

# UCITS IV

## Internal Audit: seize the opportunity to implement a tailored and value driven function



Ucits IV,  
Internal Audit

### **Legal background**

Article 12 of the CSSF regulation 10-4, transposing the European Directive 2010/43/EU of 1 July 2010, requires UCITS Management Companies to implement, applying a proportionality principle, a permanent and independent internal audit function. This Internal Audit function shall to be effective as from 1 July 2011.

### **Your challenges**

Risk, governance and internal control have never been so high on the Boardroom agenda as the Board of Directors faces growing pressure from stakeholders and from the regulators.

Internal Audit should play a critical role in the corporate governance framework by providing independent assurance that:

- protects the business against risk;
- informs strategic decision making, and;
- improves overall performance.

Although any UCITS Management Company might delegate most of its core functions, the Management Company, i.e. its Management and Board of Directors, will bear the ultimate responsibility.

### **An Internal Auditor partnering with the Management and the Board of Directors**

The Internal Auditor provides assertive leadership which strengthens the organisation's commitment to strong internal controls. It must operate in partnership with senior management and the Board of Directors to help them fulfil their broad responsibilities for effective governance, risk management and control.

The business and specific organisation of UCITS Management Companies involves many risks, requiring extensive expertise from the internal auditor for providing adequate level of assurance, in line with regulatory requirements. Key risks areas include:

- Quality and oversight of the delegated services
- Risk Management
- Conflicts of interest
- Management of the voting rights
- Distribution network

## How we can help

Our Internal Audit specialists can help the Management and Board of Directors benefit from an enhanced Internal Audit function that provides better value for money and increased assurance. We have developed a tailored approach to determine scope and areas of focus to ensure that the Internal Audit function provides value to your Management Company.

Our services include:

1

### Acting as the Management Company's Internal Auditor

Implementing the Internal Audit function and managing all aspects of the function, from risk assessment to audit planning, audit execution, reporting and follow-up of recommendations. Our dedicated permanent internal audit team will involve PwC specialists depending on the scope and objectives of the audit assignments.

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### Providing assistance to the Management Company's local or Group Internal Auditor

Collaborating directly with the Local Internal Auditor or the Group Internal Auditor to assist in many fields, due namely to lack of expertise, resource, technical or regulatory knowledge, ... Building the internal audit service support that best suits your needs.

## Why PwC Luxembourg?

PwC Luxembourg ([www.pwc.com/lu](http://www.pwc.com/lu)) has about 2000 professionals from 53 different countries. PwC firms provide industry-focused assurance, tax and advisory services to enhance value for their clients. More than 161,000 people in 154 countries in firms across the PwC network share their thinking, experience and solutions to develop fresh perspectives and practical advice.

### Our people working alongside with you

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