

# Workers Pension Trust

AAF 02/07 Report

Governance controls for master trusts report

1 April 2019 - 31 March 2020



**Workers Pension Trust**  
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# 1. Introduction

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Workers Pension Trust Limited ('the Trustee') is pleased to present its fourth annual AAF 02/07 report which details the governance control procedures relating to Workers Pension Trust ('WPT') that were in place and operating during 1 April 2019 to 31 March 2020.

## Background to WPT

WPT ('the Scheme') is a master trust – a multi-employer workplace pension scheme, which is open to all businesses in the United Kingdom. The Scheme is based in Belfast, Northern Ireland and is widely regarded as the local, flexible, simple solution for auto-enrolment.

WPT is not-for-profit, operating for the benefit of its members. Membership of the Scheme has grown rapidly since it was established in 2012. There are now over 5,170 employers using the Scheme across a wide range of sectors, representing 100,000 members. In 2018, WPT accepted a transfer of 16,800 members from Enhance Construction Pension Scheme NI. Combined assets under management is more than £200m.<sup>1</sup>

In August 2019, WPT received master trust authorisation from the Pensions Regulator. Authorisation is granted only to those master trusts who obtain the highest level of governance. Master trusts who failed to achieve the standard have been forced to close. The process of applying for and receiving authorisation, as well as ongoing supervision from the Pensions Regulator, provides assurance that WPT meets rigorous governance standards.

The Trustee has a duty to operate WPT in the best interest of its members. This includes planning ahead of a crisis like the COVID-19 pandemic which emerged in March 2020. As a result of its comprehensive business continuity plans, the Trustee was well prepared, and WPT has remained fully operational, continuing to provide excellent customer service.

## AAF 02/07 Report

This AAF 02/07 report provides information and assurance on the operation of the governance control procedures relating to WPT. The report demonstrates the continued effectiveness of the design and operation of the internal controls structure of WPT.

This report has been prepared in accordance with the framework provided by the Audit and Assurance Faculty of the Institute of Chartered Accountants in England and Wales, entitled Assurance Reporting on Master Trusts (Master Trust Supplement to ICAEW AAF 02/07).

The Scheme's reporting accountant, Assure UK, has independently assessed WPT against the control objectives relating to the master trust assurance framework. Their report confirms that the control objectives set out in the AAF guidance were met over 1 April 2019 to 31 March 2020. For one of the 27 control objectives, *Transaction errors are identified and rectified*, there was an exception relating to how errors and complaints were monitored by Mercer, the third-party administrator (TPA) (see section 6, control 15.95). This exception is historic, and the issue has been rectified.



**Tony Reynolds**  
**Chair of Workers Pension Trust Limited**  
23 September 2020

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<sup>1</sup> Information correct as at 31 March 2020 and may be subject to change.

## 2. Statement by the Trustee of WPT

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As Trustee of WPT (Workers Pension Trust Limited), we are responsible for the identification of control objectives relating to the governance of the Scheme and for establishing governance control procedures that provide reasonable assurance that the control objectives are achieved. Those control objectives are derived from standards of governance set out in the Pensions Regulator's DC code of practice and DC guidance.

In carrying out these responsibilities we have regard not only to the interest of employers who have entrusted their employees' DC contributions to the master trust, (or are considering doing so) and members of the master trust, but also to the needs of the Trust business and the general effectiveness and efficiency of the relevant operations.

We have evaluated the fairness of the description and the design suitability and effectiveness of the Scheme's governance control procedures, having regard to the International Standard on Assurance Engagements (ISAE 3000), issued by the International Auditing and Assurance Standards Board, the Technical Release AAF 02/07 (AAF 02/07), issued by the Institute of Chartered Accountants in England and Wales (ICAEW), and the control objectives for master trusts set out in the ICAEW Technical Release 12/16 AAF, 'Assurance reporting on Master Trusts (Master Trust Supplement to ICAEW AAF 02/07) as described in section 5 of this report.

For one of the 27 control objectives, *Transaction errors are identified and rectified*, there was an exception relating to how errors and complaints were monitored by Mercer, the third-party administrator (TPA) (see section 6, control 15.95). This exception is historic, and the issue has been rectified.

We set out in this report a description of the relevant governance control procedures established by the Trustee of WPT, together with the related control objectives and confirm that:

- a) The report describes fairly the governance control procedures established by the Trustee Board, that relate to the control objectives referred to above which were in place throughout the period from 1 April 2019 to 31 March 2020;
- b) The governance control procedures described in section 6 of the report were suitably designed throughout the period from 1 April 2019 to 31 March 2020, such that there is reasonable assurance that the specified control objectives would be achieved if the described governance control procedures were complied with satisfactorily; and
- c) The governance control procedures described in section 6 of the report were operating with sufficient effectiveness to provide reasonable assurance that the related control objectives were achieved throughout the period 1 April 2019 to 31 March 2020.

Signed on behalf of the Trustee of WPT



**Tony Reynolds**  
**Chair of Workers Pension Trust Limited**  
23 September 2020

### 3. Report by the Reporting Accountants

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**Reporting accountants' assurance report on the governance control procedures of master trusts to the Trustee of WPT (Workers Pension Trust Limited) ('the Scheme').**

#### **Use of report**

Our report, subject to the permitted disclosures set out below, is made solely for the use of Workers Pension Trust Limited ('the Trustee'), and is solely for the purpose of reporting on the control procedures of the Scheme, in accordance with our terms of engagement letter dated 14 February 2020 and attached in the appendix.

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

We permit the disclosure of our report in full, only to verify to the recipient that a report by reporting accountants has been commissioned by the Trustee, and issued in connection with the control procedures of the Scheme without assuming or accepting any responsibility or liability to the recipient on our part.

To the fullest extent permitted by law, we do not and will not accept or assume responsibility to anyone other than the Trustee as a body for our work, for our report or for the opinions we have formed.

#### **Scope**

We have been engaged to report on the Trustee's description of its governance control procedures in relation to the Scheme throughout the period from 1 April 2019 to 31 March 2020, and on the suitability of the design and operating effectiveness of those governance control procedures stated in the description.

#### **Trustee responsibilities**

The Trustee responsibilities and statement are set out in section 2 of the report. The control objectives stated in the description include those control objectives set out in the Master Trusts Supplement to AAF 02/07 that are considered relevant by the Trustee.

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

We have complied with the independence and other ethical 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.

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.

## Our responsibilities

Our responsibility is to form an independent opinion, based on the work carried out in relation to the control procedures of the Scheme, as described in section 6 of the report and report this to you. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 and with ICAEW Technical Release AAF 02/07, including its Master Trusts Supplement. ISAE 3000 and AAF 02/07 require, among other things, that we plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the description is fairly presented and the control procedures are suitably designed and operating effectively. The criteria against which the control procedures were evaluated are the control objectives developed for master trusts as set out within the Master Trusts Supplement to AAF 02/07 and identified by the Trustee as control objectives to be applied for the purpose of governance.

Our work involved performing procedures to obtain evidence about the presentation of the Trustee's description of the governance control procedures, and the design and operational effectiveness of those control procedures. Our procedures include assessing the risks that the description is not fairly presented, and that the governance controls procedures were not suitably designed or did not operate effectively. An assurance engagement of this type also includes evaluating the overall presentation of the description and suitability of the control objectives stated therein.

## Inherent limitations

The Trustee's description of governance control procedures was prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of governance control procedures that may be relevant to each employer company or member of the Scheme. Also, because of their nature, control procedures may not prevent or detect and correct all errors or omissions in performing governance activities.

Our opinion is based on historical information. The projection of any evaluation of the fairness of the presentation of the description, or opinion about the suitability of the design or operating effectiveness of the governance control procedures to future periods, would be inappropriate.

## Opinion

In our opinion, in all material respects:

- (i) sections 5 and 6 of the Trustee's report fairly presents the governance control procedures that relate to the control objectives referred to above, which were in place throughout the period from 1 April 2019 to 31 March 2020; and
- (ii) the governance control procedures described in section 6 of the Trustee's report were suitably designed to provide reasonable, but not absolute, assurance that the specified control objectives would have been achieved if the described governance control procedures operated effectively throughout the period from 1 April 2019 to 31 March 2020; and
- (iii) the governance control procedures that were tested were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the related control procedures were achieved throughout the period from 1 April 2019 to 31 March 2020.



**Assure UK**  
Chartered Accountants  
London  
23 September 2020



## 4. Business Overview and Control Environment

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### Organisation overview

WPT was founded by Construction First Limited (CF Ltd) in 2012.

CF Ltd is a wholly owned subsidiary of Construction Holiday Pay Scheme Limited (CHPS), a not-for-profit organisation limited by guarantee, established in 1945 for the provision of holiday pay and welfare benefits to the construction industry. The organisation has been providing financial benefits to its members for over 75 years and has more than 38 years' experience in delivering pension schemes. CF Ltd and its parent company, CHPS, are not-for-profit companies. Income is used for the benefit of Scheme members through lower charges, enhanced benefits, and improved services.

WPT is set up under trust law to ensure that members' retirement savings are protected. The Scheme is run by a corporate Trustee, Workers Pension Trust Limited, which is responsible for the governance of all aspects of the Scheme. The function of the Trustee is to ensure that the Scheme is run in the best interest of its members.

The Trustee has regular meetings to oversee the management and governance of the Scheme, including the oversight of investments and administration. The Trustee has the relevant knowledge and understanding of pensions matters to properly run the Scheme. Further information can be found in Section 5 of the [Chair's Statement](#).

### Trustee of WPT

The Trustee is made up of the following individuals:



**Tony Reynolds**  
**Trustee Director (Chair)**  
**Appointed on 12 June 2012**

Tony has many years' experience of running pension schemes and chaired a private company pension scheme for 20 years. Tony was Trustee Director of Construction Benefits Scheme Limited from 1975 to 2010 and has been a Trustee Director of Enhance Construction Pension Scheme NI since 2008, becoming Chair in 2015. Tony was involved in the restructuring of Enhance and the bulk transfer of members' benefits to WPT. He was awarded an OBE in 1998 and is a Fellow of both the Chartered Institute of Building and the Chartered Management Institute.



**John Armstrong**  
**Trustee Director**  
**Appointed on 12 June 2012**

John is Managing Director of Construction Employers Federation Ltd and is a Director of Construction First Ltd. He is a Fellow of the Institution of Civil Engineers and a member of the Institute of Directors. John has 9 years' experience in the insurance sector and has 8 years' experience in the sales and marketing of personal, group personal and executive pensions. John holds the Chartered Insurance Institute Financial Planning Certificate.

John has been a Trustee Director of both Enhance Construction Pension Scheme NI since 2008 and Construction Benefits Scheme Limited from 2008 to 2010. John was involved in the restructuring of Enhance and the bulk transfer of members' benefits to WPT.



**Ciaran Brolly**  
**Member Nominated Trustee Director**  
**Appointed on 1 July 2018**

Ciaran has over 40 years' experience of trade union involvement. Since 2008, Ciaran has worked as a Project Manager for Unite the Union. He is a Board Member of the Construction Industry Training Board (CITB) NI and is Chair of the Board of Governors of St Brigid's College Derry. Ciaran has been Head of Department in a Further Education College and a Board Member of the NI Consumer Council, NI Housing Executive and member of their Audit Committee.

Ciaran has been a Trustee Director of Enhance Construction Pension Scheme NI since 2018. Ciaran was involved in the restructuring of Enhance and the bulk transfer of members' benefits to WPT.



**Carole Ryden**  
**Trustee Director, representing Capital Cranfield**  
**Appointed on 13 May 2019**

Carole is a professional Trustee and a Fellow of the Institute and Faculty of Actuaries. In her 25-year career she has gained extensive experience and knowledge, spanning the areas of pension product development, actuarial consultancy, investments, governance, risk management and project management. Carole has worked with both large and small pension scheme boards.



**Tony Doran**  
**Trustee Director**  
**Appointment ended on 02 January 2020**

Tony was involved in the provision of employee welfare benefits to the Northern Ireland Construction industry since 1975 and was Managing Director of the Construction Employers Federation for 11 years. Tony was the Managing Director of Construction First Limited, the Scheme Funder for 24 years.

In 1975 Tony set up and administered the Construction Benefits Scheme, a DC scheme initially providing death-in-service benefits, followed by pension provision in 1982. Tony set up the Enhance Construction Pension Scheme NI and was a Trustee Director of the Scheme from 2011 to January 2020.

Tony was awarded an OBE in 2002.



**Michael Mulholland**  
**Member Nominated Trustee Director**  
**Appointment ended on 27 December 2019**

Michael has 18 years' experience handling industry relation issues as a previous trade union representative for GMB.

Michael was a Board member of Construction Industry Training Board, Northern Ireland (CITBNI) and served on the Finance and General Purposes committee, which involved reviewing budgets and accounts.

Michael was a Trustee Director of Enhance Construction Pension Scheme NI from 2011 to 2019. He was involved in the restructuring of Enhance and the bulk transfer of members' benefits to WPT.



Two new Trustee Directors were appointed after the period covered by this AAF report (1 April 2019 - 31 March 2020) as follows:

**Shauna Mitchell**  
**Member Nominated Trustee**  
**Appointed on 1 June 2020**

Shauna has over 20 years' experience working as a HR professional and is currently a HR Director at Frylite Limited. Shauna has experience in handling employee queries in relation to their pension contributions, annual statements, and upcoming retirements. She has experience working with pension advisers and building positive working relationships.

Previously, Shauna worked as a HR manager with Herdmans Limited, and from 1998 to 2002, she was a Trustee of the employee pension scheme.

**David Andrews**  
**Member Nominated trustee Director**  
**Appointed on 1 June 2020**

David has over 30 years' experience in accounting and payroll, managing the payroll and pension provision for a large organisation. David has experience and a working knowledge of both DB and DC pension administration.

## **Bodies and Sub-Committees**

The Trustee benefits from the support of the following bodies and subcommittees to assist in the efficient day-to-day running of the Scheme:

### Scheme Administrators:

WPT is jointly administered by CF Ltd and Mercer. CF Ltd is responsible for the day-to-day operation of the Scheme including communication with employers and members and processing contributions. CF Ltd is accredited to the ISO 9001:2015 standard for quality management systems and adheres to the '5S' standard, which focuses on an efficient and effective working environment. Mercer maintains member records, invests contributions received from CF Ltd and makes benefit payments on behalf of members. Mercer is the largest private sector administrator in the UK. Mercer undergoes an annual assessment via their AAF 01/06 Report which includes a review of their internal controls.

### Scheme Strategist:

The Scheme Strategist comprises of a group of individuals who are responsible for making business and strategic decisions about how the Scheme is run.

### Scheme Funder:

CF Ltd is the Scheme Funder and provides funds to enable the Scheme to continue to run in the event that it cannot meet its running costs. Both WPT and CF Ltd have reserve funding in place to protect members' savings in the unlikely event of the Scheme having to close.

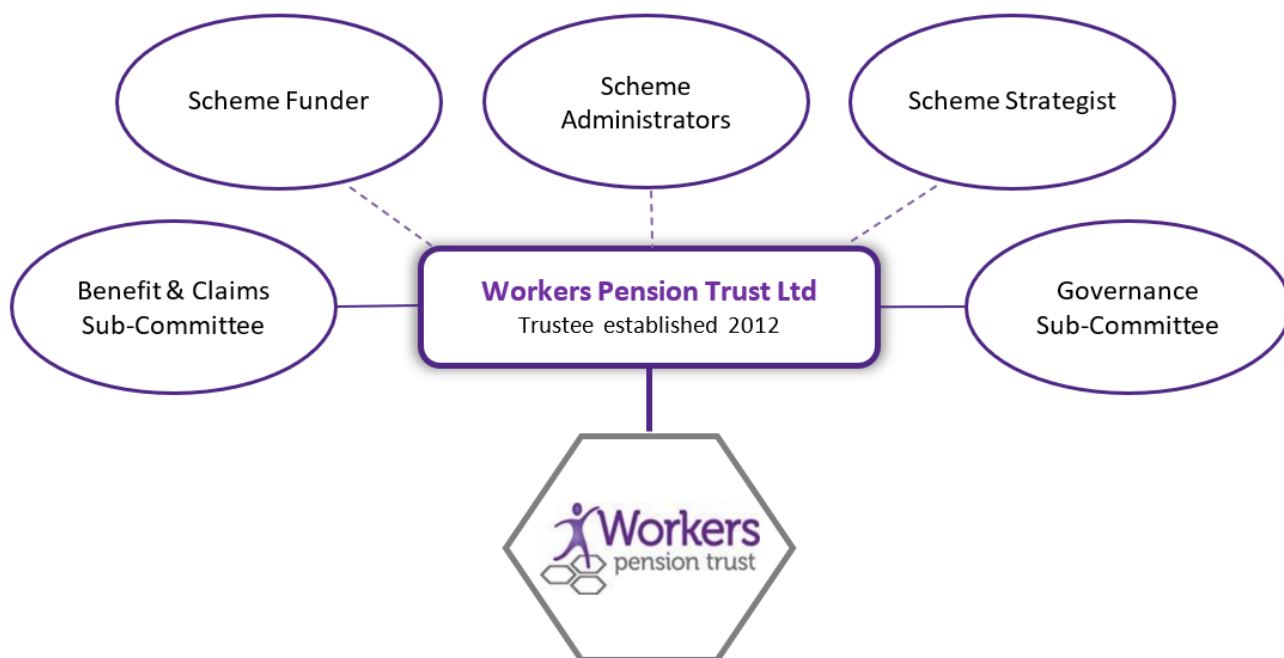
### Governance Sub-Committee:

The Governance Sub-Committee reviews Scheme documentation and advises the Trustee on matters relating to the governance of the Scheme.

