

Internal audit: Our pension practice expertise and strengths

Our offering consists of a senior model comprised of dedicated internal audit, risk and governance specialists supported by IT and actuarial subject matter experts.



External audit capabilities

Our use of a designated specialist pension audit team and the high proportion of senior staff time we apply to our audits, not only results in a very smooth and efficient audit process but also value-added insightful observations on the best practice to scheme management, aiding the continuous improvement of processes and procedures.

Our pensions audit team is supported by a full range of specialist in-house expertise in other pension-related fields such as risk management and governance, internal audit, actuarial and benefits, investment valuation services, de-risking solutions, employer covenants, IT assurance, and the full range of VAT and other tax services.

Internal audit capabilities

We provide fully outsourced and co-sourced internal audit services for a range of different schemes across Ireland and the UK. As a Scheme Assurance provider, our role is to provide the trustees/trustee directors with high quality assurance in line with the agreed audit plan. We work closely with our specialist pensions external audit team on internal audit engagements to leverage their extensive and unrivalled industry knowledge and expertise.

Our team will work with the schemes' stakeholders to identify and risk assess an audit universe to facilitate robust, risk-based internal audit strategies for future years, thus maximising the breadth and depth of assurance being provided. Our unique team structure ensures the team is led by partners and directors who have a deep understanding of the sector and supported by **Marie Mannion**, a specialist internal auditor in the broader financial services sector, who will bring a wealth of best practice internal audit experience. We will then add specialists to the team as needed for specific projects, such as cyber security, GDPR, actuarial and many others.

We will discuss with the trustees/trustee directors their assessment of key risks in their risk register, and bring our deep understanding of the sector and working with peer schemes to assist in the discussion.

We are fully committed to delivering fully outsourced internal audit services to the pension fund industry and see this as a developing part of our business. Following the implementation of IORP II, we are keen to further develop our service offering which is both cost effective and proportionate to the scale and complexity of schemes within the industry.

Actuarial and risk management expertise

Our actuarial team provides subject matter expertise to our clients in internal audit and risk management. Their role is to provide actuarial expertise on matters related to specific valuations, assumptions, methodology and governance.

The team is experienced in carrying out risk-based reviews and supporting clients with best practice in governance and risk management, providing advice on risk appetite statements, policy documents and governance frameworks.

IORP II takes inspiration from the Solvency II regime for insurance companies and our actuarial team has extensive experience with applying Solvency II requirements on risk management and governance in a proportional manner, allowing you to leverage best practice developed under Solvency II and the lessons learned during its implementation.

IORP II

A new EU directive on the activities and supervision of pension schemes, IORP II (Institutions for Occupational Retirement Provision), is soon to be transposed into Irish Law.

IORPs encompass funded occupational Defined Benefit and Defined Contribution pension schemes. The main focus of this directive is enhancing governance structures and ensuring adequate procedures are put in place by trustees and employers, ranging from internal controls and set policies to risk management frameworks.

What will be the main impact?

- greater focus on governance;
- requirement for increased monitoring/management;
- increased supervision by the Pensions Authority; and
- greater costs for trustees, employers and scheme members.

How Grant Thornton can help you

Schemes are required to put in place a number of additional policies and procedures around the governance and monitoring of same for each pension scheme. This includes the appointment of Key Function Holders (KFHs) for risk management, internal audit and actuarial.

Where these functions cannot be met by the current resources available to the trustees or employers, the directive allows for outsourcing to experienced service providers.

Our team of experts can help you to meet your obligations and resource these functions to ensure adequate governance and controlled operations are in place and act as a support to trustees, employers and members.

Meeting the KFH requirements

For each assignment we have a large pool of qualified and experienced staff to meet your needs. We can assure you that all KFH requirements will be met, including the following:

Fitness

Qualifications	ACA, ACCA
Skills	KFHs will be selected from the dedicated internal audit department or risk advisory team as required
Experience	Only those with 2 years + experience will be resourced as a KFH

Probity

Honest, diligent and independent-minded
Sound and prudent, act ethically and with integrity

Internal audit

In a manner proportionate to a scheme's size and internal organisation, the Directive requires schemes to have an internal audit function to evaluate the adequacy and effectiveness of the internal control system and other elements of the system of governance.

Grant Thornton's Internal Audit function offer best practice benchmarked expertise in supporting financial services clients meet their regulatory requirements. All services are underpinned by robust frameworks and methodology.

As every pension scheme is different with unique objectives, challenges and risks, Grant Thornton will adapt its service offering to ensure every scheme irrespective of scale can meet its regulatory obligations.

Fee range

We have included the following Internal Audit Delivery Rate Card which would be applied for the delivery and execution of the Scheme Internal Audit plan. Our delivery model consists of external audit experts supported by IT, Actuarial and Risk Management subject matter experts. The number of days required would be based on the size and scale of the pension scheme and would be refined on appointment.

Internal audit	Discounted daily rate (7.5 hour day)	Hourly rate
Partner	1,500	200
Director	1,300	173.34
Associate Director	1,200	160
Manager	1,000	133.34
Senior Auditor	700	93.94

We have included an indicative rate card for the execution of Key Function Holder – Internal Audit responsibilities. It is important to highlight that we are committed to facilitating a fee reduction if providing KFH responsibilities to a number of schemes with similar net assets, investments and trustee board. The below table highlights the economies of scale we offer.

Key Function Holder (KFH)	# of schemes	Hourly rate	Average commitment (hours) per scheme	Total estimated fee (€) per scheme
Internal audit	1 - 10	200	10	2,000
Internal audit	10 - 30	150	10	1,500
Internal audit	30 - 50	100	10	1,000

Contact us

Contact a member of our team to learn more about our offering for pension schemes.

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