

**Pension Fund
RISK REGISTER
Jo Ray**

Areas covered

Pension Fund Governance & Strategy
Pensions Administration
Investments (Internally and externally managed)

Service Objectives

- 1 Ensure there are enough assets to cover liabilities in the long term
- 2 To prepare the final accounts for the Pension Fund to the agreed timetable
- 3 To manage the internal portfolios to produce returns within the targeted risk and return levels
- 4 To monitor the external managers to ensure they are acting within the IMA
- 5 To work in partnership with WYPF to ensure an effective and efficient Pensions Administration Service is provided
- 6 To ensure that there is sufficient liquidity available to pay drawdowns on the Funds commitments and pensions due

Sort by Risk ID

Sort by Current Overall Risk Score

ID	Date added	Linked to Objective	Overall Risk status	Description of Risk			Existing Controls	Status	Owner	Current Risk Score		Overall Current Risk Score
				Source (Lack of....Failure to)	Consequences (Results inLeads to)	Risk Owner				L	I	
1		5		Contributions of payments of pensions <ul style="list-style-type: none"> Non-collection Miscoding Non-payment 	<ul style="list-style-type: none"> If it doesn't get discovered it effects employers FRS17/IAS19 & Valuation,final accounts cashflow in pension fund 	Jo Ray	<ul style="list-style-type: none"> Employer contribution monitoring Additional monitoring at specific times Reconciliations Improved employer contribution data Monthly returns checks UPM employer module Ongoing employer training 	Good	Jo Ray	1	3	3
2		5		Inability to deliver the service either resource or finance in accordance with the agreement	<ul style="list-style-type: none"> Members of the pension scheme not serviced Statutory deadlines not met 	Jo Ray	<ul style="list-style-type: none"> Performance Indicators General management indicators Bi-monthly meetings with WYPF Horizon Scanning Internal Audit Service Level Agreement Response to Audit Reports in the form of action plans Benchmarking & performance data, process management Error reporting Complaint reporting Customer Surveys 	Good	Jo Ray	2	3	6
3		2,3,4,5		Loss of key staff and loss of knowledge & skills	<ul style="list-style-type: none"> Inability to deliver service Damaged reputation Pensioners not paid 	Jo Ray	<ul style="list-style-type: none"> Diversified staff / team Look at other authorities with best practices to ensure LCC positions still desirable Attendance at pensions user groups, both WYPF and LCC Procedural notes which includes new systems as and when (LCC & WYPF) Section meetings / appraisals (LCC & WYPF) Regular team building (LCC & WYPF) 	Fair	Jo Ray	2	2	4
4		5		Paying Pensions correctly	<ul style="list-style-type: none"> Damaged reputation Financial loss 	Jo Ray	<ul style="list-style-type: none"> Internal control through audit process Constant monitoring / checking Robust error logs Quality standard at WYPF Process management Vitacleansing Tracing services Data Cleansing 	Good	Jo Ray	2	2	4
5		3,4		Custodian bank (J P Morgan) goes bust	<ul style="list-style-type: none"> Inability to trade internal & external No reconciliation or accounting service Losses to cash account 	Jo Ray	<ul style="list-style-type: none"> Service level agreement with termination clause Regular Meetings Regular reports SAS 70/AAF0106 Other Custodian options - review markets 	Good	Jo Ray	1	3	3

6		1,3,4		Poor investment performance from managers	<ul style="list-style-type: none"> Lower funding level Increase in employer contributions 	Jo Ray	<ul style="list-style-type: none"> Performance measurement Managers report monthly Reporting to pensions committee Diversification across managers 	Good	Jo Ray	2	3	6
7		1		Assets not enough to meet liabilities	<ul style="list-style-type: none"> Lower funding level Increase in employer contributions 		<ul style="list-style-type: none"> Valuation Asset Liability Study Quarterly reporting of funding level Investment Consultant 	Good	Jo Ray	2	3	6
8		1		Required returns not met due to poor strategic allocation	<ul style="list-style-type: none"> Damaged reputation Increase in employer contribution 	Jo Ray	<ul style="list-style-type: none"> Consultant Triennial review Performance monitoring Monthly Members letter Reporting to Pensions Committee 	Good	Jo Ray	2	3	6
9		4		Non compliance of external managers	<ul style="list-style-type: none"> Damaged reputation Financial loss 	Jo Ray	<ul style="list-style-type: none"> FSA regulated Manager due diligence Investment Management Agreement Manager monitoring Report quarterly to team Review every 3 years Qualified officers (internal & external Fund Managers) Additional managers meetings Termination clause 	Good	Jo Ray	1	2	2
10		1,3,4		Financial regulations (e.g LCC / CIPFA) not adhered to / legal guidelines not followed	<ul style="list-style-type: none"> LCC may incur penalties Damaged reputation 	Jo Ray	<ul style="list-style-type: none"> Regulation of Fund Managers AAF 01/06 & SAS 70 & equivalents Contracts in place setting out parameters Internal staff are appropriately qualified and aware of policies and procedures Pension Fund managed in line with regulations Membership of CIPFA Pensions Network, NAPF etc. 	Good	Jo Ray	1	2	2
11		1,3,4		Financial decisions cannot be proven	<ul style="list-style-type: none"> Unable to explain decisions made in the event of challenge 	Jo Ray	<ul style="list-style-type: none"> Performance monitoring and reporting Monthly and quarterly reporting 	Good	Jo Ray	1	1	1
12		3,4		Personal gain (internal or external) through: <ul style="list-style-type: none"> Personal dealing Fraud or misappropriation of funds Manipulating share price 	<ul style="list-style-type: none"> Financial loss Damaged reputation 	Jo Ray	<ul style="list-style-type: none"> Protocol regarding personal dealing Declaration of interests Investment Management Agreements with Fund Managers Vetting of new Fund Managers through tender process Access restricted regarding transfer of funds - authorised signatories required Regulation of Fund Managers Insurance arrangements Code of Conduct Separation of duties 	Good	Jo Ray	1	1	1
13		3,4		Deal brokered is incorrect	<ul style="list-style-type: none"> Actual trade value differ to those expected 	Jo Ray	<ul style="list-style-type: none"> Access to real time information Broker used - confirmation of price Contract Note received 	Good	Jo Ray	1	1	1
14		2		Financial Statements of Pension Fund incorrect or late	<ul style="list-style-type: none"> Damaged reputation Qualified accounts 	Jo Ray	<ul style="list-style-type: none"> Agreed timetable Externally audited Qualified and trained staff Closedown procedures 	Good	Jo Ray	1	2	2
15		1,3,4,5		Fraud risk not managed	<ul style="list-style-type: none"> Financial loss Damaged reputation 	Jo Ray	<ul style="list-style-type: none"> Separation of duties Internal & external audit Monthly reporting Reconciliation procedures 	Good	Jo Ray	1	3	3

