



QAS Committee meeting

4 July 2023

10.00-13.00

Attending:	Victor Olowe (Chair), Helen Brown, Alison Carr (lay), Scott Cameron, Sophie Dignan
Executive Staff:	Katie Wood, Holly Simons, Stephanie Snowden
Apologies:	Alison Carr (actuary)
Online or in person	Online

Item	Title	Action
1.	Welcome, apologies and conflicts	
	<p>The Chair welcomed the Committee and introduced Stephanie Snowden who joined the meeting for the discussion around the possible integration of Practising Certificates (PC) and the QAS. Stephanie is the Senior Regulatory Manager who leads the Practising Certificates team and joined the meeting to assist with any questions relating to PCs.</p>	
1.1	<u>To declare any conflicts of interest</u>	
	<p>No conflicts of interest were declared.</p>	
2.	Possible integration of Practising Certificates and the QAS	
2.1	<u>To discuss the draft proposal for a QAS PC Scheme</u>	
	<p>A discussion was held around the possible integration of Practising Certificates and the QAS. The Chair highlighted the three main areas to cover in the discussion, which included the relevant risks and if they have been sufficiently considered and mitigated; whether the benefits outweigh the costs and are meaningful to QAS accredited firms; and any broad concerns surrounding the integration pertaining to the QAS.</p> <p>The Committee discussed the potential risks of integrating Practising Certificates and the QAS. These included:</p> <p>Conflicts of interest:</p> <ul style="list-style-type: none">The Committee raised the conflict of interest that a firm might have in approving the ongoing compliance of Practising Certificate holders with the proposed scheme in that Firms might be biased in favour of their own members retaining their Practising Certificates. It might also	



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	<p>prove challenging for firms to remove a member's PC even when necessary. This could then lead to reputational damage to the firm as well as to the QAS itself and IFoA.</p> <ul style="list-style-type: none">• The Committee added that replicating the independence of the IFoA's scrutiny of applications and renewals will be challenging, especially in smaller firms and where PC holders will also be directors of the businesses. The Committee were reassured that this risk has been sufficiently considered and mitigated by the fact that initial applications will still be dealt with by the IFoA, and that in the past, the majority of Practising Certificates have been renewed with no issues raised.• There are other checks and balances in place which further mitigate this risk such as the spot checks of compliance.• It was suggested by a Committee member that the IFoA could monitor this process every 3 years rather than every 6 years as proposed, to further mitigate this risk.• The Executive provided some context to the Committee about the previous and current processes in place for Practising Certificate applications and renewals, in particular that all renewals are now every 3 years, with an annual return completed in the intervening years. The thinking behind moving to 6 years for the potential QAS PC Scheme is to align with the QAS accreditation cycle, and that it would be seen as more beneficial to accredited organisations, because of the new PC Scheme which came into effect in December 2022. The process they envisage happening through the QAS Annual Return would be very similar, asking SQARs to confirm that their PC holders continue to be suitable to hold a PC and that there has been no change in circumstances in that regard. As with the QAS CPD Scheme, the IFoA would trust that firms are being open and honest in their Annual Return forms. The Committee were further reassured that this risk has been sufficiently considered and mitigated.• The Committee discussed the risk that might occur for a SQAR who is less senior than the PC holder, in the situation that they were asked to certify the senior person's continued compliance with the PC Scheme. It was suggested that training around how to deal with this might be useful. To address this potential imbalance in power and conflict of interest, one of the mitigations of this would be that the more senior person can continue with IFoA PC Scheme so that the SQAR is not put in that potentially vulnerable situation.• The Executive provided further context surrounding the training received by the PC Committee and the proposed guidance for SQARs should the scheme go ahead. The intention is that there will be a variety of ways that the IFoA will provide guidance, training and support for SQARs and those making assessments on PCs. This,	



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	<p>alongside the PC integration being optional for SQARs, assured the Committee that this risk had been appropriately mitigated.</p> <ul style="list-style-type: none">• The Committee discussed that the organisation as a whole needs to think about who is best placed to certify continued competency for PC holders, keeping in mind conflicts of interest.• The Executive envisages an extra page in the Annual Return form for those opting into the QAS PC scheme, confirming there have been no material changes, and those that have PCs continue to meet the requirements for holding them, and also explaining the steps the firm have taken to get to this conclusion. This part will be reviewed by the IFoA's PC team to ensure there is still active assessment and consideration on whether a Practising Certificate should continue to be held by the individual. There would also be a sample of one-to-one checks by the PC team, which will further mitigate this potential risk. <p>Administration:</p> <ul style="list-style-type: none">• The Committee flagged that dates should be considered too in relation to administration, as Practising Certificates have their own dates, like QAS accreditation.• It was raised that as part of the QAS, there may be a danger that this might delay the renewals and the Committee looking at the Annual Returns, keeping in mind that the area of the return dealing with Practising Certificates will be handled separately by the PC team and where necessary the PCC, and if there are queries or challenges, this might hold up the Annual Return being dealt with.• On point 24 of the 'PC and QAS possible integration' document relating to the reviews done by the IFoA to ensure firms have adequate Quality Assurance policies and procedures in place to support actuaries work, it was suggested the word 'audited' should be replaced with 'reviewed'. Action.• The Executive explained that if further information was needed in regard to the continuation of Practising Certificates, this would not necessarily affect QAS accreditation. <p>Other identified risks:</p> <ul style="list-style-type: none">• It was also flagged by the Committee that a possible risk is that the QAS is becoming overloaded (with consideration to the optional add-in of CPD, DEI was recently added, and now PCs might be added). However, this could also be a mitigation since accredited organisations must follow certain procedures as part of their accreditation.• The Committee asked what level of involvement the ICAEW would have with the proposed QAS PC Scheme. It was suggested that ICAEW could do an initial review to check that firms have the	Executive



