



**Report on Internal controls of the
Netwealth Superannuation Master Fund
and the Netwealth Wrap Service (Netwealth Platforms)**

**Service Organisation Controls Report
ASAE 3402 Type 2
1 July 2022 – 30 June 2023**

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Description of the system

Summary

This report has been prepared by Netwealth Investments Limited ABN 85 090 569 109 AFS Licence No. 230975 (**Netwealth, we, our or us**). Netwealth is the operator of two Investor Directed Portfolio Services (**IDPS**) being the Netwealth Wrap Service and the Russell Investments Portfolio Service (collectively referred to within this document as the **Wrap Service**) and is the administrator and custodian of the Netwealth Superannuation Master Fund (NSMF). Together the Wrap Service and the NSMF form **the Netwealth Platforms**. The Netwealth Platforms, specifically the custody, asset management, superannuation member administration, investment administration and registry system is herein referred to as either "the Netwealth Platforms" or "**the system**".

Through the Netwealth Platforms, advised and non-advised clients have access to a wide range of investment options, product options, features, reporting tools and other resources to assist them in managing their wealth. For financial advisers, further transactional and reporting tools are available to assist them in managing their clients via the Netwealth Platforms.

Netwealth provides the following services (hereafter referred to collectively as 'the Services'):

- Full administration services (including member, investor and investment registry functions) for the Wrap Service and NSMF
- Custodial services for managed funds, ASX listed securities and term deposits held within the Wrap Service and NSMF
- Responsible Entity, custodian registry and administration services for a range of managed investment schemes
- Responsible Entity and administration services for the Netwealth Managed Account Service.
- Administration services for Ironbark Asset Management

During the period, Netwealth launched an administration service for non-custodial investments. Testing of controls relating to the non-custodial service is not in scope for this report (for the 2022/23 financial year) and will be considered for inclusion for the 2023/24 financial year and onwards.

In the delivery of its services, Netwealth uses a number of sub-service organisations:

- Citibank, N.A. (**Citi**) provides sub-custodial services in respect of international securities held within the Wrap Service and NSMF.
- Appian (a Software as a Service platform) is used by Netwealth as its workflow system.
- Netwealth's in-house applications are hosted across data centres provided by Vocus Communications, Interactive and Next DC
- Netwealth is a Microsoft Azure Cloud tenant

This report is prepared on a carve-out method basis and includes a review of the effectiveness of Netwealth's monitoring controls over the sub-service organisations, but does not include a review of the underlying controls residing at the subservice organisations.

Netwealth is wholly owned by Netwealth Group Limited, a public company listed on the Australian Securities Exchange.

Purpose and scope

This report is designed to provide information to be used for financial reporting purposes by Netwealth Platform account holders, adviser groups who use Netwealth Platforms, and independent auditors and accountants that have clients on the Netwealth Platforms.

This report documents the controls operated by Netwealth in the provision of the Netwealth Platform services. Only control activities relevant to the Netwealth Platforms and their respective clients and business partners have been included. The report does not encompass all aspects of all services and products provided by Netwealth, and as stated above, does not include testing of controls relating to Netwealth's non-custodial administration service. In addition to the exclusion of subservice providers as outlined above, the report also excludes control activities implemented and executed by other external parties including but not limited to clients, margin lenders, share brokers, investment managers and business partners of Netwealth.

This report covers the period 1 July 2022 to 30 June 2023 (**the Report Period**) with reference to Guidance Statement 007 – *Audit Implications of the Use of Service Organisations for Investment Management Services* (GS 007) issued by the AUASB. The control objectives and the related controls implemented by Netwealth over the system, that are likely to be relevant to clients' internal controls as they relate to financial reporting, are set out on pages 22 to 91 of this report.

Complementary User Entity Controls

Internal controls, no matter how well designed and operated, can provide only reasonable, not absolute, assurance to management and clients regarding achievement of an entity's control objectives. The likelihood of achievement is affected by the limitations inherent in all internal control systems.

In addition, there are certain controls that Netwealth believes to be the responsibility of the client. This list should not be viewed as a complete listing of the controls that are expected to include, but are not limited to:

- Instructions and information provided to Netwealth from the client are in accordance with any applicable governing agreements or documents between Netwealth and the client. (Subject 6: Member account maintenance)
- Changes in individuals authorised to instruct Netwealth regarding activities on behalf of the client are communicated to Netwealth on a timely basis (Subject 3: Investment related transactions, Subject 9: Benefit Payments, Rollovers Out and Withdrawals)
- Data provided to Netwealth through any channel are authorised, complete, accurate and timely (Subject 1: Opening investor accounts on the platform, Subject 3: Investment related transactions, Subject 4: Corporate Actions processing, Subject 9: Benefit Payments, Rollovers Out and Withdrawals)
- Instructions from the client to Netwealth should be transmitted through secure electronic channels supported by Netwealth to reduce the risks associated with emailed, faxed or manual instructions (Subject 3: Investment related transactions, Subject 9: Benefit Payments, Rollovers Out and Withdrawals, Subject 4: Corporate Actions processing, Subject 6: Member account maintenance)

Permitted access and use

This report is and remains at all times the property of Netwealth. It contains information that is non-public, commercially sensitive, and valuable to Netwealth in nature. Its contents are strictly confidential and proprietary to Netwealth. It is expressly prohibited for any person to access, use or disclose all or any part of this report except to the extent expressly authorised in writing by Netwealth in its sole discretion. The intended users of this report who Netwealth may authorise to access and use it include clients to whom the services described in this report are provided, certain service providers to those clients including financial advisers and independent auditors, and other persons authorised by Netwealth in its sole discretion.

This report, including the descriptions of tests of controls and the results thereof, is intended solely for the information and use by user entities, and the independent auditors of such user entities, who have a sufficient understanding to consider it, along with other information including information about controls implemented by user entities themselves, when assessing the risks of material misstatements of user entities' financial statements. This report is not intended to be and should not be used or relied upon by anyone other than these specified parties.

We together with our related parties and their respective officers, employees and agents (**the Netwealth Group**) are not responsible for, and expressly disclaim any assumption of responsibility for, the consequences of any person accessing, using or relying on all or any part of this report other than as authorised by us in the manner described above. In particular, the Netwealth Group will not be liable to any person for any loss, damage, cost expense or for any claim howsoever arising, in each case resulting directly or indirectly from unauthorised access, use or disclosure of all or any part of this report.

Risk management and control environment

The Netwealth Group is responsible for the oversight of risk management and have developed a framework to embed a risk aware culture at all levels. The Netwealth Board monitors the effectiveness of the risk management framework and applies risk considerations in key decision making and strategic planning.

Risk governance

The Netwealth Board considers risk management regularly and has established the Compliance and Risk Management Committee (CRMC) to manage and oversee the risk management framework in accordance with the plans, strategies and policies approved by the Board. The CRMC consists of three non-executive directors from the Netwealth Board. The Chief Risk Officer or their delegate provides a direct line of communication between the risk management function and the Committee. The CRMC operates under a charter that oversees the compliance and risk management activities of Netwealth.

Risk management framework

Risk management is part of the Netwealth Group's normal business operations and strategy. The approach to risk management is not intended to eliminate risk, but rather to provide a sound framework to manage risk, maximise opportunity, minimise adversity and to achieve overall improved outcomes based on informed decision-making. The Netwealth Board achieves this through its risk management framework (RMF) which comprises of Netwealth's strategic business plan, risk management strategy, risk appetite statement, risk registers, audit universe, Board policies, management procedures and reporting.

The Board has set out the risk management framework to provide Netwealth's executive and employees with the tools and guidance required to make risk decisions in accordance with the Board's risk appetite. The framework covers Netwealth's approach to:

- risk governance, risk identification and assessment;
- establishment and assurance of the control environment,
- monitoring and reporting expected by the Board,
- issue and incident management and remediation; and
- the risk culture the Board expects of Netwealth's executive and employees.

Code of conduct

The Netwealth Group Limited Board believe it is important to provide a clear set of standards across the entire Group that emphasise a culture encompassing strong corporate governance, sound business practices and good ethical conduct. The Netwealth Group Code of Conduct has been prepared for the guidance and benefit of all people employed, contracted by, associated with, or acting on behalf of Netwealth Group and its subsidiaries. The core standards underpinning Netwealth's Code of Conduct are that our:

- actions must be governed by the highest standards of integrity and fairness;
- decisions must be made in accordance with the spirit and the letter of applicable law; and
- business must be conducted honestly and ethically, with our best skills and judgement, and for the benefit of customers, employees, shareholders and the Netwealth Group alike.

A copy of our Code of Conduct (The Way We Work Together) is available on our website and may be found under the 'For shareholders' link.

Risk identification and assessment

Netwealth and Netwealth Superannuation Services Pty Ltd (NSS) has adopted a three lines of defence model for risk management, and in doing so recognises that risk is best controlled and managed by those who own the process. Risks are identified through the following processes:

- Reviews of the risk registers;
- Consideration of risk projects and change management;
- Internal compliance reviews;
- Control assurance attestations and testing;
- Internal and external audits;
- Training and awareness;
- Reporting of issues and incidents; and
- Active monitoring of the information security threat environment (cyber-security)

Risks that are identified are considered to determine the likelihood and impact of the risk, along with the controls that may reduce the likelihood or impact of the risk. Treatment strategies will be implemented where the risk sits outside of risk appetite.

Netwealth uses systems to assist the business in managing its risks and compliance obligations. Systems are used to monitor risks, capture business attestations to risk and compliance obligations, drive compliance reviews of key functions, record issues or incidents as they occur, comply with reporting and compliance obligations and to assist in managing remediation (if applicable).

Netwealth's control framework

Netwealth regularly considers the controls required to manage the level of risk the business accepts during operation. Controls are used to ensure that risks taken are in line with Netwealth's risk appetite. Netwealth faces several operational risks in managing its business, including, but not limited to compliance, fraud and segregation, technology and systems, business continuity, people, and governance.

Strategies and controls have been implemented to monitor and manage these risks. Each of these risk areas are detailed further below:

Compliance

Netwealth has established a Regulatory Group which operates across the Group to identify and manage changes to its compliance obligations and has access to organisations such as the Australian Superannuation Funds of Australia. Compliance obligations are assessed and controls to meet our obligations are considered and where applicable recorded. Key controls are tested regularly with the business to monitor compliance. Training is regularly conducted, and processes are implemented to reduce compliance risk.

Netwealth and NSS are subject to the oversight of several regulatory bodies including, but not limited to: Australian Securities & Investment Commission (ASIC), Australian Prudential Regulatory Authority (APRA), AUSTRAC, Australian Taxation Office (ATO) and the Office of the Australian Information Commissioner.

Netwealth and NSS (to whom it provides administration and custodial services) have adopted an AML Program to facilitate compliance with the AML/CTF laws, which includes customer identification (know your customer), risk training, transaction monitoring and reporting of suspicious matters.

Netwealth Group has in place a Privacy Policy which is available from Netwealth's public website.

Fraud and segregation

Netwealth regularly considers the chance of internal and external fraud and has implemented processes and systems to segregate functions, including separation of custody and administration services, reconciliations and transaction processing, and compliance monitoring and day-to-day business transacting.

Netwealth regularly considers fraud, including the changing nature of potential scams and threats.

Netwealth has in place processes to review high risk transactions, screen potential and existing employees and to remove personal data where not required. Netwealth's IT team also restrict access to systems, networks and directories.

Netwealth has appropriate professional indemnity insurance in place.

Technology and systems

Netwealth rely on IT systems and technology to provide the Netwealth Platform products and services. Netwealth's Information Technology department manages Netwealth's technology requirements, including infrastructure management, network support, security, IT incident management, system change management, data transmissions and development of new and existing transactions.

Controls exist to reduce the risk of errors in proprietary systems, such as the online web portal (used by advisers, clients and employees to execute transactions and reporting). Such controls include managed code releases and functional and regression testing.

Netwealth maintains a strong focus on cyber security. Netwealth has established a Security Operations team within its Technology Operations department and has implemented a Security Operating Centre (SOC) system that operates continuously (on a 24/7 basis). Automated alerts arising from the SOC are addressed by the Security Operations team. Netwealth's systems are subject to penetration tests by certified third-party providers and vulnerability scans.

Netwealth uses a number of third-party applications to make the Netwealth Platform and services available to advisers and their clients. The key applications are hosted within the data centre, Azure Cloud tenant and/or are provided as Software as a Service (SaaS), and include:

- Acurity (by IRESS) serves as the member and investment registry system;
- Appian serves as the business process management ('workflow') system and document repository
- Zendesk provides Netwealth's client service platform which enables Netwealth to service clients and advisers efficiently;
- Microsoft provide key software and support to our business services and to store our data;
- CHAMP (by Computershare) serves as Netwealth's interface to the Australian Stock Exchange's (ASX) Clearing House Electronic Subregister System (CHES) for settlement of ASX listed securities;
- Austraclear (by the ASX) serves as the settlement system for unlisted bonds; and
- An in-house custody system for the administration and safekeeping of managed funds (Collectively, Acurity and the Netwealth Webapp are referred to as the 'administration systems'. The stated internal control objectives and related controls included in this report apply to Acurity, Appian and the Netwealth Webapp on the basis that the effect of all financial transactions, investment transactions and change to member and investor accounts will reside within one or more of these key systems.

Business continuity and disaster recovery

Netwealth's IT team manages Netwealth's infrastructure capability and monitors the infrastructure to ensure security and scalability levels are met. Annually Netwealth appoints an external party to test Netwealth's IT security framework. Results from this testing are provided to the Netwealth Audit Committee.

Netwealth has in place a business continuity and disaster recovery plan which are tested annually. These cover how Netwealth will restore critical applications and services should technology or systems that Netwealth rely upon fail. Netwealth's primary data centre is located offsite, where applications are centrally hosted by a third-party infrastructure provider. Netwealth has a dedicated disaster recovery site which is geographically separated from Netwealth's business offices.

People

Netwealth employs Netwealth Group Services (a related entity of Netwealth) to provide administration, financial and technology services to Netwealth. Netwealth Group Services conduct pre-employment screening to understand and assess a candidate's suitability.

Employees are provided with induction training and training specific to their role. All employees are provided with compliance and regulatory training throughout the year to ensure that employees can manage their risks and discharge their responsibilities. This training is mandatory for all employees. Many employees also undergo continuous professional development (as defined by their role). All employees are subject to Netwealth's performance process.

Governance

The Netwealth Group faces conflicts of interest in the provision of the Netwealth Platform and services. The Netwealth Group must act in the interests of members, investors, shareholders and employees. In some instances, a conflict may arise between Netwealth Group's responsibilities. The Netwealth Group has a framework for managing conflicts of interest which is detailed in Netwealth's Conflicts of Interest Policy.

Internal Audit

Netwealth has appointed RSM Australia as Internal Auditor to review and form an independent and objective assessments of Netwealth's operations.

RSM Australia is accountable to the Netwealth Audit Committee, which has been established by the Board. The Audit Committee consists of three non-executive directors and operates under a charter approved by the Board. The Audit Committee:

- oversees the relationship and independence of the Auditors,
- objectively reviews the reporting of financial information, controls and systems; and
- oversees the process of identification and the management of risk for Netwealth.

An audit of Netwealth's risk management framework is performed annually by RSM Australia. The results of the audit are reported to the Netwealth Audit Committee, with any medium or higher risk or recommendation also reported to the Netwealth Compliance and Risk Management Committee for consideration.

External Audit

Deloitte Touche Tohmatsu has been appointed as Netwealth's External Auditor since 1 July 2017.

Deloitte are the appointed auditors of the Netwealth Group and their work includes providing assurance in relation to the Netwealth platforms in accordance with applicable regulatory requirements.

