

# MALVATUMAURI NATIONAL COUNCIL OF CHIEFS

## INTRODUCTION AND KEY FINDINGS

The Malvatumauri National Council of Chiefs (MNCC) 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.

**This is the Expenditure Report for Quarter one of 2018 for the Malvatumauri National Council of Chiefs**

## SUMARRY OF KEY FINDINGS

Area	Finding
<b>Budget Management and Planning</b>	Analysis shows that the Malvatumauri National Council of Chiefs (MNCC) had an allocated 2018 annual budget of VT 104,679,065. The MNCC had already spent 10 percent of the annual budget and with that current rate of spending, it is most likely that the MNCC not will used up its budget by the end of the year.
<b>Activity and Cost Centre Management and Planning</b>	The Office Administration ( Cost center 04A1) budget was underspent by 8.5 percent of its first quarter budget or by VT 758,566. There was no expenses that incurred from the Island Council (Cost center 04A2) in the first quarter of 2018. The Malvatumauri Member's Allowance ( Cost center 04A3) budget was overspent by 81.1 percent or by around VT 9.8 million.
<b>Payroll Budget Management and Planning</b>	The first quarter budget for payroll for 2018 was VT 15,582,951 and the total expenditure was VT 5,625,290. The MNCC had underspent on its payroll budget by 65.3 percent or by VT 10.2 million in the first quarter of the year.
<b>Operation Budget Management and Planning</b>	The first quarter budget for operation for 2018 was VT 5,441,459 and total expenditure was VT 5,038,273. The MNCC had underspent on its operation budget by 7.4 percent or by VT 403,186 in the first quarter of the year.
	Total expenses of unbudgeted items for the first quarter of 2018 was VT 206,608. This is about VT 400,000 less than the first quarter of 2017. The only chart of account that was overspent was contract wages VT 206,608.

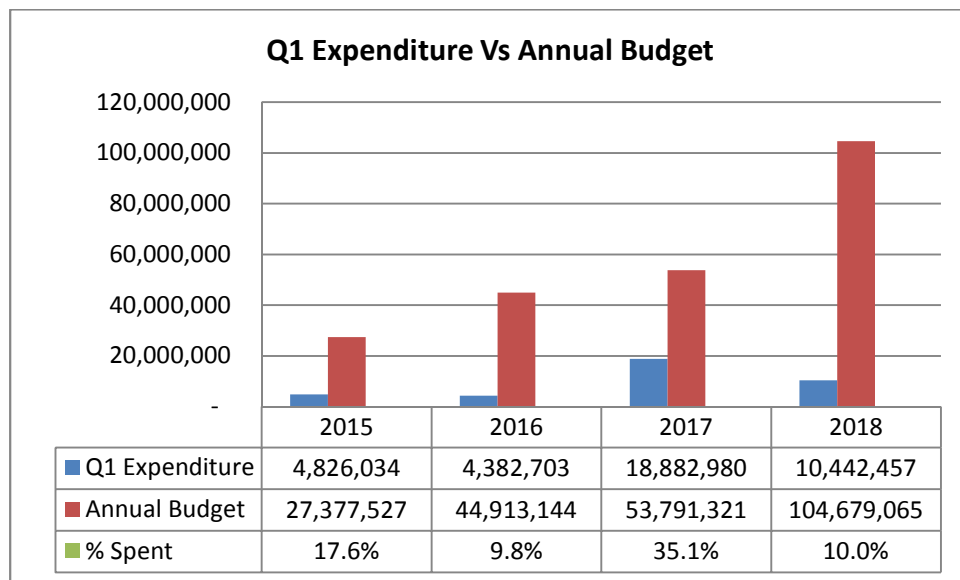
<b>Detailed Charts of Accounts In Payroll Expenditure Management and Planning</b>	The total underspent for the first quarter of 2018 was VT 10.4 million. This is about VT 9 million more than in 2017 in the same period. Major expense was from housing and other allowances.
<b>Detailed Chart of Accounts in Operation Expenditure Management and Planning</b>	<p>Total expenses of unbudgeted items in the first quarter of 2018 was VT 3 million. This is about 10.5 million less than in 2017 in the same period.</p> <p>Total underspent in the first quarter of 2018 was VT 3.4 million. This is about VT 3.2 million more than in 2017 in the same period.</p>
<b>Current Revenue Planning and Management</b>	<p>The MNCC collected no revenue in the first quarter of 2018 and in the last three years in the same period.</p> <p>The MNCC annual revenue target is to collect VT 44,985 by the end of the year.</p>
<b>Asset Management</b>	Although the MNCC had a budget of VT 177,970 for asset in the first quarter, no funds had been spent.
<b>Virements</b>	No virement was processed in the first quarter of 2018 nor in the last three years in the same period
<b>Imprest Management</b>	At the end of the first quarter of 2018, the MNCC had a total of VT 250,000 outstanding imprest to reitre.

