CT/16/78
Investment & Pension Fund Committee
16 September 2016

PENSION FUND RISK REGISTER

Report of the County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.

Recommendation: That the Committee notes the Pension Fund Risk Register, and the additional actions proposed to mitigate risk.

1. Introduction

1.1. Effective risk management is an essential part of any governance framework as it identifies risks and the actions required to mitigate their potential impact. For a pension fund, those risks will come from a range of sources including the funding position, investment performance, membership changes, benefits administration, costs, communications and financial systems. Good information is important to help ensure the complete and effective identification of significant risks and the ability to monitor those risks. The risks that have been identified are incorporated into the Fund's Risk Register.

1.2. The Pension Board will monitor the Risk Register as part of its scrutiny role in relation to risk and compliance, and forward any specific concerns to the Investment and Pension Fund Committee. The Board discussed the Risk Register at its meeting on 14th April. Their input has been taken into account in revising the risk register. However, the Investment and Pension Fund Committee is the ultimate risk owner for the Pension Fund and therefore an updated Risk Register is brought to the Committee on an annual basis.

1.3. The updated Risk Register is attached at Appendix 1 to this report. It highlights the key risks in relation to the Devon Fund, the current processes in place to mitigate the risk, and the planned improvements in place to provide further assurance. This incorporates the risk register of both the Investments Team and Peninsula Pensions.

2. Assessment of Risk

2.1. Risks are assessed in terms of the potential impact of the risk event should it occur, and in terms of the likelihood of it occurring. These are then combined to produce an overall risk score. Each risk is scored assuming no mitigation, and then on the basis of the mitigation in place.

2.2. In addition to the current mitigation in place, further actions are planned to provide a greater level of assurance, and these are detailed together with the planned timescale for the action to take place. The level of risk will be reviewed once these additional actions have been implemented.

2.3. Further risks are likely to arise from future decisions taken by the Investment and Pension Fund Committee, and from changes in legislation and regulations. Where such new risks arise they will be added to the risk register, assessed, and mitigation actions identified.

3. Revisions to the Risk Register

3.1. The Risk Register is reviewed and updated on an ongoing basis during the year. The following changes have been made to the Register since it was last presented to the Committee in September 2015:

- A new section has been added to the Risk Register in relation to the investment pooling proposals and the setting up of the Brunel Pension Partnership. This represents a significant change for the fund, and the transition costs are likely to be considerable, before any ongoing savings are achieved. Three new risks have been added under this heading. These have all been categorised as being a high inherent risk, but the level of each risk is reduced by the mitigating actions.
- Risk F11 has been added re the possibility of members transferring their pension rights out of the fund, in light of recent changes to pension legislation.
- Risk F12 has been added following the European Union referendum result and the potential impact of economic uncertainty.
- A number of additional plans were completed and moved across to the ongoing mitigating actions column. These included G2 – Training Plan agreed for the year; Cm2 – a revised Communications strategy was agreed in November 2015; P1 – The payroll manual has been updated following the introduction of new systems; and P5 – Mortality screening has been undertaken.

3.2. Taking account of the revisions above there are 32 risks recorded in the Risk Register. The following table summarises the number of risks assigned to low, medium and high risk scores, before and after mitigation.

Risk Category	Number of Inherent Risks Identified	Number of Risks following mitigation action
High	10	1
Medium	16	7
Low	6	24

3.3. Action taken to mitigate risks has reduced the number of high risks from 10 to 1. The remaining high risk is of a market crash leading to a failure to reduce the deficit. The Fund has a diversified portfolio of assets to mitigate against downturns in individual markets, but the events of 2008/9, when the Fund value reduced by £370 million demonstrates that if the markets as a whole crash then there is little that mitigating actions can do. However, those losses were recouped in full during the following financial year, demonstrating that the effect of such an event is likely to be short term.

4. Conclusion

4.1. The Committee are asked to note the Pension Fund Risk Register, and the additional actions proposed to mitigate risk.