GS 007 Control objectives not applicable

The following GS 007 control objective are not applicable to Netwealth

Control Objective ID	Control objectives	Explanation
A7	Securities lending programs are authorised and loan initiation, maintenance and termination are recorded on an accurate and timely basis.	Netwealth does not offer securities lending.
A8	Loans are collateralised in accordance with the lender's agreement and the collateral together with its related income is recorded completely, accurately and on a timely basis.	Netwealth does not offer securities lending.
A9	Collateral is completely and accurately invested in accordance with the lender's agreement.	Netwealth does not offer lending services.
A19	Asset positions and details of securities lent (including collateral) are reported to interested parties accurately and within the required time scale.	Netwealth does not offer lending services.
D14	Appointments of subservice organisations, including those providing superannuation member administration, are approved, subservice organisations are properly managed and their activities are adequately monitored on a timely basis.	Netwealth performs superannuation member administration for the Netwealth Superannuation Master Fund and does not engage subservice organisations.
F8	Where issued capital is fixed, the number of shares in the registry records match the number of shares on issue.	Netwealth is RE/registry for a number of Managed Investment Schemes, however this GS 007 report is not intended to consider controls relating to those Managed Investment Schemes (which are instead subject to other external reviews/audits).
F9	Distribution payments and reinvestments are complete, calculated in accordance with the authorised distribution and processed in a timely manner.	Netwealth is RE/registry for a number of Managed Investment Schemes, however this GS 007 report is not intended to consider controls relating to those Managed Investment Schemes (which are instead subject to other external reviews/audits).

Control Objective ID	Control objectives	Explanation
F12	Registrar records accurately reflect shares, units and cash held by third parties.	Netwealth is RE/registry for a number of Managed Investment Schemes, however this GS 007 report is not intended to consider controls relating to those Managed Investment Schemes (which are instead subject to other external reviews/audits).
F16	Appointments of subservice organisations, including those providing registry services, are approved, subservice organisations are properly managed and their activities are adequately monitored on a timely basis.	In 2022/23, Netwealth did not engage subservice organisations for registry services.
G12	Information technology services provided to clients are approved, managed and performance thresholds met in accordance with the requirements of the client agreement.	Netwealth does not provide any information technology services to any members.

Statement by the Service Organisation

The Netwealth Executive Team are responsible for the control environment, and the underlying processes and controls set out in this report, and the identification of control objectives relating to clients' assets, liabilities and related transactions in the provision of the (Services, and the design, implementation and operation of the controls of the Netwealth Platforms to provide reasonable, but not absolute, assurance that the control objectives are achieved.

In carrying out those responsibilities, we have had regard not only to the interests of clients but also to those of the owners of the business and to the general effectiveness of the relevant controls and efficiency of the relevant operations.

This report sets out control objectives for the Netwealth Platforms, specifically the Services and information technology of the Netwealth Platforms and the specific controls established to meet each of those objectives.

These control objectives include the control objectives for Services provided in Guidance Statement 007 *Audit Implications of the Use of Service Organisations for Investment Management Services* issued by the Auditing and Assurance Standards Board.

We set out in this report a description of the broad Risk Management and Control Environment described in pages 5 through to page 9 and the underlying processes and relevant controls described in pages 22 through to page 91 together with the related control objectives, which operated during the year to 30 June 2023 and confirm that these descriptions have been prepared for clients, advisers and their auditors who have a sufficient understanding to consider the descriptions, along with other information including information about complementary user entity controls, when assessing the risks of material misstatements of customers' financial reports/statements.

We confirm that:

- (a) The descriptions present how the system including processes and controls was designed and implemented, including:
- the types of services provided, including, as appropriate, classes of transactions processed
 - the procedures, within both information technology and manual systems, by which those transactions were initiated, recorded, processed, corrected as necessary, and reported to customers
 - the related accounting records, supporting information and specific accounts that were used to initiate, record, process and report transactions; this includes the correction of incorrect information and how information was reported to customers
 - how the system dealt with significant events and conditions, other than transactions
 - the process used to prepare reports for customers
 - relevant control objectives and controls designed to achieve those objectives
 - controls that we assumed, in the design of the system, would be implemented by customers, and which, if necessary to achieve control objectives stated in the accompanying description, are identified in the description along with the specific control objectives that cannot be achieved by ourselves alone
 - other aspects of our control environment, risk assessment process, information system (including the related business processes) and communication, control activities and monitoring controls that were relevant to processing and reporting customers' transactions.

- (b) the description of the Risk Management and Control Environment including processes and controls include relevant details of changes during the period 1 July 2022 to 30 June 2023;
- (c) the description of the system including processes and controls does not omit or distort information relevant to the scope of the system being described, while acknowledging that the description is prepared to meet the common needs of a broad range of customers and their auditors and may not, therefore, include every aspect of the system that each individual customer may consider important in its own particular environment;
- (d) the risks that threatened achievement of the control objectives stated in the descriptions were identified;
- (e) the identified controls would, if operated as described, provide reasonable assurance that those risks did not prevent the stated control objectives from being achieved; and
- (f) the controls were consistently applied as designed, including that manual controls were applied by individuals who have the appropriate competence and authority, throughout the period 1 July 2022 to 30 June 2023.

Signed on behalf of Netwealth Investments Limited



Matt Heine

CEO & Managing Director

16 August 2023

Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness

To the Directors of Netwealth Investment Limited

Opinion

We have been engaged to report on Netwealth Investment Limited's ("Netwealth") description at pages 3 to 11 of its internal controls over its investment and superannuation platform, specifically its custody, asset management, superannuation member administration, investment administration and registry system ("the system") for processing customers' transactions throughout the period from 1 July 2022 to 30 June 2023 ("the description"), the accompanying statement at pages 12 to 13 and on the design and operation of controls related to the control objectives stated at pages 22 to 91.

In our opinion, in all material respects, based on the criteria included in the statement at pages 12 and 13:

- (a) The description at pages 3 to 11 fairly presents the internal controls over the system as designed and implemented throughout the period from 1 July 2022 to 30 June 2023;
- (b) The controls related to the control objectives stated at pages 22 to 91 were suitably designed throughout the period from 1 July 2022 to 30 June 2023; and
- (c) The controls tested, which were those necessary to provide reasonable assurance that the control objectives stated at pages 22 to 91 were achieved, operated effectively throughout the period from 1 July 2022 to 30 June 2023.

Basis of Opinion

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3402 *Assurance Reports on Controls at a Service Organisation*, and with reference to Guidance Statement GS 007 *Audit Implications of the Use of Service Organisations for Investment Management Services* issued by the Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the description is fairly presented, and the controls are suitably designed and operating effectively.

We have not evaluated the suitability of design or operating effectiveness of complementary user entity controls. The control objectives stated in the service organisation's description of its system can be achieved only if complementary user entity controls are suitably designed or operating effectively, along with the controls at the service organisation.

Netwealth uses the services of a number of subservice organisations. Citibank, performs sub-custodial services in respect of international securities held within the investment and superannuation platform. Appian (a Software as a Service platform) is used by Netwealth as its workflow system. Netwealth's in-house applications are hosted across data centres provided by Vocus Communications, Interactive and Next DC, and Netwealth is a Microsoft Azure Cloud tenant.

The carve-out method has been used in relation to the aforementioned subservice organisations.

Netwealth's description of its internal controls excludes the control objectives and related controls at relevant subservice organisations, consequently our procedures did not extend to controls at the subservice organisations.

Our opinion has been formed on the basis of the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Netwealth's Responsibilities

Netwealth is responsible for: preparing the description at pages 3 to 11 and accompanying statement at pages 12 to 13, including the completeness, accuracy and method of presentation of the description and statement; providing the services covered by the description; stating the control objectives; and designing, implementing and effectively operating controls to achieve the stated control objectives at pages 22 to 91.

Our Independence and Quality Management

We have complied with independence and other relevant ethical requirements relating to assurance engagements and apply Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance Engagements or Related Services Engagements* in undertaking this assurance engagement.

Service Auditor's Responsibilities

Our responsibility is to express an opinion on Netwealth's description and on the design and operation of controls related to the control objectives stated at pages 22 to 91 based on our procedures.

An assurance engagement to report on the description, design and operating effectiveness of controls at a service organisation involves performing procedures to obtain evidence about the disclosures in the service organisation's description of its system, and the design and operating effectiveness of controls. The procedures selected depend on our judgement, including the assessment of the risks that the description is not fairly presented, and that controls are not suitably designed or operating effectively. Our procedures included testing the operating effectiveness of those controls that we consider necessary to provide reasonable assurance that the control objectives stated at pages 22 to 91 were achieved. An assurance engagement of this type also includes evaluating the overall presentation of the description, the suitability of the objectives stated at pages 22 to 91, and the suitability of the criteria specified by the service organisation and described at pages 12 to 13.

In evaluating the suitability of the objectives stated in the description, we have determined whether each of the minimum control objectives provided in GS007 for custody, asset management, superannuation member administration, investment administration, registry and information technology is included, or, if any of them are omitted or amended, that the reason for the omission or amendment is adequately disclosed in the description.

Limitations of Controls at a Service Organisation

Netwealth's description is prepared to meet the common needs of a broad range of customers and their auditors and may not, therefore, include every aspect of the system that each individual customer may consider important in its own particular environment. Also, because of their nature, controls at a service organisation may not prevent or detect all errors or omissions in processing or reporting transactions. Also, the projection of any evaluation of effectiveness to future periods is subject to the risk that controls at a service organisation may become inadequate or fail.

Description of Tests of Controls

The specific controls tested, and the nature, timing and results of those tests are listed at pages 22 to 91.

Other information

Management is responsible for the other information. The other information comprises the information included in Appendix B for the year ended 30 June 2023 but does not include the statement at pages 12 and 13, description at pages 3 to 11, and the control objectives and controls stated at pages 22 to 91 and our service auditor's report thereon.

Our opinion on the description at pages 3 to 11 and on the design and operation of controls related to the control objectives stated at pages 22 to 91 does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our assurance engagement, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the description at pages 3 to 11, or our knowledge obtained during the assurance engagement, or otherwise appears to be materially inconsistent or contains a material misstatement of fact. If, based on the work we have performed, we conclude that there is a material inconsistency or a



material misstatement of fact of this other information, we are required to report that fact. We have nothing to report in this regard.

Intended Users and Purpose

This report and the description of tests of controls at pages 22 to 91 are intended only for customers who have used Netwealth's system, and their auditors, who have a sufficient understanding to consider it, along with other information including information about complementary user entity controls, when assessing the risks of material misstatements of customers' financial reports/statements.

Restriction of distribution and use

We disclaim any assumption of responsibility for any reliance on this report to any person other than Netwealth's clients and their auditors or for any purpose other than that for which it was prepared. This report is not intended to and should not be used or relied upon by anyone else and we accept no duty of care to any other person or entity.

A handwritten signature in cursive script that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in cursive script that reads "Fiona O'Keefe".

Fiona O'Keefe
Partner
Chartered Accountants

Melbourne, 16 August 2023

Overview of the Work Performed by Deloitte

Introduction

This report on the description of the system is intended to provide customers and their auditors with information for their evaluation of the effect of a service organisation on a customer's internal control relating to Netwealth's controls over Custody, Asset Management, Superannuation Member Administration, Investment Administration and Registry system throughout the period 1 July 2022 to 30 June 2023

Deloitte Touche Tohmatsu's engagement was conducted in accordance with the Standard on Assurance Engagements 3402, *Assurance Reports on Controls at a Service Organisation*, issued by the Auditing and Assurance Standards Board. Testing of Netwealth's controls was restricted to the control objectives and related control activities listed in the section titled 'Control Objectives, Related Controls and Operating Effectiveness on pages 22 to 91, and was not extended to controls that may be in effect at user organisations.

Deloitte Touche Tohmatsu's work was carried out at the premises of Netwealth at 180 Flinders Street, Melbourne, Victoria and off site through the use of various technologies. The scope of work was based on criteria (control objectives) agreed with management of Netwealth prior to the commencement of work.

Deloitte Touche Tohmatsu has identified that Netwealth uses the services of a number of subservice organisations. Citibank, performs sub-custodial services in respect of international securities held within the investment and superannuation platform. Appian (a Software as a Service platform) is used by Netwealth as its workflow system. Netwealth's in-house applications are hosted across data centres provided by Vocus Communications, Interactive and Next DC, and Netwealth is a Microsoft Azure Cloud tenant.

Deloitte Touche Tohmatsu's report does not include controls at aforementioned subservice organisations or complementary user entity controls.

Control environment elements

The control environment sets the tone of an organisation, influencing the control consciousness of its people. It is the foundation for other components of internal control, providing discipline and structure. In addition to the tests of design, implementation, and operating effectiveness of controls identified by Netwealth, Deloitte Touche Tohmatsu's procedures included tests of the following relevant elements of Netwealth's control environment:

- a. Risk Governance
- b. Risk management framework
- c. Code of conduct
- d. Risk identification and assessment
- e. Netwealth's control framework
- f. Compliance

- g. Fraud and segregation
- h. Technology and systems
- i. Business continuity and disaster recovery
- j. People
- k. Governance
- l. Internal and external audit

Such tests included enquiry of the appropriate management, supervisory, and staff personnel; observation of Netwealth's activities and operations, inspection of Netwealth's documents and records, and re-performance of the application of Netwealth's controls. The results of these tests were considered in planning the nature, timing, and extent of testing of the control activities described in the 'Control Objectives, Related Controls and Operating Effectiveness' section of this document.

Obtaining Evidence Regarding the Description

Deloitte Touche Tohmatsu obtained and read the service organisation's description of its system on pages 3 to 9, and evaluated whether those aspects of the description included in the scope of the engagement are fairly presented, including whether:

- a. Control objectives stated in the service organisation's description of its system are reasonable in the circumstances;
- b. Controls identified in that description were implemented;
- c. Complementary user entity controls, if any, are adequately described; and
- d. Services performed by a subservice organisation, if any, are adequately described, including whether the inclusive method or the carve-out method has been used in relation to them.

Obtaining Evidence Regarding Design of Controls

In determining which of the controls at the service organisation are necessary to achieve the control objectives stated in the service organisation's description of its system, Deloitte Touche Tohmatsu assessed whether those controls were suitably designed. This included:

- a. Identifying the risks that threaten the achievement of the control objectives stated in the service organisation's description of its system; and
- b. Evaluating the linkage of controls identified in the service organisation's description of its system with those risks. Some of the considerations Deloitte Touche Tohmatsu took into account included:
 - (a) Appropriateness of the purpose of the control and its correlation to the risk/assertion
 - (b) Competence and authority of the person(s) performing the control
 - (c) Frequency and consistency with which the control is performed
 - (d) Level of aggregation and predictability
 - (e) Criteria for investigation (i.e. threshold) and process for follow-Up

Tests of operating effectiveness

Deloitte Touche Tohmatsu's tests of the controls were designed to cover a representative number of transactions throughout the period from 1 July 2022 to 30 June 2023. In determining the nature, timing and extent of tests we considered the following:

- (a) Nature and frequency of the controls being tested
- (b) Types of available evidential matter
- (c) Nature of the control objectives to be achieved
- (d) Assessed level of control risk
- (e) Expected effectiveness of the test, and
- (f) Results of tests of the control environment.

Testing the accuracy and completeness of information provided by Netwealth is also a component of the testing procedures performed. Information we utilized as evidence may have included, but was not limited to:

- Standard "out of the box" reports as configured within the system
- Parameter-driven reports generated by Netwealth's systems
- Custom-developed reports that are not standard to the application such as scripts, report writers, and queries
- Spreadsheets that include relevant information utilized for the performance or testing of a control
- Netwealth prepared analyses, schedules, or other evidence manually prepared and utilized by Netwealth.

While these procedures may not be specifically called out in the test procedures listed in the section titled "Control Objectives, Related Controls and Tests of Operating Effectiveness" on pages 22 to 91, they may be completed as a component of testing to support the evaluation of whether or not the information is sufficiently precise and detailed for purposes of fully testing the controls identified by Netwealth.

Description of testing procedures performed

Deloitte Touche Tohmatsu performed a variety of tests relating to the controls listed on pages 22 to 91 throughout the period from 1 July 2022 to 30 June 2023. The tests were performed on controls as they existed during this period and were applied to those controls relating to control objectives specified by Netwealth.

