

**DRAFT VIREMENT POLICY  
2026/2027**

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**1. DEFINITIONS**

1. **“Accounting officer”** The municipal manager of a municipality is the accounting officer of the municipality in terms of section 60 of the MFMA
2. **“Approved budget”** means an annual budget approved by a municipal council.
3. **“Budget-related policy”** means a policy of a municipality affecting or affected by the annual budget of the municipality
4. **“Chief financial officer”** means a person designated in terms of the MFMA who performs such budgeting, and other duties as may in terms of section 79 of the MFMA be delegated by the accounting officer to the chief financial officer.
5. **“Capital Budget”** This is the estimated amount for capital items in a given fiscal period. Capital items are fixed assets such as facilities and equipment, the cost of which is normally written off over a number of fiscal periods
6. **“Council”** means the council of a municipality referred to in section 18 of the Municipal Structures Act.
7. **“Financial year”** means a 12-month year ending on 30 June.
8. **“Line Item”** an appropriation that is itemized on a separate line in a budget adopted with the idea of greater control over expenditures [**See annexure “B” for current item structure**]
9. **“Operating Budget”** The Town's financial plan, which outlines proposed expenditures for the coming financial year and estimates the revenue used to finance them.
10. **“Ring Fenced”** an exclusive combination of line items grouped for specific purposes for instance salaries and wages.
11. **“Service delivery and budget implementation plan”** means a detailed plan approved by the mayor of a municipality in terms of section 53(1) (c) (ii) for implementing the municipality's delivery of municipal services and its annual budget.
12. **“Virement”** is the process of transferring an approved budget allocation from one operating line item or capital project to another, with the approval of the relevant Manager. To enable budget managers to amend budgets in the light of experience or to reflect anticipated changes.
13. **“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 functional

areas of the municipality; and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned. **[See annexure “A” for current Vote structure]**

## **2. ABBREVIATIONS**

**CFO** – Chief Financial Officer

**IDP** – Integrated Development Plan

**MFMA** – Municipal Finance Management Act No. 56 of 2003

**SDBIP** - Service delivery and budget implementation plan

**CM** – Council Minute/s

## **3. OBJECTIVE OF THE POLICY**

To allow limited flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure or savings, etc. as they arise to accelerate service delivery in a financially responsible manner.

## **4. VIREMENT CLARIFICATION**

Virement is the process of transferring budgeted funds from one line item number to another, with the approval of the relevant Manager and CFO, to enable budget managers to amend budgets in the light of experience or to reflect anticipated changes. (Section 28 (2) (c) MFMA)

## **5. FINANCIAL RESPONSIBILITIES**

Strict budgetary control must be maintained throughout the financial year in order that potential overspends and/or income under-recovery within individual vote departments are identified at the earliest possible opportunity. (Section 100 MFMA)

The Chief Financial Officer has a statutory duty to ensure that adequate policies and procedures are in place to ensure an effective system of financial control. The budget virement process is one of these controls. (Section 27(4) MFMA)

It is the responsibility of each manager or head of a department or activity to which funds are allotted, to plan and conduct assigned operations so as not to expend more funds than budgeted. In addition, they have the responsibility to identify and report any irregular or fruitless and wasteful expenditure in terms of the MFMA sections 78 and 102.

## **6. VIREMENT RESTRCITIONS**

- a. No funds may be viremented between votes (GFS Classifications) without approval of both vote holders and the Chief Financial Officer.
- b. Virements may not exceed a maximum of 20% of the total approved operating expenditure budget
- c. A virement may not create new policy, significantly vary current policy, or alter the approved outcomes / outputs as approved in the IDP for the current or subsequent years. (section 19 and 21 MFMA)
- d. Virements resulting in adjustments to the approved SDBIP need to be submitted with an adjustments budget to the Council with altered outputs and measurements for approval. (MFMA Circular 13 page 3 paragraph 3)
- e. No virement may commit the Municipality to increase recurrent expenditure, which commits the Council's resources in the following financial year, without the prior approval of the Council (e.g. expenditure such as entering into agreements into lease or rental agreements such as vehicles, photo copiers or fax machines).
- f. No virement may be made where it would result in over expenditure. (section 32 MFMA)
- g. No virement shall add to the establishment of the Municipality without the approval of Municipal Manager.
- h. If the virement relates to an increase in the work force establishment, then the Council's existing recruitment policies and procedures will apply.
- i. Virements may not be made in respect of ring-fenced allocations.
- j. Budget may not be transferred from Interdepartmental costs, Capital financing, Depreciation, Contributions, Grant Expenditure and Income Foregone.

