

Administration Risk Register 2021/22 Quarter 2

Risk Group	Risk Ref	Risk Description	Risk Owner	Inherent Risk				Treat risk	Residual risk				Reviewed on	Changes made during review	
				Impact	Frequency	Complexity	Time		Impact	Frequency	Complexity	Time			
D e l i v e r y	A1	Incorrect data due to employer error, user error or historic error leads to service disruption, inefficiency and conservative actuarial assumptions.	Nick Weaver (NW)	4	1	3	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 Otis TOLERATE 1) Northern Trust provides 3rd party validation of performance and valuation data 2) Pension Fund team, Pension Fund Committee and Local Board members are able to interrogate data to ensure accuracy.	3	1	3	21	Oct-21	Changes made during review
	A2	Lack of process ownership leads to ineffective process and errors. Processes do not all have a standardised approach and could lead to inefficiencies	NW	2	3	3	3	24	TREAT 1) Ensure process ownership regarding with clear identification of process-ownership to be reported to the Local Pension Board 1) Review processes to ensure activities are in line with regulatory requirements 2) Review processes to ensure guidance and checklists are in place 3) Report updates to the Local Pension Board.	2	2	2	12	Oct-21	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.	NW/Nail Mason (NM)	2	1	4	3	24	TREAT 1) Include monitoring of task follow-up times as part of the revised service standards in the Administration Strategy	1	1	2	15	Oct-21	New abatement approach has put controls around this and the tasks are now updated in Abat 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.	NW	3	1	2	2	16	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	1	2	10	Oct-21	All upgrades now undertake a thorough UAT approach to ensure any fixed access are tested thoroughly. Where any new developments are proposed 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	Floor reconciliation process leads to incorrect contributions.	NW/MW	3	1	3	4	24	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) Ensure all reconciliation notes are reviewed to ensure it is fit for purpose and all funding agreements reached will be implemented 4) Officers to undertake monthly reconciliation to ensure contributions are paid on time. With a view to moving to monthly reconciliation as employers engage with 1.0 version.	2	1	2	10	Oct-21	
	A6	Lack of guidance and process notes leads to inefficiency and errors.	NW	3	1	3	3	24	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 areas of Heywoods Training and Education Centre allows for standardisation of workflow	2	2	2	16	Oct-21	Risk similar to A2, proposing to remove.
	A7	Unstructured training leads to under developed workforce resulting in inefficiency.	NW	3	4	10	3	36	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	2	12	Oct-21	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 (Otis, SCCvSPF, Pensiones backlog) leads to lack of overall strategy, confusion and missed opportunities.	NW/MW	2	1	3	3	24	TREAT/TOLERATE 1) Establish transparent lines of communication between Otis partnership boards and local pension areas 2) Ongoing monitoring from the Pension Fund Committee and Local Pension Board 3) Regular prioritisation of tasks 4) Dislocation of Otis will mitigate this risk.	2	2	2	14	Oct-21	
	A9	Non-compliance with regulation changes relating to the pension scheme or data protection leads to fines, penalties and damage to reputation.	NW/MW	3	1	10	3	36	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 funding 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.	3	4	3	24	Oct-21	
	A10	Gaps in skills and knowledge due to key person's point of failure and different skill requirements leads to inefficiency and poor performance.	NW/MW	3	1	3	3	24	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 reported.	2	2	2	21	Oct-21	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 waste and management dislocation.	NW/MW	4	1	11	4	44	TREAT 1) Backlog to be closely monitored by the management board 2) Backlog to be broken down into categories (discrepancies reported to not acknowledged by the Committee and Board) 3) Communication being given to staff concerning the largest areas of the backlog 4) Upgrade software to improve efficiency	2	2	4	21	Oct-21	Risk similar to A23, proposing to remove.
	A12	Failure to identify GMP liability leads to ongoing costs for the pension fund	NW/MW	3	1	3	4	24	TREAT 1) GMP to be closely monitored by the management board 2) Stage 1 reconciliation reviews has been completed. 3) Audit of Heywoods have been appointed to carry out interim stage 2 review 4) GMP Reconciliation project is being progressed by Mercer (formerly AJT) 5) Separate updates being issued.	2	2	2	24	Oct-21	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.	NW/MW	3	1	3	4	24	TREAT/TOLERATE 1) Disaster recovery 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. 7) Please refer to the response plan register.	3	3	1	9	Oct-21	
