

MALVATUMAURI NATIONAL COUNCIL OF CHIEFS

INTRODUCTION

The Malvatumauri Council of Chiefs is a constitutional body set up under Chapter 5 of the Constitution. The Malvatumauri Council of Chief consists of 3 Custom Chiefs elected by their island Council of Chiefs. The 31 members of the Council represent the 20 island Councils and the 2 Urban Councils.

The Office of the Malvatumauri Council of Chiefs is located in Port Vila in the Chiefs area called “Chiefs Nakamal”. The Chiefs Executive Officer (CEO) is responsible for managing the Malvatumauri Council of Chiefs.

The Malvatumauri Council of Chiefs works with people and the Government of Vanuatu to promote developments that can help to sustain the tradition and cultural values in the Republic. Recently, with the new land reform development plan, chiefs play a major role in the implementation of custom land issues throughout the country.

To ensure that Vanuatu’s unique customs, culture, languages and custom Land are preserved, the Malvatumauri Council of Chiefs needs to be better organized to carry out its constitutional functions in the face of mounting challenges pose by foreign system.

It is becoming increasingly clear that in modern Vanuatu life, these values that uphold respect for custom, culture and languages and custom land are very important since they provide strong social connections and relationship including custom land dispute resolution which provides the social security and well-being.

SUMARRY OF KEY FINDINGS

The Malvatumauri National Council of Chiefs (MNCC) has one program activity and three active cost centers.

Analysis shows that the MNCC had already spent 35.1 percent of its annual budget in the first quarter of the year, and at that current rate of spending the MNCC is likely to overspend its allocated annual budget by 40.42 percent by the end of the year.

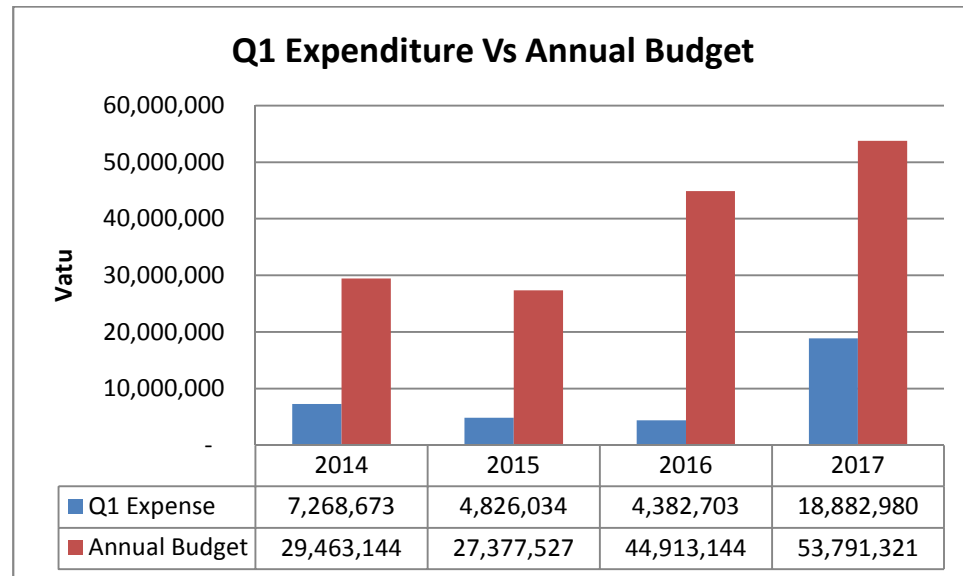


Figure 1: Expenditure Q1 versus the annual budget.

Figure 1 shows the MNCC expenditure trend of quarter 1 (Q1) of 2017 against the annual budget and for the same period in the last three years. Percentage of expenditure in the first quarter ranges from 9.76 to 35.1 percent over the years.

