

AAE COMPLIANCE TASK FORCE: REPORT TO AAE PROFESSIONALISM COMMITTEE

Background: Mission and Objectives of the Compliance Task Force

Mission

To propose a roadmap to review whether the AAE requirements (Code of Conduct, disciplinary process, promulgation process for standards) concerning Professionalism are implemented by the Full Member Associations (FMAs).

Objectives

- a) Develop a pragmatic approach to review and check compliance of FMAs with AAE's requirements concerning Professionalism;
- b) Define a roadmap to review FMAs (including taking into account specificities such as languages, etc.) and prepare a review document template to ensure equal review of all FMAs.

Motivation

Article 5 of the Statutes defines the following requirements for Full Member Associations:

1. Actuarial associations applying for full membership must have a Code of Conduct that reflects at least the requirements of the AAE's Code of Professional Conduct, and comply with minimum education standards as set out in the AAE's Core Syllabus for Actuarial Training in Europe of December 1998, as may be amended from time to time.
2. Within 18 months after applying for membership they have to have a formal disciplinary process in place meeting the following criteria:
 - Accessibility of the complaint process to anyone affected by a member's work and his / her professional peers,
 - Availability of a due defense process available for a member complained against,
 - Existence of an independent and objective formal appeal process,
 - Definition of appropriate sanctions.
3. If standards of practice are recommended by the applying association an appropriate promulgation process must be in place meeting the following criteria:
 - Exposure of proposed standards to members and where relevant to third parties for comment,
 - Consideration of comments on the exposure draft,
 - Process of promulgation of standards by an authority vested with adequate powers,
 - Publication of standards and distribution to practitioners.

Until now, the AAE relied on the review of the IAA Membership Committee on whether the AAE FMAs (Full Member Associations) fulfil those requirements. But since the new AAE Code of Professional Conduct will be effective on the 1st of January 2021, a new review process needs to be developed given that the AAE requirements are more stringent than the IAA's. Moreover, not all AAE FMAs are IAA FMAs, and a separate AAE review process will provide the opportunity to get in touch with FMAs and discuss Professionalism issues.

Consequently, the AAE Compliance TF will propose a compliance review process to assess whether the FMAs are compliant with:

1. The new Code of Professional Conduct;
2. Having a formal disciplinary process in place;
3. Having an appropriate promulgation process in place if standards of practice are recommended by the FMA.

Principles for the Review Process

Full Member Associations of the AAE have to fulfil minimum standards on Professionalism as laid out in Article 5 of the AAE Statutes, here summarised as Professionalism requirements. It is the responsibility of the AAE Professionalism Committee to check compliance.

- The AAE Professionalism Committee will perform a review of compliance with Professionalism Requirements every five years. For this purpose it may establish a subcommittee or a task force.
 - In general, the review will take place at the same time for all FMAs and will be performed by the committee simultaneously for all Professionalism Requirements; the first review for all associations is scheduled for 2021 in accordance with the transition period as approved by the AAE General Assembly.
 - If an FMA makes significant changes to its own Professionalism Requirements in-between the regular reviews it may be asked for an individual review.
 - If, at the time of a regular review, the AAE Professionalism requirements are unchanged and the FMA has not made any significant changes to its own Professional requirements, the AAE Professionalism Committee will only need to confirm these facts.
- FMAs will have to provide information in a standard form for the compliance review; for this, the AAE Professionalism Committee will develop a questionnaire to be used by FMAs. The composition of the questionnaire will be coordinated with the IAA in order to eliminate the need for separate information exchanges with the AAE and IAA
- All Professionalism Requirements, i.e. on the Code of Conduct, on the disciplinary process and if applicable on the promulgation process for standards, will need to be covered.
 - The FMA will have to present its assessment of the coverage within two months.
- Each FMA will be reviewed by a Review Team. This team will
 - Review the documentation provided
 - Consider any relevant reviews carried out by the IAA
 - Identify issues that need to be discussed with the FMA
 - Engage in a dialogue with the FMA about these issues
 - Look to agree with the FMA on actions required to rectify any weaknesses identified
 - Write a draft report to share with the FMA for comment

- Finalise a review report to the Professionalism Committee that identifies issues (if any) where it considers that the criteria for compliance have potentially not been met and that gives recommendations on actions to correct any problems
- The AAE Professionalism Committee will decide whether an FMA fulfils the criteria for compliance or not and will provide notice of the results of its review to the FMA.
- If the FMA is dissatisfied with the results of the review it may make representations in writing within a given time frame providing its view on the issues in question.
- The AAE Professionalism Committee will re-consider its review results taking into account the representations made by the FMA.
- The AAE Professionalism Committee will keep record of the reviews of compliance and will report the outcome to the AAE Board
 - For the avoidance of doubt, all the materials related to such assessment remain the property of the AAE. This should not therefore be disclosed without the explicit permission of the AAE.
 - In carrying out their assessment duties on behalf of the AAE, all members of the Professionalism Committee do so in a personal capacity.

