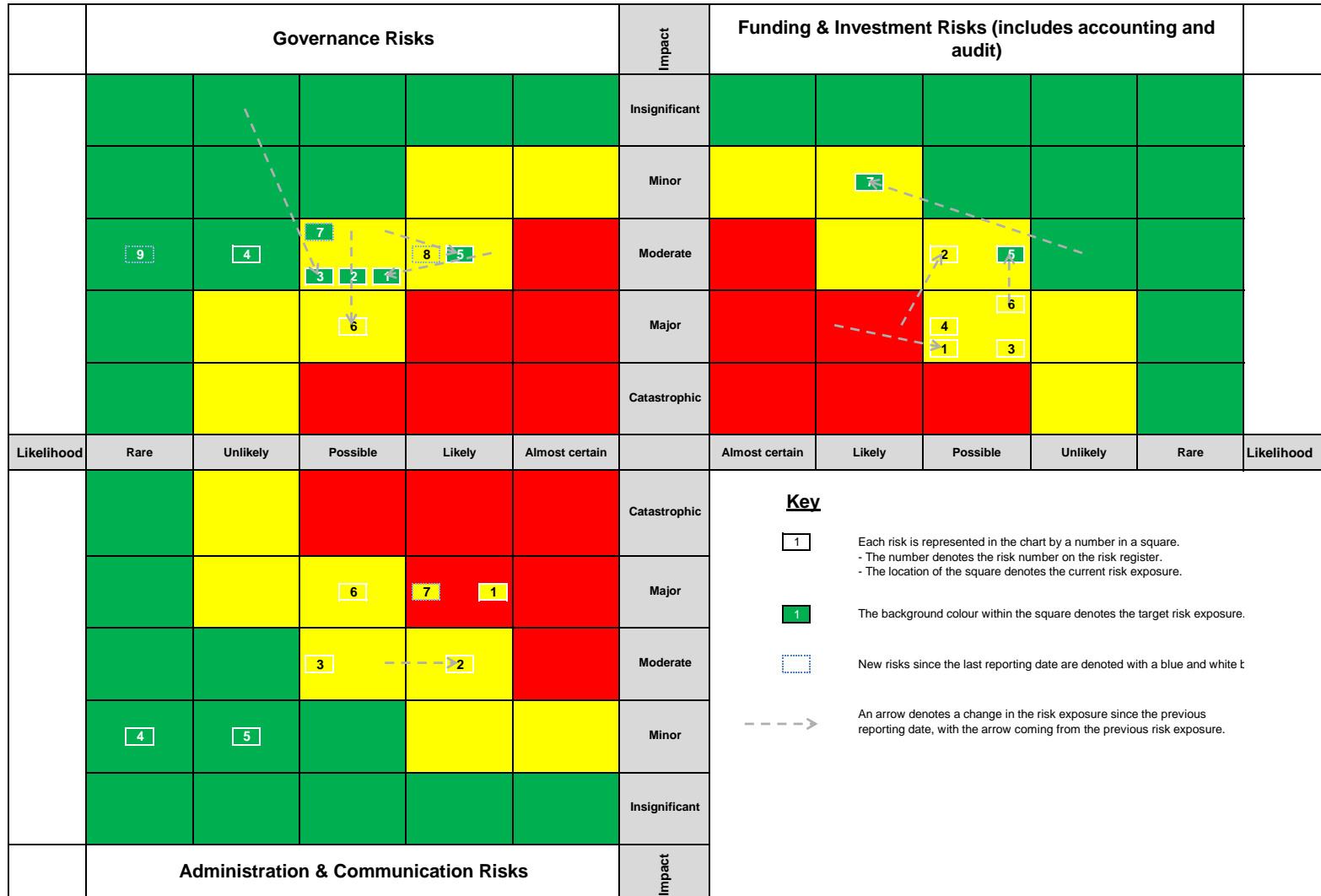


Item 07F - Appendix 4c

All Fund Risk Heat Map and Summary of Governance Risks



Hackney Pension Fund - Control Risk Register
Governance Risks

Objectives extracted from Governance Policy

- G1 All staff, Pensions Committee and Pension Board Members charged with financial administration, decision-making or oversight with regards to the Fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them
- G2 The Fund is aware that good governance means an organisation is open in its dealings and readily provides information to interested parties
- G3 All relevant legislation is understood and complied with
- G4 The Fund aims to be at the forefront of best practice for LGPS funds
- G5 The Fund manages Conflicts of Interest 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	Recruitment and Retention - Insufficient experienced staff to meet Fund objectives	Restrictions on local authority salaries and council recruitment freezes make it challenging for the fund to recruit and retain suitably qualified and experienced staff. The introduction of the Government's exit payments cap and internal voluntary redundancy policies also have an impact on staffing.	G1, G3, G4	Moderate	Possible	High	<ul style="list-style-type: none"> 1 - Salaries benchmarked, supplements paid where appropriate 2 - Policies and procedures in place 3 - Staff able to cover other roles where possible 4 - Develop robust succession planning approach 5 - Increase reliance on advisors in short term where required 	Moderate	Unlikely	High	☹️	Current likelihood 1 too high	01/12/2018	Mar 2021	<ul style="list-style-type: none"> 1 - Develop succession planning approach (JMMH/LP) 2 - Further development of training programme - increase focus on mid level staff (MH/LP) 	Lucy Patchell / Michael Honeysett	30/04/2021	04/01/2021
2	Knowledge and Skills - insufficient knowledge and skills amongst those charged with Fund Management	Failure to provide suitable training and to ensure that all Committee Members are engaged and able to attend with sufficient regularity could result in the Fund making wrong or inappropriate decisions as a result of insufficient knowledge and skills amongst those charged with its management	G1, G3, G4	Moderate	Possible	High	<ul style="list-style-type: none"> 1 - Improvements being made to both induction and ongoing training 2 - Regular review of training offered and its effectiveness 3 - Knowledge and Skills Policy/training plan in place 4 - Training needs analysis carried out periodically 	Moderate	Unlikely	High	☹️	Current likelihood 1 too high	01/12/2018	Dec 2019	<ul style="list-style-type: none"> 1 - Review of training programme and requirements underway (JMMH) 	Michael Honeysett	30/04/2021	16/07/2020