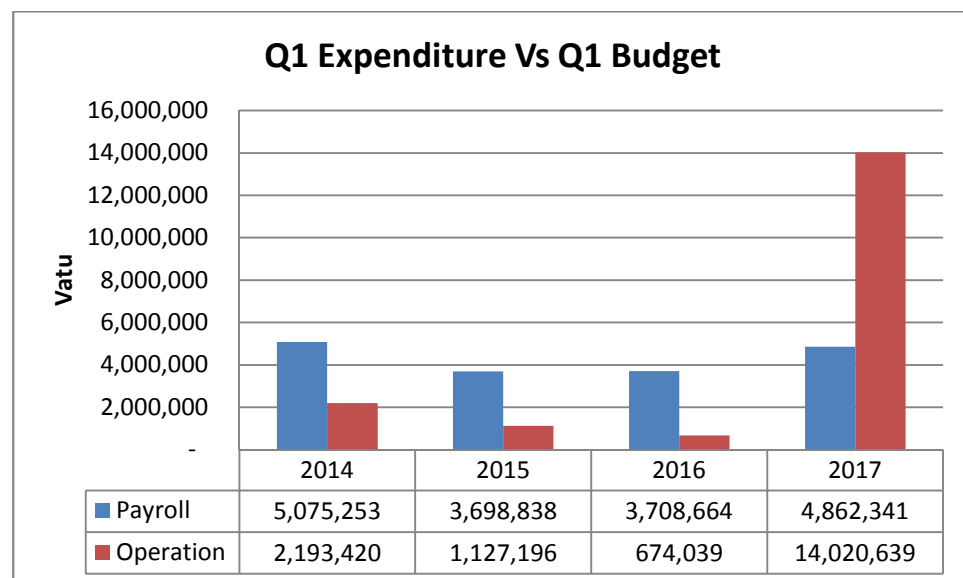


Figure 2: MNCC Q1 Expenditures versus Q1 budget

Figure 2 shows the MNCC quarter 1 expenses against quarter 1 budget for 2017 and for the same period in the last three years. The MNCC had overspent its quarter 1 budget by 195.86

percent. For the last three years in the same quarter, percentage of spending ranges from 64.63 to 99.51 percent.

The MNCC had allocated 45.30 percent of its annual budget to payroll and 54.7 percent was allocated to operation.

Analysis shows that the MNCC had spent 19.95 percent of its payroll annual budget in Q1 and with that current rate of spending, it is estimated that the MNCC will most likely to underspend by the end of the year by 14.14 percent of its payroll annual budget.

The MNCC had spent 47.65 percent of its operation annual budget in the first quarter of 2017 and with the current rate of spending it is estimated that MNCC will overspend its allocated budget by 90.60 by the end of the year.

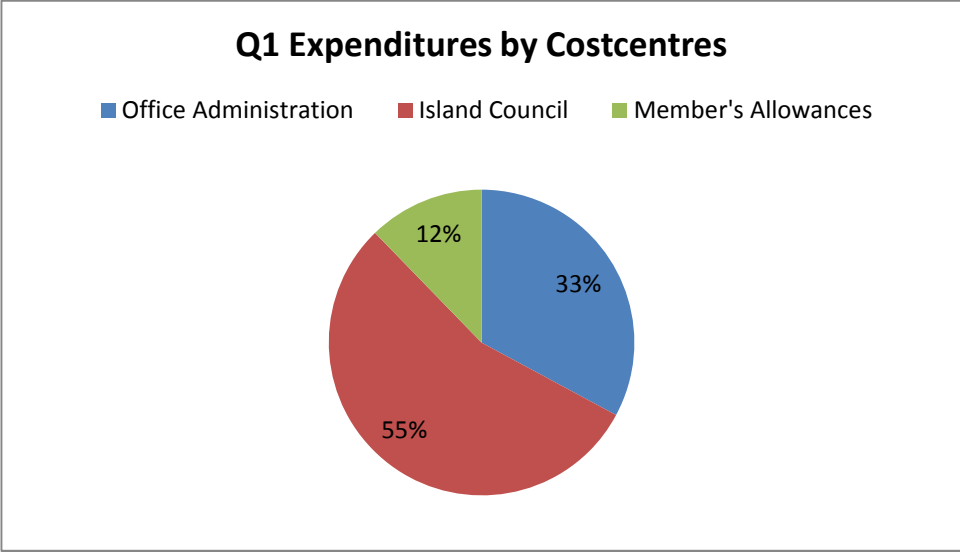


Figure 3. Expenditures by cost centres on the total spending in Quarter 1 by the MNCC

Figure 3 shows the percentage of expenditures by cost centres of the MNCC total spending at the end of Q1.

