



DRAFT VIREMENT POLICY 2025/2026

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VIREMENT

RESTRICTIONS

REPORTING

REVIEW OF THISPOLICY

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- 1.3 **“Approved Budget”** means an annual budget that is approved by the Municipal Council and by a Provincial or the National Executive following an intervention in terms of section 139 of the Constitution, and includes such an annual budget as revised by an adjustments budget in terms of section 28 of the Municipal Finance Management Act.
- 1.4 **“Council”** means the elected council of the Municipality referred to in section 18 of the Municipal Structures Act.
- 1.5 **“Chief Financial Officer (CFO)”** means a person designated by the accounting officer in terms of section 80(2) (a) of the Municipal Finance Management Act.
- 1.6 **“Financial year”** means the financial year ending on 30 June of every year.
- 1.7 **“Fruitless and wasteful expenditure”** means expenditure that was made in vain and would have been avoided had reasonable care been exercised;
- 1.8 **“Irregular expenditure”** means irregular expenditure as defined in the Municipal Finance management Act;
- 1.9 **“Line Item”** an appropriation that is itemised on a separate line in a budget adopted with the idea of greater control over expenditures;
- 1.10 **“Unauthorised expenditure”** means unauthorised expenditures as defined in the Municipal Finance Management Act;
- 1.11 **“Vote”** means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different departments or

- 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.

follow the policy in execution of their daily tasks or responsibilities.

- 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.

- 4.1.2 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 Chief Financial Officer (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.

- 5.3 Virement must be approved in the following manner before they are executed:
- 5.3.1 Virement within a department must be approved by the Chief Financial Officer, subject to subsection 5.3.3;
- 5.3.2 Virement between a departments must be approved by Municipal Manager.
- 5.3.3 Virement within the Finance Department must be authorised by the Municipal Manager.
- 5.4 Virement forms must be filed and supporting documents such as the rationale for the veriment must be attached.
- 5.5 A monthly virement report must be compiled and presented to the Budget Committee with reasons for the movement of funds.
- 5.6 A quarterly veriment report must be compiled and submitted to Council.

- 6.4 Virement for projects or expenditure which were not budgeted for must not be allowed unless it is in a case of an emergency;
- 6.5 No virement is permitted in the first three months or the final month of the financial year without the express agreement of the CFO and Municipal Manager. This must only be in extreme reasonable circumstances;
- 6.6 Virement towards personnel expenditure is prohibited;
- 6.7 Virement to or from the following items is prohibited:
 - 6.7.1 Bulk purchases;
 - 6.7.2 Debt impairment,
 - 6.7.3 Interest charges;
 - 6.7.4 Depreciation,
 - 6.7.5 Grants to individuals,
 - 6.7.6 Revenue foregone,
 - 6.7.7 Insurance and
 - 6.7.8 VAT;
 - 6.7.9 Entertainment;

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).

6.14 The following National Treasury Guidelines are also provided for:

- Virements between votes are permitted where the proposed shifts in funding facilitate sound risk and financial management.
- Virements from the Capital budget to the Operating budget are not permitted.
- Virements towards personnel expenditure are not permitted.
- Virements must not result in adding new projects to the Capital budget.
- Virements of conditional grant funds to purposes outside of that specified in the relevant conditional grant framework are not permitted.

7 REPORTING

7.1 The Municipal Manager or delegated senior official must compile a virement report and present it to the Budget Committee and Council with recommendations; such as factor to be considered when planning or drawing the budget in order to avoid under provisions.

7.2 The report must be presented to the Budget Committee on a monthly basis and Council on a quarterly basis.

Municipal Manager

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