

CITIZENSHIP OFFICE

INTRODUCTION

The Citizenship's Office and Commission is a statutory entity of the government of the Republic of Vanuatu established by the Vanuatu Citizenship Act [Cap 112]. Its role covers:

- I. Consider and approve or differ or reject applications of Vanuatu citizenships
- II. Revoke a citizenship if it 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.

Its vision is to be recognised as a competent commission and it values strict legal compliance, quality delivery of service, effective leadership and integrity and diligence.

The commission's mission is to serve the people to the best of its abilities. In doing so, the Citizenship Commission ensures that the granting of Vanuatu citizenship to the applicants must be made in accordance with the relevant laws of the Republic of Vanuatu. The Mission for 2018 onwards:

- To enhance the efficiency of Citizenship Office in processing of applications
- Strict compliance of due diligence checking with all applicants
- Smooth line the procedures in issuing of certificates
- Better co-ordination with other governmental departments
- Protecting the integrity of Vanuatu Citizenship

The Citizenship Commission continues to carry out its core functions while at the same time raising government revenue through its various programs such as the Honorary Citizenship Program Fees, Honorary Citizenship Fees, Application charges recoveries and other minor fees. These fees account for more than a billion vatu annually. The current demand for honorary citizenship programs is increasing each year as the program is opened to other regions. The office is currently manned by 8 of 10 officers under the current organizational structure.

This first of three such report seeks to analyze and discuss major financial issues of the first quarter of 2019, relating to budgeting and spending of the office, revenue and transfer of funds.

SUMMARY OF KEY FINDINGS

Over the past two years the government has increased its financial support to the citizenship commission to strengthen its human capacity as well as ensuring a better service being provided by the office. As shown in table 1 below, the recurrent budget of 2018 doubles the 2017 figures from VT 18.7 million to VT 37.21 million, and fall slightly by 2 percent this year 2019. The increased recurrent budget now caters for recurring major operation and payroll expenses incurred to carry out its core mandate.

In the first three months of the year, the office forecasted to spend VT 7.45 million, however actual spending fall short by 29 percent. Table 2 outlines the budget verse expenditure for the

first quarter over the past three years, and analysis shows that the first quarter's budget is not constant over the three years showing a decline of half the 2017 quarter one budget. The recurrent budget rise up again this year to VT 7.45 million, while the actual expenditure remains constant over the past two years at VT 6 million, however records show a slight decrease of 2 percent in this year. In the first quarter of this year the office realised a saving of VT 1.6 million compared to an overspending of VT 2 million seen in the same period last year and a surplus of VT 1.79 in the first quarter of 2017.

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. The savings came mainly from unspent payroll budgets for mainly permanent wages and housing allowance. The operational budget also recorded a saving of VT 294,064 compared to a negative VT 2.9 million incurred in the same period last year.

The commission did not budget for several expenditure chart of accounts in the first three months of this year, such as office materials, official entertainment, office furniture, etc. however the value of unbudgeted expenditures has gone down due to better budgeting and spending.

Apart from the normal payroll expenditures, the office spend mainly on printing of certificates, office materials, office furniture and sitting allowances. These expenses increase as the demand for citizenship programs increases each year.