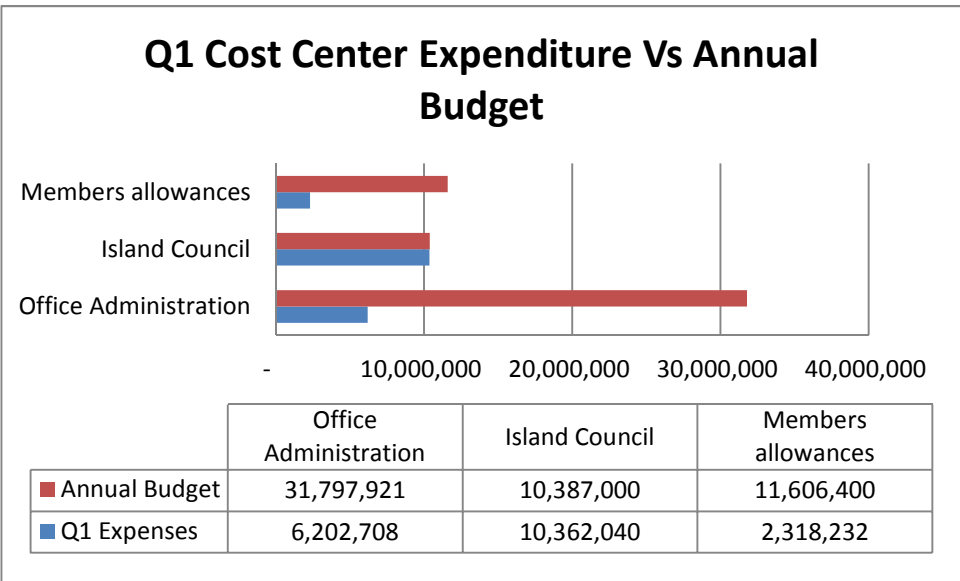


Figure 4: Q1 Cost centres expenses Vs Cost centres annual budget

Figure 4 shows that:

- Office Administration had already spent 19.51 percent of their annual budget in the first quarter of the year and with that current rate of spending it is most likely that the office's allocated annual budget will be underspend by 21.97 percent by the end of the year.
- Island Council had already spent 99.76 percent of their annual budget in the first quarter and with that current rate of spending the council is most likely to overspend its annual allocated budget by 299.04 percent by the end of the year.
- The Member's Allowance had already spent 19.97 percent of its annual budget in the first quarter of the year and with that current rate of spending the department is most likely to underspend its allocated budget by 20.11 percent by the end of the year.

