






## Audit Objective

To assess whether the Pension Fund has a planned and systematic approach to the identification, evaluation, and management of risks.

Assurance Opinion	Number of Actions		Risk Reviewed	Assessment
	Priority	Number		
 <p>There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.</p>	Priority 1	0	An adverse event or action occurs that negatively affects the Pension Fund's ability to achieve its aims.	Medium
	Priority 2	2		
	Priority 3	5		
	Total	7		

## Key Findings

	The Pension Fund has a detailed Risk Management Strategy based on a recognised framework. The Fund reviews its risk register quarterly and publishes detailed review reports which highlight changes and trends affecting individual risks. Benchmarking shows the Fund's approach is either ahead of or in line with other administering authorities linked to SWAP partner councils.
	The Head of the Pension Fund drives the risk review process, meaning there is a single point of failure risk. The Fund would benefit from sharing out risk responsibilities, or from a second-line role focusing on risk management and internal assurance.
	Two risks have stated controls that are outdated or not fully operating. The Pension Fund presents existing and desired controls in the same column of the risk register. This could inadvertently mislead Committee and Board members.
	The Fund could enhance its Risk Management Strategy by adding further detail about risk identification, and by expanding the risk assessment matrix and its risk appetite approach. The Fund should also define training expectations for senior officers, and ensure staff complete basic risk management training.

## Audit Scope

This was an assurance review. We included the following areas in the scope:

- Risk management strategy and framework, including roles, responsibilities, process guidance and risk appetite
- Risk identification, assessment, recording, response, and monitoring
- Integration of risk management into decision making
- Officer and Committee member training
- Pensions Committee and Board reporting and governance

## Further Information

The Royal Borough of Windsor & Maidenhead (RBWM) is the administering authority for the Royal County of Berkshire Pension Fund. The Pension Fund administers the Local Government Pension Scheme (LGPS) on behalf of the six Berkshire unitary authorities and 340 other public and private sector employers. On 30<sup>th</sup> June 2023 there were 66,303 pension scheme members with 77,527 pension records. In its latest annual report, the Pension Fund reported that it had total net assets of £2.757bn.

The Pension Fund has agreed to complete seven actions by 1<sup>st</sup> November 2024. The Fund has already completed one action. Our Medium risk assessment reflects the significant value and importance of the Pension Fund.

Full details of our audit testing are available upon request. Our audit assurance framework and definitions can be found here ([www.swapaudit.co.uk/audit-framework-and-definitions](http://www.swapaudit.co.uk/audit-framework-and-definitions))

