

Governance													APPENDIX 1		
Objective	High Level Risk	Detailed Risk	Impact	Likelihood	Pre-control Risk Score	Controls	Source of Assurance	Impact	Likelihood	Post-control Risk Score	Review Date	Actions Description	Outcome of Review /Changes made	Owner	
1.0 To meet the highest standards of Governance and demonstrate key principles of accountability and transparency through clear responsibilities and reporting	1.0 Failure to define agree and report Fund objectives	Failure to set objectives	3	4	12	Fund objectives are defined and reviewed annually as part of the risk register summary and approved by pensions committee and Pensions Board.	Objectives documented in Risk Register and key Policy Documents	3	3	9	Sep-24	Consider reviewing higher level objectives (business plan 2024/25)		MS/HW	
		Failure to include an assessment of performance using agreed benchmarks	3	3	9	For each key area of the fund appropriate KPI's are determined and assessed regularly.	Pensions Committee, Pensions Board, Internal and External Audit, Portfolio Evaluation, CIPFA benchmark, Pensions Regulator, Audit and Standards Committee, CEM, ONS return, DLUHC.	3	3	9	Sep-24			MS/HW	
		Failure to report annually to the Pensions Committee and to review the objectives	3	4	12	Pensions Committee and Pensions Board	Report to Pensions Committee, Pension Board as part of key policy documents	3	2	6	Sep-24			HW	
1.1 To ensure the Fund has an appropriate governance structure	1.1 Failure to have an appropriate Governance structure in place including appropriate polices e.g. Conflicts of Interest	Failure to publish a Governance Policy Statement	3	2	6	Governance is implemented in accordance with the Governance Policy Statement which sets out the roles and responsibilities of all parties	Governance Policy Statement	1	1	1	Dec-23	Scheme advisory board Good Governance project phase 3. Myners principals? Last reviewed 1 October 2019. To take to December 2023 Pensions Committee	Review policy once guidance from Good Governance review known.	MS	
		Failure to set up bodies with appropriate constitutions	4	2	8	Pensions Committee, Pensions Panel, Pensions Board and LGPS Central have individual terms of reference.	Pension Board, County Council constitution, Internal Audit of governance arrangements, TPR report to regulator. Virtual/Hybrid meetings can be facilitated, where allowed.	1	1	1	Sep-24			MS	
		Failure to have appropriate representation on County Council Committees and LGPS Central	3	3	9	County Council constitution, Shareholders agreement of LGPS Central	Pension Board, LGPS Central terms of reference and governance structure.	1	3	3	Mar-24		Current review with MAD; County Council		
		Failure to review Governance standards against suitable benchmark (Government guidance e.g. TPR Single Code, Good Governance Review)	4	4	16	Officers monitor and are aware of various governance standards and changes within them.	DLUHC, tPR, SAB, LGA,	3	4	12	Mar-24	Review following tPR revision of code of practice (from 15 codes to 1) and consider internal/external review. Deferred to 2024. GAP analysis		All	
		Failure to address conflicts of interest with appropriate policy with conflicts properly recorded and acted upon	3	3	9	Conflicts of Interest Policy exists and conflicts are a standing item on agendas	Conflicts Policy published, Conflicts reported, Pension Board	2	1	2	Ongoing		Conflicts policy reported to June 2022 Pensions Committee. Next review June 2024 Committee	Member and Democratic services	
1.2 To ensure that all Elected Members and officers have appropriate Knowledge and skills	1.2 Failure to ensure that Elected Members and Senior Managers have the required skills or qualifications to perform their function effectively, and are supported by an ongoing programme of training	Failure to adopt CIPFA Knowledge and Skills Framework	4	4	16	Adoption of CIPFA Training and Skills Framework, Training policy, Training Logs for Committee and Board	Pension Board, Training need analysis, Hyman's Aspire online training, LGA fundamentals.	3	2	6	Sep-24	Impact of SAB Good Governance Review + Pooling consultation?		HW/ MS	

