

# Risk Register 2021-22

Organisation/Department/Function/Project: **Dyfed Pension Fund**

Manager **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **29 September, 2021**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)		
	Impact	Probability					Impact	Probability	Controlled Risk Rating
CSV400001 - Failure to comply with LGPS regulations as well as other overriding regulations	Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> <li>• <b>Altair Development Officer undertakes Altair system checks to ensure compliance with LGPS regulations</b> <i>Implemented</i></li> <li>• <b>Network Groups (Altair &amp; LGPC)</b> <i>Implemented</i></li> <li>• <b>Communication &amp; Training Officer</b> Communication &amp; Training Officer responsible for the maintenance of Online Procedure manuals, and the provision of training to all section staff and employing bodies via site visits. <i>Implemented</i></li> <li>• <b>Continue to act as an "Early Adopter" in conjunction with the system provider to ensure system meets regulatory requirements</b> <i>Implemented</i></li> </ul>	Pensions Manager		Substantial 4	Improbable 1	Low 4

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				<ul style="list-style-type: none"> <li>Technical Officer ensures legislative accuracy of calculations <i>Implemented</i></li> </ul>	Pensions Manager				
<b>CSV400002 - Failure to respond to major change to the LGPS following Public Sector Pension Review</b>	<b>Substantial</b> 4	<b>Possible</b> 3	<b>High</b> 12	<ul style="list-style-type: none"> <li>Participation in all high level Government discussions and consultations <i>Implemented</i></li> <li>Ensure best practice is implemented and DPF is seen as a centre of excellence for pension administration <i>Implemented</i></li> <li>Continue to be recognised nationally by peers as one of the leaders in pension administration and facilitate site visits <i>Implemented</i></li> </ul>	Pensions Manager and Treasury & Pensions Investments Manager  Pensions Manager  Pensions Manager		<b>Substantial</b> 4	<b>Improbable</b> 1	<b>Low</b> 4

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	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> <li>• <b>Society of Welsh Treasurers review the suitability of existing and any new pension fund arrangements</b> <i>Implemented</i></li> <li>• <b>CIPFA Pensions Network membership</b> <i>Implemented</i></li> <li>• <b>Technical Officer ensures legislative accuracy of calculations</b> <i>Implemented</i></li> </ul>	<p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager</p>				
<b>CSV400003 - Failure to process accurate pension benefits payments, including lump sum payments, in a timely manner</b>	<b>Significant</b> 3	<b>Unlikely</b> 2	<b>Medium</b> 6	<ul style="list-style-type: none"> <li>• <b>Segregation of duties and authorisation of benefits</b> following calculation by Senior Pensions Officer <i>Implemented</i></li> </ul>	Pensions Manager		<b>Significant</b> 3	<b>Improbable</b> 1	<b>Very Low</b> 3

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	Impact	Probability				Current Risk Rating	Impact	Probability	Controlled Risk Rating	
				<ul style="list-style-type: none"> <li>• <b>Altair Development Officer is responsible for regular system checks regarding calculations</b> <i>Implemented</i></li> <li>• <b>Communication&amp;Training Officer liaises closely with all employing authorities to ensure timely submission of information to DPF</b> <i>Implemented</i></li> <li>• <b>Payroll deadline procedures in place</b> <i>Implemented</i></li> <li>• <b>Item in Business Continuity/Disaster Recovery Plan</b> <i>Implemented</i></li> <li>• <b>Participate in National Fraud Initiative (NFI)</b> <i>Implemented</i></li> </ul>						

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				<ul style="list-style-type: none"> <li>• Life Certificates exercise carried out for all cheque payments <i>Implemented</i></li> <li>• Undertake reviews of monthly performance to ensure service standards are maintained <i>Implemented</i></li> <li>• IT Contingency/Resilience Plan in place <i>Implemented</i></li> </ul>	<p>Pensions Manager</p> <p>Pensions Manager</p> <p>Pensions Manager</p>				
<p><b>CSV400004 - Failure to collect and account for full receipt of contributions from employers and employees on time</b></p> <p>Failure to collect full receipt of pension contributions from employees and employers in line with Regulation guidelines.</p> <p>Failure of employers' financial systems; absence of key staff; failure to communicate with employers effectively; failure of key systems such as on-line banking and/or financial</p>	<p><b>Substantial</b></p> <p>4</p>	<p><b>Possible</b></p> <p>3</p>	<p><b>High</b></p> <p>12</p>	<ul style="list-style-type: none"> <li>• Contributions monitoring procedures <i>Implemented</i></li> <li>• Formal timescales for receipt of contributions <i>Implemented</i></li> </ul>	<p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p>		<p><b>Substantial</b></p> <p>4</p>	<p><b>Unlikely</b></p> <p>2</p>	<p><b>Medium</b></p> <p>8</p>