## 1. BUDGET PERFORMANCE

### 1.1 Overall Budget Management and Planning

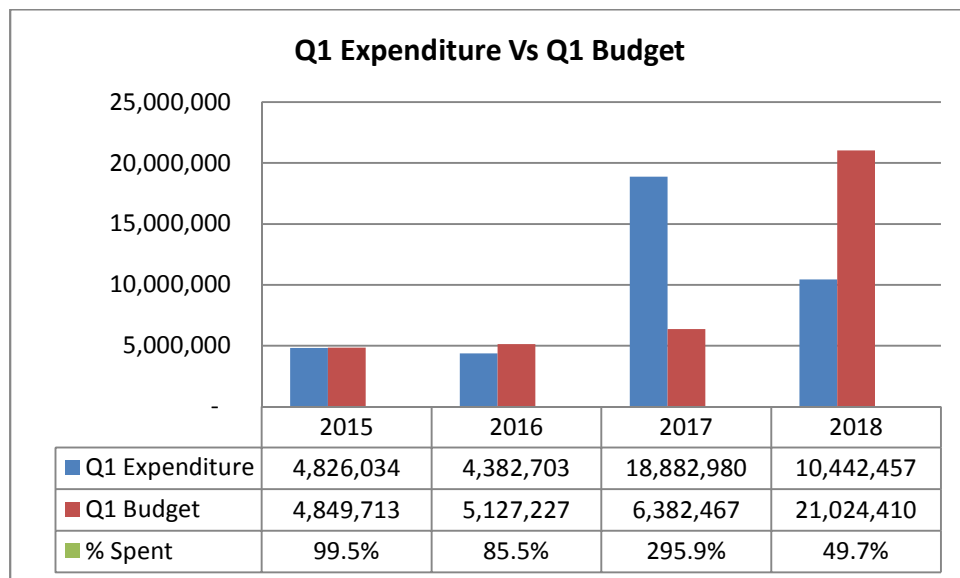
Analysis shows that The Malvatumauri National Council of Chiefs (MNCC) had an allocated 2018 annual budget of VT 104,679,065. The MNCC had already spent 10 percent of the annual budget and with that current rate of spending, it is most likely that the MNCC not will used up its budget by the end of the year.

**Figure 1: Expenditure Vs Budget**



The above graph shows the expenditures in quarter one against the annual budget for 2018 and the past three years in the same period.

**Figure 2: Quarter one Expenses Vs Quarter one Budget**



The graph above shows the expenditures in the first quarter against the first quarter budget allocations for 2018 and the past three years in the same period.

## 1.2 Activity and Cost center management and planning

The Office Administration ( Cost center 04A1) budget was underspent by 8.5 percent of its first quarter budget or by VT 758,566. This cost center had already spent 17.4 percent of its annual budget and with that current rate of spending , it is most likely that it will underspent its budget at the end of the year.

There was no expenses that incurred from the Island Council (Cost center 04A2) in the first quarter of 2018.

The Malvatumauri Member's Allowance ( Cost center 04A3) budget was overspent by 81.1 percent or by around VT 9.8 million. This cost center had already spent 4.4 percent of its annual budget and with that current rate of spending, it is most likely that it will underspent its budget by the end of the year.

