



INTEGRATED REPORT

2021-22
Lesotho Revenue Authority



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 **M8.2 Billion**
Gross Collection
(M7.4 billion - 2020/21)

 **M 947 Million**
Total refunds
(M1.049 billion - 2020/21)

 **M7.3 Billion**
Total revenue remitted
(M6.350 billion - 2020/21)

 **14.7% Growth**
(9% decline - 2020/21)


LRA AT A GLANCE

2021-2022


621
Employees


12
Border Posts


3
Offices


5
Service Centres

Our Footprint

BORDER POSTS	DISTRICT
Caledonspoort Border Post	Butha Buthe
Maputsoe Bridge Border Post	Leribe
Peka Bridge	Leribe
Van Rooyen's Gate	Mafeteng
Maseru Bridge Border Post	Maseru
Maseru Railway Station	Maseru
Moshoeshoe 1 International Airport	Maseru
Makhaleng Bridge	Mohale's Hoek
Sani Top Pass	Mokhotlong
Qacha's Nek Gate	Qacha's Nek
Ramatseliso's Gate	Qacha's Nek
Tele Bridge	Quthing
SERVICE CENTRES	
Leribe Service Centre	Leribe
Maseru Service Centre	Maseru
Maseru Post Office	Maseru
State Warehouse	Maseru
Mohale's Hoek Service Centre	Mohale's Hoek
LRA OFFICES	
Head Office	Maseru
Oblate House	Maseru
Training Centre	Maseru

*During the course of the year, the Authority exited offices at Maseru Mall and MGC Park

ABOUT OUR REPORT

This report presents the Authority's performance for the financial year 2021/2022 (FY2021/22). The report covers revenue performance and progress on the implementation on *Rea aha* Strategy. In line with the values of accountability and transparency, the report further unpacks matters of governance, risk management, stakeholder management and information on the state of the human capital of the Authority. As both a good governance and statutory requirement, the audited Annual Financial Statements of the organisation are also presented.

As part of Authority's commitment to good corporate governance, as espoused by the King IV Report on Corporate Governance, this report continues to seek the ideal of integrated reporting in accordance with the International Integrated Reporting Framework (IIRF). By design, the Authority's *Rea aha* Strategy, is underpinned by an integrated thinking methodology based on five sources of capital. Informed by these sources of capital the report considers a broad range of reporting dimensions and communicates all relevant factors that materially affect the ability of Authority to create value in the short, medium and long term.

The presented Annual Financial Statements were audited by external auditors appointed by the Auditor-General. Based on this audit, the Auditor General has expressed an unqualified opinion. This becomes one more unqualified opinion on the audited financial statement of the Authority since its establishment in 2002/3. This report was prepared by the Executive Management Committee (EXCO) and approved by the Board of Directors (the Board). As required by the LRA Act, the Board is presenting the report to the Honourable Minister of Finance who will in turn table it to Parliament

REPORTING BOUNDARY

This report covers the financial year 2021/22 which runs from 1 April 2021 to 31 March 2022. It focuses on the material matters relating to our strategy, business model, operating context, performance, governance, and the material risks and opportunities, that we have identified in line with best practice. It is an explanation of how we create value in the short, medium and long term, which we define as one year, two to three years, and five years respectively.

REPORTING FRAMEWORKS

The report is premised on the ideals set out in the principles of the King IV Code on Corporate Governance (King IV) and is also guided by the principles and requirements of the International Integrated Reporting Council (IIRC) <IR> Framework. Our Annual Financial Statements are a critical element of this report and were prepared in accordance with the International Financial Reporting Standards (IFRS), and the requirements of the Lesotho Revenue Authority Act No. 14 of 2001 (the Act), where appropriate.

Given that the *Rea aha 2.0* strategy is founded on five sources of capital, this report also endeavours to describe our approach, activities and mandate in terms of these sources of capital, namely:

- Spiritual Capital;
- Social Capital;
- Human Capital;
- Innovation Capital; and
- Financial Capital.

MATERIALITY

We consider an issue to be material if it has the potential to significantly impact our ability to continue to fulfil our mandate and maintain relationships with our stakeholders. Our material issues are informed by the expectations and concerns of our stakeholders, as well as the legislative, economic, social and environmental context in which we operate.

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements, regarding the potential implementation of our '*Rea Aha*' 2.0 Strategy, the effect of global and domestic economic conditions on the Authority performance and operations.

These statements thus involve both known and yet unknown risks, uncertainties and other crucial factors that could cause our actual results, performance or achievements to be materially different from the expected results.

The Authority undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document, or to reflect the occurrence of anticipated events. The forward-looking statements have not been reviewed or reported on by the auditors.

DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board, supported by the Finance and Audit Committee, acknowledges its responsibility for overseeing and ensuring the integrity of this integrated report. The Board has applied its collective mind to the report's presentation and preparation, and believes it fairly represents the matters that have a material effect on our ability to create value and deliver on our legislated mandate. The Board accordingly approved this integrated report on 28 June 2022.

WHO WE ARE

The LRA is a corporate body established under the Lesotho Revenue Authority Act No 14 of 2001. As stated in the Act, our mandate is,

“...to be the main body responsible for the assessment and collection, on behalf of the Government, of specified revenue; for the administration and enforcement of laws relating to such revenue and for related matters.”

We do this within the frameworks of three other pieces of legislation:

- The Customs and Excise Act (1982) as amended.
- The Income Tax Act (1993) as amended; and
- The Value Added Tax Act (2001) as amended.

The tax mix for which we are administratively responsible comprises:

Income Tax (IT), which comprises:

- Corporate Income Tax (CIT);
- Personal Income Tax (PIT);
- Other Taxes (OT);
- Withholding Tax;
- Fringe Benefit Tax;
- Gambling Levy; and
- Value Added Tax (VAT).

Of these, VAT and PIT are the largest contributors to tax revenues.

In addition to the tax revenues, we also collect non-tax revenue in the form of toll fees on behalf of the Road Fund.

The LRA Act is currently being amended. The amendment is aimed at strengthening some governance elements such as the separation of the Corporate Secretarial role from the Commissioner General and a change in the name of the organisation to better align with the service orientation of the *Rea aha* 2.0 strategy. This change will also entail a corporate identity rebranding.

OUR STRATEGIC GUIDING POLICY

As part of our strategic review which seeks to achieve a culture of continuous improvement, we have revised our strategic guiding policy from,

“Building a service culture through collaborative leadership.”

Our new guiding policy, which builds on the previous one, provides more specific guidance as to how we shall achieve the strategic intent of being a service-oriented organisation. The adoption of this new guiding policy transformed the *Rea aha* strategy to *Rea aha 2.0* with emphasis on the adoption of data analytics, better

stakeholder engagement and a sharper business acumen towards the achievement of automatic compliance. The guiding policy now stands as follows,

“Building automatic compliance by harnessing strategic partnerships and developing business acumen.”

OUR VISION

To be a leader in service delivery in Lesotho and beyond, putting the interests of people at the heart of everything that we do.

OUR MISSION

To contribute to the economic development of Lesotho through:

- An environment that encourages our clients to voluntarily comply;
- Collaborative leadership;
- Capable, service-oriented and motivated staff; and
- Continuous improvement in everything that we do.

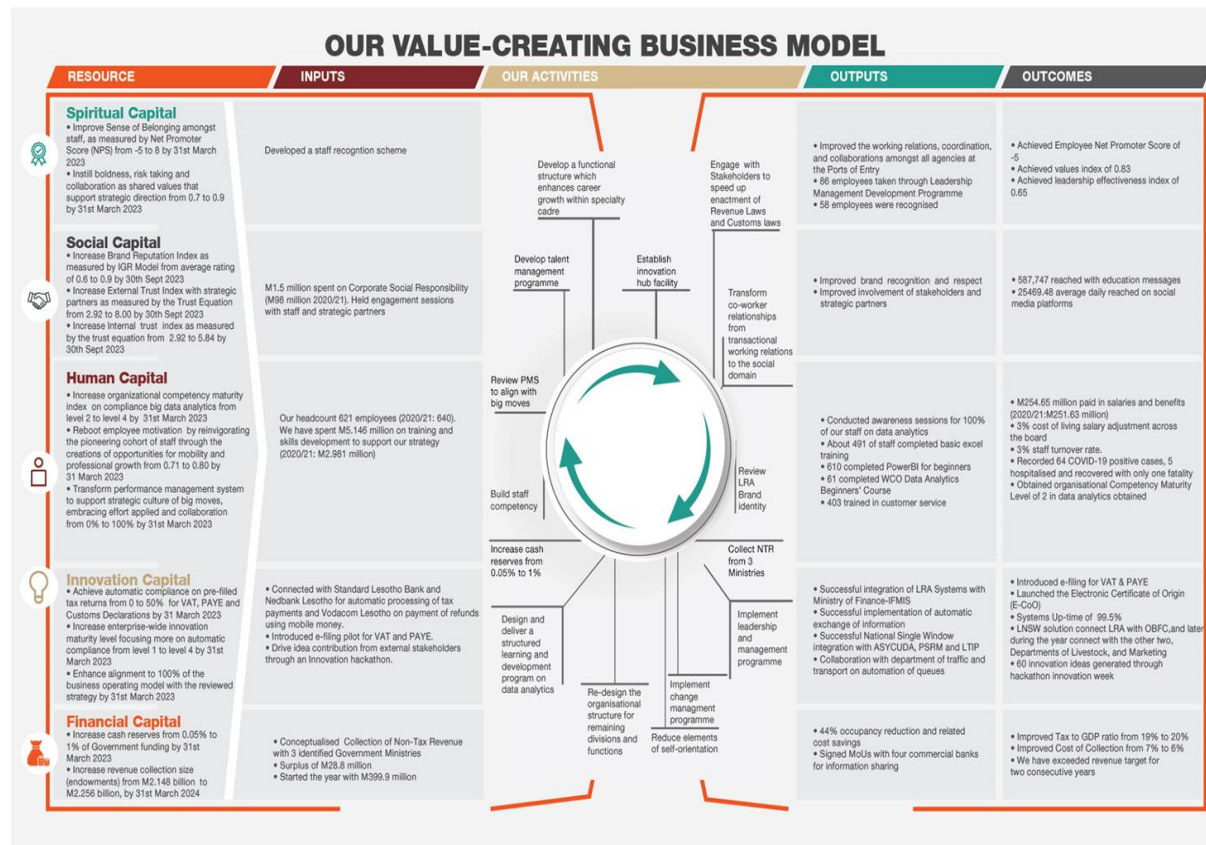
OUR VALUES

Our values are:

- We are responsive;
- We care;
- Service first; and
- Shared ownership.

OUR VALUE CREATION MODEL

We implement our strategy by investing in the five sources of capital that become our inputs. Our strategic activities convert our strategic inputs into outputs to achieve the strategic outcomes as shown in the Value Creation Model;



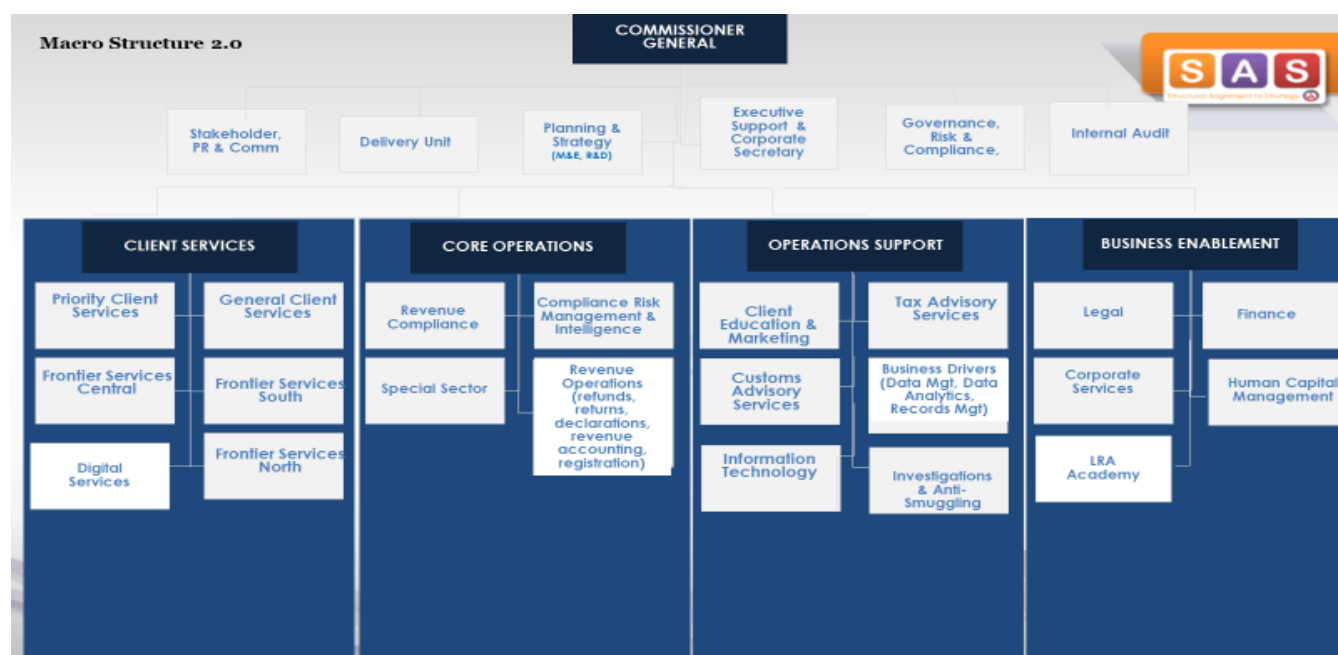
OUR OPERATING STRUCTURE

Implementation of *Rea Aha* 2.0 strategy necessitated alignment of the structure to the strategy for optimal effectiveness, client and staff satisfaction, and the elevation of our spiritual, social and human capitals. The new structure has four operating divisions.

