Standards

The framework for the award of the PASA accreditation for quality pension administration

October 2012

1. Service Agreement

Standard
1.1 Agreement to provide administration services

Rationale
An appropriate contract or letter of engagement should be the bedrock of the relationship between Administrator and client (trustee board or employer), providing clarity on the respective parties obligations to one-another. It sets out the obligations of each party and provides a framework from which each party can judge its delivery of its obligations. Where parties fall short of their obligations they have a clear resolution path set out to address the issue.

Outcomes
Trustees, sponsors and administrators know exactly what their mutual obligations are, what the administrator will deliver, how much it will cost and what will happen if anything goes wrong.

Measurement / Evidence
An Administration Agreement should be in place between the Trustees and the administrator. Regardless of whether the administration service is carried out in-house by the employer, the Agreement should be consistent with any arms-length commercial administration relationship. It should:

- clearly set out the obligations of all parties and identify what services are being provided, at what price and with what performance requirements as well as any constraints.
- specify the reporting requirements and the content of that report (consistent with the reporting section within these Standards)
- specify the obligations of each party in the event of termination of the agreement and provide for the administrator to hand over files and data on termination in an appropriate and timely manner and to cooperate with a new administrator. It should state if any additional charges will be levied for this transfer of data.
- clearly state how any fees are calculated (including the basis for future increases), what is included and excluded from any fixed fee and how any additional charges will be calculated, communicated and levied and how any fees are to be invoiced and paid.
- specify the actions and remedies in the event of a breach or dispute and the circumstances in which the agreement can be terminated prematurely on either side (and what costs would be incurred if it were terminated).
- specify the term of the agreement and how it can be renewed or extended. In any event, the agreement should have a notice period sufficient to allow the Trustees to find another administrator and migrate.
- incorporate or refer to a Service Level Agreement (SLA) with service measures appropriate to the scheme.

2. Measurement and Reporting

Standard
2.1 Sponsor / Board Reporting

Rationale
The administrator is able to articulate the value it delivers by demonstrating and evidencing the administration service it delivers over time. Reporting is the means of engaging with sponsors and trustee boards. This supports the accountability of the administrator on the basis of 'what gets measured gets managed'.

Outcomes
All parties involved in administration are able to gauge whether the commitments made within the Agreement are being met. Clear reporting will also highlight where and how improvements are required and direct recipients to ask relevant questions, resulting in better oversight. Measures will be relevant and important to Trustees, sponsors and their membership, reports provide evidence administrators are being monitored and being held to account for their performance.

Measurement / Evidence
Reporting to boards (and internally to line managers) should be consistent with the size and demands of the scheme. Not all the metrics need be contained in every report, but each should be reported with an appropriate frequency (at least annually). Reports should include where appropriate:

- A range of critical service metrics, including reference to member experience – (not just 'turnaround times'). *To include* membership numbers, membership activity, financial activity, service performance measures, complaints, cash flow *and potentially* volumes of post and transactions, end-to-end timeliness measures, % of cases delivered inside standards and actual average turnaround times. All measures at an aggregate and transaction level.

- *Risk management*: exception reporting on the administrator's risk management framework as it applies to the scheme, specifically highlighting changes in risk ratings, control failures and action plans to reduce risks or improve controls. Evidence that the framework is functional and is being actively monitored

- *Complaints*: reporting on complaint volumes in aggregate and by complaint type. # general complaints and their outcomes # of complaints referred to the Pensions Ombudsman (and those upheld), # of IDRP cases received (and number upheld). # of cases where compensation is paid and quantum

- *Errors*: report errors (based on a pre-agreed definition), including volumes by error type, sufficient to identify trends or systemic failures.

