



ARUNDEL TOWN COUNCIL

RISK ASSESSMENT FOR FINANCES – ADMINISTRATION & CONTROL

Date of Assessment: 10/01/2024

Assessor: Bookkeeper

What are the hazards?	Who/what might be harmed and how?	Risk level	What are you already doing?	Is any further action necessary?	Action by who?	Action by when?	Done
<p>Budget for next Financial Year not established in good time</p> <p>As a result, deadline for Precept Application missed</p> <p>As a result, Council has delayed Precept</p>	<ul style="list-style-type: none"> ▪ Internal audit qualification ▪ External assurance review qualification ▪ Reputation of council ▪ Cash flow issues 	L	<ul style="list-style-type: none"> ▪ Annual Budget Process (including timescales) clearly defined in Financial Regulations ▪ Council ensures Budget Process is followed ▪ Council reviews Budget Process annually 	No	N/A	N/A	N/A
<p>Precept too low</p> <p>As a result, Council forced to use Reserve Balances</p> <p>OR</p> <p>(in worst case) to go "bankrupt"</p>	<ul style="list-style-type: none"> ▪ Internal audit qualification ▪ External assurance review qualification ▪ Reputation of council ▪ Cash flow issues 	L	<ul style="list-style-type: none"> ▪ Annual Budget Process (including timescales) clearly defined in Financial Regulations ▪ Council ensures Budget Process is followed 	No	N/A	N/A	N/A



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If too high, Council open to criticism			<ul style="list-style-type: none"> ▪ Council reviews Budget Process annually ▪ Benchmarking exercise completed to compare with other councils in District 				
<p>Reserves</p> <p>If too low, Council is exposed to risk and will be criticised by Auditors</p> <p>If too high Council is open to public (and Auditors') criticism</p>	<ul style="list-style-type: none"> ▪ Internal audit qualification ▪ External assurance review qualification ▪ Reputation of council ▪ Cash flow issues 	L	<ul style="list-style-type: none"> ▪ Annual Budget Process (including timescales) clearly defined in Financial Regulations ▪ Council ensures Budget Process is followed ▪ Council reviews Budget Process annually ▪ Council has an adopted Reserves Policy 	No	N/A	N/A	N/A
<p>Accounting records not properly maintained.</p> <p>As result, Council loses financial control</p>	<ul style="list-style-type: none"> ▪ Internal audit qualification ▪ External assurance review qualification 	L	<ul style="list-style-type: none"> ▪ Qualified Bookkeeper employed to maintain accounting records 	No	N/A	N/A	N/A



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	<ul style="list-style-type: none"> Reputation of council Cash flow issues 		<ul style="list-style-type: none"> Regular reviews of Income & Quarterly Expenditure council Financial Regulations up to date Internal audit 				
Failure to control Payroll As result, Council not acting within law and/losing financial control	<ul style="list-style-type: none"> Internal audit qualification External assurance review qualification Reputation of council HMRC Fines Impact on staff morale if issues with salary payments 	L	<ul style="list-style-type: none"> Any additional hours of paid work by the Town Clerk must be pre-authorised, certified and logged by the Mayor. Any additional hours of paid work by any other member of staff must be pre-authorised, logged and certified by the Town Clerk Payroll processed by an external firm. 	No	N/A	N/A	N/A
Banking arrangements inappropriate: bank(s) not commercially sound or rate of return on deposits too low	<ul style="list-style-type: none"> Reputation of council Cash flow issues 	L	<ul style="list-style-type: none"> Banking and investment arrangements reviewed periodically 	No	N/A	N/A	N/A



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As a result, Council loses money			<ul style="list-style-type: none"> The council has an adopted Investment Policy 				
Banking arrangements inappropriate: deposits in a bank exceed the Financial Services Compensation Scheme cap (£85,000)	<ul style="list-style-type: none"> If the bank fails the Council loses a substantial sum of money Damage to the reputation of the Council 		<ul style="list-style-type: none"> Currently under Review and to be discussed at the next Finance Committee Meeting 	Yes <ul style="list-style-type: none"> Finance Working Group to recommend modified banking arrangements to Full Council 	Finance Committee	04/01/2024	
Unapproved payments	<ul style="list-style-type: none"> Internal audit qualification External assurance review qualification Reputation of council Cash flow issues 	L	<ul style="list-style-type: none"> Delegated authorities (for Committees and Town Clerk) clearly defined in financial regulations Dual authority required for cheques and electronic payments Financial regulations clearly define procurement and ordering process Schedule of Payments drawn up 	No	N/A	N/A	N/A



