
MUSINA LOCAL MUNICIPALITY
DRAFT VIREMENT POLICY 2026_2027

INDEX Pages

1. Purpose	2
2. Background	2
3. Definitions.....	2
4. Legislation requirements	3
5. Delegation on transfers in Capital Budget	3
6 .Transfers	3
6.1. Transfers between Votes	3
6.2. Transfer on budget.....	3
7. General.....	4

MUSINA LOCAL MUNICIPALITY

DRAFT VIREMENT POLICY 2026_2027

1. PURPOSE

The purpose of this policy is to provide a guideline for management in their day-to-day management of their budgets.

2. BACKGROUND

The Council approves a medium-term expenditure framework budget (3-year budget) before the start of the financial year.

The approved budget is an estimation of the activities in financial terms period.

The budget consists of an operating and a capital budget based on the strategic objectives of the local government. In practice, as the year progresses, circumstances may change such that certain estimates are under-budgeted and others over-budgeted. It is not practical to refer any such deviations to Council and it is therefore common practice to delegate certain authority for transfers to the executive mayor and senior officials.

3. DEFINITIONS

3.1. Virement

Virement is the process of transferring funds from one line item of a budget to another. The term is derived from a French word meaning a commercial.

3.2. Vote

For ease of reference, the definition of “vote” as contained in Section 1 of the Municipal Finance Management Act (ACT 56 of 2003) MFMA is set out hereunder:

‘Vote’ means –

- (a) “One of the main segments into which a budget of a municipality is divided for the appropriation of money for the 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.”

3.3. Emergency

MUSINA LOCAL MUNICIPALITY

DRAFT VIREMENT POLICY 2026_2027

Means a serious circumstance which occurred unexpectedly & which requires immediate attention or which might pose threat to the lives of people e.g. disasters.

4. LEGISLATION REQUIREMENTS

In terms of the Constitution, the approval of a budget is the responsibility of the Council. This does not mean the approval of every line item but is rather aimed at the approval of the budget as a financial and service delivery document. The process and other requirements are controlled by the Municipal Finance Management Act (MFMA) and related circulars and guidelines that are prescribed by National Treasury. Unlike the Public Finance Management Act, Act 1 of 1999 (PFMA) and Treasury Regulation on PFMA, the MFMA is not specific with regards to virements.

5. DELEGATIONS ON CAPITAL BUDGETS

A Capital Budget is approved per line items or per project. This in effect means that council does not allow any discretion to an official other than delivering on the decision. Any saving or shortfall must be reported to council for them to decide on the future utilization of the savings as well as to seek additional funds for the execution of a project in the case of a shortfall in the budgeted amount to complete the project.

Virement from the capital budget to the operating budget should not be permitted.

Virement from operational budget to capital budget can only be approved the by council.

Virement within capital budget can only be approved by the council.

Capital budget transfer within capital budget should only be approved by the Mayor with recommendation from the Accounting Officer.

Virement should not result in adding “new” projects to the Capital Budget.

6. DELEGATION ON TRANSFERS

6.1. Transfers between Votes

“Vote” in terms of MFMA is determined as one of the main segments into which a budget of a municipality is divided for the appropriation of funds for different departments or functional areas. This specifies the total amount that is appropriate for the purpose of the department or functional area.

MUSINA LOCAL MUNICIPALITY

DRAFT VIREMENT POLICY 2026_2027

Council therefore decides on the total amount that is allocated to that specific function and classifies it as a vote.

Because council approves the “vote” only the shifting of funds within the “vote” can be delegated to the Mayor, the Accounting Officer, the Chief Financial Officer or any other Senior Manager.

As far as the reallocation of funds between “Votes” is concerned it cannot be delegated and Council has to decide on each of them.

Virement will only be allowed three months from the implementation date of both approved and adjustment Budget and only emergency virement will be given priority.

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

Virement towards personnel expenditure should not be permitted.

Virements to or from the following items should not be permitted: bulk purchase; debt impairment; interest charges; depreciation, grants to individuals; revenue foregone; insurance and VAT.

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

6.2. Transfers of Budget.

The transfer of budget amount from R 1 to R1, 000,000.00 approved by the head of department and anything R 1,000,001.00 and above approved Accounting Officer.

Transfer from capital to operating budget and vice versa can only be approved by the Mayor with recommendation from the Accounting Officer (refer Delegation of Authority).

The virement should be made within the approved budget.

7. GENERAL

The purpose of this delegation is to improve the pace at which service delivery is done and to

MUSINA LOCAL MUNICIPALITY
DRAFT VIREMENT POLICY 2026_2027

8. Virement Procedure

All virement proposals must be completed on the appropriate documentation and forwarded to the Budget Office for verification and implementation.

All virements must be approved by the Vote holder and/or relevant Manager in the case of a departmental budget transfer, and by the relevant Director in the case of a

All the virement on Capital budget must be approved by the Municipal Manager
Capital Budget Virement within a GFS Classification must be approved by the relevant manager and Director, the Municipal Manager and Chief Financial Officer.

A virement form must be completed for all Budget Transfers.

All documentation must be in order and approved before any expenditure can be committed or incurred.

All virements must be reported to National Treasury in the prescribed format make functionaries more accountable for their actions.

9. IMPLEMENTATION and REVIEW OF THE POLICY

This policy should be implemented on the 1st of July 2026 and shall be reviewed on an annual basis to ensure that it is in line with the municipalities strategic objectives and legislation.