



Institute
and Faculty
of Actuaries

Finance and governance report

2023-2024



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Corporate governance statement

Constitutional framework

The Institute and Faculty of Actuaries (IFoA) is a royal chartered professional body. Our Royal Charter, which dates back to 1884, provides the constitutional basis for all that we do and for much of our corporate governance. Our Bye-laws, Rules and Regulations go on to define, at a high level, how we operate.

More details on the IFoA's constitutional arrangements and governance hierarchy can be found on our [website](#).

The Council of the IFoA has ultimate authority for the governance and control of the organisation. Council delegates certain powers to various boards and committees, and to the Chief Executive (with established reporting lines), as prescribed under a Scheme of Delegations set out in our Governance Manual.

During the year, a fundamental change in the IFoA's governance structure was agreed by Council, with the introduction of a new Unitary Board ('the IFoA Board'), replacing the existing Management Board. Under these new arrangements, which came into effect on 1 April 2024,

Council delegates to the IFoA Board the overall leadership of the IFoA as an organisation, including setting its strategy, planning and reporting responsibilities, but remains the IFoA's ultimate governing body and retains certain reserved powers. This corporate governance statement reflects the governance arrangements in place pre- 1 April 2024 (covering the period 1 March 2023 to 29 February 2024).

The main boards and committees structure, as operated during 2023/24, is set out on [page 8](#).

The IFoA complies with the UK Corporate Governance Code on a 'comply or explain' basis, recognising that parts of the Code do not relate exactly to the governance of a royal chartered professional body. We operate within regulatory oversight of the Financial Reporting Council as a recognised qualifying body and as a designated professional body.

In accordance with our Bye-laws, we must give our members at least 60 days' notice for our Annual General Meeting (AGM), which must be held within 15 months of the previous AGM.

Honorary officers

Under the IFoA's constitution, Council decides who will serve as its President and President-elect. The outgoing President is invited to become the Immediate Past President (with such role ceasing to be formally recognised with effect from the

2025 AGM). Currently, Kalpana Shah is the President of Council, Kartina Tahir Thomson is the President-elect, and Matt Saker is the Immediate Past President. In May 2024, Council elected Paul Sweeting as the President-elect from this year's AGM.



Kartina Tahir Thomson
President-elect



Kalpana Shah
President



Matt Saker
Immediate Past President

The President-elect, President and Immediate Past President normally serve for a term of one year in each role, and that practice will continue in 2024/25. However, in line with the recently-implemented reforms to our governance, from 2025/26:

- the President will serve for a term of two years;
- the President-elect will be elected biennially, with the next election to be held in 2026; and will serve in that role for one year; and
- the role of Immediate Past President will be eliminated from the 2025 AGM.

Council

Representative of and accountable to the IFoA's members, Council demonstrates leadership and drives the purpose and values of the IFoA. Council is currently comprised of 29 elected members, due to a vacancy in the Scottish constituency, however, normally comprises of 30, serving the General and the Scottish constituencies.

Elections for new Council members are held annually, with all Fellow and Associate members of the IFoA eligible to stand as a candidate, and vote in the ballot, for the constituency of which they are a member. Elected members of Council will normally serve for a term of three years, and for a maximum of two consecutive terms before standing down for at least a year. Council may fill any casual vacancies on Council, and add up to three additional members as prescribed in our Regulations, through its co-option powers.

Upon appointment, all new members of Council are provided with an induction designed to provide closer understanding of the governance structure of the IFoA, their roles and responsibilities, and the strategic and operational priorities of the IFoA. Members of Council are not paid for services to the IFoA, apart from being reimbursed for out-of-pocket expenses (for example, travel costs where attending an event as a representative of or on behalf of the IFoA) and, very rarely, payments on a normal commercial basis. Members of Council, and all other boards and committees, are required to declare any potential conflicts of interest that arise, and are also invited to identify and declare any potential conflicts of interest at the start of each meeting.

In the last financial year Council met formally 7 times, held its annual strategy day, and also held regular engagement sessions at which Council members had the opportunity to discuss in detail some of the key topics on the agenda of its upcoming meetings. There was a return to regular in-person meetings of Council this year, which was welcomed by all for the greater opportunities for interaction it provides. This was supplemented by the continued use of videoconferencing for other Council activities and events, with the convenience and efficiencies this provides.

