
OFFICE OF THE PARLIAMENT SECOND QUARTERLY REPORT

Executive Summary

The office of the Parliament at the end of June has overspent its quarter one budget. The Parliament faces significant challenges with budget execution, and budget planning appears weak. Some adjustments are possible between payroll and operations and to cash flows on selected chart of accounts (CoAs). Reprioritization between several CoAs, especially on the operational side, can be undertaken. The two approved 2020 NPP, totalled at VT186.2million has been utilized. There are 15 Virements altogether that was processed in the second quarter and the budget transfers were from both payroll and operations cost centre into operations account mainly to support the increased operations costs. No revenue is collected in this quarter.

Parliament Office Operations

In the second quarter of 2020, Parliament has overspends its budget by VT 146.9 million which marks 58% of its annual budget ([Table 1](#)). At the end of Q2, a significant unbudgeted expenditures of VT399.3 million was incurred and this is largely because of the 11th legislature gratuity payment and good will payment whose NPP budget were stored in period 12.

The split between operations and payroll expenditure and budget appears significantly skewed towards operations with 82% budget share and 89% expenditures share at the end of Q2 ([Figure 1](#)). This is because the Parliament traditionally holds a large number of allowances for MPs like MP Representation Allowances, MP Allocation Allowances and MP Touring Allowances in its operational budget. In addition to one-off budget for M.P gratuity and goodwill payment under operations account made to the end-serving 11th legislature seen this year. Considering these, the picture of the split between payroll and operations appears drastically different.

At the end of Q2, two out of four program across Parliament were overspent, namely the CBA Procedure and Legislative office by VT 198.2million overspend (61% of its annual budget) and CBB Standing committees' office by VT6.8million. CBC Hansard office underspent by VT10.3million and CBD Corporate services underspent by VT47.6million.

Payroll underspends its budget by VT 23.2 million with VT84.4 million expended against its VT107.7million budget ([Table 2](#)). Savings was largely from permanent wages (VT45.5million), housing allowances (VT5.9million) and other allowances (VT1.9million).

Operations overspent its budget by VT 170.2 million against a budget of VT505.0 million ([Table 2](#)) thus, 65% of its annual budget was expended so far. Major expenditures was seen from MP gratuity allowances (VT375.2million), Goodwill payment (VT8.1million) with no budget allocation by end of Q2. Other major over spending expenditure includes, equipment additional general by VT4.3million, building repairs and maintenance by VT3.2million and incidental by VT2.8million ([Table 2](#)).

Virements at the end of Q2 captures those processed earlier in February from several cost centres both from payroll and operations into cost centre 02AA operations account ([Table 4](#)). Given the allocation of the budget between operations and payroll that is severely skewed towards operations, Virements still appears necessary to support the increased spending on cost centre 02AA operations as a result of the end of 11th legislature entitlements which are MP gratuity and goodwill payments.

Revenue

The revenue planned for collection under the Parliament is collected from the Parliament restaurant rental fees hired by Air-Vanuatu for their Catering services. The Parliament collected no revenue against its Q2 budget of VT127, 109([Table 3](#)).

Policy Implication

One major problem that persists is the lack of adequate planning for activities at the Parliament. The budget may be limited, but improved planning could still lead to significant efficiency gains in the usage of funds. The office could develop its annual business plan to better guide its budget implementation.

Conclusion

In the second quarter of 2020, Parliament has overspent its budget and its budget execution has been traditionally skewed towards operations because of the MP entitlements that are budgeted for under the account. Operations overspent its budget while payroll underspent hence Parliament to adequately budget for its highest spending accounts to allow improved budget execution. Virement in this quarter occurred to support operations costs from both operations and payroll accounts. Although the parliament has budgeted for revenue in this first quarter, no revenue was collected. Overall, Business planning and budget aligning is recommended to improve budget execution.

