



Institute
and Faculty
of Actuaries

Ramping up our relevance

Annual report of the Institute and
Faculty of Actuaries 2013/2014





Ramping up our relevance

This annual report looks at what the Institute and Faculty of Actuaries (IFoA) has achieved over the last year as an internationally recognised body. It highlights how our Executive and volunteers have worked together to promote the actuarial profession and respond to the wide-ranging and changing needs of our members in the UK and internationally.

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President's statement

I want us all to feel that being a member of the IFoA is helpful to our careers, the work that we do and the complex and challenging issues that we are grappling with, both in the UK and internationally.

In recent annual reports, previous Presidents have spoken of the renewed vigour of the IFoA and the importance of being a globally recognised brand. As our Council's agent of change, I have sought to build on those key elements by doing all I can to make the organisation *feel* more relevant to its members.

The work and dedication of our volunteers, in the UK and internationally, are fundamental to this work. The world does not stand still and the way that we work as actuaries is constantly changing. The IFoA is a global organisation and the worldwide demands for our skills are influenced by various external influences. Our volunteers help to keep the IFoA abreast of those changes and in touch with the needs of our members.

There are a number of key factors necessary for successfully meeting the challenges this presents for the organisation. These include building a sense of community among our members, sharing knowledge, ideas and experience and being a good citizen of the wider international actuarial community. What I have aimed to do as the IFoA's President is to sow the seeds about how our actuaries need to provide services that are relevant and meet the demands that the market is placing on our skills and expertise.

Not all the skills that actuaries possess are unique to us and we are facing competition from other professions, such as statisticians, accountants and financial engineers. However, this is an exciting time to be in financial services, with many opportunities for actuaries outside our traditional areas of practice.

This report outlines what the IFoA has done to promote the relevance of actuaries' skills on behalf of its members. But it also talks about what we have been doing to address the needs of our members and to equip them for the future, in whatever field of expertise they work. In short, we are working hard to answer your calls for change.

Everything the IFoA has done over the past year has been driven by our core values of community, integrity and progress and these have been central to how we have measured our successes. I'm delighted that I have had the opportunity to serve our profession as President of the IFoA and, as I approach the end of my term, I know that members of the Council will join me in thanking all of our volunteers and the Executive staff who have worked so hard to deliver first-rate services to our members.



David Hare
President, Institute and
Faculty of Actuaries

Chief Executive's statement

What a 12 months we have had. As you will see in the following pages we have been working hard over the past year to raise our relevance.

Since the merger, we have been busy putting the structures in place to support the continuing development of the IFoA as an internationally recognised professional body. Last year we really started to use these structures to surge ahead and I hope you will agree that there has been a significant step change.

This has required a coordinated effort between our volunteers and the Executive staff across the many areas in which we work – education, regulation, thought leadership, research, member support, our international strategy and public affairs. I would like to take this opportunity to thank the more than 3,000 member volunteers who were actively engaged in working on all members' behalf last year.

An area where this coordinated effort is clearly demonstrated is our international work. Over 40 per cent of our members are based outside of the UK and many of our members, regardless of where they are based, are working as part of a globally focused organisation. We now have six accredited universities internationally and last year new prizes, awards and scholarships were established for overseas students. We also worked closely with international stakeholders to deliver regulation that acts in the public interest, is flexible, proportionate and supports the collective professional reputation of our members.

Research and thought leadership is a key way in which we deliver our Royal Charter obligation to further actuarial science and act in the public interest. It also raises standards and helps to develop practices and the education of future actuaries. Last year over 70 member-led working parties helped to produce more than 70 member research papers. Research also informs much of our public affairs and media work, one of the more visible ways in which we strive to promote the relevance of the actuarial profession.

Looking ahead, the new Certified Actuarial Analyst (CAA) membership category was approved by Council last year and will be launched in 2014. This is just one of many new initiatives that were undertaken over this period. Others included the pilot online live marking scheme in education, research for the new IFoA website, that is part of member support's digital strategy, and regulation's Quality Assurance Scheme.

In a world that is always changing, it is vital that we change with it to remain relevant. I believe that we are in good shape, not only to remain relevant, but also to continue ramping up our relevance in the year ahead.



Derek Cribb
Chief Executive



Jeremy Lee

Jeremy has been a Fellow of the IFoA since 2003 and is currently the volunteer Features Editor of The Actuary magazine.

He says that he enjoys liaising with members of the profession as they develop their ideas and working in an editorial team that is always looking for innovative topics and adapting to the media needs of a fast-changing market.

