



## ANNUAL REPORT 2015/16



**BOTSWANA**  
Qualifications Authority



## MISSION

BQA ensures that all learners' acquire quality assured awards through the implementation of a national quality assured system.

## VISION

To make Botswana the nucleus of global competitive knowledge and skills

## VALUES

- Quality
- Performance
- Integrity
- Innovation
- Customer Focus



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## 1.0 PROFILE

The Botswana Qualifications Authority (BQA) is a parastatal under the Ministry of Education and Skills Development established by the Botswana Qualifications Authority Act, No 24 of 2013, to:

- a) provide for and maintain the National Credit and Qualifications Framework (NCQF).
- b) coordinate the education, training and skills development quality assurance system, from early childhood to tertiary level (lifelong learning).

The governance structure of BQA provides for a 13 member Board of Directors chaired by an independent person. There are six committees that deal with specific functions established to facilitate the work of the Board. These are the Qualifications Framework Maintenance Committee, Finance Committee, Risk and Audit Committee, Human Resource Committee, Board Tender Committee and the Quality Assurance Committee.

To ensure efficiency in the execution of its mandate, the BQA structure has seven departments. These are: the Directorate of the Chief Executive Office; Department of the Deputy Chief Executive Officer, Department of Corporate Services; Department of Development Services; Department of Quality Assurance; Department of the NCQF Services and the Department of Human Resource.

The funds of the Authority shall consist of:

- a) such monies as may be appropriated by the National Assembly for the purpose of the Authority;
- b) such grants and donations as the Authority may receive;
- c) such fees as may be charged for services rendered by the Authority; and
- d) any income that the Authority may receive from investments.

The Authority's financial year begins on 1st April of each year and ends on 31st March of the following year.



## 2.0 CORPORATE GOVERNANCE STATEMENT

### 2.1 Board Structure and its Composition

Section 5 of the BQA Act No.24 of 2013 establishes the Board of Directors which is mandated with governing the Authority. It exercises its powers in accordance with the Act, the Board Charter and other corporate governance best practices. The Board is responsible for policy and general administration of the Authority including ensuring that good corporate governance is adhered to.

The Minister has appointed 13 members whom the Minister considered qualified by reason of their experience or expertise in the areas relevant to the objects and functions of the Authority. Members may hold office for a term not exceeding three years and are eligible for re-appointment for a further term of three years. The Minister may remove or suspend a member from office should he/she be declared bankrupt. The Minister may also suspend a member who has been convicted of any criminal offence within the period of 10 years immediately preceding the date of his or her appointment. BQA has never recorded any removal, suspension or disqualification of a Board member from office.

Upon appointment to the Board, training in corporate governance was scheduled through external experts in the field, to enhance members' knowledge and leadership skills.

### 2.2 Board Charter and Board Committee Charters

In an endeavour to assist the Board and its Committees in functioning and embracing best practice the Board adopted the Board and Committee Charters as directed by the King III Report to guide them in the discharge of their fiduciary duties.

### 2.3 Board Meetings

The role of the Board is to set strategic direction, develop key policies, approve budgets and monitor the implementation of the approved strategic direction through periodic reporting by Executive Management.

The Board meets four times in a financial year but can meet as often as the business of the Authority may require. In 2015/16 there were two quarterly meetings of the Board and its committees because they were newly appointed. The schedule of the quarterly Board meetings was communicated at the beginning of the business of the Board to assist the Board members in their planning.

### 2.4 Declaration of Interest

Board members are entrusted with responsibilities and strive to maintain a high standard of integrity and public confidence in the Board's activities. Section 16 of the BQA Act requires members to disclose in writing at every meeting any interest that could give rise to potential conflict of interest in making and/or contributing to the decisions of the Board. Where there are no interests members are advised to always declare in writing. A member who has declared interest shall not, unless the Board otherwise directs, take part in any consideration or discussion or vote on the matter.

All the disclosures are recorded in the minutes of the meeting and shall form part of the Board records. A member who fails to disclose conflict shall be liable to a fine not exceeding P2000.00 or imprisonment for a term not exceeding six months or both.

## 2.0 CORPORATE GOVERNANCE STATEMENT *Cont..*

### 2.5 Board Remuneration

The Board is remunerated at rates prescribed by the Government of Botswana from time to time.

### 2.6 Delegation

The Board has delegated the day to day management of the affairs of the Authority to the Chief Executive Officer who consequently is accountable and reports the performance of the Authority to the Board. The Executive Management team supports and assists the Chief Executive Officer in the proper administration and management of the functions and affairs of the Authority in accordance with the policies laid down by the Board.

### 2.7 Board Committees

The Board has delegated its duties and responsibilities to committees to perform its functions and ensure proper running of the Authority.

The Chairperson and Vice-Chairperson of each Committee are appointed amongst members of the Board. The Chairperson of the Board is not a member of any Board Committee because he has an oversight role and can not objectively participate in the Committee deliberations. The Committees report and make recommendations to the Board.

Board Committees are comprised as follows:

#### 2.7.1 Finance Committee

The Finance Committee provides the Board with objective advice and assurance regarding financial management of the Authority, monitoring of internal financial controls, compliance with the relevant legislative requirements and ensuring integrity of integrated reporting including management accounts and annual financial statements. The disclosures made by management portray the Authority's financial condition, results of operation and long term commitments. The Committee meets at least four times in each financial year.

The Committee's duties and responsibilities are to:

- consider and recommend to the Board the Authority's accounting policies in relation to Generally Accepted Accounting Principles (GAAPs) such as International Accounting Standards issued by the International Accounting Standards Committee (IASC);
- consider and recommend the draft budget estimates, final budget and revised budget to the Board for approval at appropriate times.
- review and make recommendations to the Board regarding policy issues relating to operating budgets and capital expenditures.
- consider and recommend budget to actual quarterly management reports to the board for approval.
- review the systems established by the Authority to ensure compliance with policies, budgets, strategic plan and/or plan of operation, procedures. Laws and Regulations, which may have significant impact on operations and reports.
- consider and review the selection of banks and bank accounts to be used by the Authority and recommend to the Board for approval.
- review and make recommendations to the Board regarding the approval of authorised signing officers in respect to all banking services.
- review and recommend investment management if any to the Board for approval.
- review compliance with applicable tax requirements.
- consider and recommend the Authority's employee loan schemes to the Board for approval, whether they are guaranteed or non-guaranteed.
- review and make recommendations to the Board in respect of all proposed transactions regarding the leasing or disposal of real property.



### 2.7.2 Risk and Audit Committee

The Committee has an independent oversight role with accountability to the Board. The Committee is constituted in terms of the principles of sound Corporate Governance practices as contained in King III and as provided for by the BQA Act. The Committee assists the Board in discharging its duties by:

#### a. Financial Reporting

- Recommending to the Board the appointment of external auditors;
- Assessing the fairness of external audit fees and make appropriate recommendation;
- Assessing the performance of the external auditors and make recommendations to the Board as appropriate;
- Reviewing the annual external audit scope, plan and approve the Auditors engagement letter;
- Reviewing and advising the Board with respect to conduct and reporting of the annual audit;
- Reviewing any significant unresolved accounting or auditing problems encountered during the external audit;
- Reviewing and receiving assurance on the independence of the external auditors;
- Ensuring there is cooperation and coordination between external and internal audit;
- Considering and recommending the draft annual financial statements and auditors' report and Management letter to the Board for approval.

#### b. Governance

- Reviewing the systems established by the Authority to ensure compliance with policies, budgets, strategic plan and/or plan of operation, procedures, Laws and Regulations, which may have significant impact on operations and reports;
- monitoring and ensuring that internal audit function is adequately resourced and has appropriate standing within the Authority;

- Reviewing policies relating to compliance with Laws, Regulations, ethics, conflict of interest and the investigation of misconduct and fraud;
- Reviewing current/pending litigations or regulatory proceedings bearing on the Authority's governance;
- Reviewing significant cases of employee conflict of interest, misconduct and fraud.

#### c. Risk Management and Internal Control

- Reviewing the Authority's risk management controls and policies;
- Annually reviewing the key risk inherent and emerging in the Authority's business as well as the system of internal control necessary to monitor such risks;
- Obtaining reasonable assurance that systems of internal controls are properly designed and effectively implemented;
- Reviewing Management's steps to implement and maintain appropriate internal control procedures including a review of significant financial controls;
- Reviewing adequacy of security of information, information systems and recovery plans.
- Considering and recommending the Authority's employee loan schemes to the Board for approval whether they are guaranteed or non-guaranteed.

#### d. Internal Audit

- Exercising oversight role with respect to internal audit activities;
- Recommending to the Board for approval, the appointment and dismissal of Head of internal audit;
- Reviewing Internal Audit Charter and propose amendment thereto for submission to the Board for approval;
- Reviewing internal audit plans, budgets and schedules;

## 2.0 CORPORATE GOVERNANCE STATEMENT *Cont..*

- Reviewing internal audit reports and any significant matters raised therein;
- Reviewing Management responses and corrective action plans from internal audit findings;
- Assigning internal audit to undertake specific audit projects as the need arise;
- Reviewing policies and procedures with respect to employees' expense accounts including the use of corporate assets.

The reporting lines are clearly defined and provide for direct access to the Chairperson of the Finance Committee, Risk and Audit Committee and the Board. The Committee meets at least four times in each financial year.

### 2.7.3 Human Resource Committee

The function of the Human Resource Committee is to consider and recommend to the Board the following:

- human resource strategy and supporting policies,
- manpower plans,
- remuneration policy,
- appointment of executive management positions.

The Committee meets at least four times in each financial year.

### 2.7.4 Board Tender Committee

The responsibilities of the Tender Committee are as follows:

- to ensure that all tenders are awarded in a transparent and procedural manner,
- to enhance an effective control environment in the procurement processes of the Authority.
- has delegated financial authority that is reviewed from time to time.

The Committee meets at least four times in each financial year.

### 2.7.5 Quality Assurance Committee

The responsibility of the Quality Assurance Committee is to provide the Board with objective advice and assurance regarding registration and accreditation of Education and Training Providers. The committee assists the Board in discharging its duties by:

- considering and making recommendations to the Board on applications for registration and accreditation of Education and Training Providers presented by the Management Quality Assurance Committee;
- considering and making recommendations for renewal/suspension/revocation/re-assessment of registration and accreditation of Education and Training Providers and learning programmes;
- considering and making recommendations to the Board on applications for accreditation of learning programmes presented by the Management Quality Assurance Committee;
- considering audit reports presented by the Management Quality Assurance Committee;
- keeping under review quality assurance procedures and systems, ensuring that they meet the Service's requirements and reflect best practice;
- contributing to the review of the quality assurance instruments and processes within BQA.

The Committee meets at least four times in each financial year.

### 2.7.6 Qualifications Framework Maintenance Committee

The responsibility of the Qualifications Framework Maintenance Committee is to provide the Board with objective advice and assurance in overseeing the development and maintenance of the National Credit and Qualifications Framework (NCQF). The committee assists the Board in discharging its duties by:



- overseeing the development and maintenance of the NCQF;
- overseeing the implementation of the NCQF policies across the three sub-systems (GE, TVET and HE);
- considering and recommending to the Board for approval of NCQF policies for the development, and registration of qualifications, Articulation, Recognition of Prior Learning, Credit Accumulation and Transfer System (CATS), Evaluation and Recognition of local and external qualifications and any other related policies;
- overseeing the implementation of the NCQF policies for the development, and registration of qualifications, Articulation, Recognition of Prior Learning, Credit Accumulation and Transfer System (CATS), Evaluation and Recognition of local and external qualifications and any other related policies across the three subsystems;
- considering and recommending for approval all instruments, guidelines and procedures for NCQF policy implementation;
- advocating for the NCQF and advising the Board on matters concerning the Framework.

The Committee meets at least four times in each financial year.

## 2.8 Board Secretary

The Board Secretary facilitates efficiency of the Board by ensuring that it executes its fiduciary duties effectively.

The key roles of the Board Secretary are to:

- ensure compliance with statutory and regulatory requirements;
- advise the Board and Executive Management on their roles and responsibilities;
- maintain the Authority's key corporate documents and records;
- organize, attend and record all Board meetings; and
- provide legal advice to Executive Management, Board and Board Committees

## 2.9 Compliance

In terms of Section 25(1) of the BQA Act, the Authority shall within six months after the financial year, or within such longer period as the Minister may approve, submit an annual report. This report was submitted outside the prescribed period with the consent/approval of the Minister.

## 2.10 Code of Conduct & Ethics

The Code of Ethics was considered and adopted by the Board. The code is intended to ensure the Board's commitment in bringing the highest level of integrity in corporate decisions and in the way in which the Authority conducts its business all round. The Board and employees of the Authority are required to always hold themselves to the highest ethical standards.

# 3.0 BOARD OF DIRECTORS





- 1 Mr Charles Siwawa  
*Chairperson*
- 2 Ms. Joyce K Maphorisa  
*Vice Chairperson*
- 3 Mr. Barulaganye Mogotsi
- 4 Mr. David Slater
- 5 Mr. Kobamelo Kgoboko
- 6 Mr. Joseph Matome
- 7 Mr. Busie J Moepi
- 8 Mr. Charles Coyne

- 9 Mr. Mogapi Madisa
- 10 Ms. Mmamiki Kamanakao
- 11 Mr. Boniface G. Mphetlhe
- 12 Mr Labane Mokgosi  
*(Replaced Dr Raphael Dingalo)*
- 13 Ms. Dorcas M. Phirie  
*(alternate member to Mr Labane Mokgosi)*

## 4.0 BOARD COMMITTEES

These pages will show membership of each committee.



