



**OFFICE OF THE AUDITOR GENERAL  
P.O. BOX 502, MASERU 100  
LESOTHO**



**A/C/REP/1-105 (Vol. 2)**

**16 MAY 2024**

Honourable Dr. A. R. Matlanyane  
Minister of Finance and Development Planning  
P.O. Box 395  
Maseru 100

Honourable Minister,

**AUDIT REPORT ON THE CONSOLIDATED FINANCIAL  
STATEMENTS OF THE GOVERNMENT OF LESOTHO FOR THE  
YEAR ENDED 31<sup>ST</sup> MARCH 2022**

---

I submit my report on the Consolidated Financial Statements of the Government of Lesotho for the year ended 31<sup>st</sup> March, 2022 in accordance with Section 117 (4) of the Constitution of Lesotho and Section 27 of the Audit Act 2016.

Please arrange to lay the report before Parliament in terms of the above Sections of the Constitution and the Act, as well as Section 37 of the Public Financial Management and Accountability Act 2011.

Yours sincerely,

**'MATHABO GAIL MAKENETE (MS.) CA(L)  
AUDITOR-GENERAL**



**TABLE OF CONTENTS**

	<b>OVERVIEW</b>	<b>8-9</b>
	<b>AUDIT CERTIFICATE</b>	<b>10-15</b>
<b>Part 1</b>	<b>AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GOVERNMENT OF LESOTHO FOR THE YEAR ENDED 31 MARCH 2022</b>	<b>17-85</b>
<b>Part 2</b>	<b>AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GOVERNMENT OF LESOTHO FOR THE YEAR ENDED 31 MARCH 2022</b>	<b>86-121</b>
Chapter 1	Introduction	87-88
Chapter 2	Cash Management	89-101
Chapter 3	Cash Receipts	102-104
Chapter 4	Non-Cash Assets	105-108
Chapter 5	Liabilities	109-110
Chapter 6	Losses and Accidents	117-121
<b>Part 3</b>	<b>ADMINISTRATION OF PUBLIC FINANCE</b>	<b>122-149</b>
Chapter 7	Administration of Public Finance	123-128
Chapter 8	Accountability For Recurrent Revenue by Chief Accounting Officers	129-135
Chapter 9	Accountability For Expenditure by Chief Accounting Officers	136-149
<b>Part 4</b>	<b>AUDIT OF STATUTORY BODIES</b>	<b>150-161</b>
Chapter 10	Audit of Statutory Bodies, Public Enterprises and Other Bodies (Sp&Ob)	151-157
Chapter 11	Audit of Development Projects	158-161
<b>Part 5</b>	<b>REPORT ON ASSET MANAGEMENT PROCESS REVIEW – MINISTRIES AND DEPARTMENTS</b>	<b>162-172</b>
Chapter 12	Report on Asset Management Process Review – Ministries and Departments	163-172
<b>Part 6</b>	<b>PERFORMANCE AUDIT</b>	<b>173-179</b>
Chapter 13	Performance Audit	174-179

## TABLE OF ABBREVIATIONS

AFROSAI-E	African Organisation of English-speaking Supreme Audit Institutions
BTS	Base Transceiver Stations
CAO	Chief Accounting Officer(s)
CBL	Central Bank of Lesotho
CFS	Consolidated Financial Statements
CHAL	Christian Health Association of Lesotho
CHE	Council on Higher Education
DCS	District Council Secretaries
ESAAG	East and Southern Africa Association of Accountants-General
EDSP	Economic Diversification Support Project
FIU	Financial Intelligence Unit
FNB	First National Bank
GoL	Government of Lesotho
HoD	Head of Department
ICT	Information and Communications Technology
IFMIS	Integrated Financial Management Information System
IFRS	International Financial Reporting Standards
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
IT	Information Technology
JICA	Japan International Cooperation Agency
LAC	Lesotho Agricultural College
LCA	Lesotho Communications Authority
LDC	Leribe District Council
LMDA	Lesotho Millennium Development Agency
LNHSS	Lesotho Nutrition and Health System Strengthening Project
LQF	Lesotho Qualifications Framework
MDA	Ministries, Departments and Agencies
NSDP	National Strategic Development Plan
OAG	Office of the Auditor-General
PAYE	Pay As You Earn
PCGF	Partial Credit Guarantee Fund
PFMA	Public Financial Management and Accountability Act
PPP	Public-Private Partnership
PS	Principal Secretary
QMMH	Queen 'Mamohato Memorial Hospital
SADC	Southern African Development Community
SADCOPAC	Southern Africa Development Community Organization of Public Accounts Committees
SAI	Supreme Audit Institution
USD	United States Dollar

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

VCL	Vodacom Lesotho
WASCO	Water and Sewerage Company
SP&OB	Statutory Bodies, Public Enterprises and Other Bodies

## TABLE OF TABLES

Table 1: FY2021/22 Use of Contingency Fund .....	55
Table 2: Status of Cash Balances for the Past 7 Financial Years .....	89
Table 3: Cash position as at 31st March 2022 .....	90
Table 4: Reconciling Items.....	92
Table 5: Payments Made Outside IFMIS.....	93
Table 6: Fraudulent Transactions.....	94
Table 7: Triple Payments .....	96
Table 8: Variances Between Note 15 and Bank Confirmations as at 31 March 2022.....	98
Table 9: Dormant Accounts.....	99
Table 10: Dividends Not Received.....	102
Table 11: Comparison of Consolidated Financial Statements, Ministries' Financial Statements and IFMIS Ledger .....	104
Table 12: Omitted Arrears from Court Orders – Ministry of Health .....	111
Table 13: Difference in Exposures.....	112
Table 14: Pending Litigation Claims .....	113
Table 15: Inconsistent Principal Repaid Amounts .....	114
Table 16: Differences between current year opening balances and closing for the preceding year.....	115
Table 17: Statement of Losses .....	117
Table 18: Statement of Accidents .....	119
Table 19: Comparison of Amounts in the Appropriation Act and Book of Estimates .....	123
Table 20: Overall Fiscal Balance for 2021/22.....	124
Table 21: Advances from the Contingencies Fund .....	125
Table 22: Centralised Items .....	127
Table 23: Re-Allocation from Centralised Items .....	127
Table 24: Budget Execution on Recurrent Revenue .....	130
Table 25: Budget Execution Against Appropriated Funds - Extract .....	137
Table 26: Unreleased Appropriated Budget .....	137
Table 27: Unspent Additional Budget .....	139
Table 28: Differences in Budgeted Amounts Between Appropriation Act Balances, Spending Units Budgeted Amounts and Budget Amounts Per CFS .....	141
Table 29: Supplemented Development Expenditure with Utilisation Below 50% .....	144
Table 30: Sources of Capital Supplementary Expenditure .....	145
Table 31: Variances Between Revised Development Budgets.....	146
Table 32: Unbudgeted Expenditure .....	147
Table 33: Budget Execution on Charged Expenditure .....	148
Table 34: Loan Execution vs Budget and Released .....	149
Table 35: Fruitless Expenditure .....	152

Table 36: Analysis of Opinions of (SP&OB).....	154
Table 37: BTS Not Completed on Time .....	156
Table 38: Projects Underperformance .....	158
Table 39: Financial Statements Amounts Different from Source Documents .....	161
Table 40: Land and Buildings for Ministry of Agriculture .....	164
Table 41: Unrealised Revenue .....	167
Table 42: Status of LAC Facilities .....	179

## TABLE OF APPENDICES

APPENDIX 1	PENDING LITIGATIONS	180
APPENDIX 2	ANNUAL FINANCIAL STATEMENTS AND AUDIT OPINIONS	184
APPENDIX 3	DOUBTFUL DESCRIPTION OF PAYMENTS	197
APPENDIX 4	CASH INCREASE/(DECREASE)	199
APPENDIX 5	UN-RECONCILED AMOUNTS	201
APPENDIX 6	BANK RECONCILIATIONS STATEMENTS NOT AVAILABLE	202
APPENDIX 7	UNDISCLOSED NON-CASH ASSETS	203
APPENDIX 8	ACCOUNTS RECEIVABLE REPORTED IN THE YEAR UNDER REVIEW 2021/2022	206
APPENDIX 9	CENTRALISED ITEMS ALLOCATION TO SPENDING UNITS	210
APPENDIX 10	USAGE OF DONOR GRANTS	213
APPENDIX 11	USAGE OF DONOR LOANS	214



## **OVERVIEW**

The Office of the Auditor-General (OAG) has a broad mandate to conduct audits on various Government agencies, as enshrined in Section 117 of the Constitution of Lesotho. This mandate encompasses the right of access to all relevant documents, and sub-section 6, emphasises that the Auditor-General shall not be subjected to the direction or control of any authority in the exercise of his/her duties. In line with the Audit Act 2016, the right of access extends beyond documents, to include explanations, information, and even access to all Government property.

According to the Constitution, it is the responsibility of the Auditor-General to conduct annual audits and submit reports regarding the public accounts of the Government of Lesotho (GoL). In addition to the accounts of all offices and authorities of the Government, the accounts of all courts in Lesotho, and of every Commission established by the Constitution, and the accounts of the Clerk to each House of Parliament, are also subject to audit and reporting.

The purpose of these audits is the following: -

- a. To determine whether the public accounts of Lesotho accurately represent the financial state of the Government and the respective public bodies they pertain to.
- b. To ascertain whether the financial transactions of the Government and public bodies adhere to the authority of Parliament, applicable financial legislations, and regulations set forth by any relevant competent body.
- c. To evaluate whether the financial affairs of the Government and public bodies have been managed with integrity, taking into account their statutory and ethical obligations to Parliament and the general public in a transparent and impartial manner.
- d. To assess whether government ministries, departments, and agencies carry out their activities in a manner that demonstrates sound financial stewardship, with due regard to economy, operational efficiency, and overall effectiveness.

By conducting these audits, the OAG aims to identify any potential issues or challenges encountered and provides recommendations for improvement, to promote transparency, accountability and optimal use of resources within Ministries, Departments and Agencies (MDAs).

In pursuing this mandate, the Auditor-General currently conducts the following three types of audits: -

**Financial audit:** This type of audit involves verifying the accuracy of the information presented in the financial statements.

**Compliance audit:** In this audit, the OAG verifies whether the MDAs adhere to the prescribed laws, regulations, directives, and procedures.

**Performance audit:** This audit focuses on assessing the economic, efficient, and effective utilisation of public resources. Specifically, the focus lies in assessing the management and performance aspects pertaining to an organisation or its operations.

Consideration is drawn to the Public Financial Management and Accountability (PFMA) Act 2011 Sections 35 (3) and 37(1) which stipulate that the Minister shall prepare the annual Consolidated Financial Statements (CFS) and these be submitted to the Auditor-General within five months for audit, and subsequently present the Audited Consolidated Financial Statements to Parliament within eight months of the end of the financial year to which they relate, respectively. The OAG presents this Annual Audit report on CFS 2022 beyond the statutory date of 30<sup>th</sup> November 2022.



**OFFICE OF THE AUDITOR GENERAL  
P.O. BOX 502, MASERU 100  
LESOTHO**

**AUDIT CERTIFICATE  
ON THE CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GOVERNMENT OF LESOTHO FOR THE YEAR  
ENDED 31<sup>st</sup> MARCH 2022**

---

**ADVERSE OPINION**

I have audited the Consolidated Financial Statements of the Government of Lesotho (the Government) set out on pages 17 to 85, which comprise the Consolidated Statement of Cash Receipts and Payments as at 31<sup>st</sup> March 2022, and Consolidated Statement of Comparison of Budget and Actual Amounts for the year then ended, Statement of Consolidated Entities and Notes to Consolidated Financial Statements, including a summary of significant accounting policies.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the accompanying Consolidated Financial Statements do not present fairly the financial position of the Government as at 31<sup>st</sup> March 2022, its financial performance and cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (IPSAS).

**BASIS OF ADVERSE OPINION**

**CASH POSITION AND BALANCES**

There is an unexplained difference of M5.3 billion between the cash balances in the bank accounts (Note 15) and the Consolidated Statement of Receipts and Payments, where Note 15 showed a balance of M4.6 billion and the Statement reflected M9.9 billion. The unexplained difference in 2022 has reduced to M5.3 billion, from M6.2 billion in 2021.

## **DIFFERENCE IN CASH DECREASE**

Note 15 to the Consolidated Financial Statements (CFS) revealed a cash decrease of M856 million from M5.463 billion to M4.607 billion, between 31<sup>st</sup> March 2021 and 31<sup>st</sup> March 2022. However, the Consolidated Statement of Cash Receipts and Payments reflects a decrease of M537 million, which differs from M856 million.

## **CASH RECEIPTS**

Out of the 27-revenue collecting units, only 8 reflected the same figures on the CFS, ministries' financial statements, and IFMIS ledger. The CFS reflected a total figure of M17.326 billion, whereas ministries' financial statements totalled M16.007 billion, and the IFMIS ledger had a total figure of M17.297 billion.

## **NON-CASH ASSETS: ACCOUNTS RECEIVABLE AND OTHER REVENUE ARREARS**

An amount of M415 million from the prior years has not been disclosed in the current year. However, there was no evidence of this amount being cleared.

The Ministry of Health received a M26 million advance for buying COVID-19 vaccines. This money was labelled as an imprest advance instead of a contingency advance, which led to the advance being listed under funds to be allocated in a Supplementary Bill presented to Parliament.

## **PENDING LITIGATION**

The current CFS 2021/22 presented Pending Litigation Claims of seven (7) ministries with different amounts totalling M492 million as the restated position of 31<sup>st</sup> March 2021, against the audited CFS as at 2020/21 amounting to M71 million.

## **ACCOUNTABILITY FOR EXPENDITURE BY CHIEF ACCOUNTING OFFICERS**

As at the time of the audit, the Bill to regularise the capital expenditure amount of M1.6 billion had not been enacted in terms of Section 16 of the PFMA Act.

Two voted heads of expenditure exceeded their budgeted expenditures by M21.9 million and M2.9 million respectively, in contravention of the

requirements of section 112 (3) (b) "Authorisation of expenditure" of the Constitution, which governs excess expenditure cases.

There was a difference of M887 million between the appropriated budget of M7.327 billion (per Appropriation Act 2020/21 plus Appropriation Bill), and the total revised capital budget of M6.439 billion per Spending Units.

### **PRIOR YEAR MATTERS**

I have raised the following issues as qualifying points in the prior years, but they have remained unresolved: -

### **OMISSION OF BELOW-THE- LINE ACCOUNTS**

The balances of Below-the-Line accounts as at 31<sup>st</sup> March 2009 have not been brought forward since 1<sup>st</sup> April 2009. This omission has misstated the Consolidated Financial Statements of the Government of Lesotho for thirteen (13) years.

### **REGULARITY OF EXPENDITURE**

Regularisation of a transfer of M450 million per Minister's directive from the Trust Monies Account into the Consolidated Fund since 2017, for onward transfer to Recurrent Expenditure Account in 2016/17.

I have conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAI). My responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Consolidated Financial Statements section of my report. I am independent of the Government in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to my audit of the Consolidated Financial Statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

## **KEY AUDIT MATTERS**

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the Consolidated Financial Statements of the current period. However, I do not provide a separate opinion on these matters. I have determined the following to be the key audit matters: -

### **MANAGEMENT OF PUBLIC ASSETS**

There was a lack of security arrangements when distributing passports from the production centre to various destinations. In addition, due to a variety of reasons, multiple passports were mutilated during production, costing the Government M3.6 million.

Several Government ministries fail to maintain asset registers, hence inadequacy of disclosures of Government-owned assets, including infrastructure, property, and equipment, remains a challenge. Most of the assets are also abandoned and dilapidated.

### **PUBLIC INFRASTRUCTURE PROJECTS**

There are delays in the implementation of projects due to institutional and regulatory arrangements not being in place, resulting in underutilisation of project funds and ultimately, project objectives not being met.

### **CONTINGENT LIABILITIES**

Despite ongoing efforts, the Government remains exposed to the challenges of managing contingent liabilities, thus posing a sustained financial risk. The lack of a database and monitoring of guaranteed loans, results in challenges to evaluate the validity of guaranteed loans.

The above matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon, I do not provide a separate opinion on them.

## **RESPONSIBILITIES OF THE MINISTER AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

Section 35 of the Public Financial Management and Accountability Act 2011, requires the Minister of Finance to prepare the annual Consolidated Financial Statements in accordance with International Public Sector Accounting Standards (IPSAS), and for such internal controls as the Minister determines necessary to enable the preparation of financial statements that

are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Government's financial reporting process.

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The Constitution of Lesotho Section 117 (2)(b) and the Audit Act, 2016 Section 7 (1) (b) and (c), require me to audit and report on these Statements.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with ISSAI will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Government's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the

financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that I identify during my audit.

I also provide those charged with governance a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report, because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**MATHABO GAIL MAKENETE (MS.) CA(L)**

**16 MAY 2024**

**AUDITOR-GENERAL**



## **PART 1**

# **AUDITED CONSOLIDATED FINANCIAL STATEMENTS**

*Accountant General's Office*  
Treasury Department  
Ministry of Finance



# Kingdom of Lesotho

Annual Consolidated Financial  
Report For The Year Ended 31st  
March 2022

Audited Version

## Table of Contents

Abbreviations.....	21
1 Report by the Minister of Finance .....	22
2 Report by Accountant General.....	24
2.1 Treasury Mandate.....	24
2.2 Compliance on the Public Finance Legal Framework .....	24
2.3 General Commentary .....	25
2.4 Commentary on Consolidated Financial Statements .....	26
3 Consolidated Financial Statements For the year ended 31 <sup>st</sup> March 2022.....	40
3.1 Consolidated Statement of Cash Receipts and Payments .....	41
3.2 Consolidated Statement of Comparison of Budget and Actual Amounts.....	43
3.3 Statement of Accounting Policies .....	45
3.4 Statement of Consolidated Entities .....	50
3.5 Notes to the Consolidated Financial Statements .....	54
4 Disclosure Schedules to the Consolidated Financial Statements.....	71
Schedule 1: Investments .....	71
Schedule 2: GOLFIS balances.....	71
Schedule 3: Accounts Receivable and other Revenue Arrears.....	72
Schedule 4: Pension Liabilities.....	74
Schedule 5: Public Debt.....	74
Schedule 6: On-lending arrangements.....	75
Schedule 7: Payment Arrears.....	76
Schedule 8: Contingent Liabilities.....	79
Schedule 9: Losses and Accidents .....	80
5 APPENDICES .....	81
Appendix 1: Analysis of Receipts and Payments by Spending Unit.....	81
Appendix 2: Budget Comparison – Analysis by Spending Unit .....	82
Appendix 3: Controlled Entities and Investments – Status of Annual Reporting (As at 18 August 2022).....	84

**List of Figures**

Figure 1: FY2021/22 Receipts .....	28
Figure 2: FY2021/22 Receipts Trends .....	29
Figure 3: FY2021/22 Aggregate expenditure .....	30
Figure 4: FY2021/22 Recurrent Expenditures .....	30
Figure 5: FY2021/22 Capital Expenditures .....	31
Figure 6: FY2021/22 Public Debt .....	31
Figure 7: FY2021/22 Cash Balances .....	32

## **ABBREVIATIONS**

AGO	Accountant General's Office
BD	Budget Department
BEDCO	Basotho Enterprise Development Corporation
CAO	Chief Accounting Officer
CBL	Central Bank of Lesotho
CMU	Cash Management Unit
CPO	Central Payment Office
DCEO	Directorate on Corruption and Economic Offences
EFT	Electronic Fund Transfer
EU	European Union
FIU	Financial Intelligence Unit
FY	Financial Year
GOL	Government of Lesotho
GOLFIS	Government of Lesotho Financial Information System
IFMIS	Integrated Financial Management Information System
IPSAS	International Public Sector Accounting Standards
LNDC	Lesotho National Development Corporation
LRA	Lesotho Revenue Authority
MDP	Ministry of Development Planning
MNOs	Mobile Network Operators
MoF	Ministry of Finance
NSDP	National strategic Development Plan
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PFMAA	Public Financial Management and Accountability Act
PFMRAP	PFM Reform Strategy and Activity Plan
SACU	Southern African Customs Union
SOE	State Owned Enterprise
TA	Technical Assistance
VAT	Value Added Tax
WASCO	Water and Sewerage Corporation

## **1. REPORT BY THE MINISTER OF FINANCE**

In my capacity as the Minister of Finance, I am mandated to have produce and submit to the Auditor General, the Consolidated Financial Statements for the year 2021/2022, per Section 35 of the Public Financial Management and Accountability (PFMA) Act, for audit. I also act in accordance with International Public Sector Accounting Standards (IPSAS). Consolidated Financial Statements are produced mainly to meet accountability and transparency objectives of the Government. They are intended to present the extent to which Ministries, Departments and Agencies have performed throughout the year and how they have complied with their budgets as approved by Parliament.

The budget I presented for the 2021/22 financial year was aimed at revitalizing the economy by accelerating investment and job creation. The budget was intended to navigate the norm towards transformation and economic recovery. 2021/22 financial year was marked by recovery through slower than the NSDP II target. The economy was faced with persistent deterioration of external position, in relation to Balance of Payments, with the current account balance which continues to be in deficit.

Despite the challenges experienced due to COVID-19 pandemic, the following achievements were realized:

- Ability to keep expenditure under control,
- Mobilised financing for development by successfully negotiating the compact II and COVID 19 mitigation,
- Stemmed the tide of COVID 19,
- Implemented Public Financial Management reforms,
- Infrastructure Development at Mpiti- Sehlabathebe, Ramarothole Solar power generation and on-course to rebuild infrastructure worn out by heavy rains,
- 440 sanitation facilities (VIP latrines) have been completed in 21 villages serving the population of 9,100 people. During construction 21,000 jobs were created,
- Water connection for Households through Metolong Authority,
- Initiated several Rural Electrification projects, with connection of 8,000 households, Promoted food production through agricultural subsidy valued at over M140 million,
- Various operations to keep peace and stability and contributed towards peace and security in the Region – Mozambique.

We have been supported during these trying times by our development partners in the various areas where they assisted the Government of Lesotho to extend service delivery to the citizenry. The same development partners assisted in the advancing of the Public Financial Management Agenda, through the review of the PFMA Act, enhancement of the IFMIS connectivity amongst others. These are the International Monetary Fund (IMF), European Union (EU), the World Bank and the African Development Bank.

Finally, my gratitude extends to the Accountant General and her team for her dedication, hard work, and professionalism in compiling these Consolidated Financial Statements for the Financial Year 2021/2022 during the unusual times. They are continuously setting the bar higher in compiling and complying with the law and the International Public Sector Accounting Standards. I therefore commit to providing Treasury Department the continued support in striving to ensure that our financial reporting is reliable, relevant, and timely.



**Honourable Dr. Retselisitsoe Matlanyane**

Minister of Finance

## **2. REPORT BY ACCOUNTANT GENERAL**

### **2.1 Treasury Mandate**

Treasury is a department within the Ministry of Finance, headed by the Accountant General. PFMAA Section 35 together with Treasury Regulations Section 95 provide that the Accountant General shall prepare the Consolidated Financial Statements for Government. The Accountant General is also expected to provide technical guidance to spending units in the preparation of financial statements.

### **2.2 Compliance on the Public Finance Legal Framework**

The Treasury is charged with responsibility to enhance compliance with the public financial management laws and has strengthened the compliance of the Laws and enforcement of the Internal Controls by rigorous Inspectorate function. To ensure that this is a success, the Lesotho Mounted Police Service has dedicated a team which works with Treasury to enforce compliance. There are several cases in the courts of law, where officers are suspected to have misappropriated funds.

There was a fraud of about M54 million from the Consolidated Fund in 2021/22. The case was reported by Accountant General to the LMPS after the transactions we picked as reconciling items on the bank reconciliation activity. Case number is Maseru RCI 56/09/2021. The case involves a number of officials from the Treasury Department and other people from outside Government. A joint Team of Law Enforcement Agencies was established to work on this case. There are about eighteen (18) suspects that were arrested and sixteen (16) of them remanded and fifteen (15) released on bail, while two (2) are awaiting trial in prison. M18 million has been recovered back into the Government coffers from South Africa. The Law Enforcement Agencies joint team is still continuing with investigations on this case.

Also, during 2021/22 financial year, the Inspectorate Team worked thoroughly on the Lesotho-Johannesburg Mission in South Africa, because of the request of the Principal Secretary for Ministry of Foreign Affairs and International Relations.

An amount exceeding M1 million was misappropriated and could not be accounted for by the officials at the same Foreign Mission. This case has also been handed over to the LMPS Team at Treasury for further investigation and subsequent processes for the criminal procedure.

There is increasing pattern of disregard and undermining of the rule of Law in as far as the Public Funds are concerned. This continuously exposes the government to losses that could be avoided. There is lax by those responsible to comply with the Public Financial Laws. Inspectorate Team is overstretched with working on the new cases and old cases. However, the Team has tried to keep up with reported cases. On the other hand, some cases take long to work on because of the delay to get information that could enable speedy progress.

Most of the cases that are still pending in the courts of law. There are also old cases where inspection is ongoing, and progress is very slow due insufficient information, as indicated above. At the end of the 2021/22 financial year spot checks were done to check for deviations that occur during "March final".

### **2.3 General Commentary**

The consolidated financial statements are produced annually to give the electorate, taxpayers, Members of Parliament and development partners (local and international), clear information on the financial performance and position of government.

The statements are required by law. Section 35 of the Public Financial Management and Accountability Act, 2011 requires the Ministry of Finance to prepare the Government's consolidated financial statements in accordance with International Public Sector Accounting Standards (IPSAS) and to submit them to the Auditor General for audit within five months of the end of the financial year to which they relate. The Treasury Regulations of 2014 delegates the responsibility for preparing the consolidated financial statements to the Accountant General and requires her to direct how the IPSAS are to be applied.

In 2016, the Treasury evaluated its annual reporting practices against the requirements of the cash-basis IPSAS, established the gaps and developed a roadmap for achieving compliance.

The preparation of the FY2018/19 consolidated financial statements continues the journey that commenced with the 2015/16 statements and introduces several quality enhancements, including the reporting of the movements in financial assets and liabilities as well as, opening and closing cash balances. The 2019 update to the roadmap also takes account of a 2017 revision to the cash-based IPSAS that relaxed the requirements for consolidating the financial information from all government-controlled entities and third-party transactions.

In preparing these consolidated financial statements I am indebted to the Treasury financial reporting team which has worked tirelessly over the past months to guide, verify and consolidate the financial information. I am grateful for the active engagement of the Chief Accounting Officers and their finance staff and for their diligence in preparing the Spending Unit annual reports. I am also appreciative of the valuable inputs provided by other Treasury units and Ministry of Finance departments.

The remainder of my report is organized as follows: Section B aims to provide a narrative on the government's financial performance and position for the year ended 31 March 2022 whilst Section C seeks to explain the main issues, pressures and risks that are faced by the Treasury and the plans to address them.

Based on the information provided by the Chief Accounting Officers, and to the best of my knowledge, the Consolidated Financial Statements as set out on pages 40 to 53 reliably present the FY2021/22 cash flows and financial performance of the Government of Lesotho.

## **2.4 Commentary on Consolidated Financial Statements**

### **A. Introduction**

These financial statements consolidate information from the annual reports prepared and submitted by the CAOs in respect of the Spending Units, projects and other funds for which they are accountable. The statements include the financial performance information reported by the 38 central government ministries, departments, constitutional bodies and other Spending Units; the ten district councils; and 7 centrally operated spending heads administered by the Ministry of Finance. The coverage is the same as that of the national budget.

The consolidated financial statements for the year ended 31<sup>st</sup> March 2022 comprise the following four statements: (a) Consolidated Receipts and Payments; (b) Consolidated Budget versus Actual Comparison; (c) Accounting Policies; and (d) Consolidated Entities. Notes to the consolidated financial statements assist readers in gaining a fuller understanding of Government's financial performance and position.

They provide the reader with additional analysis of amounts included in the two face statements and include information on the Government's financial assets, liabilities and contingent liabilities. More detailed information relating to a Spending Unit can be found in the respective CAO reports. The

remainder of this commentary highlights the key features of the Government's FY2021/22 financial performance.

## **B. Budget Reconciliation**

The revised Expenditure Budget, after considering the budget was M24.247 billion, from the original budget of M23.771 billion. The total budget includes both appropriated and unappropriated expenditure. The unappropriated budget was M4.710 billion and was revised to M4.713. It is to be noted that the revised figures have been sourced from the consolidation that was prepared after the ministries' financial reports have been submitted.

Contingencies Fund budget was originally M600 million and was revised by M252 million to M852 million. According to the data provided per the Contingencies Fund Management Report, M479 million was utilised for recurrent expenditure budget whereas M327 million was for capital. M45 million of the Contingencies Fund remained unallocated. It should be noted that much of the increase to the Contingencies Fund was attributed to the reallocation from ministries rather than additional funds.

Recurrent Revenue Budget remained at the originally budgeted amount of M15.528 billion. The originally budgeted amount for capital receipts from external sources was M3.596 billion which was composed of M1.327 million for Grants and M2.269 billion for Loans. Budget for capital receipts increased by M473 million to M4.069 billion.

The Supplementary Appropriation Bill 2021/22 that is meant to formalise the above changes has been submitted to Parliament for enactment.

## **C. Budget Deficit**

The appropriated budget that projected a Consolidated Fund deficit of M 4.173 billion, which later increased to M4.623 billion after the budget revision. It was not clear how the deficit would be funded however the practice is it gets funded by additional borrowing. Increased recurrent expenditures, under-performance of revenue collections and difficulties in raising domestic borrowing were slightly offset by under-spending on development expenditures. The financial performance of each component follows here below:

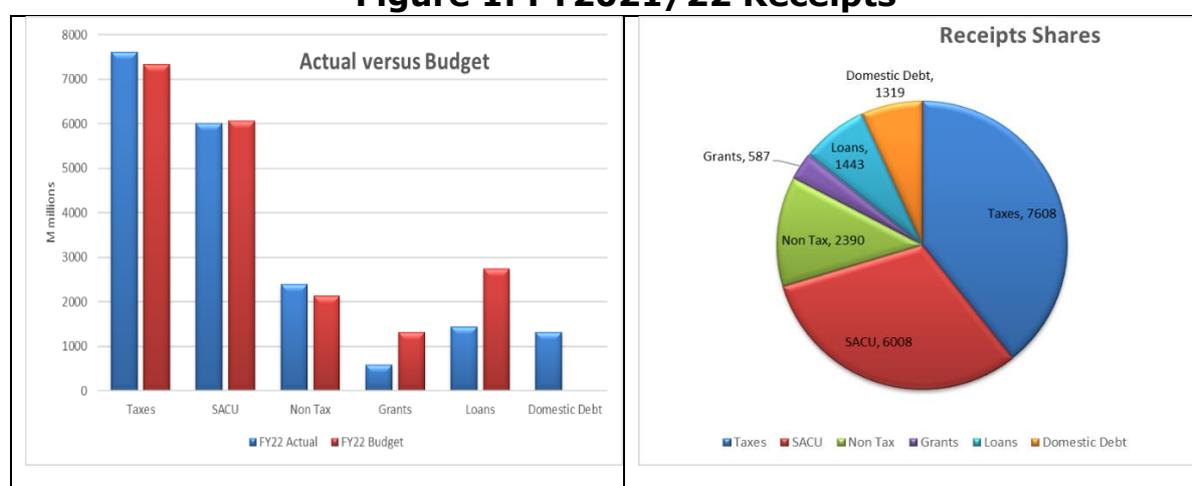
## D. Overall Budget Performance

### (i) Receipts

The overall collection (excluding loans and project grants) for FY2021/22 was M16.006 billion which is M478 million more than the revenue budget. The revenue budget for 2021/22 was M1.575 billion lower than the FY2020/21 of M17.103 billion. The collection decreased by 11% to M16.006 in 2021/22.

**Figure 1** illustrates the deposits or actual receipts against the main sources for the year and the comparative collection rates against the approved budgets. The over collection was attributed to reasons including but not limited to under budgeting.

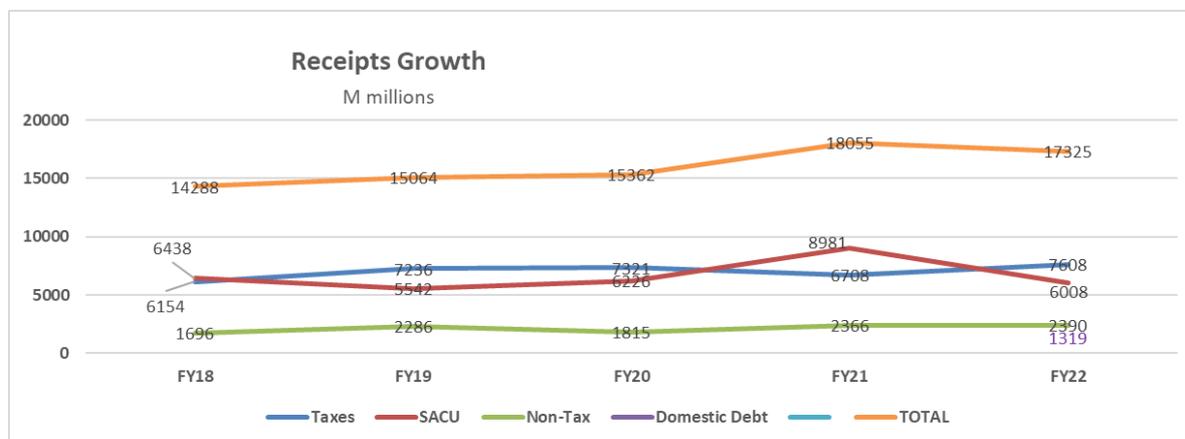
**Figure 1: FY2021/22 Receipts**



Southern Africa Customs Union (SACU) receipts of M 6.008 billion during FY2021/22 below the budgeted figure of M6.064 billion. These receipts were lower than the M 8.981 billion received in the previous year. Actual tax revenues of M 7.608 billion (compared to FY2020/21 of M 6.708) increased slightly. Non-tax revenues (which mainly comprise electricity sales, water and mining royalties, and dividends) contributed 14% of recurrent revenues.

**Figure 2** provides the trend in revenue receipts and especially illustrates the significance, volatility and decrease in the SACU receipts.

**Figure 2: FY2021/22 Receipts Trends**



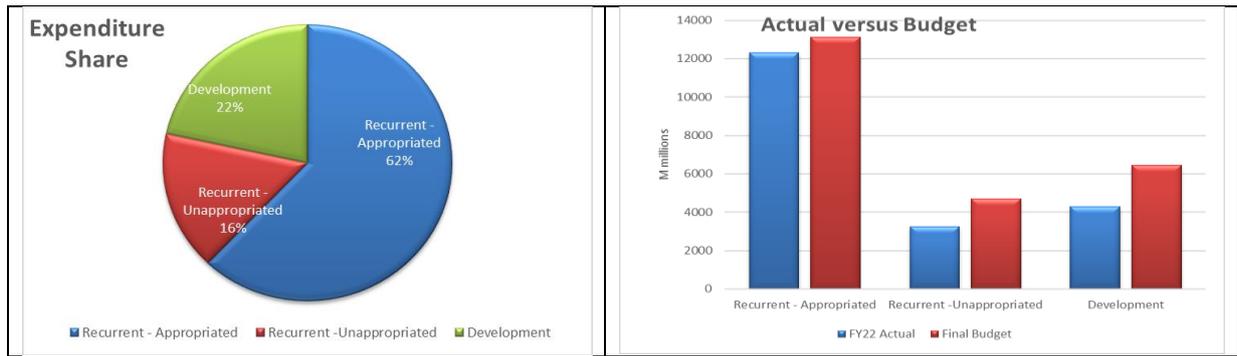
**(ii) Expenditures**

The total originally approved expenditure budget for FY2021/22 was M23.771 billion of which M17.445 billion (73%) was allocated to recurrent and M5.726 (24%) for capital expenditure towards achieving the government’s infrastructure and other development objectives. The recurrent provision can be further broken down between the appropriated amounts for release to Spending Units of M 12.735 billion and the statutory/centralized budgets of M4.710 billion managed by the Ministry of Finance for pensions, debt servicing, statutory salaries and related expenses and the Contingency Fund.

It should be noted that the expenditure budget has been revised to M24.274 billion of which M17.833 billion has been allocated to recurrent expenditure, whilst M6.441 billion for capital expenditure. The Contingencies Fund was revised to M852 million, of which a balance of M45 million was still held on 31 March 2022. The revision of the expenditure is yet to be approved by Parliament, in accordance with Supplementary Appropriation (2021/2022) Bill.

**Figure 3** illustrates the proportional split between expenditures and relative execution rates between the three main expenditure categories.

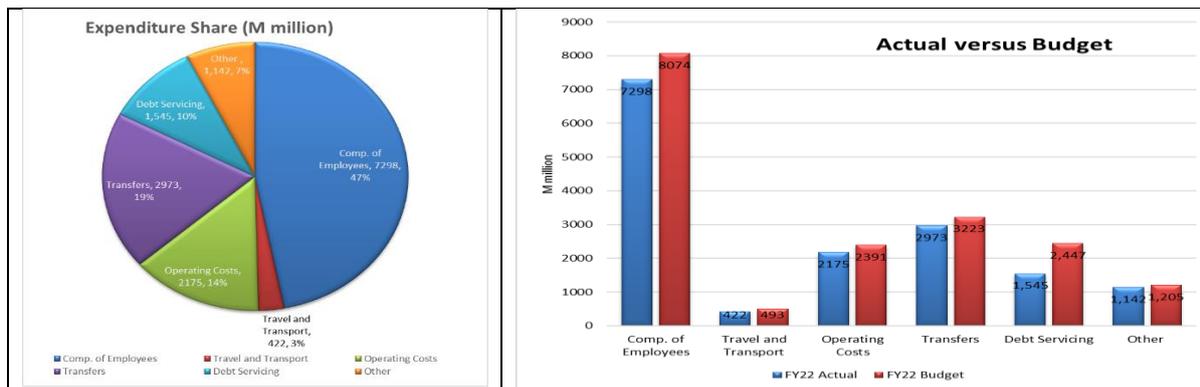
**Figure 3: FY2021/22 Aggregate expenditure**



**(iii) Recurrent expenditures**

The recurrent expenditure analysis per **figure 4** is made from the spending units’ submissions.

**Figure 4: FY2021/22 Recurrent Expenditures**

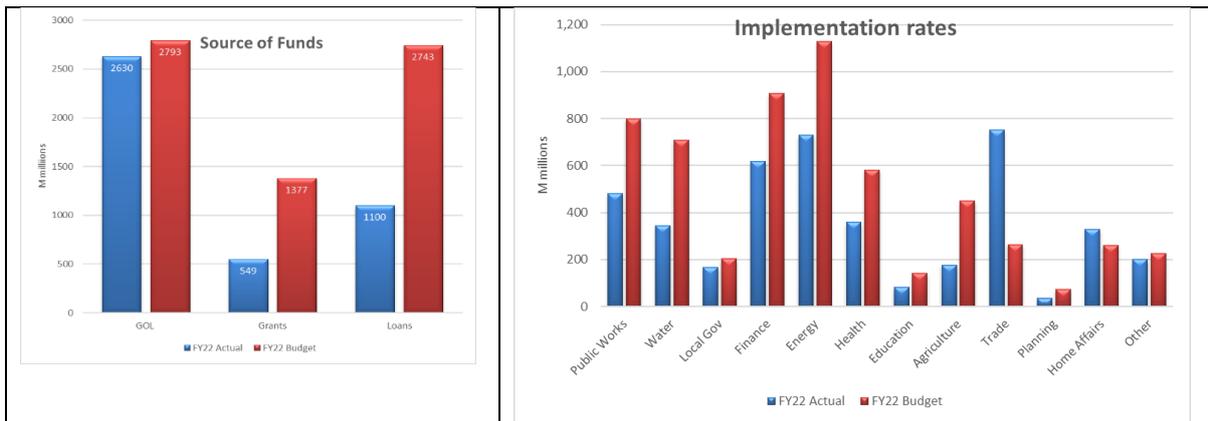


**(iv) Capital Expenditures**

Overall project expenditure was M4.279 billion against the budget of M6.441 billion representing an execution rate of 66%. **Figure 5** illustrates that the implementation rate varied considerably across the three funding categories, ranging from 94% of domestic resources to 40% and 48% for grant and loan funded expenditures, respectively.

Physical progress of the capital projects generally lagging behind scheduled timeframe due to various reasons as stipulated in the Annual Progress Report as submitted by the Chief Accounting Officer of the MDP. It is also evident that on foreign debt the execution is low.

**Figure 5: FY2021/22 Capital Expenditures**



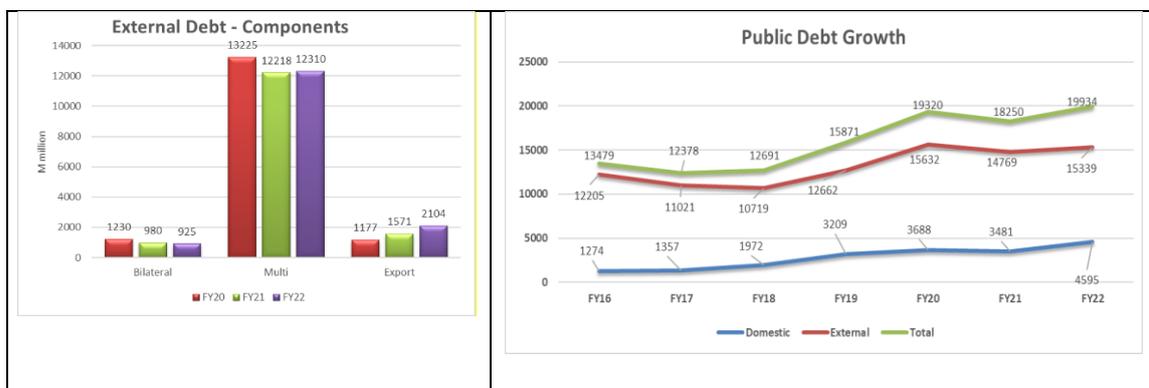
96% of the capital expenditure budget is accounted for by eleven Spending Units (Public Works, Water, Local Government, Finance, Energy, Development Planning, Trade and Industry, Health, Home Affairs and Agriculture). Project execution rates varied across these agencies ranging from 39% for Agriculture to 101% for Home Affairs.

**(v) Financing**

Total stock of public debt increased during FY2021/22 from M18.250 billion to M19.934 billion as illustrated in **Figure 6**. The increase is attributed to the issuance of Treasury Bonds and fiscal bills. New external debt agreements during FY2021/22 amounted to M1.774 billion.

External debt disbursements of M1.543 billion and loan redemptions of M 624 million were made. Over the seven-year period since FY2015/16, the loan stock has increased by 48%.