Volunteers

The IFoA now has more than 25,000 members in the UK and internationally. Our fair, open and transparent volunteer recruitment process helps us to make the most of this global wealth of skills and expertise.

Providing members with appropriate opportunities for volunteering allows us to progress our profession and build on our sense of community. Over the last year, more than 3,000 members actively supported the IFoA and the launch of our new Volunteer Induction Pack (VIP) provides them a greater level of support and assistance.

Feedback from our members played an essential role in the creation of this resource which, for the first time, places all the existing information available to our volunteers in one place on the IFoA website. This includes links to the Governance Manual, the IFoA strategy and guidance booklets as well as useful tips and hints on such issues as how to chair meetings. This resource has been welcomed by our members. It will evolve and develop over time and additional features will be introduced, including access to training.

Receiving valuable feedback

Our 400 Club, which is an online group made up of 400 members who volunteer to provide feedback during the course of the year, celebrated its second anniversary, in December. This valuable group represents a cross section of our entire membership. It has been welcomed by our members, including Catherine Jones, who says: *“As an actuary working away from London and immersed in client work, it has sometimes felt like I’ve had no say in IFoA matters, despite being a long-standing member of the profession. Often, I’ve been so busy that something new*

has happened that affects me, yet I’ve had no obvious way of expressing an opinion and no time to do it anyway. The 400 Club has provided a really satisfying way of having some structured input into the IFoA”.

We continued to raise the profile of volunteering through a range of communication channels, including digital media, film-clips, printed material and marketing initiatives such as our new blue bendy men. We also engaged directly with members at our six annual residential conferences, during presentations at firms, in meetings and by providing prompt responses to enquiries.



Top: Members networking at the volunteer recognition party held in Edinburgh in June



Bottom: A record attendance at the CPD co-ordinators' gathering in November

Member support

We aim to provide excellent support to meet our members' varied and evolving needs and our goal this year was to 'dazzle' members with our new brand, regional events, targeted newsletters and residential conferences.

We delivered 200 events during the year, including six residential conferences. We worked with 600 speakers and provided 100 hours of CPD. Members of the first GIRO Conference Committee attended a ruby anniversary gala dinner and were incredibly proud of how their original conference has grown from 25 delegates to a record 740.

High-profile speakers joined our conferences from politics, sport, economics and business, including Alastair Darling, Nick Hewer, Steve Webb and Olympic rower Katherine Grainger. In addition, increasingly popular master-classes, which are now run monthly, featured experts in communications, presentation skills, personal branding, voice training and winning business.

More events were recorded and over 6,000 audio and video recordings were accessed through the website. The launch of the virtual learning environment (VLE) in autumn 2014 will make content easier to search for and will automatically update members' CPD records for them.

Members joined us on our conference stands to learn more about CPD compliance, working parties, volunteering and to tell us what chief actuaries want from actuaries in the future. We sent out six 400 Club surveys, seven practice specific surveys and one CPD coordinator survey to ensure that we are constantly improving and relevant to members. Your feedback tells us that we are heading in the right direction, but there is still more to do.

One highlight of 2013 was the well-received launch of our new IFoA brand, championed by Philip Scott during his Presidency. Now visible on all IFoA material, its theme *classic with a modern twist* is underpinned by the brand values of *community, integrity and progress*.

Our careers material was redesigned to strengthen our relationship with employers by offering them promotional opportunities, such as articles, case studies and advertorials.

While the website has seen only a cosmetic change this year, we have undertaken a major project that will transform the web interface in 2014. We have based our design on user research involving more than 200 individuals who have actively participated in developing the user experience.

International members benefited from newsletters specifically aimed at areas such as China, south east Asia, India and Africa and more than 500 students signed up to the International Actuarial Careers Network.

The membership team developed a 'frequently asked questions' series to support communications campaigns, including mutual recognition, subscriptions and CPD compliance.

We worked in partnership with Committees and Boards to review and refine our governance structure. Key changes include: officially acknowledging the open and transparent recruitment process for volunteer vacancies and fixed terms on Committees and Boards and to enable new volunteers to join and bring fresh skills.

The Practice Executive launched its first *'End of Session Report'*, which showcased the activities of the volunteer Practice Boards. As the IFoA's 'engine room', these Boards are responsible



Top: First GIRO Conference Committee attended the ruby anniversary gala dinner, GIRO 2013

Bottom: Alastair Darling speaking at the Life Conference 2013



Sarah Bennett

Sarah is on the SAAX Group Committee, a member interest group for South African actuaries working in the UK, and was a speaker at the 2013 Health and Care Conference.

