



Institute  
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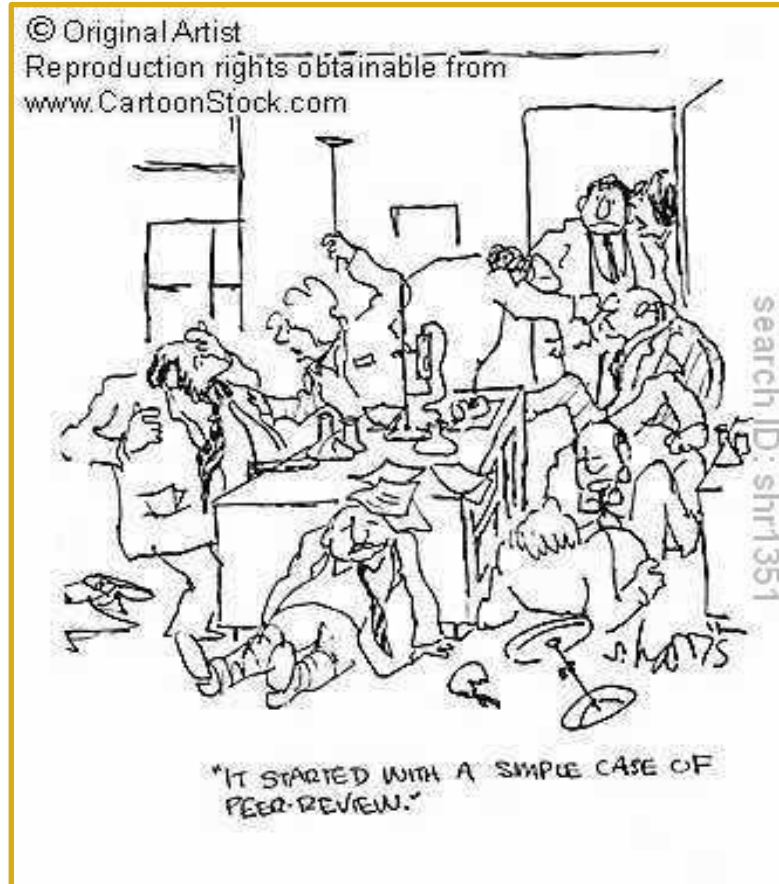
# A new approach to reviewing Actuarial Work

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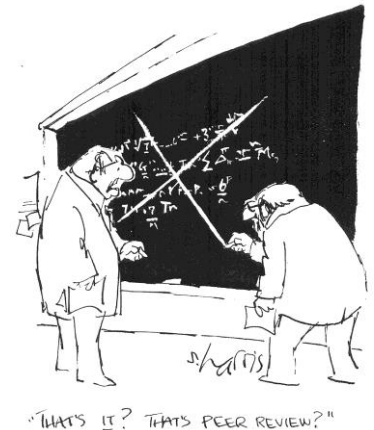


# Introduction



# The current position and why we are changing...

- .... a world without IFoA cross-practice mandatory requirements for review!
- APS P2 requirements for Scheme Actuaries
- No equivalent requirements imposed for other practice areas
- ISAP 1
- Wider IFoA work on promoting the quality of actuarial work
- Move away from rules-based and practice area focused standards



# The new position...

- APS X2: 'Review of Actuarial Work'
- Guidance for APS X2
- Imposes requirements in relation to review of actuarial work
- Principles-based, cross practice, not limited by any geographic scope
- In force from 1 July 2015

# Actuarial Work

## APS X2

- “Work undertaken by a Member in their capacity as a person with actuarial skills on which the intended recipient of that work is entitled to rely. This may include carrying out calculations, modelling or the rendering of advice, recommendations, findings, or opinions.”



# The requirements

## Para 1.1 APS X2

- Must consider whether to apply *Work Review* to *Actuarial Work* for which they *are responsible*
- Should, *to the extent appropriate and proportionate*, ensure that Work Review is applied

## Para 1.2 APS X2

- Must give *particular consideration* to whether it would be appropriate and proportionate to apply *Independent Peer Review*

# Work Review and Independent Peer Review

- **Work Review**

- Consideration of work by another individual or individuals
- A broad definition involving a spectrum of different forms of review

- **Independent Peer Review**

- A sub-set of Work Review with specific requirements for the reviewer(s) to be independent and a peer
- Independent = not otherwise involved in the work in question
- Peer = would have had the experience and expertise to take responsibility for the work themselves



# The key requirements broken down

- **Requirement to ‘consider’ applying Work Review**
  - Members will need to exercise professional judgement to determine what (if any) review process is to be applied
  - Will be objectively tested
  - List of factors that may be relevant to that exercise of judgement
- **Must consider, in particular, Independent Peer Review**
  - More likely to be proportionate and appropriate for more significant, complex work and/or where a large degree of judgement requirement
- **Should apply that review to the extent ‘appropriate’ and ‘proportionate’**



# Other requirements of APS X2

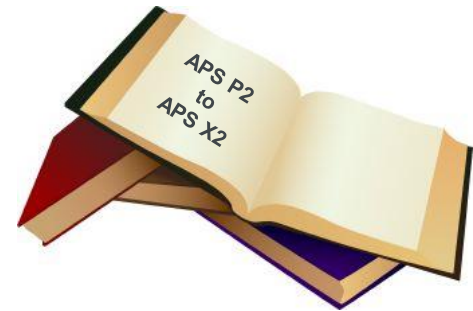
- Only 'hot review' will be appropriate to meet the requirements of APS X2 – Para 2.3 APS X2
- Requirements to take certain reasonable steps in relation to individuals involved in the review process
- Members must ensure they are in a position to justify the approach they have taken – Para 1.4 APS X2
  - Not prescriptive
  - Good practice might involve making a note of certain decisions

# Withdrawal of APS P2

- The existing APS P2 will be withdrawn from 1 July 2015
- Currently imposes requirements upon Scheme Actuaries in relation to specified areas of work (set out in Appendix 1)
- Key changes:
  - Switch from rules-based to principles-based system
  - Allows for exercise of professional judgement instead of being prescriptive
  - More flexibility
  - Now a specific requirement to consider Independent Peer Review
  - Type 2 review not acceptable in terms of APS X2 requirements

# APS P2 to APS X2: practical implications

- Transitional guidance for Scheme Actuaries
- Do not expect that there will be a significant difference in terms of amount or form of review applied
- Will allow flexibility around the review process applied to smaller items of work currently within the scope of APS P2
- Need to consider whether Independent Peer Review should be applied
- Less prescriptive more principled criteria for reviewer than under APS P2
- Revised attestation in PC renewal forms



**Any  
Questions?**



# Case Study

- ❑ Split into groups for discussion



# Our Ethical Principles

- ❑ Integrity
- ❑ Competence and Care
- ❑ Impartiality
- ❑ Compliance
- ❑ Communication

# The future...

- Quality Assurance Scheme
- Individual Professional Responsibility Guidance
- Communication on DB to DC transfers
- Skill Sets framework
- IFoA standards framework review
- FRC TAS review and proposed TAS 100
- APS X1: Applying standards

