



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

A/C/REP/1-88 (Vol. 2)

03 MAY 2022

Honourable T. Sophonea
Minister of Finance
P.O. Box 395
Maseru – 100

Honourable Minister,

**AUDIT REPORT ON THE CONSOLIDATED FINANCIAL
STATEMENTS OF THE GOVERNMENT OF LESOTHO FOR THE
YEAR ENDED 31ST MARCH 2021**

I submit my report on the Consolidated Financial Statements of the Government of Lesotho for the year ended 31st March, 2021 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 faithfully,

**MONICA M. BESETSA (MS)
ACTING AUDITOR-GENERAL**

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OVERVIEW

Pursuant to the provisions of Section 117(4) of the Constitution of Lesotho and Section 27 of the Audit Act 2016, I am pleased to present my report on the output of the audit of the Consolidated Financial Statements of the Government of Lesotho for the year ended 31 March 2021.

This Report contains a summary of the most significant audit observations that in my opinion may have significant impact on finances, resources and service delivery; or if not corrected, may adversely affect financial governance and controls. These audit observations were communicated and discussed with the Accountant-General, respective Chief Accounting Officers of Ministries concerned, and Heads of Statutory Bodies.

The main objectives of this report are to:

- Draw the attention of Parliament, Government and other decision makers to matters arising from carrying out my oversight role as the Auditor-General;
- Comment and provide information on various financial management and reporting, governance and administrative issues;
- Highlight some matters of recurring nature and make some observations on the status of action taken; and
- Maintain an official record in terms of reports on matters arising and audit findings made in various entities for future reference.

My role is to provide assurance to the Parliament and other stakeholders that the consolidated financial statements on Pages 13-76 prepared by the Minister of Finance and the Accountant-General properly present the budget allocations, expenditure, revenue and other government's financial activities and the financial position for the year under review.

a) Financial highlights on the Consolidated Financial Statements for the year ended 31 March 2021:

- **Revenue** - the total receipts amounted to M20.233 billion, which included Government revenue of M17.610 billion and capital receipts of M2.623 billion. The major source of Government revenue was from direct taxes at M6.703 billion and SACU receipts of M8.980 billion.

- **Government expenditure** totalled M20.983 billion comprising of recurrent expenditure of M17.157 billion and development expenditure of M3.826 billion. Recurrent expenditure included mainly Compensation of Employees (M7.345 billion), Goods and services (M3.822 billion), Transfers (M3.339 billion), Debt service (M2.589 billion) and Acquisition of financial and non-Financial Assets (M36 million).
- **Public Debt** has decreased from M19.320 billion as at 31 March 2020 to M18.250 billion as at 31 March 2021, representing a decrease of 6%. Domestic debt amounted to M3.481 billion and external debt was M14.769 billion as at 31 March 2021.
- **Total outstanding balance of loans** made by Government to State-Owned Enterprises and other entities for specific purposes consistent with its development policy objectives amounted to M960 million at 31 March 2021, which was a decline of M24 million from the figure of M984 million outstanding as at 31 March 2020.
- **The outstanding guaranteed loans** by the Government of Lesotho issued to State-Owned Enterprises, public officials and businesses amounted to M345 million as at 31 March 2021. There was an increase of M51 million from the previous year's figure of M294 million.
- **Payment arrears** have reached M545 million as at 31 March 2021, representing an increase of 12% over the previous year's figure of M488 million.
- **Accounts receivable** by Government amounted to M416 million as at 31 March 2021 which is an increase of M311 million over previous year's figure of M105 million.
- There was a **cash increase** of M2.899 billion from the previous year's figure of M8.724 billion to M11.623 billion as at 31 March 2021.

b) Non-compliance with legislations regulating reporting responsibilities:

a) Performance reporting

Section 34 (1) of the Public Financial Management and Accountability (PFMA) Act 2011 requires a spending unit of Government to prepare quarterly and annual reports which should include details of the programme results achieved, including the impact of new policies implemented in that year and in the previous years, and set out the performance indicators used to assess the programme. Section 34 (9) further requires that a minister responsible for a spending unit should present an annual report to Parliament within four months of the end of the financial year to which it relates.

There has been non-compliance to the requirements of PFMA Act, as ministers responsible for spending units have not presented annual reports to Parliament.

b) Submission of financial statements of statutory bodies and GOL funded projects

The Legislations establishing statutory bodies specify a period after the closure of the financial year to submit their financial statements for audit. Although most of the statutory bodies are now up to date, I still have concerns with those having a backlog and encourage them to comply with the legislation.

In my last year's report, I stated my dissatisfaction brought by the Projects funded by the Government of Lesotho, which do not prepare financial statements. The situation remains the same during the year under review.

c) Tabling of audit reports for statutory bodies and Development Projects

In terms of Section 44(1) of PFMA Act 2011, the minister responsible for a public enterprise should present audited public enterprise annual reports to Parliament within six months of the end of the financial year to which they relate.

Section 28 of the Audit Act 2016 requires the Auditor-General to report on examination and audit of accounts of spending units, statutory bodies and projects; and send such reports to the appropriate minister who should present the report to Parliament.

When I submit reports to the appropriate ministers, I also remind them to comply with the requirements of PFMA Act 2011 and Audit Act 2016 by presenting reports to Parliament. Nonetheless, such reports have not yet been presented to Parliament.

3. Recurring issues

I have repeatedly raised audit queries on the following issues, which have not been resolved:

a) Unexplained differences on cash balances

Since financial year 2009/10, there have always been unexplained differences between cash balances reported in the Consolidated Statement of Cash Receipts and Payments and cash balances reported in the Notes to the financial statements.

b) Irregular treatment of advances from the Contingencies Fund

The Accountant-General has not operated advance account since April 2009 and Advance warrants from the Contingencies Fund are irregularly treated as release warrants and thereby increasing approved funds by Parliament with unapproved funds. This also makes it difficult to determine as to whether the funds were applied for intended purposes.

c) Omission of balances of Below-The-Line accounts

The Government is yet to take my advice of presenting the issue of un-reconciled balances of Below-The-Line accounts before Parliament for decision-making, as this will always form basis for qualification of accounts if not addressed. These accounts have not been reconciled since 1978 and the possibility of ever reconciling them is non-existent as supporting documents, which were not available then, cannot be available now. The officers with first hand information, who failed to perform reconciliation, may no longer be available due to deaths, health issues, etc.

d) Regularisation of excess expenditure

It is the duty of the Chief Accounting Officer to ensure that his ministry plans and monitors expenditure so as to avoid making payments in excess of the funds available at any given time.

Despite the requirements of Section 112 (3)(b) of the Constitution that if in respect of any financial year it is found that any moneys have been expended for any purpose in excess of the amount appropriated to that purpose by the Appropriation Act, a statement of excess showing the sums spent shall be laid before both Houses of Parliament; no Statements of Excess have been presented to Parliament for request of regularisation of excess expenditure incurred.

Furthermore, I am not aware of any surcharge imposed by the Minister of Finance on the Chief Accounting Officers who have incurred in excess expenditure over the authorised provision for a head of expenditure. This contravened Section 27 (6) of the PFMA Act 2011 that empowers him to impose a surcharge of M1,000 or the amount of the excess, whichever is the lesser amount, on the person who was Chief Accounting Officer for that head at that time.

e) Accountability of Centralised Items Vote

I have raised a concern in my last reports about the accountability of the Centralised Items Vote (Head 30) under recurrent expenditure. Parliament allocates budget to this vote and the Ministry of Finance makes reallocations from this vote to requesting ministries.

In contrast with advances from the Contingencies Fund, there is no legislation governing administration of Head 30- Centralised Items and therefore legal accountability of funds under this head could not be established.

In conclusion, I wish to express my heartfelt gratitude to the staff of my office for the hard work and dedication displayed during the audit of these consolidated financial statements; it is only through their great efforts that it has been possible for me to deliver on the constitutional mandate. I also wish to thank the staff of the Ministry of Finance; in particular the Accountant-General and her staff whose cooperation and assistance have facilitated the accomplishment of my statutory duties. My appreciation also goes to the Chief Accounting Officers and their staff in providing information requested by my office.



**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 MARCH 2021**

ADVERSE OPINION

I have audited the consolidated financial statements of the Government of Lesotho (the Government) set out on pages 13–76, which comprise the consolidated statement of cash receipts and payments as at 31 March 2021, and consolidated statement 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 March 2021, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

BASIS FOR ADVERSE OPINION

1. CASH BALANCES

- 1.1 The Consolidated Statement of Cash Receipts and Payments shows that the Government had cash balance of M11.620 billion as at 31 March 2021. However, Note 15 to the financial statements reflects M5.463 billion held in 383 accounts at various banks, resulting in an unexplained shortfall of M6.157 billion.

- 1.2 According to Note 15 to the consolidated financial statements, there were 383 bank accounts totalling M5.463 billion as at 31 March 2021. On 31 March 2020 there were 374 accounts amounting to M5.311 billion and therefore there was an increase of 9 accounts to the tune of M152 million. On the contrary, the Consolidated Statement of Cash Receipts and Payments reflect unsubstantiated cash increase of M 2.865 billion.
- 1.3 Even though there was an improvement on the maintenance of register for bank accounts, still, I could not put reliance on it, as the number of accounts per bank confirmations was 383 whereas the register reflected 366. There were instances where some bank accounts were reflected in the register but not in the bank confirmations and vice versa. In addition, one bank has provided inconsistent information in terms of confirmation of balances and closed accounts. Therefore, I could not confirm the number of bank accounts and the balances thereon as at 31 March 2021.

2. NON-COMPLIANCE WITH INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS UNDER CASH BASIS OF ACCOUNTING

- 2.1 The financial statements do not consolidate all government-controlled entities. State owned enterprises, autonomous institutions and other extra budgetary funds are not fully consolidated.
- 2.2 Centrally managed bank account balances were not fully reconciled as at 31 March 2021.
- 2.3 The financial statements disclose a small number of accrual items, which had not been cleared at the reporting date such as accounts payable, advances, provisions, third party trusts and deposits.

3. OMISSION OF BELOW-THE- LINE ACCOUNTS

The balances of Below-The-Line accounts as at 31 March 2009 have not been brought forward since 1 April 2009. This omission has misstated the consolidated financial statements of the Government of Lesotho for twelve (12) years.

4. REGULARITY OF EXPENDITURE

4.1 The issue of regularising a transfer of M450 million per Minister's directive from the Trust Monies Account into the Consolidated Fund, for onward transfer to Recurrent Expenditure Account in 2016/17 has not been resolved. The transfer has not yet been regularised through Supplementary Appropriation Act contrary to the requirements of Section 112(2) of the Constitution of Lesotho and Section 24(4)(b) of the Public Financial Management and Accountability (PFMA) Act 2011 that issues from the consolidated fund to voted heads of expenditure should be through Appropriation Act.

4.2 Four (4) voted heads have recorded excess expenditure; three (3) heads on recurrent expenditure and one head on development expenditure. Contrary to the requirements of Section 112(3)(b) of the Constitution of Lesotho and the PFMA Act 2011, the Statement of Excess has not been presented before Parliament for regularisation of excess expenditure.

I have conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). 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 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.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS, and for such internal controls as management 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

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 ISSAIs 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 ISSAIs, I exercise professional judgment 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Government's internal control.

- 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 control 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.



MONICA M. BESETSA
ACTING AUDITOR-GENERAL

03 MAY 2022

PART 1

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Accountant General'
Treasury Department
Ministry of Finance



Kingdom of Lesotho

Annual Consolidated Financial
Report For the Year Ended 31st
March 2021

Audited Version

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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
EFT	Electronic Fund Transfer
EU	European Union
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
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



LESOTHO

I. REPORT BY THE MINISTER OF FINANCE

Per the Section 35 of the Public Financial Management and Accountability Act, as the Minister of Finance, I am mandated to produce and submit to the Auditor General, the Consolidated Financial Statements for the year 2020/2021, in line with International Public Sector Accounting Standards (IPSAS) for audit. 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 2020/21 financial year was aimed at revitalizing the economy by accelerating investment and job creation. The budget was intended to promote inter-ministerial collaboration to fight poverty, malnutrition and enhance service delivery at local level. It is worth noting that funds had to be reallocated for purposes of medical treatment and mitigation of the COVID-19 pandemic. To this date, the country still sustains the hard negative effects of the pandemic.

Despite the challenges experienced due to COVID-19 pandemic, key achievements of this budget were ample fund for investment spending on construction sector through Ministry of public works, energy sector, health sector and water sector and agricultural and food security sector.

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 other most important area is improving the public financial management agenda, with focus on improving the quality of the GOL financial reporting. 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 2020/2021 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 on-time.

Honourable Thabo Sophonea MP
Minister of Finance

02 May 2022



LESOTHO

II. REPORT BY ACCOUNTANT GENERAL

A. 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.

B. COMPLIANCE ON PUBLIC FINANCE LEGAL FRAMEWORK

The Treasury is also charged with responsibility to enhance compliance to the public financial laws. The Treasury 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 a number of cases in the courts of law where officers are suspected to have misappropriated funds.

I am happy to report that during 2020/21 financial year the State won a case against four (4) former public officers. The officer worked at the Leribe Sub Accountancy and had misappropriated public funds amounting to M767,085.33 (seven hundred and sixty seven maloti and eighty five Maloti thirty three Lisente. Other cases are still pending in the courts of law as shown below. There are also ongoing inspections across the government ministries.

The cases are listed here below:

Inspection/ Investigation Cases

Cases	Period	Status	Remarks
Pensions Unit – Maseru	November & December 2020	Pending	Inspection ongoing
Ministry of Home Affairs - Maseru	January 2021	On-going	Inspection ongoing
Ministry of Agriculture (SADP)	February 2021	On- going	Inspection ongoing

Ministry of Finance (Stores)	March 2021	Part heard	Court proceedings continuing
Ministry of Police - Headquarters			Missing receipt book
Lephoto & Others RCI/63/10/15	October 2015	Finalized in court	Judgement delivered
Mpho Damane & Matiisetso Theoha RCI/110/05/16	May 2016	Pending judgment	
Teboho Seilane & Others RCI/31/06/17	June 2017	Pending in court	
Thato Mathaba & Others RCI/45/08/17	August 2017	Pending judgment	
Mamolemo Mohlomi RCI/57/12/17	December 2017	Pending judgment	
Mampoi Makhetha & Others RCI/132/03/17	March 2017	Pending in court	
Mahlomohang Mokete RCI/27/01/18	January 2018	Pending in court	

C. 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 2021 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 19 to 27 reliably present the FY2020/21 cash flows and financial performance of the Government of Lesotho.

D. COMMENTARY ON CONSOLIDATED FINANCIAL STATEMENTS

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 36 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 31st March 2021 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 FY2020/21 financial performance.

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 programmes 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. 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.

Budget and Cash Management Challenges

Budget Reconciliation

The revised Expenditure Budget, after taking into account the Supplementary Appropriation (2020/2021) Bill, 2020/2021 budget was M28.807 billion from the original budget of M23.789 billion. The total budget includes both appropriated and statutory (which is unappropriated) expenditure. The statutory budget was M4.626 billion and was revised to M5.256. The Appropriation was revised with M4.387 billion.

Contingency Fund budget was originally M100 million and was revised with M1.184 billion to M1.284 billion. According to the data provided per the Contingency Fund Management Report, M677 million was utilized for recurrent expenditure budget whereas M294 million was for capital. M213 million of the Contingency Fund remained unallocated. It should be noted that much of the increase to the Contingency Fund was attributed to the reallocation from ministries rather than additional funds.

Recurrent Revenue Budget remained at the originally budgeted amount of M17.103 billion. The originally budgeted amount for capital receipts from external sources was M2.914 billion which was composed of M858 million for Grants and M2.056 billion for Loans. Budget for capital receipts

The Supplementary Appropriation Bill 2020/21 which is meant to formalize the above changes has been submitted to Parliament for enactment.

Budget Deficit

The appropriated budget projected a Consolidated Fund unfunded deficit of M 6.687 billion, whilst it increased to M7.718 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 actual deficit was M611million. The financial performance of each component is as follows.

Cash Management Challenges

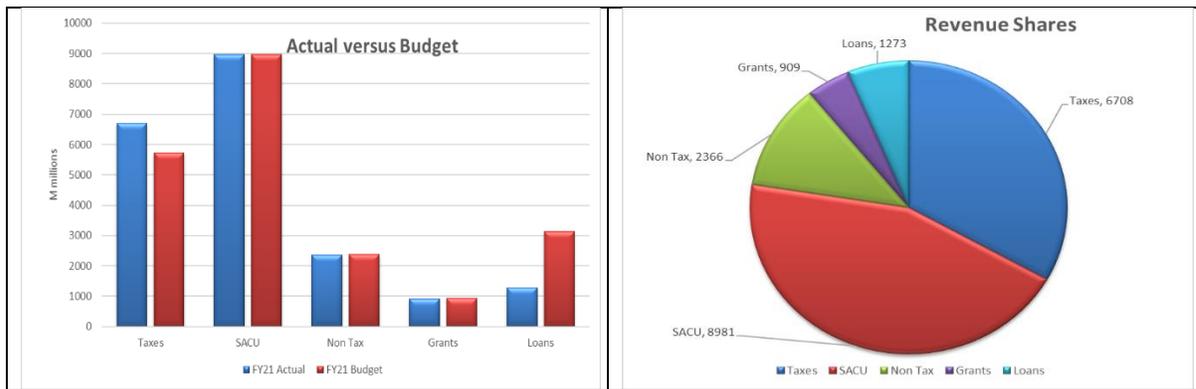
The 2020/21 budget deficit was higher than the ability to raise funds to close the gap between receipts and expenditure. There were also no clear measures to fund the deficit. It is also to be noted that the expenditure occurred whilst revenue was being collected and most of the time revenue was low and slow and on the other hand expenditure rate was higher. The situation was aggravated by the lockdowns due to the COVID-19 pandemic. Availing cash for the 2020/21 was quite a hurdle which has spilled over to 2021/21 financial year.

Overall Budget Performance

Revenues

The overall revenue collection (excluding loans and project grants) for FY2020/21 was M18.055 billion which is M952 million more than the revenue budget. The revenue budget for 2020/21 was M12 million higher than the FY2019/20 of M 17.114billion. The collection increased to M18.055 by 17% from the 2019/20 collection. Figure 1 illustrates the revenue deposits against the main sources of revenue received during the year and the comparative collection rates against the approved budgets. The over collection has attributed to reasons including but not limited to under budgeting, unanticipated auction of machinery for Ministry of Agriculture, increase of prices for services provided by the Ministry of Transport etc.

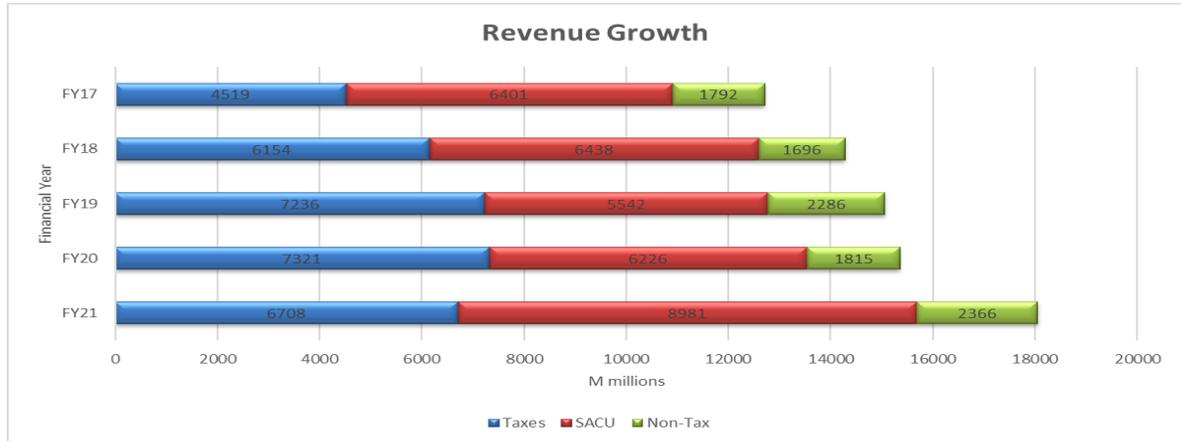
Figure 1: FY2020/21 Revenues



Southern Africa Customs Union (SACU) receipts of M 8.981 billion during FY2020/21 as per budget. These receipts were higher than the M 6.226 billion received in the previous year. Actual tax revenues of M 6.708 billion (compared to FY2019/20 of M 7.320) decreased slightly.

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

Figure 2: FY2020/21 Revenue Trends



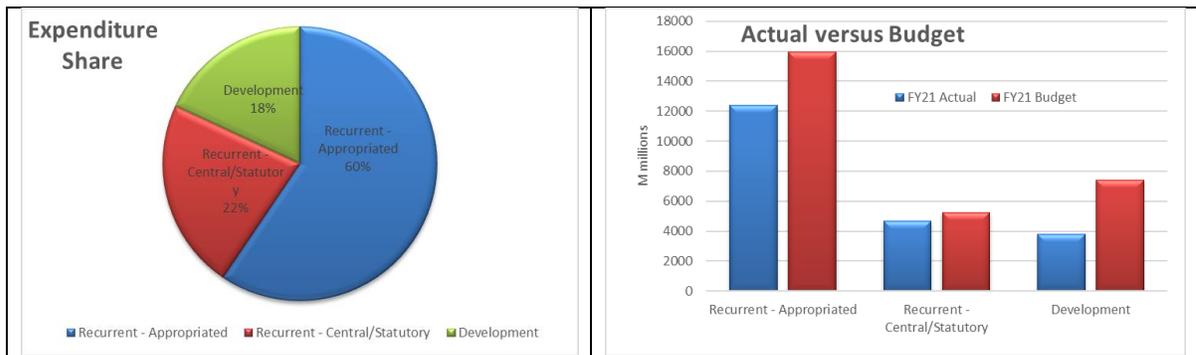
Expenditures

The total originally approved expenditure budget for FY2020/21 was M23.789 billion of which M18.084 billion (76%) was allocated to recurrent and M5.604 (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 13.458 billion and the statutory/centralized budgets of M4.726 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 M28.807 billion of which M20.418 billion has been allocated to recurrent expenditure, whilst M7.104 billion for capital expenditure. The Contingency Fund was revised to M1,284million, of which a balance of M213 million was still held on 31 March 2021. The revision of the expenditure is yet to be approved by Parliament, in accordance with Supplementary Appropriation (2020/2021) Bill.

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

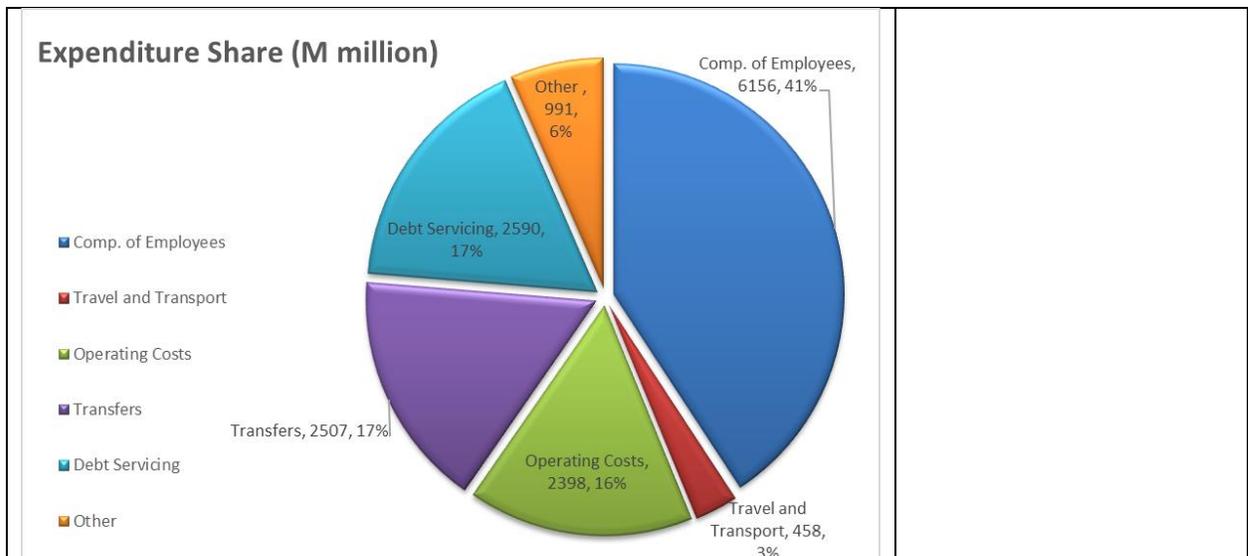
Figure 3: FY2020/21 Aggregate expenditure



Recurrent expenditures

I have not been able to analyse the recurrent expenditure because the information provided does not match the revised budget data. Figure 4 will therefore remain attended.

Figure 4: FY2021/21 Recurrent Expenditures

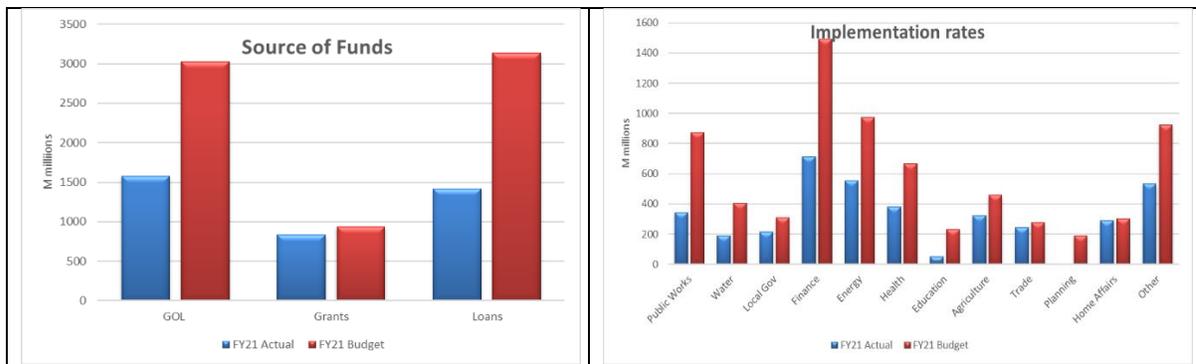


Capital Expenditures

Overall project expenditure was M3.827 billion against the budget of M7.105 billion representing an execution rate of 54%. **Figure 5** illustrates that the implementation rate varied considerably across the three funding categories, ranging from 52% of domestic resources to 89% and 45% 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: FY2020/21 Capital Expenditures

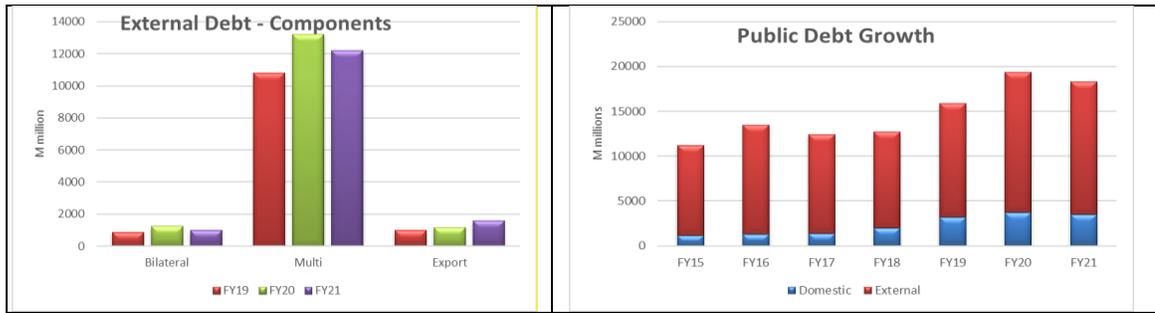


81% of the capital expenditure budget is accounted for by eleven Spending Units (Public Works, Water, Local Government, Finance, Energy, Development Planning, Trade and Industry, Health, Home Affairs and Agriculture). Project execution rates varied across these agencies ranging from 0% for Development Planning to 96% for Home Affairs.

Financing

Total stock of public debt decreased during FY2020/21 from M 19.320 billion to M18.250 billion as illustrated in Figure 6. The decrease is attributed to the reduction after clearing the Treasury Bills. New external debt agreements during FY2020/21 amounted to M1.9billion. External debt disbursements of M2.060 billion and loan redemptions of M 74,887 million were made. Over the seven-year period since FY2014/15, the loan stock has decreased by 64%.

Figure 6: FY2020/21 Public Debt

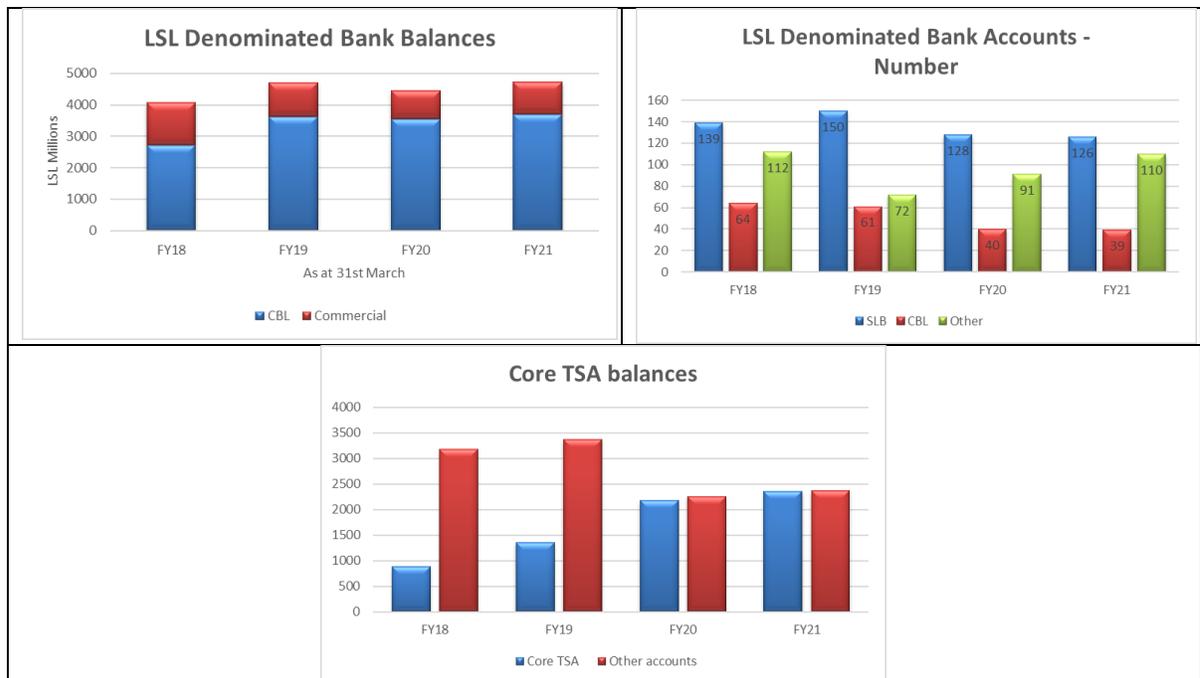


Cash

During FY2020/21 the government’s cash LSL balances increased from M 4.446 billion to M 4.732 billion. At the end of the year the total cash balance was M 5.097 billion showing an increase from M 4.945 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: FY2020/21 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 I indicated issues that adversely impact 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 Minister of Finance through the Treasury Department has been mandated to develop a Roadmap that will improve the audit opinion from adverse to clean. This Road map shall be developed in the year 2020/2021 for implementation thereof.

Submission of Chief Accounting Officers reports for Consolidation

The delay for the CAOs to submit financial reports is still a persisting challenge. This year the delay has been aggravated by the work shifts as a result of the COVID-19 pandemic restrictions. The submissions were done from August 2021 to mid-September 2021. 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 other challenge that we encountered as we worked on the consolidation, which also contributed to the delay, is the fragmented arrangement that exists within the spending units for the Project Implementation Units (PIUs) with the Accounting Units of the same spending units. There seems to be lack of coordination and collaboration between these units. It is as though the two units work under different CAOs. The challenge was experienced particularly in the Ministries of Health and Agriculture & Food Security. These ministries, together with the Ministries of Small Business and Foreign affairs were amongst the last to submit even this for the 2020/21 financial reports. The Ministry of Small Business was challenged by the vacancy factor, whilst for Foreign Affairs and International Relation there was a delay with submitting the returns by the Foreign Missions abroad to the capital.

Late submissions prohibit us to adequately scrutinize the submission, hence the key factor hindering improvement on the quality of the consolidated report.

COVID-19 Pandemic

A separate report will be prepared for the COVID-19 budget. However, in brief, on or around 17 March 2020 the Right Honourable Prime Minister declared COVID-19 as disaster in accordance with the Disaster Management Act, 1997. A bank account specific to COVID-19 operations was opened under the Disaster Management Fund. On 31st March an amount of M40 million was deposit for COVID-19 operations. During 2020/21 financial year, a budget of M648 million was allocated for treatment of the COVID-19. Later in the year a budget of M1,184 million was allocated across ministries for mitigation of the impact that was expected from the COVID-19.

Suspension of Netcare health services at Tsepong Health Centres

During the last quarter of the 2020/21 financial year the Government of Lesotho withdrew from the contract that it had with Netcare at Tsepong Health Centers. The Ministry of Finance and the Health have been working on the impact assessment of the withdrawal and the amount of liability and contingent liability that we face as country. The impact of the withdrawal has not been determined at the time of this report. It is however worthy to be disclosed.

IFMIS

After the upgrade of IFMIS in 2019, there were still some connectivity shortfalls that had an impact on the stability of the system. Stability and coverage issues will be expected to be addressed further during 2021/22 for both the central and local governments. A lot was done to improve power supply during times of inevitable power cuts by the Lesotho Electricity Company.

COVID-19 lockdown had an adverse impact for both interfaces of IFMIS with other systems and the opening balances exercise, since there were foreign consultants from outside Lesotho. Movement of the consultants was stifled and working remotely delayed some of the activities. Interfaces with the Lesotho Revenue Authority was close to completion at 31 March 2021. On the other hand, the Public Debt system was planned to go live and be integrated with IFMIS.

As indicated above, there was a delay on the exercise for opening balances. During 2020/21 there was a recommendation from the Auditor-General for the write-off for the balances that could not be addressed since 2008/09 financial year. At the time of developing this report, the report from the consultant who was working on the opening balances was received. After this financial reporting season, the Treasury is expected to work on the recommendations from both the Auditor-General and the consultant to enhance the financial reports in the future years.

Review of the PFM legal framework and National Reforms Authority

There are gaps in the legal framework that require to be addressed. Some of these gaps occurred as a result of the implementation of the upgraded IFMIS, whilst some accrue as consequences of the reforms in the public sector finance fraternity. As I prepare this report, the PFMA Act, 2011, is under review. When the exercise is done the Treasury Regulations will be reviewed too.

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 will 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.

Furthermore, 2020/21 financial year has been the worst year as far as the cash inflow is concerned. The inflows could not match the high cash outflows and this caused a delay in payments. The payments spilled over into the 2021/22 financial year as unrepresented payments. It shows that the warrants released, authorized the payments that exceeded the cash available for the year. This issue will be seen rolling over to the future financial years for a while. It is also evident that there is need to expedite the steps to the implementation of the Treasury Single Account to ease cash forecasting and general management of the depleting cash.

Public Service Issues

i) 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 consent 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.

Drawbacks of these engagements are as follows:

- Increased wage bill
- Short-termism and loss of institutional memory

ii) 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

Administration of the Accounting Cadre

It is my pleasure to report that the challenges that were caused by the Ombudsman determination have been resolved and the positions at the Ministry of Finance are currently being filled by the Public Service Commission.

CAOs are also expected to fill the senior positions of the Accounting Cadre structure in their respective ministries. This will help them to enhance quality of the Financial Reports and the timeliness thereof, impacting positively by increasing transparency and accountability which will ultimately be so for the entire government.

Year-end payment surges. This is a persistent problem. The number and values of invoices submitted for payment in March can be two or three times those of other months. The surge places 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 paid during the financial year 2020/21 amounted to M 566 million whilst at the end of the year a balance of M721 million was still outstanding. In conclusion, these Consolidated Financial Statements represent improvements over the of previous years, sustaining the gains made and further advancing the quality of financial reporting requires: the continuing cooperation of CAOs, finance officers and other Ministry of Finance department.



Mrs. Malehlohonolo Mahase CA(L)
Accountant General

02 May 2022

III. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

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

A. Consolidated Statement of Cash Receipts and Payments
For the year ended 31st March 2021

Description	Note	2020/2021 Actuals			Total for All Accounts M'000	2019/2020 Total for All Accounts M'000
		Head Controlled Accounts M'000	Treasury Accounts M'000	3rd Parties Accounts M'000		
Revenue						
Funding/ Cash Allocations		3,676,727	-	-	3,676,727	3,203,698
Funding/ Cash Allocations		3,676,727	-	-	3,676,727	3,203,698
Taxes		232	6,708,247	-	6,708,480	7,320,586
Income, Profit and Capital G	1	-	3,757,877	-	3,757,877	4,105,014
Goods and Services	1	232	2,944,307	-	2,944,539	3,213,106
Other Taxes	1	-	6,064	-	6,064	2,466
Social Contributions		-	-	-	-	-
Grants		520,552	-	406,488	927,040	588,347
Foreign Governments	4	8,393	-	76,641	85,034	34,266
International Organisations	4	512,159	-	327,093	839,251	551,138
Grants from Other General C	4	-	-	2,755	2,755	2,942
Other Revenue		15,253	1,897,371	-	1,912,623	1,754,621
Property Income	2	427	501,516	-	501,943	509,031
Rand Monetary Compensati	2	-	136,288	-	136,288	197,273
Sale of Goods and Services	2	2,160	1,245,215	-	1,247,375	1,035,853
Fines, Penalties and Forfeit	2	-	3,296	-	3,296	1,929
Voluntary Transfers other th	2	-	-	-	-	1,413
Miscellaneous and Unident	2	12,666	11,055	-	23,721	9,121
SACU Receipts		-	8,980,527	-	8,980,527	6,226,210
SACU Receipts		-	8,980,527	-	8,980,527	6,226,210
Disposal of Financial Assets		-	-	-	-	58,918
Domestic Financial Assets		-	-	-	-	58,918
Disp. Of Money Gold and Spcl Draw Right		-	-	-	-	-
Disposal of Non Financial Assets		-	8,347	-	8,347	1,221
Fixed Assets	14	-	8,347	-	8,347	1,221
Incurrence of Domestic Liabilities		-	440,194	-	440,194	-
Securities Other Than Share	17	-	440,194	-	440,194	-
Incurrence of Foreign Liabilities		494,126	-	771,455	1,265,581	959,836
Loans	3	494,126	-	771,455	1,265,581	959,836
Total Receipts		4,706,890	18,034,686	1,177,943	23,919,519	20,113,437

Description	Note	2020/2021 Actuals			Total for All Accounts M'000	2019/2020 Total for All Accounts M'000
		Head Controlled Accounts M'000	Treasury Accounts M'000	3rd Parties Accounts M'000		
PAYMENTS						
Compensation of Employees		908,821	6,882,538	-	7,791,359	7,126,695
Wages and Salaries	6	902,141	5,675,697	-	6,577,838	6,003,772
Social Contribution	6	6,680	1,206,841	-	1,213,521	1,122,922
Goods and Service		1,446,722	2,394,882	411,173	4,252,778	4,418,700
Travel and Transport	5	252,803	317,872	45	570,719	690,790
Operating Costs	5	1,193,919	2,077,011	411,129	3,682,059	3,727,911
Other Use of Goods and Services		-	-	1,900	1,900	-
Other Use of Goods and Ser	7	-	-	1,900	1,900	-
Interest		-	586,521	-	586,521	515,333
Domestic Interest	9	-	312,018	-	312,018	270,174
Foreign Interest	9	-	274,503	-	274,503	245,160
Transfers		1,684,742	2,037,698	5,888	3,728,328	2,140,872
Subsidies	10	9,038	972,741	-	981,779	272,536
Grants	11	238,224	970,527	5,888	1,214,639	756,940
Social Benefits	12	1,437,480	94,430	-	1,531,910	1,111,396
Other Expenses		10,254	929,342	-	939,596	854,254
Property Expense Other Than	13	-	70	-	70	32
Miscellaneous Other Expens	13	10,254	929,272	-	939,526	854,222
Losses		208	25,267	-	25,475	492
Losses of Public Moneys	13	208	25,267	-	25,475	492
Acquisition of Financial Assets		-	-	-	-	194
Foreign Financial Assets		-	-	-	-	194
Acquisition of Monetary Gold & Spcl Draw		-	-	-	-	-
Acquisition of Non Financial Assets		331,472	569,904	758,981	1,660,357	1,808,809
Fixed Assets	8	330,552	569,288	758,981	1,658,821	1,789,684
Other Fixed Assets	8	920	-	-	920	-
Inventories	8	-	-	-	-	7,628
Valuables	8	-	382	-	382	6,500
Non Produced Assets	8	-	234	-	234	4,996
Repayment of Domestic Liabilities		-	1,249,977	-	1,249,977	585,845
Securities Other Than Share	19	-	679,007	-	679,007	556,170
Loans	19	-	570,970	-	570,970	29,675
Repayment of Foreign Liabilities		-	755,974	-	755,974	763,922
Loans	20	-	755,974	-	755,974	763,922
Transfers of revenue and unspend funds		64,907	-	-	64,907	20,964
Transfers of revenue and unspend funds		64,907	-	-	64,907	20,964
Total Payments		4,447,127	15,432,103	1,177,943	21,057,173	18,236,080
Cash at the beginning of the year	15	3,116,268	5,608,176	-	8,724,444	6,798,830
Exch. Rate Gain / Loss		8,337	-	-	8,337	-
Increase (Decrease) in cash		259,763	2,602,583	-	2,862,345	1,877,357
Imprests and Financial Assets and Liabilities		(176)	453	-	277	(7,774)
Year End adjustments to be cleared		24,964	-	-	24,964	56,031
Cash at the end of the year	15	3,409,155	8,211,212	-	11,620,367	8,724,444

**B. Consolidated Statement of Comparison of Budget and Actual Amounts
For the Year Ended 31 March 2021**

Description	Actual Amounts M'000	Actual 2020/21		Variance Actual to final/Revised M'000
		Final/ Budget M'000	Revised Approved Budget M'000	
RECURRENT REVENUE				
Taxes	6,708,480	7,892,674	7,892,214	1,184,195
Income, Profit and Capital Gains	3,757,877	4,359,700	4,359,700	601,823
Goods and Services	2,944,539	3,523,143	3,522,683	578,604
Other Taxes	6,064	9,831	9,831	3,768
Social Contributions	-	-	-	-
Grants	4,388	-	-	4,388
Foreign Governments	1,000	-	-	1,000
International Organisations	3,388	-	-	3,388
Other Revenue	1,912,623	2,380,474	2,035,110	467,851
Property Income	501,943	831,304	465,985	329,361
Rand Monetary Compensation	136,288	250,200	250,200	113,912
Sale of Goods and Services	1,247,375	1,294,588	1,314,543	47,213
Fines, Penalties and Forfeits	3,296	3,940	3,940	643
Miscellaneous and Unidentified Revenue	23,721	443	443	23,278
SACU Receipts	8,980,527	8,980,527	8,980,527	0
SACU Receipts	8,980,527	8,980,527	8,980,527	0
Disposal of Financial Assets	-	-	-	-
Disp. Of Money Gold and Spcl Draw Rights	-	-	-	-
Disposal of Non Financial Assets	8,347	-	-	8,347
Fixed Assets	8,347	-	-	8,347
Incurrence of Domestic Liabilities	440,194	-	-	440,194
Securities Other Than Shares	440,194	-	-	440,194
Total Recurrent Revenue	18,054,558	19,253,675	18,907,851	1,203,505
RECURRENT EXPENDITURE				
Compensation of Employees	7,344,159	7,844,668	7,845,996	500,508
Travel and Transport	460,439	426,786	538,870	33,653
Operating Costs	2,431,463	2,536,033	2,322,003	104,570
Interest	586,521	643,038	484,801	56,517
Transfers	3,339,236	4,438,128	3,430,569	1,098,891
Other Expenses	930,275	945,218	929,561	14,943
Losses	25,579	102,268	102,268	76,689
Acquisition of Financial Assets	2,012	2,186	1,200	174
Acquisition of Monetary Gold & Spcl Drawin	-	-	-	-
Acquisition of Non Financial Assets	34,138	370,221	25,155	336,083
Repayment of Domestic Liabilities	1,249,977	1,282,147	926,880	32,170
Repayment of Foreign Liabilities	755,974	815,762	761,436	59,789
Total Recurrent Expenditure	17,159,774	19,406,455	17,368,740	2,246,681
DEVELOPMENT RECEIPTS				
Grants	922,652	579,974	854,950	342,678
Foreign Governments	84,034	104,500	54,624	20,466
International Organisations	835,863	354,148	769,252	481,716
Grants from Other General Government U	2,755	121,326	31,074	118,571
Incurrence of Foreign Liabilities	1,265,581	1,590,831	1,597,750	325,249
Loans	1,265,581	1,590,831	1,597,750	325,249
Total Development Receipts	2,188,233	2,170,804	2,452,700	17,429
Total Cash inflows	20,242,792	21,424,480	21,360,551	1,186,076

Description	Actual Amounts M'000	Actual 2020/21	Approved Budget M'000	Variance
		Final/ Revised Budget M'000		Actual to final/Revised M'000
DEVELOPMENT EXPENDITURES				
GOVERNMENT OF LESOTHO	1,577,803	1,936,183	2,335,331	358,380
Head 01 - Agriculture & Food Security	20,128	34,286	28,471	14,158
Head 02 - Health	77,712	102,713	92,352	25,001
Head 03 - Education & Training	20,513	27,044	37,044	6,531
Head 04 - finance	267,684	311,969	306,469	44,284
Head 05 - Trade & Industry	163,154	174,070	163,009	10,916
Head 07 - Justice & Correctional Services	31,610	35,208	59,254	3,598
Head 08 - Home Affairs	288,458	299,176	261,504	10,717
Head 10 - Communications, Science & Tech	17,262	21,110	21,110	3,848
Head 11 - Law, Constitutional Affairs and H	1,167	1,614	5,114	447
Head 12 -Foreign Affairs	5,030	5,030	15,736	-
Head 13 - Public Works & Transport	108,485	125,892	125,892	17,406
Head 15 -Energy	71,034	138,200	160,503	67,165
Head 17 - Tourism, Environment & Culture	18,116	21,999	24,490	3,884
Head 19 - Royal Palace	38,040	38,040	109,810	-
Head 37 - Defence	20,342	37,130	37,130	16,788
Head 39- Senate	-	23,300	39,500	23,300
Head 42 - Local Government & Chieftainsh	211,908	218,648	306,627	6,741
Head 43 - Gender Youth, Sports and Recrea	30,175	39,252	189,302	9,077
Head 45 - Judiciary	4,603	17,380	22,000	12,777
Head 48 - Mining	695	4,158	14,158	3,463
Head 49 - Police	60,230	73,630	49,770	13,399
Head 50 - Small business	19,419	28,865	56,835	9,445
Head 51 - Water	88,243	140,085	173,867	51,842
Head 52 - Transport	13,794	17,386	35,386	3,591
DONOR GRANTS	837,977	1,218,293	842,862	380,316
Head 01 - Agriculture & Food Security	51,548	102,927	92,726	51,379
Head 02 - Health	171,069	297,785	297,785	126,716
Head 03 - Education & Training	6,507	26,543	12,139	20,036
Head 04 -Finance	417,604	454,433	268,177	36,828
Head 05 - Trade & Industry	3,326	5,000	5,000	1,674
Head 10 - Communications, Science & Tech	1,392	-	-	1,392
Head 15 -Energy	27,872	115,160	85,796	87,288
Head 17 - Tourism, Environment & Culture	2,735	4,694	3,114	1,959
Head 42 - Local Government & Chieftainsh	960	1,186	-	226
Head 43 - Gender Youth, Sports and Recrea	223	283	-	60
Head 46 - Social Development	80,165	121,363	30,000	41,198
Head 51 - Water	74,574	88,920	48,125	14,345
DONOR LOANS	1,410,559	2,218,424	1,985,381	807,865
Head 01 - Agriculture & Food Security	249,201	410,533	265,989	161,333
Head 02 - Health	130,645	266,546	154,221	135,901
Head 03 - Education & Training	23,833	111,535	111,535	87,702
Head 04 - Finance	28,440	34,472	43,559	6,032
Head 05 - Trade & Industry	75,289	82,000	82,000	6,711
Head 10 - Communications, Science & Tech	4,375	-	-	4,375
Head 13 - Public Works & Transport	235,025	458,986	458,986	223,961
Head 15 -Energy	524,458	555,721	587,413	31,263
Head 46 - Social Development	112,673	130,000	130,000	17,327
Head 51 - Water	26,620	168,632	151,678	142,012
Total Development Expenditure	3,826,339	5,372,901	5,163,574	1,546,562
Total Cash Outflows	20,986,113	24,779,355	22,532,313	3,793,243
Net Flow	- 743,321	- 3,354,876	- 1,171,762	- 2,611,555

C. 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.

Basis of Preparation

1. **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.
2. **Financial year** – The Government’s fiscal year runs from 1st April to 31st March. These consolidated financial statements cover the year ended 31st March 2021 whilst the comparative actual figures reflect the 12 months ended 31st March 2020.
3. **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 2021, as advised by the Central Bank of Lesotho (CBL). Disclosures of borrowings held at 31st March 2021 and denominated in foreign currencies have been similarly converted to their Loti equivalents.
4. **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:
 - (a) 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.
 - (b) Centrally managed bank account balances are not fully reconciled as at 31st March 2021.
 - (c) 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 FY2020/21 flows on these are disclosed
5. **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.

6. **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.
 - (a) **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.
 - (b) **Foreign exchange gains** – realised gains are recognised on payment of funds.
 - (c) **Sale of investments** – revenues from the sale of shares in trading entities are recognised in the financial statements on receipt of the sale proceeds.
 - (d) **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.
 - (e) **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.
7. **Payments and Other Cash Outflows** - Unless otherwise specified, expenditures are recognised in the financial records when the final authorisation for payment is effected in the IFMIS.
 - (a) **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 effected on the system. Adjustments were made to reflect actual payments incurred during the year by the district council.
 - (b) **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 2021.