**Figure 6: FY2021/22 Public Debt**

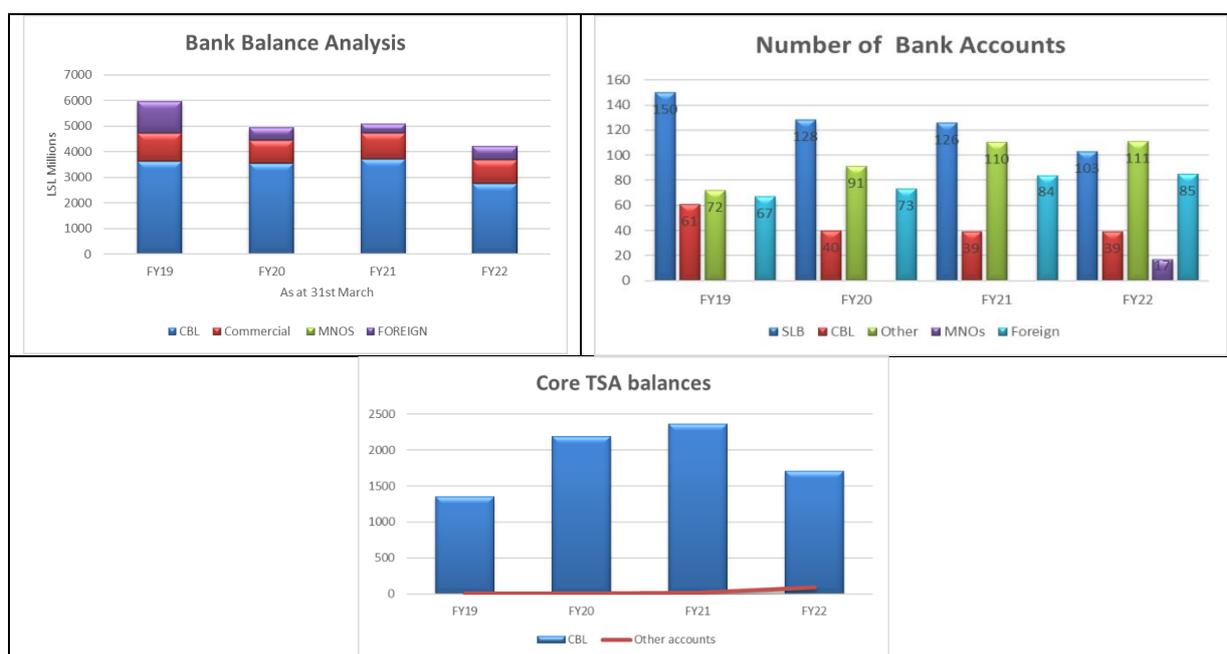


**(vi) Cash**

During FY2021/22 the government’s LSL cash balances decreased from M 4.732 billion to M 4.055 billion, while foreign cash balances increased from M 364 million to M 520 million. At the end of the year the total cash balance was M 4.5834 billion showing a decrease from M 5.097 billion in the closing cash balance. Additional receipts from development partners and domestic borrowing has been the main source for funding the budget deficit.

Figure 7 illustrates the movements in cash balances and the number of bank accounts.

**Figure 7: FY2021/22 Cash Balances**



Unlike in the previous financial years, core TSA accounts and other Maloti denominated accounts both hold almost equivalent balances. Much of that money is earmarked for particular projects, loan servicing, liquidity management and extra budgetary purposes and is unavailable for meeting future budgeted expenditures. The core-Treasury Single Account (TSA) includes the Consolidated Fund bank account and is the repository for all government revenues and the source of its expenditure funding.

**E. Significant Issues**

My previous report indicated issues that adversely impacted on the quality of the consolidated financial report. Some of the issues still remain a challenge but efforts are underway to address them over a period of time.

The Ministry of Finance has developed a Roadmap that will improve the audit opinion from adverse to clean.

**(i) National Strategic Development Plan**

The Government of Lesotho has a commitment to transform Lesotho to a producer and export driven economy through the implementation of the National Strategic Development Plan II (NSDP). The NSDP advocates for participation of citizens in the development of the country. It also aspires for sustainable growth that will reduce poverty. The strategic direction is therefore provided by the NSDP for growth and development. It is expected that the NSDP provides basis for resource allocation and that all national development programs be aligned with it, which could later be translated into improved service delivery to the citizen and accountability to the all the stakeholders.

The Ministry of Development Planning (MDP) is charged with the responsibility to oversee the implementation and evaluation of the effectiveness of the NSDP. According to the report from the Chief Accounting Officer of the MDP, NSDP implementation progress is either limited or regressing. Manufacturing Sector is believed to have improved by 2.4%, Social Protection improved by 8%, Public Financial Management and Accountability shows a positive progression and Youth unemployment indicate an improvement of 1.6% males and 2.9% females compared to the baseline figures.

The MDP has also noted that ministries have introduced new strategic objectives that they are pursuing at the expense of the NSDP II interventions. The conclusion that can be drawn therefore, is that the resources are not dedicated for the implementation of the NSDP as per the expectation.

**(ii) Budget and cash challenges**

I have noted inconsistencies in the budget figures. Figures on the Appropriation Act were not similar to the budget book and the budget data that was sourced from the Budget Department. Another concern from my desk is the exclusion of capital receipts in the budget book, with correct line items. This would enhance transparency and accountability on the external assistance from development partners. Currently, the external assistance is only shown on the expenditure side of the budget. As a result, the trial balances of the ministries have to be worked on to include the receipts with line items that are not shown on the budget. This may cause inconsistencies in the financial data of GOL.

The liquidity challenges still persisted until the end of 2021/22. Some payments, whether as unpresented cheques or arrears continue to fall into the succeeding year. This issue will be seen rolling over to the future financial years for a while. Treasury Department is expecting technical assistance from International Monetary Fund and the United States (US) Treasury for improved cash management techniques.

***(iii) Year-end payment pressure***

The number and values of invoices submitted for payment in March can be two or three times those of other months. They thus put pressure and considerable stress on the Treasury staff and systems, and whilst they ensure that all payments are recorded in the accounting system prior to the year-end date, the signing, dispatch and payment of these vouchers inevitably overflows into the next financial year. The practice adversely impacts on cash management, budget credibility, financial reporting, bank reconciliation functions and payment efficiency.

The situation causes the government to have arrears that must be cleared in the subsequent financial years. Arrears for the financial year 2020/21 amounted to M721 whilst for 2021/2022 the outstanding balance stand at M919 million.

***(iv) Opening Balances***

The Treasury Department has embarked on the reconciliation process which is expected to affect the opening balances and identification of new transactions that would also require write offs. This is a mammoth task that started during 2021/22 which is continuing even at the time of the preparation of this report. At the end of the exercise, the Auditor General's recommendation on write offs of Below the Line items will be merged with the new reconciliation transactions, to have a holistic approach on this matter.

***(v) Submission of Chief Accounting Officers reports for Consolidation***

The delay for the CAOs to submit financial reports is still a persisting challenge. The submissions were done from July 2022 to the week of August 2022. CAOs must start to own the preparation of the reports for their spending units so that they are able to account for their budgets and the level of service delivery.

The Ministries of Social Development, of Communications, Science and Technology and of Trade and Industry were the last to submit. The Ministry of Foreign Affairs has submitted an incomplete financial report because the

Lesotho Embassy in Japan and Johannesburg has submitted incomplete records.

Late submissions and incomplete records prohibit Financial Reporting Team to adequately scrutinize the submission. This is the key factor that hinders improvement on the quality and timely reporting of the Annual Financial Statements.

#### ***(vi) Public debt and guarantees***

- *Public Debt Status*

Much of the Government of Lesotho debt is from external sources composed of multilateral institutions. The multilateral debt was meant to provide funding for infrastructure and social benefits. The stock of external debt is mainly concessional debt at 82% on average over the past 3 years and semi-concessional at 18%. Total disbursements for 2021/22 amounted to M1.543 million. There were no external disbursements received from bilateral creditor over the review period.

Domestic debt stock has been increasing to meet budgetary commitments for the medium to long term. Both Treasury Bills and Bonds have increasingly been used to secure additional funding for Government operations.

The recent assessment of debt sustainability has indicated that Lesotho's public debt is assessed to be at moderate risk with space to absorb shock.

- *Guarantees*

There was a new guarantee issued to ease the purchase of tractors for farmers. An upfront amount of M50 million was paid to Lesotho Postbank to cater for guarantee at 35% and subsidy of 15%. Otherwise, there are guarantees issued in the previous year's amounting to M 47 million which remain at M76 million, as contingent liability.

#### ***(vii) Changes during the year***

Old age Pension, Lesotho Liberation Army and African Pioneer Corp have been transferred from the Ministry of Finance to Ministry of Social Development. There were new budget heads introduced during the 2021/22 financial year. They are budget heads for Disaster Management Authority and National Security Services. The above changes are intended to enhance efficiency of the Government of Lesotho Executive.

### **(viii) Public Service Issues**

- *Temporary employment*

Lately there seems to be a lot of temporary appointment of personnel across the government that exceed six months contrary to Public Service Regulations, 2008. The Regulations provide that a temporary employment cannot exceed six months. But ministries engage temporary officers for up to 3 years. According to the Regulations there is different process for engaging temporary employees from the one that facilitates for appointing officers on the contract basis. Contract appointments are expected to be done by the Public Service Commission, or through their delegated authority. The contract appointments are also done for a special skill.

The current trend is that the ministries appoint officers without the authority of the Public Service Commission. It should be noted that the officers are engaged illegally and there is high outflow of cash for terminal benefits for the officers every three years. The drawbacks of these engagements are increased wage bill and short-termism which results in loss of institutional memory.

- *Bonding Agreements Receivable*

There is an outstanding amount for the penalty of M7,534,699 for officers who violated the Bonding Agreement between them and the government. The Public Service Regulations provides that an officer shall serve the government for the period stipulated on the agreement post their study leave. It seems officers leave the service before the stipulated five years. This amount has been accumulating for many years. It seems also that there is no enforcement for this provision by the relevant ministries together with the Ministry of Public Service.

### **(ix) Bank Accounts Monitoring**

Monitoring of bank accounts and cash held at the four commercial banks and the Central Bank of Lesotho, has gradually been strengthened, although there is still room for further improvement. There is a persisting glitch that when banks are requested to close bank accounts, there is no feedback from the banks that the accounts are closed. Sometimes even where the closure is confirmed, banks still provide zero balance certificates at the end of the financial year. This results in Treasury record or count not matching the bank accounts as provided by the banks.

Strengthening of communication will further enhance quantity and the value of the bank accounts.

## **F. Qualification points on previous year financial statements**

### ***(i) Cash balances and non-Reconciliation of centrally managed bank accounts***

Auditor General observed M6 billion variances between the financial statements and the bank balances in the 2020/21 financial report. The variance seems to be as a result of the incomplete reconciliation of cash balances. The reconciling items have been found to be:

- Intercompany (intergovernmental) transactions (2018/19,2019/20, 2020/2021)
- Unpresented payments
- Payments and receipts at the bank not in the cashbook
- Unretired imprests
- Fraudulent transactions (M 50 million case)
- Foreign Debt Transactions
- Revenue and other receipts not captured

The Treasury Department has therefore embarked on a reconciliation exercise for all centrally managed bank accounts. The Treasury officials are working with the IFMIS vendor to resolve the issues that impede the reconciliation. The fruition of this exercise will help to address qualification points on cash balance and reconciliation of centrally managed bank accounts.

The Treasury Department continues to improve bank account register and to ensure consistency of the records with the banks and the ministries. The impact of this exercise will be visible with the 2022/23 financial year reports. The relationship with the banks is also a concern and the officials are working hard to improve on this area to pave way for proper monitoring of the banks.

***(ii) Non compliance with International Public Sector Accounting Standard under cash basis including disclosure of accrual items***

In 2017 there was a revision to the cash-based IPSAS that relaxed the requirements for consolidating the financial information from all government-controlled entities and third-party transactions. This was done to accommodate obstacles that governments encounter as they consolidate, these obstacles are not an exception to the Government of Lesotho. Hence it is not mandatory to consolidate the State-Owned Entities financial statements but can be disclosed in the Consolidated Annual Financial Statements.

The accrual items are disclosed to enhance the transparency of the reported financial information. This is done in line with Part 2 of the cash basis that identifies encouraged disclosures which provide additional information useful for accountability and decision-making purposes and support entities transitioning to the accrual basis of financial reporting and adoption of accrual IPSASs.

***(iii) Regularity of Expenditure***

The M450 million was appropriated as supplementary budget in 2018. However, it is to be further be noted that the money belonged to a Special Fund (Loan Bursary Fund) which was erroneously deposited into the Trust Monies bank account. Trust Monies bank account is expected to hold money that belongs to a third party not Government, as per PFMA Act section 24.

**G. Irregularities**

***(i) Removal of the IMF PRGF bank account from the list and balances of bank accounts***

The Central Bank of Lesotho has removed the IMF PRGF bank account that held the balance of M 973 million, from the list of bank accounts without adequate communication with the Treasury Department. The Treasury Department has followed up on the matter and the CBL has promised to send a full report on why the bank account has been removed. As at the time of this report the CBL report has not been received.

***(iii) USD 7000 grant at Forestry***

There is cash amounting to USD 7 000 that has been held for a while now at the Ministry of Forestry. The cash is purported to be a grant from Japan International Cooperation Agency for rehabilitation of Ha Koali Forest

Reserve in Quthing. I requested for details of the grant per the advice from Financial Intelligence Unit, because it is abnormal that external assistance can be sent from one country to the other in cash form through an officer. There has not been any response from Ministry of Forestry. Some critical issues have to be cleared to ensure that the grant meets all the requirements of the Anti-Money Laundering legal framework.

***(iii) Failure to action QMMH payment - First National Bank***

I also wish to express my gratitude to First National Bank for saving the Government M5,2 million. The Ministry of Health, through the Queen Mamohato Memorial Hospital (QMMH), was about to pay a supplier M5,2 million. The Bank did the due diligence and found out that the supplier was not a registered vendor of the software that was supplied or to be supplied. They also did a background check on profile of the supplier and was not convinced that the supplier does not have any digital footprint and could not be able to deliver the required service therefore the payment was stopped with the help of the bank.

***(iv) Incomplete records for Foreign Affairs***

Ministry of Foreign Affairs' report was submitted with incomplete records. The incomplete records relate to the Lesotho-Japan and Lesotho-Johannesburg Foreign Missions. This is one of the matters that undermine the integrity of this report.

In conclusion, these Consolidated Financial Statements present improvements over the previous years, sustaining the gains made. Further advancing the quality of financial reporting requires the continuing cooperation of CAOs, finance officers and other departments within the Ministry of Finance.



**Mrs. 'Malehlohonolo Mahase CA(L)**

Accountant General

### **3. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022**

For clearer understanding, the statements should be read in conjunction with the underlying accounting policies, notes and additional schedules.

### 3.1 Consolidated Statement of Cash Receipts and Payments For the year ended 31<sup>st</sup> March 2022

Description	Note	2021/2022 Actuals				2020/2021
		Head Controlled M'000	Treasury Accounts M'000	3rd Parties Accounts M'000	Total for All Accounts M'000	Total for All Accounts M'000
<b>RECEIPTS</b>						
<b>Taxes</b>		-	7,608,074	-	7,608,074	6,708,480
Income, Profit and Capital Gains	1	-	4,161,070	-	4,161,070	3,757,877
Goods and Services	1	-	3,444,684	-	3,444,684	2,944,539
International Trade and Transactions	1	-	24	-	24	
Other Taxes	1	-	2,296	-	2,296	6,064
<b>Social Contributions</b>		-	-	-	-	-
<b>Grants</b>		405,043	-	216,659	621,701	927,040
Foreign Governments	4	145,375	-	136,901	282,277	85,034
International Organisations	4	259,667	-	72,620	332,287	839,251
Grants from Other General Government Units	4	-	-	7,137	7,137	2,755
<b>Other Revenue</b>		15,994	2,352,774	-	2,368,768	1,912,623
Property Income	2	72	614,155	-	614,227	501,943
Rand Monetary Compensation	2	-	177,737	-	177,737	136,288
Sale of Goods and Services	2	4,462	1,491,439	-	1,495,901	1,247,375
Fines, Penalties and Forfeits	2	-	4,876	-	4,876	3,296
Voluntary Transfers other than Grants (NGOs)	2	10	-	-	10	-
Miscellaneous and Unidentified Revenue	2	11,450	64,566	-	76,016	23,721
<b>SACU Receipts</b>		-	6,007,754	-	6,007,754	8,980,527
SACU Receipts		-	6,007,754	-	6,007,754	8,980,527
<b>Disposal of Financial Assets</b>		-	16,979	-	16,979	-
Domestic Financial Assets		-	16,979	-	16,979	-
<b>Disp. Of Money Gold and Spcl Draw Rights</b>		-	-	-	-	-
<b>Disposal of Non Financial Assets</b>		-	4,960	-	4,960	8,347
Fixed Assets	14	-	4,960	-	4,960	8,347
<b>Incurrence of Domestic Liabilities</b>		-	1,319,463	-	1,319,463	440,194
Securities Other Than Shares	17	-	1,319,463	-	1,319,463	440,194
<b>Incurrence of Foreign Liabilities</b>		823,471	-	584,324	1,407,795	1,265,581
Loans	3	823,471	-	584,324	1,407,795	1,265,581
<b>Total Receipts</b>		1,244,508	17,310,003	800,983	19,355,494	20,242,792

## Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Description	Note	2021/2022 Actuals				2020/2021 Total for All Accounts M'000
		Head Controlled M'000	Treasury Accounts M'000	3rd Parties Accounts M'000	Total for All Accounts M'000	
<b>PAYMENTS</b>						
<b>Compensation of Employees</b>		<b>823,603</b>	<b>7,145,773</b>	<b>-</b>	<b>7,969,376</b>	<b>7,791,359</b>
Wages and Salaries	6	769,242	5,805,488	-	6,574,730	6,577,838
Social Contribution	6	54,361	1,340,285	-	1,394,646	1,213,521
<b>Goods and Service</b>		<b>967,121</b>	<b>2,525,174</b>	<b>164,299</b>	<b>3,656,594</b>	<b>4,252,778</b>
Travel and Transport	5	138,055	411,314	17,321	566,691	570,719
Operating Costs	5	829,066	2,113,859	146,978	3,089,903	3,682,059
<b>Other Use of Goods and Services</b>		<b>2,897</b>	<b>-</b>	<b>-</b>	<b>2,897</b>	<b>1,900</b>
Other Use of Goods and Services	7	2,897	-	-	2,897	1,900
<b>Interest</b>		<b>-</b>	<b>501,349</b>	<b>-</b>	<b>501,349</b>	<b>586,521</b>
Domestic Interest	9	-	267,807	-	267,807	312,018
Foreign Interest	9	-	233,542	-	233,542	274,503
<b>Transfers</b>		<b>1,417,314</b>	<b>1,745,577</b>	<b>-</b>	<b>3,162,891</b>	<b>3,728,328</b>
Subsidies	10	103,674	512,670	-	616,344	981,779
Grants	11	161,462	1,135,929	-	1,297,391	1,214,639
Social Benefits	12	1,152,178	96,978	-	1,249,157	1,531,910
<b>Other Expenses</b>		<b>10,576</b>	<b>1,056,295</b>	<b>-</b>	<b>1,066,871</b>	<b>939,596</b>
Property Expense Other Than Interest	13	-	34	-	34	70
Miscellaneous Other Expense	13	10,576	1,056,261	-	1,066,837	939,526
<b>Losses</b>		<b>-</b>	<b>34,537</b>	<b>-</b>	<b>34,537</b>	<b>25,475</b>
Losses of Public Moneys	13	-	34,537	-	34,537	25,475
<b>Acquisition of Financial Assets</b>		<b>-</b>	<b>34</b>	<b>-</b>	<b>34</b>	<b>-</b>
Domestic Financial Assets		-	34	-	34	-
<b>Acquisition of Monetary Gold &amp; Spcl Drawing Rights</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Acquisition of Non Financial Assets</b>		<b>1,345,804</b>	<b>413,600</b>	<b>636,684</b>	<b>2,396,088</b>	<b>1,660,357</b>
Fixed Assets	8	1,345,804	413,143	636,684	2,395,631	1,658,821
Other Fixed Assets	8	-	457	-	457	920
Valuables	8	-	-	-	-	382
Non Produced Assets	8	-	-	-	-	234
<b>Repayment of Domestic Liabilities</b>		<b>-</b>	<b>419,537</b>	<b>-</b>	<b>419,537</b>	<b>1,249,977</b>
Securities Other Than Shares	19	-	366,600	-	366,600	679,007
Loans	19	-	52,920	-	52,920	570,970
Other Accounts Payable	19	-	16	-	16	-
<b>Repayment of Foreign Liabilities</b>		<b>-</b>	<b>623,797</b>	<b>-</b>	<b>623,797</b>	<b>755,974</b>
Loans	20	-	623,797	-	623,797	755,974
<b>Transfers of revenue and unspend funds</b>		<b>58,114</b>	<b>0</b>	<b>-</b>	<b>58,114</b>	<b>64,907</b>
Transfers of revenue and unspend funds		58,114	0	-	58,114	64,907
<b>Total Payments</b>		<b>4,625,429</b>	<b>14,465,673</b>	<b>800,983</b>	<b>19,892,084</b>	<b>21,057,173</b>
Cash at the beginning of the year	15	3,409,155	8,211,212	-	11,620,367	8,724,444
Exch. Rate Gain / Loss		(6,683)	-	-	(6,683)	8,337
<b>Increase (Decrease) in cash</b>		<b>(3,380,921)</b>	<b>2,844,331</b>	<b>0</b>	<b>(536,590)</b>	<b>814,382</b>
Net Change in Deposits, Imprests and Financial Assets and Liabilities		(61)	(25,745)	-	(25,805)	277
Year End adjustments to be cleared		(4,168)	(1,132,461)	-	(1,136,629)	24,964
<b>Inter Government Cash Movements</b>						
Funding/ Cash Allocations		3,861,247	(3,861,247)	-	-	3,676,727
<b>Total Inter Government Cash Movements</b>		<b>3,861,247</b>	<b>- 3,861,247</b>	<b>-</b>	<b>-</b>	<b>3,676,727</b>
<b>Cash at the end of the year</b>	<b>15</b>	<b>3,878,569</b>	<b>6,036,090</b>	<b>0</b>	<b>9,914,660</b>	<b>11,620,367</b>

### 3.2 Consolidated Statement of Comparison of Budget and Actual Amounts For the Year Ended 31 March 2022

Description	Actual 2021/22			Variance Actual to final/Revised M'000
	Actual Amounts M'000	Final/ Revised Budget M'000	Approved Budget M'000	
<b>RECURRENT RECEIPTS</b>				
Taxes	7,608,074	7,333,065	7,333,065	- 275,009
Income, Profit and Capital Gains	4,161,070	3,597,994	3,597,994	- 563,076
Goods and Services	3,444,684	3,732,780	3,732,780	288,096
International Trade and Transactions	24	-	-	- 24
Other Taxes	2,296	2,291	2,291	- 5
Social Contributions	-	-	-	-
Other Revenue	2,368,768	2,193,396	2,128,617	- 175,372
Property Income	614,227	447,828	447,828	- 166,399
Rand Monetary Compensation	177,737	262,710	262,710	84,973
Sale of Goods and Services	1,495,901	1,413,722	1,413,822	- 82,179
Fines, Penalties and Forfeits	4,876	3,760	3,257	- 1,115
Voluntary Transfers other than Grants (NGOs)	10	-	-	- 10
Miscellaneous and Unidentified Revenue	76,016	65,375	1,000	- 10,642
SACU Receipts	6,007,754	6,064,274	6,064,274	56,520
SACU Receipts	6,007,754	6,064,274	6,064,274	56,520
Disposal of Financial Assets	16,979	-	-	- 16,979
Domestic Financial Assets	16,979	-	-	- 16,979
Disp. Of Money Gold and Spcl Draw Rights	-	-	-	-
Disposal of Non Financial Assets	4,960	2,788	-	- 2,172
Fixed Assets	4,960	2,788	-	- 2,172
Incurrence of Domestic Liabilities	1,319,463	-	-	- 1,319,463
Securities Other Than Shares	1,319,463	-	-	- 1,319,463
<b>Total Recurrent Revenue</b>	<b>17,325,997</b>	<b>15,593,523</b>	<b>15,525,957</b>	<b>- 1,732,474</b>
<b>DEVELOPMENT RECEIPTS</b>				
Grants	586,806	1,339,328	1,327,358	752,523
Foreign Governments	157,393	395,708	395,708	238,315
International Organisations	422,276	901,070	889,100	478,795
Grants from Other General Government Units	7,137	42,550	42,550	35,413
Incurrence of Foreign Liabilities	1,442,691	2,269,491	2,269,491	826,801
Loans	1,442,691	2,269,491	2,269,491	826,801
<b>Total Development Receipts</b>	<b>2,029,496</b>	<b>3,608,820</b>	<b>3,596,849</b>	<b>1,579,323</b>
<b>Total Cash inflows</b>	<b>19,355,494</b>	<b>19,202,343</b>	<b>19,122,806</b>	<b>1,579,323</b>
<b>RECURRENT EXPENDITURE</b>				
Compensation of Employees	7,298,199	8,074,127	8,326,668	775,928
Travel and Transport	421,611	492,567	442,084	70,956
Operating Costs	2,175,272	2,391,116	2,010,139	215,844
Interest	501,349	810,841	954,658	309,492
Transfers	2,973,064	3,223,060	2,872,470	249,996
Other Expenses	1,057,277	1,058,907	1,045,785	1,630
Losses	34,537	83,371	100,000	48,835
Acquisition of Financial Assets	3,377	3,409	20,283	32
Acquisition of Non Financial Assets	46,753	59,375	41,226	12,622
Repayment of Domestic Liabilities	419,537	719,079	716,159	299,543
Repayment of Foreign Liabilities	623,797	917,343	917,343	293,546
<b>Total Recurrent Expenditure</b>	<b>15,554,773</b>	<b>17,833,197</b>	<b>17,446,815</b>	<b>2,278,424</b>

## Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Description	Actual 2021/22			Variance final/Revised M'000
	Actual Amounts M'000	Final/ Revised Budget M'000	Approved Budget M'000	
<b>DEVELOPMENT EXPENDITURE</b>				
<b>GOVERNMENT OF LESOTHO</b>	<b>2,630,360</b>	<b>2,793,473</b>	<b>2,155,256</b>	<b>163,113</b>
Head 001 - Agriculture & Food Security	28,880	28,457	26,303	423
Head 002 - Health	29,160	44,682	26,583	15,522
Head 003 - Education & Training	6,355	12,281	15,281	5,926
Head 004 - Finance	317,410	366,215	316,260	48,805
Head 005 - Trade & Industry	690,444	694,625	149,579	4,181
Head 006 - Development Planning	33,129	35,909	73,894	2,781
Head 007 - Justice & Correctional Services	27,108	28,240	28,427	1,132
Head 008 - Home Affairs	326,791	326,974	261,504	183
Head 010 - Communications, Science & Tech	16,010	24,390	28,390	8,381
Head 012 - Foreign Affairs & Int. Relations	-	5,000	5,000	5,000
Head 013 - Public Works & Transport	255,052	319,742	382,581	64,690
Head 015 - Energy, Meteorology & Water Affairs	310,880	345,059	189,954	34,178
Head 017 - Tourism, Environment & Culture	12,469	16,603	12,978	4,134
Head 019 - His Majesty's Office	1,109	7,000	20,000	5,891
Head 035 - National Security Services	4,998	5,000	5,000	2
Head 039 - Senate	17,758	17,758	-	-
Head 042 - Local Government & Chieftainship	167,372	175,967	203,967	8,594
Head 043 - Gender, Youth, Sports & Recreation	5,688	6,243	12,294	555
Head 045 - Judiciary	1,920	7,000	9,000	5,080
Head 048 - Mining	152	2,335	2,335	2,183
Head 049 - Police & Public Safety	38,388	58,975	63,975	20,587
Head 050 - Small Business	2,279	4,447	5,447	2,168
Head 051 - Water	328,342	251,868	300,868	76,474
Head 052 - Transport	8,666	8,702	15,636	37
<b>DONOR GRANTS</b>	<b>549,268</b>	<b>1,376,826</b>	<b>1,327,358</b>	<b>827,557</b>
Head 001 - Agriculture & Food Security	38,679	69,704	69,704	31,024
Head 002 - Health	137,121	389,245	389,245	252,124
Head 003 - Education & Training	19,857	60,321	60,321	40,464
Head 004 - Finance	260,807	488,285	488,031	227,478
Head 005 - Trade & Industry	2,340	4,801	4,801	2,461
Head 006 - Development Planning	2,365	-	-	2,365
Head 007 - Justice & Correctional Services	1,337	-	-	1,337
Head 008 - Home Affairs	3,038	-	-	3,038
Head 010 - Communications, Science & Tech	21,546	-	-	21,546
Head 015 - Energy, Meteorology & Water Affairs	22,656	98,407	86,691	75,751
Head 017 - Tourism, Environment & Culture	2,652	6,257	6,257	3,605
Head 042 - Local Government & Chieftainship	237	-	-	237
Head 046 - Social Development	33,270	45,498	8,000	12,228
Head 047 - Directorate on Corruption & Economic O	150	-	-	150
Head 051 - Water	3,212	214,308	214,308	211,096
<b>DONOR LOANS</b>	<b>1,099,569</b>	<b>2,270,291</b>	<b>2,269,491</b>	<b>1,170,723</b>
Head 001 - Agriculture & Food Security	108,981	353,960	353,960	244,978
Head 002 - Health	193,546	166,280	166,280	27,266
Head 003 - Education & Training	55,328	65,565	65,565	10,237
Head 004 - Finance	39,729	104,856	104,856	65,127
Head 005 - Trade & Industry	58,934	110,901	110,901	51,967
Head 010 - Communications, Science & Tech	8,787	-	-	8,787
Head 013 - Public Works & Transport	225,123	417,652	417,652	192,529
Head 015 - Energy, Meteorology & Water Affairs	395,892	852,000	852,000	456,108
Head 046 - Social Development	-	3,500	3,500	3,500
Head 051 - Water	13,247	195,578	194,778	182,331
<b>Total Development Expenditure</b>	<b>4,279,197</b>	<b>6,440,590</b>	<b>5,752,105</b>	<b>2,161,393</b>
<b>Total Cash Outflows</b>	<b>19,833,970</b>	<b>24,273,787</b>	<b>23,198,920</b>	<b>4,439,817</b>
<b>Net Flow</b>	<b>- 478,477</b>	<b>- 5,071,444</b>	<b>- 4,076,114</b>	<b>- 4,592,968</b>

### 3.3 Statement of Accounting Policies

The Consolidated Financial Statements have been prepared in accordance with the following accounting policies, which have been applied consistently, and in all material aspects, from one year to another, unless otherwise indicated.

#### A. Basis of Preparation

- (i) **Reporting entity** – These financial statements consolidate information for the national government, including its ministries, departments, Constitutional bodies and other Spending Units covered by the national budget. The lists of included and excluded agencies are shown below in the Statement of Consolidated Entities.
- (ii) **Financial year** – The Government’s fiscal year runs from 1st April to 31<sup>st</sup> March. These consolidated financial statements cover the year ended 31<sup>st</sup> March 2022 whilst the comparative actual figures reflect the 12 months ended 31<sup>st</sup> March 2021.
- (iii) **Reporting currency** – All amounts have been presented in the Lesotho Loti (M). Transactions denominated in other currencies have been converted to Loti at the exchange rate prevailing at the time of transaction. Cash held in other currencies at the year-end have been converted to Lesotho Loti at the exchange rates prevailing on 31st March 2022, as advised by the Central Bank of Lesotho (CBL). Disclosures of borrowings held at 31<sup>st</sup> March 2022 and denominated in foreign currencies have been similarly converted to their Loti equivalents.
- (iv) **Accounting basis** – The Consolidated Financial Statements comply with the provisions of the Public Financial Management and Accountability Act, 2011 excepting the requirement for their compliance to IPSAS. The Government has embarked on a roadmap for implementing the cash-basis IPSAS but does not yet comply for the following significant reasons:
- *The financial statements do not consolidate all government-controlled entities. State owned enterprises, autonomous*

*institutions and other extra-budgetary funds are not fully consolidated—this IPSAS requirement was relaxed in 2017.*

- *Centrally managed bank account balances are not fully reconciled as at 31<sup>st</sup> March 2022.*
- *The financial statements disclose a small number of accrual items which had not been cleared at the reporting date e.g. accounts payable, advances, provisions, third party trusts and deposits. The FY2021/22 flows on these are disclosed.*

**(v) Previous year adjustments** - *Corrections made by Spending Units to the reported figures of previous years have adjusted the comparative figures and cash balances carried forward from the respective years. The adjustments are disclosed in the notes to the financial statements.*

**(vi) Receipts and Other Cash Inflows** - *Revenues include the tax collections by Lesotho Revenue Authority (LRA) net of tax refunds, receipts from the Southern African Customs Union (SACU), grants from development partners, dividends, royalties and miscellaneous non-tax revenues collected by Spending Units. Revenues are recognised in the financial records when received.*

- **Grant aid** – *grants received from local or foreign institutions are recorded when funds are received or, in respect of grant funded expenditures that benefit government but are disbursed by donors to third parties, upon receipt of notification that the disbursement has been made. In-kind local and foreign aid assistance are disclosed in the statements at fair value based on records supplied by the donors.*
- **Foreign exchange gains** – *realised gains are recognised on payment of funds.*
- **Sale of investments** – *revenues from the sale of shares in trading entities are recognised in the financial statements on receipt of the sale proceeds.*
- **Borrowing receipts** – *loans received from local or foreign institutions are recorded when funds are received or, in respect of loans disbursed by institutions to settle government*

*obligations to third parties, upon receipt of notification that the disbursement has been made.*

- **Short term borrowings** – receipts of Treasury Bills with tenures of less than one year are recorded on a net basis with the repayment of short-term borrowings.

**(vii) Payments and Other Cash Outflows - Unless otherwise specified, expenditures are recognised in the financial records when the final authorisation for payment is affected in the IFMIS.**

- **Advances to local authorities** – advances of budgeted monies transferred to district councils were expensed at the time the final authorisation for payment of the advance is affected on the system. Adjustments were made to reflect actual payments incurred during the year by the district council.
- **Repayment of Borrowings** – Repayments of borrowed monies are recorded when the final authorisation for payment is entered on the system. The values are updated to account for the actual exchange rate applied by the Central Bank of Lesotho. The Notes to the Financial Statements identify the borrowing balances as at 31st March 2022.
- **Repayment of short-term borrowings** – Repayments of Treasury Bills with tenures of one year or less are recorded on a net basis with short-term borrowing receipts.
- **Inventories** – Payments for inventories purchased during the year are treated as expenditures. Stock balances and issues are maintained for statistical purposes. The financial value of stock balances is not recognized in the financial statements.
- **Donor and Loan Funded Capital Projects** – Payments funded from grants or loans received from local or foreign institutions are recorded as expenditure when the final authorisation for payment is affected on the system, or in respect of loan or grant funded expenditures that are disbursed by the donors or lenders to third parties, upon receipt of notification that the disbursement has been made. In-kind local and foreign aid assistance are disclosed in the

*statements at fair value based on records supplied by the donors.*

- **Foreign Exchange Losses** – *Realised losses on foreign currency transactions are recognised on the payment of funds.*

### **(viii) Assets**

- **Cash and cash equivalents** – *comprise cash on hand, balances with banks and investments in short-term money market instruments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.*
- **Investments** - *Investments are not recognized in the Consolidated Financial Statements. They are recorded in the financial records at historic cost and are updated where independent external valuation exercises have been completed. Shareholdings are disclosed in the Notes to the Financial Statements. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the financial records when the cash is received.*
- **Loans and advances** - *are recognised as expenditure at the nominal amount when cash is paid to the beneficiary. Loan balances are recorded in a loan register and balances reduced when cash repayments are received from the beneficiary. Balances as at 31st March 2022 are disclosed in the Notes to the Financial Statements.*
- **Amounts receivable** - *Amounts receivable to Government at the reporting date are identified in the Notes to the Financial Statements.*
- **Property, plant and equipment** – *Payments for the acquisition of property, plant and equipment items are not capitalized. The costs of acquisition and proceeds from disposal of these items are treated as expenditure and income items respectively.*

### **(ix) Liabilities**

- **Borrowings** - *New borrowings are shown as funding inflows. The stock of public debt as at 31st March 2022 is disclosed in*

*the Notes to the Financial Statements. Public debt comprises domestic and external borrowing by the Government.*

- **Accounts payable** - *Accounts payable by the Government at the reporting date are identified in the Notes to the Financial Statements.*

**(x) Contingent liabilities – A contingent liability is a potential liability that may occur, depending on the outcome of an uncertain future event. Contingent liabilities are included in the Notes to the Financial Statements.**

### 3.4 Statement of Consolidated Entities

Compliance with the accrual-IPSAS requires the consolidation of the financial information of all government-controlled entities, where the IPSAS definition of control is ***“the power to govern the financial and operating policies of another entity so as to benefit from its activities”***. Similar coverage had been a requirement of the cash based IPSAS but was revised in 2017 and compliance now requires only consolidation of budgetary central government.

Accordingly, the FY2021/22 financial statements have concentrated on consolidating information from the budgetary central government and district councils as listed in Table 1. Coverage of future financial statements will eventually extend to include the controlled entities listed in Table 2.

**Table 1: Controlled Entities Included In Consolidation**

Head	Entity	Head	Entity
01	Min. Agriculture & Food Security	20	Public Service Commission
02	Min. Health	35	National Security Services
03	Min. Education & Training	36	Disaster Management Authority
04	Min. Finance	37	Min. Defence & National Security
05	Min. Trade & Industry	38	National Assembly
06	Min. Development Planning	39	Senate
07	Min. Justice & Correctional Services	40	Ombudsman
08	Min. Home Affairs	41	Independent Electoral Commission
09	Prime Minister’s Office	42	Min. Local Government & Chieftainship
10	Min. Communication, Science & Tech	43	Min. Gender, Youth, Sports & Recreation
11	Min. Law & Constitutional Affairs	44	Min. Public Service
12	Min. Foreign Affairs & Int. Relations	45	Judiciary
13	Min. Public Works & Transport	46	Min. Social Development
14	Min. Forestry & Land Reclamation	47	Directorate of Corruption & Econ Offences
15	Min. Energy, Meteorology & Water Affairs	48	Min. Mining

<b>Head</b>	<b>Entity</b>	<b>Head</b>	<b>Entity</b>
16	Min. Labour & Employment	49	Min. Police & Public Safety
17	Min. Tourism, Environment & Culture	50	Min. Small Businesses
18	Auditor General's Office	51	Min. Water
19	His Majesty's Office	52	Min. Transport
<b>Central Services</b> (managed by Min. Finance)		<b>District Councils</b> (included within Head 42)	
21	Public Debt		Berea
23	Pensions & Gratuities		Botha-Bothe
24	Statutory Salaries & Allowances		Leribe
25	Subscriptions to Int. Organisations		Mafeteng
26	Refund of Erroneous Receipts		Maseru
31	Contingencies Fund		Mokhotlong
			Mohale's Hoek
			Qachas Nek
			Quthing
			ThabaTseka

Table 2: Controlled entities excluded from consolidation

<b>State Owned Enterprises:</b>		
<ul style="list-style-type: none"> <li>• Central Bank of Lesotho (CBL)</li> <li>• Lesotho Post Bank (LPB)</li> <li>• Water &amp; Sewerage Corporation (WASCO)</li> <li>• Basotho Enterprise Development Corporation (BEDCO)</li> </ul>	<ul style="list-style-type: none"> <li>• Lesotho National Development Corporation (LNDC)</li> <li>• Lesotho Electricity Company (LEC)</li> <li>• Lesotho Tourism Development Corporation (LTDC)</li> </ul>	
<b>Autonomous Bodies</b>		
<b><i>Agriculture &amp; Food Security</i></b>	<b><i>Health and Social Welfare</i></b>	<b><i>Development Planning</i></b>
Lesotho Dairy	National Drug Service Organization	Council of Bureau of Statistics
Agriculture College	Lesotho Pharmaceutical Corporation	Council of National Manpower
Lesotho National Dairy Board		
<b><i>Finance</i></b>	<b><i>Education &amp; Training</i></b>	<b><i>Public Works</i></b>
Lesotho Institute of Accountants	Exam Council of Lesotho	Roads Directorate
Lesotho Revenue Authority	Lerotholi Polytechnic	Lesotho Freight Bus Services
Procurement Tribunal	Lesotho College of Education	
Centre for Accounting Studies	National University of Lesotho	
	Council for Higher Education	
<b><i>Energy</i></b>	<b><i>Tourism, Environment &amp; Culture</i></b>	<b><i>Public Service</i></b>
Metolong Authority	Tourism Licensing Board	Public Service Tribunal
<b><i>Trade, Industry, Cooperatives &amp; Marketing</i></b>	<b><i>Gender, Youth, Sports &amp; Recreation</i></b>	<b><i>Local Government &amp; Chieftainship</i></b>
Trade Licensing Board	Stadium Board	Lesotho Housing
Lesotho Cooperative College	Youth Council	Land Administration Authority
	Lesotho Sports & Recreation Commission	Maseru City Council
	<b><i>Extra-Budgetary Funds</i></b>	<b><i>Joint Ventures</i></b>
	Guardian Fund	

	Pension Fund	Institute of Development Management (IDM)
	Partial Credit Guarantee Fund	Lesotho Highlands Development Authority
	Road Fund	
	Petroleum Fund	
	Manpower Development Fund	
	HIV/AIDS Fund	

As at the date of preparation of these Consolidated Financial Statements, Appendix 4 provides, where available, additional information on the government-controlled entities detailing the status of their submissions of annual financial statements for audit and the most recent audit opinion.

### **3.5 Notes to the Consolidated Financial Statements**

#### ***Consolidated Statement of Cash Receipts and Payments Headings:***

Head Controlled Accounts – identify transactions and balances controlled by Spending Units outside of the IFMIS.

Treasury Accounts – comprise transactions managed through the IFMIS and the Treasury controlled bank accounts that comprise the core Treasury Single Account (TSA).

Third Party Accounts – bank accounts and transactions are controlled by a third party (e.g. a donor) but government benefits from the transactions.

Basis for budget comparison:

The Consolidated Statement of Comparison of Budget and Actual Amounts include the original budget for FY2021/22 as approved by the National Assembly through the Appropriation (2021/22) Act, 2021. It also includes the revised budget for the year taking account of supplementary budgets, reallocations and other budget variations authorised in accordance with the Treasury regulations. The comparison is made for the major classifications of revenue and expenditure. Appendix 2 provides budget versus actual comparisons analysed by Spending Unit. Appendix 3 tracks the changes from originally approved to revised budget.

Budgets are specific to a financial year. Unexpended budgeted funds at the close of the financial year are surrendered. The budget and accounts are prepared on the basis of similar accounting standards and the same financial year.

Cabinet has approved the application of the Contingency Fund and allocation of Supplementary estimates and instructed the Law Office to draft the Supplementary Estimates Appropriation Bill for submission to Parliament.

Amounts in the Appropriation Act and budget book vary. For the budget versus actual comparison statement the budget book figures have been used, since they are the published versions most accessible to stakeholders and provide the breakdown to line items.

# Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

**Table 1: FY2021/22 Use of Contingency Fund**

DETAILS ON THE USE OF CONTINGENCIES FUND 2021/2022					600,000,000		
NO.	DATE	MINISTRY	RECURRENT	CAPITAL	CUMMULATIVE	BALANCE	PURPOSE
1	08/04/2021	Health	24,055,830	0	24,055,830	575,944,170	Procurement of COVID-19 Vaccines to immune people who are 16 years and above
2	09/04/2022	Small Business Development	10,530,766	0	34,586,596	565,413,404	Wool and Mohair farmers settlement for financial year 2018/19
3	14/04/2021	Health	1,972,305	0	36,558,901	563,441,099	Being top up of down payment of procurement of COVID-19 vaccines to immune people under 16 years
4	07/05/2021	Transport	21,003,120	0	57,562,021	542,437,979	Total recall of newly issued vehicles number plates for immediate replacement of the Coat of Arms with the Basotho Hat
5	24/05/2021	Law and Constitutional Affairs	3,196,350	0	60,758,371	539,241,629	Funds requested to pay South African Law firm, Zimri Attorneys to represent Government of Lesotho the matter between Frazer Solar and Government of Lesotho.
6	31/05/2021	DCEO	4,961,097	0	65,719,468	534,280,532	Being specialised investigations regarding Victoria Hotel, Tsepong Hospital case, Pensions, Ministry of Agriculture case and Government properties
7	17/06/2021	Water	80,000,000	0	145,719,468	454,280,532	funds required for insurance and maintenance of 'Muela Hydropower Station as well as salaries for the staff
8	18/06/2021	Home Affairs	-	14,000,000	159,719,468	440,280,532	funds required to facilitate information capturing for every Mosotho by 2021/22 in preparation for the forthcoming general elections.
9	12/07/2021	Defence	61,460,227	0	221,179,695	378,820,305	additional funds requested for payment of Aviation Insurance which was not budgeted appropriately by the ministry
10	29/07/2021	Trade	-	72,150,689	293,330,384	306,669,616	funds required to settle the interim certificates for Tikoe Industrial Infrastructure Project for the period up to September
11	29/07/2021	Trade	-	74,895,718	368,226,102	231,773,898	payments of outstanding interim certificates of Belo Industrial Infrastructure Project for the period up to September

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

NO.	DATE	MINISTRY	RECURRENT	CAPITAL	CUMMULATIVE	BALANCE	PURPOSE
12	30/07/2021	Defence	9,791,327	-	378,017,429	221,982,571	Deployment of LDF to SADC mission in Mozambique(SAMIM)
13	10/08/2021	Finance	-	25,561,795	403,579,224	196,420,776	Procurement of Hardware for Human Resource Management Information Systems,Phase 11
14	27/08/2021	Public Service	3,000,000	-	406,579,224	193,420,776	Implementation of Performance Management related pay(PRP) for financial year 2022/2023
15	06/09/2021	Finance	451,440	-	407,030,664	192,969,336	HRMIS Interface with IFMIS EPICOR and CBMS
16	06/09/2021	Development Planning	-	5,015,000	412,045,664	187,954,336	Being finalisation of implementation of Agricultural Census
17	09/09/2021	Law and Constitutional Affairs	7,082,601	-	419,128,265	180,871,735	Additional funding required to pay outstanding bills regarding the legal cases/fees
18	09/09/2021	Disaster Management Authority	15,000,000	-	434,128,265	165,871,735	Being support to people that are urgently in need of humanitarian assistance as identified by LVAC
19	09/09/2021	Prime Minister's Office	2,078,960	-	436,207,225	163,792,775	Being international Travel for the Rt. Honourable The Prime Minister and his delegation to attend the 76th Session of the United Nations General Assembly
20	17/09/2021	Disaster Management Authority	25,000,000	-	461,207,225	138,792,775	Additional funding required to pay outstanding invoices of different sectors that were affected by heavy January/February rains
21	19/10/2021	Defence	25,208,673	-	486,415,898	113,584,102	Additional funds requested to pay balances in respect of deployment of LDF to SADC Mission in Mozambique(SAMIM)
22	01/11/2021	Foreign Affairs and International Relations	2,673,653	-	489,089,551	110,910,449	Financing of UN Climate Change Conference,EXPO 2020 Dubai and deployment of newly appointed diplomats and heads of missions in various diplomatic missions
23	13/12/2021	Disaster Management Authority	30,000,000	-	519,089,551	80,910,449	Funds required to address COVID-19 during the festive season rush
24	14/12/2021	Senate	-	17,757,802	536,847,353	63,152,647	funds required for payment of certificates towards Senate Chambers and offices project for the completed works

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

NO.	DATE	MINISTRY	RECURRENT	CAPITAL	CUMMULATIVE	BALANCE	PURPOSE
	16/12/2021	REPLENISHMENT BY REALLOCATION	-	-	536,847,353	315,312,897	
25	11/01/2022	Defence	62,428,778	-	599,276,131	252,884,119	Additional funding requested for deployment of LDF to SADC Mission in Mozambique(SAMIM) to cater for the 3months extension
26	02/02/2022	Finance	-	4,140,231	599,276,131	248,743,888	additional funding required to finance an increased headcount of public service from 48,000 to 54,842
27	02/02/2022	Refunds and Erroneous Receipts	3,133,402	-	602,409,533	245,610,486	funds required to cater for Dipping Levy that was erroneously transferred into Revenue Account and never paid as refunds to the owners
28	02/02/2022	Communications, Science and Technology	32,902,526	-	635,312,059	212,707,960	software licence of Microsoft products which has not been paid over a year
29	02/02/2022	Judiciary	2,364,924	-	637,676,983	210,343,036	Being resuscitation of criminal sessions in an endeavor to tackle the criminal case backlog in the High Court
30	07/02/2022	Prime Minister's Office	5,731,722	-	643,408,705	204,611,314	Financing of National Aids Commission, maintenance of CCTV systems, and medical expenses of the First Lady and her travel costs
31	07/02/2022	Law and Constitutional Affairs	469,331	-	643,878,036	204,141,983	Lesotho Compact 11 delegation to Washington DC with MCC
32	07/02/2022	Home Affairs	-	47,460,030	691,338,066	156,681,953	Being shortages under National Identity, Civil Registry and Livestock Registration and marking
33	08/02/2022	Energy and Meteorology	-	40,000,000	731,338,066	116,681,953	Being shortfall on the Rural Electrification Project
34	11/02/2022	Disaster Management Authority	30,500,000	-	761,838,066	86,181,953	Funds required to address damages caused by recent heavy rains
35	18/02/2022	Finance	-	23,200,895	785,038,961	62,981,058	Being unpaid invoices due to the budget fall to keep the health services running at LMDA
36	18/02/2022	Foreign Affairs and International Relations	1,415,547	-	786,454,508	61,565,511	funds requested to pay terminal benefits of retired local staff at Lesotho- Rome according to Article 29 of provisions governing employment of Embassies in Italy
37	18/02/2022	Finance	-	4,513,161	790,967,669	57,052,350	additional funds required to pay Human Resource Management Information System in order to fulfil the contractual obligations
38	04/03/2022	Communications, Science and Technology	12,108,132	-	803,075,801	44,944,218	Maintenance of two data centres at Moposo and Finance House, the equipment has reached end of life and no longer perform as expected.
			<b>478,520,711</b>	<b>328,695,321</b>			

**Note 1: Tax Revenues**

The Lesotho Revenue Authority (LRA) acts as the government's agent for collecting taxes and customs duties. Collections are regularly remitted to the Consolidated Fund. These are net of any tax expenditures (e.g. for VAT refunds). They also exclude Road Fund collections by the LRA which are transferred directly to the Roads Directorate.

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual	Actual	Actual	Actual
	2021/2022	2021/2022	2021/2022	2021/2022
	M'000	M'000	M'000	M'000
<b>Taxes</b>	-	<b>7,608,074</b>	-	<b>7,608,074</b>
Income, Profit and Capital Gains	-	4,161,070	-	4,161,070
Goods and Services	-	3,444,684	-	3,444,684
International Trade and Transactions	-	24	-	24
Other Taxes	-	2,296	-	2,296
<b>Total Taxes</b>	-	<b>7,608,074</b>	-	<b>7,608,074</b>

**Note 2: Non-Tax Revenues**

Collections of non-tax revenues were as follows:

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual 2021/2022	Actual 2021/2022	Actual 2021/2022	Actual 2021/2022
	M'000	M'000	M'000	M'000
<b>Property Income</b>	<b>72</b>	<b>614,155</b>	<b>-</b>	<b>614,227</b>
Interest	72	34,595	-	34,667
Dividends	-	259,260	-	259,260
<i>Dividends Received from Financial Public Corporations</i>	-	71,124	-	71,124
<i>Dividends Received from Non Financial Public Corporation</i>	-	9,684	-	9,684
<i>Dividends - Other</i>	-	178,452	-	178,452
Rent - Non Produced Assets	-	320,301	-	320,301
<i>Royalties</i>	-	316,309	-	316,309
<i>Surface Rent</i>	-	3,991	-	3,991
Rand Monetary Compensation	-	177,737	-	177,737
<b>Sale of Goods and Services</b>	<b>4,462</b>	<b>1,491,439</b>	<b>-</b>	<b>1,495,901</b>
Sales by Market Establishments	-	1,330,335	-	1,330,335
<i>Electricity - Muela</i>	-	26,553	-	26,553
<i>Water Royalties - LHDA</i>	-	1,303,782	-	1,303,782
Administrative Fees	-	35,617	-	35,617
Incidental Sales by Non Market Establishments	4,453	64,319	-	68,772
Imputed Sales of Goods and Services	9	61,168	-	61,178
<b>Fines Penalties and Forfeits</b>	<b>-</b>	<b>4,876</b>	<b>-</b>	<b>4,876</b>
Judicial Fines	-	4,252	-	-
Other Fines, Penalties and Forfeits	-	100	-	-
Surcharges	-	524	-	-
<b>Voluntary Transfers other than Grants (NGOs)</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>10</b>
<b>Miscellaneous and Unidentified Revenue</b>	<b>11,450</b>	<b>64,566</b>	<b>-</b>	<b>76,016</b>
Transfer of Unclaimed Moneys	11,405	0	-	11,405
Repayments of Expenditure Paid in Prior Years	45	64,566	-	-
<b>Total Non-Tax Revenue</b>	<b>15,994</b>	<b>2,352,774</b>	<b>-</b>	<b>2,368,768</b>

**Dividends**

Amounts shown as dividends represent the cash received by government during the financial year. Actual amounts received may relate to the dividends declared by the enterprises for their previous years' performances. The Government controls state owned enterprises, as listed in **Table 2** above, and has minority shareholdings in companies, as indicated in **Table 2**. Of these dividends received during FY2021/22 were from those shown below.

## Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Supervising Spending Unit	Entity Name	Dividends Received Actual	
		2021/2022	2020/2021
		M'000	M'000
Finance	Central Bank of Lesotho	46,999	117,840
Finance	Minet	403	
Finance	Maluti Mountain Brewery	9,282	
Finance	Standard Lesotho Bank	24,125	
Mining	Letseng Mine	178,452	120,000
<b>Total</b>		<b>259,260</b>	<b>237,840</b>

### Note 3: Incurrence of Foreign Liabilities for the Year Ended 31 March 2022

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual	Actual	Actual	Actual
	2021/2022	2021/2022	2021/2022	2021/2022
	M'000	M'000	M'000	M'000
<b>Incurrence of Foreign Liabilities</b>	<b>823,471</b>	<b>-</b>	<b>584,324</b>	<b>1,407,795</b>
Loans	823,471	-	584,324	1,407,795
<i>Bilateral Loans</i>	69,309	-	198,582	267,891
<i>Multilateral Loans</i>	754,161	-	41,522	795,683
<i>Export Credits</i>	-	-	344,221	344,221
<b>Total Foreign Liabilities Incurred</b>	<b>823,471</b>	<b>-</b>	<b>584,324</b>	<b>1,407,795</b>

### Note 4: Grants received

Grants received during the year ended 31<sup>st</sup> March 2022 were:

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual	Actual	Actual	Actual
	2021/2022	2021/2022	2021/2022	2021/2022
	M'000	M'000	M'000	M'000
<b>Grants from Foreign Governments</b>	<b>145,375</b>	<b>-</b>	<b>136,901</b>	<b>282,277</b>
Current Donor Grants - Foreign Governments	1,190	-	-	1,190
Capital Donor Grants - Foreign Governments	144,185	-	136,901	281,086
<b>Grants from International Organisations</b>	<b>259,667</b>	<b>-</b>	<b>72,620</b>	<b>332,287</b>
Current Donor Grants – Multilateral Partners	35,065	-	2,978	38,043
Capital Donor Grants – Multilateral Partners	224,602	-	69,642	294,244
<b>Grants from Other General Government Units</b>	<b>-</b>	<b>-</b>	<b>7,137</b>	<b>7,137</b>
Current Grants from Central Government	-	-	7,137	7,137
<b>Total Grants</b>	<b>405,043</b>	<b>-</b>	<b>216,659</b>	<b>621,701</b>

**Note 5: Payments on goods and services**

Payments on goods and services of FY2021/22 were as follows

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual	Actual	Actual	Actual
	2021/2022 M'000	2021/2022 M'000	2021/2022 M'000	2021/2022 M'000
<b>Travel and Transport</b>	<b>138,055</b>	<b>411,616</b>	<b>17,321</b>	<b>566,992</b>
Vehicle Maintenance and Repairs	24,987	51,756	-	76,743
Fuel and Lubricants	15,732	69,239	-	84,971
Short Term Hire of Vehicles	32,014	153,176	16	185,205
Motor Mileage Allowance	2	88	-	91
Fares (Local)	374	1,234	30	1,638
Subsistence (Local)	41,084	83,499	643	125,226
Freight Charges	4,862	8,122	16,633	29,616
Equine Hire	0	506	-	507
Fares (International)	4,562	9,583	-	14,145
Subsistence (International)	14,437	34,413	-	48,850
<b>Operating Costs</b>	<b>829,066</b>	<b>2,113,859</b>	<b>146,978</b>	<b>3,089,903</b>
Power	6,893	104,376	-	111,269
Communications	10,600	72,382	6,830	89,812
Printing	5,217	13,203	111	18,532
Stationery	8,875	18,397	98	27,369
Maintenance of Public Assets	114,684	99,496	-	214,179
Food, Fodder and Beverage Supplies	222	58,087	-	58,309
Purchases or Production of Materials, Goods or Services, including Uniforms	145,850	386,475	76,973	609,297
Minor Works	41,835	16,136	-	57,970
Drugs	98,327	431,365	939	530,631
Dressings	-	16,912	-	16,912
Vaccines	114,364	1,406	-	115,770
Dips and Anthelmintics	-	44	-	44
Official Entertainment	-	308	-	308
Official Gifts	-	617	-	617
Training Costs	29,334	8,110	2,788	40,231
Software Licenses	4,499	10,313	236	15,049
Consultancies	180,095	72,417	58,932	311,445
Ammunition	-	25,000	-	25,000
Fitch	-	643	-	643
MEFMI	-	2,181	-	2,181
ESAAMLG	-	1,636	-	1,636
UNDP Lesotho	-	1,422	-	1,422
Books and Publications	551	13,303	71	13,925
Membership Subscriptions	413	61,507	-	61,920
Project Costs - Historic	685	-	-	685
Water Supply	1,994	27,858	-	29,852
Sewerage and Sanitation	4	1,489	-	1,493
Rent and Lease of Buildings for Government Use	57,640	127,167	-	184,807
Purchase of Health Services	-	539,916	-	539,916
Bank Charges	6,984	3,167	-	10,151
Witness Expenses	-	571	-	571
2008-09 and Prior Year - Grants and Subsidies	-	261	-	261
<b>Total Goods and Services</b>	<b>967,121</b>	<b>2,525,475</b>	<b>164,299</b>	<b>3,656,895</b>

**Note 6: Compensation of Employees**

Payments of FY2021/22 employee compensation are made up of the following:

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual	Actual	Actual	Actual
	2021/2022	2021/2022	2021/2022	2021/2022
	M'000	M'000	M'000	M'000
<b>Wages and salaries</b>	<b>769,242</b>	<b>5,805,488</b>	-	<b>6,574,730</b>
Non Statutory Salaries in Cash	421,525	5,189,118	-	5,610,643
Salaries New Posts	18,129	474	-	18,603
Statutory Salaries in Cash	78,178	79,180	-	157,358
Wages in Cash	134,219	363,010	-	497,229
Allowances in Cash - Non Statutory Posts	34,698	159,924	-	194,621
Allowances in Cash - Statutory Posts	-	2,288	-	2,288
Salaries and Wages - Own Account Capital	43,543	-	-	43,543
Wages and Salaries in Kind	38,950	11,496	-	50,446
<b>Social Contributions</b>	<b>54,361</b>	<b>1,340,285</b>	-	<b>1,394,646</b>
Actual Social Contributions	24,000	594,892	-	618,892
Unfunded Pensions and Gratuities	30,361	745,393	-	775,754
<b>Total Compensation of Employee</b>	<b>823,603</b>	<b>7,145,773</b>	-	<b>7,969,376</b>

**Note 7: Other use of Goods and Services Consumed for the Year Ended 31 March 2022**

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual	Actual	Actual	Actual
	2021/2022	2021/2022	2021/2022	2021/2022
	M'000	M'000	M'000	M'000
<b>Other Use of Goods and Services - Own Account Capital</b>	<b>2,897</b>	-	-	<b>2,897</b>
Purchase of Construction Materials – Own Account Cap	104	-	-	104
Consultancies - Own Account Capital	2,334	-	-	2,334
Purchase of Other Goods and Services - Own Account C	459	-	-	459
<b>Total cost of other goods and services consumed</b>	<b>2,897</b>	-	-	<b>2,897</b>

**Note 8: Purchase of Property, Plant and Equipment**

Fixed assets are expensed on acquisition and sale proceeds accounted for when assets are disposed of. The following table summarises the capital assets acquired during FY2021/22.

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual	Actual	Actual	Actual
	2021/2022	2021/2022	2021/2022	2021/2022
	M'000	M'000	M'000	M'000
<b>Acquisition of Fixed Assets</b>	<b>1,345,804</b>	<b>413,143</b>	<b>636,684</b>	<b>2,395,631</b>
Buildings and Structures	1,286,995	346,512	555,396	2,188,903
Machinery and Equipment	58,809	66,631	81,288	206,728
<b>Acquisition of Other Fixed Assets</b>	<b>-</b>	<b>457</b>	<b>-</b>	<b>457</b>
Intangible Fixed Assets	-	457	-	457
<b>Total value of property, plant and equipment expensed</b>	<b>1,345,804</b>	<b>413,600</b>	<b>636,684</b>	<b>2,396,088</b>

**Note 9: Interest Payments**

Costs include interests paid during the year in respect of external debts, commitment fees, and charges on treasury bills, treasury bonds, and other domestic borrowings. These charges arise from financing arrangements for the budget and monetary policy instruments.

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual	Actual	Actual	Actual
	2021/2022	2021/2022	2021/2022	2021/2022
	M'000	M'000	M'000	M'000
<b>Domestic Interest</b>	<b>-</b>	<b>267,807</b>	<b>-</b>	<b>267,807</b>
Other Domestic Interest	-	267,807	-	267,807
<b>Foreign Interest</b>	<b>-</b>	<b>233,542</b>	<b>-</b>	<b>233,542</b>
Bilateral Interest	-	10,880	-	10,880
Multilateral Interest	-	181,884	-	181,884
Export Credit Interest	-	40,778	-	40,778
<b>Total interest payable</b>	<b>-</b>	<b>501,349</b>	<b>-</b>	<b>501,349</b>

**Note 10: Subsidies**

Subsidies paid during the year are summarized as below:

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual	Actual	Actual	Actual
	2021/2022	2021/2022	2021/2022	2021/2022
	M'000	M'000	M'000	M'000
<b>Subsidies</b>				
<b>To Public Corporations</b>	<b>103,674</b>	<b>512,670</b>	<b>-</b>	<b>616,344</b>
Subsidies - Non Financial Public Corporations	103,674	512,670	-	616,344
<b>Total subsidies for the year</b>	<b>103,674</b>	<b>512,670</b>	<b>-</b>	<b>616,344</b>

**Note 11: Grants Paid**

Other transfers relate to social benefit payments, subsidies and grants to other non-governmental organisations and autonomous bodies. The following tables provide a breakdown of transfers over the main categories.

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual	Actual	Actual	Actual
	2021/2022 M'000	2021/2022 M'000	2021/2022 M'000	2021/2022 M'000
<b>Grants</b>				
<b>To International Organisations</b>	-	45,991	-	45,991
Commonwealth Secretariat	-	3,293	-	3,293
ACP	-	640	-	640
Group Of 77	-	74	-	74
SADC	-	41,985	-	41,985
<b>To Other General Government Units</b>	161,462	1,089,938	-	1,251,400
Current Grants Paid to Central Government	-	388,151	-	388,151
Current Grants Paid to Extra Budgetary Units	95,518	284,691	-	380,209
Current Grants Paid to Local Governments	-	17,901	-	17,901
Grants in Aid Paid to Extra Budgetary Units	65,944	399,195	-	465,139
<b>Total grants for the year</b>	<b>161,462</b>	<b>1,135,929</b>	<b>-</b>	<b>1,297,391</b>

**Note 12: Social Benefits**

Social benefits comprised:

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual	Actual	Actual	Actual
	2021/2022 M'000	2021/2022 M'000	2021/2022 M'000	2021/2022 M'000
<b>Social Benefits</b>				
<b>Social Assistance Benefits</b>	1,152,178	86,448	-	1,238,626
Old Age Pension	767,179	-	-	767,179
APC Pension	2,005	-	-	2,005
Public Assistance in Cash	41,309	80,826	-	122,135
School Feeding Program	222,468	-	-	222,468
Safety Net	88,400	-	-	88,400
Public Assistance in Kind	84	5,622	-	5,706
LLA Pensions	2,703	-	-	2,703
OVC Bursary	6,180	-	-	6,180
Child Grants	21,851	-	-	21,851
<b>Employer Social Benefits</b>	-	10,531	-	10,531
Compensation	-	10,531	-	10,531
<b>Total social benefits</b>	<b>1,152,178</b>	<b>96,978</b>	<b>-</b>	<b>1,249,157</b>

**Note 13: Other Operating Expenses**

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual	Actual	Actual	Actual
	2021/2022 M'000	2021/2022 M'000	2021/2022 M'000	2021/2022 M'000
<b>Property Expense Other Than Interest</b>	-	34	-	34
<b>Rent of Non Produced Assets</b>	-	34	-	34
<i>Rent and Lease of Land for Government Use</i>	-	34	-	34
<b>Miscellaneous Other Expense</b>	10,576	1,056,261	-	1,066,837
<b>Current</b>	10,576	1,056,261	-	1,066,837
<i>Transfers to Institutions Caring for Orphans</i>	-	953,861	-	953,861
<i>Legal Compensation</i>	408	8,941	-	9,349
<i>Motor Vehicle Assurance</i>	8,608	30,874	-	39,482
<i>Non Life Insurance Premiums</i>	1,559	62,586	-	64,145
<b>Losses of Public Moneys</b>	-	34,537	-	34,537
<b>Exchange Rate Losses</b>	-	34,537	-	34,537
<i>Exchange Rate Losses - Foreign Bank Accounts</i>	-	34,537	-	34,537
<b>Total</b>	10,576	1,090,832	-	1,101,408

**Note 14: Proceeds from the Sale of Assets**

Under the cash basis of accounting these are proceeds from disposal of property, plant and equipment, which are recognized at the time of receipts and are included as part of Non-Tax Revenues.

For information purposes gains on disposal of property, plant and equipment were up as follows:

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual	Actual	Actual	Actual
	2021/2022 M'000	2021/2022 M'000	2021/2022 M'000	2021/2022 M'000
<b>Disposal of Fixed Assets</b>	-	4,960	-	4,960
Machinery and Equipment	-	4,960	-	4,960
<b>Total Proceed received</b>	-	4,960	-	4,960

**Note 15: Cash**

**1. Bank accounts** are maintained for effecting central payments, departmental revenue deposits, sub-accountancy operations, projects, special, trust and other extra-budgetary funds and semi-autonomous government agencies. An ongoing exercise seeks to rationalize the number and uses of government bank accounts and incorporate balances within a Treasury Single Account structure. The number of accounts and their balances (per bank records) are shown below.

**2. Funding/ Cash Allocations** were previously presented at the top of the Statement of Cash Receipts and Payments and formed part of the total receipts. This overstated total receipts as it represents Inter Government Cash Movements. The change is made, in the year under review, to include it at the end of the statement, under Cash Balances, as one of the items adjusting Cash Balances.

**3. The ongoing reconciliation exercises**

The total of M1.665 billion reconciling items was submitted to the Auditor General for verification of which M1.132 billion was verified with supporting documents to address unaccounted cash balance of M6.1 billion. The adjustment is made in the Statement of Cash Receipts and Payments, as Year End adjustments to be cleared, under cash balances. The adjustment is yet to be made in IFMIS.

Analysis per bank	Accounts at 31 March 2022		Accounts at 31 March 2021	
	Count	Balance M'000	Count	Balance M'000
<b>HEAD CONTROLLED ACCOUNTS</b>				
<i>Locally Denominated Accounts:</i>				
Central Bank of Lesotho	21	6,290	39	3,698,090
Ned Bank Lesotho	42	113,659	60	98,868
Standard Lesotho Bank	78	132,271	115	425,752
First National Bank	16	40,279	17	44,021
Lesotho Post Bank	31	370,842	33	465,611
<b>Total</b>	<b>188</b>	<b>663,341</b>	<b>264</b>	<b>4,732,341</b>
<i>Foreign Currency Accounts</i>				
Central Bank of Lesotho	52	400,052	51	258,241
Standard Lesotho Bank	3	41,294	5	43,475
First National Bank			1	823
ABSA			1	3,487
Foreign Diplomatic Missions	26	78,828	26	58,295
<b>Total</b>	<b>81</b>	<b>520,174</b>	<b>84</b>	<b>364,321</b>
<i>Mobile Network Operators (MNOs) Cash balances</i>				
Vodacom	8	8,667		
Econet	8	1,038		
Chaperone	1	-		
<b>Total MNOs accounts</b>	<b>17</b>	<b>9,705</b>	<b>0</b>	<b>-</b>
<b>TOTAL HEAD CONTROLLED ACCOUNTS</b>	<b>286</b>	<b>1,193,220</b>	<b>348</b>	<b>5,096,662</b>

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Analysis per bank	Accounts at 31 March 2022		Accounts at 31 March 2021	
	Count	Balance	Count	Balance
		M'000		M'000
<b>TREASURY ACCOUNTS</b>				
<i>Locally Denominated Accounts</i>				
Central Bank of Lesotho	11	1,078,183		
Standard Lesotho Bank	5	46,171		
First National Bank	3	33,098		
Lesotho Post Bank	2	9,594		
<b>Total</b>	<b>21</b>	<b>1,167,045</b>	<b>0</b>	<b>-</b>
<i>Foreign Currency Accounts</i>				
First National Bank	1	3,645		
<b>Total</b>	<b>1</b>	<b>3,645</b>	<b>0</b>	<b>-</b>
<i>Debt and Debt Servicing Accounts</i>				
Central Bank of Lesotho	3	1,475,767		
<b>Total Debt and Debt Servicing Accounts</b>	<b>3</b>	<b>1,475,767</b>	<b>0</b>	<b>-</b>
<b>TOTAL TREASURY ACCOUNTS</b>	<b>25</b>	<b>2,646,457</b>	<b>0</b>	<b>-</b>
<b>ACCOUNTS HELD FOR SPECIAL FUNDS</b>				
Central Bank of Lesotho	4	206,141		
Ned Bank Lesotho	10	42,063		
Standard Lesotho Bank	12	79,031		
First National Bank	2	17,400		
ABSA	1	3,540		
Lesotho Post Bank	5	34,874		
<b>TOTAL SPECIAL FUNDS ACCOUNTS</b>	<b>34</b>	<b>383,049</b>	<b>0</b>	<b>-</b>
<b>TOTAL GOVERNMENT ACCOUNTS</b>	<b>345</b>	<b>4,222,725</b>	<b>348</b>	<b>5,096,662</b>

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Analysis per bank	Accounts at 31 March 2022		Accounts at 31 March 2021	
	Count	Balance M'000	Count	Balance M'000
<b><u>SOE'S ACCOUNTS:</u></b>				
Ned Bank Lesotho	3	1,465		
Standard Lesotho Bank	4	246		
First National Bank	1	1,798		
<b>TOTAL SOE'S ACCOUNTS</b>	<b>8</b>	<b>3,509</b>	<b>0</b>	<b>-</b>
<b><u>MONIES HELD IN TRUST:</u></b>				
Central Bank of Lesotho	2	350,379	2	343,018
Ned Bank Lesotho	1	174	1	6
Standard Lesotho Bank	22	26,509	27	21,928
Standard Bank SA	1	971		
First National Bank	1	2,393	2	1,282
Lesotho Post Bank	3	119	3	99
<b>TOTAL TRUST MONIES ACCOUNTS</b>	<b>30</b>	<b>380,545</b>	<b>35</b>	<b>366,332</b>
<b>GRAND TOTAL</b>	<b>383</b>	<b>4,606,779</b>	<b>383</b>	<b>5,462,994</b>

**Note 17: Incurrence of Domestic Liabilities for the Year Ended 31 March 2022**

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual 2021/2022	Actual 2021/2022	Actual 2021/2022	Actual 2021/2022
	M'000	M'000	M'000	M'000
<b>Incurrence of Domestic Liabilities</b>	-	1,319,463	-	1,319,463
Securities Other Than Shares	-	1,319,463	-	1,319,463
<i>Issue of Treasury Bills - Fiscal</i>	-	561,623	-	561,623
<i>Issue of Bonds</i>	-	757,840	-	757,840
<b>Total Domestic Liabilities Incurred</b>	-	1,319,463	-	1,319,463

**Note 19: Repayment of Domestic Liabilities for the Year Ended 31 March 2022**

Description	Head Controlled	Treasury	3rd Parties	Total
	Accounts	Accounts	Accounts	
	Actual	Actual	Actual	Actual
	2021/2022	2021/2022	2021/2022	2021/2022
	M'000	M'000	M'000	M'000
<b>Repayment of Domestic Liabilities</b>	-	366,600	-	366,600
Securities Other Than Shares	-	366,600	-	366,600
<i>Redemption of Bonds</i>	-	366,600	-	366,600
Loans	-	52,920	-	52,920
<i>Other Repayments</i>	-	50,000	-	50,000
<i>Repayment of Arrears</i>	-	2,920	-	2,920
Other Accounts Payable	-	16	-	16
<i>Repayment of Annual Advances</i>	-	16	-	16
<b>Total Domestic Liabilities Repaid</b>	-	419,537	-	419,537

**Note 20: Repayment of Foreign Liabilities for the Year Ended 31 March 2022**

Description	Head Controlled	Treasury	3rd Parties	Total
	Accounts	Accounts	Accounts	
	Actual	Actual	Actual	Actual
	2021/2022	2021/2022	2021/2022	2021/2022
	M'000	M'000	M'000	M'000
<b>Repayment of Foreign Liabilities</b>	-	623,797	-	623,797
Loans	-	623,797	-	623,797
<i>Bilateral Loans</i>	-	41,696	-	41,696
<i>Multilateral Loans</i>	-	528,400	-	528,400
<i>Export Credits</i>	-	53,702	-	53,702
<b>Total Foreign Liabilities Repaid</b>	-	623,797	-	623,797

#### 4. DISCLOSURE SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

##### Schedule 1: Investments

The government owns minority shares in the trading entities listed below. The Lesotho National Development Corporation (LNDC), a wholly owned state enterprise, also holds shares in three of these companies. During 2021/22 dividends were received from the Central Bank of Lesotho, Minet, Maluti Mountain Brewery, Standard Lesotho Bank and Letšeng Diamonds Mine.

**Table 4: State Owned Entities**

Entity	Government Ownership	Sector	Comments
Letseng Diamonds	30%	Mining	
Kao Mining	25%	Mining	
Liqhobong Mining Development Company	25%	Mining	
Lemphane Diamonds	26.5%	Mining	
Mothae Diamonds	30%	Mining	70% of shares sold in 2016 - 2017.
Gemstone (Show Ridge)	25%	Mining	
Reskol Diamond Mine (Kolo)	10%	Mining	
Standard Lesotho Bank	9.6%	Banking	
Minet	5%	Insurance	
National General Insurance Group	20%	Insurance	
National Life Insurance	12%	Insurance	
Econet Lesotho	30%	Communications	
Lesotho Flour Mill	49%	Milling	
Maluti Mountain Brewery	4.75%	Brewing	LNDC owns 51%
Avani Sun International	36.4%	Hospitality	LNDC owns 16.7%
Loti Brick	22.8%	Brick Making	LNDC owns 73.6%

##### Schedule 2: GOLFIS balances

Prior to migrating to the Epicor IFMIS system in April 2009, accounting records were maintained in the Government of Lesotho's Financial Information System (GOLFIS). At that time the decision was made to only load opening cash book and other balances if they were properly supported. The OAG report on the 2009/10 consolidated statements acknowledged the discrepancies and recommended that they be regularized – this task has yet to be completed. Table 7 shows the current status:

**Table 5: GOLFIS Balances**

Below- the-line account	GOLFIS (M000's)	Bank (M000's)	Comments
Cash at Bank (401)	-2,629,192	3,661,176	Bank
Cash Foreign Missions (402)	-76,289	16,451	Bank
Investments Abroad (426)	3,914	37,213	Bank
Investments Special Funds (427)	201,520	201,520	Bank
Cash on Deposit (403)	-24,588		Ledger Balances
Cash in Transit (404)	-1,010,853		Ledger Balances
Cash with Projects (405)	-801,939		Ledger Balances
Imprests (411)	10,570		Ledger Balances
Advances (423)	-78,814		Ledger Balances
Advances Public Officers (424)	-2,102		Ledger Balances
Contingencies (425)	3,704		Ledger Balances
Advances Clearing Accounts (428)	3,830,265		Ledger Balances
Suspense Clearing Accounts (431)	7,739		Ledger Balances
Trading Accounts (432)	4,679		Ledger Balances
Deposits – Other (503)	-113,011		Ledger Balances
Deposits – General (504)	-2,318		Ledger Balances
Special Funds (511)	-273,104		Ledger Balances

**Schedule 3: Accounts Receivable and other Revenue Arrears**

Revenue arrears are amounts receivable by the Government, but which have not been remitted to government by the due date. The below table analyses the overdue debt by spending units and period for which amounts are overdue. It records those debts owed to the Government budget agencies. It excludes moneys owed to sub-vented agencies (e.g. Tertiary education institutions), extra budgetary funds (e.g. National Manpower Development scheme), rental arrears; rechargeable works; refunds of overpayments to employees and suppliers; replacement of returned to sender (bounced) cheques; interest and principal payments due on loans made to individuals and institutions; and advances where the acquittal is overdue.

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

**Table 6(a): Overdue Debt Analysis by period**

Analysis by Spending Unit	Period Overdue				Total Receivables Arrears at 31 March 2022 M'000
	More or equal 1 year M'000	More than 6 Months, Less than 1 Year M'000	More than 3 months, Less Than 6 Months M'000	Less or equal 3 Months M'000	
Head 001 - Agriculture & Food Security	13,169			11	13,180
Head 002 - Health	890	26,028	59	-	26,977
Head 004 - Finance	542	-	-	10,409	10,951
Head 005 - Trade & Industry				105	105
Head 008 - Home Affairs	2				2
Head 009 - Prime Minister's Office	114	-	70	-	184
Head 011 - Law & Constitutional Affairs	5,129				5,129
Head 012 - Foreign Affairs & Int. Relations	93	-	-	-	93
Head 013 - Public Works & Transport	41				41
Head 016 - Labour & Employment			32		32
Head 017 - Tourism, Environment & Culture	4				4
Head 035 - National Security Services			35		35
Head 037 - Defence & National Security			498	204	702
Head 038 - National Assembly				15	15
Head 039 - Senate	47				47
Head 041 Independent Electoral Commission	54			6	60
Head 042 - Local Government & Chieftainship	82	19	11	0	113
Head 043 - Gender, Youth, Sports & Recreation	481				481
Head 044 - Public Service	7,781				7,781
Head 047 - Directorate on Corruption & Economic Offences				15	15
Head 049 - Police & Public Safety	848	37	26	12	922
Head 050 - Small Business	190				190
Head 051 - Water				104,983	104,983
<b>TOTAL</b>	<b>29,467</b>	<b>26,084</b>	<b>731</b>	<b>115,760</b>	<b>172,042</b>

**Table 6(b): Overdue Debt Analysis by item**

Analysis by Spending Unit	Advances		Imprests		Rentals		Refunds of overpayments		Surcharges		Sale of Goods and Services		Total Arrears at 31 March 2022	
	Recurrent	Development	Recurrent	Development	Recurrent	Development	Recurrent	Development	Recurrent	Development	Recurrent	Development	Recurrent	Development
	M'000	M'000	M'000	M'000	M'000	M'000	M'000	M'000	M'000	M'000	M'000	M'000	M'000	M'000
Head 001 - Agriculture & Food Security		12,920	16	11	232								249	12,932
Head 002 - Health			26,068						909				26,977	-
Head 004 - Finance			10,379		572								10,951	-
Head 005 - Trade & Industry				105									-	105
Head 008 - Home Affairs									2				2	-
Head 009 - Prime Minister's Office			184										184	-
Head 011 - Law & Constitutional Affairs											5,129		5,129	-
Head 012 - Foreign Affairs & Int. Relations			50		43								93	-
Head 013 - Public Works & Transport			41										41	-
Head 016 - Labour & Employment				32									32	-
Head 017 - Tourism, Environment & Culture									4				4	-
Head 035 - National Security Services			35										35	-
Head 037 - Defence & National Security					702								702	-
Head 038 - National Assembly							15						15	-
Head 039 - Senate			47										47	-
Head 041 Independent Electoral Commission			60										60	-
Head 042 - Local Government & Chieftainship					113								113	-
Head 043 - Gender, Youth, Sports & Recreation			481										481	-
Head 044 - Public Service			26		4				7,558		193		7,781	-
Head 047 - Directorate on Corruption & Economic Offences			15										15	-
Head 049 - Police & Public Safety					48		848		27				922	-
Head 050 - Small Business			152						37				190	-
Head 051 - Water	104,525				427				31				104,983	-
<b>TOTAL</b>	<b>104,525</b>	<b>12,920</b>	<b>37,588</b>	<b>117</b>	<b>2,139</b>	<b>-</b>	<b>863</b>	<b>-</b>	<b>8,568</b>	<b>-</b>	<b>5,322</b>	<b>-</b>	<b>159,006</b>	<b>13,037</b>

#### Schedule 4: Pension Liabilities

The Public Officer's Defined Contribution Pension Fund Act (2008) was established to deliver pension benefits to contributing members employed in the Lesotho public service. Statutory actuarial valuations of the Fund are required at regular intervals to assess the viability of the Fund to pay future pension and benefit obligations. The auditor's report on the Fund's annual report for FY2015/16 raises doubt on the Fund's ability to meet future benefits when due and payable. It bases that conclusion on an actuarial valuation of the Fund as at 31<sup>st</sup> March 2014 which indicated an underfunding of M5.560 billion and the valuator's revised report which assessed the underfunding as M5.890 billion as at 31<sup>st</sup> March 2016.

#### Schedule 5: Public Debt

Public Debt comprises domestic and external borrowings. The increase in the debt stock reflects the additional domestic borrowing, net new disbursement and the effects of the depreciation of the Maloti against the major currencies in which the external loans are denominated.

**Table 7: External Liabilities**

Category	01 April 2021	2021/2022		2021/2022	2021/2022	31 March 2022
	Opening Loan Balance in Maloti	New Borrowings in Maloti	Disbursements in Maloti	Repayment Amount in Maloti	Interest Paid in Maloti	Closing Loan Balance in Maloti
Bilateral	979,939,180	443,394,438		41,695,788	10,880,005	924,659,449
Multilateral	12,217,824,059	1,330,183,313	999,993,607	528,399,601	181,884,009	12,310,332,003
Export Credit	1,571,091,723		542,802,264	53,701,656	40,778,271	2,103,621,975
<b>Total</b>	<b>14,768,854,962</b>	<b>1,773,577,751</b>	<b>1,542,795,871</b>	<b>623,797,046</b>	<b>233,542,284</b>	<b>15,338,613,426</b>

**Table 8: Domestic Liabilities**

NO	Category	01 April 2021	2021/2022	2021/2022	2021/2022	31 March 2022
		Opening Debt Balance in Maloti	Newly Issued in Maloti	Repayment Amount in Maloti	Interest Paid in Maloti	Closing Debt Balance in Maloti
1	Treasury Bills	881,617,600	1,529,531,933	1,534,509,833	31,577,667	876,639,700
2	Treasury Bonds	2,599,802,900	900,000,500	366,600,000	235,092,277	3,133,203,400
3	Fiscal Bills		584,803,600			584,803,600
4	Interest to Members of Parliament				1,136,966	
	<b>Total</b>	<b>3,481,420,500</b>	<b>3,014,336,033</b>	<b>1,901,109,833</b>	<b>267,806,910</b>	<b>4,594,646,700</b>

**Table 9: Debt Opening and Closing Balances and Exchange Rates**

Currency	As at 31 March 2021			As At 31 March 2022			Change 2020/21 (per cent)		
	Exchange rate	Balance (currency)	Balance Maloti	Exchange rate	Balance (currency)	Balance Maloti	Exchange rate	Balance (currency)	Balance (Maloti)
ADB Units of Account	24.6916	13,982,898	345,260,125	20.0305	20,922,619	419,090,529	-18.88%	49.63%	-100.00%
Canadian Dollars	12.7014	575,024	7,303,614	11.5787	499,005	5,777,825	-8.84%	-13.22%	-100.00%
Danish Kroner	2.6377	6,478,153	17,087,423	2.1737	5,551,167	12,066,572	-17.59%	-14.31%	-100.00%
Euro	19.8208	45,456,859	900,991,304	16.1774	46,497,877	752,214,750	-18.38%	2.29%	-100.00%
European Currency Units	19.8208	2,839,005	56,271,347	17.3879	2,243,053	39,001,978	-12.27%	-20.99%	-100.00%
Kuwaiti Dinars	57.0570	6,896,180	393,475,337	51.3900	6,330,420	325,320,279	-9.93%	-8.20%	-100.00%
Maloti	1.0000	107,291,473	107,291,473	1.0000	89,409,561	089,409,561	0.00%	-16.67%	-100.00%
Norwegian Krone	1.7151	2,223,856	3,814,135	1.6617	1,946,432	3,234,386	-3.11%	-12.47%	-100.00%
Pound Sterling	22.1781	3,970,650	88,061,470	19.0199	3,858,595	73,390,082	-14.24%	-2.82%	-100.00%
Rand	1.0000	1,340,399,775	1,340,399,775	1.0000	1,221,267,413	1,221,267,413	0.00%	-8.89%	-100.00%
Saudi Riyals	4.7434	72,660,000	344,655,444	3.9823	70,316,000	280,019,408	-16.05%	-3.23%	-100.00%
Special Drawing Rights	24.6916	308,245,508	7,611,074,780	20.3322	360,631,814	7,332,444,892	-17.66%	16.99%	-100.00%
Swedish Kronor	1.7864	13,776,756	24,610,797	1.5649	12,116,238	18,960,700	-12.40%	-12.05%	-100.00%
Swiss Francs	18.7136	3,026,809	56,642,501	15.6781	2,675,524	41,947,131	-16.22%	-11.61%	-100.00%
UAE Dirhams	4.9500	48,208,125	238,630,218	3.9823	38,566,500	153,583,373	-19.55%	-20.00%	-100.00%
US Dollars	18.0156	131,139,656	2,362,559,587	14.4803	133,667,683	1,935,548,149	-19.62%	1.93%	-100.00%
Yen (000's)	166.2000	3,542,107	588,698,231	119.1000	3,272,999	389,814,206	-28.34%	-7.60%	-100.00%
Yuan Renminbi	2.5403	508,042,819	1,290,581,174	2.2830	983,583,965	2,245,522,192	-10.13%	93.60%	-100.00%
			<b>15,777,408,735</b>			<b>15,338,613,426</b>			

**Table 10: Annual Principal Repayment Schedule**

External Debt	Balance at 31 March 2022	Principal Re payment Schedule (Maloti millions)			
		2022/23	2023/24	2024/25	2025/26
Multilateral lenders	12,310,332,002.82	652,620,088.30	665,842,516.40	773,808,791.60	882,436,262.10
Bilateral lenders	924,659,448.61	81,644,356.40	101,997,170.10	101,997,170.10	101,997,170.10
Other lending institutions	2,103,621,974.90	126,969,224.70	182,897,337.70	182,897,337.70	260,198,711.00
<b>Total external debt</b>	<b>15,338,613,426.33</b>	<b>861,233,669.40</b>	<b>950,737,024.20</b>	<b>1,058,703,299.40</b>	<b>1,244,632,143.20</b>

**Schedule 6: On-lending arrangements**

The Government lends or on-lends loans to state-owned-enterprises and other entities for specific purposes consistent with its development policy objectives. The borrower is obliged to pay interest and repay principal sums to government in accordance with the terms and conditions agreed between the parties. The table below summarises the FY2021/22 transactions and year-end status.

