

# Atlas Master Trust

AAF 02/07 Assurance Report

Internal controls for Master Trusts

Report for the period ended 31<sup>st</sup> December 2019

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## 1. Introduction

We're pleased to present this Assurance Report, our first since we became an officially authorised Master Trust by the Pensions Regulator in August 2019 following a rigorous assessment process. This Assurance Report tests the operational effectiveness of a number of systems and governance controls we have put in place for Atlas, as set out in the master trust assurance Supplement Tech 12/16AAF, such as the risks of inadequate record keeping and poor investment outcomes, as well as additional monitoring and oversight controls that have been developed since our last AAF reporting exercise that underpin key authorisation criteria. We are aware that changes to the current master trust Supplement will be made in due course and the update version will align certain Trustee related supervisory requirement with existing and new control objectives. It is our view that inclusion of additional control procedures will help streamline our transition to the new Supplement efficiently and effectively.

There are therefore some important differences between our last Report and this one. These differences are a consequence of the new Master Trust authorisation regime that we referenced in last year's Report. In summary, the authorisation regime, which has culled broadly half the number of Master Trusts in operation this time last year, required us to demonstrate to the Pensions Regulator's satisfaction that:

- All those who are responsible for Atlas are 'Fit and Proper' persons. That means that everyone is of good character and good financial standing, with the requisite skills, knowledge and competence to perform their roles to the required standards. This includes each of us Trustee Directors, the Board of Capita Employee Benefits Limited and key individuals both within and beyond our Executive Team (the team that supports our work on a day to day basis).
- Atlas is financially stable and has unfettered access to adequate financial reserves,
- Atlas has established and maintain systems and processes that ensure, among other things, that we maintain:

1. Robust administration system processes for receiving and investing contributions and making payments;
2. Robust administration processes to ensure data is accurate and complete, including processes to protect those data from corruption and cyber-attack;
3. Accurate record-keeping and regular data reconciliations;
4. Processes to ensure that members' accounts within Atlas receive the contributions due to them, when they fall due;
5. Appropriate due diligence to appoint, and then manage, our various service providers;
6. Appropriate arrangements for identifying and managing conflicts of interest;
7. Quality controls over communications including protocols for enabling member engagement;
8. Appropriate processes to identify risks and manage them; and
9. Processes to evaluate and where necessary improve the collective knowledge and competence of our Trustee Board and the team of people who support us.

We have now moved from the authorisation process into a new regulatory regime – the Master Trust supervisory regime. This is new both to us and to the Pensions Regulator and we therefore anticipate that it will evolve over time but, essentially, it will be about us continuing to satisfy the Pensions Regulator that we maintain the high standards that we demonstrated during the authorisation application and approval process. The changes to this Report that we mentioned above are intended to help us do this. By using an independent professional Reporting Accountant, we can test the controls that we have in place and by so doing provide a degree of reassurance to the Pensions Regulator. Consequently, the controls in this Assurance Report have evolved (and will continue to do so when we adopt the revised master trust Supplement once published) to anticipate areas of testing that we anticipate the Pensions Regulator will be most concerned about now and in the future.

## 1. Introduction

### Exceptions identified

**Control Objective 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.

#### **Exception - No training records were maintained by the Trustee.**

**Management response** (relating to the absence of evidence that the trustees had formally reviewed their collective Continual Professional Development (CPD) training logs):

Although not noted in trustee minutes, evidence of the Continuing Professional Development required by each of their Professional bodies was collected in relation to all Trustees. Moreover, during the reporting period, Atlas was authorised by the Pensions Regulator which required submission of extensive evidence around the fit and proper requirements, including competency and training, in relation to each Trustee.

### About Atlas

#### **How big is Atlas?**

At the end of our fourth full Scheme Year (31st March 2019), Atlas held assets of £993m in respect of over 100,000 members with annual contribution inflows of over £112m.

#### **Who we are?**

Atlas Master Trust is powered by Capita Employee Benefits Limited (Capita) who is the designated ‘Funder’ and was launched on 11th June 2015. Atlas Master Trust Trustee Limited (Atlas Trustee) was incorporated on 10th June 2015 and acts as the sole Trustee of Atlas.

The three initial and current directors of the Atlas Trustee, each of whom were appointed by Capita following a rigorous selection process, are me (Alan Whalley), Steve Delo (representing PAN Trustees UK LLP) and Penny Green (representing BESTrustees plc). Each of us is wholly independent of – and unaffiliated with Capita. There are no Capita employees within the Atlas Trustee. We are supported in our work by Paul Trickett – another independent, non-affiliated pension professional who chairs our Investment Sub Committee.

There’s a short biography of each of us below.

## 1. Introduction

### Trustee/Independent Executive Biographies



#### **Alan Whalley (Chairman of the Trustee Board)**

Alan has worked in a variety of very senior roles in the pension industry, including the position of UK Chief Executive of Mercer and European Managing Partner at Watson Wyatt (now Willis Towers Watson), two of the largest global pension firms.

He is also chair of Wealth at Work, a leading provider of financial education and advice in the workplace, chair of the management board of the Institute and Faculty of Actuaries, a trustee of the British Coal Staff Superannuation Scheme, a Director of JPMorgan Life and a member of Council of the Pensions Management Institute.

Alan also played an advisory role assisting in the creation of the National Employment Savings Trust (NEST), the national pension scheme established to help smaller employers and firms with low-paid employees to meet their pension obligations under the automatic enrolment reforms. This background of pension experience and his executive track record of getting things done made Alan the perfect candidate to chair the trustee board.



#### **Steve Delo – Trustee Director**

As Chief Executive of PAN Governance LLP, Steve acts as independent trustee or chairman to a number of DB and DC schemes, including his role as Chair of Trustee of the People's Pension, the UK's largest independent auto-enrolment Master Trust.

Steve has twice been named Engaged Investor's Independent Trustee of the Year (in 2010 and 2014), was listed as one of the Top 50 People in Pensions (by Pensions Insight) in February 2015 and February 2016 and is a past President of the Pensions Management Institute. His in-depth knowledge of DC pension plans and the art of successful trusteeship made Steve an ideal addition to the trustee line-up.

## 1. Introduction

### Trustee/Independent Executive Biographies



#### **Penny Green – Trustee Director**

Penny is currently a Trustee Executive at BESTrustees, a firm of independent pension trustees. Prior to this, she was Chief Executive of SAUL, the Trustee company responsible for the pension schemes of the various universities in London. Another past President of the Pensions Management Institute, she has been twice voted one of the 100 most influential women in finance by Financial News, several times voted one of the top 50 most influential people in pensions by Engaged Investor and, in 2014, was awarded the Outstanding Individual Contribution to Pensions by Financial News, the Industry Achievement Award by Portfolio Institutional magazine and the Pensions Personality of the Year by IPE magazine.

Her substantial trustee experience and in-depth knowledge of both pension investment and administration brings the trustee board to its full complement of skills and capabilities.



#### **Paul Trickett – Chair of the Investment Sub Committee**

Paul is chair of Atlas' Investment Sub Committee. Paul leads the Sub Committee to enhance the delivery of the Trustee's investment strategy. His expertise and immense industry experience comes from several previous high profile and senior roles at Goldman Sachs and Towers Watson, plus a portfolio of consultancy, executive and non-executive director roles, including directorships at Aviva Life and Railpen Investments and Chair of the Santander UK Pension Scheme Trustee and National Grid UK Pension Scheme Trustee, as well as a Trustee of the Mineworkers Pension Scheme.

## 1. Introduction

### Our Advisers and Service Providers

We have made the following appointments.

#### Administrator:

Capita Employee Benefits Limited

#### Investment adviser:

Capita Employee Benefits (Consulting) Limited  
Hymans Robertson LLP  
Mercer

#### Investment platform:

Scottish Widows

#### Legal adviser:

Pinsent Masons

#### Statutory and Assurance Auditor:

Crowe U.K. LLP

### Reviewing our providers - and reviewing ourselves

None of these appointments are binding. As Trustee, we have a responsibility to assess the performance of each of our advisers and service providers on a continuous basis.

These reviews are scheduled into our Governance Schedule. We also have a duty to change them or to force improvement where service levels fall below the standards we set.

We don't only review the performance of our advisers and service providers. We must also ensure that we remain capable of doing our own jobs and so we also schedule annual assessments - individually and collectively - of our own performance, knowledge, competencies, capabilities and skills.

### Alan Whalley

Chair, Atlas Master Trust Trustee Limited

## 2. Report of the Trustee of the Atlas Master Trust

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

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

We have evaluated the effectiveness of the Atlas' governance control procedures having regard to ICAEW's Technical Release AAF 02/07, including its Master Trust Supplement and the control objectives set out therein.

We set out in section 4 of this report a description of the relevant governance control procedures established by the Trustee together with the related control objectives which operated during the period from 1 August 2018 to 31 December 2019 and confirm that:

- (a) the report describes fairly the governance control procedures established by the Trustee that relate to the control objectives referred to above which were in place throughout the period from 1 August 2008 to 31 December 2019;
- (b) the governance control procedures described were suitably designed throughout the period from 1 August 2018 to 31 December 2019 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 were operating with sufficient effectiveness to provide reasonable assurance that the related control objectives were achieved throughout the specified period from 1 August 2018 to 31 December 2019.

Trustee



Signed on behalf of the Trustee of the Atlas Master Trust.

Date 10 February 2020

### 3. Report by reporting accountants



#### Independent reporting accountant's assurance report on governance control procedures established by the trustees of Master Trusts

To the Trustee of the Atlas Master Trust

##### Use of report

Our report, subject to the permitted disclosures set out below, is made solely for the use of the Trustee of the Atlas Master Trust ("the Trustee") and solely for the purpose of reporting on the governance control procedures established by the Trustee of the Atlas Master Trust, in accordance with the terms of our engagement letter dated 8 May 2019 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 governance control procedures established by the Trustee 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 the opinions we have formed.

##### Scope

We have been engaged to report on the description of governance control procedures established by the Trustee throughout the period from 1 August 2018 to 31 December 2019 and on the suitability of the design and operating effectiveness of those governance control procedures stated in the description.

##### Trustee's responsibilities

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

##### Our responsibilities

Our responsibility is to form an independent opinion, based on the work carried out in relation to the governance control procedures established by the Trustee as described in section 4 of the Trustee's report and report this to the Trustee. 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 Trust Supplement. ISAE 3000 and AAF 02/07 require, among other things, that we comply with ethical and other professional requirements.

We planned and performed our procedures to obtain reasonable assurance about whether, in all material respects, the description is fairly presented and the governance control procedures were suitably designed and operating effectively. The criteria against which the governance control procedures were evaluated are the control objectives developed for Master Trusts as set out within the Master Trust 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 operating effectiveness of those governance control procedures. Our procedures included assessing the risks that the description is not fairly presented, and that the governance control procedures were not suitably designed or operating effectively. Our procedures also included testing the operating effectiveness of those governance control procedures that we considered necessary to obtain reasonable assurance that the control objectives stated in the control description were achieved. An assurance engagement of this type also included evaluating the overall presentation of the description and the suitability of the control objectives stated therein.

### 3. Report by reporting accountants (continued)

#### 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.

#### 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 the governance control procedures that may be relevant to each employer company or member of the Atlas Master Trust. Also, because of their nature, governance control procedures may not prevent or detect and correct all errors or omissions in performing governance or administration 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 control procedures to future periods would be inappropriate.

#### Opinion

In our opinion, in all material respects:

- (i) section 4 of the Trustee's report fairly presents the governance control procedures established by the Trustee that relate to the control objectives referred to above which were in place throughout the period from 1 August 2018 to 31 December 2019;
- (ii) the governance control procedures established by the Trustee described in section 4 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 August 2018 to 31 December 2019; and

- (iii) the governance control procedures established by the Trustee that were tested were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the related control objectives were achieved the throughout the period from 1 August 2018 to 31 December 2019.

*Crowe U.K. LLP*

#### Crowe U.K. LLP

Chartered accountants  
London

Date: 12 February 2020

## 4. Control objectives and procedures

### Assessing value for members

1. **A value for money 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.**

Ensuring Value for Members (VFM) is a key objective of the Trustee.

Accordingly, the Trustee has developed a framework policy with which it can evaluate VFM relative to the costs and charges levied. The policy is reviewed by the Board annually to ensure that the quality features remain relevant and comprehensive before the evaluation is undertaken.

The evaluation of VFM is undertaken in line with the statutory reporting timetable for each year. A draft VFM assessment is presented to the Trustee Board each year in accordance with the Governance Schedule.

As part of the VFM assessment review, the Trustee will consider whether the Atlas Master Trust offers or provides for:

- A good level of administration services, flexibility and choices to members.
- A governance environment in which good decision-making can thrive.
- An effective, efficient, 360' network of service providers and Sub-Committees (and others) that support its day to day and strategic work.
- Communications that can inform, engage and educate members, and which help them to make good choices.
- Investment governance arrangement and default arrangement that are adequately designed, and suitably performing, for good outcomes in an array of different circumstances.
- Robust, accurate, efficient administration platforms.

#### Control procedures:

In accordance with the Governance Schedule, a documented review of the VFM framework policy is undertaken and separately a formal review of the evaluation is undertaken.

The VFM assessment is presented to the Trustee Board for review and approval in accordance with the Governance Schedule.

#### Test description:

The Governance Schedule includes timescales for undertaking a review of VFM.

**No exceptions noted.**

We obtained and inspected the VFM framework policy to confirm in place.

**No exceptions noted.**

Through enquiry and inspection, we confirmed that a formal review of the evaluation is undertaken.

**No exceptions noted.**

We obtained and inspected the documented review of VFM undertaken.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that a review of the VFM assessment has been undertaken by the Trustee.

**No exceptions noted.**

### Management of costs and charges

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

Generally, fixed member borne charges are levied through an annual member charge (AMC) only. There are usually no transactional charges (charges levied for specified member directed activities such as transfers or taking benefits) expressed as pounds and pence or a percentage of pot value of contribution.

However, Capita reserves the right to make a charge of £50 in respect of members:

- Who are receiving regular drawdown payment and who change the payment level or frequency more than four times in any twelve month period.
- Who request more than four uncrystallised funds pension lump sums in any twelve month period.

## 4. Control objectives and procedures

The Trustee delegates the calculation of the AMC to Capita. It is determined by reference to an actuarial underwriting model that calculates the anticipated administration costs relative to that participant's financial metrics (membership numbers and anticipated staff turnover, anticipated annual contributions, anticipated transfers-in).

Costs and charges including transaction costs are disclosed to members on-line in accordance with legislative requirements.

The disclosure includes the transaction costs calculated by Scottish Widows and/or the underlying fund managers. It also includes illustrations of the effect of charges over time.

