



Pensions Committee

10 December 2014

Report title	Compliance Monitoring 1 July – 30 September 2014	
Originating service	Pension Services	
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Recommendations for noting:

The Committee is asked to note:

1. That no compliance issues have arisen in this period.

1.0 Purpose

- 1.1 To provide Committee with the quarterly update on the compliance monitoring programme (“the programme”) highlighting any issues that have arisen or have been identified.

2.0 Background

- 2.1 The Fund has in place a programme, which aims to ensure its investment management practices, its external managers and those with whom it transacts business, follow best practice and operate to acceptable standards. The 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 are required to undertake the comprehensive programme which comprises of a set of tests directly linking to the Fund’s risk register and legislative requirements.
- 2.3 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.

3.0 Current monitoring programme

- 3.1 As part of the Fund’s monitoring, random testing is undertaken on its transactions, these include transactions in Investments, securing the future benefit for members and transactions on the business of the Fund from expense claims to payment of invoices.
- 3.2 A sample of approximately 5% of total purchase and sale transactions during the period of 1 July - 30 September 2014 have been reviewed to assess timely and best execution processes. This assessment is done by way of comparison of internal and external records and documents and market information.
- 3.3 A selection of expenses charged to the Fund during the period was also reviewed for accuracy and appropriateness and in the case of external managers, adherence to individual management agreements.
- 3.4 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.

3.5 The Programme testing for this period highlighted no issues and officers are satisfied that all processes are being followed in accordance with best practice. All trades, invoices, payments and receipts sampled met with requirements and were recorded in line with regulatory standards. Any recommendations from findings are signed off by the head of department.

3.6 No on-site visits with external managers were conducted during this period.

4.0 Future reviews

4.1 To ensure the ongoing best practice of the Fund in its adherence to regulatory requirements and standards, the Fund is in the process of reviewing the current Programme. The new approach will ensure the Programme testing is conducted on a risk base, highlighting current high risk areas and potential risks forthcoming over the period. This will link the programme to the Fund's objectives and the risk register which was approved by pensions committee in March 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 at the City Council.

5.2 During the period the Fund received four 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. In all instances the requests were managed in accordance with the requirements of the respective Acts.

5.3 To monitor efficiencies and staff resources from 1st March 2014 the Fund started to record the time spent by employees in responding to requests under the Act. For this period a total of 16 hours was spent by employees responding to the requests

6.0 Matters arising

6.1 As part of the Programme the Fund regularly reviews national, international and industry press coverage to identify any developments which may have a financial impact on the Fund.

6.2 During the period no new articles or commentary were issued.

7.0 Financial implications

7.1 Compliance monitoring is an essential part of the Fund's adherence to best practice guidance. Failure to comply would expose the Fund to greater risks of liabilities and challenges from stakeholders. A good Compliance Monitoring Programme ensures those risks are mitigated and managed. This quarterly review has not identified any failures or areas of high concern and therefore there are no financial implications arising from this report.

8.0 Legal implications

8.1 Compliance monitoring is an essential part of the Fund's adherence to best practice guidance. Failure to comply would expose the Fund to greater risks of liabilities and challenges from stakeholders. A good Compliance Monitoring Programme ensures those risks are mitigated and managed. This quarterly review has not identified any failures or areas of high concern and therefore there are no legal implications arising from this report.

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 are no background papers.