

**MONTGOMERY COUNTY GOVERNMENT
ROCKVILLE, MARYLAND
CLASS SPECIFICATION**

**Code No. 100203
Grade 25**

INVESTMENT COMPLIANCE MANAGER

DEFINITION OF CLASS:

This is a single professional position class in Montgomery County Employees Retirement Plans (MCERP) that (1) ensures compliance of investment management firms with the investment guidelines of the Board of Investment Trustees (Board) of the MCERP, the guidelines of the individual investment management firm, and the pertinent codes and regulations of the United States, Maryland and Montgomery County, (2) oversees development, production and issuance of the Retirement Plans Comprehensive Annual Financial Report (CAFR), (3) oversees formulation and execution of the operating budget of MCERP, and (4) performs other functions, as assigned. Compliance functions include conduct of due diligence concerning investment manager firms – assessing diversification, risk and other factors in consultation with, and in support of, MCERP portfolio managers and investment analysts. CAFR functions include preparation of the management statement and technical footnotes. Budget functions include budget formulation, justification, execution and reprogramming, including reconciliation of discrepancies and approval of invoices for payment. Other functions include serving as Information Officer for the Board by keeping the website up-to-date and responding to requests for information by various parties, including the general public. Contacts are diverse and significant and require the incumbent to maintain in-depth, up-to-date knowledge of the Plans administered by MCERP and asset investment compliance issues and facts. Contacts require effective communication skills to exchange information about sensitive investment and financial matters. Regularly recurring business contacts include but are not limited to investment professionals, risk managers, budgeters, actuaries, auditors and accountants. Occasional contacts include but are not limited to State and Federal regulators, typically concerning compliance issues, and the general public, typically in response to a request for information (RFI). Generally, business contacts are cooperative in nature, with all parties working toward mutual goals although some deception or resistance may be present on an incidental basis. Purposes of business contacts are primarily to ensure compliance, produce the CAFR, manage the budget and perform related functions. Little or no one-to-one service/assistance is provided directly to the public.

The employee in this class performs a diverse array of standard and non-standard assignments involving detailed analysis of retirement financial accounting matters as pertinent to the CAFR, careful evaluation of investment management firms and their work, formulation though execution of the budget (the complete cycle), and more. The incumbent reports to the Executive Director, MCERP. Much of the work flows to the employee directly, consistent with assigned functional responsibilities, priorities, critical issues and similar factors. Special assignments are typically made in terms of objectives, resources, timelines, authority and similar factors, or are self-generated. The incumbent is responsible for planning and performing the work independently (little or no technical guidance is readily available from the supervisor), proactively keeping the supervisor and others informed of critical issues and major problems, and obtaining supervisory approval in accordance with one's authority. Work products are expected to be technically authoritative and are normally accepted without significant change after review. Work review typically concerns such matters as fulfillment of assigned responsibilities, effects of compliance process analyses and

advice and influence on the overall investment program, contribution to the CAFR and effectiveness in budgeting. Recommendations affect existing or potential MCERP contracts with investment management firms, level of risk to retirement funds, quality of the CAFR and effectiveness in budgeting. Guidelines for performing the work include but are not limited to Federal, State and County codes and regulations (as require Securities and Exchange Commission, SEC, filings by firms, for example) and Board guidelines, applying to investment management of pension Plan assets, individual investment management firm filings with the government and their own policies and procedures, Generally Accepted Accounting Principles (GAAP), General Accounting Standards Board (GASB) pronouncements on pension disclosures and the like (Financial Accounting Standards Board, FASB, guides etc.), County budgeting and accounting systems/processes, and characteristics of, and manuals for, specialized software systems/enterprise databases used. The employee, as the investment compliance manager for MCERP, uses considerable judgment to apply guides in specific situations. Complexity is characterized by identification and analysis of nonstandard or difficult stand alone, or interdependent variables, that include compliance and budgeting assessments and recommendations, which require extensive analysis and seasoned judgment. Work products include the CAFR, the operating budget and investment compliance findings and recommendations as well as daily advice and assistance to co-workers. Impact of the work includes reduced risk to investments through effective compliance work, and, indirectly, increased public confidence in MCERP through an accurate, user-friendly CAFR. Work is primarily sedentary, performed in an office setting and presents no significant hazards. The employee uses computer equipment on an ongoing basis; however, use of this equipment is not production-oriented.

