

Risk Register with Controls Reference Order

Governance Risk			Portfolio	Uncontrolled	Current	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Assigned To			Control or Action	Status	Review Date
GOVERN0001	<p>Failure to collect and account for pension contributions being paid over to the Fund on time by Fund employers. Potential Reputational Risk.</p> <p>Latest Review: 25/09/2024</p> <p>Performance regularly reviewed and employers contacted if there are issues or to provide training if required.</p>	Adverse audit opinion, potential delays to Fund employer financial reporting; and potential delay to production of annual report and accounts.	Cllr David Thomas Chris Hurst	6	4	<ul style="list-style-type: none"> 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. regular Communications to Employers to remind them of their responsibilities. production of the Employer Policy to help Employers. 	Control In Place Control In Place	
GOVERN0002	<p>Insufficient Fund cashflow to meet liabilities as they fall due. Potential Reputational Risk. Pensioners not paid on time.</p> <p>Latest Review: 14/02/2024</p> <p>Considered at Board meeting on 09.02.24. Wording updated to reflect risk to paying member benefits. Considered at Pension Board meeting on 09.02.24. Risk updated to include risk of paying member benefits.</p>	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. Pensioner members not paid on time.	Cllr David Thomas Chris Hurst	9	6	<ul style="list-style-type: none"> 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. 	Control In Place Control In Place	
GOVERN0003	<p>Inability to deliver service as a result of the loss or over reliance of key personnel.</p> <p>Latest Review: 14/02/2024</p> <p>Risk scores updated to reflect significant risk of reliance on key/senior officers in the Pensions team. Risk scores updated to reflect significant risk of reliance on key/senior officers in the Pensions team.</p>	Failure to provide service at all, or at an acceptable level	Cllr David Thomas Chris Hurst	9	6	<ul style="list-style-type: none"> 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. <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>18/04/2024 No change. review to take place in 2024 on resource to ensure it is appropriate</p> </div> <ul style="list-style-type: none"> Keep Business Continuity Plan under review Regularly review BCP (consider all aspects including remuneration etc) 	Action In Progress	31/12/2024

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						<ul style="list-style-type: none"> Knowledge Gaps In the short term, knowledge gaps can be filled by using our external colleagues from other Welsh Funds and buying in assistance. In the longer term, ensure succession plans are in place and appropriate. 	Control In Place	
GOVERN0004	Loss of funds through fraud or misappropriation Latest Review: 14/02/2024 Updated to include reputational damage as a potential consequence. Updated to include reputational damage as a potential consequence.	Financial loss to the Fund. Reputational damage.	Cllr David Thomas Chris Hurst	6	2	<ul style="list-style-type: none"> audit and control tests, due diligence done when new manager appointed 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	
GOVERN0005	Significant rise in employer contribution rates for Fund employers with strong covenants, as consequence of increases in liabilities. Latest Review: 17/07/2024 Regular Funding updates received from Actuary to enable appropriate discussion.	Employer contribution rates rise, 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 Chris Hurst	6	2	<ul style="list-style-type: none"> insurance options investigated 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. <p>03/06/2024 Actuary consulted on any potential changes and will be discussed as part of next valuation.</p> <ul style="list-style-type: none"> Employers have Discretionary Powers Policies that help to control liability 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. <p>18/04/2024 Employers emailed about discretion policies in early 2024. Administering Authority discretions to be reviewed at July 2024 meeting. Employer Policy due for review in September 2024</p>	Action In Progress	03/09/2025

