|  |
| --- |
| Data Quality Regulatory Reporting |
| IREFI-IRAIF Suggested Approach |
|  |

|  |
| --- |
| December 2018 |
| This document contains 65 pages |
|  |
|  |

Contents

1 Preamble 1

2 Governance & Internal Control environment 2

2.1 Main attention points 2

2.2 Documents to be prepared by the entity 3

2.3 Procedures to be performed by the accredited auditor 5

3 Substantive testing – Banking 8

3.1 Substantive testing Finrep 9

3.2 Substantive testing COREP 26

3.2.1 Global audit procedures: 26

3.2.2 Procedures for COREP reporting tables related to “Own funds requirements” (tables 00.01 to 25.00) and “IP losses” (table 15.00) 27

3.2.3 Procedures for COREP reporting tables related to “Large Exposures” (tables 26.00 to 31.00) 34

3.2.4 Procedures for COREP reporting tables related to “Leverage” (tables 40.00 to 46.00) 36

3.2.5 Procedures for COREP reporting tables related to “LCR” (tables 72.00 to 76.00) 37

3.2.6 Procedures for COREP reporting tables related to “NSFR” (tables 60.00 and 61.00) 41

3.2.7 Procedures for COREP reporting tables related to “ALM” (tables 66.00 and 71.00) 41

3.3 Substantive testing Scheme A 42

4 Substantive testing – Insurance 52

# Preamble

In the context of the discussions between the NBB and the IREFI-IRAIF, it has been suggested to set up a working group aimed to reflect on the approach of the accredited auditor regarding the prudential reporting, and in particular the data quality. Credit institutions and insurance companies are in the scope of this suggested approach of the IREFI-IRAIF.

This document summarizes the proposed approach and it has to be noted that the detailed approach has not yet been discussed with the Board of the IREFI-IRAIF.

The suggested approach covers the following elements:

* The Governance and Internal Control environment of the entity – documented by the entity – and a de-minimis list of proposed procedures (in respect of internal control) to be performed by the accredited auditor;
* The proposed substantive procedures to be performed by the accredited auditor both for banks and insurance companies. The nature, timing and extent of substantive procedures will depend on the results of assessment of the internal control as set out here above by the accredited auditor.

As of 12 October 2017, the NBB has issued a Circular on the NBB's expectations as regards quality of reported prudential and financial data (Circular NBB\_2017\_27). The aim of this circular is to draw the attention of the financial institutions concerned to the high importance given by the supervisory authorities to the quality of the prudential and financial data submitted to supervisors by the institutions under supervision. It is also intended to raise awareness to the various quality tests which the institutions concerned are required to comply with for the data they submit. It subsequently proposes a wider reference framework for monitoring and improving the quality of the internal reporting process and prudential data to be subsequently communicated.

A lead-in period shall be allowed in order to provide institutions with sufficient time to take the measures necessary to be in line with the expectations included in this circular and in order to provide accredited auditors with sufficient time to verify the documents described.

At least each year, institutions should draw up a self-assessment which verifies to what extent the institution already complies with the prudential expectations laid down in this circular. Accredited auditors shall incorporate this self-assessment in the assessment performed by them in the context of their reporting on the year-end figures. The NBB expects that the accredited auditor will review the self-assessment with professional skepticism and include their remarks, if any, in his report.

The audit of the design and implementation of the identified key controls in the process will be tested by the accredited auditor in order to obtain assurance regarding the internal control framework implemented by the institutions. Further, in the case the accredited auditor will decide to rely on the internal control framework, he will have to carry out tests on the operating effectiveness of the key controls he intends to rely on.

# Governance & Internal Control environment

## Main attention points

Generally speaking, data quality can be defined as the adequacy of the data for the ultimate user goal. In this regard, NBB defined six dimensions of data quality:

* Accuracy;
* Reliability;
* Completeness;
* Consistency;
* Plausibility[[1]](#footnote-1); and
* Timeliness.

|  |
| --- |
| **Key attention points in Circular NBB\_2017\_27** |
| *Principle 1 - Governance – The process of preparing, verifying and submitting the prudential data to the Bank should be supported by a robust, documented governance system based on the following:*   * An identification of the role and responsibilities of the institution’s decision-making bodies with a view to ensuring the institution's compliance with the reporting requirements, including the afore-mentioned aspects on data quality. * Allocating sufficient human resources with the necessary level of expertise to ensure that the institution is able at all times to comply with the prudential reporting requirements. Identifying these persons and their roles and responsibilities at each stage of the reporting process, from collection of the data required for the various types of reporting, through the procedure for processing these data, using them in preparing the reporting documents and verifying that the data comply with the applicable instructions (especially as regards data quality as referred to above), to transmission of the reporting to the Bank according to the instructions in force (deadlines, formats, language used, etc.). * The established governance should be subject to periodic review and necessary improvements in order to enable the institution to comply with its reporting obligations at all times.   *Principle 2 - Technical capacities - Institutions should design, establish and manage such data architecture and IT infrastructure as are appropriate for producing and verifying prudential reporting in accordance with the instructions. Implementation of this principle should take into account at least the following:*   * The capacities thus established should at all times ensure compliance with reporting instructions, also in times of stress or crisis. The capacities should be sufficient and should include in particular the tools necessary for timely detection and resolution of errors and inconsistencies in reporting by reference to the above data quality expectations (throughout the various stages, from advance preparation of data to submission of reporting to the competent authority). The tools should also ensure that the list of errors and inconsistencies detected is archived and that adequate follow-up is ensured of these errors and inconsistencies. * The tools and techniques for internal information management should be as automated and integrated as possible. * The tools in place should be subject to periodic review and necessary improvements in order to enable the institution to comply with its reporting obligations at all times.   *Principle 3 - Process - The process of preparing, verifying and submitting the prudential data to the Bank should follow a documented internal process that is appropriate to meet the requirement that the data should be reported in compliance with the applicable instructions.*   * A written general description of the processes in place. * Per reporting table, a list of the various divisions involved in the preparation of the table, in the validation process, in the automatic and manual (internal) controls and in the final approval. * The process in place should also integrate and document the key controls to be carried out and the steps that must be taken to ensure that the above expectations are met in terms of data quality. * The processes in place should be subject to periodic review and necessary improvements in order to enable the institution to comply with its reporting obligations at all times. |

## 

## Documents to be prepared by the entity

Process description of the prudential financial reporting process with a focus on the organization of the regulatory reporting. In conformity with circular NBB\_2017\_27, the description should include, taking into account the six dimensions as defined by the NBB:

***Governance***

* Presentation and discussion of the consolidation scope including the rationale for entities not included.
* A detailed overview of all the controls in place to ensure the compliance with the relevant instructions from NBB – EBA and ECB - EIOPA (including the validation checks and the checks on data quality). These controls need to include the process defined by the entity to address the resolution of the different errors message or questions raised by the regulatory authorities. It is recommended that this process is supported by a detailed log sheet recording these elements.
* The involvement of Senior Management and in particular the Management Review Controls defined by the entity including the process followed up in the context of the sign off of the declaration prepared in accordance to relevant articles of the Bank Law and Insurance Law.
* The involvement and responsibilities of Management Committee and Board of Directors.
* The involvement of the Audit Committee (or the Board of Directors) in the half year and end of year regulatory reporting.
* The involvement of Internal Audit in the regulatory financial reporting process (review of the Design and Implementation of the process and the results of the Operating Effectiveness testing) as well as the process to evaluate the impact of other internal audit engagements on the financial reporting process.
* Analysis of changes prepared by Management including the scope (all tables or only certain tables), the mention of the precision level as from which additional detailed investigation is required or considered necessary.

***Technical capacities***

* Description of the ITGC relating to the regulatory reporting environment as well as key applications. To the extent that End User Computing (EuC) is used, a description of the tools and the controls defined by the entity to mitigate the inherent EuC risks.

***Process***

* A global description of the process (including an organization chart which identifies the people responsible for the regulatory reporting, flow charts of data flows with indication of installed key internal controls - 1st and 2nd line controls - and the key IT applications involved).

NB: The description needs to (a) clarify the roles of the CFO and CRO (actuarial function) relating to the validation of the prudential reporting (b) highlights the segregation of duty principle and (c) include a time schedule per quarter.

* Monitoring process of the internal models approved by the regulatory authorities including the follow up of the conditions that were set by the authorities. The monitoring process should include as well the follow up of the control environment that was assumed at approval date. Further, the description should include the measures/controls taken by the entity to guarantee the quality of the data input.
* Validation process followed by the entity for revisions and new models including quality of data and user acceptance test.
* Mapping of all models with (a) date of approval (b) objective (c) conditions set at approval (d) features of the control environment (d) subsequent changes.
* Per table, a description of the detailed process, the different departments involved (example: Finance, Risk), the different persons involved, the detailed internal controls including the reconciliation of the database with the accounting records (as this is a matter the auditor specifically has to confirm), the validation process of the extracting routines, the automated controls, the manual controls and the sign off process.
* A description of the key assumptions and the specific interpretation of the regulatory context to prepare the tables to transmit including relevant documented approval by Compliance and Management, when relevant.
* When a department is using information prepared by another department, what are the key controls performed to address the completeness and accuracy of the information.
* A list or log sheet with open recommendations - remarks made by the operational process owners, internal auditor, external auditor and regulatory authorities relating to the prudential reporting. This should be supported by a procedure including the classification of the importance of the recommendations, the persons in charge for solution the issue, the determination of deadlines and a timely follow up organized by the institution.
* A detailed log of the changes made to the process and an overview of the planned improvements, including the relevant communication to the different departments of the institution involved in the preparation of the prudential returns.

