

CITIZENSHIP OFFICE QUARTERLY EXPENDITURE REPORT, Q3 2020

EXECUTIVE SUMMARY

This third of three such expenditure report shows that the Citizenship office underspent its budget for the third quarter by 32 percent due to unspent operational budget, mainly on items such as printing. The office spent 58 percent of the annual budget in the first three quarters which means that the remaining 42 percent must be committed in the last quarter of this year, otherwise the office will definitely underspend its budget again this year, like in the previous years. In the third quarter, the commission increases its actual revenue collection by 112 percent mainly due to an increase in honorary citizenship fees. However, close monitoring must maintained to allow a minimal impact of any expected revenue shocked due to the COVID-19 pandemic, while on the other hand explore potential sustainable revenue sources that could complement the current revenue streams for the government.

CITIZENSHIP OFFICE OPERATION

The Citizenship Office has planned to spend 24 percent of the annual budget of VT 36.6 million in the third quarter of this year. The VT 8.7 million budget was planned to be spend mainly on permanent wages, printing communications, sitting allowance, official entertainment and electricity utilities. However, actual expenditures were mainly permanent wages, sitting allowances, VAT, official entertainment and electricity. The analysis shows that the commission only spent 68 percent of the third quarter's budget and saved VT 2.7 million due to the decrease demand for new citizenship applications during the COVID-19 pandemic period which shows that the office did not spend its printing budget of VT 1.7 million (refer to figure 4 below). Records also indicated that 58 percent of the annual budget was spend in the first three quarters of this year, saving a total budget of VT 5.7 million which remains unspent in that period, as shown in figure 1 below.

Figure 4 highlights the major unbudgeted expenditures in red and major overspent items in yellow, for the office in the third quarter of this year. Unplanned expenditures include responsibility allowance for officers doing extra responsibility duties. The office overspent the budget for housing allowance, facilities hire and local travel in the same period.

The Citizenship Commission continues to increase its revenue collection each year as the demand for the two citizenship programs increases as its being opened and advertised to other new potential regions. The government fees collected through the office were recorded as honorary citizenship fees, other fees, and application charges recoveries. This year the office budget to raise a total of VT 7.5 billion, however records shows that the current revenue received to date has already hit VT 8.9 billion. A total revenue of VT 1.8 billion was forecasted to be collected in the third quarter, however actuals have gone above budget by VT 219.9 million, reflecting 28 percent of the annual revenue budget was collected in that three months period.

The major increase came from the honorary citizenship fees, followed by other fees, as shown in figure 5 below. Application charges recoveries was underperformed by some VT 263,000, compare to the same period last year, as shown in figure 6 below. Other fees fell by 29 percent in the same period last year and rise up again by 32 percent to reach VT 5.8 million this year. The Honorary Citizenship Fees has reached its peak last year (VT 3.3 billion) reflecting a 152 percent rise, however this year actual collections fell by 37 percent to VT 2.1 billion, as shown in figure 6 below. The office is definitely raising more revenue than initially forecasted.

Like in the first two quarters, the Citizenship office did not request any virement of funds in the third quarter of this year.

Analysis shows that the office has been underspending its budget in the first three quarters, thus saving up to VT 5.7 million at the end of the third quarter, which indicates that the office will likely underspend its recurrent budget for this year. The office is expected to have a new finance officer by the end of this year since recruitment process has kick started in the third quarter.

POLICY IMPLICATION

The unspent recurrent budget of 32 percent could mean that the planned activities and policy initiatives for the third quarter were not fully implemented as initially planned. Institutional strengthening and capacity building is still an immediate issue to be addressed in order to strengthen the systems and compliance for the agency to ensure that rights of our citizens are safeguarded. This also include recruitment of priority positions such the position of the finance officer and other vacant positions within the current approved organisational structure. Close monitoring of the citizenship programs must done to ensure a minimal revenue impact on the current forecast, especially in this COVID-19 pandemic period, while at the same time the government should explore other potential and sustainable revenue initiatives to be implemented in the this new normal environment.

