



In-Year Report of the Municipal Entity

Prepared in terms of the Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 May 2009.

Monthly Budget Statement JULY 2018

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PART 1 – IN-YEAR REPORT

Section 1 – Chairperson’s Report

1.1 In-Year Report - Monthly Budget Statement

The monthly budget statement for the month of July has been prepared in accordance with the Municipal Budget and Reporting Regulations, 2008.

1.2 Implementation of the budget in accordance with the APP

It is planned that quarterly assessments on implementation of the budget will be performed in line with the approved APP/Service Delivery and Budget Implementation Plan.

1.3 Financial risks or problems facing the entity

The 2018/19 budget of ASPIRE totals to R39.1 million. Included in this amount is an anticipated R10 million budget to be received from the National Treasury for technical assistance and R7 million for the NDPG grant. Whilst the NDPG grant is gazetted for the 2018/19 financial year, the R10 million towards technical assistance has not been gazetted.

ASPIRE planned to close-out all projects that were financed by the department of environmental affairs (Natural Resources Management; Adopt a Spot and BCM Waste) by 30 June 2018 as these are not part of the newly approved strategy. Whilst Adopt a Spot and BCM Waste have successfully been handed over, the NRM project as well as the unspent funds for this project has not been successfully closed-out and handed over. This results in ASPIRE staff continuing to spend irrecoverable time on this project.

ASPIRE is unable to fully establish an SCM unit with adequately capacitated staff and relies mainly on ad-hoc support provided by the ADM towards work on this unit.

Regulations on the implementation of the Municipal Standard Chart of Accounts require all municipalities and their entities to be compliant by 01 July 2017. Due to prevailing cash-flow constraints ASPIRE missed this deadline and applied to National Treasury for an extension to 01 July 2018. The application was however rejected and the ADM is in a process of assisting ASPIRE with compliance towards these regulations. A total budget of R6million has been provided by ADM for this roll-out. An application was made to NT in line MSCOA Circular 5 & 6 for concurrence to utilize NT RT25 Contract to implement mSCOA. We still await NT approval so that the roll-out can start in earnest.

ASPIRE is currently only implementing the Alice Transport Hub project which is planned for completion in October 2018. Whilst a number of proposals have been submitted to potential funders, neither of these have yielded positive outcomes.

Section 2 – Resolutions

IN-YEAR REPORTS 2018/2019

That the board take note of the contents in the in-year monthly report for July 2018 as set out in the schedules contained in Section 4

RECOMMENDATION:

That Board notes the monthly budget statement and supporting documentation for July 2018.

Section 3 – Executive Summary

3.1 Introduction

This report has been prepared in accordance with the Municipal Budget and Reporting Regulations, 2008 and in line with Section 87 of the Municipal Finance Management Act, 2003.

3.2 Consolidated performance

3.2.1 Against annual budget (original approved) Revenue by Source

Operating Revenue

As at July 2018, of the R21.5 million budgeted to be received from ADM (R15.5 million for operations and R6 million for mSCOA support), ADM has already transferred the first quarter allocation (July to October) for the operational grant totaling to R5.1 million resulting in an over collection of 189% (R3.3 million).

The allocation of R6 million towards the mSCOA roll-out will only be made available to ASPIRE upon successful appointment of a service provider. The process of appointing a suitable service provider awaits concurrence from NT to utilize their RT25 contract upon submitting certain information as required from the ADM.

Other revenue – Only revenue in lieu of the disposal of an asset has been received as at the reporting period resulting in 99% under collection (R1.4 million).

Interest received – Interest received from operating call accounts depicts an over collection of 39% (R5 thousand rands).

Employee Costs

Employee costs for the month of July depict an under-expenditure of 34% (R313 thousand). This is as a result of budgeted vacant posts coupled as well as resignations at year end (2017/18).

Other Expenditure

Other expenditure for the month of July 2018 depicts an under-expenditure of 98% (R1.8 million). This is as a result of no expenditure incurred on major items (Alice transport Hub project, mSCOA implementation and technical assistance funding).

Capital expenditure

The only capital expenditure, though not to be capitalized in ASPIRE books as we are only an implementing agent relates to the R7million budget for the Alice Transport Hub Project, to date there is no expenditure incurred on this project.

3.3 Material variances from APP

Reporting in line with targets as set out in the Annual Performance Plan is done separately and submitted to the Board on a Quarterly basis and is included as a separate report.

