

**Appendix 1- West Midland Pension Fund Risk Register Overview - June 2018**

Risk Title and Description	Risk	Rating	Controls
<b>Transition &amp; Pooling</b>	a) Fund incurs additional costs	20	1. Budget Monitoring 2. Benchmarking 3. Client services agreement
	b) Transition: additional costs; timeline slippage; security of assets	20	1. Transition plan 2. Cost management and reconciliation 3. Client services agreement
	c) Sub-Fund development not reflecting Fund's strategic asset allocation requirements	16	1. Investment mandate monitoring 2. Quarterly performance V fund objective KPI's 3. PAF investment working group
	d) Inadequate Systems & Controls at LGPS Central	15	1. Client service agreement 2. Assurance of robust systems & controls 3. Assurance of monitoring plan 4. Assurance of compliance 2nd line monitoring
<b>Development &amp; Strategy</b>	a) Partner funds unable to agree on strategy	15	1. Agreed high level principles on investment objectives 2. Working group & regular meetings to agree investment and strategy 3. Access to investment staff & external advisors
	b) Fund does not achieve investment in line with long term strategic objectives	16	1. Diversified portfolio 2. Regular reviews of asset allocation and investment strategy 3. Quarterly IM monitoring 4. Monitoring of market conditions
	c) Fund has inappropriate asset allocation strategy	12	1. Asset allocation reviewed alongside ALM and FSS 2. Investment specialists provide presentations to PC 3. Independent advisors 4. Approval for asset mandate
<b>Resourcing &amp; Development</b>	a) Resourcing of staff to LGPSC leaving insufficient resource in WMPF	15	1. Client service agreement to provide services to cover legacy assets 2. Dedicated WMPF workforce development team 3. Succession planning 4. Retain fund expertise 5. Exit plans for staff
	b) Recruitment and retention of skilled staff and sufficient resource to meet service requirements	12	1. Training and development 2. Forward planning and service development 3. Monitoring work and KPIs
<b>Cost Savings - Pooling</b>	a) Cost savings fail to be delivered resulting in higher regulatory and other costs	20	1. Oversight and scrutiny of budgets and cost savings 2. Cost transparency reporting 3. Financial model projections assessed and reviewed
<b>Report &amp; Accounts</b>	a) Annual report and accounts - earlier closedown ar	15	1. Close down timetable 2. Closedown status updates 3. Monitoring resourcing
<b>Data Quality</b>	a) Fund does not meet statutory requirements on data quality	15	1. Find has recruited two dedicated data quality team managers 2. Employers monthly returns programme initiated 3. Regular engagement with TPR 4. Compliance monitoring programme to align with the TPR 5. Data improvement working group plan reviewed by local pension board
	b) Pension benefit calculated with inaccurate or incomplete data	12	1. Accuracy calculations conducted against Actuary valuation and point of submission data 2. Data quality reviews in place and reported to Committee half yearly inline with TPR 3. Pension administration sets the funds requirements for employer data submission 4. Increased use of employer electronic submissions
<b>IT &amp; Cyber Security</b>	a) Cyber security / Failure in IT systems	10	1. Firewall & internet gateway protection 2. Secure configuration and access controls of users 3. Malware protection 4. Patch management 5. Business continuity plan with regular testing 6. Back up server arrangements 7. Regular data backups
<b>Systems Upgrade</b>	a) Poor quality and/or late upgrades to systems	12	1. Testing environment plan in place 2. Civica user groups
	b) Failure to adhere to LGPS regulations	8	1. Technical team to translate regulations 2. Robust testing 3. Ensure CIVICA maintain up to date LGPS knowledge 4. Reporting framework to TPR for late deadlines 5. Manual calculation of pension service and benefits 6. Liaison with other funds
<b>PAS</b>	a) PAS not complied with by employers	16	1. AGM communication to employers 2. Employer adherence monitored 3. PAS Reviewed by committee 4. Regular meetings with employers and all districts to review progress 5. Recharges for additional admin costs
<b>Legal &amp; Regulatory</b>	a) Admissions, Supplementary agreements and Covenants	12	1. Review of agreements 2. Use of advisors 3. Review against national standards and legislation 4. Use of precedent templates
	b) LGPS Central Client Service Agreement	15	1. Assurance framework of agreed KPI's for investments, transition and compliance monitoring 2. External legal review of agreements
	c) Implementation of GDPR	8	1. Fund specialist ensures GDPR requirements are distilled into fund 2. Internal team specialists appointed 3. Staff training 4. Committee training 5. Collaboration with CWC IG team to ensure compliance

