

Control objectives and controls that are at least part of the ISAE 3402 audit based on Article 12 of the IKB policy rule

#	Process	Control objective	Control and Audit approach	Link DNB article	Type of control
		<p>This overview describes the main control objectives and controls that are at least part of the engagement to the external auditor and are therefore expected in the external auditor's ISAE 3402 report. Within the scope of the Policy Rule, each bank must determine for itself which controls are included and described, depending on the specific processes and systems used.</p> <p>To this end, the bank carries out a risk analysis, taking into account the size and complexity of the client portfolio. Based on this, the bank determines the nature, scope and depth of the controls required to achieve the control objectives.</p> <p>The overview contains control objectives that cannot be directly related to process steps for the creation of the IKB file, but may have relevance to them. Specifically, this concerns regular customer acceptance and registration procedures, regular data quality checks, connection and expiration checks of nostro accounts and settlement of changes to client master data; including the related IT general controls (or generic IT internal controls). The bank may conclude on the basis of its risk analysis that these controls are not necessary to be part of the engagement to the external auditor, provided that the following conditions are met:</p> <ol style="list-style-type: none"> 1. The internal audit department conducts an annual audit of these processes and reports on this in a report shared with DNB (Article 11, SCV Policy Rule); 2. These reports and the work on the other controls in scope of the ISAE 3402 report don't provide an indication to the external auditor that the internal control over these processes might be insufficiently effective. <p>This control approach applies to the controls referred to in this document as "Regular" in column "Type of control". The control approach for process steps that can be directly related to the creation and submission of the IKB file, the calculation and reporting of eligible and covered amounts at an aggregated level (including deposit basis) and the provision of data for bank settlement purposes, is indicated by "Specific".</p> <p>The external auditor also performs a risk analysis with regard to the control objectives in scope and gives his opinion on the adequacy of the controls in his assurance report.</p> <p>Furthermore, a specific control is added to the control framework with regard to the work and reporting of the internal auditor to give the external auditor the opportunity to report on this in the ISAE 3402 report.</p>			
1.1	Recording in source systems of DGS relevant data.	1. Guaranteeing data quality at time of recording data in relation to the (identification of) deposit holder in the source system so that they are accurate and complete.	Customer acceptance and customer registration processes have been implemented for all customers of the bank, regardless of whether they are relevant to the DGS. The processes and controls ensure Accurate and complete recording of the markings and data prescribed in the IKB policy rule in the bank's primary administration (product and customer systems) in combination with the application of the definitions and markings relevant to the DGS for both deposits and depositors through the bank's customer acceptance process and Know-Your-Customer process. The requirements with regard to the fields in the prescribed data model of the current data delivery agreement (GLO) should be taken into account.	5.1, 6.2, 6.3, 6.4	Regular
1.2			Centrally organised data cleaning processes and controls ensure data quality monitoring and the recording of an issue/risk log with data quality findings of the data prescribed in the IKB policy rule and the requirements in the applicable data delivery agreement (GLO).	5.1, 6.2, 6.3, 6.4	Regular
1.3		2. Guarantee of data quality with regard to the deposit balance to ensure that it is accurate and complete.	The monitoring and (daily) reconciliation of suspense accounts, including DGS-relevant suspense accounts, is part of the regular processes within the bank on both the operational side (day-to-day payments) and the financial administrative side. This is for more than just DGS customers and DGS products during "peacetime".	3.1	Regular
2.1	Data collection	3. Guaranteeing that the data set used to compile the SCV is fully consistent with the data in source systems.	Periodic check (at least once a quarter) to reconcile the details of collected data (including with regard to deposits, depositors or their identifying characteristics) with the data in the source data sets and thereby assess the accuracy and completeness of the interface jobs.	5.1, 6.1, 6.2, 6.3, 6.4	Specific
3.1	Checking	4. Ensuring accuracy and	Periodic (at least quarterly) check of duplicates in depositors file based on golden triangle.	5.1, 6.2, 6.3, 6.4	Specific

