



# Annual Report 2018



*Gambling  
Regulation  
for Economic  
Development*



## Tip-offs

# Anonymous

Fraud?  
Corruption?  
Embezzlement?  
Moonlighting?  
Bribery?

Favouritism?

Toll Free:

Orange - 1144

BTC - 0800600644

Mascom - 71119603





# Contributing to Economic Diversification



# Contents

## 1 General Information of the Authority

General Information	3
Useful Contacts	3
Mandate	4

## 2 Performance Information

Chairperson's Statement	6
CEO's Statement	10

## 3 Governance and Reporting

Strategic Outlook	12
Vision, Mission and Strategic Intent	14
Corporate Governance Report	21
Board Members Profiles	24
Governance Structure	28
Executive Team	37
Human Resources Report	42
Operations Report	49
Internal Control and Risk Management Report	54
Legal Services Report	59
Finance and Administration Report	62
Chief of Staff Report	65
Excessive Gambling Prevention and Rehabilitation Committee Report	74

## 4 Financial Information

Statement of Responsibility by the Members of the Board	83
Independent Auditors Report	84
Statement of Comprehensive Income	88
Statement of Financial Position	89
Statement of Changes in Funds	90
Statement of Cash flows	91
Notes to the Financial Statements	92

# GENERAL INFORMATION

## Useful Contacts

If you or someone you know suspects that they may be in danger of compulsive gambling, quickly seek help from the Gambling Authority at the following contacts;

**By Email:**

[info@gamblingauthority.co.bw](mailto:info@gamblingauthority.co.bw)

**By Post:**

Chief Executive Officer  
Gambling Authority  
Private Bag BR161  
Gaborone

**Telephone:**

Tel: (+267) 395 7672/398 6600

**In Person:**

Physical Address: Fairgrounds,  
Plot 70667, Fairscape Precinct,  
West Wing, Gaborone

**Online:**

**Facebook:**

Botswana Gambling Authority

**Twitter**

@GamblingBW

**Website:**

[www.gamblingauthority.co.bw](http://www.gamblingauthority.co.bw)



[www.gamblingauthority.co.bw](http://www.gamblingauthority.co.bw)

# GAMBLING AUTHORITY

## Our Mandate

### Gambling Act, 2012

The Gambling Act (the Act) establishes the Gambling Authority, whose primary mandate is to regulate gambling in Botswana.

The powers and functions of the Authority are provided for under Section 5 of the Act as follows:

- a. to regulate and control the development of gambling establishments in Botswana;
- b. with the approval of the Minister, to define the areas in which gambling establishments may be established and operated;
- c. to receive and consider applications for licence, to verify information contained in or submitted with the application, and to issue, refuse, suspend or revoke licences;
- d. to receive, consider and decide on applications for the transfer of licences;
- e. to ensure that such sums of money as may be due by licensees are duly paid and accounted for;
- f. to ensure that licensees maintain the gambling establishments in respect of which they are licensed, to the standards set out in this Act;
- g. through the exercise by any of its officers, or any person authorised by it, to enter and inspect any gambling establishment at such times and in such manner as it may consider necessary to ascertain whether the terms and conditions of a licence are being observed; and
- h. to do all such things as are necessary or convenient for the purpose of carrying out its functions.

### Gambling Regulations, 2016

The Gambling Regulations were promulgated in April 2016 as subsidiary legislation to provide detail to the Act.

### Financial Intelligence Act, 2009

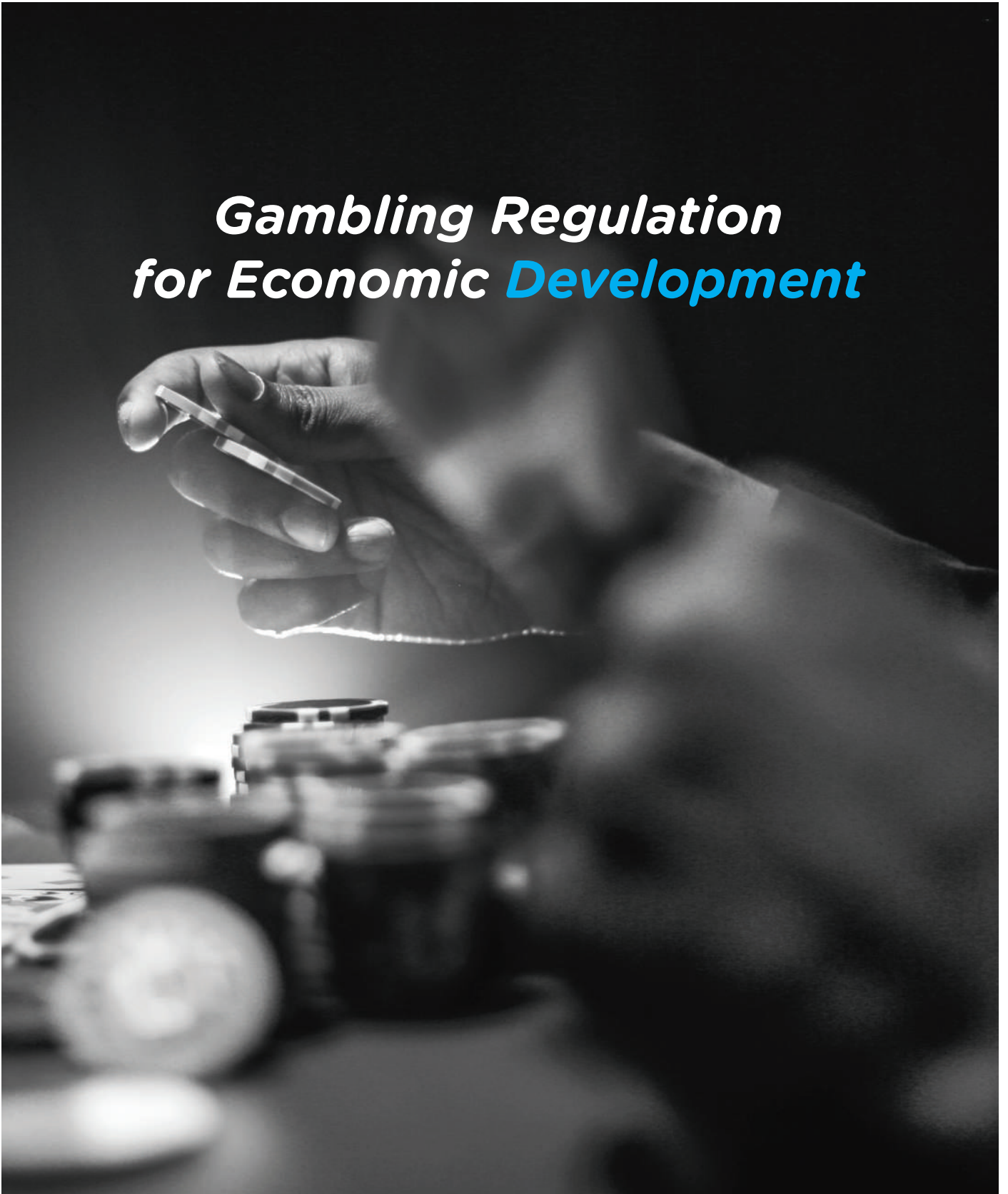
The primary purpose of this legislation is to provide for the reporting of suspicious transactions and financing of any activities or transaction relating to terrorism.

The Gambling Authority is a supervisory authority under this Act and has the responsibility to combat money laundering by ensuring that any acts of money laundering do not take place at any of its licensees.

## Compliance with Laws and Regulations

The Gambling Authority has complied with primary legislation governing it, being the Gambling Act, 2012 and Gambling Regulations, 2016. Other applicable laws were complied with during the year under review.

# *Gambling Regulation for Economic **Development***



# Chairperson's Statement

---



Hon. Minister, it gives me immense pleasure to present to you the 3rd Annual Report of the Gambling Authority. The Gambling Authority began to regulate the gaming industry in Botswana on 1 April 2016. The coming in of the Authority brought new opportunities, a new dawn for economic diversification and a support to the growth aspirations of Botswana.

What excites me most in presenting this report is that we are on a path to significant transformation for the Authority, and more importantly the gaming landscape in Botswana through the imminent launch of the 1st ever National Lottery. This impending launch is a great place to start the report.

In 2017, we launched the bidding process to appoint the operator of the Botswana National Lottery. The search began with the publishing of a request for applications (RFA) for the operator of the National Lottery. We received a strong response from potential bidders who were also required to attend a compulsory Bidders' conference.

The Authority subsequently received more applications than had been anticipated. This being our first launch, we anticipated the possibility of challenges, however, we are confident that we are truly on the path to launch in the next financial year.

The National Lottery will be transformational for several reasons; betting will move beyond the traditional casinos that have been the only legal gaming in Botswana for the past 40 years. A significant investment will be made into Botswana, improving the FDI profile for the country and offer an opportunity for citizen involvement in this industry as it diversifies.

As a Board we look forward to the opportunity that the National Lottery presents for the funding of worthy causes, being sports and recreation, arts and culture and charities. This new funding stream is important for these causes, as we will now have a channel through which we can complement Governments efforts to improve the lives of Botswana in the spheres being funded.



The Board has put in place a robust governance structure and oversight to ensure that the process followed in the entire bidding process will be conducted with the highest integrity and probity. We have outsourced the evaluation and created a transparent process whilst we protect the intellectual property of the bidding parties. An audit firm has also been appointed to provide oversight of the evaluation process for the Board.

Apart from the National lottery, the Authority has been busy preparing for the other licences that will be on offer through the bidding process. These are new casinos, bingo and betting licences. The Authority envisions that the governance framework for all license types will follow the same model to ensure a robust licensing programme. In this past year, the Authority reviewed its 5-year strategy to align it to current realities and to re-chart our path to ensure continued relevance and progress with respect to the regulatory mandate of the Authority.

Our strategic themes remain as we had articulated in the past years, and they are the following:

- Talented people, Visionary Leadership and a Culture of delivery
- Organisational Capability
- Robust Regulatory Framework
- Operational Excellence
- Effective Regulatory Control and Monitoring

These are the themes that we believe will lead the Authority to “Making Botswana the preferred, fair and safe gaming destination”, which is our Vision statement. The Chief Executive Officer will in his report, detail our performance in achieving these themes and the strategic initiatives.

In pursuance of King’s Governance framework, the Board has committed to reviewing its effectiveness regularly and in this regard the Board had its first review in 2017.

The feedback from this review will assist the Board to lead the Authority more effectively and an action plan has been drawn to focus the Board Chairman on enhancing Board effectiveness.

Board training received priority as well in the year under review. The Board has undertaken training in Being a Director with the Institute of Directors of South Africa including obtaining qualifications to be a Director in compliance with King IV Governance Requirements.

The Board has also been exposed to the gambling industry through conferences and expos as well as receiving training from sister regulators. It is important that the Board gain insight into the industry that they regulate as well as keep up with the significant changes being brought about by technology in the gaming industry.

In the year under review, the Board reviewed the Terms of Reference of each of the Board committees to ensure that there is sufficient coverage and relevance to the mandate, roles and responsibilities of the Authority as articulated in the Gambling Authority Act as well as the Regulations.

We have also requested that management embark on a review of the Gambling Act to incorporate new responsibilities relating to Amusement Arcades assigned by Government as well as making amendments dealing with some parts of the Act that require enhancement of the law. These proposed amendments once approved and promulgated will assist the Authority deliver its mandate more effectively.

We continue to await the finalisation of the regulations relating to Promotional Competitions by the Attorney General’s Chambers. These regulations are important for the protection of consumers in enforcing the publishing of clear rules for the conduct of promotional competitions in compliance with the tenets of fairness and transparency.

To establish the level of regulatory compliance by casino operators, the Authority undertook a comprehensive review of all casino operators. This baseline review was meant to provide the Authority with a status report and a remediation plan for the industry as we begin enforcement of the new Act and regulations. As expected, each of the casino operators were at different compliance levels.

A plan is in place to ensure that all the operators are consistent in how they comply with the law.

In the past year, we have approved new licences, specifically supplier licences such as surveillance, machine software and systems providers, monitoring systems providers, security, etc. Equally, we have enforced employee licences as required by law as well as key employee licences.

This was an important step in licensing that will create opportunities for new employment and business opportunities for our youth in Botswana. Importantly, the licensing programme has introduced into Botswana, foreign companies that hitherto provided services on a non-resident, non-licensed basis.

We believe the compliance landscape for Botswana is generally improving and the Authority can be confident that the outstanding compliance issues are receiving management attention and are being resolved. Our next step will be to introduce more qualitative compliance through the introduction of rules that will provide clarity in the interpretation of the regulations.

In the last quarter of the financial year, the Authority introduced electronic monitoring through cooperation with existing monitoring system suppliers. The requirement for the existence of a Central Electronic Monitoring System (CEMS) is prescribed by the Act.

I am pleased to report that most of the casinos are now monitored online, and the remaining will be online upon the completion of the necessary technical upgrades, ensuring that all casinos will be monitored in 2018. The CEMS will also increase the Authority's ability to effectively verify the levies that are due to the Gambling Levy Fund as per the Act.

When the Authority took over responsibility for regulating the gaming industry, it also took over responsibility for two cases emanating from decisions taken by the now defunct Casino Control Board (CCB). The cases resulted in the complainants approaching the courts to try and reverse the decisions of the regulator.

The two cases related to an expired licence previously awarded to Letsatsi Casino in Palapye and a request for transfer of premises from Gaborone Bus Rank to a new building in Gaborone Central Business District (CBD) from Moonlite Casino. Both cases ended up at the Court of Appeal, which returned decisions in favour of the Authority, with costs being awarded to the Authority.

Importantly, the cases provided clarity to the processes and procedures for the renewal and transfers of existing licenses. The court affirmed the position of Gambling Authority in its interpretation of the Act and Regulations.

We believe that the Authority is on track to achieve its five-year strategic plan. Projects to be undertaken include licensing of new types of gaming in addition to the National Lottery.

These will include betting, bingos and additional casino licences in tourism areas of Botswana including Palapye, Kasane, Maun as well as the ever-expanding metropolis of Gaborone.

The timetables for each of these licences is dependent on resources, both human capital and financial, as well the practicality of the management of each of these process in a manner that ensures that we can maintain integrity of the processes.

We expressed in the last Annual Report that we had hired new employees, including hiring up to 40% of our staff as completely new to the job market or unemployed at the time of their employment. It is therefore a reality that our staff are young, inexperienced and in need of on-the-job training. Positively, this young team is talented and keen to learn, thus presenting the Authority and industry with a pool of individuals full of potential.

To develop them in this tight budgetary environment, we have utilised a combination of collaboration with regional regulator assistance which includes brief secondments of up to a week, classroom training as well as on-the-job training within the Authority.

In these secondments, the staff work with their counterparts to ensure that they learn the processes, systems and ethical conduct required when reviewing the operators' compliance status. We are confident that the quality of our staff is being improved by these training interventions for them to cope with the impending issuance of new licences.

In this regard, we would like to express our profound gratitude to the North West Gambling Board (NWGB) as well as the Gauteng Gambling Board (GGB) for their kind contribution and assistance in this training.

Without doubt, this has been an active and productive year, that brings us to the cusp of a dramatic and substantial change for the industry. We are aware that as these changes are being effected, there is need to ensure that there is a focus on broader training in the industry so that citizens have the skills and competencies to take up managerial positions.

Our Training and Localisation committee is focused on the important task of ensuring that this is one of the core aspects of our regulation as required by the Gambling Act.

Equally important is a focus on responsible gambling. As we issue more licences, we shall work on preventing potential harm that may come about, by ensuring that the public are aware of the dangers of gambling addiction and fully aware of the interventions available should they be required.

The Authority will embark on a research project to gain a further understanding of the needs of the customer base of the licensees as well as their families. This will in turn give much needed information to roll out a comprehensive prevention and rehabilitation programme.

As part of its responsibility the Authority is expected to liaise with the international gambling industry and in this regard is a member of International Association of Gambling Regulators (IAGR) and Gambling Regulators Africa Forum (GRAF).

These two forums host international conferences that bring together regulators, operators and suppliers from around the world. Botswana has been awarded the right and responsibility to host the 2018 GRAF Conference in August 2018 which will be held in Gaborone.

At the end of this Conference Botswana will assume the Chairmanship of this Forum and in this regard, I will assume the leadership of GRAF for a period of one year. We thank the Government of Botswana for the opportunity to host the conference and GRAF for the confidence placed on Botswana in its ability with regards to hosting and managing this major event on the Africa gambling calendar.

I wish to end my report by thanking the former Minister Hon. Vincent Seretse and Assistant Minister Hon. Biggie Butale for their support during their tenure at helm of the Ministry of Investment Trade and Industry. Equally we welcome Minister Hon. Bogolo Kenewendo and Assistant Minister Hon. Moiserale Goya and look forward to continuing to diversify and grow the economy of Botswana.

In this year we have also had retirements from the Board as well as new appointments. Mr Lesego Busang, Ms Ontlametse Ward as well as Ms Mavis Chawa Bogosi all retired from the Board during the year under review. Mr Busang and Ms Bogosi were members of the founding Board.

Together with Ms Ward and the Board, they worked tirelessly to establish the Authority. I would like to thank them on behalf of the Board and their contributions have been positive and I hope rewarding for them.

Equally, I would like to welcome Ms Matshediso Mulalu and Mr. Olebile Machete and Ms Mmakome Masendu, who joined the Board during the financial year under review and I am delighted as their positive contribution is already being felt.

During the year, the Board decided to enhance the skills and capabilities of the Risk, Finance and Audit Committee (RFAC) as well as the Excessive Gambling Prevention and Rehabilitation Committee (EGP&RC) by appointing new members with the relevant skills.

In this regard, the Board appointed Ms Mmametsi Setlhare and Ms Colleen Blumton to the RFAC and appointed Ms Boitumelo Tembo and Mr. Kgomotso Jongman to the EGP&RC. We welcome these members of the committees and thank them for their immense contributions to date.

As we work away towards a new dawn as espoused in His Excellency's Inauguration address, we are cognisant of the need to create opportunities for the youth of Botswana, through supporting employment creation, wealth creation and inward investment by foreign entities.

I would like to thank the Board for their stewardship and their cooperation in leading this institution towards the strategic goals we have set ourselves.

I would like to thank the staff of the Authority led by the Chief Executive, Mr Thulisizwe Johnson. They have worked hard and diligently towards building a sound regulatory Authority.

I look forward to a new and inspired year when we continue to build upon the blocks we have laid.

May God Almighty bless You!



**Thabiso T. Tafila**  
Board Chairperson

# Chief Executive Officer's Report



*As I reflect on the past two years of us being the regulator of gaming and betting in Botswana, I am amazed at how much we have achieved in a short space of time and even more delighted that we continue to set a solid foundation for our business into the future.*

What has been important for us was to ensure that we have a business with sound governance, and the right capability to be a regulator of a diversified gambling industry in Botswana.

Our Act gave us authority over even more licence types and has set us up to take advantage, as a country, of the opportunities and benefits that sports betting,

thoroughbred racing and resort casinos can bring to the economy.

We have developed a strategy that will make us among the leading gaming regulators in the world. Botswana had the foresight to set us up as a unified gambling regulator, combining traditional gaming and betting with the National Lottery. Few countries have adopted this model, and more are considering this more effective regulatory approach, thus making us one of the global pioneers.

In leveraging this position, the Authority's strategy has sought to benefit the country from this approach ensuring that in an organised manner, we can roll out these different licences, whilst avoiding the negative benefits of cannibalisation.

The licensing of the first ever National Lottery is underway and is expected to be completed in the ensuing financial year. The National

Lottery will bring in investment, provide opportunities for software development, marketing, distribution and sales jobs as well as the opportunity for funding of good causes largely in sports and recreation, charities, as well as arts and culture.

The Authority is readying itself to meet the challenge of enabling equitable, fair and just distribution to support national development objectives.

In terms of our employee demographics, most of our employees are young and being developed at a fast pace. This is achieved mainly by employees being offered opportunities for training and development through partnerships with regulators in other jurisdictions, workshops, conference and expo events.

All our staff are given the exposure needed to develop them into world-class regulators. Whilst they will gain in experience over time, the training partnerships enable them to learn from their more experienced counterparts in South Africa.

Our Vision is “Making Botswana the preferred, fair and safe gaming destination”. Making Botswana the preferred destination means ensuring that the country is a prime destination, friendly to international investors and punters alike, making it easy to obtain visas and generally making it a destination of entertainment and enjoyment.

It also means that we have clear regulations that are effective, protecting players and investors alike, whilst they are simple and inexpensive to implement. It means that we must have a world-class environment, with our licensees responding to the latest innovations and game diversity. Being a world-class destination means bringing world class entertainment as well as world class facilities such as golf courses, spas and other entertainment events, as well as convenient flights and other transport means.

We are committed to working with Botswana Tourism Organisation (BTO) to develop a joint approach to attracting investment into our regulated environment.

When we started the Authority, we launched a paperless Authority, the first fully functioning paperless environment powered by a vendor system called Papertrail. Essentially paper documents reaching the Authority are scanned and sent to the recipient electronically.

We are bringing in a consultant to re-design the paperless environment and to provide training subsequently, so that we leverage the benefits of being paperless fully.

