

Finance Procedures Risk Register (V3, 7th August 2019)
Reviewed for Resources Meeting on 2nd March 2021

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"> • Fraudulent activity • Unauthorised expenditure 	<ul style="list-style-type: none"> • Loss of Council reputation • Lack of funds to proceed with authorised expenditure / projects 	<ul style="list-style-type: none"> • Inadequate financial procedures • Lack of internal controls 	Treat	<ul style="list-style-type: none"> • Financial Regulations reviewed annually by Council • Council formally approving all expenditure transactions in open session • Cheques requiring 2 Councillor signatories • BACS payments requiring 2 Councillor authorisation • Councillors undertake bank reconciliations • Committees regularly reviewing actual income / expenditure compared to budget • Purchase orders raised for all orders (except payments) 	Major	Rare	Low

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							from petty cash) • Spending limits set in Financial Regulations • Supplier invoices checked against orders for accuracy • Blank cheques are never signed • Internal and external audits			
2	Petty Cash	Is petty cash dealt with properly?	<ul style="list-style-type: none"> • Fraudulent activity • Inappropriate expenditure 	<ul style="list-style-type: none"> • Loss of Council reputation 	Procedures not followed	Treat	<ul style="list-style-type: none"> • Petty cash held does not exceed an agreed maximum amount • Petty cash locked away when not in use • Receipts must be produced to accompany petty cash claims • Cash received is signed for by recipient • Petty cash transactions are signed off by Councillors when a petty cash top is required • Internal Audit 	Minor	Rare	Low

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3	Market Income	Is all market income dealt with correctly and safely?	<ul style="list-style-type: none"> • Fraudulent activity • Risk to staff safety 	<ul style="list-style-type: none"> • Loss of Council reputation • Loss of income • Compensation payments to staff 	Procedures not followed	Treat	<ul style="list-style-type: none"> • List of traders present is compiled by different person to who collects the fees • Receipts are given for all payments • Fees are collected by 2 people whenever possible. During COVID 19 pandemic only one staff member has been able to collect. • Fees are not collected at the same time each week • When fees are being collected at least one person in the office is aware of departure and thus expected return time. During COVID 19 pandemic contact for this has occurred 	Major	Unlikely	Medium

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							<p>on the telephone.</p> <ul style="list-style-type: none"> • Appropriate insurance cover is in place 			
4	Banking	Can money be transported safely to and from the bank	<ul style="list-style-type: none"> • Fraudulent activity • Risk to staff safety 	<ul style="list-style-type: none"> • Loss of Council reputation • Loss of income • Compensation payments to staff 	Procedures not followed	Treat	<ul style="list-style-type: none"> • Record kept in office of what is being taken to the bank to be paid in or amount to be cashed • Vary day / time visits to the bank are made • When visit to bank is being made at least one person in the office is aware of departure and thus expected return time. <p>During COVID 19 pandemic only one person would be in the office to do this. Call is made to other staff member to say leaving the office and again when return.</p>			

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							<ul style="list-style-type: none"> • Payments by BACS are being actively encouraged • Appropriate insurance cover is in place 			
5.	On-Line banking									
	a) Unauthorised payments	Could an unauthorised person authorise a payment?	<ul style="list-style-type: none"> • Fraudulent activity • Loss to the Council 	<ul style="list-style-type: none"> • Reduced finance available for planned expenditure 	Procedures not followed	Treat	<ul style="list-style-type: none"> • Transactions require 2 separate sign-ins and authorisations • Passwords, card readers and cards are kept in different, secure locations • Authorisation amounts set in financial regulations • On-line banking procedures set in Financial Regulations • Set up with restrictions & parameters 	Major	Unlikely	Medium
	b) Unable to make a payment	Can a payment be made if on-line banking not available	<ul style="list-style-type: none"> • Late payment 	<ul style="list-style-type: none"> • Loss of Council reputation • Additional costs e.g. interest charge 	<ul style="list-style-type: none"> • Unexpected staff absence - therefore 2 authorisers not available 	Treat	<ul style="list-style-type: none"> • 2 members of staff set up to authorise on-line payments 	Moderate	Possible	Medium