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3.2	of data for completeness and accuracy	completeness of a data set for the production of the SCV file.	Periodic (at least quarterly) checks for accurate and complete registration of blockings as required by Section 6 of the IKB Policy Rule. Where applicable and relevant, these checks should involve external sources, such as public sanction lists.	6.1	Specific
3.3			Periodic (at least quarterly) check using other available external sources (such as tax administration feedback from BSN number disclosures).	diverse	Specific
3.4		5. Ensuring that the DNBprescribed data model is completed in accordance with the requirements of the valid Data Delivery Agreement.	Periodic (at least quarterly) check that all fields in the prescribed data model have been completed in accordance with the requirements of the valid Data Delivery Agreement (including the applicable validation rules), with the following data being included for natural persons: 1. Initials, or first names as registered in official identification document (applicable as of 1 January 2020), birth name, date of birth; 2. Address including country; 3. The national identification number or the tax identification number and issuing country, if natural persons have these; 4. Vital status.	2.2e	Specific
3.5			Periodic (at least quarterly) check that all fields in the prescribed data model have been completed in accordance with the requirements of the valid Data Delivery Agreement (including the applicable validation rules), with the following data being included for all non-natural persons: 1. Registered name; 2. Registered place of business including country; 3. Address including country; 4. If registered in the Netherlands, the CoC number or the RSIN; 5. If registered abroad, the tax identification number or the CoC number and the issuing country; 6. Indication of whether it is a non-natural person with legal personality or without legal personality.	2.2f	Specific
3.6			Periodic (at least quarterly) check that all fields in the prescribed data model have been completed in accordance with the requirements of the valid Data Delivery Agreement (including the applicable validation rules), with the following data being included for all representatives: a. A unique identifying key for each representative; b. Initials, birth name; c. Date of birth, if known; d. Address including country; e. National identification number or tax identification number and issuing country, if representatives have these; f. The type of authority conferred on the representative for each representation.	2.3	Specific

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3.7			<p>Periodic (at least quarterly) check that all fields in the prescribed data model have been completed in accordance with the requirements of the valid Data Delivery Agreement (including the applicable validation rules), with the following data being included for deposits:</p> <ul style="list-style-type: none"> a. A unique identifying key for each deposit; b. Markings as referred to in Section 6(1)(a); c. The account number known to the depositor; d. The name documented for the deposit; e. A product name or description of the deposit as known to the depositor; f. A categorisation of the type of deposit as referred to in Section 5(2); g. Markings as referred to in Section 5(3); h. Markings as referred to in Section 6(1)(b) to (g); i. Markings as referred to in Section 6(4); j. The currency in which the deposit is held; k. The balance of the deposit; l. The amount of interest accrued but not yet credited on the deposit; m. The country in which the deposit is held; n. The number of depositors of the deposit and, if there are more than one, the percentage of the claim of each depositor if it is not proportional. o. If this is the case, the fact that the deposit is held from another Member State without branches being established in that Member State, as well as the Member State concerned and the language chosen by the depositor at the opening of the account (applicable from 1 January 2020). 	2.4a, c, d, e, f,g, h l, j k, l m, n	Specific
3.8			<p>Periodic (at least quarterly) check that all fields in the prescribed data model have been completed in accordance with the requirements of the valid Data Delivery Agreement (including the applicable validation rules), with the following data being included for deposits:</p> <ul style="list-style-type: none"> a. Eligible deposits and depositors; b. Deposits arising from transactions where there has been a criminal conviction for money laundering, as referred to in Section 29.01(2) of the Bbpm; c. Deposits that are the subject of a legal dispute, as referred to in Article 8(5)(a) of the Deposit Guarantee Schemes Directive; d. Deposits that are subject to restrictive measures imposed by national governments or international bodies, as referred to in Article 8(5)(b) of the Deposit Guarantee Schemes Directive; e. Deposits over which a pledge has been created for a third party; f. Deposits that have been attached; g. Deposits that are blocked pursuant to the laws of the country where the deposit is held, to the extent that the blocking is relevant to a DGS pay-out; h. Bank savings deposits for a private residential property, as referred to in Section 29.01(2)(e) of the Bbpm. 	6.1	Specific
4.1	Determination of eligible and covered deposit balances and entering the depositbase in the DNB quarterly report on DGS.	6. The aggregate eligible as well as covered amount in euros of each depositor is calculated accurately and completely.	Check of the accuracy and completeness of the calculation of the aggregate eligible amount as well as the covered amount in euros of each depositor, taking into account accrued interest. The bank, when calculating the eligible amount, takes into account the principles specified in Section 4.2 and the accompanying notes of the SCV Policy Rule. When calculating the covered amount (to determine the deposit base), the principles in Article 4.3 and the accompanying explanation of the IKB policy rule are taken into account.	4.1 4.2, 4.3	Specific
4.2		7. Reported amount in the quarterly DGS report is correct..	Check of the inclusion of the correct numbers of accounts and amounts in the quarterly DNB report, including the correct inclusion of the aggregated, covered amounts in column 9 (for the purpose of the deposit base).		Specific