### Qualifications Framework Maintenance Committee

**Ms Mmamiki Kamanakao**

*Chairperson*

**Mr. Mogapi Madisa**

*Vice Chairperson*

#### Members:

Ms. Dorcas Phirie

Mr Cassius Mmopelwa

Mr. Busie J. Moepi

Dr. Lekoko Serumola

Ms. Ruth Monau

Ms. Masego B. Marobela

Dr. Oluca Silas



### Risk and Audit Committee

**Mr. Kobamelo Kgoboko**

*Chairperson*

**Ms. Dorcas Phirie**

*Vice Chairperson*

#### Members:

Ms. Mmatlala Dube

Mr. Julian Letlole

Mr. Tlhobelo Moshodi

Ms. Segametsi Mafa

Mr. Kelvin Mooya



### Finance Committee

**Mr Joseph M. Matome**

*Chairperson*

**Mr. Charles I. Coyne**

*Vice Chairperson*

#### Members:

Mr. Boniface Mphetlhe

Mr. Emang Chibua

Mr. Sanga Namoshe

Ms. Ontlametse Sebonego

Ms. Blessed Davids





## Tender Committee

**Mr Boniface Mphetlhe**

*Chairperson*

**Mr. David J. Slater**

*Vice Chairperson*

**Members:**

Ms. Mmamiki Kamanakao

Mr. Polokelo Mollentze

Mr. Mmetla Masire

Ms. Gaone Gaobotse

Mr Johnson Nyeku



## Quality Assurance Committee

**Ms Joyce Keitumetse Maphorisa**

*Chairperson*

**Mr. Busie J. Moepi**

*Vice Chairperson*

**Members:**

Ms. Dorcas Phirie

Dr. O.B. Molwane

Ms. Mmamiki Kamanakao

Mr. Clement Matswagothata

Mr. Modisaotsile Hulela

Mr. Tebogo Motswetla

Mr. Modiri Mogopa

Dr. Tichatonga J. Nhundu



## Human Resource Committee

**Mr. Barulaganye J. Mogotsi**

*Chairperson*

**Ms. Ruth Maphorisa**

*Vice Chairperson*

**Members:**

Mr. Busie Jackie Moepi

Dr. Mary Mabotho

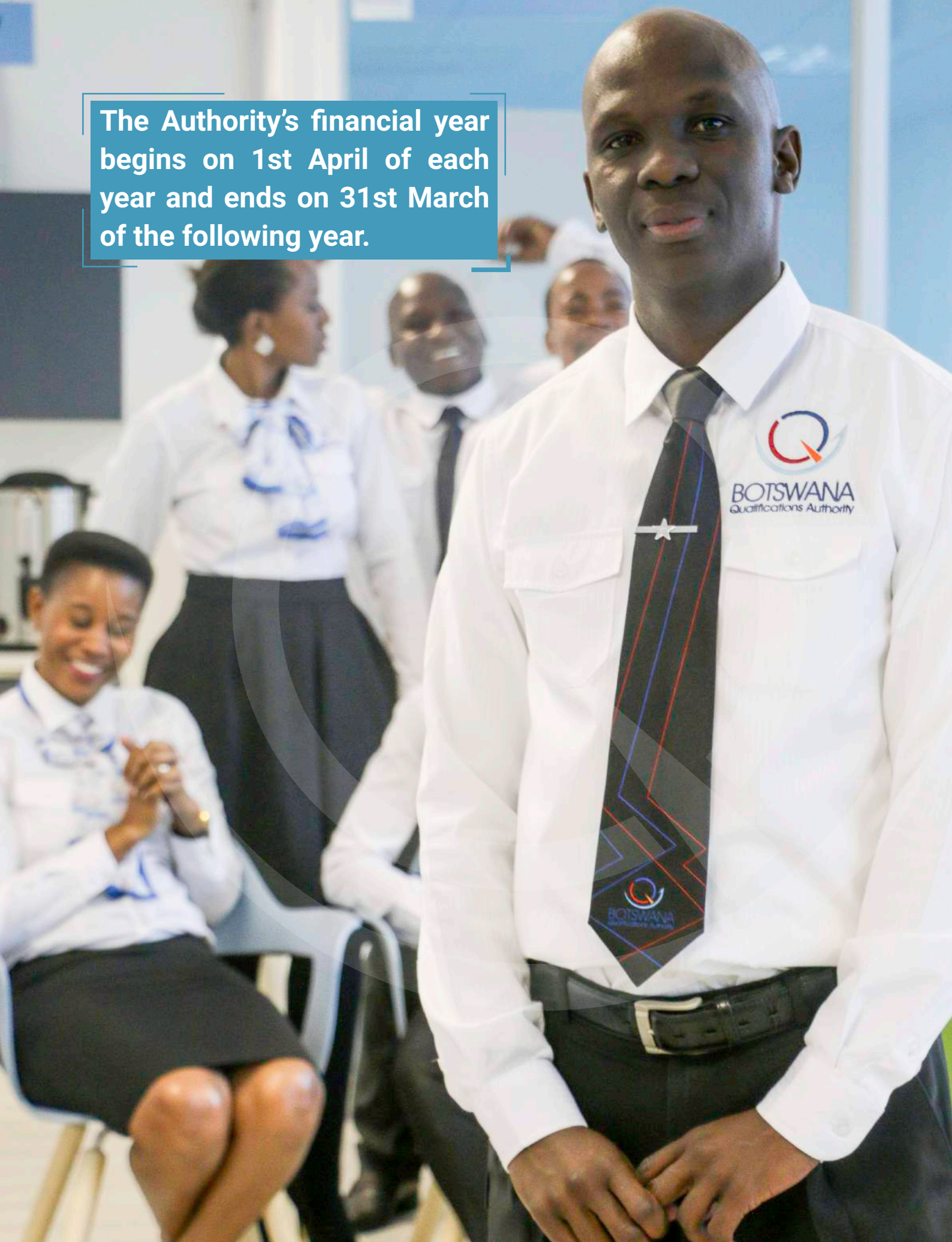
Ms. Lekono Phiri

Mr. Jowitt Mbongwe

Ms. Poppy Sechele

Mr. Courtney Sethebe

The Authority's financial year begins on 1st April of each year and ends on 31st March of the following year.



## 5.0 BOARD AND ITS COMMITTEES MEETINGS ATTENDANCE

Attendance of Board meetings and those of its Committees is core to corporate governance. It demonstrates the commitment and accountability of members to the organisation. The Interim Board attended scheduled Board meetings in quarter 1 and 2 before appointment of the substantive one. The seven tables below record the attendance of statutory meetings of the Board and its Committees in 2015/16.

Most members of the Board and Committees were able to attend at least 50 percent of scheduled meetings.

### 5.1 Board of Directors

**Chairperson:** Mr Charles Siwawa

**Table 1: Board attendance**

| Name  | Dec | Mar | Total |
|---|-----|-----|-------|
| Mr. Charles Siwawa  | P   | P   | 2/2   |
| Ms. Joyce k Maphorisa                                     | A   | P   | 1/2   |
| Mr. Barulaganye Mogotsi                                   | P   | P   | 2/2   |
| Mr. David Slater  | P   | P   | 2/2   |
| Mr. Kobamelo Kgoboko                                      | P   | A   | 1/2   |
| Mr. Joseph Matome   | P   | P   | 2/2   |
| Mr Busie J Moepi  | A   | P   | 1/2   |
| Mr. Charles Coyne   | P   | P   | 2/2   |
| Mr. Mogapi Madisa   | P   | P   | 2/2   |
| Ms. Mmamiki Kamanakao                                     | P   | P   | 2/2   |
| Mr. Boniface G. Mphetlhe                                  | A   | P   | 1/2   |
| Dr Raphael Dingalo  | A   | N/A | 0/2   |
| Mr Labane Mokgosi (Replaced Dr Raphael Dingalo)           | N/A | P   | 1/2   |
| Ms. Dorcas Phirie (alternate member to Mr Labane Mokgosi) | P   | AMA | 1/2   |
| Ms. Ruth Maphorisa  | A   | A   | 0/2   |

A = Apology P = Present N/A= Not a member AMA= Alternate member attended

### 5.2 Qualifications Framework Maintenance Committee

**Chairperson:** Ms Mmamiki Kamanakao

**Table 2: Qualifications Framework Maintenance Committee attendance**

| Name                   | Nov | Feb | Total |
|------------------------|-----|-----|-------|
| Ms. Mmamiki Kamanakao  | P   | P   | 2/2   |
| Mr. Mogapi Madisa      | P   | P   | 2/2   |
| Ms. Dorcas Phirie      | P   | A   | 1/2   |
| Mr. Busie Jacob Moepi  | P   | A   | 1/2   |
| Ms. Ruth Monau         | P   | P   | 2/2   |
| Dr. Oluca Silas        | P   | P   | 2/2   |
| Mr Cassius Mmopelwa    | P   | A   | 1/2   |
| Dr. Lekoko Serumola    | P   | A   | 1/2   |
| Ms. Masego B. Marobela | P   | P   | 2/2   |

A = Apology P = Present



## 5.0 BOARD AND ITS COMMITTEES MEETINGS ATTENDANCE *Cont...*

### 5.3 Risk and Audit Committee

**Chairperson:** Mr. Kobamelo Kgoboko

**Table 3: Risk and Audit Committee meeting**

| Name                 | Nov | Total |
|----------------------|-----|-------|
| Mr. Kobamelo Kgoboko | P   | 1/1   |
| Ms. Dorcas Phirie    | A   | 0/1   |
| Ms. Mmatlala Dube    | P   | 1/1   |
| Mr. Tlhobelo Moshodi | A   | 0/1   |
| Mr. Kelvin Mooya     | P   | 1/1   |
| Mr. Julian Letlole   | P   | 1/1   |
| Ms. Segametsi Mafa   | A   | 0/1   |

A = Apology P = Present

### 5.4 Finance Committee

**Chairperson:** Mr Joseph M. Matome

**Table 4: Finance Committee**

| Name                    | Nov | Feb | Total |
|-------------------------|-----|-----|-------|
| Ms. Joseph M. Matome    | P   | P   | 2/2   |
| Mr. Charles I. Coyne    | P   | P   | 2/2   |
| Ms. Boniface Mphethlhe  | A   | A   | 0/2   |
| Mr. Sanga Namoshe       | P   | A   | 1/2   |
| Ms. Blessed Davids      | P   | P   | 2/2   |
| Mr. Emang Chibua        | A   | P   | 1/2   |
| Ms. Ontlametse Sebonego | P   | P   | 2/2   |

A = Apology P = Present

### 5.5 Tender Committee

**Chairperson:** Mr. Boniface Mphethlhe

**Table 5: Tender Committee**

| Name                   | Nov | Feb | Total |
|------------------------|-----|-----|-------|
| Mr. Boniface Mphethlhe | P   | P   | 2/2   |
| Mr. David J. Slater    | P   | A   | 1/2   |
| Mr. Mmamiki Kamanakao  | P   | A   | 1/2   |
| Mr. Mmetla Masire      | A   | P   | 1/2   |
| Mr Johnson Nyeku       | P   | P   | 2/2   |
| Mr. Polokelo Mollentze | P   | P   | 2/2   |
| Ms. Gaone Gaobotse     | P   | A   | 1/2   |

A = Apology P = Present



## 5.6 Quality Assurance Committee

**Chairperson:** Ms Joyce Keitumetse Maphorisa

**Table 6: Quality Assurance Committee**

| Name                      | Nov | Feb | Total |
|---------------------------|-----|-----|-------|
| Ms. Joyce K. Maphorisa    | P   | A   | 1/2   |
| Mr. Busie J. Moepi        | P   | P   | 2/2   |
| Ms. Dorcas Phirie         | P   | A   | 1/2   |
| Ms. Mmamiki Kamanakao     | P   | P   | 2/2   |
| Mr. Modisaotsile Hulela   | A   | P   | 1/2   |
| Mr. Modiri Mogopa         | P   | P   | 2/2   |
| Dr. O.B. Molwane          | P   | P   | 2/2   |
| Mr. Clement Matswagothata | P   | P   | 2/2   |
| Mr. Tebogo Motswetla      | A   | P   | 1/2   |
| Dr. Tichatonga J. Nhundu  | P   | P   | 2/2   |

A = Apology P = Present

## 5.7 Human Resource Committee

**Chairperson:** Mr. Barulaganye J. Mogotsi

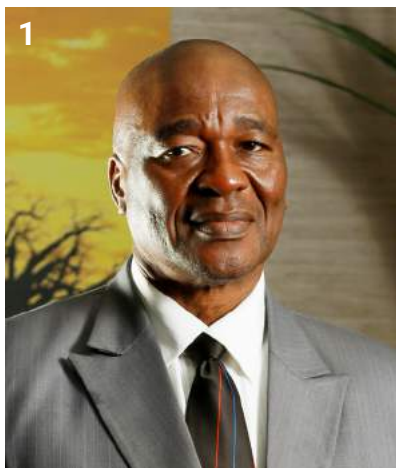
**Table 7: Human Resource Committee**

| Name                       | Nov | Feb | Total |
|----------------------------|-----|-----|-------|
| Mr. Barulaganye J. Mogotsi | P   | P   | 2/2   |
| Ms. Ruth Maphorisa         | A   | A   | 0/2   |
| Mr. Busie Jackie Moepi     | P   | A   | 1/2   |
| Ms. Lekono Phiri           | P   | P   | 2/2   |
| Ms. Poppy Sechele          | P   | P   | 2/2   |
| Dr. Mary Mabotho           | P   | A   | 1/2   |
| Mr. Jowitt Mbongwe         | A   | P   | 1/2   |
| Mr. Courtney Sethebe       | P   | A   | 1/2   |

A = Apology P = Present



## 6.0 BQA MANAGEMENT



- 1 Mr Abel Modungwa  
*Chief Executive Officer*
- 2 Dr. Andrew Molwane  
*Acting Deputy Chief Executive Officer*
- 3 Ms Selebo A. Jobe  
*Director: Development Services*
- 4 Mr Josius Maluzo  
*Director: Human Resources*
- 5 Dr Phetolo Malau – Modiega  
*Director: Quality Assurance*

- 6 Dr. Justice Gaeonale  
*Acting Director: NCQF*
- 7 Ms Magdaline T. Motswagole  
*Acting Director: Corporate Services*
- 8 Mr Kennedy Pheko  
*Board Secretary*



## 7.0 BOARD CHAIRPERSON'S STATEMENT



Board  
Chairperson

**Charles Siwawa**

It is my pleasure to present to you the Botswana Qualifications Authority (BQA) Annual Report for the 2015/16 financial year.

The BQA Act No. 24 of 2013 established the Botswana Qualifications Authority as a regulatory body to provide for the design, development, implementation and maintenance of the overarching National Credit and Qualifications Framework (NCQF). It also encompasses the coordination of a common quality assurance platform for education, training and skills development system for all qualifications. This is geared towards developing, implementing and coordinating a seamless quality education and training system, as noted in the 2014/15 annual report. The main goal of the reforms is to produce a human resource that is robust and competent to meet the needs of both local and international markets.

A substantive Board of Directors was appointed in the third quarter of 2015/16, taking over from the interim Board that ensured continuity and a smooth transition from Botswana Training Authority to Botswana Qualifications Authority. Committees of the Board were also reviewed to ensure alignment to the BQA mandate and to comply with critical corporate governance practices. The organisational structure was realigned to cater for functional areas as the BQA mandate dictates. Subsequently a substantive Chief Executive Officer was appointed.

During the 2015/2016 financial year, BQA developed a five year corporate strategy with the aim to commence implementation during the next 2016/17 financial year. Key thematic areas of the strategy include growth and

expansion of services in line with the National Human Resource Development Strategy (NHRDS) to cover Quality Assurance of; General Education, Technical Vocational Education & Training and Higher Education as well as Customer and Stakeholder Management. The design and development of a High Performance Organisation by promoting the desired corporate culture through change management initiatives was considered as critical in the delivery of this strategy.

The mandate of Botswana Qualifications Authority has been considerably expanded in scope from that of Botswana Training Authority. This demanded significant upward shift in manpower requirements against the backdrop of limited financial resources. The identified limited resources have significantly sub-optimised the ability of the organisation to perform to its projected levels, however job realignment and sharing has been considered as an interim solution to deliver on this crucial mandate in the nation's economy.

The BQA Regulations were not gazetted during the period under review and the Attorney General's Chambers was making effort to ensure these are produced at the earliest possible time to enable the organisation to align its services with the Regulations. The necessary legislative preparations to implement the BQA mandate continued in the year under review.

I would like to express my special appreciation to the Ministry of Education and Skills Development, the Interim Board of Directors that ensured smooth transition from Botswana Training Authority to Botswana Qualifications Authority, the BQA Board, stakeholders, management and staff for the requisite support during the transition period. The concept of BQA as a High Performing Organisation has been accepted by all stakeholders and staff.

**Charles Siwawa**  
Board Chairperson



## 8.0 CHIEF EXECUTIVE OFFICER'S STATEMENT



Chief Executive  
Officer

**Abel Modungwa**

During the year under review significant progress was made in implementing the new organisation structure, General Staff Conditions of Service, procurement procedures, financial regulations and other requisite documentation and processes to ensure smooth operation of the Authority.

In 2015/16, BQA, committed itself to the implementation of the following initiatives and processes:

- Ensuring business continuity during the transition period
- Developing support systems and tools
- Staff recruitment and development
- Corporate Strategy Development and dissemination
- Stakeholder engagement
- Partnerships and networks
- Development of a culture of a High Performing Organisation

Most of these initiatives were achieved despite resource constraints.

