



ANNUAL REPORT 2021 - 2022





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VISION

We are committed to enhance Lesotho's economy through efficient revenue collection and disbursements towards road infrastructure.

STRATEGIC STATEMENT

We aspire to harness effective and efficient collection and disbursement of funds, cognizant of highest moral, business standards and sound stakeholder management.

PURPOSE

To collect road user charges and finance road works and road safety activities.

EMPLOYEE PHILOSOPHY

We create the most efficient and joyful workforce in Africa.

CORE VALUES

At all times and to stakeholders we shall uphold the principles of: TRAIT

T= Transparency

R= Responsibility

A= Accountability

I= Integrity, and

T= Team spirit at all levels.

ROAD FUND BOARD OF DIRECTORS



Mr. Makotoko Makotoko
Chairperson



Mr. Nkareng Letsie
Deputy Chairperson



Mr. Nkekeletse Makara Pr. Eng
*Chief Executive Officer &
Board Secretary*



Ms. Seriti Keta
Member



Mr. Khasapane Kikine
Member



Mr. Tefo Macheli
Member



Mr. Sepitle Masenyetse
Member



Mr. Themba Sopeng
Member



Mr. Sechaba Thibeli
Member



Mr. Charles Mopeli
Member



Mr. Mosito Moqhekoana
Member

BOARD CHAIRPERSON'S STATEMENT

I feel honoured to present the Road Fund Annual Report once again for the 2021-2022 Financial year. The year under review has been full of activity with many achievements and some challenges, which we will highlight in this report.

Like many organisations, the Road Fund Secretariat has realised slow recovery from the effects of COVID-19 pandemic during this period. The Fund is entrusted to collect revenue through road user charges and allocate same for maintenance, upgrade, and rehabilitation of roads in Lesotho.

When the pandemic hit the country in 2020 through to 2021, the Fund saw a decline in revenue, which posed a threat to its existence as it survives solely on the revenue collected. However, during the period under review, there was a shift to normality, thereby enabling the Fund to perform as expected in as far as revenue collection is concerned.

This was evidenced by a total revenue increase of about Fifty-one million, eight hundred and fiftyseven thousand, five hundred and seventeen Maloti (M51,857,517.00) which is an equivalent of about forty percent (40%) to One hundred and eighty three million, seven hundred and sixty two thousand and six hundred and eighty Maloti (M 183,762,680.00) for the period ending 31 March 2022. There was a significant increase in the Road Maintenance Levy and Toll Gate Fees collection, following re-opening of the borders that had remained closed during the pandemic.



What remained of concern was the performance and compliance levels of Road Implementing Agencies (Roads Directorate, Maseru City Council and Ministry of Local Government) that are sponsored by the Fund to safeguard the country's roads. As stipulated in the Finance (Road Fund) Regulations 2012, the Board is empowered to approve and allocate funds for annual Roads Programmes at least six months before year end. This has still not been realised as Agencies delay submitting their plans, and in turn delay to start implementation of projects for any particular year. In 2021-

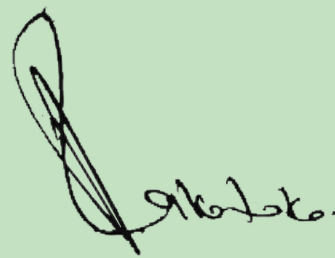
2022, the Fund allocated a total of M201, 855, 000 and Implementing Agencies were only able to implement projects that amounted to M75,898,151. Road Implementing Agencies have been going through different spells of non-performance due to delays in the submission of Annual Road Maintenance Programmes, delayed procurement processes, insufficient supervision of contractors and non-compliance and insensitivity to contractual obligations and the law.

In terms of governance, the Board completed another year of service and continued with its governance role in line with the Fund's Regulations and the relevant Charters. The Board of Directors remains the ultimate governing body of the Road Fund Secretariat in terms of Regulation 6(1) of the Finance (Road Fund) Regulations 2012. It is responsible for the long-term strategy of the organisation as tabulated under Regulation 10. The Board also ensures compliance with applicable regulatory framework and accountability in the activities of the Fund.

Despite the Board having pursued its mandate in terms of the law and the Charters, there was great hindrance in its efficiency due to vacancies that existed to the end of the reporting period. There was evident delay in appointing replacement board members where members' tenures had ended.

This was the second year of implementation of the Road Fund's Strategic Plan and has proved to be useful as Departmental Annual Plans are derived from it, with clear and aligned goals and key performance indicators.

To deliver its mandate, the Fund depends on the performance of various stakeholders, hence the importance of sound stakeholder relations and management. Whilst there is room for improvement for better efficiency and effectiveness on stakeholder performance, I wish to thank all stakeholders for the continued collaboration. On my behalf and that of the Board of Directors, I would like to extend my gratitude to the Management and staff of Road Fund for their dedication in executing the demanding mandate. Thank you all and let us soldier on until we feature in the category of very well-maintained roads in Africa.



Makotoko Makotoko (Mr.)
Board Chairperson

GOVERNANCE REPORT

Mandate

The Board is entrusted with the governance and ensuring that the organisation is focused on the strategic objectives, uses resources effectively whilst focusing on managing risk, providing assurance and accountability, and ensuring transparency for the benefit of all stakeholders.

Board Composition

The Board is the ultimate governing body of the Road Fund Secretariat and reports to the Minister of Finance. It is responsible for the long-term strategy of the organisation as tabulated under Regulation 10. The Board also ensures compliance with applicable regulatory framework and ensures accountability.

The Board of Directors is appointed by the Minister of Finance in terms of Regulation 7 (1). The current Board has been appointed at different intervals with some members having left the

organisation and some continuing their tenure. The Board is comprised of the Chief Executive, three ex-officio members (One representative of the Ministry of Finance, one representative of the Ministry responsible for construction and maintenance of roads and one representative of the Ministry responsible for energy) and seven non-governmental members representing the following sectors:

- a) Passenger Transport;
- b) Freight Transport;
- c) Engineering Discipline;
- d) Law Society of Lesotho;
- e) Consumer Organisation; and
- f) Two people appointed by the Minister on account of their special skills.

The Board is guided by the Finance (Road Fund) Regulation 2012 and Charters. The below table indicates the directors of the Road Fund for the year under review.

NAME	POSITION ON BOARD	REPRESENTATION
Mr. Makotoko Makotoko	Chairperson	Minister's Appointee
Mr. Letsie Nkareng	Vice Chairperson	Consumer Organisation
Mr. Nkekeletse Makara	Director	Chief Executive Officer
Ms. Seriti Keta	Director	Ministry of Finance
Mr. Khasapane Kikine	Director	Ministry of Public Works
Mr. Tefo Macheli	Director	Law Society of Lesotho
Mr. Sepitle Masenyetse	Director	Passenger Transport
Mr. Charles Mopeli	Director	Lesotho Association of Engineers
Mr. Sechaba Thibeli	Director	Freight Transport
Mr. Themba Sopeng	Director	Ministry of Energy
Mr. Mosito Moqhekoana	Director	Minister's Appointee

New Board Appointments, Renewals, Resignations and Departures End of Tenure

The Following members' terms ended on 25 September 2021:

Mr. Charles Mopeli
Mr. Mosito Moqhekoana

The following members' terms ended on 22 February 2022 and vacancies still exist:

Mr. Sepitle Masenyetse
Ms. Seriti Keta
Mr. Nkareng Letsie
Mr. Khasapane Kikine

Appointments

The following members were appointed to the Board on 17 December 2021:

Mr. Charles Mopeli
Mr. Mosito Moqhekoana
Mr. Sechaba Thibeli (Replacing Mr. None Bulane who passed away on the 08th May 2021)
Mr. Themba Sopeng

Board Committees

The Road Fund's governance structure as envisaged under Regulation 10(2) is comprised of three Board Committees, namely: Audit and Risk Committee (3 members), Human Resources, Appointments and Remunerations Committee (3 members) and the Technical Committee (3 members). The Chairperson of the Board and the Chief Executive Officer are not substantive members of any of the committees but may be invited therein.

Audit and Risk Committee

The Audit and Risk Committee is tasked to deal with risk management, internal controls, financial reporting processes, auditing processes, anti-corruption, fraud, and theft. The Committee Charter sets out specific responsibilities delegated by the Board to the Audit and Risk

Committee. This Charter further details the way the Committee will operate. The Committee comprise of Ms Seriti Keta as the Chairperson, Mr. Nkareng Letsie and Mr. Tefo Macheli (Co-opted) as members. The Committee membership changed within the year under review and was chaired by Mr. Themba Sopeng, with Mr. Tefo Macheli and Mr. Charles Mopeli as co-opted members.

Human Resources Committee

The Human Resources, Appointments and Remunerations Committee coordinates overall human capital issues including but not limited to the creation of a healthy organisational culture, ensuring the creation and maintenance of an environment that supports employee development and growth and actualisation of potential performance and to oversee compliance

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with the applicable laws on all matters pertaining to employment. The Committee comprises Mr. Tefo Macheli as the Chairperson, Mr. Khasapane Kikine and Mr. Mosito Moqhekoana as members. Messrs. Kikine and Moqhekoana were later replaced and only two Members formed the committee namely Mr. Tefo Macheli and Mr. Sechaba Thibeli.

Technical Committee

The Technical Committee provides technical advice focusing on implementation of various projects and taking a strategic role in advising the Board on policy direction in relation to major capital projects.

The Committee comprises, Mr. Charles Mopeli as the Chairperson, Mr. Sepitle Masenyetse and Mr. Khasapane Kikine as members. The Committee was later chaired by Mr. Khasapane Kikine supported by Mr. Sepitle Masenyetse. The final meeting was handled by Mr. Charles Mopeli as the Chairperson supported by Mr. Mosito Moqhekoana after their reappointment into the Board.

Disclosure of interests

Conflicts of interest are best avoided altogether; however, the Road Fund acknowledges that conflicts of interest (and potential conflicts) are sometimes unavoidable. In such circumstances the principles of openness and integrity apply, and any such conflicted member of the Board is required to disclose such, and this is a standing agenda in all Board and Committee meetings. This is to promote independent and transparent decision making by the Board and its Committees in line with Regulation 12.

CHIEF EXECUTIVE OFFICER'S REPORT

This report seeks to highlight progress on the implementation of the Road Fund Annual Work Plan for the year 2021-2022, the second year of implementing the Road Fund's three-year Strategic Plan. On behalf of the Fund's Management and staff, it is pleasing and indeed heartwarming to acknowledge the progress that the Fund has attained to date. It is through the contribution of all that we managed to achieve what we did amidst challenges that the Fund faced.

Background

During the year under review, the economy recovered from effects of COVID-19 and so did the Fund with the Fund's staff performing to the best of their ability to fully recover and reposition the Fund in line with its mandate.

Throughout the year, Revenue collection has been handled by Collection Agencies namely; the Department of Traffic and Transport under the Ministry of Transport, Lesotho Revenue Authority, Lesotho Mounted Police Service through Traffic Police Department as well as Oil Companies. The Fund has also continued to work with the Implementing Agencies namely Roads Directorate, Ministry of Local Government and Maseru City Council on maintenance of roads and; Road Safety Department on road safety aspects.

Achievements

The Fund realized several achievements during the period under review, below are the highlighted few:



Road Maintenance Projects

During the period under review, the Road Fund continued to finance several road works projects which will be detailed later in the report. Ministry of Local Government, Maseru City Council and Roads Directorate had project roll-overs from the 2020-2021 fiscal year due to such project not being finished within that financial year.

Financial Performance

Following the recovery from effects of the COVID-19 pandemic, the Fund realised an overall increase in revenue collection for the period under review compared to the previous

year. The Toll Gate Fees collection operations showed a recovery of about 89% compared to 2020-2021 financial year. This was influenced by the Toll Fees review in July 2021; coupled with the differentiation between locally and foreign registered vehicles. Road Maintenance Levy (RML) remained the largest contributor realising 52% of the total revenue collected, followed by

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Health and Safety

Due to the pandemic, the Fund has prioritised health and safety matters and has emphasized on the need for safe and healthy working environment. During the year under review, the Fund continued to ensure the safety of the employees at all time through acquiring Personal Protective Equipment (PPE) as well as assuring that the organization's Health Kits had the necessary items at all times.

Hosting of the ARMFA Southern Africa Focal Group (ASAFG) Meeting

Road Fund is a member of African Roads Maintenance Funds Association (ARMFA) where members exchange ideas on improvement

of operations within the sector. Road Fund participated at the first ARMFA Southern Africa Focal Group (ASAFG) physical meeting post COVID-19 that was held in Mozambique in December 2021 and was at that meeting nominated to host the second ASAFG meeting in February 2022. We were up to the task and hosted a successful ASAFG Meeting in Maseru within a very short space of time. This meeting saw participation of all ASAFG members except two members namely Comoros and Madagascar, and welcomed the newest addition to the ASAFG family, Angola.

Stakeholder Engagement and Relationship Management

Stakeholder engagement remains the Fund's key focus at any time. During this period, we continued to hold high level stakeholder engagement meetings with various stakeholders including the Minister of Finance, Principal secretaries Transport and Finance, Director of Public Prosecutions, Commissioner of Police and Chief Justice. The meetings were held to ensure success in the collaboration between the Fund and agencies on a variety of projects.

The Fund also organized technical meetings with Road Implementing Agencies and with the Road Safety Department. These are held at an operational level to improve working relations for better service delivery.

Brand Identity Manual

The Fund has developed a Brand Identity Manual which describes visual elements that represent the Fund's Corporate Identity. The

Manual is being implemented in phases mostly to ensure protection of the Fund's interests by preventing unauthorized or incorrect use of the Road Fund name and identity. For instance, the use of a unique font type, description of the logo, corporate colours and identifying elements form part of the Fund's identity.

Challenges

Performance of Road Implementing Agencies
The issue of performance of the Implementing Agencies remains a huge concern. For maintenance of roads, a total of M201 885 000 was allocated to Implementing Agencies for various programmes but only M75,898,151 had been consumed by the end of year. This relates to poor performance both financially and physically on the planned projects. This will also mean there will be a massive roll-over on the projects hence a delay or non-implementation on the next year's projects.

Conclusion

The Board of Directors remained very supportive in overseeing the governance of the Fund. I am thankful for their insightful guidance as they played a significant role in the growth of the organization. The Management and staff of Road Fund remained equally committed to execute the demanding mandate, for that I highly appreciate and encourage all to keep carrying on, amidst the challenges.

N.M.K...

ENGINEERING

Overview of the National Road Network

Lesotho's road network consists of arterial, urban and rural access roads. Arterial roads connect the districts with one another; others connect border posts with the main road network and traverse through several community councils' areas within the districts. The urban roads are within the jurisdiction of urban or municipal councils while the rural access roads traverse the local community councils' areas.

In line with the Lesotho road sector and decentralization policies, arterial roads and rural roads which traverse through two or more community councils' areas are under the responsibility of the Central Government, while the urban and rural access roads that provide access limited to the councils' areas are under the custody of local authorities. However, Roads

Directorate, under the Ministry of Public Works is responsible for formulation of national road sector policies and standards, with which every road agency and/or community council must comply.

Though the road network is seen to be the responsibility of different Implementing Agencies, the Road Fund has funded most of the road maintenance projects planned and implemented by Ministry of Local Government, Maseru City Council, and Roads Directorate. The Ministry of Transport has been funded mainly for its Road Safety Department activities which are geared towards reducing road crashes.

The total road network is comprised of 9,300 km categorized in accordance with the surfacing material as stated in Table 1 hereunder.