**Table1: Cost centers budget and expenditures**

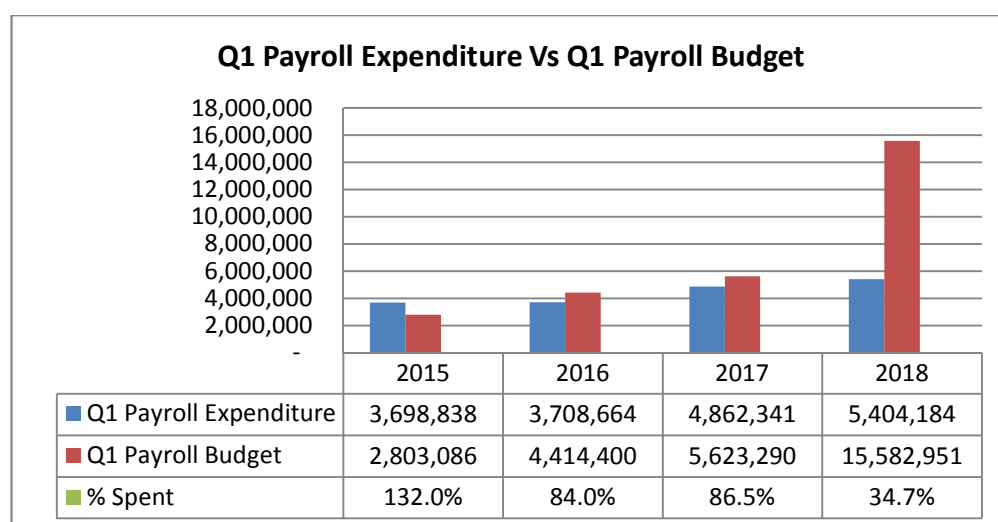
Account	Description	Actual	Commitment	Total	Budget	Under/(Over)
<b>04A1</b>	<b>Office Administration</b>					
	Personnel Expenses	3,113,550	-	3,113,550	3,468,930	355,380
	Operating Expenses	3,763,217	1,275,056	5,038,273	5,441,459	403,186
<b>04A1</b>	<b>Office Administration</b>	<b>6,876,767</b>	<b>1,275,056</b>	<b>8,151,823</b>	<b>8,910,389</b>	<b>758,566</b>
<b>04A2</b>	<b>Island Councils</b>					
	Operating Expenses	(14,470)	14,470	-	-	-
<b>04A2</b>	<b>Island Councils</b>	<b>(14,470)</b>	<b>14,470</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>04A3</b>	<b>Malvatumauri Members Allowance</b>					
	Personnel Expenses	2,290,634	-	2,290,634	12,114,021	9,823,387
<b>04A3</b>	<b>Malvatumauri Members Allowance</b>	<b>2,290,634</b>	<b>-</b>	<b>2,290,634</b>	<b>12,114,021</b>	<b>9,823,387</b>
	<b>Total Expenditure</b>	<b>9,152,931</b>	<b>1,289,526</b>	<b>10,442,457</b>	<b>21,024,410</b>	<b>10,581,953</b>

Source: Department of Finance & Treasury

## 1.3. Payroll Budget Management and Planning

The first quarter budget for payroll for 2018 was VT 15,582,951 and the total expenditure was VT 5,404,184. The MNCC had underspent on its payroll budget by 65.3 percent or by VT 10.2 million in the first quarter of the year.

**Figure 3: Payroll Expenditure Vs Payroll Budget**



The above graph shows payroll expenditure versus payroll budget for the first quarter of 2018 and in the same period in the past three years.

## 1.4 Detailed Chart of account in Payroll Expenditures Management and Planning.

The table below shows the payroll expenses by chart of accounts from 2015 to 2018 in the first quarter of the year. The highlighted yellow are expenses against no allocated budget, the highlighted green are overspent chart of accounts.

