limiting assurance to ensure that public funds are used efficiently and that project deficiencies are identified and addressed

In response, the Management indicated that the project comprises two components, namely the Plant and Sewer Network, which are implemented as a single project and currently share the same account. Consequently, the Final account will be prepared upon completion of the Sewer Network.

94. Gaborone Water Supply Master Plan

Inconsistencies in Bills and Summary Figures

Contract 3 of the Gaborone Water Supply Master Plan had multiple discrepancies in the Payment Certificates (IPCs), contrary to FIDIC Red Book, Sub Clause 14.6.3, which allows the Engineer to correct errors in the prior certificates. The key anomalies included:

- i. Preliminary and General Works in the IPC8 were reflected as P86 158 008.15 instead of P86 306 020.15 (a difference of P148 012);
- ii. The Bio-directional pipeline in IPC8 showed P178 265 541.47 instead of P178 293 998.50 (a difference of P28 457.03);
- iii. An amount under Telemetry and SCADA of P1 264 829.22 from IPC7 was reflected as P861 584.88 in IPC 8, and the error persisted through to IPC 18 without correction;
- iv. Reconciliation of material advances revealed a discrepancy of P9 812 405.53 between the amounts recorded and amounts approved; and

- v. An arithmetic error of P116 847 014.64 was noted in IPC 18, resulting in an understatement of the balance of work certified.

Similar inconsistencies were noted under contract 1, with differences between values and reconciliation statements ranging between P36 444.13 and P7 720 870.56.

These discrepancies pose a risk of financial inaccuracies, undermine accountability over project payments, and reduce confidence in the management of public funds. Without timely corrections, there is potential for overpayments or underpayments, which may affect future project funding decisions and credibility of contract administration.

At the time of preparing this report, the Accounting Officer had not provided a formal response to the audit findings.

95. Lobatse Water Supply Master Plan

- i. Interest Charges on Late Payments – P3 112 381.55

Interim Payment Certificate (IPC) 6 reflected interest amounting to P3 112 381.55, which was paid to the contractor (Package 1) as interest on late payments. However, no documentation was provided to explain the reasons for the delays.

Of the P3 112 381.55 paid as interest, an amount of P2 369 767.74 related to interest charged on advance payment to the supplier. Given that the Water Utilities Corporation Tender Regulations Procurement Plan does not allow advance payments, and neither the Tender Documents nor the Contract Agreement provided for advance payment terms, this anomaly should have been addressed by the parties, and the interest waived, particularly as mobilisation fees are optional.

This was contrary to FIDIC Yellow Book General Conditions Sub-Clause 14.7(b), which requires the Employer to pay the Contractor the amount certified in each Interim Payment Certificate within fifty-six (56) days after the Engineer receives the statement and supporting documents.

Management accepted the finding and indicated that the interest charged was contractual, arising from delayed receipt of project funds from Government. Reference was made to FIDIC Yellow Book Sub-Clauses 14.7 and 14.8, which allow for interest on late payments, and management therefore considered the charge to be valid.

The payment of interest on late contractor payments represents an avoidable financial cost to Government. It further highlights weaknesses in project fund management and delays in disbursement, which increase the overall cost of public projects.

ii. Inconsistencies in Bills and Summary figures

A review of Interim Payment Certificates (IPCs) revealed inconsistencies between the Bill Templates, Summary Templates, and IPCs. These errors resulted in overpayments amounting to P6 407 388.95 and underpayments amounting to P34 258 125.02. No corrective adjustments were made in subsequent certificates.

As a result, Government is exposed to potential financial losses and an increased risk of disputes with the contractor over payment amounts.

Management accepted the finding and indicated that the final account would be prepared to reconcile the amounts. Management further clarified that, as this is a Fixed Sum Contract, there is no risk of overpayment. However, at the time of writing this report, the final account had not been availed for audit verification.

MINISTRY OF ENVIRONMENT AND TOURISM

96. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2023 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	197 962 418	188 630 126	-9 332 292	4.7
Wildlife & National Parks	344 994 544	341 818 953	-3 175 591	0.9
Tourism	24 411 008	24 230 809	-180 199	0.7
Meteorological Services	75 749 537	74 981 645	-767 893	1
Sanitation and Pollution Control	28 240 840	28 207 542	-33 298	0.1
Forestry and Range Resources	90 872 321	89 361 342	-1 510 979	1.7
Environmental Affairs	29 357 927	29 190 389	-167 537	0.6
National Museum, Monuments and Art Gallery	40 572 125	40 184 799	-387 325	1
TOTAL	832 160 720	816 605 606	-15 555 114	1.9

Overall, the Ministry under-spent its budget by (P15 555 114) 1.9% in 2022/23, compared to 6% in the previous year, reflecting a reduction in under-expenditure compared to the prior year. The largest under-expenditure occurred in Headquarters (4.7%).

97. Non-Moving Advances

The non-moving advances and imprest which were outstanding on 31 March 2023 under this Ministry are as shown below:

Account	Amount
Surcharge – P&P Payroll	2 632
Advances – Imprest Recoveries	6 704
Advances – Industrial Class	250
Advances – P & P Grade D4 & Below	64 820
Loss of Cash – Cash shortages	41 735
Recovery of Overpayment of Salaries	275 447
Training Bond Liability	152 327
Travelling Imprest	55 200
Total	599 114

As at 31 March 2023, total non-moving advances and imprests amounted to P599 114 compared to P523 059 in the previous year, representing an increase of P76 055. The most notable variances were in Advances – P&P Grade D4 & Below, which increased from P13 790 to P64 820, and Training Bond Liabilities, which rose from P113 402 to P152 327. Recovery of overpaid salaries also increased slightly from P250 821 to P275 447. These increases may indicate delays in recovery processes and affect the efficient use of public funds, highlighting the need for timely reconciliation and follow-up.

The following audits were undertaken during the year and the key findings are summarised below:

98. Kgalagadi Transfrontier Park

Botswana and South Africa jointly recognise the Kgalagadi Transfrontier Park (KTP) as an undivided ecosystem established to promote biodiversity, conservation, research, tourism, and benefits to surrounding communities.

Non-Enforcement of the Memorandum of Agreement

Botswana and South Africa entered into a bilateral agreement in April 1999 for the recognition and joint management of the Kgalagadi Transfrontier Park. However, no evidence was provided to indicate that Botswana had fulfilled the necessary legal requirements to operationalise the agreement.

The delay in fulfilling these requirements may limit the realisation of the intended benefits of the partnership, including enhanced cross-border conservation, joint resource mobilisation, and increased tourism opportunities.

Documents Not Produced For Audit - KTP Foundation

The Kgalagadi Transfrontier Park (KTP) Foundation was established to be jointly managed by representatives from Botswana and South Africa, with a mandate to share ideas, develop proposals, and provide strategic guidance on activities undertaken within the Park.

In terms of the Memorandum of Agreement, the Chairpersonship of the Foundation was to alternate annually between the two countries, with Botswana designated to provide the inaugural Chairperson.

However, efforts to obtain documentation relating to the appointment of the inaugural Chairperson in 1999 were unsuccessful. No evidence was

provided to confirm that the Foundation became operational, as records of its meetings, activities, or outputs were not made available for audit.

The absence of these records limits assurance regarding the operational status of the Foundation and raises concerns about governance and accountability over the joint management arrangements of the Park.

Lack of Promotional Activity for the Park

One of the key management objectives for the Kgalagadi Transfrontier Park (KTP) is to develop and implement joint promotional campaigns aimed at stimulating the two-way flow of tourists between Botswana and South Africa, thereby enhancing tourism potential in both countries.

Audit examination revealed that no promotional campaigns were undertaken to attract local and international visitors during the period under review. The absence of such initiatives limits the Park's visibility and constrains its capacity to generate revenue, as potential visitors are not effectively reached.

It was further observed that entrance fees for the Kgalagadi Transfrontier Park were not revised when adjustments were made to other parks in 2021 and remain below prevailing market rates. The delayed revision of entrance fees may result in forgone revenue and continued undervaluation of the Park's tourism offerings.

Profit Sharing Not Implemented

Article 2(d) of the Bilateral Agreement governing the management of the Kgalagadi Transfrontier Park provides that revenue generated from the Park should be shared between the parties. Audit examination established that no revenue sharing had occurred since the inception of the Agreement, contrary to its provisions.

The absence of an operational revenue-sharing framework increases the risk of revenue being unaccounted for or unevenly applied and undermines transparency and accountability in the management of cross-border park proceeds.

Terms of Operations Not Availed For Audit - Lodge

A private lodge operating within the Park remitted visitors' fees and vehicle entry fees to the Park on a monthly basis. However, the terms governing its operations were not availed for audit.

The absence of a binding operational agreement creates uncertainty regarding the respective rights and obligations of the parties and exposes Government to the risk of disputes and potential revenue losses.

INDUSTRIAL COURT

99. Warranted Provision

The utilisation of funds warranted to Industrial Court for the financial year ended 31 March 2023 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Industrial Court	41 260 170	40 611 667	-648 503	1.6

The Industrial Court was warranted funds amounting to P41 260 170 during the financial year ended 31 March 2023, of which P40 611 667 was expended, resulting in an under-expenditure of P648 503, or 1.6%. This reflects a spending rate of 98.4%.

100. Non-Moving Advances

The non - moving advances and imprest, which were outstanding on 31 March 2023 under the Industrial Court are as shown below-.

Account	Amount
Loss of Cash – Cash Shortages	250 510
Recovery of overpayment of Salaries	1 783
Travelling Imprest	-5 530
Total	246 764

As at 31 March 2023, the Industrial Court recorded non-moving balances amounting to P246 764, compared to a balance of -P2 780 in the previous year. The change represents the emergence of new outstanding items, mainly due to cash shortages, indicating weakening controls over cash management and recovery processes.

MINISTRY OF YOUTH, GENDER AND SPORT

101. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2023 is indicated below-

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	730 233 330	708 776 673	-21 456 656	2.9
National Archives & Record Services	27 987 069	26 377 316	-1 609 753	5.8
National Internship Programme	206 743 661	198 033 881	-8 709 780	4.2
TOTAL	964 964 060	933 187 870	-31 776 190	3.3

The Ministry expended P933 187 870 of the total warranted provision of P964 964 060, representing an expenditure rate of 97% and an under-expenditure of 3.3%. This reflects a notable improvement from the previous year when the Ministry had spent only 79% of its warranted funds, leaving an under-expenditure of 21%.

102. Non-Moving Advances

The non-moving advances which were outstanding on 31 March 2023 under this Ministry are shown below:

Account	Amount
Advances – Imprest Recoveries	58 174
Recovery of Overpayment of Salaries	17 083
Advances- P&P Grade D4 & below	-2 081
Travelling Imprest	13 812
Total	86 988

The total non-moving advances as at 31 March 2023 amounted to P86 988, compared to P108 806 reported in the prior year. This represents a decrease of P21 818 (20%), mainly due to reductions in unrecovered travelling imprests and salary overpayments.

MINISTRY OF TRANSPORT AND PUBLIC WORKS

103. Warranted Provision

The utilisation of funds warranted to Ministry for the financial year ended 31 March 2023 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	94 376 924	93 650 921	-726 003	0.8
Housing	172 041 108	171 701 167	-339 941	0.2
Building Infrastructure Planning	20 049 899	19 932 580	-117 319	0.6
Facilities Management	274 391 681	273 138 685	-1 252 996	0.5
Infrastructure Development	23 411 147	23 346 162	-64 985	0.3
Policy Research & Dev, Monitoring and Evaluation	1 592 861	1 589 691	-3 169	0.2
TOTAL	585 863 620	583 359 207	-2 504 413	0.4

The Ministry expended P583 359 207 out of the warranted provision of P585 863 620, resulting in an under-expenditure of P2 504 413 or 0.4%.

104. Non-Moving Advances

The non-moving advances which were outstanding as at 31 March 2023 are shown below:

Account	Amount
Surcharge – Damage to Government vehicle	305
Surcharge – P&P Payroll	2 787
Advances- Industrial class	11 800
Advances- P&P Grade D4 and below	7 686
Recovery of Overpayment of Salaries	155 527
Training Bond Liability	46 367
Travelling Imprest	37 503
Total	261 975

The total non-moving advances outstanding as at 31 March 2023 amounted to P261 975, compared to P298 665 in the previous year. This represents a reduction of P36 690 (12%). The decrease is mainly attributable to improved recovery of overpayment of salaries and training bond liabilities, which had constituted a significant portion of the prior year's balance.

The following audits were undertaken during the year and the key findings are noted below:

105. Botswana Integrated Transport Project

The Botswana Integrated Transport Project (BITP) is a major infrastructure initiative financed through a 10-year financing agreement between the Government of Botswana, the World Bank (WB) and the OPEC Fund for International Development (OFID). The project aims to address traffic congestion, improve road safety, enhance road user satisfaction, and strengthen the overall quality of transport infrastructure.

Loan not Fully Utilised

The total financing for the BITP by the World Bank amounted to USD 186 000 000. Total expenditure to date amounted to USD 167 055 264, leaving an unspent balance of USD 18 944 736. The designated account holding the unspent balance was closed on 31 December 2023, while the project was still ongoing.

The early closure of the account before project completion may require the Government to finance the remaining project activities from its own resources, potentially exerting pressure on the national budget and diverting funds from other priority projects.

Prior Year Matters

Unrecovered Claims - P206 853 798.86

A company owed the Government a total of P206 853 798, comprising Package 1: P69 392 868 and Package 2: P137 460 930 in liquidated charges and inventory. The contractor was placed under an insolvency administrator based in Spain and was expected to undergo liquidation. However, there was no evidence that the outstanding amounts would be recovered, as no response had been received from the Attorney General's Chambers since the matter was referred for legal action. The absence of follow-up increases the risk of permanent loss of funds to Government.

MINISTRY OF COMMUNICATIONS, KNOWLEDGE AND TECHNOLOGY

106. Warranted Provision

The utilisation of funds warranted to Ministry for the financial year ended 31 March 2023 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	390 757 526	389 317 793	-1 439 734	0.4
Roads, Transport & Safety	170 719 122	170 357 242	-361 880	0.2
Central, Transport Organisation	479 177 200	472 739 642	-6 737 558	1.4
Communications & Postal Services	11 835 916	11 694 262	-141 654	1.2
Roads	318 034 020	315 869 390	-2 164 631	0.7
Information Technology	554 312 295	547 082 847	-7 229 448	1.3
TOTAL	1 924 836 080	1 906 761 175	-18 074 905	0.9

During the financial year under review, the Ministry expended P1 906 761 175 out of the total warranted provision of P1 924 836 080, resulting in an under-expenditure of P18 074 905 or 0.9%.

107. Non-Moving Advances

The non-moving advances which were outstanding as at 31 March 2023 are shown below:

Account	Amount
Surcharge – Damage to Government vehicle	59 591
Surcharge – P&P Payroll	210 919
Advances- P&P Emergency	1 000
Advances- Imprest Recoveries	48 801
Advances- Industrial class	7 768
Advances- P&P Grade D4 and below	2 750
Loss of cash- cash shortage	261 963
Recovery of Overpayment of Salaries	792 208
Training Bond Liability	125 799
Travelling Imprest	41 431

Total**1 552 229**

The non-moving advances outstanding as at 31 March 2023 amounted to P1 552 229, compared to P1 429 029 in the previous year, reflecting an increase of P123 200 (8.6%). The major components comprised recovery of overpayment of salaries (P792 208), cash shortages (P261 963), and surcharges on payroll (P210 919). The increase in non-moving balances indicates limited progress in the recovery of outstanding amounts. The continued accumulation of long-outstanding advances and imprests highlights the need for strengthened monitoring and enforcement to safeguard public funds and ensure timely recovery.

MINISTRY OF DEFENCE AND SECURITY

108. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2023 is indicated below.

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	190 563 700	171 013 986	-19 549 714	10.3
Botswana Defence Force	5 218 683 310	5 192 809 049	-25 874 216	0.5
Botswana Police Service	3 170 012 770	3 161 739 371	-8 273 399	0.3
Botswana Prisons & Rehabilitation	738 745 250	722 808 464	-15 936 786	2.2
TOTAL	9 318 005 030	9 248 370 870	-69 634 160	0.7

During the financial year under review, the Ministry utilised P9 248 370 870 of a total warranted provision of P9 318 005 030, leaving an under-expenditure of P69 634 160 or 0.7%. The largest under-expenditure was recorded in Headquarters (P19 549 714 or 10.3%), while other departments recorded minimal under-expenditure ranging between 0.3% and 2.2%.

109. Non-Moving Advances

The non-moving advances which were outstanding as at 31 March 2023 are shown below:

Account	Amount
Surcharge – Damage to Government vehicle	52 996
Surcharge P&P Payroll	1 100
Advances-Imprest Recoveries	19 738
Advances-Industrial Class	2 946
Advances- P & P Grade D4 & Below	-8170
Loss of Cash-Cash Shortages	58 711
Recovery of Overpayment of Salaries	119 320
Training Bond Liability	41 311

BDF Fines Recovery	472 494
Travelling Imprest	283 749
Total	1 044 194

As at 31 March 2023, the total non-moving advances and imprests outstanding amounted to P1 044 194. The major components included BDF fines recovery (P472 494), travelling imprest (P283 749), and recovery of overpayment of salaries (P119 320). Compared to the previous year, when the total non-moving advances were P1 517 514, there was a notable decrease of P473 320, representing a 31% reduction. This decline was mainly attributable to lower balances under BDF fines recovery (2022 : P568 765 ; 2023 : P472 494) and recovery of overpayment of salaries (2022 : P448 493 ; 2023 : P119 320). Despite the reduction, certain items such as travelling imprests (P283 749) and cash shortages (P58 711) remain significant. The persistence of these long-outstanding items indicates that monitoring and recovery mechanisms require continued attention to safeguard public funds and reduce the risk of non-recovery.

MINISTRY OF EMPLOYMENT, LABOUR PRODUCTIVITY AND SKILLS DEVELOPMENT

110. Warranted Provision

The utilisation of funds warranted to Ministry for the financial year ended 31 March 2023 is as indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	147 762 370	144 054 463	-3 707 908	2.5
Labour & Social Security	61 522 820	59 416 572	-2 106 248	3.4
Occupational Health & Safety	16 561 916	15 581 585	-980 330	5.9
Skills Development	542 822 984	526 438 099	-16 384 885	3
TOTAL	768 670 090	745 490 719	-23 179 371	3

For the year ended 31 March 2023, the Ministry expended P745 490 719 out of a total warranted provision of P768 670 090, resulting in an under-expenditure of P23 179 371 or 3%. Compared to the previous year when under-expenditure was 10.3%, the current year's utilisation reflects notable reduction in unspent funds. The highest proportional under-utilisation was recorded under Occupational Health & Safety (5.9%).

111. Non-moving advances

The non-moving advances which were outstanding as at 31 March 2023 are shown below:

Account	Amount
Advances - Imprest recoveries	10 766
Advances - Industrial Class	1 375
Advances - P&P Grade D4 & below	2 451
Loss of Cash - Cash shortage	289 247
Recovery of Overpayment of Salaries	210 454
Travelling Imprest	-2 127
Total	493 166

The non-moving advances outstanding as at 31 March 2023 amounted to P493 166, representing an increase of P78 353 or 18.9% from the previous year's balance of P414 813. The major components comprised cash shortages (P289 247) and recovery of overpayment of salaries (P210 454), together accounting for over 100% of the total balance due to offsetting negative items. The increase in the current year's balance reflects limited progress in the recovery of outstanding advances and cash shortages. The persistence of such items indicates weaknesses in follow-up and control measures exposing public funds to potential non-recovery.

MINISTRY OF TERTIARY EDUCATION, RESEARCH, SCIENCE & TECHNOLOGY

112. Warranted Provision

The utilisation of funds warranted to the Ministry for the financial year ended 31 March 2023 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Headquarters	1 576 821 550	1 573 044 075	-3 777 475	0.2
Tertiary Education Financing	1 088 050 250	1 080 882 077	-7 168 173	0.7
Teacher Training & Technical Education	376 311 600	374 762 986	-1 548 614	0.4
Research, Science & Technology	13 223 880	11 750 460	-1 473 420	11
Radiation Protection Inspectorate	15 193 710	14 630 069	-563 641	3.7
Institutes of Health Sciences	194 000 930	191 708 862	-2 292 068	1.2
TOTAL	3 263 601 920	3 246 778 529	-16 823 391	0.5

For the financial year ended 31 March 2023, The Ministry was warranted P3 263 601 920 and expended P3 246 778 529, resulting in an under-expenditure of P16 823 391 or 0.5%. The most notable under-expenditure was recorded by Research, Science & Technology (P1 473 420, 11%) and the Radiation Protection Inspectorate (P563 641, 3.7%). Other departments recorded minor under-expenditure, such as Institutes of Health Sciences (P2 292 068, 1.2%) and Tertiary Education Financing (P7 168 173, 0.7%). Compared to the previous year, when Research, Science & Technology and Radiation Protection Inspectorate had the highest under-expenditure at 13% and 11% respectively, overall budget execution improved, although certain departments still require close monitoring.

