

# AAF 01/06 and ISAE 3402

## Assurance Report

Internal controls for pensions administration services

November 2020



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# I. Executive Summary

## Introduction

Hymans Robertson LLP (“Firm”) is a limited liability partnership providing pensions administration services since 1984.

We provide a full range of pensions administration services, including:

- Pension Administration
- Pensioner Payroll
- Treasury and Cash Management
- Pension Plan Accounting and Financial Statement Preparation and
- Administrative Consultancy Support.

We operate in partnership with our clients and their other advisors, to deliver a client driven, bespoke, high quality, and accurate administration service using a combination of excellent staff and market leading systems. As a business we adopt tight internal controls and compliance to ensure we supply our clients with accurate advice and information, and embedded within our culture is a comprehensive and well-structured approach to risk management.

At Hymans Robertson we are constantly striving to find ways to improve the delivery of service to our clients. The Partners of Hymans Robertson, therefore, welcomed the opportunity to have our administration procedures reviewed by external auditors, and have appointed Crowe U.K. LLP our reporting accountants to appraise the design and description of the controls within our administration business unit. Their report is set out in Section 5.

We have adopted the framework provided by the Audit and Assurance Faculty of the Institute of Chartered Accountants in England and Wales ‘Assurance Reports on internal controls of service organisations made available to third parties’ (AAF01/06) and the International Standards on Assurance Engagements 3402 (ISAE 3402). This report provides information and assurance to our clients and their external auditors on the design and description of the operational controls within our pensions administration business unit.

This report covers the controls in place and which were applied over the period 1 February 2019 to 31 January 2020, in accordance with the AAF 01/06 and ISAE 3402 framework.

We include a summary of the controls tested overleaf and are pleased that there have been no material failings in our control environment.

# Summary of controls tested

## Pensions administration

Control objectives	Number of Key Controls tested	Pages	Summary of results of testing
Accepting clients	5	15 - 18	No exceptions
Authorising and processing transactions	7	19 - 23	Exception 1 and 2 on page 5 & 6
Maintaining financial and other records	11	24 - 29	Exception 1 and 2 on page 5 & 6
Safeguarding assets	18	30 - 36	No exceptions
Monitoring compliance	9	37 - 40	No exceptions
Reporting to clients	5	41 - 44	Exception 1 and 2 on page 5 & 6

## Information technology

Control objectives	Number of Key Controls tested	Pages	Summary of results of testing
Restricting access to systems and data	9	45 - 48	Exception 3 on page 6
Providing integrity and resilience to the information processing environment	11	49 - 52	No exceptions
Maintaining and developing systems hardware and software	4	53 - 54	No exceptions
Recovering from processing interruptions	7	55 - 59	No exceptions
Monitoring compliance	0	59	Not applicable

## Club Vita

Control objectives	Number of Key Controls tested	Pages	Summary of results of testing
Restricting access to systems and data	8	60 - 62	No exceptions

# Management response to exceptions identified

## Pensions administration

### Exception 1

#### Procedure

Control 2.1 - The Internal Controls Monthly Report identifies the due dates for the key internally reportable items for each team. Actual event dates are completed by each team leader and reports are submitted at the end of each calendar month to the site administration manager for review, follow-up where necessary and sign-off by the team leaders. The reportable items include the dates for receipt and processing of contributions for defining contribution schemes, defined benefit schemes, monthly contribution investments and lifestyle switch processing.

Control 3.2 - Bank reconciliation are undertaken and checked on a monthly basis, with the reconciliation date entered onto the Internal Controls Monthly Report. This report is reviewed and signed-off by each office administration manager who sample checks where necessary.

Control 3.3 - Defined Contribution unit reconciliation are carried out monthly or in line with the reporting cycles of relevant investment managers where monthly reporting is unavailable. These unit reconciliation are reported as having been completed in the Internal Controls Monthly Reports.

Control 6.3 - Each team leader is required to complete the Internal Controls Monthly Report for each scheme, which records as internally reportable items any issues which may impact on the compliance with the relevant statutory requirements. This report is reviewed by the Associate Practice Leader and items arising are investigated where necessary.

#### Exception

For one sample, one team's Internal Controls Monthly Report for the month of September 2019 was not signed off in a timely manner.

#### Management response

The monthly internal control summary sheets were all completed although in one instance there was a delay in the final review and sign off by the manager due to employee changes within our London Office. This delay is shown as an exception within the report impacting 4 controls however we can confirm all 4 controls were completed in a timely manner, no breaches have occurred. The monthly report is an additional review across all our controls and is completed by the team leader and reviewed and signed by administration manager/deputy practice manager. The checks were undertaken by the team leader in line with procedures and the sign off/review completed by the administration manager.

## Exception 2

### Procedure

Control 2.1 - The Internal Controls Monthly Report identifies the due dates for the key internally reportable items for each team. Actual event dates are completed by each team leader and reports are submitted at the end of each calendar month to the site administration manager for review, follow-up where necessary and sign-off by the team leaders. The reportable items include the dates for receipt and processing of contributions for defining contribution schemes, defined benefit schemes, monthly contribution investments and lifestyle switch processing.

Control 3.2 - Bank reconciliation are undertaken and checked on a monthly basis, with the reconciliation date entered onto the Internal Controls Monthly Report. This report is reviewed and signed-off by each office administration manager who sample checks where necessary.

Control 3.3 - Defined Contribution unit reconciliation are carried out monthly or in line with the reporting cycles of relevant investment managers where monthly reporting is unavailable. These unit reconciliation are reported as having been completed in the Internal Controls Monthly Reports.

Control 6.3 - Each team leader is required to complete the Internal Controls Monthly Report for each scheme, which records as internally reportable items any issues which may impact on the compliance with the relevant statutory requirements. This report is reviewed by the Associate Practice Leader and items arising are investigated where necessary.

### Exception

Furthermore for one sample, due to the lock-down restrictions in place due to Covid-19, it was not possible to access the final version of the Internal Controls Monthly Reports which included the final sign off by the Deputy Practice Manager.

### Management response

We have since reviewed the control wording and updated this to reflect the controls and position going forward and in light of Covid-19 position, to enable the checks and evidence to be available electronically when working remotely going forward.

## Exception 3

### Procedure

Control 7.2 - User accounts for staff that leave are closed by the IT team following submission of a leaver form which is authorised by the appropriate line manager.

### Exception

For three of the eleven samples tested, leavers accounts were closed between one day and four days after the staff member had left.

### Management response

For two leavers there was a short delay in the IT team receiving notification by the line manager of a staff member leaving. For one leaver, there was a late change to their leaving date which was brought forward by 1 working day. In all instances the staff members left their work equipment with the Firm on their last day. Line managers have been reminded to submit a leaver form as early as possible.

# 2. Report of the Partners of Hymans Robertson

The partners are responsible for the identification of control objectives relating to clients' assets and related transactions in the provision of pensions administration services as well as the design, implementation and operation of the control procedures of Hymans Robertson LLP to provide reasonable assurance that the control objectives are achieved.

In carrying out those responsibilities we have regard not only to the interests of clients but also to those of the owners of the business and the general effectiveness and efficiency of the relevant operations.

We have evaluated the effectiveness of our control procedures having regard to the Institute of Chartered Accountants in England & Wales Technical Release AAF 01/06 and the criteria for pensions administration set out therein.

We set out in this report a description of the relevant control procedures at our London, Glasgow and Birmingham offices together with the related control objectives which operated during the period 1 February 2019 to 31 January 2020 and confirm that:

- the report describes fairly the control procedures that relate to the control objectives referred to above which were in place during the year ended 31 January 2020;
- the control procedures described in Section 7 are suitably designed such that there is reasonable assurance that the specified control objectives would be achieved if the described control procedures were complied with satisfactorily; and
- the control procedures described were operating with sufficient effectiveness to provide reasonable assurance that the related control objectives were achieved during the period specified.

Details of our business structure, operating environment and the report of the reporting accountants, Crowe U.K. LLP, can be found in the following sections.

Signed on behalf of the Partners of Hymans Robertson LLP



**Gary Evans**  
Head of Third Party Administration  
16 November 2020

# 3. Overview of Hymans Robertson LLP

## Established history and structure

Founded in 1921, we're one of the longest established independent firms of consultants and actuaries in the UK. We are a limited liability partnership. Ownership lies with the partners who are fully involved in the day to day management of the Firm.

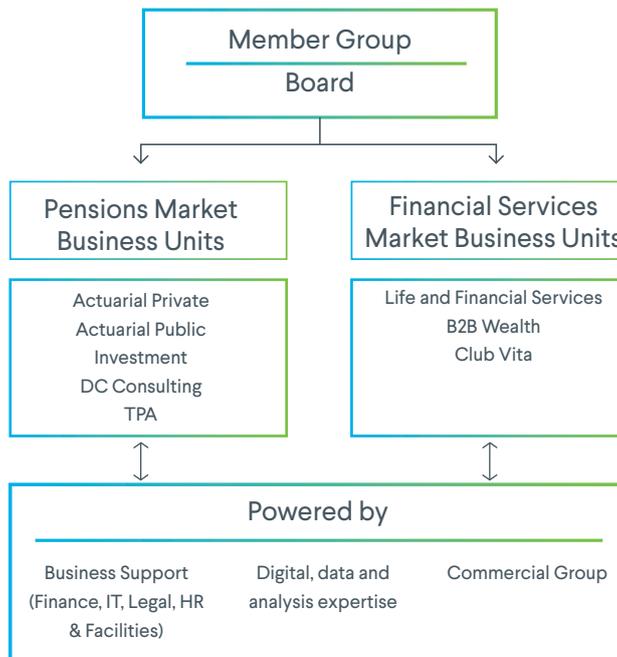
Specialising in advisory and management services to the occupational pensions market, in both private and public sectors, we provide all the core services such as:

- Actuarial consultancy
- Investment consultancy
- Pension scheme design and management
- Third party administration
- Corporate pension consulting and
- Flexible benefits broking and consulting.

We also offer independent advice to financial services institutions, as well as data and technology solutions.

This rich mix of services enables us to meet the entire pension and benefits needs of our clients.

We employ over 900 people within our four offices in London, Glasgow, Birmingham and Edinburgh and the chart below outlines the structure of our firm:



Our Member Group and Partner Board set the strategic course for the firm and oversee our five pensions market business units and three financial services market business units. All business units are supported by the functions shown in the powered box at the bottom of the chart. This is a change that came into effect from April 2019 where before it was a practice and segment organisation structure.

## Club Vita

Club Vita is a company 100% dedicated to helping companies and pension schemes manage longevity risk. Club Vita's principal activity is the provision of services based on the performance of research and analysis into the longevity of participants in pension schemes. The analysis is based on the pooled data records of over 230 pension schemes of employers representing a wide range of industries.

Club Vita LLP is a wholly owned subsidiary of Hymans Robertson LLP. The operations are governed separately to other operations within Hymans Robertson but are operated exclusively within Hymans Robertson premises using Hymans Robertson resources. The company was established in 2008 and adopted many of the underlying foundation services that have been successfully deployed for many years within Hymans Robertson's Third Party Administration operations.

The effective application of robust operational controls is of significant importance to Club Vita's clients and hence the Club Vita business. Club Vita needs to be able to demonstrate to its clients that the operational controls are fit for purpose. In addition to internal audits and reviews Club Vita considers the external AAF audit will help it to demonstrate the suitability of the operational controls to its clients. Our report demonstrates the additional controls restricting access to systems and data applicable to Club Vita.

## International partner

We are the exclusive UK pensions partner with Abelica Global, the international organisation of independent actuarial firms. Our partnership with Abelica Global enables us to provide benefits to our clients without compromising our independent status.

## Feedback and performance

Feedback from our clients is vital, and we regularly assess satisfaction levels through our Voice of Client survey. With 96% of our clients willing to recommend us to a colleague, our clients are evidently pleased with our relationships. This attributes to the fact that we always tailor our advice to meet clients' needs.

The high standard of our services has been recognised at many industry awards, including the UK Pension Awards and FT PIPA Awards, where we won both Actuarial Consultancy of the year and Employee Benefits Consultancy of the Year 2020.

Finally, we are also a Living Wage employer, illustrating how we truly value our employees - a team that we are immensely proud of!

We maintain a significant presence in the industry through speaking at events, responding to government and regulatory consultations, issuing press releases, sharing our insights and thought leadership and through our representation on various industry and professional committees. It is part of our culture for consultants to understand and be involved in the development of the bigger picture for pensions. This enables our clients to benefit from insightful advice and to be on the front foot with any change.

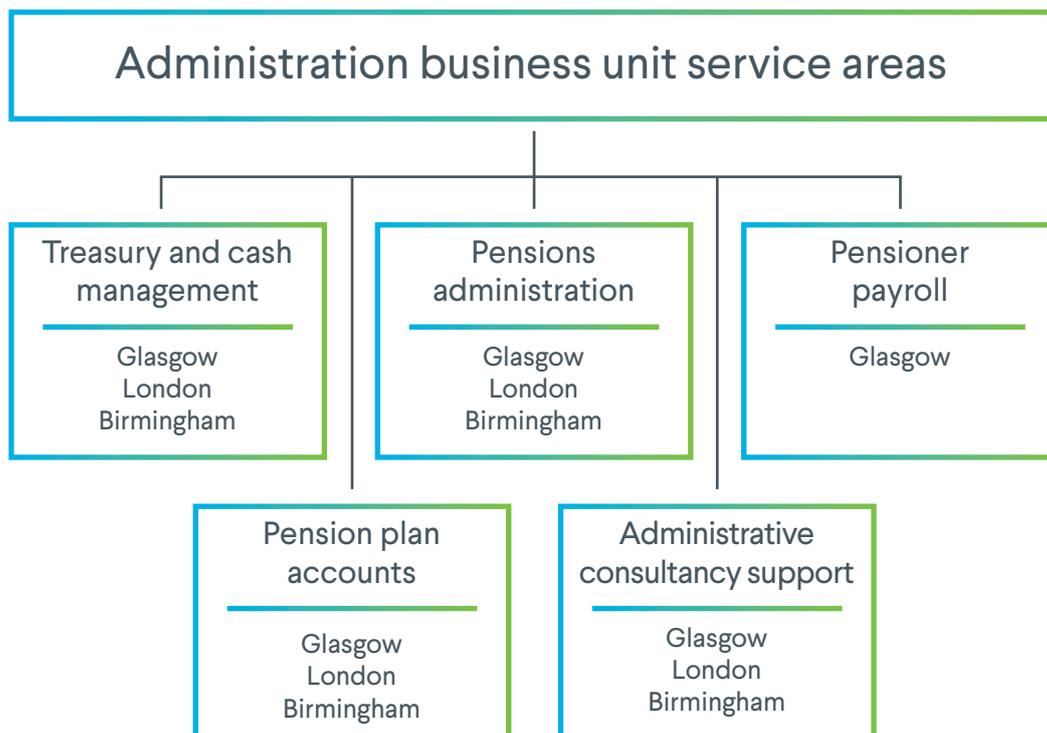
# 4. Pensions administration business unit

## Administration service areas

Hymans Robertson have been providing third party administration services since 1984.