### Benefit & Claims Sub-Committee:

The Benefit & Claims Sub-committee reviews and approves death benefit claims on behalf of the Trustee.

The Trustee remains accountable for all Scheme functions but can delegate certain work to various bodies and sub-committees. The Scheme's current governance model is shown below:



## Control Environment

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### Risk Management and Internal Control

CF Ltd and WPT understand the importance of protecting the interests of members and compliance with industry and statutory requirements.

ISO 9001:2015 certification ensures that staff recognise the importance of procedures and a consistent approach to data handling to ensure consistent delivery of a high quality service. Regular internal auditing against ISO 9001:2015 requirements ensures that all staff are aware of the objectives and responsibilities associated with procedures and controls. ISO 9001:2015 goes beyond administration procedures and includes an analysis of the Political, Economic, Social, Technological, Environmental, Legal and Marketplace (PESTELM) factors impacting on WPT. The standard also includes a SWOT analysis and an Opportunities Register.

The Trustee seeks to obtain formal feedback from members and their employers about the quality of the services provided to them and this information is used to adapt internal controls as necessary.

CF Ltd and WPT have a variety of accounting and internal controls designed to prevent and detect fraud. These include restricted access to pension systems and databases; segregation of duties between pension administration and finance staff; investment and payment authorisation levels; monthly independently reviewed bank reconciliations; monitoring of contribution receipts; reconciliation of pension system investment records with investment management holdings; data update and amendment controls and review of transfers out regarding potential pension liberation fraud. Fraud risk mitigation and associated controls are also considered as part of internal audit reviews.

The scope of the Risk Register was extensively widened during 2019 to accommodate the requirements of authorisation.

Regular review of the Risk Register by the internal management team, the Governance Sub Committee, the Trustee Board, the Scheme Strategist, and Scheme Funder, aims to identify the need for any changes to procedures and controls.

CF Ltd and WPT liaise with the Pensions Regulator twice yearly to discuss the administrative and governance aspects of the Scheme.

### **Complementary Control operated by Participating Employers**

It is not feasible for the control objectives relating to pension services to be achieved solely by CF Ltd. For employers to rely on the controls reported at Section 6, each employer is required to evaluate its own internal controls to determine whether:

- member data and contributions are provided as instructed and on a complete, accurate and timely basis;
- changes to individuals authorised to instruct CF Ltd are communicated in writing and on a timely basis;
- security controls to protect member data are in place;
- records are maintained to demonstrate attempts to trace members who are identified as having an incorrect address;
- contingency plans have been developed to ensure that information can be consistently communicated to CF Ltd in the event of a system error or other disruption.

### **Communications**

- The Trustee has a documented Communications Policy & Plan to meet the needs of its members.
- The Trustee's policy is that communications are accurate, clear, helpful and relevant to the customer. Communications are in plain English, avoid the use of jargon and standardised where possible.
- The Trustee provides Scheme members with the information they need to help them plan for their retirement. Communications are tailored, where appropriate, to different groups such as deferred members and those approaching retirement.
- An annual Communication Plan is agreed by the Trustee. The plan is reviewed quarterly by the Scheme Secretary and annually by the Trustee.

## 5. Summary of Control Objectives

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### VALUE FOR MEMBERS

#### Assessing value for members

1. A value for members assessment is undertaken annually and the process followed is documented and approved. The assessment should include value to members derived from scheme management and governance, administration, investment governance, and communications.

#### Management of costs and charges

2. Disclosure of information to members of costs and charges (rates (%) and amounts (£)) are complete and accurate.

### INVESTMENT GOVERNANCE

#### Protection of Assets

3. Scheme and member assets or entitlements are safeguarded from loss, misappropriation and unauthorised use. Financial protection and compensation available to members in the event of a default is assessed and documented.
4. The design and on-going suitability of the default arrangement and range and risk profile of other investment options are regularly reviewed and monitored. This review is documented, and the investment aims and objectives for the arrangement and investment policies for all investment options are included in an approved Statement of Investment Principles.
5. The performance of each investment option including the default arrangement(s) in which member funds are invested is regularly reviewed and monitored against objectives in the Statement of Investment Principles. This review is documented and approved.

### THE TRUSTEE BOARD

6. Fitness and propriety requirements for trustees are recorded and managed in accordance with a policy which is regularly reviewed and approved. The fitness and propriety of trustees is reviewed prior to appointment and annually thereafter. This review is documented and approved.

### SCHEME MANAGEMENT SKILLS

7. Conflicts of interest are subject to ongoing monitoring and are identified, recorded and managed in accordance with a defined policy which is regularly reviewed and approved.
8. Trustee levels of knowledge and understanding are managed and maintained in accordance with an approved training and development plan. This plan is regularly reviewed and updated.
9. A business/resource plan is maintained that sets out when scheme related activities are due to take place or be completed, and regularly reviewed to ensure that resources are available and allocated.
10. Roles, responsibilities and duties of all trustees, advisers and service providers are documented, and the performance and quality of their service is subject to regular documented reviews. The suitability of advisers and service providers is reviewed against criteria before appointment and this review is documented.
11. Discontinuance plans, which address how member assets or entitlements are safeguarded in the event of the Master Trust or any key service provider failing, defaulting or transferring ownership, are documented, approved and maintained.
12. A risk management framework is established to identify, evaluate and address scheme risks. Risks are recorded in a risk register which is reviewed at least annually.

## ADMINISTRATION

### Core financial transactions

13. Core financial transactions are processed promptly and accurately.
14. Contributions are invested and allocated in accordance with member instructions or the requirements of the default arrangement.
15. Transaction errors are identified and rectified.
16. Cash is safeguarded and all payments are suitably authorised and controlled.
17. Late and inaccurate contributions are pursued and resolved.

### Business and disaster recovery

18. Data and systems are backed up regularly, retained offsite and regularly tested for recoverability. Business and information systems recovery plans are documented, approved, tested and maintained.
19. The capacity of an administration system to take on new business is assessed, approved and regularly monitored.
20. New business take-ons are properly established in accordance with Master Trust's rules and contractual arrangements.

### Data quality and security

21. Member data is complete and accurate and is subject to regular data evaluation.
22. Monitoring of operations implemented to support the security of data transmissions, and measures implemented to mitigate the threat of malicious electronic attack, are regularly reviewed and documented.
23. Physical and logical access to computer systems, and member and Master Trust records and data, is restricted to authorised persons.
24. IT equipment is maintained in a controlled environment and the maintenance and development of systems, applications and software is authorised, tested, approved and implemented.

## COMMUNICATION AND REPORTING

25. Retirements are managed in accordance with a documented process which is regularly reviewed and approved.
26. Member communications are accurate, clear and understandable and are produced in accordance with a communications plan. The plan is regularly reviewed and monitored.
27. Member communications contain information to support the decisions members need to make at retirement.

## 6. Control Objectives and Control Procedures

### VALUE FOR MEMBERS

#### Assessing value for members

1. **A value for members assessment is undertaken annually and the process followed is documented and approved. The assessment should include value to members derived from scheme management and governance, administration, investment governance, and communications.**
  - 1.1 Membership of WPT is comprised mainly of low to medium earners therefore costs and charges are a prime consideration for the Trustee.
  - 1.2 A Value for Members (VfM) summary is included in the Chair's Statement published in the Scheme's Annual Report and Accounts. Due to the change in Scheme year end from 31 October to 31 December, the most recent VfM summary was completed on 31 December 2019.
  - 1.3 The Trustee approved a VfM process during Q1 2017. During Q3 2019, it was agreed to review the approach to the VfM assessment with Capital Cranfield, Professional Trustee. This resulted in a revised approach to the VfM assessment which still takes account of governance, design, investment, administration, communication, and costs. A VfM assessment is conducted annually and is based on guidance from the Pensions Regulator.
  - 1.4 This process is recorded in the Trustee Resource Planner as items 67 and 68 and forms the basis of an annual VfM summary as part of the Chair's Statement.
  - 1.5 A comparison of WPT's charges against other Master Trust pension scheme charges is considered annually as part of the VfM assessment.

#### Reporting Accountants' testing

- 1.1 Inspection. Confirmed by inspection of the WPT 'Analysing Scheme Data' report that the Scheme is comprised mainly of low to medium earners, therefore costs and charges were a prime consideration for the Trustee.
- 1.2 Inspection. Confirmed by inspection of the Annual Report and Accounts that a Value for Members summary was included within the Chair's Statement, which was completed on 31 December 2019.
- 1.3 Inspection. Confirmed by inspection of the Trustee meeting minutes that a review of the VfM process was carried out during Q1 2017. During Q3 2019 the VfM assessment was reviewed with Capital Cranfield, Professional Trustee. The update still took into account, design, investment, administration, communication, and costs.
- 1.4 Inspection. Confirmed by inspection of the Trustee Resource Planner that the VfM processes were recorded as annual events as items 67 and 68, forming the basis of an annual VfM summary included within the Chair's Statement.
- 1.5 Inspection. Confirmed by inspection of the Trustee meeting minutes that a comparison of WPT's charges against other Master Trust pension scheme charges was completed during the 2019 VfM assessment.

#### Management of costs and charges

2. **Disclosure of information to members of costs and charges (rates (%) and amounts (£)) are complete and accurate.**
  - 2.6 All relevant information on member costs and charges is made available on the Scheme website [www.workerspensiontrust.co.uk](http://www.workerspensiontrust.co.uk) within the Member Resources area, via the Scheme Booklet, and is described with examples of the member contribution

charge and annual management charge. Charges are outlined in the VfM Report. The Chair's Statement detailing charges is also available in Member Resources area of the website.

- 2.7 The Scheme complies with the charges cap as required from April 2015.  
For WPT members the contribution charge is 1.8% and the AMC is 0.3%.  
For WPTE members the AMC is 0.75%. In April 2019 the AMC for WPTE members in the default investment strategy was reduced to 0.7375%. This was due to the fact that the Sterling Liquidity Fund had an additional charge of 0.0125% which had not previously been adequately communicated by Legal and General Investment Management. The reduced AMC for these members ensured charges remained within the 0.75% cap.  
Compliance with the charge cap is confirmed in the Scheme Return to the Pensions Regulator.
- 2.8 The Pensions Regulator Annual Scheme Return is recorded as item 78 in the Trustee Resource Planner.
- 2.9 A review of the Communication Policy & Plan is recorded as an annual event as item 49 in the Trustee Resource Planner.

### Reporting Accountants' testing

- 2.6 Inspection. Confirmed by inspection of the Scheme website that all relevant information on member costs and charges were made available within the Member Resources area, via the Scheme booklet, as well as charges being detailed within the Chair's Statement.
- 2.7 Inspection. Confirmed by inspection of documentation that the Scheme complied with the charges cap as required from April 2015, For WPT members the contribution charge was 1.8% and the AMC charge is 0.3%. For WPTE members the AMC was 0.75% and in April 2019 the AMC was reduced to 0.7375%.  
Inspection. Confirmed by inspection of the Scheme Return that compliance with the charge cap was confirmed to the Pensions Regulator.
- 2.8 Inspection. Confirmed by inspection of the Trustee Resource Planner that the Pensions Regulator Annual Scheme Return was recorded as an annual event as item 78.
- 2.9 Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the Communication Policy & Plan was recorded as an annual event as item 49.

## INVESTMENT GOVERNANCE

### Protection of assets

3. **Scheme and member assets or entitlements are safeguarded from loss, misappropriation and unauthorised use. Financial protection and compensation available to members in the event of a default is assessed and documented.**
  - 3.10 Scheme assets are held under trust. The Trust Deed and Rules specifies the investment powers of the Trustee.
  - 3.11 The Trustee has a written Statement of Investment Principles (SIP) setting out the principles governing how decisions about investments must be made. The Trustee formally reviews the SIP each year, which was last updated in September 2019.
  - 3.12 The investment funds which make up the default strategy are invested in mainstream pooled investment funds, accessed via a contract of long-term insurance with Legal & General Assurance (Pensions Management) Limited. Legal & General Assurance (Pensions Management) Limited is authorised by the Prudential Regulation Authority

and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

3.13 All investment funds are held by independent custodians, authorised and regulated by the Financial Conduct Authority (FCA).

3.14 Legal & General Assurance (Pensions Management) Limited is a separate legal entity within the Legal & General Group and its assets are ring-fenced from the rest of the Legal & General Group. In the event that Legal & General Assurance (Pensions Management) Limited becomes insolvent, the Scheme would have priority over those assets which Legal & General Assurance (Pensions Management) Limited holds on its behalf.

Legal & Generals' Security of Assets Summary for the year ended 31 December 2018 was reviewed by the Trustee in September 2019.

3.15 Fund performance is monitored by the Trustee on a quarterly basis. This is recorded in the Trustee meeting agendas and minutes.

3.16 A Financial Management Policy (FMP) is in place with the TPA, which documents the principles which apply to the management of funds held in the Trustee bank account. An annual review of the FMP is recorded as item 66 in the Trustee Resource Planner.

Due to the change in Scheme year end from 31 October to 31 December, the most recent FMP is as at 31 December 2019 and is due for review by the Governance Sub Committee (24-04-20)

3.17 Only authorised TPA personnel are permitted to instruct fund managers to disinvest units.

3.18 Each month CF Ltd confirms internally the monthly contributions paid to the TPA, providing evidence of this from the bank statement and summary file PDF total.

3.19 The TPA sends automated electronic transaction instructions to the investment manager via Straight Through Processing (STP). The TPA checks the instructions before sending these to the investment manager. The investment manager responds via STP and the number of units purchased in each fund is returned. The process ends with checks confirming, at a member level, that the member funds and unit movements agree with the overall valuation totals.

3.20 Each month a reconciliation of units is performed, which includes who the reconciliation is performed and reviewed by, following a written process.

3.21 Each quarter the TPA submits a report to CF Ltd confirming the dates contributions were received, invested and units allocated to member records.

3.22 The Financial Services Compensation Scheme (FSCS) is available to members opting for an annuity at retirement. In the event of insurer insolvency, the FSCS will currently pay 100% of each claim. This is communicated to members in the event they opt to purchase an annuity.

### **Reporting Accountants' testing**

3.10 Inspection. Confirmed by inspection of the Trust Deed and Rules that Scheme assets were held under trust and the Trust Deed and Rules specified the investment powers of the Trustee.

3.11 Inspection. Confirmed by inspection of the SIP that it set out the principles governing how decisions about investments must be made.

Inspection. Confirmed by inspection of the Trustee meeting minutes that the SIP was reviewed annually.