- (c) 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.
- (d) 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.
- (e) 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 effected 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.
- (f) Foreign Exchange Losses** – Realised losses on foreign currency transactions are recognised on the payment of funds.

8. Assets

- (a) 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.
- (b) 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.
- (c) 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 2021 are disclosed in the Notes to the Financial Statements.
- (d) Amounts receivable** - Amounts receivable to Government at the reporting date are identified in the Notes to the Financial Statements.
- (e) 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.

9. Liabilities

(a) Borrowings - New borrowings are shown as funding inflows. The stock of public debt as at 31st March 2021 is disclosed in the Notes to the Financial Statements. Public debt comprises domestic and external borrowing by the Government.

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

10. **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.

D. 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 FY2020/21 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	19	His Majesty’s Office
02	Min. Health	20	Public Service Commission
03	Min. Education & Training	37	Min. Defence & National Security
04	Min. Finance	38	National Assembly
05	Min. Trade & Industry	39	Senate
06	Min. Development Planning	40	Ombudsman
07	Min. Justice & Correctional Services	41	Independent Electoral Commission
08	Min. Home Affairs	42	Min. Local Government & Chieftainship
09	Prime Minister’s Office	43	Min. Gender, Youth, Sports & Recreation
10	Min. Communication, Science & Tech	44	Min. Public Service
11	Min. Law & Constitutional Affairs	45	Judiciary
12	Min. Foreign Affairs & Int. Relations	46	Min. Social Development
13	Min. Public Works & Transport	47	Directorate of Corruption & Econ Offences
14	Min. Forestry & Land Reclamation	48	Min. Mining
15	Min. Energy, Meteorology & Water Affairs	49	Min. Police & Public Safety
16	Min. Labour & Employment	50	Min. Small Businesses
17	Min. Tourism, Environment & Culture	51	Min. Water
18	Auditor General’s Office		
Central Services (managed by Min. Finance)		District Councils (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

State Owned Enterprises:		
<ul style="list-style-type: none"> Central Bank of Lesotho (CBL) Lesotho Post Bank Water & Sewerage Corporation (WASCO) Basotho Enterprise Development Corporation (BEDCO) 	<ul style="list-style-type: none"> Lesotho National Development Corporation (LNDC) Lesotho Electricity Company (LEC) Lesotho Tourism Development Corporation 	
Autonomous Bodies		
<i>Agriculture & Food Security</i>	<i>Health and Social Welfare</i>	<i>Development Planning</i>
Lesotho Dairy	National Drug Service Organization	Council of Bureau of Statistics
Agriculture College	Lesotho Pharmaceutical Corporation	Council of National Manpower
Lesotho National Dairy Board		
<i>Finance</i>	<i>Education & Training</i>	<i>Public Works</i>
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	
<i>Energy</i>	<i>Tourism, Environment & Culture</i>	<i>Public Service</i>
Metolong Authority	Tourism Licensing Board	Public Service Tribunal
<i>Trade, Industry, Cooperatives & Marketing</i>	<i>Gender, Youth, Sports & Recreation</i>	<i>Local Government & Chieftainship</i>
Trade Licensing Board	Stadium Board	Lesotho Housing
Lesotho Cooperative College	Youth Council	Land Administration Authority
	Lesotho Sports & Recreation Commission	
Extra-Budgetary Funds		Joint Ventures
	Guardian Fund	Institute of Development Management (IDM)
	Pension Fund	
	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.

IV. 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 FY2020/21 as approved by the National Assembly through the Appropriation (2020/21) Act, 2020. 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.

Table 3: FY2020/21 Summary Budget (as provided by the Budget Department)

Budget Item	Approved M' million	Supplementary M' million	Reallocation* M' million	Revised M' million
Government Revenues	19,262	-2,159		17,103
Donor Grants	858	79		937
Loans	2,057	1,081		3,138
Total Revenues	22,177	(999)	-	21,178
<i>Recurrent Expenditure:</i>	<i>18,185</i>	<i>3,010</i>	<i>-</i>	<i>21,195</i>
Appropriated	13,559	2,380		15,939
Statutory	4,626	630		5,256
Capital Expenditure:	5,605	1,500	-	7,105
GOL	2,690	340		3,030
Grant Funded	858	79		937
Loan Funded	2,057	1,081		3,138
Contingency	100			100
Total Expenditure	23,890	4,510	-	28,400

Notes:

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.

Table 4: FY2020/21 Use of Contingency Fund

DATE APPROVED	MINISTRY/ HEAD	RECURRENT REQUEST	CAPITAL REQUEST	TOTAL ADVANCES APPROVED TO DATE	BALANCE AVAILABLE	PURPOSE/REASON
TOTAL		676,823,901	294,173,479	970,997,380		
1-Apr-20	Contingency Fund	0	0	0	100,000,000	To Fund unforeseen and unanticipated activities. Funds are requested to make payment of one-month salaries subsidy of the industrial/factory workers during the current country lockdown as per the Right Hon. the Prime Minister's Statement.
4-May-20	Trade and Industry	40,000,000	0	40,000,000	60,000,000	Funds are requested to buy two-months food packages for the vulnerable people during the current country lockdown as per the Right Hon. the Prime Minister's Statement.
4-May-20	Social Development	10,000,000	0	50,000,000	50,000,000	Funds are requested to pay contractor Jiangsu Etern Co. on implementation of Northern District and Electrification project.
8-Jun-20	Energy and Meteorology	0	6,463,348	56,463,348	43,536,652	Funds are required for the re-roofing of His Majesty's Secretariat Offices.
26-Jun-20	His Majesty's Office	1,395,566	0	57,858,914	42,141,086	Funds are requested to make payment of the second-month salaries subsidy of the industrial/factory workers during the current country lockdown as per the Right Hon. the Prime Minister's Statement.
7-Jul-20	Trade and Industry	40,612,000	0	98,470,914	101,529,086	Funds are requested to make payment of the third-month salaries subsidy of the industrial/factory workers during the current country lockdown as per the Right Hon. the Prime Minister's Statement.
8-Jul-20	Trade and Industry	41,000,000	0	139,470,914	60,529,086	Funds are requested as the remaining balance to purchase food packages for the vulnerable people during the current country lockdown as per the Right Hon. the Prime Minister's Statement.
8-Jul-20	Social Development	5,000,000	0	144,470,914	55,529,086	Funds are required for assistance of businesses which were affected negatively following Government's directive to lockdown businesses which supply or sell non-essential goods and services during the first lockdown in April 2020 as a result of COVID-19 pandemic.
23-Jul-20	Trade and Industry	0	20,000,000	164,470,914	35,529,086	Additional funds are required to cover the shortage to Softech Ltd which was caused by an unanticipated declining exchange rate between Loti and Dollar.
19-Aug-20	Finance	0	5,500,000	169,970,914	30,029,086	Funds are required for payment of EMP consultant: Galaxy Consulting and Senate Chamber recording machine service level agreement (SLA) (phase 1,2 and 3).
19-Aug-20	Senate	0	193,011	170,163,925	29,836,075	Additional funds are required for identity cards printing and the recording system to address the backlog of labour cases at the Labour Court.
3-Sep-20	Labour and Employment	1,322,475	0	171,486,400	28,513,600	Funds are required for procurement of food parcels and PPE for distribution to Basotho mineworkers and those Basotho returning to South African Mines.
3-Sep-20	Labour and Employment	1,360,000	0	172,846,400	1,131,065,431	Funds are required to facilitate implementation of COVID-19 response plan for the social protection mitigations to cater for the vulnerable people, the elders aged 60-69 years and administration costs of delivery.
3-Sep-20	Social Development	94,554,228	0	267,400,628	1,036,511,203	

DATE APPROVED	MINISTRY/ HEAD	RECURRENT REQUEST	CAPITAL REQUEST	TOTAL ADVANCES APPROVED TO DATE	BALANCE AVAILABLE	PURPOSE/REASON
3-Sep-20	Finance	51,272,967	0	318,673,595	985,238,236	Funds are required to facilitate implementation of the response plan for the SMMEs cash flow of which government has mandated LRA to implement the rent relief scheme as part of the economic relief measure to the business sector (SMMEs).
4-Sep-20	Senate	0	23,300,000	341,973,595	961,938,236	Funds required to begin preliminary works, protection of underground services and earthworks in the construction of Senate Chambers and Offices building project.
17-Sep-20	Foreign Affairs and International Relations	13,302,884	0	355,276,479	948,635,352	Funds are required for the returning diplomats whose end of tour is within 2020/21 financial year. The funds will cater freight, air-tickets and accommodation on arrival.
17-Sep-20	Foreign Affairs and International Relations	330,570	0	355,607,049	948,304,782	Funds are required for the repatriation of the remains of the late His Excellency Ralechale Mokose, the High Commissioner to Canada.
6-Oct-20	Defence and National Security	1,000,000	0	356,607,049	947,304,782	Funds are required for the engagement of senior counsel in the matter of two LDF members currently incarcerated in Matatiele
12-Oct-20	Agriculture and Food Security	45,382,431	0	401,989,480	901,922,351	Additional funds required to support agricultural production and nutrition for the 2020/21 summer cropping season to support household while maintaining the right levels of grain reserves of food security during the COVID-19 pandemic.
12-Oct-20	His Majesty's Office	594,866	0	402,584,346	901,327,485	Additional funds are required for the re-roofing of His Majesty's secretariat offices to cater for the shortfall that was not foreseen.
16-Oct-20	Labour and Employment	598,058	0	403,182,404	900,729,427	Funds are required to assist the Ministry of Labour and Employment to top-up outstanding per-diems that occurred in the last financial year.
16-Oct-20	Foreign Affairs and International Relations	3,446,067	0	406,628,471	897,283,360	Funds are required to assist the Ministry of Foreign Affairs and International Relations to top-up outstanding per-diems that occurred in the last financial year.
21-Oct-20	Prime Minister's Office	15,000,000	0	421,628,471	882,283,360	Funds are required to support the vulnerable population that urgently is in need of humanitarian assistance across all ten districts of Lesotho as identified by Lesotho Vulnerability Assessment.
21-Oct-20	Public Works	0	28,420,000	450,048,471	853,863,360	Additional funds are required to assist the ministry of Public Works with budget shortfall for supervision of Mpitli to Sehlabathebe road and Marakabei-Monontsa road upgrade projects which was caused by the reallocation to address COVID-19 pandemic.
23-Oct-20	Gender and Youth, Sports and Recreation	5,185,500	0	455,233,971	848,677,860	Funds are required to cater for cash and non cash assistance to Lapeng centre for Gender Based Violence Survivors and stipends for 14 Premier League Clubs and cash grants for athletes in other sporting codes including those who would have participated in marathons.

DATE APPROVED	MINISTRY/ HEAD	RECURRENT REQUEST	CAPITAL REQUEST	TOTAL ADVANCES APPROVED TO DATE	BALANCE AVAILABLE	PURPOSE/REASON
4-Nov-20	Labour and Employment	755,300	-	455,989,271	847,922,560	Additional funds are required to cater for testing services in respect of Basotho Mine Workers and Farm workers returning to work the Republic of South Africa. The people cannot afford the costs of COVID-Test given the fact that they have not earned salaries since March 2020 to date.
24-Nov-20	Foreign Affairs and International Relations	100,442	-	456,089,713	847,822,118	Funds are required for the special invitation of the Right Hon. The Prime Minister Dr Moeketsi Majoro to attend graduation ceremony on which degree Doctor of Philosophy (Honoris Causa) will be conferred to Dr James Thokoana Motlatsi by UNISA in RSA on 6th November 2020.
24-Nov-20	Communications, Science and Technology	14,853,827	-	470,943,540	832,968,291	Funds are required for payment of Lesotho Government Internet Dark Fibre and subscription since the ministry is mandated with subscriptions and internet usage owed to ECONET.
24-Nov-20	Public Service Commission	154,700	-	471,098,240	832,813,591	Funds are required to cater for procurement of electronic equipment to conduct virtual interviews to minimise the spread of COVID-19.
24-Nov-20	Prime Minister's Office	90,000	-	471,188,240	832,723,591	Funds required to cater for the medical costs of the former Prime Minister Hon. Thomas Thabane.
1-Dec-20	Energy and Meteorology	-	70,000,000	541,188,240	762,723,591	Funds are required to finance Rural Electrification Project activities that will be implemented up to excavation of LV Network.
1-Dec-20	Home Affairs	29,373,018	-	570,561,258	733,350,573	Additional funds are required to finance maintenance contract between the Ministry of Home Affairs and NIP Global Ltd for the integrated civil registry, identity, passports and boarder control system in order to avoid arrear accumulation in the next budget.
1-Dec-20	Police and Public Safety	-	23,859,784	594,421,042	709,490,789	Additional funds are required to pay TM2 Consultancy Inv.SOU/TM2/004 for design and documentation. Design has been completed to allow construction to commence by April 2021 and also to avoid accumulation of arrears.
1-Dec-20	Gender and Youth, Sports and Recreation	-	6,013,527	600,434,569	703,477,262	Additional funds are required to pay Design Edge outstanding bills in respect of Leribe Sports Complex.
2-Dec-20	Social Development	47,317,563	-	647,752,132	656,159,699	Funds are required to facilitate implementation of COVID-19 response plan for the social protection mitigations to cater for the support of 10,000 new destitute households and also inclusion of people with disabilities.
10-Dec-20	Tourism, Environment and Culture	-	7,509,230	655,261,362	648,650,469	Additional funds required for Semonkong Visitors Centre Projects necessitated by variation which are critical for reasons of safety, structural adequacy and functional prerequisite.
10-Dec-20	Prime Minister's Office	1,302,000	-	656,563,362	647,348,469	Funds are required for the outstanding debt of the Beef-up Team to the National Reforms Team

DATE APPROVED	MINISTRY/ HEAD	RECURRENT REQUEST	CAPITAL REQUEST	TOTAL ADVANCES APPROVED TO DATE	BALANCE AVAILABLE	PURPOSE/REASON
10-Dec-20	Justice and Correctional Services	-	954,290	657,517,652	646,394,179	Additional requests are required for outstanding claims to Unik Construction for renovation of Maseru Central Correctional Institution as the project has since completed and handed over the project on the 24th August 2020.
29-Dec-20	Health	-	10,360,720	667,878,372	636,033,459	Additional funds are required to finance the construction completion of NDSO Warehouse Project before 31 March 2021
29-Dec-20	Prime Minister's Office	8,127,082	-	676,005,454	627,906,377	Additional funds are required for payment of subsistence international owed to officers who travelled in the last financial year while the funds were already depleted.
29-Dec-20	Public Works	5,000,000	-	681,005,454	622,906,377	Funds are required to finance emergency road works which resulted in unforeseen damage to most of the roads in the country which is an impediment to travel to many national destinations for the people for the festive season.
29-Dec-20	Defence and National Security	2,500,000	-	683,505,454	620,406,377	Additional funds are required for the engagement of senior counsel in the matter of two LDF members currently incarcerated in Matatiele
7-Jan-21	Development Planning	-	7,138,503	690,643,957	613,267,874	Additional funds required for undertaking data collection for 2020 Agricultural Census activities in January to February 2021.
7-Jan-21	Foreign Affairs and International Relations	2,082,317	-	692,726,274	611,185,557	Funds are required for the repatriation of the remains of the late First Secretary to Rome, Mr Leloko Tsita, unaccompanied luggage, household effects, one way ticket for his family to Maseru and his outstanding hospital bills.
11-Jan-21	Social Development	84,309,230	-	777,035,504	526,876,327	Additional funds are required to facilitate final release for implementation of COVID-19 response plan for the social protection mitigations to cater for the Child Grant Program top-ups.
21-Jan-21	Water	15,079,079	-	792,114,583	511,797,248	Additional funds are requested to address the shortages of salaries for the staff of the Lesotho Highlands Development Authority (LHDA) for the remaining months of the financial year
22-Jan-21	Home Affairs	6,479,270	37,941,122	836,534,975	467,376,856	Additional funds are requested to address the shortages of wages established, severance pay to roll out of National Identities and allowance for staff who were assigned to issue Lesotho Special Permits for registering undocumented Basotho residing in RSA.
10-Feb-21	Trade and Industry	-	7,500,000	844,034,975	459,876,856	Funds are requested for partial credit guarantee facility with the LNDC in an attempt for government to facility for COVID-19 mitigation measures.
10-Feb-21	Transport	7,420,233	-	851,455,208	452,456,623	Additional funds requested for the existing debts for the number plates and security services.

DATE APPROVED	MINISTRY/ HEAD	RECURRENT REQUEST	CAPITAL REQUEST	TOTAL ADVANCES APPROVED TO DATE	BALANCE AVAILABLE	PURPOSE/REASON
	Prime Minister's Office	2,550,260	-	854,005,468	449,906,363	Additional funds requested to empower vulnerable poverty stricken members of communities by improving assistance in income generating projects that would support their lives to take control of their lives.
18-Feb-21	Water	2,347,800	-	856,353,268	447,558,563	Funds are required to engage Mr Masopha Sole to assist the Ministry in the re-negotiation of the current LHDA Treaty.
18-Feb-21	Agriculture and Food Security	-	5,815,453	862,168,721	441,743,110	Additional funds are required for the gratuities of WAMPP staff whose contracts are ending and payment of stock from South Africa for COVID-19 Relief, Culling and Exchange Program has increased significantly.
18-Feb-21	Foreign Affairs and International Relations	4,294,207	7,972,800	874,435,728	429,476,103	Funds are required to cater for the shortages in of funds for rentals in the two missions as well as shortages of consultancies for the Indent House Project in Johannesburg.
18-Feb-21	Local Government and Chieftainship	51,500,000	-	925,935,728	377,976,103	Additional funds are required to bailout Maseru City Council for Pay-As-Earn, staff Pensions and the rentals
22-Feb-21	Energy and Meteorology	-	12,294,492	938,230,220	365,681,611	Additional funds required for payment of Value Added Tax for goods imported from China in respect of Ramarothole Solar generation power project financed by the EXIM Bank of China.
12-Mar-21	Health	2,000,000	-	940,230,220	363,681,611	Funds are required to purchase ambulances as a contribution of His Majesty to the COVID-19 pandemic instead of celebrating his birthday on the 17th July 2020.
12-Mar-21	Gender and Youth, Sports and Recreation	-	12,937,199	953,167,419	350,744,412	Additional funds are required to for payment of outstanding bills for Leribe Sports Complex for completed work in order to avoid accumulation of arrears in the next financial year.
18-Mar-21	Public Debt	17,829,961	-	970,997,380	332,914,451	Additional funds are required to facilitate the smooth clearance of the already received outstanding domestic arrears owed to suppliers by Government.
			Revised Budget		1,303,911,831	
			Original Budget		100,000,000	
			Additional Budget		- 1,203,911,831	

Receipts

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 2020/2021	Actual 2020/2021	Actual 2020/2021	Actual 2020/2021
	M'000	M'000	M'000	M'000
Taxes	232	6,708,247	-	6,708,480
Income, Profit and Capital Gains	-	3,757,877	-	3,757,877
Goods and Services	232	2,944,307	-	2,944,539
Other Taxes	-	6,064	-	6,064
Total Taxes	232	6,708,247	-	6,708,480

Note 2: Non-Tax Revenues

Collections of non-tax revenues were as follows:

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual 2020/2021	Actual 2020/2021	Actual 2020/2021	Actual 2020/2021
	M'000	M'000	M'000	M'000
Property Income	427	501,516	-	501,943
Interest	427	42,250	-	42,677
Dividends	-	117,840	-	117,840
<i>Dividends Received from Financial</i>	-	117,840	-	117,840
Rent - Non Produced Assets	-	341,426	-	341,426
<i>Royalties</i>	-	334,398	-	334,398
<i>Surface Rent</i>	-	7,029	-	7,029
Rand Monetary Compensation	-	136,288	-	136,288
Sale of Goods and Services	2,160	1,245,215	-	1,247,375
Sales by Market Establishments	-	1,076,225	-	1,076,225
<i>Electricity - Muela</i>	-	24,032	-	24,032
<i>Water Royalties - LHDA</i>	-	1,052,194	-	1,052,194
Administrative Fees	-	44,046	-	44,046
Incidental Sales by Non Market Establ	2,160	64,958	-	67,118
Imputed Sales of Goods and Services	-	49,501	-	49,501
Fines Penalties and Forfeits	-	3,296	-	3,296
Miscellaneous and Unidentified Revenue	12,432	11,055	-	23,487
Transfer of Unclaimed Moneys	405	3,459	-	3,864
Total Non-Tax Revenue	15,019	1,897,371	-	1,912,389

Note 2b: 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 FY2020/21 were from those shown below. Letseng Mine dividends were reported in the Ministry's disclosure schedules (Ministry of Mining) but not in the Statement of Cash Receipts and Payments, therefore, I could not ascertain whether the collection was received.

Supervising Spending Unit	Entity Name	Dividends Received	
		Actual	
		2020/2021	2019/2020
Finance	Central Bank of Lesotho	117,840	142,177
Finance	Maluti Mountain Brewery		4,972
Finance	Standard Lesotho Bank		24,125
Mining	Letseng Mine	120,000	24,125
Total		237,840	195,399

Note 3: Incurrence of Foreign Liabilities for the Year Ended 31 March 2021

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual	Actual	Actual	Actual
	2020/2021	2020/2021	2020/2021	2020/2021
	M'000	M'000	M'000	M'000
Incurrence of Foreign Liabilities	494,126	-	771,455	1,265,581
Loans	494,126	-	771,455	1,265,581
<i>Bilateral Loans</i>	13,984	-	756,868	770,852
<i>Multilateral Loans</i>	480,143	-	14,587	494,730
Total Foreign Liabilities Incurred	494,126	-	771,455	1,265,581

Note 4: Grants received

Grants received during the year ended 31st March 2021 were:

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual	Actual	Actual	Actual
	2020/2021	2020/2021	2020/2021	2020/2021
	M'000	M'000	M'000	M'000
Grants from Foreign Governments	8,393	-	76,641	85,034
Current Donor Grants - Foreign G	1,000	-	-	1,000
Capital Donor Grants - Foreign G	7,393	-	76,641	84,034
Grants from International Organisations	512,159	-	327,093	839,251
Current Donor Grants – Multilate	3,335	-	53	3,388
Capital Donor Grants – Multilate	508,824	-	327,039	835,863
Grants from Other General Governme	-	-	2,755	2,755
Capital Grants from Central Gove	-	-	2,755	2,755
Total Grants	520,552	-	406,488	927,040

Note 5: Payments on goods and services

Payments on goods and services of FY2020/21 were as follows

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual	Actual	Actual	Actual
	2020/2021	2020/2021	2020/2021	2020/2021
	M'000	M'000	M'000	M'000
Travel and Transport	252,803	317,872	45	570,719
Vehicle Maintenance and Repairs	32,384	49,081	-	81,465
Fuel and Lubricants	20,818	37,658	-	58,476
Standing Charge	-	419	-	419
Short Term Hire of Vehicles	38,642	126,616	-	165,258
Private Hire of Vehicles	-	58	-	58
Motor Mileage Allowance	25	80	-	105
Fares (Local)	223	127	-	350
Subsistence (Local)	150,365	74,064	45	224,473
Freight Charges	6,788	5,250	-	12,038
Equine Hire	18	85	-	103
Fares (International)	2,524	1,192	-	3,716
Subsistence (International)	595	23,172	-	23,767
Project Transport	-	72	-	72
Consultancies	420	-	-	420
Wool and Mohair Scouring Plant	-	-	-	-
Operating Costs	1,194,047	2,077,011	411,129	3,682,187
Power	10,028	90,633	-	100,661
Communications	10,903	77,811	-	88,714
Printing	1,493	19,336	-	20,829
Stationery	14,309	11,495	-	25,804
Maintenance of Public Assets	164,182	116,538	26,602	307,322
Food, Fodder and Beverage Supplies	31,076	61,692	-	92,768
Purchases or Production of Materials, Goods or Services,	500,456	251,333	48,738	800,527
Minor Works	2,244	11,867	235,443	249,555
Drugs	95,484	537,346	-	632,829
Dressings	-	13,096	-	13,096
Vaccines	176	7,624	-	7,801
Dips and Anthelmintics	-	103	-	103
Official Entertainment	32	1,040	-	1,072
Official Gifts	8	1	-	9
Training Costs	25,525	1,316	1,601	28,441
Software Licenses	502	10,769	-	11,271
Consultancies	234,137	104,490	98,745	437,372
Ammunition	-	332	-	332
Fitch	-	659	-	659
MEFMI	-	3,161	-	3,161
ESAAMLG	-	881	-	881
Books and Publications	1,483	13,780	-	15,263
Membership Subscriptions	399	43,669	-	44,068
IDEP Subscription	-	1,656	-	1,656
Water Supply	1,665	24,677	-	26,342
Sewerage and Sanitation	21	820	-	841
Government Use	77,988	128,064	-	206,052
Purchase of Health Services	344	542,230	-	542,573
Bank Charges	7,794	243	0	8,037
Witness Expenses	-	349	-	349
Subsidies	13,800	-	-	13,800
Total Goods and Services	1,446,850	2,394,882	411,173	4,252,906

Note 6: Compensation of Employees

Payments of FY2020/21 employee compensation are made up of the following:

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual	Actual	Actual	Actual
	2020/2021	2020/2021	2020/2021	2020/2021
	M'000	M'000	M'000	M'000
Wages and salaries	902,141	5,675,697	-	6,577,838
Non Statutory Salaries in Cash	442,208	5,088,175	-	5,530,383
Salaries New Posts	-	2,569	-	2,569
Statutory Salaries in Cash	-	47,738	-	47,738
Wages in Cash	134,045	335,304	-	469,349
Allowances in Cash - Non Statutory Posts	248,348	154,016	-	402,364
Allowances in Cash - Statutory Posts	-	46,194	-	46,194
Salaries and Wages - Own Account Capital	40,776	1,702	-	42,477
Wages and Salaries in Kind	36,764	-	-	36,764
Social Contributions	6,680	1,206,841	-	1,213,521
Actual Social Contributions	-	494,937	-	494,937
Unfunded Pensions and Gratuities	6,680	711,904	-	718,584
Total Compensation of Employee	908,821	6,882,538	-	7,791,359

Note 7: Other use of Goods and Services Consumed for the Year Ended 31 March 2021

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual	Actual	Actual	Actual
	2020/2021	2020/2021	2020/2021	2020/2021
	M'000	M'000	M'000	M'000
Other Use of Goods and Services - Own Account Capital	-	-	1,900	1,900
Consultancies - Own Account Capital	-	-	1,900	1,900
Total cost of other goods and services consumed	-	-	1,900	1,900

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

FY2020/21.

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual 2020/2021	Actual 2020/2021	Actual 2020/2021	Actual 2020/2021
	M'000	M'000	M'000	M'000
Acquisition of Fixed Assets	330,552	569,288	758,981	1,658,821
Buildings and Structures	262,184	505,907	224,841	992,932
Machinery and Equipment	68,368	63,381	534,140	665,889
Acquisition of Other Fixed Assets	920	-	-	920
Cultivated Assets	920	-	-	920
Acquisition of Valuables	-	382	-	382
Acquisition of Non-Produced Assets	-	234	-	234
Land	-	234	-	234
Total value of property, plant and equipment expensed	331,472	569,904	758,981	1,660,357

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 2020/2021	Actual 2020/2021	Actual 2020/2021	Actual 2020/2021
	M'000	M'000	M'000	M'000
Domestic Interest	-	312,018	-	312,018
Other Domestic Interest	-	312,018	-	312,018
Foreign Interest	-	274,503	-	274,503
Bilateral Interest	-	219,547	-	219,547
Multilateral Interest	-	13,813	-	13,813
Export Credit Interest	-	41,143	-	41,143
Total interest payable	-	586,521	-	586,521

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
	2020/2021	2020/2021	2020/2021	2020/2021
	M'000	M'000	M'000	M'000
Subsidies				
To Public Corporations	9,038	972,741	-	981,779
Subsidies - Non Financial Public Corporations	9,038	972,741	-	981,779
Total subsidies for the year	9,038	972,741	-	981,779

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
	2020/2021	2020/2021	2020/2021	2020/2021
	M'000	M'000	M'000	M'000
Grants				
To International Organisations	-	48,198	3,641	51,840
ACP	-	640	-	640
Group Of 77	-	86	-	86
SADC	-	47,473	3,641	51,114
To Other General Government Units	238,224	922,328	2,247	1,162,799
Current Grants Paid to Central Government	-	488,850	-	488,850
Current Grants Paid to Extra Budgetary Units	71,302	217,607	-	288,909
Grants in Aid Paid to Extra Budgetary Units	81,481	143,872	-	225,352
Capital Grants Paid to Extra Budgetary Units	85,441	-	2,247	87,688
Capital Grants Paid to Local Governments	-	72,000	-	72,000
Total grants for the year	238,224	970,527	5,888	1,214,639

Note 12: Social Benefits

Social benefits comprised:

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual	Actual	Actual	Actual
	2020/2021	2020/2021	2020/2021	2020/2021
	M'000	M'000	M'000	M'000
Social Benefits				
Social Assistance Benefits	1,437,480	92,396	-	1,529,876
Old Age Pension	803,071	-	-	803,071
APC Pension	3,106	-	-	3,106
Public Assistance in Cash	139,200	71,939	-	211,139
School Feeding Program	187,174	-	-	187,174
Safety Net	300,921	50	-	300,971
Public Assistance in Kind	-	20,407	-	20,407
LLA Pensions	4,009	-	-	4,009
Employer Social Benefits	-	2,034	-	2,034
Compensation	-	2,034	-	2,034
Total social benefits	1,437,480	94,430	-	1,531,910

Note 13: Other Operating Expenses

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual	Actual	Actual	Actual
	2020/2021	2020/2021	2020/2021	2020/2021
	M'000	M'000	M'000	M'000
Property Expense Other Than Interest	-	70	-	70
Rent of Non Produced Assets	-	70	-	70
<i>Rent and Lease of Land for Government Use</i>	-	70	-	70
Miscellaneous Other Expense	10,254	929,272	-	939,526
Current	10,254	929,272	-	939,526
<i>Transfers to Institutions Caring for Orphans</i>	-	6,062	-	6,062
<i>Student Grants - National Manpower Development</i>	-	891,396	-	891,396
<i>Legal Compensation</i>	-	1,247	-	1,247
<i>Motor Vehicle Assurance</i>	10,237	29,491	-	39,728
<i>Non Life Insurance Premiums</i>	17	1,076	-	1,093
Losses of Public Moneys	208	25,267	-	25,475
Exchange Rate Losses	-	25,267	-	25,267
<i>Exchange Rate Losses - Foreign Bank Accounts</i>	-	25,267	-	25,267
Asset Impairment Losses	208	-	-	208
<i>Impairment Expense - Other Fixed Assets</i>	208	-	-	208
Total	10,462	954,609	-	965,071

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 2020/2021	Actual 2020/2021	Actual 2020/2021	Actual 2020/2021
	M'000	M'000	M'000	M'000
Disposal of Fixed Assets	-	8,347	-	8,347
Machinery and Equipment	-	8,347	-	8,347
Total Proceed received	-	8,347	-	8,347

Note 15: Cash

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.

Analysis per bank	Accounts at 31 March 2021		Accounts at 31 March 2020	
	Number	Balance	Number	Balance
<u>Locally Denominated Accounts:</u>		M'000		M'000
Central Bank of Lesotho	39	3,698,090	40	3,546,978
Ned Bank Lesotho	60	98,868	47	102,857
Standard Lesotho Bank	115	425,752	127	319,632
First National Bank	17	44,021	12	44,473
Lesotho Post Bank	33	465,611	32	431,617
Total	264	4,732,341	258	4,445,558
<u>Foreign Currency Accounts</u>				
Central Bank of Lesotho	51	258,241	40	392,495
Standard Lesotho Bank	5	43,475	6	71,394
First National Bank	1	823	3	1,022
ABSA	1	3,487	1	3,358
Foreign Diplomatic Missions	26	58,295	23	30,942
Total	84	364,321	73	499,211

Government Accounts Balance	348	5,096,662	331	4,944,769
<u>Monies Held in Trust:</u>				
Central Bank of Lesotho	2	343,018	2	339,673
Ned Bank Lesotho	1	6	1	411
Standard Lesotho Bank	27	21,928	29	11,102
First National Bank	2	1,282	2	1,345
Lesotho Post Bank	3	99	9	13,884
Trust Monies Balance	35	366,332	43	366,415
GRAND TOTAL	383	5,462,994	374	5,311,184

Note 17: Incurrence of Domestic Liabilities for the Year Ended 31 March 2021

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual	Actual	Actual	Actual
	2020/2021	2020/2021	2020/2021	2020/2021
	M'000	M'000	M'000	M'000
Incurrence of Domestic Liabilities	-	440,194	-	440,194
Securities Other Than Shares	-	440,194	-	440,194
<i>Issue of Bonds</i>	-	440,194	-	440,194
Total Domestic Liabilities Incurred	-	440,194	-	440,194

Note 19: Repayment of Domestic Liabilities for the Year Ended 31 March 2021

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual	Actual	Actual	Actual
	2020/2021	2020/2021	2020/2021	2020/2021
	M'000	M'000	M'000	M'000
Repayment of Domestic Liabilities	-	679,007	-	679,007
Securities Other Than Shares	-	679,007	-	679,007
<i>Redemption of Treasury Bills - Fiscal</i>	-	402,007	-	402,007
<i>Redemption of Bonds</i>	-	277,000	-	277,000
Loans	-	570,970	-	570,970
<i>Other Repayments</i>	-	570,970	-	570,970
Total Domestic Liabilities Repaid	-	1,249,977	-	1,249,977

Note 20: Repayment of Foreign Liabilities for the Year Ended 31 March 2021

Description	Head Controlled Accounts	Treasury Accounts	3rd Parties Accounts	Total
	Actual	Actual	Actual	Actual
	2020/2021	2020/2021	2020/2021	2020/2021
	M'000	M'000	M'000	M'000
Repayment of Foreign Liabilities	-	-	-	-
Loans	-	755,974	-	755,974
<i>Bilateral Loans</i>	-	622,795	-	622,795
<i>Multilateral Loans</i>	-	55,775	-	55,775
<i>Export Credits</i>	-	77,404	-	77,404
Total Foreign Liabilities Incurred	-	755,974	-	755,974

V. 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 2020/21 dividends were received from the Central Bank of Lesotho

Table 6: 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.
Gem Stone (Show Ridge)	25%	Mining	
Reskol Diamond Mine (Kolo)	10%	Mining	
Standard Lesotho Bank	9.6%	Banking	
AON	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 7: 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.

Table 8(a): Overdue Debt Analysis by period

Analysis by Spending Unit	Period Overdue				Total Receivables Arrears at 31 March 2021 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	
Agriculture & Food Security		81,481	-		81,481
Health	850				850
Education & Training	19,429	14,402	257		34,088
Finance	751	66	33	35	884
Trade & Industry	54				54
Home Affairs	5,302				5,302
Prime Minister's Office	1,129		50		1,179
Communications, Science & Tech	8	3,981			3,988
Foreign Affairs & Int. Relations	268				268
Energy, Meteorology & Water Affairs	69,581	40,845			110,426
Labour & Employment	50				50
Auditor General's Office				195	195
His Majesty's Office	23				23
Defence	54	-	-	-	54
Senate	47	-	-		47
Ombudsman	32				32
Independent Electoral Commission	54	-	-		54
Gender, Youth, Sports & Recreation	378	-	-		378
Public Service	32				32
Mining	175,000				175,000
Police & Public Safety		752			752
Small Business	143				143
Transport				28	28
TOTAL	273,187	141,526	340	257	415,311

Table 8(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 2021	
	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
Agriculture & Food Security		81,481											-	81,481
Health							850						850	-
Education & Training	34,088												34,088	-
Finance					884								884	-
Trade & Industry			54										54	-
Home Affairs	4,947		207				120		28				5,302	-
Prime Minister's Office			1,179										1,179	-
Communications, Science & Tech			8		3,981								3,988	-
Foreign Affairs & Int. Relations								268					268	-
Energy, Meteorology & Water Affairs					110,426								110,426	-
Labour & Employment					39			11					50	-
Auditor General's Office										195			195	-
His Majesty's Office								23					23	-
Defence										54			54	-
Senate			47										47	-
Ombudsman			32										32	-
Independent Electoral Commission			54										54	-
Gender, Youth, Sports & Recreation			366		12								378	-
Public Service			26		6								32	-
Mining										175,000			175,000	-
Police & Public Safety							638		32		82		752	-
Small Business			133						10				143	-
Transport			28										28	-
TOTAL	39,035	81,481	2,134	-	115,349	-	1,608	-	372	-	175,332	-	333,830	81,481

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 31st 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 31st 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 10: External Liabilities

External Debt (Maloti equivalent)	Balance at 31 March 2020	2020/21	2020/21	2020/21	31 March 2021	Interest paid
		New Agreements	Disbursements	Repayments		
Multilateral lenders	13,225,222,319	1,909,300,388	1,413,323,723	55,774,742	12,217,824,059	13,813,243
Bilateral lenders	1,229,888,451		-	622,794,896	979,939,180	219,546,700
Commercial banks	-		-			
Export Credits	1,176,717,735		646,736,232	77,404,123	1,571,091,723	41,142,800
Total external debt	15,631,828,504	1,909,300,388	2,060,059,955	755,973,761	14,768,854,962	274,502,742

Table 11: Domestic Liabilities

Domestic Debt	Balance at 31 March 2020	2020/21 New Issues	2020/21 Repayments	Balance at 31 March 2021	2020/21 Interest Paid
Treasury Bills	875,674,900	1,536,917,868	1,530,975,168	881,617,600	54,216,550
Fiscal Bills	430,000,000				-
Treasury Bonds	2,382,619,200	494,183,700	277,001,600	2,599,802,900	227,811,860
Guarantee (TZICC)					-
Payment of Domestic Arrears			567,220,790		-
Interest for Members of Parliament			824,407		1,995,280
Total domestic debt	3,688,294,100	2,031,101,568	2,376,021,965	3,481,420,500	284,023,690

Table 12: Debt Opening and Closing Balances and Exchange Rates

Currency	As at 31 March 2020			As At 31 March 2021			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	21.1588	16,201,965	342,814,134	-14.31%	15.87%	-100.00%
Canadian Dollars	12.7014	575,024	7,303,614	11.8452	537,014	6,361,044	-6.74%	-6.61%	-100.00%
Danish Kroner	2.6377	6,478,153	17,087,423	2.3305	6,011,349	14,009,449	-11.65%	-7.21%	-100.00%
Euro	19.8208	45,456,859	900,991,304	17.5070	40,294,706	705,439,415	-11.67%	-11.36%	-100.00%
European Currency Unit	19.8208	2,839,005	56,271,347	17.5070	2,683,791	46,985,136	-11.67%	-5.47%	-100.00%
Kuwaiti Dinars	57.0570	6,896,180	393,475,337	48.7805	6,613,300	322,600,076	-14.51%	-4.10%	-100.00%
Maloti	1.0000	107,291,473	107,291,473	1.0000	98,350,517	98,350,517	0.00%	-8.33%	-100.00%
Norwegian Krone	1.7151	2,223,856	3,814,135	1.7277	2,085,144	3,602,503	0.73%	-6.24%	-100.00%
Pound Sterling	22.1781	3,970,650	88,061,470	20.8450	3,923,828	81,792,194	-6.01%	-1.18%	-100.00%
Rand	1.0000	1,340,399,775	1,340,399,775	1.0000	1,277,393,075	1,277,393,075	0.00%	-4.70%	-100.00%
Saudi Riyals	4.7434	72,660,000	344,655,444	3.9401	70,316,000	277,052,072	-16.94%	-3.23%	-100.00%
Special Drawing Rights	24.6916	308,245,508	7,611,074,780	21.1588	343,587,671	7,269,902,803	-14.31%	11.47%	-100.00%
Swedish Kronor	1.7864	13,776,756	24,610,797	1.7092	12,946,497	22,128,152	-4.32%	-6.03%	-100.00%
Swiss Francs	18.7136	3,026,809	56,642,501	15.8409	2,851,167	45,165,047	-15.35%	-5.80%	-100.00%
UAE Dirhams	4.9500	48,208,125	238,630,218	4.0225	41,780,375	168,061,558	-18.74%	-13.33%	-100.00%
US Dollars	18.0156	131,139,656	2,362,559,587	14.9332	130,089,643	1,942,654,656	-17.11%	-0.80%	-100.00%
Yen (000's)	166.2000	3,542,107	588,698,231	134.9000	3,380,237	455,994,014	-18.83%	-4.57%	-100.00%
Yuan Renminbi	2.5403	508,042,819	1,290,581,174	2.2759	741,925,883	1,688,549,118	-10.41%	46.04%	-100.00%
		2,618,755,653	15,777,408,735		2,800,972,162	14,768,854,963			

Table 13: Annual Principal Repayment Schedule

External Debt	Balance at 31 March 2021	Principal Repayment Schedule (Maloti millions)			
		2021/22	2022/23	2023/24	2024/25
Multilateral lenders	12,217,824,059	60,035,359	83,508,338	83,174,015	83,174,015
Bilateral lenders	979,939,180	65,323,663	116,265,207	167,355,272	167,355,272
Other lending institutions	1,571,091,723	608,185,924	592,716,317	604,809,528	710,016,512
Total external debt	14,768,854,962	733,544,946	792,489,862	855,338,816	960,545,800

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 FY2020/21 transactions and year-end status.

Table 14: On-Lending Transactions and Year-End Status

Benefitting Agency	Closing Balance as at 31st March 2020	Opening Balance as at 01st April 2020	Transactions during the month			Closing Balance as at 31st March 2021
			Loans Repaid	Interest charges Paid	Cancelled	
Tikoe Factory Shells	35,000,000	35,000,000				35,000,000
Tikoe Phase 2 Factory Shells	202,789,827	202,789,827				202,789,827
Telecom National Network Phase II	213,993,506	221,366,667	11,505,000	7,938,450		209,861,667
Telecom National Network Phase I	205,986,835	198,613,674	11,059,743	7,048,248		187,553,931
BADEA 132 Maseru Water Supply I	63,023,315	63,023,315				63,023,315
BADEA 133 Maseru Water Supply II	78,097,438	78,097,438				78,097,438
OFID 134 Maseru Supply II	85,500,487	85,500,487				85,500,487
IDA 2400 Infrastructure Engineering	18,119,448	18,119,448				18,119,448
IDA 3995 Water Sector Improvement Project	48,814,092	48,814,092				48,814,092
Lesotho Electricity Supply Project	33,060,171	33,060,171	1,944,716	729,274		31,115,455
TOTAL	984,385,119	984,385,119	24,509,459	15,715,973	-	959,875,660

NOTE

The yellow highlighted figures have been adjusted in that the LSL 7,373,161.17 repayment for loan II had been mistakenly captured under loan I

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 2021, 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 declared by Spending Units and the periods for which payment is overdue. It shows that M488 was owing to suppliers (an increase of M289 million or 145% compared to the previous year). Of this M114 million (23% of the total) has been overdue for more than six months to over a year.

