

Institute and Faculty of Actuaries

Regulatory Board

Noting report

Subject	Update on the Quality Assurance Scheme (QAS)
Regulatory Board meeting	5 July 2022
Previous Board Steer/Approval	This is an annual noting report – the Board approved the Refreshed QAS at its November 2021 meeting
International Issues Considered?	Yes
Author	IFoA Executive and QAS Committee Chair
Purpose	Noting

A: Executive summary

1. This noting report provides the annual update to the Regulatory Board from the Chair of the Quality Assurance Scheme (QAS) Committee (the Committee) and the IFoA Executive (the Executive) on overall progress of QAS and a summary of its activities during the last year of operation of the scheme.

B: Background

2. This report to the Regulatory Board follows the Committee's last annual report to the Board noted on 27 July 2021, which contained data up to 30 June 2021 as well as the QAS refresh paper, which the Board approved in November 2021. All data and information in this report is correct as of 30 June 2022 and contains information for the period 1 July 2021 to 30 June 2022.

C: Information

3. At 30 June 2022, there were 45 QAS accreditations. Please see section 11 for additional details.
4. The focus over the past year has been the research, policy development and implementation of the Refresh of the QAS and the preparations for the launch of the refreshed scheme which went live on 1 April 2022. The timing of the refreshed scheme launch coincides with the date at which the first accredited Organisations were due to renew their QAS accreditations (April 2022).
5. The work resulted in a number of updates and changes to the Scheme, including:
 - Streamlined outcomes – **Professionalism, Development and Training** and **Organisational Culture**, each with Sub-outcomes and positive indicators
 - Addition of Diversity, Equity and Inclusion as a Sub-outcome
 - Fee increase
 - Move to remote assessments
 - Introduction of a Specialist Reviewer (see point 6 below)
 - Change to reaccreditation process
6. The Specialist Review for 2022/23 commenced on 1 April 2022 and focuses on DEI. Details of the findings of this review will be included in the QAS Committee's next Annual Report.
7. At its March 2022 meeting, the Committee approved the delegation of certain decisions to the Executive, following a successful 12 month pilot. These decisions relate to the review of

Annual Returns and the addition and removal of Senior Quality Assurance Representatives (SQARs). All decisions relating to Annual Returns remain subject to a random sample cold file review by the Committee.

8. [REDACTED]
9. The QAS CPD Scheme launched on 1 September 2020, to date there are 15 Organisations participating, covering approximately 1200 Members.

10. Update on Accreditations

- 10.1. Of the 45 QAS accredited Organisations, 35 are based in the UK and the others are in South East Asia, the Middle East and Africa.
- 10.2. A summary of the number of applications and their decision status is set out below. Please note that in **Table 1** the total number of accreditations is higher than the current number of accreditations due to various mergers and acquisitions which have taken place since the QAS launched.
- 10.3. There have been two mergers involving QAS accredited Organisations during this reporting period, however the Organisations are maintaining separate accreditations at present.

Table 1: Status of QAS applications as at 30 June 2022

Decisions	To date
Accredited with no further action required	36
Accredited after Matters Requiring Action were addressed	15
Accredited but with conditions	0
Considered, but not yet accredited, as further work needs to be carried out	0
Not accredited	0
Not yet considered – ICAEW undertaking assessment or awaiting QAS Committee for consideration	0
Total applications received to date	51

*Matters requiring Action (MRAs) are action(s) required to meet the outcomes in APS QA1

- 10.4 It is extremely unlikely that the Committee would outright reject an Organisation for accreditation as the intention of the QAS is to encourage Organisations to bring themselves up to the standard required. To date, no applications have been rejected.
- 10.5 Should an MRA be identified during the accreditation assessment, this must be resolved prior to accreditation being granted, as set out in the table above. It is generally expected that MRAs identified during a monitoring visit will be resolved within 3 months.

11. Analysis of accredited Organisations by type and band

[REDACTED]

12. Breakdown of the type of Organisation by Fee Band

[REDACTED]

13. Annual returns process

- 13.1. QAS accredited Organisations are required to submit an annual return within 28 days of the anniversary of their accreditation date. In the period covered by this report, two Organisations' returns were submitted late – both reported that this was due to pressure of business.
- 13.2. As set out in point 7, above, the Executive analyses Annual Returns and feedback is given to the Organisation rather than it being reviewed by the Committee in limited circumstances where the return is broadly aligned with a previous review by the Committee. The Executive is also now able to approve the removal of a SQAR and the addition of a SQAR (who is not the lead SQAR). The appointment of lead SQAR is reserved to the Committee.
- 13.3. The Committee will review any returns which do not fit the criteria specified for the Executive, sample the Executive's analysis to ensure it is appropriate and also provide feedback to the Executive.
- 13.4. The Committee does not approve Organisations' Annual Returns but reviews and notes them and provides feedback where appropriate.
- 13.5. A best practice report is produced each year, based on practices identified during the Committee's and Executive's review of the Annual Returns. The examples of best practice are anonymised in the report.
- 13.6. This report is attached as **Appendices 2, 2a and 2b**.

