

West Midlands Pension Fund - Risk Register
Top 10 Risks Summary

Appendix 1

Top 10	Risk Ref	Risk Controls	Assessment		Risk Movement	Risk Owner	March-June 2017 changes and actions taken to manage risk
			Pre-control	Post-control			
1	PA 1 - PAS not complied with	1. Communication with employers at the Annual General Meeting (AGM) 2. Employers adherence to the PAS is monitored. 3. PAS regularly reviewed and cleared by Committee. 4. Monthly monitoring of ongoing (FSR) and deficit (PSD) contribution payments by Finance.	20	16	➡	Director of Pensions	No amendments - the PAS was effective from 1 April 2017.
2	PA 2 - Orphaned liabilities and covenants	1. Assessment of suitable guarantees/covenants in place for new employers. 2. Regular covenant strength and risk ratings assessed for each employer. 3. Higher risk employers are monitored closely by the Employer Team. 4. Where there are concerns, the Fund opens dialogue with the relevant employers to explore their situation in more detail and assess support needed.	16	12	➡	Head of Client & Funding Management	No amendments - all employers go through an initial covenant assessment and all are monitored throughout the year.
3	PA 3 - Inaccurate data for calculations	1. Robust process in place to ensure accuracy of calculations, including officer checking. 2. Induction training and regular staff training to ensure officers are suitably skilled and raise awareness of the importance of data quality. 3. Data quality reviews of common and conditional data (minimum twice yearly). 4. The PAS sets out expectations and requirements of employers in relation to data quality. 5. Communication with employers at AGM to stress the importance of complete and accurate data. 6. Data validation checks undertaken through various channels 7. Web portal in place for members to input their details directly removing employee human error. 8. Bulk data import in place for employers for direct input of member information. 9. Plan to remove bulk data import for employers due to increased information requirements for monthly returns. 10. Individual member changes and individual early leavers data can be loaded straight to the Fund's system by employers.	15	12	➡	Director of Pensions	No amendments - this area will be closely monitored through April 2017 onwards due to the changes to monthly submissions from annual.
4	PA 5 - GMP reconciliation	1. A project is underway to achieve this by December 2018. 2. Initial analysis has been completed by ITM. - First stage completed. 3. Further data analysis underway. Deferred and Pensioner status completed. Active status data to be completed. 4. Progress of the project is reported monthly to the Senior Management Team. 5. Report to Pensions Committee quarterly as part of the Pensions Administration report.	20	16	➡	Director of Pensions	WMPF received the deferred and pensioner data files from the processor and have been forwarded to HMRC. WMPF currently pending a review of the active data files.
5	PA 7 - Future liabilities increase	1. The Fund undergoes a triennial valuation, in conjunction with the Fund's actuary. 2. Life expectancy assumptions by the Actuary. 3. Inflation and wage and salary inflation. 4. Interest rates monitoring.	16	12	➡	Director of Pensions	The 2016 actuarial valuation has now been successfully completed.
6	I 7 - Currency exposure (SIAB)	1. External adviser and internal staff to review currency exposure of benchmark v. the funding objectives.	15	15	➡	Chief Investment Officer	No amendments – all controls implemented and still current.
		1. Continuous staff training on data protection. 2. In-depth training for managers on information governance (due March 2017). 3. Information governance project completed and a work plan/project created for the implementation of the GDPR.				Head of	

7	G 1 - Data security and data quality	4. Data encryption and password protection. 5. Use of file transfer protocol. 6. All information security breaches are reported and any systemic issues are identified and corrected. 7. System back-up to protect against data loss. 8. A data improvement plans in place and a dedicated Business Performance and Data team to manage data in and out flows.	20	12	➡	Head of Governance / Director of Pensions	No amendments – all controls implemented and still current.
8	G 2 - Lack of Trustee independence	1. Full trustee induction training is provided to Pensions Committee and Pensions Board including duties and responsibilities. 2. Regular reviews of Committee and Board membership representation. 3. Members are bound by codes of conduct. 4. Conflicts of interest policy in place for Pensions Committee and Pensions Board. 5. All districts are represented and have voting powers. 6. Clear delegation of authority within the Council and the Fund's separate constitutions. 7. Conflicts of interest policy in place for Pensions Committee and Pensions Board. 8. Board member rotation - nomination and appointment process and ensure equal representation.	16	12	➡	Head of Governance	No amendments – all controls implemented and still current.
9	G 7 - Change in Government policy/LGPS reforms	1. The Fund keeps abreast of developments, consultations, calls for evidence and collaborating with other funds.	20	16	➡	Director of Pensions	No amendments – all controls implemented and still current.
10	1. 6 - Payment of pensions increase (PI) not made	1. Ensure testing of Civica software. 2. Ensure contingencies are put in place to cover the pensions payroll.	15	10	➡	Director of Pensions	No amendments – all controls implemented and still current.