



An tÚdarás Pinsean
The Pensions Authority

THE PENSIONS AUTHORITY ANNUAL REPORT AND ACCOUNTS 2022

www.pensionsauthority.ie

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CHAIRMAN'S STATEMENT

I am pleased to present the annual report and accounts of the Pensions Authority (the Authority) for the year ended 31 December 2022 in accordance with section 23(2) of the Pensions Act, 1990, as amended (the Act).

2022 was an important year for the Irish pensions sector and for the Authority. Following the transposition of the IORP II Directive into Irish law in April 2021 and the publication in November 2021 of the Authority's Code of Practice for trustees, the priority for 2022 was to implement the new obligations on scheme trustees. By the end of the year, considerable progress had been made, but there is still much to do.

The Pensions Authority statement of strategy 2022 – 2024

The Authority published its statement of strategy 2022 – 2024 on 7 March 2022. The long-term objective continues to be a pensions system where retirement savings are secure, well-managed, cost-efficient, and easily understood, and which encourages pensions saving.

IORP II is an important change to the context of our strategy. The focus of our work, particularly our forward-looking risk-based supervision (FLRBS), is on good outcomes for members, contributors and beneficiaries, and the implementation of the IORP II obligations will underpin this objective.

Supervisory activity in 2022

The Authority is responsible for the oversight of occupational pension schemes, trust retirement annuity contracts (RACs) and personal retirement savings accounts (PRSAs). In total, these represent over €135 billion of retirement savings.

As set out in this report, throughout 2022 the Authority progressed with the implementation of FLRBS as well as monitoring occupational pension schemes' progress towards compliance with their IORP II obligations. While a priority in 2022 was master trusts (MTs), which will in future play a larger role in Irish occupational pensions, trustees of all relevant schemes were required to be compliant with their new obligations by the end of 2022.

Policy advice and technical support

During 2022, the Authority provided policy advice and technical support on key national and international pension regulatory and policy developments to our colleagues in the Department of Social Protection and other government departments.

Funding the work of the Authority

The transposition of the IORP II Directive obliges the Authority to apply a more intensive and sophisticated supervisory regime to funded pension schemes. This has inevitable implications for the resources of the Authority, in relation to staffing and to IT and data systems.

The Authority has given considerable thought to the long-term financing needs of the organisation and is in ongoing discussion with the Department of Social Protection. The Authority is wholly funded by fees levied on occupational pension schemes and PRSAs. These fees should be kept to reasonable levels and as far as possible should be stable. It is our objective to discuss a revised fee structure with the Minister for Social Protection during 2023.

Conclusion

In conclusion, I would like to thank the Minister and the officials in the Department of Social Protection. We value our close working relationship and look forward to working together over the coming years.

I also look forward to working with Patricia Barker who was appointed chairperson of the Authority's Audit and Risk Committee during 2022. Their experience, support and contributions over the coming years will be very valuable.

Finally, on behalf of myself and the other members of the Authority, I would like to thank the Pensions Regulator and staff of the Authority for their hard work and professionalism during 2022.

Dr David Begg
Chairman

THE PENSIONS AUTHORITY

The Authority is a statutory body comprising an independent chairperson appointed by the Minister for Social Protection and two ordinary members. The term of office for the Authority members is five years.

The members of the Authority are:



Dr David Begg
Chairman



Mr Ciarán Lawler,
Assistant Secretary,
Department of Social
Protection (Representative
of the Minister for Social
Protection)



Mr Michael J. McGrath
Assistant Secretary
Department of Finance
(Representative of the
Minister for Finance)

Day-to-day decision making is delegated to employees under the Authority's active supervision. The Authority's senior management team is as follows:



Brendan Kennedy
Pensions Regulator



Grace Guy
Head of Supervision
and Enforcement



Ger Clarke
Deputy Head of Supervision
and Enforcement



Pat O'Sullivan
Head of Technical



Andrew Nugent
Head of Policy



Brendan Roche
Head of Legal



Dervla O'Keeffe
Head of IT



P J Kelly
Head of Data



Sylvia McNeece
Head of Programme
Management



David Malone
Head of Operations

SUMMARY OF REGULATORY ACTIVITY AND OUTPUTS

15

NEW INVESTIGATIONS were opened into various alleged breaches of the Act.



5

PROSECUTION cases were concluded.



17

investigations were **FINALISED** and closed during the year.



19

ENGAGEMENT MEETINGS were held with the trustee boards of master trusts (MTs).



8

ENGAGEMENT MEETINGS were held with the trustee boards of defined benefit (DB) and defined contribution (DC) pension schemes.



160

160 DB & 160 DC trustees were surveyed to assess their plans to meet the enhanced governance and risk management requirements.



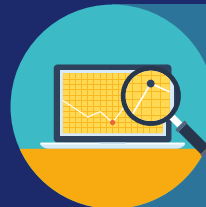
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registered administrators were **AUDITED FOR COMPLIANCE** with their duties under the Act.



305,000+

DATA SUBMISSIONS from regulated entities were processed through the Authority's Pensions Data Register (PDR).



499 OF 534

DB schemes subject to the funding standard, satisfied the standard at 31 December 2022. All but five of the remaining 35 schemes have funding proposals, or are in the process of submitting funding proposals, designed to enable the scheme to satisfy the funding standard within a specified term. The Authority will directly engage with any scheme that fails to submit a funding proposal.



11,000+

PENSION QUERIES, general pension and data processing queries were received and dealt with during the year.



MEETING THE AUTHORITY'S OBJECTIVES

The Authority's vision for the future is a pensions system where retirement savings are secure, well-managed, cost-efficient, and easily understood, and which encourages pension savings.

Our mission

1. To regulate pension schemes and PRSAs effectively and efficiently and thereby foster public confidence in pensions.
2. To support pension scheme trustees and the public through providing guidance and information.
3. To provide expert advice to the Minister for Social Protection and to the government on pension matters.

Our values

- Public interest** – we act in the interests of the welfare and well-being of the general public and society.
- Professionalism** – we carry out our work with skill, expertise, good judgement, and respect.
- Integrity** – we act honestly and ethically and are committed to accountability and transparency.
- Effectiveness** – we concentrate our efforts on successfully producing a desired result.
- Efficiency** – we avoid wasting materials, energy, efforts, money, or time.
- Responsiveness** – we adapt as circumstances change in order to meet our objectives.
- Independence** – we act objectively and impartially in carrying out our functions.

The Authority's statement of strategy, which is available on our website, sets out the organisation's three strategic objectives to deliver its vision, as follows:

1. The Irish pensions system will comprise stable and sound occupational pensions that are well managed to appropriately high standards.
2. The Authority will be well known as an accessible, relevant, and practical source of information for the public, members, contributors, and beneficiaries.
3. The Authority will be a valuable source of expert advice to the Minister for Social Protection and to the government on pension matters.

This annual report sets out the activities undertaken by the Authority in 2022 to meet these objectives.

SUPERVISION AND ENFORCEMENT

Prosecutions

Non-compliance by regulated entities can result in prosecution. In 2022, the Authority concluded five prosecution cases and secured a conviction in one case. This case related to the deduction and non-remittance of employee pension contributions to a scheme within the statutory time limit.

The remaining cases were struck out due to payment of arrears or the underlying matter being rectified in advance of the court date.

Compulsory and voluntary reporting/whistleblowing

There are statutory provisions, known as whistleblowing obligations, which place a legal obligation on specified persons involved in the operation of occupational pension schemes, trust RACs and PRSAs. Such persons must make a report to the Authority where fraud or material misappropriation is suspected to have occurred or it is feared it is about to occur. Any person can make a voluntary report on matters concerning the state and conduct of a scheme, trust RAC or PRSA. All such reports are treated seriously and confidentially by the Authority. The Authority received 11 such reports in 2022.

Investigations

There were 16 investigation cases carried forward into 2022 and a further 15 cases opened during the year. The majority of investigations opened in 2022 related to the suspected non-remittance of contributions or the suspected failure to pay benefits. In 2022, 17 cases were finalised and closed, and 14 cases remain ongoing.