**Table 11: On-Lending Transactions and Year-End Status**

Benefitting Agency	Balance at 01 April 2021	Transactions during the month			Balance at 31st Mar 2022
		Loans Repaid	Interest charges Paid	New Loans	
Tikoe Factory Shells	35,000,000.00	5,100,000.00	1,714,000.00		29,900,000.00
Tikoe Phase 2 Factory Shells	202,789,827.00				202,789,827.00
Telecom National Network Phase II	209,861,667.17	7,670,000.00	5,292,300.00		202,191,667.17
Telecom National Network Phase I	187,553,930.83	7,373,161.58	4,698,832.29		180,180,769.25
BADEA 132 Maseru Water Supply I	63,023,315.44				63,023,315.44
BADEA 133 Maseru Water Supply II	78,097,437.64				78,097,437.64
OFID 134 Maseru Supply II	85,500,487.03				85,500,487.03
IDA 2400 Infrastructure Engineering	18,119,448.31				18,119,448.31
IDA 3995 Water Sector Improvement Project	48,814,091.55				48,814,091.55
Five Towns (BADEA)	-			564,788.59	564,788.59
Greater Maseru Water Supply Project	-			5482198.72	-
Lesotho Electricity Supply Project	31,115,455.18	1,944,715.96	690,374.16		29,170,739.22
<b>TOTAL</b>	<b>959,875,660.15</b>	<b>22,087,877.54</b>	<b>12,395,506.45</b>	<b>6,046,987.31</b>	<b>938,352,571.20</b>

Arrears as at 31st March 2022	
ARREARS	Amount i LSL
Econet Telecom Lesotho	130,562,401.00
WASCO	220,507,188.70
<b>TOTAL ARREARS TO GOL</b>	<b>351,069,589.70</b>

### Schedule 7: Payment Arrears

Payment arrears are payment obligations on Government to individuals, suppliers, lenders or contractors that were due for settlement prior to 31st March 2022, but which remained unpaid as at that date. Their eventual settlement will be against the budget appropriations for future years. The table below provides a summary analysis of payment arrears, in total of M804 million, declared by Spending Units and the periods for which payment is overdue. It shows that M760 million was owing to suppliers. Of this M254 million (32% of the total) has been overdue for more than six months to over a year.

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

**Table 12(a): Analysis of Payment Arrears by period**

Spending Unit	Period Overdue				Total Payment Arrears at 31st March 2022 M'000
	More or equal 1 year M'000	More than 6 Months, Less than 1 Year M'000	More than 3 months, Less Than 6 Months M'000	Less or equal 3 Months M'000	
Head 001 - Agriculture & Food Security				8,708	8,708
Head 002 - Health	19,707	1,034	738	83,131	104,610
Head 003 - Education & Training	10,677	45,600	40,217	13,220	109,714
Head 004 - Finance		175		5,779	5,954
Head 005 - Trade & Industry	1,479	503	194	153,148	155,323
Head 006 - Development Planning	16			17,890	17,906
Head 007 - Justice & Correctional Services	2,714				2,714
Head 008 - Home Affairs	14,518	2,832	3,744	1,571	22,664
Head 009 - Prime Minister's Office	7,860	794	497	104	9,256
Head 010 - Communications, Science & Tech	-	-	-	19,200	19,200
Head 012 - Foreign Affairs & Int. Relations	-	3,417	-		3,417
Head 013 - Public Works & Transport			148,103		148,103
Head 014 - Forestry & Land Reclamation		1,661			1,661
Head 015 - Energy and Meteorology	33		46	938	1,017
Head 016 - Labour & Employment	917	138	323	3,160	4,538
Head 017 - Tourism, Environment & Culture	97	0	199		296
Head 018 - Auditor General's Office		306		9	315
Head 019 - His Majesty's Office				404	404
Head 020 - Public Service Commission				17	17
Head 035 - National Security Services				380	380
Head 037 - Defence & National Security	-	38,750	5,646	9,642	54,037
Head 038 - National Assembly				128	128
Head 039 - Senate			58		58
Head 040 - Ombudsman	2,865				2,865
Head 041 Independent Electoral Commission			2,289	326	2,615
Head 042 - Local Government & Chieftainship	6,182	345	2,258	2,509	11,295
Head 043 - Gender, Youth, Sports & Recreation		67,410			67,410
Head 044 - Public Service	150		814		964
Head 045 - Judiciary	2,774	-	1,054	807	4,635
Head 046 - Social Development	133	335	181	928	1,577
Head 047 - Directorate on Corruption & Economic Offences				48	48
Head 048 - Mining	54	16	79	527	675
Head 049 - Police & Public Safety	4,352	3,478	-	-	7,830
Head 050 - Small Business		8,621			8,621
Head 051 - Water				2,316	2,316
Head 052 - Transport	3,968				3,968
Head 023 - Pension & Gratuities	-	-	-	18,477	18,477
Head 024 - Statutory Salaries & Allowances	-	9	-	632	641
<b>TOTAL</b>	<b>78,495</b>	<b>175,423</b>	<b>206,440</b>	<b>343,998</b>	<b>804,356</b>

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

**Table 12(b): Analysis of Payment Arrears by item**

Analysis by Spending Unit	Compensation of Employee	Pensions and Gratuities	Goods and Service		Taxes Withheld		Other Expenses		Construct ion work	Consult ancies	Acquisition of non financial	Total Arrears at 31 March 2022	
	Recurrent	Recurrent	Recurrent	Development	Recurrent	Recurrent	Recurrent	Development	Development	Development	Development	Recurrent	Development
	M'000	M'000	M'000	M'000	M'000	M'000	M'000	M'000	M'000	M'000	M'000	M'000	M'000
Head 001 - Agriculture & Food Security	141		6,427							2,140		6,568	2,140
Head 002 - Health			104,610									104,610	-
Head 003 - Education & Training	17,206		84,683	7,218					607			101,889	7,825
Head 004 - Finance			5,954									5,954	-
Head 005 - Trade & Industry	16		15,568				2,525	136,000	1,049	164		15,585	139,739
Head 006 - Development Planning	52		1,482				16		16,356			1,550	16,356
Head 007 - Justice & Correctional Services			2,714									2,714	-
Head 008 - Home Affairs			17,841			4,823						22,664	-
Head 009 - Prime Minister's Office			9,256									9,256	-
Head 010 - Communications, Science & Tech			19,200									19,200	-
Head 012 - Foreign Affairs & Int. Relations			3,417									3,417	-
Head 013 - Public Works & Transport	544		1,467						146,091			2,011	146,091
Head 014 - Forestry & Land Reclamation			1,646			15						1,661	-
Head 015 - Energy and Meteorology		33	638				346					1,017	-
Head 016 - Labour and Employment	190		4,348									4,538	-
Head 017 - Tourism, Environment & Culture			296									296	-
Head 018 - Auditor General's Office						9	306					315	-
Head 019 - His Majesty's Office			368		12	7	18					404	-
Head 020 - Public Service Commission			17									17	-
Head 035 - National Security Services			380									380	-
Head 037 - Defence & National Security			54,037									54,037	-
Head 038 - National Assembly	17		91			20						128	-
Head 039 - Senate			58									58	-
Head 040 - Ombudsman			2,865									2,865	-
Head 041 Independent Electoral Commission			2,615									2,615	-
Head 042 - Local Government & Chieftainship	2,303	669	881						7,442			3,853	7,442
Head 043 - Gender, Youth, Sports & Recreation			67,410									67,410	-
Head 044 - Public Service			964									964	-
Head 045 - Judiciary			4,635									4,635	-
Head 046 - Social Development			1,577									1,577	-
Head 047 - Directorate on Corruption & Economic Offences							48					48	-
Head 048 - Mining			675									675	-
Head 049 - Police & Public Safety			4,659						3,171			4,659	3,171
Head 050 - Small Business			8,484	137								8,484	137
Head 051 - Water	72		2,244									2,316	-
Head 052 - Transport			3,806			162						3,968	-
Head 023 - Pension & Gratuities		18,477										18,477	-
Head 024 - Statutory Salaries & Allowances			641									641	-
<b>Total</b>	<b>20,541</b>	<b>19,179</b>	<b>435,954</b>	<b>7,356</b>	<b>12</b>	<b>5,035</b>	<b>733</b>	<b>2,525</b>	<b>293,311</b>	<b>19,545</b>	<b>164</b>	<b>481,454</b>	<b>322,902</b>

**Schedule 8: Contingent Liabilities**

Contingent liabilities mainly comprise outstanding amounts guaranteed by the Government in respect of loans issued to state-owned enterprises, public officials and businesses, as indicated below.

**Table 13: Outstanding Amounts Guaranteed (per Public Debt and Aid Management Department)**

Benefiting Entity	Lending Institution	Balance of guarantee at 31-Mar-21	2021/22 Transactions			Balance of guarantee at 31-Mar-22
			Principal Repaid	Interest Paid	New guarantee	
Loans to Members of Parliament & Senate	Nedbank	9,505,433	7,698,913	675,929	-	1,806,520
WASCO	Nedbank	4,166,172	4,115,691	-	-	50,481
PCGF	Lesotho PostBank	13,080,586	14,836,081	1,684,513	8,322,949	6,567,454
Tractor Finance Partial Guarantee	Lesotho PostBank	-	-	-	4,990,341	4,990,341
Loans to Statutory Positions	Standard Lesotho Bank	1,495,054	815,697	270,826	-	679,357
Maseru E textile	Standard Lesotho Bank	2,168,651	-	-	17,825,880	19,994,531
PCGF	Standard Lesotho Bank	6,175,000	-	1,154,171	16,171,200	22,346,200
Lesotho Water and Sewage Services Authority	Standard Lesotho Bank	20,000,000	-	-	-	20,000,000
CGM/Presitex Group	Standard Lesotho Bank	25,589,856	25,589,856	-	-	-
TZICC	Standard Lesotho Bank	146,939,200	146,939,200	-	-	-
PCGF	Standard Lesotho Bank	2,302,500	2,302,500	-	-	-
Eclat Evergood Textiles	Standard Lesotho Bank	63,876,007	63,876,007	-	-	-
Econet	Standard Lesotho Bank	170,831,350	170,831,350	-	-	-
Lucy's Manufacturing Pty. Ltd.	FNB	3,600,000	-	-	-	-
<b>Total</b>		<b>469,729,810</b>	<b>437,005,295</b>	<b>3,785,439</b>	<b>47,310,370</b>	<b>76,434,886</b>

**Table 14: Pending Litigation Claims (per CAO Annual reports)**

The contingent liabilities also comprise pending litigation claims for compensation and potential liabilities from Public-Private Partnerships (PPP). Potential compensation payable are identified in individual CAO annual reports, and summarized below. Exposure to contingent liabilities from the PPP arrangements managed by the Ministry of Health have yet to be assessed.

Spending Unit	Exposure at 31 March, 2022 M'	Exposure at 31 March, 2021 M'
Head 003 - Education & Training	2,279,360	
Head 004 - Finance	76,434,886	469,729,810
Head 010 - Communications, Science & Tech	40,655,746	
Head 012 - Foreign Affairs & Int. Relations	1,105,000	416,364
Head 019 - His Majesty's Office	1,500,000	1,500,000
Head 035 - National Security Services	21,189,999	14,986,167
Head 041 Independent Electoral Commission	45,048,665	
Head 042 - Local Government & Chieftainship	2,666,642	2,666,642
Head 048 - Mining	418,630	
Head 049 - Police & Public Safety	1,034,502	
Head 050 - Small Business	3,532,855	3,532,855
<b>Total</b>	<b>195,866,285</b>	<b>492,831,838</b>

**Schedule 9: Losses and Accidents****Table 15: Summary of Losses and Accidents**

Spending Unit		<i>Losses of Stores</i>	<i>Losses of cash</i>	<i>Assets written off</i>	<i>Motor Vehicle Accidents</i>	Total
		M'000	M'000	M'000	M'000	M'000
Head 001	Agriculture & Food Security			373	767	1,139
Head 003	Education & Training	32			326	358
Head 004	Finance		50,000		302	50,302
Head 005	Trade & Industry				3	3
Head 006	Development Planning	33				33
Head 011	Law & Constitutional Affairs				4	4
Head 013	Public Works & Transport				161	161
Head 016	Labour & Employment				110	110
Head 035	National Security Services				138	138
Head 041	Independent Electoral Commission				8	8
Head 042	Local Government & Chieftainship				216	216
Head 043	Gender, Youth, Sports & Recreation		481			481
Head 044	Public Service				59	59
Head 045	Judiciary	5	29		1,189	1,223
Head 047	Directorate on Corruption & Economic Offences				35	35
Head 049	Police & Public Safety				453	453
Head 050	Small Business		190			190
Head 052	Transport				10	10
<b>GRAND TOTAL</b>		<b>70</b>	<b>50,700</b>	<b>373</b>	<b>3,779</b>	<b>54,921</b>

## 5. APPENDICES

### Appendix 1: Analysis of Receipts and Payments by Spending Unit

**Table 16: 2021/22 ACTUALS - SPENDING UNIT SUMMARY**

(An extract from the Statement of Budget comparison and Actuals)

Spending Unit	Recurrent		Development		Net Flows
	Receipts	Payments	Receipts	Payments	
001 Agriculture & Food Security	50,274,186	401,040,380	144,610,290	176,540,648	(382,696,551)
002 Health	7,896,416	2,084,476,429	488,474,760	359,827,566	(1,947,932,819)
003 Education & Training	5,882,620	2,526,972,520	108,517,889	81,539,678	(2,494,111,689)
004 Finance	14,987,073,722	842,046,692	311,628,255	617,947,180	13,838,708,106
005 Trade & Industry	12,639,623	34,294,237	58,701,169	751,718,810	(714,672,255)
006 Development Planning	59,650	1,032,517,466	2,365,279	35,493,985	(1,065,586,522)
007 Justice & Correctional Services	70,168	236,495,750	1,337,470	28,445,593	(263,533,704)
008 Home Affairs	11,195,194	154,337,189	3,461,932	329,828,787	(469,508,850)
009 Prime Minister's Office	-	120,432,004	-	-	(120,432,004)
010 Communications, Science & Tech	5,980,662	168,211,608	34,416,110	46,342,386	(174,157,222)
011 Law & Constitutional Affairs	818,867	93,325,931	268,295	-	(92,238,769)
012 Foreign Affairs & Int. Relations	-	359,986,831	-	-	(359,986,831)
013 Public Works & Transport	526,950	62,804,314	267,890,999	480,175,614	(274,561,979)
014 Forestry & Land Reclamation	53,102	99,861,542	-	-	(99,808,440)
015 Energy and Meteorology	339,824,114	28,275,347	491,491,503	729,428,864	73,611,406
016 Labour & Employment	10,215,569	52,263,946	-	-	(42,048,377)
017 Tourism, Environment & Culture	3,428,467	78,016,366	3,378,780	15,121,281	(86,330,401)
018 Auditor General's Office	982,805	18,421,020	193,143	-	(17,245,072)
019 His Majesty's Office	-	8,796,987	-	1,109,035	(9,906,022)
020 Public Service Commission	-	10,833,793	-	-	(10,833,793)
035 National Security Services	-	47,452,741	-	4,998,090	(52,450,831)
036 Disaster Management Authority	-	166,100,564	-	-	(166,100,564)
037 Defence & National Security	900,224	702,574,716	10,870,156	-	(690,804,336)
038 National Assembly	-	79,408,507	-	-	(79,408,507)
039 Senate	-	21,717,140	-	17,757,802	(39,474,942)
040 Ombudsman	-	7,351,648	-	-	(7,351,648)
041 Independent Electoral Commission	712,612	68,192,393	586,597	-	(66,893,184)
042 Local Government & Chieftainship	6,410,556	448,863,255	1,020,199	167,609,218	(609,041,719)
043 Gender, Youth, Sports & Recreation	72,859	280,172,886	399,335	5,687,844	(285,388,536)
044 Public Service	7,632,267	43,169,784	-	-	(35,537,516)
045 Judiciary	4,454,808	109,404,006	-	1,920,165	(106,869,363)
046 Social Development	-	833,819,718	22,017,332	33,269,639	(845,072,025)
Directorate on Corruption &					
047 Economic Offences	-	21,536,162	150,497	150,497	(21,536,162)
048 Mining	516,350,034	21,964,598	-	152,009	494,233,426
049 Police & Public Safety	7,516,890	672,007,481	-	38,387,745	(702,878,336)
050 Small Business	271,965	69,203,788	-	2,279,076	(71,210,899)
051 Water	1,309,442,394	229,180,258	77,641,151	344,799,824	813,103,462
052 Transport	23,910,038	80,650,622	-	8,665,634	(65,406,218)
<b>Total Appropriated</b>	<b>17,314,596,761</b>	<b>12,316,180,618</b>	<b>2,029,421,140</b>	<b>4,279,196,969</b>	<b>2,748,640,314</b>
<b>Statutory and Centralized Expenditure</b>					
021 Public Debt	-	1,541,746,240	-	-	(1,541,746,240)
023 Pension & Gratuities	11,400,590	1,554,205,332	-	-	(1,542,804,742)
024 Statutory Salaries & Allowances	-	27,374,099	-	-	(27,374,099)
025 Subscriptions to Int. Organizations	-	109,897,681	-	-	(109,897,681)
026 Refund of Erroneous Receipts	-	5,369,325	-	-	(5,369,325)
<b>Total Statutory &amp; Centralized</b>	<b>11,400,590</b>	<b>3,238,592,677</b>	<b>-</b>	<b>-</b>	<b>(3,227,192,087)</b>
<b>Totals</b>	<b>17,325,997,351</b>	<b>15,554,773,295</b>	<b>2,029,421,140</b>	<b>4,279,196,969</b>	<b>(478,551,773)</b>

**Appendix 2: Budget Comparison – Analysis by Spending Unit****Table 17: FY2021/22 Budget versus Actual – Revenues**

(An extract from the Statement of Budget comparison and Actual Amounts)

<b>Collecting Unit</b>	<b>Original</b>	<b>Revised (as per Submission by Spending Units)</b>	<b>Actual Rec Revenue</b>	<b>Variance</b>
001 Agriculture & Food Security	36,176,392	36,176,392	50,274,186	39%
002 Health	17,929,278	17,929,278	7,896,416	-56%
003 Education & Training	4,303,000	4,303,000	5,882,620	37%
004 Finance	13,249,563,016	13,317,249,732	14,987,073,722	13%
005 Trade & Industry	7,838,940	7,838,940	12,639,623	61%
006 Development Planning	45,000	45,000	59,650	33%
007 Justice & Correctional Services	434,360	434,360	70,168	-84%
008 Home Affairs	12,693,680	12,693,680	11,195,194	-12%
010 Communications, Science & Tech	4,607,500	4,607,500	5,980,662	30%
011 Law & Constitutional Affairs	3,485,210	3,485,210	818,867	-77%
013 Public Works & Transport	831,500	831,500	526,950	-37%
014 Forestry & Land Reclamation	18,000	18,000	53,102	195%
015 Energy and Meteorology	727,280,400	727,280,400	339,824,114	-53%
016 Labour & Employment	6,460,888	6,460,888	10,215,569	58%
017 Tourism, Environment & Culture	3,093,954	3,093,954	3,428,467	11%
018 Auditor General's Office	1,790,836	1,790,836	982,805	-45%
037 Defence & National Security	1,169,000	1,169,000	900,224	-23%
041 Independent Electoral Commission	100,000	100,000	712,612	613%
042 Local Government & Chieftainship	4,085,000	3,984,941	6,410,556	61%
043 Gender, Youth, Sports & Recreation	88,350	88,350	72,859	-18%
044 Public Service	6,128,259	6,128,259	7,632,267	25%
045 Judiciary	3,467,903	3,447,903	4,454,808	29%
048 Mining	207,423,168	207,423,168	516,350,034	149%
049 Police & Public Safety	10,997,100	10,997,100	7,516,890	-32%
050 Small Business	552,000	552,000	271,965	-51%
051 Water	1,178,551,861	1,178,551,861	1,309,442,394	11%
052 Transport	36,842,118	36,842,118	23,910,038	-35%
023 Pension & Gratuities			11,400,590	
<b>Total</b>	<b>15,525,956,713</b>	<b>15,593,523,370</b>	<b>17,325,997,351</b>	<b>11%</b>

# Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

**Table 18: FY2021/22 Budget versus Actual – Recurrent Expenditures**

(An extract from the Statement of Budget comparison and Actual Amounts)

Spending Unit	Original Budget (as per Spending Units submissions)	Revised (as per Submission by Spending Units)	Actual	Variance
<b>Appropriated Expenditure</b>				
001 Agriculture & Food Security	344,648,919	432,903,356	401,040,380	7%
002 Health	2,397,597,781	2,448,462,833	2,084,476,429	15%
003 Education & Training	2,484,287,004	2,484,287,004	2,526,972,520	-2%
004 Finance	880,922,498	951,428,913	842,046,692	11%
005 Trade & Industry	34,034,571	35,580,523	34,294,237	4%
006 Development Planning	1,034,178,492	1,034,440,965	1,032,517,466	0%
007 Justice & Correctional Services	237,887,237	243,266,666	236,495,750	3%
008 Home Affairs	157,477,534	157,477,544	154,337,189	2%
009 Prime Minister's Office	104,831,175	126,948,617	120,432,004	5%
010 Communications, Science & Tech	181,264,705	172,042,504	168,211,608	2%
011 Law & Constitutional Affairs	96,060,684	106,072,479	93,325,931	12%
012 Foreign Affairs & Int. Relations	429,131,956	436,018,586	359,986,831	17%
013 Public Works & Transport	73,982,477	73,982,477	62,804,314	15%
014 Forestry & Land Reclamation	140,635,185	140,635,185	99,861,542	29%
015 Energy and Meteorology	28,802,381	29,805,154	28,275,347	5%
016 Labour & Employment	51,039,252	52,896,694	52,263,946	1%
017 Tourism, Environment & Culture	79,135,798	80,793,384	78,016,366	3%
018 Auditor General's Office	26,754,631	26,754,631	18,421,020	31%
019 His Majesty's Office	10,799,862	11,034,378	8,796,987	20%
020 Public Service Commission	11,862,714	11,862,714	10,833,793	9%
035 National Security Services	55,425,501	55,425,501	47,452,741	14%
036 Disaster Management Authority	16,976,900	167,476,900	166,100,564	1%
037 Defence & National Security	553,271,848	729,180,064	702,574,716	4%
038 National Assembly	89,306,094	89,306,094	79,408,507	11%
039 Senate	23,138,916	23,138,916	21,717,140	6%
040 Ombudsman Independent Electoral	7,482,523	7,482,523	7,351,648	2%
041 Commission	92,848,720	106,439,456	68,192,393	36%
042 Local Government & Chieftainship	474,473,348	478,347,128	448,863,255	6%
043 Gender, Youth, Sports & Recreation	67,742,109	291,697,568	280,172,886	4%
044 Public Service	41,272,506	45,905,607	43,169,784	6%
045 Judiciary	107,420,436	111,450,319	109,404,006	2%
046 Social Development Directorate on Corruption &	906,943,362	911,842,414	833,819,718	9%
047 Economic Offences	19,836,820	24,797,917	21,536,162	13%
048 Mining	23,047,760	23,279,826	21,964,598	6%
049 Police & Public Safety	681,857,678	681,857,678	672,007,481	1%
050 Small Business	57,960,710	72,782,257	69,203,788	5%
051 Water	145,259,652	147,460,485	229,180,258	-55%
052 Transport	73,981,470	95,159,612	80,650,622	15%
<b>Total Appropriated</b>	<b>12,243,581,209</b>	<b>13,119,724,872</b>	<b>12,316,180,618</b>	<b>6%</b>
<b>Statutory and Centralized Expenditure</b>				
021 Public Debt	2,444,343,440	2,444,343,440	1,541,746,240	37%
023 Pension & Gratuities	2,099,366,927	2,099,366,927	1,554,205,332	26%
024 Statutory Salaries & Allowances Subscriptions to Int.	39,151,213	39,926,214	27,374,099	31%
025 Organizations	124,434,160	124,434,160	109,897,681	12%
026 Refund of Erroneous Receipts	2,268,000	5,401,402	5,369,325	1%
<b>Total Statutory &amp; Centralized</b>	<b>5,803,233,722</b>	<b>4,713,472,143</b>	<b>3,238,592,677</b>	<b>31%</b>
<b>Total Recurrent Expenditure</b>	<b>18,046,814,931</b>	<b>17,833,197,015</b>	<b>15,554,773,295</b>	<b>13%</b>



Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Appendix 3: Controlled Entities and Investments – Status of Annual Reporting (As at 18 August 2022) Table 19: Reporting status per entity

MINISTRY	ENTITY	LATEST AUDITED FINANCIAL STATEMENTS	AUDIT OPINION	OUTSTANDING FINANCIAL STATEMENTS	FINANCIAL PERIOD	REMARKS
HEALTH	BAYLOR COLLEGE OF MEDICINE- CHILDRENS FOUNDATION LESOTHO	2015/16	UNQUALIFIED	2016/17-2020/21	JULY TO JUNE	AUDIT FOR 2016/2017 IN PROGRESS.
	NATIONAL DRUG SERVICE ORGANISATION	2020/21	UNQUALIFIED	2021/22	APRIL TO MARCH	2021/22 AUDIT STILL IN PROGRESS
	LESOTHO NURSING COUNCIL	2012/13	QUALIFIED	2014/15 - 2021/22		
	ST.JOSEPH'S HOSPITAL	2018/19	UNQUALIFIED	2019/20 - 2021/22		
	ROMA COLLEGE OF NURSING	2019/20	UNQUALIFIED	2020/21		
	LESOTHO CATHOLIC BISHOPS CONFERENCE HEALTH DEPARTMENT CONFERENCE ACCOUNT	2019/20	UNQUALIFIED	2020/21		
	PARAY MISSION HOSPITAL	2019/20	QUALIFIED	2020/21		
EDUCATION	COUNCIL ON HIGHER EDUCATION	2019/20	UNQUALIFIED	2018/19-2019/20		
	EXAMINATION COUNCIL OF LESOTHO	2020/21	UNQUALIFIED	2021/22	APRIL TO MARCH	THERE WAS SUBMISSION OF 2018/2019 AND 2019/2020 AUDIT FINANCIAL STATEMENTS FROM 2009/10 - 2017/18 SUBMITTED FOR AUDIT.
	LESOTHO COLLEGE OF EDUCATION	2008/09	DISCLAIMER	2009/10 - 2021/22		
	LEROThOLI POLYTECHNIC	2007/08	QUALIFIED	2008/09 - 2021/22		2016/17 SUBMITTED FOR AUDIT.
	CENTRE FOR ACCOUNTING STUDIES	2021/22	UNQUALIFIED	NIL	APRIL TO MARCH	
	NATIONAL UNIVERSITY OF LESOTHO	2019/20	UNQUALIFIED	2020/21- 2021/22	JULY TO JUNE	THERE WAS A SUBMISSION OF 2018/2019 AND 2019/2020 AUDIT REPORTS.
FINANCE	LESOTHO REVENUE AUTHORITY	2021/22	UNQUALIFIED	NIL	APRIL TO MARCH	
	PENSION FUND					
	ROAD FUND	2020/21	QUALIFIED	2021/22	APRIL TO MARCH	
	AVANI LESOTHO (PTY) LTD	2019	UNQUALIFIED	2020 -21	JANUARY TO DECEMBER	
	LESOTHO INSTITUTE OF ACCOUNTANTS	2020/21	UNQUALIFIED	2021/22	JULY TO JUNE	2021/22 AUDIT REPORT STILL IN PROGRESS.
	CENTRAL BANK OF LESOTHO	2018	UNQUALIFIED	2019 - 2021	JANUARY TO DECEMBER	
	LESOTHO CONTINUOUS SURVEY METHODOLOGY PROJECT	2016/17	UNQUALIFIED	2017/18-2020/21		
	PETROLEUM FUND	2018/19	UNQUALIFIED	2020/21		
	MHG LESOTHO (PTY)LTD	2018/19	UNQUALIFIED	2019/20-2020/21		
	OK BAZAARS LESOTHO(PLC)	2018/19	UNQUALIFIED	2019/20-2020/21	JULY TO JUNE	
AGRIC	FINANCIAL INTELLIGENCE UNIT	2018/19		2019/20-2020/21		
	LESOTHO NATIONAL DAIRY BOARD	2016/17		2018/19-2020/21		
	MALUTI MOUNTAIN BREWERY	2020	UNQUALIFIED		2021 JANUARY TO DECEMBER	
PRIME MINISTER'S OFFICE	NATIONAL AIDS COMMISSION	2018/19	UNQUALIFIED	2019/20-2020/21		
COMMUNICATIONS	LESOTHO COMMUNICATIONS AUTHORITY	2018/19	UNQUALIFIED	2019/20-2020/21		
	LESOTHO POSTAL SERVICES	2007/08	DISCLAIMER	2008/09-2020/21		
	LESOTHO POST BANK	2021	UNQUALIFIED	NIL	JANUARY TO DECEMBER	
PUBLIC WORKS AND TRANSPORT	LESOTHO FREIGHT AND BUS SERVICE	2008/09	QUALIFIED	2009/10-2019/20		
	ROADS DIRECTORATE	2014/15	QUALIFIED	2015/16-2019/20		

## Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

MINISTRY	ENTITY	LATEST AUDITED FINANCIAL	AUDIT OPINION	OUTSTANDING FINANCIAL	FINANCIAL PERIOD	REMARKS
<b>ENERGY</b>	LESOTHO ELECTRICITY COMPANY (PTY) LTD	2020/21	ADVERSE	2021/22	APRIL TO MARCH	
	LEC COMMUNICATIONS (PTY)LTD	2019/20	UNQUALIFIED	2020/21		
	LEC (PTY)LTD URBAN DISTRIBUTION REHABILITATION AND TRANSMISSION EXPANSION PROJECT	2018/19	UNQUALIFIED	2019/20-2020/21		
	LESOTHO ELECTRICITY AND WATER AUTHORITY	2020/21	UNQUALIFIED	2021/22	APRIL TO MARCH	2021/22 AUDIT IS STILL IN PROGRESS
<b>LABOUR</b>	DIRECTORATE OF DISPUTE PREVENTION AND RESOLUTION	2014/15	UNQUALIFIED	2015/16-2019/20		
	WORKMEN'S COMPENSATION FUND	2010/11	ADVERSE	2011/12-2019/20		
<b>TOURISM</b>	LESOTHO TOURISM DEVELOPMENT CORPORATION	2020/21	UNQUALIFIED	2021/22	APRIL TO MARCH	
<b>LOCAL GOVERNMENT &amp; CHIEFTAINSHIP</b>	LESOTHO HOUSING AND LAND DEVELOPMENT CORPORATION	2010/11	DISCLAIMER	2018/19 - 2020/21		
	LAND ADMINISTRATION AUTHORITY	2020/21	UNQUALIFIED	2021/22	APRIL TO MARCH	
<b>SMALL BUSINESS</b>	LESOTHO SPORTS AND RECREATION COMMISSION					
	BASOTHO ENTERPRISES DEVELOPMENT CORPORATION	2016/17	UNQUALIFIED	2017/18-2020/21		
	LESOTHO CHAMBER OF COMMERCE					
	LESOTHO OPPORTUNITIES INDUSTRIAL CENTRE	2014/15	DISCLAIMER	2015/16-2020/21		
	PARTIAL CREDIT GUARANTEE FUND					
<b>WATER</b>	METOLONG AUTHORITY	2018/19	UNQUALIFIED	2019/20-2020/21		
	WATER AND SEWERAGE COMPANY	2020/21	DISCLAIMER	2021/22	APRIL TO MARCH	
	LESOTHO HIGHLANDS DEVELOPMENT AUTHORITY	2015/16	UNQUALIFIED	2016/17-2020/21		
	LESOTHO HIGHLANDS WATER COMMISSION	2015/16	UNQUALIFIED	2016/17-2020/21		
	MASERU WASTE WATER PROJECT	2019/20	UNQUALIFIED	2020/21-2021/2022	APRIL TO MARCH	
<b>MINING</b>	MOTHAE DIAMONDS	2015/16	ADVERSE OPINION	2016/17-2020/21		
<b>TRADE</b>	LESOTHO LIQUOR DISTRIBUTORS PTY LTD	2018/19	UNQUALIFIED	2019/20		
	LOTI BRICK (PROPRIETARY) LIMITED	2018/19	DISCLAIMER	2019/20-2020/21		
	LESOTHO NATIONAL DEVELOPMENT CORPORATION AND ITS SUBSIDIARY COMPANIES	2019/20	UNQUALIFIED	2020/21-2021/22	APRIL TO MARCH	

## **PART 2**

# **AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

## **CHAPTER 1: INTRODUCTION**

### **1.1. SUBMISSION AND AUDIT OF FINANCIAL STATEMENTS**

Regarding Section 35(3) of the Public Financial Management and Accountability (PFMA) Act 2011, Consolidated Financial Statements (CFS) shall be prepared per the International Public Sector Accounting Standards (IPSAS), and shall be submitted to the Auditor-General for audit within five months of the end of the financial year. Section 37(1) states that the Minister shall present audited Consolidated Financial Statements to Parliament within eight months of the end of the financial year to which they relate.

### **1.2. SHIFT TOWARD ACCRUAL BASIS OF ACCOUNTING**

Section 62 of the PFMA Act 2011, states that until the Minister publishes the date of commencement of the accrual basis of accounting, the financial statements will continue to be prepared according to IPSAS cash basis.

### **1.3. EXECUTIVE SUMMARY**

In line with the broad mandate given to the Auditor-General, the 2021/2022 annual audit report of the Consolidated Financial Statements of the Government, Statutory Bodies, and Development Projects of the Government for the financial year 2021/2022, is herewith presented.

The Auditor-General audited the Consolidated Financial Statements as presented by the Accountant-General. Further to this, nine (9) authorities and corporations, nine (9) companies in which the Government has a shareholding of over fifty-one (51) percent, nineteen (19) other statutory bodies, one (1) trading account, twenty-two (22) development projects and sixty-eight (68) CHAL Institutions were audited. They had presented financial statements for the year 2021/22, as well as in some cases for the other statutory bodies, those dating from as far back as 2009.

The financial year 2021/2022 was still a difficult year for the fiscus, coming on the back of the COVID-19 pandemic, which led to economic downturn in all major sectors, and which slowdown is expected to continue for a few years.

As with previous audit reports, the main objectives were to draw the attention of various stakeholders to the management of the financial affairs of the government, highlighting areas of weakness and making recommendations.

The Auditor-General is mandated to ensure that the financial statements prepared present a fair view of the utilisation of the funds as appropriated by Parliament.

Whilst there were improvements in some of the areas, in many others, the lack of compliance to legal provisions and standards continued to prevail, whilst in other cases, even prior year findings had yet to be addressed. The other main area of deficiency noted was in the delayed presentation of financial statements for auditing on an annual basis, as well as in the audit reports being tabled before Parliament for review.

Recommendations to improve the management, transparency and accountability of public monies have been made. What remains, is for Chief Accounting Officers and other Officers charged with accounting responsibilities, to ensure compliance with the provisions of the Public Financial Management Accountability Act and Treasury Regulations, for the proper discharge of monies appropriated by Parliament.

## CHAPTER 2: CASH MANAGEMENT

### 2.1. CASH BALANCES

The cash basis of accounting only recognises transactions and events when cash (including cash equivalents), is received or paid by the entity. This method does not consider accounts receivable or accounts payable. Financial statements prepared under the cash basis provide readers with information on sources of cash raised during the period, the purpose for which cash was used, and the cash balances at the reporting date. The focus of measurement in the financial statements is on balances of cash and changes therein.

In the financial years 2015/16 and 2016/17, the opening and closing cash balances were not disclosed in the Statement of Cash Receipts and Payments. In 2021/2022, there is an unexplained difference between the cash balances in the Statement of Cash Receipts and Payments and the explanatory notes which stands at M5.3 billion. These differences are indicated in **Table 2**.

There has always been a lack of explanation or disclosure regarding the variances between cash balances at the end of the year, and explanatory notes. As previously mentioned, the focus of measurement in the financial statements under the cash basis of accounting is on balances of cash and changes therein. This raises concerns regarding the Accountant-General's ability to substantiate the balance of cash held by the Government of Lesotho (GoL), at the end of each financial year.

**Table 2: Status of Cash Balances for the Past 7 Financial Years**

Financial Year	Cash at the beginning of the year per Statement of Cash Receipts and Payments	Cash at the end of the year per Statement of Cash Receipts and Payments	Explanatory notes on cash balances at the end of the year	Unexplained Variance
	M'000	M'000	M'000	M'000
A	B	C	D	E=C-D
2015/16	Not stated	Not stated	8,914,270	-
2016/17	Not stated	Not stated	5,873,154	-
2017/18	5,307,140	4,837,194	4,714,176	123,018
2018/19	4,837,194	6,798,830	6,328,028	470,802
2019/20	6,798,830	8,724,444	5,311,184	3,413,260
2020/21	8,724,444	11,620,367	5,462,996	6,157,371
<b>2021/22</b>	<b>11,620,367</b>	<b>9,914,660</b>	<b>4,606,781</b>	<b>5,307,879</b>

Source: Audit Reports and Consolidated Financial Statements

## 2.2. CASH POSITION

According to Section 74 of the Treasury Regulations 2014, the Accountant-General has authority to establish and maintain agreements with the Central Bank of Lesotho (CBL), to define and operate the Consolidated Fund bank account's structure, including sub-accounts. The Accountant-General also has authority to establish and maintain agreements with commercial banks for the operation of other official bank accounts.

Note 15 of the Financial Statements shows that as at 31 March 2022, there were 383 accounts, comprising 366 bank accounts and 17 mobile network operator accounts. The CBL held 93 accounts with a total balance of M3.517 billion, while commercial banks held 273 accounts with a total of M1.080 billion. Moreover, local mobile network operators held 17 accounts with a total of M9.705 million, resulting in a total cash balance of M4.607 billion for the year under review. The cash position is shown in **Table 3**.

However, the Consolidated Statement of Cash Receipts and Payments showed that the Government had a cash balance of M9.900 billion as at 31<sup>st</sup> March 2022.

### Audit Concern

There is a discrepancy of M5.308 billion as of 31<sup>st</sup> March 2022, which continues to be a matter of concern to the integrity of the Financial Statements.

**Table 3: Cash position as at 31<sup>st</sup> March 2022**

Accounts	Central Bank of Lesotho		Commercial Banks		Mobile Network Operators		TOTAL	
	No. of accounts	Amount M'000	No. of accounts	Amount M'000	No. of accounts	Amount M'000	No. of accounts	Amount M'000
<b>HEAD CONTROLLED ACC.</b>								
Locally denominated	21	6,290	167	657,051	-	-	188	663,341
Foreign currency	52	400,052	29	120,122	-	-	81	520,174
Mobile Networks operators	-	-	-	-	17	9,705	17	9,705
<b>TOTAL</b>	<b>73</b>	<b>406,342</b>	<b>196</b>	<b>777,173</b>	<b>17</b>	<b>9,705</b>	<b>286</b>	<b>1,193,220</b>
<b>TREASURY ACCOUNTS</b>								
Locally denominated	11	1,078,183	10	88,863	-	-	21	1,167,046
Foreign currency	-	-	1	3,645	-	-	1	3,645
Debt & Debt Servicing Account	3	1,475,767	-	-	-	-	3	1,475,767
<b>TOTAL</b>	<b>14</b>	<b>2,553,950</b>	<b>11</b>	<b>92,508</b>			<b>25</b>	<b>2,646,458</b>
<b>SPECIAL FUNDS ACCOUNTS</b>	4	206,141	30	176,908	-	-	34	383,049

<b>TOTAL</b>	<b>4</b>	<b>206,141</b>	<b>30</b>	<b>176,908</b>	<b>-</b>	<b>-</b>	<b>34</b>	<b>383,049</b>
<b>TOTAL GOVT ACC.</b>	<b>91</b>	<b>3,166,433</b>	<b>237</b>	<b>1,046,589</b>	<b>17</b>	<b>9,705</b>	<b>345</b>	<b>4,222,727</b>
<b>SOEs ACCOUNTS</b>	-	-	8	3,509	-	-	8	3,509
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>3,509</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>3,509</b>
<b>MONIES HELD IN TRUST</b>	2	350,379	28	30,166	-	-	30	380,545
<b>TOTAL</b>	<b>2</b>	<b>350,379</b>	<b>28</b>	<b>30,166</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>380,545</b>
<b>GRAND TOTAL</b>	<b>93</b>	<b>3,516,812</b>	<b>273</b>	<b>1,080,264</b>	<b>17</b>	<b>9,705</b>	<b>383</b>	<b>4,606,781</b>

**Source: Consolidated Financial Statements**

### **2.3. RECONCILING ITEMS**

The Accountant-General has attributed the unaccounted cash balance of M6.157 billion in 2020/2021, to incomplete reconciliation of cash balances. In an ongoing effort to address this issue of unaccounted-for cash, the Accountant-General's Office indicated that they have reconciled a sum of M1.665 billion from the accounting records, spanning the period from 2019/2020 to 2020/2021. This comprehensive reconciliation exercise encompassed a total of eight (8) different items and involved 627 individual transactions.

However, the explanations provided since submission of the initial draft financial statements, do not fully validate the discrepancy between the Financial Statements and the bank balances. The verification exercise revealed that out of the reported reconciled amount of M1.67 billion, only M1.13 billion (68%) was supported with documentary evidence, and the balance of M532 million lacked documentary evidence as illustrated in **Table 4**.

The reconciling items mentioned were not fully quantified to determine the exact amount that may have contributed to the variance. As a result, the difference of M6.157 billion was only partially accounted for.

**Table 4: Reconciling Items**

<b>Item description</b>	<b>Reported reconciled amount M'000</b>	<b>Supported amount M'000</b>	<b>Unsupported amount M'000</b>	<b>Remarks</b>
Fraudulent transactions	5,331	4,413	918	8 out of 10 transactions were supported and verified
Payments made outside IFMIS	1,732,010	1,207,212	524,798	280 out of 345 transactions were supported and verified
Softech Issues	(96,133)	(80,174)	(15,959)	74 out of 162 transactions were supported and verified
Foreign Losses	7,517	-	7,517	There was no supporting evidence for all 11 transactions
Voided but paid transactions	5,005	319	4,686	12 out of 36 transactions were supported and verified
Bank queries	10,944	603	10,341	10 out of 40 transactions were supported and verified
Duplicate payments	77	77	-	This 1 transaction was supported and verified
Transactions for management decision	27	11	17	5 out of 22 transactions were supported and verified
<b>Total</b>	<b>1,664,778</b>	<b>1,132,461</b>	<b>532,317</b>	

**Source: Payment Vouchers, Treasury Transaction Lists**

### **2.3.1 Payments Made Outside IFMIS**

It is important at this juncture to note that payments made outside the Integrated Financial Management Information System (IFMIS) consist of five (5) components, namely External Debt, Domestic Debt (Treasury bills and Treasury bonds), Subscriptions to International Organisations, Interest payments for Members of Parliament and Statutory positions, and Unclassified payments, as shown in

#### **Table 5.**

Three (3) components were supported by documentary evidence, except for Domestic Debt and Unclassified transactions shaded in the table. Those three (3) components accounted for 70% or M1,207 billion of the total amounts.

**Table 5: Payments Made Outside IFMIS**

Description	Total Adjustment/ Reconciling amount	Total No. of transactions
	<b>M '000</b>	
External Debt	982,499	203
Domestic Debt – Treasury bills and Treasury bonds	524,250	59
Subscriptions to International Organisations	222,311	70
Interest payments for MPs and Statutory Positions	2,401	7
Unclassified payments / Unknown by Public Debt Department	548	6
<b>TOTAL</b>	<b>1,732,009</b>	<b>345</b>
<b>Transactions supported with evidence</b>	<b>1,207,212</b>	
<b>Transactions not supported with evidence</b>	<b>524,798</b>	

Source: Debt records, Treasury transaction lists

### 2.3.2 Fraudulent Transactions

The verification of reconciliation of the cash book by the Accountant-General spanned the period from April 1, 2019, to August 2021.

