

**PENSION ADMINISTRATION SERVICES AGREEMENT**

**SCHEDULE 2.1**

**SERVICES DESCRIPTION**

**Version Control**

<b>VERSION</b>	<b>DATE</b>	<b>COMMENT</b>
<b>1.0</b>	<b>September 2017</b>	<b>Execution version</b>

1. **DEFINITIONS**

In this Schedule, the following definitions shall apply:-

<b>"Annual Allowance"</b>	the maximum amount of pension savings (or pension contributions) individuals are allowed to receive tax relief on for each year as set by HMRC;
<b>"Annual Benefit Statement"</b>	a statement issued once per annum showing the Benefits accrued by a Member;
<b>"AVC"</b>	additional voluntary contributions, as provided for in Clause 10(3) of Schedule 1 of the RMSPS Rules;
<b>"Combined Benefit Information"</b>	state pension and Benefits due to each Member;
<b>"Delegated Discretions"</b>	discretions delegated from the Authority to the Supplier to make decisions in relation to administration of the RMSPS, as provided to the Supplier in writing from time to time;
<b>"Dual Members"</b>	individuals who have Benefits in the RMPP and RMSPS or are paid pensions from both the RMPP and RMSPS;
<b>"DWP"</b>	Department of Work and Pensions;
<b>"e-Gif"</b>	the eGovernment Interoperability Framework, which is a scheme accredited by the e-GIF Accreditation Authority for ensuring the interoperation of computer-based systems;
<b>"Help Desk"</b>	the manned help desk operated by the Supplier for Members to contact (by telephone, email and other methods) for assistance relating to the RMSPS;
<b>"HMT"</b>	Her Majesty's Treasury;
<b>"IDRP"</b>	Internal Dispute Resolution Process;
<b>"Internal Dispute Resolution Process"</b>	RMSPS's internal dispute resolution procedure, as made available to the Supplier from time to time;
<b>"Legacy Systems"</b>	the legacy systems in use or used by the Incumbent Supplier to administer the RMSPS;
<b>"Member Engagement Plan"</b>	a document which sets out what communication will take place and when in order to achieve the Member Engagement Strategy;

<b>"Member Engagement Strategy"</b>	a document which sets out the approach, rationale and steps to be taken to engage with Members and Dual Members;
<b>"Pensions Ombudsman"</b>	the independent statutory organisation established for investigating complaints about pension administration;
<b>"Pension Advisory Service"</b>	the voluntary organisation which provides guidance on pension matters and assistance in resolving pension complaints; and
<b>"Scheme Annual Accounts"</b>	the accounts of the RMSPS (which are produced at the end of each financial year and contain information on income, expenditure, balance sheet, cash flow and accompanying footnote).

2. **INTRODUCTION**

2.1 This Schedule sets out the scope of the Services to be provided by the Supplier and to provide a description of what each Service entails.

3. **OPERATIONAL SERVICES**

3.1 The Services set out in this Paragraph 3 are the Operational Services.

3.1.1 **Core Administration Services**

Ref.	Requirement
<b>Legislation and Membership Records</b>	
	The Supplier shall:
LM1	Administer the RMSPS in accordance with the Law, RMSPS Rules, Good Industry Practice, applicable guidance and Delegated Discretions.
LM2	Develop (by no later than 30 days before the Operational Services Commencement Date and apply procedures to ensure that the Supplier Personnel take decisions in accordance with the Delegated Discretions and, where the Supplier is not authorised to act, refer any issue to the Authority for determination.
LM3	Upon request by the Authority, develop and propose to the Authority effective amendments to RMSPS Rules or procedures to support delivery of the Authority's and/or HM Government's objectives, where the Authority and/or HM Government is considering changes to the RMSPS or wider tax and pensions changes.
LM4	Keep accurate electronic records of all Members, ensuring each record can be uniquely identified.
LM5	Maintain throughout the Term a comprehensive and accurate history of pension-related information and events, as may be clarified from time to

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	time by the Authority (including status / elections / nominations / normal pension age / service / salary details) for each Member.
LM6	<p>When putting a Benefit into payment (including paying any lump sums), or following a change in the identity of the payee (such as where child or spouse becomes the payee), validate each Member's eligibility to receive Benefits by sighting an official record (which could include checking original versions of relevant certificates, e.g. birth, marriage or death certificates).</p> <p>Periodically (at the frequency, and in accordance with the procedures, agreed with the Authority) verify that a Member receiving Benefits is alive and eligible to receive Benefits.</p> <p>Make accurate payments:</p> <p>(a) on time; and</p> <p>(b) to the right Member, except where the payment is to be made to (i) an authorised other person (individual or body corporate) including the parent or guardian of a Member who is under the age of 18 years, or (ii) a third party on production of a duly authorised document including a court order, earmarking order, 'Court of Protection' order or enduring power of attorney as applicable.</p>
LM7	<p>Have systems and procedures in place to fulfil statutory obligations for:</p> <p>(i) providing information to; and/or</p> <p>(ii) receiving information from,</p> <p>all relevant authorised third parties (including DWP/HMRC) regarding activities relevant to a Member (including contracting out, national insurance, tax, calculation and reconciliation of guarantee minimum pension and unauthorised payment notification).</p>
LM8	<p>Provide assurances, on a quarterly basis, satisfactory to the Authority that outputs (including calculations, Benefit awards, decisions, and responses to correspondence) produced by the Supplier are accurate, up to date and appropriate.</p> <p>Ensure that all assurance activities are carried out by suitably qualified and duly authorised Supplier Personnel in accordance with timescales and procedures agreed with the Authority.</p> <p>Ensure that the outcomes of assurance activities are recorded, subsequently validated, and reflected across the Supplier's other business processes.</p>
LM9	<p>Maintain (in accordance with the Law and RMSPS Rules) an accurate payroll database:</p> <p>(i) enabling payment of Benefits and interface with the Supplier System at all times; and</p> <p>(ii) reflecting the required changes in a timely manner in order to pay Benefits (including overseas payments and payments to third parties).</p>

