

# THEMBISILE HANI LOCAL MUNICIPALITY



## VIREMENT POLICY 2023/24

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1. **DEFINATIONS**

**MFMA** – Municipal Finance Management Act, Act No: 56 of 2003

**MSCOA** – municipal Standard Chart of Accounts

Virement – the process of transferring/ moving of funds from one line item of a budget to another within or to another function(s).

**VOTE/FUNCTION** – means as per Section 1 of the MFMA:-

- (a) One of the main segments into which a budget of a municipality is divided for the appropriation of money for different departments or functional areas of the municipality; and
- (b) Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

2. **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.

3. **PRINCIPLES**

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

3.2 Virements between function 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 segments/functions);

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

3.4 Virements from personnel to other operational expenditure should not be permitted, Except where:

- Temporary/ contracted (budget for as contracted services in terms to the mSCOA Classification) staff status has changed to permanent staff; or
- the budget savings resulted from Outsourced Services within the same function in terms of a Council delegated authority)

3.5 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.

3.6 Virements should not result in adding new projects on the budget;

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

3.8 The percentage on the amount of funds that may be moved to and from functions and sub-function must not exceed 10 percent of the total budget. On all conditional grant the condition is not applicable

3.9 To Virement funds in only allowed after three months after the budget year has begun and after adjustment is allowed after two months

#### **4 GUIDELINES**

4.2 Virement of any budgeted expenditure between the line items within the function can only be approved by the Municipal manager with the recommendation from the Chief Financial Officer.

4.3 Virement of any budgeted expenditure between functions 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.

#### **5 VIREMENT APPROVAL FORM**



THEMBESILE HANI LOCAL MUNICIPALITY

VIREMENT APPROVAL FORM 2021/22

FUNCTION:  
FUNDING  
REGION:  
COSTING:

KINDLY CONSIDER/APPROVE THE FOLLOWING CHANGES TO MY FUNCTION/DEPARTMENTAL BUDGET AS PER ATTACHED MOTIVATION:

| PROJECT | ITEM | CURRENT BUDGET | AMOUNT SPENT TO DATE | BUDGET AVAILABLE | DECREASE REQUESTED | REVISED BUDGET |
|---------|------|----------------|----------------------|------------------|--------------------|----------------|
|         |      | R              | R                    | R                | R                  | R              |

| PROJECT | ITEM | CURRENT BUDGET | AMOUNT SPENT TO DATE | BUDGET AVAILABLE | INCREASE REQUESTED | REVISED BUDGET |
|---------|------|----------------|----------------------|------------------|--------------------|----------------|
|         |      | R              | R                    | R                | R                  | R              |

REQUESTED BY HEAD OF DEPARTMENT: SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

RECOMMENDED / NOT RECOMMENDED BY CHIEF FINANCIAL OFFICER: SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

APPROVED / NOT APPROVED BY MUNICIPAL MANAGER: SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

CAPTURED BY: \_\_\_\_\_ SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

