

Financial Risk Assessment

Purpose and Scope:

This policy provides guidelines to the board, staff, volunteers and participants of Tailem Bend Community Centre Incorporated (TBCC) to safeguard our organisation from financial risk.

Risk assessment matrix

The following approach to risk categorisation should be applied in carrying out the risk assessment.

Assess each risk that you have identified in terms of the likelihood of it occurring, and the severity of the consequence, should the risk eventuate. Use the risk assessment matrix below as a guide to assess the risk level.

Consequence	Likelihood				
	How likely is the incident to occur?				
How severe is the consequence of the risk? (refer to next table)	Very high <i>(an incident is expected to occur during the financial year)</i>	High <i>(an incident will probably occur during the financial year)</i>	Moderate <i>(an incident may occur during the financial year)</i>	Low <i>(an incident is not expected to occur during the financial year)</i>	Minimal <i>(an incident only occurs in exceptional circumstances)</i>
Critical	Extreme	Extreme	High	Moderate	Moderate
Major	Extreme	High	Moderate	Moderate	Low
Moderate	High	Moderate	Moderate	Low	Low
Minor	Moderate	Moderate	Low	Low	Negligible
Minimal	Moderate	Low	Low	Negligible	Negligible

Consequence rating

To determine the consequence rating of each risk, consider the potential effects of an incident occurring.

Consequence description:	Consequence rating criteria:			
	Finance and assets	Reputation	Disruption to delivery	Legal and compliance
Critical	Financial loss greater than 20% of budget	Numerous complaints. Major scandal. National and international media coverage.	Disruption resulting in cancellation.	Major or numerous litigations, compliance breaches of substance, regulatory or criminal investigation.
Major	Financial loss between 10% and 19% of budget	Numerous complaints, national media coverage.	Disruption resulting in rescheduling.	Significant or numerous litigations, or compliance breaches of substance, external investigation.
Moderate	Financial loss between 6% and 10% of budget	Several complaints. Local media coverage.	Disruption resulting in significant delay.	Some litigation or compliance breaches, external investigation.
Minor	Financial loss between 1% and 5% of budget	Few complaints. Some social media coverage.	Disruption resulting in a few days' delay.	Some litigation or compliance breaches, internal investigation.
Minimal	Financial loss less than 1% of budget	No complaints. No media coverage.	Disruption resulting in one day's delay.	Few litigation or compliance breaches, internal review.

Risk area	Risk	Risk rating	Existing controls	Risk management strategy	Person responsible	Date completed
Corruption	Conflicts of interest	Low	Board Agenda item for disclosure	Governance finance training	Chairperson	21/12/2021
	Bribery	Low	Policies and procedures prohibiting recipient gift	Review and consultation Any donated item with a value assessed as exceeding \$200 will be recorded and a letter acknowledging the donation will be sent to the donor within two weeks of receipt of the donation – confirming the intent of the donor in making the donation	CEO Board, Staff and volunteers	21/12/2021
	Economic extortion	Low	Contractor compliance process	Policies, procedures and contractor induction	CEO Board, Staff and volunteers	21/12/2021
Asset misappropriation	Theft of cash	Low	Minimal cash held onsite in locked cupboard with limited staff and volunteers having access Bank statements will be reconciled monthly. All reconciliations together with bank statements will be stored in the Treasurers cupboard in the secure Board Office at TBCC	Petty Cash Vouchers process by Finance Officer. Accounts at local stores with numbered card systems to evidence approval to purchase. All cash accounts and term deposits owned by TBCC will be held in financial institutions which are authorised deposit-taking institutions (banks, building societies and credit unions) insured by the Financial Claims Scheme (FCS) which protects depositors from potential loss due to failure of these institutions. No bank account or term deposit will carry a balance over the FCS insured amount.	CEO Board, Staff and volunteers	21/12/2021
	Theft of inventory and other assets	Low	Secure IT structure monitored by Murray Computers. Reckon Quickbooks password protected access	Secure monitored network	CEO Board, Staff and volunteers	21/12/2021

