

# MATATIELE LOCAL MUNICIPALITY



## MATATIELE LOCAL MUNICIPALITY

### VIREMENT POLICY

| <u>POLICY INFORMATION</u>         |                   |
|-----------------------------------|-------------------|
| <u>DATE OF COUNCIL ADOPTION:</u>  | 22/05/2024        |
| <u>COUNCIL RESOLUTION NUMBER:</u> | CR 652/22/05/2024 |
| <u>POLICY NUMBER:</u>             | MLM/BTO/P30       |

*Where Nature, Agriculture, Tourism are Investments of Choice.*

Electrical Services: 079 522 1770 Prepaid Sales: 079 523 122 Finance Office: 039 737 3565 Disaster and Fire: 039 2540610/079 521 2223  
Police(SAPS): 039 7379904 / 079 521 1426 Water: 079 520 1426 Ambulance: 039 737 9774 Traffic: 079 527 9774

| Authority           | Date |
|---------------------|------|
| HOD Approval        |      |
| MM Approval         |      |
| Council Approval    |      |
| Date of next Review |      |

### Approval of Policy

Please note that the implementation of the policy contained in this document is subject to approval and signing off by all relevant Heads and/or Committees, including but not limited to:

- Municipal Manager; and
- Municipal Council.

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Policy on Virement effective 01 July 2024

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Electrical Services: 079 522 9774. Prepaid Sales: 079 523 322. Finance Office: 039 737 3565. Disaster and Fire: 039 737 3565. 079 523 2273

Police(SAPS): 039-7379904/9905. Water: 082 520 1408. Ambulance: 10177. Traffic: 079 522 9774



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Policy on Virement effective 01 July 2024

*Where Nature, Agriculture, Tourism are Investments of Choice.*

Electrical Services: 079 522 9770 Prepaid Sales: 079 521 5112 Finance Office: 039 732 3565 Disaster and Fire: 039 7560610/079 518 2223

Police(SAPS): 039-/-/3- 9914/9905 Water: 082 520 1476 Ambulance: 10177 Traffic: 079 522 9 74

## 1. OBJECTIVE

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

## 2. PRINCIPLES

Changing circumstances during a financial year can require amendments to the original budget approved by Council to authorise expenditure, known as Virement. Amendments to line items within a function can be approved by accounting officer , but changes to across functions require approval by Council.

## 3. GUIDELINES

3.1. Virement of line items within a function can be approved as follows:

3.1.1. Strategic managers to recommend Virement to line items within a function under their responsibilities.

3.1.2. The Chief Financial Officer to recommend Virement of line items within all departments, within any function/vote.

3.1.3. The Municipal Manager to approve all Virements in respect of line items within all votes and departments

3.2. Virement of any budgeted expenditure between functions/votes can only be approved by the Mayor, upon consideration of a report from the Municipal Manager to support the necessity thereof, which also extends to the authorisation of unforeseeable or unavoidable expenditure not provided for in the budget.

3.3. No Virement is permitted within the first quarter of the new financial year.

3.4. Virement is not permitted in relation to the revenue side of the budget.

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Electrical Services: 079 522 9770 Prepaid Sales: 079 523 322 Finance Office: 039 737 3565 Disaster and Fire: 039-2560610/079 523 2223  
Police(SAPS): 039-7379904/9905 Water: 072 520 1470 Ambulance: 10111 Traffic: 079 522 9774

Revenue provisions amendments are to be adopted via an adjustments budget.

- 3.5. Only Virements which relate to projects approved as part of the municipal integrated development plan, the service delivery and budget implementation plan and the annual or adjustments budget will be permitted.
- 3.6. Virements should not result in adding new projects to the capital budget.
- 3.7. Virements must be between projects of the same source of funding (e.g. MIG, own revenue).
- 3.8. Virements from the capital budget to the operating budget is not permitted, operational funds to the Capital budget may be done, but only via an Adjustments budget.
- 3.9. No Virements to and from the following items;
  - grants and subsidies to individuals,
  - bulk purchases
  - debt impairment
  - interest charges
  - depreciation
  - revenue foregone
  - insurance and VAT
- 3.10. Virements towards personnel expenditure is not permitted, except where:
  - Temporary/contracted (budget for as contracted services in terms of mSCOA classification) staff status has changed to permanent staff; or

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Policy on Virement effective 01 July 2024

*Where Nature, Agriculture, Tourism are Investments of Choice.*

Electrical Services: 079 527 9770 Prepaid Sales: 079 523 327 Finance Office: 031 731 3565 Disaster and Fire: 031 2539 101 079 523 2713

Police(SAPS): 031-731 9014-990 Water: 062 520 1476 Ambulance: 0177 Traffic: 079 527 9774

- The budget savings resulted from outsourced services within the same function in terms of a Council delegated authority.

3.11. Motivations for virements between projects should clearly state the reason saving within the “giving” project as well as for the additional amount required.