113. Non-Moving Advances

The non – moving advances and imprest, which were outstanding on 31 March 2023 under the Ministry of Higher Education are as shown below-

Account	Amount
Advances - Imprest Recoveries	6 500
Advances – Industrial class	300
Advance on Gratuity – Contract Officers	100 000
Grant Loan Scheme – (Centralised Payroll)	15 493 472
Student Advance Loan Scheme	-1 243 808
Recovery of Overpayment of Salaries	88 461
Travelling Imprest	-618
Total	14 444 307

The non-moving advances and imprests outstanding as at 31 March 2023 under the Ministry of Higher Education amounted to P14 444 307. The major component was the Grant Loan Scheme, which stood at P15 493 472. Compared to the previous year, when the Grant Loan Scheme was P23 464 412, there has been a reduction of P7 970 940, representing a 34% decrease. Other notable components include Advances on Gratuity for Contract Officers (P100 000) and Recovery of Overpayment of Salaries (P88 461). The persistence of other long-outstanding items indicates that follow-up and enforcement mechanisms still require strengthening to ensure full recovery of public funds.

ETHICS AND INTEGRITY DIRECTORATE

114. Warranted Provision

The utilisation of funds warranted to the Directorate for the financial year ended 31 March 2023 is indicated below:

Department	Warranted Provision	Actual Expenditure	Under Expenditure	%
Ethics & Integrity Directorate	19 114 170	13 336 985	-5 777 185	30.2

For the financial year ended 31 March 2023, the Ethics & Integrity Directorate was warranted P19 114 170, and expended P13 336 985, resulting in an under-expenditure of P5 777 185 or 30.2%. This represents a significant under-utilisation of allocated funds, which may affect the Directorate's capacity to implement its planned activities effectively.

115. Non-Moving Advances

The non – moving advances and imprest, which were outstanding on 31 March 2023 under the Directorate are as shown below-.

Account	Amount
Recovery of Overpayment of Salary	8 355
Travelling Imprest	4 464
Total	12 812

The non-moving advances and imprest outstanding as at 31 March 2023 under the Ethics & Integrity Directorate amounted to P12 812, comprising recovery of overpayment of salary (P8 355) and travelling imprest (P4 464).

IX LOCAL GOVERNMENT AUTHORITIES

116. Legislative Framework

In accordance with Section 68(3) of the Local Government Act (Cap 40:01) I am required to audit the accounts of Local Authorities. Pursuant to this provision, I submit audited financial statements and reports to the Minister responsible for finance, as well as to Town Clerks and Council Secretaries, who are required to cause the reports to be tabled before the respective Full Councils.

Furthermore, Section 73 of the Local Government Act establishes the Local Authorities Public Accounts Committee (LAPAC) to examine the accounts of every Local Authority submitted to the Minister in accordance with the law. The Committee reports the results of its findings to the Minister.

Note on Audited Entities

For the financial year ended 31 March 2023, audits were conducted on various Local Authorities, and the audited financial statements and reports were submitted to Town Clerks and Council Secretaries as required by law.

Legislative Update: Tribal Land Act, 2018

The Tribal Land Act, 2018 (Act No. 1 of 2018), effective from 20 April 2022, introduced amendments relating to administration and auditing of Land Boards. A key provision, Section 20 empowers a Land Board to appoint an auditor to audit its accounts for each financial year.

X INFORMATION SYSTEMS AUDIT

117. Information Systems (IS) Audits inherently address matters of a security-sensitive nature, where the disclosure of specific technical details could expose the audited entities to cybersecurity risks. For example, revealing system configurations or control procedures may inadvertently create vulnerabilities that could be exploited. Accordingly, only those weaknesses assessed as suitable for public disclosure, and which do not compromise the security posture of the entities concerned, are presented in this report.

Reliability of Government Accounting and Budgeting System (GABS)

The Accountant General did not submit the 2022/23 Annual Statements of Accounts within the prescribed timeframe due to persistent operational challenges experienced with the Government Accounting and Budgeting System (GABS). Frequent system crashes, downtime, and weak application controls disrupted financial operations, delayed supplier payments, and necessitated manual interventions to complete key accounting processes. These challenges raise concerns regarding the reliability of financial data generated through GABS and underscore the need for a comprehensive assessment of the system's functionality, security, and control environment.

Department of Road Transport and Safety (DRTS) Drivers Licensing System (DLS)

The Drivers Licensing System (DLS) is a critical platform used by the Department of Road Transport and Safety (DRTS) for booking and recording theory, yard, and road tests, as well as for maintaining drivers' test results.

While the DRTS had implemented certain controls to safeguard the DLS environment, notable weaknesses persisted, exposing the system to operational, security, and compliance risks. Some Information Technology officers had access to both user interface and database administration components of the system. This arrangement undermined the principle of segregation of duties and increased the risk of unauthorized data manipulation, system instability, and loss of accountability.

Incompatible / Unsupported Software Version

The DLS operated on an outdated platform, Windows Server 2008 R2, for which Microsoft ended support in January 2020. The lack of vendor support meant the system no longer received essential security updates, bug fixes, or technical assistance. This exposed the DLS to significant cybersecurity vulnerabilities and limited its compatibility with modern applications and security tools. Continued reliance on unsupported infrastructure compromised the resilience and reliability of the DLS, thereby affecting service delivery and data security within the transport sector.

Ministry of Youth, Gender Sport and Culture (MYSC)

The Ministry of Youth, Gender, Sport and Culture (MYSC) made notable progress in implementing controls within its Information Management System (IMS) to safeguard information assets. These include user authentication processes, data backup arrangements, and access restrictions. Nevertheless, weaknesses remained that diminish the reliability and integrity of financial and operational information produced through the system.

Concurrent Usage of MYSC-IMS and Manual Systems

The Ministry continued to operate both the IMS and parallel manual systems for processing transactions relating to the Youth Development Fund (YDF). Loan repayments, for example, were handled through multiple platforms – the Government Accounting and Budgeting System (GABS), the IMS, and Excel spreadsheets, in addition to maintaining physical beneficiary files. The concurrent use of these systems resulted in inconsistencies in recorded information. In one case, repayment figures for the same beneficiary differed across the various systems, indicating totals of P11 000 in Excel, P21 000 in the IMS, and P20 600 in the manual file. Such variances compromised the integrity of financial information and undermined the objective of the IMS to provide accurate, real-time management data for decision making.

Access Control Policy

The Ministry did not have a documented access control policy outlining the procedures for granting, modifying, and revoking user access to the Information Management System (IMS). In the absence of such a policy, some officers were assigned system roles that were not aligned with their job functions, while Information Technology officers were granted access to transactional data, which fell outside their operational responsibilities. The lack of a formal access governance framework increased the risk of

inappropriate access rights being assigned and retained over time, thereby weakening accountability and control over critical information assets.

Segregation of Duties

The Information Management System (IMS) lacked adequate segregation of duties across multiple processes, creating significant risks to data integrity and system security. No formal authorization levels were established for data entry, modification, or approval, allowing changes to interns, volunteers, and participants to occur without oversight. In the processing of YDF applications, one officer was responsible for capturing, editing, and recording payments without any independent authorization checks. Additionally, Monitoring and Evaluation officers were granted system administrator privileges, enabling them to edit and modify data across various programmes beyond their functional responsibilities. The absence of appropriate segregation of duties undermined system security and the reliability of information for operational management purposes.

System Validation of Data

The IMS implemented partial validation of applicants' age in accordance with the Revised National Youth Policy (2010), which defines youth as individuals aged 15 to 35 years and specifies eligibility for MYSC programmes. While the system flagged applicants over 35 years of age, it did not flag applicants under 15 years. Consequently, 103 interns, participants, and volunteers below the age of 15 were erroneously captured in the system. This deficiency in validation allowed ineligible individuals to participate in programmes intended exclusively for the defined youth age group, thereby compromising the integrity of programme data.

Consultants' Access

The Ministry did not adequately supervise outsourced system development in accordance with the Department of Shared Digital Services (DSDS) System Acquisition, Development, and Maintenance Policy (2019), which requires oversight of all activities related to outsourced system development. IT personnel and certain Monitoring & Evaluation staff retained administrator privileges within the system and database; however, oversight responsibilities were effectively relinquished to a consultant who had unrestricted system access. The consultant operated without sufficient supervision from the Ministry's officials. This arrangement was inconsistent with the policy's requirements

and created a governance gap in the management of outsourced system development.

XI PERFORMANCE AUDIT

118. In addition to financial and compliance audits, which I am required to undertake on the public accounts of the Central Government, Local Authorities and selected Parastatals, I am mandated under Section 7 (2) of the Public Audit Act, No. 15 of 2012, to conduct performance audits on these entities to assess the extent to which value for money has been achieved in the use of resources. I am further required to submit reports on the audits of Central Government and Parastatals to the Minister responsible for finance, who shall cause them to be laid before the National Assembly in accordance with Section 20 (1) of the Public Audit Act, 2012. With respect to performance audit reports of Local Authorities, these are to be tabled before the respective Full Councils in accordance with Section 68 (11) and (12) of the Local Government Act, No. 18 of 2012.

A performance audit is an independent, objective and reliable examination of whether Government undertakings, systems, operations, programmes and organisations are performing in accordance with the principles of economy, efficiency and effectiveness. The main objective of a performance audit is to assist Management in streamlining operations by identifying operational and managerial gaps and recommending corrective actions to enhance efficiency and effectiveness in service delivery. It does not question the intentions or decisions of the Legislature, but examines whether shortcomings in laws and policies have affected the achievement of intended objectives. Performance auditing further promotes accountability and transparency in the management of public resources.

During the year under review, five performance audit reports were completed and tabled. Four of these reports were tabled before the National Assembly, while the report on maintenance of primary schools by Kweneng District Council was tabled at the respective Local Authority.

119. Maintenance of Junior Secondary Schools by the Department of Technical Services (DTS)

A performance audit was conducted on the maintenance of Junior Secondary Schools by the Department of Technical Services (DTS) to assess the extent to which the Department ensured efficient and effective upkeep of school facilities, enabling assets to function and meet required quality standards throughout their anticipated lifecycle.

The audit focused on the three (3) types of maintenance employed by DTS and covered the period 2015/2016 to 2019/2020. Seven (7) of the ten (10) regions were reviewed, representing approximately 70% of the country. The detailed report has been tabled separately before the National Assembly and is scheduled for examination by the Public Accounts Committee.

Key findings:

a. Maintenance Plans

Non-adherence to the five-year maintenance cycle contributed to the deterioration of school facilities and exacerbated maintenance backlogs, resulting in additional funds being required to restore schools to habitable conditions.

In response, management stated that a five (5) year maintenance plan had been in use since the 2003/2004 financial year, covering 209 Junior Secondary Schools, with 42 schools targeted for maintenance annually. The final maintenance cycle for 2019/2020 was not fully implemented due to a revised approach adopted by the Department.

Maintenance responsibilities were regionalised to accelerate planning and implementation, with regions preparing their own schedules and facilitating procurement of service providers immediately after data collection. Management further indicated that, despite these measures, excessive vandalism in schools disrupted maintenance cycles, resulting in repetitive maintenance and limiting the effectiveness of the planned five-year cycle. These factors constrained the Department's ability to ensure consistent quality maintenance across schools.

b. Completion of Maintenance Works

Cycle maintenance projects were frequently not completed within the stipulated timeframes (from commencement to completion) as specified in the contract conditions. Numerous time extensions were granted to contractors engaged in the maintenance and repair of Junior Secondary Schools, and in some instances, incomplete or substandard work necessitated rework. These delays and quality issues highlighted weaknesses in project oversight and contract management.

In response, management indicated that the DTS implemented measures to improve project execution, including decentralising

maintenance responsibilities to regional offices to accelerate planning, inspections, and payments. However, some regional offices faced resource constraints, such as shortages of personnel and vehicles, which limited their capacity to execute projects efficiently. Variations in maintenance costs were partly attributed to ongoing school use during projects, which increased wear and tear and underscored the need for precise data collection and needs assessment prior to implementation.

Management further stated that conducting maintenance during active school periods constrained contractor access to facilities, contributing to extended project timelines and additional costs.

While these challenges were partly mitigated through improved coordination and contract compliance measures, including the termination of non-performing contractors, systemic factors such as decentralised execution, resource limitations, and operational disruptions continued to affect the timely completion and quality of maintenance works.

c. Maintenance of Reported Faults

There were delays in attending to emergency maintenance and in repairing reported faults by the Department of Technical Services (DTS). It was not possible to determine actual turnaround times for repairs, as neither the schools nor DTS maintained log sheets recording fault reports and completion dates. The absence of proper records undermines accountability and limits effective monitoring of response times. Delayed attention to reported faults adversely affects the learning environment by disrupting lessons and may also lead to further deterioration of facilities, thereby posing safety risks to both students and teachers.

In response, management indicated that emergency maintenance works were previously handled through term contracts or call centers, where contractors were dispatched upon request to attend to emergencies within stipulated time frames. However, in some instances, emergency works were processed through standard procurement procedures regardless of urgency, resulting in delays. Funds for emergency maintenance were sometimes disbursed directly to schools, allowing school authorities to determine priorities and attend to emergencies without involvement of DTS or technical units in the region.

Management acknowledged the need to strengthen coordination mechanisms and proposed several actions, including:

- Enhancing collaboration and resource sharing to ensure timely attention to maintenance works;
- Benchmarking emergency maintenance practices from other institutions, including non-governmental entities;
- Providing targeted training on project management and implementation; and
- Continuous engagement with the Ministry of Transport and Public Works to explore resource-sharing arrangements.

d. Inspection

The Department of Technical Services (DTS) did not consistently conduct inspections as required at various stages of maintenance works. For instance, DTS did not always inspect materials upon delivery on site, equipment after installation, or maintenance works during and upon completion. This lapse resulted in the use of inappropriate materials and deviations from approved specifications by contractors. Consequently, numerous defects and snags were identified after completion, necessitating rework outside the scheduled time frames. These corrective works often disrupted the school calendar, as they were carried out while classrooms were occupied.

In response, DTS management indicated that inspection inefficiencies were partly due to inadequate logistical resources, noting that most departmental vehicles were beyond economic repair and that fleet expansion had been suspended. The Department and regional Technical Services units relied on an ageing fleet, which contributed to delays in attending maintenance inspections.

Management further stated that:

- The DTS undertook inspections to minimize costs and ensure adherence to specifications outlined in the Bills of Quantities, though cases of substandard workmanship persisted;
- Rigorous inspection standards were observed in certain projects, such as Moselewapula, Radikolo, and Dithejwane Junior Secondary Schools, which were successfully

completed during the financial years 2020/2021 and 2021/2022. Management also acknowledged that frequent site inspections were essential to curb deficiencies and noted that improved oversight was being achieved through the deployment of artisans in schools to monitor contractors' day-to-day activities.

e. Monitoring and Supervision

Monitoring and supervision of maintenance works were not adequately carried out. Clerks of Works (CoWs) were not appointed prior to the commencement of projects. Instead, engineers were assigned to perform the CoWs' duties, which was not ideal as they were engaged in multiple projects and therefore not always available when required. The limited deployment of technical personnel at DTS regional offices further affected the effective monitoring and supervision of maintenance works. Consequently, some projects were inadequately supervised, resulting in substandard workmanship and delays in completion.

Management acknowledged the staffing challenges within DTS and indicated that a new organisational structure had been proposed to address the shortage of key technical personnel. It was further noted that the Department faced difficulties in attracting and retaining the required technical cadres, a situation compounded by the fact that a significant number of Technical Services staff were not registered with Professional Bodies, such as the Engineers' Registration Board, as required under the Engineers Registration Act, 2009 (CAP 61:06). Registration is essential to safeguard public interest and uphold professional standards in engineering practice.

f. Sustainable Development Goals (SDGs)

The Department of Technical Services had not integrated the SDGs into its Strategic Plan (2015–2020). There was no evidence that SDGs 4 and 9, which promote inclusive and equitable quality education and resilient infrastructure, were prioritised in planning and implementation activities. Domesticated SDG targets and indicators at the national level did not demonstrate specific emphasis on the maintenance of school facilities.

DTS Management indicated that the Department supports SDGs 4 and 9 through its mission and mandate, which focuses on providing quality project management for the construction, extension, and maintenance of educational facilities and

associated infrastructure, thereby creating a conducive learning environment for all. Management further stated that maintenance allocations and expenditure for Junior Secondary Schools under DTS cycle maintenance programmes were appropriately utilised. However, for the financial year 2022/2023, expenditure performance was slow due to delays associated with newly implemented procurement processes.

g. Maintenance Guidelines

The Department of Technical Services (DTS) had not developed comprehensive guidelines to direct maintenance activities. In the absence of such guidelines, the Department relied primarily on the PPAD Act for guidance on procurement, the Bill of Quantities, and the Standard Specifications of Materials and Workmanship for Building Contracts of 1989. This limited proactive planning, resulting in periodic maintenance being carried out only when deemed necessary rather than on a scheduled basis. The lack of formal guidelines may impede the Department from achieving its mandate of providing quality project management for the construction, extension, and maintenance of educational facilities and their associated infrastructure, thereby undermining efforts to create a conducive learning environment.

Management, in response, indicated that the Ministry would support the Department and Regional Technical Units in exercising oversight control over all maintenance activities to ensure that the Department's mission is fulfilled. Furthermore, management stated that the existing Project Management guidelines would be enhanced to strengthen the planning and execution of maintenance works.

120. PPADB Support to Public Procurement Sector in Botswana

A performance audit was conducted on the operations of the then Public Procurement and Asset Disposal Board (PPADB), which has since been transformed into the Public Procurement Regulatory Authority (PPRA) following the repeal of the Public Procurement and Asset Disposal Act, 2002, and its replacement by the Public Procurement Act, 2021.

The audit aimed to assess the extent to which PPADB ensured efficiency in public procurement. The review covered the period 2013/14 to 2017/18. The detailed report has been tabled separately before the National Assembly and is scheduled for examination by the Public Accounts Committee.

Key findings:

a. Delays in the Procurement Process

Procuring Entities (PEs) lacked adequate capacity to prepare and submit tender documents for adjudication in a timely manner. This was evidenced by the following issues:

i. Submission of Procurement Plans

Procuring Entities either submitted procurement plans late or did not submit them at all. The absence of stringent measures to enforce timely submission compromised transparency and limited assurance to bidders regarding the integrity of the procurement process, increasing the risk of objections to the Board's award decisions.

In response, management stated that the preparation and submission of procurement plans was the responsibility of the Accounting Officers. As a corrective measure, PPRA committed to enhancing compliance monitoring, including follow-ups to ensure timely preparation and submission of procurement plans. Desk Officers had been appointed to follow up on plan preparation and submission, and administrative sanctions were to be applied to PEs that failed to comply, as provided under Section 148 of the Public Procurement Act, pending the development and gazetting of relevant Regulations.

ii. Funds Availability Assurance

There was inadequate assurance that funds initially allocated to procurement would remain available throughout the procurement process. This was evidenced by a significant number of tenders that were eventually cancelled after the evaluation stage due to unavailability of funds. Although the Board had limited control over utilisation of funds by Procuring Entities (PEs), the PPADB Regulations (2006) entrusted its tender committees with the responsibility to ensure that PEs, in their discharge of procurement functions, complied with the Act.

PPRA Management indicated that financing of procurement plans and assurance of funds availability was the sole responsibility of Accounting Officers, in line with Section 69 of the Public Procurement Act. The PPRA further stated that it would utilise its capacity-building and compliance monitoring activities to address this issue going forward.

iii. Preparation of tender documents

The PPADB had not sufficiently capacitated Procuring Entities (PEs) to prepare tender documents that fully complied with its standards. This was evidenced by numerous instances of Invitation To Tender (ITT) rejections, mainly due to non-compliance with specifications and inadequate project scoping, which resulted in delays in the procurement process.

In response, Management stated that PPRA continued to capacitate PEs in the preparation of tender documents. However, PEs experienced difficulties in retaining trained officers, which adversely affected procurement performance. The PPADB conducted 352 workshops between 2014 and 2022, covering issues related to ITT preparation and tender documentation. Through Circular No.5 of 2022, PPRA requested PEs to budget for capacity building with the objective of improving uptake of training initiatives.

Management further stated that the new Public Procurement Act, 2021 prescribes the structure of a Procuring Entity under Section 39, which includes the Procurement Unit and the Procurement Oversight Unit. Accounting Officers were therefore required to ensure that these structures were resourced with qualified personnel.

iv. Evaluation of Tenders

Tender evaluations were significantly delayed, as evidenced by turnaround times that exceeded the prescribed standard of 30 calendar days. These delays resulted in unnecessary extensions of running contracts, prolonged price validity periods, and, in some instances, the cancellation of tenders.

In response, management indicated that PPRA monitored adherence to evaluation timelines through its compliance monitoring activities, aimed at enhancing efficiency in the procurement process.

b. Strategies To Improve Efficiency in The Procurement Process

i. Implementation of E-bidding Module of the IPMS

The E-bidding module of the Integrated Procurement Management System (IPMS) had not been fully optimised due to inadequate training of Procuring Entities (PEs) on its use.

Consequently, the majority of ministries continued to rely on the manual tendering system despite the rollout of the E-bidding module by the Board.

Management indicated that the E-bidding component of the IPMS has since been discontinued. Under the new Public Procurement Act (2021), responsibility for implementing e-procurement was transferred to the Ministry of Finance in accordance with Section 60 of the Act.

ii. Devolution of Authority to District Administration Tender Committees

During the period under review, the Public Procurement and Asset Disposal Board (PPADB) continued to devolve its authority to tender committees following periodic compliance audits intended to determine their level of maturity. This process was meant to facilitate the revision of financial thresholds in line with the PPAD Act (42:08). However, the PPADB did not ensure that the committees, particularly the District Administration Tender Committees (DATCs), had adequate capacity to carry out procurement at the revised threshold levels.

