

Administration Risk Register 2021/22 Quarter 3

| Risk group | Risk Ref. | Risk Description | Risk Owner | Inherent Risk | | | | | Total risk score | Control actions | Residual risk | | | | | Reviewed on | Changes made during review | |
|------------|-----------|--|------------------------------|---------------|---------|-------|-------|--------|------------------|--|---------------|--------|---------|-------|-------|-------------|----------------------------|---|
| | | | | Impact | | | | Likely | | | Total | Impact | | | | | | Total risk score |
| | | | | Fin | Service | Reput | Legal | | | | | Fin | Service | Reput | Legal | | | |
| A1 | | Incorrect data due to employer error, user error or historic error leads to service disruption, inefficiency and conservative actuarial assumptions. | Tom Lewis | 3 | 1 | 3 | 7 | 3 | 21 | TREAT 1) Update and enforce admin strategy to assure employer reporting compliance 2) Northern Trust provides 3rd party validation of performance and valuation data. 3) Pension Fund team, Pension Fund Committee and Local Board members are able to interrogate data to ensure accuracy. | 3 | 1 | 3 | 7 | 3 | 21 | Jan-22 | Jan 2022: Data cleansing is taking place, using tools at our disposal, including the Hyman's Brain tool and the Common & Conditional data scores. Work to remove errors from valuation year 1 and 2 are well underway, as are work to remove C&C data errors. |
| A2 | | Processes do not all have a standardised approach and could lead to inefficiencies | Colette Hollands | 2 | 2 | 2 | 6 | 2 | 12 | TREAT 1) Review processes to ensure workflows are in line with regulatory requirements 2) Document processes and ensure guidance and checklists are in place 3) Report updates to the Local Pension Board. | 2 | 2 | 2 | 6 | 2 | 12 | Jan-22 | Jan 2022: Partnership working with our system supplier Heywood began in December 2021 to carry out visual stream mapping, with the aim of understanding how efficient our processes are and where any improvements could be made. Plans are to revisit the death process to ensure we maximise the system, which will be followed by the transfer process in the coming weeks. Oct 2021: The processes for immediate payments and Admin to Pay have given tighter controls around payments to members. The review of the death process and transfer process has reduced the risk of overpayments and created greater efficiencies. |
| A3 | | Failure to follow up on outstanding issues results in inefficiency and damaged reputation. | Clare Chambers | 1 | 1 | 3 | 5 | 3 | 15 | TREAT 1) Include monitoring of task follow-up times as part of the revised service standards in the Administration Strategy | 1 | 1 | 3 | 5 | 3 | 15 | Jan-22 | Jan 2022: A pilot to re-introduce the auto allocation functionality in our admin system has taken place during January within one hub team. The pilot has been successful, which has led to an expanded pilot to take place in Feb 2022. If all meets expected levels and there are no signs of any impact on the KPIs, we intend to roll this out in full for March 2022. Oct 2021: New allocation approach has put controls around this and the tasks are now updated in Altair to ensure the task is flagged at each reply due check point. |
| A4 | | Lack of capability of the admin system leads to inefficiency and disruption. | Colette Hollands / Tom Lewis | 2 | 2 | 1 | 5 | 2 | 10 | TREAT/TOLERATE 1) Ensure system efficiency is included in the annual improvement review. 2) Monitor system review and provide extra resource where business case supports it. | 2 | 2 | 1 | 5 | 2 | 10 | Jan-22 | Jan 2022: In addition to the work outlined in A2, we have also recently received reasonable assurance rating for the controls in place for Altair. We will work through the agreed actions with audit to further tighten up controls. Oct 2021: All upgrades now undertake a thorough UAT approach to ensure any fixed updates are tested thoroughly. Where any new developments are optional and require configuration, these are decided internally by management to be in line with service objectives. Results of systems audit will be provided at the next board meeting. |
