

Administration Risk Register

Pension Fund Risk Register - Administration Risk						
Risk Ref.	Risk Description	Officer Responsible	Impact			
			Fund	Employers	Reputation	Total
20	Loss of funds through fraud or misappropriation leading to negative impact on reputation of the Fund as well as financial loss.		3	2	3	8
21	Failure of fund manager or other service provider without notice resulting in a period of time without the service being provided or an alternative needing to be quickly identified and put in place.		3	2	1	6
22	Failure of financial system leading to lump sum payments to scheme members and supplier payments not being made and Fund accounting not being possible.		1	2	3	6
23	Failure of pension payroll system resulting in pensioners not being paid in a timely manner.		1	3	1	5
24	Failure to pay pension benefits accurately leading to under or over payments.		1	1	1	3
25	Failure of pension administration system resulting in loss of records and incorrect pension benefits being paid or delays to payment.		1	2	2	5

26	Administrators do not have sufficient staff or skills to manage the service leading to poor performance and complaints.		1	2	2	5
27	BT contract wind down could lead to problems for retirements in 18/19 where data is on two different systems. All returns must be completed prior to BT contract ceasing. The move to Hampshire CC due in Decemebr 2018 and ensuring that key working practices continue such as the pension interface will be a Key to reduce risks to members.		1	2	2	5
A1	Incorrect data due to employer error, user error or historic error leads to service disruption, inefficiency and conservative actuarial assumptions.		3	2	1	6
A2	Lack of process ownership leads to ineffective processes and errors.		2	2	2	6
A3	Failure to follow up on outstanding issues results in inefficiency and damaged reputation.		1	2	2	5
A4	Lack of capability of the admin system leads to inefficiency and disruption..		1	2	2	5

A5	Poor reconciliation process leads to incorrect contributions.		2	1	1	4
A6	Lack of guidance and process notes leads to inefficiency and errors		2	2	1	5
A7	Unstructured training leads to under developed workforce resulting in inefficiency.		2	2	2	6
A8	Conflicting priorities (Orbis, SCCvsSPF, Pensions pooling) leads to lack of overall strategy, confusion and missed opportunities.		3	2	2	7
A9	Non-compliance with regulation changes relating to the pension scheme or data protection leads to fines, penalties and damage to reputation.		3	3	2	8
A10	Concentration of knowledge in a small number of officers and risk of departure of key staff.		2	2	1	5
A11	Failure to get on top of the backlog leads to resource issues and management distractions.		2	2	1	5
A12	Failure to identify GMP liability leads to ongoing costs for the pension fund		3	2	1	6

A13	Inability to respond to a significant event leads to prolonged service disruption and damage to reputation.		1	2	5	8
A14	Lack of productivity leads to impaired performance.		2	2	1	5
A15	Failure to continuously improve leads to inefficiency and missed opportunities.		2	2	2	6
A16	Rise in ill health retirements impact employer organisations		2	2	1	5
A17	Rise in discretionary ill health retirements claims adversely effecting self-insurance costs		2	2	1	5
A18	Structural changes in an employer's membership or an employer fully/partially closing the scheme. Employer bodies transferring out of the pension fund or employer bodies closing to new membership. An employer ceases to exist with insufficient funding or adequacy of bond		5	2	1	8

Likelihood	Total risk score	Mitigation actions
2	16	Third parties regulated by the FCA and separation of duties and independent reconciliation procedures in place. Review of third party internal control reports. Regular reconciliations of pension payments undertaken by Pensions Finance Team. Periodic internal audits of Pensions Finance and HR teams.
2	12	Contract monitoring in place with all providers. Procurement team send alerts whenever credit scoring for any provider changes for follow up action.
2	12	Contract in place with BT to provide service enabling smooth processing of supplier payments. Process in place for Surrey CC to generate lump sum payments to members as they are due. Officers undertaking additional testing and reconciliation work to verify accounting transactions
2	10	In the event of a pension payroll failure we would consider submitting the previous months BACS file to pay pensioners a second time if a file could not be recovered by the pension administrators and our software suppliers.
2	6	There are occasional circumstances where under or over payments are identified. Where under payments occur arrears are paid as soon as possible usually in the next monthly pension payment. Where an overpayment occurs, the member is contacted and the pension corrected in the next month. Repayment is requested and sometimes we collect this over a number of months.
2	10	Pension administration records are stored on the surrey servers they have a disaster recovery system in place and records should be restored within 24 hours of any issue, files are backed up daily.

2	10	Surrey CC administers pensions for Surrey, East Sussex and manages our Triborough partners. The majority of WCC cases are handled by the team in East Sussex. Service has improved significantly since it was first implemented.
2	10	People Services are working with HCC and BT to ensure service transfer is smooth as possible. 17/18 LGPS files being checked by People Services in June 2018.
Additional measures taken from Surrey		
2	12	TREAT 1) Update and enforce admin strategy to assure employer reporting compliance 2) Implementation and monitoring of a Data Improvement Plan as part of the Service Specification between the Fund and Orbis TOLERATE 1) Northern Trust provides 3rd party validation of performance and valuation data. 2) Pension Fund team and Pension Committee members are able to interrogate data to ensure accuracy.
2	12	TREAT 1) Require transparent workflow reporting with identification of process ownership to be reported to the Local Pension Board (the Board)
2	10	TREAT 1) Include monitoring of task follow-up times as part of the revised service standards in the Administration Strategy
2	10	TOLERATE 1) Ensure system efficiency is included in the annual improvement review.

