
PRIME MINISTER'S MINISTRY THIRD QUARTERLY REPORT

Executive summary

By the end of the third quarter of 2020, the Prime Minister Ministry has overspent its budget of VT599.6million by VT119.6 million (Table 1) and this marks 46% spending of its annual budget. This report overall present's expenditure by department and detailing its payroll and operations spending accounts with budget and policy recommendations. A total of 22 Virement were seen in this quarter. Revenue collected at exceed its target revenue budget makes up 187% of its annual budget.

Cabinet's Operations

The office of the Prime minister cabinet also named as the Administration and coordination of Government programmes has overspent its Q3 budget by VT33.2million and this marks 73% of its annual budget (Table 1). The split between operations and payroll expenditure and budget is significantly skewed towards the payroll with about 83 % (Figure 1) of the budget for the third quarter allocated to it. The actual spending profile shows that about 56% of actual spending occurred on payroll and 44% on operations in 2020 so far (Figure 1). Table 2 reveals that the overspendings largely came from the operations account majorly from goodwill payment (VT16.3million), other non-profit institution (VT8.7million), Gratuity allowances (VT3.6million) vehicles replacement (VT2.6million) and official entertainment (VT1.9million).

Adequate budget allocation to operational account must align to spending commitments.

Corporate Service Operation

Corporate services has overspent its budget by VT37.8million and takes up 51% of its annual budget. Overspending was seen under the PMO corporate service cost centre by VT7.9million, community development fund by VT9.8million and utilities cost centre by VT19.9million (Table 1). The budget is skewed towards payroll with 64% however it expended 24% while operations has spent 76 % more than its 36% share of budget seen in [Figure 1](#). Larger spending was derived from incidentals with VT11.2million and exceeded its Q3 budget by VT9.8million, electricity utilities (VT5.1million), VAT (VT5.9million) and water utilities (VT5.7million).

Utilities costs are essential costs that must have adequate budget. There is room for improvement to timely pay dues and avoid accumulation of outstanding bills. To reduce incidental budgets, existing and relevant CoAs must be utilised unless absolutely necessary to code against incidentals when no CoA exists to code the expenditures.

Strategic Management

The department of strategic policy, planning and aid coordination unit have overspent its Q3 budget by VT15.3million and this implies that 21% of its annual budget has been expended in the first nine months (Table 1). Cost Centres of Policy sectors and VPMU has higher budget of VT41.2million and VT54.5million respectively and while policy sectors spent only 9% of its annual budget, VPMU expended 42% of its annual budget. Overall, [Figure 1](#) depicts that while budget is skewed towards operations with 71% share, expenditure is skewed towards payroll with 52% share. [Table 2](#) shows

that major overspendings had derived from the operations account, mainly the infrastructure roads and bridges (VT46.5million), official entertainment (VT2.5million) and similarly printing communications (VT2.5million).

Strategic management needs to adequately budget for operational costs to allow for improved budget implementation.

Language services

Language department has underspent its budget of VT30.3million by VT1.1million and this meant, that it consumed 70% of its annual budget ([Table 1](#)) in the third quarter. [Figure 1](#) have shown that both budget (75%) and expenditure (76%) is skewed towards payroll. This significant payroll share is a concern on the department limited operations activities. [Table 2](#) shows that the underspending of VT0.4million came from the payroll accounts and VT0.6million from the operations accounts.

The budget share must be revisited to achieve the healthy split of 60% share of payroll budget and 40% of operation budget share to further allow more operational activities.

Government Remuneration Tribunal

This department has expended 61% of its annual budget and underspent by VT2.1million at the end of quarter three ([Table 1](#)). [Figure 1](#) shows the budget and expenditure share of payroll is larger than operations, Payroll has been allotted with 86% of the budget and expended 84% of its Q3 budget, while operations is limited to the remaining 16% budget share. Underspending on payroll was seen largely under permanent wages with VT2.8million. Most activities under operations too has expended without budget such as, official entertainment, incidentals, medals, vehicles repairs and maintenance, electricity utilities, equipment-computer and office furniture to name a few.