Charges incurred by members are set out in the annual benefits statements in percentage terms. Pension pot values described in benefits statements are detailed after charges.

The charges are also listed on a fund-by-fund basis in the Investment Guides which are made available to all members by their employer and within the 'Library' section of the online 'Orbit' benefits portal.

This means the charges are available for members to view at any time, when they are using the Orbit system to view or to make changes to their savings.

The Investment Guide is reviewed and approved by the Trustee in accordance with the Governance Schedule

Costs and charges (including transaction costs) are disclosed to members on-line in accordance with legislative requirements. The disclosure includes the transaction costs calculated by Scottish Widows and/or the underlying fund managers.

It also includes illustrations of the effect of charges over time. The Trustee recognises that all the fund managers selected by them have a regulatory obligation to calculate transaction costs using approved methodology.

The Trustee believes that it is reasonable to rely on this regulatory obligation to ensure accuracy of disclosure.

### Control procedures:

The Investment Guide discloses the range of charges.

In accordance with the Governance Schedule, the Trustee reviews Capita Communications and Operational areas within Capita and control procedures relevant to the completeness and accuracy of member charges.

At periods set out in the Governance Schedule, Scottish Widows outline to the Trustee controls including how the system for accurately calculating and deducting charges operates.

### Test description:

We obtained and inspected the Investment Guide to confirm that the range of charges are disclosed.

#### No exceptions noted.

We obtained and inspected meeting minutes to confirm that the Trustee has reviewed control procedures relevant to the completeness and accuracy of costs and charges disclosed to members.

#### No exceptions noted.

We obtained and inspected Governance schedules to confirm that Scottish Widows is scheduled to periodically explain controls including how their system for accurately calculating and deducting charges is managed and operated.

#### No exceptions noted.

## 4. Control objectives and procedures

### 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.**

The Statement of Investment Principles recognises that stock lending has the potential to add value and the Trustee is willing to accept this subject to suitable oversight and control undertaken by Scottish Widows as part of their due diligence processes.

This entails asking new fund managers to confirm that any stock lending undertaken by them is fully collateralised. The Trustee's Governance Schedule includes a review of this due diligence policy in Q3 2020.

In accordance with the Statement of Investment Principles, all assets, with the exception of any assets invested in the Shariah compliant fund, are invested in FCA regulated mainstream pooled investment funds provided by long-term contracts of insurance with Scottish Widows.

To gauge the level of FSCS protection members are subject to, the Trustee reviewed an independent report from Hymans Robertson, commissioned specifically to support the business transfer from Zurich to Scottish Widows in 2019, that confirmed that the same level of FSCS protection applied pre and post transfer.

The Trustee had previously satisfied itself that this level of protection was appropriate in the event of Scottish Widows' (then Zurich's) failure or the failure of any underlying investment manager or fund in which members are invested.

Any investments in the Shariah Fund, which are also FCA regulated, cannot be structured as insured funds but are held by HSBC Life (UK) Limited in a similar way to how Scottish Widows holds the mainstream investments.

The safe custody of the assets is delegated to professional custodians via the use of an investment platform and pooled vehicles.

The selected funds, including the default funds, are included in quarterly reports produced by Scottish Widows for review at each quarterly Trustee meeting.

In the event that the Trustee wished to consider investing assets elsewhere, and provided the Statement of Investment principles so permits, they will require that the security of the proposed alternative investment is satisfactory to them before any assets are so invested.

A copy of the Statement of Investment Principles is hosted on-line as part of the Chair's Governance Statement. Information in respect of financial compensation is detailed in the Investment Guides available to members and participating employers.

Capita's AAF 01/06 report describes the controls and processes used to safeguard members' assets, including monthly bank reconciliations undertaken by authorised persons (someone with the seniority and requisite knowledge and experience to perform the task) and unauthorised access controls to administration systems.

It also describes the controls and processes used for authorising and processing transactions, including guarding against unauthorised member investment transfers and validation procedures for investment switches.

Authorisation limits for paying benefits and other cash transactions are in accordance with Capita's standard policy, which have been noted by the Trustee and will be subject to (typically) triennial review.

Capita's AAF 01/06 report includes key control processes and procedures in relation to payment authorisations and member asset safeguards.

This report is reviewed by the Trustee, in accordance with the Governance Schedule, as part of their oversight of standards of administration governance and service performance.

As part of this annual exercise, the Trustee also reviews separately key control procedures relevant to member asset safeguards.

## 4. Control objectives and procedures

### Control procedures:

Scottish Widows provides the Trustee with its report addressing member assets security and safeguards.

In accordance with the Governance Schedule, the Trustee reviews the Capita AAF 01/06 report.

In accordance with the Governance Schedule the Trustee undertakes a review of key control procedures relevant to payment authorisations and member asset safeguards. Where there are any timing differences between the date of receiving the latest Capita AAF 01/06 report and the date of approving the master trust assurance report, the Trustee requests a bridging letter from Capita to confirm that there have been no detrimental changes to internal control systems and no widespread systemic administration or IT failures in the intervening period.

In accordance with the Governance Schedule, authorisation limits for paying benefits and other cash transactions are considered by the Trustee.

In accordance with the Governance Schedule, the Trustee reviews the Capita AAF 01/06 report.

In accordance with the Governance Schedule the Trustee undertakes a review of key control procedures relevant to member asset safeguards.

Information in respect of financial compensation and member asset security are detailed in the Investment Guide.

### Test description:

We obtained and inspected the review undertaken by the Trustee to confirm that it includes key control procedures relevant to payment authorisations and member asset safeguards.

**No exceptions noted**

We obtained and inspected the Investment Guide to confirm that it includes disclosures in relation to financial protection.

**No exceptions noted.**

### Test description:

We obtained and inspected the Governance Schedule to confirm that ongoing reviews of the Statement of Investment Principles has been scheduled.

**No exceptions noted.**

We inspected the Statement of Investment Principles to confirm that it addresses stock lending.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that an annual review of the Statement of Investment Principles has been undertaken by the Trustee.

**No exceptions noted.**

We obtained and inspected the Governance Schedule to confirm that reviews of authorisation limits have been scheduled.

**Note** – Authorisation limits are reviewed by the Trustee Board only when change is proposed by Capita.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that an annual review of the Capita AAF 01/06 report has been undertaken by the Trustee.

**No exceptions noted.**

We obtained and inspected the bridging letter and confirmed that it has been reviewed by the trustees.

**No exceptions noted**

## 4. Control objectives and procedures

### Protection of assets

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**

The Atlas Master Trust is structured in a way to provide either 'off the shelf' or bespoke ('employer specific') investment packages to participating employers.

The Trustee makes all major strategic investment decisions including, but not limited to, the design of the investment structure and individual strategies, the range of asset classes and risk levels made available and the appointment and termination of investment managers.

The process for making investment decisions is as follows:

- Identify appropriate investment objectives.
- Agree the level of risk consistent with meeting the objectives.
- Implement an investment strategy and investment manager structure in line with the level of risk and objectives agreed.

Bespoke investment designs will be considered by the Trustee prior to inception and on at least a triennial basis thereafter, with input either from the employer's investment adviser, their own investment adviser, or both, as necessary.

The Trustee has adopted and approved a set of principles under which they will accept bespoke investment options.

The Trustee's Statement of Investment Principles includes a description of all funds and objectives of the three defaults arrangements.

The investment options available to members are described in the Investment Guide available.

### Default arrangements

Before implementing their off the shelf default investment strategy the Trustee

took investment advice from its appointed investment adviser to help determine the suitability of the default arrangement.

This is documented in the Statement of Investment Principles.

The Trustee makes available a range of lifestyle strategies. This includes the Moderate Risk Lifestyle Option.

A higher risk and lower risk default strategy is also available for members to choose.

The Trustee will regularly monitor the suitability of the default investment strategy and may undertake an annual review in conjunction with their investment adviser.

### Self-select funds

The Trustee, following advice from its investment adviser, has selected a range of self-select funds for members to alternatively choose from.

An appropriate objective and benchmark is set for each of these funds. The full list of self-select funds, together with an explanation of each and their risk profile, is included in the member Investment Guides.

The Trustee will regularly monitor the suitability of the self-select investment strategy and may undertake an annual review in conjunction with their investment adviser.

### Default arrangements and self-select funds – strategic investment objectives

The Trustee has designed the default arrangements and has selected a range of self-select investment fund options which it believes generally will meet the following strategic investment objectives:

- To ensure a chosen investment strategy is consistent with relevant

## 4. Control objectives and procedures

legislation, regulations, the Trust Deed and Rules, and best practice, and that there is sufficient flexibility to react to legislative and regulatory changes.

- To ensure the investment strategy structure and design is based on the membership profile, where practical to do so.
- To offer members a reasonable range of investment options to satisfy their risk and return combinations, and to reflect the range of retirement options members have.
- To provide a range of investment options in line with the members' ability to engage at different levels.
- To be mindful of the costs borne by members as a result of investing in different asset classes and using different investment management styles.
- To use diversification between different types of assets to reduce investment risk where practical and cost effective to do so.
- To ensure the investment strategy is capable of being communicated relatively easily to members such that members can take informed decisions in the context of their personal financial circumstances.

These objectives and the funds selected to meet them are documented in the Trustee's Statement of Investment Principles.

The Statement of Investment Principles is prepared after taking suitable advice from the Trustee's Investment Consultant who is authorised by the Financial Conduct Authority and qualified by their ability in, and practical experience of, pension scheme investment, and who have the appropriate knowledge and experience to provide such advice.

The Trustee will formally review the Statement of Investment Principles annually and in all cases a formal review is undertaken triennially and without delay after any significant change in investment policy, legislation, regulation or significant economic or geopolitical change.

Any change to the Statement of Investment Principles will only be made after having obtained and considered the written advice of an investment adviser.

### Control procedures:

In accordance with the Governance Schedule, the Trustee monitors the suitability of the default investment strategy.

The objectives and ongoing suitability of the range of self-select funds are reviewed. The Trustee maintains a Statement of Investment Principles.

Where widespread changes to investments are being considered, the Trustee obtains investment advice, as appropriate, when undertaking formal reviews of the default arrangements and self-select funds.

In accordance with the Governance Schedule, the Trustee reviews the Statement of Investment Principles.

### Test description:

We obtained and inspected meeting minutes to confirm that a review of the suitability of the default investments has been undertaken by the Trustee.

**Note** - The Trustee Board meeting minutes noted that a review of the suitability of the investments was not completed at this time. We are advised further that although a formal review of the default fund was not undertaken at the allotted time in the Governance Schedule by the Trustee Board, we obtained and inspected Investment Sub-Committee minutes which confirmed that the default fund had been reviewed and updated during the period.

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that quarterly reviews of the suitability of the range of self-select funds are undertaken by the Trustee.

**Note** – We note from the September 2018 Trustee Board minutes that the review of the suitability of the range of the self-select funds was deferred to June 2019 and then subsequently deferred in the June 2019 Trustee Board meeting minutes to 2020. We are advised further that although a formal review of the self-select funds were not undertaken by the Trustee Board, we obtained and inspected Investment Sub-Committee minutes which confirmed that the self-select funds had been reviewed and updated during the period.

### No exceptions noted.

Through enquiry we confirmed whether investment advice has been received in the period in relation to widespread changes to investments. Where this was the case, we obtained and inspected investment advice received by the Trustee to support investment decision making.

### No exceptions noted.

We obtained and inspected the Statement of Investment Principles to confirm in place.

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that a review of the Statement of Investment Principles has been undertaken by the Trustee.

### No exceptions noted.

## 4. Control objectives and procedures

We obtained and inspected the Governance Schedule to confirm that on-going reviews of the Statement of Investment Principles, the suitability of the default strategies and self-select funds have been scheduled.

**No exceptions noted.**

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.**

All funds, including self-select funds, are available only from Scottish Widows' investment platform. Performance data is used as one of the key metrics in the Trustee's formal default review which is undertaken annually in conjunction with both Scottish Widows, Capita and the investment adviser.

On a quarterly basis the Trustee reviews the performance of all investments - investment reports are provided by Scottish Widows covering both the default arrangements and self-select funds.

### Control procedures:

In accordance with the Governance Schedule, the Trustee monitors the performance of default funds

In accordance with the Governance Schedule, the Trustee monitors the performance of the self-select funds

### Test description:

We obtained and inspected the quarterly investment performance reports submitted to the Trustee by Scottish Widows

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that quarterly reviews of the performance of funds within the default strategy and the self-select funds against Scottish Widows' benchmarks have been undertaken by the Trustee.

**No exceptions noted.**

We obtained and inspected the Governance Schedule to confirm that on-going reviews of the performance of funds within the default strategies and self-select funds have been scheduled.

**No exceptions noted**

### 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.**

The Trustee maintains a Fitness and Propriety policy, which requires an annual assessment of Trustee fitness and propriety. The annual assessment includes a declaration of interests and the annual assessment is reviewed and approved by the Chair of the Trustee. As required by the approved Business Plan, the Fitness and Propriety policy is subject to annual review.

This annual review is included in the Governance Schedule.

The Fitness and Propriety policy covers matters such as Trustee knowledge and understanding, honesty and integrity and is subject to annual review in accordance with the Governance Schedule.

To ensure that the Atlas Master Trust is well governed, experienced and established professional trustees have been appointed to ensure that the scheme is run in the best interest of members and in accordance with the Trust Deed and Rules and regulatory good practices.

The current Trustee directors are:

**Alan Whalley** – Alan is Chairman of the Trustee Board. He has worked in a variety of senior roles in the pension industry, including the position of UK Chief Executive of Mercer and European Managing Partner at Willis Towers Watson, two of the largest global pension firms.

**PAN Trustees UK LLP (represented by Steve Delo)** – Steve represents PAN Governance LLP, an Independent Professional Trustee Company listed on the Pensions Regulator's Trustee Register. Steve is a prominent and highly respected industry figure. As Chief Executive of PAN Governance LLP, Steve acts as independent trustee or Chairman to a number of defined benefit and defined contribution schemes, including his role as Chair of Trustee of the People's Pension, the UK's largest independent automatic enrolment Master Trust's.

## 4. Control objectives and procedures

**BESTrustees Plc (represented by Penny Green)** - Penny is a senior executive with an in-depth knowledge of UK pension provision. She is currently a Trustee Executive at BESTrustees, a firm of independent pension trustees also listed on the Pensions Regulator's Trustee Register and therefore also subject to the same Assurance Framework Supplement including controls over their competence and scope to act on behalf of a Trust. Prior to this, Penny was Chief Executive of SAUL, the Trustee company responsible for the pension schemes of the various universities in London.

