



FINANCIAL YEAR 2018/2019
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**

NOVEMBER 2018

Table of Contents

| | |
|--|----|
| PART 1 – IN-YEAR REPORT | 3 |
| Section 1 – Chairperson’s Report | 3 |
| Section 2 – Resolutions | 4 |
| Section 3 – Executive Summary | 4 |
| Section 4 – In-year budget statement tables | 7 |
| PART 2 – SUPPORTING DOCUMENTATION | 11 |
| Section 5 – Debtors' analysis | 11 |
| Section 6 - Creditors’ analysis | 12 |
| Section 7 – Investment portfolio analysis | 13 |
| Section 8 – Allocation and grant receipts and expenditure | 13 |
| Section 9 - Material variances from APP | 13 |
| Section 10 – Expenditure on board member’s allowances and employee benefits | 14 |
| Section 11 – SCM Report for the fifth month ended 30 November 2018 | 15 |
| Section 12 - Asset Management Report for the fifth month ended 31 November 2018 | 20 |
| CHIEF EXECUTIVE OFFICER’S QUALITY CERTIFICATION | 21 |

PART 1 – IN-YEAR REPORT

Section 1 – Chairperson’s Report

1.1 In-Year Report - Monthly Budget Statement

I submit the required statement on the state of the entity’s budget performance reflecting the particulars for the month ended 30 November 2018, in accordance with Section 87(11) of the Municipal Finance Management Act,

The monthly budget statement for the month of November 2018 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. A memo has been written to the Board of Directors requesting the secondment of five ADM officials to assist in the SCM 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. The ADM executive management are engaging with NT with the intention of resolving the issue surrounding the implementation of mSCOA.

ASPIRE is currently only implementing the Alice Transport Hub project which was planned for completion in December 2018. The project is currently under the penalty phase as per contract in line with clause 43.1 of the contract stating that that the penalty for failing to complete the Works is R5 500 per calendar day.

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

RECOMMENDATION:

That Board notes the monthly budget statement and supporting documentation for November 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 November 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 for the operational grant totaling to R5.3 million, together with R198K for the purchase of laptops. No further allocations have been received during the month of November 2018 as the second tranche of the equitable share is anticipated to be received in December 2018, this has resulted in an under collection of 40.6% (R3,7 million).

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.

Interest received – Interest received from operating call accounts depicts an surplus collection of 136% (R157 thousand).

Other revenue –Revenue in lieu of the disposal of assets (R10 thousand), as well as revenue recognized for the implementation of the Alice Transport Hub project with NDPG funding (R2 million) has been received as at the previous reporting period resulting in 72% under collection (R5 million). No revenue was recognised during the month of November 2018.

Employee Costs

Employee costs for the month of November 2018 reflect an under-expenditure of 27% (R1,2 million). This is as a result of non-filled budgeted vacant posts of the CFO.

Other Expenditure

Other expenditure for the month of November 2018 reflect an under-expenditure of 79% (R7.4 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 R7 million budget for the Alice Transport Hub Project. An amount of R540 thousand was incurred during the month ended 30 November 2018.

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. Financial Performance (revenue and expenditure)

Amathole Economic Development Agency - Table F2 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M05 November

