

calculo & integrio – ‘Fee Checker’

The solution for fee control

99 As the trustees of pooled vehicles, pooled investment funds or funds of funds, Capital Management Companies (CMCs) are responsible for the correct application and billing of the contractually agreed fee schedules. Especially when asset management or billing has been outsourced, the CMC needs to be able to check the fees being charged for auditing purposes and as a matter of vital self-interest.

In this context, different fees and costs are charged

by different parties: either by the CMC itself (eg. fees for asset management, administration, (out-) performance and commissions or flat fees) or by third parties (providers of asset services or custodian fees). The challenge for the CMC is therefore to ensure that all the fees charged are in accordance with the contractual terms, justified by actual performance and correctly calculated.

An automated fee control system makes this process simple, fast and auditable.

Disadvantages of non-automated fee checking – Potential sources of problems

Not accurate:

- Use of the wrong fee types by mistake
- Application of the wrong conditions
- Incorrect calculations



Not permissible:

- Charges that don't match the terms of the investment prospectus
- Use of the wrong fee types due to misunderstanding

Not legitimate:

- Charges made to the wrong legal entity
- Service not delivered

Not consistent:

- Lack of traceability and transparency of calculations and results
- Inconsistencies in the control procedures

The goal

Development of a fee-controlling solution with core features that address these problems:



Accuracy test

Fees must be calculated and invoiced correctly.



Permissibility check

There must be a contractual basis for the specific fees.



Legitimacy test

The charges or fees must be relevant to the fund or legal entity being charged.



Consistency check

Criteria must be applied consistently and all check processes must be traceable.

The solution: Combination calculo & integrio

To solve this challenge, we created an advanced, automated fee control solution: a combination of two proven Sowatec solutions:

Firstly calculo, our comprehensive fee management system is used to maintain an internal rate card and calculate the expected fees, and secondly integrio is used to provide the smart workflow to automate and control the processes involved in the review and reconciliation.

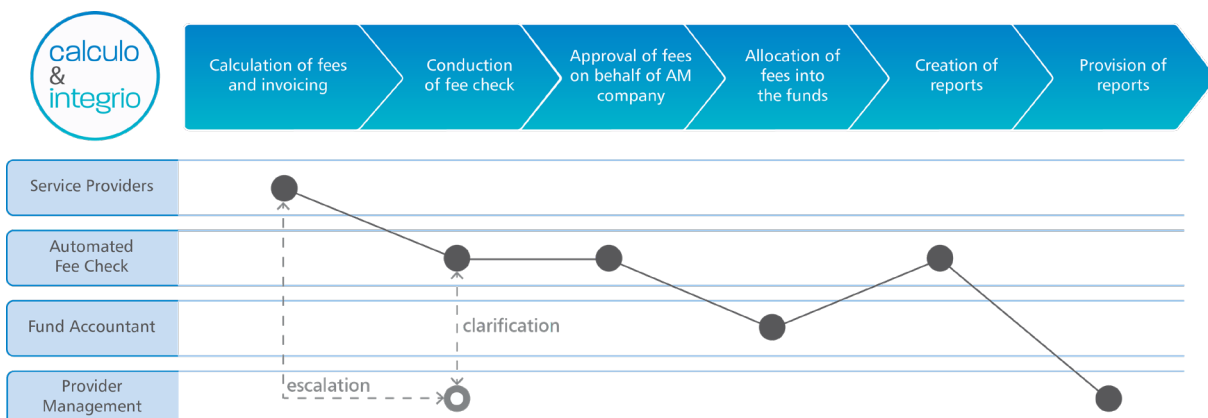
Sowatec's 'Fee Checker' includes the import of the billing data of the service provider, the fee calculations

as well as their reconciliation and possible escalation process.

If 'Fee Checker' detects a formal error after importing the data, the bill is immediately rejected and returned to the service provider. If a settlement differs from the expected result during the comparison check, integrio will use pre-set tolerance values to decide whether the settlement must be subjected to a further check. This means that if the deviation exceeds the predefined parameters, the system escalates to a higher-level position.

Sowatec's Fee-Checker control solution can:

- ✔ Import and validation of all relevant data
- ✔ Calculate fees automatically
- ✔ Verify fees based on the retrieved and additional reference data
- ✔ Compare and evaluate bills
- ✔ Document all the checks carried out and their results in an audit-proof manner



The Fee Checker process: Tasks, responsibilities and workflow