

SPPRA

Swaziland
Public
Procurement
Regulatory
Agency

"New Thinking. New Beginning!"



SPPRA ANNUAL REPORT FOR THE FINANCIAL YEAR 2016/2017



TABLE OF CONTENTS

Abbreviations	3	Chapter 4	34
Foreword	4	Technical Performance Review	34
Foreword by The Honourable Minister of Finance	5	4.1 Allocation of Levels of Authority	35
The Agency's Profile	7	4.2 Introduction of Information and Communications Technology (ICT) In Public Procurement	35
Vision, Mission and Values	8	4.3 Development of Procurement Management Tools	37
Work Scope and Working relationships of SPPRA	9	4.4 Capacity Building of Procuring Entities	37
Board of Directors	10	4.5 Monitoring of Procurement Carried out by PE	38
Executive Management Team Profiles	12	4.5.1 <i>Monitoring and Oversight</i>	38
Organogram	14	4.5.2 <i>Administrative Review</i>	38
Functions of SPPRA	15	4.5.3 <i>Investigation of Procurement</i>	41
Board Chairperson's Message	17	4.5.4 <i>Review of Applications for Retrospective Approvals</i>	42
Executive Director's Message	19	4.6 Performance of Procuring Entities	42
Chapter 1	24	4.7 Research and Surveys	43
Regulatory Procurement Framework in Swaziland	24	4.8 Technical Assistance Required by the Agency	44
1.1 Historic Overview and Context	25	Chapter 5	45
1.2 The Public Procurement Act, 2011	25	Financial Performance for The Fy 2015/16	45
Chapter 2	27		
Background about SPPRA	27		
2.1 Establishment	28		
Chapter 3	29		
Operational Performance Review	29		
3.1 The Public Procurement Act, 2011	30		
3.2 Public Procurement Regulations	30		
3.3 Staff Recruitment	31		
3.4 Institutional Framework Set Up	32		
3.5 Preparation of The Strategic Plan (2015/16-2019/20)	32		
3.6 Quality Management Systems	32		
3.7 Monitoring of Prices Paid By Government	32		
3.8 Special Projects	33		



TABLE OF CONTENTS

Tables

Table 1: SPPRA's values	8
Table 2: Urgent Deliveries	22
Table 3: DCB stakeholder engagement as at Mach 2017	38
Table 4: Administrative reviews and their current status	40
Table 5: List of investigations conducted for procurement complaints	41
Table 6: List of applications for retrospective approvals and their justification	42
Table 7: Contracts awarded by government ministries and their value	43

Figures

Figure 1: Work scope and reporting relationships of SPPRA	9
Figure 2: SPPRA Organogram	14
Figure 3: A snapshot of the Agency's home page	36



ABBREVIATIONS

ACC	Anti-Corruption Commission
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIC	Construction Industry Council
EU	European Union
ICT	Information and Communications Technology
IPSP	Improving Public Sector Performance
IRC	Independent Review Committee
ISO	International Organization for Standardization
LGA	Local Government Authority
MoU	Memorandum of Understanding
MTP	Medium Term Plan
PAC	Public Accounts Committee
PE	Procuring Entity
PPA	Public Procurement Act
PPP	Public-Private Partnership
RFP	Request for Proposal
SBDs	Standard Bidding Documents
SPPRA	Swaziland Public Procurement Regulatory Agency (or “the Agency”)
SRA	Swaziland Revenue Authority
SWASA	Swaziland Standards Authority
UNDP	United Nations Development Programme

FOREWORD

This is the first annual report of the Swaziland Public Procurement Regulatory Agency (SPPRA or “the Agency”). This report covers the financial statements for the financial year ended 31st March 2017 (i.e. 2016/17) and the Agency’s performance review since its inception in 2013.

The Agency has been in operation since 2013, following the appointment of the Board of Directors in April 2013, after coming into force of the Public Procurement Act No.7 of 2011 (the Act) in May 2013, and appointment of the Executive Director or Chief Executive Officer in November 2013.

The year 2013 marked the period in which the Board started operationalizing the Agency from scratch, which involved establishing a working relationship with the parent ministry, the Ministry of Finance, recruitment of the CEO, and securing of office space. One of the notable successes of the Board was its completion of the first draft Public Procurement Regulations, which were aligned to the Act and submitted to the Honourable Minister of Finance in October 2014. The Board went further to conduct, with the first few members of executive management, extensive stakeholder consultations on the Regulations through publications, invitation of written public comments, and a four-day stakeholder consultative workshop in April 2015.

FOREWORD BY THE HONOURABLE MINISTER OF FINANCE



“ I am grateful to His Majesty’s Parliament and Cabinet for the continued support of the Agency and the realization of the importance of its mandate. ”

His Majesty’s King Mswati III’s government has been closely observing with keen interest the effects of the 2008 economic meltdown that resulted to the global financial crisis at the turn of the year 2010. The financial crisis meant that economic activity between SACU states slowed down with the effect of reducing the SACU receipts on which Government rely for financing her budget. This has had dilapidating effects on the country’s fiscus. It came as no surprise that the Kingdom of Eswatini using its own funding, contracted the services of an international consultant, Crown Agents, to look at, among other things, the government procurement landscape in Swaziland. Results of the study guided the Government of Swaziland in taking a conscious decision to promulgate the Public Procurement Act no. 7 of 2011.

This resulted to the establishment of the Swaziland Public Procurement Regulatory Agency in 2013. The Swaziland Public Procurement Agency (SPPRA) or the Agency, was established with the sole mandate of regulating public procurement in Swaziland with the view of inculcating efficiencies in public procurement: the ultimate aim of realizing savings in Government expenditure. Savings in Government expenditure have the rippling effect of availing more resources for an accelerated economic growth that will lead to First World Status as envisioned in His Majesty’s King Mswati III Vision 2022.

FOREWORD BY THE HONOURABLE MINISTER OF FINANCE

Through the strategic projects that the Agency has thought through such as the External Professionalization of the Procurement Cadre and the continued Government support, I am confident that soon, Government will realize efficiencies in public procurement processes.

I am grateful to His Majesty's Parliament and Cabinet for the continued support of the Agency and the realization of the importance of its mandate. Furthermore extend my appreciation to all public bodies for their willingness to abide by the provisions of the Public Procurement Act as they go about with their procurement functions.

Minister of Finance, Honourable
Martin G. Dlamini

AGENCY'S PROFILE

The Swaziland Public Procurement Regulatory Agency (SPPRA or “the Agency”), was officially established on the 27th May 2013, following the coming into force of the Public Procurement Act No. 7 of 2011 (the Act). It is listed as a Category A public enterprise, administratively, reporting to the Ministry of Finance. Section 9(2) of the Act mandates the Agency to serve as an independent regulatory body, with responsibility for policy, regulation, oversight, professional development and information management and dissemination in the field of public procurement. Section 11(1) of the Act further gives the Agency the authority to develop competence, authority, power and responsibility to enforce the Act and public procurement regulations issued under the Act. In this regard, the Agency oversees all public procurement conducted by Government Ministries, Departments and Agencies, as well as category “A” public enterprises and Local Government Authorities or municipalities (ANNEX 2). The Agency is governed by the Board of Directors and its daily operations are overseen by the Chief Executive Officer (CEO).

Currently, the Agency has the following five Directorates which support the Office of the Executive Director in carrying out the functions and mandate of the Agency:

- i. Finance & Administration;
- ii. Information and Communication Technologies (ICT);
- iii. Procurement Monitoring and Oversight;
- iv. Procurement Capacity Building; and
- v. Procurement Policy, Legislation and Investigation.

The Agency's activities are regulated by the following Laws:

- The Public Procurement Act, 2011
- The Public Enterprise (Control and Monitoring) Act, 1989



PROFILE

VISION

A global model of a well-functioning Public Procurement System and culture.

MISSION

To promote, protect and enforce equity and maximum competition in the market place in pursuit of value for money, transparency and accountability, through innovative solutions and capacity building in public procurement.

VALUES

SPPRA's conduct and culture is guided by the following core values:

Table 1: *SPPRA's values*

Value	Description
Excellence	SPPRA aspires to excel in all its endeavours to deliver on the mandate at hand.
Integrity	The SPPRA team shall adhere to the highest ideals in all its dealings both within the internal and external environments.
Professionalism	At all times, the SPPRA team shall ceaselessly commit itself to professionalism.
Stakeholder Orientation	SPPRA seeks to be more stakeholder-oriented in all its dealings.
Teamwork	SPPRA commits to teamwork, thus ensuring unity of purpose in its endeavour to deliver on the mandate.

Slogan

"New thinking. New Beginning!" – with SPPRA being the first of its kind to regulate and monitor public procurement in the country, her existence marks and represents a new beginning or fresh start, and new possibilities. The coming of age of SPPRA represents a fresh start, especially for business entities that, without the Agency, would otherwise never participate in public procurement.