Table 15(a): Analysis of Payment Arrears by period

Spending Unit	Period Overdue				Total Payment Arrears at 31st March 2021 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	
Agriculture & Food Security				25,404	25,404
Health	124,003	2,899	217	5,962	133,081
Education & Training			24,948	42,533	67,481
Finance		9,257			9,257
Trade & Industry	8,578		947	138	9,663
Development Planning	3	1,554	1,400	101,712	104,668
Justice & Correctional Services	-	-	-	4,432	4,432
Home Affairs	8,671	1,072	699	2,002	12,444
Prime Minister's Office	5,077	1,600	1,728	2,327	10,732
Communications, Science & Tech		6,856			6,856
Law & Constitutional Affairs			4,146		4,146
Foreign Affairs & Int. Relations	1,153	159	123	907	2,342
Public Works & Transport		31,092			31,092
Forestry & Land Reclamation	78			14,253	14,331
Energy & Meteorology	190	1,001	130	-	1,321
Labour & Employment	9,356				9,356
Tourism, Environment & Culture	7,394				7,394
Auditor General's Office				99	99
His Majesty's Office				147	147
Pension & Gratuities		2,505			2,505
Statutory Salaries & Allowances				213	213
Defence	740	5	3	29,128	29,877
National Assembly	-	-	-	5,014	5,014
Ombudsman	561	27	108	385	1,081
Independent Electoral Commission	3,419	-	-	237	3,656
Local Government & Chieftainship	3,053	1,265			4,318
Gender, Youth, Sports & Recreation	2,199	-	-	150	2,349
Public Service	1,603	590	672	8	2,873
Judiciary	5,771		3,329		9,101
Social Development	848			561	1,409
Directorate on Corruption & Economic Offences				4	4
Mining	185	336	109	110	740
Police & Public Safety	2,399	5,809			8,208
Small Business	2,894				2,894
Water	125	9,623			9,748
Transport	6,225	250	360	361	7,197
TOTAL	194,526	75,901	38,920	236,088	545,435

Table 15(b): Analysis of Payment Arrears by item

Analysis by Spending Unit	Compensation of Employees		Pensions and Gratuities		Goods and Service		Taxes Withheld		Other Expenses		Construction work		Total Arrears at 31 March 2021	
	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
Agriculture & Food Security					25,404								25,404	-
Health					133,081								133,081	-
Education & Training	13,036				54,445								67,481	-
Finance					8,436		764		57				9,257	-
Trade & Industry					9,663								9,663	-
Development Planning	197				1,894				100,000		68		102,090	68
Justice & Correctional Services	1,140				1,185						2,107		4,432	-
Home Affairs	703				11,741								12,444	-
Prime Minister's Office	2,471				8,261								10,732	-
Communications, Science & Tech					6,856								6,856	-
Law & Constitutional Affairs					4,146								4,146	-
Foreign Affairs & Int. Relations	342				1,613				388				2,342	-
Public Works & Transport					4,202						26,890		4,202	26,890
Forestry & Land Reclamation	12,670				1,660								14,331	-
Energy, Meteorology & Water Affairs	825				144				352				1,321	-
Labour & Employment					9,356								9,356	-
Tourism, Environment & Culture					5,787		1,607						7,394	-
Auditor General's Office									99				99	-
His Majesty's Office					131		12		4				147	-
Pension & Gratuities			2,505										2,505	-
Statutory Salaries & Allowances					188		23		2				213	-
Defence	338				29,539								29,877	-
National Assembly	4,545				457		12						5,014	-
Ombudsman	589				492								1,081	-
Independent Electoral Commission					3,656								3,656	-
Local Government & Chieftainship	750				2,268						1,301		3,018	1,301
Gender, Youth, Sports & Recreation					2,349								2,349	-
Public Service	873				1,795		206						2,873	-
Judiciary	3,450				5,651								9,101	-
Social Development	832				577								1,409	-
Directorate on Corruption & Economic	-				4								4	-
Mining	1,061				664						76		1,725	76
Police & Public Safety	273				7,935								8,208	-
Small Business					2,894								2,894	-
Water	7		118		2,634						6,990		2,758	6,990
Transport					7,116		81						7,197	-
Total	44,100	-	2,623	-	356,224	-	2,705	-	100,902	-	2,107	35,324	508,662	35,324

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 16: Outstanding Amounts Guaranteed (per Public Debt and Aid Management Department)

Benefiting Entity	Lending Institution	Balance of guarantee at 31-Mar-20	2020/21 Transactions			Balance of guarantee at 31-Mar-21
			Principal Repaid	Interest Paid	New guarantee	
Loans to Members of Parliament	Nedbank	36,588	16,303	1,995	800	9,505
WASCO	Nedbank	4,166	4,116	-	-	50
Luqy's Manufacturing Pty. Ltd	FNB	3,600	-	-	-	3,600
Loans to Statutory Positions	Standard Lesotho Bank	1,178	641	350	763	1,495
Maseru E textile	Standard Lesotho Bank	2,169	-	-	17,826	19,995
CGM/Presitex Group	Standard Lesotho Bank	25,590	-	-	-	25,590
TZICC	Standard Lesotho Bank	28,100	-	-	118,839	146,939
PCGF	Standard Lesotho Bank	1,998	496	-	800	2,303
Eclat Evergood Textiles	Standard Lesotho Bank	-	-	-	63,876	63,876
Econet	Standard Lesotho Bank	170,831	-	-	-	170,831
Lesotho Water and Sewage Services	Standard Lesotho Bank	20,000	-	-	-	20,000
Total		294,220	21,556	2,345	202,904	464,184

Table 17: 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, 2021	Exposure at 31 March, 2020
	M'	M'
Head 09 - Prime Minister's Office		179
Head 10 - Communications, Science & Tech	68,422	29,975
Head 12 - Foreign Affairs & Int. Relations	416	10,048
Head 16 - Labour & Employment	100	100
Head 37 - Defence & National Security		8,695
Head 42 - Local Government & Chieftainship	2,627	5,444
Head 43 - Gender, Youth, Sports & Recreation		83,206
Head 49 - Police & Public Safety		3,273
Head 21 - Public Debt		155,387
Total	71,566	296,306

Schedule 9: Losses and Accidents

Table 18: Summary of Losses and Accidents

Spending Unit		Losses of Stores	Losses of cash	Motor Vehicle Accidents	Total
		M'000	M'000	M'000	M'000
Head 01	Agriculture & Food Security	100	48		148
Head 03	Education & Training			205	205
Head 05	Trade & Industry	70	54		124
Head 11	Law & Constitutional Affairs			6	6
Head 12	Foreign Affairs & Int. Relations			7	7
Head 13	Public Works & Transport			208	208
Head 19	His Majesty's Office		1,523		1,523
Head 20	Public Service Commission			7	7
Head 40	Ombudsman			20	20
Head 42	Local Government & Chieftainship	311		435	746
Head 44	Public Service		7,535		7,535
Head 45	Judiciary			6	6
Head 46	Social Development			116	116
Head 48	Mining			103	103
Head 49	Police & Public Safety			523	523
Head 50	Small Business			37	37
GRAND TOTAL		481	9,160	1,671	11,312

APPENDIX 1: ANALYSIS OF RECEIPTS AND PAYMENTS BY SPENDING UNIT

Table 19: 2020/21 ACTUALS - SPENDING UNIT SUMMARY

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

Spending Unit	Recurrent		Development		Net Flows
	Receipts	Payments	Receipts	Payments	
01 Agriculture and Food Security	49,395,442	301,708,718	230,380,226	320,876,957	(342,810,007)
02 Health	10,380,978	2,361,824,268	294,755,822	379,425,851	(2,436,113,320)
03 Education and Training	2,258,950	2,648,985,199	27,860,063	50,853,582	(2,669,719,768)
04 Finance	16,141,073,304	911,021,185	488,904,471	713,729,094	15,005,227,496
05 Trade and Industry	9,337,070	161,848,984	78,618,341	241,769,371	(315,662,944)
06 Development Planning	49,780	1,013,038,543	-	-	(1,012,988,763)
07 Justice and Correctional Services	250,062	226,269,253	-	31,610,080	(257,629,271)
08 Home Affairs	16,374,287	178,620,061	2,482,676	288,458,375	(448,221,473)
09 Prime Minister's Office	-	616,418,054	1,000,000	-	(615,418,054)
10 Communications, Science and Technology	3,588,958	147,763,869	5,310,910	23,029,539	(161,893,540)
11 Law and Constitutional Affairs	13,172,951	92,854,289	-	1,167,379	(80,848,717)
12 Foreign Affairs and International Relations	-	379,881,127	-	5,029,743	(384,910,870)
13 Public Works and Transport	499,344	186,318,457	243,956,506	343,510,057	(285,372,664)
14 Forestry Range and Soil Conservation	-	122,315,790	-	-	(122,315,790)
15 Energy and Meteorology	332,400,214	25,523,632	556,183,151	623,948,243	239,111,490
16 Labour and Employment	7,273,889	47,650,819	-	-	(40,376,930)
17 Tourism, Environment & Culture	2,055,021	79,755,196	2,400,390	20,850,682	(96,150,466)
18 Auditor General's Office	978,636	29,992,182	-	-	(29,013,546)
19 His Majesty's Office	-	11,355,277	-	38,039,734	(49,395,011)
20 Public Service Commission	16,000	11,152,781	-	-	(11,136,781)
37 Defence and National Security	287,637	607,055,254	-	20,342,198	(627,109,814)
38 National Assembly	-	73,159,449	-	-	(73,159,449)
39 Senate	-	20,733,439	-	-	(20,733,439)
40 Ombudsman	-	8,429,020	-	-	(8,429,020)
41 Independent Electoral Commission	121,167	45,559,648	-	-	(45,438,481)
42 Local Government and Chieftainship Affairs	3,901,041	515,621,929	1,185,548	212,867,549	(723,402,889)
43 Gender & Youth, Sports & Recreation	4,000	71,825,426	173,877	30,398,488	(102,046,037)
44 Public Service	6,961,939	39,329,045	53,302	-	(32,313,804)
45 Judiciary	2,346,872	111,316,403	-	4,603,077	(113,572,608)
46 Social Development	-	460,152,198	150,286,999	192,837,589	(502,702,788)
47 Directorate on Corruption & Economic Offences	-	19,232,491	-	-	(19,232,491)
48 Mining	341,447,628	21,837,497	-	694,814	318,915,317
49 Police and Public Safety	6,384,757	655,560,426	-	60,230,358	(709,406,027)
50 Small Business Development, Cooperatives & Marketing	442,680	62,490,215	-	19,419,386	(81,466,921)
51 Water	1,053,077,443	162,399,240	103,153,486	189,436,666	804,395,023
52 Transport	45,752,441	52,244,890	-	13,794,305	(20,286,754)
Total Appropriated	18,049,832,490	12,481,244,253	2,186,705,768	3,826,923,116	3,928,370,889
Statutory and Centralized Expenditure					
21 Public Debt		2,589,546,990			(2,589,546,990)
23 Pensions and Gratuities		1,975,223,099			(1,975,223,099)
24 Statutory Salaries & Gratuities		18,311,044			(18,311,044)
25 Subscriptions to International Financial Organisations		91,735,314			(91,735,314)
26 Refund to Erroneous Receipts		104,104			(104,104)
30 Centralised Items					-
31 Contingencies					-
Total Statutory & Centralized	-	4,674,920,551	-	-	(4,674,920,551)
Totals	18,049,832,490	17,156,164,804	2,186,705,768	3,826,923,116	(746,549,662)

APPENDIX 2: BUDGET COMPARISON – ANALYSIS BY SPENDING UNIT

Table 20: FY2020/21 Budget versus Actual – Revenues

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

	Collecting Unit	Original	Revised (as per Submission by Spending Units)	Actual Rec Revenue	Variance
01	Agriculture and Food Security	28,480,517	28,480,517	49,395,442	73%
02	Health	49,747,783	29,747,783	10,380,978	-79%
03	Education and Training	5,720,565	5,720,587	2,258,950	-61%
04	Finance	16,796,685,000	17,162,004,336	16,141,073,304	-4%
05	Trade and Industry	9,242,000	9,242,000	9,337,070	1%
06	Development Planning	45,000	45,000	49,780	11%
07	Justice and Correctional Services	789,680	789,680	250,062	-68%
08	Home Affairs	25,902,000	25,902,000	16,374,287	-37%
09	Prime Minister's Office	-	-	-	
10	Communications, Science and Technology	6,470,000	6,470,000	3,588,958	-45%
11	Law and Constitutional Affairs	3,356,000	3,356,000	13,172,951	293%
12	Foreign Affairs and International Relations	-	-	-	
13	Public Works and Transport	946,100	946,100	499,344	-47%
14	Forestry Range and Soil Conservation	-	-	-	
15	Energy and Meteorology	393,565,000	393,565,000	332,400,214	-16%
16	Labour and Employment	6,460,888	6,460,888	7,273,889	13%
17	Tourism, Environment & Culture	4,982,269	4,982,269	2,055,021	-59%
18	Auditor General's Office	-	-	978,636	
19	His Majesty's Office	-	-	-	
20	Public Service Commission	-	-	16,000	
37	Defence and National Security	1,245,000	1,245,000	287,637	-77%
38	National Assembly	-	-	-	
39	Senate	-	-	-	
40	Ombudsman	-	-	-	
41	Independent Electoral Commission	50,000	50,000	121,167	142%
42	Local Government and Chieftainship Affairs	3,367,584	3,367,584	3,901,041	16%
43	Gender & Youth, Sports & Recreation	563,700	563,700	4,000	-99%
44	Public Service	8,332,497	8,332,497	6,961,939	-16%
45	Judiciary	3,708,903	3,708,903	2,346,872	-37%
46	Social Development	-	-	-	
47	Directorate on Corruption & Economic Offences	-	-	-	
48	Mining	465,989,728	465,989,728	341,447,628	-27%
49	Police and Public Safety	10,681,400	10,681,400	6,384,757	-40%
50	Small Business Development, Cooperatives & Marketing	-	504,650	442,680	
51	Water	1,061,460,578	1,061,460,578	1,053,077,443	
52	Transport	20,059,128	20,059,128	45,752,441	128%
	Total	18,907,851,320	19,253,675,328	18,049,832,490	-5%

Table 21: FY2020/21 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
Appropriated Expenditure				
01 Agriculture and Food Security	278,161,092	363,337,714	301,708,718	-8%
02 Health	2,567,459,211	2,542,934,314	2,361,824,268	8%
03 Education and Training	2,616,836,097	2,723,165,998	2,648,985,199	-1%
04 Finance	1,093,674,462	1,060,802,326	911,021,185	17%
05 Trade and Industry	171,242,801	459,990,594	161,848,984	5%
06 Development Planning	1,110,196,008	1,033,171,941	1,013,038,543	9%
07 Justice and Correctional Services	242,472,787	238,672,787	226,269,253	7%
08 Home Affairs	165,020,650	190,772,938	178,620,061	-8%
09 Prime Minister's Office	133,240,196	984,441,028	616,418,054	-363%
10 Communications, Science and Technology	194,242,518	194,242,518	147,763,869	24%
11 Law and Constitutional Affairs	96,219,389	95,644,992	92,854,289	3%
12 Foreign Affairs and International Relations	438,259,225	452,539,676	379,881,127	13%
13 Public Works and Transport	296,333,665	278,921,665	186,318,457	37%
14 Forestry Range and Soil Conservation	156,742,108	148,442,109	122,315,790	22%
15 Energy and Meteorology	29,207,353	26,857,353	25,523,632	13%
16 Labour and Employment	55,248,190	41,775,290	47,650,819	14%
17 Tourism, Environment & Culture	84,946,057	83,013,659	79,755,196	6%
18 Auditor General's Office	32,371,698	31,575,318	29,992,182	7%
19 His Majesty's Office	13,285,565	11,969,473	11,355,277	15%
20 Public Service Commission	14,705,429	13,320,198	11,152,781	24%
37 Defence and National Security	596,448,653	615,896,982	607,055,254	-2%
38 National Assembly	84,292,115	80,090,115	73,159,449	13%
39 Senate	19,061,696	22,965,874	20,733,439	-9%
40 Ombudsman	10,514,614	9,863,114	8,429,020	20%
41 Independent Electoral Commission	96,611,050	76,401,499	45,559,648	53%
42 Local Government and Chieftainship Affairs	495,238,389	544,661,788	515,621,929	-4%
43 Gender & Youth, Sports & Recreation	119,896,717	97,362,141	71,825,426	40%
44 Public Service	42,112,367	41,416,456	39,329,045	7%
45 Judiciary	118,631,995	114,622,870	111,316,403	6%
46 Social Development	290,123,058	530,947,140	460,152,198	-59%
47 Directorate on Corruption & Economic Offences	25,928,888	24,268,888	19,232,491	26%
48 Mining	26,825,316	27,143,441	21,837,497	19%
49 Police and Public Safety	741,241,736	731,429,728	655,560,426	12%
50 Small Business Development, Cooperatives & Marketing	78,222,866	69,734,107	62,490,215	20%
51 Water	141,784,954	159,923,704	162,399,240	
52 Transport	65,588,325	76,830,095	52,244,890	20%
Total Appropriated	12,742,387,240	14,199,149,833	12,481,244,253	2%
Statutory and Centralized Expenditure				
21 Public Debt	2,173,116,792	2,740,946,753	2,589,546,990	-19%
23 Pensions and Gratuities	2,326,182,218	2,326,182,218	1,975,223,099	15%
24 Statutory Salaries & Gratuities	40,351,213	40,351,213	18,311,044	55%
25 Subscriptions to International Financial Organisations	84,434,160	128,850,235	91,735,314	-9%
26 Refund to Erroneous Receipts		2,268,000	104,104	
Total Statutory & Centralized	4,624,084,383	5,238,598,419	4,674,920,551	-1%
Total Recurrent Expenditure	17,366,471,623	19,437,748,252	17,156,164,804	1%

Table 22: FY2020/21 Budget versus Actual – Development Expenditures

(Budget Figures are extracted from Budget department and Actuals from the Statement of Budget comparison and Actual Amounts)

Spending Unit	Original Budget	Contingency Fund	Supplementary	Reallocated	Revised Budget	Actual	Variance
01 Agriculture & Food Security	388,012,946	5,815,453	65,344,424	-	459,172,823	320,876,957	17%
GoL Funded	28,470,622	5,815,453			34,286,075	20,127,910	
Development Partner - Grants	93,552,520		9,817,157		103,369,677	51,548,471	
Development Partner - Loans	265,989,804		55,527,267		321,517,071	249,200,577	
02 Health	544,330,601	10,360,720	112,325,029	43,296,523	710,312,873	379,425,851	30%
GoL Funded	92,352,038	10,360,720		43,296,523	146,009,281	77,711,707	
Development Partner - Grants	297,757,886				297,757,886	171,068,995	
Development Partner - Loans	154,220,677		112,325,029		266,545,706	130,645,150	
03 Education and Training	217,320,934	-	13,980,580	20,000,000	251,301,514	50,853,582	77%
GoL Funded	47,246,454			20,000,000	67,246,454	20,513,124	
Development Partner - Grants	58,539,350		13,980,580		72,519,930	6,507,257	
Development Partner - Loans	111,535,130				111,535,130	23,833,201	
04 Finance	618,109,425	5,500,000	870,640,147	-	1,494,249,572	713,729,094	-15%
GoL Funded	306,468,582	5,500,000			311,968,582	267,684,340.86	
Development Partner - Grants	268,082,322				268,082,322	417,604,376.31	
Development Partner - Loans	43,558,521		870,640,147		914,198,668	28,440,376.80	
05 Trade & Industry	250,008,883	20,000,000	4,967,649	10,000,000	284,976,532	241,769,371	3%
GoL Funded	163,008,883	20,000,000		10,000,000	193,008,883	163,153,770.00	
Development Partner - Grants	5,000,000				5,000,000	3,326,469.00	
Development Partner - Loans	82,000,000		4,967,649		86,967,649	75,289,132.00	
06 Development Planning	184,282,366	7,138,503	-	145,000,000	336,420,869	-	100%
GoL Funded	184,282,366	7,138,503		145,000,000	336,420,869	-	
Development Partner - Grants					-	-	
Development Partner - Loans					-	-	
07 Justice, Human Rights & Rehab	59,254,160	954,290	-	25,000,000	85,208,450	31,610,080	47%
GoL Funded	59,254,160	954,290		25,000,000	85,208,450	31,610,080	
Development Partner - Grants					-	-	
Development Partner - Loans					-	-	
08 Home Affairs	261,504,430	37,941,122	-	-	299,445,552	288,458,375	-10%
GoL Funded	261,504,430	37,941,122			299,445,552	288,458,375.00	
Development Partner - Grants					-	-	
Development Partner - Loans					-	-	
10 Communications, Science & Te	28,390,427	-	4,377,017	-	32,767,444	23,029,539	19%
GoL Funded	28,390,427				28,390,427	17,262,076.00	
Development Partner - Grants					-	1,392,194.00	
Development Partner - Loans			4,377,017		4,377,017	4,375,269.00	
11 Law & Constitutional Affairs	5,114,144	-	-	3,500,000	8,614,144	1,167,379	77%
GoL Funded	5,114,144			3,500,000	8,614,144	1,167,379.00	
Development Partner - Grants					-	-	
Development Partner - Loans					-	-	
12 Foreign Affairs	15,735,536	4,294,207	-	15,000,000	35,029,743	5,029,743	68%
GoL Funded	15,735,536	4,294,207		15,000,000	35,029,743	5,029,743.00	
Development Partner - Grants					-	-	
Development Partner - Loans					-	-	
13 Public Works & Transport	845,568,110	28,420,000	-	73,500,000	947,488,110	343,510,057	59%
GoL Funded	315,190,502	28,420,000		73,500,000	417,110,502	108,485,157.00	
Development Partner - Grants					-	-	
Development Partner - Loans	530,377,608				530,377,608	235,024,900.00	
15 Energy and Meteorology	833,712,182	88,757,840	51,914,520	110,000,000	1,084,384,542	623,948,243	25%
GoL Funded	160,503,091	88,757,840		110,000,000	359,260,931	71,034,476.00	
Development Partner - Grants	85,796,086		51,914,520		137,710,606	22,545,047.00	
Development Partner - Loans	587,413,005				587,413,005	530,368,720.00	
17 Tourism, Environment & Cultu.	33,836,060	7,509,230	1,450,000	10,000,000	52,795,290	20,850,682	38%
GoL Funded	24,490,000	7,509,230		10,000,000	41,999,230	18,115,659.23	
Development Partner - Grants	9,346,060		1,450,000		10,796,060	2,735,022.40	
Development Partner - Loans					-	-	
19 His Majesty's Office	109,810,000	-	-	-	109,810,000	38,039,734	65%
GoL Funded	109,810,000				109,810,000	38,039,734.00	
Development Partner - Grants					-	-	
Development Partner - Loans					-	-	

Spending Unit	Original Budget	Contingency Fund	Supplementary	Reallocated	Revised Budget	Actual	Variance
37 Defence and National Security	37,130,000	-	-	-	37,130,000	20,342,198	45%
GoL Funded	37,130,000				37,130,000	20,342,197.65	
Development Partner - Grants					-	-	
Development Partner - Loans					-	-	
'39 Senate	39,500,000	23,300,000	-	39,500,000	102,300,000	-	100%
GoL Funded	39,500,000	23,300,000		39,500,000	102,300,000	-	
Development Partner - Grants					-	-	
Development Partner - Loans					-	-	
42 Local Government & Chieftain.	306,626,650	-	1,185,668	80,000,000	387,812,318	212,867,549	31%
GoL Funded	306,626,650			80,000,000	386,626,650	211,907,587.00	
Development Partner - Grants			1,185,668		1,185,668	959,962.00	
Development Partner - Loans					-	-	
43 Gender and Youth, Sports .	189,301,518	18,950,726	222,788	169,000,000	377,475,032	30,398,488	84%
GoL Funded	189,301,518	18,950,726		169,000,000	377,252,244	30,175,126.00	
Development Partner - Grants			222,788		222,788	223,362.00	
Development Partner - Loans					-	-	
45 Judiciary	17,380,000	-	-	-	17,380,000	4,603,077	74%
GoL Funded	17,380,000				17,380,000	4,603,077.00	
Development Partner - Grants					-	-	
Development Partner - Loans					-	-	
46 Social Development	120,060,000	-	29,458,798	-	149,518,798	192,837,589	-61%
GoL Funded	-				-	-	
Development Partner - Grants	30,000,000				30,000,000	80,164,698.65	
Development Partner - Loans	90,060,000		29,458,798		119,518,798	112,672,890.00	
48 Mining	14,157,905	-	-	10,000,000	24,157,905	694,814	95%
GoL Funded	14,157,905			10,000,000	24,157,905	694,814.00	
Development Partner - Grants					-	-	
Development Partner - Loans					-	-	
49 Police and Public Safety	49,770,000	23,859,784	-	10,000,000	83,629,784	60,230,358	-21%
GoL Funded	49,770,000	23,859,784		10,000,000	83,629,784	60,230,357.64	
Development Partner - Grants					-	-	
Development Partner - Loans					-	-	
50 Small Business Development	56,864,616	-	-	28,000,000	84,864,616	19,419,386	66%
GoL Funded	56,864,616			28,000,000	84,864,616	19,419,386.06	
Development Partner - Grants					-	-	
Development Partner - Loans					-	-	
51 Water	343,590,348	-	61,566,891	-	405,157,239	189,436,666	45%
GoL Funded	141,787,328		57,500,000		199,287,328	88,242,501.00	
Development Partner - Grants	10,124,920				10,124,920	74,574,204.00	
Development Partner - Loans	191,678,100		4,066,891		195,744,991	26,619,961.00	
52 Transport	35,385,680	-	-	18,000,000	53,385,680	13,794,305	61%
GoL Funded	35,385,680			18,000,000	53,385,680	13,794,305.00	
Development Partner - Grants					-	-	
Development Partner - Loans					-	-	
TOTAL	5,604,756,921	282,801,875	1,217,433,511	809,796,523	7,914,788,830	3,826,923,116	32%
Sources of Funding - Summary							
GoL Funded	2,689,724,932	282,801,875	57,500,000	809,796,523	3,839,823,330	1,577,802,882	41%
Development Partner - Grants	858,199,144	-	78,570,713	-	936,769,857	832,650,058	3%
Development Partner - Loans	2,056,832,845	-	1,081,362,798	-	3,138,195,643	1,416,470,176	31%
TOTAL	5,604,756,921	282,801,875	1,217,433,511	809,796,523	7,914,788,830	3,826,923,116	32%

APPENDIX 3: FY2020/21 ORIGINAL TO REVISED BUDGET
Table 23: Recurrent Expenditure – Original to Revised Budget

Spending Unit	Original Budget	Contingency Fund	Centralised	Supplementary Budgets	Reallocation	Revised Budget	Original Budget (per Spending Units Submissions)	Revised budget (per Spending Units Submissions)
Appropriated Expenditure								
01 Agriculture and Food Security	278,161,092	45,382,430			6,247,744	317,295,778	278,161,092	363,337,714
02 Health	2,564,459,211	2,000,000			24,412,000	2,542,047,211	2,567,459,211	2,542,934,314
03 Education and Training	2,616,763,297		111,000,000		2,840,000	2,724,923,297	2,616,836,097	2,723,165,998
04 Finance	1,093,674,462	51,272,967	29,807,680		109,565,513	1,065,189,596	1,093,674,462	1,060,802,326
05 Trade and Industry	42,489,202	129,112,000	2,122,916		2,600,000	171,124,118	171,242,801	459,990,594
06 Development Planning	1,008,620,910				13,157,332	995,463,578	1,110,196,008	1,033,171,941
07 Justice and Correctional	242,472,787		4,172,459		3,042,869	243,602,377	242,472,787	238,672,787
08 Home Affairs	165,020,649	35,852,288			10,100,000	190,772,937	165,020,650	190,772,938
09 Prime Minister's Office	129,893,609	27,069,342	838,102,560		7,000,000	988,065,511	133,240,196	984,441,028
10 Communications, Science and Technology	191,595,096	14,853,827			4,755,685	201,693,238	194,242,518	194,242,518
11 Law and Constitutional Affairs	96,219,389		3,403,182		2,570,624	97,051,947	96,219,389	95,644,992
12 Foreign Affairs and International Relations	438,259,225	27,235,079	1,039,004		13,805,976	452,727,332	438,259,225	452,539,676
13 Public Works and Transport	91,640,090	5,000,000			502,935	96,137,155	296,333,665	278,921,665
14 Forestry Range and Soil Conservation	156,742,108				8,300,000	148,442,108	156,742,108	148,442,109
15 Energy and Meteorology	29,207,353				2,350,000	26,857,353	29,207,353	26,857,353
16 Labour and Employment	55,246,804	4,035,833	349,036		5,531,730	54,099,943	55,248,190	41,775,290
17 Tourism, Environment &	84,946,057				1,960,960	82,985,097	84,946,057	83,013,659
18 Auditor General's Office	32,371,698		640,120		1,436,500	31,575,318	32,371,698	31,575,318
19 His Majesty's Office	13,285,565	1,990,432	2,021,830		4,757,750	12,540,077	13,285,565	11,969,473
20 Public Service Commission	14,705,429	154,700	80,019		1,619,950	13,320,198	14,705,429	13,320,198
30 Centralised Items	1,157,514,890				1,124,255,986	33,258,904		
37 Defence and National Security	596,448,653	3,500,000	18,466,948		103,382,619	515,032,982	596,448,653	615,896,982
38 National Assembly	84,292,115				4,152,000	80,140,115	84,292,115	80,090,115
39 Senate	19,061,696	193,011	4,811,167		1,100,000	22,965,874	19,061,696	22,965,874
40 Ombudsman	10,514,614				651,500	9,863,114	10,514,614	9,863,114
41 Independent Electoral	96,611,050				20,209,551	76,401,499	96,611,050	76,401,499
42 Local Government and Chieftainship Affairs	495,238,389	51,500,000			2,146,800	544,591,589	495,238,389	544,661,788
43 Gender & Youth, Sports & Recreation	119,896,717	5,185,500	1,771,115		29,489,738	97,363,594	119,896,717	97,362,141
44 Public Service	42,112,367				593,539	41,518,828	42,112,367	41,416,456
45 Judiciary	118,631,995				4,116,964	114,515,031	118,631,995	114,622,870
46 Social Development	290,123,058	241,611,021	2,689,333		2,916,367	531,507,045	290,123,058	530,947,140
47 Directorate on Corruption & Economic Offences	25,928,888				1,600,000	24,268,888	25,928,888	24,268,888
48 Mining	26,825,316		1,711,731		1,393,606	27,143,441	26,825,316	27,143,441
49 Police and Public Safety	741,241,735				6,671,873	734,569,862	741,241,736	731,429,728
50 Small Business Development, Cooperatives & Marketing	78,222,866				8,488,758	69,734,108	78,222,866	69,734,107
51 Water	143,668,140	17,426,879	2,623,758		3,786,883	159,931,894	141,784,954	159,923,704
52 Transport	66,319,824	7,420,233	5,027,053		5,758,553	73,008,557	65,588,325	76,830,095
Total Appropriated	13,458,426,347	670,795,542	1,029,839,911	0	1,547,332,305	13,611,729,495	12,742,387,240	14,199,149,833
Statutory Expenditure								
21 Public Debt	2,173,116,792	17,829,961		567,829,961		2,758,776,714	2,173,116,792	2,740,946,753
23 Pensions and Gratuities	2,326,182,218					2,326,182,218	2,326,182,218	2,326,182,218
24 Statutory Salaries & Gratuities	40,351,213					40,351,213	40,351,213	40,351,213
25 Subscriptions to International Financial Organisations	84,434,160		44,416,075			128,850,235	84,434,160	128,850,235
26 Refund to Erroneous Receipts	2,268,000					2,268,000	2,268,000	2,268,000
Total Statutory	4,626,352,383	17,829,961	44,416,075	567,829,961	0	5,256,428,380	4,626,352,383	5,238,598,419
Total Recurrent Expenditure	18,084,778,730	688,625,503	1,074,255,986	567,829,961	1,547,332,305	18,868,157,875	17,368,739,623	19,437,748,252
31 Contingencies	100,000,000	1,153,654,317				688,625,503	565,028,814	
Total Recurrent + Contingencies	18,184,778,730	1,842,279,820	1,074,255,986	567,829,961	2,235,957,808	19,433,186,689	17,368,739,623	19,437,748,252

Table 24: Recurrent Revenue - Original to Revised Budget

Budget Figures are extracted from Budget department					Extracted from Spending Units	
Collecting Unit	Original	Budget Changes*	Revised	Original Budget (per Spending Units Submissions)	Revised budget (per Spending Units Submissions)	
01	Agriculture and Food Security		28,480,517	-	28,480,517	
02	Health		29,747,783	-	29,747,783	
03	Education and Training		5,278,065	-	5,278,065	
04	Finance		17,170,413,704	(2,158,991,589)	15,011,422,115	
05	Trade and Industry		9,242,000	-	9,242,000	
06	Development Planning		45,000	-	45,000	
07	Justice and Correctional Services		789,680	-	789,680	
08	Home Affairs		25,902,000	-	25,902,000	
09	Prime Minister's Office			-	-	
10	Communications, Science and Technology		6,470,000	-	6,470,000	
11	Law and Constitutional Affairs		3,356,000	-	3,356,000	
12	Foreign Affairs and International Relations			-	-	
13	Public Works and Transport		924,000	-	924,000	
14	Forestry Range and Soil Conservation		167,500	-	167,500	
15	Energy and Meteorology		393,565,675	-	393,565,675	
16	Labour and Employment		6,460,888	-	6,460,888	
17	Tourism, Environment & Culture		4,982,269	-	4,982,269	
18	Auditor General's Office			-	-	
19	His Majesty's Office			-	-	
20	Public Service Commission			-	-	
37	Defence and National Security		1,245,000	-	1,245,000	
38	National Assembly		-	-	-	
39	Senate			-	-	
40	Ombudsman			-	-	
41	Independent Electoral Commission		50,000	-	50,000	
42	Local Government and Chieftainship Affairs		3,367,584	-	3,367,584	
43	Gender & Youth, Sports & Recreation		563,700	-	563,700	
44	Public Service		8,132,497	-	8,132,497	
45	Judiciary		3,708,903	-	3,708,903	
46	Social Development			-	-	
47	Directorate on Corruption & Economic Offences			-	-	
48	Mining		465,989,728	-	465,989,728	
49	Police and Public Safety		10,681,400	-	10,681,400	
50	Small Business Development, Cooperatives & Marketing		504,650	-	504,650	
51	Water		1,061,460,578	-	1,061,460,578	
52	Transport		20,059,178	-	20,059,178	
Total			19,261,588,299	(2,158,991,589)	17,102,596,710	
				18,907,851,320	19,253,675,328	

APPENDIX 4: CONTROLLED ENTITIES AND INVESTMENTS – STATUS OF ANNUAL REPORTING (AS AT 30 OCTOBER 2021)

Table 25: Reporting status per entity

MINISTRY	ENTITY	LATEST AUDITED FINANCIAL STATEMENTS	AUDIT OPINION	OUTSTANDING	REMARKS
HEALTH	BAYLOR COLLEGE OF MEDICINE-CHILDRENS FOUNDATION	2015/16	UNQUALIFIED	2016/17-2020/21	FINANCIAL YEAR ENDED ON 30 JUNE 2018. AUDIT FOR 2016/2017 IN PROGRESS
	NATIONAL DRUG SERVICE ORGANISATION	2017/18	EXCEPT FOR	2018/19 - 2020/21	AUDIT FOR 2018/19 IN PROGRESS
	LESOTHO NURSING COUNCIL	2012/13	QUALIFIED	2014/15 - 2020/21	AUDIT FOR 2015/16-2017/2018 IS IN PROGRESS
	ST.JOSEPH'S HOSPITAL	2018/19	UNQUALIFIED	2019/20 - 2020/21	
	ROMA COLLEGE OF NURSING	2018/19	UNQUALIFIED	2019/20 - 2020/21	
	LESOTHO CATHOLIC BISHOPS CONFERENCE HEALTH NATIONAL AIDS COMMISSION	2018/2019	QUALIFIED	2019/20 - 2020/21	
		2018/2019	QUALIFIED	2019/20 - 2020/21	
EDUCATION	COUNCIL ON HIGHER EDUCATION	2019/2020	UNQUALIFIED	2020/21	
	EXAMINATION COUNCIL OF LESOTHO	2015/16	QUALIFIED	2016/17 - 2019/20	
	LESOTHO COLLEGE OF EDUCATION	2008/2009	DISCLAIMER	2009/10 - 2019/20	FINANCIAL STATEMENTS FROM 2009/10 - 2017/18 SUBMITTED FOR
	LEROTHOLI POLYTECHNIC	2007/2008	QUALIFIED	2008/09 - 2019/20	FINANCIAL STATEMENTS FROM 2008/09 - 2016/17 SUBMITTED FOR
	CENTRE FOR ACCOUNTING STUDIES				
	NATIONAL UNIVERSITY OF LESOTHO	2015/16	DISCLAIMER	2016/17 - 2019/20	FINANCIAL YEAR RUNS FROM JULY TO JUNE. AUDIT FOR 2018/19 IN
FINANCE	LESOTHO REVENUE AUTHORITY	2020/2021	UNQUALIFIED	NIL	
	PENSION FUND				
	PARTIAL CREDIT GUARANTEE FUND				
	ROAD FUND	2019/20	DISCLAIMER	NIL	
	AVANI LESOTHO (PTY) LTD	2018/2019	UNQUALIFIED	2019/20	FINANCIAL YEAR RUNS FROM JANUARY TO DECEMBER
	LESOTHO INSTITUTE OF ACCOUNTANTS	2020/2021	UNQUALIFIED	NIL	FINANCIAL YEAR RUNS FROM JULY TO JUNE
	CENTRAL BANK OF LESOTHO	2017/18	UNQUALIFIED	2018/19	
	PETROLEUM FUND	2018/19	UNQUALIFIED	2019/20	
	LESOTHO NATIONAL DEVELOPMENT CORPORATION	2017/2018	UNQUALIFIED	2019/20	
	MHG LESOTHO (PTY)LTD	2018/2019	UNQUALIFIED	2019/20	
	OK BAZAARS LESOTHO(PLC)	2018/2019	UNQUALIFIED	2019/20	FINANCIAL YEAR STARTS JULY AND END IN JUNE
	FINANCIAL UNIT INTELLIGENCE UNIT			2018/19-2019/20	2018/19 SUBMITTED FOR AUDIT.
AGRIC	LESOTHO NATIONAL DAIRY BOARD	2014/2015	UNQUALIFIED	2017/18-2019/20	2016/17 SUBMITTED FOR AUDIT.
	OK BAZAARS LESOTHO	2016/2017	UNQUALIFIED	2017/18	FINANCIAL YEAR RUNS FROM JULY TO JUNE. 17/18 & 18/19 SUBMITTED FOR
	LOTI BRICK	2015/2016	ADVERSE	2016/17-2017/18	

MINISTRY	ENTITY	LATEST AUDITED FINANCIAL STATEMENTS	AUDIT OPINION	OUTSTANDING	REMARKS
	MALUTI MOUNTAIN BREWERY	2016	UNQUALIFIED	2018-19	FINANCIAL YEAR RUNS FROM JANUARY TO DECEMBER. TO FIND
PRIME MINISTER'S COMMUNICATIONS	NATIONAL AIDS COMMISSION	2017/18	UNQUALIFIED	2018/19-2019/20	
	LESOTHO COMMUNICATIONS AUTHORITY	2018/19	UNQUALIFIED	2019/20	AUDIT FOR 2019/2020 IS IN PROGRESS
	LESOTHO POSTAL SERVICES	2007/2008	DISCLAIMER	2008/09-2019/20	FINANCIAL STATEMENTS FROM 2008/09 - 2010/11 SUBMITTED FOR FINANCIAL YEAR RUNS FROM JANUARY TO DECEMBER
	LESOTHO POST BANK	2020	UNQUALIFIED	NIL	
	LESOTHO COMMUNICATIONS AUTHORITY	2018/2019	UNQUALIFIED	2019/20	
PUBLIC WORKS AND TRANSPORT	LESOTHO FREIGHT AND BUS SERVICE	2008/2009	QUALIFIED	2009/10-2019/20	AUDIT FOR 2009/2010-2014/2015 IS IN PROGRESS. NO SUBMISSIONS FOR
	ROADS DIRECTORATE	2015/2016	EXCEPT FOR	2016/17-2020/21	
ENERGY	LESOTHO ELECTRICITY CORPORATION	2019/2020	UNQUALIFIED	2020/21	
	LEC COMMUNICATIONS (PTY)LTD	2019/20	UNQUALIFIED	2020/21	
	PETROLEUM FUND	2018/2019	UNQUALIFIED	2019/20	
	LESOTHO ELECTRICITY AND WATER AUTHORITY	2018/2019	UNQUALIFIED	2019/20	
LABOUR	DIRECTORATE OF DISPUTE PREVENTION AND RESOLUTION	2014/2015	UNQUALIFIED	2015/16-2019/20	2015/16 AUDIT SUBMITTED FOR AUDIT
	WORKMEN'S COMPENSATION FUND	2010/11	ADVERSE	2011/12-2019/20	AUDIT FOR 2011/12-2015/16 IN PROGRESS.
TOURISM	LESOTHO TOURISM DEVELOPMENT CORPORATION	2019/2020	UNQUALIFIED	2020/21	
LOCAL GOVERNMENT &	LESOTHO HOUSING AND LAND DEVELOPMENT CORPORATION	2010/2011	DISCLAIMER	2018/19 - 2019/20	AUDIT FOR 2018/2019-2019/2020 FINANCIAL STATEMENTS IS IN
	LAND ADMINISTRATION AUTHORITY	2019/2020	UNQUALIFIED	2020/21	AUDIT FOR 2020/21 FINANCIAL STATEMENTS IS IN PROGRESS
GENDER	STADIUM BOARD				
	YOUTH COUNCIL				
	LESOTHO SPORTS AND RECREATION COMMISSION				
SMALL BUSINESS	BASOTHO ENTERPRISES DEVELOPMENT CORPORATION	2016/2017	UNQUALIFIED	2017/18-2019/20	AUDIT FOR 2017/18 IS IN PROGRESS
	LESOTHO CHAMBER OF COMMERCE				
WATER	LESOTHO OPPORTUNITIES INDUSTRIAL CENTRE	2014/2015	DISCLAIMER	2015/16 - 2020/21	
	METOLONG AUTHORITY	2018/2019	UNQUALIFIED		
	WATER AND SEWERAGE COMPANY	2019/2020	ADVERSE	2020/21	
	LESOTHO WATER AND ELECTRICITY AUTHORITY	2018/2019	UNQUALIFIED	2019/20	
	LESOTHO HIGHLANDS DEVELOPMENT AUTHORITY	2015/16	UNQUALIFIED	2016/17-2019/20	
	LESOTHO HIGHLANDS WATER COMMISSION	2015/16	UNQUALIFIED	2016/17-2019/20	
	MOTHAE DIAMONDS	2015/16	ADVERSE OPINION	2016/17-2019/20	
TRADE AND INDUSTRY	MALUTI MOUNTAIN BREWERY	2018/2019	UNQUALIFIED	2019/20	
	LESOTHO LIQUOR DISTRIBUTORS PTY LTD	2018/2019	UNQUALIFIED	2019/20	
	LOTI BRICK (PROPRIETARY) LIMITED	2018/2019	DISCLAIMER	2019/20 - 2020/21	
	LESOTHO NATIONAL DEVELOPMENT CORPORATION	2018/2019	UNQUALIFIED	2019/20 - 2020/21	

PART 2

AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

CHAPTER 1: CONSOLIDATED FINANCIAL STATEMENTS

1.1 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements are the financial statements of an economic entity in which cash receipts, cash payments and cash balances of the controlling entity and its controlled entities are presented as that of a single entity.

1.2 LEGAL BASIS

According to Section 4 of the Public Financial Management and Accountability (PFMA) Act 2011, functions of the Minister include preparation of consolidated quarterly and annual financial statements for Government and for Parliament, and other reports and statements required from time to time.

The Minister is further obliged by Section 35 of the PFMA Act 2011 to prepare consolidated financial statements in relation to the finances of Government and those statements should be submitted to the Auditor-General for audit within five months of the end of the financial year.

1.3 CASH BASIS OF ACCOUNTING

a) Legal requirement

Section 35(3) of the PFMA Act 2011 requires that the consolidated financial statements should be prepared in accordance with International Public Sector Accounting Standards (IPSAS). Under IPSAS cash basis of accounting, the government must report fully upon all of the receipts and expenditures of all entities and funds under its control, including any extra-budgetary funds, which have been received and disbursed during the year by or on behalf of its agencies.

b) Objectives of IPSAS Cash Basis of Accounting

The objectives of financial reporting by public sector entities under cash basis of accounting are to provide information about the cash receipts, cash payments and cash balances of an entity necessary for accountability purposes and to provide input useful for assessment of the ability of the entity to generate adequate cash in the future and likely sources and uses of cash.

IPSAS are designed to apply to public sector entities that:

- a) Are responsible for the delivery of service to benefit the public and/or to redistribute income and wealth.
- b) Mainly finance activities directly or indirectly, by means of taxes and/or transfers from other levels of government social contributions, debt and fees.
- c) Do not have a primary objective of making profits.

c) Benefits of complying with the standard

Compliance with the requirements and encouragements of IPSAS cash basis of accounting improves comprehensive and transparent financial reporting of the cash receipts, cash payments and cash balances of the entity. It also enhances comparability with the entity's own general-purpose financial statements or previous periods and with the financial statements of other entities, which adopt the cash basis of accounting.

1.4 SHIFT TOWARDS ACCRUAL BASIS OF ACCOUNTING

The extensive and complete recording of financial assets and liabilities remains to follow as a next step, with a shift towards full accrual accounting and the complete reporting of all assets and liabilities in the longer term. This is emphasised by Section 62 of the PFMA Act 2011, which states that until such time as the Minister publishes the date of commencement of the accrual basis of accounting, the cash basis of accounting shall remain in operation.

1.5 FINANCIAL GUIDANCE AND INSTRUCTIONS

Detailed guidance and instructions exist with respect to internal control and maintenance of accounting records in the form of:

- Treasury Regulations 2014
- Public Procurement Regulations 2007
- Stores Regulations 1969
- Circulars issued by the Treasury

These requirements are intended to safeguard Government property and to ensure the collection and use of resources in the public interest.

1.6 RESPONSIBILITIES OF CHIEF ACCOUNTING OFFICERS

The Chief Accounting Officers are responsible for maintaining a system of internal controls in order to provide reasonable assurance that transactions are properly authorised, assets are safeguarded, and financial records are properly maintained. This allows for the preparation of Consolidated Financial Statements by the Accountant-General that are free from material misstatements, whether due to fraud or error.

1.7 PREPARATION AND SUBMISSION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were prepared in accordance with the PFMA Act 2011 and the Treasury Regulations 2014, which require that the financial statements should be submitted for audit within five months after the closure of the financial year.

The consolidated financial statements for the year ended 31 March 2021 were submitted for audit on 18 October 2021.

1.8 STATEMENTS SUBMITTED FOR AUDIT

The consolidated financial statements submitted for audit comprised:

- Consolidated Statement of Cash Receipts and Payments depicting total cash receipts, total cash payments and opening and closing cash balances;
- Consolidated Statement of Budget and Actual Amounts showing revenue and expenditure compared with amounts authorised by the Legislature;
- Statement of Accounting Policies and Statement of Controlled Entities; and
- Notes to the financial statements and Disclosure schedules to the financial statements.

CHAPTER 2: AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 AUDIT OF FINANCIAL STATEMENTS

The Government accounting allows the users of the financial statements to track overall spending. The main focus for my report on the audit of the consolidated financial statements is to provide assurance that they present fairly financial position and performance of Government. Confidence in the reliability of government reporting allows Parliament to properly scrutinise the Government's financial performance and direction.

2.2 CONSTITUTIONAL AND LEGAL BASIS FOR AUDIT

My office has a broad mandate for conducting audits on any Government agency. Mandate for audit, the right of access to all documents and the independence of the Office, are enshrined in Section 117 of the Constitution of Lesotho. The Audit Act 2016 expands this right of access to include explanations and information as well as access to all Government property.

The Constitution requires Auditor-General to audit and report at least once in every year on the public accounts of the Government of Lesotho, the accounts of all officers and authorities of that Government, the accounts of all courts in Lesotho, the accounts of every Commission established by the Constitution and the accounts of the Clerk to each House of Parliament.

2.3 RESPONSIBILITY OF THE AUDITOR-GENERAL

My responsibility is to audit the consolidated financial statements and form an opinion based on the audit work conducted. I also examine the extent to which the financial rules and other regulations and directives are adhered to.

It is important to understand that an audit provides reasonable assurance as to the accuracy, completeness and fair presentation of the financial statements in accordance with the applicable financial framework. It is possible that when I audit not all misstatements, as a result of error or fraud will be detected. However, when issuing an opinion I am satisfied that I have obtained sufficient and appropriate audit evidence, which leads to my belief that any undetected misstatements would not be material.

2.4 AUDIT METHODOLOGY

My responsibility is to undertake the audit and obtain appropriate and sufficient audit evidence as required by the International Standards of Supreme Audit Institutions (ISSAIs) as issued by the International Organisation of Supreme Audit Institutions (INTOSAI). These standards ensure that my audit is conducted with appropriate rigour and professionalism.

The main objective of the audit was to ensure that the reported financial statement balances materially agree with the accounts and records maintained by Treasury Department and Spending Units, and that the balances fairly present and disclose the financial operations of the Government of Lesotho.

2.5 AUDIT PROCEDURES

The audit procedures were primarily designed to detect material misstatements in the financial statements. Materiality means how significant an omission or misstatement in the financial statements can influence or change the decisions of reasonably knowledgeable users relying on the financial statements.

The audit was not designed to ensure that the financial statements are 100 percent accurate, since it is not possible to verify all transactions. The audit was designed to gain reasonable assurance that the financial statements are free from material misstatements. Audit procedures included examining, on test basis, evidence supporting the amounts and other disclosures in the financial statements, and evaluating the accounting policies used, as well as overall presentation of the financial statements. The errors discovered were accumulated and assessed on whether they would, in aggregate, cause the financial balances to be materially misstated.

The audit was also not designed to detect fraud, and therefore the results of my audit cannot be relied upon to identify and/or disclose all such matters. However, the audit was planned and executed so that I can have a reasonable expectation of detecting material misstatements resulting from irregularities, including error and/or fraud.

2.6 TYPES OF AUDITS PERFORMED

The Auditor-General has the mandate to carry out examinations into the financial management of any state agency, including the efficiency and effectiveness of the use of their resources in discharging their functions.

My office is therefore, primarily involved in three types of audits. **Financial audit** involves verifying the accuracy of the information reported in the financial statements. **Compliance audit** involves verifying whether the rules, regulations, directives and procedures are adhered to. **Performance or Value-For-Money audit** focuses on whether there was efficiency and effectiveness in the use of resources. Performance audit assesses the management and performance issues facing an organisation or its operations.

CHAPTER 3: CASH BALANCES

3.1 CASH BALANCES

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

Cash comprises cash on hand, demand deposits and cash equivalents. Demand deposits and cash equivalents consist of balances with banks and investments in short-term money market instruments. Cash included in the Consolidated Statement of Cash Receipts and Payments should comprise cash on hand, cash balances with banks and short-term investments presented on the notes to the financial statements.

However, since financial year 2009/10 when the Government of Lesotho first adopted IPSAS under cash basis of accounting, there has not been a time when cash balances at the end of the year per Consolidated Statements of Cash Receipts and Payments tallied with the explanatory notes to the financial statements as indicated on Table 3.1. In the financial years 2015/16 and 2016/17, opening and closing cash balances were not disclosed in the Statement of Cash Receipts and Payments.

There has always been neither explanation nor disclosure on the variances between cash balances at the end of the year and explanatory notes. As I have already indicated in the preceding paragraph that under cash basis of accounting the measurement focus in the financial statements is balances of cash and changes therein, then there is a **serious problem of substantiating balance of cash the Government of Lesotho had at the end of each financial year.**

Table 3.1– Status of Cash Balances for the past 12 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 at the end of the year in the Statement of Cash Receipts and Payments	Unexplained Variance
	M'000	M'000	M'000	M'000
A	B	C	D	E=C-D
2009/10	6	(3,576,447)	6,468,517	(10,044,964)
2010/11	1,686,433	6,744,059	9,810,871	(3,066,812)
2011/12	6,744,063	9,673,558	12,005,261	(2,331,703)
2012/13	9,673,558	18,214,491	11,499,711	6,714,780
2013/14	5,862,326	6,461,505	5,576,466	885,039
2014/15	6,461,505	8,262,315	7,878,888	383,427
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

Source: Audit Reports and Consolidated Financial Statements

3.2 CASH POSITION

In terms of Section 74 of the Treasury Regulations 2014, the Accountant-General is authorised to establish and maintain agreements with the Central Bank of Lesotho to define and operate the Consolidated Fund bank accounts structure, including sub-accounts and also to establish and maintain agreements with commercial banks on the operation of other official bank accounts.

Note 15 to the financial statements indicate that there were 383 bank accounts as at 31 March 2021 presented on Table 3.2. Central Bank of Lesotho held 92 accounts with total balance of M4.299 billion whereas commercial banks held a total of 291 accounts amounting to M1.164 billion.

Even though the Consolidated Statement of Cash Receipts and Payments reflects that Government had cash of M11.620 billion as at 31 March 2021, however, Note 15 to the financial statements reflects a total cash of M5.463 billion at various banks resulting into unexplained difference of M6.157 billion. This unexplained

difference is of critical concern as it has increased by M2.744 billion from M3,413 billion as at 31 March 2020.

Table 3.2 - Cash position as at 31 March 2021

Accounts	Central Bank of Lesotho		Commercial Banks		Total	
	No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
		M'000		M'000		M'000
Locally Denominated	39	3,698,090	225	1,034,252	264	4,732,342
Foreign Currency	51	258,241	33	106,080	84	364,321
Monies held in Trust	2	343,018	33	23,315	35	366,333
Total	92	4,299,349	291	1,163,647	383	5,462,996

Source: Consolidated Financial Statements

3.3 DIFFERENCES BETWEEN NOTE 15 TO THE CONSOLIDATED FINANCIAL STATEMENTS AND BANK CONFIRMATIONS

Verification of Note 15 to the consolidated financial statements through bank confirmations revealed a discrepancy of M457,000 on accounts held at Standard Lesotho B3.3ank and M704,000 on accounts in the Foreign Missions. The variance of M704,000 was attributed to misstatement of the Euro currency balance as EUR 448,435.53 in Brussels instead of EUR 408,234.81 in the Ministry's lead schedule as at 31 March 2021.

The comparison of Note 15 to the consolidated financial statements and bank confirmations and the results thereon are presented on Table 3.3.

Table 3.3-Variances between financial statements and bank confirmations

Bank	Note 15 to the Consolidated Financial Statements		Bank Confirmations		Variance	
	No. of accounts	Amount (M'000)	No. of accounts	Amount (M'000)	No. of accounts	Amount (M'000)
Locally Denominated Accounts:						
Central Bank of Lesotho	39	3,698,090	39	3,698,090	-	-
Nedbank Lesotho	60	98,868	60	98,868	-	-
Standard Lesotho Bank	115	425,752	115	426,102	-	(350)
FNB Lesotho	17	44,021	17	44,021	-	-
Lesotho Postbank	33	465,611	33	465,611	-	-
Total	264	4,732,342	264	4,732,692	-	(350)
Foreign Currency Accounts:						
Central Bank of Lesotho	51	258,241	51	258,241	-	-

Bank	Note 15 to the Consolidated Financial Statements		Bank Confirmations		Variance	
	No. of accounts	Amount (M'000)	No. of accounts	Amount (M'000)	No. of accounts	Amount (M'000)
Standard Lesotho Bank	5	43,475	5	43,019	-	456
FNB Lesotho	1	823	1	823	-	-
ABSA	1	3,487	1	3,487	-	-
Foreign Missions	26	58,295	26	57,591	-	704
Total	84	364,321	84	363,161	-	1,160
Government Accounts Balance						
	348	5,096,663	348	5,095,853	-	810
Monies held in Trust:						
Central Bank of Lesotho						
	2	343,018	2	343,018	-	-
Nedbank Lesotho	1	6	1	6	-	-
Standard Lesotho Bank						
	27	21,928	27	21,577	-	351
FNB Lesotho	2	1,282	2	1,282	-	-
Lesotho Postbank	3	99	3	99	-	-
Trust Monies Balance	35	366,333	35	365,982	-	351
GRAND TOTAL	383	5,462,996	383	5,461,835	-	1,161

Source: Consolidated Financial Statements and Bank Confirmations

3.4 DIFFERENCES IN CASH INCREASE

I had earlier indicated that according to Note 15 to the consolidated financial statements, there were 383 bank accounts totalling M5.463 billion as at 31 March 2021. On 31 March 2020 there were 374 accounts amounting to M5.311 billion and there was an increase of 9 accounts to the tune of M152 million as presented on Table 3.4 below. However, the Consolidated Statement of Cash Receipts and Payments reflect cash increase of M2.865 billion.

