

PARLIAMENT

Quarterly Expenditure Report

Quarter 1, 2017

Expenditure Section, Ministry of Finance and Economic Management

1. Introduction to the Constitutional Body

The Parliament of the Republic of Vanuatu is a constitutional body that meets regularly to make laws for the peace, order and good government of Vanuatu. Some of core responsibilities of the Parliament are to:

- To be a watchdog to the Government and to scrutinize the Government so as to ensure that there is accountability, transparency and good government.
- Make laws, approval of Annual Appropriation Bill, rectification of the International treaties and other business as provided under the standing Orders of Parliament.
- Conduct parliamentary diplomacy, exchange of visits with other Parliament of other countries and participation in the parliamentary conference.

2. Summary of Analysis and Recommendations

Overview
The Parliament faces significant challenges with budget execution, and budget planning appears equally weak. 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 appear similar to previous years and room for cash flow adjustments exists.

Area	Recommendation
Expenditure Management and Planning	<ul style="list-style-type: none">• Parliament to allow for an environment, where the budget can be executed• Parliament to strengthen and tighten up budget execution to ensure optimal usage of public funds
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">• Parliament to adequately budget for payroll costs to allow for improved budget
Detailed Chart of Accounts Patterns in Payroll Expenditure Management and Planning	<ul style="list-style-type: none">• Parliament to adequately budget for all permanent vacancies that it plans to fill in the following budget year• Parliamentary Management Board to ensure that no permanency appointments, contracts or regradings are

	<p>approved unless adequate budget exists to cater for them; MFEM support and advice can be sought in this matter</p> <ul style="list-style-type: none"> Parliament 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 permanent posts to abolish the need for virements from operations to payroll

3. Expenditure¹ Management and Planning

3.1. General Budget Management and Planning

3.1.1. Situation Report

In the first quarter of 2017, Parliament has overspends its budget by VT 180 million with VT 140.1 million of expenditures (128% 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 Parliament's budget was overspent by VT 10.5million in 2014 and VT 33.7 million in 2015 but underspends by 15.8million in 2016. The budget for the first quarter decreased to VT 139.1 from VT 139.9 in 2015, but remains higher than in 2014 and further increased from 139.1million to 140.1million in 2017. In 2017, Q1 has the highest unbudgeted expenditures since 2014 with VT 14.3 million compared to between VT 3.4 and VT 9.9 over the past three years.

In a monthly breakdown, it can be seen that no savings in the Q1 of 2017 were incurred as all months were overspending its budget ([Figure 3](#)). In fact February and March of 2014 to 2016 overspends its budget respectively. Comparatively, spending in January of 2014-2016 was under budget where only 2016 saw lower spending with VT 10.5 million. However, January of 2017 marks the largest spending both in that month and overall for all 3 months of the four years with VT 82.9 million compared to highest spending of the month of Jan in 2015 of 54.1million and 74.1million incurred in Feb of 2016.

The split between operations and payroll expenditure and budget appears significantly skewed towards operations with between 83-85% of the budget for the first quarter allocated to it and similar amounts spent on it ([Figure 4](#)). This is because the Parliament holds a large number of allowances for MPs like MP Representation Allowances, MP Allocation Allowances and MP Touring Allowances in its operational budget. At the end of Q1 2017 expenditures on these amounted to VT 125.8million. Considering these, the picture of the split between payroll and operations appears drastically different. In 2017, for example, for the first quarter then only VT 18.9 million was budgeted for other operational expenditures.

3.1.2. Analysis

Generally, overspending at Parliament is relatively large and appears to be a strong trend over the past years. Budget execution at the Parliament appears to pose a large challenge and be very weak. It is noted that under the Parliament political pressure 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 Parliament with the constant overspending occurring and little planning occurring.

One major problem that persists is the lack of adequate planning for activities at the Parliament. The budget may be limited, but improved planning could still lead to significant efficiency gains in the usage of funds. Examples are purchases of four unplanned vehicles at the end of 2015, expected purchase of 58 computers in Q2 2016 and a number of other commitments (e.g. furnitures) to be made in 2016 against no budget. Prior knowledge of such commitments would allow to plan ways to funds these activities. It is evident that political changes and pressures make it significantly more difficult to plan and anticipate

¹ Note that Expenditure here includes Actual and Committed Expenditure.

activities, however, it would be in the interest of Parliament leadership to push more for a move towards strong business planning.

Notably this year the trend of overspending in Q1 which was first broken in 2016 was regained in 2017. While it is understandable that the Parliament requires sufficient funding to perform its duties, as the representative body of the people of Vanuatu, it should be leading by example for other government agencies.

3.1.3. Recommendations

- Parliament to allow for an environment, where the budget can be executed
- Parliament to strengthen and tighten up budget execution to ensure optimal usage of public funds
- Improve the planning for activities at the Parliament to allow adequate budget to be allocated to these