- 3.12 Inspection. Confirmed by inspection of a sample of investment performance reports, that the investment funds made up the default strategy and were invested in mainstream pooled investment funds.
- Inspection. Confirmed by inspection of the Financial Conduct Authority (FCA) Register that Legal & General Assurance (Pensions Management) were authorised.
- 3.13 Inspection. Confirmed by inspection of the Trustee meeting minutes and FCA register, that all investment funds were held by independent custodians and were authorised.
- 3.14 Inspection. Confirmed by inspection of investment documentation that Legal & General Assurance (Pensions Management) Limited was a separate legal entity within the Legal & General Group, and its assets were ring-fenced from the rest of the Legal & General Group. In the event of becoming insolvent, the Scheme would have priority over the assets which Legal & General Assurance (Pensions Management) Limited holds in its behalf.
- Inspection. Confirmed by inspection of the Trustee meeting minutes that a review of the Legal & Generals' Security of Assets Summary for the year ended 31 December 2018 was reviewed by the Trustee in September 2019.
- 3.15 Inspection. Confirmed by inspection of a sample of Trustee meeting minutes and agendas that fund performance was monitored quarterly.
- 3.16 Inspection. Confirmed by inspection of the Financial Management Policy (FMP) that the FMP was in place with the TPA, which documented the principles which apply to the management of funds held within the Trustee bank account.
- Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the FMP was recorded as an annual event as item 66.
- Inspection. Confirmed by inspection of the Governance Sub Committee meeting minutes that the annual review of the FMP was due 24 April 2020.
- 3.17 Inspection. Confirmed by inspection of the signatory list that only authorised TPA personnel were permitted to instruct fund managers to disinvest units.
- 3.18 Inspection. Confirmed by inspection of a sample of months that CF Ltd confirmed internally the monthly contributions paid to the TPA via the bank statement and summary file PDF total.
- 3.19 Inspection. Confirmed by inspection of a sample of members contributions that the TPA sent automated electronic transaction instructions to the investment manager via Straight Through Processing (STP) and the TPA checked the instructions before they were sent to the investment manager. The investment manager responded via STP and the number of units purchased in each fund was returned. The process ended with checks confirming, at a member level, that the member funds and unit movements agreed with the overall valuation totals.
- 3.20 Inspection. Confirmed by inspection of a sample of unit reconciliations and written processes that they were performed monthly and included who the reconciliation was performed and reviewed by.
- 3.21 Inspection. Confirmed by inspection of a sample of quarterly TPA Administration Reports that the TPA submitted a report to CF Ltd, which confirmed the dates contributions were received, invested, and units allocated to member records.
- 3.22 Inspection. Confirmed by inspection of a sample of annuities purchased by members during the period and member communications, that the FSCS was available to members opting for an annuity at retirement, and in the event of insurer insolvency, the FSCS will currently pay 100% of each claim. This was communicated to members in the event that they opted to purchase an annuity.

**4. The design and on-going suitability of the default arrangement and range and risk profile of other investment options are regularly reviewed and monitored. This review is documented, and the investment aims and objectives for the arrangement and investment policies for all investment options are included in an approved Statement of Investment Principles.**

4.23 The default lifestyle strategy is decided by the Trustee based on professional investment advice and is designed to be appropriate for the majority of scheme members. It is designed to meet the changing investment needs of a typical pension investor as they progress through life towards retirement. The default lifestyle strategy consists of a foundation phase, growth phase and protection phase.

4.24 A written SIP is prepared and maintained by the Trustee. The investment strategy is reviewed on an annual basis, taking into account the membership profile of the Scheme. In preparing the SIP, the Trustee has obtained and considered professional written advice from the investment consultant.

4.25 The SIP outlines the principles governing the investment policy of the Trust and the activities undertaken by the Trustee, to ensure the effective implementation of these principles.

4.26 The Trustee is legally required to review both the default lifestyle strategy and its performance: a) at least every three years; and b) without delay after any significant change in investment policy, or the demographic profile of relevant members.

The Trustee conducts a review of the investment strategy on an annual basis to ensure it remains fit-for-purpose. The review is based on the membership profile of the Scheme.

The review of the investment strategy is recorded as an annual event as item 34 in the Trustee Resource Planner.

4.27 A review of the investment management performance reports is recorded as a quarterly event as item 32 in the Trustee Resource Planner.

4.28 A review of fund manager internal control reports is recorded as an annual event as item 65 in the Trustee Resource Planner.

4.29 A review of investment strategy and the SIP are recorded as annual events as items 34 and 35 in the Trustee Resource Planner.

**Reporting Accountants' testing**

4.23 Inspection. Confirmed by inspection of the member booklet and Trustee meeting minutes, that the default lifestyle strategy was decided by the Trustee based on professional investment advice. It was designed to be appropriate for the majority of scheme members and to meet the changing investment needs of a typical pension investor as they progressed through life towards retirement. The default lifestyle strategy consisted of a foundation phase, growth phase and protection phase.

4.24 Inspection. Confirmed by inspection of the SIP that it was prepared and maintained by the Trustee.

Inspection. Confirmed by inspection of the Trustee meeting minutes that the investment strategy was reviewed annually, taking into account the membership profile of the Scheme, and that the Trustee had obtained and considered professional written advice from the investment consultant.

4.25 Inspection. Confirmed by inspection of the SIP that it outlined the principles governing the investment policy of the Trust and the activities undertaken by the Trustee, which ensured the effective implementation of these principles.

- 4.26 Inspection. Confirmed by inspection of the Trustee meeting minutes, that the default lifestyle strategy and its performance was reviewed at least every three years and without delay after any significant change in investment policy, or the demographic profile of relevant members.
- Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the investment strategy was recorded as an annual event as item 34 in the Trustee Resource Planner.
- 4.27 Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the investment management performance reports was recorded as a quarterly event as item 32 in the Trustee Resource Planner.
- 4.28 Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of fund manager internal control reports was recorded as an annual event as item 65 in the Trustee Resource Planner
- 4.29 Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of investment strategy and the SIP were recorded as annual events as items 34 and 35 in the Trustee Resource Planner.

**5. The performance of each investment option, including the default arrangement(s) in which member funds are invested, are regularly reviewed and monitored against objectives in the Statement of Investment Principles. This review is documented and approved.**

- 5.30 The Trustee reviews the performance of investment funds against benchmarks/target returns at each quarterly Trustee meeting using the fund managers' quarterly investment reports. Fund performance is documented in the Trustee meeting agendas and minutes. Commentary is received from fund managers and the investment consultant as deemed appropriate.
- 5.31 The Trustee reviews the performance of the default lifestyle strategy at least annually at a meeting, which is documented in the Trustee meeting agendas and minutes.
- 5.32 A review of the investment management performance reports is recorded as a quarterly event as item 32 in the Trustee Resource Planner.
- 5.33 A review of the fund manager's internal controls report is recorded as an annual event as item 65 in the Trustee Resource Planner.
- 5.34 A review of investment strategy and the SIP are recorded as annual events as items 34 and 35 in the Trustee Resource Planner.

**Reporting Accountants' testing**

- 5.30 Inspection. Confirmed by inspection of a sample of Trustee meeting minutes and investment performance reports that investment funds were reviewed against benchmarks/target returns quarterly, and that commentary was received from fund managers and the investment consultant, which was deemed appropriate.
- 5.31 Inspection. Confirmed by inspection of the Trustee meeting minutes that the Trustee reviewed the performance of the default lifestyle strategy at least annually.
- 5.32 Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the investment management performance reports was recorded as a quarterly event as item 32 on the Trustee Resource Planner.
- 5.33 Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the fund manager's internal controls report was recorded as an annual event as item 65 in the Trustee Resource Planner.

- 5.34 Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the investment strategy and the SIP were recorded as annual events as items 34 and 35 on the Trustee Resource Planner.

## THE TRUSTEE BOARD

**6. Fitness and propriety requirements for trustees are recorded and managed in accordance with a policy, which is regularly reviewed and approved. The fitness and propriety of trustees is reviewed prior to appointment and annually thereafter. This review is documented and approved.**

- 6.35 The Trustee Board maintains a Fitness and Propriety Policy which includes a Declaration of Fitness and Propriety, which is submitted annually to CF Ltd. The most recent declaration was submitted in Q2 2020. Each Trustee Director has also completed the Pensions Regulator's Individual Fit and Proper Form which is reviewed annually.
- 6.36 The Declarations of Fitness and Propriety is reviewed annually and is recorded as item 18 in the Trustee Resource Planner.  
The Individual Fit and Proper Forms is reviewed annually and is recorded as item 17 in the Trustee Resource Planner.
- 6.37 Current Board appointments were reviewed on 26 June 2019.
- 6.38 Prior to their appointment, any new Trustee is required to complete a declaration confirming their fitness and propriety and complete an Individual Fit and Proper Form and a basic level criminal record check. New Trustees undergo comprehensive induction training and are also required to complete the Pensions Regulator's Trustee Toolkit within six months of appointment.
- 6.39 A review of Declarations of Fitness and Propriety and Declarations of Interests of each Trustee is carried out by the Chair of the Trustee each year during the second quarter. These are documented in the Trustee meeting agendas and minutes and recorded as items 18 and 19 in the Trustee Resource Planner.
- 6.40 An annual review of Board appointments is recorded as item 14 in the Trustee Resource Planner.

### Reporting Accountants' testing

- 6.35 Inspection. Confirmed by inspection of the Fitness and Propriety Policy that it included a Declaration of Fitness and Propriety.  
Inspection. Confirmed by inspection of a sample of Trustees Declarations of Fitness and Propriety and Individual Fit and Proper Forms that they were completed and submitted annually.
- 6.36 Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the Statement and Declarations of Fitness and Propriety and the Individual Fit and Proper Forms were recorded as annual events as items 18 and 17 on the Trustee Resource Planner.
- 6.37 Inspection. Confirmed by inspection of the Trustee meeting minutes that current Board appointments were reviewed on 26 June 2019.
- 6.38 Inspection. Confirmed by inspection of new Trustee documentation that prior to appointment, any new Trustee was required to complete a declaration confirming their fitness and propriety, an Individual Fit and Proper Form, and a basic level criminal record check.

- Inspection. Confirmed by inspection of the Trustee Toolkit that it was completed within six months of appointment.
- 6.39 Inspection. Confirmed by inspection of the Declarations of Fitness and Propriety and Declarations of Interests that they were carried out by the Chair of the Trustee annually, which was documented within the Trustee meeting minutes.
- Inspection. Confirmed by inspection of a sample of Trustees Declarations of Fitness and Propriety and Individual Fit and Proper Forms that they were completed and submitted annually.
- Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of Declarations of Fitness and Propriety and Declarations of Interests were recorded as annual events as item 18 and 19 on the Trustee Resource Planner.
- 6.40 Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of Board appointments was recorded as an annual event as item 14 on the Trustee Resource Planner.

## SCHEME MANAGEMENT SKILLS

### **7. Conflicts of interest are subject to ongoing monitoring and are identified, recorded and managed in accordance with a defined policy, which is regularly reviewed and approved.**

- 7.41 The Trustee has a written Conflicts of Interest Policy which sets out the process for identifying, monitoring and managing conflicts of interest.
- 7.42 Agendas for meetings are issued two weeks in advance giving adequate time to identify conflicts of interest.
- 7.43 Trustees maintain and update Register of Interests forms. Declaration of Interests is a standard agenda item for consideration at quarterly Board meetings.
- 7.44 Workers Pension Trust Ltd, the corporate trustee, complies with the non-affiliation requirements of the Occupational Pension Schemes (Charges and Governance) Regulations (Northern Ireland) 2015.
- 7.45 Service Level reviews with Scheme key service providers include their approach to conflicts of interest.
- 7.46 A review of the Trustee Conflicts of Interest Policy and Declaration of Interests is carried out at least annually. This is recorded in the Trustee meeting agendas and minutes and included as an annual review as item 11 in the Trustee Resource Planner.

### **Reporting Accountants' testing**

- 7.41 Inspection. Confirmed by inspection of the Conflicts of Interest Policy that it sets out the process for identifying, monitoring and managing conflicts of interest.
- 7.42 Inspection. Confirmed by inspection of a sample of Trustee meeting agendas and emails notifying the Trustees that they were received two weeks in advance, allowing them to identify conflicts of interest.
- 7.43 Inspection. Confirmed by inspection of a sample of Trustee meeting minutes that Declaration of Interests was a standard agenda item.
- Inspection. Confirmed by inspection of a sample of Trustee Register of Interest forms that they were maintained and updated annually.
- 7.44 Inspection. Confirmed by inspection of the Chair's Annual Statement that Workers Pension Trust Ltd, the corporate Trustee, complied with the non-affiliation requirements of the Occupational Pension Schemes (Charges and Governance) Regulations (Northern Ireland) 2015.

- 7.45 Inspection. Confirmed by inspection of a sample of Service Level Agreements that they included their approach to conflicts of interest.
- 7.46 Inspection. Confirmed by inspection of a sample of Trustee meeting minutes that a review of the Trustee Conflicts of Interest Policy was reviewed annually. It also confirmed Declarations of Interests was a standard agenda item at each quarterly meeting.
- Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the Conflicts of Interest Policy was recorded as an annual event as item 11 on the Trustee Resource Planner.

**8. Trustee levels of knowledge and understanding are managed and maintained in accordance with an approved training and development plan. This plan is regularly reviewed and updated.**

- 8.47 The Trustee Directors self-assess their skills, knowledge and experience through a Training Needs Analysis Questionnaire, Skills Matrix and Board Evaluation Questionnaire which forms the basis of training provided by the Trustee's pension consultant, Mercer. Ad-hoc training is also included at Trustee meetings as and when required. A Trustee Training Plan is in place which details training to be conducted during the year.
- 8.48 All Trustees have completed the Pensions Regulator's online Trustee Toolkit.
- 8.49 Trustee training is recorded in individual training logs.
- 8.50 The current Trustee Training Plan is based on the Training Needs Analysis Questionnaire, Skills Matrix and Board Evaluation Questionnaire. The Training Plan is reviewed at least annually.
- 8.51 A pensions issues newsletter, compiled by the Scheme's pension consultant, is circulated to Trustees each month.
- 8.52 The Trustee Training Needs Analysis, Skills Matrix and Board Evaluation is recorded as an annual event as item 24 in the Trustee Resource Planner.

**Reporting Accountants' testing**

- 8.47 Inspection. Confirmed by inspection of the Training Needs Analysis Questionnaire, Skills Matrix and Board Evaluation Questionnaire that the Trustees self-assessed their skills, knowledge and experience which also formed the basis of training provided by the Trustee's pension consultant, Mercer.
- Inspection. Confirmed by inspection of the Trustee Training Plan that it was in place during the period, which detailed scheduled training.
- 8.48 Inspection. Confirmed by inspection of a sample of Trustees that they had completed the Pensions Regulator's Trustee Toolkit.
- 8.49 Inspection. Confirmed by inspection of a sample of Trustees that they recorded all training within individual training logs annually.
- 8.50 Inspection. Confirmed by inspection of the Training Needs Analysis Questionnaire, Skills Matrix and Board Evaluation Questionnaire that the Trustee Training Plan was based around these.
- Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the Training Plan was recorded as an annual event as item 24 in the Trustee Resource Planner.
- 8.51 Inspection. Confirmed by inspection of a sample of newsletters that they were compiled by the Scheme's pension consultant and were circulated to the Trustees monthly.

8.52 Inspection. Confirmed by inspection of the Trustee Resource Planner that the completion of the Trustee Training Needs Analysis, Skills Matrix and Board Evaluation was recorded as an annual event as item 24 on the Trustee Resource Planner.

**9. A business/resource plan is maintained, that sets out when scheme related activities are due to take place or be completed, and regularly reviewed to ensure that resources are available and allocated.**

9.53 The Trustee meets regularly to discuss key issues affecting the Scheme; this is documented in Trustee meeting agendas and minutes. There is a Scheme Secretary in place to assist with Scheme management.

9.54 The Trustee approves a Resource Planner prepared by the Scheme Secretary to schedule key operations throughout the year in order to allocate adequate resources to effectively govern the Scheme.

9.55 The Trustee reviews the Trustee Resource Planner each quarter. This is documented as item 91 in the Trustee Resource Planner.

**Reporting Accountants' testing**

9.53 Inspection. Confirmed by inspection of a sample of Trustee meeting agendas and minutes that the Trustee met regularly and discussed key issues affecting the Scheme and that there was a Scheme Secretary in place.

9.54 Inspection. Confirmed by inspection of Trustee meeting minutes that the Resource Planner was prepared by the Scheme Secretary and approved annually. It included a schedule of key operations ensuring there was adequate resources allocated to effectively govern the Scheme.

9.55 Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the Trustee Resource Planner was recorded as a quarterly event as item 91.

**10. Roles, responsibilities and duties of all trustees, advisers and service providers are documented and the performance and quality of their service is subject to regular documented reviews. The suitability of advisers and service providers is reviewed against criteria before appointment and this review is documented.**

10.56 The Trust Deed and Rules and the Articles of Association of Workers Pension Trust Ltd are the governing documents by which the Scheme is currently administered and managed. It also outlines the responsibilities of the Trustee and CF Ltd.

10.57 The Roles Agreement, introduced in 2019, outlines the responsibilities of the Trustee, Scheme Funder (CF Ltd) and the Scheme Strategist.

10.58 The Trustee maintains a Fitness and Propriety Policy which includes a Declaration of Fitness and Propriety, which is submitted annually to CF Ltd.

