PUBLIC ACCOUNTS COMMITTEE REPORT

BOTSWANA NATIONAL ASSEMBLY
FIFTY-FIRST (51ST) MEETING
2011 – 2012 ACCOUNTS
19th July 2013

Honourable Speaker
Parliament of Botswana
P. O. Box 240
Gaborone

Madam Speaker

51ST PUBLIC ACCOUNTS COMMITTEE

The Public Accounts Committee held its 51ST meeting in May/June 2013 to examine the accounts of Government for the Financial Year ended 31st March 2012 as required by Standing Order 105.3 of the National Assembly of Botswana.

The accounts examined included the Annual Statements of Accounts and the accounts of Special Funds. In addition, Accounting Officers were examined on progress made on issues raised in the Public Accounts Committee Work-in-progress report and on the Public Accounts Committee recommendations from the findings made at the 50th meeting of the Committee.

The basis of examination was to ensure compliance with the Finance and Audit Act and other Statutory Instruments, Financial Instructions and Procedures, Supplies Regulations and Procedures, and any other applicable laws and regulations.

In the course of the examination, the Committee observed that there had been some improvement in the level of compliance with regulations compared to previous years although there were still a few whose level of compliance was still of concern to the Committee. The weaknesses observed and recommendations thereon are summarised in Part II of this report. The Committee would like to strongly encourage Accounting Officers to implement the recommendations in a bid to improve financial management in Government.
Madam Speaker, as required by the same Standing Order 105.3, I have the honour to submit our report on the examination of the accounts of Government for the Financial Year ended 31st March 2012.

Yours faithfully

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N. M. Modubule

CHAIRPERSON – PUBLIC ACCOUNTS COMMITTEE
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I OVERVIEW

1. Mandate of the Public Accounts Committee

Standing Order 105.3 of the National Assembly requires the Public Accounts Committee:–

(a) to examine after the end of each financial year,

(i) the accounts and statements prepared and signed by the Accountant General in accordance with the provisions of the Finance and Audit Act;

(ii) the accounts prepared and signed in accordance with the provisions of the Finance and Audit Act by any officer (other than the Accountant General) who is by virtue of any law responsible for the administration of any Special Fund;

(iii) and in examining the accounts under paragraphs (a)(i) and (a)(ii), the Public Accounts Committee shall take into account the report of the Auditor General;

(b) to examine such Accounts, value for money and management performance reports laid before the Assembly as may be referred to it by the Assembly, and to report the results of such examination to the Assembly.

2. Composition of the Committee:

Following amendment of the Standing Orders of the National Assembly in 2010, the Committee was converted from a sessional to a Standing Committee which currently comprises the following nine (9) members who were appointed in November 2010 in accordance with the provisions of Standing Order 105.1

- Hon. N. M. Modubule, MP. - Chairperson
- Hon. G. Saleshando, MP.
- Hon. S. M. Guma, MP.
- Hon. M. M. Goya, MP.
- Hon. I. S. Mabiletsa, MP.
- Hon. P. M. Maelle, MP.
- Hon. K. P. Molatthegi, MP.
- Hon. F. M. M. Molao, MP.
- Hon. K. S. Rammidi, MP.

The Committee is supposed to have ten members but since the uplifting of one of its members to a ministerial position, there has not been a replacement.
3. **Committee’s Approach**

The hearings of the Committee were held in public in accordance with Standing Order 105.7.

4. **Committee’s Conclusion on Accounts of Government**

Notwithstanding the findings presented in Part II of this report, the Committee observed that:

- reasonable precautions had been taken to safeguard the collection and custody of public money and that the laws, instructions and directions relating thereto had been duly observed;

- the disbursement of public monies in most instances had taken place under proper authority and for the purposes intended by such authority;

- reasonable precautions had been taken to safeguard the receipt, custody, issue and proper use of public stores and that instructions and directions relating thereto had been duly observed; and

- adequate instructions or directions existed for the guidance of officers responsible for the collection, custody, issue and disbursement of public stores.
II COMMITTEE’S FINDINGS AND RECOMMENDATIONS

MINISTRY OF DEFENCE, JUSTICE AND SECURITY

1. Unauthorised acquisition of office accommodation

The Ministry acquired office accommodation in the Central Business District, Gaborone, without authority of either the Ministerial Tender Committee or the Public Procurement and Asset Disposal Board (PPADB). Normal Government practice is that such acquisitions should be approved by either the PPADB or the Ministerial Tender Committees (MTC) depending on the value of the procurement. In this case no authority was received from either of the two bodies.

