

lgps

Local Government
Pension Scheme



Dyfed Pension Fund

Risk Register



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																			
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G2	<p>Lack of expertise on Pension Committee and/or amongst Officers.</p> <p>Caused by: Lack of training, continuous professional development and changes in Committee membership due to election cycles.</p> <p>Resulting in: Flawed recommendations given to Pension Committee which, unchallenged, could lead to inappropriate 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"> Knowledge and Skills Policy in place. Training plan established for Committee members and Officers. Presented at each Committee meeting. Ensure Committee members and Officers are trained and up to date in key areas. Members given induction training on joining Committee with subsequent opportunities to attend other specialist training. Specialist assistance available from independent adviser. 	Treasury & Pension Investments Manager
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G3	<p>Officers acting outside delegated authority.</p> <p>Caused by: Threat of Officers making unauthorised decisions or payments.</p> <p>Resulting in: Loss of income to Fund; loss of stakeholder confidence in the ability of the administering authority.</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>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"> Undertake regular review of Standing Orders & Constitution. Report to Cabinet. Monitoring Officer advises on constitution matters. 	Pensions Manager and Treasury & Pension Investments Manager
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Uncontrolled Risk																					
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G4	<p>Non-performance by Committee Members and/or Officers.</p> <p>Caused by: Lack of training for members and officers; turnover in members and officers; lack of appraisals; lack of PI monitoring; time constraints for members; conflicting deadlines for officers.</p> <p>Resulting in: 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 employer contribution rates.</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"> Knowledge and Skills Policy in place. Training plan established for Committee members and Officers. Presented at each Committee meeting. Performance measurement system in place. Annual Officer appraisals. Internal and external audits. 	Pensions Manager and Treasury & Pension Investments Manager
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G5	Failure to comply with LGPS regulations as well as other overriding regulations.	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). Senior Communications & Employer Liaison 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. 	Pensions Manager
		Uncontrolled Risk				
		Substantial 4	Unlikely 2	Medium 8		
		Controlled Risk				
Significant 3	Improbable 1	Very Low 3	<ul style="list-style-type: none"> Participation in all high-level Government discussions and consultations. * 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. ** Network Groups (Altair & LGPC). ** Technical Officer ensures legislative accuracy of calculations. ** 	*Pensions Manager and Treasury & Pension Investments Manager **Pensions Manager		
Uncontrolled Risk						
Substantial 4	Unlikely 2	Medium 8				
Controlled Risk						
Significant 3	Improbable 1	Very Low 3		<ul style="list-style-type: none"> Ongoing review and any subsequent actions taken by Pension Committee, Officers and Independent Adviser with reference to the global economy and global instability. Diversified Strategic Asset Allocation. 		Treasury & Pension Investments Manager
Uncontrolled Risk						
Substantial 4	Possible 3	High 12				
Controlled Risk						
Significant 3	Possible 3	Medium 9				

