Risk and Compliance Perspective for ZAPF Chairpersons & Principal Officers Conference

1. What are the biggest compliance challenges pension funds face in meeting regulatory deadlines?

One of the biggest compliance challenges pension funds face is the absence of dedicated resources focused solely on risk and compliance. In many funds, compliance responsibilities are added to the duties of the Principal Officer, Finance Manager, or Administrator. While this may work in the short term, it often results in compliance becoming a reactive rather than proactive function. As regulatory requirements continue to grow in complexity, pension funds need a dedicated Risk and Compliance Officer whose responsibility is to monitor regulatory developments, coordinate statutory submissions, track compliance obligations, advise the Board, and ensure that corrective actions are implemented on time.

Another major challenge is data quality. Regulatory reports are only as good as the underlying member and financial data. Inaccurate, incomplete, or outdated records often lead to delays, audit issues, and compliance breaches.

Funds also face coordination challenges among administrators, auditors, actuaries, asset managers, and trustees. Compliance is a team effort, and where responsibilities are not clearly assigned, important deadlines can easily be missed.

Ultimately, compliance should not be viewed as an annual reporting obligation but as a continuous governance process that requires constant oversight.

Key Takeaway: Compliance can no longer be managed as a part-time responsibility. As regulatory expectations increase, pension funds need dedicated Risk and Compliance Officers to move from reactive compliance to proactive governance."

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2. How can pension funds improve communication of compliance and reporting outcomes to members?

Pension funds need to move beyond simply issuing reports and focus on making information accessible, relevant, and understandable to members.

Most members are less interested in technical compliance terminology and more interested in understanding whether their retirement savings are secure, well-managed, and available when needed. Compliance outcomes should therefore be

communicated in simple, practical language that explains what was achieved, why it matters, and how it protects members' benefits.

A critical aspect of effective communication is the use of local languages. Many members are more comfortable receiving information in Shona, Ndebele, and other local languages. By communicating key pension, compliance, and benefit information in languages members understand best, funds improve financial literacy, deepen engagement, and strengthen trust.

Importantly, communication should not be treated as a tick-box regulatory exercise that only occurs when annual reports are issued or statutory disclosures are due. It should be viewed as a living and continuous engagement process between the fund and its members. Members should feel connected to the fund throughout the year, not only when they receive a benefit statement or attend an annual meeting.

This means creating regular touchpoints through newsletters, member education sessions, pre-retirement workshops, social media platforms, websites, mobile platforms, and member portals. The goal should be to build ongoing conversations that help members understand their benefits, rights, fund performance, and governance activities.

Transparency is equally important. When challenges arise, funds should communicate openly about the issue, the actions being taken, and the expected outcomes. Members are more likely to trust a fund that is transparent than one that only communicates when things are going well.

Ultimately, effective communication is a governance tool. It enhances accountability, improves member confidence, and reinforces the fund's commitment to serving its members.

Key Takeaway: Compliance may be reported annually, but trust is built daily through continuous engagement, transparency, and communication in a language members understand.

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3. How can audit findings be better integrated into governance and risk management practices?

Audit findings should not be viewed simply as compliance observations or issues to be closed. They should be treated as valuable insights that strengthen governance, improve internal controls, and enhance risk management.

A practical approach is to ensure that every audit finding is linked to the fund's risk register. This enables the Board and management to understand the broader risk implications, prioritize corrective actions, and monitor emerging trends over time.

Importantly, pension funds should adopt a Risk and Compliance Dashboard as a substantive standing agenda item at every Board and Committee meeting. This dashboard should go beyond reporting incidents and should provide a consolidated view of key risks, regulatory compliance status, audit findings, outstanding corrective actions, policy breaches, regulatory developments, and emerging risks. Doing so ensures that risk and compliance remain at the centre of Board deliberations rather than being discussed only when problems arise.

Funds should also establish clear accountability by assigning responsible officers and timelines for addressing audit findings. Management should provide regular progress updates to the Board until issues are fully resolved.

Equally important is the need to focus on root-cause analysis. Where findings repeatedly appear in successive audits, this often points to deeper weaknesses in processes, systems, governance structures, or organizational culture. Addressing root causes is far more effective than continuously treating symptoms.

The risk, compliance, internal audit, and operational functions should work collaboratively to ensure that audit outcomes inform strategic decision-making and continuous improvement across the fund.

Key Takeaway: Audit findings should not be parked in an audit report and forgotten. They should feed directly into the Risk and Compliance Dashboard and become part of the Board's ongoing governance conversations.

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4. What practical steps can pension funds take today to strengthen statutory compliance and build long-term trust with members and regulators?

There are four key actions pension funds can implement immediately.

First, strengthen governance oversight.

Boards, committees, and Principal Officers should receive regular compliance and risk reports and maintain active oversight of statutory obligations.

Second, invest in dedicated risk and compliance capacity.

Whether through a full-time Risk and Compliance Officer or an appropriately resourced compliance function, funds need clear accountability for managing regulatory obligations and emerging risks.

Third, improve data quality and reporting systems.

Accurate member records and reliable reporting processes are fundamental to compliance, decision-making, and member service delivery.

Fourth, foster a culture of transparency.

Funds should communicate regularly with both regulators and members, sharing information openly, providing timely disclosures, and demonstrating accountability when issues arise.

Trust is built over time through consistent compliance, sound governance, and transparent communication. Funds that embrace these principles are more likely to achieve long-term sustainability and maintain the confidence of both regulators and members.

CLOSING REMARKS

Trust is the most valuable asset a pension fund has. Strong governance creates accountability, compliance creates confidence, and transparency creates trust. When these three elements work together, pension funds are better positioned to protect members' retirement savings and achieve long-term sustainability.