

Risk Register with Controls Reference Order

Governance Risk			Portfolio	Uncontrolled	Current	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Assigned To			Control or Action	Status	Review Date
GOVERN0001	<p>Failure to collect and account for pension contributions being paid over to the Fund on time by Fund employers. Potential Reputational Risk.</p> <p>Latest Review: 25/09/2024</p> <p>Performance regularly reviewed and employers contacted if there are issues or to provide training if required.</p>	Adverse audit opinion, potential delays to Fund employer financial reporting; and potential delay to production of annual report and accounts.	Cllr David Thomas Chris Hurst	6	4	<ul style="list-style-type: none"> Contributions received monitored on a monthly basis by Fund accounting staff. Contributions received monitored on a monthly basis by Fund accounting staff. Requirement that each end of scheme year, Fund employers certify they have paid over contributions at the correct rates and time Requirement that each end of scheme year, Fund employers certify that they have paid over contributions at the correct rates and on time. regular Communications to Employers to remind them of their responsibilities. production of the Employer Policy to help Employers. 	Control In Place Control In Place	
GOVERN0002	<p>Insufficient Fund cashflow to meet liabilities as they fall due. Potential Reputational Risk. Pensioners not paid on time.</p> <p>Latest Review: 17/02/2025</p> <p>Considered at Board meeting on 13.02.25. No amendments made.</p>	Immediate injections of cash from Fund employers would be required where Fund assets cannot be liquidated quickly. For now the Fund is cashflow positive but will not remain so for much longer, therefore requiring the use of investment income to subsidise the payment of pension benefits rather than being reinvested as now. Pensioner members not paid on time.	Cllr David Thomas Chris Hurst	9	6	<ul style="list-style-type: none"> cashflow forecast in place Funding strategy statement in place review strategic asset allocation to keep positive cashflow Strategic asset allocation review completed to ensure that cashflow remains positive (on a targeted and monitored basis) whilst at the same time ensuring that the Fund is not forced to liquidate assets on an unplanned basis. 	Control In Place Control In Place	
GOVERN0003	<p>Inability to deliver service as a result of the loss or over reliance of key personnel.</p> <p>Latest Review: 17/02/2025</p> <p>Considered at Pension Board meeting on 13.02.25. No amendments made.</p>	Failure to provide service at all, or at an acceptable level	Cllr David Thomas Chris Hurst	9	6	<ul style="list-style-type: none"> Business Continuity Plan in place for the pensions administration service Assurances received from all systems providers in relation to their current resilience to the threat of a failure in cyber security. <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>08/01/2025 Training to Committee taking place in February 2025. Fund specific Cyber Security policy to be developed in 2025 in accordance with TPR Code of Practice.</p> </div> <ul style="list-style-type: none"> Keep Business Continuity Plan under review Regularly review BCP (consider all aspects including remuneration etc) 	Action In Progress	08/07/2025

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GOVERN0004	Loss of funds through fraud or misappropriation Latest Review: 17/02/2025 Considered at Pension Board meeting on 13.02.25. No amendments made.	Financial loss to the Fund. Reputational damage.	<i>Cllr David Thomas</i> Chris Hurst	6	2	<ul style="list-style-type: none"> Knowledge Gaps In the short term, knowledge gaps can be filled by using our external colleagues from other Welsh Funds and buying in assistance. In the longer term, ensure succession plans are in place and appropriate. 	Control In Place	
GOVERN0005	Significant rise in employer contribution rates for Fund employers with strong covenants, as consequence of increases in liabilities. Latest Review: 07/01/2025 Funding updates received from Actuary. pension valuation work due to commence in 2025.	Employer contribution rates rise, putting upward pressure on Council Tax rates and the ability of Powys County Council to continue to deliver services to its communities.	<i>Cllr David Thomas</i> Chris Hurst	6	2	<ul style="list-style-type: none"> insurance options investigated Investigate further liability mitigations such as ill health strain insurance; developing guidance to assist employers to manage liability increases derived from their actions or inactions; and, work closely with the Fund actuary to determine appropriate valuation assumptions and deficit recovery strategies. <p>03/06/2024 Actuary consulted on any potential changes and will be discussed as part of next valuation.</p> <ul style="list-style-type: none"> Employers have Discretionary Powers Policies that help to control liabilities Employers have Discretionary Powers Policies that help to control liabilities. In reality, little can actually be done in mitigation due to the fact that liabilities upon exit are largely determined by bond yields that are outside of the Fund's control. Active employers can have risk mitigations in place such as risk sharing arrangements and bonds. <p>18/04/2024 Employers emailed about discretion policies in early 2024. Administering Authority discretions to be reviewed at July 2024 meeting. Employer Policy due for review in September 2024</p>	Action In Progress	03/09/2025

