



BETWEEN THE TIDES

THE 2012 PENSION LAWYERS ASSOCIATION CONFERENCE

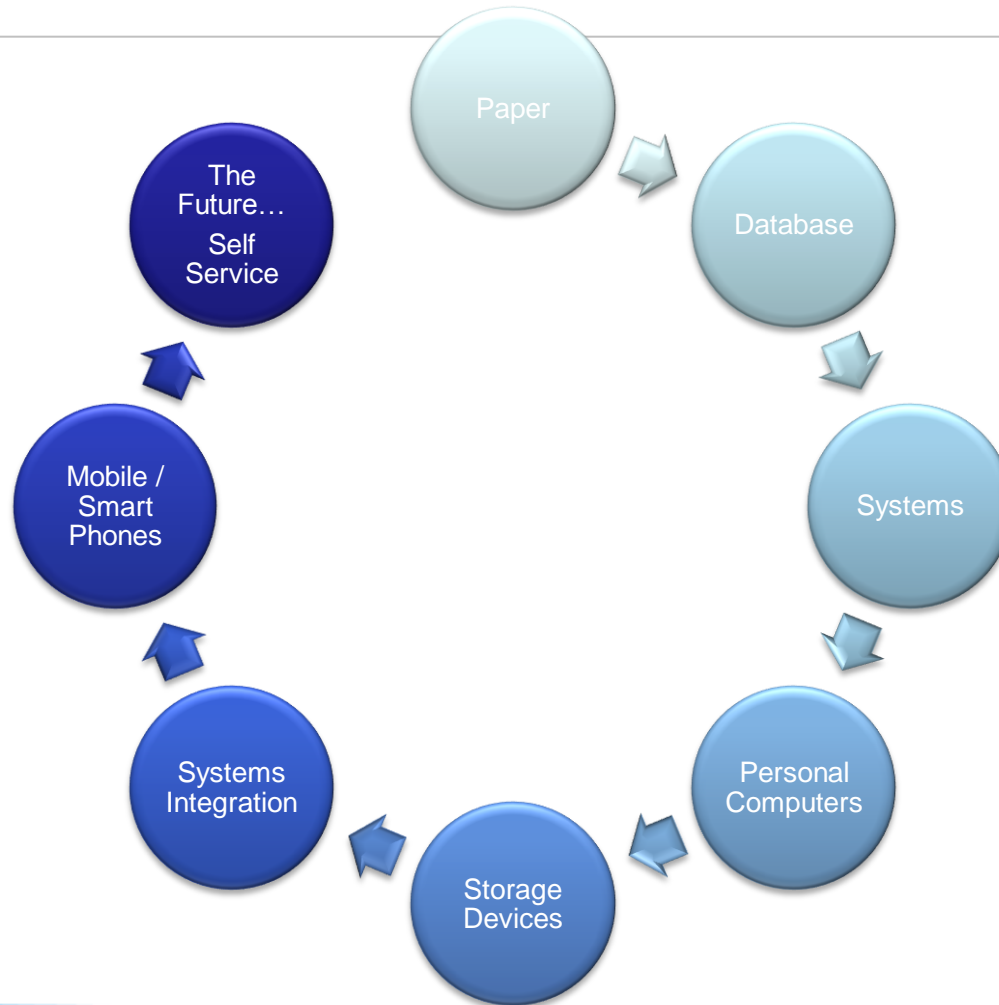
“Surfers Paradise”

Data Management in the Information Age

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Lifecycle of Technology



The Rise of Governance



Personal relevance of the retirement funds system dependent on the accuracy of the data held by administrators

