

# STATE LAW OFFICE

## INTRODUCTION AND KEY FINDINGS

The State Law Office (SLO) is established by the State Law Office Act No. 14 of 1998 and is the program under which all legal advice, litigation and drafting work on behalf of the Government is undertaken. The State Law Office provides legal services to the Head of State, Parliament, the Government (Council of Ministers, Ministers, Ministries and Departments), the Local Government Councils, Statutory Bodies, various Commissions, Boards, and Government Committees.

The Office is not allowed under the State Law Office Act to provide legal advice to any private individual, including public servants nor the private sectors.

## OBJECTIVES

- To provide legal advice to Government
- To represent government before the Court as little as possible by resolving disputes
- To provide high quality legislative drafting services to government
- To have contented and well-qualified staff
- To have adequate financial and physical resources
- To combat money laundering, financing of terrorism and other financial/economic crime

This is the Expenditure Report for Quarter One of 2018 for the State Law Office.

## SUMMARY OF KEY FINDINGS

Area	Finding
<b>Budget Management and Planning</b>	Analysis shows that State Law Office (SLO) had an allocated 2018 annual budget of VT 182,628,513. The SLO had already spent 23.9 percent of the annual budget and with that current rate of spending, it is most likely that the SLO will spend within its budget by the end of the year.
<b>Activity and Cost Centre Management and Planning</b>	<p>The Office Administration ( Cost center 11AA) budget was overspent by 11.5 percent of its first quarter budget or by VT 3.6 million. The Office had already spent 25.1 percent of its annual budget and with that current rate of spending , it is most likely that the Office will use up its budget by the end of the year.</p> <p>The Financial Intelligent Unit (Cost center 11AB) budget was overspent by 8.8 percent of its first quarter budget or by VT 710,816. This Unit had already spent 20.1 percent of its annual budget and with that current rate of spending, it is most likely that some funds will not be expended by the end of the year.</p>
<b>Payroll Budget Management and Planning</b>	The first quarter budget for payroll for 2018 was VT 36,526,725 and total expenditure was VT 33,914,010. The SLO had underspent on its payroll budget by 7.2 percent or by VT 2.6 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 2,877,708 and total expenditure was VT 9,794,648. The SLO had overspent on its operation budget by 240.4 percent or by VT 6.9 million in the first quarter of the year.

<b>Detailed Charts of Accounts In Payroll Expenditure Management and Planning</b>	<p>Total expenses of unbudgeted items for the first quarter of 2018 was VT 8.6 million. This is about VT 3.9 million more than the first quarter of 2017. Major unbudgeted expense items were from permanent wages VT 8.2 million and provident fund VT 315,031.</p> <p>The total underspent for the first quarter of 2018 was VT 349,731. This is about VT 2.5 million less than in 2017 in the same period.</p>
<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 8.6 million. This is a about 5.6 million more than in 2017 in the same period. Major unbudgeted expense items were from vehicle replacement 2.9 million, electricity utility VT 2.7 million, VAT VT 719,567, translation communication VT 501,398 and other fees VT 488,749</p> <p>Total underspent in the first quarter of 2018 was VT 8.6 million. This is about VT 600,000 more that in 2017 in the same period. Major underspent expense items were maintenance contract VT 427,358 and office furniture VT 187,497.</p> <p>SLO needs to budget according to expenditure trend.</p>
<b>Current Revenue Planning and Management</b>	<p>The SLO collected VT 11,025,190 of revenue in the first quarter of 2018 compared to VT 1,488,104 in the same period last year, 2017. SLO collected over VT10 million on honorary citizenship fee in the first quarter.</p> <p>SLO's annual revenue target for 2018 is VT 102,361,674 and had already collected 10.8 percent of the annual target.</p>
<b>Asset Management</b>	<p>The SLO asset budget for this quarter was only VT524,997 but had overspent by VT 3.1 million, spending on vehicle against no budget contributes to this overspent. SLO needs to check asset status before preparing budget.</p>
<b>Virements</b>	<p>There was no virement processed in the first quarter of 2018 and for the past 3 years in the same period.</p>
<b>Imprest Management</b>	<p>At the end of the first quarter of 2018, the SLO had a total of VT 346,000 outstanding imprest to reitre.</p>

