



BANK OF BOTSWANA

May 8, 2019

MEDIA RELEASE

Response to The Botswana Gazette Story Headlined “Shocking! P22 Billion Missing at Bank of Botswana”.

We refer to your front page story headlined **“SHOCKING! P22 BILLION MISSING AT BANK OF BOTSWANA”**, which appeared in The Botswana Gazette of Wednesday 08-14 May 2019.

The Bank of Botswana wishes to set the record straight on the alleged missing funds. The source of the story is reportedly the Auditor General’s (AG) Report titled “Report of the Auditor General on the Accounts of the Botswana Government for the Financial Year ended 31 March 2018”. The Bank wishes to categorically state that it does not have any outstanding reconciliations. The foregoing audit report makes reference to reconciliations at the Government, and not the Bank. The story grossly and erroneously misinterprets the contents and substance of the AG’s Report.

On pages 24 - 25 of the Report, it is stated:

“The Remittances Account, the main Government bank account at Bank of Botswana had a balance of P787 137 598 as at 31 March 2018. The perennial reconciliation problems of this account had persisted in the year under review. In his submission to the Public Accounts Committee on the accounts of the previous year, the Accounting Officer had informed the Committee that efforts to resolve the reconciliation issues of that year were in progress and had hoped to complete by October 2018, which is 19 months after the year to which they relate. In my view, unreconciled items in the reconciliation

statement should be examined and resolved as soon as possible after discovery. In the year under review, the unreconciled payments totalled P2 274 266 757 while unreconciled receipts totalled P19 660 376 833, which should be cleared.”

The P22 billion purported to be missing is a careless and irresponsible addition of the above figures (P2 274 266 757 and P19 660 376 833) by the Gazette newspaper.

Account reconciliation is a process that a customer compares their records with a statement from their banker. For instance, every bank issues a statement, at agreed intervals. A bank statement shows transactions, which include money in (receipts) and money out (payments). When an account holder receives the statement, they reconcile it, i.e. they check whether the bank statement reflects their transactions for the specified period. The Bank issues a statement to the Accountant General daily, with the relevant documentation of the transactions on the statement.

According to the AG’s Report, “In the year under review, the unreconciled payments totalled P2 274 266 757 while unreconciled receipts totalled P19 660 376 833, which should be cleared”. This finding by the AG means that a total of P2 274 266 757 was paid out by Government, **while P19 660 376 833 was paid to, or received by Government.** It is shocking that deposits of P19 660 376 833 are considered missing money. The Auditor General’s concern is that these amounts have not been reconciled, but neither stated nor suggested that the funds were missing.

The Bank also wishes to further clarify that, other than its function of providing banking services to the Government as stated above, the Bank is a statutory institution that has its own accounts. The Bank’s audited Annual Financial Statements, are submitted to Honourable Members of Parliament by April 30 of each year, consistent with the requirements of the Bank of Botswana Act, CAP 55:01. The record clearly demonstrates that successive financial statements, have generated clean audit reports, confirming appropriate maintenance of accounts, existence of sound risk management and internal control environment, and in general, effective governance structures at the Bank of Botswana. For further details, refer to the Bank’s Annual Reports available at www.bankofbotswana.bw.

The Bank of Botswana totally rejects this news report as not only false, but it is a malicious fabrication of facts, calculated to tarnish the good reputation and integrity of the Bank, as well as compromising the country's financial compliance record. The Bank unreservedly condemns unethical reporting displayed in this article. Consequently, the Bank seeks to remind the media of the sensitivity of financial sector reporting, in view of the existing pressure and efforts to address issues of financial compliance.

The Bank requests the Gazette to publish this rebuttal, giving it similar prominence, by way of having it on the front page as the publication treated the initial story.

Seamogano Mosanako
Head of Communications and Information Services
Tel: 3606083
For/Bank of Botswana