Mary Davis

Electoral Divisions: All
Local Government Act 1972
List of Background Papers - Nil
Contact for Enquiries: Mark Gayler
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Appendix 1

Devon County Council Pension Fund Risk Register

September 2016

Key to overall assessment of risk

Combination of impact and likelihood, categorisation of overall risk and level of action required.

Risk Assessment Matrix					
LIKELIHOOD	5	10	15	20	25
	4	8	12	16	20
	3	6	9	12	15
	2	4	6	8	10
	1	2	3	4	5
	IMPACT				

Impact x Likelihood
20 - 25 VERY HIGH
• Immediate Action
12 - 16 HIGH
• Regular review to seek better control
8 - 10 MEDIUM
• Review current controls
1 - 6 LOW
• Limited action - long term plans

Assessment of impact and likelihood

Assessment of Impact				
		Financial	Reputation	Stakeholders/Customers
1	Negligible	< £100k	Minimal and transient loss of public trust.	Minimal impact on stakeholders or customers.
2	Minor	£100k - £1m	Slight loss of trust with no lasting impact. Little adverse publicity.	Minor impact on stakeholders or customers and customer dissatisfaction. Limited service disruption.
3	Moderate	£1m - £10m	Moderate loss of trust that receives significant adverse publicity locally with no lasting impact.	Moderate disruption to stakeholders, moderate impact on customers and customer dissatisfaction. Moderate service disruption.
4	Major	£10m - £100m	Significant loss of trust and receives local media attention with potential for lasting impact.	Significant service disruption and opposition from stakeholders and/or customers. Threat of legal action.
5	Catastrophic	> £100m	Significant loss of trust and receives national media attention with potential for persisting impact.	Major service disruption and significant opposition from stakeholders and/or customers. Legal action. Long term public memory.

Assessment of Likelihood			
		Probability Descriptors	Numerical Probability
1	Rare	This will probably never happen/recur.	Under 1%
2	Unlikely	Do not expect it to happen/recur, but it is possible it may do so.	1% - under 5%
3	Possible	Might happen or recur occasionally.	5% - under 20%
4	Likely	Will probably happen/recur, but it is not a persistent issue or circumstances	20% - under 50%
5	Almost Certain	Will undoubtedly happen/recur, possibly frequently. A project more likely to fail than succeed.	Over 50%

Appendix 1 - Devon Pension Fund Risk Register

Risk no.	Description of Risk and Potential Impact	Inherent Risk			Mitigating Controls	Current Risk			Risk Owner	Additional Plans	Timescale
		Impact	Likelihood	Combined Score		Impact	Likelihood	Combined Score			
	Governance Arrangements										
G1	The Administering Authority fails to have appropriate governance arrangements, including the requirement for a Pension Board, resulting in: • Non-compliance with legislation and/or best practice. • Inability to determine policy, make effective decisions and/or deliver service. • Risk to reputation.	4	2	**8**	• DCC has produced a Governance Policy and Compliance Statement, as required by regulation 31 of the LGPS Regulations 2008. • The Governance Policy and Compliance Statement is reviewed and updated regularly and scheme employers are consulted to ensure that the policy remains appropriate. • The Statement is published on the Devon Pensions website: http://www.peninsulapensions.org.uk/wp-content/uploads/2013/09/Devon-Pension-Fund-Governance-Policy.pdf • Pension fund stakeholders are made aware of the Statement. • DCC has appointed an Investment and Pension Fund Committee to discharge the duties of the Council as Administering Authority of the Pension Fund. • The Committee review and approve the annual statement of accounts of the Devon Pension Fund, consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from any audit that need to be brought to the attention of the Council. • A Pension Board has been established as required by the Public Service Pension Act 2013. • Support and training are being provided to ensure that the Board is equipped to undertake its role.	4	1	**4**	Mark Gayler / Dan Harris		