Legislation & Regulation

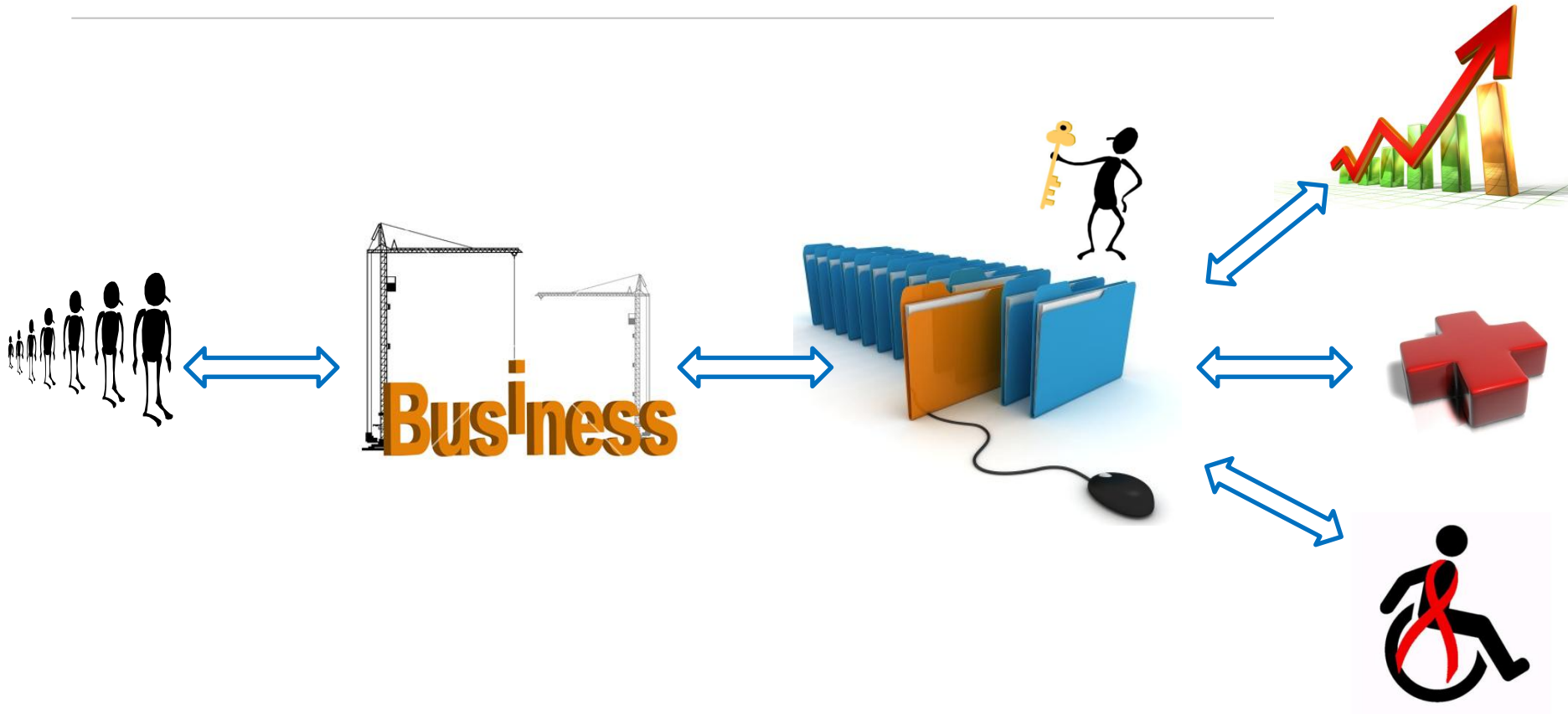
	Accountability	Data
PFA	Trustees, (S13b - Administrator)	Keep proper records
PF130	Trustees	Manage risks, data belongs to the fund
King III	Company, Boards and Directors, Audit committee	IT Governance - the protection and management of information
TCF	Financial Service Providers	Complete, accurate and appropriate data
CPA	Sales records	Data Management Policy
PPI	Trustees, Service Providers	Information quality principle
SAM	Insurance Companies	Complete, accurate and appropriate data

Protection of Personal Information Bill (PPI)