Management acknowledged the anomaly and explained that the Committees of the Board, namely the DATCs, Ministerial Tender Committees, and Special Procurement and Asset Disposal Committee, had since been abolished. Under the Public Procurement Act, 2021, it became the responsibility of Accounting Officers to adequately resource procurement structures with appropriately skilled personnel in line with Section 41 of the Act.

c. Complaints Resolution

The PPADB continued to receive a significant number of tender-related complaints from bidders aggrieved by the Board and its committees' award decisions. The high volume of complaints resulted in delays in the tendering process, some of which had ripple effects on project implementation and service delivery.

Management indicated that most complaints received emanated from the Board Committees, which have since been abolished. The Board assessed stakeholder confidence through biennial surveys, after which action plans were developed to address identified issues. Furthermore, as part of its Corporate Plan, the Board developed performance measures to assess the level of

perceived unfair treatment of bidders, enabling timely implementation of corrective actions. The organisation also implemented public education programmes to inform bidders about the complaints process and encourage appropriate lodging of grievances.

The PPRA explained that following the transition from PPADB to PPRA, the Authority no longer handled adjudication or complaints, as its role had become purely regulatory. Nonetheless, the PPRA continued to strengthen collaborations with relevant entities through Memoranda of Understanding (MOUs) and undertook training and public education initiatives for its stakeholders.

121. Implementation of Land Administration Procedures, Capacity and Systems (LAPCAS) in Supporting Efficient Land Delivery Processes

The objective of the audit was to assess whether the Land Administration Procedures, Capacity and Systems (LAPCAS) programme was effectively implemented to support efficient land delivery processes. Three out of the seven components, which were critical to the overall success of LAPCAS, were assessed. These were land administration processes (Component 2), computerisation of Deeds records (Component 3) and National Land Registration (Component 4). The audit covered activities relating to the financial years 2014/15 to 2018/19, which aligned with the implementation phase of LAPCAS.

The key findings were as follows;

a. Implementation of Reengineered and Standardised Processes

Some departments did not implement all processes as standardised, as the Ministry did not effectively manage the change process. Staff, clients and stakeholders did not adequately understand or buy into the need for the changes introduced under LAPCAS, resulting in the Ministry's failure to achieve the envisaged efficiency and effectiveness in land administration service delivery.

In response, management noted the recommendation and indicated that both the Permanent Secretary and the Minister hold weekly briefings to monitor performance and provide strategic direction on required actions.

b. Legal and policy modifications (Harmonisation of legal instruments)

There were delays in the amendment of legal instruments, as most were still at the drafting stage, except for the Tribal Land Act and the Deeds

Registry Act, which had been amended but had not yet commenced. The delays in amending and commencing these legal instruments hampered the Ministry's ability to provide Botswana with services aligned to modern legislative frameworks intended to address emerging issues, facilitate socio-economic development and improve the ease of doing business in the country.

In response, Management noted the recommendation and indicated that improvements would be effected going forward.

c. Issuance of Secure Land Titles (SLTs)

Secure Land Titles were not issued to Botswana at the time of the audit due to delays in the amendment of the Tribal Land Act and the Deeds Registry Act, as well as the non-completion of the Land Information System (LIS), thereby denying Botswana access to mortgage financing.

In response, Management noted the comments and stated that efforts had been made to issue the first Secure Land Title (SLT) on 20 June 2022 following the re-enactment of the amended Tribal Land Act (2018) on 20 April 2022.

d. Digitisation of Deeds Records

Scanning of hard copy records at the Deeds Registry was delayed, with progress at only 24% at the Gaborone office as at January 2020. Consequently, the scanning exercise was halted due to breakdowns and delays in the maintenance of scanners, procedural challenges related to tendering, and high staff turnover. As digitisation was a prerequisite for the implementation of the Land Information System (LIS), these delays further exacerbated the delayed completion of the LIS.

In response, Management noted the recommendation and stated that correct procedures were being followed.

e. Surveying and adjudication of plots for National Land Registration (NLR)

The surveying and adjudication of plots for National Land Registration were still ongoing at the time of audit, with only 58% of plots adjudicated countrywide as at February 2021. This was attributed to inadequate monitoring and supervision of the Land Boards and contractors engaged for the activity. In addition, plot inspections, documentation of the survey process, and completion of reporting templates and monitoring tools were not adequately undertaken. As a result, low-quality survey records were submitted to the Department of Surveys and Mapping (DSM) for approval and were subsequently returned for re-surveying and re-

assignment of plot numbers. This situation created bottlenecks in project implementation and contributed to backlogs within the Ministry.

In response, Management acknowledged that the high incidence of “Return to Sender” (RTS) submissions was a concern. Management further indicated that, as a remedial measure, increased emphasis had been placed on registering additional Land Surveyors through the Land Law Examination, conducted by the Land Surveyors Council appointed by the Minister in accordance with the Land Survey Act.

f. Managing Land Administration Information with STARDUST

It was noted that STARDUST was difficult to access at remote Land Boards and Sub-Land Boards due to inadequate Government Data Network (GDN) connectivity. In addition, the system had no offline functionality, which delayed the capturing, verification and adjudication of land records. Furthermore, STARDUST was characterised by system instability and unreliability, and lacked built-in quality assurance and data verification controls. These weaknesses compromised data integrity and contributed to delays in data migration and the deployment of the Land Information System (LIS).

In response, Management stated that STARDUST was intended as an interim tool to facilitate the collection of land registration data at Land Boards pending the development of a more robust Land Information System that would integrate with other Government systems to enable seamless information flow. Management further indicated that, as data is migrated into the LIS, the use of STARDUST and other interim tools such as DRIMS would be discontinued.

122. Implementation of E-Government Strategy

The overall objective of the audit was to assess the extent to which the Ministry of Communications, Knowledge and Technology (MCKT) implemented the e-Government Strategy to promote convenience, quality and efficiency in public sector service delivery through the provision of appropriate services online. The audit focused on the planning, implementation, monitoring and supervision of the e-Government Strategy by the Ministry of Communications, Knowledge and Technology.

The key findings were as follows;

a. e-Government Structures

The governance structures, comprising functional, operational and implementation structures, although established and approved, were not operational. This was attributed to a lack of drive and impetus from senior management, as well as the absence of dedicated personnel assigned to execute the e-Government Strategy.

In response, management stated that a plan was in place and that an Invitation to Tender (ITT) for change management had been issued. Management further indicated that engagements with Ministries on the operationalisation of the governance structures had commenced.

b. e-Government Legal Framework

Despite the Government's recognition of the need to establish an adequate legal framework, only five of the identified twenty-three Acts of Parliament had been enacted. The absence of the required legislative framework compromised the security and privacy of e-Government transactions, resulting in the perception of the Government as an untrusted information broker.

In response, management stated that a Cabinet Memorandum had been developed seeking approval to draft the e-Government law, a process which had commenced. Management further indicated that stakeholder engagements and consultations were planned with a view to having the bill ready for presentation to the November 2023 Parliament, and that efforts to familiarise stakeholders with the existing legislation were to commence.

c. Procurement of Contractors and Performance

The Ministry of Communications, Knowledge and Technology (MCKT) did not adhere to standard tendering procedures when procuring contractors, as several contractors were appointed directly. The audit was unable to establish

whether these appointments were made on merit, creating concerns regarding fairness, transparency, and compliance with public procurement regulations.

In response, management indicated that the Office had adopted a hackathon process model for rapid development of digital services. The Ministry noted that the hackathon model would continue to be optimised to improve efficiency in service development.

While this approach aims to accelerate service delivery through intensive collaborative events, it does not replace the requirement to follow procurement regulations.

d. Government Services Centre

The Ministry had not established one-stop Government Service Centres in all districts to enable the public to access services online in a centralised manner. The absence of necessary technological infrastructure, including software, computers, and networking hardware, hindered the establishment of such centres. Consequently, long queues at service points, excessive paper consumption, and extended waiting times prior to service delivery were observed.

In response, management stated that the service centre initiative was part of the Local Government Digital Transformation Strategy and that the Ministry would engage in accelerating its implementation. Management further indicated that the Ministry of Local Government and Rural Development (MLGRD) already has service centres across the country and intends to revamp them to comply with digital transformation requirements.

e. Government Integrated Data Centre (GIDC)

The Ministry of Communications, Knowledge and Technology (MCKT) was unable to construct the Government Integrated Data Centre (GIDC), a key component for the successful implementation of the e-Government strategy, as originally planned. The delay was attributed to prolonged completion of the design stage and termination of the remaining part of the contract due to financial constraints. Consequently, the Ministry was deprived of potential benefits from the GIDC project, which could have included reduced operational costs, enhanced security against cyber threats, and improved physical protection of national assets.

Management stated that services have been migrated to the Botswana Telecommunications Corporation Limited (BTCL) virtual data centre while the Department of Information Technology (DIT) data centre undergoes refurbishment. Management further indicated that a Project Management

Office has been established to ensure that future projects are adequately resourced, funded, and delivered on time and within budget.

f. Integration of Systems/Applications

The Ministry had not established the Enterprise Architecture (EA) unit, which would have been responsible for the governance and coordination of the implementation of systems and applications across sister Ministries. The absence of this unit resulted in the non-integration of similar systems, leading to the recurrence of duplicate applications among users. Consequently, this created significant cost implications, including increased maintenance and licensing expenses.

Management indicated that the envisaged organisational structure would accommodate the EA unit, which was expected to evolve into an autonomous entity as the organisation grows.

g. Government Website (portal)

There were no e-services accessible on the Government Website (portal) as originally planned. The only information available was in the form of downloadable documents from Ministries and Departments. The non-availability of online services was attributed to the failure of the contracted company to perform its obligations, which led to the subsequent termination of the contract. The incomplete development of the portal denied the public access to services and the associated benefits of e-Government strategy implementation, including improved service delivery, cost savings, and enhanced global competitiveness.

Management indicated that the Business Process Re-engineering (BPR) initiative was ongoing in certain Ministries, with a plan in place to re-engineer other priority areas. It was further stated that an e-Services portal (<https://1gov.gov.bw>) had been developed and was scheduled to be launched in July 2023 to coincide with the Village Connectivity rollout.

XII PARASTATALS

123. Introduction

I am mandated to audit Botswana Railways and Air Botswana; however, these audits have been outsourced to independent private audit firms. The remaining statutory bodies and state-owned enterprises are audited by independent auditors appointed by their Boards of Directors under the terms of their governing statutes. Nevertheless, there is a long-standing arrangement whereby all state-owned entities provide me with the audited accounts and reports of their organisations for purposes of review and inclusion of the review results in my report to the National Assembly. These reviews are intended to assist the Committee on Statutory Bodies and State-owned Enterprises during its examination of the accounts of these organisations.

In preparing this report, and in accordance with the arrangement with the Public Accounts Committee, I requested all statutory bodies and state-owned enterprises to submit their audited financial statements and reports for review and inclusion in this report.

The succeeding paragraphs present observations and comments arising from my audits, where applicable, as well as from the review of the audited accounts and management reports of these entities. It was not possible to obtain financial statements and reports from all parastatals, as some were not available for various reasons; where this occurs, it has been indicated in this report.

124. Air Botswana

Air Botswana has not submitted the audited financial statements for the financial year under review. This non-submission has persisted for 2 consecutive financial years, including the year ended 31 March 2023.

Due to the absence of the audited financial statements for the year ended 31 March 2023, I have been unable to conduct a review of the accounts of Air Botswana. Consequently, no audit opinion or financial analysis could be presented to the National Assembly for the stated period.

125. Bank of Botswana

The financial statements of the Bank of Botswana for the year ended 31 December 2023 were audited by Messrs Ernst and Young, Certified Auditors, appointed by the Board in terms of Bank of Botswana Act (CAP 55:01) as amended by Bank of Botswana (Amendment) Act, 2022.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

In the opinion of the auditors, the financial statements gave a true and fair view of the financial position of the Bank of Botswana as at 31 December 2023, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

2.2 Valuation of Foreign Assets

Significant auditor attention was given to the Level 1 classification of financial assets measured at fair value. The disclosures relating to these financial assets were presented in the financial statements, including:

- Significant Accounting Policies – Financial Instruments
- Note 1.1 – Liquidity Portfolio
- Note 1.2 – Pula Fund
- Note 12 – Categories of Financial Instruments
- Note 30 – Risk Management in respect of Financial Instruments
- Note 31 – Fair Value of Financial Instruments

Level 1 Financial Assets

Level 1 financial assets totalled P50.7 billion (2022: P40.6 billion). Auditor attention focused on the valuation of these assets due to their large volume and the sourcing of observable inputs. Specialists from the auditors were engaged to evaluate market-consistent methodologies and assumptions in accordance with IFRS 13, and to assess deviations between external market prices and the Bank's valuations.

During the year, the components forming the financial assets balance required extensive auditor effort to perform the necessary procedures.

2.3 Financial Results

During the year under review, the Bank of Botswana recorded a surplus of P8.03 billion, compared to a deficit of P5.8 billion in the previous year. The improvement in financial performance was largely attributable to a decrease in total expenses by 655%, from P8.9 billion in the previous year to P1.2 billion in the year under review.

The Government Investment Account closed with a negative balance of P6.2 billion, compared to P14.8 billion in the previous year.

Significant expenditure items included administrative costs of P901.6 million and interest expenses of P170 million.

2.4 Working Capital

The working capital position of Bank of Botswana as at 31 December 2023 showed total current assets of P65.7 billion and total current liabilities of P25.2 billion, resulting in a net current assets position of P40.5 billion, indicating that the Bank's liquidity position remains stable.

3.0 Management Letter

The significant matter below was raised by the auditors.

3.1 Other information

The auditors reported that "other information" comprised the content included in the document titled *Bank of Botswana Annual Financial Statements for the year ended 31 December 2023*, specifically the Statement of Responsibility of the Board, the Approval of the Annual Financial Statements, and the Statement of Distribution, which were obtained prior to the date of their report. The Annual Report, expected to be made available after the date of the auditors' report, also formed part of the other information.

The auditors further indicated that the Board of Directors was responsible for the other information, which did not include the financial statements and the auditor's report thereon. Their opinion on the financial statements did not cover the other information, and they did not express any form of assurance conclusion thereon.

126. Banyana Limited

At the time of preparing this report, Banyana Farms had not submitted its annual financial statements or the management letter.

Consequently, I was unable to review the Organisation's accounts for the financial year ended 31 March 2023, as required for reporting to the National Assembly.

127. Botswana Accountancy College

The financial statements of Botswana University College of Business Sciences, trading as Botswana Accountancy College, for the financial year ended 31

March 2023, were audited by Messrs BDO, Certified Auditors, appointed by the Board.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of Botswana University College of Business Science, trading as Botswana Accountancy College, as at 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

2.2 Financial Results

In the year under review, the College recorded a loss of P63.17 million, compared to a restated loss of P24.16 million in the previous year. The decline in financial performance was primarily attributable to a decrease in total income by 8.3%, from a restated P222.57 million in the previous year to P200.50 million in the year under review. Additionally, administrative expenses increased by 8.2%, from a restated P240.51 million in the previous year to P260.27 million in the year under review.

2.3 Working Capital

As at 31 March 2023, the working capital position of the College showed total current assets of P44.31 million and total current liabilities of P166.42 million, resulting in a net current liabilities position of P122.11 million, indicating that the College's current liabilities exceeded its current assets.

3.0 Management Letter issues

The Management letter for the College for the financial year ended 31 March 2023 was not made available at the time of preparing this report. Consequently, no summary of the auditors' key findings could be prepared to the National Assembly.

128. Botswana Accountancy Oversight Authority

The financial statements of Botswana Accountancy Oversight Authority for the financial year ended 31 December 2022 were audited by Messrs Deloitte & Touche, Certified Auditors, appointed by the Board in terms of Section 65 (2) of the Financial Reporting Act, 2010.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of the Authority as at 31 December 2022, and of its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards.

2.2 Financial Results

The financial operations of the Authority showed a 52% decrease in deficit from P3.07 million in the previous year to P1.47 million in the year under review. This improvement was largely due to an increase in revenue from services by 27.9% from P5.56 million to P7.11 million. Other income rose significantly from P23 200 in the previous year to P78 600 in the year under review.

The Authority was funded primarily by Government grants and in the year under review the grant was P12.45 million, making 63.4% of total income.

Expenditure increased slightly by 0.3% from P20.74 million in the previous year to P20.79 million in the year under review.

2.3 Working Capital

The working capital position of the Authority as at 31 December 2022 showed total current assets of P10.50 million and total current liabilities of P12.63 million, resulting in a net current liabilities position of P2.13 million.

3.0 Management Letter

The auditors indicated that no significant matters were identified in the course of their audit.

129. Botswana Agricultural Marketing Board

The Botswana Agricultural Marketing Board did not submit its audited financial statements or management letter for the year ended 31 March 2023. This non-submission has persisted for 3 years. Management indicated that the financial statements had not yet been audited and were unable to provide a specific commencement date for the audit.

Consequently, I was unable to conduct a review of the Board's accounts for the financial year ended 31 March 2023 for inclusion in this report to the National Assembly. As noted in the previous year's report, the accounts for that year had also not been submitted in a timely manner.

130. Botswana Bureau of Standards

The financial statements of Botswana Bureau of Standards for the financial year ended 31 March 2023 were audited by Messrs Grant Thornton, Certified Auditors, appointed by the Board in terms of Section 8 (2) of the Standards Act, (Cap 43:03).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements gave a true and fair view of the financial position of the Botswana Bureau of Standards as at 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards.

2.1.1 Material Uncertainty Related to Going Concern

The auditors indicated that as at year-end, the Bureau's current liabilities exceeded its current assets by P2.87 million, indicating that the Bureau may face challenges in meeting its liabilities. The Bureau's ability to continue as a going concern and to meet its financial obligations was dependent on the support from the Government and continued financial assistance through revenue and development subventions. The auditor's opinion was not modified in respect of this matter.

2.2 Financial Results

In the year under review, the Bureau recorded a net profit of P3.83 million, compared to a loss of P1.24 million in the previous year. The improvement in financial performance was largely attributable to an increase in revenue by 30.83%, from P16.22 million in the previous year to P21.23 million in the year under review. Expenditure decreased by 4.25%, from P97.05 million in the previous year to P92.93 million in the year under review.

The Bureau was funded by Government grants, which decreased from P80.55 million in the previous year to P77.77 million in the year under review.

2.3 Working Capital

The working capital position of the Bureau as at 31 March 2023 showed total current assets of P13.30 million and total current liabilities of P16.18 million, resulting in a net current liabilities position of P2.87 million.

3.0 Management Letter

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

3.1 Non-compliance with Imprest Settlement Policy (repeat finding)

The auditors observed that the Bureau had not complied with the settlement and remittance requirements for imprests issued to employees. The policy stipulated that receipts should be submitted within 10 days of returning from travel, and the Bureau reserved the right to deduct unremitted advances from the employee's monthly salary without further notice.

In response, management indicated that settlements would be conducted in accordance with the imprest regulations. Measures had been implemented to address the non-compliance, including the recruitment of an Assistant Accountant to strengthen review, monitoring, and follow-up processes. Department Managers and Directors were to be engaged to assist in resolving the matter, and monthly reports were to be consistently produced for review by the relevant authorities.

3.2 Going Concern Assessment

As indicated in paragraph 2.1.1, *Material Uncertainty Related to Going Concern*, the auditors highlighted the Bureau's liquidity challenges, noting that current liabilities had exceeded current assets despite the profit reported for the year. As reflected in the financial results, the Bureau had achieved a net profit of P3.83 million for the year under review compared with a loss of P1.24 million in the previous year.

In response, management confirmed that Government support had continued and that the Bureau had implemented measures to strengthen financial resilience, including revenue diversification, cost containment, and improved working capital management.

131. **Botswana Communications Regulatory Authority**

The financial statements of Botswana Communications Regulatory Authority for the financial year ended 31 March 2023 were audited by Messrs PricewaterhouseCoopers, Certified Auditors, appointed by the Board in terms of Section 26(2) of the Communications Regulatory Authority Act (No.19 of 2012).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The consolidated and separate financial statements gave a true and fair view of the consolidated and separate financial position of the Botswana Communications Regulatory Authority (the 'Authority') and its subsidiary (together the 'Group') as at 31 March 2023, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended, in accordance with International Financial Reporting Standards.

2.2 Financial Results

In the year under review, the Group and the Authority recorded a deficit of P24.30 million and P22.72 million respectively, compared to surplus of P 38.66 million and P29.33 million in the previous year.

Total income for the Group increased by 19%, from P208.17 million in the previous year to P246.98 million in the year under review, while total operating expenditure increased by 57%, from P165.32 million to P259.14 million.

Income for the Authority increased by 22%, from P152.44 million in the previous year to P186.64 million in the year under review, while operating expenditure increased by 28%, from P118.58 million to P151.86 million.

2.3 Working Capital

As at 31 March 2023, the working capital position of the Group showed total current assets of P581.58 million and total current liabilities of P52.43 million, resulting in a net current assets position of P529.15 million. The Authority had total current assets of P277 million and total current liabilities of P48.16 million, resulting in a net current assets position of P228.84 million.

3.0 Management Letter

The significant matter below was raised by the auditors.

3.1 Financial statement closure process (repeat finding)

The auditors noted that, following submission of the 2022 trial balance for the Botswana Communications Regulatory Authority and the Universal Access and Services Fund Trust, management processed a series of post-trial balance journal entries. These adjustments related primarily to trade and other receivables, accruals, provisions, and other liabilities. Most of these entries reflected revenue adjustments based on turnover certificates received from operators during the audit, as well as corrections to transactions originally recorded in the year.

