

London Borough of Barnet Pension Fund – Pensions Administration Risk Register – December 2021

Risk ID	Short Risk Title	Long Description	Nature of Risk	Controls and mitigations in place	Residual Risk			Target Risk			Further actions		Date risk identified
					Impact	Likelihood	Risk Score	Impact	Likelihood	Response Option	Actions	Delivery due date	
PB001	Operational - disaster (Fire / flood etc)	An event occurs that would impact the ability to deliver all / parts of the pension service.	Business Continuity	The administrator has Business Continuity Procedures and Disaster Recover Plans in place. Officers have been updated with the latest version of the WYPF BCP (last review - January 2020). WYPF Business Continuity and Disaster Recovery Plans may be audited by either the internal audit team of Bradford Metropolitan District Council	5	1	5	5	1	Tolerate	Officers waiting for the last audit report on the WYPF BCP and date of next review.	Q4, 2021	Aug-17

Last Updated: 15/11/2021

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				or external auditors appointed by the Council.									

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PB002	Member data incomplete or inaccurate	<p>To fulfil legal obligations, the pension service is dependent on receiving accurate information and data from scheme employers, and for the administrator to maintain member records.</p> <p>Incomplete and/or inaccurate information/ data could lead to incorrect benefit calculations. The Pension Regulator requires all pension schemes to maintain accurate data.</p> <p>Many unprocessed new</p>	Information Governance	<p>Employer Forums' to be held biannually to support scheme employers with returning the information / data required to ensure member records are accurate</p> <p>Common data analysis is now provided by WYPF monthly and is showing improvements in data presence.</p> <p>Officers have received assurance from Bradford City Council's</p>	5	2	10	3	2	Treat	<p>Employer Forum held in November 2021 (remotely). Employers were asked to provide member data promptly and accurately, including providing leaver data to WYPF as soon as possible after a member leaves the Fund.</p> <p>Common and conditional data analysis now provided monthly by WYPF demonstrate progress with the Data Improvement Plan.</p>	<p>Q4 2021</p> <p>Ongoing</p>	Aug-17

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		<p>joiners and leavers were identified in the 2019 valuation process, along with incorrect pensionable salary and CARE for members who have two job roles.</p>		<p>Internal Audit team on controls in place on UPM for automated calculations and how WYPF processes for non-automated calculations are reviewed.</p>							<p>WYPF to advise the Council when employers are not providing the relevant information - the Council to escalate.</p> <p>WYPF to confirm system processes on UPM for any system updates and authority levels.</p> <p>Officers are working on a plan to reduce the number of unprocessed leavers, so member benefits can be calculated and records be updated.</p>	<p>Ongoing</p> <p>Q4, 2021</p> <p>Ongoing</p>	

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											WYPF have tested data quality by running data through the Hymans Robertson data portal. Officers are meeting with Hymans and WYPF to discuss results and put a corrective plan in place.	Q4, 2021	

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PB003	Admin process failure or mal-administration	<p>Administration of the pension scheme should be in line with the Local Government Pension Scheme (LGPS) rules.</p> <p>Issues with the Annual Benefit Statement process and Pensions Savings Statements from previous tax years not issued in line with statutory deadlines.</p>	Statutory Duty	<p>Ongoing dialogue between Barnet and WYPF through fortnightly meetings</p> <p>Formal agreement in place with WYPF, including agreed SLA's.</p> <p>Authority level clearly agreed and kept up to date, including clear definition of delegated authorities and individual approval authorities. Scheme Event Calendar in place to ensure</p>	5	2	10	2	1	Treat	<p>Officers to review WYPF authority levels embedded within the UPM system which are based on staff levels within WYPF. This determines who can authorise and sanction large payments - these controls are tested annually in the ISO accreditations.</p> <p>Scheme Event Calendar in place and reviewed annually.</p>	<p>Ongoing</p> <p>Annual</p>	Aug-17

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				legislative / regulatory deadlines are achieved (i.e. ABS / Scheme Return etc.) Staff training plans in place to ensure processing in accordance with LGPS requirements Monthly reports by WYPF to scheme managers.									