GRT to improve planning for activities by allocating adequate budget in order to improved budget execution for unbudgeted accounts.

Information, communication and Technology Policy and Administration

OGCIO has significantly overspent its VT209.8million Q3 budget by VT36.6million which results 79% of its annual budget ([Table1](#)). Payroll has made savings of VT2.2million but operations had overspent by VT38.8million at the end of Q3. The overspendings were derived from the Administration and Operations cost centre (VT14.0million), IP network and communication (VT10.8million), Policy and Compliance cost centre (VT7.1million), transmission network (VT2.8million and Management Information system (VT2.2million). The budget share is skewed towards operations with 71% and further the expenditures showed a larger share of 77% leaving the payroll with only 23% of expenditure share. [Table 2](#) has shown, that operations overspendings was largely from other fees (VT24.1million), consultant fees (VT13.8million), telephone and fax communications (VT10.7million) and General Materials (VT9.1million).

Revenue

PMO revenue budgeted at the end of year 2020 stands at VT8million. The forecasted revenue budget for the third quarter is VT5.9 million, which marks 75% of the total budgeted revenue for the PMO ([Table 3](#)). At the end of quarter three, PMO collected VT14.9 million which exceeded its targeted quarter three budget by 149% which makes up 187% of its annual revenue budget.

Capacity and network access fee makes up most of the revenue collected within PMO. At the end of the third quarter PMO collected VT14.8million with no forecasted budget.

Virement

Table 4 shows 22 Virement altogether that occurred at the end of Q3. Sixteen Virement totalled at VT22.5million were transferred from payroll to operations to support operations payment. Two Virement totalled at VT7.4million from payroll account to operations. Another two Virement amongst the operations account and one within the payroll accounts.

Policy Implication

Business plans must be clearly drawn to achieve better budget execution so that budget is not distorted with unbudgeted expenditures, healthy budget share to support both payroll and operational services and achieving departmental objective.

Conclusion

In the third quarter of 2020, the Prime Minister's ministry has overspent its quarter three budget. Budget overspending is seen under the Prime Minister Cabinet, the Corporate Services, the Strategic Management, and Information Communication and Technology Policy and Administration Activities. Generally, budget execution is skewed towards payroll and therefore limiting operational activities except for Information, Communication and Technology Policy and Administration both budget and expenditure were skewed towards operations. Revenue collection has exceeded its quarter three budget by VT8.9million. For the next budget, reprioritise and reallocate funding across accounts based on average actual expenditures over the previous years and better development of business plans helps to improve budget implementation.