The details of this observation are as follows:

(i) Currently the Ministry is operating from leased office space the lease agreement of which expires end of March 2014. The Ministry felt strongly that the current offices were inadequate and inappropriate for the type of business they were operating and it was necessary to find better and more appropriate office space.

(ii) Up until December 2011, acquisition of office accommodation for all Government Ministries and Departments was the responsibility of the Ministry of Lands and Housing (MLH) but in December 2011, this was decentralised, and guidelines on the procedure to be followed in procurement were provided to procuring entities. However, the procurement of rented office space still has to comply with the provisions of the PPAD Act and the procurement should still be sanctioned by the Office Allocation Committee which falls under MLH.

(iii) The MLH continues to manage office space for the entire government. They maintain a database of available properties suitable for office accommodation for use by all Ministries to identify space that best suits their requirements. Ministries in need of office space are expected to submit their requests to the Office Allocation Committee indicating the size of space required, their staff establishment to be accommodated and proof that they have funds to pay rental. The Office Allocation Committee vets the requests and if it is justifiable, the procuring entity is given the go ahead. The primary source to look for accommodation from is the database at the MLH and the expectation is that the procuring entities should check in the database first before going into the open market.

(iv) Following the advice that acquisition of office accommodation had been decentralised and that they could go ahead with the search for office space,
the Ministry went ahead to look for a suitable office space and they identified one in the Central Business District (CBD). No attempt was made to search whether there could be any suitable properties in the database at MLH. A request was made to the MTC of the Ministry for direct sourcing of office space from the owner of the building they had identified. In February 2012, the MTC gave the Ministry the go ahead to source office space directly from the prospective landlord. The MTC further requested the Ministry to prepare a bidding document and submit for vetting but there is no proof that the document was ever submitted.

Instead of kickstarting the procurement process by furnishing the bidding document to the MTC, the Ministry wrote to the prospective landlord confirming their interest to occupy the whole building and external facilities. They requested for a quotation for rentals of the building.

On the 27th February 2012, the landlord-to-be wrote back accepting the Ministry’s offer to lease the premises and submitted his rental quotation of P2 830 211.00 per month excluding partitioning, furnishing and VAT.

The Ministry then wrote to their MTC on 5th October 2012 requesting them to approve the rental charges in favour of the landlord so that the necessary lease agreement could be negotiated with the assistance of MLH. The Ministry wanted the rentals to be approved before valuation of the building was done, which was rather absurd. Furthermore negotiation of rentals is supposed to be done with the assistance of MLH before approval by the MTC but the Ministry did the reverse.

On realising that the rental of P2 830 211.00 p/m, being equivalent to P33 962 532.00 per annum, was beyond its threshold of P25million, the MTC advised that the request for approval of the rental should be re-directed to PPADB.

In response, instead of requesting PPADB for approval, the Ministry wrote again to MTC requesting for approval to negotiate rental charges and lease agreement with the assistance of MLH. It was not clear why the Ministry decided to write to MTC when they had been clearly advised to direct their request to PPADB. Since the rental offer on the table was beyond the MTC threshold, the request to negotiate the rental should have been made to PPADB straight away. At its meeting of the 1st November 2012, the MTC however approved the request to negotiate the rentals as requested.

Following the approval to negotiate the rentals, the Ministry wrote to MLH on the 9th November 2012 indicating that the MTC had approved the lease rental negotiations and they could proceed assisting with the negotiations.
Interestingly, on the same day, 9th November 2012, Department of Lands wrote to the Ministry advising them that they (MLH) had finalised negotiations with the landlord and that the negotiations were not fruitful as the landlord claimed that the Ministry had already negotiated with him regarding rentals and customisation of office space. The rental agreed upon at the current negotiations was an all-in rental price of P2 802 611.00 per month (VAT exclusive), as opposed to the earlier rent of P2 830 211.00 per month, to be paid quarterly in advance. On the 19th November 2012, the MLH wrote to the Ministry indicating that: they had already signed the Heads of Lease Terms on the 6th November 2012; the Memorandum of Lease had been forwarded to the landlord but issue of partitioning had not been resolved; and the lease would commence on the 1st October 2012 for a 5 year period with option to renew.