Table 1: Lesotho Roads Network

Agency	Length (km)					Proportion (%)
	Paved	Gravel	Earth	Track	Total	
Roads Directorate	1756	3051	1084	113	6004	64
Ministry of Local Government	82	2500	84	0	2666	29
Maseru City Council	167	230	278	0	675	7
Total	2005	5781	1446	113	9345	100%

Lesotho Road Management System

The Fund continuously provides support to the scientific evaluation of road maintenance needs in Lesotho. The Roads Directorate's initiative of conducting Road Condition surveys through the Lesotho Road Management System (LRMS)

has enabled Road Maintenance Implementing Agencies to assess the performance of the road network to enable better planning. The Fund has in turn benefited from this system in enabling it to be aware of the Road Maintenance Needs (Maintenance Demand Costs).

This system further provides the ability to manage the road infrastructure connecting the major economic centres in Lesotho as well as providing access to the remote areas of the Mountain Kingdom.

Implementation of Road Maintenance Programmes

The Road Fund is mandated to review and approve allocation of funds for Annual Roads Programmes and road safety related activities

at least six months before the national budget is approved.

Table 2 below provides a summary of Annual Road Maintenance Programme Allocations and actual expenditures for each Implementing Agency in 2021-2022 fiscal year. The budget is allocated by the Road Fund as per the Agencies annual plans, and expenditure portrays performance of the Agencies against the allocated budget.

Table 2: Budget Allocation and Expenditure for Implementing Agencies

Financial year	2021/2022	
Agencies	Budget allocation (Maloti)	Expenditure (Maloti)
Roads Directorate	110,385,000	69,945,291
Maseru City Council	77,000,000	12,375,476
Ministry of Local Government	11,000,000	1,490,755
Road Safety	3,500,000	2,970,128
Total	201 885 000	86,781,649

Road Maintenance Projects

Ministry of Local Government, Maseru City council and Roads Directorate had projects which were rolled over from the 2020-2021 fiscal year. Most of these projects were rolled over due to the inability to monitor and control programmes under their jurisdiction. Table 3 below shows major projects that were sponsored by the Fund in the year under review.

Table 3: Major Projects financed by the Fund in 2021/2022

Road Agency	Project	Description	Cost (M)
Ministry of Local Government	Corn Exchange- Bak-ing Road	Periodic Maintenance of Gravel Roads	3 601 716,39
Ministry of Local Government	Mofoka - Morumotšo Road	Periodic Maintenance of Gravel Roads	6 967 424,23
Roads Directorate	A1, B31, B311 and B20 Roads in Maseru Ur-ban Roads	Routine Maintenance and Road Marking	3 982 865,75
Roads Directorate	A2, B21 and B22 Road in Maseru Urban Roads	Routine Maintenance and Road Marking	3 416 052,96
Roads Directorate	A6, A7 ,A10 and B70 Roads in Maseru Ur-ban Roads.	Routine Maintenance and Road Markings	7 806 450,05
Roads Directorate	A1 Road (Moteng - Oxbow) and of A12 Road (Seretse Khama - Maputsoe)	Routine Maintenance	14 723 131,65
Roads Directorate	Lipelaneng River Crossing along Kha-pung Liphofung Road	Plant and Design Build Repair	3 881 221,28
Roads Directorate	2 Vented Fords and 2 Drifts crossing along 'Makhoroana - Tšabang Road	Plant and Design Build Repair	6 000 000,00
Roads Directorate	Meriting Culvert A2 - 29 and Repair of Mondea A4 -05A Road	Plant and Design Build Repair	2 870 674,99
Roads Directorate	Hlotse Crossing along D1401 Konkotia - Pentsi	Plant and Design Build Repair	5 631 678,80

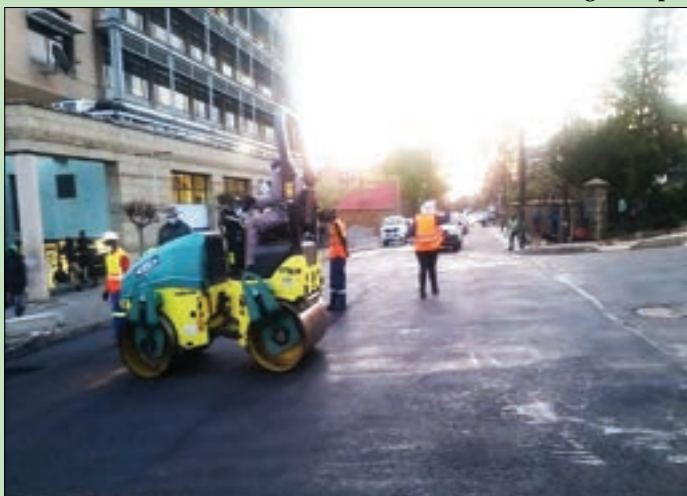
Roads Directorate	Retrofit of Maseru Traffic Lights (Maseru Urban)	Retrofit of Maseru Traffic Lights	10 399 616,93
Maseru City Council	Construction of Motimposo Vented Ford	Construction of Motimposo Vented Ford	3 329 335,53
Roads Directorate	Teyateyaneng River Crossing along B111 Kepi-Telukhunoana Road	Plant and Design Build Repair	5 161 280,00
Maseru City Council	Periodic Maintenance of Palace Road	Periodic Maintenance	2 394 134,65
Ministry of Local Government	Bongalla – Maoela Gravel Road	Periodic Maintenance of Gravel Roads	5 040 000,00
Roads Directorate	Emergency Maintenance Repairs to A1 Road at Tabola.	Emergency Maintenance Repairs to A1 Road at Tabola	559 714,10
Roads Directorate	A2 Road - Masana Culvert and Spot Repairs to the Surfacing of Tlametlu Bridge	Emergency Maintenance Repairs	979 203,50
Roads Directorate	Pavement Repairs on Oxbow - Mapholaneng	Resealing and Pavement Repairs	22 002 605,00

Selection of major projects financed by the Fund in this reporting period illustrated.

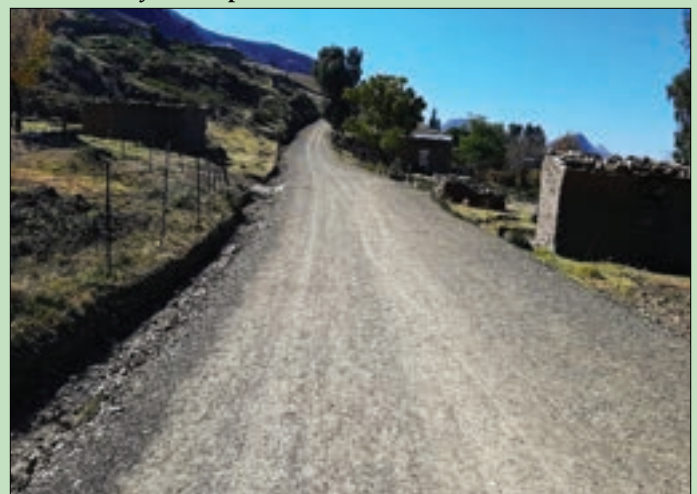
Pic Collage 1: Road Fund funded Konkotia major culvert (left) and Oxbow to Mapholaneng road rehabilitation (right) supervised by Roads Directorate.



Pic Collage 2: Road Fund funded sectional treatment of Palace and Constitution Road (left) and construction of Motimposo Vented Ford (right) supervised by Maseru City Council.



Pic Collage 3: Road Fund supported Gravel Roads Letsoela to Lipeleseng (left) and Bongalla to Maoela (right) supervised by Ministry of Local Government and Chieftainship.



Design, Construction Supervision and Engineering Support

The Road has not received any proposals in this area of support. The Fund encourages Road Agencies to consider preserving the existing Road Asset. To attain return on investment the Fund has requested Agencies to request for supervision assistance from engineering consultants.

Road Safety Activities

The Road Fund had allocated M3,500,000 to sponsor Road Safety initiatives which are aimed at reducing the number of road crashes on Lesotho's Road Network. The interventions that the Road Safety Department tackled focused on the following:

- i. Road Safety Management
- ii. Safer Vehicles
- iii. Safer Road Users
- iv. Safer Road Infrastructure

Road Safety Management

The Lesotho Mounted Police Service through the Traffic Police Department was funded through the Road Safety Department to procure Reflective Jackets, Speed Cameras, Roadblock trailer, Alcohol breathalysers and white hand gloves. The Fund continued to support automation of some Law Enforcement process to assist in efficient collection of Road Safety Data to assist in decision making and better tracking of road traffic offenders.

Pic1: Minister of Transport Mr. Tsoeu Mokeretla handing over the equipment sponsored by the Road Fund to Minister of Police and Public Safety Mr. Lepota Sekola



Safe Road Users

Statistics show that most of the road crashes on our road network are due to human behaviour. To help reduce this challenge, the Road Fund has sponsored Defensive Driving Training, Back to School Campaigns, Monitoring of Driving Schools and several interventions designed to address road user behaviour for the better.

Road Fund funded Back to School Campaigns conducted by Road Safety Department.

Pic2: One of the Road Fund sponsored Back to School campaigns organized by the Road Safety Department



Procurement and Project Management

All Road Agencies procure their physical works and services through the government of Lesotho Central Tender Board except for MCC which uses its in-house Tender Board. The Road Agencies have full responsibilities for the procurement and contract management of the road works undertaken by them.

On the other hand, the role of Road Fund Board of Directors is to ensure that funds are disbursed for the sole purpose for which they were intended. The Road Fund Secretariat, on behalf of the Board of Directors, conducts financial and technical audits of all works that are financed by

the Fund. Payments for works done by contracts under Roads Directorate, Maseru City Council and Ministry of Local Government are made by the Road Fund Secretariat through submission of payments certificates by the respective Road Implementing Agencies. The time for processing and issuing payments has improved contractors' cash flows thereby ensuring the smooth running of the projects to successful completion as well as stimulating the construction industry.

Technical auditing of the programmes has revealed that the agencies do not follow proper change management and reporting processes, this has led to major weaknesses in the analysis of historical data and monitoring of individual

projects. In an effort to acquire value for money the Fund invited Road Implementing Agencies to several stakeholder meetings designed to encourage project management good practise. Road Implementing Agencies have been going through different spells of performance due

to delays in the submission of Annual Road Maintenance Programmes, lengthy procurement procedures, insufficient supervision of contractors and insensitivity to contractual obligations.

