



**GROUP S SECRETARIAT SOCIAL ASBL**

**ISAE3402 Type II Assurance Report**

**Report on Group S' description of its system and  
on the suitability of the design and operating  
effectiveness of its controls**

**For the period  
January 1, 2020 to December 31, 2020**

## ISAE3402 Report - Type II

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## **SECTION I**

### **INDEPENDENT SERVICE AUDITOR'S REPORT**



## INDEPENDENT SERVICE AUDITOR'S REPORT

To the Board of Directors and Management of Group S

### Scope

We have been engaged to report on Group S' description in Section II and Section III of this report, of the Social Secretariat and Payroll Services activities of Group S throughout the period January 1, 2020 to December 31, 2020 ("the description") and on the suitability of the design and operating effectiveness of controls related to the control objectives stated in the description, based on the criteria identified in the management assertions in Section II.

The information included in Section IV, "Other Information Provided by the service organisation", is presented by management of Group S to provide additional information and is not a part of Group S' description of its Social Secretariat and Payroll Services system made available to its user entities during the period January 1, 2020 to December 31, 2020. Information provided in Section IV has not been subjected to the procedures applied in the examination of the description of the Social Secretariat and Payroll Services system and of the suitability of the design and operating effectiveness of controls to achieve the related control objectives stated in the description of the system and, accordingly, we express no opinion on it.

## Management's Responsibilities

Management of Group S is responsible for:

- preparing the description and accompanying statement in section II including the completeness, accuracy and method of presentation of the description and the statement;
- providing the services covered by the description;
- stating the control objectives;
- identifying the risks that threaten the achievement of the control objectives;
- designing, implementing and effectively operating controls to achieve the stated control objectives.

## Service Auditor's Responsibilities

Our responsibility is to express an opinion on Group S' management's description and on the design and operating effectiveness of controls related to the control objectives stated in that description, based upon our procedures.

We conducted our engagement in accordance with the International Standard on Assurance Engagements 3402, "Assurance Reports on Controls at a Service Organization", issued by the International Auditing and Assurance Standards Board. That standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance whether, in all material respects, the description is fairly presented and the controls were suitably designed and operating effectively. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

An examination of a description of a service organization's system and the suitability of the design and operating effectiveness of controls involves:

- performing procedures to obtain evidence about the fairness of the presentation of the description and the suitability of the design and operating effectiveness of those controls to achieve the related control objectives stated in the description, based on the criteria in management's assertion;
- assessing the risks that the description is not fairly presented and that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the description;
- testing the operating effectiveness of those controls that management considers necessary to provide reasonable assurance that the related control objectives stated in the description were achieved;
- evaluating the overall presentation of the description, suitability of the control objectives stated therein, and suitability of the criteria specified by the service organization in its assertion.

## Limitations of Internal Controls at a Service Organisation

The description is prepared to meet the common needs of a broad range of user entities and their auditors who audit and report on user entities' financial statements and may not, therefore, include every aspect of the system that each individual user entity may consider important in its own particular environment. Because of their nature, controls at a service organisation may not prevent or detect all errors or omissions in processing or reporting transactions. Also, the projection of any evaluation of effectiveness to future periods is subject to the risk that controls at a service organisation may become inadequate or fail.

## Description of Tests of Controls

The specific controls tested and the nature, timing, and results of those tests are listed in Section III.

## Opinion

Our opinion has been formed on the basis of the matters outlined in this report. The criteria we used in forming our opinion were those described in management's assertion in Section II.

In our opinion, in all material respects:

- (a) the description fairly presents Group S' system that was designed and implemented throughout the period January 1, 2020 to December 31, 2020; and
- (b) the controls related to the control objectives stated in the description were suitably designed to provide reasonable assurance that the specified control objectives would be achieved if the described controls operated effectively throughout the period January 1, 2020 to December 31, 2020 and subservice organizations and user entities applied the complementary controls assumed in the design of Group S' controls throughout the period;
- (c) the controls operated effectively to provide reasonable assurance that the control objectives stated in the description were achieved throughout the period January 1, 2020 to December 31, 2020, if complementary subservice organization and user entity controls assumed in the design of Group S' controls operated effectively throughout the period January 1, 2020 to December 31, 2020.

## Restricted use

This report and the description of tests of controls in Section III are intended only for existing customers of Group S' Social Secretariat and Payroll Services and their auditors, who have a sufficient knowledge and understanding of:

- the nature of the services provided by the service organisation.
- how the service organisation's system interacts with the customer entities, subservice organisations and other parties.
- internal control and its limitations.
- complementary customer-entity controls and how they interact with related controls at the service organisation to meet the stated control objectives.
- the risks that may threaten the achievement of the stated control objectives and how controls address those risks.



and to consider it, along with other information including information about controls implemented by customer entities themselves, when assessing the risks of material misstatements of customer entities' financial statements.

This report is not intended to be and should not be used by anyone other than these specified parties.

Antwerp, April 22, 2021

A handwritten signature in blue ink, appearing to read 'Bart Eversdijk', with a long horizontal stroke extending to the right.