She has been a Fellow since 1998 and was, until recently, the Features Editor for The Actuary magazine, where she was responsible for sourcing international content for the title.

for member-led research, CPD development, conference programmes, consultation responses, standards and syllabus setting.

We also developed guides to help volunteer groups set up and run member-led research working parties and member interest groups.

Support for actuaries keen to pursue careers in non-traditional areas included the launch of the Resource and Environment Board. We look forward to its continuing contribution

to research as seen in the Limits to Growth work presented at our conferences. The Risk Management Board also works collaboratively with other Boards and supports the CERA qualification. The Chief Risk Officer (CRO) Group has a double remit to provide a forum for discussions on issues like governance, corporate risk structures and risk appetite and to support the IFoA's risk strategy. The Group had a presence at both GIRO and Life Conferences.

Public affairs and promotion

Speaking up on relevant matters of public interest and raising awareness of the work of actuaries and the value they add to society is an important part of our external engagement strategy.

We worked with our volunteers to build on the structural foundations that were put in place between 2011 and 2013 to achieve a real step change in our visibility with external stakeholders. While we still have a great deal of work to do, our key external stakeholders have made it clear that they want the IFoA to have a voice and to speak out on areas where public policy overlaps with actuarial science.

One of the ways we are fulfilling the public interest obligation in our Royal Charter is by seeking to inform debate. Throughout the year we proactively engaged in public debates on pensions, financial literacy, Solvency II, long term care and risk management, focusing on those areas where it is clear that actuaries have a unique and valuable contribution to make.

Responding to consultations

During the year, the IFoA responded to more than 50 consultations, a rise of 67 per cent on the previous year. We also increased engagement with key stakeholders, provided technical briefings and attended roundtables with organisations like the Prudential Regulation Authority, Financial Conduct Authority, Department of Health, Department of Justice, Cabinet Office, Department of Transport, Department for Work and Pensions and European Insurance and Occupational Pensions Authority. It is significant that IFoA representatives also joined government working parties on defined ambition, the ageing population and the Department of Health's Financial Services Steering Group.

Fresh thinking from working parties and Boards can inform debates and help drive discussions forward. The Scottish Independence Working Party was particularly successful supported by the public affairs team, it published two documents and held 20 meetings with key stakeholders, including giving evidence to the Scottish Affairs Select Committee. Looking ahead to 2014/2015, the newly formed Pensions and Long Term Care Working Party will be delivering research that should interest both our members and policy makers.

We received an increasing number of requests from the media for our independent professional comments on a diverse range of issues, including whiplash, Scottish independence, the future of pensions, Limits to Growth, Solvency II and long-term care, proactively generating more than 350 media mentions in the UK. Coverage was not limited to the UK, with articles appearing in both the Chinese and Indian media.

Work is now being carried out to develop further the narrative that underpins our external communication on key policy issues. Journalists who know us consider us to be a trusted voice and the scope and demand for that voice continues to rise.



The IFoA responded to a record 50 consultations from government departments and regulators

Martin Potter

Martin is Chair of the Scottish Independence Working Party, which is contributing to the referendum debate at the highest level.

He says it is very rewarding to engage with stakeholders on all sides in a politically neutral way. He has been a Fellow since 1997 and is also on Council, Management Board and the Public Affairs and Consultations Committee.



A young man in a maroon shirt is standing in a library, looking at a book on a shelf. The background shows bookshelves and a window with a view of a building.

James Lethbridge

James thinks that actuaries play a key role in helping clients to understand the complex risks of the future with more certainty and clarity.

He became a student member of the IFoA in 2013 and says that he is proud to be a member of an institution that requires a high standard of academic excellence to become a qualified member.

Learned society and thought leadership

The IFoA's active programme of research, delivered through our working parties and commissioned projects, is central to our Royal Charter obligations; to advance all matters relevant to actuarial science in the public interest.

With more than 600 working party members, our very active research programme covered topics from third party motor insurance claims to financial repression. Over the last year 71 member research papers were published and disseminated. Our research is typically disseminated to members through the sessional meeting programme, thought leadership events and our residential conferences and to a wider audience online, in the media and in our published journals and external stakeholder activities.