Appendix

Table 1: Expenditures by Cost centres, Q2 2020

Expenditures by Cost centres, Q2 2020						
	Description	Budget Q2	Actual Q2	Under/(Over)	Annual Budget	% of Annual Budget Spent
M01	Constitutional Agencies					
CBA	Procedure and Legislative Office					
02AA	Legislative Section	362,206,604	564,328,781	(202,122,177)	882,063,516	64%
CBA	Procedure and Legislative Affairs	362,206,604	564,328,781	(202,122,177)	882,063,516	64%
02AB	Security & Protocol Section	6,480,743	5,842,289	638,454	12,961,494	45%
CBAB	Security and Protocol	6,480,743	5,842,289	638,454	12,961,494	45%
02AC	Inter-Parliamentary Section	5,587,456	3,696,590	1,890,866	16,925,007	22%
CBAC	Inter-Parliamentary Relations	5,587,456	3,696,590	1,890,866	16,925,007	22%
02AD	Office of the Opposition	12,716,445	11,340,784	1,375,661	39,865,892	28%
CBAD	Office of the Leader of the Opposition	12,716,445	11,340,784	1,375,661	39,865,892	28%
CBA	Procedure and Legislative Office	386,991,248	585,208,444	(198,217,196)	951,815,909	61%
CBB	Standing Committees Office					
02BA	Standing Orders Committee Support	-	-	-		
CBBA	Committee of the Standing Orders	-	-	-		
02BB	Parliamentary Privileges Committee Support	-	-	-		
CBBB	Committee on Parliamentary Privileges and Immunities	-	-	-		
02BC	Public Accounts Committee Support	1,602,880	3,443,216	(1,840,336)	14,985,786	23%
CBBC	Committee on the Public Accounts	1,602,880	3,443,216	(1,840,336)	14,985,786	23%
02BD	Institutions Committee Support	2,168,614	2,017,314	151,300	15,937,249	13%
CBBD	Committee on Institutions	2,168,614	2,017,314	151,300	15,937,249	13%
02BE	Legislative Review Committee	2,048,692	(351,342)	2,400,034	15,697,419	-2%
CBBE	Committee on Economic Policy	2,048,692	(351,342)	2,400,034	15,697,419	-2%

02BF	Provincial Affairs Committee	1,640,202	2,169,183	(528,981)	15,280,428	14%
CBBF	Committee on Social Policy	1,640,202	2,169,183	(528,981)	15,280,428	14%
02BG	Committee on Foreign Affairs & External Trade	-	6,842,033	(6,842,033)	-	
CBBG	Committee on Foreign Affairs & External Trade	-	6,842,033	(6,842,033)	-	
02BH	Committee on Members of Parliament Ethics & Integrity	-	170,398	(170,398)	-	
CBBH	Committee on Members of Parliament Ethics & Integrity	-	170,398	(170,398)	-	
CBB	Standing Committees Office	7,460,388	14,290,802	(6,830,414)	61,900,882	23%
CBC	Hansard Office					
02CA	Parliamentary Reporting Section	21,516,245	13,417,379	8,098,866	43,032,518	31%
CBCA	Parliamentary Reporting	21,516,245	13,417,379	8,098,866	43,032,518	31%
02CB	Library & Archives	5,848,185	3,549,973	2,298,212	14,696,398	24%
CBCB	Library and Archives	5,848,185	3,549,973	2,298,212	14,696,398	24%
CBC	Hansard Office	27,364,430	16,967,352	10,397,078	57,728,916	29%
CBD	Corporate Services Office					
02DA	Accounts Section	5,644,395	2,349,809	3,294,586	11,738,775	20%
CBDA	Financial Management	5,644,395	2,349,809	3,294,586	11,738,775	20%
02DB	Personnel Section	29,258,153	19,852,326	9,405,827	61,331,186	32%
CBDB	Personnel Administration and Maintenance	29,258,153	19,852,326	9,405,827	61,331,186	32%
02DC	Members Allocations	156,000,000	121,005,414	34,994,586	156,000,000	78%
CBDC	Members Allocation	156,000,000	121,005,414	34,994,586	156,000,000	78%
CBD	Corporate Services Office	190,902,548	143,207,549	47,694,999	229,069,961	63%
M01	Constitutional Agencies	612,718,614	759,674,147	(146,955,533)	1,300,515,668	58%
	Grand Total	612,718,614	759,674,147	(146,955,533)	1,300,515,668	58%

