

## **PROFESSIONAL STANDARD 1**

### **CONTINUING PROFESSIONAL DEVELOPMENT**

**August 2009**

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## **1 INTRODUCTION**

### **1.1 Application**

This Professional Standard sets out the minimum standards of Continuing Professional Development required of Members of the Institute of Actuaries of Australia.

### **1.2 Classification**

This Professional Standard has been prepared in accordance with the Institute's Policy for Drafting Professional Standards, as varied from time to time. It must be applied in the context of the Institute's Code of Professional Conduct. Non-compliance with this Professional Standard by a Member is or may be *prima facie* Actionable Conduct and may lead to penalties under the Institute's Disciplinary Scheme.

All Members (including Fellows, Accredited Members, Associate Members and Affiliate Members) of the Institute of Actuaries of Australia must comply with this Professional Standard unless:

- (a) exempted under either clause 4.9 or Council policy; or
- (b) deemed to have complied by virtue of Council policy.

### **1.3 Background**

This Professional Standard arose initially from a review undertaken by the Continuing Professional Development Council Committee following a recommendation of the Institute's Corporate Governance Taskforce and adopted by Council.

The changes made in the August 2009 version address issues revealed by the 2007 review and 2008 audit of Members' compliance with the Professional Standard, as well as outcomes from the review of the Professional Standard by the Professionalism Review Taskforce.

### **1.4 Purpose**

The purpose of this Professional Standard is to prescribe the minimum requirements that Members must satisfy in relation to Continuing Professional Development.

### **1.5 Previous versions**

From 1 October 1992 the Institute formally adopted a standard for Continuing Professional Development (Professional Standard 500). A revised version of that standard became effective from 1 October 2001.

In March 2006, the standard was revised and re-issued as Professional Standard 1.

## **1.6 Legislation and other requirements**

There is no legislation applicable to this Professional Standard.

## **2 COMMENCEMENT DATE**

This Professional Standard applies from 25 August 2009.

## **3 DEFINITIONS**

3.1 Where, in this Professional Standard, a capitalised term is used which is not defined in clause 3.2, then that capitalised term has the same meaning as set out in the Institute's Code of Professional Conduct.

3.2 In this Professional Standard:

**'Continuing Professional Development'** or **'CPD'** consists of activities that have the objective of the maintenance, improvement and broadening of knowledge and skill and the development of the personal and professional qualities needed for the provision of Professional Services and which are:

- (a) relevant to the Member's current role; or
- (b) in related disciplines that bear on the Member's work; or
- (c) in an area in which the Member contemplates practising in the future; or
- (d) in an area which broadens the Member's professional skills and experience.

## **4 CONTINUING PROFESSIONAL DEVELOPMENT (CPD)**

### **4.1 Objectives of CPD**

The purpose of CPD is to ensure all Members maintain, improve and broaden their knowledge and skills, and to develop the personal and professional qualities needed for the provision of Professional Services.

As such, CPD is a significant component of the process whereby a Member maintains, or develops, his or her capacity to practice in accordance with the requirements of the Institute's Code of Professional Conduct and Professional Standards.

### **4.2 Continuing duty**

Members have a continuing duty to develop and maintain their professional knowledge and skill.

### **4.3 Amount of CPD**

4.3.1 Unless exempted under clause 4.9, at any point in time, a Member must have completed either:

- (a) 40 hours of CPD in the prior calendar year; or
- (b) 80 hours of CPD in aggregate over the prior two calendar years, provided at least 20 hours is completed in each of those calendar years.

4.3.2 A Member who joins the Institute during a year can meet the requirements for CPD on a pro rata basis for that calendar year.

4.3.3 The amounts set out in clause 4.3.1 are a minimum requirement and many Members may exceed these requirements in the ordinary course of events.

### **4.4 Criteria for compliant CPD**

Subject to clause 4.6, a Member must undertake CPD in one or more of the following:

- (a) general actuarial techniques;
- (b) actuarial or other methods and approaches appropriate for the Member's particular practice area(s) or field of operation;
- (c) the development of his or her understanding of new techniques and approaches (either actuarial or non-actuarial);
- (d) the business or legislative environment in which the Member practises;
- (e) professionalism, including professional and ethical standards; or
- (f) business and management skills, including communication and negotiation skills, people management, project management and leadership skills.

### **4.5 CPD activities**

4.5.1 CPD requirements can be met in a wide variety of ways, including:

- (a) participating (by presenting, attending in person or by electronic means) in seminars, meetings or workshops organised by the Institute or other professional or industry bodies – only business sessions attended can be recorded as CPD hours;
- (b) reading technical or professional papers or journals;

- (c) undertaking courses conducted by the Institute or by another tertiary institution leading to a degree, diploma or post-graduate qualification;
- (d) undertaking courses presented by tertiary institutions, participating (by presenting, attending in person or by electronic means) in seminars, courses, lectures, residential schools, conventions or other technical activities presented independently or jointly by tertiary institutions, commercial educational establishments or other professional or industry bodies;
- (e) participating (by presenting, attending in person or by electronic means) in formal training or education (in-house or external) relating to actuarial, business or industry developments;
- (f) undertaking self-study courses, including self-study video or audio packages;
- (g) serving on a practice committee, taskforce, technical or research committee of the Institute or other professional or industry bodies where the specific contributions of a Member are consistent with the criteria contained in clause 4.3.3;
- (h) serving as a lecturer, examiner, tutor or marker for the Institute or other professional, industry or academic bodies;
- (i) writing papers for professional meetings, conventions or journals. Time spent on researching material and writing technical papers can be recorded as CPD hours, whether the final product is in the form of a textbook, article for a professional publication or the presentation of a paper at a seminar; and
- (j) those aspects of work that directly result in the improvement and broadening of knowledge and skill and the personal and professional qualities needed for the provision of Professional Services.