Tests performed for the purpose of this report may have included, but were not limited to those described below:

Test	Description
Enquiry	Conducted detailed interviews with relevant personnel to obtain evidence that the control was in operation during the report period and is accompanied by other procedures noted below that are necessary to corroborate the information derived from the enquiry.
Observation	Observed the performance of the control multiple times throughout the report period to evidence application of the specific control activity.
Inspection of documentation	If the performance of the control is documented, inspected documents and reports indicating performance of the control.
Reperformance of monitoring activities or manual controls	Obtained documents used in the monitoring activity or manual control activity and independently reperfomed the procedures. Compared any deviation items identified with those identified by the responsible control owner.

Reperformance of programmed processing	Input test data, manually calculated expected results, and compared actual results of processing to expectations.
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Sampling Methodology

In terms of frequency of the performance of the control by Netwealth, we consider the following guidance when planning the extent of tests of control for specific types of control.

- (a) The purpose of the procedure and the characteristics of the population from which the sample will be drawn when designing the sample;
- (b) Determine a sample size sufficient to reduce sampling risk to an appropriately low level;
- (c) Select items for the sample in such a way that each sampling unit in the population has a chance of selection;
- (d) If a designed procedure is not applicable to a selected item, perform the procedure on a replacement item; and
- (e) If unable to apply the designed procedures, or suitable alternative procedures, to a selected item, treat that item as a deviation.

The following guidelines are at a minimum followed in performing the test of controls:

Frequency of control activity	Minimum sample size
Annual	1
Quarterly	2
Monthly	2
Weekly	5
Daily	15
Many times per day	25
Automated Controls	Test one instance of each automated control.
Indirect Controls (e.g., indirect entity-level controls, general IT controls)	For those indirect entity-level controls that do not themselves directly address risks of material misstatement, the above is the suggested minimum sample size for the test of operating effectiveness. In the event that the indirect control is directly responsive to the control objective, the above is the minimum sample size for the test of operating effectiveness.
The table assumes zero deviations.	

The nature and cause of deviations identified (if any), were evaluated to conclude on whether the deviations are material individually or in combination.

Reporting on results of testing

In most instances, controls are performed in the same manner and with the same degree of intensity for all clients. For this reason, samples were chosen from the whole population of Netwealth transactions. We do not have the ability to determine whether a deviation will be relevant to a particular user, consequently all deviations are reported.

Results of testing

The concept of effectiveness of the operation of controls recognises that some deviations in the way controls are applied by Netwealth may occur. Deviations from prescribed controls may be caused by such factors as changes in key personnel, significant seasonal fluctuations volume of transactions and human error.

We use judgement in considering the overall operating effectiveness of the control by considering the number of deviations detected, the potential significance of the financial statement effect, as well as other qualitative aspects of the deviations such as the cause of the deviation.

When we identify a deviation for a periodic or automated control, we consider whether other controls may provide the evidence we require.

If we find a single deviation in the initial sample for a recurring manual control operating multiple times per day, when we did not expect to find control deviations, we consider whether the deviation is representative of systematic or intentional deviations.

If control deviations are found in tests of controls which operate daily or less frequently, the sample size cannot be extended and we assess such controls as ineffective.

Control Objectives, Related Controls and Operating Effectiveness

Introduction

This section presents the following information provided by Netwealth

- The control objectives specified by the management of Netwealth.
- The controls established and specified by Netwealth to achieve the specified control objectives.

Also included in this section is the following information provided by Deloitte Touche Tohmatsu:

- A description of the tests performed by Deloitte Touche Tohmatsu to determine whether Netwealth's controls were operating with sufficient effectiveness to achieve specified control objectives. Deloitte Touche Tohmatsu determined the nature, timing, and extent of the testing performed.
- The results of Deloitte Touche Tohmatsu's tests of controls.

It is each user's responsibility to evaluate the information included in this report in relation to internal control in place at individual user entities to obtain an understanding and to assess control risk at the user entities. The controls at user entities and Netwealth's controls should be evaluated together. If effective customer controls are not in place, Netwealth's controls may not compensate for such weaknesses.

Controls that are performed by Netwealth's users remain their responsibility and were not tested as part of this engagement.

Subject 1	Opening investor accounts on the platform.
Control objective	Investor accounts are opened in a timely and accurate manner, in accordance with Australian law. Only valid investor accounts are established on the platform.
Overview	Member application forms can be received either in the post, via email or submitted electronically online. Where application forms are received via post or email, they are scanned into the workflow system for processing to the

	<p>administration systems. New Business team members are allocated member applications to process to the administration system. Member applications are subject to a quality review prior to account establishment.</p> <p>Member applications submitted online are subject to online validation tests to ensure all mandatory fields (e.g. tax file numbers) are valid and completed. Transactions completed online are issued with a transaction number for reference.</p> <p>Confirmation letters are produced and forwarded to the member and adviser (if applicable) once the process is completed.</p>
GS 007 reference	A1 A2 A10 B1 B2 B8 D1 D2 D10 E1 E2 F1 F2 F10

Control	Tests Procedures	Results of tests
<p>1. Member accounts are established using only valid application forms from current Product Disclosure Statements (PDSs) and IDPS Financial Services Guides (FSGs). Data from paper or scanned member application forms is manually keyed and entered online via the administration systems. Applications are subject to a quality review to ensure completeness and accuracy of data entered.</p>	<p>A sample of new applications were inspected to test whether new accounts were processed only with signed and valid application forms from current PDSs and IDPS Financial Services Guide (FSGs) and that they were also reviewed by an appropriate secondary independent and authorised person.</p>	<p>No deviations noted.</p>
<p>2. Applications submitted online are subject to validation tests to ensure all mandatory fields are valid and complete.</p>	<p>A sample online application was inspected to test whether the validation tests were active when mandatory fields were invalid and incomplete.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>3. Confirmation letters are automatically produced and forwarded to the member and adviser (according to their communication preferences) via a batch process to meet regulatory requirements.</p>	<p>A sample of new applications were inspected to test whether welcome letters were issued to members and their advisers.</p>	<p>No deviations noted.</p>
<p>4. Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) procedures are performed on all new member applications. Staff are regularly trained at onboarding and thereafter on an annual basis in the AML/CTF procedures.</p>	<p>A sample of new applications were inspected to test whether these were subject of a quality review completed by an independent and authorised person. The quality review included a check on AML/CTF procedures. Obtained and inspected AML/CTF staff training attendance registers to test whether staff was trained in the period under review.</p>	<p>No deviations noted.</p>
<p>5. Where an IDPS client has an overseas residency for tax purposes a Tax Identification number (TIN) is requested and recorded where provided. Additionally, an annual process is conducted to follow-up any TINs that are required before regulatory reporting is submitted to the ATO.</p>	<p>A sample of new applications were inspected to test whether the TINs were recorded where provided. Obtained and inspected evidence to test whether members with missing TINs were followed up in accordance with regulatory reporting requirements.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>6. On a weekly basis, Investor Services undertake AML/CTF customer screening using the World-Check One service. A scheduled custom report is in place, capturing new customer details, changed customer details and details of any individual newly associated with an account. This data is uploaded to screening software provided by a third party. Screening results are assessed, and any High-Risk Customer matches are notified to the AML/CTF Officer via email.</p>	<p>A sample of AML/CTF workflow cases were inspected to test whether weekly screenings were performed and reviewed, and any identified issues were escalated to the AML/CTF Officer via email.</p>	<p>No deviations noted.</p>

Subject 2

Transferring in member assets to the platform.

<p>Control objective</p>	<p>Assets are transferred in a timely and accurate manner. The correct cost base history of each transferred in asset is recorded accurately to ensure correct capital gains tax (CGT) calculations.</p>
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	<p>Member application forms containing details of assets to be transferred in are received either in the post or by email. These are scanned into the workflow system for processing. Investment Operations' Asset Transfers team members are allocated workflow items and process the asset details to members' accounts.</p> <p>Periodic asset reconciliations of holdings are performed with deviations followed up.</p> <p>Restrictions exist within Netwealth Superannuation to assist members in structuring a diversified portfolio in order to reduce concentration risk.</p>
GS 007 reference	A1 A2 A3 B1 B2 B3 B8 D1 D2 D3 E1 E2 E11 E12 F14

Control	Tests Procedures	Results of tests
<p>1. Transfer-in requests are processed in accordance with the checklist items defined within the workflow case. Transfer-in requests are not initiated (within CHAMP, or with fund managers or registries) until appropriately signed instructions are received.</p>	<p>A sample of transfer in applications were inspected to test whether they were processed in accordance with checklist items defined within the workflow case and that the instructions received were appropriately signed.</p>	<p>No deviations noted.</p>
<p>2. Listed securities asset reconciliations are performed daily by accounting staff. For ASX listed securities, aggregated member holdings recorded within the sub-registry system are compared against the holdings in CHAMP (Netwealth's</p>	<p>A sample of listed securities asset reconciliations were inspected to test whether daily reconciliations were performed, reviewed and any identified issues were escalated to the Investment Operations Team.</p> <p>For a sample of listed securities assets, inspected the holdings report to test whether the assets were registered in the name of the product.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>interface to CHES). All holdings are registered in the name of the product. For International listed securities, aggregated member holdings recorded within the sub-registry system are compared with holdings reports sourced from the sub-custodian. Any identified issues are escalated to the Investment Operations Team for resolution in accordance with reconciliation procedures. All holdings are registered in the name of the product.</p>		
<p>3. Managed fund asset reconciliations are performed monthly by accounting staff. Aggregated member holdings are compared against reported fund manager holdings. Any identified issues are escalated to the Investment Operations Team for resolution in accordance with reconciliation procedures. Resolution of variances are selected based on a value and</p>	<p>A sample of managed fund asset reconciliations were inspected to test whether monthly reconciliations were performed and reviewed, and any identified issues were escalated to the Investment Operations Team.</p> <p>For a sample of managed fund assets, inspected the holdings report to test whether the assets were registered in the name of the product.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
activity criteria. All holdings are registered in the name of the product.		

Subject 3

Investment related transactions.

Investment and settlement instructions are executed in accordance with validly authorised client or adviser instructions in a timely and accurate manner.

Sale proceeds and cash disbursements are settled in a timely and accurate manner and reflected correctly in member accounts.

In the case of **Netwealth** Superannuation, assets purchased comply with Trustee approved investment guidelines to promote asset diversification.

Investment instructions may be received from either the member or the member's adviser. Instructions are completed either online or by sending in an instruction form. Online investment instructions may be created by either the member or the member's adviser and are deemed to be authorised as a valid user login and password are required to login to the **Netwealth** website to place the instructions.

Investment instruction forms received either by post or electronically are scanned to a workflow case. Tasks are required to be completed within the case in order to execute the investment instruction.

For listed securities, share buys and sells are placed on market with **Netwealth's** nominated broker at the time they are made by either the member or the member's adviser.

For managed funds, member instructions are aggregated with all other member instructions with the same fund, and at the designated close off time for each business day, consolidated buy, sell units or sell dollars instructions are approved by

Overview

Subject 3

Investment related transactions.

Custody and forwarded to the fund manager. For managed fund buys, the total value of the subscribed application amount is included in the daily banking and sent to the fund manager.

Where a member holds international securities, member instructions are consolidated daily, and trade instructions provided to the broker daily. International Securities are held by a sub-custodian that specialises in holding, reporting and managing international securities. Securities can only be transacted if approved by **Netwealth**.

Advisers can arrange for listed securities orders to be executed externally with brokers of their choice, and then request for **Netwealth** to arrange for settlement of those orders on a 'delivery versus payment' basis. In these instances, validations are performed to ensure underlying clients have sufficient cash (for purchases) or units (for sales) to fulfil the orders. The transactions are then processed to client accounts, and the settlement of the transactions is managed by Custody.

Advisers can utilise **Netwealth's** Sophisticated Modelling and Rebalancing Technology (SMART) to maintain model portfolios and rebalance their client portfolios against those model portfolios. **Netwealth** is responsible for aggregating listed securities orders originating from SMART twice per day, and for arranging for those listed securities orders to be executed via our default broker for SMART.

Restrictions exist within **Netwealth** Superannuation to assist members in structuring a diversified portfolio in order to reduce concentration risk. In this regard, there are restrictions on the absolute level of non ASX 200 securities a member can purchase or transfer-in, and restrictions on the maximum single investment in ASX 200 securities. In addition, restrictions also exist on the amount that can be invested in certain types of managed funds, both at an individual and aggregate level.

Periodic asset reconciliations of holdings are performed with deviations followed up.

Managed fund unconfirmed orders (buys and sells) are reconciled daily and agreed to the cash movements in the bank account.

Settled reconciliations for listed securities are performed daily.

