PRASA PROVIDENT FUND

Invitation to Tender for Administration Services

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1. INTRODUCTION

This document sets out the requirements of the Board of Trustees of **THE PRASA PROVIDENT FUND (REG:12/8/26468/1)** ("**the FUND**") for the provision of administration services to the Fund.

You are invited to provide information about your services as required in this document.

All information included in this document must be treated in the strictest confidence and all responses will be managed in the same manner.

The contents of this document and your response will be deemed to form part of the ultimate agreement between the Fund and yourself in the event you are appointed as the service provider, unless subsequently otherwise agreed to in writing.

Electronic member data as well as a detailed structure of the benefits will beprovided upon request. The information will be provided on the basis that the recipient of the information undertakes to comply with the POPIA provisions.

2. BACKGROUND

The FUND is duly registered with the FSCA in terms of the Pension Funds Act54 of 1956, as amended and tax approved by the South African RevenueServices as defined contribution Provident Fund.

The object of the FUND in terms of its Rules is to provide benefits for itsmembers at retirement or other life contingencies.

The Fund has about 12 000 active members, approximately 448 unclaimed benefits members and 264 paid up members with assets under management of approximately R7 billion. Only administrators who have managed funds of similar size will be considered.

The Board of Management of the FUND currently consists of fourteen (14) Board Members. Seven (7) Board members elected by Members and seven (7) Board Members appointed by the Employer.

The administrator is required to attend the fund meetings as set out below and to provide input and guidance on administrative issues at these meetings:

Annual Meetings:

Mandatory

- 4 Administration Committee meetings
- 4 Audit and Risk Committee meetings
- 4 Board meetings

By Invitation

- Any other Board or Committee meetings

3. PROPOSALS

All correspondence shall only be communicated through the Fund's benefits consultants,

Mufaro Employee Benefits:
Lungi Madini
Consultant
C/o Mufaro Employee Benefits
220 Willow Wood Office Park, Cnr Cedar Road, and Third Street, Broadacres, Fourways
Phone: (011) 065 9518
Email: lungi@mufaro.co.za

Your proposal will be evaluated on the responses to this invitation to tender. Please follow the same numbering used in this document in your response.

If you are unable to provide information in response to a question, the relevant paragraph and item should be quoted followed by a reason for the omission of the information. Responses that are not provided in the required format will not be considered.

The Trustees reserve the right to reject any tender without providing reasons.

4. RESPONSE INSTRUCTIONS

You are required to submit an electronic PDF copy of your response to this RFP by no later than **17h00** on **03 September 2025.** All questions and contact by the Administration organisations are to be directed to:

To: Lungi Madini
Mufaro Employee Benefits
011 065 9518
lungi@mufaro.co.za

5. QUALIFICATIONS

Your organisation must respond to all the items in this RFP to be considered as a qualified administration organisation, and should:

- Have a Section 13B license and comply with Board Notice 24 of 2002 and Conduct Standard 1 of 2022.
- Have an active FSP license, in good standing and compliant in terms of the requirements of the Financial Advisory and Intermediary Services Act, 2002 (FAIS Act).
- Valid BBEEE certificate
- Be willing to accept co-fiduciary responsibility for the FUNDS' accounts.

6. TIMELINES

RFP Response Deadline **03 September 2025, 17H00**
No late submissions will be accepted.

7. FORMAT

The Board of Trustees will review all submitted RFPs. Interviews will be conducted with a short list of prospective administrators. Information and/or factors gathered during interviews, negotiations, and any reference checks, in addition to the evaluation criteria rankings, shall be the sole and exclusive property of the FUND.

The FUND reserves the right to contact references other than, and/or in addition to, those furnished by your organisation.

Proposals should include your organisation's name on each page.

The FUND shall not be responsible or liable in any manner for the risks, costs, or expenses incurred by any party in the preparation of its response to this RFP nor any travel expenses incurred by the shortlisted candidates.

8. EVALUATION CRITERIA

Specific attention will be paid to:

- Organisation size and capabilities.
- Credentials, experience, and reputation of the administration team working with institutional clients.
- Background and quality of the administration processes as well as methodology.
- Competitiveness of management, administration process, and fees for the FUND.
- Performance on administration reporting capabilities.
- Quality of existing client relationships and references.
- BBEEE ratings and transformation initiatives/programs
- Staff turnover numbers

9. FINALIST PRESENTATIONS

Organisations selected as finalists should be prepared to conduct a 45-minute presentationto the Trustees at a confirmed venue. Finalists should be prepared to answer detailed questions concerning their proposals.