These four divisions place all our staff who interact with clients at any level within **Client Services**. Behind them are those who work in **Core Operations** offering all the core and tax functions, who are in turn supported by **Operations Support**, providing the specialised services that underpin and maximise our tax revenue collection efficiencies, with **Business Enablement** facilitating the smooth, integrated and cohesive operation of the organisation.

The other five functions – the Delivery Unit; Corporate Planning and Strategy, Internal Audit; Governance, Risk and Compliance and Stakeholder, Marketing and

Public Relations (SMPR) fall within the direct ambit of the office of the Commissioner General.



OUR OPERATING ENVIRONMENT

In the year under review, the Authority operated under an improved economic environment following recovery in the secondary and tertiary sectors which collectively contributed to over two thirds of the 2021/22 growth (LEO-CBL, June 2021). This improvement was driven mainly by mining and construction associated with the second phase of Lesotho Highlands Water Project. This performance is in line with the 4.3% economic growth from a 6.5% decline realised in 2020/21 when Lesotho was simultaneously hard hit by the pandemic and declining SACU revenue.

THE LESOTHO TAX ENVIRONMENT

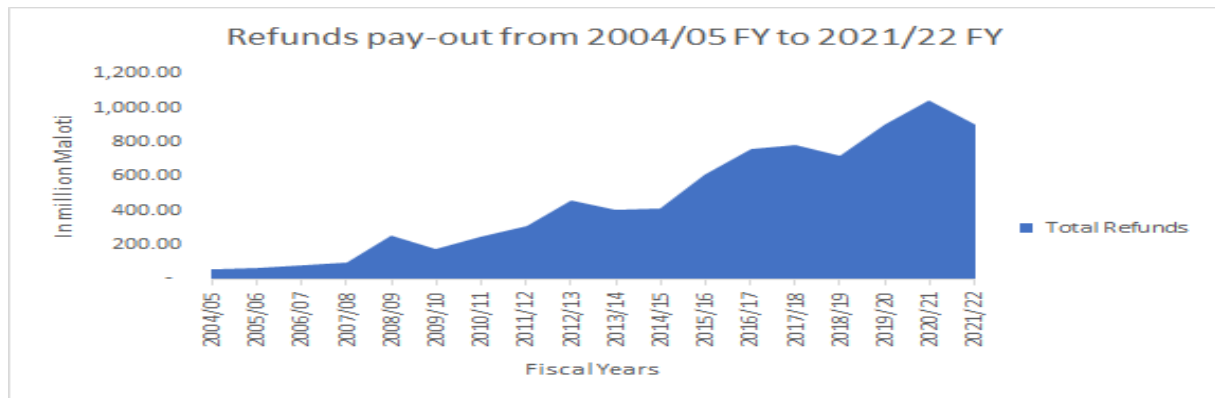
In 2021/22, the Authority remitted M7.28 billion against the target of M6.64 billion, exceeding the target by M638 million, which is a 9.6% excess collection over target.

The COVID-19 pandemic crippled the world's economy in 2020/21 adversely affecting the Authority's performance, which dropped by 8.5% relative to 2019/20. In 2021/22, a slight recovery in the world's economy, coupled with some efficiency gains, had a positive effect on remittances, recording an increase of 14.7%.



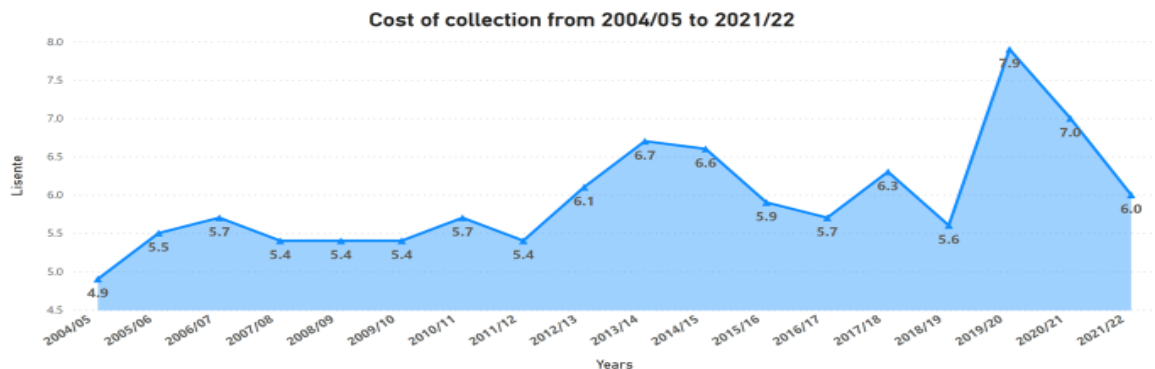
PERFORMANCE ON REFUNDS

Refunds increased steadily from M57.7 million in 2004/05 reaching M1.2 billion in 2020/21 but declined to M946.81 million in 2021/22. Of the total refunds paid, M921 million (97.3%) was for VAT while M25 million, 3.7% went to IT refunds. Of the VAT refunds, mining sector refunds were the highest at M379.23 million.



COST OF COLLECTION

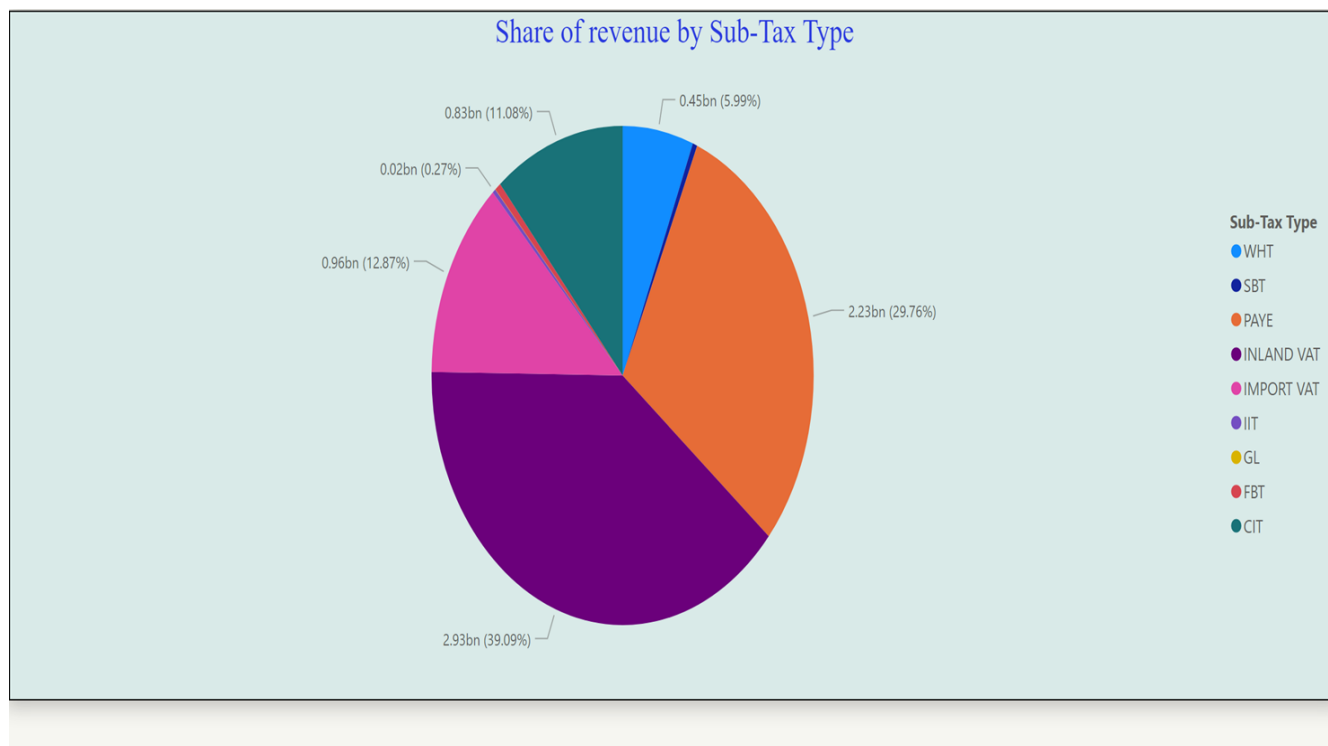
In 2021/2022 it cost LRA 6 *Lisente* to collect 1 Loti of tax. This figure has improved from the previous year by 14.2% where 1 Loti was collected by 7 *Lisente*. The improvement is mainly due to an increase in revenue collection while at the same time avoiding an increase in operating costs. As remittances to government increased by 14.7%, operating costs were reduced by 1.7%. Some of the cost management measures taken by Management include increasing adoption of a paperless environment and therefore reduction of stationery and printing costs through the digitization of services for clients and staff and a significant reduction in rented office space while leveraging the new normal of working from home.



SOURCES OF TAX REVENUE

The Lesotho tax mix comprises Income Tax (IT) and Value Added Tax (VAT). Income Tax comprises: Corporate Income Tax (CIT) which, in the year under review, accounted for 11.1% of total collections; Pay As You Earn (PAYE) 29.8%; Withholding Tax (WHT) 6.0%; Fringe Benefit Tax (FBT) 0.5% and Individual Income Tax (IIT)

0.3%. Value Added Tax (VAT) comprises: Inland VAT contributed 39.1% while Import VAT contributed 12.9%. Simplified Business Tax (SBT) accounted for 0.4%.



CHAIRMAN'S REPORT



The Financial year 2021/2022 marked a pivotal point for the global economy, as it gradually rebounded from the depths of the COVID-19 crisis. Based on the projection by the International Monetary Fund, vis-a-vis 5.9% achieved in 2021, global economic growth is expected to slow down to 4.4% in 2022, reflecting the myriad of challenges that the world continues to face today, including geopolitical tensions, the continuing impact of COVID-19, supply chain disruptions and high inflation.

The Board is cognizant of the challenges faced by our clients in doing business in Lesotho, emanating from the tough international economic environment and local challenges including difficulties to get paid for products and services rendered, resulting in cash flow problems that affect the Authority's mandate to collect revenue for the Government. The Board is challenged to raise its risk management oversight to ensure continuity of the organization and its contribution to the economy.

It is in this regard that we applaud our clients, the taxpayers, for continuing to be compliant to their legal tax obligations despite the economic challenges.

STRATEGIC FOCUS,

We continued with our strategic plan *Rea Aha* and improved it to *Rea aha 2.0* to ensure that we continue to promote business acumen in our strategic thinking. We have adopted and adapted the value creation model for our integrated thinking and reporting to ensure that we define success from the point of view of value to stakeholders. We are pooling knowledge based on data, ensuring that it is the single source of truth. We address all capitals; financial, human, social, innovation (intellectual), particularly ‘spiritual capital’ which we think is the basis for all capitals.

Our focus has been on making it easy for our clients to comply, following the pandemic lockdowns, new channels for service delivery had to be explored, and in this period LRA invested heavily in digitization, by improving our systems, processes and policies to support automatic compliance.

HUMAN CAPITAL DEVELOPMENT

There has also been an improvement in terms of Organisational Structure. The Authority is going through a transformation and re-looking at its organisational structure and the way it operates, to built-in effectiveness and efficiencies. Investment in our Human Capital centers on building our unique current and future leadership competencies. We embrace succession planning, developing innovation, building agility and antifragility.

