



Response form 4

# The 'Administration' section of the new code of practice

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# Scheme administration

## Administration (ADM001)

Any scheme depends on the timely and accurate processing of multiple transactions. These range from investing contributions in the scheme, to paying benefits when a member begins to access their retirement funds. A breakdown in any transaction can lead to member losses, and costs to the scheme and employer to put any errors right.

The Occupational Pension Schemes (Scheme Administration) Regulations 1996<sup>AD1</sup> set out the records that must be maintained by governing bodies of trust-based pension schemes. Under section 249A of the Pensions Act 2004,<sup>AD2</sup> governing bodies of certain schemes must establish and operate an effective system of governance (see [Scheme governance](#)) including internal controls (see [Managing risk using internal controls](#)). However, there are certain exemptions.<sup>AD3</sup>

The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014<sup>AD4</sup> set out the records that must be maintained by governing bodies of public service pension schemes. Under section 249B of the Pensions Act 2004,<sup>AD5</sup> scheme managers of public service pension schemes<sup>AD6</sup> are required to establish and operate internal controls, which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules,<sup>AD7</sup> and with the requirements of the law.

Every governing body should have some of the following measures in place, although these measures will vary depending on the nature of the scheme and the legal obligations to which it is subject.

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AD1 Occupational Pensions Schemes (Scheme Administration) Regulations (Northern Ireland) 1997

AD2 Articles 226A of The Pensions (Northern Ireland) Order 2005

AD3 Section 249A(3) of the Pensions Act 2004 [Article 226A (3) of The Pensions (Northern Ireland) Order 2005]

AD4 Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations (Northern Ireland) 2014

AD5 Articles 226B of The Pensions (Northern Ireland) Order 2005

AD6 As defined in section 318(1) of the Pensions Act 2004 [Article 2(2) of The Pensions (Northern Ireland) Order 2005]

AD7 As defined in Section 318(2) of the Pensions Act 2004 [Article 2(3) of The Pensions (Northern Ireland) Order 2005]

### Planning and preparation

- Maintain sufficient knowledge and understanding of administration (see [Working knowledge of pensions](#)).
- Understand the scope of administrator responsibilities and tasks, as well as the suitability of those performing them.
- Where necessary, have access to appropriate advice and assistance to negotiate contractual terms.
- Consider quality as well as value for members when selecting an administrator (see also [Managing advisers and service providers](#)).
- Include administration as a regular agenda item at governing body meetings.
- Ensure administration and record-keeping are key features of the risk register. Learn more in [Identifying and assessing risks](#).
- Develop a strategy for the long-term administrative objectives of the scheme.
- Ensure monitoring of administration processes is used to drive necessary improvements.

### Maintaining proper administration

- Regularly receive appropriate information and reports from administrators and be able to challenge them when appropriate.
- Ensure that all tasks delegated to an administrator are being carried out properly.
- Regularly monitor the performance of administrators (see [Managing advisers and service providers](#)).
- Manage issues with administrator performance and consider utilising any contractual terms to drive improvements.
- Have procedures in place to enable a continuous and consistent service in the event of a change of administrator personnel, or administration provider.
- Record the procedures to follow when administering the scheme, and how to maintain those procedures.
- Ensure that administrators have an adequate business continuity plan that is reviewed at least annually and tested as appropriate (see [Continuity planning](#)).

## Questions for: Administration (ADM001)

### ADQ1:

Is the title of the module a fair reflection of the content provided within it? If not, what would be a clearer description of this content?

**ADQ2:**

**Is it clear from the module what our expectations are, and does this content provide governing bodies with a clear sense of how expectations may be applied to their scheme's own circumstances?**

**ADQ3:**

**Has the subject matter of the module been covered in sufficient detail and is there any further information or guidance that would assist governing bodies in meeting our expectations?**

**ADQ4:**

**Are there any expectations that may be considered a disproportionate and/or unreasonable burden for a well-run scheme, or for certain types of scheme or governing body?**



**ADQ5:**

**Do you have any further comments on the module that have not been covered by the previous questions?**

## Information handling

### Financial transactions (ADM002)

Governing bodies of defined contribution (DC) schemes must ensure that core financial transactions as defined in legislation<sup>F11</sup> are processed promptly and accurately. Governing bodies of all schemes should also ensure that financial transactions are managed as part of their internal controls.<sup>F12</sup>

The Occupational Pension Schemes (Scheme Administration) Regulations 1996<sup>F13</sup> set out the records that must be maintained by governing bodies of trust-based pension schemes. Under section 249A of the Pensions Act 2004,<sup>F14</sup> governing bodies of certain schemes must establish and operate an effective system of governance (see [Scheme governance](#)) including internal controls (see [Managing risk using internal controls](#)). However, there are certain exemptions.<sup>F15</sup>

The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014<sup>F16</sup> set out the records that must be maintained by governing bodies of public service pension schemes.<sup>F17</sup> Under section 249B of the Pensions Act 2004,<sup>F18</sup> scheme managers of public service pension schemes are required to establish and operate internal controls, which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules,<sup>F19</sup> and with the requirements of the law.

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- F11 Regulation 24 Occupational Pension Schemes (Scheme Administration) Regulations 1996 [The Occupational Pension Schemes (Scheme Administration) Regulations (Northern Ireland) 1997]
  - F12 Section 249A Pensions Act 2004 [Article 226A Pensions (Northern Ireland) Order 2005], Section 249B Pensions Act 2004 [Article 226B Pensions (Northern Ireland) Order 2005]
  - F13 Occupational Pensions Schemes (Scheme Administration) Regulations (Northern Ireland) 1997
  - F14 Articles 226A of The Pensions (Northern Ireland) Order 2005
  - F15 Section 249A(3) of the Pensions Act 2004 [Article 226A (3) of The Pensions (Northern Ireland) Order 2005]
  - F16 Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations (Northern Ireland) 2014
  - F17 As defined in section 318(1) of the Pensions Act 2004 (Article 2(2) of The Pensions (Northern Ireland) Order 2005)
  - F18 As defined in Section 318(2) of the Pensions Act 2004 (Article 2(3) of The Pensions (Northern Ireland) Order 2005)
  - F19 As defined in Section 318(2) of the Pensions Act 2004 (Article 2(3) of The Pensions (Northern Ireland) Order 2005)

In their management of financial transactions, governing bodies should:

### **Governance processes and IT systems**

- Understand the procedures and controls the administrator operates to ensure that financial transactions are processed promptly and accurately. Learn more in [Receiving contributions](#).
- Annually review all processes and systems related to financial transactions and identify opportunities to improve them (where the governing body can influence this).
- Ensure that any authorisation processes for any financial transactions do not cause undue delay.
- Seek to ensure that a segregation of duties exists in administration processes to prevent financial transactions without appropriate authorisation.
- Use electronic means to process financial transactions wherever feasible, for example only accept payments by cheque in exceptional circumstances.
- Have expected service standards or service level agreements (SLAs) in place which are specific to the scheme and administrative tasks (see also [Managing advisers and service providers](#)).
- Keep performance against service level agreements under review to maintain the processing of financial transactions, and be prepared to make a judgement as to whether this is satisfactory.
- Where appropriate maintain a dialogue with participating employers to facilitate the flow of necessary information, and improve those processes where needed.
- Ensure that scheme data is complete and accurate so that core financial transactions can be processed accurately. Learn more in [Scheme records](#).

