Ormesby St Margaret with Scratby Parish Council

Budget Virement Policy

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1. **Introduction**
The budget is set in December/January for the next financial year and is the basis for the precept. History tells us that there will be some overspends and some underspends on the 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 accounts and what happens when a budget is exceeded or underspent.

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.

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 an effective system of financial control.

3. **Use of Virements**
Virements may be used:
a) To enable the Parish Council to correct errors that may have arisen when setting up budget accounts
b) To transfer monies from one budget heading to another
c) To apply monies from other Accounts or Ear Marked Reserve Funds in the event of expenditure that had not been anticipated at the time the budget was set, or an unforeseen increase in the nature of the expenditure.

4. **Financial Responsibilities**
Budgetary control must be strictly maintained throughout the year in order that any potential expenditure or income loss within the 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.

5. **Virement Guidelines**
   *All virements must be identified as related to a specified expenditure or budget underspend
   *Any virement transfer from other Accounts must have prior approval of the Finance and General Purposes Committee (F & GP) or full parish council and shall be recorded in the minutes.
   *Only full council can approve a virement transfer from an Ear Marked Reserve Funds

6. **Implementation of this Policy**
   This Policy is to take effect that 9th June 2025 as adopted by full parish council.

   The policy shall be renewed a minimum of every three years.