



Institute  
and Faculty  
of Actuaries

# Maximising engagement

Annual report of the Institute and  
Faculty of Actuaries 2012/2013



## Contents

President's statement.....	4
Chief Executive's statement ...	5
Member support .....	6
Volunteers .....	8
Public affairs and promotion.....	10
Learned society and thought leadership.....	12
Education.....	14
Regulation .....	16
International .....	18
Corporate governance .....	20
Accounts.....	26



## **Annual report 2012/2013**

Over the last year we have continued to work hard to deliver the promises in our strategy, which was launched in June 2011.

We believe that this strong foundation will enable the Institute and Faculty of Actuaries to deliver the excellence that our members and their clients need and deserve in a demanding global market.

Public mistrust in the financial services industry continues and it is more important than ever to reinforce the brand and values of the Institute and Faculty of Actuaries and its members.

## President's statement



Philip Scott, President

We must never forget that, as a professional body, we aim to put the public interest first, whether that be through the insightful evidence-based research and thought leadership undertaken, the delivery of education and support for our members or what we say in the public domain. However, what underpins the great work undertaken by all our volunteers and staff is our brand, what the Institute and Faculty of Actuaries (IFoA) stands for and how our stakeholders and the public perceive us.

### Presidential focus

The focus of my own Presidential year has been about promoting our organisation's brand and encouraging our members to think about focussing on the end user of the services we provide and the products we help to design. Over the past year, we have done a lot of work on developing a new brand. I believe the element that keeps organisations at the top of their game is a solid brand identity. A good brand means that you are easily recognised, trusted and frequently used. Good business flows from a good brand, because of the quality of service associated with it.

By the time you read this, our new brand will have been launched. The main drivers for refreshing our brand were a need to improve awareness of us as a professional body and to help promote who we are, what we do and what we stand for. The trade name 'The Actuarial Profession' had resulted in some confusion among our counterparts and partners in other countries.

### Brand values

While what we look like as a recognisable brand is only half the story, it is the brand values we have adopted – community, integrity and progress – that I keenly anticipate will help the IFoA maintain the 'gold standard' internationally recognised qualifications we deliver. They will also underpin the excellent service to our members and those who look to us for technical expertise, knowledge and insight.

It has been an honour to serve as President of the IFoA and I would like to thank the continued efforts of our volunteers, without whom we would not be able to do all that we are doing.

I also know members of Council would wish to join me in expressing our appreciation of the excellent job done by the executive team who strive to deliver the highest standards in service and support of our members.

This report demonstrates the strong progress made in the second year of implementing our strategy and shows how we have supported our new brand, which combines the IFoA's rich history with the forward-looking nature of actuarial work.

## Chief Executive's statement



Derek Cribb, Chief Executive

Underpinning this brand are the values that reflect who we are as an organisation and what we are here to do, namely support our 24,000 members by working collaboratively, and in the public interest, to develop the future of the actuarial profession.

### **Demonstrating integrity**

As a chartered professional body, it is vital that we demonstrate internal and external integrity through commitment to high quality, and that we are trusted by our membership and the wider world. Over the past year we have continued to work closely with our oversight body, the Financial Reporting Council (FRC), to reinforce the confidence in and accountability of our organisation and our members. We have also supported our public interest role and responsibilities, by publishing a new regulatory strategy and new guidance on conflicts of interest. A major achievement has been the modernisation of the professionalism regime, which is now free for all members.

We are committed to building the actuarial community and developing services that are tailored to our geographically diverse membership. In 2012/2013 we launched the International Actuarial Careers Network, to enable students worldwide to share their experiences, and expanded the CERA (Chartered Enterprise Risk Actuary) qualification by making our ST9 exam available to members of the Japanese and India actuarial associations. We also launched our 'Directory of Opportunities', which has made the volunteering process more open, and we now advertise all volunteering opportunities to help match skills to roles.

### **International links**

We have worked hard to give our members a clearer voice through substantial engagement with the International Actuarial Association, Groupe Consultatif, national actuarial bodies, the media, government and regulators. Indeed we are now often engaged in pre-consultation discussions and working parties to help develop government policy. We have also received coverage in respected media outlets on matters as diverse as third party motor claims research and the Code of Practice on Enhanced Transfer Value Exercises and Pension Increase Exchanges.

To ensure that what we do remains relevant to our members, it is important for leading professional bodies to evolve and not just do things the way they have always been done. As we continue to receive an increasing number of exam entries, we have started to implement online examinations so that our exams are as accessible as possible. We accredited Nanyang Technological University in Singapore and the Chinese University of Hong Kong, to ensure that we can learn from leading institutes and have access to the best students.

