



GREATER LETABA MUNICIPALITY

VIREMENT POLICY

CONTENTS

<u>1.</u>	DEFINITION	2
<u>2.</u>	OBJECTIVES	3
<u>3.</u>	IMPLEMENTATION	4
<u>4.</u>	RESPONSIBILITIES	5
<u>5.</u>	VIREMENT	6
<u>6.</u>	RESTRICTIONS	7-8
<u>7.</u>	LIMITS ON AMOUNTS TO BE TRANSFERRED	9
<u>8.</u>	REPORTING	10
<u>9.</u>	REVIEW OF THIS POLICY	11

2 OBJECTIVES

The objective of this policy is to:

- 2.1 Provide control measures when funds are moved between line items, departments, projects, programmes and votes.
- 2.2 To delegate certain authority for transfers of funds between items, projects programmes and votes to the Municipal Manager. This is due to the fact that the budget is based on projected estimates and therefore situation may arise that certain estimates are either under-budgeted or over-budgeted.
- 2.3 The aim is to give the heads of municipal departments and programmes greater flexibility in managing their budgets.
- 2.4 To enable the tracking and reporting of transfers (shifting) of funds.
- 2.5 To facilitate efficiency in the budgeting process of the municipality.

3 IMPLEMENTATION

- 3.1 The Municipal Manager as the Accounting Officer and therefore head of the administration, must ensure that the stipulations of this policy is implemented by ensuring that:
 - 3.1.1 Each member of the staff is aware of the stipulations of this policy;
 - 3.1.2 Each member of staff to whom the policy apply adheres to the policy, i.e. they follow the policy in execution of their daily tasks or functions.
 - 3.1.3 Disciplinary measures are in place to ensure adherence to this policy
- 3.2 Each staff member of the Municipality must ensure that movements of funds between votes, programs and items are executed in terms of this policy.

4 RESPONSIBILITIES

- 4.1 Strict budgetary control measures must be maintained throughout the financial year in order to ensure that:
 - 4.1.1 The spending of funds occurs in accordance with the approved budget;
 - 4.1.2 Revenue and expenditure are properly monitored and reported on; and
 - 4.1.3 Spending is reduced as necessary when revenue is anticipated to be less than projected in the approved budget.
- 4.2 It is the responsibility of each director or head of a department to which funds are allocated, to plan and conduct assigned functions and operations so that the budget allocated to such department and the specific task or project is not exceeded.
- 4.3 The Director: Finance (CFO) must on monthly basis supply every departmental director with a detailed financial reporting pack indicating actual versus budgeted totals to assist in performing budgetary control and financial management processes;
- 4.4 The relevant departmental directors must on monthly basis scrutinise the monthly financial reporting packs and compare actual versus budgeted expenditures in order to early identify instances of over expenditure.
- 4.5 Over expenditure that occurs on a general ledger account vote must be investigated by the relevant departmental director.
- 4.6 The relevant director of the department must report on monthly basis to the CFO on reasons for over expenditure and rationale for movement of funds.

- 6.12 Virement in capital budget allocations are only permitted within specified action plans and not across funding sources; i.e. funds cannot be moved from internally funded projects to fund externally funded projects.
- 6.13 Virement amounts may not be rolled over to subsequent years, except in the case of an appropriation of for expenditure made for a period longer than that financial year. (Municipal Finance management Act sec 30).