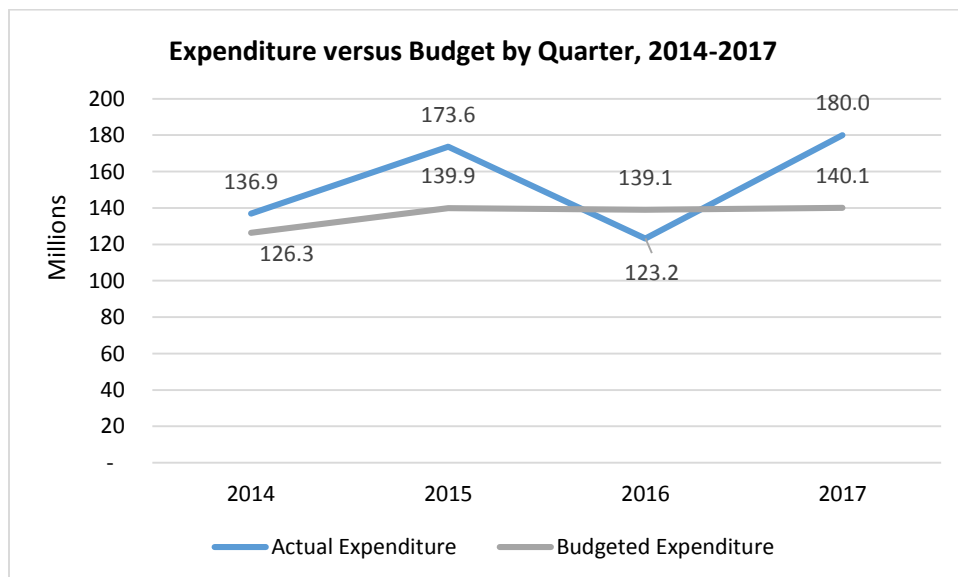


Figure 1 Expenditure versus Budget

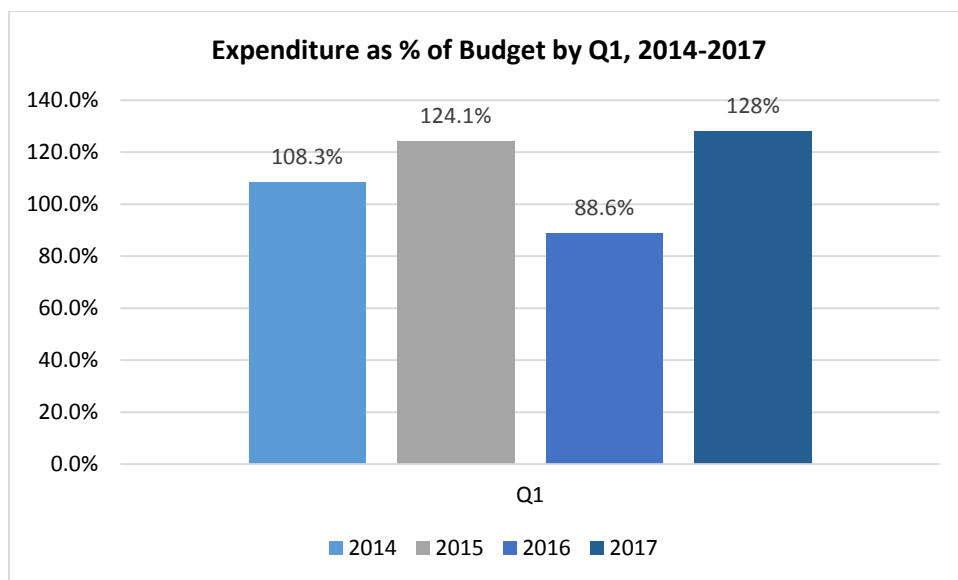


Figure 2 Expenditure as % of Budget by Quarter

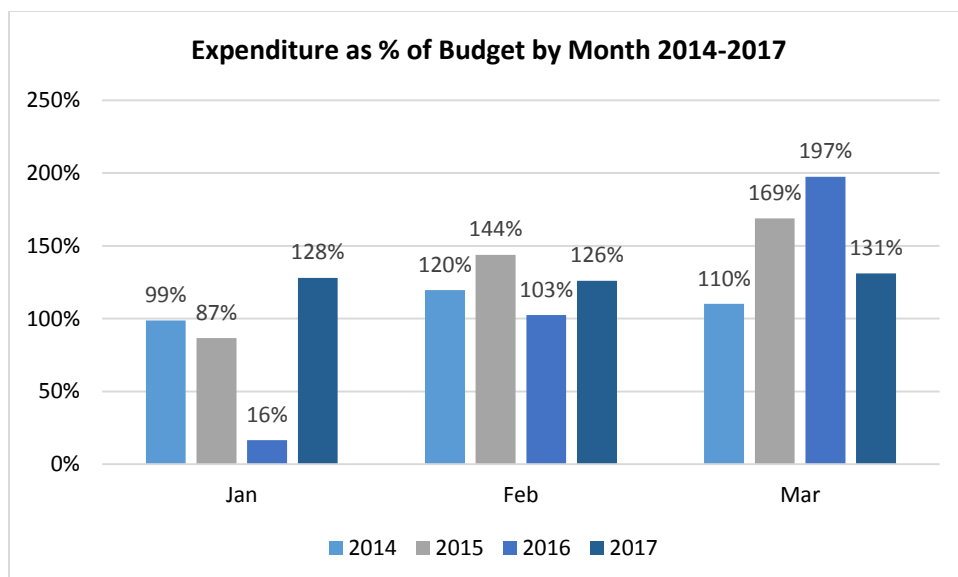


Figure 3 Expenditure as % of Budget by Month

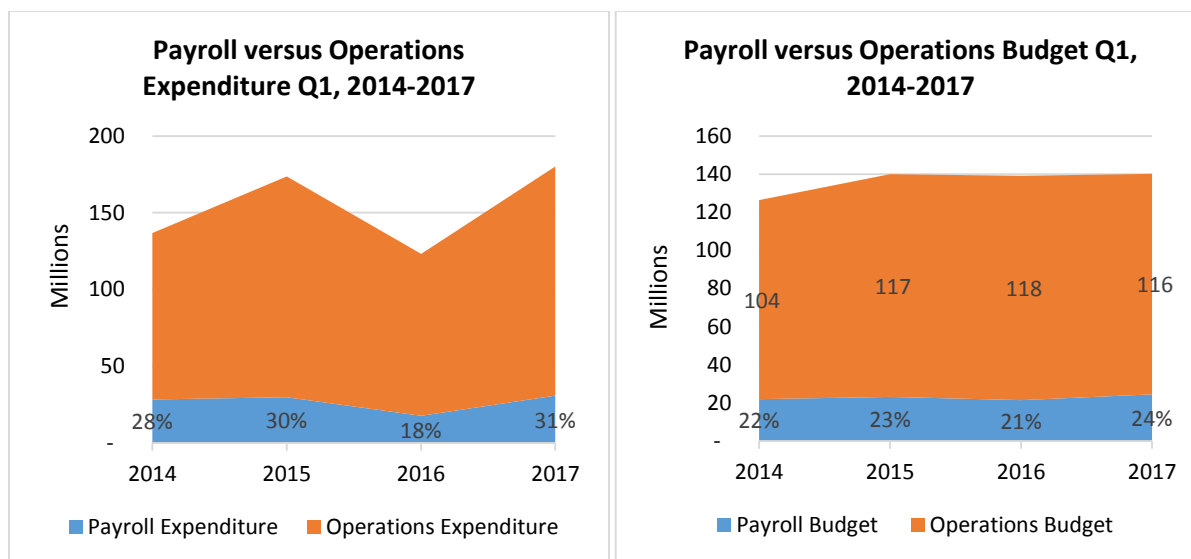


Figure 4 Payroll versus Operations Expenditure and Budget

3.2. Activity and Cost Centre Management and Planning

3.2.1. Situation Report

At the end of Q1, three out of four activities across Parliament is overspent, namely the CBA Procedure and Legislative Office with VT11.2 (11.4% above budget), CBC Hansard Office with VT 0.3 million overspend (8.6% above budget) and CBD Corporate Services Offices with VT32million overspend (101.3% above budget). The activity of CBC Hansard Office overspent each of the three previous years (Figure 5, Figure 6 and Table 1). However, in all three previous years CBA Procedure and Legislative Office also overspent and in both 2014 and 2015 CBD Corporate Services Office also spent beyond its budget.

Under CBA procedure and legislative affairs overspends its budget by 12.3% and Security and Protocol by 145.8 % (Table 1) which is also the highest overspending programme. Under CBC, the programme CBCB Library and Archives overspent its budget by 2.7% and Parliamentary reporting by 11.8% (Table 1). Other programmes that overspent under CBD are Financial Management by 32.6% and CBDC Members Allocation by 125.5%. Most cost savings were incurred on Standing Committees over that time period.

3.2.2. Analysis

The same trends of overspending appear to occur on a very regular basis at the Parliament. The Parliament should consider to make changes to its budget to reflect savings incurred under the standing committees to cover higher spending in other areas.

