

PUBLIC SERVICE COMMISSION

INTRODUCTION

The Public Service Commission is the employer of the public service. OPSC has five core objectives which are consistent with the mandated obligations under the Constitution, the NSDP, the Public Service Act, and PSC Corporate Plan.

- To provide corporate support to the Office of the Public Service Commission and the Public Service Commission;
- To Manage and implement housing and vehicle policy;
- To strengthen the Human Resource Management capacity of the Public Service and improve sound HR policies, practices, processes and systems;
- To increase capacity and usage of HRMIS;
- To provide efficient monitoring, compliance and discipline management and development of Public Service policies;
- To ensure organizational structures, objectives and strategies are in line with Corporate Plans in terms of service delivery;
- To advance the capacity of the Vanuatu government work force in the development and implementation of Human Resource Development systems, policies and plans; and
- To improve, develop and assess skills, knowledge and attributes of public servants.

The above mandated responsibilities, duties and objectives are implemented through the five Units within OPSC, which consist of Corporate Services Unit (CSU), Human Resource Management Unit (HRMU), Performance Improvement Unit (PIU), Human Resource Development Unit (HRDU) and Compliance Unit (CU). This year 2017, the office accommodates an additional unit called the Vehicle Management Unit which acts as the secretariat for the vehicle management committee. The new unit coordinates all the vehicle related policies and management for the public service commission. Each unit is headed by a manager who reports directly to the Secretary of the public service commission.

This second quarter report will discuss the budget management for government employer, highlight major financial challenges with regards to its spending, budgeting, revenue collection capacity and performance in that period, compared to the same period in the previous year(s).

SUMARRY OF KEY FINDINGS

The Public Service Commission received an annual recurrent budget of VT 168 million this year, in which VT 34 million (20%) was budgeted for the second quarter. Since June 2017, PSC consumed 41% of its annual budget, compared to 28% in the same period last year.

Table 2 outlines the five budget heads/ cost centers of each section within PSC along with their respective half year expenditure and budget, and the annual budget. The analysis shows that since June, the corporate services section and the compliance unit overspent their budget, while the other cost centres remain within the half year budget timeframe. This leads to an overall overspending of VT 4.1 million at the end of the June, 2017, compare to a negative VT 27.8 million overspent in the same period last year. Reasons behind the overspent budget include processed advance release from the budget of future periods to enable extra commitments.

As shown in table 3 below, PSC underspent its second quarter's budget by 21% compared to an overspent of VT 25 million realized in the same period last year due unbudgeted commitments of office rental incurred in that period. PSC has improved its spending in the second quarter, compared to the VT 11 million overspent in the first quarter of the year. Savings came mainly from unspent operational budget, although the payroll budget was also underspent.

Like in the same quarter last year, PSC continue to spend on several unplanned activities which were not budgeted for in the second quarter. The report has highlighted in red some of the major unbudgeted expenditures incurred in the second quarter. These include items such as Additional equipment – vehicle replacement costs, acting allowances, gratuity allowances, internet and satellite communications – Purchase of laptops, international travel, consultant's fees – Legal consultant for PSC, local accommodation, overtime wages, etc. Unplanned expenditures continue to increase due to unforeseen activities, unrealistic cash flow budgeting for each periods, etc. It's always advisable to minimize unplanned expenses and maintain spending within the quarter's appropriated budget.

Furthermore, table 4 also highlighted the overspent activities realized in the second quarter. Like the unplanned expenditure trend, overspending has also increased over the past years. Highlighted in yellow are some of the major overspent expenditures in the second quarter, which includes VAT, vehicle fuel and electricity utilities. In order to reflect a good budget management record and reporting, the employer of the public service should continue to minimize overspending expenditures.

