

Internal controls - code related guidance

Transcript of Table 4: Internal controls linked to priority risks

A table to show what we would expect the assessment of risk to look like for the key risk area of for example 'A lack of knowledge and understanding'.

1. Identifying key risks

Governance and administration:

- Poor record keeping (including financial risk)
- Conflicts of interest
- Ineffective relations with advisers
- Member communications.

Defined benefit:

- Covenant deterioration
- Investment risk (poor governance).

Defined contribution:

- Ineffective retirement processes
- Investment risk (poor governance)
- Non / late payment of contributions.

2. Management

Series of scheme-specific risk management activities to address routine risks.

Series of scheme-specific risk management activities to address event specific risks.

Implementation and formalisation of controls to mitigate impact and likelihood of occurrence.

3. Benefits to the scheme

Trustees understand the link between robust controls and good scheme governance.

Trustees pay close attention to the management and control of key risks

Trustees confident they have implemented robust systems to address critical risks.

Trustees confident key systems work effectively.

Trustees regularly undertake systems reviews.

Formalisation of procedures (documented controls, risk registers).

Trustee actions ensure better protection for member's benefits.