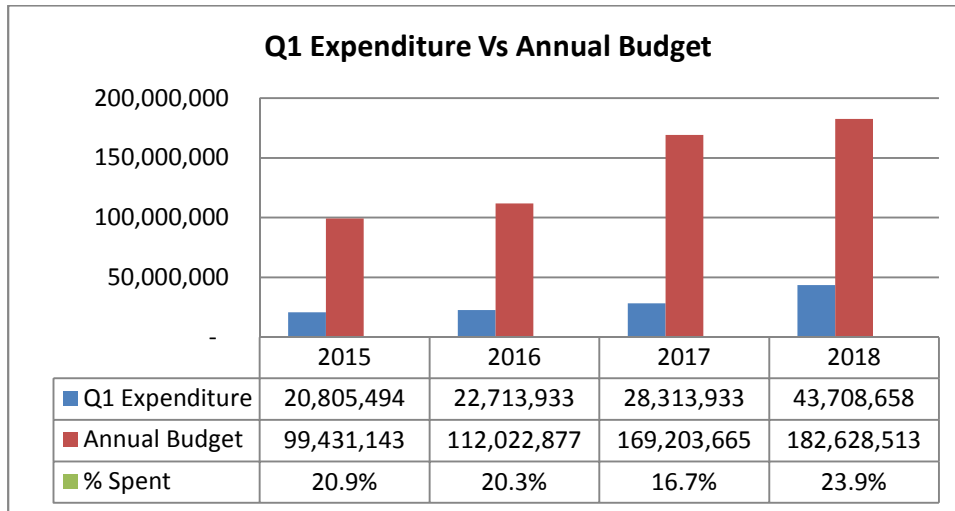
## FINANCIAL MANAGEMENT ASSESSMENT

### 1. BUDGET PERFORMANCE

#### 1.1 Overall Budget Management and Planning

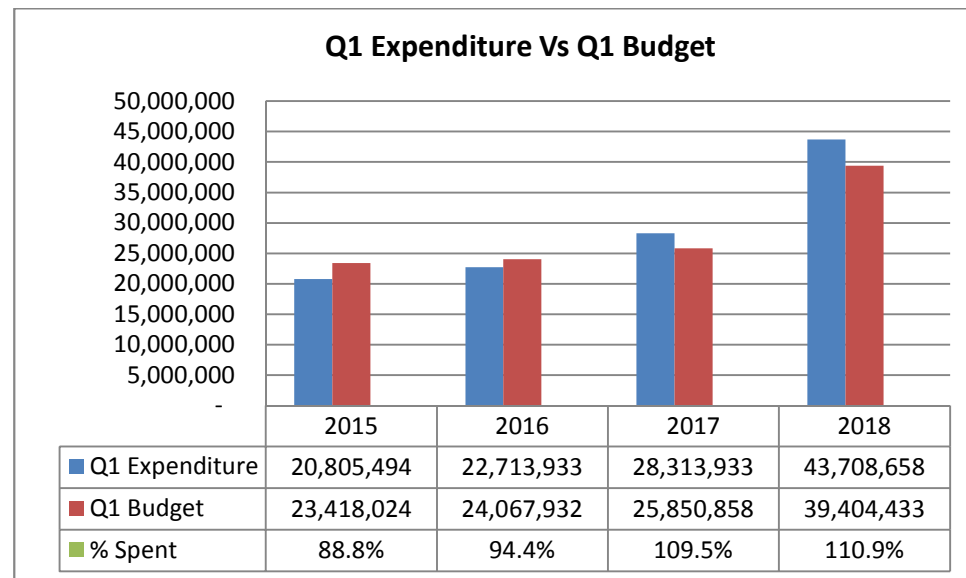
Analysis shows that State Law Office (SLO) had an allocated 2018 annual budget of VT 182,628,513. The SLO had already spent 23.9 percent of the annual budget and with that current rate of spending, it is most likely that the SLO will spend within its budget by the end of the year.

