



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 OCTOBER 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 October 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 with MSCOA Circular 5 & 6 for concurrence to utilize NT RT25 Contract to implement mSCOA. NT have since responded and requested further reasons as to why ASPIRE should not be included in the SAP rollout that was implemented by ADM. ASPIRE is in the process of assisting ADM with a response to NT.

ASPIRE is currently only implementing the Alice Transport Hub project which is planned for completion in November 2018. An invoice was submitted and paid during the month in respect of this project.

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 October 2018 as set out in the schedules contained in Section 4

RECOMMENDATION:

That Board notes the monthly budget statement and supporting documentation for October 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 October 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, together with R198K for the purchase of laptops, resulting in an under collection of 26% (R2 million) in lieu of the mSCOA allocation.

The balance of 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 –Revenue in lieu of the disposal of assets (R10K), as well as revenue recognized for the implementation of the Alice Transport Hub project with NDPG funding (R2.066 million) has been received as at the reporting period resulting in 64% under collection (R4 million).

Interest received – Interest received from operating call accounts depicts an over collection of 143% (R78 thousand).

Employee Costs

Employee costs for the month of October depict an under-expenditure of 25% (R911 thousand). This is as a result of non-filled budgeted vacant posts CFO.

Other Expenditure

Other expenditure for the month of October 2018 depicts an under-expenditure of 64% (R4.7 million). This is as a result of limited expenditure incurred on major project 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. An amount of R2.06 million was incurred during the month.

Other capital expenditure incurred related to the purchase of laptops and software as part of the mSCOA implementation.

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) - M04 October

Description	2017/18	Current Year 2018/19							Full Year Forecast
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
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	-	69	131	53	78	145.8%	393
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	13,500	21,526	-	156	5,331	7,175	(1,844)	-25.7%	15,993
Other revenue	10,164	17,492	-	2,066	2,067	5,831	(3,764)	-64.6%	6,200
Gains on disposal of PPE	-	-	-	9	10	-	10	#DIV/0!	30
								-42.3%	
Total Revenue (excluding capital transfers and contributions)	23,846	39,178	-	2,300	7,539	13,059	(5,521)		22,616
Expenditure By Type									
Employee related costs	9,623	11,050	-	712	2,773	3,683	(911)	-24.7%	8,318
Remuneration of Directors	717	900	-	198	378	300	78	26.1%	1,135
Debt impairment	-	-	-	-	-	-	-	-	-
Collection costs	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	87	150	-	-	19	50	(31)	-62.4%	56
Finance charges	71	-	-	-	-	-	-	-	-
Bulk purchases	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-
Contracted services	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	11,481	22,125	-	1,800	2,673	7,375	(4,702)	-63.8%	8,018
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-
Total Expenditure	21,979	34,225	-	2,710	5,842	11,408	(5,566)	-48.8%	17,527
Surplus/(Deficit)	1,866	4,953	-	(410)	1,696	1,651	45	2.7%	5,089
Transfers recognised - capital	-	(4,953)	-	-	-	-	-	-	-
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributions of PPE	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) before taxation	1,866	-	-	(410)	1,696	1,651	45	2.7%	5,089
Taxation	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1,866	-	-	(410)	1,696	1,651	45		5,089

4.3 Capital Expenditure

Amathole Economic Development Agency - Table F3 Monthly Budget Statement - Capital Expenditure - M04 October

