

The background of the cover is an aerial photograph of a wooden pier extending into a body of water. The pier is made of light-colored wooden planks and has a white metal railing. Two people are walking on the pier. The water is dark and reflects the sky. The overall mood is serene and professional.

# Independent Expert Summary Report

NULIS Nominees  
(Australia) Limited

September 2019

### **Inherent Limitations**

*This report has been prepared as outlined in Section 2. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and consequently no opinions or conclusions intended to convey assurance have been expressed.*

*This Summary Report provides a summary of KPMG's findings during the course of the work undertaken for NULIS Nominees (Australia) Limited (NULIS). As this Summary Report has been requested to provide a high level view of our key findings in connection with our engagement, you may not place any reliance on the information, findings or conclusions in the absence of written confirmation from us, as our conclusive findings are only contained in our detailed reports.*

*No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, NULIS or NULIS management and personnel consulted as part of the process.*

*KPMG has indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.*

*The information and conclusions set out in this Summary Report have been extracted from our previous reports to NULIS and ASIC. KPMG has not, and is not obliged to undertake any procedures in relation to, or update this Summary Report for events occurring subsequent to 21 June 2019 that may be relevant to this Summary Report.*

*Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to the procedures we performed, operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to the effectiveness of the greater internal control structure.*

*The procedures performed were not designed to detect all weaknesses in control procedures as they were not performed continuously throughout the period and the tests performed on the control procedures were performed on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.*

*The findings in this Report have been formed on the above basis.*

### **Third Party Reliance**

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# 1 Background

With effect from 1 July 2016, NAB restructured the majority of its superannuation business by transferring five superannuation funds into a new super fund (MLC Super Fund), on a successor fund transfer basis. NULIS Nominees (Australia) Limited (NULIS, a company in the NAB Group) is the Trustee of the MLC Super Fund. By consolidating five superannuation funds, NULIS has implemented a new superannuation operating model which aims to increase efficiency and deliver more value to its members.

NULIS is also the Trustee of the following Registrable Superannuation Entities (RSEs): MLC Superannuation Fund, MLC Pooled Superannuation Trust, DPM Retirement Service and Premium Choice Retirement Service (collectively the Wrap Superannuation Funds).

With effect from 1 July 2017, NULIS undertook simplification changes to the Wrap Superannuation Funds.

Prior to 1 July 2017, NULIS outsourced administration services for the Wrap Superannuation Funds to Navigator Australia Limited (NAL). NULIS terminated that arrangement on 30 June 2017 and appointed National Wealth Management Services Limited (NWMSL) as superannuation business service provider. NWMSL is the active service company, whose role includes approving contractual arrangements, monitoring of contractual performance, ensuring compliance with NAB policies and employing staff. As the active service company, NWMSL is also responsible for providing services to NULIS such as product management, customer administration and support, financial, supplier management for sub-contracted arrangements, risk, compliance and governance.

The Australian Securities and Investments Commission (ASIC) has imposed additional licence conditions on the Australian financial services (AFS) licence of NULIS (Licence Conditions). The conditions require NULIS to engage an ASIC-approved Independent Expert to assess and report on the adequacy of its compliance and risk management practices for the Wrap Superannuation Funds. NULIS has agreed to the conditions, and ASIC approved KPMG's appointment as Independent Expert in their letter of 30 January 2017.

As the Independent Expert, KPMG is required to perform a number of assessments and provide reports in relation to these assessments. As at the date of this Report, KPMG has completed five Reports which have been issued to ASIC and NULIS.

- First Phase Interim Report dated 31 July 2017
- Addendum to First Phase Interim Report dated November 2017
- Second Phase Interim Report dated 28 February 2018
- First Phase Final Report and Second Phase Final Report dated 31 August 2018
- First Phase Further Report and Second Phase Further Report dated 21 June 2019

This Report provides a summary of those reports.

## 2 Scope and Approach

### 2.1 Scope

Details of the engagement scope and terms were provided in our engagement letter dated 31 January 2017. ASIC approved our appointment as Independent Expert in their letter of 30 January 2017. ASIC varied the terms of our engagement via a letter dated 19 January 2018. In this letter ASIC agreed to vary the date for the lodgement of the First Phase Final Report to 31 August 2018.

Our review broadly included the following topics:

- The three lines of defence risk management model and risk management reporting;
- NULIS's oversight of NWMSL, internal governance and communication systems;
- Product change and governance processes and procedures;
- Disclosure and reporting to members ;
- Processes for managing conflicts of interest;
- Processes for complying with the specific obligations outlined in the Licence Conditions; and
- Supervision of personnel and processes to assess the adequacy of human and technological resources of NWMSL.

The following are explicitly outside the scope of this review:

- Breach and incident processes and reporting of breaches to ASIC;
- The composition and definition of fees and commissions;
- Grandfathering of commissions;
- Consideration of the charging of fees and whether service was provided where fees were charged;
- Any matters relating to Plan Service Fees (PSF) or Adviser Service Fees (ASF);
- The time taken to investigate and remediate historic matters;
- Consideration of any remediation activities currently underway;
- An assessment of communications with ASIC and relationships with regulators;
- The quality and veracity of remediation and other data provided to ASIC;
- NAB's response to ASIC notices, the Financial Services Royal Commission and ASIC Reports;
- MySuper transition activities;
- Fund and investment performance;
- The appropriateness of NULIS operating in a vertically integrated model; and
- The provision or quality of financial advice.

## 2.2 Approach – Process of Analysis

Our approach to testing included an assessment of:

- Design effectiveness (referred to as adequacy in the Licence Conditions); and
- Operational effectiveness (referred to as effectiveness in the Licence Conditions).

During the planning phase KPMG designed test steps (Evidence Points) for each of the Licence Conditions. In completing our test steps, we executed our assessment via the following processes:

- Interviews with key NULIS, NWMSL and NAB Group personnel and Directors;
- Reviewing documentation;
- Reviewing evidence of document approvals;
- Attending workshops, Board meetings, Committee meetings and other NULIS meetings as considered appropriate; and
- Performing detailed sample testing as considered appropriate.

As we assessed the test steps, we identified and assessed any shortcomings that may have arisen and made recommendations. For Licence Conditions where there were no shortcomings, we were able to conclude on the Design Effectiveness (Adequacy) and Operational Effectiveness (Effectiveness).

## 3 Summary Report

### 3.1 Recommended changes to NULIS products, systems and processes

#### 3.1.1 First Phase Interim Report

In our First Phase Interim Report we made the following recommendations in relation to NULIS's products, systems and processes. All of our recommendations were accepted by NULIS.

Ref	Recommendations	Accepted by NULIS	Licence Condition
1	<p>a) Complete the benchmarking exercise to ensure that the Superannuation Business Services Agreement (SBSA) is updated for the following enhancements:</p> <ul style="list-style-type: none"> <li>- Consolidation of service provisions to ensure better clarity and definition on critical service provisions.</li> <li>- Frequency of service level reporting activities are clearly defined throughout the document.</li> </ul> <p>b) Update the SBSA to accurately document the frequency of reporting for the following sections of the agreement:</p> <ul style="list-style-type: none"> <li>- Insurance Governance</li> <li>- Insurance Operations</li> <li>- General Operations</li> </ul> <p>c) Document the formal processes by which the Office of the Trustee (OTT) monitors and manages the outsourcing agreement between NULIS and NWMSL.</p> <p>d) Review the Outsourcing Policy and ensure that it remains fit for purpose. If enhancements are made to standard operating procedures, all impacted personnel should be appropriately trained.</p> <p>e) Establish and document specific materiality thresholds for reporting breaches of service level requirements. All impacted personnel should be appropriately trained.</p>	Yes	20(b)
2	<p>a) The Licensee should seek clarity from NWMSL around the role of Management Assurance. This should be clearly explained and communicated to both NULIS and NWMSL personnel.</p> <p>b) Establish clear delineation between Line 1 and Line 2 activities and ensure that the activities undertaken by each of Line 1 and Line 2 are value adding, rather than duplicating. This should be clearly explained and communicated to both NULIS and NWMSL personnel.</p>	Yes	20(c)

Ref	Recommendations	Accepted by NULIS	Licence Condition
3	<p>a) and c) Risk Management reports should be uplifted to address the following:</p> <ul style="list-style-type: none"> <li>i. The volume of information contained in the risk reports should be streamlined to allow greater focus on key risk areas.</li> <li>ii. The dashboards should be updated to reduce the volume of unnecessary information.</li> <li>iii. The clarity of action plans should be improved to ensure that it is very clear what needs to be done, by whom and by when.</li> </ul> <p>b) Improve risk reports provided to the Licensee by:</p> <ul style="list-style-type: none"> <li>i. Aligning the content of Corporate Super and R&amp;IP risk reports to ensure consistency of information.</li> <li>ii. Agree on a consistent scale to measure the non-financial impacts of a material risk. The changes to risk reporting should be clearly communicated to personnel and, if deemed necessary, relevant personnel should receive targeted training as a priority.</li> </ul>	Yes	20(d)
4	<ul style="list-style-type: none"> <li>a) Refer to Observation 10 for recommendations in relation to Matters Arising.</li> <li>b) We recommend that the Licensee investigate ways to effectively communicate outcomes outside the Matters Arising process in order to support agile management decision making.</li> <li>c) Additional measures should be put in place if gaps are found in existing communication channels. Changes should be clearly communicated to personnel and relevant personnel should receive targeted training as a priority.</li> </ul>	Yes	20(e)
5	<ul style="list-style-type: none"> <li>a) We recommend that the Licensee determines what additional work needs to be undertaken to fully embed the Roles and Responsibility Charter.</li> <li>b) It is important to implement a robust process to identify all personnel who require training in relation to the Roles and Responsibility Charter. The Licensee should undertake an assessment to satisfy itself that all applicable personnel have received the necessary training in relation to the Roles and Responsibility Charter. Further, the Licensee should ensure training on the Roles and Responsibility Charter is uploaded to SAP.</li> </ul>	Yes	20(e)
6	Refer to Observation 1 for recommendations in relation to the SBSA.	Yes	20(e)