The administration business unit has grown from our first client appointment with services being provided as part of our actuarial functions, to a business unit with a £10.0 million per annum turnover, employing 185 staff, looking after 70 clients' pension schemes from our offices in London, Glasgow and Birmingham. We provide services for a wide range of clients with Defined Benefit, Defined Contribution, Hybrid and Career Average type arrangements.

The chart below outlines the service areas provided by our administration business unit:



In addition to our longer term appointments, we draw on our experience in pensioner payroll, pension plan accounting, treasury and cash management services and general administration to offer one-off consultancy support to Hymans Robertson's existing clients and other organisations where these activities are provided by in-house teams.

## Operational systems

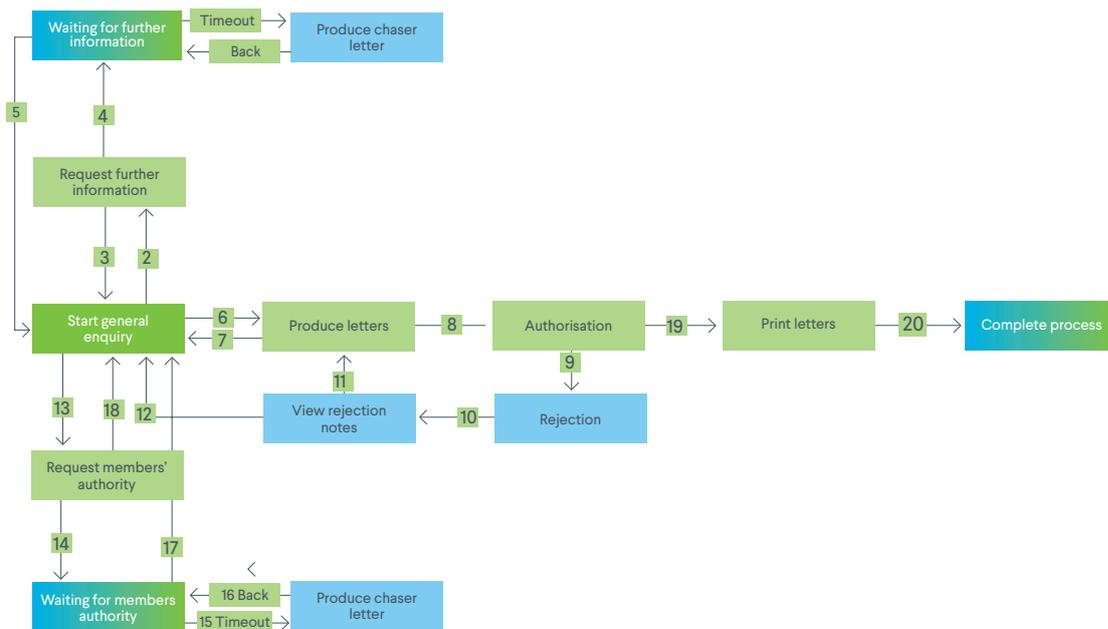
Our pensions administration and pensioner payroll services are delivered using the Civica Universal Pensions Management (UPM) software, our operating platform for all the administration and pensioner payroll functions. The UPM system represents the latest generation of pensions administration software and provides us with the technology and operational tools that are necessary to deliver administration services in today's pensions environment.

The UPM software is installed, maintained and developed by our own in-house team of system support analysts which forms part of our pensions administration business unit. Day to day operation and support for our administration teams is provided internally with secondary support taken from Civica, as and when necessary.

The software provides fully integrated administration and pension payroll functionality combined with sophisticated workflow and electronic document management facilities. UPM also supports internet access and self-service functionality for our individual scheme members and our client contacts.

Each UPM workflow is supported by a detailed process map held within the system and is set-up with embedded controls segregating the processing roles of an administrator and an authoriser. Automated workflow processes exist for all the administration and pension payroll tasks that we undertake.

A workflow process map is illustrated below:



Electronic document management is undertaken at each office where all incoming post and work items are sorted and scanned into UPM using procedures to comply with the requirements for BSI BIP 0008-1:2008 Code of Practice for Legal Admissibility and Evidential Weight of Information Stored Electronically.

Our pension plan accounting provider is Profund Avairy Professional.

## Control framework

The structure of the control framework within our administration business unit comprises formal monitoring at a management level, segregation of incompatible duties, and the design and implementation of appropriate preventative and detective controls. Our resources are managed within this framework to meet our quality standards and clients' expectations. Our operational controls are described in Section 7 of this report.

# 5. Reporting accountants' assurance report on internal controls to the Partners of Hymans Robertson



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## **Reporting accountants' assurance report on internal controls to the Partners of Hymans Robertson LLP**

### **Use of report**

This report is made solely for the use of the members, as a body ("the Partners"), of Hymans Robertson LLP ("Hymans Robertson"), and solely for the purpose of reporting on the internal controls of Hymans Robertson, in accordance with the terms of our engagement letter dated 2 January 2020 attached in the Appendix.

Our work has been undertaken so that we might report to the Partners those matters that we have agreed to state to them in this report and for no other purpose.

Our report must not be recited or referred to in whole or in part in any other document nor made available, copied or recited to any other party, in any circumstances, without our express prior written permission.

We permit the disclosure of this report, in full only, by the Partners at their discretion to clients of Hymans Robertson using Hymans Robertson pension administration services ("Clients"), and to the auditors of such Clients, to enable Clients and their auditors to verify that a report by reporting accountants has been commissioned by the Partners of Hymans Robertson and issued in connection with the internal controls of Hymans Robertson, and without assuming or accepting any responsibility or liability to Clients or their auditors on our part.

We also permit the disclosure of this report, in full only, by the Partners to those clients of Hymans Robertson not receiving pensions administration services or to prospective clients of Hymans Robertson, provided that the intended recipient must sign the 'hold harmless' letter referred to in our Engagement Letter and return it to us prior to receiving a copy of our report.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Partners as a body and Hymans Robertson for our work, for this report or the conclusions we have formed.

### **Subject matter**

This report covers solely the internal controls of the pensions administration function of Hymans Robertson as described in section 7 of your report during the year ended 31 January 2020. Internal controls are processes designed to provide reasonable assurance regarding the level of control over Clients' assets and related transactions achieved by Hymans Robertson in the provision of pension administration activities by Hymans Robertson.

The Partners' responsibilities and statement are set out in section 2 of your report. Our responsibility is to form an independent conclusion, based on the work carried out in relation to the control procedures of Hymans Robertson's pension administration function carried out at the Birmingham, Glasgow and London offices of Hymans Robertson and Club Vita (limited to restricting access to systems and data) as described in the Partners' report and report this to the Partners of Hymans Robertson.

### **Our independence and quality control**

We have complied with the independence and other ethical requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Crowe U.K. LLP is a limited liability partnership registered in England and Wales with registered number OC307043. The registered office is at 55 Ludgate Hill, London EC4M 7JW. A list of the LLP's members is available at the registered office. Authorised and regulated by the Financial Conduct Authority. All insolvency practitioners in the firm are licensed in the UK by the Insolvency Practitioners Association. Crowe U.K. LLP is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Crowe U.K. LLP and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Criteria and scope**

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 and ICAEW Technical Release AAF 01/06. The criteria against which the control procedures were evaluated are the internal control objectives developed for service organisations as set out within the Technical Release AAF 01/06 and identified by the Partners as relevant control objectives relating to the level of control over Customers' assets and related transactions in the provision of pension administration activities. Our work was based upon obtaining an understanding of the control procedures as described in section 7 of the report by the Partners, and evaluating the Partners' statement as described in section 2 to obtain reasonable assurance so as to form our conclusion.

Our tests are related to Hymans Robertson as a whole rather than performed to meeting the needs of a particular Customer.

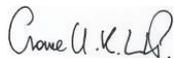
**Inherent limitations**

Control procedures were prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of the control procedures that may be relevant to each Client. Control procedures designed to address specified control objectives are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. Such control procedures cannot guarantee protection against (among other things) fraudulent collusion especially on the part of those holding positions of authority or trust. Furthermore, our conclusion is based on historical information and the projection of any information or conclusions in the attached report to any future periods would be inappropriate.

**Conclusion**

In our opinion, in all material respects:

1. section 7 of the accompanying report by the Partners describes fairly the controls procedures that relate to the control objectives referred to above which were in place during the year ended 31 January 2020;
2. the control procedures described in section 7 were suitably designed such that there is reasonable, but not absolute, assurance that the specified control objectives would have been achieved if the described control procedures were complied with satisfactorily; and
3. the control procedures that were tested, as set out in section 7, were operating with sufficient effectiveness for us to obtain reasonable, but not absolute, assurance that the related control objectives were achieved during the year ended 31 January 2020.



**Crowe U.K. LLP**  
Chartered Accountants  
London

16 November 2020

# 6. Summary of control of objectives

## Pensions administration

Hymans have partnered with ITM Limited to complete data analysis and data transformation work on our behalf for any new standalone client with a membership above 500 records. ITM Limited's control objectives and related procedures are omitted from the description and that the control objectives in the report include only the objectives which the service organisation's control procedures are intended to achieve.

Contributions and benefit payments are completely and accurately recorded in the proper period.

Investment transactions, balances and related income are completely and accurately recorded in the proper period.

Scheme documents (deeds, policies, contracts, booklets etc) are complete, up to date and securely held.

### 1 Accepting clients

Accounts are set up and administered in accordance with client agreements and applicable regulations.

Complete and authorised client agreements are operative prior to initiating administration activity.

Pension schemes taken on are properly established in the system in accordance with the scheme rules and individual elections.

### 4 Safeguarding assets

Member and scheme data is appropriately stored to ensure security and protection from unauthorised use.

Cash is safeguarded and payments are suitably authorised and controlled.

### 2 Authorising and processing transactions

Contributions to defined contribution plans, defined benefit schemes, or both, and transfers of members' funds between investment options are processed accurately and in a timely manner.

Benefits payable and transfer values are calculated in accordance with scheme rules and relevant legislation and are paid on a timely basis.

### 5 Monitoring compliance

Contributions are received in accordance with scheme rules and relevant legislation.

Services provided to pension schemes are in line with service level agreements.

Transaction errors are rectified promptly and clients treated fairly.

### 3 Maintaining financial and other records

Member records consist of up to date and accurate information and are updated and reconciled regularly.

### 6 Reporting to clients

Periodic reports to participants and scheme sponsors are accurate and complete and provided within required timescales.

Annual reports and accounts are prepared in accordance with applicable laws and regulations.

Regulatory reports are made if necessary.

# Information technology

7

## **Restricting access to systems and data**

Physical access to computer networks, equipment, storage media and program documentation is restricted to authorised individuals.

Logical access to computer systems, programs, master data, transaction data and parameters, including access via administrators to applications, databases, systems and networks, is restricted to authorised individuals via information security tools and techniques.

Segregation of incompatible duties is defined, implemented and enforced by logical security controls in accordance with job roles.

8

## **Providing integrity and resilience to the information processing environment, commensurate with the value of the information held, information processing performed and external threats**

IT processing is authorised and scheduled appropriately and exceptions are identified and resolved in a timely manner.

Data transmissions between the service organisation and its counterparties are complete, accurate, timely and secure.

Appropriate measures are implemented to counter the threat from malicious electronic attack (e.g. firewalls, anti-virus etc.).

The physical IT equipment is maintained in a controlled environment.

9

## **Maintaining and developing systems hardware and software**

Development and implementation of new systems, applications and software, and changes to existing systems, applications and software, are authorised, tested, approved and implemented.

Data migration or modification is authorised, tested and, once performed, reconciled back to the source data.

10

## **Recovering from processing interruptions**

Data and systems are backed up regularly, retained offsite and regularly tested for recoverability.

IT hardware and software issues are monitored and resolved in a timely manner.

Business and information systems recovery plans are documented, approved, tested and maintained.

11

## **Monitoring compliance**

Outsourced activities are properly managed and monitored.

# Club Vita - Information technology

1

## **Restricting access to systems and data**

Logical access to Club Vita computer systems, programs, master data, transaction data and parameters, including access by administrators to applications, databases, systems and networks, is restricted to authorised individuals within the Club Vita operations in accordance with the Club Vita System Access Control Policy.

Logical Client Web Access to Club Vita master data, transaction data and reports is restricted to authorised individuals at Clients in line with the Club Vita Client Setup Policy.

# 7. Control objectives and procedures

 Control applicable to DB only       Control applicable to DC only       Control applicable to both DB & DC

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*Note: 'DB' is an abbreviation for 'Defined Benefit'. 'DC' is an abbreviation for 'Defined Contribution'*

## I. Accepting clients

### 1.1 Accounts are set up and administered in accordance with client agreement and applicable regulations

All new clients are accepted through a documented process which covers the stages from responding to the initial invitation to tender; completion of the necessary due diligence for compliance with anti-money laundering regulations; proposal for services; presentations and site visits and finally the installation exercise following appointment.

The processes followed and respective controls are recorded within the following documents:

- Tender review process
- Formal proposal for services
- Client verification and anti-money laundering form
- New client set up form
- New client installation checklist or detailed project plan and
- New client installation timeline.

The structured methodology and installation process for a new client is referred to in the sections below.

#### Key Controls

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Documents listed above are completed for each new client to ensure that all stages of the process are followed and documented.

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#### Crowe testing of control procedure

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##### Inspection

 For a sample of new schemes we inspected the documents above and verified that these were completed as evidence of the stated processes being followed.

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**No exceptions were identified**

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## 1.2 Complete and authorised client agreements are operative prior to initiating administration activity

Following our appointment to provide pensions administration services, an initial letter of appointment will be provided by the client. We provide a template letter for this communication. Where Hymans Robertson is appointed to provide full services across the Firm, the appointment documentation will be handled by the lead consultant and will include the administration services in the overall client agreement. This initial appointment is the trigger to commence the formal administration installation exercise. A key stage within the installation exercise is to establish and finalise the administration service schedules.

The service schedules will be issued in draft, discussed with the client and its legal advisers as necessary, with a final version of the agreement being completed and signed on behalf of Hymans Robertson LLP and the client prior to the commencement of the administration services.

If the agreement cannot be finalised before the proposed “live date” the services will be allowed to commence but based upon the terms of the initial appointment letter and our standard terms and conditions included within the proposals for services.

### Key Controls

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Documents listed above are competed for each new client to ensure that all stages of the process are followed and documented.

### Crowe testing of control procedure

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#### Inspection

For a sample of new schemes we inspected the service schedules and ensured that this was signed on behalf of Hymans Robertson LLP and the client. If the signed schedules have not been received prior to initiating the administration activity we obtained evidence that the client had confirmed the initial appointment.