10.59 The SIP covers the responsibilities of the Trustee, Investment Adviser, Investment Manager, Administrator and Custodian.

10.60 The Scheme's Administration Manual identifies which areas of administration are handled by CF Ltd and the TPA.

10.61 Service Level Agreements with each key adviser/service provider details the duties and delegated responsibilities of the Trustee.

10.62 Reviews are conducted at least annually. A detailed documented review of the TPA and alternative administration options was conducted during Q1 2016 and the

recommendations of the review approved at the Trustee meeting during Q3 2016. A review of the TPA is due during 2021.

- 10.63 The Trustee receives annual internal control reports from the investment manager and the TPA, as well as quarterly administration governance reports from CF Ltd and the TPA.
- 10.64 The Trustee assesses and performs qualitative reviews of the performance of the pensions consultant and investment consultant.
- 10.65 There is an ISO Purchasing Procedure in place for the appointment of advisers and service providers.
- 10.66 There is an ISO Procedure for Appointing, Monitoring and Reviewing Service Providers and Advisers, effective January 2019, which confirms that the Trustee considers a market review of service providers every 3 to 5 years taking account of risks, practical difficulties and costs to members.

### **Reporting Accountants' testing**

- 10.56 Inspection. Confirmed by inspection of the Trust Deed and Rules and the Articles of Association of Workers Pension Trust Ltd that they were the governing documents by which the Scheme was administered and managed. It also outlined the responsibilities of the Trustee and CF Ltd.  
Inspection. Confirmed by inspection of the Roles Agreement, introduced in 2019, that it outlined the responsibilities of the Trustee, Funder (CF Ltd) and the Strategist.
- 10.57 Inspection. Confirmed by inspection of the Roles Agreement that it outlined the responsibilities of the Trustee, Scheme Funder (CF Ltd) and the Scheme Strategist.
- 10.58 Inspection. Confirmed by inspection of the Fitness and Propriety Policy that it included a Declaration of Fitness and Propriety, which was submitted annually to CF Ltd.
- 10.59 Inspection. Confirmed by inspection of the SIP that it covered the responsibilities of the Trustee, Investment Adviser, Investment Manager, Administrator and Custodian.
- 10.60 Inspection. Confirmed by inspection of the Scheme's Administration Manual that it identified which areas of administration were handled by CF Ltd and the TPA.
- 10.61 Inspection. Confirmed by inspection of a sample of Service Level Agreements that they provided details of duties and delegated responsibilities of the Trustee.
- 10.62 Inspection. Confirmed by inspection of the Trustee meeting minutes that a detailed review of the TPA and the alternative administration options was conducted during Q1 2016 and the recommendations of the review was approved at the Trustee meeting during Q3 2016.  
Enquiry. Confirmed by enquiry that a review of the TPA was due to happen during 2021.
- 10.63 Inspection. Confirmed by inspection of a sample of Quarterly Reports and Administration reports that the Trustees received annual internal control reports from the investment manager and the TPA.
- 10.64 Inspection. Confirmed by inspection of a sample of Trustee meeting minutes that the Trustee assessed and performed qualitative reviews of the performance of the pensions consultant and investment consultant.
- 10.65 Inspection. Confirmed by inspection of the ISO purchasing procedure that it was in place for the appointment of advisers and service providers.
- 10.66 Inspection. Confirmed by inspection of the ISO Procedure for Appointing, Monitoring and Reviewing Service Providers and Advisers that it confirmed that the Trustee



considered a market review of service providers every 3 to 5 years, taking account of risks, practical difficulties and costs to members.

**11. Discontinuance plans, which address how member assets or entitlements are safeguarded in the event of the Master Trust or any key service provider failing, defaulting or transferring ownership, are documented, approved and maintained.**

- 11.67 A Continuity Strategy has been produced by the Scheme Strategist and contains information on how the interests of members would be protected following a Triggering Event. The document has been approved by the Trustee, Scheme Strategist and Scheme Funder.
- 11.68 The Continuity Strategy sets out how members' benefits would be protected following a Triggering Event. Triggering Events include the withdrawal of the Scheme's authorisation, the loss of a Scheme Funder, the Scheme requires to be wound up or the scheme is at risk of failure.
- 11.69 Triggering Events are monitored through the risk register. The Governance Sub Committee reviews the Scheme risk register in detail at each quarterly board meeting. The Trustee reviews the key risks quarterly. This is in accordance with the Procedure for Monitoring and Reviewing the Risk Register.
- 11.70 A review of the Scheme's Continuity Strategy by the Trustee is recorded as an annual event as item 9 in the Trustee Resource Planner.

**Reporting Accountants' testing**

- 11.67 Inspection. Confirmed by inspection of the Continuity Strategy that it was produced by the Scheme Strategist and contained information on how the interests of members will be protected following a Triggering Event. The document was also approved by the Trustee, Scheme Strategist and Scheme Funder.
- 11.68 Inspection. Confirmed by inspection of the Continuity Strategy that it set out how members' benefits would be protected following a triggering event. These include the withdrawal of the scheme's authorisation, the loss of a scheme funder, the scheme required to be wound up or the scheme is at risk or failure.
- 11.69 Inspection. Confirmed by inspection of a sample of Governance Sub Committee meeting minutes that a review of the Scheme risk register was completed in accordance with the Procedure for Monitoring and Reviewing the Risk Register and that the risk register captures Triggering Events.
- 11.70 Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the Scheme's Continuity Strategy was recorded as an annual event as item 9 on the Trustee Resource Planner.

**12. A risk management framework is established to identify, evaluate and treat scheme risks. Risks are recorded in a risk register which is reviewed at least annually.**

- 12.71 A risk register is maintained which has been aligned to the Pensions Regulator's Code of Practice No.15: 'Authorisation and Supervision of Master Trusts'.
- 12.72 The Scheme has a wide range of internal controls covering operational, financial, investment, regulatory and compliance risks.
- 12.73 The Scheme has a risk register which identifies, evaluates and prioritises risks, including exposure to new and emerging risks and is reviewed by the Governance Sub-Committee and Trustee.

A Log of Changes details any risk rating changes, mitigation control changes, new risks, closed risks, refinement to the scope of a particular risk, changes to action plans driven by the risk register and any other key changes made.

- 12.74 The Trustee identifies the risks relating to the Scheme, assesses them by considering the probability and impact of their occurrence, and manages them by identifying suitable controls and counter measures to mitigate the risks.
- 12.75 The Governance Sub-Committee reviews the Scheme risk register in detail at each quarterly board meeting. The Trustee reviews the key risks quarterly. This is in accordance with the Procedure for Monitoring and Reviewing the Risk Register.
- 12.76 The structure and scope of the risk register is annually reviewed by the Trustee and is recorded as an annual event as item 29 in the Trustee Resource Planner.

### **Reporting Accountants' testing**

- 12.71 Inspection. Confirmed by inspection of the risk register that it was maintained and aligned to the Pensions Regulator's Code of Practice No.15: 'Authorisation and Supervision of Master Trusts'.
- 12.72 Inspection. Confirmed by inspection of the risk register that the Scheme had a wide range of internal controls covering operational, financial, investment, regulatory and compliance risks.
- 12.73 Inspection. Confirmed by inspection of a sample of Governance Sub-Committee meeting minutes that the risk register was reviewed.  
Inspection. Confirmed by inspection of the Scheme risk register that it identified, evaluated and prioritised risks, including exposure to new and emerging risks.  
Inspection. Confirmed by inspection of the Log of Changes that it detailed any risk rating changes, mitigation control changes, new risks, closed risks, refinement to the scope of a particular risk and changes to action plans driven by the risk register and any other key changes made.
- 12.74 Inspection. Confirmed by inspection of the risk register that the Trustee identified the risks relating to the Scheme, assessed them by considering the probability and impact of their occurrence, and managed them by identifying suitable controls and counter measures mitigating the risks.
- 12.75 Inspection. Confirmed by inspection of a sample of Governance Sub-Committee meeting minutes that a review of the risk register took place quarterly in accordance with the Procedure for Monitoring and Reviewing the Risk Register.
- 12.76 Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the structure and scope of the register was recorded as an annual event as item 29 on the Trustee Resource Planner.

## **ADMINISTRATION**

### **Core financial transactions**

#### **13. Core financial transactions are processed promptly and accurately.**

- 13.77 The Trustee monitors quarterly the performance of core transactions of CF Ltd, the TPA and the investment manager responsible for the administration of the Scheme. In addition, regular teleconferences are held as required and an action log is in place with the TPA.
- 13.78 For default disinvestments, the administration system processes financial transactions automatically and securely and calculates accurate investments.

- 13.79 The administrators' governance reports and service level agreements (SLAs) review whether financial transactions are processed promptly and accurately in accordance with the agreements for investment of contributions, transfers of assets relating to members into and out of the Scheme, transfers of assets relating to members between different investments within the Scheme (i.e. investment switches), and payments from the Scheme to, or in respect of, members.
- 13.80 Reconciliations of data are carried out against all members' transactions and investments.
- 13.81 A detailed Administration Manual is in place which is reviewed annually. Both administrators are accredited to the ISO 9001:2015 standard for quality management systems. Adequate checking and peer reviews are incorporated into procedures.
- 13.82 The TPA's AAF 01/06 internal controls reports are received and reviewed annually, which is recorded as an annual event as item 64 in the Trustee Resource Planner.  
In order to meet the administration requirements of Master Trusts, a new AAF 02/07 internal controls reports was introduced. The TPA compiled a Type 1 AAF 02/07 Report as at 31 July 2019, with the Type 2 report expected in Q3 2020.
- 13.83 There are TPA 'target days for completion' and 'percentage completed within target' statistics which are reported in the quarterly administrator report received from the TPA.
- 13.84 A report on external auditor findings arising from the annual audit of the Scheme Annual Report and Accounts is received by the Trustee.
- 13.85 The administrators' governance reports are recorded as a quarterly event as item 69 in the Trustee Resource Planner.  
The review of the Administration Manual is recorded as an annual event as item 14 in the CFL Annual Planner.
- 13.86 A review of the Scheme's Annual Report and Accounts is recorded as item 4 in the Trustee Resource Planner.  
A review of the ISO 9001:2015 audit report and actions is recorded as an annual event as item 19 in the CFL Annual Planner.

### **Reporting Accountants' testing**

- 13.77 Inspection. Confirmed by inspection of a sample of Trustee quarterly reports that the Trustee monitor the performance of core transactions of CF Ltd, the TPA and the investment manager who are responsible for the administration of the Scheme.  
Inspection. Confirmed by inspection for a sample of notes to teleconferences that they were held as required and an action log was in place with the TPA.
- 13.78 Inspection. Confirmed by inspection of a sample of members' contributions that for default disinvestments, the administration system processed financial transactions automatically, and securely calculated accurate investments.
- 13.79 Inspection. Confirmed by inspection of a sample of TPA Administration reports and SLAs that the Trustee reviewed whether financial transactions were processed promptly and accurately, in accordance with the agreements for investment of contributions, transfers of assets relating to members into and out of the Scheme, transfer of assets relating to members between different investments within the Scheme, and payments from the Scheme to, or in respect of, members.
- 13.80 Inspection. Confirmed by inspection of the Common and Conditional Data Quality certificates and reconciliations that they are carried out against all member transactions and investments.

- 13.81 Inspection. Confirmed by inspection of the Administration Manual that it was reviewed annually.  
Inspection. Confirmed by inspection of both administrators ISO 9001:2015 certification that they were accredited for quality management systems and adequate checking, and peer reviews were incorporated into procedures.
- 13.82 Inspection. Confirmed by inspection of the Trustee Resource Planner that the TPA's AAF 01/06 internal controls reports were received and reviewed annually. This was recorded as an annual event as item 64 on the Trustee Resource Planner.  
Inspection. Confirmed by inspection of the TPA AAF 02/07 report that it was produced to meet the administration requirements of Master Trusts.
- 13.83 Inspection. Confirmed by inspection of the TPA Quarterly Administration Reports that they included TPA 'target days for completion' and 'percentage completed within target' statistics.
- 13.84 Inspection. Confirmed by inspection of the Trustee meeting minutes that a report on external auditor findings arising from the audit of the Scheme Annual Report and Accounts was received and reviewed by the Trustee.
- 13.85 Inspection. Confirmed by inspection of the Trustee Resource Planner that the creation of administrators' governance reports was recorded as a quarterly event as item 69 on the Trustee Resource Planner.  
Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the TPA's AAF 01/06 internal controls report and the Administration Manual were recorded as annual events as items 64 and 14 on the Trustee Resource Planner.
- 13.86 Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the Scheme's Annual Report and Accounts was recorded as an annual event as item 4 on the Trustee Resource Planner.  
Inspection. Confirmed by inspection of the CFL Annual Planner that a review of the ISO 9001:2015 audit report and actions was recorded as an annual event as item 19 on the CFL Annual Planner.

**14. Contributions are invested and allocated in accordance with member instructions or the requirements of the default arrangement.**

- 14.87 At the TPA, contribution information is received from CF Ltd and member records are reconciled to investments made. The routines within the administration system automatically allocate units to members, after each trade, based on the unit prices effective for the trade.
- 14.88 The administration system records members' benefits correctly, including identifiers, contributions, investments, payments and transfers.
- 14.89 The administration system records member contributions, reports are able to be generated on historic contributions, including each pay period, the amount, when it was received and invested, how it was invested and unitisation.
- 14.90 The TPA provides management information on a quarterly basis. CF Ltd provides management information on a monthly basis.
- 14.91 A review of the investment of contributions is included in the TPA's reports and is recorded as a quarterly event as item 69 in the Trustee Resource Planner.
- 14.92 Any payments in and out of the master trust are to be made electronically by default and any manual payments are made by exception.
- 14.93 The administration system transfers data and monies from and to employers, the third party administration system and the investment manager.

- 14.94 For default and member switch investments, the administration system processes financial transactions automatically and securely, and calculates accurate investments.

### **Reporting Accountants' testing**

- 14.87 Inspection. Confirmed by inspection of a sample of member contributions that contribution information was received from CF Ltd and the member records were reconciled to investments made. It confirmed the routines within the administration system automatically allocated units to members, after each trade, based on the unit prices effective for the trade.  
Inspection. Confirmed by inspection of the administration manual that it outlines the process for the investment of contributions.
- 14.88 Inspection. Confirmed by inspection of a sample of member benefits that the administration system recorded members' benefits correctly, including identifiers, contributions, investments, payments and transfers.
- 14.89 Inspection. Confirmed by inspection of a sample of member historic contributions that reports were able to be generated, including each pay period, the amount, when it was received and invested, how it was invested and unitised.
- 14.90 Inspection. Confirmed by inspection of a sample of the TPA Quarterly Administration Reports that management information was provided.  
Inspection. Confirmed by inspection of a sample of monthly management information spreadsheets that CF Ltd provides management information monthly.
- 14.91 Inspection. Confirmed by inspection of a sample of Administration Reports that a review of the investment of contributions was included.  
Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the investment of contributions was recorded as a quarterly event as item 69 in the Trustee Resource Planner.
- 14.92 Inspection. Confirmed by inspection of a sample of payments in and out that they were made electronically by default and any manual payments were made by exception.
- 14.93 Inspection. Confirmed by inspection of the administration system that the system transfers data and monies from and to employers, the third party administration system and the investment manager.
- 14.94 Inspection. Confirmed by inspection of a sample of default and member switch investments that the administration system processed financial transactions automatically and securely and calculated accurate investments.

### **15. Transaction errors are identified and rectified.**

- 15.95 The TPA provides CF Ltd and the Trustee with details of transaction errors and how they are being corrected promptly. At the TPA, a central register of complaints, errors and omissions is maintained and regularly reviewed.
- 15.96 There is a process for rectifying any errors identified.
- 15.97 At the TPA, controls over transaction errors and rectification are tested and reported in the TPA's AAF 01/06 internal controls report, which includes assurance testing of the controls concerning the rectification of transaction errors.
- 15.98 A review of error handling is included in the TPA's quarterly administration reports and is recorded as a standard item in the quarterly Trustee report.

- 15.99 A review of the TPA's AAF 01/06 internal controls report is recorded as an annual event as item 64 in the Trustee Resource Planner.

### **Reporting Accountants' testing**

- 15.95 Inspection. Confirmed by inspection of the TPA Administration Reports for 1 February 2019 to 30 April 2019, 1 May 2019 to 31 July 2019, 1 August 2019 to 31 October 2019 and 1 November 2019 to 31 December 2019 that each report has a specific compliance section that records 1) Complaints and dissatisfactions, 2) Disclosure breaches and, 3) Errors & Omissions.

