

# Pecyn Dogfennau Cyhoeddus

## Bwrdd Pensiynau Powys

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Man Cyfarfod  
**Trwy Teams**

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Dyddiad y Cyfarfod  
**Dydd Mawrth, 6 Medi 2022**

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Amser y Cyfarfod  
**10.00 am**

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I gael rhagor o wybodaeth cysylltwch â  
**Carol Johnson**  
01597 826206  
carol.johnson@powys.gov.uk



Neuadd Y Sir  
Llandrindod  
Powys  
LD1 5LG

Dyddiad Cyhoeddi

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Mae croeso i'r rhai sy'n cymryd rhan ddefnyddio'r Gymraeg. Os hoffech chi siarad Cymraeg yn y cyfarfod, gofynnwn i chi roi gwybod i ni erbyn hanner dydd ddau ddiwrnod cyn y cyfarfod

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### AGENDA

|           |                       |
|-----------|-----------------------|
| <b>1.</b> | <b>YMDDIHEURIADAU</b> |
|-----------|-----------------------|

Derbyn ymddiheuriadau am absenoldeb.

|           |                                 |
|-----------|---------------------------------|
| <b>2.</b> | <b>DATGANIADAU O DDIDDORDEB</b> |
|-----------|---------------------------------|

Derbyn unrhyw ddatganiadau o ddiddordeb.

|           |  |
|-----------|--|
| <b>3.</b> | <b>ADOLYGU'R GOFRESTR RISGIAU (EITEMAU SEFYDLOG)</b> |
|-----------|--|

Ystyried yr adroddiad.  
(Tudalennau 1 - 22)

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

**CYNGOR SIR POWYS COUNTY COUNCIL****Powys Pension Board  
6<sup>th</sup> September 2022****REPORT BY: Board Secretary****SUBJECT: Risk Register**

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**REPORT FOR: Information**

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**1. Summary**

At the meeting of the 27<sup>th</sup> of June, Board decided to defer the review of the risk register and it is presented again in an updated format for Board's consideration.

**2. Risk Register****2.1** Board may recall some recent discussions on the Risk Register, in that it has grown over time as the number of identifiable risks increase.

Work has been undertaken which has consolidated the risks into three separate categories, with the appropriate risks listed in each of those categories:

- Administration
- Governance
- Investment

It is felt that this will make the risk register easier to review and monitor as is attached as an appendix to this report for your review.

**3. Recommendation**

Board are asked to note the contents of this report and the updated format of the risk register.

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

# Admin Risk Register report

DATE :

## Summary of Risks Ratings

|                 |               |       |          |       |              |
|-----------------|---------------|-------|----------|-------|--------------|
| Almost Certain  | 0             | 0     | 0        | 0     | 0            |
| Likely          | 0             | 0     | 0        | 0     | 0            |
| Possible        | 0             | 0     | 0        | 0     | 0            |
| Unlikely        | 3             | 5     | 1        | 0     | 0            |
| Rare            | 1             | 0     | 0        | 0     | 0            |
| Unassigned<br>0 | Insignificant | Minor | Moderate | Major | Catastrophic |

### Red Risks Total:

| Risk Register | Risk Title | Net Risk Level | Risk Owner |
|---------------|------------|----------------|------------|
|---------------|------------|----------------|------------|

### New Risks Total:

| Risk Register | Risk Title | Net Risk Level | Risk Owner | Created Date |
|---------------|------------|----------------|------------|--------------|
|---------------|------------|----------------|------------|--------------|

### Changing Risks Total:

| Risk Register | Risk Title | Net Risk Level | Change | Risk Owner |
|---------------|------------|----------------|--------|------------|
|---------------|------------|----------------|--------|------------|

**Detail**

**Administration Risk**

| Risk Ref        | Risk Identified                               | Potential Consequence   | Portfolio                        | Inherent | Residual | Latest Risk Reviews |  |
|-----------------|---|---|----------------------------------|----------|----------|---------------------|--|
| Date Identified |   |   | Owner                            |          |          |                     |  |
| ADMIN0001       | Failure to pay pensions and lump sums on time | Financial difficulty for the scheme member concerned, reputational risk to the Pension Fund, and additional cost to the employer where interest is payable as a result of late payment. | Cllr David Thomas<br>Chris Hurst | 6        | 2        | 13/05/2020          | Review Summary: Reviewed 13.05.2020                                  |
| 01/12/2016      |   |   |                                  | ADMIN    | ADMIN    | 18/12/2020          | Review Summary: Updated text to reflect constant and ongoing reviews |

| Controls and Actions  |  |  | Status           | Review Date | Latest Control | Reviews |
|---|--|--|------------------|-------------|----------------|---------|
| <ul style="list-style-type: none"> <li>Maintenance and update of Altair and Trent systems, sufficient staff resources and training. Quality assurance processes</li> <li>Maintenance and update of Pension Administration and Trent systems, sufficient staff resources and training. Quality assurance processes in place to check work done.</li> <li>Continuing Review of processes and procedures</li> <li>Ongoing review of process as part of continuous pensions administration workflow assessment</li> </ul> |  |  | Control In Place |             |                |         |
|   |  |  | Control In Place |             |                |         |

| Risk Ref        | Risk Identified  | Potential Consequence   | Portfolio                        | Inherent | Residual | Latest Risk Reviews |   |
|-----------------|--|---|----------------------------------|----------|----------|---------------------|---|
| Date Identified |  |   | Owner                            |          |          |                     |   |
| ADMIN0002       | Inability to deliver service as a result of loss of pensions administration system, or any other system used in the provision of service (eg. pensioner payroll). Failure of any system used by the service as a result of a breach of cyber security. | Failure to provide service. Immediate injections of cash from Fund employers would be required where Fund assets cannot be liquidated quickly. For now the Fund is cashflow positive but will not remain so for much longer, therefore requiring the use of investment income to subsidise the payment of pension benefits rather than being reinvested as now. | Cllr David Thomas<br>Chris Hurst | 4        | 1        | 13/05/2020          | Review Summary: Regular assurances received from providers. |
| 04/10/2016      |  |   |                                  | ADMIN    | ADMIN    | 18/12/2020          | Review Summary: Regular assurances received from providers. |

| Controls and Actions  |  |  | Status           | Review Date | Latest Control | Reviews |
|---|--|--|------------------|-------------|----------------|---------|
| <ul style="list-style-type: none"> <li>business continuity planning and systems providers assurance</li> <li>Business Continuity Plan for the Pensions administration service. Assurances received from all systems providers in relation to their current resilience to the threat of a failure in cyber security.</li> <li>Business Continuity Plan under review. Periodic review by the Pension Board of provider assurances in respect of cyber security</li> </ul> |  |  | Control In Place |             |                |         |
|   |  |  | Control In Place |             |                |         |

| Risk Ref        | Risk Identified   | Potential Consequence                      | Portfolio                        | Inherent | Residual | Latest Risk Reviews |  |
|-----------------|---|--|----------------------------------|----------|----------|---------------------|--|
| Date Identified |   |  | Owner                            |          |          |                     |  |
| ADMIN0003       | Failure to hold scheme member's personal data securely. | Poor data quality; compromised data; fines | Cllr David Thomas<br>Chris Hurst | 6        | 4        | 08/09/2020          | Review Summary: Data Quality Testing carried out May/June 2020. Cleansing work ongoing.    |
| 12/06/2017      |   |  |                                  | ADMIN    | ADMIN    | 21/12/2020          | Review Summary: Annual data cleansing exercise, plus regular cleansing throughout the year |

| Controls and Actions  |  |  | Status           | Review Date | Latest Control | Reviews |
|---|--|--|------------------|-------------|----------------|---------|
| <ul style="list-style-type: none"> <li>Data protection audit in conjunction with TPR data quality standards to be undertaken</li> </ul> |  |  | Control In Place |             |                |         |

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**Detail**

**Administration Risk**

- Compliance with Powys County Council Data Protection and ICT policies .
- Compliance with Powys County Council Data Protection and ICT policies .