The Authority was able to continue providing services in the following areas: registration and accreditation of Education and Training Providers, trainers, assessors, learning programmes, evaluation of qualifications, recognition of prior learning, development of national awards and other components of quality assurance and development services. The Authority experienced growth and was able to accomplish most of the set targets.

Work on the takeover of the General Education sub-system continued with consultations involving the relevant stakeholders. Consultations with regulatory bodies, professional bodies, ETPs, unions, student representative councils and associations were undertaken to solicit stakeholder buy-in in the quality assurance processes. This activity will be continued in the next financial year and beyond to enhance quality of education and training.

The Assistant Minister of Education and Skill Development Honourable Fidelis Molao launched the Southern African Quality Assurance Network (SAQAN) which was hosted by BQA. SAQAN will facilitate sharing of experiences, good practices, research findings and current approaches and innovations towards improvement of higher education in the region.

BQA will continue to consult and engage stakeholders in the finalisation of policies, procedures and processes to ensure availability of 'fit for purpose' quality assurance system. This reporting period had its set of challenges amongst which were resource constraints, student unrests and isolated cases of non-compliance. Nonetheless, mitigating strategies which were put in place proved to be effective.

I thank the Chairperson and members of the Board for their strategic leadership in this period of transition; stakeholders for their support; BQA management and staff for their commitment and hard work.

A handwritten signature in dark ink, appearing to be 'A. Modungwa', written over a dotted line.

**Abel Modungwa**

Chief Executive Officer

## 9.0 ACHIEVEMENTS

This section highlights achievements against set targets in the year under review.

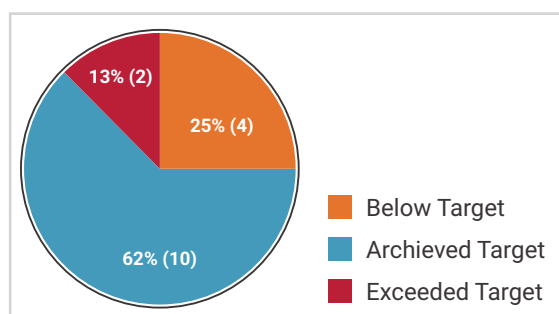
### 9.1 Strategic Annual Plan Performance

Objectives and measures of the 2015/16 Annual Plan were crafted in line with business continuity requirements prior to gazetting of the BQA Regulations.

The Authority has generally performed according to plan and has exceeded expectations on two objectives, achieved target on ten objectives and performed below target on four objectives.

Figure 1 is a summary of the 2015/16 Strategic Plan performance.

**Figure 1: Summary of the 2015/16 Strategic Plan Performance**



#### 9.1.2 Development of the 2016 – 2021 Strategic Plan

Over the 2015/16 plan period, BQA Board, Management and Staff developed the first BQA Corporate Strategic Plan 2016-2021. The thematic thrusts of the plan are:

- growth (expansion of services in line with NHRDS goals),
- customer and stakeholder management and
- building a high performance corporate culture.

The Strategic Plan will be implemented from the 2016/17 financial year.

### 9.2 Development Services

BQA ensures quality and relevance of learning programmes through coordination of the development of unit standards and packaging of qualifications. The Authority supports Education and Training Providers (ETPs) to develop curricula that is aligned to BQA unit standards and qualifications in order to ensure that training and education outcomes meet the needs of industry.

During the reporting period, the Authority developed unit standards and qualifications to ensure that these were ready for mapping into the National Credit and Qualifications Framework (NCQF) when the Regulations for the NCQF have been gazetted.

#### 9.2.1 Development of Unit Standards

A total of 247 new unit standards were developed. Table 8 presents the subfields against which these were developed.

**Table 8: Developed Unit Standards**

| SUB –FIELD/ DOMAIN                         | UNIT STANDARDS |
|--|----------------|
| Information Communication Technology (ICT) | 36             |
| Creative Arts/Leather                      | 12             |
| Creative Arts/Signage                      | 10             |
| Horticulture/Mushroom                      | 18             |
| Heavy Plant                                | 148            |
| Auto Mechanics                             | 23             |
| <b>Total</b>                               | <b>247</b>     |

### 9.2.2 Development of Qualifications

A total of 40 qualifications were developed during the reporting. Two qualifications were developed for agriculture and nature conservation, nine for culture, arts and crafts, 18 for engineering and manufacturing and 11 for information communications technology. Tables 9 – 12 present the fields and sub-fields for which the qualifications were developed.

**Table 9: Developed Qualifications for Agriculture and Nature Conversation Field**

| Name of Qualification         | Level 1  | Level 2  | Level 3  |
|-------------------------------|----------|----------|----------|
| <b>Subfield: Horticulture</b> |          |          |          |
| 1. Mushroom Production        |          | ✓        | ✓        |
| <b>Total</b>                  | <b>0</b> | <b>1</b> | <b>1</b> |

**Table 10: Developed Qualifications for Culture, Arts and Crafts Field**

| Name of Qualification                    | Level 1  | Level 2  | Level 3  |
|--|----------|----------|----------|
| <b>Subfield: Creative Arts – Leather</b> |          |          |          |
| 1. Leather Work                          | ✓        | ✓        | ✓        |
| 2. Hides Collection                      | ✓        |          |          |
| 3. Tanning                               |          | ✓        | ✓        |
| <b>Subfield: Creative arts- Signage</b>  |          |          |          |
| 1. Signage                               | ✓        | ✓        | ✓        |
| <b>Total</b>                             | <b>3</b> | <b>3</b> | <b>3</b> |

**Table 11: Developed Qualifications for Engineering and Manufacturing Field**

| Name of Qualification                      | Level 1  | Level 2  | Level 3  |
|--|----------|----------|----------|
| <b>Subfield: Automotive Trades</b>         |          |          |          |
| 1. Auto Mechanics                          |          | ✓        | ✓        |
| 2. Auto Electrical                         |          | ✓        | ✓        |
| <b>Subfield: Heavy Plant</b>               |          |          |          |
| 1. Mechanics – General                     | ✓        | ✓        | ✓        |
| 2. Mechanics- Plant Equipment              |          | ✓        | ✓        |
| 3. Operations                              | ✓        |          |          |
| 4. Operations –Construction                |          | ✓        | ✓        |
| 5. Operations –Construction –Multi Skilled |          | ✓        | ✓        |
| 6. Operations –Mining                      |          | ✓        | ✓        |
| 7. Operations – Mining Multi Skilled       |          | ✓        | ✓        |
| <b>Total</b>                               | <b>2</b> | <b>8</b> | <b>8</b> |

Table 12: Developed Qualifications for Information Communications Technology

| Name of Qualification                              | Level 1  | Level 2  | Level 3  |
|--|----------|----------|----------|
| <b>Subfield: ICT</b>                               |          |          |          |
| 1. Certificate in ICT – Computer Operator          | ✓        | ✓        |          |
| 2. Certificate in ICT- Data Clerk                  | ✓        |          |          |
| 3. Certificate in ICT- Web Developer               |          |          | ✓        |
| 4. Certificate in ICT – Systems Analyst            |          |          | ✓        |
| 5. Certificate in ICT- Systems Administrator       |          |          | ✓        |
| 6. Certificate in ICT- Programmer                  |          |          | ✓        |
| 7. Certificate in ICT- PC Technician               |          |          | ✓        |
| 8. Certificate in ICT- Network Administrator       |          |          | ✓        |
| 9. Certificate in ICT- End User Support Technician |          |          | ✓        |
| 10. Certificate in ICT- Database Administrator     |          |          | ✓        |
| <b>Total</b>                                       | <b>2</b> | <b>1</b> | <b>8</b> |

### 9.2.3 Curriculum Development and Implementation Support

During the reporting period, the Authority facilitated capacity building activities on the design and development of outcomes-based qualifications and learning programmes for education and training providers. These support activities were done through partnerships, workshops, face to face facilitation and desktop review of learning programme documents submitted by education and training providers.

The Authority reviewed 195 draft learning programmes from 49 education and training providers. All the submitted programmes were reviewed and providers were given feedback.

## 9.3. DEVELOPMENT OF THE NATIONAL CREDIT QUALIFICATIONS FRAMEWORK (NCQF)

Pursuant to the provision of Section 4(1) of the BQA Act 2013, the Authority provides for the development and maintenance of a National Credit and Qualifications Framework (NCQF). Key functions in this area include (i) Framework Development and Maintenance (ii) Evaluation of Qualifications and (iii) Recognition of Prior Learning and Credit Accumulation and Transfer.

### 9.3.1 Framework Development and Maintenance

The process of registration of qualifications has four major sub-processes; administrative checks, verifications (audits), validation and placement on the framework. The submission of developed registerable materials is a precursor to the auditing and registration processes. There were no qualifications submitted for auditing and registration in this reporting period because the NCQF Regulations had not been gazetted.



### 9.3.2 Evaluation of Qualifications

Evaluation of Qualifications is the process of analysing external qualifications in terms of their country of origin context and points of difference and/or similarity in relation to local qualifications and contexts. The process leads to recognition and formal acceptance of the appropriateness of a qualification for a specific purpose.

The Authority develops standards for the recognition of external qualifications and to evaluate local and external qualifications. The evaluation is against criteria to determine significance, and confirm the legality, validity and credibility of qualifications documents submitted and the qualification to which the documents refer. These qualifications are kept in a register and serve as precedents.

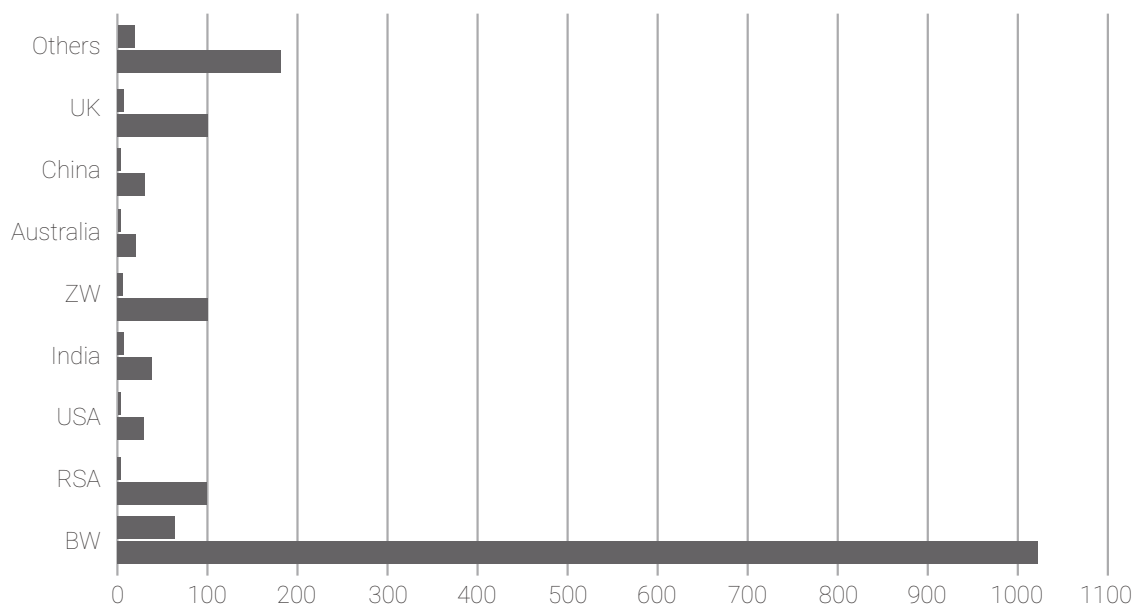
The evaluation of qualifications promotes access and progression within education and training and the world of work. It is intended that the transparency of information underlying evaluation and recognition should promote collaboration among those involved in recognition of qualifications. It should benefit the qualification holder hoping to study or work in Botswana.

A total of 1760 qualifications were evaluated in the reporting period. 1680 were applications by individuals and 80 requests were made by employers and other Authorities.

**Table 13: Number of qualifications submitted by individuals by country of origin**

| Country               | Botswana | RSA | USA | India | ZW  | Australia | China | UK  | Others | TOTAL |
|-----------------------|----------|-----|-----|-------|-----|-----------|-------|-----|--------|-------|
| No. of qualifications | 1010     | 119 | 38  | 48    | 102 | 25        | 41    | 116 | 181    | 1680  |
| %                     | 60.1     | 7.1 | 2.2 | 2.9   | 6.1 | 1.5       | 2.4   | 6.9 | 10.8   | 100%  |

**Graph 1: Graphical presentation of qualifications by country of origin**

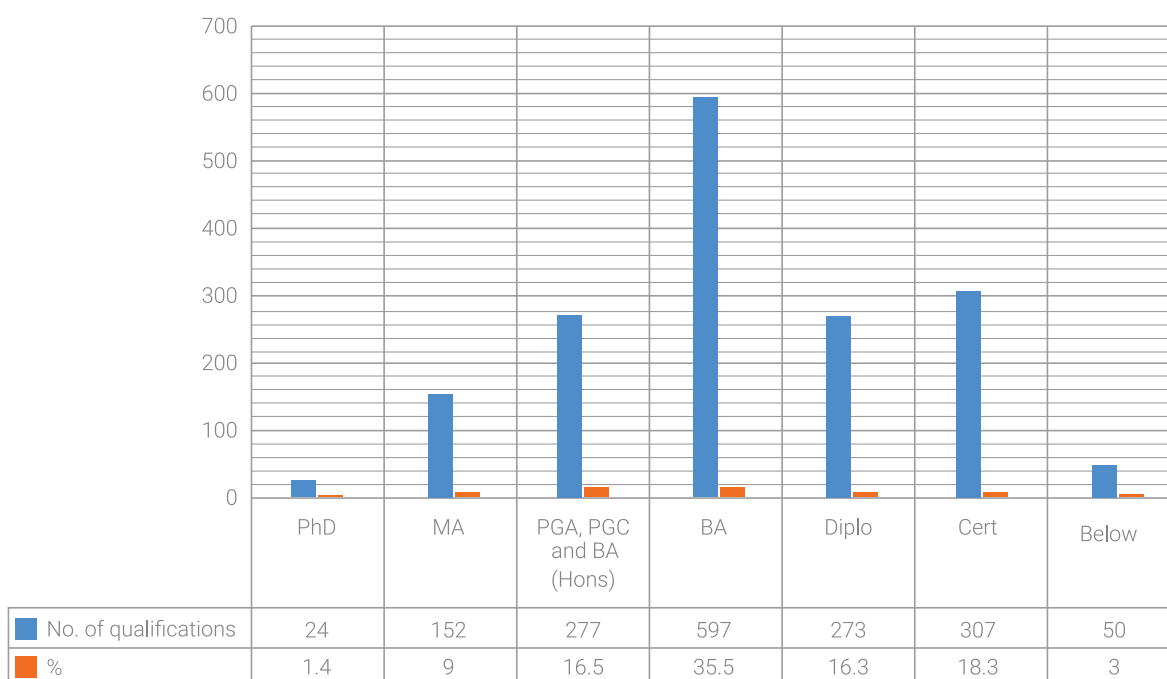


**Key:** RSA: Republic of South Africa USA: United States of America ZW: Zimbabwe UK: United Kingdom  
BW: Botswana

Table 14: Qualifications types evaluated.

| Qualification Type    | Doctorate Degree | Master's Degree | PGD, PGC and Bachelor's (Hons) | Bachelor's Degree | Diploma | Certificate | Below Certificate | TOTAL |
|-----------------------|------------------|-----------------|--------------------------------|-------------------|---------|-------------|-------------------|-------|
| No. of qualifications | 24               | 152             | 277                            | 597               | 273     | 307         | 50                | 1680  |
| %                     | 1.4              | 9.0             | 16.5                           | 35.5              | 16.3    | 18.3        | 3.0               | 100   |


Graph 2: Qualifications types evaluated.