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		Impact	Likelihood	Combined Score		Impact	Likelihood	Combined Score			
G2	The Investment and Pension Fund Committee and Pension Board are unable to fulfil their responsibilities effectively, resulting in: • Non-compliance with legislation and/or best practice. • Inability to determine policy, make effective decisions and/or deliver service. • Risk to reputation.	3	3	9	• The Committee has adopted the CIPFA Code of Practice on Knowledge and Skills, and regular training is provided to ensure that members have the level of understanding required. • An Annual Training Plan has been agreed for 2016/17. • A training and induction programme is available for new Committee and Pension Board Members. • The Fund subscribes to relevant bodies (e.g. CIPFA, LAPFF, NAPF) and sends representatives to major conferences. • DCC organises at least two training days per year for Investment and Pension Fund Committee and Pension Board members, including an annual shared training day with Cornwall Council. • Committee and Pension Board members are made aware of and adhere to the Governance Compliance Statement, and are encouraged to identify training requirements.	3	2	6	Mark Gayler / Dan Harris		
	Funding and Investments										
F1	The Committee Members and Investment Officers make inappropriate decisions as a result of insufficient knowledge of financial markets and inadequate investment and actuarial advice received, resulting in: • Poor Fund performance/financial loss. • Increased employer contribution costs.	4	3	12	• The Investment Strategy is set in accordance with LGPS investment regulations. • The Investment Strategy is reviewed, approved and documented by the Investment and Pension Fund Committee. • The Investment Strategy takes into account the Fund's liabilities. • DCC employ an external investment advisor who provides specialist guidance to the Investment and Pension Fund Committee regarding the investment strategy. • An Annual Training Plan has been agreed for 2016/17.Training programmes are available for Committee Members and Investment Staff. • Members and Officers are encouraged to challenge advice and guidance received when necessary.	4	2	8	Mark Gayler		

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		Impact	Likelihood	Combined Score		Impact	Likelihood	Combined Score			
F2	The Pension Fund has insufficient assets to meet its long term liabilities. The Pension Fund's investment strategy and /or Fund Managers fail to produce the required returns, or organisational changes / manager departures at a Fund Manager damage performance, resulting in: • Financial loss. • Insufficient funds available to meet future obligations.	5	3	**15**	• Triennial actuarial valuations provide periodic indications of the growth in assets against liabilities. Employer contribution rates are set in response to this. • The 2013 actuarial valuation includes provision for the fund to achieve full funding over 25 years. • The investment strategy is reviewed annually by the Pension Fund Committee with advice from the External Investment Advisor to determine whether any action needs to be taken to amend the fund's asset allocation strategy. • The Fund's investments are diversified across a range of different types of assets to minimise the impact of losses in individual markets. • Fund-specific benchmarks and targets are set. • Fund assets are kept under regular review as part of the Fund's performance management framework. • Fund managers are thoroughly vetted prior to appointment and performance is reviewed regularly against the benchmark and performance objectives, and this is reported to Committee. Appropriate action may be taken if it is considered that an Investment Manager is underperforming. • The depth of expertise in the fund managers team will be assessed as part of the appointment process. • Performance targets are agreed by the Investment and Pension Fund Committee and are based upon recommendations provided by the DCC in-house Investment Team and our external investment advisor. • The Investment and Pension Fund Committee have the power to terminate a fund manager's contract if it is deemed that the manager has not performed as expected, or there are concerns about future performance due to organisational change / manager departures.	5	2	**10**	Mark Gayler	An investment strategy review is proposed in conjunction with the 2016 Actuarial Valuation	Subject to agreement of proposal to Committee - Sept 2016. Report by February 2017