Appendix

Table 1: Cost centre Budget vs. Expenditure Q3, 2020

Expenditures by Cost Centre, Q3 2020

Code	Description	Budget Q3	Expenditure Q3	Under/(Over)	Annual Budget	% of annual Budget Spent
M02	Prime Ministers Ministry					
MCB	Strategic Management					
09AA	Policy Sectors	41,273,949	40,972,902	301,047	448,735,609	9%
09AB	Aid Coordination Unit	12,807,698	10,744,887	2,062,811	17,629,291	61%
09AC	Monitoring & Evaluation Unit	12,890,241	12,481,635	408,606	23,755,208	53%
09AD	Travel	7,749,244	7,718,927	30,317	10,603,490	73%
52AA	Vanuatu Project Management Unit (VPMU)	54,499,518	72,620,233	(18,120,715)	174,350,752	42%
MCBA	Strategic Management	129,220,650	144,538,584	(15,317,934)	675,074,350	21%
MCB	Strategic Management	129,220,650	144,538,584	(15,317,934)	675,074,350	21%
MPA	Office of the Prime Minister					
10AA	Cabinet	74,854,973	87,153,990	(12,299,017)	123,919,429	70%
10AB	Independence Celebrations	2,000,000	1,999,623	377	2,000,000	100%
10AC	International Travel	(14,108,033)	5,775,268	(19,883,301)	5,891,967	98%
10BD	Entertainment Fund	2,099,995	2,299,995	(200,000)	3,000,000	77%
10BF	Local Travel	2,100,000	2,926,700	(826,700)	3,000,000	98%
42AA	PMO Corporate Services				-	
MPAA	Administration & Coordination of Government Programmes	66,946,935	100,155,576	(33,208,641)	137,811,396	73%
MPA	Office of the Prime Minister	66,946,935	100,155,576	(33,208,641)	137,811,396	73%
MPB	Director General's Office					
42AA	PMO Corporate Services	30,254,681	38,177,933	(7,923,252)	74,430,398	51%
42AB	Utilities	-	19,979,135	(19,979,135)	27,000,000	74%
42AC	Community Development Fund	-	9,894,057	(9,894,057)	10,000,000	99%
MPBA	Corporate Services	30,254,681	68,051,125	(37,796,444)	111,430,398	61%
MPB	Director General's Office	30,254,681	68,051,125	(37,796,444)	111,430,398	61%
MPC	Language Services					
18AA	Language Services	22,732,867	22,461,859	271,008	33,126,852	68%
18CA	Administration	7,634,657	6,770,324	864,333	8,558,364	79%
MPCA	Language Services	30,367,524	29,232,183	1,135,341	41,685,216	70%
MPC	Language Services	30,367,524	29,232,183	1,135,341	41,685,216	70%
MPD	Special Commissions					
56AA	Government Remuneration Tribunal	13,460,932	11,321,869	2,139,063	18,530,844	61%

MPDE	Government Remuneration Tribunal	13,460,932	11,321,869	2,139,063	18,530,844	61%
MPD	Special Commissions	13,460,932	11,321,869	2,139,063	18,530,844	61%
MPE	Information, Communication and Technology Policy and Administration					
57AA	Administration & Operations	109,931,803	123,943,579	(14,011,776)	163,350,593	76%
57AB	IP Network and Communication	23,798,997	34,660,584	(10,861,587)	38,525,113	90%
57AC	Management Information System	34,722,722	36,940,327	(2,217,605)	46,001,690	80%
57AD	Transmission Network	24,943,275	27,763,904	(2,820,629)	35,502,366	78%
57AE	Policy and Compliance	11,324,943	18,461,168	(7,136,225)	23,991,445	77%
57AF	Desktop and User Support	5,081,220	4,622,234	458,986	6,166,051	75%
MPEA	Information, Communication and Technology Policy and Administration	209,802,960	246,391,796	(36,588,836)	313,537,258	79%
MPE	Information, Communication and Technology Policy and Administration	209,802,960	246,391,796	(36,588,836)	313,537,258	79%
MPG	Parliamentary Secretariat					
50AA	Parliamentary Secretariat	-	-	-	-	
MPGA	Parliamentary Secretariat	-	-	-	-	
MPG	Parliamentary Secretariat	-	-	-	-	
M02	Prime Ministers Ministry	480,053,682	599,691,133	(119,637,451)	1,298,069,462	46%
	Grand Total	480,053,682	599,691,133	(119,637,451)	1,298,069,462	46%

