

**Finance  
Risk Register (V1 7 June2016)**

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>• 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> </ul>	Major	Rare	Low

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							<ul style="list-style-type: none"> <li>• Supplier invoices checked against orders for accuracy</li> <li>• Blank cheques are never signed</li> <li>• Internal and external audits</li> </ul>			
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 when a petty cash top is required</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> </ul>	Major	Unlikely	Medium

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							<ul style="list-style-type: none"> <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</li> <li style="color: red;">Additional control to check – insurance cover re any theft of cash during collection or staff injury</li> </ul>			
4	<b>Banking</b>	Can money be transported safely to and from the bank	<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>• Record kept in office of what is being taken to the bank to be paid in or amount to be cashed</li> <li>• Vary day / time visits to the bank are made</li> </ul>			

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							<ul style="list-style-type: none"> <li>When visit to bank is being made at least one person in the office is aware of departure and thus expected return time</li> <li>Additional control to check – insurance cover re any theft of cash during collection or staff injury</li> </ul>			
5.	<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
6.	<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</li> </ul>	Major	Rare	Low

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							<ul style="list-style-type: none"> <li>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>			
7	<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> <li>•</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 Basic PAYE (on-line) tool used to calculate tax and NI</li> <li>• Payments made monthly to HMRC</li> <li>• Payments made monthly to SCC for pension contributions</li> <li>• Payments schedule independently checked before faxing to bank</li> <li>• Internal Audit</li> </ul>	Moderate	Possible	Medium

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8	VAT	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> <li>Town Council is still relatively new to VAT regime</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
9	Insurance	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
10	Budget	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</li> </ul>	Moderate	Possible	Medium

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							soon as possible • Unbudgeted expenditure is avoided as far as possible			

**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