



## Institute of Actuaries of Australia

July 2011

### Appointed Actuaries

#### Delegation of powers and responsibilities

For the information of Members, the Institute has received legal advice to the effect that:

- ▶ the general rule is that an Appointed Actuary cannot further delegate responsibilities or powers they have under the relevant legislation;
- ▶ however, this does not mean that the Appointed Actuary must undertake all of the steps involved in the delegated activity. An Appointed Actuary may delegate particular tasks to a skilled third person, although the Appointed Actuary remains responsible for the conduct of that activity;
- ▶ where there is an engagement letter relating to the statutory appointment, the law of tort will apply to the Appointed Actuary's duty of care and diligence. Under that law, a professional is not entitled to delegate their duties requiring special skill and remains responsible for the conduct of those duties. Again, this does not mean that the Appointed Actuary must undertake all tasks personally; rather, in reviewing and signing-off on the third party's work, the Appointed Actuary must exercise due care and diligence;
- ▶ case law exists that, effectively, a responsible person cannot merely accept the work of a manager or subordinate but must critically examine any draft report or opinion before signing off on it. This approach is considered to apply equally to actuaries.

#### Risk management framework

It is important that Appointed Actuaries ensure they have in place a risk management framework to ensure that only staff with adequate skills for the relevant aspects of the particular delegated tasks are briefed. An Appointed Actuary must also undertake a critical analysis



of the final work product provided to him or her by the third party before accepting that work as his or her own and signing off on it.

The legal advice received is that this would involve some form of review of draft reports and, if an Appointed Actuary can establish that the draft report provided by his or her staff was adequately critically reviewed, then he or she would meet the criteria of undertaking the statutory appointment without breaching any duty.

If you would like further information, or a copy of the legal advice, please contact the Institute's Director – Governance and Regulation at [anne.peters@actuaries.asn.au](mailto:anne.peters@actuaries.asn.au)