

Canvey Island Town Council

Budget Virement Policy

Introduction

The budget is set in November 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 under spends 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 overrun, or under spent.

Definition

Virement is the process of transferring a revenue budget from one budget heading to another, with the approval of the Town 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 Town Council has adequate policies and procedures in place to ensure effective system of financial control.

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.

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 Policy and 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)