

PRIME MINISTERS OFFICE

Quarterly Expenditure Report

Quarter 1, 2019

Expenditure Section, Ministry of Finance and Economic Management

1. Summary of Analysis and Recommendations

Overview
<p>The Prime Minister office faces significant challenges with budget execution, and budget planning appears equally weak. Some adjustments are possible between payroll and operations and to cash flows on selected CoAs. Reprioritization between several CoAs, especially on the operational side, can be undertaken.</p>

Area	Recommendation
Expenditure Management and Planning	<ul style="list-style-type: none">• Prime minister Office to allow for an environment, where the budget can be executed• Prime minister Office to strengthen and tighten up budget execution to ensure optimal usage of public funds• Improve the planning for activities at the Prime minister Office to allow adequate budget to be allocated to these
Activity and Cost Centre Management and Planning	<ul style="list-style-type: none">• Reprioritize the budget according to average spending patterns over the past 3 years
Payroll Budget Management and Planning	<ul style="list-style-type: none">• Prime minister Office to adequately budget for payroll costs to allow for improved budget execution
Detailed Chart of Accounts Patterns in Payroll Expenditure Management and Planning	<ul style="list-style-type: none">• Prime minister Office to adequately implement all permanent vacancies that it plans to fill in the current budget year
Operations Budget Management and Planning	<ul style="list-style-type: none">• Adjust cash flow requirements for operational expenditures based on the average actual expenditure per month over the past years
Detailed Patterns in Operations Expenditure Management and Planning	<ul style="list-style-type: none">• For the next budget, adjust cash flow profiles of expenditures adequately based on average actual expenditures of the previous years for these months• For the next budget, reprioritise/reallocate funding across accounts based on average actual expenditures over the previous years

	<ul style="list-style-type: none"> • Reduce the significant budget for Incidentals and make sure to utilise adequate CoAs for expenditures incurred, unless absolutely necessary to code against Incidentals •
Virements	<ul style="list-style-type: none"> • Adjust payroll budget to cater for all permanent posts to abolish the need for virements from operations to payroll

2. Expenditure¹ Management and Planning

2.1. General Budget Management and Planning

2.1.1. Situation Report

In the first quarter of 2019, Prime minister Office has underspends its budget by VT 33.6 million with VT 154.2 million of expenditures (82% of its budget) ([Figure 1](#) and [Figure 2](#)). This marks a very significant under spending compared to the previous years. Over all three previous years, the Prime Minister Office budget was underspent by VT 10.8 million in 2018, overspent by VT41.1million in 2017 but underspends by VT6.7million in 2016. The budget for the first quarter increased to VT188.0 from VT157.3million in 2018, but remains higher than in 2017 with VT180.0million and VT139.1 million in 2016. In 2019, Q1 has a total of VT 5.4million of unbudgeted expenditures compared to between VT 3.8million and VT 25.1million over the past three years.

The split between operations and payroll expenditure and budget appears to be skewed towards payroll with between 43-68% of the budget for the first quarter allocated to it and similar amounts spent on it ([FIGURE 3](#)) from 42-53%.

2.1.2. Analysis

It is to be noted that the budget may be limited, but improved planning could still lead to significant efficiency gains in the usage of funds. It would be in the interest of Prime Minister Office leadership to push more for a move towards strong business planning.

Notably this year 2019 the trend of overspending in Q1 was broken with the highest underspending, compared to all years. While it is understandable that the Prime Minister Office requires sufficient funding to perform its duties, as the representative body of the people of Vanuatu, it should be leading by example for other government agencies.

2.1.3. Recommendations

- Prime minister Office to allow for an environment, where the budget can be executed
- Prime minister Office to strengthen and tighten up budget execution to ensure optimal usage of public funds
- Improve the planning for activities at the Prime minister Office to allow adequate budget to be allocated to these

¹ Note that Expenditure here includes Actual and Committed Expenditure.