Some of the benefits of paperless office are (1) savings derived from not investing in shelving in the office, with the requisite office space consumed; (2) traceability of all documentation, improving productivity and customer service; and (3) lower operational costs whilst supporting environmental objective for a green world.

We introduced electronic monitoring of the casinos via the Casino Electronic Monitoring System (CEMS). This enables the authority to have online access, in real time to the operating systems of the licensees.

Any issues that may be picked up are addressed much more efficiently and, in a cost-effective manner. This also allows the Authority to have real time data in terms of executing its mandate of monitoring the industry.

The coming year will see a significant amount of activity in the Responsible Gambling space. The Board has already appointed BIDPA to carry out Baseline Research on the Prevalence of Problem and Excessive Gambling in Botswana.

This important research will be the first of its kind to be carried out across the country and will provide invaluable information to all stakeholders as to the extent of the negative impact of gambling has on society as a whole. The output of the research will also enable informed, targeted programmes to be put in place to reduce the potential harm, as well as provide counselling and rehabilitation.

The expectation is for the research to be completed by March 2019.

We are also excited about the licensing programme which the Authority looks to execute in this coming financial year.

This will provide significant opportunities to potential investors, as well as have a positive impact in reducing the country’s unemployment numbers. The additional economic activity will also provide opportunities to SMME’s throughout the value chain.

I look forward to the significant contribution Gambling Authority will make to the diversification of our economy, the upliftment and support we will provide to charities and the ability we will have, in the near future, to support projects of National Interest.

I would like to thank the Board for working tirelessly and supporting the Authority to achieve what it has achieved thus far.

I would also like to acknowledge the hard work of the Gambling Authority team and encourage them to keep up the good work in leading the Authority to greatness.



**Thulisizwe Johnson**  
Chief Executive Officer

# Strategic Outlook

“Without strategy, execution is aimless.  
Without execution, strategy is useless.”

Morris Chang





# Vision, Mission and Strategic Intent

---

A better understanding of the external (including global trends) and internal factors that impact the operations of Gambling Authority and the local industry, enabled the leadership, during the year under review, to amend the current Vision, Mission and Strategic Intent, while maintaining the Values as part of the strategic foundations that will give clear strategic direction and refine the focus of the Authority.

The Gambling Authority strategic foundations are noted below:

---

## **Our Vision:**

---

*Make Botswana the preferred, fair and safe gaming destination*

The Authority intends to make Botswana the preferred destination for gaming by ensuring a fair and safe gambling environment. Our game plan will include taking advantage of the growing tourism industry.

---

## **Our Mission:**

---

*To effectively and efficiently regulate and promote responsible gaming, account for revenue from the industry and contribute to the socio-economic development of Botswana.*

The Authority understands the balance that needs to be in place between regulating and promoting responsible gaming on the one side and contributing to the socio-economic development of Botswana.



## Our Values

We will uphold the following Values in all our dealings with consumers, operators, other industry participants, partners and all stakeholders:

### Transparency

Essential condition for a free and open exchange whereby the rules and reasons behind regulatory measures are fair and clear to all.

### Reliability

We uphold service excellence, take pride in our service quality and ensure commitments are duly fulfilled.

### Integrity

Always doing the right thing and fulfilling promises made to earn the trust of our stakeholders. We are committed to upholding the highest standards of lawful and ethical conduct, and in demonstrating honesty, fairness and accountability in all of our dealings.

### Professionalism

Always pushing ourselves to deliver benchmarked outstanding professionalism. We are determined to be the winner, leader and best-in-class in what we do. Whilst we are tough with professional standards, we are compassionate with people we call it "Professionalism with a Heart".

## The strategic intent of Gambling Authority represents a clear statement of what the Authority intends to achieve during the defined strategic period. The Authority's strategic theme was also slightly amended to include a need for improved corporate governance mechanisms.

The Authority's strategic intent was amended as follows: We will develop and implement effective regulatory mechanisms to enable licensing and monitoring of gaming activities by 2020 while promoting responsible gambling.

The amended strategic intent focuses on the delivery of an effective regulator regimen that enables effective licensing and monitoring of gaming activities, while ensuring the continuous promotion of responsible gambling.

It was generally understood that the effective delivery of the strategic intent will be anchored by a marked alignment and enhancement of internal operations.

The Authority's strategic themes were also slightly amended to include a need for the right skill sets and competencies for effective strategy planning and execution as per the Authority's mandate.

Gambling Authority will therefore focus on the following five (5) strategic themes that are aligned with being a reputable gaming regulator while driving the corporation's strategic intent:

- **Talented People, Visionary Leadership and a Culture of Delivery** - The Authority has identified an appropriate skill mix, the acquisition of talent, the development of visionary leadership and a results-oriented culture as the basis for organisational growth and optimal strategy execution.
- **Organisational Capability** - A clear set of organisational capabilities that will drive the mandate of the Authority have been identified.

These include core, secondary, support and governance capabilities that inform the Authority's agenda for competency and technical skills development, process management and technology adoption.

- **Robust Regulatory Framework** - The development of a robust policy and regulatory framework will be driven by a cohesive set of regulatory

mechanisms and instruments that deliver effective licensing and monitoring of operators, consumers and other industry participants, while promoting responsible gambling.

- **Operational Excellence** - The core and support operations of the Authority will be driven by a set of robust policies, processes, procedures that are supported by a risk-based approach and the strategic use of technology to drive operational efficiency.

The achievement of an effective regulatory environment within the gambling industry will be driven by the optimal execution of the Authority's strategy, development of core capabilities and a robust regulatory framework that creates a proportionate regulatory regime, which delivers effective licensing and enforcement, while ensuring compliance by licensees.

- **Stakeholder Engagement** - The Authority will build and sustain strong relationships with relevant stakeholders to ensure awareness on regulatory requirements, responsible gambling, the gambling industry and its impact on the economy of Botswana.

In ensuring effective engagement, the Authority will seek support and buy-in by forging strong partnerships and collaboration with key stakeholders, promoting participation and consultation, while fostering regular and targeted communications.

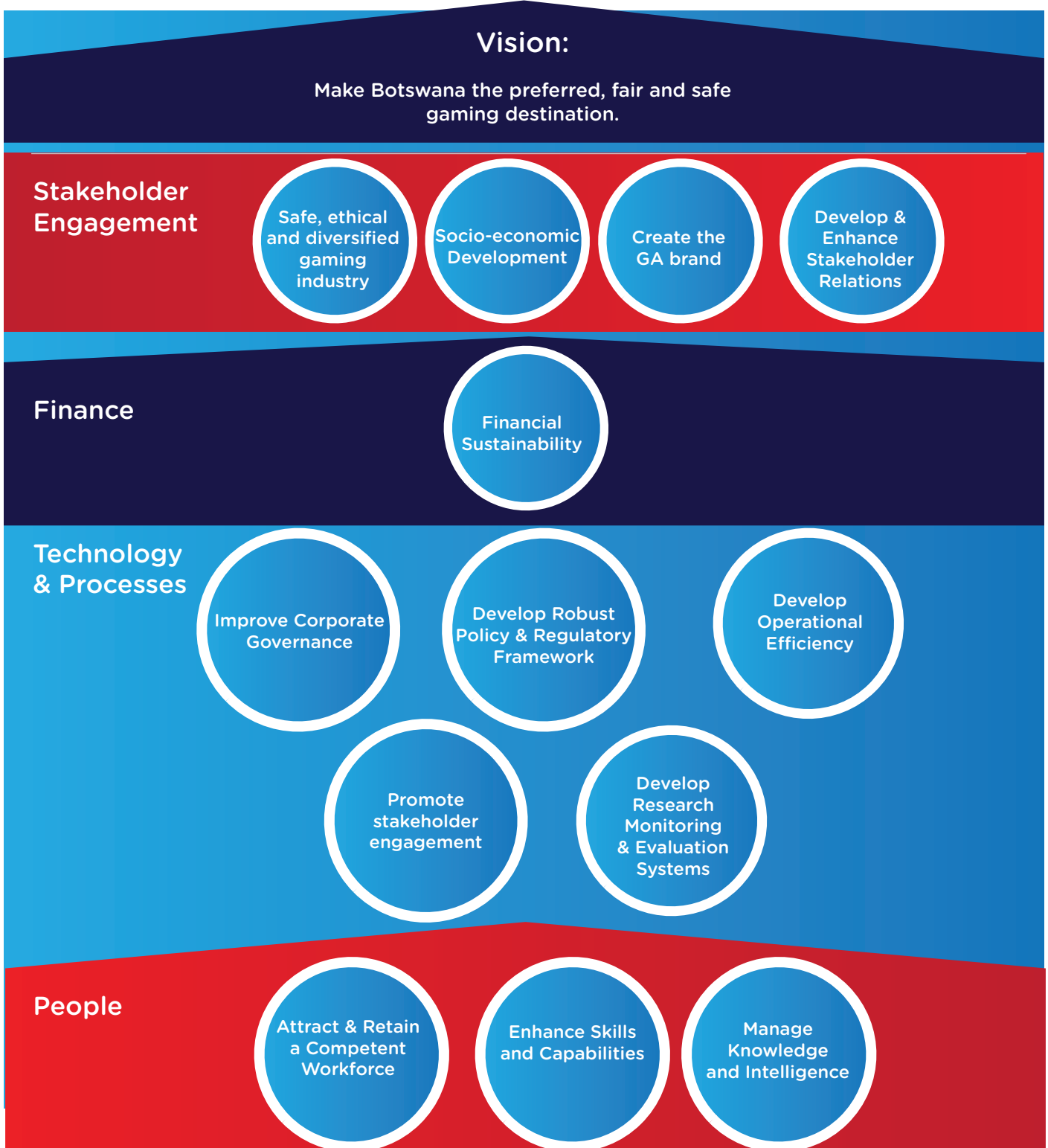
The Authority will accomplish an effective regulatory environment by delivering tangible outcomes within these thematic areas.

These themes, which are critical for driving the effectiveness of the Authority during the developmental phase (first five years up to 2020), are mutually achievable focal areas of the strategy that are supportive of the Authority's strategic intent and vision.

→

Strategy Map







The revised Gambling Authority strategy map is presented in the figure below:



Gambling Authority Strategy Map

## Strategic Objective Performance for 2017/18

Strategic Objective	Strategic Initiative	Comments	RAG Rating
<b>Finance Perspective</b>			
<b>Drive financial sustainability</b>	Develop, lobby and implement a self-funding model with Government	The Authority is continuously engaging the Ministry with regards to the most appropriate model that would enable it to efficiently execute its mandate. The Board is confident that feedback from MITI on agreement with regards to a self-funding proposal is eminent.	Yellow
	Develop and implement a cost management strategy	The Authority has a clear cost management strategy that focuses on implementing the strategic plan and operates within the boundaries of the budget.	Green
	Develop and implement a financial sustainability plan	Financial sustainability plan under discussion with the Ministry, as part of the self-funding model discussion. The Authority will continue to engage with MITI on implementation.	Yellow
<b>Stakeholder Engagement</b>			
<b>Create a diversified gambling industry</b>	Issue Lottery, Limited Pay-out Machines, bingo and horse/ sports betting licences and Casino Licences	The National Lottery Licensing Program is underway. The Authority Licensing plan is to issue further Casino licenses in Gaborone, Palapye, Kasane, and Maun. The Casino Licensing plan has been approved by the Board.	Red
<b>Develop and enhance stakeholder relations</b>	Develop and implement a stakeholder management plan	Public Awareness programme in place, as part of the stakeholder engagement plan. Implementation took place in 2017/18 and is set to continue into 2018/19. GA won 2nd place in the Regulator Category at the Gaborone Consumer Fair 2017. GA also participated in the Northern Trade fair, Masunga Metlhala ya Khumo, and had various appearances on Media platforms including Btv, RB1, RB2 and Duma FM.	Green
	Develop and implement the responsible and safe gambling programme	EGP&R Strategy is being developed with the Committee. Research ITT on the Prevalence of Problem Gambling in Botswana has been approved by Board, and this will inform the direction of the Responsible and Safe Gambling Programme	Yellow

Strategic Objective	Strategic Initiative	Comments	RAG Rating
<b>Stakeholder Engagement</b>			
<b>Develop and enhance stakeholder relations</b>	Develop and implement a stakeholder management plan.	Stakeholder Engagement plan implemented during 2017/18 and set to continue into 2018/19. GA held various stakeholder engagements including a business dinner as part of the Northern Trade fair activities for the week, Addressed the National Landboard Pitso, Addressed the National Sports Pitso, held a Senior Leadership Engagement dinner for the Mahalapye region with the Board, as well as various Media briefings throughout the year.	
	Undertake a Public Opinion/ Customer satisfaction survey.	Customer Satisfaction Survey yet to be concluded, due to resource prioritisation.	
<b>Develop and enhance stakeholder relations</b>	Develop and implement a corporate brand proposition, strategy and plan	Corporate Brand Proposition ITT deferred to 2018/19, due to resource prioritisation.	
<b>Internal Process Perspective</b>			
<b>Ensure a robust regulatory environment</b>	Develop and implement rules and regulations for each license type.	These have not yet been developed since no new licenses have been awarded during the period under review.	
	Procure the Authority's Centralised Monitoring System (for effective monitoring and control of operator conduct).	The Authority has begun to implement the Central Monitoring System and have access to the ACE and Bally system for Gaborone Sun and Grand Palm respectively. Operations is in contact with other Licensees to implement this at their respective sites.	
<b>Implement Enterprise Risk Management</b>	Develop Business Continuity Plan (BCP)	Development of the Authority's Business Continuity Plan (BCP) was deferred to 2018/19. This was due to budgetary constraints to fill the vacancy of Risk Officer, who was to facilitate the process	
	Develop and implement a Corporate Risk Register	The Board approved Corporate Risk Register is included as part of this Annual Report. The Register is monitored by the Risk finance and Audit Committee (RFAC) and the Board on quarterly basis.	

## Strategic Objective Performance for 2017/18

Strategic Objective	Strategic Initiative	Comments	RAG Rating
<b>Internal Process Perspective</b>			
<b>Develop operational efficiency</b>	Implement a document management system	The Authority has in place a paperless document management system, which ensures efficiency of document management. The overall document management strategy is yet to be presented to the Board.	
	Develop and implement an IT strategy	Due to limited resources, the IT Strategy Development and Implementation has not yet been undertaken.	
	Develop and implement a Risk Based Internal Audit Plan.	The three (3) year Risk Based Internal Audit Plan was developed and approved by RFAC and noted by the Board. The plan was approved subject to recruitment of Internal Audit Staff which only took place in March 2018 and hence implementation deferred to 2018/19 financial year.	
<b>Learning and Growth</b>			
<b>Attract and retain a competent workforce</b>	Implement the Authority's employee value proposition.	This was not put in place due to resource constraints, however, we managed to recruit talent accordingly.	
	Implement the Gambling Authority Talent Management Programme.	Talent was identified and onboarded at recruitment stage, there have been no regretted losses for the year.	
<b>Enhance skills and capabilities</b>	Development and implement a management and leadership programme	A priority-based training plan was put in place. The Management and Leadership Programme was deferred due to resource constraints.	
	Develop and implement the Authority's skill development programme	A priority-based skills development plan was executed. Various seminars were attended by employees including: Licensing seminar; 1-week attachment to North - West Gambling Board.	
<b>Manage knowledge and intelligence</b>	Develop and implement a comprehensive knowledge repository and market intelligence programme	Baseline Research ITT has been approved by Board and is due to be published in 2018/19, which will give Academic basis for the Industry to understand the Prevalence of Problem Gambling in Botswana.	

# Corporate Governance Report

“Good corporate governance is a holistic and interrelated set of arrangements to be understood and implemented in an integrated manner - good governance is not a tick-box or compliance exercise.”

King IV-Steering Point by PWC





Seated (L -R ):

Mr. Thulisizwe Johnson, Mr. Thabiso T. Tafila, Ms. Boikanyo Mathipa

Standing (L -R ):

Ms. Arabang Kanego, Mr. Blessed Monyatsi, Mr. Olebile Machete,  
Ms. Mmakome Masendu

Insert (L -R ):

Ms. Neo Mothobi,  
Ms. Matshidiso Mulalu (Deceased 20/06/2018)

# Board Members



# Corporate Governance

Corporate Governance is often defined as “the system by which organisations are directed and controlled”. Other definitions include a purpose being “to align as nearly as possible the interests of individuals, organisations and society”. The Board is responsible for the governance of the Authority. It gives direction through the Strategic Plan, controls and monitors the organisation through the Executive and through Policies and Procedures.

During the year under review, the Board of the Authority reconfirmed, with minor modifications, the organisation’s values, mission vision, strategy, and enhanced its oversight responsibilities over risk management, internal assurance and Board Committee enhancement.

## THE BOARD

The Board comprises of eight (8) non-executive Board members appointed by the Honourable Minister of Investment, Trade and Industry (MITI) and the Chief Executive Officer who is an ex-officio member of the Board. At least half of the Board members are independent of the Shareholder, the State.

The Gambling Authority Act sets out Board membership requirements.

*A review and restructuring of these committees commenced during the year. The intention is to align with current and future global governance standards and the governance requirements of an ever-evolving Gambling Authority.*

### Board of Directors and Secretary

Name	Position	Date (Re) Appointed	End of Term
T T TAFILA (Mr)	Chairperson	01/06/2013 (01/06/2016)	31/05/2019
B M MATHIPA (Ms)	Deputy Chairperson	01/06/2013 (01/06/2016)	31/05/2019
T W JOHNSON (Mr)	Chief Executive	01/06/2014 (01/06/2017)	31/05/2019
A KANEGO (Ms)	Member	01/06/2016	31/05/2019
O MACHETE	Member	01/11/2017	31/10/2020
M F MASENDU (Ms)	Member	01/05/2017	29/02/2020
B S MONYATSI (Mr)	Member	01/06/2016	31/05/2019
N P MOTHABI (Ms)	Member	01/06/2013 (01/06/2016)	31/05/2019
M MULALU (Ms)	Member	01/11/2017	20/06/2018 (Deceased)

*(Notes: Mr. L Busang retired 30th June 2017, Ms O Ward retired 31<sup>st</sup> October 2017 after serving 2 terms as provided for under the Gambling Act 2012.)*

*The Authority has since the end of the year under review lost Board member Ms M. Mulalu. May Her Soul Rest in Eternal Peace.*

Board members are appointed through a formal process by the Honourable Minister at the Ministry of Investment Trade and Industry.

Board Members are appointed for a period of up to 3 years and their terms of office may be extended by the Minister for a further period of up to 3 years, provided they still meet the criteria for Board Membership. The Board has the authority to, and did, appoint Committee Members from within the Board and from four (4) from outside the Board (where certain competencies and experience were required in addition to those existing in the Board). This is in line with principle 7 of King IV that requires the accounting authority to comprise an appropriate balance of knowledge, skills, experience, diversity and independence.

The Board has, partly as required by the Act and partly as the Board sees fit, established several committees, to assist it to discharge its governance role and responsibilities.

A review and restructuring of these committees commenced during the year. The intention is to align with current and future global governance standards and the governance requirements of an ever-evolving Gambling Authority.

# Board Members Profiles



**Mr. Thabiso T. Tafila**

Chairperson of the Board

## Appointment to the Board

Appointed to the Board on the 1<sup>st</sup> June 2013 as a Board Chairperson.

## Career, Skills and Experience

Mr Tafila is a partner at Tafila Attorneys. He is a highly experienced defence lawyer in all aspects of litigation.

He advises local and international companies in the public and private sector with legal and practical knowledge of criminal defence, labour law, general and civil litigation, matrimonial and administrative law, company formation and conveyancing.

## Qualification

Bachelor of Laws (LLB), University of Swaziland (in conjunction with the University of Edinburgh (Scotland), 1983.

Certified Trainer of Trial Advocacy Trainers, School of Law, University of Washington, 2011.



**Ms. Boikanyo Mathipa**

Vice Chairperson of the Board

## Appointment to the Board

Appointed to the Board on the 1<sup>st</sup> June 2013 and then as a Vice Chairperson.

## Career, Skills and Experience

Ms Boikanyo Mathipa was nominated by the Minister of Finance and Economic Development as a Board Member. As the Director of Tax Policy. Ms Mathipa oversees the coordination of national development planning, improves

accountability for resources available and facilitates improvements in project implementation.

## Qualification

Master of Taxation (MTax), Melbourne University, 2001.

International Tax Program (Equivalent to Master of Public Administration and Master of Law), Harvard University. Bachelor of Arts in Economics and Accounting (BA), University of Botswana, 1988.



**Mr. Thulisizwe Johnson**

Chief Executive Officer & Ex-officio Member of the Board

## Appointment to the Board

Assumed position to the Board on 1<sup>st</sup> June 2014 as an ex-officio Member.

## Career, Skills and Experience

Mr Thulisizwe Johnson has a distinguished varied career in Financial Services, including having led the National Development Bank, and Metropolitan Life Botswana. Mr Johnson

also has over 7 years' experience as Managing Director of Barclays Bank of Botswana.

## Qualification

Master of Finance and International Marketing (Msc), Arthur D, Little School of Management, 1992.

Bachelor of Arts in Economics (BA), University of Botswana, 1986.



**Ms. Neo Mothobi**  
Board Member

**Appointment to the Board**

Appointed to the Board on the 1<sup>st</sup> June 2013 as a Board Member.