### 9.3.3 Recognition of Prior Learning (RPL)

Recognition of Prior Learning (RPL) is a process by which previous learning and experience of a candidate, irrespective of how it was obtained, is compared with the learning outcome or unit standards required for a specified qualification. This is critical in an outcome-based education and training system where a learner accumulates credits through formal, informal and non-formal learning. Candidates who are unsuccessful during the assessments are assisted to close the identified gaps.

In this reporting period, BQA set up a new Recognition of Prior Learning Division tasked with the development of policies to guide the implementation of Recognition of Prior Learning (RPL) and the Credit Accumulation and Transfer System (CATS) by Education and Training Providers.



BQA in partnership with the Francistown Centre for Technical and Vocational Education (FCTVE) assisted 89 practising trainers to meet the requirements for full trainer registration through the process of RPL. 50 out of 89 practising trainers managed to submit for assessment.

BQA and the Department of Wildlife and National Parks (DWNP) put in place strategies to assist 1652 tour guides who were assessed but were not successful in the previous year. The Tour Guides were supported to compile evidence of their competencies through RPL assessments to meet the new licensing requirements. A decision was made to reassess them in the 2016/17 financial year.

The Authority in partnership with the Department of Technical Vocational Education and Training (DTVET) conducted an induction workshop for about 90 RPL candidates and refresher workshop for RPL Advisors on portfolio building and evidence evaluation. These activities were carried out to kick start the implementation of the RPL project for which BQA and DTVET had signed a Memorandum of Understanding.

These projects are ongoing and are envisaged to run for the next two years.

#### **9.3.3.1 Development of Recognition of Prior Learning and credit accumulation and transfer Policies, Criteria and Guidelines Documents**

The draft Recognition of Prior Learning and Credit Accumulation and Transfer Policies, criteria and guidelines documents were reviewed for purposes of further development. Consultations for further input from stakeholders will be conducted subsequent to the gazetting of the NCQF regulations to sensitise and map the way forward for operational implementation of the new business landscape. The documents will be finalised in the next financial year.

## 9.4 QUALITY ASSURANCE

BQA is mandated to coordinate the education, training and skills development quality assurance system of the country. This is done through registration and accreditation of education and training providers, assessment centres, learning programmes, trainers, assessors, moderation of assessments and compliance monitoring. BQA quality assures all the three subsystems of education and training which are: General Education (GE), Technical and Vocational Education and Training (TVET) and Higher Education (HE)

### 9.4.1 Quality Assurance Services in General Education

During the reporting period, consultations with relevant stakeholders such as the Ministry of Education and Skills Development continued. These consultations primarily focused on how best the Authority could work with other stakeholders with regards to General Education quality assurance (Registration of ETPs, Awarding Bodies, Assessors and Moderators, and conducting of Institutional Audits) without duplicating what the Ministry was already doing.

### 9.4.2 Quality Assurance Services in Technical and Vocational Education and Training

The Technical Vocational Education and Training (TVET) subsystem covers education and training, as well as learning programmes which provide knowledge, skills and competencies relevant for employment or self-employment.

#### 9.4.2.1 Registration and Accreditation of Education and Training Providers (ETPs)

As at 31st March 2016, the Authority had received a total of 238 applications for initial accreditation out of which 197 applications were processed and concluded. This represents an average performance level of 83% against a set target of 90%. The total number of BQA accredited TVET Education and Training Providers increased by 38% to 717, compared to 520 in 2014/15.

#### 9.4.2.2 Accreditation of Learning Programmes

In the reporting period, the Authority received 986 applications for learning programme accreditation most of which were for short courses. 881 applications were processed and concluded thus achieving an average performance level of 89% against a set target of 90%. The cumulative number of accredited programmes is now 5731.

#### 9.4.2.3 Registration and Accreditation of Trainers and Assessors

This is to ensure that trainers and assessor possess the relevant qualifications and experience to train and assess.

##### *a) Registration and Accreditation of Trainers*

BQA registers trainers on a provisional or full registration basis. A total of 1074 trainers were issued provisional registration because they did not meet some of the requirements such as lack of either a teaching qualification, or two years' experience or both. 630 trainers were issued full registration since they met all the requirements. In total, 1908 applications were received in this reporting period and 1704 were granted registration thus the average performance for the year was 89% against the set target of 90%. The outstanding 204 applications will be considered in the next financial year. To date, the cumulative total of provisionally registered trainers is 7300 and 2314 for trainers on full registration.



BQA experienced more applications for registration and accreditation of trainers in the financial year 2015/16 compared to 2014/2015. The majority of applications were from public ETPs because BQA was prohibitive in renewing accreditation of ETPs who employed trainers who were not accredited.

#### ***b) Registration and Accreditation of Assessors***

BQA also registers assessors on provisional or full registration terms.

A total of 265 applications were received from assessors in 2015/16 compared to 253 in 2014/15. 263 applications were processed and 135 assessors who possessed a standard based assessor qualification or equivalent plus minimum two years relevant experience were issued full registration whilst 128 assessors who did not meet all the requirements were given provisional registration. The cumulative total of assessors on full registration is currently 815 and 919 are on provisional registration.

**Table 15: A summary of quality assurance services in the TVET subsystem.**

| Service                               | 2015/16 | Cumulative total |
|---------------------------------------|---------|------------------|
| Accreditation of institutions         | 197     | 717              |
| Accreditation of learning programmes  | 881     | 5731             |
| Provisional registration of trainers  | 1074    | 7300             |
| Full registration of trainers         | 630     | 2314             |
| Provisional registration of assessors | 128     | 919              |
| Full registration of assessors        | 135     | 815              |

#### **9.4.2. 4 Compliance Monitoring**

The Authority monitors and audits all accredited ETPs to ensure continued compliance with the provisions of the BQA Act through scheduled and unscheduled audits.

A total of 108 institutions were audited for renewal of accreditation and four were audited for compliance monitoring in the reporting period against a set target of 100 thus exceeding performance expectation by 12%. The majority of ETPs implemented the necessary corrective actions in order to remain compliant. The notable noncompliance issues during the audits were expired or unavailable health and safety certificates as well as the fact that institutions relocated from accredited sites to unaccredited sites.

BQA will continue to monitor and audit ETPs for continual improvement.

### 9.4.3 Quality Assurance Services in Higher Education (HE)

This sub-system covers learning programmes ranging from Diploma to Doctoral level.

#### 9.4.3.1 Registration and Accreditation of Education and Training Providers

Applicants who aim to provide Higher Education and Training services are required to submit applications to BQA for assessment and possible registration and accreditation.

During 2015/16, two institutions were registered under the Letter of Interim Authority which allows them to operate an ETP once the Authority has satisfied itself that the provider has the resources, realistic plans to achieve the aims and objectives of its establishment, meets the set minimum standards and that it adds value to the higher education landscape in Botswana.

The registration of one private and one public ETP in this reporting period brought the number of registered ETPs in the country to 20 private and 26 public.

#### 9.4.3.2 Learning Programme review

Private Higher ETPs submit both franchised and home grown learning programmes for review and approval before offering them to students.

In this reporting period, BQA received 23 learning programmes for review and approval. Ten were approved, five rejected and eight were still at different stages of the review process and will be carried forward to the next year. The table 16 below shows the number of programmes that were received and reviewed by level.

**Table 16: Number of programmes reviewed by level**

| Type                      | Number of programmes |
|---------------------------|----------------------|
| Diploma                   | 7                    |
| Bachelor's Degree         | 14                   |
| Post Graduate Certificate | 1                    |
| Master's Degree           | 1                    |

#### 9.4.3.3 Learning Programme Accreditation

In 2015/16, a total of eight ETPs submitted 74 learning programmes for accreditation and 27 were assessed and accredited. The pending 47 learning programmes were still at different stages of the accreditation process.

Table 17 depicts the number of applications received for accreditation by level.

**Table 17: Number of applications received for accreditation by level.**

| Qualification              | Number of programmes |
|----------------------------|----------------------|
| Diploma                    | 31                   |
| Bachelor's Degree          | 34                   |
| Master's Degree            | 2                    |
| Post Graduate Certificate  | 1                    |
| Post Graduate Diploma      | 2                    |
| Professional Qualification | 4                    |

Table 18 summarises annual performance by process in the year

**Table 18: Annual performance by process in the year**

| Process                 | Target % | Actual % |
|-------------------------|----------|----------|
| Registration of ETPs    | 90       | 50       |
| Programme Accreditation | 90       | 36       |
| Programme Review        | 90       | 65       |

The actual percentage reflects applications which were reviewed, registered and accredited. The targets proved to be unachievable because the process of registration and accreditation required substantial amounts of time therefore new realistic targets will be set in the next financial year.

#### 9.4.4 Launch of the Southern African Quality Assurance Network (SAQAN)

The first Southern African Sub-Regional Conference on Quality Assurance in Higher Education which was held in Victoria Falls, Zimbabwe, in July 2014, recommended to set up a Sub-Regional Network on Quality Assurance in Higher Education in the Southern African Region that could work in close collaboration with the African Quality Assurance Network (AfriQAN).

The Southern African Quality Assurance Network (SAQAN) was launched in Botswana on the 27th

October, 2015 by the Assistant Minister of Education and Skill Development Honourable Fidelis Molao. The Network will facilitate sharing of experiences, good practices, research findings and promising approaches and innovations towards improvement of higher education in the region. It will promote collaborative efforts amongst quality assurance practitioners and establish cost-effective and streamlined approach to quality assurance in higher education within Southern Africa.

The launch was held as a key component of a conference that was held from the 27- 29 October, 2015 under the theme "Promoting Cooperation and Collaboration in Quality Assurance in Higher Education in the Southern African Region".

The SAQAN Conference was attended by, Ministries responsible for Higher and Tertiary Education, higher education institutions, Southern Africa Regional Universities Association (SARUA), academic associations, universities, students associations, employers' associations from Botswana, Lesotho, Swaziland, Namibia, Mozambique, Seychelles, Zimbabwe and South Africa.

#### 9.4.5 Consultations with Professional and Regulatory Bodies

BQA held workshops with professional and regulatory bodies to discuss collaborative efforts in registration and accreditation of education and training providers, trainers and learning programmes. The objectives of the workshops were to align quality assurance policies and procedures to ensure that graduates were industry ready and to avoid violation of sector rules and regulations.

The following were some of the bodies that attended: Botswana institute of Engineers, Trainers Allied Workers Union, Ngwao Loshalaba Association, Botswana Institute of Chartered Accountants,

Botswana Chamber of Mines, Manual Workers Union, Botswana Health Professionals Council, Botswana Public Employees Union, Botswana Football Association, Botswana Information Technology Society, Architecture Association of Botswana, Civil Aviation Authority of Botswana, Business Botswana, Information Systems Audit and Control Association, Botswana Library Association and Hospitality and Tourism Association of Botswana.

## 9.5 PARTNERSHIPS

One of BQA's key strategic objectives is the establishment of partnerships and networks for education and training for both development services and quality assurance. During the 2015/16 financial year, the Authority entered into the following partnerships:

### a) Construction Industry Trust Fund (CITF) Project

The Authority conducted a capacity building workshop for the Development Task Teams of Construction Industry Trust Fund (CITF) in October 2015 to support the development project in areas of Bricklaying and Plastering, Painting and Decoration, Plumbing and Pipe Fitting and Carpentry and Joinery.

### b) Ministry of Agriculture (MoA) Project

The Authority signed a MoA with the Ministry of Agriculture for the development of NCQF based learning programmes. This project covered a range of subfields including Rainfed Crop Production, Horticulture, Apiculture and Food processing. The development of these learning programmes will continue in 2016/17 when the Regulations have been gazetted.

### c) Department of Curriculum Development and Evaluation (CD&E) Project

The Authority conducted a workshop for the CD & E on unit standards-based learning programme development in the areas of Basketry, Pottery and Dressmaking. The project will be continued in 2016/17.

### d) The National Student Representative Council

There is need to closely work with the student community to appreciate student issues and to keep them updated on BQA services and challenges whenever these arise. Several meetings were held in the reporting year and an agreement to enter into a Memorandum of Understanding was made. The MOU will be concluded once the student council is legally recognised. However, in the meantime, BQA will collaborate with existing structure(s).



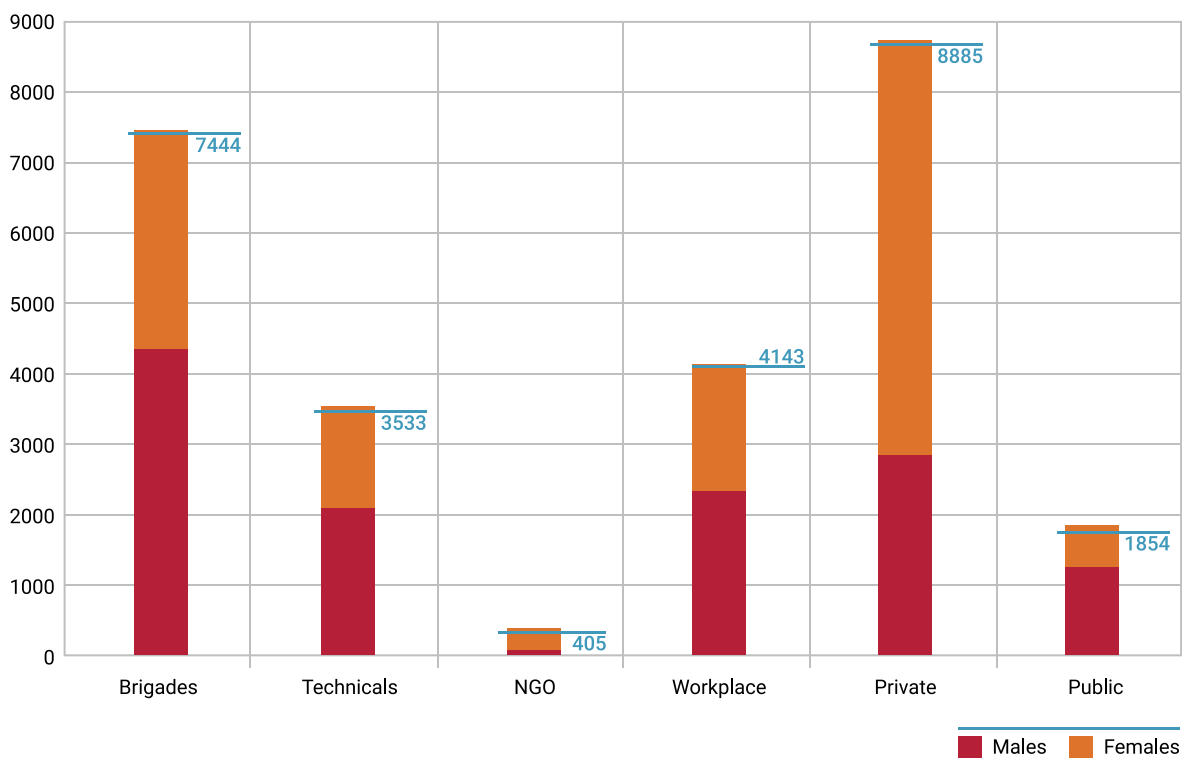
## 9.6 RESEARCH

Research and surveys in BQA are carried out to provide evidence based decision making on policy and advice to the government on issues of education, training and skills development.