WORK SCOPE AND WORKING RELATIONSHIP OF SPPRA

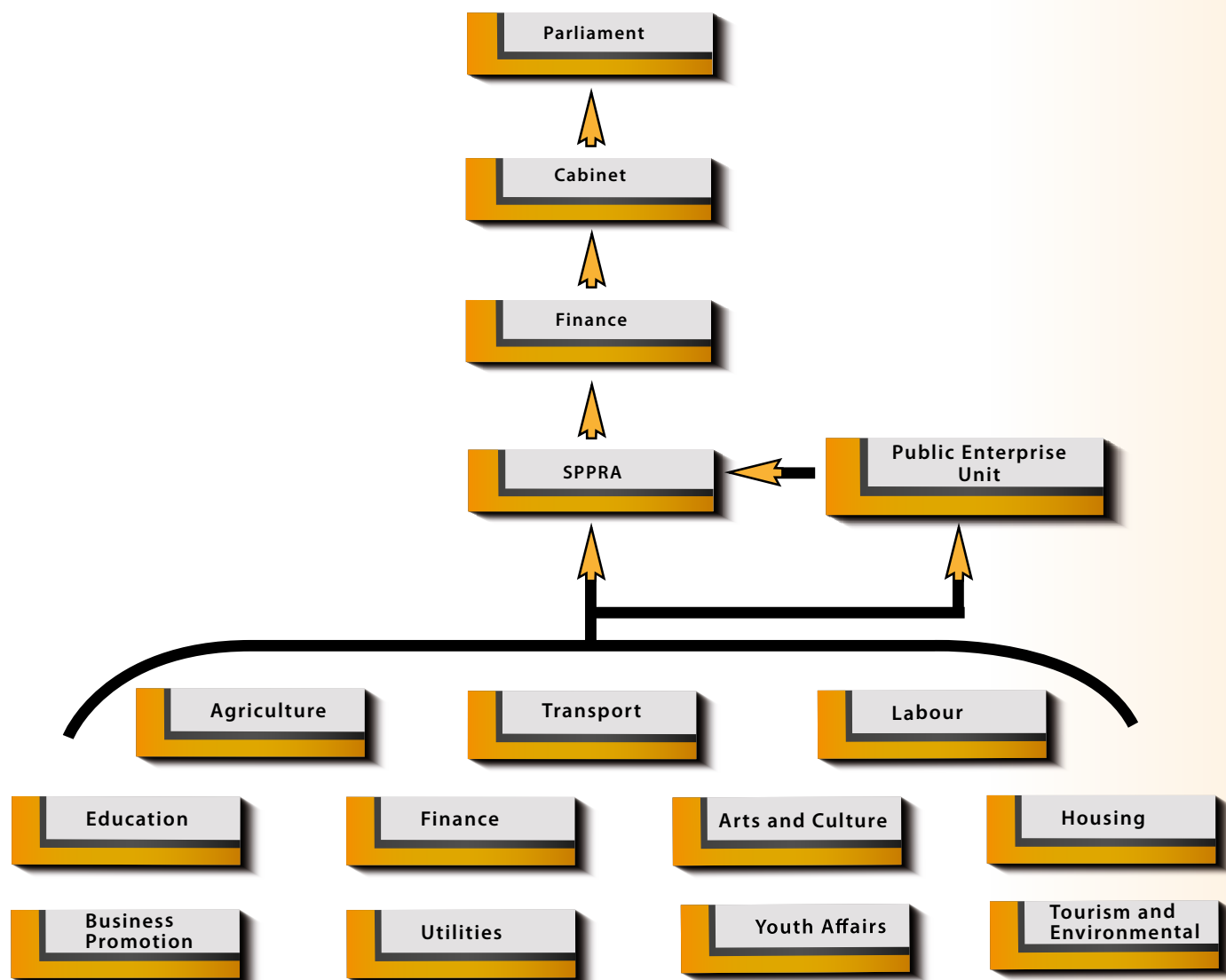


Figure 1: Work scope and reporting relationships of SPPRA

BOARD OF DIRECTORS

The current (appointed with effect from 1 July 2016) board of directors of the SPPRA are as follows:

- Doctorate (Honorary) - University of California, USA.
- BA Liberal Studies Arts - Antioch University, USA
- Diploma (Accounting and Finance) Seneca College of Applied Arts and Technology, (Canada)
- Leadership Programme (Burlington Northern Railway)
- Leadership Centre, Certificate, USA
- Senior Management Programme (Mananga, Swaziland)



DR. GIDEON MAHLELELA (F.Inst.D)

Chairperson



- Post Graduate Diploma (Advanced Banking) - University of Johannesburg
- Bachelor of Laws (LLB) - University of Swaziland
- Bachelor of Arts (with Law) - National University of Lesotho
- Diploma: Personnel & Training Management - Damelin Management School, Swaziland
- NCR Debt Counselor's Certificate - University of Pretoria LawClinic

Ms. Doris Tshabalala

Vice Chairperson

- Diploma in Business Administration (Accounting and Economics) - College of Business Education, Tanzania
- International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) - Price Water House Coopers, Mbabane.
- Advanced Treasury Management For Reserves Management - World Bank, Washington DC
- Treasury Management for Reserves Management - World Bank, Paris.
- Managing Capital Flows in a Volatile Financial Environment - World Bank and The Federal Reserve Bank of San Francisco, Bangkok, Thailand
- Advanced Portfolio Management – The Federal Reserve Bank of New York, New York
- Central Banking and Monetary Policy Formulation and Implementation - The Federal Reserve Bank of New York, New York.

Mr. Albert Mhlanga

Member



BOARD OF DIRECTORS



- Bookkeeping and Accounts - Pitman Examination Institute
- Assistant Accountant General - Ministry of Finance (Treasury Department)
- Central Tender Board Member

Mr. Jabulani Z. Hlatshwako

Member

- MSc Leadership and Change Management - Leeds Metropolitan University, London
- Graduate Diploma in Purchasing and Supply Management - CIPS, London
- Diploma in Secretariat - Swaziland College of Technology • Certificate in Stores Management
- Certificate in Accounting and Management

Ms. Reginah N. Masilela

Member



- American High School Diploma - Englewood in Denver, Colorado
- Management Development & Leadership (London)
- Leadership Development, Management Skills, Train-the-Trainer, Focus 2000 (Strategic Planning) and Performance Management (all in Harare, Zimbabwe).
- Senior Management Development & Leadership (Nairobi, Kenya)

Mr. Harry S. Nxumalo

Member

- Master of Business Administration (MBA), Maastricht School of Management, Netherlands.
- Bachelor's in Commerce (Accounting), University of Swaziland • Enterprise Development
- Certified Accountant from the Association of Chartered Certified Accountants (ACCA).

Mr. Bongani J. Motsa

Secretary



EXECUTIVE MANAGEMENT

- *Master of Business Administration (MBA), Maastricht School of Management, Netherlands.*
- *Bachelor's in Commerce (Accounting), University of Swaziland*
- *Enterprise Development*
- *Certified Accountant from the Association of Chartered Certified Accountants (ACCA).*



Bongani J. Motsa

Chief Executive Officer



Mr. Jacques Dube

- *Diploma In Practical Accounting*
- *Diploma in Accounting & Business Studies*
- *Bachelor's Degree in Business Administration*
- *Member of the Institute of Finance Officers (SA) IMFO*

Director of Finance and Administration



Mr. Buhle B. Dlamini

- *LLB Degree (UNISWA), C.O.P Insurance (iisa)*
- *Admitted Attorney of The High Court of Swaziland*
- *Member of The Law Society of Swaziland*
- *Member of Lawyers for Human Rights*
- *Board Member Of Rock Of Hope*

Director of Procurement Policy, Legislation and Investigations

EXECUTIVE MANAGEMENT

- *Master of Business Administration (MBA),*
- *University of Utah - David Eccles School of Business*
- *BS, Finance and Economics*
- *Dip. Bus. Mngt., Bookkeeping*



Mr. Sibusiso Sibandze

Director of Monitoring and Oversight



Mr. Mbuso Dlamini

- *Master of Science in Artificial Intelligence and Robotics (De Montfort UK)--ongoing*
- *Bachelor of Engineering in Industrial Engineering University of the Witwatersrand*

Director of Information and Communications Technology (ICT)

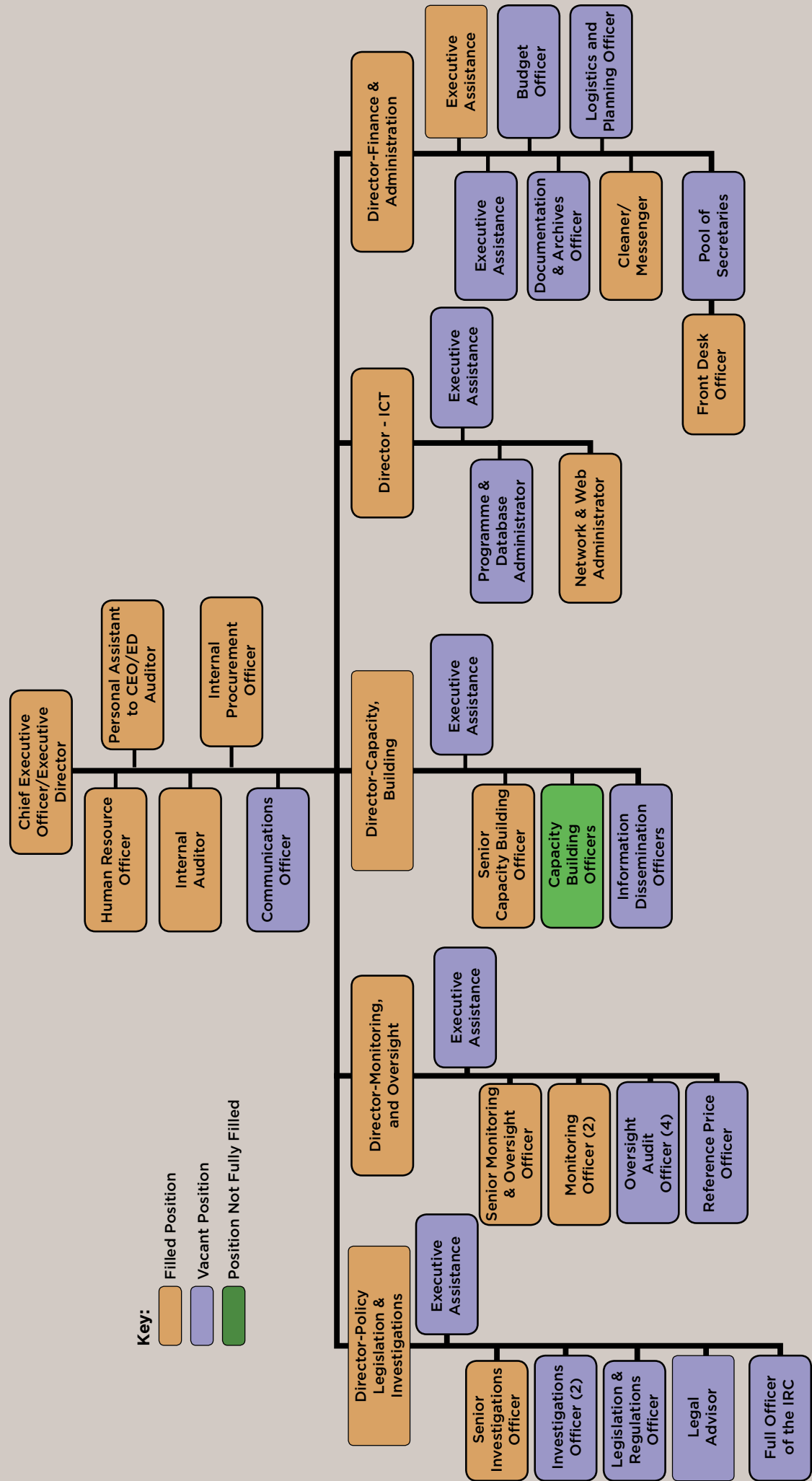


Mr. Madoda Mngomezulu (FCICM)

- *Master of Business Administration (MBA)*
- *Bachelor of Education (Commerce), UNISWA*

Director of Capacity Building

ORGANOGRAM



FUNCTIONS OF SPPRA

Part II, Section 10 of the Act requires the Agency to have the competence, authority, power and responsibility to enforce the Act and public procurement regulations issued under the Act. The Act outlines the functions of the Agency as follows:

- a) Policy formulation - in pursuance of which the Agency shall:
 - i. Advise the Government and procuring entities on procurement policy and all other matters relating to public procurement; and
 - ii. Report on the performance and functioning of the public procurement system and recommend changes.
- b) Regulation - in pursuance of which the Agency shall:
 - i. Formulate regulations governing the procurement of goods, works and services for the Government and recommend these to the Minister;
 - ii. Issue public procurement manuals, circulars and instructions to provide further guidance on the interpretation and application of this Act and public procurement regulations issued under this act;
 - iii. Issue standard tender documents and other standard procurement documents whose use shall be mandatory in all procurement proceedings by procuring entities, unless otherwise specified by the Agency;
 - iv. Promote measures to facilitate participation by Swazi companies in public procurement; and
 - v. Consider applications for deviations to public procurement processes, methods and rules in accordance with section 6.