Figure 1: Budget versus Expenditure- Roads Directorate

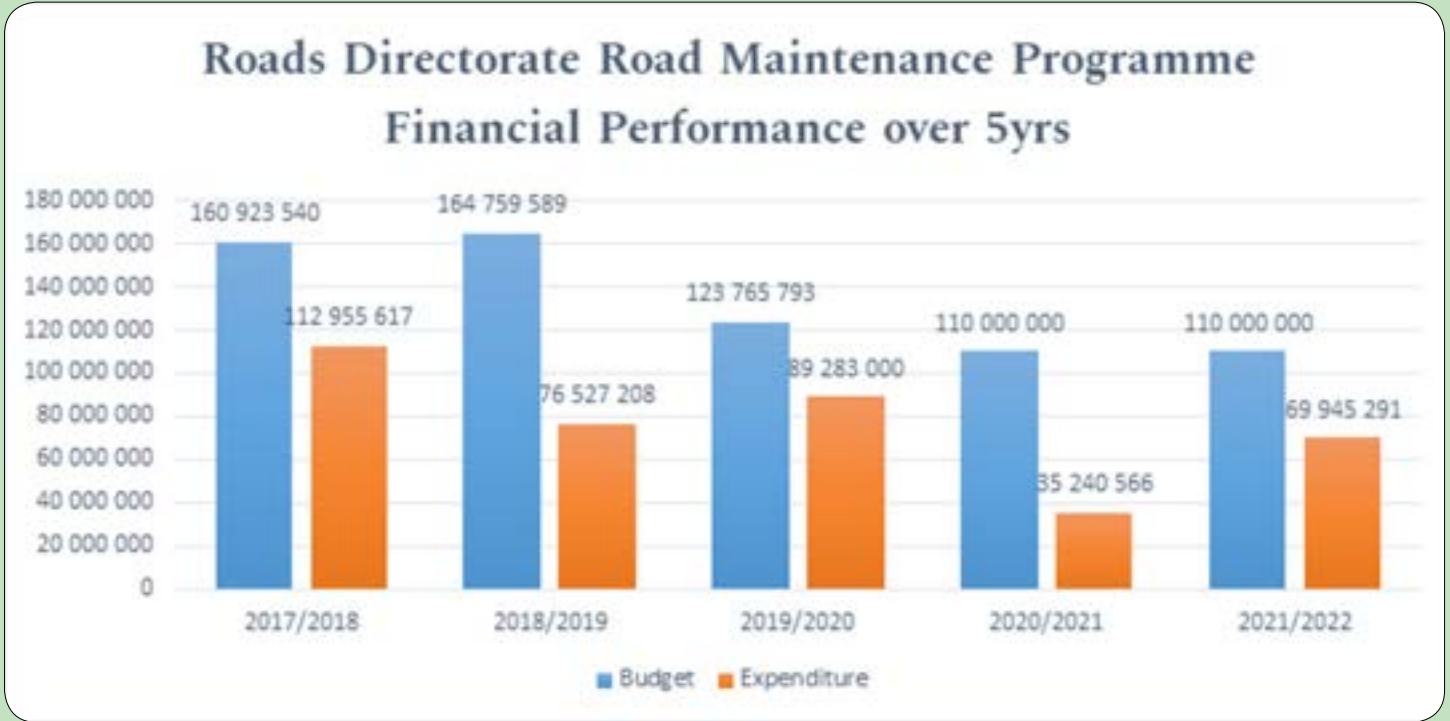


Figure 2: Budget versus Expenditure- Maseru City Council

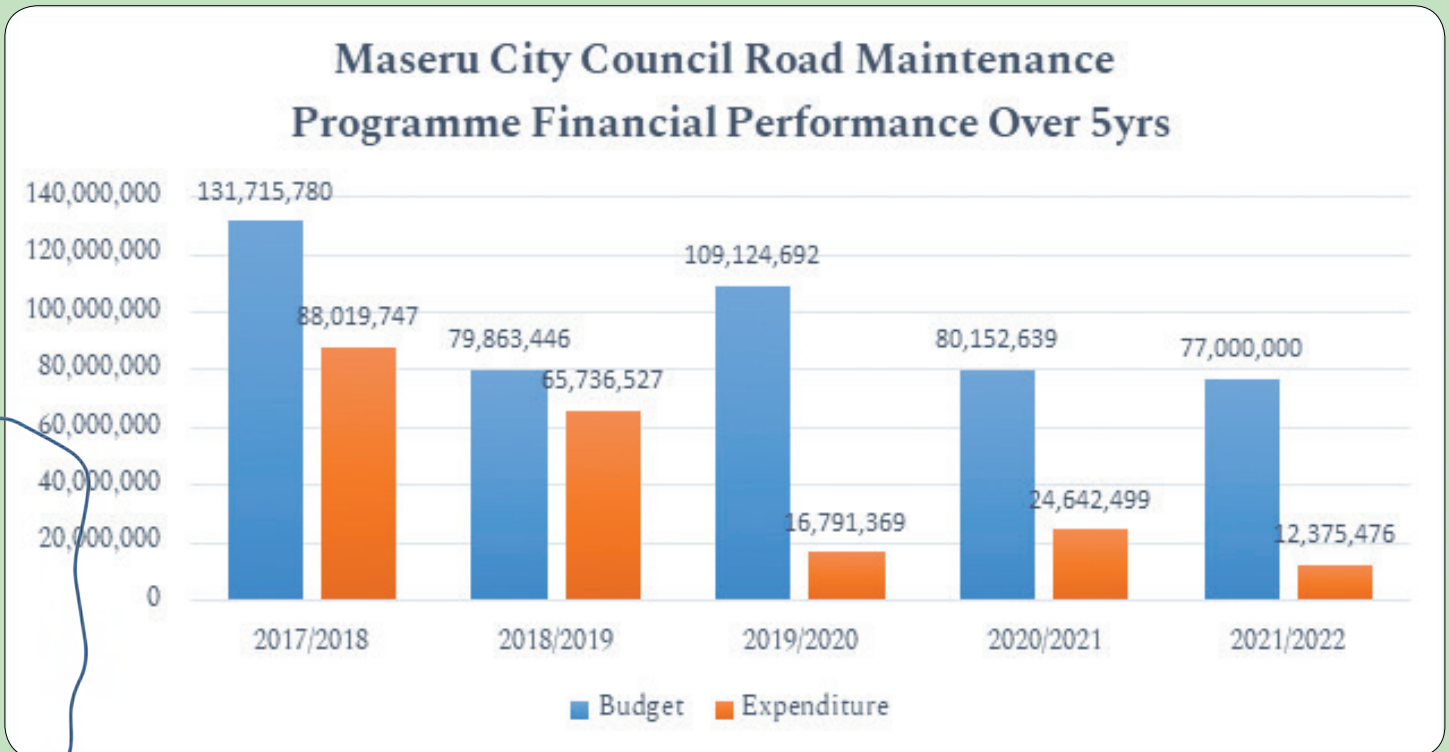


Figure 3: Budget versus Expenditure- Ministry of Local Government

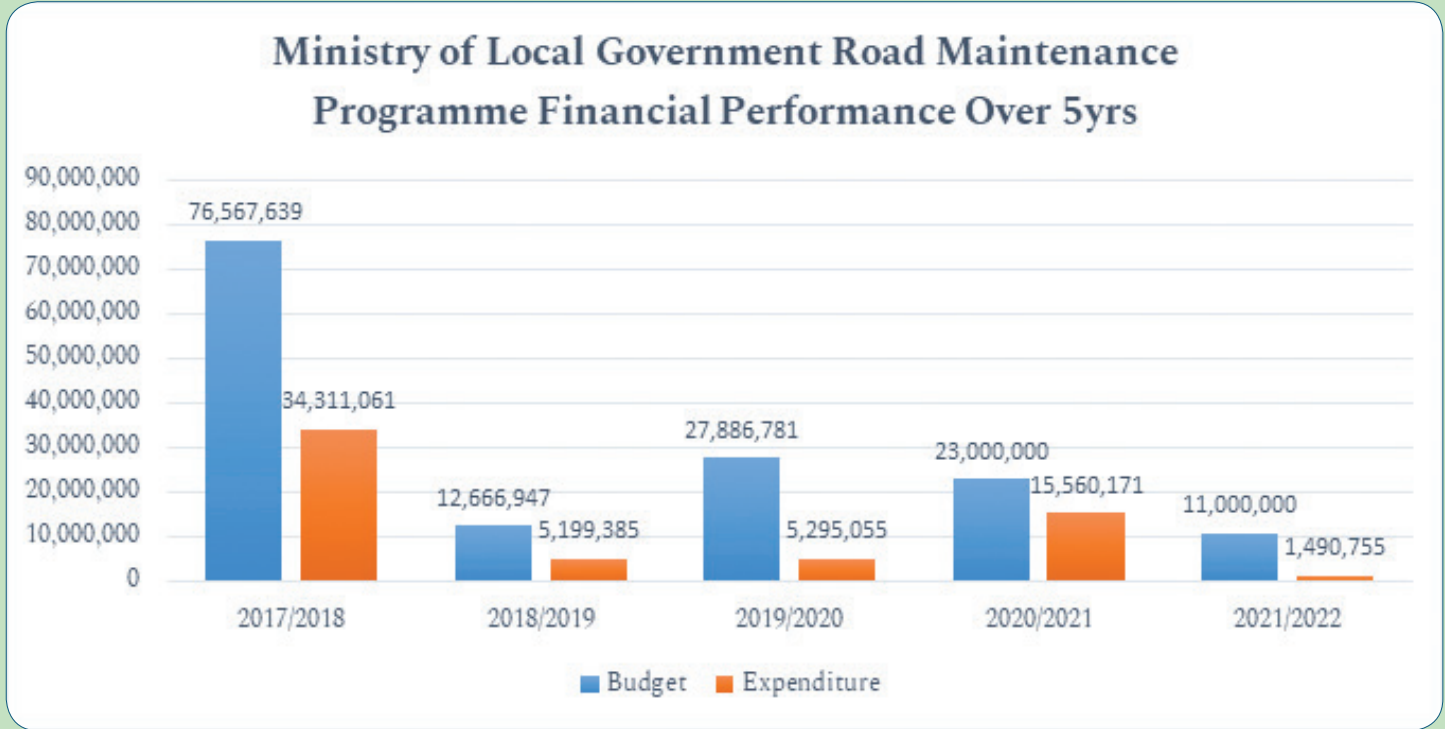
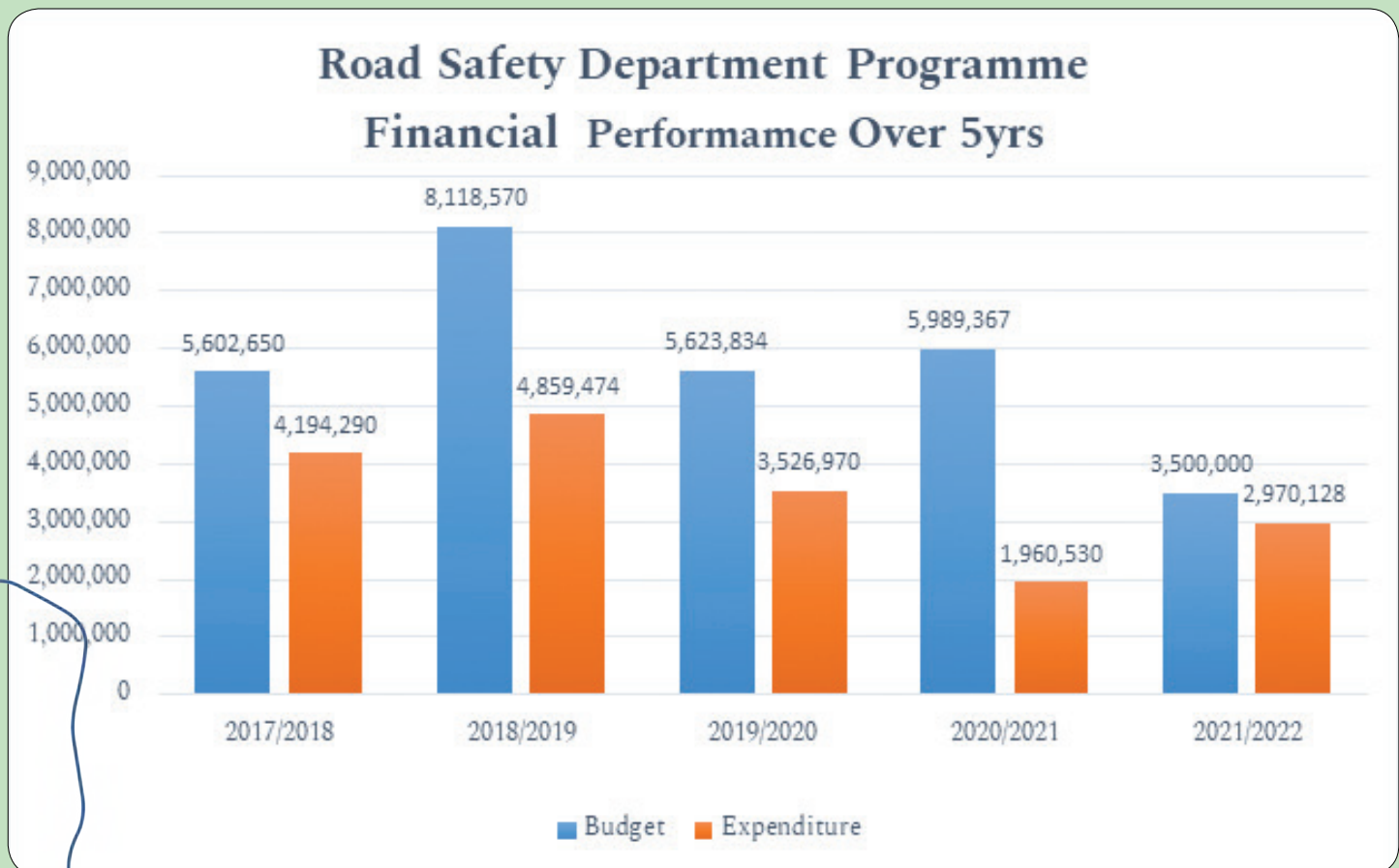


Figure 4: Budget versus Expenditure- Road Safety Department



Figures 1 to 4 above show performance of Agencies in the past five years. The numbers show that there is a consistent non-performance of Road Agencies in implementing their mandates. This non-performance challenge has been mainly due to deficiencies in planning and implementation of projects submitted to the Fund for approval.

Figure 5: Road Maintenance Agencies Performance over 10 years

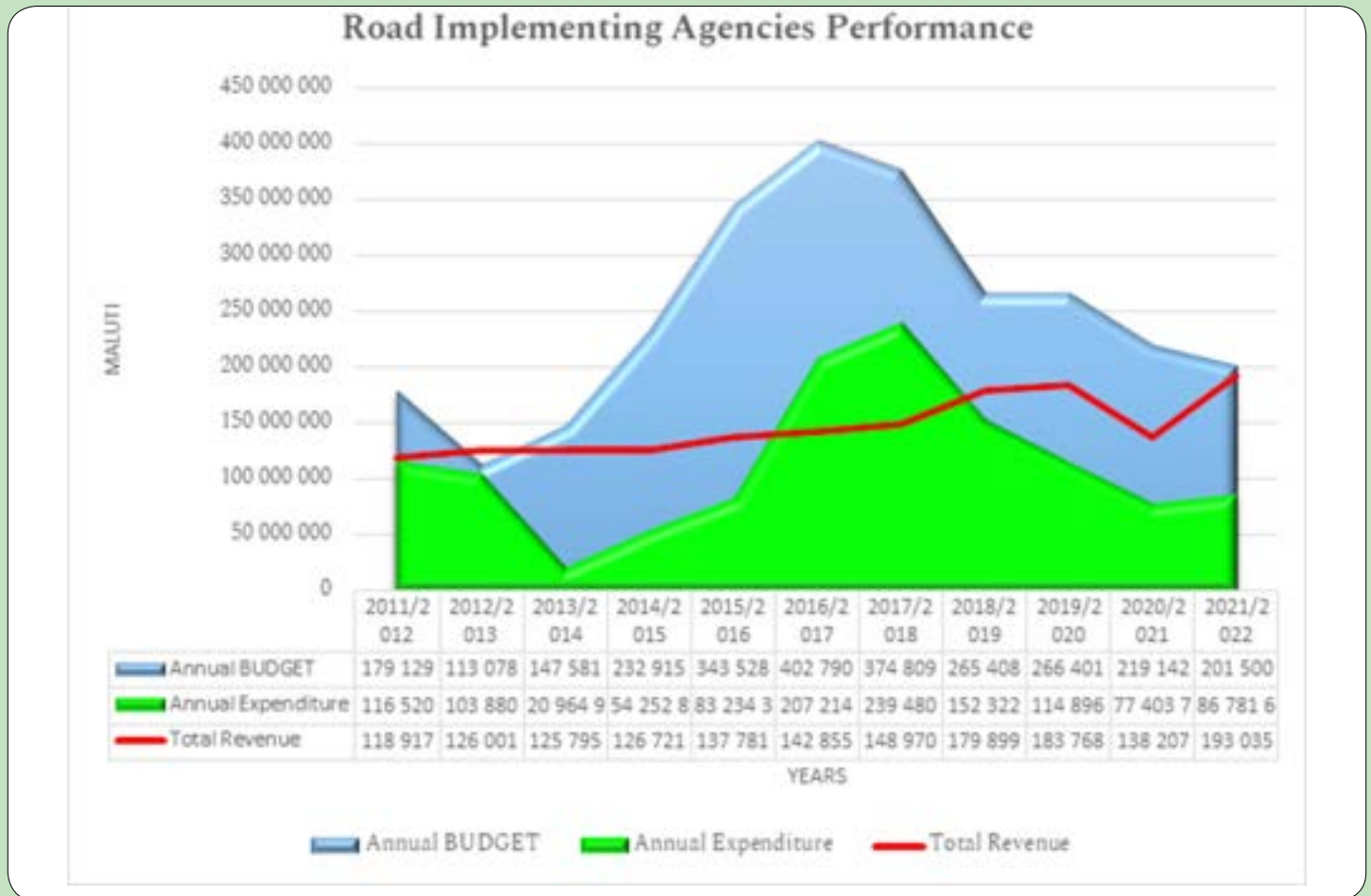


Figure 5 above portrays performance of the Road Fund in funding Road Maintenance activities, performance of Road Maintenance Agencies (RMA) comparing them to revenue collected over a period of 10 years. The Road Fund allocated budget greater than the revenue collected yet the Road Agencies have underperformed in all the financial years. The Road Maintenance Agencies can only improve this performance through improvement of their planning and implementation strategies.

Visual Road Condition Surveys 2019 show that Lesotho’s road network is accelerating its

deterioration at an alarming rate, this situation requires the Fund to efficiently collect and improve its revenue base. Complementing revenue collection, the Fund will have to invest more on stakeholder management and value for money activities for optimisation of expected road infrastructure performance.

It is estimated that Lesotho’s network requires M8 billion to transform from a very poor to very good condition. To achieve this mammoth task, the Fund needs to collect around 2 billion annually for seven years to fund road maintenance interventions.

HUMAN RESOURCES AND ADMINISTRATION

Recovering from COVID-19 pandemic was not an easy task, however the Road Fund has not only recovered but has also drawn on the learnings from the pandemic. Having instantly switched to work from home to contain the spread of the pandemic in 2020 for a period of about a year, it was a challenge to keep the different offices connected for continuity of the business, but the Fund soldiered on. By 2021-2022 the Fund was able to respond better to emerging events related to COVID-19 as well as understanding working better remotely.

Recruitment

The Fund bid farewell to two (2) employees, an Office Assistant who left in August 2021 and a Toll Technician who left in December 2021. The Fund also gained three (3) new members too during the period under review, namely an Office Assistant, a Driver and a Revenue Accountant who were all recruited in September 2021.

Review of Human Resources Policies and Procedures Manual

Policies in general need to be reviewed all the time and the only way to realize the need to review policies is to implement them. All Human Resources Policies and Procedures Manual were reviewed, presented to Management and to the Road Fund Board of Directors but have not yet been approved for implementation.

Under the Industrial attachment Policy, the Fund was able to accommodate three (3) students for internship and one (1) graduate for a volunteering position. There was an Engineering intern, an Information, Communication and Technology intern, a Human Resources and Administration

intern and a volunteer in the Public Relations Department.

Trainings, Continental and Regional Meetings

With the aim not to lose sight of the focus on Road Fund mandate, the Fund continued its commitment on transformation through skills enhancement and on optimisation of the Funds workforce. This was not an easy task as there were still a lot of restrictions caused by COVID-19 but trainings, conferences and meetings were still attended both virtually and where possible physically. The trainings, conferences and meetings that took place include the annual Human Resources Business Partner Conference, the annual Institute of People Management Conference, Investigation and Evidence in a Disciplinary Hearing training, Labour Law for Human Resources Practitioners training, Construction Contracts, Maintenance Planning and Management training, Analysing Data with Power Bi training, Softcon System training and others.

