

# Institute and Faculty of Actuaries

## Regulatory Board

### Noting report

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| <b>Subject</b>                          | Update on the Quality Assurance Scheme (QAS) |
| <b>Regulatory Board meeting</b>         | 27 July 2021                                 |
| <b>Previous Board Steer/Approval</b>    | n/a – this is an annual noting report        |
| <b>International Issues Considered?</b> | Yes  |
| <b>Author</b>                           | Chair, QAS Sub-Committee and IFoA Executive  |
| <b>Purpose</b>                          | 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) Sub-Committee (the Sub-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 Sub-Committee's last annual report to the Board reviewed on 1 July 2020, which contained data up to 2 June 2020. All data and information in this report is correct as at 1 July 2021 and contains information for the period 1 May 2020 to 30 June 2021.

#### C: Information

3. At 1 July 2021, there were 44 QAS accreditations. Please see section 11 for additional details.
4. The expiry of the first batch of QAS accreditations (which were granted for a period of 6 years) is due in April 2022. The past year has therefore focused on work to secure the retention of these organisations to the Scheme and this will continue for the coming months.
5. This work will include a review of the QAS, including its outcomes and internal and external processes. A paper relating to this and containing proposed amendments to the Scheme will come to the Regulatory Board in November 2021 for approval.
6. There has been progress in terms of identifying more efficient ways of working for of the Sub-Committee. In particular, at its March 2021 meeting, the Sub-Committee approved a 12-month pilot of the delegation of certain decisions in relation to the review of the Annual Returns to the Executive, subject to a cold file review audit by the Sub Committee.
7. [REDACTED]
8. The ICAEW has carried out several accreditation visits and monitoring visits remotely as a result of the Covid 19 pandemic. This has been going well, with none of the ICAEW, QAS organisations or the Sub-Committee raising any concerns in relation to the quality of the assessment or the ICAEW's ability to carry it out remotely. It is likely that assessments will

continue to take place remotely, particularly as it has been broadly welcomed by QAS organisations.

9. Progress continues to be made with the QAS with applications now having been approved from countries outside the countries included in the 2018 international pilot (which covered Singapore, Hong Kong and Malaysia), including accreditations in Kenya and Nigeria.
10. The QAS CPD Scheme launched on 1 September 2020, to date there are 14 organisations participating, covering approximately 1200 members.

## 11. Update on Accreditations

- 11.1. As at 1 July 2021 there were a total of 44 QAS accredited organisations, 34 based in the UK and 10 outside the UK.
- 11.2. A summary of the number of applications and their decision status is set out below. Please note that in the table below 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.
- 11.3. There has been one merger concerning two QAS accredited organisations during this reporting period, however the organisations are maintaining separate accreditation at present.

### Status of QAS applications as at 1 July 2021

| Decisions   | To date   |
|---|-----------|
| Accredited with no further action required  | 35        |
| Accredited after Matters Requiring Action were addressed  | 14        |
| 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 Sub-Committee for consideration | 0         |
| <b>Total applications received to date</b>  | <b>49</b> |

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

- 11.4 It is extremely unlikely that the Sub-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. In the event that an MRA is identified during the accreditation assessment, this must be resolved prior to accreditation being granted, as set out in the table above.

## 12. Analysis of accredited organisations by type and band

12.1. [REDACTED]

## 13. Breakdown of the type of Organisation by Fee Band

[REDACTED]

## **14. Annual returns process**

- 14.1. QAS accredited Organisations are required to submit an annual return within 28 days of the anniversary of their accreditation date. All organisations required to submit returns between 2 April and 1 September 2020 were granted an 8 week extension to this in light of the impact of COVID 19. Two organisations' returns were submitted late – one because of a misunderstanding relating to the need for a return when a monitoring visit had taken place, and the other due to pressure of business.
- 14.2. Until March 2021, the process used for review of the returns involved an initial analysis of the Annual Returns prepared by the Executive for consideration by the QAS Sub-Committee alongside the Annual Return forms.
- 14.3. At its March 2021 meeting, the Sub-Committee approved a 12 month pilot whereby the Executive analyses the Annual Return and feedback is given to the organisation rather than it being reviewed by the Sub-Committee. This is in limited circumstances where the return is broadly aligned with a previous review by the Sub-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 remains reserved to the Sub-Committee.
- 14.4. The Sub-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.
- 14.5. The Sub-Committee does not approve Organisations' Annual Returns but feedback is provided where appropriate to each individual Organisation in writing following the Sub-Committee's consideration. This feedback is also provided by the Executive as set out above.
- 14.6. There were a number of instances where further information was requested from the Organisations in order for the Sub-Committee to see necessary evidence that Organisations had produced the required information. Organisations that engage constructively with the process are considered by the Sub-Committee to be demonstrating their commitment to the QAS.
- 14.7. In order to share both learnings from the Annual Return process and the good practice described by organisations within their Annual Returns, the Sub-Committee distributed a report in January 2021 outlining various examples in a confidential way. This report is attached as **Appendices 2 and 2a**. The intention is that this report will be shared annually with QAS organisations.

