

2018 CABRI Programme – *“Building PFM Capabilities”* Team Lesotho Final Report

PRESENTED AT:

THE PEER REVIEW SEMINAR

DAKAR, SENEGAL 10-12 DECEMBER 2018

Kingdom of Lesotho



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1.

THE STARTING POINT IN MAY

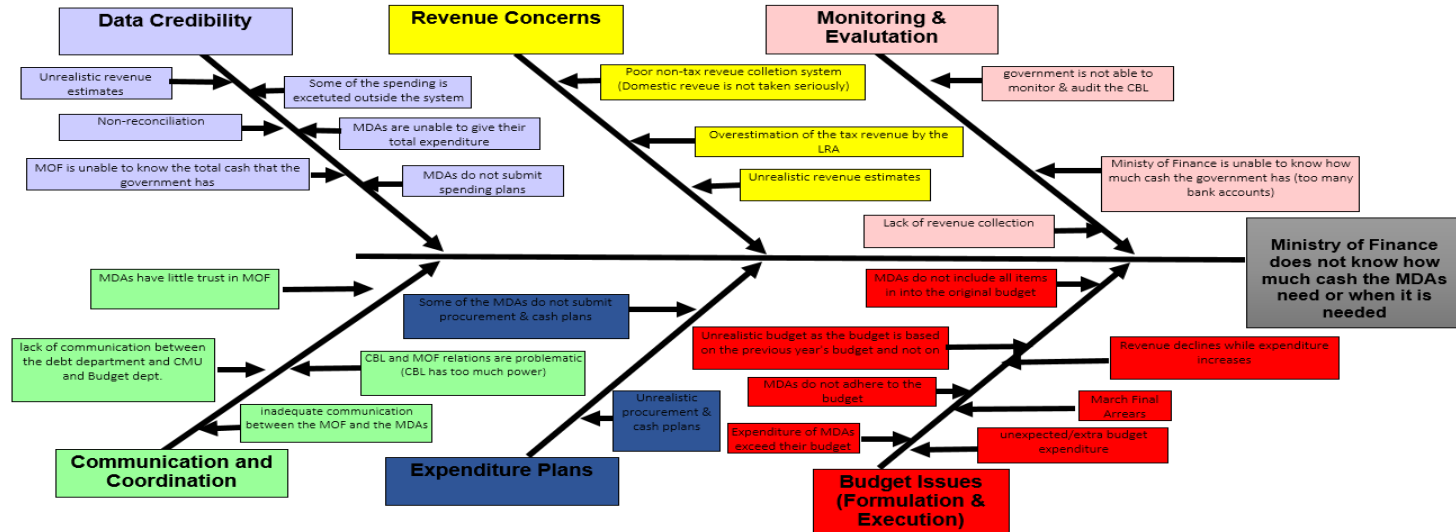
What was the initial problem? Where did we decide to start?

Ministry of Finance does not know how much

MDAs require or when cash is required

THE ORIGINAL FISHBONE

Fishbone Diagram



ORIGINAL ENTRY POINTS

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- » Non-reconciliation
- » Non-submission of spending plans
- » Strengthening of the liquidity management committee
- » Form technical team to the committee
- » MoF is unable to know the total cash that the government has
- » Inadequate communication between the MDAs and the MoF
- » Fiscal Dumping
- » IFMIS is inadequate and not fully utilized by MDAs

- » Principal Secretary and Deputy (Ministry of Finance)
 - » Authorization
- » MDAs
 - » 7 pilot Ministries
 - » Reconciliation & Reporting
- » Colleagues at the MoF
 - » Heads of Departments
 - » Other staff

- » Monitoring and communication between MoF and other MDAs remains a challenge
- » Departments within ministries work in isolation
- » Difficulty setting up meetings with the authorities
- » There is still more work to be done to achieve the solution to our problem