3.2.3. Recommendations

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

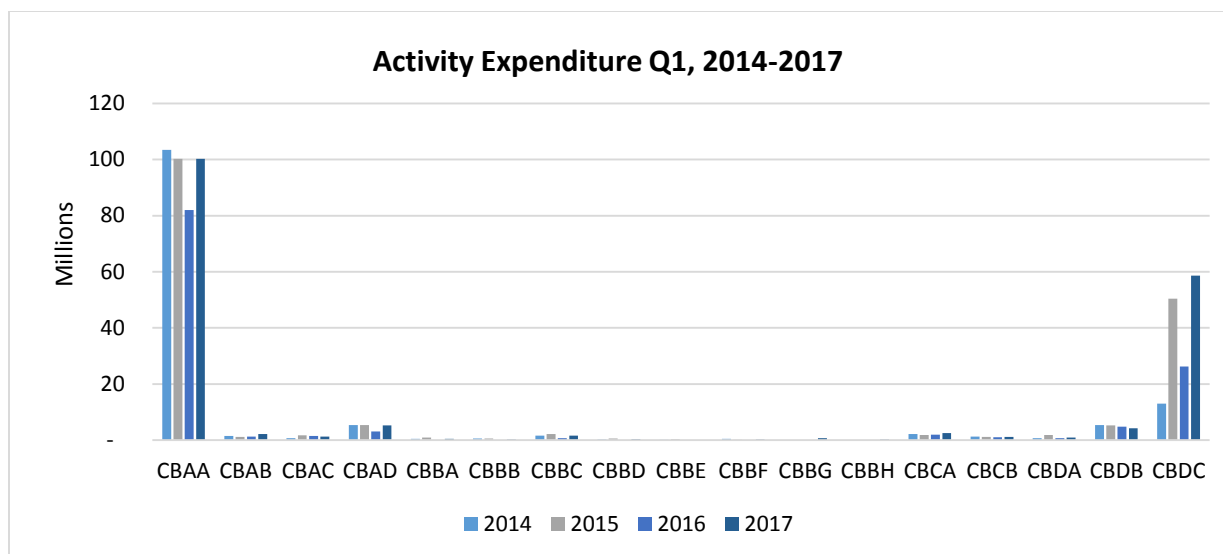


Figure 5 Actual Activity Expenditure

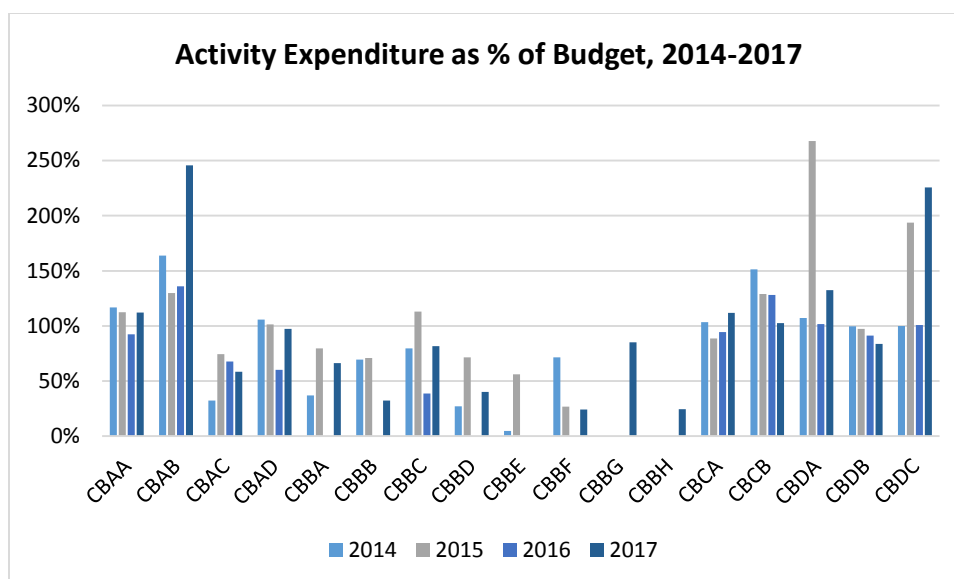


Figure 6 Expenditure as % of Budget by Activity

Cost Centre Expenditure Q1 2014-2017										
Activity	Description	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Expenditure as % of Budget
		2014	2014	2015	2015	2016	2016	2017	2017	2017
02AA	Legislative Section	103,381,561	88,595,996	100,220,532	89,111,191	81,956,992	88,673,132	100,276,654	89,313,352	112.3%
CBA	Procedure and Legislative Affairs	103,381,561	88,595,996	100,220,532	89,111,191	81,956,992	88,673,132	100,276,654	89,313,352	112.3%
02AB	Security & Protocol Section	1,505,104	918,390	1,192,130	918,384	1,210,205	889,669	2,166,029	881,202	245.8%
CBAB	Security and Protocol	1,505,104	918,390	1,192,130	918,384	1,210,205	889,669	2,166,029	881,202	245.8%
02AC	Inter-Parliamentary Section	730,640	2,249,886	1,677,095	2,249,883	1,524,470	2,249,883	1,316,260	2,249,883	58.5%
CBAC	Inter-Parliamentary Relations	730,640	2,249,886	1,677,095	2,249,883	1,524,470	2,249,883	1,316,260	2,249,883	58.5%
02AD	Office of the Opposition	5,411,013	5,117,816	5,320,658	5,249,154	3,082,888	5,107,212	5,200,231	5,341,077	97.4%
CBAD	Office of the Leader of the Opposition	5,411,013	5,117,816	5,320,658	5,249,154	3,082,888	5,107,212	5,200,231	5,341,077	97.4%
CBA	Procedure and Legislative Office	111,028,318	96,882,088	108,410,415	97,528,612	87,774,555	96,919,896	108,959,174	97,785,514	111.4%
02BA	Standing Orders Committee Support	451,367	1,219,620	946,363	1,189,236	-	895,846	509,101	769,005	66.2%
CBBA	Committee of the Standing Orders	451,367	1,219,620	946,363	1,189,236	-	895,846	509,101	769,005	66.2%
02BB	Parliamentary Privileges Committee Support	549,450	790,584	539,448	760,203	-	785,812	254,579	783,972	32.5%
CBBB	Committee on Parliamentary Privileges and Immunities	549,450	790,584	539,448	760,203	-	785,812	254,579	783,972	32.5%
02BC	Public Accounts Committee Support	1,552,817	1,946,182	2,200,221	1,943,966	744,701	1,918,417	1,557,217	1,907,247	81.6%

CBBC	Committee on the Public Accounts	1,552,817	1,946,182	2,200,221	1,943,966	744,701	1,918,417	1,557,217	1,907,247	81.6%
02BD	Institutions Committee Support	224,558	824,715	589,601	824,709	-	819,940	308,246	768,099	40.1%
CBBD	Committee on Institutions	224,558	824,715	589,601	824,709	-	819,940	308,246	768,099	40.1%
02BE	Legislative Review Committee	29,000	619,017	347,892	619,017	-	614,248	-	762,402	0.0%
CBBE	Committee on Economic Policy	29,000	619,017	347,892	619,017	-	614,248	-	762,402	0.0%
02BF	Provincial Affairs Committee	445,558	623,010	167,224	623,007	-	618,238	186,246	766,392	24.3%
CBBF	Committee on Social Policy	445,558	623,010	167,224	623,007	-	618,238	186,246	766,392	24.3%
02BG	Committee on Foreign Affairs & External Trade			-	611,997	-	895,849	654,363	769,005	85.1%
02BA_F A	Standing Orders Committee Support	-	624,747							
CBBG	Committee on Foreign Affairs & External Trade	-	624,747	-	611,997	-	895,849	654,363	769,005	85.1%
02BH	Committee on Members of Parliament Ethics & Integrity			-	797,058	-	761,908	186,246	760,068	24.5%
02BA_ MP	Standing Orders Committee Support	-	784,308							
CBBH	Committee on Members of Parliament Ethics & Integrity	-	784,308	-	797,058	-	761,908	186,246	760,068	24.5%
CBB	Standing Committees Office	3,252,750	7,432,183	4,790,749	7,369,193	744,701	7,310,258	3,655,998	7,286,190	50.2%
02CA	Parliamentary Reporting Section	2,165,076	2,092,367	1,853,183	2,092,367	1,923,606	2,033,488	2,497,341	2,234,439	111.8%
CBCA	Parliamentary Reporting	2,165,076	2,092,367	1,853,183	2,092,367	1,923,606	2,033,488	2,497,341	2,234,439	111.8%
02CB	Library & Archives	1,301,277	859,684	1,108,227	859,681	1,073,838	838,403	1,200,790	1,169,298	102.7%

CBCB	Library and Archives	1,301,277	859,684	1,108,227	859,681	1,073,838	838,403	1,200,790	1,169,298	102.7%
CBC	Hansard Office	3,466,353	2,952,051	2,961,410	2,952,048	2,997,444	2,871,891	3,698,131	3,403,737	108.6%
02DA	Accounts Section	732,220	683,415	1,825,617	681,796	673,891	663,221	868,203	654,876	132.6%
CBDA	Financial Management	732,220	683,415	1,825,617	681,796	673,891	663,221	868,203	654,876	132.6%
02DB	Personnel Section	5,379,338	5,392,135	5,250,486	5,390,530	4,835,660	5,290,509	4,179,769	4,986,387	83.8%
CBDB	Personnel Administration and Maintenance	5,379,338	5,392,135	5,250,486	5,390,530	4,835,660	5,290,509	4,179,769	4,986,387	83.8%
02DC	Members Allocations	12,995,020	13,000,000	50,404,857	26,000,000	26,184,234	26,000,000	58,640,828	26,000,000	225.5%
CBDC	Members Allocation	12,995,020	13,000,000	50,404,857	26,000,000	26,184,234	26,000,000	58,640,828	26,000,000	225.5%
CBD	Corporate Services Office	19,106,578	19,075,550	57,480,960	32,072,326	31,693,785	31,953,730	63,688,800	31,641,263	201.3%
Total		136,853,999	126,341,872	173,643,534	139,922,179	123,210,485	139,055,775	180,002,103	140,116,704	128.5%

Table 1 Expenditure and Budget by CC

3.3. Payroll Budget Management and Planning

3.3.1. Situation Report

At the end of Q1 2017, the payroll exceeded its budget by VT 6.4 million with VT 30.8 million expended against its budget ([Figure 7](#)). This is a spending of 126% of the allocated budget for this period ([Figure 8](#)). Over the past three years the payroll at the end of Q1 was always overspent by VT 6.4 million in 2014 and 2017 up to VT 6.8 million in 2015. Notably the payroll budget for 2016 Q1 does not only has the lowest spending than in all previous years but incurred savings of 3.7% of its budget. At the current rate of expenditure, it is estimated that the payroll for the Parliament will likely to overspend by the end of the year given that in previous years the payroll overspent by VT24.8million(2016) VT 241.3 million (2015) and VT 20.0 million (2014).

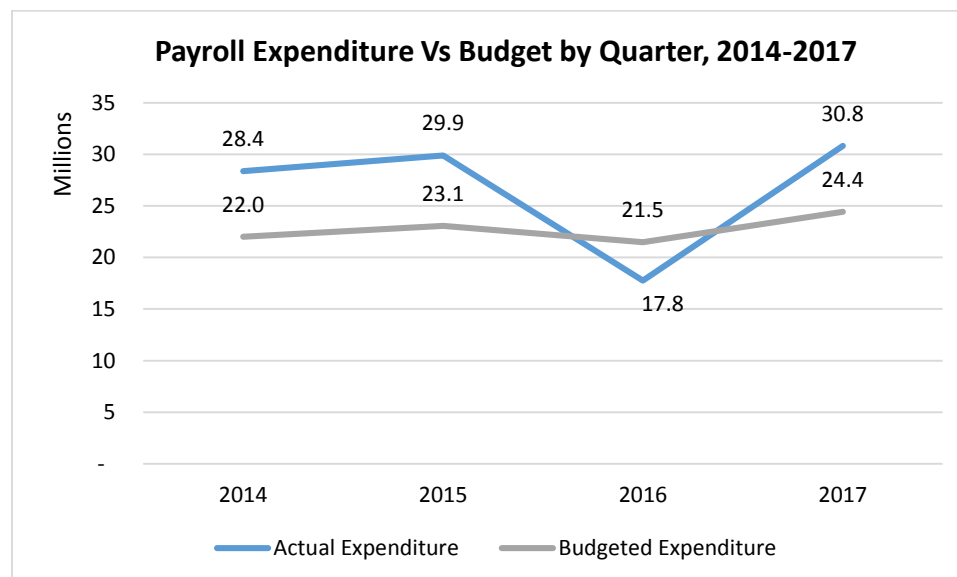
The savings on Q1 2016 can be explained by significant underspending in January and February of VT 53% and 47% only respectively. However, in March, after the new Parliament was elected it can be seen that expenditures on the payroll are catching up again with the largest overspending seen since 2014 to 2017 with 138% of the budget for that month expended ([Figure 9](#)).