Collaboration with staff and the workers union “LeRASU” has been good. They have been very participative in many areas, resulting in the implementation of the restructuring process with as little disruption as possible to business. As we reach maturity in the process we embrace digitalization, we look forward to ensuring that we make evidence-based decisions, and in that regard, we are focusing on building data analytics competencies.

SERVICE IMPROVEMENT

Service improvement remains key to our success. We are continuously working on improving our service in collaboration with our clients and other key stakeholders providing our tax clients with service at their convenience hence immense digital transformation and data intelligence projects in place, with view to providing self-service, and insight to clients.

CHANGES TO OUR BOARD

We are fortunate to have an inclusive board, represented by members from Lesotho Chamber of Commerce & Industry, Ministry of Trade & Industry, Ministry of Finance, Central bank of Lesotho and one appointed from the Private Sector and Central Bank of Lesotho. We lost a valued member of our team and Deputy Chairperson of the Board Reverend Bohlale Phakoe, whose exemplary performance as the Deputy Chairman of the Board and, earlier, Chair of the Human Resources and Remunerations Committee (HRRC) saw us making significant and meaningful strides in the development of our Human Capital. Mr. Bohlale Phakoe passed on, on the 2nd October 2021. We remain

grateful to his family and the Central Bank of Lesotho who enabled us to enjoy his unique talent. May His Soul Rest in Eternal Peace.

On behalf of the Board, we welcome Mr. Mookameli Fuma who joined us on the 14th December 2021 as a nominee of the Central Bank of Lesotho. As a former employee of the Authority, he has a great understanding of the tax environment and as an economist and businessman, he comes in with a fresh and independent perspective.

Digitalization presents us with opportunities that could unleash our potential to create and preserve value for stakeholders. In cognizance of this, the Board decided to improve its oversight capacity on ICT matters by bringing on board two Technology Advisors, Mr. 'Mope Lephoto and Mr. Lekulana Kolobe from the 2019/2020 financial year. Without them we would not have made the strides we have made this year.

ACKNOWLEDGEMENTS

As we celebrate our good performance, we acknowledge that the Lesotho Revenue Authority would not have achieved such great strides without the support of the Government through the Honourable Minister of Finance who guided and supported the Board and Management of the organization at this particularly challenging time. We cannot overlook the Ministerial teams which worked tirelessly with us to increase the compliance culture, broaden the tax base and put in place the right regulatory environment that ensures delivery of our mandate- Revenue Collection - to facilitate an effective and efficient service delivery by the Government of Lesotho.

The Board has performed very well in implementing its key responsibilities as a united board, ensuring compliance of the LRA with regulatory policies and laws governing the LRA. The Board has performed its second responsibility by ensuring the development of policies that guide the performance of the organization, whilst facilitating growth in innovation to be able to achieve digitization by building data analytics capabilities in the LRA.

Thanks to the efforts of the Executive Committee led by our Commissioner General, the Members of staff and all our stakeholders whose contributions ensured that the Authority remains relevant and meets its mandate even under trying times. We look forward to yet another year of continuous improvement.

ROBERT Likhang CGMA

CA(L), ACMA, FCG

Board Chairman.

COMMISSIONER GENERAL'S REVIEW



Success in a volatile global economy filled with geo-political challenges requires critical foresight and agility coupled with boldness to avoid inertia by focusing on calculated execution of an adapted strategy. These are attributes of a sharp business acumen that we, as the leadership of the Authority, recently adopted as part of the refinement of our strategy from *Rea aha* to *Rea aha 2.0*. In addition, we have also realized the importance of improved stakeholder relations to enable the achievement of this strategy.

In the 2020/21 financial year, we reviewed our strategic guiding policy to emphasize the leveraging of data in how we seek to achieve our mandate. As such, our new guiding policy is premised on a commitment to building automatic compliance. To us, tax compliance is optimized when we base our interventions on the reality that we are in the business of influencing human behavior. To this end, we have adopted empirical findings from behavioral insights research which unequivocally recommends that one of the simplest ways of getting human beings to adopt a behavior is simply to remove obstacles that may get in their way towards such adoption.

Requiring people to fill a form or to queue to pay their taxes are examples of obstacles which, if removed, would guarantee increased compliance by most people. This 'convenience' factor has long been understood by business hence online subscriptions

that ‘automatically’ renew and e-commerce online forms that ‘automatically’ populate our details to ease the process of purchasing. The world of tax administration needs to catch up and acknowledge that, despite the advantage of the law being on our side, we also need to harness these behavioral insights towards improved domestic revenue mobilization.

The Authority’s guiding policy therefore seeks to make tax compliance as ‘automatic’ as possible by leveraging data with which tax returns can be pre-populated and presented to people and businesses to simply verify, edit and submit. This strategic approach requires a strong mutually beneficial stakeholder network for automatic data exchange. It also requires us to sharpen our business acumen and stop having an ‘inside view’ that limits our innovation.

Against the backdrop of these strategic fine tuning, we are happy to release our fourth integrated report which continues the validation of our strategic decisions to move away from an enforcement heavy approach to a more service friendly one premised on the trust in people’s willingness to do good.

We are very proud to have exceeded our revenue target by M638.65m, a 9.6% over-performance, at a time when real GDP contracted by 6.5% in 2020 and further contracted by 11.1% in the first quarter of 2021 followed by a 10.5% and 2.2% recovery in the second and third quarters of 2021 respectively. We owe this success to the commitment, skill and experience the people who are the Lesotho Revenue Authority, the staff of the Authority. As the Management, we are very much appreciative of our staff especially in view of the hardships they have had to endure in these times of COVID-19 coupled with the tough economic environment.

Post pandemic lockdowns the slow economic recovery in developing countries can mainly be attributed to slow rollout of vaccines. In Lesotho Vaccine rollout was much delayed, due to accessibility. It is in this regard that the Authority joined forces with like-minded agencies and institutions to seek vaccines for their staff and families. This ensured a quick return to business, and provision of full services to our clients.

Increased number of services required by our clients were availed online, with minimum services availed at the service centers, where required. Back-office technical support was provided by teams working remotely. This greatly reduced exposure of our teams to COVID-19. As Lock down restrictions were further reduced, and demand for services increased, the LRA joined forces with like-minded agencies and institutions to seek vaccines for their staff’s households and the general public. This ensured a quick return to business, and provision of full services to our clients.

In 2021 out of a team of 670 people, 10% of our staff members tested positive for COVID 19. Of these, 5 people were hospitalized. Unfortunately, we lost one member of our team due to COVID-19 related illnesses. May his soul rest in peace. LRA provided medical rescue and hospitalization support for all its staff.

In order to provide online services and be able to effectively drive automatic compliance, LRA built staff competency in critical skills including Excel, Power Bi and

data analytics, to the point where 100% of staff were taken through basic data analytics training, with some enrolled in advanced courses.

As we continued the digitization journey, great strides were achieved bringing us closer to automatic compliance. The quality of service to our clients was improved due to the introduction of e-filing for both PAYE and VAT and outsourcing of cashiering services to the banks. These initiatives contributed to reduced cost of collection as well as making it easier for our clients to comply.

The collaboration that has been seen throughout the organisation extends to our strategic partners and clients with whom we built relationships and continue to strengthen affiliations. Some strategic partnerships with the government and private sector were instrumental in bringing the organisation closer towards data maturity. Whilst some initiatives are likely to come to fruition in 2022/23, during the year 2021/22 we celebrated the following achievements:

- Successful integration with Ministry of Finance system, IFMIS;
- Collaboration with Department of Traffic and Transport on introduction of queue management system;
- Connectivity with Standard Lesotho bank and Nedbank Lesotho for automatic processing of tax payments; and
- Connectivity with Vodacom on payment of refunds using mobile money.

Our clients' commitment to contributing to the development of Lesotho and provision of services by Government, kept them loyal to delivering on their tax obligations. We continued to keep them involved through robust stakeholder engagement and client education programmes all year round.

Whilst we celebrate exceeding the target, we continue efforts to level the playing field for all our clients. It is in this regard that Authority continues to implement debt management and recovery initiatives, to enforce compliance to the few renegade clients. In 2021/22 these efforts yielded M275.45 million and M614.53 thousand was recovered from clients who evaded tax.

The slow economic recovery continues to make revenue collection more difficult, requiring innovative and agile strategies. I am proud to have worked with a team that responded positively to a strategic call of embracing risk taking and rewarding effort applied by all team players. Contributions made by all our staff members and stakeholders do not go unnoticed.

We are faced with an even bigger challenge of collecting M8.70 billion in 2022/23 financial year. We remain confident that we shall exceed this target as well, believing in our dynamic strategic approach, a dedicated team whose competency keeps improving, our strategic partners and clients. We are an organisation that shall continue to grow and contribute to economic growth of Lesotho and improvement in quality of life for all Basotho. We continue to build; *'Rea Aha'*.

PERFORMANCE AND STRATEGY

In this reporting period the Authority commenced implementation of ‘*Rea Aha*’ 2.0. Aa new guiding policy, “Building automatic compliance by harnessing strategic partnerships and developing business acumen” was followed and used in achieving strategic decisions.

In the year under review, the Authority envisaged achieving the following four strategic outcomes under the ‘*Rea Aha*’ 2.0.

The purpose of this strategy is to achieve the following outcomes:

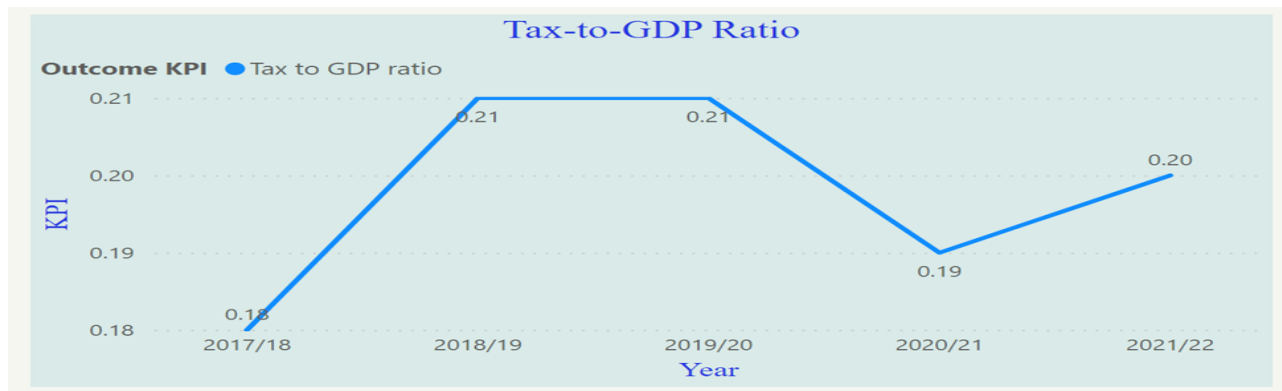
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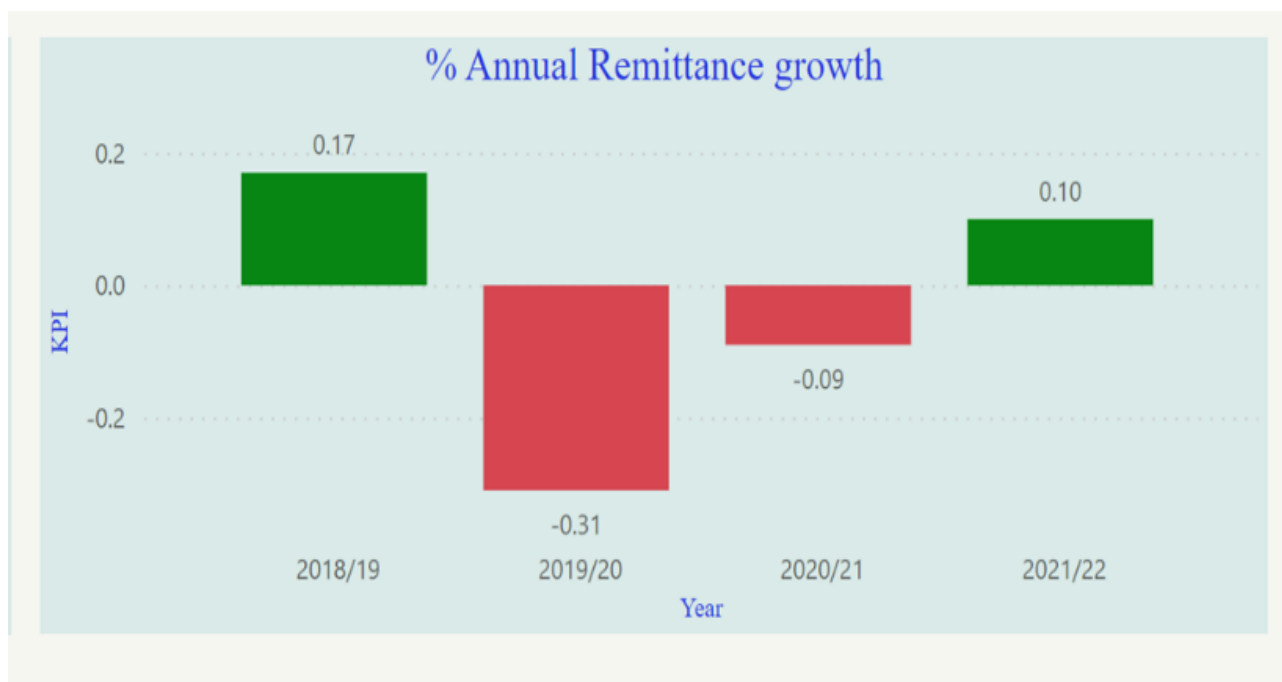
 **Rea Aha 2.0** 2018-23 Strategy Review

In order to achieve automatic compliance by the year 2023, the Authority laid a solid foundation by proposing some legislation that would enable pre-populating of clients’ PAYE and VAT returns. The relevant key stakeholders were consulted, and Memorandum of Understanding signed with all commercial banks and other stakeholders, paving the way for system integration.