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GOVERN0006	<p>Significant rises in employer contribution rates for Fund employers with weak covenants as a consequence of increases in liabilities.</p> <p>Latest Review: 04/10/2024 Data sent to actuary in October 2024 in preparation for 2025 Valuation. regular funding updates received from Fund Actuary, so issues could be identified in any inter-valuation period.</p>	Employer contribution rates rise to unsustainable levels that cause employers to become insolvent	Cllr David Thomas Chris Hurst	8	4	<ul style="list-style-type: none"> In process of developing risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty Employers have Discretionary Powers Policies that help to control liabilities. In reality, little can actually be done in mitigation due to the fact that liabilities at exit are largely determined by bond yields that are outside of the Fund's control. Risk mitigations whilst active include risk sharing agreements and bonds. <p>Consider risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty over the level of employer contribution rates.</p> <p>17/02/2025 Text updated following Pension Board meeting on 13th February 2025.</p>	Action In Progress	17/08/2025
GOVERN0007	<p>Significant rises in employer contribution rates for employers with strong covenants as a result of poor/negative investment returns.</p> <p>Latest Review: 07/01/2025 Regular Funding updates and discussions held with Actuary as required. Valuation work to commence in 2025.</p>	Employer contribution rates rise that result in Powys County Council being unable to provide appropriate services for its communities.	Cllr David Thomas Chris Hurst	6	2	<ul style="list-style-type: none"> Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes and non-market led assets. <p>19/03/2025 regular review of investment performance at each Committee meeting, WPP Joint Governance Committee meetings and Officer Working Groups. Fund Investment Consultant provides regular performance updates and commentary.</p> <ul style="list-style-type: none"> Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection. Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection. Quarterly investment performance reports presented to Pension Fund. 	Action In Progress	19/06/2025
GOVERN0008	<p>Failure to comply with LGPS and other statutory regulations. Potential Reputational Risk. Complexity of the LGPS.</p> <p>Latest Review: 17/02/2025 Considered at Pension Board meeting on 13.02.25. No amendments made.</p>	Payment of incorrect pension benefits; provision of incorrect benefit estimates; failure to comply with governance standards; failure to meet HMRC tax requirements. Resulting in: loss of customer satisfaction / confidence; IDRPs and Ombudsman appeals; TPR fines for non-compliance.	Cllr David Thomas Chris Hurst	8	6	<ul style="list-style-type: none"> Rigorous checking/authorisation procedures for pension benefit calculations and payments, review governance policy; Regular review of governance compliance policy. Staff training and development. Internal Audit Report which focusses on administration and processing. 	Action Completed	

