



**CRONFA BENSIWN  
POWYS  
PENSION FUND**

**DATA QUALITY TESTING &  
MONITORING: PROCEDURES**

Drafted May 2017  
Board Approval 14<sup>th</sup> July 2017

**Introduction**

- 1 In April 2015 the Pensions Regulator (the Regulator) published his Code of Practice no 14 (the Code) *Governance and administration of public service pension schemes*.
- 2 The legal requirements that regulate how pension funds should maintain member data and transaction records are set out in the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014. To assist, the Code gives practical guidance on the use of suitable internal controls to enable funds to meet their obligations.
- 3 Much of the text herein is drawn from the Code itself. Where it has been, the Regulator's copyright applies. After each of the TPR Requirements set out below, is given the method, system, action or control that is employed by the Powys Pension Fund in order to ensure compliance with the Code.
- 4 If you have any questions about this procedure, please contact:

Pension Fund Manager  
Powys Pension Fund  
County Hall  
Llandrindod Wells  
Powys LD1 5LG

### **Legal requirements**

- 5 Regulations 4 and 5 of the Record Keeping Regulations require pension funds to keep accurate and up-to-date information in relation to scheme members and related transactions. Failure to maintain complete and accurate records and put in place effective internal controls can affect the fund's ability to carry out basic functions. Poor record-keeping can also result in fund's failing to pay benefits in accordance with scheme regulations, processing incorrect transactions and ultimately paying incorrect benefits. In addition, inaccurate data in respect of liabilities, may lead to fund's managing investment risks ineffectively.
- 6 Funds should be able to demonstrate to the Regulator, where required, that they keep accurate, up-to-date and enduring records to be able to govern and administer the pension scheme effectively.
- 7 Under the provisions of Section 249B of the Pensions Act 2004, funds are required to establish and operate adequate internal controls, which should include processes and systems to support record-keeping requirements and ensure that they are effective at all times.

### **Records of Member Information**

- 8 Pension funds are required to ensure that member data is complete and accurate; and, subject to regular evaluation.

*Powys Pension Fund encourages all scheme member to assist by checking the data held by the Fund, by reviewing their Annual Benefit Statements and advising where data is incorrect.*

- 9 Pension funds must keep specific data that enables them to uniquely identify a scheme member and to calculate their benefits correctly. Funds must also be able to provide scheme members with accurate information in respect of benefits accrued to date and future potential benefits; as well as ensuring that they pay the right pension to the right person at the right time.

*Powys Pension Fund uses scheme members' individual National Insurance numbers together with their post specific pay numbers in order to identify individual members uniquely and to ensure that the correct benefit information is assigned to the correct pension record. In addition, scheme members' may check their benefits accrued to date and forecast future benefit values, by utilising the 'My Powys Pension' online system, via unique identifiers.*

- 10 Funds should require participating employers to provide them with timely and accurate data in order to enable the Fund to fulfil its legal obligations. Funds should seek to ensure that processes are established by employers' that enable the transmission of accurate data between them.

*Powys Pension Fund requires all its participating employers to transmit member data to it via the 'i-Connect' data capture and transfer system. This system enables employers not only to transmit accurate data but also reconciles data held by the Pension Fund against that held on the employer's payroll – hence adding an additional opportunity to identify and correct any inaccuracies. The Fund is aiming to move this process from an annual to a monthly one over the coming year (2017/18).*

- 11 Funds should seek to ensure that employers understand the main events in relation to members that require information to be passed by them to the Fund.

*Powys Pension Fund provides notes of guidance to all the participating employers in relation to their obligations under the terms of the Local Government Pension Scheme.*

- 12 Funds should also ensure that appropriate procedures and timescales are in place in order to enable employers to provide updated information where member data changes, for checking Fund data against employer data and, for receiving information that may affect the profile of the Fund's membership. Failures to meet the obligations set out above should be reported to the Regulator as breaches of the law.

*See paragraph 11 above.*

## **Records of Transactions**

- 13 Funds should be able to trace the flow of monies into and out of pension funds and reconcile these against expected contributions and benefit payments. In doing so, they will have clear oversight of core transactions and should be able to mitigate risks accordingly.

*Powys Pension Fund reconciles the receipt of contributions received from employers against the amounts expected to be received based on the employer contribution rates set by the Fund actuary. Benefits paid are monitored to ensure that Fund cashflows remain at levels required to meet needs for cash as they arise.*

- 14 Funds must keep records of transactions made and any amount due to the Fund that has been written off.

*Powys Pension Fund records all transactions in relation to the Fund and maintains a log of amounts written-off.*

### **Records of Pension Board Meetings and Decisions**

- 15 Funds must keep records of Pension Board meetings including any decisions made. They should also keep records of key discussions, which may include topics such as compliance with policies relating to administration.