## Procedures to be performed by the accredited auditor

In accordance with the applicable ISA’s, the external auditor should address the following elements in its working programme.

***General***

* Obtain the descriptions (and the flow charts with indication of the existing controls) prepared by Management.
* Obtain an understanding on the experience and expertise of the persons that are key in the preparation and validation process of the prudential reporting.
* Perform a walkthrough procedure to ensure that the process works as described. If not, please identify the areas where a deviation has been noted and discuss our analysis with the entity.
* Perform a risk assessment of the inherent and residual risks (taking into account the mitigating measures implemented by the entity) and identify the key attention points linked to the organization of the prudential reporting process. The risk assessment process should also consider the different types of prudential reportings.
* Obtain the Management assessment prepared by management and compare and discuss significant deviations between our risk assessment and the one prepared by the entity. Document any significant deviation and inquire with Management rationale of such deviation.
* For relevant key internal controls (including manual, semi-automated and automated controls), the accredited auditor tests the design and the implementation of these controls. When he intend to rely on such controls, he will perform procedures to test the operating effectiveness of those internal controls designed to detect or prevent data quality issues and others. Samples to be used for the test of operating effectiveness are coherent with the methodology of the audit firm.
* Obtain all relevant documentation in respect of how the prudential reporting process is included in the audit universe of the internal audit and perform an assessment of the work of Internal Audit in accordance with ISA 610 (if reliance is placed on the work performed by internal audit).
* What is the date and the subject of the last engagement performed by Internal Audit on the financial and prudential reporting process?
* What is the risk assessment of the processes by internal audit? What are the main differences between the assessment of the Internal Audit and the one performed by Management? What are the main reasons for these differences?
* What are the outstanding recommendations of internal audit on the internal control processes? What is the follow up implemented for the resolution of the open recommendations and by when will these be closed? What are the mitigating measures taken by Management in the meantime?
* Is the internal audit coverage relevant for the purpose of the work of the accredited auditor in the framework of his/her confirmation of the periodical prudential reportings?
* How does the Management assess the impact of other internal audit engagements on the prudential reporting process?
* Obtain all communications on data quality issued by the regulatory authorities (NBB & ECB) and investigate how the institution has dealt with/answered those communications. Inspect the framework implemented for the follow up, the documentation and the timely resolution of the findings reported by the prudential authorities.
* Obtain all reports issued by the different governance bodies or external parties and investigate any comments on data quality.
* Obtain the validation report from OneGate and list the potential errors that needs to be further investigated (see below).
* If the entity has not implemented appropriately the guidance and measures disclosed in the circular NBB\_2017\_27, the accredited auditor will ensure this is taken up and assessed as such by Management in its assessment of the internal control framework and our findings should also be reflected in our report towards the NBB regarding the internal control measures taken.

***IT related internal controls***

* Obtain and document the understanding of the IT environment used by the entity for the production of its financial and prudential reporting including relevant GITC.
* Based on our understanding of the IT environment, assess the need to involve IT specialists for identifying and assessing the design and implementation of IT key controls. If the accredited auditor takes the decision to rely on these controls, tests on the operating effectiveness of those controls have to be scheduled and documented in the audit file. Based on the complexity of the IT environment a more detailed audit / review program will have to be drafted by the accredited auditor in cooperation with his IT specialist.
* Assessment of the design, implementation and operating effectiveness (if reliance is foreseen) of the controls in place to mitigate the risks relating to the use of EuC?
* Assessment of the design, implementation and operating effectiveness (if reliance is foreseen) of the relevant controls on the interfaces between the key IT systems that are part of the operational processes and are relevant to the prudential reporting.
* For credit institutions, the circular NBB\_2017\_27 of 12 October 2017 discloses under caption 1. Definition of Data Quality, section 1.1. Credit institutions (pages 4 and 5 of the circular) the characteristics of the EBAs validation rules that are regularly updated stating that rules can be added, and existing rules can be changed or even disabled. The validation rules imposed by the ITS result in an “error message” in OneGate if the reported data fail to meet the requirements. Further, the circular states that the NBB has decided to also implement in OneGate, in parallel with the EBA’s ITS validation rules, as set of additional date quality checks. These additional quality controls will be published on the NBB’s website (see circular page 5/10 English version). Accredited auditors and IT specialists will have to take this in account in their work, either these controls are included in the systems of the institutions, or the institutions are relying on the OneGate system to detect and prevent errors in its reporting.

***Specific internal controls***

* Obtain and evaluate the organization and implementation of the different lines (1st, 2nd, 3rd lines) of controls implemented by the entity in its financial and prudential reporting based on the governance principles explained in the circular NBB\_2017\_27. Investigate and document how these different lines of controls are operating, what kind of controls are carried out, what reporting is issued and what measures are taken in case of identifying errors or issues during the process.
* Obtain an overview of all assumptions or practical implementations issues that are taken in the prepared prudential reporting and the validation by the appropriate level of Management.
* Assessment of the design, implementation and operating effectiveness (if reliance is foreseen) of the automated validation tests on the completed prudential tables.
* Have the validation tests of the NBB and SSM that are publicly available been included in the set of validation tests?
* Has the entity a procedure which makes it not possible for the entity to report the prudential reporting if not all validation tests are passed.

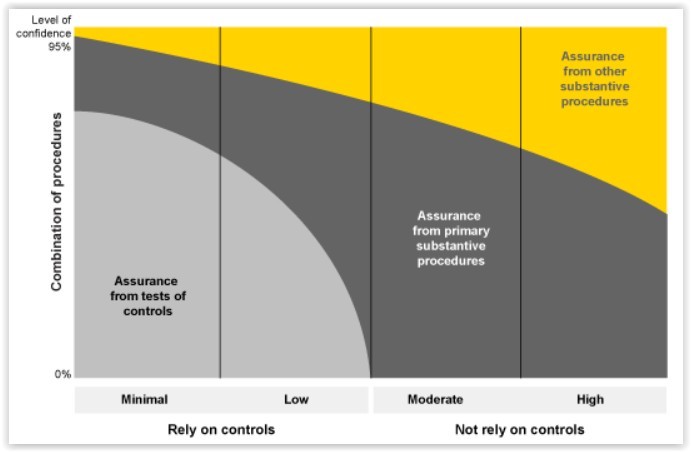
# Substantive testing – Banking

## Introduction

The level of detail of the review/audit of the prudential reporting is depending on several factors that need to be considered by the accredited auditor:

* Risk assessment made by the external auditor in respect of the prudential reporting and of relevant process and related internal control framework implemented by the institution
* History of identified issues in respect of the prudential reporting for previous periods.
* Assessment of the operating effectiveness of the internal controls implemented in respect of the prudential reporting.
* Materiality levels defined by the accredited auditor.
* Biannually attention points from IREFI-IRAIF.
* Level of automation in the preparation of the prudential reporting.
* Outcome of the dialogue between the accredited auditor and the NBB on the level of each individual entity.

Based on the assessment of all these factors, the accredited auditor will use his professional judgement to identify the level of detail required. The interaction between the reliance on internal controls and the need for substantive testing is presented in the following graph:



## Preliminary Procedures

As stated in the circular NBB\_2017\_20 dated 9 June 2017 on the duty of cooperation of accredited statutory auditors, institutions draw up, in cooperation with the supervisory authority a “reporting sheet” or “reporting fiche” with the list of the tables that the institution must provide to the supervisory authority. For banks, the tables listed in the “reporting sheet” constitute the periodic statements referred to article 106, § 2 and article 225, 1st §, 2° of the Banking Law. The accredited auditor will obtain the last updated “reporting sheet” from the institution and will review if changes have taken place since his last review of the “reporting sheet” during his previous review/audit. This document is key as the accredited auditor mentions it in the text of the confirmations of the prudential reporting.

* For credit institutions we refer to the circular NBB\_2017\_20 dated 9 June 2017 which discloses the most important tables on solo and consolidated basis for the supervision by the supervisory authority. The review/audit procedures performed by the accredited auditor should primarily focus on these tables.
* Further to the reception of the prudential reporting tables, the accredited auditor will also obtain the results of the OneGate reports and controls for the prudential reporting under review/audit, which state if there were arithmetical and logical errors in the prudential reporting submitted by the institution to the supervisory authority for the reporting under review. The accredited auditor will assess the nature of work to be performed (given the controls existing within the institution) in order to rely on automatic controls the institutions have to comply with EBA validation rules as stated in the caption 1.1. Credit Institutions (page 4 – 5 / 10 of the circular NBB\_2017\_27 dated 12 October 2017). These validation rules imposed by the ITS result in an error message in OneGate if the reported data fail to meet the requirements (also applicable if these validation controls are implemented in the IT systems of the institutions).

