

# NDLAMBE LOCAL MUNICIPALITY



## UNFORESEEN AND UNAVOIDABLE EXPENDITURE POLICY 2026/2027

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## **1. SCOPE OF THE POLICY**

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

## **2. OBJECTIVE OF THE POLICY**

The MFMA Budget and Reporting Regulations prescribe the process to be followed for approval of unforeseeable 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 or suspension 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 Executive 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 and approval as unforeseen and unavoidable expenditure.

Once the Municipal Manager has granted approval, the relevant Executive Director will be authorized to submit a report to the Executive 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.

## **5. REPORTING**

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