3.3.2. Analysis

The Parliament is consistently under budgeting its payroll. This then leads to overspending and takes up funding from operations under the controls implemented by MFEM. As such, this is a hindrance to adequate execution of the operations budget as well.

3.3.3. Recommendations

- Parliament to adequately budget for payroll costs to allow for improved budget execution



[Figure 7](#) Total Payroll Expenditure versus Budget

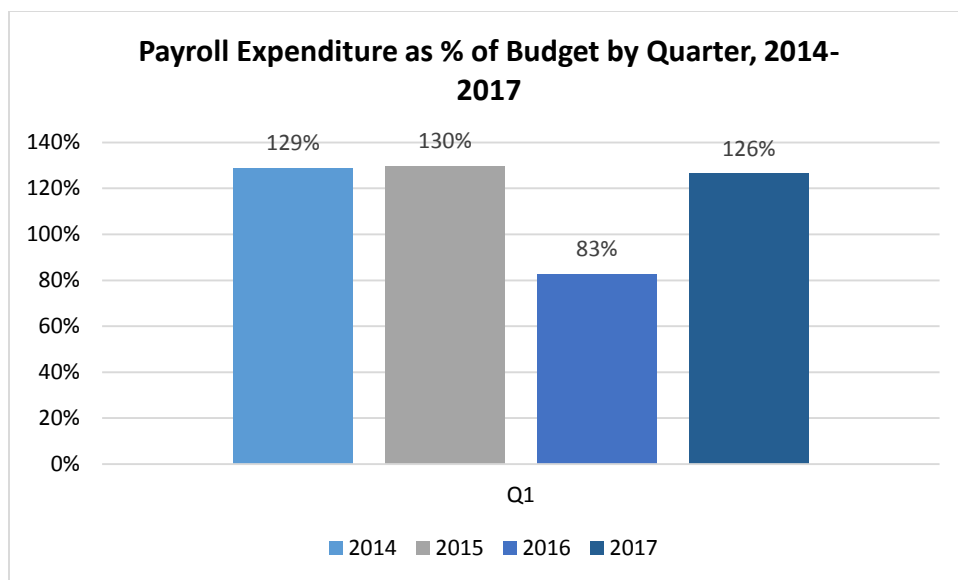


Figure 8 Total Payroll Expenditure as % of Budget by Quarter

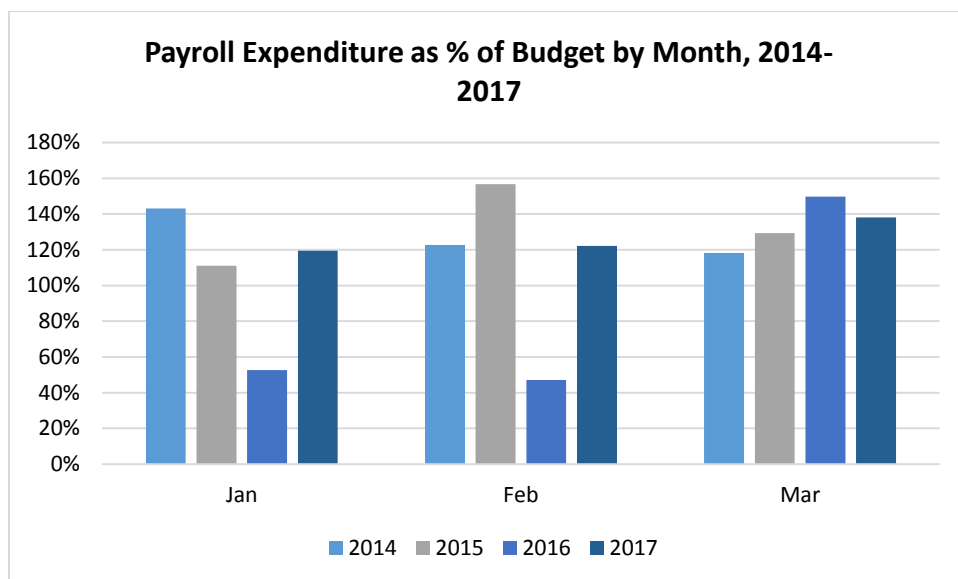


Figure 9 Total Payroll Expenditure as % of Budget by Month

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). Permanent Wages and Provident Fund

Permanent Wages and the Provident Fund with family allowances have significantly overspent its budget in all past years by the end of Q1. In 2017, however, Permanent Wages underspending of 2016 was broken with an overspending of 108% of its budget. The Provident funds continues to overspend with expenditures at 290% of its budget and is the highest payroll overspending chart of account in Q1. It is not

clear how VNPF can overspend substantially when permanent wages just went a little 8% beyond its allocated budget, nonetheless this was a similar case in 2016 where the account overspends and the permanent wages underspends. Overspending on Daily Rated Wages could contribute to this, but cannot explain the full extent of the overspend. Family allowances too increasingly overspends with 164% of its budget.

(2). Underspending on Housing Allowance

In tandem with the underspending on permanent wages, housing allowances underspend by 90%.

(3). Overspending on other CoAs

Leave Expenses, Home Island Passage Allowances and Overtime Wages together with special allowances, Acting, Gratuitie and Responsibility Allowances overspent likewise in Q1 2017. All of these payroll expenses have never been budgeted for since 2014, but have been incurred almost every year.

3.4.2. Analysis

The Parliament is consistently under budgeting for permanent wages and related allowances like VNPF, Family and housing allowances. It is unclear how the Parliament can consistently employ staff and appoint them to permanent positions without the adequate means to ensure payment of salaries for such employees. The Parliamentary Management Board, as the employment agency for the Parliament, should ensure that adequate checks and balances are in place that will allow to cover wages of new permanent staff adequately. In the context of the Public Service Commission, for example, MFEM is required to check whether sufficient funding is available to make a new permanent recruitment for the year and provide advice to the Public Service Commission prior to any appointments being made. It is crucial to check if budget exists to pay new employees, as by employing them the Parliament is making this promise as employer to its employees. If this is not adequately budgeted for and matched by virements, then the payroll overspends and unexpectedly uses up the operations funds.

3.4.3. Recommendations

- Parliament to adequately budget for all permanent vacancies that it plans to fill in the following budget year
- Parliamentary Management Board to ensure that no permanency appointments, contracts or regradings are approved unless adequate budget exists to cater for them; MFEM support and advice can be sought in this matter
- Parliament 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