Inspection. Confirmed by the inspection that the TPA has a central register of complaints, errors and omissions.

#### ***Exception noted***

Inspection. Confirmed by inspection for a sample of five 'Errors & Omissions' that four were not recorded in the TPA's central register of complaints, errors and omissions.

Inspection. Confirmed by inspection of a sample of one 'Error & Omission' item which was recorded on the TPA's central register of complaints, errors and omissions during the period but was not reported to CF Ltd and the Trustee in the Administrations Reports.

#### ***Management response***

The exceptions arose during a period of integration of the JLT and Mercer 'complaints, errors and omissions' management processes. The TPA was fully aware of the five 'Errors & Omissions'. Details were recorded on the local TPA network files, which were reviewed and included in the Administration Reports to the Scheme. The items were reviewed, and the errors were rectified. However, four of the five items were not recorded on the TPA's central register of complaints, errors and omissions as expected. The TPA has retrospectively logged the errors and omissions on the central register.

One 'Error & Omission' item had been correctly recorded on the TPA's central register of complaints, errors and omissions during the period. The matter had been discussed with CF Ltd and rectified. However, this was not included in the Administration Report to the Scheme during the period.

The TPA has since issued reminders to the administration team on the correct process to follow when errors and omissions are identified. As of now (September 2020), the TPA records all errors and omissions on TPA's central register of complaints, errors and omissions and these items are included in the Administration Reports to the Scheme. The central register of complaints, errors and omissions is updated whenever the TPA becomes aware of an issue. To ensure this is being adhered to the TPA has put a checking process in place. A monthly audit on the central register of complaints, errors and omissions versus the complaints recorded on the TPA's workflow system and Administration Reports is completed. This ensures that all items are logged and up to date when producing the Administration Reports for the Scheme.

- 15.96 Inspection. Confirmed by inspection of the error rectification process that it was in place to identify errors.
- 15.97 Inspection. Confirmed by inspection of the TPA's AAF 01/06 internal controls report that it included assurance testing of the controls concerning the rectification of transaction errors.
- 15.98 Inspection. Confirmed by inspection of a sample of TPA quarterly administration reports that a review of error handling was included as a standard item.

15.99 Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the TPA's AAF 01/06 internal controls report was recorded as an annual event as item 64 in the Trustee Resource Planner.

**16. Cash is safeguarded and all payments are suitably authorised and controlled.**

16.100 The TPA has a documented set of controls for the authorisation of payments which are tested and reported in the TPA's AAF 01/06 internal controls report.

16.101 Key controls of the TPA are:

- the Scheme bank accounts are reviewed daily for accuracy and completeness;
- instructions are checked, authorised and released by appropriate staff. A payment can only be authorised and released by someone other than the person who has requested the payment;
- Scheme expenses are only paid if they have been suitably authorised;
- staff who administer the Scheme have sufficient skills, experience and qualifications required to the size of the Scheme; and
- there is a formal policy / programme for staff training.

16.102 There is a process to demonstrate how bank reconciliations are completed and by whom. Bank reconciliations are completed on a monthly basis.

16.104 Agreed governance and reporting operating terms between the TPA and CF Ltd provide governance and management information quarterly and annually on bank transactions.

16.105 A review of bank transactions is included in the administrators' governance reports and is recorded as a quarterly event as item 69 in the Trustee Resource Planner.

16.106 A review of the TPA's AAF 01/06 internal controls report is recorded as an annual event as item 64 in the Trustee Resource Planner.

**Reporting Accountants' testing**

16.100 Inspection. Confirmed by inspection of the TPA's AAF 01/06 internal controls report that it had a documented set of controls for the authorisation of payments which were tested and reported.

16.101 Inspection. Confirmed by inspection of supporting documentation that the Scheme bank accounts are reviewed daily for accuracy and completeness; instructions are checked, authorised and released by appropriate staff; a payment can only be authorised and released by someone other than the person who has requested the payment; Scheme expenses are only paid if they have been suitably authorised; staff who administer the Scheme have sufficient skills, experience and qualifications required to the size of the Scheme.

16.102 Inspection. Confirmed by inspection of the bank reconciliation process that it demonstrated how they were completed and by who.

Inspection. Confirmed by inspection of a sample of bank reconciliations that they were completed on a monthly basis.

16.104 Inspection. Confirmed by inspection of a sample of administration reports and Trustee quarterly reports, that agreed governance and reporting operating terms between the TPA and CF Ltd provided governance and management information quarterly and annually on bank transactions.

16.105 Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the administrators' governance reports was recorded as a quarterly event as item 69 in the Trustee Resource Planner.

- 16.106 Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the TPA's AAF 01/06 internal controls report was recorded as an annual event as item 64 in the Trustee Resource Planner.

**17. Late and inaccurate contributions are pursued and resolved.**

- 17.107 Employers are provided with clear guidance on auto-enrolment, their obligation to remit contributions within the required timescales and the online web portal system. The Employer Application Form includes a Deed of Adherence outlining the employer's duties. Employers are supported by way of a telephone helpline, website and visits from the Scheme's pensions team.
- 17.108 CF Ltd works on a monthly basis for contribution monitoring and notifies all employers of contributions due for that month, at least within the last week of the month of contribution. During the two week period for all employers to upload the contributions into the Scheme web portal, reminder emails are sent by CF Ltd to employers who are identified as still having outstanding contributions.
- 17.109 Direct debits are collected by the 13th day of the following month and sent to the TPA for investment by the 19th day of the following month. CF Ltd reviews late payers and aged debtors in accordance with the Scheme procedures. Details of late or inaccurate contribution payments are made to the Trustee quarterly as part of CF Ltd's governance report.
- 17.110 There is a separate set procedure for 'shell accounts' from employers who have initially joined the Scheme and have not provided member data. These are reported separately by CF Ltd to the Pensions Regulator's Compliance and Enforcement team.
- 17.111 A review of late and/or inaccurate contributions is included in CF Ltd's governance report and a report is made quarterly to the Trustee. Shell accounts are reported quarterly to the Trustee. A formal review of procedures for late/inaccurate payments and shell accounts is completed annually and is recorded in the Trustee Resource Planner.

**Reporting Accountants' testing**

- 17.107 Inspection. Confirmed by inspection of communications that employers were provided with clear guidance on auto-enrolment, their obligation to remit contributions within the required timescales and the online web portal system.
- Inspection. Confirmed by inspection of the Employer Application Form that it included a Deed of Adherence outlining the employer's duties.
- Inspection. Confirmed by inspection that employers were supported by way of telephone helpline and website.
- 17.108 Inspection. Confirmed by inspection of a sample of monthly contribution reminders that CF Ltd notified all employers of contributions due for that month at least within the last week of the month of contribution, and during the two week period for all employers to upload into the Scheme web portal. Reminder emails were sent by CF Ltd to employers who were identified as still having outstanding contributions.
- 17.109 Inspection. Confirmed by inspection of a sample of direct debits that they were collected by the 13th day of the following month and sent to the TPA for investment by the 19th day of the following month.
- Inspection. Confirmed by inspection of a sample of Trustee Quarterly reports that CF Ltd reviewed any late payers and aged debtors in accordance with the Scheme procedures, and detailed late or inaccurate contribution payments.
- 17.110 Inspection. Confirmed by inspection of the separate set procedure for 'shell accounts' from employers who had initially joined the Scheme and had not provided member



data. These were reported separately by CF Ltd to the Pension Regulator's Compliance and Enforcement team.

17.111 Inspection. Confirmed by inspection of a sample of Trustee Quarterly Reports that a review of late and/or inaccurate contributions was included along with shell accounts being reported.

Inspection. Confirmed by inspection of the Trustee Resource Planner that a formal review of procedures of late/inaccurate payments and shell accounts were recorded as annual events.

## Business and disaster recovery

### 18. Data and systems are backed up regularly, retained offsite and regularly tested for recoverability. Business and information systems recovery plans are documented, approved, tested and maintained.

18.112 Member records are held by the TPA with data and IT backups maintained as part of the TPA's data and system policies and practices. These include review of daily backups by the TPA, and a business continuity program identifying and testing critical business functions. The TPA records are backed up to a secure data centre. At the TPA a documented escalation and communication process is in place for use during a continuity incident.

18.113 CF Ltd's data is backed up and secured at a separate data centre.

18.114 CF Ltd maintains an approved Business Continuity Plan (BCP) which is reviewed annually. The Disaster Recovery Plan has roles assigned, and testing takes place every six to twelve months, including risks being managed, and the results of the testing are reported to the Trustee. The TPA has a Statement of Recoverability issued to clients on request confirming that it has a formal Recoverability Policy, which is rigorously implemented and audited.

18.115 Data movements between the TPA and CF Ltd are performed by secure data transfer.

18.116 A review of CF Ltd's BCP and test report are recorded as an annual event as item 47 in the Trustee Resource Planner.

A review of CEF's BCP and test report are recorded as an annual event as item 48 in the Trustee Resource Planner.

### Reporting Accountants' testing

18.112 Inspection. Confirmed by inspection of a sample of backup policy schedules that backups were carried out daily and they were retained for a set period of time and held at a secure data centre.

Inspection. Confirmed by inspection of the TPA Server Weekly Backup status that daily backups were reviewed by the TPA.

Inspection. Confirmed by inspection of the business continuity program that it identified and tested critical business functions.

Inspection. Confirmed by inspection of the TPA Statement of Recoverability that a documented escalation and communication process is in place for use during a continuity incident.

18.113 Inspection. Confirmed by inspection of a sample of backups that CF Ltd data was backed up at a secure separate data centre.

18.114 Inspection. Confirmed by inspection of a sample of Trustee meeting minutes that the Business Continuity Plan (BCP) was reviewed and approved annually.

Inspection. Confirmed by inspection of the Disaster Recovery Plan that it had roles assigned and testing took place every six to twelve months, including risks being managed, and the results of the testing were reported to the Trustee.

Inspection. Confirmed by inspection of the TPA Statement of Recoverability that it was issued to clients on request confirming that it had a formal Recoverability Policy, which was rigorously implemented and audited.

18.115 Inspection. Confirmed by inspection of a sample of data movements between the TPA and CF Ltd that they were performed by secure data transfer.

18.116 Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of CF Ltd's BCP and test report, and CEF's BCP and test reported were recorded as annual events as items 47 and 48 in the Trustee Resource Planner.

## **19. The capacity of an administration system to take on new business is assessed, approved and regularly monitored.**

19.117 Capacity for new growth of employer and member numbers is reviewed quarterly by the Trustee. A review is carried out quarterly by CF Ltd's IT manager with data managers, Equiniti, to review capacity, current volumes and forecast growth over the next quarter and beyond to ensure smooth take-on of new business. Minutes of meetings are maintained and reported quarterly to the Trustee.

19.118 CF Ltd reviews call handling on a monthly basis.

19.119 The TPA, CFL and Equiniti provides systems and processes adequacy statements to the Trustee. These statements confirmed that there is adequate capacity and resources in place. These statements are appended to Trustee reports at least twice a year. If there are any material changes to systems, people or requirements with a perceived increased risk of failure, these would be reported to the Trustee quarterly.

19.120 Quarterly systems and processes adequacy statements were provided to the Trustee by the TPA, CF Ltd and Equiniti during 2019. The statements confirmed that there is adequate capacity and resources in place and were appended to Trustee quarterly reports.

Trustee quarterly reports are recorded as a quarterly event as item 70 in the Trustee Resource Planner.

It was agreed by the Trustee in February 2020 that these statement updates could henceforth be provided twice yearly with the option to revert to quarterly updates if deemed necessary.

### **Reporting Accountants' testing**

19.117 Inspection. Confirmed by inspection of a sample of Trustee Quarterly Reports that the Trustees reviewed capacity for new growth of employer and member numbers quarterly and the review was completed by CF Ltd's IT manager, with data managers Equiniti reviewing capacity, currently volumes and forecast growth.

Inspection. Confirmed by inspection of a sample of IT management meeting minutes that they were maintained and presented to the Trustees quarterly.

19.118 Inspection. Confirmed by inspection of the call handling statistics log that CF Ltd reviewed the statistics monthly.

19.119 Inspection. Confirmed by inspection of the TPA, CFL and Equiniti 'systems and processes' updates were provided to the Trustee and these statements confirmed there was adequate capacity and resources in place.

Inspection. Confirmed by inspection of the Trustee meeting minutes that the statements were appended at least twice a year and any material changes to

systems, people or requirements with a perceived increase risk of failure were reported quarterly.

19.120 Inspection. Confirmed by inspection of the TPA, CF Ltd and Equiniti 'systems and processes' statements that they were provided to the Trustee during 2019 and they confirmed there was adequate capacity and resources in place and were appended to Trustee quarterly reports.

Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the Trustee reports was recorded as a quarterly event as item 70 in the Trustee Resource Planner.

Inspection. Confirmed by inspection of the Trustee meeting minutes that the Trustees agreed updates could henceforth be provided twice yearly with the option to be reviewed quarterly if deemed necessary.

## **20. New business take-ons are properly established in accordance with Master Trust rules and contractual arrangements.**

20.121 The Scheme is a multi-employer workplace pension scheme specifically tailored to deal with auto-enrolment pensions and is available to all employers from any sector.

20.122 The Scheme's Trust Deed and Rules are the governing documents by which the Scheme is currently administered and managed. Employers wishing to participate in the Scheme are admitted in accordance with these rules.

20.123 Contractual arrangements are made between the Trustee and the participating employer with responsibilities of each party clearly defined within the Employer Declaration.

20.124 Information about the Scheme set up, investments and costs are publicly available online at [www.workerspensiontrust.co.uk](http://www.workerspensiontrust.co.uk) using the (1) Employers (2) Members (3) Advisers sections.

20.125 Reports on new take-ons are provided to the Trustee for review quarterly and include a declaration that the Scheme is administered in accordance with the Scheme rules, with the TPA report containing a compliance statement that the Scheme is administered in accordance with key relevant legislation.

20.126 A review of the process for managing new business take-ons is completed by the Business Operations Manager and IT Manager annually, the Trustee is notified of any significant changes by CF Ltd.

### **Reporting Accountants' testing**

20.121 Inspection. Confirmed by inspection of the Employer portal that the Scheme is a multi-employer workplace pension scheme specifically tailored to deal with auto-enrolment pensions and was available to all employers for any sector.

20.122 Inspection. Confirmed by inspection of the Scheme's Trust Deed and Rules that they were the governing documents by which the Scheme was currently administered and managed and employers wishing to participate in the Scheme were admitted in accordance with the rules.

20.123 Inspection. Confirmed by inspection of a sample of new employers that contractual arrangements were made between the Trustee and the participating employer outlining responsibilities.

20.124 Inspection. Confirmed by inspection of the WPT website that information about the Scheme set up, investments and costs were publicly available.

20.125 Inspection. Confirmed by inspection of a sample of Trustee Quarterly Reports and TPA Quarterly Administration Reports that new take-on information is provided to the Trustee quarterly. It included a declaration that the Scheme was administered in

accordance with the Scheme rules and a compliance statement that the Scheme was administered in accordance with key relevant legislation.

- 20.126 Inspection. Confirmed by inspection of the change request form that the process for managing new business take-ons was completed annually by the Business Operations Manager and IT Manager and there were no significant changes which occurred to notify the Trustees.

## Data quality and security

### 21. Member data is complete and accurate and is subject to regular data evaluation.

- 21.127 Member data is updated daily through instructions received by CF Ltd from members and/or from information received via the online portal from participating employers. Postcode verification software is in place. In addition, data checks are made when post is returned with an unknown address for a member.
- 21.128 All data for new members is verified at the point of entry onto the web portal, applying the web portal built-in address checking software. All changes to member data on the web portal are checked for accuracy monthly prior to transmission to the TPA.
- 21.129 Formal data validation exercises are carried out by the TPA; every year for common data and every three years for scheme specific data. The common data exercise last took place in Q4 of 2019 and a data verification exercise for scheme specific data is scheduled in Q3 of 2020. The Trustee assesses the results of each data verification exercise at the next Trustee meeting following the publication of the data report.
- 21.130 Data validation reviews are recorded in the Trustee Resource Planner; for common data, as an annual event as item 41 and for scheme specific data, a three yearly event as item 43.