Include action plans to address systemic errors

- *Business continuity*: reporting on the outcomes of any testing (IT and full tests), audit opinions in relation to that testing and action plans that result. Include a schedule of tests, including dates for the last and next test
- *Satisfaction surveying*: reporting on the results of any satisfaction surveys
- *Telephone*: Demonstrating understanding of how calls are monitored and controlled appropriate to the type of administration being carried out. High volume administration may include technological solutions which monitor volumes (total and by the nature of the enquiry), wait times, drop-out rates, first-contact satisfaction levels etc
- *Website*: where employed by schemes and their members # of users registered (if a secure area exists), # of hits, data on what members are doing on-line (i.e. volume use of calculators)
- *Compliance*: report administrative and data compliance failures and otherwise certify overall compliance (with all relevant legislative and regulatory requirements)
- *Data integrity*: report a summary of overall levels of data integrity and data issues arising since the last report. Compliance with tPRs data requirements and evidence of Improvement Plan in place
- *Audit and quality*: report on any internal audit and other quality activities. Report outcomes by exception
- Benchmarking: results of any benchmarking exercises that have been carried out
- *People*: report any material people issues relevant to the scheme, potentially including leavers and joiners and training completed
- *Cashflows*: including income and expenditure

Importantly, the administrator should be able to:
- Provide trend analysis on the key metrics in the report
- Highlight any important issues which would impact on current/future decisions

PASA expects TPAs to report scheme specific data (rather than generic performance across clients). If generic data is reported, then the TPAs should be able to demonstrate that the scheme experience is in line with the overall experience.

2. Measurement and Reporting

Standard
2.2 Member, Board and sponsor feedback

Rationale
Constructive feedback provides a basis of evidence and data upon which to assess services and identify where beneficial changes can be made. The administrator can receive feedback and consider how it responds to that feedback.

Outcomes
Administrators receive feedback on their service to Trustees, sponsors as well as members' perception of services. This feedback will identify where improvements could bring benefits and provide a baseline on how the services are evolving. Administrators use this constructive feedback to improve service levels.

Measurement / Evidence

The form this takes will vary between administrators and schemes, reflecting their particular circumstances. PASA expects the approach should follow the following principles:
 	
• The approach should be fair and equitable – both in terms of reaching all sections of the membership equally and in terms of the method. PASA accepts that paper, telephone, electronic and face-to-face approaches are all valid. The right approach will vary between administrators and schemes. No members should be excluded because they cannot access a particular media.
 	
• The survey results should be provided where there are a statistically meaningful number of responses, a broad spread of responders and, where appropriate, contains the members narrative comments.
 	
• Member based feedback should be single event focused, e.g., asking retiring members how they felt about the service they received during the process of retiring (because single event focused surveying data can be acted upon in a way that a general survey cannot). Examples of single events that might be surveyed on include:
 	
   • Retirements
   • New entrants
   • Telephone calls
   • Visits to the website
   • Transfers in

- Face-to-face meetings

This list is not definitive or exhaustive. It is for the administrator and sponsor or trustee board to decide what is appropriate to survey on reflecting the material activities of the administration team.

PASA believes the following principles for feedback should apply:

- *Surveys should be timely – being issued to members within a reasonable timescale after the event in question.*
- *Administrators should try to obtain a reasonable statistical sample of responses (PASA recognises that it may not be possible to achieve statistical validity in all cases).*
- *The process should be repeatable and on-going. Administrators should be repeating the survey at reasonable intervals in order to monitor performance over time.*
- *Surveys should include some qualitative / narrative element (i.e., providing the member with an opportunity to add his or her own words).*
- *The results should be acted upon, with evidence that action is taken to identify and respond to systemic failures.*
- *Results should be presented on an on-going basis to any client, board or independent oversight committee in accordance with the 'Client / board reporting' section of this standard.*

PASA expects TPAs with multiple clients to take a reasonable approach involving client specific surveying and reporting for large clients and cross-client surveying and reporting for smaller clients. The approach should not unfairly exclude 'problem' clients.

2. Measurement and Reporting

Standard
2.3 Errors

Rationale
Everyone involved in administration has a right to expect that administrators produce accurate information.