Risk area	Risk	Risk rating	Existing controls	Risk management strategy	Person responsible	Date completed
	Remuneration fraud (e.g. ghost employees, fraudulent timesheets)	Low	Small team of staff managed by TBCC CEO in consultation with Employsure	Staff exit checklist	CEO Finance Officer. Treasurer	21/12/2021
	Procurement fraud (including from vendors, suppliers, contractors, and consultants)	Moderate	Finance Officer processes Procurement requests and manages account details.	Annual auditing	CEO Finance Officer. Treasurer	21/12/2021
	Expenses fraud	Low	Receipts required for reimbursements payments are approved by CEO and two signatories approve EFT transactions. All capital expenditures which exceed one thousand dollars (\$1,000) will be capitalised	Annual auditing Reimbursements will be paid upon complete expense reporting using official Centre forms where they exist (e.g. Travel Reimbursement). Reimbursements to the CEO will be authorized by the Treasurer, Finance Officer or delegate.	CEO Finance Officer. Treasurer	21/12/2021
	Tampering with cheques	Low	Cheques are printed in house with logos and entered via Reckon. Cheques or other disbursements over \$5,000 require approval	Blank cheques are locked in CEO office and only printed as required. Staff or public personal cheques will not be cashed through the petty cash fund.	CEO Finance Officer. Treasurer	21/12/2021
	Other external fraud or theft (including perpetrated by partners)	Low	Separate internet access for public use to mitigate exposure to TBCC server	IT health check emails sent	CEO Finance Officer. Treasurer	21/12/2021
Financial statement fraud	Incorrect amounts recorded in financial statements	Low	Finance Officer enters data and reports monthly to CEO and BOM	Monthly review of reports	CEO Finance Officer. Treasurer	21/12/2021

Risk area	Risk	Risk rating	Existing controls	Risk management strategy	Person responsible	Date completed
	Fraudulent employee credentials	Low	Employment matrix, screening and reference checks annual reviews. Accounting and personnel records will be kept in locked filing cabinets in The Board office and only parties with financial and/or HR responsibility will have access to the keys	All staff are inducted following HR policies for employment	CEO Finance Officer.	21/12/2021
	Other fraudulent non-financial statements (e.g. fraudulent forecasts or performance evaluations) Terrorist financing, diversion or sanctions breaches Involvement in money-laundering Deceptive fundraising	Low	We will monitor the adoption of and adherence to internal controls to ensure the protection of Centre assets and that TBCC's financial affairs are managed prudently and with integrity	Monthly and annual reviews	CEO Finance Officer. Treasurer	21/12/2021
Other	IT security	Low	Dropbox security link with certifications such as SOC 1,2 and 3 , ISO, HIPAA etc: Security, compliance, and privacy with Dropbox Business - Dropbox Business . Could look to implement Multifactor authentication (MFA) on Dropbox accounts as well ideally.	Patch management and Managed Endpoint Security (antivirus) provided by Murray Computers to ensure computers are scanned, updated and protected. Multifactor authentication turned on for key Microsoft 365 accounts (should look to ensure all accounts are MFA if possible). Azure active directory used for PC logins. WiFi system isolates Public internet traffic from business network.	CEO Finance Officer. Treasurer	21/12/2021

Risk assessment completed by: Tammy Shepherd and Christine Hartmann
Completed on: 21/12/2021
Signed:

Date first formulated	December 2021	
Dates approved by Board	V1	March 2022
Next Review Date	March 2024	
Related Documents	Finance Procedures Delegation of Authority Policy Risk Management Policy Sponsorship policy TBCC Strategic Plan TBCC Fee policy Australian Charities and Not for Profit Commission Aged Care Standards NDIS Commission Information Sharing Guidelines Australian Tax Office	
Legislation	Associations Incorporation Act 1985 A New Tax System (Goods and Services Tax) Act 1999 Criminal Code Aged Care Act 1997 Financial Transaction Reports Act 1988 Health Insurance Act 1973 Human Services (Medicare) Act 1973 Carers Recognition Act 2005	
Signed on behalf of TBCC Board of Management by:		
Name: Jack Hunt		
Position held: Chairperson		Signature:
		2 February 2022