



PROVINCIAL TREASURY

Ref no : 12/4/3/1
Enq : Semenya PA
Date : 21 April 2016

TREASURY INSTRUCTION NOTE NO. 2 OF 2016

THE PREMIER

THE MEC FOR EDUCATION
THE MEC FOR AGRICULTURE
THE MEC FOR PROVINCIAL TREASURY
THE MEC FOR ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM
THE MEC FOR HEALTH
THE MEC FOR PUBLIC WORKS, ROADS AND INFRASTRUCTURE
THE MEC FOR TRANSPORT, SAFETY, SECURITY AND LIAISON
THE MEC FOR COOPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS
THE MEC FOR SOCIAL DEVELOPMENT
THE MEC FOR SPORT, ARTS AND CULTURE

For information

THE SPEAKER: PROVINCIAL LEGISLATURE
THE DEPUTY SPEAKER: PROVINCIAL LEGISLATURE
ALL OTHER MEMBERS OF PROVINCIAL LEGISLATURE

THE ACCOUNTING OFFICER: VOTE 01: DIRECTOR GENERAL
THE ACCOUNTING OFFICER: VOTE 02: SECRETARY FOR PROVINCIAL LEGISLATURE
THE ACCOUNTING OFFICER: VOTE 03: EDUCATION
THE ACCOUNTING OFFICER: VOTE 04: AGRICULTURE AND RURAL DEVELOPMENT
THE HEAD OF DEPARTMENT: VOTE 05: PROVINCIAL TREASURY
THE ACCOUNTING OFFICER: VOTE 06: ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM
THE ACCOUNTING OFFICER: VOTE 07: HEALTH
THE ACCOUNTING OFFICER: VOTE 08: TRANSPORT
THE ACCOUNTING OFFICER: VOTE 09: PUBLIC WORKS ROADS AND INFRASTRUCTURE
THE ACCOUNTING OFFICER: VOTE 10: SAFETY, SECURITY AND LIAISON
THE ACCOUNTING OFFICER: VOTE 11: COOPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS
THE ACCOUNTING OFFICER: VOTE 12: SOCIAL DEVELOPMENT
THE ACCOUNTING OFFICER: VOTE 13: SPORT, ARTS AND CULTURE
THE ACCOUNTING OFFICER/CHIEF EXECUTIVE OFFICER: ROAD AGENCY LIMPOPO
THE ACCOUNTING OFFICER/CHIEF EXECUTIVE OFFICER: LIMPOPO GAMBLING BOARD
THE ACCOUNTING OFFICER/CHIEF EXECUTIVE OFFICER: LIMPOPO TOURISM AGENCY
THE ACCOUNTING OFFICER/CHIEF EXECUTIVE OFFICER: GATEWAY AIRPORT AUTHORITY LIMITED
THE ACCOUNTING OFFICER/MANAGING DIRECTOR: LIMPOPO ECONOMIC DEVELOPMENT AGENCY

THE CHIEF FINANCIAL OFFICER: VOTE 01: OFFICE OF THE PREMIER OFFICER
THE CHIEF FINANCIAL OFFICER: VOTE 02: LIMPOPO LEGISLATURE
THE CHIEF FINANCIAL OFFICER: VOTE 03: EDUCATION
THE CHIEF FINANCIAL OFFICER: VOTE 04: AGRICULTURE AND RURAL DEVELOPMENT
THE CHIEF FINANCIAL OFFICER: VOTE 05: PROVINCIAL TREASURY
THE CHIEF FINANCIAL OFFICER: VOTE 06: ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM
THE CHIEF FINANCIAL OFFICER: VOTE 07: HEALTH
THE CHIEF FINANCIAL OFFICER: VOTE 08: TRANSPORT
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THE CHIEF FINANCIAL OFFICER: LIMPOPO ECONOMIC DEVELOPMENT AGENCY

THE PROVINCIAL AUDITOR

SHIFTING/ VIREMENT OF FUNDS IN PREPARATION OF FINANCIAL YEAR END CLOSURE

1. PURPOSE

The purpose of this Instruction Note is to:

- 1.1. Inform the Accounting Officers of Departments of guiding principles regarding the shifting/ virements of fund in preparation of financial year-end closure.

2. LEGAL REQUIREMENTS

- 2.1. Chapter 9, with specific reference to section 76 of Public Finance Management Act, 1 of 1999 as amended allows Treasuries to issue an instruction.
- 2.2. Treasury Regulation chapter 6 in 6.3 outlines the processes and limitation on virements/ shifting of funds. The Treasury Regulations is read in conjunction with Section 43 of the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA) which outlines the powers of the accounting officers and the processes to be followed when applying and effecting virement between main divisions within a vote.

In terms of Treasury Regulation 6.3, Section 43(1) of the PFMA states that –

- (a) compensation of employees and transfers and subsidies to other institutions, excluding transfers and subsidies to other levels of government for purposes of paying levies and taxes imposed by legislation, may not be increased without approval of the relevant treasury;
- (b) new transfers and subsidies to other institutions may not be introduced without the approval of the relevant treasury;
- (c) allocations earmarked by the relevant treasury for a specific purpose (excluding compensation of employees) may not be used for other purposes, except with its approval, and

(d) virements of funds from compensation of employees to transfers and subsidies for the payment of severance/exit packages are excluded from the provisions of (a) and (b).

2.3. Section 43 sub section 2 to 4 states that the amount of a saving under a main division of a vote that may be utilised in terms of subsection (1), may not exceed eight per cent of the amount appropriated under that main division.

An accounting officer must within seven days submit a report containing the prescribed particulars concerning the utilisation of a saving in terms of subsection (1), to the executive authority responsible for the department and to the relevant treasury.

This section does not authorise the utilisation of a saving in—

- (a) an amount specifically and exclusively appropriated for a purpose mentioned under a main division within a vote;
- (b) an amount appropriated for transfer to another institution; and
- (c) an amount appropriated for capital expenditure in order to defray current expenditure.

3. PROCEDURES FOR SHIFTING/ VIREMENT AT THE END OF THE FINANCIAL YEAR

3.1. For the purpose of 2015/16 financial year-end closure, approval is hereby granted for shifting of funds from compensation of employees to transfers and subsidies to defray excess expenditure incurred due to payment of severance/exit packages within a vote. Due consideration should be applied to limitation of paragraph 2 above.

3.2. For other virements and/or shifting request, The department should consolidate all shifting/ virements effected during the process of closing the financial year and forward one application request to Provincial Treasury clearly indicating the main division, economic classification and items where funds has been shifted from and where funds are shifted to.

3.3. All virements application forms should be signed-off by the Chief Financial Officer and the Accounting Officer of the department before submission to Provincial Treasury.

- 3.4. The duly signed applications must be submitted to the Provincial Treasury by the **02 May 2016 at office 206 Ismini Towers.**
 - 3.5. Upon approval by the Provincial Treasury, Departments should effect the shifting/virements on the BAS system adhering to all processes and limitation on 2 above in order to align the budget and expenditure accordingly.
 - 3.6. All copies of approved virements and/or shifting must be properly filled and kept for audit purposes.
4. Applications which do not conform to PFMA Sec 43 and Treasury Regulations 6.3 procedures will be disapproved and not considered.
 5. A copy of this instruction note will be forwarded to the Auditor General to ensure that its contents are included in their audit scope.

Regards,



Pratt GC CA (SA)
Head of the Department
Provincial Treasury