
OFFICE OF THE PARLIAMENT THIRD QUARTERLY REPORT

Executive Summary

The office of the Parliament at the end of September has overspent its quarter three 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 third 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 third quarter of 2020, Parliament has overspends its budget by VT 169.1 million which marks 76% of its annual budget ([Table 1](#)). At the end of Q3, a significant unbudgeted expenditures of VT406.7 million was incurred and largely because of the 11th legislature gratuity payment and good will payment whose NPP budget were stored at the end of quarter 4.

The split between operations and payroll expenditure and budget appears significantly skewed towards operations with 83% budget share and 86% expenditures share at the end of Q3 ([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 Q3, one out of four program across Parliament was overspent, namely the CBA Procedure and Legislative office by VT 208.5million overspend (78% of its annual budget). CBB Standing Committees Office made savings of VT3.2million, CBC Hansard office has seen a large underspent by VT13.6million and CBD Corporate services registered the highest budget underspent by VT22.5million.

Payroll underspends its budget by VT 2.7 million with VT136.1 million expended against its VT138.8million budget ([Table 2](#)). Savings was largely from permanent wages (VT56.4million), housing allowances (VT7.5million) and other allowances (VT1.7million).

Operations overspent its budget by VT 171.8 million against a budget of VT682.5 million ([Table 2](#)) thus, 80% of its annual budget was expended so far. Major expenditures was seen from MP allocation MP allowances (VT150.5million), MP representational allowances (VT177.3million), MP touring (VT40.4million). MP gratuity allowances (VT375.2million) and Goodwill payment (VT8.1million) are also spent with no budget allocation by end of Q3. Other major over spending

expenditure includes, equipment additional general by VT4.1million, building repairs and maintenance by VT2.6million and incidental by VT3.5million ([Table 2](#)).

Virements at the end of Q3 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 Q3 budget of VT1.4million ([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 third 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 third quarter, no revenue was collected. Overall, Business planning and budget aligning is recommended to improve budget execution.

Appendix

Table 1: Expenditures by Cost centres, Q3 2020

Expenditures by cost centres, Q3 2020						
Code	Description	Budget Q3	Expenditure Q3	Under/(Over)	Annual Budget	% of Budget Spent
M01	Constitutional Agencies					
CBA	Procedure and Legislative Office					
02AA	Legislative Section	494,128,685	703,758,127	(209,629,442)	882,063,516	80%
CBAA	Procedure and Legislative Affairs	494,128,685	703,758,127	(209,629,442)	882,063,516	80%
02AB	Security & Protocol Section	9,511,439	9,200,206	311,233	12,961,494	71%
CBAB	Security and Protocol	9,511,439	9,200,206	311,233	12,961,494	71%
02AC	Inter-Parliamentary Section	11,256,184	12,556,969	(1,300,785)	16,925,007	74%
CBAC	Inter-Parliamentary Relations	11,256,184	12,556,969	(1,300,785)	16,925,007	74%
02AD	Office of the Opposition	23,260,254	21,192,151	2,068,103	39,865,892	53%
CBAD	Office of the Leader of the Opposition	23,260,254	21,192,151	2,068,103	39,865,892	53%
CBA	Procedure and Legislative Office	538,156,562	746,707,453	(208,550,891)	951,815,909	78%
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	7,839,154	9,117,707	(1,278,553)	14,985,786	61%
CBBC	Committee on the Public Accounts	7,839,154	9,117,707	(1,278,553)	14,985,786	61%
02BD	Institutions Committee Support	8,597,755	4,312,528	4,285,227	15,937,249	27%
CBBD	Committee on Institutions	8,597,755	4,312,528	4,285,227	15,937,249	27%
02BE	Legislative Review Committee	8,417,872	4,600,081	3,817,791	15,697,419	29%
CBBE	Committee on Economic Policy	8,417,872	4,600,081	3,817,791	15,697,419	29%

