



## Actuarial Profession Oversight Board

### Terms of Reference

Document 220104

#### 1. Establishment of the Actuarial Profession Oversight Board (APOB)

1.1 The Bylaws of the Canadian Institute of Actuaries (CIA) state the following:

**13.2.01** *The Actuarial Profession Oversight Board is hereby established by the Institute. [Adopted Jan. 1/20]*

**13.2.02 (1)** *The Actuarial Profession Oversight Board shall have such powers and duties as set out in its terms of reference, not in conflict with these Bylaws, in order to be satisfied that the Institute's professionalism and standard-setting activities and related processes are appropriate and responsive to the public interest. [Adopted Jan. 1/20]*

**(2)** *The Board and the Actuarial Profession Oversight Board shall approve the terms of reference of the Actuarial Profession Oversight Board. [Adopted Jan. 1/20]*

1.2 The CIA supports APOB in the performance of its activities and respects the independence of APOB and the entities under APOB's oversight, which is not subject to direction or influence by the CIA or other representatives of the actuarial profession.

#### 2. Purpose

2.1 The purpose of APOB is to support the CIA in delivering on its promise to hold the duty of the profession to the public above the needs of the profession and its members.

#### 3. Scope

3.1 APOB shall be satisfied that the CIA's professionalism and standard-setting activities and related processes are appropriate and responsive to the public interest by overseeing and providing input to the activities of the following:

(a) The **Actuarial Standards Board (ASB)**, which directs and manages the actuarial standard-setting process in Canada pursuant to its [Policy on Due Process for the Adoption of Standards of Practice](#);

(b) The **Professionalism and Credential Monitoring Board (PCMB)**, which directs and manages the CIA's [continuing professional development qualification standard-setting and compliance monitoring processes](#), oversees the CIA's [criminal conviction disclosure process](#), provides interpretation of the CIA's [Rules of Professional](#)

[Conduct](#), and provides input and advice pertaining to the CIA's qualification requirements and education programs from a professionalism and public interest perspective;

(c) The **Professional Conduct Board (PCB)**, which handles the Institute's [disciplinary matters](#); and

(d) The **Tribunal Panel**, made up of at least 15 Fellows of the CIA who have agreed to be available for appointment to a disciplinary tribunal or an appeal tribunal as needed.

3.2 As a body that has a broad perspective on the complex issues facing the CIA from the point of view of users of actuarial reports, actuaries, and the public, APOB supports the work of these bodies in their respective missions and recognizes that the authority for setting agendas and the resulting work rests with these boards.

#### 4. Authority and Responsibility

4.1 In accordance with the CIA Bylaws, APOB has the following authority and responsibilities:

(a) Approve APOB's terms of reference jointly with the *CIA Board* (governing body of the CIA);

(b) To appoint members to APOB, including the chair and the vice-chair, in accordance with the CIA Bylaws and the APOB Skills Matrix, which is approved by the *CIA Board* and APOB. (A maximum of three members of APOB are appointed by the *CIA Board*, also in accordance with the Skills Matrix.)

(c) In addition to the boards established by the CIA in its Bylaws (Section 13.2), APOB and the *CIA Board* may jointly establish one or more boards which shall be under the oversight of APOB and which shall have such powers as may be necessary or convenient for the purposes for which they are appointed. (All boards overseen by APOB shall be further referenced in this document as "*boards*".)

(d) To appoint not less than six members or more than 15 members, including the chair and the vice-chair, to each of the *boards* it oversees, in accordance with the CIA Bylaws. At least a two-thirds majority of members of each *board* must be voting members of the CIA, including the chair and vice-chair. APOB may also appoint one of its members (within the maximum of 15 members) to serve on each of the *boards* as a full member. No CIA Director may be appointed to the *boards*.

(e) To appoint at least 15 Fellows of the CIA, including the chair and the vice-chair, to the Tribunal Panel, in accordance with the CIA Bylaws.