FUNCTIONS OF SPPRA

- c) Oversight of public procurement - in pursuance of which the Agency shall:
 - i. Monitor compliance with this Act and procurement performance by procuring entities;
 - ii. Conduct audits of any procurement activities governed by this law;
 - iii. Investigate the conduct of any procurement activities that are suspected to involve violations of this law or public procurement regulations; and
 - iv. Refer breaches of this Act to the relevant budgetary, oversight and law enforcement bodies or initiate prosecution action by the Agency where appropriate;
 - v. Constitute and provide secretariat services to Independent Review Committees, where required for the purposes of administrative review; and
- vi. Maintain a list of tenderers and suppliers who are suspended from participation in public procurement.
- d) Capacity building in, and professionalization of the public procurement system - in pursuance of which the Agency shall:
 - i. Coordinate and promote capacity-building and professional development in the public procurement system; and
 - ii. Work with the appropriate human resources authorities to set standards and professional qualifications requirements for staff involved in procurement activities; and
- e) Data and information management in pursuance of which the Agency shall organise and maintain systems for the management and public dissemination of procurement data, statistics and information.



BOARD CHAIRPERSON'S MESSAGE



“At the centre of this is the Agency’s inability to offer market related remuneration packages.”

Following the appointment of the Board of Directors in April 2013, the Swaziland Public Procurement Regulatory Agency (SPPRA) officially came into existence on 27th May 2013 through the issuance of Public Notice No. 74 of 2013, which was entitled: The Procurement Act (24 May 2013).

Since inception, the Agency has encountered several challenges, which are outlined in this annual report. The main challenge has been slower than expected recruitment relating to filling the critical positions that are necessary to install the required institutional and technical capacity. At the centre of this is the Agency’s inability to offer market related remuneration packages.

Strategy

The Agency developed its first strategic plan during the year under review, which was approved by the Board on 18th July 2015. Although during the period from 2007 to late 2009 Government showed its commitment to overhauling the public procurement system by financing a whole of Government procurement reform plan through a technical services contract with Crown Agents, public procurement regulation and modernisation is a new phenomenon in Swaziland.

BOARD CHAIRPERSON'S MESSAGE

It is against this backdrop that the main focus since the establishment of the Agency has been in building institutional and technical capacity within the Agency and among procurement entities. The Board has adopted the Deep-Diving Strategy Model wherein from time-to-time the strategy will be reviewed to ensure agility and currency.

In this way changes in the operating environment will be tracked and responded to in real time.

Oversight

The setting up of the critical functions of the Agency, which include the areas of policy, legislation, investigations, monitoring, and oversight had not been finalised by the end of the period under review.

However, I am pleased to report that the Agency had developed and submitted to the Honourable Minister of Finance the draft Public Procurement Regulations by October, 2014. These Regulations have not yet been passed into law due to the need for incorporating stakeholder input and subjecting the revised version to technical review, which is a process that had not been finalised by the end of the reporting period.

Governance

The Board exercised its oversight function throughout the period and established an Audit Committee as a sub-committee of the Board to ensure the effectiveness of internal controls and oversee the Internal Audit function.



Dr. Gideon Mahlalela

Chairperson of the Board of Directors

EXECUTIVE DIRECTOR'S MESSAGE



“ It is my sincere pleasure to present the first ever annual report of the SPPRA since its establishment in 2013. ”

It is my sincere pleasure to present the first ever annual report of the SPPRA since its establishment in 2013. This report highlights the important milestones the Agency has achieved since its inception, the challenges as well as future prospects of the Agency.

Major Achievement since the Agency 's Inception: Generally, major activities in the period under review have been largely towards operationalization of the Agency than technical. Operations of the Agency have been undertaken under an annual subvention of E3.6million in 2013/14, E3.6

million in 2014/15, and E8.24 million in 2015/16. In this regard, the financial support that the Agency has received from the Swaziland Government in the form of subvention is highly appreciated. The Agency is sincerely grateful to the Minister of Finance for the improved subvention in the last financial year.

Since inception, the Agency 's major achievements are as follows:

- i. Fourteen (14) [32%] staff members have been recruited out of a targeted staff compliment of 44, by 31 March 2016.
- ii. Securing of office space for the Agency.
- iii. Establishment of the Agency's website.
- iv. Development of a strategic plan that was approved by the Board in July 2015.

EXECUTIVE DIRECTOR'S MESSAGE

- v. Preparation of a 3 year Medium Term Plan for 2015-2018 that was used to mobilize resources in the form of 3.6 million - 8.24 million over the period under review, reflecting a 128% increase in government subvention.
- vi. Awareness training was conducted through various fora on the Public Procurement Act, 2011, to 100% of the procuring entities, Senate members of the Parliamentary Finance Portfolio Committee, and the Public Accounts Committee (PAC).
- vii. Setting-up of a Standing Review Panel (SRP) in accordance with section 50 of the Public Procurement Act, 2011 (has 12 members).
- viii. Six (6) administrative review cases have been handled and concluded by Independent Review Committees (IRCs) drawn from the SRP in accordance with the Act.
- ix. An e-Procurement Readiness Assessment has been initiated during year under review to pave the way for the development of an e-Government Procurement Strategy for the country.
- x. A Memorandum of Understanding (MoU) was signed and launched with the Construction Industry Council (CIC) and a joint project on construction procurement standardisation has commenced under this arrangement. A significant achievement considering the existence of the Construction Industry Council Act, 2013, which includes provisions on public procurement.
- xi. Successful mobilization of resources to supplement the subvention from various international and local partners e.g. inclusion of the SPPRA project in an ongoing Improving Public Sector Performance (IPSP) to the tune of circa US\$4 million (E57 million) for the public procurement reform subcomponent thereof, under the World Bank for 2015-2020 wherein they are going to be funding SPPRA.
- xii. First draft Public Procurement Regulations were finalised and presented to the Ministry of Finance in October 2014. However, the Agency had to recall the draft regulations in order to conduct an extensive consultative process with stakeholders and the general public.

EXECUTIVE DIRECTOR'S MESSAGE

- xiii. Six (6) circulars have been issued by the Agency on the following: market prices; reporting and procurement planning; fees for administrative review and appeals against suspension; notices of intention to award contracts in terms of Section 45 of the Act; Public Procurement Procedures; and submission of reports including procurement plans, (issued with guidance and a template to assist the Agency in monitoring the performance of procuring entities).
- xiv. Incorporation of measures to promote participation of Swazi companies in Public Procurement Regulations in the form of preference margins and partnering by foreign tenderers with local companies and citizen service providers.
- xv. Achieved unqualified audited financial statements since the Agency's inception (2 financial years).

Having carried out the above activities, the Agency spent E750 775.00 in 2013/14, E3,197, 487 in 2014/15 and 5,933,277 in 2015/16.

Challenges

As much as the Agency has realized significant milestones since its inception, a number of challenges have been encountered. Some of the challenges include:

- i. Initial financial constraints i.e. the initial subvention was inadequate to commence recruitment for a majority of the critical positions.
- ii. Inadequate staffing levels due to phased-in approach to recruitment that has further been bogged-down by scarcity of skills in the country on procurement. The low classification under the PEU remuneration ceilings for category A public enterprises (at Group 5E) led to more than 50% of the preferred candidates declining the respective job offers. Retention of staff has also been a challenge due to the low remuneration on offer and inability to attract high calibre staff that can effectively kick-start the different departments in the first place.

EXECUTIVE DIRECTOR'S MESSAGE

- iii. Delayed access to the Government Commitment system to facilitate completion of a Reference Price project involving the collection of market prices for Government.
- iv. Due to lack of Public Procurement Regulations issued under the Act, a court judgment on the validity of the Public Procurement Procedures has been adverse. However, major procuring entities have indicated that they are adopting the best practices contained in the Procedures and that they have found them to enhance their ability to comply with the Public Procurement Act, 2011.

Prospects for the FY 2016/2017

In line with the Agency's strategic plan, in the upcoming financial year, the Agency's activities will be towards achieving deliverables in the following strategic focus areas:

Table 2: Urgent Deliverables

<i>Urgent Milestone</i>	<i>Why it is Urgent</i>
1) Issuance of Public Procurement Instructions pending full passage of the Regulations by Parliament	The Public Procurement Act No. 7 of 2011 (the Act) requires the existence of regulations to enable compliance with most of its provisions (e.g. applications for deviations and thresholds for issuance of tender award notices require regulations). Currently, there are no regulations issued under the Act and procuring entities are experiencing difficulties in complying with the Act.
2) Employment of a capacity assessment tool to allocate levels of authority to all procuring entities	<ul style="list-style-type: none"> Section 27(3) of the Act requires the Agency to grant levels of authority, which shall be determined by the capacity and workload of each procuring entity. None of the procuring entities have been assessed as required above. Therefore, there is an urgent need to comply with the Act in terms of legitimizing the ability of PEs to conduct procurement.
3) Issuance of Standard Bidding Documents (SBDs)	Current unavailability of reliable and easy to use SBDs greatly delays procurement proceedings and has resulted in negative procurement outcomes.
4) Issuance of a Public Procurement Manual	PEs have acknowledged that there is a lack of a procurement cadre, but are requesting that at least a manual be made available to improve their compliance without jeopardizing the efficiency of their respective business operations.
5) Deployment of a capacity building strategy	There is an urgent need to develop capacity to be in harmony with the new regulatory framework including the training of staff of the Agency, procuring entities, requesting entities, the Government Tender Board, the private sector, and key decision makers.

EXECUTIVE DIRECTOR'S MESSAGE

Lastly, on behalf of the Agency's management team and entire staff, may I thank the Swaziland Government for the financial support over the years of the Agency's operations. Our sincere appreciation is also extended to our international, regional and local partners for their support over the past 3 financial years. We are also sincerely grateful to the SPPRA Board of Directors for steering the Agency through the challenging times of establishing the Agency from the ground as they had to deal with operational matters. The SPPRA also extends gratitude to the procuring entities who continue to comply with public procurement procedures and the people of Swaziland who support the work of the Agency.

I would have not done justice if I would not specially recognise the work accomplished by the entire members of staff of the Agency on a daily basis. These are the men and women who work diligently day in and day out to ensure that the vision and mission of the Agency is fulfilled, thank you.