In response, management stated that the Authority's 2021/2022 reconciliation folder had been lost from the network and could not be retrieved, necessitating the reperformance of all reconciliations for the year. Management further indicated that operators had been engaged annually well in advance to submit turnover certificates; however, submissions were delayed despite frequent follow-ups. To address this, management indicated that they would invoke the penalty framework for late certificate submission and strengthen monitoring of operators' deliverables to prevent future delays.

132. Botswana Development Corporation Limited

The financial statements of Botswana Development Corporation Limited (BDC) for the financial year ended 30 June 2022 were audited by Messrs KPMG, Certified Auditors, appointed by the Board.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The consolidated and separate financial statements gave a true and fair view of the consolidated and separate financial position of Botswana Development Corporation Limited as at 30 June 2022, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended, in accordance with International Financial Reporting Standards.

2.2 Financial Results

The Group's profit improved markedly from a deficit of P77.22 million in the previous year to a surplus of P16.85 million in the year under review, representing an increase of 121.82%. This turnaround was driven by an almost doubling of income from P286.38 million to P570.61 million, reflecting strong operational growth.

In contrast, the Company recorded a decline in profit from a surplus of P35.04 million in the previous year to a deficit of P13.09 million in the year under review, representing a decrease of 137%. The reduction in profit was primarily attributable to a decline in dividend income, which decreased from P108.38 million in the previous year to P56.81 million in the year under review.

2.3 Working Capital

As at 30 June 2022, the working capital position for both the Group and the Company remained strong. The Group held current assets of P1.47 billion against current liabilities of P611.93 million, resulting in net current assets of P855.05 million, while the Company held current assets of P1.36 billion and current liabilities of P534.81 million, yielding net current assets of P830.08 million. This indicates that both entities maintained sufficient short-term liquidity, with current ratios of 2.40 for the Group and 2.54 for the Company.

3.0 Management Letter

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

3.1 Fully Depreciated Assets (Repeat Finding)

The auditors observed that the Corporation's fixed asset register continued to include fully depreciated assets that still provided economic benefits to the Company.

The original cost of these fully depreciated assets was as follows:

- Furniture, fittings and equipment: P8 784 473
- Computer hardware: P2 481 532

Additionally, a fully depreciated motor vehicle with an original cost of P462 127, which was disposed of during the year, remained recorded in the asset register.

Management acknowledged the matter and indicated that an assessment would be undertaken to determine whether the affected assets should be disposed of.

3.2 Debt Covenants Breach

The auditors reported that the Corporation had breached the Debt-to-Equity ratio covenant under several financing facilities, namely: the P65 million Facility with First Capital Bank, the commercial facility with Standard Chartered Bank, and the AGF Guarantee Facility with Standard Bank.

The breaches were primarily attributed to delays in the finalisation of the financial statements for the year ended 30 June 2022.

Management indicated that discussions with Standard Chartered Bank had commenced prior to the breach, with the Bank monitoring the Corporation's debt servicing position and considering a revision of the covenant. The matter remained ongoing as refinancing options were being explored. Management further reported that active discussions were underway with First Capital Bank with the intention of refinancing the facility.

133. Botswana Energy Regulatory Authority

The financial statements of Botswana Energy Regulatory Authority for the financial year ended 31 March 2023 were audited by Messrs Grant Thornton, Certified Auditors, appointed by the Board.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of Botswana Energy Regulatory Authority as at 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards.

2.2 Financial Results

The financial operations of the Authority showed a deficit of P1.54 million for the year under review, compared to a surplus of P3.20 million in the previous year. The decline in financial performance was mainly due to a decrease in other income (amortisation of capital grants, tender fees,

and other income) by 71%, from P9.30 million in the previous year to P2.66 million in the year under review.

The Authority was funded primarily by Government grants. In the year under review, the revenue grant amounted to P56.76 million, representing 95% of total income. The capital grant received during the year under review was P355 633, compared to P977 995 received in the previous year.

2.3 Working Capital

As at 31 March 2023, the working capital position of the Authority showed total current assets of P27.07 million and total current liabilities of P27.82 million, resulting in a net current liabilities position of P759 278. The current liabilities included deferred revenue of P9.43 million, lease liability of P1.04 million, and trade and other payables of P17.36 million.

3.0 Management Letter

The significant matter below was raised by the auditors:

3.1 Contingent liabilities (Repeat Finding)

The auditors noted that the Authority had won a case against one of the former Board members. They further observed that the Authority had two ongoing cases before the courts relating to three former Board members, which had not yet been heard or concluded. The Authority's attorneys were confident in defending the cases; however, in the event that the Court ruled in favor of the plaintiffs, the Authority could incur an estimated loss of P15 566 684, which had been disclosed in the financial statements.

Additionally, the auditors noted a case between the Authority and one of its service providers, which had been settled and withdrawn. Parties agreed on a final amount of P1 223 147.49 in full and final settlement, which was paid subsequent to the period end. A provision had been processed in the Authority's books as at year end.

In response, management stated that, regarding one of the three cases involving former Board members, pleadings had been closed, but trial dates had not yet been set. For the remaining two cases, judgement had been granted in favour of the Authority. The applicants filed applications for recusal of the judge and rescission of the order granted in favour of the Authority; the Authority had filed opposing papers, and a date was yet to be set.

Management further indicated that amendments to the BERA Act had removed the full-time Board of Directors, mitigating the likelihood of similar matters recurring. The Authority had also incorporated annual corporate governance trainings for Board members to enhance understanding of their roles, responsibilities, and legal compliance. With regard to the service provider, management confirmed that the matter had been settled in full, inclusive of legal costs, as previously noted.

134. Botswana Examinations Council

The financial statements of Botswana Examinations Council for the financial year ended 31 March 2023 were audited by Messrs KPMG, Certified Auditors, appointed by the Council in terms of Section 20 (2) of the Botswana Examinations Council Act (Cap 58:03).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of Botswana Examinations Council as at 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards.

2.2 Financial Results

In the year under review, the Council recorded a surplus of P26.84 million, compared to a deficit of P15.63 million in the previous year. The improvement in financial performance was mainly attributable to a reduction in administrative expenses, which decreased by 6% from P134.85 million in the previous year to P127.31 million in the year under review.

Revenue for the Council increased by 14% from P290.80 million in the previous year to P332.52 million in the year under review, while

Government subvention increased from P267.18 million in the previous year to P315.44 million in the year under review.

Other income increased by 7% from P5.26 million in the previous year to P5.60 million in the year under review.

2.3 Working Capital

The working capital position of the Council as at 31 March 2023 showed total current assets of P102.18 million and total current liabilities of P84.63 million, resulting in a net current assets position of P17.55 million.

3.0 Management Letter

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

3.1 Property, Plant and Equipment and Intangible Assets (Repeat Finding)

The auditors noted that the fixed assets and intangible assets registers contained fully depreciated or amortised assets that were still in use and providing economic benefits, with a total original cost of P28 320 016 and P7 038 485 respectively. Management had not re-assessed the useful lives and depreciation rates of these assets despite their continued use. The breakdown of the affected assets was as follows:

<u>Asset Category</u>	<u>Asset original cost</u>
Computer equipment	14 525 892
Office equipment	7 355 233
Motor vehicle	6 438 391
Computer software	7 038 485
Total	35 358 501

In response, Management indicated that a review of asset useful lives was underway and that an assets disposal list was being finalised. Management further stated that the disposal process would be undertaken thereafter, which would facilitate the reassessment of useful lives. The process was expected to be completed by 31 January 2024.

3.2 Lack of Approved Fixed Asset Policy (Repeat Finding)

The auditors noted that the Council still did not have an approved Fixed Asset Policy to provide guidance on capitalisation thresholds and the identification, recording, and control of Property, Plant and Equipment. The policy was expected to provide guidance on, among other things, the minimum amounts to be capitalised.

In response, Management indicated that a draft financial manual, which included the asset policy, had been developed and reviewed by the Policy Vetting Committee. Proposed changes had been incorporated, and the manual was awaiting completion of the transition process. The manual was expected to be approved by 31 January 2024.

3.3 Incorrect Amortization of Capital Assets

The auditors noted that the Council acquired assets amounting to P5 million during the year. These assets were subject to amortisation; however, management amortised them for a full year instead of prorating in line with depreciation, contrary to the requirements of IAS 20.12, which requires capital grants to be recognised as income over the period necessary to match them with the related costs.

In response, Management acknowledged the recommendation and stated that going forward, the accounting standards would be complied with.

3.4 Unapproved Information Backup Policy

The auditors noted that the information backup policy, effected on 30 April 2021, did not bear evidence of approval by a senior official. The policy was intended to provide guidance on corporate data backup procedures to ensure availability of backups for restoring Botswana Examinations Council data and information.

In response, Management stated that the information backup policy was in draft format and was undergoing formal approval. The policy is expected to be signed off by February 2024.

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

The financial statements of Botswana Fibre Networks (Proprietary) Limited for the financial year ended 31 March 2023 were audited by Messrs PricewaterhouseCoopers, Certified Auditors, appointed by the Board.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements gave a true and fair view of the financial position of Botswana Fibre Networks (Proprietary) Limited as at 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

2.2 Financial Results

The financial operations of Botswana Fibre Networks (Proprietary) Limited (the Company) recorded an operating loss of P7.19 million

(before Other Comprehensive Income) for the year under review, compared to an operating profit of P16.58 million (before Other Comprehensive Income) in the previous year. The decline in performance was mainly due to a 3% increase in other operating expenses, from P225.77 million in the previous year to P232.97 million in the year under review, and a significant increase of 132% in finance income, from P1.03 million to P441 388.

Total income increased by 26%, from P383.84 million in the previous year to P482.89 million in the year under review.

2.3 Working Capital

As at 31 March 2023, the working capital position of the Company showed total current assets of P313.71 million and total current liabilities of P311.36 million, resulting in a net current assets position of P2.35 million.

3.0 Management Letter

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

3.1 Access to Programs and Data

The auditors observed that super user/admin audit logs and transactions processed on the application and database had not been reviewed during the financial period.

In response, Management stated that enabling audit trails on the OSS/BSS/ERP system to capture the required details had been challenging. They further indicated that the replacement of the OSS/BSS/ERP systems was underway, with the ERP system being prioritised under Phase 1.

3.2 Program Changes

The auditors noted that no change management process was followed when implementing the Active Directory server upgrade from Server 2012 to Server 2016. Specifically, there was no change request form, testing documentation, or post-implementation review report.

In response, Management stated that a change management process was in place and confirmed that they would ensure compliance with the existing process going forward.

136. Botswana Geoscience Institute

The financial statements of Botswana Geoscience Institute for the financial year ended 31 March 2023 were audited by Messrs Mazars, Certified Auditors, appointed by the Board in terms of Section 30 (1) of the Botswana Geoscience Institute Act, 2014.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements presented fairly, in all material respects, the financial position of Botswana Geoscience Institute as at 31 March 2023, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and Botswana Geoscience Institute Act, 2014.

Material Uncertainty Related to Going Concern

The auditors drew attention to the annual financial statements, which indicated that the Institute incurred a net deficit of P7.15 million during the year ended 31 March 2023 (P3.25 million in the previous year). As at that date, the Institute's current liabilities exceeded its current assets by P3.61 million, compared to current assets exceeding current liabilities by P3.54 million in the previous year. The auditors noted that these events, along with other matters disclosed in the financial statements, indicated a material uncertainty that may cast significant doubt on the Institute's ability to continue as a going concern. The auditor's opinion was not modified in respect of this matter.

2.2 Financial Results

During the year under review, the Institute recorded a deficit of P7.15 million, compared to P3.25 million in the previous year, representing an increase of P3.90 million.

The Institute was primarily funded by Government grants. In the year under review, the grant amounted to P64.30 million, representing 87% of total income, compared to P73.06 million in the previous year, which represented 88% of total income.

Total expenditure decreased by 6%, from P85.84 million in the previous year to P81.07 million in the year under review.

2.3 Working Capital

As at 31 March 2023, the Institute's total current assets amounted to P12.73 million, while total current liabilities were P16.34 million, resulting in a net current liabilities position of P3.61 million.

3.0 Management Letter

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

3.1 Going Concern –deficits and accumulated deficit position

The auditors noted that the Institute had recorded deficits for at least two consecutive financial years, with a deficit of P3.25 million in the prior year and P7.15 million in the year under review. They further noted that the Institute now had a retained deficit of P3.61 million, which may reflect overspending or under-budgeting.

In response, management indicated that funding and budget management were under continuous review by both management and the Board. Management had developed revenue generation and cost management plans to address the identified risks and had engaged the Shareholder to consider additional funding.

137. Botswana Housing Corporation

The financial statements of Botswana Housing Corporation for the financial year ended 31 March 2023 were audited by Messrs Ernst & Young, Certified Auditors, appointed by the Board in terms of Section 24 (3) of the Botswana Housing Corporation Act, (Cap 74:03).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements gave a true and fair view of the financial position of Botswana Housing Corporation as at 31 March 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and in the manner required by the Botswana Housing Corporation Act (CAP 74:03).

2.2 Financial Results

The financial operations of the Corporation showed a significant decrease in profits for the year under review. The Corporation recorded a profit of P23.07 million, compared to P64.12 million in the previous year.

Total income decreased by 21.16%, from P701.55 million in the previous year to P553.07 million in the year under review. Total expenditure also decreased by 21.21%, from P713.96 million in the previous year to P566.73 million in the year under review.

Significant savings were observed in the cost of sale of housing inventories, which decreased by P76.16 million (74.22%), from P102.62 million in the previous year to P26.45 million in the year under review.

2.3 Working Capital

As at 31 March 2023, the working capital position of the Corporation showed total current assets of P1.36 billion and total current liabilities of P0.57 billion, resulting in a net current assets position of P0.79 billion.

3.0 Management Letter

The following were some of the significant matters raised by the auditors and the management response thereto:

3.1 Assessment of Residual values and Depreciation Rates(Repeat Finding)

The auditors noted that the Corporation's fixed asset register included fully depreciated assets that were still providing economic benefits. Examples included assets with costs of P163,934 each as shown below;

Asset Number	Description	Cost (P)
70987	L06456-00-00L	163 934
70989	L06457-00-00L	163 934
70991	L06459-00-00L	163 934

In response, Management acknowledged the matter and stated that they would review the useful economic lives and residual values of the assets. Management further noted that the updates had not been reflected in the system by year-end.

3.2 Inadequate Controls Over Procurement Processes

The auditors observed that the Corporation did not have an authorised list of suppliers. Payments to subcontractors could be made without a formal relationship, and changes to suppliers' bank account details were made without supporting documentation. Limited use of data analytics in the procurement process was noted, restricting the identification of anomalies related to contractors, subcontractors, and vendors.

In response, Management acknowledged the observation and accepted the recommendations. They stated that a Know Your Customer (KYC) exercise would be conducted on existing suppliers during the 2023/24 financial year and continued thereafter. Following the Oracle system upgrade, Management planned to integrate this exercise between the Oracle and banking platforms.

138. Botswana Digital and Innovation Hub

The financial statements of the Botswana Digital and Innovation Hub for the financial year ended 31 March 2023 were audited by Messrs BDO, Certified Auditors, appointed by the Board.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements gave a true and fair view of the financial position of Botswana Digital and Innovation Hub as at 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

2.1.1 Material Uncertainty Related to Going-Concern

For the year ended 31 March 2023, the Group reported a deficit after tax of P22.60 million, while the Company recorded a deficit after tax of P8.64 million. As of the reporting date, the Group had an accumulated deficit of P358.20 million, and the Company's current liabilities exceeded its current assets by P6.6 million.

These indicators reflected a material uncertainty regarding the Group's and the Company's ability to continue as a going concern. The persistent deficits, negative working capital, and substantial

accumulated losses suggested that, without corrective measures or additional financial support, the entities might face challenges in meeting their obligations and sustaining operations in the foreseeable future.

2.2 Financial Results

2.2.1 Profitability Ratios

Revenue Composition

In the financial year 2022/2023, the Group's revenue showed 58% reliance on Government grants, down from 87% in 2021/2022, with the remaining 42% generated from rental income and plot sales. This indicated a modest improvement in revenue diversification, although grants remained the dominant source.

The Company's revenue remained 100% dependent on Government grants for both 2021/2022 and 2022/2023, reflecting complete reliance on public funding.

Gross Profit Margin

The Group achieved a gross profit margin of 71% in 2022/2023, down from 100% in 2021/2022. This decline suggested increased direct costs or a shift in revenue mix that introduced cost-bearing activities.

The Company maintained a gross profit margin of 100% in both years, as no cost of goods sold was incurred, meaning all revenue earned was retained as gross profit.

Net Surplus/ Deficit

The Group reported a net deficit of P22.60 million in 2022/2023, a significant improvement from the P265.18 million deficit in 2021/2022. This reduction of P242.58 million reflected improved cost management, increased revenue efficiency, or one-off adjustments that positively impacted the bottom line.

The Company recorded a net deficit of P8.64 million in 2022/2023, reversing a P3.03 million surplus in 2021/2022, representing a deterioration of P11.67 million due to rising operational costs and other expenditure pressures.

Reasons for Loss

The Group's deficit was driven by increases in credit loss allowances, employee costs, depreciation and amortisation, and other operating expenses. The Company's loss was attributable to higher employee costs and other operating expenses, which rose by 70% during the year.

2.2.2 Working Capital

As at 31 March 2023, the working capital position of the Group showed total current assets of P403.32 million and total current liabilities of P76.96 million, resulting in a net current assets position of P326.36 million, while that of the company showed total current assets of P11.78 million and total current liabilities of P18.40 million, resulting in a net current deficit of P6.61 million.

3.0 Management letter

The auditors had issued a management letter and the matters raised were insignificant for inclusion in the report.

3.1 Going Concern

The auditors highlighted that the Group and its subsidiary continued to incur operating losses:

- Group: deficit of P265.18 million in the prior year; P22.60 million in 2023.
- Company: surplus of P3.03 million in the prior year; deficit of P8.64 million in 2023.
- The Government of Botswana had signaled reduced revenues, potentially decreasing funding for the Group.
- A merger between BDIH and BITRI had been announced, introducing structural uncertainty.
- The ICONIC building project remained incomplete, with additional remediation and completion costs anticipated.

The auditors emphasized that the Hub's ability to continue as a going concern was heavily reliant on continued government support through recurrent subventions and grants.

Management acknowledged the auditors' concerns and confirmed that measures to support financial sustainability were ongoing at the time of preparing this report.

139. **Botswana Institute for Development Policy Analysis**

The financial statements of Botswana Institute for Development Policy Analysis for the financial year ended 31 March 2023 were audited by Messrs Grant Thornton, Certified Auditors appointed by the Trustees in terms of the Deed of Trust, (MA 16/95).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements presented fairly, in all material respects, the financial position of Botswana Institute for Development Policy Analysis as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

2.2 Financial Results

In the year under review, the Institute recorded a deficit of P2.99 million (before a loss on property revaluation of P6.38 million), compared to a surplus of P318 094 in the previous year. Revenue from contracts with customers decreased by 25%, from P10.38 million in the previous year to P7.80 million in the year under review.

Total income decreased by 10%, from P30.44 million in the previous year to P27.34 million in the year under review.

The Institute was funded mainly by a Government grant of P18.30 million in the year under review, representing 67% of total income, compared to P18.79 million in the previous year.

2.3 Working Capital

The working capital position of the Institute as at 31 March 2023 showed total current assets of P17.66 million and total current liabilities of P9.95 million, resulting in a net current assets position of P7.71 million.

3.0 Management Letter

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

140. Botswana Institute of Chartered Accountants

The financial statements of the Botswana Institute of Chartered Accountants for the financial year ended 31 December 2022 were audited by Messrs Grant Thornton, Certified Auditors, appointed by the members in terms of Section 53(2) of the Accountants Act, 2010.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of the Botswana Institute of Chartered Accountants as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

2.2 Financial Results

The financial operations of the Institute resulted in a net deficit of P1.85 million in the year under review, compared to a net deficit of P116 519 in the previous year, reflecting a deterioration in financial performance. Training and professional development expenses increased by 38% from P2.36 million in the previous year to P3.26 million in the year under review.

Revenue earned from services increased by 14% from P17.11 million in the previous year to P19.56 million in the year under review. Government subvention decreased by 25% from P4.58 million in the previous year to P3.45 million in the year under review.

2.3 Working Capital

The working capital position of the Institute as at 31 December 2022 showed total current assets of P23.33 million and total current liabilities of P17.61 million resulting in a net current assets position of P5.72 million.

3.0 Management Letter

The significant matter below was raised by the auditors.

3.1 Third party Compliance

The auditor noted that Botswana Institute of Chartered Accountants did not have a cyber-security clause (policy) in the agreement, which

bound the contractor to take responsibility of cyber security during project implementation (cloudthing limited).

In response, Management noted the finding, however they stated that the vulnerability assessment was planned for post project closure.

141. Botswana Institute for Technology Research & Innovation

At the time of preparing this report, the Botswana Institute for Technology Research and Innovation (BITRI) had not submitted its audited annual financial statements and the management letter for the financial year ended 31 March 2023.

In response, Management indicated that the audit was ongoing.

As a result, I have not been able to conduct a review of the Institute's accounts, thereby limiting the ability of the National Assembly to assess BITRI's financial performance and accountability for the period under review.

