

2017-2018

QUARTER ONE REPORT



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1. EXECUTIVE SUMMARY

The beginning of 2017/2018 has been very busy at ASPIRE. Focus was placed on ensuring that the targets in respect of the APP were shared with all employees and Q1 compliance matters as per legislation were adhered to. A summarised update of ASPIRE 2017-2018 achievements by end of Q1 is as follows:

Strategic Goal	Q1 Deliverables	Progress Q1
Board Support and Reporting	Scheduled Board and Committee meetings and special meetings as and when required	Board and Committees set in Aug 2017
Create and Efficient Corporate Services Environment at Aspire	Implement the Recruitment, Selection and Placement Policy	Company Secretary and PA appointed
	Re-engineering of the organisation	Draft Revised Strategy submitted for Board approval in Oct
	Conduct 4 organisational performance assessments	All employees contracted on 2017/2018 APP
	Implement the Annual Report plan	Draft Annual Report submitted to ADM and Board by 31 Aug 2017
	Manage the IT infrastructure	MSCOA compliance - Busy with Specification so as to advertise for a service provider
	Office relocation	Layout approved Notice submitted to landlord
Ensure compliance with Finance and Supply Chain Policies within Aspire	Annual Financial Statements	16/17 Annual Financial Statements submitted to Auditor-General and ADM
	Financial recovery plan	Develop a detailed implementation plan
Effective Project Management and Implementation	Alice Transport Hub	Tender Awarded
	Natural Resource Management	Withdrawal of ASPIRE from project has been communicated to DEA
	Adopt A Spot	Project ended 31 Jul '17 however admin matters are being finalised until Dec '17
	Hamburg Properties	Handover planning sessions have been held and final handover of properties to Ngqushwa LM is planned for 31 Oct 2017.

2. BUDGET AND TREASURY OFFICE

REVENUE & EXPENDITURE

1. Revenue by Source

The table below depicts management accounts as at 30 September 2017 in line with the budget as approved by the Board. This report further attempts to provide detailed explanations on variances between the approved budget and actual collections as at mid-year.

AMATHOLE ECONOMIC DEVELOPMENT AGENCY SOC LTD (ASPIRE)						
MANAGEMENT ACCOUNTS - SEPTEMBER 2017						
DESCRIPTION	APPROVED BUDGET 2016/17	APPROVED BUDGET 2017/18	Month3 Pro - Rata Budget SEPT 2017	M3 Actual Revenue/Exp. - 30 SEPT 2017	VARIANCE	%Variances
INCOME						
- ADM Funding	12 521 350	13 500 000	3 375 000	4 500 000	1 125 000	33
- Operating Reserves	1 149 419	-	-	-	-	-
- ADM FUNDING:MSCOA SUPPORT	-	6 000 000	1 500 000	-	(1 500 000)	(100)
- Third Party Grant - Special Projects(Adopt)	3 801 767	-	-	947 996	947 996	100
- Third Party Grant - Environmental Affairs(NRM)	4 157 211	6 908 766	1 727 192	472 502	(1 254 689)	(73)
- Third Party Grant - Agriculture	-	5 000 000	1 250 000	-	(1 250 000)	(100)
- Third Party Grant - Heritage	-	5 000 000	1 250 000	-	(1 250 000)	(100)
Roll over from DEA projects - BCMM	754 000	-	-	-	-	-
NDPG Capital Grant	239 485	17 080 000	4 270 000	-	(4 270 000)	(100)
- Sundry Income	150 000	-	-	53 281	53 281	100
Project Management Fee	675 475	2 415 877	603 969	-	(603 969)	(100)
TOTAL INCOME	23 448 707	55 904 643	13 976 161	5 973 778	(8 002 382)	(57)

Budgeted revenue for the entity comprises the following categories: -

- ADM Funding
- ADM Funding: mSCOA
- Third Party Grants
- NDPG Grant
- Sundry Income including Project Implementation Fees

ADM Funding

In line with the approved budget figures, current year pro-rata revenue totals R3.3 million. Already the allocation for the first 4 months has been received by ASPIRE totaling R4.5 million.

ADM Funding - mSCOA

ADM has allocated R6 million to assist ASPIRE towards both the mSCOA roll-out and upgrade of our financial management system. Actual drawdowns towards this allocation will only be effected when the service provider to support the roll-out has been appointed.

Third Party Grants

The total budget approved budget towards third party grants totals R16.9 million with pro-rata budget of R4.2 million. Actual collections for the reporting period depict a total of R0.4 million resulting in an under-collection of (R3.7 million).

Current projects that ASPIRE is busy implementing are the following; viz:

1. Adopt a Spot (Project was Extended to June 2017), however this project is currently being wound up - This project depicts an over-collection of 100% (R948k) due to prior year roll-over amounts that have been spent in the current year and thus recognized as revenue. As no revenue was budgeted for in the approved budget, necessary adjustments will be included in the Adjusted Budget.
2. Natural Resources Management (Project was Extended to March 2018), however ASPIRE has written to the Department of Environmental Affairs (DEA) opting to pull-out of this project. This project depicts an under-collection of 73% as actual collections to date total R472k. This is due to slow spending during finalization of this project as it is also being wound-up.

NDPG Grant

The Neighborhood Development Partnership Grant is budgeted for the construction of the Alice Transport Hub (Taxi Rank). Procurement towards this project has been finalized. It is anticipated that site handover will be done on 09 October 2017. There has not been expenditure incurred as at the reporting period.