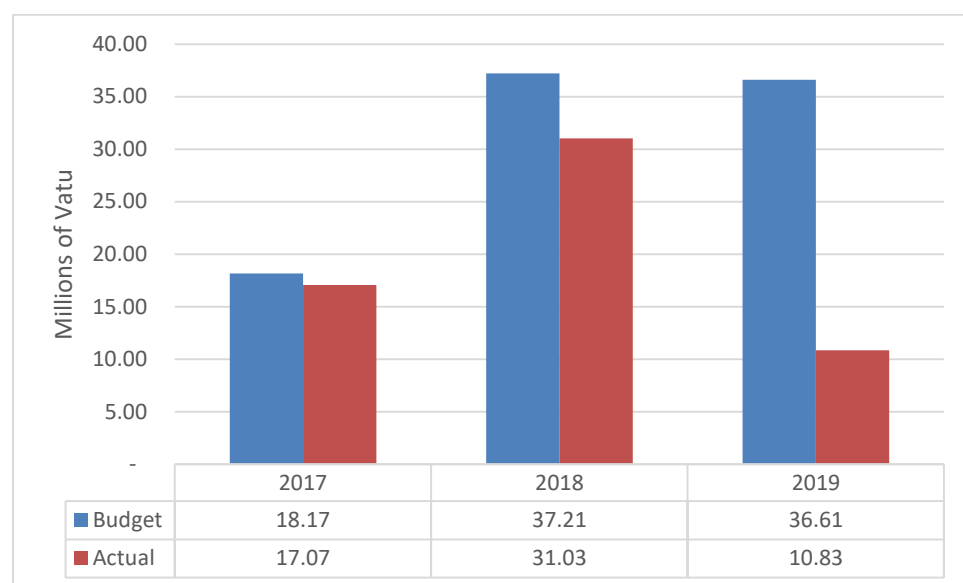
On the other hand, the Citizenship Commission is among the top revenue generating agency of the government, generating more than a billion vatu each year. Annual revenue always goes over the target and increasing each year. This year the commission forecasted to raise up to VT 4.47 billion compared to VT 2.62 billion last year and VT 2.1 billion in 2017. Analysis has shown that actual revenue received doubles the budgeted figure over the past two years. The Honorary citizenship fees being the major revenue activity has increase rapidly over the two years period from VT 371 million in 2017 to VT 2.4 billion this year, followed by other fees and application charges recoveries.

In the first quarter of this year, the office planned to raise VT 1.1 billion, however actuals went up to VT 2.4 billion which also means that 54 percent of the annual budgeted revenue for this year was collected in these first three months. It is very likely that the office will surpass its target for this year as seen in the previous years' records solely due to the increase in demand for honorary citizenship program.

