

Clywd Pension Fund Risk Register - Objectives for governance risks

Policy/Strategy	Reference (e.g. I1, I2, F1, F2)	Objective
Mission Statement	M1	to be known as forward thinking, responsive, proactive and professional providing excellent customer focused, reputable and credible service to all customers
	M2	to have instilled a corporate culture of risk awareness, financial governance, and to provide the highest quality, distinctive services within the resource budget
	M3	to work effectively with partners, being solution focused with a 'can' - do approach
Governance Policy	G1	Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies.
	G2	Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise
	G3	Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based
	G4	Understand and monitor risk
	G5	Strive to ensure compliance with the appropriate legislation and statutory guidance and to act in the spirit of other relevant guidelines and best practice guidance
	G6	Clearly articulate our objectives and how we intend to achieve those objectives through business planning, and continually measure and monitor success
	G7	Ensure the confidentiality, integrity and accessibility of the Fund's data, systems and services is protected and preserved.
Knowledge and Skills Policy	K1	Ensure that the Clwyd Pension Fund is appropriately managed and that its services are delivered by people who have the requisite knowledge and skills, and that this knowledge and expertise is maintained within the continually changing Local Government Pension Scheme and wider pensions landscape.
	K2	Those persons responsible for governing the Clwyd Pension Fund have sufficient knowledge and skills to be able to evaluate and challenge the advice they receive, ensure their decisions are robust and well based, and manage any potential conflicts of interest.
	K3	Those persons responsible for the management and governance of the Clwyd Pension Fund are expected to be committed to attending and engaging with suggested training in accordance with the Knowledge and Skills Policy.
Breaches Procedure	B1	Ensure individuals responsible are able to meet their legal obligations and avoid placing any reliance on others to report. The procedure will also assist in providing an early warning of possible malpractice and reduce risk.
Risk Policy	R1	Understand and monitor risk, aiming to: -integrate risk management into the culture and day-to-day activities of the Fund - raise awareness of the need for risk management by all those connected with the management of the Fund (including advisers, employers and other partners) - anticipate and respond positively to change - minimise the probability of negative outcomes for the Fund and its stakeholders - establish and maintain a robust framework and procedures for identification, analysis, assessment and management of risk, and the reporting and recording of events, based on best practice - ensure consistent application of the risk management methodology across all Pension Fund activities, including projects and partnerships.
Cyber Policy	C1	- cyber risk management and cyber governance are integrated into the overall risk management approach of the Fund to reduce any potential loss, disruption or damage to scheme members, scheme employers or the Fund's data or assets. - all those involved in the management of the Fund understand cyber risks and their responsibilities in helping to manage it. - all data and asset flows relating to the Fund are identified and evaluated on a regular basis to identify the potential magnitude of cyber risk. - we maintain an incident response plan, which is regularly tested, to ensure any incidents are dealt with promptly and appropriately with the necessary resources and expertise available.
Business Continuity Policy	BC1	- Maintain and adapt recovery strategies and testing to be able to deliver business continuity solutions to agreed levels within agreed timescales as set out in the Business Continuity Plan - Ensure the Fund's business continuity approach encompasses key processes and addresses any continuity issues that may arise allowing the Fund to maintain key services and minimise any negative impact - Ensure normal operations can be restored as efficiently and effectively as possible following an incident - Ensure all Pension Fund staff, the Pension Fund Committee, Pension Board, Pension Fund Advisory Panel and other relevant stakeholders (such as advisers and suppliers) understand the Fund's business continuity management approach and their responsibilities in relation to it - Integrate business continuity management into business as usual activities and the culture of the Fund and regularly review its effectiveness.
EDI Policy	E1	In relation to EDI, we aim to ensure that where possible, those involved in managing the Fund, including the Pension Board and Pension Fund Committee, comprise individuals with a broad range of characteristics, life experiences, expertise, and skills.