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	<p>Where Pensioners make subscription payments from their pension, deduct these payments and submit the monies to the applicable organisation together with the required supporting reports.</p> <p>Process and apply all tax codes to all pensions in payment and deduct and report on all taxations in line with all applicable Law.</p> <p>Produce and issue accurate payslips:</p> <p>(i) in April (for the first payment of the financial year); and</p> <p>(ii) throughout the remainder of the year where net payment changes by more than £1 up or down.</p> <p>By the end of April in each financial year, produce and issue an accurate P60 to all Members who have received a Benefit in that financial year.</p>
<b>Calculations and payments</b>	
	The Supplier shall:
CP1	<p>Make accurate calculations and electronic payments, monthly, weekly or quarterly, in line with the Law and RMSPS Rules, including:</p> <p>(i) retirement estimates including normal, early, late, ill health, compassionate, terminal illness;</p> <p>(ii) transfer values;</p> <p>(iii) transfer values in relation to divorce;</p> <p>(iv) pension sharing;</p> <p>(v) deaths;</p> <p>(vi) pension earmarking/attachments;</p> <p>(vii) current values (deferred Members); and</p> <p>(viii) pension increase letters.</p> <p>Where calculations are being processed for Dual Members, liaise with the RMPP Administrator.</p>
CP2	<p>Process and carry out applications for transferring pension rights accrued in the RMSPS to another scheme which the Member joined since leaving pensionable employment with an Employer, provided that such scheme is:</p> <p>(i) a defined benefit scheme; and</p> <p>(ii) able and willing to accept a transfer value.</p> <p>The transfer value is to be calculated and paid in accordance with the Law, including overriding social security legislation, HMT rules on transfers or, where applicable, in accordance with the terms of the RMSPS Rules.</p>
CP3	<p>For Members approaching normal retirement age, identify Members who are retiring and provide Benefit details to them.</p>

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CP4	<p>Where a transfer value request is received by the Supplier in relation to divorce proceedings, provide transfer value details to the Member or an authorised third party.</p> <p>Upon receipt of a court pension sharing order, act in accordance with that order.</p>
<b>Internal Dispute Resolution Process (IDRP)</b>	
	The Supplier shall:
IDR1	<p>Operate a first stage IDRP complaints procedure (in accordance with the Authority's policies and procedures provided to the Supplier from time to time), whereby the Supplier reviews the Member's complaint and makes a determination at stage 1. The complaint can proceed to stage 2, to the RMSPS's management team, if the Member wishes or the RMSPS considers it necessary and then on to the Pension Ombudsman for a final determination.</p> <p>Assist the Authority in handling stage 2 IDRP cases by providing to the Authority a case history, summary of issues and options, and recommended course of action in all cases.</p> <p>Inform the Authority immediately of all cases which involve or may involve the courts, employment tribunals or the Pensions Ombudsman.</p> <p>Liaise with the Pensions Advisory Service throughout the complaint process, if the complainant has involved the Supplier.</p> <p>If a complaint has reached the Pension Ombudsman and relates to the Supplier's administration of the RMSPS or provision of the Services, liaise with the RMSPS management team and provide information requested by the Pension Ombudsman.</p>
IDR2	<p>Make decisions in accordance with Good Industry Practice and The Pensions Regulator's guidelines on whether or not to accept or reject applications or stage 1 IDRP appeals in respect of ill-health early retirement Benefits, including obtaining and considering an assessment of the evidence and a recommendation from the medical advisers appointed by the Authority.</p>
<b>Customer Satisfaction</b>	
	The Supplier shall:
CS1	<p>Measure customer satisfaction for all groups of Members covering all aspects of the Services received from the Supplier by capturing feedback across the Supplier's various communications channels and utilise this feedback to adapt and improve provision of the Services in the future.</p>
CS2	<p>Notify the Authority of any errors and/or omissions (including underpayments and overpayments) which have occurred in the Supplier's provision of the Services and of any cost implications and be liable to the Authority for any loss and/or additional cost incurred as a result of the error and/or omission where caused by the Supplier's Default (provided that reimbursement within the scope of Clauses 5.10 and 5.11 shall be in accordance with those Clauses).</p>

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	<p>Where the Authority considers that a complainant has suffered a loss due to maladministration of the Services by the Supplier (other than where the Supplier has acted on the Authority's express instructions), at the Authority's direction, promptly:</p> <p>(a) make such restitution as to restore the complainant to the position they would have been in had it not been for the Supplier's action or inaction; and/or</p> <p>(b) without seeking reimbursement from the Authority or RMSPS, make payment for distress and/or inconvenience up to a maximum of five hundred pounds (£500) in any one case, or higher as determined by the Authority in its reasonable opinion.</p>
<b>Annual statements</b>	
	The Supplier shall:
AS1	Provide annually on the date agreed with the Authority an Annual Benefit Statement to Members where Benefits are not in payment.
AS2	<p>At any time upon request by a Member, provide a statement to the Member which includes any used Annual Allowance and a copy of the Annual Benefit Statement.</p> <p>Where Members have exceeded the Annual Allowance in any given year, include this information in the Annual Benefit Statement.</p>
<b>Fraud</b>	
FR1	<p>Develop (by no later than 30 days before the Operational Services Commencement Date) and keep maintained controls to prevent and detect internal and external fraud, and participate in any public sector anti-fraud initiatives as required by the Authority.</p> <p>In the event of fraud or attempted fraud being identified or reasonably suspected, (i) notify the Authority immediately, (ii) take prompt action to ensure that there is no loss to the RMSPS or the Authority, and (iii) where the fraud has arisen due to the Supplier not complying with this Agreement or the agreed procedures, reimburse RMSPS and/or the Authority.</p> <p>Investigate potential fraud cases and refer to the police, as appropriate, where fraud is identified or reasonably suspected.</p> <p>If fraud or potential fraud has been identified or reasonably suspected, take necessary steps to ensure that similar frauds will not happen again and provide assurances to the Authority that lessons from the fraud or attempted fraud have been learned and applied to the delivery of the Services.</p>
<b>Overpayments</b>	
	The Supplier shall:
OP1	Establish and maintain systems to record, recover and report on all outstanding overpayments, including any defaults on repayments, in accordance with the Authority's instructions and the processes agreed by the Parties in writing.

