

An abstract graphic on the left side of the page, featuring a complex network of black lines and dots on a background that transitions from orange at the top to red at the bottom. The network structure is dense and interconnected, resembling a web or a data visualization.

NEST Corporation AAF 02/07 report

Internal controls of the Master Trust for the
reporting period 1 April 2017 to 31 March 2018

About NEST's Master Trust assurance report

We've published our fourth independent Master Trust assurance report. NEST Corporation's key controls have been independently assessed by our reporting accountant, KPMG LLP.

KPMG LLP have reviewed and reported on NEST Corporation's internal controls and have confirmed that they meet the quality standards set by The Pensions Regulator (TPR). In addition, they've confirmed that the operation of the processes and procedures in place for the governance and administration of the scheme have operated effectively over the period of the report (between 1 April 2017 and 31 March 2018).

What is a Master Trust assurance report?

TPR expects Master Trust schemes, like NEST, to produce independently assessed assurance reports.

TPR's quality features, set out in its *Code of Practice No.13*, provide a benchmark for DC pension schemes. The AAF 02/07 framework, developed by TPR and the Institute of Chartered Accountants in England and Wales (ICAEW), sets out 27 objectives relating to good governance and administration of a scheme. They're designed to provide a mechanism for Master Trusts to show that they've been independently assessed on how they meet these requirements.

To achieve the assurance, NEST reported on the processes and controls we have in place to meet these objectives and manage any associated risks. We provided evidence of these controls being operated over a period of a year. Each of our internal controls was then independently assessed by KPMG LLP.

What does this assurance mean for members or employers using NEST?

This report confirms that between 1 April 2017 and 31 March 2018, the NEST scheme's internal controls and procedures were designed appropriately to meet, and operated effectively in line with, the quality standards set by the regulator. It also provides an extract of the controls and procedures we have in place which are designed to ensure we deliver high quality services to members and employers alike.

What's in our report?

The report outlines the controls we have in place as of 31 March 2018. It focuses on:

- **The structure of our internal governance and reporting mechanisms** - how we make sure that we're doing the right things for our members, at the right time.
- **The stability of our operations** - how we manage growth in volumes of our members and employers without impacting the quality of service we deliver.
- **Managing our relationship with outsourced providers** - how our outsourced business model enables us to manage risk and provide excellent levels of service at a fixed price for our members. It also shows how we obtain adequate assurance on the key controls in the areas identified in the AAF 02/07 framework that we've outsourced to them.

What other assurances are there that NEST is a quality scheme?

The assurance report is just one of the ways that NEST has been independently assessed as being a quality scheme in the auto enrolment pensions market.

Others include:

- **Pension Quality Mark READY** - we've been independently assessed by the Pensions and Lifetime Savings Association (PLSA) and meet their quality standards on good scheme governance, low charges and clear member communications.
- **Defaqto 5 Star Rating** - NEST has been awarded a 5 Star Rating in the auto enrolment pension category from the leading independent financial research company, Defaqto. This indicates that NEST provides a high quality offering in the auto enrolment market.
- **Award-winning scheme** - we've won awards for our market leading approach to communications and our innovative NEST Connect and NEST web services.
- **Award-winning investments** - NEST's investment strategy has won awards for its high quality and innovative approach to looking after members' money.

See an extract of our independent assurance report (PDF)

If you would like to discuss any aspects of the report, please contact media@nestcorporation.org.uk