**Career, Skills and Experience**

Ms Neo P. Mothobi is currently employed as the Ngwato Land Board Secretary and has been nominated by the Minister responsible for Town and Regional Planning. She had the opportunity to initiate long term strategic plans, prioritize and direct resources accordingly.

Ms Mothobi also has immaculate experience reviewing and guiding on preparation of regional and settlement development plans and town planning schemes.

**Qualification**

Master of Environmental Planning for Developing Countries (MA), University of Nottingham, 1994.

Bachelor of Arts in Environmental Science & French (BA), University of Botswana, 1989.



**Ms. Arabang Kanego**  
Board Member

**Appointment to the Board**

Appointed to the Board on the 1<sup>st</sup> May 2017 as a Board Member.

**Career, Skills and Experience**

Ms Arabang Kanego was nominated by the Minister responsible for Environment, Wildlife and Tourism. Ms Arabang Kanego is a strong advocate for the environment and environmental issues. She is a former Chief of Natural Resources Officer whose drive and initiatives

of sustainability and development of national frameworks will be critical to the authority.

**Qualification**

Master of Advanced Professional Studies (MSc), University of Strathclyde, 1997.

Bachelor of Arts in Environmental Science and Theology (BA), University of Botswana, 1992.

Diploma in Secondary Education, University of Botswana, 1985.



**Mr. Blessed Monyatsi**  
Board Member

**Appointment to the Board**

Appointed to the Board on the 1<sup>st</sup> June 2016 as a Board Member.

**Career, Skills and Experience**

Mr Monyatsi is a Social Development, Health and Administration expert with special skills in development and management of health programs and more than 15 years of continued work on HIV/AIDS and TB.

He has very strong skills in strategic planning, monitoring and evaluation of large health programmes and capacity building.

He has worked extensively on HIV/AIDS, TB and social development.

Mr Monyatsi is currently employed at ACHAP as the Head of New Projects.

**Qualification**

Master of Business Administration (MBA) University of Botswana, 2011.

Master of Development Studies (MA), University of Botswana, 2004.  
Bachelor of Arts in Social Work (BA), University of Botswana, 1996.



**Ms. Mmakome Masendu**  
Board Member

**Appointment to the Board**

Appointed to the Board on the 1<sup>st</sup> June 2016 as a Board Member.

**Career, Skills and Experience**

MS. M. Masendu is a retired Chief Commercial Officer at Ministry of Trade and Industry (now Ministry of Investment, Trade and Industry-MITI) having worked there for 34 years. As the Head of Internal Trade Unit her area of responsibility covered overseeing the activities of Liquor licensing, Trade licensing and Game and Gambling divisions. She has extensive experience spanning from

the Licensing Division of the Department of Trade and Consumer Affairs, which involved overseeing the implementation of the Trade Act and the Liquor Act by the Councils. She was also Secretary to Casino Control Board and has been instrumental in the drafting of the Gaming and Gambling Bill.

**Qualification**

1999, Diploma in Trade Policy Course: Switzerland

1992, Bachelor of Commerce, University of Botswana.

# Board Members Profiles



**Mr. Olebile Machete**  
Board Member



**Ms. Matshidiso Mulalu**  
Board Member

## Appointment to the Board

Appointed to the Board on 1<sup>st</sup> November 2017 as a Board Member.

## Career, Skills and Experience

Olebile Machete is the Executive Director of Childline Botswana. He has vast experience working with civil society organisations and communities in Botswana. He has been a constant participant of the SADC Council of NGO's forums. He has been involved in various technical assignments for policy development, such as the Botswana Children's Act, the Botswana National Development Plan 11, Botswana Child Care

Regulations, as well as development of Guidelines for Civil Society funding.

He was the Vice Chairman of the Board of Botswana Council of NGO's (BOCONGO) for 4 years as well as the Board Chairman for Makgotla Land Holdings, an Investment Company for a consortium of NGO's in Botswana.

## Qualification

Mr. Olebile Machete holds a Bachelor's Degree in Sociology obtained from the University of Botswana. He has further acquired numerous on the job trainings such as Civil Society Governance, Monitoring & Evaluation, as well as Human Resources Management.

## Appointment to the Board

Appointed to the Board on 1<sup>st</sup> November 2017 as a Board Member until her death on 20 June 2018.

## Career, Skills and Experience

Ms Matshediso Mulalu was the Deputy Permanent Secretary, Corporate Services of Ministry of Investment Trade and Industry (MITI). She provided strategic leadership in the management and coordination of corporate services for the Ministry. She also previously worked as a Senior Assistant Director for the Directorate of Public Service Management.

## Qualification

Master of Arts Degree in Human Resources Management ( Webster University ,Saint Louis Missouri ,USA)1999

Bachelor of Arts Degree in Social Sciences (1995 )



Seated (L -R ): Mr. Thabiso T. Tafila

Standing (L -R ): Mr. Kgomotso Jongman, Ms. Mmakome Masendu, Ms. Boikanyo Mathipa, Mr. Olebile Machete, Mr. Blessed Monyatsi, Ms. Arabang Kanego (front), Mr. Thulisizwe Johnson, Ms. Colleen Blumton, Ms. Boitumelo Tembo

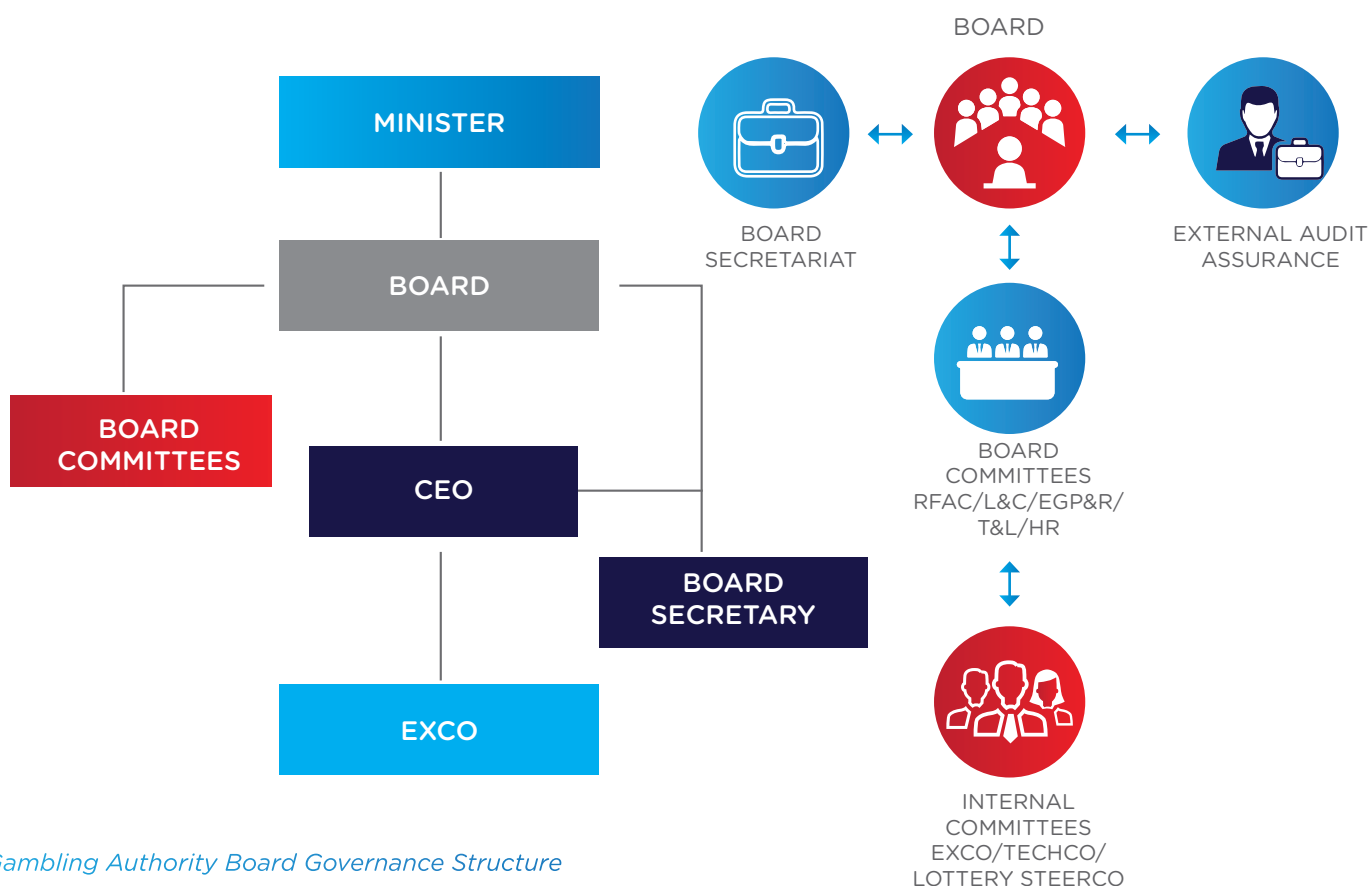
Insert (L -R ): Ms. Neo Mothobi , Ms. Mmametsi Setlhare  
Ms. Matshidiso Mulalu (Deceased 20/06/2018)

# Board & Committees Members

# Gambling Authority Governance Structure

The Authority is empowered by the Gambling Act (the Act) to regulate all gambling matters in Botswana and to ensure overall growth and compliance in the gambling industry.

It is in this context that the Authority wishes to outline its Governance structure and Governance promise. The framework is presented diagrammatically below.



*Gambling Authority Board Governance Structure*

## KEY

RFAC -	Risk, Finance and Audit Committee
L&C -	Licensing and Compliance Committee
EGP&R -	Excessive Gambling Prevention and Rehabilitation Committee
T&L -	Training and Localisation Committee
HR -	Human Resources Committee

## The Gambling Authority Governance Framework - Major Elements.

### The Gambling Authority is a creature of statute under the Gambling Act 2012 and Gambling Regulations 2016

The Minister (with Cabinet approval) appoint members of the Board.

State Governance and Accountability as well as oversight by the Honourable Minister and the Permanent Secretary are ensured by the structure above and strong National Governance structures.

There is a link and oversight over Parastatals through the appointment of the Board by the Honourable Minister of Investment, Trade and Industry (MITI).

From this point on, additional levels of governance and safeguards continue internally through the following instruments and processes:

**Shareholder Compact.** The contract between the State (Shareholder) and The Authority.

**Board Charter and Code of Conduct.** (Board Governance and Ethics Rules and Authority Governance Structures)

**Global King IV Governance Principles** (NB. The Authority is implementing King IV whilst BAOA only requires King III)

**Common Law (Criminal and Civil)** (Available Mechanisms to all stakeholders)

**Personal Individual Liability** (Joint and Several liability extends to Board Members of State Owned Enterprises)

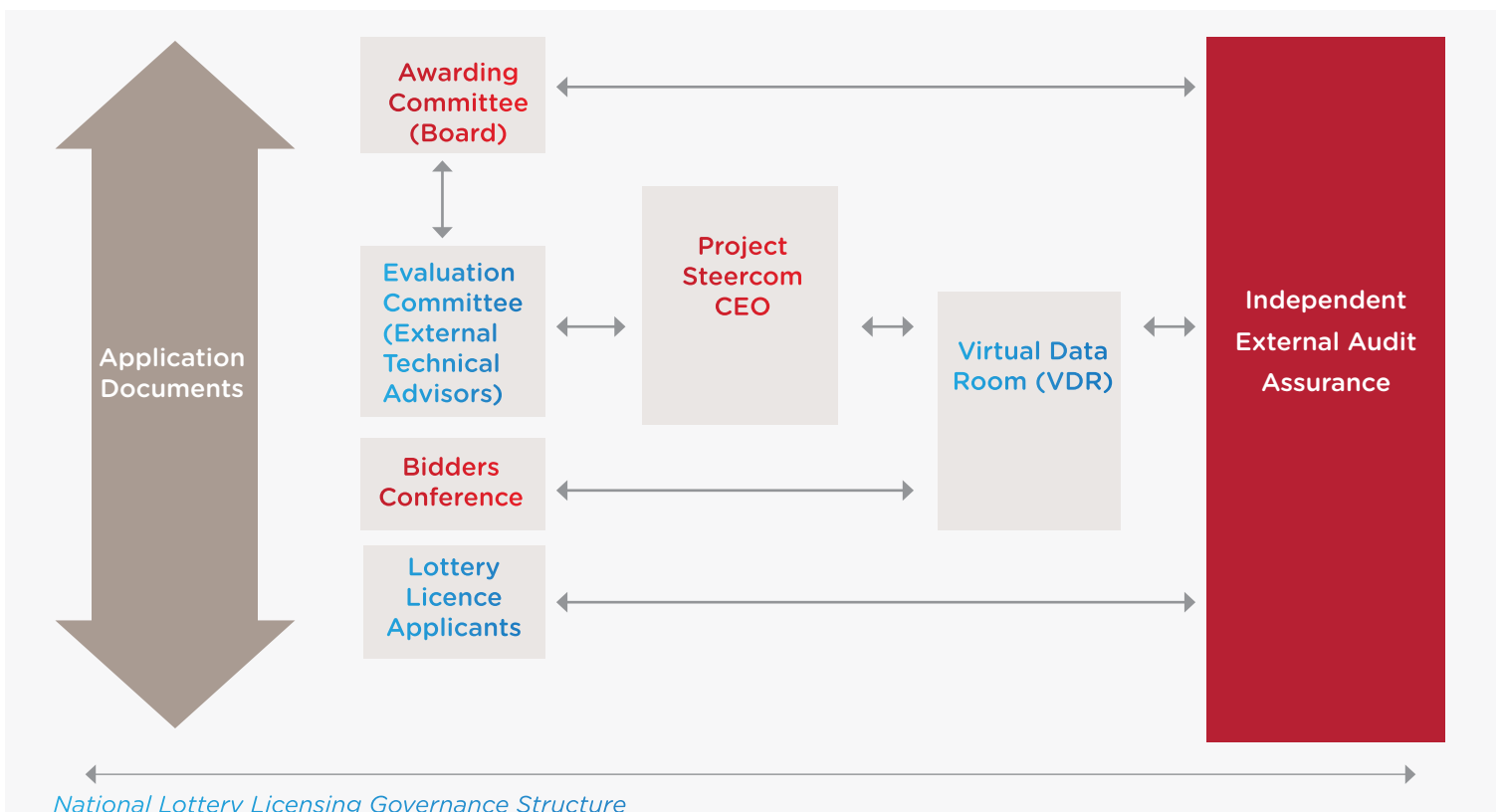
**Separation of Functions at all levels from MITI to Management**

**Policies and Procedures as approved or amended by the Board from time to time**

### National Lottery Licensing Overall Framework

The Authority embarked on the historic establishment of the first National Lottery Licence, during the year under review. To process applications in a transparent and credible way,

A strict governance process and system was put in place for the project.



## The framework dealt with:

### Document Issuance

The issuance of the document followed rules laid out in the Request for Applications (RFA)

Documents were made available on the Virtual Data Room (VDR – see above) only to those granted access following payment of the requisite fee and signature of a Confidentiality Agreement.

### Bidders Conference

A Bidders' Conference was convened for those that had purchased the RFA and paid the requisite fee.

This conference was like a "Site Visit" in normal procurement language.

Only those potential bidders who had attended the Conference were able to submit applications for the license to operate the National Lottery.

### Fit and proper Test

Bidders were required to submit "Fit and Proper" test documentation as part of the application process. This would be evaluated as part of the licensing process.

### Submission and Receipt of Applications

The process, as defined by the RFA and through the VDR, was outsourced.

The process was to follow industry practice and be cognisant of PPADB requirements.

### Evaluation

The Board of the Gambling Authority appointed an Independent Evaluation Committee to assess all applications against the RFA and VDR requirements.

### Provisional Award of Licence - Board Decision

The Authority shall, after satisfying itself that the Licence Application Evaluation and RFA process was conducted properly, announce the preferred bidder and a reserve bidder.

### Licence Negotiations before Final Award of Licence

Before award of the licence the Authority Management will negotiate through powers delegated by the Board to Management, the licence to be awarded with the preferred bidder and if necessary thereafter, the reserve bidder.

### Final Award of National Lottery Licence

The Board will make the final award after the conclusion of licence negotiations with the successful bidder.

### Assurance

The Board appointed a reputable independent external assurance provider to audit the entire process and to satisfy itself that the process undertaken has been fair, transparent, and implemented according to requirements of the RFA document

### Impact

The intention of a transparent and credible process has manifested itself so far, in that a current dispute is being addressed openly and transparently through the Arbitration Process as prescribed in the RFA document.

### Board Evaluation and Annual Plan

The Board had its first evaluation (collective and Individual self-evaluations) in 2017. The feedback from this review was positive and resulted in the Board having its first Annual Plan.

The Annual Plan drove both the mandate of the Board and the Authority as well as Meeting agendas for the year under review.

Matters to be attended to include the refinement of decision-making by the Board and Committees, appropriate and timely documentation for meetings, as well as fuller attendance of meetings.

Board induction, as well as training and development were also matters that were improved on during the year under review.

### Leadership Training

The Board and Management Team continued to take part in Board Development and Governance Courses during the year under Review.

### Outputs

These included attendance of introduction to King IV courses, the 21st African Corporate Governance Conference in South Africa and more importantly attendance of the Institute of Directors of Southern Africa (IoDSA) Parts 1 and 2 of the Being a Director training which leads, ultimately, to qualification as a Certified Directors under the IoDSA.



### Certified Director Training and Qualification

It is anticipated that at least 2 members of the Board and the Board Secretary will complete the IoDSA courses during 2018/19 and the examination that will allow them to achieve Certified Director Status.

### Impacts

The impact on the Authority of this training and development will be improved decision-making and governance in carrying out the Authority's aim to, grow the gaming sector of the Nation's economy as well as improve contribution to worthy causes and the upliftment of Society.

### Board Induction

Full induction of Board members and Board Committee Members was carried out in November 2017.

### Management and Control Structure

The Gambling Authority is subject to Botswana Law, The Shareholder Compact and aims to comply with the King IV principles of Corporate Governance in addition to Governance requirements (King III) of the "Shareholder", The State, through the Government.

Strategic Direction, Control and Monitoring are carried out through the Board and its Committees whilst Management and Implementation are carried out through the Chief Executive (who is an ex-officio Board Member) and his Team.

### Board Charter

The Charter provides Board members with the guidance for promoting and implementing the very highest standards of corporate governance within the Authority. The Board of the Authority have agreed to uphold these standards and to always comply with the highest standards available to enable the Authority to carry out its mandate.

The amendments made to the Charter in 2017, regarding the decision-making process through "round-robin" resolutions and audio meetings, worked very well and enabled Board business to be accomplished timeously and with more members of the Board being involved than would otherwise have been the case by simply achieving a quorum of 4 members present (out of 8).

This enhanced the efficiency and effectiveness of Board and Committee Meetings as well as adherence to principle 16 of King IV that emphasizes Stakeholder inclusivity.

### Compliance Report

The Board continues to apply the King IV Code of Governance, noting that the Botswana Accountancy Oversight Authority (BAOA) only requires the application of King III at present.

The Authority has begun the process to implement Integrated Reporting per the King IV standards and aims to be compliant by the end of the current Strategic Planning period, that is by 2020.

In addition to these principles of Corporate Governance, the Authority is governed by the Gambling Authority Act, 2012 and is subject to all its provisions and any other applicable law or regulatory provision in Botswana. These include inter alia the PPADB Act for procurement best practice.

In this context, the Board has during the year under review undertaken to improve and restructure its Sub-Committees and revise all Terms of Reference.

Where a conflict arises, between other governance principles and the Laws of the Country, the Laws of the Country shall prevail.

### Integrated Reporting

In line with King IV guidelines the Authority is embarking on a path towards integrated reporting by the end of the Strategic plan period.

The following key elements of Integrated Reporting are addressed in this report outlining:

Strategy; Organisational Overview; use of Resources both Human and Financial; Performance, Outputs and Outcomes for the year under Review; future Outlook; Governance, and where this can be measured: Impacts on Society and the Economy.

### Shareholder Compact

The Authority has not, during the year under review, amended the Shareholder Compact which defines its relationship with the primary Stakeholder (equivalent to Shareholder in Private Company Terms).

The Compact outlines the expectations of Government, as well as its obligations in the relationship to facilitate the efforts of the Board and Management, in order for the Authority to achieve its mandate.

### Conflict of Interests Policy – National Lottery

In addition to the comprehensive and general Conflict of Interests Policy which was approved by the Board in 2016/17, a Secrecy and Confidentiality Policy with attestation for the Board and all staff was implemented and included, dealing with the National Lottery Process.