Ref	Recommendations	Accepted by NULIS	Licence Condition
7	<ul style="list-style-type: none"> <li>a) Update the <i>Growth</i> phase and <i>Decline</i> phase within the Product Governance Policy to accurately describe the requirements to be met in order for a product enhancement or change to be assessed, approved, monitored and/or implemented by the Licensee. Changes should be clearly communicated to personnel and relevant personnel should receive targeted training as a priority.</li> <li>b) Update the Product Governance Policy to reference the NAB Wealth Superannuation Tax Risk Governance Framework.</li> <li>c) Discussions should be held with the owners of the Projects@NAB and SaMC frameworks to ascertain whether changes can be made to these frameworks to incorporate the Licensee as a stakeholder and describe the sponsor's obligations to the Licensee. If it is not possible to change the NAB Group documents, NULIS should prepare an addendum which is specific to NULIS and which clearly articulates the Licensee as a stakeholder and describes the sponsor's obligations to the Licensee.</li> </ul>	Yes	20(f)
8	<ul style="list-style-type: none"> <li>a) For each business area responsible for providing attestations (except for the central Management Assurance hub (that is not embedded in the PUS) and Risk/Compliance who already have adequate documentation), prepare detailed documentation that clearly sets out responsibilities for providing attestations, what is to be included in the attestation and frequency. Changes should be clearly communicated to personnel and relevant personnel should receive targeted training as a priority.</li> <li>b) Undertake an exercise to clearly differentiate the activities of Management Assurance and Line 2 Risk. Specific attention should be given to ensuring that activities undertaken by Management Assurance are value adding and are not simply checking whether processes have been followed. Any changes to the delineation of activities should be clearly communicated to personnel and relevant personnel should receive targeted training as a priority.</li> </ul>	Yes	20(f)(i)



Ref	Recommendations	Accepted by NULIS	Licence Condition
8 (cont)	<p>c) Education and training should be undertaken to remind all personnel of the process required to sign off on key assessment documents and product change Go/No-Go decisions. Personnel should be reminded that documents will not be approved and decisions will not be made unless the documented process has been followed. NULIS should monitor compliance with the safeguard and assurance processes. Consequences (including additional training) should be imposed where the documented process is not followed.</p> <p>d) Clearly document NULIS's expectations of the verification steps to be undertaken by personnel prior to completing their attestation. Changes should be clearly communicated to personnel and relevant personnel should receive targeted training as a priority. Consequences (including additional training) should be imposed where the documented process is not followed.</p>	Yes	20(f)(i)
9	<p>a) and b)</p> <ul style="list-style-type: none"> <li>i. Implement a robust documented process that enables NULIS to identify on an ongoing basis, all personnel who require training in relation to Licensee obligations.</li> <li>ii. Using this as the base, NULIS should undertake an assessment to satisfy itself that all applicable personnel have received the necessary training in relation to Licensee obligations.</li> <li>iii. Where there are gaps, the relevant personnel should receive targeted training as a priority.</li> </ul> <p>c) Formally document the process to inform personnel about new obligations and to ensure that personnel are adequately trained with regards to the Licensee obligations arising from emerging and new regulatory requirements. The process should be clearly communicated to personnel and relevant personnel should receive targeted training as a priority.</p>	Yes	20(f)(ii)

Ref	Recommendations	Accepted by NULIS	Licence Condition
10	<p>a) Document the process (in line with current practices) for communicating Licensee conditions to NWMSL personnel.</p> <ul style="list-style-type: none"> <li>i. The process should be clearly communicated to personnel and relevant personnel should receive targeted training as a priority.</li> <li>ii. NULIS should monitor compliance with the documented process. Consequences (including additional training) should be imposed where the documented process is not followed.</li> </ul> <p>b) Key personnel should be reminded of the Matters Arising process and the importance of timely execution of the process.</p> <ul style="list-style-type: none"> <li>i. NULIS should monitor compliance with the Matters Arising process. Consequences (including additional training) should be imposed where the documented process is not followed.</li> </ul>	Yes	20(f)(iii)
11	<p>a) Update the Product Governance Policy to define which issues are to be brought to the Licensee. Consideration should be given to the following:</p> <ul style="list-style-type: none"> <li>i. NULIS should consider whether it wants to continue using a risk based approach to define "high risk rated" and "issues for decision as appropriate". If NULIS decides to continue with a risk based approach it must clearly defined the risk rating approach and framework.</li> <li>ii. In addition, NULIS should make reference to other documents (such as the Corporate Super New Business SOP and the paper which proposes how to manage Matters Arising) which provide useful guidance.</li> <li>iii. NULIS should undertake an assessment to identify which personnel require additional training on the Product Governance Policy and supporting frameworks/ documents. Where there are gaps, the relevant personnel should receive targeted training as a priority.</li> </ul>	Yes	20(f)(iv)

Ref	Recommendations	Accepted by NULIS	Licence Condition
12	<p>a) Implement a robust documented process that enables NULIS to identify on an ongoing basis, all personnel who require training in relation to the implementation of product change.</p> <ul style="list-style-type: none"> <li>i. Using this as the base, NULIS should undertake an assessment to satisfy itself that all applicable personnel have received the necessary training in relation to the implementation of product change.</li> <li>ii. Where there are gaps, the relevant personnel should receive targeted training as a priority.</li> </ul>	Yes	20(f)(v)
13	No recommendations in relation to Licence Condition 20(f)(vi).	NA	20(f)(vi)
14	<p>a) The Conflicts Management Framework (and associated documents) should be reviewed and uplifted to provide clear and concise documentation around the conflicts management process. As much as possible, all relevant information should be consolidated in the one location to prevent personnel from having to access multiple documents.</p> <p>The updated CMF should be clearly communicated to personnel and relevant personnel should receive targeted training as a priority.</p> <p>b) The CMF should be updated to include the following requirements as set out in SPS 521 — Conflicts of Interest:</p> <ul style="list-style-type: none"> <li>i. For the purposes of assessing what is "relevant" to the Conflicts Register, include a requirement to consider the nature of the duty/interest including whether it is a one-off occurrence or whether it has an ongoing, recurring or cumulative nature (per SPS 521.16)</li> <li>ii. The processes for identifying and monitoring all potential and actual conflicts as well as the process for the development and maintenance of the Conflicts Register (per SPS 521.18)</li> <li>iii. The changes should be clearly communicated to personnel and relevant personnel should receive targeted training as a priority.</li> </ul>	Yes	20(g)

Ref	Recommendations	Accepted by NULIS	Licence Condition
14 (cont)	<p>c) The SOPs relating to Related Party Transactions and Shareholder Conflicts should be updated to clearly explain the actual process by which personnel can identify and report conflicts. If necessary, this should include process flows, case studies and links to other guidance to assist the user.</p> <p>The changes to the SOPs should be clearly communicated to personnel and relevant personnel should receive target training as a priority.</p>	Yes	20(g)
15	<p>a) Implement a robust documented process that enables NULIS to identify on an ongoing basis, all personnel who require training in relation to Conflicts of Interest.</p> <ul style="list-style-type: none"> <li>i. It may be necessary to change the categorisation of personnel in SAP to overcome the issue of training being pushed out to personnel based on generic bank roles, rather than roles specific for an entity (eg. NULIS or NWMSL).</li> <li>ii. Using this as the base, NULIS should undertake an assessment to satisfy itself that all applicable personnel have received the necessary training in relation to Conflicts of Interest.</li> <li>iii. Where there are gaps, the relevant personnel should receive targeted training as a priority.</li> </ul> <p>b) COI Training and Roles and Responsibility Charter training should be uploaded to SAP as soon as possible.</p> <ul style="list-style-type: none"> <li>i. Further, NULIS should understand why the SAP upload of the COI Training and Roles and Responsibility Charter training wasn't timely and ensure steps are taken to ensure that future training is uploaded on a timely basis.</li> <li>ii. NULIS should monitor the process for training uploads. Consequences should be imposed where the documented process is not followed.</li> <li>iii. Implementation of a) (above) will address the issue of training being pushed out to the personnel based on generic bank roles, rather than roles specific for an entity.</li> </ul>	Yes	20(g)

Ref	Recommendations	Accepted by NULIS	Licence Condition
16	<ul style="list-style-type: none"> <li>a) The PIRP Policy and Framework should be updated to include the related PIRP Framework components which are incorporated and undertaken in the PIRP Online Process (PIRP Hub).</li> <li>b) NULIS should undertake an assessment to identify which personnel require additional training on the PIRP Policy and Framework and supporting frameworks/documents.               <ul style="list-style-type: none"> <li>i. Where there are gaps, the relevant personnel should receive targeted training as a priority.</li> </ul> </li> <li>c) The PIRP Policy and Framework should be updated to establish a process by which all regulated member communication (regardless of its risk rating) goes through the same approval process.               <ul style="list-style-type: none"> <li>i. The changed process should be clearly communicated to personnel and relevant personnel should receive targeted training as a priority</li> <li>ii. NULIS should monitor compliance with the documented process. Consequences (including additional training) should be imposed where the documented process is not followed.</li> </ul> </li> <li>d) Review the attestation process to identify and understand weaknesses and gaps in the current process. This should include an analysis of the issues being identified by the Licensee's Disclosure Governance Committee.               <ul style="list-style-type: none"> <li>i. A comprehensive plan should be designed and implemented to fill the gaps identified. This should include documenting the safeguards for member disclosure and reporting document which are not tabled with this Committee.</li> <li>ii. The enhanced process should be clearly communicated to personnel and relevant personnel should receive targeted training as a priority.</li> <li>iii. NULIS should monitor compliance with the documented process. Consequences (including additional training) should be imposed where the documented process is not followed.</li> </ul> </li> </ul>	Yes	20(h)
17	No recommendations in relation to Licence Condition 20(i)(i).	NA	20(i)(i)

