

**Finance Procedures Risk Register (V6)**  
**Approved at Town Council Meeting on 20 February 2024**  
**Due for review February 2025**

No	Short Risk Description	Uncertainty?	Leading To?	Resulting In?	Possible Causes	“T” action	Controls / Actions	(Residual) Impact Assessment	(Residual) Likelihood Assessment	(Residual) Risk Score
1	Misappropriation of Council Funds	Could Council funds be misappropriated?	<ul style="list-style-type: none"> <li>• Fraudulent activity</li> <li>• Unauthorised expenditure</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of Council reputation</li> <li>• Lack of funds to proceed with authorised expenditure / projects</li> </ul>	<ul style="list-style-type: none"> <li>• Inadequate financial procedures</li> <li>• Lack of internal controls</li> </ul>	Treat	<ul style="list-style-type: none"> <li>• Financial Regulations reviewed annually by Council</li> <li>• Council formally approving all expenditure transactions in open session</li> <li>• Cheques requiring 2 Councillor signatories</li> <li>• All payments requiring 2 Councillor authorisation</li> <li>• Councillors undertake bank reconciliations</li> <li>• Committees regularly reviewing actual income / expenditure compared to budget</li> <li>• Purchase orders raised for all orders (except payments from petty cash)</li> <li>• Spending limits set in Financial Regulations</li> <li>• Supplier invoices checked against orders for accuracy</li> <li>• Blank cheques are never signed</li> <li>• Internal and external audits</li> </ul>	Major	Rare	Low

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2	<b>Petty Cash</b>	Is petty cash dealt with properly?	<ul style="list-style-type: none"> <li>• Fraudulent activity</li> <li>• Inappropriate expenditure</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of Council reputation</li> </ul>	Procedures not followed	Treat	<ul style="list-style-type: none"> <li>• Petty cash held does not exceed an agreed maximum amount</li> <li>• Petty cash locked away when not in use</li> <li>• Receipts must be produced to accompany petty cash claims</li> <li>• Cash received is signed for by recipient</li> <li>• Petty cash transactions are signed off by Councillors via the monthly bank reconciliation</li> <li>• Internal Audit</li> </ul>	Minor	Rare	Low
3	<b>Market Income</b>	Is all market income dealt with correctly and safely?	<ul style="list-style-type: none"> <li>• Fraudulent activity</li> <li>• Risk to staff safety</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of Council reputation</li> <li>• Loss of income</li> <li>• Compensation payments to staff</li> </ul>	Procedures not followed	Treat	<ul style="list-style-type: none"> <li>• List of traders present is compiled by different person to who collects the fees</li> <li>• Receipts are given for all payments</li> <li>• Fees are collected by 2 people whenever possible.</li> <li>• Fees are not collected at the same time each week</li> <li>• When fees are being collected at least one person in the office is aware of departure and thus expected return time. Appropriate insurance cover is in place</li> </ul>	Major	Unlikely	Medium
4	<b>Banking</b>	Can money be transported safely to and	<ul style="list-style-type: none"> <li>• Fraudulent activity</li> <li>• Risk to staff safety</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of Council reputation</li> <li>• Loss of income</li> </ul>	Procedures not followed	Treat	<ul style="list-style-type: none"> <li>• Record kept in office of what is being taken to the Post Office to</li> </ul>			Low

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		from the Post Office		<ul style="list-style-type: none"> <li>• Compensation payments to staff</li> </ul>			<ul style="list-style-type: none"> <li>• be paid in or amount to be cashed</li> <li>• Vary day/time visits to the Post Office are made</li> <li>• When visit to Post Office is being made at least one person in the office is aware of departure and thus expected return time.</li> <li>• Payments by BACS are being actively encouraged</li> <li>• Appropriate insurance cover is in place</li> </ul>			
5.	<b>On-Line banking</b>									
	<b>a) Unauthorised payments</b>	Could an unauthorised person authorise a payment?	<ul style="list-style-type: none"> <li>• Fraudulent activity</li> <li>• Loss to the Council</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced finance available for planned expenditure</li> </ul>	Procedures not followed	Treat	<ul style="list-style-type: none"> <li>• Transactions require 2 separate sign-ins and authorisations</li> <li>• Passwords, card readers and cards are kept in different, secure locations</li> <li>• Authorisation amounts set in financial regulations</li> <li>• On-line banking procedures set in Financial Regulations</li> <li>• Set up with restrictions &amp; parameters</li> </ul>	Major	Unlikely	Medium
	<b>b) Unable to make a payment</b>	Can a payment be made if on-line banking not available	<ul style="list-style-type: none"> <li>• Late payment</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of Council reputation</li> <li>• Additional costs e.g. interest charge</li> </ul>	<ul style="list-style-type: none"> <li>• Unexpected staff absence - therefore 2 authorisers not available</li> <li>• Internet not available</li> </ul>	Treat	<ul style="list-style-type: none"> <li>• 2 members of staff set up to authorise on-line payments</li> <li>• Payments set-up and authorised in advance</li> </ul>	Moderate	Possible	Medium