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	Provide assurance satisfactory to the Authority that overpayments are being managed in accordance with agreed procedures.
OP2	Where a debt (being the amount of an overpayment) arises due to the action or inaction of the Supplier, the Supplier will report this to the Authority and reimburse the Authority as soon as practicable and in any event within the timescales set out in Clause 5.11.

3.1.2 **Data Management and Data Security**

<b>Data Management</b>	
	The Supplier shall:
DM1	Ensure that all Authority Data it creates, captures, validates, stores and maintains is complete and accurate to perform the Services.
DM2	Review and report on data quality and undertake remedial action in relation to the quality of Authority Data (common and conditional) it holds on a quarterly basis, based on guidelines set down by The Pensions Regulator and metrics agreed with the Authority.
DM3	<p>Retrieve and transfer Authority Data accurately, through mechanisms and in formats as agreed with the Authority, as appropriate, to upon request:</p> <p>a) provide the appointed RMSPS actuary with data for the purposes of carrying out its obligations to the Authority, including conducting RMSPS valuations, producing reports for annual resource accounts, advising the Authority on the actuarial impact of potential changes to the RMSPS, and maintaining tables of actuarial factors;</p> <p>b) provide data to meet the Authority’s requirements in responding to parliamentary questions and ministerial briefings;</p> <p>c) provide the Authority with data from any part of the database, in the format specified by the Authority within timescales reasonably required by the Authority; and</p> <p>d) when requested by the Authority, undertake analysis of the data and provide evidence-based recommendations.</p> <p>In providing these data extracts, provide an analysis of any relevant data issues concerning the reliability and completeness of the data.</p>
DM4	<p>Identify data inconsistencies such as between year-on-year data or where there are gaps in data.</p> <p>Where inconsistencies are identified, liaise directly with those responsible for submitting the data to address, explain and rectify any issues, and responsively manage these issues. This will include issues raised by Members about the quality of data that has influenced their Benefit information.</p>
DM5	At all times maintain clear audit trails to facilitate checking and audit of data.

DM6	Ensure effective and secure processes are in place to obtain appropriate state pension data from DWP in the event that the Authority requires the development and provision of combined Benefit information for Members.
<b>Data security</b>	
DS1	The Supplier shall perform its obligations set out in Schedule 2.4 (Security Management).

3.1.3 **Interfacing**

<b>Interfacing</b>	
	The Supplier shall:
INT1	<p>Establish and maintain interfaces with the RMPP Administrator so that the relevant notifications and information can be shared and received to enable the timely and accurate Benefit calculations to be produced for Members with Benefits in both RMPP and RMSPS ('Dual Members'), in accordance with the RMSPS Rules.</p> <p>Specifically in relation to the accurate calculation of benefits from the RMSPS, the Supplier shall be required to, on a case by case basis in respect of each Dual Member who is due to receive Benefits, agree the distribution of AVCs with the RMPP Administrator, ensure these are included in the RMSPS Benefit options and make arrangements for recovery of any AVCs being paid through the RMSPS.</p>
INT2	No later than 60 days before the Operational Services Commencement Date, develop, implement and test interfaces with the RMPP Administrator for Dual Members to ensure the smooth transition of information to support all pension administration services (whether provided by the Supplier or the RMPP administration provider).
INT3	The Supplier is responsible for all necessary liaison and co-operation with all third parties which the Supplier is required to interface with (including to the Authority's third party contractors and/or their sub-contractors, and the Incumbent) in order to effect and maintain all such interfaces required under this Agreement.
INT4	<p>If any third party, with which the Supplier is required to establish and maintain an interface makes a material change to a previously established and agreed interface with the Supplier then the Supplier shall:</p> <ol style="list-style-type: none"> <li>a. Liaise and co-operate with the third party to effect the necessary change and minimise the costs and expenses incurred by the third party; and</li> <li>b. Only be responsible for its own costs and expenses incurred in the establishment and maintenance of such interface following such change.</li> </ol> <p>Any changes to the Supplier Solution for the delivery of Services which results in unavoidable material changes to existing interfaces or the creation of new interfaces shall be agreed under the Change Control Procedure</p>

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INT5	<p>The Supplier shall:</p> <ul style="list-style-type: none"> <li>a. Ensure that the release of any new Software or upgrade to Software does not adversely impact on its ability to interface with the RMPP Administrator and any other required third parties, and complies with the interface requirements in this Agreement.</li> <li>b. Notify the Authority three (3) months before the release of any new Software or upgrade to Software (save that releases of new Software or Software upgrades may be made where necessary, in the Supplier's reasonable opinion, to address urgent issues relating to the Software in which case the Supplier shall give notice to the Authority as soon as is reasonably practicable).</li> <li>c. Co-ordinate its activity with the Authority to ensure it minimises any disruption to the Services, the IT Environment and/or the Authority's operations.</li> </ul>
INT6	<p>The Supplier shall reconcile the data and status of all Dual Members with the RMPP Administrator to ensure that all RMSPS member records, and Benefit Calculations have been correctly updated and processed.</p>