3	Conflicts of Interest - actual conflicts of interest permitted to materialise	Failure to adequately monitor and disclose conflicts of interest results in potential conflicts not being managed	G5	Moderate	Possible	High	<ul style="list-style-type: none"> 1 - Conflicts of interest policy and register maintained 2 - Standing item requesting disclosure at all Committee/Board meetings 3 - Annual update to declarations required 	Insignificant	Unlikely	High	☹️	Current impact 2 too high Current likelihood 1 too high	16/07/2020		<ul style="list-style-type: none"> 1 - Further training for committee and board members 2 - Broaden register of conflicts 3 - Consider management of advisor conflicts 	Michael Honeysett	30/04/2021	16/07/2020
4	Internal Fraud - financial loss resulting from actions of employee	Pensions team or third party involved with the management of significant financial resources - potential for internal fraud	G4	Moderate	Unlikely	High	<ul style="list-style-type: none"> 1 - Segregation of duties for key roles 2 - Regular scrutiny from internal audit 3 - Annual external audit of the Pension Fund 4 - Regular review of third parties' internal controls 	Moderate	Unlikely	High	☺️				Michael Honeysett	30/04/2021	16/07/2020	
5	Data Protection - failure to adequately protect member details	Non-compliance with the GDPR results in a failure to adequately protect member details, with a potential financial or personal impact on members. Home working due to Covid-19 has increased the potential risk.	G3, G4	Moderate	Likely	High	<ul style="list-style-type: none"> 1 - Compliance with the Council's ICT policy 2 - Use of encrypted email and/or TLS links for sensitive data 3 - Use of confidential waste disposal 4 - Use of secure courier to transmit sensitive hard copy files 5 - Appropriate access control measures 6 - Redaction of personal information where required 7 - Tailored training to be provided to Financial Services staff, Pensions Committee and Pension Board Members <p>Contracts with third party suppliers acting as joint data processors must ensure that:</p> <ul style="list-style-type: none"> 1 - Third parties are GDPR compliant 2 - Secure methods of transfer for sensitive data transmission/storage built into contract 3 - Appropriate risk sharing between the Council and the third party supplier is in place. 	Moderate	Unlikely	High	☹️	Current likelihood 2 too high	01/12/2018	Dec 2019	<ul style="list-style-type: none"> 1 - Ensure all pensions team staff fully trained on GDPR and that this is regularly updated. 2 - Ensure TLS links in place with third party suppliers where possible - DONE 3 - Roll out employer portal to ensure more user friendly secure data transmission 4 - explore further secure email options as current offer not user friendly - DONE 5 - consider additional GDPR requirements due to Covid-19 situation 6 - obtain regular third party reassurance on GDPR measures 	Lucy Patchell / Michael Honeysett	30/04/2021	16/07/2020
