

# Pecyn Dogfennau



Wendy Walters  
Prif Weithredwr,  
Chief Executive,  
Neuadd y Sir, Caerfyrddin. SA31 1JP  
County Hall, Carmarthen. SA31 1JP

**DYDD MERCHER, 11 MEDI 2019**

**AT: HOLL AELODAU'R PWYLLGOR CRONFA BENSIWN DYFED**

**YR WYF DRWY HYN YN EICH GALW I FYNYCHU CYFARFOD O'R PWYLLGOR CRONFA BENSIWN DYFED A GYNHELIR YN YSTAFELL BWYLLGOR GWASANAETHAU DEMOCRATAIDD, - NEUADD Y SIR, CAERFYRDDIN. SA31 1JP. AM 1.00 YP, DYDD MERCHER, 18FED MEDI, 2019 ER MWYN CYFLAWNI'R MATERION A AMLINELLIR AR YR AGENDA SYDD YNGHLWM**

*Wendy Walters*

**PRIF WEITHREDWR**



**AILGYLCHWCH OS GWELWCH YN DDA**

<b>Swyddog Democrataidd:</b>	<b>Jessica Laimann</b>
<b>Ffôn (Ilinell uniongyrchol):</b>	<b>01267 224178</b>
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<b>Cyf:</b>	<b>AD016-001</b>

<p><b>AELODAETH PWYLLGOR CRONFA BENSIWN DYFED</b></p> <p><b>3 AELOD</b></p>
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**GRŴP PLAID CYMRU (1)**

- 1    Cyngorydd        Elwyn Williams (Cadeirydd)

**GRŴP LLAFUR (1)**

- 1    Cyngorydd        Rob Evans

**GRŴP ANNIBYNNOL (1)**

- 1    Cyngorydd        Jim Jones

**DIRPRWY ENWEBEDIG (1)**

**Cyngorydd Dai Thomas**

# AGENDA

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NI DDYLID CYHOEDDI'R ADRODDIAD SY'N YMWNEUD Â'R MATERION CANLYNOL GAN EU BOD YN CYNNWYS GWYBODAETH EITHRIEDIG FEL Y'I DIFFINIWYD YM MHARAGRAFF 14 O RAN 4 O ATODLEN 12A I DDEDDF LLYWODRAETH LEOL 1972 FEL Y'I DIWYGIWYD GAN ORCHYMYN LLYWODRAETH LEOL (MYNEDIAD AT WYBODAETH) (AMRYWIO) (CYMRU) 2007. OS BYDD Y PWYLLGOR AR ÔL CYNNAL PRAWF LLES Y CYHOEDD YN PENDERFYNU YN UNOL Â'R DDEDDF, I YSTYRIED Y MATER HYN YN BREIFAT, GORCHMYNNIR I'R CYHOEDD ADAEL Y CYFARFOD YN YSTOD TRAFODAETH O'R FATH.
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Mae'r dudalen hon yn wag yn fwriadol

## DYFED PENSION FUND COMMITTEE

Wednesday, 19 June 2019

**PRESENT:** Councillor D.E. Williams (Chair)

**Councillors:**

R.E. Evans and T.J. Jones

**Also in attendance:**

Mr E. Lambert, Independent Investment Adviser

**Also in attendance as an observer:**

Cllr D. Thomas (Substitute Member)

**The following Officers were in attendance:**

C. Moore, Director of Corporate Services

K. Gerard, Pensions Manager

A. Parnell, Treasury and Pension Investments Manager

B. Owen, Pension Investments Officer,

J. Laimann, Democratic Services Officer

**Democratic Services Room, County Hall, Carmarthen, 10.00 – 11.40 a.m.**

**1. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**2. DECLARATIONS OF PERSONAL INTERESTS**

Councillor	Nature of Interest
D.E. Williams	Member of the Dyfed Pension Fund
T.J. Jones	Member of the Dyfed Pension Fund
R. Evans	Member of the Dyfed Pension Fund

**3. MINUTES OF THE MEETING OF THE COMMITTEE HELD ON THE 21ST FEBRUARY, 2019.**

**UNANIMOUSLY RESOLVED** that the minutes of the meeting of the Committee held on the 21<sup>st</sup> February 2019 be signed as a correct record.

**4. BUDGET MONITORING ACTUALS 1 APRIL 2018 - 31 MARCH 2019**

The Committee received the Dyfed Pension Fund Budget Monitoring report which provided an update on the latest budgetary position in respect of the 2018/19 financial year. It was noted that the current position, as at 31<sup>st</sup> March 2019, forecast an under-spend of £635k in cash terms. With regard to expenditure, the net effect of benefits payable and transfers out represented a £3.4m over-spend mainly influenced by the uncontrollable nature of lump sum payments and transfers out of the fund. Management expenses were underspent by £0.2k. With regard to income, the net effect of contributions, investment income and transfers

in represented an increase in income of £3.9m. Overall, total fund expenditure was £89.8m and total income £90.4m representing a positive cash flow position of £0.6m.

**UNANIMOUSLY RESOLVED that the Dyfed Pension Fund Monitoring Report be received.**

## **5. STATEMENT OF ACCOUNTS 2018-19**

The Committee considered the Dyfed Pension Fund Statement of Accounts for 2018/19, produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018-19, detailing the financial position, performance and financial viability for the year 2018-19 together with the results of stewardship of management i.e. – accountability of management for the resources entrusted to it and the disposition of its assets at the period end.

It was noted that the position of the fund, as at 31<sup>st</sup> March 2019 valued the total assets at £2.575bn, up from £2.44bn in 2017/18. This represented an increase in net assets of £135m from 2017/18 to 2018/19. With regard to Fund expenditure, benefits payable and transfers were totalling £87m and returns on investments £152m.

**UNANIMOUSLY RESOLVED that the Dyfed Pension Fund Statement of Accounts 2018/19 be received.**

## **6. CASH RECONCILIATION AS AT 31 MARCH 2019**

The Committee considered the Cash Reconciliation report which provided an update on the cash position in respect of the Dyfed Pension Fund. It was noted that as at 31<sup>st</sup> March 2019, £5.2m cash was being held by Carmarthenshire County Council on behalf of the Fund for immediate cash flow requirements to pay pensions, lump sums and investment management costs.

**UNANIMOUSLY RESOLVED that the Dyfed Pension Fund Cash Reconciliation report be received.**

## **7. BREACHES REPORT**

The Committee received for consideration the Breaches Report in relation to the Dyfed Pension Fund. The Committee noted that Section 70 of the Pension Act 2004 sets out the legal duty to report breaches of the law. In the Code of Practice No. 14, published by the Pensions Regulator in April 2015, paragraphs 241 to 275 provide guidance on reporting these breaches. The Dyfed Pension Fund Breaches Policy was approved by the Dyfed Pension Fund Panel in March 2016. Under the policy, breaches of the law were required to be reported to the Pensions Regulator where there was a reasonable cause to believe that:

- a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with;
- the failure to comply was likely to be of material significance to the Regulator in the exercise of any of its functions.

The Committee noted that since the last meeting there had been a number of instances where employee/employer contributions had not been received on time. However, all contribution payments were now up to date or expected to be received shortly and no report had been sent to the Pensions Regulator.

With regard to Item 62 in the report, Committee Members were advised that the breach related to a requirement to pay automatic refunds after five years to scheme members that left after April 2014. Scheme members affected by this had been contacted to request their bank details but no response had been received. The LGPS Technical Group recognised this issue on a national scale, especially in relation to refunds of small amounts of money, and had recommended that the Scheme Advisory Board ask Ministers to amend the Regulation.

**UNANIMOUSLY RESOLVED that the Breaches Report in relation to the Dyfed Pension Fund be noted.**

## **8. WALES PENSION PARTNERSHIP (WPP) UPDATE**

The Treasury & Pension Investments Manager provided the Committee with an update on the milestones and progress of the Wales Pension Partnership. The Committee noted that the launch and transition of assets into two Global Equity sub-funds (£3.5bn) had been completed and post-trade reports had been issued. Tracey Williams had been appointed as Senior Financial Services Officer for the Wales Pension Partnership. With regard to Communications, the Wales Pension Partnership website would be functional by the beginning of August. There would be a workshop on communications policy after the next Joint Governance Committee meeting in June. With regard to reporting, Mr Parnell advised that LINK had reallocated staffing in order to address previous challenges.

**UNANIMOUSLY RESOLVED that the presentation be received.**

## **9. DRAFT WPP RESPONSIBLE INVESTMENT POLICY**

The Committee received for consideration the Wales Pension Partnership Draft Responsible Investment (RI) Policy. It was advised that this overarching policy contained principles that every fund would need to consider but had been drafted in a way that could accommodate the RI policies of individual funds. The draft policy would have to be considered by all eight participant funds and would go back to the JGC for signing off in September.

**UNANIMOUSLY RESOLVED that the Draft Wales Pension Partnership Responsible Investment Policy be received.**

## **10. EXCLUSION OF THE PUBLIC**

**UNANIMOUSLY RESOLVED, pursuant to the Local Government Act 1972, as amended by the Local Government (Access to Information)(Variation) (Wales) Order 2007, that the public be excluded from the meeting during consideration of the following items as the reports contained exempt information as defined in paragraph 14 of Part 4 of Schedule 12A to the Act.**

## **11. GLOBAL CREDIT FIXED INCOME SUB FUND**

**Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute 10 above, to consider this matter in private, with the public excluded from the meeting as disclosure would be likely to cause financial harm to the Pension Fund by prejudicing ongoing and future negotiations.**

The Committee considered a report on the proposed sub-funds and manager structures for the Wales Pension Partnership Global Credit Fixed Income Sub-Funds. The Treasury & Pension Investments Manager advised that, with regard to the proposed sub-fund structure, only the Global Credit Fund was relevant to the Dyfed Pension Fund. If the proposal was agreed, the Fund's corporate bonds would be transferred into the Global Credit Fund. The Independent Investment Adviser advised that the proposal should be supported.

**UNANIMOUSLY RESOLVED that**

**11.1 The report be received;**

**11.2 The transfer of Corporate Bonds into the Wales Pension Partnership Global Credit Fund be agreed.**

## **12. INDEPENDENT INVESTMENT ADVISER REPORT TO 31 MARCH 2019**

**Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute 10 above, to consider this matter in private, with the public excluded from the meeting as disclosure would be likely to cause financial harm to the Pension Fund.**

The Committee received the Independent Investment Adviser Report which provided information in relation to the investment managers' performance for the quarterly, 12 month and rolling 3 year periods ending 31<sup>st</sup> March 2019.

**UNANIMOUSLY RESOLVED that the Independent Investment Adviser Report as at 31<sup>st</sup> March 2019 be noted.**

## **13. NORTHERN TRUST PERFORMANCE REPORT TO 31 MARCH 2019**

**Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute 10 above, to consider this matter in private, with the public excluded from the meeting as disclosure would be likely to cause financial harm to the Pension Fund.**

The Committee considered the Northern Trust Performance report for the Dyfed Pension Fund as at 31<sup>st</sup> March 2019, which provided performance analysis at a total fund level and by investment manager for the periods up to inception.

**UNANIMOUSLY RESOLVED that the Northern Trust Performance report for the Dyfed Pension Fund as at 31<sup>st</sup> March 2019 be received.**

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**CHAIR**

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**DATE**



**PWYLLGOR CRONFA BENSIWN DYFED**  
**18<sup>FED</sup> MEDI 2019**

**ADRODDIAD YNGHYLCH YR ARCHWILIAD O DDATGANIADAU**  
**ARIANNOL 2018-19**

PWYLLGOR CRONFA BENSIWN DYFED I ADOLYGU A SYLWI AR ADRODDIAD  
 ARCHWILIAD O DDATGANIADAU ARIANNOL (ISA 260) 2018-19

**Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:**

Pwyllgor i derbyn yr Adroddiad Archwiliad o Ddatganiadau Ariannol (ISA 260) 2018-19.

**Y Rhesymau:**

Pwyllgor Cronfa Bensiwn Dyfed i adolygu a sylwi ar Adroddiad Archwiliad o Ddatganiadau Ariannol (ISA 260) 2018-19 cyn iddo cael ei gyflwyno a cymeradwy i Pwyllgor Archwiliad sy'n gyfrifol am lywodraethu i gytuno yr Adroddiad.

