



# VIREMENT POLICY

*Approved by Council:  
29 May 2025  
Implementation date:  
1 July 2025*

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## 1 DEFINITIONS

<b>“Accounting officer”</b>	The municipal manager of a municipality is the accounting officer of the municipality in terms of section 60 of the MFMA
<b>“Approved budget”</b>	means an annual budget or adjustments budget approved by a municipal council.
<b>“Basic Services”</b>	means the following four services: Energy Sources, Water Management, Waste Water Management (Sewerage & Waste Water Treatment) and Waste Management, as contained in the mSCOA function segment
<b>“Budget-related policy”</b>	means a policy of a municipality affecting or affected by the annual budget of the municipality
<b>“Chief financial officer”</b>	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.
<b>“Capital Budget”</b>	This is the estimated amount for capital items in a given fiscal period. Capital items are fixed assets such as infrastructure, facilities and equipment, the cost of which is normally written off (depreciated) over a number of fiscal periods
<b>“Council”</b>	means the council of a municipality referred to in section 18 of the Municipal Structures Act.
<b>“Financial year”</b>	means a 12-month year ending on 30 June.
<b>Function Sub-Function</b>	mSCOA Segment: This segment provides for the classification of budgets according to the function or service delivery objective and provides for the standardisation of functions and sub-functions across local government with due regard to specific service delivery activities and responsibilities of each individual municipality.
<b>“Line Item”</b>	an appropriation that is itemized on a separate line in the internal budget document for the purpose of greater control over expenditure, as contained in the mSCOA segment for Item Expenditure and Revenue, as revised from time to time.
<b>“Operating Budget”</b>	the Municipality’s financial plan, which outlines proposed expenditures for the coming financial year and estimates the revenues used to finance them.
<b>“Ring Fenced Allocations”</b>	an exclusive combination of line items grouped for specific purposes, such as Debt Impairment, Depreciation and Amortisation, Finance Charges and Provisions.
<b>“Service delivery and budget implementation plan”</b>	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.
<b>“Virement”</b>	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
<b>“Vote”</b>	means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different Directorates of the municipality; and which specifies the total amount that is appropriated for the purposes of the respective Directorates concerned.

## 2 ABBREVIATIONS

<b>“CFO”</b>	Chief Financial Officer
<b>“GFS”</b>	Government Financial Statistics
<b>“IDP”</b>	Integrated Development Plan
<b>“MFMA”</b>	Municipal Finance Management Act No. 56 of 2003
<b>mSCOA</b>	Municipal Standard Chart of Accounts
<b>“SDBIP”</b>	Service delivery and budget implementation plan

### 3 OBJECTIVE

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 approval of the relevant Director and CFO, in certain instances, 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. (Chapter 4 of the 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 directorate or activity to which funds are appropriated, 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 32.

### 6 VIREMENT RESTRICTIONS

- (a) A virement of funds between votes (Directorates) will not be allowed without approval in an adjustments budget.
- (b) Cumulative virements may not exceed a maximum of 10% of the total approved operating budget per Directorate.
- (c) A virement may not create new policy, significantly vary from 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 to the Municipal Manager after an adjustments budget, with altered outputs and measurements for approval. (MFMA Circular 13 page 3 paragraph 3)
- (e) No virement request may be effected in the current year which will increase the approved budget in future financial years without the prior approval of the Municipal Manager and the Mayor. This refers to expenditure such as entering into lease- or rental agreements for vehicles, photo copier's or fax machines, operational contracts.
- (f) No virement may be made where it would result in unauthorised expenditure. (section 32 MFMA)
- (g) No virement shall add to the staff establishment of the Municipality without the approval of the Municipal Manager.
- (h) Budget may only be transferred from Employee Related Cost if approved by the Municipal Manager and the Director: Finance.
- (i) If the virement relates to an increase in the work force establishment, then the Council's

existing recruitment policies and procedures will apply.

- (j) Virements may not be made in respect of ring-fenced allocations.
- (k) Virements are not permitted from budgets allocated to the respective Basic Services, unless approved in an adjustments budget.
- (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 approval of the CFO.
- (n) No virement proposal shall affect amounts to be paid by 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.
- (r) Virements may not be made between capital and operational budgets, except as indicated in paragraph 7.
- (s) No Capital Budget virements are permitted across the mSCOA Function/Sub-Function segment, except in an official adjustments budget.
- (t) Virements are not permitted from the mSCOA line item Inventory: Zero Rated (Fuel) to other expenditure line items within a directorate/department, except where approved in an official adjustments budget.

