

FINANCIAL MONITORING REPORT 2018/19- Risk Assessment

Ref	Risk Description	Cause(s)	Existing Risk Controls	Impact	Likelihood	Risk Score (Existing Controls)		
						I	L	Total
1	Large adverse or favourable variance with resulting perception that EBC has weak financial control regime.	Insufficient income, overstated income budget, excessive expenditure, understated expenditure budget	Monthly budget monitoring process	Significant	Unlikely	3	2	6
2	Final accounts not approved by external auditors	Final accounts working papers not of sufficient standard to receive unqualified audit opinion	Compliance with the CIPFA CODE and EY requirements.	Significant	Very unlikely	3	1	3
3	Failure to deliver strategic priorities due to inaccurate financial forecasting	Service and corporate expenditure varying from plans set by need to fulfil strategic priorities	Budget strategy, monitoring and forecasting processes linked to strategic objectives requirements	Serious	Unlikely	4	2	8
4	Key financial strategies set on the basis of inaccurate assessment of the Councils overall position	Poor budget preparation and poor financial monitoring	Sound and effective financial systems, Budget holders sign off budgets and monitoring information. Central support provided to managers from Support Services - Financial Services Unit	Serious	Unlikely	4	2	8

Appendix C

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						I	L	Total
6	Interest Rate Pressure	Potential for rising interest rates above that anticipated as part of the budget	Budget strategy, monitoring and forecasting processes. Interest rate reserve. Engagement of external advisor, Arlingclose, to provide advice on how the Council can manage its investment and borrowing portfolio.	Serious	Unlikely	4	2	8
7	Additional Borrowing exceeding affordable levels	Additional borrowing will place pressure on the revenue budget particularly if interest rates rise	Budget strategy, monitoring and forecasting processes and treasury management strategy. Use of robust business cases factoring in returns based on long term interest rate projections.	Significant	Unlikely	3	2	6
8	Minimum General Fund balance falls below minimum level	Poor control of income and expenditure budgets	Budget monitoring systems and clear accountabilities for financial performance	Serious	Very unlikely	4	1	4

Impact ratings: (I)

Minor	1
Moderate	2
Significant	3
Serious	4
Major	5

Likelihood ratings: (L)

Very unlikely	1
Unlikely	2
Possible	3
Likely	4
Very likely	5

The risk total is achieved by multiplying the impact score by the likelihood score.