

Report Title:	Good Governance
Contains Confidential or Exempt Information	No - Part I
Lead Member:	Councillor Simon Bond, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee and Advisory Panel – 18 December 2023
Responsible Officer(s):	Damien Pantling, Head of Pension Fund
Wards affected:	None

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REPORT SUMMARY

An internal audit of the Pension Fund’s risk management processes was undertaken by the Administering Authority’s internal audit partner SWAP during mid-2023 as a voluntary exercise to enhance the Fund’s risk management practices. The findings of this report are presented along with a suite of recommendations for review and approval.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Pension Fund Committee notes the report;

- i) Considers the findings presented by SWAP Internal Audit; and**
- ii) Approves the recommendations for implementation by the deadlines disclosed in the Internal Audit report (Appendix 1).**

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 The Administering Authority’s internal audit service provider SWAP (South West Audit Partnership) Internal Audit Services undertook a detailed review of the Fund’s risk management and reporting processes as requested by the Head of Fund following an earlier successful internal audit undertaken by SWAP in 2022.
- 2.2 The intention of this exercise was to critically evaluate the Fund’s risk management and reporting methodology following implementation by the Head of Fund of a new framework in 2021. The framework adopted in 2021 was the CIPFA “managing risks in the LGPS” 2018 guidance and has been rolled out in full by officers. It is in line with best practice that an independent and external review of this process should be undertaken to enhance good governance.
- 2.3 The internal audit report returned a reasonable governance opinion, with two medium priority (priority two) and five low priority (priority three) recommendations which are detailed in Appendix 1 to this report.

- 2.4 Of the two medium priority recommendations, these are currently in action and are expected to be completed by the agreed timeline of 1 April 2024.
- 2.5 Of the five low priority recommendations, one has already been completed at the time of approving this report, the remaining four are expected to be updated along with the revised risk management policy and training framework presented for approval in March 2024, with the exception of the job description update which will be reviewed and implemented later in 2024.

3. KEY IMPLICATIONS

- 3.1 Internal Audit is a voluntary, value-add process aimed at enhancing the Fund's governance practices. Undertaking at least one internal audit annually is in line with best practice and demonstrates the Fund's best in class governance ambitions.
- 3.2 Implementing the remaining six governance recommendations aims to improve the Fund's risk management practices and enhances good governance. Improving the management of risk reduces the impact and likelihood of adverse events, many of which are unpredictable and uncontrollable.

4. FINANCIAL DETAILS / VALUE FOR MONEY

- 4.1 Implementation of any of the proposed recommendations are unlikely to have financial implications outside of what is already budgeted or planned to be budgeted from 2024/25 onwards. Implementation of an IT based risk system may have additional costs but is expected to be offset by RBWM already having a subscription to a suite of licences for the system for their own risk management processes.

5. LEGAL IMPLICATIONS

- 5.1 The administering authority is required to govern and administer the Pension Scheme in accordance with the Public Service Pensions Act 2013 and associated Local Government Pension Scheme Regulations. Failure to do so could lead to challenge. Improved governance reduces the risk of breach or challenge.

6. RISK MANAGEMENT

- 6.1 The Pension Fund Committee review and approve a risk register on a quarterly basis, prepared in line with CIPFA's guidance on "managing risks in the LGPS – 2018". The latest risk register (including relevant actions and mitigations) has been prepared alongside this report, with any relevant changes considered and documented as appropriate in the quarterly risk management report.

7. POTENTIAL IMPACTS

- 7.1 Failure to comply with pension legislation could result in the Administering Authority being reported to the Pensions Regulator where failure is deemed to be of a material significance.
- 7.2 Equalities. The Equality Act 2010 places a statutory duty on the council to ensure that when considering any new or reviewed strategy, policy, plan, project, service or procedure the impacts on particular groups, including those within the workforce and customer/public groups, have been considered. An Equality Impact Assessment (EQIA) screening exercise has been completed and approved in respect of this this report and shared with the RBWM Equalities team. It has been determined through the EQIA screening that a full EQIA is not required and is therefore not appended with this report.
- 7.3 Climate change/sustainability: The paperless and reduced-paper approaches detailed in the Communications Strategy generally have a positive impact on sustainability and environmental initiatives.
- 7.4 Data Protection/GDPR. GDPR compliance is included as a specific risk on the register in regard to processing and handling personal data, this is dealt with in the relevant risk report to the Committee along with the relevant mitigations.

8. CONSULTATION

- 8.1 Internal auditors were consulted through the preparation of this report and its appendix.

9. TIMETABLE FOR IMPLEMENTATION

- 9.1 Various as disclosed in Appendix 1.

10. APPENDICES

- 10.1 This report is supported by 1 appendix:
- Appendix 1: Risk Management Internal Audit Report 2023

11. BACKGROUND DOCUMENTS

- 11.1 This report is supported by 0 background documents:

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
<i>Mandatory:</i>	<i>Statutory Officers (or deputy)</i>		
Elizabeth Griffiths	Executive Director of Resources (Section 151 officer)	24/11/2023	8/12/23
Elaine Browne	Deputy Director of Law and Governance (Monitoring Officer)	24/11/2023	8/12/23

<i>Deputies:</i>			
Andrew Vallance	Deputy Director of Finance (Deputy Section 151 officer)	24/11/2023	24/11/2023
Jane Cryer	Principal Lawyer (Litigation) and Deputy Monitoring Officer	24/11/2023	
<i>Other consultees:</i>			
Cllr Simon Bond	Chairman – Berkshire Pension Fund Committee	24/11/2023	27/11/2023
Alan Cross	Chairman – Local Pension Board	24/11/2023	

13.REPORT HISTORY

Decision type:	Urgency item?	To follow item?
Pension Fund Committee decision	Yes/No	Yes/No

Report Author: Damien Pantling, Head of Pension Fund
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