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	Impact	Probability					Impact	Probability	
<p>ledger.</p> <p>Possible adverse audit opinion; negative cash flow position; delays in producing IAS19 accounting reports; delays in closure of year end accounts; employers forced to leave the scheme.</p>				<ul style="list-style-type: none"> <li><b>Budget set and monthly monitoring against the budget</b> <i>Implemented</i></li> <li><b>Escalation of non receipt of contributions</b> <i>Implemented</i></li> <li><b>Systems Audit undertaken by Internal Audit and External Auditors</b> <i>Implemented</i></li> </ul>	<p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p>				
<p><b>CSV400005 - Failure to keep pension records up to date and accurate</b></p>	<p><b>Significant</b></p> <p>3</p>	<p><b>Possible</b></p> <p>3</p>	<p><b>Medium</b></p> <p>9</p>	<ul style="list-style-type: none"> <li><b>Senior Officers liaise closely with employing authorities to ensure timely and accurate submission of data to DPF</b> <i>Implemented</i></li> </ul>	<p>Pensions Manager</p>		<p><b>Significant</b></p> <p>3</p>	<p><b>Improbable</b></p> <p>1</p>	<p><b>Very Low</b></p> <p>3</p>

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	Impact	Probability				Current Risk Rating	Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none"> <li>i-Connect ensures that data from employers is identified by a direct transfer from payroll on a monthly basis <i>Implemented</i></li> <li>Data accuracy checks undertaken by the pension section prior to continual validation on workflow system <i>Implemented</i></li> <li>Data integrity validation is performed monthly by Altair Development Officer <i>Implemented</i></li> <li>Data validation checks also undertaken by the DPF's partners (e.g.the Actuary at Valuation) <i>Implemented</i></li> <li>Additional validation carried out through NFI <i>Implemented</i></li> </ul>	<p>Pensions Manager</p> <p>Pensions Manager</p> <p>Pensions Manager</p> <p>Pensions Manager</p> <p>Pensions Manager</p>				

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	Impact	Probability					Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none"> <li>• <b>Opportunity to escalate non-compliance</b> <i>Implemented</i></li> </ul>	Pensions Manager				
<b>CSV400006 - Failure to hold personal data securely</b>	<b>Substantial</b> 4	<b>Unlikely</b> 2	<b>Medium</b> 8	<ul style="list-style-type: none"> <li>• <b>Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls</b> <i>Implemented</i></li> <li>• <b>Disaster Recovery Plan for pensions system</b> <i>Implemented</i></li> <li>• <b>Authorised users have unique usernames and passwords must be changed every 60 days</b> <i>Implemented</i></li> <li>• <b>Documentation is scanned on to the pensions system</b> and paper copies are held for a period of 3 months before shredding <i>Implemented</i></li> </ul>	Pensions Manager  Pensions Manager  Pensions Manager  Pensions Manager		<b>Significant</b> 3	<b>Improbable</b> 1	<b>Very Low</b> 3

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				<ul style="list-style-type: none"> <li>• <b>Compliance with the Data Protection Act 1998</b> <i>Implemented</i></li> <li>• <b>Compliance with the Authority's in-house IT policies</b> <i>Implemented</i></li> <li>• <b>Systems and Payroll audit undertaken annually</b> <i>Implemented</i></li> </ul>	Pensions Manager				
<b>CSV400007 - Loss of funds through fraud or misappropriation in administration related functions</b>	<b>Substantial</b> 4	<b>Unlikely</b> 2	<b>Medium</b> 8	<ul style="list-style-type: none"> <li>• <b>Internal and external audit checks performed to ensure that appropriate and effective controls are in place</b> <i>Implemented</i></li> <li>• <b>Segregation of duties and authorisation of benefits following calculation by Senior Pensions Officer and Pensions Officer</b> <i>Implemented</i></li> </ul>	Pensions Manager  Pensions Manager		<b>Moderate</b> 2	<b>Unlikely</b> 2	<b>Low</b> 4

