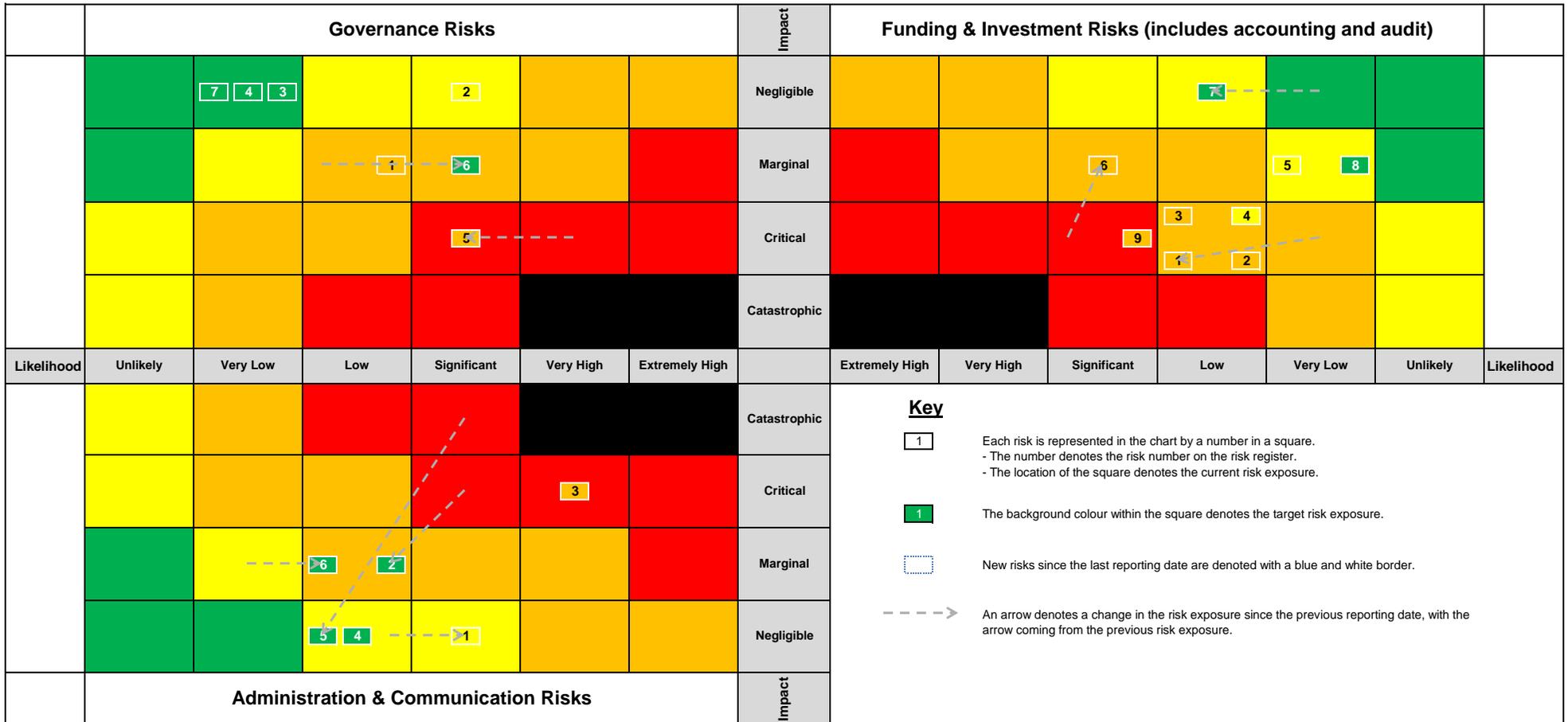


## All Fund Risk Heat Map and Summary of Governance Risks



**Clwyd Pension Fund - Control Risk Register**  
**Governance Risks**

Objectives extracted from Governance Policy (03/2017), Training Policy (11/2015) and Procedures for Reporting Breaches of the Law (11/2015)

- G1 Act in the best interests of the Fund's members and employers
- G2 Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies
- G3 Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise
- G4 Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based
- G5 Understand and monitor risk
- G6 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
- G7 Clearly articulate our objectives and how we intend to achieve those objectives through business planning, and continually measure and monitor success
- T1 Ensure that the Clwyd Pension Fund is appropriately managed and that its services are delivered by people who have the requisite knowledge and expertise, and that this knowledge and expertise is maintained within the continually changing Local Government Pension Scheme and wider pensions landscape.
- T2 Those persons responsible for governing the Clwyd Pension Fund have sufficient expertise 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.
- B1 Ensure individuals responsible are able to meet their legal obligations and avoid placing any reliance on others to report.
- B2 Assist in providing an early warning of possible malpractice and reduce risk.