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	-	2,066	2,066	2,360	(294)	-12.5%	6,198
ICT Rollout	-	4,500	-	-	156	1,500	(1,344)	-89.6%	467
ASPIRE building	-	453	-	-	-	151	(151)	-100.0%	-
Rural Development/Agriculture	-	-	-	-	-	-	-		-
Heritage, Culture and Tourism	-	-	-	-	-	-	-		-
Natural Resource Management	-	-	-	-	-	-	-		-
Capital single-year expenditure sub-total	7,003	12,033	-	2,066	2,222	4,011	(1,789)	-44.6%	6,665
Total Capital expenditure	7,003	12,033	-	2,066	2,222	4,011	(1,789)	-44.6%	6,665
Funded by:									
National Government	7,003	7,080	-	2,066	2,066	2,360	(294)	-12.5%	6,198
Provincial Government	-	-	-	-	-	-	-		-
Parent Municipality	-	4,953	-	-	156	1,651	(1,495)	-90.6%	467
District Municipality	-	-	-	-	-	-	-		-
Transfers recognised - capital	7,003	12,033	-	2,066	2,222	4,011	(1,789)	-44.6%	6,665
Public contributions & Donations							-		
Borrowing							-		
Internally generated funds							-		
Total Capital Funding	7,003	12,033	-	2,066	2,222	4,011	(1,789)	-44.6%	6,665

4.4 Financial Position

Amathole Economic Development Agency - Table F4 Monthly Budget Statement - Financial Position - M04 October

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	-	-	565	-
Call investment deposits	9,538	-	-	13,867	-
Consumer debtors	-	-	-	-	-
Other debtors	170	-	-	387	-
Current portion of long-term receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Total current assets	9,885	-	-	14,820	-
Non current assets					
Long-term receivables	-	-	-	-	-
Investments	-	-	-	-	-
Investment property	-	-	-	-	-
Property, plant and equipment	55	-	-	163	-
Agricultural assets	-	-	-	-	-
Biological assets	-	-	-	-	-
Intangible assets	0	-	-	28	-
Total non current assets	55	-	-	192	-
TOTAL ASSETS	9,940	-	-	15,011	-
LIABILITIES					
Current liabilities					
Bank overdraft	-	-	-	-	-
Borrowing	-	-	-	-	-
Consumer deposits	-	-	-	-	-
Trade and other payables	7,079	-	-	10,215	-
Provisions	673	-	-	939	-
Total current liabilities	7,752	-	-	11,154	-
Non current liabilities					
Borrowing	-	-	-	-	-
Provisions	-	-	-	-	-
Total non current liabilities	-	-	-	-	-
TOTAL LIABILITIES	7,752	-	-	11,154	-
NET ASSETS	2,188	-	-	3,857	-
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	321	-	-	2,160	-
Reserves	-	-	-	-	-
Share capital	1	-	-	1	-
TOTAL COMMUNITY WEALTH/EQUITY	322	-	-	2,161	-

4.5 Cash Flows

Amathole Economic Development Agency - Table F5 Monthly Budget Statement - Cash Flows - M04 October

Description	2017/18	Current Year 2018/19							Full Year Forecast
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	-	-	-	-	-	-	-	-	-
Government - operating	72,938	32,098	-	3,324	47,855	10,699	37,156	347.3%	32,098
Government - capital	-	7,080	-	199	199	2,360	(2,161)	-91.6%	7,080
Interest	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(71,848)	(39,178)	-	6,505	34,863	(13,059)	47,923	-367.0%	(39,178)
Finance charges	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-
Transfers and Grants	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	1,090	-	-	10,028	82,917	-	(12,928)	#DIV/0!	-
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	-	-	-	9	10	-	10	#DIV/0!	30
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-
Payments									
Capital assets	-	-	-	199	199	-	199	#DIV/0!	340
NET CASH FROM/(USED) INVESTING ACTIVITIES	-	-	-	208	209	-	(188)	#DIV/0!	371
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	-	-	10,235	83,126	-	83,126	#DIV/0!	371
Cash/cash equivalents at the year begin:	16,311	16,311	16,311	16,311	16,311	-	16,311	#DIV/0!	16,311
Cash/cash equivalents at the year end:	17,401	16,311	16,311	10,235	83,126	-	83,126	#DIV/0!	16,681

PART 2 – SUPPORTING DOCUMENTATION

Section 5 – Debtors' analysis

Amathole Economic Development Agency - Supporting Table F3 Entity Aged debtors - M04 October