It needs to be noted that although the Ministry wrote to MLH on the 9th November 2012 requesting to proceed with negotiations, the Accounting Officer of MLH indicated at the time of the examinations by PAC that he had received instructions to go on with rent negotiations in October 2012 before the MTC had given the Ministry the go ahead to do so. It was on the strength of that instruction that the negotiations leading to the signing of Heads of Lease Terms were made.

When the MTC became aware that even the newly negotiated rentals were still above their threshold, they advised the Ministry yet again that this was above them. **Besides, MTC also expressed its concern that it had noted that the effective date of the lease as per Heads of Lease Terms was 1st October 2012, a date which came before the MTC had even approved the negotiations for rentals.**

(vii) On the 11th December 2012, the Ministry then wrote to the PPADB requesting for approval of rental charges, five year lease period and partitioning works.

In response the PPADB rejected the application for approval of rental charges on the basis that:

- The request was retroactive since the rental amount had been agreed already leading to signing of Heads of Lease Terms between Government and the landlord before approval of the rates by either MTC or PPADB.

- In line with Statutory Instrument No. 90 of 2012, issued in line with Section 44 of the PPAD Act, the Board may by resolution approve retroactively a bid or invitation to tender where the job to be performed by a selected contractor or the service to be provided by a selected service provider is urgent or necessary to protect life or to protect the environment. In its
application, the Ministry had not demonstrated any urgency in acquiring
the building in order to protect life or the environment.

Regarding the request for direct appointment of the same landlord to
carry out the partitioning and customisation of the building, the Board
resolved that the request be submitted to the MTC as the estimated cost
of P13million was within the MTC threshold.

(viii) On the 17th December 2012, the Ministry wrote again to PPADB making
a re-submission with some further clarifications regarding Heads of Lease
Terms as they had received from MLH.

While PPADB was busy processing the re-submission it had received
from the Ministry, it came to their attention that the final Memorandum
of Agreement of Lease had been signed on the 20th December 2012. As a
result PPADB advised the Ministry that it still maintained its earlier stance
that their application was retroactive and was therefore rejected.

Earlier on PPADB had indicated a possibility of a fresh start of the procurement
process but now in light of the latest position regarding the lease, the Board
stated that a fresh start on the procurement process could commence only if
the Ministry could provide new information that could persuade the Board
to allow the process to start afresh and there should be evidence that there
was nothing binding on the procurement of the subject office space currently
in question. It went further to advise the Ministry to sort out the issue of the
signed Memorandum of Agreement of Lease with the relevant parties and
revert to the Board with a recommendation on the way forward.

(ix) In the meantime, while the Ministry was still struggling with the issue of the
premature signing of the lease, the landlord submitted a bill for P19 million
for rental arrears. The Accounting Officer negotiated with the landlord
indicating the anomaly in the signing of the lease and that the original
intention was to have the lease running from April 2013. The landlord
however compromised and agreed that rental payments should commence
from February 2013. The P19 million bill was reduced to P12.7 million
which, as at the time of writing this report, was still outstanding because the
Ministry did not have the funds to pay.

As at the time of the PAC examination, the Accounting Officer was still to
discuss with MLH and the landlord regarding the effective date of the lease
in view of the revision of the commencement date for rental payments as
stated above.

**Concerns of the Committee:** In view of what transpired in this procurement,
the Committee was concerned that;
(a) The normal Government procurement procedure was flouted right from the beginning as the Accounting Officer did not even submit the invitation to tender (ITT) to the MTC to commence the procurement process as had been advised by the MTC.

(b) The Accounting Officer searched the property market looking for any other buildings which could suit their requirements in March 2012 when she had already requested authority from the MTC for direct sourcing, which authority was granted in February 2012.

(c) The Ministry is running two parallel lease agreements for more than 12 months and Government is going to pay in excess of P30million for unoccupied office premises.

(d) Ministry of Lands and Housing signed the lease when they knew that the procurement process was still in progress. The Committee could not figure out what prompted the rush to sign the lease.

(e) It is becoming more and more common for Ministries to sign lease agreements for office spaces which they do not take immediate occupation of resulting in heavy financial losses to Government.

Recommendation:

(a) The Ministry of Defence, Justice and Security should negotiate with the other parties to the lease agreement to nullify the agreement of lease signed in December 2012 and start the procurement process afresh.