Ref	Recommendations	Accepted by NULIS	Licence Condition
18	<ul style="list-style-type: none"> <li>a) Implement a robust documented process that enables NULIS to identify on an ongoing basis, all personnel who require training in relation to obligations under the SIS Act and the Corporations Act.               <ul style="list-style-type: none"> <li>i. Using this as the base, NULIS should undertake an assessment to satisfy itself that all applicable personnel have received the necessary training in relation to obligations under the SIS Act and the Corporations Act.</li> <li>ii. Where there are gaps, the relevant personnel should receive targeted training as a priority.</li> </ul> </li> <li>b) It may be necessary to change the categorisation of personnel in SAP to overcome the issue of training being pushed out to personnel based on generic bank roles, rather than roles specific for an entity (eg. NULIS or NWMSL).</li> <li>c) NULIS should undertake an assessment to satisfy itself that all applicable personnel have received the necessary training in relation to Super Concepts               <ul style="list-style-type: none"> <li>i. Where there are gaps, the relevant personnel should receive targeted training as a priority.</li> </ul> </li> </ul>	Yes	20(i)(ii)
19	<ul style="list-style-type: none"> <li>a) Once the implementation of Controls Management System is completed, NULIS should undertake an assessment to ensure that is operating as intended. Any gaps should be resolved on a timely basis.</li> <li>b) The Licensee should continue to monitor the progress of the Controls Transformation Program, paying particular attention to whether sufficient appropriately skilled resources are being committed to the program and to the business as usual environment. Any concerns or issues should be escalated and resolved on a timely basis.</li> <li>c) A full investigation should be conducted into the risksmart reporting functionality. Any concerned or gaps should be resolved on a timely basis.</li> </ul>	Yes	20(i)(iii)

Ref	Recommendations	Accepted by NULIS	Licence Condition
19 (cont)	<p>In relation to <u>design effectiveness</u>:</p> <ul style="list-style-type: none"> <li>a) Complete the development of the FYI 7 Assurance Map and execute compliance monitoring activities in accordance with the map. The design effectiveness of this document will be assessed during our next phase.</li> <li>b) NULIS should investigate ways in which the Operational Compliance Plans (OCP) data can be organised to remove the current difficulties of reporting a NULIS-wide view on compliance. Changes should be clearly communicated to personnel and relevant personnel should receive targeted training as a priority</li> </ul> <p>In relation to <u>operational effectiveness</u>:</p> <ul style="list-style-type: none"> <li>c) Expand the number of obligations that Management Assurance tests (beyond the top 10 obligations).</li> <li>d) Undertake a detailed assessment of the OCP data to identify gaps in completeness. On the basis of this assessment, NULIS should complete a robust risk evaluation by mapping existing oversight activities to obligations.               <ul style="list-style-type: none"> <li>i. NULIS should implement additional oversight activities based on the results of the above evaluation.</li> <li>ii. Changes should be clearly communicated to personnel and relevant personnel should receive targeted training as a priority.</li> </ul> </li> </ul>	Yes	20(i)(iii)

Ref	Recommendations	Accepted by NULIS	Licence Condition
20	<p>a) Complete the review and update the Adequacy of Resources Framework to ensure there is a clearly articulated process across PUs that will ensure consistency in assessment outcomes on adequacy of resources.</p> <ul style="list-style-type: none"> <li>i. Any changes should be clearly communicated to personnel and relevant personnel should receive targeted training as a priority.</li> <li>ii. NULIS should monitor compliance with the Adequacy of Resources Framework. Consequences (including additional training) should be imposed where the documented process is not followed.</li> <li>iii. Additional safeguards should be incorporated to ensure that future reviews of the framework occur in line with the review timetable.</li> </ul> <p>b) and c)</p> <ul style="list-style-type: none"> <li>i. Based on the review of the Adequacy of Resources Framework, NULIS should undertake (at least on a quarterly basis) an evaluation of the adequacy of human resources across all PUs, including the operations, product, risk and finance teams.</li> <li>ii. Any identified shortcomings in the adequacy of human resources (together with time bound remedial actions) should be escalated through the NULIS committees and ultimately the NULIS Board.</li> </ul>	Yes	20(k)

### 3.1.2 Second Phase Interim Report

In our Second Phase Interim Report we made the following further recommendations in relation to NULIS's products, systems and processes. All of our recommendations were accepted by NULIS.

Ref	Recommendations	Accepted by NULIS	Licence Condition
FR1	NULIS should ensure that the OTT processes regarding monitoring are reflected in detail in the Service Management SOP.	Yes	20(b)
FR2	During the next review cycle of the NULIS Outsourcing Policy and SOP, NULIS should ensure specific details are included to describe the specific steps that the OTT undertakes to monitor NWMSL activities.	Yes	20(b)



Ref	Recommendations	Accepted by NULIS	Licence Condition
FR3	Once the Service Management SOP is completed and approved, NULIS should ensure that training in relation to the Service Management SOP is delivered to all impacted personnel.	Yes	20(b)
FR4	NULIS should now turn its attention to rolling out the Matters Arising awareness and refresher training to all applicable personnel (for example accountable executives and change personnel).	Yes	20(e)
FR5	NULIS should rollout training to all appropriate personnel regarding amendments to the Product Governance Policy.	Yes	20(f)
FR6	<ul style="list-style-type: none"> <li>a) NULIS should continue to update and align Product Change documents to ensure key artefacts reflect the actual operational practices that are occurring.</li> <li>b) NULIS should rollout Product Change awareness training to change management personnel regarding engagement with the Trustee (given that key artefact changes are being made relate to product related artefacts).</li> </ul>	Yes	20(f)
FR7	<ul style="list-style-type: none"> <li>a) NULIS should continue to update and align documents to ensure key artefacts reflect the actual attestation operational practices that are occurring.</li> <li>b) NULIS should also consider rolling out Attestation awareness and refresher training to all relevant personnel.</li> </ul>	Yes	20(f)(i)
FR8	NULIS should now turn its attention to rolling out the Matters Arising awareness and refresher training to all applicable personnel (for example accountable executives and change personnel).	Yes	20(f)(iii)
FR9	<ul style="list-style-type: none"> <li>a) NULIS should now turn its attention to rolling out the Attestation awareness and refresher training to all applicable personnel (stakeholders such as product, operations etc) who are required to sign attestations in product change artefacts which identify personnel requiring product change training.</li> <li>b) This training should include providing clarity around the purpose of the Change Stakeholder Traceability Matrix.</li> <li>c) Any changes as a result of providing clarity around the Change Stakeholder Traceability Matrix design, description and use should be clearly communicated to personnel who have already been trained.</li> </ul>	Yes	20(f)(v)
FR10	NULIS should continue to update its key PIRP Framework artefact to ensure it reflects the actual operational practices that are occurring.	Yes	20(h)
FR11	NULIS should continue to update and align documents to ensure key artefacts reflect the actual operational practices that are occurring as they relate to compliance management and assurance activities.	Yes	20(i)(iii)

Ref	Recommendations	Accepted by NULIS	Licence Condition
FR12	NULIS should document the NULIS processes for assessing the adequacy of resources. This should include steps that the Licensee undertakes on an ongoing basis and annually to be satisfied itself that there are adequate resources.	Yes	20(k)
FR13	NULIS should ensure that training and communication are undertaken in respect of the revised Adequacy of Resources Framework.	Yes	20(k)
FR14	Once NULS understands the impacts of the Accelerated One NAB Plan, the Performance Unit Map should be updated and an assessment made by the Licensee of the potential impacts from a resourcing perspective and ultimately satisfy itself that there are adequate resources in place.	Yes	20(k)

### 3.1.3 First Phase Final Report and Second Phase Final Report

In our First Phase Final Report and Second Phase Final Report we made the following further recommendations in relation to NULIS's products, systems and processes. All of our recommendations were accepted by NULIS.