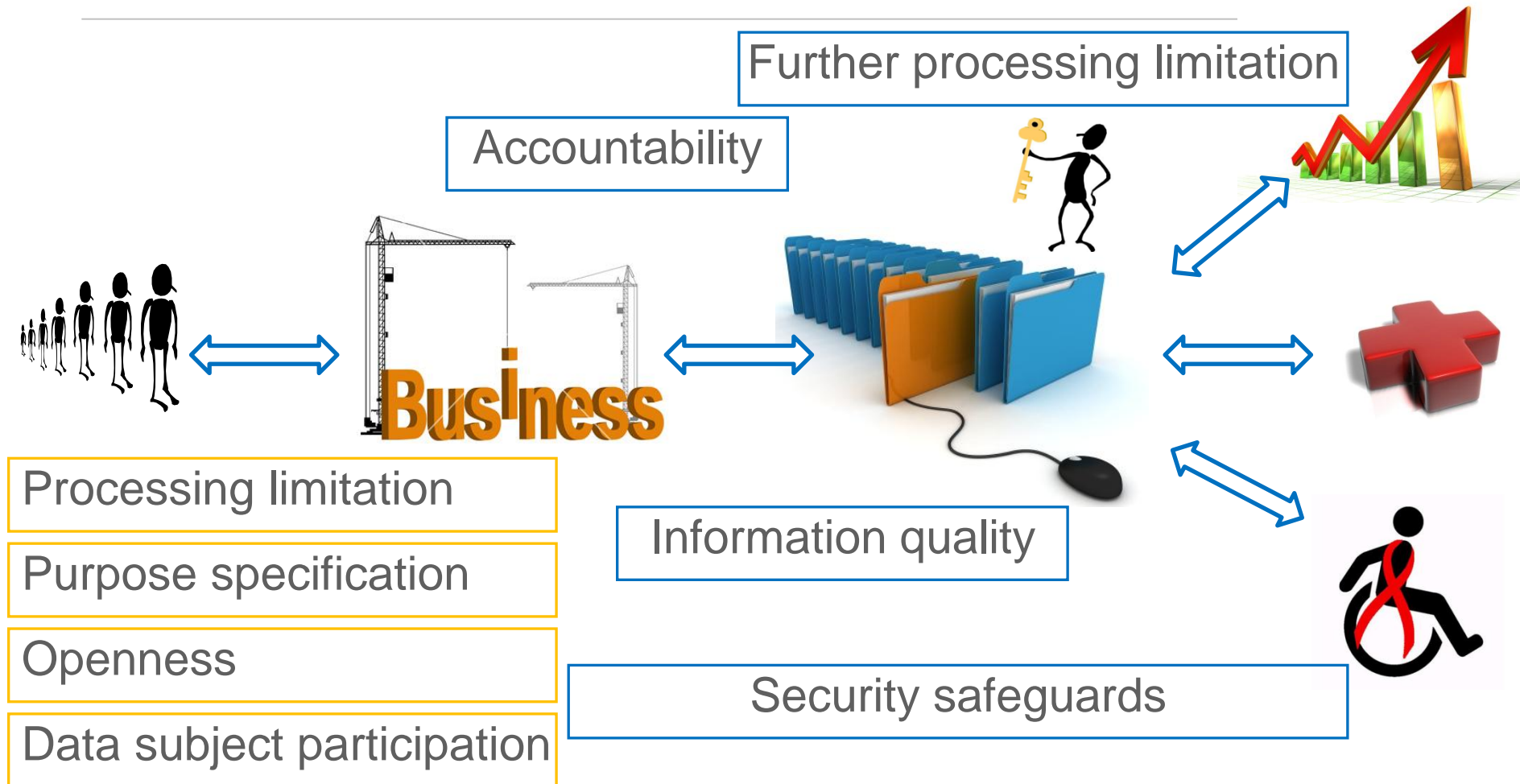
8 principles

1. Accountability
2. Processing limitation
3. Purpose specification
4. Further processing limitation
5. Information quality
6. Openness
7. Security safeguards
8. Data subject participation

Data Processing in Retirement Funds



PPI & Data Processing in Retirement Funds



PPI: Action between Individuals and the Employer / Trustees

Processing limitation

Purpose specification

Openness

Data subject participation

Areas of concentration

- Induction process
- Contracts and information forms
- Employee engagement process
- Data management policies

PPI: Action between Employer / Trustees and Service Providers

Accountability

Information quality

Further processing limitation

Security safeguards

Areas of concentration

- Active risk mitigation
- Review contracts / SLA's
- Risk mitigation reporting vital to Trustees / Employer

PPI Principle 5: Information Quality

Quality of Information

- 16.(1) The responsible party must take reasonably practicable steps to ensure that the personal information is complete, accurate, not misleading and updated where necessary.
- (2) In taking the steps referred to in subsection (1), the responsible party must have regard to the purpose for which personal information is collected or further processed.

The Role of the Auditor in Retirement Funds

Trustees are accountable for member data

- Consider control environment of financial transactions in the accounts
- They may consider any risk assessment carried out by trustees, but are not obliged to.
- Will not assess member records unless they judge the records will create a risk of material mis-statement in the accounts

What the Pensions Regulator in the UK says about Auditors

Complete and accurate member data is vital to good governance and administration of a retirement fund

Trustees cannot rely on their scheme statutory audit to inform them of the quality and accuracy of their member data, or the controls around that data.