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**No exceptions were identified**

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DB only



DC only



DB & DC

## 1.3 Pension schemes taken on are properly established in the system in accordance with the scheme rules and individual elections

The project installation process involves various resources within the administration business unit, dependent upon the scope of and range of administration services that are to be provided. The process may involve project management resource from outside the administration business unit to manage the project.

For installations of new, standalone clients with more than 500 member records we have partnered with ITM Limited (ITM) to complete data analysis and data transformation work on our behalf. ITM provides us with a dedicated team of data transition specialists for the duration of each transition project that deals with the analysis, transformation and reconciliation of the administration data. ITM's team report to our own Data Analysts, who retain overall responsibility for the projects. Each project that ITM is involved with has an agreed work order that sets out the key requirements and delivery milestones and the overall partnership is underpinned by a framework agreement contract. Regular, scheduled meetings take place between our system support team and ITM over the duration of the project and an Issues Log is maintained to track queries and progress of ITM's workstreams feed into Hyman's main project plan.

The set-up of a scheme involves the allocated administration team, system support team and the local office administration manager. Where the client has agreed additional services e.g. pensioner payroll, annual report and financial statements and cash management, the Pensions Finance Manager will oversee the set up of these services.

The resources refer to a detailed installation checklist or alternatively a detailed project plan throughout the set-up of a new client. This is supported by an installation timeline which identifies key tasks to be undertaken within a recommended timetable. A sign-off control is required on completion of each section of the installation checklist or the project manager updates the project plan with a date of completion to confirm that all relevant tasks were completed. The system support team develop their integrated work plan covering technical issues from the initial receipt of client test data to the live processing date.

### Key Controls

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Refers to the above installation checklist control or the detailed project plan.

### Crowe testing of control procedure

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#### Inspection

For a sample of new schemes we obtained the installation checklist or the detailed project plan and inspected this for evidence of the installation timeline and verified that there was a sign-off of each section of the installation checklist or that the project plan was updated with a completion date.



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**No exceptions were identified**

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The scheme is set-up using information derived from the proposal for services, the trust deed and rules, member announcements, explanatory booklets, membership data and hard copy records and other information that is made available. All data required for the set up of the new scheme is requested from the incumbent administrator and the client using template installation data request letters and forms.

Membership data is subjected to validation testing and data mapping, which structures the data in alignment with the structures on UPM, using data conversion software. A calculation test harness is used for testing calculations. Thorough testing of this data on the UPM test platform is undertaken prior to sign-off by a lead member of each relevant service area.



## Key Controls

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Refers to the above membership data validation control.

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## Crowe testing of control procedure

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### Inspection

For a sample of new schemes we ensured that there was evidence of membership data validation, mapping and calculation tests. We also verified evidence of the sign-off by a lead member of each relevant service area.

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**No exceptions were identified**

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The live data load is received and input to the data conversion software prior to processing on the UPM test platform. Testing is undertaken in a similar manner to the client test data load, and in addition, reconciliation reports are run. The mapping of membership data is checked against hard copy member prints where these are made available by the incumbent administrator.

For defined contribution schemes, individual member investment elections and unit holdings are included in the data mapping exercise from the previous administrator. For new defined contribution schemes, member elections are recorded from the members' joining information and application forms.

Unit reconciliations are requested from the previous administrator at the closure of their records to ensure a clean start point for our unit holdings from the live services date.

Control total testing is carried out following data load exercises to test numbers of members by status type and financial totals such as salary, contribution and defined contribution unit histories.

## Key Controls

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Refers to the above data load exercises control.

---

## Crowe testing of control procedure

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### Inspection

For a sample of new schemes we ensured control testing was carried out following data load exercises to test numbers of members by status type and financial totals such as salary, contribution and defined contribution unit histories.

---

**No exceptions were identified**

---

## 2. Authorising and processing transactions

### 2.1 Contributions to defined contribution plans, defined benefit schemes, or both, and transfers of members' funds between investment options are processed accurately and in a timely manner

Team leaders and senior administrators are aware of the due dates for contribution receipts such that they will contact a client in advance if they consider there is any possibility of the late arrival of contributions if agreed with the client in advance.

The administration team receives notification from the client of contribution funding into the trustee bank account on a monthly basis. This is supported with backing information to confirm the amount of contributions being remitted and, for defined contribution schemes, a breakdown of the contributions for each member to enable investment allocation.

On receipt of funds, the cash book is updated.

Defined contribution funds are invested with the investment manager within five days of receipt of clean data. Following investment, a contract note is received from each investment manager.

There is a validation suite of reports within the defined contribution UPM process which tests the automated monthly allocation of investment units to members by comparison with contributions received for each individual member, the unit price supplied on a contract note and a control total of investment units. The previous contract note unit price is identified on the input screen to assess the validity of the latest transacted unit price. A range of data validation tests are applied for each contribution processing cycle which highlight any areas for query or investigation.

Lifestyle investment switch processing and individual member switches between investment options are undertaken through the embedded workflow controls within the UPM system.

#### Key Controls

---

Refers to the above lifestyle investment switch processing control.

---

#### Crowe testing of control procedure

---

##### Inspection

For a sample of lifestyle investment switches we inspected evidence to ensure that the process was undertaken through the embedded workflow controls within the UPM system.



---

No exceptions were identified

---



For defined benefit schemes, contributions received are compared against known outgoings and contingency levels; surplus funds are subsequently invested in accordance with the client's instructions. All transactions involving the movement of funds are controlled through the cash management authorisation process controls identified elsewhere in this report.

## Key Controls

---

Refers to the above contributions invested in accordance with client's instructions control.

---

## Crowe testing of control procedure

---

### Inspection



For a sample of monthly contributions for defined benefit schemes we inspected evidence to ensure that contributions received were compared against known outgoings and contingency levels and surplus funds were subsequently invested in accordance with the client's instructions.

---

**No exceptions were identified**

---

The Internal Controls Monthly Report identifies the due dates for key internally reportable items for each team. Actual event dates are completed by each team leader and reports are submitted at the end of each calendar month to the site administration manager for review, follow-up where necessary and sign-off by the team leaders. The reportable items include the dates for receipt and processing of contributions for defined contribution schemes, defined benefit schemes, monthly contribution investments and lifestyle switch processing.

## Key Controls

---

Refers to the above Internal Controls Monthly Report control.

---

## Crowe testing of control procedure

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### Inspection



For a sample of months we obtained the Internal Controls Monthly Reports for a sample of teams and ensured these were submitted at the end of each calendar month. We also inspected the reports to ensure they included due dates for receipt and processing of contributions, monthly contribution investments and life style processing and that these reports were signed off by team leaders.

---

**Exception 1 and 2 as detailed in "Management response to exceptions identified" on page 5 and 6**

---

## 2.2 Benefits payable and transfer values are calculated in accordance with scheme rules and relevant legislation and are paid on a timely basis

Benefit payments and transfer values are processed by the administration team having detailed knowledge of the operation of a scheme and are either calculated through automated processes set up in the UPM system, or undertaken manually prior to being incorporated into the UPM workflow process.

Each UPM process has an embedded control making it obligatory that another person authorises the transaction on-line at the member record level. Any manual calculations are required to be independently checked, and where appropriate peer reviewed, as part of the authorisation stage of the workflow process. Evidence of the checking and peer review is recorded by the authoriser. The manual calculation documents are scanned into the UPM system and stored on the individual members' records.

All calculations are checked before payment processing. Payment processing is addressed in the sections below.

Appropriate letters to accompany each payment are produced either automatically from the UPM system or manually, and copies are held within the system at the member record level.

### Key Controls

---

Refers to the above UPM process, all calculations are checked and appropriate letters to accompany each payment controls.

### Crowe testing of control procedure

---

#### Inspection

For a sample of benefit payments and transfer values we inspected evidence as follows:

- ensured that the UPM processes required that another person authorised the transaction on-line at member record level;
- for manual calculations we ensured that there was evidence that these were independently checked and where appropriate peer reviewed. We also checked for evidence of checking on the calculation document;
- ensured there was evidence that all calculations were checked before payment processing; and
- ensured the payments of benefits were accompanied with appropriate letters.

---

**No exceptions were identified**

---

Where members require future review of benefits (to ensure that quotes and options available to members are issued on a timely basis) including members reaching normal retirement date, State pension age, cessation of dependent's/ ill-health pensions, controls are in place to launch a Future Review Process in advance. Alternatively, for those clients who have adopted the warm up letter process this letter will be sent to the member in advance of their normal retirement date.

## Key Controls

---

Refers to the above members future review of benefits control.

---

## Crowe testing of control procedure

---

### Inspection



For a sample of members reaching retirement we inspected evidence that retirement quotes and options available had been sent on a timely basis.

---

**No exceptions were identified**

---

The death in service process has an embedded control that ensures that death claims are made to the insurer where death benefits are insured.

## Key Controls

---

Refers to the above death in service process control.

---

## Crowe testing of control procedure

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### Inspection



For a sample of death benefits paid which were insured, we inspected evidence that death claims were made to the insurer.

---

**No exceptions were identified**

---

UPM retirement & death processes have embedded controls to ensure that new pensioners and beneficiary pensioners may only be created as a result of processing retirements or deaths for existing active, deferred or pensioner members. In addition, in order to create a new pensioner or beneficiary pensioner payroll record, authorisation has to be carried out at the administration stage and the payroll member creation stage by a member of the administration team and a member of the payroll team respectively.

## Key Controls

---

Refers to the above control to create a new pensioner or beneficiary pensioner payroll record.

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## Crowe testing of control procedure

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### Inspection



For a sample of new pensioners we inspected evidence that the creation of the new pension was authorised by a member of the administration team and a member of the payroll team.

---

**No exceptions were identified**

---



DB only



DC only



DB & DC

## 3. Maintaining financial and other records

### 3.1 Member records consist of up to date and accurate information and are updated and reconciled regularly

Members' records and supporting documentation are held electronically within the UPM system. Records and changes are updated daily through ad hoc instructions generated by the members or authorised client contacts, and also annually through renewal and annual increase exercises. Such updates are processed by a member of the administration team and peer reviewed.

#### Key Controls

---

Refers to the above member records control.

#### Crowe testing of control procedure

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##### Inspection

For a sample of member requests in respect of data changes we ensured that member records were processed by a member of the administration team and peer reviewed.

---

**No exceptions were identified**

---

Daily at each office location, all incoming pension administration post and work items are sorted, and scanned into UPM to comply with the requirements for BSI BIP 0008-1: 2008 Code of Practice for Legal Admissibility and Evidential Weight of Information Stored Electronically. The post handling and scanning follows a defined procedure including the use of scan batch controls.

Original documentary evidence of identity and address is required before benefits can be settled. Original certificates received are scanned, and additionally, controlled using a register to record relevant details including the date of receipt and return by recorded delivery.

Once scanned into UPM, items are allocated to an administration team, appropriately indexed and assigned for processing. Each work item is linked to a workflow process having an embedded control segregating the processing roles of an administrator and an authoriser. Daily monitoring of work-in-progress and prioritisation is undertaken by each team leader or senior administrator. Workflow analysis is monitored at a management level and through the Internal Controls Monthly Report.

Annual renewal exercises for active members and deferred members where relevant and pension increases for pensioner members are undertaken through specific workflow processes within the UPM system. For pensioner payroll records, a bulk tax code change process is interfaced with data files provided by HMRC.



## Key Controls

---

Refers to the above annual renewal exercise controls.

---

## Crowe testing of control procedure

---

### Inspection

For a sample of schemes we ensured that the annual renewal exercise for active members and pension increases for pensioner members were undertaken through specific workflow processes within the UPM system

---

**No exceptions were identified**

---

Membership statistics for each scheme are extracted from UPM and reported to clients as part of the quarterly stewardship reporting.

## Key Controls

---

Refers to the above membership statistic reporting control.

---

## Crowe testing of control procedure

---

### Inspection

For a sample of schemes we ensured membership statistics were extracted from the UPM system and reported to clients as part of the quarterly stewardship reporting.

---

**No exceptions were identified**

---

Reconciliation of membership records also occur annually for the Annual Report and Financial Statements document which is signed-off by the clients and their external auditors. The reconciliation of membership is peer reviewed by a member of the administration team.

## Key Controls

---

Refers to the above reconciliation of membership records control.

---

## Crowe testing of control procedure

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### Inspection

For a sample of schemes we inspected the annual reconciliation of membership records and we checked these for evidence of review.

---

**No exceptions were identified**

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### 3.2 Contributions and benefit payments are completely and accurately recorded in the proper period

Contributions and benefit payments are recorded in the cash book on the day the transaction occurs.

Bank reconciliation are undertaken and checked on a monthly basis, with the reconciliation date entered onto the Internal Controls Monthly Report. This report is reviewed and signed-off by each office administration manager who sample checks where necessary.

#### Key Controls

---

Refers to the above bank reconciliation being recorded on the Internal Controls Monthly reporting control

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#### Crowe testing of control procedure

---

##### Inspection

For a sample of Internal Controls Monthly Reports we checked for evidence of the date of the bank reconciliation being performed monthly and checked that the reports were reviewed and signed-off by each office administration manager.

**Exception 1 and 2 as detailed in “Management response to exceptions identified” on page 5 and 6**

---

Entries on the cash book are used as a source of input to the preparation of the quarterly stewardship report, which include dates of contributions and payments, to the clients, and also for the Annual Report and Financial Statements which are subject to audit by the clients, which include auditors.

#### Key Controls

---

Refers to the above quarterly stewardship control.

---

#### Crowe testing of control procedure

---

##### Inspection

For a sample of quarterly stewardship reports we ensured that dates of contributions and payments were included and there was evidence of review of the quarterly reports.

**No exceptions were identified**

---

### 3.3 Investment transactions, balances and related income are completely and accurately recorded in the proper period

For a Defined Benefit scheme, investment transactions arise out of the cash management process where funds in excess of outgoings and contingency are identified. These funds are invested in accordance with clients' instructions and are recorded in the cash book. Controls within the cash management process include: surplus funds are signed-off by a checker, an instruction is sent to the investment manager advising of investment, the payment to the investment manager is undertaken through the segregated control processes within the electronic banking system identified below, and the bank instruction form to invest the money is signed off by two signatories.

#### Key Controls

---

Refers to the above investment transaction controls.

---

#### Crowe testing of control procedure

---

##### Inspection

For a sample of investments in Defined Benefit schemes we ensured that these represented surplus funds as evidenced by a sign-off by a checker and inspected evidence that these were recorded in the cashbook. We also ensured that the investment was signed off by an authoriser and a bank instruction form was raised and signed by two signatories



---

**No exceptions were identified**

---

A disinvestment transaction is controlled in a similar manner, but an order instruction is raised, authorised and issued to an investment manager. The cash book is updated on receipt of funds.