### **Investing contributions (if applicable)**

- If the scheme operates a daily dealing cycle, contributions to the scheme, including sums transferred into the scheme, are invested within three working days following receipt.
- If the scheme operates a less than daily dealing cycle, contributions to the scheme should be invested at the next available dealing date, and within five working days.
- During reconciliations that identify discrepancies, only hold unreconciled contributions pending resolution and invest the remaining amount as usual.

## Glossary

### Internal controls:

- Arrangements and procedures to be followed in the administration and governance of the scheme
- Systems and arrangements for monitoring that administration and governance, and
- Arrangements and procedures to be followed for the safe custody and security of the assets of the scheme (Section 249A of the Pensions Act 2004)

### Service level agreement

An agreement between a service provider and governing body setting contractually binding service levels that are to be met by the service provider in providing the service

## Questions for: Financial transactions (ADM002)

### FIQ1:

Is the title of the module a fair reflection of the content provided within it? If not, what would be a clearer description of this content?

**FIQ2:**

**Is it clear from the module what our expectations are, and does this content provide governing bodies with a clear sense of how expectations may be applied to their scheme's own circumstances?**

**FIQ3:**

**Has the subject matter of the module been covered in sufficient detail and is there any further information or guidance that would assist governing bodies in meeting our expectations?**

**FIQ4:**

**Are there any expectations that may be considered a disproportionate and/or unreasonable burden for a well-run scheme, or for certain types of scheme or governing body?**



**FIQ5:**

**Do you have any further comments on the module that have not been covered by the previous questions?**

## Transfers (ADM014)

Many members of pension schemes have a right to transfer their benefits to another pension scheme, either by legislation<sup>TR1</sup> or scheme rules. Governing bodies should ensure they have the necessary administrative procedures to deal with transfer requests without undue delay.

**Note:** The governing body should also maintain accurate and complete records of all requests received and the transfers that have been made. See [Administration](#), [Financial transactions](#) and [Scheme records](#) for more information about our expectations in these areas.

The transfer process under legislation will typically begin when the governing body receives a request from an eligible scheme member for a statement of entitlement. This will include their cash equivalent transfer value (CETV). The governing body must provide the statement within two months of receiving the request, unless this information has been provided in response to a request in the previous 12 months.<sup>TR2</sup>

For a member with defined benefit (DB) benefits, the CETV represents the actuarial calculation of the member's benefits within the scheme. As part of the calculation,<sup>TR3</sup> the scheme actuary and governing body will be required to make assumptions about the course of future events affecting the scheme and the member's benefits.

For a member with defined contribution (DC) benefits, the CETV will be the total of the accumulated contributions made by and on behalf of that member. This sum will include any investment gains or losses.

TR1 Part 4ZA Pensions Schemes Act 1993 [Part 4ZA Pensions Schemes (Northern Ireland) Act 1993]

TR2 Regulation 14 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [Regulation 14 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014]

TR3 Part III of The Occupational Pension Schemes (Transfer Values) Regulations 1996 [Part III of The Occupational Pension Schemes (Transfer Values) Regulations (Northern Ireland) 1996]

## Transferring member benefits

Before a governing body processes a request to transfer member benefits, there are certain checks they should perform. There are also specific requirements that must be met in relation to members wishing to transfer from a DB scheme to a DC arrangement. Our expectations for transferring member benefits can be found below.

### Before transferring member benefits

- Check the receiving scheme to ensure it is:<sup>TR4</sup>
  - able to accept the transfer
  - willing to accept the transfer
  - a scheme to which a transfer can be made under the relevant legislation.
- Where they suspect the receiving scheme is not a legitimate arrangement, they should refer to the **Scams** module.
- If they believe they will not meet the legislative deadlines, they should ensure they make an application to us before the deadline (see the **Extension** section below).
- Where they suspect the receiving scheme is not a legitimate arrangement, they should make a report to **Action Fraud**.

### The governing body of a DB scheme:

- must notify us of transfers of more than £1.5m or, if lower, 5% of scheme assets<sup>TR5</sup>
- should monitor transfer requests and the subsequent impact those transfers could have on scheme funding
- should consider the effect of a transfer of those members with a large transfer value relative to the scheme

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TR4 Section 95(2) Pension Schemes Act 1993 [Article 91(2) Pensions Schemes (Northern Ireland) Act 1993]

TR5 Section 126(1)(a) and (b) of the Pensions Act 2004 and Pensions Regulator (Notifiable Events) Regulations 2005 [Article 110(1)(a) and (b) Pensions (Northern Ireland) Order 2005 and Pensions Regulator (Notifiable Events) Regulations (Northern Ireland) 2005]

## Specific requirements for DB to DC transfers

Scheme members must take appropriate independent advice when transferring benefits valued at £30,000 or more from a DB to a DC arrangement. The governing bodies of DB schemes that receive a request to transfer or convert member benefits of £30,000 or more must check the scheme member (or survivor) has received the appropriate independent advice.<sup>TR6</sup>

Members will receive written confirmation from their adviser, which they will be able to provide to the governing body.<sup>TR7</sup> Governing bodies must check the adviser has the correct permission to give the advice<sup>TR8</sup> by verifying their details on the **FCA's Financial Services Register**. Governing bodies must not fulfil any request where the advice provided is not from an adviser whose firm is listed on the FCA's register.

We have set out our expectations for the governing body regarding checks required in the list below.

