



## Last orders on data and governance

It's happy hour for scheme governance, with new rules on data protection and anti-money laundering. Alongside this, the Pensions Regulator is stepping up its "[21<sup>st</sup> Century Trusteeship](#)" campaign to drive up standards of governance in pension schemes. Time has been called on inadequate processes.

There are many good reasons for taking a closer look at your data and processes, other than that the law requires it:

- Good quality data will help you pay your pensioners the correct amount, and ensure recovery plans are adequate
- Schemes can be in a better position to obtain a quote from an insurance company – and at a better price – if their data and governance is good
- Auditing member data and benefits can help identify issues such as interpretation of scheme rules
- A great deal of information may be stored in the head of one key person – a long-serving trustee, or company employee. Getting this documented can help ensure smooth running of the scheme if they leave or retire

To the right, we set out areas that trustees should be considering. We are well placed to help trustee boards put procedures into place.

### Scheme return

The Pensions Regulator is asking trustees to confirm in their annual scheme return when they last carried out a **data review**. The Regulator also wants to know the scheme's latest **common and conditional data scores**.

If you haven't measured your scheme's member data yet, now's the time, as the Regulator will use the scheme return data to direct schemes to make improvements.

### GDPR

The new data protection rules come into force in May 2018. By now schemes should have begun **mapping the data** they hold and **questioning their advisers and employers** about their own processes.

Trustees may also want to take the opportunity to scan paper records for ease of access as well as having an electronic back-up.

### Internal controls

Trustees should take the time to **review their risk register and conflicts policies** to make sure they keep up with developments. It's a requirement under law to have adequate processes and internal controls.

### Trustee Knowledge and Understanding

Under law, trustees must have relevant knowledge and understanding of their scheme and its documents; pension and trust law; and funding and investment principles.

The Pensions Regulator is gearing up to take regulatory action against trustees who don't measure up to its expectations. Those expectations include **understanding the importance of good governance**; being **clear on roles**, responsibilities, decision-making, governance structures and processes; having a **business plan**; and making sure the whole trustee board has the **skills, knowledge and understanding** to run the pension scheme properly.

### Integrated Risk Management

Trustees should take account of the interaction between funding, investment and employer covenant in managing their defined benefit scheme. It's possible to take a **proportionate approach** and trustees may be able to build on existing processes.

You don't need to wait until an actuarial valuation before addressing IRM. **Getting a procedure in place** in advance will help trustees and the employer address the risks in the scheme now and in future.

### Anti-money laundering

New rules in force from June 2017 impose additional duties on trustees in the fight against money laundering and terrorist financing. Trustees should **review their procedures** to make sure they are compliant.

In particular, trustees must obtain a passport number or equivalent ID for any **beneficiary living overseas**. Trustees must also carry out additional due diligence to identify **ultimate beneficial owners** – this may involve seeking additional information on the sponsoring employer, and/or scheme advisers.