**Table 2: Payroll Chart of accounts 2015-2018**

Account	Description	2015 Expenditure	2015 Budget	2016 Expenditure	2016 Budget	2017 Expenditure	2017 Budget	2018 Expenditure	2018 Budget	2018 % Spent
	<b>Personnel Expenses</b>									
8AAA	Acting Allowances					86,548	-			
8AAF	Family Allowance	34,224	31,500	33,672	56,092	33,120	44,307	-	110,769	0.0%
8AAH	Housing Allowances	128,340	118,135	126,270	168,275	165,600	166,155	-	415,383	0.0%
8AAO	Other Allowances	2,395,507	-	2,441,043	2,608,270	2,544,536	2,575,383	2,373,428	2,575,377	92.2%
8ASP	Provident Fund	45,192	103,269	43,784	163,312	108,309	180,348	120,363	220,467	54.6%
8AWC	Contract Wages			115,046	-	520,351	-	206,608	-	
8AWD	Daily Rated Wages	-	1,664,534							
8AWP	Permanent Wages	1,095,575	885,648	948,849	1,418,451	1,403,877	2,657,097	2,703,785	2,825,334	95.7%
PAYR	Payroll expenses	-	-	-	-	-	-	-	9,435,621	0.0%
	<b>Personnel Expenses</b>	<b>3,698,838</b>	<b>2,803,086</b>	<b>3,708,664</b>	<b>4,414,400</b>	<b>4,862,341</b>	<b>5,623,290</b>	<b>5,404,184</b>	<b>15,582,951</b>	<b>34.7%</b>

Source: Department of Finance & Treasury

### Unbudgeted Items

Total expenses of unbudgeted items for the first quarter of 2018 was VT 206,608. This is about VT 400,000 less than the first quarter of 2017. The only chart of account that was overspent was contract wages VT 206,608.

Budget was allocated to the contract wages chart of accounts since 2016 with zero expense since then.

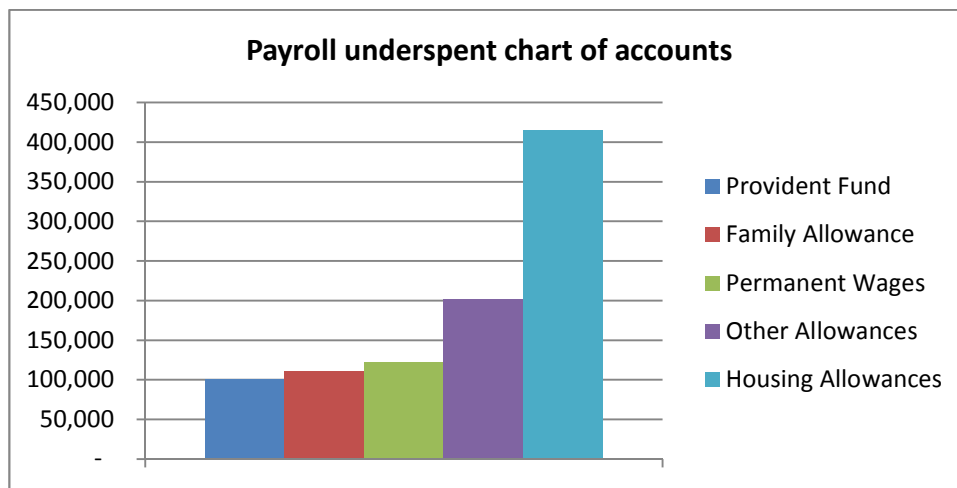
### Underspent Items

The total underspent for the first quarter of 2018 was VT 10.4 million. This is about VT 9 million more than in 2017 in the same period. Major underspent expense items were from housing and other allowances.

The significant overspent in the payroll was due to the GRT NPP for the chief's allowances being already spread among the periods but not yet expended.

The MNCC needs to budget accordingly and to the trend.

