

**MINISTRY OF CLIMATE CHANGE ADAPTATION GEOHAZARD, METEOROLOGY AND ENERGY
(MoCCAGME)**

Quarterly Expenditure Report

Quarter 2, 2017

Expenditure Section, Ministry of Finance and Economic Management

1. Introduction to the Ministry

The Key activity of MoCCAGME is to promote a Resilient, sustainable safe and informed Vanuatu. It also has a role to improve the quality of life of all citizens in Vanuatu by:

- Effective planning, developing, implementing and administering sound policies and legislative frameworks and support an enabling framework to promote good governance and resource utilization.
- Mainstream climate change Adaptation and Disaster Risk Reduction into budgetary planning and delivery processes
- Protect Environment
- Provision of sustainable and safe energy
- Develop a safe and resilient community
- Develop the relevant skills, knowledge, experiences and policies to optimize Social and economic developments and benefits within the ministry's different portfolios

2. Summary of Analysis and Recommendations

Overview
The Ministry of Climate Change faces significant challenges with budget execution, and budget planning appears neutral. Some adjustments are possible between payroll and operations and to cash flows on selected CoAs. Reprioritization between several CoAs, especially on the operational side, can be undertaken. Revenue collections appears to be increasing than previous years and room for cash flow adjustments exists.

Area	Recommendation
Expenditure Management and Planning	<ul style="list-style-type: none">• MoCC to allow for an environment, where the budget can be executed• MoCC to strengthen and tighten up budget execution to ensure optimal usage of public funds• Improve the planning for activities at the MoCC to allow adequate budget to be allocated to these

Activity and Cost Centre Management and Planning	<ul style="list-style-type: none"> • Reprioritize the budget according to average spending patterns over the past 3 years
Payroll Budget Management and Planning	<ul style="list-style-type: none"> • MoCC to adequately budget for payroll costs to allow for improved budget execution especially by monthly.
Detailed Chart of Accounts Patterns in Payroll Expenditure Management and Planning	<ul style="list-style-type: none"> • MoCC to adequately budget for contracts that it plans to recruit in the following budget year • MoCC to ensure that no contracts are approved unless adequate budget exists to cater for them; MFEM support and advice can be sought in this matter • MoCC to make sure that new employments that are not catered for in the original budget for the year are matched by virements from operations to payroll to provide the adequate funding for the new staff members
Operations Budget Management and Planning	<ul style="list-style-type: none"> • Adjust cash flow requirements for operational expenditures based on the average actual expenditure per month over the past years
Detailed Patterns in Operations Expenditure Management and Planning	<ul style="list-style-type: none"> • For the next budget, adjust cash flow profiles of expenditures adequately based on average actual expenditures of the previous years for these months • For the next budget, reprioritise/reallocate funding across accounts based on average actual expenditures over the previous years • Develop a capital investment and maintenance plan and budget to allow for improved planning and budget execution • Reduce the significant budget for Incidentals and make sure to utilise adequate CoAs for expenditures incurred, unless absolutely necessary to code against Incidentals
Revenue Management and Planning	<ul style="list-style-type: none"> • Improvements to revenue forecasts for the coming budget are necessary based on previous years' performance and expected outturns • Cash flow can be adjusted in a quarterly and monthly perspective

Virements	<ul style="list-style-type: none"> • Adjust payroll budget to cater for all payroll costs to abolish the need for virements from operations to payroll and even payroll to payroll account.
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3. Expenditure¹ Management and Planning

3.1. General Budget Management and Planning

3.1.1. Situation Report

In the second quarter of 2017, Climate Change has overspends its budget by VT 50.5 million with VT 194.8 million of expenditures (125.3% of its budget) ([Figure 1](#) and [Figure 2](#)). This marks a very significant increase in spending compared to the previous years. Over all three previous years, the MoCC budget was overspent by VT 1.5 million in 2016 but underspends by 5.5million in 2015 and by VT1.6 million in 2014. The budget for the second quarter of 2017 decreased to VT 66.0million from VT 78.3million in Q1.

In a monthly breakdown, it can be seen that no savings in the Q2 of 2017 was experienced as April to June overspent its budget ([Figure 3](#)). April has overspent by VT10.6million (155% of its budget) and it's the largest overspending for this period since 2014. May overspent by VT4.9million but appears less than overspending in 2016 by VT12.0million and higher than the underspending in 2014 and 2015.

The split between operations and payroll expenditure and budget appears significantly skewed towards payroll with between 73-84% of the budget for the second quarter allocated to it and almost similar amounts spent on it ([Figure 4](#)) except in 2017 where payroll expenditure underspent. At the end of Q2 2017 expenditures on these amounted to VT 106.7million.

At the current rate of expenditures, MoCC is estimated to underspend its budget by the end of the year given the expected expenditure to fall over the next months as activity goes back to normal. However with the recent passing of TC Cook and the ongoing responses shown by the upward trend which can be already seen in the heightened expenditures in March this may change the budget position.

3.1.2. Analysis

Generally, overspending at MoCC has happened in 2016 and 2017 in particular which appears to be substantial ([Figure 1](#)). Budget execution at the MoCC appears to pose a large challenge. It is noted that under the MoCC natural hazards such as tropical cyclones which are unforeseen is contributing to the difficulty of executing the budget. At this point in time it appears that the budget has ceased to have a lot of meaning to the MoCC with the uncontrolled overspending occurring and the disorder to the planned expenditures.

Notably this year the trend of overspending in Q2 which was continued from 2016 and increased in 2017 significantly. While it is understandable that the MoCC requires sufficient funding to perform its duties, as the responsible ministry heavily engage before, during and post natural disaster in Vanuatu on annual basis, nonetheless a small earmarked budget should be allocated within the recurrent to support the emergency funds held at MFEM.

3.1.3. Recommendations

- MoCC to allow for an environment, where the budget can be executed

¹ Note that Expenditure here includes Actual and Committed Expenditure.

- MoCC to strengthen and tighten up budget execution to ensure optimal usage of public funds
- Improve the planning for activities at the MoCC to allow adequate budget to be allocated to these CoAs

