



AVON
FIRE & RESCUE

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**Avon Fire Authority
Firefighter Pension Scheme Risk Register
April 2018**

Introduction

The risks identified in respect of the Firefighter Pension Scheme have been set out in a separate risk register to the Corporate Risk register of the Fire Authority. The risks identified will be scrutinised by the Local Pension Board with any recommendations being made to the Fire Authority.

The risks have been calculated using the new risk scoring matrix that has been adopted for the Fire Authority's corporate risk register as follows:

| | | | | | |
|--------------------------|--------|----------|----------|----------|-----------------|
| Catastrophic | 19 | 22 | 23 | 24 | 25 |
| Major | 14 | 17 | 18 | 20 | 21 |
| Moderate | 9 | 12 | 13 | 15 | 16 |
| Minor | 4 | 6 | 8 | 10 | 11 |
| Insignificant | 1 | 2 | 3 | 5 | 7 |
| Impact ↑ Likelihood → | Remote | Unlikely | Possible | Probable | Highly Probable |

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Risk Area - OPERATIONS

| Risk No & Title | Risk Score | Impact/ Likelihood | Control | Owned by | Test / Review | Comment |
|--|------------|-----------------------|---|---|------------------|---|
| LPB 01- Operational disaster (fire/flood etc) | 14 | Major / Remote | All records are stored electronically. Data is backed up regularly and server providers also have business continuity procedures in place | Scheme Manager \ B&NES \ Bristol City Council | Annual review | Business continuity and safety/security of records is part of contract agreements |
| | | | The majority of pension documents are electronic and all personnel files are scanned. Data is regularly backed up, can be accessed from anywhere on the network and server providers also have business continuity procedures in place | Scheme Manager | On-going | Business continuity and safety/security of records is part of business as usual. |
| | | | Contract and service level agreement with pension and financial services providers stored electronically. | Scheme Manager | On-going | |
| LPB 02 - Member data incomplete or inaccurate | 17 | Major/ Unlikely | Annual reconciliation of member data to ensure accuracy and resolve any gaps. | Scheme Manager | Annual review | Currently, checks are completed in preparation for annual returns. |
| | | | Address data cleanse completed annually and any addresses found to be incorrect are investigated using a tracing agency | BANES | Annual review | |
| | | | Robust payroll processes in place to ensure accuracy of data sent to pension provider | Scheme Manager \ Bristol City Council | On-going | |

| Risk No & Title | Risk Score | Impact/ Likelihood | Control | Owned by | Test / Review | Comment |
|---|------------|--------------------------------|--|------------------------|---|---|
| LPB 03 - Administration process failure/ maladministration | 12 | Moderate / Unlikely | Formal agreement in place with pension provider including SLAs | Scheme Manager | Annual review | Receive quarterly reports from the providers performance management system outlining where SLAs have been met / breached. |
| | | | Authority levels and signatory lists clearly documented and up to date | Scheme Manager / B&NES | When there is a change in staff or policy | |
| | | | Review Pension Providers audit reports | Scheme Manager | Annual review | |
| | | | Close management of administration contract | Scheme Manager | Monthly monitor | Scheduled contract meetings with B&NES |

Risk Area - FINANCIAL

| Risk No & Title | Risk Score | Impact/ Likelihood | Control | Owned by | Test / Review | Comment |
|--|-------------------|----------------------------|---|-----------------|----------------------|--|
| LPB 04- Excessive charges by provider | 6 | Minor / Unlikely | <p>Contracts are governed by OJEU rules and are often limited to 3 years with the option to extend, meaning providers are regularly reviewed.</p> <p>Contract prices and any adhoc scenarios where additional charges may be incurred are laid out in the contract terms \ SLA.</p> | Scheme Manager | Term of the contract | It is always possible that changes to pension regs or tax regs will incur additional work for the provider and therefore unexpected costs for the FRA i.e. GMP reconciliation. |
| LPB 05 –Fraud / Fraudulent behaviour | 12 | Moderate / Unlikely | Systems of internal control | Scheme Manager | On-going | |
| | | | Internal audit | Scheme Manager | On-going | |
| | | | External audit | Scheme Manager | On-going | |
| LPB 06 - Costs incurred due to failure to apply scheme/tax rules correctly or in a timely manner | 12 | Moderate / Unlikely | Keep up to date with changes Attend regional meetings Subscribe to knowledge hub | BANES | On-going | |
| | | | Attend regional meetings | BANES | On-going | |
| | | | Subscribe to knowledge hub | BANES | On-going | |
| | | | Subscribe to HMRC pension tax updates | BANES | On-going | |

| Risk No & Title | Risk Score | Impact/ Likelihood | Control | Owned by | Test / Review | Comment |
|-----------------|------------|-----------------------|--|----------|------------------|---------|
| | | | Pension board involvement | BANES | On-going | |
| | | | Access professional advice before proceeding | BANES | On-going | |