Road Fund is a member of African Roads Maintenance Funds Association (ARMFA) where members exchange ideas on improvement of operational efficiency. During the reporting period, the Fund participated at the first ARMFA Southern Africa Focal Group (ASAFG) physical meeting post COVID-19 that was held in Mozambique, and was at that meeting nominated to host the second ASAFG meeting in February 2022. The Fund was up to the task and hosted a successful ASAFG Meeting in Maseru as planned. The ARMFA Meetings were organised and hosted as per Table 4 below:

Table 4: ARMFA Meetings in 2021-2022 Financial Year

Meeting Venue	Meeting Type	Date
Zanzibar	ARMFA EXCO Meeting	October 2021
Mozambique	ASAFG	December 2021
Namibia	ARMFA EXCO meeting	January 2022
Lesotho	ASAFG	February 2022

Health and Safety

Due to the pandemic, the Fund has taken health and safety matters more seriously than before. The Fund continued to ensure the safety of the employees at all times through acquiring Personal

Protective Equipment (PPE) for COVID-19 as well as ensuring that the organisation's First Aid Kits are replenished. Employees have appropriate Protective Clothing to curb the risks they are exposed to in their different departments.

PUBLIC RELATIONS

Online Communication

The Road Fund maintained its presence through online communication channels throughout the reporting period as follows:

Road Fund Website

A website is a powerful tool that organisations use to enhance their corporate image and improve brand presence amongst stakeholders and people who are interested in the affairs of the organisation in the whole world. It is for this reason that the Fund's website was used as a channel to reach stakeholders interested on the Fund's business. It therefore continued to be populated with fresh content in almost all pages of the website, with much focus on the homepage as the first page people get in contact with as they visit the website. The news section remained the most up to date as it was updated continuously on a bi-monthly

basis. Other pages like opportunities and recent projects and activities have also remained up to date. All other pages were revisited and populated with fresh content throughout the period under review.

Social Media Pages

The Fund maintains two up to date social media pages, namely Facebook and Instagram pages. These two were updated on a weekly basis in order to attract more likes and followers to the pages. The social media platforms remain ideal and fundamental for information dissemination and quick interaction including feedback from the followers of the pages on the current affairs of the Fund.

For the Facebook page, the number of likes to the page grew steadily during the reporting period, such that at the end of the year it had hit over 5,000

followers, and already reaching over ten thousand people through interaction with those who have liked the page.

The Instagram page on the other hand compliments Facebook as it is mostly a visual platform. The Fund uses the platform to share visuals, the page has followers whom the Fund follows back, it also enables followers to like the pictures or videosposts and to even comment on them.

Media Relations

The Fund maintained relations with the media as follows:

Media Releases and News Articles

Maintaining healthy relations with the media has proved to be useful in enhancing the organisation's corporate image. The media reaches audiences that the Fund cannot reach due to their vast network coverage. Media releases and news articles have proved helpful to achieve this goal during this period. The media releases and news articles were written as and when need arose. These media releases were circulated to various media houses for further dissemination of information therein to the public. Both the media releases and news articles were used to update the website and Facebook page so as to enhance the Fund's presence online. The articles posted online further seemed to ignite storylines for the media, who then in turn would conduct detailed interviews to come up with detailed news stories about the Fund.

Advertisements

Advertising remained key in boosting the corporate image during this period. Three adverts were designed and featured in various newspapers; these were about the Her Majesty's birthday wishes, King's birthday wishes and the

announcement on the increase on Toll Gate Fees. Other adverts that mark key events of the country like Moshoeshoe's day were designed and posted on the online channels. An advertorial whereto the Road Fund CEO urged Road Implementing Agencies to improve the quality of roads in the country was written and featured in three leading newspapers. The advertorial emanated from a technical stakeholder meeting where the CEO appealed to them to ensure that roads are well maintained for the benefit of the road users.

Radio and Television Programmes

During the period under review, more radio programmes were secured and done to promote the Fund's mandate and to ensure that it is understood for what it was established to do. These were done at Radio Lesotho, Harvest FM, MoAfrika FM and PCFM. Other adhoc radio interviews were done by designated Heads of Departments and the CEO with various radio stations like MXXL FM, Bokamoso FM and Tšenolo FM amongst others. Some Community Radio Stations also conducted interviews with PRM on issues of national interest such as those of Teyateyaneng, Mafeteng and Qacha's Nek. The radio and television programmes were designed to be interactive such that listeners were afforded an opportunity to phone in and interact with the Fund's personnel.

Production of Branded Corporate Promotional Material

Branded corporate promotional material allows stakeholders to interact with the brand on a physical level and the products often create a more memorable brand experience. These are tangible items imprinted with the organization's name, logo and/or message designed to increase brand awareness among stakeholders.

During the year under review, various promotional materials for the Fund were produced and

distributed to the target audience. These include branded diaries and notebooks, as well as calendars for the year of 2022. Other material procured are those that would be used during events and activities of the Fund ranging from pull up and outdoor banners, Branded jackets, pens and lanyards, including materials branded for hosting of the regional meeting were developed especially bearing the new corporate branding in accordance to the Fund's Brand Manual.

Production of Publications Annual Report

The 2020-2021 Annual Report compilation was also initiated during this period. The report was finalized and mass printed, and further distributed to relevant stakeholders as part of the Fund's initiatives to share information packaged in publications and also comply with its establishing regulations. With the production of this report, the Fund continued to be up to date with the annual reporting.

Newsletter

During the period under review, the third and

fourth issues of the Fund's newsletter were compiled, mass printed and distributed to stakeholders across the country. The newsletter is part of the tools that the Fund uses to further enhance its corporate image and to keep its stakeholders abreast of prominent activities of the Fund.

Corporate Social Responsibility

The Fund continued to be a responsible corporate citizen through its Corporate Social Responsibility (CSR) Programme. Since the CSR Committee decided to continue focusing on Orphans and Vulnerable Children (OVCs) and disabled vulnerable elderly alike; the Fund continued to assist a vulnerable family of Thabaneng, Mafeteng, headed by an unemployed grandmother. The grandmother takes care of two grandchildren, a boy aged 15 years who is enrolled at Lesotho Opportunities Industrialization Centre (LOIC) in Maseru. The second child is a boy aged 13 years old and a student at St. John's High School in Mafeteng. Given the state of vulnerability of the boy aged 13 who is a double orphan, the Fund pledged to pay his school fees in full, bought his school uniform and books as well as food parcels.

Pic3: Road Fund Officials posing with the beneficiaries in front of the renovated rondavel during the handing over of food parcels and clothes at Ribaneng



Another vulnerable child headed family was identified, it consists of four children who are cousins, with the two eldest aged 14, the third one aged 8 and the last one aged 3. They lived in a dilapidated rondavel which the Fund renovated by re-roofing it, installed new door and windows to make it more habitable. The eldest child school fees were paid in full, and all the children were assisted with clothes, shoes and food parcels.

Stakeholder Engagement and Relationship Management

In order to deliver on its mandate, the Fund depends on a variety of stakeholders, who influence and impact on its progress and delivery of results, hence the importance of stakeholder engagement.

In an effort to further enhance relations with key stakeholders, the Road Fund CEO continued to lead his team and held high level stakeholder engagement meetings with various stakeholders including among others the Minister of Finance, Principal Secretaries Transport and Finance, Director of Public Prosecutions, Commissioner of Police and Chief Justice. The meetings were held to ensure success in the collaboration

between the Fund and these agencies on a variety of projects.

The Fund also organised two technical meetings with Road Implementing Agencies and one meeting with the Road Safety Department. During these technical meetings issues pertaining to improvement of working relations were discussed, all in the name of sound stakeholder relations and smooth working relations between the Fund and its stakeholders.

Brand Identity Manual

The Fund has developed a Brand Identity Manual which describe visual elements that represent the Fund's Corporate Identity. The Manual ensures use of consistent and controlled presentation of the brand, which is essential for presenting a strong, unified image of the Fund's brand. The Manual is being implemented in phases mostly to ensure protection of the Fund's interests by preventing unauthorized or incorrect use of the Road Fund name and identity. For instance, the use of a unique font type, description of the logo, corporate colours and identifying elements form part of the Fund's identity.

FINANCE

Financial Performance

The report on the financial performance of the Fund shows how the Fund performed in meeting the financial requirements of the Road Implementing Agencies for their respective road works programmes. It is not supposed to be viewed as Management Accounts whose main objective is to monitor financial performance against budgetary provisions and forecasts.

The year 2021-2022 has shown remarkable recovery from effects of COVID-19 worldwide pandemic which had adversely impacted on the operations of the Fund in the previous year 2020-2021. There has been an overall increase in revenue collection for the period under review compared to the previous year mainly on Road Maintenance Levy and Toll Gate Fees collections.

On the contrary, the road user fees stabilised after country wide roll out of eNaTIS system at

the Department of Traffic and Transport and the fees increase that was implemented in February 2020.

The Road Fund purchased a Mobile Court to enhance resources for law enforcement and compliance of road users to the traffic laws. Preparations to hand over the Court formally to Chief Justice started in this period but has since been suspended pending implementation of an Automated Traffic Justice System intended to automate the Police Docket and collections of Road Traffic Offenses with the Judiciary as an additional module to eSpot fine system. This is yet to be piloted.

The Toll Gate Fees collection operations handled by Lesotho Revenue Authority (LRA) showed a

recovery of 89% increase compared to 2020-2021 financial year. This was influenced by the fact that toll fees were reviewed in July 2021, this time coupled with the differentiation between locally and foreign registered vehicles. However, there are still challenges on the classification of vehicles that hinders efficient toll collection.

The reserves maintained generated a 13% increase in interest income.

Lastly, the implementing agencies performed at 2% lower compared to 2020-2021, while there is also a decrease of 3% in administration expenditure. Detailed analysis is shown in figure 6 and 7 below:

Figure 6: Revenue Versus Administration Expenditure

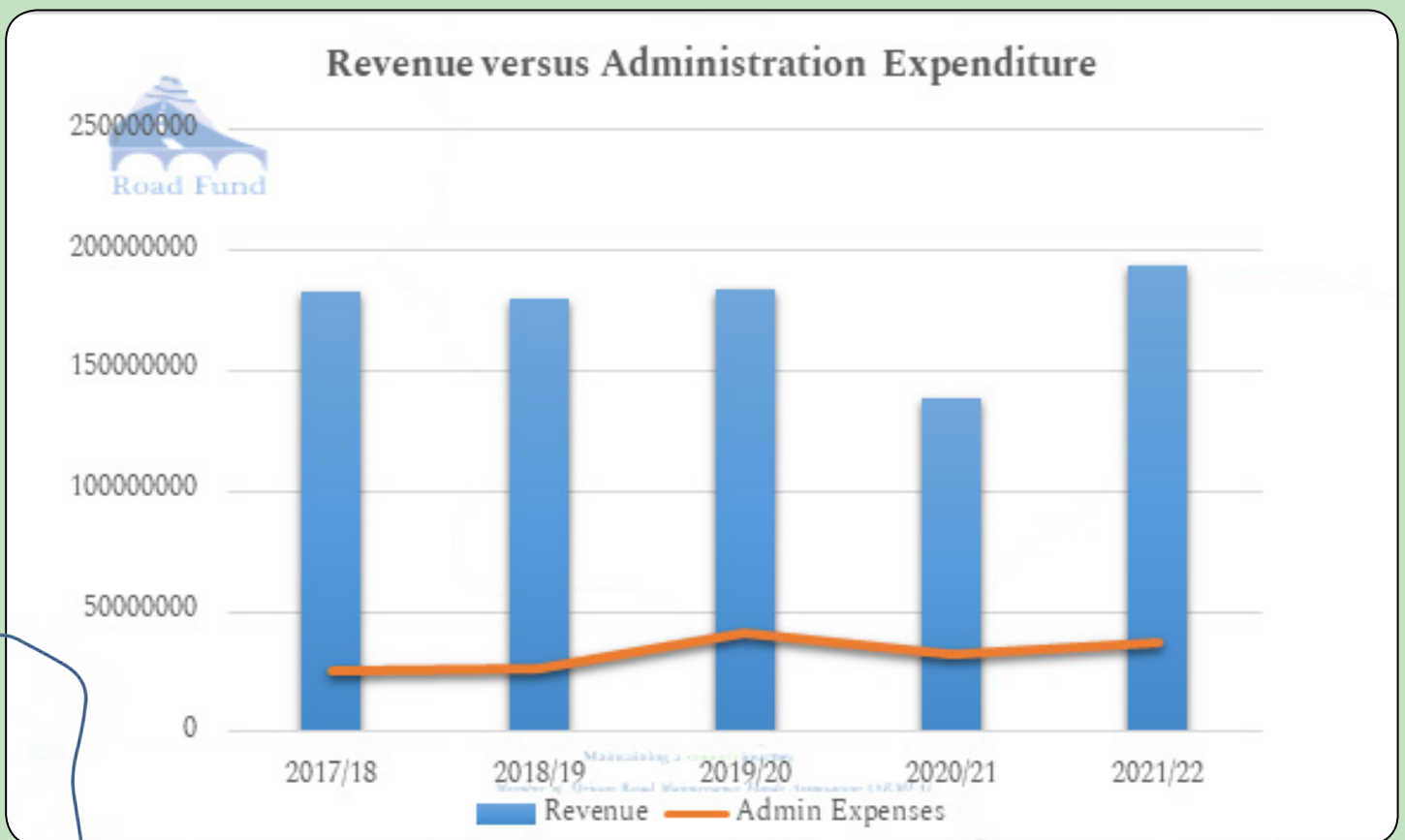


Figure 7: Overall Financial Performance over a five-year period



Audit Report

The Fund received an except for opinion of the audit report for financial year 2021-2022. This year’s basis for qualification is that the Auditor General could not obtain independent or third party evidence regarding completeness of income disclosed in the financial statements.

Revenue

Government of Lesotho Ministries and/or Departments, Agencies and companies operating in the country collectively referred to as Collecting Agencies collect revenue through various streams on behalf of the Fund.

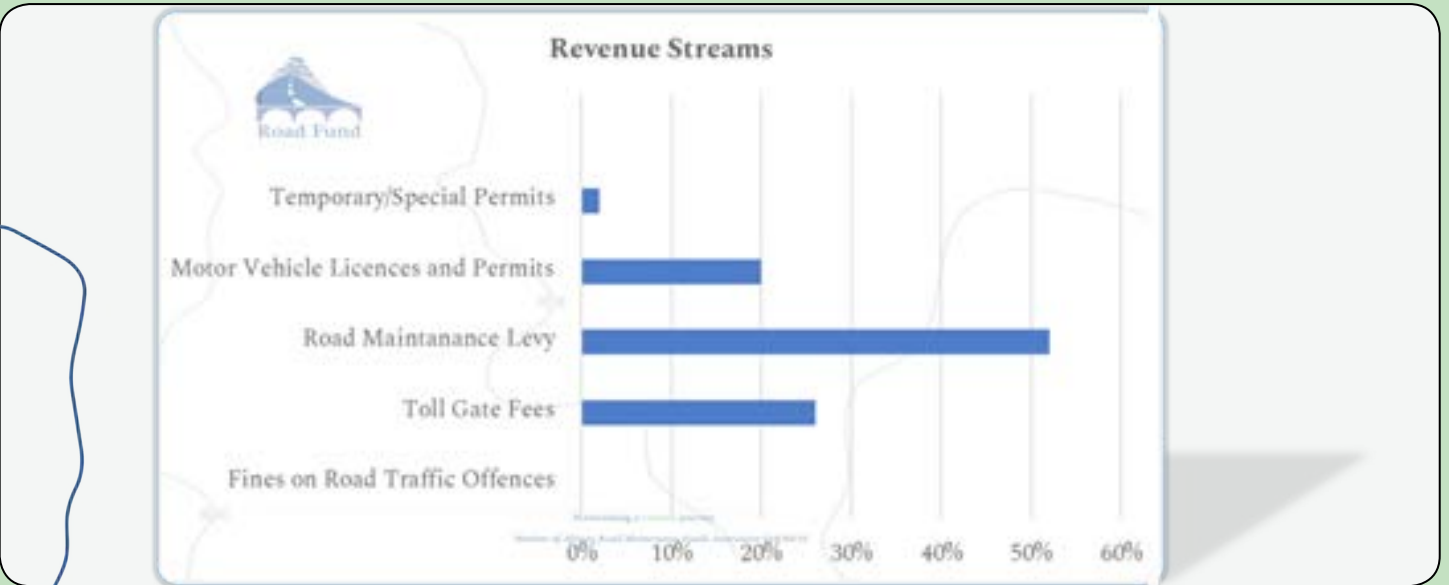
The Fund is charged with the responsibility of

ensuring effective and efficient collection of the revenue. This is achieved through various direct and/or indirect interventions with the Collecting Agencies. Verification of the reports and the funds’ collection is undertaken periodically by visiting the Collecting Agencies to reconcile the money paid into the Fund’s bank account to the source documents.