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	<p>appropriate policies and procedures in place that replicate what the IFoA have in terms of the proposed QAS PC process.</p> <ul style="list-style-type: none">• The Committee discussed the potential reputational risk that there are only PC holders in the UK, and the QAS is an international scheme. The Executive explained that non-UK firms are not excluded because PCs are UK only but that there is a risk that non-UK firms might feel that the QAS is becoming too UK-centric. To mitigate this risk, the IFoA need to be clear and careful with its communications surrounding this issue particularly reiterating the alignment with its DEI values.• A committee member flagged another severe perception risk that external stakeholders might view the integration of PCs as self-regulation and not rigorous enough. The Committee therefore suggested that the ways this risk is being mitigated needs to be carefully communicated so external stakeholders can see that this is not the case.• The Committee pointed out that while they do not think the likely abuse of the system by QAS firms is a high risk, it should be explicitly stated that this risk has been considered, and why that risk is low and has been sufficiently mitigated. Some of the controls on this include the code of conduct obligations on PC holders and actuarial standards in terms of professionalism. <p>The Committee went on to discuss the potential benefits of the integration of the QAS Scheme and PC's.</p> <p>Benefits:</p> <ul style="list-style-type: none">• The Committee wanted to be clear on the potential benefits of the integration of the QAS Scheme and PCs, and how meaningful they would be to accredited firms. The Executive explained that when speaking to SQARs, they explained the administrative 'burden' that the integration would significantly reduce as a huge benefit to firms. The Executive also met with non-accredited firms who expressed that with the integration of PCs, QAS accreditation might become something that they are interested in. The reaction has been quite positive for both accredited and non-accredited firms.• It was mentioned by the Committee that they suspect the integration of QAS and PC would benefit larger firms more than smaller firms, however it was acknowledged that this would save smaller firms time as well and could therefore be beneficial to all QAS accredited firms. <p>The Committee questioned what would happen in terms of renewal dates if a QAS firm opts in but some of their PC holders have done an annual renewal in the last year. The Executive will take this point into consideration and work out how this would work in practice.</p>	



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	<p>After the discussion, the Committee unanimously agreed to recommend this proposal to the Regulatory Board. The Committee were content that the relevant risks have been properly identified and sufficiently mitigated subject to further consideration of the various points raised during this meeting, and that there are meaningful benefits for accredited organisations of the integration of PCs to the QAS Scheme.</p> <p>SS withdrew from the meeting at this point.</p>	
3.	Review of meeting minutes	
3.1	<u>Ratify 16 March 2023 meeting minute</u>	
	The Committee ratified and approved the minutes from March.	
3.2	<u>Ratify 25 April 2023 meeting minute</u>	
	The Committee ratified and approved the minutes from April.	
4.	Annual Returns	
	<p>The Committee noted its decision taken in March 2023, that despite the current delegated arrangements because the DEI Sub-outcome is a new aspect of the Scheme, the Executive should not have sole responsibility for reviewing this particular section of the forthcoming Annual Returns. Therefore these parts of the form would be reviewed by the Committee, along with the QA of the Executive's review of the rest of the forms in accordance with the usual practice.</p> <p>4.1 <u>First review of [REDACTED] Annual Return</u></p> <p>The Committee reviewed [REDACTED] Annual Return [REDACTED]</p> <p>All members were content with the Annual Return form and DEI update, which they noted was comprehensive. [REDACTED]</p> <p>All of the BPRs have been closed. The Committee would like an update on DEI in the next Annual Return.</p> <p>[REDACTED]</p>	
4.2	<u>First review of [REDACTED] Annual Return</u>	
	The Committee reviewed the DEI section of [REDACTED] Annual Return.	