Appendix 1 - Devon Pension Fund Risk Register

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		Impact	Likelihood	Combined Score		Impact	Likelihood	Combined Score			
F3	The fund is exposed to unnecessary risks and avoidable costs due to poorly structured investment arrangements, resulting in: • Financial loss.	5	2	**10**	The Fund attempts to ensure the achievement of best value and minimise exposure to risk via the following: • The Fund's investments are diversified across a range of different types of assets to minimise the impact of losses in individual markets. • IMA disclosure tables are reviewed to ensure best execution by managers. • Investment managers are asked to provide invoices for fees, wherever possible. • Specialist services (e.g. transitions, currency transfers) are considered where appropriate in order to reduce costs. • Banking and custodian arrangements are reviewed and re-tendered when appropriate.	4	1	**4**	Mark Gayler		
F4	Collapse of a fund manager or negligence, fraud or wilful default committed by a fund manager, resulting in: • Financial loss.	4	2	**8**	• The Fund considers the financial stability of managers during the appointment process and the situation is kept under review. • DCC use a global custodian service to ensure that there exists a separation of investment management arrangements from custody of assets. • Legal requirements are in place for fund managers and are set out in the investment management agreements. • Fund managers are required to be fully compliant with FCA, PRA and other regulatory requirements. • The risk that a fund manager cannot provide a service during windup is mitigated by the availability of a transition management service by the Fund's Custodian Bank, Northern Trust.	3	2	**6**	Mark Gayler		

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F5	Market crash leading to a failure to reduce the deficit. • Financial loss. • Increased employer contribution costs.	5	3	15	• The fund is well diversified and consists of a wide range of asset classes which aims to mitigate the impact of poor performance from an individual market segment. • Investment performance reporting and monitoring arrangements exist which provide the committee and investment officers with the flexibility to rebalance the portfolio in a timely manner. • The long term nature of the liabilities provides some mitigation, in that markets tend to bounce back after crashes, such that the impact is significantly reduced.	4	3	12	Mark Gayler		
F6	Pay and price inflation are higher than anticipated. • An increase in liabilities which exceeds the previous valuation estimate.	4	3	12	• The triennial actuarial valuation review focuses on the real returns on assets, net price and pay increases. • Employers pay for their own salary awards and are reminded of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer serving employees. • The Fund has recently made new investments in infrastructure funds with inflation linked returns, to act as a hedge against inflation increases. • The Committee has received training on understanding liabilities and potential approaches to Liability Driven Investment. • Hymans Robertson were commissioned to produce a report which reviewed the strategy for the fixed interest and its role in managing inflation risk. The report was presented to the I&PFC in September 2015, and recommendations partly implemented.	3	3	9	Mark Gayler		
F7	Increase in number of early retirements due to public service cuts and/or ill health leading to pension liabilities increasing. • An increase in liabilities which exceeds the previous valuation estimate.	3	3	9	• Employers are charged the extra capital cost of non ill health retirements following each individual decision. • Employer ill health retirement experience is monitored.	2	2	4	Charlotte Thompson		

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F8	The average life expectancy of pensioners is greater than assumed in actuarial assumptions. • An increase in liabilities which exceeds the previous valuation estimate.	4	3	**12**	• Life expectancy assumptions are reviewed at each valuation. • Mortality assumptions include some allowance for future increases in life expectancy.	3	2	**6**	Mark Gayler		
F9	Scheme employers' contributions to the Fund are not received, processed and recorded completely and accurately • Increased costs across all the remaining scheme employers	3	3	**9**	• The team has procedures in place to monitor the receipt of contributions to the fund. • The team communicates regularly with scheme employers to ensure that contributions are made in a timely manner and are recorded accurately. • Details of any outstanding and overdue contributions are recorded and appropriate action is taken in order to recover payments.	3	1	**3**	Mark Gayler/ Martyn Williams		
F10	An employer ceases to exist with insufficient funding available to settle any outstanding debts, or refuses to pay the cessation value. • Departing employer not fully meeting its liabilities which leads to increased costs across the remaining scheme employers.	3	3	**9**	The risk is mitigated by: • Vetting prospective employers before admission and ensuring that they fully understand their obligations. Applications for admission to the Fund are considered carefully and a bond or guarantee is put into place if required. • Outstanding liabilities will be assessed and recovered from any successor bodies or spread amongst remaining employers. • The actuarial valuation attempts to balance recovery period with risk of withdrawal. • If necessary, appropriate legal action will be taken. • An Employer Covenant Risk Assessment has been undertaken by the Fund Actuary, Barnett Waddingham	2	2	**4**	Mark Gayler/ Charlotte Thompson		
F11	A significant number of LGPS members transfer their pension pots to other pensions providers in order to obtain a capital sum under the Government's "Freedom and Choice" legislation, resulting in: • Significant cashflow out of the Fund. • Reduction in assets greater than reduction in the Fund's liabilities.	3	2	**6**	The risk is mitigated by: • Effective communication of the benefits of remaining in the LGPS. • Actuarial calculation of transfer value should ensure transfer value does not exceed reduction in liability.	2	2	**4**	Mark Gayler/ Charlotte Thompson		

