



# MANAGEMENT OF FINANCIAL RISK

TOWN COUNCIL MEETING

REPORT 2/19

14 JANUARY 2019

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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.

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**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 previous 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

2018/19

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
<b>Reserves – general</b>	Adequacy	Medium	Assess as part of annual budget process	Advised by Clerk	Annually
<b>Reserves – earmarked</b>	Identified	Medium	List within final accounts	Advised by Clerk	Annually
<b>Assets</b>	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
<b>Staff</b>	Long-term sickness	Medium	Cover from contingency	Arrange cover	Annually
	Fraud by staff	Low	Fidelity insurance in place	Annual insurance check	Annually
<b>Insurance claim(s)</b>	Third party claims	Medium	Appropriate insurance cover	Annual insurance check	Annually
<b>Cash</b>	Loss through theft/dishonesty	Low	Insurance cover review	Annual insurance check	Annually
<b>Borrowing</b>	Ability to make repayments	Low	Provided for in annual budgeting	Regular checks by Clerk	Annually
<b>Financial records</b>	Inadequate records	Low	Regular checks by Clerk + internal audit	Monthly routine	Annually
<b>Minutes</b>	Accurate and legal	Low	Approved at following meeting	Maintain signed copies	Annually
<b>Members' interests</b>	Conflict of interest	Medium	Update register of assets	Clerk to check	Annually
<b>Election costs</b>	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.

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