



KINGDOM OF LESOTHO

REPORT OF THE AUDITOR-GENERAL

**On the Consolidated Financial Statements
of the Government of Lesotho**

FOR THE YEAR

ENDED 31 MARCH 2023





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



9th MAY 2025

A/C/REP/1-17 (Vol. 3)

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

Honourable Minister,

**AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
OF THE GOVERNMENT OF LESOTHO FOR THE YEAR ENDED 31st
MARCH 2023**

I submit my report on the Consolidated Financial Statements of the Government of Lesotho for the year ended 31st March 2023 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 each House of Parliament in terms of the above Sections of the Constitution and the Act.

Yours sincerely,

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

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TABLE OF ABBREVIATIONS

AMP	Asset Management Policy
AUSC	African Union Sports Council
BEDCO	Basotho Enterprises Development Corporation
CAO	Chief Accounting Officer
CBL	Central Bank of Lesotho
CFS	Consolidated Financial Statements
CG	Consul General
CHAL	Christian Health Association of Lesotho
CSR	Consolidated Statement of Receipts and Payments
DAO	District Agricultural Officer
DCEO	Directorate on Corruption and Economic Offences
DCS	District Council Secretaries
EDSP	Economic Diversification Support Project
EFT	Electronic Funds Transfer
FNB	First National Bank
FSL	Fleet Services Lesotho
FY	Financial Year
GoL	Government of Lesotho
ICT	Information and Communications Technology
IEC	Independent Electoral Commission
IFMIS	Integrated Financial Management Information System
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
IT	Information Technology
LCS	Lesotho Correctional Services
LNDC	Lesotho National Development Corporation
MDA	Ministries, Departments and Agencies
MFS	Ministries' Financial Statements
MNO	Mobile Network Operator
MoFAIR	Ministry of Foreign Affairs and International Relations
MoFDP	Ministry of Finance and Development and Planning
OAG	Office of The Auditor-General
PAYE	Pay As You Earn
PDAMD	Public Debt and Aid Management Department
PFMA Act, 2011	Public Financial Management and Accountability Act, 2011
PS	Principal Secretary
ROLL	Regeneration of Livelihoods and Landscapes
RSL	Revenue Services Lesotho
SACU	Southern African Customs Union
SADC	Southern African Development Community
SOE	State-Owned Enterprise
USD	United States Dollar
VAT	Value Added Tax

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

TABLE OF ABBREVIATIONS FOR INFORMATION SYSTEMS AUDIT

BCRP	Business Continuity and Recovery Plan
COBIT	Control Objectives for Information and Related Technologies
ERP	Enterprise Resource Planning
ISO	International Organisation for Standardisation
NIST	National Institute of Standards and Technology
CBMS	Consolidated Budget and Management System

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OVERVIEW

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

According to the Constitution, it is the responsibility of the Auditor-General to conduct annual audits and submit reports, regarding the public accounts of the Government of Lesotho (GoL).

The purpose of these audits is the following:

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

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

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

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

Compliance audit: In this audit, the aim is to verify whether the MDAs adhere to the prescribed laws, regulations, directives, and procedures.

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

For the 2022/23 audit, I undertook the first **Information Systems (IS)** audit of the Government. This was a major milestone achieved by the Office, to provide a better understanding of how financial transactions are undertaken within the Integrated Financial Management Information System (IFMIS) and Consolidated Budget Management System (CBMS).

Consideration is drawn to the PFMA Act, 2011 Sections 35 (3) and 37 (1) which stipulate that the Minister shall prepare the annual Consolidated Financial Statements (CFS), and that these be submitted to the Auditor-General within five months of the year-end for audit, and subsequently present the audited Consolidated Financial Statements to Parliament, within eight months of the end of the financial year to which they relate, respectively.

I present this annual Audit Report on CFS for the financial year (FY) 2022/2023 beyond the statutory period of eight months. As the OAG improves on a lot of technical and operational matters, it commits to compliance with the statutory reporting timelines for the audit report of the FY 2026/27, to be produced within the set time.



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 31ST MARCH 2023

ADVERSE OPINION

I have audited the Consolidated Financial Statements of the Government of Lesotho (the Government) set out on pages 9 to 89, which comprise the Consolidated Statement of Cash Receipts and Payments as at 31st March 2023, Consolidated Statement of Comparison of Budget and Actual Amounts, Statement of Accounting Policies, Statement of Consolidated Entities and Notes to the Consolidated Financial Statements for the year then ended, including a summary of significant accounting policies.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraphs, the accompanying Consolidated Financial Statements (CFS) do not present fairly the financial position of the Government as at 31st March 2023, its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standard financial reporting under Cash Basis of accounting (Cash Basis IPSAS).

BASIS FOR ADVERSE OPINION

1. Cash Position and Balances

The Consolidated Statement of Cash Receipts and Payments showed that the Government had a cash balance of M5.71 billion as at 31st March 2023, whereas Note 15 showed a total cash balance of M2.22 billion, thus resulting in a discrepancy of M3.49 billion between the two balances.

2. Differences in Cash Decrease

Note 15 to the CFS revealed a cash decrease of M1.61 billion from M3.84 billion to M2.23 billion, between 31st March 2022 and 31st March 2023, whereas the Consolidated Statement of Cash Receipts and

Payments reflected a cash decrease of M597 million, thus a discrepancy of M1.01 billion.

3. Unsupported Balances

3.1 External Liabilities

The opening balance of external liabilities owed to commercial banks was adjusted and restated as new borrowing of M237.94 million, which was reported as debt assumed following the Public Private Partnership (PPP) contract termination between the Government and Netcare. However, there was no evidence to substantiate this.

3.2 Movements in Loan Guarantees

The closing balance of guaranteed loans of M48.78 million did not have details that supported the movement of principal and interest repayments for loan guarantees from the total opening balance of M76.43 million.

4. Discrepancies in Repayment of Foreign Debt

The Statement of Receipts and Payments and the corresponding Note 20 on the repayment of external liabilities each reflect M916.31 million, while cash paid amounted to M784.87 million, resulting in the overstatement of payments by M131.44 million.

5. Unadjusted Opening Balance

The balance of domestic debt is unreliable, as the prior year balances of M561.62 million has not been corrected for the effect of net basis preparation as against that of gross basis in the CFS of 2022/23.

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAI). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Government in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to my audit of the Government's financial statements, and I have fulfilled my other ethical responsibilities in accordance with the requirements of IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

KEY AUDIT MATTERS

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

a) Management of Public Assets

Despite the introduction of the asset management function within the Ministry, it failed to maintain a register of Government assets. There was no asset management plan and performance report.

Verification of items purchased for the AUSC Region 5 Youth Games hosted by Lesotho in 2020, revealed that items totalling M9.9 million were not recorded in the asset register of the Ministry of Gender, Youth, Sports and Recreation.

b) Public Infrastructure Projects

The Health Care Centre at the Lesotho Correctional Services, which was fully completed and furnished in 2020, remained non-operational as at the time of the audit in December 2024 despite being fully equipped.

c) Public Revenue and Expenditure

- i. The CFS reflected total collection of M16.75 billion whereas ministries' financial statements (MFS) totalled M16.74 billion, and the IFMIS ledger had a total figure of M16.66 billion.
- ii. The IFMIS expenditure of eight ministries was less than that of CFS by M140 million.
- iii. For some spending units under the Development Budget, the IFMIS ledger amounts were lower than those shown on the MFS and CFS, while for other IFMIS figures were higher.

d) Contingent Liabilities

Fourteen litigations amounting M51.35 million reported in the notes to the Ministries' Financial Statements (MFS) of the Ministries of Labour, Local Government, Small Business, and the Independent Electoral Commission for the year 2021/22 no longer appear in the MFS for 2022/23. The movements had no supporting evidence.

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

Sections 35 and 62 of the Public Financial Management and Accountability Act, 2011, require the Minister to prepare the annual Consolidated Financial Statements in accordance with International Public Sector Accounting Standards financial reporting under Cash Basis (Cash Basis IPSAS). The Minister is also responsible for such internal controls as he/she determines necessary, to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design, and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the

override of internal controls.

- Obtain an understanding of internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Government's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



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

9 MAY 2025

PART 1
AUDITED CONSOLIDATED
FINANCIAL STATEMENTS OF THE
GOVERNMENT OF LESOTHO FOR THE
YEAR ENDED 31ST MARCH 2023

Accountant General's Office
Treasury Department
Ministry of Finance



Kingdom of Lesotho

Annual Consolidated Financial
Report For The Year Ended 31st
March 2023

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
DCEO	Directorate on Corruption and Economic Offences
EFT	Electronic Fund Transfer
EU	European Union
FIU	Financial Intelligence Unit
FY	Financial Year
GOL	Government of Lesotho
GOLFIS	Government of Lesotho Financial Information System
IFMIS	Integrated Financial Management Information System
IPSAS	International Public Sector Accounting Standards
LNDC	Lesotho National Development Corporation
LRA	Lesotho Revenue Authority
MDP	Ministry of Development Planning
MNOs	Mobile Network Operators
MoF	Ministry of Finance
NSDP	National strategic Development Plan
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PFMAA	Public Financial Management and Accountability Act
PFMRAP	PFM Reform Strategy and Activity Plan
SACU	Southern African Customs Union
SOE	State Owned Enterprise
TA	Technical Assistance
VAT	Value Added Tax
WASCO	Water and Sewerage Corporation

1 REPORT BY THE MINISTER OF FINANCE

In my capacity as the Minister of Finance, I am mandated to produce and submit to the Auditor General, the Consolidated Financial Statements for the year 2022/2023, per Section 35 of the Public Financial Management and Accountability (PFMA) Act, for audit. I also act in compliance with International Public Sector Accounting Standards (IPSAS). Consolidated Financial Statements are produced mainly to meet accountability and transparency objectives of the Government. They are intended to present the extent to which Ministries, Departments and Agencies have performed throughout the year against their budgets as approved by Parliament.

The budget that was presented for the 2022/23 financial year was aimed at Building a Resilient, Sustainable and Innovative Economy. Fiscal Consolidation in the midst of COVID-19. The budget was intended to focus on the promotion of private sector-led economic growth and job creation by building essential infrastructure and development of appropriate policy and legal frameworks. It further envisaged building resilient health systems, reducing vulnerability and maintaining peace and security. The budget was also expected to strengthen institutions to improve service delivery, fight corruption and crime.

The economy was faced with persistent deterioration of external position, in relation to Balance of Payments, with the current account balance which continued to be in deficit. The current account deficit widened by 5.4 percent of GDP during 2022/23. This was driven by a significant drop in SACU revenues. However, the external position was expected to improve to a surplus of 9.6 percent of GDP in 2023/24 supported by higher transfers. Financial stability risks have increased as result of high inflation, tightening financial conditions, and elevated commodity prices amongst others. The Central Bank of Lesotho maintained NIR above the target floor of 120 percent of M1 on gross international reserves to safeguard the Loti/Rand peg.

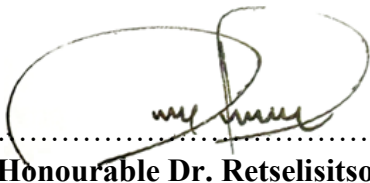
We have been supported during these trying times by our development partners in the various areas where they assisted the Government of Lesotho to extend service delivery to the citizenry. The same development partners assisted in the advancing of the Public Financial Management Agenda, through the review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

Finally, my gratitude extends to the Accountant General and her team for her dedication, hard work and professionalism in compiling these Consolidated Financial Statements for the

Financial Year 2022/2023. They are continuously setting the bar higher in compiling and complying with the law and the International Public Sector Accounting Standards. I therefore commit to providing Treasury Department the continued support in striving to ensure that our financial reporting is reliable, relevant and timely.

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

Finally, my gratitude extends to the Accountant General and her team for her dedication, hard work and professionalism in compiling these Consolidated Financial Statements for the Financial Year 2022/2023. They are continuously setting the bar higher in compiling and complying with the law and the International Public Sector Accounting Standards. I therefore commit to providing Treasury Department the continued support in striving to ensure that our financial reporting is reliable, relevant and timely.



.....
Honourable Dr. Retselisitsoe Matlanyane
Minister of Finance and Development Planning

2 REPORT BY ACCOUNTANT-GENERAL

2.1 Treasury Mandate

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

2.2 The Government of Lesotho

The Government of Lesotho is composed of the Central Government, Local Governments, Extra-Budgetary Entities, Public Financial Corporations and Public Non-Financial Corporations. Central Government includes all Ministries, Departments and Agencies whilst Local Governments are all the District Councils, Urban Councils and the Maseru City Council. GOL also has direct control on three financial institutions, two public companies and two corporations.

In addition to the above GOL, has two joint ventures and holds investments in different private companies.

2.3 Commentary on Consolidated Financial Statements

A. General Commentary

The consolidated financial statements are produced annually to give the citizens, 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 FY2022/23 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 to clean audit opinion, 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 Department 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 2023 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 25 to 37 reliably present the FY2022/23 cash flows and financial performance of the Government of Lesotho.

B. Commentary on Consolidated Financial Statements

(i) Introduction

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

The consolidated financial statements for the year ended 31st March 2023 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 FY2022/23 financial performance.

(ii) Budget Reconciliation

The revised Expenditure Budget, after considering the budget was M25.678 billion, from the original budget of M24.820 billion. The total budget includes both appropriated and unappropriated expenditure. The unappropriated budget was M3.982 billion. It is to be noted that the revised figure have been sourced from the Budget Department data which differs from the consolidation that was prepared after the ministries' financial reports have been submitted. The consolidated financial statements exhibit a total amount of M24.984 billion.

Contingencies Fund budget was M300 million. Withdrawals from the Contingencies Fund amounted to M265 million, thereby, leaving a balance of M35 million unutilized. According to the data provided per the Contingencies Fund Management Report, M265 million withdrawn from the Fund was utilised for recurrent expenditure budget only.

Recurrent Revenue Budget remained at the originally budgeted amount of M17.535 billion. The originally budgeted amount for capital receipts from external sources was M5 billion which was composed of M2.114 billion for Grants and M2.886 billion for Loans. The budget was revised to M5,308 billion.

The Supplementary Appropriation Bill 2022/23 that is meant to formalise the above changes has been submitted to Parliament for enactment.

(iii) Budget Deficit

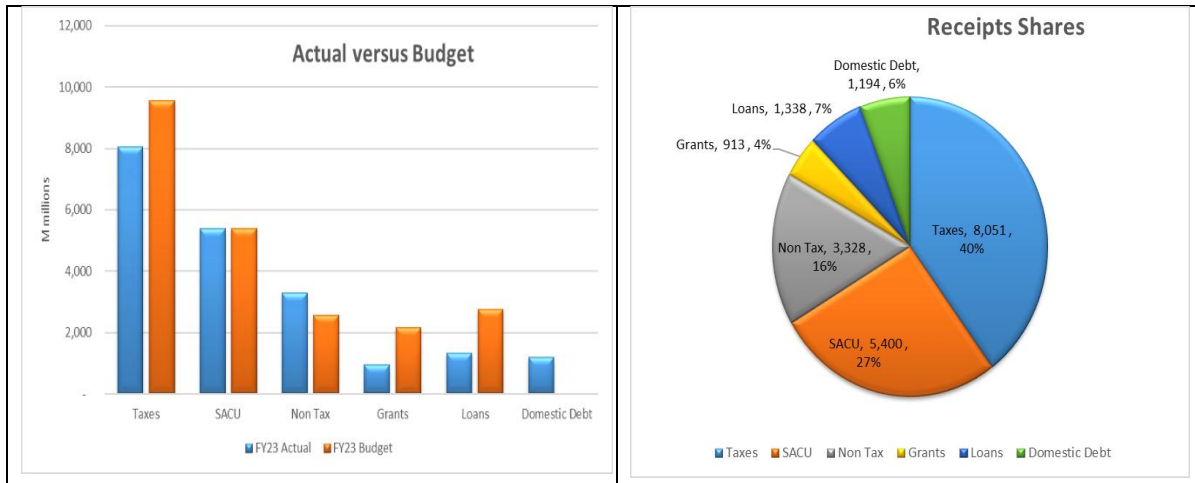
The appropriated budget projected a deficit of M 2.284 billion. It was not clear how the deficit would be funded however the practice is it gets funded by additional borrowing. The financial performance of each component follows here below.

C. Overall Budget Performance

(i) Receipts

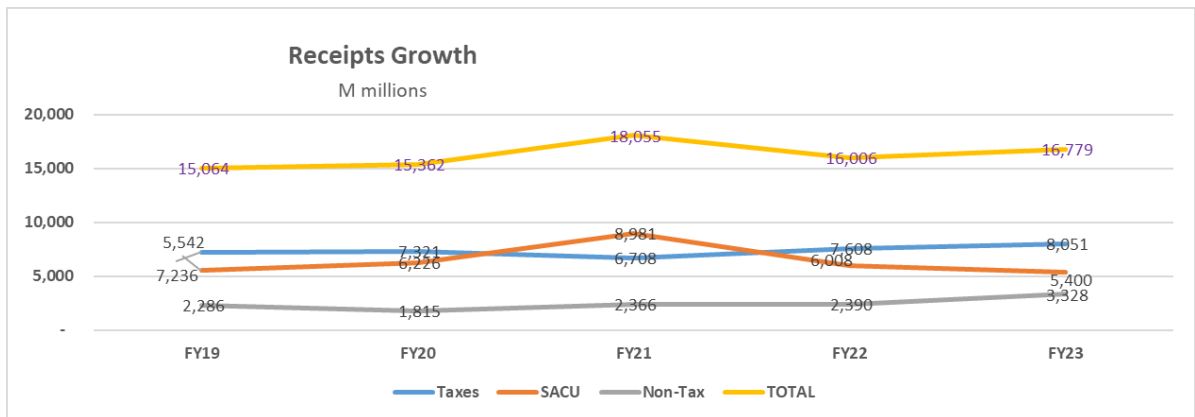
The overall collection (excluding loans and project grants) for FY2022/23 was M16.746 billion which is M789 million less than the revenue budget. The revenue budget for 2022/23 was M17.535 billion. The collection decreased by 3% to M16.746 in 2022/23. **Figure 1** illustrates the deposits or actual receipts against the main sources for the year and the comparative collection rates against the approved budgets. The over collection was attributed to reasons including but not limited to under budgeting.

Figure 1: FY2022/23 Receipts



Southern Africa Customs Union (SACU) receipts of M 5.400 billion during FY2022/23 same as the budgeted figure of M5.400 billion. These receipts were lower than the M 6.008 billion received in the previous year. Actual tax revenues of M8.051 billion (compared to FY2021/22 of M7.608) increased slightly. Non-tax revenues (which mainly comprise electricity sales, water and mining royalties, and dividends) contributed 20% of recurrent revenues. **Figure 2** provides the trend in revenue receipts and especially illustrates the significance, volatility and decrease in the SACU receipts.

Figure 2: FY2022/23 Receipts Trends



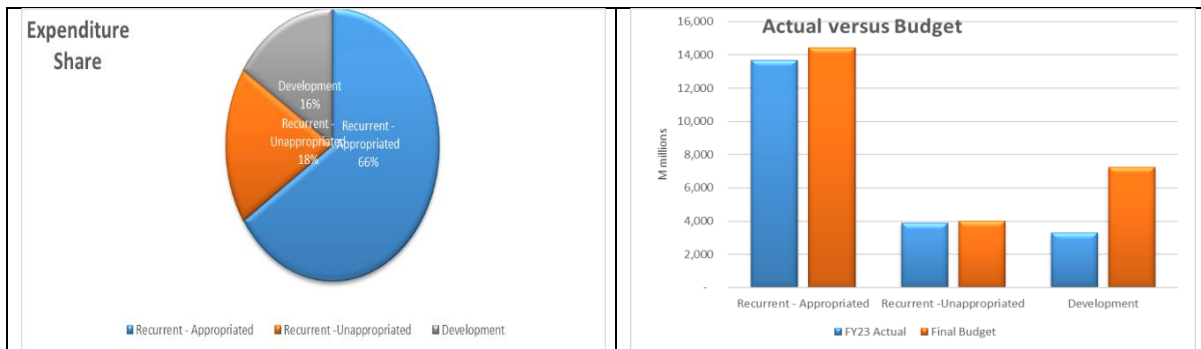
(ii) Expenditures

The total originally approved expenditure budget for FY2022/2023 was M24.820 billion of which M18.056 billion (84%) was allocated to recurrent and M6.764 (16%) 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 13.774 billion and the statutory/centralized budgets of M4.282 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 M25.678 billion of which M18.429 billion has been allocated to recurrent expenditure, whilst M7.249 billion for capital expenditure. The Contingencies Fund held a balance of M35 million as on 31st March 2023. The revision of the expenditure is yet to be approved by Parliament, in accordance with Supplementary Appropriation (2022/2023) Bill.

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

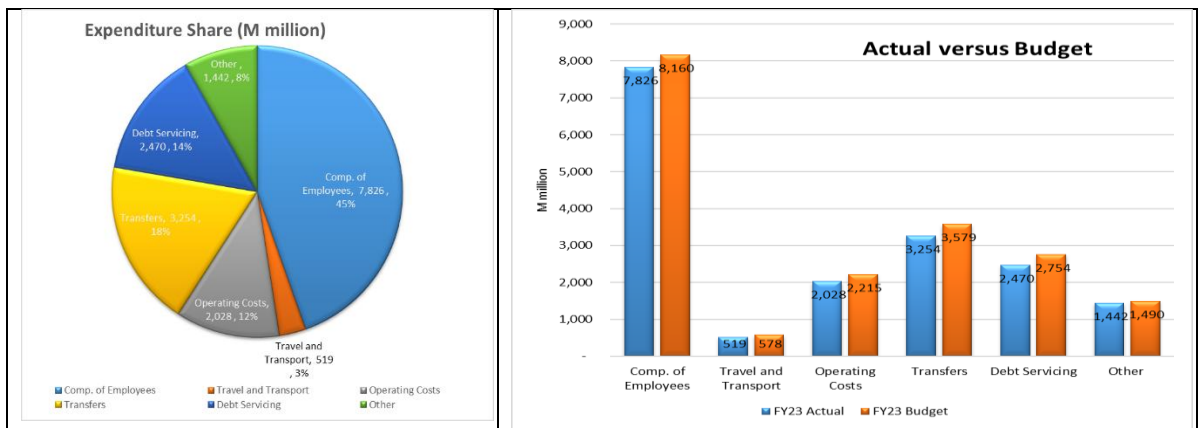
Figure 3: FY2022/23 Aggregate expenditure



(iii) Recurrent expenditures

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

Figure 4: FY202/23 Recurrent Expenditures

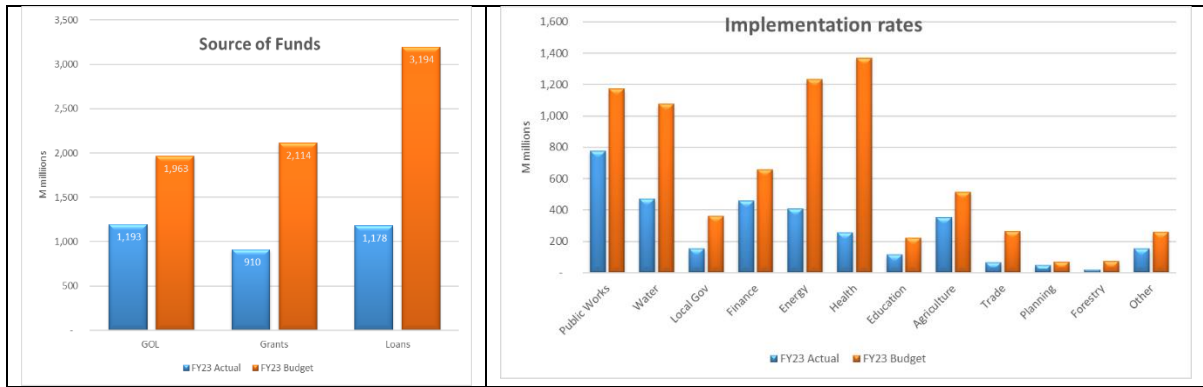


(iv) Capital Expenditures

Overall project expenditure was M3.281 billion against the budget of M6.764 billion representing an execution rate of 49%. **Figure 5** illustrates that the implementation rate varied considerably across the three funding categories, ranging from 68% of domestic resources to 43% and 41% 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 Ministry of Development Planning. It is also evident that on foreign debt the execution is low.

Figure 5: FY2022/23 Capital Expenditures

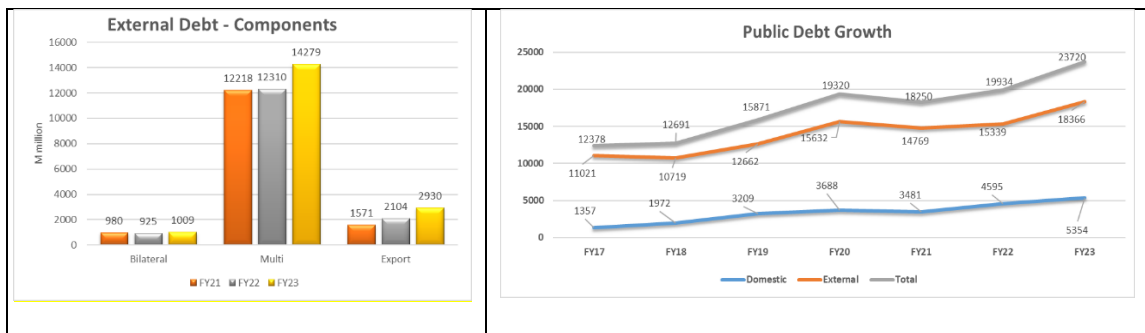


97% of the capital expenditure budget is accounted for by eleven Spending Units (Public Works, Water, Local Government, Finance, Energy, Development Planning, Trade and Industry, Health, Home Affairs, Forestry and Agriculture). Project execution rates varied across these agencies ranging from 20% for Health to 75% for Agriculture.

(v) Financing

Total stock of public debt increased during FY2022/23 from M19.934 billion to M23.720 billion as illustrated in **Figure 6**. The increase is attributed to the issuance of Treasury Bonds M901 million, fiscal bills M729 million, and new external debt agreements amounting to M1.726 billion. External debt disbursements of M838 million, loan redemptions of M 784 million and Domestic debt repayments of M862 million were made. Over the seven-year period since FY2016/17, the loan stock has increased by 92%.

Figure 6: FY2022/23 Public Debt

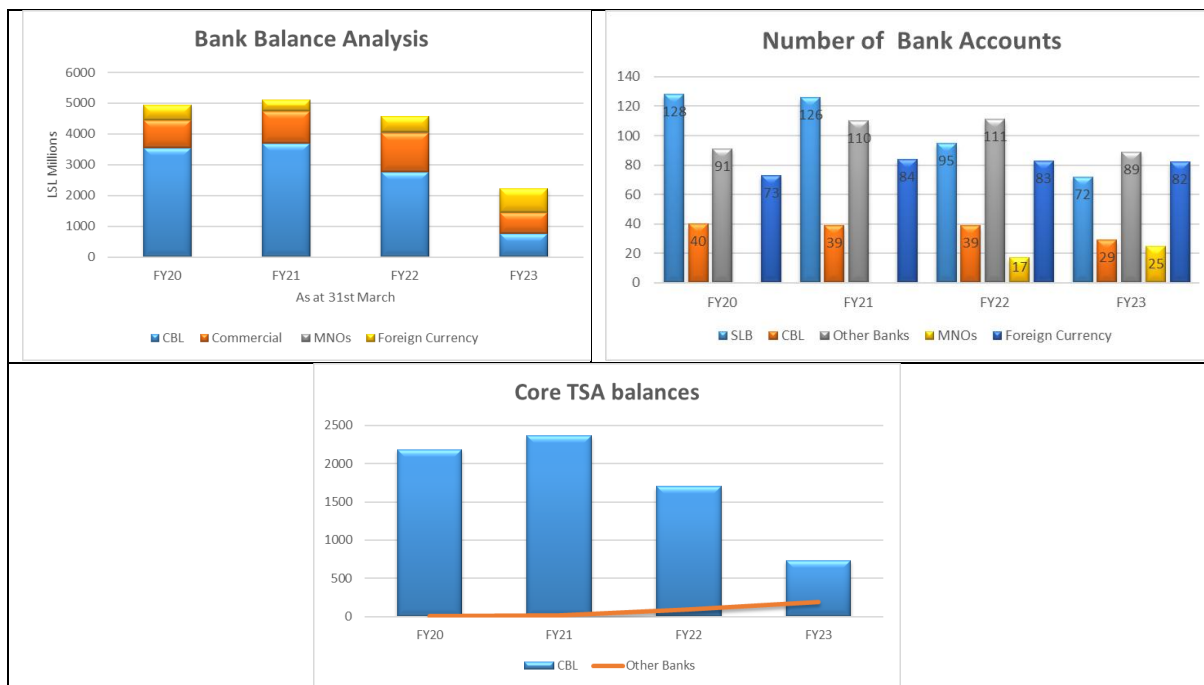


(iv) Cash

During FY2022/23 the government’s cash balances amounted to M2.223 billion made up of Head Controlled accounts M1.292 billion and Treasury accounts M932 million. At the end of the financial year there were 210 Local accounts (including MNOs) holding an amount of M1.1 billion, 82 Foreign accounts held an equivalent of M774 million and 5 debt servicing accounts amounting to M345 million . Treasury accounts held an amount of M546 million from 42 local accounts, 28 foreign bank accounts holding M130 million.

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

Figure 7: FY2022/23 Cash Accounts and 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 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.

D. Significant Issues

My previous report indicated issues that adversely impacted on the quality of the consolidated financial report. Some of the issues remain a challenge but efforts are underway to address them over a period of time. The Ministry of Finance has developed and is implementing the RoadMap that will improve the audit opinion from adverse to clean.

(i) National Strategic Development Plan

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

The NSDP is aligned with Sustainable Development Goals, African Union Agenda 2063 and the SADC Regional Indicative Strategic Development Plan, to maintain relevance globally and within the continent.

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

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

(ii) Budget commitments and performance

The 2022/23 budget speech commitments are outlined in the paragraphs below per the NSDP II Key Priority Areas (KPAs)

KPA 1: Economic Growth & Private sector-led Job Creation

- ❖ To continue to support MSMEs especially for women and youth in order to revive the economy through the private sector investment, following the adverse impact of the COVID-19 pandemic.
- ❖ To establish an Entrepreneurship Hub and Financing Facility to scale up the Lesotho Enterprise Assistance Program (LEAP) for MSMEs; and also to expand MSMEs participation in high potential value chain by enhancing Government to Business digital platform and building private sector resilience.

- ❖ To increase access to business services and financial products targeted at MSMEs.
- ❖ To pursue investment climate reforms by:
 - Implementing collateral Registry to expand single window access to finance;
 - Facilitating cross border trade
 - Enhancing efficiency of construction permits and land administration systems.
- ❖ To create 6,000 jobs after the completion of factory shells at Ha Belo, in Botha Bothe. The expectation was to complete the construction in June 2022.
- ❖ To stimulate economic growth through the mining sector by:
 - Localising diamond trading following the feasibility study of Artisanal and Small Scale Mining and the approval of Mine and Minerals Act, 2005 amendment;
 - Creating an enabling environment for declaration, collection and local sales diamonds and the Precious Stones Regulations 2021 to this effect
- ❖ To address national food insecurity through the provision of subsidies by the Government on agricultural inputs to the ratio of 60:40 to farmers for both winter and summer cropping; and to enhance commercial farming.
- ❖ To assist in improving production and productivity of small stocks in a manner that was expected to enhance quantity and value of fibre in international markets.
- ❖ Smallholder Adaptation Development Project phase II (SADP II) to continue to rehabilitate and develop climate change induced drought. The Project was furthermore, expected to enhance commercial farming through irrigated crop production.

The Project was as also expected to enhance private sector led job creation and economic growth through the award of grants:

 - 400 grants to women and youth; and
 - 1,130 nutrition sensitive grants.
- ❖ The Government together with Development Partners, through the Regeneration of Landscapes and Livelihoods (ROLL) Project, have collaborated to enhance climate resilient practices on 350,000 hectares of land control and bush on 10,000 hectares to benefit over 100,000 people. This was expected to be done through the 16 sub-catchments in Berea, Leribe, Botha Bothe, Thaba Tseka, Qacha's Nek and Quthing.

KPA 2: Strengthening Human Capital

- ❖ To tap on capabilities of the diaspora in health, education and other sectors.
- ❖ To continue to vaccinate the society to curb the potential future infections and deaths caused by the corona virus.
- ❖ To increase the number of supported children through Orphan and Vulnerable Children Bursary Scheme to 28,000 in 2022 academic year.
- ❖ To decentralize functions of the Teaching Service Department from April 2022 in order to bring services closer to the teachers.
- ❖ To undertake skills audit in higher learning sectors in order to strive towards applicability of skills, through quality assurance and accreditation of programmes.
- ❖ To review programmes in the higher learning institutions for relevance, wastefulness and cost containment through attention to radical programme articulation measures
- ❖ To conduct cervical cancer screening and treatment of pre-cancerous lesions in 10 hospitals
- ❖ To deliver mental health services
- ❖ To continue with the construction of the Maseru District Hospital

KPA 3: Building Enabling Infrastructure

- ❖ To increase electricity connections across the country by 30 villages which is about 12,500 households
- ❖ To undertake the Environmental and Social Impact Assessment for the construction of Ha Mofoka to Qacha's Nek 132KV line
- ❖ To contribute to the development of renewable energy and increase local power generation through solar and hydropower means. The agreement was entered into in January 2022, by the Government and a Development Partner, JICA, to meet this target. The expectation was therefore that, a new mini hydro would be installed the old one rehabilitated to stabilize the power supply at Katse Dam and neighbouring villages. The Project is envisaged to generate 1MW by the end of 2025.
- ❖ To increase access to drinking water to the citizens in the rural and urban areas with the construction of bulk water and distribution infrastructure under the Lesotho Lowland Water Development Project (LLWDP) Phase II.
- ❖ The Project was intended to provide access to provide access to Hlotse, Maputsoe, Mafeteng, Mohale's Hoek and the villages around the pipeline routes.
- ❖ LLDWP III to support distribution infrastructure also conclude in November 2021
- ❖ To commence feasibility studies for dams at Hlotse, Ngoajane and Maletsunyane rivers
- ❖ To commence construction works for distribution of water from Metolong to Mazenod, Rothe and Ha Makhlinyane.
- ❖ To complete consultation on the review of the LHWP Treaty by end of June 2022.
- ❖ To continue with the construction of bulk power supply, substations, and access roads to Polihali.

- ❖ To commence with the construction of Polihali Dam and the tunnel around June 2022
- ❖ To design the Oxbow Hydropower station
- ❖ To complete the rehabilitation of the northern access road between Pitseng and Katse
- ❖ To construct a total of 19 footbridges, 8 of which were delayed by COVID-19 and the additional 11. Footbridges under construction were in Mafeteng, Leribe and Quthing districts. Additional footbridges were expected to be constructed in various villages of the Maseru, Mohale's Hoek, Thaba Tseka, Mokhotlong and Quthing Districts.
- ❖ To reinstate the labour based system for routine maintenance, although economic situation may not allow.
- ❖ To renovate, rehabilitate and construct government buildings, where site inspections were expected to be done in all the districts. It was expected that that a database for possible renovations and new developments would be developed.
- ❖ To commence preliminary works for construction of office park at Prison Gardens
- ❖ To continue the rehabilitation of bridges and road in Mokhotlong, Maseru, Botha Bothe, Mafeteng, Mohale's Hoek and Quthing. The Project was under the Phaumanyetse Operation.
- ❖ To procure 30 drift boats to ease mobility where construction of footbridges is ongoing or yet to happen.
- ❖ To design:
 - Bus terminals in Leribe (Hlotse), Mafeteng and Mohale's Hoek;
 - Urban roads in Mafeteng and Teyateyaneng.
- ❖ To upgrade 7KM Mpilo Road
- ❖ To rehabilitate Moshoeshoe 1 International Airport to meet the International Civil Aviation Organization.

KPA 4: Good Governance & Accountability

- ❖ To prepare for the Local Government elections.
- ❖ To implement a Gender-Responsive Budgeting (GRB) by piloting with the four social sector ministries: Ministries of Health, Education and Training, Social Development and Gender and Youth, Sports and Recreation.
- ❖ To improve timely payouts on terminal benefits.
- ❖ To improve turnaround time for payment of government suppliers and to clear domestic arrears
- ❖ To fight fraud and revenue leakages by increasing automation of the accounting processes
- ❖ to increase capacity for budgeting, accounting, procurement and internal audit, including at local level to settle the ground for deeper fiscal decentralization
- ❖ To enhance revenue collection measures
- ❖ To implement expenditure containment measures.

Below are the Projects approved for implementation to make the above commitments a reality to Basotho.

There are a number of projects in different ministries to support the implementation of the above commitments. The projects were appraised through the PSIC to be included in the budget. The projects commencement date as far back as 2010/2011.

Below is a list of projects that were approved for 2022/23, additional to the already existing projects. (Source Project Cycle Management Department)

APPROVED PROJECTS 2022/23

PROJECT NAME	STATUS	COST ESTIMATES
❖ MINISTRY OF AGRICULTURE AND FOOD SECURITY		
Wool and Mohair Value Chain Competitiveness Project	Concept	M887,340,000.00
Wool and Mohair Value Chain Competitiveness Project (WomCop)	Proposal	M1,162,304,000.00
2. MINISTRY OF EDUCATION		
Lerotholi Polytechnic Infrastructure Development	Proposal	M243,165,000.00
Construction of TVET Institutes (Mafeteng and Mokhotlong)	Concept	M75,000,000.00
3. MINISTRY OF POLICE		
Renovation/ Construction of Qacha's Nek Police Post	Concept	M41, 991,360.00
Construction of Thabana-Morena Police Post	Concept	M40,791,360.00
Construction of Semonkong Police Post	Concept	M40,791,360.00
4. MINISTRY OF ENERGY		
Off-grid Electrification Programme	Concept	M149,534,400.00

PROJECT NAME	STATUS	COST ESTIMATES
Katse Hydropower Generation Plant	Proposal	M183,220,030.63
Soil Conservation at Ramarothole Power Plant	concept	M19,468,394.00
5. JUDICIARY		
Judiciary Infrastructure Improvement Project	Concept	M32,014,765.00
6. MINISTRY OF TRANSPORT		
Upgrading of Moshoeshoe I International Airport (MIA)	Concept	M 1,500,000,000.00
Provision of Surveillance System for MIA	Concept	M18,000,000.00
7. MINISTRY OF FORESTRY		
Integrated Watershed Management for Improved Agro- pastoral Livelihoods- Sebapala	Proposal	M88,029,216.00
Strengthening Lesotho capacity to advance the National Adaptation Planning (NAP)	Proposal	M43,253,873.92
8. MINISTRY OF TOURISM		
Construction of Menkhoaneng Multi-Purpose Cultural Village	Concept	M208,060,000.00
9. NATIONAL SECURITY SERVICES (NSS)		
Reappraisal of NSS Headquarters (Completion)	Additional Funding	M43,955,869.72
10. MINISTRY OF HEALTH		
M-mama Emergency Transportation Services (Expansion)	Proposal	M31,017,931.00
Reappraisal Construction of Cancer	Proposal	M340,000,000.00

PROJECT NAME	STATUS	COST ESTIMATES
Centre		

Furthermore, the Ministry of Development Planning provided that the following projects that were implemented through the Ministry of Tourism, Environment and Culture, were completed during the 2022/23 financial year:

1. Development of Semonkong Visitor Centre
2. Multi-Country Project to Strengthen Institutional Capacities on LMO Testing in Support of National Decision-Making (MCP-ICLT)
3. Strengthening institutional capacity in the development of a phase-out and phase down strategy for mercury added products in Lesotho.

The budget was financed with Recurrent Revenue, Treasury Bills and Bonds together with external assistance from development partners by way of grants and loans. Amongst the receipts for 2022/23 financial year. There was a receipt from the Central Bank of Lesotho which was a reversal for payments that were done in 2016 amounting to M619,931,924 for the IMF Quota.

Mostly, performance on the above commitments, has not been clear from the submissions made by the Chief Accounting Officers. It seems the Chief Accounting Officers do not really work on clear plans to deliver on the commitments they made as they requested for the budget. It is however, encouraging that the Government has emphasized on the need to shift to Performance Contracts to enforce performance.

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

(iii) Compliance on the Public Finance Legal Framework

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

There was a fraud of over M50 million from the Consolidated Fund in 2022/23. The case was reported by Accountant General to the LMPS after the transactions were picked as reconciling items on the bank reconciliation activity. Case number is Maseru RCI 56/09/2021. The case involves several officials from the Treasury Department and other people from outside Government. A joint Team of Law Enforcement Agencies was established to work on this case. There are about eighteen (18) suspects that were arrested and sixteen (16) of them remanded and fifteen (15) released on bail, while two (2) are awaiting trial in prison. M18 million has been recovered back into the Government coffers from South Africa. The Law Enforcement Agencies joint team is still continuing with investigations on this case.

There is an ongoing inspection in relation to the SADP Project. The project is intended to assist small holder farmers to engage in commercial farming. The Government acquires loans from the development partners to issue grants to farmers according to the set procedures. There seems to be some deviations from the public funds legal framework. There is an interim report attached for details.

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

Most of the cases that are still pending in the courts of law. There are also old cases where inspection is ongoing, and progress is very slow due insufficient information, as indicated above.

(iv) Year-end payment pressure

Every year end I issue an Instruction to close the financial year. The intention is to manage the closure of the financial year. It has however, been always a challenge to meet deadlines for finalizing procurement and issue of warrants by MDAs where they are expected to initiate payments beyond the stipulated deadlines. MDAs also don't seem to be spending their budgets during the year. All these factors result into increased submissions from MDAs, where, number and values of invoices submitted for payment in March can be twice or thrice of the volumes of other months. They, thus put pressure and considerable stress on the Treasury staff and systems, and whilst they ensure that all payments are recorded in the accounting system prior to the year-end date, the signing, dispatch and payment of these vouchers inevitably overflows into the next financial year. The practice adversely impacts on cash management, budget credibility, financial reporting, bank reconciliation functions and payment efficiency.

The situation causes the government to incur arrears that must be cleared in the subsequent financial years. Arrears for the financial year 2021/22 amounted to M919 million whilst for 2022/23 the outstanding balance stand at M804 million.

(v) Opening Balances

The Treasury Department has embarked on the reconciliation process which is expected to affect the opening balances and identification of new transactions that would also require write offs. This is a mammoth task that started during 2021/22 which is continuing even at the time of the preparation of this report. The exercise has revealed that:

- the cash book balances were overstated by M1.402 billion as at 01 April 2019 in the cashbook;
- A balance of M973 million for IMF PRGF bank account was not accounted for when it became clear that the account belonged to CBL as indicated in the March 2022 consolidated financial report;
- The balance of the Blocked T Bills and Bonds account was included in the cash book yet the activity in the bank account has never been recorded in the GOL books. It is not clear how the transactions for this bank account should be accounted for, since it is managed by the CBL for Monetary Policy purposes. The balance of M575 million which was included in the opening balances for 2017/2018, for this account, has been adjusted for, and is disclosed separately because of the uniqueness of its operation;
- There are still payments that have not been processed through IFMIS but have been processed by CBL for domestic debt to the tune of M524 Million
- Fraudulent payments to the tune of M8 Million have not been accounted for.

The amount involved in all the above transactions is M3.476 billion and have been adjusted for the opening cash balance for the 2022/23 financial year.

Work is in progress for the reconciliation and the disaggregation opening balances on the Head Controlled cash balances. The observed variance on the books of accounts and the bank is M2.889 billion. This requires a lot of co-operation from the Chief Accounting Officers since the records of these bank accounts are not centralized.

(vi) Submission of Chief Accounting Officers reports for Consolidation

The delay for the CAOs to submit financial reports is still a persisting challenge. The submissions were done from July 2022. There is also a consistent delay in Ministries complying with the queries as they are raised by the Treasury Department in preparation of the Consolidated Annual Financial Statements. Most of the queries relate to the cash balances. 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.

(vii) Public debt and guarantees

- *Public Debt Status*

Much of the Government of Lesotho debt is from external sources composed of multilateral institutions. The multilateral debt was meant to provide funding for infrastructure and social benefits. At 31 March 2023, total debt stock stood at M23.720 billion, of which, M18.366

billion foreign and domestic was M5.354 billion. New issues that occurred during 2022/23 amounted to M 3.356 billion.

Loans lent-on to parastatals amounted to a balance of M849 million. The loans were lent-on to improve water infrastructure, expansion of national fibre network and construction of factory shells. A total of M20.4 million was received from the concerned parastatals by the end of 2022/23 financial year.

- *Guarantees*

Contingent liability in relation to guarantees was M114.4 million as at 31st March 2023, decreasing from M145.5 million that was exposed at the beginning of the financial year. There was a new guarantee of M4.6 million issued, per the submission from Public Debt Department.

(viii) Cash management and Bank Accounts Monitoring

Total public funds released from the Consolidated Fund to meet Government commitments amounted to M18.865 billion. M17.126 billion funding, was directed to GOL Recurrent expenditure budget, while M1.739 was meant to finance Development budget. The funds were released according to the payment submissions made to Treasury. Source of funding came from the SACU proceeds and other recurrent revenue.

Donor funded projects were financed through disbursements and cash balances held in bank accounts that were held directly by the MDAs, in accordance with the agreements that were signed with the development partners.

Monitoring of bank accounts and cash held at the four commercial banks and the Central Bank of Lesotho, has gradually been strengthened, although there is still room for further improvement. There were 297 bank accounts held at by GOL across the commercial banks, mobile network operators and Central Bank of Lesotho.

E. Qualification points on previous year financial statements

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

The March 2023 opening balance has been adjusted with M3.476 billion. However, there is still an outstanding amount of M8 million that is yet to be substantiated with documents. M524 million of the M532 are domestic debt payments that were initiated by CBL and have not yet been captured in the books of accounts.

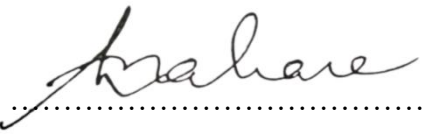
Work is in progress for the reconciliation and the disaggregation of opening balances on the Head Controlled cash balances, as indicated above.

F. Irregularities

(i) Reversal of 2016 IMF quota

There was a reversal of payments that were made for IMF quota in 2016. The reversal was made by the Central Bank, through which the payments were made. The reversed amount was M619,931,924.00. The reversal was done by Central bank in consultation with the IMF.