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F12	The result of the EU Referendum and the decision to leave the European Union results in significant economic instability and slowdown, and as a consequence lower investment returns, resulting in: • Financial loss, and/or failure to meet return expectations. • Increased employer contribution costs.	4	3	**12**	The risk is mitigated by: • Diversification of the Fund's investments across the world, including economies where the impact of "Brexit" is likely to be smaller. • The long term nature of the Fund's liabilities provides some mitigation, as the impact of "Brexit" will reduce over time.	3	3	**9**	Mark Gayler/ Charlotte Thompson		
	Brunel Pension Partnership										
The risks highlighted in this section are those most relevant to the operation of the Devon Fund, the Brunel Pension Partnership has its own comprehensive risk register to monitor the total risk of the Brunel project.											
B1	The Devon Pension Fund has insufficient resources available to deliver the pooling proposal within the required timescale, without impacting the day-to-day management of the fund. • The management of the Pension Fund is adversely affected due to existing resources concentrating on the pooling proposal, resulting in underperformance and failure to meet statutory obligations. • The pool structure is not established within the required timescale and the Devon Pension Fund faces the risk of alternative measures being imposed by Government.	4	3	**12**	• A project manager has been appointed to oversee the creation of the Brunel Pension Partnership and will monitor progress against timescales to ensure that deadlines are achieved. • Officers from each fund involved with the pooling project are maintaining timesheets in order to monitor the amount of time spent on the project. • Regular update meetings are held between the County Treasurer and Assistant County Treasurer, as well as update meetings within the Devon Investment Services team, to review progress, workloads in order to identify and address any areas of concern.	4	2	**8**	Mark Gayler	• Additional staffing resources may be required if it becomes apparent that insufficient resources exist to take forward the proposal without impacting the day-to-day management of the fund.	

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B2	Asset transition costs are greater than forecast. • Failure to control operational risks and transaction costs during the transition process may lead to an increase in the initial set-up costs forecast by the pooling proposal.	4	3	**12**	• Two asset transition management companies have analysed the costs of transitioning our current assets into the pool, under a variety of scenarios. The results of these analyses have been used as a basis for calculating the initial set-up costs of the Brunel Pension Partnership. • The transition process includes selling securities from one portfolio and buying securities in another while systematically controlling operational risks and transaction costs. There may also be the opportunity to transfer securities in 'specie', that is to transfer a security directly from an existing portfolio into the new portfolio. The timing of sales and purchases is also critical. A transition manager will be appointed, via a formal procurement exercise, with the objective of preserving asset values, managing risk and project managing the transition process to ensure that costs are monitored and controlled.	4	2	**8**	Mark Gayler		
B3	Failure of BPP to gain FCA accreditation. • In order for the Brunel Pension Partnership to succeed, it will need to attain FCA accreditation. This is potentially a time consuming, complicated process with many criteria that need to be satisfied before FCA accreditation is granted. If FCA accreditation is not granted, the Brunel Pension Partnership will not be able to continue in its current preferred form and the project will need to be reviewed accordingly. This could lead to significant delays in meeting the Government's target of the pool being operational by April 2018.	4	3	**12**	• A specialist company with expertise in FCA accreditation has been appointed to advise on what needs to be done to ensure that the Partnership has the necessary structure, resources and qualified staff in order to obtain FCA accreditation.	4	1	**4**	Mark Gayler		