Action In Progress 30/09/2022 08/09/2020  
21/12/2020

Review Summary: Data Quality Testing carried out May/June 2020. Cleansing work ongoing.  
Review Summary: Annual Data Quality testing

| Risk Ref<br>Date Identified | Risk Identified   | Potential Consequence  | Portfolio<br>Owner               | Inherent   | Residual   | Latest Risk Reviews      |  |
|-----------------------------|---|--|----------------------------------|------------|------------|--------------------------|--|
| ADMIN0004<br>29/08/2017     | Failure to maintain and hold up to date and accurate pension records. | Payment of incorrect pension benefits; late payment of benefits; assessment of incorrect liability values. Resulting in loss of customer confidence and satisfaction; IDRPs and Ombudsman appeals; and, incorrect assessment of employer contribution rates. | Cllr David Thomas<br>Chris Hurst | 9<br>ADMIN | 6<br>ADMIN | 08/09/2020<br>21/12/2020 | Review Summary: Payment of benefits processes checked at payment time<br>Review Summary: Payment of benefits processes checked at payment time |

**Controls and Actions**

- Pensions team work with employer payrolls to ensure data quality; data validation checks undertaken & training
- Pensions team work with employer payrolls to ensure data quality; data validation checks undertaken by team at each year end; validation checks carried out at each actuarial valuation (triennially) by the Fund actuary. Staff training and development.
- Additional data validation and quality checks to be implemented as required by the TPR code of practice.

Status Review Date Latest Control Reviews  
Control In Place  
Control In Place

| Risk Ref<br>Date Identified | Risk Identified                                       | Potential Consequence   | Portfolio<br>Owner               | Inherent   | Residual   | Latest Risk Reviews      |   |
|-----------------------------|---|---|----------------------------------|------------|------------|--------------------------|---|
| ADMIN0005<br>25/01/2017     | Failure to communicate effectively with stakeholders. | Scheme members unaware of their rights under the LGPS and make poor decisions in relation to pension rights. Employers unaware of the scheme regulations, the procedures and their responsibilities, resulting in poor or inappropriate decision-making and may adversely effect the flow of pensions data to the Pension Fund. | Cllr David Thomas<br>Chris Hurst | 6<br>ADMIN | 4<br>ADMIN | 08/09/2020<br>21/12/2020 | Review Summary: Ongoing development of employer and scheme member communications and methods of delivery<br>Review Summary: Continuing development of employer and scheme member communications and methods of delivery |

**Controls and Actions**

- communications policy the Pensions Support Manager is tasked with responsibilities in relation to scheme and Fund communications, as part of their Job Description. In addition, the Fund has a clear communications policy as well as a regularly updated website.

Status Review Date Latest Control Reviews  
Control In Place

| Risk Ref<br>Date Identified | Risk Identified   | Potential Consequence                  | Portfolio<br>Owner               | Inherent   | Residual   | Latest Risk Reviews      |  |
|-----------------------------|---|--|----------------------------------|------------|------------|--------------------------|--|
| ADMIN0006<br>30/01/2017     | Pensioners living longer and, changing retirement patterns. | Increased employer contribution rates. | Cllr David Thomas<br>Chris Hurst | 4<br>ADMIN | 2<br>ADMIN | 08/09/2020<br>21/12/2020 | Review Summary: Ongoing<br>Review Summary: Ongoing |

Detail

Administration Risk

| Controls and Actions   |  |  |                                  | Status             | Review Date | Latest Control      | Reviews   |
|--|--|--|----------------------------------|--------------------|-------------|---------------------|---|
| <ul style="list-style-type: none"> <li>The Fund actuary investigates these matters at each valuation or more frequently where appropriate. Mortality assumptions are set with some allowance for future increases in life expectancy. The Fund actuary investigates these matters at each valuation or more frequently where appropriate. If significant demographic changes were to occur between valuations, the Pension Fund will advise employers accordingly and notify them of the likely impact on their contribution rates, reviewing bond values, as required.</li> </ul> |  |  |                                  | Control In Place   |             |                     |   |
| Risk Ref Date Identified   | Risk Identified  | Potential Consequence  | Portfolio Owner                  | Inherent           | Residual    | Latest Risk Reviews |   |
| ADMIN0007<br>30/01/2017  | Deteriorating patterns of ill health or other early retirements.   | Increase in employer contribution rates and deficit recovery payments.   | Cllr David Thomas<br>Chris Hurst | 6                  | 2           | 08/09/2020          | Review Summary: Regular monitoring ongoing  |
|  |  |  |                                  | ADMIN              | ADMIN       | 21/12/2020          | Review Summary: Regular monitoring ongoing  |
| Controls and Actions   |  |  |                                  | Status             | Review Date | Latest Control      | Reviews   |
| <ul style="list-style-type: none"> <li>Employers are required to pay the capital costs of early retirements (pension strain), upfront for all cases.</li> <li>Employers are required to pay the capital costs of early retirements (pension strain), upfront for all cases. Ill health retirements and costs are monitored against Fund allowances.</li> </ul>   |  |  |                                  | Action In Progress | 01/11/2022  | 08/09/2020          | Review Summary: Regular monitoring ongoing  |
|  |  |  |                                  |                    |             | 21/12/2020          | Review Summary: Regular monitoring ongoing  |
| Risk Ref Date Identified   | Risk Identified  | Potential Consequence  | Portfolio Owner                  | Inherent           | Residual    | Latest Risk Reviews |   |
| ADMIN0008<br>02/01/2017  | Failure to reconcile all relevant active, deferred and pensioner member GMP records against the data held by DWP in respect of the cessation of contracting out. | Increase in Fund liabilities; increased employer contribution rates and deficit recovery payments; and, payment of incorrect pension benefits.         | Cllr David Thomas<br>Chris Hurst | 6                  | 4           | 08/09/2020          | Review Summary: GMP Reconciliation work ongoing (Sept 2020)                                   |
|  |  |  |                                  | ADMIN              | ADMIN       | 21/12/2020          | Review Summary: GMP Reconciliation work ongoing (Dec 2020)                                    |
| Controls and Actions   |  |  |                                  | Status             | Review Date | Latest Control      | Reviews   |
| <ul style="list-style-type: none"> <li>Reconciliation Complete. Work on Rectification continuing</li> <li>Reconciliation Complete. Work on Rectification continuing</li> <li>Appoint external partners to identify scale of work and help with whole exercise</li> <li>Appoint external partners to identify scale of work and help with whole exercise</li> </ul>   |  |  |                                  | Control In Place   |             |                     |   |
|  |  |  |                                  | Control In Place   |             |                     |   |
| Risk Ref Date Identified   | Risk Identified  | Potential Consequence  | Portfolio Owner                  | Inherent           | Residual    | Latest Risk Reviews |   |
| ADMIN0009<br>09/10/2020  | Cessation of Service Contract for Pensions Administration System   | Failure to meet legislative requirements and administer the LGPS. Risk of intervention by the Pensions Regulator, legal challenges, reputational risk. | Cllr David Thomas<br>Chris Hurst | 10                 | 4           | 01/11/2021          | Review Summary: Acknowledged - will follow appropriate procurement process closer to the time |
|  |  |  |                                  | ADMIN              | ADMIN       |                     |   |
| Controls and Actions   |  |  |                                  | Status             | Review Date | Latest Control      | Reviews   |
| <ul style="list-style-type: none"> <li>Monitor Contract Position</li> <li>Work with the Administering Authority Commercial Services to conduct an appropriate procurement exercise at the appropriate time</li> </ul>  |  |  |                                  | Control In Place   |             |                     |   |
| Risk Ref Date Identified   | Risk Identified  | Potential Consequence  | Portfolio Owner                  | Inherent           | Residual    | Latest Risk Reviews |   |



