

SPARSHOLT PARISH COUNCIL

RISK ASSESSMENT

OCTOBER 2021

SUMMARY

ASSESSMENT OF RISK				EFFECTIVENESS OF CONTROLS		
IMPORTANCE	Severity	Likelihood	Count	Low	Medium	High
9	3	3	0	0	0	0
6	3	2	3	0	1	2
	2	3	0	0	0	0
4	2	2	5	0	2	3
3	3	1	23	0	5	18
	1	3	0	0	0	0
2	2	1	7	0	3	4
	1	2	0	0	0	0
1	1	1	9	0	2	7
			47	0	13	34
				ACTIONS REQUIRED		

Reviewed 16 March 2023 Minute ref 23/24-109

Updated September 2023 Minute ref 23/24-49g

Subject	Risk identified	Severity	Likelihood	Importance	Effectiveness of controls	Management/Control of Risk	Review/Assess/ Revise - Action and Responsibility	Action / UPDATE
INCOME - Precept	Adequacy of precept in order for the Council to carry out its Statutory duties	3	1	3	H	At the November Council meeting, a draft budget including actual position and projected position to the end of year will be presented by the RFO for discussion and amendment. The Council will be able to assess the required monies for standing costs and projects for the following year and set a precept amount.	Existing procedures have ensured that an accurate Precept is requested.	
	Requirements not submitted	3	1	3	H	Precept requirement to be submitted by the Clerk in writing to Winchester City Council by the stated deadline; confirmation of receipt reported to Finance subcommittee		
	Precept not received	3	1	3	H	The Clerk to inform the Finance subcommittee when monies are transferred to the PC bank a/c.		
INCOME - Rent	Fail to obtain rent for Well House	2	1	2	H	Rent agreed in 3-year contract with Shop Association; Councillor on Shop Committee with watching brief; timely invoicing.	Existing procedures have ensured that Well House rent is received	
INCOME - VAT Refunds	Fail to recover VAT paid to suppliers	3	1	3	H	The Council is not VAT registered.; VAT recorded in accounts and summarised; Claim submitted to HMRC and refund monitored and reported to Finance subcommittee and PC	Existing procedures have ensured that VAT is recovered.	
INCOME - Grants	Fail to receive grants due to the PC	3	1	3	M	Monitor grants available; apply as necessary; receive grants; confirm met grant conditions	Existing procedures have ensured that Grants are received. But there could be better monitoring of available grants. Establish monitoring process - Finance subcommittee	Outstanding
EXPENDITURE - Salaries and associated costs	Incorrect Salary paid	1	1	1	H	Contract of Employment; Annual Salary review in line with published scales; payroll calculations outsourced; Clerk generates transfers approved by two councillors	Existing procedures have ensured that salary and associated payments are correctly made.	
	Unpaid Tax/Ni to Inland Revenue resulting in penalties to the Council	1	1	1	H	Transferred at same time as salary;		
EXPENDITURE - Equipment	Insufficient information to prepare budget	2	3	6	M	Reserves available but no detailed plan	Need detailed 5-year replacement/renewal plan with cost estimates - Cllr Sue Wakefield started. Cllr Brown	Started
	Unexpected breakdowns	2	2	4	M	Regular detailed inspections	Establish more regular inspections	Done
EXPENDITURE - Building Maintenance	Problems with the Well House or services used	2	2	4	M	The main areas for maintenance are: the roof, the hanging tiles and the 2 windows. The roof has recently been refurbished as I doubt there will be any work required to it in the next 5 years. There are one or two hanging tiles which need replacing. I estimate the cost of this to be £250 plus VAT. The windows have been recently repainted and I think they will be good for another 5 years. I suggest we budget £750, being for work on the tiles and a contingency.	Updated SEPTEMBER 2023- Cllr Nigel Reid.	Done
EXPENDITURE - Services	Overspend on planned expenditure with suppliers	1	2	2	H	Competitive quotations obtained against a specification of works; any additional works/overspend would require PC approval.	Existing procedures are adequate	
EXPENDITURE - Urgent response	Emergency where there may be damage or risk to property/staff/general public if urgent action not taken	3	1	3	M	Chairman of the Finance subcommittee to consult other councillors as appropriate and where necessary authorise emergency spending of up to £5k which must be reported and justified at the next full PC meeting. To be drawn from General Reserves.	Ensure this the control is authorised by PC and minuted - Cllr John Little 21-10-2021 APPROVED AND MINUTED	Done
	Professional services needed at short notice - eg on a complex planning application.	3	1	3	M			Done
EXPENDITURE - Grants payable	Invalid/illegal grants given	3	1	3	H	Grants only given in accordance with PC Grants Policy; approved by PC and minuted	Existing procedures are adequate	
EXPENDITURE - Exceeds Budget	Insufficient funds are provided under a budget head	2	2	4	H	Monthly budget monitoring should be undertaken by the Clerk and shortfalls highlighted to the Finance subcommittee who may then recommend transfers from General Reserve or other budget heads; to be approved at next full PC meeting	Use of variance analysis of previous budgets to provide guidance when producing budget. Finance subcommittee minutes to show if funds are transferred from reserves or one budget head to another	
ILLEGAL EXPENDITURE	Illegal activity and/or payments	3	1	3	H	All activity has to be approved in advance by PC and minuted. Payments are verified by the Clerk, scrutinised by Finance Subcommittee and reviewed and approved at full PC meetings.		Existing procedures are adequate.
RESERVES	Inadequate to cover all expenditure	3	1	3	H	General Reserve plus explicit reserves for known projects/potential liabilities (eg Elections costs should the PC election be contested)	Existing procedures are adequate.	

