



Drafting note

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APS X2: REVIEW OF ACTUARIAL WORK

Author: ~~_____ The Regulation Board~~

Status: ~~_____ Approved under the Standards Approval Process~~

Version: ~~1.10~~, effective from **[DATE TBC]**

To be reviewed: ~~_____ No later than 1 July 2018~~

Purpose: **This APS** ~~sets~~ out the responsibilities of all **Members** in relation to the application of **Work Review**, which may include **Independent Peer Review**, to promote the quality of **Actuarial Work**.

Authority: ~~_____ Institute and Faculty of Actuaries~~

Target Audience: ~~_____ Members~~ in all practice areas. This **APS** may also be helpful to employers of actuaries.

General Professional Obligations:

All **Members** are reminded of the Status and Purpose preamble to the **Actuaries' Code**, which states that the Code will be taken into account if a Member's conduct is called into question for the purposes of the Institute and Faculty of Actuaries' Disciplinary Scheme. Rule 1.6 of the Disciplinary Scheme states that misconduct:

~~"means any conduct by a Member in the course of carrying out professional duties or otherwise, constituting failure by that Member to comply with the standards of behaviour, integrity or professional judgement which other Members or the public might reasonably expect of a Member, having regard to any code, standards, advice, guidance, memorandum or statement on professional conduct, practice or duties which may be given and published by the Institute and Faculty of Actuaries and/or by the [Financial Reporting Council] (including by the former Board for Actuarial Standards)".~~

~~Members are required to comply with all applicable provisions of APSs.~~

~~In the event of any inconsistency between this APS and the Actuaries' Code, the Code prevails.~~

~~Use of the words "must" and "should":~~

~~This APS uses the word "must" to mean a specific mandatory requirement.~~

In contrast, this **APS** uses the word "should" to indicate that, while the presumption is that **Members** comply with the provision in question, it is recognised that there will be some circumstances in which **Members** are able to justify non-compliance.

1. Application of Work Review

- 1.1. **Members** must consider whether to apply **Work Review** to **Actuarial Work** for which they are responsible and should, to the extent it is appropriate and proportionate, ensure that **Work Review** is applied, either in totality or by component, to that **Actuarial Work**.
- 1.2. In complying with paragraph 1.1, **Members** must give particular consideration to whether it would be appropriate and proportionate for such **Work Review** to be in the form of **Independent Peer Review** and, if so, should, to the extent it is appropriate and proportionate, apply **Independent Peer Review** to that **Actuarial Work**.
- 1.3. In considering for the purposes of paragraphs 1.1 and 1.2 whether and to what extent **Work Review** should be applied to a piece of work (including whether and to what extent **Work Review** should be in the form of **Independent Peer Review**), **Members** should have regard to all of the relevant circumstances, including the following:
 - 1.3.1. the degree of difficulty of the piece of work and its complexity;
 - 1.3.2. the significance of the piece of work, including any financial, reputational or other consequences for the person(s) for whom the work is produced;
 - 1.3.3. whether the circumstances of the piece of work make it more likely that errors could be made;
 - 1.3.4. the reasonable expectations of the person(s) for whom the work is produced;
 - 1.3.5. the extent to which judgement and/or analysis is required;
 - 1.3.6. the application of other quality assurance controls to the piece of work; and
 - 1.3.7. the desirability of assuring public confidence in the quality of the work in question.
- 1.4. **Members** must ensure that they are in a position to justify the approach which they have taken to the application of **Work Review** for the purposes of this **APS**, if reasonably called upon to do so.

2. Requirements of Work Review

- 2.1. Where **Work Review** is to be undertaken in relation to **Actuarial Work** for which they are responsible, **Members** must take reasonable steps to ensure that:
 - 2.1.1. everybody involved has appropriate experience and expertise and a clear understanding of their relevant role; and
 - 2.1.2. the requirements of paragraph 2.2 are met.
- 2.2. Individual(s) undertaking **Work Review**, including **Independent Peer Review**, must be in a position to do so, and be seen to do so, with objectivity.

- 2.3. Where any form of review is applied to meet the requirements of this **APS**, it should be undertaken at a time such as to be capable of influencing the conclusions and outputs of the work.

3. Interpretation and application

- 3.1. A failure to comply with this **APS** may result in a finding of misconduct in terms of the **IFoA's Disciplinary Scheme**.

- 3.2. This **APS** uses the word "must" to mean a specific mandatory requirement. It uses the word "should" to indicate that, while the presumption is that **Members** will comply with the provision in question, there may be some circumstances in which **Members** are able to justify non-compliance.

- 3.3. In the event of any inconsistency between this **APS** and the **Actuaries' Code**, the **Actuaries' Code** prevails.

3.4. Definitions

Term	Definition
Actuarial Work	Work undertaken by a Member in their capacity as a person with actuarial skills on which the intended recipient of that work is entitled to rely- which This may include carrying out calculations, modelling or the rendering of advice, recommendations, findings, or opinions
Actuaries' Code	The ethical code for Members issued by the Institute and Faculty of Actuaries (available at: http://www.actuaries.org.uk/regulation/pages/actuaries-code)
APS	Actuarial Profession Standard, issued by the Institute and Faculty of Actuaries
IFoA's Disciplinary Scheme	The Disciplinary Scheme of the Institute and Faculty of Actuaries in force at the time of the relevant action
Member	A Member of the Institute and Faculty of Actuaries
Independent Peer Review	Work Review undertaken by one or more individual(s) who is, or are, not otherwise involved in the work in question and who would have had the appropriate experience and expertise to take responsibility for the work themselves
Work Review	The p rocess by which a piece of Actuarial Work (or one or more parts of a piece of Actuarial Work) for which a Member is responsible is considered by at least one other individual for the purpose of providing assurance as to the quality of the work in question