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	Custody										
Cu1	Failure of custodian leading to losses which results in a failure to reduce the deficit and potential adverse media interest. • Financial loss.	4	2	**8**	• The custodian contract is subject to regular review and periodic re-tendering. A new contract was awarded to Northern Trust with a start date of 1 September 2014. The procurement process included an assessment of their financial standing. • The custodian must adhere to FCA and PRA financial regulations. • Fund assets are protected in the event of insolvency of the custodian	3	2	**6**	Mark Gayler/ Dan Harris		
	Communication										
Cm1	Insufficient communication and engagement with the Pension Fund Stakeholders. • Non-compliance with legislation and/or best practice. • Inability to determine policy, make effective decisions and/or deliver service. • Reputation risk.	3	3	**9**	• A communications strategy is in place and was last reviewed and updated in November 2015. • The Devon Investment Services and Peninsula Pensions websites are kept up to date. • Fund Performance is reported to the Investment & Pension Fund Committee on a regular basis. • Meetings are held regularly with the Fund's Employing Authorities. • Benefit illustrations are sent annually to contributing and deferred Fund members. • The contact list for employers is updated regularly. • Annual forums are held for employers and Trade Unions. • The annual report and accounts are published on the Peninsula Pensions website.	3	2	**6**	Mark Gayler / Charlotte Thompson		

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	Accounting										
A1	Failure to comply with pension fund accounting regulations. • Risk of the accounts being qualified by the auditors.	3	3	**9**	• Staff are kept up to date with changes to legislative requirements via network meetings, professional press, training and internal communication procedures. • Pension Fund financial management and administration processes are maintained in accordance with the CIPFA Code of Practice, International Financial Reporting Standards (IFRS), and the DCC Financial Regulations. • Regular reconciliations are carried out between in-house records and those maintained by the custodian and investment managers. • Internal Audits are carried out on an annual basis. • External Audit review the Pension Fund's accounts annually.	3	2	**6**	Mark Gayler/ Karlien Bond		
	Data Protection										
D1	The Pension Fund systems and data may not be secure and appropriately maintained. • Loss of sensitive data. • Reputation risk. • Financial loss arising from legal action.	3	2	**6**	• It is a mandatory requirement for all DCC employees to undertake Data Protection training and to adhere to DCC's data protection policy.	3	1	**3**	Mark Gayler/ Charlotte Thompson		

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	Internal										
I1	Concentration of knowledge in a small number of officers and risk of departure of key staff, or non-availability due to sickness or other issues. • The risk of losing key staff could lead to a breakdown in internal processes and service delivery, causing financial loss and potential risk to reputation.	4	3	**12**	• The Deputy Investment Manager is able to cover in the absence of the Assistant County Treasurer. • Knowledge of all tasks shared by at least two team members and can in addition be covered by senior staff. • Training requirements are set out in job descriptions and reviewed annually with team members through the appraisal process. • A formal training record for officers is maintained centrally. • A procedure manual is in place which sets out work instructions for the majority of crucial tasks undertaken.	4	2	**8**	Dan Harris	• The Devon Investment Services procedure manual will continue to be refined and updated on an ongoing basis. • Ensure the review of CIPFA's knowledge and skills framework relating to officers results in key outcomes being delivered.	Officers have undertaken the original CIPFA Knowledge and Skills Framework Self-Assessment previously, and will complete the updated outstanding modules before the end of December 2016.
I2	Failure of in-house treasury management practices leading to fraud, corruption or error. • Risk of financial loss & damage to reputation.	3	3	**9**	• Counterparty transactions are authorised by senior staff outside of the investment team. • All staff are covered by fidelity insurance up to £15 million • Sufficient members in the team to cover absence and leave - a weekly planner is produced in order to review cover requirements. • Appropriate separation of duties exists. • Treasury Management Practices are reviewed and updated regularly. • Up to date financial regulations and practices.	3	2	**6**	Mark Gayler		