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G8	<p>The Fund fails to adequately account for the investment, governance and reputational risk associated with climate change, climate risk and other Responsible Investment (RI) considerations.</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"> Responsible Investment (RI) Policy in place. Ongoing review by Pension Committee, Officers and Independent Advisor of the Fund's equity carbon exposure and other RI considerations. RI considerations embedded in investment decision making. Collaboration with the Wales Pension Partnership, including representation on the RI sub-group, appointment of a voting and engagement provider and being a signatory to the UK Stewardship Code. 	Treasury & Pension Investments Manager
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Funding and Investment																					
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>Caused by: 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>Resulting in: 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>	<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>Moderate 2</td> <td>Unlikely 2</td> <td>Low 4</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Significant 3	Possible 3	Medium 9	Controlled Risk			Moderate 2	Unlikely 2	Low 4	<ul style="list-style-type: none"> Contributions monitoring procedures. Formal timescales for receipt of contributions. Budget set and Quarterly monitoring against the budget. Escalation of non-receipt of contributions. Systems Audit undertaken by Internal Audit and External Auditors. 	Pensions Manager and Treasury & Pension Investments Manager
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F2	<p>Liquidity/cashflow risk Insufficient funds to meet liabilities as they fall due.</p> <p>Caused by: Failure of employers to pay contributions on time; low dividend income; significant number of liabilities paid out at the same time.</p> <p>Resulting in: The requirement to sell assets to generate the cash flow to meet the Fund's statutory obligations. 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. • Independent Investment Adviser employed to assist the committee in making informed decisions. • Appointment of custodian. 	Treasury & Pension Investments Manager
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F3	<p>Excessive levels of Pension Fund Cash held within Carmarthenshire County Council investment balances.</p> <p>Caused by: High dividend / interest receipts and low benefit payments being made in period.</p> <p>Resulting in: Cash equivalent 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. • Weekly monitoring of Fund's cashflow. • Quarterly monitoring by Pension Fund Committee. • Internal Audit and External Audit review. 	Treasury & Pension Investments Manager
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F4	<p>Prolonged failure of investment managers to achieve long term returns specified on their mandates.</p> <p>Caused by: Under-performance by the investment managers; lack of monitoring and challenging by the Committee and/or the Wales Pension Partnership.</p> <p>Resulting in: Failure to meet 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>Substantial 4</td> <td>Likely 4</td> <td>Significant 16</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	Likely 4	Significant 16	Controlled Risk			Significant 3	Possible 3	Medium 9	<ul style="list-style-type: none"> • Quarterly monitoring of investment managers and performance company reports by Officers, Pension Committee and Wales Pension Partnership. • Active engagement with the Wales Pension Partnership. • Independent Investment Adviser employed to assist the committee in making informed decisions. 	Treasury & Pension Investments Manager
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	required by actuary/SAA																		
F5	<p>Failure to recover all debts.</p> <p>Caused by: Lack of communication between fund officers and administering authority officers (debtors); lack of monitoring / recovery procedures.</p> <p>Resulting in: Loss of income to the Fund</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>Possible 3</td> <td>Medium 9</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Moderate 2</td> <td>Improbable 1</td> <td>Very Low 2</td> </tr> </tbody> </table>	Impact	Probability	Risk rating	Uncontrolled Risk			Significant 3	Possible 3	Medium 9	Controlled Risk			Moderate 2	Improbable 1	Very Low 2	<ul style="list-style-type: none"> Use of specialist debt recovery section within the administering authority. Quarterly monitoring of debts due. 	<p>Pensions Manager and Treasury & Pension Investments Manager</p>
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Uncontrolled Risk																			
Significant 3	Possible 3	Medium 9																	
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Moderate 2	Improbable 1	Very Low 2																	
F6	<p>Significant rises in employer contributions due to increases in liabilities or fall in asset values.</p> <p>Caused by: Scheme liabilities increase because of increased longevity or adverse movements in discount rates. Poor economic conditions, performance below required return stated in the investment strategy.</p> <p>Resulting in: Poor / negative returns leading to potential increase in employer contribution rates.</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"> Use qualified actuary who makes prudent assumptions and recommends appropriate recovery period and strategy. This is reviewed after each triennial valuation cycle. * Diversified Strategic Asset Allocation. ** Independent Investment Adviser employed to assist the committee in making informed decisions. ** 	<p>*Pensions Manager and Treasury & Pension Investments Manager</p> <p>**Treasury & Pension Investments Manager</p>
