POLICY TITLE	VIREMENTS POLICY
DATE OF APPROVAL	22 May 2025
REVIEW DATES	21.05.2026

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1. DEFINITIONS

In this Policy, unless the context indicates otherwise, a word or expression, to which a meaning has been assigned in the Municipal Finance Management Act (MFMA) No. 56 of 2003, has the same meaning:

Accounting officer - means the Chief Executive Officer of the South Coast Tourism and Investment Enterprise.

Entity - for the purpose of this Policy it means shortened name for South Coast Tourism and Investment Enterprise

Approved Budget - means an annual budget approved by the Board of Directors; or approved by a provincial or the national executive following an intervention in terms of section 139 of the Constitution, and includes such an annual budget as revised by an adjustments budget in terms of MFMA, section 28;

Board - means the Board of Directors of South Coast Tourism and Investment Enterprise;

Budget-Related Policy - means a policy affecting or affected by the annual budget of the Entity;

Capital Budget - This is the estimated amount for capital items in a given fiscal period. Capital items are fixed assets such as facilities and equipment, the cost of which is normally written off over a number of fiscal periods;

General Manager: Finance, CS and Administration - means the GM: Finance, CS and Administration of South Coast Tourism and Investment Enterprise;

Financial year - means a 12-month year ending 30 June;

Line Item - an appropriation that is itemised on a separate line in a budget adopted with the idea of greater control over expenditures**;**

Operating Budget - it is a financial plan which outlines proposed expenditures for the financial year and estimates of revenues that finance them;

Parent Municipality – means Ugu District Municipality

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 Manager. To enable budget managers to amend budgets in the light of experience or to reflect anticipated changes;

2. BACKGROUND

2.1 Virement is the process of transferring funds from one line item of a budget to another. The term is derived from a French word *"virer"* meaning "to turn or a transfer".

2.2 Each year, the Entity produces an annual budget which must be approved by the Board taking into account any hearings or recommendations of the Council of the parent municipality. In practice, as the year progresses, circumstances may change so that certain estimates are under-budgeted and others over-budgeted due to unforeseen expenditure (for example, due to the occurrence of disasters), savings and reduced revenue projected. As a result, it becomes necessary to transfer funds between votes and line items. It is not practical to refer all transfers between line items within a specific vote to the Board, and as the Local Government: Municipal Finance Management Act ("MFMA") is largely silent as to such transfers, it is necessary to establish a policy which governs the administrative transfer between line items.

3. PURPOSE

3.1 The purpose of this Policy is therefore to provide a framework whereby transfers between line items within votes of the operating budget may be performed with the approval of certain officials.

3.2 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. APPLICATION OF THIS POLICY

4.1 This Policy applies only to transfers between line items within votes of the Entity's operating budget.

4.2 This Policy shall not apply to transfers between or from capital projects or items and no such transfers may be performed under this Policy.

4.3 Any deviation from or adjustment to an annual budget or transfer within a budget which is not specifically permitted under this Policy or any other policy may not be performed unless approved by the Board through an adjustments budget.

5. FINANCIAL RESPONSIBILITIES

5.1. Strict budgetary control must be maintained throughout the financial year in order that potential overspendings within individual departments are identified at the earliest possible opportunity, (Chapter 10 MFMA, section 87). The GM: Fin, CS & Admin has statutory duty to ensure that adequate policies and procedures are in place to ensure effective financial control system. The virement process is one of these controls.

5.2. It is the responsibility of each Head of Department/Senior Manager to which funds are allocated in terms of the section 78 of the MFMA, to exercise financial management by planning and conducting assigned operations so as not to spend more funds than budgeted. In addition, they have the responsibility to identify and report any irregular or fruitless and wasteful expenditure in terms of section 102 of the MFMA. A virement must not be an excuse for not planning properly.

6. AUTHORISATION OF VIREMENTS

6.1. A transfer of funds from one line item to another under this Policy may, subject to the provisions of this Policy, be authorised as follows:

6.1.1. If the amount does not exceed R30 000, the transfer may be authorised by the GM: Fin, CS & Admin of the Entity in consultation with the Accounting Officer of the Entity;

6.1.2. If the amount exceeds R30 000 but does not exceed R200 000, the transfer may be authorised by the Accounting Officer after consultation with the Board Chairperson;

6.1.3. If the amount exceeds R200 000 but does not exceed R1 000 000, the transfer may be authorised by the Board of the Entity.

7. LIMITATIONS ON AMOUNT OF VIREMENT

7.1 Notwithstanding the provisions of section 6:

7.1.1 The total amount transferred from and to line items within a particular vote in any financial year may not exceeding [50 %] (the amount available after actual and committed expenditure is accounted for) of the amount allocated to that vote;

7.1.2 The total amount transferred from and to line items in the entire budget in any financial year may not exceed [80%] of the total operating budget for that year;

7.1.3 The amount of any one transfer of funds between line items may not exceed the sum of R200 000.

7.2 A transfer which exceeds, or which would result in the exceeding of, any of the limits referred to in 7.1 above may, however, be performed if the Board by resolution approves thereof.

