

STATE LAW OFFICE EXPENDITURE REVIEW 2020

EXECUTIVE SUMMARY

The State Law Office (SLO) is established by the State Law Office Act No. 14 of 1998 and is the program under which all legal advice, litigation and drafting work on behalf of the Government is undertaken. The State Law Office provides legal services to the Head of State, Parliament, the Government (Council of Ministers, Ministers, Ministries and Departments), the Local Government Councils, Statutory Bodies, various Commissions, Boards, and Government Committees.

The Office is not allowed under the State Law Office Act to provide legal advice to any private individual, including public servants nor the private sectors.

OBJECTIVES

- To provide legal advice to Government
- To represent government before the Court as little as possible by resolving disputes
- To provide high quality legislative drafting services to government
- To have contented and well-qualified staff
- To have adequate financial and physical resources
- To combat money laundering, financing of terrorism and other financial/economic crime

The Office had a budget of VT147,578,548 and had expended 99.8 percent and had a remaining fund of VT359,302 at the end of the third quarter of the year compared to an overall surplus of VT4.4 million in 2019 in the same period. The office had already spent 73 percent of its annual budget and with that current rate of spending it will most likely that it will have some unspent funds at the end of the year.

STATE LAW OFFICE OPERATIONS

The Legal Advice Section had a budget of VT110.2 million and had a budget deficit of VT337,364 compared to a budget surplus of VT2.5 million in 2019 in the same period. This Section had already spent 73 percent of its annual budget. The Financial Intelligence Unit had a budget of VT37.4 million and had a budget surplus of VT696,666 compared to a budget surplus of VT1.9 million in 2019 in the same period. This Section had already spent 73 percent of its annual budget.

The budget share of payroll to operation is 87 percent to 13 percent and the expenditure share of payroll to operation is 87 percent to 13 percent and funds were expended as anticipated. See graphs at the appendix.

Major expenditures were from permanent wages VT111.8 million, housing allowances VT8.6 million, office rental VT3.3 million and other fees VT2.4 million.

There was no virement requested or processed.

The expenditure had been increasing over the years and again by 7 percent in this period and one main contributing factor is new recruitments and office rent. Most of the chart of accounts were overspent and the office rent expense was against a zero budget.

REVENUE

At the end of the third quarter, the overall State Law Office revenue collection recorded an amount of **VT 397.8 million**. That collection exceeded SLO's annual budget target by **275.2 million**.

Apart from court cost recoveries, revenue from other fines and publications have exceeded the half year budget target. **96 percent** of the revenue collected by the State Law office are from Due Diligence fees that directly relate to the Honorary Citizenship Program. Successful citizenship holders from the Vanuatu Development Support Program (VDSP) and Vanuatu Development Program (VDP) are obligated under the law to undergo a due Diligence check by the Financial Intelligence Unit (FIU). The SLO through its FIU have successfully exceed their 2020 revenue target.

POLICY IMPLICATION

There are two positions that are budgeted for and to be recruited this year and these positions are now formalized. SLO had been increasing its human resources every year as it needs to be equipped with sufficient resources and be able to perform its functions. One of FIU's important function is to keep Vanuatu out of the grey list and also cope with its increasing work load.

CONCLUSION

The budget had increased thus the expenditure compared to the same period in the previous year. The agency had already spent 73 percent of its annual budget and with that current rate of spending, it is most likely to spend within its budget ceiling at the end of the year.

