

**DSV FLEXI RETIREMENT FUNDS (PENSION AND PROVIDENT SECTIONS)**  
(“the Fund”)

**ADMINISTRATION COMMITTEE MANDATE**

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**1. INTRODUCTION**

The Administration Committee is a sub-committee of the board of trustees (“the Board”) of the DSV Flexi Retirement Fund (Pension and Provident Sections) (“the Fund”) appointed in terms of the Rules of the Fund.

While the Board has a duty to act in a fiduciary role to the Fund and to act in the best interests of the Fund as detailed in Section 7C of the Pension Funds Act (“the Act”), the Administration Committee has a particular role, acting independently from the Board, to ensure that the interests of members are properly protected in relation to the effective and efficient administration of the Fund.

Section 7D of the Pension Funds Act provides for the duties and responsibilities of trustees. The Act places the following responsibilities on trustees:

The duties of a board shall be to -

- (a) ensure that proper registers, books and records of the operations of the fund are kept, inclusive of proper minutes of all resolutions passed by the board;
  - (b) ensure that proper control systems are employed by or on behalf of the board;
  - (c) ensure that adequate and appropriate information is communicated to the members and beneficiaries of the fund informing them of their rights, benefits and duties in terms of the rules of the fund subject to the disclosure requirements as may be prescribed;
  - (d) take all reasonable steps to ensure that contributions are paid timeously to the fund in accordance with this Act;
  - (e) obtain expert advice on matters where board members may lack sufficient expertise;
  - (f) ensure that the rules and the operation and administration of the Fund comply with this Act, the Financial Institutions (Protection of Funds) Act, 2001 (Act No. 28 of 2001), and all other applicable laws.
  - (g) comply with all other prescribed requirements.
- (2)(a) The board may, in writing and in accordance with a system of delegation set out in the rules, delegate any of its functions under this Act to a person or group of persons, or a committee of the board, subject to conditions that the board must determine.
- (b) The board is not divested or relieved of a function delegated under paragraph (a) and may withdraw the delegation at any time

The purpose of this document is to set out the scope, constitution, role, duties and powers of the Administration Committee.

## **2. COMPOSITION & CONSTITUTION OF THE COMMITTEE**

The Committee is established by a resolution of the Board of the Fund. The Fund's Board determines the structure of the Committee. The Administration committee shall comprise of at least three members of whom at least one must be a Board Member (trustee). Members of the committee should have sufficient knowledge of the administration processes and procedures required for the efficient administration of the Fund.

The Board may by resolution, remove a Committee member at any time.

The Committee shall elect a Chairperson and this will be reviewed annually.

The following people may not be part of the Administration Committee, but will be invited to attend the meetings on an ad-hoc basis:

- Any employee of the administrator

The membership of the Committee shall be reviewed annually.

The appointment of alternates or proxies to act for or on behalf of Committee members is not permitted.

## **3. MEETINGS**

The Administration committee meetings should be held at least once a quarter. A quorum consists of 3 committee members, one of whom is required to be a trustee.

Board members who are not Administration committee members shall have the right of attendance.

## **4. PROCEDURAL ASPECTS**

### **4.1 MANDATE FOR THE ADMINISTRATION COMMITTEE**

- The Administration Committee is a permanent sub-committee of the Board.
- The role of the Committee is advisory and not executive. Therefore, it shall not perform any management functions or assume management responsibilities and shall have an objective, independent role, operating as overseer and a maker of recommendations to the Board for its approval and final decision.

### **4.2 MEETINGS OF THE ADMINISTRATION COMMITTEE**

- The policies, procedures and customs which apply to meetings of the Board will apply to the meetings of the Administration committee unless otherwise specified in this mandate or unless inappropriate.
- Written notice (including an email notification) shall be given to all Committee members and other interested parties, at least ten working days prior to the date on which a meeting is to be held. This requirement may, in the event that a special meeting is required, be waived should all Committee members agree thereto.
- No Committee member, including the Chairperson, will have a casting vote. Should there be an equality of votes, the issue in question must be put to the full Board for a decision.
- An attendance register shall be maintained for all Committee meetings and should be signed by each Committee member physically present and any other attendee as an indication of their attendance at that meeting.
- Meetings may be conducted by telephone or video conference call.
- Minutes of all meetings of the Committee shall be kept and presented to the Board at every trustee meeting.