Clwyd Pension Fund - Control Risk Register

Governance Risks

Objectives can be found within a separate summary

Risk no:	Risk Event (this [event] could happen)	Risk cause (...due to [cause]...)	Risk Impact (...which may result in the following [impact] to our objectives)	Strategic objectives at risk (see key)	Current Impact (see key)	Current Likelihood (see key)	Current Risk Status	Internal controls in place	Target Impact (see key)	Target Likelihood (see key)	Target Risk Status	Meets target?	Date Not Met Target From	Expected Back on Target	Further Action and Owner	Risk Manager	Next review date	Last Updated	Previous Impact	Previous Likelihood	Previous Risk Status	Risk removed (date)		
1	Committee decision-making is inappropriate	<ul style="list-style-type: none"> - Lack of knowledge and/or failure to take appropriate advice - Poor engagement / preparation for Committee meetings - Irrelevant factors influence decisions and/or relevant factors are ignored - Conflicts of interest (including relating to non-PFC roles/responsibilities) are not appropriately managed - Excessive turnover in PFC membership - Failure to delegate - Lack of diversity in PFC membership 	<ul style="list-style-type: none"> - The Fund's legal or fiduciary responsibilities are not met - The Fund is not (seen as) professional providing excellent customer focused, reputable and credible service - Additional costs are incurred beyond the agreed budget - Service delivery to stakeholders is adversely affected, risk levels are inappropriate, strategic aims are not met - Fund stakeholders (members and/or employers) lose faith in the Fund's governance/risk management 	M1, G1, G2, G3, G4, G5, G6, G7, K1, K2, K3, E1	Moderate	Unlikely	Yellow	<ol style="list-style-type: none"> 1 - Independent and other professional advisers provide advice to PFC (with the former focused on governance) 2 - Oversight by Local Pension Board 3 - PFC Terms of Reference and Board Protocol in Constitution support continuity of membership through terms of appointment and are reviewed triennially to ensure they remain fit for purpose 4 - PFC and PB effectiveness surveys provide opportunity to review effectiveness of decision-making process 5 - Schedule of delegations allows urgent matters to be agreed outside of formal Committee 6 - Knowledge and Skills policy covers PFC and implementation is monitored to ensure objectives are met 7 - Conflicts of Interest policy, including interest declarations and register, applies to PFC 8 - Annual compliance check against TPR Code 9 - EDI Policy in place 	Moderate	Unlikely	Yellow	😊			<ol style="list-style-type: none"> 1 - Ensure new PFC members receive induction training including on COI (PL) 2 - Periodic review of Col and K&S policies - Sept 24 (PL) 3 - Agree and implement EDI action list (PL) 	PL	01/07/2024							
2	Officer/delegated decision-making is inappropriate	<ul style="list-style-type: none"> - Lack of knowledge and/or failure to take appropriate advice - Poor engagement / preparation for Committee/Board/AP/officer meetings - Irrelevant factors influence decisions and/or relevant factors are ignored - Conflicts of interest (including relating to FCC roles/responsibilities) are not appropriately managed - Loss of knowledge through officers leaving - Insufficient resource - Inappropriate use of delegations - Lack of diversity / inclusion in senior management team 	<ul style="list-style-type: none"> - The Fund's legal or fiduciary responsibilities are not met - The Fund is not (seen as) professional providing excellent customer focused, reputable and credible service - Additional costs are incurred beyond the agreed budget - Service delivery to stakeholders is adversely affected, risk levels are inappropriate, strategic aims are not met - Fund stakeholders (members and/or employers) lose faith in the Fund's governance/risk management 	M1, G1, G2, G3, G4, G5, G6, G7, K1, K2, K3, E1	Moderate	Unlikely	Yellow	<ol style="list-style-type: none"> 1 - Independent and other professional advisers provide advice to officers and are part of AP 2 - Oversight by Local Pension Board 3 - All delegated decisions reported to PFC 4 - Documented process requirements for delegated decision making, with specific requirements relating to investment related decisions, including "local" investments 5 - Schedule of delegations reviewed triennially to ensure it remains fit for purpose 6 - Senior officers included in Knowledge and Skills Policy 7 - Conflicts of Interest policy, including interest declarations and register, applies to senior officers 8 - Annual compliance check against TPR Code 9 - EDI Policy in place 	Moderate	Unlikely	Yellow	😊			<ol style="list-style-type: none"> 1 - Finalise work on succession planning (PL) 2 - Review and implement sub-groups on AP (PL) 3 - Periodic review of Col and K&S policies - Sept 24 (PL) 4 - Agree and implement EDI action list (PL) 	PL	01/07/2024							