(b) Directorate on Corruption and Economic Crime should investigate this matter and if any malpractices are detected, culprits should be prosecuted.

MINISTRY OF LABOUR AND HOME AFFAIRS

2. Irregular transfer of warranted funds between Ministries

Some officers of the Department of Immigration and Citizenship had worked overtime under the Department of Teaching Service Management amounting to P8 984 260. The overtime was paid by Ministry of Labour and Home Affairs. The Accounting Officer, Ministry of Labour and Home Affairs then originated an adjustment voucher for the above amount for the Ministry of Education and Skills Development to reimburse him. The adjustment was accepted and passed through the accounts.
The Committee viewed the transaction to be irregular in that funds were indirectly transferred to Ministry of Labour and Home Affairs without approval from Parliament. Instead of the funds being reflected under warranted provision, this was credited to an expenditure vote to reduce expenditure. The correct procedure was supposed to be either to get a letter of authority from Ministry of Education and Skills Development so that the expenditure for the overtime would have been charged to the latter Ministry or a withdrawal warrant should have been issued by the Ministry of Finance and Development Planning to withdraw funds from Ministry of Education and Skills Development and then Ministry of Labour and Home Affairs would have requested for the extra funds through a request for supplementary estimates.

The Committee further noted that at the end of the financial year, the Ministry had an overall unspent balance of P2.45 million on its recurrent budget after the above transfer. Were it not of this transfer, the Ministry would have had an over-expenditure on its entire warrant.

The Accounting Officer was strongly warned to desist from this kind of irregular transactions.

3. Incorrect Classification of Accounts

(a) Botswana Federation of Trade Unions Advance: (P2 960 000)

The Botswana Federation of Trade Unions was given an interest free loan of P2 960 000 by the Botswana Government. The repayments on the loan will commence on the 1st September 2023, ten years from now.

The loan is classified under advances accounts but the view of the Committee is that this classification is misleading as this is a long term loan which should be classified as such under the appropriate statement of accounts to reflect its true nature. This matter was a subject of PAC discussion before and the Accounting Officer of the Ministry of Finance and Development Planning had promised to rectify the anomaly. He has since started reflecting this loan under other similar loans at Statement 13 but still continued to reflect the same under statement of advances.

Recommendation:

It is recommended that this loan should be completely removed from statement of advances.

(b) Interns Savings Account – P6 862 593

When Interns join the Internship Programme under the Ministry of Labour and Home Affairs, an amount of P200.00 is withheld every month from their
monthly allowances, and deposited into this account. As the Interns exit the Programme, the amount they contributed is released to them.

Considering that the funds in this account belong to third parties, the account should be more appropriately classified as a deposit account rather than an advances account.

**Recommendation:**

The Committee recommends that the account should be classified under a more appropriate statement of accounts.

**MINISTRY OF TRADE AND INDUSTRY**

4. **Botswana Development Corporation Palapye Glass Project**

It has been observed that since the transfer of the portfolio responsibility of the Botswana Development Corporation (BDC) to the Ministry of Trade and Industry sometime towards the end of 2012, not much progress has been made with regard to the construction at the project site. In March 2013, BDC commissioned a Due Diligence Exercise to be undertaken in order to establish the project status and its viability in order to determine the way forward. However, the Committee learnt that Government has since taken a decision that the project should continue once the due diligence exercise has been concluded.

The exercise was awarded to Grant Thornton Consultants at a cost of P2 961 116.00. A report from the Due Diligence Exercise had been presented to BDC on 10th June 2013 and was being considered in consultation with the Ministry after which a decision on the way forward would be taken.

The Accounting Officer also informed the Committee that she had engaged another glass consortium company from England to advise on the technical viability of the project in respect of glass production and the advice received was that the project was technically sound and could still pick up from where it was left to achieve the intended results.

The Committee will receive further briefing on this project in due course.

5. **Submission of Arrears of Revenue – Company Annual Returns**

At the end of every financial year, the Ministry of Trade and Industry always has large sums of money owed to it in respect of company annual return fees plus penalties for late submission of returns, for instance, an amount of P110 775 600.00 was outstanding in the year under review. Despite having such large amounts owed in revenue debts, no attempt had been made to submit returns of
arrears of revenue in respect of these fees to the Accountant General for inclusion in the Annual Statements of Accounts in terms of the provisions of the Finance and Audit Act.

