

Control Reliance Report

Implementing and maintaining

Almost all the Insurance companies have been outsourcing claims processing for years to Third Party Administrators (TPA). The Insurance companies and its auditors requires a degree of assurance that the service organization (TPA) has a well-established internal control framework that is operating effectively. The reports on controls over processing of claims at TPAs impacts the financial statements of Insurance companies because the claims processed by TPAs are included in the financial statements of the Insurance companies.

The control reliance report is produced using International Standards on Assurance Engagements (ISAE) 3402 (issued by the International Auditing and Assurance Standards Board). An ISAE 3402 engagement is an examination (similar to an audit) of a description produced by the service organisation of the system(s) they operate on the behalf of insurance companies which are relevant to the internal control processes of TPAs.

Under the ISAE 3402 standard the TPAs has primary responsibilities of:

1. Preparing and presenting a complete an accurate description of the 'system' (i.e. the internal control framework)
2. Specifying the control objectives
3. Identifying the risks that threaten the achievement of the control objectives
4. Designing, implementing and maintain controls to provide reasonable assurance that the control objectives will be achieved
5. Provide a written assertion to accompany the description as to the completeness and accuracy of the information provided and state the criteria used as a basis for making the assertion.

HOW CAN PREMIER BRAINS ASSIST?

We can issue a report on effectiveness of controls. PB's report will conclude whether mentioned controls exist, are adequately designed and operated effectively (only type II) during a certain period. The auditor of the Insurance Companies can subsequently rely on the service auditor opinion, when auditing the user organization's financial statements.



If you want to discuss more ISAE 3402, please drop us an email at info@premier-brains.com or call us at +971 4 3542959, +971 56 682 8172, +971 56 682 5687.

ABOUT PREMIER BRAINS

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- Tax Agency with FTA
- Tax Advisory
- Business valuations
- Feasibility Studies
- Business Accounts Outsourcing Services
- Fund raising and restructuring
- JAFZA Offshore agents
- Company incorporations (under group entities)

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