

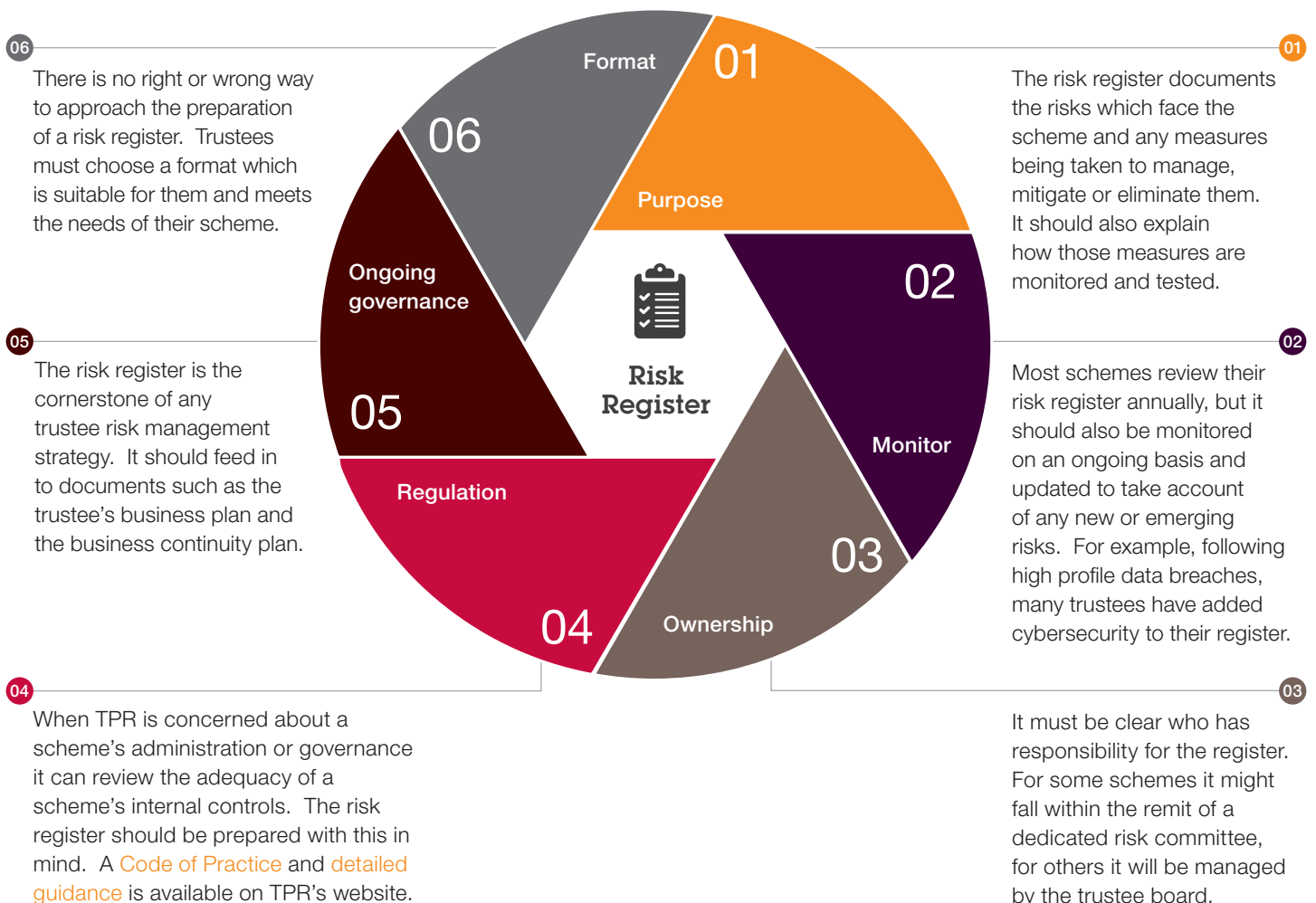
## DC hot topic

September 2017

### Monitoring DC risk – the risk register

Trustees have a legal duty to establish and operate adequate “internal controls” to ensure that their scheme is run in accordance with the scheme rules and legal requirements.

The primary focus of internal controls is a scheme’s risk register.



# Monitoring DC risk – the risk register cont.

## Types of risk



- It is important to distinguish 'inherent' risks from 'residual risks'.
- This decision will set the framework for any 'risk-rating' applied within the risk register.
- 'Residual' risks are what remains once an issue has been managed or mitigated by risk controls which are put in place by the trustees.

## Risk dashboard



- Some schemes are applying a high level overview of key risks at each trustee meeting.
- This 'dashboard' approach can highlight any 'high likelihood / high impact' risks and how these are being addressed over time.
- This can be a useful tool for the annual scheme audit, if there are any key areas the trustees would like the auditors to pay particular attention to, when measuring the effectiveness of risk controls.



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