The Committee was concerned that omission of such large amounts from the accounts is bound to distort the accounts resulting in failure to reflect a true and fair view of the Government’s financial position.

In her response, the Accounting Officer admitted that this was an omission she was going to look into and ensure that the returns were submitted accordingly as required.

**The Committee will keep in view the promise made to submit these arrears of revenue in future.**

6. **Economic Diversification Drive**

The Committee noted the efforts being made by Government to improve and diversify the economy and reduce dependence on minerals which in turn were also linked to the performance of the world economy. Initiatives and strategies have been formulated over time, for instance, Economic Diversification Drive (EDD), Foreign Direct Investment, Citizen Economic Empowerment, Wealth and Employment Creation, just to mention a few. Legal frameworks, regulations, policies and the like were being put in place.

However, with regard to the EDD, the Committee was concerned that this seems more of an academic exercise than reality because it is not being felt on the ground; the growth in the economy is not visible; unemployment is on the increase, there is nothing visible on the ground that supports the growth of the economy. What is required are mega projects that can create employment and wealth as well as diversifying the economy.

In her response, the Accounting Officer concurred with the Committee but indicated that the EDD is facing serious challenges which made people not to feel it on the ground. Government was doing all it could to encourage people, for example, the “Buy Botswana” initiative but on the other hand our local entrepreneurs go to other countries, buy goods and then put their own labels to make it appear as if the goods were produced locally. Some produce goods locally and top up with imports while others try to produce 100% locally but the quality is not competitive. Furthermore the majority of our private sector under the BOCCIM umbrella are retailers who engage in selling goods they import from outside the country.

Regarding the mega projects, the Accounting Officer indicated that Government was currently developing the leather, dairy and textile sectors. The leather Sector Strategy had already been approved by the National Economic Diversification
Council in September 2012 while the other two sectors will be finalised soon. Through the Leather Sector Strategy Government intended to develop a leather park in Lobatse at an estimated cost of P240 million, with a potential to create over 5000 jobs but unfortunately the economy could not provide the requisite funding at this moment in time. She had tried to bring this project for approval at the Mid-Term Review of NDP 10 but was unsuccessful as it was not in the Development Plan and also because of the recession, new projects could not be taken on board.

In reaction to the Accounting Officer, the Committee was of the view that at times we do not set our priorities right. Implementation of a project like the above leather park could have gone a long way in ameliorating the current serious unemployment in the country. The Committee was also at a loss to reconcile lack of funds due to recession and the P4 billion which remained unutilised under the recurrent budget.

**Recommendation:**

**Government should put more effort into implementation of those projects which have a potential to diversify or improve the economy in order to kickstart the economy.**

## OFFICE OF THE PRESIDENT

### 7. Arrears of Revenue

In its report on the 50th Meeting, the Committee reported on the failure of the Accounting Officer to collect arrears of revenue in respect of private usage of official telephone lines by officers of the departments under her management. It is somewhat of a disappointment to report yet again that the situation has not improved. The status as at the current meeting of the Committee was as depicted below:

<table>
<thead>
<tr>
<th>Department</th>
<th>Arrears Balance At 01/04/12</th>
<th>Recoveries</th>
<th>Balance As At 31/03/13</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>State House</td>
<td>14 761.93</td>
<td>3 368.29</td>
<td>11 393.64</td>
<td>Only 8 officers paid out of the 20 officers owing. Some of the 8 made partial payments only.</td>
</tr>
<tr>
<td>Office of the President</td>
<td>51 353.45</td>
<td>36 728.81</td>
<td>14 624.64</td>
<td>Only 2 officers paid out of the 11 who were owing.</td>
</tr>
<tr>
<td>Department of Broadcasting Services</td>
<td>40 572.19</td>
<td>516.69</td>
<td>40 055.50</td>
<td>Out of the 59 officers owing, only 5 paid.</td>
</tr>
</tbody>
</table>
General Orders are very clear on what action Accounting Officers should take in cases where officers fail to pay their telephone bills. This is a clear case of failure to comply with regulations on the part of the Accounting Officer. The Committee is even more concerned when this kind of situation takes place at the Office of the President which is expected to be exemplary in compliance to regulations.

**Recommendation:**

It is recommended that the Accounting Officer should be given 60 days from adoption of this report by Parliament in which to recover all the outstanding debts and report back to the Committee.