Council's main focus throughout the past year has been on the development and implementation of a package of reforms to the IFoA's governance, which seek to align the IFoA with best practice in corporate governance by

- defining authority more clearly,
- establishing an IFoA Board consistent with modern governance standards, and
- focusing Council on strategic questions such as developing a long-term vision for the future of the profession, whilst preserving its position constitutionally as the ultimate accountable governing body of the IFoA.

To give effect to these reforms, in June 2023 Council agreed changes to the Regulations that form part of the IFoA's constitution. Following objections from members to the governance reforms proposed at that time (and the associated changes to our Regulations that were proposed), Council embarked on an extensive period of internal review of the proposed reforms and carried out an extensive member engagement programme to fully understand and address member concerns raised.

This work culminated in Council devising and ultimately voting to approve a revised package of measures in December 2023, with revised amendments to our Regulations to give effect to these measures, which balanced the need for change and the benefit of more independent involvement with the desire of members to ensure that the IFoA continues to be led by actuaries. These revised measures were received much more favourably by our members and began to take effect from 1 April 2024.

Alongside these governance reforms, a working group of Council was tasked with considering what the future of Council should be, and to engage with members on this topic ahead of bringing proposals and recommendations to Council for consideration around mid-2024. This work has identified several key themes that require continued input and exploration:

- The role of Council, and how it demonstrates accountability;
- How Council should be structured to best represent the IFoA's membership; and
- How Council engages with members, and how it can best communicate with and listen to members.

These topics formed the basis of engagement with members across various forums including surveys, webinars and workshops in the first half of 2024.

Other key areas of focus and achievement for Council in the past years included:

- Continuing to monitor the progress being made towards implementing the five-year strategy Council agreed in September 2019, primarily through achievement against the IFoA's 2023/24 Corporate Plan, which set as priorities activity that would have the biggest positive impact on the largest number of members
- Initiating work on developing a vision for the IFoA and the actuarial profession, which will provide an essential steer for the new IFoA Board as it starts to develop the IFoA's next strategy in 2024.
- Providing critical guidance on the direction of ongoing work to develop the brand of the IFoA and of the actuary, designed to promote the profession to a wider audience and articulate more effectively who we are and what the IFoA does.

- Agreeing a series of desired outcomes by which the success of IFoA's long-term strategy to attract and retain future members can be measured.
- Approving the IFoA's risk appetite, following a thorough internal review initiated by Council to ensure that appetite levels were aligned to and enabled achievement of the IFoA's strategic objectives.
- Overseeing the work of the IFoA's Regulatory Board, particularly regarding the Board's proposed adoption of diversity, equity and inclusion considerations into the IFoA's regulatory framework through changes to the Actuaries' Code, whilst respecting at all times that board's independence.
- Continued oversight of the implementation and continued development of the IFoA's Diversity, Equity and Inclusion Strategy.
- Exploring through a working group of Council members the threats, challenges and opportunities that Generative AI presents to both the IFoA and its members.
- Oversight of the Management Board and its committees.



Council demonstrates leadership and drives the purpose and values of the IFoA.

Council members

The members of Council for the 2023/2024 sessional years are:



Nico Aspinall



Oliver Bettis



Cherry Chan



Kudzai Chigiji



Charles Cowling



Matthew Edwards



Richard Galbraith



Dan Georgescu



Simon Jones



Patrick Kelliher



Yan Liu*



Hannah Long



Janet Moss



Mukami Njeru



Matthew Pearlman



Melanie Puri*



Alan Rae



Matt Saker



Hilary Salt



Hitesh Shah



Kalpana Shah



Sunil Sharma



Malcolm Slee



Katie Sokolowski



Kartina Tahir Thomson



Peter Tompkins



Sandy Trust



Mark Williams



Cynthia Yuan



Masimba Zata

Management Board

Under delegated authority as set by Council, Management Board was responsible during the last year for overseeing the operation and management of the IFoA and for holding the Executive accountable for its activities. In particular, Management Board had oversight responsibility for matters related to the development and implementation of the IFoA's strategy as set by Council, the Corporate Plan, operational plans, and all matters related to the organisation's resources.

