



# BUDGET VIREMENT POLICY

Adopted by Marden Parish Council on: 6<sup>th</sup> April 2021  
Reviewed on:  
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Office Opening Times:  
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Budget Virement Policy

# MARDEN PARISH COUNCIL

## BUDGET VIREMENT POLICY

### **Introduction**

The budget is set in January for the next financial year and is the basis for the precept request from residents. History tells us that there will be some overspends and some underspends on budget accounts.

The purpose of this Policy is to clarify when a transfer between budget accounts is to be made and what happens when a budget is exceeded, or under spent.

### **Definition of Virement**

Virement is the process of transferring all or part of a revenue or capital budget from one budget heading to another, with the approval of the Parish Council. It can be used to amend budgets in the light of experience, or to reflect anticipated significant changes in the pattern of future income or expenditure.

The budget virement process is part of the practice to make sure that the Parish Council has adequate policies and procedures in place to ensure effective system of financial control.

### **Why Do We Need a Virement Policy?**

Marden Parish Council uses RBS Alpha as its bookkeeping system and has done for several years.

RBS Alpha is able to produce detailed reports to show when accounts are over or under budget. It is not proposed to transfer all spending over budget, only significant amounts, but they should all be highlighted by the Clerk and noted by either Full Council or the Finance Committee (whichever meets first) and a decision will be made on whether a virement transfer is required.

### **Financial Responsibilities**

Budgetary control must be strictly maintained throughout the year in order that any potential expenditure overspends or income loss within individual Committee or budget headings are identified at the earliest opportunity. Any Committee that has a budget should review its financial position at regular intervals, and at least once per quarter.

### **Virement Guidelines**

- All virements must be identified as related to specific budget headings for income or expenditure;
- Virement should only be used by exception (e.g. to add or remove a heading from the budget during the year due to unforeseen circumstances), not to make routine adjustments to match end-of-year out-turn forecasts;
- Any virement transfer from one budget heading to another must have the prior approval of the Finance Committee or Full Council and shall be recorded in the minutes;
- Only Full Council can approve a virement transfer from an Earmarked Reserve (capital expenditure).