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 11AA) budget was overspent by 11.5 percent of its first quarter budget or by VT 3.6 million. The Office had already spent 25.1 percent of its annual budget and with that current rate of spending , it is most likely that the Office will use up its budget by the end of the year.

The Financial Intelligent Unit (Cost center 11AB) budget was overspent by 8.8 percent of its first quarter budget or by VT 710,816. This Unit had already spent 20.1 percent of its annual budget and with that current rate of spending, it is most likely that some funds will not be expended by the end of the year.

Table1: Cost centers budget and expenditures

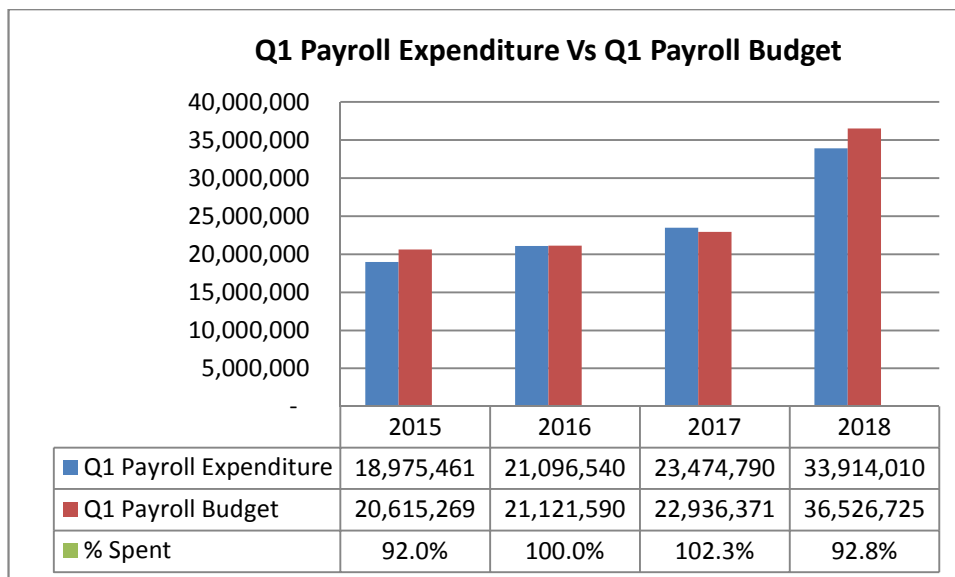
Account	Description	Actual	Commitment	Total	Budget	Under/(Over)
<b>11AA</b>	<b>Office Administration</b>					
	<b>Personnel Expenses</b>	<b>28,600,641</b>	<b>-</b>	<b>28,600,641</b>	<b>28,929,438</b>	<b>328,797</b>
	<b>Operating Expenses</b>	<b>4,934,250</b>	<b>1,365,666</b>	<b>6,299,916</b>	<b>2,377,710</b>	<b>(3,922,206)</b>
<b>11AA</b>	<b>Office Administration</b>	<b>33,534,891</b>	<b>1,365,666</b>	<b>34,900,557</b>	<b>31,307,148</b>	<b>(3,593,409)</b>
<b>11AB</b>	<b>Financial Intelligence Unit</b>					
	<b>Personnel Expenses</b>	<b>5,313,369</b>	<b>-</b>	<b>5,313,369</b>	<b>7,597,287</b>	<b>2,283,918</b>
	<b>Operating Expenses</b>	<b>1,885,407</b>	<b>1,609,325</b>	<b>3,494,732</b>	<b>499,998</b>	<b>(2,994,734)</b>
<b>11AB</b>	<b>Financial Intelligence Unit</b>	<b>7,198,776</b>	<b>1,609,325</b>	<b>8,808,101</b>	<b>8,097,285</b>	<b>(710,816)</b>
	<b>Total Expenditure</b>	<b>40,733,667</b>	<b>2,974,991</b>	<b>43,708,658</b>	<b>39,404,433</b>	<b>(4,304,225)</b>

