

ITEM 10 Appendix 3 TODMORDEN TOWN COUNCIL FINANCIAL RISK REGISTER
Updated APRIL 2020

Produced by:-Colin Hill Town Clerk/RFO.		Date : April 2020 - review March 2021											
No.	Risk, Category & Owner (A), (C) & (D)	Scope of the risk & Comments (B)			How the risk is managed at present (F)			Tolerance Level of Risk (H)			What controls are to be implemented (K)		
1	Banking	Failure of bank			Fidelity Guarantee insurance £500k . Yorkshire mainstream bank			Level of Risk acceptable? Y/N Yes			To place surplus funds with other investment options as per Treasury Management Policy		
	Category												
	Financial	Inherent/Fundamental Risk (E)			Residual/Remaining Risk (G)			Why have you drawn this conclusion? Yorkshire is a strong bank (Part of Clydesdale bank / Virgin money UK) in terms of financial assets and independent of govt support. Fitch BBB+ (watch) Moody's Baa3 (stable)			Date for Completion (L)		
	Owner										July 2020		
	C.Hill	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Target Risk (M)					
	5	4	20	5	2	10	Impact	Likelihood	Risk Score				
							3	2	6				
2	Financial controls and records	No controls in place at all from a point of view of financial and operational risk.			Internal controls document with a full suite of controls and measures to reduce risk of poor governance			Level of Risk acceptable? Y/N Yes			Quarterly random sampling to check controls in place by Committee representative		
	Category												
	Financial	Inherent/Fundamental Risk (E)			Residual/Remaining Risk (G)			Why have you drawn this conclusion? Conrosintrocied in March 2020 but need embedding			Date for Completion (L)		
	Owner										Ongoing procedure.		
	C.Hill	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Target Risk (M)					
	4	4	16	4	2	8	Impact	Likelihood	Risk Score				
							3	2	6				
3	Approval of Expenditure	No controls to ensure expenditure is within limits and or for correct purpose			Financial Regulations standing orders and internal controls plus monthly overall reporting to Council			Level of Risk acceptable? Y/N Yes			More frequent random sampling of financial controls to reduce risk of any adverse issues being undetected		
	Category												
	Financial	Inherent/Fundamental Risk (E)			Residual/Remaining Risk (G)			Why have you drawn this conclusion? Current processes involve regular checking of financial position plus internal audit sign off			Date for Completion (L)		
	Owner										Ongoing		
	C.Hill	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Target Risk (M)					
	4	4	16	3	3	9	Impact	Likelihood	Risk Score				
							2	2	4				
4	Spend over budget	No limits or control over expenditure or process of budget monitoring.			Omega accounting system used to post orders to create commitments . System does allow,overspend to budget but Monthly summary of position enables some degree of awareness plus detailed reports to FES.			Level of Risk acceptable? Y/N Yes			More frequent random sampling of purchase orders to reduce risk of any adverse issues being undetected		
	Category												
	Financial	Inherent/Fundamental Risk (E)			Residual/Remaining Risk (G)			Why have you drawn this conclusion? Independent use of accountancy firm to post payments provide separation of duties. Third party involvement plus monitoring by Council /FES			Date for Completion (L)		
	Owner										ongoing		
	C.Hill	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Target Risk (M)					
	4	4	16	3	2	6	Impact	Likelihood	Risk Score				
							2	2	4				