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



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Mrs. Malehlohonolo Mahase CA(L)
Accountant General

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST MARCH 2023**

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

3.1 Consolidated Statement of Cash Receipts and Payments
For the year ended 31st March 2023

Description	Notes	Actual 2023			Actual 2022	
		Head Controlled Accounts M'	Treasury Accounts M'	3rd Parties Accounts M'	Total for All Accounts M'	
RECEIPTS						
Taxes		-	8,051,319	-	8,051,319	7,608,074
Income, Profit and Capital Gains	<u>1</u>	-	4,071,534	-	4,071,534	4,161,070
Goods and Services	<u>1</u>	-	3,978,911	-	3,978,911	3,444,684
International Trade and Transactions	<u>1</u>	-	-	-	-	24
Other Taxes	<u>1</u>	-	874	-	874	2,296
Grants		480,483	-	476,514	956,996	621,701
Foreign Governments	<u>4</u>	33,004	-	51,152	84,156	268,867
International Organisations	<u>4</u>	447,479	-	351,661	799,139	345,696
Grants from Other General Government Units	<u>4</u>	-	-	73,701	73,701	7,137
Other Revenue		101,905	3,160,436	-	3,262,341	2,368,768
Property Income	<u>2</u>	9,264	600,045	-	609,309	614,227
Rand Monetary Compensation	<u>2</u>	-	361,222	-	361,222	177,737
Sale of Goods and Services	<u>2</u>	74,892	1,551,390	-	1,626,282	1,495,901
Fines, Penalties and Forfeits	<u>2</u>	-	5,454	-	5,454	4,876
Voluntary Transfers other than Grants (NGOs)	<u>2</u>	142	-	-	142	10
Miscellaneous and Unidentified Revenue	<u>2</u>	517	642,326	-	642,843	76,016
Exchange Rate Gains	<u>2</u>	17,090	-	-	17,090	-
SACU Receipts		-	5,399,532	-	5,399,532	6,007,754
SACU Receipts	<u>21</u>	-	5,399,532	-	5,399,532	6,007,754
Disposal of Financial Assets		-	20,388	-	20,388	16,979
Domestic Financial Assets	<u>22</u>	-	20,388	-	20,388	16,979
Disposal of Non Financial Assets		572	293	-	864	4,960
Fixed Assets	<u>14</u>	572	293	-	864	4,960
Incurrence of Domestic Liabilities		788	1,192,810	-	1,193,598	1,319,463
Securities Other Than Shares	<u>17</u>	-	1,192,810	-	1,192,810	1,319,463
Other Accounts Payable	<u>17</u>	788	-	-	788	-
Incurrence of Foreign Liabilities		801,945	-	535,927	1,337,872	1,407,795
Loans	<u>3</u>	801,945	-	535,927	1,337,872	1,407,795
TOTAL RECEIPTS		1,385,691	17,824,777	1,012,441	20,222,910	19,355,494

Description	Notes	Actual 2023				Actual 2022
		Head Controlled Accounts M'	Treasury Accounts M'	3rd Parties Accounts M'	Total for All Accounts M'	Total for All Accounts M'
PAYMENTS						
Compensation of Employees		449,827	7,835,738	9,148	8,294,712	7,969,376
Wages and Salaries	<u>6</u>	391,390	6,515,699	9,148	6,916,238	6,574,730
Social Contribution	<u>6</u>	58,436	1,320,038	-	1,378,474	1,394,646
Goods and Service		1,061,286	2,478,233	274,379	3,813,898	3,656,594
Travel and Transport	<u>5</u>	279,654	442,350	17,078	739,083	566,691
Operating Costs	<u>5</u>	781,632	2,035,883	257,301	3,074,815	3,089,903
Other Use of Goods and Services		-	-	-	-	2,897
Other Use of Goods and Services	<u>7</u>	-	-	-	-	2,897
Interest		-	577,005	-	577,005	501,349
Domestic Interest	<u>9</u>	-	267,957	-	267,957	267,807
Foreign Interest	<u>9</u>	-	309,048	-	309,048	233,542
Transfers		1,634,213	1,311,758	104,917	3,050,888	3,162,891
Subsidies	<u>10</u>	6,791	515,604	-	522,394	616,344
Grants	<u>11</u>	322,795	789,603	104,917	1,217,315	1,297,391
Social Benefits	<u>12</u>	1,304,627	6,552	-	1,311,179	1,249,157
Other Expenses		4,354	1,304,309	-	1,308,663	1,066,871
Property Expense Other Than Interest	<u>13</u>	53	-	-	53	34
Miscellaneous Other Expense	<u>13</u>	4,301	1,304,309	-	1,308,610	1,066,837
Losses		7,654	82,353	-	90,007	34,537
Losses of Public Moneys	<u>18</u>	7,654	82,353	-	90,007	34,537
Acquisition of Financial Assets		-	11,098	-	11,098	34
Domestic Financial Assets	<u>24</u>	-	-	-	-	34
Foreign Financial Assets	<u>24</u>	-	11,098	-	11,098	-
Acquisition of Monetary Gold & Spcl Drawing Rights		-	33,939	-	33,939	-
Special Drawing Rights	<u>25</u>	-	33,939	-	33,939	-
Acquisition of Non Financial Assets		650,100	472,828	623,998	1,746,926	2,396,088
Fixed Assets	<u>8</u>	650,100	472,828	623,998	1,746,926	2,396,088
Repayment of Domestic Liabilities		-	976,625	-	976,625	419,537
Securities Other Than Shares	<u>19</u>	-	833,851	-	833,851	366,600
Loans	<u>19</u>	-	-	-	-	52,920
Other Accounts Payable	<u>19</u>	-	142,774	-	142,774	16
Repayment of Foreign Liabilities		-	916,308	-	916,308	623,797
Loans	<u>20</u>	-	916,308	-	916,308	623,797
TOTAL PAYMENTS		3,807,433	16,000,194	1,012,441	20,820,068	19,833,970
Cash at the beginning of the year	<u>15</u>	3,878,570	6,036,090		9,914,660	11,620,367
Exch. Rate Gain / Loss		25,996	-	-	25,996	(6,683)
Increase (Decrease) in cash		(2,421,742)	1,824,584	0	(597,159)	(478,477)
Net Change in Deposits, Imprests and Financail Assets and Liabilities	<u>16</u>	2	(2,255)		(2,253)	(25,805)
Year End adjustments to be cleared	<u>28</u>	(1,099,569)	(2,376,003)		(3,475,572)	(1,136,629)
Inter Government Cash Movements						
Funding Allocations	<u>27</u>	2,748,422	(2,748,422)		0	0
Transfers of revenue and unspent funds	<u>27</u>	(159,243)	0		(159,243)	(58,114)
CASH AT THE END OF THE YEAR	<u>15</u>	2,972,436	2,733,994	0	5,706,431	9,914,660

3.2 Consolidated Statement of Comparison of Budget and Actual Amounts **For the Year Ended 31 March 2023**

Description	Actual Amounts M'000	Final/ Revised Budget M'000	Approved Budget M'000	Variance Actual to final/Revised M'000	Variance over Final Budget %
CASH INFLOWS					
Recurrent Revenue					
Taxes	8,051,319	9,569,532	9,569,532	1,518,213	16%
Grants	44,081	32,756	-	(11,325)	-35%
Other Revenue	3,262,341	2,566,369	2,566,381	(695,972)	-27%
SACU Receipts	5,399,532	5,399,532	5,399,532	-	0%
Disposal of Financial Assets	20,388	-	-	(20,388)	-100%
Disposal of Non Financial Assets	864	-	-	(864)	-100%
Total Recurrent Revenue	16,778,525	17,568,189	17,535,445	789,665	4%
Development and Financing Receipts					
Grants	912,915	2,123,363	2,114,215	1,210,448	57%
Incurrence of Domestic Liabilities	1,193,598	-	62,655	(1,193,598)	-100%
Incurrence of Foreign Liabilities	1,337,872	2,759,346	2,822,999	1,421,474	52%
Total Development and Financing Receipts	3,444,385	4,882,709	4,999,870	1,438,324	29%
Total Cash Inflows	20,222,910	22,450,898	22,535,315	2,227,989	10%
CASH OUTFLOWS					
Recurrent Expenditure					
Compensation of Employees	7,825,873	8,159,574	8,373,142	333,700	4%
Travel and Transport	518,645	577,934	371,958	59,289	10%
Operating Costs	2,027,893	2,214,543	1,994,289	186,650	8%
Interest	577,005	631,305	766,460	54,300	9%
Transfers	3,254,444	3,579,253	3,242,660	324,809	9%
Other Expenses	1,286,856	1,290,737	1,139,526	3,881	0%
Losses	82,392	82,710	50,000	318	0%
Acquisition of Financial Assets	11,098	11,161	22,172	63	1%
Acquisition of Monetary Gold & Spcl Drawing Rights	33,939	49,355	2,819	15,417	31%
Acquisition of Non Financial Assets	27,676	20,345	43,318	-7,331	-36%
Contingencies Fund	-	35,380	300,000	35,380	100%
Repayment of Domestic Liabilities	976,625	1,150,008	776,583	173,383	15%
Repayment of Foreign Liabilities	916,308	972,910	972,910	56,602	6%
Total Recurrent Expenditure	17,538,754	18,775,214	18,055,837	1,236,460	7%
Capital Expenditure (By Project)					
GOVERNMENT OF LESOTHO	1,193,400	1,901,718	1,763,961	708,319	37%
Head 001 - Agriculture & Food Security	15,706	31,000	31,000	15,294	49%
Head 002 - Health	10,645	24,737	24,737	14,091	57%
Head 003 - Education & Training	9,608	20,000	20,000	10,392	52%
Head 004 - Finance	32,529	56,007	56,007	23,478	42%
Head 005 - Trade & Industry	4,598	166,500	166,500	161,902	97%
Head 006 - Development Planning	45,828	50,000	70,000	4,172	8%
Head 007 - Justice & Correctional Services	5,313	20,000	20,000	14,687	73%
Head 008 - Home Affairs	1,008	-	-	1,008	-100%
Head 010 - Communications, Science & Tech	15,728	27,000	27,000	11,272	42%
Head 012 - Foreign Affairs & Int. Relations	-	4,000	4,000	4,000	100%
Head 013 - Public Works & Transport	467,376	575,514	452,514	108,138	19%
Head 014 - Forestry & Land Reclamation	5,575	-	-	5,575	-100%
Head 015 - Energy, Meteorology & Water Affairs	110,546	153,000	153,000	42,454	28%

Actual 2022/23					
Description	Actual Amounts M'000	Final/ Revised Budget M'000	Approved Budget M'000	Variance Actual to final/Revised M'000	Variance over Final Budget %
Head 017 - Tourism, Environment & Culture	7,784	8,000	8,000	216	3%
Head 019 - His Majesty's Office	1,715	20,000	20,000	18,285	91%
Head 035 - National Security Services	13,976	20,000	20,000	6,024	30%
Head 039 - Senate	20,000	20,000	20,000	0	0%
Head 042 - Local Government & Chieftainship	152,822	289,700	291,200	136,878	47%
Head 043 - Gender, Youth, Sports & Recreation	26,201	26,969	4,300	768	3%
Head 048 - Mining	-	1,000	1,000	1,000	100%
Head 049 - Police & Public Safety	18,030	40,000	60,000	21,970	55%
Head 050 - Small Business	3,284	4,000	4,000	716	18%
Head 051 - Water	218,926	328,656	295,068	109,730	33%
Head 052 - Transport	6,202	15,636	15,636	9,433	60%
DONOR GRANTS	909,948	2,140,658	2,114,215	1,230,710	57%
Head 001 - Agriculture & Food Security	46,616	66,848	66,908	20,232	30%
Head 002 - Health	149,720	765,079	765,079	615,359	80%
Head 003 - Education & Training	10,924	103,890	103,890	92,965	89%
Head 004 - Finance	411,417	528,364	528,364	116,947	22%
Head 005 - Trade & Industry	17,648	25,600	25,600	7,952	31%
Head 006 - Development Planning	1,781	-	-	1,781	-100%
Head 008 - Home Affairs	1,404	-	-	1,404	-100%
Head 013 - Public Works & Transport	69,981	140,000	140,000	70,019	50%
Head 014 - Forestry & Land Reclamation	1,354	11,459	11,459	10,105	88%
Head 015 - Energy, Meteorology & Water Affairs	48,043	238,089	211,361	190,047	80%
Head 017 - Tourism, Environment & Culture	1,968	3,901	2,853	1,933	50%
Head 042 - Local Government & Chieftainship	-	70,000	70,000	70,000	100%
Head 046 - Social Development	9,467	11,602	11,602	2,135	18%
Head 051 - Water	139,625	175,826	177,100	36,201	21%
DONOR LOANS	1,177,967	2,247,840	2,885,654	1,069,874	48%
Head 001 - Agriculture & Food Security	290,219	373,278	373,218	83,059	22%
Head 002 - Health	97,284	469,987	469,987	372,703	79%
Head 003 - Education & Training	93,649	97,615	97,615	3,967	4%
Head 004 - Finance	15,275	73,838	73,838	58,563	79%
Head 005 - Trade & Industry	44,142	62,655	62,655	18,514	30%
Head 010 - Communications, Science & Tech	17,412	-	-	17,412	-100%
Head 013 - Public Works & Transport	240,593	457,327	457,327	216,734	47%
Head 014 - Forestry & Land Reclamation	11,151	61,308	61,308	50,157	82%
Head 015 - Energy, Meteorology & Water Affairs	250,459	302,267	868,110	51,809	17%
Head 046 - Social Development	4,253	-	-	4,253	-100%
Head 051 - Water	113,531	349,563	421,595	236,032	68%
Total Development Expenditure	3,281,314	6,290,216	6,763,831	3,008,902	48%
Total Cash Outflows	20,820,068	25,065,431	24,819,668	4,245,363	17%
Net Flow	- 597,159	- 2,614,532	- 2,284,353	- 2,017,374	77%

3.3 Statement of Accounting Policies

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

A. Basis of Preparation

- (i) **Reporting entity** – These financial statements consolidate information for the national government, including its ministries, departments, Constitutional bodies and other Spending Units covered by the national budget. The lists of included and excluded agencies are shown below in the Statement of Consolidated Entities.
- (ii) **Financial year** – The Government’s fiscal year runs from 1st April to 31st March. These consolidated financial statements cover the year ended 31st March 2023 whilst the comparative actual figures reflect the 12 months ended 31st March 2022.
- (iii) **Reporting currency** – All amounts have been presented in the Lesotho Loti (M). Transactions denominated in other currencies have been converted to Loti at the exchange rate prevailing at the time of transaction. Cash held in other currencies at the year-end have been converted to Lesotho Loti at the exchange rates prevailing on 31st March 2023, as advised by the Central Bank of Lesotho (CBL). Disclosures of borrowings held at 31st March 2023 and denominated in foreign currencies have been similarly converted to their Loti equivalents.
- (iv) **Accounting basis** – The Consolidated Financial Statements comply with the provisions of the Public Financial Management and Accountability Act, 2011 excepting the requirement for their compliance to IPSAS. The Government has embarked on a roadmap for implementing the cash-basis IPSAS but does not yet comply for the following significant reasons:
 - *The financial statements do not consolidate all government-controlled entities. State owned enterprises, autonomous institutions and other extra-budgetary funds are not fully consolidated—this IPSAS requirement was relaxed in 2017.*
 - *Centrally managed bank account balances are not fully reconciled as at 31st March 2023.*
 - *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 FY2022/23 flows on these are disclosed.*

- (v) *Previous year adjustments - Corrections made by Spending Units to the reported figures of previous years have adjusted the comparative figures and cash balances carried forward from the respective years. The adjustments are disclosed in the notes to the financial statements.*
- (vi) *Receipts and Other Cash Inflows - Revenues include the tax collections by Lesotho Revenue Authority (LRA) net of tax refunds, receipts from the Southern African Customs Union (SACU), grants from development partners, dividends, royalties and miscellaneous non-tax revenues collected by Spending Units. Revenues are recognised in the financial records when received.*
- *Grant aid – grants received from local or foreign institutions are recorded when funds are received or, in respect of grant funded expenditures that benefit government but are disbursed by donors to third parties, upon receipt of notification that the disbursement has been made. In-kind local and foreign aid assistance are disclosed in the statements at fair value based on records supplied by the donors.*
 - *Foreign exchange gains – realised gains are recognised on payment of funds.*
 - *Sale of investments – revenues from the sale of shares in trading entities are recognised in the financial statements on receipt of the sale proceeds.*
 - *Borrowing receipts – loans received from local or foreign institutions are recorded when funds are received or, in respect of loans disbursed by institutions to settle government obligations to third parties, upon receipt of notification that the disbursement has been made.*
 - *Short term borrowings – receipts of Treasury Bills with tenures of less than one year are recorded on a net basis with the repayment of short term borrowings.*
- (vii) *Payments and Other Cash Outflows - Unless otherwise specified, expenditures are recognised in the financial records when the final authorisation for payment is effected in the IFMIS.*
- *Advances to local authorities – advances of budgeted monies transferred to district councils were expensed at the time the final authorisation for payment of the advance is effected on the system. Adjustments were made to reflect actual payments incurred during the year by the district council.*
 - *Repayment of Borrowings – Repayments of borrowed monies are recorded when the final authorisation for payment is entered on the system.*

The values are updated to account for the actual exchange rate applied by the Central Bank of Lesotho. The Notes to the Financial Statements identify the borrowing balances as at 31st March 2023.

- **Repayment of short term borrowings** – Repayments of Treasury Bills with tenures of one year or less are recorded on a net basis with short term borrowing receipts.
- **Inventories** – Payments for inventories purchased during the year are treated as expenditures. Stock balances and issues are maintained for statistical purposes. The financial value of stock balances is not recognized in the financial statements.
- **Donor and Loan Funded Capital Projects** – Payments funded from grants or loans received from local or foreign institutions are recorded as expenditure when the final authorisation for payment is 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.
- **Foreign Exchange Losses** – Realised losses on foreign currency transactions are recognised on the payment of funds.

(viii) Assets

- **Cash and cash equivalents** – comprise cash on hand, balances with banks and investments in short-term money market instruments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.
- **Investments** - Investments are not recognized in the Consolidated Financial Statements. They are recorded in the financial records at historic cost and are updated where independent external valuation exercises have been completed. Shareholdings are disclosed in the Notes to the Financial Statements. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the financial records when the cash is received.
- **Loans and advances** - are recognised as expenditure at the nominal amount when cash is paid to the beneficiary. Loan balances are recorded in a loan register and balances reduced when cash repayments are received from the beneficiary. Balances as at 31st March 2023 are disclosed in the Notes to the Financial Statements.

- **Amounts receivable** - Amounts receivable to Government at the reporting date are identified in the Notes to the Financial Statements.
- **Property, plant and equipment** – Payments for the acquisition of property, plant and equipment items are not capitalized. The costs of acquisition and proceeds from disposal of these items are treated as expenditure and income items respectively.

(ix) Liabilities

- **Borrowings** - New borrowings are shown as funding inflows. The stock of public debt as at 31st March 2023 is disclosed in the Notes to the Financial Statements. Public debt comprises domestic and external borrowing by the Government.
- **Accounts payable** - Accounts payable by the Government at the reporting date are identified in the Notes to the Financial Statements

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

3.4 Statement of Consolidated Entities

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

Accordingly, the FY2022/23 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
001	Min. Agriculture & Food Security	020	Public Service Commission
002	Min. Health	035	National Security Services
003	Min. Education & Training	036	Disaster Management Authority
004	Min. Finance	037	Min. Defence & National Security
005	Min. Trade & Industry	038	National Assembly
006	Min. Development Planning	039	Senate
007	Min. Justice & Correctional Services	040	Ombudsman
008	Min. Home Affairs	041	Independent Electoral Commission
009	Prime Minister’s Office	042	Min. Local Government & Chieftainship
010	Min. Communication, Science & Tech	043	Min. Gender, Youth, Sports & Recreation
011	Min. Law & Constitutional Affairs	044	Min. Public Service
012	Min. Foreign Affairs & Int. Relations	045	Judiciary
013	Min. Public Works & Transport	046	Min. Social Development
014	Min. Forestry & Land Reclamation	047	Directorate of Corruption & Econ Offences
015	Min. Energy, Meteorology & Water Affairs	048	Min. Mining
016	Min. Labour & Employment	049	Min. Police & Public Safety
017	Min. Tourism, Environment & Culture	050	Min. Small Businesses
018	Auditor General’s Office	051	Min. Water
019	His Majesty’s Office	052	Min. Transport
Central Services (managed by Min. Finance)			
021	Public Debt	025	Subscriptions to Int. Organisations
023	Pensions & Gratuities	026	Refund of Erroneous Receipts
024	Statutory Salaries & Allowances	031	Contingencies Fund
Local Government			
Local Government Service Commission (LGSC)		Maseru City Council	
District Councils		Urban Councils	
<ul style="list-style-type: none"> • Berea • Botha-Bothe • Mafeteng • Mokhotlong • Quthing • Qacha's Nek • Thaba-Tseka 		<ul style="list-style-type: none"> • Berea • Botha-Bothe • Mafeteng • Mokhotlong • Quthing • Qacha's Nek • Thaba-Tseka 	

<ul style="list-style-type: none"> • Maseru • Leribe • Mohale’s Hoek

<ul style="list-style-type: none"> • Semonkong • Hlotse • Mohale’s Hoek • Maputsoe
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Table 2: Controlled entities excluded from consolidation

Public Non-Financial Corporations	Public Financial Corporations
<ul style="list-style-type: none"> • Lesotho Electricity Company (LEC) • Lesotho Housing • Lesotho National Development Corporation (LNDC) • Water & Sewerage Corporation (WASCO) 	<ul style="list-style-type: none"> • Central Bank of Lesotho (CBL) • Lesotho Post Bank • Pension Fund

Extra Budgetary		
<ul style="list-style-type: none"> • Auditor General’s Office • Basotho Enterprise Development Corporation (BEDCO) • Centre for Accounting Studies • Council for Higher Education • Directorate of Dispute Prevention and Resolution • Exam Council of Lesotho • Land Administration Authority • Lerotholi Polytechnic • Lesotho College of Education 	<ul style="list-style-type: none"> • Lesotho Communications Authority • Lesotho Electricity And Water Authority • Lesotho Freight Bus Services • Lesotho Institute of Accountants • Lesotho Millenium Development Agency • Lesotho Revenue Authority • Lesotho Sports & Recreation Commission • Lesotho Tourism Development Corporation • Manpower Development Fund 	<ul style="list-style-type: none"> • National Aids Commission • National Drug Service Organization • National University of Lesotho • Petroleum Fund • Postal Services Fund • Queen Mamohato Memorial Hospital • Road Fund • Roads Directorate • Lesotho National Dairy Board • Lesotho Nursing Council

Joint Ventures
Institute of Development Management (IDM)
Lesotho Highlands Development Authority

50% and more owned by GoL

Active Public Enterprises / ‘SOEs’	GoL %	LNDC %	Total %
Loti Brick	22.8	73.6	96.4
Maluti Mountain Brewery	10	51	61
MHG Lesotho Pty Ltd (Avani Hotels)	36.4	16.7	53.1
Ok Bazaars		50	50

Minority Investments

Active State Invested Enterprises	GoL %	LNDC %	Total %
Lesotho Flour Mills Pty Ltd	49		49
Econet Telecom Lesotho	30		30
Letseng Diamonds	30		30
Mothae Diamonds	30		30
Liqhobong Mining	25		25
Storm Mountain (Kao) Diamonds Pty Ltd	25		25
National General Insurance Co Ltd	20		20
National Life Assurance Co Ltd	12		12
Lesotho Standard Bank Pty Ltd	9.65		9.65
Minet Lesotho Pty Ltd (Aon Insurance)	5		5

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

3.5 Notes to the Consolidated Financial Statements

Consolidated Statement of Cash Receipts and Payments Headings:

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

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

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

Previously not all receipts, payments and adjustments on the face of Financial Statement had notes, currently, the change has been made in the year under review to provide notes for all of them, except for Exch. Rate Gain / Loss. Furthermore, all notes now have comparative figures except for Note 28.

Basis for budget comparison:

The Consolidated Statement of Comparison of Budget and Actual Amounts include the original budget for FY2022/23 as approved by the National Assembly through the Appropriation (2022/23) Act, 2022. 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.

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

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

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

Table 3: FY2022/23 Use of Contingency Fund

NO.	DATE REQUESTED	DATE APPROVED	MINISTRY/ HEAD	RECURRENT PE REQUEST	RECURRENT OC REQUEST	CAPITAL REQUEST	TOTAL ADVANCES APPROVED TO DATE	BALANCE AVAILABLE	PURPOSE/REASON
0	01 April 2022	01 April 2022	Contingencies Fund	-	300,000,000	-	-	300,000,000	To Finance unforeseen and unanticipated activities.
1	16 May 2022	16 May 2022	Defence	-	2,963,200	-	2,963,200	297,036,800	Additional funds required for urgent need to cover the troops' requirement before their departure to SADC Mission in Mozambique (SAMIM) due to yet another extension which will run from 15/04/2022 to 15/07/2022.
2	14 June 2022	14 June 2022	The Public Service	-	3,031,440	-	5,994,640	294,005,360	Funds are required for competency assessment to address the current challenges of unfair practices used in the selection and promoting of public officers; to also advance management and leadership skills' capacities and capabilities of public servants; and to fund performance management project (Phase II).
3	14 June 2022	14 June 2022	Judiciary	-	10,162,128	-	16,156,768	283,843,232	Funds are required to finance newly recruited Judges of the High Court and Tsiña-I-Mali Court to cater for their utilities and resources to carry out their duties. Funds will also be used to assist in the reroofing of the High Court.
4	30 June 2022	30 June 2022	Defence	-	13,497,414	-	29,654,182	270,345,818	Funds are required to facilitate payment of LDF CASA-212 grounded at Pemba, Mozambique and additional funds on Non-Life Insurance premium due to significant increases of the aircraft insurance.
5	30 June 2022	30 June 2022	Disaster Management Authority	-	100,000,000	-	129,654,182	170,345,818	Funds are required to facilitate outstanding payments list of suppliers who offered services since 2020 during COVID-19 pandemic and suppliers who offered services since 2021 in response to heavy rains damage country wide.
6	07 July 2022	07 July 2022	Communications, Science and Technology	-	62,092,296	-	191,746,478	108,253,522	Funds are required to finance Microsoft Ireland Operation LTD Software Licenses which expired in February 2021 and the additional funds to finalise refurbishment of the two Data Centres on MOF and MCSST.
7	14 September 2022	14 September 2022	The Public Service	-	18,319,873	-	210,066,351	89,933,649	Funds are required for payment of outstanding activities under Phase II of HRMS - PSM Project which ended in March 2022 comprising of Go Live and Hardware Operational Certificates.
8	14 September 2022	14 September 2022	Energy and Meteorology	-	29,758,607	-	239,824,958	60,175,042	Additional funds required to pay for loss incurred by fuel companies as the result of reduced fuel prices by government for the month of July.
9	14 September 2022	14 September 2022	Defence	-	9,911,974	-	249,736,932	50,263,068	Additional funds are required to finance the outstanding invoices for fuel supplied for aviation by Khangline Pty Ltd which supply fuel to LDF and that extends to Mozambique Mission and Operation Safe Life.
10	17 November 2022	17 November 2022	Defence	2,881,313	-	-	252,618,245	47,381,755	Funds are required for LDF in regard to sustain operation Safe Life II which was meant for rime prevention in the country.
11	17 November 2022	17 November 2022	Defence	12,000,000	-	-	264,618,245	35,381,755	Additional funds are required to finance SAMIM vehicle fleet maintenance as a matter of urgency to procure spare parts and equipment for the upkeep of operability of the Armoured personnel carriers of contingent in SADC Mission in Mozambique.
			Total Advances	14,881,313	249,736,932	-	264,618,245		

Note 1: Tax Revenues

The Revenue Services Lesotho (RSL) 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 RSL which are transferred directly to the Roads Directorate.

Description	Actual 2023			Total for All Accounts M'000	Actual 2022 Total for All Accounts M'000
	Head Controlled M'000	Treasury Accounts M'000	3rd Parties Accounts M'000		
Taxes on Income, Profits and Capital Gains	-	4,071,534	-	4,071,534	4,161,070
Personal Income Tax	-	3,426,917	-	3,426,917	4,161,070
Company Tax	-	487,629	-	487,629	-
Withholding Tax	-	156,989	-	156,989	-
Taxes on Goods and Services	-	3,978,911	-	3,978,911	3,444,684
Value Added Tax	-	3,577,174	-	3,577,174	3,120,550
Motor Vehicle Assurance	-	17,676	-	17,676	29,973
Oil Levy	-	357,539	-	357,539	282,424
Casino Licences	-	95	-	95	82
Guest Houses	-	82	-	82	143
Hotels and Lodges	-	111	-	111	118
Off Sales	-	1,032	-	1,032	889
Restaurants and Canteens	-	274	-	274	283
Drivers' Licence Fee	-	12,676	-	12,676	7,255
Motor Registration	-	24	-	24	2,277
Club Licences	-	15	-	15	13
Crops and Livestock Licences	-	391	-	391	-
Diamond Dealers Licences	-	146	-	146	594
Firearm Licences	-	821	-	821	-
Herbalist Licences	-	28	-	28	20
Industrial Licences	-	668	-	668	-
Master's Fees	-	10	-	10	6
Reservation Name - Society	-	130	-	130	-
Trading Licences	-	5,747	-	5,747	-
Registration and Licensing - Private Hospital	-	50	-	50	13
Registration and Licensing - Clinic	-	4	-	4	41
Registration and Licensing - Laboratory	-	-	-	-	1
Ambulance Registration License or Company Registratio	-	4,217	-	4,217	-
Taxes on International Trade and Transactions	-	-	-	-	24
Diamond Sales Tax	-	-	-	-	24
Other Taxes	-	874	-	874	2,296
Stamp Duty	-	874	-	874	2,296
Total Tax Revenue	-	8,051,319	-	8,051,319	7,608,074

Note 2: Non-Tax Revenues

Collections of non-tax revenues were as follows:

Description	Actual 2023				Actual 2022 Total for All Accounts M'000
	Head Controlled M'000	Treasury Accounts M'000	3rd Parties Accounts M'000	Total for All Accounts M'000	
Property Income	9,264	600,045	-	609,309	614,227
Interest	9,264	14,996	-	24,260	34,667
<i>Interest Received from Financial Public</i>	4,650	2,560	-	7,210	-
<i>Interest Received from Non Financial Public</i>	-	12,436	-	12,436	34,595
<i>Interest - Deposits and Investments</i>	3,376	-	-	3,376	-
<i>Interest - Other</i>	1,238	-	-	1,238	72
Dividends	-	151,016	-	151,016	259,260
<i>Dividends Received from Financial Public Corporation</i>	-	24,582	-	24,582	71,124
<i>Dividends Received from Non Financial Public Corporation</i>	-	3,877	-	3,877	9,684
<i>Dividends - Other</i>	-	122,557	-	122,557	178,452
Rent - Non Produced Assets	-	434,033	-	434,033	320,301
<i>Royalties</i>	-	428,455	-	428,455	316,309
<i>Surface Rent</i>	-	5,578	-	5,578	3,991
Rand Monetary Compensation	-	361,222	-	361,222	177,737
<i>Rand Monetary Compensation</i>	-	361,222	-	361,222	177,737
Sale of Goods and Services	74,894	1,551,390	-	1,626,284	1,495,901
Sales by Market Establishments	-	1,415,660	-	1,415,660	1,330,335
<i>Electricity - Muela</i>	-	12,102	-	12,102	26,553
<i>Water Royalties - LHDA</i>	-	1,403,558	-	1,403,558	1,303,782
Administrative Fees	-	49,002	-	49,002	35,617
<i>Airworthiness</i>	-	17	-	17	12
<i>Application of Trade Union</i>	-	3	-	3	-
<i>Attestation Fees</i>	-	55	-	55	-
<i>Births and Deaths Registration</i>	-	11	-	11	15
<i>Building Permits</i>	-	47	-	47	4,119
<i>Citizenship</i>	-	2,096	-	2,096	62
<i>Consent Fees</i>	-	-	-	-	983
<i>Flight Operations</i>	-	18	-	18	3
<i>Importation</i>	-	1,499	-	1,499	-
<i>Issue Of Employment Certificate</i>	-	7,619	-	7,619	9,727
<i>Labour Agents Permits</i>	-	3	-	3	-
<i>Registration of Land, Leases and Other Title Documents</i>	-	569	-	569	-
<i>Motor Vehicle Inspection</i>	-	8,392	-	8,392	6,584
<i>Passports</i>	-	11,943	-	11,943	3,640
<i>Patent Fees</i>	-	1	-	1	-
<i>Permits</i>	-	6,417	-	6,417	7,947
<i>Registr. Of Cat. Construc</i>	-	638	-	638	445
<i>Regstr. Security C. &Gua.</i>	-	426	-	426	300
<i>Temporary Air Service Permits</i>	-	44	-	44	18
<i>Trademarks, Births, Deaths</i>	-	8,052	-	8,052	819
<i>Visas</i>	-	1,152	-	1,152	942
<i>Membership Subscriptions</i>	-	1	-	1	2
Incidental Sales by Non Market Establishments	74,894	86,728	-	161,622	68,837
<i>Abattoir Fees</i>	-	8	-	8	11
<i>Airport Services Charge</i>	-	366	-	366	200
<i>Ambulance Fees</i>	-	70	-	70	47
<i>Application Fees</i>	-	143	-	143	111
<i>College Fees</i>	-	-	-	-	122
<i>Course Fees</i>	-	-	-	-	9
<i>Court Fees</i>	-	210	-	210	197
<i>Craft Centre</i>	-	39	-	39	27
<i>Dental Fees</i>	-	565	-	565	870
<i>Design Fees</i>	-	0	-	0	-
<i>Examination Fees</i>	-	63	-	63	53
<i>Farmers' Training Centre</i>	-	7	-	7	-
<i>Forest Fund-511/001/03715</i>	-	82	-	82	53
<i>Hire of Buildings and Structures</i>	-	794	-	794	351
<i>In Patient Fees</i>	-	1,658	-	1,658	1,117
<i>Identity Photographs</i>	-	4	-	4	47

Description	Actual 2023				Actual 2022
	Head	Treasury	3rd Parties	Total for All	Total for All
	Controlled	Accounts	Accounts	Accounts	Accounts
	M'000	M'000	M'000	M'000	M'000
Insurance Commission	-	1,588	-	1,588	4,501
Landing Fees	-	740	-	740	317
Legal Services	-	-	-	-	-
Logbook Fees	-	-	-	-	-
Market Fees	-	118	-	118	126
Meals and Accommodation	-	107	-	107	308
Motor Vehicle Number Plates	-	6,683	-	6,683	5,386
Mortuary Fees	-	17	-	17	21
Book Royalties	-	-	-	-	-
Newspaper Advertising & S	-	381	-	381	-
Ophthalmic Fees	-	182	-	182	475
Orthopaedic Fees	-	-	-	-	-
Out Patient Fees	-	4,032	-	4,032	3,156
Photocopying	-	-	-	-	-
Police Outside Service	-	3,958	-	3,958	5,630
Pound and Grazing Fees	-	7	-	7	19
Private Patient Fees	-	484	-	484	484
Public Toilets	-	157	-	157	175
Road Accident Reports	-	127	-	127	121
Rent from Government Properties - Commercial and	57,156	4,547	-	61,702	19,549
Rent from Government Properties - Residential	-	5,438	-	5,438	6,063
RSA Referrals	-	71	-	71	61
Sale of Goods or Products	-	24,614	-	24,614	51
Sale of Maps, Books and Other Publications	-	63	-	63	29
Sale of Fish, Poultry and Produce	-	7,119	-	7,119	-
Sale of Services	-	8,474	-	8,474	6,906
Sale of Stray Stock	-	336	-	336	600
Sale of Tender, Bidding and Contract Documents	205	3,276	-	3,481	1,723
Sanitary and Refuse	-	85	-	85	131
School Additions List	-	-	-	-	-
School Fees	-	3,264	-	3,264	-
Statutory Fees	-	100	-	100	126
Stud Fees	-	-	-	-	-
Sundry	15,639	966	-	16,605	2,685
Tender Fees	-	571	-	571	420
Technical Operations Unit	-	345	-	345	-
Tuition Fees	704	1,066	-	1,770	2,975
Water Kiosks	-	17	-	17	22
Prison Industries	-	30	-	30	8
Proceeds from Sale of Explosives	-	-	-	-	-
Drilling	-	-	-	-	84
Pumping Tests	-	-	-	-	-
Consultancy	-	-	-	-	2
Spring and Water Quality	-	22	-	22	36
Aircraft Hire	-	608	-	608	754
Survey Fees	-	-	-	-	-
Valuation Fees	-	90	-	90	11
Building Plans	-	-	-	-	-
Sale of Advertising	-	104	-	104	66
Laboratory Testing Services	-	141	-	141	557
Payroll Deduction Fee	-	507	-	507	754
Entrance Fees	-	593	-	593	155
Assessment Fees	-	608	-	608	148
X-Ray	-	-	-	-	333
Remark Examination	-	-	-	-	-
Graduation Attire	-	-	-	-	-
Caution Fees	-	79	-	79	8
Registration Fees	1,189	226	-	1,415	15
Road Fund Commission	-	774	-	774	631
Imputed Sales of Goods and Services	-	-	-	-	61,113
Rental Subsidy Employee Housing	-	-	-	-	61,113
Fines Penalties and Forfeits	-	5,454	-	5,454	4,876
Judicial Fines	-	3,101	-	3,101	4,252
Road Traffic Offences	-	-	-	-	-
Fines on Overloaded Vehicles	-	-	-	-	-
Other Fines, Penalties and Forfeits	-	116	-	116	100
Surcharges	-	2,237	-	2,237	524
Voluntary Transfers other than Grants (NGOs)	142	-	-	142	10
Direct Disbursement Voluntary Transfers	142	-	-	142	10
Miscellaneous and Unidentified Revenue	517	642,326	-	642,843	76,016
Transfer of Unclaimed Moneys	273	-	-	273	11,405
Repayments of Expenditure Paid in Prior Years	244	642,326	-	642,570	64,611
Exchange Rate Gains	17,090	-	-	17,090	-
Exchange Rate Gains - Foreign Bank Accounts	17,090	-	-	17,090	-
Exchange Rate Gains - Foreign Currency Loans	-	-	-	-	-
Total Other Revenue	101,905	3,160,436	-	3,262,341	2,368,768

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 FY2022/23 were from those shown below.

Supervising Spending Unit	Entity Name	Dividends Received Actual	
		2022/2023	2021/2022
		M'000	M'000
Finance	Lesotho National Life Insurance	960	-
Finance	Lesotho Life Assurance Company		
Finance	Central Bank of Lesotho	-	46,999
Finance	Minet	462	403
Finance	Maluti Mountain Brewery	3,877	9,282
Finance	Avani		
Finance	Standard Lesotho Bank	23,160	24,125
Mining	Letseng Mine	122,557	178,452
Total		151,016	259,260

Note 3: Incurrence of Foreign Liabilities for the Year Ended 31 March 2023

Description	Actual 2023				Actual 2022 Total for All Accounts M'000
	Head Controlled	Treasury Accounts	3rd Parties Accounts	Total for All Accounts	
	M'000	M'000	M'000	M'000	
Incurrence of Foreign Liabilities	801,945	-	535,927	1,337,872	1,407,795
Loans	801,945	-	535,927	1,337,872	1,407,795
<i>Bilateral Loans</i>	77,692	-	150,427	228,119	267,891
<i>Multilateral Loans</i>	724,252	-	202,229	926,481	795,683
<i>Export Credits</i>	-	-	183,271	183,271	344,221
Total Foreign Liabilities Incurred	801,945	-	535,927	1,337,872	1,407,795

Note 4: Grants received

Grants received during the year ended 31st March 2023 were:

Description	Actual 2023			Total for All Accounts M'000	Actual 2022 Total for All Accounts M'000
	Head Controlled M'000	Treasury Accounts M'000	3rd Parties Accounts M'000		
Grants from Foreign Governments	33,004	-	51,152	84,156	268,867
<i>Current Donor Grants - Foreign Governments</i>	33,004	-	-	33,004	1,190
<i>Capital Donor Grants - Foreign Governments</i>	-	-	51,152	51,152	267,677
Grants from International Organisations	447,479	-	351,661	799,139	345,696
<i>Current Donor Grants – Multilateral Partners</i>	5,938	-	5,001	10,939	19,233
<i>Capital Donor Grants – Multilateral Partners</i>	441,540	-	346,660	788,200	326,463
Grants from Other General Government Units	-	-	73,701	73,701	7,137
<i>Current Grants from Central Government</i>	-	-	-	-	75
<i>Capital Grants from Central Government</i>	-	-	73,701	73,701	7,062
-	-	-	-	-	-
Total Grants	480,483	-	476,514	956,996	621,701

Grants Received Summary by type

Description	Actual 2023			Total for All Accounts M'000	Actual 2022 Total for All Accounts M'000
	Head Controlled M'000	Treasury Accounts M'000	3rd Parties Accounts M'000		
Current Grants	38,942	-	5,001	43,943	20,499
Capital Grants	441,540	-	471,513	913,053	601,202
	480,483	-	476,514	956,996	621,701

Please note that there are Recurrent Grant received of M43,943 and Capital Grants received of M913,053 as summarised above.

Note 5: Payments on goods and services

Payments on goods and services of FY2022/23 were as follows

Description	Actual 2023			Total for All Accounts M'000	Actual 2022 Total for All Accounts M'000
	Head Controlled M'000	Treasury Accounts M'000	3rd Parties Accounts M'000		
Travel and Transport	279,654	442,350	17,078	739,083	566,691
<i>Vehicle Maintenance and Repairs</i>	18,390	70,208	-	88,598	76,743
<i>Fuel and Lubricants</i>	32,229	107,952	-	140,181	84,971
<i>Standing Charge</i>	-	1,801	-	1,801	699
<i>Short Term Hire of Vehicles</i>	52,276	129,066	-	181,342	184,506
<i>Private Hire of Vehicles</i>	-	2,058	-	2,058	-
<i>Motor Mileage Allowance</i>	5	11	-	16	91
<i>Fares (Local)</i>	729	649	-	1,378	1,638
<i>Subsistence (Local)</i>	118,920	51,430	527	170,877	125,226
<i>Freight Charges</i>	65	25,016	16,551	41,632	29,616
<i>Equine Hire</i>	73	11	-	84	205
<i>Fares (International)</i>	4,657	24,396	-	29,053	14,145
<i>Subsistence (International)</i>	52,294	29,751	-	82,046	48,850
<i>Consultancies</i>	16	-	-	16	-
Operating Costs	781,632	2,035,883	257,301	3,074,815	3,089,903
<i>Power</i>	1,813	93,418	-	95,231	115,239
<i>Communications</i>	22,649	81,745	14	104,408	90,600
<i>Printing</i>	28,423	9,528	219	38,171	18,575
<i>Stationery</i>	32,049	9,956	17	42,021	27,593
<i>Maintenance of Public Assets</i>	144,352	132,608	-	276,960	214,183
<i>Food, Fodder and Beverage Supplies</i>	4,448	52,512	-	56,960	58,322
<i>Purchases or Production of Materials, Goods or</i>	168,520	313,221	63,608	545,349	609,901
<i>Minor Works</i>	10,329	5,905	-	16,234	54,234
<i>Drugs</i>	66,263	329,067	96,752	492,081	529,809
<i>Dressings</i>	-	13,295	-	13,295	13,787
<i>Vaccines</i>	-	6,151	-	6,151	118,627
<i>Dips and Anthelmintics</i>	14	54	-	67	74
<i>Official Entertainment</i>	144	166	-	309	295
<i>Official Gifts</i>	-	51	271	322	13
<i>Training Costs</i>	43,675	11,269	499	55,442	39,998
<i>Software Licenses</i>	10,103	89,514	706	100,322	15,049
<i>Consultancies</i>	200,748	97,596	95,216	393,560	311,445
<i>Ammunition</i>	25,000	1,863	-	26,863	25,000
<i>Fitch</i>	-	-	-	-	643
<i>MEFMI</i>	-	-	-	-	2,181
<i>ESAAMLG</i>	-	1,000	-	1,000	1,636
<i>UNDP Lesotho</i>	-	-	-	-	1,422
<i>Books and Publications</i>	2,303	21	-	2,324	13,830
<i>Membership Subscriptions</i>	1	108,769	-	108,770	62,005
<i>Project Costs - Historic</i>	-	-	-	-	695
<i>Water Supply</i>	107	17,743	-	17,850	29,811
<i>Sewerage and Sanitation</i>	-	1,375	-	1,375	2,813
<i>Rent and Lease of Buildings for Government Use</i>	18,257	204,869	-	223,127	183,528
<i>Purchase of Health Services</i>	-	451,573	-	451,573	539,916
<i>Bank Charges</i>	2,433	2,112	-	4,546	7,845
<i>Witness Expenses</i>	-	504	-	504	571
<i>2008-09 and Prior Year - Grants and Subsidies</i>	-	-	-	-	261
Total Goods and Services	1,061,286	2,478,233	274,379	3,813,898	3,656,594

Note 6: Compensation of Employees

Payments of FY2022/23 employee compensation are made up of the following:

Description	Actual 2023			Total for All Accounts M'000	Actual 2022 Total for All Accounts M'000
	Head Controlled M'000	Treasury Accounts M'000	3rd Parties Accounts M'000		
Wages and salaries	391,390	6,515,699	9,148	6,916,238	6,574,730
Non Statutory Salaries in Cash	345,969	5,787,541	9,148	6,142,659	5,636,228
<i>Salaries – Established Posts</i>	330,679	5,787,246	7,503	6,125,427	5,618,099
<i>Salaries – New Posts</i>	1,931	296	-	2,227	18,129
<i>Project Salaries, Vacant Positions, Vacant Posts</i>	13,359	-	1,645	15,004	-
Statutory Salaries in Cash	-	10,837	-	10,837	157,306
<i>Privy Purse</i>	-	18	-	18	739
<i>Chief Justice</i>	-	488	-	488	385
<i>Judges</i>	-	6,069	-	6,069	4,143
<i>Chairman PSC</i>	-	227	-	227	502
<i>Members PSC</i>	-	1,271	-	1,271	1,778
<i>Members TSC</i>	-	-	-	-	146,394
<i>Attorney-General</i>	-	403	-	403	356
<i>Director Public Prosecutions</i>	-	396	-	396	520
<i>Auditor-General</i>	-	135	-	135	535
<i>Ombudsman</i>	-	396	-	396	535
<i>Chairman IEC</i>	-	513	-	513	526
<i>Members IEC</i>	-	922	-	922	891
Wages in Cash	39,524	410,574	-	450,098	539,434
<i>Wages – Established Posts</i>	38,024	405,153	-	443,177	452,937
<i>Wages – New Posts</i>	1,500	5,421	-	6,921	86,497
Allowances in Cash - Non Statutory Posts	5,897	265,006	-	270,903	151,181
<i>Allowances - Non Statutory Posts</i>	5,897	265,006	-	270,903	151,181
Allowances in Cash - Statutory Posts	-	2,961	-	2,961	2,288
<i>Queen's Allowance</i>	-	487	-	487	619
<i>King's Allowance</i>	-	663	-	663	106
<i>Allowances Chief Justice</i>	-	60	-	60	30
<i>Allowances Judges</i>	-	1,032	-	1,032	966
<i>Allowances Chairman PSC</i>	-	37	-	37	74
<i>Allowances Ombudsman</i>	-	84	-	84	65
<i>Allowances Attorney General</i>	-	60	-	60	48
<i>Allowances Auditor General</i>	-	55	-	55	33
<i>Allowances Director Of Public Prosecutions</i>	-	72	-	72	40
<i>Allowances Chairman IEC</i>	-	48	-	48	24
<i>Allowances Members IEC</i>	-	126	-	126	63
<i>Allowances Members PSC</i>	-	236	-	236	220
Salaries and Wages - Own Account Capital	-	338	-	338	37,848
<i>Salaries and Wages - Own Account Capital</i>	-	338	-	338	37,848
Wages and Salaries in Kind	-	38,442	-	38,442	50,446
<i>Doctors' Housing</i>	-	-	-	-	10,735
<i>School and Medical Fees - Foreign Missions</i>	-	38,442	-	38,442	39,711
Social Contributions	58,436	1,320,038	-	1,378,474	1,394,646
Actual Social Contributions	-	615,127	-	615,127	618,892
<i>GoL Pension Contribution</i>	-	615,127	-	615,127	618,892
Unfunded Pensions and Gratuities	58,436	704,911	-	763,347	775,754
<i>Civil Pensions</i>	-	541,921	-	541,921	515,297
<i>Gratuities</i>	58,436	162,990	-	221,426	260,456
Total Compensation of Employee	449,827	7,835,738	9,148	8,294,712	7,969,376

Note 7: Other use of Goods and Services Consumed for the Year Ended 31 March 2023

Description	Actual 2023				Actual 2022 Total for All Accounts M'000
	Head Controlled M'000	Treasury Accounts M'000	3rd Parties Accounts M'000	Total for All Accounts M'000	
Other Use of Goods and Services - Own Account Capital	-	-	-	-	2,897
<i>Purchase of Construction Materials – Own Account</i>	-	-	-	-	104
<i>Consultancies - Own Account Capital</i>	-	-	-	-	2,334
<i>Purchase of Other Goods and Services - Own Account</i>	-	-	-	-	459
Total cost of other goods and services consumed	-	-	-	-	2,897

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 FY2022/23.

