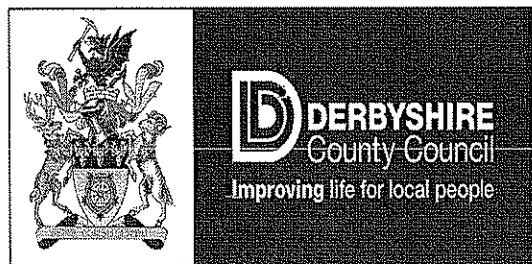


BUDGET ADJUSTMENTS GUIDELINES



October 2016

Version history

Version	Date	Author	Reason	Approved
2.0	15 March 2013	Paul Stone	Final Draft	
3.0	03 October 2016	Sarah Wainwright	Revised version	

Approval and Authentication

Name
Paul Stone

Job Title
Finance Manager

Signature


Date
03 October 2016

Protocol for Budget Adjustments

Background

There are a number of reasons for undertaking a budget adjustment, the purpose of this paper is to set down a protocol for making adjustments.

Where access is required to a service area outside of your normal service area then this is to be agreed with the relevant Finance Manager¹. As a matter of courtesy no budget changes outside normal service areas (except recharges) should be made without discussing the implications with the relevant Finance Manager.

- All adjustments within a service area e.g. CS can be made at the discretion of the Finance Manager concerned, within the constraints of Financial Regulations;
- Adjustments between service areas e.g. between CS and Adult Care must be agreed between the Finance Managers concerned. Supporting evidence should be maintained;
- Adjustments in relation to the contribution either to/from earmarked reserves can be made by all Finance Teams using the following codes and contra budget entry into the service revenue account,

RZxxxxx 500100 (Contribution to Earmarked Reserves)

RZxxxxx 500200 (Contribution from Earmarked Reserves)

- Adjustments in relation to transfers to and from general reserves can be made by all Finance Teams using the following codes and contra budget entry into the service revenue account: -

RZxxxxx 500300 (Transfer to General Reserve)

RZxxxxx 500400 (Transfer from General Reserve)

RZ10010	Adult Social Services
RZ10020	Cultural & Community
RZ10030	Childrens Services
RZ10040	Chief Executives Dept
RZ10050	Corporate (Not CRD)
RZ10060	Corporate Resources Dept
RZ10070	Environment, Transport and Communities

- **Departments will upload their own budget adjustments for Earmarked Reserves but send any adjustments to General Reserve to Technical Section, Corporate Finance. Each department will be responsible for**

¹ Agreed by Finance Managers/Group Accountants – Finance Officer Group minutes 29th June 2011.

the reconciling of each RZ code on the ledger and provide evidence of this as part of the assurance pack process. Departmental finance teams should forward the completed 'budget virement template' for General Reserve adjustments to mary.cundy@derbyshire.gov.uk, james.goodall@derbyshire.gov.uk, ian.molyneux@derbyshire.gov.uk or dawn.fighe@derbyshire.gov.uk

- **In undertaking any virements, reference should be made to the Council's Financial Regulations:**
 - **Of up to £50,000 on any one Budget Head - May be authorised by the Strategic Director**
 - **Over the above limit - Cabinet Approval required**

Budget Adjustments

Adjustments relating to the annual budget process shall be treated in the following way. Any change will reflect one of the following types: -

- Changes to Functions (e.g. a new function which has become the Council's responsibility and will be funded via Revenue Support Grant, Business Rates, Area Based Grant or Council Tax);
- Rolling in/out of funding to/from Specific Grants (e.g. a function used to be funded by a specific grant but is now funded from Revenue Support Grant, Business Rates, Area Based Grant or Council Tax);
- Pay Inflation;
- Price Inflation;
- Increase in Income from Specific Grants;
- Increase in income from Sales, Fees and Charges;
- Efficiencies;
- Ongoing Pressures;
- One-off Pressures.

The accounting entries for any adjustment will require a double entry to RX cost centres, followed by the relevant detail code shown below, no single entry budget adjustments are to be made: -

Detail Code	Narrative
413000	Budget – Changes to Functions
413003	Budget – Specific Grants Rolled In/Out
413004	Budget – Pay Inflation
413005	Budget – Price Inflation
413006	Budget – Income
413007	Budget - Efficiencies
413008	Budget – Ongoing Pressures
413009	Budget – One-off Pressures
413010	Budget Changes – Contingency
413011	Budget Changes – Debt Charges
413012	Budget Changes – Interest Received
413013	Budget Changes – Risk Man Budget
413014	Budget Funding – CT, RSG, NNDR, ABG
413015	Budget Changes – General Reserve

The departmental cost centre should then also be added: -

RX10010	Adult Social Services
RX10020	Cultural & Community
RX10030	Childrens Services
RX10040	Chief Executives Dept
RX10050	Corporate (Not CRD)
RX10060	Corporate Resources Dept
RX10070	Environment, Transport and Communities

The codes above will therefore be populated with figures which equate back to the report taken to Council. The final adjustments will be to move the balances off these codes back mainly to RA cost centres where RSG, NNDR, ABG and Council Tax is held, any over or under allocation will then be put to the Risk Management Budget on RZ10080.