The variance already raises a doubt on the accuracy of the Consolidated Statement of Cash Receipts and Payments and therefore the reported cash balances cannot be relied upon.

Table 3.4- Cash Increase/(Decrease)

Bank	Accounts at 31 March 2021		Accounts at 31 March 2020		Increase / (Decrease) in No. of accounts	Cash Increase/ (Decrease) (M'000)
	No. of accounts	Amount (M'000)	No. of accounts	Amount (M'000)		
Locally Denominated Accounts:						
Central Bank of Lesotho	39	3,698,090	40	3,546,978	(1)	151,112
Ned Bank Lesotho	60	98,868	47	102,857	13	(3,989)
Standard Lesotho Bank	115	425,752	127	319,632	(12)	106,120
First National Bank	17	44,021	12	44,473	5	(452)
Lesotho Post Bank	33	465,611	32	431,617	1	33,994
Total	264	4,732,342	258	4,445,558	6	286,786
Foreign Currency Accounts:						
Central Bank of Lesotho	51	258,241	40	392,495	11	(134,254)
Standard Lesotho Bank	5	43,475	6	71,394	(1)	(27,919)
First National Bank	1	823	3	1,022	(2)	(199)
ABSA	1	3,487	1	3,358	-	129
Foreign Diplomatic Missions	26	58,295	23	30,942	3	27,353
Total	84	364,321	73	499,211	11	(134,890)
Government Accounts Total Balance	348	5,096,663	331	4,944,769	17	151,894
Monies held in Trust:						
Central Bank of Lesotho	2	343,018	2	339,673	-	3,345
Ned Bank Lesotho	1	6	1	411	-	(405)
Standard Lesotho Bank	27	21,928	29	11,102	(2)	10,826
First National Bank	2	1,282	2	1,345	-	(63)
Lesotho Post Bank	3	99	9	13,884	(6)	(13,785)
Trust Monies Balance	35	366,333	43	366,415	(8)	(82)
GRAND TOTAL	383	5,462,996	374	5,311,184	9	151,812

Source: Consolidated Financial Statements

3.5 INFORMATION PROVIDED BY BANKS

In my last year's report I pointed out that bank confirmations are the most reliable type of audit evidence that auditors can obtain with regards to the existence, accuracy and the ownership of bank accounts; and bank account balances of the audited entity. I expressed my dissatisfaction on the inconsistent information provided by the banks. Once again I have a concern about information from Standard Lesotho Bank and therefore advise the Accountant-General to encourage the banks to ensure that their information is verified before providing bank confirmations in order to maintain credibility of information to their customers.

a) Inconsistent information provided by Standard Lesotho Bank

Standard Lesotho Bank provided signed/certified bank confirmations as at 31 March 2021 and confirmations in soft copy in September 2021. My examination revealed that the bank had provided different information on confirmation of balances as at 31 March 2021, which raised a doubt on the reliability of reported cash position of the Government of Lesotho as of that date.

On follow-up of the differences, the bank was requested to provide authentic confirmation of the balances. The bank provided another hard copy confirmation in March 2022 and the comparison of the two hard copy confirmations revealed a difference of 4 accounts totalling M11 million as shown on Table 3.5(a). In addition, some of the accounts reported as active in September 2021 were reported as dormant in March 2022 and others previously reported as dormant were reported as active in March 2022. Some accounts that had balances in March 2022 submission were different from those reported in September 2021.

The differences cast doubts on the reliability of information provided by the bank.

Table 3.5(a)- Comparison of Bank Confirmations as at 31 March 2021

Status of Accounts	Information as per bank confirmation submitted in September 2021		Information as per bank confirmation submitted in March 2022		Variance	
	No.	Amount (M'000)	No.	Amount (M'000)	No.	Amount (M'000)
Active	122	438,328	129	418,135	-7	20,193
Dormant	13	41,136	14	72,457	-1	(31,321)
Inactive	4	401	4	106	0	295
Closed	4	-	0	-	4	-
Total	143	479,865	147	490,698	(4)	(10,833)

b) Closed bank accounts – Standard Lesotho Bank

Comparison of previous year's bank confirmation and current year's bank confirmation revealed thirty-two (32) accounts that appeared on bank confirmation as at 31 March 2020 but no longer appeared on bank confirmation as 31 March 2021.

Upon inquiry, the bank reported that the thirty-two (32) accounts had been closed. It was noted that thirteen (13) of those accounts, listed on Table 3.5(b) below, appeared to have been closed prior to 31 March 2020, with some closed as far back as 2017, yet they were reported by the bank as active as at 31 March 2020.

This further raised uncertainty on credibility of information provided by Standard Lesotho Bank.

Table 3.5(b) - Closed accounts

Account name	Account number	Ministry	Balance at closure	Date closed
Public Financial MGT Reform ID	9080003674742	Finance	0.00	05 Feb. 2020
Koma Bridge	9080003645998	Public Works	0.00	16 Aug. 2018
Roma Ramabanta	9080002782657	Public Works	24,496.66	16 Aug. 2018
Marakabei Mononts'a	9080006212987	Public Works	146.80	23 Mar. 2020
TSE Secretary Training For Self-Project	9080004012859	Education	690.22	21 Aug. 2018
LDF Airwing	9080003892561	Defence	333.41	17 Mar. 2019
Lesotho Mounted Police	9080000711329	Police	1,066.05	04 May 2019
Workmen's Compensation	9080003700719	Labour	29,575.09	21 May 2019
Director of Dispute	9080003449935	Labour	20,752.08	16 Aug. 2018
MOHSW Global Fund TB Round 8	9080003594684	Health	0.00	6 Nov. 2017
Gavi Alliance Project	9080003215934	Health	0.00	18 Mar. 2020
Support to Climate Change	9080000678801	Energy	0.00	16 July 2019
DRWS Capacity Building	9080004257312	Water	22,959.56	25 June 2019

Source: Bank confirmation on closed balances

c) Duplicated information by Nedbank Lesotho

Scrutiny of bank confirmations revealed that Health Sector Support – Nutrition Account (11990086933) with a favourable balance of M3,823,933.95 was duplicated on the bank confirmation as at 31 March 2021.

3.6 OWNERSHIP MANAGEMENT OF BANK ACCOUNTS

I had raised a concern in my 2019/20 Audit Report that the Accountant-General had not properly maintained the register for official bank accounts properly and as a result, I could not verify the number of accounts against the information provided by the banks.

I am pleased to report that the register has been maintained and complied with the requirements of Treasury Regulations 2014 that it should provide information such as date account opened, date account closed, account purpose, account use, funding type, account signatories and balance among others. However, the audit noted that in several instances the columns were not filled.

Furthermore, the audit established that number of bank accounts held in various banks per register is 366 while bank confirmations reflect 383 accounts as at 31 March 2021 resulting into a difference of 17 accounts, which could have occurred due to the following:

a) Nedbank Lesotho accounts

- Three accounts operated by the Prime Minister's Office appeared in the register without balances but not on the bank confirmations.
- One account operated by the Ministry of Justice with unfavourable balance of M353.33 on the bank confirmation did not appear in the register.

b) Lesotho Postbank accounts

One account controlled by the Prime Minister's Office appeared in the register but not on the bank confirmation.

c) Standard Lesotho Bank accounts

Nine accounts totalling M10,536,871.00 controlled by various ministries were reflected in the register but not on the bank confirmations.

d) Central Bank of Lesotho accounts

- Eight accounts with a total balance of M11,304,013.00 appeared to have been closed as per register however, they were reported as active on the bank confirmation.

- Five foreign currency (USD) accounts with nil balances appeared on the bank confirmation but not in the register.

e) Bank accounts in South Africa

The following accounts held with banks in South Africa appeared in the register, however they were not reported in the financial statements and had no bank confirmations.

- A special fund account held with Standard Bank and operated by the Ministry of Labour with a favourable balance of M2,537,934.99.
- Roads Directorate Money Market Fund account held with ABSA operated by the Ministry of the Public Works. The balance was not stated.

Due to the above stated discrepancies, I cannot place reliance on the register maintained by the Accountant-General for number of accounts the Government holds in various banks.

3.7 DORMANT AND INACTIVE ACCOUNTS

Section 83 (1) of the Treasury Regulation 2014 states that a Chief Accounting Officer who no longer needs an official bank account should seek the approval of the Accountant-General to close the account. Sub-section 2 of the same regulation further requires the Accountant-General to review all official bank accounts annually and arrange for closure of any accounts considered unnecessary, invalid or inactive and transfer any balance to a Consolidated Fund Bank account.

The audit established that as at 31 March 2021 the banks reported 20 bank accounts totalling M72 million to have been dormant or inactive. However, the banks had not indicated the period the accounts had been dormant or inactive.

Bank	Status	No. of accounts	Amount
Standard Bank	Lesotho Dormant	14	72,457,462
Standard Bank	Lesotho Inactive	4	106,119

First National Bank	Inactive	3	24,281
Total		20	72,587,862

I could not ascertain reasons the Chief Accounting Officers of the relevant ministries had not sought approval for closure of these bank accounts. It also appears that due to absence of bank accounts register in the past years, the Accountant-General could not review all official bank accounts annually and arrange for closure of any accounts considered unnecessary, invalid or inactive.

3.8 UN-RECONCILED CASH BALANCES AT THE FOREIGN MISSIONS

Review of bank reconciliation statements for accounts operated in Foreign Missions revealed that current accounts for Berlin mission and Durban consulate did not reconcile with cashbook balances as at 31 March 2021, thus leaving un-reconciled amounts of M79,393.22 and M 32,514.50 respectively.

The issue of un-reconciled amounts for the same missions was raised in last year's report and it is apparent that the issue has not been addressed.

Furthermore, there were no bank reconciliation statements for the following 8 bank accounts totalling M12.6 million held in different foreign missions shown on Table 3.8 below. There was also no bank confirmation for Tokyo account number 898552.

Table 3.8 - Non-availability of bank reconciliations

Mission name	Bank Account No.	Currency Code	Foreign Currency Balance	Exchange Rate applied	Balance in Maloti
Berlin	268082507	EUR	52,467.39	17.5070	918,546.60
Brussels	BE27310038449573	EUR	408,234.81	17.5070	7,146,966.82
Consulate - Johannesburg	1538659	ZAR	1,277,252.80	1.0000	1,277,252.80
Consulate - Johannesburg	1581406	ZAR	34,198.59	1.0000	34,198.59
New Delhi	100932601356	INR	7,547,049.62	0.1906	1,438,467.66
New Delhi	820250161558	INR	165,568.48	0.1906	31,557.35
Tokyo	898552	JPY	-	0.1349	-
Tokyo	3006576	JPY	13,322,464.00	0.1349	1,797,200.39
Total					12,644,190.21

Source: Bank Statements, Lead Schedules

CHAPTER 4: CASH RECEIPTS

4.1 CASH RECEIPTS

Recurrent and capital are the two streams of receipts that constitute the resources of the Government of Lesotho. Recurrent receipts include direct and indirect taxes, fees, charges and dividends. Capital receipts comprise miscellaneous capital receipts and donor funds (loans and grants). Government ministries responsible for the collection of revenue are given targets in terms of approved estimates for each financial year.

Revenue figures included in the consolidated financial statements are actual receipts some of which may not necessarily relate to the current financial year. Revenue arrears realised relating to previous years are accounted for as current revenue in the year of collection.

4.2. CASH RECEIPTS FOR 2020/21

Cash receipts for the year ended 31 March 2021 amounted to M20.233 billion which was more than the previous year's figure of M16.909 billion by M20%. Revenue collections overall reported in the financial years 2016/17 to 2020/21 are summarised on Table 4.2 below.

Even though there was a general increase of 20%, a decline of M617 million or 8% was noted on taxes.

Table 4.2 – Trends in Cash Receipts

Description	2020/21 M'000	2019/20 M'000	2018/19 M'000	2017/18 M'000	2016/17 M'000
A	B	C	D	E	F
Taxes	6,702,784	7,320,311	7,236,146	6,438,204	6,400,689
SACU Receipts	8,980,527	6,226,210	5,542,236	6,154,199	4,518,966
Other revenue	1,918,302	1,754,621	2,247,501	1,637,183	1,791,956
Disposal of Assets	8,347	60,139	38,011	58,647	581
Total Recurrent Receipts	17,609,960	15,361,281	15,063,894	14,288,233	12,712,192
Grants	923,504	588,347	666,682	632,000	1,201,544
Loans- Domestic	440,194	-	-	-	-
Loans- Foreign	1,259,011	959,836	497,897	446,422	193,756
Total Capital Receipts	2,622,709	1,548,183	1,164,579	1,078,422	1,395,300

Description	2020/21 M'000	2019/20 M'000	2018/19 M'000	2017/18 M'000	2016/17 M'000
A	B	C	D	E	F
Grand Total	20,232,669	16,909,464	16,228,473	15,366,655	14,107,492
Increase/(Decline)	3,323,205	680,991	861,818	1,259,163	(656,553)
Incr./(Decline) %	20	4	6	9	(4)

Source: Ministries Financial Statements

4.3 DIVIDENDS

Dividends represent cash received by Government during the year on profits declared by the enterprises to their shareholders for the previous years' performance.

In my last year's report, I expressed my dissatisfaction on monitoring of dividends receivable by the Government. The situation has not improved as out of 15 entities, only two entities paid dividends totalling M238 million as presented on Table 4.3.

Table 4.3 – Dividends received

Entity	Government Ownership	Dividends received in 2020/21	Dividends received in 2019/20	Dividends received in 2018/19	Comments
Lets'eng Diamonds	30%	120,000,000	-	210,000,000	-
Kao Mining	25%	-	-	-	-
Liqhobong Mining Development	25%	-	-	-	-
Lemphane Diamonds	26.50%	-	-	-	-
Gem Stone (Show Ridge)	25%	-	-	-	-
Reskol Diamond Mine	10%	-	-	-	-
Central Bank of Lesotho	100%	117,840,000	142,177,000	84,396,000	
Standard Lesotho Bank	9.60%	-	24,125,000	24,125,000	-
AON	5%	-	-	395,854	-
National Insurance General Group	20%	-	-	3,000,000	-
National Life Insurance	12%	-	-	-	-

Entity	Government Ownership	Dividends received in 2020/21	Dividends received in 2019/20	Dividends received in 2018/19	Comments
Econet Lesotho	30%	-	-	-	-
Lesotho Flour Mills	49%	-	-	-	-
Maluti Mountain Brewery	4.75%	-	4,972,245	-	LNDC owns 51%
Avani International	36.40%	-	-	-	LNDC owns 16.7%
Loti Brick	22.80%	-	-	-	LNDC owns 73.6%
Total		237,840,000	171,274,245	321,916,854	

Source: Consolidated Financial Statements

4.4 COMPARISON OF THE CONSOLIDATED FINANCIAL STATEMENTS, MINISTRIES' FINANCIAL STATEMENTS AND IFMIS LEDGER

Daily financial transactions of Government are recorded in the IFMIS ledger and transactions captured outside the system should eventually be posted into IFMIS ledger. The financial statements are prepared on the basis of IFMIS ledger. The consolidated financial statements are consolidation of ministries' accounts which comprise head controlled accounts, Treasury accounts and Third parties accounts. It is therefore expected that the consolidated financial statements, ministries' accounts and IFMIS ledger should reflect same information.

Audit Concerns:

- a) It can be noted from Table 4.4 that out of 27 collecting units only 9 reflected same figures on the consolidated financial statements, ministries' accounts and IFMIS ledger. The consolidated financial statements reflected total figure of M18.050 billion, ministries' accounts is M17.610 billion whereas IFMIS ledger had a total figure of M17.781 billion.
- b) Comparison of the consolidated financial statements and IFMIS ledger revealed overstatement of consolidated financial statements by M269 million whereas comparison of ministries' financial statements and IFMIS ledger revealed understatement of ministries' accounts by M170 million.
- c) The differences are indication that some transactions were not posted in the ledger and the other reason was inclusion

of securities other shares (incurrence of domestic debt) in the amount of M440 million under recurrent revenue in the IFMIS ledger whereas the amount should have been classified under loans.

Table 4.4 – Comparison of consolidated financial statements, ministries’ financial statements and IFMIS ledger

Collecting Unit	Consolidated Fin. Statements (CFS)	Ministries’ Fin. Statements (MFS)	IFMIS Ledger	Under/(over) statement of CFS	Under/(over) statement of MFS
A	B	C	D	E=B-D	F=C-D
Agriculture	49,395,442	49,395,442	47,407,779	1,987,663	1,987,663
Health	10,380,978	10,380,978	5,799,381	4,581,597	4,581,597
Education	2,258,950	2,258,950	942,180	1,316,770	1,316,770
Finance	16,141,073,304	15,700,879,204	16,148,576,322	-7,503,018	-447,697,118
Trade	9,337,070	9,337,070	7,547,414	1,789,656	1,789,656
Planning	49,780	49,780	49,780	-	-
Justice	250,062	250,062	28,033	222,029	222,029
Home Affairs	16,374,287	16,374,287	14,939,772	1,434,515	1,434,515
Communications	3,588,958	3,588,958	3,588,958	-	-
Law	13,172,951	13,172,951	1,146,410	12,026,541	12,026,541
Public Works	499,344	499,344	499,344	-	-
Energy	332,400,214	332,400,214	331,061,294	1,338,920	1,338,920
Labour	7,273,889	7,273,889	7,282,139	-8,250	-8,250
Tourism	2,055,021	2,055,021	1,077,023	977,998	977,998
Auditor-General	978,636	978,636	978,636	-	-
PSC	16,000	-	16,000	-	-16,000
Defence	287,637	287,637	287,637	-	-
IEC	121,167	459,083	27,000	94,167	432,083
Loc. Government	3,901,041	3,901,041	781,970	3,119,071	3,119,071
Gender	4,000	4,000	4,000	-	-
Public Service	6,961,939	6,961,939	6,964,096	-2,157	-2,157
Judiciary	2,346,872	2,346,871	548,538	1,798,334	1,798,333
Mining	341,447,628	341,447,628	341,447,628	-	-
Police	6,384,757	6,384,757	6,384,757	-	-
Small Business	442,680	442,680	442,680	-	-
Water	1,053,077,443	1,053,077,443	835,234,585	217,842,858	217,842,858
Transport	45,752,441	45,752,441	17,632,695	28,119,746	28,119,746
Total	18,049,832,491	17,609,960,306	17,780,696,051	269,136,440	-170,735,745

Source: Consolidated financial statements, ministries’ financial statements and IFMIS ledger

4.5 CAPITAL RECEIPTS

Capital receipts comprise of donor grants and donor loans dedicated to finance development projects. Grants received during the year under review amounted to M923 million and loans totalled M1.259 billion as presented on Table 4.5. Donor funds therefore totalled M2.182 billion which was higher than last year's figure of M1.548 billion by M634 million or 41%.

Table 4.5 – Capital Receipts

Ministry	Grants received	Loans received	Total donor funds
A	B	C	D=B+C
Agriculture	50,515,691	179,864,535	230,380,226
Health	172,411,187	122,344,635	294,755,822
Education	22,032,860	5,827,203	27,860,063
Finance	454,432,522	34,471,949	488,904,471
Trade	3,662,386	74,955,955	78,618,341
Communications	935,641	4,375,269	5,310,910
Public Works	-	243,956,506	243,956,506
Energy	37,641,139	524,457,524	562,098,663
Tourism	2,400,208	-	2,400,208
Local Government	1,185,548	-	1,185,548
Gender	173,872	-	173,872
Social Development	100,579,166	43,137,894	143,717,060
Water	77,533,525	25,619,961	103,153,486
Total	923,503,745	1,259,011,431	2,182,515,176

Source: Ministries' Financial Statements

CHAPTER 5: CASH PAYMENTS

5.1 CASH PAYMENTS

Cash payments consist of payments made on recurrent expenditure and development expenditure. Cash payments amounted to M21.045 billion comprising of recurrent expenditure of M17.157 billion and development expenditure of M3.888 billion.

5.2 PAYMENTS ON RECURRENT EXPENDITURE

Payments on recurrent expenditure amounted to M17.157 billion for financial year 2020/21. There was an increase of M2.889 billion or 20% over the previous year's payments of M14.268 billion as shown on Table 5.2. Significant increases were noted on losses, repayment of domestic debt and transfers while decreases were mainly on acquisition of financial and non-financial assets.

Table 5.2 – Payments on Recurrent Expenditure

Description	Actual Expenditure 2021	Actual Expenditure 2020	Increase/ (Decrease)	Increase/ (Decr.) %
A	B	C	D=B-C	E= D/C
Compensation of Employees	7,344,865,142	6,639,625,030	705,240,112	11
Travel and Transport	462,855,484	463,269,762	(414,278)	0
Operating costs	2,428,340,868	2,224,629,634	203,711,234	9
Interest	586,521,032	515,277,515	71,243,517	14
Transfers	3,339,236,384	2,135,210,464	1,204,025,920	56
Other expenses	930,379,254	856,808,255	73,570,999	9
Losses	25,475,242	492,194	24,983,048	5,076
Acquisition of Fin. Assets	852,465	9,318,379	(8,465,914)	(91)
Acquisition of Non-Fin. Assets	35,297,648	73,159,786	(37,862,138)	(52)
Repayment of Domestic Debt	1,247,052,197	585,844,818	661,207,379	113
Repayment of Foreign Debt	755,973,761	763,922,262	(7,948,501)	(1)
Total	17,156,849,477	14,267,558,099	2,889,291,378	20

Source: Consolidated Financial Statements and Ministries' Financial Statements

5.3 PAYMENTS ON DEVELOPMENT EXPENDITURE

Payments on development expenditure amounted to M3.826 billion during financial year 2020/21 as presented on Table 5.3 and sources of funding were Government of Lesotho, Donor Grants and Donor Loans. There was a decrease of M60 million or 2% compared to last year's expenditure of M3.948 billion. Significant increase of 82% was recorded on payments made from donor loans while GOL payments had decreased by 39%

Table 5.3 – Payments of Development Expenditure

Payments Category	Development Expenditure 2021	Development Expenditure 2020	Increase/ (Decrease)	Increase/ (Decrease)
	M'000	M'000	M'000	%
A	B	C	D=B-C	F=D/C
GOL	1,577,802	2,588,948	(1,011,146)	(36)
Donor Grants	837,975	585,069	252,906	44
Donor Loans	1,410,559	773,542	637,017	82
Total	3,826,336	3,947,559	(121,223)	(3)

Source: Consolidated Financial Statements and Ministries' Financial Statements

CHAPTER 6: NON-CASH ASSETS

6.1 ACCOUNTS RECEIVABLE AND OTHER REVENUE ARREARS

Table 6.1 below shows overdue debt by spending units and arrears of revenue receivable by Government but have not been received by due date. The amount due to Government as at 31 March 2021 totalled M415 million.

Table 6.1 – Overdue Debt as at 31 March 2021

Overdue Debt	Recurrent	Development	Total	Debt portion
	M'000	M'000	M'000	%
A	B	C	D=B+C	E=D/D Total
Advances	39,035	81,481	120,516	29.0
Imprests	2,134	-	2,134	0.5
Rentals	115,348	-	115,348	27.8
Recovery of Expenditure	1,649	-	1,649	0.4
Surcharges	332	-	332	0.1
Sale of goods and services	175,614	-	175,614	42.2
Total	334,113	81,481	415,594	100.0

Source: Ministries' financial statements

6.1.1 ADVANCES

Section 33 (1) of the Treasury Regulations 2014 establishes all advances and reimbursement thereon. Subsection (2) requires a Chief Accounting Officer to maintain a register of advances, recording full details of advances approved. Subsection (3) further obliges a Chief Accounting Officer to review the register regularly to ensure that advance holders repay their advances on or before the due date.

The outstanding advances as at 31 March 2021 amounted to M120 million in the following three ministries:

Ministry	Amount	Remarks
Agriculture	81,480,500	There was an outstanding advance of M51,006,235 as at 31 March 2020. During the year under review SADP advanced FAO Lesotho an amount of USD5 million equivalent of M81,480,500 for vulnerable farmers to eliminate severe hunger during difficult times. Furthermore, a grant of M24,817,211 was disbursed to the farmers. Reported expenditure amounted to M74,354,629 and therefore outstanding advances as at

Ministry	Amount	Remarks
		31 March 2021 should have been M82,949,317 not M81,480,500 as stated.
Education	34,088,316	Advances of gratuity to principals on performance contracts, which will be cleared upon separation from the service.
Home Affairs	4,947,051	No required documents to clear the advances which were initiated by LMPS in 2012 while under the Ministry of Home Affairs
Total	120,515,867	

Ministry of Education and Training

An issue of critical concern is that of advances of gratuity to the principals on performance contracts, which would be cleared upon separation from the service. The advances against gratuity are normally administered by regulations, which would stipulate the percentage of anticipated gratuity to be given, timeframe between date of advance and known date of separation from the service and the percentage to be charged above the bank-ruling rate.

I am not aware of any regulations in this regard and it was not clear as to whether when reaching the decision to issue these advances, considerations were made that in some cases these advances would take long time before they can be cleared as some principals may still have many years before reaching retirement age.

6.1.2 IMPRESTS

Imprests are classified into standing advances and travel advances. Standing advances are given in cases where it is found necessary for an officer to have at his disposal for disbursement for which vouchers cannot conveniently be presented direct to the Accountant-General for payment. Travel advances are granted to officers travelling on duty outside Lesotho.

Holders of standing advances are required to retire the advance before 31 March of each year whereas a travel advance should be acquitted within 14 days of the return of the officer from the travel.

The outstanding imprests amounted to M2,133,997.00 at 31 March 2021 and these are mostly balances brought forward from previous years.

Ministry	Amount	Remarks
Trade	54,155	The amount owed by 3 officers
Home Affairs	207,101	-
PM's Office	1,178,538	The amount of M1,128,538 has been outstanding from prior years. One officer has not cleared the advance of M50,000 given during the year under review.
Communications	7,705	-
Senate	46,923	Balance from the previous year
Ombudsman	32,249	The remaining balance on overpayment of subsistence allowance amounting to M54,247.
IEC	54,451	Balance from the previous year
Gender	366,452	Balance from the previous year
Public Service	25,896	Balance accrued from 2017/18 owed by the then minister and two bodyguards who were transferred to the Ministry of Communications, Science & Technology
Small Business	132,927	Outstanding imprest not cleared by two officers from the ministry and two officers from the Ministry of Works for more than one year.
Transport	27,600	There was a technical problem when clearing the imprest and the challenge was reported to IFMIS team.
Total	2,133,997	

Accountability of Irrecoverable Travel Advances

I highlighted my concern on accountability of irrecoverable travel advances in my last year's report that it did not comply with requirements of the Treasury Regulations. My concern remains, as outstanding advances that were not possible to recover or acquit within the period set for the purposes have not been treated as loss of public funds on the account of the Advance Holder.

In a case of the Ministry of Gender where outstanding advances were treated as losses, those advances still appeared under outstanding travel advances.

6.1.3 RENTALS

Government has rented out properties to companies and public officers. The total amount owed to Government as at 31 March 2021 was M115,348,720.00.

Ministry	Amount	Remarks
Finance	884,287	Arrears from Engen for rent
Communications	3,980,657	Arrears on transmitter rentals and news coverage
Energy	110,426,435	Revenue from previous year amounted to M69,581,487. In the current year LEC had arrears of M40,844,948
Labour	39,440	Rent owed by a tenant at the Ministry's old office premises
Gender	12,000	Rental arrears for 12 months from Mokhotlong Urban Council
Public Service	5,901	Rent arrears from a public officer
Total	115,348,720	

6.1.4 RECOVERY OF EXPENDITURE

If Government has erroneously paid monies to companies/suppliers or public officers, those monies have to be recovered. Section 28 of Treasury Regulations states that if money is recovered in the financial year it was paid out, it should be paid back to the Treasury General Ledger accounts but if recovered after the financial year in which it was paid out, it should be treated as revenue.

The outstanding amount due to Government resulting from overpayments was M1,648,866.00 as indicated below:

Ministry	Amount	Remarks
Health	849,888	Balance from the previous year. Overpayment of salary to two officers who absented themselves from duty for a period of 24 months
Home Affairs	120,085	Refund of VAT paid to South African Company
Foreign Affairs	40,639	Salary overpayment
Police	638,254	Salary overpayment
Total	1,648,866	

6.1.5 SURCHARGES

In terms of Section 60 (1) of PFMA Act 2011, where a public officer fails to perform any function or duty assigned under the Act and a loss of public money or loss, destruction or damage to government property has resulted, the Minister may require the officer to present an explanation for the failure to perform the function or duty. Subsection (2) further states that the Minister may impose surcharge on a public officer in any case where the minister considers an explanation under subsection (1) unsatisfactory.

The following are balances of debt due to the Government resulting from surcharges imposed by the Minister.

Ministry	Amount	Remarks
Home Affairs	28,116	Outstanding balance from employees who did not return unspent monies in 2017/18.
Foreign Affairs	227,815	Balance on surcharge imposed on one officer who did not clear tour imprest
Labour	11,057	Revenue arrears from members of public whose vehicles got involved in accidents with the ministry's vehicles
His Majesty's Office	22,839	Remaining balance in respect of former DPS following surcharge on un-cleared travel advance.
Police	31,692	
Small Business	10,200	Surcharge imposed on two officers who failed to clear tour imprests.
Total	331,719	

6.1.6 SALE OF GOODS AND SERVICES

Section 51 (2)(d) of the Treasury Regulations 2014 requires Accounting Officers who are responsible for the collection of revenue should render, within one of the end of the financial year, a return showing all amounts, which remained uncollected at the end of the previous financial year, excluding bills raised in March.

The overdue debt of M175 million is on sale of goods and services. The debt is basically amounts, which remained uncollected at the end of the previous financial year, excluding bills raised in March (Arrears of Revenue).

Ministry	Amount	Remarks
Auditor-General	194,926	Unpaid invoices
Defence	337,458	Unpaid invoices
Mining	175,000,000	Outstanding amount owed by Lucapa (Pty) Ltd for acquisition of Mothae Mines
Police	82,350	Unpaid invoices since July 2020
Total	175,614,734	

6.2 ON-LENT LOANS

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 closing balance for the year ended 31 March 2020 was M984,385,119.00, there were no new loans and repayments made during the year amounted to M24,509,459.00. Therefore, the closing balance as at 31 March 2021 was M959,875,660.00 as indicated on Table 6.2. Government further received total amount of M15,715,973.00 for interest.

In my last two audit reports, I raised a concern about seven projects under WASCO and TELECOM, which were in-arrears of Repayments. Though TELECOM had made a repayment of M22,564,743.00 for the two projects during the year under review, the arrears at 31 March 2021 still stood at M 92,931,612.00.

As for WASCO, the situation of non-repayment has remained the same. The outstanding arrears have risen from M89,929,315.00 in March 2020 to M141,925,028.00 in March 2021 for the five projects. I should also state that the issue of non-repayment by WASCO on four projects dates as far back in March 2017. The last repayment of M48,814,092.00 for one project was made during financial year 2017/18.

The issue of non-repayment indicates lack of policies and measures by the Government to compel the entities to repay the loans. If the issue is not addressed the loans could become a government liability by the end of the loan period.

Table 6.2 - Status of On-lent Loans at 31 March 2021

Company	Benefitting Agency	Opening Balance as at 1 April 2020	Principal Repayment	Interest charges Paid	Closing Balance as at 31 March 2021	Arrears at 31 March 2021	Arrears at 31 March 2020
A	B	C	D	E	F=C-D	G	H
LNDC	Tikoe Factory Shells	35,000,000	-	-	35,000,000.	2,819,000.00	-
	Tikoe Phase 2 Factory Shells	202,789,827	-	-	202,789,827	-	-
TELECOM	Telecom National Network Phase II	221,366,667	11,505,000	7,938,450	209,861,667	26,200,000	26,200,000
	Telecom National Network Phase I	198,613,674	11,059,743	7,048,249	187,553,931	66,731,612	66,731,612
WASCO	BADEA 132 Maseru Water Supply I	63,023,315	-	-	63,023,315.	48,863,050	44,447,328
	BADEA 133 Maseru Water Supply II	78,097,438	-	-	78,097,438	31,100,851	12,961,607
	OFID 134 Maseru Supply II	85,500,487	-	-	85,500,487	39,768,839	18,761,713
	IDA 2400 Infrastructure Engineering	18,119,448	-	-	18,119,448	4,734,631	-
	IDA 3995 Water Sector Improvement Project	48,814,092	-	-	48,814,092	17,457,657	13,758,667
LEC	Lesotho Electricity Supply Project	33,060,171	1,944,716	729,275	31,115,455	-	-
	Total	984,385,119	24,509,459	15,715,973	959,875,660	237,675,638.96	256,088,168

Source: Consolidated Financial Statements

CHAPTER 7: LIABILITIES

7.1 PUBLIC DEBT

7.1.1 LEGISLATIVE FRAMEWORK FOR PUBLIC DEBT

The Minister of Finance is empowered by the Loans and Guarantees Act, 1967 to raise loans internally and externally for financing development projects. Section 116 of the Constitution of Lesotho stipulates that all debt charges for which Lesotho is liable should be a charge on the Consolidated Fund. According to the Constitution, debt charges include interest, sinking fund charges, the repayment or amortisation of debt and all expenditure in connection with the raising of the loans on the security of the Consolidated Fund and the service and redemption of debt created thereby.

7.1.2 PUBLIC DEBT PORTFOLIO

The public debt liability is a major government liability and key sustainability issue for the Government of Lesotho. It requires comprehensive, accurate and timely records for good management.

The Public Debt statement shows the particulars of outstanding external and domestic loans. The external loans are raised from bilateral, multilateral and commercial sources while domestic loans are raised by the sale of development stocks, Treasury bonds and through banking institutions.

The outstanding public debt as at 31 March 2021 amounted to M18.250 billion which was a decrease of M1.070 billion or 6% compared to the previous year's figure of M19.320 billion as presented on Table 7.1.2.

Table 7.1.2 – Public Debt Portfolio

	2020/21 M'000	2019/20 M'000	2018/19 M'000	2017/18 M'000	2016/17 M'000	2015/16 M'000
LONG-TERM LOANS						
External Loans						
Bilateral	979,939	1,229,888	873,971	809,916	1,434,231	1,134,707
Multilateral	12,217,824	13,225,222	10,799,742	9,320,119	10,030,942	10,648,666
Fin. Institutions	-	-	109	336	510	640

	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
	M'000	M'000	M'000	M'000	M'000	M'000
Export Credit	1,571,092	1,176,718	987,682	588,370	894,367	919,625
Domestic Loans						
Treasury Bonds	2,599,801	2,382,619	1,776,045	875,052	754,187	682,187
Long-term total	17,368,656	18,014,447	14,437,549	11,593,793	13,114,237	13,385,825
SHORT-TERM LOANS						
Treasury Bills	881,618	875,675	876,768	1,098,439	599,540	592,581
Fiscal Bills	-	430,000	556,170	-	-	-
Short-term total	881,618	1,305,675	1,432,938	1,098,439	599,540	592,581
GRAND TOTAL	18,250,274	19,320,122	15,870,487	12,692,232	13,713,777	13,978,406
Increase/(Decr.)	(1,069,848)	3,449,635	3,178,255	(1,021,545)	(264,629)	-
Incr./(Decr.) %	(6)	22	25	(7)	(2)	-

Source: Debt records and Consolidated Financial Statements

7.1.3 EXTERNAL DEBT

The outstanding external debt has decreased by M863 million or (5.5%) from M15.631 million as at 31 March 2020 to M14.768 billion as at 31 March 2021. The decrease would have been more significant had it not been new borrowings of M1.909 billion from multilateral lenders. Nonetheless, these borrowings were less than the previous year's borrowings of M4.702 billion by 59%. Debt Servicing totalled M1.030 billion comprising of loan repayments of M756 million and interest payments of M274 million. Further details of the status of external debt are presented on Table 7.1.3.

It is gratifying to note commitment of Government to reduce the external debt and the schedule of principal repayment ranges from M733 million to M960 million from 2021/22 to 2024/25.

Table 7.1.3 – Statement of External Debt

External Debt	Balance at 31 March 2020	New Agreements	Disbursements	Repayments	Interest paid	Balance at 31 March 2021
	M'000	M'000	M'000	M'000	M'000	M'000
Multilateral lenders	13,225,222	1,909,300	1,413,324	622,795	219,547	12,217,824
Bilateral lenders	1,229,888	-	-	55,775	13,813	979,939
Commercial banks	-	-	-	-	-	-
Export Credits	1,176,718	-	646,736	77,404	41,143	1,571,092
Total	15,631,828	1,909,300	2,060,060	755,974	274,503	14,768,855

Source: Debt records and Consolidated Financial Statements

7.1.4 DOMESTIC DEBT

The consolidated financial statements for the year under review show the opening balance for Domestic debt as M3.688 billion and the closing balance of M3.481 billion as at 31 March 2021 as indicated on Table 7.1.4. This indicates a decrease of M207 million or 5.6%. There were new issues of Treasury Bills and Treasury Bonds to the amount of M2.031 billion which was less than the previous year's figure of M2.508 billion by M477 million or 19%.

The Principal repayments and interest paid were M2.778 billion and M312 million respectively resulting into debt service of M3.090 billion.

Table 7.1.4 – Statement of Domestic Debt

Domestic Debt	Balance at 31 March 2020	New Issues	Repayments	Interest Paid	Balance at 31 March 2021
	M'000	M'000	M'000	M'000	M'000
Treasury Bills	875,675	1,536,918	1,530,975	54,217	881,618
Fiscal Bills	430,000	-	402,007	27,993	-
Treasury Bonds	2,382,619	494,184	277,000	227,813	2,599,803
Payment of domestic arrears	-	-	564,296	-	-
Refund of PSs gratuities and MP Molise	-	-	2,925	-	-
MPs and Statutory	-	-	824	1,995	-
Total	3,688,294	2,031,102	2,778,027	312,018	3,481,421

Source: Debt records and Consolidated Financial Statements

7.2 PAYMENT ARREARS

The payment obligations on Government to individuals, suppliers, lenders or contractors that were due for settlement at 31 March 2021 totalled M544 million. The bulk share of arrears of M497 million or 91% was owed to suppliers. Arrears on compensation of employees and on pension and gratuities represented 8% and 1% of the total arrears respectively. Table 7.2a shows breakdown of payment arrears by category.

Table 7.2a – Breakdown of Payment Arrears by Category

Category	Recurrent Expenditure	Development Expenditure	Total Arrears	% on Total Arrears
	M'000	M'000	M'000	
Compensation of Employees	44,100	-	44,100	8.1
Pensions & Gratuities	2,623	-	2,623	0.5
Goods & Services	356,224	-	356,224	65.5
Taxes Withheld	2,705	-	2,705	0.5
Other Expenses	100,902	-	100,902	18.5
Construction work	2,107	35,324	37,431	6.9
Total	508,661	35,324	543,985	100.0

In my last report I commended the Minister for fulfilling his commitment to reduce the payment arrears, as there was a significant decline of 41% from M828 million as at 31 March 2019 to M488 million at 31 March 2020. Unfortunately for the year under review, there were negative results as there was an increase of 12% from M488 million to M545 million in 2020/21 as indicated on Table 7.2b.

A continuing pattern of payments in arrears will likely trigger some sort of restrictive action, such as stopping business with government and inflation of prices way above market ones.

Table 7.2b – Status of Payment Arrears for five financial years

Ministry	2021	2020	2019	2018	2017
	M'000	M'000	M'000	M'000	M'000
Agriculture	25,404	16,961	2,994	2,744	11
Health	133,081	238,487	124,116	8,749	6,567
Education	67,481	56,917	34,077	5,646	68,057
Finance	9,257	13,922	73,557	31,002	9,331
Trade	9,663	729	1,822	-	6,853
Planning	104,668	2,362	-	3,640	-
Justice	4,432	346	1,114	6,562	159
Home Affairs	12,444	9,738	-	14,453	31,551
PM's Office	10,732	6,508	3,320	2,366	-
Communications	6,856	-	69,416	44,652	-
Law	4,146	-	835	3,005	-

Ministry	2021	2020	2019	2018	2017
	M'000	M'000	M'000	M'000	M'000
Foreign Affairs	2,342	24,154	8,163	-	-
Public Works	31,092	1,796	2,793	10,284	810
Forestry	14,331	474	11,110	71	413
Energy	1,321	6,463	5,252	1,366	431
Labour	9,356	3,977	2,044	374	1,903
Tourism	7,394	9,515	8,591	200	698
Auditor-General	99	218	129	37	-
His Majesty's Office	147	2,774	-	-	-
Public Service Comm.	-	-	66	-	-
Pension & Gratuities	2,505	6,222	24,313	-	-
Statutory Salaries	213	-	-	-	-
Refund of Receipts	-	12	10	315	-
Defence	29,877	61,217	92,159	44,275	41,183
National Assembly	5,014	10	380	200	-
Senate	-	399	1,605	26	-
Ombudsman	1,081	-	-	3	-
IEC	3,656	3,188	7,065	48	-
Local Government	4,318	8,575	140,177	4,726	404
Gender	2,349	4,121	4,637	-	7,432
Public Service	2,873	1,040	825	828	1,604
Judiciary	9,101	6,020	20,443	3,468	230
Social Development	1,409	697	1,637	3,161	90
DCEO	4	17	86	-	-
Mining	740	826	4,235	710	-
Police	8,208	-	43,940	1,591	7,841
Small Business	2,894	266	2,134	4,899	-
Water	9,748	551	92,159	-	-
Transport	7,197	-	40,036	-	-
Total	545,433	488,502	825,240	199,401	185,568
Increase/(Decrease)	56,931	(336,738)	625,839	13,833	126,990
Increase/(decr.) %	12	(41)	314	7	217

Source: Consolidated Financial Statements

7.3 TRUST FUNDS

Section 24 of the PFMA Act 2011 requires that amounts held in trust should be separately identified and accounted for. It is further stated that such amounts held in trust or on behalf of a person other than Government is a liability of Government. If conditions to allow issue of money held in trust have been fulfilled, the money should be paid to the person or entity entitled to it without interest. Money held in trust, which remains unclaimed after a period of five years, should be treated as revenue of the Consolidated Fund.

Trust funds are classified into Main Trust Funds and Operating Trust Funds. **Main Trust Funds** refer to an obligation enforceable in equity, which rests on a person (the trustee) as owner of some specific

property (the trust property) to deal with that property for the benefit of another person (the beneficiary) or for the advancement of certain purposes. Example of such is the Guardian Fund administered by the Master of the High Court.

Operating Trust Fund Accounts facilitate transactions relating to the Ministries and Departments administrative role as an employer. These transactions include deductions from employees' salaries with regards to contributions to the Pension Fund, housing loan repayments, insurance premiums and other deductions for onward payment to the respective payees.

The Accountant-General operates Trust Monies Fund account held at the Central Bank of Lesotho. Administrators of trust fund accounts are required to maintain records and reconcile these records with those of the Accountant-General.

Audit Concerns:

- There were 43 trust funds accounts at banks as at 31 March 2020. However, the financial statements show that there were 36 accounts totalling M366 million in various local banks as at 31 March 2021. There was no disclosure as to whether some accounts had been closed or not; if closed and moneys had remained unclaimed for a period of 5 years, were they transferred as revenue to the Consolidated Fund bank account.
- There was no reconciliation of records of the spending units and Treasury. As a result, the amount of M366 million reflected in the financial statements cannot be relied on.
- The registers for trust monies have not been maintained contrary to the requirements of Section 72 of the Treasury Regulations 2014.

7.4 CONTINGENT LIABILITIES

Contingent liabilities can be classified in two categories:

- a) Present obligation** that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

- b) Possible obligation** that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events.

7.4.1 PRESENT OBLIGATIONS

a) Pension Liabilities

In my previous audit reports, I had stated several times on the absence of actuarial valuation of the Public Officers' Defined Contribution Pension Fund. The last valuation report indicated that there was underfunding of M5.890 billion as at 31 March 2016, which posed a risk for meeting future benefits of public servants when due and payable. There is also a high possibility that after a period of five years since 2016, the liability has significantly increased.

The Government should ensure that actuarial valuations are conducted regularly as required by law to assess viability of the Fund to pay future pension and benefit obligations. When underfunding is established, it is imperative that the liability is reduced.

b) Guaranteed Loans

Possible obligations comprise also amounts guaranteed by the Government of Lesotho in respect of loans issued to State-Owned Enterprises, public officials and businesses. The outstanding amounts guaranteed to 11 entities amounted to M345 million as at 31 March 2021 as presented on Table 7.4.1b.

Table 7.4.1b – Status of Guaranteed Loans

Beneficiary	Lending Institution	Opening Balance	Repayment	Interest	New Guarantee	Closing Balance
		M'000	M'000	M'000	M'000	M'000
Loans to Members of Parliament	Nedbank	36,588	27,882	1,815	800	9,506
Loans to Statutory position holders	Standard Lesotho Bank (SLB)	1,178	446	179	763	1,495
WASCO	Nedbank	4,166	4,116	-	-	50
Luqy's Manufacturing	First National Bank	3,600	-	-	-	3,600
Maseru E textile	SLB	2,169	-	-	17,826	19,995
CGM/	SLB	25,590	-	-	-	25,590

TZICC	SLB	28,100	-	-	-	28,100
PCGF	SLB	1,998	496	-	800	2,302
Eclat Evergreen	SLB	-	-	-	63,876	63,876
Econet	SLB	170,831	-	-	-	170,831
Lesotho Water & Sewerage	SLB	20,000	-	-	-	20,000
Total		294,220	32,940	1,994	84,065	345,345

Source: Consolidated Financial Statements and Debt records

Audit concerns:

- a) Upon review of Debt records and the Consolidated Financial Statements, it was noted that the Debt Section has no database of all the guaranteed loans and the balances outstanding at year end. The Section depends on information provided by the banks, implying that there are no follow-ups on the movement of the loans, and which loans could become a Government liability.
- b) Lack of database and monitoring of these guaranteed loans has resulted in inconsistency of the closing balances of the previous and the opening balance of the following year. For example, the closing balance as at 31 March 2020 was M40,754,148 however the opening balance on 1 April 2020 is M294,220,357 resulting in a variance of M253,466,209.
- c) New guaranteed loans for the Members of Parliament and Statutory Position Holders to the amounts M800,000.00 and M763,000.00 respectively were issued during the year under review despite the elimination of interest free loans to a maximum of M500,000.00. The elimination is per the Members of Parliament (Amendment of Schedule) Salaries Regulations 2020 and the Statutory Salaries (Amendment of Schedule) Regulations 2020 issued in February 2020.
- d) The closing balance for guaranteed loans to Members of Parliament stood at M32.9 million at 31 March 2020. However, the financial statements reflect the opening balance of M36.6 million on 1 April 2020 and there is no explanation provided for the adjustment of M3.7 million.

7.4.2 POSSIBLE OBLIGATIONS

Possible obligations comprise pending litigation claims for compensation and potential liabilities from Public-Private Partnerships (PPP). Exposure to contingent liabilities from the PPP

arrangements managed by the Ministry of Health is yet to be assessed.

The pending litigation claims per reports of the Chief Accounting Officers amounted to M35 million at 31 March 2021. There was a significant decline of M261 million from the previous year's figure of M296 million. Table 7.4.2 shows summary of exposure at the end of the financial years and the details are reported on Appendix 1.

Table 7.4.2 – Pending Litigation Claims

Ministry	Exposure at 31 March 2021	Exposure at 31 March 2020
	M'000	M'000
Prime Minister's Office	-	179
Communications	32,211	29,975
Foreign Affairs	416	10,048
Labour	100	100
Defence	-	8,695
Local Government	2,727	5,444
Gender	-	83,206
Police	-	3,273
Principal Repayments	-	155,387
Total	35,454	296,307

Source: Consolidated Financial Statements

CHAPTER 8: LOSSES AND ACCIDENTS

8.1 LOSSES OF CASH AND STORES

8.1.1 LOSS OF CASH

Loss of cash is regulated by the Treasury Regulations 2014, which require a Finance Officer to report immediately to a Chief Accounting Officer any incident of loss, shortage, theft or other irregularity in any cash holding under his control. Any circumstance causing a suspicion of loss, shortage, irregularity, fraud or theft of any public money should be reported to a Chief Accounting Officer.

The Regulations further require that a Loss Report should be prepared and submitted to the Principal Secretary for Finance, and a copy to be sent to the Accountant-General and to the Auditor-General.

8.1.2 LOSS OF STORES

The Stores Regulations 1967 regulate losses of stores and require that all losses of or damage to stores should be reported immediately to the Principal Secretary for Finance, with a copy to the Accountant-General and Auditor-General. Furthermore, the regulations stipulate that it should not be within the discretion of any officer to withhold a report of any case in which theft, fraud, negligent control or misuse of or damage to Government stores is known or suspected to have taken place.

Audit concerns on losses:

- The consolidated financial statements, ministries' financial statements and copies of Loss Reports received by my office reveal different figures, as shown below and detailed differences are shown on Table 8.1.

Documents	Loss of Stores	Loss of Cash
Consolidated Financial Statements	481,000	9,160,000
Ministries' Financial Statements	70,000	2,191,152
Copies of Loss Reports received by Audit	68,046	72,000

- The differences indicate that ministries do not understand that accounting for losses has to be supported by Loss Reports and copies of such reports be submitted to my office.

- There were no supporting documents to support figures of losses in the consolidated financial statements and therefore their accuracy could not be substantiated.
- The amount of 9,160,000 per consolidated financial statements include losses of cash already reported in the last financial year, 2019/20. This amount included loss of M7,003,950 arising from failure of the Ministry of the Public Service to collect moneys from officers who defaulted to pay Government as per bonding agreements. Included in this amount is M1,564,840 under His Majesty's Office that was already treated as a loss in the previous year. So it should not appear as a loss rather as an advance on the account of the Advance Holder who failed to retire travel advance.
- The financial statements of His Majesty's Office reflected loss of cash of M1,503,500 which included loss of cash already reported in the previous year.