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

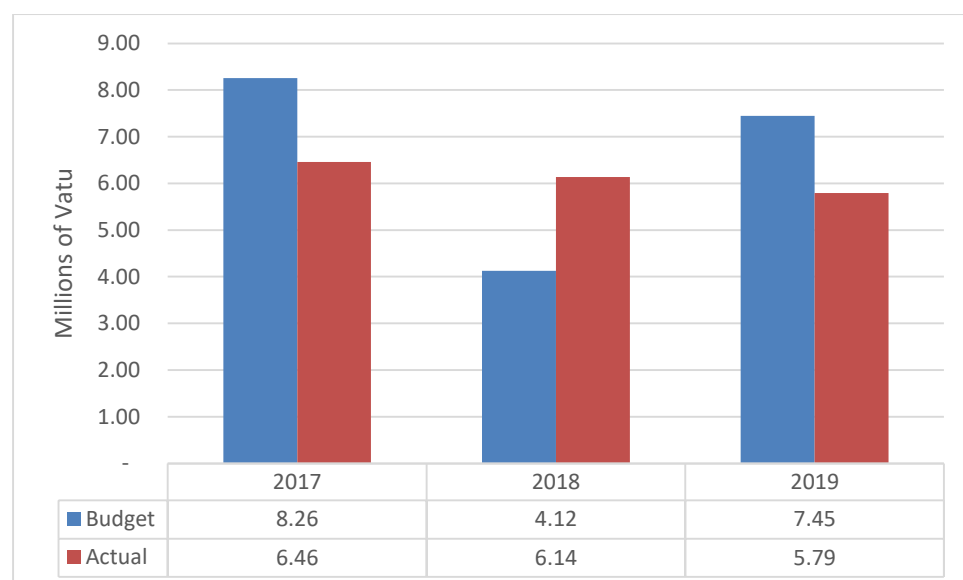
TABLES

TABLE 1: ANNUAL BUDGET VS EXPENDITURE FOR CITIZENSHIP OFFICE FOR THE YEAR 2017 TO 2019



Source: Finance & Treasury

TABLE 2: BUDGET VS EXPENDITURE FOR CITIZENSHIP OFFICE FOR THE FIRST QUARTER OF 2017 - 2019



Source: Finance & Treasury

**TABLE 3: EXPENDITURE FOR CITIZENSHIP OFFICE BY CHART OF ACCOUNTS FOR
QUARTER 1, 2019**

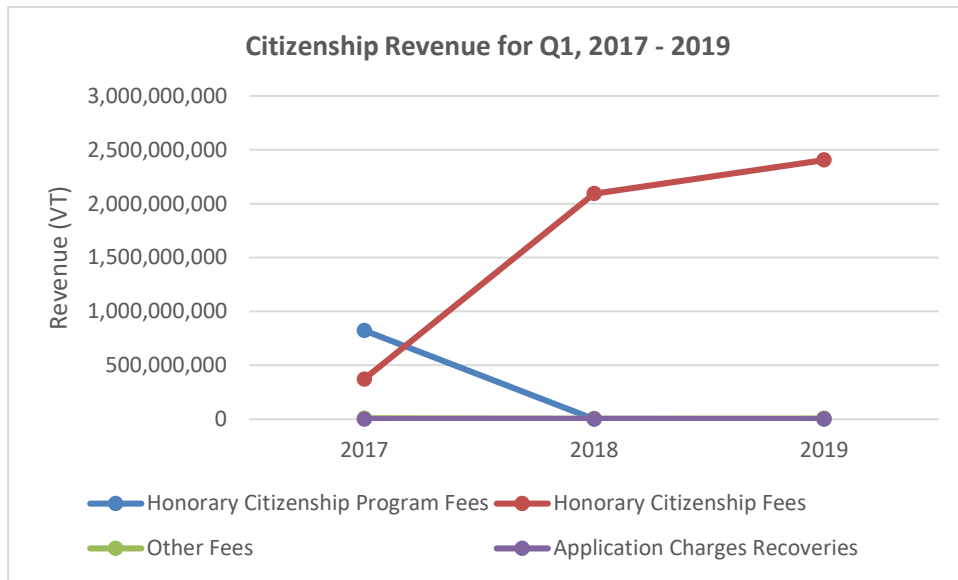
Account	Description	Total	Budget	Under/(Over)
	Personnel Expenses			
8AAB	Responsibility Allowance	51,750	-	(51,750)
8AAF	Family Allowance	21,712	88,614	66,902
8AAH	Housing Allowances	81,420	526,152	444,732
8ASP	Provident Fund	119,797	155,985	36,188
8AWD	Daily Rated Wages	-	-	-
8AWP	Permanent Wages	2,943,071	3,810,987	867,916
PAYR	Payroll expenses	-	-	-
	Personnel Expenses	3,217,750	4,581,738	1,363,988
	Operating Expenses			
8CAS	Sitting Allowances	167,825	600,000	432,175
8CFV	Vehicles Fuel	-	96,000	96,000
8CJO	Office Cleaning	-	75,000	75,000
8CKR	Printing - Communications	698,912	1,166,664	467,752
8CKS	Stationery - Communications	146,283	100,000	(46,283)
8CKT	Telephone / Fax - Communications	76,301	75,000	(1,301)
8CMO	Office - Materials	850,000	-	(850,000)
8COI	Incidentals	10,000	-	(10,000)
8COP	Official Entertainment	77,160	-	(77,160)
8CRB	Buildings Repairs & Maintenance	-	-	-
8CRE	Equipment Repairs & Maintenance	54,400	-	(54,400)
8CRV	Vehicles Repairs & Maintenance	-	-	-
8CSO	Other Suppliers	-	83,996	83,996
8CUE	Electricity Utilities	-	353,349	353,349
8CZV	Value Added Tax	358,445	16,689	(341,756)
8EEA	Equipment - Additional General	-	300,000	300,000
8EFO	Furniture - Office Furniture	134,640	-	(134,640)
8FCB	Bank Charges	(1,332)	-	1,332
OVER	Overhead expenses	-	-	-
	Operating Expenses	2,572,634	2,866,698	294,064
	Total Expenditure	5,790,384	7,448,436	1,658,052

Source: Finance & Treasury

TABLE 4: REVENUE FOR CITIZENSHIP OFFICE FOR QUARTER 1, 2019

Account	Description	Revenue	Budget	Over/(Under)	Annual Budget	% of Q1 Rev / Annual Budget
	Revenue					
7NFF	Honorary Citizenship Fees	2,405,327,035	1,113,162,921	1,292,164,114	4,452,669,500	54%
7NFO	Other Fees	7,040,662	4,892,979	2,147,683	19,572,000	36%
7NOA	Application Charges Recoveries	761,037	0	761,037	0	
	Revenue	2,413,128,734	1,118,055,900	1,295,072,834	4,472,241,500	54%
	Total Revenue and Receipts	2,413,128,734	1,118,055,900	1,295,072,834	4,472,241,500	54%

Source: Finance & Treasury



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