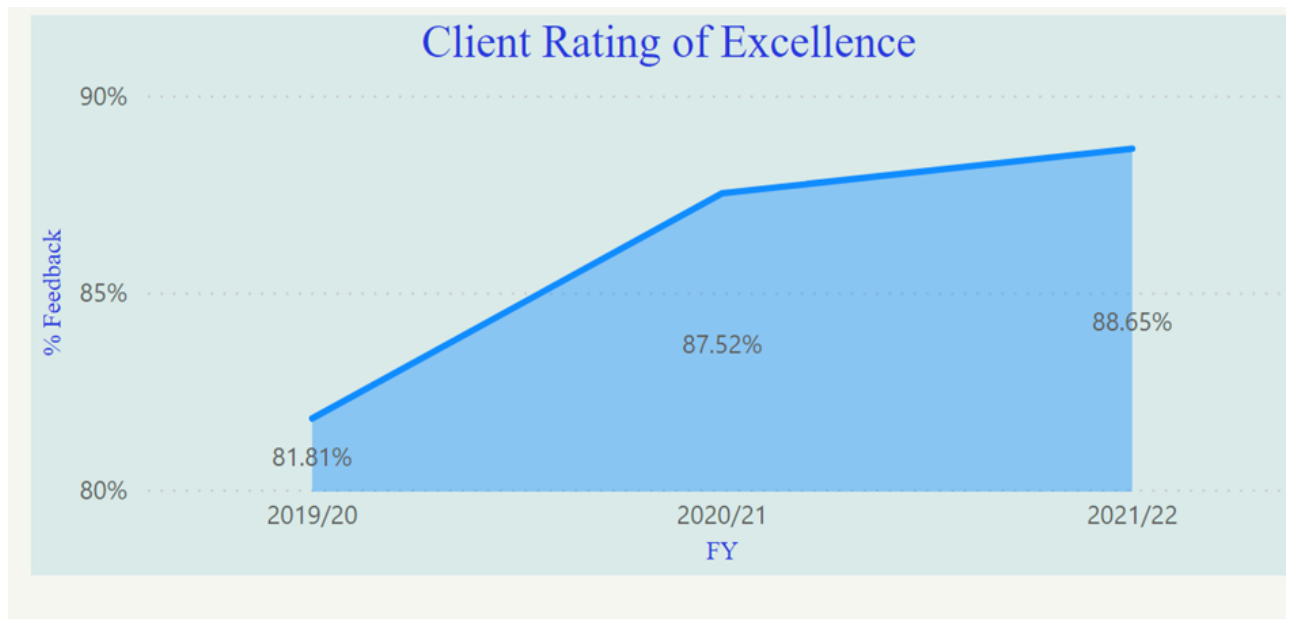
PERFORMANCE AGAINST 'IMPROVED REVENUE' OUTCOME



The Authority has been resilient and outperformed the set annual revenue targets which it exceeded by M638.65m (9.6%) for the FY 2021/22. This has not resulted in improved revenue performance but has increased our contribution to the national coffers whereby with this performance we have managed to improve our tax to GDP ratio number from 19% to 20%. It should however be noted that in order to assist Lesotho reduce its dependence on SACU revenue there is need to increase our performance to at least 26% to achieve the regional benchmark as well.



PERFORMANCE AGAINST 'IMPROVED QUALITY OF SERVICE' OUTCOME



We have managed to add value to our clients by improving our quality of service through monthly monitoring our service offering and asking our walk-in clients to rate services at each service touch point. To achieve this, we have in this reporting period trained 403 out of 621 employees on customer service.

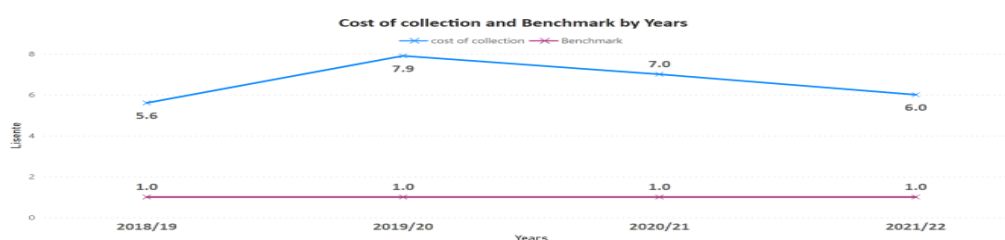


PERFORMANCE AGAINST 'AUTOMATIC COMPLIANCE' OUTCOME

Under this outcome preliminary work such as proposal of legal instruments, preparation of technological platforms for integration and engagement with stakeholders to enable pre-population commenced. We also introduced e-filing pilot for VAT and PAYE and managed to establish connectivity with Standard Lesotho Bank and Nedbank Lesotho for automatic processing of tax payments.

PERFORMANCE AGAINST 'REDUCED COST OF COLLECTION' OUTCOME

We managed to reduce our cost of collection ratio from 7 *Lisente* to 6 *Lisente*. This was achieved through termination of the property renting contracts in MGC and Maseru Mall which resulted in a reduction in rental costs. We also managed to introduce paperless services and reduced internal printing costs by leveraging on introducing both internal and external digital services.



INVESTING IN SOURCES OF CAPITAL

SPIRITUAL CAPITAL

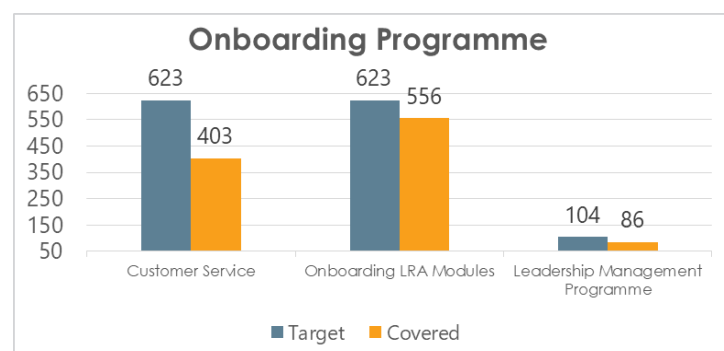
Our investment in Spiritual Capital has seen us through some of the most challenging years where the life of normal business operations was threatened. Amidst all challenges that came about as a result of COVID-19 pandemic, LRA employees stayed connected through, mainly, information technology platforms. We had to be more open than we have been in the past years in order to unify staff at different levels and keep them focused on our mission. Up to 80 engagement sessions were held with staff using different platforms, most of which were on the Staff Alignment to Structure (SAS) project. The intension was to make this process as painless as possible. The highest coverage on these sessions was 88%, the least 20%, giving us an average of 60% annually.

In addition, a total of 162 virtual meetings were held during the year. As a way of changing our staff's mindset, a total of 148 non-management staff were taken through leadership training. One of the biggest highlights of the year, intended to create a sense of belonging amongst staff, was the launch of an employee recognition scheme.

Through this scheme, 58 of our staff members were 26 dependent for their commitment and dedication, teamwork, innovation and their ability to use corporate values in their day-to-day work.

HUMAN CAPITAL

Throughout the year we have been committed to building a competent and motivated workforce. Our strategic intent has been to be a data-driven organisation in order to keep up with global trends. For this reason, building staff competency in data analytics remained one of our priorities. In the first quarter of the year, 100% of our staff were reached with awareness sessions on data analytics, which were done through meetings and publicity campaigns. This was followed by a series of formal virtual training courses by different service providers.

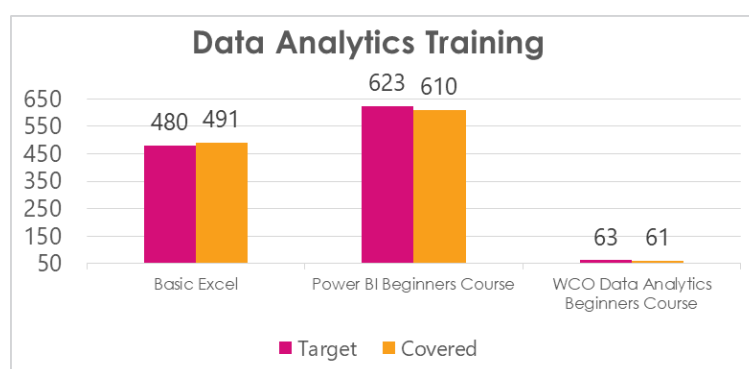


At the close of the financial year, 610 members of our staff had been enrolled in and completed their elementary training in data analytics, some proceeding on to take advanced courses. While that was the case, training in other fields of strategic importance, such as leadership development, customer service

and special sector auditing continued, wherein a total of 556 employees were trained.

SOCIAL CAPITAL

We continued to operate in close collaboration with our clients and strategic partners using robust stakeholder and client engagement programmes. Positive engagements on social media for instance went up to a total of 267.74 thousand with average daily impressions going up to 7.1 million. Additional forums were held with clients in physical meetings (up to 71). Clients reached with educational messages were a total of 588 thousand. All these have been fruitful efforts to build relationships with our strategic partners and the commitment of our clients.



INNOVATION CAPITAL

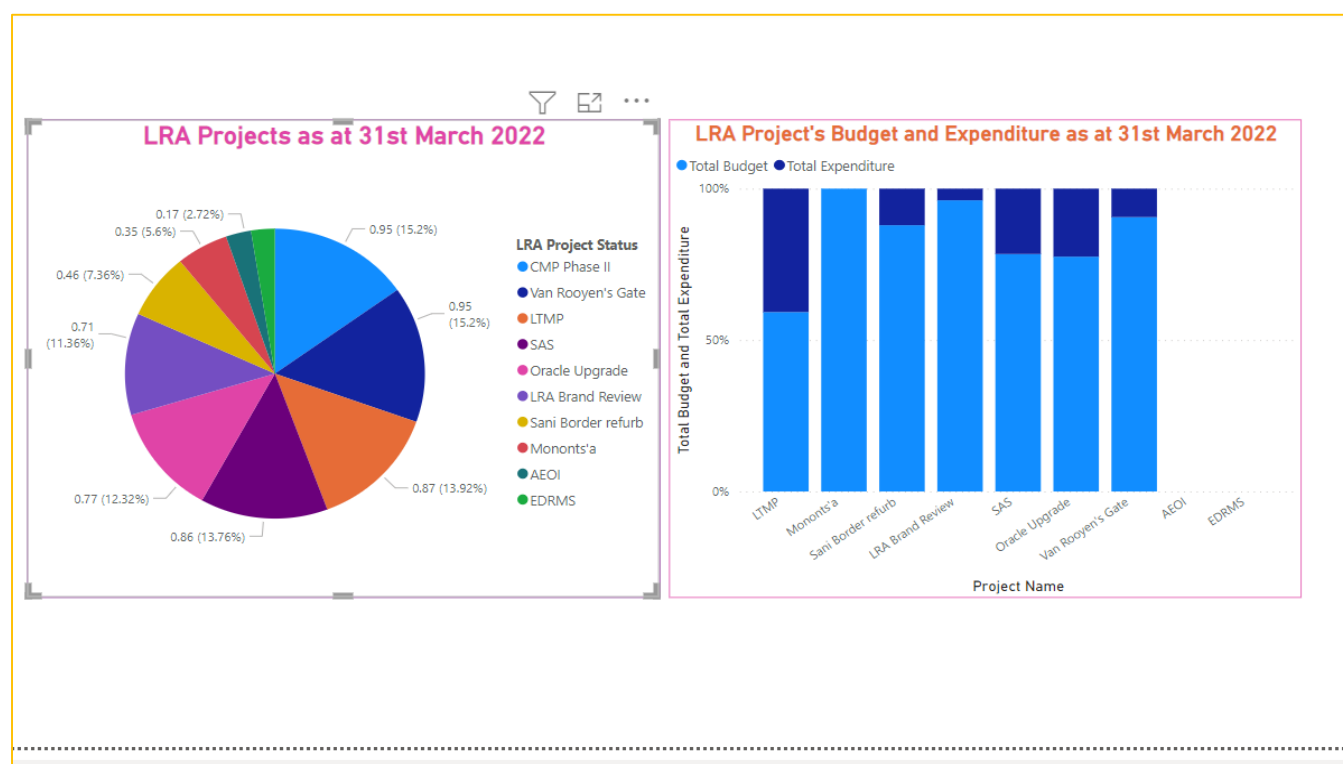
Leveraging on COVID-19 we managed to re-engineer our business processes and moved our clients online, significantly reducing the number of walk-in clients. We also delivered and launched the Electronic Certificate of Origin (E-CoO). Our core systems have been up 99% of the time except for planned downtime.

