

KENT PENSION FUND RISK REGISTER MARCH 2014

Category	Ref	Risk	Impact	Likelihood	Risk Score	Risk Owner	Possible actions
Governance Risks							
Governance	G1	Call for Evidence leads to the amalgamation of LGPS Funds	4	2	8	N Vickers	Fund submission to CLG. Working with SE7 on other options. Respond to next consultation.
Governance	G2	Failure to establish the new Pension Board in accordance with legislation	3	1	3	N Vickers	Apply regulations when published.
Governance	G3	Compliance with data protection laws	4	1	4	N Vickers	KCC policies and protocols, training
Governance	G4	Inadequate skills & knowledge of members/officers	4	2	8	N Vickers	Emphasis on member and officer training & development Attendance at training events run by Fund Managers, CIPFA, NAPF etc
Governance	G5	Loss of experienced members/staff	3	2	6	N Vickers	Succession planning
Employer Risks							
Employer	E1	Poor communication with employers	1	1	1	B Cheate/ A Mings/ S Tagg	Employer Forums, meetings Regular communication
Employer	E2	Financial failure of an employer	2	4	8	A Mings/ S Tagg	Monitoring of employers, bond / guarantees, credit risk management information Agree shorter recovery periods. Cash deficit contributions
Employer	E3	Employer outsourcing	3	3	9	S Tagg	Clear process and communication with employers pre decisions Liaise with KCC Legal Services Liaise with actuary.
Employer	E4	Failure to collect pension contributions in line with regulatory guidelines	3	1	3	A Mings/ S Tagg	Regular monitoring and recovery action, KPI's Annual internal audit review
Employer	E5	Increased number of employers in the fund	2	3	6	S Tagg/ A Mings	Appropriate staffing resources and systems Liaison with actuary. Clear communication.
Employer	E6	Implementation of actuarial valuation results	2	2	4	A Mings/ S Tagg	Clear communication. monitoring of monthly returns
Employer	E7	Local Government Review in Kent	4	2	8	N Vickers	Communication with employers
Investment Risks							
Investment	I1	Fund managers' compliance with LGPS 2009 regs and Fund SIP / FSS	2	1	2	A Mings/ S Surana	IMA's. monthly reporting, Committee reviews, officer reviews
Investment	I2	Lack of adequate internal controls at Fund Managers and Custodian	3	1	3	A Mings/ S Surana	AAF/01/16 and SSAE16 reports
Investment	I3	Increased maturity of fund as local authority payroll budgets reduce	3	4	12	N Vickers/ A Mings	Funding Strategy Statement Cash flow monitoring. Triennial valuation and annual interim reviews
Investment	I4	Changes in maturity mean that different employers need different investment strategies	2	2	4	N Vickers/	Investment strategy. Liaison with actuary.
Investment	I5	Fund investment return below that assumed by the actuary	4	3	12	N Vickers	Diversified investment strategy with annual review. Advice from Hymans Robertson. Monitoring of investment managers. Tactical asset allocation
Investment	I6	High inflation	3	2	6	N Vickers	Inflation protection investments.
Investment	I7	Investment management arrangements become too complex	2	2	4	N Vickers	Investment strategy. Advice Hymans Robertson.
Investment	I8	Increased longevity	3	3	9	N Vickers	Actuarial assumptions, increased employer contributions
Investment	I9	Derisking not implemented at the right time	3	2	6	N Vickers	Investment strategy. Monitoring of funding levels. Advice Hymans Robertson.
Investment	I10	Failure of manager or custodian	3	2	6	N Vickers	Quarterly monitoring SSAE16 audit reports; diversification of manager mandates; diversification of custody via pooled funds Advice from Hymans Robertson.
Investment	I11	Insufficient liquidity, poor cashflow management	3	2	6	A Mings/ S Surana	Cashflow forecasting and monitoring
Investment	I12	Poorly managed treasury strategy	2	2	4	A Mings/ S Surana	Selection of counterparties. KCC TMPs
Investment	I13	Completeness and accuracy of investment records including income	2	2	4	A Mings/ S Surana	Reconciliation of KCC accounting systems with fund managers' reports. Annual internal audit review

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Administration Risks							
Administration	A1	Administration system not implemented to timescale	4	3	12	B Cheatle	Project planning. Heywood support.
Administration	A2	Poor communication with employees	1	1	1	B Cheatle/	Regular communication, ABI's
Administration	A3	Fraudulent payments	2	1	2	B Cheatle A Mings	Atmos monitoring process. Internal controls. Regular internal audits.
Administration	A4	Failure of employers to provide timely and accurate information	2	3	6	B Cheatle S Tagg	Regular communication. Intervention with problem employers.
Administration	A5	Inadequate implementation of the 2014 Regulations	3	4	12	B Cheatle S Tagg	Regular communication. Staff training.
Administration	A6	Failure to maintain proper records leading to inadequate data, which could lead to increased complaints and errors	3	1	3	B Cheatle	Engagement with employers, employer manuals in place, electronic interface, year end data cleansing, officer checking,
Administration	A7	Security and integrity of member data	3	1	4	B Cheatle	Access controls, authorisations, reconciliations
Administration	A8	System failure	3	1	3	B Cheatle	Business continuity arrangements with Heywood.
Administration	A9	Manual calculations due to late/non receipt of new Regulations	2	4	8	B Cheatle	Staff training.
Administration	A10	Impact of tax changes on individuals-annual allowance/lifetime allowance	2	3	6	B Cheatle	Briefing material.