

Financial and administration risk assessment – Hythe Town Council

Change	Document name	Old version ref	New version ref	Page ref / item	Date of change	Description of change
1	Financial and administration risk assessment	April 2016	V02	All	16 May 2017	Introduce change record system.
2	Financial and administration risk assessment	n/a	V02	Item 21	17 May 2017	Add risk of bank default
3	Financial and administration risk assessment	n/a	V03	Item 23	17 May 2017	Add risk of cyber ransomware
	Financial and administration risk assessment	V02	V03	Item 20	17 May 2017	Change risk mitigation strategy from internal backups to cloud server
4	Financial and administration risk assessment	V03	V03	Item 24	17 May 2017	Add risks associated with email and web service provider
5	Financial and administration risk assessment	V03	V03	Item 1	17 May 2017	Added proposal to move to digital banking.
6	Financial and administration risk assessment	V03	V04	n/a	24 Apr 2018	Changed version number
7	Financial and administration risk assessment	V04	V04	Item 22	24 Apr 2018	Added reference to financial reserves
8	Financial and administration risk assessment	V04	V04	Item 25	24 Apr 2018	Added reference to phishing / smishing
9	Financial and administration risk assessment	V04	V04	Item 26	24 Apr 2018	Added reference to GDPR
10	Financial and administration risk assessment	V04	V04	Item 27	24 Apr 2018	Added reference to investment strategy
11	Financial and administration risk assessment	V04	V05	all	25 March 2019	Amended responsibilities split between new role RFO and Town Clerk, removed Finance Clerk
12	Financial and administration risk assessment	V04	V05	Item 26	25 March 2019	Added recommendation for all councillors to hold a HYTHE-TC EMAIL address
13	Financial and administration risk assessment	V04	V05	Item 1	25 March 2019	Updated target date to current year due to elections and recommend reducing amount of signatories.
14	Financial and administration risk assessment	V04	V05	Item 5	25 March 2019	Amended to RFO with Internal Auditor to check entries
15	Financial and administration risk assessment	V04	V05	Item 6	25 March 2019	Amended to reflect change in duties.
16	Financial and administration risk assessment	V04	V05	Item 17,18 & 22	25 March 2019	Change of Target date
17	Financial and administration risk assessment	V04	V05	Item 19	25 March 2019	Controls amended to reflect current position.
18	Financial and administration risk assessment	V05	V06	Item 1	20 November 2019	Controls amended to reflect change to 4 councillors as signatories.
19	Financial and administration risk assessment	V05	V06	Item 1	20 November 2019	Future controls amended to remove digital banking as online banking now implemented and remove the payment of personal expenses as also all made online now. Proposal to move some funds to Unity trust online banking with dual signatory authorisation. Target date amended to April 2020 recommendation to accept card payments at counter.

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20	Financial and administration risk assessment	V05	V06	Item 2	20 November 2019	Added to Hythe Town Council controls; All online payments to be authorised with dual signatures and checked regularly against invoice values and bank statements. All Receipts cash/chqs/online checked against invoice values. All cash receipts recorded in receipt book and numbered sequentially.
21	Financial and administration risk assessment	V05	V06	Item 5	20 November 2019	Added to Hythe Town Council controls; RFO checks each code items activity on a monthly basis before Budget monitor is submitted to F&GP to ensure correct and consistent.
22	Financial and administration risk assessment	V05	V06	Item 12	20 November 2019	Future Controls added; Financial Regs to be reviewed annually by F&GP. Standing Orders to be reviewed annually by Full Council.
23	Financial and administration risk assessment	V05	V06	Item 17	20 November 2019	Target date amended to Feb 2020. Future controls amended to read 'annual' review.
24	Financial and administration risk assessment	V05	V06	Item 20	20 November 2019	Hythe Town Council controls amended to read Live drive off site back up service.
25	Financial and administration risk assessment	V05	V06	Item 21	20 November 2019	Future controls amended to; Proposal to move some funds to Unity Trust bank. Target date 2020.
26	Financial and administration risk assessment	V05	V06	Item 22	20 November 2019	Target date amended to Feb 2020
27	Financial and administration risk assessment	V05	V06	Item 26	20 November 2019	Hythe Town Council controls amended to read Councillors 'have been' provided with a professional Hythe TC email address.
28	Financial and administration risk assessment	V06	V07	Item 1	14 January 2020	Online Receipts implemented - Customers provided with details to pay online.
29	Financial and administration risk assessment	V07	V08	Item 1	3 March 2020	Online banking transferred to Unity Trust Bank with dual signatories. .
30	Financial and administration risk assessment	V07	V08	Items 10,11,12	3 March 2020	Annual inspection lists maintained and sinking funds reviewed. Future controls annually.
31	Financial and administration risk assessment	V07	V08	Item 10 & 11	3 March 2020	Insurance and Asset register reviewed by changed to F&GP
32	Financial and administration risk assessment	V07	V08	Item 1,17,20,22, 26, 27	3 March 2020	Risk level reduced to low
33	Financial and administration risk assessment	V07	V08	Item 20	3 March 2020	Cloud storage added as possible future control
34	Financial and administration risk assessment	V07	V08	Item 21	3 March 2020	Unity Trust and Triodos bank accounts now opened. Funds have been transferred from Natwest. Reserves reviewed annually Reduced risk to low.
35	Financial and administration risk assessment	V07	V08	Item 22	3 March 2020	Allocated Reserves reviewed January 2020. Funds released to reduce funds held by HTC.
36	Financial and administration risk assessment	V07	V08	Item 1,10,11,12,17,18, 20,21,22,27	3 March 2020	Change of Target dates
37	Financial and administration risk assessment	V08	V09	Item 1	29 July 2020	Option to receive payments through Contactless devices has been introduced to reduce the handling of cash added
38	Financial and administration risk assessment	V08	V09	Item 1	29 July 2020	Review to Change of bank signatories re internal auditor added.