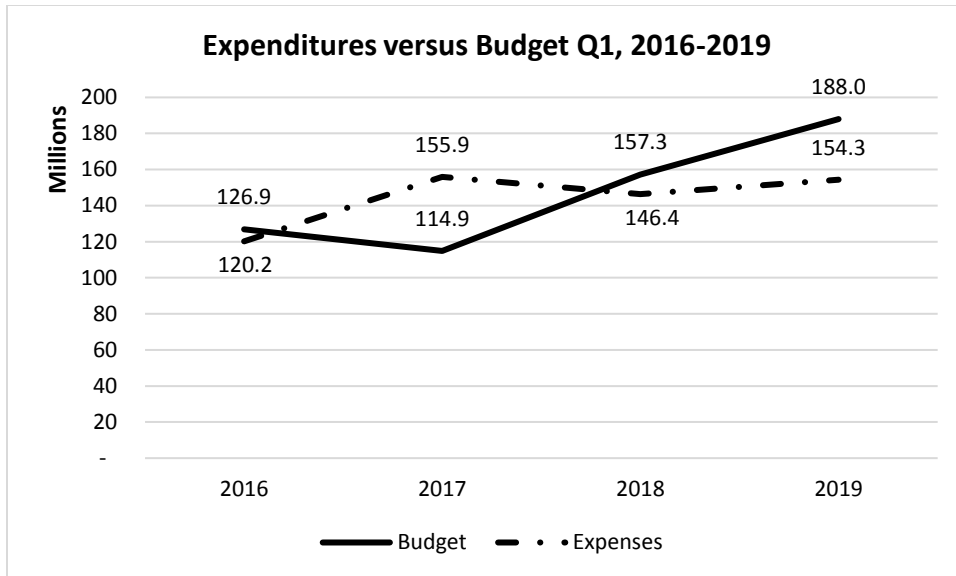


Figure 1 Expenditure versus Budget

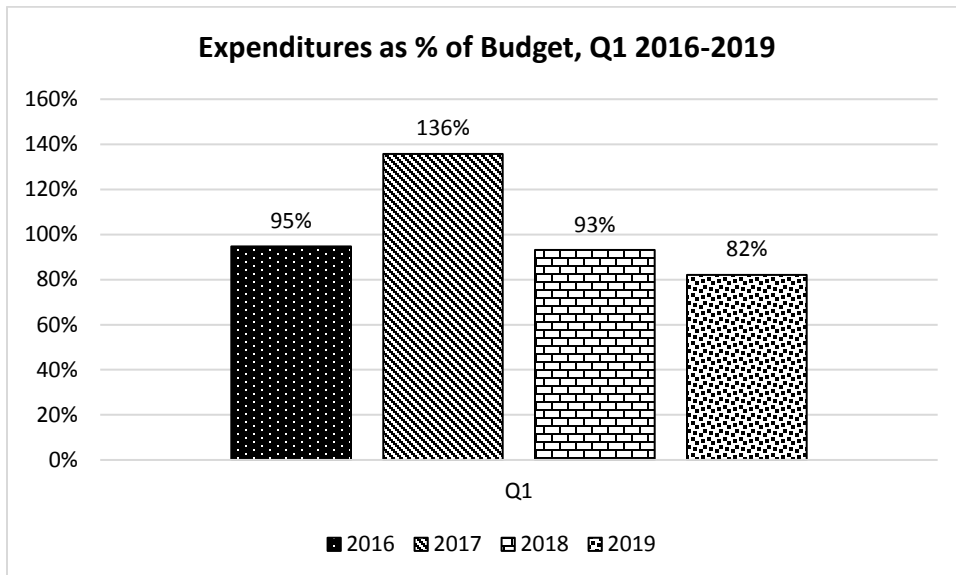


Figure 2 Expenditure as % of Budget by Quarter

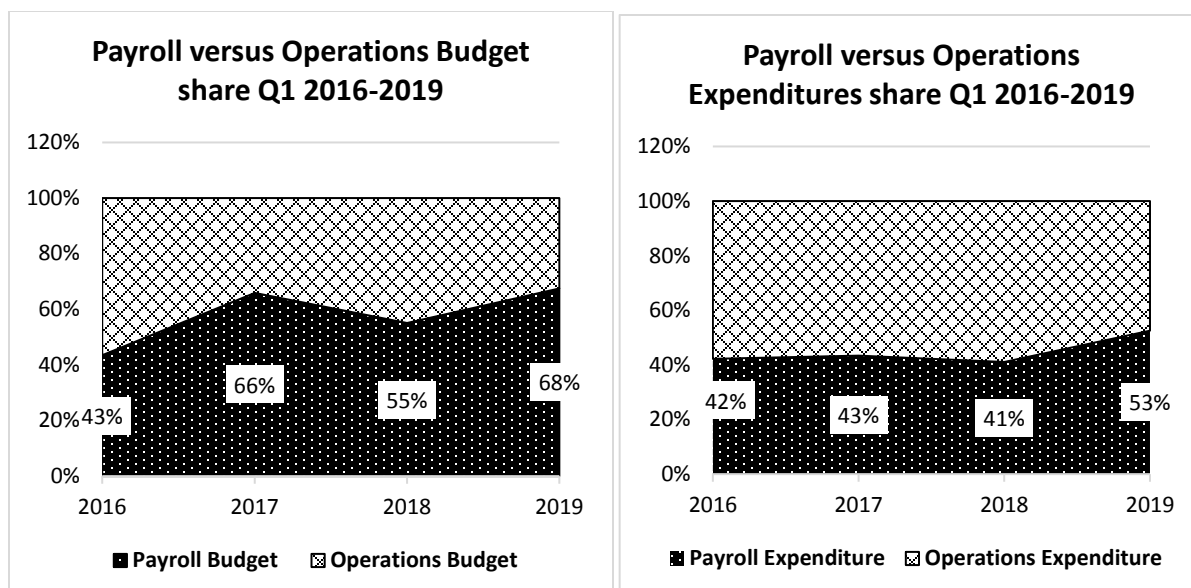


Figure 3 Payroll versus Operations Budget and Expenditures

2.2. Activity and Cost Centre Management and Planning

2.2.1. Situation Report

At the end of 2019 Q1, one out of seven activities across Prime Minister Office have overspent, namely MPB DG's office with VT26.1million (170%), (Table 1). The activity of CBD Corporate services overspent since 2017

Expenditure by Cost centre, Q1 2019										
Code	Description	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Expenditures as percentage of budget
		2016	2016	2017	2017	2018	2018	2019	2019	2019
M02	Prime Ministers Ministry									
MCB	Strategic Management									
09A	Policy Sectors	8,267,154	7,609,743	8,692,956	7,944,232	13,397,719	10,838,033	16,016,653	9,457,946	59%
09A	Aid Coordination Unit	2,634,164	1,271,751	2,549,751	1,731,536	881,081	-	5,415,360	3,372,135	62%
09A	Monitoring & Evaluation Unit	2,884,791	2,698,121	2,848,416	2,034,728	3,976,545	3,721,126	5,454,645	3,125,880	57%
09A	Travel			4,501,019	585,812	1,162,953	1,276,369	3,883,897	1,939,393	50%

10B A	Corporate Service			-	480,435					
56A A	Government Remuneration Tribunal	1,225,1 35	1,227,5 53	2,679,7 56	2,569,6 51	3,084,8 22	2,436,9 27	4,691,8 89	2,756,4 32	59%
MP DE	Government Remuneration Tribunal	1,225,1 35	1,227,5 53	2,679,7 56	3,050,0 86	3,084,8 22	2,436,9 27	4,691,8 89	2,756,4 32	59%
MP D	Special Commissions	1,225,1 35	1,227,5 53	2,679,7 56	3,050,0 86	3,084,8 22	2,436,9 27	4,691,8 89	2,756,4 32	59%
MP E	Information, Communication and Technology Policy and Administration									
57A A	Administration & Operations	54,141, 856	53,661, 749	32,351, 884	58,604, 394	40,152, 154	38,748, 855	41,877, 983	34,317, 306	82%
57A B	IP Network and Communication	15,210, 075	15,155, 937	9,343,5 76	13,375, 627	4,216,9 91	4,207,2 42	7,906,2 45	7,401,0 37	94%
57A C	Management Information System					11,924, 979	6,067,7 02	6,724,9 79	4,391,4 84	65%
57A D	Transmission Network					10,664, 424	6,855,6 56	8,789,4 29	8,453,0 55	96%
57A E	Policy and Compliance					5,084,9 80	4,554,3 14	4,109,9 82	2,914,8 29	71%
57A F	Desktop and User Support					1,668,7 44	74,987	1,335,0 00	893,227	67%
MP EA	Information, Communication and Technology Policy and Administration	69,351, 931	68,817, 686	41,695, 460	71,980, 021	73,712, 272	60,508, 756	70,743, 618	58,370, 938	83%
MP E	Information, Communication and Technology Policy and Administration	69,351, 931	68,817, 686	41,695, 460	71,980, 021	73,712, 272	60,508, 756	70,743, 618	58,370, 938	83%
MP G	Parliamentary Secretariat									
50A A	Parliamentary Secretariat	3,425,4 53	3,311,0 13	6,339,5 90	16,291, 974	4,672,6 16	4,512,3 72	8,292,0 01	5,468,5 70	66%
50A B	Parliamentary Secretary - MoIA			3,010,4 13	-	-	-			
50A C	Parliamentary Secretary - MoE			3,010,4 13	177,906	-	-			
50A D	Parliamentary Secretary - MoALFFB			3,044,3 37	-	-	-			
MP GA	Parliamentary Secretariat	3,425,4 53	3,311,0 13	15,404, 753	16,469, 880	4,672,6 16	4,512,3 72	8,292,0 01	5,468,5 70	66%
MP G	Parliamentary Secretariat	3,425,4 53	3,311,0 13	15,404, 753	16,469, 880	4,672,6 16	4,512,3 72	8,292,0 01	5,468,5 70	66%
M0 2	Prime Ministers Ministry	126,862 ,756	120,190 ,434	114,872 ,780	155,934 ,027	157,251 ,106	146,404 ,474	187,978 ,452	154,297 ,270	82%

	Grand Total	126,862 ,756	120,190 ,434	114,872 ,780	155,934 ,027	157,251 ,106	146,404 ,474	187,978 ,452	154,297 ,270	82%
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TABLE 1).

2.2.2. Analysis

The same trends of overspending appear to occur on a very regular basis at the Prime Minister Office. The Prime Minister Office should consider to make changes to its budget to reflect savings incurred under activities to cover higher spending in other quarters.

2.2.3. Recommendations

- Reprioritize the budget according to average spending patterns over the past 3 years.