**Ymgynghorwyd â'r pwyllgor craffu perthnasol**  
 AMHERTHNASOL

Angen i'r Bwrdd Gweithredol wneud penderfyniad AMHERTHNASOL

Angen i'r Cyngor wneud penderfyniad AMHERTHNASOL

**Y Gyfarwyddiaeth:**

**Pennaeth y Gwasanaeth:**

**Chris Moore**

**Awdur yr Adroddiad:**

**Chris Moore**

**Cyfarwyddwr y Gwasanaethau**  
**Corfforaethol**

**Rhif ffôn: 01267 224120**

**Cyfeiriad E-bost:**

**CMoore@sirgar.gov.uk**

**EXECUTIVE SUMMARY**  
**DYFED PENSION FUND COMMITTEE**  
**18<sup>th</sup> SEPTEMBER 2019**

**AUDIT OF FINANCIAL STATEMENTS REPORT 2018-19**

The Auditor General is responsible for providing an opinion on whether the financial statements of the Dyfed Pension Fund give a true and fair view of their financial position at 31 March 2019 and of its income and expenditure for the year ended.

This report sets out for consideration the matters arising from the audit of the financial statements of Dyfed Pension Fund for 2018-19, that require reporting under ISA 260.

**DETAILED REPORT ATTACHED?**

**YES**

## IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: C Moore

Director

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	YES	NONE	NONE	NONE	NONE	NONE

### Legal

The Audit Committee is charged with the responsibility of approving the ISA 260

## CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: C Moore

Director

**1. Scrutiny Committee**

NA

**2. Local Member(s)**

NA

**3. Community / Town Council**

NA

**4. Relevant Partners**

NA

**5. Staff Side Representatives and other Organisations**

NA

**Section 100D Local Government Act, 1972 – Access to Information**

**List of Background Papers used in the preparation of this report:**

**THERE ARE NONE**

Title of Document	File Ref No.	Locations that the papers are available for public inspection



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru  
Auditor General for Wales

# Audit of Financial Statements Report – **Dyfed Pension Fund**

Audit year: 2018-19

Date issued: September 2019

Document reference: **1487A2019-20**

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at

[infoofficer@audit.wales](mailto:infoofficer@audit.wales).

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

# Contents

The Auditor General intends to issue an unqualified audit report on your financial statements. There are some issues to report to you prior to their approval.

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# Summary report

## Introduction

- 1 The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of Dyfed Pension Fund at 31 March 2019 and its income and expenditure for the year then ended.
- 2 We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
- 3 The quantitative levels at which we judge such misstatements to be material for Dyfed Pension Fund is £25.7 million. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity.
- 4 International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
- 5 This report sets out for consideration the matters arising from the audit of the financial statements of Dyfed Pension Fund, for 2018-19, that require reporting under ISA 260.

## Status of the audit

- 6 We received the draft financial statements for the year ended 31 March 2019 on 14 June 2019, seven days later than the date agreed in the closure timetable.
- 7 We have now substantially completed the audit work. We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with the Director of Corporate Services.

## Proposed audit report

- 8 It is the Auditor General's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
- 9 The proposed audit report is set out in [Appendix 2](#).



## Significant issues arising from the audit

### Uncorrected misstatements

- 10 There are no misstatements identified in the financial statements, which remain uncorrected.

### Corrected misstatements

- 11 There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 3](#).

### Other significant issues arising from the audit

- 12 In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were no issues arising in these areas this year:

- **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.**

We found the information provided to be relevant, reliable, comparable, material and easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear.

- **We did not encounter significant difficulties during the audit.**

We received information in a helpful manner and were not restricted in our work.

- **There were no significant matters discussed and corresponded upon with management which we need to report to you.**

- **There is one other matter significant to the oversight of the financial reporting process that we need to report to you.**

The Pension Fund's closure of accounts timetable set a date of 7 June 2019 for the draft statement of accounts and all supporting working papers to be provided for audit. We planned to commence the audit the week commencing 10 June 2019.

We were advised prior to this date by Council officers that the draft accounts were not going to be completed as at 7 June 2019 and we had to delay the start of the audit. We received the draft accounts on 14 June 2019, but several supporting working papers were not available until later in the month. As a result, the audit did not start until 24 June 2019.

We will work with officers during the Autumn to learn lessons from the 2018-19 accounts preparation and audit processes. This exercise will help ensure that the Pension Fund delivers a high-quality set of financial statements and a full set of supporting working papers next year in line with its account's closedown deadlines.

- **We did not identify any material weaknesses in your internal controls**
- **There are no other matters specifically required by auditing standards to be communicated to those charged with governance.**

## Independence and objectivity

- 13 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 14 We have complied with ethical standards and in our professional judgment, we are independent, and our objectivity is not compromised. There are no relationships between the Wales Audit Office and Dyfed Pension Fund that we consider to bear on our objectivity and independence.

# Appendix 1

## Final Letter of Representation

[Audited body's letterhead]

Auditor General for Wales  
Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ

[Date]

### Representations regarding the 2018-19 financial statements

This letter is provided in connection with your audit of the financial statements of Dyfed Pension Fund for the year ended 31 March 2019 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

### Management representations

#### Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and CIPFA's Code of Practice for Local Authority Accounting in the United Kingdom 2018-19; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

#### Information provided

We have provided you with:

- Full access to:
  - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
  - additional information that you have requested from us for the purpose of the audit; and

- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects Dyfed Pension Fund and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

#### Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions.

## Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by Audit Committee on 13 September 2019.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Director of Corporate Services - signed on behalf of management

Date:

Signed by:

Chair of Audit Committee – signed on behalf of those charged with governance

Date:

# Appendix 2

## Proposed audit report of the Auditor General to the Members of Carmarthenshire County Council as Administering Authority for Dyfed Pension Fund

### Report on the audit of the financial statements

#### Opinion

I have audited the financial statements of Dyfed Pension Fund for the year ended 31 March 2019 under the Public Audit (Wales) Act 2004. Dyfed Pension Fund's financial statements comprise the fund account, the net assets statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2018-19 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2019, and of the amount and disposition at that date of its assets and liabilities; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018-19.

#### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

I am independent of the pension fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

### Other information

The responsible financial officer is responsible for the other information in the statement of accounts. The other information comprises the information included in the narrative report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

## Report on other requirements

### Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the narrative report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which I report by exception

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

## Certificate of completion of audit

I certify that I have completed the audit of the accounts of Dyfed Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

## Responsibilities

### Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the financial statements set out on pages 1 to 2, the responsible financial officer is responsible for the preparation of the financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the responsible financial officer is responsible for assessing the pension fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

Anthony J Barrett  
For and on behalf of the Auditor General for Wales  
Date

24 Cathedral Road  
Cardiff  
CF11 9LJ



## Appendix 3

### Summary of corrections made to the draft financial statements which should be drawn to the attention of those charged with governance

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

#### Exhibit 1: summary of corrections made to the draft financial statements

Value of correction	Nature of correction	Reason for correction
£71.845 million (2018-19) £65.010 million (2017-18)	International Pooled Fund values were reclassified as European Equities in Note 11.4 Geographical Analysis of Investments.	To ensure that the most appropriate geographical analysis was disclosed in the financial statements.
£2.255 million	Transition Costs deducted at source as part of the transfer of investments to the Wales Pension Partnership arrangements were included in investment income rather than being recognised in the movement in the net asset balance.	To ensure compliance with CIPFA requirements.
£33 million	The draft financial statements were prepared before the Supreme Court denied the Government's application for leave to appeal the legal judgement about age discrimination in public sector pension schemes, including the local government pension scheme. As a result, the actuarial statement was updated to disclose the probable impact on pension fund liabilities.	To disclose the increased actuarial value of promised retirement benefits due to the McCloud judgement.
Various	Several minor narrative and disclosure amendments were made to the financial statements.	To ensure compliance with CIPFA requirements.

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**PWYLLGOR CRONFA BENSIWN DYFED**  
**18<sup>FED</sup> MEDI 2019**

**MONITRO CYLLIDEB 1 EBRILL 2019 – 30 MEHEFIN 2019**

RHOI'R WYBODAETH DDIWEDDARAF I BWYLLGOR CRONFA BENSIWN DYFED AM Y SEFYLLFA GYLLIDEBOL FEL YR OEDD AR 30 MEHEFIN 2019

**Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:**

Y Pwyllgor i derbyn yr adroddiad Monitro Cyllideb diweddaraaf Cronfa Bensiwn Dyfed ac ystyried y sefyllfa gyllidebol.

**Y Rhesymau:**

Rhoi'r wybodaeth ddiweddaraaf i Bwyllgor Cronfa Bensiwn Dyfed am y sefyllfa gyllidebol fel yr oedd ar 30 Mehefin 2019.

**Ymgynghorwyd â'r pwyllgor craffu perthnasol**

AMHERTHNASOL

Angen i'r Bwrdd Gweithredol wneud penderfyniad AMHERTHNASOL

Angen i'r Cyngor wneud penderfyniad AMHERTHNASOL

**Y Gyfarwyddiaeth:**

**Pennaeth y Gwasanaeth:**

**Chris Moore**

**Awdur yr Adroddiad:**

**Chris Moore**

**Cyfarwyddwr y Gwasanaethau  
Corfforaethol**

**Rhif ffôn: 01267 224120**

**Cyfeiriad E-bost:**

**CMoore@sirgar.gov.uk**

**EXECUTIVE SUMMARY  
DYFED PENSION FUND COMMITTEE  
18<sup>TH</sup> SEPTEMBER 2019**

**BUDGET MONITORING 1 APRIL 2019 - 30 JUNE 2019**

The position as at 30 June 2019 was an under spend compared to budget of £0.8m on cash items.

Expenditure

The net effect of Benefits Payable and Transfers Out is an over spend of £648k. This is mainly influenced by an increase in Benefits Payable. Management expenses are overspent by £616k.

Income

The net effect of Contributions, Investment Income and Transfers In is an increase of £2.0m. This is mainly due to a decrease in Investment Income of £2.5m, an increase in Transfers In of £3.5m together with an increase in contributions of £1.0m.

Total expenditure was £89.0m and total income was £89.8m resulting in a positive cash flow position of £0.8m.

**DETAILED REPORT ATTACHED?**

**YES**

## IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: **C Moore**

Director

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
<b>NONE</b>	<b>NONE</b>	<b>YES</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>

### Finance

Overall, the Fund needs to maintain a positive cash flow balance to meet its obligations. The cash flow was positive by £0.8m as at 30 June 2019.

## CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: C Moore

Director

**1. Scrutiny Committee**

NA

**2. Local Member(s)**

NA

**3. Community / Town Council**

NA

**4. Relevant Partners**

NA

**5. Staff Side Representatives and other Organisations**

NA

**Section 100D Local Government Act, 1972 – Access to Information**

**List of Background Papers used in the preparation of this report:**

**THERE ARE NONE**

Title of Document	File Ref No.	Locations that the papers are available for public inspection

Dyfed Pension Fund									
Budget Monitoring									
1st April 2019 - 30th June 2019									
	Budget Type	Actual 2018-2019	Budget 2019-2020	Total income/ expenditure to date	Forecast Commitments	Actual income/ expenditure at year end	End of year variance		Assumptions/Comments
	Controllable / Non Controllable	£ '000 (a)	£ '000 (b)	£ '000 (c)	£ '000 (d)	£ '000 (e)	£ '000 (f)	%	
<b>Expenditure</b>									
Benefits Payable	Both	78,924	79,521	19,203	60,966	80,169	648	0.8	Budget includes £2.5m for 2.4% pensions increase (based on CPI) and 2% net effect of new and deferred pensioners.
Pensions Payable	Controllable	64,128	66,021	16,667	50,002	66,669	648		
Commutation and lump sum retirement benefits	Non Controllable	12,873	12,000	2,443	9,557	12,000	0		Based on likely outturn for 19-20.
Lump sum death benefits	Non Controllable	1,923	1,500	93	1,407	1,500	0		Based on likely outturn for 19-20.
Payments to and account of leavers	Non Controllable	3,853	2,620	1,003	1,617	2,620	0	0.0	Based on likely outturn for 19-20.
Management Expenses		6,992	5,610	1,495	4,731	6,226	616	11.0	
Computer Software	Controllable	364	355	1	354	355	0		Based on likely outturn for 19-20.
Printing charges	Controllable	11	20	7	13	20	0		Based on likely outturn for 19-20.
Subscriptions, Legal fees, Conf Exps, Med Exps	Controllable	70	68	14	58	72	4		Based on likely outturn for 19-20.
Fund Managers									
BlackRock	Controllable	1,561	1,265	237	1,438	1,675	410		Full year estimate based on Apr-June 19 management fee
Baillie Gifford	Controllable	997	0	0	0	0	0		Disinvested in 2018/19
Columbia Threadneedle	Controllable	771	0	0	0	0	0		Disinvested in 2018/19
Schroders	Controllable	679	849	0	760	760	-89		Full year estimate based on Apr-June 19 management fee
Wales Pension Partnership	Controllable	476	750	3	1,147	1,150	400		Full year estimate based on Apr-June 19 management fee
Partners Group	Controllable	811	910	0	800	800	-110		Full year estimate based on Apr-June 19 management fee
Custodian									
Northern Trust	Controllable	29	30	28	2	30	0		Based on likely outturn for 19-20.
Actuary									
Mercer	Controllable	78	70	3	68	71	1		Based on likely outturn for 19-20. Tender Imminent.
Performance Manager									
Northern Trust / PIRC / CEM	Controllable	38	26	0	26	26	0		New contracts in place for quarterly performance services, cost monitoring and LGPS universe benchmarking.
Independent Advisor	Controllable	20	20	0	20	20	0		
Other									
Euraplan, LSE, Pension Board	Controllable	21	23	0	23	23	0		
Central recharges	Non Controllable	1,038	1,195	1,195	0	1,195	0		
Audit fees	Controllable	28	29	7	22	29	0		
Controllable Expenditure		70,082	70,436	16,967	54,733	71,700	1,264		
Non Controllable Expenditure		19,687	17,315	4,734	12,581	17,315	0		
Total Expenditure		89,769	87,751	21,701	67,314	89,015	1,264		
<b>Income</b>									
Contributions									
Employer	Controllable	-51,360	-52,755	-23,315	-30,031	-53,346	-591	1.1	2019-20 budget based on December 18 contributions including 2% pay increase and amendments to contribution rates and past service deficit amounts as per valuation results.
Member	Controllable	-18,986	-19,363	-643	-19,183	-19,826	-463	2.4	2019-20 budget based on December 18 contributions including 2% pay increase and amendments to contribution rates and past service deficit amounts as per valuation results.
Investment Income	Controllable	-13,375	-14,133	-2,448	-9,229	-11,677	2,456	-17.4	Dividend income is now reinvested. Investment income will be called upon as per cash flow requirements.
Other Income	Controllable	-32	0	0	0	0	0	100.0	Budget not required for 19-20. 3rd party administration invoices now raised against Pensions Administration budget within Carmarthenshire.
Transfers in from other pension funds	Non Controllable	-6,651	-1,500	-1,238	-3,713	-4,951	-3,451	230.1	Forecast based on Apr-Jun actual transfers.
Controllable Income		-83,753	-86,251	-26,406	-58,443	-84,849	1,402		
Non Controllable Income		-6,651	-1,500	-1,238	-3,713	-4,951	-3,451		
Total Income		-90,404	-87,751	-27,644	-62,156	-89,800	-2,049		
Controllable Total		-13,671	-15,815	-9,439	-3,710	-13,149	2,666		
Non Controllable Total		13,036	15,815	3,496	8,868	12,364	-3,451		
Total		-635	0	-5,943	5,158	-785	-785		
Cash Transfer to Fund Managers	Cash	0	0	0	0	0	0		
Net Total of Cash Related Items		-635	0	-5,943	5,158	-785	-785		
Indirect Transactional Management Fees	Non Cash	4,079	1,900	0	2,839	2,839	939		New CIPFA Management cost guidance issued to show indirect transactional fees indirectly paid by the funds
Investment Income	Non Cash	-4,079	-1,900	0	-16,317	-16,317	-14,417	758.8	Full year estimate based on 1st quarter
Realised gain/loss	Non Cash	-168,686	-50,000	0	-50,000	-50,000	0	0.0	Non Controllable. To cover portfolio rebalances. No impact to cash.
Net Total of Non-Cash Related Items		-168,686	-50,000	0	-63,478	-63,478	-13,478		

Mae'r dudalen hon yn wag yn fwiadol



**PWYLLGOR CRONFA BENSIWN DYFED**  
**18<sup>FED</sup> MEDI 2019**

**CYSONI ARIAN PAROD FEL YR OEDD AR 30 MEHEFIN 2019**

RHOI'R WYBODAETH DDIWEDDARAF I BWYLLGOR CRONFA BENSIWN DYFED AM Y  
SEFYLLFA ARIAN PAROD FEL YR OEDD AR 30 MEHEFIN 2019

**Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:**

Y Pwyllgor i gael adroddiad cysoni arian parod diweddaraf Cronfa Bensiwn Dyfed ac ystyried y sefyllfa o ran arian parod.

**Y Rhesymau:**

Rhoi'r wybodaeth ddiweddaraf i Bwyllgor Cronfa Bensiwn Dyfed am y sefyllfa arian parod fel yr oedd ar 30 Mehefin 2019.

**Ymgynghorwyd â'r pwyllgor craffu perthnasol**

AMHERTHNASOL

Angen i'r Bwrdd Gweithredol wneud penderfyniad AMHERTHNASOL

Angen i'r Cyngor wneud penderfyniad AMHERTHNASOL

**Y Gyfarwyddiaeth:**

**Pennaeth y Gwasanaeth:**

**Chris Moore**

**Awdur yr Adroddiad:**

**Chris Moore**

**Cyfarwyddwr y Gwasanaethau  
Corfforaethol**

**Rhif ffôn: 01267 224120**

**Cyfeiriad E-bost:**

**CMoore@sirgar.gov.uk**

**EXECUTIVE SUMMARY  
DYFED PENSION FUND COMMITTEE  
18<sup>TH</sup> SEPTEMBER 2019**

**CASH RECONCILIATION AS AT 30 JUNE 2019**

The position as at 30 June 2019 reports £13.8m cash held by Carmarthenshire County Council on behalf of the Fund for immediate cash flow requirements to pay pensions, lump sums and investment management costs.

**DETAILED REPORT ATTACHED?**

**YES**

## IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: **C Moore**

Director

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
<b>NONE</b>	<b>NONE</b>	<b>YES</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>

### Finance

A sufficient cash balance is required to be held by Carmarthenshire to ensure the Fund can meet its immediate cash flow requirements.

## CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: C Moore

Director

**1. Scrutiny Committee**

NA

**2. Local Member(s)**

NA

**3. Community / Town Council**

NA

**4. Relevant Partners**

NA

**5. Staff Side Representatives and other Organisations**

NA

**Section 100D Local Government Act, 1972 – Access to Information**

**List of Background Papers used in the preparation of this report:**

**THERE ARE NONE**

Title of Document	File Ref No.	Locations that the papers are available for public inspection

**Dyfed Pension Fund Cash Reconciliation**

**June 2019**

Balance b/f 1st April 2019		£4,838,139.38
----------------------------	--	---------------

***Investment trades***

Sales	50,818,874.80	
Purchases	-51,102,764.90	
		-£283,890.10

Contributions received	£27,900,254.96
------------------------	----------------

Payments made	-£21,904,173.89
---------------	-----------------

Dividend Income	£2,740,061.19	£8,736,142.26
-----------------	---------------	---------------

£13,290,391.54

<b>Total Available for Investment</b>	<b>£13,290,391.54</b>
---------------------------------------	-----------------------

***Represented by :***

Cash at Carmarthenshire	£13,837,876.26
-------------------------	----------------

Cash due to be received/deducted	£0.00
----------------------------------	-------

CCC Debtors	£288,953.84
-------------	-------------

CCC Creditors	-£836,438.56
---------------	--------------

£13,290,391.54

£0.00

Mae'r dudalen hon yn wag yn fwriadol

## PWYLLGOR CRONFA BENSIWN DYFED 18<sup>FED</sup> MEDI 2019

### ADRODDIAD TORRI AMODAU 2019-20

NODI UNRHYW ACHOSION O DORRI AMODAU SYDD WEDI DIGWYDD YNG NGHRONFA BENSIWN DYFED YN 2019-20 YN UNOL Â PHOLISI TORRI AMODAU.

#### Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

Nodi unrhyw achosion o dorri amodau sydd wedi digwydd yng Nghronfa Bensiwn Dyfed yn 2019-20.

#### Y Rhesymau:

Yn unol â Pholisi Torri Amodau Cronfa Bensiwn Dyfed.

#### Ymgynghorwyd â'r pwyllgor craffu perthnasol AMHERTHNASOL

Angen i'r Bwrdd Gweithredol wneud penderfyniad AMHERTHNASOL

Angen i'r Cyngor wneud penderfyniad AMHERTHNASOL

#### Y Gyfarwyddiaeth:

Pennaeth y Gwasanaeth:

Chris Moore

Awdur yr Adroddiad:

Chris Moore

Cyfarwyddwr y Gwasanaethau  
Corfforaethol

Rhif ffôn: 01267 224120

Cyfeiriad E-bost:

CMoore@sirgar.gov.uk

**EXECUTIVE SUMMARY  
DYFED PENSION FUND COMMITTEE  
18<sup>TH</sup> SEPTEMBER 2019**

**BREACHES REPORT 2019-20**

Section 70 of the Pension Act 2004 sets out the legal duty to report breaches of the law. In the Code of Practice no 14, published by the Pensions Regulator in April 2015, paragraphs 241 to 275 provides guidance on reporting these breaches. The Dyfed Pension Fund Breaches Policy was approved by the Dyfed Pension Fund Committee in March 2016.

Under the policy, breaches of the law are required to be reported to the Pensions Regulator where there is a reasonable cause to believe that:

- a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with
- the failure to comply is likely to be of material significance to the regulator in the exercise of any of its functions.

The up to date breaches report is attached. Since the last Committee meeting, there have been a number of instances where employee/employer contributions have not been received on time, no report has been sent to the Pensions Regulator.

**DETAILED REPORT ATTACHED?**

**YES**



## IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: C Moore

Director

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	NONE	NONE	NONE	NONE	NONE

## CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: C Moore

Director

**1. Scrutiny Committee**

NA

**2. Local Member(s)**

NA

**3. Community / Town Council**

NA

**4. Relevant Partners**

NA

**5. Staff Side Representatives and other Organisations**

NA

**Section 100D Local Government Act, 1972 – Access to Information**

**List of Background Papers used in the preparation of this report:**

**THERE ARE NONE**

Title of Document	File Ref No.	Locations that the papers are available for public inspection

## Breaches Report

## Item 7

Breach Number	Year	Date of Breach / Likely Breach	Failure Type	A description of the breach (including relevant dates), its cause and effect, including the reasons it is, or is not, believed to be of material significance	Been reported to tPR before	RAG Status	Report to tPR	Actions taken to rectify the breach. A brief descriptions of any longer term implications and actions required to prevent similar types of breaches recurring in the future
62	2019-20	April, May and June 19	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. April - 3 members & total refunds = £145.90, May - 5 members & total refunds = £126.58, June - 6 members and total refund = £64.55	No	Amber	No Report	The National Technical Group has recommended to the SAB that the regulations in respect of refunds is amended and reflects the position prior to April 2014.
63	2019-20	19/5/19	PSD	April (£2,475) PSD payment not received until 18/06/2019 - 27 days late. <b>Cause:</b> Clerk on annual leave. <b>Effect:</b> Payment has now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
64	2019-20	22/6/19	Contributions	May contributions (£3,162.83) received 11 days late. <b>Cause:</b> Clerk still trying to sort out payroll software issue. <b>Effect:</b> Payment has now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
65	2019-20	19/6/19	Contributions	May contributions (£2,410.87) received 10/07/2019 - 21 days late. <b>Cause:</b> Clerk was on leave and thought cheques has been sent. <b>Effect:</b> Payment has now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
66	2019-20	19/6/19	Contributions	May contributions (£1,158.97) received 10/07/2019 - 27 days late. <b>Cause:</b> Clerk was on leave and thought cheques has been sent. <b>Effect:</b> Payment has now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
67	2019-20	22/7/19	Contributions	June contributions (£3,006.61) received 3 days late. <b>Cause:</b> Clerk thought payment had been made as 2 submissions had been done this year but one was relating to last year. <b>Effect:</b> Payment has now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
68	2019-20	July, August and September 19	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. July - 16 members & total refunds = £431.16, August - 15 members & total refunds = £1100.86, September - 9 members and total refunds = £172.98	No	Amber	No Report	The National Technical Group has recommended to the SAB that the regulations in respect of refunds is amended and reflects the position prior to April 2014. Following from their July 19 meeting, SAB are in the process of making recommendations to MHCLG
69	2019-20	22/8/19	PSD	July 19 (£450) Past Service Deficit payment not received until 2/09/2019 - 11 days late. <b>Cause:</b> Finance Officer forgot to make payment. <b>Effect:</b> Contributions have now been received	No	Amber	No Report	There are no long term implications associated with this breach. Contributions now up to date.
67	2019-20	22/8/19	Contributions	July contributions not yet received. <b>Cause:</b> Clerk on compassionate leave. <b>Effect:</b> Payment will be made around the 6/9/2019	No	Amber	No Report	There are no long term implications associated with this breach. Payment expected by the end of the week.