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F7	<p>Failure of Strategic Asset Allocation to deliver investment objectives.</p> <p>Caused by: Inaccurate assumptions used in triennial valuation or in the Strategic Asset Allocation.</p> <p>Resulting in: Funding level decreases: employer contribution rates potentially increasing.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Work with and challenge qualified actuary when making prudent assumptions to ensure that the triennial valuation is robust in delivering the fund's investment objectives. * Strategic Asset allocation review conducted every 3 years, by qualified advisor. Deviations against this monitored quarterly. ** Independent Investment Adviser employed to assist the committee in making informed decisions. ** 	<p>*Pensions Manager and Treasury & Pension Investments Manager</p> <p>**Treasury & Pension Investments Manager</p>
		Uncontrolled Risk				
		Substantial 4	Likely 4	Significant 16		
		Controlled Risk				
		Substantial 4	Possible 3	High 12		
F8	<p>Concentration risk</p> <p>Risk of the performance of a single asset class having a disproportionate impact on the ability to meet investment objectives.</p> <p>Caused by: Inappropriate investment strategy following the triennial valuation, including lack of diversification.</p> <p>Resulting in: Funding level decreases: employer contribution rates become unacceptable, causing potential increase in employers' costs</p>	Impact	Probability	Risk rating	<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. Active engagement with the Wales Pension Partnership. Independent Investment Adviser employed to assist the committee in making informed decisions. 	<p>Treasury & Pension Investments Manager</p>
		Uncontrolled Risk				
		Substantial 4	Possible 3	High 12		
		Controlled Risk				
		Significant 3	Unlikely 2	Medium 6		
F9	<p>Counterparty risk of other party in a transaction failing to meet its obligation to the Fund.</p> <p>Arises from: deposits held with banks, custodians and other financial institutions, as well as credit exposures to the fund's employers.</p> <p>Results in: Loss of capital; decrease in</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Set appropriate parameters with Fund managers and custodian to limit exposure to default risk. Independent Investment Adviser employed to assist the committee in making informed decisions. 	<p>Treasury & Pension Investments Manager</p>
		Uncontrolled Risk				
		Substantial 4	Possible 3	High 12		
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Risk no	Risk/nature of Risk	Risk scoring	Control	Assigned to															
	asset values; cost of legal proceedings; adverse publicity.																		
F10	<p>Interest rate/ Duration risk</p> <p>Arises from: risk of exposure to significant interest rate movements on investments.</p> <p>Results in: Longer dated Bonds yields and 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. Monitor duration of fixed interest assets. Independent Investment Adviser employed to assist the committee in making informed decisions. 	Treasury & Pension Investments Manager
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F11	<p>Inflation (Discount rate) risk</p> <p>Arises from: Use of inappropriate discount rate to estimate future liabilities.</p> <p>Results in: 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>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"> Engage qualified actuary to make assumptions. Establish & review diversified strategic asset allocation. Independent Investment Adviser employed to assist the committee in making informed decisions. 	Treasury & Pension Investments Manager
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F12	<p>Market (Price) risk</p> <p>Arises from: The Fund bears risk in relation to the market price of its investments.</p> <p>Results in: 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>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 a diversified strategic asset allocation. Anticipate long term returns on a prudent basis. Independent Investment Adviser employed to assist the committee in making informed decisions. 	Treasury & Pension Investments Manager
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F13	<p>Foreign exchange risk</p> <p>Arises from: 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>Results in: 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>Significant 3</td> <td>Possible 3</td> <td>Medium 9</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Moderate 2</td> <td>Possible 3</td> <td>Medium 6</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Significant 3	Possible 3	Medium 9	Controlled Risk			Moderate 2	Possible 3	Medium 6	<ul style="list-style-type: none"> Establish & review diversified (within regions) strategic asset allocation. Independent Investment Adviser employed to assist the committee in making informed decisions. 	Treasury & Pension Investments Manager
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Operational																					