Key collaborative research projects included work on pensions tax relief with the Pensions Policy Institute, longevity basis risk with the Life and Longevity Markets Association, teaching statistics in A level subjects with the Royal Statistical Society and pension investment in real estate with the Investment Property Forum. The impact of these research projects is on-going for the IFoA and some of its wider policy objectives.

Sharing our findings

Research was typically published online, in research papers or in our journals, the British Actuarial Journal and the Annals of Actuarial Science. We also published a fifth edition of the Longevity Bulletin, focusing on gender, to coincide with an exhibition on longevity at the Royal Society.

Our regular spring and autumn lectures helped us to engage with external stakeholders and provide a wider perspective for our members. Speakers included Robert Chote, Chairman of the Office for Budget Responsibility, who shared his experience as a fiscal watchdog and Robert Black, former Auditor General for Scotland, who provided insight on public spending.

The Actuarial Research Centre, now in its second year, sponsored five PhD students to deliver academic research that has commercial applications.

We recognised achievement in the advancement of actuarial science, by electing John Hibbert as an Honorary Fellow for his innovation and thought leadership in risk management.

We also encouraged future Scottish actuaries by introducing a new school prize for the best performing pupil in the SQA Advanced Higher Mathematics examination.

We supported key learned society and thought leadership activities by implementing a number of changes in the Executive team and wider research governance. One important development was establishing the new Research and Thought Leadership Committee to provide a focal point for all research and learned society activities across the profession. Over the coming year, we will continue to develop our research programme in traditional and emerging areas of actuarial science and foster our links with universities, think tanks and other relevant external bodies.



Robert Black, former Auditor General for Scotland, speaking at the autumn lecture in Edinburgh

Education

At the IFoA we are committed to providing high-quality qualifications for our students and lifelong education for our members. We currently have around 13,000 student members in 101 countries stretching from Mongolia to Argentina.

We introduced various enhancements to our qualification process during the year, including scanning all scripts and sending them electronically to IFoA markers and conducted a live on-line marking pilot for three of our subjects. We are keen to make more use of on-line technology and are continuing to make improvements to the assessment process.

The major development during the year was our technician level qualification, the CAA, which has become a new membership category, following a positive member vote in July 2013 and subsequent Privy Council approval in November 2013. The qualification is aimed at those who work with actuaries and a number of prime market categories have been researched. The syllabus content uses analytical content taken from our Core Technical subjects, supplemented by a final module that tests spreadsheet modelling skills.

Building international links

We now have 17 accredited universities internationally and have conducted rigorous quality assurance procedures to ensure equivalence with our own examinations. In addition, we provided quality assurance of learning materials from ActEd and for other actuarial associations, such as those covering India and South Africa, so that suitably qualified international members could enjoy exemptions from our examinations.

The Sir Edward Johnston prize was established for the best graduating student in actuarial science from five key universities in south east Asia.

The IFoA registry team has now been reorganised into a new functional structure to support the continued growth of student members and the development of qualifications. It includes the following teams:

- Education services covers all areas where a student or employer needs to communicate with the IFoA.
- Logistics covers all the back-up functions that are required to ensure that the service is delivered to our student members and non members.
- Professional development and responsibility (PDR) member management works with our volunteer engagement team to manage engagement with over 500 members who support us in PDR roles where members provide 'paid' support for a fixed service.
- Accreditation and verification ensures that alternative routes to qualification are of an equivalent standard to the IFoA examinations and to ensure that standards required in areas of work-based skills and admissions are maintained.
- Online education is responsible for running all the online assessments and learning that we offer our students.



Lei Fang and Wang Yudi, Shanghai University of Finance and Economics and Yijing Xie, Central University of Finance and Economics – among the Sir Edward Johnston prizewinners 2013



Saurabh Bansal

Saurabh joined the IFoA in 2007 and qualified as an actuary in 2012. He is a member of the Operational Risk Working Party, which coordinates operational risk research activities across different practice areas.

Saurabh says that becoming an actuary was one of the best professional decisions he has ever made and he is proud to be a volunteer.

Russell Grant

Russell has been an Associate of the IFoA since 2012. He is a member of the 400 Club, the IFoA's online feedback group, and a Digital Volunteer Group member.

He regularly undertakes quality reviews that provide clients, colleagues and the public with the assurance that IFoA members offer consistent quality advice that they can be confident of.



Regulation

We have launched several important initiatives that aim to reinforce the quality of actuarial work and public confidence in the profession. Enforcement of our standards is a critical part of our regulatory framework, enabling us to ensure that we take appropriate action when things go wrong. We have a robust disciplinary process and more details can be found in the annual report of the Disciplinary Board.