Management Board was comprised of a Chair (who had to be a Fellow or Associate of the IFoA, but not be a member of Council or hold any other role within the IFoA), three ex-officio appointments (the President, President-elect and the Chief Executive), three further Council members, an independent non-executive member, and the respective Chairs of the Board's Member Engagement Committee and Skills and Domains Committee (where those individuals are not already members of the Board). Grahame Stott was the Chair of Management Board for the past year, but stood down at the end of March 2024.

The Chair of Management Board was invited by the President to attend Council meetings to update Council on the activities of the Board.

Management Board formally met 13 times in the last year, including holding its annual strategy day. The Board's main areas of focus in the past year were:

- Oversight of the operational development, progression and implementation of the reforms to the IFoA's governance, including:
 - the development of a transition plan to the new arrangements,
 - ensuring robust and timely processes for appointing members of the successor IFoA Board,
 - scrutinising the revision work carried out to ensure that IFoA's governance manual was updated appropriately so that it accurately captured the new governance arrangements upon their implementation.
- Managing the issues arising in consequence of the leak of IFoA information to The Times newspaper in 2023.
- The development of the strategy co-owned with Council to ensure IFoA is long term sustainable organisationally and for its members.
- The processes to be followed in searching for candidates for appointment to the IFoA Board, and the permanent position of Chief Executive Officer following the departure of Stephen Mann in September 2023.
- Reviewing the IFoA's relationships and reciprocal arrangements with other actuarial associations and related organisations, to ensure these best fit the needs and requirements of the IFoA and its members.
- Monitoring the scheduled winding-down of CAA Global, the IFoA's joint venture project with the Society of Actuaries.
- Overseeing the progress of the various major change programmes planned during the year, and exploring how the delivery of their intended benefits will be felt by members - most notably the IFoA's Learning Change Programme, and the delivery of infrastructure improvements to support the progression of online learning and examinations
- The progress and achievements of the IFoA Foundation, and the positioning of the Foundation's second three-year plan.
- Oversight of the activities and performance of the Board's various committees, including approval of their objectives.
- Overseeing performance against the IFoA's Corporate Plan for 2023/24, and developing and approval the Corporate Plan for 2024/25.
- Approval of proposed changes to the IFoA's university accreditation process and to its exemption rules and processes, along with exploration of potential changes to the IFoA's qualification pathways.

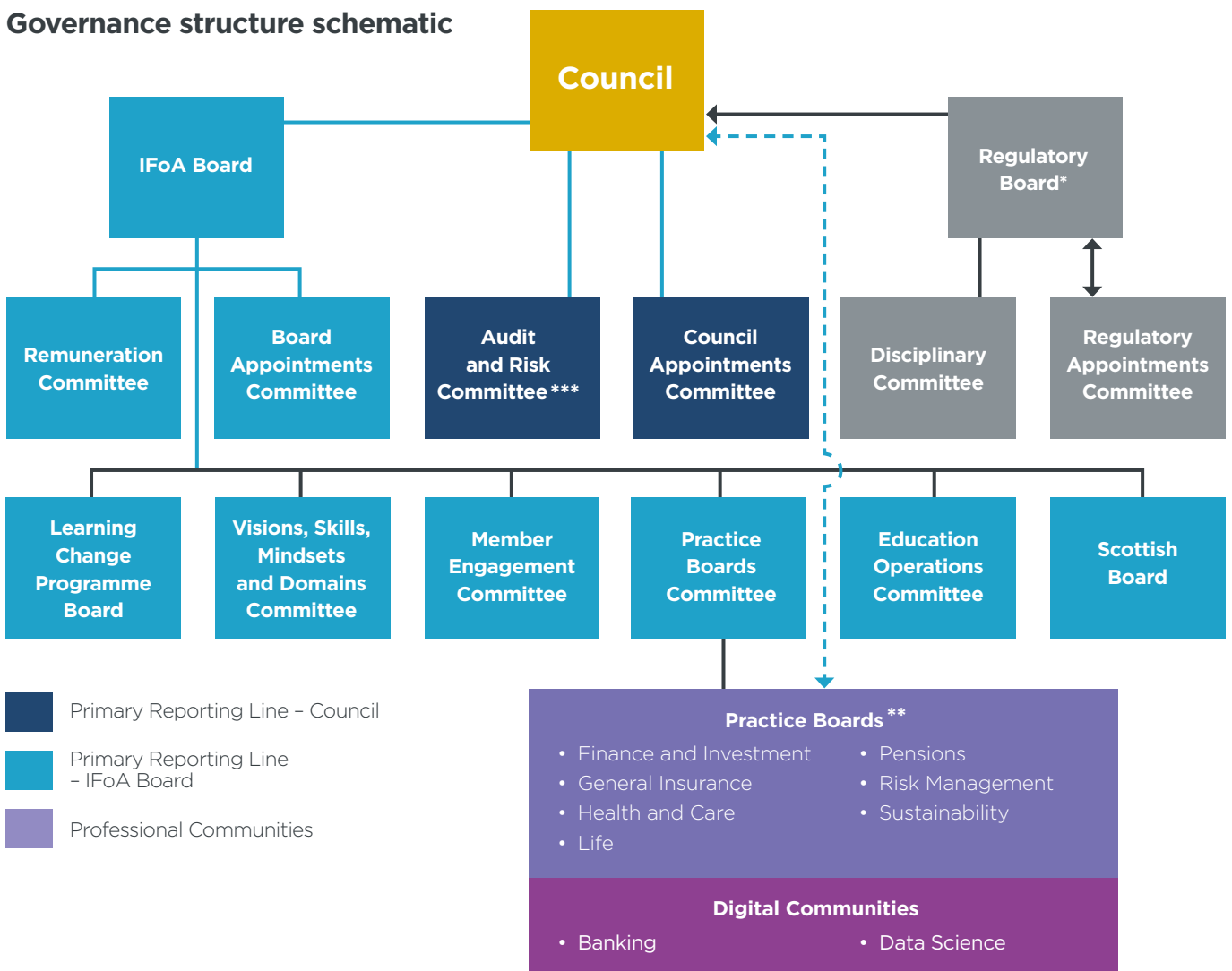
As part of the implementation of the IFoA's governance reforms, which took effect on 1 April 2024, Management Board was replaced by the new unitary IFoA Board. The new IFoA Board Chair, Lord David Currie, was appointed with effect from 1 April 2024.