Compliance cases

During 2022, the Authority was involved in several complex compliance cases, some of which remain ongoing, including:

- trustees' failure to submit overdue funding proposals for a DB scheme,
- investigations into trustee conduct and behaviour in the small self-administered pension (SSAP) scheme sector, and
- removal of a trustee pursuant to section 63 of the Act.

The Authority also progressed with the implementation of FLRBS and monitored occupational pension schemes' progress towards compliance with their IORP II obligations.

While our immediate priority in 2022 was MTs, which will in future play a larger role in Irish occupational pensions, we set a deadline for trustees of all relevant schemes to be compliant with their new obligations by the end of 2022.

To support this work, the Authority:

- Held engagement meetings with the trustee boards of MTs with a focus on ensuring that the MTs were fit for purpose and able to offer a viable alternative to schemes that chose to wind up rather than meet the increased governance and risk management requirements.
- Published a report in August 2022, on the compliance of MTs following the 1 July 2022 compliance deadline. At the end of 2022, there were 14 active MTs registered with the Authority.
- Held a number of engagement meetings with the trustee boards of DB and DC pension schemes. These meetings focused on how well-prepared schemes were to meet the enhanced governance and risk management requirements in advance of the compliance deadline of 1 January 2023 for group schemes.
- Conducted a survey of the trustees of 160 DB and 160 DC schemes to assess their progress in meeting the requirements under the Act. The survey findings were published in October 2022 and indicated that, while progress had been made by schemes, there was still work to be done by the trustees to ensure compliance ahead of the 1 January 2023 deadline. The survey findings also indicated that most DB schemes surveyed intended to continue their scheme, while almost half of the DC respondents noted their intention to wind up their scheme and move to a MT.
- Provided information about trustee obligations and the Authority's expectations of them.
- Issued several important updates on the provisions of the IORP II transposition, the Authority's implementation plans, and the expectations of the Authority regarding compliance by regulated entities with their IORP II obligations.

In parallel with work related to the implementation of IORP II, the Authority conducted its normal day-to-day supervisory activities, including:

- the monitoring of DB solvency obligations,
- oversight of PRSAs, and where appropriate,
- investigating instances of non-compliance with the provisions of the Act.

Compliance audits

The Authority conducted the following compliance audits:

- A series of audits of SSAPs with one member to determine the level of compliance with the new investment and borrowing requirements for one-member arrangements (OMAs) as required following the transposition of IORP II. The audit focused on any investment and borrowings made by SSAPs established after 21 April 2021 and on any investments and borrowings made since 22 April 2021 for SSAPs established prior to that date. There were no instances of non-compliance found.
- A review of trustee companies offering SSAPs to assess if appropriate and sufficient information in relation to charges is furnished to members. The Authority found in some instances that fees and commissions earned in relation to SSAP investments by entities connected with the SSAP provider were not disclosed to members. In these cases, the Authority directed the trustees to provide this information in writing to the affected members. The trustee companies were also directed to update their conflicts of interest procedures to make clear how they will identify, disclose, and manage potential similar conflicts of interest in the future.
- Following the 1 July 2022 compliance deadline, a series of inspections of OMAs established after 21 April 2021 to assess their compliance status. Overall, findings showed that the majority of trustees inspected did not meet the fitness and probity requirements and, in most cases, could not provide an annual compliance statement (ACS). However, in almost all instances, the trustees notified the Authority of their intention to wind up the OMAs involved and transfer them to a PRSA or MT.
- ACS spot checks on a sample of 21 schemes, comprising three DB schemes and 18 DC schemes. Although the schemes selected for audit did not have to meet the full requirements of the Act until 1 January 2023, the audit highlighted that there was a lack of understanding and awareness of the ACS requirements and process, particularly among trustees of smaller schemes. The audit process also concluded that the scheme registration details for some schemes are not being kept updated by the registered administrator/trustees on the Authority's PDR.
- An inspection of a sample of PRSA products operated by one PRSA provider to review compliance with the requirements set out in Part X of the Act, with a particular focus on disclosure of information. No substantive non-compliance was found.

Defined benefit scheme funding

At the end of 2022, 499 of the 534 DB schemes subject to the funding standard, satisfied the standard. All but five of the remaining 35 schemes have funding proposals or are in the process of submitting funding proposals designed to enable the scheme to satisfy the funding standard within a specified term. The Authority will directly engage with any scheme that fails to submit a funding proposal.

In July, the Authority published on the website the annual DB scheme statistics report compiled from an analysis of annual actuarial data returns submitted to the Authority.

PRSAs

There were no significant instances of non-compliance identified by PRSA actuaries in 2022. All minor instances of non-compliance reported by the PRSA actuaries were examined by the Authority and addressed with the relevant PRSA provider, where necessary.

In 2022, the Authority, in consultation with Revenue, approved 12 new PRSA products and one PRSA product was withdrawn at the request of the provider. There were eight amendment requests received regarding existing products during the year. These amendments related to changes in the charging structure or the addition or removal of funds of a PRSA product.

Registered administrators (RAs)

In 2022, an audit of compliance covering 10 RAs was completed. The audit involved examination of compliance with the obligations to prepare disclosure documentation, such as trustee annual reports and benefit statements, and to submit annual scheme information to the Authority. The audit also involved a high-level assessment of how RAs ensure that they comply with their duties under the Act. No substantive non-compliance was found.

During the year, the Authority received one new RA application and five RAs applied for, and were granted, approval to terminate their RA registration in 2022. There were 101 RAs on the Authority's register in February 2023.

Public sector pension schemes

Throughout 2022, the Authority supervised compliance by public bodies with their obligations under the Single Public Service Pension Scheme (SPSPS) and particularly the requirement to issue member benefit statements.

Supervisory engagement with public sector schemes will be an area of increased focus for the Authority in 2023, particularly regarding compliance with member

disclosure requirements and the timely payment of member benefits.

EXTERNAL ENGAGEMENTS

During the year, the Authority:

- met with a number of pension providers to monitor scheme consolidation following the transposition of the IORP II Directive and this work will continue in 2023;
- participated in the Interdepartmental Pensions Reform and Taxation Group (IDPRTG) work and led several tasks to implement Phase 1 of the IDPRTG Report and actively contributed to tasks led by other members, such as the pensions tax harmonisation measures that were included in the Finance Bill; the development of proposals for legislative amendments to PRSA disclosures to ensure they are appropriate for a whole of life PRSA product and commenced work to explore the potential introduction of in-scheme drawdown and this work will continue into 2023;
- provided technical assistance to the Department of Social Protection on various issues, including auto-enrolment and on giving domestic effect to EU regulations;
- engaged with actuaries, industry, academics, and other regulators on a wide range of issues including understanding the implications of sustainable finance and environmental, social and governance factors for the pensions sector.

SUPPORT INFORMATION AND GUIDANCE

The Authority supports trustees, PRSA providers, administrators, employers and their advisers with information and guidance to help them understand and meet their obligations under the Act.

Over 11,000 general pension and data processing enquiries were received and dealt with during the year. Most of the 5,000 general pension enquiries were from pension scheme members. The most common enquiry topics were disclosure of information, IORP II transposition, OMAs, and auto-enrolment. Enquiries concerning IORP II compliance, 'complex assets' and pension scheme consolidation increased in 2022. All enquiries were responded to in line with the Authority's Customer Charter and no complaints were received in relation to the handling of these enquiries.

The Authority also received and dealt with 77 requests for information from international bodies and other national authorities during 2022.

GOVERNANCE

Human resources

The Authority is committed to providing a safe place to work and operates in accordance with the Safety, Health and Welfare at Work Act and provides access to a confidential employee assistance programme.

The Authority provides employees with the opportunity through continuous learning and development to develop the skills and knowledge required to efficiently and effectively carry out their roles to serve the public interest. We are committed to investing in the expertise of our employees so they can advance their careers in our organisation and beyond.

We implemented hybrid working from July 2022 in accordance with government guidelines and are keeping it under review.