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39	Financial and administration risk assessment	V08	V09	Item 10 ,11 And 12	29 July 2020	Annual review updated to April 2021.
40	Financial and administration risk assessment	V08	V09	Item 16	29 July 2020	Contactless payments added to reduce the risk of processing cash
41	Financial and administration risk assessment	V08	V09	Item 20	29 July 2020	Cloud storage target date changed to August 2020
42	Financial and administration risk assessment	V08	V09	Item 21	29 July 2020	New account to be opened to cover the precept income taking bank balances over £85k
43	Financial and administration risk assessment	V08	V09	Item 28	29 July 2020	In case of a pandemic and offices are required to close for a period of time.
44	Financial and administration risk assessment	V09	V10	Item 28	8 February 2021	Added expenditure capped

These pages are used to record document changes and does not form part of the risk assessment.

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Ref	Hazard	Risk	People at risk	Hythe Town Council controls	Future controls	Risk level	Target date	By whom
1	Theft	Threat to personal safety	Employees	<p>Cash stored in safe in office. Minimal amounts of cash stored. Public access to cash offices restricted. Cash office locked/secured. Cash banking times varied. Presence of cash not obvious i.e. not transferred in bank bags. Staff trained and instructed to hand over cash if approached by miscreants. 'Failure to return' system introduced at office.</p> <p>Online receipts implemented January 2020. Customers requested to make payments online through invoicing system.</p> <p>Contactless payments have now been introduced for Tennis & Bowls and Oaklands reception.</p>		Low	n/a	n/a
		Access to bank accounts	Employees/ Councillors	<p>At present 4 out of the 16 councillors are signatories. On- line banking requires authorisation of two signatories. The online banking has now been moved to Unity Trust Bank which requires two online signatories before payments are made.</p>	To change the 4 signatories from chariman and deputy's to other Councillors as advised by internal auditor June 2020	Low	ASAP	RFO

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2	Payments made incorrectly	Fraud and mal-administration	Employees	<p>All online payments to be authorised with dual signatures and checked regularly against invoice values and bank statements.</p> <p>All Receipts cash/chqs/online checked against invoice values. All cash receipts recorded in receipt book and numbered sequentially.</p>		Low	n/a	n/a
4	Annual budget preparation	Overspending		RFO prepares revenue and capital budgets and accompanying budget reports, identifying risks and controls and sources of funding with chairman of Finance and General Purposes committee.		Low	n/a	n/a
5	Income and expenditure coded incorrectly	Incorrect accounting.	Employees	<p>RFO codes items and which are then checked by the internal auditor.</p> <p>RFO checks each code items activity on a monthly basis before Budget monitor is submitted to F&GP to ensure correct and consistent.</p> <p>Internal Auditor checks journal entries.</p>		Low	n/a	n/a