EXAMPLES OF DUTIES: (Illustrative Only)

Compliance

- Assesses compliance of contracted investment managers for newly contracted investment managers and vendors seeking contracts, conducts due diligence site visits with MCERP portfolio managers and examines the operational risk of the firm. Ensures that proper internal controls are in place. Evaluates vendors by analyzing financial statements, disaster recovery plans, compliance and operational policies, pending litigations, back office personnel turnover, any changes in auditors, etc. Prepares assessment of firm for inclusion in the portfolio manager's evaluation of the firm, in compliance with Board's Service Provider Procurement Policy. Prepares semi-annual risk reports and compliance checklists based on the investment manager's agreements, including side letter comments; evaluates insurance coverage and work in conjunction with the County's Risk Management Division to obtain approval of limits; ensures compliance with MCERP's custodian bank (Northern Trust Compliance System) by establishing required compliance alerts with the custodian bank based on the agreements.
- For current investment management firms on contract, conducts daily monitoring of the custodian bank's compliance alerts to ensure investment manager compliance; makes quarterly assessments to confirm compliance with investment agreements and ensure all insurance certificates/Securities and Exchange Commission (SEC) forms are current; makes semi-annual risk reports by assessing organizational/operational changes for investment managers and consultants and by monitoring SEC examinations, or any other regulatory organization's examinations, and evaluating the results; reviews other reports to confirm compliance with insurance coverage; inspects ADV forms on file with the SEC, inspects Statement on Standards for Attestation Agreements (SSAE) 16 audits by CPA firms, inspects proxy voting policies and voting records, and confirms compliance with Maryland and County regulations by obtaining disclosures from all investment managers regarding such matters as campaign contributions and ethics – any political contributions, any gifts to staff, etc.

- Assesses compliance of Retiree Payroll by updating IRS-released tables in PeopleSoft [cost-of-living adjustments (COLA), §415 compensation, Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), National Average Wage (NAW), Minimum Present Value Segment Rates (benefit values), 401(a)(17) qualified pension compensation limits, etc.] by reviewing updated tax tables and Form 1099R reporting, modifying pension and HR configuration tables, adding payees in PeopleSoft, and performing related functions.
- Assesses compliance by the custodian bank by reconciling bank accounts (retiree payroll), assessing access control of staff to its systems, etc.

CAFR

- Oversees the production of the Comprehensive Annual Financial Report (CAFR) of Montgomery County Employee Retirement Plans and all supporting financial statements.
- Coordinates the annual audit of the Plans by external auditors, and supports the audit by ensuring access to data and, as necessary, providing data in user-friendly form.
- Analyzes Government Accounting Standards Board (GASB) pronouncements, assesses the impact on the CAFR, and prepares new footnote disclosures, as necessary. Creates the management representation letter for signature of the Chief Administrative Officer (who is the Plan Administrator).
- In support of accurate financial reporting of information, develops accurate, organized, and efficient procedures (which can mitigate weaknesses of the Oracle system with respect to financial reporting); re-categorizes assets reported by the bank custodian to fit to the GASB requirements; generates and reviews trial balances, account analyses, account drilldown reports from Oracle for the retirement Plans to determine variances; prepares the financial statements and associated disclosures; and evaluate disclosures submitted by ERS' actuary for accuracy and completeness.
- Coordinates with the auditors and actuaries by serving as a liaison between Executive Director, MCERP and auditors/actuaries; analyzes actuarial results and ensures consistencies in calculations and assumptions; and resolves other problems.

Budget

- Develops and reports the budget for the Montgomery County Employee Retirement Plans (three Plans) and the Consolidated Retiree Health Benefits Trust. Establishes budgeting levels for upcoming fiscal year; projects income and expenses by fund based on analysis of prior year expenditures as well as new initiatives being undertaken by MCERP, analyzes growth rates, calculates estimated distributions by Plan, coordinates input staff compensation, travel, office expenses, etc., and analyzes actual expenses v. approved budget on an ongoing basis. Recommends changes to budget allocation, as appropriate. Provides guidance to staff on the budget process. Oversees approval of invoices and all other transactions.

Other

- Assists in development and maintenance of the investment risk management program and risk budgeting system by updating capital market assumptions. Updating allocations to managers and markets, running reports to assess risks.
- Serves as the Board's Information Officer by updating the MCERP website, ensuring information is distributed through various formats, responding to requests for information (RFIs) from other County offices, vendors, the public, etc., and performing related functions.
- Stays abreast of changes in guidelines pertinent to investment compliance to ensure an effective programmatic approach and recommend ways to control for and reduce risk, and of developments in accounting-auditing, such as GASB and FASB issuances, to help ensure an effective CAFR, identify 'best practices', etc.

- Goes on site visits to investment management firms on contract or seeking a contract.
- Performs related duties as required.