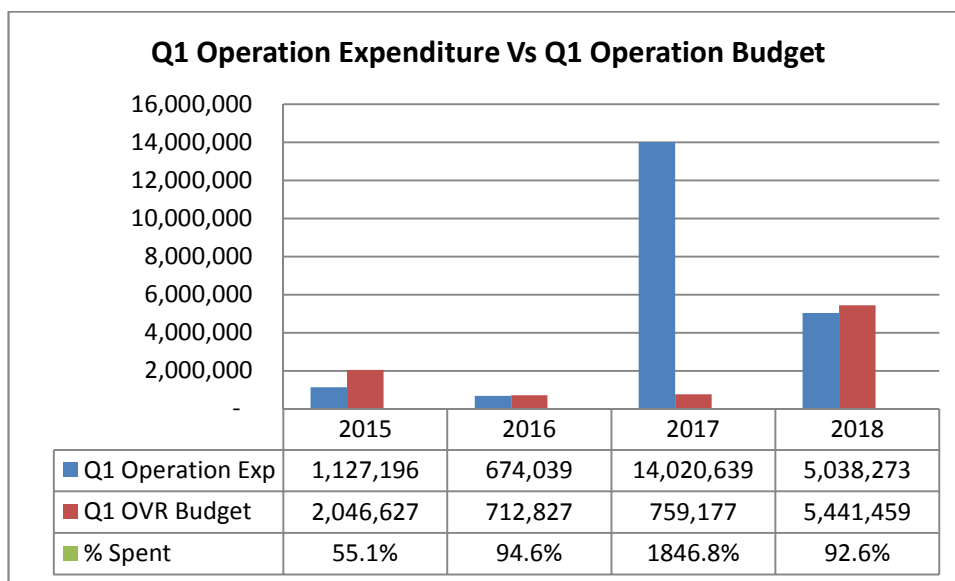
Figure 4: Payroll 2018 first quarter of the year overspent chart of accounts



### 1.5. Operation Budget Management and Planning

The first quarter budget for operation for 2018 was VT 5,441,459 and total expenditure was VT 5,038,273. The MNCC had underspent on its operation budget by 7.4 percent or by VT 403,186 in the first quarter of the year.

Figure 5: Operation Expenditure Vs Operation Budget



The above graph shows operation expenditure versus operation budget in the first quarter of 2018 and for the same period in the past three years.

## 1.6 Detailed Chart of Accounts in Operation Expenditure Management and Planning.

Below is the table detailing the expenses and budget for all chart of accounts in the operation from 2015 to 2018 in the first quarter of the year. The highlighted yellow are expenses against no allocated budget, the highlighted green are overspent chart of accounts.

**Table 3: Operation Chart of accounts 2016-2018**

Account	Description	2015 Expenditure	2015 Budget	2016 Expenditure	2016 Budget	2017 Expenditure	2017 Budget	2018 Expenditure	2018 Budget	2018 % Spent
	<b>Operating Expenses</b>									
8CAB	Subsistence Allowances					1,820,000	75,000	146,800	500,000	29.4%
8CAS	Sitting Allowances					775,000	-	-	387,500	0.0%
8CBI	International Accommodation							-	250,000	0.0%
8CBL	Local Accommodation							500,000	174,999	285.7%
8CFV	Vehicles Fuel	71,112	129,994	97,779	54,999	162,221	50,001	95,646	249,999	38.3%
8CGR	Transport - Freight							(15,000)	50,000	-30.0%
8CIE	Equipment Hire			17,778	-	8,000	12,501	80,000	50,000	160.0%
8CIF	Facilities Hire					138,333	24,999	94,445	125,000	75.6%
8CIV	Vehicles Hire			-	-	232,995	25,000	-	75,000	0.0%
8CJO	Office Cleaning	-	34,920	-	22,500	106,492	24,999	7,274	50,001	14.5%
8CKD	Advertising - Communications			-	25,000	138,000	15,000	16,904	75,000	22.5%
8CKP	Postage - Communications			-	23,280	-	20,850	-	24,999	0.0%
8CKR	Printing - Communications	31,111	-			31,222	-	42,956	100,000	43.0%
8CKS	Stationery - Communications	53,355	93,120	-	43,119	26,116	20,001	271,757	124,998	217.4%
8CKT	Telephone / Fax - Communications	8,889	77,040	-	30,249	-	22,251	(48,424)	75,000	-64.6%
8CMG	General - Materials							64,253	-	
8CMO	Office - Materials	8,542	46,560	8,000	25,000	8,178	-	118,566	-	
8CNO	Office Rental					-	-			
8COC	Court Costs					700,000	-			
8COI	Incidentals	520,000	443,988	120,000	-	3,407,020	75,000	-	263,499	0.0%
8COP	Official Entertainment					160,000	28,653	1,250,000	249,999	500.0%
8CRB	Buildings Repairs & Maintenance	173,655	46,560	348,416	25,000	22,222	18,210	200,384	349,998	57.3%
8CRE	Equipment Repairs & Maintenance	-	46,560	-	24,999	15,165	22,500	1,422	124,998	1.1%
8CRV	Vehicles Repairs & Maintenance	34,716	65,255	(12,738)	40,047	-	22,500	21,681	50,001	43.4%
8CSF	Food - Suppliers	8,889	-	33,244	-	282,582	-			
8CSO	Other Suppliers	33,004	46,560	-	24,999	-	17,500	-	75,000	0.0%
8CTI	International Travel			-	38,000	-	25,000	-	125,000	0.0%
8CTL	Local Travel	25,716	-	-	101,500	1,247,957	59,214	1,762,994	637,500	276.5%
8CUE	Electricity Utilities	90,740	107,274	-	90,000	-	24,999	-	499,998	0.0%
8CUW	Water Utilities	-	43,440	-	45,249	-	75,000	179,992	500,000	36.0%
8CZV	Value Added Tax	67,467	270,282	61,560	64,449	257,087	75,000	246,623	75,000	328.8%