8. FURTHER RESTRICTIONS ON VIREMENT

8.1 A transfer of funds between line items shall not be permitted under this Policy if the effect thereof would be to:

8.1.1 contravene any policy of the Entity; and

8.1.2 alter the approved outcomes or outputs of the Entity's Annual Performance Plan;

8.2 No transfer of funds shall be permitted if same were to result in any change to the staff establishment of the Entity, except if the Accounting Officer approves of such change.

8.3 If any line item has been specifically ring-fenced, no transfer of funds may be made under this Policy to or from such line item.

8.4 Transfers of funds may not be made under this Policy between or from capital items or projects.

8.5 To the extent that it is practical to do so, transfers within the first three months and the last month of the financial year should be avoided.

8.6 By definition, transfers may not be made under this Policy from a line item administered by one department to a line item administered by another.

8.7 In accordance with Section 30 of the MFMA, no transfer of funds may be made from a line item of a budget for a particular year to a line item of a budget for a subsequent year.

8.8 The transfer of funds in any year in accordance with this Policy shall not give rise to any expectations of a similar transfer occurring in a subsequent year.

8.9 No transfer of funds shall be made if such transfer would constitute a transgression or contravention of any statute, regulation or other law, any policy, directive or guideline binding upon the Entity, or the avoidance by the Entity of any obligation imposed upon it by contract or any other cause.

8.10 The approval of any transfer shall not *per se* constitute expenditure authority, and all expenditure resulting from approved transfers must, to the extent that same is applicable, be carried out in accordance with the Entity's Supply Chain Management Policy.

9. PROCEDURE FOR VIREMENT

9.1 Proposals for transfers may be made by the Head of Department/Senior Manager concerned.

9.2 The Accounting Officer shall prescribe a form on which all proposals for transfers of funds under this Policy shall be made, which form shall include, but not be limited to, provisions for the following:

9.2.1 the name of the department concerned;

9.2.2 descriptions of the line items from and to which the transfer is to be made;

9.2.3 the amount of the proposed transfer;

9.2.4 the cause of the saving in the line item from which the transfer is to be made;

9.2.5 the justification for the transfer;

9.2.6 a description of any consequences that such transfer may have for the Development Plan.

9.3 Each proposal for a transfer shall be submitted by the Head of Department/Senior Manager *concerned* to the GM: Fin, CS & Admin and if:

9.3.1. the amount of the transfer does not exceed the amount referred to in section 6.1.1 and the transfer is not between cost or functional centres, the GM: Fin, CS & Admin shall:

a) approve the proposal, or

b) reject the proposal; or

c) refer the proposal to the Accounting Officer for approval or rejection;

9.3.2. The amount of the transfer does not exceed the amount referred to in section 6.1.1 but the transfer is between cost or functional centres, or if it falls within the range of amounts referred to in section 6.1.2, the GM: Fin, CS & Admin shall refer the proposal to the Accounting Officer who, after consultation with the GM: Fin, CS & Admin, shall approve or reject the proposal;

9.3.3. The amount of the transfer falls within the range of the amounts referred to in section 6.1.3, the GM: Fin, CS & Admin shall refer the matter to the Accounting Officer who in turn shall refer the matter to the Board, together with his/her recommendations and the Board shall either approve or reject the proposal.

9.4 Upon a proposal for transfer being approved, such transfer shall be implemented subject to compliance with the Entity's Supply Chain Management Policy.

10. REPORTING

The Accounting Officer shall submit a report on all transfers made under this Policy to the Board every quarter.

11. COMPLIANCE AND ENFORCEMENT

11.1 Violation of or non-compliance with this Policy may give a just cause of disciplinary steps to be taken.

11.2 It will be the responsibility of Accounting Officer to enforce compliance with this Policy.

12. EFFECTIVE DATE

The Policy shall come to effect upon approval by the Board of Directors.

13. APPROVAL

NAME	SIGNATURE	DESIGNATION	DATE
Mr. Sandile Dlomo		**CHAIRPERSON: SCTIE**	**21.05.2026**

ANNEXURE 1 - VIREMENT REQUEST FORM

REQUESTED BY (NAME OF HEAD OF DEPARTMENT/SENIOR MANAGER):

_____

NAME OF THE DEPARTMENT:

_____

DATE:

_____

DESCRIPTION OF LINE ITEM FROM:
VOTE NUMBER:

_____

DESCRIPTION:

_____

CATEGORY:

_____

DESCRIPTION OF LINE ITEM TO:
VOTE NUMBER:

_____

DESCRIPTION:

_____

CATEGORY:

_____

AMOUNT:

_____

REASON(S) FOR VIREMENT:

_____

_____

DEVELOPMENT PLAN IMPLICATION OF THE TRANSFER:

_____

_____

I hereby declare that I fully understand the contents of the virement requirements and therefore request that the above virement be approved.

HOD Signature: _____

GM: FIN, CS & ADMIN (FM) APPROVAL

APPROVED / NOT APPROVED

FM Signature: _____