#### Key Controls

---

Refers to the above disinvestment transaction control.

---

#### Crowe testing of control procedure

---

##### Inspection

For a sample of disinvestments in Defined Benefit schemes and Defined Contribution schemes we verified that order instructions for disinvestments were raised and authorised.



---

**No exceptions were identified**

---

For a Defined Contribution scheme, the transfer of members' funds between investment options and lifestyle switching is undertaken through the embedded controls within UPM processes. Such transactions are peer reviewed. In addition, cash management controls operate for each buy and sell transaction.

### Key Controls

---

Refers to the above investment options control.

---

### Crowe testing of control procedure

---

#### Inspection

 For a sample of switches we ensured these were undertaken within the UPM processes and there was evidence of review.

---

**No exceptions were identified**

---

Bank reconciliation controls operate and are detailed elsewhere in this report.

Defined Contribution unit reconciliation are carried out monthly or in line with the reporting cycles of relevant investment managers where monthly reporting is unavailable. These unit reconciliation are reported as having been completed in the Internal Controls Monthly Reports.

### Key Controls

---

Refers to the above Defined Contribution unit reconciliation control.

---

### Crowe testing of control procedure

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#### Inspection

 For a sample of Defined Contribution unit reconciliation we checked that these had been completed and signed off on the Internal Controls Monthly Reports.

---

**Exception 1 and 2 as detailed in "Management response to exceptions identified" on page 5 and 6**

---

Accounting records for Defined Benefit investments are reconciled to investment manager transaction statements on an annual basis as part of the Report & Accounts preparation.

### 3.4 Scheme documents (deeds, policies, contracts, booklets etc) are complete, up to date and securely held

Original scheme documents will be held by the client, its legal advisers or its pension scheme consultants if the latter provide a document management service.

Copies of scheme documents that are made available by clients and their advisers are held in electronic and hard copy form, and are stored on site at each administration location as part of the scheme level documentation that is used and maintained by each administration team.

Hard copy documents are stored in dedicated filing areas at each office location and are readily accessible to the administration teams.

Maintenance of scheme documentation is controlled by the client in association with its legal advisers and pension scheme consultants.

The administration teams are kept apprised of any changes to the documentation and are provided with copies of new documentation by the client and its advisers.

#### Key Controls

Refers to the controls above being performed to ensure scheme documents are securely held.

#### Crowe testing of control procedure

##### Inspection

For a sample of clients we verified through observation that scheme documents were securely held.

**No exceptions were identified**

## 4. Safeguarding assets

### 4.1 Member and scheme data is appropriately stored to ensure security and protection from unauthorised use

Member and scheme data are both physically and logically protected from unauthorised access.

Each office has a controlled entry system and a manned reception desk to monitor visitor movements.

#### Key Controls

---

Refers to the above office entry system control.

---

#### Crowe testing of control procedure

---

##### Inspection

 Through observation we ensured there was a controlled entry system and a manned reception desk to monitor visitor movements.

---

**No exceptions were identified**

---

Member and scheme data are stored electronically on the UPM system. Access requires layered passwords, each layer being controlled and administered separately. Access levels are granted in accordance with job responsibilities.

#### Key Controls

---

Refers to the above layered password control.

---

#### Crowe testing of control procedure

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##### Inspection

 We verified through observation that access to the system was controlled through layered password in accordance with job responsibilities.

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**No exceptions were identified**

---

 **Inspection**  
We verified through observation and enquiry that access to the system was controlled by the different layers which are controlled through individual usernames and passwords and levels of access are in line with job responsibilities.

---

**No exceptions were identified**

---

For installations of new clients involving ITM, data is shared via a secure File Transfer Protocol (FTP) site. Access to the data shared via the FTP site is controlled via individual usernames and passwords. ITM is contracted to store data securely and they delete data relating to each installation six months after the completion of the project.

Hard copy documents are stored in dedicated filing areas when not in use at each office location and are readily accessible to the administration teams.

## Key Controls

---

Refers to the above scheme data storage control.

---

## Crowe testing of control procedure

---

### Inspection

 We verified through observation that scheme data held as hard copy was held in dedicated and secure filing areas when not in use.

---

**No exceptions were identified**

---

Historical hard copy member data is archived and held in secure storage with our approved off-site suppliers relevant to each office location. Member data originating prior to the installation of the UPM system is back scanned and stored at the member record level as required.

## Key Controls

---

Refers to the above hard copy member data storage control.

---

## Crowe testing of control procedure

---

### Inspection

 We verified through enquiry that historical hard copy member data was archived and held with approved off-site suppliers relevant to each office location.

---

**No exceptions were identified**

---

## Key Controls

---

Refers to the above member data storage prior to installation of UPM control.

---

## Crowe testing of control procedure

---

### Inspection

 For a sample of member data originating prior to the installation of the UPM system we ensured through enquiry and observation that this was back scanned and stored at the member record level as required.

---

**No exceptions were identified**

---

## 4.2 Cash is safeguarded and payments are suitably authorised and controlled

Payment processing is undertaken daily at each site with appropriate segregation of duties being applied. Preparation of a payment instruction is functionally segregated from authorisation.

### Key Controls

---

Refers to the above payment processing control.

---

### Crowe testing of control procedure

---

#### Inspection

➤ For a sample of bank payments we checked for evidence of separate personnel preparing and authorising the payments.

---

**No exceptions were identified**

---

Client bank accounts are established in the name of the trustees or the scheme with a restricted list of Hymans Robertson signatories to effect payments and transactions within each account. Clients have the option to specify upper signing limits. Upper signing limits will be operated based upon client instructions and requiring client representatives to authorise payments above those agreed limits.

### Key Controls

---

Refers to the establishment of the above client bank account controls.

---

### Crowe testing of control procedure

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#### Inspection

➤ For a sample of client bank accounts we ensured that these were established in the name of the trustees with a restricted list of Hymans Robertson signatories.

---

**No exceptions were identified**

---

### Key Controls

---

Refers to the upper signing limits of the above client bank account controls.

---

### Crowe testing of control procedure

---

#### Inspection

➤ For a sample of client bank accounts where clients had requested upper signing limits we evidenced that the upper limits were applied to the payment authorisation system.

---

**No exceptions were identified**

---

Each client bank account relating to defined benefit will be established with a lower and upper limit on account balances. These limits are reviewed and monitored as part of the monthly bank account reconciliation process. An automated warning process applies when these limits are exceeded to trigger review and any action that may need to be taken.

## Key Controls

---

Refers to the above control of client bank account limits.

## Crowe testing of control procedure

---

### Inspection

For a sample of client bank accounts relating to defined benefit we ensured limits were reviewed and monitored as part of the monthly bank account reconciliation process and where appropriate we observed evidence of the automated warning process which applied when these limits are exceeded.



---

**No exceptions were identified**

---

Where a client account is established with our relationship bank, electronic banking facilities are available and these are operated with appropriate authorisation and segregation. The bank allocates the trustee bank account to our on-line workstation number. When written confirmation of allocation is received, the accounts team liaises with the allocated administration and cash management team who will operate the client account and set-up the cashbook and record keeping details.

To undertake an electronic payment four segregated processing steps are required:

- Administration team member prepares input backing documentation;
- Separate administration team member checks supporting documentation;
- Separate administration team or cash management team member checks inputs;
- Verification of the payment instruction is completed by a third person, independent of the administration process;
- Final authorisation of the payment is completed by a fourth person, again independent of the administration process.



DB only



DC only



DB & DC

Electronic transmission of a payment using an authentication device is undertaken as a separate process. Separate members of the team prepared and authorised the transaction. After transmission, the submitted documentation and payment processing details are returned to the administration team. A transmission confirmation is retained as a separate record.

### Key Controls

Refers to the above segregated payment controls.

### Crowe testing of control procedure

#### Inspection

For a sample of electronic payments we checked for evidence of:

- separate members of the team having prepared and authorised the transaction;
- use of an authentication device as a separate process;
- submission of documentation and payment processing details to the administration team; and
- Transmission confirmation retained as a separate record.

No exceptions were identified

The alternative to making an electronic payment is cheque processing. Cheques are held in safe custody at a central location on each site, and are only accessible by approved persons. Cheque signatories are identified on authorised bank mandates which are updated as required, and a copy held at each site.

### Key Controls

Refers to the above control of cheques in safe custody.

### Crowe testing of control procedure

#### Inspection

For a sample of client bank accounts we observed that cheques were held in safe custody at a central location on each site which were only accessible by approved persons. We also inspected evidence of the cheque signatories on copies of authorised bank mandates which were held on site.

No exceptions were identified

A cheque is prepared by the administration team or cash management team. The prepared but unsigned cheque together with supporting transaction and cash management documentation is submitted to two authorised cheque signatories for signing. The signed cheque is issued and the documentation is returned to the administration team or cash management team who scans a copy of the payment documentation into the UPM system at member record level.

## Key Controls

---

Refers to the above control of cheques being presented for signature.

---

## Crowe testing of control procedure

---

### Inspection



For a sample of payments we inspected evidence that cheques together with supporting transaction and cash management documentation was submitted to two authorised cheque signatories for signing.

---

**No exceptions were identified**

---

Cheque register logs are maintained, as part of the post opening duties, in each location which log payee, amount, scheme and date banked. Cheques are passed to Team Leaders on the day received to ensure prompt paying in.

## Key Controls

---

Refers to the above control of cheques being paid in to the bank.

---

## Crowe testing of control procedure

---

### Inspection



For a sample of cheques received we checked that they were banked promptly.

---

**No exceptions were identified**

---

Bank reconciliation are performed monthly. The centralised cash management unit undertakes reconciliation of their cash management accounts. Where an administration team has retained their cash management function, they perform the reconciliation. A sign-off stamp of both the doer and the checker is recorded in addition to the date of reconciliation.

## Key Controls

---

Refers to the above control of preparing monthly bank reconciliation.

---

## Crowe testing of control procedure

---

### Inspection



For a sample of monthly bank reconciliation we ensured that these were completed and we inspected evidence of a sign-off stamp of both doer and checker and the date of the reconciliation.

---

**No exceptions were identified**

---



DB only



DC only



DB & DC

At the end of a calendar month each team is required to submit to the site administration manager their Internal Controls Monthly Report specifying the dates on which bank reconciliation were performed. The report is reviewed by sample checking, follow-up where necessary, and sign-off.

Where a client has elected for a pensioner payroll service, this service is administered by the central payroll processing unit, using the payroll module within the UPM system. Segregation of duties is demonstrated by the central payroll unit undertaking the administration processing to the creation of a BACS file, and then two separate authorised signatories, undertaking the payment processing and transmission of each BACS file. A manual check is performed to compare each payroll total to the previous month and differences of more than 5% are investigated.

Controls within the central payroll processing unit comprise the embedded controls within the UPM system which ensures that each payroll is prepared and separately authorised. Detailed checklists assist with both preparation and authorisation processes and include completion of a payroll reconciliation sheet for each payroll/payroll group which identifies changes between payroll periods.

## Key Controls

---

Refers to the above control of preparing a monthly pensioner payroll.

---

## Crowe testing of control procedure

---

### Inspection

We observed the preparation of a monthly payroll and the use of the checklists for procedural guidance. For a sample of payrolls we obtained the manual checks performed to ensure that differences of more than 5% are investigated.

**No exceptions were identified**

---

Controls evident on documentation arising from the UPM system together with the relevant payroll reconciliation sheet are by a duly completed quality sign-off stamp, which also identifies the BACS file name and creation date.

## Key Controls

---

Refers to the above control of reviewing and reconciling a monthly pensioner payroll.

---

## Crowe testing of control procedure

---

### Inspection

For a sample of monthly pension payrolls we inspected the reconciliation sheets for evidence of a quality sign-off stamp and identification of the BACS file name and creation date.

**No exceptions were identified**

---

Client payrolls have been processed individually and, apart from two clients, have been processed directly from the relevant client trustee bank account without the use of a payroll clearing account. The payment of PAYE to HMRC is undertaken electronically before the statutory deadline each month from each client bank account. Our testing indicates that these two clearing accounts are still being used.

## Key Controls

---

Refers to the above control of reviewing and reconciling a monthly pensioner payroll.

---

## Crowe testing of control procedure

---

### Inspection

For a sample of monthly reconciliation of the payroll clearing account we inspected evidence of sign-off.

**No exceptions were identified**

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## 5. Monitoring compliance

### 5.1 Contributions are received in accordance with scheme rules and relevant legislation

Each administration team monitors the receipt of contributions in accordance with each scheme's Schedule of Contributions/Payment Schedule and in accordance with each client's established business unit. Payment dates and payment methodologies will vary from client to client. Any late or non payment of contributions are included on the Internal Controls Monthly Reports and communicated to the Scheme actuary and client.

#### Key Controls

---

Refers to the above control of monitoring the monthly contribution receipts.

---

#### Crowe testing of control procedure

---

##### Inspection

We enquired into any late or non-payment of contributions and ensured these were included in the Internal Controls Monthly Reports and communicated to the scheme actuary and client.



---

**No exceptions were identified**

---

Administration teams record receipt of contribution payments within the cashbook ledgers noting amounts and dates of payment.

Administration teams operate checking processes to identify expected payment dates for each client individually. Non-payment or late payment is reported promptly by the administration team to the scheme actuary and the client.

Regulatory compliance, which includes the late payment of contributions, is monitored at a management level through the Internal Controls Monthly Report.

#### Key Controls

---

Refers to the above control of monitoring the monthly contribution receipts and notifying scheme actuary of any delays.

---

#### Crowe testing of control procedure

---

##### Inspection

For a sample of Internal Controls Monthly Reports we inspected the reports for any late payments of contributions and where applicable checked for evidence that the late payment of contributions were reported by the administration team to the scheme actuary and client.



---

**No exceptions were identified**

---



DB only



DC only



DB & DC

## 5.2 Services provided to pension schemes are in line with service level agreements

The scope and high level delivery of services is agreed with each client at the appointment and new scheme installation stage. Any subsequent change to requirements or services are discussed and agreed with each client as and when required and before implementation. The service level agreement is amended accordingly.

### Key Controls

---

Refers to the above control of delivery of service to clients.

---

### Crowe testing of control procedure

---

#### Inspection

For a sample of clients we tested to ensure any amendments to the delivery of services was as agreed with the client and the service line agreement amended accordingly.

**No exceptions were identified**

---

Once the live services have commenced, day to day work is recorded within the UPM system and its integrated workflow control tool. Administration staff and team leaders work directly from electronic work trays within the system and are able to monitor and sort work in accordance with due dates for completion and levels of priority.

### Key Controls

---

Refers to the above control of electronic work trays.

---

### Crowe testing of control procedure

---

#### Inspection

We verified through observation that administration staff and team leaders worked directly from electronic work trays within the system and were able to monitor and sort work in accordance with due dates for completion and levels of priority.