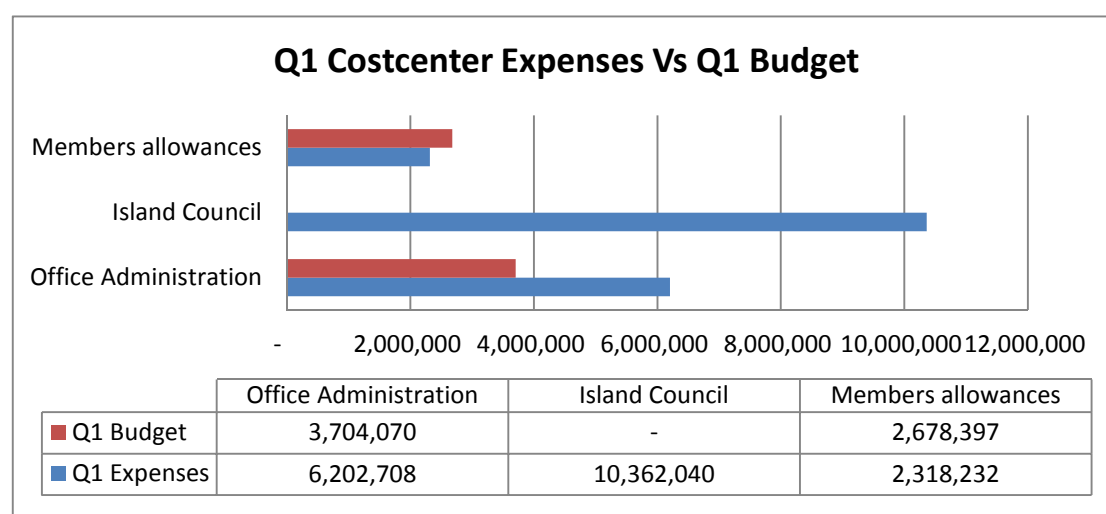


Figure 5: Q1 Cost centres expenditures Vs Cost centres Q1 Budget

Figure 5 shows that island Council has no Q1 budget but had the highest expenditure of over 10 million vatu.

Cost Centre	Payroll Expenditure	Payroll Budget	% of Budget spent
Office Administration	2,544,109	2,944,893	86.39%
Island Council	-	-	0.00%
Members allowances	2,318,232	2,678,397	86.55%

Table 1: Table showing percentage of payroll budget spent in Q1

Table 1 shows the percentage of funds spent from the payroll budget of each cost centre within the MNCC.

Cost Centre	Operation Expenditure	Operation Budget	% of Budget spent
Office Administration	3,658,599	759,177	481.92%
Island Council	10,362,040	-	
Members allowances	-	-	

Table 2: Table showing percentage of operation budget spent in Q1

Table 2 shows the percentage of funds spend from the operation budget of each cost centre within the MNCC.

Percentage of funds spend that is over 100% indicates that funds had been advanced or vired from future periods and spend in quarter one period.

MAJOR EXPENDITURE ITEMS

The MNCC's major expenditure items over one million vatu in the payroll expenses was permanent wages and other allowances.

The MNCC's major expenditure items over one million vatu in operation is operating grant, incidentals, subsistence allowances and local travel.

UNBUDGETED SPENDING

The MNCCs unbudgeted spending in the payroll includes the following chart of accounts: acting allowances and contract wages (8AWC).

The total unbudgeted spending for Q1 was VT 606,899.

The MNCC's unbudgeted spending in the operation includes most of the chart of accounts
The total unbudgeted spending for Q1 was VT 13,506,397.

VIREMENT

There was no virement processed in the first quarter of 2017.

REVENUE

Account	Description	Revenue	Budget	Over/(Under)	Cash Received
	Revenue				
7NFO	Other Fees	0	9,999	(9,999)	0
	Revenue	-	9,999	(9,999)	0
	Total Revenue and Receipts	-	9,999	(9,999)	0

Table 3: Table showing revenue collected against budget.

MNCC had not budget for any revenue for this year but is collecting revenue from the rental of its kava bar and there are no records of the funds collected or the usage of funds. MNCC had been advised by a few reminders from MFEM to deposit the revenue to the government cashier. MNCC must deposit revenue collected to the government cashier as stated in the Financial Regulations Section 8.7(3)

ACCOUNTABLE IMPREST

DEPT/OFFICER	Amount Advanced	Amount Paid	Amount outstanding
MNCC	930,000	0	930,000

Table 4: Q1 Outstanding Imprest

Table 4 shows MNCC outstanding imprest at the end of Q1 2017.