### 9.6.1 School Capacity Survey in BQA Accredited Institutions

BQA collects data on enrolments from accredited Education and Training Providers on a yearly basis. In 2015/16, the school capacity survey was conducted for the TVET sub-system and the results established that out of the 98 accredited ETPs who participated in the survey, the total number of enrolments was 26 264; 13 029 males and 13 235 females.

*Graph 3: Enrolments by type of Provider and Gender in 2015/16*



## 9.7 STAKEHOLDER RELATIONS

Stakeholder Relations incorporates communications, public education, advertising, media relations, and customer service.

### 9.7.1 Customer Service

One of the core values of BQA is customer focus, which commits BQA to develop customer focused services and products. BQA continually requests customer feedback for continual improvement in service delivery.

Customer satisfaction level increased by 1% to 89% in this financial year compared to 88% in 2014/15. The Authority continued to monitor the satisfaction levels through different forums. Table 19 below shows customer satisfaction levels in the year.

**Table 19: Customer satisfaction levels in 2015/16**

| Quarter                | Customer requests | Target | Achieved   |
|------------------------|-------------------|--------|------------|
| 1                      | 871               | 90%    | 87%        |
| 2                      | 2433              | 90%    | 89%        |
| 3                      | 896               | 90%    | 87%        |
| 4                      | 1683              | 90%    | 94%        |
| <b>Total / Average</b> | <b>5883</b>       |        | <b>89%</b> |

Quarters 1 and 4 have the most traffic due to enrolment cycles.

#### **9.7.1.1. Establishment of a One Stop Shop Customer Service Centre**

To enhance customer service at BQA a One Stop Shop Customer Service Centre was established with a view to minimise customer movements, standardise messages, improve resource usage, provide a customer friendly environment, minimise disruptions and improve adherence to turnaround times. BQA will review the Customer Feedback Form to ensure it measures key components of customer service; being friendliness, courtesy, innovation, precision and timeliness. Stakeholders will be segmented in order to gauge satisfaction by type of customer.

#### **9.7.2 Communications and Public Education**

BQA is mandated to promote the Education and Training System in Botswana to increase awareness and promote uptake of services.

##### **a) Public Education**


BQA engaged stakeholders that included Education and Training Providers, learners, interest groups, unions, parastatals, media, associations, and professionals bodies amongst others in drafting the BQA Regulations and awareness creation on its mandate.

BQA also participated in national and district fairs and exhibitions that included Botswana Human Resource Skills Fair and Career Clinics, Business Botswana Trade Fair, agricultural show, Kuru Dance Festival and Botswana Consumer Fair to communicate its mandate and bring services to the stakeholders.

##### **b) Communications**

BQA launched its new brand identity in April 2015 and embarked on brand activations to create brand equity. Key messages of the transition process focused on the need for change, what was changing, how it was changing, when the change effect, who was targeted and where the change would take place.

The Authority established two low cost high impact media and stakeholder partnerships and aligned itself with trending events like the launch of the Southern African Quality Assurance Network, Job Summit, Excellence awards,



My Star, Diacore Marathon and Super 5 Five aside soccer tournament.

The BQA Facebook attracted 8,726 friends and followers compared to 5518 in 2014/15 representing a 58% growth.

The BQA website development was delayed by the gazetting of Regulations and will be launched in the next financial year.

### 9.7.3 Corporate Social Responsibility

BQA and the Out of School Education and Training Unit (OSET) continued the maintenance of four sites in Lehututu, Mambo, Mopipi and Takatokwane which were built under the Memorandum of Understanding between the two parties to roll out the Hole-in-the Wall Education and Learning (HiWEL) project.

HiWEL is a concept that was conceived in India by the National Institute for Information Technology (NIIT) through conducting educational experiments with children aged between 6 and 16 years. These experiments revealed that semi-literate children could quickly teach themselves the rudimentary basics of computers and internet. The partnership with OSET absorbs both child and adult learners.

The key concept was that basic computing skills could be acquired by any group of children through incidental learning, provided they were given access to a suitable computing facility with entertaining and motivating content, and with minimal guidance. This learning process is also known by the name Minimal Invasive Education (MIE). The Old Naledi in Gaborone and Moremi in Maun sites also remained operational and were renovated during the year under review.

BQA also sponsored some corporate and community projects such as Vision 2016, Cheshire Foundation and Presidential Housing Appeal. BQA aligned itself with events and activities that were trending to leverage

on the popularity and mileage of these events. Key messages on the transition process were disseminated at the events thereby assisting in creating awareness.

## 9.8 MANAGEMENT SYSTEMS

### 9.8.1 Quality Management System

The Authority's Quality Management System (QMS) continued to be maintained through quality audits and management reviews as required by the BOS ISO 9001: 2008 standard. An external audit was conducted by the Botswana Bureau of Standards (BOBS) in February 2016 with the aim to re-assess and realign the processes of the organisation to meet the scope of activities of the BQA mandate, as well as to renew the BOS ISO 9001: 2008 certification. The results of the external audit confirmed that the QMS was well documented and adequately implemented, leading to renewal of the Authority's certification for the fourth cycle.

The system will continue to be subjected to both internal and external audits and management reviews for maintenance and continual improvement.

### 9.8.2 Records Management System

Records are corporate assets and a source of administrative and evidential information vital for the current, historic and future needs of the Authority. BQA continues to control records in order to support business functions and activities in compliance with the BOS ISO 9001:2008 quality standard.

The Records Classification Scheme has been finalised while other documents such as Records Management Policy, Records Retention and Disposal Schedule will be completed and implemented in the next financial year. The Authority upgraded its Electronic Records Management System (ERMS) to the latest version (HP Records Manager 8.1) and the solution continues

to provide operational effectiveness and efficiency through timeous distribution and circulation of corporate information

BQA continues to pre-empt records management issues and challenges, in pursuit of long-term solutions as evidenced by the absence of major non-conformities in records management during this reporting period.

## 9.9. HUMAN RESOURCE MANAGEMENT

In the 2015/2016 financial year, the focus was on three key areas of staff recruitment, staff development and revamping the Performance Management System (PMS).

### 9.9.1 Staff Recruitment

The approved organisation establishment for the Authority is 155. Of the total establishment, 117 positions were to be filled in the first phase of BQA's commencement, from 1st October 2014 to 31st March 2016. A total of 94 of the 117 positions were filled by employees continued from the legacy organisations; Botswana Training Authority, Tertiary Education Council and the National Credit and Qualifications Framework Unit; while the remaining 23 positions were to be recruited from the open labour market.

Subsequent to the finalisation of job placement for employees transited from the legacy organisations, the Authority embarked on recruitment for 23 vacant positions. However, only 10 positions were recruited for due to financial constraints. The remaining 13 vacancies will therefore be carried forward to the next recruitment phase.

### 9.9.2 Staff Development

The main thrust of staff development was to assist staff close competency gaps identified during placement onto the BQA structure. Employees who urgently needed to close competency gaps were those

who had dropped to the next lower level jobs during the transition from the legacy organisations to BQA because they did not meet the new job requirements. Moreover, during placement, some employees did not fully meet the requirements of the jobs at their levels hence requiring upskilling. To close the competency gaps, 29 long term and 14 short term programmes were approved for implementation in the financial year under review. Staff development achievements are as summarised in Table 20.

**Table 20: Staff development achievements**

| Programme          | Number approved | Completed | Ongoing |
|--------------------|-----------------|-----------|---------|
| Short term Courses | 14              | 14        | 0       |
| Long term Courses  | 29              | 3         | 26      |
| Total              | 43              | 17        | 26      |


Of 14 short term courses all were successfully completed by the end of the financial year. Out of the 29 long term programmes, three were successfully completed by the end of the financial year while 26 will be continuing into the next financial year.

### 9.9.3 Performance and Reward Management System

The Authority's PMS was revamped to position BQA for high performance. The revamping of the PMS enabled BQA to migrate from a manual system to an automated system in order to enable process efficiency and to significantly cut on the time taken to develop, approve and conduct staff performance reviews. In addition the PMS rating scale was also reviewed to improve accuracy in setting performance expectations and in rating performance. Implementation of the revamped PMS shall commence in the 2016/17 financial year.

It is also important to note that during the financial year under review, BQA continued to face performance related transitional challenges aggravated by the delay





in approval of the Regulations needed to implement BQA core business processes. The delay impacted negatively on some of the agreed strategic plan targets which were directly linked to the Regulations. Due to this challenge, an overall performance score of 94 points was achieved against a target of 105 points on a scale of 84 to 120 points. Although the achievement was lower than the set target, it was within the set range of Achieved Expectations.

#### 9.9.4 Staff Retention

In spite of the challenges associated with transitioning from legacy organisations to BQA such as the delay in the approval of staff remuneration packages, BQA achieved a 96% staff retention against a target of 95%. The low attrition rate could be attributed to change management initiatives such as provision of psycho-social support services at both individual and group levels.

#### 9.9.5 Change Management

Change Management Project initiatives have been implemented in the year under review. Emotional Intelligence training was done to assist staff to be stronger internal motivators, which assists in reducing procrastination, increasing self-confidence, and persevering with a more resilient outlook. This project was also beneficial to leadership of the Authority in terms of building stronger teams and recognising the needs of the employees.

The Support Project, which was guided by Lead Consulting, was aimed at acculturating staff and assisting them to embed the BQA culture and positioning as a High Performing Organisation.

Two sessions were held with one attended predominantly by members of the Executive

Management and the Extended Management team on one part, and the other attended by all staff of the Change Management Forum. Both sessions allowed staff members to express their opinions on developments in the organisation, in relation to the following attributes:

1. Management practices
2. Leadership of BQA
3. Organisational Structure
4. Staff morale and attitudes
5. Regulations and standards

Action plans were developed and are being implemented to deal with concerns raised at these workshops. The BQA Change Management Strategy was also developed and implemented through Change Champions. These included sponsor engagement, mentoring and coaching, resistance management and communication.

## 10.0 CHALLENGES

BQA is still essentially an organisation in transition as the Authority currently experiences significant hurdles and challenges that need to be overcome before it is fully established.

### 10.1 Delayed BQA Regulations

The failure to gazette Regulations during this financial year resulted in delays in the implementation of key functions of BQA. Nonetheless, the Authority effectively harnessed the challenges and managed to conclude the activities of the then BOTA, developed the necessary instruments, consulted stakeholders and built staff capacity for the expanded mandate at BQA.

### 10.2 .Quality Assurance

The levels of compliance within accredited institutions has improved albeit with a few major challenges noted:

- I. Some institutions continued to employ trainers who were not accredited and this was attributed to the high mobility of trainers in the system. Initiatives such as public education and partnerships with associations of teachers to promote accreditation will continue to be undertaken.
- II. Unavailability of valid health and safety inspection reports due to infrastructure not meeting the requirements of the Local Authorities. BQA continues to engage with stakeholders to ensure good upkeep of the buildings.
- III. Inadequate capacity for development outcome based programmes in the ETPs affects the quality of education and training.
- IV. Low uptake of available registered qualifications. There is need to intensively market registered qualifications in the next financial year.

### 10.3 Financial and Other Resources.

It became apparent during the reporting period that the available financial resources were inadequate. The Authority was not able to raise adequate budget through subventions from Government and other sources of income to support its planned activities. The Authority had to operate at a rationalised minimal budget as was the case in 2014/2015 financial year.

Whereas the mandate of BQA compared to BOTA had expanded, the Authority was unable to fill all positions required to deliver on the new mandate even though it was able to recruit staff for key positions. The unfilled positions have compromised capacity of BQA to process applications within the prescribed turnaround times.

The Authority adopted a phased-in approach in addressing the challenges referred to above.



BOTSWANA QUALIFICATIONS AUTHORITY

# *Annual* **FINANCIAL** STATEMENTS

*for the year ended 31 March 2016*

## 10.0 GENERAL INFORMATION

### Board of Directors

#### Board until 15.09.15

Mr C Siwawa - Vice Chairperson  
(Acting Chairperson from 06.05.2014)  
Mr B J Mogotsi  
Mrs M B Marobela  
Dr P D Molutsi  
Mr S Kgaoganag  
Mr V Rantshabeng  
Mr F G Tatton  
Dr N Tshabang  
Mr M Masire  
Mrs M Ramotshabi  
Mrs M G Nthomiwa  
Mr O B Gabasiane  
Mr G I Mhotsha  
Mr M Kewagamang  
Mrs A T Mbanga  
Mr S Namoshe  
Mr B M Kotlhao  
Ministry of Finance and Development Planning (Vacant)  
Ministry of Transport and Communications (Vacant)

#### Board from 16.09.15

Mr C Siwawa - Chairperson  
Mrs J Maphorisa - Vice Chairperson  
Mr B J Mogotsi  
Mr J M Matome  
Ms M Kamanakao  
Mr K Kgoboko  
Mr B G Mphethe  
Mr M Madisa  
Mr J D Slater  
Mr B J Moepi  
Mr C I Coyne  
Mr L Mokgosi  
Ms D M Phirie (Alternate)  
Ms R Maphorisa  
Mr A Modungwa (Chief Executive Officer)

### Secretary

#### K O Pheko

Business activities

The Botswana Qualifications Authority (BQA) is a body corporate domiciled in Botswana. It was established under the Botswana Qualifications Authority Act No. 24 of 2013 to provide for and maintain a national credit and qualifications framework and to coordinate the education, training and skills development quality assurance system. The Botswana Qualifications Authority Act was effected on 08 November 2013.

Business AND POSTAL addresses

Plot 66450, Block 7,  
Private Bag BO340,  
Gaborone, Botswana

AUDITOR

PricewaterhouseCoopers  
Gaborone

BANKERS

First National Bank of Botswana Limited  
Stanbic Bank Botswana Limited





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## DIRECTORS' STATEMENT OF RESPONSIBILITY AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

*for the year ended 31 March 2016*

The directors of Botswana Qualifications Authority are responsible for the annual financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of annual financial statements in accordance with International Financial Reporting Standards and in the manner required by the Botswana Qualifications Authority Act, No 24 of 2013.

The Botswana Qualifications Authority ("BQA"/ "Authority") maintains systems of internal control, which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of Authority's assets. The directors are also responsible for the design, implementation, and maintenance and monitoring of these systems of internal financial control. Nothing has come to the attention of Directors to indicate that any significant breakdown in the functioning of these systems has occurred during the year under review.

The going concern basis has been adopted in preparing the annual financial statements. The Directors have no reason to believe that the Authority will not be a going concern in the foreseeable future, based on the continuous support by the Government of Botswana through the Ministry of Education Skills and Development.

Our external auditors conduct an examination of the financial statements in conformity with International Standards on Auditing, which include tests of transactions and selective tests of internal accounting controls. Regular meetings are held between management and our external auditors to review matters relating to internal controls and financial reporting. The external auditors have unrestricted access to the Board of Directors.

The annual financial statements on pages 44 to 72 and supplementary information on page 73 and 74 were authorised for issue by the Board of Directors and are signed on its behalf by:

  
Director  
Director



## Independent Auditor's Report To The Members Of Botswana Qualifications Authority

### Report on the financial statements

We have audited the accompanying annual financial statements of Botswana Qualifications Authority, which comprise the statement of financial position as at 31 March 2016, and the statements of comprehensive income, changes in funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 44 to 72.