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PB004	Excessive charges by suppliers	The cost of running the pension scheme should not exceed the agreed budget.	Finance	Pension scheme budget agreed annually. Periodic review of suppliers.	2	1	2	2	1	Treat	Budget to be agreed annually.	Annually	Aug-17
PB005	Employer failure to pay contributions to the fund	The fund does not receive the correct amount of contributions from employers to fund employee pension liabilities, leading to a scheme deficit.	Finance	Monthly reconciliation of contribution payments received by the LBB and WYPF. Ongoing dialogue with employers around when contributions are due. LBB to monitor receipt of contributions (both on time and late).	2	2	4	2	1	Treat	Officers are checking that employers pay the correct contributions rates following the 2019 valuation.	Monthly	Aug-17

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				<p>Officers will enforce the collection of contributions and other costs from employers by threatening the use of fines and reporting to TPR, if applicable.</p> <p>Employers have been updated on the revised monthly reconciliation procedures that took effect from 1 November 2020.</p> <p>Revised procedures have been implemented to improve the</p>									

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				collection of strain cost invoices.									
PB006	Failure of non-public sector employers	Should admitted bodies default on payments, the fund is left with additional pension liabilities.	Finance	LB Barnet Pension Team monitoring of employer covenant and business strength. There is a	2	2	4	2	2	Treat	Review all admitted bodies to ensure an appropriate bond/guarantee is in place and reporting into the Pension Fund Committee.	Ongoing	Aug-17

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				backlog of admission agreements and bonds that increase the risk of an unrecovered shortfall.							Admission Agreements for a small number of “old” employers remain outstanding, along with agreements for new employers joining the Fund. Officers are working with both WYPF and Hymans Robertson to ensure the Agreements are completed and signed.	Ongoing	

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PB007	Failure to interpret rules or legislation correctly	The Board does not have the level of pension knowledge to perform their role effectively.	Compliance	<p>Up to date training log in place, showing completion of training material.</p> <p>Technical advice and updates formally noted on training log.</p> <p>Training Policy drafted for approval by the Local Pensions Board.</p>	2	1	2	2	1	Tolerate	<p>No further actions required; risk has reached its target score and is being tolerated with the existing controls and mitigations in place.</p> <p>Officers have sent all members of Board (and Pension Fund Committee) a training questionnaire to identify training requirements for 2022. These are being reviewed and training will be arranged for 2022.</p>	<p>N/A</p> <p>Q4, 2021</p>	Aug-17

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PB008	Appropriate personnel in place to perform in designated roles	The Board does not comply with statutory obligations and is unable to evidence appropriate governance.	Compliance	Ensure that the personnel in key roles in relation to the administration of the Fund are suitably experienced and qualified to perform in their roles and have the appropriate authorities to ensure the administration is executed effectively at all times	4	2	8	2	1	Treat	Review of roles and responsibilities of relevant individuals to ensure individuals hold appropriate authorities or there is clear escalation of issues requiring decisions. Annual appraisal reviews and setting of objectives	Ongoing Annual	Aug-17

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PB009	Conflicts of interest	Decisions made may be influenced by other factors and may be subject to challenge.	Compliance	<p>Statutory Duty Pension Board awareness of legal responsibility.</p> <p>All Pension Board members to declare any conflicts and potential conflicts.</p> <p>All pension board members have completed relevant educational material.</p> <p>All conflict of interest documentation signed by all board members and recorded in conflict of</p>	3	1	3	3	1	Tolerate	No further actions required; risk has reached its target score and is being tolerated with the existing controls and mitigations in place.	N/A	Aug-17

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				interest register Any changes to be included with minutes at each meeting.									

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PB010	Admission agreements / securities (i.e. bonds) not arranged	<p>Should an employer not be admitted to the Fund in a timely manner then employees will not be able to draw their benefits or have access to death in service benefits relating to the LGPS.</p> <p>This could result in intervention from TPR possibly resulting in a financial consequence and reputational damage to the Council.</p>	Compliance	The Council is working with Hymans, WYPF, HB Law and employers to improve the process for arranging for admission agreements and bonds/bond renewals to be put in place and to address the backlog.	3	2	6	2	2	Treat	<p>Review all admitted bodies to ensure an appropriate bond/guarantee is in place and reporting into the Pension Fund Committee.</p> <p>Progress continues to be made on the processing of admission agreements and bonds.</p> <p>Admission Agreements for a small number of “old” employers remain outstanding, along with agreements for new employers</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>	Jan-19

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											joining the Fund. Officers are working with both WYPF and Hymans Robertson to ensure the Agreements are completed and signed.		
PB011	Commercial viability of strategic suppliers	If the commercial viability of a strategic supplier declines this could lead to operational failings resulting in service disruption/reduction, failure to complete statutory duties and financial costs.	Business Continuity	Administration has few suppliers - WYPF, Civica (indirect), Hymans (actuarial). Contract management framework, with policy and procedures for commercial activity.	4	1	4	4	2	Treat	As WYPF are part of a local authority, they will not go out of business. If they cease providing third party admin services, this will likely be over a reasonable period. This will enable Officers enough time to find an alternative	Ongoing	Mar-19

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				<p>Contract monitoring takes place monthly with quarterly reporting to Financial Performance and Contracts Committee.</p> <p>Contract register kept under review with checks on financial status of strategic suppliers.</p> <p>Contract management arrangements in place, including indicators to identify financial stress.</p>							<p>provider. This can be done by using the National LGPS Framework.</p>		

