

TREASURY MANAGEMENT ANNUAL REPORT 2014/15 - RISK MATRIX – ANNEX A

Issue/Risk	Consequences if allowed to happen	Likelihood	Impact	Mitigation	Mitigated Likelihood	Mitigated Impact
Credit risk - associated with investing with financial institutions that do not meet the credit rating criteria.	Could mean loss of principal sum and interest accrued.	2	D	In response to the economic climate the Council continue to adopt a more stringent credit rating methodology.	1	D
Market risk - Selection of wrong type of investment for higher return.	The poor performance of the chosen investment.	3	B	The number of investment options have been kept to a minimum within the investment strategy.	2	B
Liquidity risk - Use of fixed term deposits and / or instruments / investments with low marketability may mean a lack of liquidity	Unable to take advantage of better investment options. Funds are unavailable to cover capital spend.	1	B	The maturity profile has shortened for investments. The 2011/12 Investment Strategy reduced the period for non- specified investments and full Council agreed to continue with this policy in 2014/15. Short and medium term cash flow management ensures funds are available when needed.	1	B

Score	Likelihood	Score	Impact
1	Very Low	A	Low
2	Not Likely	B	Minor
3	Likely	C	Medium
4	Very Likely	D	Major
5	Almost Certain	E	Disaster