

Dyfed Pension Fund - Risk Register

Risk no	Risk/nature of Risk	Risk scoring	Control	Assigned to															
Governance and Regulatory																			
G1	Failure to hold personal data securely.	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Unlikely 2</td> <td>Medium 8</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Significant 3</td> <td>Improbable 1</td> <td>Very Low 3</td> </tr> </tbody> </table>	Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Unlikely 2	Medium 8	Controlled Risk			Significant 3	Improbable 1	Very Low 3	<ul style="list-style-type: none"> Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls. Disaster Recovery Plan for pensions system. Authorised users have unique usernames and passwords must be changed every 60 days. Documentation is scanned on to the pensions system and paper copies are held for a period of 3 months before shredding. Compliance with the Data Protection Act 1998. Compliance with the Authority's in-house IT policies. Systems and Payroll audit undertaken annually. Pension Software is a hosted system provided by Aquila Heywood and is a tier 4 design data centre with ISO27001 accreditation. 	Pensions Manager
Impact	Probability	Risk rating																	
Uncontrolled Risk																			
Substantial 4	Unlikely 2	Medium 8																	
Controlled Risk																			
Significant 3	Improbable 1	Very Low 3																	
G2	<p>Lack of expertise on Pension Fund Committee and/or amongst Investment Officers.</p> <p>Lack of training, continuous professional development and 4-year election cycle.</p> <p>Flawed recommendations given to Pension Fund Committee which, unchallenged, could lead to incorrect decisions being made.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Significant 3</td> <td>Likely 4</td> <td>High 12</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Significant 3</td> <td>Possible 3</td> <td>Medium 9</td> </tr> </tbody> </table>	Impact	Probability	Risk rating	Uncontrolled Risk			Significant 3	Likely 4	High 12	Controlled Risk			Significant 3	Possible 3	Medium 9	<ul style="list-style-type: none"> Ensure Investment Officers are trained and up to date in key areas through courses, seminars, reading, discussions with consultants, etc. Members given induction training on joining Committee with subsequent opportunities to attend other specialist training. Members' training plan and Governance Policy established. Specialist assistance available from consultants and independent adviser. 	Treasury & Pension Investments Manager
Impact	Probability	Risk rating																	
Uncontrolled Risk																			
Significant 3	Likely 4	High 12																	
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G3	<p>Officers acting outside delegated authority.</p> <p>Threat of Officers making unauthorised decisions or payments.</p> <p>Loss of income to Fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to Fund employers.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Unlikely 2</td> <td>Medium 8</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Improbable 1</td> <td>Low 4</td> </tr> </tbody> </table>	Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Unlikely 2	Medium 8	Controlled Risk			Substantial 4	Improbable 1	Low 4	<ul style="list-style-type: none"> Undertake regular review of Standing Orders & Constitution. Report to Executive Board. Monitoring officer role. 	Pensions Manager and Treasury & Pension Investments Manager
Impact	Probability	Risk rating																	
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Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to	
G4	<p>Non-performance by Officers and Committee Members.</p> <p>Lack of training for officers and members; turnover in officers and members; lack of appraisals; lack of PI monitoring; time constraints for members; conflicting deadlines for officers.</p> <p>Qualified audit report; potential bad publicity; members' loss of confidence in officers' abilities; excessive pressure on officers; loss of income to the Fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to Fund employers.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Establish performance measurement system. * Officer appraisals in October and March annually. * Regular internal and external audits. * Establish & review training plan for officers and members. * Pension Committee member assessments. ** 	<p>*Pensions Manager and Treasury & Pension Investments Manager</p> <p>**Treasury & Pension Investments Manager</p>	
Uncontrolled Risk			Substantial 4	Possible 3			High 12
Controlled Risk			Substantial 4	Unlikely 2			Medium 8
G5	<p>Failure to comply with LGPS regulations as well as other overriding regulations.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Altair Development Officer undertakes Altair system checks to ensure compliance with LGPS regulations. Network Groups (Altair & LGPC). Communication & Training Officer responsible for the maintenance of Online Procedure manuals, and the provision of training to all section staff and employing bodies via site visits. Continue to act as an "Early Adopter" in conjunction with the system provider to ensure system meets regulatory requirements. Technical Officer ensures legislative accuracy of calculations. 	<p>Pensions Manager</p>	