Remuneration Committee

The Remuneration Committee is a committee of Management Board (now of IFoA Board). Its main responsibilities are to review and agree the remuneration packages of the IFoA's Chief Executive, Executive Directors, and the Chair of Management Board, to participate in the objective-setting process for the Chief Executive and Executive Directors, and to set guidance for and review the remuneration of the IFoA's

non-executive Office Holders. The Committee is chaired by Catherine Hearn, an independent non-executive member with extensive remuneration committee experience, and is also comprised of the President, the Chair of Management Board and an independent non-executive member with remuneration committee experience. The Committee met 4 times in the last year.

Governance structure schematic



* **The Regulatory Board** will operate independently of Council, demonstrating the IFoA's commitment to progressive regulation. An important formal link with Council will be maintained with a Council member sitting on the Regulatory Board.

** **The Practice Boards** will report - either directly or through the Practice Boards Committee - to the IFoA Board. They also have a requirement to update Council from time to time on their work, plans and proposals for future development.

*** **The Audit and Risk Committee** to report to the IFoA Board following AGM 2024.

Chief Executive

Ben Kemp, the interim Chief Executive of the IFoA, was appointed by the Management Board in September 2023, when Stephen Mann, the previous permanent Chief Executive, left the IFoA.

The Chief Executive is accountable to the Board and responsible for the executive management and administration of the IFoA, including delivery of strategic and operational plans.



Ben Kemp
Interim CEO

Audit and Risk Committee

The Audit and Risk Committee provides oversight to confirm that the IFoA's risk management policies and structures are appropriate and operating effectively and that the IFoA adopts a sound approach to financial control. It is chaired by a lay Chair, Trevor Spires, and reports to Council; Trevor Spires also served, separately, as the independent member of IFoA's Management Board. The Committee met six times in the last year.

The Committee has an oversight role and gives its views to management on the financial statements, external and internal audits, risk management and internal controls, governance matters and other ad hoc issues.

Crowe LLP were the IFoA's appointed internal auditors for the 2023/24 financial year. The Committee considered and approved Crowe's annual internal audit plan at the start of the year, and Crowe conducted audits in accordance with that plan. The Committee receives a report on the IFoA's compliance with actions from past internal audits on a periodic basis. In February 2024 the Committee agreed to renew Crowe's contract for a second term, following a competitive tendering process undertaken in the preceding months.

