

**WATER ESTIMATE POLICY**

**2019/20**

**FINANCIAL PERIOD**

**Contents**

|  |  |  |
| --- | --- | --- |
| **No.** | **Subject Matter** | **Page** |
| **1** | **Declaration of Intent** | **1** |
| **2** | **Objective** | **1** |
| **3** | **Terminology of definitions** | **1** |
| **4** | **Scope of Application** | **2** |
| **5** | **Governing Prescripts** | **2** |
| **6** | **Guiding principals** | **2** |
| **7** | **Procedures** | **3** |
| **8** | **Management reporting** | **3** |
| **9** | **Policy implementation and review** | **3** |

**1. DECLARATION OF INTENT**

At its broadest level, the Municipal Finance Management Act No. 56 of 2003 endeavors’ “to secure sound and sustainable management of the fiscal and financial affairs of the municipalities and municipal entities by establishing norms and standards and other requirements”.

In particular Chapter 8 of the Municipal Finance Management Act No.56 of 2003 places the onus on the Accounting Officer to manage the financial administration of the municipality and for this purpose to take all reasonable steps to ensure:

* that the resources of the municipality are used effectively, efficiently and economically and
* that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.

**2. OBJECTIVE**

The objective of the policy document is to ensure that water consumptions are reliably estimated when no meter readings are available for those meters where water consumption most probably did occur.

This policy document addresses the following areas:

* What gives rise to an estimate being levied
* When will estimates be levied
* How estimates are calculated
* Reasonability calculation for long outstanding estimates
* Provision adjustment at year end

**3. TERMINOLOGY AND DEFINITIONS**

In this policy, unless the context indicates otherwise, a word or expression to which a meaning has been assigned has the same meaning and -

***Actual consumption*** - means the measured consumption of any consumer.

***Average consumption / interim ‐*** means the estimated average consumption of a consumer, per meter.

***Consumer*** - means

a) Any person who occupies premises to whom, and in respect to which premises, the

Municipality:

i. Has agreed to provide water services;

ii. Is actually providing water services;

iii. Has entered into an agreement with the Municipality for the provision of water

services to or on any premises;

b) The owner of any premises to which the Municipality is providing water services;

c) Where water services are provided through a single connection to a number of

accommodation units or consumers or occupiers, means the person to whom the

Municipality has agreed to provide such water services; and

d) Any end‐user who receives authorised water services from the Municipality or other water

service institutions.

***Consumer period*** - means the period between successive monthly readings or reading estimates irrespective of the period between reading dates.

***Open Estimates*** -Is all meters for which interims were levied during the year and at year end, no

actual reading has been captured which means this is still an open estimate.

**4. SCOPE OF APPLICATION**

This policy directs those officers who are charged with accounting of water estimates, as well as

those charged with the calculation of the year‐end provisions.

**5. GOVERNING PRESCRIPTS**

5.1. Municipal Finance Management Act

5.2. MUNSOFT: Meter Maintenance Manual

5.3. Water Service By‐Law

5.4**.** GRAP 9: Revenue

**6. GUIDING PRINCIPALS**

Water Services By-law Paragraph 7(3): The Municipality may estimate the quantity of water services provided in respect of a period or periods within the interval between successive measurements and may charge a consumer for the services so estimated.

Munsoft Meter Averaging: Meters may be averaged or estimated only on unread meters. If the meter has been “actually” read the system will not average or estimate the meter.

GRAP 9: Revenue: Revenue should be recognised as follows:

Paragraph 20 ‐ Rendering of services: When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

(a) The amount of revenue can be measured reliably.

(b) It is probable that the economic benefits or service potential associated with the transaction

will flow to the entity.

(c) The stage of completion of the transaction at the reporting date can be measured reliably.

(d) The costs incurred for the transaction and the costs to complete the transaction can be

measured reliably.

**7. PROCEDURES**

Refer to Annexure A of the policy

7.1 When will estimates be levied to consumers

7.2 Timeframes for a billing run

7.3 Exception reports

7.4 MUNSOFT calculation of water estimates

7.5 Year‐end adjustments on water estimates with no actual reading

**8. MANAGEMENT REPORTING**

A monthly / quarterly report from the Revenue Manager should occur on all problems and progress regarding replacement of water meters. Such replacements / repairs to be done by Technical department.

**9. IMPLEMENTATION AND REVIEW**

This policy is effective from 01 July 2018 and shall be reviewed annually.

