Institute and Faculty of Actuaries

Regulatory consultation
QAS PC Scheme

Opening date	10 June 2024
Closing date	30 August 2024

Questionnaire for organisations

The IFoA is consulting on the possibility of the introduction of a streamlined Practising Certificate Scheme for employees of QAS accredited organisations. Organisations responding to the consultation should use this questionnaire. Please follow the "How to" guidance below, to respond on behalf of your organisation. If you would like to provide a personal response, please go to our questionnaire for individuals.

If you have any questions about these proposals or about responding to this consultation, or if you require materials in a different format, please get in touch by emailing the team at qas@actuaries.org.uk.

Thank you for taking part in this consultation. Your input is very valuable to the IFoA.

How to take part using this questionnaire

1	**Read the proposals**	Please ensure that everyone involved in drafting your organisation's response has read the full proposals before taking part. Go to the IFoA website to read the proposals.
2	**Draft response**	Please use this questionnaire to draft your response. To help coordinate your response you can use Track Changes to collaborate with colleagues. Please only include personal data relevant to your response and that you are lawfully entitled to supply. Any personal data provided in this questionnaire, or otherwise, will be processed in accordance with UK data protection law and the IFoA's Privacy Policy.
3	**Submit response**	Please send your completed response to qas@actuaries.org.uk with the subject line "Regulatory consultation response," no later than 30 August 2024. Please provide a copy of your response in the format of this download (".docx"), as we will be using automation to collate responses in Microsoft Excel.

About your response to the consultation

Your publication preferences

Following the consultation, the IFoA will publish a report which includes:

- a list of organisations who have responded; and
- the full written comments received in response to each consultation question.

The IFoA will not publicly attribute comments to respondents, unless the comments themselves identify the respondent, either directly or indirectly.

If you would prefer that your organisation's name or comments not to be included in the published report, please indicate that here.

Do you agree to your organisation's name appearing in a published list of respondents?	Yes
Do you agree to your organisation's comments being published in the report?	Yes

About your organisation

Name	Association of Consulting Actuaries	
Type	Representative body	Click here to specify "Other"
QAS	Is the organisation QAS accredited?	No

About IFoA members employed by your organisation

Number	How many IFoA members does your organisation employ?	0

Locations

Below is a list of the fifteen countries in which most IFoA members are based.

Please tick all countries in which IFoA members employed by your organisation are based. Please use the additional space provided to list any countries not included in the list.

Australia ☐	**Canada** ☐	**China** ☐	**Hong Kong** ☐	**India** ☐
Ireland ☐	**Kenya** ☐	**Malaysia** ☐	**New Zealand** ☐	**Singapore** ☐
South Africa ☐	**Switzerland** ☐	**UK** ☐	**USA** ☐	**Zimbabwe** ☐

Click to list all other counties not included above

Your contact details (if applicable)

Following the consultation, we may contact you about your response. If you are content to be contacted by us, please provide details.

Name	James Beardmore
Email address	james.beardmore@hughespricewalker.co.uk
ARN	1460

Please send your completed form to qas@actuaries.org.uk by no later than 15 April 2023

Your response to the consultation (1 of 3)

Question 1

To what extent do you agree with the proposal that a streamlined Practising Certificates Scheme be created for QAS accredited firms? Please provide any reasons or further explanation for your response in the space below.	Agree

We agree that creating a voluntary option for a QAS PC scheme (for light touch renewals with 6-yearly intervals – not initial applications or full renewals) in the context of the current APS QA1 requirements including QAS outcomes, will be potentially helpful to streamline current arrangements.

This view is subject to satisfactory arrangements being made for potential conflicts, for QAS/PC/CPD administration, and indemnity insurance issues (see below) in addition to the specific training envisaged for the assessment of competencies.

We expect there will be some QAS firms who do not foresee any benefits of the QAS PC scheme for themselves or their actuaries, and who will elect not to take-up the voluntary option. (This comment is in line with the general bipartisan results (58%/42%) of the earlier and wider IFoA PC consultation).

Firms taking-up the option will also need to invest time initially developing new processes, before net efficiencies can be garnered. A number of firms do not see savings emerging, rather a permanent increase in administration and responsibility placed on SQARs, so that control rather than efficiency would be the reason to take-up the scheme.

Question 2

To what extent do you agree that the mitigations set out in the proposal address any concerns you may have about the proposed scheme? Please provide any reasons or further explanation for your response in the space below.	Disagree

The introduction of random spot checks and third party assessments (ICAEW), and development of the QAS Annual Return alongside existing professional responsibilities, and the IFoA retention of initial applications should help dispel concerns for not maintaining standards. Certain areas appear to need further development and/or guidance, for example:

Consistent processes : Individuals cannot opt-out of QAS CPD (or QAS accreditation generally within a QAS firm) but could now individually opt-out of QAS PC that a firm has decided to utilise generally.

Declarations : Individuals currently make a PC declaration to IFoA each year; how would this interact with the proposed QAS PC declaration made by the firm in the QAS Annual Return? If the firm makes a blanket declaration covering all PC holders, how would this identify QAS PC opt-out cases?. If this firm has to make declarations for each PC holder, this could be impractical for large firms.