Contrary to the amount of M1.2 million in payment vouchers posted to the cash books, the payment vouchers were different from the instruction letters submitted to the CBL for payment in respect of payee details and amounts, resulting in the CBL processing unauthorised payments of M48.7 million. The latter payments were made to companies that were not verifiable with the Ministry of Trade.

The details of payment vouchers as posted in the cash book are shown in columns A, B and D in **Table 6**. However, the transactions tampered with in respect of descriptions, payees, amounts, and particulars, and paid by CBL, appear in columns C and E in **Table 6**. For full details refer to **Appendix 3**.

**Table 6: Fraudulent Transactions**

<b>Date per letter of Instruction to the Central Bank</b>	<b>Instruction Number</b>	<b>Fictitious Payee</b>	<b>Cash book Amount unpaid M</b>	<b>Fraudulent Amount Paid by the Central Bank M</b>
<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
<b>RECURRENT EXPENDITURE</b>				
19/1/2020	002PVR21001029	Victorious General Dealer	24,285	96,385
05/02/2021	003PVR21002414	Victorious General Dealer	1,583	94,854
04/12/2020	048PVR21000278	Hazalnut General Dealer	1,380	75,895
14/01/2021	003PVR21001753	Moletsima General Dealer	112,884	82,752
01/03/2021	042PVR21000921	Moletsima General Dealer	3,408	96,854
03/02/2021	003PVR21000964	Ruru Online Pty Ltd	872,000	1,826,384
21/04/2021	002PVR21001491	HILFD Suppliers Pty Ltd	9,964	1,942,670
09/02/2021	052PVR21000019	Vedilrus (Pty) Ltd	117,845	942,670
<b>TOTAL</b>			<b>1,143,349</b>	<b>5,158,464</b>
<b>DEVELOPMENT EXPENDITURE</b>				
28/01/2021	013PVR21001213	MRP Enterprises (Pty) Ltd	32,591	1,289,945
11/02/2021	013PVR21001213	MRP Enterprises (Pty) Ltd	32,591	1,289,945
09/02/2021	015PVR21000626	Rusten Water Solutions (Pty) Ltd	11,435	745,182
03/08/2021	051PVR22000308	Sunny Penny Pty Ltd	950	31,746,267
29/04/2021	003PVR22000091	Plexus Supplier (Pty) Ltd	-	673,000
16/07/2021	052PVR22000181	Stone Cerfew Holdings Pty Ltd	800	2,873,876
<b>TOTAL</b>			<b>78,367</b>	<b>38,618,215</b>
<b>PAID WITHOUT LETTERS OF INSTRUCTIONS AND NO DESCRIPTIONS</b>				
No letter to CBL	013PVR22000092	No description on bank statement	200	3,973,454
No letter to CBL	003PVR22000088	No description on the bank statement	5,407	965,000
<b>TOTAL</b>			<b>5,607</b>	<b>4,938,454</b>
<b>GRAND TOTAL</b>			<b>1,227,323</b>	<b>48,715,133</b>

**Source: Bank Statements, Instruction letters, Treasury List of Fraudulent Payments**

## **2.4 INCONSISTENT INFORMATION**

I would like to emphasise the issue regarding an instruction letter number 052PVR21000199, dated 20/01/2021. This letter authorised a payment of M942,670, which was later discovered to be fraudulent. The same instruction number was mentioned in the 'Particulars' column, while a different instruction number (052PVR21000019), was recorded in the transfer reference column on CBL bank statement. This inconsistency in information has led to confusion and requires immediate attention.

Payments made without supporting evidence increase the risk of financial loss. Without proof of payment, it may be difficult to track and recover funds if there are discrepancies, or if the recipient fails to fulfil their obligations, thus making it easier for misconduct or mismanagement to occur. Individuals or organisations could also falsely claim payments for goods or services that were never delivered.

### **Recommendation**

I recommended that it is important to maintain proper documentation and evidence for all financial transactions. These include invoices, receipts, contracts, emails, or any other relevant records, that can verify the payment and the terms of the transaction.

## **2.5 DUPLICATION OF PAYMENTS**

The audit revealed an incident involving fraudulent payment instructions issued to the Central Bank. Instruction letter number 013PV21001213, was exploited to make duplicate payments totalling M2.6 million to the same payee, MRP Enterprises (Pty) Ltd, on 28<sup>th</sup> January 2021, and 11<sup>th</sup> February 2021.

This situation highlights a violation of Treasury Regulations, 2014, Section 24 (g) which states that each payment voucher must be assigned a unique registration number. Furthermore, it raises concerns regarding the weaknesses within the payment system between the Treasury and CBL, in failing to detect duplicate payments.

## **2.6 TRIPLE PAYMENTS**

During the audit process, it was discovered that a portion of payments totalling M59,404, originally reported as double payments by the Treasury Department, were actually paid thrice, instead.

This finding was revealed through a review of the bank statements, which consequently led to a total payment of M178,213, in this case.

It was observed that a single payment voucher number was utilised to authorise the payment of the identical amount to the same payee on three separate dates. **Table 7** illustrates this discrepancy.

**Table 7: Triple Payments**

<b>Payment Voucher Number</b>	<b>Payee</b>	<b>Payment Date (Bank)</b>	<b>Amount per Bank Statement M</b>
044PVR20000695	Data Deal Security Systems	29/01/2020	12,671
	Data Deal Security Systems	30/01/2020	12,671
	Data Deal Security System	27/04/2020	12,671
024PVR20000621	SANIJOB HYGIENE	21/04/2020	11,259
	SANIJOB HYGIENE	27/04/2020	11,259
	SANIJOB HYGIENE	19/06/2020	11,259
039PVR21000116	Payee not mentioned	21/07/2020	34,875
	Gol Salaries Nedbank	28/07/2020	34,875
	Gol Salaries Nedbank	29/07/2020	34,875
009PVR21000248	Payee not mentioned	27/07/2020	600
	Gol Salaries Standard Lesotho Bank	29/07/2020	600
	Gol Salaries Standard Lesotho Bank	05/08/2020	600
<b>TOTAL</b>			<b>178,213</b>

**Source: Bank statements, Treasury Reconciliation Analysis (Bank queries)**

## 2.7 DOUBTFUL REVERSALS OF PAYMENTS

The review highlighted a further incident involving a payment of M9.9 million dated 30<sup>th</sup> July 2021, that was transferred using instruction number 051PVR22000237, as revealed by the bank statement. However, the CBL took corrective action and reversed the payment on 2<sup>nd</sup> September 2021. The payment was once again made on the same date 2<sup>nd</sup> September 2021, with the identical instruction number. Nonetheless, the Bank reversed the payment yet again on 7<sup>th</sup> September 2021. This duplicated payment and reversals and the circumstances surrounding the reversals were suspicious.

## **2.8 DIFFERENCES IN CASH DECREASE**

Note 15 to the Consolidated Financial Statements (CFS) revealed a cash decrease of M856 million from M5.463 billion to M4.607 billion, between 31<sup>st</sup> March 2021 and 31<sup>st</sup> March 2022.

However, the Consolidated Statement of Cash Receipts and Payments reflects a decrease of M537 million which differs from M856 million. **Appendix 4** contains more details.

### **Audit Concern:**

These variances cast doubt on the accuracy of the reported cash balances.

Inaccurate financial reporting can have adverse consequences for the government and users of the financial statements such as investors, and other external stakeholders.

Over-reporting cash flows can lead to cash overflow problems and an inability to settle government liabilities, while under-reporting cash flows can result in missed critical expenditures.

### **Recommendation**

I recommended that it is crucial to address the issues surrounding the discrepancies in the Financial Statements to ensure accurate cash balances.

## **2.9 VARIANCES BETWEEN NOTE 15 TO THE CONSOLIDATED FINANCIAL STATEMENTS AND BANK BALANCE CONFIRMATION CERTIFICATES**

Verification of bank balances per Note 15 to the CFS and bank confirmations received, revealed differences of M1.105 million on accounts held at Lesotho PostBank, and M0.138 million held in Foreign Missions. A detailed breakdown of the variance can be found in **Table 8**.

**Table 8: Variances Between Note 15 and Bank Confirmations as at 31 March 2022**

Banks & Mobile Network Operations	Note 15 to the Consolidated Financial Statements		Bank Confirmations		Variance	
	No. of accounts	Amount ('M000)	No. of accounts	Amount ('M000)	No. of Accounts	Amount ('M000)
	A	B	C	D	E	F = D-B
<b>BANKS</b>						
Lesotho Post Bank	41	415,429	43	416,534	2	1,105
Foreign Missions	26	78,828	26	78,690	-	(138)
<b>TOTAL</b>	<b>67</b>	<b>494,257</b>	<b>69</b>	<b>495,224</b>	<b>2</b>	

**Source: Consolidated Financial Statements and Bank confirmations**

The table shows a breakdown of the figures and variances as at 31 March 2022, as reported in the CFS and bank confirmations. The discrepancies in the figures were caused by various factors, not limited to the following: -

- a. Two bank accounts, totalling M1.1 million, held at Lesotho PostBank, were omitted from Note 15 of the CFS. Consequently, this omission resulted in an understatement of the CFS by the same amount.
- b. The variance of M0.138 million on accounts held in Foreign missions was attributed to an incorrect conversion rate applied by the Ministry of Foreign Affairs as of 31 March 2022.

### **Audit Concern**

These differences raise a concern on the accuracy of the CFS, particularly regarding the bank balances reported in Note 15. Inadequate reconciliations between the books of accounts and bank records have been a significant factor contributing to discrepancies between ministerial records and bank confirmations.

### **Recommendation**

I recommended that it is essential to investigate and reconcile the variances to ensure that the Financial Statements accurately reflect the true state of the Government's finances.

## 2.10 DELAYED ACTION ON DORMANT/INACTIVE BANK ACCOUNTS

A dormant or inactive account is defined as an account that has not been used for a specified period, typically over a year. According to Section 83(1) of the Treasury Regulations 2014, the Chief Accounting Officer (CAO) should seek approval from the Accountant-General to close any official bank account that is no longer required.

As of 31<sup>st</sup> March 2022, a review of bank accounts reflected on **Table 9**, revealed that twelve (12) accounts, held at Standard Lesotho Bank and Lesotho Postbank, with a total balance of M40.839 million, were dormant or inactive.

### Audit Concern

The Accountant-General delays to act on dormant/inactive accounts posing a risk of theft, fraud, missappropriation and embezzlement.

**Table 9: Dormant Accounts**

Account Name	Ministry	Amount (M'000)	Comments from Treasury
<b>STANDARD LESOTHO BANK</b>			
LMDA-GoL Performance	Finance	40,003	Account still dormant due to ongoing litigation (case- David Rasethunts'a vs LMDA)
Lithipeng F04 Community	Local Government	203	These accounts were dormant at reporting time but are currently active.
Khoelenyane F03 Community	Local Government	207	
Senqunyane F06 Community	Local government	218	
Qhoasing F06 Community	Local Government	206	
GoL Private Sector Competitiveness	Trade	0.87	Measures were taken to close the account on 9/12/2022
Capital Project Fund M/h	Local Government	0	Measures taken to close the accounts in 2022/23
Quthing Decentralisation	Local Government	0	
Local Government Services	Local Government	0	

District Councils Capital	Local Government	0	
Police Burial Society	Police and Public safety	0	The account is currently active
<b>Total</b>		<b>40,838</b>	
<b>STANDARD LESOTHO BANK FOREIGN CURRENCY</b>			
EU-1 <sup>st</sup> Africa	Communications	0	Account closed in following year (2022/23)
<b>LESOTHO POST BANK</b>			
Lesotho Mounted Police	Police and Public Safety	2	Logistics underway for account closure
Victoria rent Collections	Finance	0	Account closed in August 2022
Total		2	
<b>TOTAL</b>		<b>40,839</b>	

Source: Bank Confirmations

## Recommendation

I recommended that the Accountant-General should review all official bank accounts annually, close any unnecessary or invalid accounts, and transfer any remaining balances to the Consolidated Fund bank account.

### 2.11 UNRECONCILED CASH BALANCES AT THE FOREIGN MISSIONS

Treasury Regulations, 2014 Section 81 requires bank reconciliations to be performed and discrepancies to be resolved in a timely manner.

However, discrepancies such as unrepresented payments, late receipts or deposits, and other issues can arise, which need to be carefully addressed and resolved timeously.

#### Audit Concern

In reviewing bank reconciliation statements for accounts operated in Foreign Missions, I identified discrepancies that require attention, specifically: -

- a. The current accounts for Berlin and New Delhi missions and the Durban Consulate did not reconcile with the cashbook balances as at 31<sup>st</sup> March 2022. This issue has been previously reported for the unreconciled accounts of Berlin and the Durban Consulate, for the past years.

Despite recommendations made since 2019/2020, this recurring problem has not been resolved, and the unreconciled accounts for the Durban Consulate have escalated from M0.03 million in 2020/2021 to M0.15 million, at the end of March 2022.

The unreconciled amounts are shown on **Appendix 5**.

b. **Incorrect Bank Reconciliation Statements**

The confirmation received from the Lesotho Brussels bank account as at 31<sup>st</sup> March 2022 showed a balance of EUR0.2 million. I noted that the balance reflected on the bank reconciliation statement of 31<sup>st</sup> March 2022 was stated as EUR0.24 million which was the balance on 1<sup>st</sup> March 2022. Consequently, this bank reconciliation statement was inaccurate.

c. **Non-availability of Bank Reconciliation Statements**

I found that most of the reconciliations for foreign missions were being completed per Regulation, except for three mission bank accounts totalling M1.067 million, as seen on **Appendix 6**.

The failure by Accounting Officers to reconcile government records with bank accounts holding public funds, has led to the anomalies that have been identified in the preceding sections.

This hindered my ability to evaluate the accuracy and completeness of these accounts.

### **Recommendation**

I recommended that the Accountant-General should ensure that responsible Accounting Officers perform regular reconciliations on all accounts in line with Regulation 81, to provide accurate financial reporting. This is to prevent fraud, embezzlement of public funds and avoid financial burdens such as overdraft fees.

### CHAPTER 3: CASH RECEIPTS

The Government of Lesotho derives its receipts from two main streams: recurrent and capital. Recurrent receipts consist of direct and indirect taxes, fees, charges, and dividends. Revenue receipts are included within this category. On the other hand, capital receipts comprise miscellaneous receipts and external funds, including loans and grants. Government ministries responsible for revenue collection are given targets based on approved estimates for each financial year.

In the Consolidated Financial Statements (CFS), revenue figures are actual receipts, some of which may not relate to the current financial year. Revenue arrears realised from previous years are accounted for as current revenue in the year of collection.

#### 3.1 DIVIDENDS

While the situation has slightly improved compared to the previous years, the entities shown in **Table 10**, have not declared dividends for the four years 2018/19 to 2021/22, except National Insurance General Group, which only declared once, four years ago.

**Table 10: Dividends Not Received**

Entity	Government ownership %	Dividends received in 2021/22 M'000	Dividends received in 2020/21 M'000	Dividends received in 2019/20 M'000	Dividends received in 2018/19 M'000	Comment
Kao Mining	25	-	-	-	-	
Liqhobong Mining Development	25	-	-	-	-	
Lemphane Diamonds	26.50	-	-	-	-	
Gem Stone (Show Ridge)	25	-	-	-	-	
Reskol Diamond Mine	10	-	-	-	-	
National Insurance General Group	20	-	-	-	-	
National Life Insurance	12	-	-	-	√	
Econet Lesotho	30	-	-	-	-	
Lesotho Flour Mills	49	-	-	-	-	
Avani International	36.40	-	-	-	-	LNDC owns 16.7%

Loti Brick	22.80	-	-	-	-	LNDC owns 73.6%
------------	-------	---	---	---	---	-----------------------

**Source: Consolidated Financial Statements**

### **3.2 COMPARISON OF THE CONSOLIDATED FINANCIAL STATEMENTS, MINISTRIES' FINANCIAL STATEMENTS AND IFMIS LEDGER**

Treasury Regulation, 2014 Section 95 read along with Section 35 of the Public Finance Management Act (PFMA) and International Public Sector Accounting Standards (IPSAS) 35, provide for the consolidation of the ministerial financial statements. The Financial Statements are prepared based on the Integrated Financial Management Information System (IFMIS) ledger, which comprises head-controlled accounts, Treasury accounts, and third-party accounts. As such, the CFS, ministries' accounts, and IFMIS ledger, should reflect the same information.

#### **Audit Concerns:**

There are, however, some concerns that need to be addressed.

- a. Out of the 27-revenue collecting units, only 8 reflected the same figures on the CFS, ministries' financial statements, and IFMIS ledger. The CFS reflected a total figure of M17.326 billion, whereas ministries' financial statements totalled M16.007 billion, and the IFMIS ledger had a total figure of M17.297 billion, as reflected in **Table 11**.
- b. A comparison of the consolidated financial statements and IFMIS ledger revealed an overstatement of the CFS by M29 million. Furthermore, a comparison of ministries' financial statements and IFMIS ledger revealed an understatement of ministries' accounts by M1.291 billion.

These discrepancies indicate that some transactions were not posted in the IFMIS ledger, hence errors in data entry, system malfunctions, or fraudulent activities, among other factors, led to inconsistencies in financial reporting. Another reason for the differences was the inclusion of securities other than shares (incurrence of domestic debt) in the amount of M1.319 billion under recurrent revenue in the IFMIS ledger, whereas the amount should have been classified under loans. This issue was raised in the last report, but it appears to have increased instead from M440 million in 2021 to M1.319 billion in 2022.

**Table 11: Comparison of Consolidated Financial Statements, Ministries' Financial Statements and IFMIS Ledger**

Collecting	Consolidated FS Figure	Ministries' FS Figure	IFMIS LEDGER Figure	(Under)/over CFS	(Under)/over MFS
	M'000	M'000	M'000	M'000	M'000
A	B	C	D	E=B-D	F=C-D
Agriculture	50,274	50,274	50,244	31	31
Health	7,896	7,896	1,803	6,093	6,093
Education	5,883	5,883	6,341	(458)	(458)
Finance	14,987,074	13,667,611	14,984,953	2,121	(1,317,342)
Trade	12,640	12,640	10,610	2,029	2,029
Planning	60	60	60	-	-
Justice	70	70	34	37	37
Home Affairs	11,195	11,195	11,395	(200)	(200)
Communications	5,981	5,981	5,981	-	-
Law	819	819	819	-	-
Public Works	527	527	527	-	-
Forestry	53	53	0	53	53
Energy	339,824	339,824	338,976	849	849
Labour	10,216	10,216	10,217	(2)	(2)
Tourism	3,428	3,428	2,622	777	777
Auditor-General	983	983	983	-	-
Defence	900	900	900	-	-
IEC	713	713	617	95	9
Local Government	6,411	6,411	6,200	211	211
Gender	73	73	51	22	22
Public Service	7,632	7,632	7,595	37	37
Judiciary	4,455	4,455	2,172	2,282	2,282
Mining	516,350	516,350	516,350	-	-
Police	7,517	7,517	5,466	2,051	2,051
Small Business	272	272	272	-	-
Water	1,309,442	1,309,442	1,309,450	(8)	(8)
Transport	23,910	23,910	22,441	1,469	1,469
Pension/Gratuities	11,401	11,401	-	11,401	11,401
<b>TOTAL</b>	<b>17,325,999</b>	<b>16,006,536</b>	<b>17,297,079</b>	<b>28,889</b>	<b>(1,290,573)</b>

**Source: Consolidated Financial Statements, Ministries' Financial Statements & IFMIS ledger**

### Recommendation

I recommended that the IFMIS ledger be reconciled to ministerial records monthly, and that the ministerial financial statements be properly consolidated on an annual basis, and any discrepancies be resolved promptly, to ensure that the recorded receipts in the CFS are accurate.

## **CHAPTER 4: NON-CASH ASSETS**

### **4.1 ACCOUNTS RECEIVABLE AND OTHER REVENUE ARREARS**

Accounts receivable represent amounts due to ministries, departments and agencies from individuals or entities which have been provided with goods or services and advances that have not been acquitted/cleared.

Revenue arrears are amounts owed to the government beyond the due date. Year-to-year movements of accounts receivable and revenue arrears must be duly supported by relevant records. Accounts receivables are made up of outstanding amounts in relation to Advances, Rental Arrears, Recovery of Expenditure, Surcharges, Sale of Goods and Services.

The following are the audit concerns in respect of accounts receivables reported in the CFS and or spending units' financial statements: -

#### **Audit Concern:**

##### **Undisclosed prior year balances – M415 million**

The Accountant-General has reported a total amount M172 million as overdue debt (accounts receivables and revenue arrears) to Government as at 31<sup>st</sup> March 2022. In addition to M172 million, the audit revealed an undisclosed amount of M415 million from prior years for which there was no evidence of amounts being cleared. **Appendices 7** and **8** show the details.

#### **4.1.1 Advances**

- a. Treasury Regulations, 2014 Section 33 (1) establishes all advances and reimbursement thereon. Section (2) requires a Chief Accounting Officer (CAO) to maintain a register of advances, recording full details of advances approved.

#### **Audit Concern**

The Ministry of Health Contingency Advance amount of M26 million for acquisition of COVID 19 vaccines was shown as imprest advance both in the Ministry of Health's financial statements and CFS, as opposed to being shown as a contingency advance, and treated appropriately.

The advance erroneously appears under amounts to be appropriated under Supplementary Bill submitted to Parliament.

It was explained that the contingency was not used because the World Bank paid for the vaccines.

### **Recommendation**

I recommended that the advance be removed from the Supplementary Bill and put back into the Contingency Fund.

Further, updates should be made in the register of advances to be properly classified as a contingency advance.

**b.** Section 31 (a) of the Treasury Regulations states that:

“As long as the Government continues to operate on the cash basis of accounting any payments of public money approved but not paid within a financial year shall be cancelled.”

### **Audit Concern**

An amount of M10 million, which appeared as imprest under the Ministry of Finance in the financial year 2021/2022, was reserved for procurement of vehicles which were, however, only to be delivered in the subsequent financial year 2022/23, in breach of the Regulation.

In future, Ministry of Finance should adhere to the Regulation.

**c.** Treasury Regulations, 2014 Section 42 read along with Sections 85(1) and (2) of the same Regulations, indicate that advances that are not acquitted after the due dates be treated as a loss of public money.

### **Audit Concern**

The current year balance of M0.8 million under Recovery of expenditure in the Ministry of Police included M0.2 million for the prior year, which should have been treated as a loss due to non-recovery in the appropriate period.

### **Recommendation**

I recommended that the Ministry of Police should comply with the Regulations and continue to recover the full amount.

#### **4.1.2 Standing and travel advances**

Treasury Regulations, 2014 Sections 40 (1) and 41 (8) state that a standing advance must be retired before 31<sup>st</sup> March of each year. A travel advance must be acquitted within fourteen days of the return of the officer from travel, as per the same Regulations.

Furthermore, Section 42 requires that, if it is not possible to recover or acquit an outstanding advance amount within the period set for the purpose, the amount shall be treated as a loss of public money on the advance holder and dealt with in accordance with Part XIV on Losses of Public Money.

#### **Audit Concern**

##### **Accounting for Irrecoverable Travel Advances**

Outstanding travel advances amount of M1.3 million excluding misclassified imprests in the year under review at 31<sup>st</sup> March 2022, has not been treated as a loss of public funds on the accounts of the advance holders.

#### **Recommendation**

I recommended that this amount be treated as a loss of public funds and dealt with in terms of Part XIV of section 42.

#### **4.2 ON LENT LOANS**

The Government provides loans to state-owned enterprises and other entities for specific development purposes. The borrowers are required to pay interest and repay the principal amount under the agreed terms and conditions.

Section 28 (4) and (5) of the Public Financial Management and Accountability (PFMA) Act, indicate that "The Minister may guarantee the repayment of loans on behalf of Government", and that "before approving any borrowing or guarantee, the Minister shall be satisfied that the beneficiary of the borrowing or guarantee has the capacity to repay the amount involved, together with any interest, within the term proposed."

#### **4.2.1 Contracting New on Lent Loans Despite Incapacity to Service Existing Loans**

##### **Water and Sewerage Company (WASCO)**

##### **Audit Concerns:**

- a. WASCO had accumulated payment arrears amounting to M221 million at year end, since 2017. This situation was worsened by the fact that current year's loan instalments on five projects, were not paid as they fell due.
- b. Despite the defaulting status of WASCO, new on-lent loans were issued, namely Five Towns (BADEA) and Greater Maseru Water Supply. It was also established that there were three loan agreements which were contracted for similar project scope. However, one was cancelled after incurring a cost of M0.565 million. This led to fruitless expenditure and likely reputational loss.
- c. There was no loans billing system in place within the Debt Department, as a result, invoices were not being issued, leading to inconsistent settlement of loans by agencies.

##### **Recommendation**

I recommended that the Debt Department must improve its debt management, to ensure compliance with loan contracts and the PFMA Act.

## **CHAPTER 5: LIABILITIES**

### **5.1 DOMESTIC DEBTS**

#### **5.1.1 Anomalies in Accounting for Treasury Bills and Bonds**

IPSAS Cash Basis requires that all cash receipts and payments should be reported on a gross basis for each sub-classification, except in cases where quick turnover, large amounts, and short maturities justify reporting on a net basis.

#### **Audit Concerns:**

- a. Treasury bonds payments, totalling M602 million were incorrectly reported on a net basis, as opposed to the correct treatment of gross basis in terms of IPSAS.
- b. Furthermore, crucial information regarding withholding tax on interest and coupon payments made on Treasury bills and bonds, was not disclosed separately in the figures presented in the Consolidated Financial Statements (CFS). This omission could result in misinterpretation of the treatment of the withholding tax liability.

#### **Recommendations**

I recommended that: -

- i. The Accountant-General presents the Treasury bonds on a gross basis in terms of the IPSAS.
- ii. A thorough reconciliation between Debt Department records and bank statements on a regular basis, be undertaken. In addition, the withholding tax payment should be properly disclosed in the CFS.

### **5.2 PAYMENT ARREARS**

Treasury Regulations, 2014 Section 26 (1) – (2) stipulates that “an Authorising Officer shall ensure that all payment vouchers are paid by the due date. The standard due date shall be 30 calendar days from receipt of the invoice, but alternate due dates may be stipulated in the Government contracts”. Further, Section 26 (3) stipulates that “as any delay in payment may affect prices paid by Government for goods and services, Authorising Officers whose payment vouchers are not processed in time to ensure payment by the due date may be subject to disciplinary proceedings”.

Payment arrears refer to outstanding payments that are past their due date and have not been made according to the agreed-upon deadline. As at 31<sup>st</sup> March 2022, the Government had a total outstanding payment obligation of M804 million. Of this, M545 million was outstanding debt for more than a year, in violation of Treasury Regulation, Section 26 (1) and (2).

Notably, there has been a significant increase in arrears related to construction work, rising from 7% in 2021, to 36% in 2022.

This situation calls for immediate attention and proactive measures to address the underlying issues.

### **Audit Concern**

Non-compliance of payments by the due date to suppliers, puts a strain on the budget for the upcoming fiscal year. Activities implemented without budgetary allocation may fail to achieve the set objectives and priorities for the period.

### **Recommendations**

I recommended that: -

- i. The Chief Accounting Officers (CAOs) should ensure that payments are made by due dates to conform with Section 26 (1) and (2) of the Treasury Regulations, through proper budgeting, procurement, and payment processes and procedures.
- ii. They must also implement section 26 (3) where invoices have been unduly delayed for payment.

### **5.3 OMITTED PAYMENT ARREARS FROM COURT ORDERS – MINISTRY OF HEALTH**

Since the Government is still operating on the IPSAS cash basis, contingent liabilities will not be reflected on the face of the CFS, but rather as notes to the report.

The Ministry of Health's M10.4 million payment arrears was not included in Table 14 of the CFS. The breakdown for this figure is shown in **Table 12**. These outstanding amounts accrue interest at varying rates, and additional costs are incurred alongside the interest charges. Consequently, the figures continue to increase until they are settled.

During the audit of the CFS, further verification revealed that the cases had reached their conclusions, with judgements being issued through Court orders.

### **Audit Concern**

Despite the absence of any evidence indicating the filing of appeals against judged cases with court orders clearly ordering payment, the Ministry's Legal Department advised that the Ministry of Health was not obliged to fulfil these Court orders.

The non-payment of the court orders results in the accumulation of arrears which puts the Government into more debt, increasing financial risk. This could result in additional litigations, leading to higher legal costs and penalties, further straining the Government's fiscal position.

**Table 12: Omitted Arrears from Court Orders – Ministry of Health**

<b>Reference</b>	<b>Year</b>	<b>Names</b>	<b>Amount (M) M'000</b>	<b>Court Orders</b>
CIV/T/617/2009	2009	Maliakae Moholisa	400	Interest to be calculated annually from the date of judgement.
CIV/T/279/2019	2019	Tankiso Mokhosi	500	Plaintiff be awarded this amount, pending the final determination of final judgement on the amount of compensation. The total claim was M20,000,000.
CCT/0106/2020	2020	Motsoako Catering	9,517	The defendants were further ordered to pay interest on the amount due at the rate of 18.5% p.a. from 31 December 2019 to the date of payment; 10% Collection Commission and Plaintiff's costs.
<b>TOTAL</b>			<b>10,417</b>	

**Source: Ministry of Health's Annual Report**

### **Recommendation**

I recommended that the Ministry of Health must implement the Court orders accordingly. Where they disagree with such, appropriate legal routes should be taken.

## **5.4 PENDING LITIGATION**

Pending litigation claims refer to legal cases that have been initiated but are not yet resolved. These include lawsuits that have been filed but not yet served, as well as those that have gone to trial but are awaiting a

decision or judgement. They represent potential obligations that the Government may need to settle when they become due.

### Audit Concerns:

- a. Table 14 of the CFS has not disclosed the contingent liability of the Public-Private Partnership (PPP) agreement for the Management of Queen 'Mamohato Memorial Hospital (QMMH). The Accountant-General has revealed that the exposure has yet to be assessed.
- b. The information in Table 14 of the presented CFS 2021/22 headed "Pending Litigation Claims (per CAO annual reports)", compared to a similarly headed Table 17 of the audited CFS 2020/21, are not the same, in terms of the reported exposures as at 31<sup>st</sup> March 2021 as depicted in **Table 13**. Thus, the audit concerns that were stated for 2020/21 were not addressed, rather further misrepresentations have been noted.

**Table 13: Difference in Exposures**

Ministries	Exposure at 31 <sup>st</sup> March 2021 (Per CFS 2021)	Exposure at 31 <sup>st</sup> March 2021 (Per CFS 2022 - Restated)	Audited at 31 <sup>st</sup> March 2021
	(M' 000)	(M' 000)	(M' 000)
Finance	Not stated	469,730	
Communications	68,422	0	32,211
Labour	100	Not stated	100
His Majesty's Office	Not stated	1,500	
National Security Services	Not stated	14,986	
Local Government	2,627	2,667	2,626
Small Business Development Cooperatives and Marketing	Not stated	3,532	
<b>Total (CFS 2021)</b>	<b>71,149</b>		
<b>Total (CFS 2021 Restated)</b>		<b>492,325</b>	
<b>Total (Validated)</b>			<b>34,937</b>

Source: CFS 2021/2022 and CFS 2020/2021

As such, I cannot place reliance on the information provided in Table 14 of the CFS on pending litigations and **Appendix 1**.

- c. An analysis of the reported court cases shows unexplained movement in cases and their potential liabilities, as analysed in **Table 14**.

**Table 14: Pending Litigation Claims**

Ministry	Exposure at 31 March 2022	Exposure at 31 March 2021
	(M'000)	(M'000)
	A	B
Education	2,279	undisclosed
Finance	76,435	469,730
Communications	40,656	undisclosed
Foreign Affairs	1,105	416
Labour	100	100
His Majesty's office	1,500	1,500
National Security Services	21,190	14,986
IEC	45,049	undisclosed
Local Government	2,667	2,667
Mining	419	undisclosed
Police and Public Safety	1,035	undisclosed
Small Business Development Cooperatives and Marketing	3,533	3,533

**Source: Consolidated Financial Statements**

## Recommendations

I recommended that: -

- Ministry of Health must expedite the assessment of the full extent of the contingent liability of QMMH, which must be disclosed.
- There is a need for case reconciliation between 2021 and 2022 records.

## 5.5 CONTINGENT LIABILITIES

In terms of the IPSAS cash basis of accounting currently in use by the Government, contingent liabilities and pending litigation claims are required to be disclosed in the notes to the Financial Statements.

### 5.5.1 Present Obligations

#### a. Guaranteed Loans

A government guarantee is an agreement between a financial institution and a government agency (borrower) which stipulates terms and

conditions that, should a borrower default in a manner that could not be resolved, the government would make good the financial institution exposure.

Section 36 (b) and (c) of PFMA Act 2011 states that: "The Minister shall provide a statement identifying each current guarantee provided by Government, the beneficiary of the guarantee, the purpose of the guarantee and amount involved, and any payments made during the year as a result of the guarantee".

### Audit Concerns:

#### a. **Inadequate guarantees' management process**

I had highlighted a concern in my previous reports of the lack of a database and monitoring of guaranteed loans, resulting in challenges to evaluate the validity of guaranteed loans. Contrary to Section 36 (b) and (c) there was no documentary evidence supporting the existence/validity of the guarantees.

#### b. **Inconsistent principal repaid amounts**

The three loans, namely, Partial Credit Guarantee Fund (PCGF) with Lesotho PostBank, PCGF with Standard Lesotho Bank and Loans to Statutory Positions, reflected principal repaid amounts that did not tally to Debt Department records. This is depicted in **Table 15**.

**Table 15: Inconsistent Principal Repaid Amounts**

Benefiting Entity	Lending Institution	Guarantee at 01-Apr-21	Principal Repaid (Debt Records)	Principal Repaid (CFS)	Difference
		M'000	M'000	M'000	M'000
		A	B	C	D=C-B
PCGF	Lesotho Post Bank	13,081	12,200	14,836	2,636l
Loans to Statutory Positions	Standard Lesotho Bank	1,495	668	816	148
PCGF	Standard Lesotho Bank	6,175	6,851	-	(6,851)

**Source: Consolidated Financial Statements, Debts Records**

c. **Newly Disclosed Opening Balances**

Current year CFS disclose opening balances of two guaranteed loans to PCGF totalling M19 million which were not in the previous financial years' closing balances.

Furthermore, loan guarantee instruments in respect of these two guaranteed loans were not provided, raising uncertainty whether these loans were new or not, and what the terms of the guarantees were.

d. **Difference between the current year opening balance and preceding year closing balance**

There was a difference amounting to M105 million between the current year's opening balance and the previous year's closing balance for three (3) loans, namely, WASCO, Maseru E Textiles, and TZICC as shown in **Table 16**.

**Table 16: Differences between current year opening balances and closing for the preceding year**

Beneficiary	Lending Institution	Opening Balance at 01 April 2021	Closing Balance at 31 March 2021	Difference
		M'000	M'000	M'000
WASCO	Nedbank	4,166	50	4,116
Maseru E textile	Standard Lesotho Bank	2,169	19,995	- 17,826
TZICC	Standard Lesotho Bank	146,939	28,100	118,839
<b>TOTAL</b>		<b>153,274</b>	<b>48,145</b>	<b>105,129</b>

**Source: Consolidated Financial Statements and Audit Report 2021**

The Debt Department has no database of all guaranteed loans; thus, I am unable to place reliance on the completeness, and accuracy of loan guarantees as reflected in the CFS. This issue was previously raised but the situation still prevails.

**Recommendation**

I recommended that the Ministry of Finance should ensure effective implementation of the management of loan guarantees and appropriate reporting thereof.

## **5.6 POSSIBLE OBLIGATIONS**

### **5.6.1 Public-Private Partnerships and Other Operational Agreements**

Public-Private Partnership (PPP) Agreements are long-term contracts between a government and a private party, aimed at delivering public assets or services.

The Government has been engaged in numerous operational contracts with private parties for the provision of infrastructure and services.

#### **Audit Concern**

##### **Lack of legal framework for PPP and Other Operational Agreements**

There is no legislation, framework, or policy, guiding the establishment, design, and implementation of PPP and other operational agreements by the Government. It is therefore challenging to establish whether the contracts entered into by the Government meet the criteria for PPP agreements or not.

#### **Recommendation**

I recommended that the Ministry of Finance should develop a clear framework for guiding the provision of PPP Agreements.

## CHAPTER 6: LOSSES AND ACCIDENTS

### 6.1 LOSSES OF PUBLIC MONIES AND/ OR DAMAGE TO GOVERNMENT PROPERTY

The Stores Regulations 1967 read with Treasury Regulations 2014 PART XIV and XV, relating to the responsibility of officers and action by Chief Accounting Officers (CAO), govern the losses of stores and loss of public monies, and mandate that any losses or damage to stores must be immediately reported to the Principal Secretary for Finance, with copies to the Accountant-General and Auditor-General.

The Regulations also specify that no officer should have the discretion to withhold any report where theft, fraud, negligent control, or misuse or damage to government stores is known or suspected to have occurred.

**Table 17** shows a comparison of the loss reports on the Consolidated Financial Statements (CFS) against the Ministries' Financial Statements, of which during physical verification, several assets were noted to be missing, but loss reports were not received by the Ministry of Finance.

**Table 17: Statement of Losses**

Ministry	Consolidated Financial Statements		Ministries Financial Statements	
	Stores	Cash	Stores	Cash
	M'000	M'000	M'000	M'000
Health	32	-	-	
Education	-	-	20	
Planning	33	-	-	-
Judiciary	5	29	-	-
Small Business		190		191
<b>TOTAL</b>	<b>70</b>	<b>219</b>	<b>20</b>	<b>191</b>

**Sources: Consolidated Financial Statements and Ministries' Financial Statements**

#### Audit concerns:

##### a. Loss of Monies

Contrary to the requirements of the Regulations, I have observed the following:

- i. There are discrepancies between the figures reported in the CFS and the Ministries' financial statements, and there were no reports on any action taken to resolve those discrepancies.

- ii. In other cases, there were no loss reports submitted to the Auditor-General as required.
- iii. The accuracy of the figures representing losses in the CFS could not be substantiated, due to the absence of supporting documents which has been highlighted in previous audit reports.

### **Recommendations**

I recommended that: -

- a. The CAOs should ensure the reconciliation of the Ministries' financial statements and register of loss report before submitting to the Accountant-General.
- b. The CAOs should prepare loss reports and provide copies to the Office of the Auditor-General, as required by the Regulations.
- c. Appropriate action should be taken to investigate and ensure compliance with the Regulations.

#### **b. Losses of or damage to government property - Ministry of Health**

In prior audits I had reported an incident of the extensive damage due to fire, inflicted upon the office building, furniture, and equipment at the Ministry's headquarters, in 2019.

In 2022 the Ministry reported that a loss report was prepared, and the matter was reported to the Police. Further, an assessment of the damage by the insurers was conducted on the building, and the financiers refurbished the building.

### **Audit Concern**

A quantification of the loss on furniture and equipment was still outstanding as at the time of the report.

I did not find any supporting documents to substantiate this.

## Recommendation

I recommended that the Ministry of Health should expedite the assessment and valuation of the loss of furniture and equipment, and that appropriate action be taken.

### 6.2 MOTOR VEHICLE ACCIDENTS

According to the Stores Regulations 1967, motor vehicle accidents include incidents where damage is caused to vehicles, where individuals are injured, killed, or both.

It is the responsibility of every Head of Department (HOD) to submit all relevant documents and reports, including the police report, to the Principal Secretary for Finance, upon receiving any report of an accident involving a vehicle in their department. The police also have to promptly provide Accident Reports on all Government vehicles to the respective HOD.

In cases of damage to Government vehicles, the cost of repairs should be charged to the departmental votes, even if the driver of the vehicle responsible for the accident is fined. The Vehicle Accident Reports submitted to the Principal Secretary (PS) for Finance also serve as a request for repairs to be carried out at the expense of the departmental vote.

My office has received reports for 38 vehicles with a total cost of M0.28 million. This amount is different from the total cost of repaired vehicles in the CFS, as well as the total cost in the Ministries' financial statements. The statement of accidents is shown in **Table 18**.

**Table 18: Statement of Accidents**

Ministry	Consolidated Financial Statements	Ministries' Financial Statements		Reports by Auditor-General	
	Amount	No.	Amount	No.	Amount
	M'000		M'000		M'000
Agriculture	767	5	760	0	-
Health	-	2	9	0	-
Education	326	5	326	9	30
Finance	302	0	-	8	11
Trade & Industry	3	0	-	0	-
Justice		2	-	0	-
Home Affairs		7	298	2	-
Prime Minister's		1	-	0	-
Law	4	0	-	0	-
Works	161	0	-	1	-
Forestry		0	-	0	-

Energy		2	8	1	0.6
Labour	110	0	-	0	-
NSS	138	0	-	0	-
National Assembly		0	-	4	9
IEC	8	0	-	0	-
Local Government	216	0	-	0	-
Gender		0	-	7	128
Public Service	59	1	59	3	86
Judiciary	1,189	6	-	0	-
Social Development		3	-	0	-
DCEO	35	6	64	0	-
Mining		0	-	1	33
Police & Public Safety	453	0	-	0	-
Water		0	-	3	40
Transport	10	2	10	0	-
<b>TOTAL</b>	<b>3,781</b>	<b>42</b>	<b>1,535</b>	<b>39</b>	<b>338</b>

**Source: Consolidated Financial Statements, Ministries' Financial Statements and Copies of Accidents Reports**

### **Audit Concern**

Contrary to the expectation that the monetary value and number of accidents reported and actioned upon, to be the same in respect of the Accountant-General, Ministries and Auditor-General's records, there have been irregularities in submissions. This violates Treasury Regulations, 2014 Sections 87 (2) – 88 and Section 91 (3) and 92, which stipulate that the Principal Secretary will provide copies of the reports of the losses with a decision on the losses to the Auditor-General. The Accountant-General shall take any appropriate action necessary to implement the decision of the Principal Secretary. It was, however, noted that: -

- a. The CFS indicate a total cost of repairs amounting to M3.8 million. However, the review of the Ministries' financial statements shows a total cost of M1.5 million. Thus, the difference of M2.3 million remained unexplained. My Office, meanwhile, received reports for vehicle repairs with a total cost of M0.28 million.
- b. The CFS did not indicate any number of vehicle accidents, whereas the Ministries showed a total of 41, while my Office received 38 reports.

## **Recommendations**

I recommended that: -

- a. The CAOs submit relevant documents and vehicle accident reports to the Principal Secretary of Finance with a copy to the Auditor-General, as per the requirements of the Stores regulations.
- b. A reconciliation exercise be undertaken to ensure that the records of Ministries, Accountant-General and Auditor-General are the same, to inform the anticipated expenditure for repairs.
- c. The CAOs should reconcile the total estimated cost of repairs in the reports submitted to the various offices.

## **PART 3**

# **ADMINISTRATION OF PUBLIC FINANCE**

**CHAPTER 7: ADMINISTRATION OF PUBLIC FINANCE****7.1 SUPPLY SERVICES/APPROPRIATED EXPENDITURE****7.1.1 DIFFERENCES BETWEEN BUDGET SUMMARIES**

The Appropriation (2021/2022) Act, 2021 (the Appropriation Act) authorises the spending of monies allocated in the Book of Estimates and appropriates it according to Heads of Expenditure. The total amount specified in the Book of Estimates should therefore match the amount stated in the Appropriation Act for each Head of Expenditure.