Source: Department of Finance & Treasury

## 1.3. Payroll Budget Management and Planning

The first quarter budget for payroll for 2018 was VT 36,526,725 and total expenditure was VT 33,914,010. The SLO had underspent on its payroll budget by 7.2 percent or by VT 2.6 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			175,796	-	220,437	150,000	-	300,000	0.0%
8AAB	Responsibility Allowance			1,042,572	-			6,900	-	
8AAF	Family Allowance	233,277	251,034	338,425	324,280	-	254,250			
8AAH	Housing Allowances	2,214,826	2,288,274	2,077,185	2,299,943	-	2,395,413			
8AAO	Other Allowances	5,000	-	542,291	56,092	105,000	-			
8AAP	Home Island Passage Allowances	123,023	137,586	282,961	143,268	-	144,693			
8AAS	Special Allowances	-	113,448	-	81,799			20,000	-	
8ASP	Provident Fund	637,812	654,915	705,167	718,399	898,839	733,638	1,303,297	988,266	131.9%
8AWO	Overtime Wages	-	24,138							
8AWC	Contract Wages							-	49,731	0.0%
8AWD	Daily Rated Wages					-	49,731			
8AWL	Leave expense			-	-					
8AWP	Permanent Wages	15,761,523	15,984,266	15,932,143	17,497,809	22,250,514	17,886,957	32,583,813	24,356,883	133.8%
PAYR	Payroll expenses	-	1,161,608	-	-	-	1,321,689	-	10,831,845	0.0%
	<b>Personnel Expenses</b>	<b>18,975,461</b>	<b>20,615,269</b>	<b>21,096,540</b>	<b>21,121,590</b>	<b>23,474,790</b>	<b>22,936,371</b>	<b>33,914,010</b>	<b>36,526,725</b>	<b>92.8%</b>

Source: Department of Finance & Treasury

### Unbudgeted Items

Total expenses of unbudgeted items for the first quarter of 2018 was VT 8.6 million. This is about VT 3.9 million more than the first quarter of 2017. Major expenses are from permanent wages VT 8.2 million and provident fund VT 315,031.

Permanent wages expenditure had increased from last year in the same period by around VT10.3 million and provident fund expenditure by around VT400,000. This is due to funds being stored in later period and then advanced to the first quarter to be expended.

### Underspent Items

The total underspent for the first quarter of 2018 was VT 349,731. This is about VT 2.5 million less than in 2017 in the same period.