Table 8.1 – Statement of Losses

Ministry	Consolidated Financial Statements		Ministries' Financial Statements				Copies of Loss Reports received by Auditor-General			
	Stores	Cash	Stores		Cash		Stores		Cash	
			No.	Amount	No.	Amount	No.	Amount	No.	Amount
Agriculture	100,000.00	48,000.00	0	-	0	-	3	15,823.75	0	-
Finance	-	-	0	-	0	-	1	18,000.00	0	-
Trade	70,000.00	54,000.00	2	70,000.00	0	-	0	-	0	-
Public Works	-	-	0	-	0	-	0	-	1	72,000.00
His Majesty's Office	-	1,523,000.00	0	-	2	1,503,500.00	0	-	0	-
Public Service	-	7,535,000.00	0	-	0	-	0	-	0	-
National Assembly	-	-	0	-	0	-	1	3,000.00	0	-
Local Government	311,000.00	-	0	-	1	311,000.00	0	-	0	-
Gender	-	-	2	-	1	366,451.77	-	-	0	-
Social Development	-	-	0	-	0	-	2	31,222.60	0	-
Small Business	-	-	1	-	1	10,200	-	-	0	-
Total	481,000.00	9,160,000.00	5	70,000.00	5	2,191,151.77	7	68,046.35	1	72,000.00

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

8.1.3 DAMAGE TO GOVERNMENT PROPERTY - MINISTRY OF HEALTH

In July 2019, there was damage to the office building, office furniture and office equipment at the Ministry of Health headquarters due to fire. A Loss Report was submitted to the Ministry of Finance, however, at that time the damage was not yet assessed to determine the amount of loss and the investigation was not yet completed then.

I stated in last year's Audit Report that I was not made aware if there was a Police report concerning the fire and the state of investigations; at the date of this report, the situation has remained the same. I have also not received a response on the letter that I wrote to the Chief Accounting Officer in December 2020 requesting an update on the assessment and investigation.

8.1.4 CASES IN COURTS OF LAW DUE TO MISAPPROPRIATION OF PUBLIC FUNDS

The PFMA Act 2011 requires that where a loss of public money has occurred under the control of a public officer, the loss should be a debt due to Government and may be recovered from the public officer by action in a court of competent jurisdiction. The Treasury Regulations 2014 further state that if an independent investigation indicates that a loss is due to theft, the Chief Accounting Officer should report the matter immediately to the Police, who should investigate the matter and determine whether any person should be investigated.

In my previous year's report, I commended the Lesotho Mounted Police Service for having a dedicated team working with Treasury to enforce compliance to finance laws. Out of 8 cases reported last year to have been in the courts of law, one case of misappropriation of funds to the tune of M767,085 has been finalised and judgement delivered. The other 7 cases were either pending judgement or pending in court. There has been additional case during the year under review, which is pending judgement. Table 8.1.4 has the details.

Table 8.1.4 – Status of cases in courts of law

Ministry	Case Number	Case Reference	Remarks
Finance	CIR/63/10/15	Lephoto & Others	Judgement delivered
Judiciary	CIR/110/16	Mpho Damane & `Matiisetso Theoha	Pending Judgement
Finance	CIR/31/06/17	Teboho Seilane & Others	Pending in court
Public Works	CIR/45/08/17	Thato Mathaba & Others	Pending Judgement
Health	CIR/57/12/17	`Mamolemo Mohlomi	Pending Judgement
Water	CIR/132/03/17	`Mampoi Makhetha & Others	Pending in court
Health	CIR/27/01/18	`Mahlomohang Mokete	Pending in court
Defence	CIR/38/03/18	Thato Phofu	Pending Judgement
Finance	CIR/52/03/21	Letlafuoa Nkoale	Pending Judgement

Source: Consolidated Financial Statements

8.2 MOTOR VEHICLE ACCIDENTS

The Stores Regulations 1967 describe motor vehicle accidents as those in which damage is caused to vehicle or property, those in which persons are injured or killed, and a combination of both.

It is the duty of every Head of Department, on receipt of any report of an accident involving a vehicle in his department, to submit every pertinent document or report, including the police report on the accident to the Principal Secretary for Finance. It is therefore the duty of Police to furnish Accidents Reports on all Government vehicles to Heads of Departments without delay.

The cost of repairs to damaged vehicles should be debited to departmental votes even when it is proposed to fine the driver of the Government vehicle responsible for an accident. The Vehicle Accident Reports submitted to the Principal Secretary for Finance serve also as a request to carry out repairs as a charge to the departmental vote.

Audit Concerns:

- The consolidated financial statements, ministries financial statements and copies of Accidents Reports received by my office show that the cost of repairs amounted to M1,673,000.00; M1,158,582.00 and M428,55500 respectively as presented on Table 8.2.
- The consolidated financial statements should be prepared on the basis of the ministries' financial statements but the fact that the statements show different figures already raise a concern on the correctness and validity of the consolidated financial statements, also I was not provided with documents to support the figures.

- The difference between the figures per ministries' financial statements and copies of reports received by my office indicate that the ministries did not report accidents to the Principal Secretary for Finance or failed to provide my office with copies of Accident Reports.
- I could not establish as to how ministries managed to pay for repairs of vehicles if Accident Reports had not been submitted to the Principal Secretary for Finance, as such reports serve as requests to incur expenditure.

Table 8.2 – Statement of Accidents

Ministry	Consolidated Financial Statements	Ministries' Financial Statements		Copies of Accidents Reports by Auditor-General	
	Amount	No.	Amount	No.	Amount
Health	-	-	-	16	123,650.71
Education	205,000.00	0	-	11	116,018.92
Finance	-	0	-	1	-
Trade & Industry	-	3	-	0	-
Prime Minister's	-	4	-	2	-
Communication	-	5	-	0	-
Law	6,000.00	2	6,021.40	0	-
Foreign Affairs	7,000.00	2	92,000	0	-
Works	208,000.00	3	-	3	600.00
Forestry	-	5	70,000.00	0	-
Energy	-	4	1,800.00	3	-
Labour	-	0	-	1	-
Tourism	-	1	-	0	-
His Majesty's Office	-	0	-	1	-
Public Service	7,000.00	0	-	3	90,737.74
Defence	-	9	-	1	-
National Assembly	-	0	-	2	41,000.00
Ombudsman	20,000.00	1	20,071.75	1	16,547.75
Local Government	435,000.00	0	435,250.98	0	-
Judiciary	6,000.00	1	5,967.96	0	-
Social Development	116,000.00	0	-	0	-
DCEO	-	1	4,900.00	0	-
Mining	103,000.00	0	-	0	-
Police	523,000.00	0	522,570.10	0	-
Small Business	37,000.00	0	-	0	-
Water	-	0	-	2	40,000.00
Total	1,673,000.00	41	1,158,582.19	47	428,555.12

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

PART 3

ADMINISTRATION OF PUBLIC FINANCE

CHAPTER 9: ADMINISTRATION OF PUBLIC FINANCE

9. CONSTITUTIONAL BACKGROUND TO PUBLIC FINANCE

9.1 CONSOLIDATED FUND

The Consolidated Fund is established in accordance with Section 110 of the Constitution of Lesotho. It is **credited** with all revenues or other monies raised or received for the purposes of the Government of Lesotho or other moneys that are payable under specific laws and specific purposes. The Consolidated Fund is **debited** with annual appropriations and charges under provision of law.

The Ministry of Finance is the custodian of the Consolidated Fund and it has the central responsibility for advising the Government on financial policy.

9.2 WITHDRAWAL FROM THE CONSOLIDATED FUND

Issuing of monies from the Consolidated Fund may be divided into the following categories:

9.2.1 Supply Services/Appropriated Expenditure

Supply is voted by Parliament for a particular financial year and has to be accounted for ultimately to Parliament.

The Appropriation Act passed by Parliament authorises the Government to appropriate specified sums from the Consolidated Fund for specified services, under separate votes for the several heads of expenditure. Parliament also sanctions supplementary estimates by the subsequent Appropriation Acts in terms of Section 112(2) of the Constitution.

The Supplementary Appropriation Acts authorise disbursement on services where the amounts appropriated by the Appropriation Act for any purpose is insufficient or that a need has risen for expenditure for a purpose to which no amount has been appropriated by that Act; or that any moneys have been expended for any purpose in excess of the amount appropriated to that purpose by the Appropriation Act or for a purpose to which no amount has been appropriated by that Act. Section 112(2) and Section 114 of the Constitution provides for such problems.

9.2.2 Consolidated Fund Standing Services

Charged or statutory expenditure are payments for Consolidated Fund standing services, which Parliament has decided by statute, once and for all, should be met directly from the Consolidated Fund. They are thus made independent of annual appropriation by Parliament.

9.3 SUPPLY SERVICES/APPROPRIATED EXPENDITURE

a) Approved Budget for 2020/21

The appropriated amounts for financial year 2020/21 totalled M23,789,535,650 broken down as follows:

Recurrent Expenditure	18,084,778,729
Capital Expenditure	5,604,756,921
Administration Account	<u>100,000,000</u>
Total	<u>23,789,535,650</u>

According to Statement of Objects and Reasons of the Appropriation Act 2020/2021 (Government Notice No.26 of 2020), this expenditure was to be financed by a total amount of M20,017,628,699 made up as follows:

Government Revenues	17,102,596,710
Donor Grants	858,199,144
Donor Loans	<u>2,056,832,845</u>
Total	<u>20,017,628,699</u>

b) Comparison of Budget Summaries

The Appropriation Act authorises spending of the total moneys provided in the Estimates, and appropriates it according to the Heads of Expenditure. Therefore, the total provided in the Estimates should be the same as the amount specified in the Appropriation Act for each Head of Expenditure.

However, the comparison of Budget Summaries per Appropriation Act/Government Notice and Book of Estimates revealed variances on government revenues and recurrent expenditure by M2.158 billion and M84 million respectively as presented on Table 9.3.

Table 9.3 – Comparison of amounts in the Gazettes and Book of Estimates

Description	Per Gazettes M'000	Per Estimates M'000	Variance M'000
Government Revenues	17,102,597	19,261,588	(2,158,991)
Recurrent Expenditure	18,084,779	18,168,921	(84,142)
Capital Expenditure	5,604,757	5,604,757	-
• GOL	2,689,725	2,689,725	-
• Donor Grants	858,199	858,199	-
• Donor Loans	2,056,833	2,056,833	-

Source: Appropriation 2020/2021 Act, Government Notice 26 of 2020 and Consolidated Financial Statements

9.4 OVERALL FISCAL BALANCE FOR 2020/21

The original budget for the financial year 2020/21 projected a deficit of M 6.239 billion. The revised budget projected a deficit of M2.173 billion while the actual outcome was a deficit of M5.425 billion. Table 9.4 below bears details of the overall fiscal balance for the year ended 31 March 2021.

Table 9.4 – Overall Fiscal Balance for 2020/21

Item	Approved Budget	Revised Budget	Actual	Variance	Budget Exec.
	(M'000)	(M'000)	(M'000)	(M'000)	(%)
A	B	C	D	E (C-D)	F =D/C
Revenue					
Recurrent	19,261,588	19,253,675	17,609,960	1,643,715	91
Other Receipts	-	-	440,194	-440,194	-
Donor Funds	2,915,032	3,986,405	2,182,515	1,803,890	55
Total	22,176,620	23,240,080	20,232,669	3,007,411	87
Expenditure					
Recurrent – Voted	18,084,779	13,667,019	17,156,849	-3,489,830	126
Recurrent – Statut.	4,626,352	5,238,598	4,674,921	563,677	89
Development	5,604,757	6,507,941	3,826,336	2,681,605	59
Administration	100,000	-	-	-	-
Total	28,415,888	25,413,558	25,658,106	-244,548	101
Surplus/(Deficit)	-6,239,268	-2,173,478	-5,425,437	3,251,959	250

Source: Appropriation 2020/2021 Act, Government Notice 26 of 2020 and Consolidated Financial Statements

9.5 ADMINISTRATION ACCOUNT/CONTINGENCIES FUND

Section 114 of the Constitution of Lesotho authorises Parliament to make provision for the establishment of a Contingencies Fund and for authorising the Minister for the time being responsible for finance, if satisfied that there has arisen an urgent and unforeseen need for expenditure for which no other provision exists, to make advance from that Fund to meet that need. Where any advance is made from the Contingencies Fund, a supplementary estimate should be presented and a Supplementary Appropriation Bill be introduced as soon as possible for the purpose of replacing the amount so advanced.

a) Advances for the year under review

The amount of M100 million was allocated to Administration Account (Contingencies Fund) by means of the Appropriation Act 2020/21. There were two replenishments during the year, one for M100,000,000.00 and the other one for M1,103,911,831.00. Total funds under the Administration account amounted to M1,303,911,831.00 and advances totalled M970,167,379.00 leaving a balance of M332,914,452.00. I should also mention that out of M970,167,379.00, the amount of M457,993,216.00 (47%) was for COVID-19 related expenditure.

Advances for recurrent expenditure purposes amounted to M746,136,626.00 and M224,860,753.00 for development expenditure as indicated on Table 9.5. Full details and reasons for advances are reflected in Appendix 2 to this report.

The Supplementary Appropriation Bill for 2020/21 has been presented to Parliament for replacement of the amount advanced from the Contingencies Fund.

Table 9.5- Advances from the Contingencies Fund

Ministry	Recurrent Expenditure	Development Expenditure	Total Expenditure
Agriculture	45,382,430	5,815,453	51,197,883
Health	2,000,000	10,360,720	12,360,720
Finance	51,272,967	5,500,000	56,772,967
Trade	149,112,000	-	149,112,000
Dev. Planning	-	7,138,503	7,138,503
Justice	-	954,290	954,290
Home Affairs	73,793,410	-	73,793,410
PM's Office	27,069,342	-	27,069,342
Communications	14,853,827	-	14,853,827
Foreign Affairs	27,235,080	4,294,207	31,529,287

Ministry	Recurrent Expenditure	Development Expenditure	Total Expenditure
Public Works	5,000,000	28,420,000	33,420,000
Energy	-	88,757,840	88,757,840
Labour	4,035,833	-	4,035,833
Tourism	-	7,509,230	7,509,230
His Majesty	1,990,432	-	1,990,432
PSC	154,700	-	154,700
Public Debt	17,829,961	-	17,829,961
Defence	3,500,000	-	3,500,000
Senate	193,011	23,300,000	23,493,011
Local Government	51,500,000	-	51,500,000
Gender	5,185,500	18,950,726	24,136,226
Social Development	241,181,021	-	241,181,021
Police	-	23,859,784	23,859,784
Water	17,426,879	-	17,426,879
Transport	7,420,233	-	7,420,233
Total	746,136,626	224,860,753	970,997,379

Source: Contingencies Warrants for 2020/21

Audit Concerns:

- There was in contrast to reallocation of expenditure as there was no Cabinet decision authorising the replenishment of the Contingencies Fund by M1,203,911,831.00.
- I have repeatedly raised an audit query over the years that it has been difficult for my office to verify whether the advances were actually spent for intended purpose, as the Accountant-General had not operated a separate account for advances from the Contingencies Fund. This practice defeats my oversight responsibility of ensuring that an Advance Holder uses an advance of public money for a purpose approved as stipulated in Section 38(2) of the Treasury Regulations 2014.
- The Chief Accounting Officers so advanced do not maintain a register of these advances and thus contravening Section 33(2) of the Treasury Regulations 2014.
- The Advance warrants were allocated directly to the voted heads of expenditure and added to release warrants, therefore payments from advance warrants could not be substantiated. The accounting treatment of advance warrants contravened requirements of the Constitution, as they were not allocated by means of an Appropriation Act to the heads of expenditure.

9.6 CENTRALISED ITEMS VOTE

a) Budget for Centralised Items

I raised dissatisfaction in my last reports about the accountability of the Centralised Items Vote (Head 30) under recurrent expenditure. Parliament allocates budget to this vote primarily for financing of salaries (vacant and new posts) and for purchase of vehicles, cycles and equine. The ministries that require financing of vacant and new posts and for purchase of vehicles submit their requests to the Budget Controller; such requirements are consolidated and submitted to Parliament for approval. When approved under Head 30, the Ministry of Finance issues warrants to the requesting ministries. For the year under review, the budget was extended to consultancies and grants paid to Central Government.

Once again the total per estimates differed from the amount in the Appropriation Act. The total budget per Book of Estimates amounted to M1,154,892,014 whereas Parliamentary allocation was M1,157,514,890 leaving a variance of M2,622,876.00 as presented on Table 9.6a.

Table 9.6a - Centralised Items

Budget Line	Amount
Salaries – New	32,400,972
Wages	300,000,000
Consultancies	659,094,583
Grants paid to Central Government	138,396,459
Vehicles	25,000,000
Total per Estimates	1,154,892,014
Appropriation Act	1,157,514,890
Variance	-2,622,876

Source: Appropriation Act 2020/21 and Book of Estimates

c) Allocation to Spending Units

The funds allocated to the spending units amounted to M1,074,255,986 as presented on Table 9.6b and thus leaving a balance of M83,258,904 from the appropriated amount M1,157,514,890.

Table 9.6b – Allocation to Spending Units

Spending Unit	Amount
Education	111,000,000
Finance	29,807,680
Trade	2,122,916
Justice	4,172,459
PM's Office	838,102,560
Law	3,403,182
Foreign	1,039,004
Labour	349,036
Auditor-General's Office	640,120
His Majesty's Office	2,021,830
Public Service Commission	80,019
Defence	18,466,948
Senate	4,811,167
Gender	1,771,115
Social Development	2,689,333
Mining	1,711,731
Water	2,623,758
Transport	5,027,053
Total – Voted Heads	1,029,839,911
Statutory Expenditure	44,416,075
Grand Total	1,074,255,986

Source: Consolidated Financial Statements

Audit Concerns:

- Contrary to the requirements of the Constitution and PFMA Act 2011, the reallocations of M1,074,255,986.00 were included in the Supplementary Appropriation Bill for re-appropriation though there is no legislation for re-appropriation. These primary finance laws require that supplementary estimates should be presented to Parliament only on the following three conditions:
 - Where there were insufficient funds
 - Clearing of Advances from the Contingencies Fund
 - Regularisation of excess expenditure
- The additional statutory expenditure of M44.4 million was included in the Supplementary Appropriation Bill contrary to the requirements of the Constitution that such expenditure is a charge on the Consolidated Fund.

- Contrary to advances from the Contingencies Fund, there is no legislation governing administration of Head 30 - Centralised Items and therefore legal accountability of funds under this head could not be established.

I could not ascertain any reason the Government has abandoned the procedure where the provision under a subhead was released on special application from the ministry concerned. I therefore repeat my recommendation that the Ministry of Finance should consider reverting to the procedure of ministries being allocated special expenditure under their own votes and funds be released on special request to avoid irregular allocations.

CHAPTER 10: BUDGET PRIORITIES FOR FINANCIAL YEAR 2020/21

10.1 BUDGET THEME FOR 2020/21

The Minister of Finance presented the Budget Speech to the Parliament of the Kingdom of Lesotho for the financial year 2020/21 on 26 February 2020 and the theme of that budget was **“Inter-ministerial collaboration, multi-disciplinary approaches and subsidiarity to tackle poverty, malnutrition, and joblessness focusing on service delivery at the local level”**.

10.2 EXPECTED REVENUE AND EXPENDITURE

The Minister indicated that for the financial year 2020/21 the total revenue was expected to increase to 53.5 percent of the Gross Domestic Products (GDP) following stronger than expected Southern African Customs Union (SACU) revenue shares, coupled with growth of Value Added Tax (VAT). SACU revenue shares for Lesotho were expected to aggregate M8.9 billion against a projected M6.53 billion. VAT growth of 7.2 percent would result from additional 3 percent VAT on telecommunications. However it was anticipated that the grant component of revenue would drop to M1 billion against M1.2 billion received in 2019/20.

Total expenditure was expected to increase to 58.1 percent of GDP or M22 billion and the general Government wage bill would drive total spending.

10.3 BUDGET PRIORITIES FOR 2020/21

The budget allocations were requested for investment ministries, social interventions and governance agencies and the following are major priorities for the financial year 2020/21:

- a) Identification of investments that would create jobs needed for Basotho. More than 77 bankable projects had been identified from the private sector with a total investment of M20 billion and more than thirty (30) thousand jobs.
- b) The government has prioritised combatting poverty as the key priority and to address the underlying issues reflected in other SDGs; and to pay special attention to the most vulnerable groups including women, children, youth, elderly and people living with disability as well as closing rural – urban disparities.

- c) During the year 2020/21, the Government will conduct the Lesotho Demographic Survey (LDS) and an Agricultural Census. Having identified agriculture as a pillar of economic growth, the Agricultural Census would provide data on the structure of agriculture in the country for policy formulation, development planning as well as monitoring and evaluation. The data would be used to benchmark and improve crop and livestock statistics.
- d) The Ministry of Trade and Industry to launch the Lesotho Standards Institution with staff recruited during the fiscal year and a dedicated building coming thereafter. The institution would promote domestic investment and exports by providing assurances on the quality of goods produced in Lesotho.
- e) To complete within 8 calendar months the review and updating of investment policy and the MSME policy and development of associated legal frameworks.
- f) An institutional review of the Basotho Enterprise Development Corporation (BEDCO) and the Lesotho Tourism Development Corporation (LTDC) to establish whether the current structures of the two parastatals are fit for purpose as institutions operating in a highly competitive global environment and to reposition the two organisations to remain relevant and competent.

10.4 ACHIEVEMENTS ON GOVERNMENT PRIORITIES

10.4.1 Financial Projections

SACU revenue shares for Lesotho were expected to aggregate M8.9 billion and the actual amount received was indeed M8.980 billion. The anticipated VAT growth of 7.2 percent resulting from additional 3 percent VAT on telecommunications was not realised as there was a decline of 8.3 percent from M3.213 billion in 2020 to M2.944 billion in 2021.

Total expenditure was expected to increase to M22 billion and the general Government wage bill to drive total spending. However, it amounted to M20.983 billion. Government wage bill was M7.344 billion of the total recurrent expenditure of M17.157 billion.

10.4.2 Achievement on activities

The budget speech for the financial year 2020/21 was presented to the Parliament just few weeks before the World Health Organisation (WHO) declared COVID-19 as a pandemic on 13 March 2020. COVID-19 represented an enormous challenge to governments and populations worldwide. The economic and social ramifications of the virus affected both developed and developing countries to a great extent. The governments in both developed and developing countries deployed rapid action and provided urgent relief measures at an enormous financial cost.

To cope with the pandemic, the Government of Lesotho had to re-allocate substantial funds totalling M1.204 billion of which 67% of these were from development budget. As a result the level of achievement on government priorities was very minimal. The worldwide lockdowns during the year under review coupled with practical difficulties of working from home also contributed to non-achievement of priorities.

CHAPTER 11: ACCOUNTABILITY OF RECURRENT REVENUE BY CHIEF ACCOUNTING OFFICERS

11.1 RECURRENT REVENUE

Chief Accounting Officers are responsible for all aspects of the collection of revenue and for rendering proper account of the sums received under specific Heads of Revenue assigned to them. The other objective of revenue control is to prevent theft or fraud by revenue collectors or to minimise losses should they occur.

The Chief Accounting Officers should ensure that revenue is collected from as many sources as possible and that their collection machinery and scales of fees are adequate.

11.2 BUDGET EXECUTION ON RECURRENT REVENUE

The total budget for recurrent revenue as per Ministries' financial statements amounted to M19.254 billion and actual revenue collected was M17.607 billion resulting into overall collection of 91 percent as shown on Table 11.2. It can be noted from the table that six (6) ministries recorded collection rate of less than 50 percent while six (6) had exceeded the budget by 11 to 128 percent.

Even though the collection of revenue was satisfactory, there was a shortfall of revenue by more than 50 percent on 196 budget line items as shown in Appendix 3. There was also an over collection of revenue that ranged from 102 - 2,409 percent on 38 budget lines and also no budget on 25 line items but there was collection as presented in Appendix 4 and 5 respectively. Some of the reasons for under/over collection were attributable to poor budgeting.

Table 11.2 – Budget Execution on Recurrent Revenue

Ministry	Budget per Ministries' Accounts	Actual per Ministries' Accounts	Under/(Over) Collection	Execution (%)
A	B	C	D=B-C	E=C/B
Agriculture	28,480,517	49,395,442	(20,914,925)	173
Health	29,747,783	10,380,978	19,366,805	35
Education	5,720,565	2,258,950	3,461,615	39
Finance	17,162,004,336	15,700,879,204	1,461,125,132	91
Trade	9,242,000	9,337,070	(95,070)	101
Planning	45,000	49,780	(4,780)	111
Justice	789,680	250,062	539,618	32
Home Affairs	25,902,000	16,374,287	9,527,713	63
Communications	6,470,000	3,588,958	2,881,042	55
Law	3,356,000	13,172,951	(9,816,951)	393
Public Works	946,100	499,344	446,756	53

Ministry	Budget per Ministries' Accounts	Actual per Ministries' Accounts	Under/(Over) Collection	Execution (%)
A	B	C	D=B-C	E=C/B
Energy	393,565,000	332,400,214	61,164,786	84
Labour	6,460,888	7,273,889	(813,001)	113
Tourism	4,982,269	2,055,021	2,927,248	41
Auditor-General	-	978,636	(978,636)	-
Defence	1,245,000	287,637	957,363	23
IEC	50,000	459,083	(409,083)	918
Loc. Government	3,367,584	3,901,041	(533,457)	116
Gender	563,700	4,000	559,700	1
Public Service	8,332,497	6,961,939	1,370,558	84
Judiciary	3,708,903	2,346,871	1,362,032	63
Mining	465,989,728	341,447,628	124,542,100	73
Police	10,681,400	6,384,757	4,296,643	60
Small Business	504,650	442,680	61,970	88
Water	1,061,460,578	1,053,077,443	8,383,135	99
Transport	20,059,128	45,752,441	(25,693,313)	228
Total	19,253,675,306	17,609,960,306	1,643,715,000	91

Source: Ministries' financial statements

11.3 REASONS FOR VARIATIONS FROM THE BUDGET

11.3.1 MINISTRY OF AGRICULTURE AND FOOD SECURITY

The budget for Ministry of Agriculture was M28,480,517.00 while actual revenue collected was M49,395,442.00 which resulted in an over collection of M20,914,925.00. The ministry stated the following reasons for over collection of revenue:

- High levels of stock from the previous year and purchases during the current year using contingency funding increased the sale of goods and services extremely in 2020/21.
- Collection of M4,644,546.00 from sale of machinery, which was not budgeted for.

11.3.2 MINISTRY OF HEALTH

Under collection of Revenue

The budget for recurrent revenue was M29,747,443.00 while actual revenue collected was M10,231,443.00 resulting into under collection of M19,516,000.00 or 65%. The current year's collection was also far below the previous year's figure of M27,749,067.00 by M17,517,624.00 or 63%.

Management explained that the low collection was attributable to the following:

- All Covid-19 patients admitted in Government Health Facilities did not pay user fees.
- The relocation of Queen II Hospital to BEDCO premises also hindered other services such as Ophthalmic, Oral and Orthopaedic which did not operate due to lack of consultation rooms.
- Low turn-up of patients to Health Facilities due to COVID-19 regulations, which restricted free movement of people. It was therefore difficult for the general public to access health services hence few people went to the health centres as indicated below:

Description	Statistics in 2019/20	Statistics in 2020/21	Decrease/ (Increase)	Decrease/ (Increase) (%)
Total number of new Outpatients attendees	1,155,268	652,268	502,763	44
Total number of new Antenatal clients	34,749	36,250	(1,501)	(4)
Total number of inpatients	20,750	15,823	4,927	24

11.3.3 MINISTRY OF EDUCATION AND TRAINING

The budget for the Ministry was M5,720,783.00 while the actual revenue collected was M2,258,950.00 and there was under collection of M3,461,615.00.

The ministry stated the following reasons for under collection of revenue:

- There was an insurance commission amounting to M1,316,769.78 that was not captured due to failure of the upgraded IFMIS to generate reports for the amounts withheld.
- There was a shortfall by 69 percent under sale of services. This was due to COVID-19, as schools were closed for long time and therefore fees were not paid.

11.3.4 MINISTRY OF JUSTICE AND CORRECTIONAL SERVICES

The ministry had budgeted total revenue of M789,680.00 while actual collection amounted to M250,062.00 resulting into a shortfall of M539,618.00 or 68%.

The reason provided for the shortfall was that their revenue is based on activities done by inmates. However, due to COVID-19 inmates were not allowed to go outside prison premises to perform activities that generate revenue.

11.3.5 MINISTRY OF HOME AFFAIRS

Budgeted revenue was M25,902,000.00 and actual collection was M16,374,287.00. The reasons for shortfall of M9,527,713.00 are as follows:

- Applications for Passports were allowed for emergencies only due to COVID-19 restrictions which forced border posts to be closed.
- Passport applications were only processed in Maseru.
- There was also huge decline in visa applications due to restrictions on international travels. The excess collection in Visa line item was due to M5,593,210.53 which was not transferred to the consolidated account in the financial year 2019/2020. The actual collection for the 2020/2021 amounted to M174,000.00.
- The 2020 report on Trafficking in Persons (TIP) forced the Ministry to suspend some services while developing and re-engineering new business processes. The exercise affected past flow of applications in respect of citizenship, residence permits and visa applications.

11.3.6 MINISTRY OF COMMUNICATIONS, SCIENCE AND TECHNOLOGY

Budget for the Ministry was M6,470,000.00 while actual collection was M3,588,958.00 resulting into under collection of M2,881,042.00 or 45%.

The reasons provided for unsatisfactory collection was that there were lots of orders from customers but due to COVID-19, most businesses were closed and even after they were open, they did not make enough money to pay the ministry. Furthermore, the Ministry has reported outstanding rentals amounting M3,980,657 as accounts receivable.

There was also over collection on the newspaper advertising and sale of goods due to the following:

- The selling of Portraits of the new Prime Minister Dr Moeketsi Majoro replacing Dr Motsoahae Thabane on change of Head of Government in 2021 in newspaper advertisement.
- During the financial year 2019/2020 ATS received a huge order of Thaba-Tseka coal burning stoves to be supplied to Primary Schools in Mokhotlong, Thaba Tseka and Qacha`s Nek to a tune of about M425,000.00. This was a very big order, which was filled and supplied for a period of two to three years. The money for this order was paid in two tranches. The first at the beginning of the financial year 2019/20 and the second was paid at the end of the financial year 2020/21.

11.3.7 MINISTRY OF LAW AND CONSTITUTIONAL AFFAIRS

The Ministry's Revenue budget for the financial year 2020/21 was M3,356,000.00 while the actual collection was M13,172,951.00 resulting into over collection of M9,816,951.00 or 293%.

The reasons for over-collection are as follows:

- After the closure of Swissborough case, Webber Newdigate returned into the Ministry account an amount of M11,552,616.00 which was held in their Trust Fund pending final award/judgement together with an amount of M473,925.22 which was a deposit for Rajah & Tann for Singapore case. (Grand total of M12,026,541.22)
- Revenue amounting to M2,209,590.00 which was due to the Government of Lesotho as a share from World Intellectual Property Organisation (WIPO) for the year 2020/21 has not been received by the Ministry. This issue has been recurring for some years and it appears that the Ministry had not made proper follow-ups.

11.3.8 MINISTRY OF PUBLIC WORKS

The ministry had budgeted revenue totalling M946,100, while the actual revenue collected was M499,344, resulting into a shortfall of M446,756 or 47%.

The under collection was due to the following COVID-19 constraints:

- Contractors could not renew or register categories as it was expected.
- COVID-19 restrictions on events reduced renting of podiums; and auctions.

There was no revenue collected on sale of tender documents.

11.3.9 MINISTRY OF LABOUR AND EMPLOYMENT

The revenue budget for Ministry of Labour and Employment was M6,460,888.00 while actual revenue collected was M7,273,889.00 resulting into over collection of M813,001.00 or 13%.

The Ministry explained that over collection was due to engagement of many consultants at Polihali Dam.

11.3.10 MINISTRY OF TOURISM, ENVIRONMENT AND CULTURE

The ministry had a revenue budget of M4,982,269.00 but collected M2,055,021.00 making a shortfall of M2,927,248.00 or 59%. Reasons provided by the ministry for under collection are as follows:

- The licencing board did not sit since January 2020 to consider renewals and new applications due to COVID-19 pandemic, which led to closure of most hotels, bed and breakfast, casinos and guesthouses.
- Library memberships were not renewed.
- Hall hire incomes were not realised due to lockdowns.
- The facility operators were given six months rent holidays from April to September 2020.

11.3.11 OFFICE OF THE AUDITOR-GENERAL

The Office of the Auditor-General collects revenue arising from audits of statutory bodies and development projects. However for the year under review, there was no revenue budgeted as it was anticipated by that year the transitional arrangements to the independent and autonomous office would have been completed and audit fees would be deposited into the Audit Revenue Fund to comply with Audit Act 2016.

The transitional arrangements were not yet completed by the beginning of financial year 2020/21 and collected revenue of M978,635.00 therefore had to be captured under Government revenue head.

11.3.12 MINISTRY OF DEFENCE AND NATIONAL SECURITY

Ministry of Defence recorded very low budget execution of 23 percent as the budget was M1,245,000.00 and actual collection was M287,637.00. The shortfall of M957,363.00 occurred due to the following:

- The collection of Aircraft hire was influenced by the number of unserviceable aircrafts whereby LDF Airwing was operating with two light helicopters while the three medium helicopters were grounded due to shortage of funds to procure aircraft spare parts. These medium utility helicopters have more carrying capacity than the light helicopters as such, it was not possible to meet all the requirements of the Government Ministries, companies and individuals. The LDF Airwing was operating with 33 percent of serviceable helicopters while 67 percent was grounded fleet.
- COVID-19 restrictions and lockdowns made it impossible to hire out aircrafts hence the under collection. Also, due to an increase in infections of COVID-19 cases the Military Hospital had to be closed and only be opened for emergencies for a while.
- The band could not be hired out, as events were not allowed per COVID-19 regulations.

11.3.13 MINISTRY OF LOCAL GOVERNMENT AND CHIEFTAINSHIP

The ministry has collected 16 percent above the budget of M3,367,584.00 as the actual collection totalled M3,901,041.00.

The over collection of M533,457.00 was mostly realised in land and land documents line items as a result of new commercial sites. Furthermore most of the tender documents were issued in the current financial year and therefore contributed to over collection.

11.3.14 MINISTRY OF GENDER, YOUTH, SPORTS AND RECREATION

The Ministry of Gender had budgeted for an amount of M563,700 and collected M4,000 resulting into a shortfall of M559,700.00 or 99%.

The ministry provided the following reasons for under collection of revenue:

- Due to COVID-19 hard lockdown restrictions, Setsoto Stadium was not hired for music concerts, church conference and the closure of schools for the entire financial year and therefore no collection of revenue.
- The closure of 'Matheko Vocational Training Centre and therefore there were no sales of tender documents for catering services.

11.3.15 JUDICIARY

The total revenue budget for Judiciary was M3,708,903.00 while the actual collection was M2,346,871.00 resulting in a variance of M1,362,032.00. Management stated the following reasons for under collection:

- 57 percent on the number of files opened and number of certificates issued during the year was achieved.
- 62 percent on the number of cases where fines were imposed in the year 2020/21 was received.
- The collections of Masters fee depends on the number of completed registered estates, due to COVID-19 restrictions the executors were unable to complete their tasks.

11.3.16 MINISTRY OF POLICE AND PUBLIC SAFETY

The Ministry of Police had a revenue shortfall of M4,296,643.00 or 40 percent in 2020/21 as the budget was M10,681,400.00 while the actual collection was M6,384,757.00.

The ministry explained that the shortfall was due to COVID-19 pandemic restrictions resulting to reduction in provision of firearms licenses, Registration of security Co. & Guards, road accident reports and Police outside services.

There was also over collection on revenue of M50,880.00 on identity photographs for work permits. The ministry collected revenue amounting to M55,880.00 against the budget of M5,000.00. The over collection was basically arrears of services provided to the other ministries before the activity was transferred to the Ministry of Labour and Employment in January 2019.

11.3.17 MINISTRY OF TRANSPORT

The ministry had anticipated to collect M20,059,128.00 while revenue collected as per the Ministry's financial statements amounted to M45,752,441.00 resulting into an over collection of M25,693,313.00 or 128%.

The Ministry indicated that the over collection was a result of Motor Registrations, Driver's Licences, Motor vehicle inspection and Number Plates due to introduction of new prices while the budget was based on old prices.

It was further specified that there was under collection on permits, airport service charges, Landing fees, temporary air service permits and rent due to COVID-19 pandemic, which restricted movements and operations.

CHAPTER 12: ACCOUNTABILITY OF SUPPLY SERVICES/ APPROPRIATED EXPENDITURE

12. SUPPLY SERVICES/APPROPRIATED EXPENDITURE

The Chief Accounting Officers are required by Section 5 of the PFMA Act 2011 to ensure that public money allocated by Parliament is used efficiently to achieve programme objectives approved by Parliament. The expenditure must be supported by proper vouchers, evidence of performance of the services and by proof of payment to the correct payee and must have come in course of payment in the financial year in which it is charged.

At the end of each financial year, each head of expenditure is required to prepare a Statement of Comparison of Budget and Actual Amounts for each voted service administered by it. The statutory requirement is for such statement to provide details of the outturn for the year against the amount provided by Parliament, based on the cash amounts of payments and receipts. The prior-year outturn is also shown for comparison purposes.

12.1 RECURRENT EXPENDITURE

The original budget for all Spending Units as per Appropriation Act 2020/2021 amounted to M12.306 billion; additional budget as per Supplementary Appropriation Bill 2020/2021 was M1.703 billion and there was a reallocation of funds totalling M342 million towards COVID-19 related expenditure. Therefore total revised budget amounted to M13.667 billion. Total expenditure amounted to M12.482 billion, which was below revised budget by M1.185 billion or 9 percent as shown on Table 12.1.

Three (3) Heads of Expenditure (Development Planning, Public Works and Water) recorded excess expenditure and there is no information provided as to whether a Statement of Excess has been prepared and presented before Parliament as required by the Constitution. I am also not aware as to whether the Minister has complied with Section 27(6) of the Public Financial Management and Accountability Act 2011 by imposing a surcharge on the persons who were Chief Accounting Officers for those heads at that time.

Table 12.1 – Budget Execution on Recurrent Expenditure

Spending Unit	Original Approved Budget	Supplementary Bill	Reallocation	Revised Budget	Actual	Variance	Execution (%)
A	B	C	D	E=B+C-D	F	G=E-F	H=F/E
Agriculture	278,161,092	45,382,430	9,400,000	314,143,522	301,708,718	12,434,804	96
Health	2,564,459,211	2,000,000	24,700,000	2,541,759,211	2,361,824,268	179,934,943	93
Education	2,616,763,297	111,000,000	2,840,000	2,724,923,297	2,648,985,199	75,938,098	97
Finance	1,093,674,462	81,137,723	113,918,896	1,060,893,289	911,021,185	149,872,104	86
Trade	42,489,202	131,234,916	2,600,000	171,124,118	161,848,984	9,275,134	95
Planning	1,008,620,910	4,172,459	13,162,332	999,631,037	1,013,038,543	(13,407,506)	101
Justice	242,472,787	-	3,800,000	238,672,787	226,269,253	12,403,534	95
Home Affairs	165,020,649	38,317,888	10,100,000	193,238,537	178,620,061	14,618,476	92
PM's Office	129,893,609	865,171,902	7,000,000	988,065,511	616,418,054	371,647,457	62
Communications	191,595,096	14,853,827	5,000,000	201,448,923	147,763,869	53,685,054	73
Law	96,219,389	3,403,182	4,005,000	95,617,571	92,854,289	2,763,282	97
Foreign Affairs	438,259,225	28,274,083	14,523,000	452,010,308	379,881,127	72,129,181	84
Public Works	91,640,090	5,000,000	700,000	95,940,090	186,318,457	(90,378,367)	194
Forestry	156,742,108	-	8,300,000	148,442,108	122,315,790	26,126,318	82
Energy	29,207,353	-	2,350,000	26,857,353	25,523,632	1,333,721	95
Labour	55,246,804	4,384,869	5,462,120	54,169,553	47,650,819	6,518,734	88
Tourism	89,946,057	-	2,200,000	87,746,057	79,755,196	7,990,861	91
Auditor-General	32,371,698	640,120	1,436,500	31,575,318	29,992,182	1,583,136	95
His Majesty's Office	13,285,565	4,012,262	4,777,000	12,520,827	11,355,277	1,165,550	91
Public Service Comm.	14,705,429	234,719	1,619,950	13,320,198	11,152,781	2,167,417	84
Defence	596,448,653	21,966,948	3,456,527	614,959,074	607,055,254	7,903,820	99
National Assembly	84,292,115	-	4,310,000	79,982,115	73,159,448	6,822,667	91
Senate	19,061,696	5,004,178	1,100,000	22,965,874	20,733,439	2,232,435	90
IEC	10,514,614	-	649,503	9,865,111	8,429,020	1,436,091	85
Ombudsman	96,611,050	-	23,862,735	72,748,315	46,244,321	26,503,994	64
Local Government	495,238,389	51,500,000	2,641,820	544,096,569	515,621,929	28,474,640	95

Spending Unit	Original Approved Budget	Supplementary Bill	Reallocation	Revised Budget	Actual	Variance	Execution (%)
A	B	C	D	E=B+C-D	F	G=E-F	H=F/E
Gender	119,896,717	6,956,615	28,997,760	97,855,572	71,825,426	26,030,146	73
Public Service	42,112,367	119,162	695,911	41,535,618	39,329,045	2,206,573	95
Judiciary	118,631,995	-	4,168,964	114,463,031	111,316,403	3,146,628	97
Social Development	290,123,058	244,300,354	3,565,579	530,857,833	460,152,198	70,705,635	87
DCEO	25,928,888	-	1,660,000	24,268,888	19,232,491	5,036,397	79
Mining	26,825,316	-	1,289,000	25,536,316	21,837,497	3,698,819	86
Police	741,241,735	1,711,731	6,714,051	736,239,415	655,560,425	80,678,990	89
Small Business	78,222,866	-	10,213,500	68,009,366	62,490,216	5,519,150	92
Water	143,668,140	20,050,637	3,750,000	159,968,777	162,399,240	(2,430,463)	102
Transport	66,319,824	12,447,286	7,199,769	71,567,341	52,244,890	19,322,451	73
Total	12,305,911,456	1,703,277,291	342,169,917	13,667,018,830	12,481,928,926	1,185,089,904	91

Source: Appropriation Act 2020/21, Supplementary Appropriation Bill 2020/21, Circular Savingram of the Budget Controller dated 10 July 2020 and Ministries' Financial Statements 2020/21

12.2 DEVELOPMENT BUDGET

Development/Capital expenditure relate to payments for acquisition of fixed capital assets, stock, land or intangible assets. A good example would be building of schools, hospitals or roads. Sources of funding for development expenditure include donor grants, donor loans and government revenues.

12.2.1 BUDGET EXECUTION BY SOURCE OF FUNDING

Approved budget for development expenditure was M5.605 billion and there was a supplementary budget of M1.715 billion (per Supplementary Appropriation Bill) resulting into total budget of M7.320 billion. There was reallocation of funds from development budget to the tune of M812 million for economic and social response to mitigate impact of COVID-19 and therefore revised budget remained at M6.508 billion. The actual expenditure amounted to M3.888 billion hence under expenditure of M2.620 billion or 40 percent as presented on Table 12.2.1 below and detailed breakdown is on Table 12.2.2.

Table 12.2.1 – Budget Execution by Source of Funding

Source	Original Budget	Supplementary Budget	Reallocation	Revised Budget	Actual Expenditure	Variance	Exec.
	M'000	M'000	M'000	M'000	M'000	M'000	(%)
A	B	C	D	E=B+C-D	F	G=E-F	H=F/E
GOL	2,689,726	1,714,981	811,797	3,592,910	1,577,802	2,015,108	44
Grants	858,199	-	-	858,199	837,975	20,214	98
Loans	2,056,834	-	-	2,056,834	1,410,559	646,275	69
Total	5,604,759	1,714,981	811,797	6,507,943	3,826,336	2,681,607	59

Source: Appropriation Act 2020/21, Supplementary Appropriation Bill 2020/21, Circular Savingram of the Budget Controller dated 10 July 2020 and Ministries' Financial Statements 2020/21

12.2.2 BUDGET EXECUTION BY SPENDING UNITS

The comparison of revised budget and actual expenditure on Table 12.2.2 by spending units revealed that out of 26 Heads of Expenditure, 9 recorded low budget execution of below 50 percent. Furthermore, out of 9 Heads of Expenditure, 5 had supplementary budget signalling that there was no need for additional funds and this also indicates inadequate monitoring of the budget. Low budget execution is an indication that Government priorities were highly and negatively affected.

The comparison further revealed excess expenditure on the Ministry of Social Development by 29 percent. The requirements of the Constitution and PFMA Act 2011 on excess expenditure have also not been complied with.

Table 12.2.2 – Budget Execution on Development Expenditure

Spending Unit	Original Budget	Supplementary Bill	Reallocation	Revised Budget	Actual Expenditure	Under/(Over) Expenditure	Budget Execution
	M'000	M'000	M'000	M'000	M'000	M'000	(%)
A	B	C	D	E=B+C-D	G	H=E-G	I=G/E
Agriculture	388,013	71,160	-	459,173	320,877	138,296	70
Health	544,331	122,686	43,297	623,720	379,426	244,294	61
Education	217,321	13,981	20,000	211,302	50,853	160,449	24
Finance	618,109	876,140	-	1,494,249	713,728	780,521	48
Trade	250,009	24,968	10,000	264,977	241,769	23,208	91
Planning	184,282	7,139	145,000	46,421	-	46,421	-
Justice	59,254	954	25,000	35,208	31,610	3,598	90
Home Affairs	261,504	37,941	-	299,445	288,458	10,987	96
Communications	28,390	4,377	-	32,767	23,029	9,738	70
Law	5,114	-	3,500	1,614	1,167	447	72
Foreign Affairs	15,736	4,294	15,000	5,030	5,030	-	100
Public Works	845,568	28,420	73,500	800,488	343,510	456,978	43
Energy	833,712	140,672	110,000	864,384	623,364	241,020	72
Tourism	33,836	8,959	10,000	32,795	20,851	11,944	64
His Majesty's Office	109,810	-	-	109,810	38,040	71,770	35
Defence	37,130	-	-	37,130	20,342	16,788	55
Senate	39,500	23,300	39,500	23,300	-	23,300	-
Loc. Government	306,627	1,186	80,000	227,813	212,868	14,945	93
Gender	189,302	19,174	169,000	39,476	30,398	9,078	77
Judiciary	17,380	-	-	17,380	4,603	12,777	26
Social Development	120,060	29,459	-	149,519	192,838	-43,319	129

Spending Unit	Original Budget	Supplementary Bill	Reallocation	Revised Budget	Actual Expenditure	Under/(Over) Expenditure	Budget Execution
	M'000	M'000	M'000	M'000	M'000	M'000	(%)
A	B	C	D	E=B+C-D	G	H=E-G	I=G/E
Mining	14,158	-	10,000	4,158	695	3,463	17
Police	49,770	238,604	10,000	278,374	60,230	218,144	22
Small Business	56,865	-	30,000	26,865	19,419	7,446	72
Water	343,590	61,567	-	405,157	189,437	215,720	47
Transport	35,386	-	18,000	17,386	13,794	3,592	79
Total	5,604,757	1,714,981	811,797	6,507,941	3,826,336	2,681,605	59

Source: Appropriation Act 2020/21, Supplementary Appropriation Bill 2020/21, Circular Savingram of the Budget Controller dated 10 July 2020 and Ministries' Financial Statements 2020/21

12.2.3 USAGE OF DONOR GRANTS

There was excess of M65 million on donor grants as the budget was M858 million and actual receipts amounted to M923 million. Usage of grants received was 91 percent as the total amount spent totalled M837 million as indicated on Table 12.2.3.

Three ministries (Communications, Local Government and Gender) did not have budget for donor grants however, they received amounts of M935,641.00; M1,185,548.00 and M173,872.00 respectively. The ministries of Communications and of Gender recorded high usage of 149 percent and 128 percent respectively.

In my last year's report I had indicated that some ministries had spent more than what they reported to have received, which raised a confusion about where they received the extra funds to spend. The ministries of Communications and Local Government appeared in the list of such cases.

Table 12.2.3 - Grants received and usage

Ministry	Budget	Received	Spent	Variation from the Budget	Usage	Exec. (%)	Use (%)
A	B	C	D	E=B-C	F=C-D	G=C/B	H=D/C
Agriculture	93,553,000	50,515,691	51,548,471	43,037,309	-1,032,780	54	102
Health	297,758,000	172,411,187	171,068,995	125,346,813	1,342,192	58	99
Education	58,539,000	22,032,860	6,507,257	36,506,140	15,525,603	38	30
Finance	268,082,000	454,432,522	417,604,376	(186,350,522)	36,828,146	170	92
Trade	5,000,000	3,662,386	3,326,469	1,337,614	335,917	73	91
Communications	-	935,641	1,392,194	(935,641)	-456,553	-	149
Energy	85,796,000	37,641,139	27,871,756	48,154,861	9,769,383	44	74
Tourism	9,346,000	2,400,208	2,735,022	6,945,792	-334,814	26	114
Local Government	-	1,185,548	959,962	(1,185,548)	225,586	-	81
Gender	-	173,872	223,362	(173,872)	-49,490	-	128
Social Development	30,000,000	100,579,166	80,164,699	(70,579,166)	20,414,467	335	80
Water	10,125,000	77,533,525	74,574,204	(67,408,525)	2,959,321	766	96
Total	858,199,000	923,503,745	837,976,767	(65,304,745)	85,526,978	108	91

Source: Government Notice 26 of 2020, Book of Estimates and Ministries Financial Statements

12.2.4 USAGE OF DONOR LOANS

The donor loans received accounted for 61 percent of the budget of M2.057 billion as they amounted to M1.259 billion. The shortfall of 39 percent is marginally higher than the previous year's shortfall of 27 percent. The comparison of amounts spent against amounts

received revealed overspending of 151 million over receipts of M1.259 billion as presented on Table 12.2.4.