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				Business continuity plans in place.									
PB012	Non-compliance with GDPR	Failure to adhere to GDPR may lead to the breach of GDPR regulations (e.g. breach of personal information), which will result in enforcement action from TPR and the ICO, resulting in financial and reputational impact on the Council.	Statutory Duty	<p>Council Officers are required to engage with GDPR eLearning to be trained on GDPR regulations.</p> <p>WYPF staff must complete GDPR awareness training and more in-depth training if they are involved in the processing of personal data.</p>	3	2	6	2	1	Tolerate	<p>WYPF ensure that all employees responsible for handling personal data will receive appropriate training in the use and control of this data.</p> <p>Officers responsible for sensitive personal data will also receive training appropriate to their roles.</p> <p>Officers will report any potential data breaches to the Council's Data Protection Team for review and advice.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>	Mar-19

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PB013	Negative media exposure and member experience	<p>Negative media attention may lead to ineffective media management impacting on the reputation of the Council and impacting on staff morale.</p> <p>Staffing and Culture Communications team to liaise with S151 Officer as and when a media enquiry arises.</p> <p>Member perception of the Fund may be negatively impacted due to both member experience and</p>	Staffing and Culture	<p>Staffing and Culture Communication team to liaise with S151 Officer as and when a media enquiry arises.</p> <p>Officers to provide regular communication on the Barnet Fund when changes or issues occur</p>	4	1	4	2	1	Tolerate	<p>Press releases to be shared with Local Pension Board members prior to publication (if possible).</p> <p>Member experience to be measured by satisfaction surveys and feedback by WYPF. Last results received for quarter ending 30 June 2021 received by Officers in August 2021.</p> <p>Officers and WYPF to discuss issues at least fortnightly (or more frequently)</p>	<p>Ongoing</p> <p>Every Quarter</p> <p>Ongoing</p>	Mar-19

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		negative reporting of the fund in the media.									should this be required).		
PB015	Impact of COVID-19 on pensions administration	Administration processes and levels being maintained whilst administrators working from home with no detrimental effect on the payment of members benefits and general service levels.	Business Continuity	WYPF have developed their own Business Continuity plan., This is to be shared with Council Officers. Officers will monitor service levels through regular reports and calls with WYPF.	4	2	8	2	1	Treat	Officers to monitor performance levels, complaints and resourcing levels. Any major dip in levels should be raised with Senior Management at WYPF and Commercial Team at the Council.	Ongoing	Apr-20

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PB016	Cyber security	<p>The Fund holds large amounts of personal data which can make them a target for fraudsters and criminals. Steps need to be taken to protect members which includes protecting them against the 'cyber risk'.</p> <p>This can be defined as the risk of loss, disruption or damage to the fund or its members as a result of the failure of its information technology systems and</p>	Compliance	WYPF, as part of its Information Governance Toolkit, has adopted a Cyber Security policy which outlines how the Fund protects members' data from incidents of Cyber Crime and risk of hacking together with outlining the Fund's control mechanisms for its pension administration software system.	5	2	10	2	2	Treat	To obtain the latest report from WYPF on their cyber security risk mitigations.	Q4, 2021	Jun-20

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		processes. It includes risks to information (data security) as well as assets, and both internal risks (eg from staff) and external risks (eg hacking).											

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PB017	Risk of fraud by paying pensions to ineligible individuals or fraudulent arrangements	The Fund should evaluate the various forms of fraud in relation to pensions administration and then arrange for the implementation of appropriate controls that are both proportionate and pragmatic.	Compliance	<p>WYPF run an annual pensioner existence to ensure that pensioners still alive and that pensions are being paid to the correct member.</p> <p>Pension transfer documentation sent to members contains the recommended literature from The Pensions Regulator so make members aware of “pension scams” and the administration processes to</p>	4	2	8	2	1	Treat	<p>WYPF to update Officers the results of the pensioner existence exercise and where members have not responded, their pension will be suspended until with the pensioner returns their certificate. Exercise to commence in October 2021.</p> <p>Officers review transfer documentation sent with transfer quotations to members and review the processes to ensure that appropriate</p>	<p>Ongoing</p> <p>Ongoing</p>	Aug-20

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				<p>ensure proper checks on the receiving arrangement before making payment.</p> <p>Regulations were laid before Parliament on 8 November 2021 that intend to protect departing members from pension scams and will require trustees and other pension providers to urgently review their transfer processes and policies.</p>							<p>checks are being taken to prevent transfer value payments being made to “pension scam” arrangements.</p> <p>Officers to ensure that WYPF processes consider these new regulations and have requested details of all transfer payments made every six months.</p>	Q4, 2021	