Pan Governance LLP and BESTrustees Limited have internal training and competence programmes designed to maintain relevant knowledge. Alan is subject to the Continuous Professional Development and Professional Code requirements of the Institute and Faculty of Actuaries and of the Pensions Management Institute.

Each Trustee Director was appointed based on independent assessment against a skills matrix, which detailed the skills required to conduct the role. All future Trustee Directors will be similarly appointed. The Articles of Association of the Trustee Company specify the terms in which a Trustee Director would be removed, including a bankruptcy order, a banning order or making a composition with their creditors in satisfaction of their debts.

The principles that underpin the Fitness and Propriety policy will be adopted during any new Trustee appointment process, in conjunction with a Board Assessment to identify any areas of experience or expertise that require strengthening. In addition to a Trustee skills matrix completed prior to appointment, the Trustee appointment letters specify that the Trustee Directors shall perform the services with reasonable care and skill and in a manner that is at least in accordance with Good Industry Practice that may be expected from a first-class provider. "Good Industry Practice" is defined in the appointment letters as the exercise of that degree of skill, diligence, prudence, foresight and practice which would reasonably and ordinarily be expected from a professional pension trustee acting as trustee of a defined contribution Master Trust, including compliance with the relevant legislative and regulatory requirements for defined contribution Master Trusts.

### Control procedures:

The Trustee maintains a Fitness and Propriety Policy.

In accordance with the Governance Schedule, the Trustee reviews the Fitness and Propriety policy.

A Trustee skills matrix is completed prior to Trustee appointment.

Trustee appointment letters are put in place for all Trustee Directors.

Trustee appointment letters specify that the Trustee Directors shall perform the services with reasonable care and skill and in a manner that is at least in accordance with good industry practice.

In accordance with the Governance Schedule, an assessment of Trustee Director ongoing fitness and propriety, including declarations of interest is undertaken.

The assessment of Trustee Director ongoing fitness and propriety is reviewed by the Chair of the Trustee Board.

There is a Protocol Agreement between the Founder/Funder and the Trustee (dated 22 January 2019) which sets out the understandings that the Trustee and Founder have reached about how they intend to manage their respective roles including removal of a Trustee Director.

### Test description:

We obtained and inspected the Fitness and Propriety Policy to confirm in place.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that the Fitness and Propriety policy has been approved by the Trustee.

**No exceptions noted.**

We obtained and inspected the Governance Schedule to confirm that annual reviews of the Fitness and Propriety Policy have been scheduled.

**No exceptions noted.**

## 4. Control objectives and procedures

### Test description:

We obtained and inspected a sample of completed Trustee skills matrices and Trustee Director appointment letters for new appointments in the year.  
Note - During the period there were no new Trustee appointments and as a result no new Trustee skills matrices or appointment letters were completed in the year.

### No exceptions noted.

We obtained and inspected a sample of Trustee appointment letters for current Trustee Directors to confirm that they specify that the Trustee Directors shall perform the services with reasonable care and skill and in a manner that is at least in accordance with Good Industry Practice.

### No exceptions noted.

We obtained and inspected Trustee Director annual assessments of fitness and propriety to confirm they have been completed in the year.

### No exceptions noted.

We obtained and inspected the Governance Schedule to confirm that annual assessments of Trustee Director fitness and propriety and declarations of interest have been scheduled.

### No exceptions noted.

We obtained and inspected reviews and approvals of Trustee Director fitness and propriety undertaken by the Chair of the Trustee.

### No exceptions noted.

We obtained and inspected the Protocol Agreement between the Founder/Funder and the Trustee to confirm that it sets out the understandings that the Trustee and Founder have reached about how they intend to manage their respective roles including removal of a Trustee Director.

### No exceptions noted.

## Scheme management

### 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.

The Trustee maintains a Conflicts of Interest policy which is reviewed by the Trustee annually in accordance with the Governance Schedule. The Conflicts of Interest policy covers:

- Every Trustee director of the Corporate Trustee of the Trust.
- Every employee who is directly employed by the Trustee.
- Any other person who is also a member of any decision-making Sub-Committee of the Trustee.
- Adviser conflicts

The Trustee requires that each of its service providers has an appropriate conflicts policy, contained either in the relevant contract of appointment and/or service agreements or separately.

Conflicts of interest are a standing agenda item at each Trustee meeting. In line with the policy, conflicts of interest are declared at the outset of each trustee meeting and recorded in the minutes of the meeting and added to the Conflicts and Interests Register.

Matters relating to conflicts of interest are set out in the Trustee Directors' terms of appointment.

### Control procedures:

The Trustee maintains a Conflicts of Interest Policy.  
In accordance with the Governance schedule, the Conflicts of Interest Policy is reviewed.  
Conflicts of interest are a standing agenda item at each Trustee meeting.  
The Trustee maintains a Conflicts of Interest register.

## 4. Control objectives and procedures

**Test description:**

We obtained and inspected the Conflicts of Interest Policy to confirm in place.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that the Conflicts of Interest Policy has been reviewed by the Trustee in accordance with the Governance Schedule.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that conflicts of interest are a standing agenda item at Trustee meetings.

**No exceptions noted.**

**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.**

In accordance with the Governance Schedule, each year an assessment is undertaken to identify knowledge and skill gaps on the Trustee Board and assess whether Trustee Directors have sufficient knowledge and skills for their role.

Training records are maintained by all Trustee Directors. Trustee directors should successfully complete the Pensions Regulator’s Trustee toolkit within six months of their appointment or demonstrate that they otherwise meet the requirement for appropriate knowledge and understanding.

Each Trustee Directors is a Professional Trustee. Two of them, Steve Delo and Penny Green, are representatives of Independent Trustee companies which are subject to stringent training and competency plans. Alan is subject to the Continuous Professional Development and Professional Code requirements of the Institute and Faculty of Actuaries.

Each Trustee Directors is also subject to the Professional Code requirements of the Pensions Management Institute.

The training undertaken by each Trustee Director is recorded in their individual training logs.

Capita also provides the Trustee Directors with briefings on industry matters which are relevant to the running of the Atlas Master Trust.

A Pinsent Mason’s ‘Master Trust Update’ forms part of the Trustee Board Pack. These updates provide a narrative about upcoming regulatory and legislative change as they impact (or may impact) Master Trusts.

Based on the above arrangements, the Trustee can identify any knowledge gaps or additional training requirements from these documents. Any such activity agreed through this process is to be identified in the Minutes and added to the Trustee’s Governance Schedule, which will set out the programme of training required.

Trustee knowledge and understanding records are updated annually as part of the Fit and Proper assessment.

**Control procedures:**

The Trustee maintains a Skills Matrix and Effectiveness Evaluation Matrix.

In accordance with the Governance Schedule, the Trustee conducts an annual assessment of Board competence.

At each formal quarterly Trustee meeting there is a forward-review of the scheduled Trustee Governance Schedule activities over the coming quarter to enable the Trustee to identify whether it has the resource, skill and competencies it requires to meet the Plan. This review is recorded in the minutes.

Training records are maintained by all Trustee Directors.

**Test description:**

We obtained and inspected a copy of the Skills Matrix and Effectiveness Evaluation Matrix to confirm in place.

**No exceptions noted.**

We obtained and inspected the Governance Schedule to confirm that planned Trustee skills assessments are scheduled.

**No exceptions noted.**

## 4. Control objectives and procedures

### Test description:

We obtained and inspected annual skills assessments undertaken by the Trustee.

### No exceptions noted.

We obtained and inspected quarterly meeting minutes to confirm that a forward-review of scheduled activities has been undertaken by the Trustee.

### No exceptions noted.

We obtained and inspected Trustee training records maintained by the Trustee to confirm in place.

### Exception noted.

No training records were maintained by the Trustee.

**Management Response:** Although not noted in Trustee minutes, evidence of the Continued Professional Development required by each of their Professional bodies was collected in relation to all Trustees. Moreover, during the reporting period, Atlas was authorised by the Pensions Regulator which required submission of extensive evidence around the fit and proper requirements, including competency and training, in relation to each Trustee.

### 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.

The Trustee maintains a rolling Governance Schedule (previously referred to as the “Business Plan”) which provides a diarised structure for them to consider key aspects of governance at relevant Trustee meetings, including reviews key policies including their Statement of Investment Principles, VFM evaluation, service provider performance and appointment terms, key reports, sub-committee Terms of Reference, self-assessment of Fitness and Propriety etc.

The Governance Schedule helps to identify and to plan ahead the necessary resources required to undertake particular governance activities. Through the Governance Schedule the Trustee can identify if adequate resources are available or identify if additional resource is necessary.

The scope and content of the Governance Schedule is itself reviewed and approved both on an ongoing basis, as required, and formally on an annual basis as required by

the Governance Schedule. The formal review is recorded in meeting minutes.

There are four scheduled meetings in each year, as set out in the Governance Schedule. Additional meetings are anticipated in the appointment letters and held on an as required basis.

### Control procedures:

The Trustee maintains a Governance Schedule.

The Governance Schedule is reviewed by the Trustee annually

The Governance Schedule sets out the frequency of planned Trustee meetings and meeting agenda.

Standing agenda items are captured in the Governance Schedule.

Sections 7 to 14 inclusive of the Articles of Association set out the rules for ‘Decision making by the Trustee’ including quorums.

All key administration processes are documented by the Atlas Operations Team in a Scheme Events Diary.

### Test description:

We obtained and inspected the Governance Schedule to confirm in place.

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that the Governance Schedule has been reviewed and approved by the Trustee.

### No exceptions noted.

We obtained and inspected the Governance Schedule to confirm that it sets out the frequency of Trustee meetings and agenda items.

### No exceptions noted.

We obtained and inspected the Scheme Events Diary to confirm in place.

### No exceptions noted.

## 4. Control objectives and procedures

- 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.**

Services provided by all third parties and/or organisations related to the Master Trust (including fund managers) are specified in contractual documents, including the roles, responsibilities and duties of each party.

The terms under which the Trustee Company is established and operates is set out in the Articles of Association. The trustee directors appointed to the Trustee Company each have a letter of appointment in place which sets out their role and their duties. The Trustee is empowered to change any of its service providers.

The Trustee has also created a high-level note setting out the key roles and responsibilities of each service provider and the specific roles and responsibilities delegated to the individual Trustee Directors, members of the Atlas Master Trust Executive Team and any other key personnel.

Capita is subject to a formal Service Level Agreement which is reviewed at each quarterly meeting. Scottish Widows Assurance provides quarterly reports through which the Trustee can monitor its performance. Services provided by Crowe U.K. LLP and Pinsent Masons LLP, who provide assurance based and legal services respectively, are monitored by the Trustee on an ongoing basis.

The Trustee agrees the appointment of each of their service providers after conducting a suitable due diligence procedure. The appointment of each adviser and service provider is recorded in Trustee minutes.

The performance of advisers and service providers is monitored on an annual basis including. Where applicable, the use of Service Level Agreements are monitored quarterly. Service levels in relation to administration are to be set out in the Framework Agreement between the Trustee and Capita and subject to performance reporting through the Administration Report presented to the Trustee quarterly.

The Trustee formally reviews each of its service providers in accordance with the Governance Schedule, or sooner if circumstances dictate that an earlier review should be undertaken. The performance of the appointed legal adviser, auditor, assurance practitioner and independent investment adviser are measured and monitored through professional judgement and Trustee experience over the course of a year, rather than through specific metrics.

Capita, the appointed administrator to the Trustee, is accredited with the Audit Assurance Framework AAF 01/06, an Assurance Report focused on its internal controls over pensions administration services provided to third parties, including member assets and related transactions in the provision of pension administration services. It details the methods Capita uses to run its business and control its risks including comparisons of actual Capita administration performance against SLA standards.

### Control procedures:

Services provided by Trustee Directors and third parties and/or organisations related to the Atlas Master Trust (including fund managers) are specified in contractual documents.

The Trustee maintains a high-level note setting out key roles and responsibilities of each service provider, which is reviewed annually in accordance with the Governance Schedule.

The Trustee agrees the appointment of each of their advisers and service providers after conducting a documented due diligence procedure.

The Trustee formally reviews each of its service providers annually (including role and responsibilities and service performance), as set out in its Governance Schedule.

Service levels in relation to administration are to be set out in the Framework Agreement between the Trustee and Capita and subject to performance reporting through the Administration Reports presented to the Trustee quarterly.

In accordance with the Governance Schedule, the Trustee reviews the Capita AAF 01/06 report as part of the review of performance of administration and investment services provided.

Where there are any timing differences between the date of receiving the latest Capita AAF 01/06 report and the date of approving the master trust assurance report, the Trustee requests a bridging letter from Capita to confirm that there have been no detrimental changes to internal control systems and no widespread systemic administration or IT failures in the intervening period.

The Trustee is responsible for all service provider appointments (clause 4.2 of the Trust Deed and Rules confers the power of appointment to the Trustee).

## 4. Control objectives and procedures

### Test description:

We obtained and inspected a sample of Trustee Director and service provider contractual documents to confirm that services provided are specified.

**No exceptions noted.**

We obtained and inspected the Trustee high-level note to confirm that it sets out key roles and responsibilities.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that the high-level note of service provider roles and responsibilities has been reviewed by the Trustee.

**No exceptions noted.**

We obtained and inspected documented due diligence undertaken by the Trustee for new advisers and services providers appointed in the year.

Note – There were no new advisers and service providers appointed during the year.

**No exceptions noted.**

We obtained and inspected the Governance Schedule to confirm that on-going reviews of roles and responsibilities of service providers and the high-level schematic have been scheduled.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that roles and responsibilities of service providers have been reviewed by the Trustee.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that annual reviews of service providers has been undertaken by the Trustee in accordance with the Governance Schedule.

**No exceptions noted.**

We obtained and inspected the Framework Agreement to confirm that service levels are included.

**No exceptions noted.**

### Test description:

We obtained and inspected quarterly Administration Reports to confirm that performance against service levels are included.

**No exceptions noted.**

We obtained and inspected minutes of meetings to confirm that performance against service levels in relation to administration are reviewed by the Trustee.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that an annual review of the Capita and Scottish Widows AAF 01/06 report has been undertaken by the Trustee.

**No exceptions noted.**

We obtained and inspected the bridging letter and confirmed that it has been reviewed by the trustees.

**No exceptions noted.**

We obtained and inspected the Trust Deed and Rules to confirm that it confers the power of appointment of service providers to the Trustee.

**No exceptions noted.**

### 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.

Note that the roll of the Discontinuance Plan previously maintained by the Trustee has now been superseded by the Continuity Strategy which includes matters relating to the ability of the Atlas Master Trust to continue in operation, and the actions that would be taken by the Trustee in the event of default to safeguard member assets or entitlements.