It can be noted from the table that five ministries have spent more funds than received. I could not ascertain from the ministries' financial statements the reasons for overspending. However, compared to previous year, usage is much satisfactory at the range of 83 percent to 409 percent.

Table 12.2.4 – Loans received and spent

Ministry	Budget	Received	Spent	Variation from the Budget	Usage	Exec. (%)	Use (%)
A	B	C	D	E=B-C	F=C-D	G=C/B	H=D/C
Agriculture	265,990,000	179,864,535	249,200,577	86,125,465	(69,336,042)	68	139
Health	154,221,000	122,344,635	130,645,150	31,876,365	(8,300,515)	79	107
Education	111,535,000	5,827,203	23,833,201	105,707,797	(18,005,998)	5	409
Finance	43,559,000	34,471,949	28,440,377	9,087,051	6,031,572	79	83
Trade	82,000,000	74,955,955	75,289,132	7,044,045	(333,177)	91	100
Communications	-	4,375,269	4,375,269	(4,375,269)	-	-	100
Public Works	530,378,000	243,956,506	235,024,900	286,421,494	8,931,606	46	96
Energy	587,413,000	524,457,524	524,457,542	62,955,476	(18)	89	100
Social Development	90,060,000	43,137,894	112,672,890	46,922,106	(69,534,996)	48	261
Water	191,678,000	25,619,961	26,619,961	166,058,039	(1,000,000)	13	104
Total	2,056,834,000	1,259,011,431	1,410,558,999	797,822,569	-151,547,568	61	112

Source: Government Notice 26 of 2020, Book of Estimates and Ministries Financial Statements

CHAPTER 13: ACCOUNTABILITY OF CONSOLIDATED FUND STANDING SERVICES

13. CONSOLIDATED FUND STANDING SERVICES

Charged or statutory expenditure are payments for Consolidated Fund standing services, which are met directly from the Consolidated Fund and are governed by laws, which continue in force until repealed or amended. They are thus made independent of annual appropriation by Parliament. The responsibility for administration of charged expenditure rests with the Ministry of Finance.

Charged expenditure can be categorised into the following:

- a) High constitutional offices whose dignity should not be compromised such as the King in terms of Section 48 of the Constitution (**Head 24 – statutory salaries and allowances**);
- b) Expenses that are needed to maintain independence of some important offices such as Judges, Attorney-General, Ombudsman, Auditor-General, etc. in terms of Section 115 of the Constitution (**Head 24 – statutory salaries and allowances**);
- c) Expenses that are a must such as debt charges according to Section 116 of the Constitution (**Head 21 – principal repayments and Head 22- Interest charges**);
- d) Section 150 of the Constitution requires that all pension benefits for the service of a public officer should be a charge on the Consolidated Fund (**Head 23 – pension and gratuities**); and
- e) Section 31 of PFMA Act 2011 provides that if monies have been paid into the consolidated fund by error, refunds payable to the person or entity entitled should be a charge on the consolidated fund. (**Head 26 – Refunds of Erroneous receipts**).

Audit Concern:

Contrary to the requirements of the Constitution and Section 14(4) of the PFMA Act 2011, the budget for the Consolidated Fund Standing services/statutory expenditure was included in the Appropriation Act for 2020/2021.

13.2 BUDGET EXECUTION

I have already stated that charged or statutory expenditure are made independent of annual appropriation by Parliament. However, the Appropriation 2020/2021 Act has included this expenditure contrary to the requirements of the Constitution and Section 14(4) of the PFMA Act 2011.

The original budget totalled M4.626 billion and the revised budget is M5.239 billion indicating that there was additional budget of M612 million. There was additional budget of M568 million on Public Debt and M44 million on Subscriptions to International Organisations.

The actual expenditure incurred totalled M4.675 billion and its comparison with the revised budget of M5.239 billion, revealed budget execution of 89 percent as presented on Table 13.2.

Table 13.2 – Budget Execution on Charged Expenditure

Spending Unit	Revised Budget	Actual Expenditure	Variance	Budget Execution (%)
A	B	C	D=B-C	E=C/B
Public Debt	2,740,946,753	2,589,546,990	151,399,763	94
Pensions	2,326,182,218	1,975,223,099	350,959,119	85
Statutory Salaries	40,351,212	18,311,044	22,040,168	45
Subscriptions to Int. Organisations	128,850,235	91,735,314	37,114,921	71
Refunds of Erroneous receipts	2,268,000	104,104	2,163,896	5
Total	5,238,598,418	4,674,920,551	563,677,867	89

Source: Ministries' Financial Statements

Audit Concern:

- The additional budgets of M568 million on Public Debt and M44 million on Subscriptions to International Organisations are included in the Supplementary Appropriation Bill despite the fact that these are charges on the Consolidated Fund and therefore not subject to appropriation by Parliament.

13.3 CHARGED EXPENDITURE NOT SUPPORTED BY A STANDING LEGISLATION

In my last year's report, I raised a concern that I was not aware of any legislation qualifying Head 25 – Subscriptions to International Organisations to be a charge on the Consolidated Fund. To date, I have not come across or been advised of any standing legislation supporting Head 25 to be charged expenditure.

PART 4

AUDIT OF STATUTORY BODIES

CHAPTER 14: AUDIT OF STATUTORY BODIES

14.1 STATUTORY BODY

A statutory body is any statutory corporation in which the government has financial interest of fifty per cent or more, or any other body in which the said corporation has a financial interest of fifty per cent or more, or any other such body as the Minister may by notice in the Gazette designate. Any Development Project Authority established under the Development Projects Order 1973 also falls under the Statutory Bodies.

14.2 ACCOUNTS OF A STATUTORY BODY

Under the law setting up each statutory body, there is a provision stipulating a specific time within which the financial statements should be prepared and audited.

Audit concern:

Although the law is very clear on the time within which the accounts are to be produced, in certain cases the law is not strictly followed. In a number of cases the cause for the delay is either failure of the organisation to prepare the accounts on time or delay to approve the accounts by the Board of Directors.

14.3 AUDIT OF THE ACCOUNTS OF A STATUTORY BODY

Section 7 (1) (b) of the Audit Act 2016, requires that the records and accounts of a statutory body should be audited by the Auditor-General. Upon completion of the audit of the accounts of a statutory body, a copy of those accounts together with the report thereon is send to the appropriate Minister. In addition, a long-form report setting out in detail, matters that came to attention of the auditors during the audit is forwarded to the chairperson of the Board of Directors.

Audit concern:

The legislation setting up a statutory body read with Section 28 of the Audit Act 2016 and Section 44 of the PFMA Act 2011 requires the appropriate Minister to present the audited accounts of a statutory body to Parliament. I indicated in my last report that in as much as I direct audit reports to appropriate ministers, these reports are not presented in Parliament contrary to the requirements of the law. Having noted continuous failure by ministers to present reports in

Parliament, from September 2020 I ensured that when I submit my reports, I specifically remind them to present such reports in Parliament in terms of the law. My reminder has not served any purpose as reports of statutory bodies and development projects are still not presented in Parliament.

14.4 COMMISSIONED AUDITS

Under Section 24 of the Audit Act 2016, the Auditor-General may authorise a practising member of a professional accountancy body, recognised by the Laws of Lesotho, to examine or audit books of accounts of any authority or body, which the Auditor-General may be required to examine and audit. However, audit decisions remain those of the Auditor-General.

My office had a framework agreement with five (5) Lesotho Audit Firms working in 3-year cycle. These audit firms audited on my behalf some of the statutory bodies and development projects.

14.5 AUDIT CONCLUSIONS ON THE FINANCIAL STATEMENTS

The primary objective of financial audit is to give an opinion on the fairness and reasonableness of the financial statements. The opinion can either be unqualified or qualified.

Unqualified opinion is given when the audited accounts are reasonably reliable and there are no important reservations about them.

Qualified opinion is when the error in the accounts is thought to likely have such a serious effect. The reasons for qualification can either be **uncertainty** as to whether material misstatement does or does not exist in the accounts or **disagreement** with the manner in which a transaction has been dealt with in the accounts. When qualifying the accounts the strength of nature of circumstance is also considered, whether it is material or fundamental.

There could be a qualification on the strength of material uncertainty or material disagreement. Where there is fundamental uncertainty, there will be a disclaimer of opinion and fundamental disagreement is a basis for an adverse opinion.

Table 14.5 shows opinions on the audited financial statements of various statutory bodies and reasons for qualification where applicable, are stated in the subsequent paragraphs.

Table 14.5 - Audit Opinions on the financial statements

Organisation	Last audited financial statements	Opinion	Remarks
Authorities and Corporations			
Land Administration Authority	31 March 2021	Unqualified	
Lesotho Communications Authority	31 March 2021	Unqualified	
Lesotho Electricity and Water Authority	31 March 2021	Unqualified	
Lesotho Revenue Authority	31 March 2021	Unqualified	
Lesotho Tourism Development Corporation	31 March 2020	Unqualified	Audit of 2020/21 accounts in progress
Lesotho National Development Corporation	31 March 2021	Unqualified	
Basotho Enterprise Development Corporation	31 March 2018	Unqualified	Audit of 2019-2021 accounts in progress
Lesotho Housing and Land Development Corporation	31 March 2015-17	Disclaimer	Audit of 2018-2020 accounts in progress
Companies			
OK Bazaars (Lesotho) (Pty) Ltd	30 June 2020	Unqualified	
Avani Lesotho (Pty) Ltd	31 December 2020	Unqualified	
MHG Lesotho (Pty) Ltd	31 December 2020	Unqualified	
Lesotho Electricity Company (Pty) Ltd	31 March 2020	Adverse	
LEC Communications ((Pty) Ltd	31 March 2021	Unqualified	
Loti Brick (Pty) Ltd	31 March 2017-18	Disclaimer	Reported in 2020
Maluti Mountain Brewery (Pty) Ltd	31 December 2019	Unqualified	
Water and Sewerage Company (Pty) Ltd	31 March 2020	Adverse	
Other Statutory Bodies			
Directorate of Dispute Prevention and Resolution	31 March 2016	Unqualified	
Lesotho Postal Services	31 March 2009-11	Disclaimer	
Lesotho College of Education	31 March 2009	Disclaimer	Awaiting management responses on 2010-2019 accounts.
Lerotholi Polytechnic	31 March 2008	Qualified	Awaiting approval of 2009-2017 accounts by the Board
Lesotho National Dairy Board	31 March 2015	Unqualified	Audit of 2016-2017 accounts in progress
Lesotho Nursing Council	31 March 2015-19	Unqualified	
National Aids Commission	31 March 2019	Unqualified	
Council on Higher Education	31 March 2021	Unqualified	
Petroleum Fund	31 March 2021	Unqualified	

Organisation	Last audited financial statements	Opinion	Remarks
National University of Lesotho	30 June 2019	Unqualified	Audit of Accounts for 2019/20 started in February 2022
Tloutle Holdings – National University of Lesotho	30 June 2020	Unqualified	
Road Fund	31 March 2021	Qualified	
Financial Intelligence Unit	31 March 2019	Qualified	
Lesotho Millennium Development Agency	31 March 2020	Unqualified	Audit of Accounts for 2020/21 started in March 2022
Roads Directorate	31 March 2015	Qualified	Audit for 2016-2021 accounts at the reporting stage
Examination Council of Lesotho	31 March 2018	Unqualified	Audit for 2018-2021 account at the reporting stage
Trading Accounts			
National Drug Service Organisation	31 March 2020-2021	Unqualified	
Development Projects			
Smallholder Agricultural Development Project	31 March 2021	Unqualified	
Wool and Mohair Promotion Project	31 March 2021	Unqualified	
Agricultural Productivity Program for Southern Africa Project	31 March 2020-21	Unqualified	
Health Sector Reform Programme	31 March 2021	Unqualified	
Lesotho Education Quality for Equality Project	31 March 2021	Unqualified	
Lesotho Basic Education Improvement Project	31 March 2021	Unqualified	
Global Fund Projects	31 March 2021	Unqualified	
Lesotho Tax Modernisation Project	31 March 2021	Unqualified	
Public Financial Management Reform Project	31 March 2021	Unqualified	
Urban Distribution Rehabilitation and Transmission Expansion Project	31 March 2021	Unqualified	
Private Sector Competiveness Economic Diversification Project	31 March 2021	Unqualified	
E-Government Infrastructure Project	31 March 2020	Unqualified	
Transport Infrastructure and Connectivity Project	31 March 2021	Unqualified	
Local Climate Adaptive Living Project	31 March 2021	Unqualified	
Lesotho Lowlands Rural Supply and Sanitation Project	31 March 2021	Unqualified	
Lesotho Lowlands Water Development Project	31 March 2021	Unqualified	
Economic Diversification Support Project	31 March 2021	Unqualified	
Social Assistance – Original Project	31 March 2021	Unqualified	

Organisation	Last audited financial statements	Opinion	Remarks
Social Assistance – Additional Funding Project	31 March 2021	Unqualified	
Maseru Waste Water Project	31 March 2020	Unqualified	

Source: Reports and records of the Auditor-General

14.6 BASIS FOR QUALIFIED OPINIONS

14.6.1 LESOTHO ELECTRICITY COMPANY – 31 MARCH 2020

Basis for an Adverse Opinion

- a) The financial statements were materially misstated due to inaccurate recognition of electricity sales. IFRS 15 states that the entity should recognise revenue over time if the customer simultaneously receives and consumes all the benefits provided by the entity. On the contrary, the company recognises revenue on sale of electricity token instead of consumption of electricity units.
- b) The financial statements did not report transactions and balances relating to the Southern Africa Power Pool (SAPP) bank account activities. The bank statement reflected a balance of M66,160,588.00 (USD3,643,766 x 18.1572). The effect of these unrecorded transactions was not reflected in the Financial Statements. Management did not provide adjusting journals for that bank account. Consequently, I was unable to determine necessary adjustment relating to this bank account.
- c) There was an unresolved variance of M27,860,942.00 between the Value Added Tax (VAT) payable in the financial statements and the VAT disclosed in the LRA return for the year ended 31 March 2020. The general ledger and financial statements showed a liability of M33,896,237.00 while the VAT returns showed a liability of M6,035,295.00. It was difficult to determine the appropriate figure to be disclosed in the financial statements.
- d) Included in the financial statements were sundry debtors' balance of M52,195,944.00. The debtors' listing showed a balance of M90,533,717.00. There was no reconciliation of these amounts. Sufficient and appropriate audit evidence to substantiate the variance of M38,337,773.00 was not availed hence I could not determine any adjustments to the financial statements.
- e) There was no current year provision for bad and doubtful debts. Management did not furnish their computations. That was a departure from International Financial Reporting Standards (IFRS). As a result, it was impossible to determine the appropriate adjustments to be made in the financial statements.

- f) A difference of M9,197,779.00 was noted between security deposits listing totalling M34,316,640 and a sum of M25,118,861.00 disclosed in general ledger. Management could not resolve the variance.
- g) During the audit, assets apparently received as a grant from the Lesotho Electricity Supply Project amounting to M88 million lacked supporting documentation to substantiate the value and ownership. There was no sufficient appropriate audit evidence showing the transfer of ownership of these assets.

14.6.2 WATER AND SEWERAGE COMPANY – 31 MARCH 2020

Basis for Adverse Opinion

- a) Property, Plant and Equipment have not been re-valued for more than 10 years and the cost was further misstated by an unexplained discrepancy of M2.79 million between the fixed asset register and the ledger records as well as the continued inclusion in the register of property costing M1.53 million which was sold for M1.5 million in 2012.
- b) Physical inventory count at year-end was not conducted. The inventory value reflected in the financial statements was based on system-generated report of which last year's audit procedures revealed the inclusion of M8.9 million worth of non-existent items. There was no evidence that the system report was reviewed and reconciled with physical quantities during the year.
- c) Due to unavailability of reliable records, I was unable to quantify the misstatement in the financial statements as the inventory items were reported at the lower of cost and net realisable value using the first-in, first-out method; whereas the Pastel Evolution Inventory Module used weighted average method to generate the value reported in the financial statements.
- d) Schedule of accounts receivable included a suspense account credit balance of M2.12 million which had been outstanding for more than three years.
- e) Included in the cash and cash equivalent was an amount of M1.61 million which was not traceable to any physical cash or any bank account.

- f) The sum of M3.23 million included in the accounts payable could not be substantiated due to the unavailability of creditor's supporting list.
- g) Due to inadequate documentation of numerous adjustments in an account described as prior year adjustments with a balance of M30.66 million, I was unable to verify the rationale for the adjustments made.
- h) An amount of M1.07 million relating to 2017, 2018 and 2019 financial years' operating costs was charged to the 2020 income statement thereby overstating the current year's operating costs.

14.6.3 LESOTHO POSTAL SERVICES - 31 MARCH 2009-2011

Basis for Disclaimer of Opinion

- a) The audit was constrained by the unavailability of detailed ledger records and supporting documents. As a result, audit procedures designed to verify and confirm the balances reported in the statements were not effectively and conclusively performed.
- b) There was no update to fixed assets register after revaluation in 2007, resulting in a difference of M3 million between the re-valued cost of M36 million and the 2011 trial balance figure of M33 million, coupled with property valued at M15.9 million which had no ownership documents.
- c) There was no evidence that physical inventory counts were conducted at the year-end. The inventory values of M2.6 million, M4.4 million and M6.4 million reported in the financial statements for the financial years 2008/09, 2009/10 and 2010/11 respectively were not supported with any inventory valuation schedule.
- d) Included in the trial balances were accounts receivable balances and accounts payable balances for which the supporting list, subsidiary ledger and control account ledger records were not available for verification.
- e) There were no records to enable verification of the fairness of cash and cash equivalents of M37 million, M5.71 million and M22.67 million reported in the financial statements for the three years ended 31 March 2011 and the banks declined to confirm the account balances due to elapsed time frame.

- f) There were unexplained differences of M2.48 million, M2.32 million and M3.05 million in respect of post office funds between the trial balance figures and the financial statements.
- g) Due to the unavailability of accounting records, I was unable to verify the validity, completeness and accuracy of total income streams of M41.28 million, M8.31 million and M11.08 million for the three years ended 31 March 2011 including income components of M9.55 million, M2.69 million and M0.70 million described as 'unknown deposit'.
- h) Expenditure ledger records and supporting documents were not available to substantiate reported expenditure of M24.07 million, M11.18 million and M7.18 million including salaries and wages.
- i) Included in the financial statements were expenditures of M5.09 million, M2.38 million and M0.23 million described as unknown cash withdrawals for which the nature of expenditure and beneficiaries could not be ascertained.

14.6.4 FINANCIAL INTELLIGENCE UNIT – 31 MARCH 2019

Basis for qualified Opinion

Included under staff salaries in the Financial Statements was an amount of M148,667.00 which was an overpayment of gratuities calculated by aggregating basic salary plus the allowances in respect of employees who have completed their tours.

14.6.5 ROAD FUND – 31 MARCH 2021

Basis for qualified opinion

The audit opinion for the previous year was a disclaimer. The opening balances for the current year were from those financial statements of the previous year. Therefore, I could not express an opinion on the opening balances as to whether they reflected true and fair financial position of the Fund.

CHAPTER 15: OTHER MATTERS ARISING FROM AUDIT OF STATE OWNED ENTERPRISES

15.1 LESOTHO MILLENNIUM DEVELOPMENT AGENCY

The Lesotho Millennium Development Agency (LMDA) is an organisation set by the Government of Lesotho in 2013. The Agency's mandate is maintenance of Health Care Facilities, development and implementation of Compact II. Health Care Facilities' maintenance covers works, services and rehabilitation of health facilities to fully functional state. LMDA executes its mandate in conjunction with the Ministry of Health as the lead agency as well as other key partners.

15.1.1 Legal establishment of the Lesotho Millennium Development Agency

The Cabinet of Lesotho approved the following four proposals regarding continuity of the Millennium Challenge Account Compact (MCC):

- Millennium Challenge Account (MCA) Lesotho Authority Act No.1 of 2008 was to be amended;
- MCA – Lesotho be renamed the Lesotho Millennium Development Agency;
- The tax exemptions under the MCA Compact to be continued after the Compact end date until work-in progress was completed and the Defects Notification Periods pertaining to the related contracts have expired.
- The Law Office was to be instructed to draft the Amendment Bill.

My audit noted the following irregularities regarding establishment of the LMDA:

- a) The MCA-Lesotho Authority Act No.1 of 2008 was not amended instead Legal Notice 151 of 2013 was published on "Millennium Challenge Account – Lesotho Authority (Continuation) Notice". This raised a concern, as substantive law cannot be amended by subordinate legislation. Another Act of Parliament can only amend an Act of Parliament. In addition, the Legal Notice provides for the continuation of MCA-Lesotho Authority to exist and function under the name LMDA as opposed to the requisite

establishment of LMDA. Therefore the existence of LMDA as a legal entity is controversial.

- b) Section 4(1) of the Income tax Act, 1993 requires that Pay As You Earn (PAYE) be charged on every individual within Lesotho who earns a chargeable income. It however transpired during the audit, that employees of LMDA do not pay income tax in the form of PAYE. This was legally founded when the Agency was still funded by MCC and while work in progress continued. Currently work in progress has been completed and the Government of Lesotho funds the budget of LMDA but the employees of LMDA do not pay PAYE. Legal consultations were conducted, and I found that in the event there is a conflict of laws, the law directly applicable to the issue supersedes. In this matter, Income Tax Act, 1993 prevails over the MCA Act 2008.
- c) The Audit revealed that to date no Amendment Bill has been drafted by the Law Office.

15.2 FINANCIAL INTELLIGENCE UNIT

The Financial Intelligence Unit (FIU) was established in 2010 under Money Laundering and Proceeds of Crime Act, 2008 which was subsequently amended by Money Laundering and Proceeds of Crime (Amendment) Act, 2016 (MLPCA). It is the central agency responsible for receiving, requesting, analysing and disseminating to the investigatory authorities disclosures of financial information concerning suspected proceeds of crime and alleged serious offences. On the 6 February 2017, the MLPCA became operational and bestowed upon the Unit the status of a body corporate having perpetual succession and capable of suing and being sued in its own name in order to enhance the independence of the Unit.

15.2.1 SUSPICIOUS TRANSACTIONS REPORTS

The FIU receives and disseminates disclosures of information concerning suspected proceeds of crimes and alleged serious offences for further investigations to the investigating authorities such as Law Enforcement Agencies (LEA) including Directorate on Corruption and Economic Offence (DCEO), Lesotho Mounted Police Service (LMPS) and Lesotho Revenue Authority (LRA). It also prepares a record of suspicious transaction to relevant authorities.

It was established that FIU did not have a systematic follow up mechanism on the Suspicious Transactions Reports sent to investigating authorities but were done on an ad hoc basis. Review of the records indicated that the number of cases in the Suspicious Transaction Reports (STRs) increased on annual basis since 2014, with a drastic increase of 326 cases in 2017/2018 from 85 cases in 2016/2017. The Unit highlighted some weaknesses in disseminating the received reports due to staff inadequacy and receiving information from relevant sources.

The audit discovered that out of the 326 cases recorded, there were some outstanding from the LMPS, which could not be traced, as LMPS did not separate them from those of the public. The absence of a systematic follow-up could result in information disseminated to the investigating authorities not receiving the attention it deserved and cases not being adequately resolved in the LEAs.

Management was advised to ensure that STR data recorded is accurate and complete with running balances and cumulative figures. Furthermore, FIU management was encouraged to discuss with LMPS the best methods of recording the cases to ensure that they are not mixed with those from the public. Alternatively, they could use an Occurrence Book reference number to follow up cases disseminated to LMPS on an annual basis. Management was also advised to put in place a mechanism to ensure systematic follow-up of the reports on agreed timeframes.

15.2.2 HUMAN RESOURCE ISSUES

Managing the human resource is essential for maximising employee performance to ensure the achievement of entity strategic objectives. The Unit has Human Resources Policies and Procedures Manual (HRPPM) for management of human resource issues. The audit revealed the following anomalies in the management of human resource function:

a) Disparity in Employment Contracts

The HRPPM states that employee tour of duty should be for a period not exceeding thirty-six (36) months. It was discovered that out of 11 employees, three had 5-year contracts while eight had 2 years. The Unit did not provide explanation for differences in duration of employment. This anomaly contravened the HRPPM and could be prejudicial to some of the employees, which

could also have adverse effect on performance. The management was advised to ensure that employment contracts signed are consistent with the HRPPM.

b) Overstated gratuity payments

The HRPPM stipulates that the amount of gratuity should be based on the employee basic salary during the contract service, including the terminal benefits payment in accordance with the conditions of service with regard to leave payment, but excluding any acting or other allowances paid to the employee.

Following the implementation of employee benefits policy effective from the financial year 2015/2016, all gratuities payments made to employees comprised the aggregated basic salary, car and housing allowances computations. The gratuity payments were overstated by a total of M469,338.41, due to inclusion of allowances in computing gratuity payments.

Management was advised to ensure that gratuities are calculated based on aggregate basic salary drawn during the period as required by the HRPPM. Management should also investigate the overpayments and take appropriate action.

c) Unauthorised Salary Increase

The HRPPM states that employee's salary increase should be effected upon written notification issued by the appointing authority or the appointed representative.

It was observed that gross salary of all staff except one increased substantially from M568,407.00 in October 2016 to M750,317.00 in November 2016 resulting in a variance of M181,910.00 or 32 percent increase. FIU did not provide either a breakdown of percentage increase or proof of approval or justification to substantiate such increase. Nonetheless, management detected improprieties caused and as a result instituted disciplinary against those responsible and also escalated the matter to LEA.

I recommended that Management should continue with investigations.

d) The HRPPM stipulates that advances against salary should not exceed the equivalent of one month's basic salary and must be repaid within four equal instalments commencing from the following month.

It was noted that there were outstanding salary advances for two officers amounting to M56,166.77 and M51,000.00, and the latter was not approved. No explanation for failure to clear advances was provided and it appeared that the officers responsible did not demonstrate the intention to repay outstanding advances, as it had been two years already following the issuance without repayments. Although the management had instituted disciplinary action against the employees, the recovery efforts were delayed as the employees in question escalated the matter to the courts of law.

Management was advised to strengthen the salary advance process or system and recover the outstanding salary advances from concerned officers.

15.2.3 PROCUREMENT AND LOSS OF STORES

Schedule 1 of the Public Procurement Regulations, 2007 states that procurement of the goods, works or services between the values of M30,000.00 to M100,000.00 requires three quotations to be obtained from three service providers.

It was established that in October 2017 three quotations were sought for the purchase of five (5) laptops as per the Procurement regulations. However, five laptops amounting to M85,896.00 were purchased in cash on 3 November 2017 from supplier in Bloemfontein and apparently those laptops were reported stolen on the same day. A case was opened in South Africa and Lesotho (case no.139/11/2017) although the police report in South Africa indicated that the complainant seemed to have been dismissive of the forensic investigations on the matter.

The purchase of computers from a foreign supplier without appropriate independent sourcing of quotations contravened the regulations, procedures and guidelines governing procurement of goods and services. Value for money could not be achieved by procuring goods from one supplier. There was no evidence that the matter was followed up.

Management was advised to strengthen the adherence to procurement laws, regulations and procedures within the Unit in order to achieve value for money. In addition, the matter should be followed-up with the police and appropriate action be taken to recover the loss.

15.2.4 IMPROPER UTILISATION OF THE RESOURCES

The HRPPM stipulates that the Director is entitled to use his/her discretion to issue cell phones and allowances thereof to employees, whose nature of the job demands working extra hours. In addition, allocation of resources should be allocated in such a way that it serves the intended purposes.

It was discovered that the IT Equipment such as laptops, desktops and tablets were not equitably distributed as one of the employees was allocated three laptops, a desktop and two tablets, while another had two tablets. This appeared to be poor management of resources, which could result in waste and misuse of the scarce Unit's resources.

Management was advised to ensure that acquisition of resources for the Unit are need based and should be allocated and utilised equitably.

15.2.5 IPAD DAMAGED AT RESIDENTIAL HOUSE

It was discovered that the Unit had a damaged iPad that was struck by fire at one officer's residential house on the 19 June 2017. There was neither evidence indicating as to whether the loss occurred due to negligence or accident, nor loss report prepared or action taken on the loss. The Unit could lose funds unnecessarily if precautions for safeguarding assets are not complied with.

A recommendation was made to Management to investigate the loss and take measures to recover the loss or sanctions be applied if necessary.

15.3 LESOTHO COMMUNICATIONS AUTHORITY

Lesotho Communications Authority (LCA) was established by Lesotho Communications Authority Act 2000, which was subsequently repealed by Communications Act, 2012. LCA is a converged national regulatory agency for the communications sector in the Kingdom of Lesotho. Its broad mandate is to license operators, facilitate the development of and regulate the communications sector. The sector is composed of telecommunications, broadcasting and postal services.

15.3.1 Procurement of Compliance Monitoring and Revenue Assurance Tool

In December 2019, the Board of the LCA approved acquisition of Compliance Monitoring and Revenue Assurance Tool at the projected minimum cost of M17 million. The maximum amount to be accepted or considered was not stipulated.

Scrutiny of records pertaining to procurement of the tool revealed that laws guiding the procurement processes were not fully complied with, which compromised credibility of the tender.

The audit further established the following anomalies in the procurement process:

- LCA processed the tenders which were far above the minimum threshold of M17,000,000.00 by range of M105,008,590.00 to M705,865,148 or 618 percent to 4,152 percent. The outrageous tender prices were an indication that a thorough research was not conducted to establish the market price for the tool.
- In the normal course of business, the Board ought to have been involved and made aware of the variation for them to make a decision in the best interest of LCA. Nonetheless, that was not the case and the tool was purchased at an amount of M529,126,709.00.
- Involvement of the Chief Executive Officer in the evaluation of tenders, which has impacted on the outcome of the results of the preferred bidder.
- A commencement fee of M7,242,021.00 was paid to the Supplier in December 2020, however the project was put on hold as there was no enabling legislation. This is a sign that it was premature for LCA to acquire the tool.
- There was no evidence that the issue of putting the project on hold has been communicated to the supplier and failure to have done so could lead to litigation against LCA.

15.4 LESOTHO ELECTRICITY COMPANY COMMUNICATIONS

Lesotho Electricity Company Communications (LECC) is a telecommunication subsidiary of Lesotho Electricity Company (LEC). LECC leases excess dark fibre capacity owned by the holding company, LEC, to provide fibre infrastructure on per segment basis to local licensed telecommunications and network services operators. The Company was registered in April 2015 with a mandate to manage LEC's fibre-optic cable infrastructure on a commercial basis.

LECC's mission is to provide reliable optic fibre communication infrastructure, broadband and Information and Communication Technology (ICT) services to wholesale users, maintain value-adding relationships with stakeholders. LECC obtained commercial license from the sector regulator, Lesotho Communications Authority (LCA), in June 2015 to lease fibre cores and capacity. The company opened its doors for business in October 2015.

15.4.1 Unremitted Revenue to Lesotho Electricity Company

LECC entered into an agreement with LEC that required LECC to remit 10% of net communications revenue derived from lease of passive infrastructure to communication customers. Contrary to the agreement LECC failed to remit a total amount of M1,588,475.00 from 2016 to 2021. The details of unremitted revenue are as shown below:

Year	Amount(M)
2016	19,124
2017	249,997
2018	435,081
2019	407,755
2020	323,352
2021	<u>153,165</u>
Total	<u>1,588,475</u>

Management of LECC was advised to remit the amount of M1,588,475.00 to LEC and a response was consideration on initialising payments due to LEC in the financial year 2021/22.

15.5 LESOTHO ELECTRICITY AND WATER AUTHORITY

The mandate of Lesotho Electricity and Water Authority (LEWA) is to regulate and control electricity supply industry, water and sewerage services in a transparent, efficient, affordable, and sustainable manner in the country.

LEWA achieves the above function through the Universal Access Fund (UAF), whose objective is to facilitate expansion of electricity services in the rural areas where they are non-existent, using moneys received from levies collected from electricity users, through payment of rural electrification levies. LEWA approves all the projects to be funded by the UAF.

a) Delay in Closure of Projects

During the review it was noted that an amount of M11,534,649.00 was withheld as retention money for 16 projects of which 14 were completed and two (2) in progress. Retention money withheld is paid after LEC has reviewed the completed work and satisfied that the work is up to the required standards and recommended payment of retention to contractors. Fourteen (14) projects were completed between 2015 and 2020 and during the audit in September 2021, there was no information from LEC (the implementing entity) of the status of implementation on the 14 projects, directing LEWA for payment of retention money or an indication that the contractors have not met the set standards and could not be paid.

The delay in payments of retention money on completed projects and in closure of the projects might lead to litigations and loss of trust by the stakeholders and therefore affect the quality of work provided. Management was advised to speed up the payment of retention fees due to contractors and implementation of the approved projects.

b) Delay in Implementation of projects

The budget for Universal Access Fund for the financial year 2020/21 was M24,238,243.00 for electrification of the following projects:

- a) 'Mahuu Project in Rothe Constituency;
- b) Toki project in the Makhalleng Constituency; and
- c) Arone project in the 'Makhoroana Constituency.

It was noted that there was a delay in implementation of the projects under Universal Access Fund, as they had not yet started at the time of audit in September 2021.

Management responded that LEC is the sole implementing agency with regards to UAF Projects. LEWA would continue to interact with LEC regarding implementation of UAF approved Projects. However, it does not have powers to monitor progress on the implementation of the Projects in terms of the Act.

CHAPTER 16: OTHER MATTERS ARISING FROM AUDIT OF DEVELOPMENT PROJECTS

16.1 MINISTRY OF HEALTH

16.1.1 HEALTH SECTOR REFORM PROJECT

a) Assets included in the fixed assets but not physically verified

During the physical verification of assets donated to Queen II Hospital under Lesotho COVID-19 Emergency Preparedness and Response Project and it was noted that some of the assets have not been used since delivery in November 2020. These include assets to the tune of M3,208,535.34, which could not be verified, as a result the assets being kept in a cramped-up storage that made it difficult to conduct the physical verification. It could not be confirmed if the assets were complete or damaged due to the poor conditions in the storage unit where they were kept.

There was no record of the assets at the storage and could not ascertain whether all the delivered assets were available or not. Furthermore, most of the assets could be damaged due to poor conditions where they were kept.

Management was advised to maintain a proper record for all assets and regularly perform physical verification of assets at least every quarter, to confirm the existence and condition of assets.

16.2 MINISTRY OF FINANCE

16.2.1 GLOBAL FUND PROJECT

The main objective of the Global Fund Project is to fight AIDS, Tuberculosis (TB) and Malaria. The Fund has been supporting the Government of Lesotho in the struggle against HIV/AIDS and TB since 2004. The Ministry of Finance is a Principal Recipient (PR) of the Global Fund tasked with the responsibility to coordinate the implementation of three (3) Global Fund grants through the Global Fund Project Management Unit (PMU) as well as the Government of Lesotho Counterpart. To facilitate the implementation of the programme, the PR has engaged the Sub-Recipients (SRs) by contracting them. The contract signed between the PR and SRs

indicate the activities to be undertaken, targets to be achieved within the stipulated time frames and the budget required to carry out those activities.

A programmatic audit was undertaken with the aim of assessing whether the implemented activities were in line with the contractual commitments laid out within the Grant Agreement, and that the implementation of these interventions supported the programmatic results reported by the Implementer (the PR) to the Global Fund. The other focus area was related to the quality of services and care provided under the various interventions of the grant.

The audit established the following deficiencies in the Ministry of Health, which is one of the Sub-recipients of the Global Fund grant:

a) Village Health Workers Challenges

The audit team visited Mokhotlong and Butha-Buthe districts. The health centres visited in Mokhotlong District were Linakaneng, Libibing, St James, Malefiloane and Mokhotlong Hospital. Health Centres visited in Butha-Buthe were 'Muela, Khukhune Community Hall and St Peter's; and Butha-Buthe hospital. The audit focused on a sample of 84 Village Health Workers (VHW) in Mokhotlong and 99 in Butha-Buthe.

Interviews were conducted with VHW, patients and health officers; and the audit noted some achievements and challenges. The critical challenges were as follows:

- The VHWs complained about lack of stationary for writing reports.
- VHWs were not provided with Personal Protective Equipment (PPE) for their safety and protection from COVID-19 when attending the patients.
- Previously VHWs were provided with medication/first aid kits with multi-vitamins, paracetamol, bath towels and soap to help patients but those were not provided anymore.
- Lack of communication between professional nurses and VHWs, for instance, information about monitoring new patients.

- Some patients did not take transfer letters to South Africa and also stopped taking medication. As a result, they came back critically ill.
- VHWs did not get their stipends on time as promised, sometimes it took six to nine months before being paid and there were no explanations on causes the delay. The arrears were never paid.
- There was no specific date for stipend payday, the VHWs travelled for long distances and incurred travel costs to town, only to find that they had not been paid.

b) Non-maintenance of Asset Register by a Sub-Recipient

The Ministry of Health did not maintain the asset register. In addition, there were no records such as stock ledger for goods received or distributed to the health facilities. The only document maintained was the pass out form, which authorised goods to leave the ministry's building. The distribution list that was provided could not be relied upon, as the distributor, receiver and the person delivering the goods did not sign. The date of distribution was also not indicated.

It was reported that fifty (50) oxygen concentrators were delivered to the Ministry of Health by the COVID-19 response mechanism and later transferred to Jhpiego by the Ministry. However, the Ministry of Health had no record on receipt and location of the oxygen concentrators.

Goods not recorded on receipt and distribution are prone to theft and loss and management was therefore advised to maintain the asset register and stores ledger.

16.3 MINISTRY OF TRADE AND INDUSTRY

16.3.1 ECONOMIC DIVERSIFICATION SUPPORT PROJECT

Missing computers

Basotho Enterprises Development Corporation (BEDCO) was one of the organisations identified to implement web-based Business Plan Competition - Promoting Enterprise Development Project under Economic Diversification Support Project funded by the World Bank. The purpose of the competition was to train potential applicants on the use of the portal as well as to enable them to access other online resources such as acquisition of goods, competitions and others. To facilitate the competition, the project procured ten desktop computers amounting to M134,490.00 from DataTech Computers and were delivered to BEDCO Maseru.

During the physical verification of assets by my office in August 2021, all ten (10) computers were recorded in the asset register of BEDCO upon receipt but were missing. The matter was not reported to the police and management of the project.

Management only learned of the missing computers following the auditors visitation to site. Subsequent to that, management that:

- The CEO has reported the matter to Project Management, Board of Directors, the Lesotho Mounted Police Services, the Minister for Small Business Development, Cooperatives and Marketing, and the World Bank.
- A disciplinary action has been taken on the Officer responsible for the department
- The Criminal Investigation Department and a Private Investigator have been on board
- BEDCO has written a letter to the security company demanding payment of stolen equipment

The issue of missing laptops defeated the purpose of training potential applicants on the use of the portal as well as to enable them to access other online resources such as acquisition of goods, competitions and others.

PART 5

AUDIT INSPECTIONS OF GOVERNMENT MINISTRIES AND DEPARTMENTS

17. CONSTRUCTION OF SCHOOL LEARNING FACILITIES

Education Facilities Unit (EFU) is responsible for executing and administering contracts associated with civil works of all buildings (including schools' infrastructure) as well as overseeing the implementation of Ministry of Education and Training (MoET) projects related to civil works.

To respond to the ever-increasing demand for more learning establishments in the country as well as improving the quality of both primary and post-primary education infrastructure, MoET had a total budget of M70,200,000.00 from 2015/16-2018/19 for construction of learning facilities.

The PAC hearings of 2018 revealed that there were schools, which were allegedly constructed by EFU and non-existent. A performance audit was therefore undertaken to assess effectiveness of EFU in the administration of construction of learning facilities and the following irregularities were identified:

17.1 NEED IDENTIFICATION

Need for construction of school learning facilities for primary or Post-primary schools is identified by the School Principals through the use of Form R42 which details the needs of individual schools on annual basis as well as through annual inspections that are carried out by District Inspectors. However, it was found out that:

- a) Form R42 were filled by School Principals and sent to the district offices though it was not clear how or whether District Office Managers used them to identify schools' need for learning facilities, as there were no compiled lists of identified learning facilities that emanated from such forms.
- b) Inspections were inadequately carried out. In some schools inspections were carried out once in a year, in others more than once while there were some, where inspections may have not been conducted at all as inspection reports were not availed. Unavailability of learning facility lists could lead to MoET being unable to have a true picture of where and what type of assistance may be needed by schools.

I recommended that DEOs should ensure that inspections are carried out at least once in a year in each school as intended and

that Chief Education Officers (CEOs) use lists of prioritised schools' needs for planning and budgeting.

Management specified that non-availability of transport had severely affected inspection plans, but they had noted the matter for consideration.

17.2 PROCUREMENT PLANS

EFU did not have Procurement Plans for the three years being 2015/16, 2016/17 and 2017/18. The risk of unavailability of procurement plans could be undertaking procurement of goods and services which were not aligned to the needs identified and failure to budget realistically resulting in either over or under budgeting.

I therefore recommended that MoET should enforce development and consideration of procurement plans when drawing a budget to ensure inclusion of all sectorial needs.

Management responded that they have noted the irregularity and will take appropriate action.

17.3 ADVERTISING

Procurement Unit only utilised local newspapers to announce invitation to tender and that was attributed to shortage of funds. Non-usage of other means of advertisement might result in prospective tenderers not knowing about the advertisement, as there were more advanced channels of communication that people preferred than newspapers.

I advised EFU management to explore other cheaper medium of advertising for ease of accessibility to a wider population of tenderers. Management response was that they have noted and will comply.

17.4 SITE VISITS

The audit could not establish as to whether site visits for project site assessment were conducted for preparation of tenders, as EFU could not provide evidence of such. Without site visits, under or over costing might be experienced and result in need for variations that may extent the project beyond expected completion date and budgeted amount.

I recommended that Management should ensure that there is enough time allocated for tender preparation so that EFU could conduct site visits in order to avoid inaccurate project estimates and variations.

Management response was that adequate time will be allocated as site visits are very important for preparation of tenders and to avoid inaccurate project estimates and variations.

17.5 PROVISION FOR CONTINGENCY

To cater for procurement variation, EFU had put aside contingency of different amounts ranging from 4 percent to 10 percent of the tender price to attend to unforeseen circumstances. However, the audit discovered that there was no criterion for determining the contingency amount for each tender. Without clear criteria in determining amounts for contingencies, there was a likelihood of providing very high or low amounts than necessary.

I therefore advised EFU to set a standard in determining provision for contingency to ensure consistency in allocating such contingencies.

Management stated that they have noted and will ensure that:

- EFU puts aside contingency amount not exceeding 5 percent of the project estimate in the most difficult sites only, as the money would only be used in situation where the variation order is issued.
- Site visits are carried out as enabling means for EFU to gather enough information necessary for project estimates and help in avoiding unnecessary contingency provisions.

17.6 PROVISION OF BID SECURITY

Records revealed that there were contractors who did not provide bid securities, yet their tenders were considered for the next stage of evaluation.

Failure to pay bid security by Contractors could indicate lack of adequate resources, which would only be realised during the commencement of the work.

I encouraged EFU to ensure that all tenderers provide bid security as required or be disqualified during opening of tenders, and also that all requisite documents are properly filed in the bid submission records.

Management acknowledged that Bid security was one of mandatory requirements and that during opening of tenders, bid security amounts are announced publicly in the presence of bidders or their representatives and to encourage EFU to ensure that the bidder who did not provide bid security receives Automatic Disqualification.

17.7 BID SECURITY REFUND

It is a requirement that bid security be refunded to both successful and unsuccessful bidders after awarding of tender. However, it was discovered that there were irregularities regarding bid security refund at EFU such as absence of register for Bidders to sign during collection of refunds. Without maintaining proper financial records, there is a high risk of fraudulent activities.

I encouraged Management to ensure proper record keeping by EFU for ease of reference and safeguarding public funds as a requirement by public financial management practices.

Management's response was that they have noted the matter and will enable EFU to ensure a proper maintenance of financial records by using Letter of Release signed by Director EFU in which the name of the bidder and bid security amount shall be clearly stated. The Letter of Release together with bid security cheque shall be photocopied and filed appropriately in the files.

17.8 PAYMENT OF CONTRACTORS

Review of payment vouchers and interviews with selected contractors revealed that there were instances whereby Contractors experienced delays in getting paid, ranging from two months to one year. Late payment of contractors could lead to delay in completion of work and a financial burden to the government.

I advised Management to ensure payment of contractors is within stipulated time to ascertain timely and quality work.

Management stated that EFU would conduct regular site visits to supervise construction works and also do the evaluation of work done on sites and ensure that they process the contractors' claims in time in order to help MoET pay the contractors within the time stipulated in the contract.

17.9 MONITORING OF WORK

There were instances whereby EFU did not conduct inspections, yet claims were lodged, and payments made to contractors. The reason provided was shortage of transport and inspectors as there were two vehicles and four Inspectors to carry out this activity for the entire country. Failure to conduct inspections could pose a risk of payments for non-existing works as well as works that did not meet required quality standards.

I recommended that management should ensure that inspection schedules are maintained and adhered to for proper monitoring of work to achieve quality work and save-guard public funds from misappropriation.

Management stated that the main objective of EFU was to supervise the construction works of MoET across the country, with proper planning EFU would follow their site visit schedule to ensure that contractors adhere to specifications and drawings leading to good workmanship, quality work and value for money buildings.

17.10 DEFECTS REMEDY

It was found out that there were times where retention fee was released to the contractor before expiry of six months of defects remedy. Payments of retention fees before the expiry date posed a risk of removing the contractor's responsibilities and adherence to requirements of the contract. This could have an impact on the quality of construction works and could also pose a risk of corrupt practices.

I therefore recommended that EFU should supervise construction works as expected, carry out inspections and issue certificates within reasonable time to ensure that retention fees are refunded after defects liability period in order to avoid paying contractors for work which still has defects.

Management response was that they would ensure that after completion of works EFU comply with all requirements by visiting sites, issuing snap list report where they find defects and issuing maintenance completion certificates when defects are remedied. Only then retention fee will be released.

17.11 RE-AWARDING WORK TO CONTRACTORS

There were occasions whereby contractors did not complete the work but were awarded other contracts. The Procurement Unit attributed that to lack of database blacklisting non-performing contractors by EFU, as a result, the Unit could not know defaulting contractors. Awarding contracts to unreliable contractors or those who could not complete previous works may compromise value for money as well as risk of more uncompleted or abandoned projects.

EFU and the Procurement Unit were therefore advised to maintain a common database of suppliers and their past performance, in order to avoid awarding defaulting contractors more projects before they could be cleared.

Management specified that it was EFU's responsibility to ensure quality and timely completion of work. They further stated that they will ensure that EFU advises the procurement unit and the Tender Panel about non-performing contractors. This would be achieved by working in collaboration with procurement unit to maintain a common database of contractors/suppliers' past performance.

PART 6

AUDIT OF COVID-19 RELATED EXPENDITURE AND MANAGEMENT OF DONATIONS

CHAPTER 18: AUDIT OF COVID-19 RELATED EXPENDITURE

18.1 INTRODUCTION

The World Health Organisation (WHO) declared Coronavirus 2019 (COVID-19) a Public Health Emergency of International Concern on 30th January 2020 and as a Pandemic on 13th March 2020. The governments and government systems were under stress across the world due to the pandemic. Lesotho was not an exception to the tragedy and had to respond quickly and urgently for the prevention of the spread of the virus and protection of Basotho across the country and to support the economy and strengthen the health care systems to cope with the pandemic.

My office has already carried out an audit on Government Response to COVID-19 pandemic in relation to compliance to the existing rules and regulations, preparedness of Government for the crisis and compliance with relevant authorities in creating awareness on maintaining public health during the crisis. The results of that audit have already been communicated in the Audit Report for the year ended 31 March 2020.

The office is currently auditing COVID-19 related activities and in this chapter I am sharing preliminary audit findings on COVID-19 related expenditure.

18.1 FUNDING FOR COVID-19 RESPONSE

A variety of funding and delivery mechanisms were employed by the government to address the immediate health and economic needs arising from the pandemic. These included income support payments, grants, procurements and tax relief.

Funding of Covid-19 response was mainly financed from the following sources:

- Advances from the Contingencies Fund
- Reallocation of existing resources
- Donor funding

18.1.1 ADVANCES FROM THE CONTINGENCIES FUND

Total advances from the Contingencies Fund for COVID-19 activities amounted to M457,993,216 as presented on Table 18.1.1. The bulk share of 53 percent was support to vulnerable people; the elderly aged 60-69 years, new destitute households and the inclusion of people with disabilities. Salaries subsidy for industrial/factory

workers and businesses affected during lockdown accounted to 32% of the total release.

Table 18.2.1 - Advances from the Contingencies Fund for COVID-19 activities

Ministry	Purpose	Amount
Agriculture and Food Security	Support to agricultural production and nutrition for 2020/21 summer cropping season and support to households during COVID-19 pandemic	45,382,430
	Payment for the stock from South Africa for COVID-19 Relief	497,505
Health	Contribution of His Majesty for purchase of Ambulances	2,000,000
Trade & Industry	Three-months salaries subsidy for industrial/factory workers during lockdown.	121,612,000
	Assistance to businesses affected negatively by lockdown.	20,000,000
	Management fees for Partial Credit Guarantee Facility to cater for COVID-19 mitigation measures.	7,500,000
Prime Minister's Office	Support of vulnerable population across all ten districts as identified by Lesotho vulnerability assessment	17,550,260
Labour	Additional funds for procurement of food parcels and PPE for distribution to Basotho mineworkers and those Basotho returning to South African mines.	1,360,000
	Testing services of Basotho Mine Workers and farm workers returning to work in South Africa.	755,300
Public Service Commission	Procurement of electronic equipment to conduct virtual interviews to minimise the spread of COVID-19	154,700
Social Development	Food packages for the vulnerable people during lockdown	15,000,000
	Support to vulnerable people, the elderly aged 60-69 years, 10,000 new destitute households and the inclusion of people with disabilities	141,871,791
	Final release of implementation of COVID-19 response plan for the social protection mitigation to cater for the Child Grant Program top-ups	84,309,230
Total		457,993,216

Source: Contingencies Warrants

18.1.2 REALLOCATION OF EXISTING RESOURCES

At its special meeting of 6 July 2020, Cabinet approved reallocation of the approved budget for 2020/2021 for economic and social response to mitigate impact of COVID-19. The total approved reallocation from recurrent expenditure was M392 million and from development expenditure was M812 million. However, the consolidated financial statements reflect actual reallocations of M1.547 billion and M810 million from recurrent and development expenditures respectively.