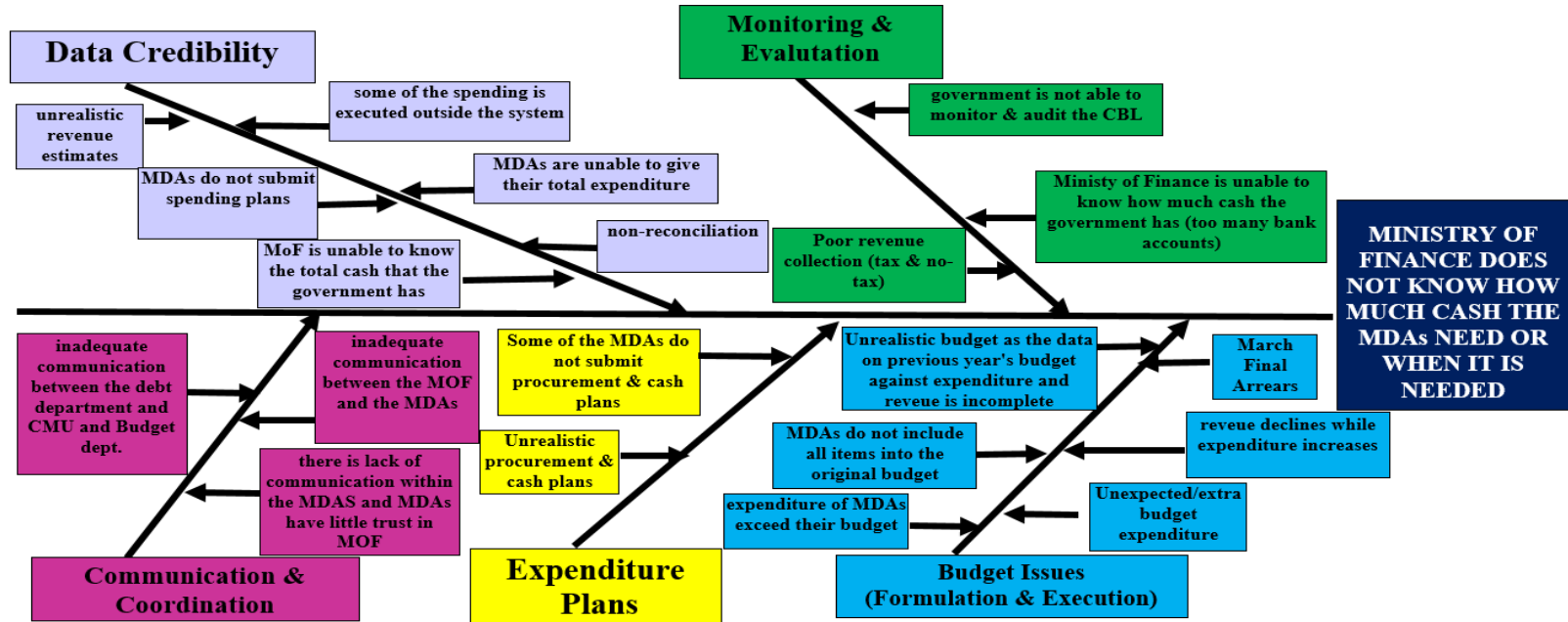
2.

ACHIEVEMENTS OF THE PROGRAM

What was done over the 7 months of the program?

ADJUSTMENT ON THE FISHBONE

Fishbone Diagram



ADJUSTMENTS ON THE ENTRY POINTS

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- » Non-reconciliation
- » Non-submission of spending plans
- » Strengthening of the liquidity management committee
- » Form technical team to the committee
- » MoF is unable to know the total cash that the government has
- » Inadequate communication between the MDAs and the MoF
- » Fiscal Dumping
- » IFMIS is inadequate and not fully utilized by MDAs
- » Non-reconciliation
- » Expenditure Plans
- » Strengthening of the liquidity management committee
- » Bank accounts
- » Monitoring and communication

- » Non-submission
- » Unrealistic
- » How much money is needed

- » Pilot ministries (7)
- » Improvement in submission of plans
 - » More MDAs submit
 - » Realistic plans submitted
- » Improved relations between MDAs and MoF
 - » Held meetings to address problems

Challenges

- » Most MDAs do not submit on time
- » Unrealistic plans are still submitted

Way-forward

- » Team will design guidelines
- » Roll out to other ministries not in the pilot

LIQUIDITY MANAGEMENT COMMITTEE

- » The committee was meeting only when there was a problem
- » The team thought there was no technical committee
- » Lack of information sharing on funds available and funds needed

- » Development of the ToRs
 - » LMC and technical committee established
 - » MoF is now the key driver
- » Frequent meetings
 - » At least once a week
- » Sharing of information between relevant stakeholders

Challenges

- » Meetings not held during the absence of PS
- » Data reliability (e.g. expenditure)

Way-forward

- » Strengthening of the technical committee
 - » Data matters

MONITORING & EVALUATION

- » Poor revenue collection- Non tax revenue
- » Lack of communication within MoF and MDAs

- » Developed TORs for monitoring and reporting unit
- » Improved preparation of annual accounts
- » Introduction of month-end closure
- » Improved communication between the departments in MoF
- » Sharing of different ideas and appreciation within MoF

Challenges

- » Non-compliance by line ministries
- » Unable to communicate with ministerial chief accounting officers

Way-forward

- » Review of the PFMA Act-inclusion of sanctions

BANK ACCOUNTS

- » Too many bank accounts
 - » CBL and commercial banks
- » Not able to know how much cash is available

- » Developed manageable database of active bank accounts
- » At least 178 bank accounts closed
- » Improvement in disclosure of bank accounts by MDAs

Challenges

- » Commercial banks allow for opening of bank accounts without authorization of AG

Way-forward

- » Configuration of all donor funds bank accounts into the systems
- » TSA bank accounts
- » Revenue accounts will be centralised

NON-RECONCILIATION

- » Reconciliation was never done
- » How much cash the government has

» **Accounts reconcile**

- » Recurrent- up to October 2018
- » Revenue – 64% of the MDAs reconcile
- » Development- up to May 2018
- » Consolidated Fund- up to October 2018
- » Commercial banks- up to October 2018

Challenges at hand

- » Referencing and introduction of new accounts (Salaries)
- » Failure to capture revenue in the system

Way-forward

- » Provide guidance and assistance for all other MDAs to reconcile

CLOSING REMARKS

- » Improved reconciliation
- » Availability of TORs of LMC
- » Improved expenditure plans
- » Improved bank accounts data base management
- » Improved monitoring and communication

THANK
YOU