142. Botswana International University of Science & Technology

The financial statements of Botswana International University of Science and Technology (BIUST) for the financial year ended 31 March 2023 were audited by Messrs Grant Thornton, Certified Auditors, appointed by the University Council in terms of Section 19 (1) of the Botswana International University of Science and Technology Act, (Cap 57:05).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements gave a true and fair view of the financial position of the Botswana International University of Science and Technology as at 31 March 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Botswana International University of Science and Technology Act (Cap 57:05).

2.1.1 Material Uncertainty Related to Going Concern

The auditors indicated that the University incurred a net loss of P33.35 million during the year ended 31 March 2023, and had accumulated losses of P224.79 million. As of that date, the University's current liabilities exceeded its current assets by P155.80 million. These financial indicators, together with other matters noted in the financial statements, gave rise

to a material uncertainty regarding the University's ability to continue as a going concern. The auditor's opinion was not modified in respect of this matter.

2.2 Financial Results

The University recorded a deficit of P33.35 million in the year under review, compared to a deficit of P54.22 million in the previous year. The improvement in financial performance was mainly attributable to a decrease in other operating expenses by 7.91%, from P202.51 million in the previous year to P186.50 million in the year under review.

Income increased by 2.97%, from P584.88 million in the previous year to P602.28 million in the year under review, while total expenditure decreased slightly by 0.55%, from P639.14 million in the previous year to P635.63 million in the year under review.

2.3 Working Capital

As at 31 March 2023, the working capital position of the University showed total current assets of P79.81 million and total current liabilities of P235.61 million, resulting in a net current liabilities position of P155.80 million.

3.0 Management Letter

The significant matter below was raised by the auditors:

3.1 Going Concern consideration

The auditors noted that during the year, the University reported a deficit of P33.35 million (2022: P54.26 million; 2021: P14.60 million). As at 31 March 2023, the accumulated deficit was P224.79 million (2022: P191.30 million; 2021: P137.20 million). Cash generated from operations was lower than cash expended during the year by P46.3 million.

The auditors further noted that management prepared the financial statements on the assumption that the University would continue as a going concern, based on the expectation that the Government of Botswana would continue providing revenue subvention as the shareholder. Management's forecast for 2024 indicated the expected level of support from the shareholder.

143. Botswana Investment & Trade Centre

The financial statements of the Botswana Investment & Trade Centre for the year ended 31 March 2023 were audited by Messrs Grant Thornton,

Certified Auditors, appointed by the Board in terms of Section 19 of the Botswana Investment and Trade Centre Act (No. 12 of 2011).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The consolidated annual financial statements gave a true and fair view of the financial position of the Botswana Investment & Trade Centre as at 31 March 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

2.2 Financial Results

In the year under review, the Centre recorded a surplus of P11.31 million, compared to a deficit of P2.20 million in the previous year. The improvement in performance was primarily due to a 27% increase in operating income from P1.57 million in the previous year to P1.99 million in the year under review.

Total income increased by P14.13 million (12%) from P113.29 million in the previous year to P127.42 million in the year under review.

Government subvention decreased by 5% from P86.01 million in the previous year to P81.74 million in the year under review.

2.3 Working Capital

The working capital position of the Centre as at 31 March 2023 showed total current assets of P56.84 million and total current liabilities of P17.40 million, resulting in a net current assets position of P39.44 million.

3.0 Management Letter

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

3.1 Bank Account Registered under Botswana High Commission (Repeat Finding)

The auditors noted that the Centre maintained an Indian Rupee bank account with RBL Bank registered under the Botswana High Commission. The account had two signatories, one employed by the High Commission and another by BITC, which posed a risk that payments could be authorized without proper approval from the BITC signatory.

In response, Management acknowledged the finding and stated that appointing an additional BITC signatory was not feasible due to operational and jurisdictional constraints in India. To mitigate the risk of unauthorized payments, controls were implemented ensuring that the BITC employee had full custody of the cheque book, with office transactions subject to established approval procedures.

3.2 Long Outstanding Debtors (repeat finding)

The auditors noted that management of the Centre's properties had been outsourced to a Property Management Company responsible for rent collection. As at year-end, accounts receivable amounted to P3.04 million, of which over P731,681 were overdue by more than a year, with no payments received during the period. Most long outstanding tenants continued to occupy the properties. Although the balances were provided for as doubtful, the Centre was not fully utilizing its assets to generate economic value, resulting in lost rental income.

Management acknowledged the finding and indicated that a new Property Management Company had been engaged to improve collections. As a result of litigation processes post balance sheet date, P958,650 (16% of outstanding balances) had been recovered.

3.3 Corporate Governance- Composition of the Board

Four Board members retired upon completion of their term and had not been replaced as at the date of the report. Consequently, the Board comprised only three members, insufficient to form a quorum, and no Board meeting had been held since May 2023.

Management acknowledged the finding and indicated that engagements with the relevant appointing authorities to facilitate the appointment of new board members were ongoing.

144. Botswana Meat Commission

The financial statements of the Botswana Meat Commission (BMC) for the financial year ended 31 December 2022 were audited by Messrs Ernst & Young, Certified Auditors, appointed by the Commission in terms of Section 20 (3) of the Botswana Meat Commission Act (Cap 74:04).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The consolidated and separate financial statements gave a true and fair view of the consolidated and separate financial position of Botswana Meat Commission as at 31 December 2022, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended, in accordance with International Financial Reporting Standards and the requirements of the Botswana Meat Commission Act (Cap 74:04, as amended).

Material Uncertainty Relating to Going Concern

The auditors drew attention to the Going Concern note in the consolidated and separate financial statements, which indicated that the Group and the Commission reported a total deficit of P105 million and P102 million, respectively, for the year ended 31 December 2022, and had accumulated deficits of P1.53 billion and P1.55 billion, respectively, as at the reporting date. The Group and the Commission were unable to secure sufficient supply volumes to generate revenues that covered costs and were therefore dependent on the Government of Botswana for ongoing financial support.

These conditions, together with other matters set out in the Going Concern note, indicated the existence of a material uncertainty that cast significant doubt on the Commission's ability to continue as a going concern. The auditors' opinion was not modified in respect of this matter.

Other Legal and Regulatory Requirements

The Commission did not comply with Section 17 of the Botswana Meat Commission Act (Cap 74:04) (as amended). Specific instances of non-compliance are detailed in Note 29 to the consolidated and separate financial statements.

2.2 Financial Results

In the year under review, the Group recorded a total comprehensive income of P539.42 million, while the Commission recorded a total comprehensive income of P534.23 million, compared to total losses of P112.05 million and P117.39 million respectively in the previous year. Revenue for the Commission increased by 90%, from P191.93 million in the previous year to P365.37 million, while expenditure increased by 7%, from P145.69 million to P155.85 million. For the Group, revenue increased by 82%, from P206.59 million in the previous year to P376.34 million, with

total expenditure increasing by 6%, from P163.18 million to P173.13 million. The Group's revenue was derived from multiple markets, with Norway, Europe and the UK contributing P187.17 million; RSA and other SADC countries contributing P38.86 million, including P2.49 million from shipping and P8.47 million from cold storage services; and Botswana contributing P150.31 million.

2.3 Working Capital

As at 31 December 2022, the Group had current assets of P146.73 million and current liabilities of P193.67 million, including a loan of P139 thousand, resulting in a net current liabilities position of P46.95 million. The Commission had current assets of P133.23 million and current liabilities of P290.30 million, including a loan of P139 thousand, resulting in net current liabilities of P157.07 million. This indicates that both entities had short-term obligations exceeding their current assets, highlighting liquidity constraints at year end.

3.0 Management Letter

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

3.1 Going Concern Considerations (Repeat Finding)

The auditors noted that the BMC Group and Commission continued to incur year-on-year losses. In the year under review, the Group recorded a loss of P140 million (2021: P112 million loss), while the Commission recorded a loss of P125 million (2021: P117 million profit). These losses resulted in accumulated deficits of P1.567 billion for the Group and P1.584 billion for the Commission.

Given the cumulative impact of limited financial resources, it may become increasingly difficult for the Group and Commission to effectively implement their mandate and strategic objectives. While the auditors recognized that the Commission's mandate is to produce quality meat and value-added products for global markets, the Botswana Meat Commission Act requires the Commission to be profitable and build financial reserves. The losses meant that BMC was not compliant with Section 17 of the Act, which stipulates that the Commission must generate sufficient revenue to meet its ongoing obligations.

Management acknowledged the recurring losses and the associated risks to the going concern assumption. They reported that BMC secured P300 million in funding in December 2022 to support the implementation

of the MERITING Strategy, which aims to transform the Commission into a P2 billion revenue-generating entity by 2025.

Positive developments were also noted, including improved throughput in 2023, which is expected to enable early fulfilment of the Norway export quota and open access to additional markets offering competitive prices and better margins. Management highlighted that the transfer of BMC to the Ministry of Entrepreneurship would further enhance business facilitation and strategic alignment.

3.2 Dormant Subsidiaries (repeat finding)

The auditors noted that the Group included several dormant subsidiaries, each requiring statutory accounts and tax returns, resulting in administrative costs for maintenance.

Management reported that the reinstatement of Lobatse Leather Company was at an advanced stage. Consent from another shareholder, who had registered a company with the same name, was obtained on 8 June 2023, and submitted to CIPA for processing the reinstatement.

3.3 Frequency Of Revaluation Of Property, Plant And Machinery

The auditors noted that the Commission engaged external valuation experts to determine the fair value of its assets, resulting in a fair value gain of P637 million recognized in Other Comprehensive Income.

Management acknowledged the importance of regular revaluations and indicated that the revaluation policy would be revised from a three-to-five-year cycle to a two-year cycle.

145. Botswana Medicines Regulatory Authority

The financial statements of the Botswana Medicines Regulatory Authority for the financial year ended 31 March 2023 were audited by Messrs Grant Thornton, Certified Auditors, appointed by the Board in terms of Section 21 (3) of the Medicines and Related Substance Act, 2013.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements gave a true and fair view of the financial position of the Botswana Medicines Regulatory Authority as at

31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the requirements of the Medicine and Related Substances Act, 2013.

2.2 Financial Results

In the year under review, the Authority recorded a deficit of P19.43 million, compared to a surplus of P15.80 million in the previous year, representing a decline of P35.23 million (223%).

Total income for the year was P74.36 million, down from P94.98 million in the prior year. The decrease of P20.62 million (22%) was mainly attributable to a reduction in government grants, which fell by P29.89 million (37%) from P79.84 million in the previous year to P49.95 million in the current year.

Expenditure for the year increased by 19% to P93.18 million from P78.47 million in the prior year. The main contributors to this increase were travel and accommodation costs, which rose by 103% to P4.39 million, and employee costs, which increased by 21% to P61.97 million.

2.3 Working Capital

As at 31 March 2023, the Authority's total current assets amounted to P31.41 million, while total current liabilities were P28.01 million, resulting in a net current assets position of P3.40 million.

3.0 Management Letter

The auditors had issued a management letter and the matters raised were insignificant for inclusion in the report.

146. Botswana National Productivity Centre

At the time of preparing this report, the Botswana National Productivity Centre had not submitted its audited annual financial statements or the accompanying management letter for the financial year ended 31 March 2023.

Management indicated that the audit process for these financial statements was still ongoing.

As a result, I was unable to conduct a review of the Centre's accounts for the year under review, and therefore cannot provide an assessment of its financial performance or accountability to the National Assembly at this stage.

147. Botswana Oil Limited

The financial statements of Botswana Oil for the financial year ended 31 March 2023 were audited by Messrs PricewaterhouseCoopers, Certified Auditors, appointed by the Board.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of Botswana Oil Limited as at 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

2.2 Financial Results

In the year under review, Botswana Oil Limited recorded a profit of P99.03 million, compared to a loss of P17.29 million in the previous year. The main contributor to the improved performance was a 358% increase in revenue, from P572.50 million in the previous year to P2.63 billion in the year under review.

Administrative expenses increased by 59%, from P69.61 million in the previous year to P110.50 million in the year under review.

2.3 Working Capital

The working capital position of Botswana Oil Limited as at 31 March 2023 showed total current assets of P1.22 billion and total current liabilities of P880.38 million, resulting in a net current assets position of P339.62 million.

3.0 Management Letter

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

148. Botswana Open University

The financial statements of Botswana Open University for the financial year ended 31 March 2023 were audited by Messrs Grant Thornton, Certified Auditors, appointed by the Council in terms of Section 30 (2) of the Botswana Open University Act, No. 13 of 2017.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements gave a true and fair view of the financial position of Botswana Open University as at 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Botswana Open University Act, No. 13 of 2017.

2.2 Material Uncertainty Related to Going Concern

The auditors noted that during the year ended 31 March 2023, the University incurred a net loss of P9.96 million (2022: P12.08 million) and had accumulated losses of P53.17 million (2022: P43.23 million). As of that date, the University's current liabilities exceeded its current assets by P53.37 million (2022: P43.48 million). These conditions, along with other matters disclosed in the going concern note, indicate the existence of a material uncertainty that may cast significant doubt on the University's ability to continue as a going concern. The auditor's opinion was not modified in respect of this matter.

2.3 Financial Results

In the year under review, the University recorded a deficit of P9.95 million (before a gain on property revaluation of P76.02 million), compared to a deficit of P12.08 million in the previous year. The reduction in the deficit was primarily due to a 13% decrease in operating expenses, from P43.82 million in the previous year to P38.10 million in the year under review. Tutors and writer expenses also decreased by 35%, from P8.36 million in the previous year to P5.45 million during the year under review.

The University was funded mainly by Government grants, which amounted to P117.61 million in the year under review, representing 69% of total income.

Revenue from Student Application and Tuition Fees contributed P39.81 million, compared to P45.55 million in the previous year.

Total expenditure decreased by 7% from P194.31 million in the previous year to P181.00 million in the year under review.

2.4 Working Capital

As at 31 March 2023, the University's working capital position showed total current assets of P9.50 million and total current liabilities of P62.87

million, resulting in a net current liabilities position of P53.37 million. The current liabilities included trade and other payables of P53.99 million, deferred income of P8.30 million, and lease liabilities of P581 366.

3.0 Management Letter issues

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

149. Botswana Postal Services Limited

The financial statements of the Botswana Postal Services Limited for the financial year ended 31 March 2023 were audited by Messrs Grant Thornton, Certified Auditors, appointed by the Board.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements gave a true and fair view of the financial position of Botswana Postal Services Limited as at 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

2.1.1 Material Uncertainty Related to Going-Concern

The Company had an accumulated loss of P210,263,070 (2022: P191,405,112) and a net current liabilities position of P45,492,233 (2022: P60,607,549). The continued deterioration of the Company's net liquidity position raised concerns about its ability to continue as a going concern. As the sole shareholder, the Government of the Republic of Botswana, through the Ministry of Communications, Knowledge and Technology, has committed in writing to continue supporting the Company and ensuring the fulfilment of its Universal Service Obligation for the 2023/2024 financial year.

2.2 Financial Results

In the year under review, Botswana Postal Services Limited recorded a loss of P18.86 million (2022: P49.32 million surplus), representing a decline of 138%.

The significant deterioration in performance was primarily due to a reduction in total income to P401 million in the current year from P421.6

million in the prior year, a decrease of P20.6 million (4.9%). Other major contributors to the loss included increases in cost of sales, operating expenses, and finance c

2.3 Working Capital

As at 31 March 2023, the working capital position of Botswana Postal Services Limited showed total current assets of P325.41 million and total current liabilities of P370.91 million, resulting in a net current liabilities position of P45.50 million.

3.0 Management Letter

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

3.1 Untimely Cash in Hand Reconciliation (Repeat Finding)

The auditors noted that amounts from some post offices (Bobonong and Maitengwe) were duplicated, indicating that timely reconciliations of cash on hand were not performed. An unreconciled difference of P57 759 was identified upon reviewing the Virtual Teller Machine and the ledger. Additionally, the cash balance per the Post Global report was short by P3 466.05 compared to the cash counted and verified.

In response, Management acknowledged the finding and stated that controls would be tightened to close the identified gaps, and further training would be provided to end-users.

3.2 Poor Monitoring Controls Over Payables

The auditors noted that reconciliations, as well as the reversal of accruals, were not performed in a timely manner for accruals and provisions accounts. The following were observed:

- i. Security cash-in-transit accrual amounting to P1 220 000 was not reversed after the invoices were received and processed to the supplier control account. The related invoices were not paid before year-end.
- ii. Old accruals relating to rental and printing amounting to P1 240 000 were not reversed when payments were made.

Furthermore, the auditors noted an amount of P9 080 000 related to amounts received in advance from Government departments and other businesses for the payment of boxes and purchase of electricity. Of this amount, P5 490 000 related to amounts received as far back as 2019, which may indicate that the accounting entries were not

processed on a timely basis to release these amounts as the services were consumed.

In response, Management stated that monthly reconciliations would be consistently reviewed and that all accruals captured under the payables module would be reversed. They further explained that all accrual journals would be processed as reversible so that they automatically reverse in the following month. This process is to be implemented in Quarter 1 of the 2023/24 financial year.

As of 30 June 2023, the advance payment balance had been reduced to P5 320 000 after clearing P3 760 000. Efforts were ongoing to reconcile the remaining balances by December 2023 (Q3).

3.3 Untimely Reconciliation Of Agency Account

The auditors noted that the client maintained a commercial bank trust account used exclusively for old age pension agency transactions. However, it was observed that the reconciliation between the trust account balance and the amount payable to the funder was not performed on a timely basis. As at 31 March 2023, the bank statement reflected a balance of P105.29 million, while the agency payable as per the trial balance and client schedules amounted to P91.89 million, resulting in an unreconciled variance of P13.40 million.

Further review indicated that the reconciliation contained reconciling items dating as far back as 2018, demonstrating that these items had not been cleared on a timely basis.

In response, Management stated that the delays were attributable to the late submission of the DSP register by Government due to system challenges on their side. Management indicated that Botswana Postal Services had communicated the matter to the relevant Director on several occasions. Management further stated that the DSP register was still awaited and was expected to enable clearance of all outstanding reconciling items during the year 2024.

3.4 Going Concern Consideration

The auditors noted that for the year ended 31 March 2023, Botswana Postal Services Limited recorded a comprehensive loss before tax of P21.4 million, compared to a profit of P64.1 million in the previous year. Net current liabilities exceeded current assets by P45.5 million (2022: P53.3 million).

The sustained weak financial position and the Post's limited ability to generate sufficient revenue, largely arising from the Universal Service

Obligation (USO), raised concern regarding its ability to continue as a going concern.

The auditors further noted that the adverse economic effects of the COVID-19 pandemic, together with the impact of the Russia-Ukraine war, continued to exert pressure on the Post's revenue, although some improvement had been observed. These conditions indicated the existence of a material uncertainty that may cast significant doubt on the Post's ability to continue as a going concern unless appropriate remedial measures were implemented by the Board of Directors and the Shareholder.

The auditors acknowledged that the Board continued to drive a turnaround strategy, which included the implementation of revenue enhancement initiatives and cost containment measures. The Board also continued to engage the Shareholder with a view to securing capital injections to address the eroded capital base.

The Government of Botswana continued to partially reimburse the Post for costs arising from the USO. However, full reimbursement of the USO costs had not yet been formalised. The auditors noted that formalisation of this commitment, which was at an advanced stage, would significantly improve the Post's financial performance and strengthen its going concern position by providing greater certainty for planning purposes.

150. Botswana Power Corporation

The financial statements of Botswana Power Corporation for the financial year ended 31 March 2023 were audited by Messrs PricewaterhouseCoopers, Certified Auditors, appointed by the Board in terms of Section 22 (2) of the Botswana Power Corporation Act (Cap 74:01).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of the Botswana Power Corporation (the Corporation) as at 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards.

2.2 Material Uncertainty Relating to Going Concern

The auditors drew attention to Note 43 to the financial statements, which indicated that the Corporation incurred a net loss of P498 320 000 for the year ended 31 March 2023 and that, as at that date, the Corporation's current liabilities exceeded its current assets by P3 816 831 000. As disclosed in Note 43, these conditions, together with the anticipated receipt of additional funding from the Government of the Republic of Botswana, indicated the existence of a material uncertainty that may cast significant doubt on the Corporation's ability to continue as a going concern. The auditor's opinion was not modified in respect of this matter.

2.3 Financial Results

The financial operations of the Corporation showed a loss of P498 million (before other comprehensive income) for the year under review, compared to a loss of P650 million in the previous year. The improvement in financial performance was largely attributable to an increase in total operating income of 8.06% from P4.91 billion in the previous year to P5.30 billion in the year under review. The consumer subsidy provided by Government increased by 20% from P500 million in the previous year to P600 million in the year under review.

Total operating expenses increased marginally by 0.84% from P5.32 billion in the previous year to P5.36 billion in the year under review.

An upward revaluation adjustment of P872.17 million was recognised on land, buildings and generation, transmission and distribution assets, resulting in total comprehensive income of P241.79 million for the year under review, compared to total comprehensive income of P2.41 billion in the previous year.

2.4 Working Capital

The working capital position of the Corporation as at 31 March 2023 showed total current assets of P1.51 billion and total current liabilities of P5.33 billion, resulting in a net current liabilities position of P3.82 billion.

3.0 Management Letter

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

3.1 Property, Plant and Equipment-Timely Capitalisation (Repeated Finding)

The auditors noted that the Corporation did not capitalise certain assets in a timely manner. Project engineers certified the dates on which assets were available for use as well as the dates on which the assets should have been capitalised. However, it was observed that some assets were capitalised significantly later than the dates specified on the engineers' certificates.