A3 A4 A6 A13 A15 A17 B3 B4 B5 B12 B14 B15 B16 B19 D5 E3 E9 E12 E14

GS 007 reference

Control	Tests Procedures	Results of tests
<p>1. Asset instructions are processed using only validly authorised instructions. Data is verified by an Operations team member back to the source information provided by the member.</p>	<p>A sample of asset instructions Appian cases were inspected to test whether these were processed based on valid authorised instructions and reviewed by an independent and authorised person.</p>	<p>No deviations noted.</p>
<p>2. Asset instructions placed directly online by the member or the member's adviser have only been done once logged in using secure logins and passwords.</p>	<p>Observed the system functionality for processing asset instructions placed directly online to test that a valid username and password is required to place asset buy or sell instructions.</p>	<p>No deviations noted.</p>
<p>3. Bank accounts are reconciled on a daily basis by accounting staff. Aggregated member bank account balances are compared against reported bank statement balances. Any identified issues are escalated to the responsible manager for resolution. All bank accounts are registered in the name of the product.</p>	<p>A sample of bank accounts reconciliations were inspected to test whether daily reconciliations were performed and reviewed, and any identified issues were escalated to the Investment Operations Team. Obtained and inspected a sample of bank statements to test that all bank accounts were registered in the name of the product.</p>	<p>No deviations noted.</p>
<p>4. Listed securities asset reconciliations are performed daily by accounting staff. For ASX listed securities, aggregated member holdings recorded within the sub-registry system are compared against the holdings in CHAMP (Netwealth's interface</p>	<p>A sample of listed securities asset reconciliations were inspected to test whether daily reconciliations were performed, reviewed and any identified issues were escalated to the Investment Operations Team. For a sample of listed securities assets, inspected the holdings report to test whether the assets were registered in the name of the product.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>to CHES). All holdings are registered in the name of the product. For International listed securities, aggregated member holdings recorded within the sub-registry system are compared with holdings reports sourced from the sub-custodian. Any identified issues are escalated to the Investment Operations Team for resolution in accordance with reconciliation procedures. All holdings are registered in the name of the product.</p>		
<p>5. Managed fund asset reconciliations are performed monthly by accounting staff. Aggregated member holdings are compared against reported fund manager holdings. Any identified issues are escalated to the Investment Operations Team for resolution in accordance with reconciliation procedures. Resolution of variances are selected based on a value and activity criteria. All holdings are registered in the name of the product.</p>	<p>A sample of managed fund asset reconciliations were inspected to test whether monthly reconciliations were performed and reviewed, and any identified issues were escalated to the Investment Operations Team. Also tested a sample of the investments, within the reconciliations, were held in the name of the product.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>6. Trades executed by advisers with external brokers are validated and settled by Netwealth.</p>	<p>Inspected a sample contract of notes and agreed the investor details to the Acuity system. Inspected a sample of the transaction settlement confirmations sent to the Custody team and agreed the trade details to the contract note.</p>	<p>No deviations noted.</p>
<p>7. Listed securities orders originating from SMART are aggregated at 11:30am and 14:30pm each day and quality checked in accordance with agreed procedures. The orders are authorised by Netwealth signatory prior to being placed with the broker.</p>	<p>Inspected a sample of listed securities orders from SMART to test whether they were quality checked and authorised by Netwealth signatory prior to being placed with the broker.</p>	<p>No deviations noted.</p>
<p>8. International securities are held by a specialist sub-custodian. Weekly reconciliations are performed with sub-custodian.</p>	<p>A sample of reconciliations were inspected to test whether weekly reconciliations were performed and reviewed by an independent and authorised person.</p>	<p>No deviations noted.</p>
<p>9. For Netwealth Superannuation, where a member attempts to purchase investments that do not align with the Trustee Guidelines, a warning message is displayed and the purchase instruction is prevented from being executed.</p>	<p>Observed the system functionality for each of the four main security types (ASX, International, ETFs and Managed Funds) that validation tests were active in preventing the processing of investment instructions that do not meet the investment guidelines.</p>	<p>No deviations noted.</p>
<p>10. A review is conducted bi-annually to assess the investment portfolio holdings</p>	<p>For a sample of members whose investment portfolios materially deviated from the Trustee Guidelines, inspected evidence to test if the member (or</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>of each superannuation member against the Trustee Guidelines. Where a member's investment portfolio does not align with the Trustee Guidelines, members or their advisers are notified by letter where these deviations are considered material. Assets will be sold down to align portfolios with Trustee limits unless a diversification acknowledgement form is completed.</p>	<p>their adviser) was notified to comply with Trustee Guidelines. Where the member did not complete a diversification acknowledgement form, inspected the member's portfolio report to verify that their assets were sold down to align portfolio with Trustee limits.</p>	
<p>11. Managed fund orders (buys and sells) are reconciled daily and agreed to the cash movements in the bank account. Order settlement dates and unconfirmed orders are monitored by the Product Accounting team.</p>	<p>A sample of unconfirmed order reconciliations were inspected to test whether unconfirmed orders were reconciled to the cash movement in the bank account.</p>	<p>No deviations noted.</p>
<p>12. Unconfirmed asset buys and sells are reviewed by Investment Operations staff weekly and if considered to be long outstanding, fund managers are followed up.</p>	<p>A sample of weekly unconfirmed asset trade reports were inspected to confirm that outstanding trades were reviewed and long outstanding trades were followed up appropriately by the Investment Operations Team.</p>	<p>No deviations noted.</p>
<p>13. Reports are run daily to identify portfolios with high cash balances to ensure the portfolios have been invested in</p>	<p>A sample of daily reports were inspected to test whether identified portfolios with were reviewed against investment instructions to ensure they were properly processed in accordance with the member's instructions.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>accordance with the member's instructions.</p>		
<p>14. Term deposits are reconciled on a monthly basis by the Product Accounting team. Aggregated member term deposit balances are compared against term deposit statements. Any identified issues are escalated to the responsible manager for resolution. All term deposits accounts are registered in the name of the product.</p>	<p>A sample of term deposits reconciliations were inspected to test whether monthly reconciliations were performed and reviewed, and any identified issues were escalated to the responsible manager for further investigations. For a sample of term deposits, inspected evidence to test they were registered in the name of the product.</p>	<p>No deviations noted.</p>
<p>15. Daily reconciliations are performed by Investment Operations to reconcile the settlement of ASX listed securities between CHAMP (Netwealth's interface to CHES) and the administration system. Any discrepancies were investigated and resolved.</p>	<p>A sample of reconciliations were inspected to test whether daily reconciliations were performed by Investment Operations, and that any discrepancies were investigated and resolved.</p>	<p>No deviations noted.</p>
<p>16. All requests from Wrap investors to be classified as a Wholesale Client, a Professional Investor or a Sophisticated Investor have been appropriately assessed against Netwealth's documented business rules, and only</p>	<p>A sample of applications of Wrap investors to be classified as either Wholesale Clients, Professional Investors or Sophisticated Investors were inspected to test whether these applications have been appropriately assessed against Netwealth's documented business rules.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>investors who satisfy Netwealth's requirements have been classified as Wholesale Clients/Professional Investors and/or Sophisticated Investors within Acurity.</p>		

<p>Subject 4</p>	<p>Corporate Actions processing</p> <p>All applicable corporate actions are processed and recorded in an accurate and timely manner.</p> <p>The Corporate Actions team review the daily data feed of ASX announcements to identify those entities which are conducting a corporate action. Similarly, the international team reviews corporate action information as provided by the international sub-Custodian. Where the events are deemed to be material or significant in nature, Netwealth issues notifications to affected members and their advisers. 'Business as usual' events such as annual general meetings are not sent to members or their advisers.</p> <p>The information to the corporate action is reviewed, and a key summary of the matter is dispatched in the form of a letter or email, with references to where further information (usually the company website) can be obtained.</p> <p>Where a corporate action involves the subscription of additional securities, a base entitlement amount or number of securities is determined based on the individual holding of member. This entitlement is included on the notification issued to members, along with a deadline for returning their instructions to Netwealth. When an individual member or adviser responds with their request, cash is reserved in the member's account. When all responses are received, or at the due date for responses, all responses are aggregated and a consolidated instruction is prepared by Investment Operations for Custody, who approve the instruction and send it to the company or its registry.</p> <p>When cash is required to be sent with the instruction, it is included in the daily banking.</p> <p>A similar process is followed for international securities, unlisted securities or interests in unit trusts. Entitlements are determined, advices sent out, responses aggregated, and a consolidated instruction is sent to the company / fund manager or its registry.</p>
<p>GS 007 reference</p>	<p>A5 B6 E4</p>

Control	Tests Procedures	Results of tests
<p>1. The Corporate Actions team review the daily data feed of ASX announcements to identify those entities which are conducting a corporate action. Material items are allocated to team members to action and Netwealth notifies these events to members and/or advisers.</p>	<p>A sample of daily data feeds for ASX listed securities were inspected to test that they had been reviewed, material or significant corporate actions had been actioned and communicated to members and/or advisers.</p>	<p>No deviations noted.</p>
<p>2. Where there is a corporate action event for a managed fund, the material provided is reviewed.</p>	<p>A sample of corporate action events for a managed fund were inspected to test whether these were appropriately reviewed and processed correctly based on authorised instructions.</p>	<p>No deviations noted.</p>
<p>3. Where there is an International Corporate action the material provided is reviewed.</p>	<p>A sample of international corporate actions were inspected to test whether these were appropriately reviewed and processed correctly based on authorised instructions.</p>	<p>No deviations noted.</p>
<p>4. Corporate action instructions that are submitted manually are processed using only validly authorised instructions.</p>	<p>A sample of corporate action instructions were inspected to test whether these were processed based on authorised instructions and processed correctly.</p>	<p>No deviations noted.</p>
<p>5. Corporate action instructions placed directly online by the member or the member's adviser have only been done once logged in using secure logins and passwords.</p>	<p>Observed whether corporate action instructions placed directly online can only be processed by either the member or the member's adviser once logged in with a secure username and password.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>6. Entitlements calculated under corporate actions are reconciled to recorded holdings, either in CHAMP (Netwealth's interface to CHES) or fund manager records).</p>	<p>A sample of corporate actions were inspected to test whether the resulting entitlements were reconciled to CHAMP or fund manager records.</p>	<p>No deviations noted.</p>
<p>7. Where the corporate action is for additional securities, after the allotment of those additional securities, a reconciliation of the 'new' holding is performed.</p>	<p>A sample of corporate actions that relate to additional securities were inspected to test whether the revised holdings for additional securities after allotment in CHAMP were reconciled.</p>	<p>Deviation noted. In 1 out of the 15 samples tested, reconciliation of the 'new' holding was not performed after the allotment of additional securities.</p> <p>Mitigating Control: Subject 2 Control 2 and Subject 3 Control 4: ASX listed securities holdings are reconciled to CHAMP (Netwealth's interface to CHES) daily.</p> <p>Refer to Appendix B for management response.</p>

Subject 5

Investment Income processing.

All Investment Income is processed and recorded in an accurate and timely manner and reflected correctly in member accounts.

Control objective

The taxation of investment income in **Netwealth** Superannuation is accurate and in accordance with Australian taxation law.

For the **Netwealth** Wrap Service, the tax information presented is accurate and complete for the purposes of producing the annual investor taxation statement.

Investment Operations reviews the bank statement on a daily basis to identify cash receipts that are company dividends, trust distributions or term deposit interest. An income advice is sourced, and the details are agreed and reconciled to **Netwealth** records.

The cash receipt is processed to members' accounts. Any identified deviations are reviewed and followed up.

An annual reconciliation is performed of income components (against fund manager/registry tax statements and other publicly available information), and analysis is conducted to verify instances where no income was received from listed securities or managed funds.

Overview

Company dividends and term deposit interest are processed in their correct tax components at the time of receipt.

Fund manager tax statements are generally received after the end of the financial year. They are reviewed and the tax components as advised are processed to the members' accounts. For **Netwealth** Wrap Service, this ensures correct member tax reporting, and for **Netwealth** Superannuation, it adjusts any tax charged to take into account tax advantaged income and any tax offsets.

GS 007 reference

A12 B10 D9 E8 E17 E18 E19 E20 F18

Control	Tests Procedures	Results of tests
<p>1. Bank accounts are reconciled on a daily basis by accounting staff. Aggregated member bank account balances are compared against reported bank statement balances. Any identified issues are escalated to the responsible manager for resolution. All bank accounts are registered in the name of the product.</p>	<p>A sample of bank accounts reconciliations were inspected to test whether daily reconciliations were performed, and any identified issues were escalated to the Investment Operations Team.</p> <p>Obtained and inspected bank statements to test that all bank accounts were registered in the name of the product.</p>	<p>No deviations noted.</p>
<p>2. An external income advice is sourced for all income and the details are agreed and reconciled to Netwealth records.</p>	<p>A sample of external income advice were inspected to test whether these were agreed and reconciled to Netwealth records.</p>	<p>No deviations noted.</p>
<p>3. An income reconciliation is performed annually by Investment Operations. For listed securities, a comparison is made of the holdings throughout the year against declared dividends. A similar review is undertaken for managed funds and international securities, where income is compared against holdings, fund manager websites, custodian records and prior years.</p>	<p>Inspected the annual income reconciliation to test whether a comparison was made of the holdings throughout the year against income statements, tax statements and all other available information for listed securities, international securities and managed funds to ensure income components were recorded correctly.</p>	<p>No deviations noted.</p>
<p>4. A review of company franked dividend income and company unfranked dividend income is performed monthly for</p>	<p>A sample of dividend income reasonableness reports were inspected to test whether reasonableness checks were performed on franked and unfranked dividend income received.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>reasonableness check to ascertain the appropriate allocation of the income and resolve any dividend income which was processed in the wrong category.</p>		
<p>5. For managed funds, reconciliations are performed between the total income distributions received during the year and the tax statement advice. Any discrepancies are investigated. The receipted income is then adjusted into the correct components in accordance with the tax statement advice</p>	<p>The annual managed fund income reconciliations were inspected to test whether total income distributions received during the year reconciled to tax statement advice and any discrepancies are investigated.</p>	<p>No deviations noted.</p>
<p>6. For Wrap Service members who are non-residents for Australian tax purposes, withholding tax is calculated by the administration system at the appropriate rates, deducted and remitted to the ATO. Applications from overseas residents are quality reviewed to confirm a TIN has been provided where applicable.</p>	<p>A sample of non-resident Wrap Service member accounts were inspected to test whether the withholding tax has been correctly calculated and deducted. Refer to subject 1 control 6 for test procedures on quality review of applications.</p>	<p>No deviations noted.</p>
<p>7. The Netwealth Wrap Service annual investor taxation statements contain information for investors detailing any taxable capital gains and losses as a result of assets that have been realised. Cost base adjustments and tax</p>	<p>A sample of Netwealth Wrap Service annual investor taxation statements were inspected to evidence that internal reviews were performed to test whether the correct taxable components have been reported.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>deferred income (if applicable) by parcel are reported to identify any differences with any accounting gains or losses. For each batch of tax statements produced, a detailed review is undertaken in accordance with an audit checklist to ensure the correct taxable components are reported.</p>		
<p>8. The Netwealth Superannuation Master Fund records all current and deferred tax balances that occur as a result of transactions that have been affected on a member's account. This includes any current tax payable on income and capital gains and deferred tax balances as a result of differences between the accounting treatment and the tax treatment. Product Accounting perform an annual fund level reasonableness check on realised and unrealised capital gains positions (which includes the impact of tax deferred income).</p>	<p>Inspected the annual fund level reasonableness check to test whether it was reviewed by an independent and authorised person for realised and unrealised capital gains positions.</p>	<p>No deviations noted.</p>
<p>9. The tax policy is reviewed by senior management to ensure its appropriateness for the operations of the Netwealth products.</p>	<p>Obtained and inspected the current tax policy to test whether it was reviewed by senior management to ensure it was appropriate for the operations of the Netwealth products.</p>	<p>No deviations noted.</p>

Subject 6	Member Account Maintenance	
Control objective	<p>Changes to member details and client accounts are made in a timely and accurate manner.</p> <p>Only valid authorised instructions from clients are actioned.</p> <p>Member instructions can be received either by post, via email, via phone instruction or submitted electronically online. Where instructions are received via the post or email, they are scanned into the workflow system for processing to the administration system. Investor Services change requests include savings / regular contribution plans, binding death directions, personal details, bank account changes, reinvestment plan, dollar cost averaging and auto sell down requests. Team members are allocated change requests to process. Member changes are subject to a quality review by a second authorised administrator prior to change. Client changes submitted online are subject to online validation tests to ensure all mandatory fields are valid and completed. Transactions completed online are issued with a transaction number for reference.</p> <p>Confirmation letters are produced and forwarded to the member and adviser (depending upon the type of work request and the client's communication settings) once the change is completed.</p>	
Overview	<p>A10 A11 B9 D8 E6 E7 F11</p>	
GS 007 reference		
Control	Tests Procedures	Results of tests
<p>1. All changes to account instructions received from the member or advisers are reviewed. A record is maintained in the administration systems detailing who has performed the processing and who has approved the processing.</p>	<p>A sample of member detail changes were inspected to test where a valid authorised instruction had been received, the change had been processed by a Netwealth administrator and the change was reviewed by a second (authorised) Netwealth administrator.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>2. Investor Services team run weekly data validation reports for member detail changes. Any exceptions identified in the data validation process are investigated (based on the relative criticality of the items) and will remain present on the weekly exception report until resolved.</p>	<p>A sample of weekly data validation reports on member details changes were inspected to test whether critical exceptions identified were investigated.</p>	<p>Deviations noted.</p> <p>For three (3) sampled weeks there was no evidence that the weekly data validation report was run.</p> <p>Mitigating Control:</p> <p>Subject 6 Control 6: Once all changes to investor details or bank details have been completed in line with client changes instructions, confirmation letters are produced and forwarded to the member and adviser in accordance with business rules.</p> <p>Refer to Appendix B for management response.</p>
<p>3. Compliance review reports identifying any change to member bank account details that have not been initiated via the website. A monthly review on a</p>	<p>A sample of compliance review reports were inspected to test whether these were reviewed and any deviations were actioned appropriately.</p> <p>Inspected a sample of monthly change of details report for changes received online to test whether the reports were reviewed by an independent and authorised person.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>sample basis is performed on change of details initiated online.</p>		
<p>4. Confirmation calls are made to the client to confirm their change of bank details where their portfolio balance is greater than a pre-set limit (this includes where the instruction is paper-based and where the change is submitted online by the adviser or client).</p>	<p>A sample of changes in bank details were inspected to test whether confirmation calls were made to those account balance of greater than the pre-set limit.</p>	<p>No deviations noted.</p>
<p>5. Client changes submitted online by members or the member's adviser have only been done once logged in using secure logins and passwords. Data is subject to online validation tests to ensure all mandatory fields are valid and completed. Transactions completed online are issued with a transaction number for reference.</p>	<p>Observed that processing of client changes submitted online to evidence that transactions completed online are issued with a transaction number and online validation tests are present to test whether all mandatory fields are valid and completed before processing.</p>	<p>No deviations noted.</p>
<p>6. Confirmation letters are produced (in accordance with business rules) and forwarded to the member and the</p>	<p>A sample of client changes instructions were inspected to test whether confirmation letters issued to members and their advisers (if applicable).</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
adviser (if applicable) once all changes have been completed.		

