

Risk area I – Operations	Likelihood (1: least likely, 5: most likely)	Impact (1: least likely, 5: most likely)	Score (likelihood x impact)	Control	Owner	Test	Comment
Employer fails to carry out their responsibilities for scheme administration leading to complaints from members of the scheme	2	3	6	Bulletins and Circulars; updates from Welsh Government and Scheme Advisory Boards Secretariat ensure acknowledgement of the documents and confirmation that any appropriate action has been taken. Communication with employees; Staff training.	Scheme Manager	Ongoing	Regular Local Government association and Welsh Government communication to employer on Firefighter Pension Schemes
Concentration of knowledge in a small number of officers and risk of departure of key staff	2	3	6	Business Continuity Plans Succession Planning External advisers – LGA membership Close relationship with other Welsh FRAs	Scheme Manager	Annual	
Cybercrime	4	4	16	Comprehensive plans in place for protecting data, networks and devices. Compliance in managing data and infrastructure protection; multi-layered software, antivirus, firewall and anti-malware software. Education – clear communication strategy to all staff about internet, email usage and best practice. Clear guidelines on acceptable usage, how to detect scams, password management, systems and reporting incidents.	Scheme Manager	Ongoing	Pension Board to annually receive updates on cyber risks, incidents and controls from all relevant departments – payroll, pension administrators and ICT.
Operational disaster (fire/flood failure of IT systems)	3	3	9	Business continuity procedures in place for administrator Reliance on backup and recovery Conwy/Dyfed/ NWFRS Cyber Attack issues	Pension Administrator Manager/Conwy Payroll Manager	Annual	Dyfed Pension Fund (DPF) business resilience plan was checked as part of January 2017 contract renewal.
				Business continuity plans in place for scheme manager	Scheme Manager	Annual	Documented procedures in place to ensure continuity will be provided; plan to be reviewed July 2020.
Member data incomplete or inaccurate	3	3	9	Annual report from administrator, used as basis for rectification plan Data Quality reviewed annually by Dyfed Pension Fund Data Improvement Plan in place	Pension Administrator Manager/Scheme Manager	Annual	Report received from administrators; in the event of any errors rectification plan to be devised by the scheme manager and monitored over the year.
				'Not known at this address' returns from annual statements	Pension Administrator	Annual	Administrators liaise with scheme manager to ensure reasonable endeavour made to identify member's current address.
Administration process failure/ maladministration	2	3	6	Formal agreement in place with administrator, including SLAs	ACO (Finance and Resources)	3 yearly	Three year agreement – next SLA due 01/01/2020
				Authority levels clearly agreed and kept up-to-date	ACO (Finance and Resources)	3 yearly	Agreed as part of Jan 2017 SLA
				Review independent audit reports of administrator's processes	ACO (Finance and Resources)	Annual	
				Written reports and ongoing dialogue with administrator	Pensions Manager/ CCBC Payroll Manager	Annual	Any issues are raised on an ad hoc basis and reviewed annually
				Complaints addressed through the Independent Dispute Resolution Procedure	ACO (Finance and Resources)	As and when required	Complaints are analysed to inform changes to systems where necessary

Risk area 2 – Financial	Likelihood (1: least likely, 5: most likely)	Impact (1: least likely, 5: most likely)	Score (likelihood x impact)	Control	Owner	Test	Comment
Excessive charges by suppliers – Conwy County Council and Dyfed Pension Fund	1	3	3	Review of scheme suppliers at tender stage and during contracts	ACO (Finance and Resources)	Every three years	Fee invoices are checked when received Annual budget included in budget setting plan
McCloud & Sargeant – court of appeal determination – age discrimination unlawful and not justified.	4	5	20	Bulletins and Circulars updating legal position SAB discussions Regular LPB updates Legal Advice Liaison with representative body	Scheme manager)	Annual	Risk outside of control of the Scheme Manager; awaiting guidance from the Welsh Government regarding appropriate action to take to implement court ruling. Implications on GAD cost cap.
Booth/Bradshaw – High Court ruling on pensionable pay	4	4	16	Bulletins and Circulars updating legal position SAB discussions Regular LPB updates Legal Advice Liaison with representative body	Scheme manager	Annual	Risk outside of control of the Scheme Manager; awaiting guidance from the Welsh Government regarding appropriate action to take to implement court ruling. Implications on GAD cost cap.
Collection of incorrect employer or employee contributions	1	2	2	Payroll procedures in place – manual checks undertaken. Internal audit assessment Administrator checks	Scheme manager	Annual	Risk will affect the top-up grant awarded by the Welsh Government; further impact on the affordability of unfunded public sector funds and may result in incorrect benefit awards made to members.
Fraud/Fraudulent behaviour	3	2	6	Conduct a fraud monitoring process of incoming contributions payments against the schedule of contributions	Pension Administrator	Annual	All contributions have been accounted for and have been paid in accordance with the schedule of contributions
				Check incoming and outgoing scheme funds against schemes forecast – reconciling all funds	Pension Administrator	Annual	Accounts forecast against actual checked and balance
				Data matching exercises are carried out to identify discrepancies	ACO (Finance and Resources)	Every 3 years	Last exercise carried out in May 2016; Administrators carrying out a data improvement plan 2018
				Pension fund administration is reviewed periodically by audit	Pension administrator	Annual	Report available on DPF website
				National Fraud Initiative	Pension administrator	Annual	Need a robust process for ensuring that key roles are fully known and tested Administrators immediately notified by Pensions Manager of death in service cases Monthly mortality screening undertaken by the administrators.

