

A large, semi-circular graphic on the left side of the page. It features a network of dark brown lines connecting numerous small, circular nodes. The nodes are scattered across the area, and the lines form a complex web. The background of this graphic is a gradient of orange and red tones.

NEST Corporation AAF 02/07 report

Internal controls of the Master Trust for the
reporting period 1 April 2016 to 31 March 2017

About NEST's Master Trust assurance report

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

They've confirmed that the NEST scheme's internal controls have met the quality standards set by The Pensions Regulator (TPR) and have operated effectively over the period of the report. This report examines the operation of the processes and procedures in place for the governance and administration of the scheme. It happens over a period of time, in this case between 1 April 2016 and 31 March 2017, rather than just assessing the existence, design and appropriateness of our controls on a particular day.

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 defined contribution (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 have 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.

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

This report confirms that between 1 April 2016 and 31 March 2017, 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 2017. 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'd like to discuss any aspects of the report, please contact stakeholder@nestcorporation.org.uk.