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				<ul style="list-style-type: none"> <li>Altair Development Officer undertakes data integrity checks <i>Implemented</i></li> <li>Systems and Payroll audit undertaken annually <i>Implemented</i></li> </ul>	Pensions Manager  Pensions Manager				
<b>CSV400008 - Normal operations disrupted by uncontrollable external factors</b> Service delivery threats from fire, bomb, extreme weather, electrical faults etc.  Insufficient daily back up, disaster recovery, and IT cover to support systems.  Temporary loss of ability to provide service to stakeholders.	<b>Substantial</b>  4	<b>Possible</b>  3	<b>High</b>  12	<ul style="list-style-type: none"> <li>Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls <i>Implemented</i></li> <li>Disaster Recovery Plan for pensions system with the software provider <i>Implemented</i></li> <li>Pension Software is a hosted system provided by Aquila Heywood and is a tier 4 design data centre with ISO27001 accreditation. <i>Implemented</i></li> </ul>	Pensions Manager  Pensions Manager  Pensions Manager		<b>Significant</b>  3	<b>Improbable</b>  1	<b>Very Low</b>  3

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CSV400009 - Inability to keep service going due to loss of main office, computer system, or staff	Moderate 2	Unlikely 2	Low 4	<ul style="list-style-type: none"> <li>Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls <i>Implemented</i></li> <li>Pension Software is a hosted system provided by Aquila Heywood and is a tier 4 design data centre with ISO27001 accreditation. <i>Implemented</i></li> </ul>	<p>Pensions Manager</p> <p>Pensions Manager</p>		Moderate 2	Improbable 1	Very Low 2
CSV400010 - Lack of expertise among some Pension Administration officers	Significant 3	Unlikely 2	Medium 6	<ul style="list-style-type: none"> <li>Personal development plan in place to support the development of each officer in the Section <i>Implemented</i></li> <li>Specific courses / seminars attended by officers to further their knowledge and understanding <i>Implemented</i></li> </ul>	<p>Pensions Manager</p> <p>Pensions Manager</p>		Significant 3	Improbable 1	Very Low 3

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<p><b>CSV400011 - Over reliance on key Pensions Administration and Investment Officers</b> Specialist nature of the work means there are relatively few experts in Investments and the Local Authority Pensions Regulations.</p> <p>Significant knowledge gap left if experts leave.</p>	Significant 3	Possible 3	Medium 9	<ul style="list-style-type: none"> <li>• <b>Key officers convey specialist knowledge to colleagues on a function or topic basis by mentoring</b> <i>Implemented</i></li> <li>• <b>Enhance training by bespoke sessions / courses / workshops</b> <i>Implemented</i></li> <li>• <b>Specific relevant qualifications for administration and investment staff</b> <i>Implemented</i></li> <li>• <b>External consultants and independent adviser available for short term assistance</b> <i>Implemented</i></li> </ul>	<p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p>		Significant 3	Unlikely 2	Medium 6

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<b>CSV400012 - Failure to appropriately attract, manage, develop, and retain staff at all levels</b>	<b>Substantial</b> 4	<b>Unlikely</b> 2	<b>Medium</b> 8	<ul style="list-style-type: none"> <li><b>Training and Development Plan established Implemented</b></li> </ul>	Pensions Manager		<b>Substantial</b> 4	<b>Improbable</b> 1	<b>Low</b> 4
<b>CSV400013 - Failure to communicate properly with stakeholders</b> Lack of clear communications.  Scheme members are not aware of their rights and entitlements, are distanced from the Fund, which could lead to a reduction in new members and an increase in leavers.  Communication with investment managers, custodian, independent adviser, fund employers, pensioners, scheme members, actuary and government organisations.	<b>Significant</b> 3	<b>Unlikely</b> 2	<b>Medium</b> 6	<ul style="list-style-type: none"> <li><b>Dedicated Communication &amp; Training Officer post established</b> Dedicated Communication &amp; Training Officer will continue to fulfil all the communication requirements of the DPF, in accordance with the Communications Policy Statement <i>Implemented</i></li> <li><b>Comprehensive website is continually updated and developed</b> <i>Implemented</i></li> <li><b>My Pension Online is used to enhance the service provided to scheme members</b> <i>Implemented</i></li> </ul>	Pensions Manager  Pensions Manager and Treasury & Pensions Investments Manager  Pensions Manager		<b>Significant</b> 3	<b>Improbable</b> 1	<b>Very Low</b> 3