10. CONFIDENTIALITY

All information presented in this RFP, including information disclosed by the FUND during the selection process, should be considered strictly confidential. The information must not be released to external parties without the express written consent of the FUND. All participants will be required to sign a non-disclosure agreement.

All responses and other materials submitted in response to this RFP will becomethe property of the FUND. The FUND assumes no obligation and shall not incur any liability in respect of the confidentiality of all or any portion of a response or any other material submitted in response to this RFP unless expressly agreed to in writing to protect specifically identified information.

11. STRENGTH AND STABILITY

11.1 Please provide the full name of your organisation, your Section 13B license, the FSP license number of the team holding the active FSP license, compliance with Board Notice 24 of 2002, address, telephone number, organisation website, and the mailing address of your main office.

Include an organisational overview with a description of the corporate structure of the organisation, ownership details, year of founding in the present form, the legal form of the organisation, the parent company (if applicable), any subsidiaries and associations, and if any change to the organisation's corporate structure is anticipated.

11.2 Please indicate the number of years your organisation has been performing retirement fund administration services like those that you seek to provide to the FUND.

11.3 Please describe your client base, including the types of clients served, the number of retirement funds for which your organisation currently provides administration services, the length of service, and the range of asset values among your retirement fund clients. Please advise how many clients you have lost in the last five years and the reasons for the loss.

11.4 Please disclose all conflicts of interest your organisation may have in serving as the FUND'S administration organisation. Disclose whether your organisation has any financial or other affiliation with brokerage organisations, banks, insurance companies, investment banking organisations, or money management organisations. If any such affiliations exist, how is your organisation protected against conflict of interest?

11.5 Describe any material litigation, regulatory, or legal proceedings in whichyour organisation or any of the principals are or have been involved over the past five years. Specifically, highlight this information in respect of the consultant(s) assigned to our account.

11.6 Describe the levels of insurance coverage, including the amounts for errorsand omission insurance and any other fiduciary professional liability insurance your organisation currently has in place. Please also provide details of your cyber liability coverage, including the limits and scope of coverage.

11.7 Provide copies of all the appropriate national licenses required to function as a Section 13B administrator as appendices.

11.8 What do you believe sets your organisation's services apart from the competition and allows your organisation to generate superior performance and service levels?

11.9 Describe your organisation's experience and capabilities to provide education to the FUND'S Board of Trustees.

12. SERVICE REQUIREMENTS

Overview

12.1 The Trustees are not closely involved with the day-to-day running of the FUND. The administrator will be expected to report regularly, demonstrating that they are performing in accordance with the Administration Agreement as well as in compliance with the relevant Legislation and Regulations. Adherence to service levels is essential. The selected administrator must be able to measure performance against the standards set.

12.2 The Trustees attach significant importance to the integrity of the FUND's records. The administrator will be expected to demonstrate that a sound transfer of business has taken place and that legacy data is maintained and accessed on request.

12.3 The administrator is expected to provide a service free of errors and must therefore be capable of proving that they have strong quality assurance procedures and processes in place.

12.4 The administrator is expected to satisfy the Trustees that their administration software system is up-to-date and has a soundtrack record. Evidence and proof of server maintenance, disaster recovery plans, and ease of use must form part of the submission.

12.5 <u>Detailed below are the services required. Confirm if it cannot be met or detail any variations.</u>

Record Keeping

12.6 Maintain individual membership records – active, paid-up, and exited members including benefits from previous Funds, where applicable.

12.7 Update member details monthly via an electronic interface.

12.8 Maintain reserve accounts, where applicable.

12.9 The ability to store legacy data in hardcopy, access these documents and be able to provide detailed member fund credits from member join date to current from legacy information.

Data Validation

12.10 Review incoming data against rule provisions and for reasonableness.

12.11 Interaction with the employer on data and contributions with necessary reconciliations and alignment between the parties.

12.12 Reconcile membership over any period with reporting month to month to the trustees.

12.13 Payment of Withdrawal Benefits

12.13.1 Calculate benefits in terms of the Rules of the FUNDS.

12.13.2 Request tax directives, deduct and pay the tax due, where applicable and prepare tax certificates as well as assist members with taxation issues (tax number registration/tax debt).