Examples of delayed capitalisation are summarised below:

Asset number	Document signed date	Capitalisation date as per FAR
10000792	14/03/2017	28/02/2023
10000793	22/04/2020	28/02/2023
10000794	07/09/2020	28/02/2023
10000795	23/06/2020	28/02/2023
10000796	23/12/2016	28/02/2023

In response, Management acknowledged the finding and reported that over 600 commissioned projects had since been capitalised. Management further indicated that the matter would be fully addressed through the closure of Consumer Financed Projects during the 2023/24 financial year. The capitalisation process required physical verification of projects on site prior to recognition in the accounting records, which took longer than initially anticipated. The target date for completion was set for Quarter 4 of the 2023/24 financial year.

3.2 Revenue Receivables – Meter Readings are not Performed as per Corporation's Policy (Repeated finding)

The auditors noted that meter readings were not performed for some customers for periods exceeding three consecutive months. As a result, estimated revenue amounting to P9 million was recognised in respect of customers for whom actual meter readings had not been undertaken for more than three consecutive months. The auditors further noted that, as part of the year-end process, the Corporation routinely reversed estimated revenue relating to accounts where meter readings had not been performed for periods exceeding three consecutive months.

In response, Management acknowledged the finding and indicated that progress had been made towards its resolution. Management reported that Service Electricians had been recruited, whose responsibilities included the performance of meter reading duties. As a result, the proportion of meters estimated beyond three months was reduced from 7% in 2022 to 3% in 2023, reflecting a significant improvement.

3.3 Obsolete Value Added Tax (VAT)

The auditors noted that, in terms of Section 19(1)(a) of the VAT Act, Botswana Power Corporation is entitled to claim input VAT on invoices within three months from the invoice date. The auditors further observed that a significant amount of input VAT remained unclaimed. Based on Management's assessment, unclaimed VAT for the financial year amounted to P15 million.

In response, Management acknowledged the finding and committed to reducing the lead time for invoice processing to ensure that VAT claims are submitted within the prescribed period.

The recurring nature of the issues highlighted by the auditors indicates that the Corporation has not fully addressed prior recommendations. Management is encouraged to implement corrective measures to strengthen internal controls and ensure compliance with statutory requirements.

151. Botswana Privatisation Asset Holdings Limited

At the time of preparing this report, Botswana Privatisation Asset Holdings Limited had not submitted its audited annual financial statements or the accompanying management letter for the financial year ended 31 March 2023.

As a result, a review of the Holding's accounts could not be conducted, limiting the ability of the National Assembly to assess the financial performance and accountability of the entity for the period under review.

152. Botswana Qualifications Authority

The financial statements of Botswana Qualifications Authority for the financial year ended 31 March 2023 were audited by Messrs Mazars, Certified Auditors, appointed by the Board in terms of Section 23 (2) of the Botswana Qualifications Authority Act, (No. 24 of 2013).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements presented fairly, in all material respects, the financial position of Botswana Qualifications Authority as at 31 March 2023, and its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting

Standards and the requirements of the Botswana Qualifications Authority Act, 2013.

2.2 Financial Results

In the year under review, the Authority recorded a deficit of P16.89 million, compared to a surplus of P6.28 million in the previous year. The main contributor to the decline was a 26% decrease in total income, from P93.13 million in the previous year to P68.94 million in the year under review.

Government grant accounted for 64% of total income and decreased by 41%, from P75.53 million in the previous year to P44.31 million in the year under review.

Expenditure decreased slightly by 1%, from P86.85 million in the previous year to P85.82 million in the year under review.

2.3 Working Capital

As at 31 March 2023, the working capital position of the Authority showed total current assets of P74.72 million and total current liabilities of P69.23 million, resulting in a net current assets position of P5.48 million.

3.0 Management Letter

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

3.1 Recommendations from Forensic Audit Report Not Fully Implemented (Repeated Finding)

The auditors noted that recommendations from the forensic audit conducted by Ernst & Young in 2017 had not been fully implemented. Specifically, recommendations from the Ombudsman report and the forensic audit on the use of experts had not been actioned. Management indicated that not all recommendations were implemented because some were straightforward with no cost implications, while others were long-term and required funding. Management further noted that most recommendations were targeted for completion by 31 March 2023, with a few extending into the 2023/24 financial year.

In response, Management acknowledged the concerns raised regarding the Ernst & Young forensic audit report and the Ombudsman report. They confirmed their commitment to adhering to the timelines in the action plan. The action plan for the forensic investigation report had

been drawn up and was scheduled for presentation to the Risk and Audit Committee for approval at its meeting on 9 June 2023.

3.2 Report from the Ombudsman Not Fully Implemented (Repeated Finding)

The auditors noted that an investigation was conducted by the Office of the Ombudsman during 2020/2021. The report identified a number of control deficiencies in the process of accrediting local educational institutions by the Botswana Qualifications Authority.

The implementation of the recommendations, including the finalisation of the review of the BQA Act and Regulations, was ongoing, with the target completion date revised from 31 March to 31 December 2023.

In response, Management acknowledged the concerns and confirmed their commitment to adhering to the timelines outlined in the action plan.

3.3 Forensic Investigation on The Use of Experts by Core Departments (Repeated Finding)

The auditors noted the results of a forensic investigation conducted during the 2020/2021 financial year concerning the use of experts by core departments. The investigation highlighted issues related to accreditation and expert fees, and some employees were suspended to facilitate the inquiry.

In response, Management indicated that an action plan for the Forensic Investigation report had been drawn up and presented for approval by the Risk and Audit Committee at its meeting on 9 June 2023.

3.4 No Approved Policy on Non-complying ETPs for the Annual Subscription Fees (repeat finding)

The auditors noted that receivables totaling P1 264 718 as at year-end were outstanding from Educational Training Providers (ETPs) for annual subscription fees. Of this amount, P526 000 related to prior financial years and was therefore long outstanding. Only P47 000 had been received from these prior-year debtors. Consequently, there is a high likelihood that the remaining balance may not be recovered in the near future. The debtors could be impaired beyond the 11.42% currently provided for as non-recoverable.

In response, Management indicated that compliance and monitoring procedures had been developed and submitted for quality assurance

to the Quality Management System Division. The procedures were targeted for approval by the Executive Committee by 31 May 2023 and subsequently submitted to the Quality Assurance Committee and the Board for noting by 30 June 2023.

153. Botswana Railways

At the time of preparing this report, Botswana Railways had not submitted its audited annual financial statements or management letter. The last submission was for the financial year 2018/19, and no submissions have been made since.

As a result, I have been unable to review the accounts of Botswana Railways for the financial year ended 31 March 2023, limiting the National Assembly's ability to assess the entity's financial performance and accountability.

154. Botswana Savings Bank

The financial statements of Botswana Savings Bank for the financial year ended 31 March 2023 were audited by Messrs Deloitte, Certified Auditors, appointed by the Board with the approval of the Bank of Botswana in terms of Section 4 (1) of the Botswana Savings Bank Act (Cap 56:03).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of Botswana Savings Bank (the "Bank") as at 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

2.2 Financial Results

The financial operations of the Bank showed a profit of P6.45 million for the year under review, compared to a profit of P34.34 million in the previous year, representing a decrease of 81.21%.

Income increased by 5.19% from P178.86 million in the previous year to P188.15 million in the year under review. Government grants increased to P19.44 million in the year under review, compared to P9.84 million in the previous year.

2.3 Working Capital

The working capital position of the Bank as at 31 March 2023 showed total current assets of P3 billion and total current liabilities of P2.79 billion, resulting in a net current assets position of P0.21 billion.

3.0 Management Letter

The significant matter below was raised by the auditors:

3.1 Dormant Fund not Transferred to the Central Bank after 10 years (repeat finding)

The auditors stated that, in terms of Section 39 of the Banking Act, all dormant accounts should be transferred to the Central Bank after 10 years if they have not been subsequently claimed by the respective account holders. They noted that, as at year-end, accounts amounting to P28 172 863 had been dormant for more than 10 years and should therefore be transferred to the Central Bank.

In response, Management acknowledged the finding and indicated that action would be taken to rectify the matter.

155. Botswana Stock Exchange Limited

The financial statements of Botswana Stock Exchange Limited for the financial year ended 31 December 2022 were audited by Messrs Grant Thornton, Certified Auditors, appointed by the Stock Exchange Committee in terms of Section 41 (2) of the Botswana Stock Exchange Act, (Cap 56:08).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements of the Botswana Stock Exchange gave a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards.

2.2 Financial Results

In the year under review, the Group and the Stock Exchange recorded a profit of P10.58 million and P11.96 million respectively, compared to P11.14 million and P10.58 million recorded in the previous year.

The income for the Group increased by 6.34% from P49.55 million in the previous year to P52.69 million in the year under review, while expenses increased by 8.84% from P38.14 million in the previous year to P41.51 million in the year under review.

2.3 Working Capital

As at December 2022, the Group's working capital position showed total current assets of P117.06 million and total current liabilities of P9.01 million, resulting in net current assets of P108.05 million.

For the Stock Exchange, total current assets were P99.90 million and total current liabilities were P7.37 million, resulting in net current assets of P92.53 million.

3.0 Management Letter

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

156. Botswana Telecommunications Corporation Limited

The financial statements of Botswana Telecommunications Corporation Limited for the financial year ended 31 March 2023 were audited by Messrs Deloitte & Touché, Certified Auditors, appointed by the Board.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The consolidated and separate financial statements gave a true and fair view of the financial position of Botswana Telecommunications Corporation Limited as at 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

2.2 Financial Results

The financial operations of the Corporation recorded a profit of P108.32 million for the year under review, compared to a profit of P134.73 million in the previous year (before impairment on assets transferred to held-for-sale of P7.76 million and the income tax effect of P1.71 million).

The decline in financial performance was attributable to a 9% increase in administrative expenditure to P439.17 million (2022: P403.57 million). Other expenses also increased by 14% to P254.09 million in the year under review (2022: P222.44 million).

Revenue increased slightly by 1% to P1.40 billion in the year under review (2022: P1.39 billion).

2.3 Working Capital

As at 31 March 2023, the working capital position of the Corporation showed total current assets of P865.38 million and total current liabilities of P384.23 million, resulting in a net current assets position of P481.15 million.

3.0 Management Letter

In view of the restrictions imposed by the Botswana Stock Exchange Listing Requirements, no comments have been made on the issues raised in the management letter.

157. Botswana Tourism Organisation

At the time of preparing this report, Botswana Tourism Organisation had not submitted its annual financial statements and management letters for the five financial years from 2018/19 to 2022/23.

The continued failure to submit audited accounts constitutes a breach of Section 22(2) of the Botswana Tourism Organisation Act, which requires that the Organisation's accounts be audited within three months after the end of each financial year.

Despite repeated commentary in prior reports, this non-compliance has persisted. Consequently, the National Assembly has been unable to examine the Organisation's financial position in a timely manner, undermining transparency, accountability, and fiscal oversight.

The prolonged delay in audit completion and financial reporting raises serious governance concerns and calls for urgent corrective action. The Organisation

must prioritize compliance with statutory requirements to restore public trust and uphold its accountability to the National Assembly.

158. Botswana Trade Commission

The financial statements of Botswana Trade Commission for the financial year ended 31 March 2023 were audited by Messrs Grant Thornton, Certified Auditors, appointed by the Board in terms of Section 29(1) of the Botswana Trade Commission Act, No. 20 of 2013.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The annual financial statements gave a true and fair view of the financial position of Botswana Trade Commission as at 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards.

2.2 Financial Results

The financial operations of the Commission recorded a deficit of P43 653 for the year under review, compared to a surplus of P535 713 reported in the previous year.

Income for the year under review was P11.48 million (2022: P11.34 million), representing an increase of 1.3%.

Total expenditure of the Commission during the year was P11.54 million (2022: P10.81 million), an increase of 6.7%. The main contributor to this increase was Employee Costs, which stood at P7.27 million (2022: P6.10 million), an increase of 19%.

The Commission was fully funded by Government grants amounting to P11.48 million in the year under review, representing 100% of total income.

2.3 Working Capital

As at 31 March 2023, the working capital position of the Commission showed total current assets of P715 842 and total current liabilities of P1.73 million, resulting in a net current liabilities position of P1.02 million.

Included in the current liabilities were payroll accruals amounting to P706 513.

3.0 Management Letter

Below is a significant matter raised by the auditors and the management responses thereto;

3.1 Corporate governance - Composition of the Board of Directors

The auditors noted that five Board members retired upon completion of their terms and had not been replaced. Consequently, no Board meetings were held since October 2022.

It was further observed that the senior management position of Director of Finance became vacant subsequent to the period end and had not yet been filled. Management indicated that the Commission was awaiting the relevant ministry to appoint new Board members. The Commission was also undergoing a restructuring exercise, and recruitment for vacant positions would be undertaken once the new structure had been approved.

In response, Management acknowledged the audit finding and noted that the Ministry of Trade is responsible for appointing the Board of Directors for the Botswana Trade Commission; accordingly, the Director of Finance would be appointed only after the Board had been constituted.

159. Botswana Unified Revenue Service

The financial statements of Botswana Unified Revenue Service (BURS) for the financial year ended 31 March 2023 were audited by Messrs PricewaterhouseCoopers, Certified Auditors, appointed by the Board in accordance with Section 28 (2) of the Botswana Unified Revenue Service Act (Cap 53:03).

2.0 Accounts

Administered Government Revenue Accounts

2.1 Audit Opinion

In the opinion of auditors:

The financial statements of BURS Administered Government Revenue Accounts as at 31 March 2023 were prepared in all material respects, in accordance with the modified cash basis of accounting as outlined in

the “Basis of Preparation” paragraph under significant accounting policies.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use.

The auditors drew attention to note 1 on page 11 of the financial statements which describes the basis of accounting, and is based on agreement between the Revenue Service and the Ministry of Finance (the “Ministry”) to meet the financial reporting requirements of the Ministry. As a result, the financial statements may not be suitable for another purpose. The report of the auditors was intended solely for the Revenue Service and the Ministry and should not be distributed to or used by any other parties. The opinion of the auditors was not modified in respect to this matter.

2.2 Revenue Receipts

The table below shows the tax revenues collected during the year and the amounts credited to the Consolidated Fund:

	BURS Receipts	Credited to
	<u>P'000</u>	<u>Consolidated Fund</u>
		<u>P'000</u>
Income Tax	26 500 000	26 499 644
Value Added Tax	9 446 000	9 466 485
Customs – SACU Pool	13 853 000	13 853 215
Receipts		
Other Tax Revenue	1 198 000	0
Total	50 997 000	49 819 344

Own Accounts

2.3 Audit Opinion

In the opinion of the auditors:

In the opinion of the auditors, the financial statements gave a true and fair view of the financial position of Botswana Unified Revenue Service (the “Revenue Service”) as at 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

2.4 Financial Results

In the year under review, Botswana Unified Revenue Service (BURS) recorded a surplus of P36.66 million, compared to a restated deficit of P26.47 million in the previous year.

The improved performance was largely attributable to a 22% increase in total income, which rose to P1.10 billion (2022: P897.14 million).

Expenditure for the year stood at P1.06 billion, an increase of P136.15 million (14.7%) from P923.85 million in the previous year. The main driver of this increase was Staff Costs, which amounted to P703.13 million.

2.5 Working Capital

As at 31 March 2023, the working capital position of the Revenue Service showed total current assets of P300.49 million and current liabilities of P203.40 million, resulting in a net current assets position of P97.09 million.

3.0 Management Letter

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

3.1 Non-Compliance With Applicable Legal And Regulatory Requirements

The auditors noted that, in terms of Paragraph 28 (2) of the Botswana Unified Revenue Service Act, BURS is required to submit its books of accounts and statement of accounts to an auditor appointed by the Board within 60 days of the financial year-end, and ensure that the accounts are audited no later than three months after the year-end. Additionally, Paragraph 29 (1) requires BURS to submit to the Minister a comprehensive report on its operations during the financial year within six months of the year-end.

For the year ended 31 March 2023, BURS did not comply with the requirements of these provisions.

In response, Management attributed the delay to inaccurate data provided to the reporting system, which required extensive technical corrections before a trial balance could be generated. While the BACH system functioned effectively, challenges were encountered with the Lekgetho Life and CMS system interfaces, particularly in receipting and data transfer to the accounting system (ACCPAC). Management indicated that additional work is ongoing to resolve these issues.

3.2 Leases – Property Still In Use But Without A Valid Signed Renewal Contract

The auditors noted that the lease for Portion 116 property expired in March 2022. Despite this, BURS continued occupying the premises and paying rent, with no renewal or new lease agreement executed.

In response, Management approved renewal of the lease at a base rental of P14 600 per month in June 2022, and the heads of terms were agreed by both parties. However, the proposed lease prepared by the landlord included clauses to which BURS objected. Several engagements were undertaken to resolve the matter, but the lease had not yet been signed. Management further noted that monthly rental was invoiced at the previous rate of P22 249.08, which BURS had queried. The matter remains under discussion and resolution by both parties.

3.3 Detailed Fixed Asset Register (FAR) had not been updated based on new approved Residual values

The Fixed Asset Register (FAR) had not been updated to reflect the new approved policy, resulting in intangible assets still showing residual values contrary to policy. Management has committed to correcting the register accordingly.

160. Botswana Vaccine Institute Limited

The financial statements of Botswana Vaccine Institute Limited for the financial year ended 31 March 2023 were audited by Messrs Grant Thornton, Certified Auditors, appointed by the Board.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of Botswana Vaccine Institute Limited as at 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

2.4 Financial Results

In the year under review, Botswana Vaccine Institute recorded a surplus of P45.16 million, compared to a surplus of P46.14 million in the previous year. The decline in financial performance was primarily attributable to

an increase in distribution costs by P15.58 million (83%), rising from P18.77 million in the previous year to P34.34 million in the year under review.

Revenue increased by 63%, from P151.36 million in the previous year to P246.01 million in the year under review. The bulk of the revenue, P227.95 million (93% of total revenue), was generated from Foot and Mouth Disease vaccines.

2.3 Working Capital

As at 31 March 2023, the working capital position of Botswana Vaccine Institute showed total current assets of P370.32 million and total current liabilities of P53.72 million, resulting in a net current assets position of P316.60 million.

3.0 Management Letter

Below is a significant matter raised by auditors and the management response thereto-

3.1 Poor Monitoring Controls Around PPE

The auditors noted that two structures being built at the client ranch for two farmhouses were transferred from Work in Progress to the Finished Ranch Improvements accounts. However, the structures appeared not to be in a good state. Upon further inquiry, management indicated that the hired contractor had been laid off and no work was currently being performed on the structures.

The auditors also noted that the yearly antivirus subscription was capitalized as part of computer equipment instead of being recognized as an operating expense.

During the review of PPE, it was further noted that the client had disposed of a transformer and a motor vehicle (B678AIP). These assets had a nil Net Book Value but were not removed from the Fixed Asset Register.

In response, Management acknowledged the finding and indicated that the Fixed Asset Register would be reconciled on a monthly basis to ensure all necessary adjustments are processed.

161. Botswana University of Agriculture & Natural Resources

At the time of preparing this report, Botswana University of Agriculture & Natural Resources had not submitted its annual financial statements or the accompanying management letter for the financial year ended 31 March 2023.

As a result, I have been unable to conduct a review of the University's accounts for the year under review and, therefore, cannot provide an assessment to the National Assembly at this stage.

162. Citizen Entrepreneurial Development Agency

The financial statements of Citizen Entrepreneurial Development Agency (CEDA) for the financial year ended 31 March 2023 were audited by Messrs Grant Thornton, Certified Auditors, appointed by the Board.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The consolidated and separate financial statements gave a true and fair view of the consolidated and separate financial position of Citizen Entrepreneurial Development Agency (CEDA) and its subsidiaries as at 31 March 2023, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended, in accordance with International Financial Reporting Standards.

2.2 Financial Results

The financial operations of the Group recorded a loss of P232.15 million before Other Comprehensive Income in the year under review, compared to a profit of P104.65 million before Other Comprehensive Income in the previous year.

The company recorded a loss of P220.83 million before Other Comprehensive Income in the year under review, compared to a profit of P105.07 million in the previous year.

The decline in the Group's financial performance was mainly attributable to an increase in depreciation and amortisation expenses of 31%, from P17.35 million in the previous year to P22.79 million in the year under review. Finance costs for the Group also increased significantly by 149%, from P20.15 million in the previous year to P50.13 million in the year under review.

2.3 Working Capital

As at 31 March 2023, the working capital position of the Group showed total current assets of P255.45 million and total current liabilities of P79.24 million, resulting in a net current assets position of P176.21 million.

At the same date, the Company had total current assets of P187.89 million and total current liabilities of P67.82 million, resulting in a net current assets position of P120.07 million.

3.0 Management Letter

The auditors issued a management letter in which the matters raised related to accounting procedures and internal controls of an internal management nature and, accordingly, did not merit inclusion in this report.

163. Civil Aviation Authority of Botswana

The financial statements of the Civil Aviation Authority of Botswana for the financial year ended 31 March 2023 were audited by Messrs Grant Thornton, Certified Auditors, appointed by the Board in terms of the Civil Aviation Act, 2011.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of Civil Aviation Authority of Botswana as at 31 March 2023 and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

2.2 Material Uncertainty Related to Going Concern

The auditors drew attention to Note 23 to the financial statements, which indicated that the Authority had an accumulated deficit of P33.36 million (2022: P48.05 million) and a net current liabilities position of P12.41 million (2022: P27.09 million). In addition, current liabilities exceeded current assets by P47.87 million (2022: P54.47 million). These events or conditions, together with other matters as set out in Note 23, indicated that a material uncertainty existed that may cast significant doubt on the Authority's ability to continue as a going concern. The auditor's opinion was not modified in respect of this matter.