8. Over-expenditure, P2 636 000

The Committee noted that out of a provision of P2 421 540 warranted to the vote for vehicles, in the year under review, under recurrent expenditure the Accounting Officer spent P5 057 540 resulting in over-expenditure of P2 636 000. The Committee was not happy about this state of affairs as over-expenditure constituted utilisation of funds without authority and wanted full explanation from the Accounting Officer on where she got authority to use the excess funds.

In her response, the Accounting Officer explained that part of the over-expenditure was on the purchase of a vehicle for his Honour, the former Vice President as replacement for the older one which was not functioning properly. No explanation could be provided regarding authority to use the funds.

The Committee expressed their disappointment and indicated that this kind of practice is unacceptable more so that this happens at Office of the President which is supposed to be leading by example. They emphasised that their concern was not on what the funds were used for but that there must have been authority to use the funds. At the end of the year, the Ministry had a balance of P35 million unutilised from its recurrent budget in which case she could have vired funds from other votes to avoid over-expenditure on this particular vote. This was a clear case of failure to reconcile accounts on time.

**Recommendation:**

It is strongly recommended that the Accounting Officer should review and reconcile her accounts on a monthly basis and whenever she identifies votes which are likely to be over-spent, she should process virements or request for supplementary estimates before over-expenditure is incurred.
MINISTRY OF LANDS AND HOUSING

9. Arrears of Revenue

An analysis of the arrears of revenue under this Ministry revealed that collections of arrears of rentals were not up to a satisfactory level. The collections over the last three financial years were as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Arrears</th>
<th>Collections during the year</th>
<th>% Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009/2010</td>
<td>5 519 802</td>
<td>1 998 094</td>
<td>36</td>
</tr>
<tr>
<td>2010/2011</td>
<td>7 848 399</td>
<td>2 298 835</td>
<td>29</td>
</tr>
<tr>
<td>2011/2012</td>
<td>7 481 174</td>
<td>3 335 576</td>
<td>45</td>
</tr>
</tbody>
</table>

The Committee considers this level of performance to be unsatisfactory as some of the debts end up running for two to three years uncollected thereby increasing the chances of irrecoverability. In the year under review, an amount of P364 469 ended up being abandoned which is a loss to Government.

**Recommendation:**

The Committee recommends that more monthly reviews of status of debtors must be carried out. Any difficult cases of default should be reported to the appropriate authorities immediately.

MINISTRY OF FINANCE AND DEVELOPMENT PLANNING

10. Wasteful Expenditure – Relocation of Treasury Cashier’s Office – Lobatse

In November 2009, Government signed a three–year lease agreement for a property in Lobatse which was to be used by the Accountant General as a Treasury Cashier Office. The lease rentals were P28 000.00 per month and the lease was to terminate in October 2012. The premises were suitably partitioned in line with the requirements of the Treasury Cashier’s Office.

However, the Committee noted that the Accountant General did not take up occupation of the premises for the whole duration of the lease period. As a result the lease rentals for the whole three–year period amounting to P1 008 000 was a loss to Government.

In his response, the Accounting Officer stated that he could not move into the premises for security reasons as it became apparent that it was not suitable for a Treasury Cashier’s Office.
The Committee was not convinced by this justification because all relevant factors to do with the suitability of the premises for the purpose should have been taken into consideration before signing the lease agreement. In the Committee’s view, the Accounting Officer lacked foresight and forward planning which would have taken account of all relevant factors before committing Government to this unsatisfactory state of affairs.

The Committee could not understand how, in these difficult economic times, the Accounting Officer responsible for finance, could just give away such a large sum of money for no benefit received.

It is understood that an officer of the Ministry has been surcharged an amount of P79 000.00 as punishment and in mitigation of this wastage. It was however not explained what role the officer had played in this arrangement.

The Committee was not at all impressed by this way of running Government business.

**Recommendation:**

*It is recommended that the Accounting Officer should be warned seriously about this loss to Government and if such a situation happens in future, the Committee would not hesitate to recommend a surcharge.*

11. **Construction of Treasury Cashier Offices and Staff Houses – Development Project**

The Ministry embarked on a project to construct three Treasury Cashier Offices and Staff houses at Serowe, Francistown and Selebi Phikwe. In all the three cases, there had been considerable cost- and time-overruns far beyond expectations. In all the three cases there had been common weaknesses relating to lack of proper planning with resultant loss of control over escalating project costs.