Sundry income and Project Implementation Fees

Sundry income realized to date relates interest received from the operating call account as well as proceeds from the disposal of assets totaling R53k. Whilst we also budgeted for project implementation fees, no receipts on this category have been realized. Given that projects that yielded project implementation fees are in the process of being referred back to the department, ASPIRE will likely not receive the R2.2 million budgeted revenue on this category.

2. Expenditure

The table below provides a detailed analysis of budgeted expenditure per category as well as per cost centre/vote. The following votes are included in the entity's budget: -

- Governance/Legal/Compliance
- CEO and Strategic Services
- Operations
- Corporate Services
- Finance & SCM

AMATHOLE ECONOMIC DEVELOPMENT AGENCY SOC LTD (ASPIRE)						
MANAGEMENT ACCOUNTS - SEPTEMBER 2017						
DESCRIPTION	APPROVED BUDGET 2016/17	APPROVED BUDGET 2017/18	Month3 Pro - Rata Budget SEPT 2017	M3 Actual Revenue/Exp. - 30 SEPT 2017	VARIANCE	%Variances
EXPENDITURE						
GOVERNANCE/LEGAL/COMPLIANCE	970 000	1 619 389	404 847	169 006	(235 841)	(58)
CEO & STRATEGIC SERVICES	-	172 500	43 125	-	43 125	100
OPERATIONS DEPARTMENT	9 017 463	34 174 766	8 543 692	1 397 775	(7 145 917)	(84)
CORPORATE SERVICES	12 303 314	12 023 579	3 005 895	2 970 565	(35 329)	(1)
FINANCE AND SCM	1 137 930	7 789 409	1 947 352	214 149	(1 733 203)	(89)
TOTAL OPERATING EXPENDITURE	23 428 707	55 779 643	13 944 911	4 751 496	(9 193 415)	(66)
CAPITAL EXPENDITURE	20 000	125 000	31 250	-	31 250	100
TOTAL EXPENDITURE	23 448 707	55 904 643	13 976 161	4 751 496	(9 162 165)	(66)

As at reporting period, the entity has under-spent the approved budget by 66% (R9.1 million). This is as a result of most of project expenditure related costs still having not been incurred. Only adopt a spot and NRM projects reflect minor expenditure of R1.3 million versus projected expenditure of R5.9 million. There has not been any expenditure on other budgeted projects.

2.1 Governance/Legal/Compliance

AMATHOLE ECONOMIC DEVELOPMENT AGENCY SOC LTD (ASPIRE)						
MANAGEMENT ACCOUNTS - SEPTEMBER 2017						
DESCRIPTION	APPROVED BUDGET 2016/17	APPROVED BUDGET 2017/18	Month3 Pro - Rata Budget SEPT 2017	M3 Actual Revenue/Exp. - 30 SEPT 2017	VARIANCE	%Variances
EXPENDITURE						
GOVERNANCE/LEGAL/COMPLIANCE	970 000	1 619 389	404 847	169 006	(235 841)	(58)
- Board Expenses	740 000	736 889	184 222	141 499	(42 724)	(23)
- Legal Fees	60 000	300 000	75 000	21 908	(53 093)	(71)
- Secretarial Support	170 000	400 000	100 000	5 600	(94 400)	(94)
- Audit Committee Fees	-	82 500	20 625	-	20 625	(100)
- Travelling and Accommodation	-	80 000	20 000	-	20 000	(100)
- Refreshments/Catering - Board Activities	-	20 000	5 000	-	5 000	(100)

Included as major items in the budget for this vote are board expenses; legal fees as well as audit committee fees. As at the reporting period, board expenditure has been under-spent by 23% (R42 thousand).

Legal fees has also been underspent by 71% (R53 thousand). There has not been any expenditure incurred on other items.

2.2 CEO & Strategic Services

AMATHOLE ECONOMIC DEVELOPMENT AGENCY SOC LTD (ASPIRE)						
MANAGEMENT ACCOUNTS - SEPTEMBER 2017						
DESCRIPTION	APPROVED BUDGET 2016/17	APPROVED BUDGET 2017/18	Month3 Pro - Rata Budget SEPT 2017	M3 Actual Revenue/Exp. - 30 SEPT 2017	VARIANCE	%Variances
EXPENDITURE						
CEO & STRATEGIC SERVICES	-	172 500	43 125	-	43 125	100
- Travelling and Accommodation	-	150 000	37 500	-	37 500	(100)
- Refreshments / Catering	-	7 500	1 875	-	1 875	(100)
- Entertainment	-	15 000	3 750	-	3 750	(100)

There has not been any expenditure incurred under the CEO's office as at the reporting period.

