PASA Standards

Guidance and Examples

Standard:

> **2.1 Reporting to the Principal**
>
> PASA expects there to be comprehensive formal reporting to the Principal by the administration provider.

Rationale:

The administrator is able to articulate the value it delivers by demonstrating and evidencing the performance of the administration service it delivers over time. Reporting is a means of engaging with governing bodies[1]. This supports the accountability of the administrator on the basis of 'what gets measured gets managed'. This is of increasing importance given the move to increased remote working of administration teams.

General Principles:

The standards include minimum requirements in terms of formal agreements, and to the extent these are reviewed from time-to-time, it would be appropriate to document the PASA basis for stewardship reporting in any revised agreement (i.e. change the agreement to reflect the standard).

PASA believes administration providers should be accountable to their Principal – PASA's mission is to improve the quality of pension administration. Accountability is one facet. Where administrators deliver detailed reports to trustee boards/sponsoring employers/governing bodies, it helps to understand the main drivers of successful administration and enable those boards and the employer to hold their administrators and teams accountable for their services.

PASA recognises many TPA clients will have existing agreements specifying the frequency and content of administration reports. PASA expects those seeking accreditation to meet the requirement of this Standard even where that means delivering more than is required in the current client agreement.

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[1] Governing Bodies should include, as appropriate, Trustees, Trustee Boards, Governance Committees and Boards and others charged with the oversight of the administration service delivery

Where the Principal has elected a 'lighter' form of reporting, or the administrator delivers a shorter form of reporting, then this should be recorded in writing in the scheme records and preferably contained in the legal agreement.

In respect of a Master Trust or Annuity Provider, we expect their appointed administrator(s) to operate and report to their Principal in the same manner.

Outcomes:

All parties involved in administration are able to gauge whether the commitments made within the Agreement are being met. Clear reporting will highlight where and how improvements are required and direct recipients to ask relevant questions, resulting in better oversight.

The obligation to operate measures which are important to the Principal and its membership.

Reports which provide evidence the trustees/governing boards are monitoring their service provider and holding them to account for their performance.

Measures/Evidence

Reporting to trustee/governance boards or relevant sub-committees (and internally to line managers) should be consistent with the size and demands of the scheme/trust/annuity provider.

Not all the metrics need be contained in every report, but each should be reported with an appropriate frequency (as a minimum annually for all small schemes and more frequently for larger schemes – see the recommended reporting frequency in the table at the foot of this guidance). PASA expects administrators to report to their Principal at least on a quarterly basis, unless the Principal has specifically requested in writing that such frequency of reporting is not required.

Reports to Trustee/Governance Boards should include where appropriate:
- A range of critical service metrics, including reference to member experience – (based on member feedback obtained from surveys of members as well as 'turnaround times'). To include:
  - Membership numbers

- Membership activity
- Financial activity, including the receipt and investment of any contributions (within the terms of the contributions schedule agreed between the trustees and the employers)
- Service performance measures
- Complaints and complaint resolution
- Cash flow
- Volumes of post and transactions
- Percentage of cases delivered inside service standards and actual average turnaround times

- All measures at an aggregate and transaction level
- Project work progress reporting (ongoing projects or large scheme activity)
- A summary of forthcoming legislation and the impact on administration service delivery that may arise (if any)
- 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 the framework is functional and is being actively monitored
- Complaints
  - reporting on complaint volumes in aggregate and by complaint type; number of general complaints and their outcomes; number of complaints referred to the Pensions Ombudsman (and those upheld); number of IDRP cases received (and number upheld); number of cases where compensation is paid and quantum
- Errors
  - report errors (based on the definition of error as defined within the commercial agreement), 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 the testing and resulting action plans relating to the site(s) from which services are delivered. Include a schedule of tests, including dates for the last and next test
- Satisfaction surveying