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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. • Senior Communications & Employer Liaison 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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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
Impact	Probability	Risk rating																			
Uncontrolled Risk																					
Significant 3	Possible 3	Medium 9																			
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>Significant 3</td> <td>Unlikely 2</td> <td>Medium 6</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Moderate</td> <td>Improbable</td> <td>Very Low</td> </tr> </tbody> </table>			Impact	Probability	Risk rating	Uncontrolled Risk			Significant 3	Unlikely 2	Medium 6	Controlled Risk			Moderate	Improbable	Very Low	<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
Impact	Probability	Risk rating																			
Uncontrolled Risk																					
Significant 3	Unlikely 2	Medium 6																			
Controlled Risk																					
Moderate	Improbable	Very Low																			

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to													
		2	1	2															
O4	<p>Normal operations disrupted by uncontrollable external factors.</p> <p>Caused by: 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>Resulting in: Temporary loss of ability to provide service to stakeholders.</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>Improbable 1</td> <td>Very Low 3</td> </tr> </tbody> </table>	Impact	Probability	Risk rating	Uncontrolled Risk			Substantial 4	Possible 3	High 12	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 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. ** 	<p>*Pensions Manager and Treasury & Pension Investments Manager</p> <p>**Pensions Manager</p>
Impact	Probability	Risk rating																	
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>	<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>Moderate 2</td> <td>Unlikely 2</td> <td>Low 4</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Moderate 2</td> <td>Improbable 1</td> <td>Very Low 2</td> </tr> </tbody> </table>	Impact	Probability	Risk rating	Uncontrolled Risk			Moderate 2	Unlikely 2	Low 4	Controlled Risk			Moderate 2	Improbable 1	Very Low 2	<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. 	<p>Pensions Manager</p>
Impact	Probability	Risk rating																	
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O6	<p>Lack of expertise among some Pension Administration officers.</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"> Knowledge and Skills Policy in place. 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. 	<p>Pensions Manager</p>
Impact	Probability	Risk rating																	
Uncontrolled Risk																			
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Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to
07	<p>Over reliance on key Pensions Administration and Investment Officers.</p> <p>Caused by: Specialist nature of the work means there are relatively few experts in LGPS administration and investments.</p> <p>Resulting in: Significant knowledge gap left if experts leave.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Knowledge and Skills Policy in place. 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. 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				
08	<p>Failure to appropriately attract, manage, develop, and retain pensions administration staff at all levels.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Training and Development Plan established. 	Pensions Manager
Uncontrolled Risk						
Substantial 4	Possible 3	High 12				
Controlled Risk						
Substantial 4	Unlikely 2	Medium 8				
09	<p>Failure to communicate properly with stakeholders.</p> <p>Caused by: Lack of clear communications.</p> <p>Resulting in: 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>Poor communication with investment managers, custodian, independent adviser, Fund employers, actuary, and government organisations.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Dedicated Senior Communications & Employer Liaison 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. ** Communications Policy in place. *** Comprehensive website is continually updated and developed. *** Annual 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						
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Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to
O10	<p>Loss of funds through fraud or misappropriation in investment related functions.</p> <p>Caused by: Fraud or misappropriation of funds by an employer, investment managers or custodian.</p> <p>Resulting in: 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 effective. Regulatory control reports from investment managers, custodian, etc. are also reviewed by audit. Wales Pension Partnership carries out due diligence when a new manager is appointed. 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				
O11	<p>Failure to meet deadlines or maintain robust working papers which do not provide assurance of the accuracy of the accounts.</p> <p>Caused by: Lack of planning for closure of accounts; lack of training; loss of expert knowledge.</p> <p>Resulting in: Qualified audit report; potential bad publicity; members' loss of confidence on officers' abilities.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Establishment and monitoring of closedown timetable. Establish external audit working paper guidance & planning document. Liaise with external audit. Attendance at CIPFA Pension Fund Accounts Training & CIPFA Pension Fund Example Accounts reviewed. Governance & Audit Committee. 	Treasury & Pension Investments Manager
Uncontrolled Risk						
Substantial 4	Possible 3	High 12				
Controlled Risk						
Significant 3	Unlikely 2	Medium 6				
O12	<p>Adequate skilled resources not available for accounts preparation.</p> <p>Caused by: Lack of training; loss of expert knowledge; annual or study leave.</p> <p>Resulting in: Qualified audit report; unsatisfactory internal audit report; failure to meet statutory closure deadlines</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Establishment and monitoring of closedown timetable. Detailed procedure manuals in place covering various functions. Appropriate Treasury & Pension Investments structure in place. Training courses, seminars, conferences and staff mentoring. 	Treasury & Pension Investments Manager
Uncontrolled Risk						
Substantial 4	Possible 3	High 12				
Controlled Risk						
Significant 3	Unlikely 2	Medium 6				