Bongani J. Motsa
Executive Director

CHAPTER 1

REGULATORY PROCUREMENT FRAMEWORK IN SWAZILAND

1.1 Historic Overview and Context

1.2 The Public Procurement Act, 2011



1.1 Historic Overview and Context

An Interim Strategy note for 2008-2010 which was prepared by the World Bank indicated that Swaziland's economic performance was characterized by weak fiscal management and lack of discipline in expenditures domestically and by declining external conditions. Swaziland's revenues depend very much on the Southern African Customs Union (SACU), which renders Swaziland uncompetitive and vulnerable should SACU revenues decline. The country continues to experience pressure for deeper reforms in public finance management, the budget process, and public procurement. A Crown Agent's procurement strengthening report of 2012 indicates that Crown Agents has through specialist procurement guidance, institutional development, capacity building and systems reform streamlined Swaziland's procurement activities thereby helping the government to save money, improve public services and strengthen the national economy. More specifically, Crown Agent assisted in the preparation of the Procurement Regulations, 2008. It was then common practice particularly in Commonwealth countries to issue public procurement regulations under a Finance Act. Swaziland enacted the Public Procurement Act No. 7 of 2011 (the Act) and brought it into force on 27 May 2013 through a legal notice that was issued by the Honourable Minister of Finance. Currently, there are no aligned procurement regulations, operations manuals and Standard Bidding Documents (SBDs) prepared to underpin the Act. However, draft Public Procurement Regulations, 2015, which are in the pipeline for full passage have been developed by the Board of Directors of the Agency as the principal tool for implementing the Act.

Fraud & Corruption

In Transparency International's Annual Corruption Perception Index for 2011, Swaziland was rated below average with a score of 3.1 and a ranking of 95 out of the 174 countries that were surveyed. In 2012, Swaziland scored 3.7 and was ranked at 88 out of the 176 countries that were surveyed. This was a recognizable improvement. The Country has received support under the "Governance and Anti-Corruption framework", which assisted in the preparation of the Public Procurement Act, 2011. There is no recent or available study to provide an analysis on how in practice the anti-corruption measures are applied and their effect on public financial management, in particular public procurement.

1.2 The Public Procurement Act, 2011

Prior to enactment of the Public Procurement Act of 2011, the country's procurement sector had been regulated largely by the Public Enterprises (control and monitoring) Act, 1989, which established and regulates the functions of the Public Enterprises Unit (PEU). The Public and Enterprise Act also provides a schedule of public enterprises according to their categories (A and B).

Additionally, in accordance with the Terms of Section 26 of the Finance and Audit Act, No 18 of 1967, the Swazi Government enacted the Public Procurement Regulations, 2008, with the main purpose being to regulate the procurement of goods, works and services by government Ministries and Departments.

In 2013, the Public Procurement Act of 2011 was pronounced into law by the Minister of Finance through a government gazette. This is the Act that established the SPPRA. Section 3 (1) of the Act states the purpose of the Act is to establish public procurement institutions and to regulate the procurement of goods, works and services by procuring entities. The objective of the Act is to establish a system and practices that serve to:

- a) ensure transparency and accountability in public procurement while maintaining appropriate confidentiality of information;
- b) achieve economy, efficiency and maximum competition to ensure value for money in the use of public funds;
- c) promote more diverse private sector participation, through fair and non-discriminatory treatment of tenderers;
- d) develop economic capacity in Swaziland, through the provision of opportunities for Swazi companies to participate in public procurement; and,
- e) promote regional and international trade in accordance with agreements entered into by the Government of Swaziland.

CHAPTER 2

SPPRA BACKGROUND

2.1 Establishment



2.1 Establishment

The Swaziland Public Procurement Regulatory Agency (“SPPRA” or “the Agency”) is an independent regulatory body, established as a public enterprise under section 9 of the Procurement Act 2011 (the Act), which came into force on 27th May, 2013, through Legal Notice No.74 of 2013. The Agency is currently listed as a Category A Public Enterprise and reports administratively to the Ministry of Finance. The Agency commenced operations in 2013, with the appointment of the first Board of Directors in April 2013 and the appointment of the Chief Executive Officer/Executive Director in November 2013. The Agency has adopted an incremental recruitment approach and by the end of March 2016 employed a total of fourteen (14) staff members.

The SPPRA Operational Structure comprising the organisational structure and a delineation of directorates, functions, and job descriptions was developed by the Board in January 2014. In terms of its institutional framework document, the Agency envisages that a full staff complement of 44 will be reached by the end of the 2016/17 financial year.





Chapter 3

Operational *Performance* Review

3.1 The Public Procurement Act

3.2 Public Procurement Regulations

3.3 Staff Recruitment

3.4 Institutional Framework Set Up

3.5 Preparation of the Strategic Plan

3.6 Quality Management System

3.7 Monitoring of Prices Paid by Government

3.8 Special Projects

3.1 The Public Procurement Act, 2011

Part I, Section 8, (3) of the Act states that: “The Agency shall identify any required additions or amendments to the legal and regulatory framework for public procurement to support the application of information and communications technology and shall promote their introduction.” In this regard, during its operations in the period under review, the SPPRA has encountered challenges related to enforcement of some sections of the Act which require amendment. The Agency noted the following provisions of the Act that need amendment:

- Whereas the Act in Sections 6 and 10, (b), (v) empowers the Agency to handle deviations, the Agency recognizes that this puts it in a position of ‘player and referee’ at the same time. Therefore the Agency recommends that this provision needs to be amended such that the handling of deviations is removed from the responsibilities of the SPPRA, but rather another body is appointed to handle deviations.
- The Act also needs to repeal a number of previous Acts and regulations related to public procurement so that at the end, there is one legislation that regulates procurement. However, in this regard, the Agency has already instituted measures to increase its capacity in the interpretation of legislative pieces by strengthening of the Policy, Legal and Investigations Directorate, and the compiling of a database for its jurisprudence.
- Throughout the Act, there is inconsistent reference of the SPPRA. In some sections, the Agency is referred to as an ‘Authority’ and therefore, there is a need to clarify this.
- Whereas Section 10, (c) (v), Section 11 (f) and Section 50 of the Act empowers the Agency to constitute and provide secretariat services to Independent Review Committees (IRCs), this has the potential of introducing impartiality on the part of the Agency since the IRCs are financially supported by the Agency as they do not have an independent budget. Therefore, the “independence” of the IRCs is compromised in that regard, and to the eyes of the general public, it may be difficult to believe the existence of “independence” therein. As a result, the Agency recommends that the constitution and secretarial support of IRCs should be removed from its mandate and be placed with a neutral body in order to allow full autonomy of the IRCs.

3.2 Public Procurement Regulations

It is worth noting that the existence of the Act without the immediate commencement of the Public Procurement Regulations (PPRs) renders majority of the sections of the Act unenforceable.

For example the Act provides that the PPRs shall define the stages of the procurement process; shall define the procuring entity responsible for different types and values of procurement; a procuring entity shall use one of the methods specified in the PPRs for all

procurement; all procurement activities shall be conducted in accordance with the detailed rules specified in public procurement regulations. Therefore, the biggest question is that since the PPRs are not in place yet, which instrument in line with the Act are the PEs using as a guide in their procurements. As a result, the Agency cannot over emphasize the need to fast track the approval of the draft Public Procurement Regulations (PPRs) in line with the Public Procurement Act of 2011 to repeal the 2008 PPRs.

In this regard, in March 2016, the Agency held stakeholder consultative meetings in order to incorporate stakeholder comments onto the draft PPRs. The stakeholder comments had been solicited through a public notice whose publication commenced as early as April 2015. The Agency extended the deadline for submission of comments three times to ensure that stakeholder input received would be substantive and comprehensive. The March 2016 consultative meeting was attended by a member of the Board, who is a legal expert, management and a legal officer from the Ministry of Finance, among others. The Agency is grateful to the Ministry for sending a senior member of their legal team as this proved to be beneficial during the meeting. Currently, the draft Regulations, the input from stakeholders and the Agency's responses still await a technical review by a suitably qualified public procurement expert, a process which will culminate to submission of a final draft of the Regulations to the Honourable Minister for commencement of the standard legislative process (leading to full passage by Parliament).

3.3 Staff Recruitment

The Agency has adopted an incremental recruitment approach and by the end of March 2016 employed a total of fourteen (14) staff members. An ongoing recruitment process is targeting the filling of 11 critical technical staff vacancies mainly in the areas of capacity building, investigations, human resource management, internal procurement, and information and communications technology (ICT). In the next financial year, the SPPRA plans to develop the capacity of its staff members on supply-chain management by offering short training on basic supply-chain principles. This is necessitated by the scarcity of skills in the country of people with that expertise.

3.4 Institutional Framework Set Up

In 2014, the Board approved the Institutional Framework Set Up of the SPPRA. The institutional framework set up entails the Organizational Structure, and a delineation of directorates, functions and job descriptions.

The main purpose of the Framework is to guide the establishment of the organs and positions of the SPPRA and to articulate the main roles, functions and reporting lines within the Agency. The Framework is a living document of the Board of Directors of the Agency and as such, it also guides the development and implementation of operational policies and procedures of the Agency.

3.5 Preparation of the Strategic Plan (2015/16-2019/20)

In 2015, the first strategic plan of the SPPRA was developed against a backdrop of a phased-in approach to recruitment and capacity building. It is envisaged that the implementation of the strategic plan will fast-track the transformation of public procurement in Swaziland and further advance capacity development and utilisation.

3.6 Quality Management Systems

The Agency also commenced the processes for ultimately achieving ISO certification, including certification on Quality Management Systems and, to this end, invited the Swaziland Standards Authority (SWASA) to deliver a presentation to the Agency's management and staff. Accordingly, the Agency has embarked on a process for polishing up its operational processes for all directorates and departments in preparation for the first step of the ISO certification processes.

3.7 Monitoring of prices paid by Government

During the period under review, the Agency commenced a project whose primary objective is to compile a report on market prices for commonly purchased items (described as common use items in the Act), particularly to serve as a reference for procuring entities. Procuring entities will be required to make reference to this list when preparing procurement plans, evaluating bids, awarding tenders and shopping for low value items. This follows the publication of SPPRA Circular No. 1 of 2015, entitled: "CONTROL OF PRICES PAID BY PROCURING ENTITIES TO PREVENT AWARDED OF CONTRACTS TO TENDERERS THAT OFFER PRICES ABOVE MARKET." The on-going Market Prices Project seeks to put in place a process that will enable the publication of regular updates on the market prices of common use items procured by Government. Further, the project will result in the production of the Price Comparison Schedule.

3.8 Special Projects

The Agency attended workshops that were arranged by a World Bank Mission, which was in the country for the preparatory phase of the upcoming Improving Public Sector Performance (IPSP) project. The IPSP project includes public procurement reform as a major sub-component. A draft results framework and 'costed' Plan of Action was completed with the assistance of the World Bank, the Ministry of Finance, and other stakeholders. It is hoped that an amount of over USD4 million will be made available over a five-year period for the public procurement reform sub-component under this project. The following output targets for the procurement sub-component of the IPSP project were agreed:

- i) e-Procurement System developed and operational;
- ii) Professional Procurement cadre established;
- iii) Procurement system and processes reviewed;
- iv) Improved procurement capacity in all procurement structures;
and
- v) Advocacy and Change management strategy developed and implemented.