- o reporting on the results of any member and trustee satisfaction surveys
- Telephone
  - o Demonstrating an 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
  - o where employed - number of users registered (if a secure area exists), number of hits, data on what members are doing on-line (i.e. volume, pages visited, use of calculators)
- Compliance
  - o report administrative and data compliance/data security failures and otherwise certify overall compliance (with all relevant legislative and regulatory requirements)
- Data integrity
  - o report a summary of overall levels of data integrity, common/scheme-specific data score if applicable and data issues arising since the last report. Compliance with TPRs data requirements and evidence of Improvement Plan in place
- Audit and quality
  - o report on any internal audit and other quality activities. Report outcomes by exception
- Benchmarking
  - o results of any benchmarking exercises carried out
- People
  - o report any material people issues relevant to the scheme, potentially including leavers and joiners and training completed
- Cashflow including income and expenditure
- Where benefits are DC, DC Code compliance: report confirming compliance with code or exceptions and commentary as appropriate

Importantly, the administrator should be able to:
- Provide trend analysis on the key metrics in the report by comparing numerical reporting with prior periods and prior year

- Highlight any important issues which would impact on current/future decisions including proposed changes to legislation or changes to operational controls, scheme design changes or other material planned or proposed changes

Where the Principal or the administrator have elected a shorter form of reporting this request should be made in writing and recorded in the scheme records

PASA would also like to see, as evidence of good practice, reporting to the principal on the succession planning, training, recruitment and development approach adopted by the administrator, and any specific issues which are coming up or have been addressed in relation to the delivery team.

Reports in relation to the participating employers, which should form part of the Governance Reporting, should include, where appropriate
- Reports on the quality and timeliness of data received, the nature of validation queries raised and the period of time taken to resolve the validation queries
- Receipt of any contributions and any lateness of payment or delay
- Reports on specific issues encountered with any specific payroll/HR site, location or source of data
- Reports on proposed or planned changes to the volume and quality of data to be provided, timelines and an impact analysis of the changes

Accreditation Approach

Application & Accreditation approach to TPAs:

PASA recognises the full list of requirements is potentially onerous for small schemes. The Standard requires reports should be consistent with the size and demands of the scheme/arrangement.

PASA expects full compliance for larger schemes/arrangements (i.e. where there are multiple schemes for a set of associated employers - large either in terms of membership numbers or as a % of the administrator's business/site). The guidelines below set out the criteria for determining how schemes should be treated and the basis for administrator's seeking accreditation on a 'comply or explain' approach.

Parameters for deciding on reporting approach		Suggested frequency of reports	Content of reporting
Scheme size	**OR Scheme as a % of the TPA site**		
0 – 500 members	0 – 5% of the administrator's business	Annually	Summary information based on the requirement
500 – 1,000 members	5 - 10% of the administrator's business	Half Yearly	Summary information based on the requirement
1,000 – 10,000 members	10 - 25% of the administrator's business	Quarterly	Full compliance with the requirement
> 10,000 members	> 25% of the administrator's business	Monthly	Full compliance with the requirement

Reports may need to be issued more frequently for boards/schemes experiencing administrative problems.

The accreditation team will:

- Randomly select from the suite of recent reports, or for TPAs randomly select schemes/arrangements to ensure reporting is consistent with the Standard

Application & Accreditation approach to in-house teams:

PASA expects in-house teams to report to the Sponsoring Employer/Governing Board fully in accordance with the Standard (or otherwise in accordance with the guidance for TPAs where the in-house team serves a number of schemes/governing boards).

The accreditation team will:

- Ask for copies of recent reports and ensure reporting is consistent with the Standard

Application & Accreditation approach to Master Trusts and Annuity Providers:

PASA expects the Administration provider – whether in-house or outsourced, should be accountable to the Master Trust/Annuity Provider Governing Body for service delivery. PASA expects the reporting to the Master Trust/Annuity Provider Governing Board to include information provided by any outsourced service provider in addition to any further reporting on the internal administration and management services provided. This collectively can be assessed against the Standards. In respect of any outsourced administration provision, PASA expects the appointee to be compliant with the principles of the PASA Standards and their reporting includes reporting against the main requirements of the PASA Standards and supplements the normal operational performance reporting.

The accreditation team will

- Ask for copies of recent reports and ensure that reporting is consistent with the standard.