The significant variance of M1.155 billion on recurrent expenditure was due to the fact the Cabinet had approved a reallocation of M50 million from Centralised Items Vote but the consolidated financial statements show M1.124 billion making a difference of M1.074 billion. Breakdown of reallocations is on Appendix 6.

The actual amount received by the Prime Minister's Office per warrants amounted to M728,085,971 from March 2020 to December 2021.

Spending Unit	Date of warrant	Amount
PM's Office	31 Mar. 2020	40,000,000
PM's Office	14 Aug. 2020	195,000,000
PM's Office	24 Nov. 2020	168,514,064
PM's Office	18 Feb.2021	294,571,907
Sub-total		698,085,971
DMA	22 Dec. 2021	30,000,000
Total		728,085,971

18.1.3 DONOR LOANS AND GRANTS

a) Balance of Payments Needs

The COVID-19 situation had put extreme pressure on reserves required to sustain the peg between loti and the rand per Common Monetary Area (CMA) agreement and therefore called for a need to acquire balance of payments support. The International Monetary Fund (IMF) approved the amount of USD49.1 Million for an Emergency Support to Lesotho to meet the urgent balance of payments needs stemming from the outbreak of COVID-19 pandemic.

b) Emergency Preparedness and Response Project

The World Bank made donations totalling USD11 million through Emergency Preparedness and Response Project (EPRP). The bank further granted a Loan of USD22 million for Vaccines through the same project. The EPRR had two components; COVID-19 Response and Project Management under COVID-19 response. The project procured medical equipment and distributed them to various Government and Christian Health Association of Lesotho (CHAL) hospitals.

c) Other financial contributions and pledges

There were other financial contributions and financial pledges in the amounts of M157 million and M905 million respectively as detailed in Tables 18.1.3a and 18.1.3b for procurement of various medical equipment, trainings, vaccines, screening, etc.

Table 18.1.3a - Financial Contribution by Source/Partner

Partner	Contribution (USD)	Contribution (Maloti)
Global Fund (MoF PMU)	980,630	16,141,405
Mothers to Mothers	40,887	714,706
PEPFAR_CDC_USAID (ICAP)	3,967,432	69,350,712
UNDP	540,000	9,449,280
UNICEF	415,000	7,254,200
IFAD	1,090,371	18,756,224
WHO	710,000	12,410,800
PIH	837,083	14,632,216
China Aid Consignment	274,600	4,800,000
World Vision	6,118	106,939
Total	8,862,121	153,616,482

Source: Records of the Ministry of Development Planning

Table 18.1.3b - Financial Pledges by Partner

Partner	Contribution (USD)	Contribution (Maloti)
European Union	12,719,980	220,520,630
African Development Bank	6,850,000	119,738,000
World Bank	30,000,000	524,400,000
World Health Organisation	523,320	9147633.6
United Nations Children's Fund	394,000	10,383,120
United Nations Population Fund	139,680	2,441,606
Government of Japan	938,218	16,400,056
United Nations Development Programme	107,000	1,870,360
Total	51,672,198	904,901,406

Source: Records of the Ministry of Development Planning

d) Non-Financial Contributions

There were also non-financial contributions such as Medical equipment, Testing kits, surgical masks, protective gowns, injections, sanitizers, etc. from AHF, Baylor, CHAI, EGPAF, Global Fund, ICAP, Jack Ma Foundation, Japan UNAIDS (LENPWA), UNICEF, WHO, World Bank, IOM, China Aid Consignment, IAEA, World Vision, UNDP, etc.

18.2 ACCOUNTABILITY OF COVID-19 FUNDS

The Chief Executive of the Disaster Management Authority is required by the Disaster Management Act 1997 to maintain accounts in which he should record receipts into the Disaster Management Fund and disbursements from the Fund. The Act further requires that the Auditor-General should audit the accounts of the Authority.

However, the Chief Executive has failed to prepare the financial statements relating to the activities of the Fund over the years. That has significantly compromised accountability of receipts and payments and in particular those funds earmarked for COVID-19 activities.

APPLICATION OF RESOURCES

18.3 WASTEFUL SPENDING OF PUBLIC FUNDS

The declaration of State of Emergency on COVID-19 by the Right Honourable the Prime Minister in terms of Section 8 of Disaster Management Act 1997 was a commendable move to contain the virus with a view to protect the nation, support the economy and strengthen the health care systems to cope with the pandemic.

I noticed with dismay that despite the good intention of the Right Honourable the Prime Minister, the bulk of public funds was not used on critical events or activities aimed at curbing the spread of COVID-19 pandemic negatively impacting on lives of citizens. The bulk of expenditure was mainly on food and other activities not addressing the pandemic.

18.3.1 Extreme spending on Lunch Meals

It was discovered that expenditure totalling M22,443,781.00 was incurred for provision of lunch meals for officers on duty at Convention Centre since the pandemic outbreak. The meals were for public officers who were at their duty stations and such officers

included members of the National Security Service (NSS), Lesotho Mounted Police Service (LMPS), Lesotho Defence Force (LDF), Cabinet Staff, Drivers, etc.

I could not establish the activities that were done differently during COVID-19 pandemic to attract such expenditure on meals while under normal circumstances the officers in their duty stations provide for own lunches. It was further noted that a total amount of M16,249,749.00 was spent on dry rations and lunch for LMPS and LDF officers while on COVID-19 operations. I also failed to understand the reason this expenditure was incurred on security officials, as there are dedicated expenditure votes for meals in their respective ministries when they perform the same core business of security function in the country.

The situation is quite disturbing considering the fact that most of the people in the country were without meals on the account that they were unemployed while others have lost their jobs due to the global crisis of the pandemic. This expenditure could have been incurred to buy food packages for the people in dire need and mostly on COVID-19 activities that add value to the lives of citizens.

18.3.2 Overcharged Meals

At the beginning of the COVID-19 pandemic, the National Emergency Command Centre (NECC) determined a standard price of M100.00 per meal to be used by all caterers for charging meals for both lunch and dinner.

It was however noted that some caterers charged meals prices ranging from M150.00 to M200.00 per meal in excess of set price of M100.00 agreed upon with NECC. The amount due to four suppliers totalled M279,500.00 but the invoiced amount was M416,000.00 resulting into overpayment of M136,500.00 as shown of Table 18.3.2.

Table 18.3.2 - Overcharged prices of meals

Payee	Description	No. of people	Amount due	Charge per meal	Total Amount paid	Amount overpaid
A	B	C	D= (C*M100*days)	E	F = (C*E* days)	G=(D-F)
Rhythm & Blues	Meals for people at NECC for 7 days from 6-12 Apr. 2020	175	122,500	120	147,000	(24,500)
		190	133,000	170	226,100	(93,100)
Double Joy	Meals for LMPS and NSS officers for 7 days from 30 Mar. to 5 Apr. 2020	150	15,000	180	27,000	(12,000)
Lipholo Catering	Meals for 70 PSs and NECC	70	7,000	170	11,900	(4,900)
Jaby Snack Bar	Meals and soft drinks for 10 officers cleaning Convention Centre from 19-20 Dec. 2020	10	2,000	200	4,000	(2,000)
Total			279,500		416,000	(136,500)

Source: Payment Vouchers

18.3.3 Uneconomic spending

Three (3) suppliers were selected and awarded contracts under limited competitive tendering for each to supply 14,000 fortified drinks, 14,000 biscuits and 7,000 Phuzamandla for LDF members while on COVID-19 operations.

The audit noted that the prices for some commodities were extremely different to the extent that one supplier charged a total amount of M326,900; another one M456,400 and the third one charged M658,000 as indicated on Table 18.3.3 below.

Table 18.3.3- Price variations on procured goods

Qty	Description	Morning star		Legha Enterprise		Double Joy	
		Unit Price	Total (M)	Unit Price	Total (M)	Unit Price	Total (M)
14000	Fortified Biscuits	5.50	77,000	11.00	113,400	8.10	154,000
14000	Fortified Orange drinks	3.85	53,900	9.00	126,000	8.00	119,000
7000	Phuzamandla	28.00	196,000	31.00	217,000	55.00	385,000
Total			326,900		456,400		658,000

Source: Quotations, invoices

Management was advised to strengthen the controls to ensure that procurement processes are always followed regardless of the chosen method to avoid manipulation or collusion with suppliers in the process of acquiring goods.

18.3.4 Payment of rent to Avani Maseru Hotel

Section 4 (l) of the Disaster Management Act 1997 requires that the Minister with his powers during state of disaster to request publicly owned building, vehicles and equipment on the charge of central and local government institutions needed for emergency purposes.

The National COVID-19 Secretariat (NACOSEC) occupied estimated area of 5,160 square metres, which were 60 rooms at Avani Maseru Hotel from July to October 2020 at the rate of M72.61 per square metres resulting into a monthly obligation of M374,670.00. A payment of M1,184,441.00 was made in February 2021.

Had the Minister sought alternative accommodation as required by law, Government would not have incurred such expenditure.

18.3.5 Expenditure not Mitigating COVID-19 Crisis

The expenditure dedicated to COVID-19 related activities was incurred on issues not mitigating risks associated with COVID-19. Such issues included the following:

- A total expenditure of M5,173,465.00 was incurred at the Prime Minister's Office for cleaning services. The amounts of M5,058,590.00 and M114,875.00 were paid to Mathabo Trading (Pty) Ltd and MST respectively.
- Landscaping at the Convention Centre by Mpita Landscaping & Cleaning Services for 5 months at the cost of M239,200.00.
- Settlement of Government hospitals debt to the tune of M205,268.38 incurred prior to COVID-19 pandemic with Afrox Limited from November 2016 to March 2020.

Management was advised to use funds allocated solely to COVID-19 related activities to avoid risk of misappropriation and fraud.

18.4 COVID-19 QUARANTINE FACILITIES

In the effort to curb the spread of COVID-19, the Government procured mandatory quarantine facilities to accommodate all citizens entering the country and returning residents for a minimum period of fourteen (14) days. The purpose of procuring the quarantine facilities was to prevent transmission of the disease by restricting movement of persons who were not certainly ill but believed to have been exposed to COVID-19 infection. The Prime Minister's Office and the Ministry of Health entered into agreement with the quarantine facilities.

The audit however, noted that the procurement processes were not followed in that there was no evidence that the selection was from the database of suppliers from the Prime Minister's Office, the Ministry of Health or any notice of single sourcing proceedings hence retrospective approval of majority of service providers by Tender Panel. This includes inter alia the following anomalies:

18.4.1 Quarantine Services provided without contracts and purchase orders

For suppliers to provide goods or services to Government, a supplier should receive a purchase order from a Government department. However, A.M. Nqoko Investment Property (Pty) Ltd and Khali Hotel provided quarantine services to the amount of M2,382,030.00 for 85 and 66 people respectively without request from relevant authorities. The purchase orders were issued some weeks after quarantine dates as indicated below.

Payee	Dates of quarantine	Requisition date	Purchase Order date	Amount
A.M. Nqoko Investment Property	8-25 Jan. 2021 (18 days)	9 Mar. 2021	9 Mar. 2021	1,319,430
Khali Hotel	9-23 Jan. 2021 (15 days)	12 Feb. 2021	11 Feb. 2021	1,062,600
Total				2,382,030

The audit further noted that contracts with quarantine facilities were signed after the quarantine services had already been provided as shown below:

Payee	Description	Contract Date	Amount
Mount Maluti Hotel	472 people quarantined from 15 May 2020 to -9 July 2020	20 Jul. 2020	532,000
Mohale oa Masite	Accommodation, meals and drinks for quarantined people from 14-24 Jun. 20	14 Aug. 20	168,800
Rubicon	Meals, accommodation for quarantined people from 08- 21 Jun. 2020	22 Jul. 20	232,640
Carribian	Meals, accommodation and drinks from 02 Jun. 20- 15 Jul. 2020	1 Aug. 20	672,000

Management was advised to make a follow-up on the matter and investigate further whether the quarantine services were actually rendered.

18.4.2 Breach of contract on quarantine facilities

Procurement Unit recommended and provided lists of the hotels and guesthouses that would provide quarantine facilities during COVID-19. The list showed the maximum beds to be provided and the facilities were to be paid M1,000.00 as a standard rate for accommodation which comprised M270.00 for meals (Breakfast M70.00, Dinner and Lunch charged at M100.00 per meal) and M730.00 for accommodation.

Scrutiny of records revealed that there were several incidences where numbers of quarantined people exceeded the capacity of quarantine facilities per agreement with the Government of Lesotho. Therefore overcrowding in the rooms defeated the purpose of isolation as it increased the interactions between quarantined people.

On a sample of quarantine facilities, an amount due per standard rates was M5,204,000.00 and the amount paid totalled M8,498,294.00 resulting in excess payments of M3,294,294.00 as presented on Table 18.4.2.

Table 18.4.2 - Facilities that accommodated people in excess of capacity

Supplier	No. of days	Capacity	Std. rate	Amount Due	Amount Paid	Amount Overpaid	Excess Capacity
A	B	C	D	E = B*C*D	F	G = (E-F)	H = G/(B*C)
Mountain View Hotel	14	82	1,000	1,148,000	1,979,900	(831,900)	(59)
Mountain View Hotel	14	82	1,000	1,148,000	1,660,426	(512,426)	(37)
Khali Hotel	14	29	1,000	406,000	1,062,600	(656,600)	(47)
Village Light GH	14	10	1,000	140,000	201,000	(61,000)	(4)
Village Light GH	14	10	1,000	140,000	128,040	(6,900)	1
Mount Maloti Hotel	7	80	1,000	560,000	1,197,000	(637,000)	(91)
Aloes	17	22	1,000	374,000	945,680	(574,680)	(34)
Cyaara	14	23	1,000	322,000	330,912	(8,912)	(1)
Cyaara	14	23	1,000	322,000	330,912	(8,912)	(1)
Cyaara	14	23	1,000	322,000	330,912	(8,912)	(1)
Cyaara	14	23	1,000	322,000	330,912	(8,912)	(1)
TOTAL				5,204,000	8,498,294	(3,294,294)	

Source: Payment vouchers

The root cause of overpayment might have been accommodating more than one person in a room and charging per head not per room.

I recommended to Management that in future they should control overcrowding by developing clear guidelines for setting up quarantine facilities, evaluating the capacity of each facility, undertake risk assessment and putting in place monitoring tools such as daily reports to prevent transmission of the pandemic.

18.4.3 Doubtful Payments to Quarantine Facilities

Quarantine facilities' forms were designed to show the particulars of the quarantined people including the name, identity number, next of kin's name, home place, telephone number and the signature as evidence that such a person was actually admitted.

The review noted that there were cases where the quarantined people did not sign the forms. The sample of records examined revealed that payments totalling M13,021,645.00 in respect of accommodation and meals for quarantine people were effected without initialled lists of people who were actually quarantined.

I encouraged Management to ensure that payments made are duly supported by all relevant and accurate supporting documents as evidence that the payments are for services or goods provided.

18.4.3 Overpayments to quarantine centres

Payments should be processed for goods or services rendered after checking the correctness of invoices against those services or goods provided. It was noted that payments were made for overlapping dates on the invoices as in the following cases:

- Payment Voucher dated 18 November 2020 in favour of Hotel Mount Maluti issued per invoice number 10740 dated 25 July 2020 covered a period of seven (7) days from 19 July 2020 to 25 July 2020. However, on the same payment voucher, an invoice number 10751 dated 21 July 2020 covered a period from 21-27 July 2020. This means that 5 days from 21-25 July 2020 which appear on both invoices constituted an overpayment of M75,000.00 (15 people * 5 days * M1000.00).
- Joy Guesthouse submitted invoice for 18 days from 11-28 July 2020 in respect of people quarantined and was paid an amount of M150,650.00 on 12 February 2021. This payment of M150,650.00 included an amount of M126,000.00 for 18 days which was already in the payment of M223,000.00 made on 12 August 2020 for the days from 2-30 July 2020. Therefore, there was an overpayment of M126,000.00 for 18 days.

I recommended to Management to take appropriate action on the overpayment for accommodation and ensure that the responsible officer check the correctness of payment vouchers, invoices and services rendered before they are paid.

18.5 RELIEF ACTIVITIES

18.5.1 Relief activities to Businesses

In its efforts to mitigate the adverse impact of the pandemic on private sector especially on the Micro Small and Medium Enterprises sector, GoL allocated funds from Lesotho Enterprise Assistance Program under Private Sector Competitiveness and Diversification Project to provide assistance to hospitality sector businesses affected by COVID-19. The Ministry of Trade and Industry (MTI) distributed the relief funds to various businesses.

The MTI paid a total amount of M620,000.00 to thirty-one (31) beneficiaries at a rate of M20,000.00 each. Eight (8) out of thirty-one (31) were hotels and guesthouses that the Government engaged as quarantine facilities to supply accommodation and meals.

It appears that there was no coordination on management of COVID-19 relief funds between the other stakeholders such as MTI and the Ministry of Health as some of the businesses could have been excluded as beneficiaries especially those which were already engaged with the Ministry of Health to accommodate quarantined people. The following businesses benefited from MTI and MoH:

Beneficiary	Ministry of Health	Ministry of Trade
J&E Cyaara Guest House	1,576,803.50	20,000.00
Qacha's Nek Guest House	606,738.00	20,000.00
Khali Hotel	2,673,574.65	20,000.00
Aloes Lancer's Gap	81,567.00	20,000.00
Aloes Lodge	1,013,274.61	20,000.00
Ka Pitseng Guest House	1,182,136.00	20,000.00
Scenery Lodge	1,213,300.00	20,000.00
Hotel Palace	2,110,256.00	20,000.00
Total	10,457,649.76	160,000.00

It is worth-noting that these businesses were undoubtedly affected by COVID-19 as well but the Government had already extended assistance by selecting them as quarantine facilities. Therefore, these beneficiaries unjustly benefited from the relief fund.

I advised Management to ensure that in future clear guidelines are set on how each ministry should engage so that all activities performed by the ministries are adequately well coordinated and effectively managed for achievement of the ultimate goal of curbing the pandemic.

18.5.2 Subsidies to Industrial Employees

In response to COVID-19 pandemic crisis, GOL through Ministry of Trade and Industry transferred funds amounting to M121,609,000.00 to Lesotho National Development Corporation (LNDC) for administration, whereby it was supposed to transfer such funds to eighty (80) factories' bank accounts for payment of salary subsidy amounting to eight hundred maloti (M800.00) to 50,601 factory/companies workers for three (3) consecutive months.

The audit noted that there was no Memorandum of Understanding (MOU) between GOL and LNDC on how to administer the subsidy. The returns and the final report from MTI on how the funds were utilised and the proof of payment to the workers were not availed.

The internal audit report of LNDC entailed among other things the following concerns:

- The funding by GoL was inadequate to cover all listed factory workers.
- The firms provided different lists in three months for subsidy payment, therefore, Internal Audit could not reconcile and identify the cause of the discrepancies.
- Internal audit discovered that Middle Sky Trading submission differed as they claimed for 80 employees in April and 99 in May and June.
- There were shortfalls in the selection criteria employed by LNDC of not paying employees who earn salary above M5,000.00 as some firms did comply and some did not.
- GOL did not cater for administration fees for the project and there was no guidance on treatment of bank charges incurred by the firms.

I advised Management to ensure that responsible officer provide the returns showing how funds allocated were utilised for assurance of transparency and accuracy.

18.5.3 Food Parcels for Basotho living in South Africa

The impact of COVID-19 pandemic on the citizen of Lesotho living in South Africa was devastating as the country considered the welfare of its citizen. The South African government distributed food parcels and grants to its citizen. The situation became unbearable to all foreigners including Basotho people. In order to mitigate the effect of COVID-19 pandemic on its citizens, Government of Lesotho made a decision for providing virtual vouchers procured for food parcels for Basotho living in Republic of South Africa.

The Government through Ministry of Social Development (MoSD) entered into contract with Shoprite Checkers (Pty) Ltd in May 2020 for facilitation of food parcels to twelve thousand (12,000) stranded Basotho living in Republic of South Africa (RSA). An amount of M3,999,660.00 was transferred to Lesotho High Commission in Pretoria on 24 June 2020 for onward transmission to Shoprite Checkers (SA) as payment of virtual vouchers in the amount of M350.00 per person. Shoprite (SA) provided 5 percent discount which brought the amount of disbursement to M4,200,000.00.

It was established that the MoSD had no database of Basotho people living in the Republic of South Africa as a huge number of them were not documented. Therefore, it could not be verified that the list of all 12,000 people which the MoSD obtained through the International Organisation for Migration were indeed the citizens of Lesotho.

The report prepared by the MoSD states that 11,702 SMSes vouchers for food packages were delivered and 298 were rejected. The redeemed vouchers at Shortprite (SA) stores were 10,563 out of 11,702 delivered and the remaining 1,139 SMSes vouchers were not redeemed within the redemption period. An explanation provided was an assumption that the owners of the cellphone numbers had returned back to Lesotho or deleted the SMSes by mistake.

Apart from the discrepancies noted, the report showed that the amount of food packages that never reached Basotho people who were stranded in the Republic of South Africa amounted to M502,950.00 [(1,139+298)* M350.00].

I recommended that Management should follow-up the matter and recover the balance from Shoprite SA.

18.5.4 Relief funds for students studying abroad

In May 2020, the Principal Secretary of the Ministry of Development Planning requested the Principal Secretary in the Prime Minister's Office to transfer student grants funds amounting to M4,065,454.53 to 239 Basotho students who were studying in China and other countries. Two hundred and one (201) were studying in China while thirty-eight (38) were studying in other countries. The funds were supposed to be transferred to the students' individual bank accounts as provided by Ministry of Foreign Affairs and International Relations. Further directive from PS Development Planning indicated that PS in the Prime Minister's Office should pay for thirty-five (35) students that were studying in Botswana.

The following anomalies were noted;

- The list from Lesotho Embassy in Beijing, China did not indicate the bank account numbers for two students. It would therefore have not been possible to transfer money to their accounts. Also, there were three cases whereby the student name differed from account holder's name.
- Out of 201 students' names provided by the Embassy, 118 students provided their Lesotho bank account numbers and that made it difficult to ascertain whether they were still in foreign countries continuing with their studies or not.
- The requirements for a student to be paid stipend were confirmation from the University, study permit, bank confirmation and Lesotho passport. It was found out that only fourteen (14) students studying in Botswana had University confirmations attached to the respective payment vouchers. That raised a doubt as to whether the other students remaining were actually studying or not.

- The stipends for students studying in Botswana were paid in February 2021 yet they were for the months of April, May and June 2020. That means they were paid eight months after the scheduled time as the directive was made in May 2020 and never served the purpose for which these students' grants were intended.
- In the absence of the required information it is probable that the funds may be transferred to the wrong beneficiaries. Management was encouraged to obtain the bank confirmations and proof of transfers to respective students from the bank and reconcile the payments with the student list.

18.6 ANOMALIES IN THE PROCUREMENT PROCESS

18.6.1 Inappropriate Evaluation Criteria

The Procurement Unit in the Ministry of Health requested quotations for the supply and delivery of COVID-19 supplies. The requests to quote stipulated the mandatory requirements for the companies to qualify for the supply of goods/services and amongst the selection criteria was the experience of the company.

In principle, where experience is one of the selection criteria the unit must do a two-stage evaluation where companies are first evaluated on experience and only those that have the appropriate or needed experience will be considered for financial evaluation.

Scrutiny of records revealed the following:

- The evaluation did not include the experience of the company as one of the evaluation criteria and there was no technical evaluation, which could have considered the experience of the company. The evaluation scores were based on the price only.
- The requests for quotations required that both technical and financial proposal be submitted in one envelope instead of two separate envelopes.

Therefore tenders totalling M67,754,446.00 were irregularly approved by the Tender Panel.

I advised Management to ensure that procurement procedures and processes as stipulated in Public Procurement Regulations 2007 are strictly adhered to avoid the risk of awarding contracts to un-deserving suppliers.

18.6.2 Irregular engagement for transport services

Section 8 (1) (c) of the Public Procurement Regulations 2007 stipulates that the procurement units should seek approval from the Tender Panel to employ direct or sole source contracting procedures where required goods, works and services are proprietary and obtainable from only one source. Section 8 (3) of the same regulations further requires that for single sourcing method, the procurement unit should request submission of a quotation and might negotiate the sole trader. Furthermore, Sub-section 5 of the regulations requires that the recommended award should be submitted for approval to the Tender Panel.

The Disaster Management Authority did not comply with the above stated legal requirements when they engaged Mashapha Transport to transport COVID-19 suspects from all borders across the country to quarantine facilities in 2020 at the cost of M1,053,509. The following anomalies were noted on this engagement:

- There was no approval of the Tender Panel for this method of engagement and contrary to the requirement that sole source contracting procedures should be applied where required goods, works and services are proprietary and obtainable from only one source, Mashapha Transport was engaged though they were not the only supplier of transport in the country.
- Quotations were not sought from at least three suppliers and the evaluation process was not done to ensure economic spending of public funds instead Mashapha Transport was the only provider the Unit showed interest on during COVID-19, which portrayed biased monopoly.
- There was no contract signed for engagement of this supplier and the supplier was found to have irregularly raised invoices for services that were not ordered. That was revealed by the fact that the dates of the Purchase Orders came after the dates of the invoices.

The audit also established even though the Minister of Finance issued a retrospective approval of waiver for payment of Mashapha Transport, a recommendation was made to management to take action upon the officer/s involved in engagement of Mashapha Transport without following procurement procedures.

18.6.3 Purchases from suppliers with questionable licences

Ministry of Trade and Industry issues various licences to suppliers to serve distinctive purposes applied for. These licenses allow the suppliers to supply commodities authorised by the license.

On the contrary, the Ministry of Health contracted suppliers to provide goods and installation services to the tune of M7,390,278.00 despite the fact that the nature of the businesses of these suppliers as categorised in their licences were not in conformity with required supplies. It could not be established as to why the Ministry did not purchase medical consumables from NDSO as required by law but rather opted for unauthorised suppliers.

Table 18.6.3 shows the details of irregular purchases of medical commodities and services.

Table 18.6.3 - Commodities supplied by Unlicensed Suppliers

Supplier's Name	Nature of Business/Traders Licence	Details of engagement	Amount
Bokamoso Medical Aid	Specialised dealer in Co Administration of Medical Schemes	Supply and deliver 100*2L fog liquid for fumigation at MoH.	711,201
Ms Broker	Specialised dealer in office equipment and other office consumables.	Supply, delivery, and installation of medical (Oxygen) equipment to MoH.	1,316,776
		Provision of 250 Oxygen gauges & 100-gauge pin index	1,566,659
Frasers Lesotho	Wholesaler	Supply, delivery, and installation of medical equipment	2,509,990
Oasis Business Suppliers	Specialised dealer in office furniture	Supply and delivery of Bed and Mattress	1,285,652
Total			7,390,278

Source: Payment Vouchers

Management was advised to consider the nature of the business when engaging a supplier to avoid the risk of receiving poor quality of goods and fraudulent activities.

18.6.4 Procurement of medical consumables without requisite approval of NDSO

Section 2 of the Finance Notice, 2007 mandates the National Drug Service Organisation (NDSO) to procure, store, and distribute Medicines, Medical Supplies and other medical consumables to the health institutions and other charitable organisations in Lesotho. Section 10 (2) of the same Notice further requires that in cases where such products and are not obtainable from NDSO, an approval to buy the medical supplies elsewhere should be sought from NDSO.

The scrutiny of records revealed that medical supplies, listed on Table 18.6.4 to the tune of M17,360,955.00 were purchased without requisite approval of NDSO.

Furthermore, the audit could not substantiate the accuracy of the payments totalling M17,306,930.00 to Engcobo Pharmacy and Team Trading Enterprise as the quantities and unit prices were not reflected in the source documents.

Table 18.6.4 - Medical consumables procured without NDSO Approval

Supplier name	Dealership	Description	Qty	Unit price	Total
ENGCOBO PHARMACY	-	Supply of PPE: Face masks	-	-	14,785,430
TEAM TRADING ENTERPRISE	Medical equipment & Laboratory	Supply of PPE: Disposable gown	-	-	2,521,500
MST	Cleaning Service	Surgical masks	83	135.00	11,205
		N95 masks	8	1,040.00	8,320
		Non-breather masks	50	120.00	<u>6,000</u>
					25,525.
AFFAIRTON	Cleaning services.	Surgical Masks	300	95.00	28,500
Total					17,360,955

Source: Quotations, Orders, Payment vouchers

18.6.5 Contracts Awarded to unregistered Suppliers

a) Unregistered Caterers

According to Section 15 (1) of the Accommodation, Catering and Tourism Enterprise Act of 1997, no person should operate an accommodation, a catering or tourism enterprise unless the person has obtained a valid license from the Board.

This requirement was not adhered to as eight (8) suppliers provided accommodation and catering services to the tune of M1,012,270.00 on COVID-19 operations without licenses from the Board. The licenses attached to the payment vouchers were snack bar licenses obtained from the Ministry of Trade and Industry.

b) Expired Trader's Licence

According to Section 16 (1) (c) of Procurement Regulations of 2007, a business not fulfilling its tax, levy fees and other liabilities pursuant to the legislation of Lesotho or the country of establishment of tender's business operations is regarded as unsatisfying the general conditions for prequalification.

Despite the above stated requirements Ntsubise General Dealer's license expired on 4th February 2020 but a purchase order for supply of goods worth M187,000.00 was issued on 2nd April 2020, approximately 2 months after expiration of the license.

18.6.6 Invoices received before issuance of purchase orders

Government procurement procedures require that purchase order should be placed to the supplier and the supplier is required to issue an invoice after supplying goods or services. It was observed that there were cases whereby dates of invoices came before dates of purchase orders indicating that the suppliers provided the goods or services without being formally requested to do so through the Purchase Order.

- Invoices to the tune of M4,774,981.00 for catering services were raised before receiving purchase orders; and goods totalling M2,459,369.00 were delivered before receiving purchase orders.
- There were instances where goods and services were delivered before approval of the Tender Panel.

The audit concluded that the purchase orders were prepared as a formality just to facilitate payments thus the possibility of awarding contracts to unqualified suppliers without following proper procurement regulations. If this practice continues, it might lead to situations where officers might collude with suppliers to defraud public resources.

I recommended that investigations should be carried out to establish the irregular engagement of suppliers and payments of goods and services not ordered.

18.6.7 Breach of contracts

a) Breach of contract on specifications

The procurement procedures require that any deviations from the specifications of the ordered goods, works and services is a breach of contract and should not be accepted on delivery.

The Procurement Unit in the Prime Minister's Office engaged Anway Rite Value Distribution & Wholesalers to provide 3 desktop computers and 27 laptops for districts and NECC Operation coordination respectively at a total value of M336,930.00. The details of specifications included among others, the Intel processors i5 6th Gen or Higher for laptops.

It was discovered from the records that upon receipt of the equipment, the Director-General ICT informed the Tender Panel Chairperson that the specifications of the supplied laptops deviated from the ones ordered as the supplier procured AMD r3 processors instead of the one stipulated in the order. Despite the concerns of the Director-General that the supplier having degraded the processors, the price should have been lower, a payment was made to Anway Rite Value Distribution & Wholesalers.

b) Breach of contract on dates of delivery

The contract signed between the Ministry of Health and New Horizon Surgical & Medical Supplies stipulated that deliveries should be done in accordance with the delivery schedules agreed with the purchaser, and the delivery period should be 21 days after receiving the letter of credit.

The contract was signed on 21st April 2020 for supply, delivery, and installation of medical equipment to the Ministry's hospitals. The delivery schedule stated that the supplies should be delivered within 3 weeks after signing a contract while the Letter of Credit was signed on 3rd July 2020. The supplies were therefore supposed to have been delivered end of July 2020.

Contrary to the above, the supplies to the tune of M1,861,622.00 were delivered in batches in August, September and October 2020 which was after the schedule period and that constituted a breach of contract.

I advised Management to check credibility of suppliers before awarding contracts.

18.7 HUMAN RESOURCE ISSUES

18.7.1 Staff compliment of NACOSEC

In my last year's report, I pointed out that the number of filled and vacant positions at NACOSEC could not be established, as staff compliment was not provided. After that audit, NACOSEC produced a staff compliment of 159 officers, comprising 115 Technical staff, 39 Drivers and 5 Office Assistants. However, the salary structure did not indicate number of positions under each category. Consequently the positions were filled with more than one person and there were also 40 filled positions listed below which did not appear in the salary structure.

Position	Number
Head Legal	1
Financial Management & Procurement	8
Human Resource	5
Information Technology	7
Communication & Publicity	9
Stakeholder Management	6
Economic & Social Impact	4
Total	40

18.7.2 Payment of allowances to public servants

According to a Memo of the Chief Executive Officer of NACOSEC dated 19th April 2021, the Cabinet Task Force on COVID-19 had granted authority to the CEO of DMA to pay allowances to public servants who were not assigned to NACOSEC but daily perform COVID-19 activities. The authority referred to public servants working in Accounts, Procurement, Human resources and Legal Department that perform COVID-19 functions as the direct recruited staff could not perform some functions as they were restricted by government procedures. CEO further indicated that it was resolved that they should be paid same allowances as the other public servants assigned to NACOSEC.

Allowances totalling M2,741,596.00 were duly paid to public servants redeployed at NACOSEC and those working from their ministries. However, the following audit concerns emerged:

- A copy of directive from Cabinet or Minutes granting approval of the allowances was not availed for audit verification.
- The Public Officers redeployed and those working from their respective ministries were given allowances ranging from M2,000.00 to M30,000.00 instead of Honorarium which should not exceed M5,000.00 payable once as per Government Policy.

18.7.3 Payment of Risk Allowance

a) Risk Allowances paid to CHAL Health Workers and Support Staff

In a meeting held between Health Professionals Association (HPA) representatives and Cabinet on 23rd July 2020, it was agreed that Health Care Workers and Support Staff be given risk allowances classified in the three categories as follows:

Category	Description	Number of staff	Rate (Maloti)
1	All workers that work in two Covid-19 isolation centres thereby taking care of confirmed cases, ambulance drivers who transport confirmed cases to centres and Lab personnel at NRL who conduct tests on swabs from Covid-19 suspects	233	3,500

2	Healthcare workers who work in non Covid-19 health facilities and work in direct contact with patients	3,155	3,000
3	Healthcare workers and support staff who work in non Covid-19 isolation Centres and do not work in direct contact with patients. This includes Pharmacists, Social Workers, Environmental and Administration	-	2,000

It was discovered that the lists of workers entitled to risk allowances stipulated neither their designation nor the health facility where they were located. Those lists were doubtful whether they were indeed from the health facilities as they were typed in Excel sheets with neither facility letterhead nor date stamp. The audit could not also determine whether the category used was in favour of the persons entitled for risk allowances.

It was further established that the total risk allowances paid to Health Care Workers and support staff amounted to M96,144,112.00 against the budgeted amount of M80,000,000.00 thus resulting into over-expenditure of M16,144,112.00 or 20%.

In the absence of letterheads or date stamps, workers entitled to risk allowance could not be verified and ineligible Health Workers could have been paid risk allowances hence overpayment of M16 million.

18.8 COMPLIANCE WITH TAX LAWS

18.8.1 Inconsistencies in deduction of Source/Withholding Tax

Section 15 of the Income Tax Act 1993 states that for services provided to the amount of M3,000.00 or more, source tax should be deducted at the rate of 5 percent from local companies and 10 percent from foreign companies respectively.

Contrary to the above, inconsistencies were observed for a number of procurement activities under subsistence allowance vote in respect of the caterers engaged by the NECC where 5 percent source tax was withheld and remitted to Lesotho Revenue Authority

(LRA) on some payments and neither deductions nor remittance made to LRA on other payments. Source tax not deducted amounted to M4,458,500.

18.8.2 Non remittance of PAYE to the Lesotho Revenue Authority

The Income Tax Act of 1993 requires that tax be imposed upon all persons earning income being individuals, partnerships, companies or other taxable entities. PAYE is tax charged by employer from the employee's earnings and remitted to Lesotho Revenue Authority (LRA).

It was discovered that PAYE totalling M3,682,966.14 withheld from salaries and allowances of NACOSEC staff, redeployed civil servants and civil servants working from their ministries was not remitted to LRA.

It was further established that out of PAYE totalling M2,978,614.63 withheld from temporary health workers' wages only M705,790.86 was remitted to LRA leaving a balance of M2,272,823.77.

18.9 PHYSICAL VERIFICATION OF MEDICAL EQUIPMENT

The Government of Lesotho and the World Bank entered into an agreement under the Lesotho COVID-19 Emergency Preparedness and Response Project (LC-19EPRP) where the bank provided a grant of USD7.5 million to procure medical equipment to various Government and Christian Health Association of Lesotho (CHAL) hospitals. The donor procured the equipment directly from the reputable suppliers outside the country. Upon arrival, the Procurement Unit of the Ministry of Health distributed medical equipment to all designated hospitals.

My office accompanied by the officer from the Ministry of Health made a follow-up to physically verify the existence and the condition of medical equipment and accessories delivered by the Ministry to the hospitals. It was noted that all medical equipment was duly received by the designated hospitals, however maintenance of fixed assets register appeared to be a general challenge as indicated below:

a) Maluti Hospital

The equipment was physically verified and the hospital maintains a fixed assets register. However, it was observed that some of the medical equipment was not recorded in the fixed asset register.

b) Berea Hospital

All the medical equipment was not recorded in the asset register. The audit team was informed that there were missing medical equipment at Berea Hospital and the matter has been reported to the Police on the 21 September 2021 per RCI No. 77/02/2021.

Missing equipment included:

- 1 x Electrocardiograph MAC 2000
- 2 x Physiologic Monitoring System (B125) (M73,935.51 each)
- 2 x Ultrasound Scanner Versana Active

Machines not functioning:

- 1 x Mobile X-ray
- 1 x Carescape V100 Vital Signs
- 2 x Phillips Everflow Concentrator 5m Cannula and Humidifier bottle

Machines in Berea Hospital from Mafeteng Hospital:

- x Airvo 2 Plus Humidified system

c) Motebang Hospital

All the medical equipment was not recorded in the inventory/assets register.

Missing machines and accessories:

- 2 x Phillips Everflow Concentrator 5m Cannula and Humidifier bottle

d) Scott Hospital

All the medical equipment was not recorded in the assets register.

e) Mafeteng Hospital

Machines transferred from Mafeteng Hospital:

- 3 x Airvo 2 Plus Humidified system transferred to Berea Hospital. However, there was no Transfer Note/Voucher of machines to Berea.

Machines not verified

- 2 x Ultrasound Scanner Versana Active. The auditors could not physically verify their existence as the doctors' offices in the Female and Male Wards were locked.

Management was encouraged to ensure that the District Medical Officers record all the medical equipment in the hospital assets register in order to prevent and detect fraud, track the value and the location of the asset.

18.10 IRREGULARITIES ON REFUELLING OF VEHICLES

As a control measure, GOL-IFMS system is used to monitor refuelling and consumption of vehicles. The system is linked to the billing system used by Engen Company.

The following irregularities were observed in relation to refuelling of vehicles engaged for COVID-19 related activities:

- Forty-eight (48) vehicles were not in the database for vehicles engaged on COVID-19 related activities. These vehicles consumed 16,581.20 litres costing M115,755.60 of petrol for the months of April and May 2020.
- Fuel and Lubricants were supplied to vehicles that did not have registration numbers.
- There were instances where vehicles were refuelled more than once in a day. In some of the cases the time intervals between refuelling were very short and/or the distances covered were too short. It also appeared that the recorded readings from the odometer were not accurate, as the differences did not make sense. Table 18.10 bears details.

Table 18.10 – Refuelling of vehicles

Date	Reg. No	First Fuelling				Second Fuelling				Differences and total litres of fuel consumed		
		Driver	Time	Litres	Odometer	Driver	Time	Litres	Odometer	Time Differ.	Total Litres	Odometer Difference
10 Jul. 20	LDF009	Maqetho	09:01	23	2833977	Ts'iu	09:23	20	173049	00:22	43	2,660,928
24 Jun. 20	H193BBC	Molefi	08:19	32	161531	Makhasane	08:38	42	174159	00:19	74	(12,628)
12 Jun. 20	L0015	Mosehle	14:58	30	84556	Mosehle	15:04	32	246052	00:06	62	(161,496)
16 Jun. 20	LDF213	Tohlang	14:22	129	167588	Macheli	14:47	26	101762	00:25	155	65,826
3 Jun. 20	LDF0006	Ts'iu	12:58	25	170166	Lekhooa	14:42	43	279134	01:44	68	(108,968)
8 Jun. 20	X1122	Moferefere	09:36	71	384586	B. Lebona	09:40	67	172490	00:04	138	212,096
14 Apr. 20	A414BBY	L. Khanyane	08:12	49	218471	E. Sekake	09:15	61	344247	01:03	110	(25,776)
4 Apr. 20	X74BBF	Ntsalong	08:52	62	36991	Khamali	09:24	32	36901	00:32	94	90
11 May 20	LDF213	Majara	12:53	35	162454	Majara	13:00	42	16244	00:07	77	146,210

Source: GOL-eFMS system

18.11 ACCOUNTABILITY OF COVID-19 FUNDS BY SPENDING UNITS

The ministries/spending units in their individual financial statements have accounted for total receipts of M550 million and total payments of M346 million on COVID-19 related activities.

Funds received were from the following sources:

Source	Amount
Government Funding	317,407,940
Grants	120,517,038
Donations	192,000
Other Assistance	112,328,029
Total	550,445,007

Those funds were applied on the following activities:

Activity	Amount
Compensation of Employees	118,151
Goods and Services	112,418,134
Acquisition of non-financial assets	10,561,854
Other Expenses	223,067,285
Total	346,165,424

CHAPTER 19: MANAGEMENT OF DONATIONS

My office also carried out audit of management of donations which focused on the extent to which the Ministry of Health and the National Emergency Command Centre (NECC) received and distributed COVID-19 related donations to the people mostly affected by the pandemic, at the right time and in appropriate quantities. The audit covered the period from March to August 2020.

19.1 RECEIPT AND DISTRIBUTION OF DONATIONS

The National Drug Service Organisation (NDSO) is mandated to distribute health commodities to hospitals and health centres in the country. NDSO also delivers to the District Health Management Teams (DHMTs) commodities for privately owned clinics, Non-governmental Organisations (NGOs) and clinical implementing partners. Health facilities and DHMTs then issue the health commodities to end users such as patients, community outreach programmes, Community Health Workers (CHWs) and health posts, packed as needed.

Donations were received through NECC and Ministry of Health from local business people, international organisations and development partners; and distributed to various people and sectors where there was need. The donations were stored at NECC, National Drug Service Organisation (NDSO) and Makoanyane Military Barracks.

Initially, the Logistics Cluster distributed donations as they received them, to all frontline workers as determined by NECC. A decision was made later on to forward all donations to NDSO to be distributed the same way they distribute health supplies. The criterion used for distribution of the received donations was the one already developed by the Ministry of Health.

AUDIT FINDINGS

19.3.1 RECEIPT AND STORAGE OF DONATIONS

Since COVID-19 declaration of state of emergency, donations of PPE and other COVID-19 related supplies were received from donors both locally and internationally. NECC and the Ministry of Health through Supply Chain Management (SCM) received the donations. All donations received by SCM and NECC were recorded and kept in a storage at 'Manthabiseng Convention Centre. Later on donations

were moved to NDSO to be stored and distributed together with other medical supplies.

Due to the unexpected arrival of COVID-19 pandemic and closure of Parliament during the peak period, the Government of Lesotho could not re-prioritise its budget timely towards COVID-19 response hence various commodities received in the form of donations served as the major source of medical supplies for the entire country.

a) Timely arrival of donations

It was noted that NECC and the Ministry of Health started receiving donations as early as the time COVID-19 was declared a pandemic and they played a vital role in combating the spread of infections. Interviews with health providers and security agencies revealed that during the early days of the pandemic, donations reached frontline responders on time; which brought a positive impact as they arrived at a critical time when there was shortage of medical supplies and PPE.

b) Identification of recipients

There was no particular criteria used to identify beneficiaries and all frontline workers were regarded as recipients of the donations. There was neither need assessment done nor requests made for any particular item to be distributed. When allocation and distribution of donations were made, the agencies that were identified as frontline responders in the response to COVID-19 were marked as priority. These included health sector facilities, Security services and all institutions providing services at the border posts. Apart from those agencies identified by NECC, some institutions kept approaching NECC for assistance with PPE and were all considered.

There were also in some cases where donors, especially local business owners gave donations to beneficiaries of their choice even without any consultation with NECC. An example was in Mafeteng where the government hospital received washing powder that they could not use because it did not have the strength to clean the hospital's soiled linen.

19.3.2 DISTRIBUTION TO INSTITUTIONS

NECC distributed earlier consignments received during the peak of the pandemic by itself with help from MOH SCM without any involvement of NDSO. This was attributed to the urgent need to distribute PPE to relevant end users soonest so that the then prevailing situation could be normalised as quickly as possible. NECC officers using the government vehicles that were assigned to NECC distributed the consignments.

The audit further revealed from NDSO that it was risky for NECC to have distributed the items without assistance from them, as storage and transportation of certain medical commodities required specialised handling and care. For example, hand sanitizers needed to be transported and kept in low defined temperatures, while surgical masks needed to be kept in a dry place and that all PPE generally needed not be exposed to potentially damaging conditions.

This could have led to distributed items being exposed to unfavourable conditions resulting in sub-standard PPE being distributed to end users. The spontaneous and/or impulsive distribution could have also caused other health facilities to have excess PPE, while others experienced shortages.

Scrutiny of records revealed that there were very few damaged items identified upon receipt but that the damages were only on the packaging and items were untouched. The items were still good for use and were included in the distribution lists.

a) Uneven Distribution

The team established through interviews the Scrutiny of records revealed that there were very few damaged items identified upon receipt but that the damages were only on the packaging and items were untouched. The items were still good for use and were included in the distribution lists. at there was no particular criterion used by NECC when distributing donations. The type and quantities of items distributed were determined by NECC without prior consultation with the recipients. It was therefore found out that there were some recipients who needed more than what was allocated to them, while others were given more than they required. For example, in March 2020 NECC received 10,908 units of household jik from Global Fund for distribution to frontline workers. It was established that District Emergency

Command Centres (DECCs) were allocated more household Jik (466 bottles each) than any other institution, and differing quantities for other recipients as randomly decided by NECC; whereas some of these institutions were more vital in the fight against COVID-19. A consolidated report of the Lesotho mounted Police (LMPS) revealed that LMPS was allocated only 602 bottles for all police posts in the country.

Consequentially, at the time of the audit, there was unused household Jik in some of the DECC offices, whilst the team discovered that some institutions had in fact encountered shortages. LCS Mohale's Hoek reported to have experienced shortages as they received 50 bottles that were shared between inmates and officials, whereas Mohale's Hoek DECC had received 466 x 750ml of household Jik.

However, on 27th October 2020 when the audit team visited the District Health Management Team (DHMT), there were 385 bottles of unused household Jik still packed in boxes at the offices.

b) Shortage of supplies at hospitals

According to interviews conducted at Ntšekhe, Motebang and Mafeteng Isolation Centres, it was revealed that initially the understanding was that donations received would be mainly for isolation centres. However, as there were still day to day activities going on at the respective hospitals and health centres, there was increased demand for PPE but there were no medical supplies being distributed due to procurement constraints. Donated supplies were therefore shared between hospital wards and the isolation centres. For instance, at Ntsékhe hospital it was revealed that, during the pandemic, the ordinary hospital wards had in fact experienced more infections than their isolation ward counterparts, hence more PPE had to be allocated to the wards. This could have led to shortage of supplies in isolation centres had there been a change in the outcome of events.

c) Unclear allocation of Cellular phones

On 13th May 2020, the Minister of Health accepted a donation of one thousand (1000) cellular phones donated by Vodacom Lesotho. During the same event, Vodacom Lesotho further pledged to donate 5G data and 120 calling minutes per month for three months per person, for six thousand health professionals. The Minister urged those who would be distributing the phones to target amongst others, frontline health professionals placed in different places countrywide and officers placed at different borders in the country. He said that would enable them to quickly communicate especially when people continued to cross into the country using illegal entry points. The models and number of the received cellular phones are as follows:

Model	Quantity received
Mobicel	640
Hauwei	250
Samsung A260F	6
Samsung A2	103
Total	999

The audit established that NECC decided that Ministry of Health be given all the cellular phones to distribute. The cellular phones were given to the then Deputy Principal Secretary for Health. Scrutiny of records provided by the Ministry of Health revealed the following discrepancies:

- Though it was mentioned during handover of the cellular phones and NECC report that the phones were 1000, records revealed 999 phones received, already short of one phone.
- There was a list of 732 people and their institutions to be allocated cellular phones. Two hundred and seventy-six (276) allocations were to be made to Government, CHAL and Private Health facilities in the ten districts while 456 were to be allocated to individuals, border posts and pharmacies.
- Of the 276 cellular phones for health facilities, 82 were allocated to the Maseru District Health Facilities and (seventy) 70 were signed for while it was not clear what happened to the twelve (12) that were not signed for.

- Also, out of the 456, records showed that only 11 cellular phones had been signed for, whereby six individuals signed for one each, one person signed for three while another from DHMT Leribe signed for two.
- Interviews with health workers in the districts visited revealed that the phones came with once off M300 airtime and some without any airtime.

My audit could not validate the allocation of 639 cellular phones from the list of 732 and furthermore, the whereabouts of the remaining 267 from 999 phones could not be determined due to absence of information.

d) Delay in distribution of some items

During the COVID-19 peak period some government agencies and essential services outside the health sector also turned to NECC seeking access to PPE, hence there was an increase in demand for PPE. Timely distribution of donations was critical for frontline healthcare workers and the other agencies supporting Basotho who needed critical care. Although shortages of supplies had been reported countrywide, there were undistributed supplies noted during a handover exercise to NACOSEC by NECC as presented on Table 19.3.2.