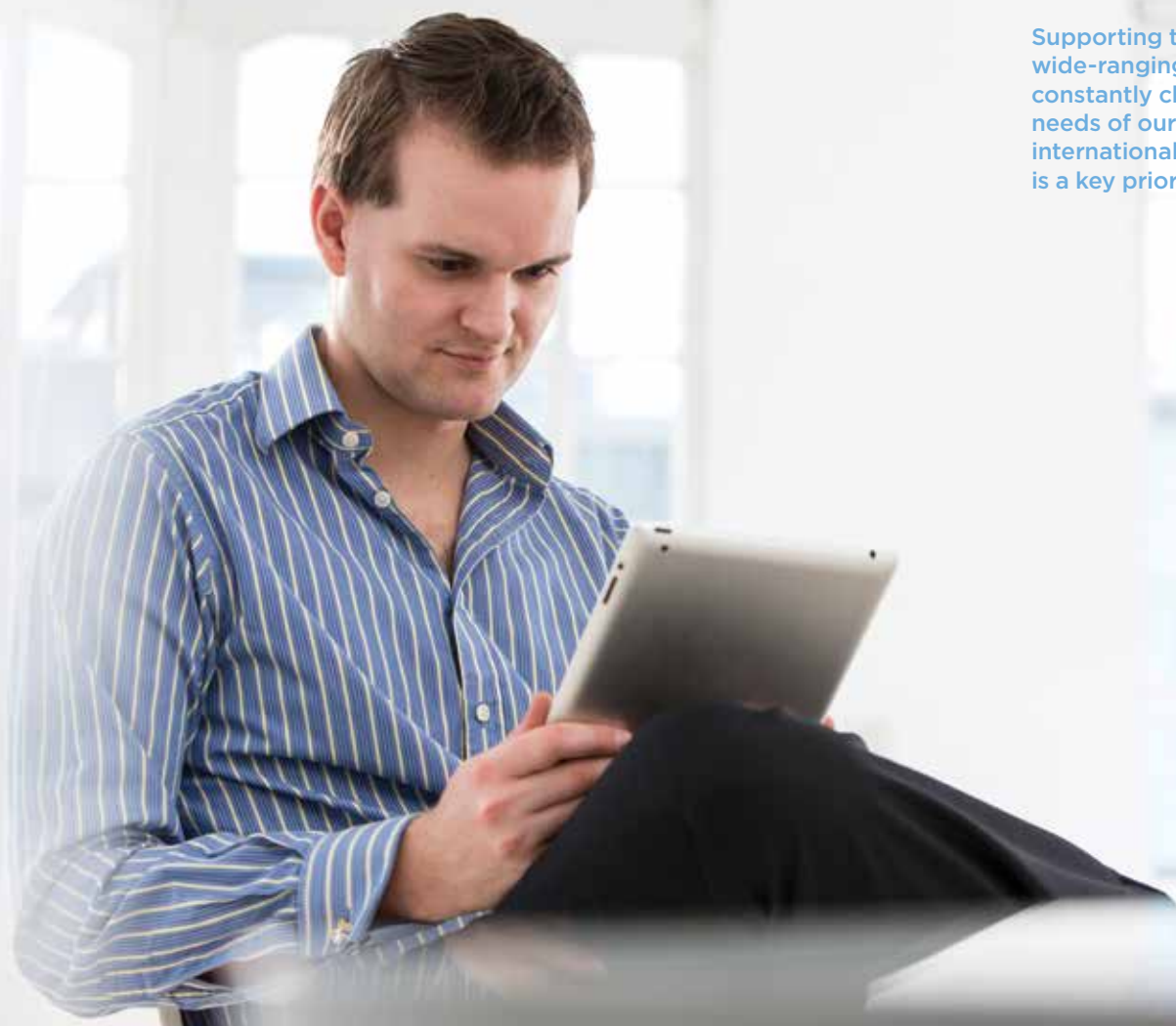
We also launched the Actuarial Research Centre to provide an international centre of excellence in actuarial science.

Of course, none of our achievements over the past year would have been possible without the joint working of our valued volunteers and staff. I look forward to continuing this partnership over the coming year.



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Supporting the wide-ranging and constantly changing needs of our UK and international members is a key priority.



The IFoA aims to provide excellent support to meet its members' varied and evolving needs.

## Member support

This has been a year of significant firsts for the directorate. These firsts include:

**Launching a new brand** to support our name, Institute and Faculty of Actuaries

**Putting plenary sessions from the GIRO, Life and Momentum Conferences on the web site**

**Implementing the new membership database**

**Launching the International Actuarial Careers Network**, the network of associated Career Ambassadors and new careers material

**Producing newsletters** for India, Africa, China/SE Asia and mainland Europe

**Developing tailored web pages** for regional societies and associations

**Celebrating the first anniversary of CAN UK and Initiating the cross-practice CPD committee.**

In addition, our Management Board approved our first digital strategy, which identifies clear objectives for improving our on-line presence. It will enable members to benefit from a user-centred experience on the web site, with ready access to information, learning and communities.

### Pushing the boundaries

This year, the events team has pushed the boundaries of production with marketing and staging in a truly exciting way. We have modernised our own presence at events using technology, which enables delegates to research



GIRO Conference and Exhibition 2012.

and volunteer for working parties, register their CPD and ask specialist staff questions.

Volunteer committees, responsible for developing stretching and inspiring content, have worked with us to create thought-provoking programmes. This has enabled us to record events to a much higher standard than previously possible and has benefitted all members with verifiable CPD, no matter where they are located in the world.

We have delivered technical events in Cape Town, Johannesburg, Nairobi, Amsterdam, Hong Kong, Shanghai and Beijing, thanks to the Practice Executive and member interest group volunteers.

We have met all of the UK regional societies to understand how we can better support their activities. This has included an increased number of events in the regions and, for the first time, new qualifier ceremonies outside London and Edinburgh.

### PECs update

The Practice Executive Committees (PECs) have also had their share of firsts, with the launch of the Cross Practice CPD Committee, which has expanded its brief from Solvency II to include enterprise risk management, professionalism and business skills. We are launching an end of session report to showcase the PECs' research, consultations, CPD events, press coverage, regulatory contributions and international activity. Highlights in the last year included:

**The Life PEC has successfully established an increasing number of working parties** guided by the Research Committee. Members are also able to attend numerous CPD events, including the annual Life Conference in Brussels, which attracted over 800 delegates, and regional events on How to Practically Hedge the Risk Free Rate Under Solvency II. The Consumer Information in Financial Planning Working Party was highly commended for its contribution to the profession and new working parties were established covering: Linked Matching Considerations, Solvency II Transition, Stress Testing and Policyholders' Behaviour in Extreme Events. Active engagement with the FSA and the Groupe Consultatif, relating to Solvency II is contributing to an appropriate regulatory regime.

**The Finance and Investment PEC contributed to several significant consultations** last year, including Super Long Gilts and Options for Improving the Retail Prices Index. Its international profile was enhanced by its

contribution to a consultation from the joint working group of the Basel Committee on Banking Supervision and the Board of the International Organisation of Securities Commission on Margin Requirements for Non-centrally Cleared Derivatives. The PEC continues to run an active mentoring programme for actuaries who want to get into the field.

**The Enterprise Risk Management PEC and the Risk Working Party have been pivotal** in defining the Risk Strategy agreed by Council. This is a long-term plan to promote actuaries as risk experts in the wider business environment. It entails identifying and facilitating cross-practice activities, including research that will demonstrate the effectiveness of the skills that actuaries bring to the discipline. The newly constituted Actuarial CRO Group is expected to play a key role in sharing best practice across the profession and will assist in defining the pathways to a career in risk management for interested actuaries.

**The General Insurance PEC has 22 active working parties** and many of them presented at the successful GIRO Conference in Brussels and at 11 CPD events during the year. The Third Party Working Party presented the group's third annual report. This showed a marked discrepancy between police data for road accident injuries since 2006 and the number of injury claims made to insurers, supporting the conclusion that claims management companies have had a significant effect on the number of small injury, whip-lash like, claims.

**The Health and Care PEC was approached by the Department of Health** to investigate current research gaps in long-term care. To respond to other Government initiatives they have also expanded their research working parties to include topics on: scientific advances in cancer modelling, genetics, critical illness and income protection. This PEC has the highest percentage of international participants, with practitioners representing members from Ireland, Greece, India, South Africa and Hong Kong.