### Checking written confirmation

- Retain a copy of the written confirmation that advice was received by the member.
- Ensure records are held of:
  - who conducted the check
  - when this was conducted
  - evidence that the adviser's firm or company was on the Financial Services Register before the transfer of benefits was made
  - retain these records for at least six years.
- Be alert to the risk of fraudulent communications submitted to the scheme.
- Where suspicions arise, contact the advisory firm directly using the contact details as listed on the FCA register to check that firm has a record of providing the advice.
- Contact the transferring member immediately if there is a problem with verifying the adviser's permission and inform them that the transfer will not proceed until the appropriate advice has been received.
- Keep records of payments of the transfer, including details of the receiving bank account, and confirmation of receipt by the receiving scheme.

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TR6 Section 48 and 51 of the Pension schemes Act 2015

TR7 Regulation 7 of the Pension Schemes Act 2015 (Transitional Provisions and Appropriate Independent Advice) Regulations 2015 [Regulation 7 of the Pension Schemes Act 2015 (Transitional Provisions and Appropriate Independent Advice) Regulations (Northern Ireland) 2015]

TR8 Regulation 11 the Pension Schemes Act 2015 (Transitional Provisions and Appropriate Independent Advice) Regulations 2015 [Regulation 7 of the Pension Schemes Act 2015 (Transitional Provisions and Appropriate Independent Advice) Regulations (Northern Ireland) 2015]

## Timeframes to complete transfers and extension requests

Governing bodies are required to complete transfers within six months.

For DB benefits, this is measured from the guarantee date provided in the statement of entitlement.<sup>TR9</sup>

For DC benefits, this is measured from the date of the request for the transfer to be made.<sup>TR10</sup>

Where a governing body is unable to complete the transfer in the required time, there are limited circumstances where we may grant an extension to this time period.<sup>TR11</sup> Any application must be received by us before the six-month period expires. See our [guidance](#) for further details

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TR9 Section 99 2(a) Pension Schemes Act 1993 [Article 95 2(a) Pensions Schemes (Northern Ireland) Act 1993]

TR10 Section 99 2(b) Pension Schemes Act 1993 [Article 95 2(b) Pensions Schemes (Northern Ireland) Act 1993]

TR11 Regulation 13(a) Occupational Pension Schemes (Transfer Values) Regulations 1996 [Regulation 13(a) of The Occupational Pension Schemes (Transfer Values) Regulations (Northern Ireland) 1996]

## Glossary

### Cash equivalent transfer value

The cash value of pension benefits, calculated in accordance with legislation. The value may change and is typically provided as at a certain date and (for DB benefits) can be guaranteed for a certain period.

## Questions for: Transfers (ADM014)

### TRQ1:

Is the title of the module a fair reflection of the content provided within it? If not, what would be a clearer description of this content?

**TRQ2:**

**Is it clear from the module what our expectations are, and does this content provide governing bodies with a clear sense of how expectations may be applied to their scheme's own circumstances?**

**TRQ3:**

**Has the subject matter of the module been covered in sufficient detail and is there any further information or guidance that would assist governing bodies in meeting our expectations?**



**TRQ4:**

**Are there any expectations that may be considered a disproportionate and/or unreasonable burden for a well-run scheme, or for certain types of scheme or governing body?**

**TRQ5:**

**Do you have any further comments on the module that have not been covered by the previous questions?**

## Scheme records (ADM003)

There are requirements for governing bodies to maintain complete and accurate records.<sup>SH1, SH2</sup>

The Occupational Pension Schemes (Scheme Administration) Regulations 1996<sup>SH3</sup> set out the records that must be maintained by governing bodies of trust-based pension schemes. Under section 249A of the Pensions Act 2004,<sup>SH4</sup> governing bodies of certain schemes must establish and operate an effective system of governance (see [Scheme governance](#)) including internal controls (see [Managing risk using internal controls](#)). However, there are certain exemptions.<sup>SH5</sup>

The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014<sup>SH6</sup> set out the records that must be maintained by governing bodies of public service pension schemes. Under section 249B of the Pensions Act 2004,<sup>SH7</sup> scheme managers of public service pension schemes<sup>SH8</sup> are required to establish and operate internal controls which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules,<sup>SH9</sup> and with the requirements of the law.

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- SH1 Regulation 4 of The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 [Regulation 4 of The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations (Northern Ireland) 2014]
  - SH2 Regulation 12 of The Occupational Pension Schemes (Scheme Administration) Regulations 1996 [Regulation 12 of The Occupational Pension Schemes (Scheme Administration) Regulations (Northern Ireland) 1997]
  - SH3 Occupational Pensions Schemes (Scheme Administration) Regulations (Northern Ireland) 1997
  - SH4 Articles 226A of The Pensions (Northern Ireland) Order 2005
  - SH5 Section 249A(3) of the Pensions Act 2004 (Article 226A (3) of The Pensions (Northern Ireland) Order 2005)
  - SH6 Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations (Northern Ireland) 2014
  - SH7 Articles 226B of The Pensions (Northern Ireland) Order 2005
  - SH8 As defined in section 318(1) of the Pensions Act 2004 (Article 2(2) of The Pensions (Northern Ireland) Order 2005)
  - SH9 As defined in Section 318(2) of the Pensions Act 2004 (Article 2(3) of The Pensions (Northern Ireland) Order 2005)

Governing bodies must in any event keep records of information relating to transactions<sup>SH10, SH11</sup> and meetings of the governing body and decisions.<sup>SH12, SH13</sup> Governing bodies should have a series of measures in place to maintain scheme records. Our expectations for these processes can be found below.

### Record-keeping

- Be able to demonstrate to us, where required, that they operate processes to maintain accurate and up-to-date records sufficient to run their pension scheme.
- Keep records of transactions made to and from the scheme.
- Ensure that the data they or their administrator holds enables financial transactions to be processed accurately. Learn more in [Financial transactions](#).
- Identify and rectify any errors in scheme records.
- Review and amend processes as necessary to prevent further errors.

### Administrative systems

- Ensure that processes exist to record member benefits, identifiers, contributions, investments, member decisions, payments and transfers.
- Record accurate investments and disinvestments.
- Accurately perform standard benefit calculations.
- Provide members with accurate information regarding their pension benefits (both accrued and projected entitlements) as required and on a timely basis.<sup>SH14</sup>
- Carry out reconciliations of data, transactions and investments held.
- Identify members approaching retirement and other scheme specific events.