APPENDIX

GRAPHS

Figure 1: Q3 Expenditure Vs Q3 Budget

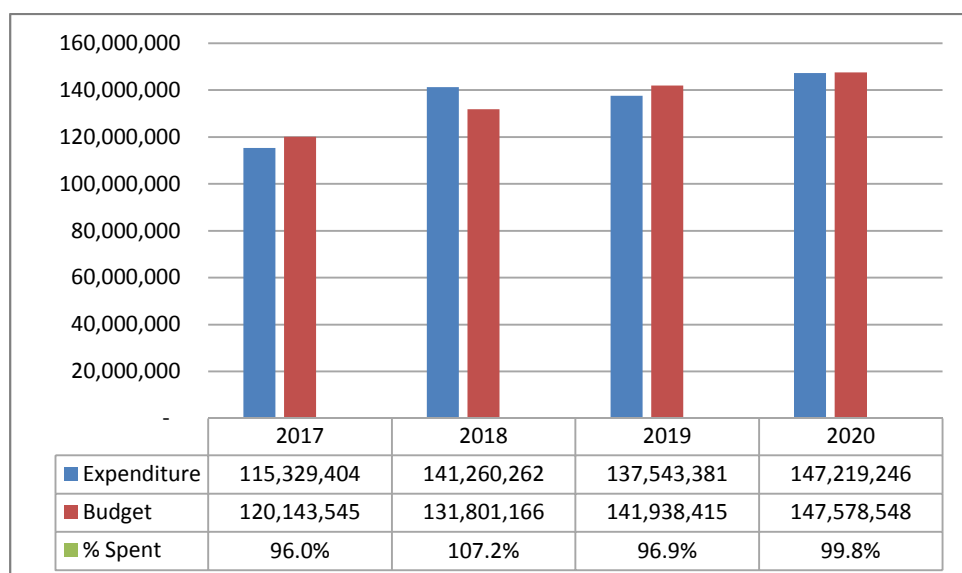


Figure 2: Q3 Payroll Budget to Operation Budget Ratio

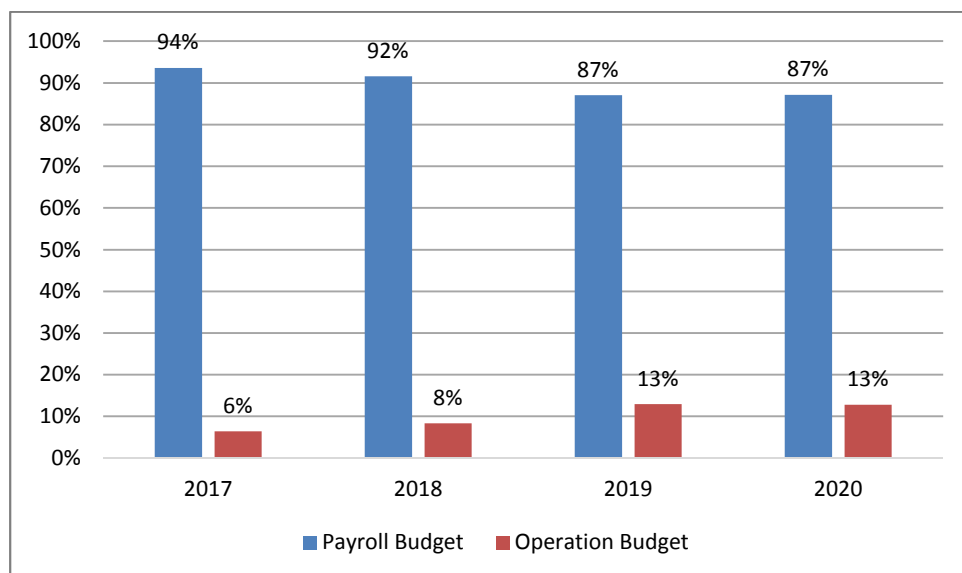
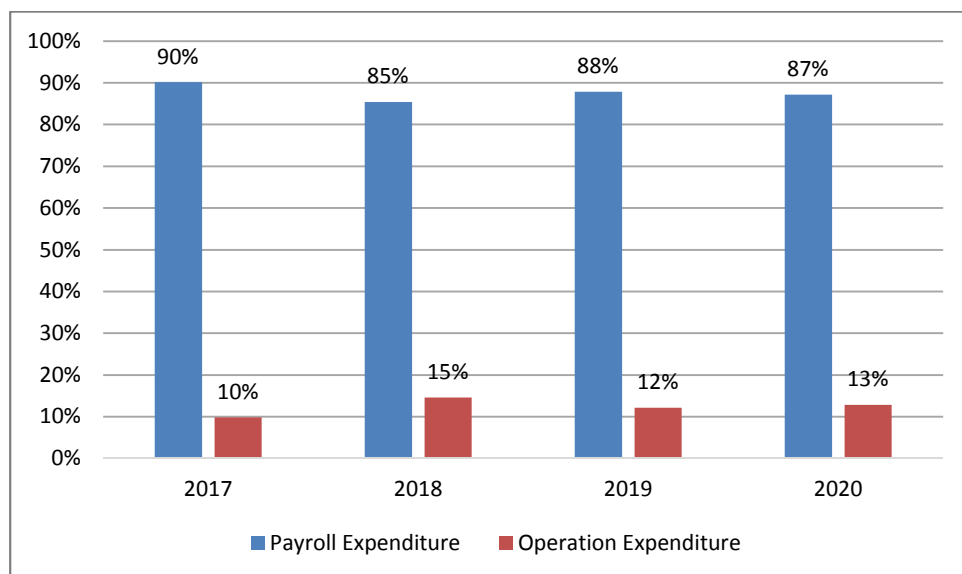


Figure 3: Q3 Payroll Expenditure to Operation Expenditure



TABLES

Table 1: Expenditure Summary

Code	Description	Actual	Commitment	Total	Budget to Date	Under/(Over) Budget	Warrant Released	Warrant Remaining	Annual Budget	Annual Budget Remaining
11AA	Office Administration	108,865,974	1,640,593	110,506,567	110,169,203	(337,364)	111,189,523	682,956	150,583,906	40,077,339
11AB	Financial Intelligence Unit	35,619,882	1,092,797	36,712,679	37,409,345	696,666	37,409,345	696,666	50,241,985	13,529,306
11	State Law Office	144,485,856	2,733,390	147,219,246	147,578,548	359,302	148,598,868	1,379,622	200,825,891	53,606,645

Table 2: Budget and Expenditure by chart of accounts: Figures in red font are expenses against no allocated budget, highlighted yellow figures are overspent chart of accounts.