12.13.3 Settling of pension-backed home loans before payment.

12.13.4 Timeous payment of benefits.

12.15.5 Communicate final payments to members and brokers and furnish the necessary tax documentation, where required.

12.13.6 Deal directly with member queries, after exit.

12.13.7 Advise members of their benefit options upon exit.

12.14 Payment of Death Benefits

12.14.1 Calculate benefits due in terms of Section 37C resolution approved by the Board of Trustees (Take into consideration – Advances, and once-off amounts to be deducted).

12.14.2 Request tax liability from SARS. Request tax directives, deduct and pay the tax due, where applicable and prepare tax certificates.

12.14.3 Verify Banking details of beneficiary payees.

12.14.4 Deduct and pay tax.

12.14.5 Recover the insured portions of the benefit from the relevant Insurer.

12.14.6 Liaise with beneficiaries.

12.14.7 Timeous payment of benefits within agreed timelines as part of the SLA.

12.15 Payment of Retirement Benefits

12.15.1 Inform members of options in terms of the Rules of the FUND and refer members to the Fund's appointed retirement benefit counsellors.

12.15.2 Calculate the amount of the benefit.

12.15.3 Request tax directives, deduct and pay the tax due, whereapplicable and prepare tax certificates.

12.15.4 Payment of tax in terms of legislative requirements.

12.15.5 Pay all current and prior claims.

12.15.6 Pay lump sum benefits within an agreed timeline.

12.15.7 Create appropriate records within the relevant information systems and keep these records as per the legal requirements for information purposes.

12.15.8 Dispatch tax certificates.

12.15.9 Identify and refer records to the Fund's appointed tracing agents, where necessary where these benefits have become unclaimed or paid-up.

12.15.10 Pay benefits via EFT timeously.

12.16 Communication with Members, Trustees, Company, and Others

12.16.1 Provide membership certificates for new entrants.

12.16.2 Automatic notification of benefits to members approaching normal retirement age.

12.16.3 Liaise with employers, Trustees, and other advisors upon disbursement of benefits.

12.16.4 Follow-up reminders, when necessary, to any person or organisation where information or a decision is awaited.

12.16.5 Correspond with members and other third parties in respect of transfer payments into the Fund.

12.16.6 Produce and circulate bulk ad-hoc communication (e.g., change in benefit).

12.16.7 Recover reinsured benefits as and when applicable.

12.16.8 Submit appropriate returns to the Registrar within legislative and agreed timelines.

12.16.9 Address Registrar queries in consultation with the consultants to the FUND.

1216.10 Provide an Administration Manual and Administration Agreement which will include service level provisions, as agreed upon.

12.16.11 All employers must be able to access their employees' data by way of the Internet for an employer to provide information to the employees about withdrawal amounts, retirement savings, etc.

12.16.12 Correspond with home loan provider/s regarding settlement values, fund credit confirmations, flagging of member records, and associated responsibilities.

12.17 The administrator will be required to, if not already in place, set up a website that will provide the below information to the employer and members who register for access thereto:

12.17.1 An Administration Process Manual for Employers with a Service Level Agreement.

12.17.2 Fund withdrawal forms (all exits).

12.17.3 The latest investment returns.

12.17.4 The latest member benefit statements.

12.17.5 Member access to individual real-time fund credit values.

12.17.6 Member portal for secure communication of Fund information and documents.

12.17.7 Availability of mobile application (phone app) for members to access benefit values and Fund information.

12.17.8 The administrator must provide the Trustees with detailed progress reports with comments where required.

12.18 Benefit Statements

12.18.1 Prepare and issue Annual Benefit Statements and Net Replacement Ratio letters to all active and paid-up members of the FUND within three months after year-end.

12.18.2 Statements are tailored to the Trustees' specifications as well as the Nomination of beneficiary form.

12.18.3 Compliance with PF86 and other regulatory requirements.

12.18.4 Statements available online, updated in accordance with the Rules of the FUND with manual statements being delivered to the sites for distribution.

12.18.5 Summary schedule of members' benefits as reflected on the statements.

12.19 Reports

12.19.1 Active and deferred members reaching normal retirement age within the next 24 months. Ad hoc reports as specified by the Trustees.