4.5.2 Other activities meeting the requirements of this Professional Standard are also appropriate, particularly for Members working outside traditional practice areas.

#### **4.6 Use of judgment**

CPD needs differ between Members and across the career of an individual. Therefore, a Member must exercise his or her judgment regarding the activities that he or she undertakes to develop his or her personal and professional skills, and a Member must decide what activities can be recorded as CPD in accordance with this Professional Standard.

#### **4.7 CPD records**

- 4.7.1 A Member is required to maintain a personal record of the hours spent on CPD activities. Sufficient detail must be recorded to demonstrate the nature of the activity to enable the Institute to verify compliance with this Professional Standard. Such CPD records must be retained for five years after the end of the period to which they relate.
- 4.7.2 A Member is required to record the details of his or her CPD activities in a manner that is consistent with the detail contained in Appendix A (CPD Records Form).
- 4.7.3 A Member is required to confirm compliance with this Professional Standard as part of the annual membership renewal process, unless exempted under clause 4.9.

#### **4.8 Compliance monitoring**

- 4.8.1 The Institute may, from time to time, monitor Members' compliance with this Professional Standard by examining Members' CPD records. Members are required to provide their CPD records in written or electronic form within 14 days of receipt of a request from the Institute or such other reasonable time as agreed by the Institute. The Institute will make any such request in writing or by email.
- 4.8.2 Any records provided to the Institute will not be disclosed to other parties, except as necessary to conduct an investigation of a Member's compliance with this Professional Standard or as part of a disciplinary investigation of the Institute.
- 4.8.3 If, during examination of a Member's CPD records, the Institute has concerns about the adequacy of those records, it will initially seek additional information from that Member and provide him or her with a reasonable opportunity to fully document his or her records.

#### **4.9 Exemptions**

- 4.9.1 An application for exemption from the requirements of this Professional Standard must be made on a prospective basis, unless a Member can show that there are exceptional circumstances as to why a retrospective application should be allowed. The acceptance of a retrospective application for exemption is at the discretion of Council or its delegate.
- 4.9.2 A Member who:
- (a) is either retired, on extended leave, on maternity leave or has other special circumstances; and
  - (b) is not providing a Professional Service,

may apply to Council in writing for an exemption from the requirements of this Professional Standard.

- 4.9.3 Council or its delegate will consider the application and notify the Member in writing: (a) if the exemption application has been approved; and (b) of any conditions attached to that exemption.

#### **4.10 Enforcement**

- 4.10.1 Members' attention is drawn to the provisions of clause 1.2 of this Professional Standard regarding non-compliance.

- 4.10.2 In addition to possible action under the Disciplinary Scheme of the Institute, a Member determined by Council not to have reasonable grounds for his or her non-compliance with this Professional Standard may be subject to action by Council pursuant to Council's powers under the Constitution. Such action may include, but not be limited to:

- (a) issuing a warning letter to the Member regarding his or her non-compliance;
- (b) requiring the Member to undertake further CPD and provide evidence of such to the Institute within a certain timeframe;
- (c) requiring that the Member provide quarterly records to the Institute of his or her CPD activities for a specified period; and/or
- (d) issuing a warning letter to the Member noting that he or she will be audited for compliance for a particular period and that, if there are repeated breaches, this may constitute Actionable Conduct under the Institute's Disciplinary Scheme.

- 4.10.3 Non-compliance with any direction by Council under clause 4.10.2 may, of itself, constitute a further instance of Actionable Conduct under the Institute's Disciplinary Scheme.

**APPENDIX A – EXAMPLE OF CPD RECORD FORM**
**Name:**
**Membership No:**
**Period Starting:**
**Period Ending:**

Date	Event/Activity (including name of provider or source)	Detailed Description of CPD	CPD Hours
01/09/07	Economics Society of Australia Journal	Reading and analysis of journal article on "Enterprise Risk Management"	0.5
30/09/07	Institute of Actuaries of Australia Investment Faculty	Scrutineer for draft examination paper for Investment examination	3.0
17/10/07	Institute of Actuaries of Australia Biennial Convention	Attended Concurrent Session on "Practical considerations for asset liability modelling for life and wealth management companies"	1.0
26/10/07	APRA discussion forum	Attended forum to discuss APRA's Discussion Paper entitled "Streamlining Breach Reporting"	0.75
12/11/07	Finsia event	Attended presentation by Assoc Prof Joshi entitled "Early Exercise and Monte Carlo Obtaining Tight Bounds"	0.75
1/12/07	IAA Insights	Listened to audio recording of session on FCRs in General Insurance	1.0
3/12/07	XYZ Consulting Presentations Course	Attended presentation course on effective communication to Boards and Senior Management	3.0
<b>Total hours</b>			<b>87.5</b>

**END OF PROFESSIONAL STANDARD 1**