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SH10 Regulation 5 of The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 [Regulation 5 of The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations (Northern Ireland) 2014]

SH11 Regulation 12 of The Occupational Pension Schemes (Scheme Administration) Regulations 1996 [Regulation 12 of The Occupational Pension Schemes (Scheme Administration) Regulations (Northern Ireland) 1997]

SH12 Regulation 6 of The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 [Regulation 6 of The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations (Northern Ireland) 2014]

SH13 Regulation 13 of The Occupational Pension Schemes (Scheme Administration) Regulations 1996 [Regulation 12 of The Occupational Pension Schemes (Scheme Administration) Regulations (Northern Ireland) 1997]

SH14 Section 14 of the Public Service Pensions Act 2013 [Section 14 of the Public Service Pensions Act (Northern Ireland) 2014], and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014]

### Data from other parties

- Have processes in place enabling participating employers to provide timely and accurate data.
- Ensure that appropriate procedures are in place to reconcile employer data and scheme data.
- Have processes in place for situations where an employer fails to meet their legal duties to the scheme. See [Decision to report](#) for more information.

Governing bodies should also consider adopting the following measures as best practice.

### Record-keeping

- Hold member and benefit records electronically on a dedicated administration system where feasible.
- Keep records of scheme governing documentation including details of any amendments and how they apply to members.
- Make sure the administrator has basic member information known as common data.
- Work with the administrator to identify the items of scheme specific data.
- Take into account developments in technology that may be available to the scheme to improve administration and record-keeping.

### Administrative systems

- Process financial transactions, including core transactions automatically (where feasible) and securely. See [Financial transactions](#).
- Generate appropriate reporting on historic contributions, membership movements, and core and scheme specific data (see our [Record-keeping guidance](#))

### Data from other parties

- Encourage employers to understand the main events where member information should be shared by the employer to the scheme and/or another employer.

## Glossary

### Common data

This data is needed so that a member can be uniquely identified. Learn more in our [Record-keeping guidance](#).

### Identifiers

Personal information that could be used to identify a member, such as their national insurance number

### Internal controls:

- Arrangements and procedures to be followed in the administration and management of the scheme
- Systems and arrangements for monitoring that administration and management, and
- Arrangements and procedures to be followed for the safe custody and security of the assets of the scheme (Section 249A of the Pensions Act 2004)

### Scheme specific data

Other data specific to a scheme relating to its members and their participation in the scheme. Learn more in our [Record-keeping guidance](#).

## Questions for: Scheme records (ADM003)

### SHQ1:

Is the title of the module a fair reflection of the content provided within it? If not, what would be a clearer description of this content?

**SHQ2:**

**Is it clear from the module what our expectations are, and does this content provide governing bodies with a clear sense of how expectations may be applied to their scheme's own circumstances?**



**SHQ3:**

**Has the subject matter of the module been covered in sufficient detail and is there any further information or guidance that would assist governing bodies in meeting our expectations?**

**SHQ4:**

**Are there any expectations that may be considered a disproportionate and/or unreasonable burden for a well-run scheme, or for certain types of scheme or governing body?**

**SHQ5:**

**Do you have any further comments on the module that have not been covered by the previous questions?**

## Data monitoring (ADM006)

There are requirements for governing bodies to maintain complete and accurate records.<sup>DA1, DA2</sup>

The Occupational Pension Schemes (Scheme Administration) Regulations 1996<sup>DA3</sup> set out the records that must be maintained by governing bodies of trust-based pension schemes. Under section 249A of the Pensions Act 2004,<sup>DA4</sup> governing bodies of certain schemes must establish and operate an effective system of governance (see [Scheme governance](#)) including internal controls (see [Managing risk using internal controls](#)). However, there are certain exemptions.<sup>DA5</sup>

The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014<sup>DA6</sup> set out the records that must be maintained by governing bodies of public service pension schemes. Under section 249B of the Pensions Act 2004,<sup>DA7</sup> scheme managers of public service pension schemes<sup>DA8</sup> are required to establish and operate internal controls which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules,<sup>DA9</sup> and with the requirements of the law.

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- DA1 Regulation 4 of The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 [Regulation 4 of The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations (Northern Ireland) 2014]
  - DA2 Regulation 12 of The Occupational Pension Schemes (Scheme Administration) Regulations 1996 [Regulation 12 of The Occupational Pension Schemes (Scheme Administration) Regulations (Northern Ireland) 1997]
  - DA3 Occupational Pensions Schemes (Scheme Administration) Regulations (Northern Ireland) 1997
  - DA4 Articles 226A of The Pensions (Northern Ireland) Order 2005
  - DA5 Section 249A(3) of the Pensions Act 2004 [Article 226A (3) of The Pensions (Northern Ireland) Order 2005]
  - DA6 Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations (Northern Ireland) 2014
  - DA7 Articles 226B of The Pensions (Northern Ireland) Order 2005
  - DA8 As defined in section 318(1) of the Pensions Act 2004 [Article 2(2) of The Pensions (Northern Ireland) Order 2005]
  - DA9 As defined in Section 318(2) of the Pensions Act 2004 [Article 2(3) of The Pensions (Northern Ireland) Order 2005]

Governing bodies should have the following processes for monitoring scheme data:

### Universal requirements

- Monitor data on an ongoing basis to ensure it is accurate and complete in relation to all pension scheme members.
- Ensure they receive information about material errors and gaps in their scheme data, once identified.
- Ensure any service providers follow their own procedures for reporting errors to the governing body.
- Ensure data improvement is prioritised for members decumulating.
- Ensure any plan for improving data can be monitored and has an achievable deadline.
- Where applicable, ensure member records are reconciled with information held by the employer(s).
- Ensure regular reconciliation of scheme membership, especially those reaching retirement.

### Data reviews

- Assess the need for a data review exercise at least annually.
- Decide the frequency and nature of any additional data review where errors and gaps are identified or in response to significant scheme events, for example winding up the scheme or changing the administrator.
- Ensure data reviews include an assessment of the accuracy and completeness of common and scheme specific data.
- Keep a record of data reviews undertaken and their findings.
- Where errors and gaps are identified, put a data improvement plan in place to address the issues.
- Ensure the plan includes the actions necessary by the governing body or administrator to correct member data.

### Data protection

- Ensure processes to manage scheme member data meet the requirements of the data protection legislation<sup>DA10</sup> and the data protection principles.
- Ensure processes address any breaches of the data protection legislation or principles.
- Understand their obligations under data protection law.

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DA10 The law includes the Data Protection Act 2018 and the Retained Regulation (EU) 2016/679 (UK General Data Protection Regulation)

## Glossary

### Decumulating

Accumulation is where your pension grows (by contributions or investment return, for example). Decumulation is where you take money out of your pension to fund your retirement, for example as a lump sum or by buying an annuity.