## **5. PURPOSE, ROLE AND RESPONSIBILITIES**

The purpose of the Administration Committee is to assist the Board in discharging its duties relating to the operation of adequate systems, administrative controls and reporting on the administrative processes and communication

practices and ensuring that the administrative processes and procedures are compliant with all applicable legal requirements. The Administration Committee in carrying out its duties will also pay due regard to the principles of good governance and codes of best practice as contained in the King Reports on Corporate Governance for South Africa, the Pension Funds Act and FSB Circular 130.

The role of the Administration Committee is advisory. Therefore, it shall perform any management functions or assume management responsibilities and shall have an objective, independent role, operating as overseer and where applicable make recommendations to the Board for its approval and final decision.

The Administration Committee does not relieve the Board of any of its responsibilities but assists it to fulfill those responsibilities.

The Administration Committee is authorised by the Board to:

- Seek information from any officer or employee of the administrator
- Make decisions as mandated by the Board from time to time
- Obtain outside legal or independent professional advice if this is considered necessary
- Investigate any activity within its terms of reference.

The main roles and responsibilities are as follows:

### 5.1 Administrative Services

To ensure that the administrator performs all services required for the effective and efficient administration of the Fund:

- Ensure that contributions are received timeously and invested in terms of the service agreement with the administrator. Report on non-compliance with Section 13A of the Pension Funds Act and levy late payment interest where applicable from employers that do not comply with Section 13A of the Pension Funds Act.
- To review the following on a quarterly basis:
  - Administration Reports
  - Cash flow reports
  - Debtors and Creditors Report
  - Disability claims listing
  - Divorce orders
  - Fairheads and Alexander Forbes Beneficiary Fund administration reports
  - Home loan reports
  - Section 14 transfer schedule
  - Unclaimed benefit listing
  - Record of the varying normal retirement ages
  - Administrator’s KPI scorecard
  - Investment strategy of pending benefits, unpaid benefits and unclaimed benefits.

	ITEM	ACTION
1	Review the administration report provided by EBS Africa	
	New members / market values / paid up members/ Members within 5 years of retirement	Review. The Pension Section is closed to new members except for members who are transferring a benefit from a previous pension fund.
	Section 13A reporting	Ensure that contributions are received timeously - payment no later than 7th and schedule by the 15th
		Ensure that contributions are invested in terms of the service agreement with the administrator - within 3 working days upon receipt of payment and correct schedule
If non-compliance, report on non-compliance with Section 13A of the Pension Funds Act and notify the employer of the late payment interest payable in terms of the Act.		