| 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 | - | 26 | 157 | 67 | 91 | 136,2% | 630 |
| Interest earned - outstanding debtors | - | - | - | - | - | - | - | - | - |
| Dividends received | - | - | - | - | - | - | - | - | - |
| Fines | - | - | - | - | - | - | - | - | - |
| Licences and permits | - | - | - | - | - | - | - | - | - |
| Agency services | - | - | - | - | - | - | - | - | - |
| Transfers recognised - operational | 13 500 | 21 526 | - | - | 5 331 | 8 969 | (3 638) | -40,6% | 21 323 |
| Other revenue | 10 164 | 17 492 | - | - | 2 067 | 7 288 | (5 222) | -71,6% | 8 266 |
| Gains on disposal of PPE | - | - | - | - | 10 | - | 10 | #DIV/0! | 40 |
| | | | | | | | | -53,7% | |
| Total Revenue (excluding capital transfers and contributions) | 23 846 | 39 178 | - | 26 | 7 565 | 16 324 | (8 759) | | 30 260 |
| Expenditure By Type | | | | | | | | | |
| Employee related costs | 9 623 | 11 050 | - | 589 | 3 361 | 4 604 | (1 243) | -27,0% | 13 445 |
| Remuneration of Directors | 717 | 900 | - | 4 | 382 | 375 | 7 | 2,0% | 1 530 |
| Debt impairment | - | - | - | - | - | - | - | - | - |
| Collection costs | - | - | - | - | - | - | - | - | - |
| Depreciation & asset impairment | 87 | 150 | - | - | 19 | 63 | (44) | -70,0% | 75 |
| Finance charges | 71 | - | - | - | - | - | - | - | - |
| Bulk purchases | - | - | - | - | - | - | - | - | - |
| Other materials | - | - | - | - | - | - | - | - | - |
| Contracted services | - | - | - | - | - | - | - | - | - |
| Transfers and grants | - | - | - | - | - | - | - | - | - |
| Other expenditure | 11 481 | 22 125 | - | 544 | 1 860 | 9 219 | (7 358) | -79,8% | 7 441 |
| Loss on disposal of PPE | - | - | - | - | - | - | - | - | - |
| Total Expenditure | 21 979 | 34 225 | - | 1 137 | 5 623 | 14 260 | (8 638) | -60,6% | 22 491 |
| Surplus/(Deficit) | 1 866 | 4 953 | - | (1 110) | 1 942 | 2 064 | (121) | -5,9% | 7 769 |
| Transfers recognised - capital | - | (4 953) | - | - | - | - | - | - | - |
| Contributions recognised - capital | - | - | - | - | - | - | - | - | - |
| Contributions of PPE | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) before taxation | 1 866 | - | - | (1 110) | 1 942 | 2 064 | (121) | -5,9% | 7 769 |
| Taxation | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) for the year | 1 866 | - | - | (1 110) | 1 942 | 2 064 | (121) | | 7 769 |

4.2. Capital Expenditure

Amathole Economic Development Agency - Table F3 Monthly Budget Statement - Capital Expenditure - M05 November

| 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 | - | 540 | 2 066 | 2 950 | (884) | -30,0% | 7 080 |
| ICT Rollout | - | 4 500 | - | - | 156 | 1 875 | (1 719) | -91,7% | 4 500 |
| ASPIRE building | - | 453 | - | - | - | 189 | (189) | -100,0% | 453 |
| Rural Development/Agriculture | - | - | - | - | - | - | - | | - |
| Heritage, Culture and Tourism | - | - | - | - | - | - | - | | - |
| Natural Resource Management | - | - | - | - | - | - | - | | - |
| Capital single-year expenditure sub-total | 7 003 | 12 033 | - | 540 | 2 222 | 5 014 | (2 792) | -55,7% | 12 033 |
| Total Capital expenditure | 7 003 | 12 033 | - | 540 | 2 222 | 5 014 | (2 792) | -55,7% | 12 033 |
| Funded by: | | | | | | | | | |
| National Government | 7 003 | 7 080 | - | 540 | 2 066 | 2 950 | (884) | -30,0% | 7 080 |
| Provincial Government | - | - | - | - | - | - | - | | - |
| Parent Municipality | - | 4 953 | - | - | 156 | 2 064 | (1 908) | -92,5% | 4 953 |
| District Municipality | - | - | - | - | - | - | - | | - |
| Transfers recognised - capital | 7 003 | 12 033 | - | 540 | 2 222 | 5 014 | (2 792) | -55,7% | 12 033 |
| Public contributions & Donations | | | | | | | | | |
| Borrowing | | | | | | | | | |
| Internally generated funds | | | | | | | | | |
| Total Capital Funding | 7 003 | 12 033 | - | 540 | 2 222 | 5 014 | (2 792) | -55,7% | 12 033 |

4.3. Financial Position

Amathole Economic Development Agency - Table F4 Monthly Budget Statement - Financial Position - M05 Novem