### Internal controls:

- Arrangements and procedures to be followed in the administration and management of the scheme
- Systems and arrangements for monitoring that administration and management, and
- Arrangements and procedures to be followed for the safe custody and security of the assets of the scheme (Section 249A of the Pensions Act 2004)

## Questions for: Data monitoring (ADM006)

### DAQ1:

Is the title of the module a fair reflection of the content provided within it? If not, what would be a clearer description of this content?

**DAQ2:**

**Is it clear from the module what our expectations are, and does this content provide governing bodies with a clear sense of how expectations may be applied to their scheme's own circumstances?**



**DAQ3:**

**Has the subject matter of the module been covered in sufficient detail and is there any further information or guidance that would assist governing bodies in meeting our expectations?**

**DAQ4:**

**Are there any expectations that may be considered a disproportionate and/or unreasonable burden for a well-run scheme, or for certain types of scheme or governing body?**

**DAQ5:**

**Do you have any further comments on the module that have not been covered by the previous questions?**

## Maintenance of IT systems (ADM015)

Governing bodies should ensure they have a process for ensuring transmission of information. Having put the appropriate IT systems in place (see also [Financial transactions](#) and [Scheme records](#)) it is important that they are reviewed and maintained regularly.

Under section 249A of the Pensions Act 2004,<sup>MI1</sup> governing bodies of certain schemes must establish and operate an effective system of governance (see [Scheme governance](#)) including internal controls (see [Managing risk using internal controls](#)). However, there are certain exemptions.<sup>MI2</sup>

Under section 249B of the Pensions Act 2004,<sup>MI3</sup> scheme managers of public service pension schemes<sup>MI4</sup> are required to establish and operate internal controls, which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules,<sup>MI5</sup> and with the requirements of the law.

Internal controls processes should ensure that IT systems are able to meet the scheme's current needs and legal requirements. Governing bodies should take steps to ensure that their service providers are able to demonstrate they meet our expectations for maintaining IT systems as listed below.

### Standards for maintaining IT systems

- Ensure cyber security measures and procedures are in place and functioning. Learn more in [Cyber controls](#).
- Record evidence of how changes are planned and executed within the system.
- Put a written policy in place for maintaining, upgrading, and replacing hardware and software.
- Provide evidence to show there is a schedule for the system to be replaced or updated, such as changes to tax thresholds.
- Assign adequate and sufficient hardware and personnel resources, with appropriate functionality and/or skills, to carry out the work.
- Secure evidence that the IT system can meet the current and anticipated physical system requirements.
- Manage planned and potential future upgrades within the administration system.

MI1 Articles 226A of The Pensions (Northern Ireland) Order 2005

MI2 Section 249A(3) of the Pensions Act 2004 [Article 226A (3) of The Pensions (Northern Ireland) Order 2005]

MI3 Articles 226B of The Pensions (Northern Ireland) Order 2005

MI4 As defined in section 318(1) of the Pensions Act 2004 [Article 2(2) of The Pensions (Northern Ireland) Order 2005]

MI5 As defined in Section 318(2) of the Pensions Act 2004 [Article 2(3) of The Pensions (Northern Ireland) Order 2005]

## Glossary

### Internal controls:

- Arrangements and procedures to be followed in the administration and management of the scheme
- Systems and arrangements for monitoring that administration and management, and
- Arrangements and procedures to be followed for the safe custody and security of the assets of the scheme (Section 249A of the Pensions Act 2004)

### IT

Information technology. The systems (especially computers and telecommunications) used for storing, retrieving, and sending information.

**Questions for:  
Maintenance of IT systems (ADM015)**

**MIQ1:**

**Is the title of the module a fair reflection of the content provided within it? If not, what would be a clearer description of this content?**

**MIQ2:**

**Is it clear from the module what our expectations are, and does this content provide governing bodies with a clear sense of how expectations may be applied to their scheme's own circumstances?**

**MIQ3:**

**Has the subject matter of the module been covered in sufficient detail and is there any further information or guidance that would assist governing bodies in meeting our expectations?**



**MIQ4:**

**Are there any expectations that may be considered a disproportionate and/or unreasonable burden for a well-run scheme, or for certain types of scheme or governing body?**

**MIQ5:**

**Do you have any further comments on the module that have not been covered by the previous questions?**

## Cyber controls (ADM016)

'Cyber risk' refers to the risk of loss, disruption or damage to a scheme or its members as a result of the failure of its information technology systems and processes (see also [Identifying and assessing risks](#)). Governing bodies should take steps to reduce the risk of incidents occurring, and appropriately manage any incidents that arise. Properly functioning cyber controls will assist governing bodies in complying with data protection legislation,<sup>CY1</sup> and may reduce liabilities in the event of a data breach.

Under section 249A of the Pensions Act 2004,<sup>CY2</sup> governing bodies of certain schemes must establish and operate an effective system of governance (see [Scheme governance](#)) including internal controls (see [Managing risk using internal controls](#)). However, there are certain exemptions.<sup>CY3</sup> These controls need to include measures to reduce cyber risk.

Under section 249B of the Pensions Act 2004,<sup>CY4</sup> scheme managers of public service pension schemes are required to establish and operate internal controls, which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules,<sup>CY5</sup> and with the requirements of the law.<sup>CY6</sup>

The legal obligation to establish measures to reduce cyber risk is different for public service pension schemes.<sup>CY7</sup> As far as cyber controls is a matter set out in the scheme rules<sup>CY8</sup> or in the requirements of the law,<sup>CY9</sup> scheme managers of public service pension schemes must establish and operate adequate internal controls in relation to them. In such cases, internal controls need to include measures to reduce cyber risk.

To the extent that cyber risk does not fall (wholly or partly) within the last paragraph, it is good practice for scheme managers of public service pension schemes to adopt the measures set out below. Our expectations for the governing body's processes and procedures are summarised below. Governing bodies should also be aware of their responsibilities under the UK GDPR.