Last year we consulted members on the proposed introduction of a mandatory, principles-based, cross practice, Actuarial Profession Standard (APS) and supporting Guide on Actuarial Quality and Peer Review of Actuarial Work (APS X2). These recognise the role of effective peer review in underpinning confidence in actuarial work. We also consulted on a new APS (APS X3) guide for members instructed as experts in legal proceedings.

Ongoing and new initiatives

The Regulation Board published a consultation on Quality Assurance Scheme proposals in 2013. We have now published the outcome, along with the qualitative responses received.

The Scheme will complement our existing regulatory framework, which will continue to be directed at members as individuals and focus on the way they fulfil their professional responsibilities in their working environment.

Key objectives of the Scheme include:

- Promoting effective quality assurance at an organisational level and, indirectly, the quality of actuarial work.
- Promoting confidence in the work of actuaries.
- Providing an important mechanism that can be used to identify issues affecting the quality of actuarial work.

This is an important new initiative that we will progress in a substantive pilot exercise during summer 2014, prior to its full launch in 2015.

Last year we took part in a review of the current UK framework for actuarial regulation, instigated by the Financial Reporting Council (FRC). The review concluded that the framework is fundamentally fit for purpose and that the current divisions of regulatory role and responsibility should be retained. We are working to improve the overall coherence of the UK regulatory framework with a new forum, the Joint Forum for Actuarial Regulation, along with the FRC, the Prudential Regulation Authority, the Financial Conduct Authority and the Pensions Regulator.

We continued to work closely with international stakeholders to deliver proportionate, flexible, regulation that protects the public interest, as well as the collective reputation of our members and the profession overall. In 2014 we will publish proposals for a new conceptual framework, which will lay down the principles our members need to follow when determining the standards that should apply to their work. The principles will call for members to exercise professional judgement in what is a complex and challenging regulatory global environment.

A key strand of our regulatory role lies in ensuring that we provide professional support to our members. This includes a recent initiative to produce a range of new online training material covering professional skills. A simplified, consolidated version of the CPD handbook, which will also include the professional skills requirements, will be published in 2014.

International

The IFoA is an international organisation and 40 per cent of our members are now outside the UK. It is vital that we provide a comprehensive offering to international members and play a prominent role in international organisations.

Our members work all over the world and in global organisations and companies. No professional body can exist in regional isolation and we seek to engage with relevant stakeholders around the world, such as other actuarial bodies, think tanks, regulators and governing bodies. Some of these organisations are regionally focused and others have a global presence, but it is important that we engage with all of them for the benefit of our members.

The IFoA is an organisation with an effective and well-established global reach and our international strategy reflects our standing in the international actuarial community. That is why we play a key role in developing actuarial science, regulating actuaries, governing standards, supporting our members and fulfilling our public interest obligations worldwide.

Engaging with international peers

Over the last year, we have continued to engage with peer actuarial associations in countries around the world, including the USA, India, Ireland, Australia, South Africa, Kenya, France, China, Uganda, Germany and Canada.

We ran more than 25 events in regions as diverse as Australia, Malaysia, China, South Africa and Hong Kong and participated in conferences in the Far East, Africa, North America and Europe.

Our international engagements included responding to 20 relevant consultations and we did this both independently and in conjunction with other bodies, such as the Actuarial Association of Europe (AAE), formerly the Groupe Consultatif. Last year we responded to consultations from, among others, the International Accounting Standards Board, the Financial Stability Board, the Joint Forum (an international group bringing together financial regulatory representatives from banking, insurance and securities), the European Insurance and Occupational Pensions Authority and the European Commission.

The work of the IFoA is always driven by the time and assistance we receive from our volunteers, with help from the Executive staff in London and China. Last year we contributed to the development of the International Standard of Actuarial Practice (ISAP) and the new AAE standards, known as the European Standard of Actuarial Practice (ESAP), through our responses to exposure drafts. Members also acted as IFoA representatives, sitting on committees and task forces for the IAA and AAE.

We aim to support our international members in many different ways, including developing new functions and global content for our website, attending and sponsoring events and conferences and providing a full-time member of staff based in China. Other initiatives include making donations to the International Congress of Actuaries Bursary Fund, sponsoring PhD students and providing student grants.