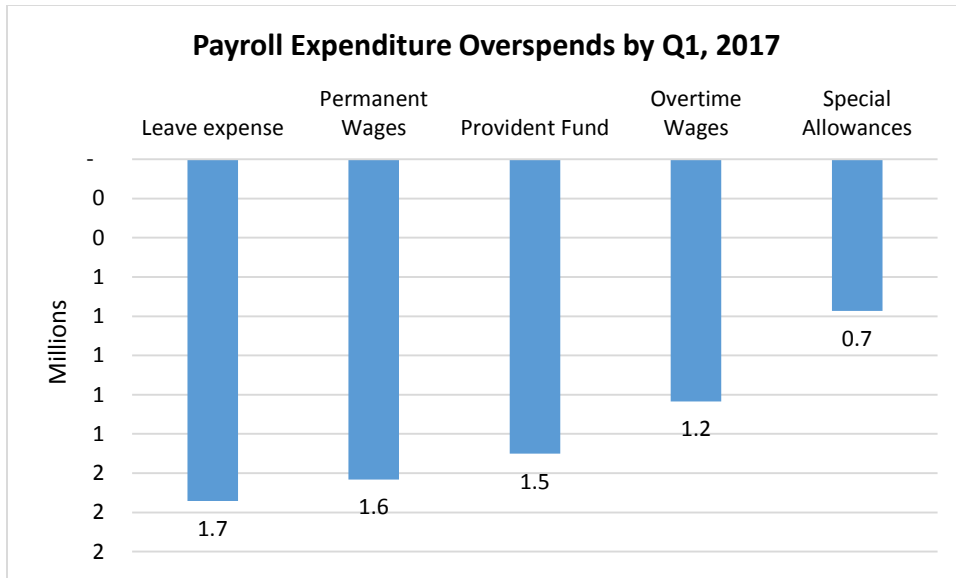


Figure 10 Major Payroll Overspend by CoA

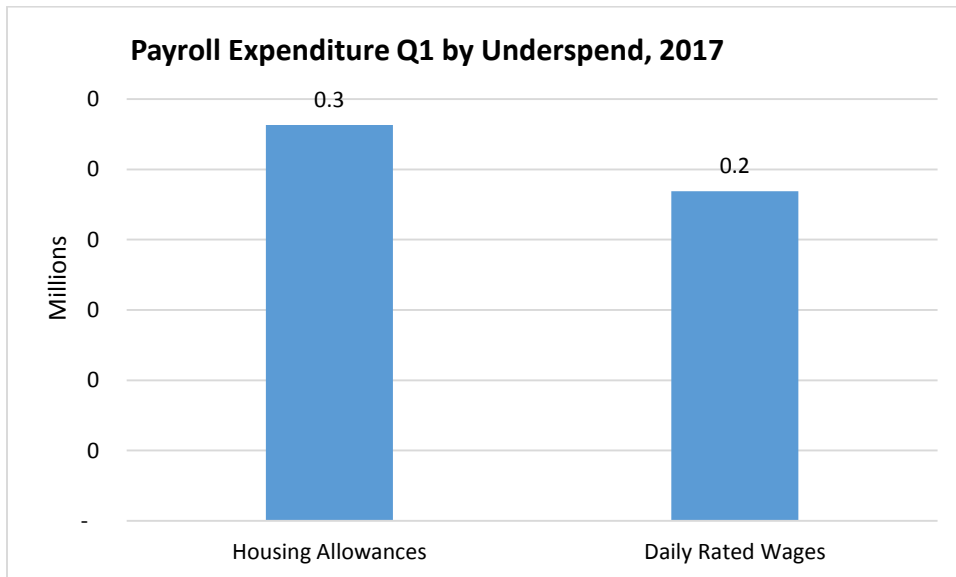


Figure 11 Major Payroll Underspend by CoA

Payroll Expenditure by Over/Underspend, 2014-2017									
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Expenditure as % of Budget
	2014	2014	2015	2015	2016	2016	2017	2017	
Permanent Wages	19,746,462	17,339,558	19,834,546	16,688,460	12,946,483	17,465,020	21,047,683	19,415,514	108%
Housing Allowances	4,083,156	3,594,975	4,198,596	3,354,160	1,887,757	3,023,301	2,647,149	2,928,639	90%
Payroll expenses	0	146,396	0	1,969,102	0	0	-	925,561	0%
Family Allowance	182,803	112,418	171,120	95,039	166,612	165,117	212,189	129,051	164%
Responsibility Allowance					23,701	0	290,400	-	
Gratuitie Allowances	0	0	91,665	0	33,226	0	193,315	-	
Other Allowances	42,000	0			40,983	0	-	-	
Daily Rated Wages	0	136,024	0	240,057	173,262	131,706	-	234,381	0%
Overtime Wages	1,481,221	0	62,000	0	50,867	0	1,234,383	-	
Home Island Passage Allowances	160,056	0	92,866	0	167,805	0	145,185	-	
Leave expense			2,991,103	0	569,894	0	1,741,990	-	
Provident Fund	2,674,306	691,519	2,465,289	682,680	1,708,696	710,466	2,291,726	791,145	290%
Acting Allowances							261,987	-	
Special Allowances			0	43,448			772,728	-	
Total	28,370,004	22,020,890	29,907,185	23,072,946	17,769,286	21,495,610	30,838,735	24,424,291	126%

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 33.5 million against a budget of VT 115.7 million ([Figure 12](#)). Thus, 129% of its budget was expended so far ([Figure 13](#)). This time operational expenditures have broken the underspending of 12.2million incurred in Q1 2016. Previous years too all overspent their budget by between VT 4.2 million and VT 26.9 million.

In a monthly breakdown, although all three months of 2017 have overspent on allocated budget, it can be seen that there was low spending in February with VT 38.1 million (128% of the budget) spent. Expenditure in January and March were higher with 130% and 129% expended respectively ([Figure 14](#)). In all previous years January underspent its budget, but this is the largest by far and had broken the underspending trend.

3.5.2. Analysis

The first time underspending in Q1 2016 was broken again with an overspending in Q1, 2017 at the Parliament. The underspending may have been influenced to a large part by the political situation that lead to snap elections and, whereby a new Parliament was put into place in February only. Likewise, stricter expenditure controls due to a supply bill in place in Q1 may have contributed to lower spending than usual. Heightened activities are expected to occur, as indicated by the overspending in Q1, over future months.

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. The budget share of operations is already very high and should be able to adequately cater to operational expenses required.

