

Standards – Guidance and Examples

Operational Controls and Procedures

Standard

3.4 Controls Assurance

Rationale

Independent controls assurance activities evidence the controls environment is in existence and the organisation’s compliance with that control environment.

Outcomes

Trustees can be assured the key aspects of the control environment operate effectively.

Measurement/Evidence

- A documented, risk based controls assurance programme operates in relation to the administration;
- The assurance programme contains a schedule of work to be carried out by individuals independent of the administration service (this may be influenced by the scope of work of any external auditor, for example in relation to an AAF report or it may be carried out by another department within the Sponsoring Employer’s business);
- The results of controls assurance investigations are reported internally to an audit committee (within a TPA) and by exception to the Sponsor/Board in accordance with the ‘Sponsor/Board Reporting’ Standard.

Note an independently audited AAF report may be sufficient evidence of the effective operation the control environment (subject to a review of the scope and limitations of the audit work), i.e., the accreditation process may conclude it can rely on the AAF report in some areas.

General Principles

PASA believes a robust and effective controls environment is essential to support the delivery of a high quality administration service.

PASA understands, while a variety of independent controls assurance activities may be undertaken, the key to this process is to ensure whatever activities are undertaken the results are considered at an appropriate level and lead to actions within the business resulting in measured continuous improvement in the operation of the control environment.

Application to TPAs and Accreditation Approach

While AAF 01/06 is seen as good evidence of a strong control environment PASA does not expect all administrators to undergo independent audit of their controls under AAF 01/06. However, where such independent assessment is not undertaken PASA will expect to see evidence of a robust control environment covering:

- Client take on;
- Client management;
- Systems;
- Data protection;
- Cash management;
- Client agreements;
- Bank authorities;
- Client authorities;
- Operational controls;
- Change management;
- Calculation specification and change control;
- Staff competency and training and development.

Accreditation Approach

The accreditation team will:

- Understand, through interviews and reviewing documentation, what the independent review process covers;

- Look for evidence the review process has been applied;
- Look for evidence any issues identified as a result of the review process have been acted upon.

Application to In-House Teams and Accreditation Approach

While AAF 01/06 is seen as good evidence of a strong control environment, PASA does not expect all administrators to undergo independent audit of their controls under AAF 01/06. However, where such independent assessment is not undertaken PASA will expect to see evidence of a robust control environment covering:

- Client take on;
- Client management;
- Systems;
- Data protection;
- Cash management;
- Client agreements;
- Bank authorities;
- Client authorities;
- Operational controls;
- Change management;
- Calculation specification and change control;
- Staff competency and training and development.

Accreditation Approach

The accreditation team will:

- Understand, through interviews and reviewing documentation, what the independent review process covers;
- Look for evidence the review process has been applied;
- Look for evidence any issues identified as a result of the review process have been acted upon.

Timelines

PASA expects this control environment and procedures to be in place with immediate effect.