3.12. Virements between functions 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)

3.13. The Council may authorise the utilisation of savings in one vote/ line item to cover over expenditure in other vote/line items at the end of the financial period.

#### 4. GUIDE OF MSCOA

##### PROJECT SEGMENT

No virement is permitted to create a new project on Capital, operational or default projects

If there is no project change the virement should not result to moving funds to Operational expenditure.

If there is no project change the virement may be done only to change item segment.

##### FUNCTION SEGMENT

No virement is permitted to change function segment, virement principles may be followed where virement is within a function.

##### FUNDING SEGMENT

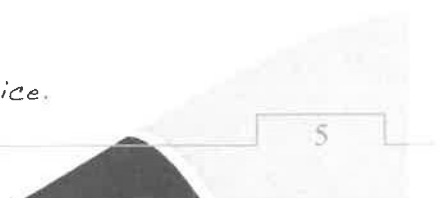
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Policy on Virement effective 01 July 2024

*Where Nature, Agriculture, Tourism are Investments of Choice.*

Electrical Services: 029 522 9270 Prepaid Sales: 029 523 322 Finance Office: 030 732 3565 Disaster and Fire: 019 2560610/079 523 3223

Police(SAPS): 030-7379404/9905 Water: 082 520 1476 Ambulance: 101/77 Traffic: 034 522 9774



No virement is permitted between funding sources, if the virement will not result to funding change the virement principles may be followed.

### **REGIONAL SEGMENT**

A virement is not permitted if there is a change in the regional segment but an adjustments budget is required, because Council allocates the project and funding to a specific region.

A virement may be done if it will not result in changes to the regional segment by applying the virement principles.

### **ITEM SEGMENT**

If changes in item expenditure are incurred in the capital or operational budget, the virement decision should start with project segment, if virement is allowed, it will be subject to virement principles.

### **COSTING SEGMENT**

Changes to the costing segment should not effect the application of a virement.


## **5. PROCESS, ACCOUNTABILITY AND AUTHORISATION**

The completed and signed Virement form to be effected only by the Budget Office.

All virements to be authorised in the Adjustment budget by Council.

Accountability to ensure that the Virement application forms are completed in accordance with the Council's Virement policy and not in conflict with the strategic objectives vests with the head of the relevant department.

# Matatiele Local Municipality

| <br><b>MATATIELE</b>  |   | <small>           Matatiele Local Municipality<br/>           P.O. Box 11<br/>           1910<br/>           Tel: 018 256 1079<br/>           Fax: 018 256 1081         </small> |                         |                       |
|--|---|--|-------------------------|-----------------------|
| DEPARTMENT   |   | KINDLY EFFECT THE FOLLOWING CHANGES ON MY BUDGET:  |                         |                       |
| ITEM SEGMENT NAME (TO)   |   | CURRENT<br>BUGDET R  | AMOUNT OF<br>VIREMENT R | RESULTING<br>BUDGET R |
| ITEM SEGMENT NAME (FROM)   |   | CURRENT<br>BUGDET R  | AMOUNT OF<br>VIREMENT R | RESULTING<br>BUDGET R |
| REASONS FOR VIREMENT :   |   |  |                         |                       |
| REQUESTED BY MANAGER : INITIALS AND SURNAME  |   | DATE :   |                         |                       |
| SIGNATURE :  |   |  |                         |                       |
| RECOMMENDED BY GENERAL MANAGER : INITIALS AND SURNAME  |   | DATE :   |                         |                       |
| SIGNATURE  |   |  |                         |                       |
| COMMENTS :   |   |  |                         |                       |
| VERIFIED BY BUDGET OFFICE : INITIALS AND SURNAME   |   | DATE :   |                         |                       |
| POSITION   |   |  |                         |                       |
| COMMENTS   |   |  |                         |                       |
| VERIFICATION BY MANAGER BUDGET PLANNING  |   |  |                         |                       |
| COMMENTS :   |   |  |                         |                       |
|  | APPROVED/NOT APPROVED   | DATE :   |                         |                       |
| SIGNATURE OF CHIEF FINANCIAL OFFICER :   |   |  |                         |                       |
| COMMENTS :   |   |  |                         |                       |
|  | APPROVED/NOT APPROVED   | DATE :   |                         |                       |
| SIGNATURE OF ACCOUNTING OFFICER  |   | DATE :   |                         |                       |
| COMMENTS   | Where Nature, Agriculture, Tourism are Investments of Choice. |  |                         |                       |
| BUDGET ACCOUNTANT : 018 256 1079 Prepaid Sales: 018 256 322 Finance Office: 039 352 3565 Disaster and Fire: 018 256 0610/079 23 2273<br>Police (SAPS): 018 256 1111/0908 Water: 052 520 1470 Ambulance: 101 77 Traffic: 079 522 9774 |   |  |                         |                       |
| SYSTEM VIREMENT NUMBER   |   | DATE :   |                         |                       |

Policy on Virement effective 01 July 2024