Section 4 – In-year budget statement tables

4.1 Monthly budget statements

4.2 Financial Performance (revenue and expenditure)

Amathole Economic Development Agency - Table F2 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July

Description	2017/18	Current Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue By Source									
Property rates	-	-	-	-	-	-	-		-
Property rates - penalties & collection charges	-	-	-	-	-	-	-		-
Service charges - electricity revenue	-	-	-	-	-	-	-		-
Service charges - water revenue	-	-	-	-	-	-	-		-
Service charges - sanitation revenue	-	-	-	-	-	-	-		-
Service charges - refuse revenue	-	-	-	-	-	-	-		-
Service charges - other	-	-	-	-	-	-	-		-
Rental of facilities and equipment	-	-	-	-	-	-	-		-
Interest earned - external investments	181	160	-	18	18	13	5	38.6%	222
Interest earned - outstanding debtors	-	-	-	-	-	-	-		-
Dividends received	-	-	-	-	-	-	-		-
Fines	-	-	-	-	-	-	-		-
Licences and permits	-	-	-	-	-	-	-		-
Agency services	-	-	-	-	-	-	-		-
Transfers recognised - operational	13 500	21 526	-	5 175	5 175	1 794	3 381	188.5%	21 526
Other revenue	10 164	17 492	-	-	0	1 458	(1 458)	-100.0%	2
Gains on disposal of PPE	-	-	-	1	1	-	1	#DIV/0!	12
Total Revenue (excluding capital transfers and contributions)	23 846	39 178	-	5 195	5 195	3 265	1 930	59.1%	21 762
Expenditure By Type									
Employee related costs	9 623	11 050	-	608	608	921	(313)	-34.0%	7 294
Remuneration of Directors	717	900	-	13	13	75	(62)	-82.9%	154
Debt impairment	-	-	-	-	-	-	-		-
Collection costs	-	-	-	-	-	-	-		-
Depreciation & asset impairment	87	150	-	-	-	13	(13)	-100.0%	-
Finance charges	71	-	-	-	-	-	-		-
Bulk purchases	-	-	-	-	-	-	-		-
Other materials	-	-	-	-	-	-	-		-
Contracted services	-	-	-	-	-	-	-		-
Transfers and grants	-	-	-	-	-	-	-		-
Other expenditure	11 481	22 125	-	34	34	1 844	(1 810)	-98.2%	408
Loss on disposal of PPE	-	-	-	-	-	-	-		-
Total Expenditure	21 979	34 225	-	655	655	2 852	(2 197)	-77.0%	7 856
Surplus/(Deficit)	1 866	4 953	-	4 540	4 540	413	4 128	1000.0%	13 906
Transfers recognised - capital	-	(4 953)	-	-	-	-	-		-
Contributions recognised - capital	-	-	-	-	-	-	-		-
Contributions of PPE	-	-	-	-	-	-	-		-
Surplus/(Deficit) before taxation	1 866	-	-	4 540	4 540	413	4 128	1000.0%	13 906
Taxation	-	-	-	-	-	-	-		-
Surplus/(Deficit) for the year	1 866	-	-	4 540	4 540	413	4 128		13 906

4.3 Capital Expenditure

Amathole Economic Development Agency - Table F3 Monthly Budget Statement - Capital Expenditure - M01 July

Vote Description	2017/18	Current Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Multi-Year expenditure									
<i>Insert programme/projects description</i>							-		
							-		
							-		
							-		
							-		
							-		
							-		
Capital multi-year expenditure sub-total	-	-	-	-	-	-	-		-
Single Year expenditure									
<i>Insert single year budgets and indicative estimates</i>							-		
NDPG									
Adopt a Spot	-	-	-	-	-	-	-		-
Waste Management	-	-	-	-	-	-	-		-
Idutywa CBD Upgrade	-	-	-	-	-	-	-		-
Alice Transport Hub	7 003	7 080	-	-	-	590	(590)	-100.0%	-
ICT Rollout	-	4 500	-	-	-	375	(375)	-100.0%	-
ASPIRE building	-	453	-	-	-	38	(38)	-100.0%	-
Rural Development/Agriculture	-	-	-	-	-	-	-		-
Heritage, Culture and Tourism	-	-	-	-	-	-	-		-
Natural Resource Management	-	-	-	-	-	-	-		-
Capital single-year expenditure sub-total	7 003	12 033	-	-	-	1 003	(1 003)	-100.0%	-
Total Capital expenditure	7 003	12 033	-	-	-	1 003	(1 003)	-100.0%	-
Funded by:									
National Government	7 003	7 080	-	-	-	-	-		-
Provincial Government	-	-	-	-	-	-	-		-
Parent Municipality		4 953							-
District Municipality									-
Transfers recognised - capital	7 003	12 033	-	-	-	-	-		-
Public contributions & Donations									-
Borrowing									-
Internally generated funds									-
Total Capital Funding	7 003	12 033	-	-	-	-	-		-

4.4 Financial Position

Amathole Economic Development Agency - Table F4 Monthly Budget Statement - Financial Position - M01