1.3 To ensure the Fund has appropriate financial, investment and actuarial advice	1.3 Failure to have proper arrangements to receive appropriate advice; including appropriate procurement and monitoring of performance of advisers	Failure to keep training records	2	4	8	Training Logs kept for Elected Members Annual Training Programme. Publish training in Annual Report	Training records exist. Pension Board. Annual training needs analysis. Hymans online training records reports emailed monthly. Pension Board, AON, Self assessment, Regular "just in time training" at meetings, two Committee training session per year, Virtual training carried out to ensure continuity. Hyman's online training comprehensive in all areas of fund. LGA Fundamentals offered to all members	1	1	1	Sep-24	HW/ MS			
		Failure to deliver regular training to Elected Members	3	4	12	Annual TNA vs CIPFA KSF, Training Policy, Annual training plan.	experience of senior officers, "we talk", appointment process, training and development log, CIPFA KSF, TNA, succession planning	2	2	4	ongoing	Impact of SAB Good Governance Review? Consider external Hymans assessment instead of TNA 2023	HW/ MS		
		Failure of senior officers to have appropriate skills, or knowledge	4	2	8	Senior Officers can demonstrate appropriate knowledge, skills and experience	Several advisers are in place and regularly attend Committee/Panel/meetings with officers and Pensions Board meetings as required. Hymans always provide a second back up adviser for actuarial and investment advice. CMA guidance requires objectives and regular retendering of advisers. Procurement regulation compliance, contract termination dates, Procurement Contracts register. CMA requires regular retendering of advisers.	1	2	2	Dec-23	Impact of SAB Good Governance Review? Consider external Hymans assessment instead of TNA 2023	MS		
		Failure to have appropriate advisers including avoidance of reliance on a sole adviser	4	4	16	Several advisers are procured, they are appropriately qualified (Actuarial, FCA)	Services are tendered regularly (or reasons for not doing are approved by elected members)	3	4	12	annual	Second independent adviser to be appointed. Actuarial and Legal advisers to be re-procured	MS		
		Failure to regularly tender for adviser – or failure to report reasons for not tendering for approval	4	4	16	Services are tendered regularly (or reasons for not doing are approved by elected members)	Suitable contracts are in place	3	4	12	Mar-24	Second independent adviser to be appointed. Actuarial and Legal advisers to be re-procured	MS		
		Failure to have appropriate contracts in place	4	4	16	Suitable contracts are in place	advisers performance is monitored annual by the Pensions Panel in line with the CMA objectives	2	2	4	annual	Contracts need to be put in place for independent advisers when next retendered. Consider tender independents in 2022/23.	MS		
		Failure to monitor and report performance of advisers	3	4	12	advisers performance is monitored annual by the Pensions Panel in line with the CMA objectives	Legal Custody agreements exist for liquid assets held at custodian. Other arrangements for illiquid assets are documented. Annual investment strategy for cash. LGPS Central ARCC, internal and external audit all review. AAF Internal controls reports reviewed.	3	3	9	annual		MS		
		1.4 To ensure assets are safeguarded and properly accounted for and reported upon.	1.4 Failure to have appropriate custody arrangements in place for liquid markets and illiquid investments (Inc. property)	Failure to have custody arrangements in place for every asset class; including Liquid assets held at custodian (Equities and Bonds), Cash AND Illiquid asset classes; Property, Private Equity, Hedge Funds, Private Debt, Infrastructure. Both at LGPS Central and SPF	5	2	10	Custody arrangements in place, LGPS Central is FCA regulated and has services of depository and operator.	Legal Custody agreements exist for liquid assets held at custodian. Other arrangements for illiquid assets are documented. Annual investment strategy for cash. LGPS Central ARCC, internal and external audit all review. AAF Internal controls reports reviewed.	5	2	10	Sep-24	Need to further understanding of custodian arrangements in private markets. Add to Business Plan 2024/25	MS
				Failure to have custodian contract with appropriate obligations and clear sanctions for default. Both at LGPS Central and SPF	4	2	8	Contract contains detailed provisions for safekeeping of assets.	Custodian agreement has appropriate provisions	4	1	4	ongoing	Need to further understanding of custodian arrangements in private markets. Add to Business Plan 2024/25	MS