## Board Attendance

Board attendance during the period under review was fair. The schedule of Board Members meeting attendance, including Board fees where applicable, is indicated in the table below

## Board Meetings

### Financial year 2017-2018

Date	T.Tafila	B.Mathipa	T.Johnson	A.Kanego	B.Monyatsi	L.Busang	M.C.Bogosi	MITI	M.Masendu	N.Mothobi	O.Machete	TOTAL
27-Apr-17	✓	-	✓	✓	✓	✓	✓	-	N/A	✓	N/A	11,250
3-May-17	✓	✓	✓	-	✓	✓	✓	-	N/A	✓	N/A	11,250
23-May-17	✓	✓	✓	✓	✓	✓	Retired	-	N/A	✓	N/A	11,250
29-May-17	✓	✓	✓	✓	✓	✓	Retired	-	N/A	✓	N/A	11,250
2-Jun-17	✓	-	✓	-	✓	✓	Retired	-	N/A	✓	N/A	7,650.
6Jul-17	✓	-	✓	✓	✓	Retired	Retired	-	✓	✓	N/A	9,450
20-Sep-17	✓	-	✓	✓	-	Retired	Retired	-	-	-	N/A	2,250
21-Sep-17	✓	-	✓	✓	✓	Retired	Retired	✓	✓	-	N/A	9,450
13-OCT-17	✓	✓	✓	-	✓	Retired	Retired	✓	✓	✓	N/A	13,050
25-Oct-17	✓	✓	✓	✓	✓	Retired	Retired	✓	✓	✓	N/A	13,050
15-Nov-17	✓	✓	✓	-	✓	Retired	Retired	-	✓	✓	N/A	9,450
29-Jan-18	✓	✓	✓	✓	✓	Retired	Retired	-	✓	✓	✓	13,050
3-Feb-18	✓	-	✓	-	-	Retired	Retired	-	-	-	-	2,250
<b>TOTAL</b>	<b>29,250</b>	<b>12,600</b>	<b>0</b>	<b>14,400</b>	<b>19,800</b>	<b>9,000</b>	<b>3,600</b>	<b>5,400</b>	<b>10,800</b>	<b>18,000</b>	<b>1,800.00</b>	<b>124,650</b>

*Full Board meetings for the period from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018.*

### State Owned Enterprises Secretaries' Forum

The Ministry of Investment, Trade and Industry (MITI) Board Secretaries Forum met on a number of occasions during the year both formally and informally.

#### Outputs

Joint Board and Management governance training took place within Botswana instead of outside. This made it possible for more Board and Management to benefit from the training than would otherwise have been the case, as well as saving costs to the participating MITI Parastatals.

The Forum shared thoughts on Governance issues and had a presentation and demonstration of the Digital Board Pad system by Forum member CEDA's Board Secretary. The benefit of this technology is the ability to run Board proceedings via electronic documentation, where Board packs are paperless and data protection significantly enhanced.

The objectives of the Forum are to share Governance experience, encourage the highest Governance standards on common concerns such as Conflicts of Interests and Decision-Making methods, share Board Development costs whilst encouraging local training to improve relevance to the circumstances that face parastatals in the country as opposed to Companies with limited liability and improve communication between the key stakeholders within Government.

It is envisioned that this initiative will be rolled out to all State-Owned Enterprises in Botswana.

#### Impacts

The impacts of his initiative are as yet to be measured or assessed.

## Board Secretary's Role

The Secretary continued to provide administrative support and Governance advice to both the Chairperson and the Board as well as Management.

## Board Committees

### Risk, Finance and Audit Committee (RFAC)

(B. Mathipa, L. Busang, N. Mothobi, M. Setlhare, C. Blumton, O. Machete)

#### Purpose

The primary purpose of the Risk, Audit and Finance

Committee (RFAC) is to:

- ensure that the Authority adopts, maintains and applies proper accounting and financial reporting processes and procedures,
- facilitate the independence of the external audit process and address issues resulting from the audit process, and;
- ensure that the Authority maintains effective risk management and internal controls systems.

#### Composition and Attendance

The Chairperson remained Mr. Lesego Busang (Retired during the year and replaced by Mr. Machete as member and Ms Mothobi as Chairperson).

### Risk Finance and Audit (RFAC) Committee

Financial year 2017-2018

Dates	B.Mathipa	N.Mothobi	C.Blumton	M.Setlhare	L.Busang	O.Machete	T.Johnson	Total
6-Apr-17	-	✓	✓	✓	✓	N/A	✓	7,200
8-Jun-17	✓	✓	✓	✓	✓	N/A	✓	9,000
9-Aug-17	✓	-	✓	✓	Retired	N/A	✓	5,400
7-Sep-17	-	✓	✓	-	Retired	N/A	✓	3,600
13-Sep-17	-	✓	✓	✓	Retired	N/A	✓	5,400
22-Nov-17	-	✓	✓	✓	Retired	N/A	✓	5,400
23-Mar-18	-	✓	✓	✓	Retired	✓	✓	7,200
<b>Total</b>	<b>3,600</b>	<b>10,800</b>	<b>12,600</b>	<b>10,800</b>	<b>3,600</b>	<b>1,800</b>	<b>0</b>	<b>43,200</b>

RFAC meetings for the period from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018.

#### Terms of Reference

The Board resolved that the committee should be restructured, and the terms of reference should be

amended during 2018/19, as appropriate, as part of the constant review of Terms of Reference that takes place every meeting and at least once a year.

### Licensing & Compliance (L&CC) Committee

Financial year 2017-2018

Compositions and Attendance (B. Mathipa, M.C. Bogosi, O. Ward (Retired during the year and replaced by Ms Mulalu), A. Kanego, B. Monyatsi - Chairperson)

Dates	B.Mathipa	MITI	A.Kanego	M.Masendu	B.Monyatsi	T.Johnson	M.Mulalu	Total
5-April-17	✓	-	-	N/A	✓	✓	N/A	3,600
13-April-17	-	✓	✓	N/A	✓	✓	N/A	5,400
7-June-17	✓	✓	✓	N/A	✓	✓	N/A	7,200
6-Sep-17	✓	✓	-	✓	✓	✓	N/A	7,200
15-Nov-17	-	✓	-	✓	✓	✓	✓	5,400
20-Mar-18	✓	-	-	✓	✓	✓	✓	5,400
<b>Total</b>	<b>7,200</b>	<b>7,200</b>	<b>3,600</b>	<b>5,400</b>	<b>10,800</b>	<b>0</b>	<b>0</b>	<b>34,200</b>

Licensing & Compliance Committee meetings for the period from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018.

## Purpose

The purpose of the Licensing and Compliance Committee (L&C) is to assist the Board to carry out its Mandate to:

- License all forms of gambling provided for under the Act except for licences that require Requests for Applications (RFAs) and/or Public Hearings. Such licences are to be sent directly to the Board for consideration;
- License employees in the gambling industry;
- Impose licence conditions for all licensees;
- Ensure that all licensees conduct their business in a compliant manner;
- Ensure that compliance audits and reviews are conducted;
- Ensure that information used to assess License applications is relevant and up to date;

- Ensure that all Licence applicants meet the suitability criteria by having a thorough investigative process;
- Ensure that registers of employees are up to date;
- Ensure that registers of gambling machines are up to date; and
- Ensure that Gambling machines are subjected to the relevant technical standards

## Terms of Reference

The Board resolved that the committee should be restructured, and the terms of reference should be amended during 2018/19, as appropriate, as part of the constant review of Terms of Reference that takes place every meeting and at least once a year.

## Human Resources and Compensation Committee

### Composition and Attendance

Dates	MITI	N.Mothobi	L.Busang	O.Machete	T.Johnson	TOTAL
3-Apr-17	-	✓	✓	N/A	✓	3,600
6-Apr-17	-	✓	✓	N/A	✓	3,600
8-Jun-17	✓	✓	✓	N/A	✓	5,400
7-Sep-17	-	✓	Retired	N/A	✓	1,800
13-Sep-17	✓	✓	Retired	N/A	✓	3,600
22-Nov-17	✓	✓	Retired	N/A	✓	3,600
23-Mar-18	-	✓	Retired	✓	✓	3,600
<b>Total</b>	<b>5,400</b>	<b>12,600</b>	<b>5,400</b>	<b>1,800</b>	<b>0</b>	<b>25,200</b>

*Human Resources and Compensation Committee meetings for the period from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018.*

## Terms of Reference

The Board resolved that the committee should be restructured, and the terms of reference should be amended during 2018/19, as appropriate, as part of the constant review of Terms of Reference that takes place every meeting and at least once a year.

## Excessive Gambling Prevention and Rehabilitation (EGP&R) Committee.

Financial year 2017-2018

### Composition and Attendance

Dates	B.Monyatsi	B.Tembo	K.Jongman	M.Masendu	T.Johnson	Total
5-Apr-17	✓	N/A	N/A	N/A	✓	1,800
7-Jun-17	✓	✓	N/A	N/A	✓	3,600
6-Sep-17	✓	✓	✓	✓	✓	7,200
15-Nov-17	✓	-	✓	✓	✓	5,400
16-Mar-18	-	✓	✓	-	✓	3,600
20-Mar-18	✓	✓	✓	✓	✓	7,200
<b>Total</b>	<b>9,000</b>	<b>7,200</b>	<b>7,200</b>	<b>5,400</b>	<b>0</b>	<b>28,000</b>

*Excessive Gambling Prevention and Rehabilitation Committee for the period from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018.*

The purpose of the Excessive Gambling Prevention and Rehabilitation Committee is to guide as well as monitor the development and implementation of programmes and strategies aimed at preventing addictive or compulsive gambling, rehabilitating compulsive gamblers and to promote safe gambling practices

### Terms of Reference

The Board resolved that the committee should be restructured, and the terms of reference should be amended during 2018/19, as appropriate, as part of the constant review of Terms of Reference that takes place every meeting and at least once a year.

## Training and Localisation Committee

Financial year 2017-2018

### Compositions and Attendance

O. Ward (Retired during the year and replaced by M Mulalu also as Chairperson), L. Busang, N. Mothobi)

Dates	MITI	N.Mothobi	L.Busang	O.Machete	T.Johnson	Total
3-Apr-2017	-	✓	✓	N/A	✓	3,600
8-Jun-2017	✓	✓	✓	N/A	✓	5,400
7-Sep-2017	-	✓	Retired	N/A	✓	1,800
13-Sep-17	✓	✓	Retired	N/A	✓	3,600
22-Nov-17	✓	✓	Retired	N/A	✓	3,600
23-Mar-17	-	✓	Retired	✓	✓	3,600
<b>Total</b>	<b>5,400</b>	<b>10,800</b>	<b>3,600</b>	<b>1,800</b>	<b>0</b>	<b>21,600</b>

*Training and Localisation Committee Meetings for the period from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018.*

The purpose of the Training and Localisation Committee (T&L) is to:

- Assist the Board in fulfilling its obligations relating to Training and Localisation in the Gaming Industry
- Empower citizen employees with the requisite skills to localise expatriate held positions in the Industry;
- Monitor training and localisation in the industry to assist the Board in its responsibilities to ensure the empowerment of Citizen employees with the requisite skills to localise expatriate held positions in the gaming industry

- Ensure the employment of early intervention strategies and training of staff within licenced entities;

#### **Terms of Reference**

The Board resolved that the committee be restructured, and the terms of reference should be amended during 2018/19, as appropriate, as part of the constant review of Terms of Reference that takes place every meeting and at least once a year.

#### **Procurement Committee (PROCHCO) – Board Tender Committee**

It is expected that Prochco will be fully operationalised in 2018.  
In the meantime, the EXCO and the Board carry out its functions and responsibilities.



# Executive Team

# Executive Team



**Mr. Thulisizwe Johnson**  
Chief Executive Officer

- Overall Strategic Direction
- Authority's long and short term plan.



**Mr. Potlako Mawande**  
Chief Operations Officer

- Licensing
- Compliance
- Monitoring
- Investigation



**Mr. Peter Kesitlwe**  
Chief Financial Officer

- Finance
- Administration
- Procurement
- HR Management
- Information Technology



**Ms. Chandida Thembe**  
Chief Legal Officer

- Legal Advice
- Litigation
- Due Diligence
- Negotiation and drafting of contracts



**Mr. Solomon Moremong**  
Chief of Staff

- Stakeholder Management
- Strategy
- Corporate Communication
- Public Affairs
- Responsible Gambling
- Research





**Mr. Joseph Matome**  
Board Secretary



**Ms. Opelo Kwelagobe**  
HR Business Partner

- Governance
- Board Secretarial Services

- Statutory Compliance

- Strategic HR
- Performance Management System (PMS)

- Talent Management
- Succession Planning



**Mr. Mbatl Lebang**  
Chief Internal Auditor

- Internal Audit
- Risk Management Consultancy

- Internal control





# Chief Executive Officer's Office



# Corporate Governance Team

# Human Resources Report

“Human resources are like natural resources; they are often buried deep...You have to create the circumstances where they show themselves.”

Ken Robinson





# Human Resources Team

# Human Resources Report

---

## HR Projects

The Human resources section invested in two major projects during 2017/2018 namely, Payroll system, and Realignment of Gambling Authority Structure. HR procured a Sage people management system which has payroll and an employee self-service component. The major benefit of the Sage system is tracking of transactions, production of reports and automation of staff payroll.

The other major project which HR embarked on is the Re-alignment of the Authority structure. The project is expected to be completed in 2018/19

Our seminal strategic plan developed in 2014, was followed by the development of an organisational structure that was deemed appropriate for the setup phase of the Authority.

It is now generally understood after three years of operation that the initial organisational setup will not be adequate to drive the challenging mandate of regulating and supervising a wide, dynamic and diverse spectrum of gambling activity as stipulated in the Gambling Act of 2012.

It is against this background that the Authority management engaged consultants to conduct a thorough review and analysis of the current organisation structure to determine the extent to which it supports the mandate and strategy of the organisation.

The exercise will take into consideration the unique business model of the Authority and its impact on manpower and budgetary requirements.

The purpose of the organisational review/re-alignment exercise is to propose an appropriate, fair and equitable organisation structure for the Authority to ensure operational excellence.

The project is on track and internally it is headed by a steering committee that comprises of the Chief Executive Officer, Chief of Staff, Chief Financial Officer and the Human Resources Business Partner.

A synopsis of the current situational analysis (CSA) report was presented by the consultants at the Authority Annual Strategy retreat held in Mahalapye in December 2017.

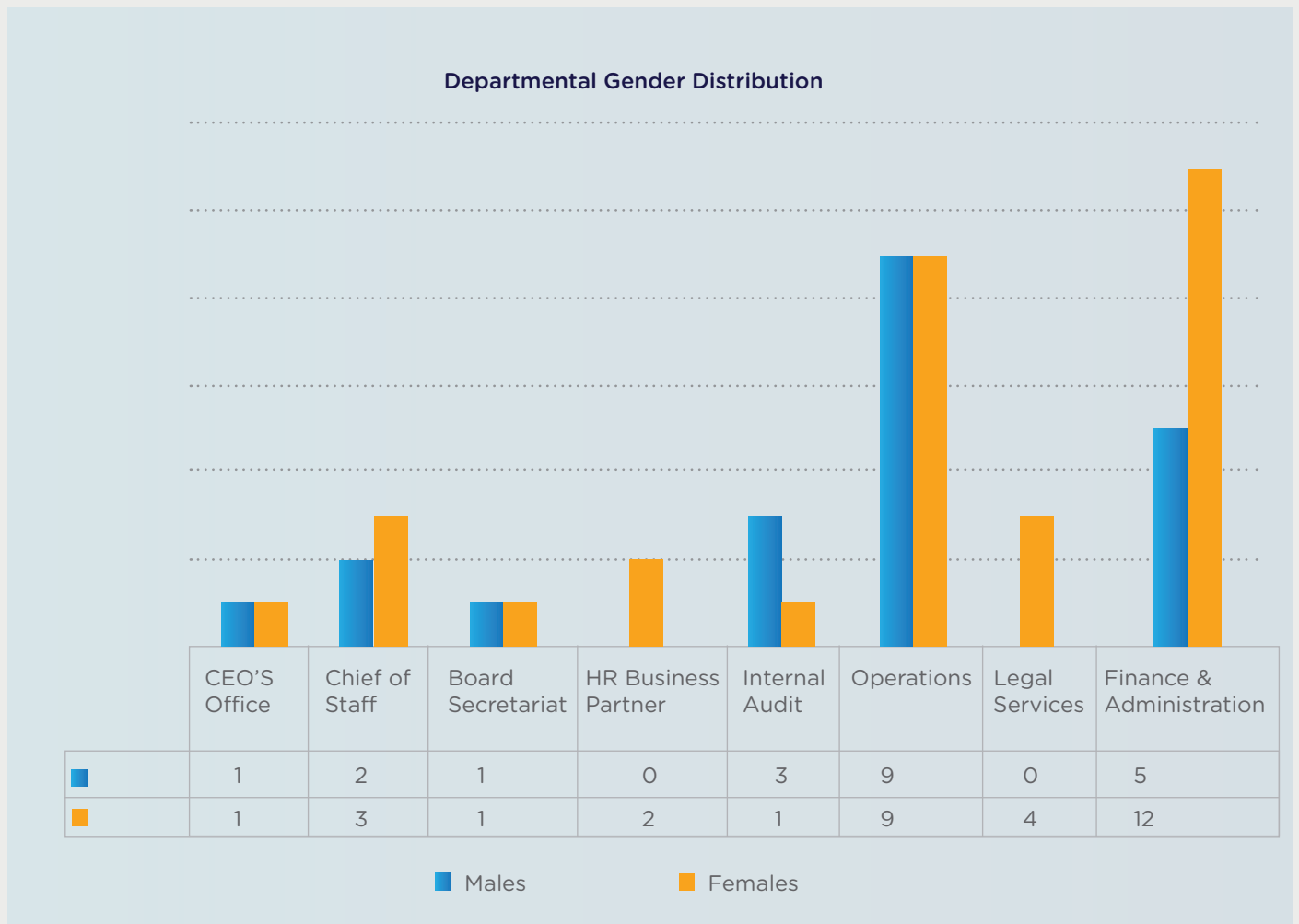
The final CSA report has been submitted to the steering committee and upon sign off by the committee the consultants will move on to the next phase of the project.

## Employment

### Staffing

As at 31<sup>st</sup> March 2018 the total number of staff was 53.

Staff Complement Against Departments and Gender



Staff Complement Against Departments and Gender.

**Total turnover:**

Total number of employees	Exit number	Percentage	Reasons for exit
45	1	2%	Resignation

*Total Turnover*

**Employees by Years of Experience**

The table below is an illustration of the extensive experience of the Authority employees whose competencies can positively contribute towards the organizations goals. With the relevant training, coaching, mentoring and rewards-based performance management, the Authority will be able to deliver on its mandate.

Range of years of Experience	Number of Employees
0 - 10	37
11 - 20	10
21 - 30	4
31 - 40	2

**Recruitment**

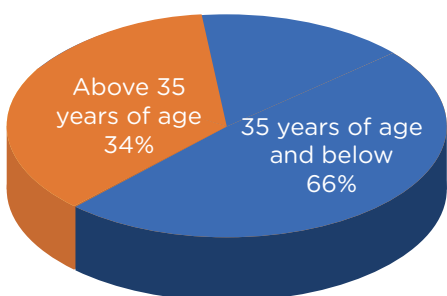
The Administration unit assists all departmental heads with end to end recruitment services namely, publishing adverts, shortlisting of candidates, screening, interview secretarial services, coordination of psychometric testing, evaluation reports, and background checks.

**2017 / 2018 Recruitment**

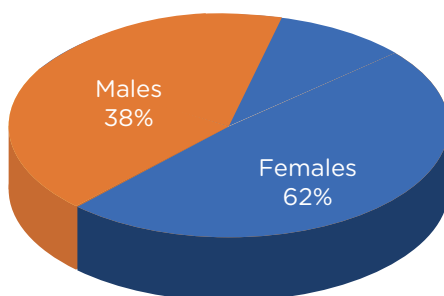
Positions	Number of Positions
Finance Manager	1
Internal Audit Manager	1
Internal Audit Officer	2
<b>Total</b>	<b>4</b>

*Depiction of 2017/2018 Recruitment Statistics*

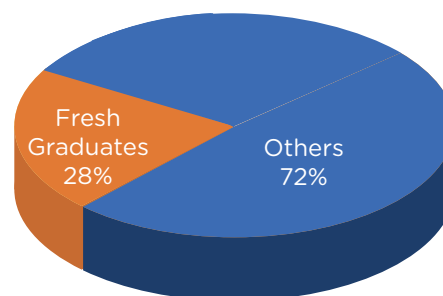
**Employees by Age**



**Employees by Gender**



**Fresh Graduates**





# Health and Wellness

The Authority through the Human Resources Business Partner (HRBP) created a Health and Wellness Steering Committee, that oversees the implementation of wellness programs. Boitekanelo Occupational Health Solutions (BOHS) was awarded the tender to develop and administer a Corporate Wellness Program with provision of an Employee Assistance Program (EAP) aimed at providing on-going Counselling and Psychotherapy Services to staff.

The program entails capacity building within the Authority staff to support and sustain a wellness culture through targeted educational programs, integration of wellness into business procedures and practices, and maintaining a widespread employee interest and excitement around wellness.

Health Risk Assessments and initial data is currently being gathered from the employees to inform educational programs in the form of Health Talks, while Individual Risk Assessments will yield results that will categorise staff in terms of risk groups for which appropriate programs will be delivered. Expectation is for the assessments to be completed by June 2018 and subsequently the first draft

of the Wellness Program will be ready by September 2018. Psychologists Botswana was subcontracted by BOHS to provide the EAP for the Authority staff. This service includes psychological and financial counselling and psychotherapy services to staff, their spouses and immediate dependents.

The Authority staff have already started utilizing the EAP. The availability of this service has seen, 86% of those seeking help attended counselling while 14% attending psychotherapy sessions.

