



**POLICY ON THE
PLANNING AND APPROVAL OF
CAPITAL PROJECTS**

2023/2024 FINANCIAL YEAR



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POLICY ON THE PLANNING AND APPROVAL OF CAPITAL PROJECTS

1. Scope and Application

The policy will be applied during allocation of funding at the time of approval of the Capital Budget for the forthcoming financial period.

This policy must be read in conjunction with the Supply Chain Management Policy.

2. Purpose and objectives

The purpose and objectives of this policy are to:

- 2.1 Ensure the optimum allocation of resources to projects that can be implemented within the timeframes budgeted for; and
- 2.2 Ensure that capital projects are only budgeted for if feasibility for the said project has been demonstrated..

3. Background

The MTREF period applicable to municipalities are 3 years, therefore the capital budget is also spread over a period of 3 years. This provides departments the opportunity to plan their capital spending activities in advance, allowing for a more strategic approach.

The typical cycle for a capital project consists of at least the following phases:

- 3.1 Feasibility study;
- 3.2 Basic planning;
- 3.3 Environmental Impact Assessment;
- 3.4 Detail Planning and design; and
- 3.5 Implementation.

4. Policy Statement

That all capital projects be evaluated in terms of a project plan (time frame) as well as a cash flow linked to the project plan, to determine the practicality to implement the project within the proposed budget and time frame (multi-year projects).

That all proposed budgets for projects be approved only if the evaluation is positive.

The policy will be effective as from 1 July 2023.