8DGO	Operating Grant			-	-	4,286,920	-			
8EBR	Buildings - Renovation	-	595,074	-	34,437	-	24,999	-	75,000	0.0%
8EEA	Equipment - Additional General			-	-	26,062	-			
8EEC	Equipment - Computer							-	102,970	0.0%
8EES	Equipment - Specialised					169,067	-			
OVER	Overhead expenses	-	-	-	-	-	-	-	-	
	<b>Operating Expenses</b>	<b>1,127,196</b>	<b>2,046,627</b>	<b>674,039</b>	<b>712,827</b>	<b>14,020,639</b>	<b>759,177</b>	<b>5,038,273</b>	<b>5,441,459</b>	<b>92.6%</b>

Source: Department of Finance & Treasury

### Unbudgeted Items

Total expenses of unbudgeted items in the first quarter of 2018 was VT 3 million. This is about VT 10.5 million less than in 2017 in the same period. Major unbudgeted expense items were local travel VT 1.1 million, official entertainment VT 1 million, local accommodation VT 325,001.

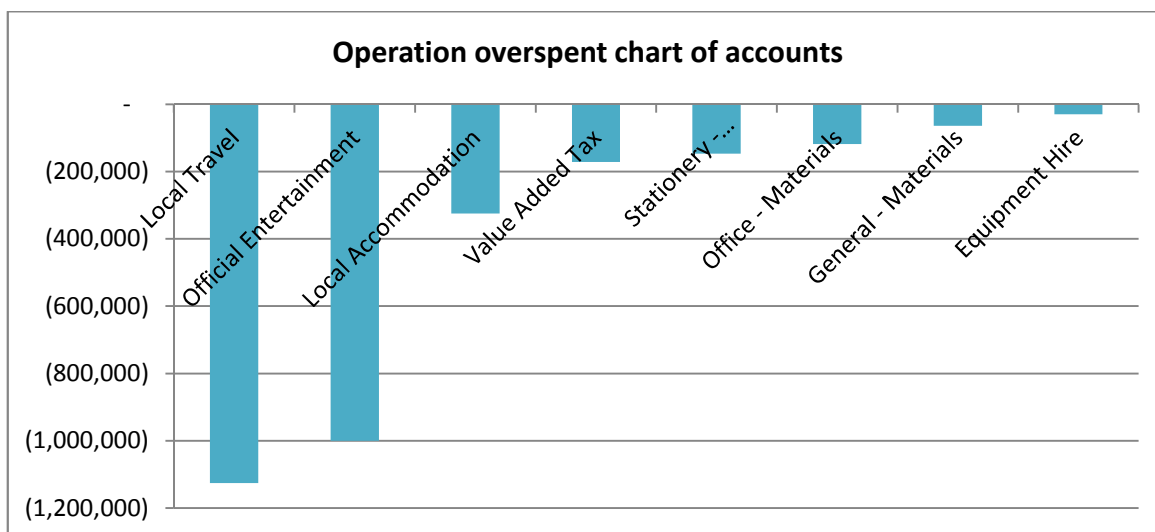
Financial management had improved greatly in this quarter than in 2017 in the same period.