2.3 Operations Department

AMATHOLE ECONOMIC DEVELOPMENT AGENCY SOC LTD (ASPIRE)						
MANAGEMENT ACCOUNTS - SEPTEMBER 2017						
DESCRIPTION	APPROVED BUDGET 2016/17	APPROVED BUDGET 2017/18	Month3 Pro - Rata Budget SEPT 2017	M3 Actual Revenue/Exp. - 30 SEPT 2017	VARIANCE	%Variances
EXPENDITURE						
OPERATIONS DEPARTMENT	9 017 463	34 174 766	8 543 692	1 397 775	(7 145 917)	(84)
- Direct Programs (Projects)	8 952 463	23 988 766	5 997 192	1 374 178	(4 623 014)	(77)
- Third Party Grant - Agriculture & Heritage	-	10 000 000	2 500 000		(2 500 000)	(100)
- Project Management Training	-	120 000	30 000	-	(30 000)	(100)
- Travelling and Accommodation	65 000	66 000	16 500	23 597	7 097	43

Included as major items in the budget for this vote is direct programs (NDPG, NRM) expenditure and third party grants. As explained under the revenue component, projects currently under implementation are Adopt a Spot and Natural Resources Management as the NDPG project has not as yet taken-off. As at the reporting period, pro-rata budgeted expenditure on direct programs has been under-spent by 77% (R4.6 million), whilst no movement has been realized on third party grants expenditure (Agriculture and Heritage) as well as grant receipts there-of. Current expenditure has been incurred as follows: -

- 2.3.1 Adopt a Spot (Project was Extended to June 2017), however this project is currently being wound up - This project depicts an over-expenditure of 100% due to prior year roll-over amounts that have been spent in the current year. As no budget was provided for, necessary adjustments will be included in the Adjusted Budget.
- 2.3.2 Natural Resources Management (Project was Extended to March 2018), however ASPIRE has written to DEA opting to pull-out of this project. This project depicts an under-expenditure of 73% (R472k). This is due to slow spending during finalization of this project as it is also being wound-up.
- 2.3.3 Third Party Grants - These grants (Agriculture and Heritage) were budgeted in anticipation of ASPIRE receiving a positive response from the respective departments on business plans submitted that would likely be approved for funding. However, as at the reporting period, there does not seem to be any positive indications towards funds appropriated to ASPIRE from these departments.

NB: FOR BOTH THESE PROJECTS (NRM and Adopt a Spot), ASPIRE HAS INFORMED THE DEPARTMENT OF INTENTIONS TO PULL-OUT AS IT DOES NOT MAKE FINANCIAL SENSE TO CONTINUE IMPLEMENTING THEM.

2.4 Corporate Services

AMATHOLE ECONOMIC DEVELOPMENT AGENCY SOC LTD (ASPIRE)						
MANAGEMENT ACCOUNTS - SEPTEMBER 2017						
DESCRIPTION	APPROVED BUDGET 2016/17	APPROVED BUDGET 2017/18	Month3 Pro - Rata Budget SEPT 2017	M3 Actual Revenue/Exp. - 30 SEPT 2017	VARIANCE	%Variances
EXPENDITURE						
CORPORATE SERVICES	12 303 314	12 023 579	3 005 895	2 970 565	(35 329)	(1)
- Staffing (Cost to Company)	10 502 981	10 239 926	2 559 982	2 531 647	(28 334)	(1)
- Recruitment	193 034	25 000	6 250	4 688	(1 562)	(25)
- Staff Development and Training	59 000	200 000	50 000	-	(50 000)	(100)
- Staff Wellness & Gifts	29 841	50 000	12 500	6 880	(5 620)	(45)
- Rental/Rates - Offices	695 000	660 000	165 000	256 114	91 114	55
- Rental - Plants, Water, Hygiene Tools	8 689	12 000	3 000	-	(3 000)	(100)
- Photocopier Rental	28 388	65 000	16 250	6 022	(10 228)	(63)
- Rental of Equipment (alarm)	4 048	7 200	1 800	980	(820)	(46)
- Electricity & Water	75 000	95 000	23 750	16 721	(7 029)	(30)
- Security	21 628	30 000	7 500	7 370	(130)	(2)
- Stores and Materials	12 887	12 500	3 125	2 680	(445)	(14)
- Printing, Stationery and Consumables	75 000	93 823	23 456	21 109	(2 346)	(10)
- Annual Report	1 950	12 000	3 000	-	(3 000)	(100)
- IT Governance and Support	105 000	70 000	17 500	20 702	3 202	18
- Maintenance- Computers	25 000	25 000	6 250	14 266	8 016	128
- Telephone	289 115	225 000	56 250	41 016	(15 234)	(27)
- Postage/Courier	1 500	5 000	1 250	373	(877)	(70)
- Repairs and Maintenance - Office & Furniture	1 500	10 000	2 500	4 600	2 100	84
- Insurance	173 753	186 130	46 533	35 397	(11 136)	(24)

Personnel Costs

As at the reporting period, personnel costs have been underspent by 1% (R35 thousand). Due to a resignation of a program manager in August, it is anticipated that there will likely be savings on personnel costs in the ensuing months.

Office Rental

Office rental has been over-spent by 55% (R91 thousand) as at the reporting period. The current lease agreement comes to an end in December 2017 after which it is anticipated that ASPIRE will move the ADM Chiselhurst offices at no rental. There will also be likely savings of approximately 50% (R330 thousand) of the actual budgeted costs on this item.

Telephone

As at the reporting period, this category was under-spent by 27% (R15 thousand rands). Effective from August, employees are required to indicate both business and personal calls made on a monthly basis after which personal calls are deducted on their respective salaries during payroll processing.

Electricity and Water

As at the reporting period, this category was under-spent by 30% (R7 thousand).