Administration Risk

|           |                                |  |   |       |       |            |   |
|-----------|--------------------------------|--|---|-------|-------|------------|---|
| ADMIN0010 | Payments to overseas pensions. | Payments continuing to potentially deceased pensioners | <i>Cllr David Thomas</i><br>Jane Thomas | 4     | 4     | 04/05/2022 | Review Summary: Existence Exercise planned for 2022/23 year |
|           |                                |  |   | ADMIN | ADMIN |            |   |

| Controls and Actions   |  | Status           | Review Date | Latest Control | Reviews |
|--|--|------------------|-------------|----------------|---------|
| <ul style="list-style-type: none"> <li>Conduct Existence Check</li> <li>Carry out an overseas existence check</li> </ul> |  | Control In Place |             |                |         |

Tudalen 7

Mae'r dudalen hon wedi'i gadael yn wag yn fwiadol

# Risk Register report

DATE :

## Summary of Risks Ratings

|                 |               |       |          |       |              |
|-----------------|---------------|-------|----------|-------|--------------|
| Almost Certain  | 0             | 0     | 0        | 0     | 0            |
| Likely          | 0             | 0     | 0        | 0     | 0            |
| Possible        | 0             | 3     | 0        | 0     | 0            |
| Unlikely        | 0             | 6     | 3        | 0     | 0            |
| Rare            | 0             | 3     | 0        | 0     | 0            |
| Unassigned<br>1 | Insignificant | Minor | Moderate | Major | Catastrophic |

### Red Risks Total:

| Risk Register | Risk Title | Net Risk Level | Risk Owner |
|---------------|------------|----------------|------------|
|---------------|------------|----------------|------------|

### New Risks Total:

| Risk Register | Risk Title | Net Risk Level | Risk Owner | Created Date |
|---------------|------------|----------------|------------|--------------|
|---------------|------------|----------------|------------|--------------|

### Changing Risks Total:

| Risk Register | Risk Title | Net Risk Level | Change | Risk Owner |
|---------------|------------|----------------|--------|------------|
|---------------|------------|----------------|--------|------------|

Detail

Governance Risk

| Risk Ref                 | Risk Identified   | Potential Consequence  | Portfolio                        | Inherent    | Residual    | Latest Risk Reviews      |   |
|--------------------------|---|--|----------------------------------|-------------|-------------|--------------------------|---|
| Date Identified          |   |  | Owner                            |             |             |                          |   |
| GOVERN0001<br>02/12/2019 | Failure to collect and account for pension contributions being paid over to the Fund on time by Fund employers. | Adverse audit opinion, potential delays to Fund employer financial reporting; and potential delay to production of annual report and accounts. | Cllr David Thomas<br>Chris Hurst | 6<br>GOVERN | 4<br>GOVERN | 13/05/2020<br>08/09/2020 | Review Summary: Process refined recently and ongoing monitoring in place.<br>Review Summary: Ongoing<br>Contribution return monitored by Finance Staff (in conjunction with Pensions Admin Manager) |

Controls and Actions

- Contributions received monitored on a monthly basis by Fund accounting staff .
- Contributions received monitored on a monthly basis by Fund accounting staff .
- Requirement that each end of scheme year, Fund employers certify they have paid over contributions at the correct rates and time
- Requirement that each end of scheme year, Fund employers certify that they have paid over contributions at the correct rates and on time.

| Status           | Review Date | Latest Control | Reviews |
|------------------|-------------|----------------|---------|
| Control In Place |             |                |         |
| Control In Place |             |                |         |

| Risk Ref        | Risk Identified | Potential Consequence | Portfolio | Inherent | Residual | Latest Risk Reviews |  |
|-----------------|-----------------|-----------------------|-----------|----------|----------|---------------------|--|
| Date Identified |                 |                       | Owner     |          |          |                     |  |

|                          |  |   |                                  |             |             |                          |   |
|--------------------------|--|---|----------------------------------|-------------|-------------|--------------------------|---|
| GOVERN0002<br>03/10/2020 | Insufficient Fund cashflow to meet liabilities as they fall due. | Immediate injections of cash from Fund employers would be required where Fund assets cannot be liquidated quickly. For now the Fund is cashflow positive but will not remain so for much longer, therefore requiring the use of investment income to subsidise the payment of pension benefits rather than being reinvested as now. | Cllr David Thomas<br>Chris Hurst | 9<br>GOVERN | 6<br>GOVERN | 01/11/2021<br>13/05/2020 | Review Summary: Cashflow Review conducted in Summer 0f 2021<br>Review Summary: Asset Allocation review completed end of 2020 and Funding Strategy Statement updated following completion of triennial valuation |
|--------------------------|--|---|----------------------------------|-------------|-------------|--------------------------|---|

Controls and Actions

- cashflow forecast in place
- Funding strategy statement in place
- review strategic asset allocation to keep positive cashflow
- Strategic asset allocation review completed to ensure that cashflow remains positive (on a targeted and monitored basis) whilst at the same time ensuring that the Fund is not forced to liquidate assets on an unplanned basis.

