

**SPFO – Assurance Map As at: 31 January 2026  
Summary**

Business Area	Internal Assurance Activity		Independent Assurance
	First	Second	Third
<b>SPF</b>	<ul style="list-style-type: none"> <li>▪ Management</li> <li>▪ Strategy, Policy &amp; Procedure</li> <li>▪ Regulations</li> <li>▪ Staff training/qualifications</li> </ul>	<ul style="list-style-type: none"> <li>▪ Governance Structure</li> <li>▪ Service Support</li> <li>▪ Council Policies, Procedures and standing Orders</li> <li>▪ Annual Report and Accounts</li> </ul>	<ul style="list-style-type: none"> <li>▪ Internal Audit</li> <li>▪ External Audit</li> <li>▪ External Governance &amp; Assurance</li> </ul>
<b>Investments</b>	<ul style="list-style-type: none"> <li>▪ Statement of Investment Principles</li> <li>▪ Training Plan</li> <li>▪ Experienced SPFO investment team</li> <li>▪ External investment managers</li> <li>▪ Investment Management Agreements</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investment Advisory Panel</li> <li>▪ Committee reporting</li> <li>▪ Investment consultants</li> <li>▪ Global custodian</li> </ul>	<ul style="list-style-type: none"> <li>▪ FCA</li> <li>▪ FRC</li> <li>▪ CMA</li> <li>▪ PRI</li> <li>▪ Independent valuers</li> <li>▪ Investment manager auditors</li> </ul>
<b>Funding</b>	<ul style="list-style-type: none"> <li>▪ Funding Strategy Statement</li> <li>▪ Training Plan</li> </ul>	<ul style="list-style-type: none"> <li>▪ Actuarial Valuation</li> <li>▪ Quarterly updates to SPF Committee</li> </ul>	<ul style="list-style-type: none"> <li>▪ GAD section 13 Review</li> <li>▪ Employer auditors and actuaries</li> </ul>
<b>Scheme Administration</b>	<ul style="list-style-type: none"> <li>▪ Pension Administration Strategy</li> <li>▪ Communications Policy</li> <li>▪ Training Plan</li> <li>▪ Experienced SPFO administration team</li> </ul>	<ul style="list-style-type: none"> <li>▪ Committee reporting</li> <li>▪ Pensions administration system</li> </ul>	<ul style="list-style-type: none"> <li>▪ TPR</li> <li>▪ TPO</li> <li>▪ SPPA</li> <li>▪ Actuarial valuation</li> </ul>

**SPFO – Assurance Map As at: 31 January 2026**  
**Detailed**

Risk					Source of Assurance		
					Internal		Independent
Ref	Title	Description	Mitigation / Control	Residual Score	First	Second	Third
FIN 0391	System Failure	<p><b>RISK:</b> Issues with pensions administration system and other related systems.</p> <p><b>CAUSE:</b> Outages, hardware and software failure, cyber attack.</p> <p><b>EFFECT:</b> Staff downtime, loss of service delivery, data loss, and potential failure to pay pensions.</p>	Access controls, firewalls and other system security measures. Robust system maintenance routines. Internal and external systems support. Back-up procedures. Disaster Recovery Plan. Business Continuity Plan.	16	<ul style="list-style-type: none"> <li>▪ Industry standard pensions administration system</li> <li>▪ Access controls and other system controls.</li> </ul>	<ul style="list-style-type: none"> <li>▪ CGI oversight of Heywood</li> <li>▪ Back-up and contingency arrangements</li> <li>▪ Internal systems &amp; compliance team</li> <li>▪ Internal Cyber Security Group</li> </ul>	<p>Heywood has:</p> <ul style="list-style-type: none"> <li>▪ Cyber Essentials and</li> <li>▪ Cyber Essentials Plus certificates</li> <li>▪ ISO 9001 (quality),</li> <li>▪ 14001 (environmental),</li> <li>▪ 27001 (information security) certificates</li> <li>▪ Various business continuity papers (plan, cyber threats, test)</li> <li>▪ Third party Cyber Review reports.</li> <li>▪ Internal audit</li> <li>▪ External audit.</li> </ul>
FIN 0403	Data Breach	<p><b>RISK:</b> Theft or loss/misuse of personal data.</p> <p><b>CAUSE:</b> Cyber attack, human error, process failure.</p> <p><b>EFFECT:</b> Breach of data</p>	SPF compliance with GCC GDPR procedures; system security; secure data transfer; data sharing agreements (these are in place with larger employers)	12	<ul style="list-style-type: none"> <li>▪ Access controls and other system controls.</li> </ul>	<ul style="list-style-type: none"> <li>▪ CGI oversight of Heywood</li> <li>▪ Back-up and contingency arrangements</li> <li>▪ Internal systems</li> </ul>	<p>Heywood has:</p> <ul style="list-style-type: none"> <li>▪ Cyber Essentials and Cyber Essentials Plus certificates</li> </ul>