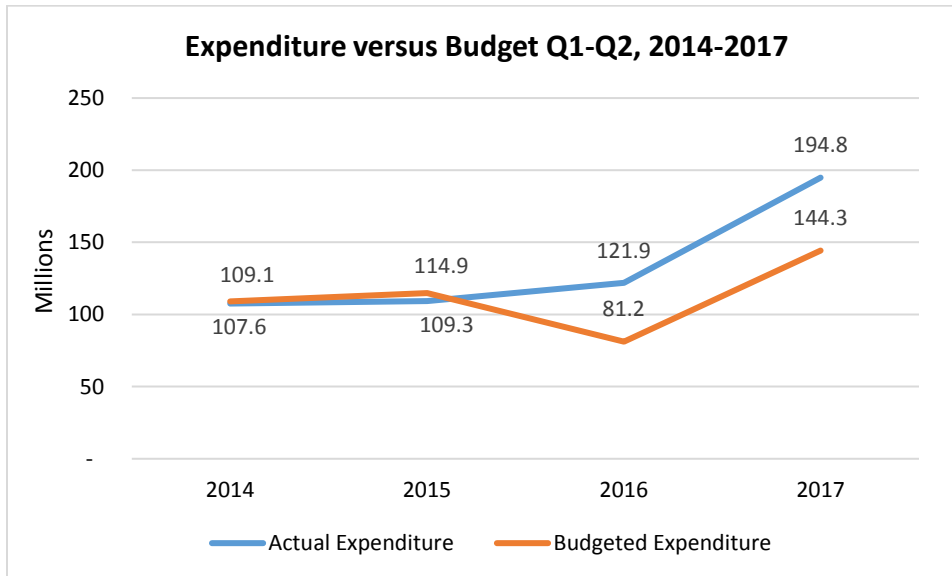


Figure 1 Expenditure versus Budget

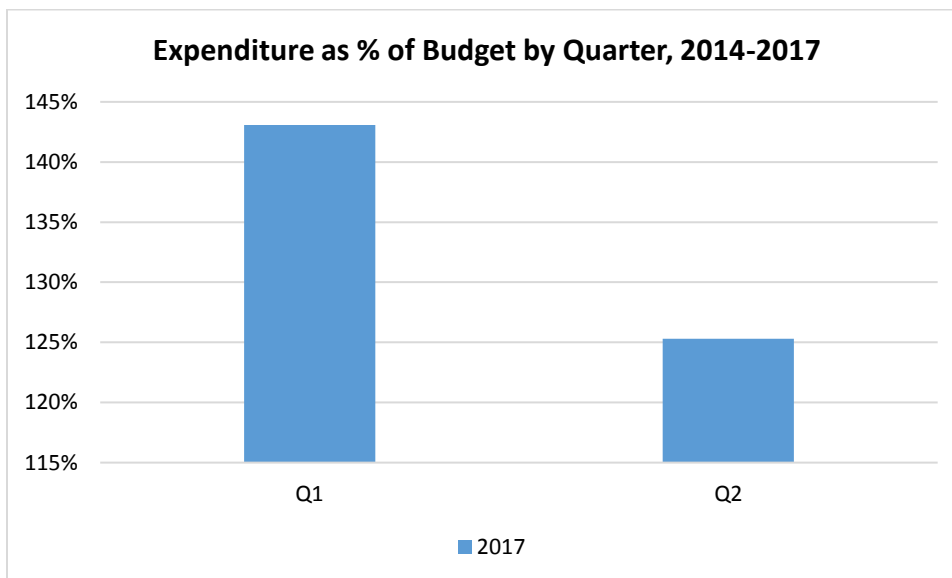


Figure 2 Expenditure as % of Budget by Quarter

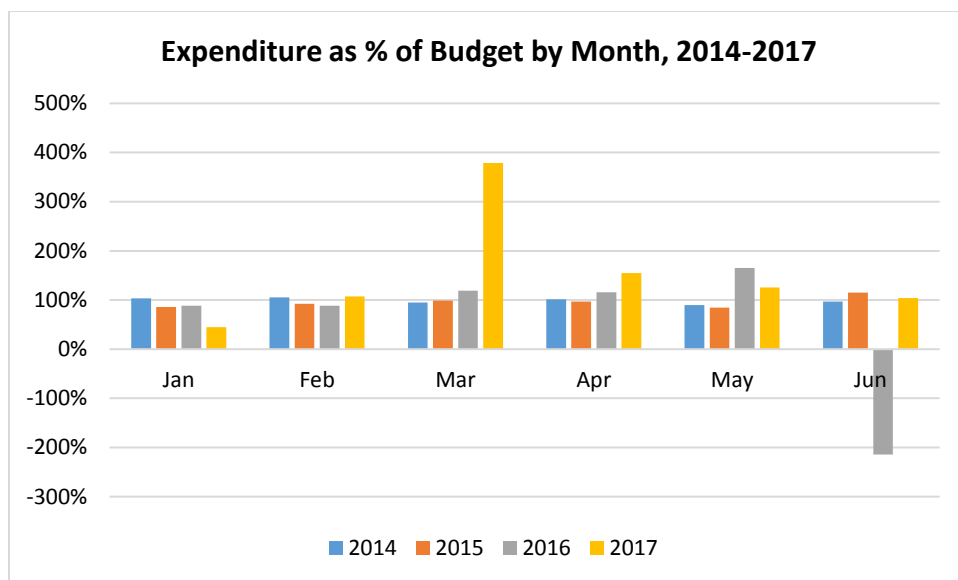


Figure 3 Expenditure as % of Budget by Month

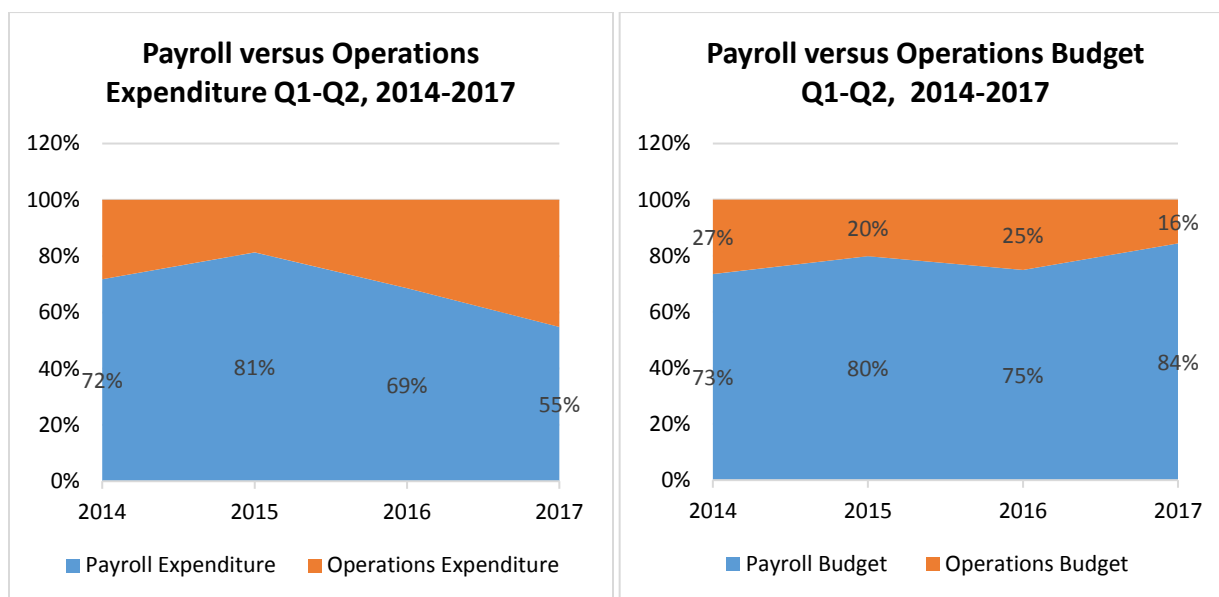


Figure 4: Payroll versus Operations Expenditure and Budget

3.2. Activity and Cost Centre Management and Planning

3.2.1. Situation Report

At the end of Q2, two out of ten activities across MoCC is overspent, namely the MGB Executive management and Corporate Services with VT55.4million (518% above budget) and MGC Vanuatu Meteorological services with VT 30.3 million overspend (5% above budget). The activity of MGB Executive management and Corporate Services underspent each of the three previous years (Figure 5, Figure 6 and Table 1). Likewise, in all three previous years MGC Vanuatu Meteorological services also underspent its budget.

Under MGB Corporate service unit overspent VT2.2million with no budget. Office of the Director General by 492% (Table 1) above budget which is also the highest overspending programme. Under MGC, the programme MGCA Weather Forecasting monitoring research overspent its budget by 5% and other smaller overspending programmes with no budget are Climate section expenditures by VT20, 000 and VT655 from the Geo-hazard (Table 1). Most cost savings were incurred on MGA Cabinet support which had been overspending from 2014 to 2016 but breaks with an underspending in 2017.

3.2.2. Analysis

The trends of overspending appear to vary at the MoCC. The MoCC should consider to make changes to its budget to reflect savings incurred under the Cabinet support to cover higher spending in other areas.

3.2.3. Recommendations

- Reprioritize the budget according to average spending patterns over the past 3 years