(f) To oversee the activities of each of the *boards* by

i) approving their terms of reference and any amendments to them not in conflict with the CIA Bylaws;

- ii) monitoring and evaluating their performance, the fulfillment of their responsibilities, the accomplishment of their work program and the adequacy and use of available resources; and
  - iii) ensuring that the *boards* have developed and approved statements of operating procedures and due process policies (where appropriate) that are appropriate and responsive to the public interest.
- (g) To provide input to the *boards* on their strategic direction and priorities, where appropriate. By providing APOB's views on the preliminary agenda planning decisions of the *boards*, APOB actively assists the *boards* in determining their priorities and strategies in their work programs with due regard for domestic needs and international developments. APOB evaluates whether the *boards* have considered the needs of all categories of stakeholders appropriately in determining their priorities and strategies.
- (h) To inform the *boards* of the views of APOB and, where appropriate, of the views of other individuals or groups with an interest in the relevant activities of the *boards*.
- (i) To ensure that the *boards* hold their duty to the public above the needs of the profession and its members, and that their activities are appropriate and conducted in accordance with acceptable due process procedures that adequately address real and perceived conflicts of interest. In this regard, APOB undertakes, where appropriate, an annual review of each *board's* performance relative to its long-term strategic plan and annual operating plan.
- (j) To observe the activities of the *CIA Board* and its councils and to bring to the attention of the *CIA Board* any concerns APOB may have with regard to an issue or decision which APOB believes may not hold the duty to the public above the needs of the profession and its members.
- (k) To protect the independence of the ASB with regard to its standard-setting process and to be satisfied that the ASB has maintained its independence in carrying out its responsibilities.
- (l) To ensure that an appropriate process is established and maintained that will enable members of the CIA to request the review of a standard of practice adopted by the ASB.
- (m) To appoint a disciplinary Appeal Tribunal in accordance with CIA Bylaw 20.09 (2), when needed, and to oversee the publication of Disciplinary or Appeal Tribunal decisions and reports, in accordance with CIA Bylaw 20.12.
- (n) To review, as needed, the appeal of a member who disagrees with the PCMB's assessment of the member's non-compliance with the CIA's [Qualification Standard – Requirements for Continuing Professional Development \(CPD\)](#).
- (o) To review, as needed, the appeal of an applicant to the CIA who is denied enrolment in the CIA based on the PCMB's assessment of the applicant's disclosed criminal conviction, in accordance with the CIA [Policy on Disclosure of Criminal Convictions](#).

- (p) To report to the public on the discharge of its responsibilities and disseminate to the public, as appropriate, information about its activities and those of the *boards*. In this regard, APOB reports annually to the public on its own activities and ensures that the *boards* also report annually, through APOB, to the *CIA Board* on their activities.
- (q) To evaluate whether APOB and the *boards* have the financial and human resources necessary to support their work.
- (r) To advise the *boards* on any matters as requested by their respective chairs.
- (s) To create a Nominating Committee to recommend nominees to fill vacancies in all positions on APOB and on the *boards*, as well as such other committees or task forces as it deems necessary in carrying out its responsibilities. All actions taken by a committee or task force appointed by APOB shall be subject to review and approval by APOB. The APOB chair is an *ex officio* participant on all APOB committees.
- (t) To develop and adopt a statement setting out the principal operating procedures it follows in fulfilling its responsibilities. APOB reviews its principal operating procedures at least once every five years to ensure that they continue to meet the needs of APOB and support its purpose.

4.2 All activities of APOB and the *boards* shall be conducted in accordance with the CIA Bylaws and Rules of Professional Conduct, where appropriate.

## 5. Membership

5.1 APOB comprises not fewer than nine and not more than 15 volunteer members as follows, in accordance with the APOB Skills Matrix and the APOB Statement of Operating Procedures:

- (a) A chair, appointed by APOB (cannot be a member of the CIA);
- (b) A vice-chair, appointed by APOB (cannot be a member of the CIA);
- (c) A maximum of three members appointed by the *CIA Board*; and
- (d) Four to 10 other members appointed by APOB.