Uncontrolled Risk			Substantial 4	Unlikely 2			Medium 8
Controlled Risk			Substantial 4	Improbable 1			Low 4
G6	<p>Failure to respond to major change to the LGPS following Public Sector Pension Review.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Participation in all high-level Government discussions and consultations. * Society of Welsh Treasurers review the suitability of existing and any new pension Fund arrangements. * CIPFA Pensions Network membership. * Ensure best practice is implemented and DPF is seen as a centre of excellence for pension administration. ** Continue to be recognised nationally by peers as one of the leaders in pension administration and facilitate site visits. ** Technical Officer ensures legislative accuracy of calculations. ** 	<p>*Pensions Manager and Treasury & Pension Investments Manager</p> <p>**Pensions Manager</p>	
Uncontrolled Risk			Substantial 4	Possible 3			High 12
Controlled Risk			Substantial 4	Improbable 1			Low 4

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to
G7	Global financial markets impacted by economic climate, national/global austerity measures and geopolitical events.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Ongoing review and any subsequent actions taken by Pension Committee, Investment Officers and Independent Adviser with reference to the global economy and global instability. 	Treasury & Pension Investments Manager
Uncontrolled Risk		Catastrophic	Possible	High		
5		3		15		
Controlled Risk		Substantial	Possible	High		
4		3		12	<ul style="list-style-type: none"> The establishment of a Responsible Investment (RI) Policy. Ongoing review by Pension Committee, Investment Officers and Independent Advisor of the fund's carbon exposure and other ESG factors. ESG considerations embedded in investment decision making. Significant work undertaken in conjunction with the Wales Pension Partnership, including the establishment of an RI sub-group, appointment of a voting and engagement provider and being a signatory to the UK Stewardship Code. 	Treasury & Pension Investments Manager
Uncontrolled Risk		Catastrophic	Possible	High		
5		3		15		
Controlled Risk		Substantial	Possible	High		
4		3		12	<p>Funding and Investment</p>	
F1	<p>Failure to collect and account for full receipt of contributions from employers and employees on time and in line with Regulation guidelines.</p> <p>Failure of employers' financial systems; absence of key staff; failure to communicate with employers effectively; failure of key systems such as on-line banking and/or financial ledger.</p> <p>Possible adverse audit opinion; negative cash flow position; delays in producing IAS19 accounting reports; delays in closure of year end accounts; employers forced to leave the scheme.</p>	Impact	Probability	Risk rating		
Uncontrolled Risk		Substantial	Possible	High		
4		3		12		
Controlled Risk		Substantial	Unlikely	Medium		
4		2		8		

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to															
F2	<p>Liquidity/cashflow risk Insufficient funds to meet liabilities as they fall due.</p> <p>Failure of employers to pay contributions on time; low dividend income; significant number of liabilities paid out at the same time.</p> <p>Immediate cash contribution would be required via employers; delay in the payment of promised liabilities; negative publicity and an adverse audit report.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Possible 3</td> <td>High 12</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Unlikely 2</td> <td>Medium 8</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Possible 3	High 12	Controlled Risk			Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Robust current and future cashflow forecasting. Monthly cash and dividend reconciliations. Quarterly monitoring of investment managers by Pension Committee. Appointment of custodian. 	Treasury & Pension Investments Manager
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Uncontrolled Risk																					
Substantial 4	Possible 3	High 12																			
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F3	<p>Excessive levels of Pension Fund Cash held within Carmarthenshire County Council investment balances.</p> <p>High dividend / interest receipts and low benefit payments being made in period.</p> <p>Lower cash like return instead of equity or bond investment returns.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Significant 3</td> <td>Unlikely 2</td> <td>Medium 6</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Significant 3</td> <td>Improbable 1</td> <td>Very Low 3</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Significant 3	Unlikely 2	Medium 6	Controlled Risk			Significant 3	Improbable 1	Very Low 3	<ul style="list-style-type: none"> Monthly cash reconciliations and separate pension Fund bank accounts. Quarterly monitoring by Pension Fund Committee. Internal Audit and Wales Audit Office review. 	Treasury & Pension Investments Manager