12.19.2 Detailed administration reports for each Administration Committee meeting for discussion and as required by Trustees.

12.19.3 Detailed accounting reports and cash flow reports are to be presented as quarterly and / or as required.

12.19.4 Prepare annual Fund budget.

12.20 Taxes and Levies

12.20.1 Pay PAYE and any other deductions to the South African Revenue Services.

12.20.2 Produce year-end tax reconciliations for submission to the South African Revenue Services.

12.20.3 Produce and distribute IRP5's and IT3(a)'s to all exiting members.

12.20.4 Calculate and pay all other levies, duties, and imposts.

12.21 Accounting

12.21.1 Maintain computerised nominal ledgers. The accounting system must be integrated with the Administration Data system and supported by relevant knowledgeable Information Systems, support agreements, and backup services.

12.21.2 Reconciliation of control accounts monthly.

12.21.3 Produce quarterly cashflow Statements for Administration Committee meetings.

12.21.4 Provide financial information to the Actuary, when required, and make all systems and process documentation available for the three yearly valuations.

12.21.5 Prepare and submit payments to the South African Revenue Services timeously.

12.21.6 Prepare and submit returns to the FSCA, where required.

12.21.7 Prepare draft Annual Financial Statements for audit within 60 days of year-end.

12.21.8 Arrange and deal with the audit of the Annual Financial Statements.

12.21.9 Finalise the Annual Financial Statements and submit them to the FSCA within the 6 months required as per legislation.

12.21.10 Communicate to the Board timeously on reasons and corrective action taken for the possible late submission of any statutory reporting so that the Trustees can apply for an extension in line with legislative requirements.

12.21.11 Coordinate the production of the Trustee Annual Report and Accounts.

12.22 Investment Accounting and Monitoring

12.22.1 Arrange the investment of the FUNDS' assets as mandated by the Trustees and ensure compliance with Legislation and Regulations.

12.22.2 Maintain investment ledgers, record, and monitor transactions and reconcile investment holdings and values with investment managers' records.

12.22.3 Investment records must be maintained online.

12.22.4 Monitor capital changes and issues.

12.22.5 Monitoring and reconciling the receipt of investment income by the investment managers.

12.22.6 Monitor the cash management activities of the investment manager.

12.22.7 Control receipt of investment income.

12.22.8 Provide data as required for the Trustees and an investment performance monitoring service in line with the fund's Investment Policy Statement (IPS) and in consultation with the fund Investment service provider.

12.22.9 The Fund is daily unit priced. The administration system should accommodate this and the administrator will be responsible to ensure that unit prices are allocated daily. Please describe your process for daily +unitisation of member accounts.

12.23 Cash Management

12.23.1 Signatory powers as agreed to by the Trustees to be implemented and maintained as per fund resolution.

12.23.2 Operate and reconcile the bank accounts.

12.23.3 Receipt of contributions directly into the FUND'S bank accounts with allocation.

12.23.4 Follow-up contributions not received timeously, ensure procedures are appropriate, contact the participating employers, and advise the Trustees and/or monitoring person of unpaid contributions and missing schedules as required by Legislation.

12.23.5 Monitor income from all sources and allocate funds for investments in accordance with the investment strategy.

12.23.6 Pay agreed items of expenditure as per board resolution.

12.23.7 Calculate and pay risk premiums.

12.23.8 Cash flow statements are to be included with the administration report for discussion with the Trustees, quarterly.

12.24 Section 14 Transfers

12.24.1 Draft, facilitate, submit and report on all Section 14 Transfers in and out of the Fund in terms of the Fund Rules.

13. QUALITY STANDARDS

13.1 Describe your company's quality assurance methodology.

13.2 How do you monitor and verify the accuracy of data input into your computer system?

13.3 How do you monitor and verify the accuracy of benefit calculations?

13.4 What are the procedures for the resolution of client or member complaints?

Human Capital

13.5 Indicate the number of people involved in the retirement fund administration.

13.6 How do you recruit and retain quality staff? Describe your training and development program.

13.7 How are resources allocated to new clients?

13.8 Will there be a nucleus of staff responsible for the administration? If so, kindly provide brief details of the key individuals.

13.9 Do you anticipate having to recruit new staff if you are successful in your bid for this business? Kindly provide details.

