

## FINANCIAL RISK ASSESSMENT

ACTIVITY	RISK IDENTIFIED	RATING H/M/L	MANAGEMENT/CONTROL OF RISK	REVIEW / ASSESS / REVISE	RATING H/M/L	ACTION
<b>Finance</b>						
Precept	Not submitted	L	The precept amount to be requested is resolved by Council. The RFO forwards request to Unitary Authority	Existing procedure adequate	L	RFO/ Council
	Not paid by Unitary Authority	L	RFO to check and report if not received at the beginning of each period (50% April and 50% September).	Existing procedure adequate	L	RFO/ Council
	Adequacy of Precept	H	The Finance & Policy Committee review the budget in depth and review the budgetary requests from other committees. The Finance & Policy Committee make a recommendation to Council for acceptance of the budget. The precept is determined based on the budget that has been set.	Existing procedure adequate	L	RFO/ Council
	Adequacy of Budget Provision	H	Each committee starts the process in September and assess and evaluates needs to produce a draft budget for review by the Finance & Policy Committee in November. The Finance & Policy Committee make a recommendation to Council for acceptance of the budget. A monthly review of budget to actual is reported and reviewed by the Finance & Policy Committee. Details of projects that fall outside of the Councils planned expenditure are considered and approved by the appropriate committee, details of the project are then submitted to the Finance & Policy Committee to consider the potential source of funding before a recommendation is submitted to Council.	Existing procedure adequate	L	RFO/ Council
Insurance	Adequacy Cost Compliance Fidelity Guarantee	L L L M	An annual review is undertaken of all insurance arrangements in place. Employers Liability, Public Liability and Fidelity Guarantee are a statutory requirement.	Existing procedure adequate review provision and compliance annually.	L	RFO/ Chief Officer/ Council
Banking	Inadequate Checks	L	The Council has Financial Regulations which set out the requirements for banking, cheques reconciliation of accounts. All payments are supported by an invoice or receipt. Bank transactions are accurately recorded in Rialtas, which is reconciled against the bank statement and reported to the Finance & Policy Committee each month.	Existing procedure adequate Review Financial Regulations Annually	L	RFO/ Council

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			The Council carries out quarterly internal checks, with rotation of members to ensure no two same councillors' action internal check in succession. All payments are authorised by two Councillors.			
Cash	Loss through theft or dishonesty	L	Financial Regulations set out requirements and adequate cash handling procedures. The council has a float of £250 petty cash which is managed by the RFO. All petty cash expenditure is recorded and reported monthly to the Finance & Policy Committee. All cash receipts are recorded by 2 officers, which is securely locked away and is banked as soon as practically possible.	Existing procedure adequate	L	RFO/ Council
Election Costs	Risk of election costs	L	The risk is higher in an election year. There are no measures which can be adopted to minimise the risk of having a contested elections as this is a democratic process. An election reserve has been established to meet election costs. If this is insufficient any shortfall will be met by general reserves.	Existing procedure adequate  Include in financial statement when setting the precept	L	RFO/ Chief Officer/ Council
VAT	VAT Reclaim	L	The RFO produces a VAT refund analysis and makes a claim to HMRC for recovery of the amount each quarter. The refund is received via BACS transfer. The receipt of the VAT reclaim is verified as part of the Council's quarterly internal financial check and is reported to the Finance & Policy Committee.	Existing procedure adequate	L	RFO
Allotment Income	Below Budget Prediction	L	Charges are reviewed each year as part of the budget process. Any amendments to charges are advised to allotment holders a year in advance. The income received is monitored to ensure receipt from each tenant.	Existing procedure adequate	L	RFO
Cemetery Income	Below Budget Prediction	M	The income received is monitored to ensure receipt against invoices that are raised.	Existing procedure adequate	L	RFO
Investment Income	Below Budget Prediction	L	This does not currently apply to Daventry Town Council. Investment Policy is reviewed annually.	No procedure required.	L	RFO
Grants	Receipt of grant	L	Grants received come with terms and conditions that are to be satisfied as part of the award.	Procedure would be formed, if required.	L	RFO/ Chief Officer

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Administration of Accounts	Inadequate records/ financial irregularities.	M	The Town Council uses Financial Regulations which set out the requirement based on the model regulations from NALC. Appointment of NCALC Internal Audit Service. Financial records are audited externally by the way of the annual AGAR. The Town Council operates a system of internal control.	Existing procedure adequate	L	RFO/ Chief Officer/ Council
Salaries	Inadequate funding for salaries & on costs	L	The Council authorises the appointment of all employees. Salary rates are reviewed annually by the Personal Panel, are fully costed as part of the budget process and given final approval by Council	Existing procedure adequate	L	RFO/ Chief Officer/ Council
	Incorrect Pay rate, hours or deductions	L	All staff have a contract and job description. Salaries are paid monthly in arrears by BACS. TAX and NI contributions are calculated by the Town Council's payroll company, checked by the RFO and authorised by the Council's Finance & Policy Committee.	Existing procedure adequate	L	RFO/ Chief Officer/ Council
Direct Costs & Overhead expenses	Goods not supplied to TC	M	The Council operates a Purchase Order System. Goods/Services are checked against orders.	Existing procedure adequate	L	RFO
	Invoice incorrectly calculated	L	RFO checks the arithmetic of all invoices received.	Existing procedure adequate	L	RFO
	Cheque payable is excessive	M	All activity and payments are resolved at council meetings as per the financial regulations. All invoices and the appropriate payments are reviewed and signed by two councillors.	Existing procedure adequate	L	RFO/ Council
Grants & support	Power to pay/authorisation for the Town Council to pay	M	All such expenditure goes through the required process of approval, which is minuted and listed; accordingly, and separately listed if made using S137 powers of expenditure. The Town Council has the General Power of Competence.	Existing procedure adequate	L	RFO/ Chief Officer
Reserves - General	Adequacy	L	It is advisable for the council to have reserves that do not exceed the precept but should be sufficient to allow the council to operate should the expected precept not be received. Level required is considered as part of the budget setting.	Existing procedure adequate	L	Council
Reserves - Earmarked	Adequacy	L	Consider at Budget and year end	Existing procedure adequate	L	Council
Grants and Restricted Funds	Compliance with donor-imposed restrictions.	L	Controls are in place to ensure that any restricted fund received are identified upon receipt and separately accounted for.	Existing procedure adequate	L	RFO/ Chief Officer

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			Controls are in place to ensure that funds are only used for their intended purpose. The RFO and Chief Officer ensure all the terms and conditions of funding are met.			
Assets	Loss, Damage etc.	M	Annual inspection, update insurance and asset registers. Review adequacy of Public Liability Insurance.	Existing procedure adequate	L	RFO/ Chief Officer/ Council
Asset Register	Failure to identify, value and maintain all assets and ensure that asset register is complete	M	Record and maintain a record of all assets for which the Council is responsible and include in the year end accounts. Arrange for annual review of valuations where necessary and arrange for professional valuation where appropriate.	Existing procedure adequate	L	RFO
Borrowing/ lending	Adequacy of finances to be able to repay loans	M	Financial review and cash flow forecasting monthly to ensure adequate provision. In order to borrow, authority is needed from full council and an application would be submitted.	Existing procedure adequate	L	Council