Account	Description	Legal Services		FIU	
		Expenditure	Budget	Expenditure	Budget
	Personnel Expenses				
8AAA	Acting Allowances	-	219,232	75,929	146,157
8AAB	Responsibility Allowance	1,322,422	73,075		
8AAF	Family Allowance	946,282	841,844	267,720	261,431
8AAH	Housing Allowances	6,339,165	7,103,079	2,272,400	2,455,429
8AAO	Other Allowances	150,000	-	30,000	-
8AAP	Home Island Passage Allowances	546,085	409,232	12,548	211,926
8ASP	Provident Fund	3,652,194	3,644,554	876,344	865,507
8AWO	Overtime Wages	2,738	73,075		
8AWP	Permanent Wages	89,979,049	89,906,580	21,832,072	21,230,007

PAYR	Payroll expenses	-	1,200,000	-	-
	Personnel Expenses	102,937,935	103,470,671	25,367,013	25,170,457
	Operating Expenses				
8CAB	Subsistence Allowances	-	300,000	-	224,910
8CAP	Repatriation Allowances	-	-		
8CBI	International Accommodation	-	224,910	-	374,850
8CBL	Local Accommodation	-	149,940	-	75,000
8CET	Other Fees	6,750	75,000	2,347,380	-
8CFV	Vehicles Fuel	595,647	599,760	191,301	134,946
8CGM	Mail Carriage Freight	-	14,994		
8CGO	Other Charges - Freight	-	11,250		
8CGR	Transport - Freight	1,361	15,000		
8CIF	Facilities Hire	-	-	-	75,000
8CIV	Vehicles Hire	-	75,000		
8CJO	Office Cleaning	345,475	119,952	115,439	104,958
8CKD	Advertising - Communications	-	37,485	31,304	37,500
8CKP	Postage - Communications	5,000	15,000	-	11,250
8CKR	Printing - Communications	510,101	337,365	57,391	74,970
8CKS	Stationery - Communications	474,375	449,820	59,625	74,970
8CKT	Telephone / Fax - Communications	-	374,850	83,301	112,455
8CNO	Office Rental			3,333,770	-
8CNT	Other Rental	-	-		
8COC	Court Costs	8,696	-		
8COI	Incidentals	262,876	324,927	405,730	95,598
8COO	International Organisation Fees			893,123	-
8COP	Official Entertainment	799,357	112,455	-	-
8CRB	Buildings Repairs & Maintenance	58,392	149,940	-	112,455
8CRE	Equipment Repairs & Maintenance	179,806	224,910	46,391	187,425
8CRH	Houses Repairs & Maintenance	2,087	-		

8CRM	Maintenance Contrac	434,093	-	1,410,564	374,850
8CRR	Roads Repairs & Maintenance	92,892	-		
8CRV	Vehicles Repairs & Maintenance	538,646	299,880	147,801	112,455
8CTI	International Travel	-	150,000	54,435	374,850
8CTL	Local Travel	5,452	75,000	-	224,910
8CUE	Electricity Utilities	713,896	749,700	663,597	449,820
8CUW	Water Utilities	-	15,000	15,363	11,250
8CWL	Local Workshops			-	150,000
8CZV	Value Added Tax	920,155	1,039,914	746,178	788,157
8DGS	Stationery Grant	6,670	-		
8EEA	Equipment - Additional General	226,078	75,000	-	-
8EEC	Equipment - Computer	889,459	374,850	628,679	300,000
8EER	Equipment - Replacement General			-	74,970
8EET	Equipment - Computer Software Purchases	6,088	-	10,861	-
8EFO	Furniture - Office Furniture	485,280	299,880	34,156	149,940
8EVA	Vehicle - Additional Vehicle	-	-		
8EVR	Vehicle - Replacement	-	-		
8FCB	Bank Charges	-	6,750	69,277	7,500
OVER	Overhead expenses	-	-	-	7,523,899
	Operating Expenses	7,568,632	6,698,532	11,345,666	12,238,888
	Total Expenditure	110,506,567	110,169,203	36,712,679	37,409,345