13.10 How do you ensure continuity of knowledge of clients' funds over a period, given that staff may leave your company and you may attract new clients which requires re-allocation of resources?

13.11 Kindly provide details of the percentage turnover of administration staff over each of the last three years.

Client Base

13.12 How many clients currently use your administration services?

13.13 How many new clients have you acquired in each of the last three years?

13.14 How many clients have you lost in each of the last three years? Kindly provide reasons.

13.15 Please provide the names of three clients, ideally of a similar size and structure to the FUND, who would be prepared to provide references, as well as their contact details for the Trustees to obtain written and/or verbal references.

Information Systems

13.16 Provide the details of the administration software you propose to use.

13.17 How many Funds are currently run on this system?

13.18 How long has this software been used by the company and if recently how are legacy systems supported?

13.19 How are systems support and development provided to your administration team? If the software has been developed in-house, where does the relevant department fit into the operational structure?

13.20 Provide details of your disaster recovery arrangements.

13.21 Do you conduct an ISAE3402 audit? If yes, provide a copy of the latest report.

13.22 The Service Provider shall implement and maintain robust cybersecurity resilience measures to ensure the confidentiality, integrity, and availability of the Fund's data, systems, and member information. These measures must align with industry best practices, comply with applicable laws (including the Protection of Personal Information Act, 2013 (POPIA), and address evolving cyber threats in line with the Joint Standard 2 of 2024.

13.22.1 Describe your organisation's Cybersecurity framework and governance structure.

13.22.2 Outline your incident response plan in the event of a Cybersecurity breach.

13.22.3 Detail your regular vulnerability assessments and penetration testing procedures.

Service Standards

13.23 Provide details of your standard turnaround times for different services e.g., processing of claims, membership queries, etc.

13.24 Can clients influence these standards?

13.25 How are clients kept informed of achievement of performance?

Investments and Flexible Benefits

13.26 Are you able to structure and maintain risk-profiled investment portfolios including a life staging facility?

13.27 Do you provide online reporting at individual member level, including returns?

13.28 How often are unit holdings reconciled to the investment manager's statements?

13.29 Do you allow for management fees and other investment-related expenses?

13.30 Describe the flexibility offered in respect of both risk benefits and different levels of retirement funding contributions.

13.31 Describe how you manage the monthly and daily unitisation of benefits.

Procedures

13.32 Provide a manual detailing how you operate, and what you will require from the employer.

Reporting

13.33 How do you establish reporting requirements with clients?

13.34 What member correspondence is provided?

13.35 How flexible can you be in tailoring benefit statements, and claim forms to meet our requirements? Provide samples of your "standard" output/reports.

13.36 Provide examples of statements you have produced previously.

13.37 Provide examples of administration and investment reports produced for Trustee meetings.

14. QUESTIONNAIRE

14.1 Accounting System

14.1.1 What accounting system package is used? Is the system in-house or outsourced? What maintenance procedure is in place?

14.1.2 Is the accounting package fully integrated with the administration system?

14.1.3 If the accounting package is not fully integrated, which aspects are integrated?

14.1.4 What banking system is used (CAMS/Nedinform/CAATS)?

14.1.5 Is the banking system integrated with the accounting package?

14.1.6 Disaster Recovery and business continuity plan (BCP).

14.1.7 Where are the backups of the system stored?

14.1.8 If the backups are stored offsite, what obligations does the off-site storage vendor have in terms of:

a. Disaster recovery (should their site be destroyed);

b. Confidentiality of client information;

c. Insurance and security (both logical and physical).

14.1.9 Is there a Service Agreement in place with the above vendor?

14.1.10 Is there a disaster recovery plan and has it been tested?

14.2 Systems Development Life Cycle

14.2.1 Is there a team who modifies the administration and accounting packages?

14.2.2 Are the modifications tested before being released?

14.2.3 Are the modifications documented?

14.2.4 Are the modifications supported by the developers of the software?

14.2.5 On average, how long does it take to modify, test and implement a new process?

14.3 Administration

14.3.1 Is there a new business take on team?

14.3.2 What are the procedures when taking on a new client?

14.3.3 Who trains the client regarding the new procedures and the various templates?

14.3.4 Who checks and signs the take-on?

14.3.5 Is a new client kept in a new business team or a separate team before being transferred to the live administration environment?

