



NATIONAL PENSION COMMISSION

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CIRCULAR

REF: PENCOM/INSP/CIR/SURV/2026/11

DATE: 6 January 2026

TO: ALL LICENSED PENSION FUND ADMINISTRATORS

SUBJECT: CIRCULAR ON THE APPOINTMENT OF EXTERNAL AUDITORS AND ACTUARIES FOR APPROVED EXISTING SCHEMES AND ADDITIONAL BENEFITS SCHEMES

- 1.0** The Commission has observed the continued non-compliance by Trustees/Sponsor Companies of Approved Existing Schemes (AES) and Additional Benefits Schemes (ABS) with the requirement of **Section 50 (2) of the Pension Reform Act (PRA) 2014**, which states that “An employer operating any Defined Benefits Scheme (DBS), shall undertake, at the end of every financial year, an actuarial valuation to determine the adequacy of his pension fund assets”.
- 2.0** Similarly, Section 2.1 (3) of the Framework for the Establishment of ABS issued by the Commission, mandated Trustees/Sponsor Companies of AES/ABS to appoint an Actuarial Firm and External Auditor to undertake an Actuarial Valuation and Audit of the Scheme respectively in accordance with the provisions of Sections 50 (2) and 66 (2) of the PRA 2014.
- 3.0** However, the Commission’s supervisory oversight activities of the PFAs, revealed that most of the Trustees/Sponsor Companies of the AES/ABS are in default and had failed to appoint an Actuarial Firm and External Auditor, to undertake the Actuarial Valuation and Audit of the AES/ABS respectively as required.

- 4.0** The failure of the Trustees/Sponsor Companies to appoint the Auditors and Actuaries, poses a risk to the ongoing concern of the Schemes ability to meet its obligation to members and a violation of the PRA 2014 and Regulations issued by the Commission.
- 5.0** Accordingly, the following procedures shall be applied by PFAs to ensure compliance with the provisions of Sections 50 (2) and 66 (2) of the PRA 2014 as well as the Framework for the Establishment of ABS:
- (i) Two (2) months before the end of each financial year (31 December), the PFA or the Lead PFA (where the fund is managed by more than one PFA) of the AES/ABS shall notify the Trustees/Sponsor Companies to appoint an External Auditor and an Actuary, as applicable, for the conduct of the Scheme's audit and actuarial valuation respectively.
 - (ii) After 21 days of receipt of the PFA's letter and the Trustee/Sponsor Company did not appoint an External Auditor and Actuary, the PFA shall send a reminder letter. The reminder letter shall state that if no formal response is received after five (5) working days from the date of receipt of the letter, the PFA will proceed to appoint an External Auditor and Actuary to carry out the audit and actuarial valuation of the Scheme and forward the terms of engagement to the Commission for approval.
 - (iii) The PFA shall upon receipt of approval from the Commission notify the Trustee or the Sponsor Companies on the terms of engagement of the Auditor and Actuary.
 - (iv) The PFA shall also inform the Trustee or the Sponsor Companies that the audit/actuarial fees shall be charged to the related Scheme under the management of the PFA after obtaining the Commission's approval.

6.0 This Circular shall take effect immediately.

7.0 All enquiries regarding this Circular shall be directed to the undersigned.

Thank you.



A. M. Saleem
Director, Surveillance Department