### Reporting Accountants' testing

- 21.127 Inspection. Confirmed by inspection of the employer portal that member data was updated daily upon receipt of instructions received by CF Ltd from members or within the online portal from participating employers.
- Inspection. Confirmed by inspection of the postcode verification software that it was in place and additional data checks were made when post was returned with an unknown address for a member.
- 21.128 Inspection. Confirmed by inspection of the postcode verification software that all data for members was verified at the point of entry onto the web portal, and all member data was checked for accuracy monthly against all changes made through the web portal.
- 21.129 Inspection. Confirmed by inspection of the TPA Common Data Quality Certificate, that the Scheme achieved a score of 97% whilst also receiving any recommendations to achieve 100%.
- Inspection. Confirmed by inspection of the Trustee meeting minutes that the Trustee assessed the results of the data verification exercise.
- 21.130 Inspection. Confirmed by inspection of the Trustee Resource Planner that data validation reviews for common data was recorded as an annual event as item 41 and for scheme specific data was recorded as a three-yearly event as item 43.

**22. Monitoring of operations implemented to support the security of data transmissions and measures implemented to mitigate the threat of malicious electronic attack are regularly reviewed and documented.**

- 22.131 Encryption is used as required by CF Ltd and the TPA to protect the contents of files being transmitted via email. All email traffic between CF Ltd to the TPA, and from the TPA to CF Ltd is automatically encrypted.
- 22.132 At CF Ltd and the TPA offices (1) external links, including via the internet, to the internal systems are routed through firewalls, and all external mail is virus scanned; (2) anti-virus software is installed on servers and workstations. The anti-virus software and updates are set to run automatically and PCs are reviewed to ensure there are no exceptions and (3) security patches are applied to servers and workstations in accordance with established risk/priority based timescales.
- 22.133 Both CF Ltd and the TPA have an Intrusion Detection System (IDS) deployed to counter the threat from malicious activities. Staff at CF Ltd and the TPA receive Data Protection training at least annually.
- 22.134 The IT Manager for CF Ltd is responsible for providing a data quality and security report to the Trustee, at least annually, which sets out a review of the internal security procedures and processes.
- 22.135 The Trustee engages Equiniti to carry out cybercrime security testing on an annual basis.
- 22.136 A review of the Information Security Policy is recorded as an annual event as item 46 in the Trustee Resource Planner.
- Cyber security mapping is recorded as an annual event as item 29 in the CFL Annual Planner.

**Reporting Accountants' testing**

- 22.131 Inspection. Confirmed by inspection of Mimecast documentation that encryption was used as required by CF Ltd and the TPA, protecting the content of files being transmitted via email and all email traffic between CF Ltd to the TPA, and content from the TPA to CF Ltd was automatically encrypted.
- Inspection. Confirmed by inspection that at CF Ltd there were firewalls in place provided by a third party and inspection of Mimecast showed that all external emails were scanned.
- Inspection. Confirmed by inspection that at CF Ltd anti-virus software was installed and set to run automatically and PCs were reviewed to ensure there were no exceptions, and security patches were applied to servers and workstations in accordance with established risk/priority based timescales.
- Inspection. Confirmed by of the Firewall Model at the TPA offices that internal systems were routed through firewalls.
- Inspection. Confirmed by inspection that at the TPA offices though the use of McAfee, all external emails are scanned and anti-virus software was installed on servers and workstations, and updates were set to run automatically.
- 22.133 Inspection. Confirmed by inspection of a sample of staff at CF Ltd that they received Data Protection training annually.
- Inspection. Confirmed by inspection of Intrusion Detection System (IDS) that CF Ltd had an IDS deployed countering the threat from malicious activities.
- Inspection. Confirmed by inspection of a sample of staff at the TPA that they received Data Protection training annually.
- Inspection. Confirmed by inspection of FireEye that the TPA had an Intrusion Detection System deployed countering the threat from malicious activities.

- 22.134 Inspection. Confirmed by inspection of the Trustee meeting minutes and Trustee Quarterly reports that the IT Manager for CF Ltd provided a data quality and security report to the Trustee annually, which sets out a review of the internal security procedures and processes.
- 22.135 Inspection. Confirmed by inspection of the security testing certificate for Equiniti Services that it was performed annually.
- 22.136 Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the Information Security Policy and cyber security mapping were recorded as annual events, as items 46 and 29 on the Trustee Resource Planner.

**23. Physical and logical access to computer systems, and member and Master Trust records and data, is restricted to authorised persons.**

- 23.137 Access to computer systems and member data is restricted to authorised persons at CF Ltd and the TPA. Access to all network and applications systems, programs and data is restricted and controlled by a combination of usernames and passwords. Automated network controls force users to change their complex passwords at predetermined intervals.
- 23.138 All electronic data is held on servers in a secure, locked room with only authorised members of the TPA's IT team having key access.
- 23.139 Functional groups of users are maintained, each with appropriate levels of access permissions based upon their job function. To access server and network devices from remote locations, a secure connection to CF Ltd's firewall using a network logon account is required, as well as having remote access enabled by CF Ltd's IT Manager. This is all controlled using Windows Active Directory.
- 23.140 At CF Ltd and the TPA, passwords are set to expire frequently and users are prompted to change them.
- 23.141 At the TPA all production servers, network equipment (firewalls, routers, switches), and backup media are located in the primary and secondary data centres or server rooms, which are kept locked. Access is granted to authorised individuals only. Access to all network and applications systems, programs, and data is restricted and controlled by a combination of usernames and passwords.

**Reporting Accountants' testing**

- 23.137 Inspection. Confirmed by inspection of the password policy at CF Ltd that complexity requirements were in place and a combination of usernames and passwords were required to access all network and application systems.  
 Inspection. Confirmed by inspection of the password policy at the TPA that complexity requirements were in place and a combination of usernames and passwords were required to access all network and application systems.  
 Inspection. Confirmed by inspection of the TPA working data centre access that access to the server room holding member data was restricted to authorised persons.  
 Inspection. Confirmed by inspection of the TPA G Drives that access was restricted dependent on the offices that the team worked in.
- 23.138 Inspection. Confirmed by inspection of the CF Ltd offices that all data was held securely within the server room and locked server cabinets with access limited to authorised members.  
 Inspection. Confirmed by inspection for the TPA's IT team of the working data centre access that all electronic data was held on servers in a secure, locked room with access limited to authorised members.

- 23.139 Inspection. Confirmed by inspection of access levels that functional groups of users were maintained, each with appropriate levels of access permissions based on their job function.  
Observation. Confirmed by observation of access to the server that a secure connection to CF Ltd's firewall using a network logon account was required.
- 23.140 Inspection. Confirmed by inspection of the CF Ltd password policy that passwords were set to expire every 90 days and users were prompted to change them.  
Inspection. Confirmed by inspection of the TPA password policy that passwords were set to expire every 90 days and users were prompted to change them.
- 23.141 Inspection. Confirmed by inspection of the Working Data Centre Access that no staff have permanent access to the site and are required to request access when required and the data centre held all production servers, network equipment and backup media.  
Inspection. Confirmed by inspection of the password policy at the TPA that complexity requirements were in place and a combination of usernames and passwords were required to access all network and application systems.

**24. IT equipment is maintained in a controlled environment and the maintenance and development of systems, applications and software is authorised, tested, approved and implemented.**

- 24.142 The CF Ltd data centre and the TPA's IT environments are continuously monitored for temperature, humidity, flooding and fire hazards.
- 24.143 Business requirements for the administration system at the TPA are analysed, documented and agreed to by user management. Development environments are logically separate from production environments. Library management software is used to maintain control over software versions. Code changes and new system developments are unit tested by the developers in the test environment. User acceptance testing is performed by the services team on behalf of the business users. The final business users of the systems review user acceptance testing (UAT) and approve the migration of programs to the production environment upon completion of UAT. Software is deployed to the live environment by authorised personnel in line with change management procedures.
- 24.144 The system is able to be updated with a robust methodology for releasing changes to the systems, along with a portfolio of ongoing change.
- 24.145 Scheduled and known changes follow an IT process, changes to the system include annual updates and changes in tax thresholds.
- 24.146 Changes are only deployed to the live environment with relevant sign-offs.
- 24.147 At the TPA, controls over the maintenance and development of systems, applications and software are reported in the TPA's AAF 01/06 internal controls report, which is reviewed annually.
- 24.148 A review of the TPA's AAF 01/06 internal controls report is recorded as an annual event as item 64 in the Trustee Resource Planner.

**Reporting Accountants' testing**

- 24.142 Inspection. Confirmed by inspection of the CF Ltd ISO 27001:2013 certification that the IT environments were continuously monitored for temperature, humidity, flooding and fire hazards.

- Inspection. Confirmed by inspection of the TPA Data Centre Datasheet document that the IT environments were continuously monitored for temperature, humidity, flooding and fire hazards.
- 24.143 Inspection. Confirmed by inspection of the Software and Professional Services Agreements that it included the process for change control which is required to be followed.
- Inspection. Confirmed by inspection of the Change Control Notice that business requirements for the administration system at the TPA were analysed, documented and agreed to by user managements. This shows that development environments were logically separate from production environments and unit tested by the developers in the test environment.
- Inspection. Confirmed by inspection of the Change approval process that it was performed by the services team on behalf of the business users and the software was then deployed to the live environment by authorised personnel in line with the change management procedure.
- 24.144 Inspection. Confirmed by inspection of IT documentation that the system was able to be updated with a robust methodology for releasing changes to the systems, along with a portfolio of ongoing change.
- 24.145 Inspection. Confirmed by inspection of the change control notice that scheduled and known changes followed an IT process, changes to the system included annual updates and changes in tax thresholds.
- 24.146 Inspection. Confirmed by inspection of the change control notice document that changes were only deployed to the live environment with relevant sign-offs.
- 24.147 Inspection. Confirmed by inspection of the TPA AAF 01/06 internal controls report that there were controls in place over the maintenance and development of systems, applications and software, which was reviewed annually.
- 24.148 Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the TPA's AAF 01/06 internal control report was recorded as an annual event as item 64 in the Trustee Resource Planner.

## COMMUNICATION AND REPORTING

### **25. Retirements are managed in accordance with a documented process which is regularly reviewed and approved.**

- 25.149 The Scheme's definitive Trust Deed and Rules and subsequent Deeds of Amendment are the governing documents by which retirements are managed. They include provisions for the payment of benefits, transfer to another scheme or providing cash payments.
- 25.150 The retirement process is documented as part of the Administration Manual. A review of the Retirement Process is carried out regularly by the Scheme and TPA.
- 25.151 This process is part of a documented procedure ISO 9001:2015 performed by CF Ltd and is reviewed and audited regularly as part of the ISO certification and procedures.
- 25.152 In order to continually improve the communications and outcomes for retirement, employer feedback is obtained and published. The Scheme encourages member feedback through its welcome pack for new entrants, website contact form, email, call enquiries and member survey issued to retiring members, which helps monitor the effectiveness of communications at retirement.
- 25.153 A documented process for retirements is included in the WPT Administration Manual, which is reviewed as an annual event as item 14 in the CFL Annual Planner.



A review of standard letters and forms is included in the Communication Policy & Plan.

### **Reporting Accountants' testing**

- 25.149 Inspection. Confirmed by inspection of the Scheme's Trust Deed and Rules and subsequent Deeds of Amendment were the governing documents by which retirements were managed. They included provisions for the payment of benefits, transfer to another scheme or providing cash payments.
- 25.150 Inspection. Confirmed by inspection of the Administration manual that it included the retirement process.  
Enquiry. Confirmed by enquiry with the Business Operations Manager that the Administration Manual was reviewed annually.
- 25.151 Inspection. Confirmed by inspection that the process was part of the ISO 9001:2015 procedure performed by CF Ltd and was reviewed and audited regularly.
- 25.152 Inspection. Confirmed by inspection that to improve the communications and outcomes for retirement, WPT obtained and published feedback, which was made available through its welcome pack for new entrants.  
Inspection. Confirmed by inspection of the website that there were contact details made available.  
Inspection. Confirmed by inspection of a sample of retiring members that surveys were completed, which helped monitor the effectiveness of communications at retirement.
- 25.153 Inspection. Confirmed by inspection of the WPT Administration Manual that a documented process for retirements was included.  
Inspection. Confirmed by inspection of the CFL Annual Planner that a review of the Administration Manual was recorded as an annual event as item 14 on the Planner.  
Inspection. Confirmed by inspection of the Communication Policy & Plan that a review of standard letters and forms was included.

### **26. Member communications are accurate, clear and understandable and are produced in accordance with a communications plan. The plan is regularly reviewed and monitored.**

- 26.154 The Trustee approves the Communication Policy & Plan annually. The Communication Policy & Plan includes a declaration of communication standards, communication channels, intended audience and schedule for when key communications are to be issued to members.  
The Business Operations Manager oversees the completion of all actions within the plan throughout the year. In the event that actions fall behind schedule, the Business Operations Manager will notify the Scheme Secretary who decides whether or not the Trustee needs to be informed.
- 26.155 A review of the Communication Policy & Plan is recorded as an annual event as item 49 in the Trustee Resource Planner.  
A Member Communication Strategy was agreed in principle by the Trustee in September 2019 with a view to commence implementation during 2020.  
A review of the Member Communication Strategy is recorded as an annual event as item 50 in the Trustee Resource Planner.
- 26.156 Communications to members provided by the TPA (who has its own compliance department for communications) are reviewed by CF Ltd's communications review group and tailored to meet the needs of Scheme members.

## Reporting Accountants' testing

- 26.154 Inspection. Confirmed by inspection of the Trustee meeting minutes that the Communication Policy & Plan was approved and reviewed annually by the Trustee.
- Inspection. Confirmed by inspection of the Communication Policy & Plan that it included a declaration of communication standard, communication channels, intended audience and schedule for when key communications were to be issued to members.
- Enquiry. Confirmed by enquiry with the Business Operations Manager that they oversaw the completion of all actions within the plan throughout the year and in the event that actions fell behind schedule, the Business Operations Manager notified the Scheme Secretary who decided whether or not to inform the Trustee.
- 26.155 Inspection. Confirmed by inspection of a sample of member communications provided by the TPA that they were reviewed by CF Ltd's communications review group and tailored to meet the needs of Scheme members.
- 26.156 Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the Communication Policy & Plan was recorded as an annual event as item 49 in the Trustee Resource Planner.
- Inspection. Confirmed by inspection of Trustee meeting minutes that a Member Communication Strategy was agreed and is due to be implemented in 2020.
- Inspection. Confirmed by inspection of the Trustee Resource Planner that a review of the Member Communication Strategy was recorded as an annual event as item 50 in the Trustee Resource Planner.

## 27. Member communications contain information to support the decisions members need to make at retirement.

- 27.157 The Trustee has an approved Communication Policy & Plan, Administration Manual and documented ISO 9001:2015 procedures that are designed to provide members with communications that support their decisions at retirement.
- 27.158 A communication is issued to members aged 50 or over to remind them of the Default Lifestyle Strategy and the need to review their investment options, if appropriate. Members are provided with an initial quote six months before their retirement date. The member Retirement Pack is reviewed following any Government budget changes and includes the risks associated with each retirement option given. Members sign a declaration to confirm they have received Pension Wise guidance and that they have read the generic risk warnings.
- 27.159 Members are warned in Scheme communications about pension scams and given reminders in correspondence to consult an IFA.
- 27.160 The Scheme operates a telephone helpline to assist members with completing their retirement forms. The TPA has an Annuity Bureau enabling members to discuss the appropriateness of various annuity options.

## Reporting Accountants' testing

- 27.157 Inspection. Confirmed by inspection of the Trustee meeting minutes that the Trustee approved the Communication Policy & Plan, Administration Manual and documented ISO 9001:2015 procedures that were designed to provide members with communications that support their decisions at retirement.
- 27.158 Inspection. Confirmed by inspection of a sample of member communications that a communication was issued to members aged 50 or over to remind them of the Default Lifestyle Strategy and the need to review their investment options, if

appropriate. Members were provided with an initial quote six months before their retirement date.

Inspection. Confirmed by inspection of the member Retirement Pack that it was reviewed following any Government budget changes and included the risks associated with each retirement option given. Members signed a declaration to confirm they had received Pension Wise guidance and they had read the generic risk warnings.

27.159 Inspection. Confirmed by inspection of a sample of Scheme communications that members were warned about pension scams and given reminders in correspondence to consult an IFA.

27.160 Enquiry. Confirmed by enquiry that the Scheme operated a telephone helpline throughout the period assisting members with completing their retirement forms.

Enquiry. Confirmed by enquiry of the Annuity Bureau that it was in place and enabled members to discuss the appropriateness of various annuity options.

