



REACHING NEW HEIGHTS

SEKHUKHUNE DEVELOPMENT AGENCY

SECTION 88 MFMA REPORT

FOR

MID YEAR

ENDING DECEMBER 2018

SECTION 88 MFMA MID YEAR REPORT FOR 2018/19 FINANCIAL YEAR

1. EXECUTIVE SUMMARY

The purpose of this item is to submit for noting the mid - year report on the implementation of the budget and the financial state of affairs of the municipality in terms of Sec 88 of the MFMA.

The report covers activities and transactions that were incurred during the mid-year term. The report analyses variance identified for management to address.

Overall financial performance

The Agency recognises revenue as it recognises its expenditure. The total expenditure grant for 2018/19 financial year (mid-year) amounting to **R 1 710 672** against the budget of **R 2 493 950** with a variance of 31%

The total employee cost and related costs incurred by the mid-year amounted to **R1 302 457** against budget of **R1 406 780** with a variance of 7%

The General expenses amounted to **R 214 210** against the mid-year budget of **R 509 130** which resulted in under spending of 58%

The SDA only budgeted R300 000 for capital projects for the 2018/19 financial year which has not been spent by mid-year.

2. REVENUE BY SOURCE

- The Agency has not generated income in the current financial year and as a mitigating action has appointed three service providers to assist in sourcing funding for the projects implementation

2.1 CAPITAL RECEIPTS BY SOURCE

Dec-18							
YTD				QUARTERLY			
DESCRIPTION	ANNUAL BUDGET	MID YEAR ACTUALS	YTD VARIANCE	MID YEAR BUDGET	MID YEAR ACTUALS	MID YEAR VARIANCE	VARIANCE %
IDC (Roll over)	481 529	1041	479 690	240 765	1 041	239 724	99%
TOTAL	481529	1 041	479 690	240 765	1 041	239 724	99%

2.2. EXPENDITURE BY VOTE

Dec-18							
YTD				QUARTELY			
DESCRIPTION	ANNUAL BUDGET	YTD ACTUALS	YTD VARIANCE	MID YEAR BUDGET	MID YEAR ACTUALS	MID YEAR VARIANCE	VARIANCE %
SEKHUKHUNE DEVELOPMENT AGENCY	3 952 000	1 709 828	2 242 172	2 253 185	1 709 828	543 357	24%
TOTAL	3 952 000	1 709 828	2 242 172	2 253 185	1 709 828	543 357	24%

3. Consolidated Budget allocation for Financial year 17/18

CONSOLIDATED BUDGET ALLOCATION FOR FINANCIAL YEAR 1819

Votenummer	Description	Actual budget 18/19	Mid-Year Budget	MID YEAR REPORT		Total	Variance	Perc
				Q1	Q2			
	REVENUE							
	SDM GRANT	3 952 000						
	IDC GRANT	481 529						
	TOTAL BUDGET	4 433 529	0					
1070/00/1/00/0000 OPERATING EXPENDITURE								
1070/00/1/01/0010	BASIC SALARIES	2 055 727	1 027 864	497 348	508 536	1 005 884	21 980	2%
1070/00/1/01/0020	TRAVEL ALLOWANCE	205 442	102 722	40 624	36 420	77 044	25 678	25%
1070/00/1/01/0040	OTHER BONUSES	-	-	-	-	-	-	0%
1070/00/1/01/0050	ANNUAL BONUS	46 634	-	-	-	-	-	0%
1070/00/1/03/0200	OTHER EMPLOYEE RELATED COSTS	111 710	55 856	12 392	-	12 392	43 464	78%
1070/00/1/01/0170	DAILY/OVERNIGHT ALLOWANCE	9 720	4 860	1 130	525	1 655	3 205	66%
1070/00/1/01/9990	SUB-TOTAL EMP COST WAGES/SALARIES	2 429 233	1 191 302	551 494	545 481	1 096 975	94 327	8%
1070/00/1/01/0140	U.I.F	9 476	4 738	2 066	2 062	4 128	610	13%
1070/00/1/03/0210	INDUSTRIAL COUNCIL LEVY	632	316	131	131	262	54	17%
1070/00/1/03/0220	MEDICAL FUND	81 550	40 776	18 729	18 729	37 458	3 318	8%
1070/00/1/03/0230	PENSION FUND	315 375	157 688	76 838	76 735	153 573	4 115	3%
1070/00/1/03/0240	SKILLS LEVY	23 920	11 960	4 994	5 067	10 061	1 899	16%
1070/00/1/03/9990	SUB-TOTAL EMP COST - SOCIAL CONTR	430 953	215 478	102 758	102 724	205 482	9 996	5%
1070/00/1/06/9995	TOTAL EMPLOYEE RELATED COST	2 860 186	1 406 780	654 252	648 205	1 302 457	104 323	7%

1070/00/1/08/0010	REMUNERATION OF BOARD MEMBERS	556 080	278 040	72 561	121 444	194 005	84 035	30%
1070/00/1/08/9990	SUB-TOTAL REMUNERATION BOARD	556 080	278 040	72 561	121 444	194 005	84 035	30%
1070/00/1/08/9995	TOTAL EMPLOYEE AND BOARD RELATED COSTS	3 416 266	1 684 820	726 813	769 649	1 496 462	188 358	11%