Description	Actual 2023				Actual 2022 Total for All Accounts M'000
	Head Controlled M'000	Treasury Accounts M'000	3rd Parties Accounts M'000	Total for All Accounts M'000	
Acquisition of Fixed Assets	650,100	472,828	623,998	1,746,926	2,396,088
Buildings and Structures	601,164	432,177	610,745	1,644,086	2,173,648
<i>Dwellings Constructed by Government</i>	-	18,030	-	18,030	27,231
<i>Other Dwellings</i>	8,674	5,295	-	13,969	25,055
<i>Non Residential Buildings Constructed by</i>	-	4,790	-	4,790	696,142
<i>Other Non Residential Buildings</i>	30,665	6,551	-	37,217	336
<i>Other Structures Constructed by Government</i>	30,283	4,946	-	35,229	29,358
<i>Other Other Structures</i>	531,542	392,565	610,745	1,534,852	1,395,526
Machinery and Equipment	48,936	40,650	13,253	102,839	222,440
<i>Vehicles, Cycles & Equine</i>	10,811	10,956	1,560	23,328	13,901
<i>Office Equipment</i>	24,339	3,774	3,222	31,336	109,292
<i>Office/Residential Furniture</i>	5,501	9,875	-	15,376	3,599
<i>Non - Office Equipment</i>	8,285	16,045	8,470	32,800	95,648
Total value of property, plant and equipment expensed	650,100	472,828	623,998	1,746,926	2,396,088

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	Actual 2023				Actual 2022 Total for All Accounts M'000
	Head Controlled M'000	Treasury Accounts M'000	3rd Parties Accounts M'000	Total for All Accounts M'000	
Domestic Interest	-	267,957	-	267,957	267,807
<i>Other Domestic Interest</i>	-	267,957	-	267,957	267,807
Foreign Interest	-	309,048	-	309,048	233,542
<i>Bilateral Interest</i>	-	13,981	-	13,981	10,880
<i>Multilateral Interest</i>	-	224,685	-	224,685	181,884
<i>Financial Institutions Interest</i>	-	14,158	-	14,158	-
<i>Export Credit Interest</i>	-	56,223	-	56,223	40,778
Total interest payable	-	577,005	-	577,005	501,349

Note 10: Subsidies

Subsidies paid during the year are summarized as below:

Description	Actual 2023				Actual 2022 Total for All Accounts M'000
	Head Controlled M'000	Treasury Accounts M'000	3rd Parties Accounts M'000	Total for All Accounts M'000	
Subsidies					
To Public Corporations	3,313	488,230	-	491,543	616,344
<i>Subsidies - Non Financial Public Corporations</i>	-	317,994	-	317,994	-
<i>Subsidies - Non Financial Public Corporations</i>	3,313	170,235	-	173,548	516,607
<i>Subsidies - Financial Public Corporations</i>	-	-	-	-	99,737
On Products	3,478	27,374	-	30,852	-
<i>Petroleum Levy</i>	-	27,374	-	27,374	-
<i>Subsidy on Agricultural Inputs</i>	3,478	-	-	3,478	-
Total subsidies for the year	6,791	515,604	-	522,394	616,344

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	Actual 2023				Actual 2022 Total for All Accounts M'000
	Head Controlled M'000	Treasury Accounts M'000	3rd Parties Accounts M'000	Total for All Accounts M'000	
Grants					
To International Organisations	-	154,589	-	154,589	45,991
<i>Commonwealth Secretariat</i>	-	4,756	-	4,756	3,293
<i>ACP</i>	-	-	-	-	640
<i>Group Of 77</i>	-	79,364	-	79,364	74
<i>SADC</i>	-	70,469	-	70,469	41,985
To Other General Government Units	322,795	635,014	104,917	1,062,726	1,251,400
<i>Current Grants Paid to Central Government</i>	-	194,072	-	194,072	388,151
<i>Current Grants Paid to Extra Budgetary Units</i>	134,131	170,620	-	304,751	350,284
<i>Current Grants Paid to Local Governments</i>	-	-	-	-	17,902
<i>Grants in Aid Paid to Extra Budgetary Units</i>	181,884	242,421	104,917	529,222	495,064
<i>Grants in Aid Paid to Local Governments</i>	-	10,000	-	10,000	-
<i>Capital Grants Paid to Extra Budgetary Units</i>	6,780	-	-	6,780	-
<i>Capital Grants Paid to Local Governments</i>	-	17,902	-	17,902	-
Total grants for the year	322,795	789,603	104,917	1,217,315	1,297,391

Note 12: Social Benefits

Social benefits comprised:

Description	Actual 2023				Actual 2022
	Head Controlled M'000	Treasury Accounts M'000	3rd Parties Accounts M'000	Total for All Accounts M'000	Total for All Accounts M'000
Social Benefits					
Social Assistance Benefits	1,303,923	6,516	-	1,310,439	977,509
<i>Old Age Pension</i>	820,238	-	-	820,238	507,619
<i>APC Pension</i>	1,969	-	-	1,969	1,433
<i>Public Assistance in Cash</i>	43,810	-	-	43,810	122,219
<i>Social Assistance Benefits in Kind</i>	76	-	-	76	-
<i>School Feeding Program</i>	275,901	-	-	275,901	222,468
<i>Safety Net</i>	-	-	-	-	88,400
<i>Public Assistance in Kind</i>	-	6,516	-	6,516	5,622
<i>LLA Pensions</i>	3,785	-	-	3,785	1,719
<i>Disability Grants</i>	2,858	-	-	2,858	-
<i>OVC Bursary</i>	70,346	-	-	70,346	6,180
<i>Child Grants</i>	84,942	-	-	84,942	21,851
Employer Social Benefits	704	36	-	740	271,647
<i>Compensation</i>	704	36	-	740	271,647
Total social benefits	1,304,627	6,552	-	1,311,179	1,249,157

Note 13: Other Operating Expenses

Description	Actual 2023				Actual 2022
	Head Controlled M'000	Treasury Accounts M'000	3rd Parties Accounts M'000	Total for All Accounts M'000	Total for All Accounts M'000
Property Expense Other Than Interest	53	-	-	53	34
Withdrawals from Income of Quasi Corporations	21	-	-	21	-
Rent of Non Produced Assets	31	-	-	31	34
<i>Rent and Lease of Land for Government Use</i>	31	-	-	31	34
Miscellaneous Other Expense	4,301	1,304,309	-	1,308,610	1,066,837
Current	4,301	1,286,916	-	1,291,217	1,066,837
<i>Transfers to Institutions Caring for Orphans</i>	-	6,193	-	6,193	3,861
<i>Student Grants - National Manpower Development</i>	-	1,180,202	-	1,180,202	950,000
<i>Legal Compensation</i>	42	2,067	-	2,109	9,349
<i>Motor Vehicle Assurance</i>	237	31,928	-	32,165	39,482
<i>Non Life Insurance Premiums</i>	4,022	66,526	-	70,548	64,145
Capital	-	17,393	-	17,393	-
<i>Capital Transfers - Non Financial Public Corporations</i>	-	17,393	-	17,393	-
Total Other Expenses	4,354	1,304,309	-	1,308,663	1,066,871

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	Actual 2023				Actual 2022 Total for All Accounts M'000
	Head Controlled M'000	Treasury Accounts M'000	3rd Parties Accounts M'000	Total for All Accounts M'000	
Disposal of Fixed Assets	572	293	-	864	4,960
Machinery and Equipment	572	293	-	864	4,960
<i>Proceeds from Sale of Transport Equipment</i>	572	-	-	572	-
<i>Proceeds from Sale of Other Machinery and</i>	-	293	-	293	4,960
Total Proceed received	572	293	-	864	4,960

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.

Note 15 details only balances that are directly under Treasury and Heads that affect the Government Cash Receipts and Payments that are consolidated. Special Funds Trust Monies and other State-owned entities bank accounts were previously included in the Note 15 as if their transactions affect the statement of Cash receipts and payments. They are now disclosed separately under disclosure Schedule 9 (table 15): Other Cash Balances.

Report on the Consolidated Financial Statements for the Year Ended 31st March 2023

Analysis per bank	Accounts at 31 March 2023		Accounts at 31 March 2022	
	Count	Balance M'000	Count	Balance M'000
HEAD CONTROLLED ACCOUNTS				
<i>Locally Denominated Accounts:</i>				
Central Bank of Lesotho	13	22,954	21	6,290
Ned Bank Lesotho	41	131,357	42	113,659
Standard Lesotho Bank	57	96,818	78	132,271
First National Bank	19	16,185	16	40,279
Lesotho Post Bank	13	277,169	31	370,842
Total	143	544,482	188	663,341
<i>Foreign Currency Accounts</i>				
Central Bank of Lesotho	51	605,257	52	400,052
Standard Lesotho Bank	3	39,405	3	41,294
Foreign Diplomatic Missions			26	78,828
Total	54	644,662	81	520,174
<i>Debt and Debt Servicing Accounts</i>				
Lesotho Post Bank	4	92,473		
Total Debt and Debt Servicing Accounts	4	92,473	0	-
<i>Mobile Network Operators (MNOs) Cash balances</i>				
Vodacom	13	3,150	8	8,667
Econet	10	3,801	8	1,038
Chaperone	2	2,947	1	-
Total MNOs accounts	25	9,897	17	9,705
TOTAL HEAD CONTROLLED ACCOUNTS	226	1,291,515	286	1,193,220
TREASURY ACCOUNTS				
<i>Locally Denominated Accounts</i>				
Central Bank of Lesotho	11	479,000	11	1,078,183
Standard Lesotho Bank	15	30,791	5	46,171
First National Bank	4	29,456	3	33,098
Lesotho Post Bank	12	6,291	2	9,594
Total	42	545,539	21	1,167,045
<i>Foreign Currency Accounts</i>				
Foreign Diplomatic Missions	27	126,119		
First National Bank	1	3,500	1	3,645
Total	28	129,619	1	3,645
<i>Debt and Debt Servicing Accounts</i>				
Central Bank of Lesotho	1	256,353	3	1,475,767
Total Debt and Debt Servicing Accounts	1	256,353	3	1,475,767
TOTAL TREASURY ACCOUNTS	71	931,511	25	2,646,457
TOTAL GOVERNMENT ACCOUNTS	297	2,223,027	311	3,839,677

Note 16: Net Change in Deposits, Imprests and Financial Assets and Liabilities

Account	Head Control Accounts		Treasury Accounts		Net Movement M'000
	Balance 31/03/2023	Balance 31/03/2022	Balance 31/03/2023	Balance 31/03/2022	
	M'000	M'000	M'000	M'000	
Net Movement in Liabilities	-	-	66,745	57,779	8,967
<i>PAYE Tax Deductions Payable</i>	-	-	481	3	478
<i>Other Deductions Payable</i>	-	-	1,071	(576)	1,647
<i>Net Pay Payable</i>	-	-	12	12	-
<i>Withholding Tax Payable</i>	-	-	10,328	13,884	(3,557)
<i>Commission on Deductions Payable</i>	-	-	(1,604)	84	(1,687)
<i>Advance on Account from customer</i>	-	-	56,192	44,104	12,088
<i>Recurrent Expenditure Payable</i>	-	-	264	267	(2)
Net Movement in Financial assets	(61)	(59)	700,000	686,133	(13,865)
<i>Imprest Clearing</i>	(61)	(59)	12,923	31,536	18,615
<i>Imprest Control</i>	-	-	(19,153)	(10,544)	8,609
<i>STC Allocation Advance Received</i>	-	-	706,007	664,920	(41,088)
<i>Other Accounts Receivable</i>	-	-	223	221	(2)
Total	(61)	(59)	766,745	743,911	(4,899)

Note 17: Incurrence of Domestic Liabilities for the Year Ended 31 March 2023

Description	Actual 2023				Actual 2022 Total for All Accounts M'000
	Head Controlled	Treasury	3rd Parties	Total for All	
	M'000	Accounts M'000	Accounts M'000	Accounts M'000	
Incurrence of Domestic Liabilities	788	1,192,810	-	1,193,598	1,319,463
Securities Other Than Shares	-	1,192,810	-	1,192,810	1,319,463
<i>Issue of Treasury Bills - Fiscal</i>	-	-	-	-	561,623
<i>Issue of Bonds</i>	-	1,192,810	-	1,192,810	757,840
Other Accounts Payable	788	-	-	788	-
<i>Annual Advances Received</i>	788	-	-	788	-
Total Domestic Liabilities Incurred	788	1,192,810	-	1,193,598	1,319,463

Note 18: Losses For the Year Ended 31 March 2023

Description	Actual 2023				Actual 2022 Total for All Accounts M'000
	Head Controlled	Treasury	3rd Parties	Total for All	
	M'000	Accounts M'000	Accounts M'000	Accounts M'000	
Losses	7,654	82,353	-	90,007	34,537
Exchange Rate Losses	7,654	82,353	-	90,007	34,537
<i>Exchange Rate Losses - Foreign Bank Accounts</i>	7,654	82,353	-	90,007	34,537
Total Losses	7,654	82,353	-	90,007	34,537

Note 19: Repayment of Domestic Liabilities for the Year Ended 31 March 2023

Description	Actual 2023				Actual 2022 Total for All Accounts M'000
	Head Controlled M'000	Treasury Accounts M'000	3rd Parties Accounts M'000	Total for All Accounts M'000	
Repayment of Domestic Liabilities	-	976,625	-	976,625	419,537
Securities Other Than Shares	-	833,851	-	833,851	366,600
<i>Redemption of Treasury Bills - Fiscal</i>	-	537,382	-	537,382	-
<i>Redemption of Bonds</i>	-	296,469	-	296,469	366,600
Loans	-	-	-	-	52,920
<i>Other Repayments</i>	-	-	-	-	50,000
<i>Repayment of Arrears</i>	-	-	-	-	2,920
Other Accounts Payable	-	142,774	-	142,774	16
<i>Repayment of Annual Advances</i>	-	-	-	-	16
<i>Repayment of Domestic Arrears</i>	-	142,774	-	142,774	-
Total Domestic Liabilities Repaid	-	976,625	-	976,625	419,537

Note 20: Repayment of Foreign Liabilities for the Year Ended 31 March 2023

Description	Actual 2023				Actual 2022 Total for All Accounts M'000
	Head Controlled M'000	Treasury Accounts M'000	3rd Parties Accounts M'000	Total for All Accounts M'000	
Repayment of Foreign Liabilities	-	916,308	-	916,308	623,797
Loans	-	916,308	-	916,308	623,797
<i>Bilateral Loans</i>	-	86,803	-	86,803	41,696
<i>Multilateral Loans</i>	-	692,718	-	692,718	528,400
<i>Financial Institution Loans</i>	-	62,815	-	62,815	-
<i>Export Credits</i>	-	73,972	-	73,972	53,702
Total Foreign Liabilities Incurred	-	916,308	-	916,308	623,797

Note 21: SACU Receipts For the Year Ended 31 March 2023

Description	Actual 2023				Actual 2022 Total for All Accounts M'000
	Head Controlled M'000	Treasury Accounts M'000	3rd Parties Accounts M'000	Total for All Accounts M'000	
SACU Receipts	-	5,399,532	-	5,399,532	6,007,754
<i>SACU Receipts</i>	-	5,399,532	-	5,399,532	6,007,754
Total SACU Receipts	-	5,399,532	-	5,399,532	6,007,754

Note 22: Disposal of Financial Assets For the Year Ended 31 March 2023

Description	Actual 2023				Actual 2022 Total for All Accounts M'000
	Head Controlled M'000	Treasury Accounts M'000	3rd Parties Accounts M'000	Total for All Accounts M'000	
Disposal of Domestic Financial Assets	-	20,388	-	20,388	16,979
Securities Other Than Shares	-	-	-	-	16,979
Loans	-	20,388	-	20,388	-
<i>Principal Repayments Received from Non Financial</i>	-	20,388	-	20,388	-
Total Disposal of Financial Assets	-	20,388	-	20,388	16,979

Note 24: Acquisition of Financial Assets For the Year Ended 31 March 2023

Description	Actual 2023				Actual 2022 Total for All Accounts M'000
	Head Controlled M'000	Treasury Accounts M'000	3rd Parties Accounts M'000	Total for All Accounts M'000	
Acquisition of Domestic Financial Assets	-	-	-	-	34
Shares and Other Equity	-	-	-	-	34
<i>Shares in Non Financial Public Corporations</i>	-	-	-	-	34
Acquisition of Foreign Financial Assets	-	11,098	-	11,098	-
Currency and Deposits	-	11,098	-	11,098	-
<i>ADB</i>	-	11,098	-	11,098	-
Total Acquisition of Financial Assets	-	11,098	-	11,098	34

Note 25: Acquisition of Monetary Gold and Special Drawing Rights For the Year Ended 31 March 2023

Description	Actual 2023				Actual 2022 Total for All Accounts M'000
	Head Controlled M'000	Treasury Accounts M'000	3rd Parties Accounts M'000	Total for All Accounts M'000	
Acquisition of Monetary Gold and Special Drawing	-	33,939	-	33,939	-
Acquisition of Special Drawing Rights	-	33,939	-	33,939	-
<i>IMF</i>	-	33,939	-	33,939	-
Total Acquisition of Monetary Gold and Special Drawing	-	33,939	-	33,939	-

Note 27: Inter Government Cash Movements for the Year Ended 31 March 2023 Transfers of revenue and unspent funds were previously presented as part of total payments in the Statement of Cash Receipts and Payments. This overstated total payments as it represents Inter Government Cash Movements. The change is made with a note in the year under review, to include it at the end of the report under Cash Balances as one of the items adjusting Cash Balances.

Report on the Consolidated Financial Statements for the Year Ended 31st March 2023

Description	Actual 2023			Actual 2022
	Head Controlled Accounts M'000	Treasury Accounts M'000	Total for All Accounts M'000	Total for All Accounts M'000
Funding Allocations	2,748,422	(2,748,422)	0	0
<i>Funding Allocations to</i>	<i>2,748,422</i>	<i>(2,748,422)</i>	<i>0</i>	<i>0</i>
Transfers of revenue and unspent funds	159,243	(0)	159,243	(13,166)
<i>Transfers of Revenue to Treasury</i>	<i>25,522</i>	<i>-</i>	<i>25,522</i>	<i>(1,224,250)</i>
<i>Transfers of Unspent funds to Treasury</i>	<i>125,562</i>	<i>(0)</i>	<i>125,562</i>	<i>1,197,982</i>
<i>Transfers Unspent funds to Donors</i>	<i>8,159</i>	<i>-</i>	<i>8,159</i>	<i>13,102</i>
Total Inter Government Cash Movements	2,907,665	(2,748,422)	159,243	(13,166)

Note 28: Year End adjustments to be cleared

These are adjustments for omissions or errors made in prior years that affected the cash balances.

(i) Treasury Accounts

Adjustment details	Total Adjusted Amount M'000
The ongoing reconciliation exercise. The amount of M1.4 billion reconciling items was submitted to the Auditor General which is yet to be verified with supporting documents to address unaccounted cash balance of M6.1 billion. The adjustment is made in the Statement of Cash Receipts and Payments, as Year End adjustments to be cleared, under cash balances. The adjustment is yet to be made in IFMIS.	- 1,401,899
GOL-TBS BLOCKED ACCOUNT opening cash book balance was M575,973,413.07 in 2017/18. The account is a Government account but it is kept by the Central Bank of Lesotho for monetary purposes. The movements in this accounts do not affect the Consolidated Financial Statements, therefore, opening balance included is reduced in the 2022/23 statement of cash receipts and payments by the amount. The account is now disclosed under other cash balances.	- 575,973
These were Foreign missions bank balances which were previously classified as head controlled accounts. They are now classified under Treasury because Foreign missions transactions are now captured into the IFMIS, therefore the adjustment is needed to increase the Treasury balance and reduce the Head controlled balance.	126,119
These are the debt payments that were made outside of the system by the Central bank of Lesotho therefore are adjusted in the books as per submission to Auditor General for verification.	- 524,250
TOTAL	- 2,376,003

(ii) Head Controlled accounts

Adjustment details	Total Adjusted Amount M'000
IMF LOANS PRGF Opening cash book balance was M973,449,372.68 from 2017/18. This balance has not been included in bank balances list from 2021/2022 after discovering that it does not belong to the Government through Central Bank of Lesotho correspondence dated 21 September 2022. There was no adjustment made from the cash book balance, therefore, the balance in the 2022/23 statement of cash receipts and payments is reduced by the amount.	- 973,449
These were Foreign missions bank balances which were previously classified as head controlled accounts. They are now classified under Treasury because Foreign missions transactions are now captured into the IFMIS, therefore the adjustment is needed to increase the Treasury balance and reduce the Head	- 126,119
TOTAL	(1,099,569)

4 DISCLOSURE SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Schedule 1: Investments

The government owns minority shares in the trading entities listed below. The Lesotho National Development Corporation (LNDC), a wholly owned state enterprise, also holds shares in three of these companies. During 2022/23 dividends were received from the Central Bank of Lesotho, Minet, Maluti Mountain Brewery, Standard Lesotho Bank and Letšeng Diamonds Mine.

Table 4: State Owned Entities

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

Schedule 2: 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 5(a): Overdue Debt Analysis by period

Analysis by Spending Unit	Period Overdue				Total	Total
	More or equal 1 year	More than 6 Months, Less than 1 Year	More than 3 months, Less Than 6 Months	Less or equal 3 Months	Receivables Arrears at 31 March 2023	Receivables Arrears at 31 March 2022
	M'000	M'000	M'000	M'000	M'000	M'000
Head 001 - Agriculture & Food Security	34,559	-	-	-	34,559	13,180
Head 002 - Health	-	-	-	-	-	26,977
Head 003 - Education & Training	34,215	-	8	4	34,227	-
Head 004 - Finance	-	29	-	29	58	10,951
Head 005 - Trade & Industry	98	15	-	-	113	105
Head 007 - Justice & Correctional Services	-	38	-	1	38	-
Head 008 - Home Affairs	78	-	-	-	78	2
Head 009 - Prime Minister's Office	219	134	412	-	765	184
Head 010 - Communications, Science & Tech	-	-	1,050	-	1,050	-
Head 011 - Law & Constitutional Affairs	-	-	-	-	-	5,129
Head 012 - Foreign Affairs & Int. Relations	955	306	79	55	1,395	93
Head 013 - Public Works & Transport	-	-	-	-	-	41
Head 016 - Labour & Employment	32	-	-	-	32	32
Head 017 - Tourism, Environment & Culture	-	-	-	-	-	4
Head 035 - National Security Services	-	-	-	-	-	35
Head 037 - Defence & National Security	-	-	15	200	215	702
Head 038 - National Assembly	-	-	-	-	-	15
Head 039 - Senate	47	-	-	-	47	47
Head 041 Independent Electoral Commission	-	-	-	-	-	60
Head 042 - Local Government & Chieftainship	-	-	-	-	-	113
Head 043 - Gender, Youth, Sports & Recreation	481	-	-	-	481	481
Head 044 - Public Service	221	-	-	-	221	7,781
Head 047 - Directorate on Corruption & Econo	-	-	-	-	-	15
Head 049 - Police & Public Safety	614	-	-	-	614	922
Head 050 - Small Business	60	-	-	152	212	190
Head 051 - Water	20	225,247	-	-	225,268	104,983
TOTAL	71,599	225,769	1,564	441	299,373	172,042

Table 5(b): Overdue Debt Analysis by item

Analysis by Spending Unit	Standing Imprests		Tour Imprests		Rentals		Mining and Water royalties		Refunds of overpayments		Undeposited Revenue		Any other receivable		Total Arrears at 31 March 2023		Total Arrears at 31 March 2022	
	Recurrent	Development	Recurrent	Development	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	M'000	M'000	M'000	M'000
Head 001 - Agriculture & Food Security	-	-	34,559	-	-	-	-	-	-	-	-	-	-	-	34,559	-	249	12,932
Head 002 - Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,977	-
Head 003 - Education & Training	34,088	-	-	-	-	-	-	-	139	-	-	-	-	-	34,227	-	-	-
Head 004 - Finance	-	-	29	-	29	-	-	-	-	-	-	-	-	-	58	-	10,951	-
Head 005 - Trade & Industry	-	-	113	-	-	-	-	-	-	-	-	-	-	-	113	-	-	105
Head 007 - Justice & Correctional Services	-	-	38	-	-	-	-	-	-	-	-	-	-	-	38	-	-	-
Head 008 - Home Affairs	-	-	-	-	-	-	-	-	-	-	-	-	78	-	78	-	2	-
Head 009 - Prime Minister's Office	-	-	765	-	-	-	-	-	-	-	-	-	-	-	765	-	184	-
Head 010 - Communications, Science & Technology	-	-	-	-	-	-	-	-	-	-	-	-	1,050	-	1,050	-	-	-
Head 011 - Law & Constitutional Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,129	-
Head 012 - Foreign Affairs & International Relations	-	-	690	-	134	-	-	-	570	-	-	-	-	-	1,395	-	93	-
Head 013 - Public Works & Transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41	-
Head 016 - Labour & Employment	-	-	32	-	-	-	-	-	-	-	-	-	-	-	32	-	32	-
Head 017 - Tourism, Environment & Cultural Heritage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	-
Head 035 - National Security Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35	-
Head 037 - Defence & National Security	-	-	-	-	-	-	-	-	-	-	215	-	-	-	215	-	702	-
Head 038 - National Assembly	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15	-
Head 039 - Senate	-	-	47	-	-	-	-	-	-	-	-	-	-	-	47	-	47	-
Head 041 Independent Electoral Commission	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	-
Head 042 - Local Government & Chiefdoms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	113	-
Head 043 - Gender, Youth, Sports & Recreation	-	-	481	-	-	-	-	-	-	-	-	-	-	-	481	-	481	-
Head 044 - Public Service	-	-	26	-	2	-	-	-	-	-	-	-	193	-	221	-	7,781	-
Head 047 - Directorate on Corruption & Economic Offences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15	-
Head 049 - Police & Public Safety	-	-	-	-	-	-	-	-	596	-	-	-	18	-	614	-	922	-
Head 050 - Small Business	181	-	-	-	23	-	-	-	-	-	-	-	8	-	212	-	190	-
Head 051 - Water	-	-	-	-	2,529	-	222,718	-	-	-	-	-	20	-	225,268	-	104,983	-
TOTAL	34,270	-	36,781	-	2,718	-	222,718	-	1,305	-	215	-	1,367	-	299,373	-	159,006	13,037

Schedule 3: 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 actuary report as 31st March 2023 shows a deficit of M3.249 billion.

Schedule 4: 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 6: External Liabilities

Category	31 March 2022	2022/2023	2022/2023	2022/2023	2022/2023	31 March 2023
	Opening Loan Balance in Maloti	New Borrowings in Maloti	Disbursements in Maloti	Repayment Amount in Maloti	Interest Paid in Maloti	Closing Loan Balance in Maloti
Multilateral lenders	12,310,332,003	1,725,652,760	838,214,490	575,563,474	206,885,683	14,278,677,625
Bilateral lenders	924,659,449	-	-	69,978,353	26,312,956	1,009,405,799
Commercial banks	-	237,942,114	-	62,815,038	14,158,430	147,412,399
Export Credits	2,103,621,975	-	462,264,757	76,509,764	57,980,698	2,930,261,105
Total	15,338,613,426	1,963,594,874	1,300,479,247	784,866,628	305,337,766	18,365,756,927

Table 7: Domestic Liabilities

NO.	Category	31 March 2022	2022/2023	2022/2023	2022/2023	31 March 2023
		Opening Debt Balance in Maloti	Newly Issued in Maloti	Repayment Amount in Maloti	Interest Paid in Maloti	Closing Debt Balance in Maloti
1	Treasury Bills	876,639,700			52,942,092	867,542,200
2	Treasury Bonds	584,803,600	728,839,100	584,803,600	23,177,164	728,839,100
3	Fiscal Bills	3,133,203,400	901,314,800	277,001,600	315,986,843	3,757,582,400
	Interest to Members of					
4	Parliament				72,311	
	Total	4,594,646,700	1,630,153,900	861,805,200	392,178,410	5,353,963,700

Table 8: Debt Opening and Closing Balances and Exchange Rates

Currency	As at 31 March 2022			As At 31 March 2023			Change 2022/23 (per cent)		
	Exchange rate	Balance (currency)	Balance Maloti	Exchange rate	Balance (currency)	Balance Maloti	Exchange rate	Balance (currency)	Balance (Maloti)
AED	3.9823	38,566,500	153,583,373	4.8506	32,138,750	155,892,220	22%	-17%	2%
BUA	20.0305	20,922,619	419,090,529	24.0120	22,328,697	536,156,684	20%	7%	28%
CAD	11.5787	499,005	5,777,825	13.1500	460,995	6,062,081	14%	-8%	5%
CHF	15.6781	2,675,524	41,947,131	19.5286	2,499,881	48,819,183	25%	-7%	16%
DKK	2.1737	5,551,167	12,066,572	2.5942	5,073,668	13,162,108	19%	-9%	9%
EUR	16.1774	46,497,877	752,214,750	19.4565	1,799,166	35,005,476	20%	-96%	-95%
GBP	19.0199	3,858,595	73,390,082	22.1201	3,764,379	83,268,439	16%	-2%	13%
JPY	119.1000	3,272,999	389,814,206	133.1850	3,125,569	416,278,949	12%	-5%	7%
KWD	51.3900	6,330,420	325,320,279	58.0880	5,874,040	341,211,230	13%	-7%	5%
NOK	1.6617	1,946,432	3,234,386	1.7033	1,807,720	3,079,089	3%	-7%	-5%
SAR	3.9823	70,316,000	280,019,408	4.7465	65,628,000	311,503,304	19%	-7%	11%
SEK	1.5649	12,116,238	18,960,700	1.7250	11,285,978	19,468,313	10%	-7%	3%
USD	14.4803	133,667,683	1,935,548,149	17.8435	136,301,864	2,432,102,317	23%	2%	26%
XDR	20.3322	360,631,814	7,332,444,892	24.0120	356,118,171	8,551,109,526	18%	-1%	17%
XEU	17.3879	2,243,053	39,001,978	19.4565	1,799,166	35,005,476	12%	-20%	-10%
ZAR	1.0000	1,221,267,413	1,221,267,413	1.0000	1,305,092,415	1,305,092,415	0%	7%	7%
		1,930,363,339	13,003,681,673		1,955,098,459	14,293,216,810			

Table 9: Annual Principal Repayment Schedule

These figures are subject to change if there are re-openings of existing bonds as well as new issuances in the coming years.

The maximum limit for treasury bills issues in a year is M1.5 billion. Discount rates for future interest payments (T-Bills) have been forecasted.

External Debt	(in million Maloti)				
	Balance at	Principal Repayment Schedule			
	31 March 2023	2023/24	2024/25	2025/26	2026/27
Multilateral lenders	14,278,677,625	268,699,474	457,345,685	852,443,236	1,022,389,910
Bilateral lenders	1,009,405,799	61,867,553	48,559,449	113,438,481	130,851,159
Other lending institutions	2,930,261,105	4,077,541	183,695,011	187,644,197	262,944,808
Commercial Lenders	147,412,399	22,182,225	88,447,439	29,482,480	-
Total external debt	18,365,756,927	356,826,793	778,047,585	1,183,008,393	1,416,185,878

Domestic Debt	(in million Maloti)						
	Balance at	Principal Repayment Schedule					
	31 March 2023	2023/24	2024/25	2025/26	2026/27	2027/28	After 2027/28
Treasury Bills (Monetary)	867,542,200	1,500,000,000	-	-	-	-	-
Fiscal Bills	728,839,100	670,660,400	-	-	-	-	-
Treasury Bonds	3,757,582,400	502,413,300	91,354,180	902,413,600	-	537,898,700	598,630,100
Total domestic debt	5,353,963,700	2,673,073,700	91,354,180	902,413,600	-	537,898,700	598,630,100

Schedule 5: 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 FY2022/23 transactions and year-end status.

Table 10: On-Lending Transactions and Year-End Status

Benefitting Agency	Balance at 31 March 2022	Transactions during the year				Balance at 31 Mar 2023
		Loans Repaid	Interest charges Paid	Disbursements during the year	Adjustments	
Tikoe Factory Shells	29,900,000	3,500,000	527,000			26,400,000
Tikoe Phase 2 Factory Shells	202,789,827					202,789,827
Telecom National Network Phase II	202,191,667	7,670,000	5,292,300			194,521,667
Telecom National Network Phase I	180,180,769	7,373,161	4,698,832			172,807,608
BADEA 132 Maseru Water Supply I	63,023,315					63,023,315
BADEA 133 Maseru Water Supply II	78,097,438					78,097,438
OFID 134 Maseru Supply II	85,500,487					85,500,487
IDA 2400 Infrastructure Engineering	18,119,448					18,119,448
IDA 3995 Water Sector Improvement Project	48,814,092				17,857,092	30,957,000
Five Towns (BADEA)	564,789					564,789
Greater Maseru Water Supply Project	-			833,672		6,315,870
Lesotho Electricity Supply Project	29,170,739	1,944,716	651,480		3,889,432	31,115,455
TOTAL	938,352,571	20,487,877	11,169,612	833,672	21,746,524	910,212,905

Arrears as at 31st March 2023

ARREARS	Amount in LSL
Econet Telecom Lesotho	130,562,401
WASCO	220,507,189
TOTAL ARREARS TO GOL	351,069,590

NOTES**

1. Disbursements for OFID 134 Maseru Water Supply II were recorded using the prevailing exchange rates instead of the fixed exchange rate, therefore the outstanding balance is adjusted to reflect exchange rate impact.
2. Disbursements for Lesotho Electricity Supply Project were recorded using the fixed exchange rates instead of the prevailing exchange rate, therefore the outstanding balance is adjusted to reflect exchange rate impact.

Schedule 6: Payment Arrears

Payment arrears are payment obligations on Government to individuals, suppliers, lenders or contractors that were due for settlement prior to 31st March 2023, but which remained unpaid as at that date. Their eventual settlement will be against the budget appropriations for future years. The table below provides a summary analysis of payment arrears, in total of M804 million, declared by Spending Units and the periods for which payment is overdue. It shows that M760 million was owing to suppliers. Of this M254 million (32% of the total) has been overdue for more than six months to over a year.

Table 11(a): Analysis of Payment Arrears by period

Spending Unit	Period Overdue				Total Payment Arrears at 31st March 2023 M'000	Total Payment Arrears at 31st March 2022 M'000
	More or equal 1 year M'000	More than 6 Months, Less than 1 Year M'000	More than 3 months, Less Than 6 Months M'000	Less or equal 3 Months M'000		
Head 001 - Agriculture & Food Security	-	-	6,458	2,315	8,773	8,708
Head 002 - Health	27,660	-	-	-	27,660	104,610
Head 003 - Education & Training	135,132	359	391	1,822	137,704	109,714
Head 004 - Finance	-	9,460	143	4,669	14,272	5,954
Head 005 - Trade & Industry	61,844	3	-	150,183	212,030	155,323
Head 006 - Development Planning	1,424	31	64	-	1,519	17,906
Head 007 - Justice & Correctional Services	252	3,803	849	355	5,258	2,714
Head 008 - Home Affairs	224	4,528	583	2,337	7,673	22,664
Head 009 - Prime Minister's Office	5,385	225	-	-	5,611	9,256
Head 010 - Communications, Science & Technology	-	-	-	3,809	3,809	19,200
Head 011 - Law & Constitutional Affairs	-	2,057	-	2,829	4,885	-
Head 012 - Foreign Affairs & International Relations	-	1,367	107	3	1,477	3,417
Head 013 - Public Works & Transport	9,580	1,174	119,772	-	130,527	148,103
Head 014 - Forestry & Land Reclamation	1,476	13	-	-	1,489	1,661
Head 015 - Energy and Meteorology	-	-	606	1,070	1,677	1,017
Head 016 - Labour & Employment	-	-	-	1,769	1,769	4,538
Head 017 - Tourism, Environment & Conservation	0	7,217	-	-	7,217	296
Head 018 - Auditor General's Office	-	-	-	-	-	315
Head 019 - His Majesty's Office	-	-	-	382	382	404
Head 020 - Public Service Commission	-	-	-	10	10	17
Head 035 - National Security Services	-	-	-	470	470	380
Head 036 - Disaster Management Authority	26,962	-	-	-	26,962	-
Head 037 - Defence & National Security	35,149	6,498	618	1,097	43,361	54,037
Head 038 - National Assembly	-	-	-	-	-	128
Head 039 - Senate	-	-	-	535	535	58
Head 040 - Ombudsman	-	-	-	28	28	2,865
Head 041 - Independent Electoral Commission	-	-	166	-	166	2,615
Head 042 - Local Government & Chief Executive	59,620	-	-	-	59,620	11,295
Head 043 - Gender, Youth, Sports & Recreation	101,148	21,465	7	674	123,294	67,410
Head 044 - Public Service	-	-	-	664	664	964
Head 045 - Judiciary	3,080	286	64	1,158	4,588	4,635
Head 046 - Social Development	-	3,921	-	-	3,921	1,577
Head 047 - Directorate on Corruption & Fraud Prevention	510	-	-	15	525	48
Head 048 - Mining	-	307	14	862	1,183	675
Head 049 - Police & Public Safety	-	-	-	5,750	5,750	7,830
Head 050 - Small Business	7,132	652	-	101	7,885	8,621
Head 051 - Water	54,952	-	-	-	54,952	2,316
Head 052 - Transport	1,903	9,046	-	-	10,949	3,968
Head 023 - Pension & Gratuities	-	-	-	5,265	5,265	18,477
Head 024 - Statutory Salaries & Allowances	-	-	-	538	538	641
TOTAL	533,434	72,411	129,843	188,711	924,399	804,356

Table 11(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		Consultancies		Total Arrears at 31 March 2023		Total Arrears at 31 March 2022	
	Recurrent	Development	Recurrent	Development	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	M'000	M'000	M'000	M'000
Head 001 - Agriculture & Food Security	445	-	-	-	6,555	-	1,716	-	58	-	-	-	-	-	8,773	-	6,568	2,140
Head 002 - Health	1,380	-	-	-	25,339	-	942	-	-	-	-	-	-	-	27,660	-	104,610	-
Head 003 - Education & Training	135,781	-	-	-	219	1,705	-	-	-	-	-	-	-	-	136,000	1,705	101,889	7,825
Head 004 - Finance	272	-	1,364	-	5,268	-	7,367	-	-	-	-	-	-	-	14,272	-	5,954	-
Head 005 - Trade & Industry	-	-	-	-	13,313	-	-	-	-	220	-	197,448	-	1,049	13,313	198,717	15,585	139,739
Head 006 - Development Planning	101	-	-	-	231	-	1,187	-	-	-	-	-	-	-	1,519	-	1,550	16,356
Head 007 - Justice & Correctional Services	150	-	-	-	5,108	-	-	-	-	-	-	-	-	-	5,258	-	2,714	-
Head 008 - Home Affairs	-	-	-	-	3,736	-	3,937	-	-	-	-	-	-	-	7,673	-	22,664	-
Head 009 - Prime Minister's Office	-	-	-	-	5,347	-	225	-	38	-	-	-	-	-	5,611	-	9,256	-
Head 010 - Communications, Science & Tech	-	-	-	-	3,809	-	-	-	-	-	-	-	-	-	3,809	-	19,200	-
Head 011 - Law & Constitutional Affairs	555	-	-	-	-	-	-	-	4,330	-	-	-	-	-	4,885	-	-	-
Head 012 - Foreign Affairs & Int. Relations	150	-	-	-	1,217	-	83	-	27	-	-	-	-	-	1,477	-	3,417	-
Head 013 - Public Works & Transport	9,580	-	-	-	1,174	-	-	-	-	-	113,553	-	6,219	-	10,754	119,772	2,011	146,091
Head 014 - Forestry & Land Reclamation	-	-	-	-	-	-	-	-	1,489	-	-	-	-	-	1,489	-	1,661	-
Head 015 - Energy and Meteorology	-	-	72	-	882	-	-	-	723	-	-	-	-	-	1,677	-	1,017	-
Head 016 - Labour and Employment	410	-	-	-	1,359	-	-	-	-	-	-	-	-	-	1,769	-	4,538	-
Head 017 - Tourism, Environment & Culture	280	-	2,954	-	260	-	-	-	-	-	-	3,723	-	-	3,494	3,723	296	-
Head 018 - Auditor General's Office	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	315	-
Head 019 - His Majesty's Office	-	-	-	-	357	-	7	-	18	-	-	-	-	-	382	-	404	-
Head 020 - Public Service Commission	-	-	-	-	-	-	4	-	6	-	-	-	-	-	10	-	17	-
Head 035 - National Security Services	-	-	-	-	470	-	-	-	-	-	-	-	-	-	470	-	380	-
Head 036 - Disaster Management Authority	-	-	-	-	26,954	-	-	-	8	-	-	-	-	-	26,962	-	-	-
Head 037 - Defence & National Security	1,077	-	-	-	42,285	-	-	-	-	-	-	-	-	-	43,361	-	54,037	-
Head 038 - National Assembly	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	128	-
Head 039 - Senate	3	-	-	-	-	-	-	-	-	-	-	532	-	-	3	532	58	-
Head 040 - Ombudsman	-	-	-	-	-	-	24	-	3	-	-	-	-	-	28	-	2,865	-
Head 041 - Independent Electoral Commission	-	-	-	-	-	-	124	-	42	-	-	-	-	-	166	-	2,615	-
Head 042 - Local Government & Chieftainship	17,687	-	5,648	-	26,182	6,312	-	-	500	-	-	3,291	-	-	50,017	9,603	3,853	7,442
Head 043 - Gender, Youth, Sports & Recreation	206	-	130	-	36,672	-	-	-	-	-	-	86,286	-	-	37,009	86,286	67,410	-
Head 044 - Public Service	47	-	-	-	617	-	-	-	-	-	-	-	-	-	664	-	964	-
Head 045 - Judiciary	-	-	127	-	4,461	-	-	-	-	-	-	-	-	-	4,588	-	4,635	-
Head 046 - Social Development	-	-	-	-	3,921	-	-	-	-	-	-	-	-	-	3,921	-	1,577	-
Head 047 - Directorate on Corruption & Economic Offences	4	-	-	-	521	-	-	-	-	-	-	-	-	-	525	-	48	-
Head 048 - Mining	-	-	-	-	1,183	-	-	-	-	-	-	-	-	-	1,183	-	675	-
Head 049 - Police & Public Safety	3	-	-	-	5,747	-	-	-	-	-	-	-	-	-	5,750	-	4,659	3,171
Head 050 - Small Business	99	-	-	-	7,786	-	-	-	-	-	-	-	-	-	7,885	-	8,484	137
Head 051 - Water	39	-	-	-	228	170	-	-	592	53,187	-	-	-	736	859	54,093	2,316	-
Head 052 - Transport	1,230	-	-	-	6,998	-	440	-	233	-	-	2,049	-	-	8,900	2,049	3,968	-
Head 023 - Pension & Gratuities	-	-	5,265	-	-	-	-	-	-	-	-	-	-	-	5,265	-	18,477	-
Head 024 - Statutory Salaries & Allowances	-	-	-	-	39	-	-	-	499	-	-	-	-	-	538	-	641	-
Total	169,498	-	15,560	-	238,238	8,187	16,057	-	8,566	53,408	-	406,881	-	8,004	447,919	476,480	481,454	322,902

Schedule 7: 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 12: Outstanding Amounts Guaranteed (per Public Debt and Aid Management Department)

Benefiting Entity	Lending Institution	Balance of guarantee at 31-Mar-22	New guarantee	Balance of guarantee at 31-Mar-23	Remarks
Loans to Members of Parliament & Senate	Nedbank	1,806,520		-	Loans fully paid
Lesotho Housing	FNB		26,265,509	24,069,936	
WASCO	Nedbank	50,481	-	-	Loans fully paid
PCGF	Lesotho PostBank	6,567,454		567,500	
Tractor Finance Partial Guarantee	Lesotho PostBank	4,990,341	4,688,844	8,123,717	
Loans to Statutory Positions	Standard Lesotho Bank	679,357		267,904	
Maseru E textile	Standard Lesotho Bank	19,994,531		5,755,154	
PCGF	Standard Lesotho Bank	22,346,200	-	-	
Lesotho Water and Sewage Services Authority	Standard Lesotho Bank	20,000,000		10,000,000	
Total		76,434,886	30,954,353	48,784,211	

Table 13: 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, 2023 M'	Exposure at 31 March, 2022 M'
Head 001 - Agriculture & Food Security	1,600,142	
Head 003 - Education & Training	3,416,332	2,279,360
Head 004 - Finance		76,434,886
Head 006 - Development Planning	39,700,000	
Head 008 - Home Affairs	16,282	
Head 010 - Communications, Science & Tech	40,655,746	40,655,746
Head 012 - Foreign Affairs & Int. Relations		1,105,000
Head 019 - His Majesty's Office		1,500,000
Head 035 - National Security Services	22,022,574	21,189,999
Head 041 - Independent Electoral Commission	3,528,665	45,048,665
Head 042 - Local Government & Chieftainship	7,488,882	2,666,642
Head 043 - Gender, Youth, Sports & Recreation	131,456,214	
Head 048 - Mining		418,630
Head 049 - Police & Public Safety	1,063,972	1,034,502
Head 050 - Small Business	146,510	3,532,855
Head 051 - Water	712,401	
Total	251,807,720	195,866,285

Schedule 8: Losses and Accidents

Table 14: Summary of Losses and Accidents

Spending Unit		Losses of Stores	Losses of cash	Unretired imprest	Motor Vehicle Accidents	2022/2023	2021/2022
		M'000	M'000	M'000	M'000	Amount (M'000)	Amount (M'000)
Head 001	Agriculture & Food Security	-	-	-	-	-	1,139
Head 003	Education & Training	-	-	-	192	192	358
Head 004	Finance	-	6	-	-	6	50,302
Head 005	Trade & Industry	-	-	-	8	8	3
Head 006	Development Planning	24	-	-	191	215	33
Head 007	Justice & Correctional Services	-	-	-	2	2	-
Head 011	Law & Constitutional Affairs	-	-	-	3	3	4
Head 012	Foreign Affairs & Int. Relations	-	790	312	6	1,108	-
Head 013	Public Works & Transport	-	-	-	-	-	161
Head 016	Labour & Employment	-	-	-	-	-	110
Head 019	His Majesty's Office	-	-	1,339	-	1,339	-
Head 035	National Security Services	-	-	-	107	107	138
Head 041	Independent Electoral Commission	-	-	-	-	-	8
Head 042	Local Government & Chieftainship	-	-	-	2	2	216
Head 043	Gender, Youth, Sports & Recreation	-	-	-	-	-	481
Head 044	Public Service	-	-	-	-	-	59
Head 045	Judiciary	-	-	-	147	147	1,223
Head 047	Directorate on Corruption & Economic	-	-	-	-	-	35
Head 048	Mining	-	-	-	71	71	-
Head 049	Police & Public Safety	-	-	-	719	719	453
Head 050	Small Business	37	-	-	-	37	190
Head 051	Water	40	-	-	-	40	-
Head 052	Transport	-	-	-	90	90	10
GRAND TOTAL		101	796	1,652	1,538	4,087	54,921

Schedule 9 Other Cash Balances

Table 15

These balances were previously reported under Note 15 but now they are separated as they do not form part of the Statement of Cash Receipts and payments.

