
FINANCIAL PROCEDURE – VIREMENT

1. Scope

- This Financial policy covers permanent virements – one-off, under and overspends within financial years should be notified via the FP&A team to the Director of Finance as soon as they are identified. Where appropriate temporary virement arrangements can be approved by the Finance Director.

2. Definitions

- Virement – The PERMANENT transfer of part or all of a budget from one or more budgets to one or more budgets
- Budget controller – The head of department, head of other academic unit, professional service head or SMC member.
- Budget Controller line manager – in the case of Professional services they are the relevant SMC member, for academic departments and Institutes it is the Pro-Director Planning and Resources (on behalf of the Director)
- Establishment – the list of permanent and fixed term approved posts associated with budget by grade, job description and FTE (excluding externally funded research grant staff)
- Budgets – individual budget lines, usually representing a unique Aptos CC1/CC2 combination
- Budget Groups – with effect FY 2017/18 (and on a trial basis for PSA from January 2017), budgets are grouped and notified each year to the Budget Controller on form B/1. Individual budget Lines within the ‘Budget group’ can be considered as a single item for virement purposes. B/1 defines this.

3. Principles

- Budget Controllers are responsible for the prioritisation and deployment of the resources allocated by the School to meet the objectives set by their line manager.
- Objectives and priorities may change because of a combination of (i) external factors, (ii) School decisions or (iii) proposals from the Budget Controller themselves. It the Budget Controller’s responsibility to identify any resultant cost implications and either absorb that cost within the existing budget/s, reprioritise between existing budgets and propose virement between budgets, budget groups or a combination of both, consistent with the budget controllers agreed.
- Only where this is not possible, should supplements to budgets be sought, normally through the formal budget processes of the School.
- As staff FTE data is a key reporting metric, ensuring that the number of staff employed on permanent or fixed term contracts is carefully monitored and controlled at all times, this virement process is consistent with that requirement.

4. Procedure and detail

- Level 1: Virement within Budget Groups held by a Budget Controller - approval by the Budget Controller's Line manager, notified to the relevant FP&A manager using form B/2.
- Level 2: Virement from between Budgets Groups may be possible however if it leads to an increase in staff Establishment headcount, FTE or (in some cases) grade it requires an additional level approval by the Finance Director and, in the case of academic departments, the Pro-director Planning and Resources. Given the additional complexity of the process, it is recommended that proposals which fall into this category are discussed with the relevant FP&A manager before preparing form B/2.
- Virements between Budget Controllers' budgets are permitted, on an equivalent basis (ie both sign).

5. Limits and conditions

- Virement between budgets greater than £100k¹ cumulatively require ratification as part of the annual budget process.
- Virements are permanent transfers. To avoid undermining the authority of Budget Controllers to manage their budgets responsibly, a permanent record of Virement will be retained and a subsequent request for additional resources for budgets which had previously been subject to Virement will require additional justification and may be declined on that basis.

Financial Procedure status:

- *Finance Director approved.*
- *COO and CFO approved.*
- *This version to be used on a trial basis for the 2017 Professional Service area budget process.*
- *Final version to be to be ratified by SMC.*
- *Subject to amendments at short notice*

Mike Ferguson

¹ Subject to review

VIREMENT PROPOSAL (Permanent changes)

Budget Code	Narrative	Budget Group	+/- £ to move	Effective date

Insert or attach supporting narrative etc

Request Level

Level 1 – Budget line virement – Budget controller/s and SMC manager/s

Level 2 – Budget Group virement - Budget controller/s and SMC manager/s + Finance Director

Approval

Controller/s _____

SMC manager/s _____

PD(P&R) | Finance Director _____

(where required)