Risk					Source of Assurance			
					Internal		Independent	
Ref	Title	Description	Mitigation / Control	Residual Score	First	Second	Third	
		protection legislation including GDPR, financial loss, audit criticism, legal challenge, reputational damage, financial penalties.	and many but not all of the smaller ones, leaving some residual risk which is tolerated); staff awareness.			<ul style="list-style-type: none"> <li>&amp; compliance team</li> <li>▪ Internal Cyber Security Group</li> <li>▪ GCC IT policies and practice</li> </ul>	<ul style="list-style-type: none"> <li>▪ ISO 9001 (quality), 14001 (environmental), 27001 (information security) certificates</li> <li>▪ Various business continuity papers (plan, cyber threats, test)</li> <li>▪ Third party Cyber Review reports.</li> <li>▪ Internal audit</li> <li>▪ External audit.</li> </ul>	
FIN	0415	<b>Breach of statutory reporting guidelines</b>	<b>RISK:</b> Breach of statutory reporting guidelines. <b>CAUSE:</b> Failure to produce compliant accounts by deadline. Failure of audit process. <b>EFFECT:</b> Regulatory criticism, business disruption and reputational damage.	Rigorous planning and project management; support from Corporate Finance.	9	<ul style="list-style-type: none"> <li>▪ Internal accounting and reporting arrangements</li> </ul>	<ul style="list-style-type: none"> <li>▪ GCC Corporate Finance</li> </ul>	<ul style="list-style-type: none"> <li>▪ EY</li> <li>▪ Audit Scotland</li> <li>▪ Accounts Commission</li> <li>▪ SAB</li> <li>▪ SPPA</li> </ul>
FIN	0388	<b>Inflation Impact</b>	<b>RISK:</b> Pay and price inflation significantly more or less than anticipated for a protracted period.	Actuarial valuation; inter-valuation monitoring; asset liability modelling; some inflation protection in	9	<ul style="list-style-type: none"> <li>▪ SPFO investment team</li> <li>▪ Funding Strategy</li> </ul>	<ul style="list-style-type: none"> <li>▪ investment consultants</li> <li>▪ actuary</li> <li>▪ IAP</li> </ul>	<ul style="list-style-type: none"> <li>▪ IFA and actuarial standards</li> <li>▪ GAD</li> <li>▪ External</li> </ul>

Risk					Source of Assurance			
					Internal		Independent	
Ref	Title	Description	Mitigation / Control	Residual Score	First	Second	Third	
		<p><b>CAUSE:</b> Macroeconomic. liabilities; increase in asset price volatility; potential underfunding; potential increase in employer contribution rates</p>	assets.				auditor(s)	
FIN	0389	<p><b>Scheme employer Statutory Function Failure</b></p>	<p><b>RISK:</b> Scheme employer failure to carry out statutory functions including submission of member data and contributions to SPFO.  <b>CAUSE:</b> Under-resourcing/Scheme Complexity.  <b>EFFECT:</b> Missing, incomplete and incorrect records on pensions administration system; undermines service delivery and causes difficulties in establishing correct benefits at individual member level, and liabilities at employer and whole of Fund level. Potential issues with the Pensions Regulator.</p>	<p>Regular communication with employers and their staff including Pensions in Partnership, Technical Bulletins, Employers Forum, Pension Board, scheme guide, liaison officers, dedicated employer area on SPFO website. Employers' HR and payroll controls. SPFO check individual records at points of significant transaction. Periodic bulk data checking by actuary. Member Records team within SPFO. Administration Strategy. Data improvement plan. I Connect.</p>	9	<ul style="list-style-type: none"> <li>▪ SPFO Employer &amp; Data Management Team</li> <li>▪ SPF Pension Administration Strategy</li> <li>▪ Data Improvement Plan</li> </ul>	<ul style="list-style-type: none"> <li>▪ SPFO Compliance Team</li> <li>▪ Administration Update reports to SPF Committee</li> </ul>	<ul style="list-style-type: none"> <li>▪ Actuary</li> <li>▪ Internal Audit</li> <li>▪ External Audit</li> <li>▪ TPR</li> </ul>
FIN	0392	<p><b>Pensioner Mortality</b></p>	<p>Set mortality assumptions with some allowance for future increases in life expectancy. SPF</p>	9	<ul style="list-style-type: none"> <li>▪ Funding Stratgy</li> <li>▪ SPF funding monitoring and management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Funding Updates to SPF Committee</li> </ul>	<ul style="list-style-type: none"> <li>▪ Actuary</li> <li>▪ Club Vita</li> <li>▪ GAD</li> <li>▪ External</li> </ul>	