Expenditure by Cost centre, Q1 2019										
Code	Description	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Expenditures as percent age of budget
		2016	2016	2017	2017	2018	2018	2019	2019	2019
M02	Prime Ministers Ministry									
MCB	Strategic Management									
09AA	Policy Sectors	8,267,154	7,609,743	8,692,956	7,944,232	13,397,719	10,838,033	16,016,653	9,457,946	59%
09AB	Aid Coordination Unit	2,634,164	1,271,751	2,549,751	1,731,536	881,081	-	5,415,360	3,372,135	62%
09AC	Monitoring & Evaluation Unit	2,884,791	2,698,121	2,848,416	2,034,728	3,976,545	3,721,126	5,454,645	3,125,880	57%
09AD	Travel			4,501,019	585,812	1,162,953	1,276,369	3,883,897	1,939,393	50%
52AA	Vanuatu Project Management Unit (VPMU)	6,069,446	4,202,456	6,217,175	7,092,150	7,978,730	6,594,923	10,774,419	7,025,383	65%
MCBA	Strategic Management	19,855,555	15,782,071	24,809,317	19,388,458	27,397,028	22,430,451	41,544,974	24,920,737	60%
MCB	Strategic Management	19,855,555	15,782,071	24,809,317	19,388,458	27,397,028	22,430,451	41,544,974	24,920,737	60%
MPA	Office of the Prime Minister									
10AA	Cabinet	15,138,882	14,496,090	12,851,857	15,044,257	18,789,076	20,975,655	30,193,104	23,309,741	77%
10AC	International Travel	-	1,131,809	-	11,289,758	-	8,769,817	-	1,892,017	
10BD	Entertainment Fund	750,000	741,650	720,000	974,020	600,000	460,000	1,351,396	1,063,750	79%
10BF	Local Travel	426,250	364,700	409,200	542,100	341,000	227,049	921,562	766,125	83%
MPAA	Administration & Coordination of Government Programmes	16,315,132	16,734,249	13,981,057	27,850,135	19,730,076	30,432,521	32,466,062	27,031,633	83%
MPA	Office of the Prime Minister	16,315,132	16,734,249	13,981,057	27,850,135	19,730,076	30,432,521	32,466,062	27,031,633	83%
MPB	Director General's Office									
42AA	PMO Corporate Services	6,181,002	6,228,304	6,005,682	5,850,812	18,113,123	13,849,879	15,325,117	9,134,901	60%

42AB	Utilities	1,250,000	525,836	1,200,000	2,240,980	1,400,000	886,685	-	16,438,989	
42AC	Community Development Fund	2,500,000	1,876,995	2,400,000	3,515,921	-	6,449,841	-	432,000	
MPBA	Corporate Services	9,931,002	8,631,135	9,605,682	11,607,713	19,513,123	21,186,405	15,325,117	26,005,890	170%
MPB	Director General's Office	9,931,002	8,631,135	9,605,682	11,607,713	19,513,123	21,186,405	15,325,117	26,005,890	170%
MPC	Language Services									
18AA	Language Services	4,256,239	3,673,822	4,125,921	3,511,890	7,138,884	4,062,187	14,077,098	8,629,214	61%
18CA	Administration	2,502,309	2,012,905	2,570,834	2,075,844	2,002,285	834,855	837,693	1,113,856	133%
MPCA	Language Services	6,758,548	5,686,727	6,696,755	5,587,734	9,141,169	4,897,042	14,914,791	9,743,070	65%
MPC	Language Services	6,758,548	5,686,727	6,696,755	5,587,734	9,141,169	4,897,042	14,914,791	9,743,070	65%
MPD	Special Commissions									
10BA	Corporate Service			-	480,435					
56AA	Government Remuneration Tribunal	1,225,135	1,227,553	2,679,756	2,569,651	3,084,822	2,436,927	4,691,889	2,756,432	59%
MPDE	Government Remuneration Tribunal	1,225,135	1,227,553	2,679,756	3,050,086	3,084,822	2,436,927	4,691,889	2,756,432	59%
MPD	Special Commissions	1,225,135	1,227,553	2,679,756	3,050,086	3,084,822	2,436,927	4,691,889	2,756,432	59%
MPE	Information, Communication and Technology Policy and Administration									
57AA	Administration & Operations	54,141,856	53,661,749	32,351,884	58,604,394	40,152,154	38,748,855	41,877,983	34,317,306	82%
57AB	IP Network and Communication	15,210,075	15,155,937	9,343,576	13,375,627	4,216,991	4,207,242	7,906,245	7,401,037	94%
57AC	Management Information System					11,924,979	6,067,702	6,724,979	4,391,484	65%
57AD	Transmission Network					10,664,424	6,855,656	8,789,429	8,453,055	96%
57AE	Policy and Compliance					5,084,980	4,554,314	4,109,982	2,914,829	71%
57AF	Desktop and User Support					1,668,744	74,987	1,335,000	893,227	67%

MPEA	Information, Communication and Technology Policy and Administration	69,351,931	68,817,686	41,695,460	71,980,021	73,712,272	60,508,756	70,743,618	58,370,938	83%
MPE	Information, Communication and Technology Policy and Administration	69,351,931	68,817,686	41,695,460	71,980,021	73,712,272	60,508,756	70,743,618	58,370,938	83%
MPG	Parliamentary Secretariat									
50AA	Parliamentary Secretariat	3,425,453	3,311,013	6,339,590	16,291,974	4,672,616	4,512,372	8,292,001	5,468,570	66%
50AB	Parliamentary Secretary - MoIA			3,010,413	-	-	-			
50AC	Parliamentary Secretary - MoE			3,010,413	177,906	-	-			
50AD	Parliamentary Secretary - MoALFFB			3,044,337	-	-	-			
MPGA	Parliamentary Secretariat	3,425,453	3,311,013	15,404,753	16,469,880	4,672,616	4,512,372	8,292,001	5,468,570	66%
MPG	Parliamentary Secretariat	3,425,453	3,311,013	15,404,753	16,469,880	4,672,616	4,512,372	8,292,001	5,468,570	66%
M02	Prime Ministers Ministry	126,862,756	120,190,434	114,872,780	155,934,027	157,251,106	146,404,474	187,978,452	154,297,270	82%
	Grand Total	126,862,756	120,190,434	114,872,780	155,934,027	157,251,106	146,404,474	187,978,452	154,297,270	82%

Table 1 Expenditure and Budget by CC

2.3. Payroll Budget Management and Planning

2.3.1. Situation Report

At the end of Q1 2019, the payroll underspends its budget by VT 45.7 million with VT 81.1 million expended against its budget (Figure 4). This is a spending of 64% of the allocated budget for this period (Figure 5). Notably the payroll budget for 2019 Q1 has the highest spending than in all previous years and incurred savings of 36% of its budget and 2016 also made savings of VT3.7million. At the current rate of expenditure, it is estimated that the payroll for the Prime Minister Office will likely to come under budget by the end of the year.

2.3.2. Analysis

The Prime Minister Office is consistently over budgeting its payroll. This then leads to underspending and incurred savings at the end of Q1 2019. As such, this is a hindrance to adequate execution of the operations budget as well.

2.3.3. Recommendations

- Prime minister Office to adequately budget for payroll costs to allow for improved budget execution