Required reporting

During 2022, the Authority:

- dealt with four enquiries from Oireachtas members,
- provided information to the Department of Social Protection in response to 31 parliamentary questions,
- completed six freedom of information requests within the statutory deadlines,
- received and dealt with five data subject access requests under General Data Protection Regulation (GDPR),
- received no open data requests,
- did not have to make any data breach reports to the Data Protection Commission, and
- operates a 15-day prompt payment policy and posted its quarterly prompt payment reports on our website.

Protected disclosures

There were no disclosures to the Authority in 2022 that were deemed to be protected disclosures as set out in the Protected Disclosures Act, 2014, as amended.

Public sector equality, diversity, and human rights duty

The Authority is committed to meeting its obligations to promote equality, prevent discrimination and protect the human rights of employees, and service users as

required by the Public Sector Equality and Human Rights Duty (under section 42 of the Irish Human Rights and Equality Commission Act, 2014).

The Authority is an equal opportunities employer and advertises relevant vacant posts on publicjobs.ie and on LinkedIn. The Authority adopts a competency-based approach when assessing job applications and in conducting interviews.

Official Languages (Amendment) Act, 2021

The Authority recognises that the public has a right to do their business with us in their preferred language whether in English or Irish. Under the Official Languages Act, the public is entitled to specific services through the Irish language including a response to correspondence in Irish and the availability of major publications in Irish, e.g., annual report. The Authority is committed to high standards of public service through the Irish language as the national and the first official language of the country. Six employees completed an Irish language training course in 2022.

Climate action and energy usage

Electricity is the only energy source we use in the Authority. The total energy consumption by the Authority for 2022 was 122,547 kWh of electricity. Energy consumption rates are reported through the SEAI Public Sector Monitoring and Reporting (M&R) system.

The Authority adheres to the Office of Government Procurement guidelines for green public procurement and continues to work on introducing energy efficiencies where possible across the organisation. We also actively monitor our water consumption and reduce it where possible.

As part of our ongoing commitment to the Government's Reduce Your Use energy efficiency campaign for public bodies, the Authority has undertaken a number of initiatives during 2022 to reduce our energy use. The Authority has a Climate Action Team in place to manage and promote all our energy efficiency activities.

Some of the energy savings initiatives implemented by the Authority in 2022 included switching to LED lighting; setting air conditioning default temperature to 19 degrees in line with the government mandate; only turning on air conditioning and hot water heaters when floors are occupied in line with our hybrid work model; and installing blinds on windows across the offices to reduce temperatures in the summer.

COMMITTEE OF THE AUTHORITY

Audit and Risk Committee

The Audit and Risk Committee (ARC) is part of the control environment within the Authority. The ARC is tasked with providing independent advice to the Authority on matters including the suitability and robustness of the organisation's internal control, risk management, governance procedures and the reliability of financial reporting.

The ARC is independent of the day-to-day financial management of the organisation which is the responsibility of the Executive. In particular, the ARC independently monitors the internal control systems including audit activities.

The ARC's terms of reference are set out in its Charter. The ARC conducted its annual review of the Charter in 2022 and it was approved by the Authority at its meeting on 26 April 2022.

Membership of the ARC

The ARC consists of four members: an independent chairperson, an independent non-executive member, a representative of the Department of Social Protection, and a representative of the Department of Finance.

Schedule of attendance

A schedule of attendance at the ARC meetings for 2022 is set out below.

ARC meetings 2022 Number of meetings held: 5		
Name	Position	Attendance
Patricia Barker*	Chairperson (Appointed on 07/09/2022)	2/2
Kevin Barron	Representative of the Department of Social Protection	5/5
Brendan O'Leary	Representative of the Department of Finance	5/5
Clíodhna Judge	Independent non- executive member (Appointed on 26/04/2022)	3/3
Bill Cunningham	Chairperson (Term ended on 06/09/2022)	3/3
Michael Roche	Independent non- executive member (Term ended on 07/03/2022)	1/1

* Patricia Barker attended the September ARC meeting as an observer prior to formally commencing in her role as chairperson of the ARC.

Work of the ARC in 2022

The ARC, in fulfilling the requirements of its advisory function, assessed the performance of the key elements of the systems of internal control in operation in the Authority in 2022. The ARC held its meetings virtually or in a hybrid fashion during 2022.

Internal audit

Internal audit provides an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Authority's system of governance, risk management and internal controls. The ARC met with the internal auditors to discuss the outcome of the audit findings and monitored the implementation of audit recommendations by the Executive throughout 2022. The 2022 audits were conducted remotely.

The 2022 internal audit work programme was approved by the ARC and consisted of:

- a high-level review of internal controls in the Authority, and
- a high-level review of the Authority's data protection, freedom of information and protected disclosures procedures.

An internal audit of IT systems in the Authority was scheduled for Q4 2022; however, this audit is postponed to Q2 2023.

External audit

The Comptroller and Auditor General (C&AG) is the external auditor of the Authority. The C&AG issued an unqualified audit opinion for the Authority's 2021 financial statements. The ARC met with the external auditors to discuss the outcome of the audit findings and monitored the implementation of audit recommendations by the Executive throughout 2022. The 2022 audit was conducted remotely.

Finance oversight

During 2022, the ARC reviewed the quarterly management accounts and examined and discussed with the Executive the reasons for any material variances from planned expenditure. The ARC reviewed the investments of the Authority each quarter. The ARC also monitored the future cash flows of the Authority in light of significant planned capital expenditure and received reports on the progress of the relevant projects.

The ARC reviewed and provided their comments to the Authority on the proposed changes to the fee structure and fee rates and will keep the future financing of the Authority as a standing item on its agenda during 2023.

The ARC also reviewed and provided comments to the Authority on the 2023 budget.

Risk management

A risk register is compiled and managed by the Executive and identifies key risks facing the Authority and the actions being taken by the Executive, to the extent possible, to mitigate those risks. The ARC provided feedback to the Authority on their quarterly review of the risk register.

The ARC is satisfied that the process of identifying, assessing, and addressing key risks is sufficiently robust to ensure that an effective system of risk management was in place in the Authority in 2022.

Plan for 2023

To implement FLRBS in line with the requirements of the IORP II Directive, the ARC is conscious of the challenges and risks that face the Authority in ensuring that effective change and business change management occurs both externally and internally to successfully deliver this new supervisory regime.

In addition to the programme of work set out in its Charter, the ARC will monitor the impact these challenges will have on the maintenance of a robust system of internal control and risk management within the Authority and on the financial resources available to the Authority.

The internal audit schedule planned for 2023 includes:

- Q1 – Human resources and people management.
- Q2 – ICT systems.
- Q3 – Hybrid working.
- Q4 – High-level review of internal controls.

Corporate governance

During 2022, the ARC received updates from the Pensions Regulator on the supervision activities of the Authority and on matters including the implementation of FLRBS, IT systems development and data management projects, fee income and human resources.

The ARC presented a report to the Authority after each of its meetings in 2022. The ARC was compliant with its obligations under the Code of Practice for the Governance of State Bodies in 2022. In meeting the requirements of the Code, the ARC conducted a self-assessment of its own performance in 2022. The outcome of the self-assessment was positive. The chairman of the Authority noted his satisfaction in the performance of the ARC and the ARC chairperson at the Authority meeting on 9 May 2023.

Conclusion

The ARC is satisfied that a robust system of internal control and financial management is in place in the Authority. It is also satisfied that there is an appropriate system in place for effective risk management in the Authority.

The ARC's full annual report is posted on the Authority's website.



