

From Manual to Modernized:

Empowering Fund Boards with Automation

*A Modern Approach to Enhanced Efficiency, Accuracy,
and Confident Governance.*

 Delta Data

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Fund board reporting is a critical yet complex responsibility for asset management firms.

There are significant challenges posed by traditional, manual reporting processes, which are often time-consuming, error-prone, and inefficient. Innovative automation solutions can revolutionize this process, leading to increased accuracy, efficiency, and enhanced board confidence. By adopting a modern approach to fund board reporting, asset management firms can not only streamline operations but also strengthen their commitment to compliance and transparency.

SETTING THE STAGE

The Evolving Landscape of Fund Board Reporting

Fund boards play a vital role in overseeing the management and operations of investment funds. Their oversight responsibilities are extensive and encompass various aspects of fund administration, compliance, and risk management. As a result, the quality and timeliness of reports provided to these boards are paramount. However, many asset management firms still rely on outdated, manual processes to compile these critical reports, often resulting in inefficiencies and increased risks.



The Challenges of Manual Reporting

TEDIOUS DATA AGGREGATION

Asset managers frequently spend a significant amount of time manually extracting, compiling, and aggregating data from disparate sources such as invoices, spreadsheets, and various internal departments. This process is particularly cumbersome for annual and quarterly reports and leaves room for error.

POTENTIAL FOR ERRORS

Manually manipulated data increases the likelihood of errors, which can undermine the integrity of reports and erode board confidence.

LACK OF DATA CENTRALIZATION

Data is often fragmented across numerous platforms, making it difficult to get a holistic view of critical information and increasing the risk of inconsistencies.

REACTIVE APPROACH

Without the right tools, teams are often in a reactive mode, scrambling to gather data whenever a report is required, rather than having the required data readily available.

The Impact of Inefficiencies

TIME CONSUMPTION

Manual processes consume excessive staff time, diverting resources away from more strategic activities.

COMPLIANCE RISKS

The manual handling of sensitive data can create compliance risks, as it can be more difficult to maintain accurate records and comply with regulatory requirements.

INCREASED OPERATIONAL COSTS

The inefficiencies of manual reporting can result in higher operational costs due to the labor-intensive nature of the process.

REDUCED BOARD CONFIDENCE

Inaccurate, inconsistent, or delayed reports can undermine the confidence of fund directors, impacting their oversight responsibilities.

THE SOLUTION

The Path to Automated Fund Board Reporting

Solutions designed to streamline and automate the fund board reporting process can dramatically transform how asset managers handle their reporting duties, resulting in greater efficiency, accuracy, and compliance.

Key Solutions



Automated fee management processes

This technology normalizes and aggregates fee-related data from various sources, ensuring it is accurate, consistent, and ready for reporting. It simplifies the complex task of fee management, eliminating the need to manually compile fee data from numerous invoices.



Centralize counterparty relationships

This solution consolidates data from different departments, including fee groups, intermediary oversight groups, relationship managers, and transfer agents into a single platform. It breaks down data silos, providing a comprehensive view of all relevant information for reporting utilizing automated workflows that offer substantial benefits that include centralized document management, streamlined approval processes, and improved collaboration.



Streamline intermediary partner oversight

This provides comprehensive support for intermediary oversight and due diligence. It streamlines the intermediary review process, allowing fund managers to focus on higher-risk areas by surfacing key issues, saving time, and resources.



WHY AUTOMATE?

The Benefits of Automation



SIGNIFICANT TIME SAVINGS

Automation eliminates manual data gathering, cleansing, and preparation, freeing up valuable staff time for more strategic tasks.



IMPROVED ACCURACY

Automated systems reduce the risk of manual errors and ensure the consistency and reliability of report data.



INCREASED EFFICIENCY

By streamlining the reporting process, automation enables teams to handle reporting tasks more efficiently, reducing costs and operational burdens.



ENHANCED COMPLIANCE

Automated tools provide enhanced record-keeping, improved controls, and robust documentation, helping firms maintain compliance with regulatory requirements.



FASTER RESPONSE TIMES

The ability to quickly generate reports and respond to ad-hoc data requests from fund directors increases responsiveness and allows for better-informed decision-making.



CENTRALIZED DATA MANAGEMENT

A central platform streamlines the reporting process, improving accessibility and reducing risks associated with disparate systems and data silos.



INCREASED BOARD CONFIDENCE

Automation ensures the accuracy and reliability of data, increasing the board's confidence in the reported information.



PROACTIVE INSIGHTS

Having data readily available all the time changes the reporting function from a reactive approach to one that allows teams to develop proactive insights and solutions.

Addressing Key Aspects of Fund Board Reporting

Automation addresses several key areas of fund board reporting, providing clarity and insights to fund directors.

Fee Transparency

DETAILED REPORTING

Automated systems provide a granular view of fees paid to various service providers, with a clear breakdown of each item & associated cost.

RATE COMPARISONS

Compare rates across dealers and quickly identify and flag inconsistencies.

FEE WAIVERS

Automate the process to ensure all fee waivers are correctly calculated and applied, reducing the chance of errors.

Intermediary Oversight

COMPREHENSIVE REVIEWS

Streamline the review process, making it easier and more efficient to perform due diligence on intermediaries.

