



# Standards – Controls Assurance

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PASA 

**Standard:**

**3.4 Controls Assurance**

A fully documented, robust controls assurance programme should be in place and regularly reviewed for effectiveness and relevance.

**Rationale:**

Independent controls assurance activities evidence the controls environment in existence and the organisation's compliance with this control environment.

**General Principles:**

A robust and effective controls environment is essential to support the delivery of a high-quality administration service. The controls environment needs to support work undertaken in all environments, both locally and remotely.

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.

**Outcomes:**

Governing Bodies<sup>1</sup> can be assured the key aspects of the control environment operate effectively.

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<sup>1</sup> Governing Bodies should include, as appropriate, Trustees, Trustee Boards, Governance Committees and Boards and others charged with the oversight of the administration service delivery

### Measures/Evidence:

- A documented, risk based controls assurance programme operates in relation to the administration (including those in relation to any services which are outsourced to any third party)
- 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<sup>2</sup> 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 Governing Body in accordance with the PASA Reporting Standard

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<sup>2</sup> 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.

## Accreditation Approach:

### For TPAs, in-house teams, Master Trusts and Annuity Providers:

While AAF is seen as good evidence of a strong control environment, PASA doesn't expect all administrators to undergo independent audit of their controls under the AAF framework. Here are other standards such as ISO which may also be appropriate. However, where such independent assessment isn't 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

- **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 of any issues identified as a result of the review process have been acted upon**

In respect of any outsourced services the team will expect to see evidence of an appropriate control review process which is reported to the delegating organisation.

## Timelines:

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



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