Patricia Barker
Chairperson
May 2023

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL FOR PRESENTATION TO THE HOUSES OF THE OIREACHTAS



Ard Reachtair Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Pensions Authority

Opinion on the financial statements

I have audited the financial statements of the Pensions Authority for the year ended 31 December 2022 as required under the provisions of section 22 of the Pensions Act 1990. The financial statements comprise

- the statement of income and expenditure and retained revenue reserves
- the statement of comprehensive income
- the statement of financial position
- the statement of cash flows, and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Pensions Authority at 31 December 2022 and of its income and expenditure for 2022 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Pensions Authority and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on information other than the financial statements, and on other matters

The Pensions Authority has presented certain other information together with the financial statements. This comprises the annual report, the governance statement and Authority members' report, and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Mary Henry
For and on behalf of the
Comptroller and Auditor General

20 June 2023

APPENDIX TO THE REPORT

Appendix to the report

Responsibilities of Authority members

As detailed in the governance statement and Authority members' report, the Authority members are responsible for

- the preparation of annual financial statements in the form prescribed under section 22 of the Pensions Act 1990
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under Section 22 of the Pensions Act 1990 to audit the financial statements of the Pensions Authority and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pensions Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Pensions Authority to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

GOVERNANCE STATEMENT AND AUTHORITY MEMBERS' REPORT

Governance

The Authority is a statutory body set up under the Pensions Act, 1990, as amended (the Act). The functions of the Authority are set out in section 10 of the Act. The Authority is accountable to the Minister for Social Protection. The Authority is responsible for ensuring good governance within the organisation and performs this task by agreeing strategic objectives and targets with the Executive and taking strategic decisions on all key business issues. The Pensions Regulator and the senior management team must follow the broad strategic direction agreed with the Authority and must ensure that all Authority members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise.

Authority responsibilities

The Authority is collectively responsible for leading and directing the Authority's activities. It delegates operational responsibility for the day-to-day running of the Authority to the Pensions Regulator and the Executive. Such delegation does not absolve the Authority from the duty to supervise the discharge of the delegated functions. The Authority is responsible for fulfilling key functions, comprising reviewing and guiding strategic direction and major plans of action, risk management policies and procedures, annual budgets and business plans, setting performance objectives, monitoring implementation and the Authority's performance, and overseeing major capital expenditure and investment decisions.

Standing items considered by the Authority at their meetings include:

- conflicts of interest,
- risk,
- reports from the Audit and Risk Committee (including financial reporting),
- Pensions Regulator report, and
- enforcement and regulatory decisions.

Section 22 of the Act requires the Authority to keep, in such form as may be approved by the Minister for Social Protection with consent of the Minister for Public Expenditure, NDP Delivery and Reform, all proper and usual accounts of money received and expended by it.

In preparing these financial statements, under the Code of Conduct for the Governance of State Bodies (2016),

the Authority is required to:

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that it will continue in operation, and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Authority must keep adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with section 22 of the Act. The maintenance and integrity of the corporate and financial information on the Authority's website is the responsibility of the Authority members.

The Authority is responsible for:

- Approving the annual plan and budget. An evaluation of the performance of the Authority by reference to the annual plan was carried out at the Authority meeting on 24 January 2023. The review of the annual budget was carried out on 24 January 2023.
- Making a recommendation to the Minister for Social Protection regarding occupational pension scheme and PRSA fees annually.
- Safeguarding its assets and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The Authority considers that the financial statements of the Authority give a true and fair view of the financial performance and the financial position of the Authority at 31 December 2022.

Going concern

The Minister for Social Protection with the consent of the Minister for Public Expenditure, NDP Delivery and Reform approved a 50% fee increase for occupational pension schemes from 1 January 2022. The Executive has reviewed cashflows for the next year and is satisfied that there will be sufficient funds available to ensure that the Authority will continue to operate as a going concern for the foreseeable future.

Authority structure

The Authority consists of a chairperson, and two ordinary members, all of whom are appointed by the Minister for Social Protection. Appointment to the Authority is for a period of up to five years. Members are eligible for re-appointment. The Authority members meet approximately every six weeks in accordance with a schedule of meetings agreed at the beginning of each year.

The table below details the date of appointment of 2022 Authority members:

Authority member	Role	Date appointed
David Begg*	Chairman	12 January 2016
Michael McGrath	Representative of the Department of Finance	17 February 2020
Ciarán Lawler*	Representative of the Department of Social Protection	29 March 2021

* David Begg was reappointed as Chairman of the Authority on 13 January 2021.

Schedule of attendance, fees and expenses

A schedule of attendance at the Authority meetings for 2022 is set out below including the fees and expenses received by each member:

Authority meetings 2022				
Number of meetings held: 9				
Name	Position	Number of meetings attended	Fees 2022 €	Expenses 2022 €
David Begg	Chairman	9/9	20,520	0
Michael McGrath	Representative of the Minister for Finance	9/9	0	0
Ciarán Lawler*	Representative of the Minister of Social Protection	9/9	0	0

Gender balance in the Board membership

The three members of the Pensions Authority Board are appointed as follows:

- Chairperson – appointed by the Minister for Social Protection.
- Ordinary members – a representative of the Department of Social Protection and a representative of the Department of Finance nominated by their respective Ministers.

At 31 December 2022, the Authority had 0% female and 100% male members. The Authority, therefore, does not meet the government target of a minimum of 40% representation of each gender in the membership of State Boards.

Appointments to the Authority are a matter for the Minister for Social Protection. For any future appointments to the Authority, the chairman will draw the Minister's attention to the current gender balance on the Authority.

Since the establishment of the Authority in 1990 (known then as the Pensions Board), there have been 28 female ordinary members of the board. In 2013, the composition of the board was changed from 17 members to three by the Social Welfare and Pensions (Miscellaneous Provisions) Act, 2013. In addition, there have been three female chairpersons of the Authority since 1990.

Audit and Risk Committee

The Authority has established an Audit and Risk Committee (ARC) which comprises three members and an independent chairperson.

The role of the ARC is to provide independent advice to the Authority on matters including the suitability and robustness of the organisation's internal control, internal audit, risk management, governance systems procedures and the reliability of financial reporting.

The ARC is independent of the day-to-day financial management of the organisation by the Executive. In particular, the ARC ensures that the internal control systems including audit activities are monitored actively and independently.

The ARC reports to the Authority after each meeting, and formally in writing annually.

The ARC consists of four members and at the end of 2022 was as follows:

- Ms. Patricia Barker, Chairperson (Independent).
- Ms. Clíodhna Judge, non-executive member.
- Mr. Kevin Barron, representative of the Department of Social Protection.
- Mr. Brendan O'Leary, representative of the Department of Finance.

There were five meetings of the ARC in 2022.

Schedule of attendance, fees and expenses

A schedule of attendance at the ARC meetings for 2022 is set out below including the fees and expenses received by each member:

ARC meetings 2022				
Number of meetings held: 5				
Name	Position	Number of meetings attended	Fees 2022 €	Expenses 2022 €
Patricia Barker*	Chairperson	3/5	805	0
Bill Cunningham	Chairperson	3/5	1,208	0
Kevin Barron	Representative of the Department of Social Protection	5/5	0	0
Brendan O'Leary	Representative of the Department of Finance	5/5	0	0
Clíodhna Judge	Ordinary member	4/5	1,131	0
Michael Roche	Ordinary member	1/5	283	0

*Patricia Barker attended two meetings in her official capacity as an ARC member and one meeting as an observer (September 2022).

The following members did not receive an Authority or ARC fee under the One Person One Salary principle:

- Ciarán Lawler.
- Michael McGrath.
- Kevin Barron.
- Brendan O'Leary.

Disclosures required by Code of Practice for the Governance of State Bodies (2016)

The Authority is responsible for ensuring that the organisation has complied with the requirements of the Code of Practice for the Governance of State Bodies (the Code), as published by the Department of Public Expenditure, NDP Delivery and Reform in August 2016.

The following disclosures are required by the Code:

Employee short-term benefits breakdown

Details of employee short-term benefits in excess of €60,000 and the salary costs of key management personnel are set out in note number three in the financial statements.

Consultancy costs

Consultancy costs comprise the cost of external advice to management and exclude outsourced 'business-as-usual' functions.

	2022 €	2021 €
Legal advice	289,713	221,978
Financial/actuarial advice	0	9,840
Public relations	0	0
Research consultancy	38,573	38,988
Business improvement	0	0
ICT consultancy	154,010	87,857
Investigation and compliance support	71,992	146,078
Total consultancy costs	554,288	504,741
	2022 €	2021 €
Consultancy costs capitalised ¹	154,010	87,857
Consultancy costs charged to the income and expenditure and retained revenue reserves	400,278	416,884
Total	554,288	504,741

¹ €154,010 of consultancy costs capitalised relate to IT development projects and are shown as in note 11. Capitalised costs are in relation to IT infrastructure projects and have been capitalised in accordance with the rules set out in FRS102.

