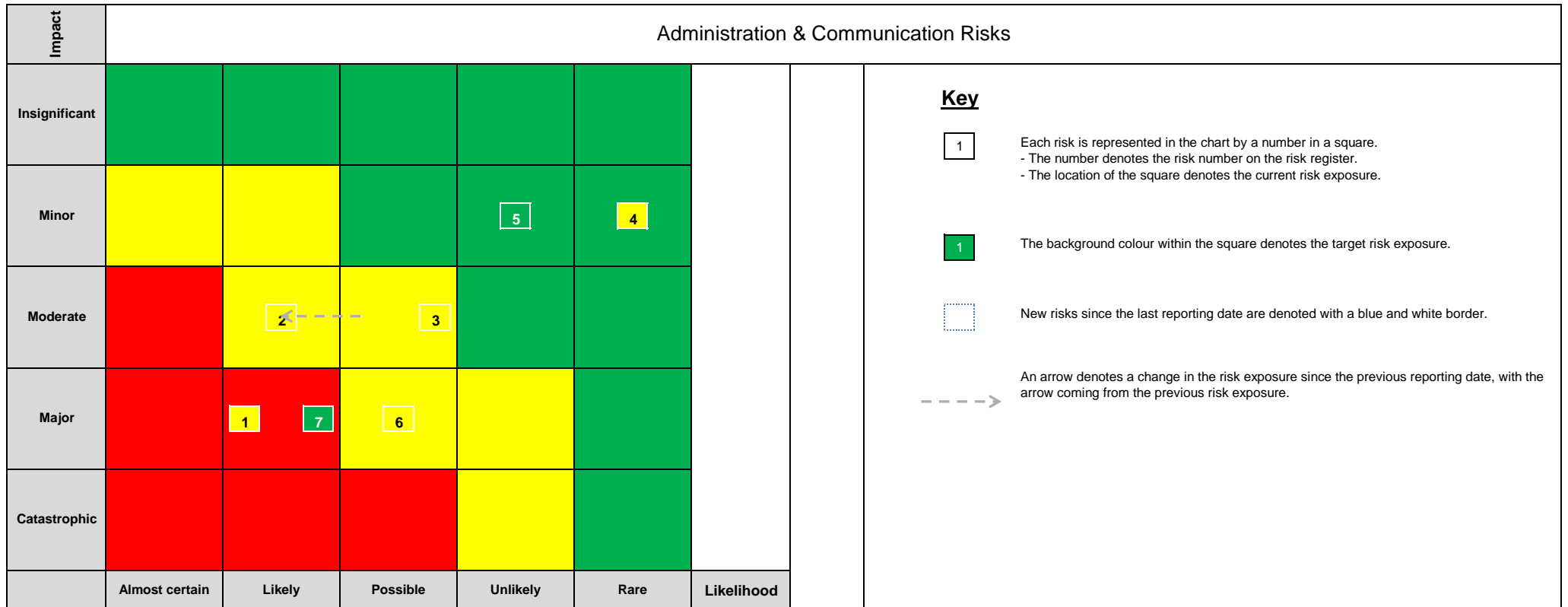


# Item 07d - Appendix 4a

## Administration and Communication Risks Heat Map and Summary



# Hackney Pension Fund - Control Risk Register

## Administration & Communication Risks

Objectives extracted from Administration Strategy (03/2017) and Communications Strategy (04/2016):

- A1 Deliver an efficient, quality and value for money service to its scheme employers and scheme members
- A2 Ensure payment of accurate benefits and collect the correct contributions from the right people in a timely manner
- A3 Ensure the Fund's employers are aware of and understand their role and responsibilities under the LGPS regulations and in the delivery of the administration function
- A4 Maintain accurate records and communicate all information and data accurately, and in a timely and secure manner
- A5 Set out clear roles and responsibilities for the Council and Equiniti and work together to provide a seamless service to Scheme employers and scheme members
- C1 Promote the scheme as a valuable benefit and provide sufficient and up to date information so members can make informed decisions about their benefits
- C2 Communicate in a plain language style
- C3 Ensure the Fund use the most appropriate means of communication, taking into account the different needs of different stakeholders
- C4 Look for efficiencies in delivering communications including greater use of technology
- C5 Evaluate the effectiveness of communications and shape future communications appropriately

