

### Administration Risk Register

Administration Risk Register			
Risk Group	New	Risk Ref.	Previous
Admin	*	1	
Admin	*	2	
Admin	*	3	
Admin	*	4	
Admin		5	
Admin		6	
Admin		7	
Admin	*	8	
Admin		9	
Admin	*	10	

Admin		11	
Admin		12	
Admin		13	
Admin		14	
Admin	*	15	
Admin	*	16	
Admin	*	17	
Admin	*	18	
Admin	*	19	
Admin	*	20	
Admin	*	21	











Risk Description	Imp	
	Fund	Employers
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 placement.	5	3
Concentration of knowledge in a small number of officers and risk of departure of key staff.	2	2
Bank reconciliations no longer carried out by BT. Income processing from the bank is being brought in house, no process in place yet. HCC may take on the process but no firm guarantee in place yet. Income not being posted to the system increasing workload for the pensions finance team, potentially for errors and accounts inaccuracy.	2	2
Incorrect data due to employer error, user error or historic error leads to service disruption, inefficiency and conservative actuarial assumptions.	4	4
Loss of funds through fraud or misappropriation leading to negative impact on reputation of the Fund as well as financial loss.	3	2
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 December 2018 and ensuring that key working practices continue such as the pension interface will be a Key to reduce risks to members.	1	2
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.	5	2
Non-compliance with regulation changes relating to the pension scheme or data protection leads to fines, penalties and damage to reputation.	3	3
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	3
Inability to respond to a significant event leads to prolonged service disruption and damage to reputation.	1	2



Failure of pension payroll system resulting in pensioners not being paid in a timely manner.	1	2
Administrators do not have sufficient staff or skills to manage the service leading to poor performance and complaints.	1	2
Failure to pay pension benefits accurately leading to under or over payments.	2	2
Failure of pension administration system resulting in loss of records and incorrect pension benefits being paid or delays to payment.	1	1
Unstructured training leads to under developed workforce resulting in inefficiency.	2	2
Failure to identify GMP liability leads to ongoing costs for the pension fund.	3	2
Lack of guidance and process notes leads to inefficiency and errors.	2	2
Lack of productivity leads to impaired performance.	2	2
Rise in ill health retirements impact employer organisations.	2	2
Rise in discretionary ill-health retirements claims adversely affecting self-insurance costs.	2	2
Poor reconciliation process leads to incorrect contributions.	2	1











Pension Fund Risk Register - Administration Risk			
Impact		Likelihood	Total risk score
Reputation	Total		
1	9	3	27
3	7	3	21
2	6	3	18
3	11	2	22
5	10	2	20
2	5	2	10
2	9	2	18
2	8	2	16
4	8	2	16
5	8	2	16

4	7	2	14
3	6	2	12
2	6	2	12
1	3	2	6
2	6	2	12
1	6	1	6
1	5	2	10
1	5	2	10
1	5	1	5
1	5	1	5
1	4	2	8













## Mitigation actions

TREAT 1) Administering Authority actively monitors prospective changes in membership. 2) Maintain knowledge of employer future plans. 3) Contributions rates and deficit recovery periods set to reflect the strength of the employer covenant. 4) Periodic reviews of the covenant strength of employers are undertaken and indemnity applied where appropriate. 5) Risk categorisation of employers planned to be part of 2019 actuarial valuation. 6) Monitoring of gilt yields for assessment of pensions deficit on a termination

TREAT 1) Practice notes in place. 2) Development of team members and 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.

TREAT 1) Staff working with HCC and the Tri-Borough Pensions to come up with a solution to ensure bank reconciliations and income is posted promptly and accurately.

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. Admin team and members are able to interrogate data to ensure accuracy.

TREAT 1) Third parties regulated by the FCA and separation of duties and independent reconciliation processes are in place. 2) Review of third party internal control reports. 3) Regular reconciliations of pensions payments undertaken by Pension Finance Team. 4) Periodic internal audits of Pensions Finance and HR

TREAT 1) People Services are working with HCC and BT to ensure service transfer is smooth as possible. 2) 2017/18 LGPS files were checked by People Services in June 2018.

TREAT 1) Contract monitoring in place with all providers. 2) Procurement team send alerts whenever credit scoring for any provider changes for follow up action.

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.

TREAT 1) Contract in place with HCC to provide service, enabling smooth processing of supplier payments. 2) Process in place for Surrey CC to generate lump sum payments to members as they are due. 3) Officers undertaking additional testing and reconciliation work to verify accounting transactions.

TREAT 1) Disaster recovery plan in place as part of the Service Specification between the Fund and Surrey County Council 2) Ensure system security and data security is in place 3) Business continuity plans regularly reviewed, communicated and tested 4) Internal control mechanisms ensure safe custody and security of LGPS assets. 5) Gain assurance from the Fund's custodian, Northern Trust, regarding their cyber security compliance.