Outcomes
Administrators should ensure errors are spotted early and rectified appropriately. Where systemic errors are identified, corrective action is instigated which may include additional training and or process change. Error rates reduce over time.

Measurement / Evidence
Administrators will need to demonstrate:

Administrators will need to demonstrate:

- There is a process for identifying and measuring errors occurring internally and broader external errors.
- Errors are reported to trustee board and/or sponsor as appropriate (or others with oversight responsibilities)
- Errors are analysed and where systemic or repetitive that remedial action is specified and acted upon in relation to systemic errors.

3. Operational Controls and Procedures

Standard
3.1 Documented Procedures and Controls
Rationale
Administration procedures which are documented and subject to rigorous control underpin a robust administration service and provide for service consistency and continuity as administration teams change. They prevent custom and practise habits being perpetuated and give a standard measure against which compliance with procedures can be monitored.
Outcomes
Administration outcomes are accurate, compliant and meet the expectations set by the documentation which can be used to set the expectations of Trustees, sponsors and members.
Measurement / Evidence
- Documented and version controlled procedures for all key administrative tasks.   - Administrators should have a documented source of information on the complexities of each pension scheme they provide administration for. Particularly relating to historic or grandfathered entitlements (such that the calculation of entitlements should be understood from the records).   - Responsibilities for the maintenance and update of these procedures should be clearly identified.   - Procedures should be updated or reviewed periodically based on service performance and feedback received, data and evidence collected and respond to changes in legislation and practice.   - Procedures should be accessible to all staff.   - Documented evidence of the audit of procedures and controls at a level that provides comfort of the consistent and accurate use of such procedures (i.e. the administrator checks to ensure that controls are being applied properly).   - The results of internal quality investigations are reported by exception to the sponsor/board in accordance with the 'Sponsor/Board reporting' standard.   - Succession planning is in place for key posts within the administration team.

3. Operational Controls and Procedures

Standard
3.2 Business Continuity / Disaster Recovery
Rationale
Business continuity plans which are documented and regularly tested provide assurance that services can continue to be delivered and services remain available. Critical scheme data and records are secured, protected from destruction and available to enable services to be provided.
Outcomes
Services are delivered uninterrupted and recovered quickly in the event of a disaster without the loss or permanent damage of critical data. Schemes can be confident that services will continue to be provided.
Measurement / Evidence
- The administrator should have a documented business continuity plan, including disaster recovery, demonstrating: - Robust security, back-up and/or recovery procedures for paper files and all scheme records   - Alternative premises appropriate to the scale of the operation   - A communication plan (internal and external) with an appropriate cascade of instructions   - Testing should be carried out at least annually and results published.   - Exceptions identified in tests should be subject to a remedial action plan, with timelines and responsibilities identified and evidence that the action plan has been / is being fulfilled.   - The results of the testing should be communicated to the trustee board /sponsor in accordance with the 'Sponsor/Board Reporting' standard.

3. Operational Controls and Procedures

Standard
3.3 Change Management / Transition Management

Rationale
Administration teams need to be able to deliver change without affecting normal service delivery.

Outcomes
Administrators implement change seamlessly, accurately and without disruption to normal service.

Measurement / Evidence
- Documented change plans where changes are identified, scoped, risk assessed, a delivery plan documented and signed off, resources allocated and the outcome of the change plan evidenced. Specifically testing outcomes from any process or calculation change should be retained and documented for the purpose of future audit and evidence of control.   - Undisrupted service levels demonstrated through reporting to sponsors/trustees (refer to section dealing with reporting.)