| 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 | - | - | 573 | - |
| Call investment deposits | 9 538 | - | - | 12 679 | - |
| Consumer debtors | - | - | - | - | - |
| Other debtors | 170 | - | - | 341 | - |
| Current portion of long-term receivables | - | - | - | - | - |
| Inventory | - | - | - | - | - |
| Total current assets | 9 885 | - | - | 13 593 | - |
| 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 | - | - | 13 785 | - |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Bank overdraft | - | - | - | - | - |
| Borrowing | - | - | - | - | - |
| Consumer deposits | - | - | - | - | - |
| Trade and other payables | 7 079 | - | - | 10 647 | - |
| Provisions | 673 | - | - | 859 | - |
| Total current liabilities | 7 752 | - | - | 11 506 | - |
| Non current liabilities | | | | | |
| Borrowing | - | - | - | - | - |
| Provisions | - | - | - | - | - |
| Total non current liabilities | - | - | - | - | - |
| TOTAL LIABILITIES | 7 752 | - | - | 11 506 | - |
| NET ASSETS | 2 188 | - | - | 2 279 | - |
| COMMUNITY WEALTH/EQUITY | | | | | |
| Accumulated Surplus/(Deficit) | 321 | - | - | 2 984 | - |
| Reserves | - | - | - | - | - |
| Share capital | 1 | - | - | 1 | - |
| TOTAL COMMUNITY WEALTH/EQUITY | 322 | - | - | 2 985 | - |

4.4. Cash Flows

Amathole Economic Development Agency - Table F5 Monthly Budget Statement - Cash Flows - M05 November

| 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 | - | 4 337 | 51 378 | 13 374 | 38 004 | 284,2% | 32 098 |
| Government - capital | - | 7 080 | - | - | - | 2 950 | (2 950) | -100,0% | 7 080 |
| Interest | - | - | - | - | - | - | - | - | - |
| Dividends | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | |
| Suppliers and employees | (71 848) | (39 178) | - | 7 203 | 41 368 | (16 324) | 57 692 | -353,4% | (39 178) |
| Finance charges | - | - | - | - | - | - | - | - | - |
| Dividends paid | - | - | - | - | - | - | - | - | - |
| Transfers and Grants | - | - | - | - | - | - | - | - | - |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 1 090 | - | - | 11 540 | 92 746 | - | (22 639) | #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 | - | - | 11 540 | 92 746 | - | 92 746 | #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 | 11 540 | 92 746 | - | 92 746 | #DIV/0! | 16 311 |

PART 2 – SUPPORTING DOCUMENTATION

Section 5 – Debtors' analysis

Amathole Economic Development Agency - Supporting Table F3 Entity Aged debtors - M05 November

| 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 | - | - | - | - | - | - | - | - | 386 | 386 | - | 386 |
| Total By Income Source | 2000 | - | - | - | - | - | - | - | - | 386 | 386 | - | 386 |
| 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 342 204

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 - M05 November

| 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 | (2) | 1 | (8) | - | 22 | - | - | - | 14 |
| Auditor General | 0800 | - | - | - | - | - | - | - | - | - |
| Other | 0900 | 11 492 | - | - | - | - | - | - | - | 11 492 |
| Total By Customer Type | 2600 | (2) | 1 | (8) | - | 22 | - | - | - | 11 506 |

CREDITORS

Sundry Creditors: R 289 651

Provisions: R 858 685

Unspent Grants: R 9 388 314

The entity has creditors totaling **R10, 5 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 - M05 November

| 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 | | | | | | 2 781 |
| AEDA Call | | Call | | | | | | 4 860 |
| NDPG Call | | Call | | | | | | 5 038 |
| Total investments | | | | | | | | 12 679 |

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 - M05 November

| 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 | - | 4 | 382 | 375 | 7 | 2,0% | 4 589 |
| Sub Total - Board Members of Entities | 717 | 900 | - | 4 | 382 | 375 | 7 | 2,0% | 4 589 |
| % increase | | 25,6% | | | | | | | 540,3% |
| Senior Managers of Entities | | | | | | | | | |
| Basic Salaries | 3 139 | 6 158 | - | 321 | 1 756 | 2 566 | (810) | -31,6% | 21 069 |
| Pension Contributions | - | - | - | - | - | - | - | - | - |
| Medical Aid Contributions | - | - | - | - | - | - | - | - | - |
| Motor vehicle allowance | 225 | 270 | - | - | 78 | 112 | (35) | -30,8% | 933 |
| 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 | - | 321 | 1 834 | 2 678 | (845) | -31,5% | 22 002 |
| % increase | | 76,6% | | | | | | | 504,5% |
| Other Staff of Entities | | | | | | | | | |
| Basic Salaries | 5 381 | 4 622 | - | 237 | 1 101 | 1 926 | (824) | -42,8% | 13 217 |
| Pension Contributions | - | - | - | - | - | - | - | - | - |
| Medical Aid Contributions | - | - | - | - | - | - | - | - | - |
| Motor vehicle allowance | 144 | - | - | - | - | - | - | - | - |
| Cell phone allowance | - | - | - | - | - | - | - | - | - |
| Housing allowance | - | - | - | - | - | - | - | - | - |
| Overtime | - | - | - | - | - | - | - | - | - |
| Performance Bonus | - | - | - | - | - | - | - | - | - |
| Other benefits or allowances | 84 | - | - | 30 | 63 | - | 63 | #DIV/0! | 755 |
| In-kind benefits | - | - | - | - | - | - | - | - | - |
| Sub Total - Other Staff of Entities | 5 609 | 4 622 | - | 267 | 1 164 | 1 926 | (761) | -39,5% | 13 972 |
| % increase | | -17,6% | | | | | | | 149,1% |
| Total Municipal Entities remuneration | 9 965 | 11 950 | - | 593 | 3 380 | 4 979 | (1 599) | -32,1% | 40 563 |
| Unpaid salary, allowances & benefits in arrears: | | | | | | | | | |