Vote Description	2017/18	Current Year 2018/19			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash	178	-	-	7 080	-
Call investment deposits	9 538	-	-	16 918	-
Consumer debtors	-	-	-	-	-
Other debtors	170	-	-	166	-
Current portion of long-term receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Total current assets	9 885	-	-	24 163	-
Non current assets					
Long-term receivables	-	-	-	-	-
Investments	-	-	-	-	-
Investment property	-	-	-	-	-
Property, plant and equipment	55	-	-	55	-
Agricultural assets	-	-	-	-	-
Biological assets	-	-	-	-	-
Intangible assets	0	-	-	0	-
Total non current assets	55	-	-	55	-
TOTAL ASSETS	9 940	-	-	24 219	-
LIABILITIES					
Current liabilities					
Bank overdraft	-	-	-	-	-
Borrowing	-	-	-	-	-
Consumer deposits	-	-	-	-	-
Trade and other payables	7 079	-	-	16 473	-
Provisions	673	-	-	819	-
Total current liabilities	7 752	-	-	17 292	-
Non current liabilities					
Borrowing	-	-	-	-	-
Provisions	-	-	-	-	-
Total non current liabilities	-	-	-	-	-
TOTAL LIABILITIES	7 752	-	-	17 292	-
NET ASSETS	2 188	-	-	6 927	-
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	321	-	-	2 385	-
Reserves	-	-	-	-	-
Share capital	1	-	-	1	-
TOTAL COMMUNITY WEALTH/EQUITY	322	-	-	2 386	-

4.5 Cash Flows

Amathole Economic Development Agency - Table F5 Monthly Budget Statement - Cash Flows - M01 July

Description	2017/18	Current Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	-	-	-	-	-	-	-	-	-
Government - operating	72 938	32 098	-	15 707	15 707	2 675	13 032	487.2%	32 098
Government - capital	-	7 080	-	8 162	8 162	590	7 572	1283.4%	7 080
Interest	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(71 848)	(39 178)	-	(9 581)	(9 581)	(3 265)	(6 316)	193.5%	(39 178)
Finance charges	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-
Transfers and Grants	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	1 090	-	-	14 288	14 288	-	26 921	#DIV/0!	-
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-
Payments									
Capital assets	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES	-	-	-	-	-	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-
Payments									
Repayment of borrowing	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	1 090	-	-	14 288	14 288	-	14 288	#DIV/0!	-
Cash/cash equivalents at the year begin:	16 311	16 311	16 311						16 311
Cash/cash equivalents at the year end:	17 401	16 311	16 311	14 288	14 288	-	14 288	#DIV/0!	16 311

PART 2 – SUPPORTING DOCUMENTATION

Section 5 – Debtors' analysis

Amathole Economic Development Agency - Supporting Table F3 Entity Aged debtors - M01 July

Detail	NT Code	Current Year 2018/19									Total	Bad Debts	>90 days
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year				
Debtors Age Analysis By Revenue Source													
Rates	1200	-	-	-	-	-	-	-	-	-	-	-	-
Electricity	1300	-	-	-	-	-	-	-	-	-	-	-	-
Water	1400	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage / Sanitation	1500	-	-	-	-	-	-	-	-	-	-	-	-
Refuse Removal	1600	-	-	-	-	-	-	-	-	-	-	-	-
Housing (Rental Revenue)	1700	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	-	-	-	-	-	-	-	-	166	166	-	166
Total By Income Source	2000	-	-	-	-	-	-	-	-	166	166	-	166
Debtors Age Analysis By Customer Group													
Government	2200	-	-	-	-	-	-	-	-	-	-	-	-
Business	2300	-	-	-	-	-	-	-	-	-	-	-	-
Households	2400	-	-	-	-	-	-	-	-	-	-	-	-
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-
Total By Customer Group	2600	-	-	-	-	-	-	-	-	-	-	-	-

SUNDRY DEBTORS

Deposits R 44 000

Sundry Debtors R 121 681

The entity only has debtors totaling **R166 thousand** in respect of Deposits and Sundry Debtors. No major debtors exist as we do not provide services to communities but rather implement projects on behalf of either ADM and /or Sector Departments.

Section 6 - Creditors' analysis

Amathole Economic Development Agency - Supporting Table F4 Entity Aged creditors - M01 July

Detail	NT Code	Current Year 2018/19								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	(8)	-	1	(9)	30	-	-	-	14
Auditor General	0800	-	-	-	-	-	-	-	-	-
Other	0900	5 587	-	-	-	-	-	11 691	-	17 278
Total By Customer Type	2600	(8)	-	1	(9)	30	-	11 691	-	17 292

CREDITORS

Sundry Creditors: R 4 830 005

Provisions: R 818 609

Unspent Grants: R 11 643 271

The entity has creditors totaling **R17.2 million** in respect of Sundry Creditors; Provisions, Trade and other Payables and Unspent Conditional Grants some of which are cash backed except for those emanating prior the 2016 financial year (R1 million).