| Risk no. | Risk Overview (this will happen)   | Risk Description (if this happens)  | 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 |            |
|----------|--|---|--|--------------------------|------------------------------|---------------------|--|-------------------------|-----------------------------|--------------------|---------------|--|-------------------------|---|--|------------------|--------------|------------|
| 1        | Losses or other detrimental impact on the Fund or its stakeholders                             | Risk is not identified and/or appropriately considered (recognising that many risks can be identified but not managed to any degree of certainty)   | All                                    | Marginal                 | Low                          | Orange              | 1 - Risk policy in place<br>2 - Risk register in place and key risks/movements considered quarterly and reported to each PFC<br>3 - Advisory panel meets at least quarterly discussing changing environment etc<br>4 - Fundamental review of risk register annually<br>5 - TPR Code Compliance review completed annually<br>6 - Annual internal and external audit reviews<br>7 - Breaches procedure also assists in identifying key risks   | Marginal                | Low                         | Green              | ☺             |  |                         | None  | Head of CPF  | 31/12/2020       | 02/09/2020   |            |
| 2        | Inappropriate or no decisions are made   | Governance (particularly at PFC) is poor including due to:<br>- short appointments<br>- poor knowledge and advice<br>- poor engagement/preparation/commitment<br>- poor oversight           | G1 / G2 / G3 / G4 / G5 / G6 / G7       | Negligible               | Significant                  | Yellow              | 1 - Independent advisor focussing on governance including annual report considering structure, behaviour and knowledge<br>2 - Oversight by Local Pension Board<br>3 - Annual check against TPR Code<br>4 - Training Policy, Plan and monitoring in place for PC and PB members<br>5 - Training Needs self assessment carried out (January 2018) and training programme reviewed based on results<br>6 - There is a range of professional advisors covering all Fund responsibilities guiding the PC, PB and officers in their responsibilities<br>7 - Induction training programme in place for new Committee members which covers CIPFA Knowledge and Skills requirements and can be delivered quickly.<br>8 - Terms of reference for the Committee in the Constitution allows for members to be on the Committee for between 4-6 years but they can be re-appointed.<br>9 - Regular Covid catch ups taking place with senior managers and advisers to consider/manage impact on Fund.<br>10 - Virtual PFC, PB and update sessions to ensure ongoing engagement whilst formal PFC not taking place. | Negligible              | Low                         | Yellow             | ☹             | 03/06/2019   | Dec 2020                | 1 - Training plan for new committee members to be delivered (in progress) (PL)<br>2 - Further self assessment of training needs to be carried out in 2021/22 (PL) | Head of CPF  | 31/12/2020       | 02/09/2020   |            |
| 3        | Our legal fiduciary responsibilities are not met   | Decisions, particularly at PFC level, are influenced by conflicts of interest and therefore may not be in the best interest of fund members and employers                                   | G1 / G2 / G4 / G6 / T2                 | Negligible               | Very Low                     | Green               | 1 - Conflicts of interest policy focussed on fiduciary responsibility regularly discussed and reviewed<br>2 - Independent advisor focussing on governance including annual report considering structure, behaviour and knowledge<br>3 - All stakeholders to which fiduciary responsibility applies represented at PFC and PB<br>4 - Training Policy, Plan and monitoring in place for PC and PB members including section on responsibilities<br>5 - There is a range of professional advisors covering all Fund responsibilities guiding the PC, PB and officers in their responsibilities<br>6 - Clear strategies and policies in place with Fund objectives which are aligned with fiduciary responsibility<br>7 - PFC and PB members trained on fiduciary responsibility and the CPF Conflicts Policy  | Negligible              | Very Low                    | Green              | ☺             |  |                         |   | Head of CPF  | 31/12/2020       | 02/09/2020   |            |
| 4        | Appropriate objectives are not agreed or monitored - internal factors                          | Policies not in place or not being monitored  | G2 / G7                                | Negligible               | Very Low                     | Green               | 1 - Range of policies in place and all reviewed at least every three years<br>2 - Review of policy dates included in business plan<br>3 - Monitoring of all objectives at least annually (work in progress)<br>4 - Policies stipulate how monitoring is carried out and frequency<br>5 - Business plan in place and regularly monitored  | Negligible              | Unlikely                    | Green              | ☹             | Current likelihood 1 too high                              | 01/07/2016              | Oct 2020  | 1 - Ensure work relating to annual monitoring is completed and included in PFC papers (DF)   | Dep. Head of CPF | 01/12/2020   | 24/09/2020 |
