

Support for establishing internal controls & internal audit-related services for the asset management business

*Capitalizing on our audit
experience, etc. with asset
managers,
PricewaterhouseCoopers
Aarata LLC is providing
support with establishing
internal controls, and
internal audit-related
services for various themes
including independent
assessment on internal audit.*

PricewaterhouseCoopers Aarata LLC

Expectations towards asset managers to enhance their internal management framework

Amid growing expectations for the asset management sector providing a variety of investment tools, there is a tendency to tighten relevant regulations at home and abroad. In addition, a series of scandals have prompted the public to pay closer attention to asset managers.

Several reports and policies published by the Financial Services Agency of Japan (JFSA) highlighted the importance of providing high-quality financial instruments/services that genuinely benefit customers, using “fiduciary duty” as a key term. Companies are taking measures according to those policies.

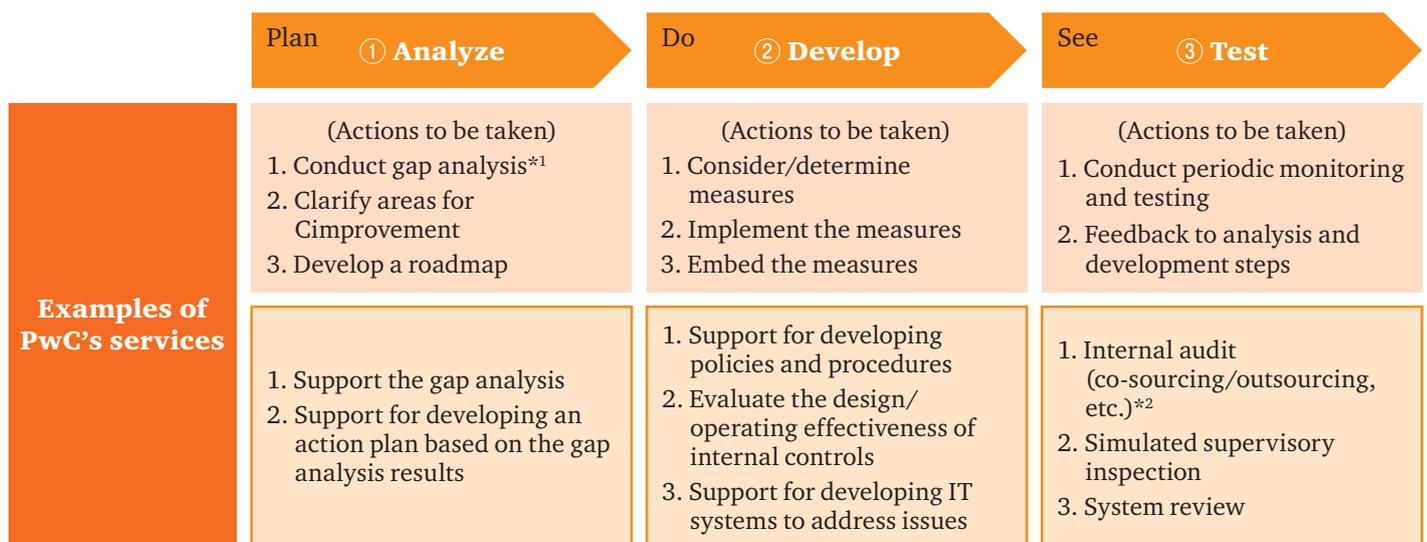
Furthermore, as the business management environment is changing drastically, there is an urgent need to address areas relating to information systems, such as FinTech and cybersecurity. Also, there are needs for experts for overseas regulations because many of them have an impact on extraterritorial applications and the investment behavior of customers of asset managers.

In addition to traditional compliance issues, asset managers are facing a business management environment that is changing at an unprecedented pace with complexity and thus are expected to enhance their internal management framework.

General flow for enhancing the internal management framework

Generally, a three-step approach is taken to enhance the internal management framework. PricewaterhouseCoopers Aarata LLC (“PwC Aarata”) will provide support in each step as shown in the diagram below.

We have IT experts, certified internal auditors, ex-regulators and other experts in each step to meet various needs for enhancing the internal management framework.



*1 For example, a comparative analysis of your “as-is” against industry best practices and various standards (e.g. supervisory guidelines)

*2 Internal audit focusing on topic areas within the industry. Outsourcing covers the whole internal audit work from risk assessment through reporting to management/governance. Co-sourcing covers a part of them depending on your needs.

Providing services according to, among other things, maturity levels of internal controls

Capitalizing on our experience with companies in various sizes and businesses, PwC Aarata will provide services in accordance with the client's size, business nature and internal control maturity levels, etc. from the perspective of the best practice in the asset management industry.

Services	Description of the service	Examples of specific work
Support for establishing internal controls	Mainly through a gap analysis, provide advice on the development of a roadmap for establishing internal controls as well as of policies and procedures	<ul style="list-style-type: none"> • Interview with personnel in charge of each business process; perform a gap analysis based on 'as-is' business processes identified; and provide support for developing policies and procedures based on gap analysis results
Enhancement of internal controls	Identify the vulnerability of internal controls through third-party assessment such as mock inspection/internal audit	<ul style="list-style-type: none"> • Conduct a mock inspection by ex-regulators • Provide advice on enhancement of internal audit through independent assessment of internal audit • Support for enhancing the outsourcing of the management framework
Internal audit co-sourcing/outsourcing	Provide services focusing on individual needs or those areas attracting particular attention	<ul style="list-style-type: none"> • Internal audit on fiduciary duty • Internal audit relating to IT systems

Strength of PwC Aarata

Dedicated team for the asset management industry

With a broad client base and various engagements in the asset management industry, PwC Aarata captures the latest trends in the industry and applicable regulations, has accumulated best practices in the asset management industry and is providing highly professional services.

Use of knowledge on the latest regulations and movements of regulators

PwC Aarata has the FS Strategy & Promotion team to strengthen its support for financial institutions in complying with regulations and addressing supervisory monitoring. Team members include ex-employees of the JFSA and the Bank of Japan, etc. who are conducting research and analysis of financial systems (e.g. international regulatory developments).

Global leader in the area of internal audit services

Through its global research/study on internal audit and services to leading financial institutions over a long period of time, PwC Aarata is providing insights into the enhancement of internal audit and is providing services contributing to the strengthening of the internal management framework through such enhancement of internal audit.



PricewaterhouseCoopers Aarata LLC

Otemachi Park Building,
1-1-1 Otemachi, Chiyoda-ku, Tokyo 100-0004
TEL: 03-6212-6800

Contact:
pwcjppr@jp.pwc.com

© 2019 PwC. All rights reserved.

PwC refers to the PwC network member firms and/or their specified subsidiaries in Japan, and may sometimes refer to the PwC network. Each of such firms and subsidiaries is a separate legal entity. Please see www.pwc.com/structure for further details.

This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.