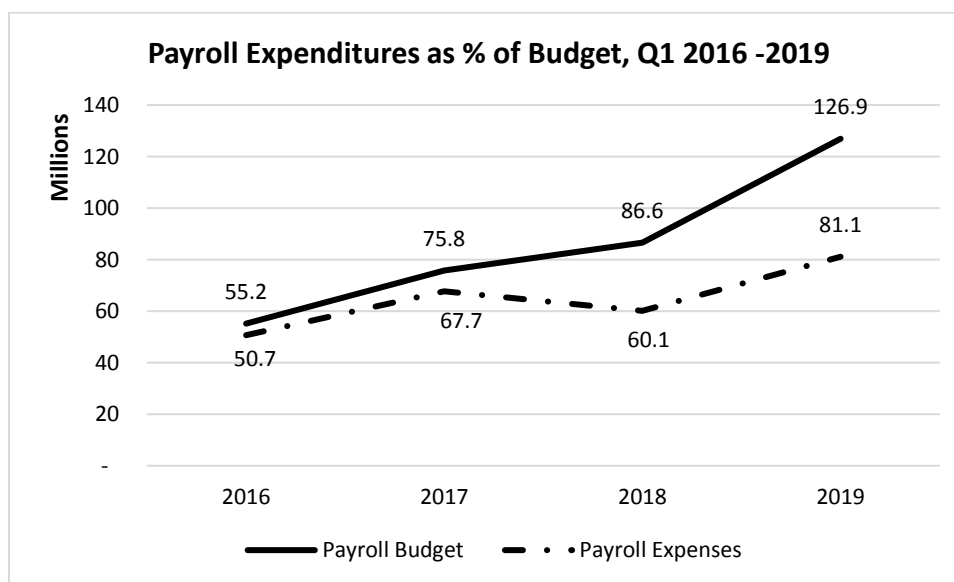


Figure 4 Total Payroll Expenditure versus Budget

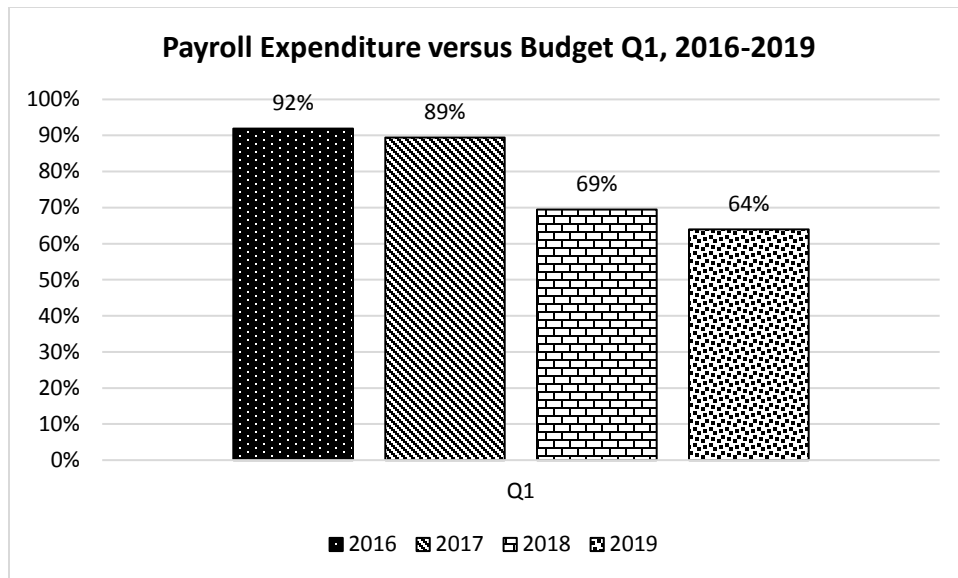


Figure 5 Total Payroll Expenditure as % of Budget by Quarter

2.4. Detailed Chart of Accounts Patterns in Payroll Expenditure Management and Planning

2.4.1. Situation Report

Looking in more detail at the payroll charts of accounts, a number of persisting and significant issues can be identified (see [FIGURE 6](#), [FIGURE 7](#) and **Error! Reference source not found.**).

(1). Overspendings

Housing allowances overspends by VT8.2million, Home island passage allowances overspends by VT0.7million. Contract wages overspends at VT0.8million and leave wages overspends at VT4million.

(2). Underspending

There is substantial savings of VT1million on permanent wages and this could lead to planned recruitments not implemented. Other allowances underspends by VT0.6million, overtime wages at VT0.5million and provident fund at VT0.2million.

2.4.2. Recommendations

- Prime minister Office to adequately implement all permanent vacancies that it plans to fill in the current budget year