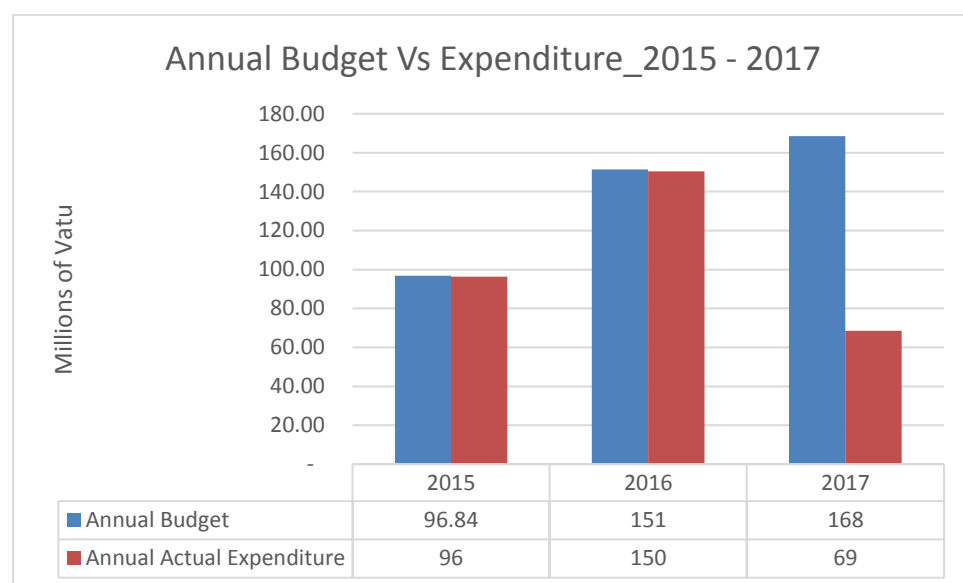
There was no virements processed in the second quarter of the year, even though advances were processed to move budgets from future periods to the current period to meet outstanding invoices, such as office rental expenses.

PSC also raise a portion of the government revenue annually through its existing revenue initiatives such as the government houses recoveries. The second quarter's revenue has increased to VT 3 million compared to VT 2.8 million in the first three months of the year and VT 2.2 million in the same period last year. The revenue trend is flexible over the past three

years, indicating inconsistent management of revenue collection through the public service commission. This potential government revenue initiatives under the PSC jurisdiction could be further improved given compliances and other measures and processes are strengthen. Thus, it is encouraged for PSC to continue to raise more revenue through its various revenue initiatives.