Analysis per bank	Accounts at 31 March 2023		Accounts at 31 March 2022	
	Count	Balance	Count	Balance
		<i>M'000</i>		<i>M'000</i>
<u>ACCOUNTS HELD FOR SPECIAL FUNDS</u>				
Central Bank of Lesotho	3	206,976	4	206,141
Ned Bank Lesotho	9	25,533	10	42,063
Standard Lesotho Bank	11	103,858	12	79,031
First National Bank	2	1,123	2	17,400
ABSA	1	3,587	1	3,540
Lesotho Post Bank	6	42,198	5	34,874
TOTAL SPECIAL FUNDS ACCOUNTS	32	383,276	34	383,049
<u>ACCOUNT HELD FOR MONETARY PURPOSE</u>				
<i>Locally Denominated Accounts</i>				
Central Bank of Lesotho	1	964,779		
TOTAL MONETARY ACCOUNTS	1	964,779	0	-
<u>SOE'S ACCOUNTS:</u>				
Ned Bank Lesotho	3	577	3	1,465
Standard Lesotho Bank	4	8,083	4	246
First National Bank	1	29	1	1,798
TOTAL SOE'S ACCOUNTS	8	8,689	8	3,509
<u>MONIES HELD IN TRUST:</u>				
Central Bank of Lesotho	1	341,806	2	350,379
Ned Bank Lesotho	1	63	1	174
Standard Lesotho Bank	22	30,056	22	26,509
Standard Bank SA	1	1,559	1	971
First National Bank	1	2,071	1	2,393
Lesotho Post Bank	3	125	3	119
TOTAL TRUST MONIES ACCOUNTS	29	375,680	30	380,545
GRAND TOTAL	70	1,732,424	72	767,102

5 APPENDICES

Appendix 1: Analysis of Receipts and Payments by Spending Unit

Table 16: 2022/23 ACTUALS - SPENDING UNIT SUMMARY

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

Spending Unit	Recurrent		Development		Net Flows
	Receipts	Payments	Receipts	Payments	
001 Ministry of Agriculture and Food Security	45,928,505	397,564,466	307,065,873	352,541,017	(397,111,105)
002 Ministry of Health	8,668,137	1,813,773,483	407,711,462	257,648,980	(1,655,042,864)
003 Ministry of Education and Training	2,338,421	2,648,350,779	81,884,840	114,180,859	(2,678,308,377)
004 Ministry of Finance	14,210,800,094	1,102,483,244	1,583,466,474	459,221,505	14,232,561,819
005 Ministry of Trade and Industry	10,856,370	46,130,160	68,891,477	66,388,099	(32,770,412)
006 Ministry of Development Planning	2,021,603	1,270,231,021	-	47,608,975	(1,315,818,393)
007 Ministry of Justice and Correctional Services	273,633	231,108,525	-	5,312,851	(236,147,743)
008 Ministry of Home Affairs	23,368,016	474,329,869	-	2,411,953	(453,373,806)
009 Prime Minister's Office	-	112,460,027	-	-	(112,460,027)
010 Ministry of Communication, Science and Technology	6,875,804	234,023,493	17,447,637	33,140,565	(242,840,617)
011 Ministry of Law and Constitutional Affairs	8,324,132	85,180,510	-	-	(76,856,378)
012 Ministry of Foreign Affairs and International Relations	626,543	410,058,950	-	-	(409,432,407)
013 Ministry of Public Works	474,825	124,839,648	298,100,008	777,949,771	(604,214,586)
014 Ministry of Forestry and Land Reclamation	82,266	63,494,882	20,726,838	18,079,399	(60,765,177)
015 Ministry of Energy and Meteorology	389,121,932	58,103,299	263,193,289	409,047,702	185,164,221
016 Ministry of Labour and Employment	8,173,986	63,994,213	-	-	(55,820,227)
017 Ministry of Tourism, Environment and Culture	5,069,384	73,227,836	917,255	9,751,628	(76,992,825)
019 His Majesty's Office	-	11,555,048	-	1,714,767	(13,269,815)
020 Public Service Commission	-	11,174,501	-	-	(11,174,501)
035 National Security Services	-	98,618,625	-	13,975,859	(112,594,484)
036 Disaster Management Authority	-	113,699,951	-	-	(113,699,951)
037 Ministry of Defence	33,664,161	780,280,113	-	-	(746,615,952)
038 National Assembly	400	85,692,135	-	-	(85,691,735)
039 Senate	-	22,782,183	-	19,999,896	(42,782,079)
040 Ombudsman	-	10,047,951	-	-	(10,047,951)
041 Independent Electoral Commission	5,679,629	358,949,672	-	-	(353,270,043)
042 Ministry of Local Government and Chieftainship	2,566,487	457,709,196	218,165	152,822,302	(607,746,846)
043 Ministry of Gender, Youth, Sports and Recreation	127,500	92,754,658	-	26,200,754	(118,827,912)
044 Ministry of the Public Service	6,769,200	76,106,668	-	-	(69,337,468)
045 Judiciary	6,477,043	129,370,641	-	-	(122,893,598)
046 Ministry of Social Development	195,399	1,143,858,285	139,947,507	13,719,831	(1,017,435,210)
047 Directorate on Corruption and Economic Offences	-	21,596,962	-	-	(21,596,962)
048 Ministry of Mining	556,078,159	22,413,313	-	-	533,664,845
049 Ministry of Police and Public Safety	5,903,699	728,317,076	-	18,029,745	(740,443,122)
050 Ministry of Small Businesses Development, Cooperatives and Marketing	1,764,604	50,500,863	-	3,283,723	(52,019,982)
051 Ministry of Water	1,405,104,682	180,188,757	254,813,841	472,081,613	1,007,648,153
052 Ministry of Transport	31,190,271	69,398,493	-	6,202,303	(44,410,525)
Total Appropriated	16,778,524,884	13,674,369,498	3,444,384,667	3,281,314,096	3,267,225,958
Statutory Expenditure					
021 Public Debt	-	2,330,645,857	-	-	(2,330,645,857)
023 Pensions and Gratuities	-	1,270,630,171	-	-	(1,270,630,171)
024 Statutory Salaries and Allowances	-	35,802,983	-	-	(35,802,983)
025 Subscriptions to International, Fin	-	226,545,194	-	-	(226,545,194)
026 Refund of Erroneous Receipts	-	760,375	-	-	(760,375)
Total Statutory	-	3,864,384,580	-	-	(3,864,384,580)
Totals	16,778,524,884	17,538,754,078	3,444,384,667	3,281,314,096	(597,158,622)

Appendix 2: Budget Comparison – Analysis by Spending Unit

Table 17: FY2022/23 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
001 Ministry of Agriculture and Food Security	28,657,557	28,657,557	45,928,505	60%
002 Ministry of Health	19,394,059	19,394,059	8,668,137	-55%
003 Ministry of Education and Training	2,134,000	2,134,000	2,338,421	10%
004 Ministry of Finance	14,891,404,163	14,891,858,062	14,210,800,094	-5%
005 Ministry of Trade and Industry	8,197,135	8,197,135	10,856,370	32%
006 Ministry of Development Planning	49,000	49,000	2,021,603	4026%
007 Ministry of Justice and Correctional Services	11,400	-	273,633	2300%
008 Ministry of Home Affairs	7,826,200	7,826,200	23,368,016	199%
010 Ministry of Communication, Science and Technology	9,530,475	9,530,475	6,875,804	-28%
011 Ministry of Law and Constitutional Affairs	3,485,210	3,485,210	8,324,132	139%
012 Ministry of Foreign Affairs and International Relations	-	-	626,543	
013 Ministry of Public Works	664,200	664,200	474,825	-29%
014 Ministry of Forestry and Land Reclamation	-	-	82,266	
015 Ministry of Energy and Meteorology	446,312,000	446,312,000	389,121,932	-13%
016 Ministry of Labour and Employment	6,460,888	6,460,888	8,173,986	27%
017 Ministry of Tourism, Environment and Culture	4,747,639	4,747,639	5,069,384	7%
037 Ministry of Defence	1,100,000	33,402,149	33,664,161	2960%
038 National Assembly	-	-	400	
041 Independent Electoral Commission	150,000	150,000	5,679,629	3686%
042 Ministry of Local Government and Chieftainship	4,270,813	4,270,813	2,566,487	-40%
043 Ministry of Gender, Youth, Sports and Recreation	16,350	16,350	127,500	680%
044 Ministry of the Public Service	7,029,584	7,029,584	6,769,200	-4%
045 Judiciary	3,458,227	3,458,227	6,477,043	87%
046 Ministry of Social Development	-	-	195,399	
048 Ministry of Mining	643,654,587	643,654,587	556,078,159	-14%
049 Ministry of Police and Public Safety	8,270,600	8,270,600	5,903,699	-29%
050 Ministry of Small Businesses Development, Cooperatives and Marketing	69,600	69,600	1,764,604	2435%
051 Ministry of Water	1,394,148,925	1,394,148,925	1,405,104,682	
052 Ministry of Transport	44,402,163	44,402,163	31,190,271	-30%
Total	17,535,444,775	17,568,189,423	16,778,524,884	-4%

Table 18: FY2022/23 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				
001 Ministry of Agriculture and Food Security	343,108,559	427,725,593	397,564,466	-16%
002 Ministry of Health	1,985,840,139	2,007,840,141	1,813,773,483	9%
003 Ministry of Education and Training	2,573,747,236	2,711,108,398	2,648,350,779	-3%
004 Ministry of Finance	1,097,322,352	1,392,209,762	1,102,483,244	0%
005 Ministry of Trade and Industry	49,138,861	49,138,861	46,130,160	6%
006 Ministry of Development Planning	1,131,620,118	1,281,620,118	1,270,231,021	-12%
007 Ministry of Justice and Correctional Services	244,565,079	244,565,081	231,108,525	6%
008 Ministry of Home Affairs	432,663,347	477,615,015	474,329,869	-10%
009 Prime Minister's Office	116,621,863	119,194,792	112,460,027	4%
010 Ministry of Communication, Science and Information	166,967,259	199,372,259	234,023,493	-40%
011 Ministry of Law and Constitutional Affairs	96,621,830	96,621,830	85,180,510	12%
012 Ministry of Foreign Affairs and International Relations	431,465,021	431,465,021	410,058,950	5%
013 Ministry of Public Works	129,456,519	129,456,519	124,839,648	4%
014 Ministry of Forestry and Land Reclamation	114,762,761	114,762,761	63,494,882	45%
015 Ministry of Energy and Meteorology	30,838,442	60,597,049	58,103,299	-88%
016 Ministry of Labour and Employment	57,783,898	65,439,361	63,994,213	-11%
017 Ministry of Tourism, Environment and Cultural Heritage	75,794,391	75,794,391	73,227,836	3%
019 His Majesty's Office	11,125,780	13,981,464	11,555,048	-4%
020 Public Service Commission	12,416,809	12,763,805	11,174,501	10%
030 Centralised Items	423,659,984	45,512,872	-	100%
031 Contingencies Fund	300,000,000	35,380,354	-	100%
035 National Security Services	85,395,006	98,664,578	98,618,625	-15%
036 Disaster Management Authority	22,306,237	122,306,237	113,699,951	-410%
037 Ministry of Defence	637,326,615	808,250,471	780,280,113	-22%
038 National Assembly	90,089,429	90,089,428	85,692,135	5%
039 Senate	24,605,882	24,605,882	22,782,183	7%
040 Ombudsman	9,230,644	15,026,837	10,047,951	-9%
041 Independent Electoral Commission	322,060,700	327,798,127	358,949,672	-11%
042 Ministry of Local Government and Chiefdom Administration	509,989,391	519,502,063	457,709,196	10%
043 Ministry of Gender, Youth, Sports and Recreation	65,904,717	67,762,663	92,754,658	-41%
044 Ministry of the Public Service	57,907,999	80,581,813	76,106,668	-9%
045 Judiciary	118,207,680	130,817,683	129,370,641	-9%
046 Ministry of Social Development	1,251,199,534	1,251,199,534	1,143,858,285	-9%
047 Directorate on Corruption and Economic Offences	22,828,380	22,827,379	21,596,962	5%
048 Ministry of Mining	23,544,292	23,544,291	22,413,313	5%
049 Ministry of Police and Public Safety	733,484,052	734,984,051	728,317,076	1%
050 Ministry of Small Businesses Development	55,795,746	55,795,746	50,500,863	9%
051 Ministry of Water	152,166,394	184,166,393	180,188,757	-2%
052 Ministry of Transport	65,961,662	72,220,985	69,398,493	-5%
Total Appropriated	14,073,524,608	14,622,309,608	13,674,369,498	3%
Statutory Expenditure				
021 Public Debt	2,515,952,861	2,554,222,446	2,330,645,857	7%
023 Pensions and Gratuities	1,299,981,999	1,308,996,999	1,270,630,171	2%
024 Statutory Salaries and Allowances	39,675,225	39,786,725	35,802,983	10%
025 Subscriptions to International, Financial and Professional Bodies	124,434,160	247,630,662	226,545,194	-9%
026 Refund of Erroneous Receipts	2,268,000	2,268,000	760,375	66%
Total Statutory	3,982,312,245	4,152,904,832	3,864,384,580	3%
Total Recurrent Expenditure	18,055,836,853	18,775,214,440	17,538,754,078	3%

Appendix 3: Controlled Entities and Investments – Status of Annual Reporting (As at 31 March 2023)

Table 19: Reporting status per entity

ENTITY	LATEST AUDITED FINANCIAL STATEMENTS	AUDIT OPINION	OUTSTANDING REPORTS	REMARKS	FINANCIAL YEAR END
CHRISTIAN HEALTH ASSOCIATION OF LESOTHO	2022/2023	UNQUALIFIED	NIL	There was no key audit matters identified during the course of this financial year's audit.	31-Mar-23
ST.JOSEPH HOSPITAL	2019/2020	UNQUALIFIED			
LESOTHO NUTRITION AND HEALTH SYSTEMS STENGTHENING PROJECT (P170278) IDA 69310	2022/2023	UNQUALIFIED	NIL	There was no key audit matters identified during the course of this financial year's audit.	April to March
CONSTRUCTION OF MASERU DISTRICT HOSPITAL	2022/2023	UNQUALIFIED	NIL	There was no key audit matters identified during the course of this financial year's audit.	April to March
CONSTRUCTION OF MDSO WAREHOUSE	2022/2023	UNQUALIFIED	NIL	There was no key audit matters identified during the course of this financial year's audit.	April to March
LESOTHO COVID19 EMERGENCY PEPAEDNESS & RESPONSE PROJECCT(LC-19EPRP P173939 TF B5779)	2022/2023	UNQUALIFIED	NIL	There was no key audit matters identified during the course of this financial year's audit.	April to March
LEPHOI HEALTH CENTRE	2019/2020	QUALIFIED	2020/2021-2021/2022	THERE WERE NO SUPPORTING DOCUMENTATION OF INTERCOMPANY RECEIVABLES FOR MARAKABEI AND POPA HEALTH CENTRE AMOUNTING TO M222,923.60 AND M222,002.60 RESPECTIVELY.	31-Mar-20
ROMA COLLEGE OF NURSING		UNQUALIFIED			
FATIMA HEALTH CENTRE-CHAL	2019/2020	UNQUALIFIED	2020/2021-2021/2022	There was no key audit matters identified during the course of this financial year's audit.	
NAZARETH HEALTH CENTRE	2019/2020	UNQUALIFIED	2020/2021-2021/2022	There was no key audit matters identified during the course of this financial year's audit.	31-Mar-20

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ENTITY	LATEST AUDITED FINANCIAL STATEMENTS	AUDIT OPINION	OUTSTANDING REPORTS	REMARKS	FINANCIAL YEAR END
ST.BENEDICT HEALTH CENTRE-CHAL	2019/2020	UNQUALIFIED	2020/2021-2021/2022	There was no key audit matters identified during the course of this financial year's audit.	31-Mar-20
ST RODRIQUE HEALTH CENTRE	2019/2020	QUALIFIED	2020/2021-2021/2022	There was unsupported sundry income and donations. Apart from that , there were no key audit matters for this financial year.	31-Mar-20
ST. JAMES HOSPITAL	2019/2020	QUALIFIED	2020/2021-2021/2022	THERE WAS NO SUPPORTING DOCUMENTATION OF EXPENDITURE WHICH WAS CONFISTICATED BY THE DIRECTORATE ON CORRUPTION AND ECONOMIC OFFENCES. ALSO, THERE WAS NO SUPPORTING DOCUMENTATION OF INTERCOMPANY RECEIVABLES BETWEEN THE HOSPITAL AND HEALTH CENTERS.	31-Mar-20
ST.BERNARD HEALTH CENTRE-CHAL	2020/2021	UNQUALIFIED	2021/2022	There were no key audit matters identified during the course of the audit of this financial year. No latest audit for the year 2021/2022.	31-Mar
SCOTT HOSPITAL	2018/19	UNQUALIFIED			
MATELILE HEALTH CENTRE	2018/19	UNQUALIFIED			
MASEMOUSE HEALTH CENTRE	2019/20	UNQUALIFIED			
RIBANENG HEALTH CENTRE	2019/20	UNQUALIFIED			
MARAKABEI HEALTH CENTRE	2019/2020	QUALIFIED	2020/2021-2021/2022	THERE WAS NO SUPPORTING DOCUMENTATION OF INTERCOMPANY RECEIVABLES FOR LEPHOI AND POPA HEALTH CENTRES AND THERE WAS NO SUPPORTING DOCUMENTATION FOR INTERCOMEPANY PAYABLES AMOUNTING TO M1,109,644.46 RESPECTIVELY.	31-Mar-20
MOFOKA HEALTH CENTRE	2019/20	UNQUALIFIED			

ENTITY	LATEST AUDITED FINANCIAL STATEMENTS	AUDIT OPINION	OUTSTANDING REPORTS	REMARKS	FINANCIAL YEAR END
SEBEDIA HEALTH CENTRE	2019/2020	QUALIFIED	2020/2021-2021/2022	There was no sufficient, appropriate evidence to support the accounts receivables amount disclosed in the financial statements.	31-Mar-20
SCOTT SCHOOL OF NURSING	2019/20	QUALIFIED	2020/21		
EMMAUS HEALTH CENTRE	2019/20	QUALIFIED			
HOLY FAMILY HEALTH CENTRE	2019/20	UNQUALIFIED	2020/21		
ST.JOSEPH KORO KORO HEALTH CENTRE	2019/2020	UNQUALIFIED	2020/2021-2021/2022	There were no key audit matters identified during the course of the audit of this financial year. No latest audit for the year 2020/2021 and 2021/2022.	
MOFUMAHALI OA ROSARY HEALTH CENTRE	2018/19	UNQUALIFIED			
MOTSEKUA HEALTH CENTRE	2019/20	QUALIFIED	2020/21		
STRENGTHENING MINISTRY OF HEALTH'S CAPACITY FOR HIV DIAGNOSIS, TREATMENT AND MONITORING PROJECT	2022/2023	UNQUALIFIED	NIL	There were no key audit matters identified during the course of the audit of this financial year. No latest audit for the year 2020/2021 and 2021/2022.	April to March
PAKI HEALTH CENTRE	2019/2020	QUALIFIED	2020/2021-2021/2022	There was no documentation of income and expenditure, as well as no documentation of ownership of land as a result of ownership of buildings. Apart from that there were no key audit matters for this financial year.	
ST.ANDREWS HEALTH CENTRE	2018/19	UNQUALIFIED			
ST FRANCIS HEALTH CENTER	2019/2020	QUALIFIED	2020/2021-2021/2022	There is no documentation of adjustments impacting accumulated surplus and reserve accounts in the Statement of Changes in Equity. There is also no supporting evidence to explain the rationale for the adjustments.	

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ENTITY	LATEST AUDITED FINANCIAL STATEMENTS	AUDIT OPINION	OUTSTANDING REPORTS	REMARKS	FINANCIAL YEAR END
ST.PETER CLAVER HEALTH CENTRE	2018/19	UNQUALIFIED			
GOL COUNTERPART(GLOBAL FUNDS TB COUNTERPART)	2019/20	UNQUALIFIED			
HEALTH SECTOR REFORM PROGRAMME	2020/2021	UNQUALIFIED	2021/2022	There are no key audit matters identified during the course of this year's audit.	31-Mar-21
MASERU HOSPITAL	2019/20	UNQUALIFIED			
GOL CANCER TREATMENT CENTRE	2019/20	UNQUALIFIED			
GOL MATERNAL,NEW BORN & CHILD HEALTH	2019/20	UNQUALIFIED			
GOL LESOTHO MATERNAL HEALTH PBF	2019/20	UNQUALIFIED			
WHO/GOL,NDSO WAREHOUSE	2022/2023	UNQUALIFIED	NIL	There are no key audit matters identified during the course of this year's audit.	
GAVI & GOL GAVI	2019/20	UNQUALIFIED			
MASERU SDA HEALTH CENTRE	2018/2019	UNQUALIFIED			
LITTLE FLOWER HEALTH CENTRE	2019/2020	UNQUALIFIED	2020/2021-2021/2022	There are no key audit matters identified during the course of this year's audit.	
MAPUTSOE ADVENTIST HEALTH CENTRE	2019/2020	UNQUALIFIED	2020/2021-2021/2022	There are no key audit matters identified during the course of this year's audit.	
MASERU ADVENTIST HEATH CENTRE	2020/2021	UNQUALIFIED	2021/2022-2022/2023	There are no key audit matters identified during the course of this year's audit.	
MALUTI ADVENTIST HOSPITAL	2019/2020	UNQUALIFIED	2020/2021-2021/2022	There are no key audit matters identified during the course of this year's audit.	

ENTITY	LATEST AUDITED FINANCIAL STATEMENTS	AUDIT OPINION	OUTSTANDING REPORTS	REMARKS	FINANCIAL YEAR END
ST. DAVID HEALTH CENTRE	2018/2019	UNQUALIFIED			
ST ANN HEALTH CENTRE	2019/2020	QUALIFIED	2020/2021-2021/2022	There was no sufficient audit evidence to supportt the accounts payable amount for suspense.	
ST. THERESA(BELE-BELA) HEALTH CENTRE	2017/2018	QUALIFIED	2018/2019-2021/2022		
MAPUTSOE SDA HEALTH CENTRE	2018/2019	UNQUALIFIED			
MAPHELENG HEALTH CENTRE	2019/2020	UNQUALIFIED	2020/2021-2021/2022	There are no key audit matters identified during the course of this year's audit.	
IMMACULATE CONCEPTION HEALTH CENTRE	2019/2020	QUALIFIED	2020/2021-2021/2022	There are no key audit matters identified during the course of this year's audit.	
KOLO HEALTH CENTRE	2019/2020	UNQUALIFIED	2020/2021-2021/2022	There are no key audit matters identified during the course of this year's audit.	
FOBANE HEALTH CENTRE	2018/2019	UNQUALIFIED			
HEALTH REFORM SECTOR PROJECT	2018/2019	UNQUALIFIED			
GOOD SHEPHERD HEALTH CENTRE	2019/20	QUALIFIED	Except for		
SAMARIA HEALTH CENTRE	2018/2019	UNQUALIFIED			
ST.PETERS HEALTH CENTRE	2018/2019	QUALIFIED			
SEBOCHE HOSPITAL	2018/2019	QUALIFIED			
MOUNT TABOR HEALTH CENTRE	2019/20	QUALIFIED	2020/21		
ST.LEONARD HEALTH CENTRE	2019/20	UNQUALIFIED	2020/21		
HERMITAGE HEALTH CENTRE	2019/20	UNQUALIFIED	2020/21		
BETHEL HEALTH CENTRE	2018/2019	UNQUALIFIED			
HOLY CROSS HEALTH CENTRE	2018/2019	UNQUALIFIED			
St. Leo Health Centre	2021/2022	QUALIFIED		No supporting documentation to staff loans and suspense balance carried in the Statement of Financial Position. Apart from that, there were no key audit matters identified during the course of this financial year's audit.	31-Mar
ST.MATTHEW HEALTH CENTRE	2018/2019	UNQUALIFIED			

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ENTITY	LATEST AUDITED FINANCIAL STATEMENTS	AUDIT OPINION	OUTSTANDING REPORTS	REMARKS	FINANCIAL YEAR END
TEBELLONG HOSPITAL	2018/2019	UNQUALIFIED			
BETHANY HEALTH CENTRE	2019/2020	QUALIFIED	2020/2021-2021/2022	There was an unsupported write-off of receivables and a suspense account and there was no support of authorisation. Apart from that there were no key matters identified during the course of this financial year's audit.	
SEKAKE HEALTH CENTRE	2018/2019	UNQUALIFIED			
VILLA MARIA HEALTH CENTRE	2018/2019	UNQUALIFIED			
ST.FRANCIS HEALTH CENTRE	2017/2018	UNQUALIFIED			
SACRED HEART HEALTH CENTRE	2018/2019	UNQUALIFIED			
ST.GABRIEL HEALTH CENTRE	2018/2019	UNQUALIFIED			
TSEPO HEALTH CENTRE	2019/20	QUALIFIED	2020/21		
PARAY HOSPITAL	2018/2019	QUALIFIED			
PARAY SCHOOL OF NURSING	2018/2019	QUALIFIED			
POPA HEALTH CENTRE	2019/2020	QUALIFIED	2020/2021-2021/2022	THERE WAS NO SUPPORTING DOCUMENTATION OF INTERCOMPANY RECEIVABLES AND PAYABLES AMOUNTING TO M222,002.60 AND M849334.53 RESPECTIVELY.	31-Mar-20
MONTMATRE HEALTH CENTRE	2019/2020	QUALIFIED	2020/21		
BAYLOR COLLEGE OF MEDICINE CHILDRENS FOUNDATION LESOTHO	2021/2022	UNQUALIFIED	2022/2023	FINANCIAL YEAR ENDED ON 30 JUNE 2018. AUDIT FOR 2016/2017 IN PROGRESS.	31-Mar-22
CDC/ PEPFAR	2020/2021	UNQUALIFIED	2021/2022	There were no key audit matters identified during the course of the audit of this financial year.	
FOBANE ADVENTIST HEALTH CENTRE	2020/2021	UNQUALIFIED	2021/2022		
EMMANUEL ADVENTIST HEALTH CENTRE	2019/2020	UNQUALIFIED	2020/2021-2021/2022	There was no key audit matters identified during the course of this financial year's audit.	

ENTITY	LATEST AUDITED FINANCIAL STATEMENTS	AUDIT OPINION	OUTSTANDING REPORTS	REMARKS	FINANCIAL YEAR END
NATIONAL DRUG SERVICE ORGANISATION	31-Mar-21	UNQUALIFIED	2022/2023	There was no key audit matters identified during the course of this financial year's audit.	31-Mar-21
LESOTHO NURSING COUNCIL	2012/13	QUALIFIED	2014/15 - 2019/20	AUDIT FOR 2013/14 IN PROGRESS. SUBSEQUENT FINANCIAL YEARS' FINANCIAL STATEMENTS NOT YET SUBMITTED FOR AUDIT	
SCOTT COLLEGE OF NURSING	2019/2020	UNQUALIFIED	2020/2021		
ST.JOSEPH'S HOSPITAL	2019/2020	UNQUALIFIED	2020/2021		
ROMA COLLEGE OF NURSING	2018/19	UNQUALIFIED	2019/20		
FATIMA HEALTH CENTRE-CHAL	2018/19	UNQUALIFIED	2019/20		
NAZARETH HEALTH CENTRE	2020/2021	UNQUALIFIED	2021/2022-2022/2023	There were no key audit matters identified during the course of the audit of this financial year. No latest audit for the year 2021/2022 and 2022/2023.	
SION HEALTH CENTRE	2019/2020	UNQUALIFIED	2020/2021-2021/2022	There are no key audit matters identified during the course of this year's audit.	
ST.BENEDICT HEALTH CENTRE-CHAL	2019/2020	UNQUALIFIED	2020/2021-2021/2022	There were no key audit matters identified during the course of the audit of this financial year.	
ST.BERNARD HEALTH CENTRE-CHAL	2019/2020	UNQUALIFIED	2020/2021-2021/2022	There were no key audit matters identified during the course of the audit of this financial year.	
SCOTT HOSPITAL	2018/19	UNQUALIFIED	2019/20		
MATELILE HEALTH CENTRE	2018/19	UNQUALIFIED	2019/20		
MASEMOUSE HEALTH CENTRE	2018/19	UNQUALIFIED	2019/20		
RIBANENG HEALTH CENTRE	2018/19	UNQUALIFIED	2019/20		
MOFOKA HEALTH CENTRE	2018/19	UNQUALIFIED	2019/20		
SCOTT SCHOOL OF NURSING	2018/19	UNQUALIFIED	2019/20		
EMMAUS HEALTH CENTRE	2019/20	QUALIFIED	2020/21		
HOLY FAMILY HEALTH CENTRE	2019/20	UNQUALIFIED	2020/2021		

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ENTITY	LATEST AUDITED FINANCIAL STATEMENTS	AUDIT OPINION	OUTSTANDING REPORTS	REMARKS	FINANCIAL YEAR END
ST DAVID HEALTH CENTRE	2019/2020	UNQUALIFIED	2020/2021-2021/2022	There was no key audit matters identified during the course of this financial year's audit.	
SUPPORT TO LABORATORY SERVICES CDC/PEPFAR	2021/2022	UNQUALIFIED	2022/2023		
MOFUMAHALI OA ROSARY HEALTH CENTRE	2019/20	UNQUALIFIED	2020/2021		
MOTSEKUOA HEALTH CENTRE	2019/20	QUALIFIED	2020/21		
PAKI HEALTH CENTRE	2019/2020	UNQUALIFIED	2020/2021-2021/2022		
ST.ANDREWS HEALTH CENTRE	2018/19	UNQUALIFIED	2019/20		
ST.PETER CLAVER HEALTH CENTRE	2018/19	UNQUALIFIED	2019/20		
GOL COUNTERPART(GLOBAL FUNDS TB COUNTERPART)	2020/2021	UNQUALIFIED	2021/2022	There are no key audit matters identified during the course of this year's audit.	
HEALTH SECTOR REFORM PROGRAMME	2022/2023	UNQUALIFIED	NIL	There are no key audit matters identified during the course of this year's audit.	April to March
GOL MASERU DISTRICT HOSPITAL	2020/2021	UNQUALIFIED	2022/2023	There are no key audit matters identified during the course of this year's audit.	
GOL CANCER TREATMENT CENTRE	2020/2021	UNQUALIFIED	2021/2022	There are no key audit matters identified during the course of this year's audit.	
GOL MATERNAL,NEW BORN & CHILD HEALTH	2019/20	UNQUALIFIED			
GOL LESOTHO MATERNAL HEALTH PBF	2019/20	UNQUALIFIED			
WHO/GOL,NDSO WAREHOUSE	2022/2023	UNQUALIFIED	NIL	There are no key audit matters identified during the course of this year's audit.	April to March
GAVI & GOL GAVI	2020/2021	UNQUALIFIED	2021/2022	There are no key audit matters identified during the course of this year's audit.	
NATIONAL AIDS COMMISSION					2018/2019
RIDER'S FOR HEALTH	2021	UNQUALIFIED	2022	The audit was done internally for 6 months. From July to December.	31-Dec-21

ENTITY	LATEST AUDITED FINANCIAL STATEMENTS	AUDIT OPINION	OUTSTANDING REPORTS	REMARKS	FINANCIAL YEAR END
MOHLANAPENG HEALTH CENTRE	2019/20	QUALIFIED	2020/21		
St James Health Centre	2019/20	UNQUALIFIED	2020/21		
St Magaret Health Centre	2019/21	UNQUALIFIED	2020/21		
St Barnabas Health Centre		UNQUALIFIED	2020/21		
St. Leo Health Centre	2019/2020	QUALIFIED		No supporting documentation to staff loans and suspense balance carried in the Statement of Financial Position. Apart from that, there were no key audit matters identified during the course of this financial year's audit.	31-Mar
Maryland Health Centre	2019/22	QUALIFIED	2020/21		
ST THERESA HEALTH CENTER	2020/2021	UNQUALIFIED	2021/2023	There are no key audit matters identified during the course of this year's audit.	
ST THERESA(BELA-BELA)	2020/2021		2021/2022	There is a management letter with no opinion.	
St Monicas Health Centre	2019/23	Disclaimer	2020/21		
Louis Gerard Health Centre	2019/24	Adverse	2020/21		
LESOTHO COVID19 EMERGENCY PEPAEDNESS & RESPONSE PROJECCT(LC-19EPRP P173939 IDA 69300)	2022/2023	UNQUALIFIED	NIL	There are no key audit matters identified during the course of this year's audit.	April to March
COVID-19 EXPENDITURE ON PROCUREMENT OF ELECTRONIC EQUIPMENT	2020/21		2021/22	THERE WAS A SUBMISSION OF AN INTERNAL AUDIT REPORT FOR THE YEAR 2020/21	
LESOTHO COVID19 EMERGENCY PEPAEDNESS & RESPONSE PROJECCT(LC-19EPRP P173939 IDA 66770)	2022/2023	UNQUALIFIED	NIL	There are no key audit matters identified during the course of this year's audit.	April to March
Loretto Health Centre	2019/2020	QUALIFIED	2020/21		
SUPPORT TO TUBERCULOSIS	2022/2023	UNQUALIFIED	NIL	There are no key audit matters identified during the course of this year's audit.	April to March

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ENTITY	LATEST AUDITED FINANCIAL STATEMENTS	AUDIT OPINION	OUTSTANDING REPORTS	REMARKS	FINANCIAL YEAR END
Covid-19 Related Expenditure for Prime Minister's Office and Ministry of Health	2020/2021		2021/2022	The audit was done internally with no finalised audit report. Management is expected to prepare and submit to the internal audit their action plan in order for the internal audit to finalise the audit report.	
UNITED NATIONS POPULATION FUND	2022/2023	UNQUALIFIED	NIL	There are no key audit matters identified during the course of this year's audit.	April to March
UNITED NATIONS CHILDREN'S FUND	2022/2023	UNQUALIFIED	NIL	There are no key audit matters identified during the course of this year's audit.	April to March
Matukeng Health Centre	2019/2020	UNQUALIFIED	2020/21		
MAMOHAU HOSPITAL CHRISTIAN HEALTH ASSOCIATION (CHAL)	2019/2020	DISCLAIMER	2020/2021-2022/2023		
UNFPA 7TH COUNTRY PROGRAMME	2021/2022	UNQUALIFIED	2022/2023		
SOUTHERN AFRICA TUBERCULOSIS & HEALTH SYSTEM SUPPORT PROJECT	2022/2023	UNQUALIFIED	NIL	There are no key audit matters identified during the course of this year's audit.	April to March
E-GOVERNMENT INFRASTRUCTURE PROJECT	2019/2020	UNQUALIFIED			2019/2020
LESOTHO COMMUNICATIONS AUTHORITY- UNIVERSAL SERVICE FUND	2022/2023	UNQUALIFIED	NIL	THERE WAS A SUBMISSION OF ANNUAL FINANCIAL REPORTS FOR THE YEAR 2022/2023	April to March
LESOTHO BASIC EDUCATION IMPROVEMENT PROJECT	2020/2021	UNQUALIFIED	2021/2022		
LESOTHO COLLEGE OF EDUCATION	31-Mar-19				
LESOTHO INSTITUTE OF ACCOUNTING	2018/2019	UNQUALIFIED	2019/2020-2021/2022	THERE WAS A SUBMISSION OF ANNUAL FINANCIAL REPORTS FOR THE YEAR 2017/2018 AND 2018/2019.	30-Jun-19
NUL -SEFIKA PROJECT	2021/2022	UNQUALIFIED	2022/2023		JUNE
LESOTHO EDUCATION QUALITY FOR EQUALITY PROJECT	2020/2021	UNQUALIFIED	2021/2022		

ENTITY	LATEST AUDITED FINANCIAL STATEMENTS	AUDIT OPINION	OUTSTANDING REPORTS	REMARKS	FINANCIAL YEAR END
COUNCIL ON HIGHER EDUCATION	2022/2023	UNQUALIFIED	NIL	There are no key audit matters concerned with this financial year's audit.	31-Mar-23
LESOTHO DISTANCE TEACHING CENTRE				THERE WAS NO AUDIT REPORT, ONLY TRADING ACCOUNT/ SPECIAL FUND BUDGET ESTIMATES FOR 2022/2023 OF WHICH THE HONOURABLE MINISTER OF FINANCE APPROVED.	
NUL-Tloutle Holdings	2019/2020	UNQUALIFIED			Jun-21
THE NATIONAL UNIVERSITY OF LESOTHO	2019/2020	UNQUALIFIED	2020/2021-2021/2022		30-Jun-20
CENTRE OF ACCOUNTING STUDIES	2022/2023	UNQUALIFIED			31-Mar-23
EXAMINATION COUNCIL OF LESOTHO	2020/2021	UNQUALIFIED	2021/2022		31-Mar-21
PETROLEUM FUND	2022/2023	UNQUALIFIED	NIL	There are no key audit matters concerned with this financial year's audit.	APRIL TO MARCH
LESOTHO REVENUE AUTHORITY	2022/2023	UNQUALIFIED	NIL	There are no key audit matters concerned with this financial year's audit.	APRIL TO MARCH
LESOTHO REVENUE AUTHORITY LESOTHO TAX MODERNISATION PROJEC	2022/2023	UNQUALIFIED	NIL		APRIL TO MARCH
GLOBAL FUND PROJECT-GOL COUNTERPART	2018/2019	UNQUALIFIED			
GLOBAL FUND PROJECT-COUNTRY COORDINATING MECHANISM	2018/2019	UNQUALIFIED			
GLOBAL FUND PROJECT-NEW FUNDING MODEL	2018/2019	UNQUALIFIED			
FINANCIAL INTELLIGENCE UNIT	2022/2023	UNQUALIFIED	NIL		APRIL TO MARCH
NEW FUNDING MODEL 3- JHPIEGO	2021	UNQUALIFIED	Dec-21	The audit was for 6months. From July to December.	
NEW FUNDING MODEL 3- Ministry of Health and Ministry of Finance	2021	UNQUALIFIED	Dec-21	The audit was for 6months. From July to December.	

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ENTITY	LATEST AUDITED FINANCIAL STATEMENTS	AUDIT OPINION	OUTSTANDING REPORTS	REMARKS	FINANCIAL YEAR END
PMU	2020/2021	UNQUALIFIED	Mar-21	There was an internal audit performed in the financial year 2020/2021. A management letter was issued with assurance that the internal control, governance and risk management were adequate and operating effectively.	
LESOTHO SURVEY METHODOLOGY PROJECT	2017/2018	UNQUALIFIED			
ECONOMIC DIVERSIFICATION SUPPORT PROJECT	2022/2023	UNQUALIFIED	NIL		APRIL TO MARCH
COMPETITIVENESS AND FINANCIAL INCLUSION PROJECT CAFI	2022/2023	UNQUALIFIED	NIL		APRIL TO MARCH
ECONOMIC DIVERSIFICATION SUPPORT PROJECT(EDSP)	2020/2023	UNQUALIFIED	NIL		APRIL TO MARCH
O.K BAZAARS	2022/2023	UNQUALIFIED	NIL		JUNE TO JULY
SMALL HOLDER AGRICULTURE DEVELOPMENT PROJECT	2021/22	UNQUALIFIED	NIL		APRIL TO MARCH
WOOL AND MOHAIR PROMOTION PROJECT-IFAD	2021/22	UNQUALIFIED	NIL		APRIL TO MARCH
WOOL AND MOHAIR PROMOTION PROJECT-LNWMGA	2021/22	UNQUALIFIED	NIL		APRIL TO MARCH
WOOL AND MOHAIR PROMOTION PROJECT - OFID	2021/22	UNQUALIFIED	NIL		APRIL TO MARCH
WOOL AND MOHAIR PROMOTION PROJECT-GOL	2021/22	UNQUALIFIED	NIL		APRIL TO MARCH
AGERICULTURAL PRODUCTIVITY PROGRAM FOR SOUTHERN AFRICA(P164486)	2022/2023	UNQUALIFIED	NIL		APRIL TO MARCH
WOOL AND MOHAIR PROMOTION PROJECT-ASAP	2021/22	UNQUALIFIED	NIL		APRIL TO MARCH
WOOL AND MOHAIR PROMOTION PROJECT-NUL	2021/22	UNQUALIFIED	NIL		APRIL TO MARCH

ENTITY	LATEST AUDITED FINANCIAL STATEMENTS	AUDIT OPINION	OUTSTANDING REPORTS	REMARKS	FINANCIAL YEAR END
WOOL AND MOHAIR PROMOTION PROJECT- IFAD/ ASAP/ RPSF/ OFID/ GOL/ LNWGMA	2021/22	UNQUALIFIED	NIL		APRIL TO MARCH
LESOTHO COMMUNICATION AUTHORITY	2022/2023	UNQUALIFIED	NIL		APRIL TO MARCH
LESOTHO COMMUNICATION AUTHORITY SERVICE FUND	2022/2023	UNQUALIFIED	NIL		APRIL TO MARCH
TRANSPORT INFRASTRUCTURE AND CONNECTIVITY PROJECT IDA CREDIT NUMBER 61510	2022/2023	UNQUALIFIED	NIL	THERE WAS A SUBMISSION OF 2019/20,2020/21 AND 2021/22 AUDIT REPORTS	31-Mar-23
ROADS DIRECTORATE		UNQUALIFIED			31-Mar-23
TRANSPORT INFRASTRUCTURE AND CONNECTIVITY PROJECT GOL COUNTERPART	2021/22	UNQUALIFIED			APRIL TO MARCH
LEC (PTY)LTD URBAN DISTRIBUTION REHABILITATION AND TRANSMISSION EXPANSION PROJECT	2021/22	UNQUALIFIED	NIL		
LEC - COMMUNICATIONS	2022/23	UNQUALIFIED	NIL		31-Mar-22
LESOTHO ELECTRICITY AND WATER AUTHORITY	2022/23	UNQUALIFIED	NIL		APRIL TO MARCH
LESOTHO ELECTRICITY COMPANY	2022/2023	UNQUALIFIED	NIL		APRIL TO MARCH
LESOTHO RENEWABLE ENERGY AND ENERGY ACCESS PROJECT (SREP) GRANT LEC	2022/2023	UNQUALIFIED	NIL		APRIL TO MARCH
LESOTHO RENEWABLE ENERGY AND ENERGY ACCESS PROJECT	2022/2023	UNQUALIFIED	Nil		APRIL TO MARCH
LESOTHO RENEWABLE ENERGY AND ENERGY ACCESS PROJECT (CONSOLIDATED STATEMENTS)	2022/2023	UNQUALIFIED	NIL		APRIL TO MARCH
LESOTHO RENEWABLE ENERGY AND ENERGY ACCESS PROJECT (SREP) LOAN LEC	2022/2023	UNQUALIFIED	NIL		APRIL TO MARCH

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ENTITY	LATEST AUDITED FINANCIAL STATEMENTS	AUDIT OPINION	OUTSTANDING REPORTS	REMARKS	FINANCIAL YEAR END
LESOTHO RENEWABLE ENERGY AND ENERGY ACCESS INTERNATIONAL DEVELOPMENT ASSOCIATION LOAN	2022/2023	UNQUALIFIED	NIL		APRIL TO MARCH
LESOTHO RENEWABLE ENERGY AND ENERGY ACCESS PROJECT GOL	2022/2023	UNQUALIFIED	NIL		APRIL TO MARCH
LESOTHO RENEWABLE ENERGY AND ENERGY ACCESS INTERNATIONAL DEVELOPMENT ASSOCIATION LOAN(DOE)	2022/2023	UNQUALIFIED	NIL		APRIL TO MARCH
LESOTHO RENEWABLE ENERGY AND ENERGY ACCESS PROJECT (SREP) LOAN DOE	2022/2023	UNQUALIFIED	NIL		APRIL TO MARCH
LESOTHO TOURISM DEVELOPMENT CORPORATIAN	2022/2023	UNQUALIFIED	NIL		THE FINANCIAL YEAR ENDED 31 MARCH 2023
PLACEMENT OF VOLUNTEERS UNDER THE NVC PROGRAMME					
LESOTHO LOWLANDS RURAL WATER SUPPLY AND SANITATION PROJECT	2022/2023	UNQUALIFIED	NIL	There are no key audit matters concerned with this financial year's audit.	THE FINANCIAL YEAR ENDED 31 MARCH 2023
MASERU WASTE WATEFR PROJECT	2019/2020	UNQUALIFIED	2020/2021-2021/2022	31-Mar-20	
LESOTHO LOWLANDS WATER DEVELOPMENT PROJECT PHASE 2	2022/2023	UNQUALIFIED	NIL		APRIL TO MARCH
LOWLANDS RURAL WATER SUPPLY AND SANITATION PROJECT	2022/2023	UNQUALIFIED	NIL		APRIL TO MARCH
LESOTHO LOWLANDS WATER DEVELOPMENT PROJECT	2022/2023	UNQUALIFIED	NIL		APRIL TO MARCH
LESOTHO MILLENNIUM DEVELOPMENT AGENCY	2020/21	UNQUALIFIED	2021/22	AUDIT FOR 2019/20 IS IN PROGRESS	APRIL TO MARCH

PART 2

AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GOVERNMENT OF LESOTHO FOR THE YEAR ENDED 31ST MARCH 2023

CHAPTER 1: INTRODUCTION

1.1. SUBMISSION AND AUDIT OF FINANCIAL STATEMENTS

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

1.2. CASH BASIS OF ACCOUNTING

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

1.3. EXECUTIVE SUMMARY

In line with the broad mandate given to the Auditor-General, the 2022/2023 annual audit report of the Consolidated Financial Statements of the Government, with summaries of the audits of Statutory Bodies, and Development Projects of the Government, undertaken during the course of the report period, is herewith presented.

