

Internal control business standard

Executive summary

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The internal control business standard sets out Aviva's required controls for effective internal control across the Group. These required controls are split along five principles:

Appropriate tone from the top

Businesses are to ensure that there is an appropriate culture ("tone from the top"). An appropriate culture includes the effective management of exposures, adequate resourcing, effective communication, malpractice reporting, a business ethics code that is annually signed up to by employees, and a commitment to integrity, ethical behaviour and compliance.

An organisational structure exists that supports the systems of internal control

Businesses are to implement an organisational structure which facilitates the system of internal control. This includes the effective operation of an adequately resourced three lines of defence model, appropriate and proportionate segregation of duties, a clear system of delegated authorities, clearly defined roles and responsibilities for staff, and the consideration of risk management and control responsibilities when setting objectives for and reviewing the performance of all staff.

Implementation of a risk management framework

Businesses are to implement Aviva's risk management framework. This includes:

- Implementation of the applicable risk policies;
- Implementation of the applicable business standards;
- Consistent identification, measurement, management, monitoring and reporting of all key risks;
- Documentation of agreed action plans for risks out of tolerance / appetite; and,
- Consideration of alternative response where risks are not directly controllable by management actions.

Effective controls and monitoring

Businesses are to ensure that there are effective controls for each core business process and that these processes are monitored and reported upon regularly. The controls should be proportionate to manage risks, be adequately documented, maintained and reviewed, and the results of that review reported.

Risk oversight

A risk oversight process should be established that provides adequate challenge to the completeness and openness of internal control and risk assessment. Where a committee structure is put in place to support this work then all committees must have defined terms of reference and appropriate membership, with proceedings adequately recorded and actions followed up.

Business standard owner
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