



NOAK BRIDGE PARISH COUNCIL BUDGET VIREMENT POLICY

1. INTRODUCTION

The budget 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, how to deal with transfers from the Reserve/Contingency account and what happens when a budget is exceeded or under spent.

2. 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.

3. FINANCIAL RESPONSIBILITIES

In a cash limited budget environment, budgetary control must be strictly maintained throughout the year in order that potential expenditure overspends and income under-achievement within individual budget heads are identified at the earliest possible opportunity. The Clerk/RFO produces an Actual versus Budget report regularly throughout the year, to show when accounts are over and under budget, but also approaching budget. The Parish Council has a duty to ensure that adequate policies and procedures are in place to ensure effective system of financial control. The budget virement process is one of those controls.

4. VIREMENT GUIDELINES

- (i) All virements must be as identified as related to expenditure.
- (ii) Any virement transfer from or to the Contingency account must have the prior approval of the Finance Committee or Full Council.
- (iii) All virement proposals shall be recorded in the Minutes of the Parish Council.
- (iv) Only Full Council can approve a virement transfer from an Ear Marked Reserve (EMR).