



## **Comments to the document “Good Practices for Governance of Pension Supervisory Authorities”**

### **IOPS**

#### **Good Practice 1:**

- A reference to the issue of financing the supervisory body would also be important.
- Point 1.4: Would be relevant to indicate how can be assure the independence of the actions of the Governing Body members and of the pension supervisory authority, pursuant to the principle of independence that is stated in the introduction. How can be avoided or reduced the risk that other priorities in the government affect the decisions of the supervisory authority? Is it enough to have explicit procedures and transparent mechanisms? This may be especially relevant when the supervisory authority is part of a larger organization that also has responsibility for monitoring other areas of the economy.

#### **Good Practice 2:**

- As important as the decision-making process is tracking the corrective actions applied later by the authority itself and audited entities that are involved in the decisions, if applicable.
- Point 2.2: Who are the supervisory service users? The pension services providers? Decisions should be aligned with the interests of members of the pension plans.
- Point 2.5: What does it mean that is subject to independent review?
- Point 2.7: There should be the possibility that the supervised entities can defend their position before making the final decision. In Good Practice 5 it is established that the supervisory authority should provide supervised entities with a formal internal review process for supervisory decisions with serious impact, but once the decision is taken.

#### **Good Practice 3:**

- Point 3.6: Adequate control of the actions of the officers could involve the registration and analysis of transactions they do and that are not the result of their official positions, but that may affect their performance. For example, personal investments in instruments that may be purchased by pension funds carried out by officers who have the responsibility of controlling the pension fund’s investments and that have access to confidential information.
- Point 3.7: A recommendation could be made about the dependence of the internal audit department.



- Point 3.8: Non-confidential information on the results and finding of the internal auditors which is important for the fulfillment of the activities of the external auditors, should be available to them.

#### **Good Practice 8:**

- Point 8.4: The pension supervisory authority should also communicate and maintain working relationships with other statutory authorities working in the social security area, ensuring co-ordination of policy and supervisory activities.

#### **Other possible subjects in which best practices should be defined**

- Responsibilities in planning of control activities, programmed and not programmed.
- Systematic review of successes and failures in the audit work and how corporate governance can be modified to improve management; identification of critical processes in the supervised pension companies and common problems that have occurred in the past; explanation of how they were resolved and summary of lessons and recommendations.