**The Pensions PEC focused on two major themes** last year – the challenge of funding defined benefits in a low gilt yield environment and the EIOPA proposals for a Solvency II-type regime framework. Events over the last year have included sessions on auto-enrolment, improving risk management in DC investments, pension scheme funding in the current environment, building a sustainable pensions system and the impact of global economics and market developments on the pensions environment.



Delegates at the Life Conference and Exhibition 2012: Thinking Beyond Boundaries.

Volunteers play a vital role in our work and we actively encourage them to get involved in the organisation.





Part of our strategy is to provide members with appropriate opportunities for volunteering. Our volunteers are the lifeblood of the IFoA. Two thousand of our members directly support the profession and ensure that it remains strong and vibrant.

## Volunteers

The IFoA has been working hard to raise the profile of volunteering. We are committed to reaching out to our members, to listen to their feedback, and act on it, and to improve volunteer operations through better organisation and an enhanced volunteer experience.

In the last year, we have made real progress by:

**Creating a Directory of Opportunities** that illustrates the wide range of ways in which our members currently provide support.

**Delivering our volunteer vacancies webpage** and volunteer recruitment process to ensure all opportunities are open and transparent. This has allowed us to reach out to members and match skills and experience with the task in hand.

**Holding Instilling Best Practice sessions** to bring key volunteers together to listen to feedback and develop the best ways of working together.

**Launching our silver volunteer recognition pins** as a tangible way to show our appreciation to our valued volunteers, and to allow our active volunteers to act as Volunteering Ambassadors when attending our seminars and events.

**Hosting volunteer thank-you parties** at Staple Inn, London, and on the Royal Yacht Britannia in Edinburgh.

**Sharing ten volunteer experiences** to enable members to read, in a member's own words, what volunteering has meant to them.

**Engaging with our pioneering 400 Club** – 400 volunteer members who have become a valuable resource and who help track progress and inform the decisions that the Council and Management Board take. Ninety-four per cent

of the 400 Club agreed that the profile of volunteering within the profession had been raised in the last year. Other membership organisations are now considering adopting this model.

**Increasing our engagement with employers** through the delivery of presentations to employers and through the volunteer CPD Co-ordinators and seeing a 100% increase in those attending their annual briefing in November 2012.

**Helping to help raise the profile of volunteering** and to attract attention through increased awareness and communication – if you attended one of the six residential conferences you will have met our volunteering bendy men.

### Online vacancies

All volunteer vacancies, which are open to all members, are now advertised on our website. More than 100 different types of volunteer opportunities have been promoted in this way during the last year and the response from members has been excellent.

Members can also sign up for the RSS feed on the volunteer vacancies webpage and receive automatic updates.

### More engagement

Many of our UK regional members and internationally based members have engaged in volunteering in the last year. Geoff Rashbrooke, a Fellow and a former Government Actuary for New Zealand says: "Taking part allowed me to get some different perspectives from other countries to inform my own views and pass on what I had learned, for others to make use of."



Volunteers relaxing at the Volunteer Engagement Party 2012, Staple Inn Hall, London.



Our iconic bendy men.

One of the IFoA's roles is to speak up on relevant matters of public interest and to raise awareness of the work of actuaries and the value we add to society.

## Public affairs and promotion

Since we decided in 2011 to increase our presence in public affairs, there has been an increase in the profession's public profile – from contributing to the formation of public policy to its position in the media.

In the last year, we have built the foundations of a robust public affairs framework with the help of:

**Key volunteers**, from the Presidential team to member-led working parties.

**A professional team** on the executive staff to manage external communications, stakeholders and policy positions.

**Evidence drawn from research** and thought leadership projects.

### Increased media profile

The last year has seen an increased level of media coverage of our views and insight, with a wide range of journalists and media outlets now proactively contacting the profession for authoritative input.

Key topics the profession has commented on in the media in the last year have included pension guarantees, enhanced transfer values, long-term care, financial education, changes in life expectancy, Solvency II, micro-insurance and issues relating to the depletion of resources. Our reach has also included publications in China during an international visit in 2012.

The profession's Third Party Working Party continued to produce and communicate newsworthy evidence, with coverage ranging from the BBC Today programme to The Sun.

### Informing public policy

One of the main areas where the IFoA seeks to fulfil its obligation to the public interest is through providing data, evidence and insight to inform the development of public policy.

By holding face-to-face meetings and responding to a higher number of consultations, we have developed our relationships with key external stakeholders, such as the Department for Work and Pensions (DWP), the Financial Services Authority, the Pensions Regulator and the European Insurance and Occupational Pensions Authority.

Many of these relationships have led to invitations to join working parties to help shape policy at the outset. For example, immediate Past President Jane Curtis has been involved in a DWP initiative looking at defined ambition pensions.

The Presidential team has been central to our public affairs programme. As well as meeting with stakeholders and politicians, it has represented the IFoA at bi-lateral meetings with other actuarial associations and also in key interactions with the International Actuarial Association and the Groupe Consultatif. At our six residential conferences, the Presidential team met members to listen to how they want the profession to be taken forward.

Public affairs and promotion are proving increasingly effective in raising awareness of our work and informing public policy.



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Research is the cornerstone of evidence-based policy making and sharing our findings is also important.



The last year has seen the activities of the IFoA as a learned society become more integrated with our public affairs programme and the desire to support the needs of its members.

## Learned society and thought leadership

We now have more than 700 members working on a voluntary basis on 100 different research initiatives, including member-led working parties. The time and expertise our members devote to the organisation has been central to developing actuarial science for practitioners and industry, informing the development of public policy and the development of the academic discipline.

### Key policy priorities

To support the profession's contribution to evidence-based policy making, we have sought to align some of our strategic research agenda to the potential needs of our key policy priorities of pensions, long-term care, financial education and Solvency II. For example we responded to proposals from the European Insurance and Occupational Pensions Authority by publishing major research on options for assessing employer covenants and holistic balance sheets in relation to pensions.





Some of the research that our members have carried out has been crucial to informing public policy, including research from the DC Pensions Guarantees Working Party. This attracted the attention of UK Pensions Minister Steve Webb and led him to open an event on defined ambition pensions at Staple Inn.

Our Resource and Environment Group was also involved in a significant piece of research that considered the concept of limits to growth and the impact that resource constraints may have on actuarial advice in the future. Launched in front of a sell-out audience, the research generated discussion among members and led to media coverage.