| A5 | | Poor reconciliation process leads to incorrect contributions. | Tom Lewis | 2 | 2 | 1 | 5 | 2 | 10 | 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 3) Officers to undertake quarterly reconciliation to ensure contributions are paid on time. With a view to moving to monthly reconciliation as employers engage with I-connect. | 2 | 2 | 1 | 5 | 2 | 10 | Jan-22 | Jan 2022: I-connect was introduced in Jan 2021 for all employers where the Surrey County payroll carry out the payroll services. With approximately 100 employers now providing monthly data and with a series of validation reports run to identify any anomalies such as incorrect contribution rates, it has led to more frequent data for a large proportion of the active membership. Work continues in the accounts section of the team as to how this can be best used to validate all contribution figures supplied. |
| A6 | | Lack of guidance and process notes leads to inefficiency and errors. | NW | 2 | 2 | 2 | 6 | 3 | 18 | TREAT: 1) Ensure process notes are compiled and circulated in Pension Fund and administration teams. 2) Process Improvement Officer developing Standard Operating Procedures for all processes. 3) Attend Heywood's Training and Education Centre allows for standardisation of training. | 2 | 2 | 2 | 6 | 3 | 18 | Jan-22 | Risk similar to A2, proposing to remove. |
| A7 | | Unstructured training leads to under developed workforce resulting in inefficiency. | NW | 1 | 2 | 3 | 6 | 2 | 12 | TREAT 1) Implementation and monitoring of a Staff Training and Competency Plan as part of the development programme. 2) Encourage and support formal training. | 1 | 2 | 3 | 6 | 2 | 12 | Jan-22 | Training plans and matrices are now in place for all staff to enhance development, including formal external training which provides accreditation. The introduction of a Training Officer has formalised this and reduced the risk, giving the structure required. |
| A8 | | Conflicting priorities (Orbis, SCVsSPF, Pensions pooling) leads to lack of overall strategy, confusion and missed opportunities. | NW/NM | 2 | 2 | 3 | 7 | 2 | 14 | TREAT/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 3) Rigorous prioritisation of tasks 4) Dissolution of Orbis will mitigate this risk. | 2 | 2 | 3 | 7 | 2 | 14 | Jan-22 | Jan 2022: With the final LOBO partner having migrated in January, its proposed this risk be closed as we are now a single provider to Surrey Scheme only. |
| A9 | | Non-compliance with regulation changes relating to the pension scheme or data protection leads to fines, penalties and damage to reputation. | Clare Chambers | 1 | 3 | 4 | 8 | 3 | 24 | TREAT 1) There is 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. 3) Ensure processes are completed in a timely manner and that post 2014 refunds are paid within 5 years. | 1 | 3 | 4 | 8 | 3 | 24 | Oct-21 | Jan 2022: Breaches will be monitored, recorded and reported to LPB. Full update on this can be found in Pension Admin section of the LPB report. Refunds: Full tracing to be explored to ensure we pay any unfound members that qualify. Any potential breaches will be reported as required. |
| A10 | | Gaps in skills and knowledge due to key person/single point of failure and different skill requirements leads to inefficiency and poor performance. | Colette Hollands | 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 CPFA Knowledge and Skills Framework when setting objectives and establishing training needs. 4) Skills Matrices completed by all staff and standardised Personal Development Plans being introduced. | 2 | 3 | 2 | 7 | 3 | 21 | Jan-22 | Jan 2022: It is expected with the new Surrey Pensions Team structure being introduced, with the support of suitable training plans across the service, this risk will be mitigated fully. Oct 2021: Training plans and matrices are now in place for all staff to enhance development, including formal external training which provides accreditation. The introduction of a Training Officer has formalised this and reduced the risk, giving the structure required. |
| A11 | | Failure to get on top of the backlog leads to resource issues and management distractions. | NW/NM | 2 | 2 | 4 | 8 | 4 | 32 | TREAT: 1) Backlog to be closely monitored by the management board. 2) Backlog to be included in revised Performance Statistics reported to and scrutinised by the Committee and Board. 3) Consideration being given to outsourcing the largest areas of the backlog. 4) Upgrade software to improve efficiency. | 2 | 2 | 4 | 8 | 4 | 32 | Jan-22 | Risk similar to A23, proposing to remove. |
