

FINANCIAL MONITORING REPORT 2019/20- RISK ASSESSMENT
Appendix 4

Ref	Risk Description	Cause(s)	Existing Risk Controls	Impact	Likelihood	Risk Score (Existing Controls)		
						I	L	Total
1	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.	Moderate	Very unlikely	3	1	3
2	Failure to deliver strategic priorities due to inaccurate financial forecasting	Service and corporate expenditure varying from plans set by need to fulfil strategic priorities	Business planning, budget strategy, monitoring and forecasting processes linked to strategic objectives requirements	Serious	Unlikely	4	2	8
3	Key financial strategies set on the basis of inaccurate assessment of the Council's 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

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4	Interest Rate Pressure	Potential for rising interest rates above that anticipated as part of the budget	Budget strategy (Treasury Management), 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
5	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
6	Minimum General Fund balance falls below minimum level	Poor control of income and expenditure budgets	Business planning, Budget monitoring systems and clear accountabilities for financial performance	Serious	Very unlikely	4	1	4
7	Lack of specialist/technical knowledge across services and failure to recruit to key posts enabling areas to operate effectively	Poor succession planning, increased demand and other external factors including buoyant job market including better rates of pay externally	Business Planning including resourcing/workforce planning as well as People Strategy and regular quarterly monitoring of staff retention/turnover	Serious	Likely	4	4	16

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8	Failure to redesign processes which could generate time and cost saving opportunities	Lack of resource/capacity within organisation to devote to service improvement work	Development of business case to assess need for service (process) redesign opportunities through Change and Improvement Programme	Significant	Possible	3	3	9
9	Failure to achieve strategic priorities due to poor performance or poor strategic planning	Poor business planning or unforeseen changes in external environment or poor data quality	Strategic annual planning process, performance review, data quality improvement measures, risk management	Significant	Possible	3	3	9
10	Failure to achieve strategic priorities	Known performance issues remain unaddressed	Performance management and Management Team oversight. Quarterly reporting to Cllrs	Significant	Unlikely	3	2	6

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.