

Pension Fund Risk Register - Administration Risk													
Risk Group	Risk Ref.	Trending	Risk Description	Impact				Likelihood	Total risk score	Mitigation actions	Revised Likelihood	Net risk score	Reviewed
				Fund	Employers	Reputation	Total						
Administrative and Communicative Risk	1		Structural changes in an employer's membership or an employer fully/partially closing the scheme. Employer bodies transferring out of the pension fund or employer bodies closing to new membership. An employer ceases to exist with insufficient funding or adequacy of bond placement.	5	3	1	9	3	27	TREAT: 1) Administering Authority actively monitors prospective changes in membership. 2) Maintain knowledge of employer future plans. 3) Contributions rates and deficit recovery periods set to reflect the strength of the employer covenant. 4) Periodic reviews of the covenant strength of employers are undertaken and indemnity applied where appropriate. 5) Risk categorisation of employers part of the actuarial valuation, which took place on 31 March 2022. 6) Monitoring of gilt yields for assessment of pensions deficit on a termination basis.	2	18	28/09/2023
Administrative and Communicative Risk	2		The increase in online hacking poses a continual risk to members personal data, as well as potential disruption issues for members accessing the online pension portal. In these instances, Hampshire Pension Services would need to take the portal offline to ensure the system and data is secure.	2	2	3	7	3	21	TREAT: 1) The Hampshire Pension Portal has several layers of security in place to ensure the security of member data and access to the portal. 2) HPS undertake penetration testing on a regular basis (at least twice a year), in conjunction with Civica to ensure any risks/weaknesses in the systems security is identified and rectified. 3) Civica undertake upgrades and maintenance to the pension portal on a continual basis.	2	14	28/09/2023
Resource and Skill Risk	3		Concentration of knowledge in a small number of officers and risk of departure of key staff.	2	2	3	7	3	21	TREAT: 1) Practice notes in place. 2) Development of team members and succession planning improvements to be implemented. 3) Officers and members of the Pension Fund Committee will be mindful of the proposed CIPFA Knowledge and Skills Framework when setting objectives and establishing training needs.	2	14	28/09/2023
Administrative and Communicative Risk	4		Failure of securely sent sensitive data and any unidentified data flows being sent insecurely.	4	3	5	12	2	24	TREAT: 1) Active member data is sent on secure platforms between all parties 2) Including "Encrypted" in email subject allows schools and academies to send data to pension admin team securely. 3) Data sent to the actuary using secure portal. 4) The employer portal used by HPS should offer increased security for member data from all employers.	1	12	28/09/2023
Administrative and Communicative Risk	5		Failure of cyber security measures, including information technology systems and processes, leading to loss, disruption or damage to the scheme or its members.	4	2	5	11	2	22	TREAT: 1) Council has a data recovery plan in place, with files uploaded to the cloud every night. 2) . As a Council we are continuing to invest in technologies to block and filter phishing emails as well as ensuring our systems are up to date to protect us and our devices against these threats. 3) The IT team continuously review and update the cyber security policies, including the Information Security policy, Acceptable Use policy, Email and Internet policy, Social Media policy, Password Management policy and Data Disposal policy. All of which can be found on the Wire.	1	11	28/09/2023
Administrative and Communicative Risk	6		Incorrect data due to employer error, user error or historic error leads to service disruption, inefficiency and conservative actuarial assumptions.	4	4	3	11	2	22	TREAT: 1) Update and enforce pension admin strategy to assure employer reporting compliance.	1	11	28/09/2023
Administrative and Communicative Risk	7		Loss of funds through fraud or misappropriation leading to negative impact on reputation of the Fund as well as financial loss.	3	2	5	10	2	20	TREAT: 1) Third parties regulated by the FCA and separation of duties and independent reconciliation processes are in place. 2) Review of third party internal control reports. 3) Regular reconciliations of pensions payments undertaken by Pension Finance Team. 4) Periodic internal audits of Pensions Finance and HR Teams. 5) Internal Audits undertaken during 2022/23 showed substantial assurance with only two recommendations, which have since been fully/partially implemented.	1	10	28/09/2023
