

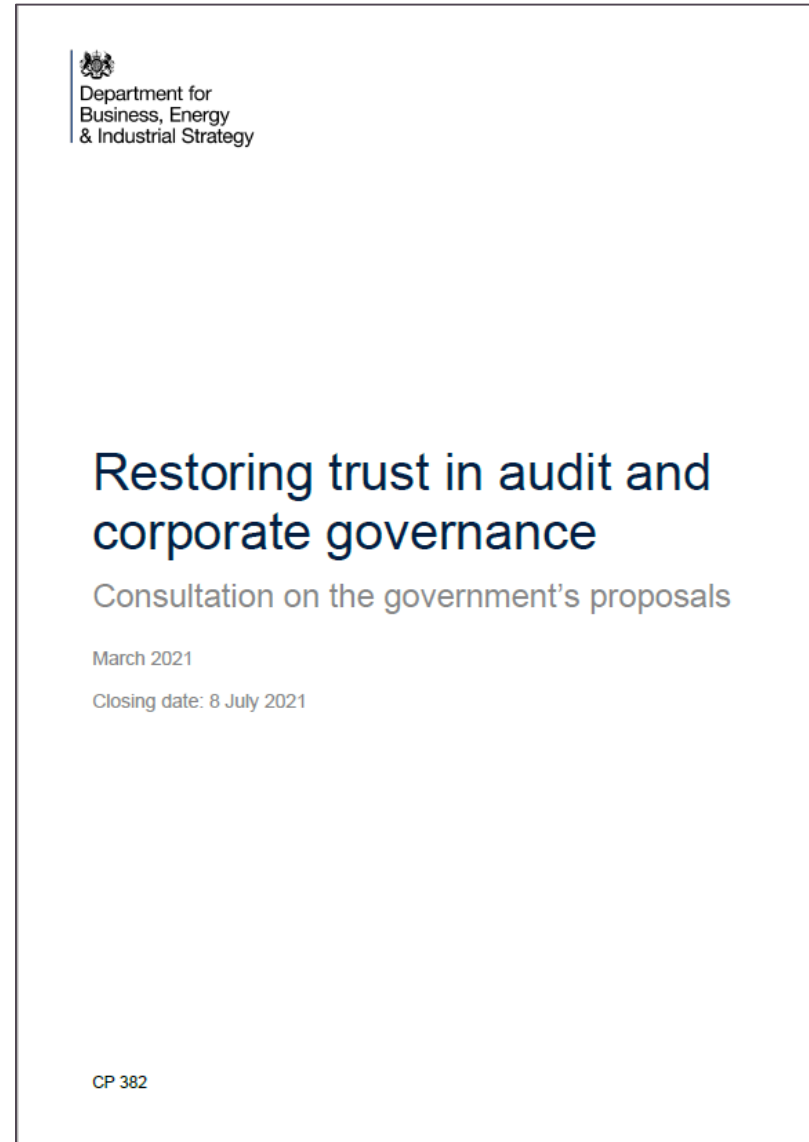


BEIS Consultation: “Restoring trust in audit and corporate governance” - Actuarial regulation

Vanessa Leung, May 2021

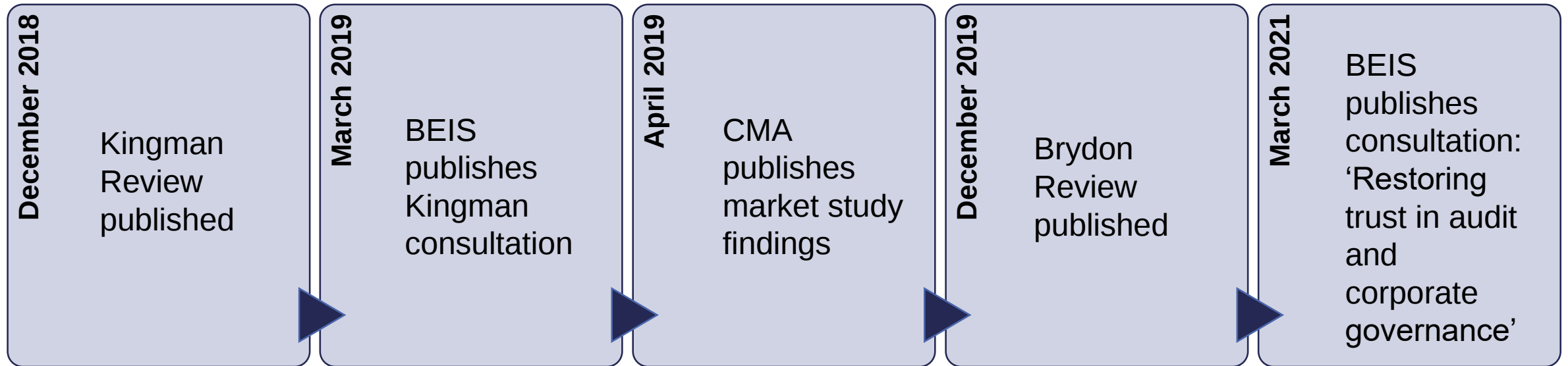
Restoring trust in audit and corporate governance

- The Department for Business, Energy and Industrial Strategy (BEIS) has published its consultation, 'Restoring trust in audit and corporate governance'.
- This consultation is the next step in the process of reform and a significant milestone towards setting up a new, robust and independent regulator.
- As part of our stakeholder engagement to support BEIS' consultation, we have launched a series of webinars and roundtables so that all stakeholders can engage with and discuss the key themes of the consultation.