KNOWLEDGE, SKILLS AND ABILITIES:

- Thorough professional level knowledge of accounting and auditing, including but not limited to core GAAP/GASB/FASB guides, of key principles and practices of financial controls and compliance, and of budgeting (including specifics of County budgeting), as well as skill in identifying, synthesizing and evaluating complex financial, budgetary and administrative issues, to understand compliance-related paperwork, to oversee preparation of the CAFR, to support external auditors, to formulate and execute the MCERP operating budget, and to perform related functions. The County specific body of information of this KSA may be learned on the job; demonstrated ability to rapidly acquire it on the job is required at the time of placement.
- Thorough knowledge of, and skill in applying, the regulations, principles and practices applying to investment management to ensure compliance of investment management firms with Federal, State and County codes and regulations, the firms' own policies and procedures, and the Board's stated investment intent and guidelines. The State and County specific bodies of information of this KSA may be learned on the job; demonstrated ability to rapidly acquire them on the job is required at the time of placement.
- Knowledge of the nature, purpose, typical features of and rules governing defined benefit plans and defined contribution plans; and of considerations and standards related to administration of public pension plans, both defined benefit and defined contribution, including but not limited to methods of valuation and strategies of investment risk management; and of actuarial methodologies applying to Plan funding and the impact of assumptions on investment strategies employed; altogether at sufficient levels to perform the investment compliance, CAFR development and risk management support functions of the job.
- Knowledge of business cycles, corporate finance, economics and statistics; and skill in recognizing and analyzing economic conditions and the effects they may have on retirement plans; altogether at sufficient levels to update capital market assumptions, project market values to budget effectively for investment management fees, update allocations to managers and markets, develop reports to assess risks, and perform related functions. This includes skill in developing systems of investment risk management and systems that track and evaluate the costs associated with the administration of the Plans.
- Considerable knowledge of Montgomery County Government laws, regulations and processes, as well as stated Board investment intent and guidelines, governing the administration of the County's retirement benefits programs, or ability to rapidly acquire considerable knowledge of this County specific body of information on the job, to ensure compliance by investment managers.
- Knowledge of, and skill in applying, mathematical and statistical procedures generally employed in the fields of financial asset investment, accounting and budgeting to verify data, to project costs, to budget, etc.
- Skill in problem solving to select, organize and logically process relevant information (verbal, numerical or abstract) to solve a problem. This includes the ability to recognize subtle aspects of problems and identify relevant information. Examples include skill in making calculations and using statistics (including descriptive and correlational statistics, with emphasis on central tendency and dispersion); in reviewing formal corporate filings with government agencies to identify potential or actual problems in investment compliance or risk; in providing accounting data to auditors in user

friendly form; in providing information in response to RFIs; and in planning, organizing, prioritizing and balancing one's own workload.

- Skill in oral communication to understand verbal information (including facts, assertions and arguments) and to express such information verbally so that others will understand and, at times, be convinced or persuaded. This includes skill in encouraging effective oral communication by others, such as investment managers in due diligence visits and persons placing RFIs to which the incumbent must respond. Examples include exchanging routine and non-routine information about investment compliance, investment risk management, CAFR-related and budgetary matters with coworkers, actuaries, auditors, investment professionals and regulators.
- Skill in written communication to understand written information, draw inferences, form hypotheses and develop logical arguments, and to express such information in writing so that others will understand and, at times, be convinced or persuaded. This includes skill in the review of the written work of others, such as actuaries preparing CAFR text, to resolve discrepancies or improve clarity. Examples include reading investment management firm proposals and their filings with government agencies, preparing footnotes and the management statement for the CAFR, and responding to RFIs.
- Skill in using a computer and an office suite, such as MS Office, for communication (email), planning, scheduling, word processing, spreadsheet applications, presentations and other modern office suite applications as well as skill in using specialized software for accounting, budgeting and investment manager compliance purposes.
- Interpersonal skills to interact with others in a businesslike, customer-oriented manner. This includes ability to establish and maintain effective working relationships with actuaries, auditors, investment managers and other consultants.
- Skill in working as a team member to provide excellent customer service.
- Ability and willingness to handle confidential information with utmost discretion. Ability and willingness to visit investment management firms for due diligence purposes. Ability and willingness to work under time, volume and other pressures, such as cyclical deadlines, peak periods and changing priorities/timelines.

MINIMUM QUALIFICATIONS:

Experience: Considerable (five (5) years) professional experience in (1) evaluation of financial information, to include compiling and synthesizing budget and accounting information in a holistic manner, that demonstrates skill in (a) development and issuance of a CAFR – this requires knowledge of audit functions and processes, (b) formulation and execution of a complex, high dollar value operating budget and (c) performance of related functions, and (2) performance, or oversight, of investment management that demonstrates skill in ensuring that investment firms managing trust fund assets comply with (a) Federal, State and local codes and regulations, (b) their own stated policies and procedures, and (c) the investment intent and guidelines of an entity having retirement Plan assets valued at \$1 billion or more.

Education: Bachelor's degree from an accredited college or university in business administration, public administration, accounting-auditing, economics, finance or another field that provided strong foundation in the area(s) of assignment.

Equivalency: An equivalent combination of education and experience may be substituted.

LICENSE: None.

PROBATIONARY PERIOD:

Individuals appointed to a position in this class will be required to serve a probationary period of twelve (12) months and, if promoted to this class, will be required to serve a probationary period of six (6) months. Performance will be carefully evaluated during the probationary period. Continuation in this class will be contingent upon successful completion of the probationary period.

MEDICAL EXAM PROTOCOL: Medical History Review form with a Urine Drug Screen.

Class Established: December 2013
October, 2014