Table 2: Activity Expenditures by Chart of Account, Q3 2020

Activity Expenditures by Chart of Account Q3 2020													
		Strategic Management		Administration & Coordination of Government Programmes		Corporate Services		Language Services		Government Remuneration Tribunal		Information, Communication and Technology Policy and Administration	
		MCBA		MPAA		MPBA		MPCA		MPDE		MPEA	
Account	Description	Total	Budget	Total	Budget	Total	Budget	Total	Budget	Total	Budget	Total	Budget
	Personnel Expenses												
8AAA	Acting Allowances	733,539	-			-	-	1,270,099	-	1,193,548	-	1,203,795	-
8AAB	Responsibility Allowance	365,760	-			34,500	-			6,900	-	449,800	-
8AAC	On-Call Allowance											1,247,214	-
8AAF	Family Allowance	588,983	666,463	50,611	1,017,232	100,095	631,381	210,587	631,381	139,840	175,388	467,175	612,931
8AAG	Gratuitie Allowances			3,631,521	-								
8AAH	Housing Allowances	6,703,235	5,612,301	7,631,486	8,155,385	1,140,053	2,850,002	1,517,263	2,630,770	393,300	789,232	4,032,044	5,061,509
8AAS	Special Allowances					24,000	-						
8AAO	Other Allowances	70,000	-									224,759	6,189,615
8AAP	Home Island Passage Allowances	216,127	48,744	42,700	-			103,680	-			211,763	-
8ASP	Provident Fund	2,576,666	3,358,736	1,795,277	1,845,956	591,171	734,427	788,285	983,905	346,747	416,632	1,970,492	2,113,486
8AWC	Contract Wages	844,283	-			520,997	-					247,680	-
8AWD	Daily Rated Wages											-	157,481
8AWL	Leave expense	601,334	-	910,420	-							758,234	-
8AWO	Overtime Wages	315,910	-	189,000	-							194,642	-
8AWP	Permanent Wages	62,824,357	83,301,955	42,139,811	45,131,634	14,142,521	17,729,331	18,397,164	23,966,151	7,467,677	10,240,342	46,785,130	45,877,166
PAYR	Payroll expenses	-	(6,665,786)	-	(327,919)	-	(2,446,696)	-	(5,479,340)	-	-	-	-
	Personnel Expenses	75,840,194	86,322,413	56,390,826	55,822,288	16,553,337	19,498,445	22,287,078	22,732,867	9,548,012	11,621,594	57,792,728	60,012,188

	Operating Expenses												
8CAB	Subsistence Allowances	620,000	861,930	660,000	210,000	2,714,500	-	540,000	-	20,000	-	2,164,313	6,254,973
8CAS	Sitting Allowances	550,000	-							75,000	420,000	(20,000)	-
8CAW	Good Will Payment			16,323,651	-	199,790	-						
8CBI	International Accommodation	-	478,850	300,000	-	300,000	-					35,000	2,999,979
8CBL	Local Accommodation	48,356	478,850	575,900	140,000	2,200,372	-	780,000	-			570,619	600,435
8CCI	International Courses											383,508	4,532,357
8CCL	Local Courses	-	60,872							58,640	420,000	-	1,049,994
8CEC	Consultants Fees	1,392,098	-							-	70,000	13,808,180	-
8CEM	Software Maintenance Fees	-	608,697									26,724,951	28,199,934
8CEP	Penalty Fees											1,800,000	-
8CES	Security Services											366,000	150,003
8CET	Other Fees	14,590	-									26,216,366	2,072,722
8CFO	Freight Fuel					859,572	608,692	-	-			(1,084,586)	374,994
8CFV	Vehicles Fuel	462,925	426,089	604,790	1,356,351			-	182,611	38,740	140,000	1,756,856	524,997
8CGM	Mail Carriage Freight											61,000	-
8CGO	Other Charges - Freight			120,522	-	1,329,592	-	25,600	-			43,000	-
8CGR	Transport - Freight	10,020	-									514,584	1,124,991
8CGS	Storage - Freight											91,625	-
8CHL	Local Medical Treatment	101,547	478,850									5,900	198,756
8CHT	Other Medical Treatment											27,900	-
8CIE	Equipment Hire	277,151	-					8,400	-				
8CIF	Facilities Hire	399,576	304,346	22,609	-	51,264	-	9,392	-	6,957	-	42,000	-
8CIV	Vehicles Hire					81,801	-					30,435	374,994
8CJO	Office Cleaning	186,355	134,078	178,942	304,346	716,800	350,000	147,944	121,739	-	70,000	387,867	187,497

