**Chief Albert Luthuli Municipality**

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## Virement Policy

**Purpose**

The purpose of this policy is therefore to provide a framework whereby transfers between line items within votes of the operating budget.

**Definitions**

Virement is the process of transferring funds from one line item of a budget to another.

Vote means “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 which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.”

This policy applies only to transfers between line items within votes of the Municipality’s operating budget.

Section 28(2) (d) of the MFMA provides that “An adjustments budget May authorise the utilisation of projected savings in one vote towards spending in another vote.” Transfers between votes may therefore be authorised only by the Council of the Municipality.

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

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 council through an adjustments budget

**Virement on non-cash items**

Virement cannot be permitted on the following non-cash items:

* Depreciation
* Debt impairment
* Inter departmental charges

**Virement on cash items**

Virement cannot be permitted on the following cash items:

* Personnel expenditure
* Bulk purchases
* Interest charges
* Revenue forgone