RISK IDENTIFICATION

Allow the team to focus on the most high-risk items, helping them reduce overall risk associated with intermediary relationships.

FICCA FOCUS

Align with and benchmark against industry best practices by focusing on operational activities within the FICCA framework.

Board Communication and Transparency

CUSTOMIZABLE REPORTS

Provides the ability to customize reports to address any unique requirements and deliver all the necessary information requested.

CLEAR EXPLANATIONS

Offers a comprehensive view of the oversight program, including changes and key findings to the fund board.

RISK MANAGEMENT

Automating reporting makes it easier to address potential risks related to intermediaries and cyber security.

DATA CONFIDENCE

Boards can be more confident in the data provided, knowing it is coming from a reliable, automated source.

The Fund Board Perspective

Fund directors are responsible for overseeing the operations of their funds, and they require timely, accurate, and transparent data to fulfill this role. They also face increasingly complex regulations and an increasing list of responsibilities.

While some corporate directors have similar responsibilities, mutual fund directors have specific responsibilities established by the Securities and Exchange Commission (SEC). This chart shows the far-reaching responsibilities of mutual fund directors¹:

Fund Directors' Duties

DESCRIPTION OF DUTY	CORPORATE DIRECTOR	FUND DIRECTOR
Authorize issuance of securities	X	X
Declare dividends	X	X
Elect officers	X	X
Appoint committees	X	X
Serve on audit committee	X	X
Serve on nominating committee	X	X
Call shareholder meetings	X	X
Adopt and amend bylaws, if necessary	X	X
Select independent public accountants	X	X
Approve mergers or other transactions	X	X
Review registration statement (including prospectus)	X	X
Review proxy statements	X	X
Review financial reports	X	X
Handle extraordinary situations:		
Takeovers	X	X
Regulatory problems	X	X
Approve investment advisory & subadvisory contract		X
Approve underwriting or distribution contracts		X
Approve service contracts:		
Transfer agent		X
Custodian		X

¹ https://www.ici.org/doc-server/pdf%3Abro_mf_directors.pdf

Fund Directors' Duties (continued)

DESCRIPTION OF DUTY	CORPORATE DIRECTOR	FUND DIRECTOR
Handle disputes or claims arising under the company's contracts with service providers		X
Approve foreign custodian arrangements		X
Approve securities depositories		X
Approve time for calculation of net asset value		X
Approve procedures for valuation of securities		X
Approve trading practices and procedures:		
Principle transactions with affiliates		X
Underwritings		X
Affiliated broker transactions		X
Repurchase agreements		X
Securities lending		X
Approve insurance arrangements:		
Fidelity bond		X
D&O/E&O		X
Approve investment objectives and policies		X
Approve code of ethics		X
Monitor investments in derivatives		X
Monitor liquidity of portfolio		X
Determine policies for voting of proxies in connection with portfolio securities		X
Oversee personal investing by fund managers		X
Approve 12b-1 plan		X
Approve multiple-class arrangements		X
Money market funds: Monitor portfolio credit quality and valuation in connection with use of amortized cost		X
Closed-end funds:		
Approve borrowing		X
Approve repurchases of shares		X
Approve conversion to an open-end company, if appropriate		X
Authorize issuance of new shares		X



What Fund Directors Need

Confidence in Data

Fund directors need to be confident that the data they are reviewing is accurate, complete, and reliable.

Actionable Insights

Reports should not only be a “check-the-box” activity but should provide clear and actionable insights that assist them in decision-making.

Responsiveness

Fund directors need prompt responses to their questions and requests from management teams.

How to Support Fund Directors

Provide Better Data

Use automated systems to ensure the data is clean, accurate, and reliable.

Focus on Analysis

Enable teams to move away from manual data manipulation and focus on analysis.

Be Responsive

Ensure the organization has the ability to provide quick and comprehensive answers to any requests from the fund board.

Streamline Processes

Implement solutions that save time and provide a detailed view into key areas such as intermediary oversight and fee management.

END RESULTS

The Benefits of Modernization

AUTOMATION

Identify and automate key processes to save time and improve overall accuracy.

ANALYTICS

Implement analytics tools to gain actionable insights from the data.

FOCUS ON ACCURACY

Prioritize data accuracy as a way to increase the fund board's confidence in the reporting.

CENTRALIZATION

Consolidate data from different systems into a single, unified platform.

PROACTIVE APPROACH

Take advantage of the data to move away from a reactive mindset to one that is focused on finding and implementing proactive solutions.

In Conclusion

Fund board reporting plays an integral part in the oversight of asset management firms.

The limitations of manual reporting systems are no longer viable in today's environment. By adopting automation like innovative solutions offered by Delta Data, asset management firms can improve efficiency, reduce the risk of errors, and improve transparency with fund directors. This results in a more confident and well-informed board, which ultimately serves the interests of shareholders.

The move towards automated reporting is not just about adopting technology but also an essential step for enhanced governance, compliance, and operational excellence. Ultimately, this helps to create a more robust and sustainable future for asset management firms and their stakeholders.

Contact Delta Data to learn more about how automation solutions can benefit your firm's operations and board reporting.



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