The most prevalent issues revolved around Interpersonal Issues and Financial Counselling. There was no emergency case dealt with during the period; emergency cases are defined as threats to life (such as suicide and homicide) as well as cases where the individual is emotionally or behaviourally unstable to a point of not being able to function.

According to the quarterly action plan the month of December was kickstarted by commemoration of World AIDS Day. The session began with a documentary on the lives of real life individuals living with HIV/AIDS in a few representative countries in the SADC region.

## 2017 AIDS Day Commemoration



# Training and Development

The following training and development were executed.

Training	Training Institution
Disciplinary Enquiry (Management and Supervisors)	Workplace Peace
Being a Director Parts 1 & 2	Institute of Directors Southern Africa
Being a Director Parts 3 & 4	Institute of Directors Southern Africa
Technology and Innovation in Gaming	G2E Gaming EXPO Las Vegas
Money Laundering, E-Sport & I-Gaming, Verification and Inventory Management Tools	International Association of Gaming Regulators
Sage 300 (Employees Self Service)	AccTech Botswana
First Aid	MRI

One of the organisational needs was training on discipline in the workplace due to majority of staff being new to the work environment. It was therefore, important for them to understand issues of discipline in the workplace. The Executive team recently attended the training with a focus on chairing enquiries to build internal capacity and reduce reliance on external service providers.

The Authority subscribes to the Gaming Regulator Africa Forum (GRAF) and the International Association of Gaming Regulators (IAGR) where the latest trends and issues of common interests are discussed. There is a rotation of staff attendees at these Fora and when they return, they present the key learnings to all staff and recently to the Board at the annual strategy retreat in Mahalapye.

The Authority has recognised that there are limited gaming related courses and readily available gaming regulatory skills in the local market. Therefore, management has requested regional regulators to engage in a secondment program whereby employees would be attached to a regulator for a pre-determined period to gain new skills or employees from the Regulators will come to Botswana to impart skills and knowledge.

The regional regulators have responded in the affirmative to explore modalities of the programme. Concurrently, the Authority is working on a secondment policy that will guide the implementation of the secondment program.

## Employee Relations

There were two grievances lodged in 2017/2018 and they were successfully closed out.

## Staff Engagement

The Authority continuously engages its employees to ensure that they are informed in the various employee initiatives, and that the staff are motivated and committed.

This engagement is with respect to policies, services offered such as insurance, medical aid, and general information that we believe will be useful to the employees, such as tax return submissions, and anti- corruption information.

In all these areas we partner and cooperate with the various service providers such as Directorate on Corruption and Economic Crime (DCEC), Botswana Unified Revenue Services (BURS), Botswana Medical Aid Society (BOMAID) and Botswana Police Service (BPS).

We believe that the sessions that are largely held on Friday's assist employees to expand their knowledge, outlook on work and life in general, while improving their leadership skills and professional growth.

One of the highlights of this past year was the BOTS 50+1 Independence Day celebrations where the CEO recognised and showed appreciation to all staff members who displayed outstanding performances during the Diacore marathon and the MITI games.

It was the Authority's maiden appearance at the MITI games and through the hard work and dedication of staff, the Authority emerged the winners of the competition.

The Authority ended 2017 with a Christmas party on the 15th December 2017. The CEO took the opportunity to address staff and applauded them for all their contributions during the year.

# Operations Report

“A company can seize extra-ordinary opportunities only if it is very good at the ordinary operations.”

Marcel Telles





# Operations Team



# Operations Report

The 2017/18 financial year has been an exciting year for the licensing services department. The highlights of the year were the licensing of operator employees, licensing of gaming machines on operator floors, as well as ensuring compliance by suppliers to the gaming industry in Botswana as they are now required to obtain supplier licences from the Authority.

Another highlight for the year was that the Authority now has oversight to analyse proposals from persons wishing to conduct promotional competitions, to ensure public protection.

## National Lottery

The core mandate of the Authority is to diversify the gaming industry in Botswana. In line with this, the Authority began the process of licensing an operator for the National Lottery, with the issuance of a Request for Applications (RFA) document in May 2017.

A mandatory Bidders Conference was held for all prospective bidders, which gave bidders an opportunity to engage with the Authority to articulate the National Lottery award process and address any questions or clarifications with regards to the RFA.

The Authority received proposals on the 27th of October 2017.

## Service Providers

Section 33 of the Act and Part VII of the Regulations mandates that all service providers to the Gambling Industry are to be licensed by the Gambling Authority.

In the past financial year, the Authority has licensed 5 new service providers and renewed the licenses of a total of 4 service providers.

The licensing of service providers allows for the Authority to ensure the quality of gaming machines and those providing backup service, thus enhancing player protection.

## Promotional Competitions

The Authority is mandated to oversee the running of promotional competitions in Botswana.

The Promotional Competition Rules and Regulations are yet to be passed at the Attorney General, therefore in the interim the Authority assists those persons who are desirous to conduct promotional competitions on an application basis.

The competitions are assessed to ensure compliance and protection of the consumer. In the year 2017/18 the Authority considered 97 promotional competition applications.

## Employee Licensing

The Gambling Act and Regulations mandate that all employees that work within the gambling industry should be licensed.

A total of 280 Employee applications were considered and approved during the 2017/18 Financial year.

The applications were from both the licensed casino's as well as the service providers.

Place of Employment	No. of Employees Licensed
Casino	237
Service Providers	43
<b>Total</b>	<b>280</b>

*Gambling Industry Licensed Employees.*

## Compliance and Monitoring

The Compliance and Monitoring division is tasked with ensuring compliance of the licensed entities to the Gambling Act and the Regulations, as well as to monitor and ensure that instances of illegal gambling are taken to task accordingly.

With specific regard to illegal gambling, section 125 of the Gambling Act states that any person who engages in, conducts, or makes available unlicensed or illegal gambling commits an offence.

If a person is found to have committed such an offence, they are liable

- (a) to a fine not exceeding P60 000, or to imprisonment for a term not exceeding four years, or to both; and
- (b) for a second or subsequent offence, to a fine not exceeding P80 000, or to imprisonment for a term not exceeding five years, or to both.

The current licenced casinos in Botswana and the number of machines in each casino are detailed below:

	Gaborone Sun	Grand Palm	Moonlite	Kings	Teemane	Thakadu	Menateng	Marang	Sedibeng
Licence Expiry Date	1/7/2023	29/04/2021	03/10/2026	7/7/2023	10/9/2021	9/9/2025	15/08/2021	31/07/2022	31/07/2022
Location	Gaborone	Gaborone	Gaborone	Lobatse	Jwaneng	Lethakane	Selibe Phikwe	Francistown	Francistown
EGMs	150	150	68	50	68	50	58	58	50
Tables	11	16	4	4	N/A	N/A	N/A	N/A	N/A

### Botswana Casinos Information

#### Levy verification

The verification of levies collected is an important aspect of the duties of the compliance and monitoring division.

This entails the verification of the remittances made to the Authority by licensees against the financial information submitted, and the reports from the Casino Monitoring Systems (CMS).

Gambling Authority, on behalf of Government, must ensure that the appropriate levies are collected from Licensees.

#### Gambling Machine Standards

During 2017 / 18 the Authority engaged with the Botswana Bureau of Standards (BOBS) to begin the process of creating standards for all types of machines and equipment within the industry.

The industry currently has standards that were set by a technical committee in 2006. Technological advancements have therefore made it imperative for these standards to be reviewed, and once agreed, incorporated into the Gambling Regulations.

The process is in its infancy and it will be a highly consultative one, where it is envisioned that industry stakeholders will be afforded an opportunity to serve on the rejuvenated Technical Standards Committee.

#### Gambling Rules

The Authority has been working on developing Gambling Rules for the industry.

The rules will give further clarity to the Gambling Act and the Gambling Regulations.

The rules, once in place, will allow for a more consistent approach to the application of the Act and Regulations thus ensuring that the licensees and consumers are both aware of compliance expectations.

The Authority will liaise with the industry in due course on the rules.

#### Regulations

In 2017/18 the Authority developed draft regulations for the license types that will be licensed in future being lottery, bingo and betting.

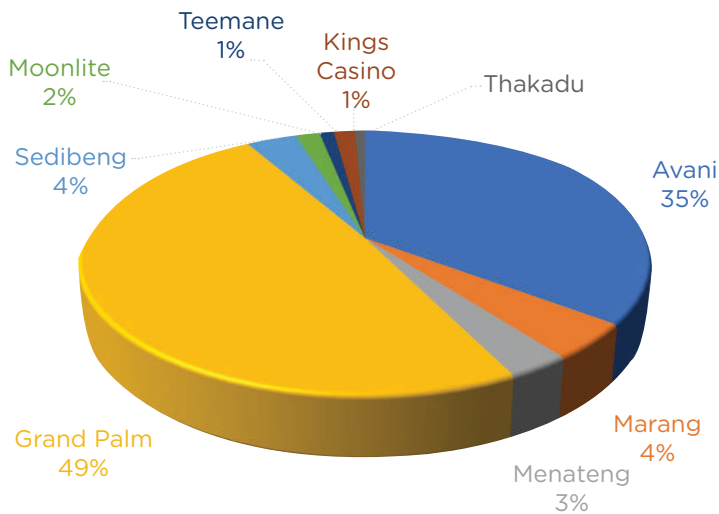
The development of these regulations will ensure that the licensing of new game types will be seamless.

The Authority will submit these regulations to the Attorney General's chambers for review in during 2018/19.

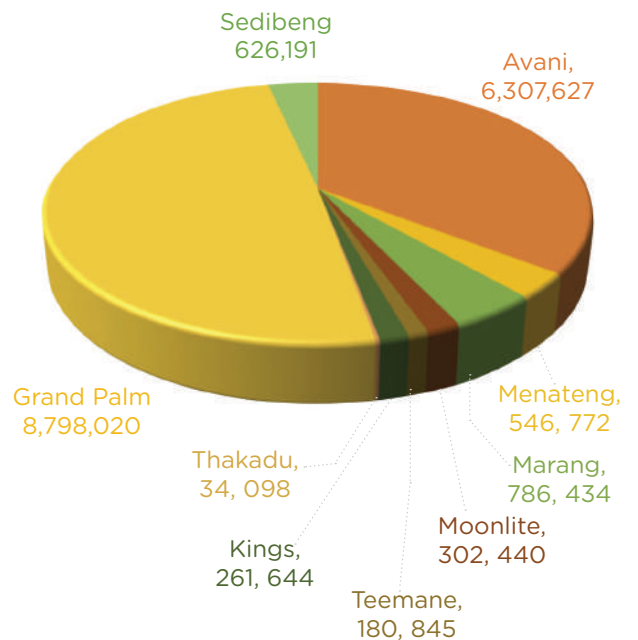


Gross Gambling Revenue and Casino Levies Report

Casino	Gross Gaming Revenue	Percentage
Grand Palm	99,674,882.86	49%
Avani	71,667,937.87	35%
Menateng	6,310,241.44	3%
Moonlite	3,490,899.26	2%
Thakadu	1,453,996.99	1%
Teemane	2,150,683.31	1%
Kings	3,078,354.60	2%
Marang	8,980,864.32	4%
Sedibeng	7,332,206.23	4%
<b>TOTAL</b>	<b>204,140,066.88</b>	<b>100%</b>



Gross Gaming Revenue BWP 204,140,066.88



Casino Levy 2017/18 (BWP) per Casino

# Internal Control and Risk Management Report

“Sense and deal with problems in their smallest state, before they grow bigger and become fatal.”

Pearl Zhu, *Digitizing Boardroom: The Multifaceted Aspects of Digital Ready Boards*







# Internal Control and Risk Management Team

# Internal Control and Risk Management Report

## Internal Control

Management is responsible for ensuring that there is sound internal control over financial and operational reporting. The internal control and risk management processes associated with financial and operational reporting have been planned in such a way that there is reasonable assurance over the reliability of reporting, and to ensure that the applicable laws and regulations have been complied with.

Management has developed policies and procedures that encourage a strong ethical environment which supports the values and principles through which business operations should be conducted within the Authority.

External and Internal assurance providers have been appointed to identify any control weaknesses which may undermine the internal control environment, and these are periodically reported to the Risk, Finance and Audit Committee. Where remedial action is required, the RFAC monitors them to ensure that deficiencies are addressed adequately and timely.

## Internal Audit

The Board has established a dedicated Internal Audit department to offer internal assurance services to the Authority. The Internal Audit department is an independent assurance provider that undertakes reviews geared towards providing assurance and insight to the Board on matters relating to:

- Efficiency and effectiveness of risk management, control and governance;
- Reliability of financial and operational reporting;
- Compliance with policies, procedures and laws;
- Safeguarding of organisational assets.

The Board has approved the Internal Audit Charter which outlines the purpose, authority and responsibilities of the Internal Audit department. The Charter also establishes the independence of the Internal Auditors by defining the reporting role of the department directly to the Board through the RFAC. The RFAC reviews and approves a 3-year Risk Based Internal Audit Plan and provides oversight over the Internal Audit function and its reporting. The Board has committed to support and place reliance on the work of Internal Audit.

The organisation completed the recruitment of the Internal Audit team in March 2018. This team which comprises the Chief Internal Auditor, the Internal Audit Manager and two Internal Auditors, will execute the approved Risk Based Internal Audit plan and report quarterly to the RFAC.

## Anti-Corruption Policy and Whistle-blowing Hotline

Gambling Authority has adopted a zero-tolerance stance to fraud and unethical business practices. In an endeavour to dissuade unethical business practices, fraud, and to promote transparency, the organisation has adopted an Anti-Corruption Policy coupled with an independent Whistle-blowing Hotline through which wrongdoing may anonymously be reported. The Policy defines the various reporting mechanisms and provides for the protection of whistle-blowers.

## Risk Management

The Authority recognises that it shall be exposed to both internal and external risks whilst in pursuit of its strategic plan. The Authority is also cognisant of the fact that materialisation of these risks may impede the organisation from achieving its strategic objectives and thus believes risk management is integral to the achievement of the Strategy.

## Risk Management Responsibility

The Board of the Authority is responsible for the oversight of Risk management. The Board has delegated the review of the organisation's internal control and risk management systems to the RFAC. The RFAC ensures that risk is considered at Strategy setting, and that mitigating activities are applied throughout the implementation phases. The Committee also considers organisational risk registers and periodically reviews these for effectiveness.

## Enterprise-wide Risk Management

Gambling Authority has adopted an Enterprise-wide Risk Management Framework, which provides a methodology that enables future activity to take place in a consistent and controlled manner to aid achievement of set objectives.

The Authority believes that sound risk management not only contributes to good governance, but also reinforces the stewardship role played by the Authority's Executives through the exercise of proper due diligence in the process of value creation for its stakeholders.

The Authority recognises Risk Management to be an integral component of its fabric, and that effective risk management requires implementation of a thorough and consistent enterprise-wide approach to risk identification, analysis and evaluation, as well as by adopting sound communication practices.

The Authority is therefore in strong position to manage the negative consequences of risk, whilst exploiting the opportunities for growth and value creation.

Gambling Authority went through its first Corporate Scorecard Risk Assessment this financial year. The assessment reviewed all corporate objectives to identify any impediments that could deter management from achieving the objectives, including rating the risks and developing mitigating actions to mitigate exposure. The Corporate Risk Register was considered and approved by the Board.

Business objectives of key process/areas	Risk name	Impact	Likelihood	Score	Rating	Planned actions
Drive financial sustainability	1. Insufficient budget allocation to sustain the operations of the Authority.	3	4	12	High	1. Prepare comprehensive Revenue Generation model for consideration by Government. 2. Review budgeting process
Create a safe, ethical and diversified gambling industry	1. Inadequate legal framework	2	3	6	Medium	1. Review of Act and Regulations
	3. Failure to issue new approved license types	4	3	12	High	1. Develop and implement project milestone plan for new licensing regime 2. Monthly project status reporting to Exco and Quarterly to Board
	4. Insufficient public education and addict support regarding safe gambling and rehabilitation.	4	4	16	High	1. Develop project milestone plan for responsible gambling program 2. Submit monthly implementation reports for responsible gambling programme to Exco and Quarterly to Board
Develop and enhance stakeholder relations	1. High incidences of non-compliance with Gambling Act and regulations	4	4	16	High	1. Implementation of Stakeholder engagement Plan 2. Monthly reporting to Exco and Quarterly reporting to Board on outcomes of engagement activities.

Business objectives of key process/areas	Risk name	Impact	Likelihood	Score	Rating	Planned actions
Create the GA brand	1. Budgetary constraints for outsourcing Brand Perception and customer satisfaction surveys	3	3	9	High	<ul style="list-style-type: none"> <li>1. Develop and implement in house Customer satisfaction plan</li> <li>2. Develop and implement in house training plan</li> <li>3. Develop and implement basic customer feedback mechanism as a first level dipstick</li> <li>4. Ensure consistency of customer experience by including in employees performance contracts</li> </ul>
Develop a robust policy and regulatory framework	1. Delays in drafting regulations	3	2	2	Medium	<ul style="list-style-type: none"> <li>1. Board Chair, CEO, Stakeholder communications to engage Ministry consistently and tactfully to expedite matters</li> </ul>
Institute Corporate Governance	2. Non-adherence to Governance policies, procedures and Terms of References	3	4	12	High	<ul style="list-style-type: none"> <li>1. Internal Audit to review GA Governance</li> </ul>
Develop operational efficiency	1. Deficient Information and Technology Governance Controls	3	3	9	High	<ul style="list-style-type: none"> <li>1. Proposed internal IT function</li> <li>2. Quarterly reporting to Risk, Finance and Audit Committee.</li> </ul>
Attract and retain a competent workforce	1. No approved remuneration structure	4	4	16	High	<ul style="list-style-type: none"> <li>1. Engage experts and submit recommendations to Board for consideration and approval.</li> </ul>
Enhance skills and capabilities	1. Performance Management system not yet implemented	3	3	9	High	<ul style="list-style-type: none"> <li>1. Develop and implement a PMS rollout plan</li> <li>2. Quarterly Reporting to HR Committee.</li> </ul>

# Legal Services Report

“If we desire respect for the law, we must first make the law respectable.”

Louis D. Brandeis





# Legal Team



# Legal Services Report

## Mandate

The Legal Services Department (the Department) is responsible for, amongst other things, protecting the interests of the Authority, enforcement of the Gambling Act (the Act) and the Regulations, as well as providing legal services to the Authority.

Such legal services mainly involve the rendering of legal advice, interpreting provisions of the Act, Regulations and other laws for the benefit and protection of the Authority.

The interpretation role further extends to the reviewing and vetting of policies, guidelines and operational manuals to give effect to the Act and the Regulations.

In terms of enforcement, the Department is involved in all activities and actions aimed at giving effect to the Act.

This includes reporting cases of non-compliance with the Gambling Act and Regulations to the Botswana Police Service.

## Court Cases

### Moonlite Casino

In this financial year, the Authority successfully defended a case in which Moonlite Casino filed an application to the court to review the decision of the Authority's predecessor, Casino Control Board, relating to the transfer request of its business from the Gaborone Bus Rank to iTowers in the Gaborone Central Business District.

The case reached finality at the Court of Appeal which ruled in favour of the Authority, with costs awarded in favour of the Authority.

### Ad Infinitum

The Authority defended an interdict application in which Ad Infinitum approached the Court seeking an order interdicting and restraining the Authority from; proceeding and/or taking further action in accepting and/or evaluating and/or processing or taking any other steps ancillary to or in pursuance of the Botswana National Lottery Licence Application, until the arbitration process between themselves and the Authority is concluded and is finally determined, including any appeal thereof.

The case was decided in favour of Ad Infinitum. The Court ordered the Authority to stop evaluating the National Lottery applications until the arbitration process has been finalised.

## Arbitration

Following the interdict application, the dispute between Ad Infinitum and the Authority was referred to Arbitration. The matter is still undergoing arbitration.

## Legislative amendments

The Gambling Act and Regulations have proven to have gaps and inadequacies which pose a risk to the Authority's mandate to effectively regulate the industry and to its objective to create a safe, ethical and diversified gambling industry.

The Authority is currently reviewing the Gambling Act and Regulations and drafting the amendments to ensure integrity and diversification in the gaming Industry. The Authority is in the process of licensing Botswana's first National Lottery.

With the introduction of the National Lottery, there is need to pass further legislation to augment the provisions in the Gambling Act and Regulations.

The Authority is currently working on the National Lottery Regulations. The amendments of the Gambling Act will also include the introduction of specific provisions on regulation of Amusement Arcades.



# Finance and Administration Report

“A great opera house isn’t run by a director,  
but by a great administrator.”

Steven Berkoff







# Finance and Administration Team

# Finance and Administration Report

The finance and administration division comprise of: -

1. Finance
2. Procurement
3. General Administration
4. Information Technology (Outsourced)
5. Transactional Human Resources

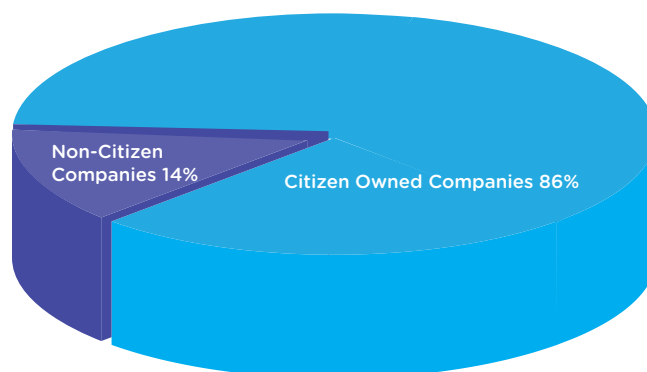
*Economic Diversification Drive (EDD) Report for the Year Ended 31<sup>st</sup> March 2018*

## Procurement (EDD)

- Citizen Owned Companies 86%
- Non-Citizen Companies 14%

The following tenders were advertised during the year; -

1. Sage Post implementation review
2. Development and implementation of a records management strategy.
3. Organisational structure re-alignment.