Insurance

Included in the insurance contract for the current year are assets for the Hamburg Arts Retreat that still reflect in our fixed assets register pending the finalization of the transfer process of this asset. Processes of transferring this asset are underway and it is expected that it will have been transferred to Ngqushwa LM by November 2017. This category of expenditure depicts and under expenditure of 24% (R11 thousand).

2.5 Finance and SCM

AMATHOLE ECONOMIC DEVELOPMENT AGENCY SOC LTD (ASPIRE)						
MANAGEMENT ACCOUNTS - SEPTEMBER 2017						
DESCRIPTION	APPROVED BUDGET 2016/17	APPROVED BUDGET 2017/18	Month3 Pro - Rata Budget SEPT 2017	M3 Actual Revenue/Exp. - 30 SEPT 2017	VARIANCE	%Variances
EXPENDITURE					-	
FINANCE AND SCM	1 137 930	7 789 409	1 947 352	214 149	(1 733 203)	(89)
- Audit Fees	590 110	679 532	169 883	94 013	(75 870)	(45)
- Accounting Fees	140 000	70 000	17 500	46 028	28 528	163
- Bank Charges	38 335	38 500	9 625	17 894	8 269	86
- Depreciation & Impairment	169 485	175 000	43 750	36 571	(7 179)	(16)
- Travelling and Accommodation	170 000	50 000	12 500	19 620	7 120	57
- MSCOA Implementation	-	6 000 000	1 500 000	-	-	(100)
- Advertising	30 000	60 000	15 000	-	(15 000)	(100)
- Sundry Creditors	-	716 377	179 094	23	(179 071)	(100)

Audit Fees

The 2017 audit is underway. It is expected to be finalized by November and to date, pro-rata figures depicts an under-expenditure of 45% (R75 thousand).

Accounting Fees

Accounting fees depict an over-expenditure of 163% (R28 thousand). Expenditure incurred to date relates to Caseware support for the drafting of the 2017 AFS.

Travelling and Accommodation

As at the reporting period, this expense category was over-spent by 57% (R7 thousand pro-rata expenditure). Included in this line item are costs for both staff and board members traveling costs for the attendance of meetings.

3. Statement of Financial Performance - 30 September 2017

Amathole Economic Development Agency (SOC) Limited

(Registration number 2005/030812/07)

Trading as ASPIRE

Annual Financial Statements for the period ended 30 September 2017

Statement of Financial Performance as at 30 September 2017

	Note(s)	SEPT 2017 UNAUDITED QUARTER 1 R	2017 UNAUDITED FULL YEAR R
Revenue			
Revenue from exchange transactions			
Interest Received		40 068	57 651
Other Income		13 213	347 129
Total Revenue from Exchange Transactions		53 281	404 780
Revenue from non-exchange transactions			
Government grants and subsidies		4 500 000	18 558 192
NDPG Capital grant		-	10 256 759
Other grant income		1 420 498	7 354 381
Services in kind		-	959 939
Total Revenue from Non-Exchange Transactions		5 920 498	37 129 271
Total Revenue		5 973 778	37 534 051
Expenditure			
Contracted expenses		-	(10 667 968)
Depreciation		(36 571)	(183 898)
Employee related costs		(2 529 963)	(14 989 161)
Finance costs		(23)	(3 446)
General expenses		(519 448)	(3 715 668)
Impairment costs		-	(403 229)
Lease rentals		(263 116)	(866 950)
Project expenditure		(1 397 775)	(6 124 741)
Repairs and maintenance		(4 600)	(13 635)
Total expenditure		(4 751 496)	(36 968 696)
Operating surplus		1 222 283	565 355
Gain on disposal of property, plant and equipment		-	2 681
Surplus before taxation		1 222 283	568 036
Taxation		-	191 920
Surplus for the period		1 222 283	376 116

4. Statement of Financial Position - 30 September 2017

Amathole Economic Development Agency (SOC) Limited

(Registration number 2005/030812/07)

Trading as ASPIRE

Annual Financial Statements for the period ended 30 September 2017

Statement of Financial Position as at 30 SEPTEMBER 2017

	Note(s)	SEPT 2017 UNAUDITED QUARTER 1 R	2017 UNAUDITED FULL YEAR R
Assets			
Current Assets			
Cash and cash equivalents		12 079 294	9 228 611
Receivables from non-exchange transactions		129 761	134 708
VAT receivable		33 398	-
Current Tax receivable		-	-
		12 242 452	9 363 319
Non-Current Assets			
Property, plant and equipment		210 202	223 706
Intangible assets		676	2 122
		210 878	225 828
Total Assets		12 453 330	9 589 147
Liabilities			
Current Liabilities			
Payables from exchange transactions		1 167 990	1 172 486
VAT Payable		-	45 235
Unspent conditional grants		8 828 770	7 921 430
Operating lease liability		21 238	47 763
		10 017 997	9 186 914
Non-Current Liabilities			
Operating lease liability		-	-
Total Liabilities		-	-
Net Assets		2 435 333	402 233
Contributed capital		1 000	1 000
Accumulated surplus		2 434 333	401 323
Total Net Assets		2 435 333	402 323

5. Cash-flow Statement - 30 September 2017

Amathole Economic Development Agency (SOC) Limited

(Registration number 2005/030812/30)