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F4	<p>Prolonged failure of investment managers to achieve the returns specified on their mandates.</p> <p>Under-performance by the investment managers; lack of monitoring and challenging by the Committee.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Likely 4</td> <td>Significant 16</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Unlikely 2</td> <td>Medium 8</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Likely 4	Significant 16	Controlled Risk			Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Quarterly monitoring of investment managers and performance company reports by investment team and Pension Committee. 	Treasury & Pension Investments Manager
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Substantial 4	Likely 4	Significant 16																			
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Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to		
F5	<p>Failure to recover all debts.</p> <p>Lack of communication between fund officers and administering authority officers (debtors); lack of monitoring / recovery procedures.</p> <p>Loss of income to the Fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to Fund employers.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Use of specialist debt recovery section within the administering authority. Monthly monitoring of debts due. 	Pensions Manager and Treasury & Pension Investments Manager		
Uncontrolled Risk		Substantial 4	Likely 4	Significant 16				
Controlled Risk		Moderate 2	Improbable 1	Very Low 2				
F6	<p>Significant rises in employer contributions due to increases in liabilities or fall in assets.</p> <p>Scheme liabilities increase disproportionately as a result of increased longevity or falling bond yields. Poor economic conditions, incorrect investment strategy, poor selection of investment managers.</p> <p>Poor / negative returns leading to potential increase in employer's costs.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Use qualified actuary who uses assumptions and recommends appropriate recovery period and strategy. * Quarterly monitoring of investment managers by Pension Committee. ** Diversified Strategic Asset Allocation. ** 	*Pensions Manager and Treasury & Pension Investments Manager **Treasury & Pension Investments Manager		
Uncontrolled Risk		Substantial 4	Likely 4	Significant 16				
Controlled Risk		Significant 3	Possible 3	Medium 9				
F7	<p>Failure of Investment Strategy to deliver investment objectives.</p> <p>Inaccurate triennial valuation assumptions used. Incorrect recovery period used.</p> <p>Funding level decreases: employer contribution rates become unacceptable, causing potential increase in employer's costs.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Work with and challenge qualified actuary when making assumptions to ensure that the triennial valuation is robust in delivering the fund's investment objectives. * Independent Investment adviser employed to assist the committee in making informed decisions. ** 	*Pensions Manager and Treasury & Pension Investments Manager **Treasury & Pension Investments Manager		
Uncontrolled Risk		Significant 3	Likely 4	High 12				
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F8	<p>Concentration risk Single asset class having disproportionate impact on investment objectives.</p> <p>Risk of the performance of a single asset class having a disproportionate impact on the ability to meeting investment objectives.</p> <p>Inappropriate investment strategy following the triennial valuation, including lack of diversification.</p> <p>Funding level decreases: employer contribution rates become unacceptable, causing potential increase in employers' costs.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Possible 3</td> <td>High 12</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Unlikely 2</td> <td>Medium 8</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Possible 3	High 12	Controlled Risk			Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Establish & review diversified strategic asset allocation. Continually reviewing the strategic asset allocation with the Independent Investment Advisor and taking any actions as necessary. 	Treasury & Pension Investments Manager
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F9	<p>Counterparty risk of other party in a transaction failing to meet its obligation to the Fund.</p> <p>This arises from deposits held with banks and other financial institutions, as well as credit exposures to the fund's employers.</p> <p>Loss of capital; decrease in asset values; cost of legal proceedings; adverse publicity.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Possible 3</td> <td>High 12</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Unlikely 2</td> <td>Medium 8</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Possible 3	High 12	Controlled Risk			Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Set appropriate parameters with Fund managers and custodian to limit exposure to default risk. 	Treasury & Pension Investments Manager
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Controlled Risk																					
