



SDA
SEKHUKHUNE
DEVELOPMENT AGENCY
REACHING NEW HEIGHTS

SEKHUKHUNE DEVELOPMENT AGENCY

**3rd QUARTER
BUDGET
PERFORMANCE
STATEMENT
(SEC 87)**

1. EXECUTIVE SUMMARY

Table D1: Quarterly Budget Statement Summary

The budget performance for the month ended March 2019 as reflected on the table below and summary on the performance on the main segment of the budget provided below:

- The Agency receives grants from the parent Municipality of R3 952 000 and has rollover amount of R 481 529 from the IDC. The agency recognized revenue as it recognizes expenditure, therefore our quarterly total expenditure will equal our quarterly revenue.
- The 3rd quarter total spending for the agency amount to R971 723 against the budget of R 1 169 521 resulting in a variance of 17%.
- Capital projects budget of R300 000 has not been spent and needs to be reprioritized during budget adjustment
- Employee costs to an amount of R687 695 was recognized as a total expenditure at end of 3rd quarter against quarterly budget of R692 547 resulting in a variance of 1%.
- Board Fees amounting to R187 503 against budget of R 143 157 resulting in overspending variance of 31%.
- General expenses to an amount of R96 525 was incurred during the 3rd quarter against the quarter budget of R333 818 resulting in under expenditure of 71%.
- Net Assets are valued at R1 793 772 for the 3rd quarter 2017/18
- Working capital - the cash and cash equivalent stands at R479 048.12 at ABSA, unspent balance in the municipality stands at R1 269 408 and current liabilities at R260 014 exclusive of unspent conditional grants.

NB: please note that the SDA is performing reconciliations on unspent conditional grant that date from 2010 to date. Reports will be provided end of May

2. Budgeted Financial Performance 2nd quarter report

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

Description	2017/18	Budget Year 2018/19					
	Audited Outcome	Original Budget	3rd quarter	YTD actual	YTD budget	YTD variance	YTD variance%
R thousands							
Revenue by Source							
Interest earned - external investments	-	-	-	-	-	-	
Interest earned - outstanding debtors	-	-	-	-	-	-	
Transfers recognised - operational	3 334 493	4 433 529	971 723	2 680 621	3 325 147	644 526	19%
Other revenue	4515	-	-	-	-	-	-
Gains on disposal of PPE	-	-	-	-	-	-	
Total Revenue	3 339 008	4 433 529	971 723	2 680 621	3 325 147	644 526	21%
Expenditure By Type							
Employee related costs	2 610 048	715 047	687 695	1 994 811	2 128 266	133 455	6%
Remuneration of Directors	339 116	139 020	187 503	402 015	420 163	18 147	4%
Debt impairment	-	-	-	-	-	0	0%
Depreciation & asset impairment	135 204	-	-	-	-	0	0%
Finance charges	-	-	-	-	-	0	0%
Other expenditure	497 782	91 208	96 525	337 303	677 883	340 580	50%
Loss on disposal of PPE	-	-	-	-	-	-	0%
Total Expenditure	3 582 150	945 275	971 723	2 734 129	3 226 312	492 183	28%
Surplus/(Deficit)	-243 142	-	-	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-
Contributions recognised - capital	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-
Surplus/(Deficit)	-243 142	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	-243 142	-	-	-	-	-	-

2.1 Monthly report March 2019

CONSOLIDATED BUDGET ALLOCATION FOR FINANCIAL YEAR 1819

Vote number	Description	Actual budget 18/19	Q3 REPORT				Total	Variance	Perc
			Q3	JAN	FEB	MAR			
	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	513 932	169 421	169 461	161 944	500 826	13 106	3%	
1070/00/1/01/0020	TRAVEL ALLOWANCE	205 442	51 361	7 505	16 960	16 217	40 682	10 679	21%	N1
1070/00/1/01/0040	OTHER BONUSES	-	-	-	-		-	-	0%	
1070/00/1/01/0050	ANNUAL BONUS	46 634	46 634	-	37 478	5 253	42 732	3 902	8%	
1070/00/1/03/0200	OTHER EMPLOYEE RELATED COSTS	21 710	1 553	-	39	93	132	1 421	91%	N2
1070/00/1/01/0170	DAILY/OVERNIGHT ALLOWANCE	9 720	2 430	175	175	325	675	1 755	72%	N3
1070/00/1/01/9990	SUB-TOTAL EMP COST WAGES/SALARIES	2 339 233	615 909	177 102	224 113	183 833	585 047	30 862	5%	
1070/00/1/01/0140	U.I.F	9 476	2 369	687	688	651	2 027	342	14%	
1070/00/1/03/0210	INDUSTRIAL COUNCIL LEVY	632	158	44	44	35	123	36	22%	
1070/00/1/03/0220	MEDICAL FUND	81 550	20 388	6 616	6 616	6 616	19 849	539	3%	
1070/00/1/03/0230	PENSION FUND	315 375	78 844	25 568	25 582	24 156	75 306	3 538	4%	
1070/00/1/03/0240	SKILLS LEVY	23 920	5 980	1 647	2 048	1 649	5 344	636	11%	
1070/00/1/03/9990	SUB-TOTAL EMP COST - SOCIAL CONTR	430 953	107 738	34 562	34 978	33 107	102 648	5 091	5%	
1070/00/1/06/9995	TOTAL EMPLOYEE RELATED COST	2 770 186	692 547	211 664	259 091	216 940	687 695	4 852	1%	