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	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> <li>Quarterly meetings with independent adviser and investment managers <i>Implemented</i></li> <li>Communications Policy in place <i>Implemented</i></li> <li>Annual Employer &amp; Consultative Meeting <i>Implemented</i></li> </ul>	<p>Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p>				
CSV400014 - No appropriate procedures for Employer bodies transferring out of the pension fund or Employer bodies closing to new membership	Significant 3	Possible 3	Medium 9	<ul style="list-style-type: none"> <li>Inter valuation monitoring and rate reassessment if appropriate <i>Implemented</i></li> </ul>	Pensions Manager		Significant 3	Unlikely 2	Medium 6

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				<ul style="list-style-type: none"> <li>• <b>Identification of any issue and resolution via regular site visits by Communication &amp; Training Officer</b> <i>Implemented</i></li> <li>• <b>Requirement for employing authorities to issue termination forms for each active member</b> <i>Implemented</i></li> <li>• <b>Validation of membership numbers</b> <i>Implemented</i></li> <li>• <b>Employer covenant checks</b> <i>Implemented</i></li> </ul>	Pensions Manager  Pensions Manager  Pensions Manager  Pensions Manager				
<b>CSV400015 - Liquidity/cashflow risk - insufficient funds to meet liabilities as they fall due</b> Failure of employers to pay contributions on time; low dividend income; significant number of liabilities paid out at the same time.	Substantial  4	Possible  3	High  12	<ul style="list-style-type: none"> <li>• <b>Monthly cash and dividend reconciliations</b> <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager		Substantial  4	Unlikely  2	Medium  8

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Immediate cash contribution would be required via employers; delay in the payment of promised liabilities; negative publicity and an adverse audit report.				<ul style="list-style-type: none"> <li>Quarterly monitoring of investment managers by Pension Committee <i>Implemented</i></li> <li>Appointment of custodian <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager				
<b>CSV400016 - Loss of funds through fraud or misappropriation in investment related functions</b> Fraud or misappropriation of funds by an employer, investment managers or custodian.  Financial loss to the fund.	<b>Substantial</b>  4	<b>Possible</b>  3	<b>High</b>  12	<ul style="list-style-type: none"> <li>Internal and External Audit regularly test that appropriate controls are in place and working <i>Implemented</i></li> <li>Regulatory control reports from investment managers, custodian, etc., are also reviewed by audit. <i>Implemented</i></li> <li>Due diligence is carried out whenever a new manager is appointed. <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		<b>Substantial</b>  4	<b>Unlikely</b>  2	<b>Medium</b>  8

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				<ul style="list-style-type: none"> <li>• <b>Reliance also placed in Financial Conduct Authority registration.</b> <i>Implemented</i></li> <li>• <b>Quarterly monitoring by Pension Committee and Independent Adviser</b> <i>Implemented</i></li> </ul>	<p>Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p>				
<p><b>CSV400017 - Excessive levels of Pension Fund Cash held within Carmarthenshire County Council investment balances</b></p> <p>High dividend / interest receipts and low benefit payments being made in period.</p> <p>Lower cash like return instead of equity or bond investment returns.</p>	<p><b>Significant</b></p> <p>3</p>	<p><b>Unlikely</b></p> <p>2</p>	<p><b>Medium</b></p> <p>6</p>	<ul style="list-style-type: none"> <li>• <b>Monthly cash reconciliations and separate pension fund bank accounts</b> <i>Implemented</i></li> <li>• <b>Quarterly monitoring by Pension Fund Committee</b> <i>Implemented</i></li> <li>• <b>Internal Audit and Wales Audit Office review</b> <i>Implemented</i></li> </ul>	<p>Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p>		<p><b>Significant</b></p> <p>3</p>	<p><b>Improbable</b></p> <p>1</p>	<p><b>Very Low</b></p> <p>3</p>