Example 1

Additional Area Based Grant of £100,000 is allocated to the Council in year. It is agreed that the grant relates to CS activities and the funding should be allocated to the department. The appropriate budget entries are as follows:

Cr RE10010 427040	Area Based Grant	100,000
Dr RX10030 413014	CS Budget Funding CT/RSG/NNDR/ABG	100,000
Cr RX10030 413008	CS Budget – Ongoing Pressures	100,000
Dr CSSA004 190000	CS Education Psychologist – Unalloc Budget	100,000

Note: For all transfers to/from general and earmarked reserves the plan version on the Virement Upload template should be 'T'. If at year-end the period from and to should be 'from 12 to 12'.

Transfers to Earmarked Reserves

Transfers to Earmarked Reserves consist of 2 entries. Firstly a budget virement to credit the relevant service budget and debit the relevant RZ cost centre below with the GL code 500100. **This is a 'one-off' type transfer and therefore should be entered as Plan Version 'T' on the budget virement upload template.**

Secondly a document type SA journal (FV50) to debit the relevant RZ code below with GL code 500100 and credit the earmarked reserve general ledger code, which should begin with an 8.

GL code 500100 should always have a budget that balances with the actual on the code.

RZ codes to use in conjunction with 500100 are as follows:

- RZ10010 – Adult Care
- RZ10020 – Cultural & Community Services
- RZ10030 – Childrens Services
- RZ10040 – Chief Execs
- RZ10050 – Corporate Budgets
- RZ10060 – Corporate Resources
- RZ10070 – Environment, Transport and Communities
- RZ10080 – Non departmental specific

Transfers from Earmarked Reserves

Transfers from Earmarked Reserves consist of 2 entries. Firstly a budget virement to debit the relevant service budget and credit the relevant RZ cost centre below with the GL code 500200. **This is a 'one-off' type transfer and therefore should be entered as Plan Version 'T' on the budget virement upload template.**

If the transfer is being done at the year-end, the plan version 'To' and 'From' should be 12 and 12. There are no budget periods above period 12.

Should always be plan version 'T'.

Period	Fiscal Year	From	To	Note	Increase in In	Decrease in c	
			12				
			12				
			2012				
Virement Description	Cost Centre	Order	Cost Element or GL	Total Amount	Distribution Key	Period 1	Peri
Ed Services Psychologist Cabinet 15/2 /2013	CSSA604		112500	80000	1		
Ed Services Psychologist Cabinet 15/2 /2013	RZ10030		500200	-80000	1		

Secondly a document type SA journal (FV50) to credit the relevant RZ code below with GL code 500200 and debit the appropriate earmarked reserve code. The GL code will begin with an 8 and the appropriate profit centre, as follows:

- XA00001 – Adult Care
- XC00001 – Childrens Services
- XE00001 – Environment, Transport and Communities
- XK00001 – Cultural & Community Services
- XL00001 – Corporate Resources
- XM00001 – Chief Execs
- XN00001 – Corporate Budgets

GL code 500200 should always have a budget that balances with the actual on the code.

Example of transfer from earmarked reserve

<u>Budget Virement – Plan Version T</u>		
Dr	CSSA004 112500 CS Education Psychologist	80,000
Cr	RZ10030 500200 CS Transfer from EM reserve	80,000
<u>Journal Transfer</u>		
Dr	XC00001 891107 CS Earmarked Reserve	80,000
Cr	RZ10030 500200 CS Transfer from EM reserve	80,000

Transfer from General Reserve

Transfers from General Reserve consist of 2 entries. **This is a 'one-off' type transfer and therefore should be entered as Plan Version 'T' on the budget virement upload template. Firstly a budget virement to debit the relevant service budget and credit the relevant RZ cost centre below with the GL code 500400, as below:**

RZ10010	Adult Social Services
RZ10020	Cultural & Community
RZ10030	Childrens Services
RZ10040	Chief Executives Dept
RZ10050	Corporate (Not CRD)
RZ10060	Corporate Resources Dept
RZ10070	Environment, Transport and Communities

Secondly a document type SA journal (FV50) to credit the relevant RZ code with GL code 500400 and debit the appropriate general reserve code, which is 891003 and the appropriate profit centre, as follows:

XA00001	– Adult Care
XC00001	– Childrens Services
XE00001	– Environment, Transport and Communities
XK00001	– Cultural & Community Services
XL00001	– Corporate Resources
XM00001	– Chief Execs
XN00001	– Corporate Budgets

Example of Transfer from General Reserve

<u>Budget Virement – Plan Version T</u>		
Dr	CSSA004 190000 CS Service Department Budget	
Cr	RZ10030 500400 CS Movement in Reserves	
<u>Journal Transfer</u>		
Dr	XC00001 891003 CS Transfer from General Reserve	
Cr	RZ10030 500400 CS Movement in Reserves	

Transfer to General Reserve

Transfers to the General Reserve consist of 2 entries. Firstly a budget virement to credit the relevant service budget and debit the relevant RZ cost centre below with the GL code 500300.

Secondly a document type SA journal (FV50) to debit the relevant RZ code below with GL code 500300 and credit the earmarked reserve general ledger code, which will begin with an 8 and the appropriate profit centre, as follows:

XA00001 – Adult Care
XC00001 – Childrens Services
XE00001 – Environment, Transport and Communities
XK00001 – Cultural & Community Services
XL00001 – Corporate Resources
XM00001 – Chief Execs
XN00001 – Corporate Budgets

GL code 500300 should always have a budget that balances with the actual on the code.

RZ codes to use in conjunction with 500300 are as follows:

RZ10010	Adult Social Services
RZ10020	Cultural & Community
RZ10030	Childrens Services
RZ10040	Chief Executives Dept
RZ10050	Corporate (Not CRD)
RZ10060	Corporate Resources Dept
RZ10070	Environment, Transport and Communities

Example of transfer to General Reserve

Budget Virement – Plan Version T

Cr CSSA004 112500 CS Education Psychologist 40,000
Dr RZ10030 500300 CS Transfer to General Reserve 40,000

Journal Transfer

Cr XC00001 891003 CS to General Reserve 40,000
Dr RZ10030 500300 CS Transfer to General Reserve 40,000

REVENUE CONTRIBUTIONS TO CAPITAL OUTLAY (RCCO)

RCCO from current year budget

RCCO from a current year budget consists of 2 entries.

Firstly a budget virement to credit the relevant service budget and debit the relevant RZ cost centre below with the GL code 500060.

Secondly a document type SA journal (FV50) to debit the relevant RZ code below with GL code 500060 and credit the relevant W cost centre below with GL code 692000.

GL code 500060 should always have a budget that balances with the actual on the code.

RZ codes to use in conjunction with 500060 are as follows:

- RZ10010 – Adult Care
- RZ10020 – Cultural & Community Services
- RZ10030 – Childrens Services
- RZ10040 – Chief Execs
- RZ10050 – Corporate Budgets
- RZ10060 – Corporate Resources
- RZ10070 – Environment, Transport and Communities
- RZ10080 – Non departmental specific

W cost centers to be used with 692000 are as follows:

- WA99999 – Adult Care
- WB99999 – BSF Schemes
- WC99999 – Childrens Services
- WE99999 – Environment, Transport and Communities
- WK99999 – Cultural and Community Services
- WL99999 – Corporate Resources
- WM99999 – Chief Execs
- WN99999 – Corporate Budgets

7.2 RCCO from Revenue Reserve

RCCO from a revenue reserve consists of 3 entries.

Firstly a document type SA journal (FV50) to debit the reserve 8 code with a profit centre, and credit GL 500200 with the relevant RZ code below.

Secondly a further document type SA journal (FV50) to debit the relevant RZ code below with GL code 500060 and credit the relevant W cost centre below with GL code 692000.

Finally a budget virements to credit the 500200 with the relevant RZ cost centre and debit GL code 500060 with the relevant RZ cost centre below.

Both GL code 500060 and 500200 should always have a budget that balances with the actual on the code.

RZ codes to use in conjunction with codes 500060 and 500200 are as follows:

RZ10010 – Adult Care
RZ10020 – Cultural & Community Services
RZ10030 – Childrens Services
RZ10040 – Chief Execs
RZ10050 – Corporate Budgets
RZ10060 – Corporate Resources
RZ10070 – Environment, Transport and Communities
RZ10080 – Non departmental specific

W cost centers to be used with 692000 are as follows:

WA99999 – Adult Care
WB99999 – BSF Schemes
WC99999 – Childrens Services
WE99999 – Environment, Transport and Communities
WK99999 – Cultural and Community Services
WL99999 – Corporate Resources
WM99999 – Chief Execs
WN99999 – Corporate Budgets

