

B.5 Common material to be included in all Professional Standards

16. A Professional Standard must have the following opening sections and text:

1. Introduction

1.1 Application²

1.1.1 This Professional Standard applies to Members ...³

1.1.2 [A Member who provides advice performed under this professional standard:

- (a) must be an Eligible Actuary; and
- (b) must exercise independent professional judgement and give impartial advice.

Members supporting the Member providing advice under the Professional Standard are not required to be an Eligible Actuary. However, this Professional Standard applies to Members who support another Member in providing advice under the Professional Standard, to the extent relevant to their contribution to the Services.]⁴

1.1.3 [All work performed under this Professional Standard, whether by the Member providing advice or by a Member supporting the Member providing advice, is designated as an Applicable Service. As such, Members' attention is directed towards Practice Guideline 1 (General Actuarial Practice) which applies to Applicable Services. In the case of a Member supporting the Member providing advice, Practice Guideline 1 applies as relevant to their contribution to the Services.]⁵

1.2 Previous versions

Previous version of this Professional Standard...

1.3 About this Professional Standard

1.3.1 This Professional Standard:

- (a) has been prepared in accordance with the Institute's Policy for Developing Professional Practice Documents;
- (b) must be applied in the context of the Code;
- (c) must be applied by Members of the Institute when they perform work covered by the Professional Standard; and
- (d) defines the Institute's requirements for work covered by the Professional Standard.

² This section is to set out the purpose of the Professional Standard (PS), as well as describing related legislation, regulation, guidance etc. issued by other parties.

³ For the purposes of this policy, references to Members and applicability will be dependent on the particular PS. Other information may be included in relation to the application of the PS which may alter subsequent numbering.

⁴ Where Eligible Actuary is a requirement of the Member giving advice, this text will be included.

⁵ Included if the advice is designated an Applicable Service. As a rule, all advice provided under a PS will be Applicable Service unless Council is persuaded otherwise.

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- 1.3.2 If a Member believes that this Professional Standard is ambiguous or wishes to seek clarification of it, they may consult the Institute's Professional Practice Committee for an interpretation.
- 1.3.3 A Member may in rare circumstances be unable to carry out their work in full compliance with this Professional Standard. If a Member finds they cannot carry out their work in a way that fully complies with this Professional Standard, they must:
- (a) decline to carry out the work; or
 - (b) end their agreement to do so.
- 1.3.4 Notwithstanding clause 1.3.3, if
- (a) in the judgement of the Member, the Client is likely to suffer significant loss or disadvantage if the member ceases to provide the Services, and
 - (b) the Services will not be Materially affected if the Member completes the work without full compliance with this Professional Standard,
- the Member may complete the Services but must
- (i) clearly qualify the resulting work product, with both the title of the report and the scope of the work set out in the report acknowledging the relevant limitations,
 - (ii) make all reasonable attempts to comply with this Professional Standard to the fullest extent possible, and
 - (iii) disclose the areas where change would be needed to enable the creation of an unqualified work product along with the reasons for issuing qualified work.
- 1.3.5 If a Member does not comply with this Professional Standard, that may constitute Misconduct under the Institute's Disciplinary Scheme, although proper account will be taken of provisions of clauses 1.3.3 and 1.3.4.
- 1.3.6 This Professional Standard does not constitute legal advice. Any interpretation or commentary within this Professional Standard regarding specific legislative or regulatory requirements reflect the expectations of the Institute but does not guarantee compliance under applicable legislation or regulations. Accordingly, Members should seek clarification from the relevant regulator and/or seek legal advice in the event they are unsure or require specific guidance regarding their legal or regulatory obligations.

1.4 Other relevant material

- 1.4.1 This Professional Standard must be applied in the context of the relevant legislation, regulation and accounting standards. If there is a conflict in wording, then the legislation, regulation and accounting standards take precedence over this Professional Standard.
- 1.4.2 In this context, legislation, regulation and accounting standards include laws, regulations, prudential standards, subordinate standards, rules issued by government authorities and standards issued by professional bodies which have the force of law. Also included are relevant modifications or substitutions of these. Similarly, a reference to a Professional Standard includes any modification or replacement of that Professional Standard.
- 1.4.3 Apart from the Code, legislation, regulation or accounting standards, no other document, advice or consultation (including Practice Guidelines of the Institute) can be taken to modify or interpret the requirements of this Professional Standard.

2. Commencement Date

This Professional Standard applies...

3. Definitions

3.1 In this Professional Standard⁶:

‘Intended User’ means any legal or natural persons (generally including the Client) whom

- (a) the Member intends to use the output of the Services, or
- (b) at the time the Member performs the Services, the Member ought reasonably to expect will use the output of the Services.

‘Material’ means relevant to a decision of an Intended User of the Services (Section 4 addresses ‘Materiality’ for the purpose of this Standard). For this purpose, ‘Material’ does not have the same meaning as in Australian accounting standards.

‘Report’ means a document prepared by a Member under this Professional Standard ...

‘To disclose’ means to include information within a written communication, such as a Report where one is prepared.

‘To record’ means to include information within working papers or other documentation, but this information does not need to be included in written Reports or similar communication.

3.2 A word that is derived from a defined word has a corresponding meaning.

3.3 Other capitalised terms used in this Professional Standard have the same meaning as set out in the Code⁷.

4. Materiality

4.1 The Member must take Materiality into account when performing work under this Professional Standard.

4.2 Determining whether something is Material or not, or determining the threshold of Materiality, will always be a matter requiring the exercise of the Member’s professional judgement. When exercising this judgement, the Member must:

- (a) assess Materiality from the point of view of the Intended User(s), recognising the purpose of the Services. Thus, a matter required to be considered under this Professional Standard, or an omission, understatement, or overstatement, is Material if the Member expects it to affect significantly either the Intended User’s decision-making or the Intended User’s reasonable expectations; and

⁶ This section lists the definitions relevant to the Professional Standard and will usually include the following definitions.

⁷ If a term to be used in a Professional Standard is already defined in the Code, then it is not to be defined in the Professional Standard and the following clause must be used in the definitions section of the Professional Standard

- (b) consider the Services and the subject of those Services.

In setting a threshold of Materiality, a Member must consider any requirements advised by the Client, an auditor retained by the Client or a relevant regulator. Where those requirements result in the exclusion of a matter which would otherwise be included, the Member must disclose the reason for the exclusion, and its nature and extent.

- 4.3 If the Member has formed the opinion that a matter required to be considered is not Material, then the Member must record that the matter is not Material and provide reasons for forming that opinion but does not have to further consider that matter.
- 4.4 The Member must assess whether any omissions, understatements, or overstatements are Material. If the effect of these in aggregate is Material, the Member must disclose this in any Report to which it is relevant.

5. [body of Professional Standard]

End of [name of relevant document]