**ANNEXURE A**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Procedures** | **Implemented**  **Yes / No** | **Source of**  **Information** | **Time**  **frame** | **Responsibility** | **Recommendation** |
|  |  |  |  |  |  |
| **7.1) ESTIMATED LEVIES** |  |  |  |  |  |
| Estimates will be levied in one of the following  circumstances:  **(**i) In the absence of an actual meter reading due to one of the following reasons the financial system (Munsoft) will calculate an estimate: | Yes | Munsoft | Monthly | Billing section |  |
| **ERROR CODES**  **Code - Description**  0000-Unknown  0002-Meter box covered  0003-Meter damaged  0004-Meter tampered with  0005-Meter upside down  0007-Meter covered  0008-Meter box filled with  water  0009-Bees in box  0016-Meter too deep  0018-Meter incorrectly  installed  0023-Unreads  0051-Dirty dials  0056-Not unlocking (official)  0057-Meter disconnected  0060-Meter box obstructed  0061-Meter removed  0062 **-** Meter replaced with  pre-paid  0063 **-** Refused entry  0064 - Cannot locate meter  0065 - Private lock on meter  box  0066 - No physical address  0079 - Gate locked  0080 - Dogs  0082 - Snake in box  0099 - Complex gate locked  0100 - Possible change in  land use  0101 - Internet reading  0102 - Photo reading  0103 - Protective structures  0104 - Not in route  0105 - Meter too high to read  0106 - Obstructed by vehicle  0107 - Unable to locate  Property  0108 - Community refused  entry  0109 - Meter dials unclear  0110 - Meter face down  0111 - Glass broken  0112 - No meter, straight pipe  0113 - Water leak  0114 - Replaced lid  0115 - Premises vacant  0116 - Meter disconnected  0117 - Can’t see meter No.  0118 - Read by Consumer  0119 - New installation  0120 - Unknown location  9999 - Unknown | Yes | Munsoft | Monthly | Billing section |  |
| (ii) These estimates will be reversed by means of a meter adjustment or bulk meter adjustment. | Yes | Munsoft | Monthly | Billing section |  |
|  |  |  |  |  |  |
| **7.2 TIME-FRMAES FOR**  **BILLING RUN** |  |  |  |  |  |
| **(i)** Reading are read on the 01st monthly, unless the 1st falls on the weekend, in this case the first applicable working day. | Yes | Munsoft | Monthly | Billing section |  |
| **(ii)** Billing to take place between the 20th & 25th monthly, unless prevented by circumstances beyond the municipality’s control, a suitable date will be determined. | Yes | Munsoft | Monthly | Billing section |  |
|  |  |  |  |  |  |
| **7.3 EXCEPTION REPORTS** |  |  |  |  |  |
| The following exception reports should be done run and reviewed on a monthly basis for each billing cycle before the dummy billing is done. |  |  |  |  |  |
| **Code- Description**  01 - Active meters with no  Consumption  02 - Inactive meters with  Consumption  03 - Negative consumption  04 - Meters not read  05 - Deviation report  06 - Bad meters  07 - High consumption  08 - Meters with capacity  09 - Meters estimated more  Than 3 months | Yes | Munsoft | Monthly before billing | Billing section |  |
| **Procedures to be executed on this report:** |  |  |  |  |  |
| All deviations and exceptions should be identified on the meter exception reports should be investigated, adjustments made and properly documented. | Yes | Munsoft | Monthly before billing | Billing section |  |
| The report with all the proposed changes / adjustments should be signed by the Revenue Manager and / or Revenue Accountant as evidence of review. | Yes | Munsoft | Monthly before billing | Billing section |  |
| All reports should be filed with the supporting documents for audit purposes. | Yes | Munsoft | Monthly before billing | Billing section |  |
|  |  |  |  |  |  |
| **7.4 MUNSOFT CALCULATION**  **OF WATER ESTIMATES** |  |  |  |  |  |
| **The MUNSOFT formula used to determine the water estimate for the particular month and any underlying assumptions used by the formula to determine the estimate:**    **Meter Daily Average x 30days / 6 months**    **Any codes if applicable, used by the MUNSOFT system in order to inform the system of the estimate to be made for the particular month**.  **The system looks at the reading - if zero the system sees the meter as ‘unread’. Averaging is done on ‘not read’ meters indicated by an ‘N’** | Yes | Munsoft | Monthly | Billing section |  |
| **7.5 YEAR END ADJUSTMENTS ON WATER ESTIMATES WITH NO ACTUAL READINGS** |  |  |  |  |  |
| The Municipality should process an adjustment at year end based on the outcome of a reasonability test performed on the meters for which estimates were levied but no actual  reading was available for the 12 month period. |  |  |  |  |  |
| **Procedures:** |  |  |  |  |  |
| 1.) Obtain a list of all water meters with estimates as at 30 June:  a) As minimum, a list should include the following:  i) Account number  ii) Meter number  iii)Code/Reason for  estimate  iv)Date of last meter  reading and last meter  reading  Prepare a list from the information above that includes only water meters where estimates / interims were levied for 12  months and longer.  2.) Prepare the journal for the year end correction to  water income due to the over / (under) estimated water income. Date of journal is 30 June  3) This journal should be authorised and signed by the Snr Manager: Finance before it is captured on the financial system (Munsoft) |  |  |  |  |  |