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	Poor Membership Data	Poor administration and/or provision of data result in inaccurate data giving rise to financial, reputational risks, actuary unable to set contribution rates, higher contribution rates, member dissatisfaction, inaccurate benefit statements produced, overpayment of benefits etc. Incorrect data submitted for valuation, inaccurate McCloud reconciliation. Data provided late also impacts on Fund's ability to pay correct benefits and set accurate contribution rates.	A1, A4	Major	Likely	High	1 - Annual monitoring of membership records, valuation checks, external data validations (done by third party administrator) 2 - Monthly monitoring of contributions to ensure that employers paying correct contributions along with membership data being supplied (done by third party administrator) 3 - Service Level Agreement with external administrator and monthly monitoring of contract. Monitoring of employers and Pensions Administration Strategy which enables Fund to recoup additional administration costs for sub-standard performance. 4 - Provision of employer support to ensure employers have the knowledge and understanding necessary to provide correct information	Moderate	Possible	High	☹️	Current impact 1 too high Current likelihood 1 too high	01/12/2018	Dec 2020	1 - Liaison with payroll team to prioritise completion of development work on interface (MH) 2 - Roll out employer portal to all employers (LP) 3 - Develop and roll out data improvement plan (LP/MH) 4 - Ensure Equiniti roll out employer strategy in line with contract (LP) 5 - Speak to Equiniti to understand monitoring carried out (see internal controls) (MH)	Lucy Patchell / Michael Honeysett	30/04/2021	16/07/2020
2	Poor Employer Engagement	Poor employer engagement can lead to incorrect or late data (see above) and/or member dissatisfaction.	A3, C1-5	Moderate	Likely	High	1 - Provision of employer support from Pensions Team/Third Party Administrator 2 - Annual Employer Forum 3 - Employer section of website containing guidance 4 - Pensions Administration Strategy setting out expected service standards and allowing for additional employer charges where appropriate	Moderate	Possible	High	☹️	Current likelihood 1 too high	01/12/2018	Dec 2019	1 - Roll out employer portal (LP) 2 - Roll out of employer engagement strategy (LP) 3 - Carry out employer satisfaction surveys (LP) 4 - Continue with roll out of employer section of website (LP)	Lucy Patchell	30/04/2021	16/07/2020
3	Poor Member Engagement	Poor member engagement can lead to members not fully understanding and/or appreciating the benefits available to them, which could lead them to make poor decisions about their benefits.	A1, A4, C1-C3	Moderate	Possible	High	1 - Provision of annual benefit statements and newsletters 2 - Member website with information about benefits and the Fund	Moderate	Possible	High	☺️				1 - Continue roll out of Member Self Service (LP) 2 - Carry out regular member surveys (LP)	Lucy Patchell	30/04/2021	16/07/2020
4	Pension Overpayments - increased costs through failure to cease pension payments	Pension Overpayments arising as a result of non-notification of death, re-employment, or ceasing education. This has financial and reputational consequences.	A2	Minor	Rare	Medium	1 - Management of NFI matches and follow up. NFI exercises to identify checks 2 - Write to pensioners each year over age 80 and overseas seeking confirmation of ongoing pension entitlement (currently on hold due to COVID-19).	Minor	Rare	Medium	☺️				1 - Existence checks to be carried out (LP)	Lucy Patchell	30/04/2021	16/07/2020
5	Discretionary Policies - insufficiently robust policies expose Fund to higher costs	Regulations allow the Pension Fund and employers certain areas where they are able to exercise discretion. Excessively generous or insufficiently robust policies of the Pension Fund and employers exposed to higher costs and reputational risks.	A2, A3	Minor	Unlikely	Medium	1 - Controls - Agreed policies and procedures to control such risks, which are regularly reviewed and approved by Pensions Committee. 2 - Ensuring that employers are aware of the additional costs that could arise from the exercise of their discretions or lack of policy.	Minor	Unlikely	Medium	☺️					Lucy Patchell	30/04/2021	16/07/2020
6	Poor delivery of administration service	Risk that third party administrator does not deliver in accordance with contractual requirements	A1-6	Major	Possible	High	1 - Strict service standards and SLAs in place 2 - Appointment through robust procurement exercise 3 - Expert contract management team in place 4 - Regular monitoring of KPIs 5 - Regular service review meetings 6 - Pensions Administration Strategy sets out expected service levels	Major	Unlikely	High	☹️	Current likelihood 1 too high	01/12/2018	Dec 2019	1 - Ensure contract requirements are met through continual monitoring 2 - Early identification and escalation of issues	Lucy Patchell	30/04/2021	16/07/2020
7	External Factor/Regulatory Risk	The risk that external factors or the introduction of new regulation requires major changes to the operation of the Fund. This is particularly high at present due to McCloud.	A1-A6	Major	Likely	High	1 - Advice and guidance from professional advisors 2 - Attendance at regular LGPS national events/groups 3 - Project planning for McCloud has already started	Moderate	Possible	High	☹️	Current impact 1 too high Current likelihood 1 too high	16/07/2020	TBC	1. Ensure project management for McCloud in place ASAP (LP) 2. Continue to keep abreast of other proposed changes and their implications (MH/LP)	Michael Honeysett / Lucy Patchell	30/04/2021	16/07/2020