## Projects & Achievements

- Organisational structure re-alignment.
- Implementation of Sage300 Accounting system.
- Implementation of Sage VIP payroll system.
- Implementation of Sage Employee Self Service
- Implementation of a secure platform (Smart room for communicating and sharing data with external stakeholders for specialized projects e.g. lottery tendering process
- Firewall setup and deployment, installing a network firewall to filter and monitor internal traffic for threats

# Chief of Staff Report

“Chief of Staff division is made up of five units, being; Stakeholder Management, Strategy, Responsible Gaming, Communication and Research.”

Solomon Moremong

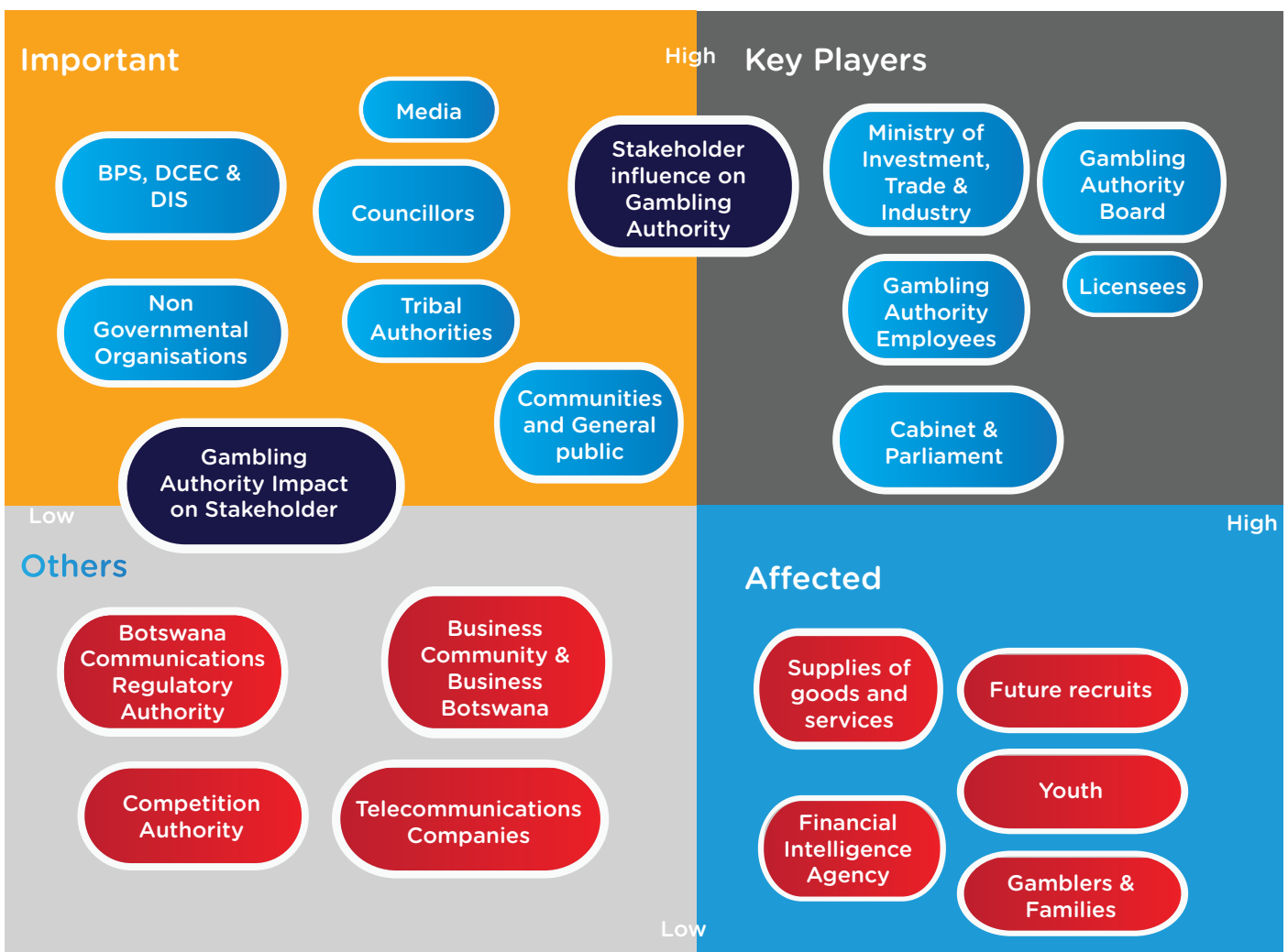




# Chief of Staff Team

# Stakeholder Engagement and Involved Account

The Authority during 2017/18 held various stakeholder engagement and involvement activities, following our pre-determined plan, which leveraged on both Above the Line and Below the Line communications approaches for maximum impact, whilst optimizing available resources to achieve sustainability.



Stakeholder Map

We focused on achieving a sustainable communication environment with all our key, important, affected and other stakeholders by employing various tactics identified through our external communication platform in our stakeholder and communication strategy 2017-2020.

KEY	
DCEC-	Directorate on Corruption and Economic Crime
DIS -	Directorate of Security and Intelligence Services
BP -	Botswana Police Service

Below is a snapshot of the various activities that we engaged in during the year under reporting.

### MITI Games 2017

Gambling Authority were crowned the jewels of the coveted annual MITI Games 2017 when they came top of all the ten participating parastatals, under the Ministry of Investment, Trade and Industry (MITI). Besides being a sporting activity, these games offer terrific opportunity for networking, interaction and brand communication platform.



Gambling Authority ladies team



Group Aerobics

### Media Conference

Members of the various media houses in the country, both print and electronic were briefed and updated on the Gambling Authority's mandate, focusing on its licensing programme, particularly with reference to the National Lottery Licensing programme. The Authority generated some positive Public Relations value out of the spin offs reportage that followed the media engagement sessions.



Thuisizwe Johnson addressing media



A journalist posing a question

**Business Botswana Northern Trade Fair 2017**

We took advantage of the Northern part of the country's biggest trade and consumer fair and participated in the Business Botswana's Annual Northern Trade Fair 2017. The fair provided an interactive platform for the Authority

to share its messages on its mandate, licensing program, and responsible and sustainable gambling with people from various walks of life, including the youth and other vulnerable persons.



Stall at Northern Trade Fair



Northern Trade Fair

**Botswana Consumer Fair 2017**

Gambling Authority took part in the Botswana Consumer Fair (BCF) 2017 which took place from 21st to 27th August. The Authority shared its regulatory mandate as well as its objective of creating a financially sound and sustainable industry.

of key stakeholders, including Government, Licensees, other regulators and the public.

The Gambling Authority stall was awarded second prize under Regulators category. This is testimony to the collective effort of the GA team that ensured the stall was carefully selected, planned for execution and manned to the best of their abilities.

Equally important is ensuring the Authority has the trust



Stall at Botswana Consumer Fair



Stall at Botswana Consumer Fair

### Mahalapye Village Leadership Engagement Session

Continuing in the spirit of sustainable stakeholder engagement, Gambling Authority Board Chair, Board, and members of the executive team had an engagement

session with the greater Mahalapye leadership team at Cresta Mahalapye, where the mandate of the Gambling Authority was laid bare before the attendants.



Engagement with Mahalapye Village Leadership

### Methala-ya-Khumo Stakeholder Engagement Sessions

During the year under review we participated at two mass drawing events run by the Ministry of Investment, Trade and Industry, one in the Eastern part of the country, held in Bobonong and the other targeting the Northern part of the country, held in Masunga. At both events, Gambling Authority staffers, shared gambling related messages and promoted the brand of the Authority by distributing mass distribution branded apparels.



Masunga Outreach Programme



Bobonong Outreach Programme



**Gambling Authority Partners with BITC for Board Training Seminar**

Gambling Authority engaged the Institute of Directors Southern Africa (IoDSA) to train its Board Members on the latest best practices for boards and Governance Codes aiming to improve and enhance efficiency and relevance to the newly adopted KING IV Code of Corporate Governance.

The Institute of Directors in Southern Africa NPC (IoDSA) is a professional body recognised by the South African Qualifications Authority (SAQA) and a non-profit company (NPC) that exists to promote corporate governance, and to maintain and enhance the credibility of directorship as a profession.

The training Seminar which was conducted by Dr. Simo Lushaba (Part 1 & 2) and Dr. Richard Foster (Part 3 & 4) was attended by Gambling Authority Board and Committee members as well as members from the BITC Board and Staff. The collaboration between the Authority and BITC to engage the IoDSA helped in sharing and minimizing costs, as well as knowledge sharing between the two parastatals.

**Donation to Semane Junior Secondary School**

Gambling Authority's CEO officiated at Semane Junior Secondary School's Prize Giving Day 2017. He took the opportunity to donate a 4 in 1 photocopying machine valued at BWP65, 000. He also donated a tablet to the outstanding achiever for the previous year.



Donation to Semane Secondary School

**BOT50+1 Celebrations**

Gambling Authority Communication team refined and generated graphics for the collaborative MITI float truck during the BOT50+1 Celebrations held at the National Stadium.

There were also other planned BOT50+1 activities at the Authority offices, which saw employees partake in various traditional entertainment and indigenous culinary assortments.



Gambling Authority Traditional Dancers



Traditional Board Game (Mhele)

## National Sports Pitso

At a National Sports Pitso held at Majestic 5 Hotel in Palapye, the Chief Executive Officer of the Authority, Thulisizwe Johnson engaged with members of the different sporting codes on possible funding models and corporate governance issues around sports funding through gambling.



Thulisizwe Johnson Making a Presentation



Sports Pitso Delegates

**Social Media Platform**

The year under review saw the Authority's Facebook Likes, rise from 2900 to 3800, with total organic likes for posts soaring to 74233.

All Posts Published

Type	Target Audience	Cumulative Reach		Cumulative Engagements	
		Organic	Paid	Clicks	Reactions
Status	Public	3512	16400	222	525
Photos	Public	42958	0	4992	1335
Videos	Public	1900	0	294	65
Link	Public	25869	1100	2578	313
<b>Cumulative Total</b>		<b>74233</b>	<b>17500</b>	<b>8086</b>	<b>2238</b>

Facebook Post Analysis 2017/18



Awards Ceremony



Awards Ceremony



# Excessive Gambling Prevention and Rehabilitation Committee Report

# Excessive Gambling Prevention and Rehabilitation Committee Report

The Excessive Gambling Prevention and Rehabilitation (EGP & R) Committee is a Sub Committee of the Board whose main purpose as per the Gambling Act 2012, Section 13:

- shall be to guide and monitor the development and implementation of programmes and strategies aimed at preventing addictive or compulsive gambling and rehabilitating compulsive gamblers.

## Excessive Gambling Prevention and Rehabilitation (EGP&R) Committee.

Financial year 2017-2018

### Composition of the Board

Dates	B.Monyatsi	B.Tembo	K.Jongman	M.Masendu	T.Johnson	Total
5-Apr-17	✓	N/A	N/A	N/A	✓	1,800
7-Jun-17	✓	✓	N/A	N/A	✓	3,600
6-Sep-17	✓	✓	✓	✓	✓	7,200
15-Nov-17	✓	-	✓	✓	✓	5,400
16-Mar-18	-	✓	✓	-	✓	3,600
20-Mar-18	✓	✓	✓	✓	✓	7,200
<b>Total</b>	<b>9,000</b>	<b>7,200</b>	<b>7,200</b>	<b>5,400</b>	<b>0</b>	<b>28,000</b>

The Board has appointed members of the EGP&R and its Chairperson.

The EGP&R may co-opt up to 3 more members to join the committee as persons with an interest and/or expertise in addiction behaviour and rehabilitation, being a medical expert, a sociologist or psychologist. In line with this requirement, the following 2 additional members were co-opted to the Committee:

- Mr Kgomotso Jongman
- Ms Boitumelo Tembo

Further to the above, the Chief Executive Officer is an Ex Officio Member of the EGP&R.

The Chairperson of the EGP&R is Mr Blessed Monyatsi.

### Activities of the EGP&R Committee

During the year 2017/18, the EGP&R has resolved to articulate a 5-year strategic plan, which will set out a comprehensive agenda for the Committee over this period. The output from the EGP&R strategic planning session is presented below.

## Responsible Gambling Strategy 2018 – 2023.

The Responsible Gambling (RPG) Strategy is underpinned by the following guiding principles:

- Gambling provides recreational and socio-economic benefits to individuals and the economy;
- A proportion of the participants can suffer significant harm due to their gambling behaviour;
- Responsible gambling is the responsibility of the Authority, industry and respective individuals; and
- Problem gambling can be addressed ethically and efficiently through comprehensive prevention, education, treatment, enforcement, research, responsible gaming and recovery programmes.

These principles are in line with global industry conduct and the Gambling Act of 2012.

### Responsible Gambling Vision

In effectively executing the responsible gambling strategy, there is need for a clear vision that is aligned to that of the Authority. The RPG Vision is therefore to:

*“Ensure ethical and responsible gaming as well as harm reduction against all those who gamble and others”*

In achieving its Vision, the following outcomes will be realised:

- A clear and comprehensive understanding of and the responsible gambling agenda; and
- Reduced harm for individual gamblers and their communities.

It is imperative that the RPG Vision strikes a balance between the growth and regulation objectives of the organisation, with those to protect relevant stakeholders against the potential negative effects of problem gambling.

### Responsible Gambling Strategic Themes

The Authority has identified four main priority areas under which the RPG strategic objectives will be underpinned. The themes are as follows:

- **Advocacy** – The Authority will advocate for responsible gambling by engaging all relevant stakeholders to gain the necessary buy-in for the positive aspects of the gaming agenda. This will therefore require rigorous and targeted stakeholder engagement and collaboration initiatives.

- **Awareness and education** – The Authority will ensure continuous and targeted messaging on the potential dangers of excessive gambling, that enlightens the public about responsible gambling.
- **Research** – The Authority seeks to conduct extensive research on the gaming industry and the impact it has on communities and the country at large, to contextualise the magnitude of problem gambling and inform responsible gambling initiatives;
- **Rehabilitation** – The Authority seeks to rehabilitate excessive or compulsive gamblers through clearly defined rehabilitation interventions.

The strategic themes are crosscutting and mutually achievable, therefore supportive of the RPG Vision.

### Responsible Gambling Strategic Objectives

In alignment with the broad priority areas, the Authority has defined the following RPG strategic objectives for the next five (5) years:

- Engage industry players and key stakeholders to support gaming harm reduction activities;
- Undertake comprehensive public education and awareness programmes on excessive and problem gaming;
- Develop evidence-based prevention, treatment and rehabilitation intervention models;
- Create knowledge and understanding of gaming industry harm reduction and its management; and
- Institute sound governance structures for the optimal utilisation of resources.

The achievement of these strategic objectives will be driven by focused initiatives (and programmes).

### Baseline Research on the Prevalence of Excessive and Problem Gambling in Botswana

The Board has approved the appointment of Botswana Institute for Development Policy Analysis (BIPDA) to undertake research into the Prevalence of Excessive and Problem Gambling in Botswana, which will be carried during the 2018/19 financial year.

The objective of the research is broad and, while the focus will largely be on problem gambling, its causes, impacts and how to minimise it, it will also ensure that a broad definition of problem gambling is adopted.

The research will consider the shorter-term harms brought about by short-term periods of intensive gambling, which may require a different preventative approach. The research will thus consider overall gambling related harm.

The output of the comprehensive research would address the following:

- Developing a sound evidence base upon which the Authority, Policy Makers, treatment and education providers and other relevant professionals can develop effective interventions and services;
- Establish how familiar Batswana are with different forms of gambling, how much they participate in them and what their attitudes are towards gambling;
- The prevalence of Problem and Pathological or Compulsive gambling in Botswana
- Providing a baseline against which to measure and track future change.

#### Exclusion Statistics

Self - Exclusion is a process that allows for those that have decided that they want to stop gambling for at least 12 months and wish to be supported in their decision to stop. The Authority allows for those patrons to apply to register as an excluded person with the Authority.

This application can be done with any of the gambling establishments in Botswana, or directly with the Authority. Once such application is approved, the excluded person will not be allowed to enter any gambling establishment in Botswana.

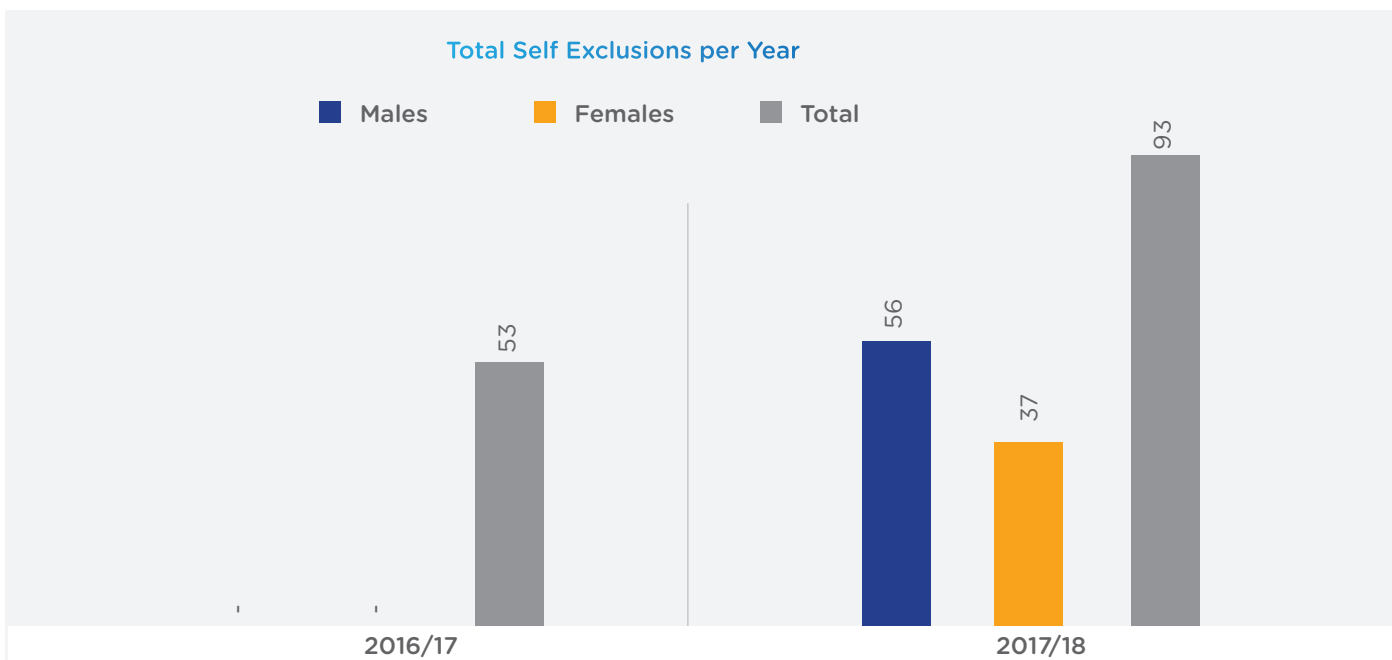
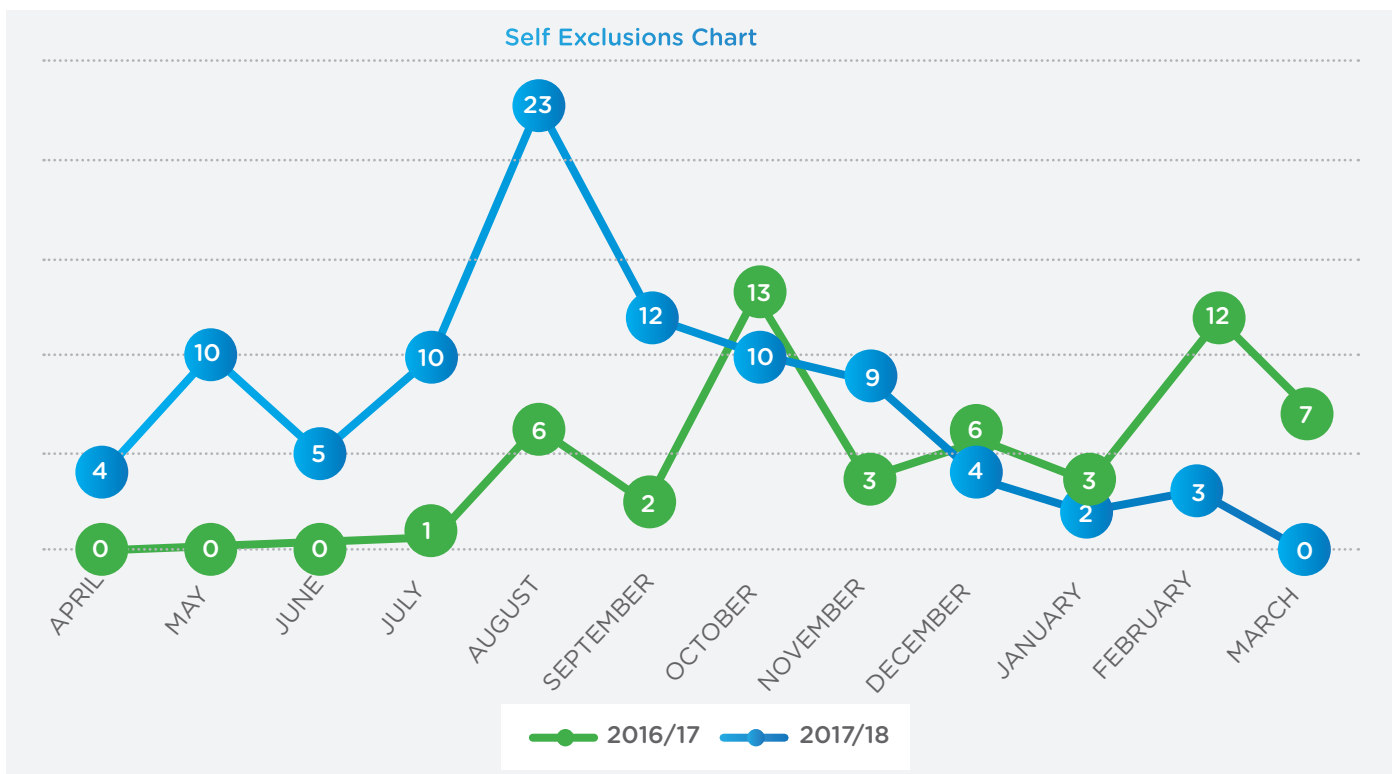
It is up to the patron to stick to their self- exclusion agreement, but if they do try to gamble during that exclusion period, the gambling establishment should take reasonable steps to prevent them from doing so.