Risk					Source of Assurance			
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Ref	Title	Description	Mitigation / Control	Residual Score	First	Second	Third	
			<b>EFFECT:</b> Increase in liabilities; underfunding; potential increase in employer contribution rates.	participates in Club Vita to monitor mortality experience. Cost cap introduced in LGPS 2015 should limit impact.		arrangements	auditor(s)	
FIN	0393	<b>Scheme regulation change</b>	<b>RISK:</b> Failure to comply with changes to scheme regulations and other pensions legislation. <b>CAUSE:</b> Political or legislative <b>EFFECT:</b> Increasing administrative complexity. paying inaccurate benefits. Potential issues with the Pensions Regulator. and reputational damage.	The Administering Authority is alert to scheme developments. Officers participate in various scheme and industry groups (SPLG, IGG, SAB, CIPFA, PLSA, etc. ) SPFO is a test site for software upgrades to refelec regulation changes.	9	<ul style="list-style-type: none"> <li>▪ Annual Business Plan</li> <li>▪ SPFO senior management</li> </ul>	<ul style="list-style-type: none"> <li>▪ industry groups (SPLG, IGG, SAB, CIPFA, Pensions UK, etc.</li> <li>▪ contractual requirement for system to be regulation compliant</li> </ul>	<ul style="list-style-type: none"> <li>▪ Actuary</li> <li>▪ Internal audit</li> <li>▪ External audit</li> <li>▪ TPR</li> <li>▪ Pensions Ombudsman</li> <li>▪ SPPA</li> </ul>
FIN	0394	<b>Resource &amp; Skills</b>	<b>RISK:</b> Failure to recruit, retain and develop appropriate staff. <b>CAUSE:</b> Competitive employment market and scheme complexity. <b>EFFECT:</b> Deterioration of service delivery.	Robust but flexible staffing structure; conditions and staff development in line with Council policies and practice; additional internal training and development.	9	<ul style="list-style-type: none"> <li>▪ Annual Business Plan</li> <li>▪ Pension Administration Strategy</li> <li>▪ SPFO structure has good mix of experienced and newer staff</li> <li>▪ Structure and internal communications facilitate internal knowledge transfer</li> </ul>	<ul style="list-style-type: none"> <li>▪ GCC staffing and recruitment policies including Modern Apprentice programme</li> </ul>	<ul style="list-style-type: none"> <li>▪ Internal audit</li> <li>▪ External audit</li> </ul>

Risk					Source of Assurance		
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FIN 0398	Discount Rate	<p><b>RISK:</b> Fall in interest rates and risk-free returns on Government bonds.</p> <p><b>CAUSE:</b> Macro-economic.</p> <p><b>EFFECT:</b> Rise in value of liabilities; long-term underfunding; potential increase in employer contribution rates.</p>	Performance of both assets and liabilities is monitored quarterly. Full actuarial valuation is carried out every three years. Funding Strategy includes smoothing measures to provide stability of contributions.	9	<ul style="list-style-type: none"> <li>▪ Funding Strategy</li> <li>▪ Investment Strategy</li> <li>▪ SPF funding monitoring and management arrangements</li> <li>▪ SPFO investment team</li> </ul>	<ul style="list-style-type: none"> <li>▪ IAP</li> <li>▪ Quarterly Funding Update</li> </ul>	<ul style="list-style-type: none"> <li>▪ Actuary</li> <li>▪ Investment Consultants</li> <li>▪ GAD</li> <li>▪ External auditor(s)</li> </ul>
FIN 0416	Cash flow issues	<p><b>RISK:</b> Cash flow issues.</p> <p><b>CAUSE:</b> Failure of cashflow monitoring systems.</p> <p><b>EFFECT:</b> Insufficient cash available to pay pensions or meet investment commitments.</p>	Cash flow projections and regular monitoring of bank account, financial ledger, pensions administration system. Global custody arrangements.	9	<ul style="list-style-type: none"> <li>▪ Internal accounting and reporting arrangements</li> <li>▪ SPFO investment team</li> </ul>	<ul style="list-style-type: none"> <li>▪ GCC Corporate Finance</li> <li>▪ IAP</li> </ul>	<ul style="list-style-type: none"> <li>▪ Internal audit</li> <li>▪ External audit</li> </ul>
FIN 2183	Gearing Effect	<p><b>RISK:</b> Fund liabilities grow more quickly than employer payrolls.</p> <p><b>CAUSE:</b> different drivers of growth affecting Fund (inflation, longevity, maturity, investment returns) and employers (public sector financing, budgetary constraints).</p> <p><b>EFFECT:</b> Increased volatility; any underfunding may require increase in employer contribution rates</p>	Funding Strategy; actuarial valuations; inter-valuation monitoring; asset liability modelling; funding surplus.	9	<ul style="list-style-type: none"> <li>▪ Funding /strategy</li> <li>▪ SPF funding monitoring and management arrangements</li> <li>▪ SPFO investment team</li> </ul>	<ul style="list-style-type: none"> <li>▪ Quartely Funding Update reports</li> <li>▪ Employer pension accounting reports</li> </ul>	<ul style="list-style-type: none"> <li>▪ Actuary</li> <li>▪ PwC Covenant Analysis</li> <li>▪ Investment Consultants</li> <li>▪ GAD</li> <li>▪ External auditor(s)</li> </ul>