3.1.4 **Engagement and Communications**

Ref.	Requirement
	<p>The Supplier shall:</p>
CM1	<p>On request by the Authority, produce, agree with the Authority, implement and maintain a Member Engagement Strategy ("<b>MES</b>") that determines the aims, objectives and benefits that will be delivered in order to:</p> <ul style="list-style-type: none"> <li>(i) enable a Member to access information about, and make use of, their Benefits; and</li> <li>(ii) provide a service for all Members, responding to their requests and provide sufficient information that will enable the Member to seek appropriate advice to help them make decisions.</li> </ul>
CM2	<p>Provide a Help Desk and make available a contact telephone number and an email address for Members to make enquiries or requests. Ensure the Help Desk is staffed and contactable on Working Days between 09:00 and 17:00.</p> <p>Allow Members to communicate with it by post.</p>
CM3	<p>Ensure all communications with Members must comply with the Plain English Campaign's "Crystal Mark" standard.</p>
CM4	<p>On request by the Authority, develop, implement and maintain a Member Engagement Plan ("<b>MEP</b>"), which sets out in detail the deliverable activities and timescales, with associated measurable outcomes, targets and quality measures, to achieve the aims, objectives and benefits of the MES and the rest of this Agreement.</p>

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CM5	Where a MES and MEP have been produced, have in place appropriate procedures and resource in order to manage and implement the MES and MEP Member engagement deliverables.
CM6	Report progress on a monthly basis to the Authority on implementation of objectives specified under a MEP.  Demonstrate on a monthly basis whether planned deliverables under the MEP are achieving the desired outcomes/benefits under the MES, and propose recommendations for altering/enhancing the plans in order to resolve any deficiencies.
CM7	Ensure that the deliverables under a MEP continue to evolve over the Term to reflect changing circumstances and experiences gained and demonstrate this by a presentation to the Programme Board no less than annually.
CM8	Make available communication channels (that continue to be innovative, cost effective and accessible taking into consideration the demographics of Members) to enable Members to communicate with the Supplier.  Ensure the communication channels are responsive to the characteristics of the differing Member groups.  Respond to communications in a timely, accurate and lawful manner and in a format to meet the Member's needs.
CM9	Make available electronically, at no cost to the Authority and/or a RMSPS medical adviser, all relevant evidence and information to allow the medical adviser to assess Members' applications and appeals for ill health retirement Benefits from Members.
CM10	Ensure all e-mail communications with Members use the format agreed with the Authority.
CM11	Ensure all web-based services (as described in requirement "ICT3" in this Schedule) are delivered via a web site provided by the Supplier with a domain name agreed with the Authority (and the Authority shall retain all rights to such domain name).
CM12	Ensure that all communications adhere to RMSPS branding guidelines, as provided by the Authority from time to time.  From time to time and upon request by the Authority review the RMSPS branding guidelines, recommend improvements, and implement changes agreed with the Authority.
CM13	Ensure equality of access to all Services, including meeting the special requirements of those Members with oral, visual or hearing impairments, in accordance with the Law.
CM14	Produce the appropriate management information, as agreed with the Authority, from all Service related communication media that allows the Authority to (but is not limited to):  (i) monitor the type of activity and queries;  (ii) continuously improve the quality of services provided throughout the Term;

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	<p>(iii) identify educational or training needs of Supplier Personnel and Members; and</p> <p>(iv) inform the Member and Employer engagement strategies and solutions.</p>
CM15	Produce and print leaflets for distribution to Members, including Dual Members, as required and upload these to the website used for the Services.

3.1.5 **Service innovation and continuous improvements**

Ref.	Requirement
	The Supplier shall:
SI1	<p>Produce and implement within the timeframes agreed with the Authority and keep maintained a continuous improvement strategy ("<b>CIS</b>"), which sets out how the Supplier will continuously improve the Services, ensuring that the Authority, the Supplier and Members mutually benefit from the opportunities provided by changes and innovations in, for example:</p> <p>(i) pensions industry practice;</p> <p>(ii) technological changes and advances;</p> <p>(iii) improvements to quality, responsiveness and performance mechanisms;</p> <p>(iv) business processes, including efficiencies, productivity gains or reduction of operational risk, and</p> <p>(v) Members' needs and expectations.</p> <p>Set out in the CIS how the Supplier will engage with the Authority on service enhancements which, although they may not directly benefit the Supplier, will provide benefits for the Authority, Members, Employers or other stakeholders.</p>
SI2	Develop, implement and keep maintained a continuous improvement plan (" <b>CIP</b> ") with the agreement of the Authority, which sets out in detail the activities, timescales, benefits, outcomes and targets to be delivered to achieve the aims and objectives in the agreed CIS, and how these will be evaluated.
SI3	Ensure that the Supplier identifies and develops the CIS and CIP to meet the needs and agreed expectations of the Authority, Employers and Members, and which are complementary to the Employer and Member engagement activities.
SI4	Manage and implement the CIS and CIP deliverables and allow the Authority to review and approve its applicable processes and procedures.
SI5	<p>Report progress to the Authority on implementation of the CIS and CIP on a monthly basis.</p> <p>Review the impact of the CIS and CIP to identify whether deliverables are achieving the desired outcomes and plan actions for addressing any failures to deliver the desired outcomes.</p>
SI6	Ensure that the CIS and CIP continue to evolve over the Term, to reflect the changing circumstances and experience gained through their implementation and obtain the Authority's approval to any amendments.