Table 19.3.2 - Un-distributed donations as at 30 June 2020

Donor	Item	Quantity received	Date received	Outstanding balance as at 30 Jun. 2020	Time kept in storage
Vertigo Supply	Mobile testing booth	20	10 Apr. 2020	6	12 Weeks
"	Mobile testing gazebo wall	2	10 Apr. 2020	20	12 weeks
"	Testing kits	2000	10 Apr. 2020	2000	12 weeks
"	Nitrile gloves	800	15 Apr. 2020	800	11 weeks
"	Safety goggles	36	15 Apr. 2020	36	11 weeks
Maluti Mountain Brewery	Hand sanitizers (100ml)	700	31 Mar. 2020	207	13 weeks
Limkokwing University	Surgical masks	9900	10 Jun. 2020	8000	3 weeks

Source: NECC handing over document compiled for incoming CEO

It was further established during the audit that the above items had since been distributed to various facilities across the country. However, late distribution of items that could have still been required by some frontline workers was not necessary.

19.3.3 INSTITUTIONAL RECEIPT AND STORAGE OF DONATIONS

Donations from NECC were received through delivery notes, recorded in waybills and distributed to end-users through stock movement cards. In all three DHMTs visited, the team established through sampled transactions that the procedure for receipt, recording and disbursement of donated items was followed accordingly. However, DHMTs appreciated that during the pandemic in order to coordinate distribution activities and ensure transparency they had to introduce additional measures. For example, in Mafeteng, the District Head Pharmacist introduced a ledger in which all ward attendants would sign for all PPE received. This was after realising that at the beginning of their shifts, nurses requested PPE without reconciling with their fellow colleagues, hence there was unaccounted for PPE in between shifts.

However, the team learnt through interviews with SCM Personnel that at health facilities, storage space remained a challenge. This resulted in some health facilities PPE being put in corridors or wherever there was space including at passageways where the temperature was not controlled and there was no guaranteed dryness. PPE donations could have been received with no recorded damages but may have reached end users in unacceptable conditions.

The audit team further learnt that safety of allocated items at some Health Facilities was compromised due to absence of relevant personnel to receive and safely store medical items. It was during this period that some donated items could not be accounted for. For example, at the Lepereng Health Facility (National Laboratories) in Maseru there was theft of donated PPE by the Cleaner and a Driver. A matter was reported to the Police and legal action was taken against such staff. That was one of the reasons that led the Minister of Health requesting the Lesotho Defence Force to receive and safely store the second consignment of donations from Jack ma Foundation before they were forwarded to NDSO for distribution.

19.3.4 AUDIT CONCLUSIONS AND RECOMMENDATIONS

My conclusion is that NECC and the Ministry of Health did not fully receive and distribute COVID-19 donations in the most efficient and effective manner due to the following anomalies observed:

- The control measures put in place were not always observed;
- There was no proper way of prioritising people mostly affected by the pandemic and their individual needs;
- Though identified recipients received the donations in time, the quantities delivered were not based on any standard or need; and
- Transportation and storage facilities were not well organised and posed a risk of theft and damage to the donations.

There is always a need for transparency and accountability vested upon public officers even in times of crisis and emergencies. In order to improve performance of the Government during the pandemic and for future similar circumstances, I made the following recommendations to tighten controls to prevent recurrence in future and minimize chances for wastage:

- Put in appropriate control measures to mitigate fraud risks especially during times of emergencies.
- Strengthen monitoring systems in all places where public funds and commodities are managed.
- Ensure that donations just like other government property are recorded correctly and stored properly.
- There should be compulsory reporting of usage of donations by recipients.
- Management and usage of received donations should be recorded and reported.
- Distribution of donations should be organised in an effective manner either directly to recipients or through appropriate distribution channels to ensure that donations would not be diverted to ineligible recipients.

PART 7

CORPORATE ISSUES OF THE OFFICE OF THE AUDITOR-GENERAL

CHAPTER 20: CORPORATE ISSUES OF THE OFFICE OF THE AUDITOR-GENERAL

19.1 INTRODUCTION

The Office of the Auditor-General (OAG), as the Supreme Audit Institution (SAI) in Lesotho, contributes to the efficiency, accountability, effectiveness, and transparency of public administration. The OAG oversight role bestowed through/in the Constitution of Lesotho requires the office to audit and provide information, advice and opinion on the Ministries, Departments and Agencies (MDAs) stewardship on public funds. The audits results assist government in improving performance in terms of financial management, application of laws and regulations, efficiency and effectiveness, fraud, corruption and accountability. These good governance elements are essential in creating a conducive environment for investment in economic and social development, which are critical in improving the livelihoods and wellbeing of the citizens.

The protracted effects of COVID-19 hit hard on public health, the economy, government systems, public and private sector and the citizens at large. This impacted negatively on the survival and coping mechanism on the livelihoods of the citizens.

Although OAG was not spared, it was imperative that it repositioned itself to respond to diverse accountability demands in order to be relevant and add value. This was achieved by strengthening its approach to audit, considering the prevailing COVID-19 atmosphere, coupled with resource limitation. The audit results presented in the preceding chapters attest to OAG tireless efforts to audit amidst the COVID-19 challenges, in pursuit of accountability for greater revenue mobilisation, sound public expenditure and effective service delivery within spending units.

19.2 LEGAL MANDATE

The Constitution of Lesotho and the Audit Act 2016 govern OAG. These legal frameworks require the Auditor-General to audit and report on the public accounts of the Government of Lesotho as well as all accounts relating to the Consolidated Fund public property and stores, in order to provide an overall opinion on the accounts. This is accomplished by the OAG conducting audits to determine whether:

- a) The public accounts of Lesotho present fairly the finances of the Government and the individual public bodies to which they refer.
- b) The financial transactions of the Government and public bodies comply with relevant legislation, the authority of Parliament and regulations issued by any relevant competent body.
- c) The financial affairs of the Government and public bodies have been managed with due regard to probity, and that their statutory and ethical duties to Parliament and the public have been met in an open and even-handed manner.
- d) Government ministries, departments and agencies carry out activities with due regard to economy, efficiency and effectiveness.

19.3 OAG BUSINESS MODEL

Our business model is built on the idea that excellence can be attained by leading and operating the office in a manner that ensures that human resources, processes, structure, and procedures are all in sync to produce high-quality products and services. The approach recognises the importance of creating excellent relationships with clients and stakeholders for audit impact and meeting their demands and expectations. The model requires putting in place continuous measures for performance improvement.

The model is aligned to the African Organisation of English-Speaking Supreme Audit Institutions (AFROSAI-E) Institutional Capacity Building Framework (ICBF), with its five development perspectives namely; Independence and legal framework; Organisational management and governance; Auditing standards and methodology; Human resource; and Communication and stakeholder management.

Performing against the framework's development perspectives ensures that the office follow good audit practice, as the framework serves as a yardstick for capacity development, performance improvement, and quality measurement.

19.4 STRATEGIC DIRECTION

In carrying out its legal responsibility, OAG established a strategic direction encapsulated in a five year strategic Plan 2019/20- 2023/24 that has identified a desired future and laid out a path to get there. The strategic direction encompasses the mission, vision and core values as follows:

Mission

To promote accountability, transparency and value for money in the use of public funds by providing quality audit services in order to improve the economic, efficient and effective service delivery to the citizens of Lesotho.

Vision

Spending units are accountable, transparent and deliver economic, efficient and effective services by 2025.

Core values

- Transparency and Accountability,
- Respect,
- Independence and
- Professionalism.

19.5 STRATEGIC FOCUS

In ensuring that a sustainable public accountability and transparency is achieved, OAG identified the following strategic focus areas implementable over a five-year period through annual operational plan:

- Capacity Building to ensure efficiency and increased audit coverage
- Sound legal framework to strengthen OAG independence
- Adopt a sound financial management to ensure accountability and transparency
- Deliver quality services and products in order to promote accountability and transparency of MDAs

The operational plan laid out the audit, support, and development objectives, which are then translated into annual activities. These were prioritised based on a risk analysis that enables the office to determine annual activities so as to focus resources on high-risk audits and other priority activities. The national priorities were also considered in determining annual activities to ensure that audits are relevant to the government priorities and stakeholders' expectations. Risk-mitigation measures were applied to facilitate the achievement of activities and objectives.

19.6 ORGANISATION OF WORK

The OAG has organised work into Audit and Support functions to assure the achievement of strategic goals and missions, as well as the fulfilment of its mandate, in order to promote accountability, transparency, and integrity of MDAs. The audit function is divided into three types of audits namely; Financial, Compliance and Performance Audits, and these were all performed in different MDAs during the year.

The audits were carried in line with the International Standards of Supreme Audit Institutions (ISSAIs), which guided the audit process. Adopting these standards provides assurance that audits are of good quality and follow good international audit practice.

19.6.1 Audit Function

- a) In financial audit the office performed independent examination of the accounts of the government of Lesotho, donor-funded projects and statutory bodies. This was aimed at obtaining a reasonable assurance that they are free from material misstatements and that expenditure is regular, applied for intended purposes; and that revenue and expenditure conform to the authority, which governs them. This culminated into expressing an opinion on the fairness and consistency in the presentation of these accounts.
- b) With regard to Compliance Audits, the office carried out an independent assessment of whether a given subject matter complied with applicable authorities and identified criteria. This involved assessing whether activities, financial transactions and information comply, in all material respects, with the authorities, which govern the audited entity.
- c) In Performance Audit, the auditors examined the activities of an organisation to assess if the operations were being carried out with due regard to economy, efficiency and effectiveness.

19.6.2 Support Function

The Audit function is supported by various functions that constitute corporate services. These ensure compliance with appropriate standards, uniformity of practice, and the implementation of ethical norms across the office, bolstering trust in OAG products and services. OAG ensures high-quality products and services through quality control and quality assurance. Other corporate services including Finance, Human Resource, Communications, IT, registry, Procurement, Legal, and administration services all have a role in ensuring that audits are carried out efficiently.

19.7 ANNUAL PERFORMANCE

During 2020/2021, the office examined the consolidated financial statements of the Government of Lesotho, donor funded projects and statutory bodies to obtain reasonable assurance that they were free of material misstatements and express an opinion on the fairness and consistency in their presentation. The audit of consolidated financial statements provides for 100% audit coverage.

As part of the audit strategy, auditors carried out inspections and reviewed transactions to ascertain whether ministries and departments conform to specific laws and regulations governing their operations. OAG also undertook performance audits where auditors examine objectives, government undertakings, programs or organisations regarding economy, efficiency and effectiveness, with the aim to improve accountability, performance and service delivery.

These audits were achieved despite the resource constraints in terms of human resource, funds for undertaking audit inspections, shortage of laptops and other communication facilities required for undertaking audits.

19.8 CAPACITY BUILDING

OAG is a member of the International Organisation of Supreme Audit Institutions (INTOSAI); African Organisation of Supreme Audit Institutions (AFROSAI); AFROSAI-E and Commonwealth Auditors-General. OAG therefore, participates in several training and knowledge sharing initiatives with other Supreme Audit Institutions worldwide.

The extent to which OAG can contribute to enhancing accountability with subsequent improvements to the lives of citizens is reliant on quality of audits borne from staff competence.

Through training programmes that include seminars and workshops, the AFROSAI-E actively aids its member Supreme Audit Institutions (SAIs) in improving staff capacity, work skills, and techniques. For the financial year 2020/21, training interventions and workshops were virtually held, which had its limitations such as network connection problems and less interactive. These interventions include but not limited to the following:

- Report writing
- Auditing in IT environment
- Performance audit
- Elevating SAIs to respond to COVID -19 challenges

19.9 STRENGTHENING OAG INDEPENDENCE

The Audit Act 2016 provides for the autonomous and independent status of the OAG, The office commenced the process of transition from the civil service to an autonomous and independent entity. Organisational independence necessitates the Auditor-Generals autonomy in terms of how the office is organised and structured, as well as the ability to appoint staff without the approval of the Executive. The Office has reached a significant milestone in the execution of the Audit Act's provisions in terms of organisational independence.

Staff shortages have arisen as a result of the transitioning process. This has put a burden on the existing staff's ability to carry out the office's mission, but the issue would be solved, as we are about to start the recruitment process in 2022/23.

In my last year's report, regarding financial independence, I stated the mechanisms of issuing funds from the Consolidated Fund were not yet established. The OAG has now ceased to be a Head of Expenditure from financial year 2022/23 and will be getting a subvention from the Ministry of Finance

19.10 INTERNATIONAL ASSIGNMENTS

The Office of the Auditor-General represents the country in the audits of international affiliate bodies. The office is serving as Chair of the Southern African Development Community (SADC) Board of Auditors. The office is also in its final year as an external

auditor for the Eastern and Southern Association of Accountants-General (ESAAG); and also of the Southern African Development Community Organisation of Public Accounts Committees (SADCOPAC).

PART 8

APPENDICES

Appendix 1

CONTINGENT LIABILITIES – LITIGATION CLAIMS

Ministry	Reference	Start Year	Claimant/Beneficiary	Nature of Contingent liability	Exposure at 31 March 2021	Exposure at 31 March 2020
Communications		2015	EOH Mthombo (Pty) LTD	Claim	24,527,350	24,527,350
		2015	EOH Mthombo (Pty) LTD	Claim	1,245,750	-
		2015	Motebang Mphutlane	Defamation	1,200,000	1,200,000
		2018	Moses Makhoa	Claim	2,667	-
		2018	Qobolo Senekane	Defamation	2,000,000	2,000,000
		2016	Phillips Clearing	Complaint	-	207,227
		2018	Lipolelo Kharitse	Claim	848,460	848,460
		2019	Relebohile Mafatle	Claim	150,000	150,000
		2020	Makalimeng Matsoso	Claim	268,614	-
		2019	Moipone Fleet (Pty) Ltd	Complaint - Ombudsman	-	1,041,969
		2020	MoAfrica FM	Claim	-	-
		2006	Mamotloang Mohale	Claim	968,305	-
		2020	Mathe Letsie	Claim	-	-
		2021	Mampoi Lebakeng Mosebo	Claim	-	-
		2020	Matlotlo Mphohla	Defamation	3,000,000	-
					34,211,146	29,975,006
Foreign Affairs	CIV/T/666/16	2016	Majane Nts'ala	Litigation	416,364	-
	FR/P/6712	2018	Mr K.A. Maope	Recalled diplomat who sued the Ministry	-	2,665,981
	FR/P/5197	2018	Mrs L. Nts'inyi	Recalled diplomat who sued the Ministry	-	2,419,894
	CIV/APN/89	2018	Mr John Oliphant	Recalled diplomat who sued the Ministry	-	4,962,194

Ministry	Reference	Start Year	Claimant/Beneficiary	Nature of Contingent liability	Exposure at 31 March 2021	Exposure at 31 March 2020
					416,364	10,048,069
Labour	Rentals	2018	A.G. Dambha	Pending lawsuits	100,000	100,000
					100,000	100,000
Local Government						
	CCT/0217/2019	2019	Cash Build (Pty) Ltd	Loss of sales and profits due to forced closure during a holiday	50,000	50,000
	CCT/0424/2018	2018	NAM Consult	Capital sum and occurred interest	2,242,950	2,242,950
	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	184,000	184,000
	CCT/0501/2014	2014	MEI & MEI ATTORNEYS INC.	Court order obtained in default on none payment of professional fees	87,100	87,100
	CCT/0502/2014	2014	MEI & MEI ATTORNEYS INC.	Court order obtained in default on none payment of professional fees	63,422	63,422
	LN/APN/87/2015	2015	HUDSSONS CHAMBERS	Recovery costs of suit	-	39,135

Ministry	Reference	Start Year	Claimant/Beneficiary	Nature of Contingent liability	Exposure at 31 March 2021	Exposure at 31 March 2020
	CCT/0483/14	2013/14	THE TYREMAN	Tender for the supply of tyres	-	2,258,665
	CCT/0515/2018	2018/19	NALA DRILLING AND BLASTING	Civil Claim	-	518,500
	CIV/T/373/2018	2018	Monkhankhane and Lehomo	Claim for pain suffering after being beaten by the villagers allegedly under the instruction of the Chief	100,000	-
					2,727,472	5,443,772

Source: Ministries Financial Statements

ADVANCES FROM THE CONTINGENCIES FUND – 2020/21

Warrant No.	Date	Ministry	Purpose	Recurrent Expenditure	Development Expenditure	Cumulative	Balance
Allocation per Appropriation Act							100,000,000
1	04/05/20	Trade & Industry	Payment of one-month salaries subsidy of the industrial/factory workers during the lockdown	40,000,000	-	40,000,000	60,000,000
2	04/04/20	Social Development	Purchase of two-months food packages for the vulnerable people during lockdown	10,000,000	-	50,000,000	50,000,000
3	08/06/20	Energy & Meteorology	Payment of Jiangsu Etern. Company on implementation of Northern District and Electrification Project	-	6,463,348	56,463,348	43,536,652
4	26/06/20	His Majesty's Office	Re-roofing of His Majesty's Secretariat offices	1,395,566	-	57,858,914	42,141,086
5	07/07/20	Trade & Industry	Payment of second-month salaries subsidy of the industrial/factory workers during the lockdown	40,612,000	-	98,470,914	1,529,086
Replenishment							100,000,000
Total							101,529,086
6	08/07/20	Trade & Industry	Payment of third-month salaries subsidy of the industrial/factory workers during the lockdown	41,000,000	-	139,470,914	60,529,086
7	08/07/20	Social Development	Remaining balance to purchase food packages for the vulnerable people during lockdown	5,000,000	-	144,470,914	55,529,086
8	23/07/20	Trade & Industry	Assistance of businesses which were affected negatively following lockdown of businesses which supply or non-essential goods and services during the first lockdown	20,000,000	-	164,470,914	35,529,086
9	19/08/20	Finance	Funds to cover the shortfall obligation to Soft-Tech Ltd	-	5,500,000	169,970,914	30,029,086

Warrant No.	Date	Ministry	Purpose	Recurrent Expenditure	Development Expenditure	Cumulative	Balance
			maintenance of IFMIS, which was caused by the declining exchange rate between Loti and US Dollar				
10	19/08/20	Senate	Payment of EMP Consultant: Galaxy Consulting and Senate Chamber recording machine service level agreement (Phase 1, 2 and 3)	193,011	-	170,163,925	29,836,075
11	03/09/20	Labour & Employment	Procurement of identity cards printing of work permits and recording system to address the backlog of labour cases at Labour Court	1,322,475	-	171,486,400	28,513,600
12	03/09/20	Labour & Employment	Procurement of food parcels and PPE for distribution to Basotho mineworkers and those Basotho returning to South African mines	1,360,000	-	172,846,400	27,153,600
Replenishment							1,103,911,831
Total							1,131,065,431
13	03/09/20	Social Development	To facilitate the implementation of COVID-19 response plan for the social protection mitigation to cater for vulnerable people, the elders aged 60-69 years and the administration cost of delivery.	94,554,228	-	267,400,628	1,036,511,203
14	03/09/20	Finance	Implementation of the response plan for the SMMEs cash flow of which government has mandated LRA to implement the rent relief scheme as part of the economic relief measure to the business sector.	51,272,967	-	318,673,595	985,238,236
15	04/09/20	Senate	Preliminary works, protection of underground services and	-	23,300,000	341,973,595	961,938,236

Warrant No.	Date	Ministry	Purpose	Recurrent Expenditure	Development Expenditure	Cumulative	Balance
			earthworks of Senate Chamber and offices building project.				
16	17/09/20	Foreign Affairs	Returning diplomats whose end of tour is within financial year 2020/21. The funds would cater for freight, air-ticket and accommodation upon arrival.	13,302,884	-	355,276,479	948,635,352
17	02/10/20	Foreign Affairs	Repatriation of the remains of the late His Excellency Ralechate 'Mokose, the High Commissioner to Canada	330,570	-	355,607,049	948,304,782
18	06/10/20	Defence and National Security	Engagement of Senior Counsel in the matter of two LDF members incarcerated in Matatiele.	1,000,000	-	356,607,049	947,304,782
19	12/10/20	Agriculture and Food Security	Support to agricultural production and nutrition for 2020/21 summer cropping season, to support household while maintaining the right levels of grain reserves of food security during COVID-19 pandemic	45,382,430	-	401,989,479	901,922,352
20	12/10/20	His Majesty's Office	Re-roofing of His Majesty's secretarial offices to cater for the shortfall that was not foreseen	594,866	-	402,584,345	901,327,486
21	15/10/20	Labour and Employment	Payment of outstanding per diems of trips taken in the last financial year.	598,058	-	403,182,403	900,729,428
22	15/10/20	Foreign Affairs	Payment of outstanding per diems of trips taken in the last financial year	3,446,067	-	406,628,470	897,283,361
23	20/10/20	Prime Minister's Office	Funds to support the vulnerable population in need of humanitarian assistance across all ten districts as identified by Lesotho vulnerability assessment	15,000,000	-	421,628,470	882,283,361

Warrant No.	Date	Ministry	Purpose	Recurrent Expenditure	Development Expenditure	Cumulative	Balance
24	20/10/20	Public Works	Funds to assist with budget shortfall for supervision of Mpiti to Sehlabathebe road and Marakabei to Mononts'a road upgrade projects which was caused by the budget reallocation for COVID-19 pandemic	-	28,420,000	450,048,470	853,863,361
25	23/10/20	Gender and Youth, Sports and Recreation	Payments for cash and non-cash assistance to Lapeng Centre for Gender Based Violence survivors, stipend for 12 Premier League Clubs and cash grants for athletics in other sporting codes, including who would have participated in marathons.	5,185,500	-	455,233,970	848,677,861
26	04/11/20	Labour and Employment	Procurement of testing services in respect of Basotho Mine Workers and farm workers returning to work in South Africa. People could not afford the costs of COVID testing as they were not earning salaries from March 2020	755,300	-	455,989,270	847,922,561
27	20/11/20	Foreign Affairs	To cater for the special invitation for the Right Hon. Prime Minister Dr M. Majoro to attend graduation ceremony of Dr James Thokoana Motlatsi in South Africa	100,442	-	456,089,719	847,822,119
28	20/11/20	Communications, Science & Technology	Payment of Lesotho Government internet, dark fibre and subscription that the ministry owes Econet for those services	14,853,827	-	470,943,546	832,968,292
29	25/11/20	Public Service Commission	Procurement of electronic equipment to conduct virtual interviews to minimise the spread of COVID-19	154,700	-	471,098,246	832,813,592

Warrant No.	Date	Ministry	Purpose	Recurrent Expenditure	Development Expenditure	Cumulative	Balance
30	25/11/20	Prime Minister's Office	Medical costs of the former Prime Minister, Hon. Thomas Thabane	90,000	-	471,188,246	832,723,592
31	1/12/20	Energy & Meteorology	Financing of Rural Electrification project activities that will be implemented up to excavation of LV Network	-	70,000,000	541,188,246	762,723,592
32	01/12/20	Home Affairs	Maintenance contract between the ministry and NIP Global Ltd for the Integrated Civil Registry, Identity, Passports and Border Control System in order to avoid arrear accumulation in the next budget	29,373,018	-	570,561,264	733,350,574
33	01/12/20	Police and Public Safety	Payment of TM2 Consultancy Inv. SOU/TM2T004 for design and documentation for construction procurement. Design has been completed which allow construction to commence in April 2021 and to avoid accumulation of arrears.	-	23,859,784	594,421,048	709,490,790
34	01/12/20	Gender and Youth, Sports and Recreation	Payment of Design Edge for outstanding bills in respect of Leribe Sports Complex.	-	6,013,527	600,434,575	703,477,263
35	03/12/20	Social Development	Implementation of COVID-19 response plan for the social protection mitigation to cater for the support of 10,000 new destitute households and the inclusion of people with disabilities	47,317,563	-	647,752,138	656,159,700
36	10/12/20	Tourism, Environment and Culture	Funds for Semonkong Visitors Centre Project necessitated by variation which are critical for reasons of safety, structural adequacy and functional prerequisite	-	7,509,230	655,261,368	648,650,470

Warrant No.	Date	Ministry	Purpose	Recurrent Expenditure	Development Expenditure	Cumulative	Balance
37	10/12/20	Prime Minister's Office	Outstanding debt of Beef-up Team for National Reforms Technical Team	1,302,000	-	656,563,368	647,348,470
38	10/12/20	Justice and Correctional Services	Outstanding claims to Unik Construction for renovation of Maseru Central Correctional Institution as the project was completed and handed over in August 2020	-	954,290	657,517,658	646,394,180
39	29/12/20	Health	Funds to complete the construction of NDSO Warehouse Project	-	10,360,720	667,878,378	636,033,460
40	29/12/20	Prime Minister's Office	Payment of subsistence international owed to officers who travelled in the last financial while funds were depleted.	8,127,082	-	676,005,460	627,906,378
41	29/12/20	Public Works	Emergency road works which resulted in unforeseen damage to most of the roads in the country	5,000,000	-	681,005,460	622,906,378
42	29/12/20	Defence and National Security	Engagement of Senior Counsel in the matter of two LDF members incarcerated in Matatiele	2,500,000	-	683,505,460	620,406,378
43	07/01/21	Development Planning	Undertaking data collection for 2020 Agricultural Census activities in January-February 2021	-	7,138,503	690,643,963	613,267,875
44	07/01/21	Foreign Affairs	Repatriation of the remains of the late First Secretary to Rome, Mr. Leloko Ts'ita, unaccompanied luggage, household effects, one way ticket for his family to Maseru and his outstanding hospital bills	2,082,317	-	692,726,280	611,185,558
45	11/01/21	Social Development	Final release of implementation of COVID-19 response plan for the social protection mitigation to	84,309,230	-	777,035,510	526,876,328

Warrant No.	Date	Ministry	Purpose	Recurrent Expenditure	Development Expenditure	Cumulative	Balance
			cater for the Child Grant Program top-ups				
46	11/01/21	Water	Shortages of salaries for the staff of the Lesotho Highlands Development Authority for the remaining months of the financial year	15,079,079	-	792,114,589	511,797,249
47	22/01/21	Home Affairs	Cater for shortages of wages established, severance pay to roll out of National Identities and allowance for staff who were assigned to issue Lesotho Special Permits for registering undocumented Basotho residing in South Africa	44,420,392	-	836,534,981	467,376,857
48	10/02/21	Trade and Industry	Management fees for Partial Credit Guarantee Facility with LNDC in an attempt for Government to cater for COVID-19 mitigation measures	7,500,000	-	844,034,981	459,876,857
49	10/02/21	Transport	Payment of the existing debts for the number plates and security services	7,420,233	-	851,455,214	452,456,624
50	12/02/21	Prime Minister's Office	Empowerment of vulnerable, poverty-stricken members of the communities by providing assistance in income generating projects that would support in taking care of their lives.	2,550,260	-	854,005,474	449,906,364
51	19/02/21	Water	Engagement of Mr. Masupha Sole to assist with the re-negotiation of the LHDA Treaty	2,347,800	-	856,353,274	447,558,654
52	19/02/21	Agriculture and Food Security	Payment of gratuities of WAMPP staff and payment for the stock from South Africa for COVID-19	-	5,815,453	862,168,727	441,743,111

Warrant No.	Date	Ministry	Purpose	Recurrent Expenditure	Development Expenditure	Cumulative	Balance
			Relief, and Calling and Exchange Programmes				
53	19/02/21	Foreign Affairs	To cater for shortages for rentals of two missions and consultancies for the Indent House Project in Johannesburg	7,972,800	4,294,207	874,435,734	429,476,104
54	19/02/21	Local Government	Bailout of Maseru City Council for Pay-As-You-Earn, staff pensions and rentals	51,500,000	-	925,935,734	377,976,104
55	23/02/21	Energy and Meteorology	Payment of Value Added Tax for goods imported from China in respect of Ramarothole Solar Generation Project financed by EXIM Bank of China	-	12,294,492	938,230,226	365,681,612
56	12/03/21	Health	Purchase of ambulances as a contribution of His Majesty to the COVID-19 pandemic, instead of celebrating his 57 th birthday in 2020.	2,000,000	-	940,230,226	363,681,612
57	12/03/21	Gender and Youth, Sports and Recreation	Payment of outstanding bills for Leribe Sports Complex of the works completed.	-	12,937,199	953,167,425	350,744,413
58	19/03/21	Public Debt	Clearance of outstanding domestic suppliers arrears owed to suppliers by Government.	17,829,961	-	970,997,386	332,914,452

Source: Contingencies Warrants 2020/21

Appendix 3

SHORTFALL IN REVENUE BY MORE THAN 50%

Ministry	Budget Estimates	Actual per IFMIS	Over/ (Under) Collection	Collec %
A	B	C	D=B-C	E= C/B
AGRICULTURE AND FOOD SECURITY				
Rent from Gov. Property- Residential	211,082	43,381	167,701	21
School Fees	2,854,000	64,400	2,789,600	2
Technical Operations Unit	1,863,355	759,931	1,103,424	41
HEALTH				
Administration				
Registration & Licensing – Ambulance	6,000	-	6,000	0
Registration and Licensing-Medical Cannabis	20,000,000	-	20,000,000	0
Hire of Buildings and Structures	60,000	-	60,000	0
Ambulance Fees	10,155	-	10,155	0
Dental Fees	383,325	-	383,325	0
In Patient Fees	1,466,605	-	1,466,605	0
Ophthalmic Fees	2,575	-	2,575	0
Orthopaedic Fees	22,140	-	22,140	0
Out Patient Fees	4,037,480	-	4,037,480	0
Laboratory Testing Services	360,840	-	360,840	0
Admission Fee	2,400,000	-	2,400,000	0
X Ray	2,250,165	43,670	2,206,495	2
Ophthalmic Fees	2,022	-	2,022	0
Out Patient Fees	1,846,175	345,692	1,500,484	23
Sale of Maps, Books and Other Public	12,000	1,410	10,590	13
NHTC				
Application Fees	100,000	6,100	93,900	6
Dental Fees	20,000	3,535	16,465	18
Meals and Accommodation	991,500	32,570	958,930	3
Caution	85,000	2,720	82,280	3
EDUCATION AND TRAINING				
Administration				
Sundry	2,000	250	1,750	13
Basic Education				
Insurance Commission	1,214,844	-	1,214,844	0
Insurance Commission	1,214,844	-	1,214,844	0

Ministry	Budget Estimates	Actual per IFMIS	Over/ (Under) Collection	Collec %
A	B	C	D=B-C	E= C/B
Rent from Gov. Property - Residential	60,696	-	60,696	0
Tuition Fees	1,800,000	128,075	1,800,000	7
Higher Education				
Logbook fees	2,000	-	2,000	0
Sale of Maps, Books and Other Public	7,905	-	7,905	0
School Fees	411,400	-	411,400	0
FINANCE				
Treasury/PFM				
Berea -Stamp Duty	9,000	-	9,000	0
Butha Buthe -Stamp Duty	9,000	-	9,000	0
Leribe -Stamp Duty	35,000	-	35,000	0
Mafeteng -Stamp Duty	12,000	-	12,000	0
Mohale's Hoek -Samp Duty	8,000	-	8,000	0
Mokhotlong -Stamp Duty	6,000	-	6,000	0
Qacha'sNek -Stamp Duty	4,000	-	4,000	0
Quthing -Stamp Duty	5,000	-	5,000	0
Thaba-Tseka-Stamp Duty	6,000	-	6,000	0
Interest Received from Financial Public Corporations	117,793,236	1,955,595	115,837,641	2
Interest Received From Non Financial Public Corporations	7,095,134	68,587	7,026,547	1
Road Fund Commission:				
Berea	46,000	-	46,000	0
Butha Buthe	30,000	-	30,000	0
Leribe	70,000	-	70,000	0
Mafeteng	35,000	-	35,000	0
Mohale's Hoek	35,000	-	35,000	0
Mokhotlong	10,000	-	10,000	0
Qacha'sNek	12,000	-	12,000	0
Quthing	12,000	-	12,000	0
Thaba-Tseka	8,000	-	8,000	0
Treasury				
Micro Economic Policy Management				
Company Tax	1,091,500,000	-	1,091,500,000	0
Withholding Tax	909,800,000	-	909,800,000	0
Alcohol and Tobacco Levy	62,100,000	-	62,100,000	0

Ministry	Budget Estimates	Actual per IFMIS	Over/ (Under) Collection	Collec %
A	B	C	D=B-C	E= C/B
Private Sector Development				
Interest Received From Non Financial Public Corporations	2,742,050	-	2,742,050	0
Dividends Received from Non Financial Public Corporations	142,177,000	-	142,177,000	0
TRADE & INDUSTRY				
Standard and Quality Assurance				
Laboratory Testing Services	142,500	-	142,500	0
DEVELOPMENT PLANNING				
Bureau of Statistics				
Sale of Maps, Books and Other Public	15,000	5,780	9,220	39
JUSTICE AND CORRECTIONAL SERVICES				
Administration				
Sale of tender and bidding contracts	50,000	-	50,000	0
Sale of Goods or Products	121,000	-	121,000	0
Sale of Goods or Products	31,450	-	31,450	0
Sale of Goods or Products	40,000	-	40,000	0
Sale of Goods or Products	34,000	-	34,000	0
Sale of Goods or Products	3,000	-	3,000	0
Sale of tender and bidding contracts	124,250	-	124,250	0
Sale of tender and bidding contracts	30,000	-	30,000	0
Sale of tender and bidding contracts	20,000	-	20,000	0
Sale of tender and bidding contracts	30,000	-	30,000	0
Sale of tender and bidding contracts	30,000	-	30,000	0
Sale of tender and bidding contracts	24,000	-	24,000	0
Sale of tender and bidding contracts	30,000	-	30,000	0
Sale of tender and bidding contracts	24,000	-	24,000	0
Sale of tender and bidding contracts	20,000	-	20,000	0
Prison Industries	8,600	-	8,600	0
Prison Industries	7,975	-	7,975	0
Prison Industries	8,125	-	8,125	0
Prison Industries	16,600	-	16,600	0
Prison Industries	15,000	-	15,000	0
Prison Industries	8,350	-	8,350	0
Prison Industries	30,000	-	30,000	0
Prison Industries	16,000	-	16,000	0
Prison Industries	67,330	-	67,330	0

Ministry	Budget Estimates	Actual per IFMIS	Over/ (Under) Collection	Collec %
A	B	C	D=B-C	E= C/B
HOME AFFAIRS				
Passport Services				
Passports	9,750,000	967,300	8,783,000	10
Identification and Registration				
Births and Deaths Registration	325,000	51,908	273,092	16
COMMUNICATIONS, SCIENCE AND TECHNOLOGY				
Sale of Services	6,300,000	2,936,397	3,363,603	47
LAW AND CONSTITUTIONAL AFFAIRS				
Law Office				
Patent Fees	400	-	400	0
Trademarks, Births, Deaths	3,250,000	946,837	2,303,163	29
Design Fees	400	60	340	15
Newspaper Advertising & S	200	90	110	45
PUBLIC WORKS				
Building Design Services				
Rent from Gov. Property – Commercial & Industrial	9,600	1,200	8,400	13
Sale of Tender, Bidding and Contract Doc	300,000	10,000	290,000	3
Sale of Tender, Bidding and Contract Doc	12,500	-	12,500	0
ENERGY & METEOROLOGY				
Electricity – `Muela	61,200,000	24,031,812	37,168,188	39
TOURISM, ENVIRONMENT AND CULTURE				
Tourism				
Club Licences	18,720	2,828	15,892	15
Rent from Gov. Property –Commercial & Industrial	1,452,000	345,982	1,106,018	24

Ministry	Budget Estimates	Actual per IFMIS	Over/ (Under) Collection	Collec %
A	B	C	D=B-C	E= C/B
Culture				
Entry fees	2,650	-	2,650	0
Library and Archives				
Hire of buildings & structures	148,500	43,070	105,430	29
Rent from Gov. Property Commercial & Industrial	926,426	126,297	800,129	14
Districts				
02 Guest Houses	2,700	-	2,700	0
03 Guest Houses	14,260	-	14,260	0
04 Guest Houses	15,800	-	15,800	0
05 Guest Houses	7,480	-	7,480	0
06 Guest Houses	2,200	-	2,200	0
07 Guest Houses	10,840	-	10,840	0
08 Guest Houses	5,313	-	5,313	0
09 Guest Houses	4,460	-	4,460	0
10 Guest Houses	14,620	-	14,620	0
02 Hotels and Lodges	3,120	-	3,120	0
03 Hotels and Lodges	10,220	-	10,220	0
04 Hotels and Lodges	4,700	-	4,700	0
05 Hotels and Lodges	8,360	-	8,360	0
06 Hotels and Lodges	7,500	-	7,500	0
07 Hotels and Lodges	2,620	-	2,620	0
08 Hotels and Lodges	4,640	-	4,640	0
09 Hotels and Lodges	3,300	-	3,300	0
10 Hotels and Lodges	11,440	-	11,440	0
02 Off Sales	77,060	-408	77,468	-1
03 Off Sales	135,800	-	135,800	0
04 Off Sales	195,000	-	195,000	0
05 Off Sales	32,400	-	32,400	0
06 Off Sales	13,000	-	13,000	0
07 Off Sales	32,000	-	32,000	0
08 Off Sales	32,510	-	32,510	0
09 Off Sales	62,050	-	62,050	0
10 Off Sales	44,340	-	44,340	0
02 Restaurants and Canteens	24,080	-	24,080	0
03 Restaurants and Canteens	38,400	-	38,400	0
04 Restaurants and Canteens	14,500	-	14,500	0
05 Restaurants and Canteens	27,300	-	27,300	0
06 Restaurants and Canteens	4,000	-	4,000	0
07 Restaurants and Canteens	32,840	-	32,840	0
08 Restaurants and Canteens	19,760	-	19,760	0

Ministry	Budget Estimates	Actual per IFMIS	Over/ (Under) Collection	Collec %
A	B	C	D=B-C	E=C/B
09 Restaurants and Canteens	46,300	-	46,300	0
10 Restaurants and Canteens	38,580	-	38,580	0
02 Club Licences	990	-	990	0
03 Club Licences	8,100	-	8,100	0
04 Club Licences	4,800	-	4,800	0
05 Club Licences	4,180	-	4,180	0
06 Club Licences	4,000	-	4,000	0
07 Club Licences	1,840	-	1,840	0
09 Club Licences	4,100	-	4,100	0
10 Club Licences	1,620	-	1,620	0
04 Meals and Accommodation	170,500	-	170,500	0
06 Meals and Accommodation	120,000	-	120,000	0
04 Entry Fees	425,600	-	425,600	0
06 Entry Fees	110,000	-	110,000	0
07 Entry Fees	1,670	-	1,670	0
LOCAL GOVERNMENT AND CHIEFTAINSHIP				
All Districts				
Building Permits	107,290	540	106,750	1
Registration of Land, Leases & Other Title Documents	946,800	-	946,800	0
Abattoir Fees	10,995	-	10,995	0
Market Fees	143,510	66	143,444	0
Pound and Grazing Fees	42,131	2,782	39,349	7
Public Toilets	261,875	201	261,674	0
Rent from Gov. Property Commercial & Industrial	182,350	32,550	149,800	18
Sale of Goods or Product	36,183	1,069	35,113	3
Sale of Stray Stock	643,125	186,640	456,485	29
Sanitary and Refuse	67,320	-	67,320	0
Tender Fees	600,850	69,200	531,650	12
Water Kiosks	26,905	-	26,905	0
Sale of Advertising	193,250	-	193,250	0
PUBLIC SERVICE				
Administration				
Other Fines, Penalties and Forfeits	200,000	-	200,000	0
Assessment Fees	170,000	45,000	125,000	26

Ministry	Budget Estimates	Actual per IFMIS	Over/ (Under) Collection	Collec %
A	B	C	D=B-C	E= C/B
Repayments of Expenditure paid in prior	170,000	-	170,000	0
LIPAM				
Course Fees	100,000	-	100,000	0
JUDICIARY				
Administration				
Judicial fines	260,000	38,860	221,140	15
Districts				
01 Court fees	43,400	13,172	30,228	30
02 Court fees	19,400	-	19,400	0
03 Court fees	26,502	-	26,502	0
04 Court fees	51,870	-	51,870	0
05 Court fees	31,339	-	31,339	0
06 Court fees	19,830	-	19,830	0
07 Court fees	4,200	-	4,200	0
08 Court fees	5,800	-	5,800	0
09 Court fees	8,000	-	8,000	0
10 Court fees	8,800	-	8,800	0
01 Judicial fines	1,210,700	403,770	806,931	33
02 Judicial fines	425,400	-	425,400	0
03 Judicial fines	106,008	-	106,008	0
04 Judicial fines	207,480	-	207,480	0
05 Judicial fines	125,354	-	125,354	0
06 Judicial fines	79,320	-	79,320	0
07 Judicial fines	68,800	-	68,800	0
08 Judicial fines	379,900	-	379,900	0
09 Judicial fines	199,300	-	199,300	0
10 Judicial fines	419,500	-	419,500	0
Master of High Court				
Masters fees	4,000	1,060	2,940	27
Judicial Commissioner				
Court Fees	1,000	-	1,000	0

Ministry	Budget Estimates	Actual per IFMIS	Over/ (Under) Collection	Collec %
A	B	C	D=B-C	E= C/B
POLICE AND PUBLIC SAFETY				
Registration of Security Companies. & Guards	350,000	148,080	201,920	42
SMALL BUSINESS DEVELOPMENT				
Administration				
Sale of Tender, Bidding and Contract Doc	10,000	1,500	8,500	15
Small Business				
Craft Centre	34,800	5,610	29,190	16
TRANSPORT				
Airport Services Charge	1,321,200	6,730	1,313,432	1
Landing Fees	640,080	137,068	633,350	21
Rent from Gov. Property Commercial & Industrial	613,130	184,624	476,062	30

Appendix 4

OVER COLLECTION OF REVENUE

Ministry	Budget Estimates	Actual IFMIS	Over Collection	Over Collection (%)
A	B	C	D=B-C	E=C/B
AGRICULTURE				
Importation	900,000	1,169,701	-269,701	130
Sale of Goods or Product	19,779,028	30,625,519	-10,846,491	155
Sale of Services	361,806	7,432,896	-7,071,090	2054
Stud Fees	1,800	14,000	-12,200	778
Tender Fees	170,000	408,879	-238,879	241
HEALTH				
Administration				
Herbalist Licences	22,500	29,750	-7,250	132
Registration & Licensing - Clinic	75,500	86,295	-10,795	114
Rent from Gov. Property Commercial & Industrial	3,881,444	4,056,840	-175,396	105
Queen II Hospital				
X Ray	160,870	222,318	-61,448	138
NHTC				
College Fees	4,000,000	4,309,230	-309,230	108
Valuation Fees	3,000	9,170	-6,170	306
EDUCATION AND TRAINING				
Basic Education				
Rent from Gov. Property - Residential	60,696	104,538	-43,842	172
Repayment of expenditure paid in prior years	442,500	617,617	-175,117	140
HOME AFFAIRS				
Visa	4,000,000	5,767,211	-1,767,211	144
COMMUNICATION, SCIENCE AND TECHNOLOGY				
Newspaper Advertising	100,000	525,263	-425,263	525
Sale of Goods or Product	70,000	127,298	-57,298	182

Ministry	Budget Estimates	Actual IFMIS	Over Collection	Over Collection (%)
A	B	C	D=B-C	E=C/B
ENERGY & METEOROLOGY				
Motor Vehicle Assurance	24,600,000	25,098,932	-498,932	102
Sale of Services	235,675	11,400,222	-11,164,547	4837
LABOUR AND EMPLOYMENT				
Labour Administration				
Application of Trade Union	1,500	3,500	-2,000	233
Issue Of Employment Certificate	6,300,000	6,658,900	-358,900	106
Labour Agents Permits	4,500	24,050	-19,550	534
Sundry	99,888	558,404	-458,516	559
TOURISM, ENVIRONMENT & CULTURE				
Tourism				
Guest Houses	26,360	95,625	-69,265	363
Hotels and Lodges	14,600	24,000	-9,400	164
Off Sales	305,540	327,376	-21,836	107
LOCAL GOVERNMENT AND CHIEFTAINSHIP				
Stamp Duty	100,000	368,486	-268,486	368
Statutory Fees	5,000	120,434	-115,434	2,409
JUDICIARY				
Administration				
Court fees	3,000	6,877	-3,877	229
MINING				
Geology				
Surface Rent	6,728,408	7,028,615	-300,207	104
POLICE				

Ministry	Budget Estimates	Actual IFMIS	Over Collection	Over Collection (%)
A	B	C	D=B-C	E=C/B
Identity Photographs	5,000	60,880	-55,880	1218
WATER				
Water Rights				
Spring Water	2,100	25,175	-23,075	1,199
Permits	37,800	50,015	-12,215	132
Transport				
Drivers Licence Fee	6,102,620	8,856,251	-2,753,631	145
Motor Registration	2,126,390	2,609,415	-483,025	123
Motor Vehicle Inspection	4,440,850	9,112,270	-15,030,977	205
Motor Vehicle Number Plates	2,000,000	8,201,426	180,469	410
Airworthiness	950	1,450	-8,200,476	153
Flight Operations	900	960	-550	107

COLLECTION ON ZERO BUDGETS

Ministry	Budget Estimates	Collection per IFMIS Ledger
A	B	C
EDUCATION		
Administration		
Sale of Tender, Bidding & Contract Documents	-	34,600
Basic Education		
Rent from Government Property- Residential	-	15,900
FINANCE		
Finance		
Support Services	-	3,702,002
Treasury/PFM		
Surcharges	-	1,095,603
Transfer of Unclaimed Moneys	-	3,458,918
Repayments of expenditure	-	6,978,623
Private Sector Development		
Interest Received From Non Financial Public Corporations	-	2,673,984
Issue of Bonds	-	440,194,100
TRADE & INDUSTRY		
Trade		
Trading Licences	-	65,215
JUSTICE AND CORRECTIONAL SERVICES		
Prison Industries	-	28,033
HOME AFFAIRS		
Citizenship	-	263,000
Passport	-	26,440
Permit	-	2,000
Permit	-	408,700
Visa	-	2,000
Rent from Government Property- Residential	-	4,100

Ministry	Budget Estimates	Collection per IFMIS Ledger
A	B	C
TOURISM, ENVIRONMENT & CULTURE		
Administration		
Sale of tender bidding and contracts	-	20,000
PUBLIC SERVICE COMMISSION		
Administration		
Tender Fees	-	16,000
PUBLIC SERVICE		
Administration		
Rent from Government Property- Residential	-	439,646
JUDICIARY		
Administration		
Sale of tenders	-	2,000
Districts		
Judicial Fines	-	82,800
MINING		
Geology		
Diamond Dealer Licence for Mining	-	17,500
Royalties	-	4,174,854

REALLOCATION OF EXPENDITURE FOR COVID-19 RELATED ACTIVITIES

Ministry	Recurrent Expenditure			Development Expenditure		
	Authorised Provision	Reallocation Per CFS	Variance	Authorised Provision	Reallocation Per CFS	Variance
Agriculture	9,400,000	6,247,744	3,152,256	-	-	-
Health	24,700,000	24,412,000	288,000	43,296,526	43,296,523	3
Education	2,840,000	2,840,000	-	20,000,000	20,000,000	-
Finance	113,918,896	109,565,513	4,353,383	-	-	-
Trade	2,600,000	2,600,000	-	10,000,000	10,000,000	-
Planning	13,162,332	13,157,332	5,000	145,000,000	145,000,000	-
Justice	3,800,000	3,042,869	757,131	25,000,000	25,000,000	-
Home Affairs	10,100,000	10,100,000	-	-	-	-
PM's Office	7,000,000	7,000,000	-	-	-	-
Communications	5,000,000	4,755,685	244,315	-	-	-
Law	4,005,000	2,570,624	1,434,376	3,500,000	3,500,000	-
Foreign Affairs	14,523,000	13,805,976	717,024	15,000,000	15,000,000	-
Public Works	700,000	502,935	197,065	73,500,000	73,500,000	-
Forestry	8,300,000	8,300,000	-	-	-	-
Energy	2,350,000	2,350,000	-	110,000,000	110,000,000	-
Labour	5,462,120	5,531,730	(69,610)	-	-	-
Tourism	2,200,000	1,960,960	239,040	10,000,000	10,000,000	-
Auditor-General	1,436,500	1,436,500	-	-	-	-
His Majesty's Office	4,777,000	4,757,750	19,250	-	-	-
PSC	1,619,950	1,619,950	-	-	-	-
Centralised Items	50,000,000	1,124,255,986	(1,074,255,986)	-	-	-
Defence	3,456,527	103,382,619	(99,926,092)	-	-	-
Nat. Assembly	4,310,000	4,152,000	158,000	-	-	-

Senate	1,100,000	1,100,000	-	39,500,000	39,500,000	-
Ombudsman	649,503	651,500	(1,997)	-	-	-
IEC	23,862,735	20,209,551	3,653,184	-	-	-
Local Government	2,641,820	2,146,800	495,020	80,000,000	80,000,000	-
Gender	28,997,760	29,489,738	(491,978)	169,000,000	169,000,000	-
Public Service	695,911	593,539	102,372	-	-	-
Judiciary	4,168,964	4,116,964	52,000	-	-	-
Social Development	3,565,579	2,916,367	649,212	-	-	-
DCEO	1,660,000	1,660,000	-	-	-	-
Mining	1,289,000	1,393,606	(104,606)	10,000,000	10,000,000	-
Police	6,714,051	6,671,873	42,178	10,000,000	10,000,000	-
Small Business	10,213,500	8,488,758	1,724,742	30,000,000	28,000,000	2,000,000
Water	3,750,000	3,786,883	(36,883)	-	-	-
Transport	7,199,769	5,758,553	1,441,216	18,000,000	18,000,000	-
Total	392,169,917	1,547,332,305	(1,155,162,388)	811,796,526	809,796,523	2,000,003

Source: Circular Savingram of the Budget Controller dated 10 July 2020 by and Consolidated Financial Statements 2020/21