



Pensions Committee

25 June 2014

Report Title	Compliance Monitoring	
Classification	Public	
Originating service	Pension Services	
Accountable officer(s)	Geik Drever Tel Email	Director of Pensions 01902 55(2020) geik.drever@wolverhampton.gov.uk

Recommendation(s) for action or decision:

The Committee is recommended to:

1. Note the contents of the report and that no compliance issues have arisen in this period.

1.0 Purpose

- 1.1 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.

2.0 Background

- 2.1 There is in operation a Compliance Monitoring Programme for the Fund, 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 Compliance Monitoring Programme also 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.
- 2.2 Members of staff having direct and indirect operational involvement with Investments and Member Services undertake the comprehensive Compliance Monitoring Programme.

3.0 Current monitoring programme

- 3.1 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.
- 3.2 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. Also a selection of Fund stationery and documents were reviewed to ensure accurate data and contact details were present.
- 3.3 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.
- 3.4 The Compliance Monitoring Programme for the period 1st January to 31st March 2014 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.
- 3.5 One compliance monitoring visit was undertaken during the period to an external fund manager at which the manager's compliance and risk management procedures were reviewed. All findings were escalated to the Investment Team to investigate further and take any necessary action.

4.0 Future reviews

4.1 The current compliance monitoring programme is being reviewed and a risk based approach adopted, linking the programme to the Fund's objectives and the risk register. The risk register was approved by this Pensions Committee in March 2014 and the new monitoring programme is being developed and is expected to be implemented from the period 1st April to 30th June 2014.

5.0 Freedom of Information / Data Protection Requests

5.1 The Compliance and Risk Team are responsible for co-ordinating the Freedom of Information and Data Protection requests on behalf of the Pension Fund in conjunction with the Office of the Chief Executive.

5.2 During the period the Fund received seven requests for information under the Freedom of Information Act 2000 and one request for personal information under the provision of the Data Protection Act 1998. The breakdown of the areas covered by the Freedom of Information requests is as follows; Investments five (5), Operations one (1) and Corporate one (1). In all instances the requests were managed in accordance with the requirements of the respective Acts.

5.3 From 1st March 2014 the Fund started to record the time spent by employees in responding to requests under the Act. The time spent by employees responding to the three requests received under the Acts (two FOI and 1 DPA) in March 2014 was 12 hours.

6.0 Matters arising

6.1 On-going monitoring of national, international and industry press coverage is conducted as part of the Compliance Monitoring Programme to identify any developments which may have a financial impact on the Fund.

6.2 During the period no new articles or commentary was issued which may have any direct or indirect impact on the Fund.

7.0 Financial implications

7.1 This report contains no direct financial implications.

8.0 Legal implications

8.1 This report contains no direct legal implications.

9.0 Equalities implications

9.1 This report contains no direct equal opportunities implications.

10.0 Environmental implications

10.0 This report contains no direct environmental implications.

11.0 Human resources implications

11.1 The report contains no direct human resource implications.

12.0 Corporate Landlord

12.1 There are no corporate landlord implications.

13.0 Schedule of background papers

13.1 There were no preceding background papers.