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5	Investments	Unauthorised placement of funds with disreputable or high risk vehicles			Reserves and Treasury Management Policy to ensure safe and reliable investments made. Detailing of Bank Balances held as part of monthly summary			Level of Risk acceptable? Y/N Yes			More frequent random sampling of investment account balances to reduce risk of any adverse issues being undetected		
	Category							Why have you drawn this conclusion? Decision to invest in different vehicles requires approval of FES Committee.					
	Financial												
	Owner	Inherent/Fundamental Risk (E)			Residual/Remaining Risk (G)			Date for Completion (L) ongoing					
	C.Hill	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Target Risk (M)					
		5	4	20	3	3	9	Impact	Likelihood	Risk Score	3	2	6
6	Borrowings	Unauthorised borrowing takes place or excessive borrowing placing financial burden on council			PWLB requires Agreement of LALC before Secretary of State approval.			Level of Risk acceptable? Y/N Yes			Gearing ratio could be introduced to limit any borrowing to percentage of overall reserves or repayment plus interest to level of expenditure.		
	Category							Why have you drawn this conclusion? Application signed by chairman and council resolutions provided.					
	Financial												
	Owner	Inherent/Fundamental Risk (E)			Residual/Remaining Risk (G)			Date for Completion (L) On Going					
	C.Hill	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Target Risk (M)					
		5	4	20	3	3	9	Impact	Likelihood	Risk Score	3	2	6
7	Cash management	No control is exercised over the operation of the bank account with all monies received left on current account, providing greater opportunity and threat to misappropriate and not maximise interest bearing opportunity.			Weekly scrutiny of bank accounts and monies moved to investment opportunity, secure Id to access internet bank account and debit cards locked away if not in use.			Level of Risk acceptable? Y/N Yes			No change proposed		
	Category							Why have you drawn this conclusion? Internal controls effective					
	Financial												
	Owner	Inherent/Fundamental Risk (E)			Residual/Remaining Risk (G)			Date for Completion (L) ongoing					
	C.Hill	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Target Risk (M)					
		5	3	15	3	2	6	Impact	Likelihood	Risk Score	2	2	4
8	Accessibility to funds	Precept is not claimed for payment to council and or existing funds and Reserves are used up leading to inability to pay bills.			Precept call is part of annual budgeting process and when issued checked for receipt by paying authority. Precept checked into bank account early April .Budget monitoring to prevent overspend and where agreed for additional spend by Full Council then within overall Reserves Policy.			Level of Risk acceptable? Y/N Yes			No change proposed		
	Category							Why have you drawn this conclusion? Internal controls effective					
	Financial												
	Owner	Inherent/Fundamental Risk (E)			Insurance cover - Vandalism Bus Shelters/Playgrounds			Date for Completion (L) ongoing					
	C.Hill	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Target Risk (M)					
		4	3	12	3	2	6	Impact	Likelihood	Risk Score	3	1	3

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9	Adequacy of Precept	Inadequacy of existing funds to carry our committed obligations and for carrying out statutory duties.			Three year forecast produced and agreed before establishing following years precept call.Detail allocated through budget headings and specific budget codes and ongoing monitoring to ensure close control and no overspend to overall budget			Level of Risk acceptable? Y/N Yes Why have you drawn this conclusion? No history of overall overspend.			Continuing monitoring of budgets and cash position Date for Completion (L) On Going Target Risk (M) Impact Likelihood Risk Score 2 1 2		
	Financial												
	Owner												
	C.Hill												
	C.Hill												
C.Hill	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	
		4	4	16	3	2	6	2	1	2			
10	Reserves	Insufficient Reserves available to meet known commitment and unplanned major costs.			Reserves and Treasury Management Policy. Establishment of defined Reserver plus monitoring of revenues forecast year end position against overall % limit of expenditure - currently set at 35%.			Level of Risk acceptable? Y/N Yes Why have you drawn this conclusion? Regular monitoring of budget and bank balances and year end forecasting of general reserves.			Increasing percentage of General Reserves to expenditure above 35% Date for Completion (L) Ongoing Target Risk (M) Impact Likelihood Risk Score 2 2 4		
	Financial												
	Owner												
	C.Hill												
	C.Hill												
C.Hill	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	
		5	3	15	3	2	6	2	2	4			
11	Bank Reconciliations	Inadequate check and bank errors			Monthly reconciliations take place by RFO and External accountancy support and quarterly overview by FES committee.			Level of Risk acceptable? Y/N Yes Why have you drawn this conclusion? Existing systems and protocols are followed without exception.			No change to existing proposed Date for Completion (L) ongoing Target Risk (M) Impact Likelihood Risk Score 3 2 6		
	Financial												
	Owner												
	C.Hill												
	C.Hill												
C.Hill	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	
		4	4	16	3	2	6	3	2	6			
12	Payments	Goods not supplied but not invoiced.Invoices incorrect. Invoices unpaid.Unauthorised payments made.			Separation of duties as per internal controls.All invoices checked for accuracy and receipt of goods before payment.List of payments made presented to council each m0nth			Level of Risk acceptable? Y/N Yes Why have you drawn this conclusion? No adverse history. Procedures as per internal controls in place.			No change to existing proposed Date for Completion (L) ongoing Target Risk (M) Impact Likelihood Risk Score 3 2 6		
	Financial												
	Owner												
	C.Hill												
	C.Hill												
C.Hill	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	
		4	4	16	3	2	6	3	2	6			