The journey so far

A timeline of key events



Actuarial Regulation

Statutory regulatory basis

Setting, monitoring and enforcing standards

Regulating entities



Statutory regulatory basis

What is this section about:

- While the FRC Review proposed actuarial oversight be taken on by the PRA, the Government acknowledges concerns raised by stakeholders.
- It therefore proposes that responsibility for oversight and regulation of the actuarial profession sits with ARGAs.

Statutory regulatory basis

Principles for an effective regime

The Government proposes to introduce a strengthened, statutory basis for the regulation of the actuarial profession with clear and defined roles and responsibilities. It has identified five principles to underpin an effective risk- and cost-based regime for overseeing and regulating the actuarial profession:

-  Proportionality of resource relative to risk
-  Cost effectiveness, to ensure resource is used efficiently and the cost of regulation is not overly burdensome
-  Confidentiality, to ensure that the commercial sensitivity of actuarial activity is respected
-  Avoidance of duplication or 'gold plating' to ensure that regulation does not replicate other activities
-  Oversight and regulation in the public interest, to ensure appropriate focus



Setting, monitoring and enforcing standards

What is this section about:

- The Government has made a number of proposals in relation to the identity of the regulator and its responsibilities.
- This section outlines the proposals set out by Government for ARGAs to set, monitor and enforce standards.

Roles and responsibilities of the regulator

ARGA's responsibilities

The Government broadly proposes that ARGA be responsible for:

Regulation	Oversight	Enforcement
▪ Setting legally binding technical standards ▪ Monitoring compliance with technical standards ▪ Taking appropriate action if work does not meet technical standards	▪ Independent oversight of the IFoA in relation to its regulation of its members	▪ Providing an independent investigation and discipline regime for public interest issues

Monitoring

The proposals in more detail

Monitoring compliance with technical standards

- The Government wants to ensure that an effective statutory monitoring regime is established and delivered by the regulator, with the purpose of ensuring that technical standards are properly applied.
- The Government is also considering whether the regulator should have the power to compel an individual to provide this work in response to a formal request.

Taking appropriate action if work does not meet technical standards

- The Government is considering the appropriate statutory actions and remedies available to the regulator should it assess, following its monitoring activity, that actuarial work falls below the requirements of the technical standards.

Oversight and enforcement responsibilities

The proposals in more detail

Independent oversight of the IFoA in relation to its regulation of its members

- The current arrangements for the FRC's independent oversight of the IFoA are set out in an MoU. This states that the FRC will oversee 'regulatory activities' of the IFoA but does not define these.
- The Government proposes that these arrangements – and the FRC's oversight of complaints about the IFoA – should be placed on a statutory basis.

Providing an independent investigation and discipline regime for public interest issues

- Currently, the IFoA is responsible for its own disciplinary scheme. By arrangement with the IFoA, the FRC provides an independent investigation and disciplinary regime and can take enforcement action in public interest cases against members of the IFoA.
- The Government proposes that this regime should continue but be placed on a statutory basis.



Regulating entities

What is this section about:

- The Government sees merit in the basis for regulating actuarial work undertaken by entities in addition to the regulation of individual professionals that undertaken actuarial work.
- It proposes that this be placed on the same statutory basis as for individual professionals.
- It is also considering whether the investigation and discipline regime for matters which affect the public interest should also apply to entities that undertake actuarial work.

What's next?

The next steps in the process

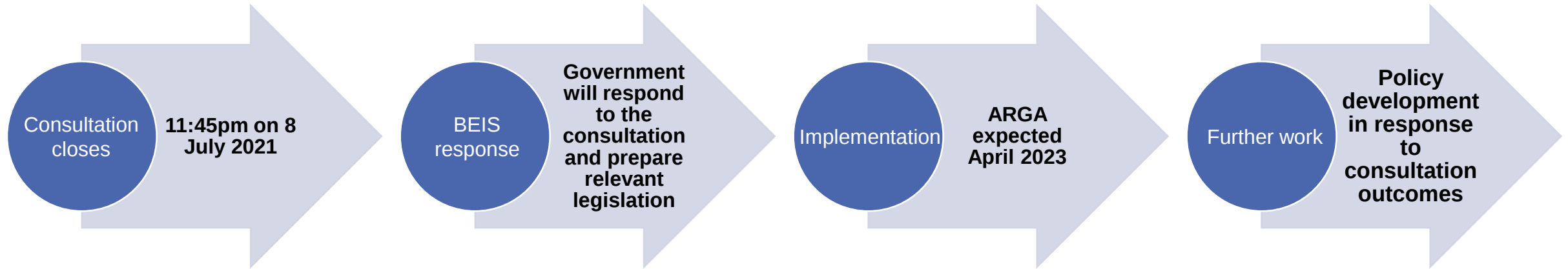
Roundtables

Roundtable on actuarial policy reform

Thursday 27th May, 13:30 – 15:00

To register for roundtables, please email stakeholderengagement@frc.org.uk.

Next steps



Responses can be submitted either via the [gov.uk](https://www.gov.uk) website, or by email to audit.consultation@beis.gov.uk.



Any questions?



Thank you