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

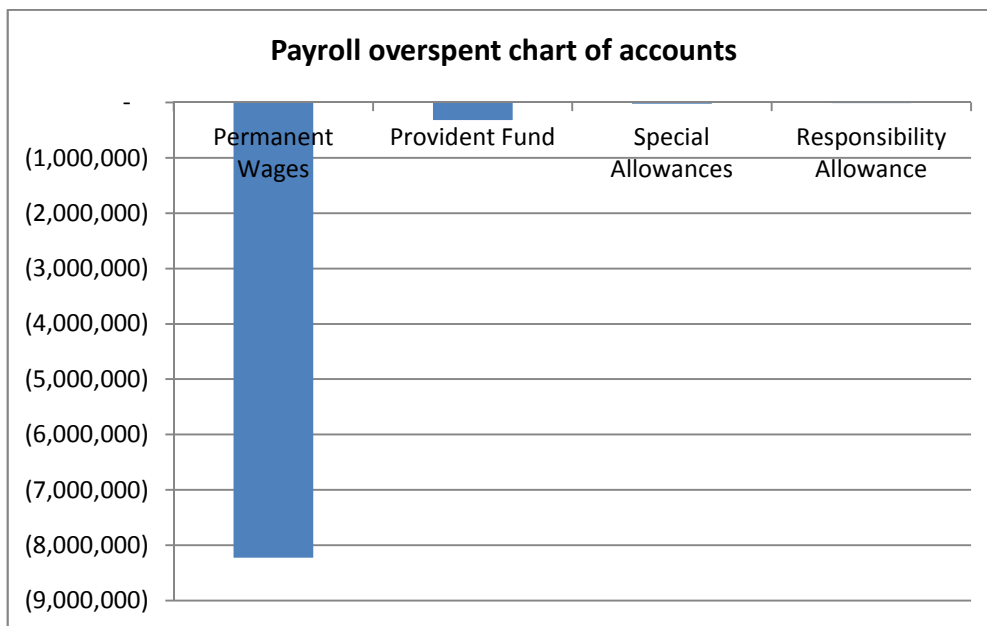
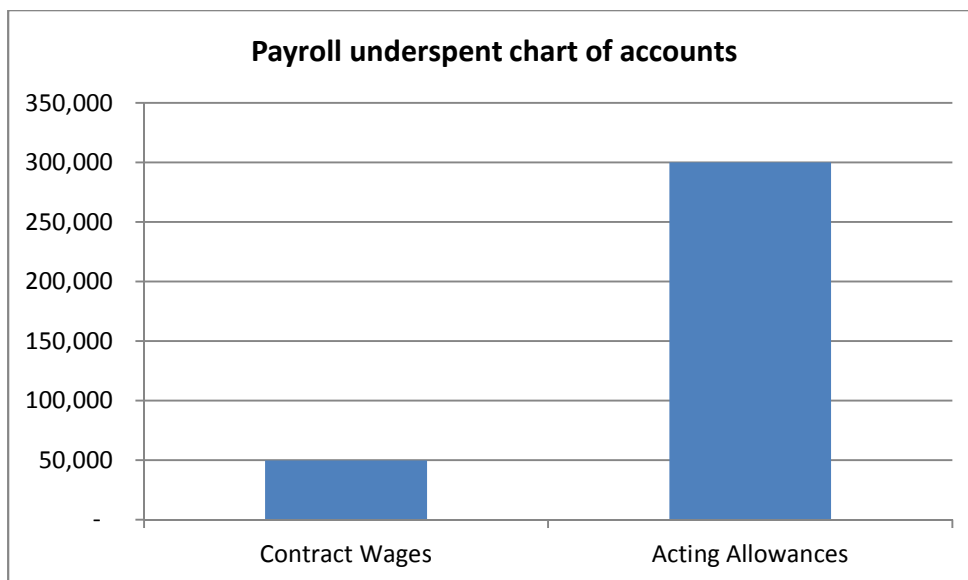


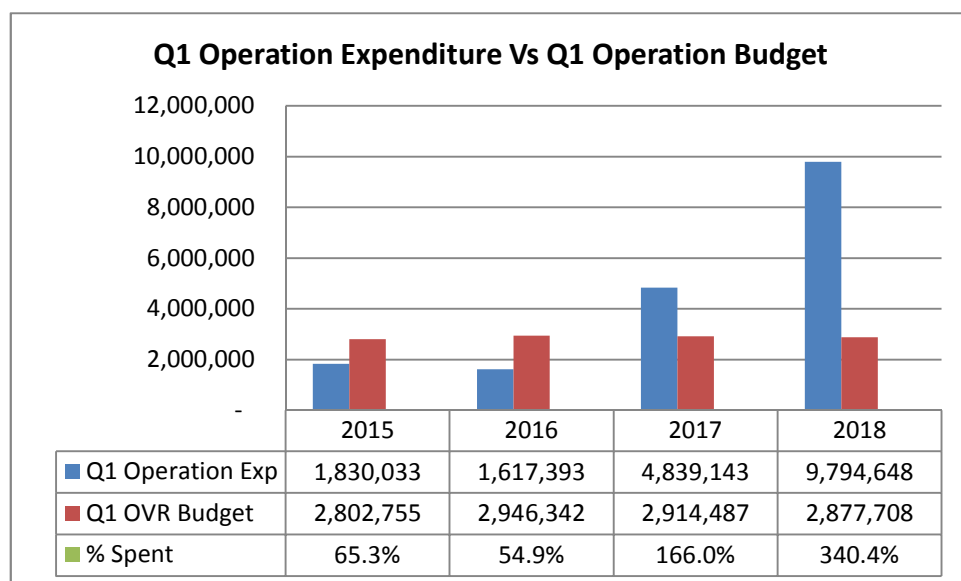
Figure 5: Payroll 2018 first quarter of the year underspent chart of accounts



## 1.5. Operation Budget Management and Planning

The first quarter budget for operation for 2018 was VT 2,877,708 and total expenditure was VT 9,794,648. The SLO had overspent on its operation budget by 240.4 percent or by VT 6.9 million in the first quarter of the year.