Subject 7

Insurance

To ensure appropriate controls and procedures are in place governing the provision of insurance benefits to members. Only valid authorised instructions from clients are actioned and in an accurate and timely manner.

1) Insurance benefits are provided to members of the **Netwealth** Superannuation Master Fund under:

- (a) Group Policy for Death & TPD and Income Protection issued to **Netwealth** as Trustee of the fund; and
- (b) Personal Group individual policies issued to **Netwealth** as Trustee of the Fund for the benefit of individual members of the Fund

Overview

2) **Netwealth** also offers a premium payment facility for investors in the **Netwealth** Wrap and Super Services who elect to link their insurance policy to the service and have **Netwealth** pay the insurance premiums from their account.

Insurance premiums are deducted from member's accounts in the monthly fee run and upon exit if applicable.

D6

GS 007 reference

Control	Tests Procedures	Results of tests
<p>1. The insurance strategy and framework document as prescribed by the APRA standard is reviewed and monitored by management with final approval obtained from the Board at least on an annual basis.</p>	<p>Obtained and inspected email correspondences to test whether the Insurance Strategy and Insurance Management Framework documents were monitored and reviewed by management.</p> <p>Inspected the Board meeting minutes to test whether the management review on the documents was approved by the Board at least on an annual basis.</p>	<p>No deviations noted.</p>
<p>2. Insurance applications, amendments and cancellations are subject to review by a second quality person to ensure timely and accurate data processing and validity of changes. This includes requests that are processed automatically upon receipt of data feeds from insurance providers.</p>	<p>A sample of insurance applications, amendments and cancellations were inspected to test whether they were processed within SLA parameters and reviewed by an independent and authorised person.</p>	<p>No deviations noted.</p>
<p>3. Insurance administration change procedures are updated and peer-reviewed by the Insurance Team Leader when there is a change in applicable law and regulations as noted by the Change Committee.</p>	<p>Inquired with management and inspected minutes of the Netwealth Superannuation Services (NSS) Board meetings of Directors to identify if there were any law and regulation changes that would impact insurance administration procedures.</p>	<p>This control could not be tested as there was no activity in the period.</p>

Control	Tests Procedures	Results of tests
<p>4. A monthly reconciliation of retail insurance policy details is performed between Netwealth's records and the details provided by retail insurance providers to identify any discrepancies.</p>	<p>A sample of monthly retail insurance reconciliations were inspected to test whether the reconciliation was performed and discrepancies were identified and investigated.</p>	<p>No deviations noted.</p>
<p>5. Insurance refunds and claims are reviewed by an authorised person to ensure correct amounts have been processed in the correct accounts. Additional approval from a second authorised person is required for Super/Wrap death claims.</p>	<p>A sample of insurance claims and refunds were inspected to test whether these were reviewed by an independent and authorised person. A sample of Super/Wrap death claims were inspected to test whether these were reviewed by two independent and authorised persons.</p>	<p>No deviations noted.</p>
<p>6. Insurance claim benefits documentation has been approved by the insurer. Approval is required from an authorised delegate of the Trustee before the insurance claim benefit is paid to a member's super account. Additional approval from a second authorised delegate of the Trustee is required for Super/Wrap death before</p>	<p>A sample of insurance claims were inspected to test whether insurance claim benefits documentation was approved by the insurer and Trustee approval is received before insurance claim benefits are paid into the member's account. A sample of Super/Wrap death claims were inspected to test whether approval was obtained by two independent and authorised delegates of the Trustee prior to claim benefits are paid into the member's account.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>the Insurance claim benefit is payment is disbursed.</p>		
<p>7. A monthly audit is conducted to ensure that any client that has moved overseas with Group Insurance has been contacted to arrange continuation of cover as applicable.</p>	<p>A sample of monthly audit reports were inspected to test whether any client with Group Insurance identified to have moved overseas has been contacted to continue their cover.</p>	<p>No deviations noted.</p>
<p>8. Where insured members have not made contributions or arranged inward rollovers and have not provided an enduring election form, 'Inactivity Notices' are sent to them upon reaching 9, 12 or 15 months of inactivity.</p> <p>If members do not respond to the notifications, they will be deemed inactive, and their insurance cover will be cancelled after the 16th month of inactivity.</p>	<p>Inspected a sample of inactivity reports to test whether they have been appropriately run as well as actioned by a Netwealth individual. We inspected if "inactivity notices" were sent to members with 9, 12 and 15 months of inactivity that had not provided an enduring election form.</p>	<p>No deviations noted.</p>

Subject 8	Contributions, Rollovers In and Deposits.				
Control objective	<p>All contributions, rollovers in and deposits are processed and recorded in an accurate and timely manner, and reflected correctly in member accounts.</p> <p>The taxation of contributions and rollovers in Netwealth Superannuation is accurate and in accordance with Australian taxation law.</p> <p>The New Business team reviews the bank statements on a daily basis to identify cash receipts that are contributions or deposits. Cheques received are deposited into the Netwealth applications bank account. Receipts are processed to member accounts only when there is sufficient and appropriate documentation and evidence to verify the member and the contribution type.</p> <p>Electronic member contribution files are validated for correct data prior to automated bulk processing.</p> <p>Regular contribution (superannuation) and savings (Wrap service) plans cases are run on a monthly basis approximately around the middle of the month. Cash is deducted from members' nominated accounts and deposited into the pool bank account.</p> <p>Tax is deducted from assessable contributions and rollovers at the time of receipt.</p>				
Overview	<p>B7 D3 D11 E10 F3 F4 F5 F6 F13</p>				
GS 007 reference					
Control	<table border="1"> <thead> <tr> <th data-bbox="1054 631 1114 1563">Tests Procedures</th> <th data-bbox="1054 192 1114 631">Results of tests</th> </tr> </thead> <tbody> <tr> <td data-bbox="1114 631 1375 1563"> <p>1. The applications bank accounts are reconciled daily. All cash movement instructions from the application bank accounts to the pool accounts are approved by Seniors Leads or management as part of daily banking.</p> </td> <td data-bbox="1114 192 1375 631"> <p>No deviations noted.</p> </td> </tr> </tbody> </table>	Tests Procedures	Results of tests	<p>1. The applications bank accounts are reconciled daily. All cash movement instructions from the application bank accounts to the pool accounts are approved by Seniors Leads or management as part of daily banking.</p>	<p>No deviations noted.</p>
Tests Procedures	Results of tests				
<p>1. The applications bank accounts are reconciled daily. All cash movement instructions from the application bank accounts to the pool accounts are approved by Seniors Leads or management as part of daily banking.</p>	<p>No deviations noted.</p>				

Control	Tests Procedures	Results of tests
<p>2. The rollovers bank account is reconciled daily. All cash movement instructions from the rollover bank account to the Netwealth Superannuation pool account are approved by Senior Leads or management as part of daily banking.</p>	<p>A sample of rollovers bank account reconciliations were inspected to test whether reconciliations were performed daily and that all cash movement instructions were reviewed and approved by a Senior Lead or management.</p>	<p>No deviations noted.</p>
<p>3. The contributions bank account is reconciled daily. All cash movement instructions from the rollover bank account to the Netwealth Superannuation pool account are approved by Senior Leads or management as part of daily banking.</p>	<p>A sample of contributions bank account reconciliations were inspected to test whether reconciliations were performed daily and that all cash movement instructions were reviewed and approved by a Senior Lead or management.</p>	<p>No deviations noted.</p>
<p>4. Electronic messages received from other rollover institutions are verified to the rollover bank account for deposits into the Netwealth Superannuation Master Fund.</p>	<p>A sample of rollovers processed into the Netwealth Superannuation Master Fund were inspected to test whether the electronic message received from rollover institutions agreed to the funds received in the rollover bank account.</p>	<p>No deviations noted.</p>
<p>5. Manual cheque deposits are reconciled back to the source remittance.</p>	<p>A sample of bank reconciliations were inspected to test whether manual cheque deposits were reconciled against the source documents.</p>	<p>No deviations noted.</p>
<p>6. Weekly reports are reviewed and followed-up until resolved to ensure that members who have made superannuation contributions have</p>	<p>A sample of SIS contributions monitoring reports were inspected to test whether the reports include all age groups and that members are tested to ensure they</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>provided a TFN and satisfy the age-based eligibility criteria as prescribed by the legislation.</p>	<p>have provided a TFN and satisfy the SIS Regulation criteria in relation to members age with evidence of investigation/follow up for all exceptions.</p>	
<p>7. Deviations identified in the weekly data validation process are investigated and followed up until resolved with the member, the member's employer or adviser.</p>	<p>A sample of weekly data validation reports were inspected to test whether deviations identified were investigated and followed up.</p>	<p>No deviations noted.</p>
<p>8. Regular contribution and savings plan cases are created in the workflow system monthly, and associated exception reports are reviewed prior to amounts being debited via the daily banking process.</p>	<p>A sample of monthly contribution and savings plan cases in the workflow system were inspected to test that exception reports were reviewed prior to amounts being debited.</p>	<p>No deviations noted.</p>
<p>9. Pooled omnibus bank accounts for the Superannuation Master Fund and Wrap Service are reconciled on a daily basis by accounting staff. Aggregated member bank account balances are compared against reported bank statement balances. Any identified issues are escalated to the responsible manager for resolution. All bank accounts are</p>	<p>A sample of pooled omnibus bank accounts reconciliations for the Superannuation Master Fund and Wrap Service were inspected to test whether daily reconciliations were performed and reviewed, and any identified issues were escalated to the Investor Services Team. Obtained and inspected bank statements to test that all bank accounts were registered in the name of the product.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>registered in the name of the product. Any discrepancies or reconciling items are followed up and cleared expeditiously.</p>		
<p>10. For Netwealth Superannuation, contributions tax is automatically deducted by the system from a member's account based on either the contribution type or the component of the rollover. There are security controls in place to restrict access and the ability of staff to alter any of the tax details stored and recorded in the system.</p>	<p>Inspected the configuration to test whether tax on contributions is automatically deducted by the system from the members' account based on type of contribution or component of the rollover.</p> <p>For all users assigned with access to tax rates configuration details, including authorised users with full access, inspected configuration files to test that their access was restricted as per job role and business requirement.</p>	<p>No deviations noted.</p>

<p>Subject 9</p>	<p>Benefit Payments, Rollovers Out and Withdrawals.</p> <p>All benefit payments, rollovers out and withdrawals are processed and recorded in an accurate and timely manner, and reflected correctly in member accounts.</p> <p>The taxation of benefit payments in Netwealth Superannuation is accurate and in accordance with Australian taxation law.</p> <p>Benefit Payments, rollovers out and withdrawals are processed by Redemption team members, members or the member's adviser. Payments processed online can only be done once logged in using secure logins and passwords. Payments processed by the Redemptions team are done based upon validly signed instructions or messages received via SuperStream. Payments requested via SuperStream are processed within timeframes stipulated by regulations.</p> <p>Payments for Super members can only be made to nominated bank accounts, or to complying superannuation funds.</p> <p>Wrap members can authorise their financial adviser to use the 'Pay Anyone' or BPAY features, whereby the adviser can request payments up to \$5,000 to be made on behalf of the member to any bank account or BPAY destination (an SMS is sent to the member immediately alerting them to the payment). Furthermore, using Pay Anyone or BPAY features the adviser can initiate payments over \$5,000 to be made on behalf the member to any bank account or BPAY destination – these requests trigger an immediate SMS to the member who must approve the payment online before its released by Netwealth).</p> <p>Nominated bank accounts can only be changed upon the receipt of signed documentation signed by the member (either original copies, or copies that are uploaded via the adviser's secure online portal), or where the member updates bank details using their secure login and password.</p> <p>Confirmation letters are sent for withdrawals and changes of bank details.</p> <p>If applicable, tax is deducted from benefit payments at the time of payment.</p>
<p>Control objective</p>	<p>GS 007 reference</p> <p>B7 D4 D6 D13 E10 F3 F4 F5 F7</p>

Control	Tests Procedures	Results of tests
<p>1. Benefit payments, rollover outs and withdrawals are processed based on only validly authorised instructions or Super Stream messages. AML/CTF is checked where applicable and data is verified back to the source information provided by the member prior to payments being made.</p>	<p>A sample of member payment instructions were inspected to test whether benefits, rollover outs and withdrawals were only processed with authorised instructions forms or Super Stream messages and that AML/CTF was checked where applicable.</p>	<p>No deviations noted.</p>
<p>2. Benefit payments and withdrawals placed directly online by the member or the member's adviser can only be submitted once logged in using secure logins and passwords. Payments initiated online by super members can only be made to nominated bank accounts.</p>	<p>Observed that a secure username and password is required prior to placing benefit payments and withdrawals online. A sample of online payment instructions were inspected to test whether benefit, rollover outs and withdrawals were only processed with authorised instructions forms and be only made to nominated accounts.</p>	<p>No deviations noted.</p>
<p>3. The Pay Anyone and BPAY facilities provide the capability for Wrap members to pay bills and expenses and instruct payments to new or once-off bank accounts. The facilities are available for Wrap members who have provided a mobile number and used their secure login and password to authorise their adviser to use the facility.</p>	<p>A sample of withdrawals made using the Pay Anyone and BPAY facilities were inspected to test whether the Wrap member had provided a valid mobile number, had authorised their adviser to use the facility, and had been issued with an immediate SMS in respect of the payment.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>In the interests of security, SMS notifications are issued to the member for requests initiated using the Pay Anyone and BPAY facilities.</p>		
<p>4. Delegated Authorities listed in the Delegation Policy and approved by the Trustee Board and the Board of the Wrap Service operator are in place that specify the transaction amounts and limits and who is able to approve such payments. The Delegation Policy is reviewed annually by the Board.</p>	<p>Obtained and inspected latest Board Delegations Policy and minutes to the Board meeting to test whether the Board has reviewed and approved the delegated authorities.</p>	<p>No deviations noted.</p>
<p>5. For Netwealth superannuation, only members who meet a 'condition of release' are able to withdraw cash funds. The member administration system contains the validation checks to ensure payments are made only in accordance with Superannuation Law.</p>	<p>A sample of member payment instructions were inspected to test whether the conditions of release were met before processing for payment and any payment that do not meet this condition were not allowed by the member administration system.</p>	<p>No deviations noted.</p>
<p>6. A weekly review is performed of an exception report that identifies payments where AML/CTF requirements have not been met.</p>	<p>A sample of weekly exception reports were inspected to confirm that deviations identified were investigated and followed up.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>7. Staff are trained in onboarding, and on an annual basis thereafter, in the AML/CTF procedures.</p>	<p>Obtained and inspected AML/CTF staff training registers to test whether staff were trained in the period under review.</p>	<p>No deviations noted.</p>
<p>8. Daily pension payments cases are created in the workflow system and exception reports associated with this process are reviewed prior to payments being made as part of the daily banking process.</p>	<p>A sample of pension payment cases in the workflow system were inspected to test that exception reports were reviewed prior to payments being made.</p>	<p>Deviations noted.</p> <p>For two (2) out of twenty (20) days sampled, the exception reports were not reviewed prior to payment being made as part of the daily banking process.</p> <p>Mitigating Control:</p> <p>Subject 9 Control 12: A daily exception report is generated to ensure that any pension payment exceeding the 10% pension payment cap has been cancelled before the banking is released.</p> <p>Refer to Appendix B for management response.</p>

