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Session 26PD

Peer Review: Canada, United States, and Worldwide

Track: Financial Reporting

Key words: Financial Reporting

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Summary: Peer review of an actuary's work takes different forms in countries around the world. This session describes the current systems of peer review of an actuary's work relating to financial statements.

Each country has a different interrelationship between practicing actuaries, auditors, regulators, and the profession. These interrelationships affect the form that peer review currently takes and is expected to take in each jurisdiction.

Mr. Allan W. Ryan: To give you a brief session overview, first, we'll try to define what is peer review. I think everyone sort of has an idea what it means, but we'll try to clarify that a little bit, or to formalize it a little bit. And then we'll talk about peer review for specifically the actuarial practice, and we're going to talk about the United States, Canada, and a little bit about other countries. We'll touch on the legal considerations, and the focus here will be on work as it relates to financial statements. I mean peer review, obviously, can apply to all work products, but I think financial statement work products certainly have specific risks involved, and there's a lot of focus on that now. So I think that's right for our focus. But a lot of what we'll say will be of a general nature.

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†Ms. Bloom, not a member of the sponsoring organizations, is General Counsel at the American Academy of Actuaries in Washington, D.C.

Editor's Note: Because of technical difficulties, this is not a true transcript of this session and Mr. Ryan's slide presentation is used as a basis for the *Record*.

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Session PD 26

*Peer Review: Canada, United States,
and Worldwide*

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Session Overview

- “Peer Review” Defined
- Peer Review - Actuarial Practice
 - United States
 - Canada
 - Other Countries
- Legal Considerations
- Focus of Session on Peer Review of Work related to Financial Statements (e.g. Appointed Actuary’s Opinion)

Background

- American Academy of Actuaries Discussion Paper
- Currently no Legal or Professional Requirements in US
- Firm or Employer may have Requirements/Process in Place
- Judgment of Individual Actuary
- Review of Results of Recent Survey

Definition

- “Peer review is an evaluation of a professional work project (or part of a project) performed by a second, qualified professional either during the project or after its completion. Such evaluation may include the planning, procedures, implementation, interim results, final work product, and/or documentation of the project”

Types of Peer Review

- Pre-Release Project Review
- Post-Release Project Review
- Post-Release Procedural Review

Other Considerations

- Special Reviews
- Degree of Review is a Function of Nature and Complexity of Assignment
- Independence/Objectivity
- Existing Voluntary Programs

Work Relating to Financial Statements - United States

- Culture & Business Environment
- Responsibility for Financial Statements
- Relationship between Actuary & Auditor
- Regulators
- Actuarial Profession
- Employers

Why Bother ?

- Too much Work
- Expensive
- Who has Time?
- Because the Benefits make Peer Review Worthwhile!

Peer Review Benefits Everyone

- The Actuary
- Users of the Actuary's Work Product
- The Actuary's Firm/Company Management
- The Actuarial Profession

Common Characteristics of Effective Programs

- Commitment/Resources
- Viewed as Positive
- Educational Aspects
- Open Communication
- Confidentiality
- Appropriate Priority
- Feedback

How Will Peer Review Evolve in the Future?

- Government Mandated Programs
- More Formal Employer Sponsored Programs
- Professional Requirements
- Standards of Practice
- Voluntary Programs
- Comparison with Other Professions (e.g. Accounting)