



Rusthall

Parish Council

BUDGET VIREMENT POLICY

1. Introduction

The budget is set in November for the next financial and history tells us that there will be some overspends and some underspends on budget accounts.

The purpose of this Policy is clarify when a transfer between budget accounts is to be made, how to deal with transfers from the Contingency account and what happens when a budget is exceeded, or under spent.

2. Why do we need a Virement Policy?

Rusthall Parish Council has a bookkeeping system (RBS Alpha) and a Contingency account which is monies held for unexpected projects within the Parish and to prevent any drawdown on the Earmarked Reserves.

It should be noted that no payments are made directly from the Contingency account but a transfer is made (upon authorisation from either the Finance Committee or Full Council) from the account to the nominated project and the payment made from there.

RBS Alpha produces detailed reports and shows when accounts are over and under budget but also approaching budget. It is therefore not proposed to itemise 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 if a virement transfer is required.

3. Definition of Virement

Virement is the process of transferring a revenue 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 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.

4. 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 every meeting.



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5. Virement Guidelines

- ❖ All virements must be identified as related to expenditure
- ❖ Any virement transfer from or to the Contingency account 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 Ear Marked Reserve (EMR)

6. Implementation of this Policy

This policy is to take effect from 14th October 2013 (adopted by Full Council at its meeting of that date).

The policy will be reviewed annually.