

# Islington Council Pension Fund Risk Register\_v4

## Evaluation Process

### LIKELIHOOD

		1	2	3	4	5
		Rare	Unlikely	Conceivable	Likely	Expected
IMPACT	2 Negligible	2	4	6	8	10
	4 Minor	4	8	12	16	20
	6 Moderate	6	12	18	24	30
	8 Significant	8	16	24	32	40
	10 Critical	10	20	30	40	50

### Likelihood

Score	Description	Probability/Risk Matrix
1	Rare	5%
2	Unlikely	20%
3	Conceivable	40%
4	Likely	60%
5	Expected	100%

### Impact

Score	Description	Monetary Impact
2	Negligible	<£1K
4	Minor	<£10K
6	Moderate	<£500K
8	Significant	<£15M
10	Critical	>£15M

<b>Risk area I – Operations</b>	<b>Likelihood</b> (1: least likely, 5: most likely)	<b>Impact</b> (2: negligible impact, 10: critical impact)	<b>Maximum Score</b> is 50 (likelihood x impact)	<b>Controls to mitigate Risk</b>	<b>Owner</b>	<b>Test</b>	<b>Next review</b>	<b>Comment</b>
Operational disaster (fire/flood etc) or disruption due to pandemic	2	6	12	Business continuity plan. Daily & Weekly backups kept offsite.	Pensions Manager/Deputy Manager	Annual	Mar-21	
				Contracts with all suppliers are recorded on central database. Daily & Weekly backups kept off site.	Procurement & Legal Services		Jan-21	Main third party is software provider and service has continued undisturbed with assurance of contingency plans in place
				Review Agile working and critical roles	Pensions Manager/Deputy Manager	ongoing	Mar-21	Council has reinforced cyber security with increase in home working
Member data incomplete or inaccurate	3	4	12	Data Quality Audit.	Pensions Manager/Deputy Manager	Half Yearly	Feb-21	Resources continued to be added where possible as soon as practicable
				DWP Letter Forward Service to valid address	Pensions Manager	Annual	Feb-21	
COVID-19 impact on services	3	6	18	Member communications to allay any fears and support engagement in service delivery.	Pensions Manager/Deputy Manager	ongoing	Mar-21	Pension service has continued seamlessly since Covid due to IT and working from home. Priorities have focused on processing deaths and retirements.

<b>Risk area 2 – Financial</b>	Likelihood (1: least likely, 5: most likely)	Impact (2: negligible impact, 10: critical impact)	Maximum Score 50 Score (likelihood x impact)	Controls to mitigate Risk	Owner	Test	Next review	Comment
Fraud/Fraudulent behaviour	3	6	18	Segregation of duties and authorisation of benefits following calculation by Pensions Officer and checked by Senior Pensions Officer	Pension Manager	Monthly	n/a	All contributions have been accounted for and have been paid in accordance with the schedule of contributions
				Participate in the National Fraud Initiative (NFI) via Cabinet Office	Pensions Manager	Annually		
				Life certificate exercised carried out on all pensioners abroad and all pensioners aged 85 and above living in the UK	Pensions Manager	Annually		
				Check incoming and outgoing scheme funds against schemes forecast – reconciling all funds / Annual Audits by internal and external auditors	Financial Acct & Pensions Admin.	Monthly	n/a	Accounts forecast against actual checked and reconciled. Accounts for year end signed off by auditors without qualification.

<b>Risk area 3 – Funding</b>	Likelihood (1: least likely, 5: most likely)	Impact (2: negligible impact, 10: critical impact)	Maximum score is 50 Score (likelihood x impact)	Controls to mitigate Risk	Owner	Test	Next review	Comment
Employer failure to pay monthly contributions into scheme	3	6	18	Monthly monitoring of contribution payments by Treasury & Pension Admin Staff	Pension Manager	Monthly		
				Annual audit by external and internal auditors	Pensions Manager/Deputy Manager	Annual		
Loss of Investment returns	4	10	40	Clear investment strategy, quarterly monitoring of managers' performance and a diversified portfolio	Pensions Sub-committee/Officers	Ongoing		Managers are set 3 year + targets as long term investors. On appointment a terms of reference is agreed as a tool to monitor and identify scrutiny level.
Failure of non-public sector employers	4	6	24	Use of bonds and guarantees	Head of Legal/ Head of Treasury & Pension Fund	Ongoing		Triennial valuation process of determining contributions consults with employers to agree affordability and sustainability of the Fund
Covid 19 impact on Funding	5	6	30	Open dialogue with Employers. Accessing covenance periodically. Review funding level	Head of Treasury & Pension Fund/pension-sub committee	Ongoing	Sept'21	Discussed list of questions to ask employers of the Fund where contribution holidays are sought and next steps. (none so far) Scenario testing has been undertaken on current asset allocation to possible outcomes of Covid on the market in the medium term to identify risk tolerances of assets and where changes may be required.

<b>Risk area 4 – Regulatory and compliance</b>	Likelihood (1: least likely, 5: most likely)	Impact (2: negligible impact, 10: critical impact)	Maximum score 50. Score (likelihood x impact)	Controls to mitigate Risk	Owner	Test	Next review	Comment
Failure to interpret rules or legislation correctly	2	6	12	Treasury and Pensions Admin review LGA and TPR website, other literature and have networking arrangements to ensure they remain up-to date. Membership of relevant professional groups ensures any potential changes in statutory requirements are properly implemented.	Head of Treasury & Pension Fund / Pensions Manager	n/a		All staff go on relevant training courses at the LGA as appropriate to remain up-to date on Pension issues.
				Altair system calculation checks to ensure compliance with LGPS regulations	Pensions Manager	monthly		
				Networking with key partners, Actuaries, Govt. LGA and TPR	Head of Treasury & Pension Fund / Pensions Manager	Ongoing		The Fund's Investment Advisors and Actuary provide briefings on new legislation and guidance on implementation. Auditors also test our process to ensure best practise
				Training Officer responsible for the maintenance of online procedure manuals.	Pensions Manager	Ongoing		
				LGA Technical advice and updates	Pensions Manager/Deputy Manager	Half -Yearly review and validation of training log		Updates received from responsible authority, scheme advisory board and professional advisers; acted on.
Conflicts of interest	3	6	18	Pension board awareness of legal responsibilities	Pension Board Chair	As required		All pension board members have completed educational material and training is ongoing
				All pension board members to declare any conflicts and potential conflicts	Head of Treasury & Pension Fund/Democratic Services	Ongoing		Conflicts document signed by all pension board members, recorded in conflicts register. Reminder, and any changes or additional conflicts, will be minuted at each pension board meeting.