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GOVERN0006	<p>Significant rises in employer contribution rates for Fund employers with weak covenants as a consequence of increases in liabilities.</p> <p>Latest Review: 04/10/2024 Data sent to actuary in October 2024 in preparation for 2025 Valuation. regular funding updates received from Fund Actuary, so issues could be identified in any inter-valuation period.</p>	Employer contribution rates rise to unsustainable levels that cause employers to become insolvent	Cllr David Thomas Chris Hurst	8	4	<ul style="list-style-type: none"> In process of developing risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty 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 Consider risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty over the level of employer contribution rates. control. <p>05/02/2024 Ongoing</p>	Action In Progress	05/02/2025
GOVERN0007	<p>Significant rises in employer contribution rates for employers with strong covenants as a result of poor/negative investment returns.</p> <p>Latest Review: 17/07/2024 Regular Funding updates and discussions held with Actuary as required.</p>	Employer contribution rates rise that result in Powys County Council being unable to provide appropriate services for its communities.	Cllr David Thomas Chris Hurst	6	2	<ul style="list-style-type: none"> Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes and non-market led assets. 14/02/2024 Updated to reflect better wording of the risk. Updated to reflect better wording of the risk. Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection. 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. 	Action In Progress	14/02/2025
GOVERN0008	<p>Failure to comply with LGPS and other statutory regulations. Potential Reputational Risk. Complexity of the LGPS.</p> <p>Latest Review: 14/02/2024 Updated to include reference to internal audit for assurances. Updated to include reference to internal audit for assurances.</p>	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 Chris Hurst	8	6	<ul style="list-style-type: none"> Rigorous checking/authorisation procedures for pension benefit calculations and payments, review governance policy; Regular review of governance compliance policy. Staff training and development. Internal Audit Report which focusses on administration and processing. Closer partnership working with employer payrolls to facilitate accurate data receipts; Closer partnership working with employer payrolls to facilitate accurate data receipts; increased compliance oversight provided by well established Pensions Board. 	Action Completed	

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GOVERN0009	Lack of expertise of Pension Fund Officers and expertise of members of the Pensions & Investment Committee. Complexity of the LGPS means significant training of Officers and Committee required. Latest Review: 14/02/2024 Updated to reflect complexity of the LGPS as a risk. Updated to reflect complexity of the LGPS as a risk.	Poor decision making in relation to principal functions of the Pension Fund , particularly in relation to investments. Incorrect pension benefits paid to scheme members.	<i>Cllr David Thomas</i> Chris Hurst	8	6	<ul style="list-style-type: none"> 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. <p>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)</p>	Control In Place	
GOVERN0011	Failure to provide the pensions service in accordance with principles of equality. Latest Review: 10/01/2024 Public documents published bilingually and Welsh speakers available in the Pensions team.	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> Chris Hurst	9	4	<ul style="list-style-type: none"> 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. 	Control In Place	
GOVERN0012	Failure to collect payments due from ceasing employers with no active members. Latest Review: 17/07/2024 Monitoring and Employer Policy in place.	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> Chris Hurst	6	4	<ul style="list-style-type: none"> 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	

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GOVERN0014	An admitted body ceasing to exist with insufficient funding or level of a bond available to meet all its Fund liabilities. Latest Review: 17/07/2024 Updated Employer Risk work to take place in 2024.	Unfunded pension liabilities being orphaned without sufficient funding/guarantees in place, resulting on increased liabilities falling on other Fund employers.	Cllr David Thomas Chris Hurst	6	4	<ul style="list-style-type: none"> Regular review of admitted body covenants and financial health. Regular review of admitted body covenants and financial health. <hr/> <p>25/09/2024 Review work commenced and report due before the end of 2024</p>	Action In Progress	25/07/2025
GOVERN0016	Pension Fund Personnel and/or key suppliers are unable to work due to extreme weather, fire, epidemics. Also potential impact of Employers not being able to function accordingly. Latest Review: 14/02/2024 Updated to reflect risk to Employers as well, noting that it should also be included in their own risk management processes. Updated to reflect similar risk to Employers, noting it should be on their own risk registers as well.	Inability to deliver administration services or investment of the Fund. Impact of welfare of Pensions Section Staff. Employers unable to provide information/payments to Pension Fund in accordance with legislation.	Cllr David Thomas Chris Hurst	9	6	<ul style="list-style-type: none"> Business Continuity Plan Business Continuity Plan, assessment of Pensioner Payroll services. Electronic implementation of paperwork. 	Control In Place	