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4.3		8. Relevant movements are included in a timely manner and in the correct period..	Process checks that suspense accounts for incoming payments are at zero and in-flight transactions have been credited before file creation. Possible check of running of end-of-day processes.	3.1, 3.2	Regular
5.1	Compilation of SCV file	9. The SCV file is compiled correctly and fully.	Check of whether query/functionality for generation of SCV file meets requirements of valid Data Delivery Agreement as published on DNB website.	2.1. to 2.4, 6.1 to 6.4	Specific
5.2			Process checks that working inventory of movements relating to depositor data has been eliminated (e.g. representatives/blocked accounts).	2.1. to 2.4, 6.1 to 6.4	Regular
5.3			Check of SCV file after generation to ascertain that all 23 csv files have been generated and completed. Possible check of error messages in log file (e.g. by use of checklist).	2.1. to 2.4, 6.1 to 6.4	Specific
5.4		10. The deposit amounts in the SCV file have been included correctly and fully.	Check of SCV file (e.g. based on sampling of each type of depositor) to ascertain the accurateness and completeness of the SCV file before it is sent to DNB.	2.1. to 2.4, 6.1 to 6.4	Specific
5.5			Analysis of outstanding data quality issues and determination/processing of impact on SCV file. (IAD reports, complaints, DNB letters, incidents).	2.1. to 2.4, 6.1 to 6.4	Specific
5.6			Items which have been marked as unreliable in the SCV files are followed up (for example by corrections in source systems) and the follow-up is monitored.	2.1. to 2.4, 6.1 to 6.4	Specific
5.7			Checking of consistency with other reports including quarterly DGS report and FINREP (e.g. same source and one-time determination as baseline).	10.3	Specific
6.1	Delivery of SCV file	11. The SCV file can be delivered on time.	At least once a year, at the request of DNB, the bank runs the process for delivering the SCV file (in accordance with requirements in the SCV Policy Rule and the Data Delivery Agreement) within the specified delivery period (whole process chain from request through to DNB acceptance of delivery).	9.1, 9.2, 9.3, 9.4, 9.6	Specific
6.2			Monitoring the progress of execution of the SCV file creation process.		Specific
6.3			Establishing that during the execution of the annual delivery process Logius has issued a confirmation of receipt and DNB has accepted the delivery.	9.1, 9.2, 9.3, 9.4, 9.6	Specific
7.1	Delivery of data for resolution of banks.	12. The delivery of data for the production of the resolution plan is authorised and periodically tested.	In its role as the resolution authority, DNB is responsible for drawing up the resolution plan. As the resolution authority DNB will inform the bank whether there are any impediments to the resolution of the bank. In that regard the requirements in Section 8 therefore depend on the formal request from DNB. The requirements in Section 7 apply to all banks. Section 7(1) concerns in practice the delivery of the Liability Data Report prescribed by the SRB that banks must supply for the drawing up of resolution plans. The marking in accordance with Section 7(2)(a) is part of the SCV file and therefore falls within the scope of the SCV file (including the bank processes to determine this marking). The data in Section 7(2)(b) fall outside the scope of the SCV file for DGS purposes (concerns deposits held through branches in third countries), but banks must be able to supply it for resolution purposes.	7.1 to 7.3 and 8	Specific, partly dependent on DNB instruction
8.1	General IT controls (specifically for IT environment for generation of SCV file)	13. Access to systems and data is limited to authorised users.	To ensure controlled operations the bank has subjected its systems to IT general controls. As part of the "three lines of defence" model within a bank, the internal audit department assesses compliance with these controls by the first and second line and issues a specific DGS report of findings each year as part of its audit programme. It makes this report available to the external auditor. The external auditor will test/assess this report of findings as part of its DGS audit. Within this control framework it will be demonstrated that controls are adequately designed, implemented and effective and sufficiently specific. The internal auditor will assess this control plan.		Regular
8.2			Access to the IT environment through which a data set is filled and the SCV file is generated and sent to DNB is limited to authorised users (source systems are not part of it).		Specific
8.3		14. Controlled change management for systems and data.	Changes in the IT environment through which a data set is filled and the SCV file is generated and sent to DNB have been tested and authorised before being taken into production (source systems are not part of it).		Specific

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8.4			The important interface (batch) jobs coordinated with functional management have operated according to the desired process in the IT environment through which a data set is filled from the source systems and the SCV file is generated and sent to DNB.		Specific
8.5		15. Check of outsourced services relating to SCV reporting.	<p>Effective monitoring to ensure that external service providers are performing their services in accordance with the agreements entered into with them that are relevant to the SCV reporting and that the controls outsourced to them for the SCV reporting are operating effectively.</p> <p>Note: the bank must provide evidence of contractual agreements with service providers guaranteeing that the services for the DGS will continue to the extent necessary in the event of bankruptcy.</p>		Specific
9.1	Monitoring	16. Judgment on compliance with SCV Policy Rule by the bank's Internal Audit Department	Based on the requirements in Article 11 of the SCV Policy Rule, the bank's Internal Audit Department issues an annual report regarding bank's compliance with SCV Policy Rules. The annual report of the internal auditor is shared with DNB. The regular controls are part of this report.	11	Specific