

MANDATORY PROVIDENT FUND SCHEMES AUTHORITY

II.6 Guidelines on Internal Control Report for Each Registered Scheme

INTRODUCTION

Section 39 of the Mandatory Provident Fund Schemes (General) Regulation (the Regulation) provides for the control objectives and internal control measures to be maintained at all times for each registered scheme.

2. Sections 112 and 113 of the Regulation require the approved trustee of a registered scheme to lodge with the Mandatory Provident Fund Schemes Authority (the Authority) each year a report on the internal control objectives and measures. The report must be accompanied by an auditor's report.

3. Section 39(2)(ca)(iii) of the Regulation as in force immediately before the commencement date (as defined in section 2 of Schedule 5 to the Regulation)¹ (pre-amended section 39(2)(ca)(iii)) provides that for the purposes of section 39(1) of the Regulation, one of the control objectives to be maintained in respect of a registered scheme is to ensure that section 34DC(1) of the Mandatory Provident Fund Schemes Ordinance (the Ordinance) is complied with in relation to the scheme.

4. With the commencement of section 52 of the Mandatory Provident Fund Schemes (Amendment) Ordinance 2021 (the Amendment Ordinance), section 39(2)(ca)(iii) of the Regulation is repealed.

¹ The commencement date means the date on which section 52 of the Mandatory Provident Fund Schemes (Amendment) Ordinance 2021 (the Amendment Ordinance) comes into operation, i.e. 26 June 2024. Schedule 5 is added to the Regulation pursuant to section 103 of the Amendment Ordinance.

5. Pursuant to section 2 of Schedule 5 to the Regulation, despite the commencement of section 52 of the Amendment Ordinance, pre-amended section 39(2)(ca)(iii) applies to the control objectives of a pre-existing scheme, to the extent that section 34DC(1) of the Ordinance applies to the approved trustee of the scheme.

6. Section 6H of the Ordinance provides that the Authority may issue guidelines for the guidance of approved trustees, service providers, participating employers and their employees, self-employed persons, regulated persons and other persons concerned with the Ordinance.

7. The Authority hereby issues guidelines (in the Annex) to set out:

- (a) the reporting requirements on approved trustees in respect of the internal controls of registered schemes;
- (b) the internal control objectives and suggested internal control measures in respect of registered schemes;
- (c) the reporting requirements on auditors in respect of approved trustees' internal control report; and
- (d) the exemption arrangement for certain employer sponsored schemes.

8. Subject to paragraphs 4 and 5 above, the guidance on control objectives and measures of a registered scheme as set out in the Annex relating to compliance with section 34DC(1) of the Ordinance shall not apply to a registered scheme or an approved trustee of the registered scheme.

EFFECTIVE DATE

9. These revised Guidelines (Version 4 – June 2024) shall become effective on the date of commencement of operation of sections 52 and 103 of the Amendment Ordinance, i.e. 26 June 2024. The previous version of these Guidelines (Version 3 – March 2017) shall be superseded on that day.

DEFINITION OF TERMS

10. Where a term used in the Guidelines is defined in the Ordinance or the subsidiary legislation then, except where specified in the Guidelines, that term carries the meaning as defined in the Ordinance or the subsidiary legislation.

WARNING

11. It is an offence under section 43E of the Ordinance if a person, in any document given to a prescribed person² in connection with the Ordinance, makes a statement that the person knows to be false or misleading in a material respect, or recklessly makes a statement which is false or misleading in a material respect.

² Prescribed person means (a) the Authority; (b) a system operator of an electronic MPF system; (c) an approved trustee; (d) a trustee of a relevant scheme; or (e) an auditor of an approved trustee or of a registered scheme.