Risk area 3 – Funding Governance	Likelihood (1: least likely, 5: most likely)	Impact (1: least likely, 5: most likely)	Score (likelihood x impact)	Control	Owner	Test	Comment
Poor decision making due to limited or inaccurate advice	2	3	6	Pensions Manager qualified accountant Local Government network All staff and members trained Local Pension Board scrutiny	Scheme manager	As and when required	External advisers to attend Pension Board meetings if covering areas that require specific knowledge
Funding Risk- increased employer contributions, funding not guaranteed after 19/20.	3	5	15	The Welsh Government is aware of the risk from the increased employer contributions arising from the change of discount rate and this will be included in the forthcoming spending review.	Scheme manager	As and when required	This is discussed at each Scheme Advisory Board meeting.
The number of early retirements exceeds actuarial assumptions	1	3	3	Generally employees meet the strain cost from their pension Ill health retirements are monitored and factored into future valuations by the Government Actuary Department Occupational Health Management Board in place to review all long term sicknesses and monitor potential ill-health retirements.	Scheme manager	Annually	Discretionary policy allows the Chief Fire Officer to consider on a case by case basis, funding is considered at all times Experience was reported to GAD and the Welsh Government in November 2017
Employer failure to pay contributions into scheme	1	4	4	Monthly monitoring of contribution payments by CCBC finance manager and administrators	Scheme manager	Monthly	100% contributions paid in accordance with Schedule of Contributions in 2017/18
				Contributions deducted monthly and immediately paid into the pension fund account	Scheme manager	Monthly	
				Annual audit	Scheme manager	Annual	Pension Accounts for year ended 31 March 17 signed off by auditors without qualification.

Risk area 4 – Regulatory and compliance	Likelihood (1: least likely, 5: most likely)	Impact (1: least likely, 5: most likely)	Score (likelihood x impact)	Control	Owner	Test	Comment
Regulatory Change	3	3	9	Welsh Government Circulars and Bulletins Comprehensive system of communications by Welsh Government and the Local Government Association Member of the Local Government Association The Pensions Manager is the key officer for implementation with support from the Assistant Chief Officer	Scheme manager		Officers attend Scheme Advisory Board meetings and other events to keep up to date on issues.
Failure to report breaches of the law to the Pensions Regulator	2	3	6	Breaches of Law training undertaken by Pension Board members; Breaches of Law policy held on the Authority website Monitored through complaints received. Service Level Agreement with Dyfed Pension Fund	Scheme manager	Annual	Pension Board made aware of the Pensions Regulator's requirements and the breaches procedure. Details provided within Local Pension Board update reports.
Breach of data protection legislation leading to complaints from members of the scheme	3	3	9	Fire and Rescue Authority data security protocol Good existing arrangements GDPR being implemented Memorandum of Understanding with Dyfed Pension Fund	Scheme manager	Dec 2018	The impact of the GDPR regulations is currently under review; all changes required will be processed during 2018
Failure to interpret rules or legislation correctly	3	3	9	Pension Board members have an up-to-date and documented training log, showing completion of scheme-specific and The Pensions Regulator's educational material. Induction training is available for new members.	Scheme manager	Annual	All relevant persons have completed educational material Ongoing training analysis undertaken for Pension Board members
				CIPFA have issued a Code of Practice on the knowledge and skills framework for the pension fund. The ACO (Finance and Resources) ensures that the Code is implemented.	ACO (Finance and Resources)	Annual	Compliance was reported in the pension fund annual audit in 2017
				Technical advice and updates	Scheme manager	Annual	Updates received from responsible authority, scheme advisory board and professional advisers; acted on.
Conflicts of interest	1	2	3	Pension board awareness of legal responsibilities	Pension board chair	During each Local Pension Board meeting	All pension board members have completed educational material
				All pension board members to declare any conflicts and potential conflicts	Scheme manager	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.