



VIREMENT POLICY

The MFMA and the Municipal Budget and Reporting Regulations seek to move municipalities away from the traditional approach of appropriating/approving budgets by line item.

AIM OF THE POLICY

The aim is to give the heads of municipal departments and programmes greater flexibility in managing their budgets. This virements policy provide clear guidance to directors of when they may shift funds between items, projects, programmes and votes.

PRINCIPLES OF THE POLICY

- 1. Virements should not be permitted in relation to the revenue side of the budget;*
- 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);*
- 3. Virements from the capital budget to the operating budget should not be permitted;*
- 4. Virements towards personnel expenditure should not be permitted;*
- 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;*
- 6. Virements should not result in adding 'new' projects to the Capital Budget;*
- 7. Virements of conditional grant funds to purposes outside of that specified in the relevant conditional grant framework must not be permitted; and*
- 8. There should be prudent limits on the amount of funds that may be moved to and from votes and sub-votes.*

Virements must not be a supplement for poor budget planning and should be considered for approval in the last instance after proper consideration.

MANAGEMENT OF VIREMENTS

Virements processes will be managed within the Budget and Treasury Office of Kai! Garib Municipality so as to enable the tracking and reporting of funding shifts.

Proper supporting documentation of virements must be filed and keep in safe custody for audit purposes.

Processing of virements requests on the financial system – Samras must take place as soon as possible.

Virements must only be approved by the accounting officer (municipal manager) of council or his delegated official.

Virements will be submitted to council before year end closure for approval.