We successfully harvested innovative ideas from external stakeholders through an innovation hackathon.

FINANCIAL CAPITAL

The Authority planned to increase cash reserves through better planning and cost management. During the reporting period the Authority terminated rental contracts in a bid to manage costs. However, it became necessary to liquidate investments to meet some financial obligations. Negotiations are underway to propose a new funding model. Engagements commenced for preparations to collect Non-Tax Revenue from three Government Ministries.

PROJECT'S PERFORMANCE



The LRA Project Portfolio for the year under review consisted of 2 programmes and 8 projects. The Programmes are Tax and Customs Modernisation, which form part of the Innovation Capital where 28 independent processes, applications and integrations are implemented. Most of our project funding was used to build the Innovation Capital, and the alignment of the organisational structure to the strategy.

Tax and Customs Modernisation

Significant milestones achieved in the tax modernisation journey are Business Intelligence (BI), e-Filing for VAT and PAYE, Operational reports and dashboards for ease of filing of returns. Legislation and process re-engineering under the Special Sector Regime and Small Business Taxpayers regime, were completed.

With respect to customs modernisation, under a World Bank supported project of the Ministry of Trade which we have been assigned to lead, we and all other agencies made significant strides towards the roll-out of the Lesotho National Single Window, a cloud-based solution, to enable processing of traders' application for registration, certificates, permits/licenses from different Government Authorities. These functionalities are achieved through integration of the LRA network with Active

Directory Federation Services (ADFS), Public Sector Revenue Management (PSRM) and E-payment platforms.

Border Refurbishment Projects

Three border posts were identified for refurbishment during the financial year. These are Monont'sa, Van Rooyen's Gate and Sani Top. Land acquisition for all three borders have been completed and construction will commence during 2022/23. We however continue to experience delays occasioned by financial constraints of the government.

Oracle Fusion Project

This project brings a cloud-based solution which is aimed at implementing online system for which aims to implement seamless internal online processes such as Fusion Expenses, Electronic Recruitment, pay-slips and leave applications. Fusion expenses and Leave applications have been completed and deployed while the rest are still in progress.

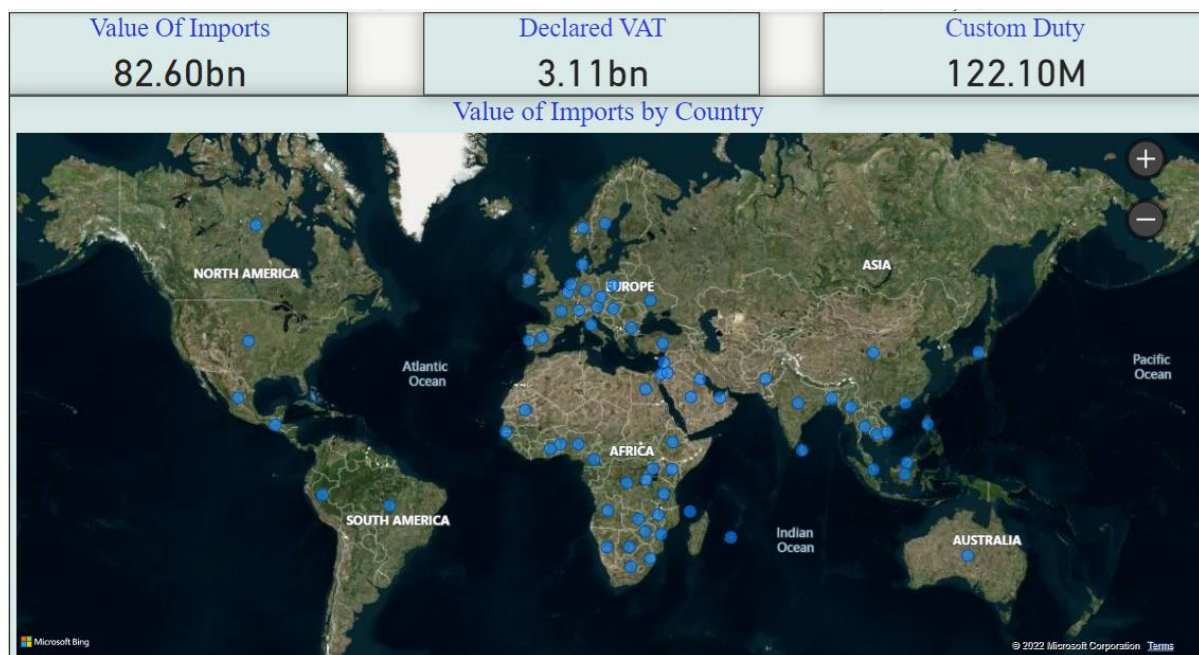
Structure Alignment to Strategy (SAS) Project

The project, which is under Human Capital, has completed the following milestones:

- Organisational Structure – The approved macro and microstructures were presented to staff.
- Job Categorization – Job categorization was signed-off by Commissioners and published for staff to start development of job families.
- Job Evaluation & Grading – The Paterson grading map and cost-implication analysis were presented to the Board and approved. Staff feedback was concluded. At the end of the reporting period, lodged grievances were awaiting hearing.

OUTLOOK

According to the IMF report (April 2022), global growth is projected to slow down from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. This slowdown in the global economy, as countries emerge from the pandemic to war in Ukraine, is likely to negatively affect our trade flows. Low import VAT collections and customs duties are to be expected. The map below depicts Lesotho's strides in international trade as a net importer and therefore generating much-needed revenue and employment.



In addition to this, efforts are being made to push for passing of laws by Parliament which will be used to improve our tax practice/jurisprudence and assist LRA to collect more revenues in the future. Our Board and Executive management are working hard to expand our revenue collection base through the introduction of Non-Tax Revenue and the passing of the Alcohol and Tobacco levy.

MAKING STRATEGIC TRADE-OFFS AND ASSESSING THE IMPACT ON OUR CAPITALS

Making strategic trade-offs was key to ensuring that the Authority becomes resilient and delivers on its core mandate of revenue collection and hence deliver value to Basotho with its financial contribution to the national budget. It also helped us to ensure that we are well positioned for the future and circumvent the current disruptions such as COVID-19 and harness the fourth industrial revolution. As part of our integrated thinking, the Board and EXCO continuously assess the availability and quality of capital inputs, try to strike a balance between the short and long-term

objectives and make decisions to create and preserve value. Below are two key trade-offs we made and the rationale behind our decisions.

TRADE-OFFS ON WORKING FROM HOME

In response to the fight against COVID-19, trade-offs were made between Financial and Human Capital as the Authority had to increase its budget and spending to enroll staff on vaccinations over and above continuing screening. Instead of downsizing due to COVID-19, we continued to deploy our staff on a rotational basis for those who physically serve our clients, and we also reduced deployment and invested more in data analytics. These trade-offs included the ability to forgo physical attendance of local, regional and international meetings and to attend such sessions virtually, thus saving on travel and related costs. Remote work also presented cost savings in terms of office rental costs, transport, and communication costs.

THE TRADE-OFF ON DIGITAL VERSUS TRADITIONAL WALK-IN SERVICES

The pandemic helped us to leapfrog and fast-track the adoption of not only working-from home practices but also expedited automation and re-engineering of business processes to offer more services online. We increasingly digitized products and services that we offer. There has been a trade-off between employees and machine and technology on the digital products and services we offer. Through automation and increased client adoption of digital solutions that drive improved client experiences, the need for direct human interaction has been reduced.

From a capital allocation perspective, an increased number of employees working from home, results in cost savings. These cost savings are however, partially offset by the impact of IT investments as we scale up our modernization agenda.

CORPORATE SOCIAL RESPONSIBILITY

Towards enhancing the Authority's contribution as a responsible corporate citizen, the following Corporate Social Investment initiatives were undertaken

PARTNERSHIP WITH MISS LESOTHO

The LRA is working towards improving its brand reputation while at the same time increasing its trust index focusing primarily on reducing self-orientation. The Authority aimed to use the Miss Lesotho platform to equip young women with technical skills through education and sharing of information. Proper understanding

of the tax system was identified as one of the critical areas that every citizen, and mostly aspiring entrepreneurs should be familiar with. Miss Lesotho target was to expose the 12 finalists and the youth at large to Lesotho's tax system in order to enrich their understanding on the subject.

HLOKOMELA BANANA CAMPAIGN

The Authority continued its support to Hlokomela Banana campaign through a corporate social investment (CSI) of M85.77 thousand towards the project. The CSI was made towards Her Majesty Queen 'Masenate Mohato Seeiso's campaign to provide free sanitary towels to underprivileged girls in high schools. The campaign is known as Hlokomela Banana (Their Freedom, Our Future). A total of 953 girls drawn from ten schools across the country benefited from the initiative. Through availing of sanitary towels and toiletries to learners, this initiative, under the auspices of the Queen's National Trust Fund, seeks to enhance the girls' access to their learning environment.

DONATION OF USED FURNITURE

The Lesotho Revenue Authority allocated used furniture to two schools: Likotsi Primary School (Maseru) and Sekhaupane Primary School (Mafeteng). The social investment was also made to Migrant Workers Association of Lesotho and Lesotho Network for the Development of the Blind. The CSI of used furniture to the schools and organizations aimed to create a platform where the Authority contributed to the provision of quality education to learners as well as empowering organizations looking after interests of disadvantaged groups such as ex-migrant workers and visually impaired persons.

BACHA ENTREPRENEURSHIP PROJECT

Due to COVID 19 pandemic the annual Bacha Entrepreneurship Project, an initiative by LRA and three other partnering organizations namely BEDCO and Standard Lesotho Bank could not be implemented in 2020 and 2021.

ENVIRONMENT

LRA participated in five (5) government led cleaning campaigns in which the Authority focused on cleaning the Koffi Annan surroundings between Green City and Masowe traffic circle.

HEALTH

On an annual basis, the Authority supports the Cancer Walk by purchasing tickets for staff and sponsoring the event. The event is intended to raise general awareness on cancer.

CULTURE

LRA continues to support the annual Moshoeshoe Walk from Menkhoaneng to Thaba-Bosiu through purchasing tickets for members of staff while also sponsoring the event.

STAKEHOLDER ENGAGEMENT

The success of the LRA can greatly be attributed to the close relations it enjoys with its stakeholders. The 'Rea Aha' 2.0 Strategy priorities understanding of who our stakeholders are, their needs and our responsibilities to them.

In 2021/22 regular engagement with our stakeholders and collaboration in decision making on a wide variety of issues. These include automatic compliance, revenue collection, development of legislation and review of the regulatory frameworks.

New Memorandum of Understanding (MoU's) were entered into with the following partners:

- A. Standard Lesotho Bank;
- B. First National Bank;
- C. Nedbank Lesotho;
- D. Lesotho Post Bank;
- E. Econet Lesotho;
- F. Land Administration Authority;
- G. Ministry of Finance (IFMIS);
- H. Financial Intelligence Unit/Lesotho Mounted Police Service/Directorate on Corruption on Economic Offences; and
- I. Department of Energy/Road Fund/Petroleum Fund.

