

Risk	1 Low 5 High	1 Low 5 High	= (a x b)									
Note that Impacts and Probabilities are based on current situation and outlook at the time of review. For example, probability of the investment strategy being inappropriate is low shortly after a major review & implementation, but may rise with the passage of time if it is not subsequently re-reviewed.				Date risk last reviewed	Date for next review of risk <small>(Sort & colour code periodically for actions upcoming dates)</small>	Principal Owner/Manager of Risk	Control 1	Control 2	Control 3	Control 4	Actions required to reduce (or maintain) Risk Score	Regular Actions / Comments. Reviews are of the risk and adequacy of controls in place. (Action by Officers unless indicated otherwise)
	IMPACT - a	PROBABILITY - b	RISK Score									

Objective 1 - Financial (Ability of fund to meet its liabilities)

1	Inability to pay benefits as and when they fall due	5	2	10	Apr-15	Apr-16	Pensions Manager / Head of Investments	Liquidity of assets	Treasury Management procedures to report cashflow to pannel	Triennial valuation (valuation and transactions)		
2	Underperformance of investments - stocks not diversified	4	1	4	Apr-15	Apr-16	Head of Investments	Active management				
3	" " " - economic downturn	4	3	12	Apr-15	Apr-16	Head of Investments	Active management				
4	" " " - foreign exchange rate risk	3	3	9	Apr-15	Apr-16	Head of Investments	Monitoring				
5	Actuarial assumptions - longevity underestimated	3	2	6	Apr-13	Apr-16	Chief Finance Officer	Assessment against national data				
6	" " " - salary increases exceeded	3	2	6	Apr-14	Apr-15	Chief Finance Officer	Check valuation for inflation and increments			Set up monitoring procedure	
7	" " " - other changes, eg discretionary, CETVs.	3	2	6	Apr-14	Apr-15	Chief Finance Officer	Actuarial calculation				
8	" " " - inappropriate discount rate	3	2	6	Apr-13	Apr-16	Chief Finance Officer	Comparisons to other LGPS funds	Capital markets update			
9	Errors in data or calculation - valuation or technical provisions	3	2	6	Apr-15	Apr-16	Chief Finance Officer	Assumption checks in triennial valuation				
10	" " " - asset values	3	2	6	Apr-15	Apr-16	Head of Investments	Ind valuation from custodian	Annually audited			
11	Insufficient resources available in Finance Function	4	2	8	Apr-15	Apr-16	Accounting Services Manager	Fund accounting service provided by a team				

Objective 2 - Strategic (Authority's Approach to Managing the Fund)

12	Funding Strategy - Inappropriate FS	5	1	5	Apr-15	Apr-16	Chief Finance Officer	Monitored and updated when needed				
13	SIP - Inappropriate SIP	5	1	5	Apr-15	Apr-18	Chief Finance Officer	Monitoring				
14	Investment strategy - Inappropriate liabilities &/or membership profile	5	1	5	Apr-15	Apr-16	Chief Finance Officer	Actuarial Valuation				
15	" " " - Inappropriate investment performance benchmarks & risk controls	5	1	5	Apr-15	Apr-16	Head of Investments	Asset/Liability Study after each triennial valuation	Quarterly review at Pannel			
16	" " " - Inappropriate Custodians.	4	3	12	Apr-15	Apr-16	Head of Investments	Selection Monitoring	Monitoring	Termination clause		
17	AVC strategy - Inappropriate AVC providers &/or range of member's choices	4	1	4	Apr-13	Apr-16	Chief Finance Officer					
18	Advisors/Providers - Inappropriate selection/performance - Actuary	3	2	6	Apr-15	Apr-17	Chief Finance Officer	Selection	Monitoring	Termination clause		
19	" " " " - Investment advisors	3	2	6	Apr-15	Apr-17	Investment Panel	Selection				
20	" " " " - Legal	3	2	6	Apr-15	Apr-17	Head of Investments	Selection	Monitoring	Termination clause		
21	" " " " - Auditors	3	2	6	Apr-15	Apr-17	Chief Finance Officer					
22	" " " " - Kier Group	3	2	6	Apr-15	Apr-16	Chief Finance Officer					
23	Legislation, Handbooks - Inadequacy, failure to comply with legislation; failure to inform members adequately of their rights. Errors in documents.	4	1	4	Apr-15	Apr-16	Pensions Manager	Systems review, legislative updates, advisers.	Monitoring	Pension Board		
24	Reporting / disclosure - Inadequate annual / interim reporting to Members	4	1	4	Apr-15	Apr-16	Pensions Manager	Systems review	Monitoring	Pension Board		
25	" " " - Inadequate reporting to tPR, HMRC, 3rd parties	4	1	4	Apr-15	Apr-16	Pensions Manager	Systems review	Monitoring			
26	Pensions Panel - Lack of competence / breadth of capabilities / training	4	1	4	Apr-15	Apr-16	Chief Finance Officer	Training Plan				
27	" " " - Inappropriate delegation to other parties	3	2	6	Apr-15	Apr-16	Chief Finance Officer	Review of delegated powers			Requirement for this to be done	
28	" " " - Fail to identify, manage or mitigate risks	4	1	4	Apr-15	Apr-16	Chief Finance Officer	External audit reports			Asses the need to receive Internal Audit reports	
29	Pensions Board - Lack of competence / breadth of capabilities / training	2	1	2			Chief Finance Officer	Training Plan				
30	Pensions Reform - On-going scheme wide changes to the investments, governance and administration of the fund	4	3	12			Chief Finance Officer	Review on-going changes and implement actions where needed				