3.1.6 **Governance and Internal Audits**

Ref.	Requirement
<b>General governance requirements</b>	
	The Supplier shall:
RCM1	Perform its obligations set out in Schedule 8.1 (Governance).
RCM2	<p>Ensure effective partnership working and 'day to day' relationships are in place with the Authority to facilitate delivery of the Services.</p> <p>Have in place effective management structures, staffing and arrangements to ensure the delivery of the Services.</p> <p>Have named individuals identified who are in key positions, who have authority to take all strategic decisions and day-to-day operational decisions in relation to the provision of the Services and keep the Authority updated with details of such individuals.</p>
RCM3	<p>Provide comprehensive and timely management information, at a frequency and in a format as agreed with the Authority, together with informative narrative on delivery hereunder, including (but not limited to) performance against Key Performance Indicators, to ensure that the Authority Representative has up to date information on which to assess the Supplier's performance and participate in the required meetings.</p> <p>Provide comprehensive and timely management information, at a frequency and in a format as agreed with the Authority, in respect of the implementation and delivery of quality plans and related processes that will:</p> <p>(i) provide assurance to the Authority that the Supplier is delivering the required high quality Service to all Members and Employers in accordance with this Agreement; and</p> <p>(ii) ensure that the Services primarily focus on meeting and satisfying Members' and Employers' experience (rather than implementing solutions that only assist internal administration processing).</p>
RCM4	Hold discussions with the Authority, as and when required by the Supplier and the Authority, concerning future administration, and other issues relevant to the administration of RMSPS.
RCM5	Regularly (and upon request by the Authority) provide training and background information to the Authority's staff to allow them to understand the RMSPS Rules so as to allow them carry out their duties.
RCM6	<p>Publish a report on an annual basis on the administration of the RMSPS. This report will include as a minimum:</p> <p>(i) key outcomes;</p> <p>(ii) service delivery and improvements;</p> <p>(iii) administration performance;</p>

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	<p>(iv) customer experience;</p> <p>(v) income and expenditure key membership statistics, e.g. number of retirements; and</p> <p>(vi) risk strategy assessment.</p>
RCM7	Ensure the Authority has the phone numbers of key Supplier Personnel individuals to contact them for urgent requests and enquiries.
RCM8	Produce during Implementation and maintain a scheme administration procedures manual for use by the Authority to ensure that there is a common understanding of how the Authority needs to interact with the Supplier.
RCM9	Maintain a register of instructions and policy decisions made by the Authority.
RCM10	<p>Implement procedures to enable monitoring and reporting to the Authority of:</p> <p>i) potential breaches in statutory or regulatory timescales;</p> <p>ii) notifiable events which must be reported to The Pensions Regulator;</p> <p>iii) complaints, including IDRPs related complaints;</p> <p>iv) breaches of the Law, including the Data Protection Act, and</p> <p>report errors to the Authority within twenty-four (24) hours of an error being discovered.</p>
<b>Internal Audit (IA) Requirements</b>	
	The Supplier shall:
IA1	<p>Within sixty days of the Effective Date, produce and implement an audit strategy ("AS") to be delivered over Term. The AS will set out the strategy, aims, objectives and procedures to ensure that HM Government internal audit standards (as amended by the Authority) are adhered to, and that the requisite assurance over RMSPS governance, risk management and control processes is provided to the Authority, its Audit Agents and HMT. In particular the AS is required to:</p> <p>(i) provide and demonstrate the independence of the internal audit function from the Supplier's management team;</p> <p>(ii) set out arrangements for engaging with and providing objective reporting to the Authority Representative;</p> <p>(iii) establish the principles applying to the experience, qualifications and specialism of the audit team, including its senior manager and provide details of how this will be met by the internal audit service;</p> <p>(iv) set out the principles that will be adopted to influence the Supplier's management team resolution of audit findings; and</p> <p>(v) set out the process and timeline for providing assurance to the Authority. This must include an annual, written statement of assurance from the Supplier's internal auditors to the Authority Representative.</p>
IA2	Develop, implement and maintain a risk based annual audit plan ("AAP") with the agreement of the Authority Representative, which sets out in detail the deliverable

	<p>audit activities, timescales and resource, together with associated measurable outcomes, targets and quality measures, to achieve the aims, objectives and benefits of the AS in accordance with the following processes:</p> <p>(i) a memorandum of understanding agreed between the Parties for producing and agreeing terms of reference/reports and sharing/reviewing with/by the Authority Representative;</p> <p>(ii) periodic updates (on a quarterly basis) to the Authority Representative on the progress of the AAP; and</p> <p>(iii) ensure that once agreed, the AAP is only amended with the agreement of the Authority.</p>
IA3	Ensure that the AS and the AAP complies with GIAS.
IA4	Provide all necessary support, access and information to allow the Authority's Audit Agents to evaluate the Supplier's internal audit provisions against the required standards, or to undertake specific audit reviews of the Supplier's systems and processes for administering the RMSPS.
IA5	Have in place effective procedures and sufficient qualified resource in order to manage and implement the AS and AAP deliverables in line with GIAS.
IA6	<p>Report progress to the Authority on implementation of the AS and AAP on a three monthly basis.</p> <p>Demonstrate whether planned deliverables (as set out in the Audit Plan) are achieving the desired outcomes/benefits (as set out in the Audit Strategy), and propose recommendations for altering/enhancing the AS/AAP or to resolve any deficiencies.</p>
IA7	Ensure that the AS continues to evolve over Term (subject to the Authority approving changes to the AS), to reflect changing circumstances, experience gained by the Supplier and any changes made to GIAS.

### 3.1.7 Financial Transactions (payments)

Ref.	Requirement
	The Supplier shall:
FT1	Maintain a separate bank account exclusively for receiving and paying monies in respect of the financial transactions it is required to make in performing the Services.
FT2	<p>Implement and maintain financial systems and controls to facilitate the required financial transactions.</p> <p>Process banking receipts and electronic payment instructions, ensure required signatories authorise transactions and perform daily reconciliations of funds received and paid out, including payments to overseas bank accounts.</p>
FT3	Accurately prepare all relevant payment documentation such as statements and balance sheets.

