

## Institute and Faculty of Actuaries, Regulatory Board

<b>Subject</b>	Performance of Regulatory Board Committees
<b>Meeting date</b>	14 May 2024
<b>Previous Steer/Approval</b>	September 2022 Strategy Day
<b>Related horizon scan code</b>	N/A
<b>International issues considered?</b>	N/A
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<b>Reviewer</b>	Emma Gilpin, Head of Regulatory Policy
<b>Purpose</b>	Steer

### A: Executive summary

1. The Regulatory Board has several Committees, a Board and a Working Group that report to it. For the purposes of this report, they are collectively referred to as Committees. This report reminds the Board how they oversee the Committees and receive assurance of their work.
2. The Board is asked to consider whether they are satisfied that the current system of annual Committees reporting provides sufficient assurance to the Board of how Committees are carrying out the regulatory functions delegated to them and provide a **steer**. This topic is one of several to be considered at the September 2024 strategy day.

### B: Introduction

3. In 2020 regulatory governance changes took place and in July 2021 the Board discussed new ways of working following these changes. That discussion included the structure of Committees reporting to the Board and it was agreed this should be reviewed. The outcome of that review was considered by the Board at their strategy day in September 2022 and the current Committees structure was established. The structure can be seen at **Appendix 1**.
4. At the strategy day in September 2023, during discussion on Board effectiveness, the Board discussed how they obtain assurance to their oversight responsibilities. The survey on Board effectiveness asked Board members '*How effectively does the Board monitor the work of its Sub-Boards and Sub-committees and communicate with them?*'. The results are at **Appendix 2**, showing that 60% of Board members who responded thought that the Board did this somewhat effectively, 10% thought somewhat ineffectively and a further 10% thought very effectively. This matter was again raised at the February 2024 Board meeting and it was agreed it would be considered at the strategy day in 2024. Given the number of matters to be discussed at the strategy day, it would be helpful for the Board to give some early consideration to this matter, so a more outcome driven discussion can take place in September, as part of a wider discussion on Board effectiveness.

## D: Role of Committees

5. The role of each Committees is clearly set out in the Scheme of Delegation<sup>1</sup> (the Scheme) (**Appendix 3**) and the Committee's Terms of Reference. The Scheme sets out;
  - Which matters are reserved for decision by the Board and require approval from the Board at policy level;
  - The powers and responsibilities of each Sub Committee, delegated under the Scheme.
6. The Scheme also sets out that that "*The Board receives an annual report from [the Disciplinary Committee, the DPB Board, the Practising Certificates Committee, the Professional Skills Sub Committee<sup>2</sup>, and QAS Sub Committee], on its activities and scrutinises this, where appropriate*". It further states that regarding the Board of Examiners, formal assurance will be provided "*through an annual report in relation to the standards and operations of the IFoA's qualifications*".
7. The IFoA Governance Manual sets out the general governance arrangements for IFoA Boards and Committees. There is a requirement for the Chair to carry out a review of the effectiveness of the Committee/Board at least once a year and the results to be reported to the body to which the Committee/Board reports (see paragraph 28 of Governance Manual). The Governance Manual goes on to state, at paragraph 30, that levels of individual performance will be considered by the Chair when reviewing the Body's effectiveness each year and included in the report which is made on the Body's effectiveness.
8. For the Regulatory Board, it presents an annual report to Council which sets out what the Board has achieved over the past year and what its priorities are for the upcoming year. The Board also has an annual effectiveness review although, to date, that isn't something that has been asked for in annual reports to Council.
9. This Board's annual effectiveness review assesses its performance though individual meetings, carried out on a 1:1 basis between each Board member the Chair and an annual questionnaire completed by Board members. Since 2000 input has also been sought from guests, members of the Executive, Chairs of Committees and other IFoA volunteers. The results of these questionnaires seek to identify areas in which the Board might improve its effectiveness and identify areas of strength and progress. The results of the questionnaires are discussed at the Board's strategy day.
10. As the Board are aware, one of their priorities for 2023/24 is to review the effectiveness of the Board and Pauline Gibson, an external consultant, has been appointed to assist with this. The outcome of her review will be discussed at the strategy day in September.

