ASSESSMENT OF FINANCIAL RISKS **Appendix A**

	Source of risk	Consequences	Mitigation	Probable	Impact	Score
1	Insufficient income to maintain acceptable levels of service.	Unacceptable levels of service.	Fairer Funding campaign. Planning and delivery of transformation programme. Medium Term Financial Plan.	3	4	12
2	Failure to consider longer term financial position.	Worsening future budget position leading to unacceptable levels of service.	Long term policy on sustainable borrowing. Long term plan to remove pension fund deficit. Policy on maintaining adequate levels of reserves. Medium Term Financial Plan.	1	3	3
3	Inefficient allocation of resources.	Lower level of policing service than could be provided with funding available. Poor value for money. Criticism from public, HMIC, government. Qualified value for money opinion.	Use of Forecasting Resources to meet Expected Demand model for police officers. Approval and delivery of annual Value for Money Plan. Planning and delivery of transformation programme. Requirements for business cases. Arrangements for procurement, commissioning, joint working and partnerships. Review of annual HMIC value for money profile. Management oversight through Transformation Board.	2	4	8
4	In year expenditure exceeds income	Reduced financial resilience. Increased pressure on budgets in future years.	Budget management arrangements including budget holder responsibilities and monthly monitoring through the COG and Resource Governance meetings. Use of savings tracker. Availability of reserves.	2	2	4
5	Additional, unexpected costs e.g. arising from disasters, major incidents, loss or damage to assets.	Reduced financial resilience. Increased pressure on budgets in future years.	Insurance arrangements. Availability of reserves including earmarked reserves for major incidents and insurance. Bellwin Scheme of government aid in relation to disasters.	2	2	4

6	Financial loss e.g. bad debts, default of investment counterparty, fraud.	Reduced financial resilience. Increased pressure on budgets in future years.	Treasury Management Plan and reporting. Debt collection arrangements. Availablity of reserves. Anti fraud and corruption policy.	1	3	3
7	Cashflow difficulties.	Inability to pay staff and creditors.	Treasury Management Plan and reporting. Cashflow forecasting.	1	3	3
8	Failure to prepare accurate and timely financial statements.	Qualified external audit opinion. Loss of reliability of financial management information. Finance staff diverted from assisting management.	Approval of accounting policies. In year accounting checks. Closure of accounts timetable. Progress monitoring. Quality assurance by retained finance team. Qualified and experienced staff.	2	1	2
9	Failure to complete accurate and timely statutory and other returns.	Potential tax penalties. Potential loss of grant. Criticism from external auditor, HMIC, government.	Schedule of required returns. Progress monitoring. Quality assurance by retained finance team.	2	1	2
10	Failure to pay staff accurately and on time.	Staff dissatisfaction. Potential additional costs.	Payroll process and validation checks. Annual internal audit.	3	2	6
11	Failure to raise debtor accounts.	Financial loss.	Charging policy. Debtor processes. Annual internal audit.	2	2	4
12	Failure to procure the right things at the best prices.	Poor value for money.	Contract and Procurement Regulations. Annual Procurement Plan.	2	1	2
13	Failure to pay creditors correctly.	Potential additional costs.	Payment processes and validation checks. Annual internal audit.	1	1	1
14	Lack of leadership engagement in financial issues.	Lack of financial planning and control. Financial implications of policy decisions not considered. Increased probability of the consequences outlined above.	Statutory responsibilities of PCC and CC for financial management. Chief Finance Officer member of PCC senior management team. Chief Finance Officer member of Chief Officer Group.	1	3	3
15	Lack of adequate financial management skills and specialist expertise.	Increased probability of the consequences outlined above	Budget holder training and awareness. Retained finance team with specialist expertise bought in as necessary. Monitoring of G4S finance performance.	2	3	6