## 7 VIREMENT PROCEDURE

- (a) All virement proposals must be completed on the appropriate documentation and forwarded to the Budget Office for checking and implementation. All virements must be subjected to scrutiny across all seven segments of the mSCOA classification framework.
- (b) All virements relating to the operational budget must be approved by the relevant Budget Holder/Manager (Section 79 MFMA) in the case of a departmental budget transfer, and also by the relevant Director in the case of a transfer between departments within a Directorate.
- (c) Capital Budget Virements within the mSCOA Function/Sub-Function segment must be approved by the relevant manager and Director, the Municipal Manager and Director: Finance and, in cases where the amount exceeds R100 000, by the Executive Mayor. Virements across the mSCOA Function/Sub-Function segment will only be considered if it qualifies as an Adjustment Budget request and will then be done as part of an official Adjustment Budget.
- (d) A virement form must be completed for all Operational Budget Transfers and in the case of a Capital Budget transfer an official memo approved by the relevant director, MM & CFO must be submitted. The prescribed documentation must be completed.
- (e)
  - (i) The relevant Director is required to approve all virements pertaining to their respective directorates, with a maximum as determined under section 6b. Virements in excess of R20 000 requires the the express approval of the Chief Financial Officer and virements in excess of R100 000 requires the express approval of the Municipal Manager. (Section 79 MFMA).
  - (ii) All virements generated by the budget section for additional budget line items, where applicable and corrections to budget line items, require the approval of the Chief Financial

- Officer.
- (f) Virement transfers must be taken into consideration by the respective managers with regards to the SDBIP.
  - (g) Virements in respect of Ward specific projects must be approved by the Chief Financial Officer, Municipal Manager and the Mayor.
  - (h) Virements between Capital and Operational in respect of Ward Specific Projects and grant allocations, will only be allowed if it qualifies as an Adjustment Budget request and will then be done as part of an Adjustments Budget
  - (i) All virement documentation must be in order and approved before any expenditure may be committed or incurred. (Section 79 MFMA).
  - (j) After all virement documentation has been duly completed, including all authorizations, the budget transfer will normally be effected within three working days, subject to the operating system functionality.
  - (k) The Director: Finance must report to the Municipal Manager and the Mayor on a monthly basis in respect of virements in excess of R20 000 per item.

## 8. IMPLEMENTATION AND REVIEW OF THIS POLICY

This policy shall be implemented on **1 July 2025** and shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with legislation.

POLICY SECTION:	DIVISIONAL MANAGER: FINANCIAL ACCOUNTING
CURRENT UPDATE:	29 MAY 2025
PREVIOUS UPDATE:	31 MAY 2024
PREVIOUS UPDATE:	31 MAY 2023
PREVIOUS UPDATE:	31 MAY 2022
PREVIOUS UPDATE:	26 MAY 2021
PREVIOUS UPDATE:	27 MAY 2020
PREVIOUS UPDATE:	29 MAY 2019
PREVIOUS UPDATE:	30 MAY 2018
PREVIOUS UPDATE:	31 MAY 2017
PREVIOUS UPDATE:	25 MAY 2016
PREVIOUS REVIEW:	28 MAY 2015
PREVIOUS REVIEW:	28 MAY 2014
PREVIOUS REVIEW:	29 MAY 2013
PREVIOUS REVIEW:	30 MAY 2012
PREVIOUS REVIEW:	04 MAY 2011
APPROVAL BY COUNCIL:	26 MAY 2010

