

DUE PROCESS FOR THE DEVELOPMENT OF STANDARDS OF PRACTICE

1. INTRODUCTION

- 1.1 Section 6 of the Institute's Code of Conduct states that the Institute will from time to time issue standards in the form of Professional Standards, Guidance Notes, and Mandatory Guidance Notes. The purpose of this note is to describe the due process for the development of these standards (and the amendment of existing standards), which is summarised in the attached flow chart.
- 1.2 In most cases, standards relate to a particular practice area, and references in this note to the Relevant Committee will mean the relevant Practice Committee. Where standards do not relate to a particular practice area (e.g. Code of Conduct, Continuing Professional Development), the Relevant Committee will be the Institute Committee responsible for the development of the standard.

2. IDENTIFICATION STAGE (flow chart 1-2)

- 2.1 A proposal for a standard should be made in writing to the Relevant Committee. Where the Relevant Committee is a Practice Committee, that committee will then make a recommendation to the corresponding Council Practice Committee as to whether or not the standard should be developed. Where the Institute Committee responsible for the development of the standard is not a Practice Committee, the recommendation will be made to the appropriate Council Committee (e.g. Council Budget & Administration Committee, Education Committee).
- 2.2 If the recommendation to develop the standard is not accepted, the sponsor of the proposal may write to Council setting out his/her arguments in its favour. Council will then obtain the views of the Relevant Committee, and decide whether or not the standard should be developed.

3. DISCUSSION STAGE (flow chart 3-6)

- 3.1 The Relevant Committee arranges for the preparation of a Discussion Draft, which sets out the text of the proposed standard as it will appear in the Standards Handbook. The draft is then sent to the Professional Standards Committee for comments on its consistency with other standards.
- 3.2 After clearance by the Professional Standards Committee and the appropriate Council Committee, the draft is circulated to members and any other person or organisation having an interest in it. Depending on the nature of the proposed standard, the Relevant Committee may organise a workshop or sessional meeting at which members would be encouraged to provide comments on the draft. The deadline for written comments should be at least one month from the date of circulation of the draft.
- 3.3 The Relevant Committee should acknowledge the receipt of written comments, and prepare a summary of the resulting comments and discussion.
- 3.4 If, following consultation with members, minor or no amendments are necessary, the Professional Standards Committee can approve that the process be moved to the

Decision Stage (flow chart 11-12). If, however, major changes are required, the draft should move to the Exposure Stage (flow chart 7-10).

4. EXPOSURE STAGE (flow chart 7-10)

- 4.1 The Relevant Committee arranges for the preparation of an Exposure Draft, to which is attached the history of the proposed standard and a description of the alternatives and why they were rejected. As for the Discussion Stage, the draft is sent to the Professional Standards Committee for comments on its consistency with other standards. After clearance by both the Professional Standards Committee and the appropriate Council Committee, it is circulated to members and other interested persons or organisations.
- 4.2 Comments from members are sought in writing or via a workshop or sessional meeting, with the deadline for written comments being at least one month from the date of the draft's circulation.
- 4.3 The Relevant Committee should acknowledge the receipt of written comments, and prepare a summary of the resulting comments and discussion.
- 4.4 If, following consultation with members, minor or no amendments are necessary, the process can move to the Decision Stage. However, if major changes are required, the draft should return to the Exposure Stage.

5. DECISION STAGE (flow chart 11-12)

- 5.1 When the Relevant Committee is satisfied with the consultation process, it should submit a recommendation to the appropriate Council Committee that the standard be adopted.
The recommendation should make it clear that:
 - the standard is in the public interest,
 - there is broad consensus among actuaries for its adoption,
 - the standard meets the requirements of Due Process, and
 - the standard has been discussed with and approved by the Professional Standards Committee.
- 5.2 The report containing the Relevant Committee's recommendation should contain a brief history of the proposed standard, a reasonable analysis of the comments received, and the effective date of commencement.
- 5.3 If the Council Committee does not accept the recommendation, the draft, together with the reasons for its rejection, is sent back to the Relevant Committee and the Professional Standards Committee for further evaluation.
- 5.4 If the recommendation is accepted, the Council Committee submits the draft to Council for its approval. At this stage (flow chart 12), Council may resolve that the standard, if a Guidance Note, should be a Professional Standard, or if a Professional Standard, that it should be a Guidance Note.

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