**No exceptions were identified**

---

Administration team leaders review workloads for their team members on a daily basis.

### Key Controls

---

Refers to the above control of team leaders reviewing workloads.

---

### Crowe testing of control procedure

---

#### Inspection

We verified through observation that administration team leaders reviewed workloads for their team members on a daily basis.

**No exceptions were identified**

---

Target service standards are made available to clients at the proposal for services stage and subsequently upon request or where changes are to be made.

## Key Controls

---

Refers to the above control of targeting service standards.

---

## Crowe testing of control procedure

---

### Inspection

 For a sample of clients we ensured target service standards were made available to them upon request or where changes were made.

---

**No exceptions were identified**

---

All work recorded within the UPM system is allocated a target completion date and various reporting tools are available to monitor completion and performance standards. Details of workflow processing are included within the quarterly stewardship reporting which is explained elsewhere in this document.

## Key Controls

---

Refers to the above control of target completion dates for work on UPM.

---

## Crowe testing of control procedure

---

### Inspection

 We verified through observation that work recorded within the UPM system was allocated a target completion date and we observed the available reporting tools used to monitor completion and performance standards.

---

**No exceptions were identified**

---

## 5.3 Transaction errors are rectified promptly and clients are treated fairly

A formal and documented exception reporting process exists nationally across our business. All employees are trained in the procedures and have access to the reporting guidelines.

## Key Controls

---

Refers to the above control of exception reporting.

---

## Crowe testing of control procedure

---

### Inspection

 We verified through enquiry that employees were trained in the formal and documented exception reporting process procedures and we observed that employees had access to the reporting guidelines.

---

**No exceptions were identified**

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The administration teams complete a template form after discussion with the Administration manager which is forwarded to the TPA Quality Assurance team who assess the nature of the event and decide whether Legal advice is required, whether the event constitutes a Risk to the Firm or whether the matter can be managed within the TPA business unit. This decision is based upon the materiality (financial and/or reputational) and the incidence of the type of event.

The information is input to the event database and either Legal or Risk are notified via this database when input is required.

The Legal & Risk teams have access to this database. Other access is restricted to the Quality Assurance team who manage all Events through to completion.

Any transaction errors or complaints are treated as Risk Events and are recorded upon the Risk Event Database in accordance with our updated procedure. This was rolled out in December 2019 and built upon and strengthened our existing Exceptions process which were recorded on our Exceptions database. This was closed upon implementation of the new database. The new database allows for more detailed MI and Route Cause Analysis to be performed as well as now incorporating Near Misses into the reporting criteria effective from 1 December 2019.

GDPR events are logged and managed via the Privacy Hub in accordance with Firm wide procedure.

The Operations Lead (previously Associate Practice Leader) is updated verbally on a weekly basis on the ongoing position of events by the Quality Assurance team and which events have been escalated to Legal or Risk.

Exceptions are rated 1 through to 5 with 5 being Critical (e.g. a loss of key systems/facilities for more than a business day, the issue affects more than 25% of customers, clients or staff and/or high potential for customer detriment, potential financial loss of >£1m). The Quality Assurance team (and Legal or Risk as required) work with the client team and the Operations Lead (for exception events rated 3 or higher) to determine the corrective action to be taken in each case. The parties will also agree the extent to which the Client Director should be involved in the resolution of the event. They provide advice to the client team, review communication material as required and ensure the progress of each case is managed to resolution.

## Key Controls

---

Refers to the above control of exception reporting and investigation.

## Crowe testing of control procedure

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### Inspection

For a sample of exception reports we obtained evidence to ensure that these were copied to the Operations Lead (for exception events rated 3 or higher) and where appropriate the Client Director as required, we also verified through enquiry that these had been resolved and communicated to the client.



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### No exceptions were identified

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In accordance with both our regulatory obligations and professional standards the client team and the management of the business strive to ensure the fair treatment of the client, including where applicable individual members, in resolving any issues.



## 6. Reporting to clients

### 6.1 Periodic reports to participants and scheme sponsors are accurate and complete and provided within the required timescales

Quarterly (or at a frequency agreed with the client) stewardship reports to clients are compiled for each scheme using various sources of data which are entered onto a specific scheme template. Each report is prepared and checked prior to issue. Reports are issued to coincide with client trustee meetings.

#### Key Controls

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Refers to the above control of reviewing quarterly stewardship reports.

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#### Crowe testing of control procedure

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##### Inspection



For a sample of schemes we obtained a sample of quarterly stewardship reports and inspected evidence of these being checked.

---

**No exceptions were identified**

---

The reports provide commentary on the administration services provided during the reporting period together with statistical details on work completed and in progress; financial summaries and extracts from the cashbooks; and where relevant, copies of individual member feedback forms which have been received by the administration teams.

Annual benefit statements are produced for individual members and these provide information of the members' benefit entitlements across a range of scenarios, typically covering retirement, death and early leaving. The design and content of the benefit statements will depend upon the scheme type and the requirements of each client.

The operational control for the production of annual benefit statements arises through the automated workflow processes within the UPM system. Benefit calculations are completed through the automated calculation routines within the UPM system.

#### Key Controls

---

Refers to the above control of preparing the annual benefit statements through automation.

---

#### Crowe testing of control procedure

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##### Inspection



For a sample of annual benefit statements we ensured that these were produced through the automated workflow and calculation routines from within the UPM system.

---

**No exceptions were identified**

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Statutory Money Purchase Illustration (SMPI) details are calculated by the actuarial business unit with checking and peer review applied before release to the administration business unit and inclusion within the members' benefit statements.

#### Key Controls

---

Refers to the above control of reviewing SMPI statements.

---

#### Crowe testing of control procedure

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##### Inspection



For a sample of annual statements (SMPI) provided to members of defined contribution schemes we obtained evidence that these were peer reviewed.

---

**No exceptions were identified**

---



DB only



DC only



DB & DC

# 6.2 Annual reports and accounts are prepared in accordance with applicable laws and regulations

A scheme's Annual Report and Financial Statements (in both draft and final versions) are prepared by the accounts team from information supplied by the scheme's investment manager(s) and the relevant internal cash management system. A software package is used to merge the sources of data to produce a trial balance.

A member of the accounts team inputs the trial balance and member data into a statutory compliant Annual Report and Financial Statements template document. This provides the draft document which is checked by another member of the accounts team prior to audit by the scheme's external auditors. The external auditors sign-off both the Independent Auditor's Report and the Independent Auditors' Statement about Contributions.

The final version of the Annual Report and Financial Statements is signed off by the scheme's trustees.

An Annual Report and Accounts timetable is produced and agreed with auditors and trustees to produce signed accounts at a trustee meeting (or other agreed date if accounts are not being signed at a trustee meeting) within the statutory deadline. The difference to the timetable is managed by the lead pension plan accountant and delivery is monitored in conjunction with Secretary to trustees and auditors to ensure that the Report and Accounts are audited and signed by the due date. An accounts status spreadsheet is maintained for each client and the various stages of completion are signed by the preparer and the reviewer.

## Key Controls

Refers to the above controls of preparing and reviewing Annual Reports and Financial Statements.

## Crowe testing of control procedure

### Inspection

For a sample of Annual Reports and Financial Statements we checked for evidence of:

- the accounts being checked by another member of the accounts team prior to audit by the scheme's external auditors;
- use of the template document for accounts production; and
- the completion of an accounts status spreadsheet signed by the preparer and the reviewer.

**No exceptions were identified**



## 6.3 Regulatory reports are made if necessary

Administration team leaders will identify and report any regulatory matters to their local administration manager and subsequently to the scheme actuary, Client Director and client contact as necessary.

Each team leader is required to complete the Internal Controls Monthly Report for each scheme, which records as internally reportable items any issues which may impact on the compliance with the relevant statutory requirements. This report is reviewed by the Associate Practice Leader and items arising are investigated where necessary.

Regulatory reports will be made by the scheme actuary and usually in conjunction with the client.

### Key Controls

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Refers to the above controls of updating and monitoring the Internal Controls Monthly Report for each scheme.

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### Crowe testing of control procedure

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#### Inspection

For a sample of the Internal Controls Monthly Reports we inspected the reports to obtain evidence these reports are reviewed by the Associate Practice Leader. There were no cases identified that included reportable issues.



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**Exception 1 and 2 as detailed in “Management response to exceptions identified” on page 5 and 6**

---



DB only



DC only



DB & DC

## 7. Restricting access to systems and data

### 7.1 Physical access to computer networks, equipment, storage media and program documentation is restricted to authorised individuals

Each office has a controlled entry system and a manned reception desk to monitor visitor movements.

#### Key Controls

---

Refers to the above controls of the office entry system.

---

#### Crowe testing of control procedure

---

##### Inspection



Through observation we ensured there was a controlled entry system and a manned reception desk to monitor visitor movements.

---

**No exceptions were identified**

---

At each site, computer equipment is maintained in secure areas with restricted access to authorised personnel only. A visitor requiring access to any restricted area, for example an engineer, is supervised by IT operational staff.

#### Key Controls

---

Refers to the above controls over the security of computer equipment.

---

#### Crowe testing of control procedure

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##### Inspection



We verified through observation that computer equipment was maintained in secure areas.

---

**No exceptions were identified**

---

All PCs and laptops are subject to a standard 'in-house' build and desktop format with enforced branding. Regular hardware and software audits are performed on all PCs to ensure compliance with internal IT policies.

All staff sign up to our internal IT policy and operational terms as part of their employment contracts.

#### Key Controls

---

Refers to the above controls over staff signed up to the internal IT policy.

---

#### Crowe testing of control procedure

---

##### Inspection



We verified through enquiry that all staff had signed up to the internal IT policy and operational terms.

---

**No exceptions were identified**

---



## 7.2 Logical access to computer systems, programs, master data, transaction data and parameters, including access by administrators to applications, databases, systems and networks, is restricted to authorised individuals via information security tools and techniques

Logical access will be granted to network and applications in accordance with the authorisation by IT operations and the relevant system support teams.

New user access is established by the IT support team following submission of a new starter form which must be authorised by the user's line manager.

### Key Controls

---

Refers to the above controls over new user access

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### Crowe testing of control procedure

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#### Inspection

 For a sample of new starter forms we inspected these for authorisation by the user's line manager and ensured new user access was established by the IT support team.

---

**No exceptions were identified**

---

User accounts for staff that leave are closed by the IT team following submission of a leaver form which is authorised by the appropriate line manager.

### Key Controls

---

Refers to the above controls over user access when staff leaves.

---

### Crowe testing of control procedure

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#### Inspection

 For a sample of leaver forms we inspected these for authorisation by the appropriate manager and ensured the leavers accounts were closed by the IT team.

---

**Exception 3 as detailed in "Management response to exceptions identified" on page 6**

---

A monthly reconciliation of leavers is completed between the Human Resource records and the central IT records, ensuring that any discrepancies are investigated.

### Key Controls

---

Refers to the above controls of monthly leaver reconciliation.

---

### Crowe testing of control procedure

---

#### Inspection

 We inspected the latest monthly reconciliation of leavers between the Human Resource and central IT records to ensure that any discrepancies are investigated.

---

**No exceptions were identified**

---

Logical access by privileged users is restricted to those individuals with specific technical network and application job responsibilities and their requirement to resolve issues arising.

### Key Controls

---

Refers to the above controls to restrict access.

---

### Crowe testing of control procedure

---

#### Inspection

 We obtained a list of privileged users and ensured that these were in line with responsibilities.

---

**No exceptions were identified**

---

Enforced changes to passwords occur at periodic intervals in accordance with network and application settings.

### Key Controls

---

Refers to the above controls to enforce changes to passwords.

---

### Crowe testing of control procedure

---

#### Inspection

 We verified through enquiry and observation that enforced changes to passwords occurred at periodic intervals in accordance with network and application settings.

---

**No exceptions were identified**

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## 7.3 Segregation of incompatible duties is defined, implemented and enforced by logical security controls in accordance with job roles

Segregation of incompatible duties is enforced by user profiles and processing tasks within the pension's administration, pension payroll, cash management and systems maintenance operations.

The set-up to access a network and an application is segregated and is granted to users in accordance with their job responsibilities.

### Key Controls

---

Refers to the above controls over user access.

---

### Crowe testing of control procedure

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#### Inspection

We verified through observation and enquiry that access to the system was controlled by the different layers which are controlled through individual usernames, passwords and levels of access granted are in line with job responsibilities.



---

**No exceptions were identified**

---



DB only



DC only



DB & DC

# 8. Providing integrity and resilience to the information processing environment, commensurate with the value of the information held, information processing performed and external threats

## 8.1 IT processing is authorised and scheduled appropriately and exceptions are identified and resolved in a timely manner

IT processing is available daily in accordance with business requirements. Back-up activity is undertaken to comply with a daily and weekly schedule and is detailed below.

Tested in 10.1

## 8.2 Data transmissions between the service organisation and its counterparties are complete, accurate, timely and secure

Data transmissions of financial data including pension payroll and electronic banking use secure encryption algorithms and smart card technology. Data transmitted through e-mail is encrypted or, where preferred by our clients, using password protection.

### Key Controls

---

Refers to the above controls over data transmissions.

---

### Crowe testing of control procedure

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#### Inspection

For a sample of data transmissions and data transmissions of financial data including pension payroll and electronic banking we checked for the use of secure encryption algorithms, smart card technology or password protection as appropriate.

**No exceptions were identified**

---

Only authorised senior personnel within Hymans Robertson can access and handle financial data. There is segregation of duties for all personnel and no one individual can create, authorise and transmit a payment.

### Key Controls

---

Refers to the above controls over accessing and handling financial data.

---

### Crowe testing of control procedure

---

#### Inspection

We verified through enquiry that only authorised senior personnel can access and handle financial data and we obtained a listing of personnel with access rights and verified through enquiry the segregation of duties.

**No exceptions were identified**

---

BACS Bureau facilities are used to process pension payroll payments. This is accessed through internet-based software by authorised individuals who have been set up as either Approvers or Submitters. Each transmission needs two individuals to approve and submit it using passwords and PIN numbers. Smart cards have been issued to be used in a disaster recovery situation. Smart cards are kept secure with each owner.

## Key Controls

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Refers to the above controls of processing a BACS payment.

---

## Crowe testing of control procedure

### Inspection

 We verified through enquiry and the testing of a sample of BACS payments that the BACS payment process is accessed through internet-based software by authorised individuals who have been set up as either Approvers or Submitters.

---

**No exceptions were identified**

---

## Key Controls

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Refers to the above controls relating to security over users smart cards.

---

## Crowe testing of control procedure

### Inspection

 We verified through enquiry and observation that smart cards were kept secure by users.

---

**No exceptions were identified**

---

Electronic banking transmissions are made through secure modem links with our relationship bank. A restricted list of authorised users only can effect electronic payments and transmissions.

