

## PUBLIC SERVICE COMMISSION

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### INTRODUCTION

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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), Compliance Unit (CU) and the Vehicle Management Unit which acts as the secretariat for the vehicle management committee.

This first of three such expenditure reports will highlight some of the significant budget issues relating to revenue, expenditure, overspending, budgeting, etc., that occurred in the first quarter of this year. The recurrent budget for the public service commission's office was reduced by 21% in this year's budget compared to last year's budget. As shown in table 1 below the 2016 PSC annual recurrent budget reached VT 151 million, and last year the budget further increased to VT 168 million, while this year's budget decreases to VT 139 million due to the one off NPP for PMO rental cost which was removed from this year's budget. Annual spending on the other hand was within budget for the two previous years and this year to date, PSC has spent VT 44 million of its annual recurrent budget.

## SUMMARY OF KEY FINDINGS

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As shown in table 2 below, PSC has 6 activity budget head with budget allocated to each cost centres. The table also highlights total spending to date and the remaining annual budget.

From the total annual budget of VT 94.7 million, PSC has already utilized 24% in the first three months of this year, compared to 25% incurred in the same period last year. PSC forecasted to spend VT 40.6 million in the first quarter, while actual expenditure only reached VT 33.5 million and saving up VT 7 million mainly from unspent payroll budget and overspend its operational budget by VT 7.8 million.

Table 3 shows the first quarter budget verse actual expenditure for the public service commission from the year 2016 to 2018. The first quarter's budget increased by 89% while actual expenditure went up by 43% over the three periods. Analysis shows that PSC overspent the first quarter's budget for the past two years, except for the saving incurred in the first three months of this year.

Table 4 details the payroll and operational chart of accounts, showing budgeted, unbudgeted and over spend chart of accounts in the first three months period. The total budget for the first quarter was divided to operational budget and payroll budget with budgets of 7% and 93 % allocated respectively to each. As mentioned above, the operational budget was overspent by VT 7.8 million at the end of the first quarter, while accumulation of payroll savings reached VT 14.8 million. This saving came about due to amendment in the GRT payroll budget to new GRT determination regarding that was implemented since the beginning of this year 2018.

Analysis shows that PSC overspent the budget for the following major chart of accounts (highlighted in yellow in table 4):

- Acting Allowances – PSC budgeted for VT 30,228 but actuals reached VT 147,399. Acting positions should be formalized minimized this expenditure.
- Provident Fund – Due to the implementation of the new GRT salary scales which increase the permanent wages, it has also increase the provident fund cost which was not budgeted for in this year's budget.
- Permanent wages – As the major overspent item in the first quarter, this expense went over it budget forecasted target due to the increase salary implemented this year as per GRT determination.
- Sitting allowances – Sitting allowances for commission members was budgeted for VT 325,000, but actual commitments double the budgeted figure by VT 284,000
- Other chart of accounts is might figures, however it's encouraged for the office to minimize the overspending through realistic budgeting and controlled spending.

Unplanned expenditure is a recurring issue throughout the entire government, and in the first quarter analysis has shown that PSC did not budget for several expenditure charts of accounts but yet commitments have been made from them. Major unbudgeted items include, Compensation damages paid for unlawful determination and severance as per court

judgement, other rentals and official entertainment which was not budget for this year, but actual expenditure made to date has reached VT 270,416. Buildings – Renovation of VT 463,014 was also unbudgeted for this year.

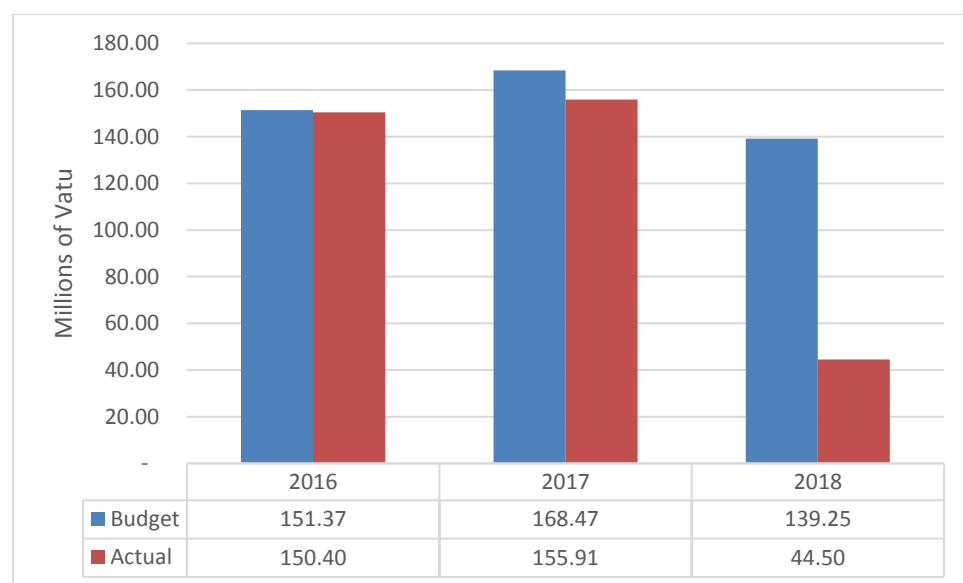
Total overspending and unbudgeted expenditures for the first quarter caused the total overspending of VT 7.8 million as shown in table 4. This means that the budget for future periods were advance to accommodate the first quarter's budget variance and enable commitments.