5.2 The Executive Director of the CIA and the chair of each of the *boards* and of the Tribunal Panel shall sit as *ex officio* participants on APOB. *Ex officio* participants will not be entitled to vote and will not count towards the required minimum of nine members or towards the quorum for a vote on a particular item of business. They have a right to attend and participate in APOB meetings and receive any meeting materials, except the *in camera* portions of the meetings, and any materials distributed in respect of those *in camera* meetings.

5.3 The term of each APOB member is determined by APOB and the *CIA Board*, respectively for their appointed members, on a basis that ensures an orderly changeover of membership over time while maintaining the experience and balance of backgrounds necessary to meet APOB's objectives and also in accordance with the APOB Skills Matrix.

- 5.4 APOB members are expected to attend all APOB meetings. If any APOB member either fails to attend more than two regularly scheduled APOB meetings in succession, or fails to attend, in any 12-month period, at least two-thirds of all regularly scheduled APOB meetings, the chair (or the chair of the Nominating Committee) will initiate a conversation with the member as to the reasons for the absences and determine whether the member can reasonably be expected to adequately participate on APOB in the future. A member is deemed to be absent from an APOB meeting unless the member is in attendance for substantially all of it.
- 5.5 Members of APOB are selected on the basis of individual merit. Members are also selected in accordance with the duly approved APOB Skills Matrix, and on a basis that ensures that APOB reflects a broad cross section of backgrounds, skills and points of view so that it is able to discharge its responsibilities relative to the *boards* under its oversight. A diverse membership enables APOB to have a broad perspective on the issues and potential issues facing the Canadian actuarial profession.
- 5.6 The APOB Nominating Committee will be comprised of the chair and/or vice-chair of APOB and three or four APOB members, at least one of whom has been appointed by the *CIA Board*, who are appointed from time to time by the APOB chair and vice-chair and the chair of the Nominating Committee. The chairs of the *boards* and the Executive Director of the CIA have a right to attend and participate in Nominating Committee meetings and receive meeting materials. The Nominating Committee presents its recommendations to APOB for approval.

## **6. Meetings and Conduct of Business**

- 6.1 Unless otherwise decided by APOB, meetings of APOB are held three times per year, in person, or by such methods of communication as APOB may select from time to time by resolution. APOB's Statement of Operating Procedures sets out the detailed procedures and responsibilities related to conducting the business of APOB.

## **7. Reporting**

- 7.1 APOB provides an annual report to the *CIA Board* on its activities and the activities of the *boards*, as well as such other reports as may reasonably be required by the *CIA Board*.

## **8. Resources and Budget**

- 8.1 Funding for reasonable and necessary expenses of APOB and the *boards*, in carrying out their duties, is provided from the budget of the CIA, based on a proposed budget submitted as part of the CIA's annual budget approval process.

## **9. CIA Annual Plan**

- 9.1 On or about October 31 of each year, the *CIA Board*, its councils and committees, in consultation with APOB and the *boards* APOB oversees, will develop an annual plan to address the regular reviews and updates required, as well as priority items arising from changing practices, developments in actuarial science, and changing or emerging public interest needs.

## **10. Conflicts of Interest**

10.1 All members of APOB are bound by the CIA Volunteer Code of Conduct. Members of APOB who are members of the CIA are also bound by the CIA Rules of Professional Conduct. All members of APOB are appointed based on their ability to be objective and to be able to act independently of other considerations. All members of APOB are required to vote on motions with a view to protect and promote the public interest according to their beliefs, experience and judgment based on information they have and the discussions they have taken part in, and not according to the views of any firm, organization or constituency with which they are or have been associated.

## **11. Review of Terms of Reference**

11.1 APOB reviews its terms of reference at least once every five years to allow APOB to appropriately serve the public interest it represents, and to ensure that they continue to support the purpose and objectives of the CIA. The *CIA Board* may also review APOB's terms of reference periodically and recommend changes.

11.2 The results of APOB's periodic reviews of its terms of reference are submitted to the CIA Board. Amendments to the APOB terms of reference require the approval of both APOB and the CIA Board.

*Approved by APOB on January 1, 2020.*

*Approved by the CIA Board on December 4, 2019.*