## Substantive testing Finrep[[2]](#footnote-2)

Note: please note that if there is any difference found in the reconciliation procedures, an explanatory note is added to the FINREP table.

| **FINREP table** (number and name) | **Key procedures** | **R** | **A** |
| --- | --- | --- | --- |
| **F 01.01** – Balance sheet statement: Assets | * Reconcile the carrying amount with the consolidated Trial Balance * Recalculation of the total amounts (total amount = sum of the individual lines) * Fluctuation analysis and explain large variances | X  X  X | X  X  X |
| **F 01.02 -** Balance sheet statement: Liabilities | * Reconcile the carrying amount with the consolidated Trial Balance * Recalculation of the total amounts (total amount = sum of the individual lines) * Fluctuation analysis and explain large variances | X  X  X | X  X  X |
| **F 01.03 -** Balance sheet statement: Equity | * Reconcile the carrying amount with the consolidated Trial Balance * Recalculation of the total amounts (total amount = sum of the individual lines) * Fluctuation analysis and explain large variances | X  X  X | X  X  X |
| **F 02.00** – Statement of profit or loss | * Reconcile the carrying amount with the consolidated Trial Balance * Recalculation of the total amounts (total amount = sum of the individual lines) * Fluctuation analysis and explain large variances | X  X  X | X  X  X |
| **F 03.00** - Statement of comprehensive income | * Reconcile Profit or loss of the year (line 010) with profit or loss of the year included in table F 02.00 * Recalculation of the total amounts (total amount = sum of the individual lines) * Reconcile amounts of current period with audited Equity Reconciliation * Fluctuation analysis and explain large variances | X  X  X  X | X  X  X  X |
| **F 04.01** - Breakdown of financial assets by instrument and by counterparty sector: financial assets held for trading | * Reconcile carrying amounts with Assets table (F 01.01) * Assess reasonableness of classification and in line with classification of PY * For the audit at year end and for a sample of asset, check the correct classification of the instrument and the counterparty sector * Fluctuation analysis and explain large variances | X  X | X  X  X  X |
| **F 04.02** - Breakdown of financial assets by instrument and by counterparty sector: financial assets designated at fair value through profit or loss | * Reconcile carrying amounts with Assets table (F 01.01) * Assess reasonableness of classification and in line with classification of PY * For the audit at year end and for a sample of asset, check the correct classification of the instrument and the counterparty sector * Fluctuation analysis and explain large variances | X  X | X  X  X  X |
| **F 04.03** - Breakdown of financial assets by instrument and by counterparty sector: available-for-sale financial assets | * Reconcile total carrying amounts (unimpaired assets + impaired assets) with Assets table (F 01.01) * Assess reasonableness of classification and in line with classification of PY * For the audit at year end and for a sample of asset, check the correct classification of the instrument and the counterparty sector * Fluctuation analysis and explain large variances | X  X | X  X  X  X |
| **F 04.04** - Breakdown of financial assets by instrument and by counterparty sector: loans and receivables and held-to-maturity investments | * Reconcile total carrying amounts with Assets table (F 01.01) * Assess reasonableness of classification and in line with classification of PY * For the audit at year end and for a sample of asset, check the correct classification of the instrument and the counterparty sector * Fluctuation analysis and explain large variances | X  X | X  X  X  X |
| **F 04.05** - Subordinated financial assets | * Reconcile carrying amounts with Assets table (F 01.01) * Assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X | X  X  X |
| **F 05.00** - Breakdown of loans and advances by product | * Reconcile amounts ‘On demand and short notice’ (line 010) with Assets table (F 01.01) * Reconcile total amount of line ‘loans and advances’ (line 080) with Assets table  (F 01.01) * Assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X    X | X  X  X  X |
| **F 06.00** - Breakdown of loans and advances to non-financial corporations by NACE codes | * Reconcile the total amount of the different columns with table F 04.04 * Recalculation of the total amounts (total amount = sum of the individual lines) * Assess reasonableness of classification and in line with classification of PY * For the audit at year end and for a sample of asset, check the correct classification per NACE code * Fluctuation analysis and explain large variances | X  X    X | X  X  X  X    X |
| **F 07.00** - Financial assets subject to impairment that are past due or impaired | * Reconcile the amounts with table F 04.04 * Explain the differences between the carrying amount in table F 07.07 and F 04.04 and recalculate (net amount – gross amount) * Assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X | X  X  X  X |
| **F 08.01** - Breakdown of financial liabilities by product and by counterparty sector | * Reconcile the carrying amount with table  F 01.02 * Recalculation of the total amounts (total amount = sum of the individual lines) * Assess reasonableness of classification and in line with classification of PY * For the audit at year end and for a sample of liability, check the correct classification of the product and the counterparty sector * Fluctuation analysis and explain large variances | X  X  X | X  X  X  X |
| **F 08.02** - Subordinated financial liabilities | * Reconcile with underlying detail “debt securities issued” * Assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X | X  X  X |
| **F 09.01** - Off-balance sheet exposures: loan commitments, financial guarantees and other commitments given | * Reconcile the carrying amount with the consolidated Trial Balance * Recalculation of the total amounts (total amount = sum of the individual lines) * Fluctuation analysis and explain large variances | X  X  X | X  X  X |
| **F 09.02** - Loan commitments, financial guarantees and other commitments received | * Reconcile the carrying amount with the consolidated Trial Balance * Recalculation of the total amounts (total amount = sum of the individual lines) * Fluctuation analysis and explain large variances | X  X  X | X  X  X |
| **F 10.00** - Derivatives - Trading | * Reconcile the carrying amount ‘derivatives’ with table F 01.01 and F 01.02 * Assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X | X  X  X |
| **F 11.01** - Derivatives - Hedge accounting: Breakdown by type of risk and type of hedge | * Reconcile the carrying amount ‘derivatives’ with table F 01.01 and F 01.02 * Assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X | X  X  X |
| **F 12.00 -** Movements in allowances and provisions for credit losses and transfers between impairment stages | * Reconcile current year opening balances with closing balances of PY * Reconcile closing balances with table  F 04.04 * For a sample of loans, check the correct classification of changes and transfers in staging * Assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X    X | X  X  X  X  X |
| **F 13.01** - Breakdown of loans and advances by collateral and guarantees | * Reconcile amounts ‘Loans and advances’ with table F 01.01 and explain the difference (scope) * Assess reasonableness of classification and in line with classification of PY * For the audit at year end and for a sample of loans, check the correct classification per collateral and guarantee * Fluctuation analysis and explain large variances | X  X | X  X  X  X |
| **F 13.02** - Collateral obtained by taking possession during the period [held at the reporting date] | * Assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X | X  X |
| **F 13.03** - Collateral obtained by taking possession [tangible assets] accumulated | * Assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X | X  X |
| **F 14.00** - Fair value hierarchy: financial instruments at fair value | * Reconcile total amount Fair value (level 1 + level 2 + level 3) with table F 01.01 and  F 01.02 * Explain the different fair value hierarchy levels * Assess reasonableness of classification and in line with classification of PY * For the audit at year end and for a sample of instruments, check the correct classification of the instrument per level * Fluctuation analysis and explain large variances | X  X | X  X  X  X  X |
| **F 15.00** - Derecognition and financial liabilities associated with transferred financial assets | * Reconcile amount ‘Associated liabilities’ with table F 08.01 * Assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X | X  X  X |
| **F 16.01** - Interest income and expenses by instrument and counterparty sector | * Reconcile total amounts with tables F 02.00 * Recalculation of the total amounts (total amount = sum of the individual lines) * Assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X  X | X  X  X  X |
| **F 16.02** - Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss by instrument | * Reconcile total amounts with tables F 02.00 * Recalculation of the total amounts (total amount = sum of the individual lines) * Assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X  X | X  X  X  X |
| **F 16.03** - Gains or losses on financial assets and liabilities held for trading by instrument | * Reconcile total amount with tables F 02.00 * Recalculation of the total amounts (total amount = sum of the individual lines) * Assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X  X | X  X  X  X |
| **F 16.04** - Gains or losses on financial assets and liabilities held for trading by risk | * Reconcile total amount with tables F 02.00 * Recalculation of the total amounts (total amount = sum of the individual lines) * Assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X  X | X  X  X  X |
| **F 16.05** - Gains or losses on financial assets and liabilities designated at fair value through profit or loss by instrument | * Reconcile total amount with tables F 02.00 * Recalculation of the total amounts (total amount = sum of the individual lines) * Assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X  X | X  X  X  X |