14.3.6 Is access to adjust the Rules restricted to certain individuals?

14.3.7 Is there an audit trail of modifications made to the administration system?

14.3.8 Is an asset/liability matching exercise or valuation required before take-on?

14.4 Loading of New Investment Manager

14.4.1 Is there a Service Level Agreement between the investment manager and the administrator?

14.4.2 Is there an investment/disinvestment form to be completed by the Fund?

14.4.3 Is there an audit of the changes made with the investment manager?

14.4.4 Are daily reconciliations done?

14.5 Loading/Changing Risk Rates

14.5.1 Are changes to the risk/categories logged?

14.5.2 Can the system accommodate various risk rates for different categories of members?

14.5.3 Are the risk rates documented and signed off before being loaded onto the system?

14.5.4 Does the system allow for FCL to be loaded?

14.5.5 Does the system provide a report if the FCL has been breached?
14.5.6 How often are the FCL's updated?

14.6 Loading of Contributions Schedules/New Members

14.6.1 On which date must the client, on average, provide the contribution schedules?

14.6.2 Is there a standard template?

14.6.3 What information is contained in the standard template (please provide a copy)?

14.6.4 Is the information provided electronically?

14.6.5 What validation checks are done on this information before it is loaded onto the system?

14.6.6 Is the information uploaded electronically onto the system?

14.6.7 What validation checks are done by the system to ensure the accuracy of the members loaded?

14.6.8 Can members be placed into different categories?

14.6.9 Is a new member certificate printed from the system and sent to the member?

14.7 Late Payment Interest (LPI) on Contributions and Benefits

14.7.1 Is the LPI on contributions calculated manually or via the administration system?

14.7.2 Is the client made aware of any under/over contributions timeously?

14.7.3 Is the LPI calculated on outstanding benefits in terms of the Pension Funds Act?

14.7.4 Will you be able to issue the late payment of interest letters to the employers directly from the system? (S13A).

14.7.5 How is the receipt of late contributions dealt with? Backdated on record or allocated in the current month?

14.7.6 Are administration fees deducted for the months when the members did not contribute due to defaulting employers?

14.7.7 How are backdated risk contributions dealt with?

14.8 Exits

14.8.1 Does the system classify the exits according to type (withdrawal, death, disability, and retirement)?

14.8.2 When is the member exited on the system?
14.8.3 Does the system have a direct link to SARS for tax directives?

14.8.4 Explain the process in respect of the payment of claims.

14.8.5 Where are the individual banking details held?

14.8.6 Is there an interface between the administration system and the banking or accounting module?

14.8.7 Does the system provide a report of benefits due but not yet paid?

14.8.8 Are IRP5's printed off the administration system or manually? What is the time frame?

14.8.9 Can the administration system identify members who are within a specific date of retirement?

14.8.10 Can a report be generated for members who are within a specific date of retirement?

14.8.11 How long, on average, does it take to pay a withdrawal claim?

14.8.12 Are unclaimed benefits identified and categorised separately in the administration system?

14.9 Reserve Accounts

14.9.1 In terms of Surplus Legislation, various reserve accounts, employer, and member accounts may need to be established, can the system accommodate these accounts?

14.9.2 Are these accounts unitised or manually adjusted for interest etc?

14.10 Loading of Unit Prices

14.10.1 Are the unit prices loaded electronically via a template or captured manually?

14.10.2 Does the system print a report for the prices loaded and is this report compared to the prices received from the asset managers/fund actuary?

14.10.3 What verification process is in place to ensure correct prices are loaded on the system?

14.11 Investment/ Disinvestments

14.11.1 When, on average, are contributions invested?

14.11.2 Are there standard investment and disinvestment forms to be signed by the Principal Officer?

14.11.3 How many signatories are required for an investment?

14.11.4 How many signatories are required for a disinvestment?

14.11.5 Are contributions obtained from the Investment manager matched against the investment/disinvestment instructions?