### Reaching out

Over the last year we have disseminated our research to a wider audiences. This has included filming our sessional research meetings so that anyone in the world can see the research presentations and subsequent discussions. We are making better use of the different communication outlets, including “The Actuary” magazine and media briefings.

We have increased our involvement with research communities, such as universities. A key development in 2012 was the launch of the Actuarial Research Centre (ARC), which was created as an international centre of excellence by IFoA, in partnership with the Scottish Financial Risk Academy. Two PhD students started at the ARC in September 2012 and they will be providing research that will benefit industry and the development of actuarial science.

2012 also saw the delivery of two high-profile lectures from Professor Sir Brian Hoskins on the Challenges of Climate Change and from Jeremy Peat OBE on Long-Term Expectations for the Economy.

Key plans include ensuring that the research agenda delivers value to our members and supports the other objectives of the profession. We will seek to manage the knowledge base of the profession in a way that embodies the concept of a learned society.



President-elect, David Hare and Director of the Actuarial Research Centre, Professor Andrew Cairns at the launch of the ARC in September 2012.

Our education strategy is constantly being developed to ensure that it meets the changing needs of our members.



Exam entries and exemption applications have continued to increase across the board and we now have some 12,000 actuarial student members.

## Education

The Enterprise Risk Management (ERM) specialist technical subject ST9 has become the route to the CERA qualification of choice for many actuarial associations, such as the Casualty Actuarial Society in the US and bodies in Australia, South Africa and Japan. Other societies in Israel, India and Chinese Taipei are also interested in using our ERM subject as a route to CERA.

The availability of our Core Technical subject 1 Financial Mathematics, which provides an alternative entry route to student membership, has also led to a continued increase in entries. We had 522 entries from non members in more than 30 countries for our autumn 2012 exam session.

### Online learning

We are increasing the availability of online learning material and assessment and are developing the use of scanned scripts and online marking. Much effort has centred on the migration of the examination system to a new customer relationship management database which, when complete, will increase operational efficiency.

The IFoA has continued to build links with high quality universities around the world and we now have 17 accredited universities. Recent additions include Nanyang Technological University in Singapore, the Chinese University of Hong Kong and Liverpool University. Students at those universities can gain exemption from our early professional examinations.

We also continue to operate a stringent quality assurance process to ensure equivalence between the alternative approaches to qualification, such as, university exemptions and links with overseas actuarial associations, and the learning material provided by ActEd for our examinations.

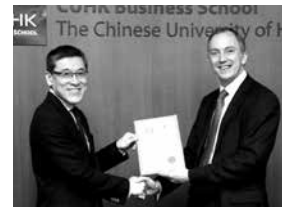
### Employer accreditation

An accreditation process for employers for our work based skills provision has been introduced and the first two employers, PWC and Lane Clark and Peacock, have achieved accredited status. We have also begun a comparison of our work based skills programme with the competency framework to attempt to articulate the skills of newly qualified actuaries and those with three years' post qualifying experience.

Our benchmarking project with the Society of Actuaries in the USA, to ensure we maintain the highest international standards for our qualification, also continued during the year.

Evidence of the high esteem in which our qualification is held is shown by our increasing student numbers and entries. Well over half of our students are from outside the UK, coming from around 100 different countries.

The IFoA is also developing a technician level qualification for those who work in support roles with actuaries. The aim of this is to professionalise such roles and offer a career enhancing qualification of value to both employers and their employees.



David Hare, President-elect presents T.J. Wong, Dean, Chinese University of Hong Kong, with a certificate of accreditation.

Promoting effective regulation serves the public interest and ensures that the reputation of the actuarial profession is based on our collective commitment to high standards and professionalism.

## Regulation

The world of actuaries continues to evolve and external developments present new challenges to the effectiveness and relevance of any regulatory framework.

Since we published our Regulatory Strategy in 2012, we have made significant progress in modernising and enhancing our regulatory framework. We have also continued to underpin and reinforce our mission to be a leading modern professional regulator, through some new mandatory provision, complemented by non-mandatory guidance and support, and a principles-based approach. Key highlights over the last year have included:

**Implementing the first two stages of our new Professional Skills training regime**, comprising: the Online Professional Awareness Test, targeted at new members and taken by over 370 students since its launch in March 2012 and the Professional Skills Course, which has been accessed by more than over 1200 members online and at face-to-face events. Further information, including our Professional Skills Handbook, are on our website.

**Publishing important new regulatory material** on the identification and handling of conflicts of interest, along with substantial new supporting guidance, including real-life case studies and scenarios. The accompanying road show is expected to have reached an audience of more than 1,000 members by the end of the year.

**Developing major new proposals** setting out a quality assurance scheme targeted at actuarial consultancy firms and actuarial employers. This recognises that the working environment can have a significant bearing on the ability of individual actuaries to achieve the technical and

professional skills they aspire to. We expect to consult on the proposals, which will complement the education work-based skills regime, in the summer of 2013.

**Reviewing the Disciplinary Scheme** and developing proposals to enhance the flexibility with which we are able to identify and respond to matters of public interest concern. This will ensure that we are able to respond appropriately to emerging issues, while ensuring that the process remains fair, robust and in the public interest.

**Developing two important new cross-practice standards** on peer review and the application of regulation internationally, on which we expect to consult in 2013.

### Looking ahead

The next year promises to be even busier, with a number of key projects expected to come to fruition. Key initiatives will include:

**The launch of our new 'stage 3' professionalism requirements**, targeted at more experienced and qualified actuaries, accompanied by new material and content.

**Working closely with the FRC** to define and map our mutual regulatory agenda over the next three years. This will include the scope of our respective regulatory regimes, the implications for actuarial regulation of changes in the role of actuaries and the integrity and coherence of domestic and international actuarial regulation.