Transaction data transmission confirmation with payment counterparties is evidenced as follows: electronic transmission of a payment with our relationship bank generates a transmission confirmation document; BACS confirmation takes the form of a transmission report and processing confirmation from BACSTEL-IP the day before the processing date.

## Key Controls

---

Refers to the above controls over processing and transmitting a BACS payment.

---

## Crowe testing of control procedure

### Inspection

 For a sample of BACS payments we inspected the transmission confirmation document and the processing confirmation from BACSTEL-IP.

---

**No exceptions were identified**

---

### 8.3 Appropriate measures are implemented to counter the threat from malicious electronic attack (e.g. firewalls, anti-virus etc)

The threat from malicious electronic attack is mitigated by the installation of firewalls and anti-virus software. The anti-virus software we have installed scans any file prior to opening. Should any virus or mal-ware be detected, the software generates a report accessible by IT operations. Follow-up action is taken.

#### Key Controls

Refers to the above controls over maintenance of the firewall and anti-virus software.

#### Crowe testing of control procedure

##### Inspection

 We verified through enquiry and observation that firewall and anti-virus software was used and maintained.

No exceptions were identified

#### Key Controls

Refers to the above controls of the anti-virus software working.

#### Crowe testing of control procedure

##### Inspection

 We verified through enquiry and observation that anti-virus software was utilised and that action was taken where virus or malware was detected.

No exceptions were identified

Intrusion (Ethical Hacking) testing was undertaken over November and December 2019. A respected and experienced third party organisation was commissioned to perform health checks and risk assessments on various aspects of the IT infrastructure. This included external facing infrastructure with associated web services, LAN and wireless architecture, standard laptop and tablet technologies and Unified Communications (Lync). The report concluded that our security controls were in line with good practice. All concerns which were raised have been identified on an action plan to address and resolve.

High priority issues were addressed immediately.

#### Key Controls

Refers to the above controls and results of the intrusion test.

#### Crowe testing of control procedure

##### Inspection

 We obtained the report from the December 2019 test and reviewed this for the conclusion referred to. We also obtained the action plan and reviewed this for recommendations for improvement and confirmed through enquiry that high priority concerns were addressed.

No exceptions were identified

## 8.4 The physical IT equipment is maintained in a controlled environment

IT equipment including servers, routers and emergency standby facilities is located within locked rooms.

### Key Controls

---

Refers to the above controls over security on IT equipment.

---

### Crowe testing of control procedure

---

#### Inspection

 We verified through observation that IT equipment including servers, routers and emergency standby facilities were located within locked rooms.

---

**No exceptions were identified**

---

Gas suppressant in the event of a fire has been installed in accordance with Health and Safety requirements where the design and construction of office accommodation permits.

### Key Controls

---

Refers to the above controls over health and safety in the event of a fire.

---

### Crowe testing of control procedure

---

#### Inspection

 We verified through observation that gas suppressant in the event of a fire had been installed where the design and construction of the office accommodation permitted.

---

**No exceptions were identified**

---

Equipment is accessible only to those members of staff who require operational access and who are suitably authorised.

### Key Controls

---

Refers to the above controls over access to equipment.

---

### Crowe testing of control procedure

---

#### Inspection

 We verified through enquiry and observation that equipment was accessible only to those members of staff who required operational access and who were suitably authorised.

---

**No exceptions were identified**

---

We have twin main power and back-up supplies to all our critical systems. Local area and wide area devices are also duplicated.

# 9. Maintaining and developing systems hardware and software

## 9.1 Development and implementation of new systems, applications and software, and changes to existing systems, applications and software, are authorised, tested, approved and implemented

Network applications across Hymans Robertson are developed and maintained through operational controls and test environments before release to live operation and use.

Software and hardware support and maintenance is provided by the IT support team and all requests for support are recorded, monitored and controlled through an internal on-line help desk and logging facility.

High level network and software solutions are analysed, reviewed, tested and released through internally designed project management controls.

### Key Controls

---

Refers to the above controls over large-scale IT projects.

---

### Crowe testing of control procedure

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#### Inspection

There have been no large-scale IT projects in the period hence we have not performed any testing in this area.

**No exceptions were identified**

---

Development, maintenance and upgrades to the UPM administration system are controlled through the TPA systems support team. All changes to the UPM software are analysed and tested in secure database environments and approved before release to the live database.

### Key Controls

---

Refers to the above controls over upgrades to the UPM system.

---

### Crowe testing of control procedure

---

#### Inspection

For a sample of upgrades to the UPM system we obtained evidence of testing and approval prior to release to the live database.

**No exceptions were identified**

---

There are internal processes in place for recording and controlling all changes including improved functionality through fixes and upgrades released by the UPM software provider (Civica plc). These changes are tested initially in a segregated environment prior to being released to the test and live platforms.

Client specific and internal software developments are undertaken by the TPA systems support team and are released to the test environment for user testing and sign-off prior to release onto the live platform.

## Key Controls

---

Refers to the above controls of client specific changes.

---

## Crowe testing of control procedure

---

### Inspection



For a sample of client specific changes we obtained evidence of testing and sign off prior to release to the live database.

---

**No exceptions were identified**

---

## 9.2 Data migration or modification is authorised, tested and, once performed, reconciled back to the source data

Data migration or modification is subject to testing and validation which is completed by both the TPA systems support team and the administration teams. For example, when taking on a new client as noted on the new client installation checklist.

Control total and validation tests are applied at a high level by the systems support team for any bulk data migration or modification exercises, for example when taking on a new client. Validation tests are reconciled back to source data.

For installations of new clients where the data transition work is completed by ITM the scheme's administration data is mapped, transformed and reconciled by ITM against the original dataset to ensure that the transformation has been successful. The transformed data files are then loaded to our administration system by our internal system support team and a final set of reconciliation control total results are produced to confirm that the installation process has been successful.

All data migration and bulk change work is completed within a test environment and subject to system support team and user acceptance testing. Once authorised, data is transferred to the live operating database and again subject to validation and testing before sign off by the receiving administration teams.

Day to day operational data changes, data loads and maintenance is performed by the administration teams following the embedded workflow processes within the UPM system.

## Key Controls

---

Refers to the above controls of data changes and maintenance.

---

## Crowe testing of control procedure

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### Inspection



For a sample of new schemes we inspected the new client installation checklists to ensure procedures relating to data migration or modification had been undertaken.

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**No exceptions were identified**

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## 10. Recovering from processing interruptions

### 10.1 Data and systems are backed-up regularly, retained offsite and regularly tested for recoverability

Key systems within the firm's two main datacentres are backed-up and replicated to the opposite geographically separate datacentre. These operational "snapshots" are replicated at least once every 24 hours and kept for a minimum period of 1 week. Replication status is monitored daily to ensure the status is operational and healthy.

For longer term data retention, backup to disk jobs are performed and stored locally at each site. These backups are retained for a minimum of 28 days. Backup jobs are frequently checked and if any failures are reported, the cause is logged and investigated. After investigation, the job is retried.

In addition to the local backup to disk jobs, a monthly tape backup is performed. Tape backups are auto-verified and encrypted prior to being sent off site for secure storage with a third party.

Disaster recovery tests are performed every 6 months to ensure that the failover process is working successfully.

A daily and monthly back-up process operates at each office location using automated back-up software.

Any errors arising from the daily and monthly process will be actioned by IT operational staff the following morning. Frequent testing is carried out when the software has not indicated any error; a sample file is selected and restored from the back-up to confirm correct execution. Daily back-ups are made locally and replicated between data centres where it is retained for 1 week.

#### Key Controls

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Refers to the above controls of daily back-ups.

---

#### Crowe testing of control procedure

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##### Inspection

For a sample of daily back-ups we:

- ensured that the firm's two main datacentres were backed-up and replicated to the opposite geographically separate datacentre;
- verified through enquiry that, where any errors have arisen from the daily back-up process, these were actioned by IT staff on the following morning.

---

**No exceptions were identified**

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## Key Controls

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Refers to the above controls of monthly back-ups.

---

## Crowe testing of control procedure

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### Inspection

For a sample of monthly back-ups we verified through enquiry that, where any errors had arisen from the monthly back-up process, these were actioned by IT staff on the following morning.

- For a sample of monthly back-ups we verified through enquiry that monthly back up tapes were encrypted prior to being sent off site for secure storage with a third party.

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**No exceptions were identified**

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## 10.2 IT hardware and software issues are monitored and resolved in a timely manner

General IT hardware and software issues are monitored and routed to a helpdesk facility, system in-box or a model office application. The request is prioritised as either low, medium or high priority and resolved within a defined timescale by either IT operational staff or a member of the TPA systems support team. In the Summer of 2020, the IT systems support team created two additional Self-Serve portals to allow the business to log issues and queries to the Finance and Front of house Facilities teams. These teams used to have a section within the IT portal, but with the introduction of new software for the Finance team, we removed them from the IT portal as it was expected they would have an increase in traffic.

- Neither Finance or Facilities have introduced SLA's for the business when dealing with issues & queries and this is no change from when tickets were logged to them on the IT Portal (and dealt with by non IT staff).
- All teams have a standing instruction to close down a ticket that has been logged in the wrong portal and to instruct the staff member to relog in correct portal.
- The SLA's agreed with the business for issues relating to IT have not changed.
- As yet we do not allow for direct ticket creation from 3rd parties, they are handled by client teams who would log, for example, a website issue with Focal point, on the SAW portal on their behalf. This has not changed from previous practice.

### Key Controls

---

Refers to the above controls of IT issues.

---

### Crowe testing of control procedure

---

#### Inspection

For a sample of IT hardware and software issues we ensured that the request was prioritised as either low, medium or high priority and resolved within the defined timescale.



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**No exceptions were identified**

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Where an issue relates to the UPM system a relevant member of the TPA team is notified. The team identify the nature of the issue and pass to the systems support team to take appropriate action. Where an issue is identified as requiring resolution internally by the systems support team, a change control form is raised which provides appropriate details. The change is developed and then released into the test environment, prior to approval to run on the live platform.

Where the issue is identified as requiring resolution externally by the development of a software update by, or clarification from, the software provider, the issue is confirmed to the external provider. Once the external clients helpdesk systems have been aligned with their Developer Problem Logging system, their plan is to incorporate the logged issues into their version release notes. These can then be logged by Hymans to match to their issues originally raised.

### Key Controls

---

Refers to the above controls of UPM requests.

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### Crowe testing of control procedure

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#### Inspection

For a sample of UPM requests we ensured a change control form was raised and the change was tested and approved before running on the live platform.



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**No exceptions were identified**

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## 10.3 Business and information systems recovery plans are documented, approved, tested and maintained

A comprehensive business continuity plan has been designed to cover: the total denial of access to any office, the loss of the main business streams and support functions to include a pandemic.

### Key Controls

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Refers to the above controls of reviewing the business continuity plan.

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### Crowe testing of control procedure

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#### Inspection

We obtained and reviewed the business continuity plan to ensure that it had been designed as described.

**No exceptions were identified**

---

When an incident has been identified, the Emergency Response Team is formed; the Emergency Response Co-ordinator will in discussion with senior management, typically members of the Crisis Management Team, agree to invoke the Business Continuity Plan.

In the event of total denial of access to any office, the firm has the capability to relocate their staff to another office location. The IT infrastructure has been designed and constructed with high levels of resilience to ensure systems can be recovered at an alternative site and the Firm can operate independently from another office location. There is the capability to immediately divert telephone lines to other offices to process calls. Each member of staff has been issued with a disaster recovery card which gives details of the disaster recovery office location and contact information. In addition, there is a text alert system for all staff and a separate disaster recovery website to keep staff informed.

The roles and responsibilities of the teams involved in the Business Continuity Plan are tested at each office location on a rolling basis using scenarios to exercise the different parts of the Plan, the latest exercise having taken place in Edinburgh in April 2019. Prior to this, exercises have been carried out in Glasgow and London in December 2018, London in June 2018, all offices in July 2017.

### Key Controls

---

Refers to the above exercise results.

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### Crowe testing of control procedure

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#### Inspection

We obtained the results of the tests carried out in the Edinburgh office as evidence that the Business Continuity Plan has been tested.

**No exceptions were identified**

---

IT recovery tests are undertaken annual, in a period from August to December 2019 test were successfully carried out within our business critical timescales for all offices. London and Glasgow are our two IT recovery centres and have proven resilience for all offices. Glasgow and Birmingham services recover to London, London services recovers to Glasgow.

## Key Controls

Refers to the above IT recovery test controls.

## Crowe testing of control procedure

### Inspection



We obtained the results of the IT recovery test and reviewed for evidence of file restoration at each office.

**No exceptions were identified**

## II. Monitoring compliance

### 11.1 Outsourced activities are properly managed and monitored

We have partnered with ITM Limited to complete data analysis and data transformation work on our behalf for any new standalone client with a membership above 500 records.

ITM has an experienced team of data transition specialists, supported by purpose built data transition software, and a successful 15 year track record of delivering data transition projects. ITM provides us with a dedicated team for the duration of each transition project that deals with the analysis, transformation and reconciliation of the administration data. ITM's team report to our own Data Analysts, who retain overall responsibility for the projects. ITM holds ISO 27001, ISO 9001 and AAF 01/06 accreditations.

The data transition work is delivered in distinct stages by ITM. The high level stages of the data transition are:

- Data analysis and mapping – the scheme's administration data is thoroughly reviewed and a formal document is drafted by ITM that describes how each item of data will be treated in the transition model.
- Data transformation – ITM configure the data migration model in line with the mapping document to transform the data into a structure that is compatible with our administration system.
- Data reconciliation and peer review – the transformed data is reconciled by ITM against the original dataset to ensure that the transformation has been successful and the migration model peer reviewed for an additional level of quality assurance.
- Data installation – the transformed and peer reviewed data files are loaded to our administration system by our Data Analysts and a final set of reconciliation control total results are produced to confirm that the process has been successful.

Each project has an agreed work order that sets out the key requirements and delivery milestones and the overall partnership is underpinned by a service agreement contract. Regular, scheduled meetings take place between our data specialists and ITM over the duration of the project and an Issues Log is maintained to track queries.

## Key Controls

Refers to the above controls of data transition

## Crowe testing of control procedure

### Inspection

We obtained a copy of the service level agreement. For a sample, we obtained a copy of the: Agreed work order, Mapping document, Reconciliation reports and Issue logs

**No exceptions were identified**

# Club Vita - Information Security

## I Restricting access to systems and data

### 1.1 Logical access to Club Vita computer systems, programs, master data, transaction data and parameters, including access by administrators to applications, databases, systems and networks, is restricted to authorised individuals within the Club Vita operations in accordance with the Club Vita System Access Control Policy

Logical access will be granted to network and applications by IT operations and Club Vita IT applications team in accordance with the System Access Control Policy.