The Trust Deed and Rules prescribes the circumstances in which the Atlas Master Trust can or must be discontinued and/or wound up.

In order that they can safeguard members' interests and assets, the Trustee has a Continuity Strategy (which now supersedes the Discontinuance Plan) that:

- Identifies Triggering Events – including insolvency of Funder - and outlines the people responsible for notifying them to TPR and – where applicable – to members and participating employers.

## 4. Control objectives and procedures

- Identifies key service providers.
- Acknowledges the risks that one or both of the key service providers (Capita and Scottish Widows) might fail.
- Describes the Trustee’s duties to members in such an event, including the regulatory notification requirements.
- Addresses what would happen in the event of wind-up or change of Funder.
- Summarises the options and obligations the Trustee would have at their disposal to discharge those duties,
- Acknowledges the risk that the Funder may wish to terminate its role.
- Identifies appropriate levels of financial reserves.

The Continuity Strategy was approved by the Trustee. It is formally reviewed annually in accordance with the Trustee’s Governance Schedule. From Q4 2019, MI – including asset growth and contribution flows, costs and revenues (from AUM charges and employer fees) - is reviewed quarterly (initially by ROSC) to determine whether any changes – including to the reserves - may be required.

There is a Deed of Agreement between the Trustee and Funder. This sets out:

- The Funder’s liability to meet wind-up and run on costs
- The Funder’s liability to maintain a suitable cash reserve and guarantees via additional ICAAP reserve.
- The Funder’s obligation to notify the Trustee if any reserves fall below the required level or do not accord with the agreed structure.

The Deed of Agreement may only be terminated or amended by further Deed.

### Control procedures:

The Trustee maintains a Continuity Strategy.

In accordance with the Governance Schedule, the Continuity Strategy is reviewed and updated.

The Founder and the Atlas Master Trust have signed a Deed of Agreement setting out the levels of ongoing support the Founder will provide to the Atlas Master Trust.

### Test description:

We obtained and inspected the Continuity Strategy to confirm that it is in place.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that a review of the Continuity Strategy has been undertaken by the Trustee in accordance with the Governance Schedule.

**No exceptions noted.**

We obtained and inspected the Deed of Agreement in relation to the Atlas Master Trust which sets out the levels of support the Founder will provide to the Atlas Master Trust.

**No exceptions noted.**

## 4. Control objectives and procedures

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.**

The Trustee has developed and implemented a risk register which is a key component of its internal controls and governance framework, and which will be reviewed at each quarterly meeting, as set out in the Governance Schedule. This review will consider the completeness of the risk register, identify priority risks and agree proportionate mitigation plans.

The Risk & Operations Sub Committee has primary responsibility for reviewing and recommending updates to the Trustee including new risks as they emerge. The Trustee then reviews and agrees (or otherwise) those recommendations at each Board Meeting which is a standing agenda item. The Risk Log is also reviewed at each Risk & Operations Sub Committee meeting (which precede the Trustee meeting). Risk owners are assigned to each risk and updates given at each meeting. The Risk Register is split into six distinct sections:

- Governance
- Investment
- Funder and Sustainability
- Operational
- Compliance
- Advisers/Service Providers.

It includes a likelihood and impact assessment, which then identifies the most significant risks, and an annotation to show whether the risk is static or has increased or decreased over the period. Mitigations are included (and updated over time) to create a post mitigation risk measurement. Some risks are then identified and managed as 'Top Risks'.

### Control procedures:

The Trustee maintains a risk register.  
 In accordance with the Governance Schedule, the risk register is reviewed by the Trustee.  
 An owner is assigned to each risk identified in the risk register.  
 The Trustee maintains an Actions Log to capture actions and issues that are identified during meetings and through day to day activities, including risks on the risk register where a risk or issue can be resolved, rather than monitored over time.  
 The Risk & Operations Sub Committee's Terms of Reference includes the identification and mitigation or resolution of risks.

### Test description:

We obtained and inspected the risk register to confirm in place.  
**No exceptions noted.**  
 We obtained and inspected meeting minutes to confirm that a review of the risk register has been undertaken by the Trustee in accordance with the Governance Schedule.  
**No exceptions noted.**  
 Through observation and inspection we confirmed that a risk owner is assigned to all risks in the risk register.  
**No exceptions noted.**  
 We obtained and inspected the Actions Log to confirm that it includes actions and issues identified.  
**No exceptions noted.**  
 We obtained and inspected the ROSC terms of reference to confirm that it includes responsibility for the identification and mitigation or resolution of risks.  
**No exceptions noted.**

## 4. Control objectives and procedures

### Core financial transactions

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

The processing of core financial transactions is managed and undertaken by Capita and is operated via a straight through automated process. Each quarter, the Trustee receives and reviews an Administration Report, which includes a financial Reconciliation Report and performance against SLAs as set out in the Framework Agreement.

Capita's AAF 01/06 report provides further assurances to the Trustee on the design and operational effectiveness of administration and IT controls procedures operated by Capita, such as:

#### DC Unit Reconciliation

Capita has developed a DC Reconciliation Report which ensures that an overall reconciliation of all units and financial transactions is completed on a monthly basis. All holdings and transactions are reconciled within the monthly DC reconciliation process against transactions recorded by the investment manager as part of each monthly cycle.

A reconciliation, between the units allocated to members, the scheme unallocated account (on the pensions administration system) and the units allocated in total with the investment manager (contract notes) is performed at intervals agreed with clients either by the reconciliations team or accounts team.

Any anomalies regarding unit transactions are highlighted for further investigation and resolution. As a further quality assurance check, transactions are reconciled against those recorded by Scottish Widows as part of the monthly DC reconciliation procedure carried out by Capita's specialist DC Reconciliations Team, who work independently of the day-to-day Member Services Team.

#### Membership movements

A reconciliation of movements in membership is completed by an Administrator in accordance with the Monthly Employer Responsibilities process. The reconciliation ensures all new joiners and leavers along with any changes required are captured and recorded on the system. These are then reviewed and approved by an Authorised person within the Operations team. Evidence is retained on file or within

the administration system. These monthly reconciliations are consolidated and included in the quarterly Administration Reports.

#### Benefits payments

All incoming work, including transfers in and out and retirement payments, are logged onto the pension administration system on a daily basis and reflects the time remaining to complete each item of casework.

SLA performance over benefit payments is reviewed by pensions operations managers and reported to the Trustee Directors on a monthly basis.

Payments are sent from operations to be processed centrally from finance. Members of the finance treasury team check that the instruction has been authorised by a member of the operations department before making the payment. The check is carried out by comparing the signature with the authorised signatory first.

#### Investment transactions

All investment transactions are transferred between the administration platform and the Scottish Widows investment platform via 'Straight Through Processing' ('STP'), meaning they are fully reconciled at the point of transaction.

At intervals agreed with clients, or on request, reconciliations of members' investment data from investment managers to the pension administration system in respect of DC schemes are prepared in accordance with a standard Capita procedure.

Unallocated balances are reviewed and investigated. The results of the reconciliation are reported to the Trustee.

Each reconciliation is signed by an administrator as evidence of completion. The resulting reconciliation is distributed to senior management via email, who review which schemes have variances at the month end. The schemes which have issues are then communicated to the relevant operational managers for further investigation and resolution.

Member requested switches are processed on written request or, for schemes with a member website, by a secure online request process. An administrator reviews the member request, updates the system and refers the request to a senior administrator for authorisation (dependent on the value of the switch). If required by the client, on authorisation, a written confirmation of the change is sent to the member.

## 4. Control objectives and procedures

Members' investment choices are updated on the pensions administration system either by the automation of the switching or by an authorised person within operations and are subsequently authorised on the pensions administration system

by a senior authorised person within operations. A record of the audit trail is either retained on the system or hard copy documents are retained showing who performed the review.

### Contributions

Capita's control environment is designed to ensure that contributions and transfers of members' funds between investment options are processed accurately and in a timely manner. Contribution Schedules are reviewed and approved by an authorised person prior to sending to the investment manager.

Contributions received are reviewed, reconciled monthly against a Contribution Schedule and approved by an Authorised Person prior to sending to the Investment Manager. Management Information is collated monthly and included in quarterly reports to the Trustee.

Confirmation is received from the Investment Manager and compared to the investment instruction that was sent. Any variances are reviewed by an Authorised Person and reconciled by clarification with the Investment Manager and clients. A contract note is received from the investment manager and compared to the investment instruction that was sent. Any variances are reviewed by an authorised person and appropriate action is taken.

### Recording in the proper period

Capita's control environment is designed to ensure that contributions and benefit payments are completely and accurately recorded in the proper period. For example:

Reconciliation is performed by an authorised person on a monthly basis by comparing the monies received against a contribution schedule received from the relevant employer.

The reconciliation of movements in membership is completed by an administrator who has knowledge of the scheme in accordance with scheme particulars and is reviewed by a senior authorised person within operations.

Bank reconciliations are completed on a monthly basis by an authorised person who reconciles all bank payments and receipts to ensure that all contributions and other receipts from the bank statement are posted to the nominal ledger. The bank reconciliation is reviewed for accuracy and signed by a fund accountant.

Reconciliations of investment transactions and journals are completed by the fund accountant responsible for that scheme and are reviewed for completeness and accuracy by a fund accounting manager as part of the annual accounts preparation procedure.

This report is reviewed by the Trustee, in accordance with the Governance Schedule, as part of their oversight of standards of administration governance and service performance. As part of this annual exercise, the Trustee also reviews separately key control procedures relevant to the timeliness of transaction procedures and maintenance of complete and accurate financial records.

Notifications of breaches are reported to the Trustee on at least a quarterly basis. Administration Reports produced quarterly by Atlas' Operations Team within CEBL include a section headed 'Regulatory Reporting' which provides a narrative on any regulatory breaches under the following headings:

- Disclosure Breaches
- Regulatory Breaches
- Unauthorised Payments
- Data Protection Breaches.

## 4. Control objectives and procedures

These notifications enable the Trustee to identify any issues that are reportable and make such reports (if not already notified by CEBL). The Atlas Executive includes a dedicated Head of Operations who has regular (minimum weekly) meetings with the Atlas Operations Team. In practice it is therefore expected that any notifiable breaches will be identified very quickly by the Atlas Executive and brought to the Trustee's attention for an agreed resolution.

### Control procedures:

In accordance with the Governance Schedule, the Trustee reviews the Administration Reports, covering all member transactions including benefits payments, investments and dates and amounts of payroll contribution receipts.

Quarterly Administration Reports include contribution variances and details of corrective actions.

Service levels agreements for undertaking tasks, including the processing of transactions are set out in the Framework Agreement with Capita.

Performance against service levels are included in quarterly Administration Reports presented to the Trustee by the Capita Administration team.

In accordance with the Governance Schedule, the Trustee reviews the Capita AAF 01/06 report.

Where there are any timing differences between the date of receiving the latest Capita AAF 01/06 report and the date of approving the master trust assurance report, the Trustee requests a bridging letter from Capita to confirm that there have been no detrimental changes to internal control systems and no widespread systemic administration or IT failures in the intervening period.

In accordance with the Governance Schedule the Trustee undertakes a review of key control procedures relevant to the timeliness of transaction procedures and maintenance of complete and accurate financial records.

Contributions received are reported to the Head of Operations on a monthly basis. Contributions received are reconciled monthly against an employer Contribution Schedule.

Quarterly Administration Reports reviewed by the Trustee include a section on 'Regulatory Reporting' which sets out breaches.

Quarterly Administration Reports include reconciled membership movements.

### Test description:

We obtained and inspected meeting minutes to confirm that Administration Reports, covering all member transactions including benefit payments, investments and dates and amounts of payroll contribution receipts have been reviewed by the Trustee.

### No exceptions noted.

We obtained and inspected a sample of Administration Reports to confirm they include contribution variances and details of corrective actions.

### No exception noted.

We obtained and inspected the Framework Agreement to confirm that service levels are included.

### No exceptions noted.

We obtained and inspected the quarterly Administration Reports to confirm that performance against service levels are included.

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that performance against service levels is reviewed by the Trustee.

### No exceptions noted.

We obtained and inspected the Capita AAF 01/06 report to confirm in place.

### No exceptions noted.

We obtained and inspected the bridging letter and confirmed that it has been reviewed by the trustees.

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that an annual review of the Capita AAF 01/06 report has been undertaken by the Trustee.

### No exceptions noted.

We obtained and inspected the review undertaken by the Trustee to confirm that it includes key control procedures relevant to the timeliness of transaction procedures and maintenance of complete and accurate financial records.

### No exceptions noted.

## 4. Control objectives and procedures

### Test description:

Through enquiry and inspection, we confirmed that contributions received are reported to the Head of Operations on a monthly basis.

### No exceptions noted.

We obtained and inspected a sample of reconciliation of contributions received to employer Contribution Schedules.

### No exceptions noted.

We obtained and inspected the quarterly Administration Reports to confirm they include a reconciliation of membership movements.

### No exceptions noted.

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

The Trustee has Service Level Agreements with Capita to ensure that contributions are invested promptly following receipt.

The use of Straight-Through Processing (STP) ensures that investment instructions, including the correct allocations of monies to the correct funds, can be transmitted to the investment platform without any undue delay or potential for manual error once each contribution schedule has been checked and reconciled.

The Administration Report reviewed at each quarterly meeting enables the Trustee to monitor that contributions are invested in accordance with regulatory requirements and to challenge Capita in the event that investment has occurred outside the expected timeframe.

Capita's AAF 01/06 report details the methods Capita uses to run its business and control its risks including safeguarding member assets, data security and prompt and accurate procedures for financial transactions.

This report is reviewed by the Trustee, in accordance with the Governance

Schedule, as part of their oversight of standards of administration governance and service performance. As part of this annual exercise, the Trustee also reviews

separately key control procedures relevant to the accurate allocation of contributions to investment funds.

As part of each investment cycle, Capita's systems ensure that all contributions forwarded to Scottish Widows are equal to the values set out on the contributions schedule and ensure that all units allocated by Scottish Widows are reconciled to the pensions administration system.

In addition, the pensions administration system is configured to predict the expected contribution per member, with any differences recorded for investigation and resolution.

A comparison of units held on the administration database (including any unallocated funds), against those recorded with the investment managers, is provided to the Trustee in each quarterly Administration Report.

### Control procedures:

Service levels agreements for undertaking tasks, including the processing to ensure that contributions are invested promptly following receipt, are set out in the Framework Agreement with Capita.

Performance against service levels are included in quarterly Administration Reports presented by the Capita Administration team and reviewed by the Trustee in accordance with the Governance Schedule.

In accordance with the Governance Schedule, the Trustee reviews the Capita AAF 01/06 report.