6	Reliance on external systems - potential for cybercrime	Heavy reliance on external systems including following systems: Cedar (accounting), HSBCnet (custodian), LloydsLink, Compendia could result in a) failure to take appropriate action in the event of system failure b) insufficient protection against cybercrime	G4	Major	Possible	High	<ul style="list-style-type: none"> 1 - All teams complete a Business Impact Analysis to assess timescales/impact of system failure etc. 2 - The Pension Investments and Pensions Administration Business Continuity Plans detail actions to take in the event of system failure 3 - Assurances of system security from third parties 4 - Internal Council controls and firewalls 	Major	Unlikely	High	☹️	Current likelihood 1 too high	01/12/2018	Dec 2019	<ul style="list-style-type: none"> 1 - Internal training required on cybercrime risk - DONE 2 - Understand Council's approach to cybercrime prevention 3 - Receive written assurances from all suppliers re management of cybercrime 4 - Develop pension fund cybercrime policy 	Lucy Patchell / Michael Honeysett	30/04/2021	16/07/2020
7	Business continuity failure	Risk of a systems failure (not related to cybercrime) or other event affecting the ability of the Fund or third parties to carry out business	G4	Moderate	Possible	High	<ul style="list-style-type: none"> 1 - Business continuity plans in place 2 - Ability to homework 3 - Reassurances from third parties on their business continuity measures 	Minor	Unlikely	High	☹️	Current impact 1 too high Current likelihood 1 too high	16/07/2020		<ul style="list-style-type: none"> 1 - Review of business continuity procedures to reflect Covid-19 	Michael Honeysett	30/04/2021	16/07/2020
8	External Factor/Regulatory Risk	The risk that external factors or the introduction of new regulation requires major changes to the operation of the Fund (e.g. SAB Good Governance report).	G3	Moderate	Likely	High	<ul style="list-style-type: none"> 1 - Advice and guidance from professional advisors 2 - Attendance at regular LGPS national events/groups 	Moderate	Possible	High	☹️	Current likelihood 1 too high	16/07/2020		<ul style="list-style-type: none"> 1 - Continue to keep abreast of other proposed changes and their implications (Mn) 	Michael Honeysett / Lucy Patchell	30/04/2021	16/07/2020
9	Incorrect advice/guidance received from third parties	The Fund relies on external advisors in many areas so could be at risk if incorrect or no advice/guidance is provided.	G1 - G4	Moderate	Rare	High	<ul style="list-style-type: none"> 1 - Retendering exercises to ensure that contracts remain appropriate and that the advisors are appropriately qualified and experienced 2 - Regular meetings with external advisors discussing current pensions landscape 	Moderate	Rare	High	☺️				Michael Honeysett	30/04/2021	16/07/2020	