

INTERNAL FINANCIAL CONTROLS POLICY



Internal Financial Controls:

Internal financial controls provides assurance that the Pension Scheme's assets are safeguarded, transactions are authorised and properly recorded and that material errors or irregularities are either prevented or can be detected in a timely manner if they occur.

In this regard, it is the responsibility of the Trustees:

1. To ensure that proper accounting records are maintained.
2. To monitor and review the system of financial controls in place.
3. To ensure that pension contributions are remitted within statutory timescales and that any breaches are remedied as a matter of urgency.
4. To ensure that benefit payments are accurate, processed efficiently and paid to the correct / appropriate beneficiary.

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 updated bank activity reports are provided at each Trustees regular meetings to ensure compliance and confirmation that all activity is recorded as per bank statements.

General Principles:

To ensure as much safeguards are put in place, the Trustees have implemented the following procedures:

- a) Pension contributions and life assurance premiums are remitted by employers directly to Irish Life and Cornmarket.
- b) The Trustees have delegated the payment of all pension benefits (and appropriate taxes) for active and deferred members to Irish Life.
- c) The Trustees manage the payment of all death claims for active members.
- d) Activity in the Trustee bank account is reviewed at each regular Trustee meeting.
- e) Payments from the Trustee bank account are processed by Electronic Funds Transfer via Bank of Ireland Business Online.
- f) A maximum daily transaction limit of **€150,000** has been established for online payments. If a transaction exceeds this limit, the total amount must be divided into multiple payments to ensure compliance with the daily cap. Each individual payment must not surpass **€150,000**.

Procedures for Paying Invoices / Creditors:

-  All expenses / invoices that relate to the Pension Scheme, and that are paid from the Pension Scheme Trustees' Bank Account, are approved by the Pension Scheme Chairman.
-  All payments are processed electronically via Bank of Ireland Business Online.

- ✚ The current authorised signatories to the Pension Trustees' Bank Account, as agreed at Trustees meeting held on 7th September, 2020, are:
 - James Skehan, Chairman and Professional Trustee;
 - John McHugo, Vice Chairman;
 - Pauline Brennan, Trustee;
 - Maria McMahon, Pension Scheme Manager.
- ✚ Two authorised signatories / Trustees are required to approve invoice / payment, prior to the processing of any Bank of Ireland Business Online transaction.
- ✚ In relation to the Pension Scheme Manager's appointment as a signatory to the bank account the following was agreed:
 - In respect of the EFT facility, the Pension Scheme Manager has "view access" and can also set up Payees and Payments online. The Pension Scheme Manager cannot process any payments. John McHugo is the Administrator on the Bank of Ireland Business Online account and both he and James Skehan have full access to all transactions online. Maria sets up all payments online and John McHugo or James Skehan will authorise and process the payment.
 - For amounts less than €25,000 it has been agreed that when Maria sets up the payment online and advises either John or James to process and authorise same, she will be classified as the first authorised signature and John or James as the second authorised personnel involved in the processing of the online payment.
 - If the payment amount relates to an amount above €25,000, the Pension Scheme Manager will request another Trustee to approve the invoice via email. Maria will then set up the payment online and when notifying John or James to authorise and process the payment online, she will also forward confirmation of the other Trustees' approval via email.
- ✚ No Trustee will authorise a payment online if the payment is in respect of themselves e.g., Travel Claim, until the invoice payment has been approved in advance by 2 other Trustees, which could include the Pension Scheme Manager up to her approval threshold limits.
- ✚ All online transactions are recorded by the Pension Scheme Manager on an excel spreadsheet.
- ✚ A bank activity report is presented to the Trustees, together with Bank Statements & Reconciliations, at each regular Trustees meeting.
- ✚ All bank activity and records are presented at year end to the Pension Scheme's Auditor for validation and preparation of year end accounts as required under Pension Legislation.

Trustee Reserve Fund:

The Trustees have agreed to maintain a reserve fund in the sum of €1m to cover any unforeseen costs that may occur. The reserve takes account of the requirements of the Pensions Authority for Trustees to maintain a reserve fund as set out in Chapter 7 of the Code of Practice.

Once monies in the Trustees bank account exceed the reserve figure, arrangements to allocate one-off payments to members pension accounts will be considered by the Trustees. If the Trustees wish to make a one-off allocation prior to reaching the reserve figure, this can also be facilitated.

The Trustee Reserve will be reviewed when the DAC has been established and takes over the trusteeship of the Scheme and the level of capitalisation / reserve required is established.

As a further financial safeguard, the Trustees have entered into an Administration Services Agreement with Irish Life which includes the following section (11.5):

“In the event that the Scheme has to be wound up, Irish Life will assist the Trustees to ensure an orderly wind up of the Scheme and will oversee the member engagement process and ensure that the members’ assets are transferred out of the Scheme to another approved arrangement or to the default Personal Retirement Bond selected by the Trustees. Irish Life will cover all reasonable costs in the completion of this work”.

Procedures for Lodging Receipts:

The main sources of receipts are derived from the following:

1. Member’s Death Benefits monies comprising:

- Aviva – A lump sum of three times the member’s Salary at the date of death; and
- Irish Life – The value of the member’s pension fund at date of death.