Where there are any timing differences between the date of receiving the latest Capita AAF 01/06 report and the date of approving the master trust assurance report, the Trustee requests a bridging letter from Capita to confirm that there have been no detrimental changes to internal control systems and no widespread systemic administration or IT failures in the intervening period.

In accordance with the Governance Schedule the Trustee undertakes a review of key control procedures relevant to the allocation of contributions to investment funds.

## 4. Control objectives and procedures

### Test description:

We obtained and inspected the Framework Agreement to confirm that service levels are included.

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that Administration Reports, including the performance of administration against service levels in relation to the investment of contributions, have been reviewed by the Trustee.

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that an annual review of the Capita AAF 01/06 report has been undertaken by the Trustee.

### No exceptions noted.

We obtained and inspected the bridging letter and confirmed that it has been reviewed by the trustees.

### No exceptions noted.

We obtained and inspected the review undertaken by the Trustee to confirm that it includes key control procedures relevant to the allocation of contributions to investment funds.

### No exceptions noted.

The Framework Agreement between the Trustee and Capita includes an indemnity from Capita in respect of errors and omissions, the limit of which is agreed by the Trustee and kept under periodic review. Each Deed of Participation requires the participating employer to meet the cost of any remedial work required as a consequence of their error or omission, on demand by the Trustee.

Capita's controls environment for error rectification and fair treatment of members is described in its Assurance Report on internal controls AAF 01/06 which provides reasonable assurance to the Trustee. For example:

- Each complaint is logged on an electronic register or spreadsheet with a unique reference number.
- Service Level Agreements exist for dealing with complaints.

This report is reviewed by the Trustee, in accordance with the Governance Schedule, as part of their oversight of standards of administration governance and service performance. As part of this annual exercise, the Trustee also reviews separately key control procedures relevant to cash handling safeguards.

All complaints are separately logged with a unique reference number and are reviewed and monitored by the CRT. Each is notified to the Trustee via the Administration Reports.

The Trustee and Administrator independently and regularly review case studies from the Pension Ombudsman with the Trustee receiving regular updates from its Legal Advisors (and published legal cases in order to determine precedents set in significant complaint cases and adapts their processes accordingly to take account of guidance.

### 15. Transaction errors are identified and rectified

Complaint handling is conducted in accordance with the Trustee's Internal Dispute Resolution Policy. Complaints that reach that stage are therefore visible to the Trustee, directly or via the Discretionary and Appeals Sub-Committee. Complaints that are resolved by Capita before the reaching an Internal Disputes Resolution Procedure are reported in Administration Reports, which are viewed by the Trustee each quarter.

Information on addressing and resolving errors are contained in other contractual documents. The Trust Deed & Rules allows the Trustee to reclaim the cost of rework necessitated by employer E&Os.

The administration services Framework Agreement between the Trustee and Capita includes a provision that Capita is liable to cover any loss of investment returns that would otherwise have accrued on the assets of the Atlas Master Trust but for Capita's negligence or breach of the services agreement.

## 4. Control objectives and procedures

### Control procedures:

The Trustee maintains an Internal Dispute Resolution Policy. Complaints that reach that stage are therefore visible to the Trustee, directly or via the Discretionary and Appeals Sub-Committee. Complaints that are resolved by Capita before an Internal Disputes Resolution stage are reported in quarterly Administration Reports reviewed by the Trustee. The Framework Agreement with CEBL covers liabilities in the event that CEBL fails to deliver a service in accordance with good industry practice (see clause 6.1 to 6.4 (page 12)). The Trustee has an indemnity insurance policy with an aggregate limit for Errors & Omissions of £20m. Service providers are reviewed annually by the Trustee. This review includes adequacy of indemnities. In accordance with the Governance Schedule, the Trustee reviews the Capita AAF 01/06 report. Where there are any timing differences between the date of receiving the latest Capita AAF 01/06 report and the date of approving the master trust assurance report, the Trustee requests a bridging letter from Capita to confirm that there have been no detrimental changes to internal control systems and no widespread systemic administration or IT failures in the intervening period. In accordance with the Governance Schedule the Trustee undertakes a review of key control procedures relevant to managing transaction errors.

### Test description:

We obtained and inspected the Trustee's Internal Dispute Resolution Policy to confirm in place.  
**No exceptions noted.**

### Test description:

We obtained and inspected meeting minutes to confirm that complaints that reach an Internal Dispute Resolution stage have been recorded.

**No exceptions noted.**

We obtained and inspected Administration Reports to confirm that they include complaints that are resolved by Capita before an Internal Disputes Resolution stage and meeting minutes to confirm that the Administration reports have been reviewed by the Trustee.

**No exceptions noted.**

We obtained and inspected the Framework Agreement to confirm that it includes a liability clause in the event that CEBL fails to deliver service standards.

**No exceptions noted.**

We obtained and inspected the Trustee indemnity insurance policy to confirm in place.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that annual reviews of service providers, including the suitability of liability clauses, has been undertaken by the Trustee in accordance with the Governance Schedule.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that an annual review of the Capita AAF 01/06 report has been undertaken by the Trustee.

**No exceptions noted.**

We obtained and inspected the bridging letter and confirmed that it has been reviewed by the trustees.

**No exceptions noted.**

We obtained and inspected the review undertaken by the Trustee to confirm that it includes key control procedures relevant to the managing of transaction errors.

**No exceptions noted.**

We obtained and inspected the bridging letter and confirmed that it has been reviewed by the trustees.

**No expectations noted.**

We obtained and inspected the review undertaken by the Trustee to confirm that it includes key control procedures relevant to the managing of transaction errors.

**No expectations noted.**

## 4. Control objectives and procedures

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

In the normal course of events the Trustee does not handle cash or other investment transactions directly; responsibility is delegated to Capita. Only in a Triggering Event would the Trustee have direct access to such cash and other reserves as are necessary to resolve the Triggering Event. These assets sit outside of the Atlas trust.

Capita's AAF 01/06 report provides further assurances to the Trustee on the design and operational effectiveness of administration and IT controls procedures operated by Capita, including cash safeguards and payment authorisation procedures:

- For all types of bank payments, dependant on the type and absolute value, each payment is separately created either manually or on the electronic pension administration system and independently authorised by at least one authorised signatory. An audit trail is retained for payment approvals either via sign-off of the manual form or the audit trail in the pension administration system. This provides evidence that the payment has been
- raised and authorised in accordance with Capita's formal procedures.
- User access is restricted, including physical access to buildings and to IT equipment and software.

Capita's key processes include prompt recording of all cash movements and reconciliations, with all reconciliations being completed and reviewed and signed off by an authorised person in the finance department. Any cheque receipts are banked as soon as possible or passed to the appropriate authorised person for further action. The authorised person is responsible for reconciling all receipts and payments on the bank statements to those posted onto the accounting records.

A bank reconciliation is completed on a monthly basis by an authorised person who reconciles all bank payments and receipts. The bank reconciliation is reviewed for accuracy and signed by a fund accountant as evidence of review and a copy retained.

The Capita AAF 01/06 report is reviewed by the Trustee, in accordance with the Governance Schedule, as part of their oversight of standards of administration

governance and service performance. As part of this annual exercise, the Trustee also reviews separately key control procedures relevant to cash handling safeguards.

#### Control procedures:

In accordance with the Governance Schedule, authorisation limits for paying benefits and other cash transactions are considered by the Trustee.

In accordance with the Governance Schedule, the Trustee reviews the Capita AAF 01/06 report.

Where there are any timing differences between the date of receiving the latest Capita AAF 01/06 report and the date of approving the master trust assurance report, the Trustee requests a bridging letter from Capita to confirm that there have been no detrimental changes to internal control systems and no widespread systemic administration or IT failures in the intervening period.

In accordance with the Governance Schedule the Trustee undertakes a review of key control procedures relevant to cash handling safeguards.

#### Test description:

We obtained and inspected meeting minutes to confirm that a review of authorisation limits have been undertaken by the Trustee in accordance with the Governance Schedule.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that an annual review of the Capita AAF 01/06 report has been undertaken by the Trustee.

**No exceptions noted.**

We obtained and inspected the bridging letter and confirmed that it has been reviewed by the trustees.

**No exceptions noted.**

We obtained and inspected the review undertaken by the Trustee to confirm that it includes key control procedures relevant to cash handling and payment authorisations has been scheduled.

**No exceptions noted.**

## 4. Control objectives and procedures

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

Payment schedules are put in place with each participating employer to document contribution payment due dates for each month. Capita actively monitors the payment of expected contributions against these schedules (see below) and will contact the Payroll department of the participant where any contribution payments are overdue. A Late and Non-Payments Report is produced every month when all payments received up to and including the relevant day of the month have been processed and reviewed. This report verifies the receipt and timing of contribution receipts; contribution monitoring is then maintained locally by the Atlas operations team.

Any exceptions to contribution due dates are reported to the Trustee in quarterly Administration Reports.

Capita's Scheme Finances department has a section within its accounting system (acclink) which controls contribution receipts. Each contribution source due is set up under its own schedule and upon receipt of contributions amounts are entered via the schedule to join the cashbook. This is then checked to the bank and must be matched in value and date entirely to allow reconciliation. This check automatically takes place daily as part of CASS reporting (CASS reporting is a regulatory obligation imposed on Capita by the Financial Conduct Authority).

When entering contributions, Capita also checks against a tolerance to identify underpayments. A report is run from a central database which checks the dates all amounts of contributions are received and reports non-payment and late payments. A letter to the participating employer would be automatically generated.

The Hartlink administration system can hold various items of data that are used to calculate the expected level of contributions each month at a member level. These include Pensionable Salary and contribution percentage, which can be updated as necessary by each participating employer's payroll system. Anomalies can therefore be flagged for resolution directly with employers.

Capita's control environment for ensuring contributions is described in the Capita AAF 01/06 report which provides reasonable assurance to the Trustee. For example:

- On a monthly basis, either the fund accounting manager or the client manager monitors non-payment or late payments.
- All late and non-payments would be reported to the Trustee and participating employer.
- Variances in monthly contributions above a set limit, non-payments and late payments are investigated by the finance manager for the scheme.

This report is reviewed by the Trustee, in accordance with the Governance Schedule, as part of their oversight of standards of administration governance and service performance. As part of this annual exercise, the Trustee also reviews separately key control procedures relevant to managing the collection of contributions.

#### Control procedures:

Payment schedules are put in place with each participating employer to document contribution payment due dates for each month. Capita monitors payment of expected contributions against these schedules.

The quarterly Administration Reports reviewed by the Trustee includes dates of all contributions receipts.

In accordance with the Governance Schedule, the Trustee reviews the Capita AAF 01/06 report.

Where there are any timing differences between the date of receiving the latest Capita AAF 01/06 report and the date of approving the master trust assurance report, the Trustee requests a bridging letter from Capita to confirm that there have been no detrimental changes to internal control systems and no widespread systemic administration or IT failures in the intervening period.

In accordance with the Governance Schedule the Trustee undertakes a review of key control procedures relevant to the resolution of late and inaccurate contributions.

The Trustee has an Employer Insolvency Policy for reclaiming contributions from the employer assets.

## 4. Control objectives and procedures

### Test description:

Note – see also Control Objective 13 above which includes reconciliation control procedures relevant to the collection of monthly contributions.

We obtained and inspected a sample of payment schedules put in place with each participating employer to confirm in place.

#### No exceptions noted.

We obtained and inspected meeting minutes to confirm that quarterly reviews of the Administration Report, including the receipt of contributions and any exceptions, has been undertaken by the Trustee.

#### No exceptions noted.

We obtained and inspected meeting minutes to confirm that an annual review of the Capita AAF 01/06 report has been undertaken by the Trustee.

#### No exceptions noted.

We obtained and inspected the bridging letter and confirmed that it has been reviewed by the trustees.

#### No exceptions noted.

We obtained and inspected the review undertaken by the Trustee to confirm that it includes key control procedures relevant to the resolution of late and inaccurate contributions.

#### No exceptions noted.

We obtained and inspected the Employer Insolvency Policy to confirm in place.

#### No exceptions noted.

### 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.**

Capita has an established Business Continuity Management System that is certified to ISO22301. Critical systems are hosted out of the Capita Data Centre at West Malling and have Hot Disaster Recovery links to a secondary Data Centre at Laindon. Network drives and other non-critical infrastructure is backed up daily by tape and taken offsite. All Business Continuity Plans are reviewed bi-annually and tested at least once each year.

The business recovery solution for the administration team is set up to Sungard Availability Services at their Elland site. The most recent Work Area Recovery (WAR) exercise for the Sheffield office took place in November 2015. The next is scheduled for 2017.

For the Hartlink application, Capita Employee Benefits outsources its infrastructure to Capita IT Services. There is an agreement in place with Capita IT Services which covers the following main areas:

- Disaster recovery.
- Identification, escalation and resolution of attempted and successful intrusions or attacks.
- Physical access and monitoring of the site.
- All data systems are backed up on a daily basis.
- All backed up data is also replicated on a continual basis to the separate disaster recovery site.
- Environmental controls and processes.

Capita IT Services maintain ISO 27001 and ISO 9001 accreditation and provides 24 hour manned support of all Capita's production servers.

An SLA is in place with Capita IT Services, which specifies agreed service levels and response times. Capita monitors performance against agreed service levels via a monthly service report submitted by Capita IT Services and via monthly service review meetings with Capita IT Services.

## 4. Control objectives and procedures

Any resulting actions are noted and followed up by the appropriate persons.

Capita's control environment for data and system back-up and recovery is described in its AAF 01/06 report. For example, Capita has business continuity plans and disaster recovery plans that are documented and reviewed annually by Capita's Business Continuity Manager.

This report is reviewed by the Trustee, in accordance with the Governance Schedule, as part of their oversight of standards of administration governance and service performance. As part of this annual exercise, the Trustee also reviews separately key control procedures relevant to data and system back-up and recovery. Annual testing of the data recovery plans is carried out by the disaster recovery team in conjunction with Capita's data recovery provider. The Trustee receives a copy of the Post Test Report following each annual Business Recovery test.

### Control procedures:

An SLA is in place with Capita IT Services, which specifies agreed service levels and response times.

Capita has business continuity plans and disaster recovery plans that are documented and reviewed annually by Capita's Business Continuity Manager.

Annual testing of the data recovery plans is carried out by the disaster recovery team in conjunction with Capita's data recovery provider.

The Trustee receives a copy of the Post Test Report following each annual Business Recovery test.

In accordance with the Governance Schedule, the Trustee reviews the Capita AAF 01/06 report.

In accordance with the Governance Schedule the Trustee undertakes a review of key control procedures relevant to data and system back-up and recovery.