### Directors' Responsibility for the Financial Statements

Botswana Qualifications Authority's directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in a manner required by the Botswana Qualifications Authority Act, 2013 and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

PricewaterhouseCoopers, Plot 50371, Fairground Office Park, Gaborone, P O Box 294, Gaborone, Botswana  
T: (267) 395 2011, F: (267) 397 3901, [www.pwc.com/bw](http://www.pwc.com/bw)

Country Senior Partner: B D Phirie

Partners: R Binedell, A S Edirisinghe, L Mahesan, R van Schalkwyk, S K K Wijesena



### Opinion

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

### Report on Other Legal and Regulatory Requirements

In accordance with Section 23(3) of the Botswana Qualifications Authority Act, 2013, we confirm that:

- We have received all information and explanations which, to the best of our knowledge and belief, were necessary for the performance of our duties;
- The accounts and related records of the Botswana Qualifications Authority have been properly kept;
- The Botswana Qualifications Authority has complied with all the financial provisions of the Act; and
- Financial statements prepared by the Botswana Qualifications Authority was prepared on a basis consistent with that of the preceding year except for the adoption of new and revised International Financial Reporting Standards as stated in Note 2 to the financial statements.

The PricewaterhouseCoopers logo, featuring the company name in a stylized, handwritten-style font.

Individual practising member: Sheyan Edirisinghe  
Membership number: 20030048

27 September 2016  
Gaborone



## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2016

|   | Note | 2016<br>P           | 2015<br>P           |
|---|------|---------------------|---------------------|
| <b>Income</b>   |      |                     |                     |
| Government subvention                                       | 5    | 36,677,565          | 23,420,584          |
| Contribution from the Human Resource Development Fund       |      | 28,228,476          | 29,704,680          |
| Interest income   | 6    | 152,862             | 334,352             |
| Other income  | 7    | 6,512,597           | 4,488,720           |
| Amortisation of capital grants                              | 13   | 1,743,545           | 1,814,096           |
| <b>Total income</b>   |      | <b>73,315,044</b>   | <b>59,762,432</b>   |
| <b>Expenditure</b>  |      |                     |                     |
| Advertising and promotion                                   |      | (2,061,522)         | (1,949,965)         |
| Computer expenses   |      | (2,298,000)         | (2,344,441)         |
| Depreciation of property, plant and equipment               |      | (2,393,869)         | (2,503,625)         |
| Maintenance and running costs                               |      | (1,243,971)         | (902,166)           |
| Research and consultation                                   |      | (4,363,573)         | (3,705,201)         |
| Staff costs   |      | (45,447,840)        | (42,275,039)        |
| Travelling and accommodation                                |      | (1,438,698)         | (791,544)           |
| Workshops and conferences                                   |      | (1,603,648)         | (1,496,658)         |
| Other operating expenses                                    |      | (5,267,156)         | (4,732,865)         |
| <b>Total expenditure</b>                                    | 8    | <b>(66,118,277)</b> | <b>(60,701,504)</b> |
| <b>Surplus / (deficit) for the year</b>                     |      | <b>7,196,767</b>    | <b>(939,072)</b>    |
| <b>Other comprehensive income</b>                           |      |                     |                     |
| Revaluation gain on property, plant and equipment           | 9    | 5,195,121           | -                   |
| <b>Total comprehensive surplus / (deficit) for the year</b> |      | <b>12,391,888</b>   | <b>(939,072)</b>    |

## STATEMENT OF FINANCIAL POSITION

as at 31 March 2016

| ASSETS                                | Note | 2016<br>P   | 2015<br>P  |
|---------------------------------------|------|-------------|------------|
| <b>Non-current assets</b>             |      |             |            |
| Property, plant and equipment         | 9    | 62,346,390  | 57,581,213 |
| Intangible assets                     | 10   | 524,622     | -          |
|                                       |      | 62,871,012  | 57,581,213 |
| <b>Current assets</b>                 |      |             |            |
| Trade and other receivables           | 11   | 9,438,672   | 8,770,767  |
| Cash and cash equivalents             | 12   | 30,828,777  | 29,243,194 |
|                                       |      | 40,267,449  | 38,013,961 |
| <b>Total assets</b>                   |      | 103,138,461 | 95,595,175 |
| <b>RESERVES AND LIABILITIES</b>       |      |             |            |
| <b>Funds and reserves</b>             |      |             |            |
| Accumulated funds                     |      | 11,313,872  | 4,117,105  |
| Revaluation reserve                   |      | 34,107,166  | 28,912,045 |
|                                       |      | 45,421,038  | 33,029,150 |
| <b>Non-current liabilities</b>        |      |             |            |
| Capital grants                        | 13   | 31,690,660  | 30,945,660 |
| <b>Current liabilities</b>            |      |             |            |
| Projects funds                        | 14   | 8,982,052   | 8,982,052  |
| Trade and other payables              | 15   | 7,492,243   | 9,093,212  |
| Employees benefits accruals           | 16   | 9,552,468   | 13,545,101 |
|                                       |      | 26,026,763  | 31,620,365 |
| <b>Total reserves and liabilities</b> |      | 103,138,461 | 95,595,175 |

## STATEMENT OF CHANGES IN FUNDS

for the year ended 31 March 2016

|                                   | Accumulated<br>funds<br>P | Revaluation<br>reserve<br>P | Total<br>P |
|-----------------------------------|---------------------------|-----------------------------|------------|
| Balance as at 1 April 2014        | 5,056,177                 | 28,912,045                  | 33,968,222 |
| <b>Comprehensive income</b>       |                           |                             |            |
| Comprehensive loss for the year   | (939,072)                 | -                           | (939,072)  |
| Balance as at 31 March 2015       | 4,117,105                 | 28,912,045                  | 33,029,150 |
| <b>Comprehensive income</b>       |                           |                             |            |
| Comprehensive income for the year | 7,196,767                 | -                           | 7,196,767  |
| <b>Other comprehensive income</b> |                           |                             |            |
| Revaluation gain (Note 9)         | -                         | 5,195,121                   | 5,195,121  |
| Balance as at 31 March 2016       | 11,313,872                | 34,107,166                  | 45,421,038 |

## STATEMENT OF CASH FLOWS

for the year ended 31 March 2016

|  | Note | 2016<br>P   | 2015<br>P   |
|--|------|-------------|-------------|
| <b>Cash flows from operating activities</b>                      |      |             |             |
| Surplus / (deficit) for the year                                 |      | 7,196,767   | (939,072)   |
| Adjusted for:  |      |             |             |
| Amortisation of deferred capital grants                          | 13   | (1,743,545) | (1,814,096) |
| Depreciation of property, plant and equipment                    | 9    | 2,363,316   | 2,384,515   |
| Amortisation of intangible assets                                | 10   | 30,553      | 119,110     |
| Interest income  | 6    | (152,862)   | (334,352)   |
| Operating cash flows before working capital changes              |      | 7,694,229   | (583,895)   |
| Increase in trade and other receivables                          |      | (667,906)   | (1,848,210) |
| Increase in trade and other payables                             |      | (1,600,969) | 6,783,458   |
| Decrease in employee benefits accruals                           |      | (3,992,633) | (4,530,218) |
| Net cash generated from / (used in) operating activities         |      | 1,432,721   | (178,865)   |
| <b>Cash flows from investing activities</b>                      |      |             |             |
| Interest received  | 6    | 152,862     | 334,352     |
| Capital grants received  | 13   | 2,488,545   | 579,416     |
| Payments for property, plant and equipment and intangible assets |      | (2,488,545) | (579,416)   |
| Net cash generated by investing activities                       |      | 152,862     | 334,352     |
| <b>Cash flows from financing activities</b>                      |      |             |             |
| Projects funds received  | 14   | -           | 4,700,000   |
| Payments for capital projects                                    | 14   | -           | (332,508)   |
| Payment for BQA project  | 14   | -           | (1,693,048) |
| Net cash generated from financing activities                     |      | -           | 2,674,444   |
| Increase in cash and cash equivalents                            |      | 1,585,583   | 2,829,931   |
| Cash and cash equivalents at beginning of the year               |      | 29,243,194  | 26,413,263  |
| Cash and cash equivalents at end of the year                     |      | 30,828,777  | 29,243,194  |
| <b>Cash and cash equivalents is composed of:</b>                 |      |             |             |
| Cash on hand   |      | 149         | 1,264       |
| Call bank accounts   |      | 131,988     | 129,458     |
| Current bank accounts  |      | 30,696,640  | 29,112,472  |
|  | 12   | 30,828,777  | 29,243,194  |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

## 1. GENERAL INFORMATION

The Botswana Qualifications Authority ("BQA" / "Authority") is a body corporate domiciled in Botswana. It was established under the Botswana Qualifications Authority Act No. 24 of 2013 to provide for and maintain a national credit and qualifications framework and to coordinate the education, training and skills development quality assurance system. The address of its registered office is Plot 66450, Block 7, Gaborone, Botswana.

Financial Statements set out on pages 44 to 74 have been approved by the Board of directors on 22 September 2016.

## 2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis Of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are have been prepared under the historical cost convention as modified by the revaluation of land and buildings.

The preparation of the financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the current events and actions, actual results may ultimately differ from those estimates. It also requires management to exercise its judgement in the process of applying the Authority's accounting policies. Estimates and judgements are continually evaluated based on

historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgement or complexity, or arrears where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Items included in these financial statements are measured using the currency that best reflects the primary economic environment in which the Authority operates - the functional currency. The financial statements are presented in Botswana Pula, which is the Authority's functional and presentation currency.

### 2.1.1 Adoption Of Standards In The Current Financial Year

(a) The following new standards were adopted by the Authority during the year

- IAS 16, 'Property, plant and equipment', and IAS 38, 'Intangible assets' - Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways:
  - either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or
  - the accumulated depreciation is eliminated against the gross. (Effective 1 July 2014).
- IAS 24, 'Related party disclosures' - The standard is amended to include, as a related party, an entity that



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

*for the year ended 31 March 2016*

provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity') (Effective 1 July 2014).

- IFRS 13, 'Fair value measurement'- The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9. (Effective 1 July 2014).

- Amendment to IFRS 13, 'Fair value measurement' - When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases. (Effective 1 July 2014).

### **(b) New and amended standards applicable to the current period but not relevant to the Authority.**

Management assessed the relevance of the following new standards, amendments, interpretations and improvements with respect to the Authority's operations and concluded that they are not relevant to the Authority.

- Amendment to IAS 19 regarding defined benefit plan – These narrow scope amendments apply to contribution from employees or third parties to define benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. (Effective 1 July 2014).

- IAS 40, 'Investment property'- The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination. (Effective 1 July 2014).

- IFRS 1, 'First-time adoption of International Financial Reporting Standards'- The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented. (Effective 1 July 2014).

- IFRS 3, 'Business combinations'- The standard is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself. (Effective 1 July 2014).

- Amendment to IFRS 8, 'Operating segments' - The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. (Effective 1 July 2014).

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

for the year ended 31 March 2016

### 2.1.2 ADOPTION OF STANDARDS IN THE FUTURE ANNUAL PERIODS

The following new standards, amendments, improvements and interpretations to existing standards are mandatory for the Authority's accounting periods beginning on or after 1 April 2016. These have not been early adopted by the Authority.

#### (a) New standards, amendments and interpretations which are relevant to the Authority's operations

- Amendments to IAS 1, 'Presentation of financial statements' disclosure initiative - In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies (Effective from 1 January 2016).
- Amendment to IAS 7 – Cash flow statements - In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities (Effective 1 January 2017).

- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation. In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. (Effective 1 January 2016).
- IFRS 9 – Financial Instruments (2009) - This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. (Effective from 1 January 2018).
- IFRS 9 – Financial Instruments (2010) - The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss. (Effective from 1 January 2018).



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

*for the year ended 31 March 2016*

- IFRS 15 – Revenue from contracts with customers. - The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer. (Effective 1 July 2017).

Management is currently assessing the impact of the application of these new standards, amendments and interpretations on the Authority's financial statements in the period of initial application. At this time, the adoption of these standards and interpretations is only expected to have an impact on the classification and disclosure of items in the Authority's financial statements.

### **b) New standards, amendments and interpretations which are not relevant to the Authority's operations**

- Amendment to IAS 12 – Income taxes - The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets (Effective 1 January 2017).

- Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' on bearer plants- In this amendment to IAS 16 the IASB has scoped in bearer plants, but not the produce on bearer plants and explained that a bearer plant not yet in the location and condition necessary to bear produce is treated as a self-constructed asset. In this amendment to IAS 41, the IASB has adjusted the definition of a bearer plant include examples of non-bearer plants and remove current examples of bearer plants from IAS 41. (Effective 1 January 2016).

- Amendments to IAS 27, 'Separate financial statements' on equity accounting- In this amendment the IASB has restored the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. (Effective 1 January 2016).

- Amendment to IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' - This is an amendment to the changes in methods of disposal – Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5.

The amendment also clarifies that changing the disposal method does not change the date of classification

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

*for the year ended 31 March 2016*

• Amendment to IFRS 9 'Financial instruments', on general hedge accounting- The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following:

- The own credit risk requirements for financial liabilities.
- Classification and measurement (C&M) requirements for financial assets.
- C&M requirements for financial assets and financial liabilities.
- The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting). The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9. (Effective 1 January 2018).

• Amendments to IFRS 10, 'Consolidated financial statements and IAS 28, 'Investments in associates and joint ventures on applying the consolidation exemption- The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. (Effective 1 January 2016).

• Amendments to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendment specifies the appropriate accounting treatment for such for such acquisitions (Effective 1 January 2016).

• IFRS 14 - The IASB has issued IFRS 14, 'Regulatory deferral accounts' (IFRS 14 ), an interim standard on the accounting for certain balances that arise that arise from rate- regulated activities ('regulatory deferral accounts'). Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body. (Effective 1 January 2016).

• IFRS 16 – Leases - After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard.

- The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture).

- A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

*for the year ended 31 March 2016*

- One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios).
- IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease' (Effective 1 January 2019).

### 2.2 FOREIGN CURRENCY TRANSLATION

#### (a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Botswana Pula' (P), which is the Authority's presentation currency.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'Other (losses)/gains – net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measure at fair value, such as equities classified as available for sale, are included in other comprehensive income.



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

for the year ended 31 March 2016

### 2.3 PROPERTY, PLANT AND EQUIPMENT

Land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

|                              |                       |
|------------------------------|-----------------------|
| Leasehold land and buildings | Over the lease period |
| Plant and machinery          | 20 years              |
| Motor vehicles               | 6 - 10 years          |
| Furniture and fittings       | 10 years              |
| Office equipment             | 5 years               |
| Computer equipment           | 6 years               |
| Computer software            | 7 years               |
| Library books                | 2 years               |

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations will be performed at least every three years such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and shown as revaluation reserve, except that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

*for the year ended 31 March 2016*

Depreciation on revalued buildings is recognised in statement of comprehensive income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to accumulated funds.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight line method. The estimated useful lives and residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in the income statement.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss. Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits of the existing asset will flow to the Authority.

### 2.4 INTANGIBLE ASSETS

#### (a) Computer Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Authority are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- it can be demonstrated how the software product will generate probable future economic benefits:
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software products during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employees costs and an appropriate portion of relevant overheads.

Other development expenditure that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed seven years.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

for the year ended 31 March 2016

### 2.5 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

### 2.6 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

### 2.7 Financial assets

#### 2.7.1 Classification

The Authority classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss  
Financial assets at fair value through profit or loss

are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

#### (b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Authority's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (notes 2.10 and 2.11).