CONCLUSION

The Citizenship office must increase its spending rate in the last quarter of this year into to fully utilize its annual recurrent budget for this year, since it only spent 58 percent of its budget in the first three quarters. This means that VT 15.5 million will fund the remaining activities in the 2020 business plan for the office. Recruitment of vacant positions should be a priority for the office to strengthen the commission's role in implementing its mandate effectively and efficiently. As mentioned above, careful monitoring of the current revenue forecast and actuals should be maintained in order to better plan and respond to any revenue shocks due to the impact of the COVID-19 pandemic.

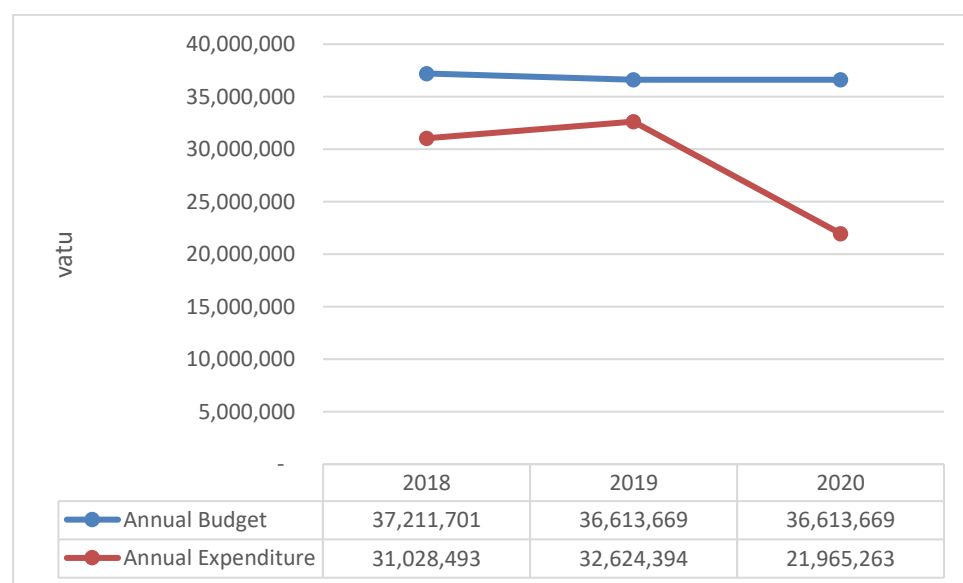
ANNEX/APPENDIX

FIGURE 1: EXPENDITURE SUMMARY TO DATE FOR CITIZENSHIP OFFICE IN 2020

Code	Description	Total	Budget to Date	Under/(Over) Budget	Warrant Released	Warrant Remaining	Annual Budget	Annual Budget Remaining
M01	Constitutional Agencies							
06	Citizenship Office							
06AA	Citizenship Commission	21,096,883	26,815,463	5,718,580	27,475,463	6,378,580	36,613,669	15,516,786
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REPORT TOTAL		21,096,883	26,815,463	5,718,580	27,475,463	6,378,580	36,613,669	15,516,786