This report provides brief analysis of the Revenue figures reported thereon. The report concentrates only on the Road User Fees excluding interest derived from reserves held with various Financial institutions.

The Road User Fees are divided into various streams depicted according to each stream contribution to total revenue by figure 8 below:

Figure 8: Total revenue per revenue stream



Road Maintenance Levy (RML) remains the largest stream contributing 52% of the total revenue collected, followed by Toll Gate Fees contributing 26%, Motor Vehicle Licenses and Permits with 20% and Fines on Road Traffic Offences contributing 2%.

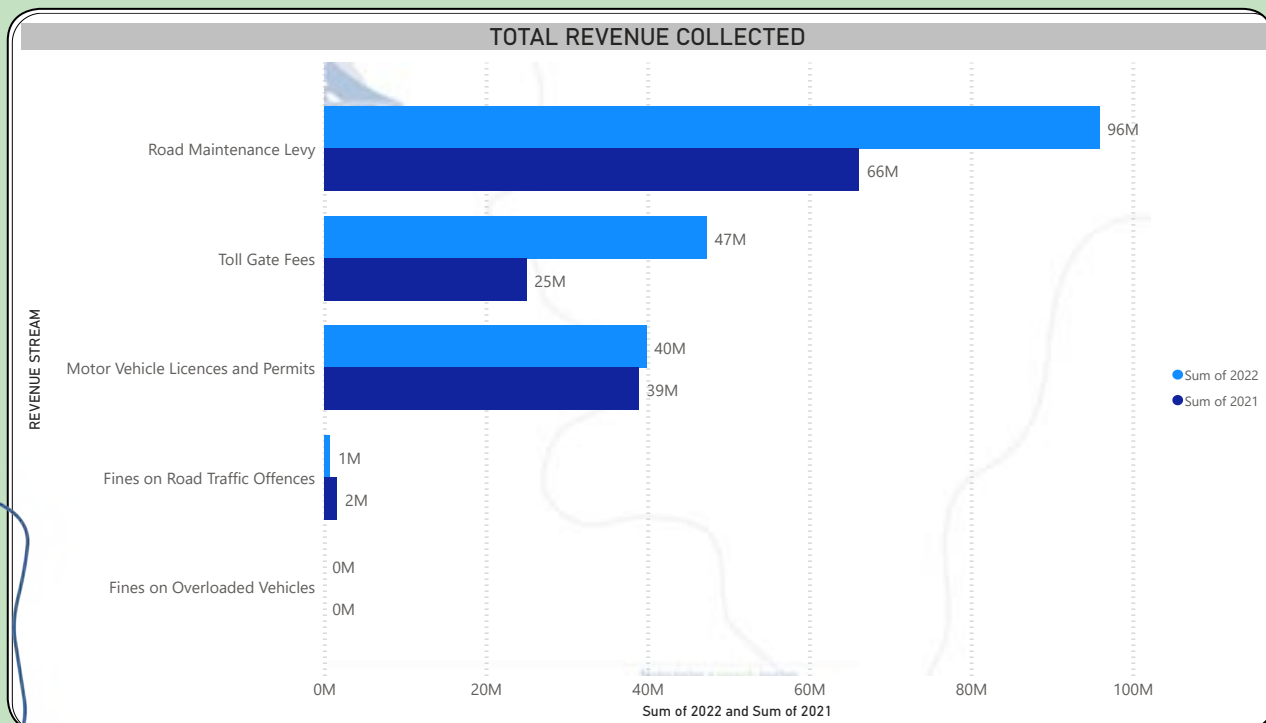
Detailed Analysis

Total Revenue collected for the period up to 31 March 2022 amounted to M 183,762,680 increasing by M 52,111,858 (40%) from M 131,650,822 collected for the same period up to 31 March 2021. Details on the collection per Revenue Stream is given in table 4 and figure 9 below.

Table 4: Total Revenue Collected

		2022	2021	Variance	% Variance
1	Road Maintenance Levy	95,901,805	66,147,062	29,754,743	44.98%
2	Toll Gate Fees	47,311,515	25,016,840	22,294,675	89.12%
3	Motor Vehicle Licenses and Permits	39,845,738	38,899,566	946,172	2.43%
4	Fines on Road Traffic Offences	703,622	1,587,354	-883,732	-55.67%
5	Fines on Overloaded Vehicles	0	0	0	0.00%
		183,762,680	131,650,822	52,111,858	39.58%

Figure 9: Total Revenue Collected

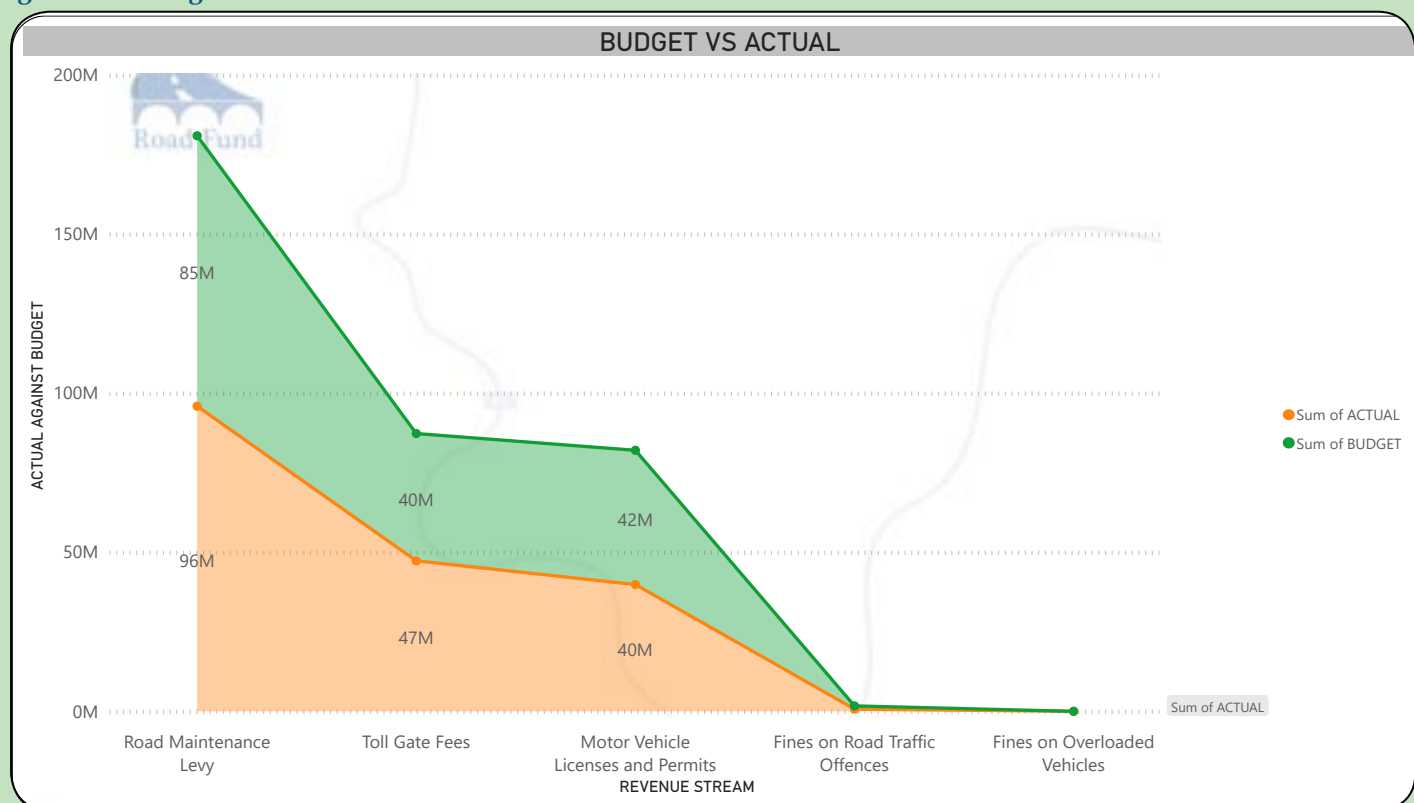


The actual amount collected was M 183,762,680 (4.11%) above the budgeted revenue of M 168,200,000 as shown in table 5 below.

Table 5: 2021-2022 Budget Variance Analysis

	Item	Actual	Budget	Variance	% Variance
		M	M	M	%
1	Road Maintenance Levy	95,901,805	85,000,000	10,901,805	12.83%
2	Toll Gate Fees	47,311,515	40,000,000	7,311,515	18.28%
3	Motor Vehicle Licenses and Permits	39,845,738	42,200,000	-2,354,262	-5.58%
4	Fines on Road Traffic Offences	703,622	1,000,000	-296,378	-29.64%
5	Fines on Overloaded Vehicles	0	0	0	
		183,762,680	168,200,000	15,562,680	-4.11%

Figure 10: Budget Vs Actual



Road Maintenance Levy

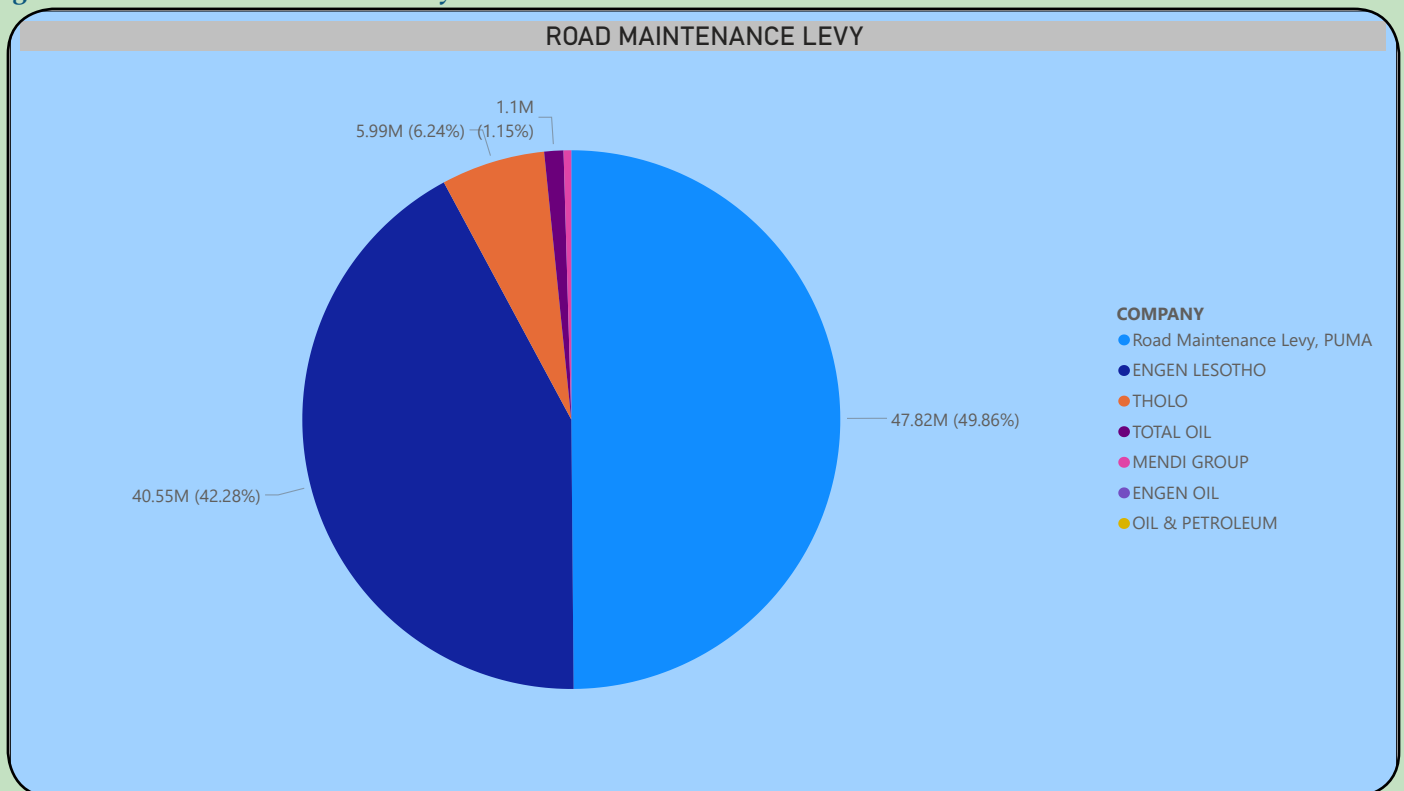
RML is a levy collected on behalf of the Fund by licensed Oil Companies operating in the country. The current rates are as follows:

- ▶Forty (0.40) Lisente per litre of Petrol
- ▶Fifty (0.50) Lisente per litre of Diesel

The rates were reviewed in July 2021 after fifteen (15) years without review at 0.30 Lisente and 0.40 Lisente for petrol and diesel respectively. The rates do not take into consideration whether petrol is leaded or unleaded.

Total revenue collected from RML increased by M 29,754,743 (45%) from M 66,147,062 in 2020/21 to M 95,901,805 in 2021/22. The two main oil companies (Engen Lesotho and Puma Energy) contributed more than 92% of the revenue collected while the remaining 8% was contributed by smaller companies (Tholo Energy and Mendi Group). It is worth noting that Total Lesotho seized operations with effect from June 2021, while Oil and Petroleum was stopped by the regulator in January 2020 due to lack of sufficient storage facility. The company is not yet back in operation since it was stopped. Figure 11 below shows oil companies' performance:

Figure 11: Road Maintenance Levy



NB: Detailed volumes of fuel imported/sold in kilolitres per company may only be published by the Department of Energy as per regulations.