The Gambling Act of 2012 also provides for Third Party Exclusions, where there is sufficient evidence of an individual having been identified as having issues with excessive or problem gambling, section 109 (2) of the Act states that:

a person may apply to the Authority for an order requiring the registration, as an excluded person, of

- a family member of the applicant;
- a person on whom the applicant is financially dependent in, whole or in part;
- a person for whom the applicant is financially responsible for, in whole or in part;
- a person who is subject to an order of a competent court holding that person to be mentally unsound; or
- any other person
  - (i) to whom the applicant has a duty of care, or
  - (ii) whose behaviour manifests symptoms of addictive or compulsive gambling.

For the year 2017/18 the following statistics of self-excluded persons were recorded:





The awareness created by the Authority in terms of help available, has seen an increase year on year of those individuals who have recognised that they may have a problem, and thus opted out of gambling.

**Contribution to the Excessive Gambling Prevention and Rehabilitation Committee**

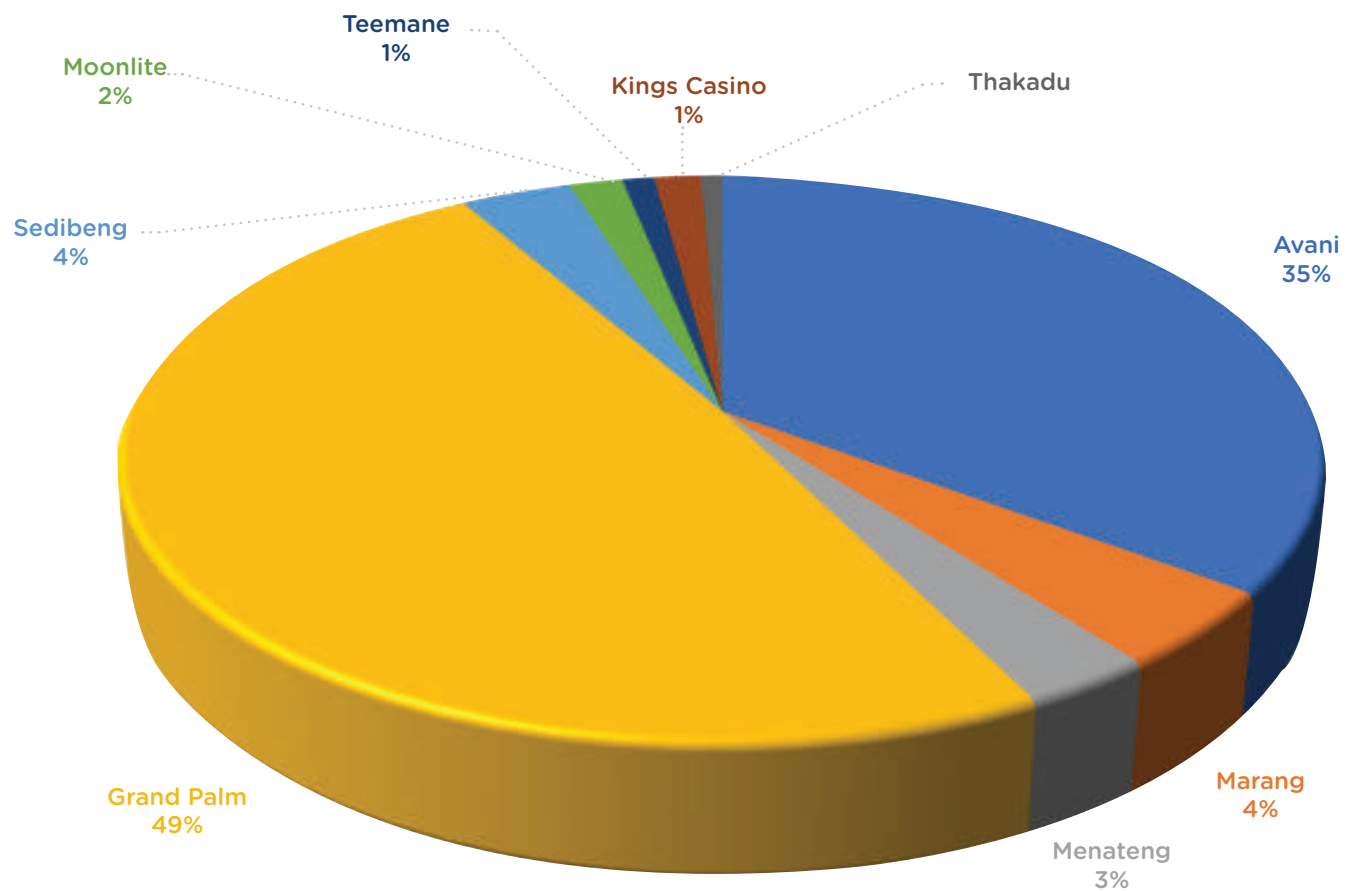
The Gambling Regulations of 2016, Part XXVI, Section 109 states that:

A licensee shall, in addition to the levy provided in Excessive Gambling regulation 108, contribute five per

cent of its gross revenue to a Prevention and programme aimed at supporting responsible gambling monitored Rehabilitation by the Excessive Gambling Prevention and Rehabilitation Committee.

In line with these Regulations, contribution to the Excessive Gambling Prevention and Rehabilitation Committee for April 2017 to March 2018 is shown below.

The Total contribution to the Committee for the fiscal year 2017 / 18 amounted to BWP 8,966,491.33.



Contribution to the Excessive Gambling Prevention and Rehabilitation Levy



GAMBLING AUTHORITY  
(Established under the Gambling  
Act, 2012)

ANNUAL FINANCIAL STATEMENTS for the year ended  
31<sup>st</sup> March 2018

# Gambling Authority General

## Information For The Year Ended 31<sup>st</sup> March 2018

Country of Incorporation and Domicile	Botswana
Nature of business and principal activities	Gambling Authority is a statutory entity formed in terms of the Gambling Act, 2012 to license and regulate all gambling activities in Botswana.
<b>Board members</b>	<p>Mr. Thabiso Tafila (Chairperson)  Ms. Boikanyo Mathipa (Deputy Chairperson)  Mr. Thulisizwe Johnson (Chief Executive Officer)  Ms. Neo Mothobi  Ms. Arabang Kanego  Mr. Olibile Machete  Ms. Mmakome Masendu  Mr. Blessed Monyatsi  Ms. Ontlametse Ward (retired 31/10/17)  Mr. Lesego Busang (retired 30/06/2017)  Ms. Chawa Bogosi (retired 31/03/2017)</p>
<b>Registered address:</b>	<p>West Wing  Fairscape Presinct,  Fairgrounds Office Park  Gaborone</p>
<b>Postal address:</b>	<p>Private Bag BR 161  Broadhurst  Gaborone</p>
<b>Bankers:</b>	<p>First National Bank of Botswana Limited  BancABC  African Alliance Investment Bank</p>
<b>Auditors</b>	<p>PricewaterhouseCoopers  Certified Auditors</p>
<b>Legal form</b>	Statutory body formed in terms of the Gambling Act, 2012

# Gambling Authority

For the Year Ended 31<sup>st</sup> March 2018

## Contents

## Page

Statement of Responsibility by the Members of the Board	83
Independent Auditors Report	84
Statement of Comprehensive Income	88
Statement of Financial Position	89
Statement of Changes in Funds	90
Statement of Cash flows	91
Notes to the Financial Statements	92

# Gambling Authority

## Statement of Responsibility By The Members of The Board For The Year Ended 31<sup>st</sup> March 2018

The Members of the Board of Gambling 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 Gambling Act, 2012.

Gambling Authority (the "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 members of the board 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 Members of the Board 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 Members of the Board 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 Investment, Trade and Industry.

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 Members of the Board.

"The annual financial statements on pages 8 to 26 and supplementary information were authorised for issue by the Members of the Board on 19 September 2018 and are signed on its behalf by:



Mr. Thabiso Tafila  
(Chairperson)



Mr. Thulisizwe Johnson  
(Chief Executive Officer)

# Independent Auditor's Report

## to the Minister of Investment, Trade and Industry

### Report on the audit of the financial statements

#### Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Gambling Authority (the "Authority") as at 31 March 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

#### What we have audited

Gambling Authority's financial statements set out on pages 08 to 26 comprise:

- the statement of financial position as at 31 March 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in funds for the year then ended;
- the statement of cash flows for the year then ended; and
- notes to the financial statements, which include a summary of significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's

responsibilities for the audit of the financial statements section of our report.

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

#### Independence

We are independent of the Authority in accordance with the Botswana Institute of Chartered Accountants Code of Ethics (the "BICA Code") and the ethical requirements that are relevant to our audit of financial statements in Botswana.

We have fulfilled our other ethical responsibilities in accordance with these requirements and the BICA Code.

The BICA Code is consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Parts A and B).

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Prior year restatement</b></p> <p>Gambling Authority (the “Authority”) collects licence levies and casino entrance fees from licensed casino operators on a monthly basis. Section 134 (1) of the Gambling Act, 2012 (the “Act”) states the Minister may, by way of an Order published in the Gazette, establish a fund into which all levies imposed under this Act shall be paid.</p> <p>The fund (“Levy Fund”) has not yet been established and therefore all licence levies and casino entrance fees collected from licenced casino operators in accordance with the Act were previously recognised as amounts payable to the Levy Fund in the financial statements.</p> <p>During the year, the Authority evaluated its entitlement to the casino entrance fees referred to above and it was determined that the casino entrance fees should be accounted for as revenue for the Authority and should not be accounted for as a payable to the Levy Fund in terms of the Act.</p> <p>Accordingly, the Authority corrected the prior year error in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors that resulted in an increase in total income of P 1,323,884 for the year ended 31 March 2017 and a corresponding decrease in levies payable at 31 March 2017. (Refer to Note 20 of the financial statements in this regard).</p> <p>As a result, casino entrance fees will now be accounted for by the Authority as part of its principal activities as the Regulator of gambling activities and recognised as an when earned (Refer to Note 1 -Summary of significant accounting policies in this regard).</p> <p>We determined the prior year restatement of the financial statements to be matter of most significance in the audit due to the magnitude and nature of the restatement and the significant audit effort that was required in obtaining sufficient and appropriate audit evidence in relation to the restatement.</p>	<p>We assessed whether the casino entrance fees form part of levies payable to the Levy Fund, by obtaining an understanding of the applicable sections in the Gambling Act (the “Act”) and concluded that they do not form part of levies payable to Levy Fund in terms of the Act.</p> <p>We also assessed the Authority’s entitlement to receive these casino entrance fees and its decision to treat these as Authority’s revenue by performing following:</p> <ul style="list-style-type: none"> <li>• We considered the applicable provisions in the Act, which impose the requirement of charging entrance fees from a person who enters the gambling establishment or a casino for the purpose of gambling.</li> <li>• We verified the communication from Casino Control Board (“CCB”) to all licensed casino operators informing them of their obligation to pay 50% of the entrance fees collected to CCB.</li> <li>• Further, we considered the transitional provisions in the Act and confirmed the fact that any permit or license granted under the repealed Act will have the same effect as though granted under the terms of the Gambling Act.</li> <li>• We considered the relevant sections in the Gambling Act and Casino Act which confirmed that entrance fees are part of the licensing conditions which are yet applicable and therefore, form part of the income of the Authority.</li> </ul> <p>Accordingly, we concurred with management’s assertion that the casino entrance fees did not form part of levies, but rather the Authority’s revenue, and therefore required reclassification and restatement of the prior year balances.</p> <p>We agreed the prior year casino entrance fees to be reclassified to prior year working papers.</p>

## Other information

The Members of the Board are responsible for the other information. The other information comprises the information included in the Gambling Authority Annual Financial Statements for the year ended 31 March 2018, which includes the General information, Statement of responsibility by the Members of the Board and Detail income statement, which we obtained prior to the date of this auditor's report and other sections of Gambling Authority Annual Report 2017/18, which are expected to be made available to us after that date. Other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Members of the Board for the financial statements

The Members of the Board are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Gambling Act, 2012 and for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Members of the Board either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from

material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Members of the Board.
- Conclude on the appropriateness of the Members of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

- Evaluate the overall presentation, structure and



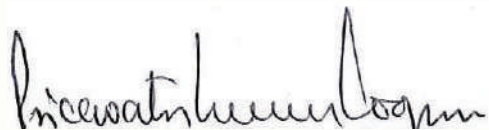
content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**



Practicing Member: Kosala Wijesena

Membership number: 20000110

In accordance with Section 30(3) of the Gambling Act, 2012, we confirm that:

- We have received all the information and explanation which, to the best of our knowledge and belief, were necessary for the performance of our duties as auditors;
- The accounts and related records of the Gambling Authority have been properly kept;
- The Gambling Authority has complied with all the financial provisions of the Act; and
- The financial statements prepared by the Gambling Authority were 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 1 to the financial statements.

Gaborone

28<sup>th</sup> September 2018

# Gambling Authority

## Statement of Comprehensive Income For The Year Ended 31<sup>st</sup> March 2018

		2018	2017
	Note	P	Restated P
Revenue	3	35,090,928	25,944,583
Amortisation of capital grants	10	1,753,774	1,062,403
<b>Total income</b>		<b>36,844,702</b>	<b>27,006,986</b>
Operating expenses		(33,853,341)	(25,399,801)
<b>Operating surplus</b>	<b>4</b>	<b>2,991,361</b>	<b>1,607,185</b>
Finance income	5	115,313	131,532
<b>Surplus for the year</b>		<b>3,106,674</b>	<b>1,738,717</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>3,106,674</b>	<b>1,738,717</b>

# Gambling Authority

## Statement of Financial Position as at 31<sup>st</sup> March 2018

	Note	2018 P	2017 Restated P
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	6,459,173	6,664,424
		<u>6,459,173</u>	<u>6,664,424</u>
<b>Current assets</b>			
Trade and other receivables	8	3,437,313	2,769,195
Cash and cash equivalents	9	58,902,319	29,787,475
		<u>62,339,632</u>	<u>32,556,670</u>
<b>Total ASSETS</b>		<u><u>68,798,805</u></u>	<u><u>39,221,094</u></u>
<b>RESERVES AND LIABILITIES</b>			
<b>Funds</b>			
Accumulated fund		4,856,608	1,749,934
		<u>4,856,608</u>	<u>1,749,934</u>
<b>Non-current liabilities</b>			
Capital grant	10	4,910,650	6,664,424
Operating lease liability	12	589,935	784,216
		<u>5,500,585</u>	<u>7,448,640</u>
<b>Current liabilities</b>			
Operating lease liability	12	238,610	-
Accounts payable	13	58,203,002	30,022,520
		<u>58,441,612</u>	<u>30,022,520</u>
<b>Total liabilities</b>		<u><u>63,942,197</u></u>	<u><u>37,471,160</u></u>
<b>TOTAL FUNDS AND LIABILITIES</b>		<u><u>68,798,805</u></u>	<u><u>39,221,094</u></u>

# Gambling Authority

## Statement Of Changes In Funds For The Year Ended 31<sup>st</sup> March 2018

	Accumulated Fund Restated 2018 P	2017 Restated P
Balance at 1 April 2016	11,217	11,217
Total comprehensive income for the year - restated (refer note 20)	1,738,717	1,738,717
<b>Balance at 31 March 2017</b>	<b>1,749,934</b>	<b>1,749,934</b>
Balance at 1 April 2017	1,749,934	1,749,934
Total comprehensive income for the year	3,106,674	3,106,674
<b>Balance at 31 March 2018</b>	<b>4,856,608</b>	<b>4,856,608</b>

# Gambling Authority

## Statement of Cash Flows For The Year Ended

### 31<sup>st</sup> March 2018

		<b>2018</b>	<b>2017</b>
		P	Restated P
	Note		
<b>Cash generated from operations</b>			
Operating surplus		2,991,361	1,607,185
<i>Adjustments for:</i>			
Depreciation	7	1,561,015	973,809
Loss on disposal property, plant and equipment		123,782	12,320
Assets written-off to expenses		-	76,274
Operating lease liability		44,329	303,474
Amortisation of capital grant	10	(1,753,774)	(1,062,403)
<i>Changes in working capital</i>			
Trade and other receivables		(668,118)	(2,769,195)
Trade and other payables		(28,478)	3,254,618
Deferred income		-	(3,133,991)
<b>Net cash generated from / (used in) operations</b>		<b>2,270,117</b>	<b>(737,909)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,760,296)	(6,654,950)
Proceeds from sale of property, plant and equipment		280,750	-
Interest received		115,313	131,532
<b>Net cash used in investing activities</b>		<b>(1,364,233)</b>	<b>(6,523,418)</b>
<b>Cash flows from financing activities</b>			
Government capital grants received	10	-	6,654,950
<b>Net cash generated from financing activities</b>		<b>-</b>	<b>6,654,950</b>
<b>Net change in cash and cash equivalents</b>		<b>905,884</b>	<b>(606,377)</b>
Cash and cash equivalents at beginning of year		4,621,080	5,227,457
<b>Cash and cash equivalents at end of year</b>	<b>9</b>	<b>5,526,964</b>	<b>4,621,080</b>

# Gambling Authority

## Notes To The Financial Statements For The Year Ended 31<sup>st</sup> March 2018

### 1 Summary of significant accounting policies

#### Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Gambling Act, 2012.

#### Basis of preparation of financial statements

The financial statements are prepared on the historical cost and are presented in Botswana Pula (P). Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

#### Adoption of new and revised international financial reporting standards

##### **Standards and interpretations effective in the current year**

In the current year, the entity has adopted all the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual periods beginning on or after 1 April 2017. Adoption of these standards and interpretations have not had any impact significant on the financial statements of the Authority.

*Amendment to IAS 7 – Cash flow statements: Statement of cash flows on disclosure initiative (effective Annual periods beginning on or after 1 January 2017)*

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.

##### **Standards in issue but not yet effective**

At the authorisation of these financial statements, the following standards were issued but not yet effective for annual periods beginning on or after

*IFRS 15 – Revenue from contracts with customers. (effective Annual periods beginning on or after 1 January 2018)*

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.

# Gambling Authority

## Notes To The Financial Statements For The Year Ended 31<sup>st</sup> March 2018

### 1 Summary of significant accounting policies (continued)

#### Standards in issue but not yet effective (continued)

*IFRS 9 - Financial Instruments (2009 & 2010) (effective annual periods beginning on or after 1 January 2018)*

This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

*Amendment to IFRS 9 - 'Financial instruments', (effective Annual periods beginning on or after 1 January 2018)*

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.

*IFRS 16 - Leases (effective annual periods beginning on or after 1 January 2019)*

This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular.

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard.

At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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'.

The Authority will evaluate the effect of all the new standards, amendments and interpretations that are in issue for adoption in the applicable periods. It is unlikely that these will have material impact on the Authority's financial statements.

# Gambling Authority

## Notes To The Financial Statements For The Year Ended 31<sup>st</sup> March 2018

### 1 Summary of significant accounting policies (continued)

#### Property, plant and equipment

All Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment charges. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to their residual values over their estimated useful lives as follows:

- Office equipment	4 years
- Furniture, fittings and equipment	5 -10 years
- Computer equipment	3 years
- Motor vehicles	4 years
- Leasehold improvements	5 years
- E Books	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

#### Impairment of non-financial assets

Assets that have an indefinite useful life 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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

#### Financial Instruments

##### Classification

The Authority classifies its financial assets and financial liabilities into the following categories:

- Loans and receivable
- Financial liabilities at amortised cost

The classification depends on the purpose for which the financial instruments were obtained/incurred. Management determines the classification of its financial assets at initial recognition.