| **F 16.06** - Gains or losses from hedge accounting | * Reconcile total amount with tables F 02.00 * Recalculation of the total amounts (total amount = sum of the individual lines) * Assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X  X | X  X  X  X |
| **F 16.07** - Impairment on financial and non-financial assets | * Reconcile net amounts (additions – reversals) with table F 02.00 * Assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X | X  X  X |
| **F 17.01** - Reconciliation between accounting and CRR scope of consolidation: Assets | * Comment the key differences between the consolidation scope * Reconcile amounts with table F 01.01 * Recalculation of the total amount (total amount = sum of the individual lines) | X  X | X  X  X |
| **F 17.02** - Reconciliation between accounting and CRR scope of consolidation: Off-balance sheet exposures - loan commitments, financial guarantees and other commitments given | * Reconcile amounts with table F 09.01 * Recalculation of the total amount (total amount = sum of the individual lines) | X  X | X  X |
| **F 17.03** - Reconciliation between accounting  and CRR scope of consolidation: Liabilities | * Reconcile amounts with table F 01.02 or  F 01.03 * Recalculation of the total amount (total amount = sum of the individual lines) | X  X | X  X |
| **F 18.00** - Information on performing and non-performing exposures | * Reconcile amounts ‘Debt securities’ with table F 04.03 * Reconcile amounts ‘Loans and advances’ with table F 05.00 or F 04.04 * Reconcile amounts ‘Debt instruments’ with table F 17.02 * Assess reasonableness of classification and in line with classification of PY * Make sure that the information is coherent with the information prepared by the Risk department * Fluctuation analysis and explain large variances | X  X  X  X | X  X  X  X  X  X |
| **F 19.00** - Information forborn exposures | * Assess classification as reasonable and in line with classification of PY * Fluctuation analysis and explain large variances * Make sure that the information is coherent with the information prepared by the Risk department | X | X  X  X |
| **F 20.01** - Geographical breakdown of assets by location of the activities | * Reconcile total amounts (domestic + non-domestic) with table F 01.01 * Using a sample, assess reasonableness of classification between domestic and non-domestic activities and in line with classification of PY | X | X  X |
| **F 20.02** - Geographical breakdown of liabilities by location of the activities | * Reconcile total amounts (domestic + non-domestic) with table  F 01.02 * Using a sample, assess reasonableness of classification between domestic and non-domestic activities and in line with classification of PY | X | X  X |
| **F 20.03** - Geographical breakdown of main statement of profit or loss items by location of the activities | * Reconcile total amounts (domestic + non-domestic) with table F 02.00 * Using a sample, assess reasonableness of classification between domestic and non-domestic activities and in line with classification of PY | X | X  X |
| **F 20.04** - Geographical breakdown of assets by residence of the counterparty | * Reconcile total carrying amount ‘derivatives’ of the different geographical F 20.04 tables with table F 01.01 * Reconcile total carrying amount ‘equity instruments’ of the different geographical  F 20.04 tables with table F 01.01 * Reconcile total carrying amount ‘debt securities’ of the different geographical  F 20.04 tables with table F 01.01 * Reconcile total carrying amount ‘loans and advances of the different geographical  F 20.04 tables with table F 18.00 * Using a sample, assess reasonableness of classification and in line with classification of PY | X  X  X  X | X  X  X  X  X |
| **F 20.05** - Geographical breakdown of off-balance sheet exposures by residence of the counterparty | * Reconcile total carrying amount ‘loan commitments given’ of the different geographical F 20.05 tables with table  F 09.00 * Reconcile total carrying amount ‘financial guarantees given’ of the different geographical F 20.05 tables with table  F 09.00 * Reconcile total carrying amount ‘other commitments given’ of the different geographical F 20.05 tables with table F 09.00 * Using a sample, assess reasonableness of classification and in line with classification of PY | X  X  X | X  X  X  X |
| **F 20.06** - Geographical breakdown of liabilities by residence of the counterparty | * Reconcile total carrying amount ‘derivatives’ of the different geographical F 20.06 tables with table F 01.02 * Reconcile total carrying amount ‘short positions’ of the different geographical  F 20.06 tables with table F 01.02 * Reconcile total carrying amount ‘deposits’ of the different geographical F 20.06 tables with table F 01.02 * Using a sample, assess reasonableness of classification and in line with classification of PY | X  X  X | X  X  X  X |
| **F 20.07** - Geographical breakdown by residence of the counterparty of loans and advances to non-financial corporations by NACE codes | * Reconcile total carrying amount ‘loans and advances’ of the different geographical F 20.07 tables with F 06.00 * Using a sample, assess reasonableness of classification and in line with classification of PY | X | X  X |
| **F 21.00** - Tangible and intangible assets: assets subject to operating lease | * Using a sample, assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X | X  X |
| **F 22.01** - Fee and commission income and expenses by activity | * Reconcile total amount ‘Fee and commission income’ with table F 02.00 * Reconcile total amount ‘Fee and commission expenses’ with table F 02.00 * Using a sample, asses reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X  X | X  X  X  X |
| **F 22.02** - Assets involved in the services provided | * Using a sample, assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X | X  X |
| **F 30.01** - Interests in unconsolidated structured entities | * Using a sample, assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X | X  X |
| **F 30.02** - Breakdown of interests in unconsolidated structured entities by nature of the activities | * Using a sample, assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X | X  X |
| **F 31.01** - Related parties: amounts payable to and amounts receivable from | * Using a sample, assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X | X  X |
| **F 31.02** - Related parties: expenses and income generated by transactions with | * Using a sample, assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X | X  X |
| **F 40.01** - Group structure: "entity-by-entity" | * Reconcile with deposited annual accounts per 31/12/20XX of the entities * Using a sample, assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X | X  X  X |
| **F 40.02** - Group structure: "instrument-by-instrument" | * Reconcile with deposited annual accounts per 31/12/20XX of the entities * Using a sample, assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X | X  X  X |
| **F 41.01** - Fair value hierarchy: financial instruments at amortised cost | * Reconcile total amount FV assets with table F 01.01 * Reconcile total amount FV liabilities with table F 01.02 * Using a sample, assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X  X | X  X  X  X |
| **F 41.02** - Use of the Fair Value Option | * Reconcile total amount ‘financial assets designated at FV through P&L’ with table  F 01.01 * Reconcile total amount ‘financial liabilities designated at FV through P&L’ with table  F 01.02 * Using a sample, assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X  X | X  X  X  X |
| **F 41.03** - Hybrid financial instruments not designated at fair value through profit or loss | * Using a sample, assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X | X  X |
| **F 42.00** - Tangible and intangible assets: carrying amount by measurement method | * Reconcile total amounts with table F01.01 * Assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X | X  X  X |
| **F 43.00** - Provisions | * Reconcile current year opening balance with closing balance of PY * Reconcile current year closing balance with table F 01.02 * Assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X  X | X  X  X  X |
| **F 44.01** - Components of net defined benefit plan assets and liabilities | * Reconcile amount ‘defined benefit plan assets’ with work done on IAS 19 provisions * Reconcile amount ‘defined benefit obligations’ with table F 01.02 | X | X  X |
| **F 44.02** - Movements in defined benefit plan obligations | * Reconcile current year opening balance with closing balance of PY * Reconcile current year closing balance with table F 01.02 * Assess reasonableness of classification * Fluctuation analysis and explain large variances | X  X  X | X  X  X  X |
| **F 44.03** - Memo items [related to staff expenses] | * Assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X | X  X |
| **F 45.01** - Gains or losses on financial assets and liabilities designated at fair value through profit or loss by accounting portfolio | * Reconcile amounts ‘financial assets/ liabilities designated at FV through profit or loss’ with table F 16.05 * Reconcile amount ‘gain or loss on financial assets and liabilities at FV through profit or loss’ with table F 02.00 | X  X | X  X |
| **F 45.02** - Gains or losses on derecognition of non-financial assets other than held for sale | * Reconcile amounts with table F 02.00 * Assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X | X  X  X |
| **F 45.03** - Other operating income and expenses | * Reconcile total amount ‘income/expense’ with table F 02.00 * Assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X | X  X  X |
| **F 46.00** - Statement of changes in equity | * Reconcile current year opening balances with table F 01.03 of PY * Reconcile current year closing balances with table F 01.03 of CY * Recalculation of the total amount (total amount = sum of the individual lines) * Assess reasonableness of classification and in line with classification of PY * Fluctuation analysis and explain large variances | X  X  X  X | X  X  X  X  X |