3	WPP delegated decision-making is inappropriate (particularly for CPF)	<ul style="list-style-type: none"> - Lack of knowledge and/or failure to take appropriate advice - Poor engagement / preparation for JCG/OWG meetings - CPF requirements not adequately explained/understood by other funds in WPP or WPP advisers/suppliers - Irrelevant factors influence decisions and/or relevant factors are ignored - Conflicts of interest are not appropriately managed - The Inter-Authority Agreement is not correctly followed - Lack of diversity / inclusion within WPP decision makers 	<ul style="list-style-type: none"> - The Fund's legal or fiduciary responsibilities are not met - The Fund is not (seen as) professional providing excellent customer focused, reputable and credible service - Additional costs are incurred beyond the agreed WPP and/or Fund budget - WPP services/deliverables Service delivery to stakeholders is adversely affected, Fund risk levels are inappropriate, strategic aims are not met/cannot be achieved, including investment objectives - Fund stakeholders (members and/or employers) lose faith in the Fund's governance/risk management 	M1, G1, G2, G3, G4, G5, G6, G7, K1, K2, K3, E1	Moderate	Possible	Orange	<ol style="list-style-type: none"> 1 - Independent oversight and legal advisers provide advice to WPP on governance and related matters 2 - CPF PFC Chair involvement as member of WPP JGC 3 - CPF officers involvement including as part of WPP OWG and risk sub-group 4 - CPF K&S induction and training plan includes relationship with WPP 5 - Oversight/awareness via biannual Board Chairs' Engagement meetings 6 - WPP monitors against its Training Policy which covers the Host Authority, JGC and OWG 7 - WPP Col Policy and Procedures in place Including process for decision making for "local" investments 	Moderate	Unlikely	Yellow	😊	Current likelihood 1 too high			<ol style="list-style-type: none"> 1 - Finalise CPF structure and review AP sub-groups (for Deputy retirement/investment risk) (PL) 2 - Feedback to/engage with WPP relating to recent PFC concerns (PL) 3 - CPF request that the Inter Authority Agreement is reviewed regularly to ensure it remains fit for purpose (PL) 	PL	01/07/2024						
4	Decisions not implemented - resourcing issues	<ul style="list-style-type: none"> - Poor Business Planning and Fund management leading to insufficient resource - Difficulty in recruiting and/or retaining staff (including due to low pay grades) - Lack of, or poor quality, training - External events impacting resource (e.g. climate change/pandemics) - Failure to take appropriate advice 	<ul style="list-style-type: none"> - Poor quality organisation/papers etc for PFC, PB and AP meetings - Risk management not being adequately carried out - Increased pressure/expectations on staff - Additional costs (overtime / external support) - The Fund's legal or fiduciary responsibilities are not met 	M1, M2, G2, G4, G5, K1, B1	Moderate	Unlikely	Yellow	<ol style="list-style-type: none"> 1. Comprehensive and robust business planning annually, including budget/resourcing 2. Advisers support with business planning, including horizon scanning to ensure appropriate budget/resourcing 3. Ongoing discussions with FCC senior officers via AP on different roles and skills required for CPF to support recruitment/retention 4. Staff development plans/ongoing training and development of Fund staff 	Moderate	Unlikely	Yellow	😊			<ol style="list-style-type: none"> 1 - Finalise CPF structure review (including consideration of impact of pay grades) (PL) 2 - Finalise work on succession planning (PL) 3 - Periodic review of K&S policies - Sept 24 (PL) 	PL	01/07/2024							