BDO Bedrijfsrevisoren CVBA  
Represented by Bart Eversdijk

## **SECTION II**

### **MANAGEMENT'S ASSERTIONS & DESCRIPTION OF CONTROLS PROVIDED BY GROUP S**





**MANAGEMENT OF GROUP S' ASSERTIONS REGARDING ITS SOCIAL SECRETARIAT AND PAYROLL SERVICES THROUGHOUT THE PERIOD JANUARY 1, 2020 TO DECEMBER 31, 2020**

We have prepared the accompanying description of Group S' Social Secretariat and Payroll Services for existing customers throughout the period January 1, 2020 to December 31, 2020 and their auditors who have a sufficient understanding to consider it, based on the criteria in items (a)(i)-(iii) below.

We confirm, to the best of our knowledge and belief, that:

- a. The description fairly presents the Social Secretariat and Payroll Services system made available to user entities of the system during some or all of the reporting period, for processing their transactions as it relates to controls that are likely to be relevant to user entities' internal control over financial reporting. The criteria we used in making this assertion were that the description:
  - i. Presents how the system made available to user entities of the system was designed and implemented to process relevant user entity transactions, including, if applicable:
    - 1. The types of services provided;
    - 2. The procedures, within both automated and manual systems, by which those services are provided, including, as appropriate, procedures by which transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to the reports and other information prepared for user entities of the system;
    - 3. The information used in the performance of the procedures including, if applicable, related accounting records, whether electronic or manual, and supporting information involved in initiating, authorizing, recording, processing, and reporting transactions; this includes the correction of incorrect information and how information is transferred to the reports and other information prepared for user entities;
    - 4. How the system captures and addresses significant events and conditions;
    - 5. The process used to prepare reports or other information for user entities;
    - 6. Services performed by a subservice organization, if any, including whether the inclusive method or the carve-out method has been used in relation to them;
    - 7. The specified control objectives and controls designed to achieve those objectives including, as applicable, complementary user entity controls and complementary subservice organization controls assumed in the design of the service organization's controls;
    - 8. Other aspects of our control environment, risk assessment process, information and communications (including the related business processes), control activities and monitoring activities that are relevant to the services provided.
  - ii. Includes relevant details of changes to the service organization's system during the period covered by the description.

- iii. Does not omit or distort information relevant to the scope of the system being described, while acknowledging that the description is presented to meet the common needs of a broad range of existing customers and their auditors and may not, therefore, include every aspect of the system that each individual customer may consider important in its own particular environment.
- b. The controls related to the control objectives stated in the description were suitably designed and operated effectively throughout the period January 1, 2020 to December 31, 2020 to achieve those control objectives if subservice organizations and user entities applied the complementary controls assumed in the design of Group S' controls throughout the period January 1, 2020 to December 31, 2020. The criteria we used in making this assertion were that:
  - i. The risks that threaten achievement of the control objectives stated in the description have been identified.
  - ii. The identified controls would, if operated as described, provide reasonable assurance that those risks do not prevent the stated control objectives from being achieved.
  - iii. The controls were consistently applied as designed, including whether manual controls were applied by individuals who have the appropriate competence and authority.

Brussels, April 22, 2021



Group S Secrétariat Social ASBL/VZW represented by  
Gonzales Stubbe, CEO

## DESCRIPTION OF THE CONTROL MEASURES PROVIDED BY GROUP S

This description of controls is related to Group S' Social Secretariat and Payroll Services.

### 2.1. General introduction and scope of this report

The scope of the report covers the Payroll processes and General IT controls required to manage the Social Secretariat and Payroll Services. The following domains were identified.

Payroll processing:

- Capturing changes in legislation;
- Data input and data management;
- Wage calculation;
- Output;
- DMFA declaration;
- Fiscal declaration;
- Affiliate accounting;
- Settlements.

IT General Controls:

- IT security;
- IT continuity;
- IT change management.

Included in scope are all supporting and operational teams involved in providing the Social Secretariat and Payroll Services offered by Group S. The Group S organisation is supported by transversal departments such as ICT, Human Resources, Internal Audit, Finance & General Accounting, General Services, Marketing, etc.

## 2.2. Beyond the scope of this report

The following limitations and/or subjects are explicitly not within the scope of the report:

Limitations:

- The scope is limited to existing affiliates. The initial configuration and implementation procedures of new affiliates (incl. any data conversion that may be required when a new affiliate is contracted) are not addressed in this report;
- The scope is limited to the generic payroll process. Affiliate specificities or optional services that are offered to a limited number of affiliates are not addressed in this report;
- The scope of the controls performed in the local agencies is limited to the Brussels agency of the Social Secretariat. As a result of an internal standardization process, other agencies are set to be incorporated in this report on the short term.
- Declarations and settlements to trusts, to the extent that they do not flow through the National Office of Social Security (NOSS), are not addressed.