Buzzacott LLP were the IFoA's external auditors for the 2023/24 financial year. The Committee reviews on an annual basis the external auditors' audit plan, scope of audit work, quality control processes and independence. The Committee was content that these were satisfactory and approved the audit plan for this year. At the year end the Committee considered the external auditors' performance of their duties and was content with the level of service received.

The Committee prepares an annual report for Council's review. The Chair of the Committee may be asked to attend the relevant Council meeting to present the report and answer any queries Council may have. The Committee also reports to Council and to Management Board on any significant matters identified by the Committee after each Committee meeting.

As part of the implementation of the IFoA's governance reforms, the Audit and Risk Committee will report to the IFoA Board from the date of the IFoA's 2024 AGM.

Regulatory Board

The IFoA is committed to ensuring that regulatory decision making is undertaken in accordance with modern, transparent governance and with appropriate independent input to underpin confidence in the profession, uphold standards and safeguard its reputation.

Under delegated authority as set by Council, Regulatory Board acts independently of Council in relation to the approval of the regulatory programme in the public interest. During the past year it reported to the Management Board on its activities and progress and to Council on strategic matters, and was accountable to the IFoA’s oversight body, the Financial Reporting Council. It ensures that the IFoA’s regulatory objectives are being delivered and remain appropriate. The Board oversees the delivery of the IFoA’s regulatory functions, including: codes and standards relating to professional conduct and competence, including the CPD Scheme, disciplinary and enforcement functions, and the public interest regulatory aspects of the IFoA’s examination and admissions framework. It oversees the proper integration of the IFoA regulatory framework in all activities.



Neil Buckley
Lay Chair, Regulatory Board

Regulatory Board is comprised of a lay Chair, Neil Buckley, and its members include lay people and a balanced representation of member volunteers from different practice areas. The Board has one representative from the IFoA’s Council and the IFoA’s General Counsel (or nominee) as Executive member. Regulatory Board met formally five times in the last year, as well as holding its annual strategy day. Minutes and papers from its meetings are published on the IFoA website. The Board publishes an annual report on its work and progress. The Financial Reporting Council attends Board meetings periodically in an observer capacity, and produces its own annual report on its oversight activities.

Nominations Committee

The Nominations Committee (which, since 1 April 2024, is now known as the Council Appointments Committee) is responsible for overseeing appropriate succession planning. It makes recommendations to Council on retirements from Council, the processes for appointing the President-elect and elections to Council, and the appointment of chairs and members to boards, committees and other bodies where appropriate. The Committee, which is chaired by the Immediate Past President of Council (currently, Matt Saker), met 9 times in the last year.



Matt Saker
Chair, Nominations Committee



The IFoA is committed to ensuring that regulatory decision making is undertaken in accordance with modern, transparent governance.

Executive employees and volunteers

The IFoA values a diverse workforce and is committed to building an inclusive culture where all employees are included, feel a sense of belonging and can thrive. In line with the IFoA's articulated Diversity, Equity and Inclusion (DEI) strategy, an employee-led Diversity, Equity and Inclusion Group undertakes activity which encourages and supports the organisation in progressing DEI for all colleagues.

Also, in line with the IFoA's DEI strategy, a fair, open and transparent process that encourages diversity is also in place for volunteers wishing to serve on IFoA boards and committees, with a clear statement on Diversity, Equity and Inclusion included within all volunteer vacancies.

The Governance Manual and Volunteer Information Pack (VIP) provide guidance and support. Volunteer engagement is monitored regularly through a volunteer satisfaction survey, the results of which are reported to the Chief Executive, the Executive Directors and Management Board.

All people-related policies are updated in line with changes in employment law, and professional employment legal advice is used to ensure appropriate compliance. Salaries are benchmarked against market salary levels, as assessed by an independent external provider and overseen by the IFoA's Remuneration Committee (in the case of the Chief Executive and Executive Directors).

The IFoA runs an annual performance management process which includes objective-setting, appraisal, and professional development planning. The process encourages managers to meet regularly with their team members on a one-to-one basis and there is a mid-year review to check progress. Training needs are identified from individual development plans and the IFoA offers a variety of learning opportunities to address them. Ongoing training and development is provided to Council and Management Board to support their effectiveness in their non-executive roles.