Wen Li, member of the Executive based in China addressing the East Asia Actuarial Conference 2013



Nick Dumbreck

Nick has been a Fellow since 1982 and is Chairman of the IFoA's International Board, whose role is to co-ordinate the body's international activity, regulation and services.

This includes relationships with other actuarial associations and with the International Actuarial Association and the Actuarial Association of Europe (AAE). He is the IFoA's principal representative on the AAE.

Corporate Governance

Constitutional framework

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.

The main Board and Committee structure is given below.

Council follows 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 additional conflicts specific to any item on the agenda for that meeting.

In accordance with Bye-law 54, the IFoA will give its members at least 60 days' notice for the Annual General Meeting (AGM) 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 2014, Council elected Fiona Morrison as the President-elect from 30 June 2014.

Council

The Council is elected by voting members (Fellows, Associates and Honorary Fellows), in accordance with the governing documents (Charter, Bye-

laws, Rules and Regulations). In addition Council may co-opt up to three additional members of Council and to fill casual vacancies. 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 of the IFoA 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.

The current Council comprises 20 members serving the General Constituency and 10 members serving the Scottish Constituency. In addition, Philip Scott and David Hare were co-opted to Council when they each became President-elect.





Top row, left to right: Peter Tompkins, Derek Cribb (Chief Executive), Alan Rubenstein.
Second row, left to right: Mike Dick, Elliot Varnell, Colin Wilson, Mark Stocker.
Third row, left to right: Suzanne Vaughan, Gordon Wood, Huw Evans, Malcolm Kemp, Mike Smedley.
Fourth row, left to right: Patrick Lee, Marjorie Ngwenya, Kathryn Morgan, Donald Macleod.
Fifth row, left to right: Martin Potter, Edwin Sheaf, Fiona Morrison, Nick Salter, David Hare, Nick Silver, Simon Sheaf, David Gulland, Alan Watson.
Those not present: Deborah Cooper, Charles Cowling, Helen Crofts, Helen Davies, Benny Higgins, Andy Rear, Carole Ryden and Philip Scott.

Council considers strategy and policy, and develops key areas of thought leadership. In the last financial year, Council met six times – 11 March, 17 April, 20 May, 31 July, 7 October and 5 February. The main topics covered were:

- The strategy agreed in 2011, with separate discussions on specific strategies for education, regulation, public affairs (including the Scottish Independence debate), international, learned society and thought leadership, and member support, with work on horizon setting to develop a new strategy in the next year or so;
- Governance related issues, including elections and awards, establishment of CMI Ltd, implementation of phase 2 of the governance review (Board and Committee structure), property changes and changes to the Rules in relation to the Disciplinary Scheme;
- Introduction of the Certified Actuarial Analyst qualification and the Quality Assurance Scheme for organisations.

Management Board

Alan Whalley was appointed as the Chairman of Management Board in June 2013 for a period of three years following an open recruitment process.

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 Chairman of Management Board issues updates to Council after each Management Board meeting and 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. Management Board delegates the execution of tasks to the executive

staff. The Management Board comprises a Chairman, independent of Council and the Executive, five Council members, the Chief Executive and three directors from the executive staff.

The non executive Management Board members reviewed, on behalf of Council, the objectives and remuneration package of 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 £27,400 per annum (linked to the Ministry of Justice's fees for court and tribunal appointments).

Management Board met 10 times in the last financial year. The list of members of the Management Board since 1 March 2013 to end February 2014 and their respective attendance records are on page 25.

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.

Audit and Risk Committee

The Audit and Risk Committee ensures that the IFoA adopts a sound approach to financial management and reporting and that key risks are identified and addressed. It is chaired by Iraj Amiri, 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. This year, the internal auditors have conducted audits in the following areas: appointments process under the Disciplinary Scheme; controls

and information flow between the events and finance teams; commissioning and monitoring of research projects; process for issuing press releases and consultation responses; payroll; and data protection. 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 has attended meetings held during the year developing a revised risk strategy. 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.

Under the Anti-Fraud Policy, one issue was reported to the Committee during the year – payment of a fraudulent invoice from an overseas supplier. The invoice for £527 was paid before the fraud was identified. Further invoices totalling £16,790 were received but not paid. Additional checks have been put in place by the finance team, particularly in respect to overseas payments and the setting up of new suppliers.

Audit and Risk Committee met four times in the last year and the record of attendance is on page 25. The Committee undertakes an annual review of its effectiveness, a process it intends to improve upon in the coming year.

