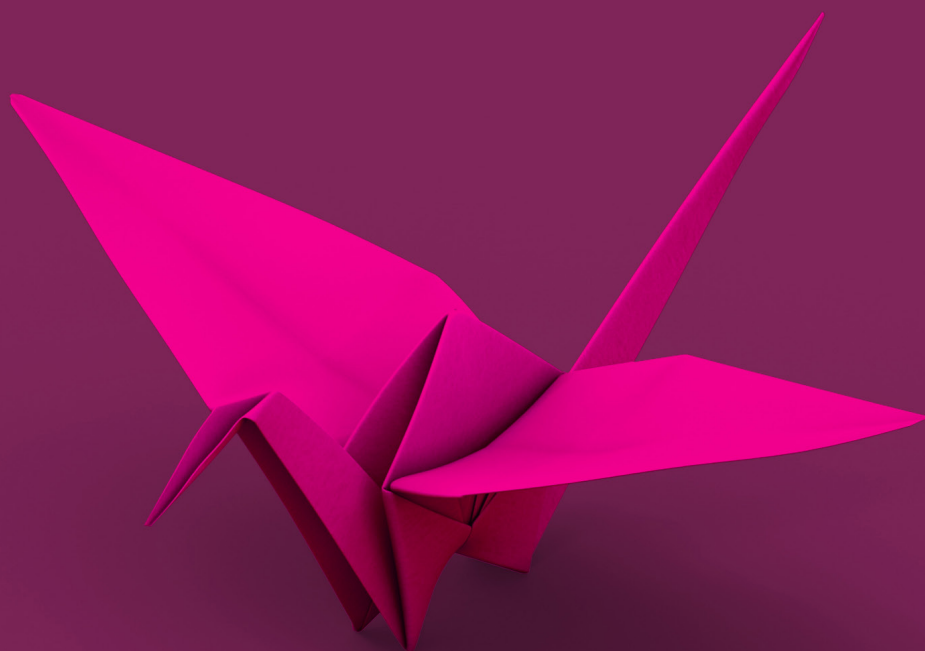


# FRC TAS Consultation

Dalriada Response



Dalriada.  
A better way

# FRC TAS Consultation Dalriada Response

**Question 1: Please provide your name (note that anonymous responses will not be accepted)**

[REDACTED]

**Question 2: Are you responding as an individual or on behalf of an organisation? If so, please list.**

Organisation. Dalriada Trustees Limited.

**Question 3: Please provide your email address so we can validate your response is legitimate.**

[REDACTED]

**Question 4: Do you request confidentiality of your response?**

No.

## **Questions 5 to 11 [views on the TASs]**

Broadly speaking, trustees and other users of actuarial services will not have considered the impact of the TASs on the actuarial information they receive and how this differs from the information they received before the TASs were introduced.

Typically, their expectation will be that advice and information received from a professional service provider will, by definition, be of a certain professional standard, and reference to TAS is then simply additional reassurance.

Importantly, trustees and especially lay trustees do not appreciate the impact that the TASs have had on the internal controls of providers of actuarial services. In particular, the extent to which advice and information is now the product of a collective effort model rather than the views of a single actuary.

As a corollary, it is probably also not appreciated that the advice and information received will, at least in part, often be based on the work of individuals who are not subject to the TASs.

Consideration, therefore, should be given to users understanding of the TASs, their rationale and their limitations (e.g. in terms of scope and who must comply with them).

Also, in terms of areas where an increasing number of actuaries are performing technical actuarial work, there can be a gap in the scope of the TASs in the context of the protection of members of pension schemes. An example is the use of actuarial factors, such as commutation factors. Whilst a review of factors, once commissioned, is covered by the TASs, issues such as the regularity of reviews and the right outcomes are not.

## **Questions 12 to 14 [professional judgement]**

The importance of professional judgement element can be overplayed in terms of trustee decision-making. As already alluded to, nowadays, actuarial information is rarely the product of work of just the actuary or even the actuarial firm; others are involved too. Nevertheless, when actuarial information is provided, there can be a lack of clarity on what is and what is not a function of professional judgement and, where there is such judgement, the process as to how it was arrived at.

**Questions 15 to 19 [modelling]**

This is a good example of an area which, with changes in technology and providers of services, is now regularly beyond the capability of an actuary and is the product of a multi-disciplinary team.

For users, clarity and transparency of this reality is an imperative. Modelling regularly involves an actuary building on the work of others, some of whom will not be subject to the TASs or possibly any regulation or specific professional standard.

Clarity and transparency around the limitations of modelling could be improved too; in particular, better understanding on the part of users around models 'versus' reality.

**Questions 20 to 22 [statement of TAS compliance]**

From a user perspective, it would be helpful if there was more information on the meaning and value of the statement. Consistency of wording is less important.

**Questions 23 and 24 [international standards]**

Whilst a slight digression from the questions asked, there is little utility in re-inventing the wheel and departing from international standards where doing so provides no additional value or increase in quality of the work in scope.

Further, some users (e.g. trustees) may be receiving information from providers of actuarial services in different jurisdictions. For such users, it would be helpful if there was, where possible, consistency in terms of the standards applying to that information.

There seems little to commend in adopting an inward-looking approach unless it can be justified because of specific requirements of the UK.

# Dalriada. A better way

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