5	Decisions not implemented - FCC barriers	<ul style="list-style-type: none"> - Uncompetitive pay/ inappropriate grading of roles - Insufficient separation of FCC role as local authority and administering authority of CPF - Lack of understanding of CPF specific issues within FCC - FCC conflicts of interest not appropriately managed 	<ul style="list-style-type: none"> - Resourcing issues - Risk management not being adequately carried out - Inadequate support for CPF relating to its IT, accommodation, legal requirements - Additional costs (overtime / external support) and time for officers - The Fund's legal or fiduciary responsibilities are not met 	M1, M2, G4, G5, B1, R1	Moderate	Unlikely	Yellow	<ol style="list-style-type: none"> 1. Business planning includes budget/resourcing and reinforces separation of FCC and CPF budgets 2. Inclusion of FCC senior officers on AP assists in regular reinforcing of differences between FCC and CPF via AP 3. FCC constitution and schedule of delegations reviewed annually to protect status of CPF within FCC 4. CPF Conflicts of Interest Policy regularly reviewed and extends to senior officers on AP 	Moderate	Unlikely	Yellow	😊			<ol style="list-style-type: none"> 1 - Finalise CPF structure review (including consideration of impact of pay grades) (PL) 	PL	01/07/2024							
6	Decisions not implemented - provider failure	<ul style="list-style-type: none"> - Inappropriate contractual terms (particularly where contracts are extended or rolling contracts) - Lack of effective contract management - Providers or advisers have an unmanaged conflict of interest - Providers/advisers have insufficient experienced resource to meet the Fund's needs - Cyber attack or other business continuity incident at the provider not appropriately managed 	<ul style="list-style-type: none"> - Additional costs (overtime / external support) and time for officers - Increased pressure/expectations on staff - Service delivery to stakeholders is adversely affected, risk levels are inappropriate, strategic aims are not met - The Fund's legal or fiduciary responsibilities are not met 	M1, M2, G4, G5, K2, B1, R1, C1, BC1	Negligible	Rare	Green	<ol style="list-style-type: none"> 1. Regular procurement exercises undertaken, with support from procurement advisers, including questions on cyber and business continuity plans 2. Conflict of interest policy extends to key Fund advisers 3. Adviser budgets included in business plan and monitored 4. Regular informal review of adviser performance 5. Application of CMA requirements to investment consultants (and other advisers where appropriate) 6. Regular assessment of providers as part of CPF cyber security strategy 	Negligible	Rare	Green	😊			<ol style="list-style-type: none"> 1 - Conduct tender for investment consultancy services (DF) 2 - Conduct tender for independent adviser (PL) 3 - Consider extension of actuarial/benefits consultancy contract (PL) 	PL	10/07/2024							
7	Ineffective oversight - PB	<ul style="list-style-type: none"> - Lack of knowledge and/or failure to take appropriate advice - Poor engagement / preparation for Board meetings, including agendas not being appropriate - Poor engagement / attendance at Board meetings - Conflicts of interest (including relating to non-PB roles/responsibilities) are not identified or not appropriately managed - Excessive turnover in PB membership - Lack of diversity on PB membership 	<ul style="list-style-type: none"> - Issues not identified, impacting on service delivery or other Fund objectives - TPR or other external regulator involvement - The Fund does not have / is not seen as having, a culture of risk awareness, financial governance or providing the highest quality, distinctive services 	M2, G1, G2, G4, G5, B1, R1, E1	Negligible	Rare	Green	<ol style="list-style-type: none"> 1 - Independent chair and professional advisers provide advice to PB 2 - Board Protocol supports continuity of membership through terms of appointment and is reviewed triennially to ensure it remains fit for purpose 3 - PB effectiveness surveys provide opportunity to review effectiveness of PB oversight 4 - Standard agenda items to ensure key matters are presented and considered 5 - Knowledge and Skills policy covers PB and implementation is monitored to ensure objectives are met 6 - Annual compliance check against TPR Code 7 - EDI Policy in place 	Negligible	Rare	Green	😊			<ol style="list-style-type: none"> 1 - Appoint replacement PB scheme member (trade union) representative (PL) 2 - Review PB scheme member (non-trade union) representative (PL) 3 - Review Chair of the PB (PL) 4 - Agree and implement EDI action list (PL) 	PL	10/07/2024							

