

**Pension Fund
RISK REGISTER
Jo Ray**

Areas covered

Pension Fund Governance & Strategy
Pensions Administration
Pension Fund Investments

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 monitor all investments to ensure they are fit for purpose and within the targeted risk and return levels
- 4 To monitor the external investment managers and service providers to ensure they are acting within their IMA and/or SLA
- 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

Refreshed July 2018

Sort by Current Overall Risk Score

ID	Date added	Linked to Objective	Description of Risk		Risk Owner	Existing Controls	Status	Owner	Current Risk Score		Overall Current Risk Score
			Source (Lack of....Failure to)	Consequences (Results inLeads to)					L	I	
1		5	Contributions of payments of pensions • Non-collection • Miscoding • Non-payment	If it doesn't get discovered it effects employers accounting report and Valuation,final accounts and cashflow in pension fund	Jo Ray	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	Members of the pension scheme not serviced Statutory deadlines not met	Jo Ray	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	Inability to deliver service Statutory requirements not met Damaged reputation Pensioners not paid Inability to make investment/administrati on decisions Loss of professional investor status under MIFIDII	Jo Ray	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	Calculating and paying pensions correctly	Damaged reputation Financial loss	Jo Ray	Internal control through audit process Constant monitoring / checking Quality standard at WYPF Process management NFI and Tracing services Data Cleansing	Good	Jo Ray	2	2	4
5		4	Custodian bank (J P Morgan) goes bust	Inability to settle trades No reconciliation, accounting or performance service Loss of access to cash accounts	Jo Ray	Service level agreement with termination clause Regular Meetings Regular control reports Other Custodian options - review markets	Good	Jo Ray	1	3	3

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6		1,3,4	Poor investment performance from managers	Lower funding level Increase in employer contributions	Jo Ray	Performance measurement Managers report monthly Reporting to pensions committee Diversification across managers Manager meetings	Good	Jo Ray	2	3	6
7		1	Assets not enough to meet liabilities	Lower funding level Increase in employer contributions		Valuation Asset Liability Study Quarterly reporting of funding level Professional advice	Good	Jo Ray	2	3	6
8		1	Required returns not met due to poor strategic allocation	Damaged reputation Increase in employer contribution	Jo Ray	Professional advice Triennial review Performance monitoring Monthly Members letter Reporting to Pensions Committee	Good	Jo Ray	2	3	6
9		4	Non compliance of external managers	Damaged reputation Financial loss	Jo Ray	FSA regulated Manager due diligence Investment Management Agreements Manager monitoring Report quarterly to team Review every 3 years Qualified officers Additional managers meetings Termination clause	Good	Jo Ray	1	2	2
10		1,3,4	Financial regulations (e.g LCC / CIPFA) and statutory requirements not adhered to / legal guidelines not followed	LCC may incur penalties Damaged reputation Intervention from Secretary of State Intervention from the Pensions Regulator	Jo Ray	Underlying regulation of Fund Managers FM control reports Contracts in place setting out parameters LCC staff appropriately qualified and aware of policies and procedures Pension Fund managed in line with statutory regulations Membership of CIPFA Pensions Network, PLSA etc. Pension Board	Good	Jo Ray	1	2	2
11		1,3,4,5	Financial or administration decisions challenged	Ombudsman report reported to TPR	Jo Ray	Performance monitoring and reporting Monthly and quarterly reporting Admin processes and procedures	Good	Jo Ray	1	1	1
12		3,4	Personal gain (internal or external) through: • Fraud or misappropriation of funds • Manipulating share price	Financial loss Damaged reputation	Jo Ray	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		2	Financial Statements of Pension Fund incorrect or late	Damaged reputation Qualified accounts	Jo Ray	Agreed timetable Externally audited Qualified and trained staff Closedown procedures	Good	Jo Ray	1	2	2
14		1,3,4,5	Fraud risk not managed	Financial loss Damaged reputation	Jo Ray	Separation of duties Internal & external audit Monthly reporting Reconciliation procedures	Good	Jo Ray	1	3	3

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15		1,2,3,4,5	Governance requirements not met	Financial loss Damaged reputation Legal issues	Jo Ray	Governance compliance statement Pension Committee reporting Monthly member letter Investment Strategy Statement Funding Strategy Statement Trained Committee members and officers Pension Board	Good	Jo Ray	1	2	2
16		2,5	Increasing employer numbers and/or reducing covenant strengths	Increased workload Incorrect rates paid	Jo Ray	Admission agreements Bonds Employer covenant monitoring Contribution monitoring Employer communication and PFR roles	Good	Jo Ray	3	2	6
17		1,6	Maturing Fund	Cashflow issues to pay pensions or commitments Increasing employer rates	Jo Ray	Investment strategy Cashflow monitoring Discourage opt outs 50/50 scheme option Communication	Fair	Jo Ray	3	2	6
18		1,5	Pension Freedom and Choice rules	Impact on cashflow Process not followed	Jo Ray	Value of transfers monitored	Good	Jo Ray	1	2	2
19		1,3,4,6	Asset pooling - management of relationship with BCPP	Inability to implement asset allocation decisions Increased costs Reduced returns	Jo Ray	Joint Committee Officer operation group Senior officer group	Fair	Jo Ray	2	3	6
20		5	Employer breaches	Reporting to TPR Fines to employers Reputational risk to LCC and WYPF	Jo Ray	Make employers aware of responsibilities through Admin Strategy and training Reporting breaches procedure Contribution monitoring	Good	Jo Ray	1	2	2
21		5	Data issues with LCC	Data not submitted on time or accurately Statutory deadlines missed Members missing starter/leaver information Incorrect pensions paid/accrued to members Incorrect contribution rate for LCC calculated	Jo Ray	Monthly meetings with County Finance Officer Concerns reported to Pensions Committee and Pension Board Concerns raised directly to employer	Fair	Jo Ray	3	2	6
22		1,6	Economic uncertainty due to UK leaving the EU	Volatility of market Lower gilt yields leading to higher liabilities Inflation increasing liabilities Uncertainty of political direction re pooling	Jo Ray	Increased monitoring of managers Review investment strategy Regular communications with Committee and Board	Poor	Jo Ray	4	3	12
23		4,5	Cyber security breach	Systems hacked Loss of Admin system leading to being unable to calculate and pay pensions Loss of data from third party service providers and managers	Jo Ray	WYPF and Bradford Council policies LCC policies External provider control reports	Good	Jo Ray	2	3	6
24		4,5	Non-compliant in Information Governance - incl. GDPR compliance	Risk of fines Reputational risk Personal/sensitive data in the wrong hands	Jo Ray	WYPF policies Reporting to Committee LCC policies	Fair	Jo Ray	2	3	6
25		1,3	Failure to meet requirements as a responsible investor - across all ESG risks	Reputational risk, loss of Fund value	Jo Ray	Stewardship code compliance Managers reporting requirements LAPFF membership Voting	Good	Jo Ray	1	2	2

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26		1,3,4	Failure to maintain professional investor status following the implementation of MIFIDII	Fire sale of assets, inability to implement investment strategy	Jo Ray	Use of LGA/SAB templates and letters, trained Committee, professional officers, use of investment advisors and consultants	Good	Jo Ray	1	2	2
27		1,3,4,6	Asset pooling - transition of assets	Inability to implement asset allocation Impact on performance of costs	Jo Ray	Officer operations group Workstreams within Border to Coast Communicate to Committee regularly S151 meetings	Fair	Jo Ray	2	3	6