| A12 | | Failure to identify GMP liability leads to ongoing costs for the pension fund | Tom Lewis | 2 | 2 | 2 | 6 | 4 | 24 | TREAT 1) GMP to be closely monitored by the management board. 2) Stage 1 reconciliation reviews has been completed. 3) Mercer have been appointed to carry out an interim stage 2 review 4) GMP Reconciliation project is being progressed by Mercer (formerly JLT). 5) Separate updates being issued. | 2 | 2 | 2 | 6 | 4 | 24 | Jan-22 | Jan 2022: The project is ongoing with project management assigned, along with system specialists to support any testing. The risks of this are mitigated through agreed plans with the supplier and our teams, with work expected to be finished in the summer of 2022. Oct 2021: Update in the admin report, please refer to this. |
| A13 | | Inability to respond to a significant event leads to prolonged service disruption and damage to reputation. | Colette Hollands | 3 | 3 | 3 | 9 | 1 | 9 | TREAT/TOLERATE 1) Disaster recover plan to be closely monitored by the management board. 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 6) Tolerate consequences of McCloud judgement. | 3 | 3 | 3 | 9 | 1 | 9 | Jan-22 | Jan 2022: It has been planned to run the disaster recovery reversal program later in 2022. This will ensure we have fully tested the DR process should we encounter a major IT issue. |
| A14 | | Lack of productivity leads to impaired performance. | NW | 2 | 2 | 2 | 6 | 4 | 24 | TREAT 1) Regular appraisals with focused objectives for pension fund and admin staff 2) Productivity outputs are being measured and reported on a monthly basis. 3) Enhance performance management | 1 | 1 | 1 | 3 | 4 | 12 | Jan-22 | Jan 2022: No change |
| A15 | | Failure to continuously improve leads to inefficiency and missed opportunities. | NW/NM | 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 Continuous Improvement Plan as part of the Service Specification between the Fund and Orbis 4) Support and Development Team in place to identify and implement areas for improvement. | 2 | 2 | 2 | 6 | 3 | 18 | Jan-22 | Jan 2022: Similar to A2 - propose this be closed |
| A16 | | Rise in ill health retirements impact employer organisations | Paul T / Siva S | 3 | 1 | 2 | 6 | 2 | 12 | TREAT 1) Self-insurance implemented across the fund 2) Reactive reposition investment strategy if necessary | 3 | 1 | 2 | 6 | 2 | 12 | Jan-22 | Jan 2022: Trend analysis is required to understand this risk. Reports need to be produced to substantiate the potential risk |
| A17 | | Rise in inappropriate ill health retirements adversely affects self-insurance costs. | Paul T / Siva S | 2 | 1 | 2 | 5 | 1 | 6 | TREAT 1) Pension Fund monitors ill health retirement awards which contradict IRMP recommendations | 2 | 1 | 2 | 5 | 1 | 6 | Jan-22 | Jan 2022: Trend analysis is required to understand this risk. Reports need to be produced to substantiate the potential risk |
| 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 | Paul T | 3 | 4 | 2 | 9 | 2 | 18 | TREAT/TOLERATE 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 internally applied where appropriate. 5) Risk categorisation of employers implemented as part of 2016/9 actuarial valuation. 6) Monitoring of gilt yields for assessment of pensions deficit on a termination basis. | 3 | 4 | 2 | 9 | 2 | 18 | Oct-21 | |

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| | | | | Fin | Service | Reput | Total | Liability | | | Fin | Service | Reput | Total | Liability | | | |
| A19 | | The Pensions Payroll process had migrated onto the Altair system from SAP in Nov 17. Unlike the SAP payroll process the manual emergency payments made outside of the monthly payroll do not integrate with our banking processes or offer sound financial controls. This is due to these manual payments not being accounted for in the financial system when they occur and therefore payments made are not able to be checked. The risk of errors in the current process are increased by the core Altair payroll system not being integrated with the BACS generator application meaning items have to be recorded twice. | Colette Hollands | 3 | 2 | 3 | 8 | 2 | 16 | TREAT 1) Develop an automated process whereby the Altair payment log updated by the administration team, is then converted into a journal template on a daily basis. This is then processed onto SAP to ensure that all payments processed manually through Altair are accounted for and payments are then subject to the standard financial controls. | 2 | 1 | 1 | 4 | 2 | 8 | Jan-22 | Jan 2022: As stated below in October update, these controls are now in place, with daily output reports for payments produced, picked up by finance and reconciled. There has been no instances of errors occurring this area. Revise to a system transition risk. Oct 2021: Immediate payments and Admin to pay have provided tighter controls and there is now a process that is as close to fully automated as possible. The move to Unit 4 for Surrey County Council as its new payroll and financial system may provide opportunities which will be explored. |