An employee forum meets regularly to give employee representatives a further opportunity to be consulted and involved, and feeds back employee views directly to the Chief Executive, Executive Directors, and Head of Human Resources. Employee engagement is also monitored quarterly through an employee survey, the results of which are reported to the Chief Executive, the Executive Directors and the Management Board and then shared with employees, with actions to address concerns and drive improvement identified.

The IFoA has committed to a hybrid way of working, where colleagues have flexibility around where they work; this might be one of the IFoA's "hubs" for collaborative work, or it could be working remotely, should the task require concentration and focus. Colleagues continue to feel connected to the organisation through regular Town Halls, communications and group and team meetings. The organisation has improved its technology to ensure colleagues have the tools needed to do their jobs effectively.

The wellbeing of our colleagues continues to be a priority for the IFoA. Many external factors, such as high cost-of-living and political uncertainty are impacting emotional wellbeing and the IFoA has a wide range of support mechanisms in place, such as a well-established wellbeing policy, an annual wellbeing week, Employee Assistance Programme and trained Mental Health First Aiders.

Corporate social responsibility

The IFoA’s business practices reflect our commitment to developing positive social, environmental and ethical impact through a number of initiatives:

Social

The IFoA has a standalone charitable entity, the IFoA Foundation, which works with the global actuarial community for positive social impact. It is a fundraising and grant-making charity, led by a Board of Trustees and run by a small staff team, collaborating with IFoA colleagues.

To date, the Foundation has empowered more than 400 actuarial students with international scholarships, grants and mentoring; rewarded over 150 individuals for excellence in exams and communication; inspired 20,000 UK school pupils with maths, financial education and career insights; and built an active volunteer community of more than 50 actuaries.

The IFoA contributes to the Foundation’s operating costs, enabling 100% of donations from IFoA members and partner organisations to directly benefit young people’s education and the career trajectories of aspiring actuaries worldwide. This encourages IFoA members to engage in philanthropic activity through the Foundation, with individuals choosing to donate together and participate, sharing their expertise and diverse experiences in the spirit of ‘actuaries supporting others’.

More information on the work of the IFoA Foundation can be seen in its **Impact Report for 2023**.

The IFoA has published a statement outlining the steps it has taken to ensure that modern slavery of any form is not taking place either within our organisation or in our supply chain. We introduced modern slavery compliance clauses into our supplier contracts in 2015, and we are committed to proportionate due diligence in our supply chain as part of any contract review or procurement exercise (with due diligence prioritised in industries where risks associated with modern slavery are statistically higher). We ensure that no-one within the organisation is paid at a rate below the Real Living Wage, and ask that our suppliers pay the Living Wage where we can influence this. Appropriate policies in this area are in place and regularly maintained, and periodically scrutinised, by the Audit and Risk Committee.



Sustainability

The IFoA recognises that environmental issues are fundamental to a responsible business strategy. As an action-oriented, forward- and outward-looking global organisation we are committed to adopting sustainable business practices for the benefit of society and to secure the future of the planet by:

- Issuing ethical and professional guidance on climate change
- Embedding environmental issues into the work of our boards and public policy initiatives
- Providing thought leadership in a series of climate reports with earth scientists
- Establishing a climate scenarios committee to engage with UK regulators
- Contributing as members of the Sustainable Finance Education Charter and the Professional Bodies Climate Action Charter

- Providing further learning through a Climate Risk and Sustainability Course
- Offering extensive resources and Practical Guides on our website to support actuaries in their understanding of climate risks and opportunities, and to encourage the incorporation of these risks and opportunities into actuarial advice
- Issuing a Biodiversity and Nature-Related Risks Policy Statement, accompanied by learning resources and guides.

Our aim is to be Net Zero by 2030. Whilst we have made significant reductions, we continue to work on our Carbon Management Plan to focus on continued emission reductions. You can read more about the IFoA's commitment to sustainability **on our website**.