Conflicts of interest : Potential conflicts of interest could arise for actuaries who need to abide by the Actuaries' Code. These may not be completely prevented by the stated mitigation measures. Section 5 of the Code for example identifies dangers of "Group Think" - which could conceivably arise in the assessment of individual competencies. The current IFoA PC system separates any direct employer influence on the application. Seniority within a firm may also create issues between applicants/assessors.

Question 3

Do you have any concerns about the proposed Scheme? Please provide any reasons or further explanation for your response in the space below.	Yes

We have two main concerns on the amount of detail provided for: (i) the opt-outs for individuals, and (ii) the process to assess competence.

(i) The current proposals do not cover how individual actuary opt-outs would work in practice. Would a firm need to track whether any staff have opted out? Would an individual get in touch with the IFoA directly (and if so, would the IFoA notify the firm), or would an individual need to contact a SQAR in the first instance?

It seems appropriate for the firm (not just the individual) to have the power to remove a PC holder from the proposed scheme in case of an identified conflict of interest. If the onus is on an individual to opt out, there's a risk that some staff might not be confident enough to do so, as they might see it as going against their employer. A firm that opts in to the scheme but has many individuals who have opted out, could find administering the scheme inefficient.

More guidance for individuals and for QAS firms would be welcome.

(ii) The proposed random IFoA sampling to assess the continued competence of PC holders raises concerns. Experience and associated competence should increase with time in the role. It's unclear how a member in mid-career could lose competence over a fairly limited time without the employer becoming aware. The proposed full renewal at 6 years is an opportunity identify any cases. Interim spot-checks, that will aim to assess competence, can be expected to take up a significant amount of time, potentially eradicating any efficiencies gained for PC holders.

Actuaries and employers would need full confidence in the spot-checks process, as the implications of an apparently adverse finding would be very significant for the firm, the actuary and the public interest.

Your response to the consultation (2 of 3)

Question 4

How significant do you think the impact of the proposed QAS PC Scheme would be on the responsibilities of the Senior Quality Assurance Representatives (SQARs)? Please provide any reasons or further explanation for your response in the space below.	Significant

The proposed scheme would give SQARs significant extra responsibility and add to the administrative burden of the already onerous annual returns process.

Under the proposal a SQAR has to 'certify that each individual PC holder continues to meet the required standards and that there have been no material changes in circumstance which affect eligibility to do so'. To do so, the SQAR and QAS firm will need to draft new policies and procedures, communicate these and train staff regularly to capture new joiners and new PC holders.

In large firms, PC holders' managers are likely to play a larger role than SQARs in ensuring that individual PC holders continue to meet the required standards.

We would expect that discussions regarding continued competence would be part of discussions at annual performance reviews. Some SQARs may feel uncomfortable making an attestation where they have had no direct involvement in the assessment and decision-making process for a particular PC holder.

Detail is needed about the 'required standards', and whether individual QAS firms or the IFoA will be responsible for defining these. We expect firms would apply similar processes to those already used by the IFoA.

It's unclear whether a QAS firm would need to keep track of renewal deadlines for all its PC holders, or if the IFoA will prompt firms when a deadline is approaching. Keeping track of renewal deadlines for a firm with many PC holders would be a non-trivial task. Alignment of future renewals may prove helpful in this regard.

Question 5

Do you think the proposals go far enough? Please provide any reasons or further explanation for your response in the space below.	Yes

The proposals sensibly stop short of letting firms issue their own first-time PCs.

Depending on the success of the new scheme, greater devolvement could be considered in future, for example around full renewals. If, in actual practice the IFoA has generally approved full renewals in the past for experienced actuaries, this suggests proposals could reasonably be extended, with standardised renewal policies approved by ICAEW.

Question 6

Do the proposals make your organisation reconsider whether or not it wishes to hold QAS Accreditation? Please provide any reasons or further explanation for your response in the space below.	No

This response has been provided on behalf of the Association of Consulting Actuaries, which is a representative body and not an employer. QAS firms' responses may vary, but if the scheme is optional, then a firm can simply retain the status quo while keeping its QAS accreditation.

Your response to the consultation (3 of 3)

Question 7

If you wish to provide any other feedback not already covered then, please do so here.

The comments in this response only consider Scheme Actuary PCs, and do not consider issues for any other types of PC.

We believe the issue of SQAR certifications will require more detailed consideration in order for the QAS PC scheme to be a success. SQAR's clearly cannot be asked to certify matters for which they cannot realistically accumulate knowledge, and cannot take inadvisable commercial and professional risks.

In this context, QAS firms will also have to consider any implications for professional indemnity insurance disclosures and premiums if they decide to take on PC assessments.

In terms of regulatory impact assessment, it will be very important at least to consider how this may affect public interest perceptions, and how organisations such as FRC/ARGA would view these developments.

The overall cost/benefit of the scheme may require further investigation given the issues foreseen by many firms and how these costs are ultimately met.