

Wolverhampton City Council

OPEN INFORMATION ITEM

Committee / Panel	<u>PENSIONS</u>	Date	21/11/2012
Originating Service Group(s)	<u>PENSION SERVICES</u>		
Contact Officer(s)/	<u>PAT MAIN</u>	<u>GEIK DREVER</u>	
Telephone Number(s)	<u>4410</u>	<u>2020</u>	
Title/Subject Matter	<u>COMPLIANCE MONITORING</u>		

1.0 RECOMMENDATION

1.1 To receive and note the report.

2.0 PURPOSE OF THE REPORT

2.1 As a matter of best practice, it has been agreed that a report on the findings of the quarterly Compliance Monitoring Programme together with any other compliance issues will be submitted to Members on a regular basis.

3.0 **BACKGROUND**

- 3.1 From July 2012 the Member & Administration Services compliance monitoring programme has been combined with that of Investments and for future Committees a combined report will be presented.
- 3.2 There is in operation a Compliance Monitoring Programme, which aims to ensure the investment management practices of the Fund, its external managers and those with whom it transacts business, follow best practice and operate to acceptable standards. The Member Administration Services Programme aims to provide assurance that member benefits have been calculated and communicated correctly and that where service standards are in place, they are being achieved.
- 3.3 The Pension Fund retains Deloitte compliance consultancy to review current procedures and advise on compliance matters. Deloitte reviewed the Pension Fund's Monitoring Programme in October 2012; the resulting updates to be reflected in the Compliance Programme and Manual.
- 3.4 Members of staff having direct and indirect operational involvement with Investments and Member Services undertake the comprehensive Compliance Monitoring Programme.

4.0 **CURRENT MONITORING PROGRAMME**

- 4.1 The Compliance Manual has been distributed to all Officers having direct and indirect operational involvement with the investments of the Fund. Confidentiality statements are completed on an annual basis and declarations of personal dealing are required half yearly.
- 4.2 During the period, compliance monitoring visits were undertaken to Ruffer LLP, Jupiter Asset Management Ltd, Advent Capital Management, AMP Capital, Carlyle Group, Blackstone, Graphite and Doughty Hanson, at which the manager's compliance and risk management procedures were reviewed. No issues arose as a result of these monitoring visits.
- 4.3 A sample of approximately 5% of total purchase and sale transactions during the period have been reviewed for timely and best execution by way of comparison of internal and counterparty records and market information. A selection of expenses charged to the Fund during the period has also been reviewed for accuracy and appropriateness and in the case of external managers, adherence to individual management agreements.
- 4.4 A sample of up to 5% of member transactions, including payment of pension benefits and associated transactions to the Fund's accounts, have been reviewed during the period for timely and accurate calculation and payment, along with appropriateness.
- 4.5 The Compliance Monitoring Programme for the period 1st April to 30th June 2012 is complete and no issues have arisen. All trades, invoices, payments and receipts sampled met with requirements and were recorded in line with regulatory standards. An examination of record keeping was undertaken during this period which also met with requirements.

5.0 **ADDITIONAL INFORMATION**

- 5.1 During the period the FSA fined Barclays Bank plc £59.5 million for misconduct relating to the London Interbank Offered Rate (LIBOR) and the Euro Interbank Offered Rate (EURIBOR). A review has been completed by Senior Investment Managers and there has been no detriment to West Midlands Pension Fund resulting from this issue.

6.0 **FINANCIAL IMPLICATIONS**

6.1 The report contains no direct financial implications for the Authority.

7.0 **LEGAL IMPLICATIONS**

7.1 The report contains no direct legal implications for the Authority.

8.0 **ENVIRONMENTAL IMPLICATIONS**

8.1 The report contains no direct implications for the Authority's Environmental Policies.

9.0 **EQUAL OPPORTUNITIES IMPLICATIONS**

9.1 This report has no implications for the Council's equal opportunities policies.