Toll Gate Fees

Toll Gate Fees are collected at designated border posts around the country. The current rates as per Toll Gate Amendment Regulations 2021 are as follows:

Table 6: Toll Gate Fee Rates

Vehicle Classes	2021 Rate Before increase	2021 Local Rate	2021 Foreign Rate
Class 1 Light Vehicles Motor Cycle and Light Vehicles designed or adopted for conveyance of people or freight with no heavy axle	M45.00	M50.00	M70.00
Class 2 Medium Vehicles Medium Heavy Vehicles designed or adopted for conveyance of people or freight with heavy axle	M85.00	M90.00	M120.00
Class 3 Large Heavy Vehicles designed or adopted for conveyance of people or freight with 3 axles	M125.00	M130.00	M180.00
Class 4 Extra-Large Heavy Vehicles designed or adopted for conveyance of people or freight with 4 or more axles	M295.00	310.00	450.00

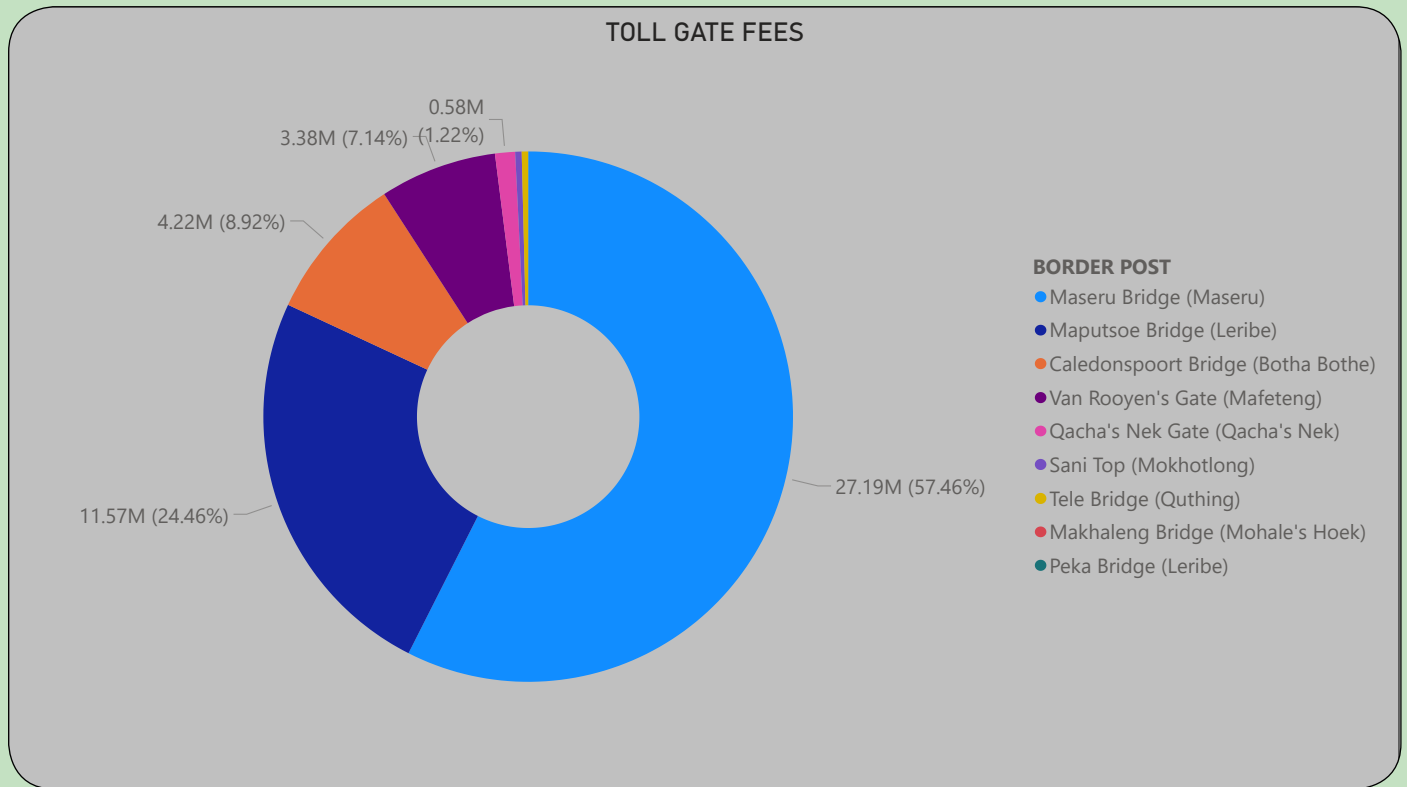
The new tariffs as per Toll Gate Amendment Regulations 2021 were effected from 9 July 2021. Toll Gate Fees revenue increased by M 22,294,675 (89%) from M 25,016,840 in 2020/21 to M 47,311,515 in 2021/22 as per Table 7 and figure 12 below which also depict that Makhalleng and Peka have been non-operational since April 2020 due to COVID-19 pandemic while Tele was opened in December 2021.

Table 7: Toll Gate Fees per Border

	2022	2021	Variance	% Variance
Border Post	M	M	M	%
Van Rooyen's Gate (Mafeteng)	3,379,250	1,904,400	1,474,850	43.64%
Makhaleng Bridge (Mohale's Hoek)	0	0	0	0.00%
Sani Top (Mokhotlong)	185,957	39,070	146,887	78.99%
Peka Bridge (Leribe)	0	0	0	0.00%
Qacha's Nek Gate (Qacha's Nek)	578,480	294,875	283,605	49.03%
Tele Bridge (Quthing)	185,281	0	185,281	100.00%
Caledonspoort Bridge (Botha Bothe)	4,221,501	2,289,702	1,931,799	45.76%
Maputsoe Bridge (Leribe)	11,574,561	5,395,207	6,179,354	53.39%
Maseru Bridge (Maseru)	27,186,485	15,093,586	12,092,899	44.48%
	47,311,515	25,016,840	22,294,675	47.12%

A comparison of Toll Gate fees in the year under review is shown below:

Figure 12: Toll Gate Fees per Border



Motor Vehicle Licenses and Permits

The Fund currently collects Cross Border Permits (F Permit), Short Term Permits and Special Permits as well as motor vehicle annual license renewals through the Department of Traffic and Transport of the Ministry of Transport as per current legal instruments.

A total of M 39,845,738 was collected in the period under review as per table 8 below:

Table 8: Motor Vehicle Licenses and Permits

	2022	2021	Variance	% Variance
	M	M	M	%
Motor Vehicle Permits, Botha-Bothe	116,262	134,150	-17,888	-15.39%
Motor Vehicle Permits, Berea	402,875	454,175	-51,300	-12.73%
Motor Vehicle Permits, Leribe	417,750	452,575	-34,825	-8.34%
Motor Vehicle Permits, Mafeteng	276,673	292,285	-15,612	-5.64%
Motor Vehicle Permits, Mohale's Hoek	121,655	90,445	31,210	25.65%
Motor Vehicle Permits, Mokhotlong	70,800	60,435	10,365	14.64%
Motor Vehicle Permits, Maseru	2,131,641	2,654,355	-522,714	-24.52%
Motor Vehicle Permits, Qacha's Nek	44,875	43,885	990	2.21%
Motor Vehicle Permits, Quthing	90,300	86,402	3,898	4.32%
Motor Vehicle Permits, Thaba-Tseka	19,775	27,375	-7,600	-38.43%
	3,692,606	4,296,082	-603,476	-16.34%
Motor Vehicle Licenses				
Motor Vehicle Licenses, Botha-Bothe	1,664,543	1,591,562	72,981	4.38%
Motor Vehicle Licenses, Berea	2,715,293	3,254,049	-538,756	-19.84%
Motor Vehicle Licenses, Leribe	4,974,767	4,591,881	382,886	7.70%
Motor Vehicle Licenses, Mafeteng	3,063,270	2,758,987	304,283	9.93%
Motor Vehicle Licenses, Mohale's Hoek	1,838,200	1,762,250	75,950	4.13%
Motor Vehicle Licenses, Mokhotlong	914,628	834,060	80,568	8.81%
Motor Vehicle Licenses, Maseru	18,527,614	17,533,245	994,369	5.37%
Motor Vehicle Licenses, Qacha's Nek	614,612	597,950	16,662	2.71%
Motor Vehicle Licenses, Quthing	1,133,944	1,040,933	93,011	8.20%
Motor Vehicle Licenses, Thaba-Tseka	706,262	638,566	67,696	9.59%
	36,153,132	34,603,483	1,549,649	4.29%

Figure 13 and 14 below show comparison of Motor Vehicle Permits and Licenses for the years 2020/21 and 2021/22 respectively.

Figure 13: Motor Vehicle Permits

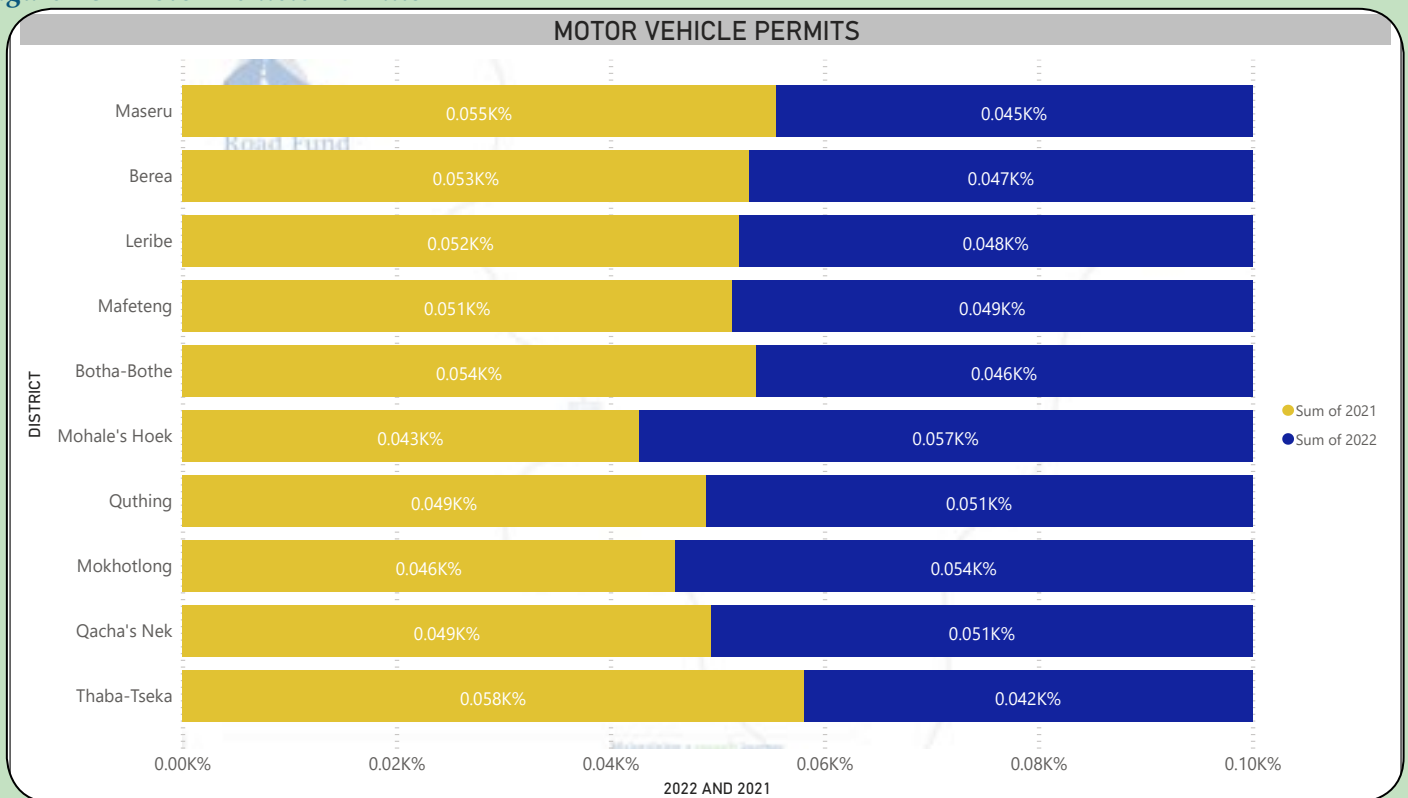
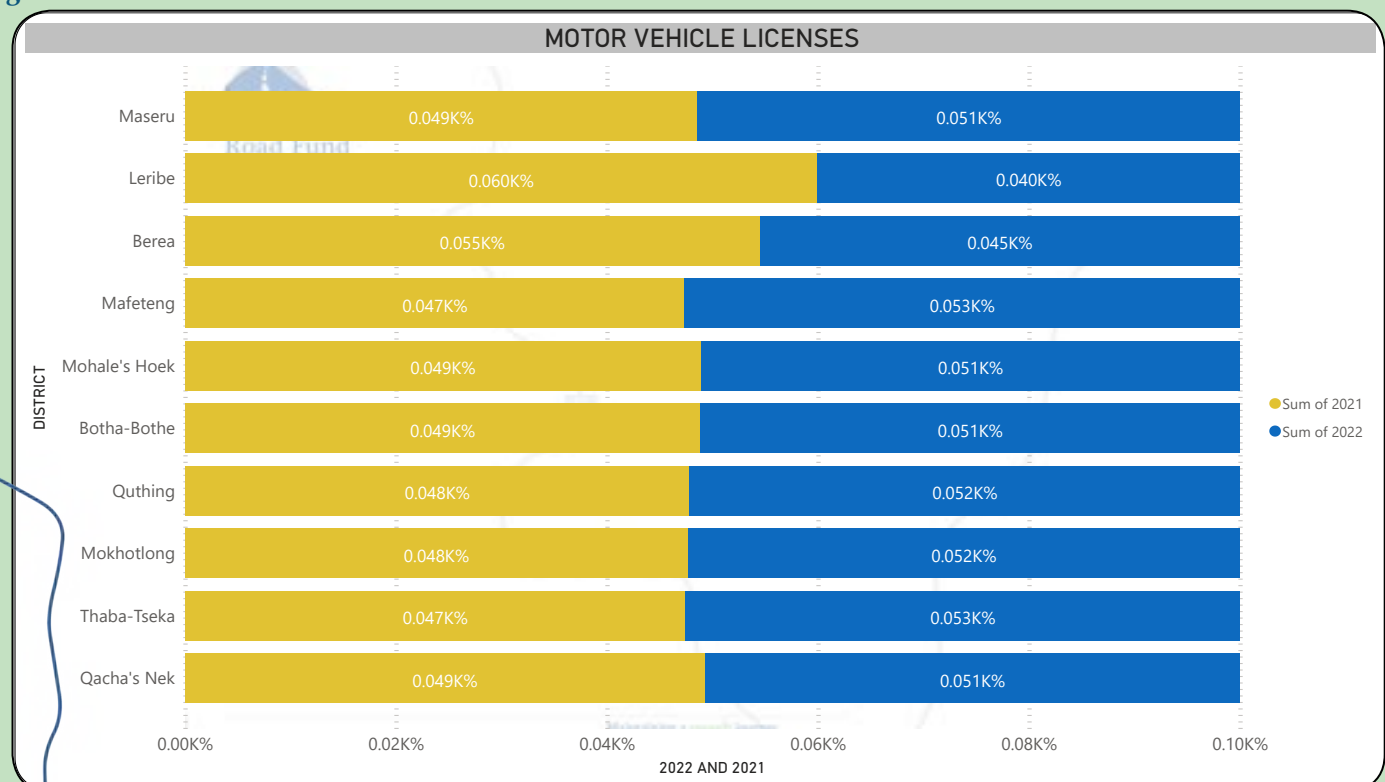


Figure 14: Motor Vehicle Licenses



Road Traffic Offences

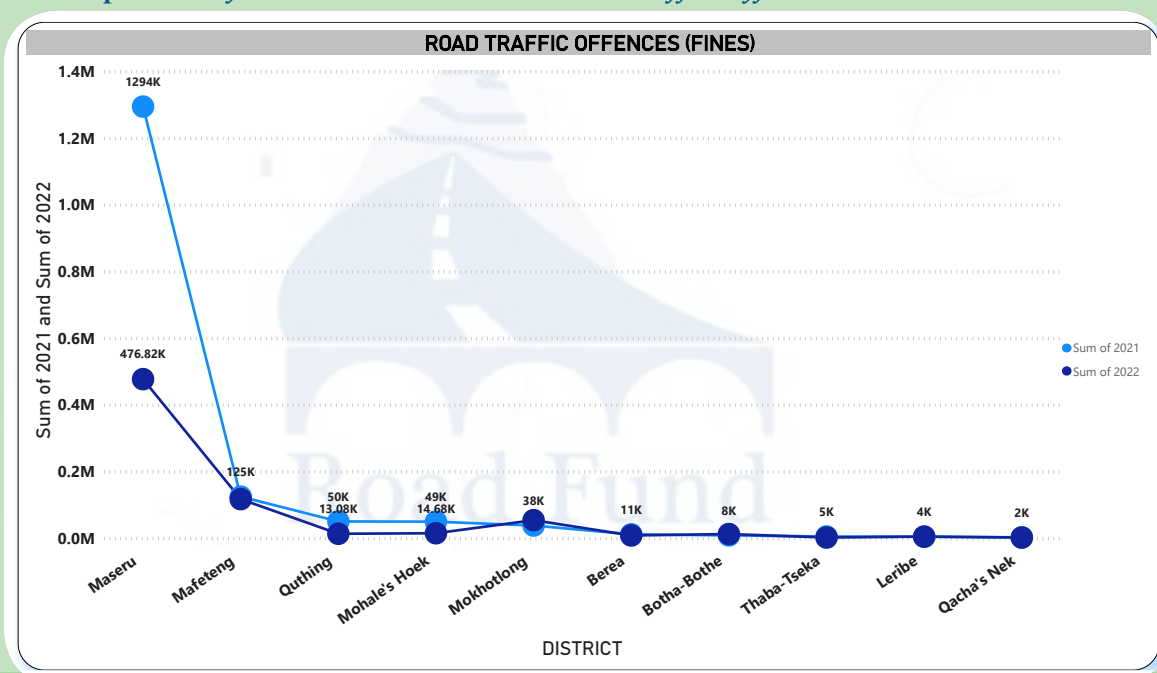
Road Traffic Offences form part of the Fund's revenue for Fines imposed on traffic offenders by the Traffic Police as well as other offenses collected through Road Side Traffic Checkpoints.