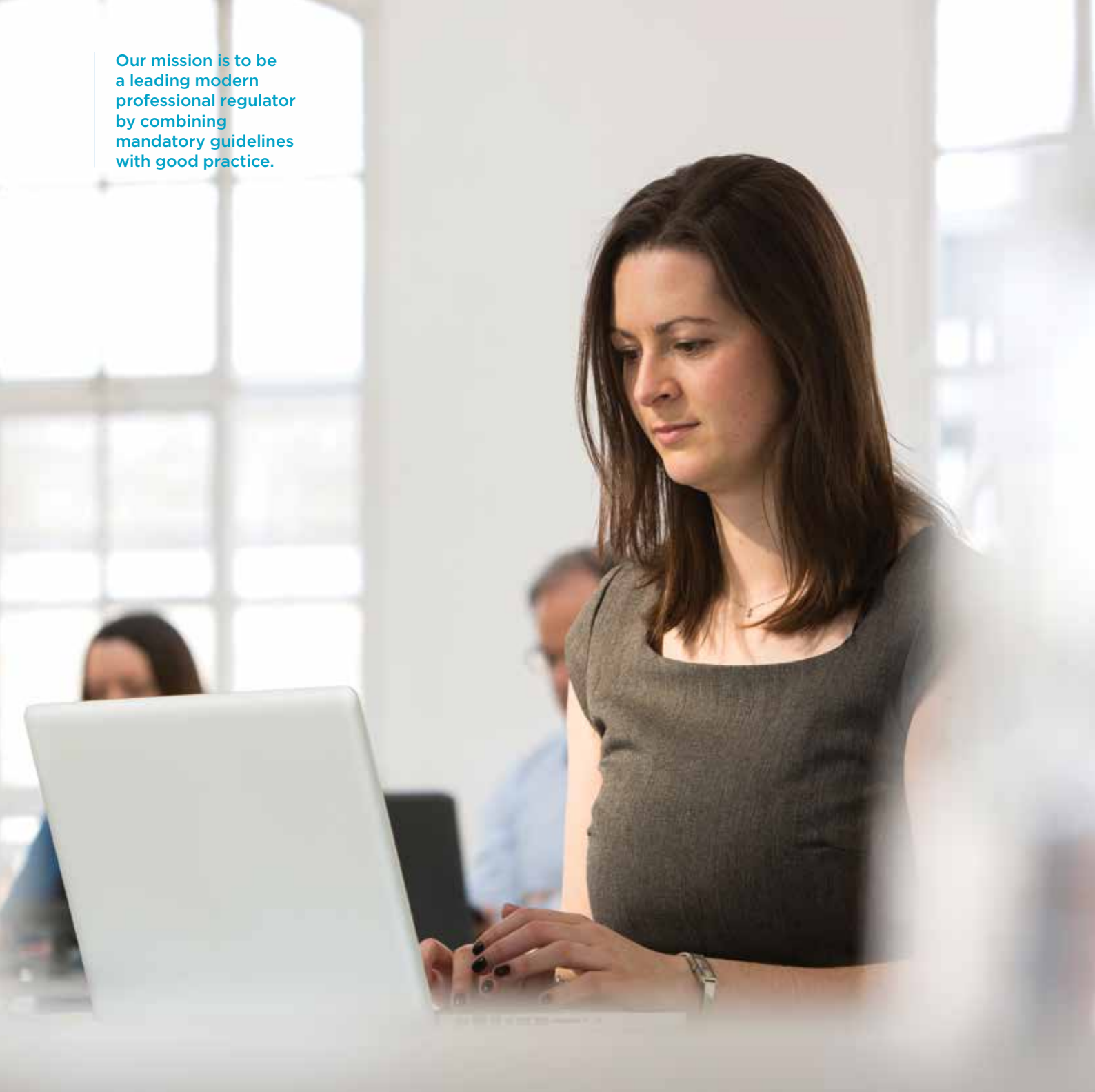
**A significant project** to review the coherence and effectiveness of our ethical standards framework, including the Actuaries' Code, Actuarial Profession Standards and related guidance.



Conflicts of interest autumn/winter session hosted by the Yorkshire Actuarial Association, February 2013.



Our mission is to be  
a leading modern  
professional regulator  
by combining  
mandatory guidelines  
with good practice.



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Our international presence has been strengthened with increased engagement and with greater involvement in education.



The profession's international strategy of proactive engagement enables us to provide a more comprehensive overseas offering to members, while continuing to play a prominent role in international organisations.

## International

We have strengthened our leadership positions in both the International Actuarial Association and the Groupe Consultatif. We have also held joint meetings with the actuarial associations of other countries, had much greater engagement than before with our overseas members and continued to play a leading role in overseas education.

### **International representation**

The IFoA is represented on the Council and main committees of the International Actuarial Association and on the Groupe Consultatif.

Our members have played a key role in the development of the model International Standard of Actuarial Practice (ISAP 1), which will be important in promoting consistency between international standards.



The Groupe has issued an exposure draft of its first model standard GCASP2 and four members of the IFoA were on the drafting team.

We have engaged with other associations and held productive meetings with colleagues from the associations in France, Germany, Holland, China, Australia, South Africa and the United States.

The IFoA also works jointly with the French, Dutch and German associations to produce the quarterly journal "The European Actuary".

### Overseas events

We have held numerous events for members based overseas, including new member ceremonies in China, Hong Kong and India. We have also contributed to numerous overseas conferences and this has included delivering keynote speeches in Singapore and the Caribbean.

Member events have also been held in Kuala Lumpur, Trinidad and India. To date, online communities have been established for our members in Beijing, Shanghai, Hong Kong, Kuala Lumpur, Singapore, and India.



Dr Trevor Watkins, Director of Education, Institute and Faculty of Actuaries presenting at a member event in Beijing.

Authority for the governance, control and strategic direction of the Institute and Faculty of Actuaries (IFoA) sits with the Council which in turn delegates to various boards, committees and executive staff.

# Corporate Governance

## Constitutional framework

The Council is elected by voting members (Fellows, Associates and Honorary Fellows), in accordance with the governing documents (Charter, Bye-laws, Rules and Regulations). Each member of Council will normally serve for a term of three years before being required to stand for re-election and must stand down for a year after two terms. Six Council members representing the General constituency and three representing the Scottish constituency retire annually and elections to elect new members to the Council take place during May and June each year. Any Fellow or Associate may stand as a candidate for the constituency of which they are a member.

Council has adopted the provisions of the UK Corporate Governance Code, issued by the Financial Reporting Council, to the extent appropriate.

A register of Council members is maintained which details any conflicts of interest they might have in respect of their roles as members of Council. Additionally, at the start of each Council meeting, Council members are asked to declare any conflicts specific to any item on the agenda for that meeting.

In accordance with Bye-law 54, the Institute and Faculty of Actuaries will give its members at least 60 days' notice for the Annual General Meeting which must be held within 15 months of the previous AGM.

## Office Holders

Council members choose the two Office Holders – the President and President-elect. The outgoing President is invited to become the Immediate Past President. The President-elect, President and Immediate Past President will normally serve for a term of one year in each role. In April 2013, Council elected Nick Salter as the President-elect from 24 June 2013.