In addition activities were included in the plan for undertaking immediate measures for strengthening monitoring and oversight capacity to produce annual public procurement performance reports.



Chapter 4

Technical Performance Review

4.1 Allocation of Levels of Authority

4.2 Introduction of Information and Communications Technology (ICT) in Public Procurement

4.3 Development of Procurement Management Tools

4.4 Capacity Building of Procuring Entities

4.5 Monitoring of Procurement Carried Out by PEs

4.6 Performance of Procuring Entities

4.7 Research and Surveys

4.8 Technical Assistance Required by the Agency

4.1 Allocation of Levels of Authority

The Agency has a duty to allocate levels of authority, which includes thresholds/ceilings to procuring entities in accordance with the Public Procurement Act, 2011. Section 27 of the Act requires that the Agency should allocate such levels of authority and authorize the establishment of Entity Tender Boards after conducting an assessment of the procurement capacity and workload of each procuring entity. In pursuit of this objective, the Agency issued an open tender (Request for Proposals, or RFP) to engage consultants with international experience and expertise to undertake the exercise. However, only two bids were received, one of which was determined to be non-responsive. Therefore, the Agency has gone back to the drawing board and identified the need to dovetail the processes of a planned baseline study to ‘piggyback’ the assessments onto the same questionnaires to minimize fatigue on the part of the desired respondents and thereby secure a good outcome. This project is ongoing.

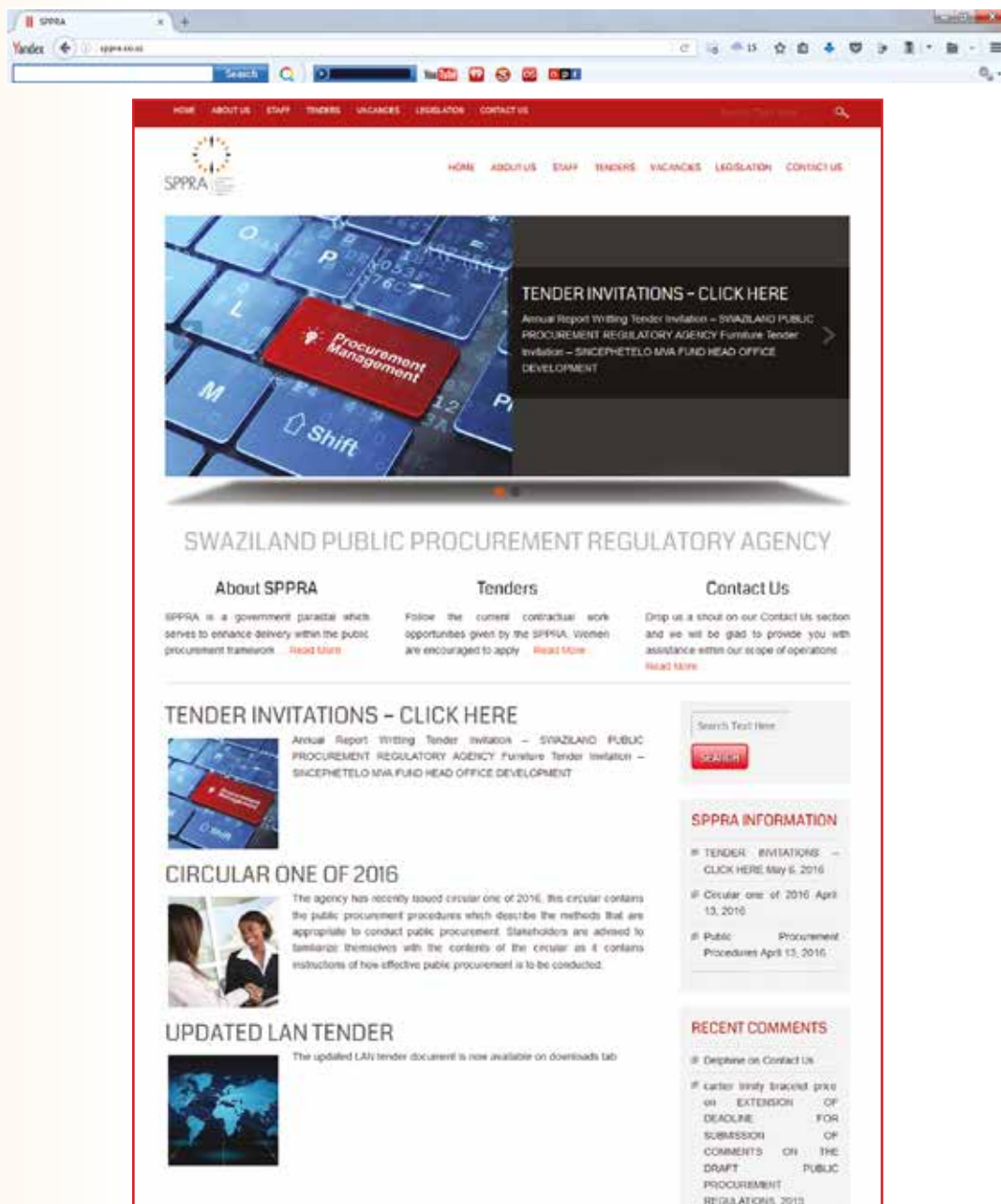
4.2 Introduction of Information and Communications Technology (ICT) in Public Procurement

Part I, Section 8 of the Act states that: “The Agency shall examine and recommend ways of introducing in public procurement, at appropriate stages, the use of information and communications technology, and other technical innovations, where such technology promotes the objectives of this Act.” Therefore, in this regard, during the period under review, the Agency has established a website wherein the general public is able to access public procurement information and activities carried out by the Agency. Section 8 of the Act provides that: “The text of this Act, public procurement regulations and all administrative rulings and directives of general application in connection with procurement covered by this Act, and all amendments thereof, shall be promptly made accessible to the public and systematically maintained by the Agency.” Therefore, the establishment of the website is a major milestone for the Agency as it does not only make it comply with provisions of the Act, but also places it at par with its counterparts world-wide and meet international standards. The website publishes information on awarded contracts, tender opportunities, circulars, and Independent Review Committee (IRC) rulings among other pieces of information published on the website. Figure 3 shows a snapshot of the Agency’s website. The Agency also boasts of an in-house capacity to develop software under the ICT Directorate.

Additionally, during the period under review, the Agency successfully mobilized resources from the United Nations Development Programme (UNDP) for the production of terms of reference for developing an e-Procurement Strategy for the country and for conducting an e-Procurement Readiness exercise. These will form the bases for identifying opportunities to improve outcomes, both policy and financial, through the cost effective use of technology. The ICT Directorate engaged meetings with the Registrar of Companies to pursue the target

of establishing electronic linkages with the national registry of companies to mainly facilitate the monitoring and oversight function of the Agency. The current developments are in line with producing the national e-government strategy and the initiatives under the upcoming e-procurement project.

Figure 3: A Snapshot of the Agency's Home Page



4.3 Development of Procurement Management Tools

The Act mandates SPPRA to develop standard tender documents and other guidelines to be used by procurement entities in carrying out and monitoring procurement. In the period under review, technical assistance has been mobilized from Management Sciences for Health (MSH), an international non-governmental organization (NGO) to develop manuals and standard bidding documents for the health sector. These will be modified once the Regulations have been approved.

The Agency is also considering introducing a monitoring system for capital project to ameliorate excessive and unreasonable variations. Government Central Stores has approached the Agency to solicit assistance with regard to improving their processes in procurement, inventory management, and disposal management. This has since been incorporated as one of the priority areas for the next reporting cycle.

4.4 Capacity Building of Procuring Entities

During the period under review, the Directorate of Capacity Building commenced a due diligence exercise aimed at identifying training service providers for the execution of the Agency's training plans. This process centres on the administering of a due diligence questionnaire and evaluation of responses from training providers, including evidence to support assertions. The process is being deployed to identify accredited training intuitions, which possess the necessary skills and capacity to provide nationwide public procurement related training. Further, the information gathered from this tool, will form part of a process of planning and executing the Agency's capacity building mandate as well as address external stakeholders' capacity building needs.

Currently, the due diligence questionnaire has been distributed to eight institutions. The Agency is currently drafting training modules targeted at external stakeholders. The content of the training modules will be based on the existing legislation and best practice and is intended to assist PEs in gaining knowledge on how to procure efficiently and effectively. The Agency has already asked for nominations and is working on a conversion methodology to establish the procurement cadre.

High-Level Stakeholder Engagement

During the period under review, the Agency conducted workshops for high-level government officials and politicians. The specific target audiences are the Principal Secretaries, Chief Executive Officers of category A entities, Parliamentary Finance Portfolio Committee, the Swaziland Government Tender Board and the Technical Secretariat. Of the five workshops, the Agency successfully engaged the Swaziland Government Tender Board and Technical Secretariat, as per Section 27 of the Act.

Dissemination of the Public Procurement Act and Procedures

Awareness training was conducted through various fora on the Public Procurement Act, 2011, to 100% of the procuring entities, Senate members of the Parliamentary Finance Portfolio Committee, and the Public Accounts Committee (PAC). The Agency has conducted workshops to disseminate the Public Procurement Act and procurement procedures in order to enable effective implementation of the Act. As shown in Table 3, a total of 163 PEs staff have attended the dissemination workshops.

Table 3: DCB stakeholder engagement as March 2017

Number of engagements	Time Period	Workshop Title	Target Audience	Total Number of PEs who attended
1	March - June 2016	High Level Government Workshops	Principal Secretaries; CEO; Parliamentarians	50
2	August 2016	SUPREM Training	Head of Proc Unit/ Equivalent	37
3	August 2016	SUPREM Training	Government Suppliers	12
4	February 2017	Regulatory framework and SUPREM Training	Controlling Officer	30
5	February - March 2017	Regulatory framework and SUPREM Training	Head of Proc Unit/ Equivalent	34

4.5 Monitoring of Procurement carried out by PEs

4.5.1 Monitoring and Oversight

Since inception, the Monitoring and Oversight Directorate has conducted oversight action for several Ministries. These include:

- the ministry of Home Affairs was assisted in planning for national events to facilitate early advertisement of procurement for these events;
- the Ministry of Tinkhundla Administration and Development was assisted in the review of procurement activities linked to the Rural Development Fund;
- meetings were held with Swaziland Railway in relation to the new project for constructing a rail link between Swaziland and South Africa;
- various follow up visits were concluded with entities that had submitted applications for deviations from public procurement methods, rules, processes, and documents in line with section 6 of the Act.