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F10	<p>Interest rate risk Arises from risk of exposure to significant interest rate movements on investments.</p> <p>Bond yields and some equity investments decrease in value.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Possible 3</td> <td>High 12</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Significant 3</td> <td>Possible 3</td> <td>Medium 9</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Possible 3	High 12	Controlled Risk			Significant 3	Possible 3	Medium 9	<ul style="list-style-type: none"> Establish & review diversified strategic asset allocation. 	Treasury & Pension Investments Manager
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F11	<p>Discount rate risk</p> <p>Use of inappropriate discount rate to estimate future liabilities.</p> <p>Funding level decreases; employer contribution rates become unacceptable, causing potential increase in employers' costs.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Possible 3</td> <td>High 12</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Unlikely 2</td> <td>Medium 8</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Possible 3	High 12	Controlled Risk			Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Engage qualified actuary to make assumptions. Engage independent adviser to assist the committee in making informed decisions. 	Treasury & Pension Investments Manager
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F12	<p>Price risk</p> <p>The equity investments held exposes the Fund to risk in relation to the market price of its investments.</p> <p>Funding level decreases; employer contribution rates become unacceptable, causing a potential increase in employers' costs.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Possible 3</td> <td>High 12</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Unlikely 2</td> <td>Medium 8</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Possible 3	High 12	Controlled Risk			Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Establish & review a diversified strategic asset allocation. Anticipate long term returns on a prudent basis. 	Treasury & Pension Investments Manager
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Substantial 4	Possible 3	High 12																			
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Substantial 4	Unlikely 2	Medium 8																			
F13	<p>Foreign exchange risk</p> <p>The Fund holds financial assets and liabilities denominated in foreign currencies. It is therefore exposed to an element of risk in relation to currency fluctuation.</p> <p>Funding level decreases; employer contribution rates become unacceptable, causing a potential increase in employers' costs.</p>	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Possible 3</td> <td>High 12</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Unlikely 2</td> <td>Medium 8</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Possible 3	High 12	Controlled Risk			Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> Establish & review diversified (within regions) strategic asset allocation. 	Treasury & Pension Investments Manager
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Operational																					
O1	Failure to process accurate pension benefits payments, including lump sum payments, in a timely manner.	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Significant 3</td> <td>Unlikely 2</td> <td>Medium 6</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Significant 3</td> <td>Improbable 1</td> <td>Very Low 3</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Significant 3	Unlikely 2	Medium 6	Controlled Risk			Significant 3	Improbable 1	Very Low 3	<ul style="list-style-type: none"> • Segregation of duties and authorisation of benefit following calculation by Senior Pensions Officer. • Altair Development Officer is responsible for regular system checks regarding calculations. • Communication & Training Officer liaises closely with all employing authorities to ensure timely submission of information to DPF. • Payroll deadline procedures in place. • Item in Business Continuity/Disaster Recovery Plan. • Participate in National Fraud Initiative (NFI). • Life Certificates exercise carried out for all cheque payments. • Undertake reviews of monthly performance to ensure service standards are maintained. • IT Contingency/Resilience Plan in place. 	Pensions Manager
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Uncontrolled Risk																					
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O2	Failure to keep pension records up to date and accurate.	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Significant 3</td> <td>Possible 3</td> <td>Medium 9</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Significant 3</td> <td>Improbable 1</td> <td>Very Low 3</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Significant 3	Possible 3	Medium 9	Controlled Risk			Significant 3	Improbable 1	Very Low 3	<ul style="list-style-type: none"> • Senior Officers liaise closely with employing authorities to ensure timely and accurate submission of data to DPF. • i-Connect ensures that data from employers is identified by a direct transfer from payroll on a monthly basis. • Data accuracy checks undertaken by the pension section prior to continual validation on workflow system. • Data integrity validation is performed monthly by Altair Development Officer. • Data validation checks also undertaken by the DPF's partners (e.g. the Actuary at Valuation). • Additional validation carried out through NFI. • Opportunity to escalate non-compliance. 	Pensions Manager