## Substantive testing COREP

The external auditor should include the following elements in its working program related to substantive testing of the reporting of the COREP prudential reporting:

### Global audit procedures:

* Obtain:
* the reporting fiche of the institution (TO BE INCLUDED A GENERAL SECTION THAT COVERS BOITH FINREP & COREP);
* the COREP reporting tables;
* the validation reports;
* buffer/add-on for model uncertainty/not reliable or because a model is under review for all internal models;
* Quarterly trend analysis .
* Ensure the completeness of the reporting received from the institution based on the reporting fiche.
* Verify the application of the key management interpretation

### Procedures for COREP reporting tables related to “Own funds requirements” (tables 00.01 to 25.00) and “IP losses” (table 15.00)

| **COREP table** (number and name) | **Key procedures** | **R** | **A** |
| --- | --- | --- | --- |
| **C01.00** – Own Funds | * Verify the accuracy of the calculations; * Fluctuation analysis and explain large variances Reconcile the table C01.00 with the accounting (FINREP) or by applying the CRR formulas on accounting values. | X | X |
| **C02.00** – Own Funds Requirements | * Verify the accuracy of the calculations; * Fluctuation analysis and explain large variances; * Reconcile the risk weighted exposure amounts included in the table C02.00 with the relevant COREP reporting tables (e.g. credit risk with tables 07.00, securitization with table 13.00…). | X | X |
| **C03.00** – Capital Ratios and Capital Levels | * Recalculate CET1, T1 and Total Capital ratios based on data included in the tables C01.00 and C02.00 and EBA instructions. | X | X |
| **C04.00** – Memorandum Items | * Verify the accuracy of the calculations; * Fluctuation analysis and explain large variances; * Testing on Deferred tax assets and liabilities * Testing on Credit risk adjustments and expected losses; * Reconcile the Thresholds for Common Equity Tier 1 deductions to the C01.00; * Testing on Investments in financial sector entities; * Testing on Other items such as the Basel I floor. * Testing on the Capital buffers | X | X |
| **C05.01 and C05.02** –Transitional Provisions  Grandfathered Instruments: Instruments not constituting state aid | * Verify the accuracy of the calculations; * Fluctuation analysis and explain large variances; * Reconcile the relevant items to the accounting (e.g. minority interests, …) * Ensure the correct application of the transitional percentages through a reconciliation with EBA instructions (CRR articles 465-520) and NBB instructions (Royal Decree (ref 2014/03179) articles 17-38) | X | X |
| **C06.00** –Group solvency | * Reconcile the tables to the accounting and the underlying supporting evidence; * Verify the accuracy of the calculations; * Perform analytical review; * Verify COREP consolidation scope – completeness of subsidiaries; * Check reconciliation of the reported amounts for subsidiaries with their individual statutory reporting. | X | X |
| **C07.00** – Standardized approach to capital requirements | * Reconcile the tables to the accounting and the underlying supporting evidence; * Verify the accuracy of the calculations; * Fluctuation analysis and explain large variances Reconciliation with Risk inventory, accounting and model inputs. Full accounting scope of balance sheet and off balance sheet items should be taken in credit risk (I.e. reconciliation with schema A) * Calculation of credit risk: * Mathematical accuracy of standard and IRB formulas * Classification check (sample on loans, on conversion factors, on provisions) * Data quality (definition of SME, sales in the RWA formula …) | X | X |
| **C08.01** – Credit and counterparty credit risks and free deliveries: IRB approach to capital requirements | * Refer to procedures on C07.00 | X | X |
| **C08.02** – Credit and counterparty credit risks and free deliveries: IBR approach to capital requirements (Breakdown by obligor grades or pools) | * Refer to procedures on C07.00 | X | X |
| **C09.01** – Geographical breakdown of exposures by residence of the obligor (SA exposures) | * Refer to procedures on C07.00 * + Verify correct use of the relevant risk exposures | X | X |
| **C09.02** – Geographical breakdown of exposures by residence of the obligor (IRB exposures) | * Refer to procedures on C07.00 * + Verify correct use of the relevant risk exposures | X | X |
| **C09.03** – Breakdown of total own funds requirements for credit risk of relevant credit exposures by country | * Refer to procedures on C07.00 * + Verify correct use of the relevant risk exposures | X | X |
| **C10.01** – Credit risk: equity – IRB approaches to capital requirements | * Refer to procedures on C07.00 | X | X |
| **C10.02** – Credit risk: equity – IRB approaches to capital requirements. Breakdown of total exposures under the PD/LGD approach by obligor grades. | * Refer to procedures on C07.00 | X | X |
| **C11.00** – Settlement/delivery risk | * Refer to procedures on C07.00 | X | X |
| **C12.00** – Credit risk: securitizations – standardized approach to own funds requirements | * Refer to procedures on C07.00 | X | X |
| **C13.00** – Credit risk: securitizations – IRB approach to own funds requirements | * Refer to procedures on C07.00 | X | X |
| **C14.00** – Detailed information on securitizations | * Refer to procedures on C07.00 | X | X |
| **C15.00** – IP Losses | * Reconcile the tables to the accounting and the underlying supporting evidence – scope of the losses should be complete; * Verify the accuracy of the calculations; * Fluctuation analysis and explain large variances Check the interpretation of the Bank of the relevant guidance and calculation methodology (exposure value, market value, mortgage lending value). | X | X |
| **C16.00 and C17.00** –Operational Risk  Operational Risk: Gross losses by business lines and event types in the last year (OPR Details) | Operational risk is related to “the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events”.   * + Verify the accuracy of the calculations   + Fluctuation analysis and explain large variances; * The work performed depends on the methodology applied by the institutions: * BIA: Verify the calculation of the relevant indicator (based on the P&L of the last three years). In addition, the CRR formula should be correctly applied. * TSA: Verify the calculation of the relevant indicator (based on the P&L of the last three years). In addition, the CRR formula (as well as the percentages for each business unit) should be correctly applied. * AMA: Obtain the approval from the regulator for the internal model. Reconcile the output/extract with the tables. * Verify if additional memorandum items are applicable * Ensure that the CRR rules and methodologies are correctly applied by the institution. | X | X |
| **C18.00** – Market Risk: Standardized Approach for position risk in traded debt instruments (MKR SA TDI) | * Verify the accuracy of the calculations; * Fluctuation analysis and explain large variances Ensure that all trading books are included * Reconcile the table to the accounting and the underlying supporting evidence. The difference between accounting and risk needs to be explained by the client; * Ensure that the CRR rules and methodologies are correctly applied by the institution. * Verify if the split between General and Specific risk is applied correctly | X | X |
| **C19.00** – Market Risk: Standardized Approach for specific risk in securitizations (MKR SA SEC) | * Refer to procedures on C18.00 | X | X |
| **C20.00** – Market Risk: Standardized Approach for specific risk in the correlation trading portfolio (MKR SA CTP) | * Refer to procedures on C18.00 | X | X |
| **C21.00** – Market Risk: Standardized Approach for position risk in equities (MKR SA EQU) | * Refer to procedures on C18.00 | X | X |
| **C22.00** – Market Risk: Standardized Approaches for foreign exchange risk MKR SA FX) | * Refer to procedures on C18.00 * If empty, Verify that the currency risk of the whole institution is integrated in the IRB approach | X | X |
| **C23.00** – Market Risk: Standardized Approaches for commodities (MKR SA COM) | * Refer to procedures on C18.00 | X | X |
| **C24.00** – Market Risk internal Models (MKR IM) | * Verify the accuracy of the calculations; * Fluctuation analysis and explain large variances; * Obtain the approval from the regulator for the internal model; * Reconcile the output/extract with the table. | X | X |
| **C25.00** – Credit Value Adjustment Risk (CVA) | * Verify the accuracy of the calculations; * Fluctuation analysis and explain large variances; * Recalculate the CVA-capital charge; * Ensure that the CRR rules and methodologies are correctly applied by the institution. | X | X |

### Procedures for COREP reporting tables related to “Large Exposures” (tables 26.00 to 31.00)

Institutions have to report large exposures (without taking collateral into account) if they are > 10% of the eligible capital.

Institutions need to calculate large exposures on a daily basis. If an exposure, including the collateral, breaches 25% of the Tier 1 capital, the bank need to immediately inform the supervisor. The 25% Capital limit is shown in C26.

| **COREP table** (number and name) | **Key procedures** | **R** | **A** |
| --- | --- | --- | --- |
| **C26.00** – Large Exposures limits | * Recalculate the codes 010 to 030 based on the eligible capital extracted from the table 01.00 and on CRR rules and methodologies. * Ask if the bank needed to report daily breaches to supervisor | X | X |
| **C27.00** – Identification of the counterparty | * Reconcile counterparties with these included in the table C28.00; * Verify that “Type of counterparty” is filled in; * Verify the banks definition of connected client is in line with EBA RTS. | X | X |
| **C28.00** – Exposures in the non-trading and trading book | * Using a sample, verify the accuracy of the calculations; * Fluctuation analysis and explain large variances; * Verify that all counterparties were also included in the table C27.00; * Reconcile the table to the accounting and the underlying supporting evidence; * Ensure that all exposures above 10% of capital are reported; * Ensure that the CRR rules and methodologies are correctly applied by the institution (e.g. Ensure that the CRM techniques are correctly applied and that exemptions are allowed, ensure that the definition of “connected client” is correctly applied); | X | X |
| **C29.00** – Detail of the exposures to individual clients within groups of connected clients | * Verify that the total of all counterparties agreed with C28.00 | X | X |
| **C30.00** – Maturity buckets of the exposures in the non-trading and trading book | * Verify that all counterparties and total amounts agreed with the table C.28.00; * Reconcile data with the inventory exposures by maturity provided by the client. | X | X |
| **C31.00** – Maturity buckets of exposures to individual clients within groups of connected clients | * Verify that all counterparties and total amounts agreed with the table C.29.00; * Reconcile data with the inventory exposures by maturity provided by the client. | X | X |

### Procedures for COREP reporting tables related to “Leverage” (tables 40.00 to 46.00)

| **COREP table** (number and name) | **Key procedures** | **R** | **A** |
| --- | --- | --- | --- |
| **C40.00** – Alternative treatment of the exposure measure | * Verify the accuracy of the calculations; * Fluctuation analysis and explain large variances; * Reconcile the table to the accounting and the underlying supporting evidence. * Ensure that the CRR rules and methodologies are correctly applied by the institution. | X | X |
| **C41.00** – On-and Off-Balance Sheet items – Additional breakdown of exposures | * Refer to procedures on C40.00 | X | X |
| **C42.00** – Alternative definition of capital | * Refer to procedures on C40.00 | X | X |
| **C43.00** – Breakdown of leverage ratio exposure measure components | * Refer to procedures on C40.00 | X | X |
| **C44.00** – General information | * Ensure that data filled by the institution is accurate. | X | X |
| **C47.00** – Leverage ratio calculation | * Verify the accuracy of the calculations; * Fluctuation analysis and explain large variances; * Reconcile the table to the accounting; * Verify that regulatory capital reconcile with C01; * Ensure that the CRR rules and methodologies are correctly applied by the institution. | X | X |