Objective 3 - Hazard (Contingency Planning for Unexpected Events)

31	Fund records destroyed or corrupted - Investments/Custodians	5	1	5	Apr-15	Apr-16	Head of Investments	Disaster recovery plan	System Backup, Custodian disaster recovery policy		Annual Update	
32	" " " " - Keir Group Pensions Admin	5	1	5	Apr-15	Apr-16	Pensions Manager	Disaster recovery plan				
33	" " " " - Actuary	2	3	6	Apr-15	Apr-16	Pensions Manager / Head of Investments	Disaster recovery plan			Annual Update	
34	" " " " - Scheme employers payrolls/HR	2	3	6	Apr-15	Apr-16	Pensions Manager	Disaster recovery plan				

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35 Fraud / negligence - Investment Managers, Custodians, Bankers	5	2	10	Apr-14	Apr-15	Head of Investments	Segregation of duties	Monitoring				
36 " - Kier Group HR/Payroll	3	2	6	Apr-15	Apr-16	Pensions Manager	Segregation of duties	Audit history				
37 " - Scheme Employers	3	2	6	Apr-15	Apr-16	Pensions Manager	Systems review	Monitoring				
38 Failure / Winding Up of Custodian	2	2	4	Apr-15	Apr-16	Head of Investments	Re-tender					
39 Unplanned loss of key staff - Administration, Investments, Advisors	4	3	12	Apr-15	Apr-16	All	Needs further planning				Approval for both Pension Administration and Investments teams to increase in size	
Objective 4 - Operational (Effective day to day working of the fund)												
40 Administration - Benefit statement errors	2	3	6	Jun-14	Jun-15	Pensions Manager	Output driven from Altair	Independent check by Pension Administration				
41 " - Fail to apply Scheme's current rules (incorrect application, superseded, confusion with overriding legislation)	2	3	6	Apr-15	Constant review	Pensions Manager	Checking process	Regulation implementation matrix				
42 " - Incorrect payment of pensions or benefits. Failure to apply current factors, actuarial data, etc.	3	3	9	Apr-15	Constant review	Pensions Manager	Checking process				Education with Employers on salary returns	New data requirements for CARE scheme. Two final salary calculations are needed. (one without overtime and one with overtime and benefits)
43 " - Accuracy & timeliness of data from Scheme Employers to Kier Group	2	4	8	Apr-15	Constant review	Pensions Manager	Checks built into workflow				Education with Employers on salary returns	as above
44 " - Deferred pensioners' fail to notify changes of address.	1	3	3	Apr-14	Apr-16	Pensions Manager	NFI					
45 " - Fraud regarding pension after death	2	2	4	Apr-15	Constant review	Pensions Manager	NFI, system review, ATMOS mortality screening					Mostly monitoring
46 " - Inadequate Minutes, records of decisions and dissemination.	2	3	6	Apr-15	Constant review	Member Services Manger						
47 Compliance - Report & Accounts - Errors or legislative non-compliance	3	2	6	Apr-12	Apr-13	Chief Finance Officer						
48 " - with Myners Principles	3	2	6	Apr-14	Apr-15	Head of Investments	Monitoring					Annually in report and accounts
49 " - by Employers with Statutory Obligations (e.g. Discretionary policies, schedules of contributions etc.)	2	2	4	Apr-15	Apr-16	Pensions Manager	Regular review					
50 Contributions - Incorrect calculation of Employer / Member contributions	3	2	6	Apr-15	Monthly	Pensions Manager	Employers monthly reconciliation to Actuary's schedule of contributions	Annual member reconciliation				
51 " - Late or incomplete payments	4	1	4	Apr-15	Monthly	Pensions Manager	Monthly Reconciliation					
52 Cash flow forecast: pensions, unanticipated lump sums, transfers to investment managers, & monitoring	2	2	4	Apr-15	Monthly	Head of Investments	Monthly monitoring of contribution received and pensions paid					
53 Bank Accounts - unauthorised transactions or access. Adequacy and transparency of statements & transactions.	4	2	8	Apr-15	Monthly / Quarterly	Accounting Services Manager	Bank reconciliation	Contribution income reconciliation	Aggresso / Custodian reconciliation			
54 Audits - Inadequate scope of audits (not just Report & Accounts)	3	3	9	Apr-14	Apr-15	Chief Finance Officer						
55 Communications - Inadequate / incorrect pensions communication with all members including staff handbooks, mportal and pensions website	3	2	6	Aug-14	Aug-15	Pensions Manager	Regular review					
56 " - Inadequate / incorrect individual pensions communications	2	3	6	Mar-15	Mar-16	Pensions Manager	Regular review					
Summary for Teesside Pension Fund			Mar-15									
Total of risk scores			346									
No. of active risks			12									
Average risk score			6.15									
No. of red risks			0									