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Controlled Risk																					
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O3	Loss of funds through fraud or misappropriation in administration related functions.	<table border="1"> <thead> <tr> <th>Impact</th> <th>Probability</th> <th>Risk rating</th> </tr> </thead> <tbody> <tr> <td colspan="3">Uncontrolled Risk</td> </tr> <tr> <td>Substantial 4</td> <td>Unlikely 2</td> <td>Medium 8</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Moderate 2</td> <td>Unlikely 2</td> <td>Low 4</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Unlikely 2	Medium 8	Controlled Risk			Moderate 2	Unlikely 2	Low 4	<ul style="list-style-type: none"> • Internal and external audit checks performed to ensure that appropriate and effective controls are in place. • Segregation of duties and authorisation of benefits following calculation by Senior Pensions Officer and Pensions Officer. • Altair Development Officer undertakes data integrity checks. • Systems and Payroll audit undertaken annually. 	Pensions Manager
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O4	<p>Normal operations disrupted by uncontrollable external factors.</p> <p>Service delivery threats from fire, bomb, extreme weather, electrical faults, etc.</p> <p>Insufficient daily back up, disaster recovery, and IT cover to support systems.</p> <p>Temporary loss of ability to provide service to stakeholders.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls. * Disaster Recovery Plan for pensions system with the software provider. ** Pension Software is a hosted system provided by Aquila Heywood and is a tier 4 design data centre with ISO27001 accreditation. ** 	*Pensions Manager and Treasury & Pension Investments Manager **Pensions Manager
		Uncontrolled Risk				
		Substantial 4	Possible 3	High 12		
		Controlled Risk				
		Significant 3	Improbable 1	Very Low 3		
O5	<p>Inability to keep service going due to loss of main office, computer system, or staff.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls. Pension Software is a hosted system provided by Aquila Heywood and is a tier 4 design data centre with ISO27001 accreditation. 	Pensions Manager
		Uncontrolled Risk				
		Moderate 2	Unlikely 2	Low 4		
		Controlled Risk				
		Moderate 2	Improbable 1	Very Low 2		
O6	<p>Lack of expertise among some Pension Administration officers.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Personal development plan in place to support the development of each officer in the Section. Specific courses / seminars attended by officers to further their knowledge and understanding. 	Pensions Manager
		Uncontrolled Risk				
		Significant 3	Unlikely 2	Medium 6		
		Controlled Risk				
		Significant 3	Improbable 1	Very Low 3		
O7	<p>Over reliance on key Pensions Administration and Investment Officers.</p> <p>Specialist nature of the work means there are relatively few experts in LGPS administration and investments.</p> <p>Significant knowledge gap left if experts leave.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Key officers convey specialist knowledge to colleagues on a function or topic basis by mentoring. Enhance training by bespoke sessions / courses / workshops. Specific relevant qualifications for administration and investment staff. External consultants and independent adviser available for short term assistance for investment matters. 	Pensions Manager and Treasury & Pension Investments Manager
		Uncontrolled Risk				
		Significant 3	Possible 3	Medium 9		
		Controlled Risk				
		Significant 3	Unlikely 2	Medium 6		

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to
O8	Failure to appropriately attract, manage, develop, and retain pensions administration staff at all levels.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Training and Development Plan established. Carmarthenshire County Council recruitment and retention policy implemented. 	Pensions Manager
Uncontrolled Risk		Substantial 4	Possible 3	High 12		
Controlled Risk		Substantial 4	Unlikely 2	Medium 8		
O9	<p>Failure to communicate properly with stakeholders.</p> <p>Lack of clear communications.</p> <p>Scheme members are not aware of their rights and entitlements, are distanced from the Fund, which could lead to a reduction in new members and an increase in leavers.</p> <p>Communication with investment managers, custodian, independent adviser, Fund employers, pensioners, scheme members, actuary, and government organisations.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Dedicated Communication & Training Officer will continue to fulfil all the communication requirements of the DPF, in accordance with the Communications Policy Statement* My Pension Online is used to enhance the service provided to scheme members. * Quarterly meetings with independent adviser and investment managers. ** Comprehensive website is continually updated and developed. *** Communications Policy in place. *** Annual Employer & Consultative Meeting. *** 	<p>*Pensions Manager</p> <p>**Treasury & Pension Investments Manager</p> <p>***Pensions Manager and Treasury & Pension Investments Manager</p>
Uncontrolled Risk		Significant 3	Unlikely 2	Medium 6		