Control	Tests Procedures	Results of tests
<p>9. Pooled omnibus bank accounts for the Superannuation Master Fund and Wrap Service are reconciled on a daily basis by accounting staff. Aggregated member bank account balances are compared against reported bank statement balances. Any identified issues are escalated to the responsible manager for resolution. All bank accounts are registered in the name of the product. Any discrepancies or reconciling items are followed up and cleared expeditiously.</p>	<p>A sample of bank accounts reconciliations for the Superannuation Master Fund and Wrap Service were inspected to test whether daily reconciliations were performed and reviewed, and any identified issues were escalated to the Investor Services Team. Obtained and inspected bank statements to test that all bank accounts were registered in the name of the product.</p>	<p>No deviations noted.</p>
<p>10. For Netwealth Superannuation, tax on withdrawals is automatically deducted by the system from a member's account based on type of withdrawal. There are security controls in place to restrict access and the ability of staff to alter any of the tax details stored and recorded in the system.</p>	<p>Inspected the configuration to test whether tax on withdrawals is automatically deducted by the system from the members' account based on type of withdrawal.</p> <p>For all users assigned with access to tax rates configuration details, including authorised users with full access, inspected configuration files to test whether their access was restricted as per job role and business requirement.</p>	<p>No deviations noted.</p>
<p>11. Confirmation letters are produced and forwarded to the member and adviser once the closure of account process is</p>	<p>A sample of account closures were inspected to test whether confirmation letters were issued to members and their advisers to confirm the completion of the closure process.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>completed in accordance with regulatory requirements.</p> <p>12. A daily exception report is generated and reviewed ensuring the correct pro-rata minimum pension payment has been made prior to the member exiting the Super Fund, and identifying any pension payment exceeding the maximum TTR 10% pension payment cap has been cancelled before the banking is released.</p>	<p>Inspected a sample of daily minimum exception reports to test whether pro-rata minimum pension payments were reviewed prior to the member exiting the Super Fund.</p> <p>Inspected a sample of daily maximum exception reports to test whether pension payments were reviewed to ensure pension payments exceeding the maximum TTR 10% pension payment cap was cancelled before the banking was released.</p>	<p>No deviations noted.</p>
<p>13. Redemption requests received via SuperStream are governed by timeframes stipulated within Superstream regulations. We adhere to these timeframes and report breaches to Compliance where these timeframes are exceeded. We ensure these timeframes are adhered to through checklists embedded into each SuperStream redemption which is processed.</p>	<p>For a sample of Superstream redemptions which are made in the current year, inspected the checklists in Netwealth's system to test whether the redemptions are processed in line with the stipulated timeframes.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
14. A morning redemptions report is run daily which monitors all clients with pending withdrawal requests to identify any that have sufficient available cash for their withdrawal/closure to be processed and prompt items required for further review.	Inspected a sample of the morning redemptions reports to ensure they have been appropriately run, actioned and reviewed.	No deviations noted.
15. Monthly withdrawal payment cases are created in the workflow system and exception reports associated with this process are reviewed prior to payments being made as part of the banking process.	A sample of monthly withdrawal payment cases in the workflow system were inspected to test that exception reports were reviewed prior to payments being made.	No deviations noted.

Subject 10

Member Deductions

Deductions from member accounts are authorised, calculated correctly, paid in a timely manner and reflected correctly in member accounts.

For **Netwealth** Superannuation, deductions are in accordance with Superannuation law and the Trust Deed (as amended); and in the case of the **Netwealth** Wrap Service, the IDPS Deed Poll.

Control objective

A process is undertaken twice a month to deduct administration fees, upfront and ongoing adviser fees and insurance premiums and commissions.

Overview

Administration and adviser fees are in accordance with the signed application, fee consent or fee renewal forms that correspond to the super Product Disclosure Statement or Wrap Service Disclosure Document (or as advised by subsequent changes requested by the member).

	Group insurance premiums are calculated and deducted in accordance with the PDS. For retail insurance the amount deducted is as advised by the insurer. Deductions in relation to tax are made at the time the transaction to which the tax relates is processed. Tax is calculated at the prevailing legislated rate.
GS 007 reference	B13 D6 D7 E5

Control	Tests Procedures	Results of tests
<p>1. When new fee arrangements are negotiated, or there are changes to existing fee arrangements, a review is undertaken to ensure the new fees entered into administration system by Netwealth administrators agree to the documented arrangements.</p> <p>Changes to fee arrangements (excluding fee renewals) processed by a Netwealth administrator are checked by a second Netwealth administrator via review of a daily exception report.</p>	<p>A sample of members were inspected to test whether new fee arrangements and changes to fee arrangements processed by a Netwealth administrator were reviewed by a second Netwealth administrator.</p>	<p>No deviations noted.</p>
<p>2. Fees and premiums deducted are reviewed for reasonableness each month. Comparisons are made to prior months, and a sample of members' fee calculations are test checked.</p>	<p>A sample of fee reasonableness reconciliations were inspected to test if comparisons were made to prior months, and a sample of members' fee calculations was test checked.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>3. Analysis is conducted quarterly to identify and review instances where advice fees charged to superannuation members are above thresholds agreed by Netwealth's Advice Fee Oversight Group. In these instances, information is sought from advisers to verify the services provided in respect of the fees and to obtain any other relevant information. As an outcome of the review, ongoing advice fees may be reduced, ceased and/or rebated.</p>	<p>A sample of quarterly analysis were inspected to test whether advice fees were reviewed and appropriate action taken where advice fees were found to be above agreed thresholds.</p>	<p>No deviations noted.</p>
<p>4. Fees are reconciled in total twice a month prior to being paid to advisers and Netwealth. Recipient Created Tax Invoices (RCTIs) produced are reconciled to the EFT file each time a payment is made.</p>	<p>A sample of fee reconciliations were inspected to test whether RCTIs produced were reconciled to EFT files.</p>	<p>No deviations noted.</p>
<p>5. Prior to any new fees being introduced to the Netwealth Platform a checklist is completed to ensure formal consideration of the potential legislative and system impacts.</p>	<p>Inspected the relevant current year and prior year product disclosure documents to test whether any new fees were introduced to the Netwealth Platform during the period.</p>	<p>This control could not be tested as there was no activity in the period.</p>
<p>6. Group Insurance premiums, fees and commissions are reconciled to the payment instructions. These reports are subsequently reviewed by the Senior Lead of Insurance or Manager of Insurance and Claims/Money Out</p>	<p>A sample of insurance premium payment were inspected to test whether these reconciled to details from insurers and were reviewed by the Senior Lead of Insurance or Manager of Insurance and Claims/Money Out.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>7. Increases to adviser fees submitted online are automatically processed after approval from the member online using their secure login and password or via a signed instruction.</p> <p>Advisers are also able to process fee changes (including increases to fees) online subject to them uploading fee consent documentation to the Netwealth Webapp. Validations in the Netwealth Webapp enforce that a document is uploaded before a fee change is made.</p>	<p>Observed the procedure of approving adviser fee increases submitted online to test that a valid username and password is required by the member to approve those changes.</p> <p>Observed the procedure of advisers processing fee changes online to confirm that a fee consent document was required for the fee update to be processed.</p>	<p>No deviation noted.</p>
<p>8. Withholding tax deducted from members' accounts is reconciled prior to payment to the ATO.</p>	<p>A sample of withholding tax reconciliations were inspected to test whether they were reviewed by an independent and authorised person.</p>	<p>No deviations noted.</p>

Subject 11	Client Reporting	
Control objective	Information reported to members and advisers is accurate and where produced for legislative purposes, is within the required timeframes.	
Overview	<p>There are two types of reporting:</p> <ol style="list-style-type: none"> 1. Reporting required to fulfil legislative requirements, e.g.; transaction confirmations, periodic statements, and 2. Reporting that provides additional information to members and advisers <p>All reporting is sourced from the member administration system. As noted throughout this document, there are a series of controls, reconciliations, checks and balances that safeguard the integrity of the data stored and subsequently reported.</p> <p>Each year, the statements are reviewed by the Compliance team to ensure all disclosures made are in accordance with the law, and to advise if there are any disclosure omissions.</p>	
GS 007 reference	A18 B11 B20 D15 E15 E16 F17	
Control	Tests Procedures	Results of tests
1. Wrap Service members who are classified as not having online or website access to their account are sent quarterly reports in accordance with ASIC Class Order CO 13/763. All Wrap Service members receive an annual statement reports in accordance with ASIC Class Order CO 13/763. A sample of all documents produced are reviewed and checked back to the administration system prior to being dispatched. A	For a sample of Wrap Service members accounts with no online or website access, inspected e-mail communication to member with attached statement to test whether quarterly reports were produced and forwarded to these members. Inspected a sample of quarterly reconciliations to test whether reconciliations between number of documents produced and number of documents mailed was performed and any discrepancies were followed up.	No deviations noted.

Control	Tests Procedures	Results of tests
<p>reconciliation is performed between total documents produced and the number of documents mailed and emailed.</p> <p>2. Netwealth Superannuation members receive an annual statement as per the Corporations Act. A sample of all documents produced are reviewed and checked back to the administration system prior to being dispatched. A reconciliation is performed between total documents produced and the number of documents mailed and emailed.</p>	<p>A sample of Superannuation Master Fund member accounts were inspected to test whether annual statements were produced and notified to these members in accordance with the regulatory requirement.</p> <p>Inspected a sample of annual reconciliations to test whether reconciliations between number of documents produced and number of documents mailed was performed and any discrepancies were followed up.</p>	<p>No deviations noted.</p>
<p>3. Monthly statements for Wrap Service investors are sent in accordance with the Corporations Act confirming certain transactions as prescribed by law. A sample of all documents produced are reviewed and checked back to the administration system prior to being dispatched. A reconciliation is performed between total documents produced and the number of documents mailed and emailed.</p>	<p>A sample of monthly statements for Wrap member accounts were inspected to test whether these were produced and forwarded to members as prescribed by law.</p> <p>Inspected a sample of monthly reconciliations to test whether reconciliations between number of documents produced and number of documents mailed was performed and any discrepancies were followed up.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>4. Portfolio Reports include investments in both managed funds and listed securities. These are priced using data sourced from external providers.</p> <p>ASX listed security prices are updated every 10 minutes during trading hours, and international listed securities are priced at 10am each business day.</p> <p>Managed funds are priced via an overnight feed from a third-party data provider (where available) alternatively the last available prices are sourced directly from fund managers periodically.</p>	<p>A sample of investments were inspected to test whether investments in both managed funds and listed securities were priced using data sourced from external service providers.</p> <p>A sample of alerts for daily price feeds were inspected to test the timeliness of the review and any deviations were investigated.</p> <p>A sample of monthly workflow cases were inspected to test whether manually priced assets were reviewed and updated (where possible) based upon latest information available.</p>	<p>No deviations noted.</p>
<p>5. The payment of fees occurs twice per month (by the 13th and 25th calendar day of each month, or business day prior if 13th or 25th falls on a weekend or public holiday). For the end of month fee run, Product Accounting publishes a fee schedule listing the activities/tasks that each team needs to perform in order for Netwealth to meet the payment deadline. Details of tasks to be completed are communicated to the relevant teams in line</p>	<p>For a sample of months, inspected the checklist as prepared by Product Accounting to test whether payment of fees is tracked to ensure deadlines are met.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
with prescribed deadlines (13th, 25th) to enable timely processing.		

Subject 12	
Control objective	All identified complaints and errors are handled in accordance with the Complaints Handling Policy; and that no member is disadvantaged after the rectification of any error.
Overview	<p>A Complaints and Error Handling policy exists and is available to all staff.</p> <p>A Complaints and Errors Register is maintained. All identified complaints and errors are recorded in the register. The register contains all pertinent details including the parties affected, a description of the incident, how and when it was resolved, any financial cost to Netwealth, whether it is systemic, and whether it was reported to any of the regulators.</p> <p>If applicable, compensation adjustments are approved by a manager prior to being credited to the members' account.</p>
GS 007 reference	A16 B17 D12 E13 F15

Control	Tests Procedures	Results of tests
1. The Complaints and Error Handling policy is reviewed annually by Compliance staff, senior management and the Board.	Obtained and inspected the Complaints and Error Handling Policy to test whether the Board has reviewed and approved this policy at least on an annual basis.	No deviations noted.
2. The Complaints and Errors Report is produced monthly and submitted to the Compliance and Risk Management Committee for review.	A sample of monthly Compliance and Risk Management Committee minutes were inspected to confirm whether Complaints and Errors were reviewed by the committee.	No deviations noted.
3. Formal complaints made are acknowledged to the complainant within the time frame specified in the	A sample of complaints were inspected to test whether these were acknowledged in writing within the required timeframes specified in the Complaints and Error Handling Policy.	No deviations noted.

Control	Tests Procedures	Results of tests
Complaints and Error Handling policy and in accordance with the laws.		
4. In the formal complaint responses issued by Netwealth to members, they are also advised of the external dispute resolution options available to them. Written complaint responses are subject to quality review by a second staff member prior to being sent.	A sample of complaints were inspected to test whether in the communication provided to members that the external dispute resolution options are clearly highlighted per the acknowledgement communication.	No deviations noted.
5. Compensation adjustment calculations are prepared by competent staff and subject to review by an independent authorised person. A set of consistent principles is applied to the calculation of any adjustments.	A sample of compensation adjustments were inspected to test whether a consistent set of principles have been applied to adjustment calculations and these calculations were reviewed by an independent and authorised person.	No deviations noted.
6. All compensation adjustments are confirmed to the member or adviser.	A sample of compensation adjustments, inspected written notifications to test whether member and/or adviser were provided with compensation adjustments for confirmation.	No deviations noted.
7. Meetings are held monthly after the completion of the complaints and error report to discuss areas of concern, system defects and improvement opportunities.	A sample of monthly meetings minutes were inspected to test whether team leaders reviewed the complaints and error reports to discuss areas of concern, system defects and improvement opportunities.	No deviations noted.

Subject 13	Information Technology – System Access	
Control objective	<p>Only authorised persons are granted access to Netwealth network and systems (Appian, Acurity, Netwealth Webapp, Custody System) and related infrastructure layer, operating system layer and supporting tools. Those persons are only granted permissions required for them to perform their role.</p>	
Overview	<p>When a new employee starts or transfers between departments, the IT department is notified. They are informed of the role and create network user accounts in order for the various system logins and passwords to be created.</p> <p>Conversely, when an employee ceases employment, network and system access is revoked.</p> <p>Regular reviews of users and their permissions are undertaken.</p> <p>System access passwords are forcibly required to be changed at regular intervals.</p> <p>Firewalls, intrusion detection and other threat protection software are in place to prevent unauthorised access to systems and software.</p> <p>The physical IT equipment is maintained in a controlled environment with access is restricted to authorised individuals</p>	
GS 007 reference	G1 G2 G3 G5 G6	
Control	Tests Procedures	Results of tests
<p>1. For commencing employees, a notification is produced by the People & Culture team through ELMO which includes a task to advise IT, payroll and office services of the employee's details.</p>	<p>For a sample of new employees during the period, tickets logged on the ticketing system were inspected to test whether the employee IT requirements were approved by a manager.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>2. For terminating employees, a notification is produced by People & Culture team which includes a task to advise IT, payroll and office services of the exit and a requirement to remove access.</p>	<p>A sample of terminated employees accounts were inspected to test whether the system access was removed by the IT Team on or before the employees' last day of employment.</p>	<p>Deviations noted: Terminated user accounts not disabled in a timely manner. Three (3) out of ten (10) sampled terminated users accounts were not disabled in a timely manner. One (1) out of ten (10) sampled terminated users still had active access post termination date. Exposure check: None of the sampled terminated users accounts were logged into post termination date. Refer to Appendix B for management response.</p>
<p>3. Users are granted access to a role relevant to their team and role in the business. These roles are predefined</p>	<p>For a sample of new employees during the period, access permissions were inspected to test whether the access rights to applications were in line with users' job responsibilities.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>4. Quarterly reviews of privileged users are conducted by Compliance and annual reviews of all other users are completed by Executives. All modifications to user access are approved by an authorised person.</p>	<p>Inspected a sample of the quarterly ticketing system tickets raised for the extraction of user listings to test whether the outcome of the quarterly and annual User Access Reviews is added to the service management ticket, a complete and accurate listing of active users was reviewed, and the review was performed by the appropriate Netwealth personnel.</p> <p>Inspected a sample of service request tickets raised as a result of the review to test whether any corrections raised as part of the quarterly entitlement review were logged in the service management tool and appropriately actioned.</p>	<p>Deviation noted: The population of users reviewed was not retained, as a result we were not able to validate the completeness and accuracy of the user listings reviewed.</p> <p>Mitigating control: Subject 13, Control 1: For commencing employees, a checklist is produced by the People & Culture manager for the employees' manager which includes a task to advise IT of the employee's details, and what base systems are required.</p> <p>Refer to Appendix B for management response.</p>
<p>5. Production servers, core network infrastructure and communications equipment are housed in secure facilities with access restricted only to Infrastructure and IT Service Delivery. Access is pre-authorised by the</p>	<p>Inspected that the servers, network infrastructure and communications are stored in a third-party data centre which is only accessible by IT staff, and authorised individuals as approved by IT.</p>	<p>Deviation noted. We noted that (1) generic account had its password parameter value, set to never expire. The account has since been disabled on 09 June 2023.</p>

