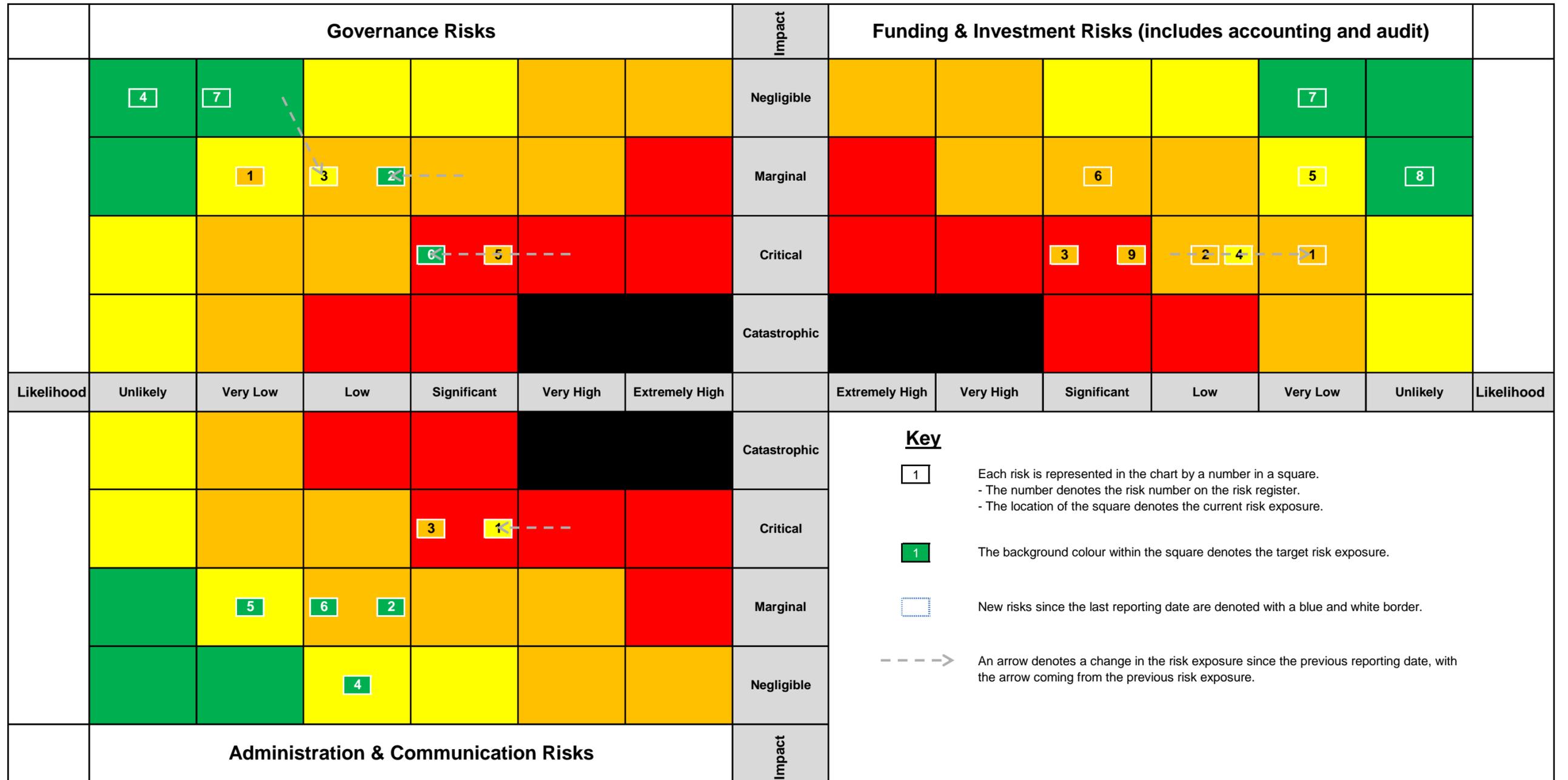


All Fund Risk Heat Map and Summary of Governance Risks



Clwyd Pension Fund - Control Risk Register
Governance Risks

Objectives extracted from Governance Policy (03/2023), Knowledge and Skills Policy (09/2021) and Procedures for Reporting Breaches of the Law (03/2022)