Mae'r dudalen hon yn wag yn fwiadol

**PWYLLGOR CRONFA BENSIWN DYFED**  
**18<sup>FED</sup> MEDI 2019**

**COFRESTR RISG**

I SICRHAU BOD POB RISG YN CAEL EU NODI A'U HASESU'N GYWIR

**Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:**

Cymeradwyo'r gofrestr risg.

**Y Rhesymau:**

I sicrhau bod pob risg yn cael eu nodi a'u hasesu'n gywir.

**Ymgynghorwyd â'r pwyllgor craffu perthnasol**

AMHERTHNASOL

Angen i'r Bwrdd Gweithredol wneud penderfyniad AMHERTHNASOL

Angen i'r Cyngor wneud penderfyniad AMHERTHNASOL

**Y Gyfarwyddiaeth:**

**Pennaeth y Gwasanaeth:**

**Chris Moore**

**Awdur yr Adroddiad:**

**Chris Moore**

**Cyfarwyddwr y Gwasanaethau  
Corfforaethol**

**Rhif ffôn: 01267 224120**

**Cyfeiriad E-bost:**

**CMoore@sirgar.gov.uk**

**EXECUTIVE SUMMARY  
DYFED PENSION FUND COMMITTEE  
18<sup>TH</sup> SEPTEMBER 2019**

**RISK REGISTER**

The Risk Register is a working document that highlights all the risks identified in relation to the functions of the Dyfed Pension Fund. This is regularly monitored and reviewed.

The register includes:

- Details of all identified risks
- Assessment of the potential impact, probability and risk rating
- The risk control measures that are in place
- The responsible officer
- Target Date (if applicable)

**DETAILED REPORT ATTACHED?**

**YES**

## IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: **C Moore**

Director

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>YES</b>	<b>NONE</b>	<b>NONE</b>

### Risk Management Issues

The register is used to identify any risks relating to the functions of the Dyfed Pension Fund and highlights what measures are in place to mitigate these risks. Failure to manage the risks correctly could result in the Fund not meeting its objectives.

## CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: C Moore

Director

**1. Scrutiny Committee**

NA

**2. Local Member(s)**

NA

**3. Community / Town Council**

NA

**4. Relevant Partners**

NA

**5. Staff Side Representatives and other Organisations**

NA

**Section 100D Local Government Act, 1972 – Access to Information**

**List of Background Papers used in the preparation of this report:**

**THERE ARE NONE**

Title of Document	File Ref No.	Locations that the papers are available for public inspection



# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **4 September, 2019**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
CSV400001 - Failure to comply with LGPS regulations as well as other overriding regulations	Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> <li>Altair Development Officer undertakes Altair system checks to ensure compliance with LGPS regulations <i>Ongoing (0% complete)</i></li> </ul>	kgerard	31/03/2020 (Normal)	Substantial 4	Improbable 1	Low 4
				<ul style="list-style-type: none"> <li>Network Groups (Altair &amp; LGPC) <i>Ongoing (0% complete)</i></li> </ul>	kgerard	31/03/2020 (Normal)			
				<ul style="list-style-type: none"> <li>Communication &amp; Training Officer Communication &amp; Training Officer responsible for the maintenance of Online Procedure manuals, and the provision of training to all section staff and employing bodies via site visits. <i>Ongoing (0% complete)</i></li> </ul>	kgerard	31/03/2020 (Normal)			
				<ul style="list-style-type: none"> <li>Continue to act as an "Early Adopter" in conjunction with the system provider to ensure system meets regulatory requirements <i>Ongoing (0% complete)</i></li> </ul>	kgerard	31/03/2020 (Normal)			

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **4 September, 2019**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
				<ul style="list-style-type: none"> <li>• <b>Technical Officer ensures legislative accuracy of calculations</b> <i>Ongoing (0% complete)</i></li> </ul>	kgerard	31/03/2020 (Normal)			
CSV400002 - Failure to respond to major change to the LGPS following Public Sector Pension Review	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> <li>• <b>Participation in all high level Government discussions and consultations</b> <i>Ongoing (0% complete)</i></li> </ul>	Pensions Manager and Treasury & Pensions Investments Manager	31/03/2020 (Normal)	Substantial 4	Improbable 1	Low 4
				<ul style="list-style-type: none"> <li>• <b>Ensure best practice is implemented and DPF is seen as a centre of excellence for pension administration</b> <i>Continuous (0% complete)</i></li> </ul>	kgerard	31/03/2020 (Normal)			
				<ul style="list-style-type: none"> <li>• <b>Continue to be recognised nationally by peers as one of the leaders in pension administration and facilitate site visits</b> <i>Ongoing (0% complete)</i></li> </ul>	kgerard	31/03/2020 (Normal)			

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **4 September, 2019**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
				<ul style="list-style-type: none"> <li><b>Society of Welsh Treasurers review the suitability of existing and any new pension fund arrangements</b> <i>Continuous (0% complete)</i></li> <li><b>CIPFA Pensions Network membership</b> <i>Continuous (0% complete)</i></li> <li><b>Technical Officer ensures legislative accuracy of calculations</b> <i>Continuous (0% complete)</i></li> </ul>	Pensions Manager and Treasury & Pensions Investments Manager  Pensions Manager and Treasury & Pensions Investments Manager  kgerard	31/03/2020 (Normal)  31/03/2020 (Normal)  31/03/2020 (Normal)			
<b>CSV400003 - Failure to process accurate pension benefits payments, including lump sum payments, in a timely manner</b>	<b>Significant</b> 3	<b>Unlikely</b> 2	<b>Medium</b> 6	<ul style="list-style-type: none"> <li><b>Payroll deadline procedures in place</b></li> <li><b>Segregation of duties and authorisation of benefits</b> following calculation by Senior Pensions Officer <i>Continuous (0% complete)</i></li> </ul>	Pensions Manager  kgerard	31/03/2020 (Normal)	<b>Significant</b> 3	<b>Improbable</b> 1	<b>Very Low</b> 3

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# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **4 September, 2019**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
				<ul style="list-style-type: none"> <li>Altair Development Officer is responsible for regular system checks regarding calculations <i>Continuous (0% complete)</i></li> <li>Communication&amp;Training Officer liaises closely with all employing authorities to ensure timely submission of information to DPF <i>Continuous (0% complete)</i></li> <li>Item in Business Continuity/Disaster Recovery Plan</li> <li>Participate in National Fraud Initiative (NFI) <i>Continuous (0% complete)</i></li> <li>Life Certificates exercise carried out for all cheque payments</li> <li>Undertake reviews of monthly performance to ensure service standards are maintained <i>Continuous (0% complete)</i></li> </ul>	kgerard	31/03/2020 (Normal)			
					kgerard	31/03/2020 (Normal)			
					kgerard				
					kgerard	31/03/2020 (Normal)			
					kgerard				
					kgerard	31/03/2020 (Normal)			

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **4 September, 2019**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
				<ul style="list-style-type: none"> <li>IT Contingency/Resilience Plan in place <i>In Progress</i> (0% complete)</li> </ul>	kgerard	31/03/2020 (Normal)			
<b>CSV400004 - Failure to collect and account for full receipt of contributions from employers and employees on time</b> Failure to collect full receipt of pension contributions from employees and employers in line with Regulation guidelines.  Failure of employers' financial systems; absence of key staff; failure to communicate with employers effectively; failure of key systems such as on-line banking and/or financial ledger.  Possible adverse audit opinion; negative cash flow position; delays in producing IAS19 accounting reports; delays in closure of year end accounts; employers forced to leave the scheme.	<b>Substantial</b> 4	<b>Possible</b> 3	<b>High</b> 12	<ul style="list-style-type: none"> <li><b>Contributions monitoring procedures</b> <i>Continuous</i> (0% complete)</li> <li><b>Formal timescales for receipt of contributions</b></li> <li><b>Budget set and monthly monitoring against the budget</b></li> </ul>	Pensions Manager and Treasury & Pensions Investments Manager  Pensions Manager and Treasury & Pensions Investments Manager  Pensions Manager and Treasury & Pensions Investments Manager	31/03/2020 (Normal)	<b>Substantial</b> 4	<b>Unlikely</b> 2	<b>Medium</b> 8

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **4 September, 2019**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
				<ul style="list-style-type: none"> <li>Escalation of non receipt of contributions</li> <li>Systems Audit undertaken by Internal Audit and External Auditors</li> </ul>	Pensions Manager and Treasury & Pensions Investments Manager  Pensions Manager and Treasury & Pensions Investments Manager				
CSV400005 - Failure to keep pension records up to date and accurate	Significant 3	Possible 3	Medium 9	<ul style="list-style-type: none"> <li>Senior Officers liaise closely with employing authorities to ensure timely and accurate submission of data to DPF</li> <li>i-Connect ensures that data from employers is identified by a direct transfer from payroll on a monthly basis <i>In Progress (0% complete)</i></li> </ul>	Pensions Manager  kgerard	31/03/2020 (Normal)	Significant 3	Improbable 1	Very Low 3

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **4 September, 2019**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
				<ul style="list-style-type: none"> <li>Data accuracy checks undertaken by the pension section prior to continual validation on workflow system</li> <li>Data integrity validation is performed monthly by Altair Development Officer</li> <li>Data validation checks also undertaken by the DPF's partners (e.g.the Actuary at Valuation)</li> <li>Additional validation carried out through NFI</li> <li>Opportunity to escalate non-compliance</li> </ul>	kgerard  Pensions Manager  Pensions Manager  Pensions Manager  Pensions Manager				
CSV400006 - Failure to hold personal data securely	Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> <li>Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls</li> <li>Disaster Recovery Plan for pensions system</li> </ul>	kgerard  kgerard		Significant 3	Improbable 1	Very Low 3

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **4 September, 2019**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
				<ul style="list-style-type: none"> <li>• Authorised users have unique usernames and passwords must be changed every 60 days</li> <li>• Documentation is scanned on to the pensions system and paper copies are held for a period of 3 months before shredding</li> <li>• Compliance with the Data Protection Act 1998</li> <li>• Compliance with the Authority's in-house IT policies</li> <li>• Systems and Payroll audit undertaken annually</li> </ul>	kgerard  kgerard  kgerard  kgerard  kgerard				
CSV400007 - Loss of funds through fraud or misappropriation in administration related functions	Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> <li>• Internal and external audit checks performed to ensure that appropriate and effective controls are in place</li> </ul>	kgerard		Moderate 2	Unlikely 2	Low 4



# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **4 September, 2019**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
				<ul style="list-style-type: none"> <li>Segregation of duties and authorisation of benefits following calculation by Senior Pensions Officer and Pensions Officer</li> <li>Altair Development Officer undertakes data integrity checks</li> <li>Systems and Payroll audit undertaken annually</li> </ul>	kgerard  kgerard  kgerard				
<b>CSV400008 - Normal operations disrupted by uncontrollable external factors</b> Service delivery threats from fire, bomb, extreme weather, electrical faults, sickness epidemic, etc.  Insufficient daily back up, disaster recovery, and IT cover to support systems.  Temporary loss of ability to provide service to stakeholders.	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> <li>Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls</li> <li>Disaster Recovery Plan for pensions system with the software provider</li> <li>Data stored on one of Council's stand alone IT servers</li> </ul>	kgerard  kgerard  kgerard		Significant 3	Improbable 1	Very Low 3
<b>CSV400009 - Inability to keep service going due to loss of main office, computer system, or staff</b>	Moderate 2	Unlikely 2	Low 4				Moderate 2	Improbable 1	Very Low 2

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# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **4 September, 2019**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
				<ul style="list-style-type: none"> <li>Business Continuity/Disaster Recovery Plan for the Authority with IT firewalls</li> <li>Disaster Recovery Plan for pensions system</li> </ul>	kgerard  kgerard				
CSV400010 - Lack of expertise among some Pension Administration officers	Significant 3	Unlikely 2	Medium 6	<ul style="list-style-type: none"> <li>Personal development plan in place to support the development of each officer in the Section</li> <li>Specific courses / seminars attended by officers to further their knowledge and understanding</li> </ul>	kgerard  kgerard		Significant 3	Improbable 1	Very Low 3
<b>CSV400011 - Over reliance on key Pensions Administration and Investment Officers</b> Specialist nature of the work means there are relatively few experts in Investments and the Local Authority Pensions Regulations.  Significant knowledge gap left if experts leave.	Significant 3	Possible 3	Medium 9	<ul style="list-style-type: none"> <li>Key officers convey specialist knowledge to colleagues on a function or topic basis by mentoring</li> </ul>	Pensions Manager and Treasury & Pensions Investments Manager		Significant 3	Unlikely 2	Medium 6

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **4 September, 2019**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
				<ul style="list-style-type: none"> <li>Enhance training by bespoke sessions / courses / workshops</li> <li>Specific relevant qualifications for administration and investment staff</li> <li>External consultants and independent adviser available for short term assistance</li> </ul>	Pensions Manager and Treasury & Pensions Investments Manager  Pensions Manager and Treasury & Pensions Investments Manager  Pensions Manager and Treasury & Pensions Investments Manager				
CSV400012 - Failure to appropriately attract, manage, develop, and retain staff at all levels	Substantial 4	Unlikely 2	Medium 8	Training and Development Plan established	kgerard		Substantial 4	Improbable 1	Low 4



# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **4 September, 2019**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
				<ul style="list-style-type: none"> <li>• Communications Policy in place</li> <li>• Annual Employer &amp; Consultative Meeting</li> </ul>	Pensions Manager and Treasury & Pensions Investments Manager  Pensions Manager and Treasury & Pensions Investments Manager				
CSV400014 - No appropriate procedures for Employer bodies transferring out of the pension fund or Employer bodies closing to new membership	Significant 3	Possible 3	Medium 9	<ul style="list-style-type: none"> <li>• Inter valuation monitoring and rate reassessment if appropriate</li> <li>• Identification of any issue and resolution via regular site visits by Communication &amp; Training Officer</li> <li>• Requirement for employing authorities to issue termination forms for each active member</li> <li>• Validation of membership numbers</li> </ul>	Pensions Manager  Pensions Manager  Pensions Manager  Pensions Manager		Significant 3	Unlikely 2	Medium 6

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# Risk Assessment Form

Organisation/Department/Function/Project:

Dyfed Pension Fund

Manager: Pensions Manager and Treasury &amp; Pensions Investments Manager

Date: 4 September, 2019

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
				<ul style="list-style-type: none"> <li>Employer covenant checks</li> </ul>	Pensions Manager				
<b>CSV400015 - Liquidity/cashflow risk - insufficient funds to meet liabilities as they fall due</b> Failure of employers to pay contributions on time; low dividend income; significant number of liabilities paid out at the same time.  Immediate cash contribution would be required via employers; delay in the payment of promised liabilities; negative publicity and an adverse audit report.	<b>Substantial</b> 4	<b>Possible</b> 3	<b>High</b> 12	<ul style="list-style-type: none"> <li>Monthly cash and dividend reconciliations</li> <li>Quarterly monitoring of investment managers by Pension Panel</li> <li>Appointment of custodian</li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		<b>Substantial</b> 4	<b>Unlikely</b> 2	<b>Medium</b> 8
<b>CSV400016 - Loss of funds through fraud or misappropriation in investment related functions</b> Fraud or misappropriation of funds by an employer, investment managers or custodian.  Financial loss to the fund.	<b>Substantial</b> 4	<b>Possible</b> 3	<b>High</b> 12	<ul style="list-style-type: none"> <li>Internal and External Audit regularly test that appropriate controls are in place and working</li> <li>Regulatory control reports from investment managers, custodian, etc., are also reviewed by audit.</li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		<b>Substantial</b> 4	<b>Unlikely</b> 2	<b>Medium</b> 8

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **4 September, 2019**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
				<ul style="list-style-type: none"> <li>• Due diligence is carried out whenever a new manager is appointed.</li> <li>• Reliance also placed in Financial Conduct Authority registration.</li> <li>• Quarterly monitoring by Pension Panel and Independent Adviser</li> </ul>	<p>Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p>				
<b>CSV400017 - Excessive levels of Pension Fund Cash held within Carmarthenshire County Council investment balances</b> High dividend / interest receipts and low benefit payments being made in period.  Lower cash like return instead of equity or bond investment returns.	Significant 3	Unlikely 2	Medium 6	<ul style="list-style-type: none"> <li>• Monthly cash reconciliations and separate pension fund bank accounts</li> <li>• Quarterly monitoring by Pension Panel</li> <li>• Internal Audit and Wales Audit Office review</li> </ul>	<p>Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p>		Significant 3	Improbable 1	Very Low 3

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# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **4 September, 2019**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
<b>CSV400018 - Significant rises in employer contributions due to increases in liabilities or fall in assets</b> Scheme liabilities increase disproportionately as a result of increased longevity or falling bond yields. Poor economic conditions, incorrect investment strategy, poor selection of investment managers.  Poor / negative returns leading to potential increase in employer's costs.	<b>Substantial</b> 4	<b>Likely</b> 4	<b>Significant</b> 16	<ul style="list-style-type: none"> <li>• Use qualified actuary who uses assumptions and recommends appropriate recovery period and strategy</li> <li>• Quarterly monitoring of investment managers by Pension Panel</li> <li>• Diversified Strategic Asset Allocation</li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		<b>Significant</b> 3	<b>Possible</b> 3	<b>Medium</b> 9
<b>CSV400019 - Lack of expertise on Pension Fund Panel and / or amongst Officers</b> Lack of training, continuous professional development and 4 year election cycle.  Flawed recommendations given to Pension Fund Panel which, unchallenged, could lead to incorrect decisions being made.	<b>Significant</b> 3	<b>Likely</b> 4	<b>High</b> 12	<ul style="list-style-type: none"> <li>• Ensure Officers are trained and up to date in key areas through courses, seminars, reading, discussions with consultants, etc.</li> <li>• Members given induction training on joining Panel with subsequent opportunities to attend other specialist training.</li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		<b>Significant</b> 3	<b>Possible</b> 3	<b>Medium</b> 9



# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **4 September, 2019**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
				<ul style="list-style-type: none"> <li>Members' training plan and Governance Policy established</li> <li>Specialist assistance available from consultants and independent adviser</li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager				
<b>CSV400020 - Failure of Investment Strategy to deliver investment objectives</b> Inaccurate triennial valuation assumptions used. Incorrect recovery period used.  Funding level decreases; employer contribution rates become unacceptable, causing potential increase in employer's costs.	Significant 3	Possible 3	Medium 9	<ul style="list-style-type: none"> <li>Qualified Actuary makes assumptions and recommends appropriate recovery period and strategy.</li> <li>Independent Investment adviser employed to assist the panel in making informed decisions.</li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		Significant 3	Improbable 1	Very Low 3
<b>CSV400021 - Prolonged failure of investment managers to achieve the returns specified on their mandates</b> Under-performance by the investment managers; lack of monitoring and challenging by the Panel.	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> <li>Quarterly monitoring of investment managers and performance company reports by investment team and Pension Panel.</li> </ul>	Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8

# Risk Assessment Form

Organisation/Department/Function/Project:

Dyfed Pension Fund

Manager: Pensions Manager and Treasury &amp; Pensions Investments Manager

Date: 4 September, 2019

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
<b>CSV400022 - Concentration risk - single asset class having disproportionate impact on investment objectives</b> Risk of the performance of a single asset class having a disproportionate impact on the ability to meeting investment objectives. Inappropriate investment strategy following the triennial valuation, including lack of diversification.  Funding level decreases; employer contribution rates become unacceptable, causing potential increase in employers' costs.	<b>Significant</b> 3	<b>Possible</b> 3	<b>Medium</b> 9	<ul style="list-style-type: none"> <li>Establish &amp; review diversified strategic asset allocation</li> <li>Proactive in decision making</li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		<b>Significant</b> 3	<b>Unlikely</b> 2	<b>Medium</b> 6
<b>CSV400023 - Counterparty risk - risk of other party in a transaction failing to meet its obligation to the fund</b> This arises from deposits held with banks and other financial institutions, as well as credit exposures to the fund's members and employers.  Loss of capital; decrease in asset values; cost of legal proceedings; adverse publicity.	<b>Moderate</b> 2	<b>Possible</b> 3	<b>Medium</b> 6	<ul style="list-style-type: none"> <li>Set appropriate parameters with fund managers and custodian to limit exposure to default risk</li> </ul>	Treasury & Pensions Investments Manager		<b>Moderate</b> 2	<b>Unlikely</b> 2	<b>Low</b> 4

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **4 September, 2019**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
<b>CSV400024 - Interest rate risk</b> Arises from risk of exposure to significant interest rate movements on investments.  Bond yields and cash decrease in value.	Moderate 2	Unlikely 2	Low 4	<ul style="list-style-type: none"> <li>Establish &amp; review diversified strategic asset allocation</li> </ul>	Treasury & Pensions Investments Manager		Moderate 2	Improbable 1	Very Low 2
<b>CSV400025 - Discount rate risk</b> Use of inappropriate discount rate to estimate future liabilities.  Funding level decreases; employer contribution rates become unacceptable, causing potential increase in employers' costs.	Significant 3	Possible 3	Medium 9	<ul style="list-style-type: none"> <li>Engage qualified actuary to make assumptions</li> <li>Engage independent adviser to assist the panel in making informed decisions</li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		Significant 3	Unlikely 2	Medium 6
<b>CSV400026 - Price risk</b> The equity investments held exposes the fund to risk in relation to the market price of its investments.  Funding level decreases; employer contribution rates become unacceptable, causing a potential increase in employers' costs.	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> <li>Establish &amp; review a diversified strategic asset allocation.</li> <li>Anticipate long term returns on a prudent basis.</li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		Significant 3	Possible 3	Medium 9

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# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **4 September, 2019**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
<b>CSV400027 - Foreign exchange risk</b> The fund holds financial assets and liabilities denominated in foreign currencies. It is therefore exposed to an element of risk in relation to currency fluctuation.  Funding level decreases; employer contribution rates become unacceptable, causing a potential increase in employers' costs.	Moderate 2	Possible 3	Medium 6	<ul style="list-style-type: none"> <li>Establish &amp; review diversified (within regions) strategic asset allocation</li> </ul>	Treasury & Pensions Investments Manager		Moderate 2	Unlikely 2	Low 4
<b>CSV400028 - Failure to meet statutory deadlines leading to qualification of the accounts</b> Lack of planning for closure of accounts; lack of training; loss of expert knowledge.  Qualified audit report; potential bad publicity; members' loss of confidence on officers' abilities.	Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> <li>Timetabled Audit Committee cycles</li> <li>Liaise with external audit</li> <li>Establish closedown timetable</li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		Substantial 4	Improbable 1	Low 4