Currently, most of the deviation applications are an indicator of capacity gaps and flaws that may exist within the system that need urgent attention.

4.5.2 Administrative Reviews

The Act requires the Agency to constitute a Standing Review Panel from which Independent Review Committees will be drawn to hear applications for administrative review and appeals against suspension from participating in the procurement process on a case by case basis where an entity has been found guilty of misconduct. The administrative review process caters for tenderers who are aggrieved over an outcome of a tender award process. In compliance with Section 50 of the Act which deals with this issue, the Board has appointed 12 members of the Standing Review Panel, which is an unpaid pool of professionals from which 3 members of an Independent Review Committee are drawn as and when applications for administrative review and appeals against suspension are received by the Agency. During the period under review, 3 applications for administrative review have been received, of which 1 was rejected on the grounds of being submitted out of time (beyond a 10-day window prescribed by the Act) and 2 are currently ongoing.

Table 4 shows a summary of administrative reviews carried out during the reporting period. On the other hand, the number of applications for administrative review is increasing and they are resource intensive as they involve a lot of investigation before the Independent Review Committee can make a determination on these cases. Taking into account that the activities of the Independent Review Committee are funded through the Agency's budget this affects the core activities of the Agency in terms of sufficiency of funding.

In order to raise supplementary funds in the long term for the Independent Review Committee's activities, the Agency will issue a circular which establishes application fees for any cases that are submitted for review. This will further serve as a deterrent to individuals who do not have genuine complaints.

Table 4: Administrative Reviews and Their Current Status

IRC Case No.	Tender Name and Reference	Procuring Entity	Applicant	Upheld / Denied	Current Status
1	Tender No. 1 of 2014/15 for the Pre-qualification Exercise	Ministry of Natural Resources & Energy	Uniserve (Pty) Ltd	Declined for failure to comply with statutory time frames	High Court Judgement delivered & file closed
2	Tender No. 59 of 2014/15 Construction of Matsapha Industrial Estates Phase 11	Ministry of Commerce, Industry & Trade	Roots Civils (Pty) Ltd	Application Upheld by the IRC	IRC Judgement delivered and matter pending in the High Court on review waiting for decision
3	Tender No. 41 of 2014 / 15 Construction of and upgrades of the Zakhele gravel roads	Municipal Council of Manzini	A.G. Thomas	Upheld	IRC Judgement delivered and matter pending at the High Court
4	Tender No. 87 of 2015/16 Printing, Packaging and delivery of pupil exercise books and stationery packs for primary schools	Ministry of Education & Training	V. J. Progress Printing (Pty) Ltd	Application concluded and upheld	IRC Judgement delivered and the Ministry of education was directed
5	Tender No. 87 of 2015/16 Printing, Packaging and delivery of pupil exercise books and stationery packs for primary schools	Ministry of Education & Training	V. J. Progress Printing (Pty) Ltd	Application still to be considered by the Agency and heard by the IRC	Pending

4.5.3 Investigation of Procurement Complaints

The Act mandates SPPRA to conduct investigations on matters related to award of public contracts. A draft Investigations Procedures Manual has been completed. Since the engagement of the Senior Investigations Officer in January 2016, the Agency received and investigated 6 cases of allegations or complaints on mis-procurement as shown in Table 5

Table 5: List of Investigations Conducted for Procurement Complaints

Details of the Case	Case Status
Allegations that the procuring entity had not followed decision of the IRC	The matter was finalised by a second IRC, hence it was closed
Allegations that certain tenderers awarded for tender did some production works in foreign land in contravention with the requirements of the tender document	The matter is pending
An informer brought information that he believes that certain public officers are directorate of a certain company which has been awarded a tender for a period spanning to over five (5) years consecutively	The matter was closed as a result of lack of evidence.
An informer raised an issue that the tender document of a certain tender included specific brand of the procurement requirement which other tenderers would not be privileged to and that the procuring entity used non-existent specifications of the product required.	The matter was closed as it was dealt with by the Agency.
Internal breach of internal policy	The matter is pending investigation
An informer alerted SPPRA that a consultant that had been awarded a tender, misrepresented itself in its bid documents by including a key expert that had not agreed to be part of the consultancy team.	The matter has been withdrawn from investigations because investigations proved that there were no misrepresentations.

4.5.4 Review of Applications for Retrospective Approvals/Deviations

Retrospective approvals are those applications that PEs submit after they have already processed procurements citing reasons of emergency which resulted to the entities procuring without noticing the Agency. The Act states that a deviation from the use of a public procurement method, rule, process or document may be permitted by the Agency where exceptional requirements make it impossible, impractical or uneconomical to comply with the Act; where market conditions or behaviour do not allow effective application of the methods, rules, processes or documents; or specialised or particular requirements that are regulated or governed by harmonised international standards or practices; or, where national security may be compromised. The purpose of applying for retrospective approvals by PEs is that the Agency needs to determine if the deviation was justified or not, and to make recommendations to ensure compliance, where possible, with provisions of the public procurement procedures in future. Since establishment, the agency has received four (4) applications for retrospective review that warranted discussion, these are shown in Table 6 below.

Table 6: List of applications for retrospective approvals and their justification

<i>Nature of retrospective approval sought</i>	<i>PE's justification</i>	<i>SPPRA's Audit</i>
Ministry of Public Works and Transport procured Transport Services for Swazi Maiden (Imbali) from Ludzidzini to Mbangweni Royal Resident	No justification	No justification
Deputy Prime Minister's Office Procured printing services for printing of National Children's Policy 2009, Children Protection Welfare Act 2012 and National Plan of Action for Children 2011 to 2015	Funds were no longer accessible since the project was completed after the 31 st of March being the last quarter of Government Financial year.	Justified
Ministry of Finance procured Hotel Services without Government Purchase Order	It was due to urgency and delays in their internal processes.	Justified
Royal Swaziland Police procured uniform for 2015 Police Day.	It was an urgent need to procure the Police Uniform	Justified

4.6 Performance of Procuring Entities

During the period under review, there were a total of 91 procuring entities under the regulation of the SPPRA (ANNEX 2). Since this is the first annual report of the Agency, there are no comparative figures presented. Of note is that the report for tenders awarded by other types of procuring entities, such as parastatals and local government authorities, will be produced in the succeeding financial year as the capacity and systems for collecting the data are still being developed. Table 7 shows the proportion of contracts awarded by each of the ministries of the Government of Swaziland.

Table 7: Contracts Awarded by Government Ministries and Their Value

Ministry/Department/Agency	Financial Year 2013/2014 SZL	Number of Awards	Financial Year 2014/2015 SZL	Number of Awards	Financial Year 2015/2016 SZL	Number of Awards
Anti-Corruption Commission					0	1
Deputy Prime Minister's Office	2,394,399	1			39,266,854	6
Elections & Boundaries Commission	6,766,701	8				
His Majesty's Correctional Services	14,656,004	4	23,301,811	13	12,176,914	8
Internal Audit Department	339,962	1	250,744	1		
Judiciary - Master of the High Court			285,000	1		
Judiciary - Supreme Court			331,045	1	0	3
Ministry of Agriculture	387,677,954	8	12,774,651	23	13,426,690	18
Ministry of Commerce, Industry and Trade	4,060,558	3	84,255,432	9	10,250,953	6
Ministry Economic Planning & Development	467,063,322	9	1,286,671,892	21	4,297,571,664	33
Ministry of Education and Training	50,481,284	54	53,378,501	38	85,568,502	62
Ministry of Finance	1,325,080	8	2,777,393	13	1,335,530	10
Ministry of Health	722,696,679	195	450,712,995	68	1,372,022,292	202
Ministry of Home Affairs	7,120,833	24	13,518,709	14	12,912,506	26
Ministry of Housing and Urban Development	52,726,214	8	34,087,948	7	4,022,502	10
Ministry of Information, Communications and Technology	6,683,767	15	349,454,733	28	450,274,431	22
Ministry of Justice and Constitutional Affairs	29,528	1	21,000	1	0	2
Ministry of Labour and Social Security	160,164	5	1,358,780	8	0	1
Ministry of National Defence and Security	513,468	3	1,965,542	4	5,190,095	16
Ministry of Natural Resources and Energy	1,202,213	4	3,375,634	5	0	11
Ministry of Public Services	2,074,982	1	7,614,626	7	0	1
Ministry of Public Works & Transport	1,345,096,120	128	1,456,394,607	110	4,442,914,226	62
Ministry of Sport, Culture and Youth Affairs	495,823	7			0	1
Ministry of Tinkhundla Administration and Development	23,138,228	38	5,756,195	29		
Ministry of Tourism and Environmental Affairs	1,007,043	5	2571,842	7		
Office of the Auditor General	195,932	1	409,000	1	2,717,868	11
Parliament	568,284	3			0	5
Prime Minister's Office	272,087	5			6,212,644	9
Royal Swaziland Police	28,154,534	13	37,709,692	11	45,717,297	34
Treasury and Stores	790,630	5			4,355,743	12
Grand Total	3,127,761,793	557	3,828,977,773	420	10,805,936,710	572

4.7 Research and Surveys

The first baseline study to evaluate the performance of the procurement system in the country is on-going in order to develop a capacity building plan. A UNDP technical expert was involved to help with collection of data through a baseline study using a tried and tested online public procurement tool called Supply Positioning and Risk Evaluation Matrix (SUPREM). The on-going baseline study will provide data that will inform the development and execution of a capacity building plan to address the lack of technical capacity for public procurement in the country.

With assistance from the Improving Public Sector Performance (IPSP) project, the Agency is also conducting an e-Procurement Readiness Assessment that aims to assist the Agency to conduct a high level review of the procurement environment in the country, in order to determine the country's level of readiness to make a transition to more advanced forms of e-Procurement in a sustainable manner. The Assessment addresses the strategic foundations of e-Procurement by examining the components that are the basis for a transition to e-Procurement. The Agency also plans to establish a research unit within the next reporting cycle. Additionally, the Directorate of Monitoring and Oversight is currently designing a business process flow chart to facilitate risk based audits.

4.8 Technical Assistance Required by the Agency

The Agency requires technical assistance both at strategic and operational level. The most important outcomes for acquisition of this assistance include practical and speedy skills transfer and faster planning and implementation of initiatives.

Strategic level

The Agency would greatly benefit from the engagement of a resident technical advisor who would serve as a resident advisor to the CEO and the Board on strategic public procurement issues. Such an advisor will have relevant experience in the implementation of procurement reforms and be capable of giving guidance to the SPPRA in the implementation of its work programme.

Operational level

At operational level, the Agency requires a resident technical advisor to assist with day-to-day public procurement advisory services, capacity building including training, and development of standard bidding documents, procurement manuals, and other critical working tools. This technical advisor would also have scheduled visits twice or three times a year.