- 
- CY1 For example, Data Protection Act 2018 and the Retained Regulation (EU) 2016/679 (UK General Data Protection Regulation)
- CY2 Articles 226A of The Pensions (Northern Ireland) Order 2005
- CY3 Section 249A(3) Pensions Act 2004 [Article 226A (3) of The Pensions (Northern Ireland) Order 2005]
- CY4 Articles 226B of The Pensions (Northern Ireland) Order 2005
- CY5 As defined in section 318(1) of the Pensions Act 2004 [Article 2(2) of The Pensions (Northern Ireland) Order 2005]
- CY6 As defined in Section 318(2) Pensions Act 2004 2004 [Article 2(3) of The Pensions (Northern Ireland) Order 2005]
- CY7 As defined in section 318(1) of the Pensions Act 2004 [Article 2(2) of The Pensions (Northern Ireland) Order 2005]
- CY8 As defined in Section 318(2) Pensions Act 2004 2004 [Article 2(3) of The Pensions (Northern Ireland) Order 2005]
- CY9 The law includes the Data Protection Act 2018 and the Retained Regulation (EU) 2016/679 (UK General Data Protection Regulation)

### Assessing cyber risk

- Ensure the governing body has knowledge and understanding of cyber risk.
- Understand the need for confidentiality, integrity and availability of the systems and services for processing personal data, and the personal data processed within them.
- Have clearly defined roles and responsibilities to identify cyber risks and breaches, and to respond to cyber incidents.
- Ensure cyber risk is on the risk register and regularly reviewed (see also [Managing risk using internal controls](#)).
- Assess, at appropriate intervals, the vulnerability to a cyber incident of the scheme's key functions, systems and assets (including data assets) and the vulnerability of service providers involved in the running of the scheme.
- Consider accessing specialist skills and expertise to understand and manage the risk.
- Ensure appropriate system controls are in place and are up to date (eg firewalls, anti-virus and anti-malware products).

### Managing cyber risk

- Ensure critical systems and data are regularly backed up.
- Have policies for the use of devices, and for home and mobile working.
- Have policies and controls on data in line with data protection legislation (including access, protection, use and transmission).
- Take action so that policies and controls remain effective.
- Have policies to assess whether breaches need to be reported to the information commissioner ([www.ico.org.uk](http://www.ico.org.uk)).
- Maintain a cyber incident response plan in order to safely and swiftly resume operations. Learn more in [Continuity planning](#).
- Satisfy themselves with service providers' controls (see [Managing advisers and service providers](#)).
- Receive regular reports from staff and service providers on cyber risks and incidents.

## Glossary

### Governing bodies

Trustees or managers of an occupational pension scheme that is subject to the requirements under section 249A of the Pensions Act 2004

### Internal controls:

- Arrangements and procedures to be followed in the administration and management of the scheme
- Systems and arrangements for monitoring that administration and management, and
- Arrangements and procedures to be followed for the safe custody and security of the assets of the scheme (Section 249A of the Pensions Act 2004)

### Public service pension scheme

A scheme established under section 1 of the Public Service Pensions Act 2013

## Questions for: Cyber controls (ADM016)

### CYQ1:

Is the title of the module a fair reflection of the content provided within it? If not, what would be a clearer description of this content?

**CYQ2:**

**Is it clear from the module what our expectations are, and does this content provide governing bodies with a clear sense of how expectations may be applied to their scheme's own circumstances?**

**CYQ3:**

**Has the subject matter of the module been covered in sufficient detail and is there any further information or guidance that would assist governing bodies in meeting our expectations?**



**CYQ4:**

**Are there any expectations that may be considered a disproportionate and/or unreasonable burden for a well-run scheme, or for certain types of scheme or governing body?**

**CYQ5:**

**Do you have any further comments on the module that have not been covered by the previous questions?**

# Contributions

## Receiving contributions (ADM007)

Employee contributions are deducted from scheme members' salaries. Unless the scheme rules or regulations set out a shorter period, those contributions must be paid to the scheme by the 19th day of the following month, or the 22nd day if paid electronically.<sup>RC1</sup> There are special rules for the first deduction of contributions on automatic enrolment.<sup>RC2</sup> Employer contribution payments must be paid by the date specified in the scheme rules, regulations or documentation.

Governing bodies are responsible for preparing and understanding the payment schedule, or direct payment arrangement, which details the contributions due to be paid. They must also put in place processes that facilitate the monitoring of contributions and transmission of payment information between the employer, member and scheme administrator.

Unless exempt,<sup>RC3</sup> a governing body should ensure it has the following measures listed below in place.

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RC1 Section 49(8) Pensions Act 1995 [Article 49(8) Pensions (Northern Ireland) Order 1995]

RC2 Regulation 16 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 [Regulation 16 of the Occupational Pension Schemes (Scheme Administration) Regulations (Northern Ireland) 1997]

RC3 The exemption from the requirement to secure a schedule of contributions in respect of DB schemes under section 227 of the Pensions Act 2004 is in regulation 17 of the Occupational Pension Schemes (Scheme Funding) Regulations 2005. [The exemption from the requirement to secure a schedule of contributions in respect of DB schemes under Article 206 of the Pensions (Northern Ireland) 2005 is in regulation 17 of the Occupational Pension Schemes (Scheme Funding) Regulations (Northern Ireland) 2005].

The exemption from the requirement to secure a payment schedule in respect of DC schemes under section 87 of the Pensions Act 1995 is in regulation 17 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996. [The exemption from the requirement to secure a payment schedule in respect of DC schemes under Article 87 of the Pensions (Northern Ireland) Order 1995 is in regulation 17 of the Occupational Pension Schemes (Scheme Administration) Regulations (Northern Ireland) 1997].

### Maintaining and recording contributions

- Manage the payment schedule (DC schemes), schedule of contributions (DB schemes), direct payment arrangements (personal pensions) or other scheme documentation.
- Ensure contributions adhere to the rules of the scheme and any overriding legislation.
- Maintain a record of employer and member contributions expected and received, due dates and any outgoings, for example benefits and expenses likely to be incurred in the coming scheme year.<sup>RC4</sup>
- Prepare any schedule in consultation with the employer(s).
- Be aware of the information employers must provide.<sup>RC5</sup>
- Maintain a log of missed contributions and related recovery activities.

### Operational and risk management

- Have processes and systems in place to ensure the scheme can accept contributions from existing and, if necessary, new employers.
- Be confident that other parties, including employers, third party payroll, administration systems, investment managers, and investment platform providers, have the capacity to transfer data and monies efficiently.
- Be able to monitor, quickly identify and pursue missing contributions.
- Apply a risk-based and proportionate approach identifying employers and situations that present a higher risk of materially significant payment failures.
- Treat any failure to make payment of employee contributions as materially significant.
- Safeguard all contributions once they are in the scheme.
- Have processes to enable members to demonstrate compliance with HMRC tax requirements, ie annual allowance.