A total of 71 engagement sessions were held in 2021/22. Key discussions emanating from engagement sessions include:

- Formalization of the relationship between Banks for integration of systems; and for provision of services to facilitate client payments to the LRA;
- Formalization of the relationships with Government agencies, aimed at automatic sharing of information through systems integration;
- Coordinated Border Management;
- Development, testing and piloting of new proposed systems to make it easier to comply; and
- Tax Clinics on various topics aimed at improving compliance.

INTERNAL AUDIT

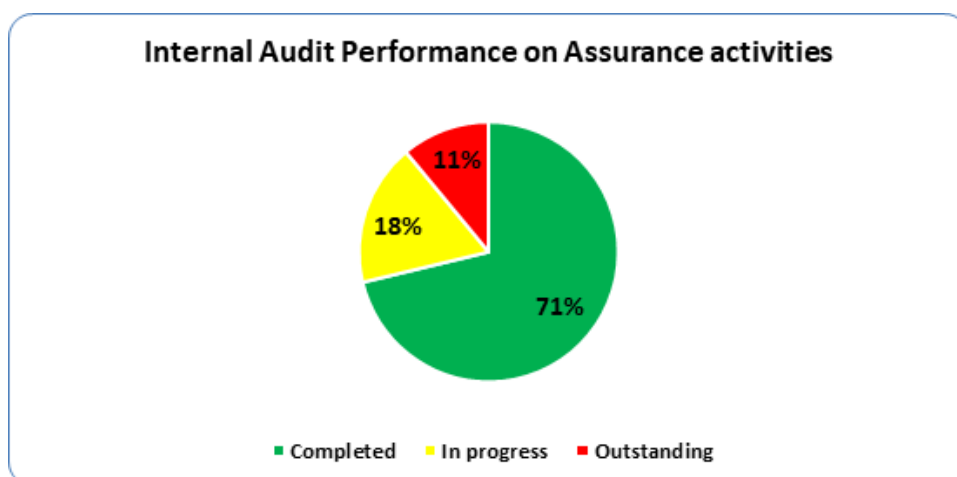
Internal Audit is responsible for reviewing and providing assurance on the adequacy and effectiveness of the internal control environment of the Lesotho Revenue Authority operations. Internal Audit through the LRA Board Charter and Internal Audit Charter is mandated to ensure that the LRA maintains effective, efficient, transparent, and sound systems of financial, governance, risk management and internal controls.

The Internal Audit function is objective and independent as it reports functionally to the Finance and Audit Committee of the Board. The Internal Audit coverage plan which is the guide of the function plan is approved by the FAC and the plan is reviewed and reassessed on a quarterly basis.

During the year under review, Internal Audit has achieved the following:

- Completed 71% of assurance activities;
- Completed 100% of advisory and consulting activities;
- Assisted Management to be able to implement 80% of the Internal Audit recommendations;
- Reviewed the Rent Relief administrations under COVID 19 monetary reliefs as directed by the Government of Lesotho;
- Internal Audit Function underwent the External Quality Review and Improvement programme;
- Implemented 68% of the External Assessors; and
- Developed combined assurance framework.

Internal Audit performance on Assurance Activities



The outstanding audit were carried forward into 2022/2023 financial year with the approval of the Finance and Audit Committee

Efficiency and effectiveness of internal controls on audited processes

Audit Opinion Criteria

<i>Major improvement needed (41% -100%)</i>		<i>Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives will be met.</i>
<i>Some Improvement Needed (11% - 40%)</i>		<i>A few specific control weaknesses were noted; generally, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives will be met.</i>
<i>No Improvement Needed (0 – 10%)</i>		<i>No controls weaknesses were noted; controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives will be met.</i>

During the period under review Internal Audit has reviewed and completed 12 audits as depicted on the table below together with the state of internal controls derived from the audit opinion criteria.

<i>Number of processes</i>	<i>Control environment</i>
<i>7</i>	<i>Major improvements needed</i>
<i>3</i>	<i>Some improvements needed</i>
<i>2</i>	<i>No improvements needed</i>

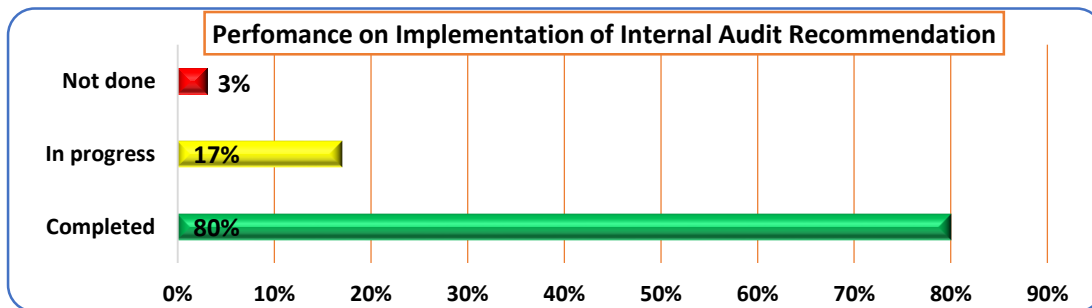
THE OVERALL STATE OF LRA INTERNAL CONTROLS

Some Improvement is needed – A few specific control weaknesses were noted. Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives will be met.

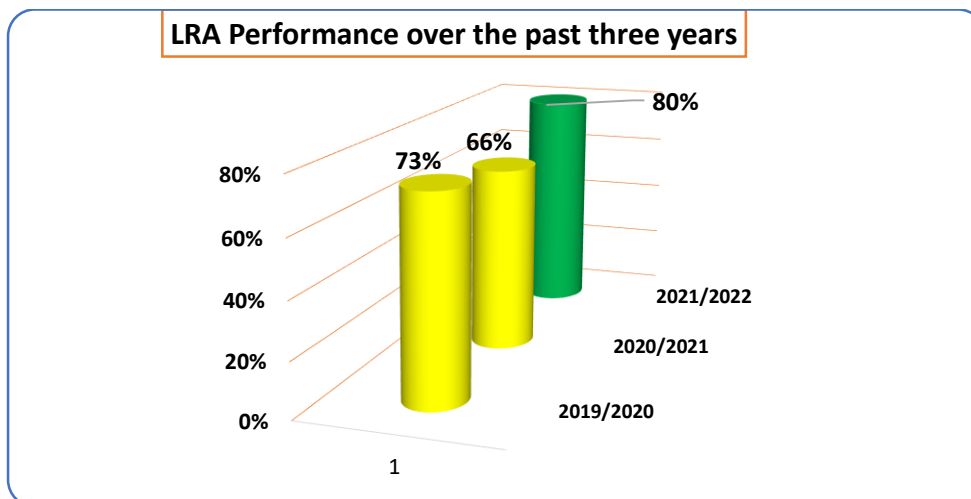
Internal Audit is enjoying the full support from the Management and the Board and as a result there is good implementation of internal audit recommendations as per the LRA Internal Audit matrix. The performance on implementation of Internal Audit recommendations has been increasing from the past 3 years.

<i>Major improvement needed (41% -100%)</i>		<i>Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives will be met.</i>
<i>Some Improvement Needed (11% - 40%)</i>		<i>A few specific control weaknesses were noted; generally, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives will be met.</i>
<i>No Improvement Needed (0 – 10%)</i>		<i>No controls weaknesses were noted; controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives will be met.</i>

Graph: Performance on Implementation of Internal Audit Recommendations (from the Power BI report)



Graph: Performance on Implementation of Internal Audit Recommendations from the past 3 years. (From the power BI report)



GOVERNANCE

OUR BOARD

The LRA is governed by a Board comprising representatives from the public, parastatal and private sectors. The Board is appointed by the Minister of Finance in accordance with LRA Act No. 14 of 2001 and sits monthly.

ROLE AND FUNCTION OF THE BOARD

The main responsibilities of the Board as set out in the Board Charter, are *inter alia* to:

- Provide effective leadership based on an ethical foundation, which entails:
 - Directing the strategy and operations of the Authority to build a sustainable organisation;
 - Considering the short- and long-term impact of the Authority's strategy on the economy, society, and the environment;
 - Ensuring that the Authority does its business ethically;
 - Taking account of the Authority's impact on internal and external stakeholders; and
 - Appreciating that stakeholders' perceptions affect the Authority's reputation.
- Approve the strategic plan and annual business plan, setting objectives and reviewing key risks and performance areas.
- Monitor the implementation of business plans and strategies against the socio-economic and political landscape of Lesotho and international political and economic conditions.
- Determine the levels of risk appetite and tolerance as well as the mitigation of risks by management.

CORPORATE GOVERNANCE

The board of directors is the custodian of corporate governance and is responsible for ensuring that in the pursuit of attainment of its strategic goals, the LRA operates within the applicable framework of laws and codes of governance. It is committed to providing effective leadership characterized by the values of responsibility, accountability, fairness and transparency.

The board acts as a steward of the LRA and each director acts with intellectual honesty and independence of mind in the best interests of the LRA and its stakeholders. The Board is committed to doing business the right way, according to best practices, guided by the values of integrity, excellence and teamwork.

The Board has ensured that appropriate checks and balances, in the form of established structures such as the Finance and Audit Committee, the Human Resource and Remuneration Committee and the Information, Communication and Technology Committee are in place to help it discharge its responsibilities and ensure compliance

with legal and regulatory requirements applicable to the operating environment of the LRA.

BIOGRAPHIES OF CURRENT LRA BOARD MEMBERS

<p>The Board Chair</p> <p>Mr. Robert Likhang</p>  <p>Robert Likhang is a Managing Partner of HLB Lesotho, and independent member firm of HLB International, a global Advisory & Accounting network. He is a Chartered Accountant, Chartered Global Management Accountant, Chartered Secretary and Chartered Governance Professional. He is a Management Accountant in Governance, Strategy, Risk and Finance.</p> <p>Mr. Likhang has worked in management positions in banking, telecommunications regulation, pharmaceuticals, management consulting, academia, and Enterprise development space. Positions he held included Head of Management Accounting & Treasury, Head of Consulting & Business Development, Chief Strategist (Director Strategy), Corporate Secretary, Group Chief Financial Officer, and Chief Executive. He lectured spoke, trained and consulted in his areas of consulting plus provided</p>	<p>Mr. Likhang sat on boards of Lesotho Institute of Accountants (Past President), Chartered Governance Institute Southern Africa (Past President), He has also sat on boards of Lesotho National Development Corporation, SADC Development Finance Resource Centre (Chair Audit & Risk Committee), Lerotholi Polytechnic (Chair Audit & Risk Committee), Lesotho Post Bank (Chair Audit Committee), and is currently Lesotho Revenue Authority as Board Chair, (for the second time, as he previously joined the board in 2002 as Chair of Finance & Audit Committee).</p> <p>Mr. Likhang is also a member of the Institute of Directors of Southern Africa, and a member of the Institute of Directors of Lesotho. He was appointed by the latter to chair a committee of professionals to write a corporate governance code for Lesotho, entitled, Mohlomi Code of Good Corporate Governance.</p>
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<p>executive and board coaching services. He was Examiner of the Lesotho Institute of Accountants, and of the Chartered Governance Institute.</p>	
<p>Deputy Chair</p> <p>Mrs. Tšireletso Mojela</p>  <p>Mrs. Mojela was appointed as a member of the Authority Board in 2015, during that period she served as a committee member of both the FAC and HRRC. She is serving her second term as a Board Member of the Authority.</p> <p>Mrs. Mojela served in the LAA Board for two terms and was also a chairperson of the BEDCO Board of Directors.</p> <p>She has extensive experience in Trade and Industrial Development issues and has previously worked as a business counsellor at Lesotho Manufacturers Association. She further worked as Director Industry for close to 8 years and she is currently working as the Deputy Principal Secretary within the Ministry of Trade and Industry.</p>	<p>Member</p> <p>Mr. Lefu Mokaoane</p>  <p>Mr. Mokaoane was appointed as the LRA Board member in November 2017. He is also the Chair of the Finance and Audit Committee for LRA Sub-committee to the Board. He is also serving on the council of Lesotho Institute of Accountants as immediate past president. He has been president of the Lesotho Institute of Accountants for the years 2020/2021 and chaired different committees of the Institute in the past.</p> <p>Mr. Mokaoane has extensive experience in Finance, having worked in that field for the past 23 years, and being a Chartered Accountant. He is currently working as the Chief Finance Officer for Lesotho Highlands Development Authority.</p> <p>He previously worked in WASA (currently WASCO) and Office of the Auditor General.</p>
<p>Member</p>	<p>Member</p>

Advocate Lindiwe Sephomolo KC



Advocate Lindiwe Sephomolo KC is the Chief Executive Officer of the Association of Lesotho Employers and Business. She was appointed as the member of the LRA Board from 2015. She is currently serving as the Chairperson of the Human Resource and Remuneration Committee (HRRC). She also serves on the Finance and Audit Committee (FAC).