3. Operational Controls and Procedures

Standard
3.4 Controls Assurance
Rationale
Independent controls assurance activities evidence the controls environment in existence and the organisations compliance with that control environment.
Outcomes
Trustees and sponsors can be assured that the key aspects of the control environment operate effectively.
Measurement / Evidence
- A documented, risk based controls assurance programme operates in relation to the administration.   - The assurance programme contains a schedule of work to be carried out by individuals independent of the administration service (this may be influenced by the scope of work of any external auditor, for example in relation to an AAF report or it may be carried out by another department within the sponsoring employer's business).   - The results of controls assurance investigations are reported internally to an audit committee (within a TPA) and by exception to the sponsor/board in accordance with the 'Sponsor/Board Reporting' standard.

Note that an independently audited AAF report may be sufficient evidence of the effective operation the control environment (subject to a review of the scope and limitations of the audit work), i.e., the accreditation process may conclude that it can rely on the AAF report in some areas.

4. Data

Standard
4.1 Data Integrity & Security
Rationale
The organisation should be able to demonstrate awareness of and their compliance with their responsibilities for holding members' personal data under data protection legislation and the information security requirements of the Pensions Regulator.
Outcomes
Those involved in administration are aware of their responsibilities for management and control of data, ensuring members' personal information is securely protected and no data breaches occur. Administrators do not expose Trustees or sponsors to reputational damage or fines for non-compliance with Regulations.
Measurement / Evidence
- Data Protection Act agreement in place   - All staff must be trained in the principles of the Data Protection Act   - Trustees indemnified as Data Controllers   - Where data breaches have occurred, these should be reported appropriately   - Documented internal training programme and individual training logs   - Trustees comply with tPR Record Keeping Guidance   - Documented procedures in place for measuring the accuracy of data on an on-going/regular basis   - All data errors and omissions are reported to Trustees at least annually   - Steps are taken to ensure the quality of data is continuously improved   - When data needs to migration, the process and method is documented

5. People

Standard
5.1 Competency Framework
Rationale
The staff undertaking administration have skills and experience relevant to the complexity of work they are undertaking. Staff understand why work is undertaken and have the skills to determine whether automated outcomes are correct.
Outcomes
Knowledgeable and competent administration staff are able to understand the work they are asked to do and have the skills required to deliver specified administration services. To do so they should have clear development plans and be able to manage their own career and knowledge progression.
Measurement / Evidence
- An appropriately structured induction, training and development process is in place to demonstrate to new starters the competencies required.   - A documented competency framework (or equivalent) that clearly sets out at each level within the administration organisation what skills, knowledge and behaviours are required. This is such that people can clearly see what is expected to continually develop and the organisation has the ability to measure output in both quantum and quality.   - A recruitment policy that demonstrates only individuals who meet relevant competency criteria are appointed.   - A competency measure that shows the individual performance against the competency framework.   - A training and development log for all staff showing the future training required as well as the outcome of training undertaken.

5. People

Standard
5.2 Staff Development

Rationale
An annual review process to set objectives and identify gaps in knowledge/training is essential in developing competence consistent with the needs of the organisation. A formal staff review and appraisal programme leads to motivated teams with clear goals and objectives.

Outcomes
There is clarity of any performance improvement needed and changes required to deliver the administration requirements. Administration teams are highly motivated, know what is expected of them and how they are going to achieve the required outcomes. They feel supported and valued as part of their organisation. Delivery teams can effectively manage succession planning and provide opportunities for staff to gain exposure to new skill in a managed way.

Measurement / Evidence
- A structured process of continuous review – evidenced with a structured appraisal system – that enables people to clearly understand: - What is expected of them (per the competency framework)   - How they have performed relative to the competency framework   - Where they have exceeded and fallen short of the required standard   - In the event of deficiencies, what they need to do to meet the standard   - What they need to do to progress   - Individual training plans that flow from the competency framework and appraisal process   - Training logs (or equivalent) that provide evidence of the training people receive (internal and external)   - The organisation should actively encourage its people to undertake relevant professional qualifications   - A schedule of training opportunities aligned with the competency framework   - The administrator has a clear strategy for supporting people's aspirations