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					<ul style="list-style-type: none"> Internet not available 		<ul style="list-style-type: none"> Payments set-up and authorised in advance of scheduled payment date Payment by cheque 			
6.	Transfers between bank accounts	Could a payment be made to an unauthorised beneficiary	<ul style="list-style-type: none"> Fraudulent activity Loss to the Council 	Reduced finance available for planned expenditure	Procedures not followed	Treat	<ul style="list-style-type: none"> Transfers authorised by 2 Councillors Bank instructed that only specified transactions are permissible between nominated accounts Monthly bank reconciliations undertaken by Councillors Internal Audit 	Major	Rare	Low
7.	Income received by post	Could cash / cheques received be stolen	<ul style="list-style-type: none"> Fraudulent activity Loss to the Council 	Reduced finance available for planned expenditure	Procedures not followed	Treat	<ul style="list-style-type: none"> Incoming post logged Receipt issued by Deputy Clerk or Officer who did not raise the invoice Cash / cheques stored in safe until banked Received Income 	Major	Rare	Low

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							<ul style="list-style-type: none"> Transactions List checked against bank paying in slip Internal Audit 			
8.	Salaries	Are salaries always paid correctly with the correct deductions made?	<ul style="list-style-type: none"> Fraudulent activity Loss to the Council Compensation payments 	<ul style="list-style-type: none"> Loss of Town Council reputation Possibility of fines issued by HMRC 	<ul style="list-style-type: none"> Procedures not followed Changes to NI or tax rates not implemented Changes to pay scales not implemented 	Treat	<ul style="list-style-type: none"> Salaries paid by monthly bank transfer Salaries paid in accordance with individual staff contracts HMRC Basic PAYE (on-line) tool used to calculate tax and NI HMRC tax and NI calculated by Compass (specialist payroll provider) Payments made monthly to HMRC Payments made monthly to SCC for pension contributions Payments schedule independently checked before faxing to bank 	Moderate	Possible	Medium

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							<ul style="list-style-type: none"> Salary Calculations checked by Compass (who prepare salary slips, calculate tax etc) Internal Audit 			
9.	VAT	Are the correct amounts of VAT charged and reclaimed	<ul style="list-style-type: none"> Undercharging for services Inaccurate VAT claims submitted 	<ul style="list-style-type: none"> Possible fines by HMRC Reduced level of finance available for planned expenditure 	<ul style="list-style-type: none"> Application of incorrect VAT rate Town Council is still relatively new to VAT regime 	Treat	<ul style="list-style-type: none"> VatAT claims made quarterly VatAT rates identified on accounting system Internal audit 	Moderate	Possible	Medium
10.	Insurance	Whether or not the Town Council has appropriate cover to meet potential losses and / claims	<ul style="list-style-type: none"> Inability to replace assets Inability to meet claims made against the Town Council 	<ul style="list-style-type: none"> Loss of Town Council reputation Inability to carry out responsibilities due to lack of equipment Severe financial difficulties 	<ul style="list-style-type: none"> Inadequate scrutiny of insurance cover taken Insurers not updated of equipment changes Insurers not notified of changed circumstance Insurers not notified of new events 	Treat	<ul style="list-style-type: none"> Insurance cover reviewed annually Asset register maintained Risk management systems in place and reviewed annually 	Major	Unlikely	Medium
11.	Budget	Is the budget set at a level to enable the Town Council to fulfil its plans without either significant	<ul style="list-style-type: none"> Inability to deliver services and planned projects 	<ul style="list-style-type: none"> Loss of Town Council reputation Broken contracts and thus 	<ul style="list-style-type: none"> Poor financial monitoring Poor understanding of town council 	Treat	<ul style="list-style-type: none"> budget monitoring by Committees – including consideration 	Moderate	Possible	Medium

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		under or over spending?		compensation claims	finance and budget matters <ul style="list-style-type: none"> Poor project planning 		of variations at least quarterly <ul style="list-style-type: none"> Committees forward plan potential budget requirements Emergency expenditure is reported to councillors as soon as possible Unbudgeted expenditure is avoided as far as possible 			
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"> Loss of Town Council reputation Broken contracts and thus compensation claims 	<ul style="list-style-type: none"> Lack of trained staff Staff absence 	Treat	<ul style="list-style-type: none"> Handover between temporary staff Town Clerk learning financial software Procedures to be written so clear policy on how Council's payments are made. All office staff to understand how to pay an invoice. 	Major	Possible	Medium
13	Reserves	Are the Town Council's	<ul style="list-style-type: none"> Setting an unnecessarily high budget 	<ul style="list-style-type: none"> Loss of Town Council reputation 	<ul style="list-style-type: none"> Inaccurate budgeting 	Take Advant	<ul style="list-style-type: none"> Implement project plans 	Moderate	Unlikely	Low

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		reserves at an appropriate level?	(if reserves are to high) • Lack of resilience for expenditure plans (if reserves too low)	• Poor audit reports • Inappropriate spending	• Projects not proceeding as planned	age & Treat	• Review project plans regularly.			

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

T Treatments: Tolerate, Treat, Transfer, Terminate, Take advantage