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	<p>Implement processes for levels of payment authority, as agreed with the Authority, to minimise fraud in relation to all financial transactions processed.</p> <p>Report any under or over payments of Benefits each month to the Authority.</p>
FT4	<p>Record all transactions via a ledger system, with reporting being available to the Authority, on a monthly, quarterly and annual basis.</p>

3.1.8 **Accounts (Forecasting of Expenditure)**

Ref.	Requirement
	The Supplier shall:
AC1	Maintain financial controls in line with the Law, 'UK Generally Accepted Accounting Practice (UK GAAP)' and applicable guidelines (including the HMT publication "Managing Public Money"), and obtain the Authority's approval for any changes to the Supplier's financial systems and processes used to provide the Services.
AC2	<p>Maintain a separate ledger for recording the financial transactions of the RMSPS.</p> <p>Record all transactions arising either in the nominal ledger itself, or in subsidiary ledgers, with sufficient information to maintain a clear audit trail to source documents and authorisations.</p>
AC3	Provide the Authority with a trial balance (being a list of the closing balances (debits and credits) on a certain date), in line with the Authority's requirements (as provided to the Supplier from time to time) within four (4) Working Days of the month end of all transactions recorded each month, by nominal ledger account, together with year to date balance figures.
AC4	Provide and input account level information into the Authority's forecasting and finance systems and provide advice to the Authority on whether and the extent to which the income and expenditure will remain within HMT published forecasts for the RMSPS, with identification and analysis of the underlying reasons if not.
AC5	Provide evidence-based analytical reports of financial information and transactions on a defined and ad hoc basis (as specified by the Authority from time to time).
AC6	Reconcile the bank accounts used for the Services on a monthly basis to the ledger maintained on behalf of the Authority and provide the Authority with monthly reports on the reconciliations and a certificate to confirm reconciliation.
AC7	<p>Hold levels of funds in the bank accounts at any time between the maximum and minimum levels set by the Authority and notified to the Supplier from time to time.</p> <p>Transfer the cleared funds in the income bank account(s) at 15.00 hours to the Authority's bank account by 15.30 hours that same day.</p> <p>Seek (by the approved channel agreed with the Authority) funding from the Authority for payments due on a daily basis, based on the Supplier's predictions of cleared funds required.</p> <p>Give the Authority secure online access to view the balances held in the RMSPS bank accounts (which the Authority will use to verify the funding request).</p>

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	<p>If, for any reason, the funds in the income bank account have not been transferred to the Authority in accordance with the requirement above and the income bank account's overnight balance is in credit, compensate the Authority at the three month HMT bill rate for new issues.</p> <p>If the income bank account's overnight balance is in debit, fund that balance at no cost to the Authority, unless and to the extent that an error by the Authority has caused a debit balance.</p>
AC8	<p>Provide accurate forecasts for each income and expenditure account as required by HMT and the Authority to meet their respective obligations, as set out below. As a minimum these requirements are (with the specific dates being notified by the Authority to the Supplier each year):</p> <p>(i) pre-budget report (by end August);</p> <p>(ii) winter supplementary (by early October);</p> <p>(iii) mid-year review (by end October);</p> <p>(iv) spring supplementary (by early January);</p> <p>(v) financial statement &amp; budget report (by mid-January); and</p> <p>(vi) estimate for the coming financial year (by mid-April).</p> <p>Complete such forecasts on a cash and/or accruals basis, as required from time to time by HMT and/or the Authority.</p> <p>Provide narrative reports, and other supporting documentation with the forecasts, to meet the Authority and HMT's requirements, including setting out the assumptions, rationale, historic data and trend information used to compile the forecasts.</p>
AC9	<p>Provide statistical management information and validation on a regular (monthly) basis, as agreed with the Authority, to demonstrate that appropriate controls are in place on the management of debt and the accuracy of budget forecasts.</p>

3.1.9 **Audit (Report and Accounts)**

Ref.	Requirement
<b><u>Reporting Requirements</u></b>	
	The Supplier shall:
ARC1	At the times agreed by the Parties in the Audit Plan, complete a reconciliation of membership movements by membership category and Employer, including a comparison with the pension payroll database headcount and late notifications and send this to the Authority.
ARC2	<p>Provide to the Authority on a three monthly basis (for the Authority to prepare for the Scheme Annual Accounts), a copy of the last set having been made available to the Supplier by the Authority of the following:</p> <p>(i) membership statistics;</p>

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	<p>(ii) membership summary &amp; summary of membership movements;</p> <p>(iii) Benefits paid;</p> <p>(iv) principle financial assumptions;</p> <p>(v) statement of comprehensive net expenditure;</p> <p>(vi) statement of financial position;</p> <p>(vii) statement of changes in taxpayers' equity</p> <p>(viii) statement of cash flow;</p> <p>(ix) pensions financing cost;</p> <p>(x) receivables (being funds received form a range of sources, to be paid to the authority);</p> <p>(xi) cash and cash equivalents;</p> <p>(xii) payables in respect of pensions;</p> <p>(xiii) analysis of movements in the scheme liability;</p> <p>(xiv) analysis of Benefits paid;</p> <p>(xv) analysis of payments to and on accounts of leavers;</p> <p>(xvi) analysis of actuarial loss; and</p> <p>(xvii) history of experience gains / losses.</p>
ARC3	Prepare ad-hoc reporting required for the Scheme Annual Accounts, including breakdown of cost items, as requested by the Authority.
ARC4	Prepare and submit documentation and data for the Scheme Annual Accounts as required by the Law for approval by the Authority, prior to audit by the Audit Agents.
ARC5	Satisfy the Audit Agents' audit requirements (as set out in the Audit Plan) in respect of the Scheme Annual Accounts, including having in place appropriate processes, systems, staffing and procedures.
ARC6	Draft and submit statistical information for the annual RMSPS scheme accounts required by the Law and HMT, with an appropriate commentary, to the Authority for approval, prior to audit by the Audit Agents.
ARC7	Make available members of the Supplier Personnel (including Sub-contractors' staff), to assist the Authority and its Audit Agents in their duties such as tracing and supplying records or other documentation, answering queries, or providing financial or other data, as requested.
<b>Facilitation of Audits</b>	
	The Supplier shall:
AU1	Annually during June or by the date specified by the Authority, agree terms of reference with the Audit Agents in respect of the RMSPS and ensure resources (including relevant subject matter experts) are available so as to support execution

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	of work by these auditors and work in partnership with them so as to ensure that targets and deliverables are achieved.
AU2	Comply with its obligations set out in Schedule 7.5 (Financial Reports and Audit Rights).