New user access is established by the Club Vita IT applications team following submission of an Electronic Data Security Form which must be authorised by relevant authorisers as specified in the System Access Control Policy.

#### Key Controls

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Refers to the above review of the Systems Access Control Policy.

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#### Crowe testing of control procedure

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##### Inspection

We obtained the Systems Access Control Policy and for a sample of new joiners we obtained the submitted Electronic Data Security Form and ensured that these had been authorised by the relevant authorisers as specified in the System Access Control Policy.

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**No exceptions were identified**

---

User accounts for staff that leave are closed by the IT team following submission of a leaver form which is authorised by the appropriate line manager. This control is also covered elsewhere in 7.2.

#### Key Controls

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Refers to the above review of the staff leavers IT control.

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#### Crowe testing of control procedure

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##### Inspection

For a sample of leavers we reviewed the leaver forms to ensure they had been authorised by the appropriate line manager and the individual's access had been removed.

---

**No exceptions were identified**

---

A quarterly report is produced and reviewed by the Club Vita operations team to ensure only authorised Hymans Robertson users are able to access all Club Vita specific systems, networks and data and at the appropriate level of access.

### Key Controls

---

Refers to the above review of the quarterly report.

---

### Crowe testing of control procedure

---

#### Inspection



We obtained a sample of quarterly reports and reviewed for evidence of review by the Club Vita operations team.

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No exceptions were identified

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Logical access by privileged users is restricted to those individuals with specific technical network and application job responsibilities and their requirement to resolve issues arising.

### Key Controls

---

Refers to the above review of the Club Vita access levels.

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### Crowe testing of control procedure

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#### Inspection



For a sample of users included in the quarterly reports we reviewed access levels to Club Vita systems and ensured access had been set up at the appropriate levels according to their job responsibilities.

---

No exceptions were identified

---

Enforced changes to passwords occur at periodic intervals in accordance with network and application settings.

### Key Controls

---

Refers to the above review of the enforced password changes.

---

### Crowe testing of control procedure

---

#### Inspection



For a sample of users we observed that access to the systems requires passwords. Through enquiry we confirmed that passwords are required to be changed at periodic intervals.

---

No exceptions were identified

---

## 1.2 Logical Client Web Access to Club Vita master data, transaction data and reports is restricted to authorised individuals at Clients in line with the Club Vita Client Setup Policy.

Logical access will be granted to network and data in accordance with the authorisation by the Club Vita operations and Club Vita IT applications teams.

New user access is established by the IT applications team following submission of a Club Vita Member Site Login Request from the Club Vita operations team.

### Key Controls

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Refers to the above review of the login request control.

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### Crowe testing of control procedure

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#### Inspection

For a sample of clients using Club Vita we obtained evidence of the submission of a Club Vita Member Site Login Request to the Club Vita operations team.

**No exceptions were identified**

---

Client data is uploaded to the website over a secure socket layer (SSL). Clients may load and view data and reports securely through the SSL but not modify or delete reports. Clients may only view and load data to their own client specific areas of the website via the SSL. A quarterly report of individual client users, roles and access levels is independently reviewed by the Club Vita operations team each quarter.

### Key Controls

---

Refers to the above review of the quarterly reports for access level controls.

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### Crowe testing of control procedure

---

#### Inspection

We obtained a sample of quarterly reports and reviewed these to ensure they include client users, roles and access levels and that the reports were reviewed by the Club Vita operations team..

**No exceptions were identified**

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### Key Controls

---

Refers to the above review of the user access level controls.

---

### Crowe testing of control procedure

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#### Inspection

For a sample of users included in the report we reviewed access levels to Club Vita systems and ensured access had been set up at the appropriate levels.

**No exceptions were identified**

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# Appendix

## Auditor's letter of engagement and hold harmless letter



2 January 2020

Our ref: AP/LOH01073/RR

The Partners  
Hymans Robertson LLP  
One London Wall  
London  
EC2Y 5EA

Dear Sirs

This letter sets out the basis on which we shall be pleased to act for you and includes your and our respective responsibilities.

Under 'Other Matters' below, we set out our maximum legal liability. This letter is subject to the annexed Terms of Business and these include other important details, including provisions that further limit the amount of our liability in certain circumstances. Please read this letter and the Terms of Business carefully, and raise with me any questions that you might have.

**1. Scope of our work**

2. You have asked us to act as reporting accountant to deliver services to you in connection with the Pension Administration function of Hymans Robertson LLP carried out at London Birmingham and Glasgow for the year ending 31 January 2020 and Club Vita (limited to restricting access to systems and data).

**3. Responsibilities of partners**

3.1 The partners ("the Partners") of Hymans Robertson LLP ("the Organisation") in relation to which the reporting accountants' assurance report is to be provided are and shall be responsible for the design, implementation and operation of control procedures that provide adequate level of control over clients' assets and related transactions. The Partners' responsibilities are and shall include:

- a) acceptance of responsibility for internal controls;
- b) evaluation of the effectiveness of the service organisation's control procedures using suitable criteria; and
- c) supporting their evaluation with sufficient evidence, including documentation.

3.2 The Partners acknowledge and accept their responsibility for providing a written assertion about whether in all material respects, and based on suitable criteria:

- a) The Partners' description of the Organisation's system fairly presents the system that was designed and implemented throughout the specified period;
- b) The controls related to the control objectives stated in management's description were suitably designed throughout the specified period to achieve those control objectives; and
- c) The controls related to the control objectives stated in management's description operated effectively throughout the specified period to achieve those control objectives.

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Member of Crowe Global  
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Fax +44 (0)20 7583 1720  
DX 0014 London Chancery Lane  
www.crowe.co.uk

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- 3.3 This written assertion will be included in, or attached to, the Partners' description of the Organisation's system, and provided to user entities as part of the final report issued by management.
- 3.4 In drafting this report the Partners have regard to, as a minimum, the criteria specified within the Technical Release AAF 01/06 issued by the Institute of Chartered Accountants in England and Wales but they may add to these to the extent that this is considered appropriate in order to meet clients' expectations.
- 4. Responsibilities of reporting accountants**
5. It is our responsibility to form an independent conclusion, based on the work carried out in relation to the control procedures of the Organisation's Pension Administration function carried out at the specified business units of the Organisation at London, Birmingham, Glasgow and Club Vita (limited to restricting access to systems and data) as described in the Partners' report and report this to the Partners.
- 6. Scope of the reporting accountants' work**
- 6.1 We conduct our work in accordance with the procedures set out in AAF 01/06 and ISAE 3402. Our work will include enquiries of management, together with tests of certain specific control procedures which will be set out in an appendix to our report.
- 6.2 In reaching our conclusion, the criteria against which the control procedures are to be evaluated are the internal control objectives developed for service organisations as set out within AAF 01/06 and ISAE 3402.
- 6.3 Any work already performed in connection with this engagement before the date of this letter will also be governed by the terms and conditions of this letter.
- 6.4 We may seek written representations from the Partners in relation to matters on which independent corroboration is not available. We shall seek confirmation from the Partners that any significant matters of which we should be aware have been brought to our attention.
- 6.5 Our objective will be to conduct an examination that will include procedures to obtain reasonable assurance, in all material respects and based on suitable criteria, to enable us to express an opinion (Type II Reporting Accountant's Assurance Report) as to whether:
- a) The Partners description of its system fairly presents the system that was designed and implemented throughout the specified period and the aspects of the controls that may be relevant to a user organisation's internal control, as it relates to an audit of financial statements;
  - b) The controls included in the aforementioned description were suitably designed throughout the specified period to provide reasonable assurance that the control objectives specified in the description, would be achieved if the described controls were complied with satisfactorily; and
  - c) Such controls were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the control objectives were achieved during the specified period.
- 6.6 The control objectives for this examination are specified by the Partners. In conducting the examination we will examine on a test basis, evidence supporting the Partners description of controls, including the operating effectiveness of the related controls, and perform other procedures as we consider necessary in the circumstances to provide a reasonable basis for our report. Our examination will not include other systems, controls, operations or services not specified herein including internal control at user organisations and, accordingly, we will express no opinion on such items.
- 7. Inherent limitations**
- 7.1 The Partners acknowledge that control procedures designed to address specified control objectives are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. Such procedures cannot guarantee protection against fraudulent collusion



especially on the part of those holding positions of authority or trust. Furthermore, the opinion set out in our report will be based on historical information and the projection of any information or conclusions in our report to any future periods will be inappropriate.

## **8. Use of our report**

- 8.1 Our report will, subject to the permitted disclosures set out in this letter, be made solely for the use of the Partners of the Organisation, and solely for the purpose of reporting on the internal controls of the Organisation, in accordance with these terms of our engagement.
- 8.2 Our work will be undertaken so that we might report to the Partners those matters that we have agreed to state to them in our report and for no other purpose.
- 8.3 Our report will be issued on the basis that it must not be recited or referred to or disclosed, in whole or in part, in any other document or to any other party, without our express prior written permission. We permit the disclosure of our report, in full only, to clients of the Organisation using the Organisation's Pension Administration services ("Clients") and to the auditors of such Clients, to enable Clients and their auditors to verify that a report by reporting accountants has been commissioned by the Partners of the Organisation and issued in connection with the internal controls of the Organisation without assuming or accepting any responsibility or liability to them on our part.
- 8.4 Should the Organisation wish to provide a copy of our report to those clients not receiving either Pension Administration services or to prospective clients of the Organisation ("Other Clients"), we will consent to our report being provided to Other Clients on the following basis:
- a) The report must be provided in whole; and
  - b) The intended recipient must sign the attached 'hold harmless' letter and return it to us prior to receiving a copy of our report.
  - c) The report may be included on the Organisation's website subject to the agreement of suitable wording setting out the terms which the user must accept prior to viewing the report.
- 8.5 To the fullest extent permitted by law, we do not and will not accept or assume responsibility to anyone other than the Partners as a body and the Organisation for our work, for our report or for the opinions we will have formed.

## **OTHER MATTERS**

### **9. Limitation of liability**

- 9.1 Our aggregate liability in respect of all claims by you under or in connection with this Contract shall be limited to the amount of £1,000,000. This limit shall apply to any and all causes of action against us in respect of or arising from or in any way connected with our engagement by you. However, we never seek to exclude or restrict our liability to the extent that we cannot do so by law for any reason, or any liability for our fraud or dishonesty. If you wish to discuss this or other provisions before we carry out work for you, please let us know.

### **10. Fees**

- 10.1 Our fees are calculated on the basis of the time spent on your affairs by the partners and staff and on the levels of skill or responsibility involved.
- 10.2 Our fees will be billed in accordance with an agreed schedule.
- 10.3 If we need to do work outside the responsibilities outlined in our engagement letter, we will advise you in advance. This will involve additional fees. Accordingly it is in your interest to ensure that your records etc. are completed to the agreed stage.



**11. Terms of Business**

11.1 The Terms of Business accompanying this letter contain further information about the basis on which we will be pleased to carry out work for you. In the event of a conflict between the Terms of Business and what is set out in this letter, this letter will prevail.

**12. Confirmation of your agreement**

12.1 Please let me know if you have any questions in relation to this letter and the Terms of Business. If you are content with them, then would you please confirm your agreement by signing and returning one of the enclosed copies.

12.2 If I do not hear from you regarding this letter but it is clear that you wish us to proceed with the work, then this letter and the Terms of Business will govern the terms of our engagement.

Yours faithfully

Crowe U.K. LLP

**AGREEMENT OF TERMS**

I acknowledge receipt of this letter, which together with the Terms of Business fully records the agreement between us concerning your appointment to carry out the work described in it.

Name GARY EVANS..... Signed [Signature].....

Position HEAD OF IPA..... Date 9 January 2020

For and on behalf of the Partners of Hymans Roberson LLP



## TERMS OF BUSINESS

### 1. Definitions

1.1 In these Terms of Business and any associated engagement letter:

1.1.1 "We" means Crowe U.K. LLP, and shall include any successor or assignee;

1.1.2 "You" means the person or company with whom the Contract is agreed and that is named as such in the engagement letter;

1.1.3 "Contract" means the terms of engagement agreed between Crowe U.K. LLP and you to which these terms of business relate and into which they are incorporated;

1.1.4 "Services" means the services we agree to provide you with under the Contract, as set out in the engagement letter.

### 2. Limitation of liability

2.1 We never seek to exclude or restrict our liability for our fraud or dishonesty, or otherwise to the extent that we cannot do so by law for any reason.

2.2 We accept that we owe you a duty of care to provide the Services with reasonable skill and care, regardless of whether the people we decide to use are members or employees (who may also be described as 'partners') of Crowe U.K. LLP or agents or sub-contractors retained by us. You in turn agree that you will not bring any claim based on any cause of action in respect of or in any way connected with the Contract against anyone other than Crowe U.K. LLP.

2.3 Where we are liable to you, and in addition any other person is also liable to you, or any such person or you have caused or contributed to the same loss or damage for which we are liable, either in whole or in part, then our liability shall be limited to such amount as is just and equitable having regard to the extent to which each of us and/or such other person is liable for and/or has otherwise caused or contributed to such loss or damage. For the purposes of this clause, the liability for and/or cause or contribution of any such other person shall be determined by disregarding any limitation, exclusion or restriction of legal liability or any inability to pay or insolvency, even if it means that you cannot recover any compensation from such other person.

### 3. Crowe Global and its member firms

3.1 Crowe U.K. LLP is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. There is no ownership, agency, partnership or control relationship amongst any of Crowe Global and its member firms. Crowe Global does not perform services and you agree that you will not bring a claim against it.

3.2 It is possible that we may retain another member firm of Crowe Global to act for us as a sub-contractor in providing the Services to you under this Contract. In that event, we accept that we owe you a duty of care to provide the Services for which we have retained that other member firm as a subcontractor, as set out in Clause 2.2, and you in turn agree that you will bring any claim against us and not against that other member firm, as set out in Clause 2.2.

3.3 If we have not retained another member firm as a sub-contractor, then you agree that any services that may be provided to you by another member firm are separate from the Services provided by us under this Contract. You will be responsible for entering into a separate contract of engagement with that other member firm, on such terms as you and that other member firm may agree. You agree that we shall not under any such circumstances be responsible or liable in any way whatsoever for any acts or omissions of Crowe Global or of any other member firms of Crowe Global.

### 4. Responsibility to third parties

4.1 We shall provide the Services for your exclusive use and for the purpose for which you engage us, and you agree that you will not disclose our advice or the product of our Services to anyone else without our specific written agreement.

4.2 We do not accept any responsibility to anyone other than you ("third party") for any aspect of our Services, whether because any work of ours is made available to the third party or for any other reason.

4.3 To the extent that the law imposes on us any responsibility to any third party even though we do not accept that, our liability to that third party shall be limited in accordance with the "Limitation of liability" section of the engagement letter. You therefore agree that you will share a single limit of liability as set out in those provisions in the event that we have a liability to you and to a third party.