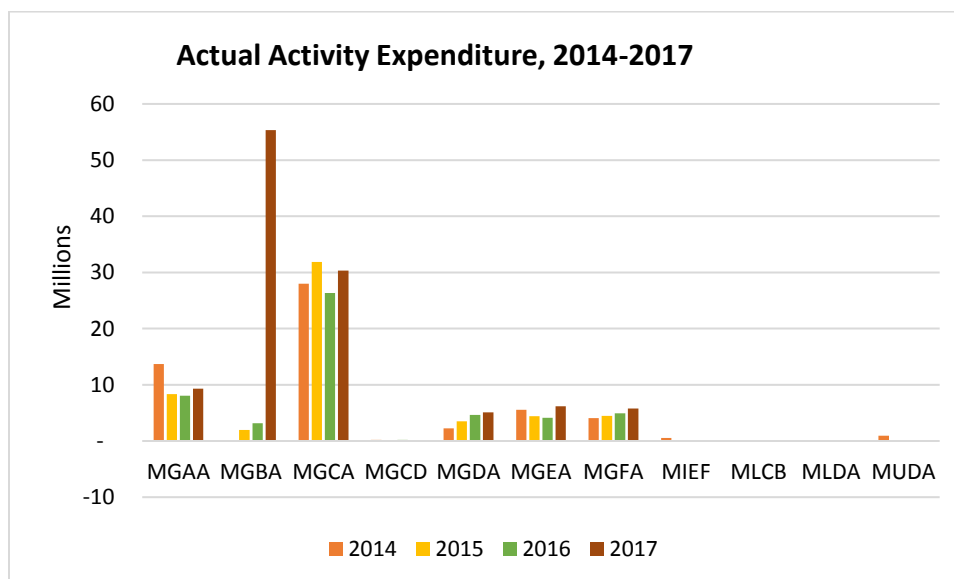


Figure 5 Actual Activity Expenditure

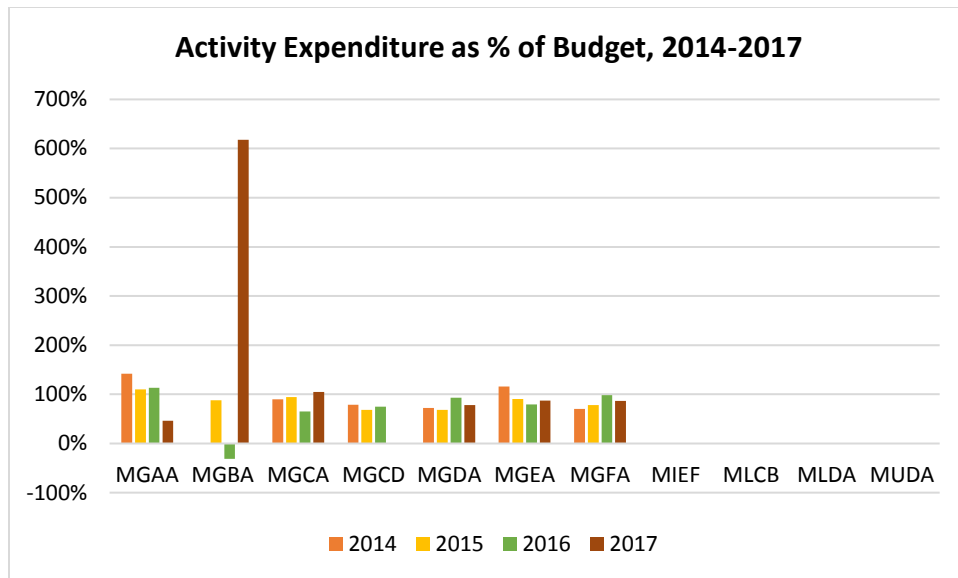


Figure 6 Expenditure as % of Budget by Activity

Cost Center Expenditure Q1 2017				
Code	Description	Budget	Expenditure	(Over)
MGA	Cabinet Support			
86AA	Cabinet Operations	26,536,120	18,553,040	70%
86AB	Corporate Service Unit	-	228,600	
87AA	Office of the Director General	-	508,049	
MGAA	Portfolio Coordination	26,536,120	19,289,689	73%
MGA	Cabinet Support	26,536,120	19,289,689	73%
MGB	Executive Management & Corporate Services			
75DA	Meteo Department Corporate Service Section	-	51,388	
86AA	Cabinet Operations	-	-	
86AB	Corporate Service Unit	-	2,237,448	
87AA	Office of the Director General	13,089,543	71,622,202	547%
MGBA	Corporate Services	13,089,543	73,911,038	565%
MGB	Executive Management & Corporate Services	13,089,543	73,911,038	565%
MGC	Vanuatu Meteorological Services			
6301	Energy Unit - Petroleum	-	5,000	
75DA	Meteo Department Corporate Service Section	61,050,666	62,953,691	103%
75DF	Climate Section	-	(20,000)	
75DG	Observation Section	500,028	499,166	100%
MGCA	Weather Forecasting, Monitoring and Research	61,550,694	63,437,857	103%
75DD	Geo-hazard	-	(655)	
MGCD	Geo-hazard	-	(655)	
MGC	Vanuatu Meteorological Services	61,550,694	63,437,202	103%
MGD	Energy			
6301	Energy Unit - Petroleum	13,828,325	11,918,158	86%
75DA	Meteo Department Corporate Service Section	-	5,000	
MGDA	Energy Management and assessment	13,828,325	11,923,158	86%
MGD	Energy	13,828,325	11,923,158	86%
MGE	Environment			
6401	Environment Unit	15,086,924	13,481,780	89%

MGEA	Environmental management, research and extension Services	15,086,924	13,481,780	89%
MGE	Environment	15,086,924	13,481,780	89%
MGF	National Disaster Management			
1701	National Disaster Management Office	14,212,085	12,689,203	89%
MGFA	National Disaster Management	14,212,085	12,689,203	89%
MGF	National Disaster Management	14,212,085	12,689,203	89%
MUD	Vanuatu Meterological Services			
75DA	Meteo Department Corporate Service Section	-	-	
MUDA	Weather Forecasting, Monitoring and Research	-	-	
MUD	Vanuatu Meterological Services	-	-	
M20	Ministry of Climate Change Adaptation, Geohazards, Meteorology and Energy	144,303,691	194,732,070	135%
	Grand Total	144,303,691	194,732,070	135%

Table 1 Expenditure and Budget by CC

3.3. Payroll Budget Management and Planning

3.3.1. Situation Report

At the end of Q2 2017, the payroll came under its budget by VT 15.1 million with VT 106.7 million expended against its budget (Figure 7). This is a spending of 88% of the allocated budget for this period (Figure 8). Over the past three years the payroll at the end of Q2 was always underspending by VT 2.9 million in 2014 by VT2.9million in 2015 and up to VT 8.4 million in 2016. Notably the payroll budget for 2017 Q2 does not only has the largest spending of 88% of its budget than in all previous years but incurred more savings. At the current rate of expenditure, it is estimated that the payroll for the MoCC will underspend by the end of the year. This is not unlikely given that in 2016 the payroll underspent by VT4.3million (2016) although overspends by VT 3.6 million (2015) and VT 9.2 million (2014).

The savings on Q2 2017 can be explained by significant underspending in January, February, May and June with 99%, 87%, 80% and 76% respectively. However, it can be seen that expenditures on the payroll have overspent in March with 2% above budget and April 11% (Figure 9).

3.3.2. Analysis

The MoCC is consistently under spending its payroll at this quarter. This then leads to savings generated. As such, this is an indication of adequately execution of the operations budget as well.

3.3.3. Recommendations

- MoCC to adequately budget for payroll costs to allow for improved budget execution especially by monthly.