Draft Questionnaire for FMAs

Draft questionnaire for Member Associations to describe whether their Professional Code of Conduct fully follows that of the AAE

Question	Response
1. Do you have a CoC in force?	Yes/No
If the response is "Yes" please go to section B; if "No" please go to section C	

B: If the answer to question 1 is "Yes"	
Question	Response
2. When was your current CoC first introduced?	
3. When was it last modified?	
4. Are you planning any changes? If so what, why and when?	
5. In which language(s) is your CoC written?	
6. Does it apply to all classes of members of your association? If not which to classes does it not apply to?	
7. To what types of work does it apply to?	
8. Where may your members find the CoC ¹	
9. Are there any particular features of the country/ countries that you operate in that affects or has caused changes to your CoC? ² If "yes", please supply (brief) details	
10. How was it written? <ul style="list-style-type: none"> a. Taken from AAE CoC unchanged apart from translation into local language 	

¹ For example, on your website, in a written code supplied to all members

² For example, local laws

b. Essentially as the AAE CoC but with a few modifications c. Drafted without reference to the AAE CoC	
11. If the answer to question 12 is (b) or (c), please send a mapping to the AAE CoC and append to your response	

C: If the answer to question 1 is "No"	
Question	Response
12. Do you intend to introduce one and when?	
If the answer to question 12 is "No" then the following questions do not apply	
13. In which language(s) will your CoC be written?	
14. Will it apply to all classes of members of your association? If not which to classes will it not apply to?	
15. To what types of work will it apply to?	
16. Are there any particular features of the country/countries that you operate in will affect or cause changes to your CoC? ³ If "yes", please supply (brief) details	
17. How will it be written? a. Taken from AAE CoC unchanged apart from translation into local language b. Essentially as the AAE CoC but with a few modifications c. Drafted without reference to the AAE CoC	
Additional explanations:	

Draft questionnaire for Member Associations to describe whether their Disciplinary Process fully follows that of the AAE

Question	Response	
1. Does your association have in place a written disciplinary process? (If "No", no more information is needed, and you may skip the rest of the questionnaire.)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Have there been any changes since the last review? (If "Yes", please provide a copy of the new disciplinary process and if a possible a translation in English, and describe the changes.)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Are there any changes in progress? (If "Yes", please describe the changes in progress and timeline. If "No" to both questions 2 and 3, no more information is needed, and you may skip the rest of the questionnaire)	<input type="checkbox"/> Yes	<input type="checkbox"/> No

³ For example, local laws

4. Can someone make a complaint towards a member? (If “Yes”, please provide process that is then followed to evaluate that complaint.)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. Can a member defend himself against a complaint? (If “Yes”, please describe how.)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6. Is there an appeal process if the member does not accept the initial judgment? (If “Yes”, please describe.)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
7. Are there any sanctions available for the association? (If “Yes”, please describe and mention if there are guidelines for their use.)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
8. Is there a protocol or process to inform members about the discipline process? (If “Yes”, please describe.)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
9. Does your association have local conditions that make it difficult to meet AAE requirements? (If “Yes”, please describe.)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Additional explanations:		

Draft questionnaire for Member Associations to describe whether their Promulgation Process for Standards fully follows that of the AAE

Question	Response	
1. Does your association promulgate Standards of Practice, Guidance Notes, Rules of Practice or similar documents? (If “No”, no more information is needed, you may skip the rest of the questionnaire.)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Has your association initiated changes to or modified its formal process to promulgate Standards of Practice since the last review? (If “Yes”, please provide a copy of your formal process and a translation in English or French, clearly indicating where changes have been / will be made.)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Does your association use ESAPs as a basis when developing local Standards of Practice?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. Please answer the following questions. If any question cannot be answered with a clear yes or no, please provide additional explanations.		
a. Are proposed standards available to members and (where relevant) to third parties for comment?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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|--|------------------------------|-----------------------------|
| b. Are comments on proposed standards duly considered? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| c. Are standards being published and made available to practising actuaries? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| d. Is there a special way to make members aware of the newly adopted actuarial standards? If so, please explain. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

Additional explanations:

The Task Force members are:

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Malcolm Campbell	Svenska Aktuarietföreningen
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Tony Jeffery	Society of Actuaries in Ireland
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Submitted for approval by

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