Trading as ASPIRE

Annual Financial Statements for the period ended 30 September 2017

Cash Flow Statement

Note(s)	SEPT 2017 UNAUDITED R	2017 UNAUDITED R
Cash flows from operating activities		
Receipts		
Grant revenue recognition	1 425 445	12 522 280
Grants	6 089 587	10 721 549
Interest & Other Income	40 068	193 803
Tax Receipts	-	291 620
	<u>7 555 100</u>	<u>23 729 252</u>
Payments		
Employee Costs	(2 529 963)	(10 930 383)
Suppliers	(2 187 644)	(9 332 977)
NDPG refund to ADM	-	-
Finance costs	(23)	(73 128)
Grant Returns	-	(10 461 707)
	<u>(4 717 630)</u>	<u>(30 798 195)</u>
Net cash flows/outflows from operating activities	<u>2 837 470</u>	<u>(7 068 943)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(13 022)
Proceeds from sale of property, plant and equipment	13 213	-
Purchase of other intangible assets	-	-
Non cash acquisition of Hamburg assets	-	-
	<u>13 213</u>	<u>(13 022)</u>
Net cash flows from investing activities	<u>13 213</u>	<u>(13 022)</u>
Net increase/(decrease) in cash and cash equivalents	2 850 683	(7 081 965)
Cash and cash equivalents at the beginning of the year	<u>9 228 611</u>	<u>16 310 576</u>
Cash and cash equivalents at the end of the year	<u>12 079 294</u>	<u>9 228 611</u>

6. Cash and Cash Equivalents - 30 September 2017

Amathole Economic Development Agency (SOC) Limited

(Registration number 2005/030812/07)

Trading as ASPIRE

Cash and Cash Equivalents as at 30 September 2017

	SEPT 2017 UNAUDITED QUARTER 1 R	2017 UNAUDITED FULL YEAR R
ABSA Cheque Account	-	169 205
Petty Cash	1 733	95
AEDA - STD Bank Cheque Acc 271076550	45 626	555 200
Aspire - EC - Adopt a Spot Project	51 909	1 554 092
EC-BCM Waste Mangement	52 792	754 854
Aspire - Natural Resources Management	2 807 074	822 711
AEDA - STD Bank Call Acc 388810769001	3 617 165	1 952 926
HAR - STD Bank Cheque Acc 302012818	9 346	11 685
NDPG - STD Bank Call Acc 388810769003	5 481 469	10 475 678
Bwattle STD Bank Call 388810769 004	6 226	6 226
EA - Operations (Bank)	5 954	7 904
Total Cash and Cash Equivalents	12 079 294	16 310 576

Included in cash and cash equivalents are conditional grants call accounts totaling to R8.4 million (Adopt a Spot; BCM Waste; NDPG and NRM) as at the reporting period. The rest of the cash (R3.7 million) being available to finance the on-going operations of ASPIRE.

7. Report on SCM Implementation

In line with the requirements of the municipal supply chain management regulations, The ADM SCM unit continues to provide support to ASPIRE as we do not have personnel within this unit. Staff members have been formally seconded to serve on ASPIRE bid committees.

Below is a report on SCM procurement.

SCM Report

RANGE : >R 0 <R30 000 (FORMAL WRITTEN PRICE QUOTATIONS)					
Date	Name of Supplier	PO #	Vote no	Description	Amount
14/07/2017	Just Write	PO102312	4200/000	Printing & Stationery	1 456
25/07/2017	Kempston Car Rental	PO102314	4650/000	Travel & Accommodation	864
31/07/2017	Kempston Car Rental	PO102321	4650/000	Travel & Accommodation	2 132
31/07/2017	SURE TRAVEL	PO102322	4650/000	Travel & Accommodation	1 764
11/07/2017	Willards Travel Centre	PO102310	4650/000	Travel & Accommodation	1 779
Purchase Order JULY- 2017					7 995
01/08/2017	Mizo Development Services	PO102326	3010/000	Accounting Fees	26 600
23/08/2017	COMPUSYS	PO102334	3300/000	Computer Expenses	912
24/08/2017	COMPUSYS	PO102335	4200/000	Printing & Stationery	781
07/08/2017	COMPUSYS	PO102327	3300/000	Computer Expenses	7 961
01/08/2017	Golden Rewards 238 cc	PO102325	4200/000	Printing & Stationery	1 674
01/08/2017	Golden Rewards 238 cc	PO102324	3010/000	Printing & Stationery	820
30/08/2017	Just Write	PO102336	4200/000	Printing & Stationery	1 456
07/08/2017	Kempston Car Rental	PO102328	4650/000	Travel & Accommodation	866
11/08/2017	Kempston Car Rental	PO102332	4292/030	Adopt a Spot - Travelling & Accommodation	3 575
Purchase Order : AUGUST- 2017					44 645
20/09/2017	UBUNTU BENENE GENERAL TRADING	PO102338	4292/010	Adopt A Spot - Project Expenditure	15 100
Purchase Order : SEPTEMBER- 2017					15 100
TOTAL Purchase Order JULY - September 2017					67 740

SCM Report - cont.