Legal costs and settlements

The table below provides a breakdown of amounts recognised as expenditure in the reporting period in relation to legal costs, settlements and conciliation and arbitration proceedings relating to contracts with third parties. This does not include expenditure incurred in relation to general legal advice received by the Authority which is disclosed in consultancy costs above.

	2022 €	2021 €
Legal fees – legal proceedings	10,578	2,663
Conciliation and arbitration payments	0	0
Settlements	0	0
Total	10,578	2,663

Travel and subsistence expenditure

Travel and subsistence expenditure is categorised as follows:

	2022 €	2021 €
Domestic:		
– Authority members	0	0
– Employees	548	2,359
International:		
– Authority members	0	0
– Employees	5,257	0
Total	5,805	2,359

Hospitality expenditure

The income and expenditure account includes the following hospitality expenditure:

	2022 €	2021 €
Employee hospitality ²	14,050	11,155
Client hospitality	0	0
Total	14,050	11,155

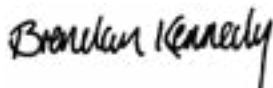
Statement of compliance

The Authority has adopted the Code of Practice for the Governance of State Bodies (2016) and has put procedures in place to ensure compliance with the Code. The Authority was in compliance with the Code of Practice for the Governance of State Bodies for 2022.



Dr David Begg
Chairman

16 June 2023



Brendan Kennedy
Pensions Regulator

16 June 2023

² This includes employer contribution to the employee social committee and other activities.

STATEMENT ON INTERNAL CONTROL

Responsibility for system of internal control

On behalf of the Authority, I acknowledge our responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

Purpose of the system of internal control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented, or detected in a timely manner.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure, NDP Delivery and Reform, has been in place in the Authority for the year ended 31 December 2022 and up to the date of approval of the financial statements.

Audit and risk management

The ARC met five times during 2022.

The Authority has an outsourced internal audit function, which is adequately resourced and conducts a programme of work as agreed with the ARC.

The Authority has a risk management policy, which sets out its risk appetite, the risk management processes in place and details the roles and responsibilities of employees in relation to risk. The Authority approved the policy and the risk management processes. The policy has been issued to all employees who are expected to work within the Authority's risk management processes.

Risk and control framework

The Authority has a risk register which identifies key risks and the management actions being taken, to the extent possible, to mitigate those risks. The key risks facing the Authority have been evaluated and graded according to their significance. The risk register is reviewed quarterly by senior management, the ARC and the Authority. The outcome of these assessments is used to allocate resources to ensure risks are managed to an acceptable level.

I confirm that a control environment containing the following elements is in place:

- Procedures for all key business processes have been documented.
- Financial responsibilities have been assigned at management level with corresponding accountability.
- There is an appropriate budgeting system with an annual budget which is kept under review by senior management.
- There are systems aimed at ensuring the security of the information and communication technology systems.
- There are systems in place to safeguard the assets of the Authority.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes. Control deficiencies are communicated to those responsible for taking corrective action and to management, the ARC, and the Authority, where relevant, in a timely fashion. I confirm that the following ongoing monitoring systems are in place:

- Key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- There are quarterly reviews by senior management of financial reports which indicate performance against budgets/forecasts.

Covid-19 and ongoing hybrid working arrangements

The Authority has reviewed the impact of Covid-19 on its operations and finances and is confident that it is able to continue to operate as a going concern.

The Authority introduced a hybrid work model arrangement in July 2022. Overall, employees continued to adapt professionally and successfully, and all priority work was maintained, including day-to-day supervision work, and responding to telephone and online enquiries. All financial controls were maintained, and IT systems, recruitment and procurement all operated effectively over the period.

Procurement

I confirm that the Authority has procedures in place to ensure compliance with current procurement rules and guidelines.

Review of effectiveness

I confirm that the Authority has procedures to monitor the effectiveness of its risk management and control procedures. The Authority's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors. The senior management in the Authority are responsible for the development and maintenance of the internal financial control framework.

I confirm that the Authority conducted an annual review of the effectiveness of the internal controls for 2022 on 9 May 2023.

Internal control issues

No weaknesses in internal control were identified in relation to 2022 that require disclosure in the financial statements.



Dr David Begg
Chairman

16 June 2023

STATEMENT OF INCOME AND EXPENDITURE AND RETAINED REVENUE RESERVES

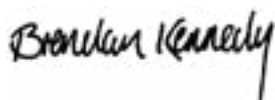
For the year ended 31 December 2022			
		2022	2021
	Notes	€	€
Revenue			
Occupational pension scheme fees		6,259,785	4,114,246
Personal retirement savings account fees		5,042,205	4,207,036
Other income	2	9,136	1,338
Total income		11,311,126	8,322,620
Expenditure			
Remuneration	3	7,132,688	6,685,138
Authority members' fees	5	20,520	20,520
Rent and office expenses	6	937,967	851,266
Training, education and employee -related expenses	7	178,050	198,865
Information, research and publicity	8	227,865	185,509
Professional fees	9	529,437	541,102
General administration	10	1,043,876	1,128,465
Depreciation	11	210,222	246,236
Total expenditure		10,280,625	9,857,101
Surplus/(deficit) for the year		1,030,501	(1,534,481)
Revenue reserve at 1 January		5,130,909	6,665,390
Surplus/(deficit) for the year		1,030,501	(1,534,481)
Revenue reserve at 31 December		6,161,410	5,130,909

The statement of cash flows and notes 1 to 22 form part of these financial statements.



Dr David Begg
Chairman

16 June 2023



Brendan Kennedy
Pensions Regulator

16 June 2023

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022			
		2022	2021
	Notes	€	€
Surplus/(deficit) for the year		1,030,501	(1,534,481)
Experience gains/(losses) on retirement benefit obligations ³	18	(365,000)	594,000
Change in assumptions underlying the present value of retirement benefit obligations		14,744,000	(960,000)
Adjustment to retirement benefit funding	18	(14,379,000)	366,000
Total comprehensive income for the year		1,030,501	(1,534,481)

The statement of cash flows and notes 1 to 22 form part of these financial statements.



Dr David Begg
Chairman

16 June 2023



Brendan Kennedy
Pensions Regulator

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³ The 'experience gains on retirement benefit obligations' reflects the impact on the liability valuation of differences between the assumptions made at the start of the year and the actual experience over the year. For example, gains or losses arise from differences between assumed and actual mortality experience, inflation, salary inflation and pension increases.

STATEMENT OF FINANCIAL POSITION


At 31 December 2022			
		2022	2021
	Notes	€	€
Non-current assets			
Property, plant and equipment	11	690,563	637,084
Current assets			
Receivables	12	1,330,689	1,020,749
Cash and cash equivalents	17	6,575,034	5,900,041
		7,905,723	6,920,790
Creditors' amounts falling due within 1 year			
Payables	13	934,876	926,965
Net current assets		6,970,847	5,993,825
Net assets before retirement benefits		7,661,410	6,630,909
Retirement benefits			
Retirement benefit liability	18	(26,362,000)	(38,409,000)
Deferred exchequer retirement benefit funding	18	26,362,000	38,409,000
Net assets after retirement benefits		7,661,410	6,630,909
Representing			
Compliance enforcement reserve	15	1,500,000	1,500,000
Revenue reserve	15	6,161,410	5,130,909
		7,661,410	6,630,909

The statement of cash flows and notes 1 to 22 form part of these financial statements.



Dr David Begg
Chairman

16 June 2023



Brendan Kennedy
Pensions Regulator

16 June 2023

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022			
		2022	2021
	Notes	€	€
Net cash inflow/(outflow) from operating activities	16	935,315	(1,132,329)
Cash flows from financing activities Interest received		3,378	274
Cash flows from investing activities Payments to acquire property, plant and equipment		(263,701)	(116,164)
Transfers from short-term deposit accounts		0	0
Increase/(decrease) in cash and cash equivalents in year		674,992	(1,248,219)
Reconciliation of net cash flow to movement in net funds	17		
Increase/(decrease) in net funds in the year		674,992	(1,248,219)
Net funds at 1 January		5,900,041	7,148,260
Net funds at 31 December		6,575,033	5,900,041

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. Accounting policies

The basis of accounting and significant accounting policies adopted by the Authority are set out below. They have all been applied consistently throughout the year and for the preceding year.

a) General information

The Authority was set up under the Act, with a head office at Verschoyle House, 28-30 Lower Mount Street, Dublin 2.