<b>Directorate</b>	<b>Department</b>	<b>OV CODE</b>	<b>Dept Code</b>
<b>Municipal Council</b>	Council:Council's General	OV000012000100	<b>8010</b>
<b>Municipal Council</b>	Council:Mayors Office	OV000012000200	<b>8020</b>
<b>Municipal Council</b>	Council:Pensioners & Continued Members	OV000012000300	<b>8030</b>
<b>Office of the Municipal Manager</b>	MM:Municipal Manager	OV000013000100	<b>8040</b>
<b>Office of the Municipal Manager</b>	MM:Internal Audit	OV000013000200	<b>8050</b>
<b>Office of the Municipal Manager</b>	MM:Strategic Support Services	OV000013000300	<b>8060</b>
<b>Office of the Municipal Manager</b>	MM:Legal Services & Contract Management	OV000013000400	<b>8070</b>
<b>Corporate Services</b>	Corp:Director:Corporate Services	OV000014000100	<b>8080</b>
<b>Corporate Services</b>	Corp:Risk Management	OV000014000200	<b>8090</b>
<b>Corporate Services</b>	Corp:Human Resources Management	OV000014000300	<b>8100</b>
<b>Corporate Services</b>	Corp:Info & Communication Technolgy	OV000014000400	<b>8110</b>
<b>Corporate Services</b>	Corp:Business Architecture & CRM	OV000014000500	<b>8120</b>
<b>Corporate Services</b>	Corp:Administrative Support Services	OV000014000600	<b>8130</b>
<b>Corporate Services</b>	Corp:Municipal Court	OV000014000700	<b>8140</b>
<b>Financial Services</b>	Fin:Chief Financial Officer	OV000015000100	<b>8150</b>
<b>Financial Services</b>	Fin:Financial Accounting	OV000015000200	<b>8160</b>
<b>Financial Services</b>	Fin:Revenue Management	OV000015000300	<b>8170</b>
<b>Financial Services</b>	Fin:Expenditure, Fleet & Asset Management	OV000015000400	<b>8180</b>
<b>Financial Services</b>	Fin:Supply Chain Management	OV000015000500	<b>8190</b>
<b>Infrastructure Services</b>	Infra:Chief Engineer:Infrastructure Services	OV000016000100	<b>8200</b>
<b>Infrastructure Services</b>	Infra:Principal Engineer:Civil Infrastructure Planning	OV000016000200	<b>8210</b>
<b>Infrastructure Services</b>	Infra:Senior Engineer:Waste Management	OV000016000300	<b>8220</b>
<b>Infrastructure Services</b>	Infra:Waste Management:Transfer Stations & Drop-Offs	OV000016000400	<b>8230</b>
<b>Infrastructure Services</b>	Infra:Principal Engineer:Civil Enineering Services	OV000016000500	<b>8240</b>
<b>Infrastructure Services</b>	Infra:Principal Technologist Civil:Gansbaai & Stanford	OV000016000600	<b>8250</b>
<b>Infrastructure Services</b>	Infra:Principal Technologist Civil:Hermanus	OV000016000700	<b>8260</b>
<b>Infrastructure Services</b>	Infra:Principal Technologist Civil:Kleinmond	OV000016000800	<b>8270</b>
<b>Infrastructure Services</b>	Infra:Water:Gansbaai & Stanford	OV000016000900	<b>8280</b>
<b>Infrastructure Services</b>	Infra:Water:Hermanus	OV000016001000	<b>8290</b>
<b>Infrastructure Services</b>	Infra:Water:Kleinmond	OV000016001100	<b>8300</b>
<b>Infrastructure Services</b>	Infra:Sewerage:Gansbaai & Stanford	OV000016001200	<b>8310</b>
<b>Infrastructure Services</b>	Infra:Sewerage:Hermanus	OV000016001300	<b>8320</b>
<b>Infrastructure Services</b>	Infra:Sewerage:Kleinmond	OV000016001400	<b>8330</b>
<b>Infrastructure Services</b>	Infra:Sewerage Tankers:Gansbaai	OV000016001500	<b>8340</b>
<b>Infrastructure Services</b>	Infra:Sewerage Tankers:Hermanus	OV000016001600	<b>8350</b>
<b>Infrastructure Services</b>	Infra:Sewerage Tankers:Kleinmond	OV000016001700	<b>8360</b>
<b>Infrastructure Services</b>	Infra:Roads:Gansbaai & Stanford	OV000016001800	<b>8370</b>
<b>Infrastructure Services</b>	Infra:Roads:Hermanus	OV000016001900	<b>8380</b>
<b>Infrastructure Services</b>	Infra:Roads:Kleinmond	OV000016002000	<b>8390</b>
<b>Infrastructure Services</b>	Infra:Stormwater:Gansbaai & Stanford	OV000016002100	<b>8400</b>
<b>Infrastructure Services</b>	Infra:Stormwater:Hermanus	OV000016002200	<b>8410</b>