| A20 | | Head of Pension Administration leaving the Council may dilute the organisation's collective knowledge and impact on decision-making. | NW | 3 | 3 | 3 | 9 | 2 | 18 | TREAT/TOLERATE 1) An interim Head of Pension Administration has been contracted until a permanent manager is appointed. 2) Part of the JD of the interim is to assist in the appointment of a permanent replacement. 3) Recruitment of additional resource has mitigated the risk. | 3 | 3 | 3 | 9 | 2 | 18 | Jan-22 | Remove |
| A21 | | McCloud Judgement - Impact on resources | Tom Lewis | 3 | 3 | 2 | 8 | 2 | 16 | TOLERATE/TREAT 1) The Pension Fund Team can allocate additional funds / resources to mitigate the impact and avoid reputational damage. 2) The proposed remedy will require additional resource and members who have already left will be prioritised. | 3 | 3 | 2 | 8 | 2 | 16 | Jan-22 | Jan 2022: A business case has been drafted and will shortly be presented to Senior Officers to seek approval on preferred approach. |
| A22 | | Moving out of County Hall could adversely affect team morale as majority of the staff are within a few miles of County Hall. A move to an office further away may result in employees finding jobs elsewhere to minimise the commute. Resulting in significant loss of skilled and experience staff. | NW | 2 | 3 | 3 | 8 | 2 | 46 | TOLERATE 1) Engage with staff early and to understand their concerns which should be fed into the consideration of new location. 2) The loss of resource is partially mitigated by the hostile employment market. 3) A permanent building has now been acquired in Weybridge for Fund's staff. | 2 | 3 | 3 | 8 | 2 | 46 | Jan-22 | Remove |
| A23 | | Backlog cases are present within the administration system and require careful management to see a reduction moving forward. | Colette Hollands / Clare Chambers / Tom Lewis | 2 | 2 | 2 | 6 | 3 | 18 | TREAT 1) Ensure total backlog is recorded accurately (backlog should include cases in Altair). 2) Ensure only completed BAU cases are recorded in Key Performance Indicators. 3) Ensure total number of backlog cases is correctly recorded on the system and presented accurately in the quarterly Administration Performance Report. 4) Continuously work towards improving the accuracy of the reported figures. 5) Backlog to be closely monitored by the management board. | 2 | 2 | 2 | 6 | 3 | 18 | Jan-22 | Jan 2022: In addition to the update laid out in A3, backlog work areas are being assessed inline with the BAU so we can carefully manage the reduction in these known backlog work areas. This remains a top priority and with the LOBO now having left, our flexible Hub 5 will focus on clearing down old cases and high priority cases to support this. Oct 2021: The KPI reports now accurately show all work completed, pending or outstanding cases within the administration system. The introduction of the new work allocation process (as outlined in the administration/performance report) now ensures work is distributed by tasks, looking at the week ahead, to give increased focus on delivering BAU and lagging backlog. This has brought about more transparency, closer monitoring and tighter management control. |
| A24 | | Failure to implement proper cyber security policies. | Tom Lewis | 2 | 3 | 3 | 8 | 2 | 16 | TREAT 1) Ensure the Fund's memorandum of understanding and privacy notice is compliant with current legislation. 2) Regularly engage with the host authority IT team to ensure security protocols are up to date. 3) Maintain a central registry of key partners' business continuity plans. 4) Ensure staff are aware of their roles and responsibilities under Surrey's cyber security policy. 5) Ensuring members data is remotely and securely backed up. | 1 | 3 | 3 | 7 | 2 | 14 | Jan-22 | Jan 2022: Recent review of the Pension Admin System has given reasonable assurance that as a service we have tight security controls. As part of our agreement with SCC IT, our system falls within approved security levels. |

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