Administration Risk Register 2017/18 Quarter 4 **Annex 2**

Risk Ref.	Risk Description	Risk Owner	Inherent Risk						Control actions	Action by whom	Residual risk						Reviewed on	Changes made during review
			Impact				Likely	Total risk score			Impact				Likely	Total risk score		
			Fin	Service	Rep'n	Total					Fin	Service	Rep'n	Total				
A1	Incorrect data due to employer error, user error or historic error leads to service disruption, inefficiency and conservative actuarial assumptions.	JB/NM	4	1	3	8	3	24	TREAT 1) Update and enforce admin strategy to assure employer reporting compliance 2) Implementation and monitoring of a Data Improvement Plan as part of the Service Specification between the Fund and Orbis TOLERATE 1) Northern Trust provides 3rd party validation of performance and valuation data. 2) Pension Fund team and Pension Committee members are able to interrogate data to ensure accuracy.	JB/NM	3	1	3	7	2	14	Mar-18	Unchanged
A2	Lack of process ownership leads to ineffective processes and errors.	JB	1	3	2	6	3	18	TREAT 1) Require transparent workflow reporting with identification of process ownerhip to be reported to the Local Pension Board (the Board)		1	2	2	5	2	10	Mar-18	Unchanged
A3	Failure to follow up on outstanding issues results in inefficiency and damaged reputation.	JB	2	2	3	7	3	21	TREAT 1) Include monitoring of task follow-up times as part of the revised service standards in the Administration Strategy		1	1	2	4	2	8	Mar-18	Unchanged
A4	Lack of capability of the admin system leads to inefficiency and disruption..	JB	2	2	1	5	2	10	TOLERATE 1) Ensure system efficiency is included in the annual improvement review.		2	2	1	5	2	10	Mar-18	Unchanged
A5	Poor reconciliation process leads to incorrect contributions.	NM/JS	2	3	3	8	4	32	TREAT 1) Ensure reconciliation process notes are understood by Pension Fund team 2) Ensure that the Pension Fund team is adequately resourced to manage the reconciliation process		2	2	1	5	2	10	Mar-18	Unchanged
A6	Lack of guidance and process notes leads to inefficiency and errors	JB	1	4	2	7	3	21	TREAT 1) Ensure process notes are compiled and circulated in Pension Fund and administration teams		1	2	2	5	2	10	Mar-18	Unchanged
A7	Unstructured training leads to under developed workforce resulting in inefficiency.	JB/NM	1	4	3	8	3	24	TREAT 1) Implementation and monitoring of a Staff Training and Competency Plan as part of the Service Specification between the Fund and Orbis		1	2	2	5	2	10	Mar-18	Unchanged
A8	Conflicting priorities (Orbis, SCCvsSPF, Pensions pooling) leads to lack of overall strategy, confusion and missed opportunities.	JB/NM	2	2	3	7	4	28	TOLERATE 1) Establish transparent lines of communication between Orbis partnership leads and local service areas 2) Ongoing monitoring from the Pension Fund Committee and Local Pension Board		2	2	3	7	2	14	Mar-18	Likelihood reduced from 4 to 2 in **Residual Risk** due to the inclusion of 2) Ongoing monitoring from the Pension Fund Committee and Local Pension Board. Total **Residual Risk** reduced from 28 to 14.
A9	Non-compliance with regulation changes relating to the pension scheme or data protection leads to fines, penalties and damage to reputation.	JB/NM	1	2	4	7	3	21	TREAT 1) The fund has generally good internal controls with regard to the management of the fund. These controls are assessed on an annual basis by internal and external audit as well as council officers. 2) Through strong governance arrangements and the active reporting of issues, the Fund will seek to report all breaches as soon as they occur in order to allow mitigating actions to take place to limit the impact of any breaches.		1	2	4	7	2	14	Mar-18	Unchanged
A10	Gaps in skills and knowledge due to key person/single point of failure and different skill requirements leads to inefficiency and poor performance.	JB	2	3	2	7	3	21	TREAT 1) 'How to' notes in place. 2) Development of team members & succession planning needs to be improved. 3) Officers and members of the Pension Fund Committee will be mindful of the proposed CIPFA Knowledge and Skills Framework when setting objectives and establishing training needs.		2	3	2	7	2	14	Mar-18	Unchanged
A11	Failure to get on top of the backlog leads to resource issues and management distractions.	JB	1	3	4	8	4	32	TREAT 1) Backlog to be identified as a "Project" as part of the Service Specification between the Fund and Orbis 2) Backlog to be included in revised Performance Statistics reported to and scrutinised by the Committee and Board		1	3	4	8	2	16	Mar-18	Unchanged
A12	Failure to identify GMP liability leads to ongoing costs for the pension fund	JB	3	2	3	8	4	32	TREAT 1) GMP to be identified as a "Project" as part of the Service Specification between the Fund and Orbis 2) Stage 1 reconciliation reviews has been completed. 3) Acquila Heywoods have been appointed to carry out an intermim stage 2 review		3	2	3	8	2	16	Mar-18	Service risk increased from 1 to 2 in Inherent and Residual Risk. Total Inherenl Risk increased from 28 to 32 and total Residual Risk increased from 14 to 16.
A13	Inability to respond to a significant event leads to prolonged service disruption and damage to reputation.	JB/NM	3	3	3	9	3	27	TREAT 1) Disaster recover plan in place as part of the Service Specification between the Fund and Orbis 2) Ensure system security and data security is in place 3) Business continuity plans regularly reviewed, communicated and tested 4) Internal control mechanisms should ensure safe custody and security of LGPS assets. 5) Gain assurance from the Fund's custodian, Northern Trust, regarding their cyber security compliance		3	3	3	9	1	9	Mar-18	Unchanged
A14	Lack of productivity leads to impaired performance.	JB	2	3	2	7	4	28	TREAT 1) Regular appraisals with focused objectives for pension fund and admin staff		2	3	2	7	3	21	Mar-18	Unchanged
A15	Failure to continuously improve leads to inefficiency and missed opportunities.	JB	2	2	2	6	3	18	TREAT: 1) Annual customer feedback survey to be carried out. 2) Quarterly complaints/praise feedback to be reported to and scrutinised by the Committee and Board 3) Implementation and monitoring of an annual Continous Improvement Plan as part of the Service Specification between the Fund and Orbis		2	2	2	6	2	12	Mar-18	Unchanged
A16	Rise in ill health retirements impact employer organisations	NM	3	1	3	7	2	14	TREAT 1) Implement self-insurance across employers within the fund		3	1	3	7	1	7	Mar-18	Unchanged
A17	Rise in discretionary ill health retirements claims adversely effecting self-insurance costs	JB/NM	2	1	2	5	2	10	TREAT 1) Pension Fund monitors ill health retirement awards which contradict IRMP recommendations		2	1	2	5	1	5	Mar-18	Unchanged
A18	Structural changes in an employer's membership or an employer fully/partially closing the scheme. Employer bodies transferring out of the pension fund or employer bodies closing to new membership. An employer ceases to exist with insufficient funding or adequacy of bond	JB/NM	3	4	2	9	3	27	TREAT 1) Administering Authority actively monitors prospective changes in membership. 2) Maintain knowledge of employer future plans. 3) Contributions rates and deficit recovery periods set to reflect the strength of the employer covenant. 4) Periodic reviews of the covenant strength of employers are undertaken and indemnity applied where appropriate. 5) Risk categorisation of employers implemented as part of 2016 actuarial valuation. 6) Monitoring of gilt yields for assessment of pensions deficit on a termination basis.	JB/NM	3	4	2	9	2	18	Mar-18	Unchanged

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