

Finance Procedures Risk Register (V3, 7th August 2019)
(Changes since previous assessment in August 2018 are in bold, red text)

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 • Councillors undertake bank reconciliations • Committees regularly reviewing actual income / expenditure compared to budget • Purchase orders raised for all orders (except payments from petty cash) • Spending limits set in 	Major	Rare	Low

Agenda No 9

No	Short Risk Description	Uncertainty?	Leading To?	Resulting In?	Possible Causes	"T" action	Controls / Actions	(Residual) Impact Assessment	(Residual) Likelihood Assessment	(Residual) Risk Score
							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?	• Fraudulent activity • Inappropriate expenditure	• Loss of Council reputation	Procedures not followed	Treat	• 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
3	Market Income	Is all market income dealt with correctly and safely?	• Fraudulent activity • Risk to staff safety	• Loss of Council reputation	Procedures not followed	Treat	• List of traders present is compiled by different person to who	Major	Unlikely	Medium

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				<ul style="list-style-type: none"> • Loss of income • Compensation payments to staff 			<ul style="list-style-type: none"> collects the fees • Receipts are given for all payments • Fees are collected by 2 people whenever possible • 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 • 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 			

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							<ul style="list-style-type: none"> • When visit to bank is being made at least one person in the office is aware of departure and thus expected return time • 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 	Major	Unlikely	Medium

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							Financial Regulations • Set up with restrictions & parameters			
	b) Unable to make a payment	Can a payment be made if on-line banking not available	• Late payment	• Loss of Council reputation • Additional costs e.g. interest charge	• Unexpected staff absence - therefore 2 authorisers not available • Internet not available	Treat	• 2 members of staff set up to authorise on-line payments • Payments set-up and authorised in advance of scheduled payment date • Payment by cheque	Moderate	Possible	Medium
6.	Transfers between bank accounts	Could a payment be made to an unauthorised beneficiary	• Fraudulent activity • Loss to the Council	Reduced finance available for planned expenditure	Procedures not followed	Treat	• 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	• Fraudulent activity • Loss to the Council	Reduced finance available for planned expenditure	Procedures not followed	Treat	• Incoming post logged • Receipt issued by Deputy Clerk	Major	Rare	Low

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							or Officer who did not raise the invoice • Cash / cheques stored in safe until banked • Received Income 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 • Payments made monthly to HMRC • Payments made monthly to SCC for pension contributions • Payments schedule independently checked 	Moderate	Possible	Medium

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							<ul style="list-style-type: none"> • before faxing to bank • 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"> • Vat claims made quarterly • Vat 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	<ul style="list-style-type: none"> • Inability to deliver services and 	<ul style="list-style-type: none"> • Loss of Town 	<ul style="list-style-type: none"> • Poor financial monitoring 	Treat	<ul style="list-style-type: none"> • budget monitoring by Committees – 	Moderate	Possible	Medium

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		Council to fulfil its plans without either significant under or over spending?	planned projects	Council reputation • Broken contracts and thus compensation claims	<ul style="list-style-type: none"> • Poor understanding of town council finance and budget matters • Poor project planning 		including consideration of variations at least quarterly • 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 	Major	Possible	Medium
13	Reserves	Are the Town Council's reserves at an appropriate level?	<ul style="list-style-type: none"> • Setting an unnecessarily high budget (if reserves are too high) • Lack of resilience for expenditure plans (if 	<ul style="list-style-type: none"> • Loss of Town Council reputation • Poor audit reports • Inappropriate spending 	<ul style="list-style-type: none"> • Inaccurate budgeting • Projects not proceeding as planned 	Take Advantage & Treat	• Implement project plans	Moderate	Unlikely	Low

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			reserves too 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

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