## Council

The current Council is formed from 20 members elected by members of the General Constituency and 10 members elected by members of the Scottish Constituency. In addition, Philip Scott and David Hare have been co-opted to Council.

Council considers strategy and policy, and develops key areas of thought leadership. In the last financial year, Council met seven times – 12 March, 3 April, 21 May, 9 July, 10 September, 12 November and 14 January. The main topics covered were:

- Progress on strategy implementation with separate discussions on specific strategies for education, regulation, public affairs, international, research and thought leadership, mortality, longevity and the CMI, and honorary fellowship
- Branding
- Governance related issues, including elections and awards, and consideration of the recommendations from a Governance Review carried out by external consultants
- Presentation from senior representatives from the FRC and discussion on its future structure and role and implications for the IFoA
- Presentations from representatives of the IAA and Groupe Consultatif to aid understanding of international issues and to help to develop our international strategy
- Identification of key strategic risks





**Top row, left to right:** Derek Cribb, Elliot Varnell, Nick Salter, Justyn Harding, Patrick Lee, Charles Cowling.  
**Second row, left to right:** Trevor Llanwarne, Gordon Wood, David Martin, Katie Low.  
**Third row, left to right:** Malcolm Kemp, David Hare, David Gulland, Peter Tompkins, Huw Evans.  
**Fourth row, left to right:** Andrew Chamberlain, Deborah Cooper, Martin Potter, Suzanne Vaughan.  
**Fifth row, left to right:** Mark Stocker, Alan Rubenstein, Mike Dick, Helen Davies, Philip Scott, Simon Sheaf, Alan Watson, Donald MacLeod.  
**Those not present:** Adrian Baskir, Mike Codron, Helen Crofts, Jane Curtis, Fiona Morrison and Marjorie Ngwenya.

Those Council members who represent the Scottish Constituency are marked with \* and those who were elected to Council in 2012 are marked with +.

The following members retired from Council in 2012 and did not seek re-election:

Philip Scott: <b>President</b>	Adrian Baskir	Fiona Morrison	Ronnie Bowie	Stuart Shepley (who also served as Honorary Treasurer until June 2012)
Jane Curtis: <b>Immediate Past President</b>	Andrew Chamberlain	Marjorie Ngwenya	Ralph Frankland	
David Hare: <b>President-elect</b>	Mike Codron*	Martin Potter*	Paul King	Elaine Stevenson*
	Deborah Cooper+	Alan Rubenstein*+	Mike Kipling	Paul Sweeting
	Charles Cowling	Nick Salter	Keith Miller*	
	Helen Crofts	Simon Sheaf		
	Helen Davies+	Mark Stocker		
	Mike Dick*	Peter Tompkins+		
	Huw Evans+	Elliot Varnell+		
	David Gulland	Suzanne Vaughan*+		
	Justyn Harding	Alan Watson*		
	Malcolm Kemp	Gordon Wood*		
	Patrick Lee+			
	Trevor Llanwarne			
	Katie Low*			
	Donald Macleod*+			
	David Martin*			

## Management Board

The Management Board exercises oversight responsibility in relation to the operation and management of the IFoA, under delegated authority from Council, in accordance with the scheme of delegations, powers and principles and with the strategy set by Council. In particular, the Management Board has oversight responsibility for matters related to the development and implementation of the IFoA's strategy, corporate plan, policy and operational plans, and all matters related to the organisation's resources. The Management Board submits reports to each meeting of Council and the Chairman of the Management Board attends Council meetings at the invitation of the President. Members of the Management Board undertake an annual effectiveness review and any significant issues are reported to Council. The composition of the Management Board changed in mid 2012 following phase 1 of the governance review and now includes three directors from the executive staff as well as the Chief Executive. The other six Board members are actuaries, with the Chairman being an 'independent' and the only actuary not on Council.

The non executive Management Board members reviewed, on behalf of Council, the remuneration package provided for the Chief Executive. The executive staff are remunerated with reference to market benchmark salaries. None of the members of Council receives remuneration for services to the IFoA, other than reimbursement of out-of-pocket expenses and, very rarely, payments on a normal commercial basis. The Chairman of the Management Board is reimbursed at the rate of £24,700 per annum.

Management Board met 10 times in the last financial year. The list of members of the Management Board since 1 March 2012 to end February 2013 and their respective attendance records are given in the appendix.

## Chief Executive

The Chief Executive is responsible to Council through the Management Board for the development, promotion and management of the organisation to achieve the strategy set by Council. The Chief Executive is responsible for the management of the executive staff and for ensuring the IFoA operates effectively and efficiently, supported by directors reporting directly to the Chief Executive. The current Chief Executive, Derek Cribb, was appointed in April 2012 following a period as Acting Chief Executive.

## Audit and Risk Committee (formerly Audit and Governance Committee)

The Audit and Risk Committee ensures that the IFoA adopts a sound approach to financial management and that key risks are identified and addressed. It is chaired by a qualified accountant and reports to Council.

The committee has an oversight role and gives its views to management on the financial statements, external and internal audits, risk management and internal controls, governance matters and other ad hoc issues. The internal auditors have conducted audits in the following areas: corporate planning; accreditation and exemption processes, project management;

and key financial controls. Actions from internal audits undertaken by BDO LLP are reported on at each Committee meeting and the Committee considers and approves in advance the annual internal audit plan.

Members of the committee meet the external auditors annually to review and discuss their planned basis and scope of audit work. This included quality control processes and independence requirements. The committee was content that these were satisfactory and approved the audit plan for the year. The external auditors' performance of their duties was considered by the committee at the year end and it had no specific concerns or recommendations.

The Audit and Risk Committee formally reports to Council on an annual basis usually in May. The Chairman attends these annual meetings in order to present the annual report from the Committee to Council and to be on hand to answer any queries Council may have. Additionally, as risk is a major part of the Committee's remit, the Chairman attended the Council meeting in January 2013 when Council discussed key strategic risks. During the year the Committee reviewed its terms of reference and these were approved by Council.

During the year a focus has been on strengthening the organisation's risk management processes.

No issues were reported to the Committee in respect of any investigation of allegation of fraud or corruption carried out under the new Fraud Response Policy.

Audit and Risk Committee met five times in the last year and the record of attendance is given in the appendix. The Committee undertakes an annual review of its effectiveness, a process it intends to improve upon in the coming year.

## Nominations Committee

The Nominations Committee meets to make recommendations to Council on retirements from Council, the process for appointing the President-elect and succession planning for other appointments. The members of the Nominations Committee are currently the President, President-elect and Immediate Past President, along with three other Council members, Helen Crofts, Mike Dick and David Martin.