2.3 Financial Results

The financial operations of the Civil Aviation Authority of Botswana recorded a surplus of P14.69 million in the year under review, compared to a surplus of P4.71 million in the previous year. The improvement in financial performance was mainly attributable to an increase in finance income of 152%, from P481 212 in the previous year to P1.21 million in the year under review. Revenue also increased by 78% from P101.83 million in the previous year to P181.13 million in the year under review.

Government grants decreased by 30% from P184.34 million in the previous year to P129.92 million in the year under review.

Total expenditure increased by 4% from P280.85 million in the previous year to P291.55 million in the year under review.

2.4 Working Capital

The working capital position of the Authority as at 31 March 2023 showed total current assets of P64.80 million and total current liabilities of P112.68 million, resulting in a net current liabilities position of P47.88 million.

3.0 Management Letter

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

3.1 Review of Property, Plant and Equipment

During the review of Property, Plant and Equipment (PPE), the auditors identified several matters relating to the application of accounting policies and asset management practices.

The auditors noted that depreciation rates applied to residential properties ranged from 1% to 17%, which was not in line with the prescribed policy of 2% to 3% (i.e., 30 to 50 years). Upon recalculation, depreciation in accordance with the policy amounted to P81.40 million, compared to the trial balance figure of P82.48 million, resulting in an overstatement of P1.09 million.

For computer equipment, depreciation rates applied ranged from 6% to 20%, whereas the policy prescribes 20% to 33% (i.e., 3 to 5 years). The auditors recalculated depreciation to be P3.47 million compared to the trial balance of P2.59 million, resulting in an understatement of P880,697.

The auditors observed that certain assets did not have identification tags or fixed asset numbers for traceability to the Fixed Asset Register. However, asset numbers were included in the register.

Several fully depreciated assets were still in use. Management had not reassessed the useful lives of these assets, nor had an impairment assessment been conducted during the year.

Management acknowledged the audit findings and committed to updating the asset management policy to ensure consistent application of depreciation rates, proper asset identification, and timely impairment assessments.

The auditors noted that similar findings have been reported in prior years, highlighting the need for consistent attention to PPE management and controls.

3.2 Going Concern consideration

The auditors noted that for the year ended 31 March 2023, the Authority recorded a comprehensive surplus of P14.7 million (2022: P4.7 million). As at 31 March 2023, the accumulated deficit stood at P33.3 million (2022: P48 million), and net current liabilities exceeded current assets by P47.8 million (2022: P54.4 million). These events or conditions, along with other matters as set forth, indicate that a material uncertainty exists that may cast significant doubt on the Authority's ability to continue as a going concern.

Although the Government had committed to providing funding to the Authority, the extent and duration of such support remained uncertain. It was unpredictable when the long-term residual effects of COVID-19 and prevailing economic pressures would reduce to levels allowing the Authority to return to normal operations. The Ministry of Transport and Public Works continued to engage management to implement and review measures aimed at improving the Authority's financial position.

164. Companies and Intellectual Property Authority

The financial statements of Companies and Intellectual Property Authority for the financial year ended 31 March 2023 were audited by Messrs Ernest & Young, Certified Auditors, appointed by the Board in terms of Section 32 (1) of the Companies and Intellectual Property Authority Act, (Cap 42:13).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of the Companies and Intellectual Property Authority as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Intellectual Property Authority Act (Cap 42:13).

2.2 Financial Results

The Authority recorded a deficit of P5.03 million in the year under review, compared to a surplus of P2.24 million in the previous year. This decline in financial performance was mainly due to an increase in administration and other expenses, which rose by P6.15 million from P63.46 million in the previous year to P69.61 million in the current year. Total income for the year amounted to P66.05 million, representing a slight decrease of 0.82% from P66.60 million reported in the previous year.

The Authority was largely funded by a Government grant of P55.77 million, which accounted for 84.44% of total income.

2.3 Working Capital

As at 31 March 2023, the working capital position of the Authority showed total current assets of P27.05 million and total current liabilities of P28.64 million, resulting in a net current liabilities position of P1.60 million.

3.0 Management Letter

Below was a significant matter raised by auditors and the management response thereto:

3.1 Reassessment of Useful Lives (Repeat finding)

The auditors noted that certain assets in the Fixed Asset Register were fully depreciated yet still in use, indicating that these assets may have been depreciated at a higher rate than appropriate.

In response, Management acknowledged the finding and indicated that the process of reviewing the useful lives and residual values of assets was ongoing.

165. Competition and Consumer Authority

The financial statements of the Competition and Consumer Authority for the financial year ended 31 March 2023 were audited by Messrs KPMG, Certified Auditors, appointed by the Competition Commission in terms of Section 23 of the Competition Act 2018.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of the Competition and Consumer Authority as at 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards.

2.2 Financial Results

The financial operations of the Authority for the year ended 31 March 2023 recorded a total comprehensive loss of P162 725, compared to a total comprehensive loss of P1.60 million in the previous year.

Total revenue decreased by 4.76% from P41.77 million in 2022 to P39.78 million in 2023. Government subvention, which makes up the bulk of the Authority's revenue, amounted to P37.19 million (93.5% of total revenue) in 2023, compared to P38.74 million (92.7% of total revenue) in 2022. Revenue from other sources decreased from P3.03 million in 2022 to P2.59 million in 2023.

Expenditure decreased by 6.88% from P41.83 million in the previous year to P38.95 million in the year under review. This reduction was largely attributable to a decrease in staff costs by 14.41%, from P30.44 million in the previous year to P26.05 million in the year under review.

2.3 Working Capital

As at 31 March 2023, the working capital position of the Authority showed total current assets of P5.80 million and total current liabilities of P8.16 million, resulting in a net current liabilities position of P2.36 million.

3.0 Management Letter

Below was a significant matter raised by the auditors and the management response thereto:

3.1 Fully Depreciated Assets (repeat finding)

The auditors observed that a significant number of assets included in the fixed asset register were fully depreciated, indicating that they had been used beyond their useful lives. The cost of these fully depreciated assets amounted to approximately P7.5 million.

In response, Management indicated that they had identified assets for disposal during the current year and that a fixed asset register clean-up exercise was planned, with a target completion date of 31 March 2024.

166. Gambling Authority

The financial statements of the Gambling Authority for the financial year ended 31 March 2023 were audited by Messrs PricewaterhouseCoopers, Certified Auditors, appointed by the Board in terms of Section 20 of Gambling Act, 2012.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of the Gambling Authority as at 31 March 2023, and of its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards.

2.2 Financial Results

The Authority recorded a deficit of P1.19 million in the year under review, compared to a deficit of P36 358 in the previous year.

Expenditure increased by 45.05% from P36.13 million in the previous year to P52.41 million in the year under review. Income also increased by 38.58% from P38.38 million in the previous year to P53.19 million in the year under review.

The Authority was funded by Government grants and in the year under review the grant was P30.98 million compared to P33.95 million in the previous year.

2.3 Working Capital

As at 31 March 2023 the working capital position of the Authority showed total current assets of P67.64 million and total current liabilities of P69.87 million, resulting in a net current liabilities position P2.23 million.

3.0 Management Letter

Below is the significant matter raised by the auditors and the Management response thereto:

3.1 Application Of Cash Basis On Accounting For Levies, Entrance Fees And Responsible Gambling Fees Collected From Casino

The auditors noted that Management recognised entrance fees, responsible gambling fees and levies when they were credited into the Authority's bank account. The following levies, responsible gambling fees and entrance fees had not been accounted for in the general ledger for the year ended 31 March 2023:

Teemane Casino - P91 590
Moonlite Casino - P11 838

Furthermore, the auditors also noted that receivables amounting to P189 687 from Kings Casino had not been accounted for. The details were as follows:

Period	Gaming Levy (P)	Entrance Fees (P)	Responsible Gambling (P)	Penalty (P)	Total (P)
April 2017	13 879	6 080	6 940	20 000	46 900
May 2017	26 041	6 589	13 021	20 000	65 651
June 2017	28 424	7 094	14 212	20 000	69 730
July 2019	-	-	-	7 406	7 406
Total	68 345	19 763	34 172	67 406	189 687

In response, Management acknowledged the implication and recommendations and stated that the board approved the revocation of King's casino license due to non-compliance and failure to meet license conditions. The Authority further engaged legal channels to recover the outstanding amounts.

Management highlighted that Teemane Casino closed without informing the Authority in February 2023 and ever since they had not paid levies as per Gambling Act. The process of revoking the license

and collection of all amounts due through legal channels, were in progress.

Management further indicated that an amount of the P11 838 represented the rectification of prior overpayments by Moonlite Casino and all transactions would be accounted for on accrual basis.

167. Human Resource Development Council

The financial statements of the Human Resource Development Council for the financial year ended 31 March 2023 were audited by Messrs Ernst & Young, Certified Auditors, appointed by the Board in terms of Section 23 (2) of the Human Resource Development Council Act, (No. 17 of 2013).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of Human Resource Development Council as at 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards.

2.2 Financial Results

The financial operations of the Council recorded a deficit of P5.65 million for the year under review, compared to a profit of P14.05 million in the previous year. Revenue decreased by 17% from P85.79 million in the previous year to P71.33 million in the year under review, while Other Income increased by 97% from P6.67 million to P13.12 million.

Expenditure increased by 16% from P79.09 million in the previous year to P91.63 million in the year under review. The increase was mainly attributable to Travelling and Accommodation expenses, which rose by P1.69 million from P34 248 in the previous year to P1.72 million, and Stakeholder Meetings and Conferences expenses, which increased by P1.33 million from P310 848 to P1.64 million. Additionally, the Council incurred BHRDS Fair Career Clinic expenses of P4.52 million during the year.

Of the total revenue of P71.33 million, P26.71 million was Government grant and P44.63 million was Human Resource Development Fund Administration fees.

2.3 Working Capital

As at 31 March 2023, the working capital position of the Council showed total current assets of P51.34 million and total current liabilities of P33.78 million, resulting in a net current assets position of P17.56 million. The current liabilities included Staff Accruals of P12.45 million and unutilised grants of P17.18 million.

3.0 Management Letter

The following were some matters raised by the auditors and the management response thereto:

3.1 Property, Plant & Equipment-Assessment of Useful Life (Repeat Finding)

The auditors noted that there were assets with a carrying amount of zero that were still in use. This indicated that these assets were being depreciated at a higher rate than prescribed. Examples of such assets included:

- GEO 000009 - RT700 Commercial Treadmill
- OE000075 – Exhibition stand and single leg zigzag header
- OE000102 – Resource Centre Book Detection System
- OE000134 – PABX Telephone System
- OE000135 – Canon IRC5045i Digital Copier
- OE000346 -65CPM Color Copier
- SO000050 – SYSAID ITSM Edition package
- SO000051 – IP Switch Whatsup Gold

In response, management acknowledged the finding and indicated that they had since prepared a disposal plan for 2023-24 for assets that were obsolete, as well as for those that would be in use beyond the end of 2023-24.

3.2 Other receivables- Long Outstanding Receivables (Repeat Finding)

Upon review of receivables, the auditors noted that there were long outstanding other receivables from former employees amounting to P252 844.21 that had not been recovered.

In response, management acknowledged the audit finding. They stated that the amount related to a former employee who had purchased a motor vehicle through the HRDC Botswana Savings Bank Staff Guaranteed Motor Vehicle Scheme. Management further explained that the vehicle was repossessed but had not yet been sold. Legal advice had been sought on how to conclude the matter, and the recommendations will be implemented during the 2023/2024 financial year.

168. Legal Aid Botswana

The financial statements of Legal Aid Botswana for the financial year ended 31 March 2023 were audited by Messrs IAMS, Certified Auditors, appointed by the Board in terms of Section 25 (2) of the Legal Aid Botswana Act, (Cap16:02).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements presented fairly, in all material respects, the financial position of Legal Aid Botswana as at 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the requirements of the Legal Aid Botswana Act 18, 2013.

2.2 Financial Results

The financial operations of Legal Aid Botswana for the year ended 31 March 2023 recorded a surplus of P1.48 million, compared to a surplus of P90 407 in the previous year.

Government grant for the year was P45.87 million (Government Subvention and Amortisation of Capital Grant), which constituted 95.91% of the total income of P47.82 million of Legal Aid Botswana.

Expenditure was P46.14 million in the year under review, compared to P46.21 million in the previous year, representing a decrease of 0.16%. The major contributors to the decrease in expenditure were as follows:

Item	2023 (P million)	2022 (P million)	% Decrease
Depreciation	4.09	4.25	3.76
Operating Expenses	9.33	10.37	10

2.3 Working Capital

As at 31 March 2023, the working capital position of Legal Aid Botswana showed total current assets of P14.61 million and total current liabilities of P15.49 million, resulting in a net current liabilities position of P885 677.

3.0 Management letter

The auditors issued a management letter, and the matters raised related to accounting procedures and internal controls. These issues were of interest only to management and, therefore, did not merit inclusion in this report.

169. Local Enterprise Authority

The financial statements of Local Enterprise Authority for the financial year ended 31 March 2023 were audited by Messrs Baker Tilly, Certified Auditors, appointed by the Board in terms of Section 25 (2) of the Small Business Act, (Cap 43:10).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements of the Local Enterprise Authority presented fairly, in all material respects, the financial position of the Authority as at 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards.

2.2 Financial Results

For the year ended 31 March 2023, the Local Enterprise Authority recorded a net deficit of P20.02 million, compared to a restated net surplus of P18.93 million in the previous year, representing a decline of 5.78% in overall financial performance.

The decrease in surplus was primarily driven by a 22.84% reduction in revenue, which fell from P171.31 million (restated) in the prior year to P132.19 million during the year under review.

The Authority's operations were predominantly funded through Government grant amounting to P120.47 million, representing 91.13% of total income for the year.

2.3 Working Capital

As at 31 March 2023, the Authority's working capital position showed total current assets of P74.47 million and total current liabilities of P78.37 million, resulting in a net current liability position of P3.89 million.

3.0 Management letter

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

3.1 No Formal Written Or Documented Accounting Policies And Procedures

The auditors noted that the Authority did not have formal written or documented accounting policies and procedures in place. Such policies are a key control document that guide staff on how transactions should be handled and processed.

In response, Management accepted the recommendation and stated that Finance had documented the processes, which will be reviewed and enhanced by the end of the financial year.

3.2 Lack Of Segregation Of Duties

The auditors noted that the Acting CFO was concurrently performing multiple roles within the Authority, including those of Finance Manager, Procurement Manager, Administration Manager, Facilities Manager, and Contracts Manager. The consolidation of these responsibilities resulted in a lack of segregation of duties.

In response, Management acknowledged the recommendations and indicated that a review of roles would be undertaken, and any structural deficiencies would be addressed.

3.3 No Clear Appropriate Basis for Determining Market Gap Allowance

The auditors observed that there was no clear or documented basis for determining the market gap allowance paid to employees. The allowance amounts had been established in prior years, with no subsequent review to assess their continued relevance or adequacy. Furthermore, the auditors were unable to obtain sufficient evidence regarding the methodology used to determine the allowance, including formal approvals by the Board.

Management acknowledged the concern and indicated that a market survey was underway to assess the alignment of salaries with prevailing market conditions. The findings of this survey will inform the future approach to market gap allowances. Management further confirmed that any adjustments or decisions arising from the survey will be subject to appropriate Board approvals.

3.4 Lack of Controls Over Capital Work In Progress (WIP) Management

The auditors noted that there was no documented evidence of systematic monitoring of Work-in-Progress (WIP) projects, including the review of costs capitalised under each project. There was also no indication that actual costs were being compared to approved capital budgets, nor was there evidence of follow-up on identified variances.

Furthermore, the auditors observed that management was unable to fully substantiate the completion dates of certain projects or provide supporting documentation for the dates from which the related assets were depreciated.

Management acknowledged the findings and accepted the recommendation. A Project Coordinator had since been appointed, and this role was expected to enhance the monitoring of ongoing projects, ensure proper documentation, and facilitate the preparation of close-out reports.

170. Mineral Development Company Botswana Limited

Mineral Development Company Botswana Limited had not submitted the audited financial statements and management letter. This non-submission has persisted for 5 consecutive financial years, including the year ended 31 March 2023.

Consequently, I have not been able to carry out the review of the accounts of the Company for the financial year ended 31 March 2023 for the benefit of the National Assembly.

171. Motor Vehicle Accident Fund

At the time of preparing this report, the Motor Vehicle Accident Fund had not submitted its audited financial statements and the accompanying management letter for the financial year ended 31 December 2023. This non-submission has persisted for 2 consecutive financial years, including the year ended 31 March 2023.

As a result, I have been unable to conduct a review of the Fund's accounts for the stated period, and therefore cannot provide the necessary reporting to the National Assembly.

172. National Development Bank

The financial statements of the National Development Bank for the financial year ended 31 March 2023 were audited by Messrs Ernst & Young, Certified Auditors, appointed by the Board in terms of Section 19 (2) of the National Development Bank Act, (Cap 74:05).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

Except for the effects of the matters described in the Basis for Qualified Opinion section of their report, the consolidated and separate financial statements gave a true and fair view of the consolidated and separate financial position of National Development Bank as at 31 March 2023, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended, in accordance with International Financial Reporting Standards and the requirements of the National Development Bank Act, No. 74:05 of Botswana.

2.2 Basis for Qualified Opinion

The auditors noted that Loans and Advances to Customers were stated at P871 860 (2022: P849 418) for both the Group and the Bank, net of the Estimated Credit Loss (ECL) allowance of P212 663 (2022: P173 297) for both the Group and the Bank. The auditors identified unresolved matters that continued to affect the ECL allowance model under IFRS 9 – Financial Instruments:

- The forward-looking information used in the ECL model did not employ theoretically sound methodologies. Macroeconomic variables and forecasts were not extracted from reputable sources. The 12-month Probability of Default (PD) applied contained no forward-looking adjustments, while the lifetime PD scores were highly inflexible (fixed weights) and did not account for the magnitude of changes in macroeconomic variables.
- Historical data, including borrowers' financial information, collateral values, loan terms, and effective interest rates, remained unreliable for IFRS 9 calculations. The Group had commenced processes to update these inaccuracies and outdated data, which were still ongoing.

The auditors further noted exceptions in the current year's methodology and models, including discounting of Stage 3 exposures, abnormal Loss Given Default (LGD) data, unexpected PD distribution, inappropriate PD segmentation, direct migration from Stage 3 to Stage 1 for restructured accounts, and other related discrepancies. The auditors indicated that it was not possible to quantify the full impact of these exceptions on the ECL and related disclosures, but they estimated that the effects could be material.

As a result, the auditors were unable to obtain sufficient and appropriate audit evidence regarding the carrying amount of Loans and Advances to Customers and could not determine the consequential effect on the ECL included in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2023, reported at P52 886 for the Group and P52 683 for the Bank (2022: P94 418 for both the Group and Bank). This included credit risk disclosures in Note 31 – Financial Instruments and Risk Management. The auditors also reported that the matter was qualified in the prior year for the same reasons.

2.3 Financial Results

In the year under review, the Group recorded a deficit of P49.77 million compared to P100.78 million in the previous year, while the Bank recorded a deficit of P50.08 million (2022: P101.55 million). The auditors noted that the main contributor to the improved financial performance was an increase in total income from banking activities by 21% to P101.28 million (2022: P83.80 million).

Revenue for the Bank in the year under review was P164.44 million (2022: P152.45 million), representing an increase of 8%. Government grant amounted to P14.57 million (2022: P16.34 million), representing a decrease of P1.77 million (11%) from the previous year.

The Group's expenditure for the year under review was P175.46 million (2022: P203.50 million), reflecting a decrease of 14%.

2.3 Working Capital

The working capital position of the Bank as at 31 March 2023 showed total current assets of P971.66 million and total current liabilities of P118.73 million, resulting in a net current assets position of P852.94 million.

3.0 Management Letter

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

3.1 Understatement Of Interest Expense On Borrowings

A recalculation of the annual interest expense on the RSF facility of P250 million indicated an understatement of interest by P833 016 for the year. This difference was also confirmed in the counter-party confirmation of the loan and interest expense balances.

Similarly, for the PDSF facility of P300 million, an understatement of P334 994 in the annual interest expense was noted by the auditors. However, the balance as per counter-party confirmation was aligned to the Bank's records and hence the auditors did not propose an adjustment entry for the same.

In response, Management noted the recommendation and indicated that they would engage IT to assist with making relevant adjustments in SAP before the interface to Oracle system was done.

3.2 Expected Credit Loss Model Input discrepancies

The auditors noted that management had instituted a data input clean up exercise to ensure accurate data inputs into the ECL models. This process commenced during the 2022 calendar year taking into account the auditors' findings for 2020 to 2022 financial years. Although significant improvement in the data input quality was noted from the prior year, the following exceptions were identified during the current process:

- i) FS data incorrectly updated: The financial data captured and processed by the Bank to identify a SICR from the initial loan disbursement date to the reporting date was based on the financial statements obtained from customers. A significant improvement in the follow up by the Bank and the submission of up-to-date financial statements and records by customers was identified during the audit. However, a sample of this financial data indicated differences between the amounts captured in the Bank's system compared to the financial statements and records obtained from customers.
- ii) Outdated security values: The Bank's policy required independent valuation reports to be obtained for collateral held for loans advanced to customers at least every three years. The audit procedures, which were based on a sample of customer accounts due to the bank at the reporting date indicated that in certain instances no valuation reports had been obtained since 2017.

iii) Other prior year input findings not yet resolved:

The auditors continued to identify instances for which the interest rates and loan tenures used as inputs into the ECL module were not supported by loan agreements or subsequent amendment letters agreed with customers.