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13	Expenses	Incorrect claiming of expenses by staff and or Members			All expenses claimed are signed off by line manager and or Member for TC			Level of Risk acceptable? Y/N Yes Why have you drawn this conclusion? Process ensures independent view of legitimacy of claim being made.			No change to existing proposed								
	Category																		
	Financial																		
	Owner													Inherent/Fundamental Risk (E)			Residual/Remaining Risk (G)		
	C.Hill													Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score
	3	3	9	3	2	6	3	2	6										
14	Payrol/Salaries/Pension	Incorrect payments to staff and HMRC and Pension provider.Failure of payroll provider to run payroll.			External accountancy service runs payroll after seeing evidence off staff contracts and receipt of monthly email to confirm any additional payments re overtime/buy out of toil.Access to HMRC payroll account to ensure reconciliation. In house capability if required via advice from HR provider.			Level of Risk acceptable? Y/N Yes Why have you drawn this conclusion?			No change to existing proposed								
	Category																		
	Financial																		
	Owner													Inherent/Fundamental Risk (E)			#		
	C.Hill													Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score
	4	3	12	3	2	6	2	2	4										
15	VAT criteria	Movement in terms of income generation leads to change from Section 126 basis claim to normal vat status and vat not claimed where it should have been leading to clawback claim from HMRC.			Quarterly Vat return submitted.Advice sought from External Accountants regarding Blues and Rental income to ensure limits are not currently breached. Any additional income source considered for Vat implications			Level of Risk acceptable? Y/N Yes Why have you drawn this conclusion? Review of vat implications carried out re Blues Festival.			No change to existing proposed								
	Category																		
	Financial																		
	Owner													Inherent/Fundamental Risk (E)			Residual/Remaining Risk (G)		
	C.Hill													Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score
	3	3	9	3	2	6	3	1	3										
16	Vat not processed	Returns are not processed and Vat is not claimed back.			Quarterly returns processed. Balance sheet presented to FES each quarter to identify outstanding vat element			Level of Risk acceptable? Y/N Yes Why have you drawn this conclusion? No history of not processing vat returns.			No change to existing proposed								
	Category																		
	Financial																		
	Owner													Inherent/Fundamental Risk (E)					
	C.Hill													Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score
	4	3	12	3	2	6	3	2	6										

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17	PAYE/NI not collected and paid over	Incorrect payments to HMRC .Failure fo external accountancy service to run payroll.			External accountancy service runs payroll and advises of payments to be made to HMRC/NI.Access to HMRC payroll account to ensure reconciliation.Access to HMRC payroll account to ensure reconciliation. In house capability if required via advice from HR provider.			Level of Risk acceptable? Y/N Yes			Quarterly review of HMRC records to be introduced.		
	Category							Why have you drawn this conclusion? No history of not processing payroll returns and could if necessary run internally.					
	Financial										Date for Completion (L) ongoing		
	Owner	Inherent/Fundamental Risk (E)			Residual/Remaining Risk (G)						Target Risk (M)		
	C.Hill	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	3	2	6	3	1	3
18	Petty /Cash	No control over use of petty cash.Payments not accounted for and or loss though dishonesty.			Low value of petty cash availability.Reconciled monthly,all payment supported by relevant paperwork/receipts			Level of Risk acceptable? Y/N Yes			No change to existing proposed		
	Category							Why have you drawn this conclusion?					
	Financial										Date for Completion (L) Ongoing		
	Owner	Inherent/Fundamental Risk (E)			Residual/Remaining Risk (G)						Target Risk (M)		
	C.Hill	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	3	3	9	2	2	4
19	Cheque books	Loss of cheques/fraudulent use			Cheque books locked up in safe.Payments made by internet/bacs.Signing instructions on accounts require two signatories. Bank account viewed at least weekly if not more frequent.			Level of Risk acceptable? Y/N Yes			Independent cheque of Bank account to identify any cheques used as should not be unless for presentation purposes.Current account balances to be kept around £20k to reduce exposure tom cheque being presented without authorisation.		
	Category							Why have you drawn this conclusion? No evidence of cheque book misuse.					
	Financial										Date for Completion (L) Ongoing		
	Owner	Inherent/Fundamental Risk (E)			Residual/Remaining Risk (G)						Target Risk (M)		
	C.Hill	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	4	3	12	2	3	6
20	Transparency of Grants and correct payments made	Grants awarded without member agreement, control over amount awarded, and for purposes not supported by Council - ultra vires.			Grants policy and criteria, member agreement.			Level of Risk acceptable? Y/N Yes			No change to existing proposed		
	Category							Why have you drawn this conclusion? No unauthorised award of grants.					
	Financial										Date for Completion (L) Ongoing		
	Owner	Inherent/Fundamental Risk (E)			Direct budget mgt by CEO						Target Risk (M)		
	C.Hill	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	5	4	20	3	2	6