| Status           | Review Date | Latest Control | Reviews |
|------------------|-------------|----------------|---------|
| Control In Place |             |                |         |
| Control In Place |             |                |         |

| Risk Ref        | Risk Identified | Potential Consequence | Portfolio | Inherent | Residual | Latest Risk Reviews |  |
|-----------------|-----------------|-----------------------|-----------|----------|----------|---------------------|--|
| Date Identified |                 |                       | Owner     |          |          |                     |  |

|                          |   |  |                                  |             |             |                          |   |
|--------------------------|---|--|----------------------------------|-------------|-------------|--------------------------|---|
| GOVERN0003<br>27/09/2016 | Inability to deliver service as a result of the loss of key personnel | Failure to provide service at all, or at an acceptable level | Cllr David Thomas<br>Chris Hurst | 6<br>GOVERN | 4<br>GOVERN | 05/07/2021<br>13/05/2020 | Review Summary: BCP Updated June 2021<br>Review Summary: Regularly review BCP |
|--------------------------|---|--|----------------------------------|-------------|-------------|--------------------------|---|

Controls and Actions

- Keep Business Continuity Plan under review
- Business Continuity Plan in place for the pensions administration service
- Assurances received from all systems providers in relation to their current resilience to the threat of a failure in cyber security.

| Status             | Review Date | Latest Control           | Reviews   |
|--------------------|-------------|--------------------------|---|
| Control In Place   |             |                          |   |
| Action In Progress | 01/04/2023  | 13/05/2020<br>08/09/2020 | Review Summary: Regularly review BCP<br>Review Summary: BCP reviewed 07.09.2020 |

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**Detail**

**Governance Risk**

| Risk Ref                 | Risk Identified                                 | Potential Consequence      | Portfolio                        | Inherent    | Residual    | Latest Risk Reviews      |  |
|--------------------------|---|----------------------------|----------------------------------|-------------|-------------|--------------------------|--|
| Date Identified          |   |                            | Owner                            |             |             |                          |  |
| GOVERN0004<br>08/11/2016 | Loss of funds through fraud or misappropriation | Financial loss to the Fund | Cllr David Thomas<br>Chris Hurst | 6<br>GOVERN | 2<br>GOVERN | 05/07/2021<br>13/05/2020 | Review Summary: No change<br>Review Summary: Regular audit review and due diligence/legal review carried out at each managerial appointment. As the WPP establishes more sub funds, they will appoint the managers |

| Controls and Actions  | Status           | Review Date | Latest Control | Reviews |
|---|------------------|-------------|----------------|---------|
| • audit and control tests, due diligence done when new manager appointed<br>Internal and External Audit regularly test that appropriate controls are in place and are working effectively. Due diligence is carried out whenever a new investment manager is appointed. | Control In Place |             |                |         |

| Risk Ref                 | Risk Identified   | Potential Consequence   | Portfolio                        | Inherent    | Residual    | Latest Risk Reviews      |  |
|--------------------------|---|---|----------------------------------|-------------|-------------|--------------------------|--|
| Date Identified          |   |   | Owner                            |             |             |                          |  |
| GOVERN0005<br>04/09/2017 | Significant rise in employer contribution rates for Fund employers with strong covenants, as consequence of increases in liabilities. | Employer contribution rates rise to unacceptable levels, putting upward pressure on Council Tax rates and the ability of Powys County Council to continue to deliver services to its communities. | Cllr David Thomas<br>Chris Hurst | 6<br>GOVERN | 2<br>GOVERN | 13/05/2020<br>08/09/2020 | Review Summary: Regular Covenant Assessments<br>Review Summary: Covenant Assessment due to commence imminently (Sept/Oct 2020) |

| Controls and Actions   | Status             | Review Date | Latest Control | Reviews   |
|--|--------------------|-------------|----------------|---|
| <b>Tudalen 11</b><br>• Employers have Discretionary Powers Policies that help to control liabilities<br>Employers have Discretionary Powers Policies that help to control liabilities. In reality, little can actually be done in mitigation due to the fact that liabilities are largely determined by bond yields that are outside of the Fund's control.<br>• insurance options investigated<br>Investigate further liability mitigations such as ill health strain insurance; developing guidance to assist employers to manage liability increases derived from their actions or inactions; and, work closely with the Fund actuary to determine appropriate valuation assumptions and deficit recovery strategies. | Action In Progress | 04/11/2022  | 13/05/2020     | Review Summary: Regular Covenant Assessments  |
|  | Action In Progress | 30/11/2022  | 08/09/2020     | Review Summary: Covenant assessments due to commence Q3 20/21   |
|  | Action In Progress |             | 30/08/2022     | Review Summary: Appropriate ill health assumptions made for 2022 valuation. Can consider the other factors as part of valuation work. |
|  |                    |             | 13/05/2020     | Review Summary: Regular Covenant Assessments  |

| Risk Ref                 | Risk Identified   | Potential Consequence   | Portfolio                        | Inherent    | Residual    | Latest Risk Reviews      |   |
|--------------------------|---|---|----------------------------------|-------------|-------------|--------------------------|---|
| Date Identified          |   |   | Owner                            |             |             |                          |   |
| GOVERN0006<br>04/10/2016 | Significant rises in employer contribution rates for Fund employers with weak covenants as a consequence of increases in liabilities. | Employer contribution rates rise to unsustainable levels that cause employers to become insolvent | Cllr David Thomas<br>Chris Hurst | 8<br>GOVERN | 4<br>GOVERN | 13/05/2020<br>08/09/2020 | Review Summary: Regular Covenant Assessments<br>Review Summary: Covenant assessment due to start Q3 20/21 |

| Controls and Actions  | Status             | Review Date | Latest Control | Reviews  |
|---|--------------------|-------------|----------------|--|
| • In process of developing risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty<br>Employers have Discretionary Powers Policies that help to control liabilities. In reality, little can actually be done in mitigation due to the fact that liabilities are largely determined by bond yields that are outside of the Fund's control. | Action In Progress | 08/10/2022  | 13/05/2020     | Review Summary: Review Risk Sharing Agreement/Approach |
| In process of developing risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty over the level of employer contribution rates control.   |                    |             | 08/09/2020     | Review Summary: Work ongoing (Sept 2020)               |

**Detail**

**Governance Risk**

| Risk Ref        | Risk Identified | Potential Consequence | Portfolio | Inherent | Residual | Latest Risk Reviews |  |
|-----------------|-----------------|-----------------------|-----------|----------|----------|---------------------|--|
| Date Identified |                 |                       | Owner     |          |          |                     |  |

|            |   |   |                                  |             |             |            |                                  |
|------------|---|---|----------------------------------|-------------|-------------|------------|----------------------------------|
| GOVERN0007 | Significant rises in employer contribution rates for employers with strong covenants as a result of poor/negative investment returns. | Employer contribution rates rise to unacceptable levels that result in Powys County Council being unable to provide appropriate services for its communities. | Cllr David Thomas<br>Chris Hurst | 6<br>GOVERN | 2<br>GOVERN | 08/09/2020 | Review Summary: Ongoing          |
| 04/09/2017 |   |   |                                  |             |             | 18/12/2020 | Review Summary: Ongoing Dec 2020 |

| Controls and Actions  | Status             | Review Date | Latest Control | Reviews   |
|---|--------------------|-------------|----------------|---|
| <ul style="list-style-type: none"> <li>Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection.</li> <li>Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection. Quarterly investment performance reports presented to Pension Fund.</li> <li>Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes</li> <li>Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes and non-market led assets.</li> </ul> | Control In Place   |             |                |   |
|   | Action In Progress | 04/11/2022  | 08/09/2020     | Review Summary: Continuing and reviewed at each Committee meeting |
|   |                    |             | 18/12/2020     | Review Summary: Continuing and reviewed at each Committee meeting |

