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File Reference: Author: Marlon Hoskins

Report Number: Designation: Manager: Debtors Management

NOT CONFIDENTIAL

 1st Level: SMC/ OMC:

FOR CONSIDERATION 2nd Level: PORTFOLIO COMMITTEE (date)

 3rd Level: AUDIT COMMITTEE (date)

 4th Level: EXCO (date)

 5th Level: COUNCIL

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**SUBJECT: AMENDMENTS TO THE IMPAIRMENT POLICY 2022 - 2023**

**DATE: 11 MARCH 2022**

1. **PURPOSE**

To appraise the Strategic Management Committee of the amendments that have been proposed to the existing budget related policies for the preparation of the adoption of the **2022/23** budget.

2. **BACKGROUND**

## 2.1 The revision of Revenue policies is informed by Section 17 (3) (e) of the Municipal Finance Management Act in conjunction with the Section 16 (2), reads that budget related policy amendments be tabled to the Municipal Council at least 90 days before the start of the budget year. All policies under review are currently in place for the current financial year.

3. **LEGISLATIVE PROVISIONS**

3.1 Municipal Systems Act

3.1.1 **Executive and legislative authority**

**11. (1)** The executive and legislative authority of a municipality is exercised by the

council of the municipality, and the council takes all the decisions Of the municipality

subject to section 59.

(3) A municipality exercises its legislative or executive authority by— 5

(a) developing and adopting policies, plans, strategies and programmed, including

setting targets for delivery;

(i) imposing and recovering rates, taxes. levies, duties, service fees and

surcharges on fees, including setting and implementing tariff, rates and tax 20

and debt collection policies;

(;) monitoring the impact and effectiveness of any services, policies, programmed

*or* plans;

4. **MOTIVATION/DISCUSSION**

4.1 The proposed policy amendments are aimed at making the informing the calculation of the annual debt impairment for the Annual Financial Statements of the Municipality more GRAAP compliant.

5. **COMMENTS FROM THE RELEVANT DEPARTMENT OR COMPONENT OF THE MUNICIPALITY**

**5.1** The amendments to the Impairment Policy for the **2022 - 2023** financial year is informed by the recommendations made during the **2020 – 2021** financial year audit by the Auditor General.

5.2 The recommended changes will be effect to the calculation of Impairment for the **2021 – 2022** financial years, through to June **2023**.

**6. IMPLICATIONS**

**6.1 FINANCIAL: N/A**

**6.2 LEGAL: N/A**

**6.3 COMMUNICATION: N/A**

**6.4 COMMUNITY: N/A**

**6.5 SERVICE DELIVERY IMPLICATIONS: N/A**

7. RECOMMENDATION

 IT IS RECOMMENDED THAT:

7.1 The proposed amendments to the impairment policy is approved.

7.2 The proposed changes by applied to the 2020/21, 2021/22 & 2022/23 Financial Years

**8. SUBMITTED BY:**

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**CHIEF FINANCIAL OFFICER**

**MRS N NGCOBO**

**DATE: ……………………**

**ANNEXURES:**

**ANNEXURE A:** Draft Impairment Policy.