Table 5 below shows the summary of budgeted revenues and actual revenues received by the Public Service Commission in the first quarter of 2018. Analysis shows that the office forecasted raised a total revenue of VT 3.9 million as government houses recoveries in the first quarter, however actual figures fall short by VT 1.8 million. In the same period last year, the revenue from this initiative went up to VT 3.2 million against a budget of VT 3.7 million. Government houses recoveries is forecasted to raise a total revenue of VT 15 million by the end of this financial year in which 22% has been collected in the first three months of this year. At this current rate, PSC will likely score below the annual revenue target. Valuation Recoveries which was not budgeted for raised a total revenue figure of VT 1.4 million, although last year PSC did not raised any revenue from this activity.

Virements processed in the first quarter we were purposely to move the GRT budget to right payroll cost centres and offset negative payroll budget.

## TABLES

**TABLE 1: ANNUAL BUDGET VS EXPENDITURE FOR THE PUBLIC SERVICE COMMISSION  
BY COST CENTRE, 2016 - 2018**



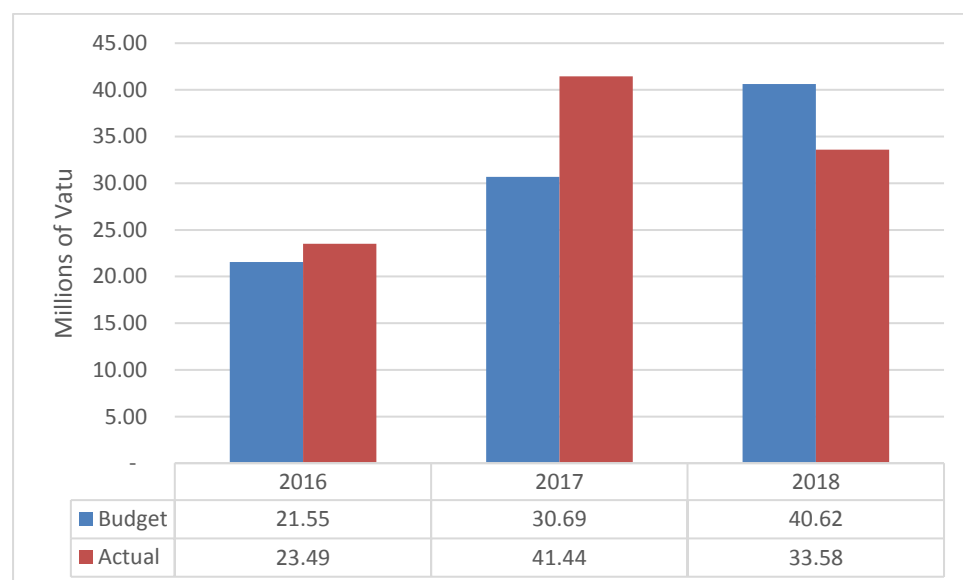
**Source:** Finance & Treasury

Table 2: 2018 Annual Budget for the Public Service Commission by Cost Centre

Code	Description	Total	to Date	Budget	Released	Remainin g	Budge
<b>19</b>	<b>Public Service Commission</b>						
19AA	Cooperate Services	19,978,167	56,660,202	36,682,035	20,520,201	542,034	56,660,202
19AB	Human Resources	5,269,337	25,352,226	20,082,889	8,321,119	3,051,782	25,352,226
19AC	Performance Improvement Unit	2,674,575	8,945,856	6,271,281	3,846,556	1,171,981	8,945,856
19AD	Human Resource Development	3,800,116	16,758,739	12,958,623	7,205,965	3,405,849	16,758,739
19AE	Compliance Service Unit	10,577,029	20,508,992	9,931,963	12,142,662	1,565,633	20,508,992
19AG	Fleet Management Unit	2,202,403	11,028,195	8,825,792	4,741,928	2,539,525	11,028,195
<b>19</b>	<b>Public Service Commission</b>	<b>44,501,627</b>	<b>139,254,210</b>	<b>94,752,583</b>	<b>56,778,431</b>	<b>12,276,804</b>	<b>139,254,210</b>
<b>M01</b>	<b>Constitutional Agencies</b>	<b>44,501,627</b>	<b>139,254,210</b>	<b>94,752,583</b>	<b>56,778,431</b>	<b>12,276,804</b>	<b>139,254,210</b>
	<b>REPORT TOTAL</b>	<b>44,501,627</b>	<b>139,254,210</b>	<b>94,752,583</b>	<b>56,778,431</b>	<b>12,276,804</b>	<b>139,254,210</b>