3.5.3. Recommendations

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

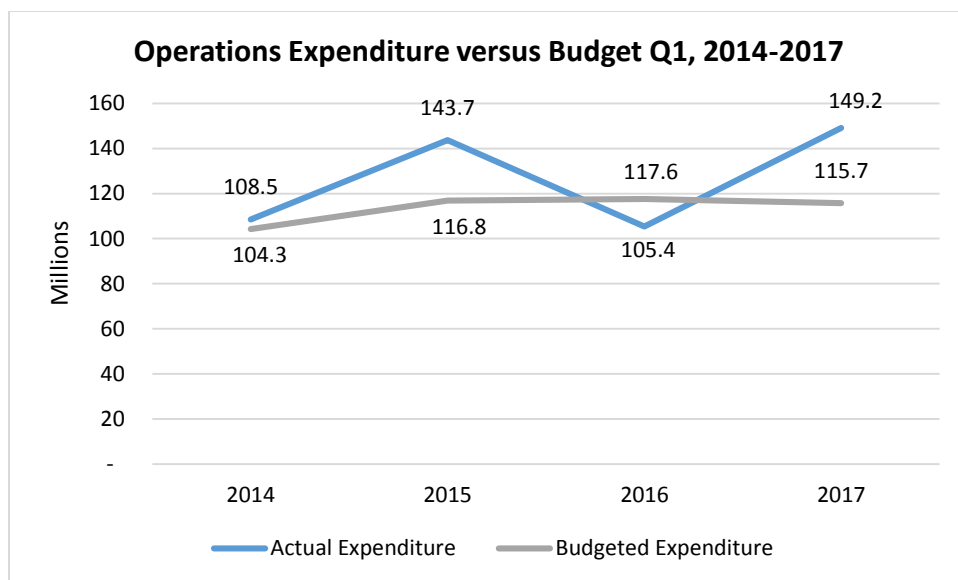


Figure 12 Total Operations Expenditures versus Budget

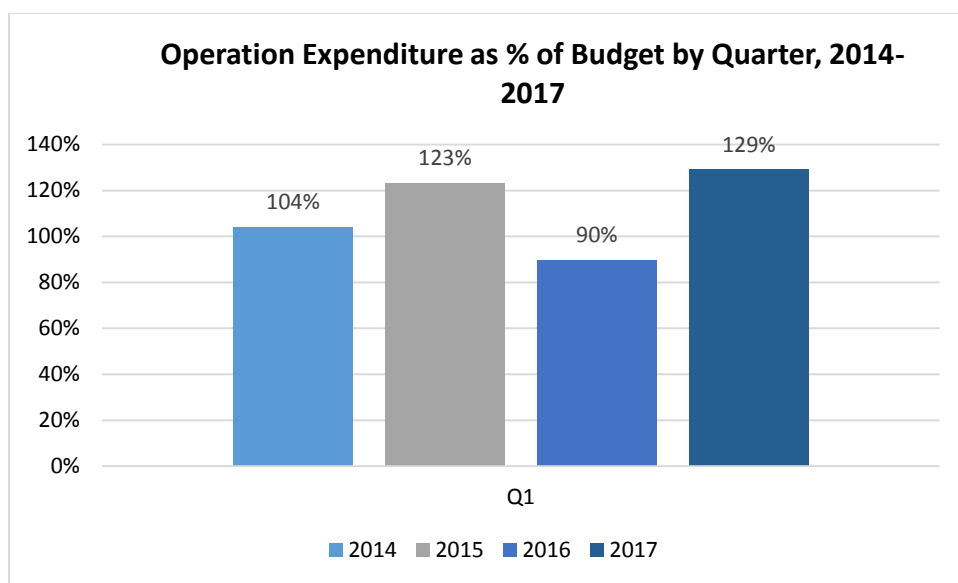


Figure 13 Total Operations Expenditures as % of Budget by Quarter

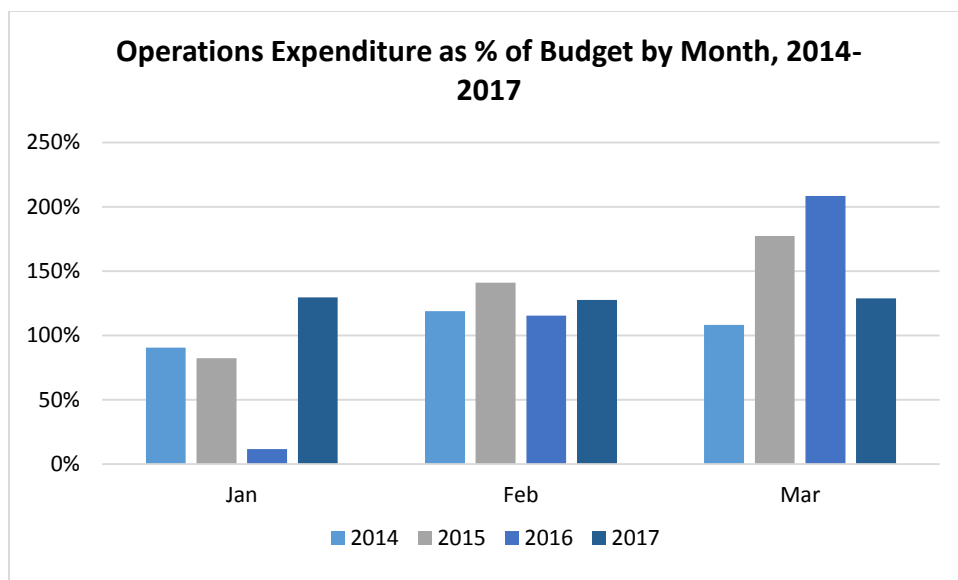


Figure 14 Total Operations Expenditures as % of Budget by Month

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). MP Allocations Allowances

This CoA spent VT 60.2 million against its VT26million budget. Similarly in 2016 this CoA overspends as well the previous years its budget at Q1.Parliament consistently failed to budget adequately for such known commitments.

(2). International Medical treatment

VT8.5 million was expended on international medical treatment against no budget for this time period. Interestingly, no budget nor expenditure has been charged for this account in all three previous years too.

(3). Vehicle – Additional Vehicle

Purchasing of new vehicles is now being oversight by a newly Vehicle fleet management committee. A vehicle LPO payment has been committed but was hold back due to the need for further consultation with the established vehicle committee. This CoA has expended VT1.8million against no budget.

(4). Unbudgeted Spending

Total unbudgeted spending at the end of Q1 in 2017 stands at VT 9.7 million. Major unbudgeted items are International Medical treatment and Vehicle – Additional Vehicle mentioned above followed by Furniture – Housing Furniture and Bank Charges.

(5). Underspending

A number of CoAs incurred underspending. Majorly so did MP Representation Allowances followed by Subsistence Allowances, sitting allowances, international organization fees and MP Touring Allowances. The activities of MPs are delayed and it is expected that expenditures on these CoAs will significantly pick

up over the next months. Commendably, the large incidentals account with an annual budget of VT 10.4 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, Water utilities underspent by 0.5 million and Electricity Utilities are underspent by VT 0.6 million. This is expected due to the installation of solar panels that directly provide electricity to the Parliament since late 2015.

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 Parliament fails to adequately budget for new capital investments as well as maintenance of existing ones (e.g. vehicles and equipment). This is an issue across the GoV, but in case of vehicles related expenditure the Vehicle Fleet Management Committee are there to work together with respective sectors to tackle its costing. 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