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<p><b>CSV400018 - Significant rises in employer contributions due to increases in liabilities or fall in assets</b></p> <p>Scheme liabilities increase disproportionately as a result of increased longevity or falling bond yields. Poor economic conditions, incorrect investment strategy, poor selection of investment managers.</p> <p>Poor / negative returns leading to potential increase in employer's costs.</p>	Substantial 4	Likely 4	Significant 16	<ul style="list-style-type: none"> <li>Use qualified actuary who uses assumptions and recommends appropriate recovery period and strategy <i>Implemented</i></li> <li>Quarterly monitoring of investment managers by Pension Committee <i>Implemented</i></li> <li>Diversified Strategic Asset Allocation <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		Significant 3	Possible 3	Medium 9
<p><b>CSV400019 - Lack of expertise on Pension Fund Committee and/or amongst Officers</b></p> <p>Lack of training, continuous professional development and 4 year election cycle.</p> <p>Flawed recommendations given to Pension Fund Committee which, unchallenged, could lead to incorrect decisions being made.</p>	Significant 3	Likely 4	High 12	<ul style="list-style-type: none"> <li>Ensure Officers are trained and up to date in key areas through courses, seminars, reading, discussions with consultants, etc. <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager		Significant 3	Possible 3	Medium 9

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	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> <li>• <b>Members given induction training on joining Committee with subsequent opportunities to attend other specialist training.</b> <i>Implemented</i></li> <li>• <b>Members' training plan and Governance Policy established</b> <i>Implemented</i></li> <li>• <b>Specialist assistance available from consultants and independent adviser</b> <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager				
<b>CSV400020 - Failure of Investment Strategy to deliver investment objectives</b> Inaccurate triennial valuation assumptions used. Incorrect recovery period used.  Funding level decreases; employer contribution rates become unacceptable, causing potential increase in employer's costs.	Significant 3	Likely 4	High 12	<ul style="list-style-type: none"> <li>• <b>Qualified Actuary makes assumptions and recommends appropriate recovery period and strategy.</b> <i>Implemented</i></li> <li>• <b>Independent Investment adviser employed to assist the committee in making informed decisions.</b> <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		Significant 3	Possible 3	Medium 9

# Risk Register 2021-22

Organisation/Department/Function/Project: **Dyfed Pension Fund**

Manager **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **29 September, 2021**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled (Assume NO Controls in place)		Risk	Controls	Assigned To	Target Date Priority	Assessment of Controlled (Assume CONTROLLED in place)		Risk
	Impact	Probability	Current Risk Rating				Impact	Probability	Controlled Risk Rating
<b>CSV400021 - Prolonged failure of investment managers to achieve the returns specified on their mandates</b> Under-performance by the investment managers; lack of monitoring and challenging by the Committee.	Substantial 4	Likely 4	Significant 16	<ul style="list-style-type: none"> <li>Quarterly monitoring of investment managers and performance company reports by investment team and Pension Committee <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8
<b>CSV400022 - Concentration risk - single asset class having disproportionate impact on investment objectives</b> Risk of the performance of a single asset class having a disproportionate impact on the ability to meeting investment objectives. Inappropriate investment strategy following the triennial valuation, including lack of diversification.  Funding level decreases; employer contribution rates become unacceptable, causing potential increase in employers' costs.	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> <li>Establish &amp; review diversified strategic asset allocation <i>Implemented</i></li> <li>Proactive in decision making <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8
<b>CSV400023 - Counterparty risk - risk of other party in a transaction failing to meet its obligation to the fund</b> This arises from deposits held with banks and other financial institutions, as	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> <li>Set appropriate parameters with fund managers and custodian to limit exposure to default risk <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8