8CKD	Advertising - Communications	368,696	-			198,174	140,000			84,260	49,000	50,652	539,991
8CKI	Internet and Satellite Communications											12,713,971	18,017,604
8CKP	Postage - Communications	8,060	4,787					6,000	-	-	3,705		
8CKR	Printing - Communications	2,719,653	213,047	161,223	100,000	404,088	350,000	72,770	-	126,114	6,720	62,524	-
8CKS	Stationery - Communications	158,956	1,183,312	408,365	426,090	475,237	608,692	86,124	650,711	29,312	350,000	328,455	374,994
8CKT	Telephone / Fax - Communications	739,064	36,521	232,613	304,346	1,234,027	608,692	96,811	182,611	44,780	70,000	21,208,706	10,499,958
8CLS	Survey Cost - Land					198,000	-						
8CMG	General - Materials	145,008	-	48,670	-	2,139,944	-					11,198,852	2,024,991
8CMO	Office - Materials			53,007	-	103,193	-					68,630	-
8CNO	Office Rental											1,837,971	469,062
8CNT	Other Rental											-	150,003
8COA	Audit Fees	1,250,000	-										
8COF	Refunds	54,088	-	63,000	-	(117,240)	-					138,750	299,997
8COG	Government Contributions											8,000,000	-
8COI	Incidentals	721,207	1,264,901	1,408,120	1,164,717	11,206,049	1,382,593	2,435	94,346	114,713	-	820,309	749,988
8COM	Medals									25,330	-		
8COO	International Organisation Fees											-	3,524,985
8COP	Official Entertainment	2,790,069	252,412	4,475,899	2,521,739	1,019,407	-	2,320,258	-	233,542	-	725,673	900,000
8COT	Termination Payment					(242,600)	-						
8COU	Uniforms	16,270	-									1,120,779	225,000
8CRB	Buildings Repairs & Maintenance	169,582	-	142,516	-	4,231,226	-	466,254	-			20,000	-
8CRE	Equipment Repairs & Maintenance	1,078,666	30,436	17,174	182,611	199,232	1,217,393	76,019	121,739	15,943	-	4,646,441	4,499,982
8CRH	Houses Repairs & Maintenance	38,459	-			69,215	-						
8CRM	Maintenance Contrac	1,198,351	-									100,149	10,499,958
8CRR	Roads Repairs & Maintenance	179,889	-										
8CRV	Vehicles Repairs & Maintenance	447,430	478,850	227,663	608,697	479,643	1,217,393	5,000	121,739	35,452	-	774,671	450,000
8CSF	Food - Suppliers	388,889	-										

8CSM	Medicines Suppliers											-	-
8CTI	International Travel	25,000	631,025	180,365	-	282,914	-					632,387	3,824,973
8CTL	Local Travel	980,647	1,441,547	1,836,158	1,400,000	1,391,408	-	1,220,726	-	49,096	-	3,680,603	2,774,979
8CUC	Gas - Cooking Utilities			-	60,872	34,996	-						
8CUE	Electricity Utilities	1,045,610	182,611	95,435	-	5,099,286	-	442,126	164,346	276,329	-	16,604,770	11,249,955
8CUW	Water Utilities	-	70,449			5,732,150	-	-	121,739				
8CWL	Local Workshops	122,667	121,739									3,000	-
8CZV	Value Added Tax	1,820,076	1,366,508	2,916,610	1,408,257	5,919,572	-	316,461	281,125	207,428	239,913	13,336,968	6,974,964
8DNO	Other Non Profit Institution			8,695,658	-								
8EEA	Equipment - Additional General	1,382,925	60,872	99,266	304,351	872,048	-	7,696	112,611	154,775	-	865,815	-
8EEC	Equipment - Computer	187,410	-	791,250	-	65,894	608,692	315,089	-	114,594	-	4,794,317	3,101,229
8EEP	Equipment - Photocopiers	-	60,872	42,174	-								
8EER	Equipment - Replacement General			108,696	-								
8EES	Equipment - Specialised											9,830,995	19,196,545
8EET	Equipment - Computer Software Purchases			134,105	-	257,362	-						
8EFO	Furniture - Office Furniture	6,000	-	231,672	304,351	51,740	1,217,393			62,852	-	222,676	375,003
8EIR	Infrastructure - Roads & Bridges	46,593,100	-										
8EVR	Vehicle - Replacement			2,608,697	-	1,739,132	-					880,441	-
8FCB	Bank Charges											5,045	419,985
OVER	Overhead expenses	-	31,665,786	-	327,919	-	2,446,696	-	5,479,340	-	-	-	-
	Operating Expenses	68,698,390	42,898,237	43,764,750	11,124,647	51,497,788	10,756,236	6,945,105	7,634,657	1,773,857	1,839,338	188,599,068	149,790,772
	Total Expenditure	144,538,584	129,220,650	100,155,576	66,946,935	68,051,125	30,254,681	29,232,183	30,367,524	11,321,869	13,460,932	246,391,796	209,802,960