Figure 6: 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	-	49,999	175,000	120,000	805,000	62,499	170,000	199,998	85.0%
8CBI	International Accommodation	(20,000)	75,001			417,790	37,500	183,671	75,000	244.9%
8CBL	Local Accommodation	-	24,999	-	99,999	-	75,000	-	62,502	0.0%
8CCI	International Courses							93,960	-	
8CEM	Software Maintenance Fees					-	-			
8CET	Other Fees	-	42,501	(109,106)	24,999	736,594	2,499	538,750	50,001	1077.5%
8CFV	Vehicles Fuel	313,914	247,998	195,555	244,998	286,223	230,001	189,564	242,499	0.0%
8CGM	Mail Carriage Freight	-	9,999	-	7,500	-	6,252	-	5,000	0.0%
8CGO	Other Charges - Freight	-	5,001							0.0%

8CGR	Transport - Freight	-	5,001	-	2,499	-	3,750	-	5,000	0.0%
8CHL	Local Medical Treatment			-	37,500	-	24,999			
8CIE	Equipment Hire	2,800	-	-	5,001	-	5,001			
8CIF	Facilities Hire	-	7,500	-	12,501	-	12,501	-	12,500	0.0%
8CJO	Office Cleaning	11,200	55,000	32,692	55,002	68,489	55,002	26,979	99,999	27.0%
8CKD	Advertising - Communications	32,266	50,000	24,542	12,501	47,227	52,501	-	25,001	0.0%
8CKL	Translation Communications							501,398	-	
8CKP	Postage - Communications	-	7,500	6,000	7,500	6,000	7,500	4,965	8,751	56.7%
8CKR	Printing - Communications	28,846	57,501	89,356	57,501	33,275	56,250	41,635	107,499	38.7%
8CKS	Stationery - Communications	36,787	212,499	235,720	245,001	97,582	170,001	122,384	199,998	61.2%
8CKT	Telephone / Fax - Communications	44,444	99,999	26,667	87,498	84,445	100,002	105,507	109,998	95.9%
8COI	Incidentals	109,823	166,830	35,200	317,490	114,435	417,489	-	154,078	0.0%
8COP	Official Entertainment	-	27,498	-	27,498	-	27,498	258,302	-	
8CRB	Buildings Repairs & Maintenance	18,311	50,001	484,146	50,001	9,147	50,001	-	50,001	0.0%
8CRE	Equipment Repairs & Maintenance	66,889	82,500	61,831	115,653	136,978	69,999	14,344	75,000	19.1%
8CRM	Maintenance Contrac	-	90,000	-	22,500	421,965	22,500	(402,359)	24,999	-1609.5%
8CRV	Vehicles Repairs & Maintenance	234,894	110,001	71,667	102,501	115,550	90,000	92,626	149,997	61.8%
8CTI	International Travel	-	50,001	-	87,501	466,311	50,001	267,733	50,001	535.5%
8CTL	Local Travel	-	24,999	-	99,999	-	50,001	-	50,001	0.0%
8CUE	Electricity Utilities	115,969	384,999	-	300,000	-	294,999	2,903,235	249,999	1161.3%
8CUW	Water Utilities	-	4,500	-	5,000	-	5,000	-	7,500	0.0%
8CZV	Value Added Tax	204,557	265,929	171,256	477,576	303,414	389,295	1,053,206	333,639	315.7%
8EEA	Equipment - Additional General	-	24,999	66,667	17,499	19,733	17,499			
8EEC	Equipment - Computer	629,333	470,000	-	175,000	540,430	438,195	34,542	150,000	23.0%
8EEP	Equipment - Photocopiers			40,000	-	-	24,999	347,827	37,500	927.5%
8EER	Equipment - Replacement General	-	-			61,333	-			0.0%
8EET	Equipment - Computer Software Purchases							-	150,000	0.0%
8EFO	Furniture - Office Furniture	-	100,000	-	127,500	62,222	62,501	-	187,497	0.0%
8EVA	Vehicle - Additional Vehicle							304,349	-	
8EVR	Vehicle - Replacement							2,942,030	-	
8FCB	Bank Charges			10,200	624	5,000	3,252	-	3,750	0.0%
OVER	Overhead expenses	-	-	-	-	-	-	-	-	
	<b>Operating Expenses</b>	<b>1,830,033</b>	<b>2,802,755</b>	<b>1,617,393</b>	<b>2,946,342</b>	<b>4,839,143</b>	<b>2,914,487</b>	<b>9,794,648</b>	<b>2,877,708</b>	<b>340.4%</b>