### Procedures for COREP reporting tables related to “LCR” (tables 72.00 to 76.00)

| **COREP table** (number and name) | **Key procedures** | **R** | **A** |
| --- | --- | --- | --- |
| **C72.00, C73.00, C74.00, C75.00 and C76.00** – Liquidity coverage: liquid assets  Liquidity coverage: outflows  Liquidity coverage: inflows  Liquidity coverage: collateral swaps  Liquidity coverage: calculations | * Reconcile the tables to the accounting and the underlying supporting evidence; * Verify the accuracy of the calculations; * Fluctuation analysis and explain large variances; * Have all assumptions, approximations and interpretations of the CRR/CRD IV been documented (i.e. stable/less stable deposits); * Verify existence of the reported securities in the liquid assets available; * Spot checks: * Applied market values * Applied haircuts * Distinction HQLA/EHQLA * Reporting categories * Credit quality steps * All in- and outflows for derivatives recorded * Sample based testing: are liquidity securities reported in the correct categories as defined by EBA * EHQLA * EEA sovereign bonds issued in domestic currency, rated ECAI 1, with a minimum issue size of EUR 250 million (or the local currency equivalent); * EEA covered bonds rated ECAI 1 with a minimum issue size of EUR 500 million (or the local currency equivalent); * Central bank reserves; * Cash. * HQLA   + Sovereign bonds issued in domestic currency rated ECAI 2 or above, of minimum issue size EUR 100 million (or the local currency equivalent);   + Covered bonds rated ECAI 1 of minimum issue size EUR 250 million (or the local currency equivalent);   + Corporate bonds rated ECAI 4 or better, of minimum issue size EUR 250 million (or the local currency equivalent) and a maximum time to maturity of 10 years;   + RMBS rated ECAI 1 of minimum issue size EUR 100 million (or the local currency equivalent) and a maximum time to maturity of 5 years;   + Bonds issued by supranational institutions in EEA currencies, rated ECAI 1, of minimum issue size EUR 250 million (or the local currency equivalent);   + Bonds issued by local government institutions in EEA currencies, rated ECAI 2 or above, of minimum issue size EUR 250 million (or the local currency equivalent) and a maximum time to maturity of 10 years.   + Common equity shares satisfying all of the following conditions * Check that assets not qualifying as HQLA are not reported by the institution as HQLA: * Equities (except the common equity shares satisfying the conditions) * Gold; * ABS not backed by residential mortgages; * Credit claims; * Securities issued by financial institutions; * Central bank securities; * Bank-issued government guaranteed bonds; * Bonds issued by promotional banks. * Verify calculation of LCR ratio (liquid assets available, inflows and outflows). LCR > 100%? If not inform client | X | X |

### Procedures for COREP reporting tables related to “NSFR” (tables 60.00 and 61.00)

| **COREP table** (number and name) | **Key procedures** | **R** | **A** |
| --- | --- | --- | --- |
| **C60.00 and C61.00** – Stable funding – items requiring stable funding  Stable funding – items providing stable funding | * Reconcile the tables to the accounting and the underlying supporting evidence * Verify the accuracy of the calculations * Fluctuation analysis and explain large variances * Have all assumptions, approximations and interpretations of the CRR/CRD IV been documented (i.e. stable/less stable deposits) * Reconciliation with FINREP reporting (subtotal of the NSFR tables should match with the balance sheet total). | X | X |

### Procedures for COREP reporting tables related to “ALM” (tables 66.00 and 71.00)

| **COREP table** (number and name) | **Key procedures** | **R** | **A** |
| --- | --- | --- | --- |
| **C66.00, C67.00, C68.00, C69.00, C70.00 and C71.00** – Maturity ladder template  Concentration of funding by counterparty  Concentration of funding by product type  Prices for various lengths of funding  Rollover of funding  Concentration of counterbalancing capacity by counterparty | * Reconcile the tables to the accounting and the underlying supporting evidence; * Verify the accuracy of the calculations; * Fluctuation analysis and explain large variances; * d) C67 – check reconciliation between ALM and accounting ; * C71 – check reconciliation between ALM and accounting and reconciliation with large exposures reporting; * C69 & C70 – perform reasonableness test and spot check. | X | X |

## Substantive testing Scheme A

The external auditor should include the following elements in its working program related to substantive testing of the reporting of the Scheme A prudential reporting.