I audited the Consolidated Financial Statements as presented by the Accountant-General. Further to this, eight authorities and corporations, six companies in which the Government has a shareholding of over 51%, fourteen other statutory bodies, one trading account and seventeen development projects were audited.

The main objective of the audits was to express an opinion as to the financial position of the Government, statutory bodies, and Government projects, and to draw the attention of various stakeholders to the management of the Government's and enterprises/projects financial affairs, highlighting areas of weakness and making recommendations.

I have summarised below some of the most significant audit observations that in my opinion may have an impact on Government finances, resources and service delivery which, if not corrected, may adversely affect financial governance and controls: -

a) **Omission of Below-the-Line Accounts**

The balances of Below-the-Line accounts as at 31st March 2009 have not been brought forward since 1st April 2009. This omission continues to misstate the CFS of the Government.

b) **Discrepancies in Repayment of Foreign Debt**

On the incurrence of foreign liabilities, both Note 3, and the Statement of Receipts and Payments reflected M1.34 billion, while Table 6 on Schedule 4 shows M1.30 billion resulting in a difference of M400 million, and similarly, there is no note for the difference.

Inconsistency in figures reported between the CFS, Ministries Financial Statements and IFMIS Ledger.

c) **Delay in the Enactment of the Supplementary Appropriation Bill**

From year to year, there were delays in the enactment of the Supplementary Appropriation Bill to regularise expenditure in terms of the Constitution and the Public Financial Management and Accountability Act, 2011. This has recurred in the financial year 2022/23.

d) **Failure to present audited reports to Parliament**

In contravention of Section 44(1) of PMFA Act, 2011 there are still delays or even failure by ministers to present their respective ministries' statutory bodies and public enterprise reports before Parliament.

Recommendations to improve the management, transparency and accountability of public monies have been made. What remains, is for Chief Accounting Officers and other officers charged with accounting responsibilities, to ensure compliance with the provisions of the PFMA Act, 2011, and Treasury Regulations, 2014, for the proper discharge of monies appropriated by Parliament.

My Office is however aware of efforts to improve the reporting by ministries, where since 2024, they now submit monthly accounts to the Accountant-General. This will enable my Office to carry out targeted ministerial audits in the future to enhance the integrity of the Consolidated Financial Statements.

1.4. PRIOR YEARS MATTERS

I have raised a number of issues in the prior years, but they have remained largely unresolved. The details are depicted in Appendix 1.

CHAPTER 2: CASH MANAGEMENT

2.1. CASH BALANCES

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

According to Note 15 of the Consolidated Financial Statements (CFS), as at 31st March 2023, there were 297 Government accounts, comprising 272 bank accounts held at the CBL and local commercial banks, and 25 accounts opened with local mobile network operators, whose total cash balance amounted to M2.22 billion. The cash position is shown on Table 3.

Table 3: Cash Position as at 31st March 2023 – Government Accounts

Bank/MNO	Accounts at 31.03.2023		Accounts at 31.03.2022		Increase / (Decrease) in No. of accounts	Cash Increase / (Decrease) (M'000)
	No. of accounts	Amount (M'000)	No. of accounts	Amount (M'000)		
HEAD CONTROLLED						
LOCAL CURRENCY:						
CBL	13	22,954	21	6,290	(8)	16,664
Nedbank Lesotho	41	31,357	42	113,659	(1)	17,698
STD Lesotho	57	96,818	78	132,271	(21)	(35,453)
FNB Lesotho	19	16,185	16	40,279	3	(24,094)
Lesotho Postbank	13	277,169	31	370,842	(18)	(93,673)
TOTAL LOCAL	143	544,483	188	663,341	(45)	(118,858)
FOREIGN ACCOUNTS:						
CBL	51	605,257	52	400,052	(1)	205,205
STD Lesotho	3	39,405	3	41,294	-	(1,889)
Foreign Missions			26	78,828	(26)	(78,828)
TOTAL FOREIGN	54	644,662	81	520,174	(27)	124,488
DEBT AND DEBT SERVI						
Lesotho PostBank	4	92,473	-	-	4	92,473
TOTAL DEBT AND SERVICING	4	92,473	-	-	4	92,473

MNOs:						
Vodacom	13	3,150	8	8,667	5	(5,517)
Econet	10	3,801	8	1,038	2	2,763
Chaperone	2	2,947	1	-	1	2,947
TOTAL MNOS	25	9,898	17	9,705	8	193
TOTAL HEAD CONTR	226	1,291,516	286	1,193,220	(60)	98,296
TREASURY ACCOUNTS:						
LOCAL CURRENCY:						
CBL	11	479,000	11	1,078,183	-	(599,183)
STD Lesotho	15	30,791	5	46,171	10	(15,380)
FNB Lesotho	4	29,456	3	33,098	1	(3,642)
Lesotho Postbank	12	6,291	2	9,594	10	(3,303)
TOTAL LOCAL	42	545,538	21	1,167,046	21	(621,508)
FOREIGN ACCOUNTS:						
Foreign Missions	27	126,119	-	-	27	126,119
FNB Lesotho	1	3,500	1	3,645	-	(145)
TOTAL FOREIGN	28	129,619	1	3,645	27	125,974
DEBT ACCOUNTS:						
CBL	1	256,353	3	1,475,767	(2)	(1,219,414)
TOTAL DEBT	1	256,353	3	1,475,767	(2)	(1,219,414)
TOTAL TREASURY	71	931,510	25	2,646,458	46	(1,714,948)
TOTAL GOVT ACCTS	297	2,223,026	311	3,839,678	(14)	(1,616,652)

Sources: CFS FY 2021/22 and 2022/23

Audit concerns

- a) The financial reporting standards require that the information presented in the Consolidated Statement of Cash Receipts and Payments should be the same as the Note to the same Statement. Contrary to this, the Consolidated Statement of Cash Receipts and Payments showed that the Government had a cash balance of M5.71 billion as at 31st March 2023, whereas Note 15 showed a total cash balance of M2.22 billion, thus resulting in a discrepancy of M3.49 billion between the two balances.
- b) Note 15 to the CFS reveals a cash decrease of M1.62 billion from M3.84 billion to M2.22 billion, between 31st March 2022 and 31st March 2023, whereas the Consolidated Statement of Cash Receipts and Payments reflects a cash decrease of M597.16 million, thus a discrepancy of M1.02 billion.

These differences compromise the integrity of the CFS.

Recommendations

- a) The Accountant-General should reconcile the Consolidated Statement of Cash Receipts and Payments and Note 15.
- b) In the audit of the previous year 2021/22, the Accountant-General indicated that investigations were ongoing on the reconciliation of all bank accounts. These investigations should be given a specific timeline within which they must be concluded, and a decision made as to how to deal with the outstanding balances.

2.2. OTHER CASH BALANCES (Schedule 9)

The Other Cash Balances are balances for accounts that were previously reported under Note 15 to the CFS. These accounts are for special funds, for monetary purpose, state-owned enterprises, and monies held in trust. The Accountant-General has now reported them separately under Schedule 9 of the CFS, as they do not form part of the Statement of Cash Receipts and Payments.

As at 31st March 2023, schedule 9 depicts 70 accounts with a total balance of M1.73 billion, and 72 accounts with a total balance of M767 million as at 31st March 2022, as reflected on Table 4.

Table 4: Cash Position for Other Accounts

Bank/MNO	Accounts at 31.03.2023		Accounts at 31.03.2022		Increase / (Decrease) in No. of accounts	Cash Increase / (Decrease) (M'000)
	No. of accounts	Amount (M'000)	No. of accounts	Amount (M'000)		
SPECIAL FUNDS						
CBL	3	206,976	4	206,141	(1)	835
Nedbank Lesotho	9	25,533	10	42,063	(1)	(16,530)
STD Lesotho	11	103,858	12	79,031	(1)	24,827
FNB Lesotho	2	1,123	2	17,400	-	(16,277)
ABSA SA	1	3,587	1	3,540	-	47
Lesotho Postbank	6	42,198	5	34,874	1	7,324
TOTAL SPECIAL FUNDS	32	383,275	34	383,049	(2)	226
ACCOUNT FOR MONETARY PURPOSE						

Locally Denominated Accounts						
CBL	1	964,779	-	-	1	964,779
TOTAL MONETARY ACCOUNTS	1	964,779	-	-	1	964,779
SOEs Funds						
Nedbank Lesotho	3	577	3	1,465	-	(888)
STD Lesotho	4	8,083	4	246	-	7,837
FNB Lesotho	1	29	1	1,798	-	(1,769)
TOTAL SOE'S	8	8,689	8	3,509	-	5,180
TRUST MONIES						-
CBL	1	341,806	2	350,379	(1)	(8,573)
Nedbank Lesotho	1	63	1	174	-	(111)
STD Lesotho	22	30,056	22	26,509	-	3,547
STD Bank SA	1	1,559	1	971	-	588
FNB Lesotho	1	2,071	1	2,393	-	(322)
Lesotho Postbank	3	125	3	119	-	6
TOTAL TRUST MONIES	29	375,680	30	380,545	(1)	(4,865)
GRAND TOTAL	70	1,732,423	72	767,103	(2)	965,320

Source: CFS FY 2022/23

Audit concern

Despite the exclusion of the Other Cash Balances from the Government accounts reported under Note 15, there is still a variance of M3.49 billion between the closing cash balance as per the Consolidated Statement of Cash Receipts and Payments and Note 15 to the CFS, as at 31st March 2023.

Recommendation

The Accountant-General must reconcile these balances, as well as correct the Other Cash Balances figure.

2.3. OWNERSHIP AND MANAGEMENT OF BANK ACCOUNTS AND MOBILE NETWORK OPERATORS ACCOUNTS

Section 74 (2) of Treasury Regulations, 2014, requires the Accountant-General to maintain a register of official bank accounts, showing ministry or office responsible, name of bank, account number, purpose of account, date opened, and date closed, if applicable.

The audit established that the Accountant-General maintains the register for all official bank accounts in compliance with the section quoted above. However, the audit noted the anomalies listed below, regarding the accuracy and completeness of the 368 accounts reported by banks and mobile network operators as at 31st March 2023.

Audit concerns

a) Discrepancies in the total number of bank accounts

The bank confirmations received showed a total number of 368 accounts, whereas the Accountant-General's register of accounts showed a total number of 341 accounts, hence a discrepancy of 27 accounts between the two.

b) Discrepancies in the number of accounts opened and closed during the year

The audit revealed that 26 new accounts were opened during the year 2022/23 as per bank confirmations, whereas the Accountant-General's records showed that 30 accounts were opened, thus resulting in a discrepancy of 4 accounts. On the other hand, the audit revealed that 28 accounts were closed during the year as per bank confirmations, whereas the Accountant-General's records showed that 55 accounts were closed, hence resulting in a discrepancy of 27 accounts between the two. The details are presented on Table 5 and Table 6.

Table 5: Variances in the Number of Accounts Opened During FY 2022/23

Bank	No. of accounts opened during the year as per Treasury records	No. of accounts opened during the year as per bank confirmations
	A	B
CBL	8	7
Nedbank Lesotho	8	5
STD Lesotho	2	2
FNB Lesotho	10	9
Lesotho Postbank	2	2
Chaperone	0	1
TOTAL	30	26

Sources: Bank Confirmations, Accountant-General's Register of Accounts

Table 6: Variances in the Number of Accounts Closed During FY 2022/23

Bank	No. of accounts closed during the year as per Treasury records	No. of accounts closed during the year as per bank confirmations	Variance
	A	B	C=A-B
CBL	20	9	11
Nedbank Lesotho	10	2	8
STD Lesotho	14	9	5
FNB Lesotho	5	2	3
Lesotho Postbank	4	4	0
Foreign Missions	1	1	0
Vodacom	1	1	0
TOTAL	55	28	27

Sources: Bank Confirmations, Accountant-General's Register of Accounts

c) **Discrepancies between the expected number of bank accounts and the actual number per bank confirmations**

The total number of accounts held at different banks as at 31st March 2022 was 383. The confirmations provided by the banks revealed that during the year 2022/23, 26 new bank accounts were opened, and 28 were closed. Therefore, the expected number of bank accounts at the end of year 2022/23 should be 381.

However, the bank confirmations showed a total number of 368, thus resulting in a shortfall of 13 accounts, as shown on Table 7.

Table 7: Variances Between the Expected Number of Bank Accounts and the Actual Number Per Bank Confirmations

Bank	No. of accounts as at 31.03.2022	No. of accounts opened during the year 2022/23	No. of accounts closed during the year 2022/23	Expected No. of accounts as at 31.03.2023	Actual No. of accounts per bank confirmations as at 31.03.2023	Variance
	A	B	C	D=A+B-C	E	F=E-D
CBL	93	7	9	91	81	(10)
Nedbank Lesotho	56	5	2	59	54	(5)
STD Lesotho	124	2	9	117	112	(5)
FNB Lesotho	24	9	2	31	28	(3)
Lesotho Postbank	41	2	4	39	38	(1)
ABSA SA	1	0	0	1	1	0
STD Bank SA	1	0	0	1	1	0
Foreign Missions	26	0	1	25	28	3
Vodacom	8	0	1	7	13	6
Econet	8	0	0	8	10	2
Chaperone	1	1	0	2	2	0
TOTAL	383	26	28	381	368	(13)

Sources: CFS FY 2022/23, Bank Confirmations and Accountant-General's Register of Accounts

Given the inconsistency and discrepancies in the information from the banks and Treasury, I could not confirm the accuracy and completeness of 367 bank accounts reported under Note 15 and Schedule 9 to the CFS as at 31st March 2023.

Recommendation

The Accountant-General should investigate the discrepancies and ensure that the banks' information and Treasury records are reconciled and updated regularly, to promote accountability and reliability of the cash position, and of the details of the accounts held on behalf of the Government.

2.4. OWNERSHIP AND MANAGEMENT OF MOBILE NETWORK OPERATORS (MNOs) MONEY ACCOUNTS

Under Note 15 on the CFS on the analysis of bank accounts, the Accountant-General has included a total amount of M11.7 million held by three mobile network operators.

Audit concern

There is currently no legal provision for the operation of mobile accounts under MNOs, as Treasury Regulations, 2014, Section 74 (1) (a), only provides for the use of official bank accounts.

Recommendation

The Accountant-General should formalise the approval for the use of mobile network operators for financial transactions of Government. Use of MNOs provides easier speed and access to financial transactions for the public.

2.5. DIFFERENCES BETWEEN THE STATEMENT OF CASH RECEIPTS AND PAYMENTS AND NOTE 15

In the past audit of 2021/2022, it was indicated that the Accountant-General had embarked on a reconciliation exercise to address the difference of M6.16 billion raised in the 2020/2021 audit report.

In 2021/2022, the CFS reported a difference that had reduced to M5.31 billion.

Audit concern

In this current audit period (2022/2023), there is a difference of M3.49 billion between the restated Note 15, which excluded cash balances not affecting the Statement of Cash Receipts and Payments, amounting to M1.73 billion, and the Statement of Cash Receipts and Payments for the year ended 31st March 2023.

This continues to raise concerns regarding the Accountant-General's ability to substantiate the balance of cash held by the Government, at the end of each financial year.

2.6. DORMANT/INACTIVE BANK ACCOUNTS

According to the Financial Institutions Act, 2012, Section 65 (3) states that "a dormant account is an account that has not been operating for a period of 2 years or a time deposit account that has not been operated for a period of 2 years after the date of maturity of the deposit. No withdrawals shall be allowed on the account except with the permission of 2 senior officers of the financial institution out of a number of signatories authorised to grant the permission".

Further, Section 83 (2) of the Treasury Regulations, 2014, states that "the Accountant-General shall review all official bank accounts annually and arrange for closure of any account considered unnecessary, invalid or inactive and transfer any balance to a Consolidated Fund bank account".

Audit concern

A review of bank accounts as at 31st March 2023 shown on Table 8, revealed that six accounts held at Standard Lesotho Bank, four held at Nedbank Lesotho, four held at First National Bank Lesotho and thirteen held at Central Bank of Lesotho were dormant or inactive and were not closed, in contravention of Section 83 (2) of the Treasury Regulations, 2014.

Table 8: Dormant /Inactive Accounts

Account Number	Account Name	Ministry	Dormant/ Inactive	Balance amount (M'000)
Standard Lesotho Bank				
9080000973803	Digital Migration Project	Communications, Science & Technology	Dormant	68
9080000483261	Digital Migration Project	Communications, Science & Technology	Dormant	0
9080002094769	Lesotho Millenium Development Agency	Finance	Dormant	40,003
9080007215963	Refugee Coordinating Unit	Local Government & Chieftainship Affairs	Dormant	340
9080000662832	Capital Project Fund	Local Government & Chieftainship Affairs	Dormant	0
9080002298917	Food Management Unit	Prime Minister's Office	Dormant	0
Nedbank Lesotho				
21000043602	Needy Children's Development Fund 1	Prime Minister's Office	Dormant	5
11990115232	SREP Grant (TF-1683) Lesotho Electricity Company	Energy & Meteorology	Dormant	146
11990115321	SREP Loan (TF-16830)	Energy & Meteorology	Dormant	6,641
11990117820	UNICEF Probation Account	Justice, Human Rights & Correctional Services	Dormant	0
FNB Lesotho				
63001042207	Charge Account LS - Finance	Finance	Inactive	120
63017591925	Restoration of Landscape and Livelihood Project (Roll)	Forestry & Land Reclamation	Inactive	0
63034669747	Sebapala Integrated Watershed Mag. Project LDF SAMIM	Defence & National Security	Inactive	0

63018335794	Institutional Support Project for Debt	Finance	Inactive	0
Central Bank of Lesotho				
0100023712006	Education III GOL CF	Education & Training	Dormant	29
0100023712040	Lesotho Lowlands Water Development Project Phase II - EIB	Water	Dormant	0
0100023712042	Lesotho Lowlands Rural Water Supply and Sanitation Project	Water	Dormant	0
94132	Lesotho Elec-Water Authority USD liability	Energy & Meteorology	Dormant	0
94192	StrengthCap-Eifandaft - USD - Liability	Trade & Industry	Dormant	0
94196	National Biosafety Framework - USD	Tourism, Environment & Culture	Dormant	0
94200	Kome Homestays Proj -USD - Liability	Tourism, Environment & Culture	Dormant	0
94264	Lesotho Lowlands Water Development Project Phase II - EUR	Water	Dormant	0
94275	Lowlands Water Development Project USD Project Account	Water	Dormant	0
94280	TF-B181LEC USD Account	Energy	Dormant	0
94282	Lowlands Rural Water Supply and Sanitation	Water	Inactive	0
94283	Lesotho E-Government Infrastructure Phase II	Communications, Science & Technology	Inactive	0
94294	Strengthening National Level Institutional	Forestry & Land Reclamation	Inactive	0
TOTAL				47,352

Source: Bank Confirmations

Recommendation

The Accountant-General should, at a minimum, review all official bank accounts annually, and arrange for closure of any account considered unnecessary, invalid or inactive, and transfer any balance to the Consolidated Fund bank account.

2.7. BANK BALANCES AT FOREIGN MISSIONS

Treasury Regulations, 2014, Section 81 (1), (3) and (6) requires monthly bank reconciliations to be performed and discrepancies to be resolved timeously.

Audit concerns

Review of bank reconciliations revealed the following anomalies: -

a) **Non-availability of Bank Reconciliation Statements**

I found that the above-referenced Section 81 was complied with by most foreign missions. However, bank reconciliations statements as at 31st March 2023, were not made available to the Auditors for verification for the Johannesburg foreign mission as shown on Table 9

Table 9: Non-availability of Bank Reconciliation Statements

Mission Name	Account Description	Account Number	Currency code	Balance in Maloti M'000
Johannesburg	Business Current Account	001538659000	ZAR	1,229
Johannesburg	Property Account	1581406000	ZAR	1,199
TOTAL				2,428

Sources: Bank Statements, Mission Cashbooks

b) **Unidentified and unresolved discrepancies in reconciliation statements at three missions**

A review of the bank reconciliation statements for the accounts of three of the following foreign missions as at 31st March 2023, revealed unidentified and unresolved discrepancies between the bank balances and cashbooks: - Berlin, New Delhi, and Durban. These are as reflected on Table 10.

This is a recurring and unresolved finding since 2019/20.

Table 10: Unidentified and Unresolved Discrepancies in Bank Reconciliations

Mission/Consulate name	Unreconciled amounts			
	31.03.2020 M '000	31.03.2021 M '000	31.03.2022 M '000	31.03.2023 M '000
Berlin	1,430	1,390	1,286	1,545
Durban	34	33	151	34
New Delhi	Not reconciled	Not reconciled	754	876

Sources: Bank Statements, Bank Reconciliations and Mission Cashbooks

The accuracy of the financial records is thus doubtful.

Recommendations

- a) The Accountant-General should ensure that the affected Finance Officers prepare bank reconciliations monthly, and identified discrepancies should be resolved timeously.
- b) Appropriate action should be taken against Finance Officers who do not comply.

CHAPTER 3: CASH RECEIPTS

3.1. DIVIDENDS

Dividends form part of cash received by the Government. These are from profits declared by enterprises where the Government has shareholding.

Audit concern

The Government received dividends with a total amount of M151.06 million from four enterprises, representing a 42% decrease as compared to the previous year. Thirteen enterprises have not declared dividends and eleven of those enterprises have not declared for five years from 2018/2019 to 2022/2023.

The non-declaration of dividends by the enterprises indicates that Government money invested in these enterprises is held without returns. Table 11 shows the trend for three years.

Table 11: Dividends Declared

Entity	Government ownership %	Dividends received in 2022/23 M'000	Dividends received in 2021/22 M'000	Dividends received in 2020/21 M'000	Comments
Letšeng Diamonds	30	122,557	178,452	120,000	
Kao Mining	25	-	-	-	
Liqhobong Mining Development	25	-	-	-	
Lemphane Diamonds	26.50	-	-	-	
Mothae Diamond	30	-	-	-	
Gemstone (Show Ridge)	25	-	-	-	
Reskol Diamond Mine	10	-	-	-	
Central Bank of Lesotho	100	-	46,999	117,840	
Standard Lesotho Bank	9.60	23,160	24,125	-	
AON/Minet	5	462	403	-	
National Insurance General Group	20	-	-	-	
National Life Insurance	12	-	-	-	
Econet Lesotho	30	-	-	-	
Lesotho Flour Mills	49	-	-	-	

Maluti Mountain Brewery	4.75	3,877	9,282	-	LNDC owns 51%
Avani International	36.40	-	-	-	LNDC owns 16.7%
Loti Brick	22.80	-	-	-	LNDC owns 73.6%
TOTAL		150,056	259,261	237,840	
PERCENTAGE INCREASE/(DECREASE) (Y/Y)		(42%)	9%		

Source: CFS FY 2022/23

Recommendation

The Minister should strengthen measures or policies to attain returns from Government investments.

CHAPTER 4: NON-CASH ASSETS

4.1. ACCOUNTS RECEIVABLE AND OTHER REVENUE ARREARS

The Government of Lesotho's accounts receivables represent amounts due to Ministries, Departments and Agencies (MDA's) from individuals or entities that have been provided with goods or services and advances, that have not been acquitted or cleared.

Revenue arrears are amounts owed to the Government beyond the due date. Year-to-year movements of accounts receivable and revenue arrears must be duly supported by relevant records. Accounts receivables are made up of outstanding amounts concerning advances, rental arrears, recovery of expenditure, surcharges, and sale of goods and services.

Audit concerns

The following audit concerns are in respect of accounts receivable reported in the Consolidated Financial Statements (CFS) and or spending units' financial statements: -

a) **Undisclosed Receivables**

The CFS amount of overdue debt to the Government was reported as M299.37 million as at 31st March 2023. However, there were unreported differences based on the Ministries' Financial Statements (MFS) as summarised on Table 12 and further details provided in Appendix 2.

Table 12: Undisclosed Receivable Amounts

Ministry	Description	Amount M'000
Agriculture & Food Security	Reported in the CFS but not in the MFS	12,900
Gender, Youth, Sports & Recreation	Uncleared Imprest not reported in both MFS and CFS	240
Gender, Youth, Sports & Recreation	Repayments deducted but not reported in both MFS and CFS	32

Sources: Ministries F/S & Working paper files and CFS FY 2022/23

These unreported differences cast doubt on the accuracy of the reported receivables.

Recommendation

The Accountant-General should investigate the unreported differences and ensure that they are reflected accurately in both the CFS and MFS.

b) Ministry of Police

Schedule 2 Table 5(b) of the CFS reported overdue debt of M661,000 on refunds of overpayments that included M208,100 and M47,500 recorded twice from two officers.

This duplication overstated the outstanding overdue debts in the CFS & MFS.

Recommendation

The Accountant-General must correct and adjust the overdue debt in the CFS and ensure that Chief Accounting Officer (CAO) corrects the MFS, accordingly.

4.2. On-lending

According to Section 15.2 of the Public Debt Management Policy Framework, 2019, "on-lending to State-Owned Enterprises (SOEs) is undertaken after a detailed assessment of financial credit risk of these enterprises" and further states that, "the credit risk assessment will inform on whether a proposal for loan and on-lending facility from the Government should be approved or not, as well as the volume of the loan or on-lent amount and its financial terms of repayment".

Audit concern

According to Table 10 of the CFS as at 31st March, 2023, there were seven on-lent loans with balances totalling M589.67 million not serviced, or in arrears, as indicated on Table 13 below.

Water and Sewerage Company (WASCO) was the recipient of these on-lent loans with balances totalling M221.34 million and has been unable to service all of them, of which M63.02 million had reached maturity in 2020 and M24.26 million was to have matured in 2023.

Failure to address SOEs defaults increases public debt levels and financial instability and can lead to a loss of investor confidence.

Table 13: SOE's On-lent Loans

Loan Description	Benefiting Agency	Year of Contract	Maturity Year	Balance as at 31st March 2023 M'000
BADEA 132 Maseru Water Supply I	WASCO	1994	2020	63,023
BADEA 133 Maseru Water Supply II	WASCO	2004	2033	78,097
OFID 134 Maseru Supply II	WASCO	2004	2023	24,263
IDA 2400 Infrastructure Engineering	WASCO	1992	2032	18,119
IDA3995 Water Sector Improvement Project	WASCO	2004	2029	30,957
Five Towns (BADEA)	WASCO	2011	2042	565
Greater Maseru Water Supply Project	WASCO	2018	2038	6,316
TOTAL				221,340

Source: CFS FY 2022/23

Recommendation

The CAO should ensure that loan repayments are effected as per the repayment schedules of the loans.

CHAPTER 5: LIABILITIES

EXTERNAL AND DOMESTIC DEBT

5.1. DIFFERENCES IN BALANCES

The principles of accounting require that the closing balance of one financial year should be the same as the opening balance, in the following year.

Audit concerns

- a) There was an unexplained decrease amounting to M270.36 million in external liabilities between the opening balance as at 1st April 2022 and the closing balance as at 31st March 2022 as shown on Table 14.
- b) The opening balance included an amount of M237.94 million of external liabilities owed to commercial banks, which was not shown in the prior year's closing balance.

Table 14: Differences in Closing and Opening Balances of External Liabilities

Description	Closing Balance 31 st March 2022 M'000	Opening Balance 1 st April 2022 M'000	Difference M'000
	A	B	C=B-A
Multilateral lenders	12,310,332	11,803,966	(506,366)
Bilateral lenders	924,659	923,322	(1,337)
Commercial banks	-	237,942	237,942
Export credits	2,103,622	2,103,020	(602)
TOTAL	15,338,613	15,068,250	(270,363)

Source: CFS FY 2022/23

These figures should not be different from one closing to opening period, as they portray an incorrect picture of the extent of the Government's external liabilities.

Recommendation

The Accountant-General should disclose and explain the cause of the differences in the opening and closing balances of external liabilities.

Auditor's remark

The opening balance was adjusted and restated as new borrowing of M237.94 million, however, there was no evidence to substantiate this.

5.2. DISCREPANCIES IN REPAYMENT OF FOREIGN DEBT

Section 1.3.8 of IPSAS Cash basis stipulates that, notes to the financial statements include narrative descriptions or more detailed analyses of amounts shown on the face of the financial statements as well as additional information.

The notes to the Consolidated Financial Statements (CFS) are expected to correspond with the figures on the face of the financial statements, and other notes referencing the same item.

Audit concerns

a) The Statement of Receipts and Payments and the corresponding Note 20 on the repayment of external liabilities each reflect M916.31 million, while cash paid (Table 6 of Schedule 4) amounted to M784.87 million, resulting in the overstatement of payments by M131.44 million.

b) Incurrence of Foreign Liabilities

On the incurrence of foreign liabilities, both Note 3, and the Statement of Receipts and Payments reflected M1.34 billion, while Table 6 on Schedule 4 shows M1.30 billion resulting in a difference of M400 million, and similarly, there is no note for the difference.

These two differences make the accuracy of the financial statements doubtful.

Recommendation

The Accountant-General and the Public Debt and Aid Management Department (PDAMD), should reconcile the debt records and show the correct balances of external debt.

Auditor's remarks

The amount to be reported in the Statement of Cash Receipts and Payments is actual cash paid of M784.87 million not M916.31 million.

5.3. DOMESTIC DEBT

5.3.1. Correction of Anomalies in Accounting for Treasury Bonds

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

Audit concern

Unadjusted opening balance

The balance of domestic debt is unreliable, as the prior year balance of M561.62 million has not been corrected for the effect of net basis preparation as against the gross basis in the CFS of 2022/23.

Recommendation

The Accountant-General should ensure that the opening balances are recalculated and recorded in the CFS 2022/23.

5.4. CONTINGENT LIABILITIES

In terms of the Cash Basis IPSAS of accounting currently in use by the Government, it is encouraged that contingent liabilities and pending litigation claims be disclosed in the notes to the Financial Statements.

5.4.1. Loan Guarantees

In line with the Public Debt Management Policy Framework (PDMPF), 2019, the Government has authority to provide guarantees to State-Owned Enterprises (SOEs), private companies, and micro-loans to individuals. These guarantees are managed by the PDAMD.

Audit concern

The PDAMD total closing balance of M48.78 million did not have details that supported the movement of principal and interest repayments for loan guarantees from the total opening balance of M76.43 million.

Without accurate information about contingent liabilities, policymakers may make suboptimal fiscal policy, resource allocation, and debt management decisions. This can lead to inefficient use of public funds and increased financial risks.

Recommendation

The Accountant-General and the CAO should ensure that Table 12, Schedule 7 of the CFS includes the detail of movements in the loan guarantees balances.

5.4.2. Pending Litigations

Pending litigation claims refer to legal cases that have been initiated but are not yet resolved.

IPSAS 1.3.8 states that “notes to the financial statements include narrative descriptions or more detailed schedules or analyses of amounts shown on the face of the financial statements, as well as additional information. They include information required and encouraged to be disclosed by this Standard.”

Audit concern

Fourteen litigations in Appendix 3 that were reported in the notes to the Ministries’ Financial Statements (MFS) (Ministries of Labour, Local Government, Small Business, and the Independent Electoral Commission) for the year 2021/22 no longer appear in the MFS for 2022/23. However, this movement is not supported by any evidence.

There is a possibility that the pending litigation amount has been misstated.

Recommendation

The Accountant-General and the CAOs should ensure that the movements on the litigations are investigated and reported with accurate estimated costs.

5.5. PAYMENT ARREARS

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

Audit concern

Contrary to Section 26, the Government failed to discharge its payment obligations to individuals, suppliers, lenders and contractors within the stipulated due date.

The delay by the Government to discharge its payment obligations within the due date is incapacitating these creditors.

Recommendation

The CAOs from respective spending units should ensure timely payment of creditors or action be taken in line with Treasury Regulations, 2014.

5.6. PUBLIC DEBT OBSERVATION

5.6.1. Legal Framework

Public debt management relies on a strong and up-to-date legal policy framework to administer and manage it. Public debt administration falls under the Loans and Guarantees Act, 1967 as amended, the Local Loans (Government Treasury Securities) (Trading) Regulations 2009, and Public Financial Management and Accountability Act, 2011 (PFMA Act, 2011), as well as the Public Debt Management Policy (PDMP) Framework, 2019.

Audit concern

The legal framework for public debt management is outdated and lacks clear definitions of essential elements for effective management. Even though the process of updating the Public Debt legislation began in 2019, it was still incomplete at the time of the audit.

The delay in the promulgation of the legislation causes ineffective management of public debt to the detriment of the Country.

Recommendation

The Minister should follow up the process of the enactment of the bill.

5.6.2. Organisational Arrangements

Organisational arrangements should establish clear roles and responsibilities to ensure the effective execution of debt management activities. Best practice suggests that the PDAMD be organised into separate front, middle and back-office functions, to increase efficiency, minimise operational risk, and promote accountability.

Audit concerns

- a) PDAMD lacks clearly defined and documented functional arrangements for the front, middle, and back offices as follows:-
 - i. The department is structured with 15 established positions of which four were vacant.
 - ii. There are no clearly defined roles and job descriptions for the various positions.

This unclear segregation of duties may result in a lack of accountability and cause delays in the execution of tasks.

- b) PDAMD did not have documented operational procedures, risk frameworks or training manuals in place, to ensure effectiveness and efficiency of operations.

Without these procedure manuals and frameworks, effective discharge of PDMAD mandate is compromised.

Recommendations

The CAO should: -

- a) Define the roles and responsibilities within the structure and functions of PDMAD, to allow for more efficient and effective management of public debt.
- b) Develop procedure manuals and frameworks for the efficiency and effectiveness of operations.

5.6.3. Debt Servicing

PDAMD is responsible for ensuring timely payments of Government debt obligations to its creditors and paying subscriptions to international organisations. Section 9.9 of the PDMP Framework, 2019, states that payments for all debt-related transactions will be managed through a straight-through-processing and accounting system in the Integrated Financial Management Information System (IFMIS), maintained by the Treasury Department. The Department uses the Commonwealth Secretariat Meridian Debt Management System (CSMDMS) to manage, monitor, and report on public debt.

Audit concern

CSMDMS is not interfaced with the Government's financial system, IFMIS. PDAMD processes payments a few days before the due date, using the current day's exchange rate. However, actual IFMIS payments at a later date, are made using the ruling exchange rate resulting in a different maloti equivalent charge.

This discrepancy between the PDAMD and IFMIS payment amounts, affects the accuracy of the opening and closing balances in the CFS.

Recommendation

PDAMD and Treasury Department should ensure that the two systems are interfaced.

5.7. MONIES HELD IN TRUST

Section 81 (1) to (11) of Treasury Regulations, 2014, stipulates the requirement for bank reconciliation and how it should be conducted.

The CFS showed twenty-nine Trust fund accounts held in different banks with a total closing balance of M 375.68 million as at 31st March 2023, out of which three were held with Lesotho PostBank.

5.7.1. Failure to Maintain Trust Monies Register

Section 71 (3) of Treasury Regulations, 2014 requires that "money held as trust money remaining unclaimed by depositors five years from the date, they are due or entitled to be paid shall be paid from a Trust Fund bank account to a Consolidated Fund bank account as revenue."

In addition, Section 72 (1) of the same regulations' states that "A Chief Accounting Officer shall ensure that a Trust Money Register is maintained for Trust money under the control of the spending unit."

Audit concern

Contrary to the requirement of the Regulation: -

For the twenty-nine trust fund accounts reflected in the CFS, the CAOs did not have corresponding trust money registers.

In the absence of registers, I was unable to ascertain those monies remaining unclaimed, that were supposed to have been transferred to a Consolidated Fund bank account as revenue.

Recommendation

CAOs should ensure that trust money registers are maintained as required.

CHAPTER 6: LOSSES AND ACCIDENTS

Section 36 (a) of the Public Finance Management and Accountability Act, 2011, (PFMA Act, 2011) mandates the Minister to provide a summary of any losses of public funds or damage to Government property, including details of amounts recovered or written off, as part of the Consolidated Financial Statements (CFS).

6.1. LOSSES OF CASH AND STORES

Losses of cash and stores are regulated by the Stores Regulations, 1967, in conjunction with the Treasury Regulations, 2014. These regulations require officers to immediately report any incidents involving loss, damage to stores, shortages, fraud, theft, or other irregularities concerning any cash holdings under their control to a Chief Accounting Officer (CAO).

The regulations further stipulate that no officer has the discretion to withhold any report where theft, fraud, negligent control, or misuse or damage to Government stores is known or suspected. All loss reports must be prepared and submitted to the Principal Secretary for Finance, with copies to the Accountant-General and the Auditor-General.

According to Sections 40 (1) and 41 (8) of the Treasury Regulations, 2014, standing advances must be retired by 31st March each year, and travel advances must be acquitted within 14 days of an officer's return from travel.

Furthermore, Section 42 of the same regulations stipulates that any failure to recover or acquit outstanding advances within the specified period will result in the amount being classified as a loss of public funds. This loss is then to be addressed in accordance with Part XIV of the regulations, which deal with losses of public monies.

6.2. LOSSES NOT RECOGNISED AS AT 31st MARCH 2023

Audit concern

The analysis of overdue debt by items, as shown on Table 5 (b) of the CFS, highlights overdue advances that had not been classified as a loss of public money, contrary to the requirements of Section 42 of

the Treasury Regulations, 2014. These unrecognised losses are summarised on Table 15.

Table 15: Summary of Unrecognised Losses

Description	Amount M'000	Loss Holder
	34,088	Education & Training
	181	Small Business, Cooperatives & Marketing
Standing Imprests	34,269	
	34,559	Agriculture & Food Security
	29	Finance
	113	Trade & Industry
	38	Justice & Correctional Services
	765	Prime Minister's Office
	690	Foreign Affairs & International Relations
	32	Labour & Employment
	47	Senate
	481	Gender, Youth, Sports & Recreation
	26	Public Service
Tour Imprests	36,781	

Source: CFS FY 2022/23

6.3. UNSUPPORTED REDUCTION OF LOSSES AND ACCIDENTS

Audit concern

The summary of losses and accidents, portrayed in Schedule 8, Table 14, showed a decrease to M4.09 million in the CFS 2022/23, from Schedule 9 Table 15 of the CFS 2021/22. However, there is no evidence of any action taken to recover or settle the M50.83 million difference in the losses.

6.4. VARIANCES IN REPORTED LOSSES

Audit concern

The figures presented in the statement of losses and accidents, along with the supporting evidence submitted to my Office, differ from those reported in Schedule 8 of the CFS. The schedule only reflects a loss of M6,000 in cash for the Ministry of Finance while the loss report submitted to my office was M35.58 million. as shown on Table 16.

Table 16: Variances in Reported Losses

Ministry/ Departments	Consolidated Financial Statements	Ministerial Financial Statements			Losses per Audit M'000
	Losses of Cash M'000	Losses of Stores M'000	Losses of Cash M'000	Losses of Stores M'000	
Finance	6	-	6	-	35,579
Development Planning		24	-	24	
Trade & Industry	-	37	-	37	
Water	-	40	-	40	
TOTAL	6	101	6	101	35,579

Sources: CFS FY 2022/23, Ministerial Financial Statements

6.4.1. Unaccounted for Accountable Imprest: M1.3 million

Section 87 (1) (a), (b) and (c) of the Treasury Regulations, 2014, stipulates that upon receipt of a report provided under Section 85 (3), the Principal Secretary shall instruct the Accountant-General to recover the shortfall from the officer responsible, including to take action to recover the shortfall from his/her salary, under Section 47; write off the amount involved; or request the Minister to impose a surcharge under Section 60 of the PFMA Act, 2011.

Audit concern

It is noted that a loss of M1.5 million reported in His Majesty's Office in FY 2020/2021 has yet to be fully recovered, contrary to the commitment stipulated in the responsible officer's dismissal letter. There is no evidence of recovery utilising terminal benefits or other legal mechanisms being deployed. An amount of M1.3 million is still outstanding to date.

This inaction to recover the funds, represents a direct financial loss affecting budget allocations and potentially diverting funds from the intended purpose.

Recommendation

The CAO in His Majesty's Office should expedite the recovery of the outstanding M1.3 million and comply with the provisions of the law.

6.5. MINISTRY OF FOREIGN AFFAIRS: LOSS OF CASH

6.5.1. Lesotho-Durban Consulate: M394,620

Section 89 (1) and (2) of the Treasury Regulations, 2014, stipulates that "Finance Officers shall report immediately to a Chief Accounting Officer any incident of loss of or damage to Government property" and "Public Officers shall report immediately to a Chief Accounting Officer any circumstances causing a suspicion of loss or damage to Government property" respectively.

Audit concern

An amount of M394,620 was paid for a vehicle that was never received by the Lesotho Consulate in Durban. The payment was made on 6th July 2022, and the matter was reported to the South African Police Service on 8th July 2022 (Case Number 280/7/22). However, the loss report was only submitted to the Chief Accounting Officer on the 10th October 2022, three months after the incident of this loss, in contravention of Section 89 (1) and (2).

During the course of the audit, I established that a joint inspection was conducted at the Lesotho Consulate in Durban by a team of officers from the Ministries of Finance and Development Planning (MoFDP) and of Foreign Affairs and International Relations (MoFAIR) from 16th to 20th September 2024.

The objective of the inspection was to assess whether the Consulate had complied with financial and public service legal frameworks in acquiring the vehicle in July 2022.

A report was subsequently issued on the 12th January 2025 with the following findings: -

a) Unauthorised Purchase of a Second-hand Vehicle

The Consulate had been authorised to procure a new Corolla Quest Prestige (CVT) (B28) valued at M309,742.50. On the contrary, the Consulate opted to purchase a second-hand Toyota Fortuner amounting to M394,620.00, in excess of the authorised amount.

b) Non-compliance with Procurement Process and Procedures

The Consulate did not: -

- Request authority to purchase Toyota Fortuner.
- Apply for a waiver to purchase Toyota Fortuner.
- Call for tender or request for waiver of tendering process, or minimum quotations of the same vehicle model from reputable suppliers.

c) Requisition, purchase order, and payment process for the purchase of the Toyota Fortuner

The purchase requisition, purchase order, and payment process for the Toyota Fortuner, did not conform with financial procedures, as they were either not prepared, not properly authorised, or irregularly authorised by inappropriate officers of the Consulate.

d) Recovery of Lost Funds

The Consulate reported the incident their bank assisted the Consulate after the police case number was shared. The bank however, reported that the funds had already been spread across different other banks. It thus only managed to recover the sum of M28,261.62 of the M394,620.00 misappropriated.

As a result, an amount of M366,358.38 remains unrecovered.

Article 12 (1) of Vienna Convention on Consular Relations 1963 states that "the head of Consular post is admitted to the exercise of his functions by an authorisation from the receiving State termed an *exequatur*, whatever the form of this authorisation."

- e) Contrary to this provision, the report noted that the Consul General (CG) was operating in the Republic of South Africa without Exequatur, rendering him an illegal migrant. Furthermore, both the CG and his second in hierarchy, the Consul Attaché, were not official signatories in the bank system of the Consulate.

Conclusions and Recommendations of the Report

The inspection team made a conclusion and several recommendations including but not limited to the fact that the Consulate suffered a loss of M366,358.38 due to the fraud that happened while trying to purchase the vehicle.

In addition, that a disciplinary hearing be instituted against the Finance Attaché for the contravention of financial regulations, as well as to recover the lost Government money based on the findings of the report.

Recommendation of the Auditor-General

Arising out of the joint report, the Chief Accounting Officer of the MoFAIR should implement the recommendations.

6.5.2. Lesotho – Johannesburg Consulate: M394,835

Section 3 (2)(n) of the Public Service Code of Conduct, 2005, stipulates that a public officer shall not commit any criminal offense involving dishonesty, misappropriation of public funds, or cause damage to public property, nor shall they bring the public service into disrepute.