Source: Department of Finance & Treasury

## Unbudgeted Items

Total expenses of unbudgeted items in the first quarter of 2018 was VT 8.6 million. This is a about 5.6 million more than in 2017 in the same period. Major unbudgeted expenses were from vehicle replacement 2.9 million, electricity utility VT 2.7 million, VAT VT 719,567, translation communication VT 501,398 and other fees VT 488,749.

Electricity utilities was overspent due to the NPP stored in period 12 but advanced to the quarter one period and expended, expenses is higher than the quarter one budget.



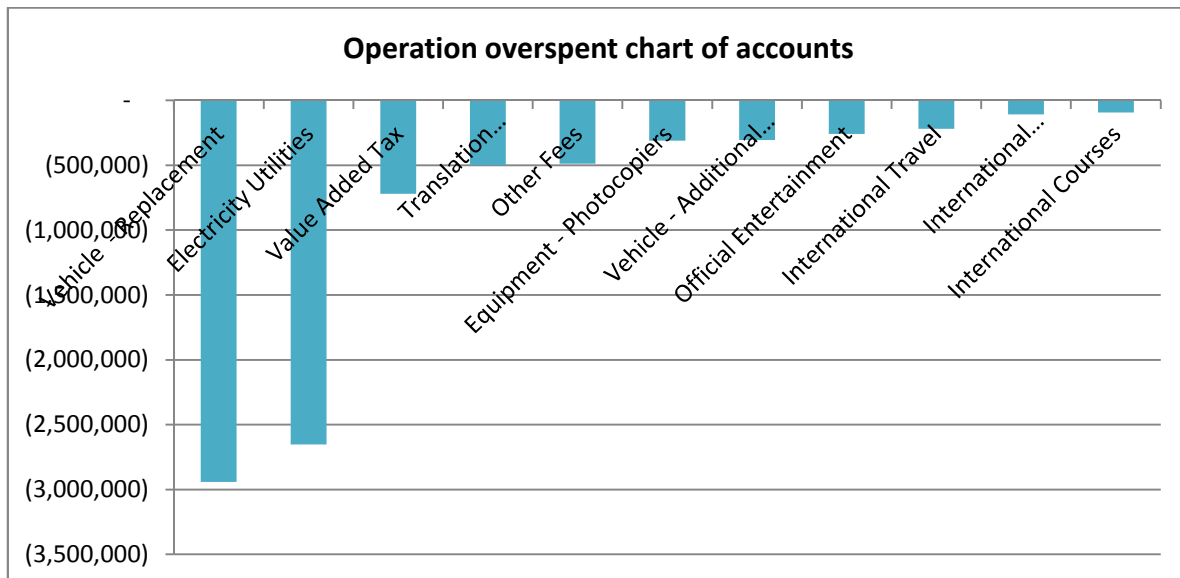
## Underspent Items

Total underspent in the first quarter of 2018 was VT 8.6 million. This is about VT 600,000 more than in 2017 in the same period. Major underspent expenses items were maintenance contract VT 427,358 and office furniture VT 187,497.