- k. Budget may only be transferred from Salaries if approved by the CFO.
- l. Virements in capital budget allocations are only permitted within specified action plans and not across funding sources and must in addition have comparable asset lifespan classifications.
- m. No virements are permitted in the first three months or the final month of the financial year without the express agreement of the CFO.
- n. No virement proposal shall affect amounts to be paid to another Department without the agreement of the Manager of that Department, as recorded on the signed virement form. (Section 15 MFMA)
- o. Virement amounts may not be rolled over to subsequent years, or create expectations on following budgets. (Section 30 MFMA)
- p. An approved virement does not give expenditure authority and all expenditure resulting from approved virements must still be subject to the procurement/supply chain management policy of Council as periodically reviewed.
- q. Virements may not be made between Expenditure and Income.

## ***7. VIREMENT PROCEDURE (SEE APPENDIX C ATTACHED)***

- a. All virement proposals must be completed on the appropriate documentation and forwarded to the Chief Financial Officer for checking, approval and implementation.
- b. All virements must be signed by the Vote holder (per department) and the Manager within which the vote is allocated. (Section 79 MFMA)
- c. A virement form must be completed for all Budget Transfers.
- d. All Virements require the approval of the Chief Financial Officer. (Section 79 MFMA)
- e. Must include changes to the SDBIP.

- f. All documentation must be in order and approved before any expenditure can be committed or incurred. (Section 79 MFMA)
  
- g. The Municipal Manager will report to the Mayor on a quarterly basis on those virements that have taken place during that quarter.

#### **APPENDIX A**

**DEPARTMENTS, GFS CLASSIFICATIONS AND VOTE HOLDERS**

<b>VOTE</b>	<b>GFS CLASSIFICATION</b>	<b>DEPARTMENT</b>	<b>VOTE HOLDER</b>	<b>SUPPORT VOTE HOLDER</b>
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Executive and Council	Executive and Council	Council General	Mayor	Municipal Manager
		Municipal Manager	Municipal Manager	Municipal Manager

Finance	Finance and Admin	Finance	CFO	CFO
	Interns	Finance	CFO	CFO

Corporate Services	Corporate Services	Administration	MANAGER;; Corporate Services	MANAGER;; Corporate Services
		Fixed property & Building	MANAGER;; Corporate Services	Manager: Corporate Services
	Community and Social Services	Library	MANAGER;; Corporate Services	MANAGER;; Corporate Services
		Community Facilities	MANAGER;; Corporate Services	MANAGER;; Corporate Services
	Public Safety	Disaster Management	MANAGER;; Corporate Services	MANAGER;; Corporate Services
	Planning and Development	IDP	MANAGER;; Corporate Services	MANAGER;; Corporate Services
		LED	MANAGER;; Corporate Services	MANAGER;; Corporate Services
	Road Transport	Traffic	MANAGER;; Corporate Services	MANAGER;; Corporate Services

Technical Services	Support Services	PMU	MANAGER;; Technical Services	MANAGER;; Technical Services
	Electricity	Electricity	MANAGER;; Technical Services	MANAGER;; Technical Services
	Water	Water	MANAGER;; Technical Services	MANAGER;; Technical Services
	Water Waste Management	Water Waste Management	MANAGER;; Technical Services	MANAGER;; Technical Services
	Waste Management	Waste Management	MANAGER;; Technical Services	MANAGER;; Technical Services

## APPENDIX B

Item	Description	Comment	Virement	
			From	To
	<b>EMPLOYEE RELATED COSTS BARGAINING COUNCIL</b>			
	BONUS	Expenditure	Yes	No
	ENTERTAINMENT ALLOWANCE	Expenditure	Yes	No
	HOUSING SUBSIDY	Expenditure	Yes	No
	IRP5 RECONCILIATION	Expenditure	Yes	No
	LEAVE GRATUITY	Expenditure	Yes	No
	LIFE ASSURANCE	Expenditure	Yes	No
	LONG SERVICE AWARD: ACTUARIAL GAINS/LOSSES	Expenditure	Yes	No
	LONG SERVICE AWARD: BENEFIT	Expenditure	Yes	No
	LONG SERVICE AWARD: INTEREST	Expenditure	Yes	No
	LONG TERM SERVICE	Expenditure	Yes	No
	LONG TERM SERVICE AWARD: COS	Expenditure	Yes	No
	MEDICAL AID FUND	Expenditure	Yes	No
	MEDICAL AID LIABILITY	Expenditure	Yes	No
	MEDICAL AID LIABILITY: ACTUARIAL GAINS/LOSSES	Expenditure	Yes	No
	MEDICAL AID LIABILITY: BENEFIT PA	Expenditure	Yes	No
	MEDICAL AID LIABILITY: INTEREST	Expenditure	Yes	No
	OVERTIME	Expenditure	Yes	No
	PENSION FUND	Expenditure	Yes	No
	POST RETIREMENT BENEFITS PAID	Expenditure	Yes	No
	PROVISION OF STAFF LEAVE	Expenditure	Yes	No
	SALARIES	Expenditure	Yes	No
	SALE OF LEAVE	Expenditure	Yes	No
	TELEPHONE ALLOWANCE	Expenditure	Yes	No
	TRAVELLING ALLOWANCE	Expenditure	Yes	No
	UIF	Expenditure	Yes	No
	WATERWORKS ALLOWANCE	Expenditure	Yes	No
	<b>REMUNERATION OF COUNCILLORS</b>			
	COUNCILLOR ALLOWANCE	Expenditure	Yes	No