Funding for the envisaged technical support

It would benefit the Agency to receive the technical assistance through the country's development partners, such as the World Bank, African Development Bank, United Nations, and the European Union. The Agency would only be able to cover on the ground expenses such as accommodation and transport.

During the period under review, the Agency noted that there is need for capacity building with basic knowledge in technical areas such as:

- Construction industry including monitoring of unreasonable variations
- Information and Communications Technology
- Health
- Civil Aviation
- Public-Private partnerships



Chapter 5

Financial Performance

For The Fy 2016/17

ANNEX 1

General Information

Index

Directors' Responsibilities and Approval

Independent Auditors' Report

Directors' Report

Statement of Financial Position

Statement of Comprehensive Income

Statement of Changes in Funds

Statement of Cash Flows

Summary of Significant Accounting Policies

Notes to the Annual Financial Statements

Detailed Statement of Financial Performance

Supplementary Information

ANNEX 2

STATISTICS AND PROFILES OF
SPPRA's CONSTITUENCY

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Swaziland Public Procurement Regulatory Agency

*Report to Management
For the year ended 31 March 2017*

CONTENTS

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General Information

Nature of business and principal activities	To regulate the procurement of goods, works and services by procuring entities
Directors	Board appointed with effect from 1 July 2016 Dr. Gideon J. Mahlalela - Chairperson Ms. Doris Tshabalala - Vice Chairperson Resigned in March 2017 Mr. Jabulani Hlatjwako - Member Mr. Albert Mhlanga - Member Mr. Harry Nxumalo - Member Ms. Reginah Masilela - Member Secretary: Mr. Madoda Mngomezulu - Acting CEO Mr. Bongani Motsa: Executive Director Resigned in May 2017
Business address	First Floor, Nkhotfotjeni Building, Dzeliwe Street Mbabane, Swaziland
Postal address	P. O. Box 9665, Mbabane, H100
Bankers	Nedbank (Swaziland) Limited
Auditors	Kobla Quashie and Associates Chartered Accountants (Swaziland) Manzini
Attorneys	S S Mnisi Attorneys The Gables, Ezulwini

Swaziland Public Procurement Regulatory Agency
Annual Financial Statements
for the year ended 31 March 2017



Index

The reports and statements set out below comprise the annual financial statements presented to the board of directors:

Contents	Page
Directors' Responsibilities and Approval	59
Report of the Independent Auditors	60
Directors' Report	61
Statement of Financial Position	62
Statement of Comprehensive Income	63
Statement of Changes in Funds	64
Statement of Cash Flows	65
Summary of Significant Accounting Policies	66 - 74
Notes to the Annual Financial Statements	75 - 78
Detailed Statement of Financial Performance	79
Supplementary Information	80



Directors' Responsibilities and Approval

The directors are required in terms of the Public Procurement Act of 2011 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Agency as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates. The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Agency and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Agency and all employees are required to maintain the highest ethical standards in ensuring the Agency's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Agency is on identifying, assessing, managing and monitoring all known forms of risk across the Agency. While operating risk cannot be fully eliminated, the Agency endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The director directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The directors have reviewed the Agency's cash flow forecast for the 12 months to 31 March 2018 and, in the light of this review and the current financial position, they are satisfied that the Agency has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Agency's annual financial statements. The annual financial statements have been examined by the Agency's external auditors and their report is presented on page 59

The annual financial statements set out on pages 59 to 81, which have been prepared on the going concern basis, were approved by the board of directors on 24 July 2017 and were signed on its behalf by:



Dr. Gideon Mahlalela - Chairperson

Mr. Madoda Mngomezulu - Acting CEO

Swaziland Public Procurement Regulatory Agency
Annual Financial Statements
for the year ended 31 March 2017



Report of the Independent Auditors

To the Board of Directors of Swaziland Public Procurement Regulatory Agency

We have audited the accompanying annual financial statements of Swaziland Public Procurement Regulatory Agency, which comprise the directors' report, the statement of financial position as at 31 March 2017, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 62 to 81.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Public Procurement Act of 2011. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditors' considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the annual financial statements.

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

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the company as of 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Public Procurement Act of 2011.

Kobla Quashie and Associates
Chartered Accountants (Swaziland)
Manzini

24 July 2017

Per: Daniel Bediako



Directors' Report

The directors submit their report for the year ended 31 March 2017.

1. Review of activities

Main business and operations

The Swaziland Public Procurement Regulatory Agency (SPPRA) is an independent regulatory body established by an Act of Parliament (Public Procurement Act, 2011) as part of Government's reform strategy for public procurement. The Agency is engaged in the business to regulate the procurement of goods, works and services by procuring entities and operates principally in Swaziland. It is charged with the responsibility for policy, regulation, oversight, professional development and information management and dissemination in the field of public procurement.

The operating results and state of affairs of the Agency are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Agency to continue as a going concern is dependent on a number of factors. The most significant of these is that the Government continue to procure funding for the ongoing operations for the Agency in the form of annual subventions.

3. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

4. Directors

The directors of the Agency during the year and to the date of this report are as follows:

Name

Dr. Gideon Mahlalela - Chairperson

Ms. Doris Tshabalala - Vice Chairperson

Resigned 31 March 2017

Mr. Jabulani Hlatjwako - Member

Mr. Albert Mhlanga - Member

Mr. Harry Nxumalo - Member

Ms. Reginah Masilela - Member

Mr. Madoda Mngomezulu - Acting CEO

5. Secretary

The secretary of the Agency during the year was Mr Bongani Motsa.

6. Auditors

Kobla Quashie and Associates Chartered Accountants were the auditors for the year under review.

Swaziland Public Procurement Regulatory Agency
Annual Financial Statements
for the year ended 31 March 2017



Statement of Financial Position

Figures in Emalangeni	Note(s)	2017	2016
Assets			
Non-Current Assets			
Property, plant and equipment	2	2,152,308	1,111,631
Current Assets			
Accounts receivable	3	2,150,750	58,207
Cash and cash equivalents	4	92,977	5,640,388
		2,243,727	5,698,595
Total Assets		4,396,035	6,810,226
Reserves and Liabilities			
Reserves			
Accumulated funds		338,112	242,565
Liabilities			
Non-Current Liabilities			
Finance lease obligation	5	121,076	207,237
Designated funds	7	2,493,443	5,644,490
		2,614,519	5,851,727
Current Liabilities			
Finance lease obligation	5	117,944	116,713
Accounts payable	6	1,325,460	599,221
		1,443,404	715,934
Total Liabilities		4,057,923	6,567,661
Total Equity and Liabilities		4,396,035	6,810,226



Statement of Comprehensive Income

Figures in Emalangeni	Note(s)	2017	2016
Income		11,517,593	6,138,384
Operating expenses		(11,389,368)	(5,953,150)
Operating surplus	8	128,225	185,234
Finance costs		(32,678)	(37,175)
Surplus for the year		95,547	148,059
Other comprehensive income		-	-
Total comprehensive income		95,547	148,059
Surplus for the year		95,547	148,059

Swaziland Public Procurement Regulatory Agency
Annual Financial Statements
for the year ended 31 March 2017



Statement of Changes in Funds

Figures in Emalangeni	Accumulated Funds	Total Equity
Balance at 01 April 2015	94,506	94,506
Changes in equity		
Total comprehensive income for the year	148,059	148,059
Total changes	148,059	148,059
Balance at 01 April 2016	242,565	242,565
Changes in equity		
Total comprehensive income for the year	95,547	95,547
Total changes	95,547	95,547
Balance at 31 March 2017	338,112	338,112



Statement of Cash Flows

Figures in Emalangeni	Note(s)	2017	2016
Cash flows from operating activities			
Cash used in operations	9	(4,062,213)	3,189,893
Finance costs		(32,678)	(37,175)
Net cash from operating activities		(4,094,891)	3,152,718
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(614,365)	(1,367,591)
Cash flows from financing activities			
Finance lease obligation		(84,930)	(78,047)
Total cash movement for the year		(5,547,412)	2,460,306
Cash at the beginning of the year		5,640,388	3,180,082
Total cash at end of the year	4	92,976	5,640,388



Summary of Significant Accounting Policies

1. Presentation of Annual Financial Statements

Swaziland Public Procurement Regulatory Agency (SPPRA) is a Government parastatal established in terms of the Public Procurement Act of 2011. It is a corporate body with perpetual succession capable of suing and being sued, subject to the provisions of the Act. The addresses of the office and principal place of business are disclosed in the introduction of the annual report on page 1.

Statement of compliance

The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) and are consistent to those of the period.

The following are the principal accounting policies adopted in the preparation of these financial statements as set out below.

1.1 Basis of preparation

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

c) Functional and presentation currency

These financial statements are presented in Emalangeni, which is the entity's functional currency. All financial information presented in the Emalangeni have been rounded to the nearest figure.

d) Use of estimates and judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Receivables

The Agency assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in the income statement, the Agency makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.



1.2 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the agency

No new standards have been adopted by the Agency for the first time for the financial year beginning on or after 1 April 2016 that have a material impact on the Agency:

(b) New standards, amendments and interpretations not yet effective and not early adopted by the Agency

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these annual financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Agency, except the following set out below:

1.2 Changes in accounting policies and disclosures (continued)

Amendment to IAS 12 – Income taxes

The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets. The standard is effective for annual periods beginning on or after 1 January 2017. The Agency is assessing the impact of this amendment.

Amendment to IAS 7 – Cash flow statements

In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities. The standard is effective for annual periods beginning on or after 1 January 2017. The Agency is assessing the impact of this amendment.

IFRS 9 – Financial Instruments (2009 & 2010) – Financial liabilities, derecognition of financial instruments, Financial assets, General hedge accounting.

This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.



Amendment to IFRS 9 -'Financial instruments', on general hedge accounting, effective 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. Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following:

- The own credit risk requirements for financial liabilities.
- Classification and measurement (C&M) requirements for financial assets.
- C&M requirements for financial assets and financial liabilities.
- The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting).

The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9.



1.2 Changes in accounting policies and disclosures (continued)

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Agency is assessing the impact of IFRS 15.

IFRS 16 – Leases, effective 1 January 2019

After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard. The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture).

A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios).

IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a 'Lease'.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Agency.

1.3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Agency; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.



Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.



Summary of Significant Accounting Policies

1.3 Property, plant and equipment (continued)

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Furniture and fixtures	10 years
Motor vehicles	5 years
Office equipment	10 years
Computer equipment & software	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Financial instruments

Classification

The Agency classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

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 flows from the investments have expired or have been transferred and the Agency has transferred substantially all risks and rewards of ownership.

Loans to managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Agency's accounting policy for borrowing costs.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.



Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

1.5 Leases

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. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.6 Impairment of assets

The Agency assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Agency estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

1.7 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.



Terminal benefits

Termination benefits are repayable whenever an employees' employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Agency recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility or withdrawal or to provide termination benefits as a result of offer made to encourage voluntary redundancy. Benefits falling due more than 12 months are discounted to present values.