**Audit Concern**

The Budget Summaries per the Appropriation Act (Excluding the M600 million for the Administration Account) compared with the Book of Estimates, revealed discrepancies in Government revenues and recurrent expenditure, amounting to M2.8 billion and M8.9 billion, respectively, as shown in **Table 19**.

There is a risk that the un-updated Book of Estimates after the Appropriation Act, can mislead the budget implementation which can result in the use of unapproved funds.

**Table 19: Comparison of Amounts in the Appropriation Act and Book of Estimates**

Description	Appropriation Act	Book of Estimates	Variance
	(M'000)	(M'000)	(M'000)
Government Revenues	15,528	15,528	-
Development Revenue			
• Donor Grants	1,327	820	507
• Donor loans	2,269	-	2,269
<b>Total Revenue</b>	<b>19,126</b>	<b>16,348</b>	<b>2,777</b>
Recurrent Expenditure	12,735	21,600	(8,865)
Capital Expenditure			
• GOL	2,155	2,155	-
• Donor Grants	1,327	1,327	-
• Donor Loans	2,269	2,269	-
<b>Total Capital</b>	<b>5,726</b>	<b>5,726</b>	<b>-</b>
<b>Total Expenditure</b>	<b>18,460</b>	<b>27,325</b>	<b>(8,865)</b>

Source: Appropriation Act and Consolidated Financial Statements

## Recommendations

I recommended that: -

- a. The Budget Office and the Accountant-General should reconcile the Appropriation Act to the Book of Estimates before allocation to the spending heads.
- b. Going forward, the Book of Estimates should be based on the approved values per the Appropriation Act.

## 7.2 OVERALL FISCAL BALANCE FOR 2021/22

The overall fiscal balance refers to the difference between the government's revenues and expenditures.

The original budget for the financial year 2021/22 projected a deficit of M4.7 billion. The revised budget projected a deficit of M 9.8 billion while the actual outcome was a deficit of M3.7 billion. **Table 20**, shows the details of the overall fiscal balance for the year ended 31<sup>st</sup> March 2022.

**Table 20: Overall Fiscal Balance for 2021/22**

Item	Approved Budget	Revised Budget	Actual	Variance	Budget Exec.
	(M'000)	(M'000)	(M'000)	(M'000)	(%)
A	B	C	D	E=(D-C)	F =D/C
<b>Revenue</b>					
Recurrent	15,527,757	15,593,523	16,006,534	413,011	103%
Other Receipts	-	-	1,319,463	(1,319,463)	-
Donor Funds	3,596,849	3,608,820	2,029,496	(1,579,324)	56%
<b>Total</b>	<b>19,124,606</b>	<b>19,202,343</b>	<b>19,355,494</b>	<b>153,151</b>	<b>101%</b>
<b>Expenditure</b>					
Recurrent – Voted	12,734,630	17,833,197	15,554,773	(2,278,424)	87%
Recurrent – Status	4,710,000	4,713,000	3,238,682	(1,484,318)	69%
Development	5,752,105	6,440,590	4,279,197	(2,161,393)	66%
Administration	600,000	852,000	-	-	-
<b>Total</b>	<b>23,796,735</b>	<b>28,986,787</b>	<b>23,072,652</b>	<b>(5,914,135)</b>	<b>80%</b>
<b>Surplus/(Deficit)</b>	<b>(4,672,129)</b>	<b>(9,784,444)</b>	<b>(3,717,158)</b>		

Source: Appropriation Act 2021/2022, and Consolidated Financial Statements

### 7.2.1 Administration Account/Contingencies Fund

Section 114 of the Lesotho Constitution empowers Parliament to establish a Contingencies Fund and authorises the Minister of Finance to make advances from the Fund when there is an urgent and unforeseen need for expenditure that cannot be met through other provisions. If an advance is made from the Fund, a supplementary estimate must be presented, and a Supplementary Appropriation Bill must be introduced as soon as possible, to replace the amount advanced.

#### Advances for the year under review

An allocation of M600 million was made to the Administration Account (Contingencies Fund), through the Appropriation Act (2021/2022). During the financial year under review, an additional amount of M252 million was allocated to the Fund, bringing the total funds available to M852 million.

For Recurrent Expenditure, advances amounted to M 478 million, while Development Expenditure advances amounted to M328 million, as shown in **Table 21**.

#### Audit Concern

This additional advance was not appropriated accordingly as the draft Supplementary Appropriation Bill 2021/22 was submitted to the Law Office on the 23<sup>rd</sup> November 2023, but had not been presented to Parliament, as at the time of the report.

**Table 21: Advances from the Contingencies Fund**

Ministry	Recurrent Expenditure	Development Expenditure	Total Expenditure
	(M'000)	(M'000)	(M'000)
Health	26,028	0	26,028
Finance	451	57,416	57,868
Trade and Industry	0	147,046	147,046
Development Planning	0	5,015	5,015
Home Affairs	0	61,460	61,460
Prime Minister's Office	7,811	0	7,811
Communications, Science and Technology	45,011	0	45,011
Law, Human Rights and Constitutional Affairs	10,748	0	10,748
Foreign Affairs and International Relations	4,089	0	4,089
Energy and Meteorology	0	40,000	40,000

Disaster Management Authority	100,500	0	100,500
Defence	158,890	0	158,890
Senate	0	17,758	17,758
Public Service	3,000	0	3,000
Judiciary	2,365	0	2,365
DCEO	4,961	0	4,961
Small Business	10,531	0	10,531
Water	80,000	0	80,000
Transport	21,003	0	21,003
Refunds for erroneous receipts	3,133	0	3,133
<b>TOTAL</b>	<b>478,521</b>	<b>328,695</b>	<b>807,217</b>

Source: Contingency Warrant 2022

## Recommendation

I recommended that the Minister of Finance should follow up on the process of presenting the Supplementary Appropriation Bill to Parliament, to regularise the expenditure.

### 7.2.2 Centralised Items Vote

#### a. Usage of Budget for Centralised Items

The practice has been to finance salaries (both vacant and new positions) and the purchase of vehicles, cycles, and equine out of Centralised Items Vote. Ministries that require financing for vacant and new positions, as well as the purchase of vehicles, submit their requests to the Budget Controller. These requirements are then consolidated and presented to Parliament for approval. Once approved, the Ministry of Finance issues warrants to the requesting ministries.

#### Audit Concern

In my previous reports, I expressed my dissatisfaction with the use of the Centralised Items Vote (Head 30) under recurrent expenditure, as the items being charged to this vote are already existing line items in ministries. This is in contravention of Section 20 of the PFMA Act which states that, "The Minister has the responsibility for the management, supervision, control and direction of all matters relating to financial affairs of Government which are not by law assigned to any other Minister or authority".

During the year under review, the budget was revised to incorporate expenses related to consultancies and salaries for established posts, grants and for vehicles.

The Centralised Items Vote still does not have proper legislation to govern it and can therefore be revised without reference to any legislation, as shown in **Table 22**.

**Table 22: Centralised Items**

Budget Line	Approved Budget	Revised Budget
	(M'000)	(M'000)
Salaries Established Posts	-	2,091
Salaries – New	32,401	8,100
Wages New Posts	292,453	300,000
Consultancies	-	1,288
Current Grants paid to Extra Budgetary Units	143,816	72,039
Vehicles, Cycles & Equine	25,000	40,141
<b>Total per Estimates</b>	<b>493,670</b>	<b>423,660</b>

Source: Appropriation Act 2021, and Book of Estimates

## b. Allocation to Spending Units

### Audit Concern

The Appropriation Act allocated a total of M493 million for the Centralised Items Vote of which M414 million (84%) has been reallocated to existing specific spending units and capital expenditure of M62 million as presented in **Table 23**, leaving a balance of M79 million. Refer to **Appendix 9** for details.

There is no specific expenditure breakdown for Head 30 in the CFS.

**Table 23: Re-Allocation from Centralised Items**

Spending Unit	Amount
	M'000
Finance	70,507
Trade	1,743
Planning	262
Justice	9,698
Prime Minister's Office	14,312
Communication	7,731
Foreign Affairs	1,593
Energy	1,003
Labour and Employment	1,857
Tourism	1,658
His Majesty's Office	235
Disaster Management Authority	50,000
Defence	17,058
Independent Electoral Commission	13,591
Public Service	1,633
Social Development	2,900

Small Business	4,165
Water	2,201
Mining	232
Gender	2,855
Judiciary	1,652
<b>Total – Voted Heads</b>	<b>206,886</b>
Statutory Salaries & Expenditure	775
<b>Total – Voted Heads</b>	<b>207,661</b>
<b>Contingency Replenishment</b>	<b>144,535</b>
<b>Reallocation</b>	<b>62,085</b>
<b>Grand Total</b>	<b>414,281</b>

**Source: Budget Office Schedule and Consolidated Financial Statements**

### **Recommendation**

I recommended that the Minister of Finance should eliminate the use of this Centralised Item vote for expenditure items already in existence.

## **CHAPTER 8: ACCOUNTABILITY OF RECURRENT REVENUE BY CHIEF ACCOUNTING OFFICERS**

### **8.1 RECURRENT REVENUE**

Treasury Regulations Section 13 on cashflow planning, and Section 51 (1) on the responsibility of the Chief Accounting Officers (CAO) in the collection and safe custody of public money, set out the budgeting and revenue collection measures within spending units.

To achieve proper cashflow management, CAO must continuously evaluate and improve revenue collection processes, such as developing effective collection strategies, the timing of the collection of receipts, as well as establishing adequate machinery and scales of fees.

### **8.2 BUDGET EXECUTION ON RECURRENT REVENUE**

The total budget for recurrent revenue as reflected in the Ministries' financial statements was M15.5 billion. The actual revenue collected by the ministries was M16 billion, resulting in an over-collection of M480 million or 3%. The Ministries of Health, Justice, Law, Energy, and Small Business had a collection rate of less than 50% against the budget, while 10 other ministries exceeded their budget by 11% to 613%.

#### **Audit Concern**

Some of the differences in the budget and actual revenue collected by the ministries are very significant, showing lack of proper planning as shown in **Table 24**.

#### **Recommendation**

I recommended that Ministries should plan better while preparing their revenue budgets in line with cashflow management in terms of the Regulation.

**Table 24: Budget Execution on Recurrent Revenue**

<b>Ministry</b>	<b>Budget per Ministries' accounts</b>	<b>Actual per Ministries Financial statements</b>	<b>Over/ Under (-) Collection</b>	<b>Variance</b>	<b>Reasons for variances</b>
	<b>M'000</b>	<b>M'000</b>	<b>M'000</b>	<b>%</b>	
<b>A</b>	<b>B</b>	<b>C</b>	<b>D=C-B</b>	<b>E= D/B</b>	
Agriculture	36,176	50,274	14,098	39	1. The budget was revised which led to more sales input than the budget 2. Collection of marketing licenses which were not budgeted for under the Ministry as a Department was as Small Business Ministry
Health	17,929	7,896	-10,033	-56	The relocation of Queen Elizabeth the II hospital to BEDCO premises continues to hinder other services such as ophthalmic, oral and orthopaedic not to operate due to lack of consultation rooms
Education	4,303	5,883	1,580	37	1. Sale of tender documents was higher than had been anticipated 2. Increased enrolment on higher education programmes 3. Improved revenue collection mechanisms.
Finance	13,249,563	13,667,611	418,048	3	No reasons were provided
Trade	7,839	12,640	4,801	61	A significant increase of prices on betting license fees and motor vehicle licenses from M600 to M150,000
Planning	45	60	15	33	No reasons were provided
<b>Ministry</b>	<b>Budget per Ministries' accounts</b>	<b>Actual per Ministries</b>	<b>Over/ Under (-) Collection</b>	<b>Variance</b>	<b>Reasons for variances</b>

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

		<b>Financial statements</b>			
	<b>M'000</b>	<b>M'000</b>	<b>M'000</b>	<b>%</b>	
<b>A</b>	<b>B</b>	<b>C</b>	<b>D=C-B</b>	<b>E= D/B</b>	
Justice	434	70	-364	-84	Production activities by inmates were stopped due to COVID 19 restrictions
Home Affairs	12,694	11,195	-1,498	-12	<ol style="list-style-type: none"> <li>1. Applications for citizenship were not approved</li> <li>2. Passport fees were collected for Maseru district only</li> <li>3. The e-Visa system was closed</li> <li>4. Fees for births and deaths were suspended by law</li> <li>5. Some tenants in refugee houses defaulted in rent payments.</li> </ol>
Communications	4,608	5,981	1,373	30	There was improper budgeting on the items of Newspaper Advertising and Sale of Products
Law	3,485	819	-2,666	-77	Revenue due from World Intellectual Property Organisation (WIPO) was not remitted to the Ministry because of the change of Lesotho revenue account number. It must be noted that the total revenue due from WIPO for the past three years is M5,129,176.47
Public Works	832	527	-305	-37	No reasons were provided
Forestry	18	53	35	195	No reasons were provided
Energy	727,280	339,824	-387,456	-53	There was a decline of revenue on Oil Levy and Motor Vehicle Assurance because of restrictions due to the COVID 19 pandemic

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Ministry	Budget per Ministries' accounts	Actual per Ministries Financial statements	Over/ Under (-) Collection	Variance	Reasons for variances
	M'000	M'000	M'000	%	
A	B	C	D=C-B	E= D/B	
Labour	6,461	10,216	3,755	58	Increase in revenue from work permit applications and approvals post COVID-19. The increase was a result of employment in projects such as Poli-hali, Ha Ramarothole Solar Energy, and construction of Mpiti to Sehlabathebe Road
Tourism	3,094	3,428	335	11	<ol style="list-style-type: none"> <li>1. Rent arrears due to the ministry for the 2020/21 financial year were settled in the current financial year of 2021/22.</li> <li>2. The decision was made to sell tender documents for donor-funded projects that were previously not sold by the government, leading to an increase in revenue.</li> <li>3. There was an increase in the number of new lodges.</li> <li>4. Renewal of casino licenses increased due to the relaxation of COVID-19 restrictions</li> </ol>
Auditor-General	1,791	983	-808	-45	Some auditees did not pay audit fees; others did not pay on time.
Defence	1,169	900	-269	-23	No reasons were provided

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Ministry	Budget per Ministries' accounts	Actual per Ministries Financial statements	Over/ Under (-) Collection	Variance	Reasons for variances
	M'000	M'000	M'000	%	
A	B	C	D=C-B	E= D/B	
Independent Electoral Office	100	713	613	613	<ol style="list-style-type: none"> <li>1. The budget was only for sale of tender documents; however, revenue was collected for disposal of non-financial assets and registration of political parties.</li> <li>2. The number of tender documents bought was higher than anticipated</li> </ol>
Local Government	4,085	6,411	2,326	61	Reasons have not been provided
Gender	88	73	-15	-18	Reasons have not been provided.
Public Service	6,128	7,632	1,504	25	<ol style="list-style-type: none"> <li>1. Tuition fees for 2020/2021 due to LIPAM from government ministries were paid in 2021/2022 resulting in an over-collection of M195,739</li> <li>2. There are challenges in budgeting for the item 'Other Fines, Penalties, and Forfeits' since it is not easy to predict the number of officers who are likely to default on serving the bond agreement with the ministry</li> </ol>
Judiciary	3,468	4,455	987	29	<ol style="list-style-type: none"> <li>1. There was an increase in the number of cases that attracted imposition of fines.</li> <li>2. The number of completed cases on estates increased resulting in increase of the Master's fees</li> </ol>

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Ministry	Budget per Ministries' accounts	Actual per Ministries Financial statements	Over/ Under (-) Collection	Variance	Reasons for variances
	M'000	M'000	M'000	%	
A	B	C	D=C-B	E= D/B	
Mining	207,423	516,350	308,927	149	Revenue was collected under the items Dealer's Licenses and Diamond Sales Tax although there was no budget under the items
Police	10,997	7,517	-3,480	-32	<ol style="list-style-type: none"> <li>1. Towards December, which is the peak time for renewal of firearm licenses, Government Printer was unable to supply LMPS with firearm license books this led to under collection.</li> <li>2. Demand for Police escorts and clearance services was low due to COVID 19 restrictions</li> </ol>
Small Business	552	272	-280	-51	The Ministry indicated that the under collection was because of the transfer of the Marketing Department to Ministry of Agriculture. However, the reason is not convincing since the transfer (of the functions only) took effect in November 2021 and the budget was still in the control of the Ministry
Water	1,178,552	1,309	131	11	<ol style="list-style-type: none"> <li>1. Sale of tender documents was higher than had been anticipated.</li> <li>2. Lesotho Highlands Development Authority (LHDA) collected rent for leasing out property situated at Katse; this was a new stream of revenue which had not been budgeted for</li> </ol>

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Ministry	Budget per Ministries' accounts	Actual per Ministries Financial statements	Over/ Under (-) Collection	Variance	Reasons for variances
	M'000	M'000	M'000	%	
<b>A</b>	<b>B</b>	<b>C</b>	<b>D=C-B</b>	<b>E= D/B</b>	
Transport	36,842	23,910	-12,932	-35	<ol style="list-style-type: none"> <li>1. Documents that are issued by the Traffic Commissioner (permits, fitness certificates, and roadworthy certificates) were not available due to shortage of funds to procure them. Therefore, revenue in respect of the services provide through those documents declined.</li> <li>2. Suppliers of vehicle number plates ceased to supply number plates due to delayed payments. As a result, revenue was not realised.</li> </ol>
Pension & Gratuities		11,401	11,401	0	
<b>TOTAL</b>	<b>15,525,957</b>	<b>16,006,534</b>	<b>480,578</b>		

Source: Ministries' Financial Statements

## **CHAPTER 9: ACCOUNTABILITY FOR EXPENDITURE BY CHIEF ACCOUNTING OFFICERS**

It is a requirement of Section 5 of the Public Finance Management Act (PFMA) Act 2011, that Chief Accounting Officers (CAO) should ensure that public funds allocated by Parliament are used efficiently to achieve approved programme objectives. This requires proper documentation, including vouchers, evidence of service performance, and proof of payment to the correct payee. All spending should be charged to the appropriate financial year.

At the end of each financial year, CAO must prepare a Statement of Comparison of Budget and Actual Amounts for each voted service administered. The statement should show the financial year's outturn against the amount appropriated by Parliament, based on cash payments and receipts. A comparison to the prior year's outturn is also required. This statutory requirement helps to ensure transparency and accountability in public spending.

### **9.1 RECURRENT EXPENDITURE**

As per Section 14 of the PFMA Act, "The Minister shall for each financial year present a bill to Parliament in accordance with Section 112 (2) of the Constitution" which means an authorisation by Parliament in the form of an appropriation act to spend the public money for specific purposes during the financial year.

#### **Audit Concern:**

##### **Under-utilisation of appropriated funds.**

In contravention to the provisions of Section 14 of the PFMA Act it was established that three (3) Spending Units being Forestry, Auditor-General and Independent Electoral Commission (IEC) reported a budget execution below 75%, reflecting a relatively low utilisation of funds as depicted in **Table 25**.

**Table 25: Budget Execution Against Appropriated Funds - Extract**

Spending Unit	Original Approved Budget	Supplementary / Reallocation	Revised Budget	Actual (IFMIS)	Variance	Spending %
A	B	C	D=B+C	E	F=E-D	G=E/D
	(M'000)	(M'000)	(M'000)	(M'000)	(M'000)	
Forestry	140,635	0	140,635	94,789	(45,846)	67%
Auditor-General	26,755	0	26,755	18,228	(8,527)	68%
IEC	92,849	13,591	106,439	68,192	(38,247)	64%

**Source: Appropriation ACT 2021/22, Supplementary Bill 21/22, Ministries Financial Statements & IFMIS Ledger**

The underutilisation as depicted in **Table 25** was attributable to unreleased appropriated amounts. This is evidenced by the utilisation rates above 90%, (of the released amounts) by the same spending units, as seen in **Table 26**.

**Table 26: Unreleased Appropriated Budget**

Spending Unit	Appropriated Amount	Supplementary Amount	Revised	Released Amount	Actual	Utilisation
	A	B	C=A+B	D	E	F=E/D
	(M' 000)	(M' 000)	(M' 000)	(M' 000)	(M' 000)	%
Forestry	140,635	0	140,635	105,288	94,789	90
Auditor-General	26,755	0	26,755	18,228	18,228	100
IEC	92,849	13,591	106,439	71,922	68,192	95

**Source: Appropriation ACT 2021/22, Supplementary Bill 21/22, Ministries Financial Statements**

This therefore indicates a restriction on the implementation of the mandates of the Spending Units, had the total appropriated amounts been released.

#### b. Unapproved Supplementary Appropriation Bill

The Supplementary Bill 2021/22 meant to regularise expenditure from the Contingency Fund of M806 million by Spending Units had not been enacted by the Parliament until the time of the report.

#### c. Unspent additional budget

Budget implementation reveals that 13 specified heads of expenditure received supplementary budget allocations but failed to utilise them, as shown in **Table 27**. This implies that there was no actual need for the

additional funds, highlighting a lack of effective budget monitoring. The under-utilisation of allocated funds for planned activities may have adverse consequences at an opportunity cost to other spending units.

**d. Differences in budgeted amounts between Appropriation Act, Spending units and CFS**

Contrary to the stipulation of PFMA Act Section 5 which requires proper documentation for public funds allocated by all Government agencies, there were unreconciled differences between Appropriation Act balances, spending units budgeted amounts and budget amounts per CFS. This is shown in **Table 28**. This could lead to spending units utilising unapproved amounts.

**Recommendations**

I recommended that: -

- a. There be continuous consultation amongst the Accountant-General, Budget Controller and Spending Units on non-release of appropriated funds.
- b. The passing of the Supplementary Appropriation Bill be expedited.
- c. There be close monitoring and implementation of approved initiatives of Government agencies.
- d. The Budget Controller and Accountant-General to agree to the Appropriated figures before they are warranted to ministries.

**Table 27: Unspent Additional Budget**

Spending Unit	Original Approved Budget	Supplementary/ Reallocation	Original + Reallocation	Actual Expenditure per CFS	Revised budget per CFS	Variance
A	B	C	D=B+C	E	F	G=F-E/D
	M'000	M'000	M'000	M'000	M'000	%
Health	2,394,976	26,028	2,421,004	2,084,476	2,448,463	15%
Finance	880,992	70,506	951,498	842,047	951,429	11%
Development planning	1,034,178	262	1,034,440	1,032,517	1,034,441	0%
Justice & Corr. Serv.	237,887	9,698	247,585	236,496	243,267	3%
Law	96,061	10,748	106,809	93,326	106,072	12%
Foreign Affairs	429,132	5,682	434,814	359,987	436,019	17%
Energy	28,802	1,003	29,805	28,275	29,805	5%
Tourism	79,136	1,658	80,794	78,016	80,793	3%

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

<b>Spending Unit</b>	<b>Original Approved Budget</b>	<b>Supplementary/ Reallocation</b>	<b>Original + Reallocation</b>	<b>Actual Expenditure per CFS</b>	<b>Revised budget per CFS</b>	<b>Variance</b>
<b>A</b>	<b>B</b>	<b>C</b>	<b>D=B+C</b>	<b>E</b>	<b>F</b>	<b>G=F-E/D</b>
	<b>M'000</b>	<b>M'000</b>	<b>M'000</b>	<b>M'000</b>	<b>M'000</b>	<b>%</b>
His Majesty's Office	10,800	235	11,035	8,797	11,034	20%
IEC	92,849	13,591	106,440	68,192	106,439	36%
Local Government	474,473	0	474,473	448,863	478,347	6%
Social Develop.	906,943	2,900	909,843	833,820	911,842	9%
Mining	23,048	232	23,280	21,965	23,280	6%
<b>Total</b>	<b>6,689</b>	<b>142,543</b>	<b>6,831,820</b>	<b>6,136,777</b>	<b>6,861,231</b>	

**Sources: Consolidated Financial Statements and Supplementary Appropriation Bill 2021/22**

**Table 28: Differences in Budgeted Amounts Between Appropriation Act Balances, Spending Units Budgeted Amounts and Budget Amounts Per CFS**

Spending Unit	Original Approved Budget as per Appropriation Act	CFS Original Approved Budget	Supplementary/ Reallocation	Revised Budget	Spending Unit Budget
	M'000	M'000	M'000	M'000	M'000
A	B	C	D	E=B+D	F
Agriculture	344,649	344,649	88,254	432,903	432,903
Health	2,394,976	2,397,598	26,028	2,421,004	2448462
Education	2,484,287	2,484,287	0	2,484,287	2,484,287
Finance	880,922	880,922	70,506	951,428	951,428
Trade and Indus.	34,035	34,035	1,743	35,778	35,580
Development Planning	1,034,178	1,034,178	262	1,034,440	1,034,440
Justice & Corr. Serv.	237,887	237,887	9,698	247,585	243,266
Home Affairs	157,478	157,477	0	157,478	157,477
Prime Minister's Office	104,831	104,831	22,117	126,948	126,948
Communications	181,265	181,265	45,011	226,276	172,042
Law	96,061	96,061	10,748	106,809	106,072
Foreign Affairs	429,132	429,132	5,682	434,814	436,018
Public Works	73,982	73,982	0	73,982	73,982
Forestry	140,635	140,635	0	140,635	140,635
Energy & Meter.	28,802	28,802	1,003	29,805	29,805
Labour & Employ.	51,039	51,039	1,863	52,902	52,897
Tourism	79,136	79,136	1,656	80,793	80,793
Auditor-General	26,755	26,755	0	26,755	26,754
His Majesty's Off.	10,800	10,800	235	11,035	11,034
PSC	11,863	11,863	0	11,863	11,862
NSS	55,426	55,426	0	55,426	55,425

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Spending Unit	Original Approved Budget as per Appropriation Act	CFS Original Approved Budget	Supplementary/ Reallocation	Revised Budget	Spending Unit Budget
	<b>M'000</b>	<b>M'000</b>	<b>M'000</b>	<b>M'000</b>	<b>M'000</b>
<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E=B+D</b>	<b>F</b>
DMA	16,977	16,977	150,500	167,477	167,476
Defence	553,272	553,272	181,853	735,125	729,180
National Ass.	89,306	89,306	0	89,306	89,306
Senate	23,139	23,139	0	23,139	23,138
Ombudsman	7,483	7,483	0	7,483	7,482
IEC	92,849	92,849	13,591	106,440	106,439
Loc. Government	474,473	474,473	0	474,473	478,347
Gender	67,742	67,742	223,955	291,697	291,697
Public Service	41,273	41,273	4,633	45,906	45,905
Judiciary	107,420	107,420	4,017	111,437	111,450
Social Develop.	906,943	906,943	2,900	909,843	911,842
DCEO	19,837	19,837	4,961	24,798	24,797
Mining	23,048	23,048	232	23,280	23,279
Police	681,858	681,858	0	681,858	681,857
Small Business	57,961	57,961	14,696	72,657	72,782
Water	145,260	145,260	82,000	227,260	147,460
Transport	73,981	73,981	21,003	94,984	95,159
<b>TOTAL</b>	<b>12,240,961</b>	<b>12,243,582</b>	<b>989,147</b>	<b>13,232,108</b>	<b>13,119,706</b>

Source: Appropriation ACT 2021/22, Supplementary Bill 2021/22, Ministries' Financial Statements & IFMIS ledger

## 9.2 DEVELOPMENT BUDGET

The development budget refers to the financial resources allocated for acquiring fixed capital assets, such as land, buildings, and equipment, as well as for stock and intangible assets. Examples of development projects include the construction of schools, hospitals, and roads. The funding for such projects can come from various sources, including donor grants, donor loans, and government revenues.

In terms of Section 13 of the Treasury Regulations, 2014 the Accountant-General shall ensure an effective and efficient cash management regime which involves the preparation of a cash forecast plan for Government. The cashflow plan shall be based on a thorough assessment of the timing of Government revenue and expenditure. The expenditure shall be based on an annual procurement plan for both recurrent and capital expenditure.

### 9.2.1 Development Budget Execution

The total original development/capital expenditure budget per the Appropriation Act was M5.7 billion. The capital budget estimates were later increased by a Supplementary Appropriation Bill amounting to M1.6 billion which has not been approved. The revised budget therefore amounted to M7.3 billion.

#### Audit Concerns:

##### a. Under Utilisation of Budget

The CFS indicated M4.3 billion which was 58% usage of the revised budget allocation of M7.3 billion. Out of twenty-five (25) spending units that were allocated a budget, ten (10) displayed an execution rate below 50%. On the other hand, six (6) spending units allocated supplementary budgets, also spent below 50% of the total allocated. This indicated insufficient oversight of the budgetary process, which in turn, had an adverse effect on the implementation of Government priorities, as depicted in **Table 29**.

This low spending capacity on development budget for some ministries raises concerns about the ability for Government to provide the essential public services, and the opportunity cost for funding other critical projects.

**Table 29: Supplemented Development Expenditure with Utilisation Below 50%**

Spending Unit	Original Budget per Appropriation Act	Supplementary Estimates	Revised budget per Consolidated Financial Statements	Actual Expenditure	Utilisation Rate
	'M000	'M000	M000	'M000	%
A	B	C	D	E	F=E/D
Agriculture	449,966	15,514	465,480	176,541	38
Health	582,107	223,669	805,776	359,828	45
Education	141,167	90,839	232,006	81,540	35
Planning	73,894	5,015	78,909	35,494	45
Water	709,954	158,371	868,325	344,800	40
Transport	15,636	69,772	85,408	8,666	10

**Sources: Appropriation Act 2021/2022, Savingram dated 01 July 2022 from Finance to Law Office, spending units' financial statements.**

**b. Unapproved Expenditures in Excess of Budget**

It was noted that two Ministries of Communications, Science and Technology and Home Affairs exceeded their budgeted expenditures by M21.9 million and M2.9 million respectively, in contravention of the requirements of section 112 (3) (b) "Authorisation of expenditure" of the Constitution, which governs excess expenditure cases.

**Recommendation**

I recommended that Ministries prepare cashflow plans that have been thoroughly assessed in terms of the timing of the development expenditure, as stipulated by the Treasury Regulations, 2014 to avoid under or over-usage of allocated funds.

**9.3 SUPPLEMENTARY APPROPRIATION BILL NOT PASSED**

The PFMA Act Section 16 requires that the Minister shall prepare a bill for Supplementary Appropriation for presentation to Parliament per Section 112 (3) of the Constitution, where a need for new expenditure not provided for in the annual appropriation act, has arisen.

### Audit Concern

An instruction to draft a Supplementary Appropriation Bill to make provision for M2.8 billion of which M1.6 billion was for capital expenditure, was issued by the Ministry of Finance to the Law Office (Parliamentary Counsel) in June 2022. However, at the time of the audit, the Act to regularise the capital expenditure amount of M1.6 billion had not been enacted in terms of Section 16 of the PFMA Act.

The breakdown of M1.6 billion by source is shown in **Table 30**.

**Table 30: Sources of Capital Supplementary Expenditure**

Source	Amount
	M'000
Contingency Fund	328,695
Treasury bills and bonds	721,120
Centralised items	16,616
Reallocations	35,465
Unappropriated disbursed development partners funds	473,004
<b>TOTAL</b>	<b>1,574,900</b>

Source: Debt Unit, Ministries' Financial Statements

### Recommendation

I recommended that the passing of the Supplementary Appropriation Bill to Parliament be expedited to comply with the PFMA Act.

## 9.4 VARIANCES BETWEEN REVISED BUDGETS PER ACT/BILL AND SPENDING UNITS' FINANCIAL STATEMENTS

### Audit concerns:

#### a. Variances Between Revised Development Budgets per Act and Spending Units

There was a difference of M887 million between the appropriated budget of M7.327 billion (per Appropriation Act plus Appropriation Bill) and the total revised capital budget of M6.439 billion per Spending Units. As a result of the variances, I cannot rely on the figures in the Consolidated Statement of Comparison of Budget and Actual Amounts. Detailed variances by spending unit are as shown in **Table 31**.

**Table 31: Variances Between Revised Development Budgets**

Spending Unit	Original Budget per Appropriation Act	Supplementary Estimates	Revised budget per original plus supplementary estimates	Revised budget per Spending Units	Variance
	'M000	'M000	'M000	'M000	%
A	B	C	D=B+C	E	F=D-E/D
Agriculture	449,966	15,514	465,480	452,120	3
Health	582,107	223,669	805,776	600,207	26
Education	141,167	90,839	232,006	138,167	40
Finance	909,146	72,295	981,441	959,356	2
Trade and Industry	265,281	547,046	812,327	810,328	0
Planning	73,894	5,015	78,909	35,909	54
Justice	28,427	6,813	35,240	28,240	20
Home Affairs	261,504	64,970	326,474	326,974	0
Communications	28,390	13,182	41,572	24,390	41
Foreign Affairs	5,000	-	5,000	5,000	0
Public Works	800,234	-	800,234	737,394	8
Energy	1,128,645	233,763	1,362,408	1,295,466	5
Tourism	19,236	3,625	22,861	22,240	3
Senate	-	17,758	17,758	17,758	0
Majesty's Office	20,000	-	20,000	7,000	65
NSS	5,000	-	5,000	5,000	0
Local Government	203,967	-	203,967	175,967	14
Gender	12,294	-	12,294	6,243	49
Judiciary	9,000	-	9,000	7,000	22
Social Development	11,500	52,267	63,767	48,998	23
Mining	2,335	-	2,335	2,335	0
Police	63,975	-	63,975	58,975	8
Small Business	5,447	-	5,447	4,447	18
Water	709,954	158,371	868,325	661,754	24
Transport	15,636	69,772	85,408	8,702	90
<b>Total</b>	<b>5,752,105</b>	<b>1,574,899</b>	<b>7,327,004</b>	<b>6,439,070</b>	<b>12</b>

**Sources: Appropriation Act 2021/2022, Savingram Dated 01 July 2022 from Finance to Law Office, Spending Units' Financial Statements.**

#### **b. Unbudgeted Grants Expenditure**

The PFMA Act Section 16 requires the Minister to prepare a bill for Supplementary Appropriation for presentation to Parliament per Section 112 (3) of the Constitution, where a need for new expenditure not provided for in the annual appropriation act, has arisen. In contravention of section 16 above, expenditure amounting to M27.3 million on grants was not included in the original budget as well as the

revised budget. These amounts were not included in the Supplementary Appropriation Bill for the year. **Table 32** shows the details.

**Table 32: Unbudgeted Expenditure**

Spending Unit	Description	Amount (M 000)
Development Planning	Sustainability and Inclusive Economic Growth	<b>2,366</b>
DCEO	Program on Renewal of Enabling Governance Architecture (UNDP)	<b>150</b>
Local Government	Local Climate Adaptive Project -UNCDF	<b>237</b>
Communications Science and Technology	E-Government Phase 1 and 2	<b>21,546</b>
<b>Total Home Affairs</b>		<b>3,038</b>
Home Affairs	AU- Refugee, Returnees and IDPs	1,406
	UNHCR-Refugee Coordinating Unit	258
	Excess Mortality	620
	Child Registration	753
<b>GRAND TOTAL</b>		<b>27,336</b>

Source: Consolidated Financial Statements

### Recommendation

I recommended that the CAO complies with Section (13) of the Treasury Regulations, 2014 to ensure that all expenditure shall be based on an approved annual plan.

### c. Inconsistent amounts between CFS and Audited Financial Statements

#### Audit Concern

A discrepancy of M310,373 was found between the actual expenditure reported in the CFS and the audited financial statements of the Economic Diversification Project within the Ministry of Trade and Industry. That was revealed by the fact that CFS showed an actual amount of M2.24 million, while the audited financial statements of the project reported an amount of M1.93 million.

#### Recommendation

I recommended that the Account-General and Ministry CAO reconcile the reported figure.

## 9.5 BUDGET EXECUTION

I had previously mentioned that charged or statutory expenditures are made independently of annual appropriations by Parliament. However, the Appropriation Act has included this expenditure, against the requirements of the Constitution Section 112 (2) and Section 14 (4) of the PFMA Act 2011.

### Audit Concern

#### Under-utilisation of budget

The original budget amounted to M4.710 billion but the revised budget was M4.713 billion, indicating an additional budget of M3 million.

The actual expenditure incurred amounted to M3.239 billion, resulting in a budget execution rate of 69 percent, as presented in **Table 33**, when compared to the revised budget of M4.710 billion.

**Table 33: Budget Execution on Charged Expenditure**

Spending Unit	Revised Budget	Actual Expenditure	Variance	Budget Execution
A	B	C	D=B-C	E=C/B
	(M'000)	(M'000)	(M'000)	(%)
Public Debt	2,444,345	1,541,746	902,599	63
Pensions	2,099,367	1,554,205	545,162	74
Statutory Salaries	39,926	27,463	12,463	69
Subscriptions to Int. Organisations	124,434	109,898	14,536	88
Refunds of Erroneous receipts	2,268	5,369	-3,101	237
<b>Total</b>	<b>4,710,341</b>	<b>3,238,682</b>	<b>1,471,659</b>	<b>69</b>

Source: Ministries' Financial Statements

## 9.6 USAGE OF DONOR GRANTS, LOANS, AND GoL DEVELOPMENT BUDGET

In terms of Audit Act 2016, Section 7(1)(b)(vii) read with Section 28 thereof, the Auditor-General shall cause accounts of Government projects to be audited, and report on his examination findings.

The review of the CFS on the projects revealed the following observations:-

### a. Low Absorption of Donor Grants

Generally, there was low absorption on donor grants as the original budget per Appropriation Act was M1.3 billion and revised to M1.37

billion, but only M520 million (38%) of grants received was utilised, leaving the unspent balance of M856 million as indicated in **Appendix 10**.

9 out of 15 spending units had a low absorption rate below 73 percent and the lowest performing at 2%.

**b. Year-on-Year Comparison on Loans Utilisation**

The total expenditure of M1.09 billion accounted for 48% of the budget, which amounted to M2.27 billion. The 48% utilisation represents a 13% decline compared to the previous year's expenditure level of 61% as seen in **Table 34** and **Appendix 11**.

- i. Ministry of Health overspent by 16% (M27 million), while other three (3) ministries underspent by 7% to 53% of the budgeted loans.
- ii. Ministry of Social Development did not utilise 100% (M3.5 million) of the budgeted loan.

The financial statements of the ministries did not disclose reasons for the overspending or the low absorption of the budget.

**Table 34: Loan Execution vs Budget and Released**

Spending Unit	Loan Revised Budget M'000	Loan Actual Amount M'000	Loan Released Amount M'000	Variance (Actual vs Budget) M'000	Variance (Actual vs Released) M'000	% Execution Vs Budget	% Execution Vs Released
A	B	C	D	E=C-B	F=C-D	G=C/B	H=C/D
Agriculture	353,960	108,981	116,744	(244,978)	(7,763)	31	93
Health	166,280	193,546	340,274	27,266	(146,728)	116	57
Education	65,565	55,328	90,839	(10,237)	(35,511)	84	61
Finance	104,856	39,729	24,883	(65,127)	14,846	38	160
Trade and Industry	110,901	58,934	57,511	(51,967)	1,423	53	102
Public Works	417,652	225,123	267,891	(192,529)	(42,768)	54	84
Energy	852,000	395,892	467,134	(456,108)	(71,251)	46	85
Social Development	3,500	-	4,780	(3,500)	(4,780)	0	0
Water	195,578	13,247	64,232	(182,331)	(50,985)	7	7
<b>Total</b>	<b>2,270,292</b>	<b>1,090,780</b>	<b>1,434,288</b>	<b>(1,179,512)</b>	<b>(343,517)</b>		

**Source: Appropriation Act, Book of Estimates and Ministries Financial Statements**

# **PART 4**

## **AUDIT OF STATUTORY AUDITS**

## **CHAPTER 10: AUDIT OF STATUTORY BODIES, PUBLIC ENTERPRISES AND OTHER BODIES (SP&OB)**

According to Section 2 of the Public Financial Management Accountability (PFMA) Act 2011, "A statutory body means an entity which is established by law to carry out specific Government functions, is owned and controlled by Government, and is a distinct accounting entity producing its own financial statements."

According to Section 2 and 40 Part VI of the PFMA Act, Public enterprise means an entity which has been established by law to carry out specific commercial activities; is owned and controlled by Government or its agencies; and is a distinct accounting entity producing its own financial statements. Other bodies include extra budgetary bodies such as Christian Health Association of Lesotho (CHAL) institutions.

### **10.1 PREPARATION BY AND AUDIT OF ANNUAL ACCOUNTS OF STATUTORY BODIES**

Section 28 of the Audit Act 2016 read along with Sections 44 and 45 of the PFMA Act, require the Minister responsible for a statutory body to present annual audited Financial Statements to Parliament within six (6) months of the end of the financial year to which they relate.

#### **Audit concerns:**

##### **a. Failure to Produce Timely Annual Financial Statements**

It was observed that a number of statutory bodies had failed to comply with the law requiring them to present their annual Financial Statements in time for audit in the current year.

In addition, other statutory bodies had not submitted any financial statements for audit in the period under review.

These are shown in **Appendix 2**.

##### **b. Failure to Present Audited Annual Reports to Parliament**

In contravention of Section 44(1) of PMFA Act, audit reports of statutory bodies are still not being presented to Parliament by Ministers.

## Recommendations

I recommended that: -

- a. Statutory bodies present their Financial Statements annually to the Auditor-General for audit.
- b. Ministers present audited annual reports of their statutory bodies to Parliament in terms of the law.

## 10.2 NON-COMPLIANCE WITH RULES AND REGULATIONS- ROADS DIRECTORATE

### 10.2.1 unrecognised liability

International Financial Reporting Standards (IFRS 9) requires an entity financial position when it becomes a party to the contractual provisions of the instrument. to recognise a financial asset or a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

### Audit Concern

In contravention of IFRS 9, the liability of M 44.9 million in contractors' claims had not been recognised in the Statement of Financial Position of Roads Directorate. M37.9 million of this amount was attributable to interest charged on delayed payments, while M7.0 million was because of the termination of projects. **Table 35** provides more detailed information on these claims.

**Table 35: Fruitless Expenditure**

Section	Project	Charges	Period	Status	Amount (M'000)
Development	Leshoele-Mathokoane-Hasetene-Ha Bene	Interests on Delayed Payments	2015/16-2020/21	Outstanding	32,044
Development	Mpiti-Sehlabathebe	Interest on Delayed Payments	2019/20-2021/22	Outstanding	5,832
Maintenance	Majane- Ramohapi and Makintane- Patsa	Termination Costs	2015/16	Outstanding	7,004
<b>Total</b>					<b>44,880</b>

**Source: Contractors Completion Certificates**

## **Recommendation**

I recommended that the liability be recognised in the Statement of Financial Position as well as to deal with the matter to bring it to finality and timely payments be made to contractors to avoid losses.

### **10.2.2 Improper Procurement of Road Construction Equipment - M 10,6 Million**

In terms of Section 4 (1)(e) of the Roads Directorate Act 2010, one of the functions of the Directorate is to procure and manage contracts for the development and maintenance of projects.

Contrary to Section 4 (1)(e), in 2019, the Roads Directorate operating through the Road Fund, purchased a set of road construction equipment from Bell Equipment Sales SA Limited, totalling M10.6 million.

During the audit conducted in 2021, it was discovered that the said equipment had remained unused.

Equipment is remaining idle, depreciating, and necessary capital is tied in those assets at opportunity cost of funding other activities.

In response, Management stated that the equipment was procured to address emergencies, but due to insufficient funds, the complete plan could not be implemented.

## **Recommendations**

I recommended that Management ensures that: -

- i. the Directorate operates within its mandated activities.
- ii. the value of Government funds committed in this equipment is maintained and put to beneficial use.

## **10.3 ANALYSIS OF OPINIONS OF SP&OB**

Below is a summary of common audit opinions<sup>1</sup>: -

A **disclaimer opinion** is the opinion that may be issued when the auditor has concluded that the entity has limited their ability to conduct a thorough audit. They may have not received enough supporting evidence.