Detail	NT Code	Current Year 2018/19										
		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	Total	Bad Debts	>90 days
Debtors Age Analysis By Revenue Source												
Rates	1200	-	-	-	-	-	-	-	-	-	-	-
Electricity	1300	-	-	-	-	-	-	-	-	-	-	-
Water	1400	-	-	-	-	-	-	-	-	-	-	-
Sewerage / Sanitation	1500	-	-	-	-	-	-	-	-	-	-	-
Refuse Removal	1600	-	-	-	-	-	-	-	-	-	-	-
Housing (Rental Revenue)	1700	-	-	-	-	-	-	-	-	-	-	-
Other	1900	-	-	-	-	-	-	-	387	387	-	387
Total By Income Source	2000	-	-	-	-	-	-	-	387	387	-	387
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 343 323

The entity only has debtors totaling **R387 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 - M04 October

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	
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	(7)	(2)	1	(8)	29	-	-	-	14
Auditor General	0800	-	-	-	-	-	-	-	-	-
Other	0900	11,140	-	-	-	-	-	-	-	11,140
Total By Customer Type	2600	(7)	(2)	1	(8)	29	-	-	-	11,154

CREDITORS

Sundry Creditors: R 312 174

Provisions: R 939 226

Unspent Grants: R 9 902402

The entity has creditors totaling **R11.154 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 - M04 October

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						2,782
AEDA Call		Call						5,534
NDPG Call		Call						5,551
Total investments								13,867

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

An amount of R198 thousand was received in support of the implementation of mSCOA for the purchase of computer hardware and software.

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 - M04 October

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	-	198	378	300	78	26.1%	1,135
Sub Total - Board Members of Entities	717	900	-	198	378	300	78	26.1%	1,135
% increase		25.6%							58.4%
Senior Managers of Entities									
Basic Salaries	3,139	6,158	-	397	1,434	2,053	(618)	-30.1%	4,303
Pension Contributions	-	-	-	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Motor vehicle allowance	225	270	-	10	78	90	(12)	-13.5%	233
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	-	407	1,512	2,143	(631)	-29.4%	4,537
% increase		76.6%							24.6%
Other Staff of Entities									
Basic Salaries	5,381	4,622	-	223	864	1,541	(676)	-43.9%	2,593
Pension Contributions	-	-	-	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Motor vehicle allowance	144	-	-	-	-	-	-	-	-
Cell phone allowance	-	-	-	-	-	-	-	-	-
Housing allowance	-	-	-	-	-	-	-	-	-
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	-	-	-	-	-	-	-	-	-
Other benefits or allowances	84	-	-	-	33	-	33	#DIV/0!	98
In-kind benefits	-	-	-	-	-	-	-	-	-
Sub Total - Other Staff of Entities	5,609	4,622	-	223	897	1,541	(643)	-41.8%	2,691
% increase		-17.6%							-52.0%
Total Municipal Entities remuneration	9,965	11,950	-	829	2,788	3,983	(1,196)	-30.0%	8,363
Unpaid salary, allowances & benefits in arrears:									

Section 11 – SCM Report

SUPPLY CHAIN MANAGEMENT REPORT - OCTOBER 2018				
RANGE: >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>
08/10/2018	PO102464	KEL001 Kelly Group	4400/000	2,800.00
09/10/2018	PO102466	SUR001 SURE TRAVEL	4650/000	5,764.97
16/10/2018	PO102469	PC001 THE PC SHOP/WIRELESS ALERTS	4200/000	1,737.39
16/10/2018	PO102470	SUR001 SURE TRAVEL	4650/000	9,448.89
30/10/2018	PO102472	PROFIL Profile Personnel	4400/000	804.45
30/10/2018	PO102473	MM001 Meyers Motors	4650/000	765.00
GRAND TOTAL				21,320.70

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 October (M04) 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: 09 November 2018