Where there are any timing differences between the date of receiving the latest Capita AAF 01/06 report and the date of approving the master trust assurance report, the Trustee requests a bridging letter from Capita to confirm that there have been no detrimental changes to internal control systems and no widespread systemic administration or IT failures in the intervening period.

### Test description:

We obtained and inspected a copy of the agreed Service Level Agreement with Capita IT Services to confirm in place. Note – There have been no changes in the services provided by Capita in the period and therefore the service levels remain unchanged.

**No exceptions noted.**

We obtained and inspected a copy of the post-test report and associated emails from the business continuity manager to confirm that the business continuity plans and disaster recovery plans have been reviewed.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that the Trustee has received and reviewed the Post Test Report following the annual Business Recovery test.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that an annual review of the Capita AAF 01/06 report has been undertaken by the Trustee.

**No exceptions noted.**

We obtained and inspected the review undertaken by the Trustee to confirm that it includes key control procedures relevant to data and system back-up and recovery.

**No exceptions noted.**

We obtained and inspected the bridging letter and confirmed that it has been reviewed by the trustees.

**No exceptions noted.**

## 4. Control objectives and procedures

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

Capita regularly reviews the capacity of its administration and web engagement systems.

As part of their adherence to their ISO2000 accreditation, Capita are required to ensure that they have a current Capacity Management Process and a current Capacity Plan. Both of these items form part of the ISO2000 collateral and are audited regularly by BSI.

For the Orbit platform, capacity planning is already in place to scale the system to 2 to 3 times the current capacity of members.

Capacity is monitored at least quarterly to check against these Plans. As Capita approaches these figures, planning will be amended to deal with the changes. Orbit runs on a private, cloud-based platform where ease of scalability is fundamental to the architecture. This ensures that capacity can be increased 'on-demand' without having to go through hardware procurement cycles.

Each year, the Trustee also reviews separately key control procedures relevant to the management of capacity risk.

There is a standing agenda item (Sales and Marketing update) at which Capita provides the Trustee with a list of new business wins and pipeline, which enables the Trustee to establish Capita's ability to implement the pending new business or identify any implementation risks.

#### Control procedures:

In accordance with the Governance Schedule, the Trustee reviews the Capita AAF 01/06 report.

Where there are any timing differences between the date of receiving the latest Capita AAF 01/06 report and the date of approving the master trust assurance report, the Trustee requests a bridging letter from Capita to confirm that there have been no detrimental changes to internal control systems and no widespread systemic administration or IT failures in the intervening period.

In accordance with the Governance Schedule the Trustee undertakes a review of key control procedures relevant to the management of capacity risk and resources. There is a standing agenda item (Sales and Marketing update) at which Capita provides the Trustee with a list of new business wins.

#### Test description:

We obtained and inspected meeting minutes to confirm that an annual review of the Capita AAF 01/06 report has been undertaken by the Trustee.

#### No exceptions noted.

We obtained and inspected the bridging letter and confirmed that it has been reviewed by the trustees.

#### No exceptions noted.

We obtained and inspected the review undertaken by the Trustee to confirm that it includes key control procedures relevant to the management of capacity risk and resources.

#### No exceptions noted.

We obtained and inspected meeting minutes to confirm that Sales and Marketing updates are considered at each Trustee meeting.

#### No exceptions noted.

## 4. Control objectives and procedures

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

The Atlas Master Trust is governed by a Trust Deed and Rules dated 11th June 2015 (and any subsequent amendments thereto). Participating employers receive a copy of, and are bound by, these rules.

Standard administration services delivered to the Trustee by Capita are described in the Framework Agreement created between Capita and the Trustee; any variation to the standard services are agreed in advance between the Trustee, Capita and the participant and captured in a separate call-out agreement, which describes the nature of the non-standard services.

Other features including contribution rates, eligibility criteria, Pensionable Pay definition and investments are included in the Deed of Participation which is jointly signed by Capita, the Trustee and the participant.

Member booklets are drafted to reflect the basis upon which the Atlas Master Trust will operate, and agreed with the participant (or, where applicable, Transferring Trustee) before implementation.

Capita's control environment for accepting clients is described in the Capita AAF 01/06 report. Controls include the production of Client Initiation Documents, which are completed by a project manager before review, and signed off by an Authorised Person (someone with the seniority and requisite knowledge and experience to perform the task) within the Implementation Team, and approving and checking of all lifestyle matrices.

This report is reviewed by the Trustee, in accordance with the Governance Schedule, as part of their oversight of standards of administration governance and service performance. As part of this annual exercise, the Trustee also reviews separately key control procedures relevant to new business take-ons.

### Control procedures:

Participating employers receive and sign a Deed of Participation.

In accordance with the Governance Schedule, the Trustee reviews the Capita AAF 01/06 report.

Where there are any timing differences between the date of receiving the latest Capita AAF 01/06 report and the date of approving the master trust assurance report, the Trustee requests a bridging letter from Capita to confirm that there have been no detrimental changes to internal control systems and no widespread systemic administration or IT failures in the intervening period. In accordance with the Governance Schedule the Trustee undertakes a review of key control procedures relevant to new business take-ons.

### Test description:

We obtained and inspected a sample of signed Deeds of Participation for employers joining the Atlas Master Trust during the year.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that an annual review of the Capita AAF 01/06 report has been undertaken by the Trustee.

**No exceptions noted.**

We obtained and inspected the bridging letter and confirmed that it has been reviewed by the trustees.

**No exceptions noted.**

We obtained and inspected the review undertaken by the Trustee to confirm that it includes key control procedures relevant to new business take-ons.

**No exceptions noted.**

## 4. Control objectives and procedures

### Data quality and security

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

The Atlas Master Trust was incepted in June 2015 and therefore there are no legacy data integrity issues.

On-boarding of new schemes and corresponding member data is based on data provided by new participants. For all new scheme implementations, the Hartlink system on which the Atlas Master Trust operates validates core data items and identifies data that is missing. For example, dates of birth, National Insurance Numbers and surnames. These can then be resolved by the participating employer or transferring Trustee so that no invalid or missing data is unknowingly accepted. Consequently 'on-boarded' data quality is expected to be at least of satisfactory standard.

Capita provides a Data analysis toolkit that it uses to establish data quality for a number of its clients, for both Core and Conditional data (as defined by the Pensions Regulator).

Every year a check will be done by an independent team data team within CEBL of the common data. The Data team will run the required reports and perform a series of tests against all common data areas. Once completed a certificate is provided to the Trustee and the supplementary report detailing the individual data fails is also supplied. The common data areas tested include; Base personal data (Surname, Forename, Title, and DOB), NI Numbers, Service Dates, Address, and Postcode.

Every year a detailed report that reviews scheme specific data will be produced. Scheme specific data is a more detailed report that not only captures the common data checks, but also checks for the presence of other expected data such as contribution rates, salary history and contribution history.

Annual common data checks and scheme specific data reviews are budgeted within Atlas' Business Plan. The Business Plan includes an allowance for annual goneaway tracing as well as annual data integrity checks based on current ratios of 'fails' extrapolated across anticipated membership.

Capita's AAF 01/06 report focusses on its internal controls over pensions' administration services provided to third parties, including the maintenance of member records, assets and related transactions in the provision of pension administration services. It details the methods Capita uses to run its business and control its risks including processes for validating data integrity. For example:

- Electronic member data received is either loaded automatically using a bespoke interface or IT load the requested data. Manual data entries are completed by an administrator and reviewed independently.
- Ensuring any member data amendments created by administrators are approved by an authorised person.

This report is reviewed by the Trustee, in accordance with the Governance Schedule, as part of their oversight of standards of administration governance and service performance. As part of this annual exercise, the Trustee also reviews separately key control procedures relevant to the maintenance of complete and accurate member data.

#### Control procedures:

In accordance with the Governance Schedule, the Trustee reviews the Capita AAF 01/06 report.

Where there are any timing differences between the date of receiving the latest Capita AAF 01/06 report and the date of approving the master trust assurance report, the Trustee requests a bridging letter from Capita to confirm that there have been no detrimental changes to internal control systems and no widespread systemic administration or IT failures in the intervening period.

In accordance with the Governance Schedule the Trustee undertakes a review of key control procedures relevant to the maintenance of complete and accurate member data.

Each year a check will be done by an independent data team within CEBL of common and specific data. The results of these checks are presented to ROSC and to the Trustee with actions recommended by ROSC.

## 4. Control objectives and procedures

### Test description:

We obtained and inspected meeting minutes to confirm that an annual review of the Capita AAF 01/06 report has been undertaken by the Trustee.

**No exceptions noted.**

We obtained and inspected the bridging letter and confirmed that it has been reviewed by the trustees.

**No exceptions noted.**

We obtained and inspected the review undertaken by the Trustee to confirm that it includes key control procedures relevant to the maintenance of complete and accurate member data.

**No exceptions noted.**

We obtained and inspected the common and scheme specific data reports presented to the Trustee and minutes of meetings where reviews of these checks were undertaken by the Trustee.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that results of common and scheme specific data has been considered by ROSC and the Trustee.

**No exceptions noted.**

### 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

Security controls at data centres and administration delivery locations are assessed against ISO 27001 on an annual basis. All servers receive annual vulnerability assessments using auto-assessment tools. Ad hoc vulnerability assessments are also conducted throughout the year. Annual third party CESA CHECK accredited penetration tests are performed against external facing systems. Frequent client penetration testing is conducted which covers all aspects of penetration (e.g. networks, scanning, etc.).

All ingress points are protected by multi-vendor, multi-tiered firewalls as mandated by Capita's Security Policy. All machines are covered by Capita's corporate antivirus solution McAfee, which is installed on all machines and managed centrally. The latest patches are applied once they are available on Capita's anti-virus vendor's ePo software repository.

Reports are also produced daily via the McAfee ePO dashboard to ensure that all Capita machines are running the latest version of the software. Weekly reports are forwarded to Capita which contain the daily statistics for CEB workstations. Local IT Support teams are notified of any virus alerts, which results in a thorough investigation in conjunction with Capita Security Manager.

For operating systems, firewalls, IPS, networks, etc., events are reported via the Security Information and Event Management (SIEM) process. Application events are logged and reviewed monthly by Capita's information security management team. A separate development network exists for each application platform. Live data is never used for development. Secure application code is developed following OWASP Secure Coding Practices.

Capita's AAF 01/06 report focusses on its internal controls over pensions' administration services provided to third parties, including control to help mitigate the risk of malicious electronic attack (cyber risk). The control environment for ensuring data accuracy, transmitting data and firewall protection is also described in Capita's AAF 01/06 report. This report is reviewed by the Trustee, in accordance with the Governance Schedule, as part of their oversight of standards of administration governance and service performance. As part of this annual exercise, the Trustee also reviews separately key control procedures relevant to the security of data transmissions and malicious electronic attack.

### Control procedures:

In accordance with the Governance Schedule, the Trustee reviews the Capita AAF 01/06 report.

Where there are any timing differences between the date of receiving the latest Capita AAF 01/06 report and the date of approving the master trust assurance report, the Trustee requests a bridging letter from Capita to confirm that there have been no detrimental changes to internal control systems and no widespread systemic administration or IT failures in the intervening period.

In accordance with the Governance Schedule the Trustee undertakes a review of key control procedures relevant to the security of data transmissions and malicious electronic attack.

## 4. Control objectives and procedures

### Test description:

We obtained and inspected meeting minutes to confirm that an annual review of the Capita AAF 01/06 report has been undertaken by the Trustee.

### No exceptions noted.

We obtained and inspected the review undertaken by the Trustee to confirm that it includes key control procedures relevant to the security of data transmissions and malicious electronic attack.

### No exceptions noted.

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

Physical access to Capita offices and facilities is controlled via electronic swipe cards and identity passes. Users' computer system accounts are first approved via Capita's formal Starters/Leavers/Movers (JML) procedure, which is managed by an internal Service Desk. Access to workstations is then by unique user ID and password. File system access is configured using role-based access control (RBAC).

Access control for applications is achieved by assigning user types to individuals or groups of users, employing the least privilege approach. This allows access control, at varying levels, to all types of records (e.g. clients, schemes, employers within schemes or individual members, etc.). This means that access to individual screens, groups of screens and sensitive screens can be easily controlled. System controls further enforce the segregation of role-based tasks. Relevant authorised users can access system tables, programs and source software. Privileged access is secured using user ID and password control and is associated with a specific environment. In addition, privileged access is given and recorded against specific job requests. The segregation of roles and rotation of duties ensure that key tasks (create, update, delete, etc.) are authorised and actioned by separate individuals. Access to system maintenance utilities, including audit, is restricted to authorised users with the appropriate user type and password. Other users do not see system maintenance within menu options.

Information security responsibilities and requirements are included within job descriptions. Staff are required to sign confidentiality agreements, forming part of their contract of employment, on joining the company. All staff undertake mandatory annual training and regular updates in information security policies

and procedures and can call upon the expertise of Capita's Information Security team where clarification is required. Capita does not use subcontractors for providing the services offered to their customers.

As part of the JML process, there is an exit procedure in place that includes notification of leavers by line management, which is used to reconcile the leaver process and ensure unused user accounts are suspended immediately.

Capita's AAF 01/06 report focusses on its internal controls over member assets and related transactions in the provision of pension administration services. It details the methods Capita uses to run its business and control its risks including physical and logical access controls and data security. This report is reviewed by the Trustee, in accordance with the Governance Schedule, as part of their oversight of standards of administration governance and service performance. As part of this annual exercise, the Trustee also reviews separately key control procedures relevant to physical and logical access to computer systems.

### Control procedures:

In accordance with the Governance Schedule, the Trustee reviews the Capita AAF 01/06 report.

Where there are any timing differences between the date of receiving the latest Capita AAF 01/06 report and the date of approving the master trust assurance report, the Trustee requests a bridging letter from Capita to confirm that there have been no detrimental changes to internal control systems and no widespread systemic administration or IT failures in the intervening period.

In accordance with the Governance Schedule the Trustee undertakes a review of key control procedures relevant to physical and logical access to computer systems.

### Test description:

We obtained and inspected meeting minutes to confirm that an annual review of the Capita AAF 01/06 report has been undertaken by the Trustee.

### No exceptions noted.

We obtained and inspected the review undertaken by the Trustee to confirm that it includes key control procedures relevant to physical and logical access to computer systems.

### No exceptions noted.

We obtained and inspected the bridging letter and confirmed that it has been reviewed by the trustees.

### No exceptions noted.

## 4. Control objectives and procedures

### Data quality and security

#### 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.

Capita deploys asset management software to track and record the assets. Only authorised devices can be connected to the network or computer/laptop. CD and USB device access is blocked by default – authorisation must be granted.

Capita employs standard build configurations across the organisation. Users do not have local admin rights on the system, so are prevented from making unapproved changes.