TABLES

**TABLE 1: ANNUAL BUDGET VS EXPENDITURE FOR THE PUBLIC SERVICE COMMISSION
BY COST CENTRE, 2015 - 2017**



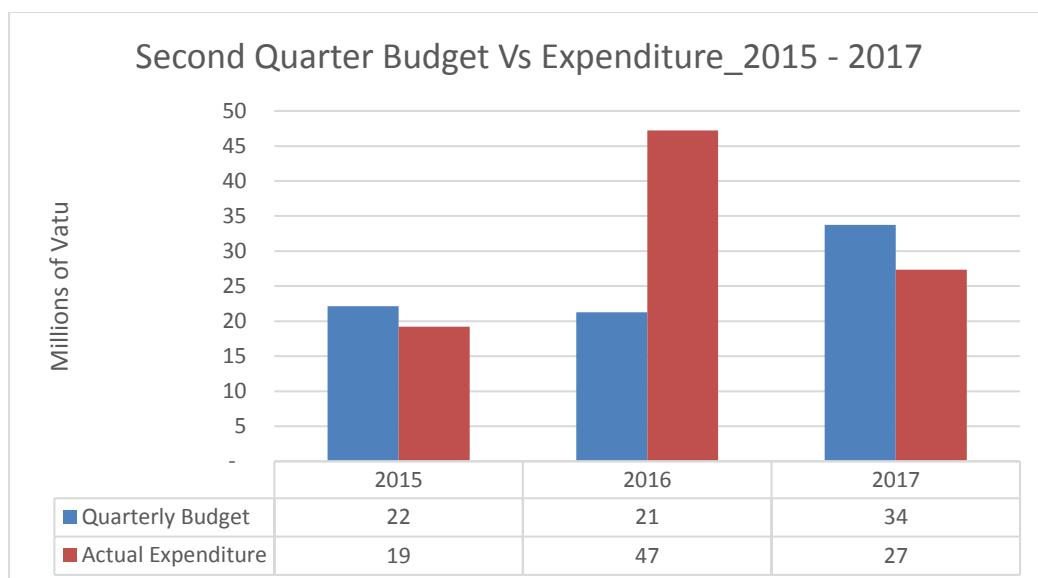
Source: Finance & Treasury

**TABLE 2: 2017 ANNUAL BUDGET FOR THE PUBLIC SERVICE COMMISSION BY COST
CENTRE**

Code	Description	Total	Budget to Date	Under/(Over) Budget	Annual Budget	Annual Budget Remaining
19	Public Service Commission					
19AA	Cooperate Services	47,563,013	39,553,262	(8,009,751)	116,677,114	69,114,101
19AB	Human Resources	5,345,662	6,571,533	1,225,871	13,643,069	8,297,407
19AC	Performance Improvement Unit	4,236,057	4,809,719	573,662	10,119,433	5,883,376
19AD	Human Resource Development	6,850,788	9,119,651	2,268,863	18,739,300	11,888,512
19AE	Compliance Service Unit	4,564,133	4,395,014	(169,119)	9,290,034	4,725,901
19	Public Service Commission	68,559,653	64,449,179	-4,110,474	168,468,950	99,909,297
	REPORT TOTAL	68,559,653	64,449,179	-4,110,474	168,468,950	99,909,297

Source: Finance & Treasury

TABLE 3: FIRST QUARTER BUDGET VS ACTUAL EXPENDITURE FOR THE PUBLIC SERVICE COMMISSION, 2015 - 2017



Source: Finance & Treasury

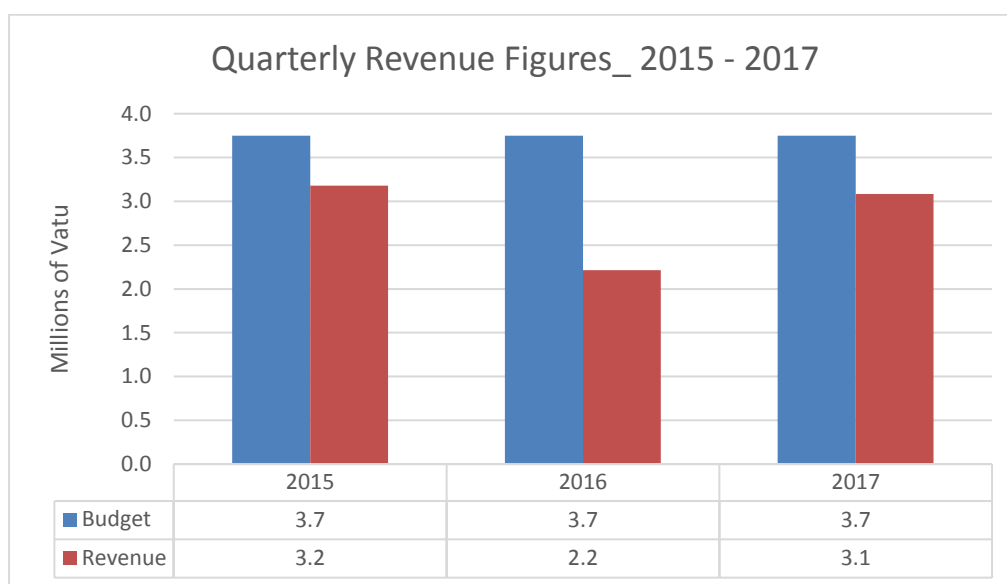
TABLE 4: BUDGET VS EXPENDITURE FOR THE PUBLIC SERVICE COMMISSION BY CHART OF ACCOUNTS FOR THE SECOND QUARTER, 2017