Risk					Source of Assurance			
					Internal		Independent	
Ref	Title	Description	Mitigation / Control	Residual Score	First	Second	Third	
			disproportionate to payrolls.					
FIN	1584	<b>Structural Reform of LGPS Funds.</b>	<b>RISK:</b> Structural reform of LGPS funds. <b>CAUSE:</b> Change of government policy. <b>EFFECT:</b> Operational and investment disruption, transitional costs, loss of local control.	Robust defence of current structure, continuing development of existing policy and strategy, operational & investment performance.	9	<ul style="list-style-type: none"> <li>▪ SPF performance and profile</li> </ul>	<ul style="list-style-type: none"> <li>▪ Communications Policy – promotion of SPF brand</li> <li>▪ SAB</li> </ul>	<ul style="list-style-type: none"> <li>▪ Democratic and regulatory process</li> </ul>
FIN	1583	<b>Climate-related financial loss</b>	<b>RISK:</b> climate-related financial loss. <b>CAUSE:</b> failure of climate change strategy; failure of global economy to address climate change issues. <b>EFFECT:</b> obsolescence impairment or stranding of assets; changing consumer demand patterns; changing cost structure (including emissions pricing).	Climate Change Strategy, Climate Action Plan, Net Zero Investment Framework, Responsible Investment Strategy, Diversion of Investments, Direct Impact Portfolio and other positive investment opportunities.	9	<ul style="list-style-type: none"> <li>▪ Climate change strategy</li> <li>▪ Climate action plan</li> <li>▪ SPFO investment team</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investment managers</li> <li>▪ Investment consultants</li> <li>▪ IAP</li> <li>▪ TCFDs</li> <li>▪ Annual Stewardship Report</li> </ul>	<ul style="list-style-type: none"> <li>▪ IIGCC</li> <li>▪ PRI</li> <li>▪ IIGCC</li> <li>▪ FRC</li> <li>▪ PAII</li> </ul>
FIN	2738	<b>Breach of Scheme Regulations</b>	<b>RISK:</b> Material breach of LGPS regulations <b>CAUSE:</b> Failure to implement Administration Strategy, most likely through some combination of: system issues, human error, lack of resource, skills & knowledge failure. <b>EFFECT:</b> Service delivery disruption/failure,	System controls, management structure, business planning, risk policy & strategy, pension administration strategy, quarterly and annual reporting, audit.	9	<ul style="list-style-type: none"> <li>▪ Pension Administration Strategy</li> <li>▪ SPFO management structure</li> <li>▪ SPFO administration teams</li> </ul>	<ul style="list-style-type: none"> <li>▪ Industry standard system</li> <li>▪ Contractual requirement for system to be compliant with regulations</li> <li>▪ Quarterly Administration Update to SPF Committee</li> </ul>	<ul style="list-style-type: none"> <li>▪ Internal audit</li> <li>▪ TPR</li> <li>▪ PO</li> <li>▪ SPPA</li> </ul>