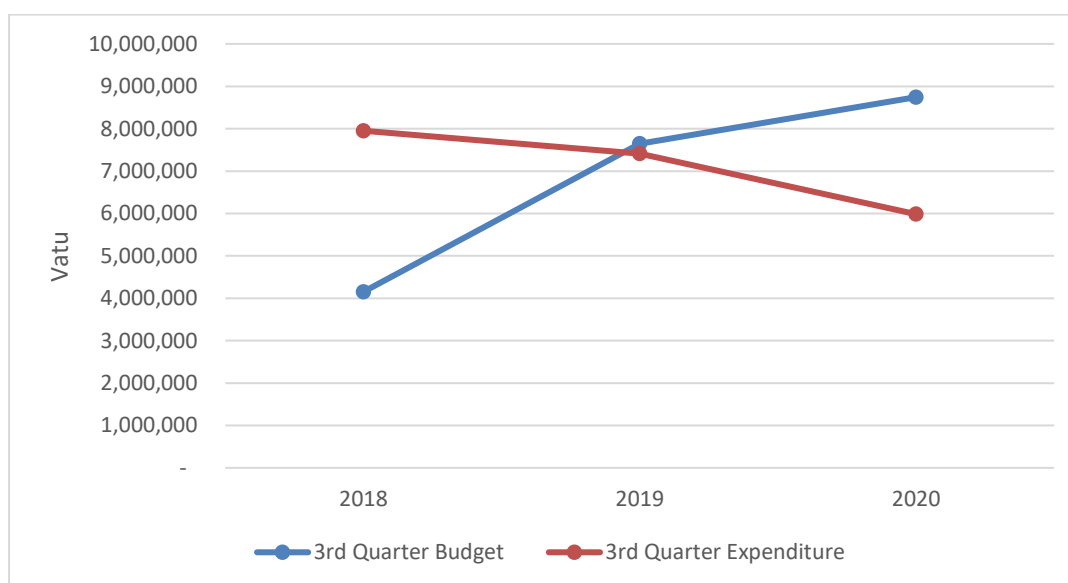
Source: Finance and Treasury

FIGURE 2: ANNUAL BUDGET VERSES ANNUAL EXPENDITURE TREND FOR THE CITIZENSHIP COMMISSION 2018 - 2020



Source: Finance and Treasury

FIGURE 3: BUDGET VS EXPENDITURE TREND FOR THE CITIZENSHIP COMMISSION FOR THE THIRD QUARTER OF 2018 - 2020



Source: Finance and Treasury

FIGURE 4: EXPENDITURE FOR CITIZENSHIP OFFICE BY CHART OF ACCOUNTS FOR QUARTER 3, 2020

Account	Description	Total	Budget	Under/(Over)
Personnel Expenses				
8AAB	Responsibility Allowance	92,920	-	(92,920)
8AAF	Family Allowance	27,600	15,057	(12,543)
8AAH	Housing Allowances	414,552	166,167	(248,385)
8ASP	Provident Fund	123,051	128,337	5,286
8AWP	Permanent Wages	2,983,201	3,193,404	210,203
PAYR	Payroll expenses	-	-	-
	Personnel Expenses	3,641,324	3,502,965	(138,359)
Operating Expenses				
8CAB	Subsistence Allowances	-	124,998	124,998
8CAS	Sitting Allowances	526,200	749,997	223,797
8CEC	Consultants Fees	-	24,999	24,999
8CET	Other Fees	-	35,001	35,001
8CFV	Vehicles Fuel	-	96,000	96,000
8CGR	Transport - Freight	-	5,001	5,001
8CIF	Facilities Hire	637,000	50,001	(586,999)
8CJO	Office Cleaning	-	37,500	37,500
8CKD	Advertising - Communications	-	24,999	24,999
8CKR	Printing - Communications	-	1,749,993	1,749,993

8CKS	Stationery - Communications	226,885	187,500	(39,385)
8CKT	Telephone / Fax - Communications	14,955	75,000	60,045
8CMO	Office - Materials	-	225,000	225,000
8COI	Incidentals	-	199,998	199,998
8COP	Official Entertainment	139,308	379,929	240,621
8CRE	Equipment Repairs & Maintenance	-	124,998	124,998
8CRV	Vehicles Repairs & Maintenance	36,896	124,998	88,102
8CSO	Other Suppliers	-	87,501	87,501
8CTI	International Travel	-	62,499	62,499
8CTL	Local Travel	459,791	37,500	(422,291)
8CUE	Electricity Utilities	171,179	249,999	78,820
8CZV	Value Added Tax	131,313	399,999	268,686
8EEA	Equipment - Additional General	-	75,000	75,000
8EEC	Equipment - Computer	-	37,500	37,500
8EFO	Furniture - Office Furniture	-	37,500	37,500
8FCB	Bank Charges	-	37,500	37,500
OVER	Overhead expenses	-	-	-
	Operating Expenses	2,343,527	5,240,910	2,897,383
	Total Expenditure	5,984,851	8,743,875	2,759,024