Source: Finance & Treasury

TABLE 3: FIRST QUARTER BUDGET VS ACTUAL EXPENDITURE FOR THE PUBLIC SERVICE COMMISSION, 2016 - 2018



Source: Finance & Treasury

**TABLE 4: BUDGET VS EXPENDITURE FOR THE PUBLIC SERVICE COMMISSION BY  
CHART OF ACCOUNTS FOR THE FIRST QUARTER, 2018**

Account	Description	Total	Budget	Under/(Over)
	<b>Personnel Expenses</b>			
8AAA	Acting Allowances	147,399	30,228	(117,171)
8AAB	Responsibility Allowance	140,070	14,130	(125,940)
8AAF	Family Allowance	-	315,693	315,693
8AAH	Housing Allowances	220,782	2,264,595	2,043,813
8AAO	Other Allowances	20,000	-	(20,000)
8AAP	Home Island Passage Allowances	92,685	42,000	(50,685)
8ASP	Provident Fund	840,318	663,087	(177,231)
8AWC	Contract Wages	-	1,629,819	1,629,819
8AWD	Daily Rated Wages	-	162,843	162,843
8AWO	Overtime Wages	666,389	30,228	(636,161)
8AWP	Permanent Wages	20,803,819	14,394,252	(6,409,567)
PAYR	Payroll expenses	-	18,273,000	18,273,000
	<b>Personnel Expenses</b>	<b>22,931,462</b>	<b>37,819,875</b>	<b>14,888,413</b>
	<b>Operating Expenses</b>			
8CAB	Subsistence Allowances	290,000	249,999	(40,001)
8CAF	Food Allowances	12,870	-	(12,870)
8CAS	Sitting Allowances	609,655	324,999	(284,656)
8CDC	Compensation Damages	7,433,835	-	(7,433,835)
8CFV	Vehicles Fuel	100,151	75,000	(25,151)
8CGR	Transport - Freight	128,705	-	(128,705)
8CJO	Office Cleaning	59,342	-	(59,342)
8CKD	Advertising - Communications	48,717	-	(48,717)
8CKR	Printing - Communications	111,249	-	(111,249)
8CKS	Stationery - Communications	46,179	425,000	378,821
8CKT	Telephone / Fax - Communications	86,835	50,001	(36,834)
8CMG	General - Materials	-	-	-
8CMO	Office - Materials	40,700	-	(40,700)
8CNO	Office Rental	-	-	-
8CNT	Other Rental	165,750	-	(165,750)
8COI	Incidentals	-	-	-
8COP	Official Entertainment	270,416	-	(270,416)
8COU	Uniforms	46,500	-	(46,500)
8CRE	Equipment Repairs & Maintenance	-	125,000	125,000
8CRV	Vehicles Repairs & Maintenance	190,758	125,000	(65,758)

8CTI	International Travel	100,000	54,720	(45,280)
8CTL	Local Travel	29,803	249,999	220,196
8CUE	Electricity Utilities	-	375,000	375,000
8CUW	Water Utilities	-	250,000	250,000
8CZV	Value Added Tax	288,483	50,001	(238,482)
8EBR	Buildings - Renovation	463,014	-	(463,014)
8EEA	Equipment - Additional General	10,097	-	(10,097)
8EEP	Equipment - Photocopiers	-	444,102	444,102
8EFO	Furniture - Office Furniture	118,235	-	(118,235)
OVER	Overhead expenses	-	-	-
	<b>Operating Expenses</b>	<b>10,651,294</b>	<b>2,798,821</b>	<b>(7,852,473)</b>
	<b>Total Expenditure</b>	<b>33,582,756</b>	<b>40,618,696</b>	<b>7,035,940</b>

**Source:** Finance & Treasury

**TABLE 5: REVENUE FIGURES FOR PUBLIC SERVICE COMMISSION FOR THE FIRST QUARTER OF 2018.**

Account	Description	Total	Budget to date	Under/(Over)		Annual Budget
7NOH	Government Houses Recoveries	2,074,203	3,936,063	1,861,860	▲	15,744,311
7NOV	Valuations Recoveries	1,480,000	0	-1,480,000	▼	0
<b>7100</b>	<b>Operating Revenue</b>	<b>3,554,203</b>	<b>3,936,063</b>	<b>381,860</b>	<b>▲</b>	<b>15,744,311</b>

**Source:** Finance & Treasury

**TABLE 6: VIREMENT FOR THE PUBLIC SERVICE COMMISSION IN THE FIRST QUARTER OF 2018**

Date	fund_Out	dept_Out	activity_Out	account_Out	fund_In	dept_In	activity_In	account_In	trans_amt_In
16-Mar-18	2	19AA	CJAA	PAYR	2	19AG	CJAC	PAYR	1,948,040
16-Mar-18	2	19AA	CJAA	PAYR	2	19AE	CJAE	PAYR	1,856,327
16-Mar-18	2	19AA	CJAA	PAYR	2	19AD	CJAD	PAYR	2,960,293
16-Mar-18	2	19AA	CJAA	PAYR	2	19AC	CJAC	PAYR	1,580,212
16-Mar-18	2	19AA	CJAA	PAYR	2	19AB	CJAB	PAYR	3,418,411
<b>Total</b>									<b>11,763,283</b>

**Source:** Finance & Treasury