In addition, Sections 85 (3), 87 (2), 88, 91 (3), and 92 of the Treasury Regulations, 2014, require the Principal Secretary to provide a copy of the report on the loss of public monies, along with the decision on the matter, to the Auditor-General.

Audit concerns

- a) Contrary to Section 3 (2) (n) of the Code of Conduct, 2005, an amount of M394,835.00 was reported to have been irregularly withdrawn from the Consulate's bank account and deposited into the personal account of the Third Secretary. Disciplinary action was taken against the officer involved, who was subsequently recalled from foreign service effective 1st December 2022. However, at the time of the audit, there was no indication that the misappropriated public funds had been recovered.
- b) As of the date of this audit report, in terms of above-quoted sections of the Treasury Regulations, my Office has not received the required loss report and the decision on the matter from the Principal Secretary for the Ministry of Finance.

These contraventions perpetuate the mismanagement or concealment of public funds.

Recommendations

- a) The CAO should follow procedures to ensure that the funds misappropriated by the Officer are recovered.
- b) The CAO should strengthen the segregation of duties for financial transactions and ensure timely submission of all reports on the loss of public monies, along with decisions taken on such matters, being communicated to the Auditor-General.

6.6. MOTOR VEHICLE ACCIDENTS

The Stores Regulations, 1967, describe motor vehicle accidents as those incidents in which damage is caused to vehicles or property, where persons are injured, killed or both.

When an accident involving a departmental vehicle occurs, the head of department must submit all relevant documents and reports, including the police report, to the Principal Secretary (PS) for Finance.

The police should promptly provide accident reports for all Government vehicles to the respective heads of departments.

In cases where a Government vehicle is damaged, the cost of repairs should be charged to the department's budget, even if the driver involved in the accident is fined. The vehicle accident report submitted to the PS for Finance will also serve as a formal request to carry out the necessary repairs, which will be charged to the department's budget.

Audit concern

My Office received vehicle accident reports with estimated cost of repairs to the value of M472,564 from four ministries. This amount is different from the estimated vehicle accident reports amounting to M1.54 million and M1.91 million disclosed in the CFS 2022/23 and ministerial financial statements respectively. Table 17 shows the details.

Table 17: Comparison of Reports of Accidents

Ministry	Consolidated Financial Statements M'000	Ministerial Financial Statements M'000	Reports to Auditor-General M'000
Education & Training	192	192	38
Trade & Industry	8	8	-
Development Planning	191	191	-
Justice & Correctional Services	2	2	-
Communications, Science & Technology	-	-	30
Law & Constitutional Affairs	3	3	-
Foreign Affairs & International Relations	6	6	-
Public Works & Transport	-	-	88
Labour & Employment	3	3	-
National Security Services	107	107	-
National Assembly	-	-	316
Local Government & Chieftainship Affairs	2	2	-
Public Service	-	189	-
Judiciary	147	147	-
Directorate on Corruption & Economic Offences	-	183	-
Mining	71	71	-
Police & Public Safety	719	719	-
Public Works & Transport	90	90	-
TOTAL	1,541	1,913	472

Sources: CFS FY 2022/23, Ministerial Financial Statements, Accident Reports Received by OAG

The CFS are prepared based on the MFS, but the fact that the statements show different figures raises a concern on the correctness and validity of the CFS. The difference in figures reflected in the statements and reports submitted to my Office, indicates that the ministries did not submit accident reports to PS Finance, and to my Office.

Recommendations

- a) CAOs, Principal Secretary (PS) for Ministry of Finance and Accountant-General, should enforce the implementation of mechanisms and guidelines for reporting losses and damage to public property.
- b) The Accountant-General should develop a loss management system integrated to the IFMIS, capable of automatically reporting, recording and tracking losses, so that all data is accurately captured.

**PART 3:
ADMINISTRATION OF
PUBLIC FUNDS**

CHAPTER 7: ADMINISTRATION OF PUBLIC FINANCE

Expenditure is categorised into Supply Services and Consolidated Fund Standing Services. Supply Services is further categorised into Recurrent Expenditure and Development Expenditure, which are appropriated. Consolidated Fund Standing Services is recurrent expenditure charged directly from the Consolidated Fund.

7.1. CONSOLIDATED FUND STANDING SERVICES

Section 14 (4) of the Public Finance Management and Accountability Act, 2011, (PFMA Act, 2011), states that "An annual Appropriation Act shall not include authorisations in respect of statutory expenditure."

Section 112 (1) of the Constitution, states that "the Minister for the time being responsible for Finance shall cause to be prepared and laid before both Houses of Parliament in each financial year estimates of the revenues and expenditure of Lesotho for the next following financial year."

The budget estimates are consolidated in the Budget Estimates Book with proper classification to enable the Minister to prepare the annual estimates.

Audit concern

Contrary to Section 112 (1), the Budget Estimates Book for 2022/23 had included Centralised Items (Head 30) and Contingencies Fund (Head 31) with a total of M723.7 million, as part of Standing Services section. This should instead form part of the Appropriation section.

Since the Budget Estimates Book is the basis for appropriation, the inclusion of these Heads within the Standing Services section has led to overstated budget estimates.

7.2. SUPPLY SERVICES/APPROPRIATED EXPENDITURE

The amount appropriated for recurrent expenditure for a financial year, whether in the annual or any supplementary budget, should in total be limited to the amounts which can be financed from the recurrent revenue which is shown in the original or revised estimates for that year.

7.2.1. Differences Between Appropriation Act and Book of Estimates

The Appropriation (2022/2023) Act, 2022 (the Appropriation Act) authorises the spending of monies allocated in the Book of Estimates (2022/23) and appropriates it according to Heads of Expenditure. The total amount specified in the Book of Estimates should therefore match the amount stated in the Appropriation Act for each Head of Expenditure.

Audit concern

A comparison of the amounts in the Appropriation Act (excluding the M300 million for Administration Account) with the Book of Estimates, revealed discrepancies of M3.2 billion and M20 million for receipts and expenditure, respectively, as detailed in Table 18.

There is a risk that failing to update the Book of Estimates after the enactment of the Appropriation Act could mislead budget implementation, potentially resulting in the use of unappropriated funds.

Table 18: Comparison of Amounts in the Appropriation Act and Book of Estimates

Description	Appropriation Act (M'000)	Book of Estimates (M'000)	Variance (M'000)
	A	B	C=A-B
Government Revenues	17,535,445	17,535,445	-
Capital Receipts			
• Donor Grants	2,114,215	1,849,136	265,079
• Donor Loans	2,885,654	-	2,885,654
Total Receipts	22,535,314	19,384,581	3,150,733
Recurrent Expenditure	13,773,524	13,773,524	0
Capital Expenditure			
a) GoL	1,763,961	1,783,961	(20,000)
b) Donor Grants	2,114,215	2,114,215	-
c) Donor Loans	2,885,654	2,885,654	-
Total Capital	6,763,830	6,783,830	(20,000)
Total Expenditure	20,537,354	20,557,354	(20,000)

Sources: Appropriation Act 2022/23 and Book of Estimates 2022/23

Recommendation

Once the Appropriation Bill is enacted, the Budget Controller should update the Book of Estimates.

7.3. OVERALL FISCAL BALANCE FOR 2022/23

The overall fiscal balance refers to the difference between the Government's receipts and expenditure.

The original budget for the financial year 2022/23 projected a deficit of M2.3 billion. The revised budget projected a deficit of M2.6 billion while the actual outcome was a deficit of M600 million. Table 19 bears the details of the overall fiscal balance for the year ended 31st March 2023.

Table 19: Overall Fiscal Balance for 2022/23

Item	Approved Budget (M'000)	Revised Budget per CFS (M'000)	Actual per CFS (M'000)
	A	B	C
Revenue			
Recurrent	17,535,445	17,535,887	16,745,785
Other Receipts	62,655	-	1,193,598
Donor Funds (Grants & Loans)	4,937,215	4,915,011	2,283,528
TOTAL	22,535,315	22,450,898	20,222,911
Expenditure			
Recurrent – Voted	13,349,865	14,541,416	13,674,370
Recurrent- Statutory	4,405,972	4,152,905	3,864,385
Development	6,763,831	6,290,216	3,281,314
Administration	300,000	35,380	-
TOTAL	24,819,668	25,019,917	20,820,069
Surplus/(Deficit)	(2,284,353)	(2,569,019)	(597,158)

Sources: Appropriation Act 2022/23, and CFS FY 2022/23

7.3.1. Administration Account/Contingencies Fund

Section 114 of the Constitution authorises Parliament to establish a Contingencies Fund (the Fund) and authorises the Minister of Finance to make advances from the Fund, when there is an urgent and unforeseen need for expenditure that cannot be met through other provisions.

If an advance is made from the Fund, a supplementary estimate must be presented, and a Supplementary Appropriation Bill must

be introduced as soon as possible, to replace the amount advanced.

Section 5 (c) of the PFMA Act, 2011 states that "A Chief Accounting Officer shall ensure that public money allocated by Parliament is used efficiently to achieve programme objectives approved by Parliament."

The amount of M300 million was allocated to the Administration Account (Contingencies Fund), through the Appropriation Act 2022/2023.

Audit concerns

- a) As at the time of the audit report, the draft Supplementary Appropriation Bill 2022/23 had not been enacted to replace the advance of M265 million for recurrent expenditure as indicated on Table 3 of the CFS.
- b) Four ministries were allocated contingencies fund for non-emergencies as shown in Table 20. These allocations were in violation of Section 114 of the Constitution and Section 5 (c) of the PFMA Act, 2011.

Table 20: Approved Non-emergency Contingencies Allocation

Ministry	Amount M'000	Application Date	Date of Approval	Reasons for Contingency
Ministry of Justice & Correctional Services	10,162	30/05/2022	14/06/2022	Installation of recording system at Tšifa-li-Mali, new vehicle and laptops for newly appointed Judges of High Court, maintenance of vehicles and re-roofing of High Court offices and chambers.
Ministry of Defence & National Security	3,937	28/06/2022	30/06/2022	Aviation Insurance
Ministry of Public Service	22,951	31/08/2022	15/09/2022	Consultancy for Payroll system, consultancy services for performance related pay project, Assessment Units and LIPAM consultancy fees.
Communications, Science & Technology	62,092	16/05/2022	08/07/2022	Funds were required to finance Microsoft Ireland operation LTD software license, which expired in February 2021 and the additional funds to finalise refurbishment of the two data centres of MOF and MCST.

Source: Approved Contingencies Advances 2022/23

Allocation of the Contingencies Fund to non-emergency expenditures presents the risk of depletion of the appropriated funds for real emergencies.

Recommendations

- a) The Minister should follow-up the process of the enactment of the Supplementary Appropriation Bill 2022/23.
- b) The Minister should approve the allocations from the Contingencies Fund in terms of the provision of the PFMA Act, 2011, for emergencies only.
- c) The Minister must ensure compliance with Section 114 of the Constitution.

7.3.2. Centralised Items Vote

- a) **Appropriated funds used for items not budgeted for under Centralised Items**

Audit concern

Usage of the Centralised Items Head 30 is reported as a prior year audit concern as shown in Appendix 1.

Follow-up on the usage of an approved M424 million for Head 30 for the year 2022/23, showed that M190 million (45%), was spent on items that were not intended for Centralised Items Vote as appropriated. Table 21 has the details.

Table 21: Payments for Items Not Budgeted Under Centralised Items

Date	Ministry	Amount M '000	Reason for Payment
Not shown	Gender, Youth, Sports & Recreation	22,669	Leribe sports complex outstanding claims
Not shown	Forestry & Land Reclamation	4,616	Funds to cater for ROLL Project
Not shown	Public Service Commission	347	Subsistence international allowances
Not shown	Judiciary	986	To cater for counsels appearing in high profile cases on Prodeu basis, appointed on the 9 Dec. 2019 and had not received their payments.
Not shown	Agriculture & Food Security	30,000	Agricultural inputs
Not shown	Labour & Employment	3,518	Funds required to cater for outstanding bills since their

			2022/23 budget had been exhausted.
15 Dec. 2022	Independent Electoral Commission	5,737	Additional funding for preparation and holding of fresh elections for Stadium Area Constituency.
Not shown	Communications, Science & Technology	20,000	The Ministry is mandated to pay internet and dark fibre and software licenses for all government ministries and the budget was not sufficient to cater for all these items. Thus, additional funding was requested to effect the outstanding payments.
Not shown	Defence & National Security	6,000	Fuel costs incurred while on Operation Save Life III and projection for festive season fuel expenses.
Not shown	Prime Minister's office	2,573	Reallocation of funds from centralised to Cabinet fuel.
06 Jan. 2023	Education & Training	33,894	School feeding programme (There was no 2022/23 budget available for school feeding as of December 2022)
Not shown	Finance	43,197	The Public Debt Management prepares the budget for the purpose of maintaining Lesotho's membership in all its respective international Organisations. However, due to unanticipated bill from International Monetary Fund, the funds were depleted and further payment and outstanding unfunded subscriptions.
Not shown	Defence & National Security	10,529	Outstanding and projected personnel allowances for SAMIM deployment
Not shown	Labour & Employment	4,138	Fares and Subsistence International
07 Mar. 2023	Gender, Youth, Sports & Recreation	1,858	Outstanding payment to Khali Hotel for AUSC Region 5 games Maseru 2020
TOTAL		190,062	

Source: 2022/23 Centralised Item Report

Recommendation

The CAO in the Ministry of Finance should be held accountable for the funds used for expenditure items not properly appropriated.

b) Allocation to Spending Units

Audit concern

The Appropriation Act allocated a total of M424 million for the Centralised Items Vote of which M355 million (84%) has been reallocated to existing specific spending units and capital expenditure of M23 million as presented on Table 22, leaving a balance of M46 million.

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

Table 22: Re-Allocation from Centralised Items

Spending Unit	Amount M'000
Agriculture & Food Security	30,000
Education & Training	33,894
Finance	94,434
Home Affairs	44,952
Prime Minister's Office	2,573
Communications, Science & Technology	20,000
Forestry & Land Reclamation	4,616
Labour & Employment	7,655
His Majesty's Office	1,336
Public Service Commission	347
National Security Services	13,270
Defence & Security Services	16,529
Ombudsman	387
Independent Electoral Commission	5,737
Gender, Youth, Sports & Recreation	1,858
Public Service	1,599
Judiciary	986
Water	32,000
TOTAL – Voted Heads	312,173
Statutory Salaries & Expenditure	43,308
TOTAL – Voted Heads	355,481

Sources: Budget Office Schedule and CFS FY 2022/23

Recommendation

The Minister of Finance should eliminate the use of this Centralised Item vote for expenditure items already in existence and rather encourage better budget allocation, to increase transparency in public funds management.

Auditor's remarks

I noted that the Head 30 is to be abolished from the 2025/26 budget.

CHAPTER 8: ACCOUNTABILITY FOR RECURRENT REVENUE BY CHIEF ACCOUNTING OFFICERS

8.1. RECURRENT REVENUE

Treasury Regulations, 2014, Section 13 on cashflow planning, and Section 51 (1) on the responsibility of the Chief Accounting Officers (CAOs) in the collection and safe custody of public money, set out the budgeting and revenue collection measures within spending units.

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

8.2. BUDGET EXECUTION ON RECURRENT REVENUE

CAOs are responsible for all aspects of the collection of revenue and for rendering a proper account of the sums received under specific heads of revenue assigned to them. The other objectives of revenue control are to prevent theft or fraud by revenue collectors, and to minimise losses should they occur.

Revenue collected by CAOs amounted to M16.66 billion against the budget of M17.5 billion, (95%), thus resulting in an under-collection of M894.5 million.

Audit concerns

Significant variances were noted when comparing spending units' budget and actual revenue collected:

- a) The differences ranged from 42% to 4236%, where the actual revenue was over/under collected in comparison to the budget.
- b) There was also a collection of M459 000 from four spending units for which there was no budget.

This indicated an inaccurate estimation of revenue by spending units as reflected on Table 23.

Table 23: Budget vs Actual Revenue

Spending Units	Budget as per Book of Estimates (M'000)	Actual Collections per IFMIS (M'000)	Variance over/(under) (M'000)	Collection %
	A	B	C= B-A	D =B/A *100
Agriculture & Food Security	28,656	41,850	13,193	146
Health	19,394	8,239	(11,156)	42
Education & Training	2,134	2,338	204	110
Finance	14,891,404	14,145,064	(746,341)	95
Trade & Industry	8,197	10,972	2,775	134
Development Planning	49	25	(24)	51
Justice & Correctional Service	11	466	455	4236
Home Affairs	7,826	19,870	12,044	254
Communications Science & Technology	9,530	6,967	(2,564)	73
Law & Constitutional Affairs	3,485	8,057	4,571	231
Foreign Affairs & International Relations	0	347	347	*
Public Works	664	425	(239)	64
Forestry & Land Reclamation	0	58	58	*
Energy & Meteorology	446,312	388,849	(57,463)	87
Labour & Employment	6,461	7,666	1,205	119
Tourism, Environment & Culture	4,748	5,060	313	107
Defence & National Security	1,100	923	(177)	84
National Assembly	0	0.4	0.4	*
Independence Electoral Commission	150	1,633	1,483	1086
Local Government & Chieftainship	4,271	4,849	578	114
Gender, Youth, Sports & Recreation	16	136	120	850
Public Service	7,030	7,061	31	100
Judiciary	3,458	3,458	0	100
Social Development	0	54	54	*
Mining	643,655	556,078	(87,576)	86

Police & Public Safety	8,271	5,837	(2,433)	71
Small Business, Cooperatives & Marketing	70	43	(27)	61
Water ¹	1,394,149	1,405,105	(10,956)	101
Public Works & Transport	44,402	31,389	(13,013)	71
TOTAL	17,535,443	16,662,819	(894,538)	95

Sources: Budget Estimates 2022/23 and IFMIS Ledger
 *Denotes that there was no budget per Book of Estimates

Recommendation

CAOs must make more realistic estimates and enhance their revenue collection mechanisms.

8.3. COMPARISON OF THE CONSOLIDATED FINANCIAL STATEMENTS, MINISTRIES' FINANCIAL STATEMENTS, AND IFMIS LEDGER ON ACTUAL REVENUE COLLECTED

Treasury Regulations, 2014, Section 95, read along with Section 35 of the Public Financial Management and Accountability Act, 2011 (PFMA Act, 2011), provide for the preparation of the Consolidated Financial Statements (CFS). The Financial Statements are prepared based on the Integrated Financial Management Information System (IFMIS) ledger. As such, the Government accounts, and IFMIS ledger, should reflect the same information.

Audit concerns

The CFS reflected total collection of M16.75 billion, whereas Ministries' Financial Statements (MFS) totalled M16.74 billion, and the IFMIS ledger had a total figure of M16.66 billion, as reflected in Appendix 4.

It was noted that: -

- a) Out of 29 revenue-collecting units, only five reflected the same figures in the CFS and IFMIS ledger.
- b) The Ministry of Public Service reported a different figure from the amount in the CFS.

* Not budgeted for

- c) Postings were made in the IFMIS ledger beyond the year-end date of 31st March 2023, as the report extracted in September 2024 showed differences in figures as compared to the reports submitted for audit.
- d) Audit queries were issued to the ministries and only seven (7) Ministries of Gender, Home Affairs, Finance, Trade, Foreign Affairs, Energy and Public Service responded.

The details are elaborated upon in Appendix 4.

Recommendations

- a) CAOs should ensure that revenue collection is reconciled between IFMIS and ministries' records on a monthly basis, such that the consolidation is accurate.
- b) The Accountant General should ensure that there are no postings to the IFMIS ledger relating to the previous financial year, beyond the year-end.

CHAPTER 9: ACCOUNTABILITY FOR RECURRENT EXPENDITURE BY CHIEF ACCOUNTING OFFICERS

It is a requirement of Section 5 of the Public Finance Management Act (PMFA Act, 2011), that Chief Accounting Officers (CAO) should ensure that public funds allocated by Parliament are used efficiently to achieve approved programme objectives.

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

9.1. RECURRENT EXPENDITURE

9.1.1. Unauthorised Excess Expenditures

Section 112 (3) (b) of the Constitution requires that there be supplementary estimates or statement of excess showing the sums required or spent laid before Parliament for approval in case of insufficient amount appropriated, or for a purpose that no amount was appropriated for.

Section 27 (6) of the PMFA Act 2011 states that "If at any time it appears from the Minister's record that expenditure has been incurred in excess of the authorised provision for a head of expenditure, a surcharge of M1,000.00 or the amount of the excess, whichever is the lesser amount, shall be imposed on the person who was Chief Accounting Officer for that head at that time."

In 2022/23 a total number of 37 spending units were allocated a revised budget of M14.6 billion as shown in Appendix 5.

Audit concerns

- a) Contrary to Section 112 (3) (b) Ministries of Gender, Youth, Sports and Recreation, Judiciary, and Defence and National Security, recorded excess expenditure of M24.99 million, M15,335 and M34.59 million respectively. However, there was

no evidence of a statement of excess prepared or a provision in the Supplementary Appropriation Bill. Table 24 has the details.

- b) No evidence was provided as to whether the respective Ministers have complied with Section 27 (6) of the PFMA Act, 2011 by imposing a surcharge on the CAOs for those ministries at the time of the audit.

Table 24: Ministries with Excess Expenditure

Spending Unit	Original Approved Budget M'000	Supplementary Bill M'000	Revised Budget M'000	Actual Expenditure (Per CFS) M'000	Variance M'000	Execution %
	A	B	C=A+B	D	E=C-D	F=D/C
Defence & National Security	637,327	108,366	745,693	780,280	(34,587)	105
Judiciary	118,208	11,148	129,355	129,371	(15)	100
Gender, Youth, Sport & Recreation	65,905	1,858	67,763	92,755	(24,992)	137

Sources: Appropriation Act 2022/2023, Supplementary Appropriation Bill 2022/23, CFS FY 2022/23

Recommendation

The CAOs should ensure that there is close monitoring to prevent overspending by Ministries and where excess has occurred surcharges be imposed.

9.1.2. Utilisation of Funds

Contrary to Section 5 of the PFMA Act, 2011, it was noted that the Ministry of Forestry and the Ombudsman's Office only utilised 53% and 67% of their allocated budget respectively, as depicted on Table 25.

Table 25: Budget Execution Against Revised Budget

Spending Unit	Original Approved Budget M'000	Supplementary Bill M'000	Revised Budget M'000	Actual Expenditure (Per CFS) M'000	Variance M'000	Execution %
	A	B	C=A+B	D	E=C-D	F=D/C
Forestry & Land Reclamation	114,763	4,616	119,378	63,495	55,883	53
Ombudsman	9,231	5,796	15,027	10,048	4,979	67

Sources: Appropriation Act 2022/2023, Supplementary Appropriation Bill 2022/23, CFS FY 2022/23

The unspent funds are an indication that programme objectives may have not been met.

Recommendation

The CAOs should ensure that a mechanism is in place to increase absorptive capacity to improve budget utilisation.

9.1.3. Supplementary Budget

Section 112 (3) (a) & (b) of the Constitution governs the supplementary provisions issued from the Consolidated Fund to cover a need that has arisen.

Audit Concern

Differences in CFS and MFS to Supplementary Appropriation Bill- M2.2 million

There is a total difference of M2.2 million of supplementary estimates reported in both the CFS and MFS which was not in the Supplementary Appropriation (2022/2023) bill, 2024, for the Ministry of Finance and Ombudsman's Office. Details on Table 26.

The Supplementary Appropriation Bill might be inaccurate, and other expenditures not legalised.

Table 26: Supplementary Budget Differences Between CFS & Supplementary Appropriation Bill

Ministries	CFS & MFS M'000	Supplementary Appropriation Bill M'000	Variance M'000
	A	B	C=A-B
Finance	294,887	294,434	453
Ombudsman	5,796	4,048	1,748
TOTAL	300,684	298,482	2,201

Sources: Supplementary Appropriation Bill (2022/23) 2024, CFS FY 2022/23 and MFS

Recommendation

The Accountant-General should investigate the discrepancies and adjust the financial records accordingly.

9.1.4. Unspent Supplementary Budget

Section 5 (c) of the PFMA Act, 2011 requires that CAOs should ensure that public funds allocated by Parliament are used efficiently to achieve approved programme objectives.

Audit concern

Contrary to Section 5 (c), six out of twenty spending units that received supplementary budget, had unspent funds ranging from 10% to 47%. Ministries of Finance, Forestry, and Ombudsman's Office reported unspent budgets of 21%, 47% and 24% respectively. Details in respect of the six spending units with high unspent funds are as shown on Table 27.

This implies that there was no need for the supplementary budget, highlighting a lack of effective budget monitoring.

The under-utilisation of allocated funds may lead to non-attainment of program objectives and is an opportunity cost to funding other spending units.

Table 27: Unspent Supplementary Budget

Spending Unit	Original Approved Budget	Supplementary/ Reallocation	Revised Budget	Actual Expenditure Per CFS	Variance	Unspent Budget
	A	B	C=A+B	D	E=C-D	F=(E/C)
	M'000	M'000	M'000	M'000	M'000	%
Finance	1,097,322	294,434	1,391,756	1,102,483	289,273	21
Forestry & Land Reclamation	114,763	4,616	119,378	63,495	55,884	47
His Majesty's Office	11,126	2,856	13,981	11,555	2,426	17
Public Service Commission	12,417	347	12,764	11,175	1,589	12
Ombudsman	9,231	4,048	13,279	10,048	3,231	24
Local Government & Chieftainship Affairs	509,989	10,000	519,989	457,709	62,280	12

Sources: CFS FY 2022/23 and Supplementary Appropriation (2022/2023) Bill, 2024

Recommendation

There should be continuous consultation amongst the Accountant-General, Budget Controller and Spending Units on the cash forecasting and budgeting.

9.1.5. Difference in Revised Budgets

Audit concern

Contrary to the stipulation of PFMA Act, 2011 Section 5, there were unreconciled differences between revised budget (Appropriated and Supplementary amounts), and revised budget per MFS and CFS. This is shown on Table 28.

This could lead to spending units utilising unapproved funds.

9.1.6. Comparison of the Consolidated Financial Statements (CFS), Ministries' Financial Statements (MFS) and IFMIS Ledger on Actual Expenditure

Treasury Regulations, 2014 Section 95, read along with Section 35 of the PFMA Act, 2011 and Cash Basis International Public Sector Accounting Standards (Cash Basis IPSAS), provide for the preparation of the CFS. The Financial Statements are prepared based on the Integrated Financial Management Information System (IFMIS) ledger. As such, the IFMIS ledger, MFS, and CFS, should reflect the same information.

Audit concerns

Contrary to Section 95 of the Treasury Regulations, in several ministries allocated budget for recurrent expenditure in 2022/23, the audit noted that: -

- a) The IFMIS expenditure of eight ministries depicted on Table 29 reported expenditure less than that of CFS by M140 million.
- b) Three ministries' IFMIS ledger expenditure was greater than that of CFS expenditure by M933,218 as shown on Table 30.

Table 28: Differences in Revised Budget

Spending Unit	Original Approved Budget as per Appropriation Act	Supplementary/ Reallocation	Revised Budget	MFS and CFS Revised Budget	Variances
	M'000	M'000	M'000	M'000	M'000
	A	B	C=A+B	D	E=D-C
Agriculture & Food Security	343,109	84,200	427,309	427,726	417
Health	1,985,840	-	1,985,840	2,007,840	22,000
Education & Training	2,573,747	137,343	2,711,090	2,711,108	18
Finance	1,097,322	294,434	1,391,756	1,392,210	454
Communications, Science & Technology	166,967	82,092	249,059	199,372	49,687
Forestry & Land Reclamation	114,763	4,616	119,379	114,763	4,616
Defence & National Security	637,327	108,366	745,693	808,250	62,557
IEC	322,061	64,737	386,798	327,798	59,000
Local Government & Chieftainship Affairs	509,989	10,000	519,989	519,502	487
Public Service	57,908	22,950	80,858	80,582	276
Judiciary	118,208	11,148	129,356	130,818	1,462
Police & Public Safety	733,484	-	733,484	734,984	1,500
Public Works & Transport	65,962	6,000	71,962	72,221	259

Sources: Appropriation Act 2022/23, Supplementary Bill (2022/23), 2024, MFS and CFS

Table 29: Expenditure Per CFS Greater Than IFMIS

Spending Unit	Actual Expenditure per CFS M'000	Actual Expenditure per MFS M'000	Actual Expenditure per IFMIS M'000	Comparison of CFS & IFMIS M'000
	A	B	C	D=A-C
Agriculture & Food Security	397,564	397,564	388,174	9,391
Finance	1,102,483	1,102,483	1,080,077	22,406
Forestry & Land Reclamation	63,495	63,495	62,288	1,207
National Security Services	98,619	98,619	85,692	12,926
Defence & National Security	780,280	780,280	739,099	41,181
Local Government & Chieftainship Affairs	457,709	457,709	407,959	49,750
Gender, Youth, Sports & Recreational	92,755	92,755	89,838	2,917
Public Service	76,107	76,107	75,829	278
TOTAL	3,069,012	3,069,011	2,928,957	140,055

Sources: CFS FY 2022/23, MFS and IFMIS Ledger

Table 30: Expenditure Per CFS Less Than IFMIS

Spending Unit	Actual Expenditure per CFS M'000	Actual Expenditure per MFS M'000	Actual Expenditure per IFMIS M'000	Comparison of CFS & IFMIS M'000
	A	B	C	D=A-C
Prime Minister's Office	112,460	112,460	112,973	(513)
Tourism, Environment & Culture	73,228	73,228	73,230	(2)
Social Development	1,143,858	1,143,858	1,144,277	(419)
TOTAL	1,329,546	1,329,546	1,330,479	(933)

Sources: CFS FY 2022/23, MFS and IFMIS Ledger

Inconsistency between the IFMIS ledger, MFS and CFS negatively affects the accuracy of the CFS and user's confidence.

Recommendation

The Accountant-General should ensure that

- a) the budget differences are investigated and corrected.
- b) that the differences between the three records are investigated, and adjustments.

9.2. DEVELOPMENT BUDGET

The Appropriation (2022/2023) Act, 2022, makes provision for the issue from Consolidated Fund of the Government, of the sums necessary to meet the public expenditure for certain purposes during the year ending on the 31st March 2023.

Spending without a budget is against the Appropriation Act, which is the authority that governs incurring of expenditure. Spending less than the budget maybe an indication that planned activities have not been undertaken and could result in delays in service delivery, and may also lead to increased costs.

Audit concerns

a) Differences between actual amounts and budgets

Where a budget is properly prepared and implemented, the difference between actual amounts spent or received must not be significant. The following were observed: -

- i. A total amount of M 91.42 million was spent without budget in nine spending units as shown on Appendix 6.
- ii. A budget totalling M 912.76 million remained unspent in ten spending units as per Appendix 7.
- iii. There was a low absorption of M529.3 million from the budgeted M1.9 billion on different projects in the sixteen spending units ranging from 3% to 50%. Details are shown on Appendix 8.

b) Variances between the IFMIS ledger, Spending Units' (MFS) and CFS

Comparison of the IFMIS ledger, MFS and CFS revealed that the IFMIS ledger amounts were different from amounts shown on the MFS and CFS (which were the same).

For some spending units the IFMIS ledger amounts were lower than those shown on the MFS and CFS while for other spending units, IFMIS figures were higher.

Details showing the variances between the IFMIS ledger and spending units' budget and actual amounts, respectively are shown on Table 31 and Table 32 below.

Table 31: Comparison Of IFMIS Ledger And Spending Units Budget Amounts

Spending Unit	MFS/CFS M'000	IFMIS M'000	Difference M'000
	A	B	C=A-B
Education & Training	222,475	221,505	970
Finance	658,209	491,126	167,083
Development Planning	47,609	45,828	1,781
Forestry & Land Reclamation	72,767	77,382	(4,615)
Energy & Meteorology	693,357	1,232,471	(539,114)
Tourism, Environment & Culture	11,900	10,853	1,047
Local Government & Chieftainship Affairs	359,700	351,200	8,500
Water	854,045	943,351	(89,306)

Sources: MFS, CFS FY 2022/23 & IFMIS Ledger

Table 32: Comparison Of IFMIS Ledger And Spending Units' Actual Amounts

Spending Unit	MFS/CFS M'000	IFMIS Ledger M'000	Difference M'000
	A	B	C=A-B
Agriculture & Food Security	352,541	24,766	327,775
Health	257,649	20,926	236,723
Education & Training	114,181	9,608	104,573
Finance	459,222	38,742	420,480
Trade & Industry	66,388	5,093	61,295
Development Planning	47,609	45,828	1,781
Home Affairs	2,412	0	2,412
Communications, Science & Technology	33,140	15,728	17,412
Public Works	777,950	495,334	282,616
Forestry & Land Reclamation	18,080	4,616	13,464

Energy & Meteorology	409,048	110,546	298,502
Tourism, Environment & Culture	9,752	7,784	1,968
Local Government & Chieftainship Affairs	152,822	154,907	(2,085)
Social Development	13,720	0	13,720
Police & Public Safety	18,030	21,254	(3,224)
Water	472,082	218,926	253,156

Sources: MFS, CFS 2022/23 & IFMIS Ledger

Due to the differences between the IFMIS ledger, the MFS and CFS, the Statement of Budget and Actual Amounts cannot be relied upon.

c) Differences in Supplementary Appropriation Bill and MFS

- i. There were differences between amounts shown on the Supplementary Appropriation (2022/2023) Bill, 2024 (meant to regularise unappropriated funds) and actual amounts shown on financial statements of nine ministries. This is shown on Appendix 9.
- ii. Out of the nine ministries that spent without budgets, six were not included on the Supplementary Appropriation Bill. Details are in Appendix 9.
- iii. Ministries of Health, and Trade and Industry were included in the Supplementary Appropriation Bill with amounts more than the actual spending as shown on Table 33.
- iv. The Supplementary Appropriation Bill amount of M16.9 million requested by the Ministry of Communications, Science and Technology was less than M17.4 million spent, leaving M0.5 million still not regularised. This is depicted on Table 33.
- v. Furthermore, the Ministry of Agriculture and Food Security was included in the Supplementary Appropriation Bill, with an amount of M44.2 million, although there was no spending for the amount recorded in the MFS.

Inconsistencies between contents of the MFS and the Supplementary Appropriation Bill indicate that there may be misstatements such as:-

- i. Understatement of expenditure incurred due to omissions in MFS.
- ii. Overstatement of Supplementary Appropriation Bill estimates.

Table 33: Inconsistency of Amounts Requested in the Supplementary Appropriation Bill

Ministry	Project	Code	Funded	Actual Amount Spent M'000	Amount per Supplementary Appropriation Bill M'000
Health	Lesotho COVID-19 Emergency Preparedness and Response Project	9066	IDA - Grant	14,791	
	Lesotho Nutrition and Health System Strengthening Project		Grant	2,791	
	Lesotho COVID-19 Emergency Preparedness and Response Project		IDA-Loan	4,871	
	Lesotho COVID-19 Emergency Preparedness and Response Project		IDA-Loan	17,042	
	TOTAL			39,495	109,999
Trade & Industry	Lesotho Competitiveness and Financial Inclusion	475	IDA - Loan	4,408	9,221
Communications, Science & Technology	E-Government	480	ADF-Loan	17,412	16,949

Sources: Supplementary Appropriation (2022/23) Bill 2024 and MFS

Recommendations

- a) Management of respective spending units should ensure that proper procedures are followed to ensure regularisation and recording of all transactions that have been improperly treated or have been omitted.
- b) CAOs should ensure that budgets in their respective spending units are properly prepared, executed and reported on, in order to enhance efficiency and effectiveness in the management of public funds.

- c) CAOs should ensure that the amounts shown in the financial statements for the year under review are reconciled with the IFMIS ledger, so that correct amounts are shown in the financial statements.

- d) The Accountant-General and the CAOs of the ministries concerned should investigate the differences, and adjust the financial records to ensure a correct account of the financial statements.

PART 4: AUDIT OF STATUTORY BODIES

CHAPTER 10: AUDIT OF STATUTORY BODIES, PUBLIC ENTERPRISES AND OTHER AGENCIES (SB, PE & OA)

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

The same section defines, "a Public Enterprise as an entity which has been established by law to carry out specific commercial activities; is owned and controlled by Government or its agencies; and is a distinct accounting entity producing its own financial statements."

10.1. PREPARATION AND AUDIT OF ANNUAL ACCOUNTS OF STATUTORY BODIES

Section 28 of the Audit Act, 2016 read along with Sections 44 and 45 of the PFMA Act, 2011 require the Minister responsible for a statutory body to present annual audited Financial Statements to Parliament within six months of the end of the financial year to which they relate.

Audit concerns

a) Failure to Produce Timely Annual Financial Statements

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

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

These are shown in Appendix 10.

b) Failure to Present Audited Annual Reports to Parliament

In contravention of Section 44 (1) of PMFA Act, 2011, out of the sixty-seven audit reports of SB, PE & OA fifty-seven had still not been presented to Parliament by Ministers as at the time of the report.

Table 34 and Appendix 10 present the summary of opinions on the audited financial statements of various Statutory Bodies, Christian Health Association of Lesotho (CHAL) Institutions, Trading Account, Companies, Authorities and Corporations, as well as for Development Projects audited in the current period. Out of sixty-seven statutory bodies, public enterprises, and other agencies, four had a disclaimer opinion, four had a qualified opinion while four had an adverse opinion and fifty-five were unqualified.

Table 34: Analysis of Opinions of Audited Entities

Public Enterprises, Statutory Bodies & Other Agencies (PE, SB & OA)		Unqualified	Disclaimer	Qualified	Adverse
Development Projects	17	15			2
Trading Accounts	1	1			
Other Statutory Bodies	14	10	1	2	1
Companies	6	3	3		
Authorities and Corporations	8	6		1	1
CHAL Institutions	21	20		1	
TOTALS	67	55	4	4	4

Source: PE, SB&OA Financial Statements

The other key audit findings on the financial statements during the FY 2022/23, conducted on the audits of Statutory Bodies and Public Enterprises, are summarised on Table 35, as the full reports have already been issued to the respective Ministers as per Section 45 of the PFMA Act, 2011.

Table 35: Summary of Key Audit Findings in the Audits of Statutory Bodies

Name of Statutory Bodies	Audit period	Key audit findings/audit concerns	Remarks (current status)
Authorities and Corporations			
a) Basotho Enterprises Development Corporation (BEDCO)	2018/19 - 2020/21	<ol style="list-style-type: none"> Investment Property representing 90.8% (M89 million) of total assets in 2021 not carried at fair value Engagement of Minet Insurance Company without following procurement procedures resulting in a total premium paid amounting to M1.57 million for three years Ten (10) desktop computers costing M134,490 purchased under the Economic Diversification Support Project were missing 	2021/22 - 2023/24 financial statements submitted for audit
b) Lesotho Housing and Land Development Corporation (LHLDC)	2020/21	<ol style="list-style-type: none"> Lack of impairment review on non-current assets totalling M261 million which represents 77% of the total assets (M337 million) Non-remittance of PAYE to Revenue Services Lesotho (RSL) resulting in M7.5 million liability 	2022/23 - 2023/24 financial statements not submitted for audit
c) Petroleum Fund	2022/23	<ul style="list-style-type: none"> Unapproved oil companies' remittances totalling M22.2 million 	Audit up to date
d) Lerotholi Polytechnic	2017/18 - 2021/22	<ul style="list-style-type: none"> Long outstanding balance sheet figures with no substantiation for current assets and liabilities amounting to M43.5 million and M8.2 million respectively, which have been the same for the past six years Unsubstantiated cash and cash equivalent balances for the years 2018 - 2022 amounting to M18 million, M31 million, M29 million, M10 million, and M17 million for the five years, respectively Lack of impairment review of fixed assets representing almost 100% of the total assets (M316 million) 	2022/23 - 2023/24 financial statements not submitted
e) Roads Directorate	2022/23	<ul style="list-style-type: none"> Unavailability of Projects' Procurement Files shown in Appendix 11 	2023/24 financial statements submitted for audit

Sources: Audit reports and Management Letters

CHAPTER 11: AUDIT OF DEVELOPMENT PROJECTS

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

The key audit findings on the financial statements during the FY 2022/23, conducted on the audits of development projects, are summarised on Table 36, as the full reports have already been issued to the respective Ministers, in terms of Section 28 of the Audit Act, 2016.

Table 36: Key Audit Findings of Development Projects

Name of Projects	Audit period	Key audit findings/audit concerns	Remarks (current status)
1. Basic Education Strengthening Project (BESP)	2022/23	The Ministry of Education and Training concluded an agreement for a grant of M108 million (USD 7.1 million) from Global Partnership for Education (GPE) of which M4 million was spent in the year under review, 2022/23. Since the amount was spent without being appropriated, it should have formed part of the Supplementary Appropriation Bill 2022/23.	Submission of financial statements up to date
2. Smallholder Agriculture Development Project (SADP II)	2022/23	Outsourcing the preparation of financial statements at a cost of M143,750 to an accounting firm (Sera Holdings) without applying approved tendering procedures. The specifications used were not drawn from Section 23, No. 9 of Accountants Act, 1977 as amended. This led to the engagement of a firm not conversant in Public Sector Accounting Standards (Cash Basis IPSAS) Cash Basis, in the following respects: -	2022/23 – 2023/24 financial statements not submitted for audit.

Name of Projects	Audit period	Key audit findings/audit concerns	Remarks (current status)
		<ul style="list-style-type: none"> • Presentation of Financial Statements • Completeness of Financial Statements • Explanatory Notes • Treatment of bank accounts as components or categories <p>IRREGULARITIES IN THE PROCUREMENT PROCESS</p> <ul style="list-style-type: none"> • One supplier (Sefali Suppliers (PTY) Ltd), was procured without following the approved procurement method and supplied fruit trees to all Nutrition Clubs in four districts being: Berea, Leribe, Maseru and Mafeteng at a total cost of M462,000.00. • Procurement for the supply and installation of shade net structures were awarded to: KB Express Pty (Ltd), Master Suppliers, Dicler Pty (Ltd), Shezy Consultancy Services, for the amounts USD 107,718, USD 193,598, USD 148,112, and USD 66,101 respectively. This was without competitive tendering process, despite exceeding USD 10,000 procurement threshold. <p>GOVERNANCE CONCERNS</p> <ul style="list-style-type: none"> • The absence of a Finance Manager as a key personnel from March 2023 to January 2024 in the finance structure. • Non-operational Project Steering Committee The project steering committee ceased operations since the COVID-19 pandemic and never resumed functioning up to the time of the audit for the financial year 2022/23. Consequently, the 	

Name of Projects	Audit period	Key audit findings/audit concerns	Remarks (current status)
		<p>annual work plan, budgets, and project procurement plan were executed without formal approval.</p> <p>a) Seventeen employees, whose contracts had lapsed and not renewed, were still engaged and were paid salaries amounting to M547,500.00.</p>	

Source: Projects' Financial Statements

**PART 5:
REPORT ON THE ASSET
MANAGEMENT PROCESS
REVIEW OF MINISTRIES
AND DEPARTMENTS**

CHAPTER 12: ASSET MANAGEMENT

Section 5 (h) of the Public Financial Management and Accountability Act, 2011, (PFMA Act, 2011), mandates a Chief Accounting Officer (CAO) to ensure that Government property is recorded and managed efficiently to achieve the program objectives approved by Parliament. Subsection (i) of the same Section requires the CAO to register assets and prepare management plans in accordance with the directives issued by the Minister.

The Cabinet of Lesotho approved the Asset Management Policy (AMP) and Procedural Guidelines in July 2022. This policy encompasses a framework for the management, operations, and maintenance of both movable and immovable assets across ministries and departments. It ensures effective monitoring, tracking, and utilisation of assets to enhance accountability and efficiency.

12.1. FOLLOW-UP AUDIT INSPECTION FROM THE FINANCIAL YEAR (FY) 2021/2022 FINDINGS

A follow-up on prior-year issues and recommendations was conducted across five districts—Botha-Bothe, Leribe, Mafeteng, Maseru, and Quthing. The objective was to assess the implementation of corrective measures aimed at addressing the identified anomalies. The status of the implementation is as shown on Table 37.

Table 37: Asset-Management Follow Up on Prior Year Issues

District	Site	Previous condition	Site Visit Findings
Botha-Bothe	TOU Warehouse	Partly operational, another part irregularly used by Mr. Lerato Kuebu	Mr. Lerato Kuebu is still occupying the site and claims it as the rightful owner in a letter that he showed to the Auditors, and the Ministry of Agriculture officials who were also at the site at the time of inspection. The land dispute between the Council and Mr. Kuebu was escalated to the Attorney-General (AG) as the matter was deliberated on without the consent of the AG.

	Marakabei Warehouse	Irregularly used by Mr. Mothe Nyathela	No action was taken, as the warehouse is still irregularly used by Mr. Nyathela as a place of maintaining motor vehicles.
	Three houses opposite Marakabei warehouse	New finding: House number 9 was irregularly occupied by a teacher from Marakabei Primary School.	House 9 is still occupied by the teacher. Houses 7 & 8 remained unoccupied and unattended.
	Ngoajane Resource Centre	Warehouse used by unknown person not traceable during the audit	The warehouse was irregularly under custody of Mr. Shabe and rented out to Community Cooperatives. Monies were not deposited into the Government pool.
		A two-roomed house dilapidated	The house was renovated.
	House no. 49	Used by District Administration (DA) staff	DA claimed to be in the process of making a formal agreement with the DAO about the house.
Leribe	Warehouse	Mr. Monate has built some flats on that property	No regularisation of ownership of the site
	36 residential houses	Officials from other ministries allocated themselves the houses. One house is burnt	The audit discovered one additional burnt house The house occupied by a person with physical impairment was burned down on 4 th February 2021. However, the loss was reported by the DAO in May 2021, three months after the incident. Regarding the other house, no loss report was available. Letters of request to stay in the houses were noted, but there was no response regarding the retired officer still occupying one house.
	Pitseng Livestock Improvement Centre	Livestock site used as a football field.	The livestock site is still abandoned. The community is using it for their different purposes and benefits, including animal grazing.
		Not Applicable	A four-roomed office and four other rooms were irregularly used by Mr. Lephethesang Mohapi who is not a Government employee.