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **4 September, 2019**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
				<ul style="list-style-type: none"> <li>Establish WAO working paper guidance &amp; planning document</li> <li>Excellent time management skills</li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager				
<b>CSV400029 - Adequate skilled resources not available for accounts preparation</b> Lack of training; loss of expert knowledge; annual or study leave.  Qualified audit report; unsatisfactory internal audit report; failure to meet statutory closure deadlines; employee stress.	Significant 3	Possible 3	Medium 9	<ul style="list-style-type: none"> <li>Appropriate Treasury &amp; Pension Investments structure in place</li> <li>Arrange training courses and seminars, and mentoring</li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		Significant 3	Unlikely 2	Medium 6
<b>CSV400030 - Failure to recover all debts</b> Lack of communication between fund officers and administering authority officers (debtors); lack of monitoring / recovery procedures.  Loss of income to the Fund; loss of	Substantial 4	Likely 4	Significant 16	<ul style="list-style-type: none"> <li>Use of specialist debt recovery section within the administering authority</li> </ul>	Pensions Manager and Treasury & Pensions Investments Manager		Moderate 2	Improbable 1	Very Low 2

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# Risk Assessment Form

Organisation/Department/Function/Project:

Dyfed Pension Fund

Manager: Pensions Manager and Treasury &amp; Pensions Investments Manager

Date: 4 September, 2019

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
stakeholder confidence in the ability of the administering authority; potential increase in costs to Fund employers				<ul style="list-style-type: none"> <li>Monthly monitoring of debts due</li> </ul>	Pensions Manager and Treasury & Pensions Investments Manager				
<b>CSV400031 - Officers acting outside delegated authority</b> Threat of officers making unauthorised decisions or payments.  Loss of income to fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to fund employers	<b>Substantial</b> 4	<b>Unlikely</b> 2	<b>Medium</b> 8	<ul style="list-style-type: none"> <li>Undertake regular review of Standing Orders &amp; Constitution</li> <li>Report to Executive Board</li> <li>Monitoring officer role</li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager		<b>Substantial</b> 4	<b>Improbable</b> 1	<b>Low</b> 4
<b>CSV400032 - Non-performance by Officers and Panel Members</b> Lack of training for officers and members; turnover in officers and members; lack of appraisals; lack of PI monitoring; time constraints for	<b>Substantial</b> 4	<b>Possible</b> 3	<b>High</b> 12	<ul style="list-style-type: none"> <li>Establish performance measurement system</li> </ul>	Treasury & Pensions Investments Manager		<b>Substantial</b> 4	<b>Unlikely</b> 2	<b>Medium</b> 8

# Risk Assessment Form

Organisation/Department/Function/Project: **Dyfed Pension Fund**

Manager: **Pensions Manager and Treasury & Pensions Investments Manager**

Date: **4 September, 2019**

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
<p>members; conflicting deadlines for officers.</p> <p>Qualified audit report; potential bad publicity; members' loss of confidence in officers' abilities; excessive pressure on officers; loss of income to the fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to fund employers</p>				<ul style="list-style-type: none"> <li>• Pension Panel member assessments</li> <li>• Officer appraisals in October and March annually</li> <li>• Regular internal and external audits</li> <li>• Establish &amp; review training plan for officers and members</li> </ul>	<p>Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p>				
<p><b>CSV400033 - Failure to operate strict financial and budgetary controls</b></p> <p>Lack of regular budget monitoring and budget setting; lack of communication between admin and investment sections; lack of scrutiny of investment managers', consultants', and advisers' fees.</p> <p>Unexpected variances over budget</p>	Substantial 4	Unlikely 2	Medium 8	<ul style="list-style-type: none"> <li>• Quarterly monitoring of budgets</li> <li>• Quarterly forecasting and profiling of budgets</li> </ul>	<p>Treasury &amp; Pensions Investments Manager</p> <p>Treasury &amp; Pensions Investments Manager</p>		Substantial 4	Improbable 1	Low 4

# Risk Assessment Form

Organisation/Department/Function/Project:

Dyfed Pension Fund

Manager: Pensions Manager and Treasury &amp; Pensions Investments Manager

Date: 4 September, 2019

Risk (Threat to achievement of business objective)	Assessment of Uncontrolled Risk (Assume NO controls in place)			Risk Control Measures	Assigned To	Target Date (Priority)	Assessment of Current Risk (Assume CURRENT controls in place)		
	Impact	Probability	Risk Rating				Impact	Probability	Risk Rating
headings; members' loss of confidence in officers' abilities; loss of income to the fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to fund employers.				<ul style="list-style-type: none"> <li>Closure of accounts to Audit Committee</li> <li>Monthly meetings between Head of Service, Admin and Investment managers</li> <li>Monthly reconciliations of contributions, dividends, and pension payroll</li> </ul>	Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager  Treasury & Pensions Investments Manager				
CSV400034 - Insufficient resources to provide meaningful input to the development of the All Wales pool without having a detrimental impact on the management of the fund	Substantial 4	Possible 3	High 12	<ul style="list-style-type: none"> <li>Staffing resources to be kept under review to ensure the Fund's interests are properly met when developing investment pooling arrangements</li> </ul>	Treasury & Pensions Investments Manager		Substantial 4	Unlikely 2	Medium 8



**PWYLLGOR CRONFA BENSIWN DYFED**  
**18<sup>FED</sup> MEDI 2019**

**Y DIWEDDARAF AM BARTNERIAETH PENSIYNAU CYMRU**

Y PWYLLGOR CRONFA BENSIWN DYFED I GAEL Y WYBODAETH DDIWEDDARAF GAN YR  
 AWDURDOD LLETYOL AM GERRIG MILLTIR A CHYNNYDD PARTNERIAETH PENSIWN CYMRU.

**Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:**

Yr awdurdod lletyol i ddarparu'r wybodaeth ddiweddaraf am garreg filltir a chynnydd  
 Partneriaeth Pensiwnau Cymru.

**Y Rhesymau:**

Y pwyllgor cronfa bensiwn Dyfed i gael y wybodaeth ddiweddaraf gan yr awdurdod lletyol am  
 gerrig milltir a chynnydd Partneriaeth Pensiwn Cymru.

**Ymgynghorwyd â'r pwyllgor craffu perthnasol**

AMHERTHNASOL

Angen i'r Bwrdd Gweithredol wneud penderfyniad AMHERTHNASOL

Angen i'r Cyngor wneud penderfyniad AMHERTHNASOL

**Y Gyfarwyddiaeth:**

**Pennaeth y Gwasanaeth:**

**Chris Moore**

**Awdur yr Adroddiad:**

**Chris Moore**

**Cyfarwyddwr y Gwasanaethau  
 Corfforaethol**

**Rhif ffôn: 01267 224120**

**Cyfeiriad E-bost:**

**CMoore@sirgar.gov.uk**

**EXECUTIVE SUMMARY  
DYFED PENSION FUND COMMITTEE  
18<sup>TH</sup> SEPTEMBER 2019**

**WALES PENSION PARTNERSHIP UPDATE**

The host authority to provide an update on the milestones and progress of the Wales Pension Partnership.

**DETAILED REPORT ATTACHED?**

**YES**

## IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: C Moore

Director

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	NONE	NONE	NONE	NONE	NONE

## CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: C Moore

Director

**1. Scrutiny Committee**

NA

**2. Local Member(s)**

NA

**3. Community / Town Council**

NA

**4. Relevant Partners**

NA

**5. Staff Side Representatives and other Organisations**

NA

**Section 100D Local Government Act, 1972 – Access to Information**

**List of Background Papers used in the preparation of this report:**

**THERE ARE NONE**

Title of Document	File Ref No.	Locations that the papers are available for public inspection

# WPP JGC

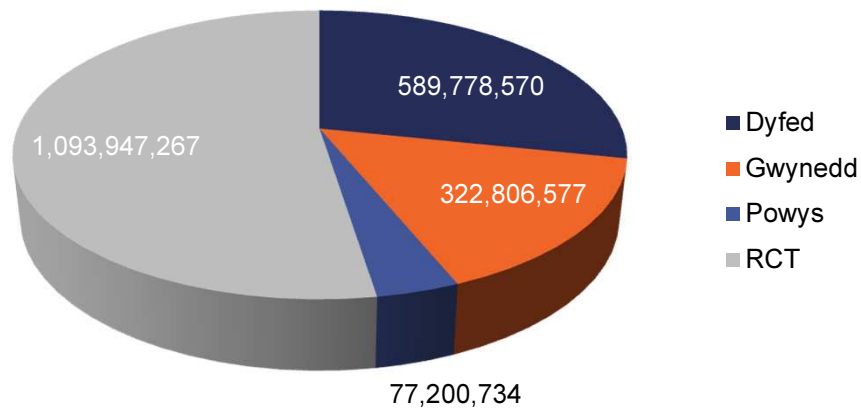
June 28<sup>th</sup> 2019

Cardiff County Hall

# Current LF Wales PP Fund Holdings

Tudalen 78

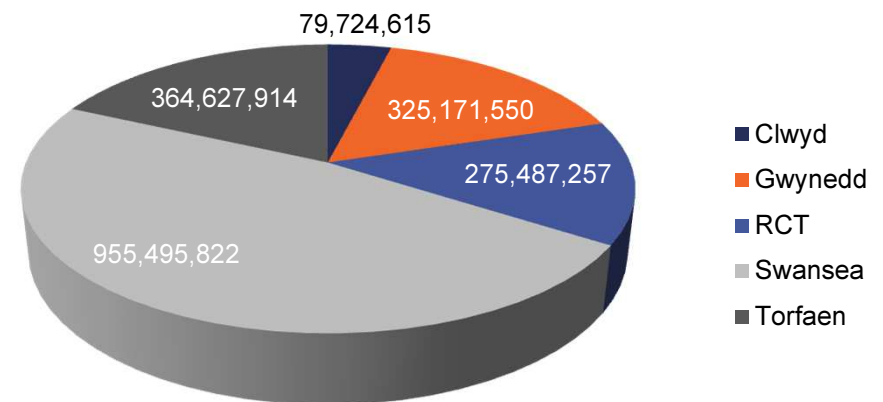
## Global Growth Equity



£2,083,733,148

AUM as at 31st May 2019

## Global Opportunities Equity



£2,000,507,158

AUM as at 31st May 2019



# Fund Launch Progress Report



Tranche 2, 3 & 4 updates



Tudalen 79

part of **Link Group**

# Key Milestones

Task	Date	RAG	Comment/Responsible
Agree Funds – <b>Tranche 2</b>	25/07/18	C	Two funds agreed UK Equity and European ex UK Equity
Approval of Fund Prospectus	05/10/18	C	
FCA Submission – Tranche 2	18/01/19	C	FCA approval received 22 <sup>nd</sup> February, agreeing launch date with intended investors
Securities Lending prospectus update	July 2019	G	Prospectus disclosure under review with Link and to be shared with WPP imminently
Operational Setup	June 2019	G	NT – Russell – Link operational setup at final stages pre launch
Transition Manager approval	July 2019	G	TM evaluation process under way
Fund Launch – Tranche 2	TBC	G	
Agree Funds – <b>Tranche 3</b>	28/06/19	G	Four Fixed Income sub funds: Global Credit , Global Government Bond, Absolute Return Bond and Multi Asset Credit fund structures approved by JGC in March and finalised manager line-up and fee proposal approval required at June JGC
Approval of Fund Prospectus	July 2019	G	
FCA Submission – Tranche 3	July/Aug 2019	G	
Fund Launch – Tranche 3	TBC	G	



# Progress to date

## Tranche 2 (UK and European Equities)

- FCA approval received 22<sup>nd</sup> February
- Agreeing launch date for funds with the underlying investors / Authorities
- Transition proposal to be shared with Pool and legacy manager contact has begun

## Tranche 3 (Fixed Income)

- Fund structure proposal agreed and manager line-up and fee agreement to be agreed by JGC
- FCA approval targeted for July / Aug 2019
- Draft transition plan to be drawn up for OWG Aug

## Tranche 4 (Private Markets)

- Agree fund structures – WPP June 2019
- Agree decision roadmap for tranche 4
- Target JGC approval – Q4 2019

# Host Authority Update

Fudalen 82

- Staffing
- Communications
- Governance
- Reporting

**PWYLLGOR CRONFA BENSIWN DYFED**  
**18<sup>FED</sup> MEDI 2019**

**CYFLWYNIAD LINK A RUSSELL**

Y PWYLLGOR I DDERBYN CYFLWYNIAD GAN LINK A RUSSELL

**Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:**

Y Pwyllgor i dderbyn cyflwyniad gan Link a Russell.