| Risk Ref        | Risk Identified | Potential Consequence | Portfolio | Inherent | Residual | Latest Risk Reviews |  |
|-----------------|-----------------|-----------------------|-----------|----------|----------|---------------------|--|
| Date Identified |                 |                       | Owner     |          |          |                     |  |

|            |  |   |                                  |             |             |            |   |
|------------|--|---|----------------------------------|-------------|-------------|------------|---|
| GOVERN0008 | Failure to comply with LGPS and other statutory regulations. | Payment of incorrect pension benefits; provision of incorrect benefit estimates; failure to comply with governance standards; failure to meet HMRC tax requirements. Resulting in: loss of customer satisfaction / confidence; IDRPs and Ombudsman appeals; TPR fines for non-compliance. | Cllr David Thomas<br>Chris Hurst | 8<br>GOVERN | 6<br>GOVERN | 08/09/2020 | Review Summary: Processes checked and efficiencies ongoing        |
| 11/10/2020 |  |   |                                  |             |             | 18/12/2020 | Review Summary: Continuing and reviewed at each Committee meeting |

| Controls and Actions  | Status           | Review Date | Latest Control | Reviews |
|---|------------------|-------------|----------------|---------|
| <ul style="list-style-type: none"> <li>rigorous checking/authorisation procedures for pension benefit calculations and payments, review governance policy;</li> <li>Rand, regular review of governance compliance policy. Staff training and development.</li> <li>Closer partnership working with employer payrolls to facilitate accurate data receipts;</li> <li>Closer partnership working with employer payrolls to facilitate accurate data receipts; increased compliance oversight provided by newly established Pensions Board.</li> </ul> | Action Completed |             |                |         |
|   | Control In Place |             |                |         |

| Risk Ref        | Risk Identified | Potential Consequence | Portfolio | Inherent | Residual | Latest Risk Reviews |  |
|-----------------|-----------------|-----------------------|-----------|----------|----------|---------------------|--|
| Date Identified |                 |                       | Owner     |          |          |                     |  |

|            |  |  |                                  |             |             |            |  |
|------------|--|--|----------------------------------|-------------|-------------|------------|--|
| GOVERN0009 | Lack of expertise of Pension Fund Officers and Senior Officers | Poor decision making in relation to principal functions of the Pension Fund , particularly in relation to investments. | Cllr David Thomas<br>Chris Hurst | 8<br>GOVERN | 4<br>GOVERN | 08/09/2020 | Review Summary: Regular training attended and provided by LGPS professionals |
| 25/01/2016 |  |  |                                  |             |             | 21/12/2020 | Review Summary: Regular training attended and provided by LGPS professionals |

| Controls and Actions | Status | Review Date | Latest Control | Reviews |
|----------------------|--------|-------------|----------------|---------|
|                      |        |             |                |         |

## Governance Risk

- training and performance reviews, conferences, seminars to upskill and develop knowledge Officers ensure that they receive appropriate training and are required to keep up to date with developments in pensions matters, as part of their periodic Individual Performance Reviews and by attending relevant conferences and seminars, by reading and through discussions with consultants and peers.
- Training plans based on the CIPFA 'Knowledge and Skills' framework, as is the the procedure for members of both PIC & PB Formalised Officer training via individual training plans based on the CIPFA 'Knowledge and Skills' framework, as is the the procedure for members of both Pensions & Investment Committee and the Pensions Board.

Control In Place

Control In Place

| Risk Ref        | Risk Identified               | Potential Consequence  | Portfolio                               | Inherent     | Residual    | Latest Risk Reviews |                                  |
|-----------------|-------------------------------|--|---|--------------|-------------|---------------------|----------------------------------|
| Date Identified |                               |  | Owner                                   |              |             |                     |                                  |
| GOVERN0010      | Over-reliance on key Officers | When senior Officers leave or are absent due to long term sickness, large knowledge gaps remain. | <i>Cllr David Thomas</i><br>Chris Hurst | 12<br>GOVERN | 6<br>GOVERN | 08/09/2020          | Review Summary: Reflected in BCP |
| 25/01/2016      |                               |  |   |              |             | 21/12/2020          | Review Summary: Reflected in BCP |

## Controls and Actions

- In the short term, knowledge gaps can be filled by using our external colleagues from other Welsh Funds and buying in assistance
- In the short term, knowledge gaps can be filled by using our external colleagues from other Welsh Funds and buying in assistance from consultants.
- Formalise succession planning by including in Officer individual training plans for less senior Officers.

Status  
Action In ProgressReview Date  
11/01/2023Latest Control  
08/09/2020Reviews  
21/12/2020

Review Summary: Reflected in BCP

Review Summary: Reflected in BCP

Action In Progress

11/01/2023

08/09/2020

21/12/2020

Review Summary: Reflected in BCP

Review Summary: Reflected in BCP

| Risk Ref        | Risk Identified  | Potential Consequence  | Portfolio                               | Inherent    | Residual    | Latest Risk Reviews |   |
|-----------------|--|--|---|-------------|-------------|---------------------|---|
| Date Identified |  |  | Owner                                   |             |             |                     |   |
| GOVERN0011      | Failure to provide the pensions service in accordance with principles of equality. | Some stakeholders may be unable to access the service fully or at all. In the worst case scenario, this could result in court action against the Fund. | <i>Cllr David Thomas</i><br>Chris Hurst | 9<br>GOVERN | 0<br>GOVERN | 08/09/2020          | Review Summary: Operate LGPS in accordance with the Regulations |
| 26/01/2016      |  |  |   |             |             | 21/12/2020          | Review Summary: Operate LGPS in accordance with the Regulations |

## Controls and Actions

- The Fund maintains a Welsh Language register in respect of scheme members and employers . The Fund maintains a Welsh Language register in respect of scheme members and employers .
- To utilise technology to enable access to service and information for stakeholders with disabilities , other language needs etc.
- To utilise technology to enable access to service and information for stakeholders with disabilities , other language needs etc.

Status  
Control In Place

Control In Place

Review Date

Latest Control

Reviews

| Risk Ref        | Risk Identified  | Potential Consequence   | Portfolio                               | Inherent    | Residual    | Latest Risk Reviews |  |
|-----------------|--|---|---|-------------|-------------|---------------------|--|
| Date Identified |  |   | Owner                                   |             |             |                     |  |
| GOVERN0012      | Failure to collect payments due from ceasing employers with no active members. | Failure to collect cessation payments from ceasing employers results in relevant liabilities being funded by the Powys Pension Fund and the active employers. | <i>Cllr David Thomas</i><br>Chris Hurst | 6<br>GOVERN | 4<br>GOVERN | 08/09/2020          | Review Summary: Ensure data provided to Actuary in a timely manner |
| 25/01/2016      |  |   |   |             |             | 21/12/2020          | Review Summary: Covenant review ongoing Dec 2020                   |

## Controls and Actions

Status

Review Date

Latest Control

Reviews

Detail

Governance Risk

- employer covenants, guarantor bonds, risk sharing agreements

The Fund undertakes periodic reviews of the strength of employer covenants. For existing employers, the Fund requires that a guarantor, bond or 'risk sharing agreement' is in place. For all new employers, the Fund insists on either a guarantor or a bond being in place.