TABLES

Table 5: MNCC Expenditure by Chart of Accounts

Account	Description	Actual	Commitment	Total	Budget	Under/(Over)
	Personnel Expenses					
8AAA	Acting Allowances	86,548	-	86,548	-	(86,548)
8AAF	Family Allowance	33,120	-	33,120	44,307	11,187
8AAH	Housing Allowances	165,600	-	165,600	166,155	555
8AAO	Other Allowances	2,544,536	-	2,544,536	2,575,383	30,847
8ASP	Provident Fund	107,552	757	108,309	180,348	72,039
8AWC	Contract Wages	519,594	757	520,351	-	(520,351)
8AWP	Permanent Wages	1,403,877	-	1,403,877	2,657,097	1,253,220
PAYR	Payroll expenses	-	-	-	-	-
	Personnel Expenses	4,860,827	1,514	4,862,341	5,623,290	760,949
	Operating Expenses					
8CAB	Subsistence Allowances	1,820,000	-	1,820,000	75,000	(1,745,000)
8CAS	Sitting Allowances	775,000	-	775,000	-	(775,000)
8CFV	Vehicles Fuel	11,112	151,109	162,221	50,001	(112,220)
8CIE	Equipment Hire	8,000	-	8,000	12,501	4,501
8CIF	Facilities Hire	36,111	102,222	138,333	24,999	(113,334)
8CIV	Vehicles Hire	33,333	199,662	232,995	25,000	(207,995)
8CJO	Office Cleaning	1,492	105,000	106,492	24,999	(81,493)
8CKD	Advertising - Communications	138,000	-	138,000	15,000	(123,000)
8CKP	Postage - Communications	-	-	-	20,850	20,850
8CKR	Printing - Communications	(295,000)	326,222	31,222	-	(31,222)
8CKS	Stationery - Communications	-	26,116	26,116	20,001	(6,115)

8CKT	Telephone / Fax - Communications	-	-	-	22,251	22,251
8CMO	Office - Materials	8,178	26,062	34,240	-	(34,240)
8CNO	Office Rental	-	-	-	-	-
8COC	Court Costs	700,000	-	700,000	-	(700,000)
8COI	Incidentals	3,407,020	-	3,407,020	75,000	(3,332,020)
8COP	Official Entertainment	(640,000)	800,000	160,000	28,653	(131,347)
8CRB	Buildings Repairs & Maintenance	22,222	-	22,222	18,210	(4,012)
8CRE	Equipment Repairs & Maintenance	15,165	-	15,165	22,500	7,335
8CRV	Vehicles Repairs & Maintenance	-	-	-	22,500	22,500
8CSF	Food - Suppliers	-	282,582	282,582	-	(282,582)
8CSO	Other Suppliers	-	-	-	17,500	17,500
8CTI	International Travel	-	-	-	25,000	25,000
8CTL	Local Travel	241,247	1,006,710	1,247,957	59,214	(1,188,743)
8CUE	Electricity Utilities	-	-	-	24,999	24,999
8CUW	Water Utilities	-	-	-	75,000	75,000
8CZV	Value Added Tax	(21,128)	278,215	257,087	75,000	(182,087)
8DGO	Operating Grant	4,286,920	-	4,286,920	-	(4,286,920)
8EBR	Buildings - Renovation	-	-	-	24,999	24,999
8EES	Equipment - Specialised	169,067	-	169,067	-	(169,067)
OVER	Overhead expenses	-	-	-	-	-
	Operating Expenses	10,716,739	3,303,900	14,020,639	759,177	(13,261,462)
	Total Expenditure	15,577,566	3,305,414	18,882,980	6,382,467	(12,500,513)

Source: Finance & Treasury

Table 6: Expenditure by Cost Centre

Account	Description	Actual	Commitment	Total	Budget	Under/(Over)
04A1	Office Administration					
	Personnel Expenses					
8AAA	Acting Allowances	86,548	-	86,548	-	(86,548)
8AAF	Family Allowance	33,120	-	33,120	44,307	11,187
8AAH	Housing Allowances	165,600	-	165,600	166,155	555
8AAO	Other Allowances	226,304	-	226,304	-	(226,304)
8ASP	Provident Fund	107,552	757	108,309	77,334	(30,975)