RANGE : >R30 000 <R200 000 (COMPETITIVE BIDDING)					
28/07/2017	Minkline Consulting	PO102320	4292/010	Adopt a spot project Expenditure	129 250
Purchase Order : JULY- 2017					
TOTAL COMPETITIVE BIDDING JULY - AUGUST 2017					
					129 250
RANGE : >R200 001 & Above (COMPETITIVE BIDDING)					
18/09/2017	Siviwe Jayiya Construction	REG 32		Alice Regeneration Programme : Up Grade of Transport Hub ASPIRE 004:2017	13 526 114
Purchase Order : SEPTEMBER- 2017					
TOTAL COMPETITIVE BIDDING SEPTEMBER - AUGUST 2017					
					13 526 114
SUPPLY CHAIN MANAGEMENT DEVIATIONS - SCM REGULATION 36					
04/08/2017	LUMOKA Chartered Accountants	PO102330	4400/000	Deviation for CFO Support Services	117 911
Purchase Order : AUGUST- 2017					

8. Report on SAP/mSCOA Implementation

In line with mSCOA Regulations (Municipal Standard Chart of Accounts), as gazetted per government gazette number 37577 of 22 April 2014, these regulations require that all municipalities and their entities needs to comply by 01 July 2017. Parent municipalities were further encouraged to support their entities towards full compliance with the regulations.

However, in order for municipalities and their entities to comply with the regulations, they needed to ensure that their financial management systems have the ability to handle the reporting requirements linked to mSCOA. The Amathole District Municipality then embarked on a project of implementing a new financial management system (SAP) during the 2015/16 financial year and the ADM municipal council further resolved to support ASPIRE in both the roll-out of SAP and mSCOA so as to ensure full compliance with these regulations.

Whilst the regulations require municipalities and their entities to comply with the implementation date of 01 July 2017, ASPIRE was unable to meet this deadline. This was due to non-availability of a budget to appoint a service provider for both the roll-out/upgrade of the current financial management system (Pastel) to a system suitable to host the mSCOA reforms. ADM subsequently appropriated a budget of R6mln for the 2017/18 financial year to assist ASPIRE towards compliance.

ASPIRE further wrote to National Treasury (NT) requesting a consideration for an extension to 01 July 2018 for complying with the mSCOA implementation. NT however rejected this request and further maintained that the parent municipality (ADM) should for future communication directly communicate with NT.

Currently, ASPIRE is in the process of procuring a service provider to provide support in migrating/upgrading the current system to a system suitable for hosting the mSCOA reforms. A committee comprising ADM CFO, ADM SCM General Manager, ADM ICT Expert, ASPIRE CFO and ASPIRE Executive Manager Corporate Services has been established that is responsible for co-ordinating this roll-out.

3. OPERATIONS - PROJECTS

The Quarter 1 Performance Report of the Operations Unit of ASPIRE is herein presented. The report covers the period from 01 July to 30 Sept 2017. The report is structured according to the Annual Performance Plan of ASPIRE, with details given on the deliverables envisaged for the Financial Year 2017-2018.

The report presents progress against the Annual Performance Plan (APP) for the quarter. Reference is also made to key highlights, and challenges.

Key Highlights

The following are the most notable highlights are:

- Alice Taxi Rank (Transport Hub) tender has been awarded and site handover is planned for 09 Oct 2017
- The Adopt a Spot and Natural Resource Management projects are being wound up
- Hamburg Projects are in the process of being handed over to Ngqushwa Local Municipality
- Alice Projects(Alice CBD and Bridge) are in the process of being handed over to Raymond Mhlaba Local Municipality
- Resignation of Programme Manager by 31 August 2017

Annual Performance Plan (APP)

Projects	Progress
Project Management	Alice Transport Hub Tender has been awarded for the construction of a Taxi rank in Alice. Site handover is planned for 09 Oct 2017.
Hamburg Properties (Emthonjeni Arts)	The process for handover of the Hamburg properties to Ngqushwa LM is under way. Physical handover is planned for 31 Oct 2017. Registration of the buildings under Ngqushwa will run its course.
Alice CBD Upgrade and Bridge	The process for handover of the Alice Projects to Raymond Mhlaba Local Municipality is under way. The actual handover will ideally await finalisation of the Alice Transport Hub so that they are handed over at one time.
Natural Resource Management (NRM)	Stakeholder engagements to close the project by ASPIRE are taking place
Adopt a Spot	Stakeholder meeting has taken place with the Department of Environmental Affairs in preparation for close-out
BCM Waste Management	Preparation of AFS Terms of Reference have been drawn up
Sikhulisa iCathcart	A process to close-out on the project has been initiated.
Blueberry out growers	A process to close-out on the project has been initiated.
Siyazama Aquaculture	A process to close-out on the project has been initiated.

4. COMPANY SECRETARIAT

1. GOVERNANCE AND EFFECTIVENESS OF THE BOARD

1.1. Board and Committee meetings

The Board plan for 2017/2018 has been approved. There was an ordinary and special Board meeting held in Aug 2017. All the Board and Committee meetings were duly constituted.

1.2. Audit and Risk Committee

Audit and Risk Committee held three meetings in August 2017. The term of office of the Committee members expired on 31 August 2017, however was extended by the Amathole District Municipality (“ADM”) for a further three months, from 01 September to 30 November 2017.

1.3. Directors Declaration of Interest

All Directors have duly complied with the provision of the policy in respect of the declaring interests within 60 days of appointment.

1.4. Compliance

The last compliance checklist report was presented and approved by the Board at the Board meeting of 2 December 2016. The quarter 1 legislative compliance checklist will be presented to the Board at its Board meeting of 20 October 2017 for approval. Thereafter once every quarter annually.