Control In Place

| Risk Ref        | Risk Identified   | Potential Consequence  | Portfolio                        | Inherent | Residual | Latest Risk Reviews |  |
|-----------------|---|--|----------------------------------|----------|----------|---------------------|--|
| Date Identified |   |  | Owner                            |          |          |                     |  |
| GOVERN0013      | Lack of expertise of members of Pensions & Investment Committee | Poor decision making in relation to all aspects of the Fund, particularly those in relation to investment. | Cllr David Thomas<br>Chris Hurst | 9        | 6        | 08/09/2020          | Review Summary: Annual training Needs Assessments conducted                    |
| 25/01/2016      |   |  |                                  | GOVERN   | GOVERN   | 21/12/2020          | Review Summary: Training encouraged and more access to online training in 2020 |

Controls and Actions

- Knowledge & Skills Framework in place

Knowledge & Skills Framework in place and published. Annual Training Needs Analysis carried out and training made available to Committee and Board regularly (provided by Fund, WPP and 3rd parties)

Control In Place

| Risk Ref        | Risk Identified  | Potential Consequence   | Portfolio                        | Inherent | Residual | Latest Risk Reviews |   |
|-----------------|--|---|----------------------------------|----------|----------|---------------------|---|
| Date Identified |  |   | Owner                            |          |          |                     |   |
| GOVERN0014      | An admitted body ceasing to exist with insufficient funding or level of a bond available to meet all its Fund liabilities. | Unfunded pension liabilities being orphaned without sufficient funding/guarantees in place, resulting on increased liabilities falling on other Fund employers. | Cllr David Thomas<br>Chris Hurst | 6        | 4        | 08/09/2020          | Review Summary: Covenant Assessments starting Q3 2020   |
| 01/11/2017      |  |   |                                  | GOVERN   | GOVERN   | 21/12/2020          | Review Summary: Covenant Assessments continuing Q4 2020 |

Controls and Actions

- To seek funding guarantees wherever possible, from other Scheme employers or outside bodies
- To seek funding guarantees wherever possible, from other Scheme employers or outside bodies. To require, in all cases, a bond or other form of security to protect the Fund in the case of unexpected cessation and insolvency. Ensuring that admitted bodies are fully aware of their obligations and responsibilities to the Pension Fund and the benefits of their employees.
- Regular review of admitted body covenants and financial health.
- Regular review of admitted body covenants and financial health.

Control In Place

Action In Progress

08/10/2022

08/09/2020

21/12/2020

Review Summary: Covenant Assessments commencing Q3 2020

Review Summary: Review commenced with actuary Dec 2020

| Risk Ref        | Risk Identified  | Potential Consequence   | Portfolio                        | Inherent | Residual | Latest Risk Reviews |  |
|-----------------|--|---|----------------------------------|----------|----------|---------------------|--|
| Date Identified |  |   | Owner                            |          |          |                     |  |
| GOVERN0015      | Appointment of new Pension Board Chair and membership of the Local Pension Board | Non compliance with Public Services Pension Act. Challenge and scrutiny from the Pensions Regulator. Reduced quality of governance. | Cllr David Thomas<br>Chris Hurst | 12       | 6        | 07/06/2021          | Review Summary: No appointment made following recruitment exercise. Work ongoing to secure a Chair as soon as possible |
| 09/10/2020      |  |   |                                  | GOVERN   | GOVERN   | 10/02/2021          | Review Summary: Working with Commercial Services February 2021 and ready to go to Sell2Wales to advertise              |

Controls and Actions

- Pension Board Terms of Reference stipulate membership periods
- Pension Board Terms of Reference stipulate membership periods and work with Pension Board members and administering authority to ensure appropriate recruitment processes are in place.

Control In Place

| Risk Ref        | Risk Identified | Potential Consequence | Portfolio | Inherent | Residual | Latest Risk Reviews |  |
|-----------------|-----------------|-----------------------|-----------|----------|----------|---------------------|--|
| Date Identified |                 |                       | Owner     |          |          |                     |  |



Governance Risk

|                          |  |  |   |   |   |                          |  |
|--------------------------|--|--|---|---|---|--------------------------|--|
| GOVERN0016<br>29/03/2020 | Pension Fund Personnel and/or key suppliers are unable to work due to extreme weather, fire, epidemics | Inability to deliver administration services or investment of the Fund. Impact of welfare of Pensions Section Staff. | <i>Cllr David Thomas</i><br>Chris Hurst | 9 | 6 | 26/03/2021<br>01/11/2021 | Review Summary: Regularly reviewed<br>Review Summary: Regularly reviewed |
|--------------------------|--|--|---|---|---|--------------------------|--|

Controls and Actions

- Business Continuity Plan Business Continuity Plan, assessment of Pensioner Payroll services. Electronic implementation of paperwork.

| Status | Review Date | Latest Control | Reviews |
|--------|-------------|----------------|---------|
| GOVERN |             |                |         |
| GOVERN |             |                |         |

Control In Place

Tudalen 15

Mae'r dudalen hon wedi'i gadael yn wag yn fwiadol

# Risk Register report

DATE :

## Summary of Risks Ratings

|                 |               |       |          |       |              |
|-----------------|---------------|-------|----------|-------|--------------|
| Almost Certain  | 0             | 0     | 0        | 0     | 0            |
| Likely          | 0             | 0     | 0        | 0     | 0            |
| Possible        | 0             | 0     | 0        | 0     | 0            |
| Unlikely        | 2             | 6     | 3        | 0     | 0            |
| Rare            | 0             | 0     | 0        | 0     | 0            |
| Unassigned<br>0 | Insignificant | Minor | Moderate | Major | Catastrophic |

### Red Risks Total:

| Risk Register | Risk Title | Net Risk Level | Risk Owner |
|---------------|------------|----------------|------------|
|---------------|------------|----------------|------------|

### New Risks Total:

| Risk Register | Risk Title | Net Risk Level | Risk Owner | Created Date |
|---------------|------------|----------------|------------|--------------|
|---------------|------------|----------------|------------|--------------|

### Changing Risks Total:

| Risk Register | Risk Title | Net Risk Level | Change | Risk Owner |
|---------------|------------|----------------|--------|------------|
|---------------|------------|----------------|--------|------------|

