

WALTON VILLAGE HALL

Financial Risk Assessment

Potential risk	Potential impact	Steps to mitigate risk
Budgetary control and financial reporting	<ul style="list-style-type: none"> • budget does not match key objectives and priorities • decisions made on inaccurate financial projections or reporting • decisions made based on unreliable costing data or income projections • inability to meet commitments or key objectives • poor credit control • poor cash flow and treasury management • ability to function as going concern 	<ul style="list-style-type: none"> • link budgets to planning and objectives • monitor and report in a timely and accurate way • use proper costing procedures • ensure adequate skills base • to produce and interpret budgetary and financial reports • agree procedures to review and action budget/cash flow variances and monitor and control costs • regularly review reserves
Reserves Policies	<ul style="list-style-type: none"> • lack of funds or liquidity to respond to new needs or requirements • inability to meet commitments or planned objectives • reputational risks if policy cannot be justified 	<ul style="list-style-type: none"> • link reserves policy to budget, activities and I identified financial and operating risk • regularly review reserves policy and reserve levels
Cash flow sensitivities	<ul style="list-style-type: none"> • inability to meet commitments • lack of liquidity to cover variance in costs • impact on operational activities 	<ul style="list-style-type: none"> • ensure adequate cash flow projections (prudence of assumptions) • identify major sensitivities • ensure adequate information flow from operational managers • monitor arrangements and reporting
Dependency on income sources	<ul style="list-style-type: none"> • cash flow and budget impact of loss of income source 	<ul style="list-style-type: none"> • identify major dependencies • implement adequate reserves policy • consider diversification plans
Pricing policy	<ul style="list-style-type: none"> • unplanned loss from pricing errors • cash flow impact on other activities 	<ul style="list-style-type: none"> • compare with other service providers • develop pricing policy for activities

Reviewed: Tuesday 12th August 2025

Next Review Due: August 2026

Potential risk	Potential impact	Steps to mitigate risk
Compliance with donor imposed restrictions	<ul style="list-style-type: none"> • funds applied outside restriction • repayment of grant • future relationship with donor and beneficiaries • regulatory action 	<ul style="list-style-type: none"> • implement systems to identify restricted receipts • agree budget control, monitoring and reporting arrangements
Fraud or error	<ul style="list-style-type: none"> • financial loss • reputational risk • regulatory action • impact on funding 	<ul style="list-style-type: none"> • review financial control procedures • segregate duties • set authorisation limits • review security of assets • identify insurable risks
Counter party risk	<ul style="list-style-type: none"> • financial loss • disruption to activities or operations 	<ul style="list-style-type: none"> • research counter party's financial sustainability • contractual agreement • consider staged payments • agree performance measures • monitor and review investments • establish monitoring and review arrangements where counter party is the charity's agent ('conduit funding' arrangements)