### Underspent Items

Total underspent in the first quarter of 2018 was VT 3.4 million. This is about VT 3.2 million more than in 2017 in the same period. Major underspent expenses were from electricity utilities VT 499,998, sitting allowance VT 387,500, subsistence allowances VT 353,200 and water utilities VT 320,008.

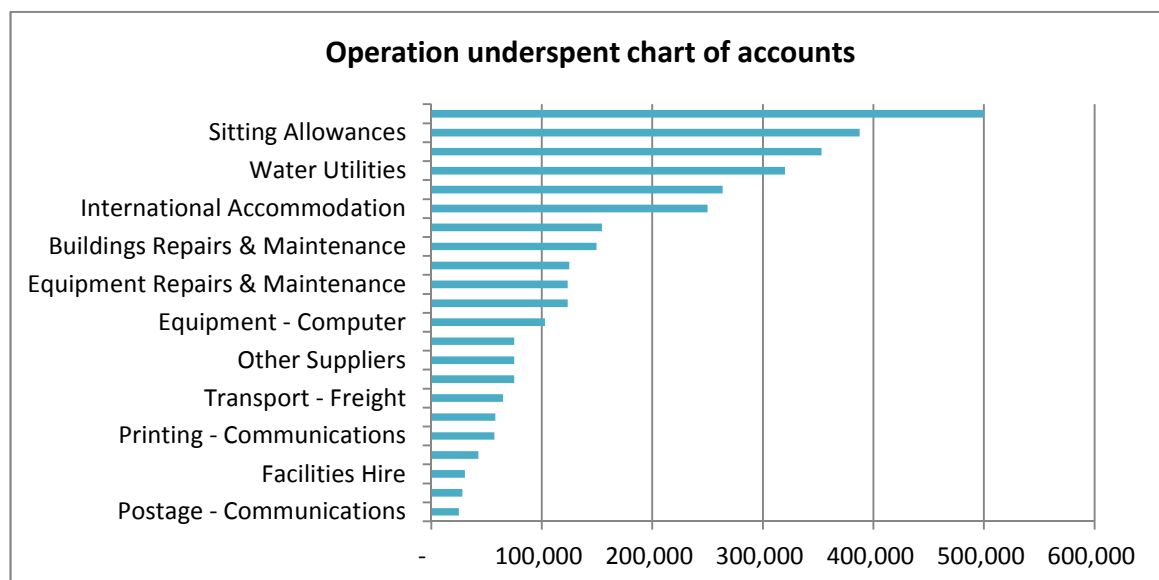
Equipment repairs either had no expenses or was underspent since 2015. MNCC needs to relocate funds and budget accordingly to expenditure trend.

Figure 6: Operation over spent chart of accounts





**Figure 7: Operation under spent chart of accounts**



## REVENUE PLANNING AND MANAGEMENT

The MNCC collected no revenue in the first quarter of 2018 and in the last three years in the same period.

The MNCC annual revenue target is to collect VT 44,985 by the end of the year.

## ASSET MANAGEMENT

Although the MNCC had a budget of VT 177,970 for asset in the first quarter, no funds had been spent.

## VIREMENT

No virements was processed in the first quarter of 2018 nor in the last three years in the same period.

## IMPREST MANAGEMENT

At the end of the first quarter of 2018, the MNCC had a total of VT 250,000 outstanding imprest to reitre.

**Table 4: Outstanding Imprests as of the first quarter of 2018.**

Department / Section	Amount Advanced	Amount Paid	Amount Outstanding
Malvatumauri	250,000	-	250,000
Total	250,000	-	250,000

Source: Department of Finance & Treasury