Controlled Risk		Significant 3	Improbable 1	Very Low 3		
O10	<p>Loss of funds through fraud or misappropriation in investment related functions.</p> <p>Fraud or misappropriation of funds by an employer, investment managers or custodian.</p> <p>Financial loss to the Fund.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Internal and External Audit regularly test that appropriate controls are in place and working. Regulatory control reports from investment managers, custodian, etc. are also reviewed by audit. Due diligence is carried out whenever a new manager is appointed. Reliance also placed in Financial Conduct Authority registration. Quarterly monitoring by Pension Committee and Independent Adviser. 	Treasury & Pension Investments Manager
Uncontrolled Risk		Substantial 4	Possible 3	High 12		
Controlled Risk		Substantial 4	Unlikely 2	Medium 8		

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to	
O11	<p>Failure to meet deadlines or maintain robust working papers which do not provide assurance of the accuracy of the accounts.</p> <p>Lack of planning for closure of accounts; lack of training; loss of expert knowledge.</p> <p>Qualified audit report; potential bad publicity; members' loss of confidence on officers' abilities.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> • Timetabled Governance & Audit Committee cycles. • Liaise with external audit. • Establish closedown timetable. • Establish Audit Wales working paper guidance & planning document. • Excellent time management skills. • Attendance at CIPFA Pension Fund Accounts Training & CIPFA Pension Fund Example Accounts reviewed. 	Treasury & Pension Investments Manager	
Uncontrolled Risk							
Substantial 4	Possible 3	High 12					
Controlled Risk							
Substantial 4	Unlikely 2	Medium 8					
O12	<p>Adequate skilled resources not available for accounts preparation.</p> <p>Lack of training; loss of expert knowledge; annual or study leave.</p> <p>Qualified audit report; unsatisfactory internal audit report; failure to meet statutory closure deadlines; employee stress.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> • Appropriate Treasury & Pension Investments structure in place. • Arrange training courses and seminars, and mentoring. 	Treasury & Pension Investments Manager	
Uncontrolled Risk							
Significant 3	Likely 4	High 12					
Controlled Risk							
Significant 3	Possible 3	Medium 9					
O13	<p>Failure to operate strict financial and budgetary controls.</p> <p>Lack of regular budget monitoring and budget setting; lack of communication between admin and investment sections; lack of scrutiny of investment managers', consultants', and advisers' fees.</p> <p>Unexpected variances over budget headings; members' loss of confidence in investment officers' abilities; loss of income to the Fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to Fund employers.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> • Quarterly monitoring of budgets. • Quarterly forecasting and profiling of budgets. • Closure of accounts to Audit Committee. • Monthly reconciliations of contributions, dividends, and pension payroll. 	Treasury & Pension Investments Manager	
Uncontrolled Risk							
Substantial 4	Possible 3	High 12					
Controlled Risk							
Substantial 4	Unlikely 2	Medium 8					

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to
O14	Insufficient resources to provide information requirements for the Wales Pension Partnership on the management of the Fund.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Staffing resources to be kept under review to ensure the Fund's interests are properly met when developing investment pooling arrangements. 	Treasury & Pension Investments Manager
		Uncontrolled Risk				
		Substantial 4	Possible 3	High 12		
		Controlled Risk				
		Substantial 4	Unlikely 2	Medium 8		
O15	<p>Coronavirus COVID-19 Service delivery threats from COVID-19 and / or similar pandemics / epidemics.</p> <p>Insufficient daily back up, disaster recovery, and IT cover to support systems and staff.</p> <p>Temporary loss of ability to provide service to stakeholders.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls. * Hybrid working arrangements with access to key systems through CCC IT equipment and software. * Pension Software is a hosted system provided by Aquila Heywood and is a tier 4 design data centre with ISO27001 accreditation. ** 	<p>*Pensions Manager and Treasury & Pension Investments Manager</p> <p>**Pensions Manager</p>
		Uncontrolled Risk				
		Substantial 4	Possible 3	High 12		
		Controlled Risk				
		Moderate 2	Possible 3	Medium 6		
O16	No appropriate procedures for Employer bodies transferring out of the pension Fund or Employer bodies closing to new membership.	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Inter valuation monitoring and rate reassessment if appropriate. Identification of any issue and resolution via regular site visits by Communication & Training Officer. Requirement for employing authorities to issue termination forms for each active member. Validation of membership numbers. Employer covenant checks. 	Pensions Manager
		Uncontrolled Risk				
		Significant 3	Possible 3	Medium 9		
		Controlled Risk				
		Significant 3	Unlikely 2	Medium 6		