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						<ul style="list-style-type: none"> • Closer partnership working with employer payrolls to facilitate accurate data receipts; Closer partnership working with employer payrolls to facilitate accurate data receipts; increased compliance oversight provided by well established Pensions Board. 	Control In Place	
GOVERN0009	<p>Lack of expertise of Pension Fund Officers and expertise of members of the Pensions & Investment Committee. Complexity of the LGPS means significant training of Officers and Committee required.</p> <p>Latest Review: 17/02/2025 Considered at Pension Board meeting on 13.02.25. No amendments made.</p>	Poor decision making in relation to principal functions of the Pension Fund , particularly in relation to investments. Incorrect pension benefits paid to scheme members.	<i>Cllr David Thomas</i> Chris Hurst	8	6	<ul style="list-style-type: none"> • training and performance reviews, conferences, seminars to upskill and develop knowledge Officers ensure that they receive appropriate training and are required to keep up to date with developments in pensions matters, as part of their periodic Individual Performance Reviews and by attending relevant conferences and seminars, by reading and through discussions with consultants and peers. • Training plans based on the CIPFA 'Knowledge and Skills' framework, as is the the procedure for members of both PIC & PB Formalised Officer training via individual training plans based on the CIPFA 'Knowledge and Skills' framework, as is the the procedure for members of both Pensions & Investment Committee and the Pensions Board. <p>Knowledge & Skills Framework in place and published. Annual Training Needs Analysis carried out and training made available to Committee and Board regularly (provided by Fund, WPP and 3rd parties)</p>	Control In Place	
GOVERN0011	<p>Failure to provide the pensions service in accordance with principles of equality.</p> <p>Latest Review: 07/01/2025 No change to process.</p>	Some stakeholders may be unable to access the service fully or at all. In the worst case scenario, this could result in court action against the Fund.	<i>Cllr David Thomas</i> Chris Hurst	9	4	<ul style="list-style-type: none"> • The Fund maintains a Welsh Language register in respect of scheme members and employers. The Fund maintains a Welsh Language register in respect of scheme members and employers. • To utilise technology to enable access to service and information for stakeholders with disabilities, other language needs etc. To utilise technology to enable access to service and information for stakeholders with disabilities, other language needs etc. 	Control In Place	

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GOVERN0012	<p>Failure to collect payments due from ceasing employers with no active members.</p> <p>Latest Review: 17/07/2024 Monitoring and Employer Policy in place.</p>	<p>Failure to collect cessation payments from ceasing employers results in relevant liabilities being funded by the Powys Pension Fund and the active employers.</p>	<p><i>Cllr David Thomas</i> Chris Hurst</p>	6	4	<ul style="list-style-type: none"> • employer covenants, guarantor bonds, risk sharing agreements The Fund undertakes periodic reviews of the strength of employer covenants. For existing employers, the Fund requires that a guarantor, bond or 'risk sharing agreement' is in place. For all new employers, the Fund insists on either a guarantor or a bond being in place. 	Control In Place	
GOVERN0014	<p>An admitted body ceasing to exist with insufficient funding or level of a bond available to meet all its Fund liabilities.</p> <p>Latest Review: 07/01/2025 Work completed in December 2024. Will be presented to Committee in first quarter of 2025.</p>	<p>Unfunded pension liabilities being orphaned without sufficient funding/guarantees in place, resulting on increased liabilities falling on other Fund employers.</p>	<p><i>Cllr David Thomas</i> Chris Hurst</p>	6	4	<ul style="list-style-type: none"> • Regular review of admitted body covenants and financial health. Regular review of admitted body covenants and financial health. <i>25/09/2024 Review work commenced and report due before the end of 2024</i> • To seek funding guarantees wherever possible, from other Scheme employers or outside bodies To seek funding guarantees wherever possible, from other Scheme employers or outside bodies. To require, in all cases, a bond or other form of security to protect the Fund in the case of unexpected cessation and insolvency. Ensuring that admitted bodies are fully aware of their obligations and responsibilities to the Pension Fund and the benefits of their employees. 	Action In Progress	25/07/2025
GOVERN0016	<p>Pension Fund Personnel and/or key suppliers are unable to work due to extreme weather, fire, epidemics. Also potential impact of Employers not being able to function accordingly.</p> <p>Latest Review: 17/02/2025 Considered at Pension Board meeting on 13.02.25. Significant mitigations in place, so residual score reduced to reflect position.</p>	<p>Inability to deliver administration services or investment of the Fund. Impact of welfare of Pensions Section Staff. Employers unable to provide information/payments to Pension Fund in accordance with legislation.</p>	<p><i>Cllr David Thomas</i> Chris Hurst</p>	9	4	<ul style="list-style-type: none"> • Business Continuity Plan Risk Mitigations in place such as Business Continuity Plan, assessment of Pensioner Payroll services. Electronic implementation of paperwork. 	Control In Place	