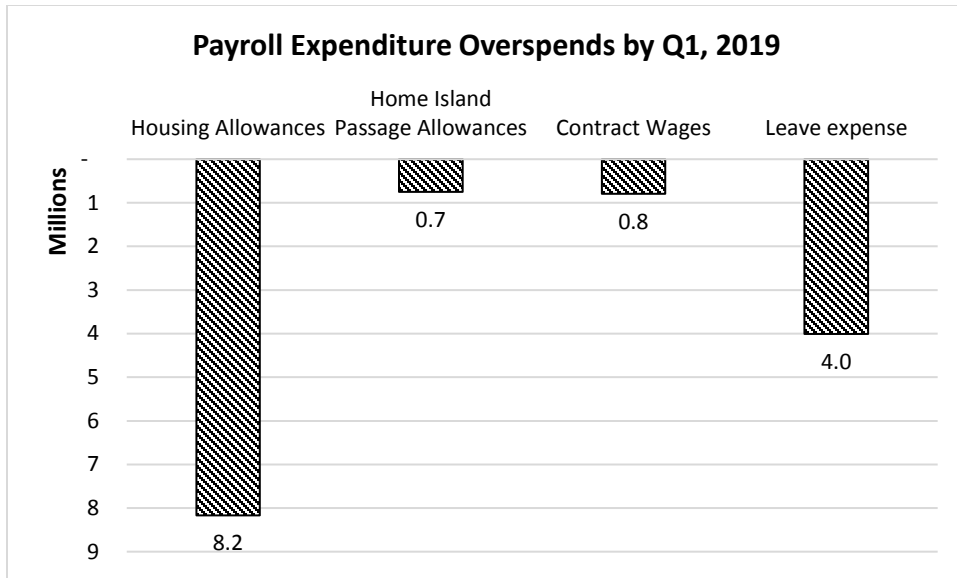


Figure 6 Major Payroll Overspend by CoA

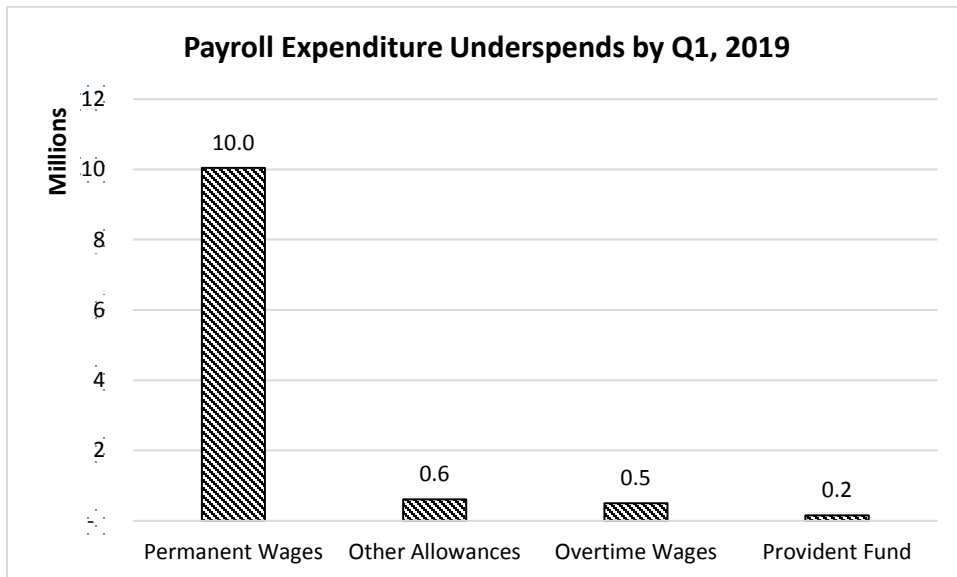


Figure 7 Major Payroll Underspend by CoA

Payroll Expenditures Q1, 2016-2019									
Account	Description	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
		2016	2016	2017	2017	2018	2018	2019	2019
	Personnel Expenses								
8AAA	Acting Allowances	439,219	-	1,443,866	226,146	898,286	168,453	4,678,857	346,155
8AAB	Responsibility Allowance	168,360	-	270,100	23,076	13,000	-		
8AAC	On-Call Allowance			396,010	-	271,128	-	381,537	-
8AAF	Family Allowance	478,308	1,056,277	480,159	1,214,133	23,920	984,288	478,712	55,386
8AAG	Gratuitie Allowances	909,691	-	915,354	-				
8AAH	Housing Allowances	6,809,348	6,718,947	11,642,470	9,866,361	607,612	7,309,599	8,919,398	747,693
8AAO	Other Allowances	16,230	137,893	265,246	384,222	-	961,146	80,960	692,307
8AAP	Home Island Passage Allowances	237,007	375,505	238,378	373,302	624,173	293,169	888,289	138,462
8AAS	Special Allowances	-	212,683	216,666	-	318,000	-	30,000	-
8ASP	Provident Fund	1,679,072	1,743,624	2,254,942	1,970,637	2,182,186	2,019,177	2,641,607	2,794,749
8AWC	Contract Wages	1,305,765	-	2,059,055	-	430,322	12,533,724	793,016	-
8AWD	Daily Rated Wages	-	156,035	695,718	303,258	-	-		
8AWL	Leave expense	1,365,895	-	326,238	-	985,626	-	4,007,253	-
8AWO	Overtime Wages	71,071	114,521	343,471	-	185,536	-	95,275	600,000
8AWP	Permanent Wages	37,205,747	41,913,133	46,183,736	47,115,204	53,595,187	35,831,829	58,134,763	68,174,886
PAYR	Payroll expenses	-	2,746,581	-	14,281,171	-	26,469,848	-	53,368,117
	Personnel Expenses	50,685,713	55,175,199	67,731,409	75,757,510	60,134,976	86,571,233	81,129,667	126,917,755

Table 2 Payroll Expenditure by CoA

2.5. Operations Budget Management and Planning

2.5.1. Situation Report

For the first quarter of 2019, total expenditure on operations overspent its budget by VT 12.1 million against a budget of VT 61.1 million ([Figure 8](#)). Thus, 120% of its budget was expended so far ([Figure 9](#)). This time operational expenditures has seen decreased of overspending from the VT15.5million in 2018 and VT49.1million in 2017. 2016 saw an underspending of VT2.1million.

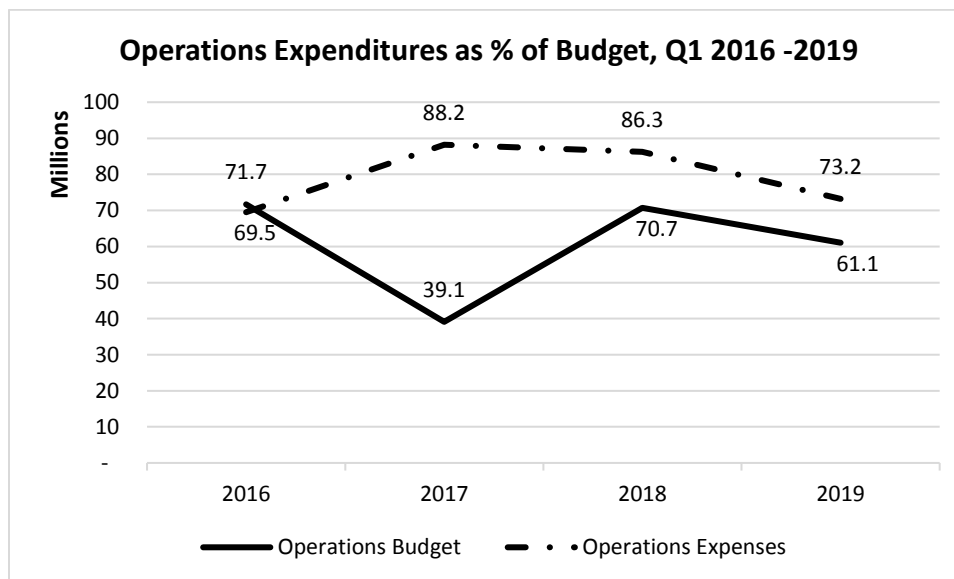
2.5.2. Analysis

The overspending in Q1 2019 continued since Q1, 2017 at the Prime Minister Office. Heightened activities are expected to occur, as indicated by the overspending in Q1, over future months.

Given that in the previous two years operations expenditures came in under budget at the end of the year except in year 2017, it can be assumed that this is a rather a cash flow issue than a budget issue.

2.5.3. Recommendations

- Adjust cash flow requirements for operational expenditures based on the average actual expenditure per month over the past years



[Figure 8](#) Total Operations Expenditures versus Budget

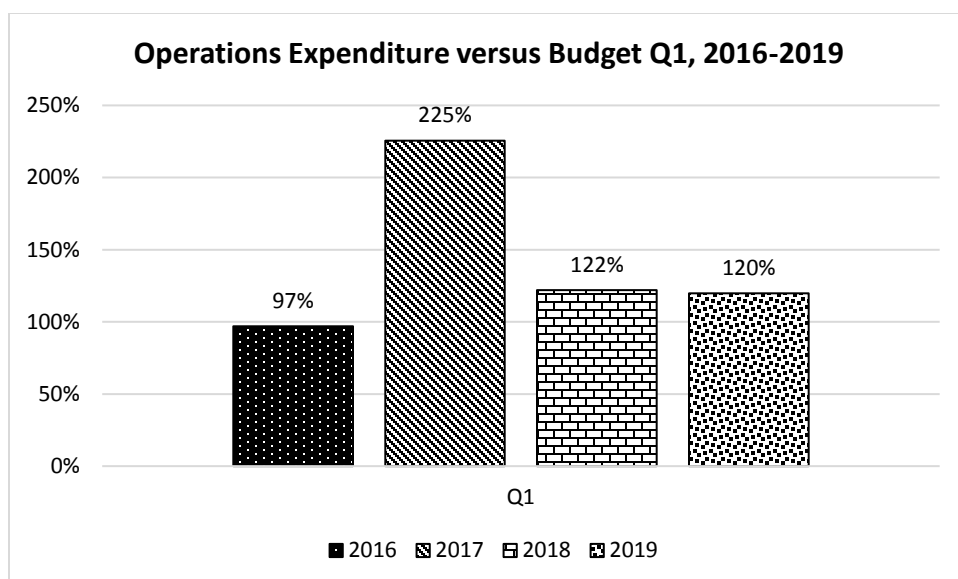


Figure 9 Total Operations Expenditures as % of Budget by Quarter

2.6. Detailed Patterns in Operations Expenditure Management and Planning

2.6.1. Situation Report

Looking in more detail at the operations charts of accounts, a number of persisting and significant issues can be identified (see [Figure 10](#), [Figure 11](#) and

Operations Expenditure Q1, 2016-2019										
	Description	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Under/(Over)
		2016	2016	2017	2017	2018	2018	2019	2019	2019
	Operating Expenses									
8CAB	Subsistence Allowances	3,705,000	991,387	6,240,000	982,498	6,840,000	3,015,105	5,448,000	2,807,992	194%
8CAF	Food Allowances			5,000	-					
8CAS	Sitting Allowances	-	84,999	20,000	124,999	-	100,000	(80,000)	190,000	-42%
8CBI	International Accommodation	525,000	324,999	2,964,551	325,000	3,270,537	991,999	1,406,500	1,124,997	125%
8CBL	Local Accommodation	-	287,499	625,644	262,500	80,000	575,847	306,405	495,116	62%
8CCI	International Courses	457,940	749,997	1,678,790	500,000	812,565	1,399,998	1,070,975	1,394,993	77%
8CCL	Local Courses	42,035	124,998	96,490	37,501	21,101	110,000	-	569,996	0%
8CEC	Consultants Fees	1,266,605	2,499,990	1,515,500	5,149,977	(1,069,044)	4,770,000	3,801,524	24,999	15207%
8CEM	Software Maintenance Fees	6,160,737	12,499,950			2,701,242	5,499,978	54,138	3,775,714	1%
8CEO	Outsourcing Contracts	1,076,416	274,998	201,906	374,999	(1,336,264)	-	186,000	60,161	309%
8CES	Security Services	589,680	249,999	450,000	651,048	-	249,999	2,709,076	431,001	629%

