

Appendix 2- Risk Register

Treasury Management

As at: 30 September 2022

| Ref | Title | Risk description | Risk | | | Date Raised | Owner | Gross | | Current | | Target | | Comments | Controls | | | | |
|---------------------|---|---|-------------|--|--|-------------|------------|-------|---|---------|---|--------|---|--|---------------------|----------|--------|------------|--------------|
| | | | Opp/ threat | Cause | Consequence | | | I | P | I | P | I | P | | Control description | Due date | Status | Progress | Action Owner |
| Treasury Management | | | | | | | | | | | | | | | | | | | |
| 1 | Loss of capital investment due to a counterparty collapsing | The Council loses its principal investment or an investment becomes impaired. | T | Counterparty collapses or hits a financial crisis rendering it unable to repay investments. | The Council may lose money or repayment of funds could be significantly delayed which could have an adverse impact on operational funding levels | 05/08/16 | Bill Lewis | 5 | 3 | 5 | 3 | 5 | 3 | Reducing risk by limiting the use of high risk counterparties. Imposing a maximum investment value on approved counterparties in order to spread and reduce risk. Controls and procedures are in place to ensure investment and durations limits with approved counterparties are not exceeded. Counterparties are also monitored and reviewed on a weekly basis at least, or more regularly if considered necessary to do so. | Ongoing | Ongoing | 100% | Bill Lewis | |
| 2 | Pooled fund investments lose value | The value of the Council's units held in pooled fund investments decreases. | T | Uncertainty in the commercial property market and investment markets following Brexit, Covid and slowdown in general economic activity. | Capital depreciation will decrease the overall value of the investment. | 05/08/16 | Bill Lewis | 4 | 3 | 3 | 3 | 3 | 2 | The Council receives monthly valuations from the fund managers detailing the indicative redemption value of the individual units. These are reported to the Head of Finance on a monthly basis. The Council has the option to sell its units if there is a concern that the fund value is likely to decrease for a prolonged period. | Ongoing | Ongoing | 100% | Bill Lewis | |
| 3 | Decline in interest rates | Interest rates continue to fall with very little prospect of upward movement in the next 12 months. | T | Economic growth forecasts remain subdued leading to low interest rates. Consequently lower risk counterparties tend to offer low investment rates. | The Council may not achieve its target level of interest. | 05/08/16 | Bill Lewis | 2 | 3 | 2 | 3 | 2 | 3 | In the current economic climate where rates tend to be static, arranging investments over a longer period of time where possible will allow the Council to capitalise on a higher rate of return without there being an opportunity cost. The Council continually monitors base rate and rates being achieved against budget to ensure it has secured the best value possible in a difficult economic climate. | Ongoing | Ongoing | 100% | Bill Lewis | |
| 4 | Fraudulent activity | Potential fraud by staff | T | Fraudulent activity | Loss of money for the Council Disciplinary action for the staff involved | 05/08/16 | Bill Lewis | 3 | 3 | 2 | 1 | 2 | 1 | Segregation of staff duties, reviewing and monitoring of internal controls to ensure the correct protocol is being followed. Ensuring all insurance policies and the fidelity guarantee are fully up to date. | Ongoing | Ongoing | 100% | Bill Lewis | |
| 5 | Money laundering | Money laundering by external parties | T | External parties pay a transaction by cash and subsequently request a refund | Fine and/or imprisonment | 05/08/16 | Bill Lewis | 4 | 2 | 4 | 1 | 4 | 1 | Ensuring the money laundering policy is reviewed and up to date. Checking refunds back to source. Raising awareness of this issue amongst staff and reviewing the financial regulations. | Ongoing | Ongoing | 100% | Bill Lewis | |
| 6 | Network failure/Barclays.net being inaccessible | The Council is unable to carry out its daily treasury functions due to a network failure | T | Barclays.net is unavailable or the Council's network has failed | Daily Treasury functions will not be carried out | 05/08/16 | Bill Lewis | 2 | 3 | 1 | 2 | 1 | 2 | Invoke the business continuity plan to minimise the effects of a network issue. | Ongoing | Ongoing | 100% | Bill Lewis | |
| 7 | Revenue Budgets | Revenue budgets are unable to meet borrowing costs of capital schemes | T | Revenue budgets come under pressure from restricted government funding or non delivery of programmed savings | The Council may not be able to execute some desired projects. | 05/08/16 | Bill Lewis | 3 | 3 | 2 | 2 | 2 | 2 | Revenue budgets monitored on monthly basis and future year forecasts undertaken. Reserve some capital receipts to cover borrowing costs in the short term. Monthly financial reports and forecasts. | Ongoing | Ongoing | 100% | Bill Lewis | |
| 8 | Lack of suitable counterparties | The Council does not have enough "space" with approved counterparties to place investments/deposit surplus cash balances. | T | Rising cash balances and a restricted counterparty list | Use of counterparties not paying best value rates. | 05/08/16 | Bill Lewis | 3 | 4 | 3 | 3 | 3 | 3 | The Council continually monitors its approved counterparty listing in conjunction with cash balances. Any potential new investment opportunities are discussed at Treasury Management performance meetings. The Council utilises money market and enhanced cash funds to deposit surplus cash balances in the event of no space with other counterparties and also to ensure there is always cash instantly available in order to meet payment obligations when they fall due. However, there are also limits on the amounts deposited to such funds. The Council has a facility to deposit cash with the Debt Management Office should all other investment options be exhausted. | Ongoing | Ongoing | 100% | Bill Lewis | |

Current Risk Score

This is the risk score at the time that the risk is reviewed. When the risk is first identified it will be the same as the gross risk score. The current risk score is tracked to ensure that progress is being made to manage the risk and reduce the Council's exposure.

Residual Risk Score

This is the risk score after mitigating actions have taken place. The residual risk score shows how effective your action plans are at managing the risk.

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