

# Operational risk management



## Why is operational risk management important for your business?

Weak operational risk management in asset management can have significant consequences for individuals, businesses, and financial institution, including:

- Financial losses
- Negative investor sentiment
- Legal and regulatory issues
- Business disruption
- Reduced asset performance
- Client dissatisfaction
- Reputational damage
- Increased compliance costs
- Employee morale and turnover
- Systematic risk

## How can we help?



- End to end process review
- Operational risk review
- Due diligence questionnaire preparation
- Customised Investment statements and policies
- Customised policies and procedures

## Our typical approach

### Define scope and objectives

### Desktop review

### Review systems/ processes descriptions

### Review control objectives and procedures descriptions

### Evaluate control design suitability to achieve specific control objectives

### Walkthrough of control cycles and activities

### Gap analysis report and recommendations

## Areas of coverage

**Governance:** Policies and procedures, delegation of authority, reporting lines, board committees

### Private markets

#### Deal selection

- Investment policy statement
- Investment committee
- Investment review and approval
- General partner (GP) due diligence and monitoring

#### Cash management

- FX management
- Liquidity requirements
- Investment funding
- Capital calls and distribution

#### Performance and risk monitoring

- Portfolio monitoring
- Risk analysis and reporting
- Use of risk analytic tools

#### Monitoring of fund administrator

- Service level agreements
- Periodic due diligence and monitoring

### Public markets

#### Trading

- Trade initiation
- Accuracy and timeliness of execution of trades
- Best execution
- Trade matching and settlement

#### Cash management

- FX management
- Liquidity requirements
- Contributions and withdraws

#### Counterparty management

- Counterparty onboarding
- Periodic review
- Monitoring of counterparty exposure
- Blacklisting

#### Investment compliance monitoring

- Compliance rules setting
- Compliance violations review and reporting

#### Performance monitoring

- Net asset value (NAV) monitoring
- NAV variance analysis
- Use of analytic tools

#### Monitoring of fund administrator

- Service level agreements
- Periodic due diligence and monitoring

Note: List of areas indicated here are not exhaustive

## Investment management operational support

### External

Order execution management

Data providers

Portfolio management

Others

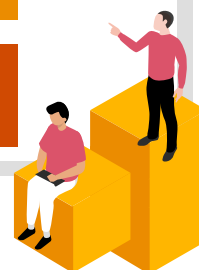
### Internal

Risk management and monitoring

Operational review and control

IT support

Monitoring of service providers



## Contact us



**Justin Ong**  
Asset and Wealth Managed  
Services Leader  
PwC Singapore  
+ 65 9731 3758  
[justin.ong@pwc.com](mailto:justin.ong@pwc.com)



**Xing Yao Kek**  
Senior Manager  
PwC Singapore  
+65 8368 3173  
[xingyao.kek@pwc.com](mailto:xingyao.kek@pwc.com)



**Tina Qin**  
Manager  
PwC Singapore  
+65 9674 0436  
[yu.q.qin@pwc.com](mailto:yu.q.qin@pwc.com)