

# THEMBISILE HANI LOCAL MUNICIPALITY



## VIREMENT POLICY

2016/2017

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## 1. **OBJECTIVE**

The objective of the virement policy is to provide guidelines to be followed, to effect Virements of approved budgeted expenditure during the course of financial year.

## 2. **PRINCIPLES**

2.1. Virements should not be permitted in relation to the revenue side of the budget;

2.2. Virements between votes should be permitted where the proposed shifts in funding facilitate sound risk and financial management( e.g. the management of central insurance funds and insurance claims from separate votes);

2.3. Virements from capital budget to the operating budget should not be permitted;

2.4. Virements from personnel to other operational expenditure should not be permitted (only personnel to personnel virement is allowed);

2.5. Virements to or from the following items should not be permitted : bulk purchases, debt impairment, interest charges, depreciation, grants to individuals, revenue foregone, insurance and VAT;

2.6. Virements should not result in adding new projects to the capital budget;

2.7. Virements of conditional grant funds to purposes outside of that specified in the relevant conditional grant framework must not be permitted;

2.8. The percentage on the amount of funds that may be moved to and from votes and sub-votes must not exceed 10 percent of the total budget.

### **3. GUIDELINES**

- 3.1. Virement of any budgeted expenditure between the line items can only be approved by the Municipal manager with the recommendation from the Chief Financial Officer.
  
- 3.2. Virement of any budgeted expenditure between votes can only be approved by the mayor, upon consideration of a report from Municipal manager to support the necessity thereof, which also extends to the authorization of unforeseeable or unavoidable expenditure not provided for in the budget.

### **4. AUTHORIZATION**

All changes to be authorized in the adjustment budget or by council committee subsequent thereto.

5. VIREMENT APPROVAL FORM

# THEMBISILE HANI MUNICIPALITY

## VIREMENT APPROVAL

KINDLY EFFECT THE FOLLOWING CHANGES ON MY BUDGET

### DEBIT

| Vote number | Description | Amount |
|-------------|-------------|--------|
|             |             |        |
|             |             |        |

### CREDIT

| Vote number | Description | Amount |
|-------------|-------------|--------|
|             |             |        |
|             |             |        |

### MOTIVATION

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REQUESTED BY HEAD OF DEPARTMENT : NAME.....  
: DATE.....

RECOMMENDED BY CHIEF FINANCIAL OFFICER : NAME .....  
: DATE.....

APPROVED BY MUNICIPAL MANAGER : NAME.....  
: DATE.....