



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

A/FND/74-6

28 January 2016

Honourable Dr. M. Monyamane
Minister of Health
P.O. Box 514
Maseru 100

Dear Sir,

**AUDITED FINANCIAL STATEMENTS
OF MATERNAL AND NEWBORN HEALTH
PERFORMANCE BASED FINANCING PROJECT
FOR THE YEARS 2013/2014 AND 2014/2015**

I enclose originally signed copies of the audited financial statements of Maternal and Newborn Health Performance Based Financing Project for the years 2013/2014 and 2014/2015.

A management letter detailing matters which came to the attention of auditors during the course of audit is submitted to the project's management together with this report.

Please contact me if you have any queries or points you may wish to raise on the above.

Yours faithfully

Handwritten signature of L.L. Liphafa in cursive script.

**L.L. LIPHAFI (MRS)
AUDITOR GENERAL**

Cc. Principal Secretary - Ministry of Health
Principal Secretary - Ministry of Finance
Director Finance



OFFICE OF THE AUDITOR GENERAL

**AUDIT REPORT ON THE
ANNUAL FINANCIAL STATEMENTS
OF LESOTHO MARTENAL AND NEWBORN HEALTH
PERFORMANCE BASED-FINANCING PROJECT
FOR THE YEAR ENDED 31 MARCH 2014**

AUDIT REPORT ON THE
ANNUAL FINANCIAL STATEMENTS
OF LESOTHO MARTENAL AND NEWBORN HEALTH
PERFORMANCE BASED-FINANCING PROJECT
FOR THE YEAR ENDED 31 MARCH 2014

HEALTH SECTOR REFORM PROJECT

MINISTRY OF HEALTH

GOVERNMENT OF LESOTHO

LESOTHO MATERNAL AND NEWBORN HEALTH (MNH)
PERFORMANCE BASED FINANCING (PBF) PROJECT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014



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

**REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
MATERNAL AND NEWBORN HEALTH
PERFORMANCE BASED FINANCING PROJECT
MINISTRY OF HEALTH - GOVERNMENT OF LESOTHO
FOR THE YEAR ENDED 31 MARCH 2014**

I have audited the accompanying financial statements of the Maternal and Newborn Health Performance Based Financing Project, which comprise the Statement of Sources and Uses of Funds and the Notes to the financial statements for the year ended 31 March 2014 as set out on pages 3 to 6.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on the audit. The audit has been conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require auditors to comply with ethical requirements and to plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

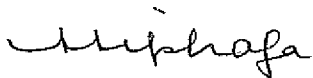
An Audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of

material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

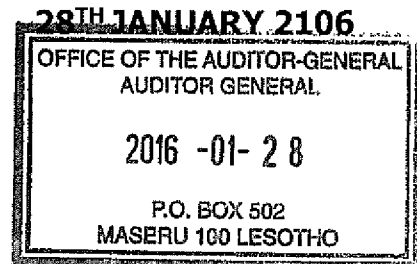
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the Sources and Uses of Funds of the project for the year ended 31 March 2014 in accordance with the cash basis of accounting.



LUCY L. LIPHAFI (MRS)
AUDITOR GENERAL



HEALTH SECTOR REFORM PROJECT

MINISTRY OF HEALTH

GOVERNMENT OF LESOTHO

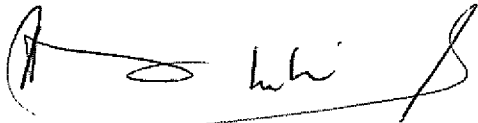
LESOTHO MATERNAL AND NEWBORN HEALTH (MNH) PERFORMANCE BASED FINANCING (PBF) PROJECT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

TABLE OF CONTENTS	PAGES
Auditor General Opinion	1 – 2
Project Sources and Uses of Funds-Project Preparatory Activities US Dollar	3
Project Sources and Uses of Funds – Project Preparatory Maloti	4
Notes to the Financial Statements	5 – 6

The accompanying financial statements set out on page 3 to 6 were approved on

.....28-01-..... 2016 and signed by:



Mamoruti Tiheli (Ms)

PRINCIPAL SECRETARY

MINISTRY OF HEALTH



Mpheteng Ts'ukulu (Mr)

