



# Standards – Reporting to the Principal

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PASA 

## Standard:

### 2.1 Reporting to the Principal

There should be comprehensive formal reporting to the Principal<sup>1</sup> by the appointed administrator.

## Rationale:

The appointed administrator can 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<sup>2</sup>. This supports the accountability of the appointed administrator based on ‘what gets measured gets managed’. This is of increasing importance given the move to remote working in administration teams. The appointed administrator should provide and demonstrate the required Management Information (MI) to support Value for Money assessments.

## 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).

Appointed administrators should be accountable to their Principal. Where the appointed administrator delivers 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 appointed administrator and teams accountable for their services.

Many TPA clients will have existing agreements specifying the frequency and content of administration reports. Those seeking accreditation should meet the requirement of this Standard even where this means delivering more than is required in the current client agreement.

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<sup>1</sup> As defined in the Service Agreements Standard

<sup>2</sup> 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 appointed administrator delivers a shorter form of reporting, then this should be recorded in writing in the scheme records and preferably be 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 while meeting regulatory requirements, for example the Master Trust supervisory regime.

### **Outcomes:**

All parties involved in administration can gauge and demonstrate 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.

MI included in the reports should have a clear reporting path to demonstrate the ownership and accountability of monitoring the administration operations.

### **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). The appointed administrator should report to their Principal at least quarterly, unless the Principal has specifically requested in writing such frequency of reporting isn't required.

### **Reports to Trustee/Governance Boards should include where appropriate:**

- Membership numbers and activity
- Financial activity
- Cashflow, unallocated cash, the receipt and investment of any contributions (within the terms of the contributions schedule agreed between the trustees and the employers)
- Volumes of correspondence and transactions

- Service performance measures including percentage of cases delivered inside service standards and actual average turnaround times
- Project work progress reporting (ongoing projects or large scheme activity)
- A summary of forthcoming legislation and the impact on administration service delivery which 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 IDRPs cases received (and number upheld); number of cases where compensation is paid and quantum. Consideration of 'Red Flag' transfer activity may also be reported
- 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 and Cyber Security
  - 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 survey results
- Telephone or Digital interactions with members
  - 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
- Digital Service Delivery
  - where deployed - number of users registered including members who have opted in or out of digital service delivery, usage volumes, data on digital processing and activity
- Compliance or breach reports alongside a certification to overall regulatory compliance; these should include any Disclosure or Data Protection breaches
- Data integrity

- 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 data quality activities. Report outcomes by exception
- Benchmarking results as a result of any exercises carried out
- People and resources
  - report any material people issues relevant to the scheme, potentially including staff turnover with a focus on key man risk, development and training of staff

Importantly, the appointed 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

**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 change

## Accreditation Approach:

### For TPAs:

PASA recognises the full list of requirements is potentially onerous for small schemes. The Standard requires reporting 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 appointed 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	Quarterly	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**

**For 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**

**For Master Trusts and Annuity Providers:**

PASA expects the appointed administration – 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 appointed administrator 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 reporting is consistent with the Standard**





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