Ref	Recommendations	Accepted by NULIS	Licence Condition
FR15	The Licensee should satisfy itself regarding the process of delegations for Risk Appetite Statement changes and approvals, in particular the process by which changes are deemed material and non-material.	Yes	20(d)
FR16	Refer to FR15, FR17 and FR24.	Yes	20(e)
FR17	The Licensee should satisfy itself that it is consistently receiving all analysis, expert advice and accompanying support evidence it requires to enable the Licensee to assess, approve, implement and monitor product changes.	Yes	20(f)
FR18	The Licensee should implement a robust documented process that enables NULIS to identify on an ongoing basis, all personnel who require training in relation to the Licensee's obligations – specifically with regards to emerging and new legislative/regulatory and tax changes.  Using this as the basis, NULIS should undertake an assessment to satisfy itself that all applicable personnel have received the necessary training in relation to the Licensee's obligations (not just the Regulatory Change team).  Where there are gaps, the relevant personnel should receive targeted training.	Yes	20(f)(ii)
FR19	NULIS should continue to bed down awareness of the Matters Arising process to ensure that all conditions imposed by the Licensee on the Service provider are documented/recorded for actioning.	Yes	20(f)(iii)

Ref	Recommendations	Accepted by NULIS	Licence Condition
FR20	Refer to recommendation FR19.	Yes	20(f)(iv)
FR21	The NULIS Wealth Universe Identification Procedure and NWMSL SOP are critical documents for both the assessment of the adequacy of resources as well as identifying relevant training cohorts. The Licensee should ensure that these key documents are updated in accordance with the review requirements set out in these documents.	Yes	20(g)
FR22	The Licensee should consider providing guidance or further enhance the PIRP process so that stakeholders clearly understand the actions they need to take prior to attesting.  The licensee should review the PIRP processes <i>Schedule 1 Risk Rating and Schedule 3 Communication Approval Levels and Mandatory Stakeholder Matrix</i> to ensure that regulated member's disclosure and communications (such as PDSs, SENs and Annual Reports) are all signed off by an appropriate Licensee delegated committee/personnel.	Yes	20(h)
FR23	The Licensee should: <ul style="list-style-type: none"> <li>Continue to monitor the activities underway to address the controls data gaps identified in risksmart.</li> <li>Finalise the Risk Management Declaration process for 2018 and if necessary, create and execute an action plan for addressing any compliance related matters.</li> </ul>	Yes	20(i)
FR24	The Licensee should ensure that the NULIS Wealth Universe Identification Procedure and NWMSL SOP are updated in accordance with the review requirements set out in these documents.  The Licensee should continue to ensure there is an ongoing process of reviewing the suitability of all training cohorts using the updated procedures.	Yes	20(k)

### 3.1.4 First Phase Further Report and Second Phase Further Report

We did not make any further recommendations in relation to NULIS's products, systems and processes in our First Phase Further Report and Second Phase Further Report.

## 3.2 Facts that informed KPMG's assessment that Licence Conditions 20(a) to 20(k) are Adequate and Effective

The following is a summation of our assessments and conclusions, across the five reports, in relation to NULIS's products, systems and processes. The facts informing our conclusions on Adequacy and Effectiveness were based on the Evidence Points designed by KPMG.

### 3.2.1 Licence Condition 20(a)

Assess the adequacy and effectiveness of:

- 20(a) NULIS's identification of and application of the three lines of defence risk management model to the material risks applying to its superannuation business, including:
- i. the processes for identifying material risks;
  - ii. the processes for establishing and implementing controls mechanisms for identified material risks.

#### 3.2.1.1 Summary of Assessment

NULIS manages risks using a three lines of defence model (3LOD) that is consistent with the broader NAB Group. Through our review we observed that NULIS uplifted its Risk Management Framework, including making changes to the:

- NULIS Risk Management Strategy
- Risk Management Accountability Model
- NULIS Risk Appetite Statement
- Superannuation Business Services Agreement (SBSA)

Under the SBSA, NWMSL provides risk management services to NULIS. These services include Line 1 and Line 2 risk management activities and reporting, as well as the provision of Line 3 internal audit services.

We concluded on the adequacy and effectiveness of this Licence Condition in our First Phase Interim Report Addendum for the MLC Super Fund and our Second Phase Interim Report for the Wrap Superannuation Funds.

The following key facts informed our views that the arrangements covered by Licence Condition 20(a) are Adequate and Effective.

#### 3.2.1.2 Facts Informing Adequacy Assessment

- Clear articulation and documentation of the 3LOD Framework, process for identifying material risks and establishing and implementing control mechanisms.
- The 3LOD Framework is supported by key policies and documents that are aligned with regulatory guidance and ISO standards.
- Staff have been trained on the 3LOD Framework and supporting documents and interviews confirmed staff's understanding.

#### 3.2.1.3 Facts Informing Effectiveness Assessment

- Detailed training materials have been produced and relevant personnel are trained on the 3LOD Framework, risk identification processes and the Controls Management System.

- Training is conducted on commencement of a new role and on an ongoing basis.
- Interviews were conducted with relevant personnel, including a sample of Directors, who were able to clearly describe the 3LOD model and the role that they played within the 3LOD.
- Testing provided evidence of the 3LOD model and risk management practices operating in practice, including:
  - Identification of material risks and associated controls
  - Risk reporting provided to the Board and Committees
  - Risk reporting at management levels
- Attendance at a selection of meetings and Risk Management Forums provided evidence that material risks and control mechanisms are being considered and discussed at the Board, Committee and management levels.

### 3.2.2 Licence Condition 20(b)

Assess the adequacy and effectiveness of:

- 20(b) The manner in which the licensee assesses the services or functions provided by the Superannuation Business Services Provider to or on behalf of the licensee, including:
- i. the process and frequency by which NULIS assesses whether the services provided meet its needs, particularly with respect to client operations, product management and finance functions;
  - ii. the process and frequency by which NULIS assesses and monitors the effectiveness of risk management services;
  - iii. the process and frequency by which NULIS deals with breaches of risk management service level requirements;

#### 3.2.2.1 Summary of Assessment

The SBSA provides the foundation on which the services provided by NWMSL have been defined and agreed to by NULIS. In addition, the SBSA outlines specific provisions that relate directly to how NULIS assesses the services provided by NWMSL. Other documents which assist in describing the relationship between NWMSL and NULIS include:

- NULIS Outsourcing Policy
- NULIS Outsourcing Standard Operating Procedure (SOP)

In response to our recommendations and the outcomes from a NULIS benchmarking exercise, the SBSA, Outsourcing Policy and Outsourcing SOP underwent revision and uplift.

Furthermore, in order to support the operationalization of these processes and procedures for assessing NWMSL services, training was recognised as a key activity. In response to our recommendations, training content was uplifted and a training cohort identification process established.

We concluded on the adequacy and effectiveness of this Licence Condition in our First Phase Final Report and Second Phase Final Report.

The following key facts informed our views that the arrangements covered by Licence Condition 20(b) are Adequate and Effective.

### 3.2.2.2 Facts Informing Adequacy Assessment

- There are documented arrangements in place which accurately describe the services and functions provided by NWMSL to NULIS.
- The process and frequency by which NULIS assesses and monitors the effectiveness of risk management services is documented and well understood.
- There is a formal process for dealing with breaches of risk management service level requirements.
- The SBSA is supported by key policies and documents that are aligned with regulatory guidance.
- Staff have been trained on the SBSA and supporting documents and interviews confirmed staff's understanding.

### 3.2.2.3 Facts Informing Effectiveness Assessment

- There was training material produced and relevant personnel are trained on Outsourcing Framework specifically roles, responsibilities as well as periodic assessment activities.
- Interviews were conducted with relevant personnel who demonstrated awareness and understanding of the Outsourcing Framework including periodic assessment activities.
- There was evidence of periodic assessments (service management reporting) in place being completed including reporting to management and applicable Board and Committees. This included demonstrated evidence of actions being taken to address and resolve issues and/or failures to meet service standards.
- Active consideration of the provision of services provided by NWMSL at Board, Committee and management levels demonstrated through our attendance at a selection of meetings.

## 3.2.3 Licence Condition 20(c)

Assess the adequacy and effectiveness of:

- 20(c) The managerial support provided by the Superannuation Business Services Provider to the licensee at all levels of the three lines of defence risk management model.

### 3.2.3.1 Summary of Assessment

NULIS manages risks using a three lines of defence model (3LOD) that is consistent with the broader NAB Group. Through our review we observed that NULIS uplifted its Risk Management Framework, including making changes to the:

- NULIS Risk Management Strategy
- Risk Management Accountability Model
- NULIS Risk Appetite Statement
- Superannuation Business Services Agreement (SBSA)

Under the SBSA, NWMSL provides managerial support services to NULIS. The SBSA adequately described the managerial support services between NULIS and NWMSL across the three lines of defence.

We concluded on the adequacy and effectiveness of this Licence Condition in our First Phase Final and Second Phase Final Report.

The following key facts informed our views that the arrangements covered by Licence Condition 20(c) are Adequate and Effective.

### 3.2.3.2 Facts Informing Adequacy Assessment

- The SBSA clearly articulated the managerial support requirements of NWMSL to NULIS and it was current at the time of review, signed and executed by relevant parties, included specific provisions on record keeping and was consistent with SPS 231.

### 3.2.3.3 Facts Informing Effectiveness Assessment

- Interviews with a sample of personnel across the 3LOD demonstrated awareness, familiarity and understanding of the 3LOD model including the managerial support provided to the licensee. Interviewees were able to describe what line of the 3LOD they are operating and their role in this LOD.
- A walkthrough evidenced adequate, qualified and properly trained resources, performance management frameworks and articulated escalations process/protocols are in place demonstrating that managerial support is being provided to NULIS at all levels of the 3LOD.

## 3.2.4 Licence Condition 20(d)

Assess the adequacy and effectiveness of:

- 20(d) Risk management reports prepared for the licensee by the Superannuation Business Services Provider.

### 3.2.4.1 Summary of Assessment

The key documents that describe the risk management reporting activities conducted by NWMSL for NULIS included the following:

- Superannuation Business Services Agreement (SBSA)
- Risk Management Strategy (RMS)
- NULIS Risk Appetite Statement (RAS)
- Board, Risk and Audit Committee and Performance Unit Risk Management Reports

Under the SBSA, NWMSL has specific reporting requirements as they apply to the provision of specific services across the 3LOD. The RMS and RAS are core elements of NULIS's Risk Management Framework and outline the strategy and thresholds for managing and reporting risk.

In response to our recommendations, the specific Risk Management Reports underwent revision and uplift.

We concluded on the adequacy and effectiveness of this Licence Condition in our First Phase Further Report and Second Phase Further Report.

The following key facts informed our views that the arrangements covered by Licence Condition 20(d) are Adequate and Effective.