DIRECTOR OF FINANCE

MINISTRY OF HEALTH

Sources And Uses of Funds Report-Lesotho Maternal And Newborn

Year Ended at 31.03.14

Project Preparatory Activities

	US Dollars
Opening Cash Balance	0.00
Add: Source of Funds	
Funds received from IDA	157,049.00
Funds received from IDA	166,437.00
TRANSFER from Maloti Operational Account	4,611.70
Funds Available	328,097.70
Less: Uses of Funds by disbursement categories	
Goods	-
Consultancy Services	16,534.28
Training	30,576.38
Workshop and Operating Costs	25,497.52
Transfer to Maloti Operational Account	250,668.00
Total expenditures	323,276.18
Cash available less total expenditure	4,821.52
Total Cash Balance	4,821.52

Authorized by..... *M. Tsikulu*

Signature and Date:..... *[Signature]* 28-01-2016

Source and Uses of Funds Report - Lesotho Maternal And Newborn

Year Ended 31.03.14

Maloti

	MALOTI
Opening Cash Balance	0.00
Add: Source of Funds	
Transfer from Dollar Account	2,533,623.81
HTAP	36,522.02
RECEIPTS	49,360.88
Cash Receipts	53,246.81
Receipts	89,054.40
Cash Receipts	2,337.91
Funds Available	2,764,145.83
Less: Uses of Funds by disbursement categories	
Goods	-
Consultancy Services	97,163.87
Training	327,670.00
Workshop and Operating Costs	1,593,753.07
Total expenditures	2,018,586.94
Cash available less total expenditure	745,558.89
Total Cash Balance	745,558.89

Authorized by.....*M. Tsatshu*.....

Signature and Date:.....*[Signature]*..... 28-01-2016

HEALTH SECTOR REFORM PROJECT

MINISTRY OF HEALTH

GOVERNMENT OF LESOTHO

LESOTHO MATERNAL AND NEWBORN HEALTH (MNH) PERFORMANCE BASED FINANCING (PBF) PROJECT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS

1. SCOPE

The period covered by the financial statements is from 1st April 2013 to 31st March 2014.

Income Taxes are calculated based on current and applicable income tax rate.

The Performance Based Financing Unit (PBF) through the Financing and Accounting department maintains accounts in respect of funding provided by donors.

The accompanying financial statements cover funding under International Development Association – Lesotho Maternal and Newborn Health Performance Based Financing Project.

2. BACKGROUND

The Ministry of Health has been implementing Maternal and Newborn Health (MNH) Performance Based Financing (PBF) project since April 2013. This project is jointly financed by the World Bank (US\$12,000,000.00), Health Results Innovation Trust Fund (HRITF) (US\$4,000,000.00) and the Kingdom of Lesotho (US\$4,000,000.00). The overall objective of the project is to improve the utilisation and quality of maternal and newborn health services in selected districts. The overall objective of the project is to improve the utilisation and quality of maternal and newborn health services in selected districts. The project has two components as follows;

Component 1: Improving Maternal and Newborn Health (MNH) Services Delivery at Community, Primary and Secondary levels through PBF (US\$14 million).

This component will be jointly financed by IDA (US\$ 10 million) and the Health Results Innovation Trust Fund (US\$4 million). The objective of this component is to improve MNH service delivery at health facility and community level.

Component 2: Training of health professionals and Village Health Workers and improving Monitoring and Evaluation (M&E) capacity (US\$2 million)

This component will be solely financed through IDA financing and have two sub-components. Sub-component 2A: Training health professionals and Village Health Workers will support the ongoing MOH program for training of doctors, nurse anaesthetists and midwives to achieve an acceptable standard of competency in the delivery of MNH services including EmONC as well as training of VHWs.

Sub-component 2B: Improving M&E capacity will support the strengthening of the Health Management Information System (HMIS) in all districts and build the capacity of M&E personnel at the central and district levels.

The project was planned to be implemented in phases as shown below;

1. **Phase I** (February 2014 – December 2014), the project to be piloted in Leribe and Quthing.
2. **Phase II** (January 2015 – 2017), the project will gradually scale-up to 4-6 additional districts.
3. **Phase III** an additional 1-3 districts.

Reporting currency

The reporting currency for GOL MOH PBF Project Account held in Standard Lesotho bank is Maloti. The account is opened to serve the activities that are being conducted locally.

The PBF project has also opened Project Preparatory Activities Dollar Account.

Project Preparatory Activities Dollar Account was opened for the purpose of PBF preparatory activities which came to an end in August 2015.

Authorisation Date

The Financial Statements were authorised on 28 January 2016 by the Honourable, Minister of Health.