	District Council Secretary (DCS)	Issuance of land for DCS offices and eight silos, & old tractor was not documented.	The situation remains unchanged. Further clarification was provided as follows: <ul style="list-style-type: none"> The office space was granted by the Chief of Hlotse due to the lack of available office facilities. The silos, originally used as housing for FMU staff, were confirmed by FMU to be their property. No title documents provided for the tractor on-site.
	Market Centre	Used by Vendors	The market continues to be used by street vendors who claim to have a court order permitting their presence, following an alleged sale by an agricultural officer to a community member. However, the audit team was not provided with documentary evidence.
Mafeteng	DAO	DAO offices were dilapidated	The situation remained unchanged.
Maseru	Mohalenyane	The sub-centre was dilapidated	The situation is still the same.
	Residences	Dilapidated	Residences are still dilapidated.
	Semonkong	User certificate required for guest house	Resolved: This is a guest house for the Ministry of Agriculture and not for commercial activities.
Quthing	Seaka Machinery	Dilapidated in some areas	The machinery is still not in good condition in that: - <ul style="list-style-type: none"> Irrigation system not available. Machinery on site is damaged and stored outside with no shelter.
		Not Applicable	Other assets checked by the audit team were as follows: <ul style="list-style-type: none"> Dilapidated twelve room building on site. Only two in good condition were used by Agric assistants and two used by security guards. A standalone house was dilapidated. Damaged roofing on Warehouse # 1 which is used as a repair workshop for ministry machinery. Warehouse # 3 not usable with cracked walls.

	Moyeni site	Used by different people	The site is owned by the Ministry of Agriculture but is occupied by Ministry of Trade and Industry staff without paying rentals.
	Residential house	Used by a pensioner, Mr. Bafokeng Sesoane	<ul style="list-style-type: none"> • The residential house is now used by Mr. Sesoane’s children. • They have built an extra residential house on the site. The audit team was not furnished with documents authorising them to stay on the site and build their own house.
	Tlase Lehlakeng Site	Used as a farm	The land is irregularly occupied by Mr. Mookameli Makata and used as a farm for his animals.

Source: 2022/23 Site visits by Auditors

The current audit was not able to follow-up on Qacha’s Nek, Thaba-Tseka, Mohale’s Hoek and Mokhotlong Agricultural offices named in the 2021/2022 Audit Report.

12.2. ASSET MANAGEMENT FUNCTION

The Asset Management function was established in 2022 and centralised within the Ministry of Finance, to oversee the implementation of the strengthening of governance and control over public assets.

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

Audit concerns

The review of the efficiency and effectiveness of management of assets during the financial year 2022/23 revealed the following anomalies in undertaking the asset management function: -

- a) The Ministry does not maintain a register of all Government assets.
- b) The asset management plan and related performance reports detailing how Government assets were managed, was not available for review during the audit.

These anomalies raise concerns about the accountability, transparency, and effective utilisation of assets in that, without the assets register, it might be difficult to track Government assets, increasing the risk of mismanagement, loss, or misuse.

The absence of an asset management plan and performance reports could lead to inaccurate financial statements and ineffective resource allocation.

Recommendations

Management should:

- a) Develop a comprehensive and accurate asset register, that would be reconciled with those maintained by ministries and departments and continuously update such a register to provide accurate asset descriptions, locations, values, and conditions.
- b) Ensure that regular asset management reporting is done to monitor asset utilisation, depreciation, and maintenance needs.

12.3. LESOTHO CORRECTIONAL SERVICES

The mandate of Lesotho Correctional Services (LCS) Health Care as stipulated in the Lesotho Correctional Services Act, 2016 is to be responsible for safeguarding the health and well-being of inmates.

Section 41 (2) of the same Act, states that, "the Commissioner shall provide adequate healthcare services to inmates within the premises and available resources of the Service."

Furthermore, Subsection (3) of the same Section specifies that "Medical treatment shall be provided by a medical officer, medical practitioner, specialist, healthcare institution, or other relevant healthcare professional or institution identified by the medical officer,

except where medical treatment is provided by a medical practitioner under the provisions of Subsection (4)."

12.3.1. Non-Operational Health Centre

Audit concern

I observed that the Health Care Centre at the LCS, which was fully completed and furnished in 2020, remained non-operational as at the time of the audit in December 2024.

Despite being equipped with essential medical infrastructure, including eight isolation cells, a clinic, and health equipment, these facilities have not been utilised.

Inmates and staff are not provided with the necessary treatment, particularly, for infectious diseases such as TB and Covid-19, which can spread rapidly in confined spaces.

In addition, prolonged non-use of medical equipment and infrastructure can lead to damage and potential deterioration, thus increasing the cost of maintenance or replacement.

Recommendations

The CAO of LCS should implement the following measures to ensure that the Health Care Centre serves its intended purpose: -

a) Health care for inmates

- i. Conduct a readiness assessment to identify any remaining gaps preventing the facility's use and thereafter develop a clear implementation plan with specific timelines for its opening and use.
- ii. Comply with the requirements of the law with regard to the LCS health services.

b) Maintenance and Calibration of Medical Equipment

Once operational, the CAO should: -

- i. Conduct equipment functionality assessment and perform necessary calibrations and servicing.

- ii. Develop a scheduled maintenance plan to prevent deterioration of medical assets.
- iii. Establish a monitoring and evaluation framework to track the facility's performance and ensure compliance with health regulations.

12.4. MINISTRY OF GENDER, YOUTH, SPORTS AND RECREATION

12.4.1. Asset Verification for the AUSC Region 5 Youth Games

Section 5 (i) of the PFMA Act, 2011, mandates the CAO to register assets and develop asset management plans in accordance with the directives issued by the Minister.

Section 3007 (i) and (ii) of the Stores Regulations, 1967, also requires every storekeeper to maintain a ledger for recording the receipt and issuance of stores.

Audit concern

Verification of items purchased for the AUSC Region 5 Youth Games hosted by Lesotho in 2020, revealed that items totalling M9.9 million were not recorded in the asset register as shown in Appendix 12.

Unrecorded assets increase the risk of theft and misuse.

Recommendation

The CAO should ensure that every asset is registered, and that the asset register is regularly updated to reflect the correct status of assets.

PART 6: PERFORMANCE AND INFORMATION SYSTEMS AUDITS

CHAPTER 13: PERFORMANCE AUDIT

13.1. PERFORMANCE AUDIT

Section 7 (2) (d) of the Audit Act of 2016, mandates the Auditor-General to undertake several types of audits including performance audits.

Performance audit is defined as an assessment of the activities of an organisation to see if its operations are being carried out with due regard to economy, efficiency and effectiveness, and that accountability requirements are reasonably met.

I conducted a performance audit to assess the efficiency and effectiveness of the Ministry of Finance and Development Planning's (MoFDP) enforcement measures to ensure the availability of fleet services to Government ministries and departments.

The Government of Lesotho (GoL) signed the Master Fleet Services Administration Agreement with Fleet Service Lesotho (FSL) in June 2019, on a four-year contract from 2019 to 2023 to manage the Government fleet through the managed maintenance lease. GoL had engaged Basotho nationals on a four-year contract through a Letting and Hiring of Vehicles Agreement in the financial year 2017/2018. Further, GoL established the Fleet Management Unit within the MoFDP to manage the contract between GoL and FSL and act as an intermediary between GoL and Basotho vehicle owners.

The key audit findings from the performance audit conducted on the Management of the Government Fleet from the main report, are summarised on Table 38.

The main report was presented to the relevant Minister for presentation to Parliament in terms of Section 28 of the Audit Act, 2016.

Table 38: Key Findings from the Audit of Fleet Management for the Period 2018/19 to 2023/24

Key audit findings/Audit concerns
<p>FLEET SERVICES LESOTHO (FSL)</p> <ul style="list-style-type: none"> • GoL owed FSL M19.5 million for a shortfall of 332 vehicles, for which the Government was still obliged to pay from August 2019 to June 2023. • Ministries Departments and Agencies (MDAs) delayed making payments to FSL for maintenance services, leading to the suspension of services, and abandoned vehicles in workshops across the country. • A total of 343 vehicles from the previous service providers (AVIS and Bidvest Bank Limited) could not be registered due to lack of required documentation. • 48 of those unregistered vehicles had accidents and were declared as write-offs; but GoL could not be compensated for the claims amounting to M7.2 million and M7.4 million by Lesotho National Insurance Group and Alliance Insurance Company, respectively. • 290 yellow plant and machinery owned by the GoL in all ten districts were operating without valid registration permits and registration numbers, as they did not have proper registration documents. • 125 yellow plant and machinery were non-operational. Some were left at the construction sites without proper security due to lack of funding for maintenance. • FSL was granted an advance payment of M6.7 million to purchase 1400 hardware tracking devices of which 530 were never installed, causing a loss of M1.3 million to GoL. • One of the FSL responsibilities was to develop transport policy for GoL. However, the policy was not in place as of August 2023. • FSL had to pay a monthly rent amounting to M22,560 (excluding VAT), for the use of the Government garage in Maseru which was never paid. • 47 unserviceable vehicles were found in various MDA's premises, without having been properly disposed. • 159 vehicles were found not in use in various MDA's premises, due to lack of maintenance.
<p>BASOTHO LEASED VEHICLES</p> <ul style="list-style-type: none"> • There were delayed payments by MDAs to vehicle owners ranging from 7 to 48 months, resulting in some terminating their contracts. • The contract required GoL to reimburse the vehicle owners for any repairs incurred due to negligence. However, in a sample of 10 claims, only 2 were settled after 21 and 48 months respectively. The remaining 8 were outstanding for a period ranging from 7 to 30 months at the time of the audit.

Source: Performance Audit Report on Fleet Management, July 2024

A follow-up of progress made on the implementation of all the audit recommendations will be undertaken during the FY 2025/2026.

CHAPTER 14: INFORMATION SYSTEMS AUDIT

14.1. EXECUTIVE SUMMARY

I audited Information Systems (IS) and Information Technology (IT) operations, primarily through document review and database analysis, with data extractions conducted between 16th and 18th September 2024. The audit focused on the Integrated Financial Management Information System (IFMIS) and integrated system, EPICOR, under the Treasury Department housed in the Ministry of Finance and Development Planning, hereafter referred to as “the Treasury.”

The Ministry of Finance has implemented an integrated financial management information system utilising Microsoft and EPICOR platforms. The Information and Communications Technology (ICT) infrastructure comprises several key components, data centre(s), core network(s), local area network(s), user workstations, and dedicated or shared peripherals.

I assessed the effectiveness of IT internal controls, checked compliance with laws and standards, frameworks, and evaluated data reliability impacting financial statements, as well as identified inefficiencies in IT management.

14.2. AUDIT OBJECTIVES

The main objective of conducting this IT audit was to provide reasonable assurance that information systems controls are adequate and effective, with a significant focus on Application User Management.

The specific objectives included: -

- a) Evaluation of compliance with relevant IT laws, policies, and standards concerning user access management.
- b) Reviewing the processes for creating, modifying, and deactivating user accounts.
- c) Identifying inactive user accounts and assessing the procedures for their timely deactivation or removal.

- d) Ensuring that user access rights are appropriately assigned, revoked, and regularly reviewed, to align with current roles and responsibilities.
- e) Verifying that IT systems are adequately protected to provide reliable information to users through proper user access controls.

14.3. Laws, Policies, and Standards affecting IFMIS and EPICOR

During the audit, several laws, policies, and standards were considered: -

- a) ISO 27001 specifies the requirements for establishing, implementing, maintaining, and continually improving an information security management system.
- b) NIST Special Publications 800-53 and 63, are comprehensive sets of guidelines developed by the National Institute of Standards and Technology (NIST). They provide a catalogue of security and privacy controls for information systems and organisations to protect against various threats and risks.
- c) Treasury Regulations, 2014, Section 99 (5) – (8) requires the maintenance, establishment and implementation of systems to minimise potential loss of information through the use of relevant media.
- d) Control Objectives for IT (COBIT) is a crucial aspect of corporate governance, focused on enhancing the management of IT and maximising the value derived from public funds invested in information and technology initiatives.

These laws, policies, frameworks, and standards help ensure that the IFMIS and EPICOR systems are effectively managed, secure, and compliant with legal and regulatory requirements.

In this section of the report, unless otherwise stated, Application User Management refers to the process of administering and overseeing the access, permissions, and roles of users within an application, system, or network. This involves creating user accounts, assigning roles and permissions, managing user data, and ensuring that security protocols are followed, to protect sensitive information.

Effective application user management ensures that users have the appropriate access to resources they need, while maintaining the security and integrity of the system.

14.4. EPICOR AND THE CONSOLIDATED BUDGET MANAGEMENT SYSTEM (CBMS)

The Government has adopted both EPICOR 10.2 as its Enterprise Resource Planning (ERP) system, and a Consolidated Budget Management System (CBMS), as key components of its integrated financial management system. Together, these systems are integral parts of the IFMIS and are meant to enhance the Government's capacity for strategic financial management, optimising resource utilisation and supporting the achievement of development objectives.

EPICOR ERP streamlines financial operations, offering robust modules for accounting and reporting, and automating processes to reduce errors and increase efficiency. Its scalability ensures the system adapts to evolving needs. Complementing EPICOR, the CBMS serves as a central platform for budget development, execution, and monitoring. It facilitates the alignment of resources with national priorities, enabling effective budget control through real-time expenditure tracking and performance monitoring. The CBMS also enhances transparency and accountability by generating comprehensive reports on budget execution, revenue collection, and expenditure patterns, supporting informed decision-making and oversight of public funds.

14.4.1 EPICOR

a) IT Business Continuity, Recovery, Governance and Utilisation

A Business Continuity and Recovery Plan (BCRP) ensures that an organisation can maintain essential functions and quickly restore IT systems after a disruption. It includes risk assessment, preventative measures, response strategies, and regular testing, while integrating proactive and reactive approaches for seamless recovery. This aligns with the requirements of ISO 22301 (3.4) and (3.5).

Audit concern

The Treasury's BCRP plan commenced in June 2023 and was still at draft stage as at the time of reporting.

Without a finalised plan, the Department may struggle to respond effectively to disruptions, leading to prolonged downtime and financial losses. Additionally, an incomplete plan makes the system more vulnerable to threats and less resilient in the face of disaster.

Recommendation

The Treasury should expedite the finalisation, testing, approval and monitoring of its BCRP.

b) Information Systems Application Controls

ISO 27001 specifies requirements for establishing, implementing, maintaining, and improving an information security management system.

Application controls ensure data accuracy, completeness, and validity by focusing on input, processing, and output functions. These include input validation, processing checks, and output verification to maintain data integrity and reliability.

Within the application controls, user management controls are designed to ensure only authorised users access applications and data, with activities monitored to prevent unauthorised actions. Key components include user registration, deregistration, access control based on least privilege, and management of inactive accounts.

The IFMIS Systems Operations Manual requires that any accounts to be deactivated for a variety of reasons, are to be documented and signed off prior to deactivation, in alignment with best practices outlined by ISO 27001:2013 (E) (A.9.2.1).

Audit concern

The Accountant-General failed to avail the requested "change-request forms", that facilitate user deactivation.

Without completed forms for user deactivation, former employees may retain access, leading to potential data breaches and data leakage. Additionally, users may be mistakenly deactivated, making it difficult to determine the reasons for their deactivation.

Recommendation

The Accountant-General must implement the use of a change request form.

c) **Shared User Account**

Having a 1-1 relationship between user accounts and natural persons is crucial for security, accountability, data integrity, and efficient resource management. Each user gets a unique identifier, reducing unauthorised access and making it easier to track activities. The ISO 27001:2013 (E) (A.9) standard provides guidelines for implementing such a system.

Audit concern

An account named "MOFKL\SQLStart" has been allocated to two unique persons. A shared administrator account leads to lack of accountability, making it difficult to track actions and identify responsible individuals and actions thereof. This can result in unauthorised changes, data breaches, and misuse of administrative privileges.

Recommendation

The Accountant-General should ensure that each administrator is assigned an individual account to ensure accountability and security.

d) **Non-Expiring Passwords**

In accordance with NIST 800-53 (AC-2) (3), all user accounts must have passwords that expire after a predetermined timeframe. This practice aligns with the principles of strong password management.

Audit concern

The expiry dates of passwords for 130 users in the EPICOR database have the value noted as "NULL", which means the password expiry date was not defined.

Recommendation

The Accountant-General should update the EPICOR database schema to change the password field from "nullable" to "required",

and all existing accounts with NULL passwords must have expiry dates set.

e) **Users with Blank in the Password Field**

Databases should be meticulously designed to ensure robust security and data integrity. This includes implementing stringent password policies that prohibit the use of blank passwords.

Adhering to ISO 27001:2013 (E) (A.9) guidelines, database schemas must be developed with a focus on secure authentication mechanisms, ensuring that all user accounts are protected by strong, complex passwords.

Audit concerns

- i. Contrary to ISO 27001:2013 (E) (A.9) guidelines, the "PasswordPolicy" table in the database, has an "AllowBlankPassword" field that is set to 1 (True). This indicates that the database permits blank passwords. Users with blank passwords are those who, upon creation, are allocated a NULL value for the password field. Subsequent analysis of the "Users" table revealed 57 users with empty strings in their password fields, suggesting that the database permits users to exist with blank passwords.

The system is set up not to require the end user to change password upon first login.

- ii. Furthermore, the same policy also requires a minimum password length of four characters. With only 4 characters, the number of possible combinations for a password is limited to 78,074,896, which can be determined relatively quickly using automated applications that systematically simulate logins. However, NIST special publication 800-63B makes a recommendation for a minimum password length between 7 and 15 characters.

Users who have maintained the initial NULL password have either not developed personalised passwords upon later logins or do not make subsequent logins following training.

The implementation of a nullable password field poses significant security risks. NULL passwords leave systems highly vulnerable to unauthorised access.

Recommendations

The Accountant-General should ensure that:-

- a) Login fields critical to the systems access and accessibility are not nullable.
- b) New users are allocated a random expiring initial password and are forced to personalise this password upon first login.
- c) The password policy be improved in line with the guidelines of NIST.

f) Lack of Association with Government Employment Record

Users who access a financial management system need to be uniquely identifiable, to aid in allocating resources and operational abilities. In the case of EPICOR, users who access these systems are Government employees or in the situation where such are not, but require and have been granted access, need to have unique identifiers beyond the system. This is necessary to ensure that each user is allocated rights and privileges as dictated by their role.

Audit concern

EPICOR 10.2 "User List" does not clearly identify fields that relate a user to their Government employment status or reason for access within the system. The only identifiers are the name and user ID fields.

This is not sufficient as there is no way to track a user's transactions with their existence within the system/application in relation to their job role.

The "UserFile" includes a field called "GroupList," which can help identify users belonging to a specific group and determine possible system actions. However, its usefulness is limited because some users do not have any data in this field.

Without unique identifiers for users accessing the financial management system, it becomes challenging to ensure that only

authorised personnel have the appropriate access rights and privileges.

Recommendation

The Accountant-General should ensure that each user accessing EPICOR is assigned a unique identifier, such as an employee ID number, which can be cross-referenced with official records.

g) Use of Personal Emails as Logon Identifiers

ISO 27001 requires that there should be policies mandating the integration of corporate emails with identity management systems (Active Directory) for enhanced security.

This standard further provides for robust security measures, which include among others, encryption and access controls to protect sensitive data and ensure accountability.

Audit concern

While the use of personal emails has been approved in the IFMIS systems operations manual, this does not conform to the ISO standard.

This introduces user profiles that are not managed within the official control processes.

Recommendation

The Accountant-General should revise the IFMIS systems operations manual to comply with ISO 27001 and prohibit use of personal emails.

h) Application Maintenance

System patching is crucial for maintaining the security, stability, and performance of IT infrastructure. Regularly applying patches addresses vulnerabilities, protecting against cyber threats like malware and ransomware. According to ISO 27001:2013 (E) (A.12) organisations must have a patch management policy.

According to IFMIS systems operations manual section 8.11, patching is to be conducted quarterly and/or as required, and management of patches requires testing in a sandbox prior to approval to the live environment.

Audit concern

Treasury failed to avail any patch management documentation for the four quarters ending 31st March 2024.

Recommendation

The Accountant-General should implement comprehensive patch documentation. This should include detailed records of all patches applied, the systems affected, and the dates of implementation.

i) Missing Data Points

Complete data points in a database are crucial for maintaining data integrity, reliability, and security. ISO 5212 provides guidance on data usage, emphasising the importance of complete and accurate data to enhance the reliability of information systems and overall data governance.

Audit concern

The "UserFile" table revealed that some of the user records although existing, have incomplete data points. For instance, some records have data points for "city" and "country" fields, while other records do not.

Recommendation

The Accountant-General should enforce the usage of data dictionaries to ensure that all data fields are consistently defined and populated, maintaining data integrity and completeness.

14.4.2 Consolidated Budgeting Management System (CBMS)

CBMS is a comprehensive tool designed to manage the flow of financial information between the Budget Department and Government entities. It facilitates various critical functions such as cash appropriation management, preparation of budget documentation, and financial reporting. This system has the potential to enhance transparency and accountability by providing a centralised platform for tracking budget allocations and expenditures.

a) **Duplicate User Accounts**

ISO 8000 focuses on data quality and provides guidelines for ensuring the accuracy, completeness, and consistency of data. This standard is particularly relevant for managing and preventing duplicate accounts in databases. It recommends implementation of effective measures to maintain high data quality, ensuring that each user account is unique and accurately recorded.

Audit concern

The "Users" table has 14 active duplicate user accounts, sharing the same "UserLogon" parameter; some differing in the First-Name and Last-Name fields, while others remained the same. The only parameter that differentiated these accounts is the "UserID" parameter.

Recommendation

The Accountant-General should implement a comprehensive identity and access management solution to identify and eliminate duplicates. This should be complemented by enforcing policies for user account creation, ensuring that a specific user cannot be duplicated and is allocated a unique identifier.

b) **Analysis of Users with NULL Passwords**

By adhering to ISO 27001, organisations can implement robust password management policies that ensure all user accounts have stronger, non-NULL passwords.

Audit concern

Nine user accounts had their "Password" field set as "NULL". Accounts without passwords undermine the system's overall security posture.

Recommendation

The Accountant-General should implement measures that mandate the use of strong, "non-null" passwords for all user accounts.

c) Analysis of User Login

Inactive accounts can become potential entry points for unauthorised access if not properly monitored and deactivated. By adhering to ISO 27001, organisations can implement policies and procedures to identify and manage inactive accounts, ensuring they are either revalidated or securely deactivated.

Audit concern

I noted that 329 users had not logged into the system from 2017 to 2023. Despite this, their accounts are still active, as noted on Table 39.

Table 39: Number of Users Not Logged in from 2017-2023

Last Login Year	Count
2017	29
2018	23
2019	11
2020	17
2021	50
2022	51
2023	148
TOTAL	329

Source: Users Database

Recommendations

The Accountant-General should: -

- a) Introduce a policy that requires regular reviews and audit of user accounts, to identify and deactivate any accounts that have not been accessed within a specified period.
- b) Consider introducing an intermediary status for accounts that have not been logged into for a certain period.

PART 7: APPENDICES

APPENDIX 1

Status On The Implementation Of Prior Year Matters Of The CFS Audit Report For The Year Ended 2021/22

REF NO.	AUDIT ISSUE DESCRIPTION	MANAGEMENT RESPONSE	AUDITOR'S REMARKS	STATUS
	CHAPTER 2: CASH MANAGEMENT			
2.1.	<p>Cash Balances</p> <p>In 2021/2022, there is an unexplained difference between the cash balances in the Statement of Cash Receipts and Payments and the explanatory notes which stands at M5.3 billion</p>	<p>2022/23 financials have been adjusted, and the balance has reduced to M3.48 billion</p>	<p>The audit still noted an accounted for variance of M3.49 billion between Consolidated the Statement of Cash Receipts and Payments and Explanatory Note 15 to CFS for the year under review.</p>	Not resolved
2.3.	<p>Reconciling Items</p> <p>The reconciling items mentioned were not fully quantified to determine the exact amount that may have contributed to the variance. As a result, the difference of M6.157 billion was only partially accounted for.</p> <p>The verification exercise revealed that out of the reported reconciled amount of M1.67 billion, only M1.13 billion (68%) was supported with documentary evidence, and the balance of M532 million lacked documentary evidence.</p>	<p>The Status is still the same and reconciliation is ongoing.</p>	<p>The evidence (from Central Bank of Lesotho) relating to debt payments amounting to M524 was verified and found to be sufficient. Thus, a balance of M8 million from M532 million remains unverified.</p>	Partially resolved

<p>2.3.1</p>	<p>Payments Made Outside IFMIS Three (3) components were supported by documentary evidence, except for Domestic Debt and Unclassified transactions accounting for 70% or M1.207 billion of the total amounts.</p>	<p>Reconciliation on going</p>	<p>The evidence was verified and found to be sufficient. Refer to 2.3 above.</p>	<p>Partially resolved</p>
<p>2.3.2</p>	<p>Fraudulent Transactions The verification of reconciliation of the cash book by the Accountant-General spanned the period from April 1, 2019, to August 2021. Contrary to the amount of M1.2 million in payment vouchers posted to the cash books, the payment vouchers were different from the instruction letters submitted to the CBL for payment in respect of payee details and amounts, resulting in the CBL processing unauthorised payments of M48.7 million. The latter payments were made to companies that were not verifiable with the Ministry of Trade.</p>	<p>The Treasury Departments still awaits the Principal Secretary processing of the loss.</p>	<p>PS decision on the loss outstanding not received</p>	<p>Not resolved</p>

<p>2.5</p>	<p>Duplicate Payments The audit revealed an incident involving fraudulent payment instructions issued to the Central Bank. Instruction letter number 013PV21001213, was exploited to make duplicate payments totalling M1.3 million to the same payee, MRP Enterprises (Pty) Ltd, on 28th January 2021, and 11th February 2021.</p>	<p>CBL acknowledged the duplicate payment and promised to refund the Government. A refund has not been received.</p>	<p>There still were duplicate payments made at CBL amounting to M6 million and M14 million for the year 2021/2022 and 2022/23 respectively.</p>	<p>Not resolved</p>
<p>2.6</p>	<p>Tripple Payments During the audit process, it was discovered that a portion of payments totalling M59,404, originally reported as double payments by the Treasury Department, were actually paid thrice, instead. This finding was revealed through a review of the bank statements, which consequently led to a total payment of M178,213, in this case.</p>	<p>There was one reversal for each payment, as per attached bank statement. The 2nd payment is believed to be correct payment and the third payment is still unrecovered from the CBL</p>	<p>The double payment is not recovered</p>	<p>Partially resolved</p>
<p>2.8</p>	<p>Differences in Cash Increase/Decrease Note 15 to the Consolidated Financial Statements (CFS) revealed a cash decrease of M496 million from M5.463 billion to M4.967 billion, between 31st March 2021 and 31st March 2022. However, the Consolidated Statement of Cash Receipts and Payments reflects a decrease of M537</p>	<p>The reconciliation is still on going.</p>	<p>Despite the adjustment, there is still a variance of M1.02 billion between the cash decrease reported in the Statement of Cash Receipts and Payments and a cash decrease as per Note 15 to the CFS for the year under review.</p>	<p>Not resolved</p>

	million which differs from M856 million.			
2.9	<p>Variations Between Balances per Consolidated Financial Statements and Bank Confirmation Certificates.</p> <p>Verification of bank balances per Note 15 to the CFS and bank confirmations received, revealed differences of M1.105 million on accounts held at Lesotho PostBank, and M0.138 million held in Foreign Missions.</p>	Post Bank balance of M1.105 million was wrongly included in the confirmation certificates and corrected LPB certificate is submitted	There were still variations detected to the tune of M0.138 million held in Foreign Missions.	Partially resolved
2.10	<p>Delayed Action on Dormant/Inactive Bank Accounts</p> <p>As of 31st March 2022, a review of bank accounts reflected on Table 9, revealed that twelve (12) accounts, held at Standard Lesotho Bank and Lesotho Postbank, with a total balance of M40.839 million, were dormant or inactive.</p>	The issue will be addressed when Treasury Single Account will be fully operational	There are still several dormant / inactive accounts observed in the year under review.	Not resolved
2.11	<p>Unreconciled Cash Balances at Foreign Missions</p> <p>a) The current accounts for Berlin, New Delhi missions and the Durban Consulate did not reconcile with the cashbook balances as at 31st March 2022. This issue has been previously reported for the</p>	The recommendation is noted, and reconciliation process is ongoing from 2017 and expected to be completed in 2025/2026 FY.	Not resolved	Not resolved

	<p>unreconciled accounts of Berlin and the Durban Consulate, for the past years. Despite several recommendations made since 2019/2020, this recurring problem has not been resolved, and the unreconciled accounts for the Durban Consulate have escalated from M0.03 million in 2020/2021 to M0.15 million, at the end of March 2022.</p> <p>b) The confirmations received from the Lesotho Brussels bank account as at 31st March 2022 showed a balance of EUR0.2 million. I noted that the balance reflected on the bank reconciliation statement of 31st March 2022 was stated as EUR0.24 million which was the balance on 1st March 2022. Consequently, this bank reconciliation statement was inaccurate.</p> <p>c) Non-availability of Bank Reconciliation Statements I found that most of the reconciliations for foreign missions were being completed per Regulation, except for three mission bank accounts totaling M1.067 million.</p>	<p>The consulate at Johannesburg failed to produce bank reconciliations due to unavailability of documents that are missing and disciplinary action taken against the responsible officers.</p>	<p>Issue maintained for Johannesburg mission</p>	<p>Resolved</p> <p>Partially resolved</p>
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CHAPTER 3: CASH RECEIPTS				
3.1	<p>Dividends Not Received. While the situation has slightly improved compared to the previous years, the entities shown in Table 10, have not declared dividends for the four years 2018/19 to 2021/22, except National Insurance General Group, which only declared once, four years ago.</p>	Only companies that have declared dividends have paid.	Refer to Section 3.1 of the 2022/23 report.	Not resolved
3.2	<p>Comparison of the CFS Ministries F/S & IFMIS Ledger</p> <p>a) Out of the 27-revenue collecting central government ministries, departments and constitutional bodies, only 8 reflected the same figures on the CFS, ministries' financial statements, and IFMIS ledger. The CFS reflected a total figure of M17.326 billion, whereas ministries' financial statements totaled M16.007 billion, and the IFMIS ledger had a total figure of M17.297 billion, as reflected in Table 11.</p> <p>b) A comparison of the consolidated financial statements and IFMIS ledger revealed an overstatement of the CFS by M29 million. 32 Furthermore, a comparison of</p>	Treasury Department still awaits response from the Auditor-General on this issue.	This matter is still an audit concern as per Section 8.3 of the 2022/23 report.	

	ministries' financial statements and IFMIS ledger revealed an understatement of ministries' accounts by M1.291 billion.			
	CHAPTER 4: NON-CASH ASSETS			
4.1	<p>Accounts Receivable and Other Revenue Arrears</p> <p>a. Undisclosed prior year balances – M415mill Accountant-General has reported a total amount M172 million as overdue debt (accounts receivables and revenue arrears) to Government as at 31st March 2022 as shown in Appendix 7 and Appendix 8. In addition to M172 million, the audit revealed an amount of M415 million from the prior years for which there was no evidence of amounts being cleared.</p>	Improvements notable in 2023/2024 MFS	There is still no evidence that the remaining M241 million has been cleared.	Partially resolved
4.1.1	<p>b. The Ministry of Health Contingency Advance amount of M26 million for acquisition of COVID-19 vaccines was shown as imprest advance both in the Ministry of Health's financial statements and CFS, as opposed to being shown as a contingency advance, and treated appropriately. The</p>	The standing imprest was cleared in the different financial year. It was not erroneous that the amount was listed on the Supplementary Bill.		Resolved

	advance erroneously appears under amounts to be appropriated under Supplementary Bill submitted to Parliament.			
4.1.2	<p>Standing and travel advances</p> <p>Accounting for Irrecoverable Travel Advances Outstanding travel advances amount of M1.3 million excluding misclassified imprests in the year under review at 31st March 2022, have not been treated as a loss of public funds on the accounts of the Advance holders.</p>	The matter to be fully addressed with the 2024/25 financials due to the close timelines for the submission of 2022/23 and 2023/24 financial statements submission.	A summary of the undisclosed and unreported losses for the financial year 2022/23 is presented on Table 1	Not resolved
4.2.1	<p>On lent Loans:</p> <p>a. WASCO had accumulated payment arrears amounting to M221 million at year end, since 2017. This situation was worsened by the fact that current year’s loan instalments on five projects, were not paid as they fell due.</p> <p>b. Despite the defaulting status of WASCO, new on-lent loans were issued, namely Five Towns (BADEA) and Greater Maseru Water Supply. It was also established that there were</p>	<p>The development partner for the project in question demanded that the loan be on-lent to WASCO and this was beyond the powers of the Government. However, the Government is no longer lending on to WASCO.</p> <p>The Auditor’s recommendation is adopted and will be implemented, going forward.</p>	<p>Government continues to provide on-lending to SOEs that cannot service their previous loans.</p> <p>There were 12 on-lending loans totaling M848.9 million as indicated in schedule 5, table 10. WASCO was again the recipient of a new loan in 2022/23.</p>	Not resolved

	<p>three loan agreements which were contracted for similar project scope. However, one was cancelled after incurring a cost of M0.565 million. This led to fruitless expenditure and likely reputational loss.</p>			
CHAPTER 5: LIABILITIES				
5.1	<p>Domestic Debts</p> <p>a. Treasury Bonds payments, totaling M602 million were incorrectly reported on a net basis, as opposed to the correct treatment of on gross basis in terms of IPSAS.</p> <p>b. Furthermore, crucial information regarding withholding tax on interest and coupon payments made on Treasury Bills and Bonds, was not disclosed separately in the figures presented in the Consolidated Financial Statements (CFS). This omission could result in misinterpretation of the treatment of the withholding tax liability.</p>	<p>To be guided as documentation from CBL is not sufficient.</p>	<p>Refer to Section 5.3 of the 2022/23 report.</p> <p>All domestic debts are now disclosed on gross basis.</p> <p>However, the balances of domestic debt are still unreliable, as the prior year balances have not been corrected in the Consolidated Financial Statements of 2022/23.</p> <p>Withholding tax on interest and coupon payments made on Treasury bills and bonds, is still not disclosed separately in the figures presented in CFS.</p>	Partially resolved
5.2	<p>Payment Arrears: Non-compliance of payments by the due date to suppliers, puts a strain on the budget for the</p>	<p>Recommendation noted for the subsequent years</p>	<p>Ref to Section 5.6 (b) of the 2022/23 report.</p>	Not resolved

	<p>upcoming fiscal year. Activities implemented without budgetary allocation may fail to achieve the set objectives and priorities for the period.</p>	<p>Due to covid-19 after effects (Post Covid) Erratic cashflow decisions were implemented that led to suppliers not paid on time. But there is lot of improvement in supplier payments to date.</p>		
5.3	<p>Omitted payment arrears from court orders – Ministry of Health</p> <p>The Ministry of Health’s M10.4 million payment arrears was not included in Table 14 of the CFS. The breakdown for this figure is shown in Table 12. These outstanding amounts accrue interest at varying rates, and additional costs are incurred alongside the interest charges. Consequently, the figures continue to increase until they are settled.</p> <p>During the audit of the CFS, further verification revealed that the cases had reached their conclusions, with judgements being issued through Court orders.</p> <p>Audit Concern Despite the absence of any evidence indicating the filing of appeals against judged cases with court orders clearly ordering payment, the</p>	<p>Ministries have been consulted to correctly report payables and improvement to be noted from the 2023/24 submission.</p>	<p>MFS still have not included the payables in 2022/23.</p>	<p>Not resolved</p>

	Ministry's Legal Department advised that the Ministry of Health was not obliged to fulfil these Court orders.			
5.4	<p>Pending Litigation:</p> <p>a. Table 14 of the CFS has not disclosed the contingent liability of the Public-Private Partnership (PPP) agreement for the Management of Queen 'Mamohato Memorial Hospital (QMMH). The Accountant-General has revealed that the exposure has yet to be assessed.</p> <p>b. The information in Table 14 of the presented CFS 2021/22 headed "Pending Litigation Claims (per CAO annual reports)", compared to a similarly headed Table 17 of the audited CFS 2020/21, are not the same, in terms of the reported exposures as at 31st March 2021 as depicted in Table 13. Thus, the audit concerns that were stated for 2020/21 were not addressed, rather further misrepresentations have been noted.</p> <p>c. An analysis of the reported court cases shows unexplained movement in cases and their potential liabilities</p>	2023/2024 submission show improvement.	The Ministry of Health financial statements of 2022/23 have not disclosed the amount of this liability.	Not resolved

<p>5.5.1</p>	<p>Guaranteed Loans: a. Inadequate guarantees’ management process I had highlighted a concern in my previous reports of the lack of a database and monitoring of guaranteed loans, resulting in challenges to evaluate the validity of guaranteed loans. Contrary to Section 36 (b) and (c) there was no documentary evidence supporting the existence/validity of the guarantees.</p>	<p>To submit with 2024 financials the updated data for guaranteed loans</p>	<p>No database for guaranteed loans.</p>	<p>Not resolved</p>
<p>5.6</p>	<p>Public-Private Partnership and Other Operational Agreements. Lack of legal framework for PPPs and other Operational Agreements: There is no legislation, framework, or policy guiding the establishment, design, and implementation of PPP and other operational agreements by the Government. It is therefore challenging to establish whether the contracts entered into by the Government meet the criteria for PPP agreements or not.</p>	<p>Legal framework on PPPs underway</p>	<p>Ref to Section 5.7.1 (a) of the 2022/23 report.</p>	<p>Not resolved</p>

	CHAPTER 6: LOSSES AND ACCIDENTS			
6.1	<p>a. Loss of Monies</p> <p>i. There are discrepancies between the figures reported in the CFS and the Ministries' financial statements, and there were no reports or any action taken to resolve those discrepancies.</p> <p>ii. In other cases, there were no loss reports submitted to the Auditor-General as required.</p> <p>iii. The accuracy of the figures representing losses in the CFS could not be substantiated, due to the absence of supporting documents which has been highlighted in previous audit reports</p> <p>b. Losses of or damage to Government property - Ministry of Health</p> <p>In prior audits I had reported an incident of the extensive damage due to fire, inflicted upon the office building, furniture, and equipment at the Ministry's headquarters, in 2019.</p> <p>Audit Concern</p> <p>A quantification of the loss on furniture and equipment was</p>	<p>2023/2024 MFS show improvement -</p> <p>Update report will be submitted with 2024 financials.</p>	<p>Ref to Section 6.2 of the 2022/23 report.</p>	<p>Not resolved</p> <p>Not resolved</p>

	<p>still outstanding as at the time of the report. I did not find any supporting documents to substantiate this.</p>			
6.2	<p>Motor vehicle accidents My office has received reports for 38 vehicles with a total cost of M0.28 million. This amount is different from the total cost of repaired vehicles in the CFS, as well as the total cost in the Ministries' financial statements.</p> <p>Audit Concerns a. The CFS indicate a total cost of repairs amounting to M3.8 million. However, the review of the Ministries' financial statements shows a total cost of M1.5 million. Thus, the difference of M2.3 million remained unexplained. My Office, meanwhile, received reports for vehicle repairs with a total cost of M0.28 million. b. The CFS did not indicate any number of vehicle accidents, whereas the Ministries showed a total of 41, while my Office received 38 reports.</p>	<p>Update report will be submitted with 2024 financials.</p>	<p>Ref to Section 6.6 of the 2022/23 report.</p>	<p>Not resolved</p>
	<p>CHAPTER 7: ADMINISTRATION OF PUBLIC FINANCE</p>			

<p>7.1.1</p>	<p>Supply Services/Appropriated Expenditure</p> <p>Differences between budget estimates The Budget Summaries per the Appropriation Act (Excluding the M600 million for the Administration Account) compared with the Book of Estimates, revealed discrepancies in Government revenues and recurrent expenditure, amounting to M2.8 billion and M8.9 billion, respectively.</p>	<p>To see improvement in 2024/25</p>	<p>Ref to Section 7.2.1 (a) of the 2022/23 report.</p>	<p>Not resolved</p>
<p>7.2.1</p>	<p>Advances for the year under review This additional Recurrent Expenditure advances amounted to M 478 million and Development Expenditure advances amounted to M328 million from contingencies advance was not appropriated accordingly as the draft Supplementary Appropriation Bill 2021/22 was submitted to the Law Office on the 23rd November 2023, but had not been presented to Parliament, as at the time of the report.</p>	<p>Supplementary Bills tabled in Parliament</p>		<p>Resolved</p>
<p>7.2.2</p>	<p>a. Usage of budget for Centralised Items</p>			<p>Not resolved</p>

	<p>In my previous reports, I expressed my dissatisfaction with the use of the Centralised Items Vote (Head 30) under recurrent expenditure, as the items being charged to this vote are already existing line items in ministries. This is in contravention of Section 20 of the PFMA Act, 2011 which states that, "The Minister has the responsibility for the management, supervision, control and direction of all matters relating to financial affairs of Government which are not by law assigned to any other Minister or authority".</p> <p>During the year under review, the budget was revised to incorporate expenses related to consultancies and salaries for established posts, grants and for vehicles.</p> <p>The Centralised Items Vote still does not have proper legislation to govern it and can therefore be revised without reference to any legislation.</p> <p>b. Allocation to Spending Units</p>	<p>Section 6 of PFMA Act 2011, provided general responsibility of the Minister-this section outlines the overall responsibilities of the Minister of Finance, which include the development of financial policies and the oversight of Public financial management to ensure efficiency, transparency and accountability. It provides a broad mandate that allows the Minister to establish measures to protect public finances. Head 30 was created under this section. Supplementary appropriation is used to regularize its spending.</p>	<p>The following significant payments were charged to the vote in 2022/23: Salaries Established Posts, M2 million Salaries – New, 8 million Wages New Posts, M300 million Consultancies, M1 million Current Grants paid to Extra Budgetary Units, M72 million Vehicles, Cycles & Equine, M40 million Total per Estimates, M423 million</p>	
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	<p>The Appropriation Act allocated a total of M493 million for the Centralised Items Vote of which M414 million (84%) has been reallocated to existing specific spending units and capital expenditure of M62 million as, leaving a balance of M79 million.</p> <p>There is no specific expenditure breakdown for Head 30 in the CFS.</p>			
	<p>CHAPTER 9: ACCOUNTABILITY FOR EXPENDITURE BY CHIEF ACCOUNTING OFFICERS</p>			
9.2	<p>DEVELOPMENT BUDGET a. Under Utilisation of Budget The CFS indicated M4.3 billion which was 58% usage of the revised budget allocation of M7.3 billion. Out of twenty-five (25) spending units that were allocated a budget, ten (10) displayed an execution rate below 50%. On the other hand, six (6) spending units allocated supplementary budgets, also spent below 50% of the total allocated.</p> <p>b. Unapproved Expenditures in Excess of Budget</p>	<p>Relevant ministries to provide responses with the 2023/24 submissions</p>		<p>Not resolved</p>

	<p>It was noted that two Ministries of Communications, Science and Technology and Home Affairs exceeded their budgeted expenditures by M21.9 million and M2.9 million respectively, in contravention of the requirements of section 112 (3) (b) "Authorisation of expenditure" of the Constitution, which governs excess expenditure cases.</p>			
<p>9.4</p>	<p>a. Variances Between Revised Budgets Per Act/Bill and Spending Units' Financial Statements</p> <p>There was a difference of M887 million between the appropriated budget of M7,327 billion (per Appropriation Act plus Appropriation Bill) and the total revised capital budget of M6,439 billion per Spending Units. As a result of the variances, I cannot rely on the figures in the Consolidated Statement of Comparison of Budget and Actual Amounts.</p>	<p>Improvement to be noted from 2023/24 submission</p>		<p>Not resolved</p>

	<p>b. Unbudgeted Grants Expenditure The PFMA Act, 2011 Section 16 requires the Minister to prepare a bill for Supplementary Appropriation for presentation to Parliament per Section 112 (3) of the Constitution, where a need for new expenditure not provided for in the annual appropriation act, has arisen. In contravention of section 16 above, expenditure amounting to M27.3 million on grants was not included in the original budget as well as the revised budget. These amounts were not included in the Supplementary Appropriation Bill for the year.</p> <p>c. Inconsistent amounts between CFS and Audited Financial Statements A discrepancy of M310,373 was found between the actual expenditure reported in the CFS and the audited financial statements of the Economic Diversification Project within the Ministry of Trade and Industry. That was revealed by the fact that CFS showed an actual amount of M2.24 million, while the audited financial statements of the</p>	<p>Matter to be followed up with Departments responsible for donor grants for improved coordination</p> <p>Matter to be responded to with the 2023/24 submission</p>		<p>Not resolved</p> <p>Not resolved</p>
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	project reported an amount of M1.93 million.			
9.5	<p>Budget Execution</p> <p>The original budget amounted to M4,710 billion but the revised budget is M4.713 billion, indicating an additional budget of M3 million. The actual expenditure incurred amounted to M3.239 billion, resulting in a budget execution rate of 69 percent, as presented in Table 34, when compared to the revised budget of M4.710 billion</p>	CAOs to be followed to ensure proper and timely implementation of the projects		Not resolved
9.6	<p>Usage of Donor Grants, Loans, and of Gol Development Budget</p> <p>Low Absorption of Donor Grants</p> <p>Generally, there was low absorption on donor grants as the original budget per Appropriation Act was M1.3 billion and revised to M1.37 billion, but only M520 million (38%) of grants received was utilised, leaving the unspent balance of M856 million.</p> <p>9 out of 15 spending units had a low absorption rate below 73 percent and the lowest performing at 2%.</p>	Improvement to be noted from 2023/24 submission		Not resolved

Source: 2021/22 Audit Report

APPENDIX 2*Accounts Receivable Reported In The Year 2022/2023*

Head	CFS Amount M'000	Remarks
ADVANCES		
STANDING AND TRAVEL ADVANCES		
Education & Training	34,088	Incorrectly classified under Standing and Travel advances instead of Advances
Small Business, Cooperatives & Marketing	181	<p>Outstanding imprests amounted to M181,432.</p> <p>There were letters in the file indicating that two officers be surcharged from 01 March 2023, however payslips were not available for verification.</p> <p>Balance of M60,852 was expected to be M32,452 as at 31st March 2023.</p>
SUB-TOTAL	34,269	
TOUR IMPRESTS		
Agriculture & Food Security	34,559	<p>These represent grant advances given to small farmers either individually or in groups, by Smallholder Agricultural Development Project (SADP II) to move them from subsistence farming to commercial farming. The payments of grants to farmers are treated as advances and expensed when farmers report on the usage of the funds.</p> <p>However, it was incorrectly reported as tour imprest instead of an Advance.</p>
Trade & Industry	113	<p>A balance of M45,313.11 is from prior years owed by former Minister and chauffeur/bodyguard. It was made up of M36,471.53 and M8,814.58 respectively.</p> <p>The CAO report explained that they did not provide documents for clearing but only submitted justification which was not convincing, and the Ministry will request these imprests to be written off because they can no longer be recovered since means were made to locate them but could not find them.</p> <p>ii) An amount of M15,248 was owed by one officer, surcharge documents were being prepared at the time of the audit.</p>

		iii) Outstanding balance of M52,573 owed by one officer, was cleared in the 2023/24 financial year.
Justice, Human Rights & Correctional Services	38	Uncleared tour imprest by two officers.
Prime Minister's Office	766	The amount of M765,872 is outstanding accountable imprest from officers. PS has written instruction letters to the Human Resource office to deduct the outstanding amounts from their salaries or terminal benefits effective from November 2023.
Foreign Affairs and International Relations	690	M384,304 and M304,928 uncleared tour imprest by officers
Labour & Employment	32	Outstanding tour imprest by 1 officer, surcharge not effected from July 2022 as had been reported.
Senate	47	Balance outstanding from the previous years of tour imprest which had been given to one officer in 2018/2019.
Gender, Youth, Sports & Recreation	481	M481,194 balance from the prior year for seven officers. The balance did not consider the following: <ul style="list-style-type: none"> • surcharge repayment from three officers amounting M6,047 and M26,198 in 2021/2022 and 2022/2023 financial years respectively. • An amount of M239,915 which was subtracted from M606,366 (restated from 2021/22) because the ministry had indicated that it would be deducted from gratuities in respect of the three officers who had not cleared tour imprest. There is no evidence to support that the amounts were deducted from the terminal benefits. • This will result in the outstanding amount being reduced to M448,751.
Public Service	26	Balance of M25,896 accrues from the previous years of 2017/2018. This was for the Hon Minister and two bodyguards, after issuance of the imprest they were transferred to the Ministry of Communications, Science and Technology.
Finance	29	Outstanding tour imprest M29,000
SUB-TOTAL	36,781	
RENTALS		
Finance	29	Surface rental income receivable from Engen Lesotho for the last quarter of 2022/2023.
Foreign Affairs and International Relations	134	The rent from Johannesburg mission collected and deposited into property account but not into Government Main Revenue account
Public Service	2	An amount of M2,300 is rental arrears by one officer.