1070/00/1/08/0010	REMUNERATION OF BOARD MEMBERS	572 628	143 157	140 809	22 533	24 161	187 503	-44 346	-31%	
1070/00/1/08/9990	SUB-TOTAL REMUNERATION BOARD	572 628	143 157	140 809	22 533	24 161	187 503	-44 346	-31%	N4
1070/00/1/08/9995	TOTAL EMPLOYEE AND BOARD RELATED COSTS	3 342 814	835 704	352 473	281 624	241 101	875 198	-39 494	-5%	

1070/10/1/50/0000 GENERAL EXPENSES										
1070/10/1/50/1310	TRAVEL & ACCOMODATION	131 523	32 881		29 118	8 060	37 178	-4 298	-13%	N5
1070/05/1/50/1400	CATERING	34 100	27 478	1 077	31 769	-	32 846	-5 368	-20%	N6
1045/05/1/50/1430	ADVERTISING / BRANDING	90 000	-			-	-	-	-	
1045/05/1/50/1660	AUDIT FEES EXTERNAL	354 254	234 036			-	-	234 036	100%	N7
1070/05/1/50/1940	BANK CHARGES	5 500	1 375			-	-	1 375	100%	N8
1070/05/1/50/1950	ELECTRICITY, WATER & RATES	2 000	500			-	-	500	100%	N8
1070/05/1/50/2450	INTER-GOV FORUMS	35 000	8 750	-	-	-	-	8 750	100%	N8
1045/05/1/50/2560	PROFESSIONAL FEES	38 798	28 798	-	26 500	-	26 500	2 298	8%	
1070/05/1/50/2180	INVENTORY	27 540		-	-	-	-	-	0%	
1070/05/1/50/2181	COMPUTER SOFTWARE AND HARDWARE	72 000	-	-	-	-	-	-	-	
									0%	
TOTAL GENERAL EXPENSES		790 715	333 818	1 077	87 387	8 060	96 525	237 293	71%	

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								
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	-	-	-	-	-	-	-
1070/05/4/90/10003	Stakeholder management	100 000	-	-	-	-	-	-	-
1070/05/4/90/10004	Regional Economic Development Master Plan	-	-	-	-	-	-	-	-
	Total Capital Project	300 000	-	-	-	-	-	-	-
	TOTAL BUDGET	4 433 529	1 169 521	353 550	369 011	249 161	971 723	197 799	17%

Explanations to Variances

	Explanation of Variance	Corrective Action
N1	TRAVEL ALLOWANCE - (21%)- SDA took austerity measures to reduce costs	None
N2	OTHER EMPLOYEE RELATED COSTS - 91% (R1421). Line items budgeted for acting allowances and back payments.	an amount of R90 000 reduced to cater for advertising
N3	DAILY/OVERNIGHT ALLOWANCE - 72% (R1755) -SDA took austerity measures to reduce costs	None
N4	REMUNERATION OF BOARD MEMBERS (-31%) - Board members held a meeting with the Chinese delegation, State of the District Address, Mining Input Supply Park and Agency Dialogue.	None
N5	TRAVEL ACCOMMODATION (-28%) - The appointment of the new chairperson and her subsequent travelling to meet stakeholders and market the Agency together with the Acting CEO	The SDA will make amendments to budget
N6	CATERING - Austerity measures to reduce costs	None
N7	AUDIT FEES (66%)- Auditor General finalised their audit during December and all invoices are yet to be submitted Amount	None
N8	GENERAL EXPENSES - Variances due to the fact the SDA utilises some of Municipality's resources and for water bill account will be paid once land processes are completed	To be paid during third quarter

3. Capital expenditure per vote

The Agency did not receive any external funding for Capital project, however budgeted R300 000

4. Borrowings

The Agency did not borrow any monies for the 3rd quarter 2018/19

5. Irregular, Fruitless and Wasteful Expenditure

An amount of R1 880 864 for irregular expenditure and R415 527 fruitless and wasteful expenditure brought forward to 2017/18 financial as a result of misconducts of 2014/15 and 2015/16 financial year and awaiting council write off. Part of the item submitted to MPAC for consideration in order to effect council write off resolution.

