



## Pension Scheme Compliance Audit and Health Check Service

**A tailor-made review service, designed to ensure that the schemes and arrangements you have in place to satisfy your regulatory and legislative commitments, and to provide a valuable employee benefit to your staff, remain fit for purpose.**

Although you may have reviewed and possibly even restructured your employee pension arrangements around your Auto Enrolment staging date, can you be confident that the decisions you took then remain appropriate now?

The pension landscape in recent years has been one of unprecedented change, and your own business circumstances may well not have remained static either. CS Financial Solutions have designed a Pension Scheme Compliance Audit and Health Check Service to carry out a comprehensive review of your existing schemes and arrangements, which can either provide you with peace of mind and reassurance that you remain fully up-to-date and compliant, or provide you with a specific and relevant summary of recommendations that you should consider for implementation.

The exact scope of the Compliance Audit and Health Check exercise will depend upon the nature and complexity of your employee pension arrangements, and will be tailored to your business circumstances.

**The main reasons that a Pension Scheme Compliance Audit and Health Check might be important for your business are:**

- Hurried original arrangements – you may not have had chance to review your existing schemes adequately prior to Auto Enrolment.
- Service, compliance, or governance and record keeping issues.
- Market developments – pension products and payroll provider support.
- Commissions ceasing – an ideal opportunity to review the advice services and support available to you as an employer.
- Member charges reducing – due to charge caps and withdrawal of commission, an increasing emphasis on fair value and delivering good member outcomes.
- Pension Freedoms – have you considered how this affects your schemes? Do you need to change your scheme rules or review your default investment strategies?
- Approaching Re-Enrolment.
- Developments within your business – disposals or acquisitions, changes in employee numbers.
- Employee Benefit Package review – recruitment and retention, how do your pension arrangements help with this?
- Increasing emphasis on the role of the employer in providing financial education.

Examples of the main risk areas considered in our review, as well as some of the specific investigations we might typically undertake:

Risk Area	Typical Action	Requirement Fulfilled
<b>Financial</b>		
Contributions Calculations	Sample check payslips and cross reference with payment schedule	There should be confidence in the software being used to calculate contribution amounts
Contributions paid on time	Sample check against provider records. Review date of deduction and payment date	Legislation imposes a statutory deadline of 22 <sup>nd</sup> of the month following deduction from pay (19 <sup>th</sup> if contributions paid by cheque)
Contribution basis and accuracy check	Sample check against provider and payroll records. Check gross/net/salary exchange basis for accuracy	Check against contractual provisions in terms of contract of employment commitments to pension contributions, employee minimum contribution requirements, salary exchange compliance, pension tax relief method suitability
Administration Charges	Comment upon competitive status	Scheme charges should provide value for money
<b>Investment</b>		
Investment processes	Review payment date against date of investment	Poor processing could impact negatively on investment performance
Investment Performance of Default Fund	Review performance of components against benchmarks and objectives	The default fund should be able to demonstrate the ability to deliver value for money
Suitability of Default Fund	Assess members appetite for risk by carrying out member survey on a sample basis and report on suitability of current default fund	Regulatory guidance indicates that the default fund should reflect the members' appetite for risk. There are a number of ways of assessing attitude to risk from general demographics to member surveys
Investment Performance of other funds	Carry out performance review of four most popular funds	Where members have chosen their own funds there should be confidence in the investment management
<b>Administration</b>		
Provider Service Level Agreement	Obtain up to date service performance statistics from provider and review	The manner in which provider(s) deal with joiners (contractual and auto-enrolled) leavers, retirees, and death claims establish the standard of administration
<b>Compliance</b>		
Statutory Communications	Sample check suite of communications and obtain confirmation of delivery timescales	Communications should meet requirements in terms of content and deadlines for distribution
Opt-Out Refunds	Check employer payment records to ensure paid first payroll run after receipt of Opt-Out advice	Have these been paid within statutory deadline

Data Security/Record Keeping	Obtain report on data security and review against statutory timelines	Legislation requires certain data to be kept securely for minimum periods
Scheme Certification	Confirm Certificate has been filed	Auto-enrolment contributions may require periodical certification by a senior company official
Declaration of Compliance	Confirm Declaration has been completed within timescale	The Pensions Regulator requires employers to re register every 3 years
<b>Legal</b>		
Changes	Review legal updates and identify any requiring scheme changes	Changes to the law may impact on scheme rules and benefits
<b>Training</b>		
Gap Analysis	Review training needs and submit appropriate training plan	All involved in the administration processes should have the right level of knowledge and experience
Training	See above	Recommend and establish appropriate training programme
<b>Member Documentation</b>		
Updated	Review joining, annual benefit and at retirement communications	Communications issued to members should reflect accurate and up to date information.

**Fees agreed in advance depending upon the scope and complexity of the review required.**

Please note that as pension specialists we are able to offer a full and extensive range of bespoke services. Although the services listed above typically focus upon those requirements impacting upon Defined Contribution Pension Schemes, we have extensive experience in respect of Defined Benefit Pension Schemes, and can include appropriate review parameters to suit. Please contact us for full details.

For further information contact [rachel.meadows@csfs.co.uk](mailto:rachel.meadows@csfs.co.uk).