Small Business, Cooperatives & Marketing	23	Rentals owed of M22,790, inclusive of M17,080 for the deceased tenant.
Water	2,529	The rental owed consists of M2.5 million from Standard Lesotho Bank and M41,806 by VCL.
SUB-TOTAL	2,717	
WATER ROYALTIES		
Water	222,718	Outstanding royalties of M222.7
SUB-TOTAL	222,718	
REFUNDS OF OVERPAYMENTS		
Education & Training	139	Outstanding refunds on overpayments amounting M138,815.
Foreign Affairs and International Relations	570	Amount that was paid from Lesotho-Beijin
Police & Public Safety	596	The amount of M596,000 is in respect of recovery of overpayments from staff which were mainly caused by officers drawing dependents allowance which was not authorised and officers paid on higher grades than their substantive positions. The balance M596,000 did not take into consideration an overstatement of M208,100 from the prior year reported twice and one officer's debt duplicated by an amount of M47,500. The correct total should thus be M255,600.
SUB-TOTAL	1,305	
UNDEPOSITED REVENUES		
Defence & National Security	215	An outstanding aircraft hire revenue of M214,966.
SUB-TOTAL	215	
ANY OTHER RECEIVABLE/SURCHARGES		
Home Affairs	78	Surcharge due as at year end.
Water	20	Surcharge amount of M20,389 not explained and audit query not responded to.
Communications, Science & Technology	1,050	Revenue arrears from transmitter rentals and airtime for radio and TV programmes, and adverts.

Police & Public Safety	18	An outstanding surcharge of M17,751 in respect of a Police Officer who was supposed to go on official trip, but the trip was cancelled when he was already paid per diem, and some of the money was spent. It was agreed that a monthly deduction of M200 would be imposed on his salary until the money is fully recovered. However, during the introduction of the Oracle system in 2021, a technical problem occurred.
Public Service	193	M192,800 is the total tuition fee arrears for officers, who enrolled for diploma in human resource management and Diploma in Public administration and management amounting to M161,100 and M31,700 respectively.
Small Business, Cooperatives & Marketing - proposed surcharges but no payslips to substantiate.	8	M8,100 is the proposed instalments for payment of uncleared tour imprest. Surcharges but no pay slips to substantiate the amounts.
SUB-TOTAL	1,367	
GRAND TOTAL	299,373	

Sources: CFS FY 2022/23 and MFS

APPENDIX 3*Pending Litigations*

Reference	Start year	Claimant/ Beneficiary	Nature of contingent liability	Exposure at 31 March 2023 M'000	Exposure at 31 March 2022 M'000
MINISTRY OF LABOUR & EMPLOYMENT					
Rentals	2018	G. Dambha	Pending lawsuits		100
SUB-TOTAL					100
MINISTRY OF LOCAL GOVERNMENT & CHIEFTAINSHIP AFFAIRS					
CCT/0217/2019	2019	Cash Build (Pty) Ltd	Loss of sales and profits due to forced closure during a holiday	50	50
CCT/0424/2018	2018	NAM Counsult	Capital sum and incurred interest	2,243	2,243
CIV/T/MKG/03/22	2021	Rasekoai Rampai	Compensation	31	
	2019	Cash Build (Pty) Ltd	Loss of sales and profits due to forced closure during a holiday	184	184
CCT/0501/2014	2014	MEI & MEI ATTORNEYS INC.	Court order obtained in default on nonpayment of professional fees	87	87
CCT/0502/2014	2014	MEI & MEI ATTORNEYS INC.	Court order obtained in default on nonpayment of professional fees	63	63
LN/APN/87/2015	2015	HUDSONS CHAMBERS	Recovery costs of suit		39
CIV/T/0001/22/ND	2022	K.D Mabudu & CO	Compensation	608	
CIV/T/540/2022	2022	T.M Maieane & CO	Claim	500	
CIV/APN/0186/22	2022	Mei & Mei Attorneys Inc	Claim	3,722	
SUB-TOTAL				7,489	2,666

INDEPENDENT ELECTORAL COMMISSION					
	2016/ 17	Waymark Infotech	Payment claims for tender and loss of Profit		2,344
	2016/ 17	ITEC Lesotho	Payment claims for tender and loss of Profit		1,185
C OF A (CIV) 26/2022 CCA/0039/2022	2021/ 22	Laxton Group	Payment claims for tender		41,520
SUB-TOTAL					45,049
MINISTRY OF SMALL BUSINESS CORPORATIVES AND MARKETING					
	2019	Lefokotsane & others	Pending lawsuits		43
	2020	Lesotho Opportunities Industrialisation Centre and 2 others	Legal Bill		147
	2019	Lesotho National Wool and Mohair Growers Association	Legal Bill		181
	2021	Contract	Pending Lawsuits		3,163
KHOANCH/LOIC/21	2021	Monaheng Seeiso Rasekoai	Court Case	146	
SUB-TOTAL				146	3,534
GRAND TOTAL				7,635	51,349

Sources: MFS, CFS FY 2022/23 and Audit Report 2021/22

APPENDIX 4*Comparison of Collections as per CFS, MFS and IFMIS*

Collecting Ministries	CFS Figures M'000	MFS Figures M'000	IFMIS Figures M'000	Under / over MFS M'000	Under / over MFS M'000
	A	B	C	D = B-C	E = A-C
Agriculture & Food Security	45,929	45,928	41,850	4,078	4,079
Health	8,668	8,668	8,239	429	429
Education & Training	2,338	2,338	2,338	0	0
Finance	14,210,800	14,210,800	14,145,064	65,736	65,736
Trade & Industry	10,856	10,856	10,970	-114	-114
Planning	2,022	2,022	25	1,997	1,997
Justice, Human Rights & Correctional Services	274	274	466	-192	-192
Home Affairs	23,368	23,368	19,870	3,498	3,498
Communications, Science & Technology	6,876	6,876	6,967	-91	-91
Law & Constitutional Affairs	8,324	8,324	8,057	267	267
Public Works & Transport	475	475	425	50	50
Foreign affairs & International Relations	627	627	347	280	280
Forestry & Land Reclamation	82	82	58	24	24
Energy & Meteorology	389,122	389,122	388,849	273	273
Labour & Employment	8,174	8,174	7,666	508	508
Tourism, Environment & Culture	5,069	5,069	5,060	9	9
Defence & National Security	923	923	923	0	0
National Assembly	0.4	0.4	0.4	0	0

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IEC	5,680	1,631	1,633	-2	4,047
Local Government & Chieftainship Affairs	2,566	2,566	4,848	-2,282	-2,282
Gender, Youth, Sports & Recreation	128	128	136	-8	-8
Public Service	6,771	6,769	7,061	-292	-290
Judiciary	6,477	6,477	3,458	3,019	3,019
Social Development	196	196	54	142	142
Mining	556,078	556,078	556,078	0	0
Police & Public Safety	5,904	5,904	5,837	67	67
Small Business, Cooperatives & Marketing	1,765	1,765	43	1,722	1,722
Water	1,405,105	1,405,105	1,405,105	0	0
Public Works & Transport	31,190	31,190	31,389	-199	-199
TOTAL	16,745,787	16,741,735	16,662,816	78,919	82,971

Sources: CFS FY 2022/23, MFS and IFMIS Ledger

APPENDIX 5*Budget Execution on Recurrent Expenditure for 2022/23*

Spending Unit	Original Approved Budget	Supplementary Bill	Reallocation	Revised Budget	Actual Expenditure (Per CFS)	Variance	Execution %
	A	B	C	D=A+B+C	E	F=D-E	G=E/D
	M'000	M'000	M'000	M'000	M'000	M'000	
Agriculture & Food Security	343,109	30,000	54,200	427,309	397,565	29,744	93
Health	1,985,840	-	-	1,985,840	1,813,773	172,067	91
Education & Training	2,573,747	137,343	-	2,711,090	2,648,351	62,739	98
Finance	1,097,322	294,434	-	1,391,756	1,102,483	289,273	79
Trade & Industry	49,139	-	-	49,139	46,130	3,009	94
Development Planning	1,131,620	150,000	-	1,281,620	1,270,231	11,389	99
Justice, Human Rights & Correctional Service	244,565	-	-	244,565	231,109	13,456	94
Home Affairs	432,663	44,952	-	477,615	474,330	3,285	99
Prime Minister's Office	116,622	2,573	-	119,195	112,460	6,735	94
Communications, Science & Technology	166,967	82,092	-	249,060	234,023	15,037	94
Law & Constitutional Affairs	96,622	-	-	96,622	85,181	11,441	88
Foreign Affairs & International Relations	431,465	-	-	431,465	410,059	21,406	95
Public Works & Transport	129,457	-	-	129,457	124,840	4,617	96

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Forestry & Land Reclamation	114,763	4,616	-	119,378	63,495	55,883	53
Energy & Meteorology	30,838	29,759	-	60,597	58,103	2,494	96
Labour & Employment	57,784	7,655	-	65,439	63,994	1,445	98
Tourism, Environment & Culture	75,794	-	-	75,794	73,228	2,566	97
His Majesty's Office	11,126	2,856	-	13,981	11,555	2,426	83
Public Service Commission	12,417	347	-	12,764	11,174	1,590	88
National Security Services	85,395	13,270	-	98,665	98,617	48	100
Disaster Management Authority	22,306	100,000	-	122,306	113,700	8,606	93
Defence & National Security	637,327	108,366	-	745,693	780,280	34,587	105
National Assembly	90,089	-	-	90,089	85,692	4,397	95
Senate	24,606	-	-	24,606	22,782	1,824	93
Ombudsman	9,231	5,796	-	15,027	10,048	4,979	67
Independent Electoral Commission	322,061	64,737	-	386,798	358,950	27,848	93
Local Government & Chieftainship Affairs	509,989	10,000	-	519,989	457,709	62,280	88
Gender, Youth, Sports & Recreation	65,905	1,858	-	67,763	92,755	24,992	137
Public Service	57,908	22,950	-	80,858	76,107	4,751	94
Judiciary	118,208	11,148	-	129,355	129,371	16	100
Social Development	1,251,200	-	-	1,251,200	1,143,858	107,342	91
Directorate on Corruption & Economic Offences	22,828	-	-	22,828	21,597	1,231	95

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Mining	23,544	-	-	23,544	22,413	1,131	95
Police & Public Safety	733,484	-	-	733,484	728,317	5,167	99
Small Business, Cooperatives & Marketing	55,796	-	-	55,796	50,501	5,295	91
Water	152,166	32,000	-	184,166	180,189	3,977	98
Public Works & Transport	65,962	6,000	-	71,962	69,398	2,564	96
TOTAL	13,349,865	1,162,752	54,200	14,566,815	13,674,368	892,447	94

Sources: Appropriation Act 2022/2023, Supplementary Appropriation Bill 2022/23 and CFS FY 2022/23

APPENDIX 6

Expenditure Incurred Without Budget

Spending Units	Project Name	Funding	Actuals M'000
Health	Lesotho Covid-19 Emergency preparedness and Response Project	Grant	14,791
	Lesotho Nutrition and Health System Strengthening Project	Grant	2,791
	Lesotho Covid-19 Emergency Preparedness and Response Project	Loan	4,871
	Lesotho Covid-19 Emergency Preparedness and Response Project	Loan	17,042
	SUB-TOTAL		39,494
Education & Training	UNESCO Commission	Grant	456
	Lesotho Basic Education Strengthening Project	GoL	1,430
	SUB-TOTAL		1,886
Development Planning	Strengthening Bio Energy	Grant	750
	Vital Strategies	Grant	1,031
	SUB-TOTAL		1,781
Home Affairs	Human Trafficking	GoL	1,008
	Childbirth Registration	Grant	892
	Refugee Coordination Unit	Grant	30
	Registration of Excess Mortality	Grant	482
	SUB-TOTAL		2,412
Communications, Science & Technology	E-Government	Loan	17,412
Forestry & Land Reclamation	Poverty Alleviation Project (PAP)	GoL	3,022
	Regeneration of Landscapes and Livelihood (ROLL)	GoL	2,553
	Strengthening National Level UNCCD	Grant	227
	SUB-TOTAL		5,803
Social Development	Pathways of Sustainable Livelihood Project	Loan	4,253
National Security Service	Other Structures		7,426
	Office/Res Furniture		6,550
			13,976
Trade & Industry	Lesotho Competitiveness and Financial Inclusion	Loan	4408
GRAND-TOTAL			91,425

Source: Ministries Financial Statements

APPENDIX 7*Unspent Funds in Ministries by Projects*

Ministry	Project Name	Funding	Budget (M'000)
Agriculture & Food Security	Market Centre	GoL	2,800
	Slaughterhouse	GoL	7,000
	Small Business Development	GoL	1,000
	SUB-TOTAL		10,800
Health	Construction of Maseru District Hospital	Grant	500,000
	M-Mama Lesotho An Emergency Transportation system	Grant	19,001
	Support to TB control programme	Grant	74,110
	Health Sector Reform	Grant	7,784
	Health Sector Reform	Grant	18,067
	Support to Immunisation	Grant	24,086
	SUB-TOTAL		643,048
Education & Training	Construction of Secondary Schools	GoL	4,000
	Improvement of Secondary Schools	GoL	200
	Improvement of Secondary Schools	Grants	46,400
	SUB-TOTAL		50,600
Foreign Affairs & International Relations	Indent House Rehabilitation project	GoL	4,000
Trade & Industry	Belo Industrial Infrastructure	GoL	100,000
	Private Sector Competitiveness and Economic Diversification II	GoL	500
	SUB-TOTAL		100,500
Justice & Correctional Service	Construction of Mafeteng correctional institutional	GoL	10,000
Local Government & Chieftainship	Upgrade of urban roads	Grants	70,000
Public Works	Construction of Office Park and Residence Maintenance	GoL	8,000
Energy & Meteorology	National Electricity Infrastructure Development Project (ADF)	Grants	1,000
Mining	Construction of Geoscience Laboratory	GoL	1,000
Police & Public Safety	Construction of SOU Offices	GoL	10,000
Public Works & Transport	Maputsoe Cross Border	GoL	7,818
GRAND TOTAL			912,766

Source: Ministries Financial Statements

APPENDIX 8

Underspent Funds in Ministries by Projects

Spending Unit	Project Name	Funding Type	Revised Budget M'000	Actual spent M'000	% Spent
Agriculture & Food Security	Wool and Mohair Promotion Project	Grant	12,438	2,952	24
	Wool and Mohair Promotion Project	Loan	12,438	2,952	24
	SUB-TOTAL		24,876	5,904	
Health	Construction of Maseru District Hospital	GoL	6,857	205	3
	Support to Immunisation	GoL	5,000	475	10
	Support to TB Control Programme	GoL	6,000	2,583	43
	Health Sector Reform Programme	Grant	5,226	1,557	30
	Lesotho Nutrition and Health System Strengthening Project	Loan	162,707	14,396	9
	Southern African TB and Health System	Loan	225,129	41,555	18
	Southern Africa TB and Health System	Loan	82,151	19,420	24
SUB-TOTAL		493,070	80,191		
Education & Training	Basic Education Quality and Equity Improvement	GoL	300	30	10
	Basic Education Quality and Equity Improvement	Grant	54,490	4,072	7
	SUB-TOTAL		54,790	4,102	
Finance	Border Post Infrastructure Refurbishment	GoL	20,000	1,481	7
Trade & Industry	Standards and Quality Infrastructure	GoL	10,000	1,049	10
	Business Facilitation Centre	GoL	3,000	1,043	35
	Economic Diversification Support Project	Loan	24,300	11,524	47
	SUB-TOTAL		37,300	13,616	
Communications, Science & Technology	E- Government Infrastructure Project	GoL	12,000	1,984	17
Public Works & Transport	Pavement Strengthening- Paved Roads	GoL	50,000	22,002	44
	Pavement Strengthening - Paved Roads	Donor	140,000	69,981	50

	Mpiti Sehlaba_Thebe Road	- Loan	300,000	150,427	50
	SUB-TOTAL		490,000	242,410	
Forestry & Land Reclamation	Sebapala Integrated Watershed Management	Grant	11,459	1,126	10
	Regeneration of Landscapes and Livelihood (ROLL)	Loan	61,308	11,151	18
	SUB-TOTAL		72,767	12,277	
Energy & Meteorology	Solar Street Lighting	GoL	5,000	1,916	38
	Energy Survey	GoL	2,000	526	26
	Scaling Up Renewable Energy and Energy Efficiency Programme (SREP)	GoL	4,000	437	11
	Improvement of Early Warning Systems II	GoL	1,500	93	6
	Improvement of Early Warning Systems II	Grant	47,711	5,747	12
	Hydro- Chlorofluoro Carbons Phase out Management	GoL	500	242	48
	Hydro- Chlorofluoro Carbons Phase out Management (DGTZ)	Grant	863	149	17
	National Electricity Infrastructure Development Project (LEC)	Grant	149,509	3,720	2
	National Electricity Infrastructure Development Project (ADF)	Loan	37,496	3,326	9
	SUB-TOTAL		248,579	16,156	
Tourism, Environment & Culture	Disposal of PCB oils contained in transformers and disposal of capacitors containing PCB in southern Africa	Grant	146	15	10
	Promotion of best available technologies/best environmental practices (BAT/BET) to reduce unintentionally produced persistent organic pollutants (uPOPs) releases from waste open burning 2 municipalities	Grant	338	97	29
	Promotion of best available	Grant	795	37	5

	technologies/best environmental practices (BAT/BET) to reduce unintentionally produced persistent organic pollutants (uPOPs) releases from waste open burning coordination				
	Bio Pama	Grant	98	20	20
	Natural Capital Account	Grant	479	21	4
	4th National report	Grant	111	15	13
	SUB-TOTAL		1,967	205	
Local Government & Chieftainship Affairs	Upgrading of Urban Roads	GoL	150,000	61,639	41
	Development of Rural Community Roads	GoL	20,000	9,303	47
	SUB-TOTAL		170,000	70,942	
His Majesty's Office	Construction of the Royal Palace	GoL	20,000	1,715	9
Gender, Youth, Sports & Recreation	Gender Advocacy	GoL	800	32	4
Small Business, Cooperatives & Marketing	Refurbishment of Lesotho Cooperative College	GoL	1,000	446	45
Public Works & Transport	Maputsoe Cross Border	GoL	7,818	6,082	22
Water	Maputsoe Water Supply Augmentation Project	GoL	14,800	3,048	21
	Lesotho Lowlands Water Supply Scheme	Grant	17,826	5,865	33
	Lesotho Lowlands Rural Water Supply and Sanitation Project	Loan	6,992	1,549	22
	Lesotho Lowlands Water Development Project Phase II	Loan	290,338	61,333	21
	SUB-TOTAL		329,956	71,795	
GRAND TOTAL			1,984,923	529,338	27

Source: Ministries Financial Statements

APPENDIX 9*Inconsistency of Amounts Requested in the Supplementary Appropriation Bill*

Ministry	Project	Code	Funded	Actual Amount Spent M'000	Amount per Supplementary Appropriation Bill M'000
Education & Training	Lesotho Basic Education Improvement Project	2002	Global Partnership for Education-Grant	1,430	
	Basic Education Strengthening Project	9067	Global Partnership for Education-Grant	456	
	SUB-TOTAL			1,886	
Home Affairs	Human Trafficking		GoL	1,008	
	Child Birth Registration		UNICEF - Grant	892	
	Refugee Coordination Unit		UNHCR-Grant	30	
	Registration of Excess Mortality		VSGP-Grant	482	
	SUB-TOTAL			2,412	-
Forestry & Land Reclamation	Poverty Alleviation Project(PAP)		GoL	3,022	
	Regeneration of Landscapes and Livelihood (ROLL)		GoL	2,553	
	Strengthening		GEF Grant	227	
	SUB-TOTAL			5,802	-
Social Development	Pathways of Sustainable Livelihood Project		Loan	4,253	-
National Security Service (NSS)	Other Structures			7,426	
	Office/Res Furniture			6,550	
	SUB-TOTAL			13,976	-
Development Planning	Strengthening Bio Energy		Grant	750	
	Vital Strategies		Grant	1,031	
	SUB-TOTAL			1,781	-
Health	Lesotho COVID-19 Emergency Preparedness And Response Project	9066	IDA - Grant	14,791	

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	Lesotho Nutrition and Health System Strengthening Project		Grant	2,791	
	Lesotho COVID-19 Emergency Preparedness And Response Project		IDA-Loan	4,871	
	Lesotho COVID-19 Emergency Preparedness And Response Project		IDA-Loan	17,042	
	SUB-TOTAL			39,495	109,999
Communications, Science & Technology	E-Government	480	ADF-Loan	17,412	16,949
	Lesotho Competitiveness and Financial Inclusion	475	IDA - Loan	4,408	9,221
GRAND TOTAL				91,425	

Sources: Supplementary Appropriation (2022/23), Bill 2024 and MFS

APPENDIX 10

Annual Financial Statements and Audit Opinions

Organisation	Last Audited Financial Statements	Opinion	Remarks
Authorities and Corporations			
Lesotho National Development Corporation – LNDC	31 March 2023	Unqualified	
Financial Intelligence Unit – FIU	31 March 2022 & 2023	Unqualified	
Land Administration Authority	2023	Unqualified	
Revenue Services Lesotho	2024	Unqualified	
Basotho Enterprise Development Corporation	31 st March 2019, 2020 & 2021	Adverse for those 3 years	<ol style="list-style-type: none"> 1. Non-compliance with IFRS 15 2. Different pricing of charged rentals 3. Weakness in the internal controls for revenue management 4. Investment property not carried out at fair value 5. Doubtful allowance for bad debts and non-disclosure of bad debts 6. Failure to maintain updated asset register – omitted sites 7. Differences between bank account balances in the financial statements, general ledger and bank confirmations 8. Missing desktop computers <p>Audit of accounts for 2022, 2023 and 2024 is underway.</p>
Lesotho Housing and Land Development Corporation	31 st March 2021	Qualified	<ol style="list-style-type: none"> 1. Included in the financial statements is an investment property reported at M244,479,800 which may not reflect the current fair value, as the property was last revalued in 2015 contrary to the yearly remeasurement required by IAS 140. 2. Unable to confirm the existence of an inventory with associated deposits of M565,734 as the related

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Organisation	Last Audited Financial Statements	Opinion	Remarks
			lease numbers could not be traced to inventory list at year-end.
Lesotho Electricity Water Authority	31 st March 2023	Unqualified	
Lesotho Tourism Development Corporation	31 st March 2022 and 2023	Unqualified	
Trading Accounts	Last audited financial statements	Opinion	Remarks
National Drug Service Organisation	31 st March 2023	Unqualified	
Companies			
WASCO	2023	Disclaimer	<ol style="list-style-type: none"> 1. The Government debtors amounting to M39.91 million were omitted in the provision of doubtful debts of M37.00 million. 2. Receivables amounting to M135.15 million were incorrectly classified as current assets instead of non-current assets. 3. Difference of M18.35 million between the inventory system records and the count sheets. 4. The agreement between WASCO and the Government of Lesotho stating that the loans amounting to M60.01 million were cancelled and should be recognised as grants under equity was not provided. 5. Unsubstantiated loan repayment of M100.88 million. 6. Differences in grant amortization schedule and Funding amortization schedule reconciliation with the financial statements by M26.47 million and M207 million respectively. 7. Differences in loan confirmations of M58.64 million and undisclosed loan of M184.09 million with in the financial statements.
OK Bazaar	2023	Unqualified	
Maluti Mountain Brewery	2023	Unqualified	
LEC Communications	31 st March 2023	Unqualified	

Report on the Consolidated Financial Statements for the Year Ended 31st March 2023

Organisation	Last Audited Financial Statements	Opinion	Remarks
Lesotho Electricity Company	31 st March 2023	Disclaimer	<ol style="list-style-type: none"> 1. Journals amounting to M408.9 million, we were not provided with evidence to prove that they existed and have been authorised. 2. There is a discrepancy of M37.9 million between the trade payables recorded in the annual financial statements and those reflected in the age analysis. Management was unable to provide an explanation for this significant variance. 3. The company has unallocated deposits of M47.2 million though my investigations revealed that the unallocated deposits, clearly reflect who was paying the company. 4. Unexplained difference of M32.1 million between the annual financial statement and inventory schedule. 5. Sales agents prepayments amounting to M17.8 million included in the trade and other receivables, even though the nature is that these are trade and other payables. The listing that supports this amount was not provided. 6. The tax computation supporting deferred tax asset of M205.2 million in the financial statements was not provided. Further, the tax note disclosure requirements have not been done as per IFRS. 7. The schedule that was provided to support mobile agents' amount to M16.5 million while the financial statements reflect an amount of -M616 461. The total difference of M17.1 million was not adjusted in the financial statements.
Loti Brick	31 st March 2023	Disclaimer	<ol style="list-style-type: none"> 1. Significant doubt exists about the Company's ability to continue operating for the foreseeable future, I was unable to obtain sufficient appropriate audit evidence to conclude on the

Report on the Consolidated Financial Statements for the Year Ended 31st March 2023

Organisation	Last Audited Financial Statements	Opinion	Remarks
			<p>appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.</p> <p>2. The general ledger provided during the audit was incomplete, lacking information for the month of March 2023. This further hindered my ability to obtain sufficient appropriate audit evidence regarding the completeness and accuracy of the financial records for the period under review.</p>
Other Statutory Bodies			
Council on Higher Education	31 st March 2023	Unqualified	
Road Fund	31 st March 2022 & 2023	Qualified	There is no independent or third-party verification and confirmation of information regarding revenue collected by the collecting agents.
Lesotho Communications Authority - Statutory	31 st March 2023	Unqualified	
Lesotho Communications Authority – Universal Service Fund	31 st March 2023	Unqualified	
Baylor College of Medicine Children’s Foundation Lesotho	30 th June 2022	Unqualified	
Petroleum Fund	31 st March 2023	Unqualified	
Roads Directorate	31 st March 2023	Qualified	<p>1. The independent confirmation from contractors and consultants was not responded on Advances, Retentions, Trade receivables and Trade payables.</p> <p>2. The contractors and consultants confirmed Retentions amounts and Trade payables differs with general ledger balances.</p> <p>3. There were no supporting documents for wages amounting to M8,016,484.00 paid from Mpesa account.</p>
Lerotholi Polytechnic	31 st March 2018 to 2022	Adverse Opinion	1. There was no listing and other supporting documents for Accounts Payable, Accounts

Report on the Consolidated Financial Statements for the Year Ended 31st March 2023

Organisation	Last Audited Financial Statements	Opinion	Remarks
			<p>receivables and Revenue and Creditors confirmations.</p> <p>2. Cash and cash equivalents was not accurate due to lack of adjustments for accrued interest on call accounts and non-reconciliation of other current account bank balances.</p> <p>3. Changes in depreciation method not applied as required by IAS 8.</p>
Examination Council of Lesotho	31 st March 2022 & 2023	Unqualified	
National University of Lesotho	30 th June 2021 & 2022	Unqualified	
Sefika Project	30 th June 2021 & 2022	Unqualified	
Tloutle Holdings - National University of Lesotho	31 st March 2020	Unqualified	2020/21 and 2021/22 management letter not responded to.
Lesotho Millennium Development Agency	31 st March 2023	Unqualified	
Lesotho College of Education	31 st March 2020 to 2021	Disclaimer	<p>1. The opening balances for the two years commencing April 2019 and 2020 are affected by a disclaimer of opinion report.</p> <p>2. The reported PAYE liability in the financial statements of M27,520,542.80 and M18,122,733.42 were understated by amounts of M26,668,852.45 and M42,299,646.62 in 2020 and 2021 respectively, in comparison to the Revenue Service Lesotho ledger card balances.</p> <p>3. The provisions for severance, gratuity, and leave pay liabilities totalling M19,923,247.00 and M19,950,962.00 in 2020 and 2021, were not reported as per IAS 37 Provisions, Contingent Liabilities and Contingent Assets.</p> <p>4. Fringe Benefit Tax liability amounting to M187,362.92 and M186,023.00 for 2020 and 2021 respectively, is not filed nor paid to Revenue</p>

Report on the Consolidated Financial Statements for the Year Ended 31st March 2023

Organisation	Last Audited Financial Statements	Opinion	Remarks
			Service Lesotho and unreported in the financial statements.
Development Projects			
Lesotho Lowlands Water Development phase II	2023	Adverse	<ol style="list-style-type: none"> 2. Information prepared on a different basis from cash basis (IPSAS) was disclosed on the face of the financial statements. 3. The amount of cash movements (increase and decrease) was not disclosed on the statement of cash receipts and payments.
Economic Diversification Support Projects – EDSP	2023	Unqualified	
Competitiveness and Financial Inclusion	2023	Unqualified	
Lesotho Lowlands Rural Water Supply – LLRWSP	2023	Unqualified	
Basic Education Strengthening Project	31 st March 2023	Unqualified	
Lesotho Basic Education Improvement Project	31 st March 2023	Unqualified	
Lesotho Education Quality for Equality Project	31 st March 2023	Unqualified	
Lesotho Tax Modernisation Project	31 st March 2023	Unqualified	
Local Climate Adaptive Living Project	31 st March 2022 & 2023	Unqualified	
Agriculture Productivity Programme for Southern Africa (APPSA)	31 st March 2023	Unqualified	
E-Governance Infrastructure Project	31 st March 2023	Unqualified	
Health Sector Reform	31 st March 2023	Unqualified	
Lesotho Renewable Energy and Energy Access Project (LREEAP)	31 st March 2023	Unqualified	
Urban Distribution Rehabilitation and Transmission Expansion Project (UDRTEP)	31 st March 2023	Unqualified	
Smallholder Agricultural Development Project (SADP II)	31 st March 2023	Adverse	<ol style="list-style-type: none"> 1. Non-disclosure of comparative figures from the preceding year and notes to the financial statements, impedes a thorough analysis of the financial performance of the project and the identification of trends over time.

Report on the Consolidated Financial Statements for the Year Ended 31st March 2023

Organisation	Last Audited Financial Statements	Opinion	Remarks
			<p>2. The Statement of Receipts and Payments incorrectly combined and added both USD and local currency (Maloti). There was no separate statement for each currency, which led to inaccurate financial reporting.</p> <p>3. Bank accounts were treated as components or categories in the Statements of Receipts and Payments. There was no explicit indication of items of expenditure for which payments totalling M75,264,086.00 for IDA, M5,194,601.00 for GOL, and M1,345,732.00 for PHRD were made.</p> <p>4. The reported income for the IDA was overstated by USD80,985.13. The financial statements indicated a total disbursement of USD 3,896,166.52, while the source documents reported a total disbursement of USD 3,815,181.39.</p> <p>5. Discrepancies between opening and closing balances amounting to -1.97 million and 4.1 million for IDA Special and PHRD special accounts respectively.</p>
Transport Infrastructure Connectivity Project	31 st March 2023	Unqualified	
Strengthening Lesotho's Capacity to Advance the National Adaptation Planning Process Project	31 st December 2022	Unqualified	
CHAL INSTITUTIONS			
Louis Gerard Health Centres	31 March 2021 and 2022	Unqualified	
St Peter Claver Health Centre	31 March 2021 and 2022	Unqualified	
Mahobong Holy Trinity Health Centre	31 March 2021 and 2022	Unqualified	
St. Martins Health Centre	31 March 2021 and 2022	Unqualified	
Pontmain Health Centre	31 March 2021 and 2022	Unqualified	
Mositi Health Centre	31 March 2021 and 2022	Unqualified	
Maryland Health Centre	31 March 2021 and 2022	Unqualified	

Report on the Consolidated Financial Statements for the Year Ended 31st March 2023

Organisation	Last Audited Financial Statements	Opinion	Remarks
St Paul Health Centre	31 March 2021 and 2022	Unqualified	
St. Denis Health Centre	31 March 2021 and 2022	Qualified	1. The prior year unsupported suspense amount of M1,377,340 included in Trade and other receivables, remained resolved. 2. The re-computed amount is M1,518,915 while the financial statements show a revaluation surplus of 1,433,756.
St Theresa Health Centre	31 March 2021 and 2022		
St Magdalena Health Centre	31 March 2021 and 2022		
Immaculate Conception Health Centre	31 March 2021 and 2022		
Little Flower Health Centre	31 March 2021 and 2022		
Maphaleng Health Centre	31 March 2021 and 2022		
Maluti Adventist Hospital	31 March 2021 and 2022		
Maseru Adventist Health Centre	31 March 2021 and 2022		
Fobane Adventist Health Centre	31 March 2021 and 2022		
Kolo Health Centre	31 March 2021 and 2022		
St Ann Health Centre	31 March 2021 and 2022		
Maputsoe Adventist Health Centre	31 March 2021 and 2022		
Emmanuel Adventist Health	31 March 2021 and 2022		

Source: Ministries, Departments and Agencies Audit Reports

APPENDIX 11

List of Projects (Maintenance and Development)

Projects	Tender Advertisement	Tender Bidding Document	Contractors Bidding Documents	Evaluation Report	Contract	Completion Report	Remarks
Road fund (Maintenance)							
Malesaoana-Botha Bothe (Contractor)	yes	yes	yes	yes	yes	n/a	No Completion report or Performance Certificate, project ongoing
Malesaoana-Botha Bothe (Consultant)	yes	yes	no	yes	yes	n/a	No Completion report or Performance Certificate, project ongoing
Moteng-Oxbow	yes	no	no	yes	yes	yes	Moteng-Oxbow and Seretse Khama-Maputsoe below are the same project. Completion Report and Performance Certificate submitted via email
Seretse Khama Maputsoe	yes	no	no	yes	yes	yes	
Sebothoane-Qoqolosing	yes	yes	no	yes	yes	yes	Completion report and Performance Certificate submitted via email
Kingsway artificial Road lighting	yes	yes	yes	no	yes	no	
Konkotia-Pentsi	yes	yes	no	no	yes	yes	Signed copies of Completion Report and Performance

Report on the Consolidated Financial Statements for the Year Ended 31st March 2023

							Certificate at RD HQ, submission to follow
Lipelaneng River Khapung	yes	no	no	yes	yes	yes	Signed copies of Completion Report and Performance Certificate at RD HQ, submission to follow
Qhoali-Hasekake	no	yes	no	yes	no	no	
Montso-Sephapo	no	yes	no	yes	no	no	
Nyakosoba-Mofoqoi	yes	no	no	yes	no	no	
Maseru Urban Traffic lights	no	no	no	no	no	no	
St Michael's Roma-Mafube	no	yes	no	no	no	no	
Makunyapane-Linakeng	no	yes	no	yes	yes	no	
Makhoroana-Tsabang Road	yes	yes	no	yes	yes	no	Project undergoing termination, therefore, no Completion Report or Performance Certificate
Maintenance							
Oxbow-Mapholaneng	no	no	no	no	no	no	Project currently included as part of Problematic Contracts under review by CDQ Group. No Performance Certificate or Completion report issued for this Contract
Consultancy Services A06 Moshoeshoe and	no	yes	no	yes	no	no	

Report on the Consolidated Financial Statements for the Year Ended 31st March 2023

A07 Kofi Annan Roads							
Omo-Lihlookong	no	yes	yes	yes	no	no	
Contractor Development							
Mpiti-Sehlabathebe	no	yes	no	no	no	no	
Marakabei-Monontša	no	no	no	yes	yes	yes	
Consultancy Development							
Mpiti-Sehlabathebe	yes	yes	yes	yes	yes	yes	
Marakabei-Monontša	no	yes	yes	yes	yes	yes	

Source: General Ledger

APPENDIX 12*AUSC Games Equipment*

Date of acquisition	Payee	Asset acquired	QTY	Amount per asset	Total Amount
2/2/2022	Atlantic-Hi-Tech	Drones carry case	3	14,950.00	44,850.00
18/03/2022	Atlantic-Hi-Tech	UHF FM Transceiver (Walky-talky)	11	1,212.73	13,340.03
18/03/2022	Leseli Two Group	Biker Clothes	20	4,905.00	98,100.00
24/12/2021	SAF Holding Supplies	Alcohol Breathalyzer	3	23,062.50	69,187.50
17/02/2022	Kaze Construction	Flag Poles	243	8,685.36	2,110,540.95
02/02/2022	Sotho Leo Manufactures	Gazebo tents	7	13,750.00	96,250.00
2/17/2022	JR Ventures	Branded Gazebos 3*3 aluminium frame gazebos	7	13,437.00	94,059.00
22/03/2022	Maseru Business Machines	Wireless network adapter	2	1,775.00	3,450.00
31/12/2021	Martin Print	14 Branded table clothes	14	1,200.00	16,800.00
31/12/2021	All 4 One Sports	Molten basketballs BG2000 size 5	60	790.00	47,400.00
02/02/2022	MQ Stationery &Office Supplies	6 lap-tops for (3 clusters- 1. Medical, Judo and taekwondo)	6	16,000.00	96,000.00
02/02/2022	Inter Sports	Volleyball mva 200	40	1,250.00	91,000.00
		Volleyball mva 300	40	950.00	
		Carry nets bags	5	230.00	
		Whistle fox 40	10	185.00	
07/02/2022	Waveline Group	Footballs	50	540.00	28,500.00
		Printed full colour self-adhesive	50	30.00	
18/03/2022	Mimshach	GOLF Shirts	200	460.00	92,000.00
18/03/2022	Masoba-soba Holdings	Molten BG 3800 size 7 Fiba Approved	60	1,665.00	99,900.00
18/03/2022	Nketjoane General Supplies	BG 2000 Molten size 6 FIBA	60	1,450.00	87,000.00
18/03/2022	Elizabeth office Equipment	HP Office Pro Jet 7740(Printer 4-1n 1 scan, photocopy, Fax)	6	14,840.00	89,040.00
18/03/2022	Thomsons	Technifiber tennis balls (4 in a can)	4 boxes	8,900.00	71,580.00
		Tennis center bands	8	1,000.00	
		Tennis Nets	3	3,000.00	
		String roll	1	1,800.00	

		Whistle strings	1 Packet of 50	1,500.00	
		Hard brooms	10	120.00	
		Rotatrim box	2	450.00	
		Paper colour maestro rims (yellow, blue and green)	3	1,200.00	
		Gold medal	4	200.00	
		Stop watches	27	200.00	
		Budget bronze medal	9	150.00	
		Rapsody lanyard	3	95.00	
		Woven lanyard with clip	3	75.00	
		Staplers' medium	2	270.00	
		Box of pens blue & red	2	300.00	
		Umbrella	1	200.00	
		Buckets	4	120.00	
		Cable ties	1 packet	100.00	
18/03/2022	Bophelo Footwear	Printed Golf Shirts	240	400.00	96,000.00
22/03/2022	Leseli Two Group	Golf- shirts for Basketball and Judo Technical officials	94	420.22	39,500.00
24/03/2022	CASNAD Information Technology	HP 250 G8 15.6-inch Lap- Top- Intel Core i5 500GB 4GB DD R4 Win 10 pro	6	14,217.39	98,100.00
24/03/2022	CN Sports Apparel	Squeegees	6	260.00	88,834.92
		Extra-long tennis nets	2	5,998.00	
		Single sticks	15	668.00	
		Double net	1	5,998.70	
		Line umpire chairs	36	309.42	
		Referee whistle	10	24.30	
		Stopwatch	15	880.43	
		Players umbrella	4	357.76	
		On -court cooler boxes	12	1,030.00	
		Persons ball knee cushion	4	533.00	
24/03/2022	The Kingdom Designer	Gazebo canopy tent 3mx3m (with canopy tent 3x3, Dye Sublimation ink, Mild Steel Frame, 4 x Ground Pegs, 4 x tie Ground ropes, and Carry bag/cover	8	12,450.00	99,600.00
22/03/2022	Labels Unlimited	Logo Printed Golf Shirts	240		97,200.00
22/03/2022	PT Ncheke Sports Equipment	Gilbet balls	40	850.00	34,000.00
		Ball bags	4	450.00	1,800.00
		Electric pump	2	295.00	590.00
		Manual pump	2	400.00	800.00

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		Electric Manual	2	4,798.00	9,596.00
		Manual SB	2	850.00	1,700.00
		Electric score	2	7,798.00	15,596.00
		Manual SB	2	700.00	1,400.00
		Wall clock	1	2,500.00	2,500.00
22/03/2022	Micro-tech	Dell 14" Laptop (10th Gen Int Core i7, 16GB Ram, 1TB SSD, NVIDIA GeForce RTX 2070, Windows 10 Professional, 1 x, e	1	22,450.00	24,500.00
		40m Cat6 Network Cable	1	550.00	
		1 x 22,5m HDMI Cable	1	1,500.00	
8/23/2021	Spesh Protective Clothing Suppliers	200 footballs for community clubs, but according to the requisition only 20 footballs needed.	20	350.00	70,000.00
2/24/2022	All for One Sports	Electronic pump with pressure gauge	2	2,500.00	99,660.00
		Manual pump	2	250.00	
		Electronic substitution board	2	9,980.00	
		Corner flags (set of 4)	4	1,000.00	
		Customised soccer net	8	8,400.00	
		Manual substitution board	2	1,500.00	
3/9/2022	Tanmo Enterprise	Canon MB5440 Printer, Copier, scanner	6	14,750.00	88,500.00
3/15/2022	Anwary Rite Value Distributors and Wholesale	Core i5 desktop generation 10 with 8gb ram and 2 1600x900 monitors	6	16,635.33	99,812.00
9/9/2021	Atlantic HiTech	Laptops	3	14,217.39	49,050.00
24/03/2022	Maseru Business Machines	Xerox versalink B7025-Sin:3943122694-	1	54,000.00	85,100.00
		Xerox versalink C403-Sin:3359111-	1	20,000.00	
		Surge protector	1	-	
24/03/2022	Custom Consulting	Smart interactive board	1	51,892.10	338,362.54
		Mounting bracket	1	5,981.30	
		Aerial projector	1	12,234.60	
		5m HDMI male to HDMI Male cable	1	331.50	
		Desktops	10	156,377.00	
		Laptops dell vostro processor	6	76,612.50	
		Dell pro backpack	6	4,485.00	
24/03/2022	Likepolana Construction	Bed	10	30,000.00	2,973,600.00
		Mattresses	431	646,500.00	

		Sheets	7800	1,154,400.00	
		Pillows	1950	115,050.00	
		Pillowcases	3900	152,100.00	
		Comforters	1950	875,550.00	
3/2/2022	Nahar Enterprise	Mini fridges	15		49,945.00
		220lt fridge	1		
22/2/2022	Divine Occasions (PTY)	20 drug bags (sports medical bag)	20	1,246.00	91,896.00
		20 blood pressure machines(digital)	20	798.00	
		50 infrared thermometers	50	638.00	
		20 glucose/blood sugar machine (Machine)	20	798.40	
		00 Batteries AA	100	7.20	
		Batteries small	200	12.20	
18/03/2022	Image-line Technologies Suppliers	Sports massage beds(mobile/portable)	20	4,483.51	89,670.20
18/03/2022	Universal Supplies	Pulse oximeter	22	1,110.00	24,420.00
18/03/2022	Africa Zone VI RADO	Testing machine	1	97,922.25	97,922.25
22/03/2022	Tezbo Medical	Physiotherapy field kits	12	8,200.00	98,400.00
22/03/2022	CK Pharmaceuticals	Wheelchairs	5	4,034.17	92,786.00
		Vital patient monitor	1	26,086.96	
		AED defibrillator	1	34,425.65	
22/03/2022	CK Pharmaceuticals	Examination couches	20	4,950.00	99,000.00
31/12/2021	Quick Response	Caps branded with games logo and anti-doping theme	50	195.00	46,500.00
		Golf-shirt branded with games logo and anti-doping theme	50	380.00	
		Men's digital watch	15	550.00	
		Women digital watch	10	950.00	
31/12/2021	Motinyane General Dealer	T-shirts	21	140.00	22,890.00
		Trouser	21	600.00	
		Reflectors	21	350.00	
07/02/2022	Team Trading Enterprise	Surgical gowns size XXL	700	42.00	96,600.00
		Surgical gowns XL	400	42.00	
		Surgical gowns medium	1200	42.00	
3/9/2022	Quick Medical PTY LTD	Sanitizers	800	60.00	48,000.00

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18/01/2022	Sudia Enterprises	Single beds blankets	1950	492.00	959,400.00
		Samsung 13kg top loader washing machine	14	14,900.00	
01/03/2022	Orange Ultimate	Whirlpool 10.5kg tumble dryer	14	13,950.00	403,900.00
GRAND TOTAL					9,886,128.39