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21	Year-end close down procedure	Year end accounts are not closed down properly leading to incorrect balances forming part of annual return and the councils financial position not reconciled and accurately reported.			Schedule of accounts closedown prepared annually to enable process to be followed. Checks made by accountant to ensure accounting entries processed for year end carry overs of debtors,creditors etc and that all balances are reconciled.			Level of Risk acceptable? Y/N Yes Why have you drawn this conclusion? Suuccessful close down of accounts performed by External Accountants and RFO verified by internal and external audit reports.			No change to existing proposed										
	Category												Financial								
	Owner												Inherent/Fundamental Risk (E)			Direct budget mgt by CEO					
	C.Hill												Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score
													4	3	12	3	2	6	3	2	6
No.	Risk, Category & Owner (A), (C) & (D)	Scope of the risk & Comments (B)			How the risk is managed at present (F)			Tolerance Level of Risk (H)			What controls are to be implemented (K)										
22	Annual Return	The AGR is not completed correctly and or not submitted to council to agree or to internal auditor and external auditors in time leading to adverse auditor comment and government intervention			Arrangements made with internal auditor to submit and to Full Council for Chairmans approval.			Level of Risk acceptable? Y/N Yes Why have you drawn this conclusion? Historical submission of returns			No change to existing proposed										
	Category												Financial								
	Owner												Inherent/Fundamental Risk (E)			Direct budget mgt by CEO					
	C.Hill												Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score
													5	4	20	3	2	6	3	2	6
No.	Risk, Category & Owner (A), (C) & (D)	Scope of the risk & Comments (B)			How the risk is managed at present (F)			Tolerance Level of Risk (H)			What controls are to be implemented (K)										
23	Fraud	Inadequate checks relating to any aspects of financial involvement and no controls exercised over payments.			Fidelity Guarantee insurance £1million. The Council has internal controls, financial regulations, standing orders, regular bank reconciliation, separation of duties and financial risk register as guidance to ensure all financial aspects are carefully managed.			Level of Risk acceptable? Y/N Yes Why have you drawn this conclusion?			No change to existing proposed										
	Category												Financial								
	Owner												Inherent/Fundamental Risk (E)			Direct budget mgt by CEO					
	C.Hill												Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score
													5	5	25	3	2	6	3	2	6
No.	Risk, Category & Owner (A), (C) & (D)	Scope of the risk & Comments (B)			How the risk is managed at present (F)			Tolerance Level of Risk (H)			What controls are to be implemented (K)										
24	Election Costs	Insufficient Financial provision to meet the cost of elections			Cost is not significant in relation to overall budget if unplanned election called through declaring of vacancy.			Level of Risk acceptable? Y/N Yes Why have you drawn this conclusion? History indicates infrequent vacancy declaration.			Creation and or review of existing Earmarked Reseeve to budget over a four year period for all out election costs of circa £20k.										
	Category												Financial								
	Owner												Inherent/Fundamental Risk (E)			Direct budget mgt by CEO					
	C.Hill												Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score
													3	3	9	3	3	9	3	2	6

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25	Tender Process	Work awarded inappropriately and subject to officer/member influence . Best value not obtained,procedures not followed for significant contracts, Fraud.			Standing orders correctly followed, financial regulations,limits applied and schemes of delegation observed.Tender documentaion issued, Member and RFO/TC open tenders and contracts awarded after quality/price assessment.Tenders advertised on web site and contract finder.			Level of Risk acceptable? Y/N Yes Why have you drawn this conclusion? compliance with Standing Orders and Financial Regulations. No challenges received to Tender outcomes and transparent process followed.			No change to existing proposed								
	Category																		
	Financial																		
	Owner													Inherent/Fundamental Risk (E)			Direct budget mgt by CEO		
	C.Hill													Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score
	4	4	16	3	2	6													
Date for Completion (L)																			
Ongoing																			
Target Risk (M)																			
		Impact	Likelihood	Risk Score															
		3	2	6															
No.	Risk, Category & Owner (A), (C) & (D)	Scope of the risk & Comments (B)			How the risk is managed at present (F)			Tolerance Level of Risk (H)			What controls are to be implemented (K)								
26	Value for money	No seeking of quotes and award of business without transparency and or assessment of value for money made.			Use of Standing Orders and Financial Regulations and Scheme of Delegation to determine need for quotations to be sought. Historical records to compare and higher value items via tender process.			Level of Risk acceptable? Y/N Yes Why have you drawn this conclusion? Tenders for larger contracts. Quotations sought and historical records checked for rpicing comariosn where appropriate.			No change to existing proposed								
	Category																		
	Financial																		
	Owner													Inherent/Fundamental Risk (E)			Direct budget mgt by CEO		
	C.Hill													Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score
	4	4	16	3	2	6													
Date for Completion (L)																			
Ongoing																			
Target Risk (M)																			
		Impact	Likelihood	Risk Score															
		3	2	6															