**Detail**

**Investment Risk**

| Risk Ref   | Risk Identified  | Potential Consequence                  | Portfolio                        | Inherent         | Residual           | Latest Risk Reviews   |   |
|--|--|--|----------------------------------|------------------|--------------------|-----------------------|---|
| Date Identified  |  |  | Owner                            |                  |                    |                       |   |
| INVEST0001   | Pension Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities over the long-term. | Increased employer contribution rates. | Cllr David Thomas<br>Chris Hurst | 6                | 4                  | 08/09/2020            | Review Summary: Regular investment performance reviews. Investigate protection strategies as/when/if required |
| 25/01/2016   |  |  |                                  | INVEST           | INVEST             | 21/12/2020            | Review Summary: Regular investment performance reviews. Investigate protection strategies as/when/if required |
| <b>Controls and Actions</b>  |  |  |                                  | <b>Status</b>    | <b>Review Date</b> | <b>Latest Control</b> | <b>Reviews</b>  |
| <ul style="list-style-type: none"> <li>anticipate long-term returns on a relatively prudent basis to reduce the risk of under-performance. Only anticipate long-term returns on a relatively prudent basis to reduce the risk of under-performance. Also monitors and analyses progress every three years for each employer. In addition, the Fund receives quarterly funding updates to help monitor the position.</li> </ul> |  |  |                                  | Control In Place |                    |                       |   |

| Risk Ref   | Risk Identified                              | Potential Consequence               | Portfolio                        | Inherent         | Residual           | Latest Risk Reviews   |  |
|--|--|-------------------------------------|----------------------------------|------------------|--------------------|-----------------------|--|
| Date Identified  |  |                                     | Owner                            |                  |                    |                       |  |
| INVEST0002   | Inappropriate long-term investment strategy. | Failure to meet funding objectives. | Cllr David Thomas<br>Chris Hurst | 8                | 4                  | 08/09/2020            | Review Summary: New ISS operated for 2020. regularly reviewed as Fund/WPP develops     |
| 25/01/2016   |  |                                     |                                  | INVEST           | INVEST             | 21/12/2020            | Review Summary: Review regularly depending on conditions and WPP sub fund availability |
| <b>Controls and Actions</b>  |  |                                     |                                  | <b>Status</b>    | <b>Review Date</b> | <b>Latest Control</b> | <b>Reviews</b>   |
| <ul style="list-style-type: none"> <li>Use of a Fund specific benchmark, as recommended by the Fund's investment consultant.</li> <li>Use of a Fund specific benchmark, as recommended by the Fund's investment consultant.</li> </ul> |  |                                     |                                  | Control In Place |                    |                       |  |

| Risk Ref   | Risk Identified  | Potential Consequence               | Portfolio                        | Inherent         | Residual           | Latest Risk Reviews   |  |
|--|--|-------------------------------------|----------------------------------|------------------|--------------------|-----------------------|--|
| Date Identified  |  |                                     | Owner                            |                  |                    |                       |  |
| INVEST0003   | Active investment manager under-performance relative to the benchmark. | Failure to meet funding objectives. | Cllr David Thomas<br>Chris Hurst | 4                | 2                  | 08/09/2020            | Review Summary: Regularly reviewed with Investment Consultant and Manager changes made as required |
| 25/01/2016   |  |                                     |                                  | INVEST           | INVEST             | 21/12/2020            | Review Summary: Regularly reviewed with Investment Consultant and Manager changes made as required |
| <b>Controls and Actions</b>  |  |                                     |                                  | <b>Status</b>    | <b>Review Date</b> | <b>Latest Control</b> | <b>Reviews</b>   |
| <ul style="list-style-type: none"> <li>Short-term (quarterly) investment monitoring analyses market performance and active managers relative to their index benchmark.</li> <li>Short-term (quarterly) investment monitoring analyses market performance and active managers relative to their index benchmark.</li> </ul> |  |                                     |                                  | Control In Place |                    |                       |  |

| Risk Ref  | Risk Identified  | Potential Consequence                         | Portfolio                        | Inherent         | Residual           | Latest Risk Reviews   |   |
|---|--|---|----------------------------------|------------------|--------------------|-----------------------|---|
| Date Identified   |  |   | Owner                            |                  |                    |                       |   |
| INVEST0004  | To permit deficits to be eliminated over a recovery period rather than immediately, introduces the risk that action to restore solvency is insufficient between successive measurements. | Increased employer deficit recovery payments. | Cllr David Thomas<br>Chris Hurst | 4                | 2                  | 08/09/2020            | Review Summary: As detailed in Funding Strategy Statement |
| 29/01/2018  |  |   |                                  | INVEST           | INVEST             | 21/12/2020            | Review Summary: As detailed in Funding Strategy Statement |
| <b>Controls and Actions</b>   |  |   |                                  | <b>Status</b>    | <b>Review Date</b> | <b>Latest Control</b> | <b>Reviews</b>  |
| <ul style="list-style-type: none"> <li>discuss every such situation with the Pension Fund actuary, for each individual employer. It is the practice to discuss every such situation with the Pension Fund actuary, for each individual employer. Moreover deficit recovery periods are generally restricted to no more than 25 years, or 40 years in very exceptional circumstances.</li> </ul> |  |   |                                  | Control In Place |                    |                       |   |

| Detail   |   |  |                                  |                  |             |                     |   |
|--|---|--|----------------------------------|------------------|-------------|---------------------|---|
| Investment Risk  |   |  |                                  |                  |             |                     |   |
| Risk Ref   | Risk Identified   | Potential Consequence                  | Portfolio                        | Inherent         | Residual    | Latest Risk Reviews |   |
| Date Identified  |   |  | Owner                            |                  |             |                     |   |
| INVEST0005   | Permitting contribution rate changes to be introduced by annual steps rather than immediately, introduces a risk that action to restore solvency is insufficient between successive measurements. | Increased employer contribution rates. | Cllr David Thomas<br>Chris Hurst | 6                | 4           | 08/09/2020          | Review Summary: Decisions taken in accordance with advice from Fund Actuary |
| 25/01/2016   |   |  |                                  | INVEST           | INVEST      | 21/12/2020          | Review Summary: Decisions taken in accordance with advice from Fund Actuary |
| Controls and Actions   |   |  |                                  | Status           | Review Date | Latest Control      | Reviews   |
| <ul style="list-style-type: none"> <li>Each individual employer situation is discussed with the Pension Fund actuary, with stepping restricted to three years, or 6 yea</li> <li>Each individual employer situation is discussed with the Pension Fund actuary, with stepping restricted to three years, or 6 years, in very exceptional circumstances.</li> </ul> |   |  |                                  | Control In Place |             |                     |   |

| Risk Ref  | Risk Identified  | Potential Consequence  | Portfolio                        | Inherent         | Residual    | Latest Risk Reviews |  |
|---|--|--|----------------------------------|------------------|-------------|---------------------|--|
| Date Identified   |  |  | Owner                            |                  |             |                     |  |
| INVEST0006  | Pay and price inflation significantly more than anticipated. | Increased employer contribution rates and deficit recovery payments. | Cllr David Thomas<br>Chris Hurst | 9                | 4           | 08/09/2020          | Review Summary: Review and discuss with Actuary at valuation |
| 30/01/2017  |  |  |                                  | INVEST           | INVEST      | 21/12/2020          | Review Summary: Review and discuss with Actuary at valuation |
| Controls and Actions  |  |  |                                  | Status           | Review Date | Latest Control      | Reviews  |
| <ul style="list-style-type: none"> <li>Employers 'pay' for their own salary awards and are reminded of the geared effect on salary -linked pension liabilities</li> <li>Employers 'pay' for their own salary awards and are reminded of the geared effect on salary -linked pension liabilities. Particularly where bias towards longer serving employees may be considered.</li> </ul> |  |  |                                  | Action Completed |             |                     |  |