# Appendix: Letter of Engagement

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PRIVATE AND CONFIDENTIAL

The Board of Trustees of Workers Pension Trust Ltd  
143 Malone Road  
Belfast  
BT9 6SX

Assure UK  
107 Cheapside  
London  
EC2V 6DN

T 020 7112 8300  
E [info@assureuk.co.uk](mailto:info@assureuk.co.uk)  
W [www.assureuk.co.uk](http://www.assureuk.co.uk)

14 February 2020

Our ref: AR/EJ

Dear Sirs

## Assurance Report on internal controls

Thank you for appointing Assure (UK) Limited as assurance Reporting Accountants. This engagement letter and our Terms of Business set out in the Schedule to this engagement letter (together, "**Agreement**") set out the terms on which Assure (UK) Limited ("**Assure UK**", "**we**", "**our**" or "**us**"), are instructed. We should be grateful if you would confirm in writing your agreement to these terms by signing and returning the enclosed copy of this letter.

### Our Instructions

We are instructed by the Board of Trustees of the Workers Pension Trust Limited ("**Service Organisation**", "**you**" or "**your**") to provide professional services to report to you on your internal controls with respect to the master trust services at the Workers Pension Trust ("**Scheme**") that you offer to your clients ("**Assurance Report**").

The Assurance Report will review the control procedures in place in the Service Organisation and the design, description and operational effectiveness of these control procedures for the year ending 31 March 2020 in accordance with the International Standard on Assurance Engagements 3000 (Revised) 'Assurance engagements other than audits or reviews of historical financial information' issued by the International Auditing and Assurance Standards Board ("**ISAE 3000 (Revised)**") and Technical Release TECH 12/16AAF "Assurance reporting on master trusts" - Master Trust Supplement to ICAEW AAF 02/07 and its subsequent ICAEW 2020 update ("**AAF 02/07**").

Further details regarding the Assurance Report can be found in the attached Schedule.

Subject to the Permitted Disclosures set out in this Agreement (see clause 5 of our Terms of Business), the Assurance Report will be made solely for the benefit of the Service Organisation and its Board of Trustees ("**Trustee**") and solely for the purpose of reporting on the Service Organisation's controls, in accordance with this Agreement ("**Purpose**").

### Special arrangement

We understand that you may wish to make a copy of our Report available on your website. We give consent on the basis that you agree to the wording in appendix 3 to be included on your website and on the basis, that our report can only be viewed to these website visitors who confirm they have read and agree the wording set out in appendix 3.

**Terms of Business**

Our Terms of Business are attached in the Schedule. Any work already performed in connection with this engagement before the date of this letter will also be governed by this Agreement.

We draw your attention to clause 7 of our attached Terms of Business which amongst other things limits our total liability to you under this Agreement to £2,000,000 and clause 19.3 which shortens the period within which any claim may be commenced.

This Agreement may only be varied or modified in accordance with clause 9 of the Terms of Business and we draw your attention to clause 8 which sets out the provisions for terminating this Agreement.

**Fees**

Our fees will be agreed separately in writing prior to the commencement of our work and the basis of our fees is set out in the attached terms of business at clause 15.

**Agreement of Terms**

Please confirm you accept this Agreement by signing the enclosed copy letter and returning it to us but, if you do not do so, your continuing to instruct us will signify your acceptance of this Agreement.

If you have any questions, please contact Andrew Riley on 020 7112 8300.

We are very much looking forward to working with you.


Yours faithfully



**Assure (UK) Limited**

**Copy letter to be returned to Assure (UK) Limited**

The terms and conditions contained in this letter and attached terms of business are agreed and accepted.



Signature of authorised person on behalf of the Workers Pension Trust Limited

John Armstrong

Print name

Trustee Director

Position

3 April 2020

Date

# **Schedule: Terms of Business**

## Assurance Reporting on master trusts

14 February 2020

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## **1. INTRODUCTION**

- 1.1. These terms apply to the services we are instructed to provide under this Agreement. If anything in these terms of business is inconsistent with the engagement letter, the terms of business shall take precedence unless the engagement letter specifically amends them.
- 1.2. This Agreement will start on the earlier of the date of the attached engagement letter or the commencement of the services described in this Agreement.

## **2. THE ASSURANCE REPORT**

- 2.1. In providing the Assurance Report we shall review the Trustee Board's written report on the control procedures at specified business units for the relevant period in accordance with ISAE 3000 (Revised) and AAF 02/07 ("**Trustee Board's Control Report**"), enquiries of the management at the specified business units, review the relevant documentation prepared by the Service Organisation and observe and test specific control procedures as identified in the Trustee Board's Control Report. The tests we perform shall be itemised in an appendix to our Assurance Report.
- 2.2. To complete our Assurance Report we may seek written representations from the Directors and others about the internal controls identified in the Directors' Control Report. We may request the Directors to provide written confirmation of oral representations received as part of these enquiries.
- 2.3. We may seek written representations from the Directors in relation to matters on which independent corroboration is not available. We shall seek confirmation from the Directors that all matters of which we should be aware have been brought to our attention.
- 2.4. The results of our review and the written representations will comprise the evidential matter on which we shall reach our independent conclusions of the description, design and suitability of the internal controls identified to us in relation to the provisions of pensions administration services as set out in the Assurance Report.
- 2.5. If for any reason we are unable to complete our review we may decline to issue the Assurance Report.
- 2.6. Where the Assurance Report is made available to you in electronic format as well as hard copy format, and multiple copies and versions of the Assurance Report exist in different media, the signed hard copy should be regarded as definitive.

## **3. YOUR RESPONSIBILITIES**

- 3.1. The Trust Board is responsible for the design, implementation and operation of control procedures that provide an adequate level of control over the master trust services they provide, including, but not limited to:
  - acceptance of responsibility for internal controls;
  - evaluation of the effectiveness of the Service Organisation's control procedures using suitable criteria;
  - supporting their evaluation with sufficient evidence, including documentation; and
  - providing in the Trustee Board's Control Report an assertion as to the effectiveness of the Service Organisation's internal controls for the relevant period.
- 3.2. In drafting the Trustee Board's Control Report, the Trustee Board shall have regard to, as a minimum, the criteria specified within ISAE 3000 (Revised) and control objectives specified in AAF 02/07 but they may add to these criteria to the extent reasonably necessary.



- 3.3. The Trustee Board shall make available to us, on a timely basis, all information which we consider reasonably necessary for performing our review and testing and to enable us to contact Service Organisation personnel to whom we may direct enquiries. The Trustee Board is responsible for ensuring that the information provided to us, whether by the Trustee Board or any other person working for or on behalf of the Service Organisation, is accurate and complete. We will not verify any information given to us relating to this engagement.
- 3.4. Subject to clause 7, you hereby release and shall indemnify us from all liabilities, costs, claims and expenses (including without limitation, reasonable legal fees) on a full indemnity basis relating to our Assurance Report which relates to any misrepresentations or information which is withheld or concealed from us except where liability or costs arise from our knowing disregard.

#### 4. INHERENT LIMITATIONS OF CONTROL PROCEDURES

- 4.1. You acknowledge that controls designed to address specific control objectives are subject to inherent limitations and accordingly, errors or irregularities may occur and not be detected. Such controls cannot guarantee protection against (amongst other things) fraudulent collusion especially on the part of those holding positions of authority or trust. If any such matters come to our attention we may communicate these matters to the Directors or other personnel as appropriate.
- 4.2. The Trustee Board's Control Report and our Assurance Report will be based on historical information and the projection of any information or conclusions in these reports to any future periods would be inappropriate. In addition this Assurance Report is prepared in respect of the relevant period to which it relates. As such, any reliance upon it should be tempered accordingly.
- 4.3. The effectiveness of specific controls at the Service Organisation is dependent on how these controls interact with the controls and other factors present at individual client organisations. We will not review the effectiveness of controls at individual client organisations.

#### 5. YOUR USE OF THE ASSURANCE REPORT

- 5.1. Subject to clause 5.3, the Assurance Report will be issued on the understanding that you may not recite, refer to or disclose the whole document or part of it, whether in electronic format or otherwise, to any party without the prior written permission of one of our Directors. Permission from any other person shall not constitute valid consent.
- 5.2. Subject to clause 5.3, the Assurance Report will be issued solely for the purpose of reporting on the Service Organisation's controls, in accordance with this Agreement. Restrictions in our engagement letter does not exclude the use of the report by the Pensions Regulator.
- 5.3. We permit the disclosure of the Assurance Report in the following circumstances ("**Permitted Disclosures**") provided there is no change to the wording, form, content, context or presentation of the Assurance Report:
- 5.3.1. As a complete document, in electronic format or otherwise, to existing clients using the Service Organisation's pensions administration services, and to the auditors of the Service Organisation and such existing clients ("**Permitted Recipients**") pursuant to 5.4 and 5.5 for the sole purpose of verifying that the Assurance Report has been commissioned. In permitting this disclosure we do not accept responsibility or liability to the Service Organisation's clients or their respective auditors.
- 5.3.2. As a complete document, in electronic format or otherwise, to the Service Organisation's prospective clients only where this disclosure is made with the

attached Disclaimer Letter (appendix 2) published in the appendix to the Assurance Report and that this Disclaimer Letter is brought to the attention of the prospective client by the inclusion of a prominent disclaimer at the front of the Assurance Report. In permitting this disclosure we do not accept any responsibility or liability to the Service Organisation's prospective clients.

- 5.4. We will allow the Permitted Disclosures in 5.3 provided that the Permitted Recipients first accept in writing, in the form of the attached Acknowledgment Letter at appendix 1, the relevant terms of this Agreement as if the Client had signed the Agreement when originally issued, including the provisions limiting our liability in respect of the Assurance Report, usage restrictions, limitations and exclusions in return for the opportunity to verify that the Assurance Report has been commissioned. Each Client who signs the acknowledgment letter shall be a party to this Agreement unless we, in our absolute discretion, decide otherwise.
- 5.5. In the alternative to clause 5.4, we will allow the Permitted Disclosures in 5.3 without the Permitted Recipients having first accepted in writing the terms of this Agreement in the form of the acknowledgement letter at appendix 1 provided that you hereby indemnify and shall keep indemnified Assure UK, its directors and employees against all losses, damages, and expenses (including, without limitation, reasonable legal expenses) suffered or incurred by any of the same as a result of any claim or action brought by the Permitted Recipients following the Permitted Disclosure at 5.3.
- 5.6. We may request amendments to the electronic version of the Assurance Report if we are not satisfied with the proposed wording or its presentation or the manner in which it is published. If requested you shall promptly provide us with full cooperation and assistance to make such amendments and shall withdraw any previous or existing versions of the Assurance Report from circulation and shall promptly ensure that the same are no longer available for download or other review or access.
- 5.7. Where the Directors or the Service Organisation prepare marketing literature referring either to us or the Assurance Report you will first obtain our prior written consent before publishing such literature.
- 5.8. Subject to clause 7, we accept no responsibility for any changes that may occur to our Assurance Report made after a permitted disclosure or a disclosure in breach of this Agreement. If we do become aware of any amendments we will notify the Directors that the report no longer corresponds to the Assurance Report issued by us.

## **6. ACCESS TO WORKING PAPERS**

- 6.1. Our working papers and other internal documentation created for the purpose of carrying out our duties as auditor belong solely to us and will not be provided to you.
- 6.2. We may be required to give access to our working papers for regulatory purposes or because of other statutory obligations. Unless we are prevented from doing so by legislation, regulation, court order or other professional or legal requirement, we will notify you prior to giving access to our working papers.

## **7. LIMITATION OF LIABILITY**

- 7.1. The following provisions set out our entire financial liability to the Service Organisation and the Directors during the course of our engagement under the Agreement (including without limitation any liability for the acts or omissions of our employees, agents and sub-contractors) in respect of (a) any breach of the Agreement howsoever arising; and (b) any representation, misrepresentation (whether innocent or negligent), statement or tortious act or omission (including without limitation negligence) arising out of or in connection with the Agreement.

- 7.2. All warranties, conditions and other terms implied by statute or common law are excluded from the Agreement to the fullest extent permitted by law.
- 7.3. Nothing in these conditions excludes or limits our liability for (a) death or personal injury caused by our negligence; or (b) fraud or fraudulent misrepresentation or (c) anything else that may not be excluded or limited under applicable law.
- 7.4. Subject to condition 7.2 and condition 7.3:
- 7.4.1. We shall not in any circumstances be liable, whether in tort (including, without limitation, for negligence or breach of statutory duty howsoever arising), contract, misrepresentation (whether innocent or negligent) or otherwise for any special, indirect, consequential or pure economic loss, costs, damages, charges or expenses.
- 7.4.2. Assure UK's total liability in contract, tort (including, without limitation, negligence and breach of statutory duty howsoever arising), misrepresentation (whether innocent or negligent), restitution or otherwise, arising in connection with the performance or contemplated performance of the Agreement or otherwise shall be limited to £2,000,000; and the Workers Pension Trust Limited total liability in contract, tort (including, without limitation, negligence and breach of statutory duty howsoever arising), misrepresentation (whether innocent or negligent), restitution or otherwise, arising in connection with this Agreement or otherwise shall be limited to £2,000,000.
- 7.4.3. We shall not be liable for any losses which are due to the provision of false, misleading or incomplete information or documentation or due to the acts or omissions of any person other than us, except where, on the basis of the enquiries normally undertaken by us within the scope set out in this Agreement, it would have been reasonable for us to discover such defects.
- 7.5. Where we agree in writing to accept liability to more than one party, the limit on our liability in clause 7.4.2 will be shared between the parties and it will be for those parties to decide how to share it.
- 7.6. Where any loss is suffered by you for which Assure UK and any other person are jointly and severally liable, the loss recoverable by you from us shall be reduced so as to be in proportion to our relative contribution to the overall fault of Assure UK, the Service Organisation and any other person in respect of the loss in question. In determining the extent of the contribution to the overall fault of any other person no account shall be taken of any limit or exclusion placed on the amount that person will pay or any shortfall in recovery from that person (for whatever reason).
- 7.7. To the fullest extent permissible by law, you hereby indemnify and shall keep indemnified Assure UK, its directors and employees against all losses, damages, and expenses (including reasonable legal expenses) suffered or incurred by any of the same as a result of any breach of this Agreement by the Service Organisation, its Directors, employees, contractors or agents including without limitation clause 5 relating to your use of our Assurance Report.
- 7.8. To the fullest extent permissible by law, you agree to bring any claim (including negligence) in connection with this Agreement against Assure UK and not against any individual employed by us.
- 7.9. You shall ensure that none of the Service Organisation's group companies, including any subsidiary, associated or holding company (unless a party to this Agreement), while they are a group company or at any time after, bring a claim against Assure UK (or its directors or employees) or our subcontractors in respect of any liability relating to the services provided under this Agreement.

## **8. TERMINATION**

- 8.1. Our appointment under this Agreement may be terminated immediately by you or us by giving notice in writing where (a) there is a material breach of the Agreement that is not rectified within 14 days of the breach (b) the performance of the Agreement may breach a legal or regulatory requirement (c) you or we appear likely to be unable to pay debts or become insolvent.
- 8.2. Our Appointment under this Agreement may be terminated by you or us by giving 30 days' notice in writing.

## **9. ENTIRE AGREEMENT**

- 9.1. These terms of business and the engagement letter (together the "**Agreement**") constitute the sole and entire understanding of the parties in relation to the subject matter of this Agreement and supersedes all previous agreements, representations and arrangements between the parties (either oral or written) with regard to the subject matter of this Agreement. The parties confirm that they have not entered into this Agreement on the basis of any representations that are not expressly incorporated in this Agreement. Each party irrevocably and unconditionally waives any rights it may have to claim damages and/or to rescind this Agreement for any misrepresentation in relation to the subject matter of this Agreement whether or not contained in this Agreement or for breach of warranty not contained in this Agreement unless such misrepresentation or warranty was made fraudulently. This Agreement may only be amended or supplemented in writing and signed by an authorised representative of both parties.
- 9.2. Any provisions of this Agreement which by their nature extend beyond the expiry, completion or termination of this Agreement shall survive such expiration, completion or termination.

## **10. CONTRACTING PARTIES AND ASSIGNMENT**

- 10.1. The Agreement is between you and Assure UK. Notwithstanding the fact that certain Services under the Agreement may be carried out by personnel provided to Assure UK through subcontracting agreements, to the extent permissible by law you agree that none of the subcontractors will have any liability to you and you will not bring any claim or proceedings of any nature (whether in contract, tort, breach of statutory duty or otherwise and including but not limited to, a claim for negligence) in any way in respect of or in connection with this Agreement against any subcontractors that we may use to provide the Services. The foregoing exclusion does not apply to any liability, claim or proceeding founded on an allegation of fraud or other liability that cannot be excluded under English Law.
- 10.2. This Agreement does not make either of us an agent or legal representative of the other, nor does it create a partnership or joint venture.
- 10.3. Neither of us may assign or otherwise transfer the benefit of this Agreement without the other's prior written consent. Further, neither of us will directly nor indirectly agree to assign or transfer any claim against the other arising out of this Agreement to any other person.
- 10.4. *Third party rights* - No person who is not a party to the Agreement other than our subcontractors if any, shall have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms. This Agreement can be varied without any third party's consent.