Section 7 – Investment portfolio analysis

7.1 Supporting Table F5

Currently the municipal entity has no significant investments. Only call accounts opened on behalf of unspent conditionals grants exist.

Amathole Economic Development Agency - Supporting Table F5 Entity investment portfolio monthly statement - M01 July

Investments by maturity Name of institution & investment ID R thousands	Current Year 2018/19							
	Period of investment	Type of investment	Expiry date of investment	Accrued interest for the month	Yield %	Market value		
	Months					Begin	Change	End
Adopt a Spot Call		Call						
BCM Waste Call		Call						
NRM Call		Call						2 783
AEDA Call		Call						3 056
NDPG Call		Call						11 079
Total investments								16 918

NB: EXCEPT FOR AEDA CALL, ALL THESE CALL ACCOUNTS ARE HELD IN LIEU OF UNSPENT CONDITIONAL GRANTS.

Section 8 – Allocation and grant receipts and expenditure

No allocations were received during the reporting month.

Section 9 - Material variances from APP

Reporting in line with targets as set out in the Annual Performance Plan is done separately and submitted to the Board on a Quarterly basis and are included as a separate report.

Section 10 – Expenditure on board member’s allowances and employee benefits

Amathole Economic Development Agency - Supporting Table F6 Entity Board member allowances & staff benefits - M01 July

Summary of Employee and Board Member remuneration	2017/18	Current Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	A	B	C						D
Remuneration									
Board Members of Entities									
Basic Salaries	-	-	-	-	-	-	-	-	-
Pension Contributions	-	-	-	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Motor vehicle allowance	-	-	-	-	-	-	-	-	-
Cell phone allowance	-	-	-	-	-	-	-	-	-
Housing allowance	-	-	-	-	-	-	-	-	-
Other benefits and allowances	-	-	-	-	-	-	-	-	-
In-kind benefits	-	-	-	-	-	-	-	-	-
Board Fees	717	900	-	13	13	75	(62)	-82.9%	154
Sub Total - Board Members of Entities	717	900	-	13	13	75	(62)	-82.9%	154
% increase		25.6%							-78.5%
Senior Managers of Entities									
Basic Salaries	3 139	6 158	-	303	303	513	(210)	-41.0%	3 635
Pension Contributions	-	-	-	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Motor vehicle allowance	225	270	-	22	22	22	-	-	270
Cell phone allowance	-	-	-	-	-	-	-	-	-
Housing allowance	-	-	-	-	-	-	-	-	-
Other benefits or allowances	275	-	-	-	-	-	-	-	-
Performance Bonus	-	-	-	-	-	-	-	-	-
In-kind benefits	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Entities	3 639	6 428	-	325	325	536	(210)	-39.3%	3 905
% increase		76.6%							7.3%
Other Staff of Entities									
Basic Salaries	5 381	4 622	-	209	209	385	(176)	-45.8%	2 506
Pension Contributions	-	-	-	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Motor vehicle allowance	144	-	-	-	-	-	-	-	-
Cell phone allowance	-	-	-	-	-	-	-	-	-
Housing allowance	-	-	-	-	-	-	-	-	-
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	-	-	-	-	-	-	-	-	-
Other benefits or allowances	84	-	-	-	-	-	-	-	-
In-kind benefits	-	-	-	-	-	-	-	-	-
Sub Total - Other Staff of Entities	5 609	4 622	-	209	209	385	(176)	-45.8%	2 506
% increase		-17.6%							-55.3%
Total Municipal Entities remuneration	9 965	11 950	-	547	547	996	(449)	-45.1%	6 564
Unpaid salary, allowances & benefits in arrears:									

Section 11 – SCM Report

SUPPLY CHAIN MANAGEMENT REPORT - JULY 2018				
RANGE : >R 0 <R30 000 (FORMAL WRITTEN PRICE QUOTATIONS)				
<u>Date</u>	<u>Doc No</u>	<u>Name of Supplier</u>	<u>Vote Number</u>	<u>Total Cost</u>
01/07/2018	PO102435	Just Write_Chерene Thompson	4200/000	1 512.90
17/07/2018	PO102436	THE PC SHOP/WIRELESS ALERTS	4200/000	3 169.57
17/07/2018	PO102437	Kempston Car Rental	4650/000	995.65
24/07/2018	PO102438	Harvery World Travel	4650/000	23 940.50
25/07/2018	PO102439	Avis Rent a Car	4650/000	962.38
31/07/2018	PO102440	Compucare	3910/000	560.87
GRAND TOTAL				31 141.87

Chief Executive Officer's quality certification

I, N. Klaas, the Chief Executive Officer of Amathole Economic Development Agency, hereby certify that –

- the monthly budget statement

for the month of July (M01) of 2018/ 2019 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print Name: **N. KLAAS**

Amathole Economic Development Agency

Signature:



Date: 08 August 2018