## Employees

The IFoA is committed to equal opportunities for all its executive staff and it is policy not to discriminate on the grounds of age, race, religion, sex, sexual orientation or disability. Should an employee suffer a disability, the IFoA will do all it can to accommodate that disability and to assist the employee to continue his or her career, either in an existing role where possible, or in an alternative position.

The IFoA is committed to developing each member of its staff. This is achieved through regular discussions about performance and learning and development needs with opportunities to realise potential.

Employees are updated regularly on developments through the organisation's intranet. A staff forum meets regularly to give employee representatives a further opportunity to be consulted

and involved, and feeds back employee views directly to the Chief Executive, Director of Finance and Operations, and Head of Human Resources.

## Property changes

During the year a review of the property and office accommodation used by the IFoA and the location of various staff divisions was initiated which will result in the relocation of some corporate service functions from our London office to Oxford. The processes throughout the consultation period followed best practice with the executive representative body (staff forum) being consulted throughout. The IFoA will continue to have offices in London, Oxford and Edinburgh and will retain use of the Hall and Council Chamber at Staple Inn.

## Corporate and Social Responsibility

The IFoA sponsors a number of events; three examples of which were used to promote the work of actuaries to school and university students:

- **UK Maths Trust – Junior, Intermediate and Senior Maths Challenges:** This event reaches nearly 600,000 students and involves students answering questions of increasing difficulty which aim to stimulate mathematical thinking beyond the main schools' curriculum. Certificates bearing our logo are awarded to the top 40% of participants.
- **Enterprising Mathematics in Scotland:** This event involves around 300 schools and colleges in regional rounds and 60 for the final with around 250 children between 14 and 16 taking part (including an electronic link-up with schools based in the Western Isles, Orkney and Shetland). Last year the theme was 'environmental awareness' aimed at showing that mathematics matters in the real world. The IFoA's sponsorship ensures that this event continues on an annual basis.
- **The Actuarial Network at Cass Business School:** This event is held every two years and is an interactive panel discussion designed to give actuarial students top tips on maintaining a healthy work/life/study balance, effective studying while working and on how to be a good worker – from top student to top employee. The panel comprises part and fully qualified actuaries and representatives from employers.

As an organisation, we recycle wherever possible. Our procurement policy incorporates a set of principles and procedures on which sustainable procurement activity within the IFoA is based. The policy acts as a prompt to staff to consider our corporate and social responsibility as a factor in all purchasing decisions.

We will:

- ensure that local, small and medium-sized enterprises can bid for the business by conducting a market research to identify the best suppliers;
- help in the development of sustainable solutions, (e.g. procure online platforms for courses, video conferencing solutions, etc.);
- purchase products with recognised labelling schemes such as FSC or EU Eco label, where appropriate;

- monitor and review the response to sustainable issues within tender documents;
- carry out a sustainable risk / impact analysis of the products / services procured.

## Creditor payment policy

The policy is to agree and communicate clearly the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms upon the timely receipt of an accurate invoice. At year end this was on average 27 days.

## Going concern

The financial statements of the Institute and Faculty of Actuaries have been prepared on a going concern basis. Relevant enquiries have been made and there is a reasonable expectation that the IFoA has adequate resources to continue in operational existence for the foreseeable future.

## Internal control

Council has oversight responsibility for the systems of internal control and their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. They can therefore only provide reasonable and not absolute assurance against material misstatement or loss.

## Risk management

Council, through the Management Board, has established an ongoing process to identify, evaluate and manage the significant risks faced by the IFoA. The Management Board sets the risk appetite – that is the acceptable limit of risk that the organisation may take in its day-to-day activities. The risk policy statement specifies the detailed approach to risk management endorsed by the Management Board and adopted by the executive staff.

The risk register captures risks at two levels; strategic and operational.

Eleven unacceptable outcomes were identified, with their associated risks. These represent the main risks the organisation faced during the year in delivering against the strategic objectives. The strategic risks, together with any operational risks with a net rating of "high" or above, are shown in the Key Risk Register, along with the controls and actions in place. Progress against managing these key risks is monitored through the Directors' Group and Management Board meetings on a regular basis, and at Audit and Risk Committee on a quarterly basis.

All executive staff are responsible for risk management in their day-to-day roles. Each business unit is responsible for identifying and managing their own bottom up operational risks on an ongoing basis. These business unit risks form part of directorate risk registers. Each director holds monthly risk meetings with their teams to review all operational risks within their directorate.

The ongoing assessment of the risks is linked with the Corporate Plan.

## Wider aspects of internal control

Other key elements in the system of internal control during the last financial year providing assurance were:

- **Delegation**

The overall objectives are agreed by Council, which assigned oversight responsibility to the Management Board and the executive staff. There is a clear organisational structure, detailing lines of authority and control responsibilities. There are defined revenue and capital spend authorisation limits in place. There is a published scheme of delegations in place.

- **Budgets**

Detailed annual budgets were prepared by the executive staff and approved by Council on the recommendation of the Management Board. Actual results are compared to approved budgets on a monthly basis and reported to the Management Board. Revised annual forecasts are also prepared and reported quarterly.

- **Competence**

Executive staff skills are maintained and reviewed by both a formal recruitment process and a performance development system. Together, they provide regular opportunities for feedback on performance and identify training and development needs.

- **External Audit**

haysmacintyre currently provide the external audit function.

- **Internal Audit**

BDO LLP currently provide the internal audit function.

- **Gift register**

A register of gifts and hospitality is maintained that lists all offers of gifts or hospitality offered to members of the executive by commercial entities.

- **Review**

Council, through reports from the Management Board and the Audit and Risk Committee, review the effectiveness of the IFoA's system of internal control in operation during the financial year.

## Responsibilities of Council

Bye-law 62 requires Council to prepare annual accounts for each financial year. These give a true and fair view of the state of affairs of the Institute and Faculty of Actuaries and of the surplus or deficit for the period.

In addition to the statutory accounts, summary financial information is provided on pages 26 and 27.

Council delegated responsibility to the Management Board to select suitable accounting policies and to apply them consistently taking into account the views and advice of the Audit and Risk Committee.

In reviewing the financial statements on behalf of Council, and taking note of the advice of the Audit and Risk Committee, the Management Board is satisfied that:

- judgements and estimates are reasonable and prudent;
- applicable accounting standards have been followed; and
- the financial statements have been prepared on a going concern basis.