## Appendix 1

## Findings & Action Plan

Finding 1: Risk Management Resources	Action												
<p>The Pension Fund does not have a risk officer. The Head of Pension Fund leads the quarterly risk review process, but this does not ordinarily include direct review and assessment of risk controls and mitigations.</p> <p>The Head of Pension Fund drives the review process, updates the risk register and prepares reports for Committee. The Head of Pension Fund is also the identified responsible officer for all risks in the risk register. Reliance on the Head of Pension Fund means there is a single point of failure risk. Information sharing with SWAP partner pension funds showed they assign responsibilities in different ways. However, most split responsibilities across multiple officers, or officers and Committee members.</p> <p>Officers advised that there are Funds that employ officers who focus on risk, controls, and assurance. Our information sharing shows no SWAP partner pension funds have such a role.</p>	<p>The Pension Fund will consider introducing a risk officer. This would be achieved through a specific post or by adding responsibilities to an existing post. Alternatively, risk management responsibilities will be shared more widely to mitigate the single point of failure risk.</p> <table border="1" data-bbox="1131 574 2103 726"> <tr> <td><b>Priority</b></td> <td>2</td> <td><b>SWAP Reference</b></td> <td>AP#2849</td> </tr> <tr> <td><b>Responsible Officer</b></td> <td colspan="3">Head of Pension Fund</td> </tr> <tr> <td><b>Timescale</b></td> <td colspan="3">1<sup>st</sup> April 2024</td> </tr> </table>	<b>Priority</b>	2	<b>SWAP Reference</b>	AP#2849	<b>Responsible Officer</b>	Head of Pension Fund			<b>Timescale</b>	1 <sup>st</sup> April 2024		
<b>Priority</b>	2	<b>SWAP Reference</b>	AP#2849										
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Finding 2: Risk Controls	Action												
<p>We selected a sample of risks and requested evidence that the Pension Fund had the recorded controls in place. Most stated controls are operating, but we found:</p> <ul style="list-style-type: none"> <li>Some recorded controls for PEN031 are outdated. The Fund relies on RBWM’s cybersecurity arrangements and is no longer considering developing a separate cybersecurity policy.</li> <li>The risk register states that Fund staff complete corporate cybersecurity training and refresh this annually. However, due to capacity issues the Fund has not implemented annual refreshers.</li> <li>PEN023 states there are training plans in place for all officers. While individual staff must complete training to keep their professional qualifications, there are no codified training plans.</li> </ul> <p>Because there is limited space, the risk register includes operating controls and desired controls in one column. It is not always clear whether a recorded control is running, or if it is one the Fund intends to introduce.</p>	<p>The Pension Fund will update the stated controls for PEN031 and PEN023. For PEN031, this will include the Fund requesting security reports from RBWM.</p> <p>The Pension Fund will consider restructuring the risk register to separate operating controls from mitigations not yet implemented. This would make the risk register more transparent. We have provided the Fund with risk registers used by SWAP partner councils. The Pension Fund will also consider the possibility of using risk management software, which may have greater recording and reporting functionality.</p> <table border="1" data-bbox="1131 1165 2103 1308"> <tr> <td><b>Priority</b></td> <td>2</td> <td><b>SWAP Reference</b></td> <td>AP#3205</td> </tr> <tr> <td><b>Responsible Officer</b></td> <td colspan="3">Head of Pension Fund</td> </tr> <tr> <td><b>Timescale</b></td> <td colspan="3">1<sup>st</sup> April 2024</td> </tr> </table>	<b>Priority</b>	2	<b>SWAP Reference</b>	AP#3205	<b>Responsible Officer</b>	Head of Pension Fund			<b>Timescale</b>	1 <sup>st</sup> April 2024		
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Finding 3: Risk Management Strategy	Action												
<p>The Fund's Risk Management Strategy includes risk appetite statements for four specific areas. Outside of this, the Fund does not have a developed risk appetite approach.</p> <p>The Strategy includes limited guidance on risk identification techniques.</p> <p>The Risk Scoring Matrix includes financial values for each impact criteria. The values included (£0-£25,000; £25,001-£100,000; £100,001-£400,000; £400,001-£800,000; £800,001+) are suitable for scheme Employers but are immaterial to the Fund.</p>	<p>The Pension Fund will consider revising its approach to risk appetite. Setting an appetite for each risk category could facilitate more targeted monitoring.</p> <p>The Pension Fund will include risk identification techniques in the next Risk Management Strategy update.</p> <p>The Pension Fund will revise the risk assessment matrix to introduce more realistic financial risk criteria for the Fund, separate to the Employers. The Pension Fund should also consider whether there are any other parts of the matrix where it would be proper to include specific Fund criteria.</p> <table border="1" data-bbox="1137 539 2105 684"> <tr> <td><b>Priority</b></td> <td><b>3</b></td> <td><b>SWAP Reference</b></td> <td>AP#2850</td> </tr> <tr> <td><b>Responsible Officer</b></td> <td colspan="3">Head of Pension Fund</td> </tr> <tr> <td><b>Timescale</b></td> <td colspan="3">1<sup>st</sup> April 2024</td> </tr> </table>	<b>Priority</b>	<b>3</b>	<b>SWAP Reference</b>	AP#2850	<b>Responsible Officer</b>	Head of Pension Fund			<b>Timescale</b>	1 <sup>st</sup> April 2024		
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Finding 4: Publication of the Risk Management Strategy	Action												
<p>The Fund's Risk Management Strategy is published on the Berkshire Pension Fund website. We reviewed the website and found the link to the Strategy was broken. The website also had an outdated version of the risk register.</p>	<p>The Pension Fund has uploaded the latest versions of the Risk Management Strategy and Risk Register to its website.</p> <table border="1" data-bbox="1137 831 2105 976"> <tr> <td><b>Priority</b></td> <td><b>3</b></td> <td><b>SWAP Reference</b></td> <td>AP#2892</td> </tr> <tr> <td><b>Responsible Officer</b></td> <td colspan="3">Head of Pension Fund</td> </tr> <tr> <td><b>Timescale</b></td> <td colspan="3">Completed</td> </tr> </table>	<b>Priority</b>	<b>3</b>	<b>SWAP Reference</b>	AP#2892	<b>Responsible Officer</b>	Head of Pension Fund			<b>Timescale</b>	Completed		
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<b>Timescale</b>	Completed												