Table 2: Expenditure by Chart of Accounts, Q2 2020

Expenditures by Chart of Account, Q2 2020						
Account	Description	Actual	Budget	Under/(Over)	Annual Budget	% of Annual Budget Spent
	Personnel Expenses					
8AAA	Acting Allowances	38,732	874,999	836,267	1,750,000	2%
8AAB	Responsibility Allowance	370,932	-	(370,932)	-	
8AAF	Family Allowance	395,879	804,004	408,125	1,608,000	25%

8AAG	Gratuitie Allowances	8,953,293	-	(8,953,293)	19,499,970	46%
8AAH	Housing Allowances	8,516,873	14,460,013	5,943,140	28,920,021	29%
8AAO	Other Allowances	(1,952,650)	-	1,952,650	-	
8AAP	Home Island Passage Allowances	351,742	1,037,503	685,761	2,075,000	17%
8ASP	Provident Fund	4,957,972	4,275,838	(682,134)	8,551,658	58%
8AWL	Leave expense	1,174,238	-	(1,174,238)	-	
8AWO	Overtime Wages	2,022,568	-	(2,022,568)	-	
8AWP	Permanent Wages	59,636,338	105,216,736	45,580,398	210,433,460	28%
PAYR	Payroll expenses	-	(18,951,774)	(18,951,774)	(18,951,774)	0%
	Personnel Expenses	84,465,917	107,717,319	23,251,402	253,886,335	33%
	Operating Expenses					
8CAA	M.P. Allocation Allowances	120,835,414	156,000,000	35,164,586	156,000,000	77%
8CAB	Subsistence Allowances	4,800,000	16,569,930	11,769,930	45,300,000	11%
8CAG	M. P. Gratuity Allowances	375,298,695	-	(375,298,695)	181,684,533	207%
8CAR	M.P. Representation Allowances	79,435,041	155,728,980	76,293,939	311,459,200	26%
8CAS	Sitting Allowances	5,118,840	13,269,954	8,151,114	43,700,000	12%
8CAT	M.P. Touring Allowances	21,224,400	41,599,962	20,375,562	83,200,260	26%
8CAW	Good Will Payment	8,197,658	-	(8,197,658)	4,560,666	180%
8CBI	International Accommodation	-	2,949,990	2,949,990	5,900,000	0%
8CBL	Local Accommodation	5,995,000	11,634,942	5,639,942	41,510,000	14%
8CEC	Consultants Fees	400,000	4,499,982	4,099,982	9,000,000	4%
8CET	Other Fees	2,453,779	6,211,938	3,758,159	12,423,923	20%
8CFV	Vehicles Fuel	871,342	724,992	(146,350)	1,450,000	60%
8CHI	International Medical Treatment				12,000,000	0%
8CHL	Local Medical Treatment	83,165	325,002	241,837	650,000	13%
8CIE	Equipment Hire	100,000	-	(100,000)	-	
8CIF	Facilities Hire	-	174,996	174,996	350,000	0%
8CIV	Vehicles Hire	597,242	100,002	(497,240)	200,000	299%
8CJO	Office Cleaning	1,082,743	549,996	(532,747)	1,100,000	98%
8CKD	Advertising - Communications	31,304	175,002	143,698	350,000	9%
8CKI	Internet and Satellite Communications	22,174	-	(22,174)	-	
8CKL	Translation Communications	448,985	-	(448,985)	-	
8CKM	Advertising and Marketing	27,000	-	(27,000)	-	
8CKP	Postage - Communications	6,217	305,004	298,787	610,000	1%
8CKR	Printing - Communications	19,826	-	(19,826)	-	
8CKS	Stationery - Communications	2,585,279	2,605,038	19,759	5,210,100	50%
8CKT	Telephone / Fax - Communications	2,842,341	2,412,498	(429,843)	4,825,000	59%
8CMG	General - Materials	-	315,696	315,696	631,397	0%
8CMO	Office - Materials	63,909	-	(63,909)	-	
8CNT	Other Rental	491,129	-	(491,129)	-	
8COE	Terminal Payments	136,268	-	(136,268)	-	
8COF	Refunds	56,660	-	(56,660)	-	
8COI	Incidentals	7,044,136	4,177,986	(2,866,150)	8,356,000	84%
8COO	International Organisation Fees	-	2,007,216	2,007,216	4,014,447	0%

