

EMTHANJENI MUNICIPALITY



FINAL VIREMENT POLICY

FINAL BUDGET 2026/2027 FINANCIAL YEAR

BUDGET VIREMENTATION

3.1 Virement Clarification

Virement is the process of transferring Municipal budgeted funds from one line item number to another, with the approval of the Manager and CFO to enable managers to amend budgets in the light of experience or to reflect anticipated changes. (Section 28 (2) (c) MFMA).

3.2 Virement Procedure

- (a) All virement proposals must be completed on the appropriate documentation and forwarded to the Chief Financial Officer for checking and implementation.
- (b) All virements must be signed by the Director of the directorate within which the vote is allocated (Section 79 MFMA).
- (c) Projected cash flows in the SDBIP should be adjusted in line with the virement.
- (d) All documentation must be in order and approved before any expenditure can be committed or incurred. (Section 79 MFMA)
- (e) All virements of funds between votes must be approved by the CFO and reported to the Executive Committee on a monthly basis, where applicable with reference to Section 2.3 (b) (ii) of the policy, all virements across votes will only be allowed till the appropriate time where it can still be incorporated into the allowed adjustments budget.

3.3 Virement Restrictions

- (a) No funds can be viremented between the different types of budgets (E.g. virements can only be made from basic capital to basic capital and operating to operating).
- (b) No virement may be made where it would result in over expenditure of a line item. (Section 32 MFMA)
- (c) No virement shall create new capital projects without the approval of the Municipal Manager.
- (d) If the virement relates to an increase in the work force establishment, then the Council's existing recruitment policies and procedures will apply.
- (e) Budgets from the following line items may only be transferred by Financial Services:
 - (i) Salaries and allowances
 - (ii) Depreciation

- (iii) Capital Cost (Interest and Redemption)
- (iv) Appropriations
- (v) Contributions to Funds
- (vi) Administration Cost
- (vii) Municipal Services Consumption (Water, Electricity, Refuse and Sewerage)

(f) 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.

(g) Virements may not be made between Expenditure and Income.

CONSEQUENCE OF NON-COMPLIANCE

Failure to comply with this policy will be viewed as a serious disciplinary transgression of the Code of Conduct of the Employees.

AMENDMENTS

The Council may from time to time amend the policy.

7. COMMENCEMENT

7.1 This policy takes effect on 1 July 2026.