02BF	Provincial Affairs Committee	8,005,137	4,587,117	3,418,020	15,280,428	30%
CBBF	Committee on Social Policy	8,005,137	4,587,117	3,418,020	15,280,428	30%
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	32,859,918	29,629,864	3,230,054	61,900,882	48%
CBC	Hansard Office					
02CA	Parliamentary Reporting Section	31,622,390	21,388,178	10,234,212	43,032,518	50%
CBCA	Parliamentary Reporting	31,622,390	21,388,178	10,234,212	43,032,518	50%
02CB	Library & Archives	10,114,305	6,687,462	3,426,843	14,696,398	46%
CBCB	Library and Archives	10,114,305	6,687,462	3,426,843	14,696,398	46%
CBC	Hansard Office	41,736,695	28,075,640	13,661,055	57,728,916	49%
CBD	Corporate Services Office					
02DA	Accounts Section	8,522,982	4,901,693	3,621,289	11,738,775	42%
CBDA	Financial Management	8,522,982	4,901,693	3,621,289	11,738,775	42%
02DB	Personnel Section	44,091,293	30,445,126	13,646,167	61,331,186	50%
CBDB	Personnel Administration and Maintenance	44,091,293	30,445,126	13,646,167	61,331,186	50%
02DC	Members Allocations	156,000,000	150,745,634	5,254,366	156,000,000	97%
CBDC	Members Allocation	156,000,000	150,745,634	5,254,366	156,000,000	97%
CBD	Corporate Services Office	208,614,275	186,092,453	22,521,822	229,069,961	81%
M01	Constitutional Agencies	821,367,450	990,505,410	(169,137,960)	1,300,515,668	76%
	Grand Total	821,367,450	990,505,410	(169,137,960)	1,300,515,668	76%

Table 2: Expenditure by Chart of Accounts, Q3 2020

Expenditures by chart of Account, Q3 2020						
Account	Description	Actual Q3	Budget Q3	Under/Over	Annual Budget	% of Budget Spent
	Personnel Expenses					
8AAA	Acting Allowances	632,460	1,278,844	646,384	1,750,000	49%
8AAB	Responsibility Allowance	398,532	-	(398,532)	-	
8AAF	Family Allowance	572,519	1,175,083	602,564	1,608,000	49%

8AAG	Gratuities Allowances	8,953,293	-	(8,953,293)	19,499,970	
8AAH	Housing Allowances	13,552,072	21,133,858	7,581,786	28,920,021	64%
8AAO	Other Allowances	(1,714,510)	-	1,714,510	-	
8AAP	Home Island Passage Allowances	351,742	1,516,351	1,164,609	2,075,000	23%
8ASP	Provident Fund	9,558,819	6,249,301	(3,309,518)	8,551,658	153%
8AWL	Leave expense	1,174,238	-	(1,174,238)	-	
8AWO	Overtime Wages	5,280,738	-	(5,280,738)	-	
8AWP	Permanent Wages	97,353,514	153,778,258	56,424,744	210,433,460	63%
PAYR	Payroll expenses	-	(46,281,212)	(46,281,212)	(46,281,212)	0%
	Personnel Expenses	136,113,417	138,850,483	2,737,066	226,556,897	98%
	Operating Expenses					
8CAA	M.P. Allocation Allowances	150,575,634	156,000,000	5,424,366	156,000,000	97%
8CAB	Subsistence Allowances	7,530,000	24,854,895	17,324,895	45,300,000	17%
8CAG	M. P. Gratuity Allowances	375,298,695	-	(375,298,695)	181,684,533	207%
8CAR	M.P. Representation Allowances	177,328,369	233,593,470	56,265,101	311,459,200	57%
8CAS	Sitting Allowances	7,231,960	19,904,931	12,672,971	43,700,000	17%
8CAT	M.P. Touring Allowances	40,418,640	62,399,943	21,981,303	83,200,260	49%
8CAW	Good Will Payment	8,367,706	-	(8,367,706)	4,560,666	183%
8CBI	International Accommodation	-	4,424,985	4,424,985	5,900,000	0%
8CBL	Local Accommodation	6,365,000	17,452,413	11,087,413	41,510,000	15%
8CEC	Consultants Fees	1,510,000	6,749,973	5,239,973	9,000,000	17%
8CEM	Software Maintenance Fees	880,000	-	(880,000)	-	
8CET	Other Fees	5,248,779	9,317,907	4,069,128	12,423,923	42%
8CFV	Vehicles Fuel	1,486,122	1,087,488	(398,634)	1,450,000	102%
8CGM	Mail Carriage Freight			-	-	
8CGO	Other Charges - Freight	30,000	-	(30,000)	-	
8CGR	Transport - Freight			-	-	
8CHI	International Medical Treatment			-	12,000,000	0%
8CHL	Local Medical Treatment	192,625	487,503	294,878	650,000	30%
8CIE	Equipment Hire	189,000	-	(189,000)	-	
8CIF	Facilities Hire	-	262,494	262,494	350,000	0%
8CIV	Vehicles Hire	685,938	150,003	(535,935)	200,000	343%
8CJO	Office Cleaning	1,427,898	824,994	(602,904)	1,100,000	130%
8CKD	Advertising - Communications	31,304	262,503	231,199	350,000	9%
8CKI	Internet and Satellite Communications	244,184	-	(244,184)	-	
8CKL	Translation Communications	448,985	-	(448,985)	-	
8CKM	Advertising and Marketing	53,000	-	(53,000)	-	
8CKP	Postage - Communications	6,217	457,506	451,289	610,000	1%
8CKR	Printing - Communications	150,707	-	(150,707)	-	
8CKS	Stationery - Communications	3,808,777	3,907,557	98,780	5,210,100	73%
8CKT	Telephone / Fax - Communications	3,952,628	3,618,747	(333,881)	4,825,000	82%
8CMG	General - Materials	83,889	473,544	389,655	631,397	13%
8CMO	Office - Materials	166,736	-	(166,736)	-	