8CE T	Other Fees	8,251,127	2,499,990	17,189,268	-	(34,179)	425,000	39,691	125,000	32%
8CF O	Freight Fuel	191,378	12,501	-	50,001	96,517	-	1,576,787	1,108,306	142%
8CF V	Vehicles Fuel	1,024,957	2,133,328	1,111,375	1,153,500	1,254,783	1,186,500	438,068	599,998	73%
8C GO	Other Charges - Freight	222,889	2,499	-	120,000	19,067	-	-	-	
8C GR	Transport - Freight	1,002,213	649,998	136,524	358,499	778,705	624,996	200,000	-	
8C GS	Storage - Freight					83,816	-			
8C HL	Local Medical Treatment	44,309	120,000	1,518,000	75,001	216,283	125,001	50,316	177,998	28%
8CI E	Equipment Hire	133,885	25,000							
8CI F	Facilities Hire	80,422	25,000	162,444	144,999	330,377	124,999	79,909	86,956	92%
8CI V	Vehicles Hire	1,184,235	375,000	(154,758)	375,000	-	224,998	-	100,000	0%
8CJ O	Office Cleaning	318,514	284,721	368,654	275,974	98,160	339,685	189,505	291,739	65%
8CK D	Advertising - Communications	269,326	371,389	273,788	250,387	507,936	412,996	284,178	380,192	75%
8CK I	Internet and Satellite Communications	1,216,118	-	5,257,839	-	4,258,859	6,222,529	4,470,182	7,049,988	63%
8CK L	Translation Communications	-	-							
8CK P	Postage - Communications	79,201	39,224	46,155	24,221	20,869	16,276	5,870	15,490	38%
8CK R	Printing - Communications	158,262	339,499	(828,821)	126,399	130,542	551,920	371,090	112,400	330%
8CK S	Stationery - Communications	630,646	1,074,443	854,406	1,035,553	996,097	1,151,981	803,224	915,161	88%
8CK T	Telephone / Fax - Communications	6,571,152	9,262,661	6,889,815	5,672,217	7,125,441	4,303,539	6,340,909	3,449,129	184%
8CL S	Survey Cost - Land					25,000	-			
8C MG	General - Materials	2,645,392	249,999	1,301,221	1,249,995	1,163,421	874,998	1,856,156	595,000	312%
8C MO	Office - Materials	8,356	250,000	-	72,000	1,381,668	72,000	-	23,400	0%
8C NO	Office Rental	1,253,008	2,489,991	1,493,325	2,374,996	851,336	2,374,996	140,000	100,000	140%
8C NT	Other Rental	1,089,559	375,000	579,167	251,439	88,889	251,439	-	80,000	0%
8C OE	Terminal Payments	-	1,251							
8C OF	Refunds	22,117	375,000	34,485	250,000	159,212	50,001	1,436,450	80,000	1796%
8C OG	Government Contributions	983,111	-	-	240,000					
8C OI	Incidentals	366,096	720,626	3,030,619	2,398,308	11,133,087	1,174,247	5,732,629	761,750	753%
8C OM	Medals							-	-	
8C OO	International Organisation Fees	-	1,999,992			-	1,209,996	-	1,209,996	0%
8C OP	Official Entertainment	2,159,959	1,522,835	4,222,305	839,221	953,772	1,065,333	1,761,593	737,827	239%
8C OT	Termination Payment			1,251,638	115,722	-	-	-	249,999	0%
8C OU	Uniforms	528,743	249,999	60,289	108,500	265,324	124,998	129,784	60,101	216%

8CR B	Buildings Repairs & Maintenance	799,274	158,601	1,324,302	158,601	211,966	50,001	1,302,742	124,998	1042 %
8CR E	Equipment Repairs & Maintenance	2,261,201	1,435,229	1,521,529	1,067,218	2,848,666	2,084,768	2,506,354	2,066,950	121 %
8CR H	Houses Repairs & Maintenance			10,234	-					
8CR M	Maintenance Contrac	13,436	4,701,660	520,471	4,446,762	-	4,999,980	-	3,499,986	0%
8CR R	Roads Repairs & Maintenance			-	-					
8CR V	Vehicles Repairs & Maintenance	1,318,731	1,260,777	310,945	860,777	321,999	890,623	575,359	715,868	80%
8CR W	Vehicle Servicing	23,542	-			(78,640)	-			
8CS F	Food - Suppliers			125,557	-	19,000	-	-	-	
8CS M	Medicines Suppliers	707	-	1,495	-					
8CS O	Other Suppliers			32,898	-					
8CT I	International Travel	1,633,805	1,249,995	4,156,252	967,998	8,024,954	2,369,989	(1,730,812)	2,364,893	-73%
8CT L	Local Travel	3,273,658	2,494,435	4,888,590	2,334,775	333,081	2,029,006	1,759,411	1,448,690	121 %
8C UC	Gas - Cooking Utilities	3,200	25,000	-	24,999	-	60,000	33,157	17,392	191 %
8C UE	Electricity Utilities	4,506,898	4,303,426	7,598,886	4,942,950	10,630,391	4,551,987	12,906,760	3,136,955	411 %
8C UW	Water Utilities	14,506	163,777	2,295	164,077	534,318	141,409	737,030	57,282	1287 %
8C WL	Local Workshops					80,889	375,000			
8CY S	Rescue Emergency	400,000	-			-	499,998	-	249,999	0%
8CZ V	Value Added Tax	4,563,702	3,978,314	5,076,990	3,645,818	7,674,514	3,685,055	6,425,767	3,461,061	186 %
8D NO	Other Non Profit Institution	-	2,222,222	150,000	240,000					
8DS S	Shipping Subsidy					1,448,543	-			
8EB R	Buildings - Renovation					834,489	-			
8EE A	Equipment - Additional General	2,152,784	3,746,300	1,172,688	4,711,892	1,444,612	402,000	284,254	889,130	32%
8EE C	Equipment - Computer	891,019	1,507,673	2,258,344	785,886	7,425,630	2,073,522	2,064,783	1,474,171	140 %
8EE P	Equipment - Photocopiers	213,333	-							
8EE S	Equipment - Specialised	2,993,371	-	367,509	-	47,570	6,114,459	4,538,105	5,864,439	77%
8EE T	Equipment - Computer Software Purchases	-	499,998	-	250,000	-	50,001	7,333	-	
8EF O	Furniture - Office Furniture	124,166	376,389	41,347	288,891	195,482	250,002	906,901	342,147	265 %
8EI O	Infrastructure - Other	15,000	-							
8EI W	Infrastructure - Water Supply					-	-			
8EV A	Vehicle - Additional Vehicle			-	-	-	-			
8EV R	Vehicle - Replacement			-	-	1,036,615	-	-	-	
8FC B	Bank Charges	44,000	24,999	46,667	24,999	10,300	24,999	41,500	20,000	208 %

OV ER	Overhead expenses	-	-	-	(11,770, 827)	-	405,720	-	6,141,33 7	0%
	Operating Expenses	69,504,72 1	71,687,5 57	88,202,61 8	39,115,2 70	86,269,49 8	70,679,87 3	73,167, 603	61,060,6 97	120 %
	Total Expenditure	120,190,4 34	126,862, 756	155,934,0 27	114,872, 780	146,404,4 74	157,251,1 06	154,297 ,270	187,978, 452	82%

TABLE 3)

(1). Overspendings

Electricity overspends by VT9.8million, Incidental by VT5million, consultant fees by VT3.8million, value added tax by VT3million and telephone/fax communications by VT2.9million.