Control	Tests Procedures	Results of tests
<p>Technology Operations management team and logged. Systems logs are reviewed monthly by the Technology Risk team.</p>	<p>Inspected a sample of the access logs to test whether the review of the access logs was performed by appropriate team, outcome of the review documented, and any action items tracked and resolved.</p>	<p>Refer to Appendix B for management response.</p>
<p>6. Only IT Service Delivery staff grant permission rights for privileged access and systems, subject to the relevant approvals by the relevant Executive Team member, including live production systems/servers. .</p>	<p>Inspected that the permission rights on servers, applications, and databases were only granted by IT Operations staff and a number of senior business users.</p> <p>Inspected the annual internal review report produced by management and checked that it included an analysis of system activities performed by senior business users for the year, and that the independent management review included testing of a sample of transactions to confirm they had been conducted appropriately, in accordance with business requirements and policies.</p>	<p>No deviations noted.</p>
<p>7. Transactions performed in Acurity by senior business users holding privileged Acurity access are reviewed on a quarterly basis by Netwealth's Legal, Risk & Compliance team.</p>	<p>Obtained and inspected quarterly reports to test that Acurity transactions performed by senior business users with privileged access was reviewed by Legal, Risk & Compliance team on a quarterly basis.</p>	<p>No deviations noted.</p>
<p>8. Firewalls, intrusion detection and other threat protection software are in place to prevent unauthorised access to systems and software. The software is</p>	<p>Inspected that firewalls, intrusion protection and threat protection software are in place to prevent unauthorised access to systems and software.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
<p>monitored for alerts based on severity, with critical alerts addressed, logged and tracked through the ticketing system.</p>		
<p>9. Penetration tests are conducted by external parties to the organisation at least annually Key IT staff that may be impacted by the tests are given advance notice. The results of the penetration tests and vulnerability scans are provided to the second line risk and compliance team and to the Audit Committee. Critical items identified by the penetration tests are addressed and tracked to completion through the ticketing system.</p>	<p>Obtained and inspected the external penetration review to test whether ethical hacks were performed by external parties to the organisation and the penetration review was communicated to the Board, Audit Committee and senior IT staff.</p> <p>Inspected the outcome of the review to test whether critical items noted are logged on the ticketing system for tracking and resolution.</p>	<p>No deviations noted.</p>
<p>10. Authentication mechanisms are implemented and required for all applications and systems, and are configured as per industry standards and Netwealth Policy.</p>	<p>Obtained and inspected configuration that the identity of users is authenticated to the applications and systems through passwords or other authentication mechanisms.</p>	<p>Deviation noted: SQL Logjin accounts not enforcing password parameters</p> <p>We noted that one (1) out of five (5) active SQL logins is not set up to enforce</p>

Control	Tests Procedures	Results of tests
		<p>password parameters such as minimum password parameters and complexity.</p> <p>Refer to Appendix B for management response.</p>

Subject 14 Information Technology – Business Continuity Plan and Disaster Recovery Plan (BCP and DRP)

To ensure any recovery from a business interruption to Netwealth systems (Appian, Acurity, Zendesk, CHAMP, Austraclear, Netwealth Webapp, Custody System and the Network) is timely, and with a minimum of inconvenience to clients.

To ensure the integrity of all recovered financial and standing data.

In the unlikely event of an unplanned business interruption, a plan exists to assist the recovery to full operational mode. Systems and data are regularly backed up. Backed up copies of data and systems are stored offsite. Facilities are available to implement the recovery in the event of any issue.

Software is installed that monitors key operating systems and provides alerts when there is an interruption.

Scheduled tasks to automatically perform administrative tasks within the system are authorised and scheduled appropriately and any exceptions for high priority tasks are identified and resolved in a timely manner.

G4 G9 G10 G11

GS 007 reference

Control	Tests Procedures	Results of tests
1. The BCP/DRP policy is reviewed and approved annually by the Board of Directors.	Obtained and inspected the BCP and DRP policies to test whether the Board has reviewed and approved these policies at least on an annual basis and the policy is accessible from the group intranet.	No deviations noted.
2. There is a schedule of system backups that is performed. The cycle includes daily, weekly, monthly and annual. Media containing the backup is stored offsite.	Observed and inspected that daily, weekly, monthly and annual backups were performed and maintained offsite.	No deviations noted.
3. System backups are monitored for successful execution and failures are escalated and corrected to ensure data is usable and available for retrieval and restoration if needed.	Observed and inspected that status of backups are being monitored by an appropriate personnel and failures are escalated and corrected.	No deviations noted.
4. The DRP is tested annually. A planned and coordinated test, including recovery of data and systems from backups is performed offsite. A report on DRP is provided to the board. BCP is tested quarterly via simulation exercises with key stakeholders, and results and actions arising from these exercises are documented.	Inspected the quarterly sampled simulated BCP test and the annual test reports to test whether the BCP and DRP were tested, documented and that the BCP/DRP report was communicated to senior management.	No deviations noted.

Control	Tests Procedures	Results of tests
<p>5. Key IT personnel receive automated alerts via a notification system (which may include text, email and mobile application alerts) when key systems – including the platform - are non-responsive. Technology Operations Team are able to review and diagnose any issues remotely. Certain alerts are automatically logged in the ticketing system and are tracked to resolution.</p>	<p>Inspected the system configuration of the dedicated mobile application to test whether alerts are sent to the IT team when system errors are identified.</p>	<p>No deviations noted.</p>
<p>6. Access to make updates to the batch job schedulers (which exist in the Netwealth WebApp and Acurity only) is restricted to IT Service Delivery, Infrastructure and DevOps staff.</p>	<p>Inspected the list of users with access to make updates to the batch job scheduler to test whether access is restricted to authorised users only.</p> <p>Inspected the user access reviews performed during the audit period to test whether access to make updates to the batch job scheduler was restricted to authorised users throughout the entire audit period.</p>	<p>No deviations noted.</p>
<p>7. Updates to the batch job scheduler in WebApp and Acurity are approved via the ticketing system prior to the change being implemented.</p>	<p>Inspected a sample of updates to the batch job scheduler to test whether the updates were approved via the ticketing system prior to implementation.</p>	<p>No deviations noted.</p>
<p>8. Critical jobs are configured to automatically alert approved IT users should they fail.</p>	<p>Inspected the system configuration to test whether automated alerts are set up to notify approved IT users in the event of failure.</p>	<p>No deviations noted.</p>

Control	Tests Procedures	Results of tests
9. Any critical job failures that occur are tracked and resolved in a timely manner by IT users through the ticketing system.	Inspected a sample of automated failed batch job alerts to test whether tickets were logged on the ticketing system for tracking and resolution in a timely manner.	No deviations noted.

Subject 15

Information Technology – Applications Software Development

Control objective

All changes to applications software systems (Appian, Acuity, Netwealth Webapp, Custody System and Network) related infrastructure, operating system and supporting tools are documented appropriately, authorised, tested, approved, and deployed.

To improve the website for clients and advisers, implement operational efficiencies, and comply with regulatory change, frequent changes to Netwealth’s systems are required. Proposed changes are reviewed and assessed in terms of their importance to the business and the degree of complexity involved. Once prioritised, they follow an iterative, agile development process of specification, development, quality assurance, user acceptance testing and implementation.

Overview

Major items are deployed to the live environment in a controlled manner out of normal business hours. Items that do not impact the functionality of the live environment can be deployed during normal business hours.

Items that are deemed to be business critical and require a more immediate solution are treated as a “critical patch”. This entails a faster progression through the system.

Subject 15

Information Technology – Applications Software Development

For larger and more complicated projects, agile product management tools are used to assist in the management and deployment of changes to applications and software.

Data migration or modifications during the period (if any) are authorised, tested and once performed, reconciled back to the source data.

GS 007 reference G7 G8

Control	Tests Procedures	Results of tests
1. All system changes/enhancements are submitted via a ticketing system (Jira).	A sample of defects or change requests were inspected to test whether these requests were assessed and approved in the ticketing system. Observed that the comments/action points from the meetings were updated in the system against the corresponding change requests during the fortnightly meetings.	No deviations noted.
2. All change requests follow Netwealth's agile software development process and go through a testing regime prior to deployment to the live environment.	A sample of change requests were inspected to test whether these were tested prior to their deployment into the live system.	No deviations noted.
3. Access to implement changes into the application production environment is	Obtained and inspected application access lists to test that access to implement changes into the application production environment is restricted to appropriate individuals and segregated from development access.	Deviation noted: Appian

Control	Tests Procedures	Results of tests
<p>controlled and initiation is restricted to appropriate individuals.</p>		<p>It was noted that one developer has unrestricted access to develop and deploy changes into production.</p> <p>Acurity, Webapp and New Custody have inappropriate configuration setting on change migration tool.</p> <p>We noted the configuration within Azure DevOps, which is used to migrate changes into production was not appropriately set up to restrict developers migrating their own changes.</p> <p>Mitigating control:</p> <p>Subject 15, Control 5: Management review of the Azure DevOps and Appian change logs annually to confirm that no unauthorised changes were deployed into the Acurity, Appian and Netwealth Webapp production environment.</p> <p>Refer to Appendix B for management response.</p>

Control	Tests Procedures	Results of tests
<p>4. Management review of the Azure DevOps and Appian change logs is reconciled to the ticketing system to confirm that no unauthorised changes were deployed into the Acurity, Netwealth WebApp, Custody and Appian production environment.</p>	<p>Obtained and inspected the Azure Dev Ops and Appian change logs review performed to test whether the reviews included a complete and accurate listing of changes made during the period under review.</p> <p>Inspected the reviews performed to test whether the outcome of the review was documented, approved by appropriate management and any action items addressed in a timely manner.</p>	<p>No deviations noted.</p>
<p>5. Management perform an annual review of the tax rate details table in Acurity to ensure no unauthorised changes have been made.</p>	<p>Obtained and inspected the annual review to test whether the review performed included a complete and accurate listing of changes made during the period under review.</p> <p>Inspected the reviews performed to test whether the outcome of the review was documented, approved by appropriate management and any action items addressed in a timely manner.</p>	<p>No deviations noted.</p>

Information Technology – Subservice organisations	
Subject 16	Appointment of vendor organisations, including those providing IT services, are approved, vendor organisations are managed in accordance with the requirements of the client agreement and their activities are adequately monitored.
Control objective	Penetration testing, Data centre services and application support are outsourced to third party organisations. The services provided by these third-party organisations are regulated via Contracts and/or Service Level Agreements (SLAs). SLAs are monitored and reviewed periodically.
GS 007 reference	G13
Control	Tests Procedures
1. Data centre services are outsourced to Next DC and Interactive. The services provided by Next DC and Interactive are governed via SLAs.	Obtained and inspected a contract signed between Netwealth and respectively Vocus Communications and Interactive for the Data Centre services provided. Inspected the sampled quarterly meeting minutes to test that regular meetings are held with both NextDC and Interactive
2. SOC reports are obtained from Appian and Microsoft Azure annually and reviewed by management.	Obtained and inspected evidence of the review to test whether the review of the Third-party service provider SOC1 report was performed for Microsoft Azure and Appian.
	Results of tests
	No deviations noted.
	No deviations noted.

Subject 17

Asset administration

Control objective

Assets are established and amended in accordance with agreed procedures, and pricing of assets is monitored effectively.

New assets made available to members and investors must be established within the administration system in accordance with agreed procedures. Where the assets are to be made available to members in the Fund, the asset must be also be configured to correctly reflect the appropriate Trustee investment classification and limits. Cases are created within the workflow system to substantiate all instances where approval is required:

- ASX securities can be added upon listing (or upon request) without approval.
- Requests to increase the limit for ASX securities (above the default limit for that security type) are subject to review and approval
- All requests for additional Managed funds and unlisted investments are subject to review and approval (unless the assets are compulsorily acquired as an outcome from a Corporate Action)
- International securities that are not included on the 'international securities approved list' are subject to review and approval
- Establishment of Term Deposits is not subject to approval

Overview

Automated daily price feeds are received each day for the majority of assets. Email alerts are generated to highlight any deviations with the pricing feeds. Investment Operations are responsible for investigating and resolving any deviations.

Assets not included in the automated daily price feeds are considered in the monthly manual pricing process, whereby Investment Operations seeks to source and update prices for these assets based upon the latest available information.

Where Netwealth administers managed fund rebate arrangements on behalf of licensees, model managers or private label model managers, payment requests are sent to fund managers and once received, are credited to client accounts. Rebated amounts for clients that are no longer on the platform are refunded to the Fund Manager.

Subject 17		
Asset administration		
GS 007 reference	A13 B12 E9	
Control	Tests Procedures	Results of tests
1. New assets are established in the administration system in accordance with agreed procedures.	Inspected a sample of new asset approval cases in the workflow system to test whether new assets established and/or amended were approved in accordance with agreed procedures, and that the assets were correctly classified in a manner consistent with the Trustee's investment guidelines (where applicable).	No deviations noted.
2. Where assets are made available in the Fund, they are correctly classified in accordance with the Trustee's investment guidelines.	A sample of new asset requests made available in the fund were inspected to test whether these assets were correctly classified in a manner consistent with the Trustee's investment guidelines.	No deviations noted.
3. Alerts for daily price feeds are reviewed in a timely manner and any deviations are investigated.	A sample of alerts for daily price feeds were inspected to test the timeliness of the review and any deviations were investigated.	No deviations noted.
4. Manually priced assets are reviewed each month and updated (where possible) based upon latest available information.	A sample of monthly workflow cases were inspected to test whether manually priced assets were reviewed and updated (where possible) based upon the latest information available.	No deviations noted.

