

**AUDIT AND FINANCE COMMITTEE
ACTIVITY REPORT FOR THE PERIOD
APRIL 2011 – SEPTEMBER 2011**

Meetings

The Audit and Finance Committee (A&FC) has had one conference call since its meeting in Sydney.

External Auditors

A request for proposals was issued in May to external auditing firms for the audit of the IAA, including Sections, for the year 2011 statements. Two firms, including our current auditor, submitted bids. A third firm indicated it would not bid. Following a review of both submissions, the A&FC is unanimously recommending the approval of BDO Dunwoody as the external auditors for the year 2011 statements and the relevant motion is on the Council agenda. BDO have been the Canadian Institute of Actuaries external auditors for two years now.

Terms of reference

The A&FC was supportive of a change in its terms of reference to include risk oversight in its mandate. A&FC is addressing how best to achieve this.

IFRS Reporting

The A&FC sought advice from various external sources on the implications of adopting the IFRS method for financial reporting. Following a careful analysis of all responses received, the A&FC does not propose to adopt IFRS reporting for the following reasons: higher cost, complexity of the method and lack of benefit to the IAA.

Investments

The A&FC considered a detailed report from the Secretary General on the IAA investments. It was noted that the Investment Guidelines do not define the IAA's risk appetite. This question will eventually come to Council, once the A&FC has a recommendation.

The A&FC also received a report from the Secretary General with respect to the investment manager; a motion to this effect is on the Council agenda.

In concluding, I am pleased to report that the ASTIN investments that were being held in Europe have now been transferred to Canada.

Michael McLaughlin, Chairperson