Those Council members who represent the Scottish Constituency are marked with *, those who were elected to Council in 2013 are marked with + and those co-opted to Council for one year to fill a vacancy are marked with ^.

The following members retired from Council in 2013.

David Hare: President	Deborah Cooper	Andy Rear**^
Nick Salter: President-elect	Charles Cowling	Alan Rubenstein*
Philip Scott: Immediate Past President	Helen Crofts	Carole Ryden**+
	Helen Davies	Edwin Sheaf+
	Mike Dick*	Simon Sheaf
	Huw Evans	Nick Silver+
	David Gulland	Mike Smedley^
	Benny Higgins**+	Mark Stocker
	Malcolm Kemp	Peter Tompkins
	Patrick Lee	Elliot Varnell
	Donald Macleod*	Suzanne Vaughan*
	Kathryn Morgan+	Alan Watson*
	Fiona Morrison+	Colin Wilson+
	Marjorie Ngwenya	Gordon Wood*
	Martin Potter*	

Adrian Baskir	Justyn Harding
Andrew Chamberlain	Trevor Llanwarne
Mike Codron*	Katie Low*
Jane Curtis	David Martin*

Wendy Hawes was elected to Council in June 2013 but sadly died in July 2013.

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 four other Council members, Helen Crofts, Mike Dick, Edwin Sheaf and Elliot Varnell.

Executive staff and volunteers

The IFoA values a diverse workforce and is committed to building a culture that promotes equal opportunity, fairness and transparency and prevents all unlawful and unfair discriminations. Additionally, a fair, open and transparent process is now in place for volunteers wishing to serve on IFoA Boards and Committees.

The IFoA runs an annual performance management process which includes appraisal, objective setting and personal development planning. The process encourages managers to meet regularly with their team members on an individual basis and there is a mid-year review to check progress. Training needs are ascertained from the personal development plans and the IFoA offers a variety of learning interventions to address the areas identified.

Staff 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

Following last year's review of property and office accommodation, the IFoA has moved into new premises in London and Oxford, with new premises in Edinburgh on the horizon. A lounge for members' use is available in Holborn Gate, London, and a lounge will also be available to members when the new Edinburgh office opens in the summer. The IFoA has retained the use of the Hall and Council Chamber at Staple Inn, London, for the foreseeable future.

Corporate and social responsibility

The IFoA sponsors a number of events, four of which are 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 potential actuarial students as well as new IFoA members 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.
- Highland Maths Challenge: Through the Scottish Board, the IFoA provides funds to allow the Highland Council to run this event. The event has been held for 14 years and has proven to be highly popular with senior students studying advanced mathematics in their sixth year of high school. The key aims are to foster further and develop an enjoyment of mathematics through the application of advanced mathematics to real problems, to make students aware of the importance of mathematics, science and technology in business and industry, as well as the careers and opportunities available to them.

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 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.

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 potential 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 Chief Executive and directors 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.

Control functions

Council, through the Audit and Risk Committee, 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.

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 the Management Board and Council. 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.

- **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.

In addition, the external auditors, haysmacintyre, and internal auditors, BDO LLP, provide assurances on the effectiveness of internal controls.

Responsibilities of Council

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

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

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 2013 to 28 February 2014

Council

BASKIR, Adrian	1/3	KEMP, Malcolm	6/6	SCOTT, Philip	4/6
CHAMBERLAIN, Andrew	3/3	LEE, Patrick	6/6	SHEAF, Edwin	3/3
CODRON, Mike	3/3	LLANWARNE, Trevor	3/3	SHEAF, Simon	5/6
COOPER, Deborah	6/6	LOW, Katie	3/3	SILVER, Nick	3/3
COWLING, Charles	6/6	MACLEOD, Donald	6/6	SMEDLEY, Mike	1/1
CROFTS, Helen	6/6	MARTIN, David	3/3	STOCKER, Mark	5/6
CURTIS, Jane	3/3	MORGAN, Kathryn	2/3	TOMPKINS, Peter	5/6
DAVIES, Helen	6/6	MORRISON, Fiona	5/6	VARNELL, Elliot	6/6
DICK, Mike	6/6	NGWENYA, Marjorie	4/6	VAUGHAN, Suzanne	6/6
EVANS, Huw	6/6	POTTER, Martin	5/6	WATSON, Alan	6/6
GULLAND, David	4/6	REAR, Andy	3/3	WILSON, Colin	3/3
HARDING, Justyn	2/3	RUBENSTEIN, Alan	4/6	WOOD, Gordon	5/6
HARE, David	5/6	RYDEN, Carole	2/3		
HIGGINS, Benny	1/3	SALTER, Nick	5/6		