6. Budget Statement Financial Position

The net assets of the Agency amounts to R (353 506). Total current liabilities amounts to R 2 148 799, whilst total current assets amounts to **R1 795 293**.

SEKHUKHUNE DEVELOPMENY AGENCY - Table D4 Budgeted Financial Position

Description	Ref	2017/18	Current Year 2018/19		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash		477 890	481 529	-	481 529
Call investment deposits		-	-	-	-
Consumer debtors		-	-	-	-
Prepayments		16212	-	-	-
Current portion of long-term receivables		-	-	-	-
Inventory		-	-	-	-
Total current assets		494 102	481 529	-	481 529
Non current assets					
Long-term receivables	3	-	-	-	-
Investments		-	-	-	-
Investment property		-	-	-	-
Investment in Associate		-	-	-	-
Property, plant and equipment	1	1 387 039	1 313 757	-	1 313 757
Agricultural		-	-	-	-
Biological		-	-	-	-
Intangible		61 930	7	-	7
Other non-current assets		-	-	-	-
Total non current assets		1 448 969	1 313 764	-	1 313 764
TOTAL ASSETS		1 943 071	1 795 293		1 795 293
LIABILITIES					
Current liabilities					
Bank overdraft	-	-	-	-	-
Borrowing		-	-	-	-
Consumer deposits		-	-	-	-
Trade and other payables		2 053 433	2 148 799	-	2 148 799
Provisions	3	-	-	-	-
Total current liabilities		2 053 433	2 148 799	-	2 148 799
Non current liabilities					
Borrowing		-	-	-	-
Provisions	3	-	-	-	-
Total non current liabilities		-	-	-	-
TOTAL LIABILITIES		2 053 433	2 148 799	-	2 148 799
NET ASSETS	2	(110 362)	(353 506)	-	(353 506)
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)		(111 362)	(354 506)	-	(353 506)
Reserves		-	-	-	-
Share capital		1 000	1 000	-	1 000
TOTAL COMMUNITY WEALTH/EQUITY	2	(110 362)	(353 506)	-	(353 506)

7. DEBTORS AGE ANALYSIS

Debtors disclosed of as employee receivables at R341 981 in the AFS as recorded in the financial year 2015/16 was correctly adjusted to contingent asset in the 2016/17 financial year as the matter is being investigated.

8. BOARD FEES

The board members compensated for travelling and sitting as per treasury regulations below:



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TO ALL –
ACCOUNTING OFFICERS OF CONSTITUTIONAL INSTITUTIONS, AND NATIONAL
AND PROVINCIAL DEPARTMENTS, HEADS OF PROVINCIAL TREASURIES AND
ACCOUNTING AUTHORITIES OF PUBLIC ENTITIES

2017 REMUNERATION OF NON-OFFICIAL MEMBERS: COMMISSIONS & COMMITTEES OF INQUIRY, AND AUDIT COMMITTEES

- The Minister of Finance, in terms of Treasury Regulation 20.2.2, granted approval to amend the **maximum remuneration payable per day** to non-official members of *Commissions* and *Committees of Inquiry* by 5,5 per cent with effect from 1 April 2017 as follows:

	COMMISSION OF INQUIRY		COMMITTEE OF INQUIRY	
	Per day	Per hour	Per day	Per hour
Chairperson	R4 957	R620	R4 092	R511
Member	R3 685	R461	R2 483	R310

- With reference to Treasury Regulation 3.1.6, the remuneration applicable to **Committees of Inquiry** is applicable to members of **Audit Committees** appointed from outside the public service.
- The indicated rates are sitting fees and exclusive of payments in respect of preparation, research and travelling (to and from meeting venues) time.
- Due to the recent tax legislation amendments, the South African Revenue Service (SARS) has confirmed the interpretation of the VAT law that requires non-executive directors (NEDs) of companies to register for and charge VAT in respect of any directors fees earned for services rendered as a non-executive director. **Kindly note that the above rates are VAT inclusive.**

The value of the fees must, however, exceed the compulsory VAT registration threshold of R1 million in any 12-month consecutive period but NEDs can voluntarily register for VAT as well. ¹

¹ Further details on the remuneration of Non-executive Directors is available on <http://www.sars.gov.za/Media/MediaReleases/Pages/14-February-2017--Non-Executive-Directors-of-Companies-must-register-for-VAT.aspx>.