A total of M703,621 was collected as per table 9 below while comparison between 2020/2021 and 2021/2022 is shown as per figure 15 below.

Table 9: Road Traffic Offences

	2022	2021	Variance	% Variance
	M	M	M	%
Road Traffic Offences - Fines, Botha-Bothe	12,250	8,220	4,030	32.90%
Road Traffic Offences - Fines, Berea	7,980	11,450	-3,470	-43.48%
Road Traffic Offences - Fines, Leribe	4,500	4,400	100	2.22%
Road Traffic Offences - Fines, Mafeteng	116,980	124,510	-7,530	-6.44%
Road Traffic Offences - Fines, Mohale's Hoek	14,680	49,320	-34,640	-235.97%
Road Traffic Offences - Fines, Mokhotlong	53,800	37,790	16,010	29.76%
Road Traffic Offences - Fines, Maseru	476,819	1,294,345	-817,526	-171.45%
Road Traffic Offences - Fines, Qacha's Nek	1,760	2,280	-520	-29.56%
Road Traffic Offences - Fines, Quthing	13,082	50,109	-37,027	-283.05%
Road Traffic Offences - Fines, Thaba-Tseka	1,770	4,930	-3,160	-178.53%
	703,621	1,587,354	-883,733.18	-125.60%

Figure 15: Comparison of annual collections on Road Traffic Offences



AUDITED FINANCIAL STATEMENTS

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2022

Directors' Responsibilities and Approval

The Directors are required by the Finance (Road Fund) Regulations 2012, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Fund as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The Auditor General expresses an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and in the manner required by the Legal Notice No. 103 of 2012 – Finance (Road Fund) Regulations 2012 and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the Fund and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board of Directors set standards for internal controls aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clear defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Fund and all employees are required to maintain the highest ethical standards in ensuring the Fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Fund is on identifying, assessing, managing and monitoring all known forms of risk across the Fund.

While operating risk cannot be fully eliminated, the Fund endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.


The Directors are of the opinion, based on the information and explanations given by the management that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial controls can provide only reasonable, and not absolute assurance against material misstatement or loss.

The Directors have reviewed the Fund's cash flow forecast for the year to 31st March 2023 and, in light of this review and the current financial position, they are satisfied that the Fund has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 9 to 36 which have been prepared on the going concern basis, were approved on the 14th September 2022 and signed by:



Khotso Moleleki (Mr)
Deputy Chairperson



Nkekeletse Makara (Mr) Pr.Eng.
Chief Executive Officer



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

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS
OF ROAD FUND - MINISTRY OF FINANCE
FOR THE YEAR ENDED 31 MARCH 2022**

Qualified Audit Opinion

Mosito & Associates, under Section 24(1) of the Audit Act 2016, have audited the financial statements of Road Fund ("Fund") set on pages 10 to 36, which comprise the Statement of Financial Position for the year ended, 31 March 2022, Statement of Comprehensive Income, Statement of Changes in Reserves and Statement of Cash Flows for the year then ended, as well as notes to the financial statements comprising a summary of significant accounting policies and other explanatory information.

Basis for Qualified Opinion

Road Fund solely relies on its collecting agents namely, energy companies for Road Maintenance Levy, Revenue Services Lesotho for Tollgate fees and Department of Traffic and Transport for Road User Fees to collect revenue on its behalf. As there is no independent or third-party verification and confirmation supplied by the collecting agents to Road Fund, there is a limitation of scope thus not possible to test the completeness of income. Therefore, I am unable to satisfy myself that the income disclosed in the financial statements is complete.

Except for the matter discussed in the Basis for Qualified Opinion, in my opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for independent of the Organisation 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 audit of the financial statements in Lesotho, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the 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 judgment, were of most significance in my audit of the financial statements of the current period.

There were no key matters identified during the course of audit.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, I exercise professional judgment and maintain professional skepticism 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 control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I also provide those charged with governance with 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.



**MAFANI C. MASOSABI (MRS)
ACTING AUDITOR-GENERAL**

DATE: 22 SEPTEMBER 2022

OFFICE OF THE AUDITOR-GENERAL
AUDITOR GENERAL
22 SEP 2022
P.O. BOX 502
MASERU100, LESOTHO

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2022

Directors' Report

The Directors submit the annual financial statements of the Fund for the year ended 31st March 2022.

Review of the Fund and its operations

The main objective of the Road Fund is to collect revenue for use to maintain, rehabilitate and upgrade roads, road safety projects and any other projects connected with roads in the country as mandated by the Government of Lesotho.

Operating Results

The operations for the year resulted in a surplus of **M58,368,659** while in **2021** the surplus was M15,170,482.

Going Concern

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

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2022

Material events after the year end

The directors are not aware of any matter or circumstance arising since the end of the financial year that will require adjustment or disclosure in the financial statements.

Board of Directors

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

Mr M. Makotoko	Chairperson
Mr. N. Letsie	Deputy Chairperson - Term ended 28/02/2022
Mr. K. Kikine	Member - Term ended 28/02/2022
Ms S. Keta	Member - Term ended 28/02/2022
Mr. M.Moqhekoana	Member - Reappointed 17/12/2021
Mr. C. Mopeli	Member - Reappointed 17/12/2021
Mr T. Macheli	Member
Mr S. Masenyetse	Member - Term ended 28/02/2022
Mr. B. None	Member - Deceased 08/05/2021
Mr T. Sopeng	Member - Appointed 17/12/2021
Mt S. Thibeli	Member - Appointed 17/12/2021
Mr. N. Makara	Secretary

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2022

Physical address of the Fund

Old DRR Building

Crn Moshoeshoe & Senate Road

Industrial Area

Maseru

Auditors

The Office of the Auditor General of Lesotho

4th Floor

Finance House

P.O. BOX 502

Maseru 100

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2022

Statement of Accounting Policies

Basis of Preparation

Statement of compliance with International Financial Reporting Standards (IFRSs)

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the interpretations of these standards, issued by the International Financial Reporting Standards Interpretations Committee and in the manner required by the Legal Notice No. 103 of 2012 – Finance (Road Fund) Regulations 2012 and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The annual financial statements have been prepared using accrual basis of accounting, whereby revenues earned and expenses incurred by the Fund up to **31st March 2022** have been incorporated into the financial statements. These financial statements are prepared under the historical cost convention; this is a measurement basis of accounting whereby assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation, or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business. The financial statements have been prepared to incorporate the following principal accounting policies, consistently applied in all material respects:

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2022

Statement of Accounting Policies (Continued)

1. Property, Plant and Equipment (PPE)

Property Plant and Equipment (PPE) is recognised when the cost of an asset can be reliably measured and it is probable that the Fund will obtain future economic benefits from the asset.

PPE is measured initially at cost. Cost includes the fair value of consideration given to acquire the asset (Net of discount and rebates) and any directly attributable costs of bringing the asset to working condition for its intended use (inclusive of import duties and non-refundable taxes) regardless of whether it is idle or not. Cost of PPE is carried at the relevant amount less any accumulated depreciation and subsequent accumulated impairment losses. The depreciable amount is depreciated on straight line basis to reduce carrying amounts over their anticipated economic useful lives at the following depreciation rates:

Motor Vehicles	20.00%
Office Machine and Equipment	33.33%
Furniture and Fittings	20.00%
Land and Buildings	10.00%
Specialized Equipment	33.33%

Full year's depreciation is charged in the year of acquisition and no depreciation is charged in the year of disposal.

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2022

Statement of Accounting Policies (Continued)

2. Intangible Assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred. Computer software licences are stated at cost less accumulated amortisation and accumulated impairment losses.

These costs are amortised using the straight-line method over their estimated useful lives of three years.

3. Revenue

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Fund and the revenue can be reliably measured.

4. Interest Income

It is recognised using the effective interest rate method that is apportioned over time invested up to the period to maturity, when it is certain that such income will accrue to the Fund.

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2022

Statement of Accounting Policies (Continued)

5. Cash and Cash Equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held with banks, and investments in money market instruments, net of bank overdraft, all of which are available for use by the Fund unless otherwise stated.

6. Taxation

According to section 2 of PFMA Act 2011 the Fund is a statutory body established by law to carry out specific Government functions; is owned and controlled by Government and it is a distinct accounting entity producing its own financial statements.

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2022

Statement of Accounting Policies (Continued)

7. Impairment of Assets

The carrying amounts of the Fund's assets are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use. For intangible assets that are not yet available for use or goodwill or intangible assets amortised over a period exceeding 20 years, the recoverable amount is estimated at each Statement of Financial Position date.

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised in the Statement of Comprehensive Income whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2022

Statement of Accounting Policies (Continued)

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

8. Financial instruments

Financial Assets:

The principal financial assets of the fund are Cash and Accounts Receivable. Accounts Receivable are stated at cost and reduced by appropriate allowances for estimated irrecoverable amounts. Advances that are paid to suppliers in respect of work that is yet to be performed must be recorded as receivable until the work in respect of which the advance was given has been performed.

Receivables that have been discounted with financial institutions are accounted for according to the conditions attaching to the financial agreement. Where the financial institution has no recourse against the fund, the receivable is treated as settled. Where the financial institution has recourse against the fund for defaulting receivables, the amount of such receivables and the related advances are presented in current assets and current liabilities respectively.

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2022

Statement of Accounting Policies (Continued)

Financial liabilities and reserve instruments:

Financial liabilities and reserve instruments are classified according to the substance of the contractual agreements entered into. Significant financial liabilities include trade and other payables. Trade and other payables are stated at their nominal value. Reserve instruments are recorded at the proceeds received net of direct issue costs.

9. Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently stated at amortised cost.

10. Critical accounting estimates and judgements

Management of the fund makes estimates and assumptions concerning the future in applying its accounting policies. The resulting accounting estimates may, by definition, not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are detailed in the notes to the financial statements where applicable.

Management continually evaluates estimates and judgments based on historical experience and other factors, including expectations of future events which are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the estimates are reviewed and in any future periods affected.

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2022

Statement of Accounting Policies (Continued)

11. Foreign Currency Translation

Transactions on foreign currency are translated to Maloti at a foreign exchange rate ruling at the date of the transaction. All exchange gains or losses arising on the transaction are dealt with in the Statement of Comprehensive Income.

ROAD FUND

MINISTRY OF FINANCE, GOVERNMENT OF LESOTHO

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	<u>Notes</u>	<u>2022</u> M	<u>2021</u> M
NON CURRENT ASSETS		15 112 533	19 754 420
Property Plant & Equipment	(1)	14 528 865	18 310 471
Intangible Assets	(2)	583 668	1 443 950
CURRENT ASSETS:		271 436 066	200 356 274
Road User Fees Debtors	(3)	23 559 646	16 555 565
Contractor's Advance Payments	(4)	7 957 261	1 791 984
Advances to Road Agencies	(5)	1 264 487	1 531 895
Sundry Debtors	(6)	1 645 301	642 380
Cash and Cash Equivalents	(7)	237 009 371	179 834 450
TOTAL ASSETS		286 548 598	220 110 696
EQUITY		239 615 152	182 008 374
OPERATING SURPLUS/(DEFICIT)		58 368 659	15 170 482
ACCUMULATED FUND B/F		181 246 493	166 837 892
CURRENT LIABILITIES:		46 933 446	38 102 322
Lease Liability	(19)	-	1 214 690
Accounts Payable	(8)	43 635 506	30 720 189
Provisions	(9)	3 297 940	6 167 443
TOTAL EQUITY AND LIABILITIES		286 548 598	220 110 696

ROAD FUND

MINISTRY OF FINANCE, GOVERNMENT OF LESOTHO

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH, 2022

		2022 M	2021 M
<u>REVENUE</u>		193,035,965	138,455,990
Road Maintenance Levy	(10)	95,901,805	66,147,062
Tollgate Fees		47,311,515	25,016,840
Road User Fees		39,845,738	38,899,566
Road Traffic Offences Fines		703,621	1,587,354
Sundry Income		1,614,638	55,550
Other Income		7,658,647	6,749,617
Investment Income	(15)	7,602,696	6,666,472
Gain on sale of fixed asset		55,950	83,145
<u>LESS: EXPENDITURE</u>		134,667,306	123,285,507
Operating Expenses		96,927,644	91,272,700
Road Maintenance Expenses	(11)	86,781,649	77,403,766
Revenue Collection Expenses	(13)	4,720,669	3,114,210
Revenue Enhancement	(17)	4,659,936	5,791,953
DTT Operational Support		-	3,906,980
Toll System Expenses	(14)	765,390	1,055,791
Secretariat Expenses		37,739,662	32,012,807
Consultancy Services		1,900,524	184,345
Board Expenses	(16)	1,269,693	672,057
Secretariat Staff Salaries & benefits	(12)	17,713,604	17,835,739
Interest on Lease		61,239	171,121
Audit Fees		76,440	76,529
Depreciation		9,215,935	8,660,276
Other Expenses	(22)	7,502,225	4,412,741
OPERATING SURPLUS/(DEFICIT)		58,368,659	15,170,482

ROAD FUND

MINISTRY OF FINANCE, GOVERNMENT OF LESOTHO

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 MARCH, 2022

	Accumulated Funds	Revaluatio n Surplus	Total Equity
	M	M	M
Balance at 1 April 2020	160,971,437		160,971,437
Correction of errors	5,786,014	-	5,786,014
Correction of system errors	-		
Restated balance	166,757,451	-	166,757,451
Changes in equity for the year 2021			-
			-
Surplus/(Deficit) for the year	15,170,482		15,170,482
Prior year adjustments	80,440		
Balance at 31 March 2021	182,008,374	-	182,008,374
Correction of errors	(761,881)		
Restated balance	181,246,493		181,246,493
Changes in equity for 2022			
Surplus/(Deficit) for the year	58,368,659		58,368,659
Changes in accounting policy	-		
Balance at 31 March 2022	239,615,152	-	239,615,152

ROAD FUND

MINISTRY OF FINANCE, GOVERNMENT OF LESOTHO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH, 2022

	<u>2022</u>		<u>2021</u>	
	<u>M</u>	<u>M</u>	<u>M</u>	<u>M</u>
Cash generated by operating activities				
Net Surplus/(Deficit) for the year	58 368 659		15 170 482	
<i>Adjustment for :</i>				
Right-of-Use Asset (NBV of the expired Lease)	-		(328 433)	
Depreciation	9 215 935		8 660 276	
(Gain)/Loss on Fixed Assets Disposal	(55 950)		(83 145)	
Provision	(761 881)		7,536,455	
Interest on Lease	61,239		171,121	
Investment Income	(7,602,696)		(6,666,472)	
Operating surplus/(deficit) before working capital changes	59 225 306		24 460 283	
Working capital changes	(5 073 747)		(12 998 251)	
(Increase) Decrease in accounts receivable	(13 904 871)		(116 178)	
Increase (Decrease) in accounts payable	8 831 124		(12 882 073)	
Net cash inflow (outflow) from operating activities		54 151 559		11 462 032
Net cash inflows/outflows from investing activities	3 023 360		(4 809 098)	
Purchases of property, plant and equipment	(4 596 509)		(11 430 949)	
Proceeds on sale of Property Plant & Equipment	78,411		126,500	
Investment Income	7 602 696		6 666 472	
Interest on Lease	(61 239)		(171 121)	
Net cash inflows/(outflows) from financing activities		3 023 360		(4 809 098)
Net increase (decrease) in cash and cash equivalents		57 174 919		6 652 934
Cash and cash equivalents at the beginning of the year		179 834 450		173 181 512
Cash and cash equivalents at the end of the year		237 009 371		179 834 450