8AWC	Contract Wages	519,594	757	520,351	-	(520,351)
8AWP	Permanent Wages	1,403,877	-	1,403,877	2,657,097	1,253,220
PAYR	Payroll expenses	-	-	-	-	-
	Personnel Expenses	2,542,595	1,514	2,544,109	2,944,893	400,784
	Operating Expenses					
8CAB	Subsistence Allowances	-	-	-	75,000	75,000
8CFV	Vehicles Fuel	11,112	62,221	73,333	50,001	(23,332)
8CIE	Equipment Hire	8,000	-	8,000	12,501	4,501
8CIF	Facilities Hire	5,000	-	5,000	24,999	19,999
8CIV	Vehicles Hire	33,333	-	33,333	25,000	(8,333)
8CJO	Office Cleaning	1,492	-	1,492	24,999	23,507
8CKD	Advertising - Communications	4,667	-	4,667	15,000	10,333
8CKP	Postage - Communications	-	-	-	20,850	20,850
8CKR	Printing - Communications	(295,000)	326,222	31,222	-	(31,222)
8CKS	Stationery - Communications	-	26,116	26,116	20,001	(6,115)
8CKT	Telephone / Fax - Communications	-	-	-	22,251	22,251
8CMO	Office - Materials	8,178	26,062	34,240	-	(34,240)
8CNO	Office Rental	-	-	-	-	-
8COC	Court Costs	700,000	-	700,000	-	(700,000)
8COI	Incidentals	2,075,000	-	2,075,000	75,000	(2,000,000)
8COP	Official Entertainment	(640,000)	800,000	160,000	28,653	(131,347)
8CRB	Buildings Repairs & Maintenance	22,222	-	22,222	18,210	(4,012)
8CRE	Equipment Repairs & Maintenance	15,165	-	15,165	22,500	7,335
8CRV	Vehicles Repairs & Maintenance	-	-	-	22,500	22,500
8CSO	Other Suppliers	-	-	-	17,500	17,500
8CTI	International Travel	-	-	-	25,000	25,000
8CTL	Local Travel	(356,753)	571,644	214,891	59,214	(155,677)
8CUE	Electricity Utilities	-	-	-	24,999	24,999
8CUW	Water Utilities	-	-	-	75,000	75,000
8CZV	Value Added Tax	(41,684)	126,535	84,851	75,000	(9,851)
8EBR	Buildings - Renovation	-	-	-	24,999	24,999
8EES	Equipment - Specialised	169,067	-	169,067	-	(169,067)
OVER	Overhead expenses	-	-	-	-	-
	Operating Expenses	1,719,799	1,938,800	3,658,599	759,177	(2,899,422)
04A1	Office Administration	4,262,394	1,940,314	6,202,708	3,704,070	(2,498,638)

04A2	Island Councils					
	Operating Expenses					
8CAB	Subsistence Allowances	1,820,000	-	1,820,000	-	(1,820,000)
8CAS	Sitting Allowances	775,000	-	775,000	-	(775,000)
8CFV	Vehicles Fuel	-	88,888	88,888	-	(88,888)
8CIF	Facilities Hire	31,111	102,222	133,333	-	(133,333)
8CIV	Vehicles Hire	-	199,662	199,662	-	(199,662)
8CJO	Office Cleaning	-	105,000	105,000	-	(105,000)
8CKD	Advertising - Communications	133,333	-	133,333	-	(133,333)
8COI	Incidentals	1,332,020	-	1,332,020	-	(1,332,020)
8CSF	Food - Suppliers	-	282,582	282,582	-	(282,582)
8CTL	Local Travel	598,000	435,066	1,033,066	-	(1,033,066)
8CZV	Value Added Tax	20,556	151,680	172,236	-	(172,236)
8DGO	Operating Grant	4,286,920	-	4,286,920	-	(4,286,920)
OVER	Overhead expenses	-	-	-	-	-
	Operating Expenses	8,996,940	1,365,100	10,362,040	-	(10,362,040)
04A2	Island Councils	8,996,940	1,365,100	10,362,040	-	(10,362,040)
04A3	Malvatumauri Members Allowance					
	Personnel Expenses					
8AAO	Other Allowances	2,318,232	-	2,318,232	2,575,383	257,151
8ASP	Provident Fund	-	-	-	103,014	103,014
PAYR	Payroll expenses	-	-	-	-	-
	Personnel Expenses	2,318,232	-	2,318,232	2,678,397	360,165
04A3	Malvatumauri Members Allowance	2,318,232	-	2,318,232	2,678,397	360,165
	Total Expenditure	15,577,566	3,305,414	18,882,980	6,382,467	(12,500,513)

Source: Finance & Treasury