



# Compliance monitoring

1<sup>st</sup> year review

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# Compliance monitoring



## **What do we mean by “1<sup>st</sup> year review”**

- **Eight of the reviewers met in October (at the suggestion of a reviewer)**
- **This was not a formal review – just a sharing of experience/thoughts**

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## Agenda

- **Has there been a positive effect?**
- **Typical issues**
- **Is the process sufficiently clear?**
- **Concerns**
- **Late signing**
- **Should the process be reviewed?**

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**Has there been a positive effect?**

- **Yes!**
- **In some cases, adequate processes were already in place**
- **In other cases, compliance monitoring led to a tightening of processes**
- **Mostly any issues identified by reviewers were minor**

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## Typical issues

- **Omissions (particularly from valuation reports)**
- **Mostly immaterial**
- **Mostly immaterial ... this does not mean that the process is redundant**
- **The process is like a well flagged speed trap!**

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**Is the process sufficiently clear?**

- **Yes**
- **There is the potential for a difference of opinion in relation to materiality ... this is left to individual judgment**

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## Concerns

- **One strike and you're out ... the only sanction is not to give a certificate**
- **Versus other professions when serious misconduct is needed for a similar sanction**
- **The tendency has been to try to 'work through' any issues that arise**
- **Late signing**

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## Late signing

- **Not OK**
- **Letter from Society (March '08):**
  - “a Scheme Actuary must make every effort ...”
  - “if ... because of actuary’s negligence or delay, this could lead to an investigation under the Disciplinary Scheme”
- **All actuaries including reviewers have whistle-blowing responsibilities on discovery of negligence**



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## **Should the process be reviewed?**

- **Consensus is that the compliance monitoring regime should remain in place for at least another two reviewing years.**
- **Minor administrative changes were proposed**

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## **Suggested administrative changes**

- **Compliance Certificate should state cases signed + cases reviewed**
- **Scheme Actuary should formally declare number signed**
- **Practising Certificate application ... dates should dovetail with review period.**