

**West Midlands Fire Service Pension Board Risk Register****Updated 14/3/2022**

Reviewed under agenda item 6 at meeting on 10th December 2021

Next review due:

Risk Area - OPERATIONS	Likelihood	Impact	Score	Change from previous review	Control	Owner	Assigned to	Test/Review	Mitigation	Comments
1. Operational disaster (i.e. flood/fire)	1	4	4	↔	Pension records stored electronically/via a server and not yet on the cloud. Data backed up regularly	Pension Provider (may be Scheme Manager)	Pensions Manager	Annual		Business continuity and safety/security of records is part of the role of the pension administration provider
2. Member data incomplete or inaccurate	3	3	9	↔	Annual reconciliation of member data to ensure accuracy and resolve any gaps	Scheme Manager	Pensions Manager	Annual	Data to be checked as part of the annual ToR return. Results will be reported to the Pension Board	Currently, checks are completed in preparation for annual returns. <u>Meeting 30/3/2021.</u> Risk to be reviewed over next 6 months. Impact may need to increase due to it being reportable. Agreed 'Impact' adjusted to 3.
					Address data cleanse completed annually	Pension Provider	Pensions Manager	Annual	Incorrect addresses investigated using a tracing agency	
					Robust payroll processes in place	Scheme Manager	Pensions Manager	Annual	To ensure accuracy of data sent to pension section	
3.a Administration Failure/Mal-administration	3	2	6	↔	All staff in Payroll and Pensions section are managed through organisational policies and process	Scheme Manager	Pensions Manager	Quarterly	Internal procedures are reviewed and audited annually as part of the normal audit cycle.	
3b. Recommendation to remove					Authority Levels and signatory lists clearly documented and up to date	Scheme Manager/Provider		When there is a change in staff or policy	This forms part of the annual review of the Pay Policy statement.	14/3/2022. Signatory lists no longer in place further to move to Oracle where permissions are set as part of the authorisation process
3c.					Review audit reports	Scheme Manager	Pensions Manager	Annual	Normal monthly payroll processing arrangements cover this issue.	
4. Computer system failure at pay date	1	4	4	↔	Pay the previous month pension from the file with adjustments for death or part period payments. If notification that system will not be available or when upgrade is going through at compliance date. Trial pay run can be used as actual if testing fails	Scheme Manager	Pensions Manager	Annual	Covered within the services Business Continuity Plan	
5. Failure to process BACS	2	4	8	↔	Internal process for ensuring that BACS has been sent.	Pension Provider	Pensions Manager	Annual	Controlled by the normal processing procedures and reviewed annually by Internal Audit	14/03/2021. BACS system to be run in-house wef end March 2022. Intention to reduce risk to 4 if all goes well
6. Payment made to ineligible pensioner	3	3	9	↑	Annual certificate of identity process in place.	Pension Provider	Pensions Manager	Annual	Risk has been raised with SET Finance and Resources and new procedure to be implemented from October 2021	14/3/2022. Increase in likelihood and impact from 1 and 1. Work not yet complete
7. Fraud in Payroll office.	1	2	2	↓	Reconciliation with report from payroll system and excel spreadsheet balance each month	Strategic Enabler - Resources	Pensions Manager	Annual	Part of the services Financial controls. Subject to annual review by Internal Audit.	
8. Insufficient resource to enable function to meet requirements of Pension Regulator	2	2	4	↔	Structure and staffing of function under review	Strategic Enabler - Resources	Pensions Manager	As and when regulator requirements change	Issues reviewed by SET Finance and Resources as part of monthly meeting with Payroll and Pensions Manager and internal KPI's	14/3/2022 currently stable - review in hand.