Table 3: Revenue Q3, 2020

Revenue Q3 2020						
Account	Description	Revenue Q3	Budget Q3	Over/(Under)	Budget	% of Annual Revenue Collected
	Revenue					
7NFI	Capacity and Network Access Fee	14,869,227	0	14,869,227	0	
7NFO	Other Fees	7,800	0	7,800	0	
7NOI	Inspections Recoveries	(50,000)	0	(50,000)	0	
7NOR	Rents & Leases Recoveries	86,957	5,999,976	(5,913,019)	8,000,000	1%
7TVA	Value Added Tax	13,043	0	13,043	0	
	Revenue	14,927,027	5,999,976	8,927,051	8,000,000	187%
	Total Revenue and Receipts	14,927,027	5,999,976	8,927,051	8,000,000	187%

Table 4: Virement Q3, 2020

Virement, Q3 2020									
	Virement Out				Virement In				Amount
Month	Fund	Department	Activity	Account	Fund	Department	Activity	Account	
March	2	42AA	MPBA	PAYR	2	42AA	MPBA	OVER	757,400
April	2	09AB	MCBA	PAYR	2	09AB	MCBA	OVER	406,870
April	2	09AA	MCBA	PAYR	2	09AA	MCBA	OVER	941,275
May	2	10AC	MPAA	OVER	2	10AA	MPAA	PAYR	2,584,951
May	2	57AC	MPEA	OVER	2	57AA	MPEA	OVER	2,643,998
May	2	57AB	MPEA	OVER	2	57AA	MPEA	OVER	2,260,020
May	2	10AC	MPAA	OVER	2	10AA	MPAA	OVER	11,523,082
June	2	09AA	MCBA	PAYR	2	09AA	MCBA	OVER	452,380
June	2	18AA	MPCA	PAYR	2	18CA	MPCA	OVER	473,520
June	2	18AA	MPCA	PAYR	2	18CA	MPCA	OVER	100,000
June	2	09AA	MCBA	PAYR	2	09AA	MCBA	OVER	1,444,031
July	2	09AA	MCBA	PAYR	2	09AA	MCBA	OVER	5,000,000
August	2	18AA	MPCA	PAYR	2	18CA	MPCA	OVER	4,905,820
August	2	09AA	MCBA	PAYR	2	09AA	MCBA	OVER	1,000,000
August	2	09AB	MCBA	PAYR	2	09AA	MCBA	OVER	460,790
September	2	18CA	MPCA	OVER	2	18AA	MPCA	PAYR	4,905,820
September	2	09AA	MCBA	PAYR	2	09AD	MCBA	PAYR	296,338
September	2	10AA	MPAA	PAYR	2	10AA	MPAA	OVER	2,912,870
September	2	42AA	MPBA	PAYR	2	42AA	MPBA	OVER	1,689,296
September	2	09AB	MCBA	PAYR	2	09AB	MCBA	OVER	500,000
September	2	09AA	MCBA	PAYR	2	09AB	MCBA	OVER	434,689
September	2	09AB	MCBA	PAYR	2	09AB	MCBA	OVER	1,025,751

Figure 1: Payroll vs Operations Budget and Expenditures share