All critical MS systems are patched via WSUS. Other systems are patched via a review process to ensure continued availability of the platform. All Capita systems are tested via internal vulnerability and external penetration testing.

To ensure that data and files are not stored locally on users' hard drives, a lockdown setting is applied which prevents users from being able to save files directly onto the root of the C:\ drive. Users are instead 'redirected' to a desktop folder on a server.

All Capita laptops are subject to mandatory full-disk encryption using McAfee which employs FIPS 140-2 compliant encryption.

All changes are subject to the change management process for approval and implementation. Strict version control and testing of the implementation is reinforced by automatic recording of the date and time of the change, as well as the User ID of the person who made the change. All development and item release is undertaken using strict version control and release management software. This software provides a repository that records and tracks changes as items are booked in and out.

Risks to service and data are controlled by extensive testing of the changes to be implemented. Capita has a dedicated team in place to ensure that changes to the system are appropriate, functionally correct and risk-free.

Changes can be affected and rolled back without any effect on existing data. Strict version control also enables a back-out of any system code if necessary.

Implementation of any approved change is managed via the Release and Deployment Management process.

The control environment for IT change management is described in Capita's AAF 01/06 report.

This report is reviewed by the Trustee, in accordance with the Governance Schedule, as part of their oversight of standards of administration governance and service performance. As part of this annual exercise, the Trustee also reviews separately key control procedures relevant to IT maintenance and development.

#### Control procedures:

In accordance with the Governance Schedule, the Trustee reviews the Capita AAF 01/06 report.

Where there are any timing differences between the date of receiving the latest Capita AAF 01/06 report and the date of approving the master trust assurance report, the Trustee requests a bridging letter from Capita to confirm that there have been no detrimental changes to internal control systems and no widespread systemic administration or IT failures in the intervening period.

In accordance with the Governance Schedule the Trustee undertakes a review of key control procedures relevant to IT maintenance and development.

#### Test description:

We obtained and inspected meeting minutes to confirm that an annual review of the Capita AAF 01/06 report has been undertaken by the Trustee.

#### No exceptions noted.

We obtained and inspected the review undertaken by the Trustee to confirm that it includes key control procedures relevant to IT maintenance and development.

#### No exceptions noted.

We obtained and inspected the bridging letter and confirmed that it has been reviewed by the trustees.

#### No exceptions noted.

## 4. Control objectives and procedures

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

The Trust Deed and Rules prescribe the retirement options available to members. Capita's pensions administration system, Hartlink, automatically produces a workflow item when members are within six months of their Target Retirement Age. Manual reports can also be produced, using different time periods. Members who are over 55, or who may be eligible for ill health benefits, can request packs at any time.

Members' options are described in the Retirement Packs sent to them. The packs are produced by Capita's Technical Team in conjunction with an Approved Person to ensure compliance with statutory and regulatory requirements and market best practice.

As with all member engagement collateral, the retirement wake-up packs are included in the Engagement Strategy included in the Trustee's (and ESC's) approved Governance Schedule. The Engagement Strategy is a 'living' document and reviewed throughout the year (by ESC) rather than at a specific date.

Capita's Administration Team will set up the selected retirement options in accordance with prescribed procedures. A Service Level Agreement exists for retirement which will be monitored by the Trustee quarterly.

The benefits to which members are entitled after attaining Normal Pension Age (55, rising in line with increases to State Pension Age) are described in the Trust deed and Rules.

Members can take a transfer-out or use in-scheme flexibility for Flexi-Access Drawdown (FAD) and Uncrystallised Funds Pension Lump Sum (UFPLS). These options are explained to members in the member booklets and on-line collateral, and in the retirement wake up packs sent to members six months before their Selected Retirement Age (and earlier on request).

Retirement packs are managed and maintained within Capita's business, under the oversight of an Approved Person.

Capita's Technical team draft the wake up and retirement packs and are also responsible for making any updates. The packs are drafted to ensure that they are compliant with the Pension Regulator's guidance on communicating with members about pension flexibilities and also the Disclosure of Information Regulations 2013, as amended.

The letters are reviewed internally within the Capita Technical team. The Operations Team can only deviate from the content of the standard letter with approval from the Technical Team.

The approved letters are issued to the Operations Team and also hosted on the intranet pages for reference.

Once a member has selected an option, benefit payment timeframes are subject to Service Level Agreements, which are monitored by the Trustee via quarterly Administration Reports.

The Trustee has a Service Level Agreement with Capita that includes an agreed timeframe for issuing retirement packs. Performance against SLA is included in the quarterly Administration Reports presented by the Administration team and reviewed by the Trustee.

#### Control procedures:

The Trustee has a Service Level Agreement with Capita that includes an agreed timeframe for issuing retirement packs and benefit payment timeframes. These are monitored by the Trustee via quarterly Administration Reports. Each year, ESC provides a report for the Board 'Report into the processes and controls around Retirement Wake up Packs' This report outlines the disciplines involved in producing wake up packs which reflect all the options available to Atlas members.

## 4. Control objectives and procedures

### Test description:

We obtained and inspected the Framework Agreement to confirm that service levels in relation to issuing retirement packs and retirement benefit payment timeframes are included.

### No exceptions noted.

We obtained and inspected quarterly Administration Reports to confirm that service levels in relation to issuing retirement packs and retirement benefit payments are included.

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that Administration Reports have been reviewed by the Trustee.

### No exceptions noted.

### Control procedures:

The Trustee maintains an Engagement Strategy which sets out a roadmap of future developments over different time-horizons.

In accordance with the Governance Schedule, the Trustee reviews the Engagement Strategy annually.

In accordance with the Governance Schedule, the Trustee reviews Capita Communications and Operational areas within Capita and control procedures relevant to the accuracy and clarity of member communications.

Timescales for delivering member communications are either written into the Framework Agreement with Capita or built into Capita and/or client systems during implementation (e.g. the provision of Member Booklets and Investment Guides via the Orbit portal).

The Engagement Sub Committee operates a member forum.

The Engagement Sub Committee (ESC) and Discretions and Appeals Sub Committee (DASC) have delegated authority to ensure that member views are heard, and feedback actioned accordingly.

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

An Engagement Strategy has been created which is designed to play on a number of key attributes and included guidance on tone and language to be used.

The Member Booklet, Investment Guides and on-line experience were developed from this plan and are subject to ongoing reviews.

Both the Member Booklet and Investment Guide are reviewed and approved by the Trustee. The Trustee has been given demonstrations of Orbit, in order to validate that the agreed communication plan extends into the members' on-line portal.

The Trustee has an Engagement Sub-Committee. This Sub-Committee has responsibility for the Trustee's member engagement strategy. Each year, the Governance Schedule requires the Trustee to review relevant Communications and Operational areas to discuss key control processes and procedures.

An annual review of the Communication Plan/Strategy is undertaken in accordance with the Governance Schedule.

## 4. Control objectives and procedures

### Test description:

We obtained and inspected the Engagement Strategy to confirm in place and meeting minutes to confirm that a review of the Engagement Strategy has been undertaken by the Trustees in accordance with the Governance Schedule.

#### No exceptions noted.

We obtained and inspected the Governance Schedule to confirm that on-going reviews of communications strategy have been scheduled.

#### No exceptions noted.

We obtained and inspected meeting minutes to confirm that the Trustee has reviewed control procedures relevant to the accuracy and clarity of member communications.

#### No exceptions noted.

Through enquiry, we discussed timescales for delivering member built into Capita and/or client systems.

#### No exceptions noted.

Through enquiry and observation, we confirmed that the Engagement Sub-Committee operates a member forum.

#### No exceptions noted.

We obtained terms of reference to confirm that the Engagement Sub Committee (ESC) and Discretions and Appeals Sub Committee (DASC) have delegated authorities to ensure that member views are heard, and feedback actioned accordingly.

#### No exceptions noted.

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

Members' booklets contain high-level information about members' retirement options.

Personalised member information is provided via retirement 'wake up' packs.

The Operations Team actively manages members approaching retirement age. Workflow items are created once a member is within 6 months of their Target Retirement Age, and manual reports can be produced in addition to aid resource planning. At retirement, members have a choice of taking an income in the form of drawdown (including Uncrystallised Funds Pension Lump Sum and Flexi-Access Drawdown options), transferring to another pension scheme or purchasing an annuity from an external annuity provider.

These options are described in the wake-up packs usually issued 6 months before each members' Target Retirement Age, or on earlier request.

Capita's technical team draft the wake-up retirement packs and are also responsible for making any updates. The packs are drafted to ensure they are compliant with the Pensions Regulator's guidance on communicating with members about pension flexibilities and the Disclosure of Information Regulations 2013, as amended. Reference to PensionsWise is included.

The wake-up packs are reviewed internally within the Capita Employee Benefits technical team.

The approved wake-up packs are issued to the operations area and hosted on the intranet pages for reference. The Trustee has access to this site. The Administration team management is responsible for ensuring that the team is using compliant packs, and for implementing any updates to them.

Work Quality measurements are also included in the quarterly Stewardship Reports included in each Board Pack. This analysis enables the Trustee to monitor the accuracy of retirement pack production.

Members also have access to an external adviser partner of Capita, who can support them in executing their retirement income choices, including providing an annuity broking service, if required.

### Control procedures:

A report is tabled by the Trustee, as recorded in the Governance Schedule, covering the suitability of information included in member retirement literature. In the event there are not significant changes to information to be disclosed, a formal report is not deemed necessary.

The Trustee reviews all member communications in accordance with the approved Governance Schedule.

## 4. Control objectives and procedures

### Test description:

We obtained and inspected the report tabled by the Trustee in accordance with the Business Plan to confirm that it addresses the suitability of information included in member retirement literature.

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that a report was tabled by the Trustee in relation to the suitability of information included in member retirement literature.

### No exceptions noted.

We obtained and inspected the Business Plan to confirm that on-going reviews by the Trustee of all member communications have been scheduled.

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that the Trustee has reviewed member communications in accordance with the Business Plan.

### No exceptions noted.

### Notes:

1. 'Review', as referred throughout Section 4 of this controls matrix may include reports made direct to the Board or relevant sub Committee, whether in formal meetings, in person or by other means:
    - reports written specifically for the Board by any Sub Committee or Working Group approved by the Board or Sub Committee; and
    - reviews of other items distributed to the Trustee (but not addressed directly to them, including AAF 01/06 Reports and Business Continuity and Recovery Reports).
  2. The review dates included in the Governance Schedule relate to activities scheduled to be completed by that quarter end. Changes to scheduled dates are acceptable where rationale and/or resource so dictates. Reviews are to be evidenced by minutes of any Board or Sub Committee Meeting or in writing, including by email.
- 'Trustee', as referred to throughout Section 4 of this controls matrix, includes the Trustee Board, Relevant Sub-Committees and the Atlas Master Trust Executive Team.





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Our ref: JH/PS/LOC00109

Date: 8 May 2019

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

## 1. Scope of our work

- 1.1 You have asked us to act as reporting accountant to deliver services to you in connection with the governance control procedures established by the Trustee of The Atlas Master Trust ("the Master Trust") for the period from 1 August 2018 to 31 October 2019, or other period end date as agreed (the Specified Period).

## 2. Responsibilities of the Trustee

- 2.1 The Trustee of the Master Trust (Atlas Master Trust Trustee Limited – "the Trustee") in relation to which the reporting accountants' assurance report is to be provided is and shall be responsible for the design, implementation and operation of governance control procedures at the Master Trust. The Trustee's responsibilities are and shall include:
- a) acceptance of responsibility for governance control procedures;
  - b) evaluation of the effectiveness of the governance control procedures established by the Trustee using suitable criteria; and
  - c) supporting its evaluation with sufficient evidence, including documentation.
- 2.2 The Trustee acknowledges and accepts its responsibility for providing a written statement ("the Trustee's Report") about whether in all material respects, and based on suitable criteria:
- a) The Trustee's Report describes fairly the governance control procedures established by the Trustee that relate to control objectives which were in place throughout the Specified Period;

- b) The governance control procedures described were suitably designed throughout the Specified Period 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 were operating with sufficient effectiveness to provide reasonable assurance that the related control objectives were achieved during the Specified Period.

- 2.3 This written statement will be included in, or attached to, the Trustee's description of the Trustee's governance control procedures in the Trustee's Report and provided to user entities as part of the final Trustee's Report issued by the Trustee.
- 2.4 In drafting this report the Trustee has regard to, as a minimum, the criteria specified within TECH 12/16AA F, the Assurance Reporting on Master Trusts (Master Trust Supplement to ICAEW AAF 02/07) issued by the Institute of Chartered Accountants in England and Wales. in England and Wales.

### 3. Responsibilities of reporting accountants

3.1 It is our responsibility to form an independent opinion, based on the work carried out in relation to the governance control procedures established by the Trustee as described in the Trustee's Report and report this to the Trustee.

### 4. Scope of the reporting accountants' work

4.1 We conduct our work in accordance with the procedures set out in AAF 02/07 and TECH 12/16 AAF. Our work will include enquiries of key individuals at the Master Trust.

4.2 In reaching our conclusion, the criteria against which the governance control procedures are to be evaluated are the relevant control objectives developed for assurance reporting on Master Trusts as set out within TECH 12/16 AAF, together with additional governance control procedures as considered appropriate.

4.3 Any work already performed in connection with this engagement before the date of this letter will also be governed by the terms and conditions of this letter.

4.4 We may seek written representations from the Trustee in relation to matters on which independent corroboration is not available. We shall seek confirmation from the Trustee that any significant matters of which we should be aware have been brought to our attention.

4.5 Our objective will be to conduct an examination that will include procedures to obtain reasonable assurance, in all material respects and based on suitable criteria, to enable us to express an opinion as to whether

- a) Trustee's Report fairly presents the governance control procedures established by the Trustee that relate to the control objectives specified in the Trustee's Report which were in place throughout the Specified Period;

- b) The governance control procedures established by the Trustee described in 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 Specified Period; and
- c) The governance control procedures established by the Trustee that were tested were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the related control objectives were achieved throughout the Specified Period.

4.6 In conducting our work we will examine on a test basis, evidence supporting the Trustee's description of controls, including the operating effectiveness of the related controls, and perform other procedures as we consider necessary in the circumstances to provide a reasonable basis for our report. Our examination will not include other systems, controls, operations or services not specified herein including internal control at user organisations and, accordingly, we will express no opinion on such items.

### 5. Inherent limitations

5.1 The Trustee acknowledges that governance control procedures designed to address specified control objectives are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. Such procedures cannot guarantee protection against fraudulent collusion especially on the part of those holding positions of authority or trust. Furthermore, the opinion set out in our report will be based on historical information and the projection of any information or conclusions in our report to any future periods will be inappropriate.