9. Failure to produce Annual Benefit Statement	1	3	3		Report to TPR. Keep scheme members and pension board informed of issue.	Scheme Manager	Pensions Manager	May - annually	Progress reported by Payroll and Pensions Manager to Employer Rep and monitored by board at regular intervals as agreed at first meeting of each year.	14/3/2022. New system will reduce risk, with online delivery through a portal
10. Successful legal challenge to scheme <b>Recommend to remove</b>	3	4	12						Attendance at National Forums by members of the Pensions team to ensure that the service is fully informed and trained on emerging issues at the earliest opportunity.	14/03/2022
11. Application of remedy (McLoud)	4	4	16		Data, Governance, People and Systems	To be determined	Pensions Manager	Ongoing	Ensure requisite numbers of skilled staff are available and that IT systems have been updated.	14/03/2022. Move to amber - length of time for application of remedy. October 2023 is date - delivery may be an issue. Move to 4 x 4. Discussion at Pension Board until October 2023. Audit and Risk requesting update each time they meet.
12. Failure to complete reconciliation of GMP records to HMRC. <b>Recommend to remove</b>	1	1	1		Ensure appropriate level of resource deployed	Strategic Enabler - Resources	Pensions Manager			14/3/2022. Complete
13. Fraud/ Fraudulent behaviour. <b>Recommend to remove</b>	1	1	1			Strategic Enabler - Resources	Pensions Manager		Annual Audit	14/3/2022. Covered under 7.
14. Costs incurred due to failure to apply scheme/tax rules correctly or in a timely manner	1	3	3		Keep up to date with changes Attend regional meetings Subscribe to knowledge hub Subscribe to HMRC pension tax updates Pension board involvement Access professional advice before proceeding	Strategic Enabler - Resources  (151 Officer)	Pensions Manager		Annual Audit	
15. Failure to deduct correct contributions from pay. <b>Recommend to remove</b>	1	1	1			Pension Provider	Pension Manager		Annual audit	14/03/2022. New system automatically calculates contributions - no longer manual task. System failure covered
16. Failure of employer to pay contributions to the scheme. <b>Recommend to remove</b>	1	1	1		Pension deductions are accounted for by the FRA and therefore contributions are deducted directly from employee pay and accounted for in the pension fund account.	Strategic Enabler - Resources (151 Officer)	Finance	Monthly		Monthly checks are conducted on this by the Finance team. 14/3/2022. No benefit of having on this specific risk register
17. Failure to manage FPS fund correctly i.e. injury pension accounting	1	2	2		Training – Guidance  Fire Finance network links	Strategic Enabler - Resources (151 Officer)	Finance		Annual Audit	
18. Failure to interpret rules or legislation correctly	3	2	6		Central LGA resource and regional / national groups to assist with interpretation of rules and possible provision of legal opinion where this has been sought – with the caveat that each FRA should take own legal advice. Technical team of pension provider.  Access to knowledge hub and HMRC pension tax updates.  Training.  Access professional legal / tax advice where necessary	Scheme Manager			Monthly management meeting between Payroll and Pensions Manager and SET Finance and Resources.  Annual Audit	14/3/2022. Likelihood increase from 2 to 3 due to amount of legislation changes and their interpretation
19. Failure to comply with disclosure requirements or communicate with staff	3	2	6		IDRP process  Communications with staff	Scheme Manager	Pensions Manager			14/3/2022. Likelihood increase from 2 to 3 (linked to 18)  Reports to Pension Board. Risk

					ABS HR processes in place for auto-enrolment and annual pension band changes mail merges				
20. Pension Board Resourcing/Succession Planning. Added	4	3	12		Discussion point at meeting on 28th March 2022. Employer(WBS) and employee (ER) positions to be filled.	Clerk to the Authority	Chair	As and when identified	14/3/2022. Meeting on 28th March 2022 will be the second time this position has not been represented.
21. Application of remedy (O'Brien). Added 14/3/2022					Discussion point at meeting on 28th March 2022				

**Legend**

Risk Score 1 - 4
Risk Score 5 - 9
Risk Score 10 -16