3.1.10 ICT

Ref.	Requirement
	The Supplier shall:
ICT1	Provide a highly automated technological solution to support the end-to-end delivery of the Services, conforming to all the Standards and this Agreement, which seamlessly supports the delivery of the Authority's Requirements in an effective, systematic, consistent and controlled manner.
ICT2	Provide relevant Authority staff with unrestricted, on-line access to: <ul style="list-style-type: none"> <li>(i) administration systems that enable individual Member records to be viewed and interrogated;</li> <li>(ii) view or inspect any data or information held on the databases; and</li> <li>(iii) have documents, posted to these systems,</li> </ul> all at no cost to the Authority and including on-going support, maintenance and training as required by the Authority.
ICT3	Implement before the Operational Services Commencement Date, and maintain during the Term a technological solution to support the delivery of online Member self-service portal that is accessible from a website, and which: <ul style="list-style-type: none"> <li>(i) is self-explanatory and informative;</li> <li>(ii) has a facility for Members to seek additional guidance as required;</li> <li>(iii) uses assistive technologies as appropriate; and</li> <li>(iv) facilitates the agreed reporting of Member usage and engagement for the Authority.</li> </ul>
ICT4	Have in place procedures and Supplier Personnel to maintain the Supplier Solution and ensure it continues to comply with Law and Good Industry Practice during the Term.
ICT5	Ensure it has a sufficient group of Supplier Personnel who have: <ul style="list-style-type: none"> <li>(i) a good understanding and experience of e-GIF standards and solutions and enterprise application integration and how they will be applied to provide the Supplier Solution; and</li> <li>(ii) formal interoperability qualifications such as e-GIF certified practitioners.</li> </ul>
ICT6	Demonstrate good data security incident management. As a minimum, the following key steps should be taken within 30 days of the Effective Date:

	<p>(i) develop a data loss incident management policy;</p> <p>(ii) form and train incident response teams;</p> <p>(iii) develop a communication plan; and</p> <p>(iv) forensic readiness policy and capability,</p> <p>and keep the same up to date and maintained during the Term.</p>
ICT7	<p>Have in place data transfer mechanisms (e.g. Internet, mobile networks, mobile devices etc.) which must be encrypted using a product or system component which has been formally assured through a certification process recognised by CESG or other appropriate solution as agreed with the Authority (as further described in Paragraph 2.1 of Annex 1 (Baseline Security Requirements) of Schedule 2.4 (Security Management).</p>

**4. IMPLEMENTATION SERVICES**

4.1 The Supplier shall, as part of the Implementation Services, perform the obligations set out in this Paragraph 4.

Ref.	Requirement
<b>Planning and governance</b>	
	The Supplier shall:
IMP1	Demonstrate how it will performs its obligations set out in Schedule 6.1 (Implementation Plan) and provide a detailed plan.
IMP2	Provide the Authority with an outline of its proposed contingency plan to be effected in the event that Implementation is unable to be completed within the agreed time limit, together with details of the key trigger points for the invoking of this plan.
IMP3	Establish an experienced and suitably qualified team to successfully deliver Implementation.
IMP4	Identify key individuals, including an experienced project manager, who will be responsible throughout the project for delivery of Implementation and will act as points of contact for the Authority, provide CVs for these individuals and indicate the arrangements for changing these individuals during Implementation should the Authority request it.
IMP5	<p>Define and agree with the Authority a governance framework for:</p> <p>(i) reporting Implementation progress to the Authority on a regular basis, including details of reporting to any Implementation project board (meetings of which the Authority will have a right to attend); and</p> <p>(ii) how the Supplier will interact with the Authority and other relevant stakeholders to provide progress updates outside of these formal project board meetings.</p>
IMP6	Undertake management, reporting and escalation of risks and issues throughout Implementation, based on standard project management principles, subject to regular review and outline how risks and issues will be escalated to the

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	Implementation project board (including details of the membership of all the relevant Implementation project board, groups and their purpose).
IMP7	Provide details of how it will engage with the Authority, the Incumbent Supplier and other stakeholders where their involvement will be required throughout Implementation, including the level of resource and involvement required from them at these stages.
IMP8	Outline a proposed method and strategy for ensuring work in progress is handed over from the Incumbent Supplier with minimal disruption to the quality and timeliness of the Services, including a clearly articulated strategy for achieving this.
IMP9	Detail the approach and any tools that will be used to ensure the successful transfer of knowledge from the Incumbent Supplier relating to the proposed Services, including details of how the success of this approach will be measured.
IMP10	Outline the key checkpoints during Implementation and the assessment that will be undertaken to review and report to the Authority on whether the Implementation remains on track (time, budget, quality etc.) to achieve the desired outcomes and remain aligned to the Implementation Plan.
IMP11	Outline the training programme that will be undertaken to ensure the Services will be delivered to the required level of quality at the Operational Service Commencement Date, which includes the training of the Supplier's existing staff, of any staff transferring from the Incumbent Supplier and any new staff that will be hired to provide the Services.
IMP12	Outline the content of any information that will be produced for the Authority to demonstrate how the Implementation has been signed off internally, in order to provide levels of assurance satisfactory to the Authority.
IMP13	Outline how the Supplier Personnel performing Implementation team will hand over to the Supplier Personnel responsible for 'business as usual' performance of the Operational Services to ensure a smooth Implementation.
IMP14	Outline the steps and processes to be followed to develop and test the required suite of both regular and ad hoc reports that the Supplier is required to produce under this Agreement (including as set out in this Schedule, Schedule 8.1 (Governance) and Schedule 7.5 (Reports and Records Management) and other system outputs that would meet the requirements for the Services, including the methodology used for testing reports and system outputs.
IMP15	Document and maintain RMSPS specific knowledge and Intellectual Property Rights as required to deliver the Services.
<b>ICT</b>	
	The Supplier shall:
IMP16	Define the process for carrying out detailed fact finding for understanding the technical requirements of the RMSPS, to ensure a correct understanding of the existing service provided by the Incumbent Supplier and to contextualise the ICT requirements.
IMP17	Outline (i) how the elements of ICT development outlined will be combined to form an integrated Supplier Solution for the delivery of the Services, and (ii) the methodology used for testing the implementation of each of these components, and the final end-to-end testing of the integrated Supplier Solution.