**Y Rhesymau:**

Y Pwyllgor Cronfa Bensiwn Dyfed i dderbyn cyflwyniad gan Link a Russell.

**Ymgynghorwyd â'r pwyllgor craffu perthnasol**

AMHERTHNASOL

Angen i'r Bwrdd Gweithredol wneud penderfyniad AMHERTHNASOL

Angen i'r Cyngor wneud penderfyniad AMHERTHNASOL

**Y Gyfarwyddiaeth:**

**Pennaeth y Gwasanaeth:**

**Chris Moore**

**Awdur yr Adroddiad:**

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**Cyfarwyddwr y Gwasanaethau  
Corfforaethol**

**Rhif ffôn: 01267 224120**

**Cyfeiriad E-bost:**

**CMoore@sirgar.gov.uk**

**EXECUTIVE SUMMARY  
DYFED PENSION FUND COMMITTEE  
18<sup>TH</sup> SEPTEMBER 2019**

**LINK AND RUSSELL PRESENTATION**

The Dyfed Pension Fund Committee to receive a presentation from Link and Russell on the key milestones and progress of the Wales Pension Partnership.

**DETAILED REPORT ATTACHED?**

**YES**

## IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: **C Moore**

Director

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>

## CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: C Moore

Director

**1. Scrutiny Committee**

NA

**2. Local Member(s)**

NA

**3. Community / Town Council**

NA

**4. Relevant Partners**

NA

**5. Staff Side Representatives and other Organisations**

NA

**Section 100D Local Government Act, 1972 – Access to Information**

**List of Background Papers used in the preparation of this report:**

**THERE ARE NONE**

Title of Document	File Ref No.	Locations that the papers are available for public inspection

