

The FRC and Actuarial Standards

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Chair FRC Codes and Standards
Committee
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Financial Reporting Council

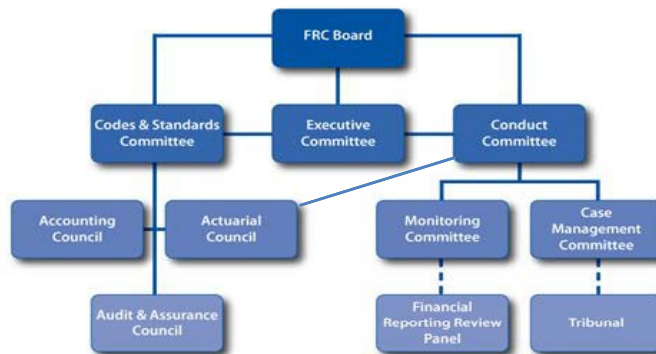
Mission

The FRC is the UK's independent regulator responsible for promoting high quality corporate governance and reporting to foster investment.

The FRC sets the framework of codes and standards for the accounting, auditing, actuarial and investor communities, and oversees the conduct of the professionals involved.



FRC Structure



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Codes and Standards Committee Responsibilities

- Appoint Councils
- Oversee Council work
- Help prepare draft FRC strategy and plan
- Act as “Council” for Governance and Stewardship Codes
- Approve guidance (not standards)
- Make sure FRC doesn’t develop silos



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Codes and Standards Priorities

- Value and Role of Audit
- Implement Stewardship and Governance Code changes
- Carry the UK flag in EU and internationally
- “Put Morris to bed” and develop new agenda
- Avoid over regulation
- UK GAAP



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Role and value of audit

- “Why did a bank get a clean audit and fail within 6 months?”
- Are better audit practices needed?
 - Re-tendering, scepticism, non-audit services, joint audits?
 - Role of Actuaries?
- Are audit standards or accounting standards the issue?
 - Should accounts be prudent rather than neutral?
 - Are market values a reliable or appropriate measurement? Introduce pro-cyclicality?
 - Are our standards reducing the equity market?



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Governance and Stewardship

- Diversity – required but not through quota
- Retendering
- “Fair, balanced and understandable”
- Service providers to asset managers should follow the code – engage!
- Auditors to say when they see things



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Actuarial Council Responsibilities

- Provide strategic input and thought leadership on actuarial matters
- Consider and advise the Codes and Standards Committee on the FRC Annual Plan
- Consider and advise the FRC Board on draft codes and standards
 - FRC commitment not to override advice without good reason
- Consider and comment upon proposed developments to international codes and standards and regulations



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Actuarial Council members

Chair: Olivia Dickson

Keith Barton (A)	Howard Jacobs
Martin Bradley (A)	Paul Johnson
Angela Darlington (A)	Joanne Livingstone (A)
Ashok Gupta	Oonagh McDonald
David Hindley (A)	Martin Miles

A: Practising Actuary



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FRC's current actuarial work

- Taking stock: are technical actuarial standards are fit for purpose? Are they doing what we expected?
- Influencing developments by international actuarial standards-setters
- Oversight of the Profession's regulatory activities and monitoring the quality of actuarial work
- Assessing risks to actuarial quality and developing appropriate responses



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“Putting Morris to bed”

- Have the issues raised by Morris been fully addressed?
- How has the environment changed and have we dealt with issues as they have arisen?
- What risks should we be concerned about for the future?
- So what should our agenda now be?



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Conclusion

- New streamlined structure
 - Actuarial Council has a key role
- Some big issues on the table
 - Actuaries should get involved in the big picture
- Assess impact of TASs
 - High quality international standards
- Time to move forward



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