Section 11 – SCM Report for the fifth month ended 30 November 2018

The following report will focus on the following key topics:

- Contracts awarded for the month, active contracts and its performance
- Contracts terminated for the month
- Status of tenders not yet awarded
- Deviations and Breaches
- Irregular Expenditure

CONTRACTS AWARDED DURING THE MONTH OF NOVEMBER 2018, ACTIVE CONTRACTS AND PERFORMANCE

For the month of November 2018, **no** contracts were awarded.

The following table reflects the various procurement methods utilised as well as the number of projects:

| PROCUREMENT METHOD | NO. |
|---|-----------|
| Formal written price quotation (RFQ) (R30 000 – R200 000) | 11 |
| Competitive Bidding (Above R200 000) | Nil |
| Limited Bidding (Single Source/Multiple Source/Sole Provider) | Nil |
| Section 32 | Nil |
| TOTAL | 11 |

The following table reflects the types of procurement:

| PROCUREMENT METHOD | NO. |
|--------------------|-----------|
| Goods | 1 |
| Services | 10 |
| Infrastructure | Nil |
| TOTAL | 11 |

The table below reflects a list of the contracts awarded for the month of November 2018:

LIST OF CONTRACTS AWARDED

| Project Description | Department | Company Awarded the Contract | Contractually Committed (Award Amount) | Bid Process | BSC Min | BEC Min | BAC Min/Memo | Project Start Date | Contract End Date |
|--|-----------------------------|-------------------------------------|---|--------------------|----------------|----------------|---------------------|---------------------------|--------------------------|
| None | Chief Executive Officer | None | None | None | None | None | None | None | None |
| Enterprise Licensing of the Website IDE (Integrated Development Environment) | Finance Department | Series IT Solution | R 58,751-07 | RFQ | N/A | N/A | 05-Oct-18 | 05-Oct-18 | 04-Oct-19 |
| None | Governance/Legal/Compliance | None | None | None | None | None | None | None | None |
| None | Corporate Services | None | None | None | None | None | None | None | None |
| None | Chief Executive Office | None | None | None | None | None | None | None | None |
| None | Operation Department | None | None | None | None | None | None | None | None |

SERVICE PROVIDER PERFORMANCE FOR THE MONTH OF NOVEMBER 2018

Please note that no rating for performance can be allocated as the projects have only recently been awarded.

| Financial Year | Number of Awards | % Poor | % Acceptable | % Excellent |
|-----------------------|-------------------------|---------------|---------------------|--------------------|
| 2018/2019 | Nil | N/A | N/A | N/A |

TERMINATIONS

During the month of November 2018, one contract was terminated namely H2O TRUST t/a AVANTE WATER.

