



Institute  
and Faculty  
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# A new approach to reviewing Actuarial Work

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# Introduction

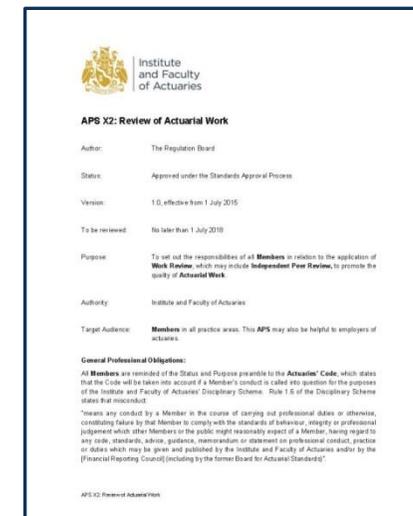
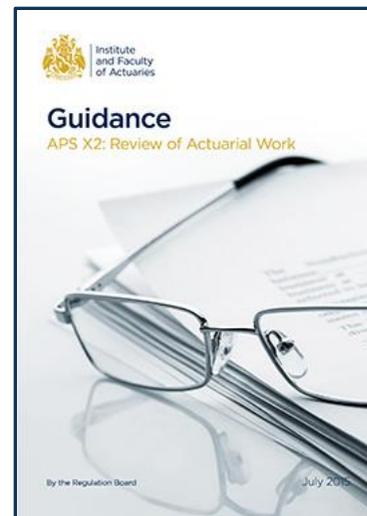
- ❖ New cross practice standard on review of Actuarial Work
- ❖ First standard of its kind for an actuarial professional body
- ❖ Part of wider IFoA work on quality assurance

# Background

- ❖ Currently no cross practice requirements for review
- ❖ APS P2 for scheme actuaries
- ❖ No equivalent for other practice areas
- ❖ IFoA shift towards cross practice standards
- ❖ ISAP1 and international developments

# APS X2: Review of Actuarial Work

- ❖ New approach
- ❖ Cross Practice Standard imposing requirement in relation to review of Actuarial Work
- ❖ No geographic restriction on scope – applies everywhere and to all work
- ❖ Principles-based – relies upon professional judgement of Members
- ❖ In force from 1 July 2015
- ❖ Guidance



# 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**

# 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.”



# 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

## Requirements to 'consider' applying Work Review

- ❖ Members will need to exercise professional judgment 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

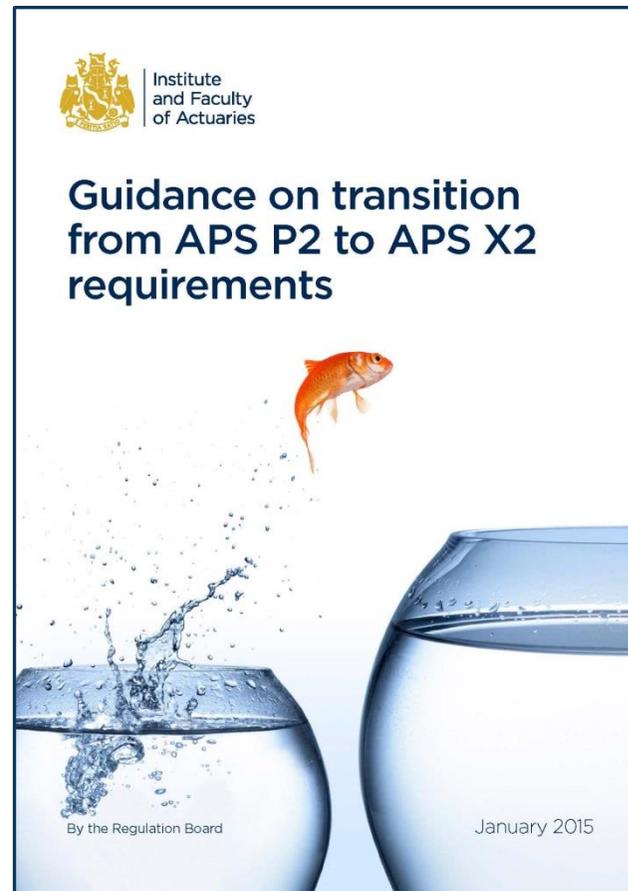
**Should apply that review to the extent 'appropriate' and 'proportionate'**

# Other requirements of APS X2

- ❖ Only 'hot review' will be appropriate to meet the requirements of APS X2 – Para 2.3 APS X2
- ❖ Means review must take place at such a time as to be capable of influencing the conclusions and outputs of the work
- ❖ 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
- ❖ Guidance to help with transition



# Withdrawal of APS P2

## Key Changes:

- ❖ Switch from rules-based to principles-based system
- ❖ Allows for exercise of professional judgement instead of being prescriptive = more flexibility
- ❖ Focus on a quality review not a compliance once
- ❖ Now a specific requirement to consider Independent Peer Review
- ❖ “Cold” review not acceptable in terms of APS X2 requirements
- ❖ Do not expect there will be a significant difference in terms of the amount or form of review applied

# Some practical challenges

How do I apply this in a proportionate fashion?

Does the standard apply to the team as a whole, or the whole of the team?

My work isn't only performed by actuaries!

My work is review work already!

**ANY  
QUESTIONS?**



# Case Study



# Actuaries' Code



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