8CNT	Other Rental	941,129	-	(941,129)	-	
8COE	Terminal Payments	136,268	-	(136,268)	-	
8COF	Refunds	157,210	-	(157,210)	-	
8COI	Incidentals	9,790,350	6,266,979	(3,523,371)	8,356,000	117%
8COO	International Organisation Fees	-	3,010,824	3,010,824	4,014,447	0%
8COP	Official Entertainment	3,968,310	5,399,982	1,431,672	7,200,000	55%
8COS	Insurance	(453,879)	-	453,879	-	
8COT	Termination Payment	1,032,804	-	(1,032,804)	-	
8COU	Uniforms	449,696	749,997	300,301	1,000,000	45%
8CRB	Buildings Repairs & Maintenance	7,358,547	4,724,982	(2,633,565)	6,300,000	117%
8CRE	Equipment Repairs & Maintenance	713,492	1,649,997	936,505	2,200,000	32%
8CRH	Houses Repairs & Maintenance	210,527	-	(210,527)	-	
8CRM	Maintenance Contract	953,825	-	(953,825)	-	
8CRV	Vehicles Repairs & Maintenance	2,747,627	3,262,482	514,855	4,350,000	63%
8CRW	Vehicle Servicing	59,217	-	(59,217)	-	
8CTI	International Travel	81,160	5,774,967	5,693,807	7,700,000	1%
8CTL	Local Travel	4,609,398	7,912,467	3,303,069	10,550,000	44%
8CUE	Electricity Utilities	32,398	562,500	530,102	750,000	4%
8CUL	Lighting Utilities	849,830	1,499,994	650,164	2,000,000	42%
8CUW	Water Utilities	298,596	1,912,500	1,613,904	2,550,000	12%
8CZV	Value Added Tax	7,947,087	7,425,702	(521,385)	9,900,961	80%
8DNV	V.B.T.C. Non Profit Institution	-	8,999,964	8,999,964	12,000,000	0%
8EEA	Equipment - Additional General	7,164,759	2,999,988	(4,164,771)	4,000,000	179%
8EEC	Equipment - Computer	1,313,897	7,462,476	6,148,579	9,950,000	13%
8EER	Equipment - Replacement General	1,391,304	-	(1,391,304)	-	
8EES	Equipment - Specialised	-	180,801	180,801	241,072	0%
8EET	Equipment - Computer Software Purchases			-	-	
8EFO	Furniture - Office Furniture	262,896	-	(262,896)	-	
8EVA	Vehicle - Additional Vehicle	6,488,839	6,749,973	261,134	9,000,000	72%
8EVR	Vehicle - Replacement	2,173,913	2,624,994	451,081	3,500,000	62%
OVER	Overhead expenses	-	57,114,542	57,114,542	46,281,212	0%
	Operating Expenses	854,391,993	682,516,967	(171,875,026)	1,073,958,771	80%
	Total Expenditure	990,505,410	821,367,450	(169,137,960)	1,300,515,668	76%

Table 3: Revenue Q3 2020

Account	Description	Revenue Q3	Budget Q3	Over/(Under)	Annual Budget	% of Annual Revenue Budget Collected
	Revenue					
7NOR	Rents & Leases Recoveries	0	1,482,610	(1,482,610)	1,111,950	-
	Revenue	-	1,482,610	(1,482,610)	1,111,950	-
	Total Revenue and Receipts	-	1,482,610	(1,482,610)	1,111,950	-

Table 4: Virement Q3 2020

Virement, Q3 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, Q3 2020