The Authority's primary objectives as set out in Part 10 of the Act are:

- To monitor and supervise the operation of this Act and pensions developments generally,
- to advise the Minister either on request or on its own initiative on all matters relating to the functions assigned to the Authority under this Act and on matters relating to pensions generally,
- to issue guidelines on the duties and responsibilities of trustees of schemes and codes of practice on specific aspects of their responsibilities,
- to encourage the provision of appropriate training facilities for trustees of schemes,
- to advise the Minister on standards for trustees of schemes and on their implementation,
- to publish an annual report and such other reports as it may from time to time consider necessary, and
- to perform such tasks as the Minister may from time-to-time request.

The Authority is a Public Benefit Entity (PBE).

The financial statements are denominated in Euro.

b) Statement of compliance

The financial statements have been prepared in compliance with the applicable legislation, and with FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, issued by the Financial Reporting Council in the UK.

c) Basis of preparation

The financial statements are prepared under the accruals method of accounting, on the going concern basis and under the historical cost convention, unless otherwise disclosed, in the form approved by the Minister for Social Protection, with the concurrence of the Minister for Public Expenditure, NDP Delivery and

Reform, in accordance with section 22(1) of the Act.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Authority's financial statements.

d) Oireachtas recoupments

Oireachtas recoupments represent the amount made available in respect of the year by the Department of Social Protection to recoup the cost of superannuation benefits paid by the Authority. Oireachtas recoupments are recognised in the year in which the related pensions are paid.

e) Fee income

i) Occupational pension scheme fees

Fees are payable to the Authority by scheme trustees in accordance with section 25 of the Act. The current fee rates payable are set out in Statutory Instrument No. 634 of 2010 - Occupational Pension Schemes (Fees) (Amendment) Regulations, 2010. Fees in respect of group schemes are payable on an actual year basis and one-member schemes are payable a year in arrears.

The Authority recognises all fees due as income on a calendar year basis and fees due in respect of one-member schemes are included as debtors at year end.

ii) Personal retirement savings account fees

Amounts due in respect of application, product and annual fees are levied on PRSA providers. Annual PRSA fees are calculated by reference to the number of registered approved products and the value of funds under management by the provider as at the end of the prior year.

The current fee rates are set out in Statutory Instrument No. 506 of 2002 - Personal Retirement Savings Accounts (Fees) Regulations, 2002.

f) Property, plant and equipment

Property plant and equipment are stated at cost less accumulated depreciation. Depreciation is charged in the statement of income and expenditure and revenue reserves on a straight-line basis, from the point the asset comes into use. Depreciation is applied at the annual rates set out below, so as to write off the assets, adjusted for estimated residual value, over the expected useful life of each appropriate category.

• Leasehold improvements	6½%	15 years
• Computer equipment	25%	4 years
• Office furniture	12½%	8 years
• Office equipment	20%	5 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life.

If there is objective evidence of impairment of the value of an asset, an impairment loss is recognised in the statement of income and expenditure and retained revenue reserves in the year.

g) Operating lease

Rental payments are dealt with in the statement of income and expenditure and retained revenue reserves in the year to which they relate.

h) Retirement benefits (Refer to note 18)

Nature of schemes

The Authority operates the following DB pension schemes in respect of its employees:

For employees appointed prior to 1 January 2013:

- Pensions Authority Superannuation Scheme, 1993, and the Spouses' and Children's Contributory Pension Scheme, 1993, with the scheme structure based on the Public Service model (the 'Model scheme').

For employees appointed after 1 January 2013:

- Single Public Service Pension Scheme, which provides consumer price index-linked DB pensions based on career-average pay (the 'Single scheme').

The schemes are unfunded by the Authority, with pension benefits payable by the Exchequer. In addition, the Authority's arrangements have a number of specific characteristics:

- The Authority makes agreed contributions to the Department of Social Protection (for the Model scheme) and to the Department of Public Expenditure, NDP Delivery and Reform (for the Single scheme).
- The contributions for both schemes comprise an employee element along with an employer element. The employer contributions, paid by the Authority, amount to 25% of gross pay for employees paying PRSI at the A rate in the Pensions Authority Superannuation Scheme and 30% of gross pay for employees paying PRSI at the D rate. The employer contribution paid by the Authority to the Single scheme amounts to three times the employee contribution.
- There is an explicit commitment from the Department of Social Protection, with the agreement of the Department of Public Expenditure, NDP Delivery and Reform, that the Exchequer will meet the cost of benefits as they fall due.
- An asset corresponding to the unfunded deferred liability for retirement benefit on the Single Public Service Pension Scheme is recognised on the basis of the provisions of section 44 of the Public Service Pensions (Single Scheme and other provisions) Act, 2012.

In substance, the Authority considers that the obligation to pay pension benefits remains with the Authority, but that the Exchequer has committed to providing the Authority with sufficient funds to settle any such obligations as they fall due, provided that the Authority pays over employees' and the employer's contributions at rates specified by the Minister for Social Protection and the Minister for Public Expenditure, NDP Delivery and Reform.

Accordingly, the financial statements recognise both a deferred pension benefit obligation and a deferred exchequer pension funding receivable and full details of superannuation benefit payments are included in the financial statements as an expenditure item and there is a corresponding income representing recoupment of payments from the Department of Social Protection.

Scheme actuarial gains or losses

Actuarial gains or losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the year in which they occur, and a corresponding adjustment is recognised to the balance for deferred exchequer retirement benefit funding. Pension costs in the statement of income and expenditure and retained revenue reserves comprise the employer's contribution in the year.

Scheme liabilities

Scheme liabilities represented by the present value of future payments earned by Authority employees to date are measured on an actuarial basis using the projected unit method. Pension costs reflect pension benefits earned by employees. The amount to be included in the financial statements for the deferred exchequer benefit funding amount is estimated at an amount equal to the estimate of the obligation for the pension scheme liabilities.

i) Compliance enforcement reserve

As the Authority is a statutory regulatory body charged with monitoring and enforcing compliance with the provisions of the Act it may require recourse to legal action from time to time.

In certain cases, such action could involve the Authority in significant costs. It is not possible to anticipate when such cases may arise, or the resulting level of costs, but the Authority considers it prudent to ensure that adequate resources are available and to spread such costs over the years.

Accordingly, amounts are transferred from the statement of income and expenditure and retained revenue reserves to the compliance enforcement reserve when deemed prudent or necessary.

Amounts are transferred from the compliance enforcement reserve to the statement of income and expenditure and retained revenue reserves in the case of significant legal proceedings, i.e., contested high court actions.

j) Critical accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation

means that actual outcomes could differ from those estimates.

The following judgements have had the most significant effect on amounts recognised in the financial statements.

Depreciation and residual values

The Authority has reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings and has concluded that asset lives and residual values are appropriate.

Retirement benefit obligation

The assumptions underlying the actuarial valuations for which the amounts recognised in the financial statements are determined (including discount rates, rates of increase in future compensation levels, mortality rates and healthcare cost trend rates) are updated annually based on current economic conditions, and for any relevant changes to the terms and conditions of the pension and post-retirement plans. The going concern basis is also a critical judgement.

The assumptions can be affected by:

- (i) the discount rate, changes in the rate of return on high-quality corporate bonds, and
- (ii) future compensation levels, future labour market conditions.