# Gambling Authority

## Notes To The Financial Statements For The Year Ended 31<sup>st</sup> March 2018

### 1 Summary of significant accounting policies (continued)

#### Financial Instruments (continued)

##### *Recognition and measurement*

Financial instruments are recognised initially when the Authority becomes a party to the contractual provisions of the instruments.

The Authority classifies financial instruments or their component parts on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement.

##### *Subsequent measurement*

##### Loans and receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

##### Financial liabilities at amortised cost

Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method.

##### *Derecognition*

Financial assets are derecognised when the rights to receive cash flow from the investments have expired or have been transferred and the Authority has transferred substantially all risk and rewards of the ownership.

##### *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.

##### *Impairment of financial assets*

The Authority assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

The Authority assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

# Gambling Authority

## Notes To The Financial Statements For The Year Ended 31<sup>st</sup> March 2018

### 1 Summary of significant accounting policies (continued)

#### ***Impairment of financial assets (continued)***

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Authority may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

#### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

#### **Trade and other payable**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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.

#### ***Levies payable***

Levies payable includes the licence levy and responsible gambling levy collected and held by authority on behalf of the respective funds yet to be established.

#### **Operating leases - lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or operating lease liability. Neither the asset nor the liability is discounted.

# Gambling Authority

## Notes To The Financial Statements For The Year Ended 31<sup>st</sup> March 2018

### 1 Summary of significant accounting policies (continued)

#### **Government grants**

Government grants are assistance by government in the form of transfers of resources to the Authority in return for compliance with certain conditions relating to the operating activities of the Authority.

Government subventions relating to a particular period are recognised in the statement of comprehensive income in the respective period when there is a reasonable assurance that the subventions will be received.

Grants from the Government are initially recognised to unspent grants under current liabilities in the statement of financial position, once there is reasonable assurance that the Authority will comply with the conditions attaching to them (as applicable) and it is reasonably assured that the grant will be received.

Grants received for specific expenses are recognised in the statement of comprehensive income over the period necessary to match with the expenses they are intended to compensate. Grants received for which the related expense have not been incurred remain included in current liabilities as unspent grants received from Government.

Grants received for the acquisition of property, plant and equipment ("capital assets") are transferred from unspent grants to capital grants in the statement of financial position in the period in which the underlying asset is bought. Grants, for which the underlying asset has been bought, is subsequently recognised in the statement of comprehensive income to match the depreciation of the related assets, as other income. Grants received for which assets have not been purchased, remain included in current liabilities as unspent grants received from Government.

#### **Revenue**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods/services supplied, stated net of discounts and returns. The Authority recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Authority; and when specific criteria have been met for each of the Authority's activities, as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

#### ***Rendering of services***

This includes application fees, annual fees, transfer fees, national lottery fees, casino entrance fees, income from gambling machines, employee licence fees etc. earned by the Authority as a part its principal activities as the Regulator of gambling activities. These income are recognised during the period in which the service is rendered.

#### ***Interest income***

Interest income is recognised on a time-proportion basis using the effective interest method.

# Gambling Authority

## Notes To The Financial Statements For The Year Ended 31<sup>st</sup> March 2018

### 2 Critical accounting estimates and judgements

In preparing the financial statements management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities, and disclosures of contingent assets and liabilities. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

In applying the company's accounting policies, the following estimates and judgements have been made which carry the risk of causing significant material adjustments to the carrying value of asset and liabilities within the next year:

#### **Estimated useful lives and residual values of property, plant and equipment.**

The Authority follows the guidance of IFRS and determines the residual values and useful lives of assets at each reporting date. This determination requires significant judgement. In making this judgement the 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.

---

# Gambling Authority

## Notes To The Financial Statements For The Year Ended 31<sup>st</sup> March 2018

	<b>2018</b>	<b>2017</b>
	P	Restated P
<b>3 Revenue</b>		
Government grant (Note 11)	26,798,060	23,582,151
Rendering of services		
<i>Annual fees</i>	900,000	-
<i>Application fees</i>	-	100,000
<i>Transfer fees</i>	200,000	-
<i>National Lottery Fees</i>	5,173,882	-
<i>Casino entrance fees</i>	1,469,282	1,323,884
<i>Income from gambling machines</i>	422,250	615,250
<i>Employee license fees</i>	79,500	261,000
Others	47,954	62,298
	<b><u>35,090,928</u></b>	<b><u>25,944,583</u></b>
<b>4 Operating surplus</b>		
Operating surplus is arrived at after charging/(crediting) the following items;		
Auditors remuneration	216,465	85,000
Consultancy and professional fees	2,214,249	893,941
Depreciation	1,561,015	973,809
Donations	178,767	20,000
Directors' fees	124,650	76,365
Legal fees	408,584	569,855
Loss on disposal property, plant and equipment	123,782	12,320
Meeting and conference costs	1,508,533	649,700
Rent	3,518,960	2,237,807
Staff cost (Note 4.1)	18,538,427	13,234,393
Travel and accommodation	1,318,240	3,366,853
Other expenses	4,141,669	3,279,758
	<b><u>18,538,427</u></b>	<b><u>13,234,393</u></b>
<b>4.1 Staff costs</b>		
Salaries	17,760,526	12,869,539
Staff welfare	777,901	364,854
	<b><u>18,538,427</u></b>	<b><u>13,234,393</u></b>
<b>5 Finance income</b>		
Interest income	<b><u>115,313</u></b>	<b><u>131,532</u></b>
<b>6 Taxation</b>		
Authority is exempt from income tax under paragraph (xx) Part 1 of the second schedule of the Income Tax Act (52:01).		

7 Property, plant and equipment

	Leasehold improvements P	E-Books P	Office equipment P	Computer equipment P	Furniture and fittings P	Motor vehicles P	Total P
<b>Year ended 31 March 2017</b>							
Net book amount at beginning of year	-	-	100,544	134,238	67,761	769,334	1,071,877
Additions	2,390,643	8,120	512,339	472,622	2,795,226	476,000	6,654,950
Disposals	-	-	-	(88,594)	-	-	(88,594)
Depreciation	(330,047)	(947)	(69,352)	(119,773)	(242,377)	(211,313)	(973,809)
Net book amount at end of year	<b>2,060,596</b>	<b>7,173</b>	<b>543,531</b>	<b>398,493</b>	<b>2,620,610</b>	<b>1,034,021</b>	<b>6,664,424</b>
<b>As at 31<sup>st</sup> March 2017</b>							
Cost	2,390,643	8,120	621,656	532,280	2,880,257	1,605,489	8,038,445
Accumulated depreciation	(330,047)	(947)	(78,125)	(133,787)	(259,647)	(571,468)	(1,374,021)
Net book amount	<b>2,060,596</b>	<b>7,173</b>	<b>543,531</b>	<b>398,493</b>	<b>2,620,610</b>	<b>1,034,021</b>	<b>6,664,424</b>
<b>Year ended 31<sup>st</sup> March 2018</b>							
Net book amount at beginning of year	2,060,596	7,173	543,531	398,493	2,620,610	1,034,021	6,664,424
Additions	101,493	-	67,773	324,089	260,154	1,006,787	1,760,296
Disposals	-	-	(7,500)	(75,814)	(22,110)	(778,075)	(883,499)
Depreciation on Disposal	-	-	2,348	30,047	4,044	442,528	478,967
Depreciation	(393,713)	(1,543)	(132,441)	(204,438)	(497,773)	(331,107)	(1,561,015)
Net book amount at end of year	<b>1,768,376</b>	<b>5,630</b>	<b>473,711</b>	<b>472,377</b>	<b>2,364,925</b>	<b>1,374,154</b>	<b>6,459,173</b>
<b>As at 31<sup>st</sup> March 2018</b>							
Cost	2,492,136	8,120	681,929	780,555	3,118,301	1,834,201	8,915,242
Accumulated depreciation	(723,760)	(2,490)	(208,218)	(308,178)	(753,376)	(460,047)	(2,456,069)
Net book amount	<b>1,768,376</b>	<b>5,630</b>	<b>473,711</b>	<b>472,377</b>	<b>2,364,925</b>	<b>1,374,154</b>	<b>6,459,173</b>

Property, plant and equipment as at 31<sup>st</sup> March 2017 wholly includes assets funded through capital grants. During the current year, Authority purchased assets from self generated funds. Disclosed below are the respective net book values as at 31<sup>st</sup> March 2018 and depreciation for the year then ended.

**Net book value as at 31<sup>st</sup> March 2018**

Funded by capital grants	1,667,936	5,630	414,554	197,241	2,139,692	485,597	4,910,650
Funded by internally generated funds	100,440	-	59,157	275,136	225,233	888,557	1,548,523
	<b>1,768,376</b>	<b>5,630</b>	<b>473,711</b>	<b>472,377</b>	<b>2,364,925</b>	<b>1,374,154</b>	<b>6,459,173</b>

**Depreciation for the year**

Funded by capital grants	392,660	1,543	123,825	155,485	462,852	212,877	1,349,242
Funded by internally generated funds	1,053	-	8,616	48,953	34,921	118,230	211,773
	<b>393,713</b>	<b>1,543</b>	<b>132,441</b>	<b>204,438</b>	<b>497,773</b>	<b>331,107</b>	<b>1,561,015</b>

# Gambling Authority

## Notes To The Financial Statements For The Year Ended 31<sup>st</sup> March 2018

	<b>2018</b>	<b>2017</b>
	P	Restated P
<b>8 Trade and other receivables</b>		
Levies and fees receivable	2,530,515	2,227,885
Prepayments	691,673	450,846
Other receivables	215,125	90,461
	<u><u>3,437,313</u></u>	<u><u>2,769,192</u></u>
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.		
<b>9 Cash and cash equivalents</b>		
Cash on hand	349	780
Cash at bank	2,058,401	2,629,911
Short-term deposits	56,843,569	27,156,784
	<u><u>58,902,319</u></u>	<u><u>29,787,475</u></u>
As at 31 March 2018, cash and cash equivalents included an amount of P53.4Mn (2017: P25.2Mn) relating to levies collected and held by the Authority on behalf of the Levy Fund and responsible gambling levy. For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the following:		
Cash on hand	349	780
Bank balances and short term deposits	58,901,970	29,786,695
Less: Levies collected on behalf of Levy fund and responsible gambling levy	<u>(53,375,355)</u>	<u>(25,166,395)</u>
	<u><u>5,526,964</u></u>	<u><u>4,621,080</u></u>
<b>10 Capital grants</b>		
Balance at beginning of year	6,664,424	1,071,877
Purchase of assets during the year	-	6,654,950
Amortisation of grant to income during the year	(1,753,774)	(1,062,403)
Depreciation of property, plant and equipment (Note 7)	(1,349,242)	(973,809)
Write-off of property, plant and equipment (Note 7)	-	(76,274)
Disposal of property, plant and equipment (Note 7)	(404,532)	(12,320)
Balance at end of year	<u><u>4,910,650</u></u>	<u><u>6,664,424</u></u>
<b>11 Deferred income</b>		
Opening balance	-	3,133,991
Grants Received during the year	26,798,060	27,103,110
Less: Capital expenditure transferred to capital grants	-	(6,654,950)
Less: Amount utilised during the year and transferred to revenue (Note3)	<u>(26,798,060)</u>	<u>(23,582,151)</u>
	<u><u>-</u></u>	<u><u>-</u></u>

# Gambling Authority

## Notes To The Financial Statements For The Year Ended 31<sup>st</sup> March 2018

	2018	2017
	P	Restated P
<b>12 Operating lease liability</b>		
Deferred rent	<u>828,545</u>	<u>784,216</u>
Deferred rent refers to straight lining adjustment of lease rentals and current and non-current classification is given below.		
Current	238,610	-
Non-current	589,935	784,216
<b>Total operating lease liability</b>	<u>828,545</u>	<u>784,216</u>
<b>13 Accounts payable</b>		
Levies payable (note 13.1)	55,665,513	27,285,592
Levies payable to Levy Fund	38,375,425	18,250,694
Responsible Gambling Levy	17,290,088	9,034,898
Accrued leave pay and gratuity	1,891,716	1,520,623
Accruals and other payable	645,773	1,216,305
	<u>58,203,002</u>	<u>30,022,520</u>
13.1	Levies payable represent the total amount of levies collected and held by the Authority as at the year-end until such time a fund is established as per the Section 134 of the Gambling Act, 2012 and the responsible gambling levy.	
<b>14 Financial instruments by category</b>		
The accounting policies for financial instruments have been applied to the line items below:		
<b>Financial assets - Loans and receivable</b>		
Trade and other receivables	2,745,640	2,318,346
Cash and cash equivalents	58,901,970	29,786,695
	<u>61,647,610</u>	<u>32,105,041</u>
<b>Financial Liabilities at amortised cost</b>		
Accounts payable	<u>40,912,914</u>	<u>20,987,622</u>



# Gambling Authority

## Notes To The Financial Statements For The Year Ended 31<sup>st</sup> March 2018

	2018	2017
	P	P
<b>15 Related party transactions</b>		
Gambling Authority is established under Gambling Act, 2012 and is a parastatal of the Republic of Botswana.		
<b>(a) Grant received</b>		
Ministry of Investment Trade and Industry	26,798,060	27,103,110
<b>(b) Compensation to Key management personnel</b>		
Key management includes board members and members of the executive committee. The compensation paid or payable to key management for employee services are shown below;		
Short term-employee benefits	5,415,318	3,965,533
Accrued gratuity	1,154,940	924,131
<b>(c) Directors' Emoluments</b>		
Mr. Thabiso Tafila	29,250	11,025
Ms. Boikanyo Mathipa	12,600	3,528
Ms. Mavis C. Bogosi	3,600	19,553
Mr. Lesego Busang	9,000	13,110
Ms. Neo Mothobi	18,000	2,940
Ms. Ontlametse Ward	5,400	4,704
Ms. Arabang Kanego	14,400	10,752
Mr. Blessed Monyatsi	19,800	10,752
Ms.Mmakome Masendu	10,800	-
Mr. Olibile Machete	1,800	-
	<u>124,650</u>	<u>76,365</u>

### 16 Risk Management

#### Capital Risk Management

The Authority's objectives when managing capital are to safeguard the Authority's ability to continue as an on-going concern in order to provide benefits for stakeholders.

There are no externally imposed capital requirements and there have been no changes to what the Authority manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

# Gambling Authority

## Notes To The Financial Statements For The Year Ended 31<sup>st</sup> March 2018

### 16 Risk Management (continued)

#### Financial Risk Management

The Authority's activities expose it to a variety of financial risk as follows;

#### Liquidity risk

The Authority's risk to liquidity is a result of the funds available to cover the future commitments. The Authority manages liquidity through an ongoing review of future commitments and credit facilities.

The following tables detail the Authority's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Authority can be required to pay.

	2018	2017
	P	Restated P
<b>Less than 1 year:</b>		
Accounts payable	<u>58,203,002</u>	<u>30,022,520</u>

#### Credit risk

Credit risk consists mainly of cash and cash equivalents and accounts receivable.

The Authority only deposits cash with major banks and financial institutions with high quality credit standing and limits exposure to any one counter-party. The Authority has deposits with First National Bank of Botswana Limited, African Alliance Assets Management, BancABC, BIFM Unit Trust, IPRO Botswana and Stanlib Investment Management Services. There are no credit ratings available in Botswana.

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. African Alliance Investment Bank and BancABC are subsidiaries of African Alliance Limited and BancABC House respectively. STANLIB Botswana is a joint venture between Stanbic Bank Botswana and STANLIB. IPRO Botswana is subsidiary of Investment Professionals Pty Ltd, a company in Mauritius. BIFM is 100 % owned by Botswana Insurance Holdings Limited (BIHL).

Financial assets exposed to credit risk at the year end were as follows

Trade and other receivables	2,745,640	2,318,346
Cash at bank and short-term bank deposits		
First National Bank of Botswana Limited	2,058,401	11,710,915
African Alliance Assets Management	18,786,178	1,037,639
BancABC	13,064	17,038,141
BIFM Unit Trust	18,041,417	-
IPRO Botswana	2,577,552	-
Stanlib Investment Management Services	17,425,358	-
	<u>58,901,970</u>	<u>29,786,695</u>

#### Market risk: Cash flow Interest rate risk

Fluctuation in interest rates impact on the value of short-term cash investment and financing activities, giving rise to interest rate risk. The cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risk.

# Gambling Authority

## Notes To The Financial Statements For The Year Ended 31<sup>st</sup> March 2018

### 16 Risk Management (continued)

At 31 March 2018, if interest rates on short-term deposit had been 0.5% higher / lower with all other variables held constant, surplus for the year would have been P 25,335 (2017: P87,530) lower/higher, mainly as a result of higher / lower interest income on floating rate deposits.

2018	2017
P	Restated P

### 17 Commitments

#### (i) Operating lease commitments

The future minimum rent payments under cancellable lease agreements are as follows:

	2018	2017
	P	P
<i>Minimum lease payment due</i>		
Within 1 year	3,799,805	3,518,338
Within 2-5 years	4,447,896	8,247,701
	<u>8,247,701</u>	<u>11,766,039</u>

#### (ii) Capital commitments

There were no capital expenditure contracted for at the reporting date but not yet incurred.

### 18 Contingent liabilities

There were no other contingent liabilities at the reporting date.

### 19 Events after reporting date

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

# Gambling Authority

## Detailed Income Statement For The Year Ended

31<sup>st</sup> March 2018

### 20 Prior year restatement

Casino entrance fees amounting to P1,323,884 collected from the licensed casino operators were classified under Levies payable in the previous financial year. During the year, it was established that the entrance fees were part of the license conditions and therefore, do not form part of Levies under this Gambling Act; but rather Authority's revenue. Accordingly, during the year management has reclassified entrance fees previously classified under levies payable as revenue.

This adjustment was considered to be a correction of an error in accordance with *IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors*. Refer below for the impact on the financial statements.

	<u>As previously stated</u> P	<u>Increase / (decrease)</u> P	<u>Restated</u> P
<b>Statement of comprehensive income for the year ended 31 March 2017 - extract</b>			
Total income	25,683,102	1,323,884	<b>27,006,986</b>
Surplus for the year	<u>414,833</u>	<u>1,323,884</u>	<u><b>1,738,717</b></u>
<b>Statement of financial position as at 31<sup>st</sup> March 2017 - extract</b>			
Levies payable (note 13)	28,609,476	(1,323,884)	27,285,592
<b>Total liabilities</b>	<u>38,795,044</u>	<u>(1,323,884)</u>	<u><b>37,471,160</b></u>
<b>Statement of cash flows for the year ended 31 March 2017 - extract</b>			
Net cash used in operations	(1,953,105)	1,215,196	<b>(737,909)</b>
Cash and cash equivalents at end of year for the purpose of cash flow	<u>3,405,884</u>	<u>1,215,196</u>	<u><b>4,621,080</b></u>

# Gambling Authority

## Detailed Income Statement For The Year Ended 31<sup>st</sup> March 2018

	2018	2017
	P	Restated P
<b>INCOME</b>		
Government grants	26,798,060	23,582,151
Amortisation of capital grants	1,753,774	1,062,403
Rendering of services	8,244,914	2,300,134
Others	47,954	62,298
Interest received	115,313	131,532
	<u><b>36,960,015</b></u>	<u><b>27,138,518</b></u>
<b>EXPENDITURE</b>		
Advertising and promotions	916,843	296,109
Auditors remuneration	216,465	85,000
Bank charges	34,782	33,302
Cleaning	8,015	141,782
Consultancy and professional fees	2,214,249	893,941
Courier and postage	5,341	2,595
Depreciation	1,561,015	973,809
Directors fees	124,650	76,365
Donations	178,767	20,000
Insurance	382,643	214,402
Legal fees	408,584	569,855
Loss on disposal	123,782	12,320
Meeting and conference costs	1,508,533	649,700
Motor vehicle expenses	148,629	202,682
Office expenses	114,471	298,479
Printing and stationery	26,856	237,766
Rent	3,518,960	2,237,807
Repairs and maintenance	56,711	26,907
Salaries and wages	17,760,526	12,869,539
Security	351,810	286,164
Staff welfare	777,901	364,854
Subscriptions	66,148	104,995
Telephone and fax	1,287,391	803,999
Travel and accommodation	1,318,240	3,366,853
Utility	742,029	630,576
<b>Total expenditure</b>	<u><b>33,853,341</b></u>	<u><b>25,399,801</b></u>
<b>Surplus for the year</b>	<u><b>3,106,674</b></u>	<u><b>1,738,717</b></u>

The supplementary information does not form part of the annual financial statements and is unaudited.





# Learn How Gambling Works

- To recognise a gambling problem
- To get help when you need it

---

[info@gamblingauthority.co.bw](mailto:info@gamblingauthority.co.bw)

Tel: 395 7672

[www.gamblingauthority.co.bw](http://www.gamblingauthority.co.bw)



**By Email:**

info@gamblingauthority.co.bw

**By Post:**

Chief Executive Officer

Gambling Authority

Private Bag BR161, Gaborone

**Telephone:**

Tel: (+267) 395 7672/398 6600

Cell: (+267) 71361412

**In Person:**

Physical Address: Fairgrounds, Plot 70667,

Fairscape Precinct, West Wing, Gaborone

**Online:**

Facebook: Botswana Gambling Authority

Website: www.gamblingauthority.co.bw