The problems emanated from grossly inadequate information in the designs and tender documents on which the bidders had based their tenders. Designs were incomplete and some items of the works were either under-measured or completely omitted from the tender documents. The details of each project are outlined below:

(a) **Treasury Cashier Office and Staff Houses – Serowe**

This project was contracted for construction from July 2009 to November 2010 at a contract price of P32.98 million. The actual project execution was however delayed on account of changes in the scope of works which entailed re-measured and additional works which were not in the original tender. This resulted in the project seriously falling behind schedule, with concomitant...
cost overruns. As of early 2012, more than a year after the original scheduled completion date, the project was still 89% complete without a forecast completion date. The project costs stood at P51.35 million (155.7% of the original cost). Although not confirmed as at the time of the Committee sitting, the final project cost was expected to be more than this figure.

(b) Treasury Cashier Offices and Staff Houses – Francistown

The project comprised a total of 54 housing units, tendered and awarded at a contract price of P24.78 million with construction commencing in May 2009 and scheduled for completion in June 2010. However, when the project started it was realised that certain geotechnical factors had not been taken into account which had resulted in incomplete and under-measured Bills of Quantities which were used for tendering. The Bills of Quantities had also been incomplete in respect of materials required for the external works, paved areas, rainwater drainage, water tanks and roof structures.

In consequence of the above under-estimations, the contractor’s claim for additional works, extension of time and materials escalation was assessed by the DBES Claims Validation Committee at P31.87 million thus making a total project cost of P56.65 million (i.e. 228.6% of the original cost).

(c) Treasury Cashier Office Block and Staff Houses - Selebi Phikwe

This project was contracted for construction at a price of P26.87 million, with the construction period running from May 2009 to October 2010. However, there was a delay in securing planning permission for the site where the staff houses were to be constructed, hence this component of the project had to be held back while the contractor continued with the office block. It transpired that the Bills of Quantities for the office block had been under-measured and this necessitated vast variations and additions. This resulted in the originally approved contract value of P26.87 million being exceeded due to cost escalations relating to variations and additions. Assessment of the additional works, materials escalations and time extension claims by DBES Claims Validation Committee resulted in additional costs of P17.56 million on the office block component while an estimated additional P9.50 million was expected on the housing component which had to be re-tendered. The final project cost was therefore finally estimated at P53.93 million which is 200.7% of the original cost.

The above project cost- and time-overruns were a cause for serious concern to the Committee, as it was difficult to understand how the projects could be executed with incomplete designs and Bills of Quantities when Government has a whole Ministry fully staffed with professional architects and quantity surveyors. It is evident that somebody somewhere did not play his/her
role properly in the execution of this project and has cost Government an estimated P77.30 million over and above the original project cost of P84.63 million, representing a cost overrun of 91.3%.

The Accounting Officer expressed similar sentiments to those of the Committee but could not do much as the implementation of the project was not under his control.

**Recommendation:**

*It is recommended that the Architects and the Quantity Surveyors who were responsible for the incomplete designs and Bills of Quantities should be taken to task for the shoddy job. If they are consultants engaged from outside Government, then a portion of the cost overruns should be claimed from them.*

**MINISTRY OF HEALTH**

12. **Donations stored away in a warehouse**

It was noted that at some unknown date before November 2007, the date when the goods were recorded in supplies books, the Chinese Government donated 20 Tablets Packaging Machines to the Botswana Government through the Ministry of Health. Up to this date, more than six years down the line, the machines have not been put to use. As at the time of the Committee sitting, the machines were stored in a warehouse in Gaborone still intact in their crates.

In his response, the Accounting Officer stated that the machines could not be used because the instruction manuals were in the Chinese language without an English translation. In May 2013, he wrote to the University of Botswana requesting for assistance to translate the manuals into English.

The Committee failed to appreciate the justification for taking such a long time to come up with a decision regarding the fate of the machines. At this pace of doing things, it is most likely that by the time they are put into use they will be obsolete.

**Recommendation:**

*The Accounting Officer should expedite whatever course of action he has decided on in order to avoid any further delays.*

13. **Design deficits – Sbrana Psychiatric Hospital, Lobatse**

After having been operating since 2009, it has been observed that the hospital suffers a variety of challenges emanating from its structural designs. The following are some of the salient observations made by the Committee:
(a) The low lying windows and low boundary wall render the hospital inappropriate for the secure custody of acute psychiatric patients and criminal lunatics who are kept in the hospital. This has resulted in continuous security breaches where patients abscond, putting members of the public and themselves at risk.