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			for council approval in accordance with financial regulations				
Fraud or Theft	<ul style="list-style-type: none"> Reputation of council Cash flow issues 	L	<ul style="list-style-type: none"> Fidelity Guarantee in place. Stock Control Cash Receipt & Petty cash procedures in place 	No	N/A	N/A	N/A
Failure to recover VAT	<ul style="list-style-type: none"> Cash flow issues 	L	<ul style="list-style-type: none"> Qualified Bookkeeper employed to maintain accounting records Quarterly submission of reclaim 	No	N/A	N/A	N/A
Loss or deterioration of Assets	<ul style="list-style-type: none"> Expense to council to replace assets 	L	<ul style="list-style-type: none"> Asset Register in place and is reviewed annually Insurance cover for all Assets in place and reviewed annually 	Yes <ul style="list-style-type: none"> The council plans to replace deteriorating assets by estimating replacement values and anticipated life of asset on the asset register to allow sufficient 	Finance Committee with support from Officers	Jan 2024	



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				time to build a suitable reserve fund for replacement.			
Failure to record Section 137 payments as required by law	<ul style="list-style-type: none"> Internal audit qualification External assurance review qualification Reputation of council 	L	<ul style="list-style-type: none"> Section 137 payments are identified separately in the Annual Financial Statement All Section 137 grants identified in Town Council minutes Section 137 Budget Lines to be identified at the time the Budget is set 	No	N/A	N/A	N/A
Failure to maintain up-to-date Register of Members' Interests & Register of Gifts and Hospitality	<ul style="list-style-type: none"> Internal audit qualification External assurance review qualification 	L	<ul style="list-style-type: none"> Councillors asked to complete Register of Members' Interests after each election Town Clerk to ensure that all Councillors complete the Register Registers reviewed and updated every year 	No	N/A	N/A	N/A



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Failure to comply with Audit requirements and risk losing control	<ul style="list-style-type: none"> Internal audit qualification External assurance review qualification 	L	<ul style="list-style-type: none"> Standing orders in place Regular internal audit reviews 	No	N/A	N/A	N/A
Failure of Computer System(s) As a result financial records are lost	<ul style="list-style-type: none"> Internal audit qualification External assurance review qualification 	L	<ul style="list-style-type: none"> Daily back-up of systems - removed to secure off-site store Support contract to enable rapid recovery 	No	N/A	N/A	N/A
Failure to comply with law relating to Council borrowing	<ul style="list-style-type: none"> Cash flow issues 	L	<ul style="list-style-type: none"> Town Clerk to advise on law 	No	N/A	N/A	N/A
Insurance cover unsafe or inadequate	<ul style="list-style-type: none"> Internal audit qualification External assurance review qualification Cash flow issues 	L	<ul style="list-style-type: none"> Insurance provided by one of country's largest insurance companies Insurance cover reviewed regularly by the Town Clerk 	No	N/A	N/A	N/A
Grants are awarded in principle but after incurring the expenditure we are not reimbursed because we	<ul style="list-style-type: none"> As a result the Council incurs costs for which there is no provision in the budget 	M	<ul style="list-style-type: none"> Sharing the rules governing the grants with everyone who will be participating in the project. 	Yes Ensuring that anyone who becomes a participant after	Whoever applies for the grant	During each project	



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have not fully complied with the conditions of the grant	<ul style="list-style-type: none"> This may result in a year-end deficit The Council may be reluctant to apply for grants in future 		<ul style="list-style-type: none"> Reminding them of the rules regularly. 	the commencement of the project receives the same detailed briefing and reminders.			
When decisions to spend money are taken, failure to recognise previous commitments that are not yet invoiced may result in budgets being overspent	<ul style="list-style-type: none"> Council budgets could be overspent This may result in a year end deficit 	M	<ul style="list-style-type: none"> Approval of spend 	Officers to allocate budgets between projects and monitor both commitments and expenditure.	All officers	Ongoing	

Risk Level: H - high, M - medium, L - low.

Approved by Full Council on January 2024