Statutory obligations

The Agency contributes to a statutory fund, Swaziland National Provident Fund (SNPF) in accordance with the Swaziland National Provident Fund Order of 1974.

1.8 Revenue

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to SPPRA and the amounts of revenue can be reliably measured.

Interest income

Interest is recognised, in the income statement using the effective interest rate method. When a receivable is impaired, SPPRA reduces the carrying amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

1.9 Government grant

Grants from government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Agency will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the cost they intended to compensate. Government grants relating to purchase of property, plant and equipment are included in non current liabilities and credited in the income statement proportion to which depreciation to those assets is charged.

1.10 Related parties

The major related party to the Agency apart from its Directors is the Government of Swaziland which exercises a significant influence over its financial and operating decisions as it provides funding for its annual budget. The Agency received a subvention of E8,240,000: (8,240,000 - 2016) for the period under review.

Swaziland Public Procurement Regulatory Agency
Annual Financial Statements
for the year ended 31 March 2017



Notes to the Annual Financial Statements

Figures in Emalangeni 2017 2016

2. Property, plant and equipment

	2017			2016		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	510,268	(94,321)	415,947	510,268	(48,105)	462,163
Motor vehicles	486,820	(233,674)	253,146	486,820	(170,387)	316,433
Office equipment	45,890	(10,731)	35,159	41,139	(6,825)	34,314
Computer equipment & software	782,179	(312,398)	469,781	417,380	(118,659)	298,721
Leasehold improvements	998,040	(19,765)	978,275	-	-	-
Total	2,823,197	(670,889)	2,152,308	1,455,607	(343,976)	1,111,631

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	462,163	-	(46,216)	415,947
Motor vehicles	316,433	-	(63,287)	253,146
Office equipment	34,314	4,752	(3,907)	35,159
Computer equipment & software	298,721	364,799	(193,739)	469,781
Leasehold improvements	-	998,040	(19,765)	978,275
	1,111,631	1,367,591	(326,914)	2,152,308

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	177,833	316,605	(32,275)	462,163
Motor vehicles	413,797	-	(97,364)	316,433
Office equipment	2,125	38,989	(6,800)	34,314
Computer equipment & software	128,813	258,771	(88,863)	298,721
	722,568	614,365	(225,302)	1,111,631

3. Accounts receivable

Subvention receivable	2,060,000	-
Deposits	90,750	58,207
	2,150,750	58,207

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Petty cash	1,000	1,000
Nedbank (Swaziland) Limited - current account	83,985	1,076,931
Nedbank (Swaziland) Limited - call account	7,992	4,562,457
	92,977	5,640,388

Swaziland Public Procurement Regulatory Agency
Annual Financial Statements
for the year ended 31 March 2017



Notes to the Annual Financial Statements

Figures in Emalangeni	2017	2016
5. Finance lease obligation		
Nedbank Swaziland Limited		
- within one year	117,944	116,713
- in second to fifth year inclusive	121,076	207,237
Present value of minimum lease payments	239,020	323,950
Non-current liabilities	121,076	207,237
Current liabilities	117,944	116,713
	239,020	323,950

6. Accounts payable

Trade and other payables	1,325,460	599,221
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7. Designated funds

Reconciliation - 2017

	Opening balance	Received during the year	Utilised during the year	Total
Details				
Government subvention	5,644,490	8,240,000	11,391,047)	2,493,443

Reconciliation - 2016

	Opening balance	Received during the year	Utilised during the year	Total
Details				
Government subvention	3,211,789	8,240,000	(5,807,299)	5,644,490

The designated funds represents funds earmarked to finance future activities of the Agency.

8. Operating surplus

Operating surplus for the period amounting to E95 546 (E148 059) is stated after accounting for the following:

Operating lease charges

Premises		
• Contractual amounts	422,866	340,454
Depreciation on property, plant and equipment	326,913	225,301
Employee costs	5,212,606	2,923,684
Auditor's remuneration	79,800	60,500
Directors' expenses	141,899	251,090



Notes to the Annual Financial Statements

Figures in Emalangeni	2017	2016
9. Cash used in operations		
Surplus for the year	95,547	148,059
Adjustments for:		
Depreciation and amortisation	326,913	225,301
Finance costs	32,678	37,175
Changes in working capital:		
Accounts receivable	(2,092,543)	1,560
Accounts payable	726,239	345,097
Designated funds	(3,151,047)	2,432,701
	(4,062,213)	3,189,893

10. Related parties

Relationships

Parastatal organisation

Government of Swaziland

Members of key management

Gideon Mahlalela
Doris Tshabalala
Jabulani Hlatjwako
Albert Mhlanga
Harry Nxumalo
Reginah Masilela

Related party transactions

Income

Government of Swaziland grant	8,240,000	8,240,000
Board expenses		
Retainer fees	64,950	45,751
Sitting allowances	69,945	202,612
Transport expenses	7,004	2,727

11. Risk management

Capital risk management

The agency's objectives when managing capital are to safeguard the agency's ability to continue as a going concern in order to provide returns for Board of Directors and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There are no externally imposed capital requirements.

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

Liquidity risk

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

Swaziland Public Procurement Regulatory Agency
Annual Financial Statements
for the year ended 31 March 2017



Notes to the Annual Financial Statements

Figures in Emalangeni

2017

2016

11. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The agency only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

12. Comparative figures

Certain comparative figures have been reclassified where necessary to afford a proper comparison.

Swaziland Public Procurement Regulatory Agency
Annual Financial Statements
for the year ended 31 March 2017



Detailed Statement of Financial Performance

Figures in Emalangeni	Note(s)	2017	2016
Income			
Swaziland Government subvention		11,391,047	5,807,299
Interest received		95,546	148,059
Review fees		31,000	183,026
		11,517,593	6,138,384
Operating expenses			
Advertising and promotions		306,424	416,243
Auditors remuneration		79,800	60,500
Bank charges		33,750	25,135
Board expenses		141,899	251,090
Communication expenses		344,093	242,469
Computer expenses		57,209	55,898
Consultancy Fees		972,896	139,911
Depreciation		326,913	225,301
Electricity and water		32,772	40,000
Employee costs		5,212,606	2,923,684
Independent Review Committee Expenses		352,613	308,467
Insurance		97,013	31,509
Legal expenses		127,405	206,134
Motor vehicle expenses		54,125	11,081
Office expenses		22,995	19,049
Printing and stationery		156,824	105,648
Rent		422,866	340,454
Repairs and maintenance		176,693	186,348
Stakeholder engagements		44,860	40,453
Subscriptions		92,460	8,980
Workshops, conferences and meetings		2,333,152	314,796
		11,389,368	5,953,150
Operating profit	8	128,225	185,234
Finance costs		(32,678)	(37,175)
Surplus for the year		95,547	148,059

Swaziland Public Procurement Regulatory Agency
Annual Financial Statements
for the year ended 31 March 2017



Supplementary Information

1. Auditors Remuneration

Kobla Quashie and Associates	79,800
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2. Communication expenses

Telephone and fax	210,220
Cellphone expenses	95,995
	306,215

3. Consultancy fees

United Nations Development Programme (UNDP)	334,237
Institute of Development Management	164,000
SAMKHO T/A S M Corporate Services (Pty)Ltd	143,840
Derek Hendrikz Consulting	93,978
GDI Concepts & Project Management	68,250
Survey Warehouse	67,500
Technobrain	36,698
KQ Consulting (Pty) Ltd	22,800
SIMAV SHEQ Consulting & Training	19,868
Set and Go Investments (Pty) Ltd	14,201
Absolute Supplies Investments (Pty) Ltd	7,524
	972,896

4. Board expenses

Sitting allowances	69,945
Retainer fees	64,950
Transport expenses	7,004
	141,899

5. Rent paid

Tibiyo Properties (Pty) Ltd	301,228
Drew Investments (Pty) Ltd	121,638
	422,866



Supplementary Information

6. Workshops, conferences and meetings

Staff training and development	864,452
Subsistence and travelling	812,000
Venues, facilities and catering	293,910
Benchmarking visits	228,361
SPPRA events - team building	123,153
Capacity building	11,276
	2,333,152

7. Finance costs

Nedbank Swaziland Limited	32,678
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STATISTICS AND PROFILES OF SPPRA's CONSTITUENCY

ANNEX 2

STATISTICS AND PROFILES OF SPPRA's CONSTITUENCY

Category	Number of Entities	Profiles
HIGH Offices	3	1. Parliament 2. Prime Minister's Office 3. Deputy Prime Minister's Office
Supreme Audit Institution	1	4. Office of Auditor General
Statutory Lead Procuring	1	5. Technical Secretariat
Government Ministries	19	6. Agriculture 7. Commerce, Industry and Trade 8. Defense and Security 9. Economic Planning and Development 10. Education and Training 11. Finance 12. Foreign Affairs and International Cooperation 13. Health 14. Home Affairs 15. Housing and Urban Development 16. Information Communication and Technology 17. Justice and Constitutional Affairs 18. Labour and Social Security 19. Natural Resources and Energy 20. Public Service 21. Public Works and Transport 22. Sports, Culture and Youth Affairs 23. Tinkhundla Administration and Development 24. Tourism and Environmental Affairs
Departments	4	25. Royal Swazi Police 26. Umbutfo Swaziland Defence Force 27. Correctional Services 28. SBIS
Parastatals	0	
Agriculture	5	29. SDB 30. NMC 31. SCB 32. NAMBOARD 33. SWADE

STATISTICS AND PROFILES OF SPPRA's CONSTITUENCY

Category	Number of Entities	Profiles
Transport	3	34. RSNAC 35. SR 36. CTO
	1	37. SWACAA
Finance	3	38. SDSB 39. SRA 40. FINCORP 41. MVA
Utilities	1	42. SEC 43. SPTC 44. SWSC
Business Promotion	8	45. NIDCS 46. SEDCO 47. CB 48. SCC 49. SIPA 50. SWASA 51. SYERF 52. RSTP 53. UNISWA 54. SANU 55. SCU 56. SEBENTA 57. PPH 58. SNTC 59. STA 60. SEA 61. STDC 62. STVA 63. NHB 64. CMAC 65. SNPF 66. PSPF 67. NERCHA 68. SNHI 69. GSH
Sports	1	70. SNSRC
Arts and Culture	1	71. SNCAC
Youth Affairs	1	72. SNYC
Disaster	2	73. NDMA 74. SBRC

STATISTICS AND PROFILES OF SPPRA's CONSTITUENCY

Category	Number of Entities	Profiles
Local Governments	13	79. Mbabane 80. Manzini 81. Matsapha 82. Ezulwini 83. Nhlangano 84. Hlatikulu 85. Lavumisa 86. Vuvulane 87. Malkerns 88. Piggs Peak 89. Siteki 90. Ngwenya 91. Mankayane

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NOTES

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