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<sup>1</sup> The Scheme of Delegation is out of date following the committee restructure in 2022 and the Executive will update accordingly.

<sup>2</sup> In 2022 it was agreed that the Professional Skills Sub Committee would be transitioned to a Working Group. In February 2024 the Professional Skills Working Group provided their first annual report to the Board.

## **D: Sub Committees**

11. The Board is the 'body' to which each of the Committees report. Each Committees prepares an annual report for the Board. These are presented to the Board across the year in a staggered approach. The current cycle can be seen at **Appendix 4**.
12. The Executive Update, which is standing item on the Board's agenda, highlights matters of the work of the Committees. Committees will also provide event driven reports to the Board, when they are seeking approval or guidance from the Board.
13. Prior to each annual report being presented to the Board, the Chair of the Board meets with the relevant Chair of the Committees.
14. There is no standard format for the annual reports and the Board have not provided a steer as to what they would like the reports to specifically cover.
15. The reports are presented to the Board as 'for noting' items, and frequently given 10 minutes agenda time. They are sometimes presented by the Executive responsible for the relevant area/function, sometimes by the Chair of the relevant Committees or sometimes a combination of both.
16. Many of the Committees use their annual report to the Board to review their effectiveness. Some Committees, such as the Disciplinary Committee, have gone further and completed a self-assessment more similar to that completed by the Board. The Corporate Secretary has confirmed that there is no standard approach that IFoA Boards and Committees should follow when completing a self-assessment.
17. The Committees are kept up to date on Board matters via the Regulatory Board report which is prepared by the Executive following each Board meeting and contains a summary of the matters discussed at the relevant meeting. The report is shared with the relevant Executive and provided to the Committees.
18. It is noted that the different committees reporting into the Board vary in terms of the nature of their roles. Some committees, such as the DPB Board and QAS Committee, are decision-making committees that grant licenses/accreditations; others provide more of an oversight function, such as the Disciplinary Committee; and some are more focused on creativity and content production, such as the Professional Skills Working Group. The frequency of their meetings also varies from between 6 to two times per year, reflecting the differing nature of their work.

## **E: Discussion**

19. The Board is asked to discuss the approach to date and whether it allows them to adequately satisfy themselves that the Board is meeting its responsibilities under the Governance Manual and that Committees are appropriately discharging the functions delegated to them. The basis of this discussion will inform further research and proposals for discussion at the strategy day. Particular matters for consideration are;

- Are the annual reports from the Committees sufficiently structured and focussed to allow the Board to review their activities?
- Should the Board be more prescriptive in what they would like to see covered in each annual report? For example, ask the Committees to set out how they are discharging the responsibilities in their terms of reference; how they are progressing against their annual objectives (if set); provision of agreed statistics/information; how DEI is considered in the work of the Committees; confirmation they are complying with the Governance Manual; any challenges and looking forward to priorities/objectives.
- Should the Board allow more agenda time for consideration/discussion of the annual reports?
- Should the Chair of the relevant Committees be present at the relevant Board meeting, as well as the Executive?
- Is there a meaningful feedback loop between the Board and Committees?
- Are the Board satisfied that the annual reports, executive update and event driven reports are a sufficient combination of approaches to allow adequate oversight?
- Should some more detailed questions be included the Board effectiveness survey to Committees Chairs to understand their view of the relationship and communication between the Board and Committees?
- Does a different approach need to be taken depending on the nature and role of the committee?

#### **F: Next steps**

20. The Board is asked to provide a **steer** on their view of the current approach, prior to a fuller discussion on Board effectiveness, at the strategy day in September 2024.

#### **G: Appendices**

- **Appendix 1** - Regulatory Board structure
- **Appendix 2** - Extract of Board effectiveness survey results 2023
- **Appendix 3** - Scheme of Delegation (which includes ToR for each Committees)
- **Appendix 4** - Cycle of reporting to Board