She is passionate about business development and trade. Her postgraduate studies include courses in the area of labour law, trade and policy, lobbying and advocacy, corporate governance.

Previously Adv. Sephomolo worked as the first Chief Executive Officer of the Private Sector Foundation and has also been advisor to the Ministry of Trade and Industry where she was responsible for the establishment of the One Stop Business Facility Centre. She is an active spokesperson of the Employers nationally, regionally and internationally.

Mr. Chabeli Ramolise



Mr. Ramolise was appointed as the member of the Authority Board from November 2017, and he has been the Chairman of the Information and Communications Technology Committee (ICTC) as well as a member of the Human Resources & Remuneration Committee (HRRC). He was a member of the Finance and Audit Committee (FAC) in the first tenor of office.

He has served in several boards in Lesotho that include WASCO (as Chairman) and Tloutle Holdings (as Vice Chairman). Mr. Ramolise is an Economist, Accountant and Labour Arbitrator by training, an experienced financial markets expert, a risk practitioner, a banker and business development expert.

He has spent a greater part of his career in the finance industry with roles that covered asset and portfolio management, asset-liability management, market risk management, non-financial risk management and rainmaking. He is an Economist of the Lesotho Chamber of Commerce & Industry.

Member

Mr. Mookameli Fuma



Mr. Fuma has been appointed as the member of the Authority Board from December 2021 to fill in the vacancy created by the untimely passing on of Mr. Bohlale Phakoe. Mr. Fuma is a Mosotho male with extensive experience in economic research, financial and business advisory services, senior management and board level experience.

He possesses 19 years central banking experience and presently works for the *Central Bank of Lesotho* as a Principal Economist and Head of Modelling and Forecasting Division. He has also worked for IMF as an Economist advising Governments of Mauritius and Comoros. He also worked as a local consultant for the African Development Bank assisting them in developing an economic outlook page for Lesotho. Prior to joining the Central Bank of Lesotho, he worked for the *Lesotho Revenue Authority (LRA)* as Tax Auditor. Mr Fuma is a Director and Chairman of Seahlolo Investment Company – an indigenous Basotho owned Investment company with interests across several industries. He also served on the board of *Serumula Development Association*.

Member

Mrs. Libako Leisanyane



Mrs. Leisanyane was appointed as the Deputy Chair of the LRA Board from November 2017. She is also serving on the Board of the Lesotho Petroleum Fund. She previously served in the Council of Lerotholi Polytechnic where she was a Chair of the Audit and Risk Committee.

Mrs. Leisanyane has extensive experience in Economics, Statistics and Corporate Governance. She is currently working as Director, Department of Macroeconomic Policy and Management in the Ministry of Finance.

The Commissioner General

Mr. Thabo Khasipe



Mr. Khasipe, Commissioner General of the LRA, obtained a bachelor's degree in Economics at the National University of Lesotho before enrolling at the University of Nairobi (Kenya) where he graduated with a Master's Degree in Economics. He also obtained an MBA from the University of the Free State in 2008. He then enrolled for the CFA Chartered Exam which he successfully passed in 2013. Mr. Khasipe joined the LRA as Commissioner of Customs and Excise in 2003 and was later appointed to the position of Deputy Commissioner General, serving in the position from 2004 to 2007. He also acted in the position of Commissioner General for a period of one year. He then joined Stanlib Lesotho as General Manager from 2007 to 2008. He was the Lesotho's Ambassador to both Kuwait and Egypt from 2008 to 2014 before joining DAvCap as Managing Director from 2014 to 2015. His last appointment, before joining LRA, was to the post of Deputy Executive Secretary at Southern African Customs Union Secretariat in Namibia.

THE FOLLOWING MEMBERS SERVED ON THE BOARD DURING THE YEAR UNDER REVIEW:

From April 2021 to October 2021:

A. FULL BOARD

- | | | |
|-------------------------|---|---------------------------|
| 1. Chairman | - | Mr. Robert Likhang |
| 2. Deputy Chair | - | Mr. Bohlale Phakoe |
| 3. Member | - | Mr. Lefu Mokaoane |
| 4. Member | - | Mrs. Libako Leisanyane |
| 5. Member | - | Adv. Lindiwe Sephomolo KC |
| 6. Member | - | Mrs. Tsireletso Mojela |
| 7. Member | - | Mr. Chabeli Ramolise |
| 8. Commissioner General | - | Mr. Thabo Khasipe |

B. FINANCE AND AUDIT COMMITTEE

- | | | |
|-----------|---|---------------------------|
| 1. Chair | - | Mr. Lefu Mokaoane |
| 2. Member | - | Mr. Bohlale Phakoe |
| 3. Member | - | Mrs. Libako Leisanyane |
| 4. Member | - | Adv. Lindiwe Sephomolo KC |

C. HUMAN RESOURCE AND REMUNERATION COMMITTEE

- | | | |
|-----------|---|---------------------------|
| 1. Chair | - | Adv. Lindiwe Sephomolo KC |
| 2. Member | - | Mr. Bohlale Phakoe |
| 3. Member | - | Mrs. Tsireletso Mojela |
| 4. Member | - | Mr. Chabeli Ramolise |

D. INFORMATION AND COMMUNICATION TECHNOLOGY COMMITTEE

- | | | |
|------------|---|------------------------|
| 1. Chair | - | Mr. Chabeli Ramolise |
| 2. Member | - | Mr. Lefu Mokaoane |
| 3. Member | - | Mrs. Tsireletso Mojela |
| 4. Member | - | Mrs. Libako Leisanyane |
| 5. Advisor | - | Mr. 'Mope Lephoto |
| 6. Advisor | - | Mr. Lekulana Kolobe |

From October 2021 to December 2021:

• **FULL BOARD**

- | | | |
|-----------------|---|---------------------------|
| A. Chairman | - | Mr. Robert Likhang |
| B. Deputy Chair | - | Mrs. Libako Leisanyane |
| C. Member | - | Mr. Lefu Mokaoane |
| D. Member | - | Adv. Lindiwe Sephomolo KC |
| E. Member | - | Mrs. Tsireletso Mojela |

F. Member	-	Mr. Chabeli Ramolise
G. Commissioner General	-	Mr. Thabo Khasipe

• **FINANCE AND AUDIT COMMITTEE**

1. Chair	–	Mr. Lefu Mokaoane
2. Member	–	Mrs. Libako Leisanyane
3. Member	–	Mr. Chabeli Ramolise

• **HUMAN RESOURCE AND REMUNERATION COMMITTEE**

1. Chair	-	Adv. Lindiwe Sephomolo KC
2. Member	-	Mr. Lefu Mokaoane
3. Member	-	Mrs. Tsireletso Mojela

• **INFORMATION AND COMMUNICATION TECHNOLOGY COMMITTEE**

1. Chair	-	Mr. Chabeli Ramolise
2. Member	-	Adv. Lindiwe Sephomolo KC
3. Member	-	Mrs. Tsireletso Mojela
4. Member	-	Mrs. Libako Leisanyane
5. Advisor	-	Mr. 'Mope Lepphoto
6. Advisor	-	Mr. Lekulana Kolobe

From December 2021 to March 2022

FULL BOARD

Chairman	-	Mr. Robert Likhang
Deputy Chair	-	Mrs. Tsireletso Mojela
Member	-	Mr. Lefu Mokaoane
Member	-	Mrs. Libako Leisanyane
Member	-	Adv. Lindiwe Sephomolo KC
Member	-	Mr. Mookameli Fuma
Member	-	Mr. Chabeli Ramolise
Commissioner General	-	Mr. Thabo Khasipe

FINANCE AND AUDIT COMMITTEE

Chair	-	Mr. Lefu Mokaoane
Member	-	Mr. Mookameli Fuma
Member	-	Mrs. Libako Leisanyane
Member	-	Adv. Lindiwe Sephomolo KC



HUMAN RESOURCE AND REMUNERATION COMMITTEE

Chair	-	Adv. Lindiwe Sephomolo KC
Member	-	Mr. Mookameli Fuma
Member	-	Mrs. Tsireletso Mojela
Member	-	Mr. Chabeli Ramolise

INFORMATION AND COMMUNICATION TECHNOLOGY COMMITTEE

Chair	-	Mr. Chabeli Ramolise
Member	-	Mr. Lefu Mokaoane
Member	-	Mrs. Tsireletso Mojela
Member	-	Mrs. Libako Leisanyane
Advisor	-	Mr. 'Mope Lephoto
Advisor	-	Mr. Lekulana Kolobe

BIOGRAPHIES OF CURRENT LRA EXECUTIVE MEMBERS

<p>Commissioner Client Services</p> <p>Mrs. 'Mathabo Mokoko</p>  <p>Mrs. Mathabo Mokoko is an admitted Advocate of the High Court and Court of Appeal of Lesotho. She graduated with Bachelor of Laws at the University of</p>	<p>Commissioner Core Operations</p> <p>Mr. Obed 'Nete</p> 
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<p>Lesotho and also Masters of Taxation at University of Pretoria. She has worked previously as a Practising Advocate at a private law firm, taught Taxation as a part-time lecturer at the University of Lesotho. She has also served in a number of roles at the LRA, first as the Legal Officer, Legal Officer Law Interpretation and as a Senior Manager – Policy Procedures and Law Interpretation. She worked at the United Nations Head Quarters in New York as the Inter-Regional Advisor on International Tax Matters. She also served as the Head Legal and Board Secretary at the Water and Sewerage Company in Lesotho. She worked for Vodacom Lesotho as the Manager Legal Affairs and later as the Company Secretary.</p>	<p>Mr. Obed 'Nete is a Chartered Accountant South Africa, (CA(SA)). He graduated with a Bachelor of Science at the National University of Lesotho. He graduated with Master of Commerce (South African and International Taxation) at the University of Johannesburg, BCom Honours (Accounting) at Rand Afrikaans University (now University of Johannesburg) and BCom (Accounting) at the University of Cape Town. After completing his science degree, he worked as a Maths and Science teacher for three years at Emmanuel High School in Leribe, Lesotho. As a requirement for CA(SA) accreditation, he served the South African Institute of Chartered Accountants, TOPP, articles with Standard Bank Group for three years and was also sent on a three-month secondment to Standard Bank London during the period. He had worked as a tax manager for STANLIB Ltd. He worked for Standard Bank Group in senior finance roles in Lesotho and Standard Bank Africa Head Office in Johannesburg for over eight years. He then joined the Standard Bank South Africa, Personal and Business Banking credit division as senior credit manager responsible for the Diners Club personal credit portfolio. He was appointed as Head of Finance for Liqhobong Mine in August 2016 and joined the Authority on 11 November 2019 as Commissioner Business Enablement Division.</p>
<p>Commissioner Business Enablement Mrs. 'Manneheng Mopeli</p>	<p>Commissioner Operations Support Mr. Norman Mapetla</p>



Mrs. Mopeli, Commissioner Core Operations, holds a BCom degree from the National University of Lesotho. She also holds designations of Chartered Public Relations Practitioner (CPRP) by the Public Relations Institute of Southern Africa, a Certified Director of

the Institute of Directors in South Africa (IoDSA) and a General Accountant with the Lesotho Institute of Accountants, currently also pursuing the MCom in Development Finance at the University of Cape Town's Graduate School of Business. Mrs. Mopeli joined the Authority in 2013 as the Chief Corporate Services Officer. She previously acted in the position of Chief Executive (National AIDS Commission) for three years, and held positions of: Director Finance and Corporate Services (National AIDS Commission), Management Accounting

Manager (Lesotho Electricity Company), Financial Controller (Road Fund), Capital Projects Accountant (Maseru City Council), Finance Associate (UNFPA) and Senior Accounts and Administration Officer (Highlands Water Venture). A self-proclaimed life traveller in the leadership journey and a T-Shaped professional across a spectrum of sectors and different functional areas. As part of her governance competence, she served the Lesotho Highlands Development Authority and the Metolong Authority Board of Directors



Mr. Mosuoe Mapetla graduated with a BEng (Hons) in Chemical and Bio-Process Engineering from the University of Bath, United Kingdom (UK) and is a Graduate Member of the Institute of Chemical Engineers of the U.K. He later achieved a Master of Business Administration (MBA) degree from the University of Cape Town. His working career commenced as an Analyst and Senior Analyst in Research and Development at Lesotho Pharmaceutical Corporation. He later joined Maluti Mountain Brewery, serving as Sales and Marketing Director and subsequently as Corporate Affairs Director. He also worked at Telecom Lesotho and Econet Telecom Lesotho, serving in commercial roles spanning Sales, Marketing, Customer Services and Community Affairs. He served as Managing Director of Loti Brick from June 2018 to September 2019, before joining the Authority as Commissioner Client Services on 1st October 2019. In July 2021, he was appointed as Commissioner Operations Support for LRA. He enjoys sports, current affairs, business strategy and is also an avid collector of mainstream jazz music.