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	Members over normal retirement age	Review. Members over NRA should be exited from the Fund or moved to deferred retirees.
	Investment strategy of pending benefits, unpaid benefits and unclaimed benefits	Ensure that the unclaimed benefits policy is implemented correctly 1. Pending benefits: Pending benefits refer to benefits that remain unpaid in the Fund within 6 months following a member's date of exit from the Fund. Until receipt of the completed withdrawal form or notification by the employer, pending benefits would remain invested in the Fund as per the member's individual investment choice. On receipt of the completed withdrawal form or notification by the employer, pending benefits would be disinvested into the Fund's bank account and paid once a valid tax directive had been obtained.  2. Overdue benefits: Overdue benefits were benefits that remained unpaid for a period longer than 6 months and less than 24 months after the member's date of exit. Where no withdrawal form or notification by the employer had been received the overdue benefit would be disinvested from the investment portfolios as per the member's original individual investment choice and invested in the Fund's Money Market Portfolio. A benefit that was awaiting payment from the Fund's bank account but subsequently became an overdue benefit due to tax or other issues, would be transferred from the Fund's bank account to the Fund's Money Market Portfolio.
	Nil contributors	Review The nil contributors are monitored to ensure that there are no active members who are not contributing . Should an active member not contribute to the Fund, there is the risk that the risk premiums will not be paid and the member will not be covered for risk benefits. Members should be exited if they have left the employer.
2	Cash flow reports	Review for irregularities including but not limited to: Contributions received each month Monthly expenses are paid in the month they are due Ensure that all statutory fees are paid as and when they become due.
3	Cost Reserve Analysis	Review that expenses are still within budget
4	Debtors and Creditors Report	Monitor and follow up on all outstanding debtors and creditors post year-end.
5	Quarterly confirmations from the administrator	Confirmation from the administrator that the level of cover of the administrator's fidelity policy is sufficient Any mistakes, errors or omissions made by the administrator over the quarter Submission of the unclaimed benefit data to the FSCA by the administrator
6	Fairheads and Alexander Forbes Beneficiary Fund administration reports	Monitor. Are there changes to the previous report i.e. accounts terminated, have the new cases been added, etc? Are there any inactive cases - why are guardians not being paid?
7	Disability claims listing	Review for irregularities including but not limited to: Are all the disability cases recorded on the EBS Africa system as a claimant? PHI premiums should not be paid for a disability claimant? The status of the pending cases (potential claimants). The status of the review requirements for current disability claimants.
8	Home loan reports	Monitor and review for irregularities that may include but not limited to: The purpose of the reports was to highlight whether the employer was deducting the monthly instalment and the amount of the arrears, if any. Monitor that the housing loans flagged on the system within the agreed maximum.
9	Section 14 transfers into and out of the Funds.	Monitor and manage the section 14 transfers i.e. are transfers submitted within 180 days and assets transferred within 60 days after approval.
10	Unclaimed benefit listing	Monitor
11	Divorce orders	Monitor. The report would be reviewed to determine whether there were any unenforceable divorce orders over the period.

12	Administrator's scorecard	Monitor. Ensure that any exceptions are noted in respect of membership that may affect benefits. Ensure benefit payments are made in terms of the service agreement with the administrator.
13	Normal retirement ages	Given that the normal retirement age for the specific Section 197 transfers would not be reflected in the rules, the Fund maintained an internal document recording the normal retirement age for the different Section 197 transfers. The historical normal retirement ages would continue to be recorded in the document.
14	Option period (annually)	Ensure the investment switch options and other member choices are effected by the administrator.

- Ensure that any exceptions are noted in respect of membership that may affect benefits.
- Ensure benefit payments are made in terms of the service agreement with the administrator.
- Ensure that the unclaimed benefits policy is implemented correctly.
- Ensure the investment switch options and other member choices are effected by the administrator.
- Follow up on all outstanding debtors and creditors.
- Ensure that all statutory fees are paid as and when they become due.
- To negotiate and review the service level agreements with service providers providing administration related services to the Fund as mandated by the Board
- To identify and evaluate risks and the actions taken to mitigate those risks
- To advise the risk management committee of any risks identified
- To monitor and manage Section 14 transfers into and out of the Funds.

## 5.2 Communication with stakeholders

- The Communication Policy shall be reviewed by the Committee at least annually and procedures shall be in place to monitor compliance with same. The Committee will provide input to the Board on the content of the Fund's Communication Policy for consideration by the trustees at the annual strategy session.
- Drafting of actual communication documents: The Committee will be responsible for the drafting of all communication relevant to matters dealt with by the Administration committee. The committee may outsource the drafting of the communication to external providers.


## 5.3 General


- To advise on any matter referred to the committee by the Board.
- To review the Committee's mandate on an annual basis.


This document was approved by the DSV Flexi Retirement Fund (Pension and Provident Sections) Fund Board of Trustees on 9 April 2020.

Signed:   
Chairperson of the Board

Signed:   
Chairperson of Committee

Signed:   
Principal Officer

Signed:   
Trustee

Signed:   
Trustee