

Professionalism & Governance

Friday 11th October 2024

2.00 PM – 5:00 PM

Time Allowed:

3 Hours

Pass Mark - 55

1. Answer **ALL** the questions.
2. Type all your answers in the answer box provided.
3. It is suggested to allocate your time according to the proportion of marks each question attracts.

Question Number: 1

You have just been appointed as Consultant to a medium sized pension scheme and as part of your onboarding due diligence you have been looking at the scheme's governance documents. Many of the documents you have come across appear very out of date. You have raised this with the Chair of Trustees and she has asked you to draft a report for discussion at the next Trustee Meeting. Your report should cover:

- The legal and regulatory basis requiring trustees to have internal controls (9 marks)
- Explanation of internal controls and why they are beneficial for pension schemes (10 marks)
- The content, role and operation of the Risk Register (15 marks)
- Explanation of how an Effective System of Governance fits within the internal control requirements and what this means to the Trustees (11 marks)
- Recommendations on next steps (3 marks)

Marks

Communication Marks 12

Technical Marks 48

Total Max Marks 60**Question Number: 2**

You are the pension manager to a large DB scheme which is administered in-house. While you think your members are receiving a good service, you want to understand how they feel about the service they receive. You believe conducting regular satisfaction surveys will give you the insight needed.

Draft an email to the trustees and the company explaining:

- The benefit of surveying members regularly (4 marks)
- How the survey should be conducted (4 marks)
- How the results can be used (4 marks)

Marks**Total Marks 12****Question Number: 3**

Your firm has recently taken over the audit appointment for a large Defined Benefit scheme and you are conducting the due diligence and knowledge gathering before the next audit. During your research, you have uncovered an issue which means you are uncertain whether the administration practices have been in line with the Scheme Rules. You think this may be due to an incorrectly applied equalisation date.

- A) What sections of the Code apply here (3 marks)
- B) Why is this important and what do you do? (10 marks)

Marks

Total Max Marks 13

Question Number: 4

You are consultant to a large Defined Contribution pension scheme and you have been discussing cyber risk with the Chair of Trustees. He has asked you to draft a note to the Board setting out:

- A) Why pension schemes could be a target for cyber criminals (2 marks)
- B) Explaining cyber risk & its potential impact (4 marks)
- C) The certifications available to protect against cyber threats and what they mean (5 marks)
- D) What the Trustees need to do (4 marks)

Marks

Total Max Marks 15