



MANAGEMENT OF FINANCIAL RISK

TOWN COUNCIL MEETING

REPORT 2/18

15 JANUARY 2018

The purpose of this report is to ask Members to review the Financial Risk management arrangements currently in place and, after making any amendments, to adopt it for the coming financial year.

No. DETAIL

1) INTRODUCTION

- a)** The Accounts and Audit (England) Regulations 2011 Regulation 4 requires that at least once in each financial the Town Council undertakes a review of the effectiveness of its internal financial controls including the management of risk.
 - b)** The findings of this review must be minuted by the Town Council.
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2) MANAGEMENT OF FINANCIAL RISK

- a)** A risk assessment schedule, based on an example provided by the Town Council's External Auditors, BDO, is attached to this report.
 - b)** The schedule fully reflects current practice by the staff team.
 - c)** The schedule has been agreed with the Town Council's Internal Auditor.
 - d)** Members are asked to review this schedule and propose any amendments or additions to it.
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VENTNOR TOWN COUNCIL

FINANCIAL RISK ASSESSMENT

2017/18

| TOPIC | IDENTIFIED RISK | RISK LEVEL | MANAGEMENT OF RISK | STAFF ACTION | INTERNAL AUDIT CHECKS |
|-------------------------|----------------------------|------------|--|--------------------------------|-----------------------|
| Precept | Not submitted | Low | VTC Meeting Resolution | Forward Plan | Annually |
| | Not received | Low | Report receipt to VTC meeting | Forward Plan | Annually |
| | Adequacy | Medium | Monthly review of budget to actual | Report to each VTC meeting | Annually |
| Charges: Allotments | Invoices not issued | Low | Issue annually | Diaried date | Annually |
| | Payment not received | Low | Entry to purchase ledger | Check purchase ledger | Annually |
| | Payment not banked | Low | Credit control procedure | Check bank statement | Annually |
| Rental: Putting Green | Direct Debit not active | Low | Direct Debit completed pre-season start | Confirm Direct Debit completed | Annually |
| | Payments not received | Low | Monthly bank reconciliation | Monthly bank reconciliation | Annually |
| Grants: IoWC | Claims made | Medium | Claims processed | Checked by Clerk monthly | Annually |
| | Receipt on due date | Medium | Report receipt to VTC | Monthly finance report to VTC | Annually |
| Grants: other | Claims made | Medium | Claims processed | Checked by Clerk monthly | Annually |
| | Receipt on due date | Medium | Report receipt to VTC | Monthly finance report to VTC | Annually |
| Salaries | Wrong salaries paid | Low | As per contract/appointment letter | Checked by Clerk monthly | Annually |
| | Wrong hours paid | Medium | Check to time sheet | Checked by Clerk monthly | Annually |
| | Wrong deductions | Medium | Check to PAYE calculations | Checked by Clerk monthly | Annually |
| | False employee | Low | Check to salary records | Checked by Clerk monthly | Annually |
| Purchases | Goods not supplied | Medium | Order system | Check purchase orders weekly | Annually |
| | Wrong goods supplied | Medium | Check to purchase order | Confirm to purchase order | Annually |
| | Invoice wrongly calculated | Low | Check arithmetic | Checked by Assistant Clerk | Annually |
| | Incorrect payment made | Low | Check to invoice | Checked by Assistant Clerk | Annually |
| Councillors' Allowances | Not applicable | Low | VTC makes no provision for Councillors' expenses | | |
| Grant Payments | Not applicable | Low | VTC makes no provision for grant distribution | | |
| VAT Recoverable | VAT analysis | Medium | Identify VAT element of cash book items | Verified by Clerk | Annually |

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|-----------------------------|-------------------------------|--------|--|------------------------------|----------|
| | Charged on sales | Medium | Assess all sales receipts | Verified by Clerk | Annually |
| | Charges on purchases | Medium | Assess all purchase payment | Verified by Clerk | Annually |
| Reserves – general | Adequacy | Medium | Assess as part of annual budget process | Advised by Clerk | Annually |
| Reserves – earmarked | Identified | Medium | List within final accounts | Advised by Clerk | Annually |
| Assets | Loss, damage | Medium | Annual inspection | Assistant Clerk | Annually |
| | Risks to third party | Medium | Review insurance provisions | Clerk to check | Annually |
| | Maintenance | Medium | Maintenance agreements & schedules | Check maintenance agreements | Annually |
| Staff | Long-term sickness | Medium | Cover from contingency | Arrange cover | Annually |
| | Fraud by staff | Low | Fidelity insurance in place | Annual insurance check | Annually |
| Insurance claim(s) | Third party claims | Medium | Appropriate insurance cover | Annual insurance check | Annually |
| Cash | Loss through theft/dishonesty | Low | Insurance cover review | Annual insurance check | Annually |
| Borrowing | Ability to make repayments | Low | Provided for in annual budgeting | Regular checks by Clerk | Annually |
| Financial records | Inadequate records | Low | Regular checks by Clerk + internal audit | Monthly routine | Annually |
| Minutes | Accurate and legal | Low | Approved at following meeting | Maintain signed copies | Annually |
| Members' interests | Conflict of interest | Medium | Update register of assets | Clerk to check | Annually |
| Election costs | IoWC Invoice received | Low | Check against agreed costs | Clerk to confirm | Annually |
| | IoWC invoice paid | Low | Check purchase ledger | Routine payment process | Annually |

The Town Clerk is also the Responsible Finance Officer.