### 6. Use of our report

6.1 Our report will, subject to the permitted disclosures set out in paragraph 6.3 below, be made solely for the use of the Trustee and solely for the purpose of reporting on the governance control procedures established by the Trustee, in accordance with these terms of our engagement.

6.2 Our work will be 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.

- 6.3 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 governance control procedures established by the Trustee without assuming or accepting any responsibility or liability to the recipient on our part.
- 6.4 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 will have formed.

## Other matters

### 7. Limitation of liability

- 7.1 We will perform the foregoing services with reasonable skill and care and acknowledge that we will be liable to you for losses, damages, costs or expenses ("losses") caused by our negligence, breach of contract, fraud or wilful default. However, Crowe U.K. LLP will not be liable if such losses 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 Crowe U.K. LLP
- 7.2 Where any damage or loss is suffered by you for which Crowe U.K. LLP would otherwise be jointly and severally liable with any third parties, the extent to which such loss shall be recoverable by you from Crowe U.K. LLP, as opposed to the third party, shall be limited so as to be in proportion to Crowe U.K. LLP's contribution to the overall fault for such damage or loss, as agreed between the parties, or in the absence of agreement, as finally determined by the English court.
- 7.3 The aggregate liability, whether to you or any third party, of whatever nature, whether in contract, tort or otherwise, of Crowe U.K. LLP for any losses whatsoever and howsoever caused by or arising from this engagement shall not exceed (including interest) £1 million.
- 7.4 Nothing in this section shall exclude or restrict the liability of Crowe U.K. LLP for fraud or dishonesty or otherwise to the extent that it cannot do so by law.

- 7.5 In this section, "Crowe U.K. LLP" refers to Crowe U.K. LLP, and any successor or assignee.
- 7.6 You agree that you have fully considered the provisions of this section and all the other provisions of this letter (including the Terms and Conditions) and that they are reasonable in the light of the factors relating to the Engagement.
- 7.7 You agree (to the extent such agreement is enforceable under applicable laws) that you will not bring any claim in respect of or in connection with the engagement whether on the basis of contract, tort (including negligence), breach of statutory duty or otherwise against any member or employee of Crowe U.K. LLP whether or not that person is described as a "partner".
- 7.8 The advice we give you is for your sole use. Our work is not to be made available to third parties without our written permission and we accept no responsibility to third parties for any aspect of our professional services or work that is made available to them.

### 8. Fees

- 8.1 Our fees are calculated on the basis of the time spent on your affairs by the partners and staff and on the levels of skill or responsibility involved and will be billed at approximately monthly intervals during the course of our work and once a particular assignment has been completed, or on another basis as mutually agreed. The amount of our fee to provide Type 2 reporting accountant's assurance services will be agreed with you. We shall charge in addition any disbursements and VAT and reserve the right to charge interest on unpaid bills and suspend work until they are paid.
- 8.2 You undertake to ensure that our bills are settled in accordance with the attached statement of our terms of business "Terms and Conditions".
- 8.3 If we need to do work outside the responsibilities outlined in our engagement letter, we will advise you in advance. This will involve additional fees. Accordingly, it is in your interest to ensure that your records and information requirements are completed at the agreed stage.

### 9. Communicating with you

- 9.1 We may communicate with you by email. As with other means of delivery this carries with it the risk of inadvertent misdirection or non-delivery. The recipient is responsible for carrying out a virus check on attachments.
- 9.2 Internet communications may be corrupted, and, we accept no responsibility for changes to such communications after their despatch. It may therefore be advisable to obtain hard copy confirmation of advice in an email. We do not accept responsibility for any errors or problems that may arise through the use of the internet and you must accept all risks connected with sending commercially sensitive information relating to you. If you do not accept this risk, you should notify us in writing that email is not acceptable to you.

### 10. Improving our service

- 10.1 Our aim is to provide a high standard of service, reliability and skill. If at any time you would like to discuss with us how we could improve our service to you or you are dissatisfied with the service you are receiving, please let us know by telephoning or writing to Andrew Penketh or Peter Varley (the Managing Partner of this office). Alternatively you may contact the Chief Executive of the firm, Nigel Bostock, at Crowe U.K. LLP, St Bride's House, 10 Salisbury Square, London, EC4Y 8EH.
- 10.2 Should our service be less than satisfactory we will take all reasonable steps to correct the situation. We undertake to investigate any complaints carefully and promptly and to report our findings to you.
- 10.3 If you are still dissatisfied you may take the matter up directly with the Institute of Chartered Accountants in England and Wales at: Professional Conduct Department ICAEW, Level 1, Metropolitan House, 321 Avebury Boulevard, Milton Keynes, MK9 2FZ

### 11. Professional rules and practice guidelines

- 11.1 We will observe the bye-laws, regulations and ethical guidelines of the Institute of Chartered Accountants in England and Wales and accept instructions to act for you on the basis that we will act in accordance with them. We are registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales and details about our audit registration can be viewed at [www.auditregister.org.uk](http://www.auditregister.org.uk), under reference number C001095468. The Audit Regulations and Guidance and APB Ethical Standards that we are required to adhere to can be found at [icaew.com/auditnews](http://www.icaew.com/auditnews) and <http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Ethical-standards-for-auditors.aspx>.
- 11.2 Details of our professional indemnity insurer can be found on our internet web site ([www.crowe.co.uk](http://www.crowe.co.uk)) on the Disclosures page, in accordance with the requirements of the Provision of Services Regulations 2009.
- 11.3 We reserve the right during our engagement with you to act for other clients whose interests are or may be adverse to yours, subject to the further provisions with regard to confidentiality below. We confirm that we will notify you immediately should we become aware of any conflict of interest involving us and affecting yourselves.
- 11.4 We confirm that where you give us confidential information, we shall at all times keep it confidential, except as required by law, regulatory, ethical or other professional requirements.
- 11.5 Our files are periodically reviewed by an independent regulator or quality controller as part of our ongoing commitment to providing a quality service. The reviewers are bound by the same rules of confidentiality as our partners and staff.
- 11.6 You agree that we will be complying sufficiently with our duty of confidence if we take steps that we in good faith think fit to keep appropriate information confidential during and after our engagement.

### 12. Data protection

- 12.1 When acting for you, we are a data controller in respect of any personal data you provide to us or to which we have access. This is because accountants and similar providers of professional services work under a range of professional obligations which oblige them to take responsibility for the personal data they process. For example, if we detect malpractice whilst performing our services we may, depending on its nature, be required under our regulatory obligations to report to relevant authorities. In doing so we would not be acting on your instructions but in accordance with our own professional obligations and therefore as a data controller in our own right.
- 12.2 Where we and you are deemed in accordance with the data protection laws to be joint data controllers, you shall be liable for the personal data you process and we shall only be liable for the personal data we process.
- 12.3 You confirm that you have the right to supply personal data to us and you will not breach applicable data protection laws. Where you are providing personal data to us about a third party, for example a family member, a partner, a director (including a non-executive director), and/or any other type of member, business associate or third party, you confirm that you have their authority and express permission to provide us with their personal data.
- 12.4 Neither of us will by our act or omission put the other in breach of the applicable data protection laws.
- 12.5 Where we and you are joint data controllers, you should provide all relevant information to data subjects relating to the processing of their personal data (including the processing carried out by us) and to the exercise of their rights in relation to the processing of their personal data as required by the data protection laws in a written notice ("Fair Processing Notice") and you will act as the contact point for the data subject.
- 12.6 To enable us to discharge the services agreed under our engagement, and for other related purposes including updating and enhancing client records, analysis for management purposes and statutory returns, crime prevention and legal and regulatory compliance, we may obtain, use, process and disclose personal data about you or your entity, its officers and employees, as applicable. We confirm when processing data on your behalf we will comply with the relevant provisions of the applicable data protection laws.
- 12.7 Where we act as a data processor in relation to your personal data, we will:
- process personal data:
    - for the purpose of performing our services and obligations to you; and
    - for such other purposes as may be instructed by or agreed with you as otherwise notified in writing from time to time; and
    - in accordance with the applicable data protection laws;
  - implement appropriate technical and organisational measures to protect the personal data against unauthorised or unlawful processing and against accidental loss, destruction, damage, alteration or disclosure;
  - not otherwise modify, amend, remove or alter the contents of the personal data or (unless legally obligated to, as specified above) disclose or permit the disclosure of any of the personal data to any third party without your prior written authorisation;
  - adopt measures to maintain up to date records of our processing activities performed on your behalf which shall include the categories of processing activities performed, information on cross border data transfers and a general description of security measures implemented in respect of processed data;
  - unless otherwise required by data protection laws, or our own retention policy, we will return or delete all personal data upon the termination of our relationship with you;

- adopt measures to ensure that only those personnel who need to have access to your personal data are granted access to it and that all of the personnel required to access your personal data are reliable and have been informed of its confidential nature;
  - not appoint a sub-processor without your prior written consent, not to be unreasonably withheld, and ensure an agreement is entered into with the relevant sub-contractor which includes terms which are substantially the same as the terms set out in these clauses;
  - where we transfer your personal data to a country or territory outside the European Economic Area, to do so in accordance with data protection laws (including for the avoidance of doubt entering into standard form contracts);
  - notify you without undue delay if we receive (i) a request from a data subject to access your personal data, or (ii) a complaint or request relating to the data protection laws;
  - assist you should you need to carry out a privacy impact assessment;
  - notify you without undue delay in the event of becoming aware of any breach of the data protection laws; and
  - permit without charge, on an annual basis, and / or where you become aware of a data breach or alleged breach of the data protection laws by us, reasonable access to the relevant information for the purposes of appropriately reviewing compliance with the data protection laws.
- 12.8 Each of you and us shall indemnify and keep indemnified the other in full from and against all claims, proceedings, actions, damages, costs, fines, expenses and any other liabilities which may arise out of, or in consequences of the indemnifying party's breach of the data protection laws or the performance or non-performance by its sub-processor(s) and personnel of its obligations in connections with these Engagement Terms in relation to the data protection laws, including loss of or damage to property, financial loss arising from any breach of the data protection laws or any other loss which is caused directly or indirectly by any act or omission arising from any breach of the data protection laws.
- 12.9 When acting for you in a personal capacity how we process your personal data is described in our privacy notice. This is available on our internet page.
- 12.10 We will tell you if, in our opinion, your instructions may breach the applicable data protection laws.
- 13. Retention of records**
- 13.1 During our work we will collect information from you and others acting on your behalf and will return any original documents to you when our work is complete.
- 13.2 We will not hold copies of these documents, so you need to keep them safely.
- 13.3 Unless you tell us not to, we intend to destroy correspondence and other papers that are more than six years old (from the end of the relevant period end date). You must tell us if you wish us to keep any documents.
- 14. Applicable law**
- 14.1 Only someone who is a party to this Agreement has the right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms. This clause does not affect any right or remedy that exists independently of that Act.
- 14.2 Our engagement with you is governed by, and interpreted in accordance with, English law. The Courts of England shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning our engagement letter and terms of business and any matter arising from them. Each party irrevocably waives any right it may have to object to any action being brought in those courts, to claim that the action has been brought in an inconvenient forum, or to claim that those courts do not have jurisdiction.
- 15. Confirmation of your agreement**
- 15.1 This letter supersedes any previous engagement letter for these services for the period covered. Once agreed, this letter will remain effective from the date of signature until it is replaced. You or we may agree to vary or terminate our authority to act on your behalf at any time without penalty. Notice of variation or termination must be given in writing
- 15.2 You have the right to cancel this contract within 14 days of the date of your signature without giving any reason.
- 15.3 Please confirm your agreement to the terms of this letter and the attached terms of business by signing and returning one of the enclosed copies.
- 15.4 If this letter and the attached terms of business are not in accordance with your understanding of our terms of appointment, please let us know.

# Letter of engagement

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Yours faithfully

**Crowe U.K. LLP**

## Agreement of terms

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

Name: ALAN KEITH WHALLEY Signed: AK Whalley

Position: CHAIRMAN Date: 12 June 2019

For and on behalf of the Trustee.

## Terms and conditions

### 1. Definitions

In these Terms and Conditions.

“We” means Crowe U.K. LLP.

“You” means the person or company with whom the Contract is agreed.

“Contract” means the terms of engagement agreed between Crowe U.K. LLP and you to which these terms and conditions relate.

“Services” means the services we agree to provide you with under the Contract.

### 2. Services

2.1 We shall provide Services as agreed with you and in doing so we shall observe the Ethical Guidelines issued by the Institute of Chartered Accountants in England and Wales.

2.2 We shall provide Services for your exclusive benefit and you agree not to disclose or supply to any other party written or verbal advice, reports or other information provided by us without our specific written agreement.

### 3. Fees

3.1 We shall charge fees on the basis set out in our proposal or engagement letter or as otherwise agreed in writing.

3.2 From time to time we shall bill you for Services together with any applicable VAT.

3.3 We may from time to time render bills together with applicable VAT on account of or in advance of Services.

3.4 You agree to pay our fees within 30 days from the date of the invoice.

3.5 Payment of our fees from a bank based outside the UK must be made via transfer to our bankers and must quote our invoice details.

3.6 We will claim for relief for any fees falling within the scope of the VAT Regulations 1995 (SI 1995/2518).

### 4. Non-payment of fees

4.1 If you fail to pay our fees within 30 days from the date of the invoice, we reserve the right:

- to charge monthly interest on the unpaid amount at 8% APR over the Barclays Bank pie Base Rate in accordance with the Late Payment Legislation.
- to suspend the Services and any other work which we are carrying out for you.
- to take whatever legal remedy exists in order to obtain payment, and
- claim cost of debt recovery.

4.2 If you consider the fees which we have charged are excessive or unfair, you may within a period of 30 days from the date of receipt of the bill complain in writing to us, specifying the cause of complaint. If you do not make such complaint within 30 days of the receipt of the bill, our rights specified in 4.1 will apply.

4.3 If you make such complaint:

- we shall investigate it. If we agree with you we shall make an appropriate reduction in the amount invoiced and interest will not be charged on the amount of the reduction but may be charged on the balance.
- we shall still have the right to suspend the Services and any other work we are carrying out for you and to take whatever legal remedy exists in order to obtain payment.

- 5. Variation**  
Any variation to the Contract shall only be effective if it is agreed in writing between you and a member in Crowe U.K. LLP.
- 6. Termination**  
In relation to Services as Auditor under any statutory provisions, you or we may terminate the Contract only in accordance with the provisions of the relevant Act or regulation. In relation to any other Services, you or we may terminate the Contract at any time by giving not less than 30 days' notice in writing.
- 7. English law**  
The Contract is governed by English Law.

**The above terms of trade will apply unless specifically varied by a letter of engagement.**

