BURNTWOOD TOWN COUNCIL
FINANCIAL RISK ASSESSMENT AND MANAGEMENT
2021/22 (APPROVED 14 SEPTEMBER 2021)

Topic	Area of Risk Identified	H/M/L	Management of Risk	Risk after Mitigation	Internal Audit Frequency (Months)
Legal Powers, Governance and Financial Management	Illegal activity or incurring expenditure without proper legal authority	L	CiLCA qualified Clerk; Educate the Council as to its legal powers; Record in minutes the powers being used.	L	12
	Sound framework for Governance and Accountability	L	Define responsibilities; Maintain and review Standing Orders and Financial Regulations	L	12
	Proper use of funds under section 137	M	Record in minutes; Separate financial records; Monitor against statutory limit	L	12
	Maintain effective budgetary control and financial reporting system	M	Maintain and review Financial Regulations; Management by Town Clerk and RFO; Regular financial reports to Council and Committees; Periodical checks e.g. of bank reconciliations, by appointed members.	L	12
	Maintain effective independent internal audit	M	Clear audit programme; Review effectiveness	L	6
Precept	Sound process for budget setting	L	Set responsibilities and timetable; Adequate consultation; Review of all charges; Review adequacy of reserves	L	12
	Not submitted	L	Town Council Minute; RFO follow-up	L	12
	Not paid by District Council	L	Check and report to Town Council	L	12
	Adequacy of precept	M	Monthly review of budget to actual (Bi-monthly in shorter term, pending improvements to accounting systems)	L	6
Charges - Cemetery	Grave allocation	M	Burial Register updated weekly	L	6
	Appropriate charges	L	Annual review of costs and fees as part of budget setting process	L	12
	Invoices to undertakers	M	Checks and prompt invoicing by Cemetery Admin Officer	L	6
	Memorial fees	M	Checks and prompt invoicing by Cemetery Admin Officer	L	6
	Cash handling	L	Issue receipt	L	6
	Cash banking	L	Bank reconciliation	L	6
Grants from other bodies	Claims procedure	L	Clerk/RFO check annually	L	12
	Receipt of grant when due	L	Check and report to Town Council	L	12
Investments	Investment policy	M	Clerk/Council review annually	L	12
	Income received when due	L	RFO check monthly	L	6
Salaries and pensions	Comply with HMRC payroll regulations	M	Payroll software updated; HMRC bulletins; monthly Real Time information submissions	L	6
	Budget provision	L	RFO ensures adequate provision for salaries and employer pension contributions	L	12
	Wrong salary paid	L	Check to Minutes; RFO check monthly	L	12
	Wrong hours paid	L	Check to timesheet/contract	L	12
	Wrong rate of pay	L	Check to contracts	L	12
	Wrong deductions	L	Check tax codes and other details correct in payroll system	L	12
	Not paid on contractual date	M	RFO ensures timely payrun and authorisation by Councillors	L	12
	Pension commitments	L	Check to Staffs Pension Fund requirements; Monthly return and payment of contributions	L	12
Direct Costs and Overhead Expenses	Goods not supplied to Town Council	M	Purchase Order records	L	12
	Invoice incorrectly calculated	L	Check arithmetic	L	12
	Cheques/BACS payable is excessive	M	Effective procedures for checking and authorisation with signatories able to check payment against invoices (to be improved with new accounting system).	L	6
	Cheque/BACS payable to wrong party	M	Effective procedures for checking supplier details and auditing bank accounts that payments are made to (to be improved with new accounting system). Signatories to check payment against invoices.	L	6

Topic	Risk identified	H/M/L	Management of Risk	Risk after Mitigation	IA Frequency (Months)
Financial IT systems	Failure or disruption to IT systems	H	Regular review and updating of IT hardware and software including anti-virus protection; Back ups taken and held on and off site. Skilled IT support.	M	6
	Staff absences or changes	M	Thorough training and documentation. Staff cover on key procedures.	L	6
	Authorisation of payments	M	Adequate pool of authorisers with system access. Training and documentation of banking procedures.	L	6
Councillors Allowances	**Not applicable**				
Grants and Support	Power to pay	L	Minutes	L	12
	Agreement of Town Council to pay	L	Minutes	L	12
	Conditions agreed	L	Use reasonable conditions	L	12
	Budget provision	M	RFO check expenditure	L	12
	Payment	L	Signatories to check payment against minutes	L	12
Election Costs	Invoice at agreed rate	L	RFO check and consider budget	L	When elections have been held
	Budget provision	M	RFO ensures adequate provision in budget or earmarked reserves	L	12
VAT	VAT Analysis	L	All items in accounts lists and reconciled	L	3
	Charged on sales where applicable	L	Consider annually, with advice from internal auditor	L	12
	Charged on purchases	L	Consider all items per Cash Book lists	L	3
	Partial Exemption and other HMRC regulations	M	Refer to VAT Notice 749. Consider partial exemption and other regulations annually, with advice from internal auditor	L	12
	Claimed within time limits	M	RFO ensures accounts system kept up to date and returns submitted quarterly; Appropriate software and procedures in place e.g. for Making Tax Digital	L	3
Reserves - General Fund	Adequacy	L	Consider at Budget setting and at year end	L	6
Reserves - Earmarked	Adequacy	L	Consider at Budget setting and before year end	L	6
	Earmarked or Contingent liability	L	Review Minutes	L	12
Assets	Loss, damage, etc	M	Annual inspection, update insurance and maintain comprehensive asset registers.	L	12
	Risk or damage to third party property or individuals	M	Review adequacy of Public Liability Insurance	L	12
Staff	Loss of key personnel	H	Monitoring of hours, stress and health and early intervention when required; Appropriate training and management; Good Health & Safety procedures including Covid-safe working.	M	6
	Long-term sickness, early departure, early retirement	M	Clerk monitor	L	6
	Fraud by staff	L	Fidelity Guarantee value and insurance company conditions; Clerk, RFO and Internal Auditor monitor	L	12
Loss	Consequential loss due to critical damage or third party performance	L	Review adequacy of insurance cover	L	12
Cash	Loss through theft or dishonesty	L	Ensure adequacy of Fidelity Guarantee insurance; Effective procedures for checking and recording	L	12
Maintenance	Poor performance of assets or amenities, loss of income or performance	M	Annual maintenance inspection	L	12
Borrowing/Lending	**Not currently applicable**				
Best Value	Overspend on services	M	Ensure tendering for services in line with updated Financial Regulations	L	12
Financial Records	Inadequate records	L	Clerk/RFO quarterly check and regular Internal Audit	L	6
Minutes	Accurate and legal	L	Review at following meeting	L	12
Members Interests	Conflict of interest	M	Update Declarations of Interests	L	12