



DIRECTORATE: BUDGETING SERVICES

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MEMORANDUM

TO : OFFICE OF THE MEC
: OFFICE OF THE HEAD OF DEPARTMENT
: DEPUTY DIRECTOR GENERALS
: CHIEF DIRECTORS
: PROGRAMME & RESPONSIBILITY MANAGERS
: GRANT MANAGERS
: DIRECTORS – DISTRICT / HEAD OFFICE
: DISTRICT MANAGEMENT TEAM MEMBERS

FROM : ACTING CHIEF FINANCIAL OFFICER

DATE : 8th JULY 2025

**SUBJECT : MANAGEMENT OF SHIFTING AND/OR VIREMENT OF ALLOCATIONS
RELATING TO THE 2025/2026 FINANCIAL YEAR**

1. The Provincial Treasury (PT) granted the Department permission to spend in line with its approved S40 Cash Flow projections as from 1 April 2025, and no movement of funds was allowed in compliance with the instruction from PT for shifting and virements in the first quarter of the financial year.
2. During deliberations with Provincial Treasury during Fincom meeting, PT indicated that the Department may effect shifting of funds in preparation of the revision of projections by Programme Managers for the submission of the June 2025 IYM. This will affect the projections for the next nine (9) months of the 2025/2026 financial year (1 July 2025 to 31 March 2026).
3. To protect the integrity of the 2025/26 Budget, clause 43(4)(a) of the Public Finance Management Act (PFMA) read in conjunction with clause 76(3) of the National Treasury Regulations as well as Instruction Note no 4 of 2017/18 on cost containment measures by National Treasury, prescribe processes that must be followed prior Shifting and/or Virement of Funds. This requires that prior approval must be sought from Provincial Treasury for the movement of funds, especially those that meet the definition of a Virement and contained within the Cost Containment Measures.
4. Likewise, the Framework of Conditional Grants within a Department, requires that a National transferring Officer's (DBE) approval be sought should the Department wish to utilize savings identified from other Items within the same Grant for other areas of budgetary pressures. This then requires that the Grant Managers through

Programme Managers and Head of Department should apply for deviation from the National Transferring Department.

5. All Shift/Virement requests must also be geared towards the **Key Policy priorities** of the Department (eg. LTSM, LAIS, Norms, ICT, etc.). Programme Managers should be cautioned against the decrease of funds from non-negotiable items towards non-core mandate, meaning moving funds from core items to non-core items. In the event when a Programme requests the movement of funds contrary to Instruction Note 4 of 2017/18 Provincial Cost Containment Measures, a Programme through Office of the CFO and HoD must seek prior approval from Provincial Treasury (PT) to increase these non-core items, as non-compliance may result in irregular expenditure e.g. movement of funds from LTSM to T&S items like Accommodation.
6. Programme Managers are also required to comply with their budget ceilings and not to exceed the allocations as recorded in the Estimates of Provincial Revenue and Expenditure (Budget Book) for 2025/26 financial year, with respect to the following non-core items:
 - Administration Fees
 - Advertising
 - Catering: Provincial Activities
 - Consultants and professional services: Business and advisory
 - Entertainment
 - Consumable supplies
 - Travel and subsistence
 - Venues and facilities
 - Rental and hiring.

Furthermore, to protect the credibility (Planning process) of the 2025/26 Budget, all Programme managers, Responsibility Managers and End-users will be allowed to move budgets through shifting and/or virement of allocated funds from the **1st of July 2025 until 15th of July 2025** and reopen on the 15th of September 2025 to 11th of October 2025 to allow the Adjustment Estimates budget processes to unfold.

To facilitate the above process, a **new Shifting / Virement template** has been developed for use in the 2025/26 financial year and is **attached for utilisation**. Alternatively, this Template is also obtainable from the Directorate: Budgeting Services at Head Office.

Only the attached template, with full motivation for movement of funds, will be accepted for implementation. Both the signed copy and the Excel soft copy must be submitted for implementation of the shifting.

Your co-operation in this regard is greatly appreciated.



M. S. X. KESE
ACTING CHIEF FINANCIAL OFFICER

08/07/2025

DATE