Control	Tests Procedures	Results of tests
<p>5. When Netwealth agrees to facilitate a new rebate agreement or amends an existing rebate agreement between a fund manager and licensee / model manager or private label model manager, the arrangement is reviewed and approved in the system by a second administrator or manager prior to becoming active.</p>	<p>A sample of new and amended managed fund rebate agreements were inspected to test whether they were reviewed and approved in the system by a second administrator or manager prior to becoming active.</p>	<p>No deviations noted.</p>
<p>6. Where Netwealth administers managed fund rebate arrangements between fund managers, model manager, private label and licensees on a quarterly basis, these are approved by a second staff member prior to sending payment requests to fund managers. Rebates received are credited to client accounts.</p>	<p>A sample of quarterly managed fund rebates were inspected to test whether rebates were approved by a second administrator prior to sending payment requests to fund managers. Rebate amounts received from fund managers are credited to client accounts.</p>	<p>No deviations noted.</p>

<p>Subject 18</p>	<p>Administration of the Managed Accounts Service</p>
<p>Control objective</p>	<p>The Managed Accounts service is administered in accordance with agreements with model managers, the Managed Account Product Disclosure Statement, and in accordance with agreed procedures.</p> <p>Through Netwealth's Managed Accounts service, investors and members can elect to invest in one or more model portfolios managed by retail and/or private label investment managers.</p> <p>The Managed Accounts team is responsible for administering the models made available to investors, including updating the model weights based upon instructions received from the model managers.</p> <p>The Managed Accounts team is responsible for executing the daily rebalancing process, whereby each member and investor's managed account is reviewed against its target allocation to determine if any asset trades are required to keep it aligned with the model weights. Any resulting orders must be lodged with brokers (for listed securities) and fund managers (for managed funds).</p> <p>Each month, the Managed Accounts team conducts a review to verify that each model's weights are within the limits defined in each model's investment mandate.</p>
<p>GS 007 reference</p>	<p>A13 B5 B15 B16 B19 E12 E14</p>

Control	Tests Procedures	Results of tests
<p>1. Changes to Managed Model investment allocations are implemented based only on validly authorised instructions from Model Managers. Checks are performed to ensure the Managed Model allocation changes are processed in line with the approved model mandate.</p>	<p>A sample of model change requests were inspected to test whether the changes were substantiated by requests from model managers and were subject to review against the investment mandate. Where model change requests were performed by Netwealth administrators, it was tested that the transactions were reviewed and approved by a second authorised user through inspection of the transaction history on the Netwealth Webapp.</p>	<p>No deviations noted.</p>
<p>2. Managed Model investment allocations are assessed against their respective investment mandates on a monthly basis. Any identified issues are escalated to the Investment Committee for review.</p>	<p>A sample of model mandate reports were inspected to test whether the models had their current allocations reviewed against their defined investment mandate, and evidence of the monthly mandate reviews were stored within workflow case items.</p>	<p>No deviations noted.</p>
<p>3. Managed Accounts clients are reviewed for rebalancing each business day. On any business day that clients are not reviewed for rebalancing the Investment Committee is notified. Where rebalancing occurs, it is executed and quality checked in accordance with agreed procedures. Listed securities orders originating from the rebalance are appropriately authorised by Netwealth signatories.</p>	<p>A sample of managed accounts rebalancing results were inspected to test whether the rebalance was generated, reviewed, approved and implemented in accordance with agreed procedures.</p>	<p>No deviations noted.</p>

Subject 19	Custody
Control objective	<p>The Netwealth Custody department is appropriately segregated from Investment Operations, and the necessary system and access controls are in place to ensure assets are administered in accordance with agreed procedures and are safeguarded from loss and misappropriation.</p>
Overview	<p>Netwealth performs self-custody for managed funds, term deposits and ASX Listed Securities held by Super and Wrap members. The Custody department is responsible for providing purchase, redemption and settlement instructions to the ASX, fund managers, registries, and financial institutions.</p> <p>Custody's client is Netwealth's Investment Operations team. Investment Operations are responsible for processing and monitoring investment-related transactions applied to underlying member accounts in the administration system (Acurity).</p> <p>Investment Operations collate and prepare instructions for Custody in respect of ASX settlements, managed fund purchases and redemptions, term deposit purchases, corporate actions and in-specie transfers.</p> <p>Authorised Custody staff are responsible for reviewing and approving instructions prepared by Investment Operations, and submitting them to fund managers, registries and financial institutions for execution and/or settlement.</p> <p>System permissions are in place to reflect and enforce the segregation of duties.</p> <p>Netwealth engages a sub-custodian (CitiBank) for international securities held by Super and Wrap members, who are responsible for settling transactions, collecting dividends and providing information relating to corporate actions.</p>
GS 007 reference	A3, A5, A10, A14, A17

Control	Tests Procedures	Results of tests
1. Segregation of duties between Custody and Investment Operations staff is appropriately enforced within key systems.	Inspected the access permissions of staff within key systems to ensure responsibilities are appropriately segregated. Observed that staff access permissions to key systems are appropriately enforced by restricting/enabling the staff member access as appropriate.	No deviations noted.
2. Settlement instructions for all ASX listed securities transactions are collated by Investment Operations and provided to Custody to approve and release settlement using the CHAMP system.	A sample of daily ASX settlement instructions were inspected to test whether they were collated and provided by Investment Operations and appropriately authorised by Custody in the CHAMP system.	No deviations noted.
3. Instructions to purchase and redeem managed funds are aggregated and approved by authorised Custody staff each business day, and then lodged with fund managers.	A sample of daily managed fund instructions were inspected to test whether they were appropriately authorised by Custody and then lodged with fund managers.	No deviations noted.
4. Instructions to purchase term deposits are aggregated and approved by authorised Custody staff once each week, and are then lodged with financial institutions.	A sample of term deposit instruction cases were inspected to test whether aggregated purchase instructions were approved by appropriately authorised Custody staff, and that signed instructions were lodged with financial institutions.	No deviations noted.

Control	Tests Procedures	Results of tests
<p>5. Instructions to participate in Corporate Actions are prepared by Investment Operations and approved by authorised Custody staff.</p>	<p>A sample of corporate actions requests were inspected to test whether the instructions to participate in corporate actions are prepared by Investment Operations, approved and appropriately authorised Custody.</p>	<p>No deviations noted.</p>
<p>6. Requests to in-specie transfer assets into or out of the platform are prepared by Investment Operations and approved and executed by authorised Custody staff.</p>	<p>A sample of in-specie transfer requests were inspected to test whether the requests to in-specie transfer assets into or out of the platform are prepared by Investment Operations, approved and appropriately authorised Custody.</p>	<p>No deviations noted.</p>
<p>7. Appointments of subservice organisations, including sub-custodians, are subject to Board and Trustee approval. Where applicable, the appointment is made in accordance with Netwealth's Outsourcing and Supplier Management Policy, and any applicable Prudential Standards.</p>	<p>Inquired with management and inspected minutes of the Board meetings of Directors to identify if there are any new subservice organisations appointed during the period.</p>	<p>This control could not be tested as there was no activity in the period.</p>

Control	Tests Procedures	Results of tests
<p>8. Netwealth monitors the performance of its sub-custodian (Citi) through quarterly review meetings with Citi, and receipt of periodic compliance reports and GS 007 control reports from them.</p>	<p>Inspected a sample of quarterly review meeting agendas, minutes and satisfaction reports to test whether Netwealth met with Citibank to monitor their performance.</p> <p>Obtained and inspected a sub-custodian's third-party assurance report and compliance report from Citibank to test that the third-party assurance reports for Citibank was reviewed by a management.</p>	<p>No deviations noted.</p>
<p>9. Asset reconciliations are performed monthly by the Custody team to identify and resolve discrepancies between asset holdings held with the Fund Manager and Netwealth's holding in Custody</p>	<p>A sample of reconciliations for managed funds and unlisted assets were inspected to test whether weekly reconciliations were performed and any identified issues were investigated.</p>	<p>No deviations noted.</p>

Appendix A – GS 007 Mapping

GS 007 Reference Table

The following table is provided to assist users in referencing the control objectives as specified in *Appendix 3 of Guidance Statement GS007 Audit Implications of the Use of Service Organisations for Investment Management Services* with the controls and tests as described in this report as they relate to the **Netwealth** platform.

Appendix 3 Section	Control Objective Reference	Report Page Number
Custody		
Accepting clients	A1	23, 26
	A2	23, 26
Authorising and processing transactions	A3	26, 29, 86
	A4	29
	A5	36, 88
	A6	29
Maintaining financial and other records	A10	23, 43, 88
	A11	43
	A12	39
	A13	29, 84, 86
Safeguarding assets	A14	88
	A15	29
Monitoring compliance	A16	68
Monitoring subservice organisations	A17	29, 88
Reporting	A18	64
Asset Management		
Accepting clients	B1	23, 26
	B2	23, 26
Authorising and processing transactions	B3	26, 29
	B4	29

	B5	29, 86
	B6	36
	B7	50, 54
Maintaining financial and other records	B8	23, 26
	B9	43
	B10	39
	B11	64
	B12	29, 84
	B13	61
Safeguarding assets	B14	29
	B15	29, 86
Monitoring compliance	B16	29, 86
	B17	68
Monitoring subservice organisations	B19	29, 86
Reporting to clients	B20	64
Superannuation Administration	Member	
Accepting clients	D1	23, 26
	D2	23, 26
Authorising and processing transactions	D3	26, 50
	D4	54
	D5	29
	D6	46, 54, 61
	D7	61
Maintaining member records	D8	43
	D9	39
Safeguarding assets	D10	23
Monitoring compliance	D11	50
	D12	68
	D13	54

Reporting to clients	D15	64
Investment Administration		
Accepting clients	E1	23, 26
	E2	23, 26
Authorising and processing transactions	E3	29
	E4	36
	E5	61
Maintaining financial and other records	E6	43
	E7	43
	E8	39
	E9	29, 84
	E10	50, 54
	E11	26
	E12	26, 29, 86
Monitoring compliance	E13	67
Monitoring subservice organisations	E14	29, 86
Reporting to clients	E15	64
	E16	64
Taxation	E17	39
	E18	39
	E19	39
	E20	39
Registry		
Accepting clients	F1	23
	F2	23
Authorising and processing transactions	F3	50, 54
	F4	50, 54
	F5	50, 54
	F6	50

	F7	54
Maintaining financial and other records	F10	23
	F11	43
	F13	50
Safeguarding assets	F14	26
Monitoring compliance	F15	68
Taxation	F18	39
Information Technology		
Restricting access to systems and data	G1	70
	G2	70
	G3	70
Safeguarding assets	G5	70
	G6	70
Maintaining and developing systems hardware and software	G7	70
	G8	79
Recovering from processing interruptions	G4	75
	G9	75
	G10	75
	G11	75
Monitoring subservice organisations	G13	82

Appendix B – Other Information provided by the Service Organisation that does not form part of Deloitte Touche Tohmatsu’s Opinion

The information included in this Section of the report is presented by Netwealth to provide additional information to customers and is not part of the Netwealth’s description of the system nor the Service Auditor’s Assurance Report.

The information included in this Appendix has not been subjected to the test procedures performed by the service auditor as detailed at pages 22 to 91 accordingly, Deloitte Touche Tohmatsu does not express an opinion on it.

Management’s response to deviations noted:

Control Reference	Control Activity	Deviation Noted	Management Response
Subject 4, Control 7	Where the corporate action is for additional securities, after the allotment of those additional securities, a reconciliation of the ‘new’ holding is performed.	Reconciliation of the ‘new’ holding was not performed after the allotment of additional securities. In 1 out of the 15 samples tested, reconciliation of the ‘new’ holding was not performed after the allotment of additional securities. Mitigating Control: Subject 2 Control 2 and Subject 3 Control 4: ASX listed securities holdings are reconciled to CHAMP (Netwealth’s interface to CHESSE) daily.	In this instance, we acknowledge the correct evidence was not uploaded to the workflow case. Notwithstanding this, we confirm the security continued to be reconciled (via our daily reconciliation process) from the date of the corporate action onwards.

Control Reference	Control Activity	Deviation Noted	Management Response
Subject 6, Control 2	Investor Services team run weekly data validation reports for member detail changes. Any exceptions identified in the data validation process are investigated (based on the relative criticality of the items) and will remain present on the weekly exception report until resolved.	<p>Weekly data validation report was not run.</p> <p>For three (3) sampled weeks there was no evidence that the weekly data validation report was run.</p> <p>Mitigating Control:</p> <p>Subject 6, Control 6: Once all changes to investor details or bank details have been completed in line with client changes instructions, confirmation letters are produced and forwarded to the member and adviser in accordance with business rules.</p>	We acknowledge evidence could not be provided for the instances highlighted. We confirm any outstanding exceptions were automatically identified and included within the next exception report cycle.
Subject 9, Control 8	Daily pension payments cases are created in the workflow system and exception reports associated with this process are reviewed prior to payments being made as part of the daily banking process.	<p>Exception reports were not reviewed prior to payment being made as part of the daily banking process.</p> <p>For two (2) out of twenty (20) days sampled, the exception reports were not reviewed prior to payment being made as part of the daily banking process.</p> <p>Mitigating Control:</p> <p>Subject 9, Control 12: A daily exception report is generated to ensure that any pension payment exceeding the 10% pension payment cap has been cancelled before the banking is released.</p>	We acknowledge the workflow cases were not approved in a timely manner for the two days in question. Notwithstanding this, we confirm pension payments are reviewed by at least two authorised persons each day as part of the broader banking approval process prior to payments being made.

Control Reference	Control Activity	Deviation Noted	Management Response
Subject 13, Control 2	For terminating employees, a notification is produced by People & Culture team which includes a task to advise IT, payroll and office services of the exit and a requirement to remove access.	<p>Terminated user accounts not disabled in a timely manner</p> <p>Three (3) out of ten (10) sampled terminated users accounts were not disabled in a timely manner.</p> <p>One (1) out of ten (10) sampled terminated users still had active access post termination date.</p> <p>Exposure check:</p> <p>None of the sampled terminated users accounts were logged into post termination date.</p>	<p>The IT Service Delivery Team have been instructed to follow the existing termination process and this will be reinforced via Weekly Team or 1 on 1 catch-ups.</p> <p>Automation solutions will be investigated to determine if they are feasible.</p> <p>Target Date: June 2024</p>
Subject 13, Control 4	Quarterly reviews of privileged users are conducted by Compliance and annual reviews of all other users are completed by Executives.	<p>Population of users reviewed not retained</p> <p>The population of users reviewed was not retained, as a result we were not able to validate the completeness and accuracy of the user listings reviewed.</p> <p>Mitigating Control:</p> <p>Subject 13, Control 1: For commencing employees, a checklist is produced by the People & Culture manager for the employees' manager which includes a task to advise IT of the employee's details, and what base systems are required.</p>	<p>Netwealth saved monthly PowerBI reports for the duration of this audit period.</p> <p>The actual date of when the report was generated was not recorded. Moving forward Netwealth will save a report(s) on the day of each review to validate the completeness and accuracy of the user listings reviewed on that day.</p>

Control Reference	Control Activity	Deviation Noted	Management Response
Subject 13, Control 5	Production servers, core network infrastructure and communications equipment are housed in secure facilities with access restricted only to Infrastructure and IT Service Delivery. Access is pre-authorised by the Technology Operations management team and logged. Systems logs are reviewed monthly by the Technology Risk team.	<p>Account set to password never expire</p> <p>We noted that (1) generic account had its password parameter value, set to never expire. The account has since been disabled on 09 June 2023.</p>	<p>We have now included Test user accounts into IT Service Delivery's monthly automated checks of accounts that have passwords that are set to not expire.</p> <p>Target Date: Completed</p>
Subject 13, Control 10	Authentication mechanisms are implemented and required for all applications and systems and are configured as per industry standards and Netwealth Policy.	<p>SQL Login accounts not enforcing password parameters</p> <p>We noted that one (1) out of five (5) active SQL logins is not set up to enforce minimum password length and complexity.</p>	<p>Netwealth will implement a control ensuring password complexity for SQL Login accounts.</p> <p>Target Date: June 2024</p>
Subject 15, Control 3	Access to implement changes into the application production environment is controlled and initiation is restricted to appropriate individuals.	<p>Appian</p> <p>It was noted that one developer has access to develop and deploy changes into production.</p>	<p>There is an existing risk that has been accepted for this Product Owner's access. When Appian changes are managed through Azure DevOps, the necessary separation of duties (developer not being able to push their own changes to production) will be enforced).</p> <p>Target Date: June 2024</p>
Mitigating control:			

Control Reference	Control Activity	Deviation Noted	Management Response
Subject 15, Control 3	Access to implement changes into the application production environment is controlled and initiation is restricted to appropriate individuals.	<p>Subject 15, Control 4: Management review of the Azure DevOps and Appian change logs annually to confirm that no unauthorised changes were deployed into the Acurity, Appian and Netwealth Webapp production environment.</p> <p>Acurity, Webapp and New Custody</p> <p>Inappropriate configuration setting on change migration tool</p> <p>We noted the configuration within Azure DevOps, which is used to migrate changes into production was not appropriately set up to restrict developers migrating their own changes.</p> <p>Mitigating control:</p> <p>Subject 15, Control 5: Management review of the Azure DevOps and Appian change logs annually to confirm that no unauthorised changes were deployed into the Acurity, Appian and Netwealth Webapp production environment.</p>	<p>This was resolved immediately upon identification.</p> <p>Target Date: Completed</p>