16		1,2,3,4,5		Governance	<ul style="list-style-type: none"> Financial loss Damaged reputation Legal issues 	Jo Ray	<ul style="list-style-type: none"> Governance compliance statement Pension Committee reporting Monthly member letter Statement of Investment Principles Funding Strategy Statement Trained Committee members and officers Pension Board 	Good	Jo Ray	1	2	2
19		2,5		Increase in admitted bodies/academies	<ul style="list-style-type: none"> Increased workload Incorrect rates paid Employer covenants 	Jo Ray	<ul style="list-style-type: none"> Admission agreements Bonds Contribution monitoring Early communication 	Good	Jo Ray	3	2	6
20		1,6		Maturing Fund	<ul style="list-style-type: none"> Cashflow issues Increasing employer rates Illiquid investments 	Jo Ray	<ul style="list-style-type: none"> Investment strategy Cashflow monitoring Discourage opt outs New scheme 50/50 option Communication 	Fair	Jo Ray	3	2	6
23	Sep-15	1,5		New Pension Freedom and Choice rules	<ul style="list-style-type: none"> impact on cashflow process not followed reduction in funding level 	Jo Ray	<ul style="list-style-type: none"> None yet - to be agreed with WYPF 	Poor	Jo Ray	2	2	4
24	Jun-16	1,3,4,6		Government consultation on asset pooling - approval to proceed with BCPP proposition.	<ul style="list-style-type: none"> Uncertainty and inability to make investment decisions 	Jo Ray	<ul style="list-style-type: none"> Pool decision made - progressing work Cross pool working group Communicate to Committee regularly Chair and S151 meetings Regular contact/meetings with DCLG/HMT 	Fair	Jo Ray	2	3	6
25	Sep-15	5		Employer breaches	<ul style="list-style-type: none"> Reporting to TPR Fines to employers Reputational risk to LCC and WYPF 	Jo Ray	<ul style="list-style-type: none"> Make employers aware of responsibilities through Admin Strategy and training 	Good	Jo Ray	1	2	2
26	Jan-16	all		Workloads and resources - additional work of asset pooling and agresso issues, along with team changes, means resources will be very stretched for the coming months	<ul style="list-style-type: none"> Accounts not closed in time or correctly Assets not managed/monitored Contributions not monitored Valuation work not completed 	Jo Ray	<ul style="list-style-type: none"> Monthly meetings with County Finance Officer to raise issues Concerns reported to Pensions Committee and Pension Board 	Fair	Jo Ray	2	3	6
27	Mar-16	1,2,5		Ongoing monthly data issues with LCC	<ul style="list-style-type: none"> Valuation data not submitted on time or accurately Statutory deadlines missed Contribution rates provided late to employers Incorrect pensions paid/accrued to members Incorrect contribution rate for LCC calculated 	Jo Ray	<ul style="list-style-type: none"> Monthly meetings with County Finance Officer to raise issues Concerns reported to Pensions Committee and Pension Board Concerns raised direct to employer 	Fair	Jo Ray	3	2	6
28	Jun-16	1,6		UK leaving the EU	<ul style="list-style-type: none"> Volatility of market Lower gilt yields leading to higher liabilities Inflation increasing liabilities Uncertainty of political direction re pooling 	Jo Ray	<ul style="list-style-type: none"> Increased monitoring of managers Review investment strategy Regular communications with Committee and Board 	Poor	Jo Ray	4	3	12

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