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	Impact	Probability					Impact	Probability	
well as credit exposures to the fund's members and employers.  Loss of capital; decrease in asset values; cost of legal proceedings; adverse publicity.									
<b>CSV400024 - Interest rate risk</b> Arises from risk of exposure to significant interest rate movements on investments.  Bond yields and cash decrease in value.	<b>Substantial</b> 4	<b>Possible</b> 3	<b>High</b> 12	<ul style="list-style-type: none"> <li>Establish &amp; review diversified strategic asset allocation <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager		<b>Substantial</b> 4	<b>Unlikely</b> 2	<b>Medium</b> 8
<b>CSV400025 - Discount rate risk</b> Use of inappropriate discount rate to estimate future liabilities.  Funding level decreases; employer contribution rates become unacceptable, causing potential increase in employers' costs.	<b>Substantial</b> 4	<b>Possible</b> 3	<b>High</b> 12	<ul style="list-style-type: none"> <li>Engage qualified actuary to make assumptions <i>Implemented</i></li> <li>Engage independent adviser to assist the committee in making informed decisions <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		<b>Substantial</b> 4	<b>Unlikely</b> 2	<b>Medium</b> 8
<b>CSV400026 - Price risk</b> The equity investments held exposes the fund to risk in relation to the market price of its investments.	<b>Substantial</b> 4	<b>Possible</b> 3	<b>High</b> 12	<ul style="list-style-type: none"> <li>Establish &amp; review a diversified strategic asset allocation. <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager		<b>Substantial</b> 4	<b>Unlikely</b> 2	<b>Medium</b> 8

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Date: **29 September, 2021**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED in place)		Controlled Risk Rating
	Impact	Probability					Impact	Probability	
Funding level decreases; employer contribution rates become unacceptable, causing a potential increase in employers' costs.				<ul style="list-style-type: none"> <li>Anticipate long term returns on a prudent basis. <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager				
<p><b>CSV400027 - Foreign exchange risk</b> The fund holds financial assets and liabilities denominated in foreign currencies. It is therefore exposed to an element of risk in relation to currency fluctuation.</p> <p>Funding level decreases; employer contribution rates become unacceptable, causing a potential increase in employers' costs.</p>	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> <li>Establish &amp; review diversified (within regions) strategic asset allocation <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8
<p><b>CSV400028 - Failure to meet statutory deadlines leading to qualification of the accounts</b> Lack of planning for closure of accounts; lack of training; loss of expert knowledge.</p> <p>Qualified audit report; potential bad publicity; members' loss of confidence on officers' abilities.</p>	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> <li>Timetabled Audit Committee cycles <i>Implemented</i></li> <li>Liaise with external audit <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8

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Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)		
	Impact	Probability					Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none"> <li>Establish closedown timetable <i>Implemented</i></li> <li>Establish WAO working paper guidance &amp; planning document <i>Implemented</i></li> <li>Excellent time management skills <i>Implemented</i></li> </ul>	<p>Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p>				
<p><b>CSV400029 - Adequate skilled resources not available for accounts preparation</b> Lack of training; loss of expert knowledge; annual or study leave.</p> <p>Qualified audit report; unsatisfactory internal audit report; failure to meet statutory closure deadlines; employee stress.</p>	Significant 3	Likely 4	High 12	<ul style="list-style-type: none"> <li>Appropriate Treasury &amp; Pension Investments structure in place <i>Implemented</i></li> <li>Arrange training courses and seminars, and mentoring <i>Implemented</i></li> </ul>	<p>Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p>		Significant 3	Possible 3	Medium 9

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Date: **29 September, 2021**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO Controls in place)		Current Risk Rating	Controls	Assigned To	Target Date Priority	Assessment of Controlled Risk (Assume CONTROLLED Controls in place)		
	Impact	Probability					Impact	Probability	Controlled Risk Rating
<p><b>CSV400030 - Failure to recover all debts</b> Lack of communication between fund officers and administering authority officers (debtors); lack of monitoring / recovery procedures.</p> <p>Loss of income to the Fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to Fund employers</p>	Substantial 4	Likely 4	Significant 16	<ul style="list-style-type: none"> <li>Use of specialist debt recovery section within the administering authority <i>Implemented</i></li> <li>Monthly monitoring of debts due <i>Implemented</i></li> </ul>	<p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p>		Moderate 2	Improbable 1	Very Low 2
<p><b>CSV400031 - Officers acting outside delegated authority</b> Threat of officers making unauthorised decisions or payments.</p> <p>Loss of income to fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to fund employers</p>	Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> <li>Undertake regular review of Standing Orders &amp; Constitution <i>Implemented</i></li> <li>Report to Executive Board <i>Implemented</i></li> </ul>	<p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p>		Substantial 4	Improbable 1	Low 4