(2). Underspending

A number of CoAs incurred underspending. Internet and satellite communications by a substantial VT2.6million. Maintenance contract by VT3.5million. Software maintenance fee by VT3.7million. International travel at VT 4.1million and equipment specialized at VT1.3million.

2.6.2. Analysis

Overspending and likewise underspending on most CoAs appears that reprioritization of expenditures and adjustment of cash flow are necessary steps to be taken to aid budget execution.

2.6.3. Recommendation

- For the next budget, adjust cash flow profiles of expenditures adequately based on average actual expenditures of the previous years for these months
- For the next budget, reprioritise/reallocate funding across accounts based on average actual expenditures over the previous years
- Reduce the significant budget for Incidentals and make sure to utilise adequate CoAs for expenditures incurred, unless absolutely necessary to code against Incidentals

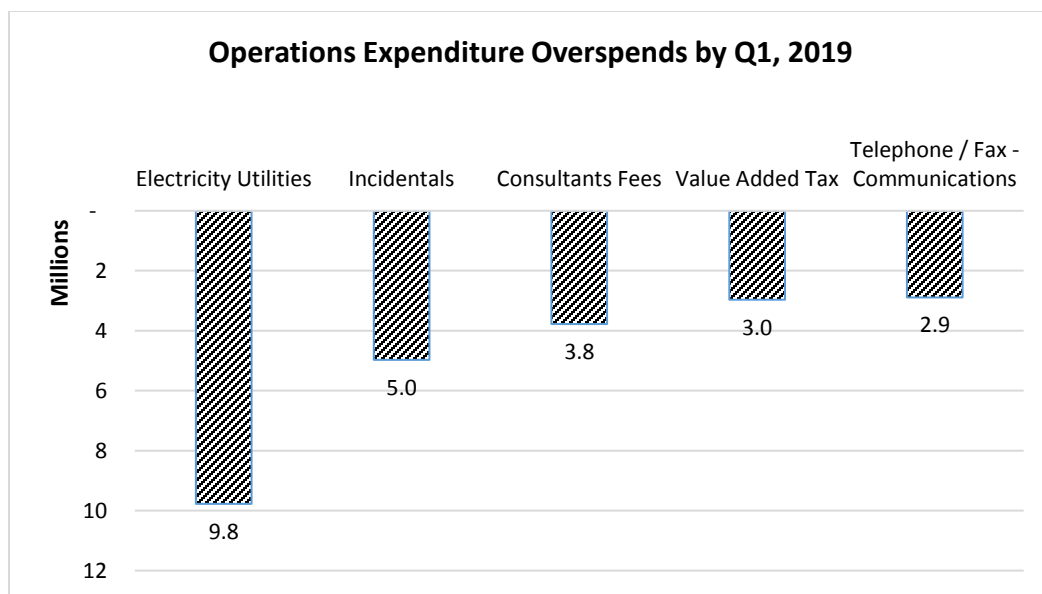


Figure 10 Major Operations Overspend by CoA

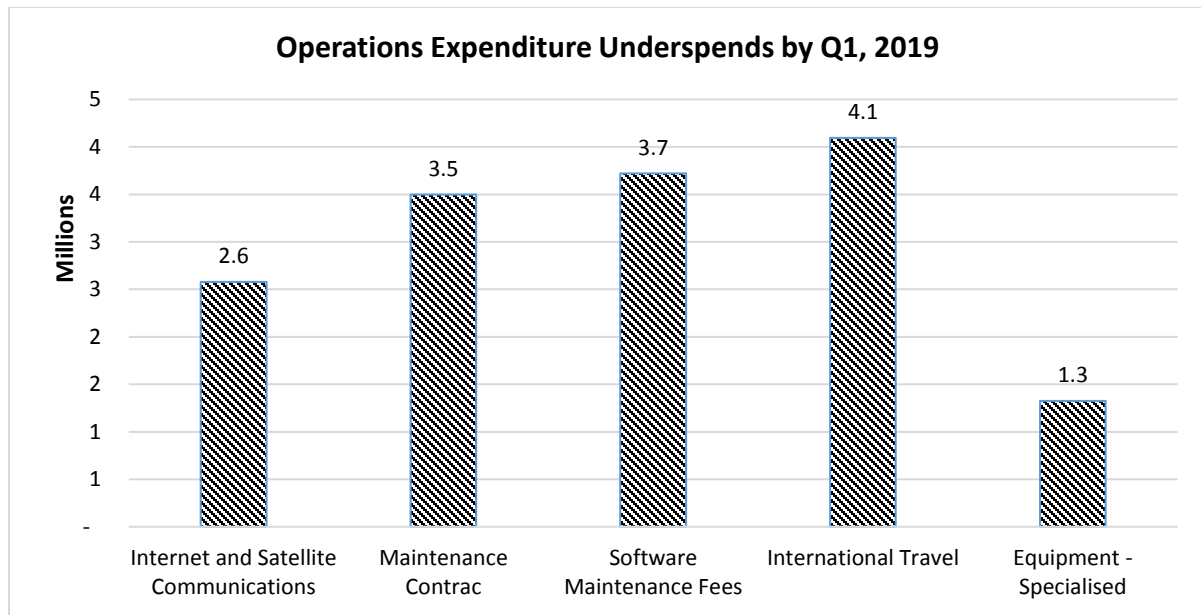


Figure 11 Major Operations Underspend by CoA

Operations Expenditure Q1, 2016-2019										
	Description	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Under/(Over)
		2016	2016	2017	2017	2018	2018	2019	2019	2019
	Operating Expenses									
8CAB	Subsistence Allowances	3,705,000	991,387	6,240,000	982,498	6,840,000	3,015,105	5,448,000	2,807,992	194%
8CAF	Food Allowances			5,000	-					
8CAS	Sitting Allowances	-	84,999	20,000	124,999	-	100,000	(80,000)	190,000	-42%
8CBI	International Accommodation	525,000	324,999	2,964,551	325,000	3,270,537	991,999	1,406,500	1,124,997	125%
8CBL	Local Accommodation	-	287,499	625,644	262,500	80,000	575,847	306,405	495,116	62%
8CCI	International Courses	457,940	749,997	1,678,790	500,000	812,565	1,399,998	1,070,975	1,394,993	77%
8CCL	Local Courses	42,035	124,998	96,490	37,501	21,101	110,000	-	569,996	0%
8CEC	Consultants Fees	1,266,605	2,499,990	1,515,500	5,149,977	(1,069,044)	4,770,000	3,801,524	24,999	15207%
8CEM	Software Maintenance Fees	6,160,737	12,499,950			2,701,242	5,499,978	54,138	3,775,714	1%
8CEO	Outsourcing Contracts	1,076,416	274,998	201,906	374,999	(1,336,264)	-	186,000	60,161	309%
8CES	Security Services	589,680	249,999	450,000	651,048	-	249,999	2,709,076	431,001	629%
8CET	Other Fees	8,251,127	2,499,990	17,189,268	-	(34,179)	425,000	39,691	125,000	32%
8CFO	Freight Fuel	191,378	12,501	-	50,001	96,517	-	1,576,787	1,108,306	142%
8CFV	Vehicles Fuel	1,024,957	2,133,328	1,111,375	1,153,500	1,254,783	1,186,500	438,068	599,998	73%
8CGO	Other Charges - Freight	222,889	2,499	-	120,000	19,067	-	-	-	
8CGR	Transport - Freight	1,002,213	649,998	136,524	358,499	778,705	624,996	200,000	-	
8CGS	Storage - Freight					83,816	-			
8CHL	Local Medical Treatment	44,309	120,000	1,518,000	75,001	216,283	125,001	50,316	177,998	28%
8CIE	Equipment Hire	133,885	25,000							
8CIF	Facilities Hire	80,422	25,000	162,444	144,999	330,377	124,999	79,909	86,956	92%
8CIV	Vehicles Hire	1,184,235	375,000	(154,758)	375,000	-	224,998	-	100,000	0%
8CJO	Office Cleaning	318,514	284,721	368,654	275,974	98,160	339,685	189,505	291,739	65%
8CKD	Advertising - Communications	269,326	371,389	273,788	250,387	507,936	412,996	284,178	380,192	75%
8CKI	Internet and Satellite Communications	1,216,118	-	5,257,839	-	4,258,859	6,222,529	4,470,182	7,049,988	63%
8CKL	Translation Communications	-	-							