1.5. Memorandum of Incorporation

The Board approved the Memorandum of Incorporation (“MOI”) at its Board meeting of 2 December 2017. The Acting Head of Department: LHS&ED at ADM has advised that the MOI will be presented at the Executive Management meeting of 18 September 2017 and that the MOI will be presented to the Ordinary Council meeting in October 2017 for approval.

1.6. Review of Board Charter and Terms of Reference of Committees

The Board Charter is in the process of being reviewed, the draft revised Board Charter will be presented to the Board at its meeting of 20 October 2017 for consideration and approval.

The Finance Committee Terms of Reference are being reviewed to incorporate Projects, as currently all Projects do not have a custodian Committee to consider the projects. The terms of reference will be presented to the Finance Committee at its Committee meeting of 13 October 2017 for consideration and recommendation for approval to the Board.

1.7. Addendum to Service Level Agreement

An addendum to the service level agreement between ADM and ASPIRE has been drafted by ADM. The Addendum makes provision for the following matters; ADM Council resolutions, Audit and Risk Committee, Employee Wellness, Fraud Hotline, Fraud Hotline, IT Support, MISA, MSCOA and SA, Projects, SCM assistance. The Addendum has been presented to the Municipal Manager for consideration and signature. We currently await the final signed addendum.

1.8. Board Training

Due to budget constraints, the Directors have not received any training. The Company Secretary is in the process of developing a training plan which will include in-house training and *pro-bono* services from various entities and stakeholders. The finalised plan will be presented to the Board for consideration and approval.

1.9. Appointment of Company Secretary

The Board appointed a Company Secretary on 1 August 2017 for a period of five years, and CIPC has been updated accordingly.

1.1. Annual Returns

The annual returns in the amount of R2000 calculated at an annual turnover of R 19 929 472, for the year 2017 were filed on 12 September 2017 in compliance with the provisions of the Companies Act, 2008.

2. LEGAL MATTERS

2.1. The legal matters for the current year are as follows:

DATE REPORTED	NATURE	SUMMARY OF DETAILS	LIABILITY-OUTCOME	STATUS
6 November 2015	CCMA (Unfair dismissal) DEFENDED	Employee was dismissed for gross misconduct, gross dishonesty and failure to carry instructions	2 months' salary (R78,496.12) and o/s fees of R28,152	The matter has been finalised. Payment in the amount of R 50 237,56 (less the tax) was paid on the 21 st of August 2017
24 May 2016	Criminal charges against 3 ASPIRE Executives DEFENDED	The 3 executives are charged with Fraud and/or Theft and/or Forgery and/or Money laundering which was as a result of implementing a Council resolution for the payment of R309,000 in legal fees of the former CEO	Amount paid to date based on invoices is R16,287 Contingent liability R152,000 for legal fees	Through a deviation process a defence attorney has been appointed to represent all three of them after failed attempts to get ADM legal support. Matter has been postponed to 24 to 28 July 2017 for a trial. Court has set a provisional date of 22 August 2017 for State to provide all documentation, and trial has been postponed to 26 March 2018

5. CORPORATE SERVICES

1. INTRODUCTION

Corporate services has been busy with a number of activities during the quarter. These relate to recruitment, performance contracting, relocation of offices and document management.

1.1 Social and Economic Development

No social development programs were implemented during the quarter due to no budget being available. However, the terms of reference for the social and ethics committee refers to it being responsible for economic development initiatives of the organization. Management are therefore proposing that projects and programs implemented should be reported to this committee. A proposal to this effect will be submitted for guidance.

1.2 Good Corporate Citizenship

All staff completed the annual declaration of interest forms, as well as the code of conduct. A register of all declared interests will be submitted to the SEC meeting.

1.3 Environment, Health and Safety

A health and safety assessment of the Aspire workplace has been conducted. Various risks and hazards will be communicated to staff. As the agency has fewer than 20 staff members, it is not necessary to appoint health and safety representatives.

1.4 Stakeholder Relationships

The organization continues to engage with stakeholders to ensure the Aspire mandate is understood. A session was held with municipal managers from the local municipalities in an attempt to provide them with an update on the new strategy going forward for ASPIRE.

This session was well received and also gave the local municipalities an opportunity to apprise ASPIRE of their upcoming projects.

ADM have continued with their support of ASPIRE and MM has indicated that ADM will approve the move of ASPIRE to Chiselhurst. At the time of writing the report, confirmation of this approval was still anticipated. In anticipation of this move, a relocation plan has been drafted.

1.5 Labour and Employment

1.5.1 Organisational Structure

The staff complement at the end of September 2017 consisted of 14 staff members.

	Male				Male	FEMALE				Female	Total
	W	C	I	B		W	C	I	B		
Executive Management				1	1	1			2	3	4
Senior Management					0					0	0
Managers				4	4					0	4
Support Staff					0				5	5	5
Interns				1	1					0	1
	0	0	0	6	6	1	0	0	7	8	14

Staff movement: The Company secretary and PA to the CEO commenced employment during August and July 2017 respectively. Two staff members exited, one project manager whose contract ended at end July 2017, and a programme manager who resigned and left at the end of August 2017. Staff turnover for the quarter ended September 2017 was 14.3% (quarter 4 of 2016-17 was 0%).