Council, through the Management Board and executive staff, was responsible for ensuring proper accounting records were kept, which disclose the financial position of the IFoA, and for safeguarding the assets of the IFoA by taking reasonable steps to prevent and detect fraud and other irregularities.



## Attendance lists for the financial year 1 March 2012 to 28 February 2013

### Council

BASKIR, Adrian	5/7	HARE, David	4/4	SALTER, Nick	4/7
BOWIE, Ronnie	1/3	KEMP, Malcolm	4/7	SCOTT, Philip	7/7
CHAMBERLAIN, Andrew	6/7	KING, Paul	2/3	SHEAF, Simon	7/7
CODRON, Mike	4/7	KIPLING, Mike	3/3	SHEPLEY, Stuart	3/3
COOPER, Deborah	4/4	LEE, Patrick	4/4	STEVENSON, Elaine	2/3
COWLING, Charles	6/7	LLANWARNE, Trevor	7/7	STOCKER, Mark	4/7
CROFTS, Helen	6/7	LOW, Katie	6/7	SWEETING, Paul	2/3
CURTIS, Jane	7/7	MACLEOD, Donald	4/4	TOMPKINS, Peter	6/7
DAVIES, Helen	3/4	MARTIN, David	7/7	VARNELL, Elliot	3/4
DICK, Mike	7/7	MILLER, Keith	3/3	VAUGHAN, Suzanne	3/4
EVANS, Huw	4/4	MORRISON, Fiona	7/7	WATSON, Alan	7/7
FRANKLAND, Ralph	0/3	NGWENYA, Marjorie	6/7	WOOD, Gordon	4/7
GULLAND, David	4/7	POTTER, Martin	4/7		
HARDING, Justyn	4/7	RUBENSTEIN, Alan	4/4		

### Management Board

	Position	Attendance: actual/possible
Alan Phillips	Chairman	10/10
Ronnie Bowie	Past President until June 2012	3/3
Derek Cribb	Chief Executive	10/10
Jane Curtis	Past President from June 2012	9/10
Ralph Frankland	Council member until June 2012	0/3
David Hare	President-elect from June 2012	7/7
Ben Kemp	General Counsel from June 2012	5/7
Memoria Lewis	Membership Director from June 2012	6/7
Katie Low	Council member until June 2012	3/3
David Martin	Scottish Board Leader	10/10
Philip Scott	President from June 2012	6/7
Simon Sheaf	Council member from June 2012	7/7
Stuart Shepley	Honorary Treasurer until June 2012	3/3
Paul Sweeting	Council member until June 2012	3/3
Trevor Watkins	Director of Education from June 2012	7/7

### Audit and Risk Committee

	Position	Attendance: actual/possible
Iraj Amiri FCA	Lay Chairman from July 2012	3/3
Ian Cherry FCA	Lay Chairman until July 2012	2/2
Mike Kipling	Council member until July 2012	1/2
Keith Miller	Council member until July 2012	2/2
Marjorie Ngwenya	Council member	5/5
Irene Robinson	Lay member	5/5
Peter Tompkins	Council member	5/5

# Accounts

## Consolidated Statement of Income for the year ended 28 February 2013

	2013		2012	
	Group	IFoA	Group	IFoA
	£000	£000	£000	£000
<b>Revenue</b>				
Subscriptions and other operating income	10,566	10,566	10,178	10,178
Qualification learning and development	19,126	12,176	18,222	11,630
	<b>29,692</b>	<b>22,742</b>	<b>28,400</b>	<b>21,808</b>
<b>Expenditure</b>				
Employment costs	(9,123)	(9,123)	(8,056)	(8,056)
Other operating charges	(18,971)	(12,021)	(19,048)	(12,456)
	<b>(28,094)</b>	<b>(21,144)</b>	<b>(27,104)</b>	<b>(20,512)</b>
<b>Operating Profit</b>	<b>1,598</b>	<b>1,598</b>	<b>1,296</b>	<b>1,296</b>
Finance and other income	373	373	271	271
<b>Profit before tax</b>	<b>1,971</b>	<b>1,971</b>	<b>1,567</b>	<b>1,567</b>
Taxation	(72)	(72)	(55)	(55)
<b>Profit for the year</b>	<b>1,899</b>	<b>1,899</b>	<b>1,512</b>	<b>1,512</b>

## Consolidated Statement of Financial Position as at 28 February 2013

	Group £000	2013 IFoA £000	Group £000	2012 IFoA £000
Profit for the year	1,899	1,899	1,512	1,512
<b>Other Comprehensive Income</b>				
Gain / (Loss) on revaluation of investments	85	85	(44)	(44)
Actuarial (loss) / gain recognised in the retirement benefits scheme	(625)	(625)	2,926	2,926
Other comprehensive (expenditure) / income for the year net of tax	(540)	(540)	2,882	2,882
Total comprehensive income for the year	1,359	1,359	4,394	4,394
	Group £000	2013 IFoA £000	Group £000	2012 IFoA £000
<b>Non-current assets</b>				
Property, plant and equipment	112	112	248	248
Available for sale financial assets	802	802	717	717
Historical assets	1,009	1,009	999	999
Retirement benefit asset	9,507	9,507	7,865	7,865
	11,430	11,430	9,829	9,829
<b>Current assets</b>				
Inventories	26	26	30	30
Trade and other receivables	2,901	1,031	2,602	937
Cash and cash equivalents	23,239	23,222	23,301	23,285
	26,166	24,279	25,933	24,252
<b>Total assets</b>	<b>37,596</b>	<b>35,709</b>	<b>35,762</b>	<b>34,081</b>
<b>Current liabilities</b>				
Trade and other payables	(2,794)	(2,148)	(2,249)	(1,753)
Corporation tax	(73)	(73)	(53)	(53)
Deferred revenue	(9,525)	(8,284)	(9,576)	(8,391)
Deferred rent	(39)	(39)	(39)	(39)
	(12,431)	(10,544)	(11,917)	(10,236)
<b>Non-current liabilities</b>				
Deferred rent	(87)	(87)	(126)	(126)
	(87)	(87)	(126)	(126)
<b>Total liabilities</b>	<b>(12,518)</b>	<b>(10,631)</b>	<b>(12,043)</b>	<b>(10,362)</b>
<b>Net assets</b>	<b>25,078</b>	<b>25,078</b>	<b>23,719</b>	<b>23,719</b>
<b>Reserves</b>				
General fund	24,062	24,062	22,788	22,788
Investment revaluation reserve	1,016	1,016	931	931
	25,078	25,078	23,719	23,719



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