### 3.2.4.2 Facts Informing Adequacy Assessment

- The SBSA, RAS and RMS describe the Risk Management Reporting expectations and processes in Line 1 and Line 2.
- The content contained in Board, Risk and Audit Committee and Performance Unit Risk Management reports meets our expectations, addresses SLA requirements and regulatory requirements.

### 3.2.4.3 Facts Informing Effectiveness Assessment

- Documented evidence and walkthroughs demonstrated there was a consistency between policy and processes and what was occurring in practice with regards to risk reporting.
- Performance Unit Risk Reports and attendance at Risk Management Forums provided evidence that risk reporting is occurring at the Performance Unit Level, in the Risk Function and to the Board and applicable Committee.
- Interviews with Directors and select personnel, walkthroughs and risk management reports demonstrated that:
  - Risk reporting is using suitable and reliable data inputs.
  - Risk reporting is occurring consistent with policy and processes.
  - Risk reporting is providing the right level of detail for the applicable audience to understand material risks.

### 3.2.5 Licence Condition 20(e)

Assess the adequacy and effectiveness of:

- 20(e) The licensee's internal governance and communication systems with the Superannuation Business Services Provider, including:
- i. Communication channels between the licensee and other relevant related entity boards, product managers and operations teams;
  - ii. Roles and responsibilities in relation to decision making at board and management levels of the business;
  - iii. Regular and issue-specific reporting to the board, including the processes providing for and reliability of information in the reports

#### 3.2.5.1 Summary of Assessment

The key documents that describe NULIS's governance and communication systems with NWMSL include:

- The Roles and Responsibilities Charter that formalises roles between NULIS, NWMSL and NAB
- Superannuation Business Services Agreement (SBSA)
- NULIS's Delegation Framework
- NULIS's Trustee Governance Policy
- NULIS's Matters Arising Process

In addition, the Office of the Trustee (OTT) is a critical part of the internal governance systems between NWMSL and NULIS. The OTT plays an active role in the day-to-day oversight of



NWMSL activities as they relate to NULIS as well as representing the licensee across the NAB Group.

In response to our recommendations, activity was undertaken to ensure that the Roles and Responsibilities Charter was fully embedded and relevant personnel are adequately trained. Furthermore, a number of actions were taken by the licensee to uplift the Matters Arising Process (refer Licence Condition 20(f)).

We concluded on the adequacy and effectiveness of this Licence Condition in our First Phase Further Report and Second Phase Further Report.

The following key facts informed our views that the arrangements covered by Licence Condition 20(e) are Adequate and Effective.

### 3.2.5.2 Facts Informing Adequacy Assessment

- Roles and management decision making powers are documented and up-to-date.
- Mechanisms are in place to identify if management is making decisions inconsistently with governance documents.
- There is a documented process for Board reporting that aligns to overarching governance documents.

### 3.2.5.3 Facts Informing Effectiveness Assessment

- Interviews with selected NWMSL personnel, OTT personnel and observation of matters being considered at Board and Committee meetings demonstrated:
  - An understanding of the licensee's communication channels and governance structures.
  - Mechanisms are in place to identify if management was making decisions inconsistent with governance documents.
  - The documented processes are operating in practice as described.
  - Roles and Responsibility Charter training has been developed, is current and the content meets our expectations.
  - A process is in place for selecting a specific and appropriate cohort for Roles and Responsibilities Charter training and NULIS implemented training for this cohort.

## 3.2.6 Licence Condition 20(f)

Assess the adequacy and effectiveness of:

- 20(f) NULIS's processes and procedures for assessing, approving, implementing and/or monitoring product changes in the MLC Super Fund and Wrap Superannuation Funds that modify superannuation members' conditions, including those brought about by legislative and taxation changes.

### 3.2.6.1 Summary of Assessment

The Product Governance Framework, relevant NAB Change/Product Frameworks and Methodology (and related artefacts) apply across Licence Conditions 20(f)-20(f)(vi).

NWMSL manages the product change process end-to-end pursuant to the SBSA. Through our testing we observed that NULIS uplifted its frameworks, processes and procedures relevant to product change. Key product change documents that were revised included:

1. Product Governance Framework
  - a) NULIS's Product Governance Framework – this sets out the Licensee's expectations and framework for product change. Key documents include:
    - Product Governance Policy (PGP)
    - Product Management Standard Operating Procedure (SOP)
    - NULIS Corporate Super New Business SOP
  - b) NAB Wealth Superannuation Tax Risk Governance Framework – which outlines who is responsible for product change necessary to comply with tax regulation
2. Although revisions weren't required, NULIS's existing product, project and change methodology frameworks (Projects@NAB, Change@NAB and SaMC Methodology) are the primary frameworks which relate to product change. Each of these methodologies and frameworks make available a number of product change document templates which must be produced, including tools that support the management of end-to-end change.

We concluded on the adequacy and effectiveness of this Licence Condition in our First Phase Further Report and Second Phase Further Report.

The following key facts informed our views that the arrangements covered by Licence Condition 20(f) are Adequate and Effective.

### **3.2.6.2 Facts Informing Adequacy Assessment**

- Clear articulation and documentation of the Governance Framework, including the Product Governance Policy and Standard Operating Procedures which articulate the Product Life Cycle.
- The Product Governance Framework is supported by NAB leveraged Change/Project Frameworks and Methodology which are documented and supported by key policies, templates and tools which are consistent with change best practice and which contemplate the role of the Trustee in regards to assessing, approving, implementing and monitoring product changes.
- Staff have been trained on the Product Governance Framework policies and Product and Change Frameworks, Methodologies and related templates and tools.

### **3.2.6.3 Facts Informing Effectiveness Assessment**

- We conducted interviews with a sample of relevant personnel involved in a selection of projects. Through this we confirmed:
  - That personnel are aware of, familiar with and understand the Licensee's key product change governance, methodologies and frameworks.
  - Personnel are aware of and have been trained (as relevant to their roles) on the Product Governance Framework documents and Product/Change Framework and Methodology.
- We reviewed case studies (related to business initiated product change project, regulatory change and regulatory and tax change) and conducted interviews with a sample of personnel who participated in product change. We confirmed:

- That processes and procedures are working in practice at the various stages of the product change life cycle as documented in relevant frameworks, including signoffs, attestations and engagement with the Trustee as required.
- The case study testing provided sufficient evidence to demonstrate that the following is occurring in practice:
  - Product change artefacts are produced as required, at each phase of the product change process
  - The Trustee is engaged in line with policy to assess, approve and implement product change

### 3.2.7 Licence Condition 20(f)(i)

Assess the adequacy and effectiveness of

- 20(f) NULIS's processes and procedures for assessing, approving, implementing and/or monitoring product changes in the MLC Super Fund and Wrap Superannuation Funds that modify superannuation members' conditions, including those brought about by legislative and taxation changes including:
- i. whether NULIS has developed adequate safeguards and assurances to ensure that such changes comply with Financial Services laws and product rules.

#### 3.2.7.1 Summary of Assessment

Frameworks, methodologies and processes specifically provide for the development of safeguards and assurances to assist NULIS to:

- Manage the project so that it can implement a change as designed
- Deliver into "business as usual" changed processes, procedures and controls

Key documents which evidence these safeguards and assurances include:

- NULIS's Product Governance Framework (and related documents)
- Projects@NAB required product change artefacts such as the Assurance Readiness Checklist, Operational Compliance Plan and relevant stakeholder attestations.

In response to our recommendations, the Product Governance Framework underwent revision and uplift to the roles and responsibility section to provide clarity regarding the roles and responsibility of stakeholders such as Risk (Line 2 oversight), the Change Sponsor and all product change accountable stakeholders and how they attest (signoff) to facilitate a project implementation decision.

We concluded on the adequacy and effectiveness of this Licence Condition in our First Phase Final and Second Phase Final Report.

The following key facts informed our views that the arrangements covered by Licence Condition 20(f)(i) are Adequate and Effective.

### 3.2.7.2 Facts Informing Adequacy Assessment

- There is evidence of adequate safeguards and assurances to ensure product changes comply with financial services law and product rules. These safeguards are captured within the enhanced Product Governance Framework and include:
  - With regards to product change, clear statement in the SOP of the requirements which must be met to satisfy the Trustee’s legal and fiduciary obligations
  - Use of approved and required product change methodologies and artefacts, including performance of risk assessments
  - Roles and responsibilities of stakeholders and their accountability statements with regards to product change
- There is a program to train staff and new joiners as and when the Product Governance Framework undergoes change.

### 3.2.7.3 Facts Informing Effectiveness Assessment

- Interviews were conducted with a sample of relevant personnel. These interviews confirmed the following:
  - Strong awareness of governance, methodologies and frameworks, processes and procedures to develop safeguards and assurances
  - Interviewees are able to describe how safeguard and assurance activities are developed as part of product changes processes and in line with NULIS document practices;
  - Interviewees are able to articulate their roles and responsibilities with regards to project safeguards, including assurances and attestations
  - Staff are trained each time the Product Governance Framework was uplifted
- Testing via case studies artefacts of product change project we were able to evidence safeguard and assurance processes such as the attestation processes and able to confirm that practices are consistent with documented processes and procedures.

### 3.2.8 Licence Condition 20(f)(ii)

Assess the adequacy and effectiveness of

- 20(f) NULIS’s processes and procedures for assessing, approving, implementing and/or monitoring product changes in the MLC Super Fund and Wrap Superannuation Funds that modify superannuation members’ conditions, including those brought about by legislative and taxation changes including:
- ii. Whether personnel providing services to the MLC Super Fund and Wrap Superannuation Funds have been adequately trained about the Licensee’s obligation in connection with product changes;

#### 3.2.8.1 Summary of Assessment

This Licence Condition deals to whether personnel have been adequately trained about NULIS’s obligations in connection with product changes in the “Assessing and Approving” phase of the change lifecycle.