MEDICAL AID FUND	Expenditure	Yes	No
PENSION FUND	Expenditure	Yes	No
TELEPHONE ALLOWANCE	Expenditure	Yes	No
TRAVELLING ALLOWANCE	Expenditure	Yes	No
<b>BAD DEBTS</b>			
BAD DEBTS	Expenditure	No	No
<b>DEPRECIATION</b>			
DEPRECIATION	Expenditure	No	No
<b>REPAIRS &amp; MAINTENANCE</b>			
BUILDINGS	Expenditure	Yes	Yes
CHEMICALS	Expenditure	Yes	Yes
GENERAL MAINTENANCE	Expenditure	Yes	Yes
INTEREST PAID LANDFILL SITE	Expenditure	Yes	Yes
MAINTENANCE BUILDINGS	Expenditure	Yes	Yes
MAINTENANCE CEMETARY	Expenditure	Yes	Yes
MAINTENANCE COMMONAGE/AIRFIELD	Expenditure	Yes	Yes
MAINTENANCE CONSUMER CONNECTION	Expenditure	Yes	Yes
MAINTENANCE GENERAL EQUIPMENT	Expenditure	Yes	Yes
MAINTENANCE NETWORK/PUMPS/DAMS	Expenditure	Yes	Yes
MAINTENANCE STREET LIGHTING	Expenditure	Yes	Yes
MAINTENANCE STREETS/ROADS	Expenditure	Yes	Yes
MAINTENANCE VEHICLES	Expenditure	Yes	Yes

TOOL/ACCESSORY MAINTENANCE	Expenditure	Yes	Yes
WATER PURIFICATION	Expenditure	Yes	Yes
<b>FINANCE COSTS</b>			
DBSA LOAN ELECTRIFICATION	Expenditure	No	No
DBSA LOAN VEHICLE FLEET	Expenditure	No	No
DBSA LOANS	Expenditure	No	No
FINANCE CHARGES DBSA	Expenditure	No	No
INTEREST	Expenditure	Yes	Yes
INTEREST BANK ACCOUNT	Expenditure	Yes	Yes
REDEMPTION	Expenditure	No	No
<b>BULK PURCHASES</b>			
BULK WATER PURCHASE	Expenditure	Yes	Yes
ESKOM BULK PURCHASE	Expenditure	Yes	Yes
FREE BASIC ELECTRICITY	Expenditure	Yes	Yes
<b>CONTRACTED SERVICES</b>			
CONTRACTED SERVICES	Expenditure	Yes	Yes
<b>GRANTS &amp; SUBSIDIES PAID - OPERATING</b>			
ALL GRANTS AND SUBSIDIES PAID	Expenditure	No	No
<b>GENERAL EXPENSES</b>			
ADVERTISEMENT COSTS	Expenditure	Yes	Yes
ASSURANCE	Expenditure	Yes	Yes
AUDITORS COSTS	Expenditure	Yes	Yes
BANK COSTS	Expenditure	Yes	Yes
CASH SHORTAGES	Expenditure	Yes	Yes
CHEMICALS	Expenditure	Yes	Yes
CONSULTANT FEES	Expenditure	Yes	Yes
CONTRIBUTION DISTRICT MUNICIPALITY	Expenditure	Yes	Yes
COUNCIL AND WARD ACTIVITIES	Expenditure	Yes	Yes
DONATIONS	Expenditure	Yes	Yes
DROUGHT RELIEVE WATER PROGRAMME	Expenditure	Yes	Yes
DUMPING SITE	Expenditure	Yes	Yes
ENTERTAINMENT COSTS	Expenditure	Yes	Yes
EQUIPMENT	Expenditure	Yes	Yes
ESKOM MUNICIPAL PURCHASE	Expenditure	Yes	Yes
FUEL AND OIL	Expenditure	Yes	Yes
FUNERAL UNKNOWN/POVERTY PEOPLE	Expenditure	Yes	Yes
GRAVE YARD COSTS	Expenditure	Yes	Yes
HEALTH WORKERS	Expenditure	Yes	Yes
HERALD, SKILLS DEVELOPMENT MAYORAL	Expenditure	Yes	Yes
HIV/AIDS	Expenditure	Yes	Yes
INDIGENT SUPPORT	Expenditure	Yes	Yes
INSURANCE PAYBACK	Expenditure	Yes	Yes
INTERIM VALUATION COSTS	Expenditure	Yes	Yes
LABOURERS	Expenditure	Yes	Yes
LEGAL COSTS	Expenditure	Yes	Yes
LIBRARY PROJECTS	Expenditure	Yes	Yes
LOST BOOKS/MAGAZINES	Expenditure	Yes	Yes
MAYORAL ACTIVITIES	Expenditure	Yes	Yes
MEMBER FEES SALGA	Expenditure	Yes	Yes