Risk					Source of Assurance			
					Internal		Independent	
Ref	Title	Description	Mitigation / Control	Residual Score	First	Second	Third	
			under/overpayments, resource for rectification, issues with the Pensions Regulator.					
FIN	0390	Fund Investment Impact	<p><b>RISK:</b> Fund's investments fail to deliver returns in line with the anticipated returns underpinning valuation of liabilities over the long-term.</p> <p><b>CAUSE:</b> Macro Economic.</p> <p><b>EFFECT:</b> Long-term underfunding; significant increase in employer contribution rates.</p>	Performance of both assets and liabilities is monitored quarterly. Strategy development is discussed every quarter by the Investment Advisory Panel and reviewed fully every 3 years in line with the actuarial valuation which anticipates long-term returns on a relatively prudent basis. Current strategy targets: - a greater than 80% probability of being 100% funded over the average future working lifetime of the active membership (the target funding period) and - a less than 10% probability of falling below 80% funded over the next three years. Significant surplus recorded at 2023 Actuarial Valuation.	8	<ul style="list-style-type: none"> <li>▪ SPF investment strategy and structure</li> <li>▪ SPFO investment team</li> </ul>	<ul style="list-style-type: none"> <li>▪ SPF investment performance measurement and monitoring regime</li> <li>▪ IAP</li> </ul>	<ul style="list-style-type: none"> <li>▪ Actuarial and asset liability modelling</li> </ul>
FIN	0396	Banking system failure	<p><b>RISK:</b> Issues with banking or BACS system.</p> <p><b>CAUSE:</b> Outages, hardware and software</p>	BACS business continuity, disaster recovery and contingency arrangements; SPFO business continuity,	8	<ul style="list-style-type: none"> <li>▪ SPF payments team</li> </ul>	<ul style="list-style-type: none"> <li>▪ CGI</li> <li>▪ RBoS</li> <li>▪ BACS infrastructure,</li> </ul>	<ul style="list-style-type: none"> <li>▪ Regulators:</li> <li>▪ Bank of England</li> <li>▪ Payment systems</li> </ul>

Risk					Source of Assurance			
					Internal		Independent	
Ref	Title	Description	Mitigation / Control	Residual Score	First	Second	Third	
		failure and cyber attack. <b>EFFECT:</b> Payment delays potentially including monthly pension payroll to 100,000 pensioners.	disaster recovery and contingency arrangements.			contingency and disaster recovery arrangements ▪ BACS real-time reporting	Regulator	
FIN	0397	<b>Investment failure</b>	<b>RISK:</b> Significant failure of individual investment(s). <b>CAUSE:</b> Default, fraud, operational or trading issues. <b>EFFECT:</b> Illiquidity or loss of asset value.	Diversified investment strategy and structure. Robust governance and monitoring framework.	8	<ul style="list-style-type: none"> <li>▪ SPF investment strategy and structure</li> <li>▪ SPFO investment team</li> </ul>	<ul style="list-style-type: none"> <li>▪ SPF investment performance measurement and monitoring regime</li> <li>▪ IAP</li> <li>▪ Investment manager's due diligence</li> </ul>	<ul style="list-style-type: none"> <li>▪ Stock exchange listing rules</li> <li>▪ FCA, SEC and other regulators</li> </ul>
FIN	0399	<b>Failure of investment markets</b>	<b>RISK:</b> Failure of investment market(s). <b>CAUSE:</b> Systemic. <b>EFFECT:</b> Illiquidity or loss of investments.	Diversified long-term investment strategy focused on developed markets and managed by experienced market participants. Market regulation. Robust governance and investment monitoring framework.	8	<ul style="list-style-type: none"> <li>▪ SPF investment strategy and structure</li> <li>▪ SPFO investment team</li> </ul>	<ul style="list-style-type: none"> <li>▪ SPF investment performance measurement and monitoring regime</li> <li>▪ IAP</li> <li>▪ Investment manager's market awareness and monitoring</li> </ul>	<ul style="list-style-type: none"> <li>▪ Stock exchange listing rules</li> <li>▪ FCA, SEC and other regulators</li> </ul>
FIN	0401	<b>Global custodian failure</b>	<b>RISK:</b> Significant issues with Global Custodian. <b>CAUSE:</b> Corporate and / or systemic	Annual diligence review and periodic re-tendering. Banking and FCA regulation. Fund's assets	8	<ul style="list-style-type: none"> <li>▪ SPFO investment team</li> <li>▪ Investment</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investment consultants</li> <li>▪ Investment managers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Regulators including the Bank of England Prudential</li> </ul>