Key evidence points to demonstrate that personnel providing services are adequately trained about the Licensee’s obligations in connection with product change (in the Assessing and Approving phase) include:

- NULIS Regulatory Change Capability Framework and Training Register Procedure – sets out the core skills sets and competencies required to fulfil their roles and responsibilities
- NULIS Regulatory Change Capability Framework and Training Register – a training register for the Regulatory Change team to record attendance at various education and professional development sessions
- In response to our recommendations, a new NULIS Obligation Capability Framework for Product and Product Change Roles (NOC) - documents the approach for training in relation to NULIS’s obligations, including those arising from emerging or new legislative, regulatory and taxation requirements in a timely manner.
- The new Elevate Program - training program that delivers training on emerging, new and existing legislative, regulatory and taxation requirements that result in new or changed NULIS obligations.

The NOC and Elevate Program were developed in response to our recommendations and represent a significant uplift in training of relevant personnel.

We concluded on the adequacy and effectiveness of this Licence Condition in our First Phase Further Report and Second Phase Further Report.

The following key facts informed our views that the arrangements covered by Licence Condition 20(f)(ii) are Adequate and Effective.

### **3.2.8.2 Facts Informing Adequacy Assessment**

- There was evidence of documented and clearly articulated process and procedures to identify, update and keep current product change obligations. These documents include:
  - NAB Wealth Regulatory Change End to End lifecycle overview
  - Weekly Regulatory Change News
  - Monthly Regulatory Change Report
  - Control Management System Change Framework
  - NAB Group Regulatory Change Procedure
  - NULIS Regulatory Change Register
- NULIS provided evidence of a documented approach and relevant procedural artefacts for the identification and training of personnel (the cohort) about the Licensee’s obligations (including emerging and new regulatory obligations) in connection with product change. These artefacts include:
  - NULIS Obligation Capability Framework for Product and Product Change Roles (including training schedule)
  - The Elevate Program

### **3.2.8.3 Facts Informing Effectiveness Assessment**

- We evidenced:
  - That NWMSL has developed a structured training program (The Elevate Program) which includes a program of structured learning for personnel involved in product change and product roles, with regards to emerging and new Trustee obligations in connection with assessing and approving product change.
  - NWMSL use of the Wealth Universe (see Licence Condition 20(k)) to identify which personnel to include on the Elevate training program.

- Training was developed and delivered to personnel (evidence via artefacts and by interviewing personnel). The training was current and the content meets our expectations with regards to regulatory change.
- NWMSL tracks personnel's training attendance and leverages their training reminder/follow up process.

### 3.2.9 Licence Condition 20(f)(iii)

Assess the adequacy and effectiveness of:

- 20(f) NULIS's processes and procedures for assessing, approving, implementing and/or monitoring product changes in the MLC Super Fund and Wrap Superannuation Funds that modify superannuation members' conditions, including those brought about by legislative and taxation changes including:
- iii. where approvals of product changes are subject to conditions, the measures in place to ensure that the conditions are satisfied;

#### 3.2.9.1 Summary of Assessment

The key document which captures the processes and procedures (known as the Matters Arising process), relating to measures in place to ensure conditions imposed by the Licensee are satisfied, are captured in the Office of the Trustee Governance Manual – Board Processes.

In response to our recommendations, the Office of the Trustee Governance Manual – Board Processes underwent revision and uplift.

We concluded on the adequacy and effectiveness of this Licence Condition in our First Phase Further Report and Second Phase Further Report.

The following key facts informed our views that the arrangements covered by Licence Condition 20(f)(iii) are Adequate and Effective.

#### 3.2.9.2 Facts Informing Adequacy Assessment

- The processes and procedures are in place to enable product change conditions imposed by the Trustee to be captured in the Matters Arising process.
- There is a process in place to ensure that personnel are trained when the Matters Arising process is amended.

#### 3.2.9.3 Facts Informing Effectiveness Assessment

- Interviews with a sample of relevant personnel confirmed that the Licensee has a process and procedure to ensure that conditions are satisfied. We evidenced that:
  - Conditions stipulated by the Trustee in relation to product change are documented, communicated, monitored and reported.
  - Personnel are aware of the procedures, the process and their relevant roles and responsibilities for actioning conditions stipulated by the Trustee, including that they must check to confirm that all relevant product change conditions (Matters Arising) to their Product Change project have been actioned/implemented before a project can go live.
  - Personnel responsible for managing, communicating and reporting on Matters Arising are trained about the process.

- Documented evidence and walkthroughs demonstrated that the Matters Arising process was occurring in practice consistently with the documented processes.

### 3.2.10 Licence Condition 20(f)(iv)

Assess the adequacy and effectiveness of:

- 20(f) NULIS's processes and procedures for assessing, approving, implementing and/or monitoring product changes in the MLC Super Fund and Wrap Superannuation Funds that modify superannuation members' conditions, including those brought about by legislative and taxation changes including:
- iv. whether NULIS has sufficient oversight over the Superannuation Business Services Provider responsible for satisfaction of the product change conditions;

#### 3.2.10.1 Summary of Assessment

The key documents that outline NULIS's oversight of product change conditions are the:

- Product Governance Policy (PGP)
- Product Management Standard Operating Procedure (SOP)

Our assessment focused on the process by which NULIS satisfies itself that conditions are satisfied (when approval of product changes are subject to conditions).

In response to our recommendations, the Product Governance Policy (PGP) and Product Management Standard Operating Procedure (SOP) underwent revision and uplift.

We concluded on the adequacy and effectiveness of this Licence Condition in our First Phase Further Report and Second Phase Further Report.

The following key facts informed our views that the arrangements covered by Licence Condition 20(f)(iv) are Adequate and Effective.

#### 3.2.10.2 Facts Informing Adequacy Assessment

- There are documented processes and procedures (PGP and SOP) which outline what, when and how product change conditions are to be communicated to the Trustee to enable the Trustee to oversight NWMSL's actions. These processes and procedures meet our expectations.
- Targeted training was developed and provided to all personnel who are involved in the product change process.

#### 3.2.10.3 Facts Informing Effectiveness Assessment

- Through testing of case studies we obtained sufficient evidence to demonstrate effective oversight of the service provider responsible for managing/implementing product change. This was evidenced through the following:
  - Evidence of product change (proposals) being brought back to the Licensee for approval.
  - Evidence of product change proposal conditions being oversights by the Licensee.
  - Evidence of Conditions being documented, communicated, monitored and reported to the Licensee.
  - Attendance at Board and Committee meetings demonstrated that the process is occurring in practice as it has been documented.

- Using case studies, interviewed personnel demonstrated their awareness, familiarity and understanding of the Licensee’s oversight of the Superannuation Service Provider responsible for satisfaction of the product change conditions. We evidenced that:
  - Interviewees are able to communicate the processes and procedures they action to enable the Trustee to oversight conditions imposed by the Trustee.
  - Interviewees are able to articulate their product change responsibilities with regards to product change oversight and their role in fulfilling these obligations.
  - Personnel involved in product change projects adequately described how they confirm that all conditions are satisfied prior to making “Go” decisions to proceed to implement a product change.
  - Product change reporting to the Licensee and related approvals.

### 3.2.11 Licence Condition 20(f)(v)

Assess the adequacy and effectiveness of:

- 20(f) NULIS’s processes and procedures for assessing, approving, implementing and/or monitoring product changes in the MLC Super Fund and Wrap Superannuation Funds that modify superannuation members’ conditions, including those brought about by legislative and taxation changes including:
- v. the implementation of product changes, including the development and implementation of training for personnel;

#### 3.2.11.1 Summary of Assessment

Specifically for this Licence Condition 20(f)(v), NULIS has processes and procedures to effect product change during the implementation phase which include:

1. Governance - NULIS’s Product Governance Framework
2. NULIS Regulatory Change Capability Framework and Training Register Procedure
3. NULIS’s product, project and change methodology frameworks, such as the Organisation Change Management set of documents (which outlines that consideration must be given to training required to be developed and provided to personnel where a change impacts the nature of the personnel’s day-to-day work activities and/or NULIS’s obligations).

In response to our recommendations, change management and training processes underwent revision and uplift.

We concluded on the adequacy and effectiveness of this Licence Condition in our First Phase Final Report and Second Phase Final Report.

The following key facts informed our views that the arrangements covered by Licence Condition 20(f)(v) are Adequate and Effective.

#### 3.2.11.2 Facts Informing Adequacy Assessment

- There is evidence of documented product change processes and procedures with regards to project implementation, including an Organisational Change Management assessment, checklists, readiness assessments and program and plan guidance documentation.
- There are documented processes and procedures which were uplifted as a result of our recommendations (the Wealth Stakeholder and Business Engagement Matrix template) to



identify who to train as part of the product change implementation phase of a product change.

- Training is developed and provided to personnel impacted by product change.