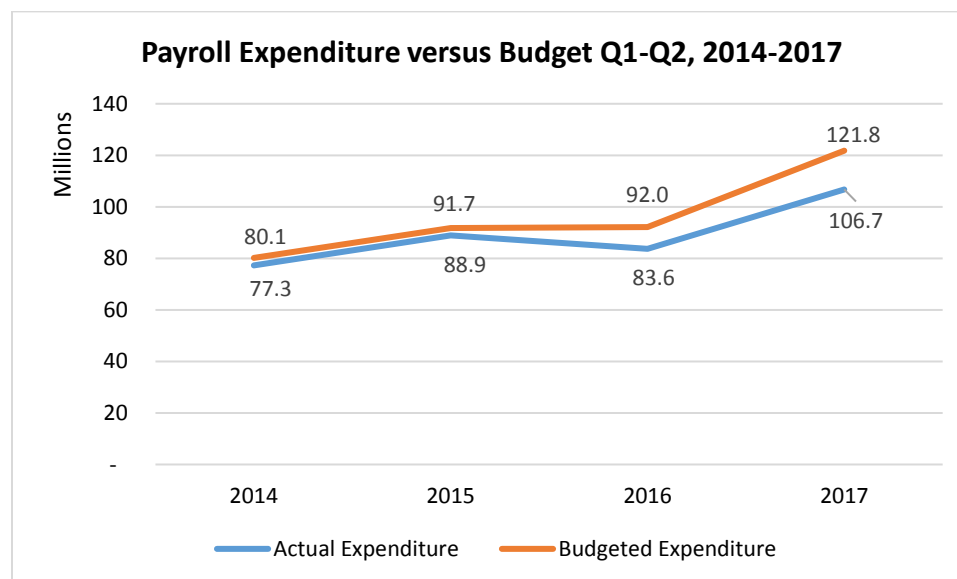


Figure 7 Total Payroll Expenditure versus Budget

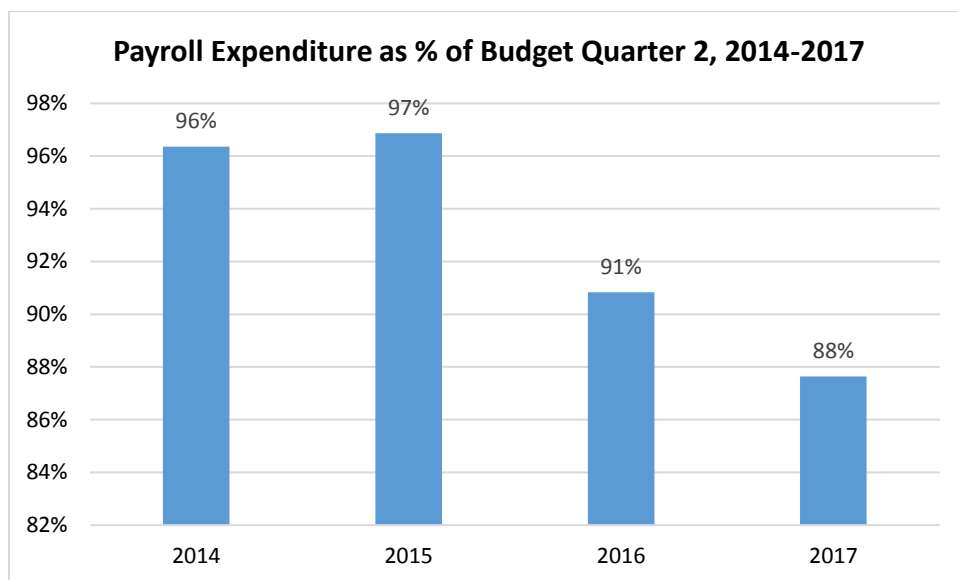


Figure 8 Total Payroll Expenditure as % of Budget by Quarter

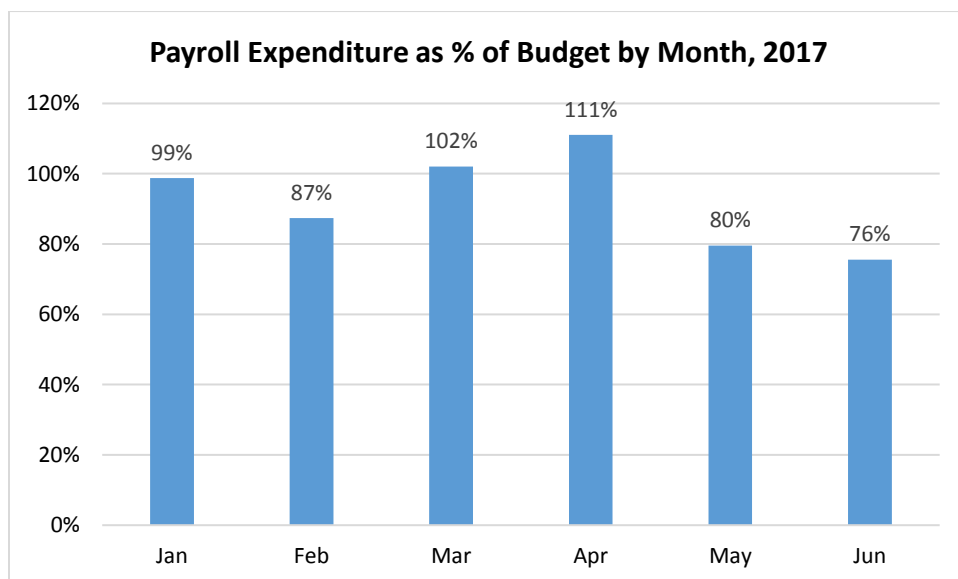


Figure 9 Total Payroll Expenditure as % of Budget by Month

3.4. Detailed Chart of Accounts Patterns in Payroll Expenditure Management and Planning

3.4.1. Situation Report

Looking in more detail at the payroll charts of accounts, a number of persisting and significant issues can be identified (see [Figure 10](#), [Figure 11](#) and [Table 2](#)).

(1). Acting Allowances and Housing Allowances

Acting allowances have been significantly overspending its budget since 2014 by the end of Q2. In 2017, it overspent by VT2.9million and has expended 1411% of budget. Following, Housing allowances similarly overspends its budget by 130%. This has also overspent in all previous years but the spending was largest in 2016 with 140% of its budget.

(2). Underspending on Family

In tandem with the underspending on permanent wages by 99%, VNPF overspends by 2% and so does family allowances at 40% of its budget and responsibility allowances at 23% marks the lowest underspend in Q2 of 2017. Home island passage allowances too was underspent by 39% of its budget and has been underspending in all previous years too.

(3). Overspending on other CoAs

Leave allowances has been overspending since 2014 with no budget allocated at the second quarter. This chart of account has overspent by VT2.3million of its budget. Overtime wages have been overspending with little budget allocated and it continues to overspend in 2017 Q2 by 1024% of its budget.

3.4.2. Analysis

The MoCC is consistently under budgeting for permanent wages and related allowances like family, responsibility and home island allowances. It is unclear how the MoCC can consistently employ staff without the adequate means to ensure Payroll budget of salaries and VNPF have been acquired. It is crucial to check for MoCC to ensure that budget exists to pay new employees together with the basic entitlements such as VNPF.

3.4.3. Recommendations

- MoCC to adequately budget for staff in the following budget year
- MoCC to budget for COAs that have incurred spending but no budget has been allocated.