2	8	TREAT Ensure reconciliation process notes are understood by Pension Fund team 2) Ensure that the Pension Fund team is adequately resourced to manage the reconciliation process	1)
2	10	TREAT Ensure process notes are compiled and circulated in Pension Fund and administration teams	1)
2	12	TREAT Implementation and monitoring of a Staff Training and Competency Plan as part of the Service Specification between the Fund and Orbis	1)
2	14	TOLERATE 1) Establish transparent lines of communication between Orbis partnership leads and local service areas 2) Ongoing monitoring from the Pension Fund Committee and Local Pension Board	
2	16	TREAT 1) The fund has generally good internal controls with regard to the management of the fund. These controls are assessed on an annual basis by internal and external audit as well as council officers. 2) Through strong governance arrangements and the active reporting of issues, the Fund will seek to report all breaches as soon as they occur in order to allow mitigating actions to take place to limit the impact of any breaches.	
3	15	TREAT 'How to' notes in place. 2) Development of team members & succession planning improvements to be implemented. 3) Officers and members of the Pension Fund Committee will be mindful of the proposed CIPFA Knowledge and Skills Framework when setting objectives and establishing training needs.	1)
2	10	TREAT Backlog to be identified as a "Project" as part of the Service Specification between the Fund and Orbis 2) Backlog to be included in revised Performance Statistics reported to and scrutinised by the Committee and Board	1)
1	6	TREAT 1) GMP to be identified as a "Project" as part of the Service Specification between the Fund and Orbis 2) Stage 1 reconciliation reviews has been completed. 3) Aquila Heywoods have been appointed to carry out an intermim stage 2 review	

2	16	<p>TREAT</p> <p>1) Disaster recover plan in place as part of the Service Specification between the Fund and Orbis</p> <p>2) Ensure system security and data security is in place</p> <p>3) Business continuity plans regularly reviewed, communicated and tested</p> <p>4) Internal control mechanisms should ensure safe custody and security of LGPS assets.</p> <p>5) Gain assurance from the Fund's custodian, Northern Trust, regarding their cyber security compliance</p>
2	10	<p>TREAT</p> <p>Regular appraisals with focused objectives for pension fund and admin staff</p>
1	6	<p>TREAT:</p> <p>1) Annual customer feedback survey to be carried out.</p> <p>2) Quarterly complaints/praise feedback to be reported to and scrutinised by the Committee and Board</p> <p>3) Implementation and monitoring of an annual Continuous Improvement Plan as part of the Service Specification between the Fund and Orbis</p>
1	5	<p>TREAT</p> <p>1) Implement self-insurance across employers within the fund</p>
1	5	<p>TREAT</p> <p>1) Pension Fund monitors ill health retirement awards which contradict IRMP recommendations</p>
3	24	<p>TREAT</p> <p>1) Administering Authority actively monitors prospective changes in membership.</p> <p>2) Maintain knowledge of employer future plans.</p> <p>3) Contributions rates and deficit recovery periods set to reflect the strength of the employer covenant.</p> <p>4) Periodic reviews of the covenant strength of employers are undertaken and indemnity applied where appropriate.</p> <p>5) Risk categorisation of employers implemented as part of 2016 actuarial valuation.</p> <p>6) Monitoring of gilt yields for assessment of pensions deficit on a termination basis.</p>



Annex 2

Taken by	Impact				Likelihood	Total risk score	Reviewed on	Next review date
	Fund	Employers	Reputation	Total				
	2	2	2	6	1	6	28/08/18	
	3	2	1	6	2	12	28/08/18	
	1	2	1	4	2	8	28/08/18	
	1	2	1	4	2	8	28/08/18	
	1	1	1	3	2	6	28/08/18	
	1	1	1	3	2	6	28/08/18	

	1	2	1	4	2	8	28/08/18	
	1	2	1	4	2	8	28/08/18	
	2	2	1	5	2	10	28/08/18	
	2	2	2	6	2	12	28/08/18	
	1	2	2	5	2	10	28/08/18	
	1	2	2	5	2	10	28/08/18	

	2	1	1	4	1	4	28/08/18	
	2	2	1	5	1	5	28/08/18	
	2	2	2	6	1	6	28/08/18	
	3	2	2	7	1	7	28/08/18	
	3	3	2	8	1	8	28/08/18	
	2	2	1	5	2	10	28/08/18	
	2	2	1	5	2	10	28/08/18	
	2	2	1	5	1	5	28/08/18	

	1	2	5	8	1	8	28/08/18	
	2	2	1	5	1	5	28/08/18	
	2	2	2	6	1	6	28/08/18	
	2	2	1	5	1	5	28/08/18	
	2	2	1	5	1	5	28/08/18	
	4	2	1	7	2	14	28/08/18	