2. Other income

Other income	2022 €	2021 €
Interest income	3,378	274
Recoupment of prosecution costs	0	0
Miscellaneous income	5,758	1,064
	9,136	1,338

3. Remuneration

The average number of full-time equivalent employees during the year was 87 (2021, 83.5) and the Employment Control Framework (ECF) was 95 as at the end of 2022 (2021, 95). The aggregate employee and related costs were as follows:

Remuneration	2022 €	2021 €
Salaries	5,442,046	5,091,811
Employer superannuation contributions	1,034,043	964,491
Employer PRSI contributions	566,763	558,075
Agency/temporary staff	89,836	70,761
	7,132,688	6,685,138

Key management personnel

Key management personnel in the Authority consist of the Pensions Regulator and the Head of Operations (Finance). The total value of short-term employee benefits for key management personnel is set out below:

	2022 €	2021 €
Salaries ⁴	292,400	278,658

⁴ Figures are in line with grades as set out in Circular 19/2021. This does not include the value of retirement benefits earned in the period. The key management personnel are members of the Authority's pension scheme and their entitlements in that regard do not extend beyond the terms of the model public service pension scheme.

Employee short-term benefits breakdown⁵

Employees' short-term benefits in excess of €60,000 are categorised into the following bands:

Range of total employee benefits		Number of employees	
From €	To €	2022	2021
€60,000	€69,999	10	10
€70,000	€79,999	9	12
€80,000	€89,999	9	3
€90,000	€99,999	3	2
€100,000	€109,999	1	2
€110,000	€119,999	3	4
€120,000	€129,999	3	0
€130,000	€139,999	0	0
€140,000	€149,999	0	0
€150,000	€159,999	0	0
€160,000	€169,999	0	1
€170,000	€179,999	1	0

4. Pensions Regulator remuneration⁶

Pensions Regulator remuneration	2022 €	2021 €
Salary	171,036	163,327
Employer superannuation contribution	42,759	40,832
	213,795	204,159

The Pensions Regulator is a member of the Authority's pension scheme and his pension entitlements do not exceed the standard entitlements provided in the model public sector defined benefit superannuation scheme. The value of retirement benefits earned in the period is not included above.

5. Authority members' fees

Authority members' fees		
Name	2022 €	2021 €
David Begg - Chairman	20,520	20,520

5 For the purposes of this disclosure, short-term employee benefits in relation to services rendered during the reporting period include salary, overtime allowances and other payments made on behalf of the employee but exclude employer's PRSI.

6 Included as part of employee costs in note 3.

6. Rent and office expenses

Rent and office expenses	2022 €	2021 €
Rent	629,331	648,400
Service charge	115,859	107,138
Rates	63,838	63,838
Electricity	40,481	10,063
Cleaning	18,292	7,198
General maintenance	66,735	12,077
Offsite storage	3,431	2,552
	937,967	851,266

The Authority occupies office premises on the first, second and fourth floors and basement at Verschoyle House, Lower Mount Street, Dublin 2, under a 25-year lease, which commenced on 16 July 2001. The Authority entered into an additional lease for the third floor of Verschoyle House from 21 October 2016 to 15 July 2026.

7. Training, education and employee-related expenses

Training, education and employee-related expenses	2022 €	2021 €
Training and education	171,738	187,591
Employee-related expenses ⁷	6,312	11,274
	178,050	198,865

8. Information, research and publicity

Information, research and publicity	2022 €	2021 €
Advertising and engagement activities	194,316	120,697
Printing, publications and website	33,549	64,812
	227,865	185,509

⁷ Includes contributions to employee social committee and other activities.

9. Professional fees

Professional fees	2022 €	2021 €
Legal advice	289,847	224,641
Investigation and compliance support	71,992	146,078
Research consultancy	38,573	38,988
Internal audit fees	45,814	24,116
Statutory audit fees	26,700	21,000
Recruitment consultancy and advertising	15,740	29,361
Other ⁸	40,771	56,918
	529,437	541,102

10. General administration

General administration	2022 €	2021 €
Stationery and administration expenses ⁹	22,482	15,435
Corporate subscriptions	235,434	232,137
Telephone and postage	24,064	50,948
Computer maintenance and consumables	647,601	727,423
Travel and subsistence ¹⁰	5,805	2,359
Insurances	77,222	72,406
Bank charges	31,268	27,757
	1,043,876	1,128,465

8 Includes ICT security audit and HR technical advice.

9 Includes ARC fees of €3,426.

10 Included in travel and subsistence costs were:

a) Foreign travel - €5,257 (includes €2,617 foreign travel for the Pensions Regulator).

b) Pensions Regulator expenses - €2,617 (foreign travel) (2021 - €0).

11. Property, plant and equipment¹¹

	Leasehold improvements €	Computer equipment €	Office furniture €	Office equipment €	Capital WIP €	Total €
Cost or valuation						
At 1 January 2022	1,246,597	1,798,943	35,272	46,786	102,909	3,230,507
Additions in year	82,667	31,231	0	0	149,803	263,701
Transfer to computer equipment		0			0	0
Disposal in year	0	(181,486)	(1,980)	(39,344)	0	(222,810)
At 31 December 2022	1,329,264	1,648,688	33,292	7,442	252,712	3,271,398
Accumulated depreciation						
At 1 January 2022	1,174,829	1,340,455	33,010	45,129	0	2,593,423
Disposal in year	0	(181,486)	(1,980)	(39,344)	0	(222,810)
Charge for year	8,239	199,190	1,136	1,657	0	210,222
At 31 December 2022	1,183,068	1,358,159	32,166	7,442	0	2,580,835
Net book value						
At 31 December 2021	71,768	458,488	2,262	1,657	102,909	637,084
At 31 December 2022	146,196	290,529	1,126	0	252,712	690,563

12. Receivables

Amounts falling due within one year:	2022 €	2021 €
Fee income	865,048	625,000
Prepayments	306,751	308,544
Debtors other	158,890	87,205
	1,330,689	1,020,749

13. Payables

Amounts falling due within one year:	2022 €	2021 €
Creditors' accruals	251,044	272,754
Holiday pay accrual	43,084	112,135
Tax creditor	283,751	212,616
Trade creditors	356,997	329,460
	934,876	926,965

11 Capital work in progress (WIP) includes development work on inhouse Integrated Pensions System which has not yet been depreciated.

14. Financial commitments

(i) Capital commitments

There were no capital commitments at 31 December 2022.

(ii) Operating leases

The Authority had commitments payable under non-cancellable operating leases as follows:

	2022 €	2021 €
Within 1 year	677,131	738,400
2-5 years	2,401,186	2,620,877
Over 5 years	-	-
	3,078,317	3,359,277

Lease payments are recognised as an expense.

15. Revenue reserves

	2022 €	2021 €
Compliance enforcement reserve		
At beginning and end of year	1,500,000	1,500,000
Revenue reserve		
At end of year	6,161,410	5,130,909
	7,661,410	6,630,909

16. Reconciliation of surplus for the year to net cash inflow from operating activities

	2022 €	2021 €
Surplus /(deficit) for year	1,030,501	(1,534,481)
Non-operating items		
Finance income	(3,378)	(274)
Non-cash items		
Depreciation	210,222	246,236
(Increase)/decrease in receivables	(309,024)	25,772
Increase/(decrease) in non-capital payables	6,994	130,418
Loss on disposal of fixed asset	0	0
Net cash inflow/(outflow) from operating activities	935,315	(1,132,329)

17. Analysis of changes in cash flows

Cash and cash equivalents

	At 1 January 2022 €	Cash flow €	At 31 December 2022 €
Cash at bank and on hand	1,060,005	675,129	1,735,134
Short term deposits	4,840,036	(136)	4,839,900
	5,900,041	674,993	6,575,034

18. Accounting treatment for retirement benefits

The Authority operates the following DB pension schemes in respect of its employees:

For employees appointed prior to 1 January 2013:

- Pensions Authority Superannuation Scheme, 1993 and the Spouses' and Children's Contributory Pension Scheme, 1993 (the scheme structure is based on the traditional Public Service model).

For employees appointed after 1 January 2013:

- Single Public Service Pension Scheme (the structure provides consumer price index-linked DB pensions based on career-average pay).

The schemes are unfunded statutory schemes with pension benefits payable under the schemes funded by the Exchequer.