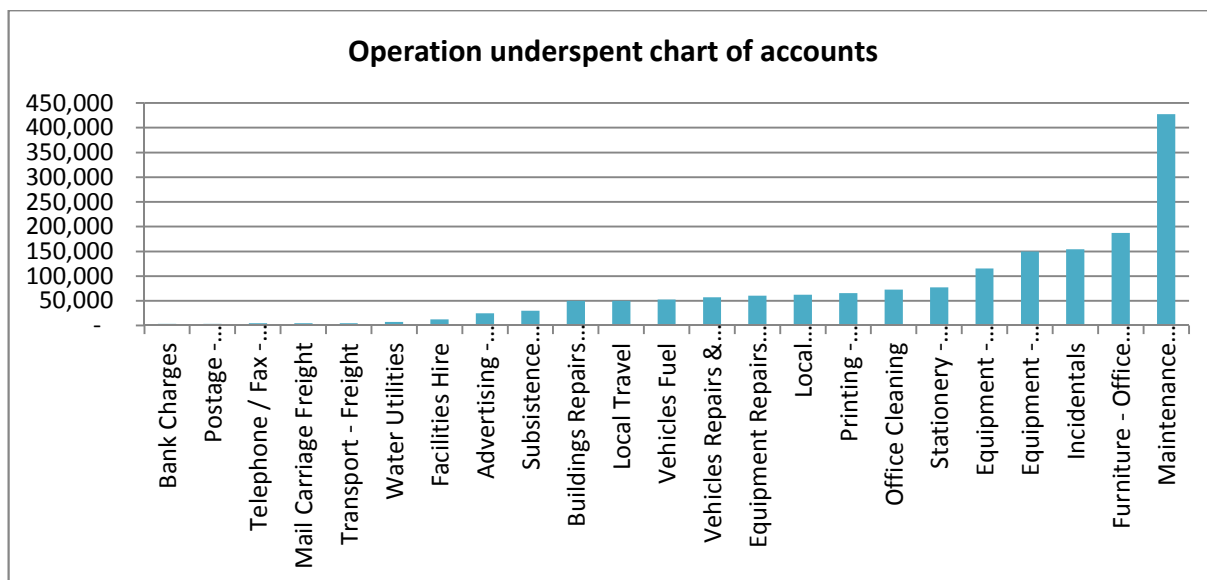
Local accommodation, mail and transport freight, facilities hire, stationaries, telephone, incidental Vehicle fuel, stationary and telephone chart of accounts continued to underspend since 2015.

SLO needs to budget according to expenditure trend.

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



**Figure 8: Operation under spent chart of accounts**



## REVENUE PLANNING AND MANAGEMENT

---

The SLO collected VT 11,025,190 of revenue in the first quarter of 2018 compared to VT 1,488,104 in the same period last year, 2017. SLO collected over VT10 million on honorary citizenship fee in the first quarter.

**Table 4: Revenue 2015-2018**

Year	Revenue	Budget	Over/(Under)	Cash Received
2015	(3,004,737)	349,998	(3,354,735)	757,901
2016	1,681,624	549,999	1,131,625	1,493,248
2017	1,542,855	574,998	967,857	1,488,104
2018	11,236,485	25,590,318	(14,353,833)	11,025,190

Source: Department of Finance & Treasury

SLO's annual revenue target for 2018 is VT 102,361,674 and had already collected 10.8 percent of the annual target.

## ASSET MANAGEMENT

---

The SLO asset budget for this quarter was only VT524,997 but had overspent by VT 3.1 million, spending on vehicle against no budget contributed to this overspent. SLO needs to check asset status before preparing budget.

## VIREMENT

---

There was no virement processed in the first quarter of 2018 and for the past 3 years in the same period.

## IMPREST MANAGEMENT

---

At the end of the first quarter of 2018, the SLO had a total of VT 346,000 outstanding imprest to retire.

**Table 5: Outstanding Imprests as of the first quarter of 2018.**

Department / Section	Amount Advanced	Amount Paid	Amount Outstanding
SLO	346,000	-	346,000
Total	346,000	-	346,000

Source: Department of Finance & Treasury