<b>Infrastructure Services</b>	Infra:Stormwater:Kleinmond	OV000016002300	<b>8420</b>
<b>Infrastructure Services</b>	Infra:Principal Engineer:Electrical Services	OV000016002400	<b>8430</b>
<b>Infrastructure Services</b>	Infra:Electrical:GB&ST	OV000016002500	<b>8440</b>
<b>Infrastructure Services</b>	Infra:Electrical:HM&KM	OV000016002600	<b>8450</b>
<b>Infrastructure Services</b>	Infra:Principal Engineer:Project Management	OV000016002800	<b>8470</b>
<b>Infrastructure Services</b>	Infra:Housing Development	OV000016002900	<b>8480</b>
<b>Infrastructure Services</b>	Infra:Revenue:Electricity	OV000016003000	<b>8490</b>
<b>Infrastructure Services</b>	Infra:Revenue:Water	OV000016003100	<b>8500</b>
<b>Infrastructure Services</b>	Infra:Revenue:Sewerage	OV000016003200	<b>8510</b>
<b>Infrastructure Services</b>	Infra:Revenue:Waste Management	OV000016003300	<b>8520</b>
<b>Community Services</b>	Comm:Director:Community Services	OV000017000100	<b>8530</b>
<b>Community Services</b>	Comm:Community Services	OV000017000200	<b>8540</b>
<b>Community Services</b>	Comm:Resorts:Onrus Caravan Park	OV000017000300	<b>8550</b>
<b>Community Services</b>	Comm:Resorts:Hawston Swimming Pool & Caravan Park	OV000017000400	<b>8560</b>
<b>Community Services</b>	Comm:Resorts:Kleinmond & Palmiet	OV000017000500	<b>8570</b>
<b>Community Services</b>	Comm:Resorts:Gansbaai	OV000017000600	<b>8580</b>
<b>Community Services</b>	Comm:Parks and Open Spaces	OV000017000700	<b>8590</b>
<b>Community Services</b>	Comm:Sportsfields	OV000017000800	<b>8600</b>
<b>Community Services</b>	Comm:Beaches	OV000017000900	<b>8610</b>
<b>Community Services</b>	Comm:Slipways	OV000017001000	<b>8620</b>
<b>Community Services</b>	Comm:Cemeteries	OV000017001100	<b>8630</b>
<b>Community Services</b>	Comm:Refuse Removal:Stanford & Gansbaai	OV000017001200	<b>8640</b>
<b>Community Services</b>	Comm:Refuse Removal:Hermanus	OV000017001300	<b>8650</b>
<b>Community Services</b>	Comm:Refuse Removal:Kleinmond	OV000017001400	<b>8660</b>
<b>Community Services</b>	Comm:Hermanus CBD Cleansing	OV000017001500	<b>8670</b>
<b>Community Services</b>	Comm:Intergrated Human Settlements & Development	OV000017001600	<b>8680</b>
<b>Community Services</b>	Comm:Library Services	OV000017001700	<b>8690</b>
<b>Community Services</b>	Comm:Sports Development	OV000017001800	<b>8700</b>
<b>Community Services</b>	Comm:Housing Administration	OV000017001900	<b>8710</b>
<b>Community Services</b>	Comm:Halls, Facilities & Building Maintenance	OV000017002000	<b>8720</b>
<b>Community Services</b>	Comm:Facilities & Halls	OV000017002100	<b>8730</b>
<b>Community Services</b>	Comm:Building Maintenance	OV000017002200	<b>8740</b>
<b>Community Services</b>	Comm:Cleaning Services	OV000017002300	<b>8750</b>
<b>Municipal Public Safety</b>	MPS:Director: Municipal Public Safety	OV000018000100	<b>8760</b>
<b>Municipal Public Safety</b>	MPS:Traffic Services	OV000018000200	<b>8770</b>
<b>Municipal Public Safety</b>	MPS:Law Enforcement Services	OV000018000300	<b>8780</b>
<b>Municipal Public Safety</b>	MPS:Fire, Rescue & Disaster Management	OV000018000400	<b>8790</b>
<b>Municipal Public Safety</b>	MPS:Disaster Management	OV000018000500	<b>8800</b>
<b>Municipal Public Safety</b>	MPS:Safety, Security & CCTV	OV000018000600	<b>8810</b>
<b>Planning and Development</b>	P&D:Director:Planning & Development	OV000019000100	<b>8820</b>
<b>Planning and Development</b>	P&D:Town Planning & Spatial Planning	OV000019000200	<b>8830</b>

<b>Planning and Development</b>	P&D:Environmental Management & Conservation	OV000019000300	<b>8840</b>
<b>Planning and Development</b>	P&D:Building Control	OV000019000400	<b>8850</b>
<b>Planning and Development</b>	P&D:Socio-Economic Programme	OV000019000500	<b>8860</b>
<b>Planning and Development</b>	P&D:Property Management	OV000019000700	<b>8880</b>