

CITIZENSHIP OFFICE

INTRODUCTION

The citizenship's office and commission is a constitutional agency of the government of the Republic of Vanuatu. Its role covers:

- I. Consider and approve or differ or reject applications of vanuatu citizenships
- II. Revoke a citizenship if its was not granted according to other provisions of the citizenship Act [cap 112] and/or the national constitution and other powers specified or implicated by the Act.

This small constitutional body continues to carry out its core functions while on the other hand raising government revenue through its various programs such as the Honorary Citizenship Program Fees, application charges recoveries and other minor fees. These fees in total account for more than a billion Vatu of the government's revenue. The current demand for honorary citizenship programs is increasing each year, thus this office needs to be adequately resourced to ensure effective and efficient service delivery. The office budgeted for 7 vacant positions to be filled this year and recruitment processes is still on going.

This first of three such report seeks to analyze and discuss major financial issues of the first quarter of 2018, relating to budgeting and spending of the office, revenue and transfer of funds.

SUMMARY OF KEY FINDINGS

This year the citizenship office received an additional recurrent budget support of VT 16,040,289 to cater for sitting allowance for the commission members and the screening committee members, printing of certificates, office furnitures, computers and uniforms. This approved new policy proposal increased the office's total recurrent budget from VT 18.7 million in 2017 to VT 34.21 million this year. Spending to date has reached VT 6.92 million (20% of the annual budget), and at this current spending rate it is very likely for the office to underspend its annual budget for three remaining quarters of this year.

In the first quarter of this year the office budgeted for VT 4.1 million however actual spending exceeded the budgeted figure by VT 2 million bringing total spending to VT 6.1 million compared to VT 6.4 million against a budget of VT 8.2 million realised in the same period last year. Analysis shows that the budget and actual expenditure for the citizenship office is not consistent over the three years, as shown in table 2 below.

Table 3 shows the detailed expenditure chart of accounts for the citizenship office in the first quarter of this year, highlighting the major overspend items and major unplanned expenditures not budgeted for. As mentioned above, the office overspent its first quarter's recurrent budget by VT 2 million mainly due to overspending in the operational budget, compared to a saving of VT 1.7 million incurred in the same period last year.

Analysis shows that the major unbudget expenditures were daily rated wages, sitting allowances, printing, official entertainment and computer. Daily rated wages relates to contract

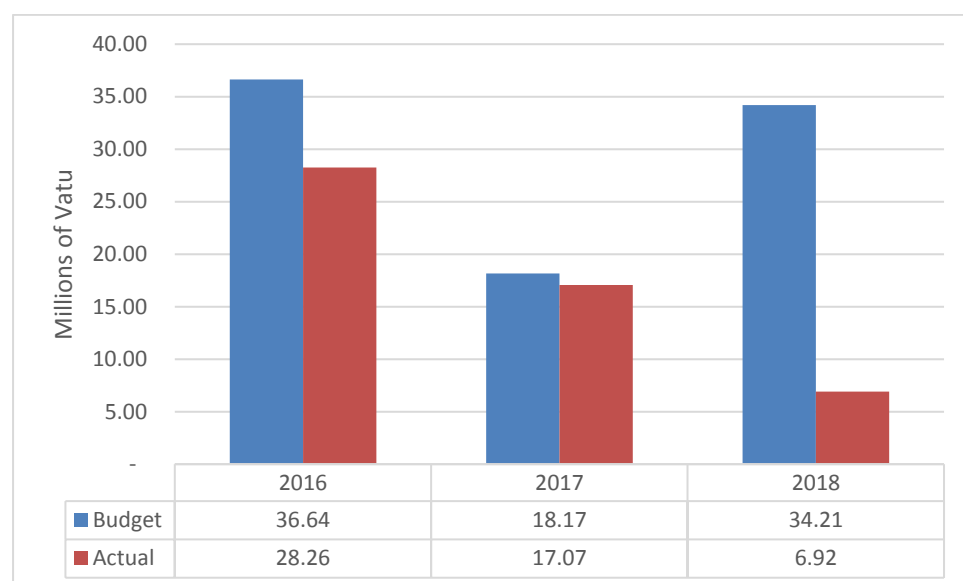
staffs currently being employed by the citizenship office. The sitting allowance, printing and official entertainment relates to screening of applications, printing of citizenship certificates and handing over ceremonies that occurred in the first quarter. These expenses will continue to be seen as overspend expenditures in the second and third quarters as their budgets were stored in the last quarter of this year. Furthermore, the office overspent mainly the budget for value added taxes and stationery. Annually recurring expenditure chart accounts should always be budgeted for.

The citizenship office among the major revenue generating agency for the government of Vanuatu raising up to VT 1.2 billion in the first quarter of the past three years and increasing yearly. This year the total revenue increase by 51% from last year's figures, showing an actual revenue of VT 1.8 billion against a budget of VT 655 million with honorary citizenship fees being the major revenue player followed by other fees and application charges recoveries shown in table 4 below. The office forecasted to raise a total of VT 2.6 billion from its revenue initiatives and to date it has already reached 69% of the annual revenue budget.

There is no virement request in the first quarter of this year.