They should take extra steps to gain assurance that their member records are complete and accurate

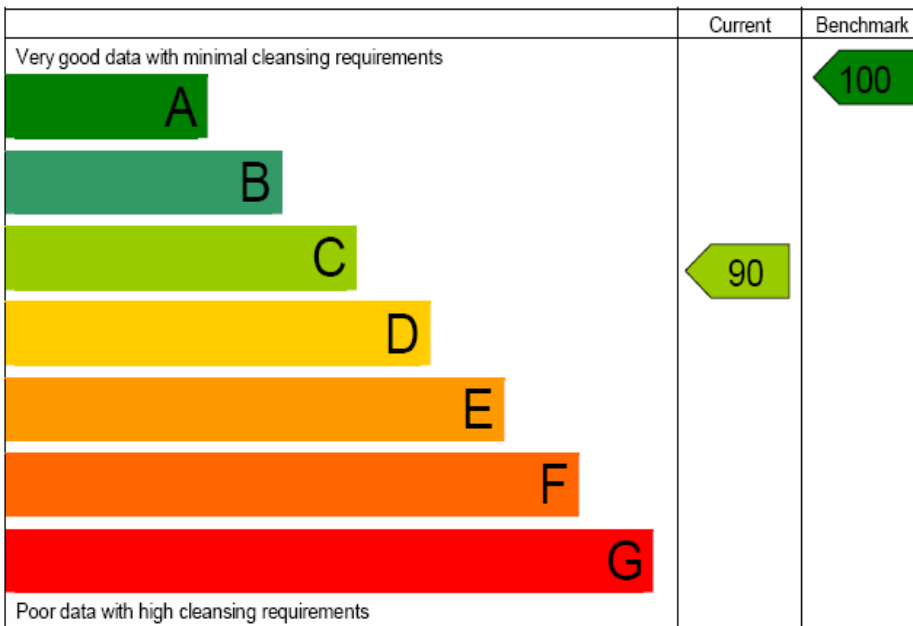
Data Quality Reporting in the UK

Guidance Note: Good practice in measuring member data

Data Set	Common Data	Conditional Data
New Data	100%	Fund specific
Legacy Data (pre June 2010)	95% (end 2012)	Fund specific

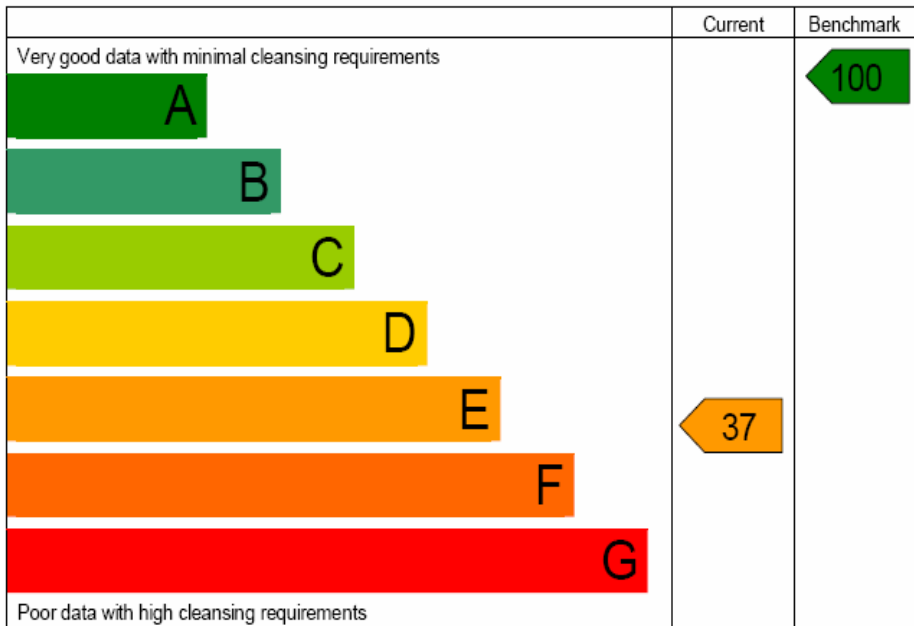
International best practice: tPR reporting (UK)

Scheme Common Data Quality Rating



ITM
Solution delivered...

Scheme Conditional Data Quality Rating



ITM
Solution delivered...