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8	Ineffective oversight - internal and external audit	- Lack of knowledge/understanding of the LGPS - Insufficient resources to adequately carry out audit responsibilities - Conflicts of interest - Excessive turnover in audit personnel	- Issues not identified, adversely impacting service delivery or other Fund objectives - Annual report and accounts not approved on time - Inefficiencies for CPF staff answering unnecessary questions - Inappropriate audit opinion and recommendations - TPR or other external regulator involvement - The Fund does not have/ is not seen as having, a culture of risk awareness, financial governance or providing the highest quality, distinctive services	M2, G5, B1, R1	Negligible	Rare		1 - Internal Audit Strategic Plan agreed annually by FCC Governance and Audit Committee includes resource requirements and CPF-specific audit activities 2 - Fund officers (and advisers if required) liaise with internal audit as required to explain LGPS context 3 - Detailed Audit Plan provided to the PFC by Audit Wales, specific to the Fund (i.e. separate to the FCC Audit) 4 - Annual engagement between Head of CPF, PB Chair and internal audit to identify areas of focus	Negligible	Rare		😊				PL	10/07/2024					
9	Unable to adequately/ appropriately implement governance changes - external	- Number and/or extent of national governance-related changes is unmanageable within CPF resource constraints - Government requirements for pooling/fund merger incompatible with CPF-specific strategies	- The Fund's objectives / legal responsibilities are not met or are compromised - Fund stakeholders (members and/or employers) lose faith in the Fund's governance/risk management	G1, G5	Moderate	Possible		1. Comprehensive and robust business planning anticipates future developments 2. Advisers able to provide additional support where needed 3. Fund officers, PFC and PB members provide PFC perspective at national conferences, discussions and working groups 4. Fund responds to all relevant consultations, calls for evidence etc	Moderate	Unlikely		😊 Current likelihood 1 too high			1 - Continue to monitor national announcements and initiatives (PL) 2 - Continue to participate in national groups and respond to consultations (PL)	PL	10/07/2024					
10	Fund adversely affected by Acts of fraud including corruption, bribery and money laundering	- Inadequate existence checking - Lack of, or poor quality, training - Loss of knowledge through officers leaving - Insufficient resource - Inadequate checking / sign off - Inadequate security checks (IT and otherwise) when dealing with members/employers/third parties	- Loss of benefits to scheme members, or payments made to incorrect person - Loss of or inappropriate use of Fund assets - Criminal activity / not meeting legal requirements - Complaints / IDRs, rectification costs & reputational damage - Higher employer contributions (if assets lost)	M2, G2, G4, G5, G7, R1, C1, BC1	Negligible	Rare		1. Internal controls in place as listed in CPF Fraud Policy which is reviewed triennially, including appropriate verification of all payments to/from the Fund and requests to update member details 2. CPF follows requirements of FCC policies including Anti-Fraud and Corruption Strategy, Anti-Money Laundering Policy, Whistleblowing Policy, Information Security Policy 3. Fund training plan includes fraud prevention measures 4. Internal and external audit check for fraud 5. Consideration given to any national fraud-prevention initiatives	Negligible	Rare		😊				PL	10/07/2024					
11	No or restricted access to our systems	- Business Continuity incident - Cyber attack - FCC system failure - Natural event (including impact of climate change)	- Service provision interrupted - Errors due to manual workarounds - Services not being delivered, or delays in delivery - Data security breaches - Loss of assets and potentially higher employer contributions - Increased costs - Complaints / IDRs, rectification costs & reputational damage - Fund stakeholders (members and/or employers) lose faith in the Fund's governance/risk management	M1, G4, G5, G7, B1, R1, C1, BC1	Significant	Rare		1 - Business Continuity Policy and Plan in place, regularly reviewed and with regular testing including for lack of systems 2 - Cyber Security Policy, cyber incident response plan (CIRP) and other cyber security controls in place (including training), regularly reviewed and with regular testing including third party-providers 3 - Specialist support from FCC and regular engagement around FCC involvement in business continuity/cyber incident response 4 - Specialist support from consultants 5 - Hosting of Altair implemented, and lump sum payments processed via pensioner payroll facility	Moderate	Rare		😊 Current impact 1 too high			1 - Review cyber security controls against latest TPR Guidance (KW) 2 - Finalise and implement testing schedules for BCP and CIFP (KW/DB/IIH/PL) 3 - Periodic review of BC Policy - Jun 24 / Cyber Strategy - Mar 25 (KW)	KW	10/07/2024					