| 5        | The Fund's objectives/legal responsibilities are not met or are compromised - external factors | Externally led influence and change such as scheme change (e.g. McCloud), national reorganisation, cybercrime, Covid-19 and asset pooling   | G1 / G4 / G6 / G7                      | Critical                 | Significant                  | Red                 | 1 - Continued discussions at AP, PFC and PB regarding this risk<br>2 - Involvement of CEO / links to WGA and WG<br>3 - Fund's consultants involved at national level/regularly reporting back to AP/PFC<br>4 - Key areas of potential change and expected tasks identified as part of business plan (ensuring ongoing monitoring)<br>5 - Asset pooling IAA in place<br>6 - Officers on Wales Pool OWG<br>7 - Ongoing monitoring of cybercrime risk by AP<br>8 - McCloud planning undertaken and full programme management in place<br>9 - Regular Covid catch ups taking place with senior managers and advisers to consider/manage impact on Fund.<br>10 - Virtual PFC, PB and update sessions to ensure ongoing engagement whilst formal PFC not taking place.   | Marginal                | Low                         | Orange             | ☹             | Current impact 1 too high<br>Current likelihood 1 too high | 28/02/2017              | Mar 2021  | 1 - Regular ongoing monitoring by AP to consider if any action is necessary around asset pooling, cost cap, E39k cap and McCloud judgement (PL)<br>2 - Ensure Board requests to JGC/OWG are responded to (PL)<br>3 - Identify further actions to manage Cybercrime risk (PL)<br>4 - Refresh and document business continuity assessments/procedures (KW) | Head of CPF      | 01/12/2020   | 24/09/2020 |
| 6        | Services are not being delivered to meet legal and policy objectives                           | Insufficient staff numbers (e.g. sickness, resignation, retirement, unable to recruit) - current issues include age profiles, implementation of asset pools and local authority pay grades. | G3 / G6 / G7 / T1                      | Marginal                 | Significant                  | Orange              | 1 - 2018/19 business plan includes workforce matters<br>2 - Review of admin structure in 2016/16<br>3 - Finance team restructure commenced (2017/18)<br>4 - Quarterly update reports consider resourcing matters<br>5 - Advisory Panel provide back up when required<br>6 - Additional resources, such as outsourcing, considered as part of business plan<br>7 - Staff reviews implemented and most vacant positions now recruited to (admin and finance)<br>8 - Impact of potential Covid absences being discussed at weekly Covid catch ups and plans in place for ensuring priority work continues unaffected.   | Negligible              | Very Low                    | Green              | ☹             | Current impact 1 too high<br>Current likelihood 2 too high | 01/07/2016              | Oct 2020  | 1 - Recruit to vacant governance and business role (PL)<br>2 - Ongoing consideration of succession planning (PL)<br>3 - Continue training of new and newly promoted staff (PL)<br>4 - Review of technical/payroll team resource (KW)   | Head of CPF      | 01/12/2020   | 24/09/2020 |
| 7        | Legal requirements and/or guidance are not complied with                                       | Those tasked with managing the Fund are not appropriately trained or do not understand their responsibilities (including recording and reporting breaches)                                  | G3 / G6 / T1 / T2 / B1 / B2            | Negligible               | Very Low                     | Green               | 1 - TPR Code Compliance review completed annually<br>2 - Annual internal and external audit reviews<br>3 - Breaches procedure also assists in identifying non-compliance areas (relevant individuals provided with a copy and training provided)<br>4 - Training policy in place (fundamental to understanding legal requirements)<br>5 - Use of nationally developed administration system<br>6 - Documented processes and procedures<br>7 - Strategies and policies often included statements or measures around legal requirements/guidance<br>8 - Wide range of advisers and AP in place<br>9 - Independent adviser in place including annual report which will highlight concerns<br>10 - Outstanding actions relating to TPR Code reviewed regularly   | Negligible              | Very Low                    | Green              | ☺             |  |                         | 1 - Further documented processes (as part of TPR compliance) e.g. contribution payment failure (DF)   | Head of CPF  | 01/12/2020       | 24/09/2020   |            |