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RC4 Section 87(2) Pensions Act 1995, see also regulations 18 and 19 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996. [Section 85(2) Pensions (Northern Ireland) Order 1995, see also regulations 18 and 19 of the Occupational Pension Schemes (Scheme Administration) Regulations (Northern Ireland) 1997]

RC5 The Occupational Pension Schemes (Scheme Administration) Regulations 1996 [The Occupational Pension Schemes (Scheme Administration) Regulations (Northern Ireland) 1997]

### Reporting and remedial actions

- Be able to check whether contributions and amounts due to the scheme have been paid on time.
- Have processes in place to identify whether a payment failure is of material significance.
- Fulfil their obligation to report material payment failures to us and members (see also [Decision to report](#)).
- Seek to recover outstanding payments and debts owed to the scheme.
- Reclaim any outstanding contributions from the employer assets in the event of an employer insolvency or claim on the redundancy payment service. Learn more in [Resolving overdue contributions](#).
- Have a process for rectifying the missing contributions, ensuring minimal financial detriment to the member.
- Where necessary, keep records of any employer contribution due to the scheme that has been written off.<sup>RC6</sup>

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RC6 Regulation 5 of the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 and section 49 Pensions Act 1995 [Regulation 5 of the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations (Northern Ireland) 2014 and Article 49 Pensions (Northern Ireland) Order 1995]

## Glossary

### Contributions

Money paid into the scheme. This may come from members in the form of regular or additional contributions, or from employers as regular or deficit-related contributions.

### Direct payment arrangements

These are arrangements between the member and the employer under which contributions fall to be paid by the employer towards the scheme:

1. on the employer's own account (but in respect of the member), or
2. on behalf of the member (if the member is making any contributions) out of deductions from the member's pay

Essentially, direct payment arrangements exist where:

- the employer arranges to make employer contributions to a personal pension scheme (under the arrangements), and/or
- the employer arranges to deduct the member's contributions from pay and to pay them across to the pension scheme for the member

### Personal pension

A UK tax-privileged individual investment vehicle, with the primary purpose of building a capital sum to provide retirement benefits

## Questions for: Receiving contributions (ADM007)

### RCQ1:

Is the title of the module a fair reflection of the content provided within it? If not, what would be a clearer description of this content?

**RCQ2:**

**Is it clear from the module what our expectations are, and does this content provide governing bodies with a clear sense of how expectations may be applied to their scheme's own circumstances?**



**RCQ3:**

**Has the subject matter of the module been covered in sufficient detail and is there any further information or guidance that would assist governing bodies in meeting our expectations?**

**RCQ4:**

**Are there any expectations that may be considered a disproportionate and/or unreasonable burden for a well-run scheme, or for certain types of scheme or governing body?**

**RCQ5:**

**Do you have any further comments on the module that have not been covered by the previous questions?**

## Monitoring contributions (ADM008)

Governing bodies should have processes in place to check contributions due to the scheme and to reconcile them with what is actually paid. Where a scheme has multiple employers, this can be a risk-based process.

Under section 249A of the Pensions Act 2004,<sup>MO1</sup> governing bodies of certain schemes must establish and operate an effective system of governance (see [Scheme governance](#)) including internal controls (see [Managing risk using internal controls](#)). However, there are certain exemptions.<sup>MO2</sup>

Under section 249B of the Pensions Act 2004,<sup>MO3</sup> scheme managers of public service pension schemes<sup>MO4</sup> are required to establish and operate internal controls, which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules,<sup>MO5</sup> and with the requirements of the law.

Payment schedules or direct payment arrangements must be administered, maintained and managed in accordance with any scheme rules, regulations and legal requirements.<sup>MO6</sup>

### Creating a contributions monitoring record

Governing bodies should develop and maintain a record for monitoring the payment of contributions to the scheme. A contributions monitoring record enables governing bodies to check whether these have been made on time and in full. It also provides a trigger for escalation for investigations into any payment failure that arises. Learn more in [Resolving overdue contributions](#). It will also enable consideration of whether a payment failure must be reported to us and, where relevant, members.<sup>MO7</sup>

A contributions monitoring record should include the following information:

- contribution rates
- the date(s) on or before which employer contributions are due to be paid to the scheme
- the date when employee contributions are to be paid to the scheme
- any rate or amount of interest payable where the payment of contributions is late

MO1 Articles 226A of The Pensions (Northern Ireland) Order 2005

MO2 Section 249A(3) of the Pensions Act 2004 (Article 226A (3) of The Pensions (Northern Ireland) Order 2005)

MO3 Articles 226B of The Pensions (Northern Ireland) Order 2005

MO4 As defined in section 318(1) of the Pensions Act 2004 (Article 2(2) of The Pensions (Northern Ireland) Order 2005)

MO5 As defined in Section 318(2) of the Pensions Act 2004 (Article 2(3) of The Pensions (Northern Ireland) Order 2005)

MO6 Section 111A of Pension Schemes Act 1993 [Article 107A of Pension Schemes (Northern Ireland) Act 1993]

MO7 Section 88(1) of Pensions Act 1995 [Article 86(1) of Pensions (Northern Ireland) Order 1995]

This monitoring record also helps employers to develop and implement new contribution payment processes. The contributions monitoring record should provide schemes with information to maintain records of money received and assist in keeping their member records up to date.

### Recording employee and employer transactions

Governing bodies must record and retain information on transactions. This will support them in their administration and monitoring responsibilities, including:

- amounts received in respect of an active member of the scheme
- payments of pensions and benefits<sup>MO8</sup>

As part of their general administration, employers should provide the information required by the governing body to monitor contributions at the same time they send them to the scheme. Payment information may include:

- the contributions due to be paid by the employer and on behalf of the employee as specified in the scheme regulations and/or other scheme documentation
- the pensionable pay that contributions are based upon (where required)
- payment due date(s) for contributions and other amounts, although contributions can be paid earlier

If the necessary payment information is not supplied, and the governing body needs it to carry out risk-based monitoring, they should request the information they need from the employer.<sup>MO9</sup> Governing bodies should only obtain payment information when it is necessary for effective monitoring.

Employers should provide governing bodies with payment information within seven days of the request. If employers fail to comply, the governing body will be unable to meet its monitoring obligation.

Governing bodies must report to us where payment information requested is not supplied by the employer. This should be done within 14 days of the date of the initial request (see [Decision to report](#)).

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MO8 Section 249A Pensions Act 2004 [Article 226A Pensions (Northern Ireland) Order 2005]

MO9 Regulation 6 of the Occupational Pension Scheme (Scheme Administration) Regulations 1996 [Regulation 6 of the Occupational Pension Scheme (Scheme Administration) Regulations (Northern Ireland 1997)]

## Glossary

### Contributions

Money paid into the scheme. This may come from members in the form of regular or additional contributions, or from employers as regular or deficit related contributions.