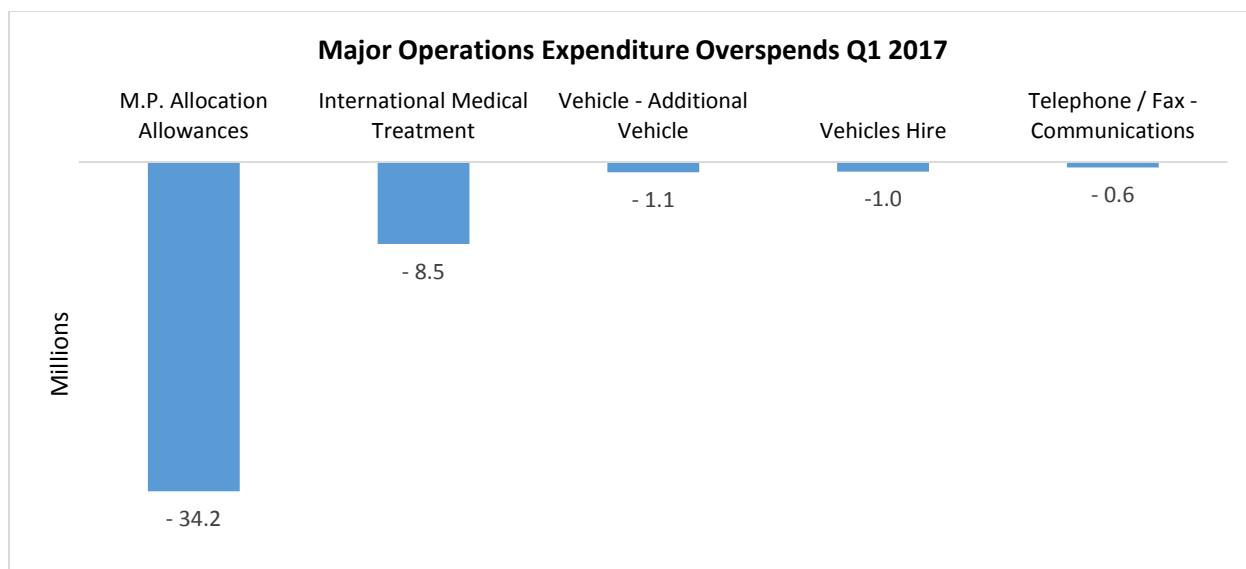


Figure 15 Major Operations Overspend by CoA

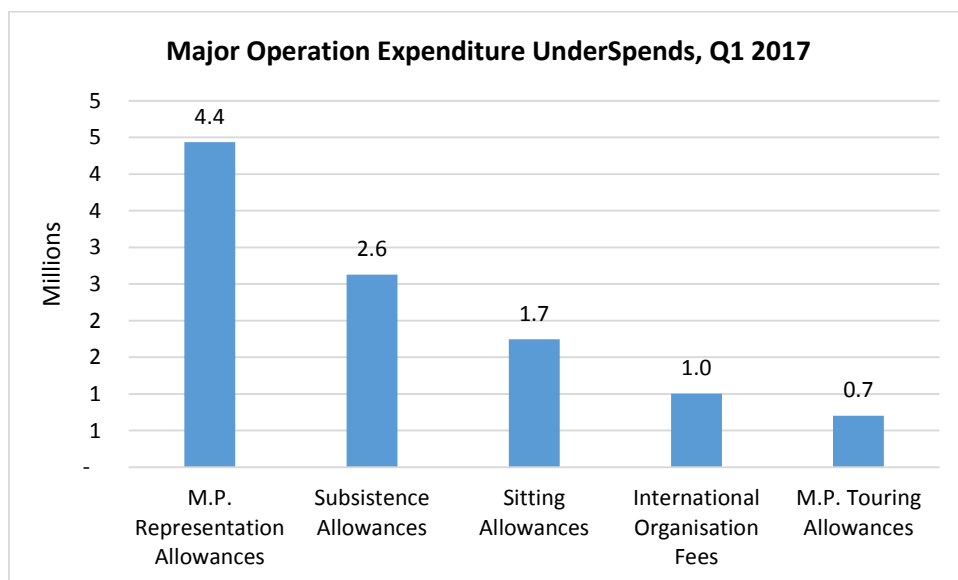


Figure 16 Major Operations Underspend by CoA

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
M.P. Representation Allowances	57,217,425	60,397,809	57,413,304	60,397,809	42,285,181	59,999,760	55,561,272	59,999,760	93%
M.P. Allocation Allowances	24,249,086	13,000,000	52,698,887	13,000,000	26,129,466	26,000,000	60,210,944	26,000,000	232%
M.P. Touring Allowances	10,344,896	10,919,955	10,380,292	10,919,955	7,551,067	10,749,957	10,045,464	10,749,957	93%
Court Costs					4,782,750	0			
Vehicles Repairs & Maintenance	684,969	644,628	495,626	664,563	3,498,723	557,502	569,320	525,000	108%
Value Added Tax	1,319,675	885,429	1,406,897	941,364	2,523,001	1,061,247	1,192,674	1,019,004	117%
Subsistence Allowances	2,910,000	2,179,398	6,431,959	3,902,016	2,405,000	4,737,480	2,283,800	4,912,482	46%
Incidentals	1,381,263	6,610,329	3,423,241	5,548,677	2,343,584	3,985,347	2,224,488	2,614,929	85%
Local Travel	1,148,971	1,081,146	514,987	1,205,118	2,238,959	1,561,512	896,046	1,287,486	70%
Vehicle - Additional Vehicle					1,848,889	0	1,066,667	-	
Buildings Repairs & Maintenance	158,604	504,642	2,079,470	520,248	1,687,913	520,248	309,620	874,998	35%
Official Entertainment	397,719	266,748	418,666	274,998	1,202,460	274,998	810,956	373,605	217%
Stationery - Communications	694,204	450,906	441,781	502,350	1,118,849	548,106	563,740	755,766	75%
Sitting Allowances	394,000	1,823,991	214,000	1,948,989	1,072,000	1,811,502	64,000	1,811,502	4%
Equipment Repairs & Maintenance	477,584	660,813	556,225	719,706	878,441	707,748	667,654	471,993	141%
Telephone / Fax - Communications	594,824	122,193	400,983	129,045	682,622	154,800	715,305	149,496	478%
Equipment - Additional General	72,001	0			642,310	0			
Equipment - Computer					586,489	0	-	50,001	0
Uniforms	349,593	0			586,444	0			
Vehicles Fuel	538,529	261,942	407,112	300,543	369,556	289,500	432,886	409,749	106%
International Medical Treatment							8,505,000	-	
Furniture - Housing Furniture					238,063	0	125,956	-	
Office - Materials					124,262	0			
Gas - Cooking Utilities					110,133	0			
Consultants Fees	222,224	145,500	0	150,000	105,000	150,000	598,000	212,499	281%
Office Cleaning	126,090	361,845	85,062	373,035	88,525	373,035	131,408	354,999	37%

Water Utilities	207,333	742,773	964,349	765,744	76,273	515,748	18,002	549,999	3%
Local Medical Treatment					62,500	24,999	23,733	73,827	32%
Vehicles Hire	186,666	0	352,455	63,558	60,000	63,558	1,064,356	62,499	1703%
Equipment - Replacement General					41,778	0			
Electricity Utilities	1,446,216	1,529,700	2,003,224	1,577,010	36,183	1,577,010	24,011	624,999	4%
Local Accommodation	50,000	48,501	180,000	50,001	33,778	50,001	-	50,001	0
Equipment Hire	36,160	0			25,000	0			
Postage - Communications	0	97,008	0	110,001	6,000	92,502	10,444	66,756	16%
International Accommodation	675,000	242,499	755,000	249,999	0	249,999	475,000	249,999	190%
Refunds	12,000	0	0	62,499	0	62,499			
International Organisation Fees	0	1,040,997	0	1,003,608	0	1,003,608	-	1,003,608	0
International Travel	1,522,297	424,374	1,495,556	437,499	0	437,499	564,622	437,499	129%
Overhead expenses	0	-146,396	0	11,030,898	0	0			
Other Fees			114,444	0					
Facilities Hire			115,500	0					
Advertising - Communications	1,066,666	0							
Termination Payment			387,329	0					
Furniture - Office Furniture									
Mail Carriage Freight	0	24,252							
General - Materials									
Other Rental									
M. P. Gratuity Allowances									
Transport - Freight									
Printing - Communications									
Bank Charges							8,000	-	
Other Suppliers									
Other									
Total	108,483,995	104,320,982	143,736,349	116,849,233	105,441,199	117,560,165	149,163,368	115,692,413	129%

Table 3 Total Operations Expenditures by CoA

4. Revenue Management and Planning

4.1. Situation Report

At the end of Q1 2017, total revenues came in under budget with VT 300,000 million collected versus VT 375,000 million budgeted ([Figure 17](#)). This means that 80% of planned revenues were collected ([Figure 18](#)). This is the third year, where a budget was allocated for revenues under the Parliament. Revenues are in line with previous collections for this time period.

In a monthly breakdown, January collections were particularly strong in 2017 with 240% of its budget collected ([Figure 20](#)). Revenue collections at the Parliament appear not to have any particular trend over the years ([Figure 19](#)).

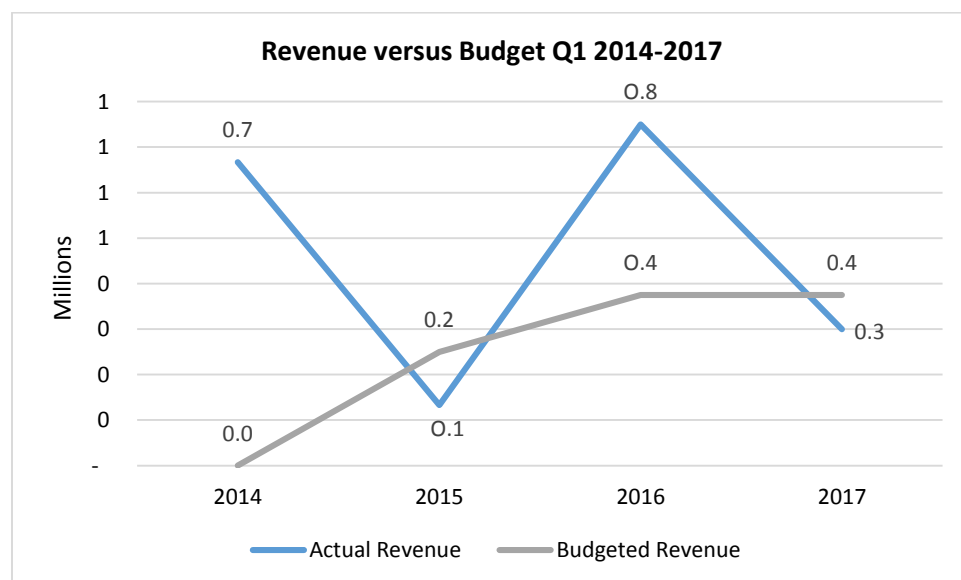
The main and only source of revenues at the Parliament is Other Recoveries.

4.2. Analysis

It is interesting to note that the Parliament is collecting revenues in the first place. Revenues appear to perform well and constant over the past years. It is commendable that for 2017 a budget has been assigned for the third time to revenue collections under the Parliament.