Management Board

	Position	Attendance: actual/possible
Alan Whalley	Chairman from June 2013	6/6
Alan Phillips	Chairman until June 2013	4/4
Derek Cribb	Chief Executive	10/10
Jane Curtis	Council member until June 2013	4/4
David Hare	President from June 2013	9/10
Ben Kemp	General Counsel	10/10
Memoria Lewis	Membership Director	10/10
David Martin	Scottish Board Leader until June 2013	3/4
Martin Potter	Scottish Board Leader from June 2013	5/6
Alan Rubenstein	Council member	3/4
Nick Salter	President-elect from June 2013	4/6
Philip Scott	President until June 2013	3/4
Simon Sheaf	Council member	10/10
Trevor Watkins	Director of Education	7/10

Audit and Risk Committee

	Position	Attendance: actual/possible
Iraj Amiri FCA	Lay Chairman	4/4
Marjorie Ngwenya	Council member	3/4
Irene Robinson	Lay member	4/4
Peter Tompkins	Council member	4/4

Carole Ryden, Council member, attended one Committee meeting as an observer member.

Accounts

Consolidated Statement of Income for the year ended 28 February 2014

	2014		2013	
	Group	IFoA	Group	IFoA
	£000	£000	£000	£000
Revenue				
Subscriptions and other operating income	12,220	11,168	10,566	10,566
Pre-qualification learning and development	14,974	8,274	16,096	9,146
Post-qualification learning and development	3,138	3,138	3,030	3,030
	30,332	22,580	29,692	22,742
Expenditure				
Employment costs	(8,820)	(8,820)	(9,123)	(9,123)
Other operating charges	(23,210)	(15,611)	(18,971)	(12,021)
	(32,030)	(24,431)	(28,094)	(21,144)
Operating (Loss)/ Profit	(1,698)	(1,851)	1,598	1,598
Finance and other income	210	204	373	373
(Loss)/Profit before tax	(1,488)	(1,647)	1,971	1,971
Taxation	(77)	(45)	(72)	(72)
(Loss)/Profit for the year	(1,565)	(1,692)	1,899	1,899
Amortisation of negative goodwill	582	-	-	-
(Loss)/Profit after taxation and exceptional items	(983)	(1,692)	1,899	1,899

Consolidated Statement of Financial Position as at 28 February 2014

	2014		2013	
	Group	IFoA	Group	IFoA
	£000	£000	£000	£000
(Loss)/Profit for the year	(983)	(1,692)	1,899	1,899
Other Comprehensive Income				
Gain on revaluation of investments	103	103	85	85
Actuarial (loss) recognised in the retirement benefits scheme	(7,564)	(7,564)	(625)	(625)
Other comprehensive (expenditure) / income for the year net of tax	(7,461)	(7,461)	(540)	(540)
Total comprehensive income for the year	(8,444)	(9,153)	1,359	1,359
	2014		2013	
	Group	IFoA	Group	IFoA
	£000	£000	£000	£000
Non-current assets				
Property, plant and equipment	2,093	2,093	112	112
Available for sale financial assets	911	911	802	802
Historical assets	1,013	1,013	1,009	1,009
Retirement benefit asset	2,889	2,889	9,507	9,507
	6,906	6,906	11,430	11,430
Current assets				
Inventories	20	20	26	26
Trade and other receivables	3,548	1,693	2,901	1,031
Cash and cash equivalents	20,556	19,276	23,239	23,222
	24,124	20,989	26,166	24,279
Total assets	31,030	27,895	37,596	35,709
Current liabilities				
Trade and other payables	(3,499)	(2,690)	(2,794)	(2,148)
Corporation tax	(69)	(38)	(73)	(73)
Deferred revenue	(10,321)	(8,736)	(9,525)	(8,284)
Deferred rent	(104)	(104)	(39)	(39)
	(13,993)	(11,568)	(12,431)	(10,544)
Non-current liabilities				
Deferred rent	(403)	(403)	(87)	(87)
	(403)	(403)	(87)	(87)
Total liabilities	(14,396)	(11,971)	(12,518)	(10,631)
Net assets	16,634	15,924	25,078	25,078
Reserves				
General fund	15,516	14,806	24,062	24,062
Investment revaluation reserve	1,119	1,119	1,016	1,016
	16,635	15,925	25,078	25,078



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