### 5. Nature of our Services

5.1 You acknowledge that we will rely on information and documentation provided to us by you, your management, employees and third parties in the course of our work. We will not be responsible for the consequences of any deficiency in the information or documentation provided to us, whether as a result of it being false, misleading or incomplete. You agree to inform us if you are or become aware of anything inaccurate or misleading in respect of information or documentation provided to us.

5.2 Except as expressly agreed in the description of the Services in the engagement letter, our work will not be an audit as conducted in accordance with applicable auditing standards. Unless expressly agreed, we will not seek to verify the accuracy of the information provided to us in the course of carrying out our Services, and we will not seek to be responsible for detecting fraud by you or by your management, employees or third parties. We

shall satisfy ourselves that the information provided is consistent with other information provided to us, but we will otherwise generally accept the explanation and assurances we receive from the partners, officers and employees of the entity that is the subject of the Services under this Contract or other third parties in the course of our work.

- 5.3 It may be necessary or desirable to instruct other professional advisers or third party suppliers in connection with the Services, upon whom we may place reliance and/or in conjunction with whom we may carry out our work. You shall be responsible for the appointment of such other professional advisers or suppliers and for their fees and expenses. We shall have no liability for the non-delivery, non-performance or any acts, errors or omissions of such other advisers or suppliers (other than our express agents), regardless of any role that we may perform in relation to communications with such advisers or suppliers.

#### 6. Fees

- 6.1 You agree to pay our fees within 30 days from the date of the invoice.
- 6.2 Payment of our fees from a bank based outside the UK must be made via transfer to our bankers and must quote our invoice details.
- 6.3 We will claim for relief for any fees falling within the scope of the VAT Regulations 1995 (SI 1995/2518).

#### 7. Non-payment of fees

- 7.1 If you fail to pay our fees within 30 days from the date of the invoice we reserve the right:
- 7.1.1 to charge monthly interest on the unpaid amount at 5% over the Barclays Bank plc Base Rate in accordance with the Late Payment Legislation;
- 7.1.2 to suspend the Services and any other work which we are carrying out for you;
- 7.1.3 to take whatever legal remedy exists in order to obtain payment; and
- 7.1.4 to claim the cost of debt recovery.

#### 8. Communicating with you

- 8.1 Please let us know if you have a preferred method of communication e.g. telephone or email or letter. Unless we hear from you, we will use whatever mode of communication appears appropriate in the circumstances.
- 8.2 All email messages sent to us will, if properly addressed, arrive on the terminal of the person to whom they are addressed. Please be aware of the following points:

8.2.1 the firm is connected to the internet, but the exchange of email messages may be subject to delays outside of our control;

8.2.2 the safe delivery of email via the internet should not be assumed;

8.2.3 the confidentiality of email cannot be guaranteed.

8.3 Please ask about our secure portal solutions. Unless you ask us, we shall not encrypt or promise to password-protect any email or attachment sent by us to you.

8.4 You and we shall not be responsible for each other's loss or damage arising from any corruption or alteration, or any unauthorised interception, redirection, copying or reading, of emails including any attachments.

8.5 You and we shall not be responsible for the effect on each other's hardware or software (or any loss or damage arising from any such effect) of any emails or attachment which may be transmitted by the other.

8.6 The recipient is responsible for carrying out a virus check on attachments.

#### 9. Improving our service

9.1 If at any time you would like to discuss with us how we could improve our service to you or you are dissatisfied with the service you are receiving, please let us know by contacting the engagement partner or Peter Varley, the Managing Partner of this office. Alternatively the Chief Executive of the firm Nigel Bostock, Crowe U.K. LLP, St Bride's House, 10 Salisbury Square, London, EC4Y 8EH.

9.2 Should our service be less than satisfactory we will take all reasonable steps to correct the situation. We undertake to investigate any complaints carefully and promptly and to report our findings to you.

9.3 If you are still dissatisfied you may take the matter up directly with the Institute of Chartered Accountants in England and Wales at:

Professional Conduct Department  
ICAEW  
Level 1, Metropolitan House  
321 Avebury Boulevard  
Milton Keynes MK9 2FZ

#### 10. Professional rules and practice guidelines

10.1 We will observe the bye-laws, regulations and ethical guidelines of the Institute of Chartered Accountants in England and Wales and accept instructions to act for you on the basis that we will act in accordance with them. The requirements are available on the internet at [www.icaew.com/membershandbook](http://www.icaew.com/membershandbook).

10.2 We are eligible to conduct audits under the Companies Act 2006 and details about our audit



registration can be viewed at [www.auditregister.org.uk](http://www.auditregister.org.uk), under reference number C001095468.

- 10.3 Details of our professional indemnity insurer can be found on our internet web site ([www.crowe.com/uk/croweuk](http://www.crowe.com/uk/croweuk)) on the legal information page, in accordance with the disclosure requirements of the Services Regulations 2009.
- 10.4 Our Services for you shall not be exclusive, and you agree that this Contract shall not prevent or restrict us from carrying on our business. We reserve the right during our engagement with you to act for other clients who may be competitors of yours or in respect of whom issues of commercial conflict may arise, subject to the Confidentiality section below.
- 10.5 Where a specific legal or ethical conflict of interest, actual or potential, is identified, and we believe that implementing appropriate procedures can properly safeguard your interests, we will promptly notify you and discuss the position with you. Please note that there may be circumstances where we are unable to fully explain all of the aspects of the conflict because of obligations that we owe to other clients or third parties. It may also not be possible to put effective safeguards in place, or you may not be content with the situation, in which case it may be necessary for us to terminate the Contract. You also agree to inform us immediately if you should become aware of, or believe that there may be, a conflict affecting our provision of the Services.
- 10.6 Our files are periodically reviewed by an independent regulator or quality controller as part of our on-going commitment to providing a quality service. The reviewers are bound by the same rules of confidentiality as our partners and staff.

#### 11. Confidentiality

- 11.1 We confirm that where you give us confidential information we shall at all times keep it confidential, except as required by law or as provided for in regulatory, ethical or other professional statements relevant to our engagement or for the purpose of notifying insurers concerning any actual or potential dispute relating to the Services.
- 11.2 You agree that we will be complying sufficiently with our duty of confidence if we take steps that we in good faith think fit to keep appropriate information confidential during and after our engagement.
- 11.3 You agree to reimburse any reasonable costs that we may incur in complying with any requirement for disclosure of your information that is imposed on us in any proceedings or regulatory process that does not involve any substantive claim or proceeding against us, provided that we promptly notify you in writing of any such requirement (to the extent we are legally permitted to do so) and that we reasonably cooperate with you in any efforts to protect against such disclosure.
- 11.4 You agree to keep confidential any methodologies and technology used by us to carry out the Services.

#### 12. Data Protection

- 12.1 When acting for you, we are a data controller in respect of any personal data you provide to us or to which we have access. This is because accountants and similar providers of professional services work under a range of professional obligations which oblige them to take responsibility for the personal data they process. For example if we detect malpractice whilst performing our services we may, depending on its nature, be required under our regulatory obligations to report the malpractice to the police or other authorities. In doing so we would not be acting on your instructions but in accordance with our own professional obligations and therefore as a data controller in our own right.
- 12.2 Where we and you are deemed in accordance with the data protection laws to be joint data controllers, you shall be liable for the personal data you process and we shall only be liable for the personal data we process.
- 12.3 You confirm that you have the right to supply personal data to us and this will not breach applicable data protection laws. Where you are providing personal data to us about a third party, for example a family member, a partner, a director (including a non-executive director), and/or any other type of member, business associate or third party, you confirm that you have their authority and express permission to provide us with their personal data.
- 12.4 Neither of us will by our act or omission put the other in breach of the applicable data protection laws.
- 12.5 Where we and you are joint data controllers, you should provide all relevant information to data subjects relating to the processing of their personal data (including the processing carried out by us) and to the exercise of their rights in relation to the processing of their personal data as required by the data protection laws ("Fair Processing Notice") and you will be the contact point for the data subject.
- 12.6 To enable us to discharge the services agreed under our engagement, and for other related purposes including updating and enhancing client records, analysis for management purposes and statutory returns, crime prevention and legal and regulatory compliance, we may obtain, use, process and disclose personal data about you or your entity, its officers and employees, as applicable. We confirm when processing data on your behalf we will comply with the relevant provisions of the applicable data protection laws.
- 12.7 Where we act as a data processor in relation to your personal data, we will:
- 12.8 process personal data:
- 12.8.1.1 for the purpose of performing our services and obligations to you; and

- 12.8.1.2 for such other purposes as may be instructed by or agreed with you or as otherwise notified in writing from time to time; and
- 12.8.1.3 in accordance with the applicable data protection laws;
- 12.8.2 implement appropriate technical and organisational measures to protect the personal data against unauthorised or unlawful processing and against accidental loss, destruction, damage, alteration or disclosure;
- 12.8.3 not otherwise modify, amend, remove or alter the contents of the personal data or subject to clause 12.1 above disclose or permit the disclosure of any of the personal data to any third party without your prior written authorisation;
- 12.8.4 adopt measures to maintain up to date records of our processing activities performed on your behalf which shall include the categories of processing activities performed, information on cross border data transfers and a general description of security measures implemented in respect of processed data;
- 12.8.5 unless otherwise required by data protection laws, or our own retention policy, we will return or delete all personal data upon the termination of our relationship with you;
- 12.8.6 adopt measures to ensure that only those personnel who need to have access to your personal data are granted access to it and that all of the personnel required to access your personal data are reliable and have been informed of its confidential nature;
- 12.8.7 not appoint a sub-processor without your prior written consent, not to be unreasonably withheld, and ensure an agreement is entered into with the relevant sub-contractor which includes terms which are substantially the same as the terms set out in this clause 12;
- 12.8.8 where we transfer your personal data to a country or territory outside the European Economic Area, to do so in accordance with data protection laws (including for the avoidance of doubt entering into standard form contracts);
- 12.8.9 notify you without undue delay if we receive: (i) a request from a data subject to access your personal data; or (ii) a complaint or request relating to the data protection laws;
- 12.8.10 assist you should you need to carry out a privacy impact assessment;
- 12.8.11 notify you in the event we become aware without undue delay of any breach of the data protection laws; and
- 12.8.12 permit without charge, on an annual basis, and / or where you become aware of a data breach or alleged breach of the data protection laws by us, reasonable access to the relevant records, files, tapes, computer systems, for the purposes of reviewing compliance with the data protection laws.
- 12.9 When acting for you in a personal capacity how we process your personal data is described in our privacy notice. This is available on our internet page. We will tell you if, in our opinion, your instructions may breach the applicable data protection laws.
- 13. Ownership and retention of documents**
- 13.1 All correspondence and papers in our possession or control and generated for our internal purposes (including our working papers) or addressed to us relating to the Services or the subject matter of the Services shall be our sole property.
- 13.2 We retain copyright and other intellectual property rights in everything produced by us before or during the Services.
- 13.3 We will keep correspondence and other papers and electronic data relating to the Contract, for such period as we may consider reasonable or that is required by law, and for at least eight years. After that time, we may destroy them without further reference to you.
- 14. Termination**
- 14.1 In relation to Services as Auditor under any statutory provisions, you or we may terminate the Contract only in accordance with the provisions of the relevant Act or regulation. In relation to any other Services, you or we may terminate the Contract at any time by giving not less than 30 days' notice in writing. We shall be entitled to payment for any work performed in relation to the Services by us prior to such termination.
- 15. Miscellaneous**
- 15.1 Neither of us may transfer nor assign this Contract, or any rights or obligations under it, without the prior written consent of the other party.
- 15.2 Neither of us will be liable to the other for any delay or failure to fulfil obligations caused by circumstances outside our reasonable control.
- 15.3 This Contract replaces and supersedes any previous proposal, discussion, correspondence, representation or agreement between us in relation to the Services, and forms the whole agreement between us in relation to such Services.
- 15.4 Any variation to the Contract shall only be effective if it is agreed in writing between you and a member in Crowe U.K. LLP, and only if agreed by reference expressly to the specific term to be amended.
- 15.5 Upon the termination of this Contract, we shall be under no further obligation to perform any part of the Services. However, the provisions of many



clauses of these Terms of Business will, by their nature, continue to apply notwithstanding termination.

- 15.6 Unless we both agree otherwise, these Terms of Business (as amended from time to time) will apply to any future instructions that you may give us.
- 15.7 If at any time any provision of these Terms of Business or any engagement letter is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, then that shall apply to the minimum extent required and shall not affect or impair the legality, validity or enforceability in that jurisdiction of any other provision of these Terms of Business or any engagement letter.

**16. Applicable law and enforcement**

- 16.1 Our Contract with you is governed by, and interpreted in accordance with the laws of England and Wales.
- 16.2 A person who is not a party to the Contract has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of the terms of the Contract. This clause does not prejudice you in relation to any right or remedy that exists independently of the Act.
- 16.3 However, clause 16.2 does not apply to members, employees, agents, sub-contractors and others who have the benefit of the exclusion of liability in their favour under clauses 2.2 and 3. Accordingly, such persons may enforce that exclusion in their favour under the Contracts (Rights of Third Parties) Act 1999.
- 16.4 The Courts of England and Wales shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning this Contract and any matter arising from them. Each party irrevocably waives any right it may have to object to any action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those Courts do not have jurisdiction.

**Hold Harmless Letter**

[To be printed on client's or prospective client's letterhead]

**ACKNOWLEDGEMENT DOCUMENT  
TO BE COMPLETED AND RETURNED TO HYMANS ROBERTSON LLP BY CLIENTS (1)  
NOT RECEIVING EITHER PENSIONS ADMINISTRATION SERVICES OR CLUB VITA  
SERVICES OR (2) PROSPECTIVE CLIENTS**

To Hymans Robertson LLP (the "Service Organisation") and Crowe U.K. LLP ("the Reporting Accountants")

The undersigned accepts and agrees:

- (1) that the Reporting Accountant's Assurance Report on the internal controls of the pensions administration services of the Service Organisation and Club Vita (limited to restricting access to systems and data) for the year to 31 January 2020 ("the Report"), has been prepared on the basis, and subject to the terms and conditions, set out in the Engagement Letter dated 2 January 2020, a copy of which has been provided to us;
- (2) that the Report has been provided to us to verify that a report by the Reporting Accountants has been commissioned by the Partners of the Organisation and issued in connection with the internal controls of the Organisation without assuming or accepting any responsibility or liability to us;
- (3) that the Report will not be recited or referred to or disclosed, in whole or in part, in any other document or to any other party.

**Acceptance**

Agreed and accepted by \_\_\_\_\_ (name of signatory) on behalf of  
\_\_\_\_\_ (name of company) who represents that he/she is authorised  
to accept these terms on its behalf.

Signed: \_\_\_\_\_

Position: \_\_\_\_\_

Date: \_\_\_\_\_