Finding 5: Pension Administration System Failure	Action												
<p>The risk register does not include failure of the pension administration system.</p>	<p>The Pension Fund will create or amend an existing risk to include potential failure of the pension administration system.</p> <table border="1" data-bbox="1137 1125 2105 1273"> <tr> <td><b>Priority</b></td> <td><b>3</b></td> <td><b>SWAP Reference</b></td> <td>AP#2923</td> </tr> <tr> <td><b>Responsible Officer</b></td> <td colspan="3">Head of Pension Fund</td> </tr> <tr> <td><b>Timescale</b></td> <td colspan="3">31<sup>st</sup> December 2023</td> </tr> </table>	<b>Priority</b>	<b>3</b>	<b>SWAP Reference</b>	AP#2923	<b>Responsible Officer</b>	Head of Pension Fund			<b>Timescale</b>	31 <sup>st</sup> December 2023		
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<p><b>Finding 6: Risk Management Training</b></p> <p>The Pension Fund has not supplied risk management training for its staff. Only the Head of Pension Fund has completed any form of risk management training. The Fund has a Training Framework for members, but no set training requirements for officers.</p> <p>Following the May 2023 local elections, three new members joined the Pension Fund Committee. These members have not yet completed the Pension Regulator's risk management and internal control training.</p>	<p><b>Action</b></p> <p>The Pension Fund will consider creating a training framework for senior officers. Senior officers and Pension Committee members should, at minimum, complete the Pensions Regulator Managing Risk and Internal Control module.</p> <p>The Pension Fund will review the council's corporate risk management training. If suitable, the Fund will roll out this training to staff.</p> <table border="1" data-bbox="1131 406 2123 558"> <tr> <td><b>Priority</b></td> <td><b>3</b></td> <td><b>SWAP Reference</b></td> <td>AP#2994</td> </tr> <tr> <td><b>Responsible Officer</b></td> <td colspan="3">Head of Pension Fund</td> </tr> <tr> <td><b>Timescale</b></td> <td colspan="3">1<sup>st</sup> April 2024</td> </tr> </table>	<b>Priority</b>	<b>3</b>	<b>SWAP Reference</b>	AP#2994	<b>Responsible Officer</b>	Head of Pension Fund			<b>Timescale</b>	1 <sup>st</sup> April 2024		
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<p><b>Finding 7: Job Descriptions</b></p> <p>Job descriptions for senior Pension Fund officers do not include their risk management responsibilities.</p>	<p><b>Action</b></p> <p>The Pension Fund will request that the relevant job descriptions be updated to reflect risk management responsibilities. However, this may form part of a wider review of governance and job descriptions, making this a longer-term action that may be done on a role -by-role basis.</p> <table border="1" data-bbox="1131 766 2123 914"> <tr> <td><b>Priority</b></td> <td><b>3</b></td> <td><b>SWAP Reference</b></td> <td>AP#2995</td> </tr> <tr> <td><b>Responsible Officer</b></td> <td colspan="3">Head of Pension Fund</td> </tr> <tr> <td><b>Timescale</b></td> <td colspan="3">1<sup>st</sup> November 2024</td> </tr> </table>	<b>Priority</b>	<b>3</b>	<b>SWAP Reference</b>	AP#2995	<b>Responsible Officer</b>	Head of Pension Fund			<b>Timescale</b>	1 <sup>st</sup> November 2024		
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