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	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> <li>Monitoring officer role <i>Implemented</i></li> </ul>	Pensions Manager and Treasury & Pensions Investments Manager				
<p><b>CSV400032 - Non-performance by Officers and Committee Members</b> Lack of training for officers and members; turnover in officers and members; lack of appraisals; lack of PI monitoring; time constraints for members; conflicting deadlines for officers.</p> <p>Qualified audit report; potential bad publicity; members' loss of confidence in officers' abilities; excessive pressure on officers; loss of income to the fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to fund employers</p>	<p><b>Substantial</b></p> <p>4</p>	<p><b>Possible</b></p> <p>3</p>	<p><b>High</b></p> <p>12</p>	<ul style="list-style-type: none"> <li>Establish performance measurement system <i>Implemented</i></li> <li>Pension Committee member assessments <i>Implemented</i></li> <li>Officer appraisals in October and March annually <i>Implemented</i></li> </ul>	<p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p>		<p><b>Substantial</b></p> <p>4</p>	<p><b>Unlikely</b></p> <p>2</p>	<p><b>Medium</b></p> <p>8</p>

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	Impact	Probability					Impact	Probability	Controlled Risk Rating
				<ul style="list-style-type: none"> <li>Regular internal and external audits <i>Implemented</i></li> <li>Establish &amp; review training plan for officers and members <i>Implemented</i></li> </ul>	<p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p> <p>Pensions Manager and Treasury &amp; Pensions Investments Manager</p>				
<p><b>CSV400033 - Failure to operate strict financial and budgetary controls</b> Lack of regular budget monitoring and budget setting; lack of communication between admin and investment sections; lack of scrutiny of investment managers', consultants', and advisers' fees.</p> <p>Unexpected variances over budget headings; members' loss of confidence in officers' abilities; loss of income to the fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to fund employers.</p>	<p><b>Substantial</b></p> <p>4</p>	<p><b>Possible</b></p> <p>3</p>	<p><b>High</b></p> <p>12</p>	<ul style="list-style-type: none"> <li>Quarterly monitoring of budgets <i>Implemented</i></li> <li>Quarterly forecasting and profiling of budgets <i>Implemented</i></li> <li>Closure of accounts to Audit Committee <i>Implemented</i></li> </ul>	<p>Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p>		<p><b>Substantial</b></p> <p>4</p>	<p><b>Unlikely</b></p> <p>2</p>	<p><b>Medium</b></p> <p>8</p>

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	Impact	Probability					Impact	Probability	
				<ul style="list-style-type: none"> <li>• <b>Monthly reconciliations of contributions, dividends, and pension payroll</b> <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager				
<b>CSV400034 - Insufficient resources to provide information requirements for the Wales Pension Partnership on the management of the fund</b>	<b>Substantial</b> 4	<b>Possible</b> 3	<b>High</b> 12	<ul style="list-style-type: none"> <li>• <b>Staffing resources to be kept under review to ensure the Fund's interests are properly met</b> when developing investment pooling arrangements <i>Implemented</i></li> </ul>	Treasury & Pensions Investments Manager		<b>Substantial</b> 4	<b>Unlikely</b> 2	<b>Medium</b> 8
<b>CSV400035 - Coronavirus - COVID19</b> Service delivery threats from COVID-19 and / or similar pandemics.  Insufficient daily back up, disaster recovery, and IT cover to support systems and staff.  Temporary loss of ability to provide service to stakeholders.	<b>Substantial</b> 4	<b>Possible</b> 3	<b>High</b> 12	<ul style="list-style-type: none"> <li>• <b>Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls.</b> Remote working arrangements with access to key systems through CCC IT equipment and software. <i>Implemented</i></li> </ul>	Pensions Manager and Treasury & Pensions Investments Manager		<b>Significant</b> 3	<b>Unlikely</b> 2	<b>Medium</b> 6