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

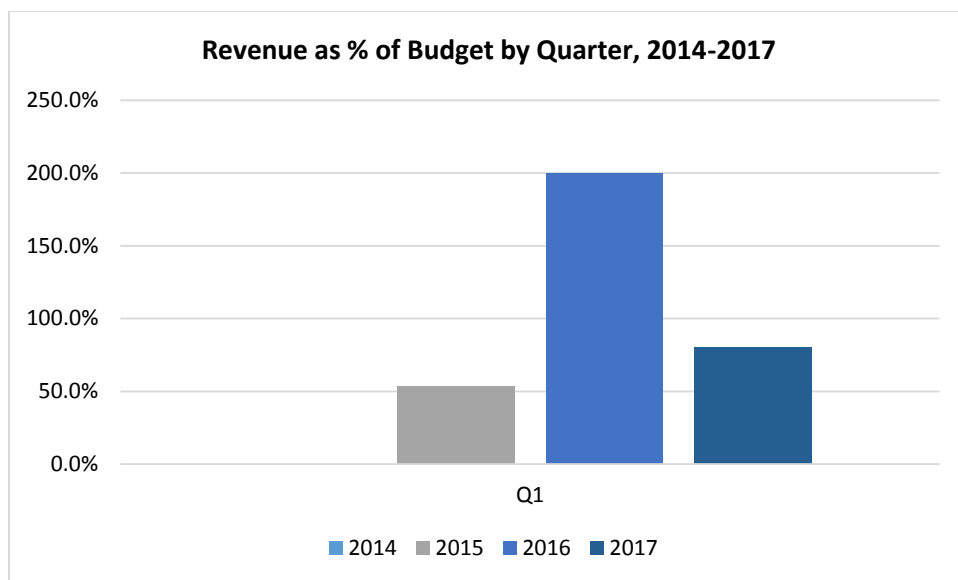


Figure 18 Revenue as % Budget by Quarter

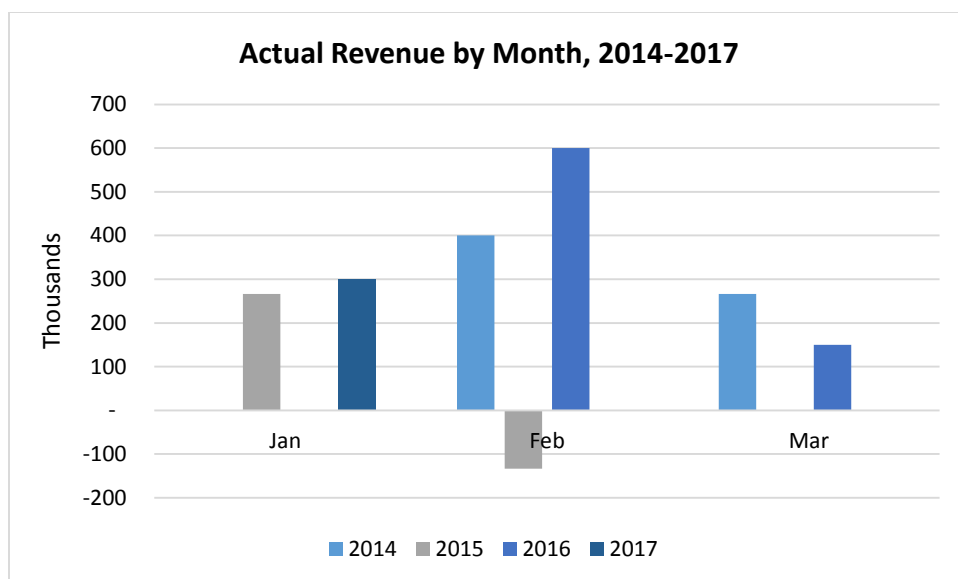


Figure 19 Actual Revenue by Month

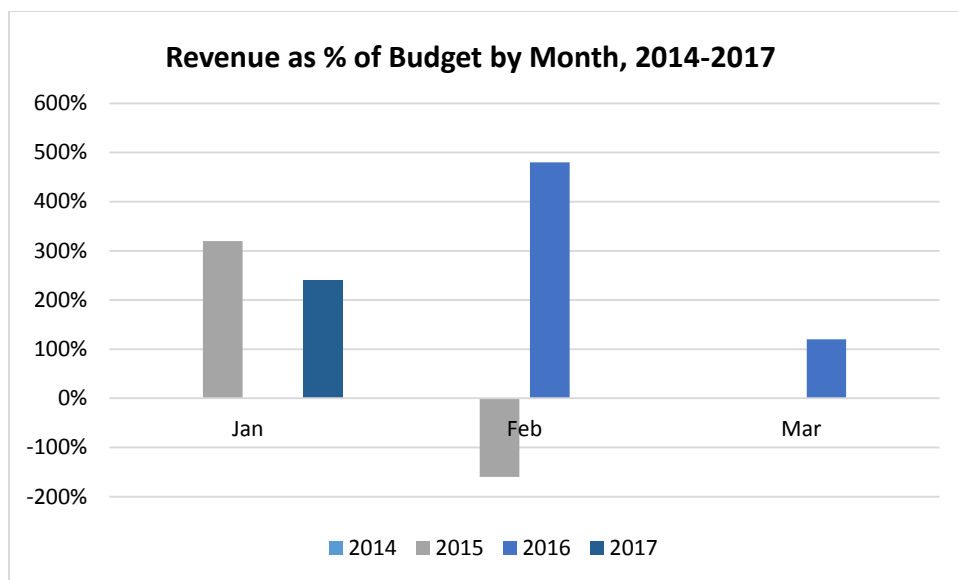


Figure 20 Revenue as % Budget by Month

5. Virements

5.1. Situation Report

Generally, the Parliament does not undertake many or large virements. Advance releases are a more widespread practice under the Parliament, as it regularly keeps expending more funds than budgeted for in any given time period. In Q1 2017, the Parliament undertook no virements similarly in 2016. Comparatively both 2015 and 14 saw one virement each in Q1 of VT 0.1million and 2.0 million respectively (Figure 21).²

Virements to date in the first quarter have only ever occurred from operations to payroll (Figure 22). Given the allocation of the budget between operations and payroll that is severely skewed towards the former, it is not surprising that virements are necessary to support spending on payroll.

5.2. Analysis

In Q1 2016, the GoV was running on a supply bill, as the budget for 2016 had not been passed by Parliament in 2015. This meant that stricter expenditure controls were implemented that did not allow for virements outside of emergency needs and requests. Interestingly in Q1 2017 there have been no strict control but no virement needs arises.

Virements do not appear to be a large issue at the Parliament. Most striking is to note that if adjustments are made to fully budget for all posts under the Parliament, there will be no further need for most of these virements.

5.3. Recommendation

² Dates used to classify virements are based on the date that the virements was released by Budget Section, DOFT.

- Adjust payroll budget to cater for all permanent posts to abolish the need for virements from operations to payroll

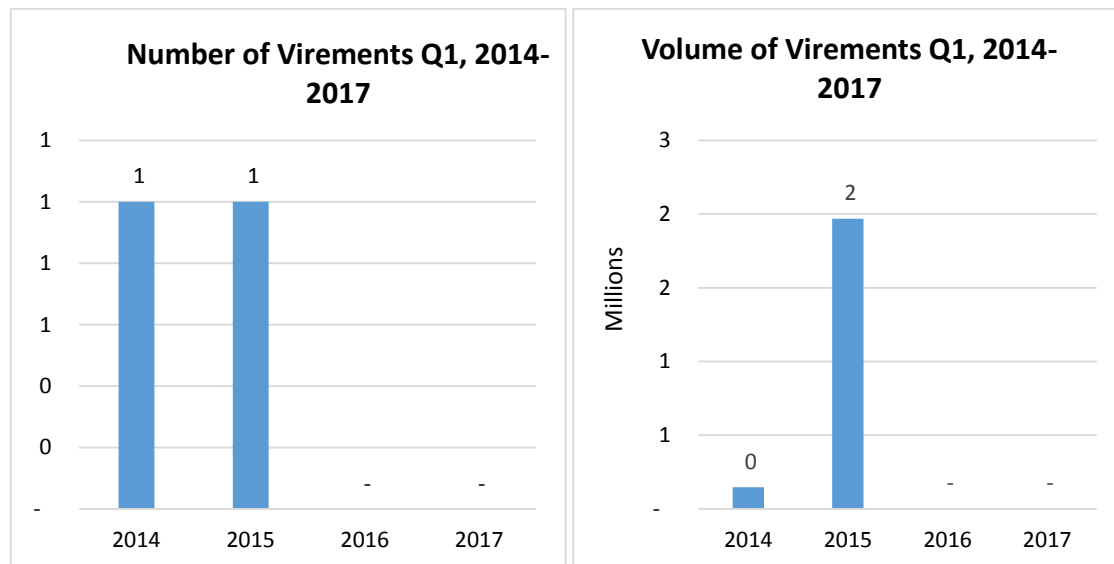


Figure 21 Total Number and Volume of Virements

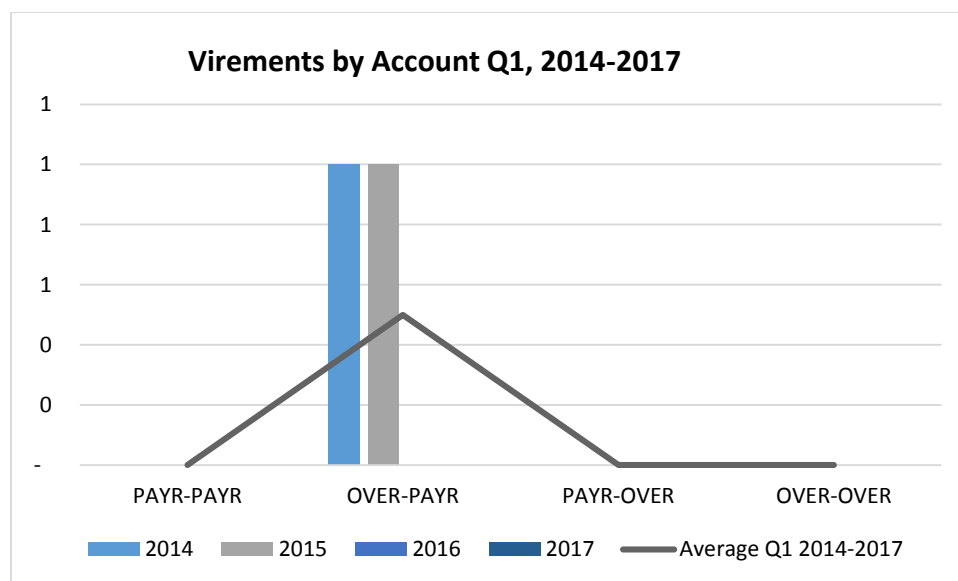


Figure 22 Total Number of Virements across Categories