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	<p>The Committee were content with the DEI section of the Annual Return. The Committee encouraged the firm to include a more comprehensive DEI progress update within the next Annual Return.</p> <p>[REDACTED]</p>	
4.3	<p><u>First review of [REDACTED] Annual Return</u></p> <p>The Committee reviewed [REDACTED] Annual Return [REDACTED]</p> <p>The Committee were satisfied with the DEI update the firm provided, highlighting the good structure and examples included in the form. The Committee would like to hear more information on updated policies and procedures in due course [REDACTED]</p> <p>[REDACTED]</p>	
4.4	<p><u>First review of [REDACTED] Annual Return</u></p> <p>The Committee reviewed [REDACTED] Annual Return [REDACTED]</p> <p>The Committee discussed the return and noted it was light in detail and therefore have requested more information in relation to SQARs and the activities they undertake to support the QAS in the next Annual Return. The Committee suggested that the Executive should provide the firm with guidance to help them make improvements relating to QAS accreditation, specifically in regard to SQARs engaging in a more proactive way with QAS. The Executive could signpost the firm to the Annual Best Practice Report. Action.</p> <p>The Committee noted that BPF2 on DEI has not been addressed, and they would like to see in the next Annual Return how this BPF is being addressed.</p> <p>[REDACTED]</p>	
4.5	<p><u>First review of [REDACTED] Annual Return</u></p> <p>The Committee reviewed the DEI section of this return.</p> <p>[REDACTED]</p> <p>The Committee were satisfied with the DEI comments in this return and would be interested to hear an update on the initiatives they are introducing in due course. The Committee were pleased the firm highlighted the issue relating to the conflict of interest but noted that the details of it were</p>	



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	<p>unclear. They would like this to be flagged to ICAEW for their upcoming visit.</p> <p>The Committee would like the Executive to have a discussion with the firm to understand more about why the firm was disappointed with the QAS process, and to encourage the firm and give guidance about how to improve their Annual Return process. They added that it should be clear that the feedback is from the Committee as opposed to the Executive or ICAEW. It was agreed by the Committee and the Executive that this should be done after the upcoming ICAEW visit. Action.</p> <p>[REDACTED]</p>	Executive
4.6	<p><u>First review of [REDACTED] Annual Return</u></p> <p>The Committee reviewed [REDACTED] Annual Return [REDACTED]</p> <p>The Committee were pleased with the return, which was thorough and comprehensive. The Committee would like more specific examples and details included in their update about the progress made on the BPRs and SBPRs in the next Annual Return, since they all appear to involve future actions.</p> <p>[REDACTED]</p> <p>The Committee took a short break.</p>	
4.7	<p><u>First review of [REDACTED] Annual Return</u></p> <p>All Committee members re-joined the meeting.</p> <p>The Committee reviewed the DEI section of this report. The Committee were pleased with the return, as well as the BPR and SBPR update. The Executive should express their encouragement for this Return by saying that the Committee and IFoA welcome the progress the firm have reported in the Annual Return form in relation to DEI. Action.</p>	Executive
5.	Re-accreditation application	
5.1	<p><u>First review of [REDACTED] re-accreditation application</u></p> <p>The Committee discussed [REDACTED] re-accreditation application. They agreed that it appears from the form that the quality assurance procedures were lacking. The Executive will notify the firm that the Committee thought</p>	



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	<p>the quality assurance procedures were light in the reaccreditation application, and that the ICAEW will no doubt point this out in their report. The Committee would like to understand how the DEI and Speaking Up policies in place are embedded into the firm's culture, which should be followed up by the Executive. Action.</p> <p>The Committee suggested that the Executive raise with the firm that the Committee would like to see additional information ahead of making a decision about reaccrediting this firm.</p>	Executive
6.	Accreditation application	
6.1	<u>Second review of [REDACTED] accreditation application</u> This was the second time the Committee reviewed [REDACTED] accreditation application. The Committee welcomed the firm's decision to significantly reduce the number of SQARs. Upon viewing the additional information provided by the firm, the Committee approved [REDACTED] accreditation application. [REDACTED]	
6.2	<u>First review of [REDACTED] accreditation application</u> The Committee reviewed [REDACTED] accreditation application. The Committee were pleased with the accreditation application. They agreed that the BPRs from ICAEW were useful and insightful. The Committee need to understand whether they are being accredited as [REDACTED] and requested the Executive to clarify this with the firm. The Committee would also like to understand what board they are referring to in the application. Action. The Committee noticed there were unusually a number of typos in the ICAEW report which should be raised by the Executive to them. Action. The Committee approved the accreditation application [REDACTED]	Executive Executive
7.	Draft Annual Report to the Regulatory Board	
7.1	<u>Second review of Annual Report</u> The Executive welcomed comments and feedback from the Committee relating to the Annual Report which is due to go to the Regulatory Board in a few days. The Committee were encouraged to add their changes or minor comments to the document, which the Executive will send out to the Committee following the meeting. Action.	Committee



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	<p>The Committee discussed the note in the Annual Report about doing an annual SQAR forum on DEI and suggested that this should be reworded to say that SQAR forums on DEI will be held, but not commit to doing one annually. The Committee suggested point [REDACTED] be removed from the Report. Action.</p> <p>The Committee want to include in the Report that they look forward to the recruitment of a permanent member of staff to strengthen the QAS Executive team. The Committee raised some comments about the Appendices in the Report too. Action.</p> <p>Subject to the above and some minor amendments being addressed from this meeting, the Committee were happy to approve the Annual Report to go to the Regulatory Board.</p>	<p>Executive</p> <p>Executive</p>
8.	AOB <p>The Executive notified the Committee that the QAS permanent recruitment has been approved.</p> <p>The Executive thanked [REDACTED] for their assistance in sourcing a venue for the in-person Committee meeting in September.</p> <p>The Executive gave an update on the recruitment of new Committee members.</p>	