*The meetings of the Powys Pension Board are fully minuted, with minutes being published on the Fund's website at [www.powyspensionfund.org](http://www.powyspensionfund.org).*

- 16 The Fund must also keep records relating to any decision taken by members of the Pension Board other than at a pension board meeting, or taken by a committee/sub-committee, which has not been ratified by the pension board. The records must include the date, time and place of the decision and the names of board members participating in that decision. This will ensure that there is a clear and transparent audit trail of the decisions made in relation to the Fund.

*See paragraph 15 above.*

### **Retention of Records**

- 17 Records should be retained for as long as they are needed. It is likely that records will need to be retained for long periods and some records will need to be retained in relation to members long after that individual has retired, ensuring that pension benefits can be properly administered over the lifetime of the member and their beneficiaries. Adequate systems and procedures to enable the retention of records for the necessary time periods should be in place.

*Powys Pension Fund retains all pensions information for all members of the Fund who joined on or after 1<sup>st</sup> April 1974 (creation of the Powys Pension Fund). These records are largely held electronically via the Civica EDM system*

*with a smaller number of records being retained in paper form in the Council's archives.*

### **Ongoing Monitoring of Data**

- 18 Policies and processes that monitor data on an ongoing basis, should be in place, to ensure that data is accurate and complete, regardless of the volume of transactions. This should be in relation to all membership categories, including pensioner member data where queries may arise even when the pension is in payment.

*Powys Pension utilizes a variety of systems and processes to monitor the accuracy of Fund membership data, including:*

- *Participating in the biennial National Fraud Initiative*
- *Reconciling Fund data against DWP death lists*
- *Regularly checking the validity of member names and addresses against national data*

- 19 Funds should adopt a proportionate and risk-based approach to monitoring, based on any known or historical issues that may have occurred in relation to administration. This is particularly important for the effective administration of CARE schemes, which requires the holding of significantly more data than is needed for final salary-related schemes.

*Powys Pension Fund considers that its current approach to monitoring its members' data is both proportionate and appropriate.*

### **Data Review Exercise**

- 20 Data should be continually reviewed and data review exercises should be carried out at least annually. This should include an assessment of the accuracy and completeness of member information held. Funds should decide on the frequency and nature of reviews in the light of factors such as the level of data quality, any issues identified and key events.

*Data is reviewed against Employer data on an annual basis as part of the current Year End procedure. This is scheduled to move to a monthly exercise with the implementation of iConnect in the summer of 2017.*

### **Data Improvement Plan**

- 21 Where a Fund identifies poor quality or missing data, they should put a data improvement plan in place to address these issues. The plan should have specific data improvement measures which funds can monitor and a defined end date within a reasonable timeframe when the Fund will have complete and accurate data.

*This requirement is noted.*

## **Reconciliation of Member Records**

- 22 Funds should ensure that member records are reconciled with information held by the employer. Funds should also ensure that the numbers of scheme members is as expected based on the numbers of leavers and joiners since the last reconciliation. Funds should be able to determine those members who are approaching retirement, those who are active members and those who are deferred members.

*Powys Pension Fund reconciles member data against that held by employers annually (due to become monthly during 2017/18) via the Data Capture and Transfer System that is used. In addition, the pensions administration system also holds member records in such a way to enable them to be categorised as appropriate, differentiating between actives, deferreds and pensioners for example.*

## **Data Protection and Internal Controls**

- 23 Funds must ensure that processes that are created to manage scheme member data meet the requirements of the Data Protection Act 1998 and the data protection principles. Funds should include:
- Their obligations as data controllers and who the data processors are in relation to the Scheme.
  - The difference between personal data and sensitive personal data (as defined in the Data Protection Act 1998).
  - How data is held and how Funds will respond to data requests from different parties.
  - The systems that need to be in place to store, move and destroy data.
  - How data protection affects member communications.

[Meg – can you come up with some appropriate words for this section please to explain what we do currently in relation to DPA]

## **Other Legal Requirements**

- 24 In addition to the requirements set out in the Record Keeping Regulations, there are various other legal requirements that relate to record-keeping in public service pension schemes. Those requirements apply variously to managers, administrators and employers. Not all requirements apply to all public service pension schemes, but some of the key requirements are set out under the following legislation:
- Pensions Act 1995 and 2004

- Pensions Act 2008 and the Employers' Duties (registration and Compliance) Regulations 2010
- Occupational Pension Schemes (Scheme Administration) Regulations 1996
- Registered Pension Schemes (Provision of Information) Regulations 2006
- Data Protection Act 1998
- Freedom of Information Act 2000.

Where applicable, the Fund should be able to demonstrate that records are kept in accordance with these and any other relevant legal requirements.