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2022

Notes to the Annual Financial Statements

1. Property, Plant and Equipment

COST	Motor	Office	Computer	Office	Land &	Right of	Toll Sys	Toll	Total
	Vehicles M	Machines M	Software	Furniture M	Buildings M	Use Asset	WIP	Systems M	M
Balance at 01/04/2021	5,610,354	2,593,420	893,305	871,011	114,019	3,243,498	9,545,381	19,313,403	42,184,391
Additions during 20/22	-	862,929	693,813	43,651	-	-	1,278,788	1,717,328	4,596,509
Disposals during 20/22	-	(393,999)	(45,582)	(6,909)	-	-	-	-	(446,490)
Cost as at 31/03/22	5,610,354	3,062,349	1,541,535	907,754	114,019	3,243,498	10,824,169	21,030,731	46,334,409
DEPRECIATION									
Depreciation at 01/04/21	3,146,641	2,037,171	607,212	628,745	114,019	2,085,639		13,810,600	22,430,027
Charge for the year 20/22	937,442	683,610	396,238	113,251	-	1,157,859		5,927,535	9,215,936
Disposals during 20/22	-	(377,133)	(45,582)	(1,311)	-	-		-	(424,026)
Depreciation at 31/03/22	4,084,083	2,343,648	957,868	740,685	114,019	3,243,498	-	19,738,134	31,221,936
NET BOOK VALUE AT 31/03/2022	1,526,271	718,701	583,667	167,068	-	-	10,824,169	1,292,597	15,112,473
NET BOOK VALUE AT 31/03/2021	2,463,713	556,248	286,092	242,266	-	1,157,859	9,545,381	5,502,803	19,754,363

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2022

Notes to the Annual Financial Statements

2. Intangible Assets

COST	Compuer Software	Right of Use Asset	Total M
Balance at 01/04/2021	893,305	3,243,498	4,136,803
Additions during 20/22	693,813	-	693,813
Disposals during 20/22	(45,582)	-	(45,582)
Cost as at 31/03/22	1,541,535	3,243,498	4,785,033
DEPRECIATION			
Depreciation at 01/04/21	607,212	2,085,639	2,692,851
Charge for the year 20/22	396,238	1,157,859	1,554,098
Disposals during 20/22	(45 582)		(45,582)
Depreciation at 31/03/22	957,868	3,243,498	4,201,366
NET BOOK VALUE AT 31/03/2022	583,667	-	583,667
NET BOOK VALUE AT 31/03/2021	286,092	1,157,859	1,443,951

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2022

Notes to the Annual Financial Statements (continued)

3. Road User Fees Debtors

The balance represents remittances of Road Maintenance Levy, tollgate fees and vehicle license fees not yet transferred, as well as credit sales in respect of tollgate fees not yet paid to the Road Fund. As at 31 March 2022 M23,559,646 as owing to the Road Fund comprising of:

	<u>2022</u>	<u>2021</u>
	<u>M</u>	<u>M</u>
GOL - Treasury	-	-
- Sub-Accountancies	157,367	52,953
Oil Companies	18,880,827	13,886,289
Lesotho Revenue Authority	4,521,452	2,616,323
	<u>23,559,646</u>	<u>16,555,565</u>
Less: Provision for Doubtful Debts	-	-
TOTAL	<u>23,559,646</u>	<u>16,555,565</u>

4. Contractors' Advance Payments

The Contractors Advance Payments are as follows:

	2022	2021
Contractors Advance Payments	7,957,261	1,791,984

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2022

Notes to the Annual Financial Statements (continued)

5. Advancos to Road Agencies

Amounts advanced for maintenance of Rural Roads and Lesotho Road Management System (LRMS) under Roads Directorate on the basis of its Annual Road Programme submitted to and approved by the Road Fund Board. As at 31 March 2022 the Roads Directorate bank account had an undisbursed balance of M1,264,487 while as at 31 March 2021 the bank account had M1,531,895.

6. Sundry Debtors

	<u>2022</u>	<u>2021</u>
	<u>M</u>	<u>M</u>
Fuel Deposit	10,000	10,000
Staff Debtors (Loans, Accountable Sale of Assets)	137,175	100,490
Prepayments	45,798	33,798
Interest Receivable	1,452,328	498,093
	<u>1,645,301</u>	<u>642,380</u>

Interest for quarter 4 2020/21 from Income Fund was erroneously reflected in the Income Fund investment account instead of Interest Receivable. The amount corrected is M280,918.

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2022

Notes to the Annual Financial Statements (continued)

7. Cash and Cash Equivalents

	<u>M</u>	<u>M</u>
Petty Cash - Head Office	3,956	5,000
Current Account - SLB	(95,938)	(108,118)
Call Account - SLB	6,068,983	6,872,050
Money Market Account	124,620,586	66,311,340
Stanlib Income Fund	102,789,484	99,558,328
Current Account - CBL	3,598,085	6,890,311
Mobile money Wallet	24,214	305,539
TOTAL	<u>237,009,371</u>	<u>179,834,450</u>

8. Accounts Payable

	<u>M</u>	<u>M</u>
Retention	11,773,770	10,355,380
Accrued Expenses	27,553,247	17,195,947
Tax Payable (PAYE & WHT)	939,974	635,466
Sundry Creditors	3,371,682	2,551,728
Cash Shortages/Surplus	(3,167)	(18,333)
	<u>43,635,506</u>	<u>30,720,188</u>

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2022

Notes to the Annual Financial Statements (continued)

9. Provisions

	<u>2022</u>	<u>2021</u>
	<u>M</u>	<u>M</u>
Provision for Gratuity	2,938,908	5,750,503
Provision for Leave Pay	359,032	416,940
	<u>3,297,940</u>	<u>6,167,443</u>

10. Road Maintenance Levy (RML)

The RML was increased with effect from 9 July 2021 from M0.30 to M0.40 and from M0.40 to M0.50 per litre of petrol and diesel respectively. The Oil Companies operating in Lesotho are the collecting agents and the remittances are based on monthly Sales volume.

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2022

Notes to the Annual Financial Statements (continued)

11. Road Maintenance Expenses

	<u>2022</u>	<u>2021</u>
	<u>M</u>	<u>M</u>
Roads Directorate	69,945,291	35,240,566
Road Safety Department	2,970,128	1,960,530
Ministry of Local Government - Local Gove	1,490,755	15,560,171
- MCC	12,375,476	24,642,499
	<u>86,781,649</u>	<u>77,403,766</u>

12. Secretariat Staff Salaries & Benefits

	<u>2022</u>	<u>2021</u>
	<u>M</u>	<u>M</u>
Salaries	12,579,841	12,354,895
Performance Bonus	591,308	-
Temporary Staff	219,760	341,467
Gratuities	3,131,090	3,830,970
Leave Pay	-	250,053
Fringe Benefit Tax	87,890	87,645
Fringe Benefits	1,103,715	970,709
TOTAL	<u>17,713,604</u>	<u>17,835,739</u>

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2022

Notes to the Annual Financial Statements (continued)

13. Revenue Collection Expenses

	<u>2022</u>	<u>2021</u>
	M	M
LRA Collection Costs Recovery (7%)	3,311,806	1,751,093
RML Collection Costs	-	-
Sub Accountancy Collection Costs (3.5%)	1,408,863	1,363,117
TOTAL	<u><u>4,720,669</u></u>	<u><u>3,114,210</u></u>

14. Toll System Expenses

	<u>2022</u>	<u>2021</u>
	M	M
Toll System Expenses	359,821	650,221
Toll Security Expenses	405,570	405,570
Total	<u><u>765,390</u></u>	<u><u>1,055,791</u></u>

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2022

Notes to the Annual Financial Statements (continued)

15. Investment Income

	2022	2021
	M	M
STD Bank Call	108,060	101,720
Money Market	3,562,153	2,396,290
Income Fund	3,932,484	4,168,462
TOTAL	<u>7,602,696</u>	<u>6,666,472</u>

Interest received from Standard Lesotho Bank Call Account and Stanlib Income Fund are net of 10% final withholding tax.

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2022

Notes to the Annual Financial Statements (continued)

16. Board Expenses

The Board expenses is comprised of regular meetings sitting allowances, sub-committee sitting allowances, training, communication & its devices contracts and the refreshments as follows:

	<u>M</u>	<u>M</u>
General Meetings	171,000	174,500
Special Meetings	100,000	139,000
Sub-Committees	144,750	86,250
Travel, Accommodation & Meals	-	-
Subscriptions	-	49,525
Refreshments	132,340	79,418
Training & Seminars	609,238	-
Communication (Ipad Contracts)	102,565	143,364
Protective Clothing	9,800	-
TOTAL	1,269,693	672,057

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2022

Notes to the Annual Financial Statements (continued)

1/. **Revenue Enhancement**

	2022	2021
Cost Items	M	M
Court Module/ATJS	69,300	77,595
eNatis Telephone Sets	-	64,256
Mobile Court	-	680,545
Data usage	-	119,232
Network support & backup services	476,928	238,464
Travel and Training of users	50,850	57,905
Face Value, Special Permits, cartridges, printing and other consumables	1,963,556	2,194,150
Scanners	-	-
Roll out, follow up and verification trips (Local subsistence)	-	247,800
Campaign Material	2,000	40,172
Advertisement	39,623	13,450
Meals for drafting DTT MoU	3,000	-
E-Spot Fine system	1,908,644	1,908,644
Toll Tariffs increase - Bulk sms's and sign boards	146,035	149,740
Total Costs	4,659,936	5,791,953

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2022

Notes to the Annual Financial Statements (continued)

18. Contingent Asset

The Road Fund uses E Spot Fine system to collect Road Traffic Offences Fines. Only offences paid within seven (7) days are remitted to the Road Fund while overdue spot fines are collectable by the Judiciary, hence not recognized as RF revenue.

19. Lease Liability

The Fund recognized Right of use Asset for the occupancy lease with effect from April 2019. The lease liability calculations were effected in 2020/2021 with the liability standing as M2,832,049. However, the lease agreement had expired in July 2020 and was assumed to be renewed with the same term of three (3) years which was later not the case, instead a twenty (20) months renewal from 1st August 2020 to 31st March 2022 was approved. This led to reversal of lease liability to be amortised over 20 months. A new lease agreement has been effected from 1st April 2022 for the three (3) year term.

20. Other Income

The Fund received M1,555,523 for forfeited bid security from Selemela Construction for failure to comply with pre contract requirements.

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2022

Notes to the Annual Financial Statements (continued)

21. Fraud and irregularity

The Fund is aware of the alleged fraud on the Toll collections. This was identified on the 6th November 2021 and the amount involved is approximately **M2,479,680** inclusive of **M471,390** directly attributable to the financial year 2021/2022. Further investigations are underway.

Road Fund

(Ministry of Finance, Government of Lesotho)

Annual Financial Statements

for the year ended 31st March 2022

Notes to the Annual Financial Statements (continued)

22. Detailed Statement of Comprehensive Income (Other Expenses)

	Notes	2022 M	2021 M
REVENUE		193,035,965	138,455,990
Road Maintenance Levy	(10)	95,901,805	66,147,062
Tollgate Fees		47,311,515	25,016,840
Road User Fees		39,845,738	38,899,566
Road Traffic Offences Fines		703,621	1,587,354
Sundry Income		1,614,638	55,550
Other Income		7,658,647	6,749,617
Investment Income	(15)	7,602,696	6,666,472
Gain on sale of fixed asset		55,950	83,145
LESS: EXPENDITURE		134,667,305	123,285,507
Operating Expenses		96,927,644	91,272,700
Road Maintenance Expenses	(11)	86,781,649	77,403,766
Revenue Collection Expenses	(13)	4,720,669	3,114,210
Revenue Enhancement	(17)	4,659,936	5,791,953
DTT Operational Support		0	3,906,980
Toll System Expenses	(14)	765,390	1,055,791

Secretariat Expenses		30,237,435	27,600,065
Consultancy Services		1,900,524	184,345
Board Expenses	(16)	1,269,693	672,057
Secretariat Staff Salaries & benefits	(12)	17,713,604	17,835,739
Interest on Lease		61,239	171,121
Audit Fees		76,440	76,529
Depreciation		9,215,935	8,660,276
Other Administration Expenses		6,577,068	4,090,935
Advertising and Publicity		741,727	497,735
Bank Charges		330,848	308,787
Cleaning		155,590	71,199
Communication (Tel,Fax,E mail,WAN)		1,311,448	1,233,576
Computer Expenses		67,119	94,215
Courier & Postage		2,265.14	-
Donations		126,662	96,098
Entertainment		42,176	99,813
General Expenses		4,788	8,023
Insurances		436,550	417,486
Motor Vehicle Expenses		498,683	389,218
Office Rellocation		0	14,414
Printing & Stationery		119,510	84,189
Repairs & Maintenance		189,868	118,009
Subscriptions		653,922	246,377
Travel		969,812	351,676
Workshops & Conferences		926,100	60,121
Staff Related Expenses		925,158	321,806
Recruitment		57,954	27,920
Staff Training/Team Building		668,769	92,187
Staff Uniform and Protective Clothing		10,604	6,605
Staff Wellness & Assistance Programme		187,831	195,094
OPERATING SURPLUS/(DEFICIT)		58,368,659	15,170,482



Mr. Nkekeletse Makara Pr. Eng
Chief Executive Officer



Mr. Tšeliso Polaki
Senior Secretariat Engineer



Mrs. Mphaphathi Ramanyalane
Financial Controller



Ms. Karabelo Hokinyane-Tlhoeli
Internal Auditor



Ms. 'Mafako Lepholisa
*Human Resources and Administration
Manager*



Mr. Khotso Mohale
*Information and Communication
Technology Manager*



Mrs. Phumla Moleko
Public Relations Manager



Mr. Phoka Thene
Compliance Manager



Ms. Mamello Qhobela
Executive Secretary



Mr. Khatho Mohlomi
Financial Accountant



Mr. Letsooa Mahane
Revenue Accountant



Mr. Pakalitha Makometsane
Systems and Database Administrator



Ms. Mahlape Tsekoa
Human Resources and Administration Officer



Mr. Motlalepula Phala
Systems and Support Officer



Mr. Palo Senamolele
Accountant



Mr. Rethabile Motoa
Assistant Accountant



Mrs. Malobiane Mokonyana
Assistant Accountant



Ms. Mankome Letsie
Verification Officer



Mr. Mpesi Maphakisa
Verification Officer



Mr. Leuta Lehloenya
Verification Officer



Mr. Thabisang Mofammere
Verification Officer



Ms. Nthathi Nkoebele
Verification Officer



Mrs. Malebaka Tšotetsi
Verification Officer



Mr. Rehopotsoe Kemane
Civil Engineering Technician



Mr. Nyatso Motleleng
Toll Technician



Mrs. 'Mamoekoa Thahane
Front Desk Administrator



Ms. Molikuoqa Letsie
Administration Assistant



Mr. Teboho Mosala
Driver



Mr. Tsematsi Mphutlane
Driver



Mr. Liketso Mochaba
Driver



Ms. Matšeliso Chopho
Office Assistant



Mrs. 'Makoena Kuleile
Office Assistant



Ms. Mpolokeng Sekotla
Office Assistant

Road Fund

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