In addition, the Authority's arrangements have a number of specific characteristics:

- The Authority makes an agreed contribution to the Department of Social Protection (for the Model scheme) and to the Department of Public Expenditure, NDP Delivery and Reform (for the Single scheme).
- The contribution for both schemes comprises an employee element along with an employer element. The employer contribution to the Pensions Authority Superannuation Scheme amounts to 25% of gross pay for employees paying PRSI at the A rate and 30% of gross pay for employees paying PRSI at the D rate and is paid by the Authority.

The employer contribution paid by the Authority to the Single Scheme amounts to three times the employee contribution.

- There is an explicit commitment from the Department of Social Protection, with the agreement of the Department of Public Expenditure, NDP Delivery and Reform, that the Exchequer will meet the cost of benefits as they fall due.

a) Actuarial valuation

The Authority commissioned an actuarial valuation of retirement benefit liabilities under FRS102 at the statement of financial position date and the cost of benefits (service costs) accrued during the year. This valuation, which was based on the Project Unit method, is premised on the following key financial assumptions (with comparatives for 2021):

	31 December 2022	31 December 2021
Discount rate ¹²	3.70% p.a.	1.30% p.a.
Inflation rate	2.50% p.a.	2.10% p.a.
Increases to pensions in payment	3.50% p.a.	3.10% p.a.
Pensionable salary increases ¹³	3.50% p.a.	3.10% p.a.

¹² The discount rate is prescribed under FRS102 and is based on the yield on high quality corporate bonds at the valuation date.

¹³ Includes an allowance for public sector pay scales.

The key demographic assumptions used to calculate the retirement benefit liabilities under FRS102 at the beginning and the end of the period were as follows:

	31 December 2022		31 December 2021	
Mortality: pre-retirement	None		None	
Mortality: post retirement	58% (male) of ILT15 62% (female) of ILT15 with allowance for future mortality improvements		58% (male) of ILT15 62% (female) of ILT15 with allowance for future mortality improvements	
Life expectancy at age 65:	Male	Female	Male	Female
FRS date:	22.1	24.4	21.9	24.3
FRS date + 20 years:	24.3	26.4	24.2	26.3
Retirement	70% of those with the option are assumed to retire at 60 with all other members assumed to retire at normal retirement age.		70% of those with the option are assumed to retire at 60 with all other members assumed to retire at normal retirement age.	
Age gap	Spouses are assumed to be 3 years younger than male members and 3 years older than female members		Spouses are assumed to be 3 years younger than male members and 3 years older than female members.	

b) Analysis of total pension costs charged to expenditure

	2022 €	2021 €
Total employer contribution	1,050,167	974,407
Adjustments for seconded employees and transfers out	(16,124)	(9,916)
Current service cost ¹⁴	2,220,000	2,055,000
Interest cost	525,000	228,000
Adjustment to deferred Exchequer funding	(2,745,000)	(2,283,000)
Total charge to the statement of income and expenditure and retained revenue reserve	1,034,043	964,491

¹⁴ Includes employee contributions totalling €484,000 in 2022 and €416,000 in 2021.

c) Movement in net pension liability

	2022 €	2021 €
Net pension liability at 1 January	38,409,000	36,120,000
Current service cost	2,220,000	2,055,000
Interest cost	525,000	228,000
Experience (gains)/losses on scheme liabilities	365,000	(594,000)
Change in assumptions	(14,744,000)	960,000
Benefits paid during the year	(413,000)	(360,000)
Net pension liability at 31 December	26,362,000	38,409,000

d) Actuarial adjustments

	2022 €	2021 €
Experience (gains) / losses on retirement benefit obligations	365,000	(594,000)
Change in assumptions underlying the present value of retirement benefit obligations	(14,744,000)	960,000
Adjustment to deferred retirement benefits funding	14,379,000	(366,000)

e) Superannuation deductions and contributions

The total superannuation deductions and contributions remitted to the Department of Social Protection and the Department of Public Expenditure, NDP Delivery and Reform were as follows:

	2022 €	2021 €
Employer ordinary contributions	1,026,617	957,318
Employee ordinary contributions ¹⁵	308,309	254,717
Additional superannuation contribution	175,875	161,393
	1,510,801	1,373,428

Breakdown of remittance of pension deductions

Employees in the Authority are members of the following schemes:

- Pre-1995 scheme.
- Post-1995 scheme.
- Single scheme.

Pension contributions for the pre-1995 and post-1995 scheme are remitted to the Department of Social Protection (DSP). Pension contributions for the single scheme are remitted to the Department of Public Expenditure, NDP Delivery and Reform. The table below provides a breakdown of the remittance.

¹⁵ 2022 employee contributions include an amount of €10,192 in respect of notional service purchased.

	2022 €	2021 €
DSP:		
Employer ordinary contributions	566,976	550,315
Employee ordinary contributions	124,698	119,050
Additional superannuation contribution	175,875	161,393
DPER:		
Employer ordinary contributions	459,641	407,003
Employee ordinary contributions	183,611	135,667
	1,510,801	1,373,428

f) Superannuation receipts and payments

	2022 €	2021 €
State grant in respect of pension payments ¹⁶	375,716	358,656
Superannuation benefits paid	(375,716)	(358,656)

19. Disclosure of transactions

In accordance with the Code of Practice for the Governance of State Bodies, the Authority has in place a Code of Business Conduct for Authority members. The Code of Business Conduct includes guidance in relation to the disclosure of interests by Authority members and these procedures have been adhered to by the Authority during the year covered by these financial statements. During 2022, there were no financial transactions with Authority members other than the payment of Authority fees detailed in note 5.

20. Taxation

The Authority is exempt from Corporation Tax under Section 220 of the Taxes Consolidation Act, 1997.

21. Subsequent events

There are no events between the reporting date and the date of approval of these financial statements for issue that require adjustment to the financial statements.

The Authority recognises that the Covid-19 pandemic is a significant event which has been ongoing since the reporting date. The Authority is taking the situation seriously and is monitoring the situation on an ongoing basis. The business continues to operate with measures in place to protect employees who are working remotely. To date, the operations and the Authority's activities are being maintained while adjusting to the different way in which the business is being delivered.

22. Approval of financial statements

The financial statements were approved by Authority members on 16 June 2023.

16 Department of Social Protection Vote 37 subhead A44.2.

APPENDIX I

Occupational pension scheme membership and PRSA data 2022

Occupational pension scheme membership data is based on the scheme registration data provided to the Authority by regulated entities. PRSA data is based on the information provided to the Authority by PRSA providers.

Table 1: Defined benefit schemes with active members at 31 December 2022

Number of schemes with active members as at 31 December 2022						
Scheme size	Defined benefit				All schemes	
	Subject to the funding standard		Not subject to the funding standard			
	No. of schemes	Active members	No. of schemes	Active members	No. of schemes	Active members
Frozen	183	0	0	0	183	0
In wind-up	14	0	0	0	14	0
Non-group	0	0	0	0	0	0
0 to 50	214	2,631	40	784	254	3,415
51 to 99	33	2,309	12	955	45	3,264
100 to 500	63	15,058	22	4,695	85	19,753
501 to 1,000	12	7,899	11	9,020	23	16,919
1,001+	15	84,970	17	421,537	32	506,507
2022 Total	534	112,867	102	436,991	636	549,858
2021 Total	553	115,831	105	418,934	658	534,765
Change since 2021	-19	-2,964	-3	18,057	-22	15,093

Table 2: Defined contribution schemes with active members at 31 December 2022


Defined contribution schemes with active members at 31 December 2022		
Scheme size by active members	No of schemes	Active members
Non-group	78,024	78,024
1-10	4,406	14,401
11-20	994	14,741
21-30	501	12,640
31-40	245	8,550
41-50	196	8,896
51-99	406	28,309
100-500	333	68,713
501-1000	65	43,358
1001+	58	147,531
2022 Total	85,228	425,163
2021 Total	85,964	437,196
Change since 2021	-736	-12,033

PRSA data

The number of PRSA contracts increased in 2022 by 19,175 to 349,326 with assets under management of €8.9 billion.

The contracts consisted of:

- 252,663 standard PRSA contracts, and
- 96,663 non-standard PRSA contracts.



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