		Failure to ensure either custodian has a high credit rating	3	3	9	Custodian credit rating high;	Custodian has high credit rating, (NT long term rating currently AA-/AA2)	3	1	3	ongoing	check NT credit rating	MS
		Failure to ensure assets are completely and accurately recorded	4	3	12	Monthly check on reporting of assets (liquid and illiquid) by managers vs custodian, by SPF and LGPSC. Managers valuations.	Internal controls report (eg.AAF0120 type 2), Internal & External Audit. Managers controls, assets valued in accordance with standards. LGPS central PAF audit working group.	4	2	8	Sep-24		MS
		Failure to ensure that any custodian has suitable systems and processes to keep records separately from their own assets.	4	2	8	Arrangements reviewed regularly, Legal Services keep property records. Limited Partnership agreements for illiquid investments and other documents held by manager custodians. LGPS central depository	Internal controls reports (eg.AAF0120 type 2), Audit assurance visit, bi annual visits, FCA. Work of LGPS Central Audit working group. LGPS Central have AAF0120 type 2 report.	4	2	8	ongoing	Electronic Property records system being set up 2022. Need to further understanding of custodian arrangements in private markets. Add to Business Plan 2024/25	MS
		Failure to ensure that any assets lent out under a stock lending programme are safeguarded, by having a separate agreement and robust securitisation in place	4	3	12	Stocklending subject to separate agreement and strict controls. Access through passport to stock lending report	Northern Trust agreement. Security reviewed by consultants. Collateral in place for all agreements, Client meetings. Securities lent and collateral held viewed through Northern Trust Passport for SPF held assets. LGPS Central Securities Lending Policy/ Report to Pensions Panel as required.	4	2	8	ongoing		MS
<b>1.5 To ensure that the Fund makes all information it is required to make available to stakeholders and that the information is easy to understand. To meet best practice standards wherever possible</b>	<b>1.5 Failure to publish all documents required by legislation including statutory accounts and annual report and key documents comprising Governance Strategy, ISS, FSS. Communications Policy</b>	Failure to publish and review all key documents including Annual Report, ISS, FSS, Governance Strategy, Communications Policy, Actuarial Valuation.	4	3	12	Governance Register and Key Document Control list is maintained and all key documents are completed, reviewed regularly and published	Documents published, regulations, CIPFA guidance, TPR codes of practice, Pensions Board, Pensions Committee, Internal Audit, external audit. Governance Register is reviewed as part of the committee cycle.	4	1	4	Annual	Administration Strategy and Governance strategy need to be reviewed following Good Governance, TPR single code.	MS
<b>1.6 To comply with all legislation relating to Local Government Pensions.</b>	<b>1.6 Failure to adhere to relevant statutory regulations including updates to LGPS</b>	Failure to know about legislative change	5	4	20	Regular review of prospective changes through consultations; updates from LGA and intelligence from conferences and advisers	Pension Board, Altair system updates, LGA, Hymans, POGS, Eversheds, Heywoods. Monthly reviews of LGA bulletins	5	3	15	Ongoing	Review impact of McCloud, Goodwin, exit payment cap to be introduced, TPR, Good Governance and Pensions Dashboard.	MS SJ
		Failure to implement changes to systems, processes and to document such as required by legislative change	4	4	16	Ensure any changes are implemented through changes to documents and procedures as required	Pension Board, Altair updates, communications working groups, CIPFA code and example accounts. LGA updates and templates.	4	2	8	Ongoing	Hosted software updates assists implementation of regulation changes, manual calculations-impact on resources. Requirements for national Pensions Dash Board are not fully know, anticipate more work for fund and systems.	MS SJ
		Failure to train staff as required by the legislative change	4	4	16	Ensure staff are trained in changes as required.	Pension Board, Internal Audit, team meetings, targeted training, webinars, LGA training.	4	3	12	Ongoing	need to train staff on impact and practical implementation of significant regulatory change	MS SJ
		Failure to report major legislative change to Pension Committee/Panel	1	3	3	Ensure major changes are reported to Committee/Panel	Pension Committee report, Pension Board	1	2	2	Ongoing		MS SJ

		Failure to appoint an independent auditor	4	2	8	Auditor appointed	Auditor appointed as part of County Council arrangements	4	1	4	Contractual	County Council
		Failure of the independent auditor to report to the Pension Committee	3	4	12	Audit Reports	Audit report to Committee. Pension Board and Audit and Standards Committee	3	4	12	Annual	TB
1.7 To ensure the Fund has a risk register that is comprehensive, linked to objectives and regularly reported and reviewed	1.7 Failure to have comprehensive risk management arrangements, including a Fund risk register in place; failure to regularly review, update, and identify significant risks, including risk of fraud, and management assurance arrangements to ensure key controls are operating effectively and consistently	Failure to have a comprehensive risk register in place, which is to be reviewed at least annually and findings reported to Pension Committee	4	3	12	Comprehensive Risk Register in place and reviewed regularly, Controls are regularly tested. New risks are identified by regular review of changes (informed by advisers, LGA, press, conferences etc.) Pensions Board review Risk Register on behalf of Pensions Committee.	Pension Committee report. Risk register exists and is regularly reviewed and updated as part of quarterly officer risk register meetings also attended by Pensions Board.	3	2	6	Annual - risk register reviewed Quarterly	Pensions Comi
		Failure to identify new/emerging risks	4	4	16	Comprehensive Risk Register in place and reviewed regularly, Controls are regularly tested. New risks are identified by regular review of changes (informed by advisers, LGA, press, conferences etc.) Joint Committee, Shareholders Forum and Practitioners advisory forum exist, have clear terms of reference and defined membership. CIPFA guidelines. FCA regulation. Company law. LGPS Central company and pool risk register exist - LGPS Central Joint Committee review company risk register	Risk register updated for new risks	3	3	9	Quarterly	All
		Inappropriate governance structure set, with no terms of reference, no defined membership and meetings not formally constituted.	3	4	12	Inappropriate governance structure set, with no terms of reference, no defined membership and meetings not formally constituted.	Staffordshire members regularly attend meetings of Joint Committee, Shareholders Forum and Practitioners advisory Forum, and that decisions are reported back to Pensions Committee. Audit Assurance Framework. Annual Pool Governance audit	2	2	4	Ongoing	Pensions Comi

Backlog of audits means assurances unable to be given

Attendance at meetings are monitored and reported. LGPSC shared objectives are currently being reviewed by PAF. Review/GAP analysis once updated Pooling regulations announced.

NB, risks associated with pooling will change as LGPS Central is formed and transition is progressed.