Subjects:

- The printing services outsourced to SPEOS are explicitly not addressed in this report. The scope is limited to the correct and complete creation of the output files in a secure format (AFP) by Group S. In a later stage printing services are set to be added to the scope.
- Data privacy and related security measures implemented in order to comply with the General Data Protection Regulation (Regulation (EU) 2016/679 (EU GDPR)) and the amended Privacy Belgian law of 1992 (amended in September 2018) are not covered in the report. The implemented measures have been described in the Section IV of this report.

## 2.3. Overview of the organisation

### 2.3.1. Activities of Group S

Group S provides services with regard to payroll administration and processing, and provides social and/or legal advice upon the affiliate's request.

Group S is a non-profit organisation, officially accredited and recognised by the Ministry of Social Protection as a social secretariat. An accredited social secretariat acts with power of an attorney on behalf of the affiliate.

Group S processes the payroll and related declarations of 300.000 employees working in more than 24.000 companies located in Belgium. Group S has 500 agents spread of 30 nation-wide offices allowing to watch carefully over the interests of its affiliates and respond to their needs with the necessary efficiency and flexibility.

### **2.3.2. Objectives of Group S - Secretariat Social ASBL**

Group S has put forward several objectives which it has set to achieve by means of their Social Secretariat and Payroll Services offering:

- ensuring social legislations are respected:
  - during the processing of payroll;
  - when preparing documents required by law;
  - when available computerized tools are modified or updated.
- guaranteeing data protection and security (in addition to internal security procedures):
  - through multi-dimensional security layers and methods;
  - through offsite backup storage of all procedures and data, allowing a quick and efficient restore in case of data loss.
- integrating human resource management:
  - in its basic functions, through the availability of a standardised structure;
  - in a modern environment, with the help of straightforward, user friendly tools;
  - through the possibility to interact with other computer programmes.
- improving and computerising procedures for consultation and transfer of data with regard to payroll processing.
- providing full legal and social support:
  - for all questions relating to general social legislation;
  - for all questions relating to joint committees;
  - by offering advice on staff management and labour relations;
  - by executing additional specific tasks relating to tax or Social Security matters.
- respecting agreed deadlines, as well as making quality a top priority when carrying out payroll processing activities.

### **2.3.3. Services of Group S**

#### **2.3.3.1. Payroll processing services**

Payroll processing is the main service offered by Group S' Social Secretariat to its affiliates. Group S has defined an extensive service offering consisting of following standard elements:

- calculation of net salaries, payments and drawing up of salary balances, pay slips, payment lists, bank lists or computerised payment of employees;
- processing of all administrative social obligations for affiliates: three-monthly Social Security declarations, formalities relating to payment of the professional retention, end-of-year tax documents, illness and disability insurance, family allowance, yearly holidays, unemployment forms, etc.;
- payment of Social Security contributions, other obligations, social funds, etc.;
- advice by the social-affairs specialists in our regional offices or by our central legal service with in depth knowledge of legal matters related to social affairs;
- written information about amendments related to social-affairs legislation in the affiliates field of activity; leaflets on a range of social affairs-related legal issues, work contracts, labour regulations, staff registers, etc.;
- monitor changes in laws and in sector-specific and industry-related conventions;
- take full responsibility for meeting all legal obligations with respect to the Social Security;
- provide a computerised service integrated in the affiliates' management programmes;
- create personalised pay slips including the name of the employee and affiliate company logo;

- suggest an annual service cost that can easily be budgeted for, given that it is proportional to the number of staff on the company's payroll.

#### **2.3.3.2. Additional services**

In addition to the standard Payroll Processing Services provided, Group S assists and supports the affiliate throughout the process in the following ways:

- by completing a file on educational leave : the request for reimbursement will be drawn up and the file will be submitted to the Ministry of Employment and Labour;
- by taking care of matters relating to seizures and transfer for the declaration of third-party seizures and credit-related and third-party correspondence;
- by taking responsibility for the administrative procedures required for any employment subsidies to be granted : formulating the request, drafting the necessary attestations and monitoring the process, producing, among other things, special attestations concerning the number of staff on the payroll;
- by putting the pay slips into envelopes, stamping them and sending them to the employees' private addresses.

#### **2.3.3.3. HR and payroll software applications**

Group S has developed a range of computerized tools aimed at providing as much support as possible to the Head of Personnel in his management of the staff in terms of both administrative tasks and getting the most out of human resources. Due to the pandemic situation and consequences on the work organisation, Group S has developed a set of new rules for employees who had to work from home.

These computerized tools have been developed by Group S and are offered to the affiliates in a Citrix configuration, to make them easily accessible to as many users as possible. In order to collect and transfer data required for a complete and accurate payroll processing, an in-house developed and maintained Group S application Presta / Presta-Web can be used. As Group S is continuously thriving to improve the tools provided, recently a web-based front-end application is made available to its customers.

The main functions of this application are outlined below:

- management of all staff particulars; Recording of the services rendered;
- incorporation of the services rendered coming from independent legacy systems, such as electronic time registration applications;
- attribution of the different services rendered to analytical cost centres, projects and activities, or departments of the company;
- use of these allocations via lists or transfer of compatibility / project management applications;
- transfer of the employee's hours performed to the social secretariat via a computer-based support system: switch network or internet.