#### (c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

#### 2.7.2 Recognition of financial assets

The Authority derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Authority neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Authority recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

*for the year ended 31 March 2016*

If the Authority retains substantially all the risks and rewards of ownership of a transferred financial asset, the Authority continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### 2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

### 2.9 Impairment of financial assets

The carrying amounts of the Authority's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset is impaired, its recoverable amount is estimated. The recoverable amount is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than

the carrying amount than would have been determined (net of amortisation) had no impairment loss been recognised in prior year.

### 2.10 Trade receivable

Trade receivables are amounts due from customers for services performed in the ordinary course of operation. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

### 2.11 Cash And Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purposes of the statement of cash flows, and are shown within borrowings in current liabilities in statement of financial position.

### 2.12 Trade payable

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of operation from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

for the year ended 31 March 2016

### 2.13 Projects Funds And Capital Grants

Capital grants comprise grants received from the Government of the Republic of Botswana (Government) and other donors to finance major capital projects. Funds received are initially credited to projects funds. Expenditure incurred on the capital projects is capitalised and an equivalent amount is transferred to capital grants. Expenditure incurred on the non-capital projects are charged to the statement of comprehensive income.

All other capital and non-capital expenditure are financed through the annual subvention from the Government. Assets acquired from the subvention are capitalised and an equivalent amount is transferred to capital grants.

An amount equal to the depreciation charge of property, plant and equipment funded by the capital grants is recognised as income in the statement of comprehensive income. Subsequent movement of property, plant and equipment in terms of sale and impairment are treated accordingly in the capital grants.

### 2.14 Employee Benefits

Employees of the Authority are on contract and are eligible for gratuity at the rate of 30% (2014: 30%) of basic pay at the end of the contract. Provision for terminal payments have been made in these financial statements. Employee entitlement to annual leave and contractual gratuity are recognised when they accrue to employees as a result of services rendered by employees up to the statement of financial position date.

### 2.15 Provisions

Provisions are recognised when: the Authority has a present legal or constructive obligation as a result of

past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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

Where the effect of discounting to present value is material, provisions are adjusted to reflect time value of money.

### 2.16 Taxation

No provision for taxation is required as the Authority is exempt from taxation in terms of the second schedule of the Income Tax Act (Chapter 52:01).

### 2.17 Revenue Recognition

#### (a) Government subvention and grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grants will be received and Authority has complied with all attached conditions.

Capital grants are recognised in the statement of financial position on receipt as deferred income and are released to the statement of comprehensive income on a basis matching with the depreciation charge on the assets purchased using the grant.

#### (b) Interest income

Interest income is recognised in the statement of comprehensive income as it accrues, taking into account the effective yield on the asset.



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

*for the year ended 31 March 2016*

### **(c) Sale of services**

Registration, accreditation and audit fees comprises of fees payable by institutions, trainers and assessors. These fees are recognised on cash basis, for cash sales.

### **2.18 Related Parties**

Related parties are defined as those parties:

(a) directly, or indirectly through one or more intermediaries, the party that:

- (i) controls, is controlled by, or is under common control with, the entity;
- (ii) has an interest in the entity that gives it significant influence over the entity; or

(b) that are members of the key management personnel of the entity or its parent including close members of the family.

All dealings with related parties are transacted on an arm's length basis and accordingly included in profit or loss for the year.

## **3. FINANCIAL RISK MANAGEMENT**

### **3.1 Financial Risk Factor**

The Authority's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk) credit risk and liquidity risk. Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Authority's financial performance.

Risk management is carried out by a finance department under policies approved by the board of directors. The board provides written principles for

overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

### **(a) Market risk**

Cash flow and fair value interest rate risk

Financial instruments that are sensitive to interest rate risk are bank balances on call. The Authority invests excess cash resources in call deposit accounts which earn interest on a daily basis. Interest earned on the call deposit accounts is at market rates from commercial banks.

A 1% increase in interest rates would result in an increase in the surplus for the year of P 2,644 (2015: P 2,652), while a decrease in interest rates by a similar margin would result in equal and opposite effect on the surplus for the year. A 1% variation is considered the most likely movement in interest rates based on the past interest rates adjustments announced by the Bank of Botswana.

### **(b) Credit risk**

The Authority does not engage in any material trading activities. Human Resource Development Fund contributions are the significant receivables. In this regard the credit risk associated with accounts receivable is not considered to be material to the financial statements.

Reputable financial institutions are used for investing and cash handling purposes. All money market instruments and cash equivalents are placed with financial institutions registered in Botswana. Banks in Botswana are not rated but each of the banks concerned are subsidiaries of major South African or United Kingdom registered financial institutions.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

for the year ended 31 March 2016

### (c) Liquidity risk

The Authority's capital and operational expenditure is funded by the Government of Botswana in the form of both revenue and capital grants. The Authority's substantial financial liabilities will be settled within three months after year end except for leave pay and gratuity accruals. Gratuity payments are funded from a 32-day notice bank account that has been set up as disclosed in Note 11.

### 3.2 Capital risk management

There was no active capital risk management process in place primarily because the Authority was established under the Botswana Qualifications Authority Act No. 24 of 2013. Under this Act, the Government provides grants for both capital and operational expenditure based on detailed budgets submitted by the Board of Directors. The capital of the Authority comprises accumulated funds as disclosed in the statement of changes in funds.

### 3.3 FAIR VALUE ESTIMATION

The fair values of all financial instruments carried at amortised cost approximate their carrying values reflected in the financial statements. For financial assets and liabilities measured at fair value on a recurring basis, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of active markets for identical assets or liabilities, such measurements involve developing assumptions based on market observable data, in the absence of such data, internal information that is consistent with the market participants would use in a hypothetical transactions that occurs at the measurement date.

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

There are no financial assets classified as fair value through profit or loss at the reporting date. See note 9 for disclosures of the land and buildings that are measured at fair value.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 4.1 Residual values and useful lives of property, plant and equipment and residual values

The Authority follows the guidance of IAS 16 (revised) and determines the residual values and useful lives of assets at each reporting date. This determination requires significant judgement. In making this judgement management evaluates amongst other factors, the purpose for which the respective asset is acquired, market conditions at the reporting date and the practice adopted by similar organisations.

### 4.2 Useful lives of intangible assets

The Authority follows the guidance of IAS 38 and determines the useful lives of assets at each reporting date. This determination requires significant judgement. In making this judgement management evaluates amongst other factors, the purpose for which the respective asset is developed, market conditions at the reporting date and the practice adopted by similar organisations.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

for the year ended 31 March 2016

|  | 2016<br>P   | 2015<br>P  |
|--|-------------|------------|
| <b>5. GOVERNMENT SUBVENTION</b>                      |             |            |
| Annual Government subvention                         | 39,166,110  | 24,000,000 |
| Less: amount transferred to capital grants (Note 13) | (2,488,545) | (579,416)  |
|  | 36,677,565  | 23,420,584 |
| <b>6. INTEREST INCOME</b>                            |             |            |
| Bank interest  | 152,862     | 334,352    |
| <b>7. OTHER INCOME</b>                               |             |            |
| Conference registration fees                         | 76,880      | -          |
| Registration fees                                    | 5,665,140   | 4,478,220  |
| Other income   | 770,577     | 10,500     |
|  | 6,512,597   | 4,488,720  |
| <b>8. EXPENSES BY NATURE</b>                         |             |            |
| <b>Auditor's remuneration:</b>                       |             |            |
| Audit fees - current year                            | 180,600     | 172,000    |
| - prior year underprovision / (overprovision)        | 78,792      | 24,000     |
|  | 259,392     | 196,000    |
| Board fees and expenses                              | 699,636     | 310,757    |
| Depreciation of property, plant and equipment        | 2,393,869   | 2,503,625  |
| Travel and accommodation expenses                    | 1,438,698   | 791,544    |
| Staff costs (Note 8.1)                               | 45,447,840  | 42,275,039 |
| Advertising and promotion                            | 2,061,522   | 1,949,965  |
| Computer expenses                                    | 2,298,000   | 2,344,441  |
| HIV/AIDS activities                                  | -           | 554,404    |
| Insurance  | 884,213     | 590,927    |
| Maintenance and running costs                        | 1,243,971   | 902,166    |
| Printing and stationery                              | 892,778     | 661,914    |
| Research and consultancy                             | 4,363,573   | 3,705,201  |
| Workshops and conferences                            | 1,603,648   | 1,496,658  |
| Other expenses                                       | 2,531,137   | 2,418,863  |
|  | 66,118,277  | 60,701,504 |
| <b>8.1 Staff costs:</b>                              |             |            |
| Salaries and wages                                   | 32,671,197  | 30,191,772 |
| Gratuity   | 8,868,212   | 7,845,171  |
| Medical expenses                                     | 799,803     | 354,490    |
| Leave pay  | 2,165,719   | 1,214,982  |
| Other staff costs                                    | 927,941     | 2,602,038  |
| Severance pay  | 14,968      | 66,586     |
|  | 45,447,840  | 42,275,039 |
| Number of staff                                      | 92          | 100        |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

for the year ended 31 March 2016

### 9. PROPERTY, PLANT AND EQUIPMENT

|   | Land and buildings<br>P | Plant and machinery<br>P | Motor vehicles<br>P |
|---|-------------------------|--------------------------|---------------------|
| <b>Cost/valuation</b>                         |                         |                          |                     |
| <i>Balance at 1 April 2014</i>                | 54,600,000              | 4,329,760                | 1,541,443           |
| Additions                                     | -                       | 375,939                  | 311,126             |
| Balance at 31 March 2015                      | 54,600,000              | 4,705,699                | 1,852,569           |
| Additions                                     | -                       | 151,968                  | 399,181             |
| Revaluation                                   | 5,195,121               | -                        | -                   |
| Reversal on revaluation of land and buildings | (3,995,121)             | -                        | -                   |
| <b>Balance at 31 March 2016</b>               | <b>55,800,000</b>       | <b>4,857,667</b>         | <b>2,251,750</b>    |
| <b>Accumulated depreciation</b>               |                         |                          |                     |
| Balance at 1 April 2014                       | 1,331,707               | 1,017,941                | 1,273,010           |
| Charge for the year                           | 1,326,030               | 233,023                  | 190,861             |
| Balance at 31 March 2015                      | 2,657,737               | 1,250,964                | 1,463,871           |
| Charge for the year                           | 1,337,384               | 239,800                  | 138,064             |
| Reversal on revaluation of land and buildings | (3,995,121)             | -                        | -                   |
| <b>Balance at 31 March 2016</b>               | <b>-</b>                | <b>1,490,764</b>         | <b>1,601,935</b>    |
| <b>Carrying amount</b>                        |                         |                          |                     |
| At 31 March 2015                              | 51,942,263              | 3,454,735                | 388,698             |
| At 31 March 2016                              | 55,800,000              | 3,366,903                | 649,815             |

An independent valuation of the Authority's land and buildings was performed in 2015/2016. The next valuation would be done in 2018/2019 as per the approved policy.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

for the year ended 31 March 2016

|  | Furniture and fittings<br>P | Office equipment<br>P | Computer equip-<br>ment<br>P | Library<br>books<br>P | Total<br>P  |
|--|-----------------------------|-----------------------|------------------------------|-----------------------|-------------|
|  | 2,761,949                   | 1,804,622             | 2,070,940                    | 307,015               | 67,415,729  |
|  | 116,502                     | -                     | 99,677                       | 8,680                 | 911,924     |
|  | 2,878,451                   | 1,804,622             | 2,170,617                    | 315,695               | 68,327,653  |
|  | 106,956                     | -                     | 1,223,632                    | 51,635                | 1,933,372   |
|  | -                           | -                     | -                            | -                     | 5,195,121   |
|  | -                           | -                     | -                            | -                     | (3,995,121) |
|  | 2,985,407                   | 1,804,622             | 3,394,249                    | 367,330               | 71,461,025  |
|  |                             |                       |                              |                       |             |
|  | 1,371,487                   | 1,668,527             | 1,405,026                    | 294,227               | 8,361,925   |
|  | 269,928                     | 56,435                | 292,334                      | 15,904                | 2,384,515   |
|  | 1,641,415                   | 1,724,962             | 1,697,360                    | 310,131               | 10,746,440  |
|  | 277,116                     | 35,903                | 319,469                      | 15,580                | 2,363,316   |
|  | -                           | -                     | -                            | -                     | (3,995,121) |
|  | 1,918,531                   | 1,760,865             | 2,016,829                    | 325,711               | 9,114,635   |
|  |                             |                       |                              |                       |             |
|  | 1,237,036                   | 79,660                | 473,257                      | 5,564                 | 57,581,213  |
|  | 1,066,876                   | 43,757                | 1,377,420                    | 41,619                | 62,346,390  |



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

for the year ended 31 March 2016

### 9. PROPERTY, PLANT AND EQUIPMENT (continued)

Fair values of land and building

'An independent valuation of the Authority's property, plant and equipment was performed by an external independent valuer having appropriate recognised professional qualification and recent experience to determine the fair value of the property, plant and equipment as at 31 March 2016. The revaluation surplus was credited to other comprehensive income and is shown in 'other reserves' in statement of changes in funds. The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

Fair value measurements using significant unobservable inputs (Level 3)

|  | 2016<br>P  | 2015<br>P  |
|--|------------|------------|
| <b>Recurring fair value measurements</b> |            |            |
| Land and buildings                       | 55,800,000 | 51,942,263 |

Had the Authority's land and buildings been measured on a historical cost basis, their carrying amount would have been as follows:

|                          | 2016<br>P | 2015<br>P |
|--------------------------|-----------|-----------|
| <b>Leasehold land</b>    |           |           |
| Cost                     | 112,219   | 112,219   |
| Accumulated depreciation | (26,931)  | (24,687)  |
|                          | 85,288    | 87,532    |

#### Buildings

|                              |                   |                   |
|------------------------------|-------------------|-------------------|
| Cost                         | 28,958,849        | 28,958,849        |
| Accumulated depreciation     | (4,504,710)       | (3,861,180)       |
|                              | 24,454,139        | 25,097,669        |
| <b>Total carrying amount</b> | <b>24,539,427</b> | <b>25,185,201</b> |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

*for the year ended 31 March 2016*

### 9. PROPERTY, PLANT AND EQUIPMENT (continued)

'At least every three years, the Authority engages external, independent and qualified valuers to determine the fair value of the Authority's land and buildings. As at 31 March 2016, the fair values of the land and buildings have been determined by Monageng Valuers (Proprietary) Limited. The last independent valuation for these land and buildings was performed as at 31 March 2016.

'The external valuations of the land and buildings have been performed using income approach. The valuations have been performed using unobservable inputs. Accordingly, the fair value measurement has been classified under level 3. The external valuer, in discussion with the management of BQA has determined these inputs based on the size, age and condition of the land and buildings, the state of the local economy and comparable prices.

#### Information about fair value measurements using significant unobservable inputs (Level 3)

| Description          | Fair value as at 31 March 2016 | Valuation technique | Unobservable inputs | Range of unobservable inputs | Relationship of unobservable inputs to fair value |
|----------------------|--------------------------------|---------------------|---------------------|------------------------------|---|
| Plot 66450, Gaborone | 55,800,000                     | Income approach     | Office rental       | P 60 - P 100                 | Higher the rental, higher the fair value          |
|                      |                                |                     | Office yields       | 7% - 12%                     | Lower yield, higher the fair value                |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

for the year ended 31 March 2016

### 10. INTANGIBLE ASSETS

|                          | Software<br>P |
|--------------------------|---------------|
| Balance at 1 April 2015  | 2,741,796     |
| Additions                | 555,175       |
| Disposals                | (3,267)       |
| Balance at 31 March 2016 | 3,293,704     |

#### Accumulated amortisation

|                          |           |
|--------------------------|-----------|
| Balance at 1 April 2014  | 2,622,686 |
| Charge for the year      | 119,110   |
| Balance as 31 March 2015 | 2,741,796 |
| Amortisation charge      | 30,553    |
| Disposals                | (3,267)   |
| Balance as 31 March 2016 | 2,769,082 |

#### Carrying amount

|                  |         |
|------------------|---------|
| At 31 March 2015 | -       |
| At 31 March 2016 | 524,622 |

Intangible assets consists of computer software.