# Presentation to Carmarthenshire Pension Fund Committee

September 2019

# Link Group

Operating in 18 countries worldwide



We employ and continuously invest in over

**7,000**  
industry professionals



Administering financial ownership data for

**10,000**  
clients globally



Over the last 10 years we have invested

**£250m**  
in technology



Servicing  
**35m**

individual shareholders



Hosting  
**933**

member sites



Managing  
**45m**

financial records

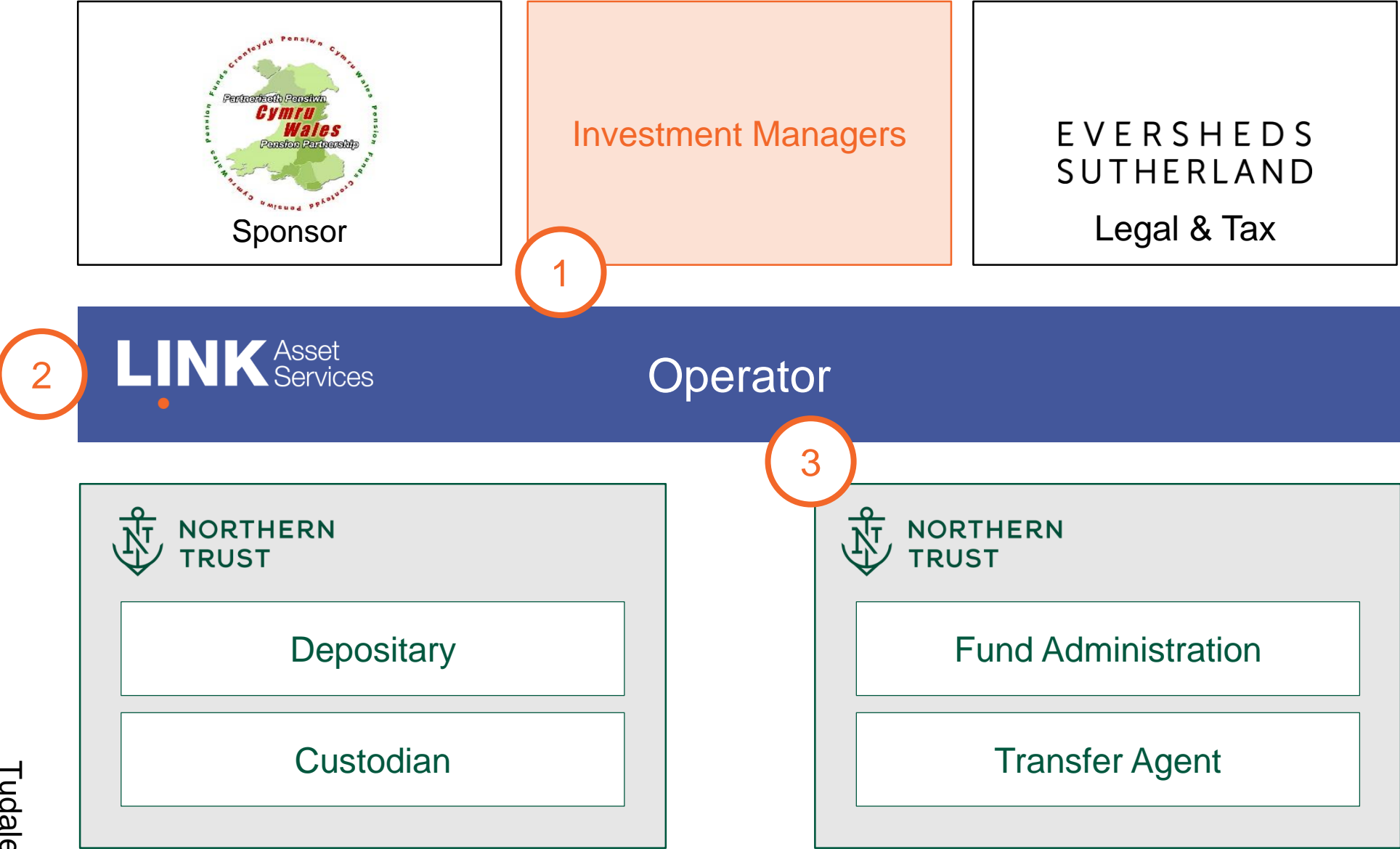
**£600bn**

We hold **£600bn** of assets under management / administration

including £85bn of funds and €100bn of loan portfolios



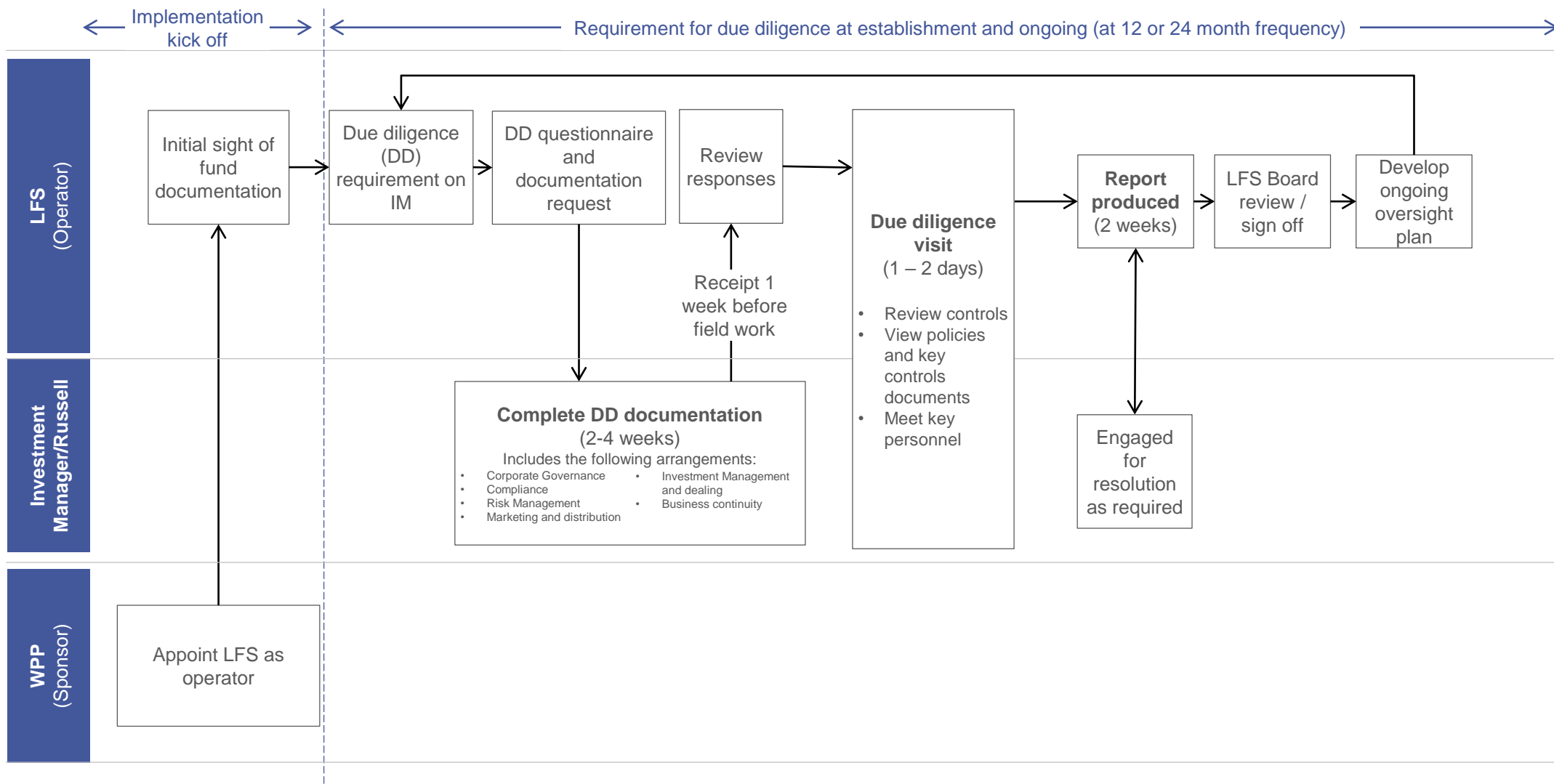
# Operator Services



# Operator Services

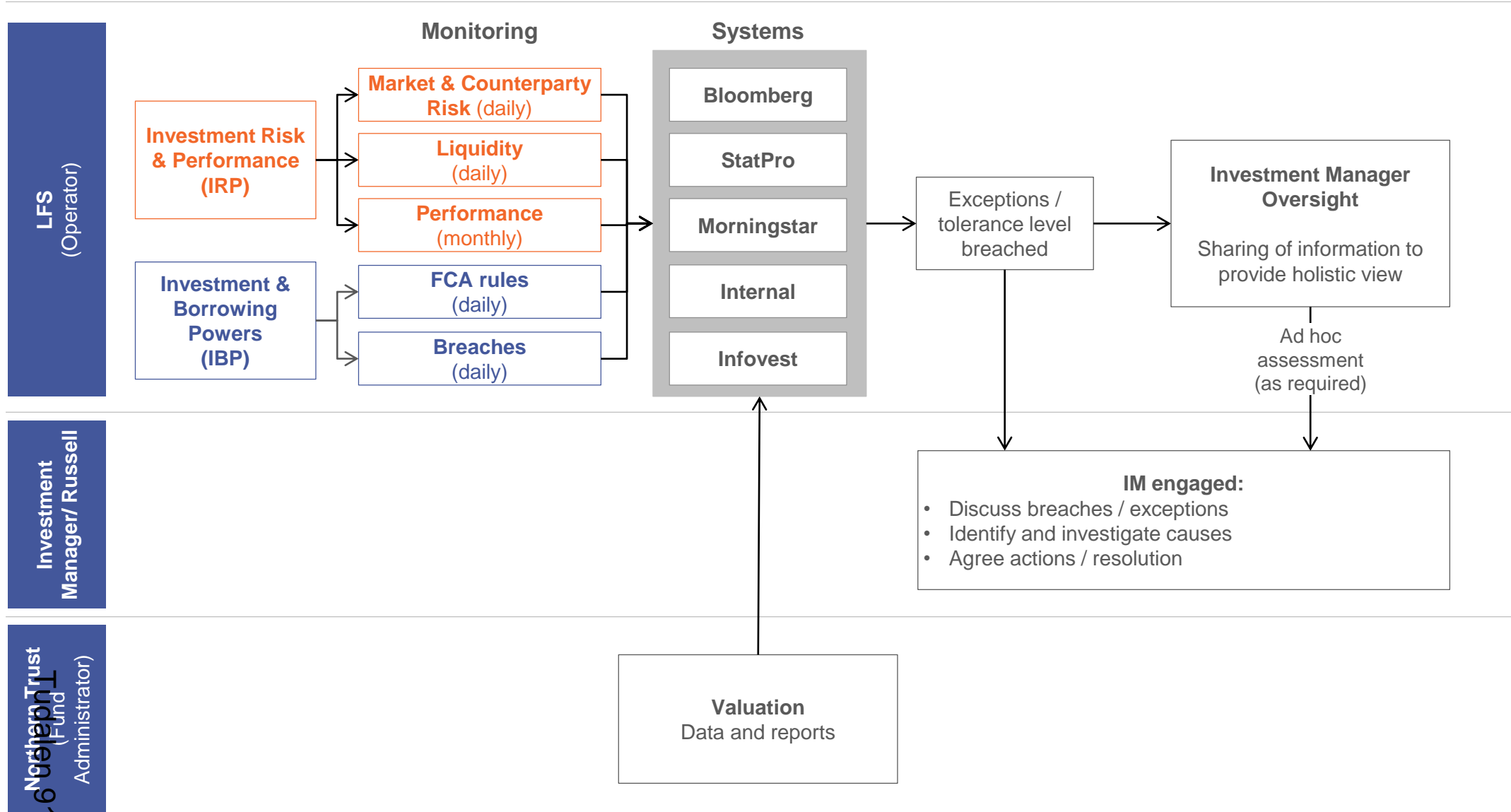
## 1. Appointing and overseeing IMs

Fundalen 90



# Operator Services

## 2. Monitoring of investments



# Operator Services

## 1. Oversight of administrator (Northern Trust)

Oversight is continuous, from due diligence prior to appointment to ongoing monitoring throughout the contract

### **Operational control checks**

- Daily review of NAV movements
- Daily monitoring of subscriptions and redemptions
- Stale/static instrument price review
- Review of cash and stock reconciliations
- Monitoring of corporate actions and income
- Periodic fund performance monitoring

### **Monitoring visits**

- On an annual basis
- Approved by the Risk Committee
- Visit reports produced detailing scope, findings and actions
- Material findings shared with WPP during regular service review meeting
- Issues identified are followed through to conclusion
- Evidence of implementation in subsequent review visits

# Authorised Contractual Scheme (ACS)

## Benefits of ACS over other structures

The ACS, a type of tax transparent fund, is a form of authorised fund that is an alternative to authorised unit trusts and open ended investment companies. The ACS is designed to compete directly with offshore vehicles by offering equal tax advantages.

- UK's flagship tax transparent vehicle
- Can be authorised as a UCITS, Non-UCITS Retail Scheme or Qualified Investor Scheme
- Beneficial withholding tax treatment of overseas equities
- Open-ended fund with no investment restrictions in the level of property to be held, allowing multiple unit classes to be formed
- Enables multiple funds to be pooled and administered under one tax transparent umbrella
- Look-through requirement to investor dividend attribution



- Increase in income through lower tax
- Increased transparency
- Flexible fund strategy

## Regulatory requirements – set up and ongoing

### **FCA Submissions**

- ACS Prospectus
- ACS Deed
- Solicitor's Certificate
- Fund(s) Model portfolio(s)
- FCA application forms

### **Legal Agreements**

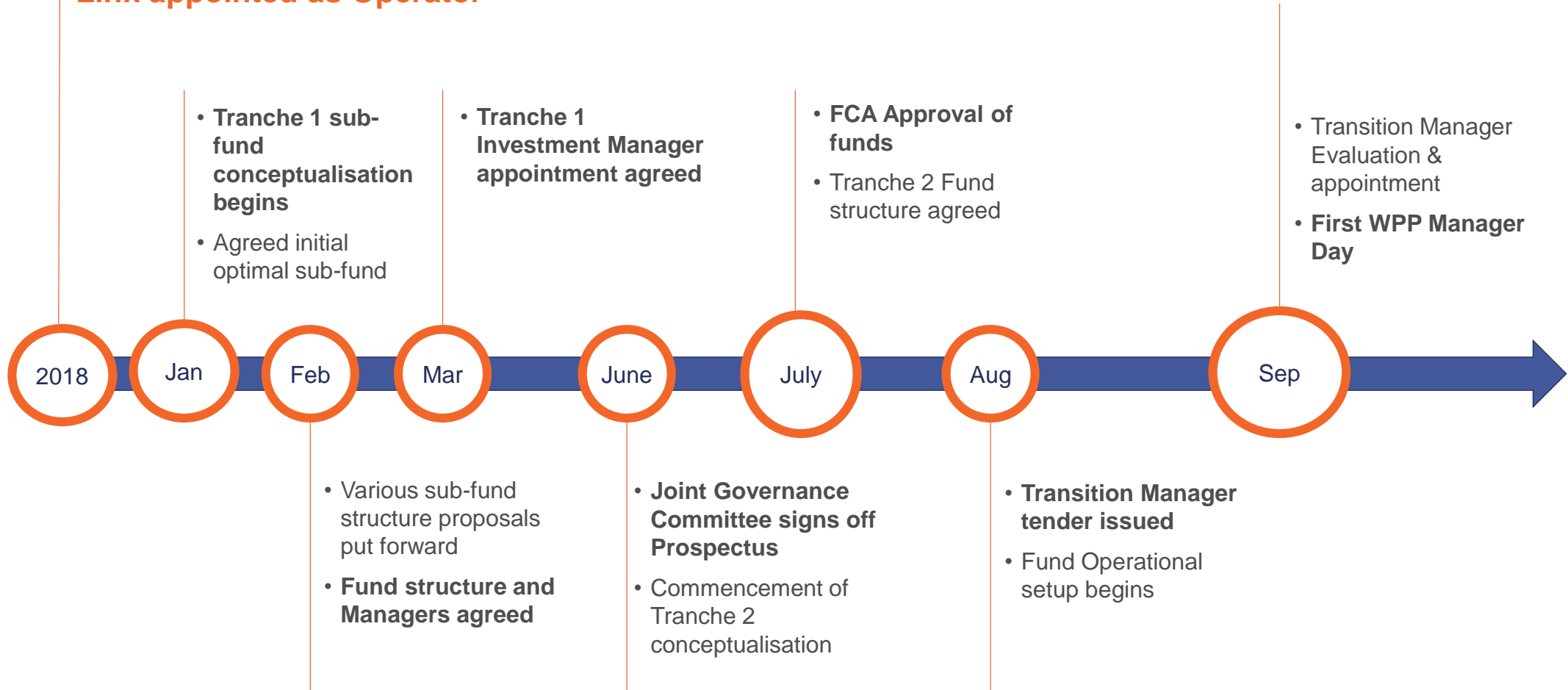
- Depositary Agreement
- Investment Management Agreement
- Administration Agreement
- Tax Services Agreement
- Securities Lending Agreement

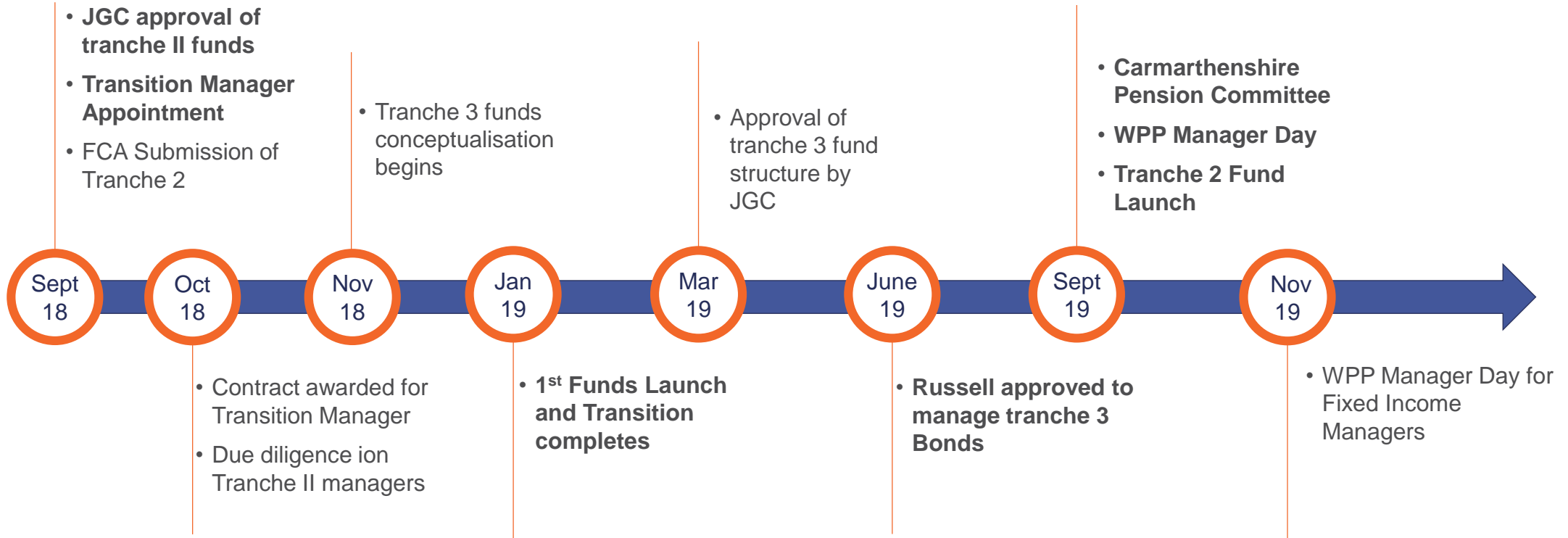
### **Ongoing Regulatory requirements**

- Production of key regulatory documentation
- Creation and submission of Regulatory Reporting
- Client Money model and the required Oversight Function
- Complaints handling
- Monitoring for and implementing regulatory change

# Key Milestones...

## Link appointed as Operator

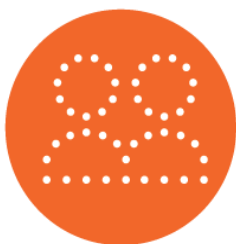






## Contact us

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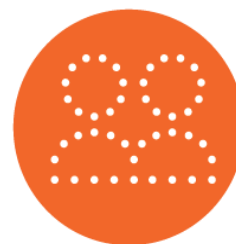
### **Duncan Lowman**

Head of Client Coverage

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m: +44 (0) 794 021 3982

e: [Duncan.Lowman@Linkgroup.co.uk](mailto:Duncan.Lowman@Linkgroup.co.uk)



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Senior Relationship Manager

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m: +44 (0) 771 177 9102

e: [eamonn.gough@linkgroup.co.uk](mailto:eamonn.gough@linkgroup.co.uk)

## Disclaimer

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These three companies are authorised and regulated by the Financial Conduct Authority; register numbers: Link Fund Solution Limited 119197; Link Financial Investments Limited 169586 and Link Fund Administrators Limited 121795. Registered office for all three companies: 65 Gresham Street, London, EC2V 7NQ

Mae'r dudalen hon yn wag yn fwiadol

Yn rhinwedd paragraff(s) 14 o Rhan 4 o Atodlen 12A% o ddeddf Llywodraeth Leol 1972 fel y'i diwygiwyd  
Orchymyn Llywodraeth Leol (Mynediad at Wybodaeth) (Amrywio) (Cymru) 2007

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