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	Value of reserves eroded by inflation	1	2	2	M	Topped up where necessary in budget/precept; investment policy needed to balance risks.	Develop investment policy - Cllr John Little. 21-10-2021 APPROVED AND MINUTED	Done
Cash/cheque Handling	Loss or Theft	1	1	1	H	PC does not handle cash; Receipts are received electronically and not by cheque; No cheque book on PC current account; procedures require two signatures should a chequebook become necessary.	Existing procedures are adequate.	
Banking	Lack of control over banking/procedures/checks	2	1	2	H	The Council has Financial regulations which set out the requirements for banking and reconciliation of the Parish Council bank accounts.	Existing procedures ensure that banking controls are followed and are adequate.	
	Mistakes by the bank	1	1	1	H	The bank statements are monitored on a monthly basis and any irregularities are raised with the bank immediately. Bank reconciliation each month and inspected by PC every two months		
Suppliers	Inappropriate selection of supplier	3	1	3	H	Financial Regulations sets out requirements; PC authorisation and minuted; ongoing contracts reviewed annually for performance and pricing.	Existing procedures ensure that supplier selection requirements are followed and are adequate.	
	3rd Party Claims arising from Supplier activity/omission	3	1	3	H	All contractors must supply evidence of public liability insurance ; risk assessments provided where necessary.		
Assets	Loss or damage	2	2	4	H	An annual review of assets is undertaken for insurance, maintenance and storage provision. Insurance and asset registers are updated annually	Existing procedures meet requirements	
	Risk/damage to third party	3	1	3	H			
Insurance	Inadequate cover	3	1	3	H	Asset Register maintained and verified annually	Existing procedures ensure Insurance is adequate, appropriate and best value	
	Uncompetitive premium	3	2	6	H	Competitive quotations obtained every 2/3 years depending on an changes/contractual obligations		
	Inappropriate cover	3	1	3	H	Ensure supplier has PC experience/expertise		
Record Keeping - including accounting, notices & agendas, minutes, policy & procedures, and statutory documents	Inadequate records	3	1	3	H	PC Financial Regulations sets out the requirements; internal audit to verify; reviewed by Finance subcommittee and full PC on preparation of Annual Return. Minutes and agenda are produced in the by the Clerk and adhere to the legal requirements and best practice guidelines. Minutes are consecutively numbered, signed and dated by the Chair.	Existing procedures meet requirements	
	Financial irregularities Council not carrying out best practice in line with changes to Govt financial legislation resulting in failure of external audit	2	1	2	M	Monitoring of HALC/NALC updates on best practice processes, procedures and controls	Some HMG legislation changes have slipped through in the past eg Accessible Website legislation. Need to improve the way these can be monitored. - Clerk/RFO.	Ongoing
	Loss of paper records	3	1	3	M	Majority of documents are now electronic created and maintained by the Clerk on the PC's laptop and where appropriate for public access they are uploaded to the PC website; Paper invoices are scanned and sent to councillors with request for approval.	Ensure all paper documents are scanned where necessary - Clerk/RFO	Ongoing
	Loss of electronic records	1	1	1	M	Multiple copies of electronic records maintained; Lost data can be recovered from paper copies of invoice and receipts.	Periodic Review of Computer system; need to backup laptop and website to protect online documents and webpage content - Clerk/RFO and Cllr John Little 04-11-2021 - Website now backed up automatically with 14 days held available to restore; specific backups can be retained.	Done
Audit – Internal	Failure to conduct internal audit in time	3	1	3	H	PC agrees appointment of internal auditor, Clerk arranges, Finance subcommittee ensures required reports have been produced by Clerk/RFO in time for the auditor; PC verifies compliance on Annual Return	Existing procedures meet requirements	
Audit - External	Failure to conduct an external audit if and when required	3	1	3	H	Currently the PC expenditure is below £25,000 and therefore an external audit is not required. Finance subcommittee review the potential expenditure each year when setting the precept and at that point consider whether an external audit might be required. They further review actual expenditure at the end of they year before determining if an external audit is required. The PC then complete statement of exemption if and external audit is not required	Existing procedures meet requirements	
Reporting	Fail to prepare reports accurately or approve appropriately	1	1	1	H	The Finance subcommittee is presented with a 2-monthly report by the Clerk which includes the current financial position and details of income and expenditure and verifies position with a bank reconciliation. All reports have to be approved by PC.	Existing procedures meet requirements	