### 11. TRADE AND OTHER RECEIVABLES

|   | 2016<br>P | 2015<br>P |
|---|-----------|-----------|
| Contributions receivable from Human Resource Development Fund | 7,134,910 | 6,783,880 |
| Trade receivables   | 1,090,351 | 1,424,769 |
| Prepayments   | 1,016,525 | 460,893   |
| Other receivables   | 196,886   | 101,225   |
|   | 9,438,672 | 8,770,767 |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

*for the year ended 31 March 2016*

Current trade and other receivables are receivable within a year. Since impact of discounting is not significant, the fair value of trade and other receivables equals the carrying amount.

As of 31 March 2016, trade receivables of P 59,965 (2015: 507,531) were fully performing.

As at 31 March 2016, trade receivables of P 1,030,386 (2015: 917,238) were past due but not impaired. These relates to number of independent customers for whom there is no history of default. The aging analysis of these receivables is as follows;

|   | 2016<br>P | 2015<br>P |
|---|-----------|-----------|
| <u>Age analysis of past due but not impaired debtors:</u> |           |           |
| Over 120 days   | 1,030,386 | 917,238   |

All asset classes do not contain impaired assets.

Maximum exposure to credit at the reporting date was the fair value of each asset class of receivable mentioned above. Authority does not hold any collateral as security.

### 12. CASH AND CASH EQUIVALENTS

|  | 2016<br>P         | 2015<br>P         |
|--|-------------------|-------------------|
| Cash on hand                               | 149               | 1,264             |
| Cash at bank - committed funds per Note 15 | 131,988           | 129,458           |
| Cash at bank                               | 75,442            | -                 |
| Cash at bank - short term deposit          | 30,621,198        | 29,112,472        |
|  | <b>30,828,777</b> | <b>29,243,194</b> |

There were no forex denominated balances.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

for the year ended 31 March 2016

### 13. CAPITAL GRANTS

|   | 2016<br>P         | 2015<br>P         |
|---|-------------------|-------------------|
| Balance at 1 April  | 30,945,660        | 31,847,832        |
| Property, plant and equipment acquired from Govt subvention (Note 9 and 10) | 2,488,545         | 579,416           |
| Amortisation during the year  | (1,743,545)       | (1,814,096)       |
| Capital assets acquired from projects funds                                 | -                 | 332,508           |
| <b>Balance at 31 March</b>  | <b>31,690,660</b> | <b>30,945,660</b> |

Capital grants represent grants from the Government utilised for capital expenditure (Note 9 and 10).

The portion of the grants recognised as income during the year relates to the depreciation of property, plant and equipment which was funded by the capital grants.

### 14. PROJECTS FUNDS

|   | 2016<br>P        | 2015<br>P        |
|---|------------------|------------------|
| Balance at 1 April                      | 8,982,052        | 6,307,607        |
| Projects funds received during the year | -                | 4,700,000        |
| Capital expenditure during the year     | -                | (332,508)        |
| BQA Project operating expenses          | -                | (1,693,047)      |
| <b>Balance at 31 March</b>              | <b>8,982,052</b> | <b>8,982,052</b> |

In 2009 Government through the Ministry of Education and Skills Development set up a project team to establish the National Credit and Qualifications Framework. During the implementation period of the National Human Resource Strategy, the unit was transferred to the Human Resource Development Council formerly TEC with effect from October 2012 and subsequently to BQA effective 1st April 2014. Given below is an analysis of operating expenses incurred during the year.

#### Expenditure

|                              |   |           |
|------------------------------|---|-----------|
| Advertising and promotion    | - | 106,639   |
| Printing and stationery      | - | 9,092     |
| Staff costs                  | - | 553,988   |
| Travelling and accommodation | - | 356,944   |
| Workshops and conferences    | - | 630,573   |
| Project Assets               | - | 35,811    |
|                              | - | 1,693,047 |

Funds received for both capital and non-capital projects are maintained in a call account. Interest earned on surplus funds is directly credited to the Authority in the statement of comprehensive income.



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

for the year ended 31 March 2016

### 15. OTHER PAYABLES

|                                   | 2016<br>P        | 2015<br>P        |
|-----------------------------------|------------------|------------------|
| Accruals                          | 426,027          | 1,604,660        |
| Other payables - salaries backpay | 2,881,294        | 4,811,625        |
| - suppliers payments              | 4,117,411        | 2,650,613        |
| - miscellaneous                   | 67,511           | 26,314           |
|                                   | <b>7,492,243</b> | <b>9,093,212</b> |

Other payables comprise amounts owing for general supplies, utilities and accruals of ongoing expenses. The directors consider that carrying amounts of trade and other payables approximate their fair value.

### 16. EMPLOYEES BENEFITS ACCRUALS

|  | 2016<br>P        | 2015<br>P         |
|--|------------------|-------------------|
| <b>Leave pay accrual</b>                       |                  |                   |
| Balance at 1 April                             | 4,440,500        | 3,151,128         |
| Additional accruals recognised during the year | 2,165,720        | 1,368,750         |
| Reductions arising from payments               | (4,461,678)      | (79,378)          |
| Balance at 31 March                            | <b>2,144,542</b> | <b>4,440,500</b>  |
| <b>Gratuity accrual</b>                        |                  |                   |
| Balance at 1 April                             | 9,104,601        | 14,134,310        |
| Additional accruals recognised during the year | 8,882,585        | 8,547,868         |
| Reductions arising from payments               | (9,392,137)      | (69,233)          |
| Gratuity advances                              | (1,187,123)      | (13,508,344)      |
| Balance at 31 March                            | 7,407,926        | 9,104,601         |
| <b>Total employee benefits accruals</b>        | <b>9,552,468</b> | <b>13,545,101</b> |

Leave pay accrual represents annual leave accrued net of annual leave advanced to employees.

With effect from 1 April 2005 annual provisions for gratuity for officers of autonomous organisations funded by the Government are required to be placed in trust funds that cannot be spent on any other activity, including bridge financing. In order to comply with this requirement the Authority has opened a 32-day notice bank account with Stanbic Bank Botswana Limited for its staff gratuity accrual. The account has a balance of P131,988 (2015: P129,458).

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

for the year ended 31 March 2016

### 17. RELATED PARTY TRANSACTIONS

The Authority entered into the following transactions with related parties.

#### a) Ministry of Education and Skills Development (Ministry) - The Authority is a parastatal under

|   | 2016<br>P  | 2015<br>P  |
|---|------------|------------|
| Subvention received from the Government (Note 5)      | 39,166,110 | 24,000,000 |
| Projects funds received from the Government (Note 14) | -          | 4,700,000  |

#### b) HUMAN RESOURCE DEVELOPMENT FUND (HRDF)

|                  | 2016<br>P  | 2015<br>P  |
|------------------|------------|------------|
| 10% Contribution | 28,228,476 | 29,704,680 |

#### c) KEY MANAGEMENT PERSONNEL

|                                  | 2016<br>P | 2015<br>P |
|----------------------------------|-----------|-----------|
| <b>Expenditure:</b>              |           |           |
| Remuneration                     | 6,383,754 | 4,739,669 |
| <b>Benefits accruals:</b>        |           |           |
| Leave pay accrual                | 347,661   | 53,935    |
| Gratuity accrual                 | 1,315,984 | 934,515   |
| Responsibility Allowance accrual | -         | 612,222   |
|                                  | 1,663,645 | 1,600,672 |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

for the year ended 31 March 2016

### 18. CONTINGENT LIABILITIES

#### Staff car loan scheme

The Authority has guaranteed WesBank, a division of First National Bank of Botswana Limited, to a maximum of 80% of the total exposure, in respect of loans given to its staff members under the staff car loan scheme. The maximum liability the Authority was exposed to on this scheme at the reporting date was P 1,617,915 (2015: P1,179,776).

#### Staff house loan scheme

"The Authority has guaranteed staff home loans from Botswana Building Society, the liability of the Authority is the portion of the loan which is above 90% of the Society's market valuation of the property at any given time.

There were no other contingent liabilities at the reporting date.

### 19. FINANCIAL INSTRUMENTS BY CATEGORY

#### Categories of financial instruments

The accounting policies for financial instruments have been applied to the line items below:

| <b>Assets as per statement of financial position</b>        | <b>2016<br/>P</b> | <b>2015<br/>P</b> |
|---|-------------------|-------------------|
| <b>Loans and receivables:</b>                               |                   |                   |
| Trade and other receivables excluding prepayments (Note 11) | 8,422,147         | 8,309,874         |
| Cash and cash equivalents (Note 12)                         | 30,828,777        | 29,243,194        |
|   | 39,250,924        | 37,553,068        |
| <b>Other financial liabilities at amortised cost:</b>       |                   |                   |
| <b>Liabilities as per statement of financial position</b>   |                   |                   |
| Trade and other payables (Note 15)                          | 7,492,243         | 9,093,212         |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS *Cont...*

for the year ended 31 March 2016

### 20. CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of the financial assets that are neither past due nor impaired can be assessed by reference to external credit rating (if available) or to historical information about counterparty default rates:

#### Trade receivables

|         | 2016<br>P | 2015<br>P |
|---------|-----------|-----------|
| Group 2 | 1,090,351 | 1,424,769 |

Group 1 - New customers

Group 2 - Existing customers with no defaults in the past

Group 3 - Existing customers with some defaults in the past. All defaults were fully recovered.

#### Cash at bank and short term bank deposits

|  | 2016<br>P  | 2015<br>P  |
|--|------------|------------|
| First National Bank                      | 30,621,198 | 29,112,472 |
| Stanbic Bank                             | 75,442     | -          |
| Stanbic Bank - committed funds (Note 15) | 131,988    | 129,458    |
|  | 30,828,628 | 29,241,930 |
| Cash in hand                             | 149        | 1,264      |
| Total cash and cash equivalent           | 30,828,777 | 29,243,194 |

The Authority only deposit cash with major banks with high quality credit standing and limits exposure to any one counter-party. The Authority has deposits with Stanbic Bank Botswana Limited and First National Bank of Botswana Limited. There are no credit ratings available in Botswana.

Stanbic Bank Botswana Limited is a long established bank in Botswana and a subsidiary of Standard Bank of South Africa. Standard Bank of South Africa is listed on the Johannesburg Stock Exchange and has a credit rating of F2 for short term credits (Fitch rating).

First National Bank of Botswana Limited is listed on the Botswana Stock Exchange and is a subsidiary of First Rand Holdings Limited, a company listed on the Johannesburg Stock Exchange.

### 21. EVENTS AFTER THE REPORTING DATE

There were no events that occurred after the reporting date which would require adjustments to or disclosures in the financial statements.

### 22. COMMITMENTS

There were no capital expenditure contracted for at the statement of financial position date but not yet incurred.

**BOTSWANA QUALIFICATIONS AUTHORITY**  
**DETAILED INCOME STATEMENT**  
*for the year ended 31 March 2016*

|   | <b>2016<br/>P</b> | <b>2015<br/>P</b> |
|---|-------------------|-------------------|
| <b>REVENUE</b>                                |                   |                   |
| Government subvention                         | 36,677,565        | 23,420,584        |
| <b>OTHER INCOME</b>                           |                   |                   |
| Interest income                               | 152,862           | 334,352           |
| Human Resource Development Fund contributions | 28,228,476        | 29,704,680        |
| Amortisation of deferred capital grants       | 1,743,545         | 1,814,096         |
| Registration fees                             | 5,665,140         | 4,478,220         |
| Conference registration fees                  | 76,880            | -                 |
| Miscellaneous                                 | 770,577           | 10,500            |
|   | <b>73,315,044</b> | <b>59,762,432</b> |
| <b>EXPENDITURE</b>                            |                   |                   |
| Advertising and promotion                     | 2,061,522         | 1,949,965         |
| Audit fees - external                         | 259,392           | 196,000           |
| - internal                                    | 14,619            | -                 |
| Bank charges                                  | 54,956            | 47,198            |
| Board fees and expenses                       | 699,636           | 310,757           |
| Computer expenses                             | 2,298,000         | 2,344,441         |
| Depreciation of property, plant and equipment | 2,393,869         | 2,503,625         |
| Entertainment expenses                        | 8,005             | 17,001            |
| Examination and allied expenses               | 345,631           | 303,005           |
| Gardening services                            | 65,587            | 71,635            |
| HIV/AIDS activities                           | -                 | 554,404           |
| Insurance                                     | 884,213           | 590,927           |
| Legal fees                                    | 52,606            | 225,827           |
| Library books and materials                   | 8,787             | 43,052            |
| Maintenance and running costs                 | 1,243,971         | 902,166           |
| Motor vehicle expenses                        | 229,030           | 314,277           |
| Office cleaning                               | 237,888           | 201,600           |
| Postage and courier                           | 44,236            | 67,461            |
| Printing and stationery                       | 892,778           | 661,914           |
| Protective Clothing                           | 5,094             | 4,076             |

*Continues on the next page...*

BOTSWANA QUALIFICATIONS AUTHORITY  
**DETAILED INCOME STATEMENT** *Cont...*  
*for the year ended 31 March 2016*

**EXPENDITURE**

|  | 2016<br>P  | 2015<br>P  |
|--|------------|------------|
| Rates                                      | 14,151     | -          |
| Research and consultation                  | 4,363,573  | 3,705,201  |
| Security                                   | 318,282    | 314,204    |
| Staff costs                                | 45,447,840 | 42,275,039 |
| Subscriptions                              | 62,141     | 55,741     |
| Telephone and fax                          | 419,428    | 231,711    |
| Travelling and accommodation               | 1,438,698  | 791,544    |
| Water and electricity                      | 650,696    | 522,075    |
| Workshops and conferences                  | 1,603,648  | 1,496,658  |
|  | 66,118,277 | 60,701,504 |
| Operating surplus / (deficit) for the year | 7,196,768  | (939,072)  |

This detailed income statement does not form part of the financial statements covered by the audit opinion on page 42 - 43.



[illegible]

[illegible]

### QUALITY POLICY

Our goal as the Botswana Qualifications Authority (BQA) is to provide the highest quality service to our customers and stakeholders, and to strive for excellence and continual improvement in all our activities to enhance education and training system.

### QUALITY OBJECTIVES

To support this Quality Policy we use the following metrics and measures as our Quality Objectives:

#### Customer Service

i) To consistently meet or exceed our customer's expectations for product quality and performance by maintaining at least 90% customer satisfaction level throughout the year.

#### Internal Processes

i) To ensure timely delivery of products and services to our customer as per our Service Level Standards, and to continually improve our processes and systems through periodic process reviews.

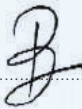
#### Financial Performance

i) To maintain at least 95% compliance to budget annually.

#### Learning and Growth


i) To develop, implement and monitor annual staff development and training plans to ensure that our personnel are better equipped to serve our customers.

SIGNED: .....



Abel Modungwa  
Acting Chief Executive Officer

DATE: 18<sup>th</sup> June 2015



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