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IMP18	Provide the Authority with an outline how it will engage with the Incumbent Supplier, RMPP Administrator, the Authority and other key stakeholders to ensure clear understanding of the ICT dependencies between them.
IMP19	Within sixty (60) days of the Effective Date, provide evidence appropriate to the Authority that its security requirements (as set out in Schedule 2.4 Security Management) in respect of the Services, and the ICT elements used to support that, will be met from the Operational Services Commencement Date and provide details of the steps that will be undertaken to ensure the Services and ICT elements meet these requirements from the Operational Services Commencement Date and appropriately evidence, together with the anticipated timescales.
IMP20	Provide the Authority with an outline of the Supplier Personnel that will be made available for testing the Supplier Solution (who shall be sufficiently and appropriately skilled to carry out this work for each ICT component).
IMP21	Provide the Authority with an outline of its approach to carrying out appropriate penetration testing, vulnerability scanning, and/or code review, of infrastructure, systems application software, security device rule-sets, and external-facing user (web) interfaces (note this list not exhaustive) to meet the assurance and segmentation model requirements defined in the IT Health Check (as defined in Schedule 2.4 (Security Management)).
IMP22	Identify all components of the Supplier System that will run on a shared infrastructure, clearly identifying how the Supplier will manage the risks associated with the connectivity to other IT systems, especially where the Supplier's other customers might have lower security requirements.
IMP23	Provide appropriate, sufficient and suitably structured documentation to support the implementation of all aspects of the Supplier Solution and to facilitate inclusion of the documentation in, or cross-referencing from, the Royal Mail Pensions Risk Management Documentation (as defined in Schedule 2.4 (Security Management)) as may be updated from time to time.
IMP24	Describe the approach to data migration for both Member records (administration) and electronic image files for Members, including: <ul style="list-style-type: none"> <li>(i) how the Supplier will work with the Incumbent Supplier to define requirements;</li> <li>(ii) the data mapping and reconciliation process, including details of any standard tools (e.g. data maps) and requirements for bespoke tools, and the archiving and retrieval proposals for any data not transferred to the Supplier System;</li> <li>(iii) the methodology used for testing data mapping and converting the data to the Supplier's administration system should be outlined; and</li> <li>(iv) how the Supplier will deal with known data issues, including both the outcomes of the data quality report, and any due diligence and data cleansing that would be carried out prior to migration.</li> </ul>
IMP25	During the data migration phase hold only anonymised data for the purposes of migration and testing.
IMP26	Provide satisfactory assurance to the Authority over the accuracy and completeness of the data and its storage.

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IMP27	Identify any data accuracy, completeness or storage issues and agree with the Authority how it will resolve them (including any assurance activity undertaken as part of Implementation to assess the quality of the data, as well as any ongoing data assurance activity undertaken during the Term).
IMP28	Demonstrate to the Authority how it will develop and test the workflow management system that will be used as part of the Services.
IMP29	Outline and apply a methodology agreed with the Authority, to develop and test calculations, including the approach to demonstrating an understanding of the calculation requirements and producing calculation specifications and tests of the same.
IMP30	Outline any external dependencies during the calculation development cycle and how calculations will be signed off and documented.
IMP31	Outline the steps and processes to develop, test and manage the Supplier System that will be used to manage electronic documentation including:  (i) how the Supplier proposes to transfer all necessary electronic document files to the proposed Supplier System; and  (i) the archiving and retrieval proposals for any document files not transferred to their system.
IMP32	Demonstrate to the Authority how it will develop and test the self-service solution that will be used as part of the Services.
IMP33	Without prejudice to Schedule 6.2 (Testing Procedures), outline the methodology used for testing the Supplier System.
<b>Personnel</b>	
	The Supplier shall:
IMP34	Without prejudice to Schedule 9.1 (Staff Transfer), outline the approach that will be taken to ensure compliance with the requirements of the Employment Regulations, including:  (i) the definition of employees who are subject to a Relevant Transfer and replication of contractual terms and conditions;  (ii) how key staff will be retained from the Incumbent Supplier;  (iii) how and when staff will be communicated with;  (iv) the mechanisms in place to support staff during the move;  (v) how transferring staff will be integrated into the Supplier's operation (i.e. details of any proposed induction programme); and  (vi) how training will be given to all staff transferred to the Supplier to ensure a smooth transition from Implementation to ongoing Operational Services; and
IMP35	Provide details of the key risks and issues associated with a Relevant Transfer, together with proposals as to how to mitigate them to minimise the impact on ongoing service delivery during Imp, ensuring productivity, Performance Indicators and quality levels are maintained.

5. **TESTING**

5.1 The Supplier shall perform Testing required under this Agreement in accordance with Schedule 6.2 (Testing Procedures).

6. **EXIT MANAGEMENT AND TERMINATION SERVICES**

6.1 The Supplier shall, as part of the Services, perform Exit Management and Termination Services in accordance with Schedule 8.5 (Exit).

7. **BUSINESS CONTINUITY AND DISASTER RECOVERY**

7.1 The Supplier shall, as part of the Services, perform its obligations set out in Schedule 8.6 (Business Continuity and Disaster Recovery).