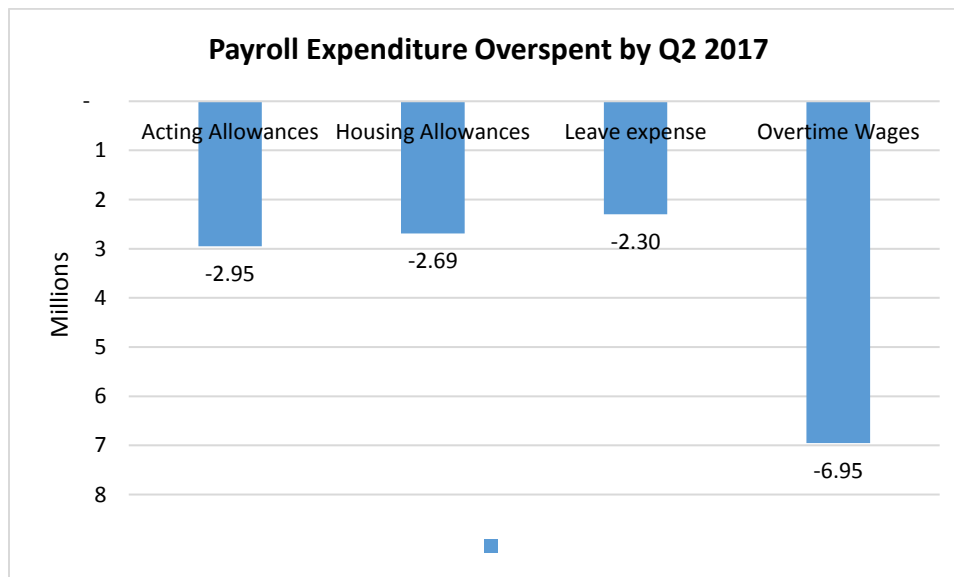


Figure 10 Major Payroll Overspend by CoA

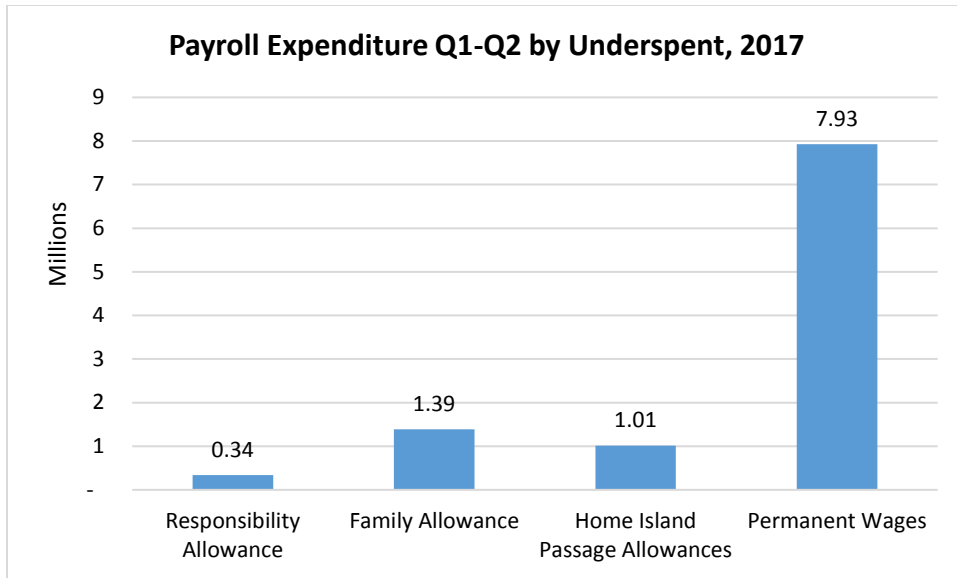


Figure 11 Major Payroll Underspend by CoA

PAYROLL EXPENDITURE Q1-Q2 2014-2017										
Account	Description	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Expenditure as % of Budget
	Personnel Expenses	2014	2014	2015	2015	2016	2016	2017	2017	
8AAA	Acting Allowances	1,522,663	249,996	1,005,700	-	1,499,049	-	3,174,928	224,998	1411%
8AAB	Responsibility Allowance	-	150,000	141,450	-	60,489	-	100,050	440,773	23%
8AAD	Shift Allowance	243,590	-	297,180	-	-	-	-	-	
8AAF	Family Allowance	701,721	1,900,140	860,187	2,046,201	762,444	2,160,814	943,629	2,334,718	40%
8AAG	Gratuitie Allowances	839,164	-	1,519,308	-	1,335,951	-	75,814	-	
8AAH	Housing Allowances	7,621,054	6,697,051	7,902,865	7,026,989	8,895,729	6,337,388	11,575,566	8,888,805	130%
8AAO	Other Allowances	15,000	-	110,003	603,783	40,000	37,087	800,850	441,150	182%
8AAP	Home Island Passage Allowances	174,738	3,267,374	605,850	2,396,475	351,121	1,066,294	648,666	1,661,501	39%
8AAS	Special Allowances	255,403	723,763	-	503,212	-	331,782	-	-	
8ASP	Provident Fund	2,640,791	3,082,180	2,947,378	3,009,883	2,783,315	2,813,110	3,539,449	3,486,090	102%
8AWC	Contract Wages	-	-	678,251	-	966,497	-	320,755	-	
8AWD	Daily Rated Wages	550,281	-	1,620,560	-	1,036,870	-	731,000	215,500	339%
8AWL	Leave expense	328,079	-	1,663,494	-	375,126	-	2,300,357	-	
8AWO	Overtime Wages	5,942,494	3,298,841	7,105,600	1,517,601	2,468,870	1,854,400	7,707,617	752,876	1024%
8AWP	Permanent Wages	56,430,091	71,131,658	62,394,502	70,576,181	63,070,673	65,943,753	74,814,678	82,742,374	90%
PAYR	Payroll expenses	-	(10,319,227)	-	4,039,433	-	11,539,036	-	20,600,442	0%
	Personnel Expenses	77,265,069	80,181,776	88,852,328	91,719,758	83,646,134	92,083,664	106,733,359	121,789,227	88%

Table 2 Payroll Expenditure by CoA

3.5. Operations Budget Management and Planning

3.5.1. Situation Report

For the first quarter of 2017, total expenditure on operations overspent its budget by VT 65.4 million against a budget of VT 22.5 million ([Figure 12](#)). Thus, 391% of its budget was expended so far ([Figure 13](#)). The operational expenditures have overspent and incurred VT88.0million in Q2 2017.

In a monthly breakdown, it appears that all months have overspent allocated budget and can be seen that there was low spending in January with VT 2.9 million (76% of the budget) spent. Expenditure in March was the largest with 2533% ([Figure 14](#)). April overspent by VT1.5million, May overspent by VT3.9million and by VT4.5million in June.

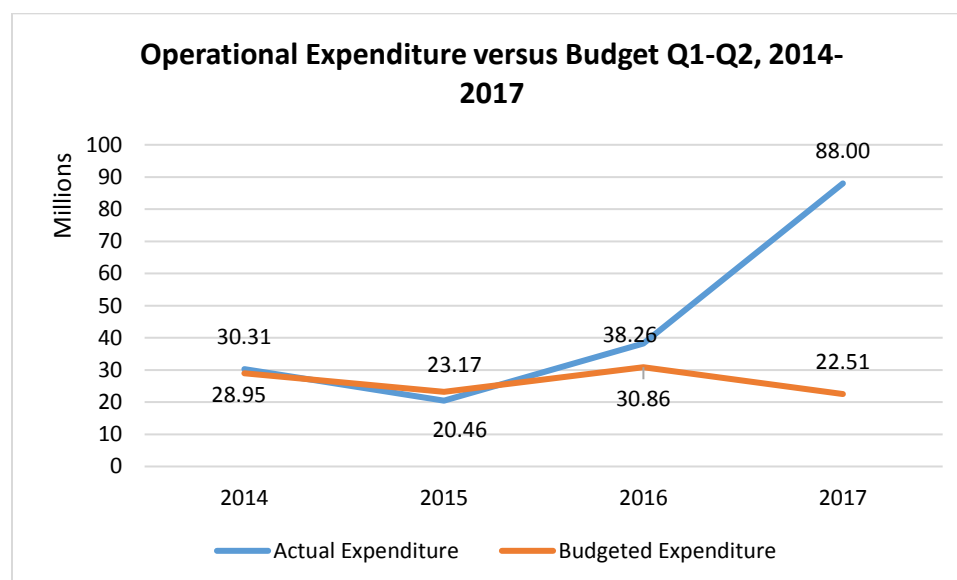
3.5.2. Analysis

The overspending in Q1 2017 continued and even higher in Q2, 2017 at the MoCC. The overspending may have been influenced to a large part by the TC Cook and TC Donna operations.

Given that in the previous three years operations expenditures came in under budget at the end of the year, it can be assumed that this is a rather a cash flow issue than a budget issue.

3.5.3. Recommendations

- Adjust cash flow requirements for operational expenditures based on the average actual expenditure per month over the past years



[Figure 12](#) Total Operations Expenditures versus Budget

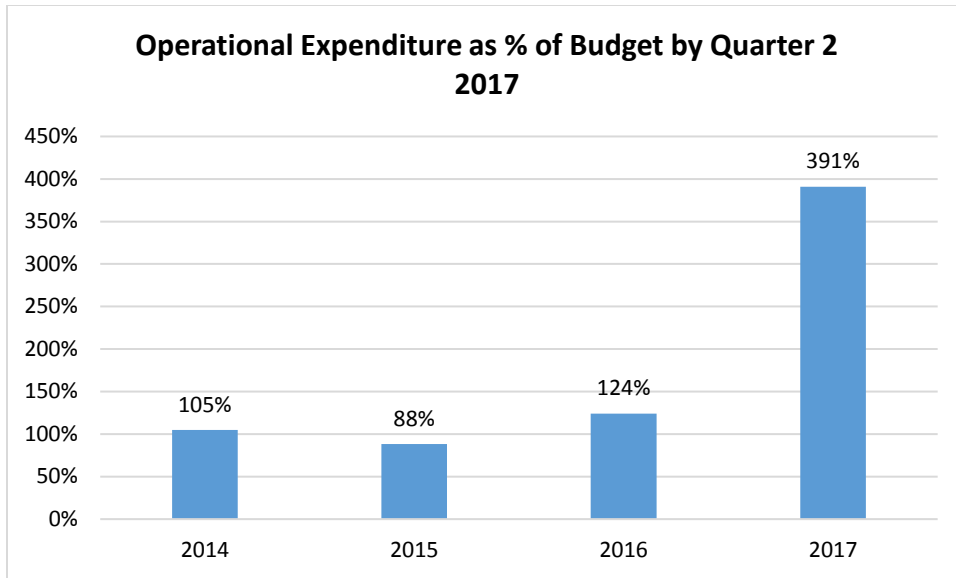


Figure 13 Total Operations Expenditures as % of Budget by Quarter

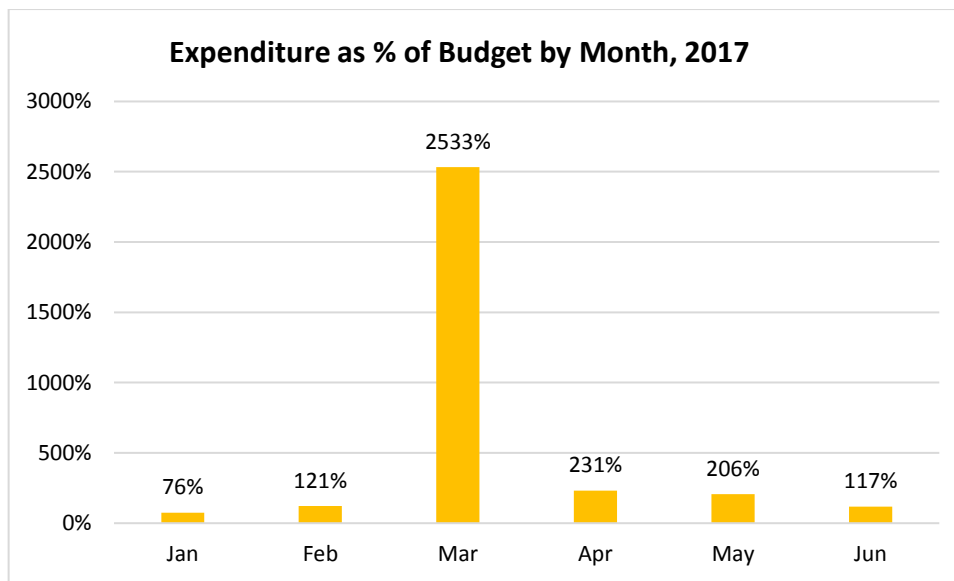


Figure 14 Total Operations Expenditures as % of Budget by Month

3.6. Detailed Patterns in Operations Expenditure Management and Planning

3.6.1. Situation Report

Looking in more detail at the operations charts of accounts, a number of persisting and significant issues can be identified (see [Figure 15](#), [Figure 16](#) and [Table 3](#))

(1). Refunds

This CoA spent VT 45.6 million against no budget. Similarly in 2015 and 2014 this CoA overspends as well with no budget at Q1. MoCC consistently failed to budget adequately for such known commitments.