Reason

The contract came to an end (01/11/2016 – 31/10/2018)

OPERATIONAL CONTRACTS

The following table reflects the existing operational tenders established in the 2018/2019 financial year that is still active. The start and end date of the contracts are included:

| | |
|------------------------|--|
| 0 – 4 months to expire | |
| 4 – 6 Months to expire | |
| > 6 Months to expire | |

| OPERATIONAL TENDERS/PANELS | | | |
|--|---|-------------------|-----------------|
| CONTRACT NO / PURCHASE ORDER NO#. | PROJECT DESCRIPTION | START DATE | END DATE |
| PO102367/8 | Hygiene Service - Bidvest Steiner East London | 01-Nov-18 | 31-Jan-19 |
| PO102126 | Provision of Water Dispenser - H2O TRUST t/a AVANTE WATER | 01-Nov-2016 | 31-Octo-18 |
| | Lease PABX – TELKOM | 23-Jan-2017 | 23-Jan-2022 |
| | KONICA MINOLTA - Photo Copy Machine | 02-Feb-2018 | 02 – Feb 2020 |
| | Capstone - Rental Office | 01-Feb-2018 | 01-Feb-2020 |
| | Capstone – Security | 01-Feb-2018 | 01-Feb-2020 |

| OPERATIONAL TENDERS/PANELS | | | |
|--|-------------------------------|------------------------|--------------------------|
| CONTRACT NO / PURCHASE ORDER NO#. | PROJECT DESCRIPTION | START DATE | END DATE |
| | BrouBart Security | Active | Active |
| REGULATION 32 | Alice Transport Hub | 18-Sept-2018 | Active (20-Dec-2018) |
| ASPIRE 007 – 2018 | First Technology Distribution | Awaiting SLA Agreement | Awaiting SLA Agreement |
| ASPIRE 008 – 2018 | IT Hardware and Software | 13-Sept-2018 | Refer to ASPIRE 008-2018 |

INFRASTRUCTURE CONTRACTS/PROJECTS

The following table reflects the Entity's Infrastructure projects that are still active.

| TENDER/ PROJECT NUMBER | PROJECT NAME | SUPPLIER PROVIDER | TOTAL CONTRACTUAL VALUE | CLOSING COMMITMENTS | ASPIRE COMMENTS |
|-------------------------------|--|----------------------------|--------------------------------|----------------------------|------------------------|
| Regulation 32 | Consulting company for the Alice Regeneration project Public Transport Hub upgrade | Siviwe jayiya Construction | R13 526 113.68 | R5 443 112.53 | Active project |

FRUITLESS AND WASTEFUL

The register for Fruitless and Wasteful Expenditure is updated, maintained and reviewed on a monthly basis.

The following table is a summary of the register for Fruitless and Wasteful Expenditure for the fourth month ended 30 November 2018.

| FINANCIAL YEAR | NATURE OF FRUITLESS AND WASTEFUL EXPENDITURE | AMOUNT DEEMED AS FRUITLESS AND WASTEFUL EXPENDITURE |
|-----------------------|---|--|
| Nil | Nil | Nil |
| TOTAL | | R 0.00 |

IRREGULAR EXPENDITURE

In terms of section 62(1) (b) of the Municipal Finance Management Act No. 56 of 2003 (MFMA), the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.

The register for Irregular Expenditure is updated, maintained and reviewed on a monthly basis. The following table is a summary of the register for Irregular Expenditure for the 2018/19 financial year:

| FINANCIAL YEAR | AMOUNT DEEMED AS IRREGULAR EXPENDITURE |
|-----------------------|---|
| 2017/2018 | R5 319 133 |
| 2018/2019 | R2 606 249 |
| TOTAL | R7 925 382 |

An amount of R5.3 million has been deemed irregular during the financial year ended 30 June 2018. This is resulting from a contract entered into utilising Regulation 32 where the AG found that there was no declaration of interest from the contractor being MBD4 form. The Alice Transportation Hub project is still under way.

DEVIATIONS AND BREACHES

DEVIATIONS (INCLUDING EMERGENCY PROCUREMENT) FOR THE MONTH OF NOVEMBER 2018

There were no deviations approved for the month of November 2018.

Section 12 - Asset Management Report for the fifth month ended 31 November 2018

During the month of November 2018 two laptops of the eleven were stolen in the possession of employees namely:

- Dell Inspiron 3567 i5 7200U - OTH0006346 - DJK4WN2
- Dell Inspiron 3567 i5 7200U - OTH0006347 - 7VJ4WN2

There have been no asset disposals during the month ending 31 November 2018.

INSURANCE CLAIMS FOR THE MONTH OF OCTOBER 2018

Two claims have been lodged during the fifth month ended 30 November 2018. The claims lodged consist of two laptops (Dell) that were stolen in the possession of employees namely.

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 November (M05) 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: 10 December 2018