Risk Area - FUNDING

| Risk No & Title | Risk Score | Impact/ Likelihood | Control | Owned by | Test / Review | Comment |
|--|-------------------|---------------------------|--|-----------------|----------------------|--|
| LPB 07- Failure to deduct correct contributions from pay | 18 | Major \ Possible | Systems of internal control | Scheme Manager | On-going | |
| | | | Internal audit | Scheme Manager | On-going | |
| | | | External audit | Scheme Manager | On-going | |
| LPB 08 – Failure of employer to pay contributions to the scheme | 4 | Minor \ Remote | 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. | Scheme Manager | Monthly | Monthly checks are conducted on this by the Finance Team |
| LPB 09 - Failure to manage FPS fund correctly ie injury pension accounting | 17 | Major \ Unlikely | Training – Guidance | Scheme Manager | On-going | |
| | | | Fire Finance network links | Scheme Manager | On-going | |

Risk Area – REGULATORY AND COMPLIANCE

| Risk No & Title | Risk Score | Impact/ Likelihood | Control | Owned by | Test / Review | Comment |
|---|-------------------|---------------------------|---|------------------------|----------------------|----------------|
| LPB 10- Failure to interpret rules or legislation correctly | 17 | Major / Unlikely | 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. | Scheme Manager \ BANES | On-going | |
| | | | Technical team of pension provider | BANES | On-going | |
| | | | Access to knowledge hub and HMRC pension tax updates | Scheme Manager | On-going | |
| | | | Training | Scheme Manager \ BANES | On-going | |
| | | | Access professional legal / tax advice where necessary | Scheme Manager \ BANES | On-going | |
| LPB 11 - Failure to comply with disclosure requirements or communicate with staff | 17 | Major / Unlikely | Internal Disputes Resolution Process (IDRP) | Scheme Manager \ BANES | On-going | |
| | | | Communicates with staff | Scheme Manager \ BANES | On-going | |
| | | | Annual Benefit Statements | Scheme Manager \ BANES | Annual review | |
| | | | HR processes in place for auto-enrolment every three years | Scheme Manager | Triennial review | |
| | | | Processes in place for annual pension band changes | Scheme Manager | Annual review | |

| Risk No & Title | Risk Score | Impact/ Likelihood | Control | Owned by | Test / Review | Comment |
|---|------------|-----------------------------|---|---------------------------------|------------------|---------|
| LPB 12 – Compliance with the General Data Protection Regulation (GDPR) | 17 | Major/ Unlikely | Preparatory work on the introduction of GDPR has been on-going for over a year and its introduction is on track. | Scheme Manager | On-going | |
| | | | Activities such as updating privacy notices and mapping data have been carried out. | Scheme Manager | On-going | |
| | | | Data protection training for staff is carried out by e-learning and must be completed by staff every two years. This will continue. | Scheme Manager | On-going | |
| | | | The terms and conditions with suppliers reviewed to ensure compliance with the GDPR. | Scheme Manager | On-going | |
| | | | A generic privacy notice, based on the Local Government Pension Scheme, is to be provided by the LGA for use by fire authorities. | Scheme Manager \ BANES | On-going | |
| | | | Firefighters' Pension Scheme website to contain detailed information about GDPR. Pension scheme members to be sent a shortened version. | BANES | On-going | |
| | | | All forms currently used by Bristol City Council payroll team, the HR team and the Avon Pension Fund reviewed to ensure compliance. | Scheme Manager \ BANES | On-going | |
| LPB 13 – 2015 Scheme Transitional Protection Employment claim | 18 | Major \ Possible | Age discrimination claim currently being considered by employment tribunal. Likely outcome being monitored. | Scheme Manager \ Home Office | On-going | |