TOLERATE 1) 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
TOLERATE 1) Surrey CC administers pensions for Surrey, East Sussex, LB Hillingdon and the Tri-Borough. Service has been excellent since this change was made.
TREAT 1) There are occasional circumstances where under/over payments are identified. Where underpayments 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.
TREAT 1) Pension administration records are stored on the Surrey CC servers who have a disaster recovery system in place and records should be restored within 24 hours of any issue, All files are backed up daily.
TREAT 1) Implementation and monitoring of a Staff Training and Competency Plan as part of the Service Specification between the Fund and Surrey County Council.
TREAT 1) GMP to be identified as a Project as part of the Service Specification between the Fund and Surrey County Council.
TREAT 1) Ensure process notes are compiled and circulated in Pension Fund and Administration teams.
TREAT 1) Regular appraisals with focused objectives for pension fund and admin staff.
TREAT 1) Engage with actuary re assumptions in contribution rates.
TREAT 1) Pension Fund monitors ill health retirement awards which contradict IRMP recommendations.
TREAT 1) Ensure reconciliation process notes are understood by Pension Fund team. 2) Ensure that the Pension Fund team is adequately resourced to manage the reconciliation process.













Revised likelihood	Total risk score	Reviewed on
2	18	05/11/18
2	14	05/11/18
2	12	05/11/18
1	11	05/11/18
1	10	05/11/18
2	10	05/11/18
1	9	05/11/18
1	8	05/11/18
1	8	05/11/18
1	8	05/11/18















































































































































































Impact Description	Category
1 Very Low	Cost/Budgetary Impact
	Impact on life
	Environment
	Reputation
	Service Delivery
2 Low	Cost/Budgetary Impact
	Impact on life
	Environment
	Reputation
	Service Delivery
3 Medium	Cost/Budgetary Impact
	Impact on life
	Environment
	Reputation
	Service Delivery
4 High	Cost/Budgetary Impact
	Impact on life
	Environment
	Reputation
	Service Delivery
5 Very High	Cost/Budgetary Impact
	Impact on life
	Environment
	Reputation

	Service Delivery
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Scoring (1-5)	
Descriptor	
1. Improbable, extremely unlikely	Virtually impossible
2. Remote possibility	Very unlikely
3. Occasional	Likely to occur
4. Probable	More likely to occur
5. Likely	Almost certain

Control	
Terminate	Stop what is being done.
Treat	Reduce the likelihood of the risk occurring.
Take	Circumstances that offer positive opportunities
Transfer	Pass to another service best placed to deal with mitigations but ownership of the risk still lies with the original service.
Tolerate	Do nothing because the cost outweighs the benefits and/or an element of the risk is outside our control.

Management Scoring Matrix	
( Impact )	
Description	
£0 to £25,000	Temporary disability or slight injury or illness less than 4 weeks (internal) or affecting 0-10 people (external) Minor short term damage to local area of work. Decrease in perception of service internally only – no local media attention Failure to meet individual operational target – Integrity of data is corrupt no significant effect
£25,001 to £100,000	Temporary disability or slight injury or illness greater than 4 weeks recovery (internal) or greater than 10 people (external) Damage contained to immediate area of operation, road, area of park single building, short term harm to the immediate ecology or community Localised decrease in perception within service area – limited local media attention, short term recovery Failure to meet a series of operational targets – adverse local appraisals – Integrity of data is corrupt, negligible effect on indicator
£100,001 to £400,000	Permanent disability or injury or illness Damage contained to Ward or area inside the borough with medium term effect to immediate ecology or community Decrease in perception of public standing at Local Level – media attention highlights failure and is front page news, short to medium term recovery Failure to meet a critical target – impact on an individual performance indicator – adverse internal audit report prompting timed improvement/action plan - Integrity of data is corrupt, data falsely inflates or reduces outturn of indicator
£400,001 to £800,000	Individual Fatality Borough wide damage with medium or long term effect to local ecology or community Decrease in perception of public standing at Regional level – regional media coverage, medium term recovery Failure to meet a series of critical targets – impact on a number of performance indicators – adverse external audit report prompting immediate action - Integrity of data is corrupt, data falsely inflates or reduces outturn on a range of indicators
£800,001 and over	Mass Fatalities Major harm with long term effect to regional ecology or community Decrease in perception of public standing nationally and at Central Government – national media coverage, long term recovery

Failure to meet a majority of local and national performance indicators – possibility of intervention/special measures – Integrity of data is corrupt over a long period, data falsely inflates or reduces outturn on a range of indicators

Likelihood )

Likelihood Guide

ossible to occur 0 to 5% chance of occurrence.

ly to occur 6 to 20% chance of occurrence

occur 21 to 50% chance of occurrence

cur than not 51% to 80% chance of occurrence

to occur 81% to 100% chance of occurrence

Details required

A clear description of the specific actions to be taken to control the risk or opportunity

The name of the service that the risk is being transferred to and the reasons for the transfer.

A clear description of the specific reasons for tolerating the risk.