1070/10/1/50/0000 GENERAL EXPENSES								
1070/10/1/50/1310	TRAVEL & ACCOMODATION	131 523	65 762	6 797	41967	48 764	16 998	26%
1070/05/1/50/1400	CATERING	34 100	17 050	-	6 622	6 622	10 428	61%
1045/05/1/50/1430	ADVERTISING / BRANDING	-	-	-	-	-	-	-
1045/05/1/50/1660	AUDIT FEES EXTERNAL	354 254	354 254	-	120 218	120 218	234 036	66%
1070/05/1/50/1940	BANK CHARGES	5 500	2 750	530	511	1 041	1 709	62%
1070/05/1/50/1950	ELECTRICITY, WATER & RATES	2 000	1 000	-	-	-	1 000	100%
1070/05/1/50/2450	INTER-GOV FORUMS	35 000	17 500	1 000	-	1 000	16 500	94%
1045/05/1/50/2560	PROFESSIONAL FEES	38 798	20 000	9 439	-	9 439	10 561	53%
1045/05/1/50/2572	PETTY CASH	6 548	3 274	-	-	-	3 274	100%
1070/05/1/50/2180	INVENTORY	27 540	27 540	27 323	-	27 323	217	1%
1070/05/1/50/2181	COMPUTER SOFTWARE AND HARDWARE	82 000	-	-	-	-	-	-
	TOTAL GENERAL EXPENSES	717 263	509 130	45 089	169 318	214 407	294 723	58%

1070/05/4/01/0001 CAPITAL / CONTENT COSTS								
1070/05/4/10/3300	Factory for dry sanitation technologies	-	-	-	-	-	-	-
1070/05/4/10/3360	Fresh Produce Market	100 000	100 000	-	-	-	100 000	100%
1070/05/4/10/3415	Investment promotion for Flag-Boshielo Dam/Recreational	-	-	-	-	-	-	-
1070/05/4/10/3416	Agri-park	-	-	-	-	-	-	-
1070/05/4/10/3420	Accreditation with SETA	-	-	-	-	-	-	-
1070/05/4/90/9998	SDA Mining and Construction company	-	-	-	-	-	-	-
1070/05/4/90/9999	SLP and SPP	-	-	-	-	-	-	-

1070/05/4/90/10000	MINTEK	-	-	-	-	-	-	-
1070/05/4/90/10001	Mining Input Supplier Park	-	-	-	-	-	-	-
1070/05/4/90/10002	Erf 488 portion 1 of 5 land development	100 000	100 000	-	-	-	100 000	100%
1070/05/4/90/10003	Stakeholder management	100 000	100 000	-	-	-	100 000	100%
1070/05/4/90/10004	Regional Economic Development Master Plan	-	-	-	-	-	-	-
	Total Capital Project	300 000	300 000	-	-	-	300 000	100%
	TOTAL BUDGET	4 433 529	2 493 950	771 902	938 967	1 710 869	783 081	31%

Explanation of variance and corrective actions.

	Explanation of Variance	Corrective Action
Overall variance	Overall variance (31%) - The underspending is mainly contributed by Board fees, Audit fees and Capital Projects	Effect changes to mid-year budget adjustment

4. CASH AND CASH AND EQUIVALENT

PRIMARY BANK: ABSA BANK

SEKHUKHUNE DEVELOPMENY AGENCY - Table D3 CASH FLOW STATEMENT (revenue and expenditure)

Description	Mid-Year actuals	Budget Year 2018/19
R thousands		Audited Outcome
<u>Cash flows from operating activities</u>		
<u>Receipts</u>		
Grants	1 710 869	3 317 405
Interest income		
Other revenue		4 515
Total receipts	1 710 869	3 321 920
<u>Expenditure</u>		
Employee costs	- 1 302 457	- 2 578 034
Suppliers	- 410 251	- 740 247
Total Expenditure	-1 712 708	-3 318 281
Net cash flows from operating activities	- 1 839	3 639
Net increase / decrease in cas and cash equivalents	- 1 839	3 639
Cash and cash equivalents at the beginning of the year	481 529	477 890
Cash and cash equivalents at the end of the year	479 690	481 529

5. MID YEAR BUDGET FINANCIAL PERFORMANCE

SEKHUKHUNE DEVELOPMENT AGENCY - Table D2 Budgeted Financial Performance (revenue and expenditure)

Description	2017/18	Budget Year 2018/19				
	Audited Outcome	Original Budget	Mid-Year	Mid-Year budget	YTD variance	YTD variance %
Revenue by Source						
Interest earned - external investments	-	-	-	-	-	
Interest earned - outstanding debtors	-	-	-	-	-	
Transfers recognised - operational	3 334 493	4 433 529	1710672	2 244 802	534 130	24%
Other revenue	4515		-	-	-	
Gains on disposal of PPE	-	-	-	-	-	
Total Revenue	3 339 008	4 433 529	1 710 672	2 244 802	534 130	24%
Expenditure By Type						
Employee related costs	2 610 048	715 047	1 302 410	1 430 094	127 684	9%
Remuneration of Directors	339 116	139 020	194 005	278 040	84 035	30%
Debt impairment	-	-	-	-	-	0%
Depreciation & asset impairment	135 204	-	-	-	-	0%
Finance charges	-	-	-	-	-	0%
Other expenditure	497 782	91 208	214 211	536 670	322 459	60%
Loss on disposal of PPE	-	-	-	-	-	0%
Total Expenditure	3 582 150	945 275	1 710 626	2 244 804	534 178	24%
Surplus/(Deficit)	- 243 142	-	-	-	-	-

Transfers recognised - capital	-	-	-	-	-	-
Contributions recognised - capital	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-
Surplus/(Deficit)	- 243 142	-	-	-	-	-
Taxation	-	-	-	-	-	-
Surplus/ (Deficit) for the year	- 243 142	-	-	-	-	-