### 3.2.11.3 Facts Informing Effectiveness Assessment

- Interviews with a sample of personnel who participate in product change and those who were impacted by product change confirmed that interviewees:
  - Are aware of and can describe the Licensee's product change frameworks, methodology, processes, procedures and tools regarding product change implementation.
  - Are aware of and can describe their roles and responsibilities with regards to progressing a product change through to implementation, including training.
  - Have participated (where relevant) in training developed/provided by the project relevant to the product change to be implemented.
- Via case studies and review of artefacts regarding product change implementation, we collected evidence that processes and procedures regarding product change implementation are followed in practice as stipulated in Projects@NAB, Change@NAB and SaMC methodology. We were able to evidence assessments undertaken and project change artefacts consistently produced for the case studies tested.
- Further testing via case studies, artefacts and in some cases by attending project Go/No Go meetings, we evidenced:
  - The processes and procedures product change projects undertake to signoff/approve a product change implementation.
  - The process the project undertakes to obtain approval from the Trustee to proceed to implementation.
- There was evidence, via case study walkthroughs and review of artefacts (including records of the training) that training relevant to the product change to be implemented was:
  - Developed by the project (relating to the product change to be implemented) relevant to each cohort.
  - Covered how staff are identified for training participation, identification of different training needs by relevant stakeholder cohorts and delivered by the project team.
  - Followed a process to ensure that everyone identified as requiring training was tracked to ensure attendance at training, afforded the opportunity to confirm their understanding of the training they received (and/or request further assistance/training) and that records of approval are maintained regarding anyone opting out.
  - Training material tested was consistent with the product change to be implemented.

### 3.2.12 Licence Condition 20(f)(vi)

Assess the adequacy and effectiveness of:

- 20(f) NULIS's processes and procedures for assessing, approving, implementing and/or monitoring product changes in the MLC Super Fund and Wrap Superannuation Funds that modify superannuation members' conditions, including those brought about by legislative and taxation changes including:
- vi. the testing undertaken with respect to system changes to cater for tax and legislative changes and the adequacy of systems to implement product changes.

#### 3.2.12.1 Summary of Assessment

Testing strategies and approaches are determined based on the project need (and risks) and follows the Projects@NAB and Change@NAB Frameworks and the SaMC methodology. NWMSL enforces a number of testing disciplines when implementing system product changes including system testing (ST), system integration testing (SII), user acceptance testing (UAT), regression testing and post implementation verification (PIV).

We concluded on the adequacy and effectiveness of this Licence Condition in the relevant First Phase Interim Report for the MLC Super Fund and Second Phase Interim Report for the Wrap Superannuation Funds.

The following key facts informed our views that the arrangements covered by Licence Condition 20(f)(vi) are Adequate and Effective.

#### 3.2.12.2 Facts Informing Adequacy Assessment

- There are documented process and procedures applicable to the implementation phase of a project, including testing undertaken with regards to product change and adequacy of systems to implement product change. The change frameworks/methodology require a number of testing artefacts to be produced and testing to be undertaken.
  - Documented system related product change artefacts:
    - Were produced as required by NULIS's change methodologies and are consistent with market better practice.
    - Testing coverage was comprehensive.
    - Adequately document the Test Strategy Plan.
    - Approval processes are clear.
    - Escalation processes are documented and clearly understood, including incidence management process.
- Artefacts are clear and concise to enable stakeholders and project participants to understand what activities need to occur and their role in the testing process.
- We were able to conclude that there was documented governance, frameworks, methodologies, processes and procedures with regards to testing to cater for tax and legislative changes to implement product change and adequacy of systems to implement product changes.

### 3.2.12.3 Facts Informing Effectiveness Assessment

- Through interviews with relevant personnel we obtained evidence that there is good awareness of and testing undertaken with regards to tax and legislative changes and this testing was consistent in practice with documented testing processes and procedures.
- Testing of the documented testing processes and procedures in practice provided evidence that:
  - Escalation processes are known and consistent with those documented
  - Measures to safeguard system changes are adhered to
  - Sign offs and approvals are evidenced

### 3.2.13 Licence Condition 20(g)

Assess the adequacy and effectiveness of:

20(g) The licensee's processes and procedures for management of conflicts of interest, including the development and implementation of training.

#### 3.2.13.1 Summary of Assessment

The NULIS Conflicts Management Framework comprises both NAB documents as well as NULIS specific documents. The NULIS governance documents that set the standard and outline responsibilities regarding conflicts of interest management include:

- NULIS Conflicts Management Policy
- Roles and Responsibilities Charter – NULIS and NAB
- NULIS Trustee Governance Policy

These governing documents set out the mandatory principles for the management of both entity related conflicts as well as personal conflicts. The NULIS Conflicts Management Policy is supported by the Roles and Responsibilities Charter which articulates the roles and responsibilities for critical points of interaction between NAB, NULIS and NWMSL. The NULIS Trustee Governance Policy describes the governance arrangements in place for NULIS.

The key documents are supported by a range of processes and procedures designed to operationalise the conflicts management practice. These include Standard Operating Procedures covering Related Party Transactions and Shareholder Conflicts.

In order to support the operationalization of these processes and procedures, training material was developed and deployed.

In response to our recommendations, activity was undertaken to consolidate and simplify the Conflicts Management Framework as well as addressing shortcomings with regards to alignment to SPS 521 – Conflicts of Interest. Furthermore, training content was uplifted and a training cohort identification process established.

We concluded on the adequacy and effectiveness of this Licence Condition in our First Phase Further Report and Second Phase Further Report

The following key facts informed our views that the arrangements covered by Licence Condition 20(g) are Adequate and Effective.

### 3.2.13.2 Facts Informing Adequacy Assessment

- There was evidence of documentation, including the NULIS Conflicts Management Policy and standard operating procedures and processes which:
  - Clearly articulated the process and procedures for conflicts management.
  - Are aligned to regulatory expectations and industry guidance (RG 181).
- There is evidence of a conflicts of interest register, register of relevant interests and duties.
- An Entity Related Conflicts Management Plan is in place which meets our expectations, regulatory practices and demonstrates that identified conflicts have been disclosed/identified, assessed and evaluated.
- Policy and procedure documentation includes escalation processes which enable conflicts to be escalated and reported where necessary.

### 3.2.13.3 Facts Informing Effectiveness Assessment

- We observed that there are controls identified to manage the various types of conflicts relevant to the licensee's activities.
  - A systematic approach for reviewing conflicts of interest was observed. Documentation, interviews and walkthroughs relating to these reviews demonstrated that controls monitoring for managing conflicts of interest is being undertaken and is consistent with the policy and procedures.
  - Conflicts of Interest training has been developed, is current and the content meets our expectations and regulatory guidance.
  - A process is in place for selecting a specific and appropriate cohort for Conflicts of Interest training and NULIS implements training to this cohort.

### 3.2.14 Licence Condition 20(h)

Assess the adequacy and effectiveness of:

20(h) NULIS's processes and procedures for disclosure and reporting to members.

#### 3.2.14.1 Summary of Assessment

NULIS's processes for disclosing and reporting to members is documented in the Public Information Release Process (PIRP) Policy and Frameworks. The key documents and systems which describe the processes and procedures for disclosing and reporting to members include:

- Public Information Release Process (PIRP Policy)
- PIRP Standard Operating Procedure (SOP)
- PIRP Hub (online hub for the PIRP)
- Supporting documents to the PIRP (see 3.2.14.2 below)

In response to our recommendations, NULIS reviewed its PIRP (communication process) and supporting procedures and implemented a number of enhancements to the PIRP that also resulted in increased oversight for regulated communications such as PDSs, statements and significant event notifications. In addition to the enhancement to the PIRP, a centralised team has been created to champion, manage and be accountable for the PIRP.

We concluded on the adequacy and effectiveness of this Licence Condition in our First Phase Further Report and Second Phase Further Report

The following key facts informed our views that the arrangements covered by Licence Condition 20(h) are Adequate and Effective.

### **3.2.14.2 Facts Informing Adequacy Assessment**

- The PIRP Framework and Hub have been enhanced as a result of our recommendations.
- The PIRP Framework which includes a Policy and Standard Operating Procedure is document and consistent with the Hub (electronic) PIRP Process.
- Enhancements to the PIRP documented processes and procedures include:
  - PIRP Roles and Responsibilities Framework – documents the roles and responsibilities and accountabilities relevant for each stakeholder within the PIRP process.
  - The SOP includes clear ‘how to guides’ based on the type of communication being developed to enable staff producing communications for members to follow the appropriate process on the Hub.
  - PIRP Role Purpose Statements – job descriptors for each role in the PIRP centralised function, Customer Engagement and Correspondence team (note – we have been advised that the name and scope of the team has changed since we completed our review).
  - Stakeholders’ attestations clearly state what each stakeholder is accountable for in the signing off process.
  - All high risk, new and regulated communications must go to the Disclosure Governance Committee for signoff (a NULIS sub board committee).
- Training was developed to ensure staff are trained in regards to enhancements of the process and for all new personnel.

### **3.2.14.3 Facts Informing Effectiveness Assessment**

- Through interviews with a sample of relevant personnel who prepare, review, approve, or assure disclosure or member reporting; attendance at DGC meetings as observers; case study testing of disclosure produced pursuant to a product change project and assessment of PIRP Reporting to the NAB Group Disclosure Committee, we observed:
  - With regards to the production and issue of member communications and disclosure, interviewees were aware of:
    - The PIRP policy and related framework artefacts including the PIRP Hub.
    - Changes to the PIRP policy and procedure.
    - How to access the PIRP Hub and the latest version of the PIRP.
    - Specific roles and responsibilities related to the PIRP (even when they did not have specific Roles and Responsibilities).
    - How they provide attestations on member disclosure and communication material.
  - Under the enhanced attestation process accountable stakeholders are required to document the process/evidence which enables their signoff.

- Interviewees could adequately describe the training they had participated in with regards to the PIRP.
  - High risk, new disclosure and regulated communications are tabled and discussed at the Disclosure Governance Committee as required by the Framework.
  - PIRP training development follows the NWMSL process to identify impacted cohorts for training, training is developed by cohort, delivered to cohorts and training attendance is tracked and monitored.
- NULIS's processes and procedures result in uplifted disclosure and reporting to members.