(2). Value Added Tax

VT6.7 million was expended on Value added tax against its budget for this time period. Interestingly, this CoA has been insufficiently budgeted for with a similar trend over the years from 2014-2017 with overspendings and incurred a much higher overspending by VT6.7million.

(3). International Organisation Fees

This CoA has expended similarly has no budget but had expended VT2.4million.

(4). Unbudgeted Spending

Total unbudgeted spending at the end of Q1 in 2017 stands at VT 47.9 million. Major unbudgeted items are refunds and International organization fees mentioned above followed by sitting allowances, ship and boat fuel and Bank Charges.

(5). Underspending

A number of CoAs incurred underspending. Majorly so did international travel followed by Electricity utilities, stationery communication, vehicles fuel and building repair and maintenance. Commendably, the vehicles fuel account with an annual budget of VT 3.2million for 2017 is underspent by VT 0.4 million for the first quarter as compared to its Q1 budget of VT 2.6 million. Notably also, Electricity utilities underspent by 0.29million and Stationary communications underspent by VT 0.6 million. This is expected due to the installation of solar panels that directly provide electricity to the MoCC.

3.6.2. Analysis

Overspending on most CoAs outlined above occurs on a regular basis – year by year. As by the end of the year the operations expenditures came in under budget for the last three years, it appears that reprioritization of expenditures and adjustment of cash flow are necessary steps to be taken to aid budget execution.

It is further worth noting that MoCC adequately budget for new capital investments as well as maintenance of existing ones (e.g. vehicles and houses) except for equipment repairs and maintenance. This is an issue across the GoV, but in case of vehicles related expenditure the Vehicle Fleet Management Committee have been established to work together with respective sectors to tackle it's costing but MoCC seems to efficiently manage its vehicle and related costs well. Having an adequate capital investment plan and related maintenance plan helps to anticipate the necessary, future budget for such purchases and strengthens planning.

3.6.3. Recommendation

- For the next budget, adjust cash flow profiles of expenditures adequately based on average actual expenditures of the previous years for these months
- For the next budget, reprioritise/reallocate funding across accounts based on average actual expenditures over the previous years
- Develop a capital investment and maintenance plan and budget to allow for improved planning and budget execution
- Reduce the significant budget for Incidentals and make sure to utilise adequate CoAs for expenditures incurred, unless absolutely necessary to code against Incidentals

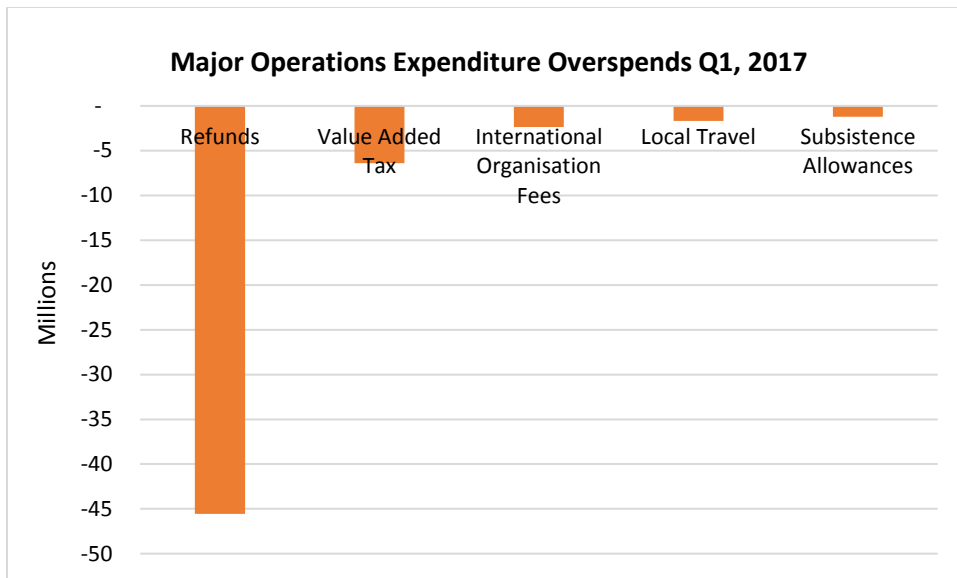


Figure 15 Major Operations Overspend by CoA

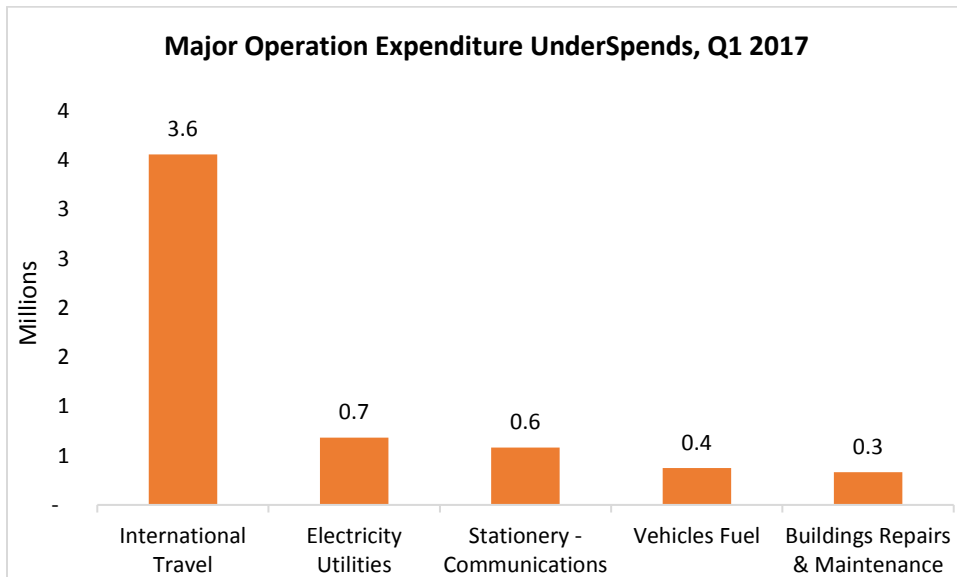


Figure 16 Major Operations Underspend by CoA

Operations Expenditure Q1, 2014-2017										
		Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Expenditure as % of Budget
		2014	2014	2015	2015	2016	2016	2017	2017	2017
	Operating Expenses									
8CAB	Subsistence Allowances	1,245,000	386,682	1,452,071	983,739	787,500	1,211,244	2,282,000	1,067,451	214%
8CAS	Sitting Allowances	-	-	-	-	-	-	30,000	-	
8CBI	International Accommodation	-	21,555	70,000	24,999	20,000	24,999	168,000	75,000	224%
8CBL	Local Accommodation	17,778	-	-	62,499	-	37,500	449,778	2,499	214%
8CCL	Local Courses	-	87,288	-	69,999	-	72,498	-	45,000	0%
8CET	Other Fees	773,021	28,830	22,311	69,999	107,911	84,999	59,236	92,499	64%
8CFS	Ship and Boat Fuel	-	-	-	-	-	-	6,248	-	
8CFV	Vehicles Fuel	702,365	564,729	806,034	987,057	634,264	956,355	432,666	808,047	54%
8CGM	Mail Carriage Freight	-	126,318	-	50,001	-	50,001	-	50,001	0%
8CGO	Other Charges - Freight	31,332	31,254	33,315	69,999	60,352	72,498	7,000	62,499	11%
8CGR	Transport - Freight	79,410	79,107	161,333	137,499	-	140,997	88,676	82,500	107%
8CGS	Storage - Freight	-	38,529	27,617	46,998	-	49,497	133,975	24,999	536%
8CHL	Local Medical Treatment	-	-	60,283	-	-	-	-	-	
8CIE	Equipment Hire	-	46,884	-	65,001	-	65,001	42,602	24,999	170%
8CIF	Facilities Hire	-	28,830	-	32,499	-	32,499	190,125	8,751	2173%
8CIV	Vehicles Hire	160,317	37,185	96,572	42,501	158,656	165,000	84,165	83,697	101%
8CJO	Office Cleaning	216,186	162,096	263,163	206,299	249,623	267,426	311,459	266,130	117%
8CKD	Advertising - Communications	55,978	61,971	47,112	100,000	204,490	110,001	423,896	140,001	303%
8CKI	Internet and Satellite Communications	-	-	29,123	-	-	-	-	-	
8CKL	Translation Communications	-	-	-	-	-	-	-	124,998	0%
8CKP	Postage - Communications	19,253	37,206	5,200	26,253	22,009	41,253	-	62,502	0%
8CKR	Printing - Communications	571,152	211,488	301,080	299,316	712,195	389,382	288,490	406,365	71%
8CKS	Stationery - Communications	607,946	416,976	658,874	539,418	774,533	603,246	(92,006)	490,398	-19%
8CKT	Telephone / Fax - Communications	973,818	494,052	1,021,012	629,073	1,192,426	543,105	517,800	589,806	88%
8CMG	General - Materials	538,983	24,252	284,484	79,996	290,900	354,999	181,308	181,197	100%
8CMO	Office - Materials	-	4,851	-	5,001	6,207	88,749	567,012	5,001	11338%
8CMR	Road Material	-	-	105,680	-	-	-	-	-	
8CNO	Office Rental	-	-	-	-	-	-	-	30,000	0%
8CNT	Other Rental	101,167	-	-	-	49,778	24,999	27,689	22,392	124%
8COF	Refunds	13,333	-	19,648	-	-	-	45,565,332	-	
8COI	Incidentals	808,118	390,594	539,907	254,652	89,191	590,064	1,298,289	680,628	191%