In response, Management acknowledged the findings of the audit related to discrepancies in the ECL model inputs. Management committed to maintaining the highest levels of data accuracy and was actively taking measures to address the exceptions noted.

i) FS data Incorrectly Updated:

Management would implement additional validation steps and oversight to ensure that the data entered into their systems was accurate and reflective of the financial statements provided by customers.

ii) Outdated Security values:

Management acknowledged that there were instances where collateral valuations had not been updated in line with the Bank policy. While they had obtained valuation reports subsequent to the reporting date of these cases, procedures for monitoring the timelines of the valuation reports were being reviewed.

iii) Other prior year input findings not yet resolved:

Management was committed to resolving the remaining discrepancies related to interest rates and loan tenures used as inputs into the ECL modules. A comprehensive review of all affected accounts was underway, and corrective actions, including updating loan agreements or issuing amendment letters would be taken as required.

173. National Agricultural Research Development Institute (NARDI)

At the time of writing this report, the National Agricultural Research Development Institute (NARDI) had not submitted its annual financial statements and the accompanying management letter for the financial year ended 31 March 2023. This matter also occurred in the previous year, highlighting a continued delay in statutory reporting.

As a result, I have been unable to conduct a review of NARDI's accounts for the stated period, and therefore cannot provide the necessary reporting to the National Assembly.

174. Non-Bank Financial Institutions Regulatory Authority

The financial statements of Non-Bank Financial Institutions Regulatory Authority for the financial year ended 31 March 2023 were audited by Messrs Mazars, Certified Auditors, appointed by the Board in terms of Section 33 (1) of the Non-Bank Financial Institution Regulatory Authority Act, 2016.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements presented fairly, in all material respects, the financial position of Non-Bank Financial Institutions Regulatory Authority as of 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards and in the manner required by the Non-Bank Financial Institution Regulatory Authority Act, 2016.

2.2 Financial Results

For the year ended 31 March 2023, the Authority recorded a decrease in total operating surplus of 19% from P14.65 million in the previous year to P11.88 million in the year under review. Total income increased by 5% from P93.28 million in the previous year to P98.12 million in the year under review, with Supervisory Levies of P85.70 million (2022: P75.76 million) contributing 87% of the total income. Expenses increased by 12% from P79.08 million in the previous year to P88.65 million in the year under review.

The main sources of income were as follows:

Item	2023 (Pmillion)	2022 (Pmillion)	% Increase or (Decrease)
Government grant	4.83	11.65	(59)
Amortisation of Government grants	1.19	1.07	11
Other Operating Income	6.40	4.80	33
Supervisory Levies	85.70	75.76	13

2.3 Working Capital

as at 31 March 2023, the working capital position of the Authority showed total current assets of P59.88 million and total current liabilities of P17.98 million, resulting in a net current assets position of P41.90 million.

3.0 Management Letter

The auditors issued a management letter, and the matters raised related to accounting procedures and internal controls that were of interest only to management, and therefore did not merit inclusion in this report.

175. Okavango Diamond Company (Proprietary) Limited

The financial statements of Okavango Diamond Company (Proprietary) Limited for the financial year ended 31 March 2023 were audited by Messrs Ernst & Young, Certified Auditors, appointed by the Board.

Okavango Diamond Company (Proprietary) Limited was incorporated under the Companies Act in April 2013 as a private company limited by guarantee, wholly owned by the Government, to trade in rough diamonds.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of Okavango Diamond Company (Proprietary) Limited as at 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards.

2.2 Financial Results

The financial statements of the Company were presented in US Dollars, which is the Company's functional currency.

The financial operations of the Company recorded a profit of USD98.44 million in the year under review, compared to a profit of USD249.65 million in the previous year, representing a decrease of 60.57%.

Revenue increased from USD1.05 billion in the previous year to USD1.17 billion in the year under review.

The Company recorded an increase in Cost of Sales from USD721.46 million in the previous year to USD1.03 billion in the year under review. Operating Expenses increased by 103.15%, from USD2.96 million in the previous year to USD6.01 million in the year under review.

2.3 Working Capital

As at 31 March 2023, the working capital position of the Company showed total current assets of USD387.98 million and total current liabilities of USD4.96 million, resulting in a net current assets position of USD383.02 million.

3.0 Management Letter

Below is the significant matter raised by the auditors and the management response thereto:

3.1 Fully Depreciated Assets (Repeat finding)

As reported in the previous period, the auditors noted that, at year-end, the Fixed Asset Register included fully depreciated assets that were still providing economic benefits to the Company. This may indicate that the depreciation and amortisation rates and residual values applied to Property, Plant and Equipment and Intangible Asset items were not representative of the economic lives of these items. The original cost of these fully depreciated assets amounted to USD480 837 as at the reporting date.

In response, Management stated that a comprehensive formal assessment of all residual values, depreciation, and amortisation rates would be undertaken.

176. Public Enterprises Evaluation and Privatisation Agency

The Public Enterprises Evaluation and Privatisation Agency did not submit its audited financial statements for the financial year under review. The last financial statements submitted by the Agency were for the year ended 31 March 2020; consequently, no submissions have been received for the years ending 31 March 2021, 2022, and 2023.

As a result, I was unable to conduct a review of the Agency's accounts for the financial year ended 31 March 2023, as required for reporting to the National Assembly.

177. Public Procurement Regulatory Authority

At the time of preparing this report, the Public Procurement Regulatory Authority had not submitted its audited financial statements or the accompanying management letter for the financial year ended 31 March 2023.

Consequently, I was unable to conduct a review of the Authority accounts for the financial year ended 31 March 2023, as required for reporting to the National Assembly.

178. Selebi Phikwe Economic Diversification Unit (SPEDU)

At the time of preparing this report, the Selebi Phikwe Economic Diversification Unit (SPEDU) had not submitted its annual financial statements or the accompanying management letter for the financial year ended 31 March 2023.

Consequently, I was unable to conduct a review of SPEDU's accounts for the financial year ended 31 March 2023, as required for reporting to the National Assembly.

179. Special Economic Zones Authority

The financial statements of the Special Economic Zone Authority for the year ended 31 March 2023 were audited by Messrs BDO, Certified Auditors, appointed by the Board in terms of the Special Economic Zones Authority Act, 2015.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements presented fairly, in all material respects, the financial position of the Special Economic Zones Authority as at 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards.

2.2 Material Uncertainty Related to Going Concern

The auditors drew attention to Note 22 in the financial statements, which indicated that the Authority incurred a net deficit of P5.81 million during the year ended 31 March 2023. As at that date, the Authority's current liabilities exceeded its current assets by P14.11 million. These events or conditions indicated that a material uncertainty existed that may have cast significant doubt on the Authority's ability to continue as a going concern.

2.3 Financial Results

In the year under review, the Authority recorded a deficit of P5.81 million, compared to a surplus of P3.26 million in the previous year. The main contributor to the decline in performance was Total Other Income, which decreased by 43% from P5.72 million in the previous year to P3.27 million in the year under review.

Government grant decreased by 4%, from P40.55 million in the previous year to P39.03 million in the year under review, representing approximately 92% of the Authority's total revenue.

Total expenses increased by 12%, from P43.01 million in the previous year to P48.11 million in the year under review.

Significant expenditure items included Travel and Accommodation of P4.45 million and Legal Fees of P3.02 million.

2.4 Working Capital

The working capital position of the Authority as at 31 March 2023 showed total current assets of P16.92 million and total current liabilities of P31.03 million, resulting in a net current liabilities position of P14.11 million.

3.0 Management Letter

Below is the significant matter raised by the auditors and the management response thereto:

3.1 Civil Aviation Authority of Botswana/SEZA Memorandum of Agreement

The auditors noted that the Authority had entered into a memorandum of lease with the Civil Aviation Authority of Botswana regarding the development of a Special Economic Zone in the area surrounding Sir Seretse Khama International Airport. Several deficiencies and ambiguities were observed in the agreement, including:

- The obligations of each party were not clearly defined.
- Provisions relating to the expiration of the lease term were not specified.
- Several incorrect references to the total land size were noted, and there was a lack of clarity on which land was being developed.

The auditors recommended that the Authority engage with the Civil Aviation Authority as a matter of urgency to address these deficiencies, as they have a direct impact on the Authority's decision-making.

Management indicated that the Memorandum of Agreement grants SEZA the right to develop and operate the Sir Seretse Khama International Airport Special Economic Zone and undertook to review the provisions to ensure clarity for both parties.

180. Statistics Botswana

The financial statements of Statistics Botswana for the financial year ended 31 March 2023 were audited by Messrs KPMG, Certified Auditors, appointed by the Board in terms of Section 24 (2) of the Statistics Act, 2009.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of Statistics Botswana as at 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

2.2 Financial Results

For the financial year under review, Statistics Botswana recorded a deficit of P6.55 million, compared to a restated surplus of P2.14 million in the previous year. The decline in financial performance was primarily attributable to expenses, which increased from P258.10 million in the previous year to P289.52 million in the year under review.

Total income increased from P260.22 million in the previous year to P282.95 million in the year under review.

The Government grant, which accounted for 60% of total income, increased from P148.05 million in the previous year to P169.29 million in the year under review.

Comparative figures for the previous two financial periods were restated.

2.5 Working Capital

As at 31 March 2023, the working capital position of Statistics Botswana showed total current assets of P25.90 million and total current liabilities of P98.97 million, resulting in a net current liabilities position of P73.06 million.

3.0 Management Letter

The auditors issued a management letter, and the matters raised related to accounting procedures and internal controls. These were of interest only to management and, therefore, did not merit mention in this report.

181. University of Botswana

The financial statements of University of Botswana for the financial year ended 31 March 2023 were audited by Messrs Ernest Young, Certified Auditors, appointed by the Council in terms of the University of Botswana Act, 2008.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of the University of Botswana as at 31 March 2023, 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 University of Botswana Act, 2008.

2.2 Financial Results

In the year under review, the University recorded a surplus of P133.04 million, compared to P99.54 million in the previous year. This improvement was largely due to Other Operating Income, which increased from P48.24 million in the previous year to P63.81 million in the year under review.

The Government grant for the year under review was P742.07 million, representing 44% of total income.

Another significant source of income was Tuition and Other Student Fees, which increased from P562.73 million in the previous year to P625.40 million in the year under review.

Expenditure rose by 2%, from P1.56 billion in the previous year to P1.58 billion in the year under review.

2.3 Working Capital

As at 31 March 2023, the working capital position of the University showed total current assets of P661.77 million and total current liabilities

of P499.42 million, resulting in a net current assets position of P162.35 million.

3.0 Management Letter

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

3.1 Fully Depreciated Assets Included in the Fixed Asset Register

The auditors noted that the University's fixed asset register included fully depreciated assets that were still providing economic benefits at the reporting date. Furthermore, no formal assessment had been conducted at the end of the assets' useful lives to review the depreciation rates applied to Property, Plant and Equipment, as required by IAS 16.

In response, Management committed to determine an appropriate methodology to assess the useful lives of fully depreciated assets still in use. Management further indicated that the realisable value of these assets would be depreciated over their remaining useful lives.

3.2 Verification of Property, Plant and Equipment items

The auditors noted that the University's largest asset class comprises Property, Plant and Equipment, with a net book value of P1.93 billion at the reporting date. No formal process had been documented to physically verify and reconcile Property, Plant and Equipment items with the asset register.

In response, Management stated that there was no separate Fixed Asset policy. The fixed asset management provisions in the University of Botswana Accounting Manual and Financial Regulations, clause 13, assign Financial Services the responsibility to take inventory of all fixed assets belonging to the University and to reconcile them with the fixed asset schedules. This process is to be conducted continuously throughout the financial year, covering 25% of fixed assets annually. Financial Services and Facilities Management units are responsible for facilitating semi-annual stock takes of assets across the University, with a summary of discrepancies submitted to the Vice Chancellor for appropriate adjustments.

Management further indicated that the physical verification of assets had been ongoing, initially focusing on furniture and equipment. The process is to continue with other asset classes, including motor vehicles, land and buildings, and IT equipment. Management also confirmed that discrepancies identified would be adjusted accordingly.

182. Water Utilities Corporation

The financial statements of Water Utilities Corporation for the financial year ended 31 March 2023 were audited by Messrs PricewaterhouseCoopers, Certified Auditors, appointed by the Board in terms of Section 25 (2) of the Water Utilities Act, (Cap 74:02).

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements presented fairly, in all material respects, the financial position of Water Utilities Corporation (the "Corporation") as at 31 March 2023, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the requirements of the Water Utilities Corporation Act, (Cap 74:02).

2.2 Financial Results

In the year under review, the Corporation recorded a loss of P357.37 million, compared to a restated loss of P373.38 million in the previous year. The loss was mainly attributable to increased operating expenses, particularly a significant rise in impairment loss on trade receivables.

Operating expenses increased by 8.12% from a restated amount of P2.41 billion in the previous year to P2.61 billion in the year under review. The increase in expenditure was mainly due to impairment loss on trade receivables, which increased by 149.79% from a restated amount of P77.38 million in the previous year to P193.29 million in the year under review. Finance costs decreased from P28.11 million in the previous year to P25.13 million in the year under review.

Revenue increased by 4.60% from a restated amount of P2.07 billion in the previous year to P2.16 billion in the year under review. The revenue increase was mainly due to potable water, which increased by 5.64% from a restated amount of P1.88 billion in the previous year to P1.99 billion in the year under review. Other income decreased by 18.03% from P30.45 million in the previous year to P24.96 million in the year under review.

The Statement of Financial Position for the previous period was restated.

2.3 Working Capital

As at 31 March 2023, the working capital position of the Corporation showed total current assets of P3.98 billion and total current liabilities of P1.72 billion, resulting in a net current asset position of P2.26 billion.

3.0 Management Letter

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

3.1 Corporate Governance - Completeness of Board Meetings and Composition of the Board

The auditors noted that for the period 1 April 2022 to 31 March 2023, the Board did not meet during the second and fourth quarters, contrary to the requirements of the Water Utilities Corporation Act. At the time of the audit, the Board comprised six members, which was one member short of the minimum requirement of seven members as prescribed by the Act.

The auditors further observed that the Audit Committee, to which the approval of the financial statements had been delegated, comprised mainly of members with engineering backgrounds.

In response, Management indicated that the second-quarter meeting was held, although later than scheduled, as it took place on 20 December 2022 instead of the planned date of 17 November 2022. Management further explained that the fourth-quarter meeting did not take place due to the absence of a quorum. Management noted and acknowledged the concerns raised by the auditors.

With regard to Board diversity, Management acknowledged the observation relating to the composition of the Audit Committee and clarified that not all members were engineers, as the Committee also included a member with a legal background. Management further indicated that discussions were underway with the shareholder regarding the appointment of a Board member with a financial background.

3.2 Non - Genuine Debtors Identified in Debtors' Book (Recurring)

The auditors noted that debtor balances amounting to P105 million had been erroneously created in the debtors' listing. These balances arose from errors in meter readings, including instances where incorrect readings were released for billing without being corrected, resulting in

individual customers being billed amounts exceeding P100 000. These erroneous balances were not reversed during the year under review.

The auditors further noted that additional debtor balances had been created in error as a result of repeated estimated billings in cases where customer plots had not been visited for subsequent verification of consumption. This resulted in accumulated debt balances exceeding P5 000 in some instances.

In response, Management stated that the Corporation had implemented end-of-day procedures covering the meter-to-cash process, billing, and credit control in order to address the identified weaknesses.

3.3 Incorrect Classification and Recording of Expense Transaction (Recurring)

The auditors noted that transactions from various cost of sales accounts were not recorded in the correct accounting period. These transactions related to suppliers, including Botswana Power Corporation (BPC), and dated back as far as 2016. Management had not accrued for these costs. Following a full assessment of the impact, this resulted in a total corrected audit adjustment of P40.8 million.

The auditors indicated that this was evidence that the controls in place to identify and record liabilities arising from the receipt of goods or consumption of services during the period were not adequately designed or operating effectively. This was further supported by the control deficiency previously noted in relation to the lack of appropriate performance and timely review of supplier reconciliations.

In response, Management stated that supplier reconciliations would be performed on a monthly basis to ensure that all outstanding invoices are investigated and accounted for in the correct accounting period. Management further indicated that BPC accounts would be transferred to the Corporation immediately upon the commissioning of projects.

3.4 Project Variation Costs Not Approved as per the Corporation's Approval Matrix

The auditors noted that, based on their review of Interim Payment Certificate (IPC) 22 for the period 1 June to 31 July 2022, the contractor claimed payment for works whose value exceeded the total authorised contract sum. The claimed amounts were paid by the Corporation during the financial year ended 31 March 2023, despite exceeding the approved threshold.

The original contract sum was P179.93 million. The net value of variations amounted to P125.22 million (VAT inclusive), while the value of certified and paid works up to IPC 22 was P277.73 million (VAT exclusive). In addition, cumulative VAT paid as per IPC 22 amounted to P35.91 million. Consequently, the total cumulative amount claimed by the contractor was P313.64 million, which was approved and paid despite exceeding the authorised contract award.

IPC 22 was signed by the Contractor's Company Director, the Contractor's Engineer, the WUC Engineer, the WUC Project Manager – Construction, the Technical Services Director and the Financial Specialist. Payment for IPC 22 on the Corporation's banking system was authorised.

Further review of the Management Tender Committee (MTC) and Board Tender Committee (BTC) minutes indicated that, of the total variation amount of P125.22 million, only P45.82 million had been clearly requested for approval and formally approved. The BTC minutes were silent on the approval of the additional P79.51 million. There was no record of deliberation, approval or rejection of this amount, nor was there any correspondence reviewed that granted such approval. The approval request initially presented to the MTC, in line with the Corporation's policy, included only the P45.82 million and excluded the P79.51 million.

The auditors further noted that only an award letter approving the P45.82 million variation, signed by the Corporation Secretary, was available for inspection. Management confirmed that an award letter for the P79.51 million variation was not available for audit verification. In addition, the P79.51 million variation did not pass through the Procurement Unit for initial approval, as required by the Corporation's procurement policy, before being presented to the MTC and BTC.

The auditors observed that the cumulative variation amounts, comprising both the P45.82 million and the P79.51 million, exceeded 10% of the original contract sum and therefore should have been approved by the Main Board. The auditors only obtained a delegation of authority from the Main Board to the Chief Executive Officer for the approval of World Bank funded and "urgent" projects, arising from a Board meeting held on 23 September 2018 and signed on behalf of the Board on 23 September 2020. However, no evidence was provided to support the certification of the project as "urgent" by the Chief Executive Officer.

As a result, the auditors were unable to obtain sufficient and appropriate audit evidence to confirm the approval of cumulative variation amounts totalling P125 million in respect of the project. Reference was made to the sub-appendix to this finding for details of the applicable approval matrix.

In response, Management stated that the full implementation of the Public Procurement Act, 2021 and its related regulations would adequately address the audit finding, as the Act incorporates a procurement approval framework. Management further indicated that systems and controls would be implemented to ensure effective monitoring and tracking of project cost variations.

3.5 Insufficient tracking of details of audit adjustment to ascertain subsequent impact on the financial statements.

While reviewing the fixed assets register reconciliation to the GL, the auditors noted a net reconciling difference of P192.5 million from the prior periods audit adjustments.

These adjustments affected different asset classes including plant and equipment, distribution systems, land and building etc. and are dating back to 2018. Management did not provide details of the adjustments as they have not been tracked at appropriate level to ascertain the subsequent impact on the carrying amounts of the assets in question. These adjustments are maintained in a separate GL account classified under PPE and are manually allocated to different asset classes for reporting purposes.

Auditors further noted that the accumulated depreciation in the fixed asset register does not reconcile to the general ledger by P7million. Management is yet to identify the cause for this reconciling difference.

In response, Management resolved to ensure that there is clear communication of auditor proposed journals which includes sharing all related workings to the proposed journals.

183. Vision 2036 Coordinating Agency

The financial statements of Vision 2036 Coordinating Agency for the financial year ended 31 March 2023 were audited by Messrs Grant Thornton, Certified Auditors, appointed by the Council.

2.0 Accounts

2.1 Audit Opinion

In the opinion of the auditors:

The financial statements gave a true and fair view of the financial position of Vision 2036 Coordinating Agency as at 31 March 2023, and of its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards.

2.2 Financial Results

In the year under review, the Agency recorded a surplus of P747 551 compared to a deficit of P2.07 million in the previous year. The main contributor to the increase in financial performance was an increase in Government grant from P7.27 million in the previous year to P10.66 million in the year under review.

The Agency was funded primarily by Government grant, which for the year under review amounted to P10.66 million and represented 100% of total income.

2.3 Working Capital

The working capital position of the Agency as at 31 March 2023 showed total current assets of P174 908 and total current liabilities of P1.42 million, resulting in a net current liabilities position of P1.24 million.

3.0 Management Letter

The auditors had not issued a management letter for the period ended 31 March 2023.

XIII CONCLUSION

184. I would like to express my gratitude to all officers, notably the Accountant General and his staff, the Accounting Officers of all Ministries and Extra-Ministerial Departments and their staff and Heads of Parastatals and their staff who have contributed to the production of this report in the discharge of my statutory functions under the Constitution.

I would also like to extend my gratitude to the Government Printer who, as always, has assisted with speedy printing of the report.

17 February 2026



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