Here, we outline the rationale underpinning our decisions and our expectations of sector players.

- **Flexibility and Responsiveness** - We adopt an operating model and ways of working that enable us to quickly adapt and respond to changing market conditions. We seek and act on feedback, and learn from our experiences.

This year, the Authority also issued Guidelines on Whistle Blowing, and Fit and Proper Testing. Work in this space will continue throughout 2018/19 as we explore how schemes and Service Providers have responded to these and other stated expectations. In general, we would like to see schemes and service providers adopt an approach that goes beyond legal minimums, but focuses on member outcomes.
It is true that risks, and how they are managed, affects members’ funds either directly or indirectly. Unfortunately, many schemes have adopted simple passive equity and bond portfolios that require a reasonably low level of specialist knowledge to maintain. This simple approach is not the most efficient (it has more risk for each unit of return) and therefore others have attempted to build more sophisticated portfolios in pursuit of better risk-controlled returns.

However, many mistakes could emanate from failure to balance risk and return, not following and revising the trust deeds and investment policy statements, and failure to adhere to regulatory requirements. These highlight the need to embed good governance in all scheme operations and decision making.

It is important to minimise potential agency problems such as conflicts of interest that could arise between Trustees and service providers. In addition, reporting & reconciliation, and oversight of outsourced functions are critical because so much of today’s scheme operations are outsourced to third parties.

Fortunately, these can be facilitated through the establishment of internal controls in the operation of schemes, which are the bedrock of fiduciary and compliance requirements. Good internal controls eliminate or reduce malpractice in scheme operations.

Proper controls provide reasonable assurance that members savings are built safely.

Proper controls provide reasonable assurance that members savings are built safely. However, internal controls may change, fail, or need to be modified from time to time. Because a scheme’s internal controls are only effective when properly implemented. On this premise, Trustees ought to establish a formal review process at reasonable intervals to ensure the accuracy and efficacy of their scheme’s internal controls.

### Risks we want to address

- Poor governance that may result in failure to manage operational and governance risks

### Outcomes we want to see

- Trustees deliver a culture that places member interests at the centre of their decisions.
- Corporate governance that reflects high standards of practice, balancing the needs of fiduciaries and service providers.
SECTOR DEVELOPMENTS

ONLINE LICENSING & REPORTING SYSTEM INTRODUCED

This Month, the Authority launched an online licensing and reporting system for Service Providers of Retirement Benefits Schemes. The System replaces the current manual licensing system and enable schemes and service providers to submit online reports (as required in the Financial Reporting and Disclosure Regulations, 2016) to the Authority on a timely basis i.e. quarterly and annually.

The rapid pace of technological change has caused an evolution of risks and opportunities in the Sector. This has a counteraction accelerated the need for new technologies and applications crucial for effective Regulation and Supervision. URBRA’s ICT strategy envisions portfolio of systems required to deliver URBRA’s strategic objectives, as such, the Authority has developed an online licensing and reporting system for Service Providers of Retirement Benefits Schemes. The system will harness the strengths of ICT to achieve accurate and timely reporting to the regulator.

With the launch and implementation of the system, it is expected that sector operational efficiency will be improved through:

- Elimination of the use of hard paper forms for submission of reports
- Reduction of the time taken to analyze financial, investment and member data.
- Increased Accuracy of submitted data
- Increased Data Security
- Reduction in the licensing processing Turn Around Time

The system runs on a secured web enabled Electronic Portal. Service providers will each receive credentials from the Authority to enable them access their respective modules of the system. User (service providers’) trainings have were as well conducted during the month.

NRSSF Launches

UPDATED NSSF GO APP

The NSSF Go App originally launched in 2014, is a mobile application through which NSSF Members can assess selected services and keep track of their savings. This month, the Fund launched an updated version of the App. With the updated App, members can now project their NSSF benefits for better retirement planning, access their e-statements and member balances, update their contact information, and have full visibility of their contributions’ payment history among other services. The updated NSSF Go App has as well made remittance of contributions for individual or voluntary members, and employers through MTN or Airtel Mobile Money platforms possible and easy.
The Retirement Benefits Sector already has Financial Reporting and Disclosure Regulations, what is the Rationale for introducing the Online Reporting System?

Online Reporting is meant to enhance disclosure and does not detour from the stipulations provided in the 2016 Financial Reporting and Disclosure Regulations. Disclosure involves telling it as it is. If results are volatile they should be reported as such and it should not come as a surprise to the sector. More importantly, we use the information for our supervisory purposes. In effect, statutory returns and financial statements must contain adequate disclosure of contributions, income and cost of providing retirement benefits and the related gains, losses, assets and liabilities.

How effective is URBRA in ensuring that Members’ funds are safe?

URBRA was established to regulate and supervise the establishment, management and operation of Retirement Benefits Schemes and service providers. The initial years of our work focused more on establishment and operation of schemes. Our focus has since been elevated to undertaking risk assessments of market participants, implementing necessary supervisory measures and promotion of sector development.

We are committed to pursuing of good outcomes for savers. Towards this aim, we have introduced a new approach where analysis of performance (scheme and investment performance) is not limited to measurements of profitability alone.

Governance risks can greatly undermine the measurements of long-term financial performance. Over the past year, we have been looking in depth at issues including cost disclosure, the way we analyse non-financial data, how we prioritise the allocation of our limited resources and how we use our powers.

We have also sought the views of our external stakeholders. Having completed this work, we expect to spend the coming period explaining and implementing changes to the way we supervise. That said, we are already quicker and bolder in the use of our powers.
This Monthly Publication is meant to keep stakeholders informed about the work of the Authority, best practice in Scheme governance, administration and sector developments. It also provides a Platform for the Chief Executive Officer to respond to stakeholders’ questions and concerns.