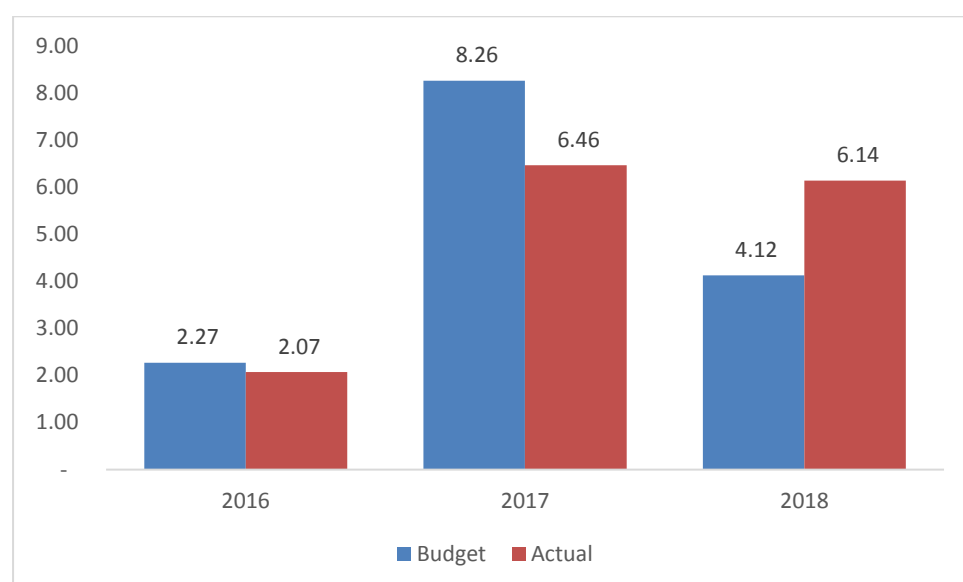
TABLES

TABLE 1: ANNUAL BUDGET VS EXPENDITURE FOR CITIZENSHIP OFFICE FOR THE YEAR 2016 TO 2018



Source: Finance & Treasury

TABLE 2: BUDGET VS EXPENDITURE FOR CITIZENSHIP OFFICE FOR THE FIRST QUARTER OF 2016 - 2018



Source: Finance & Treasury

**TABLE 3: EXPENDITURE FOR CITIZENSHIP OFFICE BY CHART OF ACCOUNTS FOR
QUARTER 1, 2018**

| Account | Description | Total | Budget | Under/(Over) |
|---------|----------------------------------|------------------|------------------|--------------------|
| | Personnel Expenses | | | |
| 8AAA | Acting Allowances | - | 9,723 | 9,723 |
| 8AAF | Family Allowance | - | 110,769 | 110,769 |
| 8AAH | Housing Allowances | - | 470,769 | 470,769 |
| 8ASP | Provident Fund | 111,015 | 119,127 | 8,112 |
| 8AWC | Contract Wages | - | 651,321 | 651,321 |
| 8AWD | Daily Rated Wages | 1,008,405 | - | (1,008,405) |
| 8AWP | Permanent Wages | 1,487,712 | 2,206,368 | 718,656 |
| PAYR | Payroll expenses | - | - | - |
| | Personnel Expenses | 2,607,132 | 3,568,077 | 960,945 |
| | Operating Expenses | | | |
| 8CAS | Sitting Allowances | 754,755 | - | (754,755) |
| 8CFV | Vehicles Fuel | 18,200 | 96,000 | 77,800 |
| 8CJO | Office Cleaning | - | 37,500 | 37,500 |
| 8CKP | Postage - Communications | - | 20,000 | 20,000 |
| 8CKR | Printing - Communications | 1,384,177 | - | (1,384,177) |
| 8CKS | Stationery - Communications | 249,915 | 49,992 | (199,923) |
| 8CKT | Telephone / Fax - Communications | 63,815 | 25,000 | (38,815) |
| 8COI | Incidentals | 77,446 | - | (77,446) |
| 8COP | Official Entertainment | 263,418 | - | (263,418) |
| 8CRV | Vehicles Repairs & Maintenance | - | - | - |
| 8CSO | Other Suppliers | - | 60,099 | 60,099 |
| 8CUE | Electricity Utilities | - | 249,999 | 249,999 |
| 8CZV | Value Added Tax | 254,966 | 16,694 | (238,272) |
| 8EEA | Equipment - Additional General | 4,348 | - | (4,348) |
| 8EEC | Equipment - Computer | 437,881 | - | (437,881) |
| 8FCB | Bank Charges | 20,061 | - | (20,061) |
| OVER | Overhead expenses | - | - | - |
| | Operating Expenses | 3,528,982 | 555,284 | (2,973,698) |
| | Total Expenditure | 6,136,114 | 4,123,361 | (2,012,753) |

Source: Finance & Treasury

TABLE 4: REVENUE FOR CITIZENSHIP OFFICE FOR QUARTER 1,2018

| Account | Description | Total | BUDGET to date | Under/(Over) | Annual Budget |
|-------------|-----------------------------------|----------------------|--------------------|-----------------------|----------------------|
| 7NFD | Honorary Citizenship Program Fees | 0 | 144,999,420 | 144,999,420 | 580,000,000 |
| 7NFF | Honorary Citizenship Fees | 1,815,786,789 | 504,997,980 | -1,310,788,809 | 2,020,000,000 |
| 7NFO | Other Fees | 3,533,574 | 5,623,056 | 2,089,482 | 22,492,310 |
| 7NOA | Application Charges Recoveries | 1,505,772 | 0 | -1,505,772 | 0 |
| 7100 | Operating Revenue | 1,820,826,135 | 655,620,456 | -1,165,205,679 | 2,622,492,310 |

Source: Finance & Treasury