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	Peninsula Pensions										
P1	Pension benefits are not paid. • Risk of financial loss arising from compensation claims • Damage to reputation.	4	2	**8**	• The payroll system is set up to pay pensioners monthly. • Disaster recovery plan in place with Heywoods which will restore data within 7 days in the event of system failure. • The payroll manual has been revised and updated following the introduction of RTI (Real Time Information) and new administration systems.	4	1	**4**	Charlotte Thompson		
P2	Failure of scheme membership data and pension benefit calculation processes leading to fraud, corruption or error. • Unauthorised payments under the Finance Act 2004. • Risk of financial loss and damage to reputation.	3	2	**6**	• Information and instructions are only accepted from authorised sources. • Employers and scheme members are required to review and confirm membership records annually. • Benefit calculations are checked by senior colleagues and are subject to independent authorisation. • All transactions comply with DCC financial regulations and are subject to independent authorisation. • All staff are covered by fidelity insurance up to £15 million. • Members approaching 75 are separately identified monthly.	3	1	**3**	Charlotte Thompson		
P3	Failure of employing authority to provide timely and accurate member data resulting in delays or errors with benefit payments. • Risk of financial loss and damage to reputation.	3	3	**9**	• Administration Strategy in place since April 2015, employer duties clearly identified. Ability to fine employers is provided for in strategy and LGPS regulations. • Employing authorities are contacted for outstanding information when it is identified that information is missing or contains errors.	3	2	**6**	Charlotte Thompson		
P4	Non-compliance with legislation and failure to correctly implement new legislation and regulations, resulting in: • Incorrect payments being made. • Risk of financial loss and damage to reputation.	3	3	**9**	• LGA/External training. • Project work approach to implementation of legislative changes. • In house training for all staff.	2	2	**4**	Charlotte Thompson		

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P5	Pension benefits continue to be paid to deceased pensioners. • Risk of financial loss and damage to reputation.	2	3	6	• All pensioners are contacted annually. • Pension suspended if post is returned • Pensioners are incorporated into National Fraud Initiative. • Further targeted checks are conducted with credit reference agencies as appropriate. • Monthly mortality screening is undertaken and any positive matches are ceased immediately ● Western Union overseas existence service undertaken bi annually	2	2	4	Charlotte Thompson	●Tell us once service is being rolled out to LGPS. Project dates to be confirmed	Autumn 2016
P6	System failure. • Loss of sensitive data. • Reputation risk. • Financial loss arising from legal action.	5	2	10	• The system is backed-up daily. System is hosted by Heywoods • A full disaster recovery plan is in place and tested annually.	5	1	5	Charlotte Thompson		
P7	Employing authorities not fulfilling their responsibilities e.g. not supplying us with correct employee data or not supplying it in a timely manner • Incorrect benefit calculations • Delays while we request missing information	3	2	6	• Admin strategy details employer responsibilities and timescales • Advice and consultancy provided. • Yearly checks on data to highlight gaps • Employer administration meetings held twice a year • Quarterly e-zine with administration updates, plus special editions when required • Guidance available on website ● Individual employer meetings include review of employer performance	3	1	3	Charlotte Thompson		
P8	Failure to comply with disclosure regulations e.g. the requirement to issue information within a certain timescale after a request/event • Complaints • Fines	3	2	6	• Robust workflow management system in place.	3	1	3	Charlotte Thompson		
P9	Failure to issue Annual Benefit statements to active and deferred members by 31st August: • Reputational risk and complaints • Fines	2	4	8	• Project management approach • Regular contact with employers to get data. • Monthly interfacing to reduce workload at year end	2	3	6	Charlotte Thompson	Increase employer take up of monthly interfaces. Many leavers are not being notified until year end	31.08.17 to have all pre April 2017 leavers processed