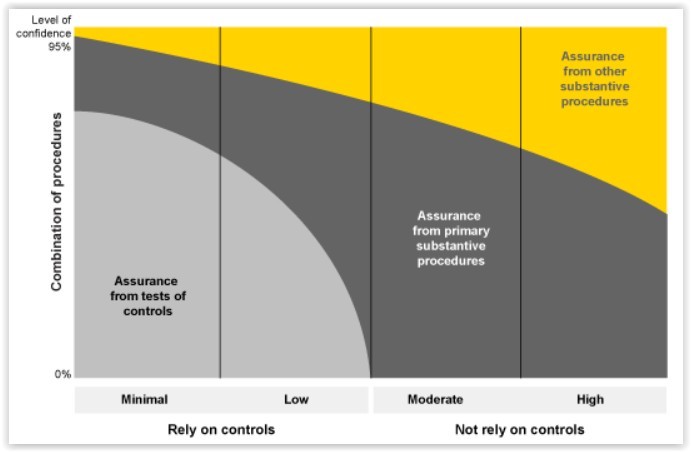
| **Scheme A table** (number and name) | **Key procedures** | **R** | **A** |
| --- | --- | --- | --- |
| **00.10**  ACTIEF  -  ACTIF | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown of the figures per type, per counterparty and per currency is accurate. | X  X | X  X  X |
| **00.20**  PASSIEF  -  PASSIF | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown of the figures per type, per counterparty and per currency is accurate. | X  X | X  X  X |
| **00.30**  POSTEN BUITEN BALANSTELLING  -  POSTES HORS BILAN | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown of the figures per type, per counterparty and per currency is accurate. | X  X | X  X  X |
| **00.40**  RESULTATENREKENING - OPBRENGSTEN  -  COMPTE DE RESULTATS - PRODUITS | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown of the figures per type and per currency is accurate. | X  X | X  X  X |
| **00.50**  RESULTATENREKENING - KOSTEN  -  COMPTE DE RESULTATS - CHARGES | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown of the figures per type and per currency is accurate. | X  X | X  X  X |
| **00.60**  RESULTAATVERWERKING  -  AFFECTATIONS ET PRELEVEMENTS | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. | X  X | X  X |
| **01.11 + 01.21**  THESAURIETEGOEDEN EN INTERBANKVORDERINGEN EN INTERBANKSCHULDEN  -  TRESORERIE ET CREANCES INTERBANCAIRES ET DETTES INTERBANCAIRES | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown of duration has been performed based on the original duration. * Check on a sample basis if the breakdown of the figures per counterparty is accurate. | X  X | X  X  X  X |
| **02.11**  KREDIETEN BIJ DE OORSPRONG VERLEEND DOOR DE RAPPORTERENDE KREDIETINSTELLING EN ONINBARE EN DUBIEUZE VORDERINGEN : INDELING OP BASIS VAN DE KREDIETBEGUNSTIGDEN  -  CRÉDITS ACCORDÉS À L'ORIGINE PAR L'ÉTABLISSEMENT DE CRÉDIT RAPPORTEUR ET CREANCES NON RECOUVRABLES  OU DOUTEUSES : RÉPARTITION SUR LA BASE DES BÉNÉFICIAIRES DU CRÉDIT | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown of duration has been performed based on the original duration. * Check on a sample basis if the breakdown of the figures per counterparty is accurate. | X  X | X  X  X  X |
| **02.12**  SECURITISATIES EN OVERIGE OVERDRACHTEN VAN LENINGEN :  INDELING OP BASIS VAN DE KREDIETBEGUNSTIGDEN  -  TITRISATION ET AUTRES CESSIONS DE CREDITS:  REPARTITION SUR LA BASE DES BENEFICIAIRES DU CREDIT | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown of duration has been performed based on the original duration. * Check on a sample basis if the breakdown of the figures per counterparty is accurate. | X  X | X  X  X  X |
| **02.13**  KREDIETEN BIJ DE OORSPRONG VERLEEND DOOR DE RAPPORTERENDE KREDIETINSTELLING: INDELING OP BASIS VAN DE  INITIËLE EN DE RESTERENDE LOOPTIJD  -  CREDITS ACCORDES A L'ORIGINE PAR L'ETABLISSEMENT DE  CREDIT RAPPORTEUR : REPARTITION SUR LA BASE DES DUREES INITIALE ET RESIDUELLE | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown of duration has been performed based on the original and remaining duration. * Check on a sample basis if the breakdown of the figures per counterparty is accurate. | X  X | X  X  X    X |
| **2.22**  DEPOSITO'S EN OVERIGE CREDITEUREN: INDELING VOLGENS DE SECTOREN VAN DE SCHULDEISERS  -  DÉPÔTS ET AUTRES CRÉANCIERS : RÉPARTITION SECTORIELLE SELON LES CRÉANCIERS | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown of duration has been performed based on the original duration. * Check on a sample basis if the breakdown of the figures per counterparty is accurate. | X  X | X  X  X  X |
| **02.30**  BESCHIKBARE MARGE VAN BETEKENDE KREDIETLIJNEN: INDELING OP BASIS VAN DE KREDIETBEGUNSTIGDEN  -  MARGE DISPONIBLE DES LIGNES DE CREDIT CONFIRMEES : REPARTITION SUR LA BASE DES BENEFICIAIRES DE LA LIGNE DE CREDIT | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown of the figures per counterparty is accurate. | X  X | X  X  X |
| **03.10**  AANVULLENDE BESCHRIJVING BIJ DE POSTEN "TE REALISEREN EFFECTEN" (00/134) EN "BELEGGINGSEFFECTEN" (00/135) :  EFFECTEN IN EURO  -  DESCRIPTION COMPLEMENTAIRE DES POSTES "VALEURS MOBILIERES A REALISER" (00/134) ET "PLACEMENTS EN VALEURS  MOBILIERES" (00/135) : VALEURS MOBILIERES EN EUROS | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown per type of security is accurate, and if the book value and fair value reconcile with supporting evidence. | X  X | X  X  X |
| **03.11**  AANVULLENDE BESCHRIJVING BIJ DE POSTEN "TE REALISEREN EFFECTEN" (00/134) EN "BELEGGINGSEFFECTEN" (00/135) : EFFECTEN IN VREEMDE MUNTEN  -  DESCRIPTION COMPLEMENTAIRE DES POSTES "VALEURS MOBILIERES A REALISER" (00/134) ET "PLACEMENTS EN VALEURS MOBILIERES" (00/135) : VALEURS MOBILIERES EN MONNAIES ETRANGERES | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown per type of security is accurate, and if the book value and fair value reconcile with supporting evidence. | X  X | X  X  X |
| **03.30**  AANVULLENDE BESCHRIJVING VAN WARRANTS EN OPTIES OP AANDELEN EN SOORTGELIJKE INSTRUMENTEN  -  DESCRIPTION COMPLEMENTAIRE DES WARRANTS ET OPTIONS SUR ACTIONS ET INSTRUMENTS SIMILAIRES | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown per type of security is accurate, and if the book value, fair value and execution price reconcile with supporting evidence. | X  X | X  X  X |
| **03.41**  EFFECTEN, ANDER WAARDEPAPIER EN FINANCIËLE VASTE ACTIVA :  INDELING VOLGENS DE SECTOR VAN DE EMITTENT  -  VALEURS MOBILIÈRES, AUTRES TITRES NÉGOCIABLES ET  IMMOBILISATIONS FINANCIÈRES : RÉPARTITION SECTORIELLE SELON L'ÉMETTEUR | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown per type of security and per counterparty is accurate. | X  X | X  X  X |
| **03.49**  WAARDEVERMINDERINGEN EN WAARDERINGS-VERSCHILLEN OP EFFECTEN EN ANDERE ACTIVA  -  REDUCTIONS DE VALEUR ET DIFFERENCES D’EVALUATION SUR TITRES ET AUTRES ACTIFS | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown of duration has been performed based on the original duration. * Check on a sample basis if the breakdown of the figures per counterparty and per type is accurate. * Check on a sample basis if the included figures are in accordance with the principles as stated in the examples in the circular of the NBB. | X  X | X  X  X  X  X |
| **03.51**  IN SCHULDBEWIJZEN BELICHAAMDE SCHULDEN: INDELING OP BASIS VAN DE OORSPRONKELIJKE LOOPTIJD  -  DETTES REPRÉSENTÉES PAR UN TITRE : RÉPARTITION SELON LA  DURÉE INITIALE | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown of duration has been performed based on the original duration. * Check on a sample basis if the breakdown of the figures per counterparty is accurate. | X  X | X  X  X  X |
| **03.59**  WAARDERINGS-VERSCHILLEN OP IN SCHULDBEWIJZEN  BELICHAAMDE SCHULDEN, KAPITAAL EN RESERVES, OVERIGE PASSIVA  -  DIFFERENCES D’EVALUATION SUR LES DETTES REPRESENTEES PAR UN TITRE, LE CAPITAL ET LES RESERVES ET LES AUTRES PASSIFS | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown of duration has been performed based on the original duration. | X  X | X  X  X |
| **03.70**  DE FINANCIELE INSTRUMENTEN BALANS  -  BALANCE DES INSTRUMENTS FINANCIERS | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Reconcile the figures with the custodian reports/portfolio overviews. | X  X | X  X  X |
| **03.90 – 03.99**  GEDETAILLEERDE INVENTARIS VAN DE EFFECTEN, WAARDEPAPIER EN FINANCIELE VASTE ACTIVA  -  RELEVE DETAILLE DES VALEURS MOBILIERES, TITRES NEGOCIABLES ET IMMOBILISATIONS FINANCIERES | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown per type of security is accurate, and if the nominal value, book value and fair value reconcile with supporting evidence. | X  X | X  X  X |
| **10.20**  CONCENTRATIE VAN SCHULDEN TEGENOVER SCHULDEISERS DIE GEEN VERBONDEN ONDERNEMINGEN ZIJN T.A.V. DE RAPPORTERENDE KREDIETINSTELLING  -  CONCENTRATION DES DETTES ENVERS DES CREANCIERS QUI NE  SONT PAS DES ENTREPRISES LIEES A L'ETABLISSEMENT DE CREDIT RAPPORTEUR | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown of the figures per counterparty is accurate. | X  X | X  X  X |
| **43.03**  UITSPLITSING VAN DE SCHULDVORDERINGEN EN VERBINTENISSEN PER LAND  -  DÉCOMPOSITION DES CRÉANCES ET ENGAGEMENTS PAR PAYS | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown of the figures per counterparty is accurate. | X  X | X  X  X |
| **43.33**  SCHULDVORDERINGEN EN VERBINTENISSEN OP OF TEGENOVER DE  MOEDERMAATSCHAPPIJ, BIJKANTOREN, DOCHTER- EN ZUSTER-MAATSCHAPPIJEN  -  CRÉANCES ET ENGAGEMENTS SUR OU ENVERS LA MAISON-MERE, LES SUCCURSALES, LES FILIALES ET LES SOCIÉTÉS-SOEURS | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown of the figures per counterparty is accurate. | X  X | X  X  X |
| **43.80**  SPREIDING VAN ACTIVA EN SCHULDEN PER LAND  -  REPARTITION DES ACTIFS ET DES DETTES PAR PAYS | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown of the figures per type and per counterparty is accurate. | X  X | X  X  X |
| **50.10 – 50.15**  PROBLEEMRISICO'S EN INVENTARISBOEKINGEN VOOR PROBLEEMRISICO'S  -  RISQUES A PROBLEME ET ECRITURES D'INVENTAIRE RELATIVES AUX RISQUES A PROBLEME | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown of the figures per type is accurate. | X  X | X  X  X |
| **70.10**  BETREKKINGEN VAN KREDIETINSTELLING MET VERBONDEN ONDERNEMINGEN EN ANDERE ONDERNEMINGEN WAARMEE EEN  DEELNEMINGSVERHOUDING BESTAAT  -  RELATIONS DE L'ETABLISSEMENT DE CREDIT AVEC DES ENTREPRISES LIEES ET D'AUTRES ENTREPRISES AVEC LESQUELLES IL EXISTE UN LIEN DE PARTICIPATION | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown of the figures per type and per counterparty is accurate. | X  X | X  X  X |
| **80.90**  ALGEMENE SOLVABILITEIT  -  SOLVABILITE GENERALE | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. | X  X | X  X |
| **80.91**  NOMINATIEVE OPGAVE VAN DE GECONSOLIDEERDE DOCHTERONDERNEMINGEN EN GEMEENSCHAPPELIJKE DOCHTERONDERNEMINGEN  -  RELEVE NOMINATIF DES FILIALES ET FILIALES COMMUNES COMPRISES DANS LA CONSOLIDATION | * Reconcile the total amounts to the accounting and the underlying supporting evidence. * Perform a fluctuation analysis. * Check on a sample basis if the breakdown of the figures per type and per counterparty is accurate. | X  X | X  X  X |

# Substantive testing – Insurance

The level of detail of the review/audit of the prudential reporting is depending on several factors that need to be considered by the accredited auditor:

* Risk assessment made by the external auditor in respect of the prudential reporting.
* History of identified differences/issues in respect of the prudential reporting.
* Assessment of the operating effectiveness of the internal controls implemented in respect of the prudential reporting.
* Materiality levels defined by the accredited auditor.
* Biannually attention points from IREFI-IRAIF.
* Level of automation in the preparation of the prudential reporting.
* Outcome of the dialogue between the accredited auditor and the NBB on the level of each individual entity.

Based on the assessment of all these factors, the accredited auditor will use his professional judgement to identify the level of detail required. The interaction between the reliance on internal controls and the need for substantive testing is presented in the following graph:



|  |  |  |  |
| --- | --- | --- | --- |
| **QRT** | **Key Procedures** | **R** | **A** |
| **S.01.01** Content of the submission | Perform reasonability checks (scanning analytics) and comparison with prior period. | X | X |
| **S.01.02** Basic Information - General | X | X |
| **S.02.01** Balance sheet | * Refer to existing procedures (Solvency II working programs issued by the Insurance Working Party). * Test the mapping between statutory and/or IFRS financial statements and the Economic Balance Sheet. | X | X  X |
| **S.03.01** Off-balance sheet items - general | * Reconcile to statutory/IFRS off-balance sheet items. | NA | X |
| **S.03.02** Off-balance sheet items - List of unlimited guarantees received by the undertaking | NA | X |
| **S.03.03** Off-balance sheet items - List of unlimited guarantees provided by the undertaking | NA | X |

