

**EXPLANATORY MEMORANDUM TO**

**THE OCCUPATIONAL PENSION SCHEMES (REQUIREMENT TO OBTAIN  
AUDITED ACCOUNTS AND A STATEMENT FROM THE AUDITOR)  
(AMENDMENT) REGULATIONS (NORTHERN IRELAND) 2016**

**S.R. 2016 No. 141**

**1. Introduction**

- 1.1 This Explanatory Memorandum has been prepared by the Department for Social Development to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2 The Statutory Rule is made under Articles 41(1) and 166(1) to (3) of the Pensions (Northern Ireland) Order 1995 and is subject to the negative resolution procedure.

**2. Purpose**

- 2.1 These Regulations amend the existing Regulations in relation to the annual audited accounts that trustees and managers of certain occupational pension schemes are required to obtain and exempt multi-employer schemes with 20 or more participating employers from the requirement to obtain a statement from the auditor concerning the payment of contributions to the scheme.

**3. Background**

- 3.1 The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations (Northern Ireland) 1997 (“the 1997 Regulations”) require –
  - the trustees and managers of certain occupational pension schemes to annually obtain audited accounts which must be prepared in accordance with the provisions in the regulations; and
  - a statement from the auditor concerning the payment of contributions to the scheme.
- 3.2 In 2014, Financial Reporting Standard 102 revised the financial reporting framework in the UK, replacing all previous accounting standards. The Regulations amend the 1997 Regulations to align the requirements in the Regulations with the revised framework. For example, they replace the existing detailed investment information requirements with simplified requirements, in line with contemporary accounting practice. This will help scheme administration costs as schemes will no longer need to obtain out of date investment analysis simply to comply with legislative requirements. The auditor will be required to certify whether the accounts have been prepared in accordance with the relevant financial reporting framework and to detail any material departures.

3.3 The Regulations also remove the requirement to obtain an auditor's statement about contributions under the scheme for each scheme year that the scheme has more than 20 participating employers. This is in response to concerns that auditors find it difficult, if not impossible, to comply with this requirement where there are a large number of participating employers. However, the pensions landscape contains other protection measures such as the statutory requirement for schemes to have adequate internal controls covering administrative processes, and regulatory requirements around monitoring the flow of contributions.

3.4 The Regulations also make minor consequential amendments and revocations.

#### **4. Consultation**

4.1 There is no requirement to consult on these Regulations as they make in relation to Northern Ireland only provision corresponding to provision made by the Secretary of State for Work and Pensions in relation to Great Britain.

#### **5. Equality Impact**

5.1 In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise on the legislative proposals for these Regulations. As they are technical in nature, they would have little implication for any of the section 75 categories. In light of this, the Department has concluded that they would not have significant implications for equality of opportunity and considers that an Equality Impact Assessment is not necessary.

#### **6. Regulatory Impact**

6.1 These Regulations do not require a Regulatory Impact Assessment as they do not impose any additional cost on business, charities or voluntary bodies.

#### **7. Financial Implications**

7.1 None for the Department.

#### **8. Section 24 of the Northern Ireland Act 1998**

8.1 The Department has considered section 24 of the Northern Ireland Act 1998 and is satisfied that these Regulations –

(a) are not incompatible with any of the Convention rights,

(b) are not incompatible with Community law,

(c) do not discriminate against a person or class of person on the ground of religious belief or political opinion, and

(d) do not modify an enactment in breach of section 7 of the Northern Ireland Act 1998.

## **9. EU Implications**

9.1 Not applicable.

## **10. Parity or Replicatory Measure**

10.1 The corresponding Great Britain Regulations are the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) (Amendment) Regulations 2016 (S.I. 2016/229) which come into force on 1st April 2016. Parity of timing and substance is an integral part of the maintenance of single systems of social security, child support and pensions provided for in section 87 of the Northern Ireland Act 1998.