	Male				Male	FEMALE				Female	Total
	W	C	I	B		W	C	I	B		
Staffas at 1 July 2017				8	8	1			5	6	14
Terminations				2	2					0	2
Sub Total	0	0	0	6	6	1	0	0	5	6	12
Engagements					0				2	2	2
Totals - end September 2017	0	0	0	6	6	1	0	0	7	8	14
LTO %				Male	25%				Female	0%	
									Total LTO		14.29%

Engagements & Terminations - Quarter 1 : July to September 2017											Table 3
	Male				Male	FEMALE				Female	Total
	W	C	I	B		W	C	I	B		
Beginning of the quarter				8	8	1			5	6	14
Terminations - Resignations				2	2					0	2
- Dismissals					0					0	0
Sub Total	0	0	0	6	6	1	0	0	5	6	12
Engagements					0				2	2	2
Totals - End of Quarter 1	0	0	0	6	6	1	0	0	7	8	14

Recruitment / Vacancies

Chief Financial Officer

The CFO was appointed on a five year contract from 18 August 2017.

Company Secretary

The company secretary was appointed and commenced employment on 1 August 2017.

Other positions

The 14 vacant positions will not be filled as per the current reengineering process.

1.5.2 Employment Equity

No further requests were received from the Department of Labour with regards to the evidence submitted in respect of their anticipated visit and inspection.

Due to the reduction in the number of staff, the employment equity plan targets will not be met as it is based on filling the current organogram which consists of 28 staff. As the agency is currently in a process of re-engineering and staff numbers are not expected to increase dramatically, the plan will need to be reviewed and new targets set and approved by the Board. This will only be able to take place after the new organogram has been approved by the Board. The quarterly forum meeting was held at the end of September 2017.

1.5.3 Compensation and Benefits

Staff have been notified of the outcome of the medical aid analysis and the choices available in respect of their medical aid options going forward. Thus far, one staff member has indicated that she would like to change her current option.

1.5.4 Training and Development

The Workplace Skills Plan has been updated with the training needs identified during the contracting period which was concluded by mid September. Training on identified needs will be initiated during quarter 2, subject to budget availability.

1.5.5 Employee Wellness

Staff morale and motivation continues to be a concern to management. Some form of team building is to be investigated in quarter 2. Staff are encouraged to raise issues they have with their respective managers.

1.5.6 Re-engineering

Three sessions have been held with staff where the revised strategy has been communicated and the need for re-engineering of the organization in line with the strategy explained. Focus was placed on having to do more with less due to budget constraints and limited funding. This process will continue in the coming months.

1.6 INFORMATION AND COMMUNICATION TECHNOLOGY

A SALGA self assessment tool was completed to indicate the level of ICT governance applicable to the organization. The self assessment indicated those areas that will require intervention by management. These interventions will be considered once final approval of the move to Chiselhurst has been confirmed as this will impact the initiatives to be implemented.

1.6.1 IT Infrastructure and network

The outsourced service provider is spending more time at ASPIRE on maintenance related issues due to the ageing infrastructure. During August, the shared network drive which is hosted on the server, was offline and work to correct this and ensure that no data was lost resulted in a large amount of time being spent at ASPIRE. At the end of September, the server hard drive was once again giving errors which results in very poor and slow performance of the server in respect of speed. The scans@aspire.org.za email address was also compromised, which resulted in the email server attempting to send out bulk spam emails which would have resulted in our email server becoming blacklisted (this has happened twice in the past, once in the previous financial year). Fortunately, the current virus and firewall protection installed prevented this from happening.

1.6.2 Website

Work on relaunching the website will be re-initiated once the final strategy document has been approved by the Board. This will also coincide with the move to the ADM platform.

1.6.3 Data Management

The data management project continued during the quarter. Significant progress has been made to finalizing this project. The strong room has been filed and a listing of all items contained established, together with the items which have been stored in the Finance central storage area. Non-essential files have been removed from the offices of special projects managers, the PA to the CEO, the company secretary's office and the finance administrators office. Work on the other documents is still under way.

1.6.4 Advertising and Marketing

No advertising or marketing of the Aspire brand took place during the quarter. Once repositioning of the brand strategy has been developed, relevant advertising and marketing will be initiated. ADM have indicated that Aspire can be included in the repositioning exercise that they are also busy undertaking.

1.6.5 Communication

Weekly staff meetings continue to be held to ensure staff are kept abreast of developments.

1.6.6 Corporate Brand

Trademark registration of the ASPIRE brand was finalised and received during September. The registration is effective for 10 years from the date of filing (22 November 2013).

The Authentic Amathole brand was also registered for 10 years from the date of filing (5 September 2014).

1.7 PERFORMANCE MANAGEMENT

Performance contracting with staff was concluded during September 2017 with all signing performance agreements supported by individual annual performance plans, soft skills contracting and personal development plans. The performance agreement for the CEO has not yet been finalised with the Chairperson of the Board.

The first evaluations will be performed at the start of quarter 2.

6. CONCLUSION

Q1 at ASPIRE closes on a positive note. Already 2017-2018 year promises an ASPIRE working towards stability.

Key planned deliverables for Q2 of 2017-2018 include:

- The 20 year (2017-2037) ASPIRE strategy will be adopted
- The Re-Engineering process will kick-start
- All 2017-2018 Board approved positions will be committed and
- ASPIRE Office move from 6 Princes Street, Vincent to Chilselhurst ADM offices