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6	Invoices not sent on time or no reminders issued	Bad debts	Employees	RFO to be keep a record of invoices going out and payments made. RFO to regularly check debtors and creditors file.		Low	n/a	n/a
7	Non-Budgeted Expenditure	Overspending	Employees	RFO to show budget headings and cost centres on all invoices. Town clerk/RFO to authorise expenditure on budgeted expenditure up to £1,500 . Monthly reporting to Finance and General Purposes committee with budget statements.		Low	n/a	n/a
8	Capital spends unauthorised	Overspending	Employees	Minuted authorisation of all transfers between capital and revenue accounts and code headings being authorised to be shown on vouchers and invoices. Monthly reporting to F&GP committee with budget statements.		Low	n/a	n/a
9	Non-compliance of accounts with bank statements	Incorrect accounting	Employees	Reconciliation of all bank accounts undertaken at least monthly by the RFO and checked/counter-signed by the Chairman of the F & GP Committee.		Low	n/a	n/a

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10	Inadequate insurance	Fraud, non-cover of losses / property	Employees	Adequate fidelity guarantee cover to be regularly monitored. Regular review of all risks/ property. Placement under cover of new items. Ensure that all contractors and users of council facilities have minimum £5m liability insurance.	Annual Insurance Review (due F&GP April 21)	Low	April - 2021	F&GP Committee
11	Loss of assets through fire, theft and all risks	Financial Loss	Employees	Updated assets register. Annual review and monitor changes throughout the year. Adequate insurance cover and review. Complete and update photographic portfolio of all assets. NB Separate Inventories kept on all buildings.	Annual Asset Register Review (due F&GP April 21)	Low	April - 2021	F&GP Committee
12	Non-compliance with legal requirements	Civil and criminal proceedings		Regular review of Standing Orders and Financial Regulations so as to comply with statute and other provisions.	Financial Regs (last reviewed 28/11/19 min 221/19 Standing Orders	Low Low	April - 2021 April - 2021	F&GP Committee Full Council

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13	Non-compliance with periodic reclamations (eg VAT) and submission of financial returns.	Non-compliance with law and regulations and ensuing proceedings		RFO to verify with HMRC timetabling for returns.		Low	n/a	n/a
14	Inadequate System of Internal Control	Error, Fraud	Employees	<p>Appointment of independent Internal Auditor:</p> <p>To undertake x 2 Audits per year, including the year end, with reports sent to the Finance & General Purposes Committee with recommendations to be actioned.</p> <p>Separation of functions undertaken by staff and members.</p> <p>Cross-checking of documentation.</p> <p>Adequate Financial Regulations – reviewed annually by Internal Audit & Assets Review Sub-Committee.</p>		Low	n/a	n/a

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15	Petty cash / paying in to bank	Robbery of RFO en-route to the bank. Error, fraud	Employees	<p>Change of date and route to and from bank. Ensure regular check on petty cash balance by two members of staff.</p> <p>Ad hoc check by Town clerk / Chairman of Finance and General Purposes committee to countersign petty cash book.</p> <p>Ensure insurance provisions in place for both losses and employees. At least weekly payment into bank of all cheques / monies received. Receipts reported to Finance and General Purposes committee monthly.</p> <p>Review need for cash collection / storage. Cash stored in safe in office split into separate safes if over insured amount. Minimal amounts of cash stored. Public access to cash offices restricted. CCTV outside building. Cash office locked/secured and alarmed. Cash banking times varied.</p> <p>Presence of cash not obvious i.e. not transferred in bank bags! Staff trained and instructed to hand over cash if approached by miscreants.</p>		Low	n/a	n/a

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16	Cash receipts to Office / Sports cash receipts. Error, Fraud	Robbery en route to the Office.	Employees	Issuing and cross checking of sports tickets issued. Contactless payments can be taken from May 2020 to reduce the amount of cash processed.		Low	n/a	n/a
17	Uninsured risk re land holdings / property	Repairs required	Employees	Sinking funds and repair and renewal funds in place to cover contingencies and ongoing maintenance issues. Regular survey reports to identify emerging problems. Annual inspection of known “troublespots” eg rainwater goods. Annual inspection lists are maintained	Annual review and recommend rationalisation to sinking funds (Funds reviewed at F&GP 16 Jan 2020 min no.260/19)	Low	April -2021	Town clerk Awaiting survey report on Town Hall
18	Loss or damage by fire wind, weather or vandalism to properties, street furniture – eg CCTV & other fixed assets	Uninsured losses		All buildings to be fitted with security alarms. All use of council’s land and property to be regulated by hire agreements/risk assessments signed in advance of any event. Proof of insurance certification required from users. All insurances and assets register to be adjusted annually and the reviewing of the separate Inventory. Fire alarms and smoke detectors in all buildings regularly serviced.	Commission project to update CCTV project Contract ended Dec 2020	Medium	Dec-2020	Town clerk Awaiting Council assessment

