

Accounting Procedures



Accounting Procedures:

The Pensions Authority's Code of Practice (S45) requires the Trustees to have accounting procedures in place to record, classify and summarise financial transactions. In addition, the procedures must detail how the Trustee Annual Report and Audited Accounts will be prepared.

In this regard, the Trustees have set out:

1. The procedures whereby financial transactions will be recorded.
2. How financial transactions will be reconciled.
3. The timelines for the completion of the Trustee Annual Report and Audited Accounts.
4. The roles of the various parties in ensuring that accounting procedures are discharged.
5. The process for the appointment of internal and external auditors.

Financial Transactions:

The following procedures set out the financial transactions for the Scheme:

- a) Pension contributions are remitted by employers directly to Irish Life.
- b) Life Assurance premiums and the administration fees are remitted by employers directly to Cornmarket.
- c) Cornmarket remit the life assurance premiums to Aviva and the administration fees to the Trustee Bank Account.
- d) The Trustees have delegated the payment of all benefits (and appropriate taxes), apart from death claims for active members, to Irish Life.
- e) Each claim payment is authorised in advance by the Professional Trustee before Irish Life release any fund.
- f) Activity in the Trustee bank account is reviewed and reconciled at every regular Trustee meeting.
- g) Payments from the Trustee bank account are made by cheque and from August 2022 also by EFT, and controls regarding payments from the Trustee Bank Account are set out in the Internal Financial Controls Policy.

Pension Contributions:

The pension contribution payment to Irish Life amounts to 11.35% of salaries (+ any AVCs). It is recognised that employee contributions (5% and any AVCs), and the corresponding employer pension contributions (6.35%) must be remitted directly from each participating employer to Irish Life within 21 days of the end of the month that the employee contributions (and AVCs) were deducted.

The Trustees have established robust procedures to ensure the timely remittance of contributions from each of the participating employers and operate a payment deadline of the 10th of each month to ensure contributions are remitted well before the 21st of each month. These procedures are set out in the Internal Financial Controls Policy and in the Service Level Agreement that is in place with Irish Life.

Irish life will Invest the contributions as at the receipt date, provided they have all the information required. Irish Life will then make the latest contributions viewable on Pension Planet Interactive (Member Portal) within 5 working days.

Life Assurance Scheme:

The life assurance part of the Scheme is administered by Cornmarket and underwritten by Aviva. A total of 0.65% of pensionable salary is paid over directly to Cornmarket by each participating employer every month. On receipt of these payments, Cornmarket will:

- ✓ Pay the life assurance premium of 0.43% to Aviva.
- ✓ Pay the administration fee of 0.22% to the Trustee bank account via EFT.

Benefit Payments:

A range of benefits can be paid from the Scheme when a member leaves service, retires or dies. The Trustees have delegated the payment of all benefits (and appropriate taxes), apart from death claims for active members, to Irish Life. However, each claim payment is authorised in advance by the Professional Trustee before Irish Life release any fund as the Trustees are ultimately responsible for:

- ensuring that the correct benefits are paid to the appropriate recipient;
- any tax due is remitted to Revenue; and
- there are no breaches of Anti-Money Laundering (AML) Regulations.

Trustee Bank Account:

The accounts for the National Federation’s Pension Scheme Trustees Bank Account, held in Bank of Ireland, Oranmore, Galway, are maintained by the Pension Scheme Manager and an updated bank activity and reconciliation report is provided at each regular Trustees meeting to ensure compliance and confirmation that all activity is recorded as per bank statements.

Procedures for Payments & Lodging Receipts:

Procedures for processing payments and lodging receipts into the Trustee bank account are set out in the Internal Financial Controls Policy.

Trustee Reserve Fund:

The Trustees currently (April 2024) retain a maximum reserve of 0.5% of the total net assets figure to ensure that the Scheme meets the reserve requirements as set out in the PA Code of Practice. Once monies in the Trustees bank account exceed this reserve threshold, arrangements to allocate one-off monies to Scheme members individual pension funds will commence.

The level of reserve will be reviewed by the Trustees following the establishment of the Designated Activity Company (DAC).

Internal Audit Function:

The Trustees have appointed Align Advisory as the Internal Audit Key Function Holder role for the Scheme. The appointed KFH's role will include a review of the Trustees' internal financial controls. In late 2022 / early 2023, a key task for the KFH was to review the payments made to both Irish Life and Cornmarket to ensure that all members are correctly recorded and payments in their respect were made. This exercise will be repeated every three years going forward.

Trustee Annual Report and Audited Accounts:**(a) External Auditor:**

Mazars were appointed the external auditor in 2023, following a formal tender process that was instigated, in line with Public Sector appointment procedures. Going forward the Trustees will arrange a formal tender process every three / five years.

(b) Trustee Annual Report:

The Trustee Annual Report (TAR) and Audited Accounts are required to be completed within 9 months of the Scheme renewal date, i.e., the 30th September. The Trustees have agreed procedures with the appointed external auditor, Irish Life and Cornmarket for this deadline to be met and the target date for completion, approval and signing of the Report and Accounts is August each year.

The work of the external auditor includes a number of reconciliations to ensure that the correct deductions are being taken from member salaries / wages and that the correct payments are being remitted to Irish Life and Cornmarket by their due deadline.

Approval and Next Review Date of this Policy:

This document was approved and came into effect as follows:

Document Control	
Approved By:	Mr John McHugo, Pension Scheme Chairman, National Federation of Voluntary Service Providers' Pension & Life Assurance Scheme
Approved by:	Mr James Skehan, Professional Trustee and Vice Chairman, National Federation of Voluntary Service Providers' Pension & Life Assurance Scheme
Date approved	18 th April, 2024
Next review date	On establishment of DAC
Previous versions	20 th October, 2022



Signed: _____
John McHugo,
Chairman.

Date: 18th April, 2024



Signed: _____
James Skehan,
Professional Trustee / Vice Chairman.

Date: 18th April, 2024