



Actuaries & Consultants

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1st October 2008

Ms Trickett  
Professional Oversight Board  
Financial Reporting Council  
5th Floor  
Aldwych House  
71-91 Aldwych  
London  
WC2B 4HN

Dear Ms Trickett

**Monitoring and Scrutiny of Actuarial Work – Discussion Paper  
Lane Clark & Peacock LLP (“LCP”) response**

We are pleased to submit our response to the above consultation document.

By way of background, Lane Clark & Peacock (“LCP”) is a leading firm of consulting actuaries, with 83 partners and principals, and a team of more than 450 employees across Europe. The firm provides actuarial, employee benefit, investment, insurance and risk management related advice as well as pensions administration services. Approximately 85% of our work is advising trustees and employers on all aspects of their pension arrangements.

The author is a member of the Professional Regulation Executive Committee of the Actuarial Profession and in that capacity has been involved in discussions on the Profession’s response. We very much support the response from the Actuarial Profession on this Discussion Paper. It is key to be clear on the objectives of scrutiny. We also support the approach to having a set of principles from which this part of the regulatory framework would be set.

Given our support for the Profession’s response, we have limited this letter to some additional points, which are relevant given your proposition at paragraph 5.46 that the most appropriate strategy for the Actuarial Profession in pensions work is to build on existing strategies to enhance the scope and application of Guidance Note 48.

We believe that work that is to be subject to professional scrutiny (as opposed to firm-based scrutiny, which is more to do with each firm’s risk management procedures and internal culture) must be subject to professional standards that have been drafted with scrutiny in mind. In the absence of a relevant standard it is not clear against what the scrutiny is taking place. Even with a relevant standard in place, the experience of the drafting of Guidance Note 48 demonstrates that it is exceptionally difficult to define what work is within scope of professional scrutiny and the nature (and limitations) of that scrutiny.

LCP is part of the Alexander Forbes Group, a leading independent provider of financial and risk services.

Lane Clark & Peacock LLP is a limited liability partnership registered in England and Wales with registered number OC301436.

LCP is a registered trademark in the UK (Regd. TM No 2315442) and in the EU (Regd. TM No 002935583).

All partners are members of Lane Clark & Peacock LLP.

A list of members’ names is available for inspection at 30 Old Burlington Street, London, W1S 3NN, the firm’s principal place of business and registered office. The firm is regulated by the Institute of Actuaries in respect of a range of investment business activities.

Offices in London, Winchester, Jersey, Belgium, Switzerland, the Netherlands and Ireland.

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We suggest that work that is sufficiently important (including in the public interest) to be subject to mandatory scrutiny is also of sufficient importance to warrant being covered by a professional standard.

The Financial Reporting Council's discussion paper "Promoting Actuarial Quality" refers at paragraph 4.10 to technical standards set by the Board for Actuarial Standards being a key aspect of one of the drivers of actuarial quality. Taking an holistic view, we believe that the implementation of the Board for Actuarial Standards' proposals regarding scope and coverage of its Technical Actuarial Standards will result in a reduction in actuarial work which is subject to technical actuarial standards, especially in pensions. As a consequence there will be less work that is capable of being the subject of professional scrutiny.

Yours sincerely

{Sent as an attachment to an e-mail on 1st October 2008 at 14:12}

Fiona J Morrison FIA  
*Partner*

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