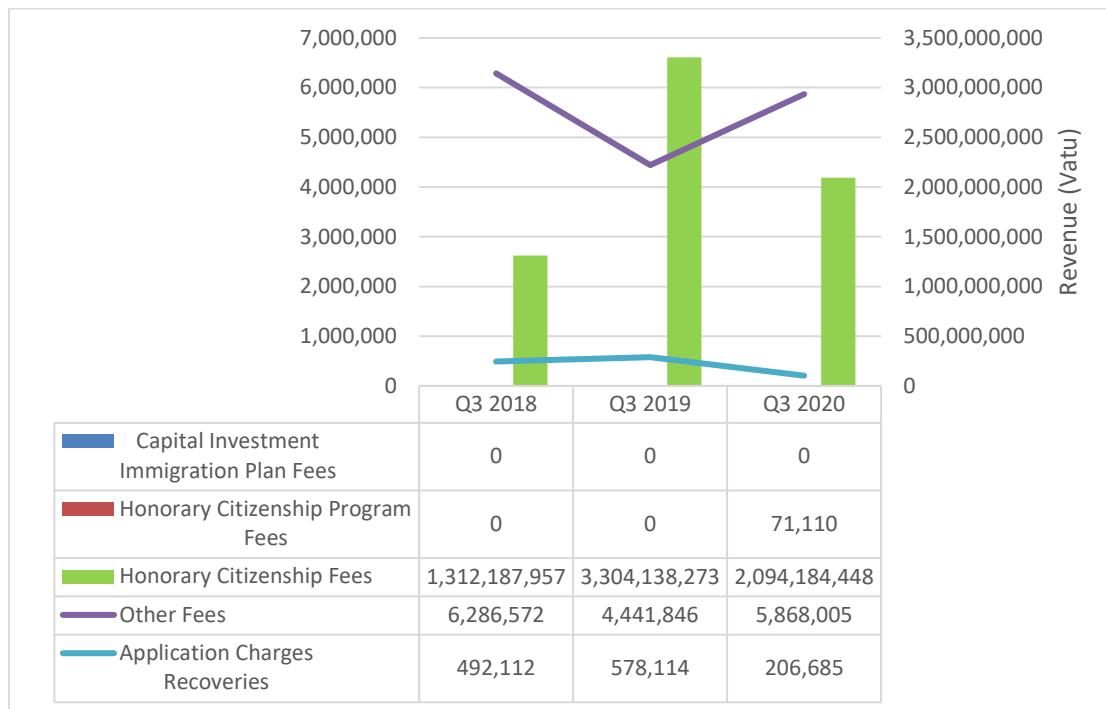
Source: Finance and Treasury

FIGURE 5: REVENUE FOR THE CITIZENSHIP OFFICE IN THE THIRD QUARTER, 2020

Account	Description	Revenue	Budget	Over/(Under)	% of Q2 Rev / Annual Budget
	Revenue				
7NFC	Capital Investment Immigration Plan Fees	10,000	0	10,000	0%
7NFD	Honorary Citizenship Program Fees	1,767,220	0	1,767,220	0%
7NFF	Honorary Citizenship Fees	3,348,225,195	1,874,992,500	1,473,232,695	45%
7NFO	Other Fees	4,897,015	4,999,980	(102,965)	24%
7NOA	Application Charges Recoveries	756,855	470,538	286,317	40%
	Revenue	3,355,656,285	1,880,463,018	1,475,193,267	45%
	Total Revenue and Receipts	3,355,656,285	1,880,463,018	1,475,193,267	45%

Source: Finance and Treasury

FIGURE 6: ACTUAL REVENUE FOR THE CITIZENSHIP OFFICE IN THE THIRD QUARTER, 2018 -2020



Source: Finance and Treasury