14.11.6 Is the disinvestment amount matched to the amount in the bank statement?

14.12 Asset Liability Matching (ALM)

14.12.1 How often is an ALM exercise conducted for a DC Fund?

14.12.2 What is the level of tolerance allowed for mismatches?

14.13 Scheduled Investment Switches

14.13.1 Can the system accommodate the investment switches at member level?

14.13.2 How often are switches allowed?

14.13.3 Who authorises the switch instruction?

14.13.4 Is a report generated from the system after the switch is completed?

14.13.5 Does the report reflect any switches that have not been successful?

14.13.6 Is a trade order automatically generated after the switch instruction?

14.14 Benefit Statement

14.14.1 Do the benefit statements comply with the necessary legislation/circulars?

14.14.2 What is the process embarked upon to ensure the accuracy of the benefit statement?

14.14.3 Do the members have web access to the benefit statements?

14.14.4 Who is responsible to distribute the benefit statements?

14.15 Updates

14.15.1 On average, how far behind are the updates on the Funds under your administration?

14.15.2 Provide a reason for the updates being behind.

14.16 Clearing Accounts

14.16.1 Are any clearing accounts used when making payments?

14.16.2 If a clearing account is used, how often is this account reconciled?

14.16.3 How old are the reconciling items?

14.16.4 How is the interest reallocated back to the various funds?

14.16.5 Has this account ever been in overdraft?

14.17 Segregation of Duties and Protection against Fraud and Error

14.17.1 Please provide a copy of the organisation Fraud prevention policy

14.17.2 What controls are in place to ensure that the person who requests the payment is not the same person who pays?

14.17.3 Is there an internal audit department to ensure compliance with the procedures?

14.17.4 Has any staff member been dismissed/disciplined for negligence/fraud or errors?

14.17.5 Are there limits on the value of transactions that require authorisation?

14.17.6 Are payee details checked against source documents from third parties such as claim forms and original invoices?

14.18 South African Reserve Bank Reporting (SARB)

14.18.1 Who prepares the SARB report?

14.18.2 Who checks the SARB report?

14.18.3 Who signs off on the SARB report?

14.18.4 Is the quarterly asset allocation report checked against the investment statements?

14.19 Bank Accounts and Cash Flow Reports

14.19.1 Does each of the Funds have a bank account?

14.19.2 How often are the bank accounts reconciled?

14.19.3 Who prepares the bank reconciliation?

14.19.4 Is the bank reconciliation prepared manually or does the system/ accounting package provide the reconciliation?

14.19.5 Who checks the bank reconciliation?

14.19.6 Are the cashflow reports prepared for the Funds?

14.19.7 Are the cashflow reports prepared every month for each of the Funds?

14.19.8 Who prepares the cash flow reports?

14.19.9 Who reviews the cash flow reports?

14.19.10 Are the bank accounts monitored daily to highlight bank balances with large balances or balances in overdraft?

14.19.11 Do you allocate the full interest earned on the bank account to the Fund or do you collect a portion of the interest negotiated due to the bulk of your funds under administration?

14.20 Financial Statements

14.20.1 What software is used to prepare the Financial Statements?

14.20.2 Is the audit preparation from an accounting and administration perspective checked before being released to the auditors?

14.20.3 How many of your Funds have outstanding financial statements and why?

14.20.4 In the management letters from the auditors, name the three most common areas of concern.

14.20.5 How many Funds Financial statements under your administration have been submitted electronically to the FSCA?

14.20.6 Are the most recent payrolls used and if not, what is the tolerance level regarding the use of provisional payrolls?

14.21 Errors and Omissions

Provide details (reasons and amount) of the largest claims which were successfully instituted (i.e., where you had to pay financial compensation to a Fund, either due to a Judgement or as a result of settlement) against your organisation due to fraud, dishonesty, negligence or any other error or omission that caused a retirement fund to suffer losses. How many PI claims have you had in the last five years?

15. SERVICE LEVEL AGREEMENT

15.1 What is the minimum period for your service level agreement?

15.2 Confirm that service standards agreed to between you and the Trustees would be included in the terms of the service level agreement.

15.3 Provide a sample of a service level agreement.

16. COSTS

16.1 Please specify the costs for administration services (Rand per member per month).

16.2 If charges are on a transaction basis, confirm what is covered by a transaction, i.e., calculation, processing, status change, etc.

16.3 If there could ever be a situation where you needed to charge for additional services on a “time-cost” basis, please supply full details of your current hourly rates

16.4 How often and when are costs reviewed? Please provide a cost composition with regard to labour, overheads, etc.

16.5 Are there any circumstances that could not be covered by your answers to the preceding questions in respect of costs?

The FUND reserves the right to negotiate on all the services tendered for as well asindividual elements of the services to be provided.