	A14	Lack of productivity leads to impaired performance.	NW	3	1	3	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	2	2	2	24	Oct-21	Weekly Team meeting and weekly 1:1 meetings have been in place over the last 6 months to create a focus on quality and effectively making improvements, using risks and celebrating successes. In conjunction with the introduction of the new abatement process, coupled with increased productivity as outlined in the administration report, this risk is being mitigated but should still be monitored.
	A15	Failure to continually improve leads to inefficiency and missed opportunities.	NW/MW	2	2	2	3	18	TREAT 1) Annual customer feedback survey to be carried out. 2) Quarterly compliance/pulse 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 Otis 4) Report and Development Team in place to identify and implement areas for improvement.	2	2	2	18	Oct-21	
	A16	Rise in health retirements impact employer contributions	NM	3	1	2	2	12	TREAT 1) Self-insurance implemented across the fund 2) Reactive reposition investment strategy if necessary	3	1	2	12	Oct-21	
	A17	Rise in inappropriate health retirements adversely affects self-insurance costs.	NW/MW	2	1	2	2	12	TREAT 1) Pension Fund monitors health retirement awards which contradict IRMP recommendations	2	1	2	12	Oct-21	
	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 members. An employer ceases to exist with insufficient funding or adequacy of bond	NW/MW	3	4	2	4	24	TREAT/TOLERATE 1) Adminstrating 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 2016/17 actuarial valuation. 6) Monitoring of gilt yields for assessment of pensions deficit on a termination date. 7) Please refer to the response plan register.	3	2	2	18	Oct-21	
	A19	The Pensions Payroll process had migrated onto the Abat 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 other source 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 Abat payroll system not being integrated with the BACS generator application meaning items have to be recorded twice.	NW/MW	3	1	3	3	24	TREAT 1) Decision on an automated process whereby the Abat 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 Abat are accounted for and payments are then subject to the standard financial control.	3	1	2	16	Oct-21	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 SAP for Sunley 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 affect the operational capabilities, knowledge and impact on decisions, mainly.	NW	3	1	3	3	27	TREAT/TOLERATE 1) An interim Head of Pension Administration has been contracted with a contract manager responsible for the day to day of the team to assist in the appointment of a permanent replacement. 2) Recruitment of additional resource has mitigated the risk.	3	1	2	18	Oct-21	Remove
A21	McCloud Judgement - Impact on resources	NW/MW	3	1	2	4	24	TOLERATE/TREAT 1) The Pension Fund Team can allocate additional funds / resources to mitigate the impact and avoid reputational damage. 2) The proposed strategy will require additional resource and members who have already left will be prioritised.	3	2	2	16	Oct-21		
A22	Moving out of County Hall could adversely affect the number and quality of the staff within a lower cost of County Hall. Moving to other office further away may result in employees finding parking and other issues. Maintaining the continuity of staff and experience staff.	NW	3	4	4	3	24	TOLERATE 1) Employment staff only need to understand their concerns which should be fed into the consideration of new location. 2) The long term plan should be agreed by the health employment studies. 3) A permanent building has now been acquired in Walsby for Fund's staff.	3	4	3	44	Oct-21	Remove	
A23	Management control of backlog leads to inefficiency. Performance indicators including the level of outstanding cases and level of resources from the Pension Administration team.	CC/TL	3	1	3	3	27	TREAT 1) Ensure total backlog is recorded accurately. Backlog should include cases in flow. Backlog includes the total and Member Reported by Events 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	1	2	18	Oct-21	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 (due out) in the administration performance report now ensures work to be distributed by tasks, looking at the week ahead to give increased focus on delivering BAU and targeting backlog. This has brought about more transparency, closer monitoring and tighter management control.	
A24	Failure to implement proper cyber security policies.	NM	3	1	1	2	12	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 Sunley's cyber security policy. 5) Ensuring members data is remotely and securely backed up.	2	1	2	16		New risk	

This page is intentionally left blank