8COO	International Organization Fees	-	-	-	-	-	-	2,371,338	-	
8COP	Official Entertainment	365,776	140,112	521,339	252,126	1,109,788	350,001	627,603	384,039	163%
8COT	Termination Payment	-	-	-	-	-	-	-	-	
8COU	Uniforms	565,938	10,779	-	30,000	-	130,002	-	50,001	0%
8CRB	Buildings Repairs & Maintenance	2,449,944	301,545	6,772	287,499	1,151,188	614,997	468,789	799,998	59%
8CRE	Equipment Repairs & Maintenance	276,661	243,384	54,286	367,695	685,856	532,641	912,643	315,447	289%
8CRH	Houses Repairs & Maintenance	63,823	142,104	-	146,499	82,400	396,498	12,000	146,499	8%
8CRV	Vehicles Repairs & Maintenance	686,894	343,641	907,772	496,217	230,880	943,464	346,754	459,465	75%
8CRW	Vehicle Servicing	-	-	-	-	35,965	-	-	30,000	0%
8CSD	Distribution Supplies	-	-	-	-	-	-	-	-	
8CSF	Food - Suppliers	-	-	-	-	-	-	-	-	
8CSO	Other Suppliers	3,498	-	-	-	-	-	-	-	
8CSR	Rations Suppliers	-	-	453,440	714,996	13,298	-	-	10,725	0%
8CTI	International Travel	519,379	98,613	640,531	814,449	256,083	487,497	(3,332,341)	227,712	-1463%
8CTL	Local Travel	506,780	566,007	-	-	741,510	824,925	2,223,849	558,600	398%
8CUC	Gas - Cooking Utilities	8,000	-	-	-	-	-	-	1,800	0%
8CUE	Electricity Utilities	1,993,287	2,691,963	(1,434,320)	1,622,748	554,626	1,327,848	290,333	972,840	30%
8CUW	Water Utilities	19,104	144,960	36,434	420,801	4,215	264,584	-	208,366	0%
8CWL	Local Workshops	33,840	384,759	-	474,324	-	526,824	-	300,075	0%
8CZV	Value Added Tax	1,674,457	1,146,168	781,468	215,859	1,189,326	315,669	6,727,468	324,366	2074%
8EBR	Buildings - Renovation	-	150,888	-	174,999	-	424,998	364,445	424,998	86%
8EEA	Equipment - Additional General	118,223	141,729	358,223	120,398	155,005	172,902	269,809	135,402	199%
8EEC	Equipment - Computer	239,628	177,822	179,293	372,333	248,000	672,333	314,836	497,334	63%
8EEP	Equipment - Photocopiers	-	24,249	142,222	-	-	50,001	103,644	8,697	1192%
8EER	Equipment - Replacement General	-	134,301	-	142,548	-	228,636	-	102,390	0%
8EES	Equipment - Specialized	-	-	-	-	-	-	-	-	
8EET	Equipment - Computer Software Purchases	-	-	-	-	-	-	-	-	
8EFH	Furniture - Housing Furniture	-	-	-	-	53,333	-	-	-	
8EFO	Furniture - Office Furniture	(1)	89,280	64,960	146,553	43,556	249,057	31,911	151,338	21%
8EHR	Houses - Renovation	294,965	38,799	-	20,001	-	20,001	-	20,001	0%
8EVA	Vehicle - Additional Vehicle	-	-	-	-	427,534	-	-	-	
8EVR	Vehicle - Replacement	1,750,000	692,469	1,777,781	407,472	-	919,410	-	-	
8FCB	Bank Charges	5,000	-	5,000	-	2,500	-	1,500	-	
OVER	Overhead expenses	-	2,412,522	-	363,636	-	(3,237,131)	(350,000)	(1,600,442)	22%
Total	Operating Expenses	18,490,353	13,356,771	10,500,020	12,373,951	12,345,098	12,191,469	64,448,321	9,957,011	647%

Table 3 Total Operations Expenditures by CoA

4. Revenue Management and Planning

4.1. Situation Report

At the end of Q2 2017, total revenues came over the budget with VT 3.5 million collected versus VT 3.1 million budgeted with more revenue collection from other fees ([Figure 17](#)). This means that 115% of revenues were collected ([Figure 18](#)). Revenues collections for this time period have broken the trend in 2016 where revenues collected falls under its budget.

In a monthly breakdown, March collections were particularly strong in 2017 with 572% of its budget collected ([Figure 19](#)). Revenue collections at the MoCC appear to have been exceeding its budget in Q2 2017.

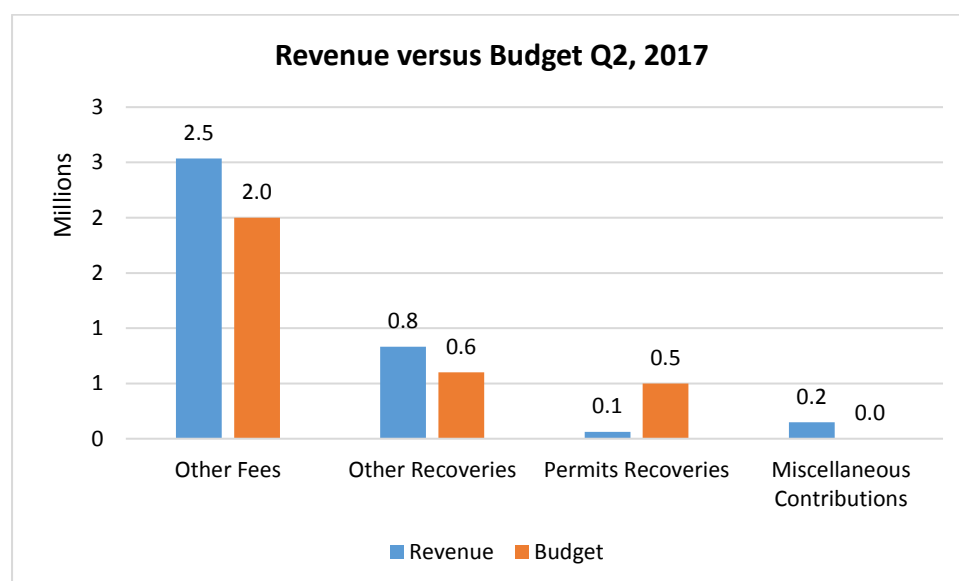
The main sources of revenues at the MoCC is other fees, other recoveries and permit recoveries.

4.2. Analysis

Revenues appear to perform well and constant over the past years. It is commendable that for 2017 revenues have exceeded the assigned budget which was similarly experienced in 2014 and 2015.