### 3.2.15 Licence Condition 20(i)

Assess the adequacy and effectiveness of:

- 20(i) The licensee's processes and procedures for complying with obligations under those provisions of the Superannuation (Industry Supervision) Act 1993 (SIS Act) for which ASIC has general administration under subsection 6(1) and section 912A of the Corporations Act 2001, including:
- i. Communication to personnel providing services to the licensee on their compliance responsibilities.
  - ii. Training for personnel providing services to the licensee on their compliance responsibilities.
  - iii. Processes in place to monitor compliance with the provisions of the SIS Act referred to in this condition 20(i) above and section 912A of the Corporations Act 2001.

#### 3.2.15.1 Summary of Assessment

The key documents that describe the processes and procedures for complying with the Superannuation (Industry Supervision) Act 1993 (SIS Act) for which ASIC has general administration and section 912A of the Corporations Act 2001 are:

- NAB Compliance Obligations Management Policy
- NULIS Risk Management Strategy
- NULIS Operational Risk and Compliance Continuous Oversight Standard

In response to our recommendations, these documents underwent revision and uplift.

Central to the operationalization of these processes and procedures is the Controls Management System (CMS) and risksmart. In response to our recommendations, the content within risksmart has continued to be refined and enhanced with an ongoing process of continual improvement in place.

Training was recognised as a key activity. In response to our recommendations, training content was uplifted and a training cohort identification process established.

We concluded on the adequacy and effectiveness of this Licence Condition in our First Phase Further Report and Second Phase Further Report.

The following key facts informed our views that the arrangements covered by Licence Condition 20(i) are Adequate and Effective.

### 3.2.15.2 Facts Informing Adequacy Assessment

- There are documented arrangements in place which accurately describe the processes and procedures in place for complying with obligations under those provisions of the SIS Act for which ASIC has general administration and section 912A of the Corporations Act.
  - Obligations and controls are documented and recorded in a centralised electronic system (risksmart).
  - Processes and procedures are in place that establish and assign responsibility for compliance for each of the obligations and controls.

### 3.2.15.3 Facts Informing Effectiveness Assessment

- Detailed training materials have been produced and relevant personnel are trained on the processes and procedures for complying with the relevant obligations.
- Training is conducted on commencement of a new role and on an ongoing basis.
- Our testing provided evidence that documented processes and procedures for compliance are consistently operating in practice.
- Our testing evidenced output from the application of processes and procedures for compliance, including reporting to management, the Board and applicable Committees.
- Documented evidence and walkthroughs demonstrated there was consistency between obligations and controls documentation and what is occurring in practice.

### 3.2.16 Licence Condition 20(j)

Assess the adequacy and effectiveness of:

- 20(j) The licensee's processes and procedures to ensure that the personnel providing superannuation business services to the licensee are appropriately supervised having regard to:
- i. The supervision and reporting lines of officers in the superannuation business.
  - ii. Accountability of personnel administering products and services offered by the licensee.

#### 3.2.16.1 Summary of Assessment

NULIS has adopted an operating model where day-to-day operations are carried out by NWMSL under a services agreement. As a consequence, personnel providing services to NULIS are either employed by NWMSL or NAB. The following are key documents relating to supervisory and monitoring processes and procedures of NULIS:

- Superannuation Business Services Agreement (SBSA)
- NAB People Framework
- Office of the Trustee (OTT) Charter

The SBSA is one of the primary supervisory mechanisms used by NULIS. It includes key supervisory and monitoring mechanisms, including:

- Delegates and Delegations Framework
- Performance and remuneration for Responsible Persons
- Notification requirements for changes to executive and senior personnel

Given NULIS itself does not have employees and relies on the provision of services and functions from NWMSL, personnel of NWMSL are managed in accordance with the NAB People Framework.

In response to our recommendations, a cohort identification process was established that enables identification of relevant personnel who work for NWMSL and who provide services to NULIS.

We concluded on the adequacy and effectiveness of this Licence Condition in our First Phase Interim Report for the MLC Super Fund and our Second Phase Interim Report for the Wrap Superannuation Funds.

The following key facts informed our views that the arrangements covered by Licence Condition 20(j) are Adequate and Effective.

### **3.2.16.2 Facts Informing Adequacy Assessment**

- The SBSA and supporting documentation include a Delegations Framework that outlines supervisory and monitoring activities undertaken by NULIS, including the role of the OTT.
- Documented organisational charts and people framework which demonstrate individual's role descriptions and reporting lines of the superannuation business.
- The NAB People Framework addressed:
  - Contractual arrangements are in place which define accountability for supervision
  - Employment background checks
- There was evidence of an acceptable process for the induction of new staff.
- Accountabilities of personnel administering services and products of NULIS are documented.

### **3.2.16.3 Facts Informing Effectiveness Assessment**

- Interviews with a sample of personnel and our review of documents demonstrated a clear understanding of roles and responsibilities, supervision and reporting lines and accountabilities. The interviews and documents also demonstrated who (Business Units, Performance Units and/or individuals) is providing superannuation business services for NULIS.
- Training on commencement of a new role and ongoing training is undertaken by personnel providing superannuation business services to the licensee.
- Pre-employment checks are being carried out.
- Documented evidence and walkthroughs demonstrated there was consistency between documentation and what is occurring in practice.



### 3.2.17 Licence Condition 20(k)

Assess the adequacy and effectiveness of:

- 20(k) The licensee's processes by which it assesses the adequacy of human and technological resources of the Superannuation Business Services Provider to provide the contracted services required to support the size and nature of the Licensee's superannuation business.

#### 3.2.17.1 Summary of Assessment

The key documents that describe the processes by which NULIS assesses the adequacy of human and technological resources of NWMSL to provide the contracted services required to support the size and nature of the licensee's superannuation business include:

- Risk Management Strategy
- NULIS Wealth Universe Identification Procedure
- NULIS NWMSL Approach for PU and Personnel Identification
- Adequacy of Resources Framework
- NWMSL Adequacy of Resources Assessment SOP

In response to our recommendations, these documents underwent revision and uplift.

In addition, the SBSA between NWMSL and NULIS prescribes resourcing expectations and ongoing and periodic assessments. In response to our recommendations, this agreement was revised and uplifted.

In order to support the operationalization of these processes and procedures, training material was developed and delivered. In response to our recommendations, training content was uplifted and a training cohort identification process was established.

We concluded on the adequacy and effectiveness of this Licence Condition in our First Phase Further Report and Second Phase Further Report.

The following key facts informed our views that the arrangements covered by Licence Condition 20(k) are Adequate and Effective.

#### 3.2.17.2 Facts Informing Adequacy Assessment

- There are documented arrangements in place which accurately describe the processes and procedures in place to assess the adequacy of human and technological resources of NWMSL.
- The documented arrangements meet the minimum regulatory requirements.
  - The SBSA between NULIS and NWMSL outlines resourcing expectations and commitments.
  - The business planning and budgeting process used to develop the Business Plan considers human and technological resource requirements.

### 3.2.17.3 Facts Informing Effectiveness Assessment

- Ongoing and periodic review of resources evidenced through:
  - Quarterly assessments undertaken by NWMSL
  - The annual Risk Management Declaration process
  - Reporting to management, the Board and applicable Committees
- Demonstrated evidence of escalation where there are resourcing concerns.
- Active consideration of the adequacy of resources at Board, Committee and management levels demonstrated through our attendance at a selection of meetings and forums.
- There is a business planning and budgeting process in place that considers future operational needs.
- Selected personnel who were interviewed demonstrated a consistent understanding and awareness of lead indicators related to adequacy of resources.
- The Business Continuity Plan requirements are contemplated as part of the provision of services under the SBSA.
- Business Continuity Plan and Disaster Recovery Plan are regularly tested. Documented evidence and walkthroughs demonstrated there was consistency between documentation and what is occurring in practice.

## 4 Limitations

This report and the opinions expressed in this report are subject to the following limitations:

- 1 The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance and other standards issued by the Australian Auditing and Assurance Standards Board and, consequently, no opinions or conclusions intended to convey assurance have been expressed. Had we performed additional procedures or had we performed an audit in accordance with Australian Auditing Standards or a review in accordance with Australian Auditing Standards applicable to review engagements, other matters might have come to our attention that would have been reported to you. Observations made are founded on our interpretation of the Corporations Act 2001 and relevant Regulations, ASIC Regulatory Guides and other guidelines, which may differ from the subsequent interpretation of those laws, regulations and guidelines by ASIC. Any reference to 'review' throughout this report has not been used in the context of a review in accordance with assurance and other standards issued by the Australian Auditing and Assurance Standards Board.
- 2 NULIS and the management of NWMSL is responsible for maintaining effective internal control structures, including compliance arrangements. All internal control structures have inherent limitations. It is possible that errors or irregularities may occur and may not be detected.
- 3 KPMG does not warrant the accuracy or reliability of any of the information supplied to it in the course of this engagement.
- 4 The information and conclusions set out in this Summary Report have been extracted from our previous reports to NULIS and ASIC. KPMG has not, and is not obliged to undertake any procedures in relation to, or update this Summary Report for events occurring subsequent to 21 June 2019 that may be relevant to this Summary Report.
- 5 KPMG consents to NULIS providing a copy of this report to ASIC, solely for the purpose set out in Section 2 and for NULIS and ASIC information. This report is not to be used for any other purpose or distributed to, or relied upon by, any other party with our prior written consent. We disclaim any assumption of responsibility by any person other than NULIS, or for any purpose other than that for which it was prepared. Any redistribution of this report is to be a complete and unaltered version of the report.
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