## **11. GENERAL UNDERTAKINGS AND CONFIDENTIALITY**

- 11.1. We undertake to carry out the engagement with reasonable care and skill.

- 11.2. We will not accept any responsibility for any reliance that may be placed by any third parties on either our audit reports which are provided by us to you as Trustees or on any other reports or work products which are provided by us to you for your sole use, unless our prior written consent is obtained for the provision of particular reports or work products to specified third parties and is given in writing prior to the provision of any reports or work products. Such consent will be granted only on the basis that our reports or work products are not prepared with the interests of anyone other than the Trustees in mind and that we accept no duty or responsibility to any other party as concerns the reports or work products and that each specified third party acknowledges and accepts this (or such other terms as we may in our discretion agree with them) in writing directly with us.
- 11.3. We will not disclose any confidential information concerning your business to third parties (except to our employees, partners, agents and other professional advisers whom we may consult in relation to our work and save to the extent that the information is in the public domain) without your prior written consent unless otherwise required by law, a court of competent jurisdiction, The Pensions Regulator, HM Inland Revenue or other government or regulatory authority. Subject to the foregoing, we may disclose your confidential information to our affiliates and subcontractors including those engaged in support of our office administration.
- 11.4. All information and advice, written or oral, of whatever nature, made available by us to you is for your sole use and shall not be disclosed or made available to any third party (save to the extent that the same is in the public domain otherwise than by breach of this clause) without our prior written consent unless otherwise required by law, a court of competent jurisdiction, The Pensions Regulator, HM Inland Revenue or other government or regulatory authority.
- 11.5. The working papers prepared in conjunction with our assurance report and other services are the property of our firm, constitute confidential information and will be retained by us in accordance with our firm's policies and procedures.
- 11.6. Nothing in this document precludes us or any partner in or employee of our firm from taking such steps as are necessary to comply with professional or ethical rules of any relevant professional body of which a partner in or employee of our firm is, at the time, a member.
- 11.7. We may outsource certain services including IT support, our "front office" and "back office" functions, photocopying and word processing to carefully selected service providers, with whom we have agreed confidentiality provisions and undertakings; some of these outsourced service providers may transfer your personal data outside the European Economic Area (EEA).
- 11.8. We may wish to refer to you and the services provided to you under this Agreement as part of our marketing material. You hereby agree that we may do so provided we do not disclose your confidential information, and we contact you in advance of any references for agreement to feature in any marketing material.

## **12. PROVISION OF SERVICES REGULATIONS 2009**

- 12.1. In accordance with the disclosure requirements of the Provision of Services Regulations 2009, our professional indemnity insurer is Markel International Insurance Company Limited, of 20 Fenchurch Street, London, EC3M 3AZ. The territorial coverage is worldwide excluding professional business carried out from an office in the United States of America or Canada and excludes any action for a claim bought in any court in the United States of America or Canada.

- 12.2. Details of our audit registration can be viewed at [www.auditregister.org.uk](http://www.auditregister.org.uk) for the UK under reference number C003443000. We confirm that we are Statutory Auditors eligible to conduct audits under the Companies Act 2006.

### **13. INTELLECTUAL PROPERTY**

- 13.1. We will own the intellectual property rights in the Assurance Report and any other deliverables or materials created or provided under this Agreement, and subject to clause 5, we hereby grant the Service Organisation a non-exclusive, non-transferable licence to use the Assurance Report for the Purpose.

### **14. ELECTRONIC COMMUNICATIONS**

- 14.1. We may correspond with you electronically (unless you expressly request otherwise on specific matters) and receive such communications from you. We may also, with your agreement, use electronic means of communication to send and receive information requests and confirmations to and from designated third parties in connection with the audit.
- 14.2. You and we understand and acknowledge that the electronic transmission of information by e-mail on the Internet or otherwise has inherent risks and that such communications may become lost, delayed, intercepted, corrupted or be otherwise altered, rendered incomplete or fail to be delivered. We shall use commercially reasonable procedures to ensure that such electronic communications are free from viruses and any other material which may cause inconvenience or harm to any other computer system and you undertake to do likewise with any electronic communications you send to us. As the electronic transmission of information cannot be guaranteed to be secure or error-free and its confidentiality may be vulnerable to access by unauthorised third parties, we shall not have any responsibility or liability to you on any basis other than our bad faith or willful default in respect of any electronic communication of information by us to you or your other advisers.

### **15. FEES AND EXPENSES**

- 15.1. Our fees are based upon the degree of responsibility and skill involved, the importance and value of the advice that we provide, the level of risk, and the time necessarily occupied on the work.
- 15.2. If we provide you with an estimate of our fees for any specific work, then the estimate will not be contractually binding unless we explicitly state that this will be the case. Unless otherwise agreed to the contrary our fees do not include the costs of any third party, counsel or other professional fees.
- 15.3. Where requested we may indicate a fixed fee for the provision of specific services or an indicative range of fees for a particular assignment. If it becomes apparent to us, due to unforeseen circumstances, that a fee quote is inadequate, we reserve the right to notify you of a revised figure or range and to seek your agreement thereto.
- 15.4. Fees are charged separately for each of the main classes of work we perform for you and will be billed at appropriate intervals during the course of the year. Our fees are exclusive of VAT which will be added where it is chargeable. Unless agreed otherwise in writing, any disbursements we incur on your behalf and expenses incurred in the course of carrying out our work for you will be added to our invoices where appropriate.
- 15.5. Fees are due for payment on presentation of our invoice.

- 15.6. All queries on fee accounts rendered by us must be raised in writing within 7 days of the account being issued. Any account received by you and not queried in writing within 7 days will be deemed to be accepted as a reasonable charge for the work done.
- 15.7. We reserve the right to charge interest on overdue accounts at the current rate under the late Payment of Commercial Debts (Interest) Act 1998. We also reserve the right to terminate our engagement and cease acting for you on giving written notice if payment of any fees billed is unduly delayed. We intend to exercise these rights only where it is fair and reasonable to do so.
- 15.8. If a client company, LLP, trust, or other entity is unable or unwilling to settle our fees we reserve the right to seek payment from the individual (or parent entity) giving us instructions on behalf of the client and we shall be entitled to enforce any sums due against the group, entity or individual nominated to act for you.
- 15.9. Insofar as we are permitted to do so by law or professional guidelines, we reserve the right to exercise a lien over all funds, documents and records in our possession, relating to all engagements for you until all outstanding fees and disbursements are paid in full.
- 15.10. In some circumstances commissions or other benefits may become payable to us, in respect of introductions to other professionals or transactions which we arrange for you. If this happens, you will be notified in writing of the amount, the terms of payment and receipt of any such commissions or benefits.
- 15.11. If it becomes necessary for us to liaise with, or make a report to a regulator or public sector body, as a result of any statutory duty imposed upon us by legislation or other regulation, including after our engagement has ended, we reserve the right to charge for work undertaken in accordance with these reporting duties.
- 15.12. If, for any reason it becomes necessary for us to withdraw from the engagement, our fees for work performed up to that date will be payable by you.

## **16. DATA PROTECTION**

- 16.1. Both parties will adhere to and comply in all respects with all applicable requirements of the Data Protection Legislation. This clause 16 is in addition to, and does not relieve, remove or replace, a party's obligations under the Data Protection Legislation (being the UK Data Protection Legislation and (for so long as and to the extent that the law of the European Union has legal effect in the UK) the GDPR (General Data Protection Regulations) and any other directly applicable European Union regulation relating to privacy).

- 16.2. In this clause 16, the following definitions shall apply:

'client personal data' means any personal data provided to us by you, or on your behalf, for the purpose of providing our services to you, pursuant to our engagement letter with you;

'data protection legislation' means all applicable privacy and data protection legislation and regulations including PECR, the GDPR and any applicable national laws, regulations and secondary legislation in the UK relating to the processing of personal data and the privacy of electronic communications, as amended, replaced or updated from time to time;

'controller', 'data subject', 'personal data', and 'process' shall have the meanings given to them in the data protection legislation;

'GDPR' means the General Data Protection Regulation ((EU) 2016/679).

- 16.3. We shall each be considered an independent data controller in relation to the client personal data. Each of us will comply with all requirements and obligations applicable to us under the data protection legislation in respect of the client personal data.
- 16.4. You shall only disclose client personal data to us where:
- (i) you have provided the necessary information to the relevant data subjects regarding its use (and you may use or refer to our privacy notice available at <https://assureuk.sharefile.com/d-s51f6409b84f4753b>);
  - (ii) you have a lawful basis upon which to do so, which, in the absence of any other lawful basis, shall be with the relevant data subject's consent; and
  - (iii) you have complied with the necessary requirements under the data protection legislation to enable you to do so.
- 16.5. We shall only process the client personal data:
- (i) in order to provide our services to you and perform any other obligations in accordance with our engagement with you;
  - (ii) in order to comply with our legal or regulatory obligations; and
  - (iii) where it is necessary for the purposes of our legitimate interests and those interests are not overridden by the data subjects' own privacy rights. Our privacy notice (available at <https://assureuk.sharefile.com/d-s51f6409b84f4753b>) contains further details as to how we may process client personal data.
- 16.6. For the purpose of providing our services to you, pursuant to our engagement letter, we may disclose the client personal data to our regulatory bodies or other third parties (for example, our professional advisors or service providers). The third parties to whom we disclose such personal data may be located outside of the European Economic Area (EEA). We will only disclose client personal data to a third party (including a third party outside of the EEA) provided that the transfer is undertaken in compliance with the data protection legislation.
- 16.7. We shall maintain commercially reasonable and appropriate security measures, including administrative, physical and technical safeguards, to protect against unauthorised or unlawful processing of the client personal data and against accidental loss or destruction of, or damage to, the client personal data.
- 16.8. In respect of the client personal data, provided that we are legally permitted to do so, we shall promptly notify you in the event that:
- a) we receive a request, complaint or any adverse correspondence from or on behalf of a relevant data subject, to exercise their data subject rights under the data protection legislation or in respect of our processing of their personal data;
  - b) we are served with an information, enforcement or assessment notice (or any similar notices), or receive any other material communication in respect of our processing of the client personal data from a supervisory authority as defined in the data protection legislation (for example in the UK, the Information Commissioner's Officer); or
  - c) we reasonably believe that there has been any incident which resulted in the accidental or unauthorised access to, or destruction, loss, unauthorised disclosure or alteration of, the client personal data.



- 16.9. Upon the reasonable request of the other, we shall each co-operate with the other and take such reasonable commercial steps or provide such information as is necessary to enable each of us to comply with the data protection legislation in respect of the services provided to you in accordance with our engagement letter with you in relation to those services.

## **17. QUALITY OF SERVICE**

- 17.1. Our objective is to provide you with a high quality service to meet your needs. If at any time you would like to discuss with us how our service to you could be improved or if you are in any way dissatisfied with the service you are receiving, please raise the matter with the Client Service Partner responsible for providing the Services to you. If you would prefer to discuss the matter with someone other than your Client Service Partner, or you wish to make a complaint please call or write to Lorraine Hawkins Assure UK's nominated Complaints Officer.
- 17.2. We undertake to look into any complaint carefully and promptly and to do all we can to resolve the position to your satisfaction. If by this process we are unable to meet your concerns, you may then take up the matter with the Institute of Chartered Accountants in England and Wales. To contact the ICAEW, write to the Professional Conduct Department, Metropolitan House, 321 Avebury Boulevard, Milton Keynes MK9 2FZ.

## **18. INVALIDITY**

- 18.1. If any provision of this Agreement is held to be illegal, invalid or unenforceable, in whole or in part, under any enactment or rule of law, such provision or part shall, to that extent, be deemed not to form part of this Agreement but the legality and enforceability of the remainder of this Agreement shall not be affected.

## **19. APPLICABLE LAW**

- 19.1. This Agreement shall be governed by, and construed in accordance with, English law. The Courts of England shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning this Agreement and any matter arising from it. Each party irrevocably waives any right it may have to object to an 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.
- 19.2. If any dispute arises in connection with this Agreement, the parties will first use reasonable endeavours to resolve the dispute amicably between them. If the dispute is not resolved either party may refer (by mutual written agreement) the dispute to an agreed mediator of suitable independence and skill to adjudicate on the matter. The mediator shall be deemed to act as an expert and not as an arbitrator. To initiate the mediation a party must give notice in writing (ADR notice) to the other party to the dispute requesting a mediation. The mediation will start no later than thirty (30) days after the date of the ADR notice. No party may commence any court proceedings in relation to any dispute arising out of this Agreement until it has attempted to settle the dispute by mediation and either the mediation has terminated or the other party has failed to participate in the mediation, provided that the right to issue proceedings is not prejudiced by a delay.
- 19.3. Any claims, whether in contract, negligence or otherwise, must be formally commenced no later than two (2) years after the party bringing the claim becomes aware (or ought reasonably to have become aware) of the facts which give rise to the action and in any event no later than four (4) years after any alleged breach of contract, negligence or other cause of action. This expressly overrides any statutory provision which would otherwise apply.
- 19.4. No party shall be liable to the other if it fails to meet its obligations because of matters beyond its reasonable control.

- 19.5. You are reminded that, in addition to the identity checks, which we undertake for all new clients, the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007 (as amended from time to time) place additional legal requirements on us.

# Appendix: Prospective Customer Disclaimer Letter

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The Trustee  
Workers Pension Trust Ltd  
143 Malone Road  
Belfast  
BT9 6SX

Dear Sirs

## Release of the 2020 master trust controls report to prospective customers

The 2020 report on master trust controls in accordance with ISAE 3000 and AAF 02/07 which relates to the master trust services provided for Workers Pension Trust (**Service Organisation**) for the period ended 31 March 2020 (**2020 Master Trust Controls Report**) has been prepared by the Trustee of the Service Organisation principally for the purposes of providing information to organisations who were customers at 31 March 2020. You have asked us to agree to you providing to prospective customers, i.e. organisations that were not customers at 31 March 2020, a copy of the 2020 Master Trust Controls Report which includes our assurance report on master trust controls (**Assurance Report**) dated 23 September 2020.

We confirm that we are agreeable to you so doing on the clear understanding that our Assurance Report was addressed to you and was prepared on your instructions as set out in our engagement letter dated 14 February 2020.

The Assurance Report was not prepared for the benefit of any prospective customers or other third parties and therefore items of possible interest to prospective customers or third parties may not have been specifically addressed.

To the fullest extent permissible by law, Assure (UK) Limited makes no warranty or representation that the information in the Assurance Report is appropriate for the interests or purposes of prospective customers, or as to the truth and accuracy of the contents, including without limitation, as to whether the information has changed in any way since the date of the Assurance Report.

Therefore, the Assurance Report cannot in any way serve as a substitute for enquiries and procedures that prospective customers would (or should) undertake for the purpose of satisfying themselves regarding any matters relating to the Service Organisation's administration procedures of for any matter arising in the Assurance Report.

Assure (UK) Limited, its directors, employees and agents neither owe nor accept any duty or responsibility to prospective customers or third parties whether in contract or in tort (including, without limitation, negligence and breach of statutory duty) or however so arising. Assure (UK) Limited shall not be liable, and prospective customers and third parties shall not bring any action, proceeding or claim in respect of any loss damage or expense of whatsoever nature which results from any use prospective customers or third parties choose to make of the Assurance Report, or any reliance they may seek to place on it.

The 2020 Master Trust Controls Report and our Assurance Report contained within it are not to be copied in whole or in part in any document and may not be distributed without our prior written permission. To ensure that prospective customers have a clear understanding of the terms under which our Assurance Report is being provided to them, a copy of this letter should accompany our Assurance Report.

Yours faithfully

A handwritten signature in black ink that reads "Assure UK".

Chartered Accountants, London

**Workers Pension Trust Ltd**

143 Malone Road Belfast BT9 6SX

Telephone 028 9087 7142

Email [info@workerspensiontrust.co.uk](mailto:info@workerspensiontrust.co.uk)

Web [www.workerspensiontrust.co.uk](http://www.workerspensiontrust.co.uk)