---

<sup>1</sup> ISSAI 2700 and 2705 – Forming an opinion and modification of the opinion in the independent auditor's report.

The **adverse opinion** is issued when the auditor identifies material misstatements or departures from the accounting standards that are pervasive and affect the overall financial statements. These misstatements could arise from errors, omissions, intentional or unintentional misreporting, or inadequate disclosures in the financial statements.

The **qualified opinion** is issued when the auditor identifies material misstatements in the financial statements, but these misstatements are not pervasive. These could be due to inadequate disclosures, estimation uncertainties, or deviations from generally accepted accounting principles. Despite these issues, the rest of the financial statements are fairly presented.

The **Unqualified opinion** is a clean opinion. It is the most common and desirable. It is formed when the financial statements are prepared according to accounting standards and are in all material respect true and fair. Thus, there are no material misstatements, individually or in aggregate.

**Table 36** and **Appendix 2** present the summary of opinions and basis for the modified opinion on the audited financial statements of various statutory bodies, CHAL Institutions, Trading Accounts, Companies, Authorities and Corporations as well as for Development Projects. Out of one hundred and twenty-eight (128) statutory bodies, public enterprises, and other bodies, nine (9) had a disclaimer opinion, thirty (30) had a qualified opinion while six (6) had an adverse opinion and eighty-three (83), were unqualified.

**Table 36: Analysis of Opinions of (SP&OB)**

<b>Agencies</b>	<b>Bodies</b>	<b>Unqualified</b>	<b>Disclaimer</b>	<b>Qualified</b>	<b>Adverse</b>
CHAL Institutions	68	36	4	26	2
Development Projects	22	21	0	0	1
Trading Accounts	1	1			
Other Statutory Bodies	19	12	4	3	0
Companies	9	6	1		2
Authorities and Corporations	9	7	0	1	1
<b>TOTALS</b>	<b>128</b>	<b>83</b>	<b>9</b>	<b>30</b>	<b>6</b>

**Source: Appendix 2 (Audit Reports)**

## **Audit Concern**

### **Unfavourable audit opinions**

A disclaimer opinion indicates weaknesses in the entity's internal controls and governance processes. Inadequate internal controls increase the risk of fraud, errors and misstatements in the financial statements that could potentially erode trust and confidence of the stakeholders.

Due to significant limitations on the audit scope and other constraints, I was unable to ascertain the correctness of balances in the financial statements and validate whether balances were fairly presented.

On the other hand, an adverse opinion can have profound repercussions, affecting the entity's reputation, credibility, and its relationships with various stakeholders, including investors, lenders, and even the government's ability to effectively allocate its resources.

### **Recommendation**

I recommended that all financial statements be well supported with reliable, sufficient, and relevant evidence as well as having correct treatment of transactions and being presented on time.

## **10.4 OTHER MATTERS ARISING FROM THE AUDIT OF STATE-OWNED ENTERPRISES**

During the audit of state-owned enterprises, against their mandates, the following anomalies were discovered as depicted below:

### **10.4.1 Payment made for a suspended project: - Lesotho Communications Authority (LCA)**

In December 2020, the LCA entered into a contract with Global Voice Group (GVG) to provide a Compliance Monitoring and Revenue Assurance Tool (C-MART) through a Build, Operate, and Transfer agreement. The estimated total cost of the project was M529 million. However, two pre-conditions needed to be met before the project could commence: -

- i. The appointment of steering committee members and the project management per the agreement.
- ii. The approval of necessary regulations by the competent authorities of the Kingdom of Lesotho, followed by the enforcement of those regulations.

However, at the time of the audit, none of these conditions had been fulfilled.

In September 2022, the project had not commenced due to the aforementioned factors. However, an amount of M14.5 million had been paid as a commencement fee, despite no progress on the project. This amount was recorded as Property, Plant, and Equipment (PPE), specifically as computer equipment (M9.6 million) and software (M4.9 million). Consequently, there was an understatement of expenditure in the income statement and an overstatement of assets in the statement of financial position.

Given the prevailing circumstances, the chances of the project progressing soon are slim, and there is a high likelihood that the funds already spent will be considered as fruitless expenditure.

#### **10.4.2 Base Transceiver Stations not completed on time: - UNIVERSAL SERVICE FUND (USF): -**

Specific timeframes were established for the construction of seven (7) Base Transceiver Stations (BTS). These deadlines were set between November 2021 and March 2022. However, during the audit conducted in September 2022, it was observed that five of the BTS were still incomplete.

Furthermore, it was noted that USF lacked the necessary capacity to effectively oversee the project. Consequently, a decision was made to reassign the task to Vodacom Lesotho (VCL) and Econet, with the expectation that they would be better equipped to ensure the timely completion of the remaining BTS.

**Table 37 has the details. Table 37: BTS Not Completed on Time**

<b>BTS Location/Name</b>	<b>Cost (M'000)</b>	<b>Expected start Period</b>	<b>Planned completion period</b>
Khubelu Valley	3,994	September 2021	March 2022
Liseleng	3,609	September 2021	March 2022
Mants'onyane (2BTS)	7,729	August 2021	November 2021
Semonkong	4,064	September 2021	March 2022

**Source: BTS Memorandum of Agreements**

As a result of the delays in the completion of BTS, certain areas that were previously unserved or underserved continue to lack universal access to communication services. There is also a growing possibility of construction costs escalating due to the ongoing increase in prices.

**Recommendation**

I recommended that the project be accorded the necessary resources to ensure that it is completed, and the anticipated services provided.

## CHAPTER 11: AUDIT OF DEVELOPMENT PROJECTS

During the audit of development projects against their mandates, the following anomalies were discovered: -

### 11.1 MINISTRY OF HEALTH

#### Audit Concern

#### 11.1.1 Budget underperformance - Health Sector Reform Project

The budget analysis revealed significant underperformance in the Health Sector Reform Projects throughout the year. The projects with the highest underperformance include "COVID TF" with 0% budget performance, "Cancer Treatment Centre" with 7%, and "LNHSS" with 10%. The details are reflected in **Table 38**.

**Table 38: Projects Underperformance**

Project	Budgeted Amount	Actual Amount Used	Budget Performance Level
	USD' 000	USD' 000	%
<b>Amount in USD</b>			
LNHSS	4,015	382	10%
SATBAF	7,900	2,537	32%
COVID TF	1,693	0,12	0%
COVID AF	13, 000	7,000	54%
<b>Amount in LSL</b>			
	<b>M'000</b>	<b>M'000</b>	
Cancer treatment Centre	2,280	157	7%
GAVI GOL	6,457	3,161	49%
Maseru District	6,857	2,253	33%

**Source: Project records**

#### Recommendation

I recommended that the management of the project should closely monitor projects performance and address any delays to fast-track the implementation of planned activities.

## **11.2 MINISTRY OF TRADE AND INDUSTRY**

### **11.2.1 Economic Diversification Support Project**

The objectives of Economic Diversification Support Project (EDSP) include amongst others, to upgrade infrastructure, support short courses for lecturers, as well as procure tourism and hospitality equipment, primarily to improve students' teaching and learning. Lerotholi Polytechnic has been one of the institutions identified to implement Curriculum Development Shortage Skills in Tourism Management and Hospitality schools.

To facilitate materials to students in teaching and learning, EDSP procured fifty (50) HP ProDesk monitor computers amounting to M0.849 million and Hospitality Management Equipment amounting to M1.2 million. These computers and equipment were delivered to Lerotholi Polytechnic.

#### **Audit Concern**

##### **Loss report not prepared**

Physical verification of assets at Lerotholi Polytechnic, Information Communications Technology (ICT) Department, revealed that out of fifty (50) desktop computers donated by EDSP, five (5) CPU and two (2) monitors were missing. The matter was not reported to EDSP management, even though it was reported to the Police, as per case number MCCO RCI 94/06/22. There was no Loss Report submitted to the Ministry of Finance by the Principal Secretary (PS) of the Ministry of Education. The Hospitality Management Equipment could not be physically verified as the guesthouse building where it was said to be stored, was under renovation and some of the components were still in the boxes. The stolen computers and monitors constitute loss of public funds.

#### **Recommendation**

I recommended that the management of the project continue with their investigations to recover stolen property and promptly submit loss reports to the PS of the Ministry of Finance.

## **11.3 MINISTRY OF COMMUNICATIONS, INFORMATION, SCIENCE AND TECHNOLOGY**

### **11.3.1 E-Government Infrastructure Project**

The Phase II of the e-Government Infrastructure Project is a collaborative effort between the African Development Bank Group (AfDB) and the Government of Lesotho (GoL), aimed at enhancing access to reliable digital services for citizens residing in rural and underserved areas.

This project is a natural continuation of Phase I, which was initiated by AfDB in September 2020. With estimated Loan, Grant, and GoL contributions amounting to LSL 231.88 million (equivalent to USD 17.53 million), Phase II of the project is scheduled to be implemented over four years from 2020 to 2024.

#### **Audit concerns:**

##### **a. Delay in implementation of the project**

Officially launched on September 15, 2020, the project outlined a total of 31 planned activities for the first year. However, during the year under review, it was revealed that only 11 activities (35%) were completed, while 2 activities (7%) were in progress, and 18 activities (58%) were not implemented. Consequently, there have been delays and a lack of progress in terms of physical activities since the project's inception.

#### **Recommendation**

I recommended that the project management closely monitor and supervise the project's progress.

##### **b. Variances between the amounts in the Financial Statements and the payment vouchers.**

An analysis of itemised expenditure as reflected in payment vouchers against the financial statements, revealed a variance of M1.3 million. The financial statements indicate a total expenditure of M7.1 million, while the payment vouchers account for M5.8 million. **Table 39** has the details.

**Table 39: Financial Statements Amounts Different from Source Documents**

<b>Items</b>	<b>Financial Statements</b>	<b>Payment vouchers</b>	<b>Differences</b>
	<b>M'000</b>	<b>M'000</b>	<b>M'000</b>
<b>Expenditure</b>	<b>M</b>	<b>M</b>	<b>M</b>
Salaries	1,024	816	208
Subsistence Local	99	83	16
Power	362	0	362
Purchase/Production of Materials	3,278	2,741	537
Rent	437	301	136
Consultancies	1,933	1,886	47
<b>Total</b>	<b>7,133</b>	<b>5,826</b>	<b>1,307</b>

**Source: Financial statements & Payment Vouchers 2021/2022**

### **Recommendation**

I recommended that the project coordinators should undertake monthly reconciliations between the ledger and cashbook.

## **PART 5**

# **REPORT ON ASSET MANAGEMENT PROCESS REVIEW – MINISTRIES AND DEPARTMENTS**

## **CHAPTER 12: REPORT ON ASSET MANAGEMENT PROCESS REVIEW – MINISTRIES AND DEPARTMENTS**

### **12.1 PROPERTY, PLANT AND EQUIPMENT**

In terms of Section 5 (h) of the Public Financial Management and Accountability (PFMA) Act 2011, the Chief Accounting Officer (CAO) shall ensure that Government property is recorded and managed efficiently to achieve programme objectives approved by Parliament.

The principle and approaches that underscore the successful management and tracking of plant, property and equipment encompasses a comprehensive asset register, diligently recording all assets' details, including purchase date, value, and physical location.

A sample of seven (7) ministries being Agriculture and Food Security, Health, Foreign Affairs and International Relations, Forestry and Land Reclamation, Home Affairs as well as Local Government and Chieftainship Affairs, were selected for asset verification. The following anomalies were observed: -

#### **Audit Concerns:**

##### **a. Ministry of Agriculture and Food Security**

###### **i. Absence of sub lease agreements**

**Table 40** shows a list of sites and buildings owned by the Ministry which were being utilised either wholly or partly by unauthorised parties. Most of these properties lacked sublease agreements.

###### **ii. Untagged Assets**

There were lists of assets submitted that were obsolete (no longer in use) by various units, such as Lesotho Agricultural College (LAC) and Department of Livestock. However, due to untagged assets, these could not be identified against the assets in use.

**Table 40: Land and Buildings for Ministry of Agriculture**

Site	District	Condition/Remarks
TOU	Butha-Buthe	Partly operational, another part taken by Mr. Lerato (an individual)
Marakabei	Butha-Buthe	Used by an individual, Mr Mothe Nyathela
Ngoajane Warehouse RC	Butha-Buthe	Fenced but used by an individual not named
Ngoajane RC 2 roomed house	Butha-Buthe	Dilapidated
House no. 49	Butha-Buthe	Used by District Adm. staff
Warehouse	Leribe	An individual Mr. Monate has built some flats on that property
36 residential houses	Leribe	Officers from other Ministries have self-allocated themselves the rooms. One room is Burnt.
Pitseng Livestock	Leribe	Football field within the site
DCS Office, Offices, 8 Silos and old Tractor	Leribe	Issuance of land to DCS should be documented
Market Center	Leribe	Used by Vendors
Seaka Machinery	Quthing	Dilapidated in some areas
Moyeni site,	Quthing	Used by different people
Residential house	Quthing	Used by Mr Bafokeng, who is now a pensioner.
Tlasi Lehlakeng	Quthing	Used as a farm
Site next to WASCO	Qacha's nek	Partly sold
Site next to Police Station	Qacha's nek	Small Business claims the site, certificate required
Mohalenyana Sub-center	Maseru	Dilapidated
Residences	Maseru	Dilapidated
Semonkong Guest House	Maseru	User Certificate required
DAO Offices, Residences	Mafeteng	Dilapidated
Basotho Pony Building	Thaba-Tseka	Dilapidated stables, store
Market Place	Mohale's Hoek	Used as car repairs
Thabang Woolshed, above District Council	Mokhotlong	2 storerooms and 1 dilapidated house
Mapholaneng sub-center	Mokhotlong	Dilapidated warehouse

**Source: Asset Verification Report**

The associated risk in this respect is that this has led to unauthorised use of Government property by external parties, including other ministries and private individuals.

## **Recommendations**

I recommended that: -

- i. The CAO complies with Section 5 of the PFMA Act and ensures the existence of sublease agreements.
- ii. The CAO to ensure that all unauthorised occupation and use of Government property is discontinued.
- iii. The Ministry engages in an asset review activity and tag assets in use, while the remainder of the assets be removed from records and physically.

### **b. Ministry of Foreign Affairs and International Relations**

The Pretoria High Commission of Lesotho in South Africa heads four (4) Consulates in Johannesburg, Klerksdorp, Welkom, and Durban. To facilitate its operations, the Lesotho Government has acquired properties in Johannesburg, Klerksdorp, and Pretoria, while opting to rent privately owned properties in Durban and Welkom.

Sections 5 (h) and 46, 1 (c) of the PFMA Act assigns the CAO the duty of recording and managing Government property and ensuring its disposal when it no longer contributes to programme objectives or incurs costs exceeding its contribution.

### **Audit Concerns:**

- i. **Improper maintenance of assets/asset register**
  - i. The Asset Register had not been updated since April 2019.
  - ii. For recorded assets in the register their acquisition dates were not specified.
  - iii. Within Johannesburg, it was noted that 12 out of 19 properties were in a poor condition.

## **Recommendations**

I recommended that: -

- i. The CAO should ensure that the property of Lesotho in South Africa is properly recorded, managed, and maintained in terms of the above-quoted regulation.

- ii. The asset register should be up to date and all information about the assets be adequately disclosed.
- iii. The assets in poor condition be maintained.

**c. Ministry of Home Affairs**

The Ministry of Home Affairs, through the Department of Passport Services, is responsible for issuing travel documents in Lesotho. The Government of Lesotho entered into a maintenance agreement with PANGEA Ngu (Ltd) which entailed conditions such as transfer of information technology (IT) skills.

Section 3 of the Agreement stipulated that PANGEA would collaborate with Government IT Personnel for the duration of the Agreement.

**Audit Concerns:**

i. **Lack of skills transfer**

Due to the absence of collaboration between the Ministry IT personnel and PANGEA Officers, skills transfer was limited, and there was poor maintenance of the systems leading to dysfunctional printers and computers.

ii. **Lack of security arrangement**

Contrary to Section 5 (h) of the PFMA Act, it was observed that passports were being distributed from production to various destinations in unsealed boxes and by a Passport Officer not accompanied by any security personnel.

iii. **Unrealised revenue**

The Department of Passport Services is responsible for preparing the revenue budget for passports anticipated to be printed in the upcoming year. Several passports, totalling 15,372 were rendered unusable due to a variety of reasons, including folded paper, chip errors, and data mismatches, leading to their mutilation.

These mutilated passports had cost Government M3.6 million. If these passports had remained intact, they would have generated an estimated revenue of M2.1 million for the Ministry, as outlined in **Table 41**.

**Table 41: Unrealised Revenue**

Number of Pages per Passport	Regular Passports		Diplomatic		Service	Refugee	Official	Total Quantity	Total (M'000)
	32 Page Passport	64 Page Passports	32 Page Passports	64 Page Passports	32 Page Passport	32 Page Passport			
Number of Passports	14,957	308	60	27	15	3	2	15,372	
Price per Passport	132.00	M250	M200.00	M400	M200	FREE	M132		
<b>TOTAL</b>	M1,974,324	M77,000	M12,000	M10,800	M3,000		M264		<b>M2,077</b>

**Source: Audit inspection report**

This loss was not reported to the Chief Accounting Officer (CAO) by the Public Officer or the Finance Officer. Consequently, the CAO did not report to the Principal Secretary (PS) of Finance in violation of Section 89 (1) of the Treasury Regulations, 2014.

### Recommendations

I recommended that: -

- i. The Ministry places IT personnel at the Passport Production Centre.
- ii. PANGEA facilitates training of the Ministry's IT personnel to support the system.
- iii. The CAO develops security guidelines for the delivery of passports from production to distribution sites.
- iv. Ministry complies with the loss report per Regulation.

#### d. Ministry of Health

##### i. Absence of Asset Register

Section 5 (h) and (i) of the PMFA Act requires that the CAO shall ensure that Government property is recorded and managed efficiently to achieve the programme objectives and register assets and prepare asset management plans.

### **Audit Concern**

Contrary to Section 5 (h) and (i), the Ministry of Health did not keep an asset register. The Ministry owns valuable assets such as health equipment, vehicles, including ambulances and mobile clinics, personal protective equipment (PPE), land and buildings, as well as office furniture. All these assets have not been registered.

#### **ii. Irregularly Appointed Service Provider and Attempted Transfer of Public Funds**

Section 8 (2) (b) and (c) of the Procurement Regulations 2007 requires that exceptional procurement procedure shall only apply where the required service can only be secured from a single source and there must be significant reasons, for competition to be avoided.

Section 5 (g) of the PFMA Act requires a CAO to establish sound systems of internal controls within the spending unit to ensure that programme objectives are being met.

Generally, there is an established practice in the provision of software for wholesale service providers to operate through approved service providers (partners).

### **Audit Concern**

Contrary to Sections 8 (2) (b) and (c), and 5 (g) as well as the established practice, Leбомatt Consulting was awarded a contract as a single source service provider despite not being a business partner of SAP Business One. Furthermore, there was another existing service provider who was better suited as a partner of SAP Business One.

Despite this irregularly awarded contract, on the 10<sup>th</sup> March 2022, Queen `Mamohato Memorial Hospital (QMMH) instructed First National Bank Lesotho (FNB) to transfer public funds amounting to M5.2 million in favour of Leбомatt Consulting for SAP software installation and environmental setup.

However, FNB did not process the payment.

## **Recommendations**

I recommended that: -

- i. The CAO adheres to transparency and accountability principles by fully disclosing their assets in the financial statements.
- ii. The Lebomatt case be further investigated, and procurement regulations and controls be complied with.

Generally, in all the Ministries quoted above, the Chief Accounting Officers (CAO) are required to abide by the PFMA Act, to ensure proper asset management practices, including the recording and security of properties, and improve overall operational efficiency.

## **12.2 CASH AND CASH EQUIVALENTS**

### **12.2.1 Ministry of Forestry and Land Reclamation**

#### **Assistance from Japan International Cooperation Agency (JICA)**

Section 30 (1) and (2) of the PFMA Act states that the Minister, having signed agreements on behalf of the Government and Government entities, shall receive any grants made by foreign Governments or any other entity.

#### **Audit Concern**

##### **Non-existence of funding agreement**

Contrary to Section 30 (1), (2) an amount of USD 7,000 was received in the form of cash by a public officer without any signed agreement between the donor (JICA) and the Government.

The Accountant General requested assistance from the Financial Intelligence Unit (FIU) to investigate this matter. However, despite this, the Ministry of Forestry has yet to produce a comprehensive written report on how the funds were received, the circumstances surrounding their receipt, and the purpose for which they were received.

## **Recommendations**

I recommended that the Ministries of Forestry, Finance, and the FIU, jointly agree on the treatment of these funds.

## **12.2.2 Ministry of Local Government**

### **a. No loss reports prepared - M279,200**

Treasury Regulations, 2014 Section 81 (1), (3) and (4) require Finance Officers to conduct monthly reconciliations of bank statements to cash Journals.

Further to that, Treasury Regulations, 2014 Section 85 (1), (2) and (3), read with Local Government Service Act 2008 Section 85 (1) and (2) require that Finance and Public Officers report any incident or suspicion of loss, shortage, fraud, theft, or any other irregularity in any cash be reported to the Chief Accounting Officer (CAO), and a loss report be prepared and submitted to the Principal Secretary (PS), with copies to the Accountant-General and the Auditor-General.

In addition, Section 32 (1) (b) of the Local Government Service Act 2008, states that a surcharge may be imposed on an officer who has been found guilty of misconduct.

Employees of the Leribe District Council (LDC) are required to complete cash withdrawal slips when claiming out-of-pocket expenses for items such as lunch, soft drinks, office calling cards, individual airtime, electricity units, and transportation related to office duties. These expenses are reimbursed by the Community Councils, Urban Councils, and District Council Secretaries (DCS) offices.

The review of the bank statements showed discrepancies in the withdrawal amounts, compared to those approved by the authorising officers. This occurred between October 2020 and April 2021, where approved withdrawals totalled M33,738 while the bank statements reflected withdrawals amounting to M312,938. As a result, there was an unaccounted amount of M279,200. If bank reconciliations were prepared accordingly, these unaccounted amounts would have been detected on time.

LDC took disciplinary action to surcharge the officers involved in the unauthorised withdrawals in accordance with Section 32 (1) (b) of the Local Government Service Act 2008.

### **Audit Concern**

While the officers were held accountable for the full amount of the shortfall, the management of LDC however, did not comply with Section 85 (1), (2), and (3) of the Treasury Regulations, 2014 as no loss reports were prepared and submitted as required.

## **Recommendations**

I recommended that: -

- i. Loss reports be prepared and submitted to relevant offices in terms of the Regulations.
- ii. Management ensure that monthly bank reconciliations are promptly prepared in line with the Regulations.

### **b. Non-compliance with regulations**

Section 13 (4) (a) of the Treasury Regulations, 2014 states that the "ministries shall prepare budget implementation and cash plans to estimate when funds will be required based on when activities will be implemented, making use of past patterns of monthly or quarterly expenditure as a guide, and submit their cash plans to Treasury Department".

I undertook an audit of the financial statements of the LDC for the two years ended 31<sup>st</sup> March 2019 and 2020, and these were the major findings:-

On 31<sup>st</sup> March 2018, Digjam Enterprises (Pty) Ltd (sub-lessor) signed a contract with (LDC) (sub-lessee) to lease office premises located in Hlotse. The lease was set to last for a period of five (5) years, starting from 1<sup>st</sup> May 2018, and ending on 30<sup>th</sup> April 2023. In this sublease agreement, a provision for upgrade of the property was agreed on and included into the contract, the upgrade was at the instruction of LDC.

However, on 7<sup>th</sup> November 2018, six (6) months after signing the contract, LDC informed Digjam Enterprises (Pty) Ltd of its intention to terminate the sub-lease agreement. LDC cited supervening impossibility of performance as the grounds for termination, specifically the inability to make rental payments due to insufficient funds. In response, Digjam Enterprises (Pty) Ltd claimed the upgrade costs from LDC to the amount of M450 000, which LDC agreed to, as adjudicated by the Commercial Court of Lesotho (Case number CCT/0314/2019).

However, LDC has not complied with the Court order and has failed to honour the claim.

**Audit Concerns:**

- i. LDC did not comply with Section 13 (4) (a) of the Treasury Regulations, 2014 in not doing a proper cashflow analysis of their situation.
- ii. Non-compliance with a Court order, as further charges may follow if this matter remains unresolved. Thus, LDC may face further financial losses and reputational risk.
- iii. **Fruitless expenditure**  
This compensation claim has brought about a liability of M450,000 which has not been accounted for, or recorded by the Ministry or disclosed in the CFS.

**Recommendations**

I recommended that: -

- i. Comprehensive cash plans be prepared and implementation of those budgets to be followed.
- ii. The contingent liability be recorded in the Ministry's financial statements and disclosed in the CFS.

## **PART 6**

# **PERFORMANCE AUDIT**

## **CHAPTER 13: PERFORMANCE AUDIT**

### **13.1 PERFORMANCE AUDIT**

Section 7 (2)(d) of the Audit Act of 2016 mandates the Auditor-General to undertake several types of audits including performance audits. This is defined as an assessment of the activities of an organisation to see if its operations are being carried out with due regard to economy, efficiency and effectiveness, and that accountability requirements are met reasonably.

Performance audits by their nature may span over a period exceeding one financial year.

### **13.2 LESOTHO AGRICULTURAL COLLEGE**

A performance audit of Lesotho Agricultural College (LAC) was conducted to evaluate the effectiveness of measures implemented for the proper administration of academic programs, the progress in implementing management strategies, and the adherence to standard operating procedures in educational facilities.

LAC is a department under the Ministry of Agriculture, Food Security, and Nutrition. It functions as a higher education institution, providing various three-year diploma programs such as in Agriculture, Agricultural Education, Forestry and Resource Management, Education, Home Economics Education, Agricultural Engineering, and Land and Water Management.

The audit also sought to identify areas of improvement to support decision-making processes and the formulation of targeted strategies, to enhance the quality of academic programs and the administration of LAC. The following areas of improvement were therefore noted: -

#### **a. Implementation of LAC Academic Programmes**

##### **i. Accreditation**

Section 2 of the Higher Education Act 2004 defines accreditation as a “process leading to the issuance of a certificate of accredited status by an educational institution or a recognised local or international body attesting to the quality of standard of one or more education programs and to the effectiveness of the management and operations of the higher education institution offering the programme”.

Furthermore, the Council on Higher Education (CHE) accredits programmes and issues certificates of accreditation to institutions of higher learning.

To implement the provision of the Act, CHE had instructed LAC to conduct a Self-Assessment Evaluation and submit for review.

## **Audit Concern**

### **Lack of accredited programmes**

Among the six (6) programmes offered by LAC, only the Diploma Programme in Agriculture was submitted for accreditation in 2018. However, the programme did not meet some of the standards specified in the minimum programme accreditation standards required by CHE. LAC was, therefore, granted probationary accreditation for a period of two years ending in June 2021. This was done to allow LAC to address recommendations raised in the CHE Second Review for Diploma in Agriculture Programme, 2018 report. As a result, none of the programmes offered at LAC met accreditation standards.

### **Recommendation**

I recommended that LAC management address recommendations raised by CHE.

### **ii. Institutional Audit**

Lesotho Qualification Framework (LQF) 2020 requires that institutions of higher learning should conduct an internal evaluation of the institution to facilitate institutional audit and accreditation by CHE. Section 12 (1) of the Higher Education Act 2004 states that: -

“Every higher education institution operating in Lesotho shall provide the CHE with such information as the CHE may reasonably require, to enable it to perform its functions and exercise its powers”.

Information gathered through internal evaluation should be submitted to CHE before the institutional audit. CHE presents the information to the auditing panel in preparation for institutional audit and CHE charges institutions an audit fee of M100,000.00.

## **Audit Concern**

### **Failure to conduct institutional audit**

The audit revealed that the institutional audit that was supposed to have been undertaken by CHE in October 2021 was never carried out due to the unavailability of funds, and LACs' failure to submit internal evaluation information to CHE.

### **Recommendation**

I recommended that the LAC Management undertake the internal evaluation and prepare for the institutional audit.

## **iii. Curriculum Review**

Section 5.1.4 of the National Strategic Development Plan (NSDP 1) 2012/13 – 2016/17 states that educational institutions should develop more effective and specialised curricula for farmers and extension staff to support commercialised agriculture, review curriculum and explore the need to introduce 3-6 months intensive programs, targeted at potential lead and young farmers.

This was further strengthened by CHE Review Report 2018 which required that curriculum should be reviewed after every five (5) years.

## **Audit Concern**

### **No curriculum review conducted**

The audit revealed that, LAC curriculum was last reviewed in 2008 as shown in the Course Structure 2008. The reason for not reviewing the curriculum was that it was not regarded as a priority in the plans by the Ministry of Agriculture Food Security and Nutrition.

In the case where higher education curriculum is not modified, training provided may not adapt to diverse developments in the agricultural sector.

### **Recommendation**

I recommended that the LAC management review the curriculum every five (5) years as stipulated by Higher Education Act 2004.

#### **iv. Student Enterprise Projects (SEPs)**

SEP Supervisors Manual of February 1992 stated that LAC provides loans to third-year students studying for Diplomas in Agriculture and Home Economics in crop and animal husbandry. Students request the SEP loans for purchase or rental of inputs and facilities for their projects. The products resulting from the implementation of the projects are sold at the LAC tuck shop to individuals or other marketing outlets, at market prices. After repaying the loan, loan interest and charges for use of LAC facilities, students take the net profit and/or retain some or all their animals or produce.

#### **Audit Concern**

##### **Discontinued SE projects**

The audit revealed that there were projects such as for rabbits, fish, dairy cattle, and beef cattle which were discontinued, due to depletion of SEP funds which led to students' inability to select projects they wished to continue with.

#### **Recommendation**

I recommended that the LAC management lobby for funds and monitor SEPs effectively.

### **b. Implementation of LAC Management Strategies**

#### **i. Transformation of LAC**

Lesotho Agricultural College Strategic Plan 2016/17-2020/21, states that LAC should be transformed and deregulated into Lesotho College of Agriculture.

In addition, the Savingram dated 7<sup>th</sup> May 2014 from Government Secretary (GS) to Principal Secretary of the Ministry of Agriculture, Food Security and Nutrition on "Establishment of LAC as a semi-autonomous Agricultural Education and Training Institution", instructed the Law Office to draft the LAC Bill 2014, which would be an instrument to spearhead the transfer of LAC as a semi-autonomous higher education institution, to the Ministry of Education and Training.

## **Audit Concern**

### **LAC Bill 2014 not passed**

The bill was drafted in 2014, but not passed due to prorogation of Parliament in 2014 and subsequent dissolution of Cabinet. In the following years, LAC failed to pursue the issue with different management of the Ministry of Agriculture, Food Security and Nutrition.

As a result, LAC had remained a department within the Ministry of Agriculture, Food Security and Nutrition, and thus failed to reflect capability of self-governance and development in the quality of education, which would not make it possible to transition from an agricultural school to an autonomous institute of higher learning.

### **Recommendation**

I recommended that the Ministry of Agriculture, Food Security and Nutrition facilitate tabling of LAC Bill before Parliament.

### **ii. Education facilities**

The objectives of the LAC as contained in the Lesotho Agricultural College Strategic Plan 2016/17-2020/21 state that it should acquire its own equipment and improve infrastructure for teaching, training, and research.

## **Audit Concern**

### **Lack of maintenance of infrastructure**

The audit revealed that existing infrastructure such as laboratories, libraries, workshops, greenhouses, and recreational facilities had not been rehabilitated. The necessary equipment, farm machinery, equipment and implements, irrigation system and security fencing were not purchased or maintained per **Table 42**.

**Table 42: Status of LAC Facilities**

<b>Facility</b>	<b>Status/Cause</b>
Laboratories	<ul style="list-style-type: none"> <li>• Pipes were rusted leading to lack of water</li> <li>• No electrical outlets</li> <li>• No reagents</li> <li>• Procurement delays and contractual disagreements</li> </ul>
Libraries in Maseru campus	<ul style="list-style-type: none"> <li>• Inadequate reading space</li> </ul>
Farm Machinery	<ul style="list-style-type: none"> <li>• 2 tractors and a combined harvester not in a functional state</li> <li>• Irrigation system not functional</li> </ul>
Agricultural Engineering Workshop	<ul style="list-style-type: none"> <li>• Absence of machinery, equipment and parts used for practical trainings</li> <li>• Workshop irregularly loaned to a private individual</li> </ul>
Milking Parlor	<ul style="list-style-type: none"> <li>• Although constructed at a cost of M6 million was never completed. The necessary tools for milking were never purchased. The building has been vandalised</li> </ul>

**Source: 2023 Performance Audit Report**

### **Recommendation**

I recommended that the Ministry of Agriculture, Food Security and Nutrition ensure that LAC budget is independent and not allocated according to the discretion of the Ministry.

The Ministry should endeavour to allocate a sufficient budget to LAC to ensure the maintenance and acquisition of facilities required to achieve its set goals.

**APPENDICES WITH MORE DETAILS FROM THE VARIOUS SECTIONS****APPENDIX 1: PENDING LITIGATIONS**

Reference	Start year	Claimant/ Beneficiary	Nature of contingent liability	Exposure at 31 March 2022 M'000	Exposure at 31 March 2021 M'000
<b>MINISTRY OF COMMUNICATIONS</b>					
	2015	EOH Mthombo (Pty) Ltd	Claim	25,773	24,527
	2015	EOH Mthombo (Pty) Ltd	Claim	0	1,246
	2015	Motebang Mphutlane	Defamation	1,200	1,200
	2018	Moses Makhoa	Complaint	3	3
	2018	Qobolo Senekane	Claim	2,000	2,000
	2018	Lipolelo Kharitse	Claim	848	848
	2019	Relebohile Mafatle	Claim	150	150
	2020	Makalimeng Matsoso	Claim	269	269
	2020	MoAfrika FM	Claim	0	0
	2006	Mamotloang Mohale	Claim	990	990
	2020	Mathe Letsie	Claim	0	0
	2021	Mampoi Lebakeng Mosebo	Claim	3,500	0
	2020	Matlotlo Mphohla	Defamation	3,500	3,500
	2021	Resalt Consulting	Award of tender	2,423	0
<b>TOTAL</b>				<b>40,656</b>	<b>34,733</b>
<b>MINISTRY OF FOREIGN AFFAIRS</b>					
CIV/T/666/16	2016	Majane Ntsála	Litigation		416
CIV/APN/462/20	2020	Rethabile Mokaeanne Vs PS Foreign Affairs	School fees and Legal Fees	350	0
CIV/APN/13/13	2013	Thabiso Mokhobori Vs PS Foreign Affairs	Monetary Claim	30	0
C of A (CIV) 47/21	2021	PS Public Service Vs Khotso Mabaso	Legal fees and costs	150	0
CIV/APN/146/21	2021	PS Public Service Vs Khotso Mabaso and others	Legal fees and costs	250	0
CIV/APN/85/21	2021	Mathapelo Kanono Vs Foreign Affairs	Legal fees and costs	250	0
BMB/19/20/0191	2020	Samuel Mokoro Vs Foreign Affairs	Salary (Ministry pursuing SADC to pay)	75	0
<b>TOTAL</b>				<b>1,105</b>	<b>416</b>
<b>MINISTRY OF LABOUR &amp; EMPLOYMENT</b>					
Rentals	2018	G. Dambha	Pending lawsuits	100	100
<b>TOTAL</b>				<b>100</b>	<b>100</b>
<b>MINISTRY OF LOCAL GOVERNMENT</b>					

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

CCT/0217/2019	2019	Cash Build (Pty) Ltd	Loss of sales and profits due to forced closure during a holiday	50	50
CCT/0424/2018	2018	NAM Consult	Capital sum and occurred interest	2,243	2,243
CIV/APN/143/2019	2019	Sepha Moiloa	Payment for early retirement from date of compulsory retirement		Amount to be computed by the court
	2019	Cash Build (Pty) Ltd	Loss of sales and profits due to forced closure during a holiday	184	184
CCT/0501/2014	2014	MEI & MEI ATTORNEYS INC.	Court order obtained in default on non-payment of professional fees	87	86
CCT/0502/2014	2014	MEI & MEI ATTORNEYS INC.	Court order obtained in default on non-payment of professional fees	63	63
LN/APN/87/2015	2015	HUDSOONS CHAMBERS	Recovery costs of suit	39	39
CIV/T/373/2018	2018	Monkhankhane and Lehomo	Claim for pain suffering after being beaten by villagers allegedly under the instruction of the Chief		100
<b>TOTAL</b>				<b>2,666</b>	<b>2,765</b>
<b>INDEPENDENT ELECTORAL COMMISSION</b>					
	2016/17	Waymark Infotech	Payment claims for	2,344	2,344

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

			tender and loss of Profit		
	2016/17	ITEC Lesotho	Payment claims for tender and loss of Profit	1,185	1,331
C OF A (CIV) 26/2022 CCA/0039/2022	2021/22	Laxton Group	Payment claims for tender	41,520	0
<b>SUB-TOTAL</b>				<b>45,049</b>	<b>3,675</b>
<b>HIS MAJESTY'S OFFICE</b>					
PSAC/01/2021	2020	Moeketsi Tsiboho Vs The Royal Palace Secretariat His Majesty's Office	Uncleared imprest	1,500	1,500
<b>TOTAL</b>				<b>1,500</b>	<b>1,500</b>
<b>NATIONAL SECURITY SERVICES</b>					
CIV/APN/66/2018	2018	90 NSS Officers	Officers relieved from their duties by Management	20,223	14,986
CIV/APN/79/21	2021	Teboho Masimong Vs NSS	Unlawful promotions effected by Director General	90	0
CIV/APN/66/21	2021	Makali Mosoeunyane Vs NSS	Transfer alleges unlawful	60	0
CIC/APN/70/20	2020	Seriti Likotsi Vs NSS	Unfair discharge from the service	382	0
CIV/APN/398/21	2021	Lethula Vs Chairperson of the Staff Board and others	Unfair dismissal	60	0
CIV/APN/402/21	2021	Mosoeunyane Vs Dir Mpakane and others	Challenging allocation of houses and demotion	40	0
CIV/APN/318/21	2021	Ramathe Vs Director General NSS and others	Disciplinary hearing	90	0
CIV/APN/0135/22	2022	Liau Vs Director General and others	Disciplinary hearing	90	0
CIV/APN/0044/22	2022	Makhalemele Vs Director General and others	Disciplinary hearing	95	0
CIV/APN/305/21	2021	Mohale Vs Director General and others	Discharge from the service	60	0

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

<b>SUB-TOTAL</b>				<b>21,190</b>	<b>14,986</b>
<b>MINISTRY OF POLICE AND PUBLIC SAFETY</b>					
CIV/T/762/22		Seabata Lehana	Legal Claims	35	0
CIV/T/29/19		Motlatsi Tsóoana	Legal Claims	900	0
CIV/T/154/17		Maliketso Sankoela	Legal Claims	21	0
CIV/T/154/17		Maliketso Sankoela	Legal Claims	60	0
CIV/T/727/16		Motsoene Masiphole	Legal Claims	19	0
<b>SUB-TOTAL</b>				<b>1,035</b>	<b>0</b>
<b>MINISTRY OF MINING</b>					
	2015	Nobendi Gugushe	Salary	136	0
	2020	Tip Top Guest House	Service rendered	282	0
<b>TOTAL</b>				<b>418</b>	<b>0</b>
<b>MINISTRY OF SMALL BUSINESS CORPORATIVES AND MARKETING</b>					
	2019	Lefokotsane & others	Pending lawsuits	43	43
	2020	Lesotho Opportunities Industrialisation Centre and 2 others	Legal Bill	147	147
	2019	Lesotho National Wool and Mohair Growers Association	Legal Bill	181	181
	2021	Contract	Pending lawsuits	3,163	3,163
<b>TOTAL</b>				<b>3,534</b>	<b>3,534</b>
<b>MINISTRY OF EDUCATION AND TRAINING</b>					
CIV/T/404/2018	2018	Sebongile Khoete	Learner injured by teacher	1,500	0
CCT/0408/2019	2018	Thabiso Nyabanyaba	Termination of contract	779	0
<b>TOTAL</b>				<b>2,279</b>	<b>0</b>
<b>GRAND TOTAL</b>				<b>119,532</b>	<b>61,709</b>

Source: Ministries Financial and CFS

**APPENDIX 2: ANNUAL FINANCIAL STATEMENTS AND AUDIT OPINIONS**

Organisation	Last audited financial statements	Opinion	Remarks
<b>Authorities and Corporations</b>			
1. Land Administration Authority	31 March 2022	Unqualified	
2. Lesotho Communications Authority Universal Service fund	31 March 2022	Unqualified	
3. Lesotho Communication Authority	31 March 2022	Qualified	<ul style="list-style-type: none"> <li>An amount of <b>M14,548,449.39</b> was allocated as a commencement fee for the acquisition of a Compliance Monitoring and Revenue Assurance Tool (C-MART), which should be categorised under the build, operate, and transfer project category.</li> <li>This amount was wrongly recognised as an asset in the statement of financial position under Property, Plant, and Equipment instead of an expense.</li> </ul>
4. Lesotho Electricity and Water Authority	31 March 2022	Unqualified	
5. Lesotho Revenue Authority	31 March 2022	Unqualified	
6. Lesotho Tourism Development Corporation	31 March 2022	Unqualified	
7. Lesotho National Development Corporation	31 March 2021	Unqualified	
8. Basotho Enterprise Development Corporation	31 March 2018	Unqualified	Audit of accounts for 2019-2021 awaiting signed f/s
9. Lesotho Housing and Land Development Corporation	31 March 2018-2020	Adverse	<ul style="list-style-type: none"> <li>I have not been able to confirm that some of the sites to which customers paid deposits amounting to M481,286 exist, as these sites could not be traced to inventory list.</li> <li>Sale contracts for houses and sites amounting to <b>M703,113</b> could not be verified.</li> <li>There were no supporting documents for work in progress amounting to <b>M231,923</b>.</li> </ul>

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Organisation	Last audited financial statements	Opinion	Remarks
<b>Companies</b>			
1. OK Bazaars (Lesotho) (Pty) Ltd	30 June 2020	Unqualified	
2. Loti Brick	31 March 2020	Disclaimer	
3. Avani Lesotho (Pty) Ltd	31 December 2020	Unqualified	Audit of accounts for 2020/21 in progress
4. MHG Lesotho (Pty) Ltd	31 December 2021	Unqualified	Audit of accounts for 2020/22 in progress
5. Lesotho Electricity Company (Pty) Ltd	31 March 2021	Adverse	Audit of accounts for 2021/22 in progress
6. LEC Communications (Pty) Ltd	31 March 2021	Unqualified	
7. LEC Renewable Energy Grid Integration (Pty) Ltd	31 March 2022	Unqualified	
8. Maluti Mountain Brewery (Pty) Ltd	31 December 2019	Unqualified	Audit of accounts for 2021 at the reporting stage
9. Water and Sewerage Company (Pty) Ltd	31 March 2020	Adverse	<ul style="list-style-type: none"> <li>Land and Buildings are depreciated together without separating the two in contravention of International Accounting Standard 1</li> <li>Government debt as at year end has excluded the Expected Credit Losses in contravention of International Financial Reporting Standard 9.</li> <li>Work in progress amounting to <b>M215.21</b> million has been reflected in the annual financial statements and a list showing the makeup of the figure was not provided to auditors.</li> <li>Interest payable amounting to <b>M24,216,599</b> as at year end could not be substantiated.</li> </ul>
<b>Other Statutory Bodies</b>			
1. Directorate of Dispute Prevention and Resolution Trust Fund	31 March 2016	Unqualified	
2. Directorate of Dispute Prevention and Resolution	31 March 2016	Unqualified	2017 to 2021 accounts received.
3. Lesotho Postal Services	31 March 2009-11	Disclaimer	

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Organisation	Last audited financial statements	Opinion	Remarks
4. Lesotho College of Education	31 March 2010-19	Disclaimer	<ul style="list-style-type: none"> <li>• There were unexplained opening balances in the Financial Statements</li> <li>• Carrying values of land and building did not include depreciation charge.</li> <li>• There was a significant difference between the revalued class of assets amounts stated in the valuation report and the corresponding figures reported in the financial statements.</li> <li>• Recognition criteria did not align with the requirements outlined in IFRS 15</li> <li>• Payables and accruals in the Financial Statements did not include outstanding PAYE.</li> </ul>
5. Lerotholi Polytechnic	31 March 2009-17	Disclaimer	<ul style="list-style-type: none"> <li>• Insufficient appropriate evidence to substantiate Business Development Unit.</li> <li>• Amounts not identified in the bank reconciliations in 2008/09, lack of supporting documentation for recorded expenses from 2009-2013 with exception of 2011.</li> <li>• Recalculated terminal benefits provision for 2010 differed from the amount presented in the financial statements.</li> <li>• The scrutiny of financial statements revealed that the institution did not adhere to the requirements outlined by the IFRS</li> </ul>
6. Lesotho National Dairy Board	31 March 2015	Unqualified	Audit of 2016-2017 at the reporting stage
7. Lesotho Nursing Council	31 March 2015-19	Unqualified	
8. National Aids Commission	31 March 2019	Unqualified	Audit of accounts for 2019/2020 at the planning stage

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Organisation	Last audited financial statements	Opinion	Remarks
9. Lesotho Opportunities Industrialisation Centre	30 March 2015	Disclaimer	
10. Council on Higher Education	31 March 2022	Unqualified	
11. Petroleum Fund	31 March 2022	Unqualified	
12. National University of Lesotho	30 June 2020	Unqualified	Audit of Accounts for 2021 awaiting signing of f/s
13. Tloutle Holdings – National University of Lesotho	30 June 2020	Unqualified	2020/21 accounts received
14. Road Fund	31 March 2021	Qualified	
15. Financial Intelligence Unit	31 March 2019	Qualified	2021/22 accounts received
16. Lesotho Millennium Development Agency	31 March 2022	Unqualified	
17. Roads Directorate	31 March 2015-21	Qualified	Audit of accounts for 2022 at the reporting stage
18. Baylor College of Medicine Children’s Foundation Lesotho	30 June 2018-20	Unqualified	Audit of accounts for 2021/2022 in progress
19. Examination Council of Lesotho	31 March 2018	Unqualified	Audit of accounts for 2018-2021 at the reporting stage
<b>Trading Accounts</b>			
National Drug Service Organisation	31 March 2020-21	Unqualified	
<b>Development Projects</b>			
1. Smallholder Agricultural Development Project	31 March 2021	Unqualified	
2. Wool and Mohair Promotion Project	31 March 2021	Unqualified	
3. Agricultural Productivity Program for Southern Africa Project	31 March 2020-21	Unqualified	
4. Health Sector Reform Programme	31 March 2021	Unqualified	
5. Lesotho Education Quality for Equality Project	31 March 2021	Unqualified	
6. Lesotho Basic Education Improvement Project	31 March 2021	Unqualified	

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Organisation	Last audited financial statements	Opinion	Remarks
7. Global Fund Projects	31 March 2021	Unqualified	
8. Lesotho Tax Modernisation Project	31 March 2021	Unqualified	
9. Public Financial Management Reform Project	31 March 2021	Unqualified	
10. Urban Distribution Rehabilitation and Transmission Expansion Project	31 March 2021	Unqualified	
11. Private Sector Competitiveness Economic Diversification Project	31 March 2021	Unqualified	
12. National University of Lesotho – Sefika Project	31 March 2020	Unqualified	Audit of 2021 accounts awaiting signing of financial statements
13. E-Government Infrastructure Project	31 March 2020	Disclaimer	<ul style="list-style-type: none"> <li>• There was no cashbook to track the movement of cash inflows and outflows</li> <li>• Cash balances in financial statements were based on bank balances that were not reconciled.</li> <li>• Variance of expenditure between statement of Cash Receipts and Payments and payment vouchers.</li> </ul>
14. Transport Infrastructure and Connectivity Project	31 March 2021	Unqualified	
15. Local Climate Adaptive Living Project	31 March 2021	Unqualified	
16. Lesotho Lowlands Rural Supply and Sanitation Project	31 March 2021	Unqualified	
17. Lesotho Lowlands Water Development Project	31 March 2021	Unqualified	
18. Lesotho Renewable Energy and Energy Access project	31 March 2022	Adverse	<ul style="list-style-type: none"> <li>• Omission of figures for cash increase amount</li> <li>• Non-disclosure of foreign exchange rates and exchange gains or losses</li> <li>• Non-compliance with the applicable accounting framework (IPSAS)</li> </ul>

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

<b>Organisation</b>	<b>Last audited financial statements</b>	<b>Opinion</b>	<b>Remarks</b>
19. Economic Diversification Support Project	31 March 2021	Unqualified	
20. Social Assistance – Original Project	31 March 2021	Unqualified	
21. Social Assistance – Additional Funding Project	31 March 2021	Unqualified	
22. Maseru Wastewater Project	31 March 2020	Unqualified	
<b>CHAL INSITUTIONS</b>			
1. Sacred Heart Health Centre	31 March 2020	Qualified	Adjustments of <b>M 483, 519.00</b> and ( <b>M 67,000.00</b> ) had no supporting evidence and unexplained suspense of M53, 185.00 in the payables balance
2. St. Francis health Centre	31 March 2020	Qualified	Adjustments of <b>M65,653.00</b> had no supporting evidence and documentation.
3. Ts'epo Health Centre	31 March 2020	Qualified	Adjustments of <b>M275,429.00</b> have supporting evidence and documentation.
4. Mofumahali oa Rosari Health Centre	31 March 2020	Unqualified	
5. Holy family Health Centre	31 March 2020	Unqualified	
6. Holy cross health centre	31 March 2020	Unqualified	
7. Bethel health centre	31 March 2020	Unqualified	
8. Hermitage health centre	31 March 2020	Unqualified	
9. Valla Maria Health Centre	31 March 2020	Unqualified	
10. Mount Olivet health Centre.	31 March 2020	Qualified	Suspense of <b>M132,690.73</b> included in the receivables.
11. Tebellong LECSA Hospital	31 March 2020	Unqualified.	
12. Sekake Health Centre	31 March 2020	Unqualified.	