### Days

References to 'days' means all days. References to 'working days' do not include Saturdays, Sundays or Bank Holidays.

### Direct payment arrangements

These are arrangements between the member and the employer under which contributions fall to be paid by the employer towards the scheme:

1. on the employer's own account (but in respect of the member), or
2. on behalf of the member (if the member is making any contributions) out of deductions from the member's pay

Essentially, direct payment arrangements exist where:

- the employer arranges to make employer contributions to a personal pension scheme (under the arrangements), and/or
- the employer arranges to deduct the member's contributions from pay and to pay them across to the pension scheme for the member

### Internal controls:

- Arrangements and procedures to be followed in the administration and management of the scheme
- Systems and arrangements for monitoring that administration and management, and
- Arrangements and procedures to be followed for the safe custody and security of the assets of the scheme (Section 249A of the Pensions Act 2004)

### Pensionable pay

Refers to any element of an employee's pay from which pension contributions may be deducted, for example basic pay, bonuses or commission

### Personal pension

A UK tax-privileged individual investment vehicle, with the primary purpose of building a capital sum to provide retirement benefits

## Questions for: Monitoring contributions (ADM008)

### MOQ1:

Is the title of the module a fair reflection of the content provided within it? If not, what would be a clearer description of this content?

**MOQ2:**

**Is it clear from the module what our expectations are, and does this content provide governing bodies with a clear sense of how expectations may be applied to their scheme's own circumstances?**



**MOQ3:**

**Has the subject matter of the module been covered in sufficient detail and is there any further information or guidance that would assist governing bodies in meeting our expectations?**

**MOQ4:**

**Are there any expectations that may be considered a disproportionate and/or unreasonable burden for a well-run scheme, or for certain types of scheme or governing body?**

**MOQ5:**

**Do you have any further comments on the module that have not been covered by the previous questions?**

**MOQ6:**

**Are the timescales set out in this module appropriate with regards monitoring the payment of contributions?**

## Resolving contributions (ADMO11)

When a payment failure is identified (see also [Monitoring contributions](#)), the governing body should contact the employer promptly and seek to resolve the overdue payment. They should attempt to recover contributions within 90 days from the due date or prescribed period having passed.

Under section 249A of the Pensions Act 2004,<sup>RS1</sup> governing bodies of certain schemes must establish and operate an effective system of governance (see [Scheme governance](#)) including internal controls (see [Managing risk using internal controls](#)). However, there are certain exemptions.<sup>RS2</sup>

Under section 249B of the Pensions Act 2004,<sup>RS3</sup> scheme managers of public service pension schemes<sup>RS4</sup> are required to establish and operate internal controls, which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules,<sup>RS5</sup> and with the requirements of the law.

Governing bodies usually have flexibility when designing procedures. They can obtain overdue payments and rectify administrative errors in the most effective and efficient way for their scheme. A typical process should cover the following steps:

- Investigate any employer failure to pay contributions.
- Contact the employer promptly and seek to resolve the overdue payment.
- Attempt to find out and record the cause and circumstances of the payment failure.
- Investigate any action the employer has taken as a result of the payment failure.
- Consider the wider implications or impact of the payment failure.
- Consider whether the failure is part of a pattern of a systemic failure.
- Seek to ensure that the employer resolves the payment failure.
- Where appropriate provide members with sufficient information to enable them to raise any issues with the employer.
- Take steps to make sure that a recurrence in the future is avoided.

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RS1 Articles 226A of The Pensions (Northern Ireland) Order 2005

RS2 Section 249A(3) of the Pensions Act 2004 (Article 226A (3) of The Pensions (Northern Ireland) Order 2005)

RS3 Articles 226B of The Pensions (Northern Ireland) Order 2005

RS4 As defined in section 318(1) of the Pensions Act 2004 (Article 2(2) of The Pensions (Northern Ireland) Order 2005)

RS5 As defined in Section 318(2) of the Pensions Act 2004 (Article 2(3) of The Pensions (Northern Ireland) Order 2005)

Governing bodies should maintain a record of their investigation and communications between themselves and the employer. This will also inform the decision of whether a payment failure must be reported to us and members.<sup>RS6</sup>

A monitoring process based on information provided by employers may not be able to confirm deliberate underpayment or non-payment, or fraudulent behaviour by an employer (see [Who must report](#)). Governing bodies should review current processes to ensure they detect situations where fraud may be more likely to occur and where additional checks may be appropriate.

Where employer contributions are not paid on time, and the governing body has reasonable cause to believe that the failure is likely to be of material significance to us (see also [Decision to report](#)), they should send a written report of the matter to us. This should be done within 14 days of the determination that the payment failure is materially significant.<sup>RS7</sup>

When an employer fails to pay employee contributions to the scheme, and the governing body believes it to likely be of material significance, this must be reported to us.<sup>RS8</sup> Reports should be made to us within 14 days, and members should be notified within 30 days of the report to us.<sup>RS9</sup>

RS6 Section 88(1) of Pensions Act 1995 [Article 86(1) of Pensions (Northern Ireland) Order 1995]

RS7 Sections 70 and 70A of the Pensions Act 2004.[Articles 65 and 65A of the Pensions (Northern Ireland) Order 2005]

RS8 Reporting to the regulator does not affect any responsibility to report to another person or organisation

RS9 Sections 49(9) and 88(1) of The Pensions Act 1995 [Articles 49(9) and 86(1) of the Pensions (Northern Ireland) Order 1995]

## Glossary

### Contributions

Money paid into the scheme. This may come from members in the form of regular or additional contributions, or from employers as regular or deficit related contributions.

### Days

References to 'days' means all days. References to 'working days' do not include Saturdays, Sundays or Bank Holidays.

### Material significance

Determines whether we expect a breach of law to be reported to us, as determined by a number of factors (see [Decision to report](#))

## Questions for: Resolving contributions (ADM011)

### RSQ1:

Is the title of the module a fair reflection of the content provided within it? If not, what would be a clearer description of this content?

**RSQ2:**

**Is it clear from the module what our expectations are, and does this content provide governing bodies with a clear sense of how expectations may be applied to their scheme's own circumstances?**



**RSQ3:**

**Has the subject matter of the module been covered in sufficient detail and is there any further information or guidance that would assist governing bodies in meeting our expectations?**

**RSQ4:**

**Are there any expectations that may be considered a disproportionate and/or unreasonable burden for a well-run scheme, or for certain types of scheme or governing body?**

**RSQ5:**

**Do you have any further comments on the module that have not been covered by the previous questions?**

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Response form 4: **The 'Administration' section of the new code of practice**

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