

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.



When TPR is concerned about a scheme's administration or governance it can review the adequacy of a scheme's internal controls. The risk register should be prepared with this in mind. A Code of Practice and detailed guidance is available on TPR's website.

It must be clear who has responsibility for the register. For some schemes it might fall within the remit of a dedicated risk committee. for others it will be managed by the trustee board.

cybersecurity to their 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.



For further information, training and assistance with meeting your legal requirements, please speak to your usual Sackers contact. You can also visit www.sackers.com/dc-schemes.