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Organisation	Last audited financial statements	Opinion	Remarks
13. Mount Tabor Health Centre	31 March 2020	Qualified.	No statement of changes in equity, unsupported difference of <b>M106, 360.55</b> in the accumulated funds balance when compared with the previous year balance and unsupported prior year adjustment of <b>M56, 704.00</b> in the statement cash flows.
14. Samaria Health Centre.	31 March 2020	Qualified.	Staff allowances of <b>M50, 182.00</b> had no supporting evidence and documentation. LCBC receivables balance differ from the underlying statement by <b>M157, 610.00</b> .
15. St. Francis	31 March 2020	Qualified.	Adjustments amounting to <b>M65,653.00</b> have no supporting evidence and documentation.
16. St. Gabriel	31 March 2020	Unqualified.	
17. St. Andrews	31 March 2020	Unqualified.	
18. St. Mathews	31 March 2020	Unqualified.	
19. St. James Hospital	31 March 2020	Qualified	<ul style="list-style-type: none"> <li>• Not furnished with supporting doc of expenditure amounting <b>M683,566.00</b></li> <li>• Not provided with the supporting document of intercompany receivables, that were between the hospital and the health centres amounting to <b>M1,777,161.61</b></li> </ul>
20. Lephoi Health Centre	31 March 2020	Qualified	Not furnished with the supporting documentation of intercompany receivables for Marakabei and Popa Health centers amounting to <b>M222,923.60</b>
21. Marakabei Health Centre	31 March 2020	Qualified	Not furnished with supporting documentation of intercompany receivables for Lephoi and Popa Health centers amounting to <b>M77,393.00</b> and <b>M1,109,644.46</b>

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Organisation	Last audited financial statements	Opinion	Remarks
22. Popa Health Centre	31 March 2020	Qualified	Not furnished with supporting documentation of intercompany receivables and payables amounting to <b>M222,002.60</b> and <b>M849,334.53</b> respectively.
23. Auray Health Centre	31 March 2020	Qualified	Included in the Financial statement is an unsupported suspense account balance of <b>M81,267</b>
24. Mohlanapeng Health Centre	31 March 2020	Qualified	<ul style="list-style-type: none"> <li>• General ledger information and supporting document of drug purchases amounting to 246,058 was not availed for verification.</li> <li>• Fixed asset register was not maintained during the year. As a result, verification of the valuation, ownership and completeness of fixed assets amounting to M7,499,739 was not done.</li> <li>• Accounts receivable balance of <b>M78,200</b> that relates to cash embezzlement by the former bookkeeper and the Nurse in charge could not be ascertained as recoverable.</li> <li>• There was a trial balance imbalance with the difference being M191,327</li> </ul>
25. Montmatre Health Centre	31 March 2020	Qualified	Unsupported suspense account balance of <b>M223,869</b> was included in receivables.
26. St. Theresa Mashai Health Centre	31 March 2020	Qualified	Adjustments of <b>M126,523</b> that caused a decrease in the suspense account as well as an adjustment of <b>M83,938</b> in donors income account have no documentation and supporting evidence to explain the rationale for adjustment.
27. Paray Hospital	31 March 2020	Qualified	<ul style="list-style-type: none"> <li>• An unexplained balance of <b>M2,227,873</b> between reported opening balance of <b>M4,219,264</b> in the retained income account and <b>M34,941,391</b></li> </ul>

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Organisation	Last audited financial statements	Opinion	Remarks
			<p>balance in the previous year's audited Financial Statements.</p> <ul style="list-style-type: none"> <li>Also, the severance pay provision showing an opening balance of <b>M4,035,216</b> was understated by <b>M347,428</b> when compared to the previous year's audited financial statements balance of <b>M4,382,644</b>.</li> </ul>
28. Paray School of Nursing	31 March 2020	Qualified	<ul style="list-style-type: none"> <li>Receivables included <b>M1,071,356</b> which could not be matched to a specific receivable listing. The financial statements further included a revaluation surplus of <b>M16,706,348</b> which was authorized to be written off.</li> <li>Failure to account for results of revaluation in the year of review.</li> <li>Equity also included a balance of M6,688,561 in relation to government grants which has no supporting list.</li> </ul>
29. Scott Hospital	31 March 2020	Unqualified	
30. Matelile Health Centre	31 March 2020	Unqualified	
31. Masemouse Health Centre	31 March 2020	Unqualified	
32. Ribaneng Health Centre	31 March 2020	Unqualified	
33. Mofoka Health Centre	31 March 2020	Unqualified	
34. Scott School of Nursing	31 March 2020	Unqualified	
35. St. Leonard Health Centre	31 March 2020	Unqualified	
36. Seboche Hospital	31 March 2020	Qualified	<ul style="list-style-type: none"> <li>Unresolved variance of <b>M8,305,649</b> on non-current assets between the general ledger and the Fixed asset register.</li> <li>Unexplained variances between the reconciled bank balance and the general ledger of <b>M8,850,673</b> and</li> </ul>

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Organisation	Last audited financial statements	Opinion	Remarks
			<b>M24,762,6832</b> for the Standard Lesotho Bank Current and Call account respectively.
37. St. Peters Health Centre	31 March 2020	Disclaimer	<ul style="list-style-type: none"> <li>Unresolved variance of <b>M1,469,977</b> on non-current assets between the general ledger and the fixed asset register.</li> <li>Unexplained variances between the reconciled bank balance and the general ledger of M68,160 and <b>M71,392</b> for the Standard Lesotho Bank Current and Call account respectively.</li> </ul>
38. Maryland Health Centre	31 March 2020	Qualified	Included in the accounts payable is an unexplained amount of <b>M1,623,656</b> .
39. St. Denis Health Centre	31 March 2020	Qualified	<ul style="list-style-type: none"> <li>An unexplained suspense movement balance of <b>M135,034</b> in comparison with the prior year balance included in trade and other receivables.</li> <li>The annual financial statements were misstated by <b>M106,636</b>.</li> </ul>
40. St. James (Mokhotlong)	31 March 2020	Unqualified	
41. St. Martin's Health Centre	31 March 2020	Qualified	Unable to establish the ownership of land and building worth a carrying value of <b>M5,499,400</b> .
42. St. Monica's Health Centre	31 March 2020	Disclaimer	The trial balance figures differed from the general ledger balances by <b>M5,453,638</b> .
43. St. Paul Health Centre	31 March 2020	Qualified	Title deed for land and buildings worth a carrying value of <b>M6,130,431.00</b> were not provided.
44. Mamohau Hospital	31 March 2020	Disclaimer	Unable to obtain some information required for the audit, particularly, recording of Board meeting minutes and details of the ABSA bank account.
45. Louis Gerard Health Centre	31 March 2020	Adverse	Included in the accounts payable is the total number of drugs counted and not the monetary value. The National drug Services Organisation statement shows

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Organisation	Last audited financial statements	Opinion	Remarks
			the value of <b>M51,880.00</b> while trial balance showed <b>M89,887.00</b> .
46. Pontmain Health Centre	31 March 2020	Adverse	<ul style="list-style-type: none"> <li>The Finance Income valued at <b>M 569,736.00</b> in the financial statements had no supporting documents.</li> <li>Unsubstantiated suspense balance of <b>M 332,525.00</b> in the financial statements</li> </ul>
47. Mahobong Health Centre	31 March 2020	Disclaimer	<ul style="list-style-type: none"> <li>The clinical analysis template closing balance did not tally with the trial balance amounts totalling <b>M1, 0629,718</b>.</li> <li>Included in trade and other receivables is an unresolved suspense account balance of <b>M179,219</b> and unexplained prior adjustment of <b>M42,974</b> without supporting documents.</li> </ul>
48. Mositi – Our Lady of Lourdes	31 March 2020	Unqualified	
49. St. Margaret Health Centre	31 March 2020	Unqualified	
50. St. Magdalene Health Centre	31 March 2020	Unqualified	
51. St. Peter Claver Health Centre	31 March 2020	Unqualified	
52. Immaculate Conception Health Centre	31 March 2020	Qualified	Included in the accounts payable was an amount of <b>M769,961</b> for suspense from prior year. There was no sufficient appropriate evidence to support this amount disclosed in the financial statements.
53. Maluti Adventist Hospital	31 March 2020	Unqualified	
54. Emmanuel Adventist Health Centre	31 March 2020	Unqualified	
55. Maphaleng Health Centre	31 March 2020	Unqualified	
56. St Theresa Health Centre	31 March 2020	Unqualified	
57. St David Health Centre	31 March 2020	Unqualified	
58. Kolo Health Centre	31 March 2020	Unqualified	
59. Maputsoe Adventist Health Centre	31 March 2020	Unqualified	

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Organisation	Last audited financial statements	Opinion	Remarks
60. Sion Health Centre	31 March 2020	Unqualified	
61. Little Flower Health Centre	31 March 2020	Unqualified	
62. St Rose Health Centre	31 March 2020	Qualified	<ul style="list-style-type: none"> <li>Expenses amounting to <b>M31,593</b> was included in the accounts receivables.</li> <li>There was no sufficient and appropriate evidence to support this amount disclosed in the financial statements.</li> <li>Financial statements disclosed assets with a net book of <b>M4,807,802</b>. The figure could not be confirmed in the absence of asset register which listed the assets and their values.</li> </ul>
63. Maseru Adventist Health Centre	31 March 2020	Unqualified	
64. Maluti Adventist College PTY	31 March 2020	Unqualified	
65. Fobane Advestist Health Centre	31 March 2020	Unqualified	
66. Sebedia Health Centre	31 March 2020	Qualified	Included in the accounts receivables was an amount of <b>M78,147</b> for suspense from prior year. There was no sufficient, appropriate evidence to support this amount disclosed in the financial statements.
67. St Magdalena Health Centre	31 March 2020	Unqualified	
68. St Ann Health Centre	31 March 2020	Qualified	Included in the accounts payable was an amount of <b>M163,177</b> for suspense from prior years. There was no sufficient appropriate evidence to support this amount disclosed in the financial statements.

**Source: Audit Reports and records of the Auditor-General**



**APPENDIX 3: DOUBTFUL DESCRIPTION OF PAYMENTS**

Payment Voucher/ Instruction Number	Original Payment Vouchers Posted to the Cash Book			Information on Instruction Letters to CBL		
	Payee	Description of Payments	Amount	Payee	Description of payments	Amount
<b>RECURRENT EXPENDITURE</b>						
002PVR21001029	GoL salary overpayment	Salary over payment for October 2020	24,285	Victorious General Dealer	Supply of cartridges	96,385
003PVR21002414	GOL Salary Overpay	Salary overpay for December 2020	1,583	Victorious General Dealer	Supply of printer cartridges	94,854
048PVR21000278	GOL Salary Overpay	Salary overpayment for October 2020	1,380	Hazalnut General Dealer	Supply of printer cartridges	75,895
003PVR21001753	GOL Salary Overpay	Overpayment deducted from teachers' salaries for November 2020	112,884	Moletsima General Dealer	supply of printer cartridges	82,752
042PVR21000921	Not stated	Not stated	3,408	Moletsima General Dealer	Not stated	96,854
003PVR21000964	Revenue Services Lesotho Income Tax	Lesotho Tax deductions for January 2021	872,000	Ruru Online Pty Ltd	supply of computers, switches and UPS as per attachments	1,826,384
002PVR21001491	GOL Salary Overpay	Salary overpayment for January 2021	9,964	HILFD Suppliers Pty Ltd	Payment for medical equipment and protective equipment	1,942,670
052PVR21000019/199	Lesotho Revenue Authority Income Tax	Withholding tax for Sign World while producing number plates	117,845	Vedilrus (Pty) Ltd	Installation of software and supply of fitness equipment at the Center	942,670
<b>DEVELOPMENT EXPENDITURE</b>						
013PVR21001213	Lesotho Revenue Authority Income Tax	Pay As You Earn for Transport Infrastructure and Connectivity Project Support staff	32,591	MRP Enterprises PTY LTD	-	1,289,945

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

		for January 2021				
013PVR21001213	Lesotho Revenue Authority Income Tax	PAYE for Transport Infrastructure and Connectivity Project Support staff for month January 2021	32,591	MRP Enterprises PTY LTD	-	1,289,945
015PVR21000626	Lesotho Revenue Authority Income Tax	PAYE for Meteorology Projects officers' wages for January	11,435	Rusten Water Solutions (Pty) Ltd	-	745,182
051PVR22000308	Lavie Royale Catering	Payment for Meals of drinks	950	Sunny Penny Pty Ltd	Khubelu sponges, Protection of Khubelu wetlands and classification of water courses	31,746,267
003PVR22000091	-	-	-	Plexus Supplier (Pty) Ltd	Design and building of toilets in Lesotho Government primary schools	673,000
052PVR22000181	GOL Salary Overpay	Salary Overpayment - deductions for July 2021	800	Stone Cerfew Holdings Pty Ltd	Supply of fitness test equipment and installation of equipment hardware and software for the center	2,873,076
<b>PAID WITHOUT LETTERS OF INSTRUCTIONS AND NO DESCRIPTIONS</b>						
013PVR22000092	-	-	200	-	-	3,973,454
003PVR22000088	-	-	5,407	-	-	965,000

**Source: Cashbook, payment vouchers, instruction letters, bank statements**

**APPENDIX 4: CASH INCREASE/(DECREASE)**

BANK	Accounts at 31 March 2022		Accounts at 31 March 2021		Increase/ (Decrease) No. of accounts	Increase/ (Decrease) No. of accounts M'000
	No. of accounts	Amount M'000	No. of accounts	Amount ('M000)		
<b>HEAD CONTROLLED ACCOUNTS</b>						
<b>LOCALLY DENOMINATED</b>						
Central Bank of Lesotho	21	6,290	39	3,698,090	(18)	(3,691,800)
Ned Bank Lesotho	42	113,659	60	98,868	(18)	14,791
Standard Lesotho Bank	78	132,271	115	425,752	(37)	(293,481)
First National Bank	16	40,279	17	44,021	(1)	(3,742)
Post Bank	31	370,842	33	465,611	(2)	(94,769)
<b>Total</b>	<b>188</b>	<b>663,341</b>	<b>264</b>	<b>4,732,242</b>	<b>(76)</b>	<b>(4,069,001)</b>
<b>FOREIGN CURRENCY ACCOUNT</b>						
Central Bank of Lesotho	52	400,052	51	258,241	1	141,811
Standard Lesotho Bank	3	41,294	5	43,475	2()	(2,181)
First National Bank	0	0	1	823	(1)	(823)
ABSA	-	-	1	3,487	(1)	(3,487)
Foreign Diplomatic Missions	26	78,828	26	58,295	-	20,533
<b>Total</b>	<b>81</b>	<b>520,174</b>	<b>84</b>	<b>364,321</b>	<b>(3)</b>	<b>155,853</b>
<b>MOBILE NETWORK OPERATORS (MNOS)</b>						
Vodacom	8	8,667	-	-	8	8,667
Econet	8	1038	-	-	8	1,038
Chaperone	1	0	-	-	1	0
<b>Total</b>	<b>17</b>	<b>9,705</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>9,705</b>
<b>TOTAL Head Control</b>	<b>286</b>	<b>1,193,220</b>	<b>348</b>	<b>5,096,663</b>	<b>(62)</b>	<b>(3,903,443)</b>
<b>TREASURY ACCOUNTS</b>						
Central Bank of Lesotho	11	1,078,183	-	-	11	1,078,183
Standard Lesotho Bank	5	46,171	-	-	5	46,171
First National Bank	3	33,098	-	-	3	33,098
Lesotho Post Bank	2	9,594	-	-	2	9,594
<b>Total</b>	<b>21</b>	<b>1,167,046</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>1,167,046</b>
<b>FOREIGN CURRENCY ACCOUNTS</b>						
First National Bank	1	3,645	-	-	1	3,645
<b>Total Foreign Currency</b>	<b>1</b>	<b>3,645</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>3,645</b>
<b>DEBT &amp; DEBT SERVICING ACCOUNTS</b>						
Central Bank of Lesotho	3	1,475,767	-	-	3	1,475,767
<b>Total</b>	<b>3</b>	<b>1,475,767</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>1,475,767</b>
<b>TOTAL TREASURY ACC</b>	<b>25</b>	<b>2,646,458</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>2,646,458</b>
<b>SPECIAL FUNDS ACCOUNTS</b>						
Central Bank of Lesotho	4	206,141	-	-	4	206,141

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Ned Bank Lesotho	10	42,063	-	-	10	42,063
Standard Lesotho Bank	12	79,031	-	-	12	79,031
First National Bank	2	17,400	-	-	2	17,400
ABSA	1	3,540	-	-	1	3,540
Lesotho Post Bank	5	34,874	-	-	5	34,874
<b>TOTAL SPECIAL FUNDS ACCOUNTS</b>	<b>34</b>	<b>383,049</b>	<b>-</b>	<b>-</b>	<b>34</b>	<b>383,049</b>
<b>TOTAL GOVERNMENT ACCOUNTS</b>	<b>345</b>	<b>4,222,727</b>	<b>348</b>	<b>5,096,663</b>	<b>(3)</b>	<b>(873,936)</b>
<b>STATE OWNED ENTERPRISES (SOEs) ACCOUNTS</b>						
Ned Bank	3	1,465	-	-	3	1,465
Standard Lesotho Bank	4	246	-	-	4	246
First National Bank	1	1,798	-	-	1	1,798
<b>TOTAL SOEs</b>	<b>8</b>	<b>3,509</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>3,509</b>
<b>MONIES HELD IN TRUST</b>						
Central Bank of Lesotho	2	350,379	2	343,018	0	7,361
Ned Bank Lesotho	1	174	1	6	0	168
Standard Lesotho Bank	22	26,509	27	21,928	(5)	4,581
Standard Bank SA	1	971	-	-	1	971
First National Bank	1	2,393	2	1,282	(1)	1,111
Lesotho Post Bank	3	119	3	99	0	20
<b>TOTAL TRUST MONIES</b>	<b>30</b>	<b>380,545</b>	<b>35</b>	<b>366,333</b>	<b>(5)</b>	<b>14,212</b>
<b>GRAND TOTAL</b>	<b>383</b>	<b>4,606,781</b>	<b>383</b>	<b>5,462,996</b>		<b>(856,215)</b>

Source: Consolidated Financial Statements

**APPENDIX 5: UN-RECONCILED AMOUNTS**

Mission/Consulate	Unreconciled Amounts (M)		
	31 March 2021/22 M'000	31 March 2020/21 M'000	31 March 2019/20 M'000
Berlin	1,286	1,390	1,430
Durban	151	33	34
New Delhi	754	Not reconciled	Not reconciled

**Source: Bank reconciliations, Cash books**

**APPENDIX 6: BANK RECONCILIATIONS STATEMENTS NOT AVAILABLE**

<b>Mission name</b>	<b>Bank Account No.</b>	<b>Currency code</b>	<b>Foreign currency balance</b>	<b>Exchange rate applied</b>	<b>Balance in Maloti M'000</b>
Berlin	DE7510040000026 80825	EUR	52,440	16.1943	849
Brussels	BE1131046091114 8	EUR	10,836	16.1943	175
Consulate - Johannesburg	1581406000	ZAR	42,505	1.0000	43
<b>TOTAL</b>					<b>1,067</b>

**Source: Bank Statements and Lead Schedules**

**APPENDIX 7: UNDISCLOSED NON-CASH ASSETS**

<b>Description</b>	<b>Amount</b>	<b>Remarks</b>
<b>ADVANCES</b>		
Agriculture and Food Security	82,949,317.00	Balance from prior year of M82,949,317 has not been cleared
Home Affairs and Chieftainship Affairs	4,947,051.00	Balance from the previous years. The clearance documents were not provided. The advances were initiated by LMPS in 2012 which were under the Ministry of Home Affairs.
Education and Training	34,088,316.00	Balance from the prior year on advance to principals on performance contracts, there are no documents indicating being cleared.
<b>Sub-Total</b>	<b>121,984,684.00</b>	
<b>IMPRESTS</b>		
Prime Minister's office	1,178,538.00	The amount is outstanding tour imprest from officers.
Home Affairs and Chieftainship Affairs	207,101.00	Balance from prior year
Ombudsman	29,249.00	Prior year balance after M3,000.00 paid on over
Trade and Industry	45,313.14	An amount of <b>M54,155.00</b> was owed by 3 officers as tour advance. One officer cleared the advance of <b>M8,841.58</b> . The outstanding amount is made up of <b>M36,471.53</b> and <b>M8,841.58</b> due from the former minister and his chauffer/bodyguard.
Small Business Development, Marketing and Cooperatives	132,927.00	Outstanding imprest not cleared by two officers from the ministry and two officers from the Ministry of Works for more than one year.
Communications, Science and Technology	7,705.00	Prior balance.
Public Service	25,896.00	Balance accrued from 2017/18 owed by the former minister and two bodyguards who were transferred to the Ministry of Communication, Science and Technology
<b>Sub-Total</b>	<b>1,581,416.00</b>	
<b>RENTALS</b>		
Communications, Science and Technology	3,980,657.00	Arrears on transmitter rentals and new coverage
Energy and Meteorology	110,426,435.00	Revenue and LEC arrears

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Labour and Employment	39,440.00	Rent owed by a tenant at the Ministry's old office premises
Gender, Sports and Recreation	12,000.00	Rental arrears for 12 months from Mokhotlong Urban Council
<b>Sub-Total</b>	<b>114,458,532.00</b>	
<b>RECOVERY OF EXPENDITURE</b>		
Health	849,988.00	This is salary overpayment to two officers who proceeded an unauthorised secondment to Millennium Challenge Account for a period of 24 months each (from April 2015 to March 2017). One officer retired and other one resigned. Attempts to recover the amount due have not been successful to the date of this report.
Home Affairs and Chieftainship Affairs	133,978.47	The outstanding amount is <b>M133,978.47</b> due to Ministry resulting from refund on VAT of <b>M956,989.06</b> paid to South African Company, is still not recovered and thus understates receivables of 2022.
Foreign Affairs and Chieftainship Affairs	40,639.00	Salary overpayment of <b>M40,639</b> from the previous year, and it was not recorded in the financial statements.
<b>Sub-Total</b>	<b>1,024,605.47</b>	
<b>SURCHARGES</b>		
Labour and Labour	11,057.00	Balance from prior year
His Majesty's Office	22,839.00	Balance from prior year
Home Affairs and Chieftainship Affairs	28,116.00	Outstanding balance of <b>M28,116</b> was from prior years of employees who did not return monies in 2017/18. There was no evidence of surcharge being cleared and not disclosed in the financial statements
Foreign Affairs and International Affairs	227,815.00	Balance on surcharge imposed on one officer who did not clear tour imprest.
<b>Sub-Total</b>	<b>289,827.00</b>	
<b>SALE OF GOODS AND SERVICES</b>		
Defence	337,458.00	Unpaid invoices for services rendered to MDAs.
Mining	175,000,000.00	Prior year balance owed by Lucapa (Pty) Ltd for acquisition of Mothae Mines

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Auditor-General	131,756.00	Balance of Unpaid invoices from prior year balance of <b>M194,926.00</b>
Police	47,500.00	Unpaid invoice
<b>Sub-Total</b>	<b>175,516,714.00</b>	
<b>Grand Total</b>	<b>414,855,778.47</b>	

**Sources: 2020/2021 Audit report**

## APPENDIX 8: ACCOUNTS RECEIVABLE REPORTED IN THE YEAR UNDER REVIEW 2021/2022

Head	Amount M'000	Remarks
<b>ADVANCES</b>		
Water	104,525	Royalties invoice to Lesotho Highlands Wate Project issued in March 2022
Ministry of Agric	12,920	
<b>Sub-Total</b>	<b>117,445</b>	
<b>IMPRESTS</b>		
IEC	60	The outstanding imprest was not cleared by two officers.
Public Service	26	Balance from the previous year, accrued from 2017/18 owed by the then minister and two bodyguards who were transferred to the Ministry of Communication, Science & Technology. All efforts have been made and the secretary to the Hon Minister/ promised to provide necessary documentation to clear the imprests.
Trade and Industry	105	Outstanding travel advance in favour of two officers (out of 3 officers) at <b>M52,573.86</b> each.
Directorate on Corruption and Economic Offences	15	Standing imprest where the vendor was set up as Contingency but paid under Recurrent Expenditure so the system cannot retire the imprest.
Ministry of Foreign Affairs and International Relations	50	Outstanding tour imprest not cleared by one officer.
National Security Service	35	The amount was fully utilised for its purpose but remains unretired in the system owing to technical issues which are still to be addressed by the system developer Softech.
Ministry of Agriculture and Food Security	28	An amount of <b>M16,204.00</b> was outstanding imprest over one year issued to one officer and <b>M11369.00</b> was imprest given in the year under review but have not been cleared
Prime Minister's Office	184	Two officers have not cleared their travel advance.
Small Business	152	Includes Prior year balance <b>M132,927.00</b> uncleared tour imprest by two officers from the ministry and two officers from the Ministry of Works. One officer uncleared tour imprest of <b>M19,352.</b>

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Gender - Balance to reduce with a repayment by 3 officers amounting M6,049.72.	481	<p>The correct balance as at 31st March 2021 was supposed to be M606,366.92.00 not <b>M366,452.00</b> as stated. An amount of <b>M239,915.15</b> was subtracted from <b>M606,366.92</b> because the ministry had indicated that it would be deducted from gratuities in respect of the three officers who had not cleared tour imprest. The officers were former minister, former principal secretary and another officer. The amounts were <b>M102,161.23</b>; <b>M123,086.44</b> and <b>M14,667.48</b> respectively. However, contrary to the commitment, the amounts were not deducted.</p> <p>The balance did not consider surcharge repayment from three officers' amount <b>M6,049.72</b>; this will result in the outstanding amount being reduced to <b>M475,144.51</b> as at the year end.</p>
Senate	47	Balance from the previous years of tour imprest given to one officer in 2018/2019.
Labour and Employment	32	Outstanding imprest by one officer, the ministry has made arrangements with the officer responsible to opt for surcharge effective from July 2022.
Ministry of Health	40	The amount was uncleared tour imprest by one officer.
Ministry of Finance	10,379	This amount was wrongfully classified under imprests whereas it was reserved for procurement of Ministries' vehicles. Delivery of vehicles was supposed to take place during 2022/2023 financial year. The commitment was made by letter of credit of which the payment would be credited into the supplier's bank account only when the delivery was made.
<b>PRIOR YEAR NOT IN THE 2020/2021 REPORT</b>		
Public Works	41	The imprest was for purchase of airtime of Heads of Departments on 18 November 2019. Efforts to clear imprest were not successful due to system problem. The amount was not reported in the previous year financial statements.
<b>WRONGLY CHARGED TO IMPRESTS</b>		

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Health	26,028	According to the Ministry of Health, the amount was from the Contingency Fund, and it was to be used to acquire COVID 19 vaccines. However, the amount was not spent because the World Bank paid for acquisition of the vaccines.
<b>Sub-Total</b>	<b>37,703</b>	
<b>RENTALS</b>		
Water	427	Rent owed by Vodacom Lesotho and Standard Lesotho Bank at the Lesotho Bank Tower Building as at 31 <sup>st</sup> March 2022
Public Service	4	Outstanding rent arrears to be deducted from the officer's salary from balance of <b>M5,901</b> in previous year.
Finance	572	Balance of Surface rent from Engen of the accumulated rents from October 2015 to March 2022.
Defence and National Security	702	The amount is owed by government ministries and non-governmental organisations.
Ministry of Local Government and Chieftainship Affairs	113	Rent owed by tenants from the districts.
Agriculture and Food Security	232	
Police and Public Safety	48	Invoice for escort services not paid at the end of the year.
Ministry of Foreign and International Affairs	43	Invoices for goods or services received prior to 31 <sup>st</sup> March 2022 but not settled by that date.
<b>Sub-Total</b>	<b>2,141</b>	
<b>RECOVERY OF EXPENDITURE</b>		
<b>Police and Public Safety</b> - is overstated by M208,100.00, which was part of M639,560.78	848	Salary overpayment of <b>M639,560.78</b> from the previous years and <b>M208,100.00</b> was for the year under review. Balance from previous year of salary overpayment for two officers who absented themselves from duty for a period of 24 months
National Assembly	15	Salary overpayment
<b>Sub-Total</b>	<b>863</b>	
<b>Surcharges</b>		
Water	31	This was the pension money that was erroneously paid in the officer's Standard Lesotho Bank Account from September 2015 to February 2020. The two officers happened to share the same account number. The other officer did not notify the bank but used the money. Deductions of M1,000 per month were effected from February 2021 and the balance is <b>M31,389</b> as at 31 <sup>st</sup> March 2022.

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

Health	909	A balance of <b>M849,888.00</b> was from previous years, which was overpayment of salary to two officers who went on unauthorised secondment to Millenium Challenge Account from April 2015 to March 2017. One officer has retired while the other has resigned. Details are contained in the Audit Report for the year ended 31 March 2020.  <b>M58,957.18</b> was overpayment of salaries for twenty-five officers. Overpayments were because of Doctors' housing allowances double payments.
Public Service	7,558	Outstanding amount from previous years from employees who had not honoured a bond to serve the Government after being granted study leave whilst in service.
Trade and Industry	3	An unrecovered surcharge in respect of a vehicle accident that occurred during the financial year 2021/2022.
Police and Public Safety	27	An outstanding amount from prior year surcharges of <b>M31,692.00</b> .
Tourism, Environment and Culture	4	The occurrence dates for the surcharges were in 2016, 2017, 2020 and 2021 but the officers were only surcharged in the year 2021/2022.
Small Business, Marketing and Cooperatives	37	Balance on surcharges imposed to one officer paying uncleared tour imprests given in 2018.
Home Affairs and Chieftainship Affairs	2	Surcharge of <b>M2,302.45</b> was for accident occurred in 2013/14, that were acknowledged for surcharge by PS in the year under review.
<b>Sub-Total</b>	<b>8,571</b>	
<b>SALE OF GOODS AND SERVICES</b>		
Ministry of Justice	5,129	Accrued revenue of three consecutive years from World Intellectual Property Organization (WIPO). The amount was eventually received in July 2022. There was also a commitment from WIPO that the subsequent payment would be made in April 2023.
Public Service	193	Tuition fees arrears
<b>Sub-Total</b>	<b>5,322</b>	
<b>Grant Totals</b>	<b>172,045</b>	

**Source: Ministries financial statements and CFS**

## APPENDIX 9: CENTRALISED ITEMS ALLOCATION TO SPENDING UNITS

2021-2022 CENTRALIZED ITEMS					
Date	Ministry/Office	Allocation to Spending Units	Contingency	Reallocation to Capital Expenditure	Reasons for request
27/04/2021	Finance	7,032			Youth Apprentice Program stipend for three months (April to June 2021)
28/06/2021	Gender	2,779			National Volunteer Corp was under budgeted
17/06/2021	Finance	3,983			Additional request to cater for Youth Apprentice Program stipend for three months (April to June 2021)
10/06/2021	Foreign	568			Filling of positions (Director HR and Senior Procurement Officer).
16/06/2021	Finance	1,926			Youth Apprentice Program stipend for three months (May to June 2021)
18/06/2021	IEC	4,900			Re-Registration of Electors
30/06/2021	Prime Minister's Office	1,254			State house annual costs
07/07/2021	Foreign	198			Subsistence International requested for Extra-Ordinary SADC summit held in Maputo, Mozambique.
21/07/2021	Justice	1,709			Additional budget for Honourable Deputy Minister
	Justice	293			
21/07/2021	Judiciary	1,577			Funds for new Judges of the High Court to cater for operations and utilities
28/07/2021	Finance	18,633			Youth apprentice Program stipend and operating costs for July to September 2021
18/08/2021	Justice	3,377			Tribunal to handle impeachment of DCEO officers
12/10/2021	IEC	8,600			Funds requested to finalise Demarcations of Electoral Boundaries Project.
	Finance	12,689			Youth apprentice Program stipend for October to December 2021
25/10/2021	Statutory Salaries and Allowances	775			Two escort vehicles-Toyota Hilux
26/10/2021	Prime Minister's Office	1,276			International travel for Rt. Hon. PM and his delegation to attend the 26th UN Climate Change Conference

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

2/11/2021	Finance	26,243			Youth apprentice Program stipend for October to December 2021
	Health			9,849	Gratuities (Capital Reallocation)
	Health			8,251	NDSO (Capital Reallocation)
26/11/2021	Development Planning	192			Minister to attend the eight Ministerial Conference of Forum on China-Africa Cooperation (FOCAC) to be held in Dakar, Senegal.
	Justice			17,269	Leribe Correctional Institution (Capital Reallocation)
	Finance			1,773	Border post refurbishment Project (Capital Reallocation)
	Agriculture			5,154	Slaughterhouse (Capital Reallocation)
	Contingency		144,535		Contingency replenishment
	Tourism			3,625	Semonkong Visitors Centre (Capital Reallocation)
30/12/2021	Labour and Employment	1,138			Settlement Agreement between the Ministry of Labour and Employment and DDPR Arbitrators (regarding the new salary structure and arrears for DDPR)
14/01/2022	Home Affairs (Capital)			3,510	Shortage for NICR Jan wages
10/01/2022	Prime Minister's Office	5,115			Shortage of salaries for March 2022
10/01/2022	Judiciary	75			Funding for return ticket and subsistence for Master of High Court to be part of delegation sent to Washington DC.
	Development Planning	70			Saudi Arabia resource mobilisation
	Foreign	827			To cater for Saudi Arabia, Washington, and Brussels trips
	Gender	76			Delegate to Compact II meeting in Washington
17/02/2022	Prime Minister's Office	6,667			Maintenance of public assets, Fuel, and lubricants for running of the office, shorth term hire of vehicles to cater for payments of Basotho own vehicles hired by the ministry. International travel for Rt. Hon. PM and his delegation to attend the 6th African Union-European Union (AU-EU) Summit.

Annual Consolidated Financial Report of the Year Ended 31<sup>st</sup> March 2022

18/02/2022	Social Development	2,765			February and March 2022 salaries, shortfall was created by some positions that were filled towards end of financial year and were not included in the budget.
	DMA	50,000			Outstanding payments of suppliers who offered services since 2020.
	Energy	1,003			March 2022 salaries of arrears for to two Legal Officers
	Tourism	1,658			March 2022 salaries, shortfall created by some positions created at the end of the year that were not budgeted for.
	Finance			5,125	Consultancies (0530 Project)
	Defence	17,058			Shortfall in salaries
	Trade	1,743			Shortfall in salaries
	Public Service	1,555			Shortfall in salaries
	His Majesty	235			Shortfall in salaries
	Labour and Employment	595			March 2022 salaries, shortage as a result of salary arrears paid to two Legal Officers
	Justice	4,319			Shortfall in salaries
	Finance			7,529	Consultancies (0530 Project)
	IEC	91			Shortfall in salaries
	Water	2,201			Shortfall in salaries
	Mining	232			Shortfall in salaries
	Social Development	133			Shortfall in salaries
	Social Development	2			Shortfall in salaries
	Labour and Employment	80			Shortfall in salaries
	Public Service	78			Shortfall in salaries
	Labour and Employment	35			Shortfall in salaries
	Small Businesses	4,165			Advance operating costs
	Labour and Employment	3			Shortfall in allowances
	Labour and Employment	6			Shortfall in salaries
	Communications	7,731			To cater for Data Centre costs
	<b>Total</b>	<b>207,661.00</b>	<b>144,535.00</b>	<b>62,085.00</b>	

**Source: Ministries Financial Statements and responses to queries**

**APPENDIX 10: USAGE OF DONOR GRANTS**

<b>Spending Unit</b>	<b>Grants Revised Budget M'000</b>	<b>Grants Actual Expenditure M'000</b>	<b>Variance M'000</b>	<b>% Execution</b>
<b>A</b>	<b>B</b>	<b>C</b>	<b>D=C-B</b>	<b>E=C/B*100</b>
Agriculture	69,704	38,679	(31,024)	55
Health	389,245	137,121	(252,124)	35
Education	60,321	19,857	(40,464)	33
Finance	488,285	260,807	(227,478)	53
Trade	4,801	2,340	(2,461)	49
Energy	98,407	22,652	(75,755)	23
Tourism	5,636	2,652	(2,984)	47
Social Development	45,498	33,270	(12,228)	73
Water	214,308	3,212	(211,096)	2
<b>Total</b>	<b>1,376,205</b>	<b>520,590</b>	<b>(855,615)</b>	<b>38</b>

**Source: Appropriation (2021/2022) Act, 2021, Book of Estimates and Ministries Financial Statements**

**APPENDIX 11: USAGE OF DONOR LOANS**

<b>Spending Unit</b>	<b>Loan Revised Budget M'000</b>	<b>Grants Actual Amount M'000</b>	<b>Variance M'000</b>	<b>% Execution</b>
<b>A</b>	<b>B</b>	<b>C</b>	<b>D=C-B</b>	<b>E=C/B</b>
Agriculture	353,960	108,981	(244,978)	31
Health	166,280	193,546	27,266	116
Education	65,565	55,328	(10,237)	84
Finance	104,856	39,729	(65,127)	38
Trade and Industry	110,901	58,934	(51,967)	53
Public Works	417,652	225,123	(192,529)	54
Energy	852,000	395,892	(456,108)	46
Social Development	3,500	-	(3,500)	0
Water	195,578	13,247	(182,331)	7
<b>Total</b>	<b>2,270,292</b>	<b>1,090,780</b>	<b>(1,179,512)</b>	<b>48</b>

**Source: Appropriation 92021/2022) Act 2021, Book of Estimates and Ministries Financial Statements**