|  |  |  |  |
| --- | --- | --- | --- |
| **QRT** | **Key Procedures** | **R** | **A** |
| **S.05.01** Premiums, claims and expenses by line of business | * Perform a reconciliation of totals with statutory accounts. * Perform a sanity check (scanning analytics) on the split between the different lines of business and/or trace to the underlying source systems in order to ensure that the accuracy over the granularity of financial data is respected * Verify the coherence with other QRTs through reconciliations (example: S.17.01). | X  X  X | X  X  X |
| **S.06.02** List of assets | * Inquire on the results of the compliance assessment performed by the insurance company on circular NBB\_2016\_01 on data quality on the detailed list of assets. * Discuss the procedure on how the QRT is generated and verify which internal controls have been introduced by the company to ensure the data quality of the detailed list of assets. These controls can include matters such as:   + Reconciliation of the total of the value of the assets in the QRT with Market Value Balance sheet to ensure completeness and existence of the assets in this QRT.   + Exception report which compares the assets and the related data in the initial asset management IT system with the assets in the QRT to ensure the completeness, existence and accuracy of all assets in this QRT.   + Exception report which performs some logical checks on the data to verify the accuracy of the data (e.g. check for empty cells and check if data are included in the appropriate format).   + Controls which ensure the accuracy of the data in the initial source systems which serve as a basis for providing the input data for the QRT, being the asset management IT system,   + Management review of the QRT at a sufficient granular level. * Perform substantive tests on the data. The extent will depend on the results of the testing of the internal control environment. These tests can include tests such as:   + Perform a reconciliation of the assets in the QRT “Detailed list of assets” with the Market Value Balance Sheet based on creating subtotals on the CIC codes or reconcile the total of the list.   + Scan through the detailed list of assets to verify any inconsistencies in the data such as:     - Exceptional high values     - Inconsistent data in the list     - Empty cells   + For a sample of individual lines, trace to the underlying details in the asset management IT system or other sources such as confirmations from custodians, tools such as Bloomberg or Reuters or supporting documents for the acquisition of the related assets (depending on the extent of audit procedures already performed on data quality in the asset management IT system).   + Substantive tests on the accuracy of the data in the initial source systems which serve as a basis for providing the input data for the QRT, being the asset management IT system   + Verify if the instructions on data quality have been followed as defined in the Circular NBB\_2016\_01 on data quality on the detailed list of assets | X  X | X  X  X |
| **S.06.03** Collective investment undertakings - look-through approach | We refer to procedures on S.06.02. | X | X |
| **S.07.01** Structured products | We refer to procedures on S.06.02. | NA | X |
| **S.08.01** Open derivatives | We refer to procedures on S.06.02. | X | X |
| **S.08.02** Derivatives Transactions | Reconcile data / information to the work performed for the audit of derivatives (Belgian GAAP / IFRS). | X | X |
| **S.09.01** Income/gains and losses in the period | Perform a reconciliation with the statutory income statement. | NA | X |
| **S.10.01** Securities lending and repos | We refer to procedures on S.06.02. | NA | X |
| **S.11.01** Assets held as collateral | We refer to procedures on S.06.02. | NA | X |
| **S.12.01** Life and Health SLT Technical Provisions | * Discuss the procedure on how the QRT is generated and verify which internal controls have been introduced by the company to ensure the data quality of this QRT. These controls can include matters such as:   + Reconciliation of the total of the value of the technical provision life, the risk margin and recoverables from reinsurers in the QRT with Market Value Balance sheet to ensure completeness and existence of the liabilities in this QRT.   + Exception report which performs some logical checks on the data to verify the accuracy of the data (e.g. check for empty cells and check if data are included in the appropriate format).   + Controls which ensure the accuracy of the data in the initial source systems which serve as a basis for providing the input data for the QRT, being the technical systems for contract and claims management,   + Management review of the QRT at a sufficient granular level. * Perform substantive tests on the data. The extent will depend on the results of the testing of the internal control environment. These tests can include tests such as:   + Perform a reconciliation of the liabilities, risk margin and recoverables from reinsurers in the QRT with the Market Value Balance Sheet.   + Perform a reconciliation of the liabilities, risk margin, recoverables from reinsures and data on cash flows and surrender values with the outputs of the calculations by the technical systems   + Substantive tests on the accuracy of the data in the initial source systems which serve as a basis for providing the input data for the QRT, being the technical systems for contract and claims management   + Scan through the QRT to verify any inconsistencies in the data such as: * Exceptional high values * Inconsistent data in the list * Empty cells   + Perform some analytical procedures such as: * Trend analysis of the data compared with prior periods. Ensure that all evolutions can sufficiently be explained. * Split of the data per type of contracts compared to the total and compare this with prior periods and validate based on our knowledge of the client, information received from other audit procedures, prior period QRT’s or other relevant information. * Verify the coherence with other QRTs (e.g. including premium income) through reconciliations | X | X  X |
| **S.13.01** Projection of future gross cash flows | Refer to existing working programs on Solvency II issued by the Institute of Accredited Auditors for auditing the Best Estimate Liabilities.  Reconcile to underlying documents (and validated by internal controls) | NA | X  X |
| **S.14.01** Life obligations analysis | Perform a reconciliation to total Best Estimate Liabilities (Economic Balance Sheet). | NA | X |
| **S.17.01** Non-Life Technical Provisions | Reconciliation of technical provisions with EBS   * Perform an analytical review on the split between the different lines of business based on our knowledge of the client, information received from other audit procedures, prior period QRT’s or other relevant information. * Verify the coherence with other QRTs (e.g. including premium income) through reconciliations | X  X  X | X  X  X |
| **S.18.01** Projection of future cash flows (Best Estimate - Non Life) | Refer to existing procedures (Solvency II working programs issued by the Insurance Working Party) for auditing the Best Estimate Liabilities.  Reconcile to underlying documents (and validated by internal controls) | NA | X  X |
| **S.22.01** Impact of long term guarantees measures and transitionals | Refer to existing procedures (Solvency II working programs issued by the Insurance Working Party) for auditing the Best Estimate Liabilities and own funds. Consider also work to be performed on both the calculation with volatility adjustment and without volatility adjustment  Perform reasonability checks and document understanding of measures and transitionals | NA | X  X |
| **S.23.01** Own funds | Perform reasonability checks on the content of the QRT based on our knowledge gained through other procedures performed during our audit and comparison with prior period.  We refer to the procedures already mentioned in the standard working program | X | X  X |
| **S.23.02** Detailed information by tiers on own funds | We refer to procedures on S23.01.  Perform a reconciliation to S.23.01. | NA | X |
| **S.23.03** Annual movements on own funds | We refer to procedures on S23.01.  Perform a reconciliation to S.23.01. | NA | X |
| **S.23.04** List of items on own funds | We refer to procedures on S23.01.  Perform a reconciliation to S.23.01. | NA | X |
| **S.24.01** Participations held | Perform a reconciliation with the audited / reviewed information on participations from the statutory audit / review. | NA | X |
| **S.25.01** Solvency Capital Requirement - for undertakings on Standard Formula | * Refer to existing procedures (Solvency II working programs issued by the Insurance Working Party). * Perform reasonability checks (scanning analytics) and comparison with prior period. | NA | X  X |
| **S.25.02** Solvency Capital Requirement - for undertakings using the standard formula and partial IM | Perform a reconciliation with other relevant QRTs. | NA | X |
| **S.25.03** Solvency Capital Requirement - for undertakings on Full Internal Models | * Refer to existing procedures (Solvency II working programs issued by the Insurance Working Party). * Perform reasonability checks (scanning analytics) and comparison with prior period. | NA | X  X |
| **S.26.01** Solvency Capital Requirement - Market risk | * Refer to existing procedures (Solvency II working programs issued by the Insurance Working Party). * Perform reasonability checks (scanning analytics) and comparison with prior period. | NA | X |
| **S.26.02** Solvency Capital Requirement - Counterparty default risk | NA | X |
| **S.26.03** Solvency Capital Requirement - Life underwriting risk | NA | X |
| **S.26.04** Solvency Capital Requirement - Health underwriting risk | NA | X |
| **S.26.05** Solvency Capital Requirement - Non-Life underwriting risk | NA | X |
| **S.26.06** Solvency Capital Requirement - Operational risk | NA | X |
| **S.26.07** Solvency Capital Requirement - Simplifications | * Compare and reconcile to information gathered through the audit of SCR, including simplifications used. * Perform reasonability checks (scanning analytics) and comparison with prior period. | NA | X  X |
| **S.27.01** Solvency Capital Requirement - Non-life and Health catastrophe risk | Refer to existing procedures (Solvency II working programs issued by the Insurance Working Party) and verify figures are in line.  Perform reasonability checks (scanning analytics) and comparison with prior period. | NA | X  X |
| **S.28.01** Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity | * Refer to existing procedures (Solvency II working programs issued by the Insurance Working Party). * Verify coherence with other QRT's. |  | X |
| **S.28.02** Minimum Capital Requirement - Both life and non-life insurance activity | X | X |
| **S.29.01** Excess of Assets over Liabilities | Perform a reconciliation with QRT's covering own funds and EBS (S.02.01, S.23.01 …). | NA | X |
| **S.36.01** IGT - Equity-type transactions, debt and asset transfer | * Compare and reconcile to information gathered through other audit procedures. * Perform reasonability checks (scanning analytics) and comparison with prior period. | NA | X |
| **S.36.02** IGT - Derivatives | NA | X |
| **S.36.03** IGT - Internal reinsurance | NA | X |
| **S.36.04** IGT - Cost Sharing, contingent liabilities, off BS and other items | NA | X |

1. One of the most important dimension on which the regulatory authorities have questions when assessing the data quality of the prudential reporting is, the “plausibility”. This requires also the most work for institutions to answer. Therefore, plausibility aspects have to be developed upfront by the institutions. [↑](#footnote-ref-1)
2. This program of substantive testing is for informative purposes. Its utilization and / or adaptation will rely on the accredited auditor’s experience and professional judgment. [↑](#footnote-ref-2)