MOTOR REGISTRATION	Expenditure	Yes	Yes
MOTOR VEHICLE REGISTRATION	Expenditure	Yes	Yes
MUNICIPAL SERVICES	Expenditure	Yes	Yes
NATIS (VEHICLE REGISTRATION)	Expenditure	Yes	Yes
NETWORK	Expenditure	Yes	Yes
NEW BOOKS	Expenditure	Yes	Yes
O & M (DWA EXP)	Expenditure	Yes	Yes
OFFICE EXPENDITURE	Expenditure	Yes	Yes



OPERATING LEASE ABSA	Expenditure	Yes	Yes
OPERATING LEASE CANON	Expenditure	Yes	Yes
OPERATING LEASE NASHUA	Expenditure	Yes	Yes
POSTAL COSTS AND TELEPHONE	Expenditure	Yes	Yes
PROGRAMME FOR DISABLED	Expenditure	Yes	Yes
PROMOTION AND TOURISM	Expenditure	Yes	Yes
RADIO AND VEHICLE LICENSES	Expenditure	Yes	Yes
RAILAGE AND TRAVELLING COSTS	Expenditure	Yes	Yes
RENTAL	Expenditure	Yes	Yes
RETURN PAYMENT	Expenditure	Yes	Yes
REVOLVING FUND	Expenditure	Yes	Yes
SECURITY CLOTHING	Expenditure	Yes	Yes
SETA LEVY/TRAINING	Expenditure	Yes	Yes
SOFTWARE LICENSE	Expenditure	Yes	Yes
SOLID WASTE DISPOSALS	Expenditure	Yes	Yes
SPATIAL DEVELOPMENT FRAMEWORK	Expenditure	Yes	Yes
SPECIAL NUMBER PLATES	Expenditure	Yes	Yes
SPORT ACTIVITIES	Expenditure	Yes	Yes
STATIONERY	Expenditure	Yes	Yes
SUBSCRIPTION FEES	Expenditure	Yes	Yes
SUBSISTENCE AND TRAVELLING	Expenditure	Yes	Yes
TELEPHONE – CELLPHONE	Expenditure	Yes	Yes
TEST	Expenditure	Yes	Yes
TREES AND PLANTS	Expenditure	Yes	Yes
UPGRADING OF CEMETARY	Expenditure	Yes	Yes
WATER SAMPLES	Expenditure	Yes	Yes
WOMEN AND CHILDREN	Expenditure	Yes	Yes
WORKMAN’S COMPENSATION	Expenditure	Yes	Yes
WREATHS AND MEDALS	Expenditure	Yes	Yes
YOUTH PROGRAMS	Expenditure	Yes	Yes



NAME AND SIGNATURE: .....

DATE: .....

2. Has the total virement on the above votes exceeded the limit as disclosed in paragraph 6b of the Virement Policy  Y  N

3. Will the above virement cater to the approved outcomes/ output of the IDP or adjust service delivery targets, as set in the SDBIP, downwards? /  Y  N

4. Is the virement required to increase recurrent expenditure, such as leases?  Y  N

5. Will the virement affect the following line items and categories of expenditure:

- Employment Costs Category Y  N
- Departmental Charges Y  N
- Charge out Allocations Y  N
- Grant Expenditure Y  N
- Income Category Y  N

I hereby declare that I fully understand the contents of the Virement Policy and request that the above virement be approved.

#### VERSION CONTROL

Version 1

Date

Summary: This document describes the Virement Policy that will be applicable to Thembelihle Municipality starting 1 July 2023 and will be revised annually. For further information on the policy the Chief Financial officer can be contacted at 053 20 30 005/8

Approval

SIGNATURE ACCOUNTING OFFICER:.....

DATE:.....

SIGNATURE: (MAYOR).....

DATE:.....

COUNCIL RESOLUTION NUMBER:.....

DATE:.....