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19	Incorrect salary payments to staff	Fraud and mal-administration	Employees	<p>All salaries and breakdowns approved by council via annual budgetary procedures.</p> <p>Payroll run to be capable of being undertaken by alternative staff member in case of sickness, holidays, emergencies and as a checking measure.</p> <p>Ensure internal auditor regularly checks payroll against council's approved budgetary schedule.</p> <p>RFO to ensure that two councillors countersign and date BACS payment schedule.</p>	Accountants on standby	Low	n/a	RFO
20	Computer breakdown	Loss of records.	Employees	<p>Back-up runs daily; weekly transfer of data to community share.</p> <p>External Drive back-up service.</p> <p>Cloud storage under review</p>	<p>Quotes being obtained</p>	<p>Medium</p> <p>Low</p>	<p>n/a</p> <p>Await more info</p>	<p>n/a</p> <p>RFO</p>

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21	Bank default	Bank deposit protection scheme protects only up to £85,000	Council	Multiple bank deposit accounts held. New accounts opened for Unity Trust and Tridos. No account holds over £85,000 When precept paid, a new easy to access account needs to be opened to keep the balance under 85K on all accounts	Open new easy access savings account	Low Low	n/a In progress	RFO RFO
22	Financial reserves strategy inadequate	Reserves not adequate for potential need. Reserves too narrowly defined, not allowing flexibility in an emergency. Reserves too high leading to higher than necessary precept	Council Council, residents Council tax payers	Report HTC17/009 refers Hythe Town Council's Finance and General Purposes committee approved a reserves restructure at its meeting of 14-Dec-2017 which was resolved by council on 21-Dec-2017 (minute 265/17) Reserves annual review F & GP 16 Jan 2020. Min no 260/19 – funds released to repay PWLB and DOCT recharges. RFO to monitor		Low	April 2021	Finance and General Purposes committee

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23	Cyber ransomware	Attempt to blackmail the council should it not pay for a key to release vital data	Council	<p>System and application updates on all devices installed as soon as they become available.</p> <p>Anti-virus software installed on all devices and kept it updated.</p> <p>Regular backups of important files</p> <p>Council staff not permitted to install software without express permission of the Town Clerk.</p>	Continue to monitor risks and take account of guidance from www.actionfraud.police.uk	Low	n/a	Town Clerk
24	Email and /or web service provider might fail	<p>Hythe Town Council normal email access could be stopped due external causes.</p> <p>Web access could be prevented due to external causes. It is required to post some documents to the council's website.</p>	<p>Staff</p> <p>Staff, council</p>	<p>Resource and use external service provider to manage email.</p> <p>Set up default webmail addresses for emergency use.</p> <p>Switch to cloud based email ,not dependent on local internet or power</p> <p>Use Kent County Council provided web hosting, with access to 24/7 backup facilities.</p> <p>Exceptionally and if Hythe Town Council computers were not available for whatever reason, then the website could be updated from staff mobile devices or home computers.</p>	Controls all established during financial year 2017/18. No future controls are planned, but the Town Clerk will continue to monitor.	Low	On-going	Town clerk

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25	Phishing / smishing	Spoof email or SMS addresses Disclosing the council's financial details during a cold call	Council Staff	Council staff required not to open attachments or click on the links within any unsolicited emails they receive, and never respond to emails that ask for council financial details. Reminder to staff that the police and banks will never ask council staff to verify a PIN, withdraw cash, or transfer money to a "safe" account.	Continue to monitor	Low	On going	Town Clerk
26	Failing to meet requirements of GDPR	Prosecution by ICO	Council, staff, people who interact with the council	Comply with recommendations at https://ico.org.uk/for-organisations The Council have employed external data protection officer – Satswana Councillors have been provided with a professional Hythe TC email address to conduct Hythe TC business.	Continuous policy refinement and training for Councillors and staff to be booked. n/a	Low n/a	On-going n/a	Town clerk
27	Investment strategy	Imprudent or risky investment decisions	Council	The council's investment priorities are: first the security of reserves second the liquidity of its investments and thirdly return, in that order. Finance and General Purposes confirmed the strategy on 08-Mar-18 committee minute 329/17, resolved by Hythe Town Council 15-Mar-18 minute 343/17.	Annual review (F&GP 16/01/20 min no.259/19 report F&GP/21/19)	Low	April 2021	Finance and General Purposes committee

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28	Government issue a lockdown due to a Pandemic	The Council cannot continue its business	Staff and residents	<p>Remote access to data and emails</p> <p>Laptops provided to staff to enable them to work from home.</p> <p>Telephone calls diverted to mobiles.</p> <p>Expenditure capped.</p>		High	In place	Town Clerk/RFO