WATER ESTIMATE POLICY

2024/25

FINANCIAL PERIOD

Contents

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	Yes	Munsoft	Monthly	Billing section	

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					
(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 within 10 working days of the following month, 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)					