- 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 | Very Low | Yellow | <ul style="list-style-type: none"> 1 - Risk policy in place 2 - Risk register in place and key risks/movements considered quarterly and reported to each PFC 3 - Advisory panel meets at least quarterly discussing changing environment etc 4 - Fundamental review of risk register annually 5 - TPR Code Compliance review completed annually 6 - Annual internal and external audit reviews 7 - Breaches procedure also assists in identifying key risks | Marginal | Low | Orange | 😊 | | | | Head of CPF | 29/11/2023 | 22/08/2023 | |
| 2 | Inappropriate or no decisions are made | Governance (particularly at PFC) is poor including due to: <ul style="list-style-type: none"> - short appointments - poor knowledge and advice - poor engagement /preparation / commitment - poor oversight | G1 / G2 / G3 / G4 / G5 / G6 / G7 | Marginal | Very Low | Yellow | <ul style="list-style-type: none"> 1 - Independent advisor focussing on governance including annual report considering structure, behaviour and knowledge 2 - Oversight by Local Pension Board 3 - Annual check against TPR Code 4 - Knowledge and Skills Policy, rolling training plan, monitoring (regular self assessments and attendance) and induction training in place for PFC and PB members based on CIPFA Code/Framework 5 - There is a range of professional advisors covering all Fund responsibilities guiding the PFC, PB and officers in their responsibilities, with formal Advisory Panel 6 - 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 7 - Different categories of Committee and Board members have different end of term dates, to ensure continuity 8 - Approved schedule of officer delegations, including ability for urgent matters to be agreed outside of formal Committee (involving Chair of PFC) 9 - PFC, PB and AP training held virtually, hybrid or face to face depending on importance and to maximise attendance, with recordings of training circulated thereafter. 10 - PFC and PB effectiveness surveys completed to ensure that PFC and PB meetings are as effective as possible | Negligible | Very Low | Green | 😐 | Current impact 1 too high | 05/05/2022 | Mar 2024 | 1 - Carry out training needs analysis after induction training (PL) | Head of CPF | 29/11/2023 | 22/08/2023 |
| 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 | Marginal | Very Low | Yellow | <ul style="list-style-type: none"> 1 - CPF Conflicts of Interest Policy focussed on fiduciary responsibility regularly discussed and reviewed 2 - Independent advisor focussing on governance including annual report considering structure, behaviour and knowledge 3 - All stakeholders to which fiduciary responsibility applies represented at PFC and PB 4 - Knowledge and Skills Policy, rolling training plan, monitoring (regular self assessments and attendance) and induction training in place for PFC and PB members including training on fiduciary responsibility and the CPF Conflicts Policy 5 - There is a range of professional advisors covering all Fund responsibilities guiding the PFC, PB and officers in their responsibilities, with formal Advisory Panel 6 - Clear strategies and policies in place with Fund objectives which are aligned with fiduciary responsibility 7 - WPP Conflicts of Interests Policy in place 8 - Framework in place for investment decisions relating to climate/RI, which includes regulated advice from Investment Consultant. | Marginal | Very Low | Yellow | 😊 | | | 1 - Ensure WPP due diligence process is being following in all cases for investments with potential conflict (e.g. local/Welsh) (PL) 2 - Ongoing monitoring of FCC Climate Committee motion situation | Head of CPF | 29/11/2023 | 22/08/2023 | |
| 4 | Appropriate objectives are not agreed or monitored - internal factors | Policies not in place or not being monitored | G2 / G7 | Negligible | Unlikely | Green | <ul style="list-style-type: none"> 1 - Range of policies in place and all reviewed at least every three years 2 - Review of policy dates included in business plan 3 - Monitoring of all objectives at least annually 4 - Policies stipulate how monitoring is carried out and frequency 5 - Business plan in place and regularly monitored | Negligible | Unlikely | Green | 😊 | | | | Dep. Head of CPF | 29/11/2023 | 22/08/2023 | |
| 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, potential exit cap, Pensions dashboard, national reorganisation, cybercrime, asset pooling, levelling up and boycotts / divestments / sanctions, Climate lobbying, Operator contract with WPP) | G1 / G4 / G6 / G7 | Critical | Significant | Red | <ul style="list-style-type: none"> 1 - Continued discussions at AP, PFC and PB regarding this risk 2 - Fund's consultants involved at national level/regularly reporting back to AP/PFC 3 - Key areas of potential change and expected tasks identified as part of business plan (ensuring ongoing monitoring) 4 - Asset pooling IA in place 5 - Officers on Wales Pool OWG, and Pension Board Chair attending WPP LPB Chair meetings 6 - Business Continuity and Cyber Security Policy in place 7 - Ongoing monitoring of cybercrime risk by AP 8 - McCloud planning undertaken and full programme management in place 9 - Pensions dashboard planning currently underway | Marginal | Low | Orange | 😐 | Current impact 1 too high Current likelihood 1 too high | 28/02/2017 | Mar 2024 | 1 - Deliver final aspects of cybercrime risk mitigations into BAU (PL) 2 - Refresh and document business continuity assessments/ procedures (KW) 3 - Establish formal project for Pensions Dashboard (KW) 4 - Ongoing engagement with WPP in relation to the WPP Operator 5 - Ongoing consideration of resource requirements to meet external demands | Head of CPF | 29/11/2023 | 22/08/2023 |
| 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 profile / FCC pay grades versus other LAs, asset pools, private sector / cost of living. | G3 / G6 / G7 / T1 | Critical | Low | Orange | <ul style="list-style-type: none"> 1 - Fundamental review of succession planning and resources carried out over 2017 to 2020 and new structures put in place 2 - Ongoing task/SLA reporting to management AP/PFC/PB to quickly identify issues 3 - Quarterly update reports consider resourcing matters 4 - Consultants provide back up when required 5 - Additional resources, such as outsourcing, considered as part of business plan 6 - Impact of potential or actual vacancies and/or other absences being discussed regularly ensuring priority work continues unaffected 7 - Resourcing regularly considered as part of major projects (e.g. McCloud) | Negligible | Very Low | Green | 😐 | Current impact 2 too high Current likelihood 1 too high | 01/07/2016 | Mar 2024 | 1 - Recruit to vacant administration roles. (PL) 2 - Ongoing consideration of business continuity including succession planning (PL) 3 - Action plan being developed for recruitment, retention, succession planning including consideration of future work levels (PL) | Head of CPF | 29/11/2023 | 22/08/2023 |
| 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 | <ul style="list-style-type: none"> 1 - TPR Code Compliance review completed annually 2 - Annual internal and external audit reviews 3 - Breaches procedure also assists in identifying non-compliance areas (relevant individuals provided with a copy and training provided) 4 - Knowledge and Skills policy in place (fundamental to understanding legal requirements) 5 - Use of nationally developed administration system 6 - Documented processes and procedures 7 - Strategies and policies often included statements or measures around legal requirements/guidance 8 - Wide range of advisers and AP in place 9 - Independent adviser in place including annual report which will highlight concerns 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) 2 - Training for Committee and Board members on the requirements of TPR's General Code (PL) | Head of CPF | 29/11/2023 | 22/08/2023 | |