

# NAMA KHOI MUNICIPALITY



**FINAL**

**UNFORESEEN AND UNAVOIDABLE EXPENDITURE POLICY**

**FOR IMPLEMENTATION:**

**1 JULY 2023**

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## **Unforeseen and Unavoidable Expenditure policy**

### 1. Scope of the policy:

This Policy is to make provision for any unforeseen and any unavoidable expenditure that might occur at the Municipality.

### 2. Objective of the Policy:

The MFMA Budget and Reporting Regulations prescribe the process to be followed for approval of unforeseen and unavoidable expenditure.

### 3. Unforeseen and Unavoidable expenditure

Unforeseen and Unavoidable expenditure are expenditure that:

- Could not have been foreseen at the time the annual budget of the municipality was passed
- The delay that will be caused by a pending adjustments budget may:
  - Result in significant financial loss for the municipality
  - Cause a disruption, suspense on, or serious threat to the continuation of municipal services
  - Lead to loss of life or serious injury or significant damage to property
  - Obstruct the municipality from instituting or defending legal proceedings on an urgent basis.

### 4. Process

Any directorate becoming aware of the need to incur unforeseen or unavoidable expenditure must immediately approach the Chief Financial Officer with the full details on the unforeseen expenditure, providing information on the consequences of not incurring the expenditure as well as an indication of the expected cost(both for the current year as well as any recurring cost resulting from the event).

A confirmation that the expenditure does not constitute expenditure that may not be allowed by the Mayor as per section 72(2) of the MFMA Budget and Reporting Regulations must be given by the directorate when approaching the CFO.

The Chief Financial Officer will determine whether the cost cannot be dealt with through a process of shifting of funds within the relevant votes.

If sufficient funds are available for shifting within the vote, the shifting of funds process will be followed. If this is not the case, the matter will be reported to the Municipal Manager for consideration as unforeseen and unavoidable expenditure.

Once the Municipal Manager has granted approval, the relevant Manager will be authorized to submit a report to the Mayor requesting approval. If approval is granted, the financial system will be adjusted to allow the directorate to process the financial transaction.

The abovementioned process will be dealt with as highest priority to ensure that administrative delays do not exacerbate the situation.

An adjustment budget will be submitted to the next Council meeting. The preferred process would be to shift funds between votes to avoid any negative impact on the total cash position of council.

### **RESPONSIBILITIES OF THE MAYOR AS PER SECTION 29 OF THE MFMA:**

29. (1) The mayor of a municipality may in emergency or other exceptional circumstances authorise unforeseeable and unavoidable expenditure for which no provision was made in an approved budget.

(2) Any such expenditure—

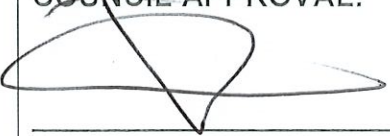
- (a) must be in accordance with any framework that may be prescribed;
- (b) may not exceed a prescribed percentage of the approved annual budget;
- (c) must be reported by the mayor to the municipal council at its next meeting and
- (d) must be appropriated in an adjustments budget.

(3) If such adjustments budget is not passed within 60 days after the expenditure was incurred, the expenditure is unauthorised and section 32 applies.

5. Reporting

The Accounting Officer must ensure compliance with the MFMA reporting requirements in respect of unforeseeable and unavoidable expenditure

APPROVED AND IMPLEMENTATION OF POLICY

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|--|--------------------------------------|
| COUNCIL APPROVAL:<br> | IMPLEMENTATION DATE:<br>01 July 2023 |
| R KRITZINGER<br>SPEAKER  | DATE: _____ 2023                     |