International best practice: Australia

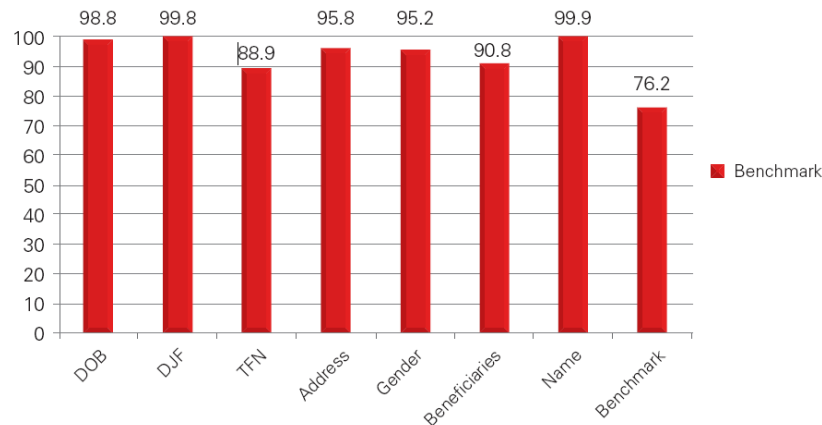
ASFA – ITM Data Benchmark

	First edition (September 2010)	Second edition (February 2011)	Third Edition (September 2011)
Number of participating funds	21 funds	30 funds	34 funds
Number of members tested	1.2 million	1.5 million	2.5 million
Number of test results	Over 7 million	Over 9 million	Over 16 million
Overall data accuracy of “core member details”	83.9% accuracy	87.0% accuracy	76.2% accuracy

Breakdown of the specific member details data audited

Figure 2

Core member details



Larger funds are less able to communicate on a one-to-one basis with employers to improve data quality – with tens or hundreds of thousands of employers, it is logistically difficult to get the coverage to educate them on how to improve.

Data Governance

- Managing data risk is a central part to effective administration
- Regulatory Data Quality Principles should apply to pensions (SolvencyII)

Appropriate data

- Suitable for all purposes

Complete data

- Historical data suitable for benefit checks
- Paper files not routinely required

Accurate data

- Free from material errors and omissions
- Consistent now and over time
- Timely collection and storage

Use Test - confidence in the data and hence use!

PPI Principle 7: Security Safeguards

- In terms of section 18(1), a responsible party must secure the integrity of personal information in its possession or under its control by taking appropriate, reasonable technical and organisational measures to prevent loss of, damage to or unauthorised destruction of personal information; and unlawful access to or processing of personal information. In order to give effect to subsection (1), the responsible party must take reasonable measures as described in the section. The responsible party must have due regard to generally accepted information security practices and procedures which may apply to it generally or be required in terms of specific industry or professional rules and regulations.
- A responsible party must ensure that an operator which processes personal information for the responsible party, establishes and maintains the security measures. The processing of personal information for a responsible party by an operator must be governed by a written contract between the operator and the responsible party, which requires the operator to establish and maintain confidentiality and security measures to ensure the integrity of the personal information.

In the UK, the DWP, PPF and regulator misplaced 126 laptops, 77 BlackBerrys, 65 other mobile phones, 28 desktop computers, eight hard drives and 45 memory sticks, figures obtained under the Freedom of Information Act show.

Top 10 tips for storing and moving member data

1. Start with the assumption your device will be **lost or stolen** and act accordingly;
2. Use the **security settings** on portable devices;
3. Only hold personal data on a portable device when absolutely necessary;
4. Ensure personal data being transported are **anonymised** whenever possible;
5. Consider accessing data via a **remote server** rather than storing it on a hard-drive or disc;
6. Always password protect or **encrypt personal data** being sent – especially by email;
7. Consider using computer-generated passwords;
8. Ensure emails are addressed to only the intended recipient;
9. Never store a password with the device or with the data;
10. If a device is lost, it should be reported immediately and action taken to recover or disable access.

What to do NOW!

- Build Data Management Policies around collection and processing of individuals information.
- Know the quality of your funds data.
- Assess data risks from an objective specialist.
- Understand and manage the impact of incorrect data
 - Unclaimed benefits
 - Incorrect benefit statements
 - Inefficient member modeling
 - Communication
- Explore options of how you access your funds data and information. Technology now enables efficiency of accessing and sharing information.

Parting thought...

What will be the impact of NSSF on individuals if there is no critical assessment of data quality and effective data management policies?

- Unfunded liabilities of the State. (PIGS)
- Increasing costs
 - Unclaimed benefits
 - Administration
 - Communication
- Lack of trust in NSSF by South Africans

NSSF makes long term investors of all South Africans. We need the security and trust in the systems we invest in.

Contact us

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