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							of scheduled payment date • Payment by cheque			
6.	<b>Transfers between bank accounts</b>	Could a payment be made to an unauthorised beneficiary	<ul style="list-style-type: none"> <li>• Fraudulent activity</li> <li>• Loss to the Council</li> </ul>	Reduced finance available for planned expenditure	Procedures not followed	Treat	<ul style="list-style-type: none"> <li>• Transfers authorised by 2 Councillors</li> <li>• Bank instructed that only specified transactions are permissible between nominated accounts</li> <li>• Monthly bank reconciliations undertaken by Councillors</li> <li>• Internal Audit</li> </ul>	Major	Rare	Low
7.	<b>Income received by post</b>	Could cash / cheques received be stolen	<ul style="list-style-type: none"> <li>• Fraudulent activity</li> <li>• Loss to the Council</li> </ul>	Reduced finance available for planned expenditure	Procedures not followed	Treat	<ul style="list-style-type: none"> <li>• Incoming post logged</li> <li>• Receipt issued by Deputy Clerk or Officer who did not raise the invoice</li> <li>• Cash / cheques stored in safe until banked</li> <li>• Received Income Transactions List checked against bank paying in slip</li> <li>• Internal Audit</li> </ul>	Major	Rare	Low
8.	<b>Salaries</b>	Are salaries always paid correctly with the correct deductions made?	<ul style="list-style-type: none"> <li>• Fraudulent activity</li> <li>• Loss to the Council</li> <li>• Compensation payments</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of Town Council reputation</li> <li>• Possibility of fines issued by HMRC</li> </ul>	<ul style="list-style-type: none"> <li>• Procedures not followed</li> <li>• Changes to NI or tax rates not implemented</li> <li>• Changes to pay scales not implemented</li> </ul>	Treat	<ul style="list-style-type: none"> <li>• Salaries paid by monthly bank transfer</li> <li>• Salaries paid in accordance with individual staff contracts</li> <li>• HMRC tax and NI calculated by Compass (specialist payroll provider)</li> </ul>	Moderate	Possible	Medium

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							<ul style="list-style-type: none"> <li>• Payments made monthly to HMRC</li> <li>• Payments made monthly to SCC for pension contributions</li> <li>• Payments schedule independently checked</li> <li>• Salary Calculations checked by Compass (who prepare salary slips, calculate tax etc)</li> <li>• Internal Audit</li> </ul>			
9.	<b>VAT</b>	Are the correct amounts of VAT charged and reclaimed	<ul style="list-style-type: none"> <li>• Undercharging for services</li> <li>• Inaccurate VAT claims submitted</li> </ul>	<ul style="list-style-type: none"> <li>• Possible fines by HMRC</li> <li>• Reduced level of finance available for planned expenditure</li> </ul>	<ul style="list-style-type: none"> <li>• Application of incorrect VAT rate</li> </ul>	Treat	<ul style="list-style-type: none"> <li>• VAT claims made quarterly</li> <li>• VAT rates identified on accounting system</li> <li>• Internal audit</li> </ul>	Moderate	Possible	Medium
10.	<b>Insurance</b>	Whether or not the Town Council has appropriate cover to meet potential losses and / claims	<ul style="list-style-type: none"> <li>• Inability to replace assets</li> <li>• Inability to meet claims made against the Town Council</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of Town Council reputation</li> <li>• Inability to carry out responsibilities due to lack of equipment</li> <li>• Severe financial difficulties</li> </ul>	<ul style="list-style-type: none"> <li>• Inadequate scrutiny of insurance cover taken</li> <li>• Insurers not updated of equipment changes</li> <li>• Insurers not notified of changed circumstance</li> <li>• Insurers not notified of new events</li> </ul>	Treat	<ul style="list-style-type: none"> <li>• Insurance cover reviewed annually</li> <li>• Asset register maintained</li> <li>• Risk management systems in place and reviewed annually</li> </ul>	Major	Unlikely	Medium

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11.	<b>Budget</b>	Is the budget set at a level to enable the Town Council to fulfil its plans without either significant under or over spending?	<ul style="list-style-type: none"> <li>• Inability to deliver services and planned projects</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of Town Council reputation</li> <li>• Broken contracts and thus compensation claims</li> </ul>	<ul style="list-style-type: none"> <li>• Poor financial monitoring</li> <li>• Poor understanding of Town Council finance and budget matters</li> <li>• Poor project planning</li> </ul>	Treat	<ul style="list-style-type: none"> <li>• Budget monitoring by Committees – including consideration of variations at least quarterly</li> <li>• Committees forward plan potential budget requirements</li> <li>• Emergency expenditure is reported to councillors as soon as possible</li> <li>• Unbudgeted expenditure is avoided as far as possible</li> </ul>	Moderate	Possible	Medium
12	Paying Invoices	Are staffing levels sufficient to ensure invoices can be paid in a timely manner?	Difficulty in purchasing goods and services	<ul style="list-style-type: none"> <li>• Loss of Town Council reputation</li> <li>• Broken contracts and thus compensation claims</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of trained staff</li> <li>• Staff absence</li> </ul>	Treat	<ul style="list-style-type: none"> <li>• Procedures to be written so clear policy on how council's payments are made.</li> <li>• All office staff to understand how to pay an invoice.</li> </ul>	Major	Possible	Medium
13	Reserves	Are the Town Council's reserves at an appropriate level?	<ul style="list-style-type: none"> <li>• Setting an unnecessarily high budget (if reserves are too high)</li> <li>• Lack of resilience for expenditure plans (if reserves too low)</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of Town Council reputation</li> <li>• Poor audit reports</li> <li>• Inappropriate spending</li> </ul>	<ul style="list-style-type: none"> <li>• Inaccurate budgeting</li> <li>• Projects not proceeding as planned</li> </ul>	Take Advantage & Treat	<ul style="list-style-type: none"> <li>• Implement project plans</li> <li>• Review project plans regularly.</li> </ul>	Moderate	Unlikely	Low

**Risk Assessment Grid (provided By South West Audit Partnership)**

		Negligible	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Rare (< 6%)	1	Low	Low	Low	Low	High
Unlikely (6 - 20%)	2	Low	Low	Low	Medium	High
Possible (21 – 50%)	3	Low	Low	Medium	Medium	High
Likely (51 – 80%)	4	Low	Medium	Medium	High	Very High
Almost Certain (> 80%)	5	Low	Medium	High	Very High	Very High