14. [REDACTED]

15. SQAR Forum

- 15.1 The SQAR Forum previously took place in person over the summer and has been replaced since with a series of webinars, the details of which are set out below:

- 15 September 2021 – Development and Training (speakers from non-Actuarial professions)
- 11 January 2022 – QAS Update (QAS Manager and QAS Committee member)
- 9 May 2022 – DEI and Specialist Review (hosted by the Specialist Reviewer)

16. Growth of the QAS

- 16.1. During the period covered by this report, one Organisation received QAS accreditation (NFU Mutual's Actuarial function). One Organisation (XPS) extended its accreditation to include another part of its business (the addition of XPS Pensions (RL) Limited to the existing accreditation).
- 16.2. As mentioned previously, the focus for the Committee and Executive for the past year has been on the refresh of the Scheme and in particular ensuring retention of the first accredited Organisations (who joined the Scheme in April 2016). [REDACTED]
- 16.3. Attention will turn again to growth of the scheme once the recent changes have been embedded.

17. Markets Development

[REDACTED]

18. The QAS Handbook

- 18.1. The Handbook was reviewed following the completion of the refresh of the QAS. This was approved by the Regulatory Board at its meeting in November 2021.

19. Reputational Risk Issues

[REDACTED]

C. UPDATE ON OTHER COMMITTEE BUSINESS

20. Reports of material incidents or changes

20.1. [REDACTED]

21. Annual Progress Report from ICAEW

[REDACTED]

22. Monitoring of regulatory issues

22.1. As per its Terms of Reference, the Committee is required to monitor regulatory issues arising from the QAS, raise those with the Regulatory Board and make recommendations in relation to any changes to the QAS or related regulatory matters arising during its operation. At this time, there have been no regulatory issues to raise or recommendations to make.

23. Engagement with SQARs

23.1 Building on the 1-1 SQAR engagement, which took place as part of the QAS review, a new role has been created in the QAS Team. This QAS Adviser role has been created to focus on supporting the SQAR network by way of the provision of information and events.

23.2 The Committee and the Executive welcome all feedback relating to the QAS.

24. Financial position

24.1 A 20% fee increase was introduced as part of the QAS review, following engagement with QAS member organisations and reflecting both the increased costs of operation and the static fee levels since its introduction 6 years ago. No objections were received from accredited Organisations in light of this.

25. Committee membership

25.1 The membership of the Committee currently consists of:

- 3 Lay members: Victor Olowe (Lay Chair), Helen Brown and Alison Carr.
- 4 Actuary members: Scott Cameron, Sophie Dignan, Tze Leong Chan, Alison Carr

25.2 Two actuary members and one lay member have stood down from their roles on the Committee, at the end of their respective second terms.

25.3 Two new members have been recruited to the Committee since the last report, and the Chair has been appointed for a second term.

25.4 Recruitment for an additional committee member (lay) is planned for later in the year.

26. Committee meetings

- 26.1 The Committee meets quarterly and has additional conference calls (to address matters that require follow-up after or between meetings), if required, generally a month after the quarterly meeting.
- 26.2 Occasionally when commercially sensitive information is reviewed in relation to accredited Organisations, only the lay members will be privy to this information and conversation and thereafter report back to the rest of the Committee. This process is set out in the Terms of Reference. This has not been required in the period covered by this report.
- 26.3 The Committee publishes redacted minutes of its meetings.
- 26.4 The Committee met by video conference on the following dates:

Quarterly Meetings	Interim Meetings
23 September 2021	22 October 2021
6 December 2021	19 January 2022
24 March 2022	21 April 2022
16 June 2022	

27. Committee attendance 2021-2022

[REDACTED]

28. IFoA Executive Team

[REDACTED]

D: Commentary/Conclusions (*if appropriate*)

The Regulatory Board members are asked to note this report.

E: Appendices

- Appendix 1 Definitions used to categorise Organisations
- Appendix 2, 2a and 2b
QAS Committee annual report to SQARs and appendices
- Appendix 3 ICAEW Annual Report 2022