2. Cornmarket refund the Trustees the administration contribution they receive monthly from Pension Scheme employers, which is included in the employer 0.65% premium remitted to Cornmarket for death in service as follows:

Death in Service & Admin Contribution	=	Cornmarket remit Death in Service Benefit Premium to Aviva	Cornmarket remit Administration Contribution to National Federation Pension Trustees Bank Account
– Remitted by Participating Employers to Cornmarket		0.43%	0.22%
0.65%			

- The above two types of receipts are received by electronic funds transfer directly from Irish Life and Cornmarket into the Pension Trustees Bank Account.
- All receipts are requested to be made by EFT, however, if a cheque is received the Pension Scheme Manager will lodge same by using a lodgement card for the Trustees Bank Account.
- There is no card associated with the Trustees Bank Account that facilitates withdrawals from the account, only lodgements.

Pension Scheme:

The NFVSP Pension Scheme is administered by Irish Life and invested by Irish Life Investment Managers. Citibank act as custodians of the scheme assets. The annual pension contributions and assets are significant and the Trustees are conscious of the need to ensure that there are robust controls in place to safeguard the Scheme’s assets.

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

To ensure these payments are made on time the Trustees have established the following procedures:

1. Each participating employer has been briefed on the need for the correct deductions to be made from employee's salaries and for these, together with the corresponding employer contributions, to be remitted to Irish Life and Cornmarket / Aviva in a timely fashion.
2. The timely remittance of pension contributions is monitored by Irish Life on behalf of the Trustees who monitor the remittance of contributions, which are scheduled to be paid no later than the 10th of the following month in respect of when deductions were made from salary e.g., 10th February for January pension deductions.
3. It has been agreed with Irish Life that monthly status reports will be sent to the Pension Scheme Manager on the 12th and 18th of each month to ensure that all payments and breakdown schedules have been received. This will ensure that the Trustees are kept fully informed regarding any contributions that may be in danger of missing the 21-day deadline.
4. If contributions remain outstanding on the 18th of the relevant month the Pension Scheme Manager will intervene directly with the relevant employer to ensure that contributions are paid before the 21st.
5. If any payments are missed or late, the Trustees will take steps to ensure payments are brought up to date as a matter of urgency.
6. If there is a serious delay in contributions being remitted, then the Trustees will report these payment failures to the Pension Authority, no later than 3 months after the first instance of non-remittance.
7. Where there is a material delay in payment, the Trustees will ensure that the affected members are informed and seek compensation from the affected employer if members have suffered any investment loss.

Life Assurance Scheme:

The life assurance part of the scheme is administered by Cornmarket and underwritten by Aviva. A total of 0.65% of 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 - Pension:

A range of benefits can be paid from the Scheme when a member leaves service or retires. The Trustees retain ultimate responsibility for ensuring that the correct benefits are paid to the appropriate recipient, any tax due is remitted to the Revenue and that there are no breaches of Anti-Money Laundering (AML) Regulations.

On a practical basis, the Trustees have delegated the administration of pension claims to Irish Life who will calculate each person's entitlement and engage with the member regarding the information required to process the claim. In addition:

- (a) The Professional Trustee approves all pension claims in advance of their payment.
- (b) Where an annuity is to be purchased the claim is referred to MoneyButler, a Financial Broker to establish the most competitive annuity rate for the member.
- (c) Where a member is looking to transfer to a Personal Retirement Bond (PRB), the Professional Trustee will obtain confirmation from the advisor that the member has been made aware of the difference in the AMC that the member is paying under the scheme compared with the AMC to be charged on the PRB.

Benefit Payments – Death in Service

If an active member dies in service, the claim is managed by the Trustees. The benefit payable is made up of:

- (a) An insured benefit of three times the member salary; and
- (b) The value of the members pension fund.

The Pension Scheme Manager will arrange for these two benefits to be paid into the Trustee Bank Account and will then establish if the total death benefit is payable within revenue limits. This exercise will establish what can be paid out as a lump sum, and if there is any excess, this will need to be either invested in an ARF or used to purchase annuity/ies for the member's dependants.

The Trustees will review the personal circumstances of the deceased member to decide to whom the benefits should be paid to. Prior to paying out any benefit the Trustees will obtain the necessary AML documentation.

If a deferred member dies their benefit, under pension regulations, is paid to their Estate with no Trustee involvement.

Internal Audit Function:

Tom Gilligan, Align Advisory, was appointed as the Scheme's Internal Audit Key Function Holder for the Scheme with effect from May 2022 for an initial three-year period. Following a review of his performance carried out by the Professional Trustee, his appointment has been extended for a further two years to May 2025.

Document Control	
Approved By:	Mr James Skehan, Pension Scheme Chairman and Professional Trustee, National Federation of Voluntary Service Providers' Pension & Life Assurance Scheme
Approved by:	Mr John McHugo, Pension Scheme Trustee, National Federation of Voluntary Service Providers' Pension & Life Assurance Scheme
Date approved:	30 th October, 2025
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Signed: _____

James Skehan,
Chairman and Professional Trustee.

Date: 30th October, 2025



Signed: _____

John McHugo,
Pension Scheme Trustee.

Date: 30th October, 2025