| Risk Ref  | Risk Identified  | Potential Consequence  | Portfolio                        | Inherent         | Residual    | Latest Risk Reviews |                         |
|---|--|--|----------------------------------|------------------|-------------|---------------------|-------------------------|
| Date Identified   |  |  | Owner                            |                  |             |                     |                         |
| INVEST0007  | Insolvency of an investment manager investing Pension Fund assets. | A reduction in the capital value of the Fund; a loss of liquidity as creditors agree on distribution of assets; the costs of legal representation; and, reputational damage. | Cllr David Thomas<br>Chris Hurst | 9                | 6           | 08/09/2020          | Review Summary: Ongoing |
| 03/03/2016  |  |  |                                  | INVEST           | INVEST      | 21/12/2020          | Review Summary: Ongoing |
| Controls and Actions  |  |  |                                  | Status           | Review Date | Latest Control      | Reviews                 |
| <ul style="list-style-type: none"> <li>diversification of investment managers, limits for individual investments mandates</li> <li>Diversification of investment managers; adherence to the limits for individual investment mandates as set out in the LGPS investment regulations; regular meetings with investment managers undertaken by the Fund's investment consultant; Statement on Standards for Attestation Engagements No. 16 internal controls are monitored on an annual basis; due diligence by investment consultants to ensure that custodians are used by each investment manager; equity investment mandates are invested in pooled funds; and, only well respected and researched investment managers are selected in the first place.</li> <li>Increased investment manager diversification may be further facilitated by pooling via the Wales Pool that is currently under de</li> <li>Increased investment manager diversification may be further facilitated by pooling via the Wales Pool that is currently under development. As agreed by P &amp; I Committee on 9th February 2017, when entering into new contractual arrangements with investment managers, contract documentation is to be referred to the Fund's legal advisers for review and appropriate due diligence.</li> </ul> |  |  |                                  | Control In Place |             |                     |                         |
|   |  |  |                                  | Control In Place |             |                     |                         |

**Detail**

**Investment Risk**

| Risk Ref<br>Date<br>Identified | Risk Identified   | Potential Consequence   | Portfolio<br>Owner               | Inherent    | Residual    | Latest Risk Reviews      |  |
|--------------------------------|---|---|----------------------------------|-------------|-------------|--------------------------|--|
| INVEST0008<br>30/03/2017       | Pooling of Pension Fund assets with other LGPS Pension Funds. | Investment of Fund Officer and Committee time and other resource with unknown outcomes; front loaded costs before potential savings are realised; potential loss of local accountabilities; and, the loss of the primacy of the Fund and its strategic needs. | Cllr David Thomas<br>Chris Hurst | 9<br>INVEST | 6<br>INVEST | 08/09/2020<br>21/12/2020 | Review Summary: Ongoing<br>Review Summary: Ongoing |

**Controls and Actions**

- Due diligence on all pooling proposals; full transparency of all pool proposals and costs; full participation of Pension Fund
- Due diligence on all pooling proposals; full transparency of all pool proposals and costs; full participation of the Pension Fund in all pooling development.
- Pooling vehicle to be structured so that each participating Fund has full representation the pool
- Pooling vehicle to be structured so that each participating Fund has full representation in the pool; the pool structure enables full strategic decisions to be retained by each individual Fund; and, economies of scale (based on experience to date) indicate that savings will be made by the Fund that will exceed initial costs.

**Status Review Date Latest Control Reviews**

Control In Place  
  
Control In Place

| Risk Ref<br>Date<br>Identified | Risk Identified             | Potential Consequence  | Portfolio<br>Owner               | Inherent     | Residual    | Latest Risk Reviews      |   |
|--------------------------------|-----------------------------|--|----------------------------------|--------------|-------------|--------------------------|---|
| INVEST0009<br>01/10/2015       | MIFID II ongoing compliance | Financial implications of not being treated as an institutional investor | Cllr David Thomas<br>Chris Hurst | 12<br>INVEST | 6<br>INVEST | 11/07/2022<br>05/07/2021 | Review Summary: Current process continues, but updated as required when new manager appointed or training needs identified.<br>Review Summary: Regularly reviewed and updated on adoption of a new Investment Manager |

**Controls and Actions**

- Regular Review of MIFID Status
- Regular Review of MIFID Status

**Status Review Date Latest Control Reviews**

Control In Place

| Risk Ref<br>Date<br>Identified | Risk Identified                          | Potential Consequence                             | Portfolio<br>Owner               | Inherent    | Residual    | Latest Risk Reviews      |   |
|--------------------------------|--|---|----------------------------------|-------------|-------------|--------------------------|---|
| INVEST0010<br>01/01/2015       | Fall in the returns on Government bonds. | Increase to the value placed on Fund liabilities. | Cllr David Thomas<br>Chris Hurst | 9<br>INVEST | 4<br>INVEST | 11/07/2022<br>05/07/2021 | Review Summary: Regularly monitored by Consultant for each meeting<br>Review Summary: Discussed with Investment Consultants as required |

**Controls and Actions**

- Allowing for a risk-based approach should limit the impact of short-term changes in returns on Government bonds
- Allowing for a risk-based approach should limit the impact of short-term changes in returns on Government bonds. Some investment in bonds also helps to mitigate this risk. Monitoring (quarterly) helps to give an early warning of significant changes.

**Status Review Date Latest Control Reviews**

Control In Place

| Risk Ref<br>Date<br>Identified | Risk Identified | Potential Consequence | Portfolio<br>Owner | Inherent | Residual | Latest Risk Reviews |  |
|--------------------------------|-----------------|-----------------------|--------------------|----------|----------|---------------------|--|
|--------------------------------|-----------------|-----------------------|--------------------|----------|----------|---------------------|--|

Investment Risk

|            |                                   |   |                           |        |        |            |  |
|------------|-----------------------------------|---|---------------------------|--------|--------|------------|--|
| INVEST0011 | Increased risk on Fund Employers. | Potential Failure of Participating Employer or unsustainable Employer Contributions | Unassigned<br>Jane Thomas | 4      | 4      | 04/05/2022 | Review Summary: Employer Risk Assessment to be conducting as part of valuation work in 2022-23 |
|            |                                   |   |                           | INVEST | INVEST |            |  |

| Controls and Actions   |  |  | Status           | Review Date | Latest Control | Reviews |
|--|--|--|------------------|-------------|----------------|---------|
| <ul style="list-style-type: none"> <li>Regular Review of Employer Covenants with Fund Actuary Work with the Fund Actuary to review employer covenants on a regular basis . being conducted as part of the 2022 Valuation Work</li> </ul> |  |  | Control In Place |             |                |         |

Tudalén 21

Mae'r dudalen hon wedi'i gadael yn wag yn fwiadol