8COP	Official Entertainment	2,059,205	3,599,988	1,540,783	7,200,000	29%
8COS	Insurance	(453,879)	-	453,879	-	
8COT	Termination Payment	901,894	-	(901,894)	-	
8COU	Uniforms	449,696	499,998	50,302	1,000,000	45%
8CRB	Buildings Repairs & Maintenance	6,426,939	3,149,988	(3,276,951)	6,300,000	102%
8CRE	Equipment Repairs & Maintenance	263,348	1,099,998	836,650	2,200,000	12%
8CRH	Houses Repairs & Maintenance	210,527	-	(210,527)	-	
8CRM	Maintenance Contrac	638,580	-	(638,580)	-	
8CRV	Vehicles Repairs & Maintenance	2,381,837	2,174,988	(206,849)	4,350,000	55%
8CTI	International Travel	81,160	3,849,978	3,768,818	7,700,000	1%
8CTL	Local Travel	2,423,714	5,274,978	2,851,264	10,550,000	23%
8CUE	Electricity Utilities	32,398	375,000	342,602	750,000	4%
8CUL	Lighting Utilities	47,826	999,996	952,170	2,000,000	2%
8CUW	Water Utilities	208,696	1,275,000	1,066,304	2,550,000	8%
8CZV	Value Added Tax	5,952,447	4,950,468	(1,001,979)	9,900,961	60%
8DNV	V.B.T.C. Non Profit Institution	-	5,999,976	5,999,976	12,000,000	0%
8EEA	Equipment - Additional General	6,359,171	1,999,992	(4,359,179)	4,000,000	159%
8EEC	Equipment - Computer	1,041,055	4,974,984	3,933,929	9,950,000	10%
8EES	Equipment - Specialised	-	120,534	120,534	241,072	0%
8EFO	Furniture - Office Furniture	262,896	-	(262,896)	-	
8EVA	Vehicle - Additional Vehicle	3,478,260	4,499,982	1,021,722	9,000,000	39%
8EVR	Vehicle - Replacement	2,173,913	1,749,996	(423,917)	3,500,000	62%
OVER	Overhead expenses	-	36,066,345	36,066,345	18,951,774	0%
	Operating Expenses	675,208,230	505,001,295	(170,206,935)	1,046,629,333	65%
	Total Expenditure	759,674,147	612,718,614	(146,955,533)	1,300,515,668	58%

Table 3: Revenue Q2 2020

	Revised Annual Revenue Budget	Q2 Budget	Q2 Actuals	Variance
Parliament	1,692,435	127,109	-	-127,109
Total	1,692,435	127,109	-	-127,109

Table 4: Virement Q2 2020

Virement, Q2 2020									
	Virement Out				Virement In				Amount
Month	Fund	Department	Activity	Account	Fund	Department	Activity	Account	
February	2	02BF	CBBF	PAYR	2	02AA	CBAA	OVER	1,185,854
February	2	02BE	CBBE	PAYR	2	02AA	CBAA	OVER	1,185,854
February	2	02BD	CBBD	PAYR	2	02AA	CBAA	OVER	1,185,854
February	2	02BC	CBBC	PAYR	2	02AA	CBAA	OVER	1,185,854
February	2	02AD	CBAD	PAYR	2	02AA	CBAA	OVER	7,208,358
February	2	02AA	CBAA	PAYR	2	02AA	CBAA	OVER	7,000,000
February	2	02DA	CBDA	OVER	2	02AA	CBAA	OVER	450,000

February	2	02CB	CBCB	OVER	2	02AA	CBAA	OVER	3,000,000
February	2	02BF	CBBF	OVER	2	02AA	CBAA	OVER	10,080,000
February	2	02BE	CBBE	OVER	2	02AA	CBAA	OVER	9,680,000
February	2	02BD	CBBD	OVER	2	02AA	CBAA	OVER	9,680,000
February	2	02BC	CBBC	OVER	2	02AA	CBAA	OVER	9,860,000
February	2	02AD	CBAD	OVER	2	02AA	CBAA	OVER	2,500,000
February	2	02DB	CBDB	OVER	2	02AA	CBAA	OVER	2,500,000
February	2	02AC	CBAC	OVER	2	02AA	CBAA	OVER	5,750,000

Figure 1: Payroll Vs Operations Budget and Expenditures, Q2 2020