<p>as a member of the Finance and Audit Sub-Committee. She continuously reinvents herself through professional memberships and challenges herself in territories such as playing golf and playing the alto saxophone.</p>	
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ATTENDANCE RECORD

LESOTHO REVENUE AUTHORITY –THE 7TH LRA BOARD

MEETING ATTENDANCE RECORD

FOR THE YEAR 2021/2022

Date	Mr. R. Likhang	Mrs. L. Leisanyane	Mr. L. Mokaoane	Mr. B. Phakoe	Mr. C. Ramolise	Adv. L. Sephomolo KC	Mrs. T. Mojela	Mr. T. Khasipe	Mr. M. Fuma	Mr. O. Nete
29 April 2021	✓	✓	✓	✓	✓	✓	✓	✓		
27 th May 2021	✓	✓	✓	✓	✓	✓	✓	✓		
24 th June, 2021	✓	✓	✓	✓	✓	✓	✓	✓		
29 th June, 2021 Special Board Meeting	✓	✓	✓	✓	✓	✓	✓	✓		
29 th July, 2021	✓	✓	✓	✓	✓	✓	✓	✓		
26 th August 2021	✓	✓	✓	✓	✓	✓	✓	✓		
30 th September, 2021	✓	✓	✓	✓	✓	✓	✓	✓		
5 th October, 2021 Special Board Meeting	✓	✓	✓	x	✓	✓	✓	✓		

4 th November 2021	√	√	√	x	√	√	√	√		
25 th November, 2021	√	√	√	x	√	√	√	√		
17 th December 2021	√	√	√	x	√	√	√	√		
13 th January 2022, Special Board Meeting	√	√	√	x	√	√	√	√	√	
27 th January, 2022	√	√	√	x	√	√	√	x	√	√
24 th February, 2022	√	√	√	x	√	√	√	√	√	
10 th March, 2022 Special Board Meeting	√	√	√	x	√	√	√	√	√	
31 st March, 2022	√	√	√	x	√	√	√	√	√	
Total Meetings	16	16	16	19	16	16	16	16	5	1
Attendance	19	19	19	7	16	16	16	15	5	1 (As Acting C.G)
Apologies	None	None	None	None	None	None	None	One	None	None

LESOTHO REVENUE AUTHORITY – INFORMATION AND COMMUNICATIONS TECHNOLOGY COMMITTEE OF THE 7TH BOARD

MEETING ATTENDANCE RECORD

FOR THE YEAR 2021/2022

Date	Mr. C. Ramolise	Mrs. L. Leisanyane	Mr. L Mokaoane	Mrs. T. Mojela	Mr. T. Khasipe	Mr. O. Nete
20 th April, 2021	√	√	√	√	√	
20 th July, 2021	√	√	√	√	√	
19 th October, 2021	√	√	√	√	√	
18 th January, 2022	√	√	√	√	x	√
Total Meetings	4	4	4	4	4	1
Attendance	4	4	4	4	3	1 (As Acting C.G)
Apologies	None	None	None	None	One	None

LESOTHO REVENUE AUTHORITY – HUMAN RESOURCE AND REMUNERATION COMMITTEE OF THE 7TH BOARD
MEETING ATTENDANCE RECORD
FOR THE YEAR 2021/2022

Date	Adv. L. Mr. B. Mrs. T. Mojela	Adv. L. Mr. B. Mrs. T. Mojela	Adv. L. Mr. B. Mrs. T. Mojela	Adv. L. Mr. B. Mrs. T. Mojela	Adv. L. Mr. B. Mrs. T. Mojela	Adv. L. Mr. B. Mrs. T. Mojela	Adv. L. Mr. B. Mrs. T. Mojela
	Adv. L. Mr. B. Mrs. T. Mojela	Adv. L. Mr. B. Mrs. T. Mojela	Adv. L. Mr. B. Mrs. T. Mojela	Adv. L. Mr. B. Mrs. T. Mojela	Adv. L. Mr. B. Mrs. T. Mojela	Adv. L. Mr. B. Mrs. T. Mojela	Adv. L. Mr. B. Mrs. T. Mojela
21 st April, 2021	✓	✓	✓	✓	✓		
17 th June, 2021 Special Meeting	✓	✓	✓	✓	✓		
21 st July, 2021	✓	✓	✓	✓	✓		
20 th October 2021	✓	x	✓	✓	✓		
16 th November, 2021 Special Meeting	✓	x	✓	✓	✓		
15 th December, 2021 Special Meeting	✓	x	✓	✓	✓		
19 th January 2022	✓	x	✓	✓	x	✓	✓
Total Meetings	7	7	7	7	7	1	1

Attendance	7	4	7	7	6	1	1 (As Acting C.G)
Apologies	None	None	None	None	One	None	None

LESOTHO REVENUE AUTHORITY – FINANCE AND AUDIT COMMITTEE OF THE 7TH BOARD

MEETING ATTENDANCE RECORD

FOR THE YEAR 2021/2022

Date	Mr. L. Mokaoane	Mrs. L. Leisanyane	Mr. B. Phakoe	Adv. Sephomolo KC	Mr. T. Khasipe	Mr. Fuma	M. Nete	O.
22 nd April, 2021	✓	✓	✓	✓	✓			
30 th June, 2020, Special Meeting	✓	✓	✓	✓	✓			
22 nd July, 2021	✓	✓	✓	✓	✓			
30 th September, 2021 Special Meeting	✓	✓	✓	✓	✓			
21 st October, 2021	✓	✓	x	✓	✓			

14 th December, 2021 Special Meeting	✓	✓	x	✓	✓		
19 th January, 2022	✓	✓	x	✓	x	✓	✓
22 nd February, 2022 Special Meeting	✓	✓	x	✓	✓	✓	
Total Meetings	8	8	8	8	8	2	1
Attendance	8	8	4	8	7	2	1 (As Acting C.G)

Apologies	None	None	None	None	One		None
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ATTENDANCE REGISTER OF LESOTHO REVENUE AUTHORITY EXECUTIVE COMMITTEE MEETINGS 2021-2022

NAME	NO. OF MEETINGS																								
	Ordinary												* Extraordinary												
	1 S T	2 ^N D	3 ^R D	4 T H	5 T H	6 T H	7 ^T H	8 ^T H	9 TH	1 O T H	11 TH	12 ^T H	1 ST	2 N D	3 R D	4 ^T H	5 T H	6 TH	7 TH	8 ^T H	9 T H	1 O T H	1 1 ^T H	12 TH	13 ^T H
Mr. T. Khasipe	✓	✓	✓	✓	✓	✓	X	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. M. Mapetla	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mrs. M. Mopeli	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. O. 'Nete	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Mrs. M. Mokoko	√	√	√	√	√	√	√	√	√	√	√	√	X	√	√	√	√	√	√	√	√	√	√	√
Mr. K. Liphoto	√	√	√	√	√	√	√	√	X	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Mr. R. Makoa	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Ms. K. Kabanya ne	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Ms. M. Makhele	√	√	√	√	√	√	√	√	√	√	√	√	X	√	√	√	√	√	√	√	√	√	√	√
Mr. M. Dichaba	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√

MANAGING RISK

Our Risk Governance

The LRA Board, through the Finance and Audit Committee, is the ultimate body responsible for the governance of risk. In June 2021 the Board held a risk session with EXCO where the Board sought to find out how well the risk framework is implemented.

The session established a deeper relationship between the Board and EXCO in the risk management sphere and raised the importance balancing implementation of strategy with mitigation of risk.

2021/22 Risks

As mentioned earlier in the report 2021/22 was the first year in the implementation of ‘*Rea Aha*’ 2.0. One of the major issues that was identified as the strategy was reviewed was that there is a need for engagement with stakeholders on a broad scale and a need for the Authority to deliver on its promises to stakeholders more. This was a major risk that was identified, and mitigation strategies engaged to address it.

Risk	Mitigation	Likelihood/ Impact	Domain
Enabling legislation	A high-level stakeholder engagement process was engaged to push the laws through Parliament. By the end of the financial year, one law had attained approval in Parliament.	20	External
Government Support on NTR	Senior Government officials were consulted and engaged. Financial support and engagement of departments that are to be assisted has been committed.	25	External
Structure	The alignment of structure to strategy continued during the reporting period. The new structure will support the	20	Internal

		strategic direction that is envisaged by the Authority.	
Skill competence	&	The new strategic direction requires a different set of skills that the organization does not have. Investment in acquisition of the skills and competence was done. Several members of the team are at an advanced stage of Data Analytics training.	20 Internal
Trust		In a quest to improve a sense of belonging among staff, the Authority invested in initiatives that build oneness.	20 Internal

Emerging Risks

During the reporting period the following risks emerged, that could have an impact on the business of the Authority:

1. The announcement of national elections – this became a risk to the Authority due to the impact that a change of leadership in Government has. It demands forging of relations with a new Minister and on-boarding then on the direction and strategy of the Authority. A lot of time is lost while inroads that had been made are lost leading to slow-down in implementation of initiatives.
2. Implementation of the SAS Structure – As the placement of staff in the new structure starts, it creates uncertainty and brings the reality of the change to staff. Changes in roles happen and new members of staff join different teams affecting the morale and formation of teams. Leadership needs to be present to listen and to remove obstacles for their teams. Communication needs to be heightened throughout the organisation to ensure that motivation is maintained.

Opportunities

During 2021/22 the Authority commenced a process to establish combined assurance as a discipline for the co-ordination of assurance activities. The framework was developed fully by internal resources. The framework will be implemented in 2022/23.

The OECD Global Corporate Tax is a tax that will be imposed on multi-national enterprises and will be paid in the countries where they earn profit. This agreement was signed by 136 countries and could see the distribution of an estimated \$125 billion in profits throughout the world.

There is an opportunity for the LRA to receive taxes that it may have not been able to collect before. This could create an advantage for the country's economy. The Authority is looking into what is necessary to take advantage of this opportunity including the need for new legislation.

While it was unfortunate to lose a Board member, the addition of a new member to the Board is an opportunity that should not be overlooked. A new member to any team forces it to reflect on its performance and unity and can improve the performance of such a team by pushing other members to do better. The LRA Board will benefit a lot from the skills and personality of the new member as alluded by the Chairman in his statement.

Managing COVID-19

The pandemic is still alive and a risk that is going to be present for all businesses for a long time. As the World Economic Forum's 2022 Report states, infectious diseases continue to be one of the top ten risks identified by respondents. The Authority continued to maintain stringent management of its operations to ensure safety of staff and clients. The operational committees set-up for the continuity of operations were still functional. While cases of the disease still surfaced, only one fatality was experienced, and operations were never negatively affected.

Many lessons were learnt from the COVID-19 era that will be used to strengthen the continuity programmes of the Authority. As the Business Continuity processes are re-visited and reviewed, many experiences from this time will be useful

Ethics

In the review of its strategy the Authority realised that it is impossible to attain tax compliance in a sea of non-compliance. To curb this risk, the Authority joined hands with three sister organisations namely Directorate on Corruption and Economic Offences (DCEO), Financial Intelligence Unit (FIU) and the Lesotho Mounted Police Service (LMPS) in a Memorandum of Understanding. Among other areas of co-operation, the four organisations agreed to drive a national ethics agenda. This initiative aims to turn the non-compliance wheel at the base with small actions that have become a norm in society. The idea is that once compliance is achieved at this level it will be easier to direct it to tax and other major compliance areas.

The Road to Antifragility

The Enterprise Risk Management Policy of the Authority was due for review during the reporting period. While work on the policy brought with it the recognition of opportunity

management as an area that needed to be harnessed for success, the Authority also embraced the concept of antifragility. The adaptation of this concept is a journey that the Authority will travel over the next few years.