Administrative and Communicative Risk	8		Administrators do not have sufficient staff or skills to manage the service leading to poor performance and complaints.	1	4	3	8	3	24	TREAT: 1) The pensions administration service provided by Hampshire CC since 8 November 2021. 2) Officers will continue to support the admin team with regular meetings and conversation on cases. 3) Ongoing monitoring of contract and KPIs.	1	8	28/09/2023
Administrative and Communicative Risk	9		Failure of financial system leading to benefits to scheme members and supplier payments not being made and Fund accounting not being possible.	1	3	4	8	2	16	TREAT: 1) Contract in place with HCC to provide service, enabling smooth processing of supplier payments. 2) Officers undertaking additional testing and reconciliation work to verify accounting transactions.	1	8	28/09/2023

Administrative and Communicative Risk	10		Inability to respond to a significant event leads to prolonged service disruption and damage to reputation.	1	2	5	8	2	16	TREAT: 1) Disaster recovery plan in place 2) Ensure system security and data security is in place 3) Business continuity plans regularly reviewed, communicated and tested 4) Internal control mechanisms ensure safe custody and security of LGPS assets. 5) Gain assurance from the Fund's custodian, Northern Trust, regarding their cyber security compliance.	1	8	28/09/2023
Administrative and Communicative Risk	11		Poor reconciliation process leads to incorrect contributions.	2	1	1	4	3	12	TREAT: 1) Ensure reconciliation process notes are understood by Pension Fund team. 2) Ensure that the Pension Fund team is adequately resourced to manage the reconciliation process.	2	8	28/09/2023
Administrative and Communicative Risk	12		Failure of pension payroll system resulting in pensioners not being paid in a timely manner.	1	2	4	7	2	14	TREAT: 1) In the event of a pension payroll failure, we would consider submitting the previous months BACS file to pay pensioners a second time if a file could not be recovered by the pension administrators and our software suppliers. HPS have their own COWPF Bank Account which is reconciled. COWPF transferred to HPS on the 8th of November 2021 there have never been any issues in running the pension payroll or paying the pensions on time.	1	7	28/09/2023
Administrative and Communicative Risk	13		Possibility of members opting out of the pension scheme, following concerns around inflation and the cost of living crisis.	2	3	1	6	2	12	TREAT: 1) Auto-enrolment of the pension scheme takes place every 3 years. 2) The Fund offers members the flexibility to pay half their normal contribution rate and build up half their normal pension. This is designed as a short term option and employees are automatically transferred back into the main scheme every 3 years. Members keep their full life and ill-health cover they join the 50/50 section.	1	6	28/09/2023
Administrative and Communicative Risk	14		Failure of pension administration system resulting in loss of records and incorrect pension benefits being paid or delays to payment.	1	1	1	3	3	9	TREAT: 1) Pension administration records are stored on the Hampshire CC servers who have a disaster recovery system in place and records should be restored within 24 hours of any issue. All files are backed up daily.	2	6	28/09/2023
Administrative and Communicative Risk	15		Lack of guidance and process notes leads to inefficiency and errors.	2	2	1	5	2	10	TREAT: 1) Ensure process notes are compiled and circulated in Pension Fund and Administration teams.	1	5	28/09/2023
Administrative and Communicative Risk	16		Rise in discretionary ill-health retirements claims adversely affecting self-insurance costs.	2	2	1	5	2	10	TREAT: 1) Pension Fund monitors ill health retirement awards which contradict IRMP recommendations.	1	5	28/09/2023
Administrative and Communicative Risk	17		Failure to identify GMP liability leads to ongoing costs for the pension fund.	1	2	1	4	1	4	TREAT: 1) GMP identified as a Project as part of the Service Specification between the Fund and Hampshire County Council, with minimal effect on the Fund.	1	4	28/09/2023