8CKP	Postage - Communications	79,201	39,224	46,155	24,221	20,869	16,276	5,870	15,490	38%
8CKR	Printing - Communications	158,262	339,499	(828,821)	126,399	130,542	551,920	371,090	112,400	330%
8CKS	Stationery - Communications	630,646	1,074,443	854,406	1,035,553	996,097	1,151,981	803,224	915,161	88%
8CKT	Telephone / Fax - Communications	6,571,152	9,262,661	6,889,815	5,672,217	7,125,441	4,303,539	6,340,909	3,449,129	184%
8CLS	Survey Cost - Land					25,000	-			
8CMG	General - Materials	2,645,392	249,999	1,301,221	1,249,995	1,163,421	874,998	1,856,156	595,000	312%
8CMO	Office - Materials	8,356	250,000	-	72,000	1,381,668	72,000	-	23,400	0%
8CNO	Office Rental	1,253,008	2,489,991	1,493,325	2,374,996	851,336	2,374,996	140,000	100,000	140%
8CNT	Other Rental	1,089,559	375,000	579,167	251,439	88,889	251,439	-	80,000	0%
8COE	Terminal Payments	-	1,251							
8COF	Refunds	22,117	375,000	34,485	250,000	159,212	50,001	1,436,450	80,000	1796%
8COG	Government Contributions	983,111	-	-	240,000					
8COI	Incidentals	366,096	720,626	3,030,619	2,398,308	11,133,087	1,174,247	5,732,629	761,750	753%
8COM	Medals							-	-	
8COO	International Organisation Fees	-	1,999,992			-	1,209,996	-	1,209,996	0%
8COP	Official Entertainment	2,159,959	1,522,835	4,222,305	839,221	953,772	1,065,333	1,761,593	737,827	239%
8COT	Termination Payment			1,251,638	115,722	-	-	-	249,999	0%
8COU	Uniforms	528,743	249,999	60,289	108,500	265,324	124,998	129,784	60,101	216%
8CRB	Buildings Repairs & Maintenance	799,274	158,601	1,324,302	158,601	211,966	50,001	1,302,742	124,998	1042%
8CRE	Equipment Repairs & Maintenance	2,261,201	1,435,229	1,521,529	1,067,218	2,848,666	2,084,768	2,506,354	2,066,950	121%
8CRH	Houses Repairs & Maintenance			10,234	-					
8CRM	Maintenance Contrac	13,436	4,701,660	520,471	4,446,762	-	4,999,980	-	3,499,986	0%
8CRR	Roads Repairs & Maintenance			-	-					
8CRV	Vehicles Repairs & Maintenance	1,318,731	1,260,777	310,945	860,777	321,999	890,623	575,359	715,868	80%
8CRW	Vehicle Servicing	23,542	-			(78,640)	-			
8CSF	Food - Suppliers			125,557	-	19,000	-	-	-	
8CSM	Medicines Suppliers	707	-	1,495	-					
8CSO	Other Suppliers			32,898	-					
8CTI	International Travel	1,633,805	1,249,995	4,156,252	967,998	8,024,954	2,369,989	(1,730,812)	2,364,893	-73%
8CTL	Local Travel	3,273,658	2,494,435	4,888,590	2,334,775	333,081	2,029,006	1,759,411	1,448,690	121%

8CUC	Gas - Cooking Utilities	3,200	25,000	-	24,999	-	60,000	33,157	17,392	191%
8CUE	Electricity Utilities	4,506,898	4,303,426	7,598,886	4,942,950	10,630,391	4,551,987	12,906,760	3,136,955	411%
8CUW	Water Utilities	14,506	163,777	2,295	164,077	534,318	141,409	737,030	57,282	1287%
8CWL	Local Workshops					80,889	375,000			
8CYS	Rescue Emergency	400,000	-			-	499,998	-	249,999	0%
8CZV	Value Added Tax	4,563,702	3,978,314	5,076,990	3,645,818	7,674,514	3,685,055	6,425,767	3,461,061	186%
8DNO	Other Non Profit Institution	-	2,222,222	150,000	240,000					
8DSS	Shipping Subsidy					1,448,543	-			
8EBR	Buildings - Renovation					834,489	-			
8EEA	Equipment - Additional General	2,152,784	3,746,300	1,172,688	4,711,892	1,444,612	402,000	284,254	889,130	32%
8EEC	Equipment - Computer	891,019	1,507,673	2,258,344	785,886	7,425,630	2,073,522	2,064,783	1,474,171	140%
8EEP	Equipment - Photocopiers	213,333	-							
8EES	Equipment - Specialised	2,993,371	-	367,509	-	47,570	6,114,459	4,538,105	5,864,439	77%
8EET	Equipment - Computer Software Purchases	-	499,998	-	250,000	-	50,001	7,333	-	
8EFO	Furniture - Office Furniture	124,166	376,389	41,347	288,891	195,482	250,002	906,901	342,147	265%
8EIO	Infrastructure - Other	15,000	-							
8EIW	Infrastructure - Water Supply					-	-			
8EVA	Vehicle - Additional Vehicle			-	-	-	-			
8EVR	Vehicle - Replacement			-	-	1,036,615	-	-	-	
8FCB	Bank Charges	44,000	24,999	46,667	24,999	10,300	24,999	41,500	20,000	208%
OVER	Overhead expenses	-	-	-	(11,770,827)	-	405,720	-	6,141,337	0%
	Operating Expenses	69,504,721	71,687,557	88,202,618	39,115,270	86,269,498	70,679,873	73,167,603	61,060,697	120%
	Total Expenditure	120,190,434	126,862,756	155,934,027	114,872,780	146,404,474	157,251,106	154,297,270	187,978,452	82%

Table 3 Total Operations Expenditures by CoA

3. Virements

3.1. Situation Report

In Q1 2019, the Prime Minister Office undertook 9 number of virements which is the highest compared to in 2018, 2017 and 2016. In 2019 Q1, the virements totaled to VT46.3million and VT18.6million in 2017. VT

3.2. Analysis

In Q1 2016, the GoV was running on a supply bill, as the budget for 2016 had not been passed by Prime Minister Office in 2015. This meant that stricter expenditure controls were implemented that did not allow for virements outside of emergency needs and requests. Interestingly in Q1 2018, there have been no strict control but no virement needs arises.

3.3. Recommendation

- Adjust payroll budget to cater for all permanent posts to abolish the need for virements from operations to payroll