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	Fail to communicate reports or meet FOI obligations	1	1	1	H	Agenda and minutes are displayed according to legal requirements. Members have the opportunity to discuss, question, review financial matters during the full Parish Council meetings.	Existing procedures meet requirements	
	Fail to meet mandatory reporting of annual return	3	1	3	H	The internal auditor verifies the correct publishing of the Annual Return.	Existing procedures meet requirements	
LEGAL RESPONSIBILITIES	Legal action taken against the PC	3	2	6	H	Public Liability insurance would cover general personal injury claims if the Council were found to be at fault.	Existing Insurance meets requirements	
	Breaches of Health & Safety	2	1	2	M	Staff working at home are made aware of requirements for safe working; Playground regular inspection and timely maintenance, repair and or replacement; signage for proper use of equipment could be improved	Improve signage in the Playground - Clr Sue Wakefield	Done
	Website may not fully meet accessibility regulations	1	1	1	M	Software has been installed to meet regulations; Clerk is to attend familiar course to better understand how regulations can be met in the preparation of documents and website content.	Clerk to attend appropriate course - Clerk/RFO Clerk continues to look for a course	Outstanding
	Fail to meet Freedom of Information requests	2	1	2	H	All disclosable information is available on the website. Any requests made will be considered by the Clerk and the PC as necessary.	Existing procedures meet requirements	
	Compliance with GDPR	3	1	3	M	Only personal information required to meet legislative requirements is held by the PC; need to instigate annual review of compliance; annual fee paid to Information Commissioner	Establish annual review - Clerk/RFO	Outstanding
Councillors interests	Conflict of interests	3	1	3	H	Declarations of interest by members included on agenda for each full Council meeting.	Existing procedures meet the requirements.	
	Register of members interests not maintained	2	1	4	H	Register of members interests reviewed annually; Clerk forwards on to the local authority.	Existing procedures meet the requirements.	
Employees	Fraud by staff	3	1	3	H	Financial Regulations in place and adhered to; monthly reporting to Finance Subcommittee.	Existing procedures meet the requirements.	
	Loss of key personnel	1	1	1	H	Immediate recruitment if necessary; request handover period from person leaving. Finance Subcommittee to cover should an emergency situation occur.	Existing procedures meet the requirements.	

KEY

	Severity	Likelihood	Importance	Effectiveness of controls
Low	1	1	1 to 3	L
Medium	2	2	4 to 6	M
High	3	3	7 to 9	H