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to
O13	<p>Failure to operate strict financial and budgetary controls.</p> <p>Caused by: Lack of regular budget monitoring and budget setting; lack of communication between admin and investment sections; lack of scrutiny of investment managers and adviser fees.</p> <p>Resulting in: Unexpected variances over budget headings.</p>	Impact	Probability	Risk rating	<ul style="list-style-type: none"> Robust budget setting process in place. Quarterly monitoring of budgets. Monthly reconciliations of contributions, dividends, and pension payroll. Quarterly reconciliations between financial ledger and Pension Administration system. 	Treasury & Pension Investments Manager
		Uncontrolled Risk				
		Substantial 4	Possible 3	High 12		
		Controlled Risk				
O14	<p>Insufficient resources to provide information requirements for the Wales Pension Partnership.</p>	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 engaging with the Wales Pension Partnership. 	Treasury & Pension Investments Manager
		Uncontrolled Risk				
		Significant 3	Possible 3	Medium 9		
		Controlled Risk				
O15	<p>Service delivery threats from pandemics / epidemics.</p> <p>Caused by: Insufficient daily back up, disaster recovery, and IT cover to support systems and staff.</p> <p>Resulting in: 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 Pension Fund and 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				
O16	<p>No appropriate procedures for Employer bodies transferring out of the pension fund or Employer bodies closing to new membership.</p>	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 Senior Communications & Employer Liaison Officer. Requirement for employing authorities to issue termination forms for each active member. Validation of membership numbers. 	Pensions Manager
		Uncontrolled Risk				
		Significant 3	Possible 3	Medium 9		
		Controlled Risk				
		Significant	Unlikely	Medium		

Risk no	Risk/nature of Risk	Risk scoring			Control	Assigned to													
		3	2	6															
					<ul style="list-style-type: none"> Employer covenant checks. Fund policy in place to deal with closed employers. 														
017	<p>Cyber Risks which include:</p> <p>Ransomware or malware infection. Denial of Service Attack (DOS). Unauthorised network access (hacking) - External and Internal. Phishing Email Attack.</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>Catastrophic 5</td> <td>Probable 5</td> <td>Significant 25</td> </tr> <tr> <td colspan="3">Controlled Risk</td> </tr> <tr> <td>Catastrophic 5</td> <td>Likely 4</td> <td>Significant 20</td> </tr> </tbody> </table>	Impact	Probability	Risk rating	Uncontrolled Risk			Catastrophic 5	Probable 5	Significant 25	Controlled Risk			Catastrophic 5	Likely 4	Significant 20	<ul style="list-style-type: none"> CCC has a detailed Cyber Incident Response Plan which includes establishing an Incident Response Team comprising of technical experts, senior staff and key decision-makers.* CCC has established a Cyber & Information Governance Group which sets policies, ensures compliance and provides strategic direction.* Staff awareness training, firewalls, application controls on servers, security updates, vulnerability assessments, internal vulnerability scans, proactive monitoring of network and endpoint activity.* Utilisation of National Cyber Security Centre Advanced Cyber Defence tools.* Pension Software is a hosted system provided by Aquila Heywood and is a tier 4 design data centre with ISO27001 accreditation. ** DPF Cyber Policy in place and approved by Pension Committee in line with TPR General Code of Practice.** 	<p>Pensions Manager and Treasury & Pension Investments Manager*</p> <p>Pensions Manager**</p>
Impact	Probability	Risk rating																	
Uncontrolled Risk																			
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