## **15. [REDACTED]**

## **16. SQAR Forum**

- 16.1 The SQAR Forum which previously took place in person over the summer has been cancelled until further notice because of COVID 19 restrictions.
- 16.2 The Forum has been replaced with a series of webinars and events, the details of which are set out below:
  - 13 July 2020 (QAS CPD, response to SQAR feedback and panel discussion)
  - 2 November 2020 (Wellbeing)
  - 4 February 2021 (Panel discussion)
  - 24 March 2021 (QAS CPD roundtable)
  - 22 April 2021 (networking event)
  - 11 May 2021 (BEIS White Paper roundtable including Sub-Committee members)
  - 17 June 2021 (PC Review roundtable)

## **17. Growth of the QAS**

- 17.1. During the period covered by this report, two organisations in Malaysia have been accredited as members of the QAS along with one each in Kenya and Nigeria. There was one accreditation in the UK meaning a total of five additional organisations received accreditation during this period.

- 17.2. As mentioned above, the focus for the Sub-Committee and Executive for the coming months will be on retention of current scheme members. The attention will turn again to growth of the scheme once the global impact of COVID 19 is better understood.

## **18. Markets Development**

- 18.1 The IFoA's Markets Development Team continues to mention the QAS to stakeholders during routine engagement. The recent accreditations in Kenya and Nigeria have been as a result of the efforts of colleagues in the Markets Development Team to promote the QAS.

18.2 [REDACTED]

## **19. The QAS Handbook**

- 19.1. The Handbook will once again be reviewed following the completion of the review of the QAS. It is anticipated that its content will be used to refresh the QAS section of the IFoA website thereafter.

## **20. Reputational Risk Issues**

20.1. [REDACTED]

## **C. UPDATE ON OTHER SUB-COMMITTEE BUSINESS**

### **21. Reports of material incidents or changes**

- 21.1. There have been no withdrawals from the QAS over the period covered by this report. Two organisations have extended their accreditations as a result of takeovers/restructuring of their businesses.

### **22. Annual Progress Report from ICAEW**

[REDACTED]

### **23. Monitoring of regulatory issues**

- 23.1. As per its Terms of Reference, the Sub-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.

### **24. Engagement with SQARS**

- 24.1 A major part of the QAS review has been the carrying out of 1-1s with SQARs, These discussions have given the Executive some invaluable insight into what SQARs value about their QAS accreditation. They have also given the Executive the opportunity to discuss potential changes to the QAS, on a one to one basis via video call, and to gather views on all aspects of the scheme – processes, Outcomes, benefits etc.

- 24.2 Any feedback provided in regards to the QAS is welcome and taken seriously by the Sub-Committee and the Executive.

### **25. Financial position**

[REDACTED]

## 26. Sub-Committee membership

26.1 The membership of the Sub-Committee currently consists of:

- Lay members: Victor Olowe (Lay Chair), Iain McGrory, Helen Brown and Alison Carr.
- Actuary members: Ruth Thomas, Douglas Green, Chan Tze Leong, Alison Carr,

26.2 [REDACTED]

26.3 No new members have been recruited since the time of the last report, however, recruitment is now open for two actuary members. A separate proposal will be put to the Board at its meeting in November in relation to changes to the quorum and membership of the Sub-committee. This will align with the outcome of the review of the QAS.

## 27. Sub-Committee meetings

27.1 The Sub-Committee usually meets quarterly, or as required, and also has supplementary conference calls scheduled to address matters that require follow-up after or between meetings. These supplementary calls are not always necessary and the recent calls have generally been cancelled because they have not been deemed necessary. Matters that arise outside of meetings could be follow-up queries regarding applications or addressing timely matters such as the Annual Returns.

27.2 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 Sub-Committee. This process is set out in the Terms of Reference. This has not been required in the period covered by this report.

27.3 The Sub-Committee has commenced the publishing of redacted minutes and agendas of meetings.

27.4 Since April 2020, the Sub-Committee has met by Video Conference on the following dates:

| Quarterly Meetings | Interim Meetings |
|--------------------|------------------|
| 23 April 2020      | 8 April 2020     |
| 25 June 2020       | 23 July 2020     |
| 10 September 2020  | 15 October 2020  |
| 8 December 2020    | 29 April 2021    |
| 25 March 2021      |                  |
| 16 June 2021       |                  |

## 28. Sub-Committee attendance 2020-2021

28.1 [REDACTED]

## 29. IFoA Executive Team

[REDACTED]

## D: Commentary/Conclusions (if appropriate)

The Regulatory Board members are asked to note this report.

**E: Next steps (if any)**

A paper containing proposed amendments to the Quality Assurance Scheme will come to the Regulatory Board in November 2021 for approval.

**F: Appendices**

|            |                               |
|------------|-------------------------------|
| Appendix 1 | [REDACTED]                    |
| Appendix 2 | QAS SC annual report to SQARs |
| Appendix 3 | ICAEW Annual Report 2021      |