4.3. Recommendations

- Improvements to revenue forecasts for the coming budget are necessary based on previous years' performance and expected outturns
- Cash flow can be adjusted in a quarterly and monthly perspective



[Figure 17](#) Revenue versus Budget

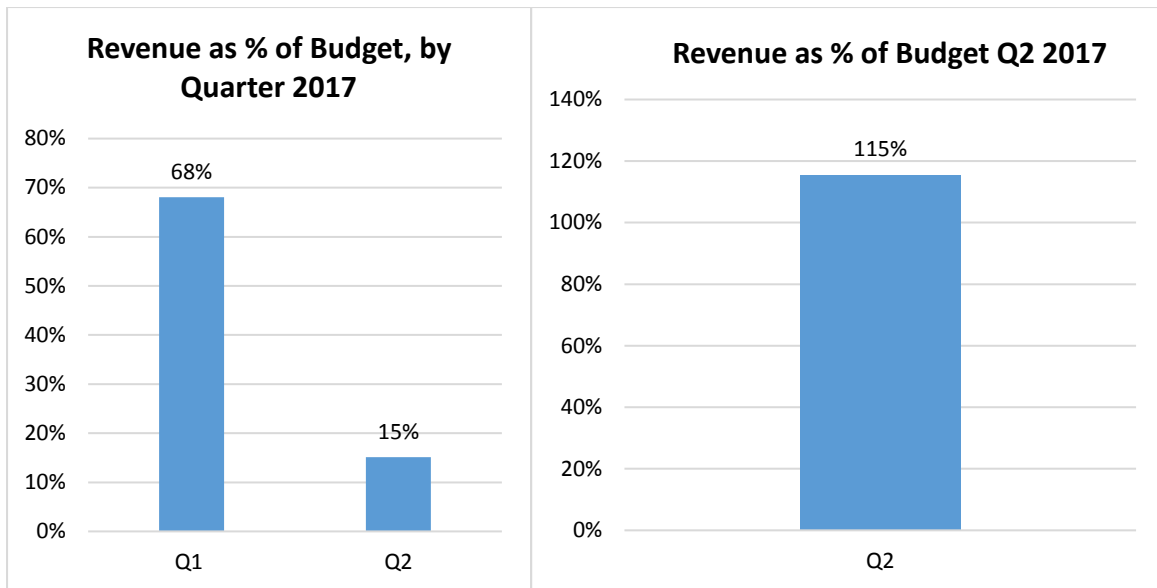


Figure 18 Revenue as % Budget by Quarter

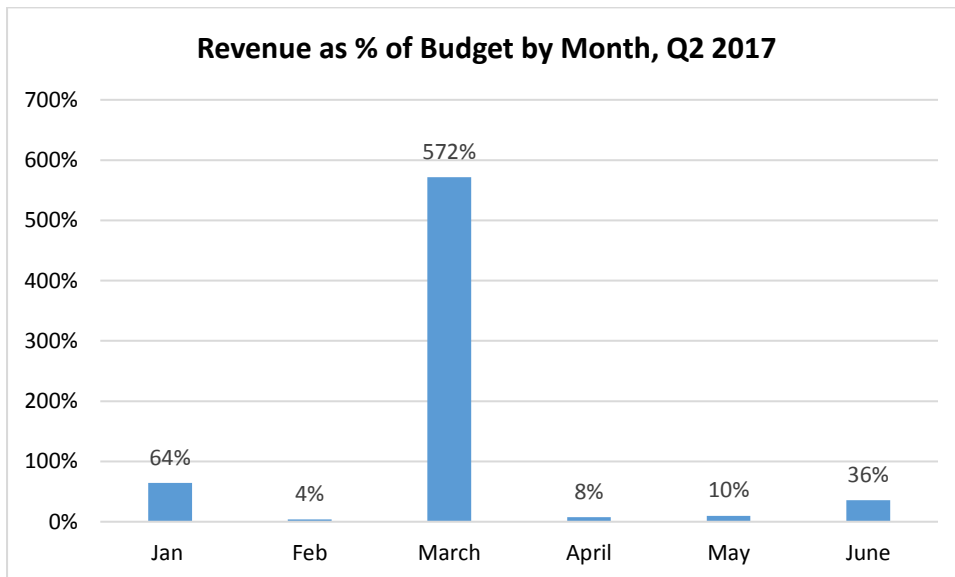


Figure 19 Revenue as % Budget by Month

5. Virements

5.1. Situation Report

In Q2 2017, the MoCC undertook 7 virements altogether with 3 virements in Q1 and 4 in Q2 (Figure 20). Comparatively, there are same occurrence of virements, from payroll to payroll and operations to payroll with 3 virements each (Figure 21). The volume of virements in Q2 of 2017 carries a high value of VT48.6million in total.

Virements in the second quarter have skewed towards payroll (Figure 21). Given the allocation of the budget between operations and payroll, VT46.6 million of funds have been transferred to the payroll account and only VT2million transferred to the operational account.

5.2. Analysis

Virements appears to be an issue at the MoCC. Most striking is to note that if adjustments are made to fully budget for all posts under the MoCC, there will be no further need for most of these virements.

5.3. Recommendation

- Adjust payroll budget to cater for all payroll costs to abolish the need for virements from operations to payroll and even payroll to payroll account.

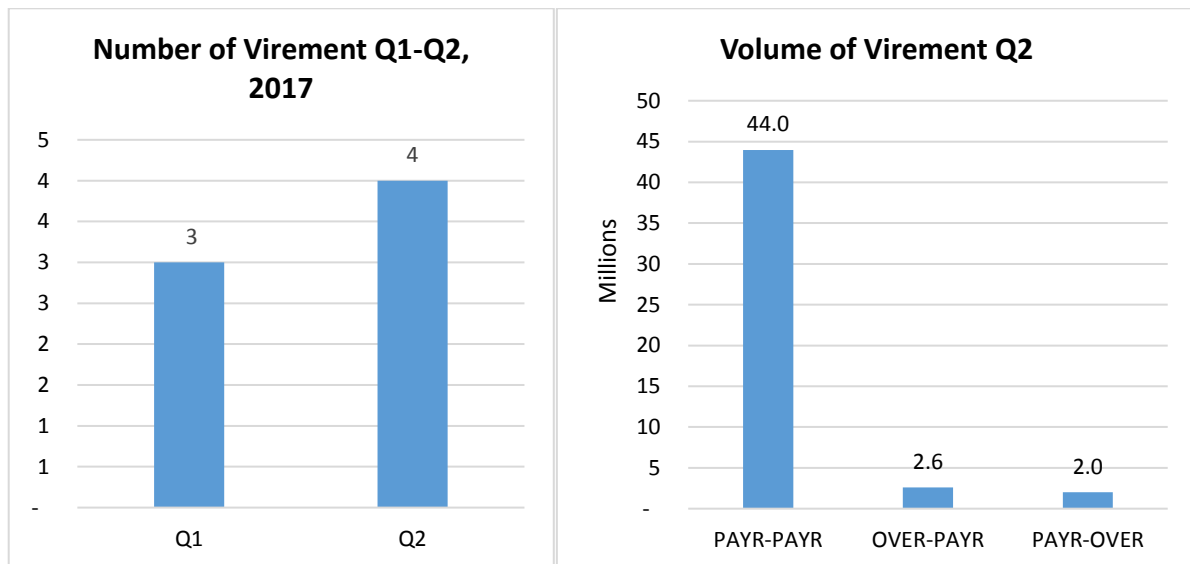


Figure 20 Total Number and Volume of Virements

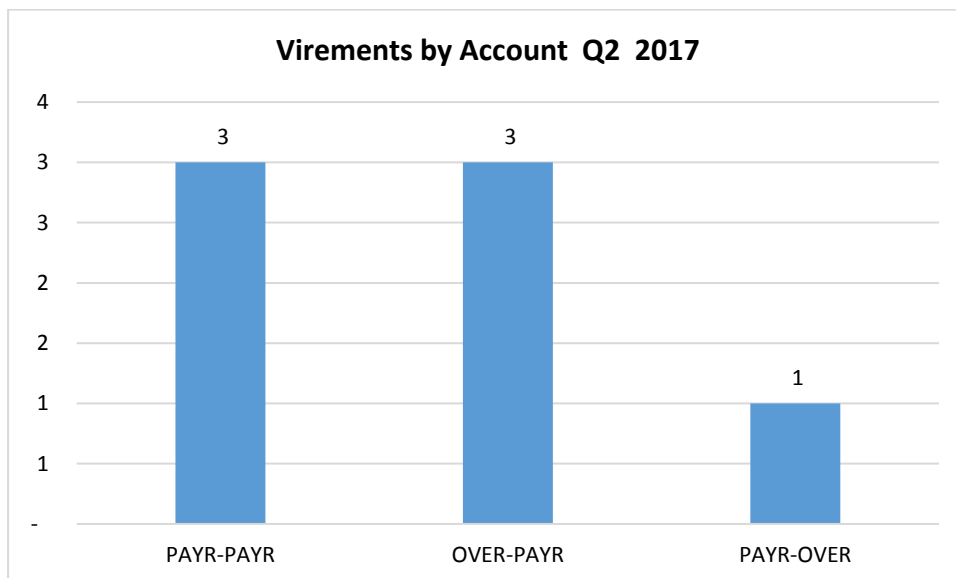


Figure 21 Total Number of Virements across Categories