Account	Description	Total	Budget	Under/(Over)
	Personnel Expenses			
8AAA	Acting Allowances	797,542	-	(797,542)
8AAB	Responsibility Allowance	148,550	-	(148,550)
8AAF	Family Allowance	186,760	374,770	188,010
8AAG	Gratuitie Allowances	470,400	-	(470,400)
8AAH	Housing Allowances	1,712,606	2,213,079	500,473
8AAO	Other Allowances	65,000	-	(65,000)
8AAP	Home Island Passage Allowances	274,807	500,568	225,761
8ASP	Provident Fund	695,349	724,337	28,988
8AWL	Leave expense	104,937	-	(104,937)
8AWO	Overtime Wages	254,435	-	(254,435)
8AWP	Permanent Wages	15,865,066	17,733,674	1,868,608
PAYR	Payroll expenses	-	-	-
	Personnel Expenses	20,575,452	21,546,428	970,976
	Operating Expenses			
8CAB	Subsistence Allowances	290,000	249,999	(40,001)
8CAF	Food Allowances	141,507	-	(141,507)

8CAS	Sitting Allowances	269,435	324,999	55,564
8CBI	International Accommodation	20,000	-	(20,000)
8CBL	Local Accommodation	265,206	-	(265,206)
8CCL	Local Courses	(56,662)	-	56,662
8CEC	Consultants Fees	300,000	-	(300,000)
8CET	Other Fees	-	-	-
8CFV	Vehicles Fuel	235,410	62,499	(172,911)
8CGM	Mail Carriage Freight	47,237	-	(47,237)
8CGR	Transport - Freight	213,338	-	(213,338)
8CHL	Local Medical Treatment	12,590	-	(12,590)
8CIF	Facilities Hire	141,474	-	(141,474)
8CJO	Office Cleaning	8,360	-	(8,360)
8CKD	Advertising - Communications	23,613	-	(23,613)
8CKI	Internet and Satellite Communications	320,889	-	(320,889)
8CKM	Advertising and Marketing	13,347	-	(13,347)
8CKP	Postage - Communications	-	-	-
8CKR	Printing - Communications	110,114	-	(110,114)
8CKS	Stationery - Communications	246,834	424,998	178,164
8CKT	Telephone / Fax - Communications	46,260	50,001	3,741
8CMG	General - Materials	-	-	-
8CMO	Office - Materials	48,889	-	(48,889)
8CNO	Office Rental	5,388,110	8,999,964	3,611,854
8COI	Incidentals	143,343	-	(143,343)
8COP	Official Entertainment	191,965	-	(191,965)
8COU	Uniforms	171,594	-	(171,594)
8CRB	Buildings Repairs & Maintenance	(5,285,351)	-	5,285,351
8CRE	Equipment Repairs & Maintenance	-	249,999	249,999
8CRV	Vehicles Repairs & Maintenance	144,097	124,998	(19,099)
8CTI	International Travel	308,855	-	(308,855)
8CTL	Local Travel	278,541	315,000	36,459
8CUE	Electricity Utilities	632,781	449,997	(182,784)
8CUW	Water Utilities	5,201	461,400	456,199
8CZV	Value Added Tax	1,038,404	50,001	(988,403)
8EEA	Equipment - Additional General	1,053,141	-	(1,053,141)
8EEP	Equipment - Photocopiers	-	453,354	453,354
OVER	Overhead expenses	-	-	-
	Operating Expenses	6,768,522	12,217,209	5,448,687
	Total Expenditure	27,343,974	33,763,637	6,419,663

Source: Finance & Treasury

TABLE 5: REVENUE FIGURES FOR PUBLIC SERVICE COMMISSION FOR THE SECOND QUARTER, 2015 - 2017



Source: *Finance & Treasury*