



# TOKOLOGO LOCAL MUNICIPALITY

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## VIREMENTS POLICY

2025/2026

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# VIREMENTS POLICY

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## 1. DEFINITIONS

- **ACCOUNTING OFFICER-**  
The Municipal Manager of a municipality is the Accounting Officer of the municipality in terms of section 60 of the MFMA, no 56 of 2003.
- **APPROVED BUDGET-**Means an annual budget approved by a Municipal Council.
- **BUDGET RELATED POLICY-**  
Means a policy of a municipality affecting or affected by the annual budget of the municipality.
- **CHIEF FINANCIAL OFFICER-**  
Means a person designated in terms of the MFMA who performs such budgeting, and other duties as may in terms section 79 of the MFMA be delegated by the Accounting Officer to the Chief Financial Officer.
- **CAPITAL BUDGET -**  
This is the estimated amount for capital items in a given financial period. Capital items are fixed assets such as Property, Plant and Equipment, the cost of which is normally written off over a number of financial periods.
- **COUNCIL -**  
Means the Council of a municipality referred to in section 18 of the Municipal Structures Act, no.117 of 1998.
- **FINANCIAL YEAR –** Means a 12 month period ending on 30 June.
- **LINE ITEM** An appropriation that is itemized on a separate line in a budget adopted with the idea of greater control over expenditures.
- **OPERATING BUDGET –**  
The Town's Financial Plan, which outlines proposed expenditures for the coming financial year and estimates the revenues used to finance them.
- **RING-FENCED -**  
An exclusive combination of line items grouped for specific purposes; for instance employment costs.
- **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.
- **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 Head of Department. To enable budget managers to amend budgets in the light of experience or to reflect anticipated changes.
- **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.
- **HEAD OF DEPARTMENT –**  
Employed in terms of Section 57 of the MSA. He/ She is directly accountable to the Municipal Manager.

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## 2.ABBREVIATIONS

- |                            |  |
|----------------------------|--|
| 1. Chief Financial Officer | – Chief Financial Officer                        |
| 2. IDP                     | – Integrated Development Plan                    |
| 3. MFMA                    | – Municipal Finance Management Act No.56 of 2003 |
| 4. SDBIP                   | – Service Delivery Budget Implementation Plan    |
| 5. CM                      | – Council Minutes                                |

## 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 to another, with the approval of the relevant Head of Department and Chief Financial Officer, to enable budget managers to amend budgets in the light of experience or to reflect anticipated changes.

## 5. FINANCIAL RESPONSIBILITY

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

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) of the MFMA refers).

It is the responsibility of the Head of each Department, to which funds 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 unauthorised; irregular or fruitless and wasteful expenditure, in terms of section 78 and 102 of the MFMA.

## 6. VIREMENT RESTRICTIONS

1. No funds may be viremented between Departments.
2. Total virements per vote per annum may not exceed a maximum of 25% of the vote from which virements is requested, with a maximum of R200 000 (in a single virement or multiple virements), otherwise it must go to the CFO for approval and no restriction to vote with an amount which is less than R30 000.
3. 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

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21 of the MFMA refers)

4. Virements resulting in adjustments to the approved SDBIP need to be submitted with an adjustments budget to Council, with altered outputs and measurements, for approval. (NT Circular 13 page 3 paragraph 3 refers).
5. 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 Council.
  - i) This refers to expenditures such as entering into lease or rental agreements such as vehicles, photo-copiers or fax machines.
6. No virement may be made where it would result in over-expenditure from the transferred vote. (Section 32 of the MFMA refers).
7. If the virement relates to an increase in the workforce establishment, then the Council's existing recruitment policies and procedures will apply.
8. Virements may not be made in respect of ring-fenced allocations.
9. Budget may not be transferred from Departmental Charges, Charge out allocations or Grant expenditure and Income votes. This will be done via a Section 28 Adjusting Budget Process.
10. Budget may only be transferred from Salaries if approved by the Chief Financial Officer. Cannot transfer to salaries, catering.
11. 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 classification. Virements should not result in adding "NEW" projects to the Capital Budget.
12. Virements from the Capital Budget to the Operating Budget and vice versa, is not permissible.
13. 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 of the MFMA refers).
14. Virements amounts may not be rolled over to subsequent years, or create expectations on following budgets. (Section 30 of the MFMA refers).
15. An approved virement does not give expenditure authority and all expenditure resulting from approved virements must still be subject to the supply chain management policy of Council as periodically reviewed.
16. Virements may not be made between Expenditure and Income.

## 7. VIREMENT PROCEDURE

- a) All virement proposals must be completed on the appropriate documentation (APPENDIX A) and forwarded to the relevant Finance Department official for checking and implementation.

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- b) All virements must be signed by the vote-holder (per Department) and the Manager Within which the vote is allocated. (Section 79 of the MFMA refers).
- c) A virement form must be completed for all Budget Transfers.
- d) Virements in excess of R 50 000 with a maximum, as determined under section 6b, requires the approval of the Chief Financial Officer. (Section 79 of the MFMA refers).
- 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 of the MFMA refers).
- g) The Municipal Manager will report to the Mayor on a quarterly basis on those virements that have taken place during that quarter.