(b) The hospital structure has too much glass on windows and doors. This attracts patients to break such structures whenever they are upset and agitated. Even though some of the glass has been classified as “shatter proof”, this has proved otherwise in some cases.

(c) All the seclusion rooms were out of use because the hinges for the doors were very weak and easily let go when forcibly pushed or kicked which made them inappropriate for the purpose.

The Committee was concerned about the increasing number of Government projects facing similar design problems, and was beginning to question the professionalism of the architects who are engaged to design the structures. It appears planners do not adequately apply their minds and not enough consultation is done at the design stage of the projects, and this is costing Government millions of Pula in remedial works.

The Accounting Officer stated that he was already in discussion with the Department of Buildings and Engineering Services about this matter and the latter had also contacted the architects who did the design in order to find a sustainable solution to the problem.

**Recommendation:**

There is need for urgent action to resolve the structural design problem as the challenges encountered at the hospital are quite serious given the nature of the patients.

**MINISTRY OF MINERALS, ENERGY AND WATER RESOURCES**

14. Arrears of Revenue

The Committee noted that even though the water supply function of the Department of Water Affairs in major villages has been handed over to Water Utilities Corporation, the arrears of revenue on consumer water accounts still remained in the books of Government. In the year under review, the opening balance on these accounts stood at P19 962 650.00, being debts owed to Government, out of which only a paltry P729 341.00 was collected during the year under review leaving a balance of P19 233 309.00 at year end.
From the correspondence between the Accounting Officer and Water Utilities Corporation, the parties had agreed that the latter was to submit returns on collections they made under these accounts, but since 2010 no returns had been submitted and it was doubtful whether any collections were being made.

It is of serious concern to the Committee that such large amounts of money are not being collected when Government is battling with challenges of revenue deficiencies in these hard economic times. At this poor rate of collection it is most likely that the bulk of these debts will end up being abandoned resulting in loss of revenue to Government.

**Recommendations:** The Accounting Officer should be given a period of 6 months from adoption of this report by the House in which to collect these debts and report back to the Committee on the progress made.

**MINISTRY OF EDUCATION AND SKILLS DEVELOPMENT**

**15. Operation of an unofficial bank account**

Since the introduction of Government sponsorship of students under the grant/loan scheme for tertiary education, the Ministry has been and is still experiencing serious challenges when it comes to the recovery of the loans. Once the students completed their studies, it becomes very difficult to trace them in order to recover the loans. For those who were absorbed in Government employment, the Ministry managed to trace them and make the necessary arrangements for recovery through deductions from salaries. The biggest challenge is with those employed outside the Government system.

In an effort to facilitate recoveries from those beneficiaries who are working outside the public service, the Accounting Officer opened a bank account into which they could deposit their loan repayments from time to time. The bank account was opened in 2011 and as reported by the Accounting Officer, the recoveries have greatly improved, for example, in the 2012/2013 financial year, P17 million was recovered against a target of P21 million.

However, it came as a shock to the Committee to realise that the bank account was unofficially opened and is not in the Government’s books of accounts. In terms of the Finance and Audit Act, all Government bank accounts are opened with the approval of the Accountant General and automatically become part of the Government accounts, but this was not the case with the account in question. It means that all the millions being collected were not recorded in the Government accounts.

The account has never been audited and the Committee was informed that the two signatories to the account had both left the Ministry. It was not clear whether
these signatories had been removed from the list of signatories at the bank and whether new ones had been appointed.

The Accounting Officer indicated that besides the deposits made into the account, there had been some drawings from the account notably for purchase of presents awarded to the best achievers at the recent best achievers’ event organised by the Ministry. In the absence on any audit, the extent of the withdrawals was not known to the Committee and as to whether the withdrawals were for Government purposes is left to conjecture.

The Accounting Officer admitted that the account was unofficially opened but in May 2013, she held a meeting with the Accountant General in an effort to regularise the account.

**Recommendation:**

The Accountant General should expedite regularisation of the bank account and the Auditor General should audit the account for the whole period it has been existing and report to Parliament.

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N. M. Modubule  
**Chairperson**  
**Public Accounts Committee**