IFoA Emissions 2019-2022

IFoA emissions 2019-2022	2019 (tCO2e)	2020 (tCO2e)	2021 (tCO2e)	2022 (tCO2e)	Difference to date
Scope 1: Direct emissions	15	11	16	16	6.67
Scope 2: Indirect emissions (Location Based)	167	125	45	52	-68.86%
Scope 3: Other indirect emissions (excluding investments)	4,231	1508	1,383	1,670	-60.53%
Total (excluding investments)	4,413	1,644	1,444	1,738	-60.62%

Our aim is to be Net Zero by 2030



Diversity, Equity and Inclusion

The IFoA and its members have long had a deep and abiding belief in diversity, equity and inclusion (DEI), rooted in our commitment to act in the public interest and for the good of society. The IFoA represents a diverse global community, and we consider this to be one of the key strengths of our organisation. Our DEI Strategy aims to deliver lasting and ongoing cultural change, encouraging organisations and individuals to embrace diversity of thought and ensuring that our members, employees and volunteers feel that they work in an environment where they can belong, make an impact and succeed. We have a clearly stated purpose to 'champion and embody the benefits of a globally diverse and inclusive profession' and do not tolerate discrimination in any form. This is based on a moral case rooted in principles of justice and fairness, as well as an acknowledgement of the benefits that come from embracing diversity, equity and inclusion for individuals, organisations and wider society.

In line with this, over the past year we have continued implementation of the five-year strategy, launched in January 2022 with the unanimous support of Council. The strategy includes 44 actions aimed at supporting our members, the profession and our employees. The actions are structured around seven themes: Leadership and Culture; DEI at the IFoA; Entry to the Profession; Actuarial Work; Supporting Members in their Careers; Supporting Members in Difficulty; and Improving DEI in our Community. Joint responsibility for delivering activity in support of the strategy is held by the Executive and our member-led Diversity Action Group.

Some of our key recent activity in delivering the strategy commitments includes:

- Publishing analysis of voluntary demographic data provided by IFoA Council, Management and Regulatory Boards, and the Executive Leadership Team (ELT) for the second time in June 2023, in addition to data gathered from IFoA volunteers. Equivalent data for key boards has again been collected through a voluntary survey, and analysis is due to be shared in June 2024.
- Continuing to grow our partnerships with key organisations to develop and share best practice, including engaging with Neurodiversity in Business, the Diversity Project and developing our role as an 'official supporter' of Progress Together.
- Supporting boards and committees to embed DEI as a lens in their activity, and recruiting DEI Champions for all IFoA practice boards. Providing DEI training to IFoA colleagues and groups, including the Regulatory Board and Council.

- Continuing to engage with members regarding the review of the Actuaries' Code from a DEI perspective and how we can incorporate DEI principles and values into our regulatory framework.
- Responding to consultations on diversity and inclusion from the Financial Conduct Authority and the Prudential Regulation Authority.
- Developing and sharing communications to promote awareness of DEI within and outside of the IFoA, recognising key DEI calendar dates and sharing information on a range of topics. This has included content shared in recognition of National Inclusion Week.
- Conducting our third annual IFoA colleague DEI survey, gathering information on the demographics of our workforce as well as perceptions of our culture, with a 72% response rate.
- Embedding our internal DEI employer plan, including the launch of the DEI Employer Network. The network has brought together DEI specialists from actuarial employers to hear from expert speakers and discuss shared challenges and opportunities regarding DEI. Partners and employers have presented to the network, including Progress Together, Zurich, Cubelynx and GAIN (Group for Autism, Insurance, Investment and Neurodiversity).
- Continuing to raise awareness of actuarial careers, including hosting more than 60 university students at a careers showcase and connecting them with top actuarial employers.
- Developing professional skills content on DEI topics to support members in their careers, including content focusing on bystander intervention. Hosting the first senior Quality Assurance Scheme representative forum, focusing on DEI, inviting participants to discuss DEI initiatives and best practice.
- Holding DEI-focused sessions at the IFoA Conference and IFoA Asia Conference, and publishing research on DEI-related topics, including a 'Think' piece on neurodiversity as part of our thought leadership series.

The IFoA also voluntarily compiles a Gender Pay Gap report annually, and publishes this report on [our website](#).

Risk Management

The IFoA operates an Enterprise-wide Risk Management Framework to identify, evaluate and manage proportionately the risks faced by the IFoA. The existing risk governance model that applied throughout the 23/24 Financial year is illustrated, in outline, on **page 16**. Transition to the new governance model is in train, with consideration to risk governance (set out here) forming part of this. Regulatory risks are managed by the Regulatory Board and fed into this overarching risk framework. Risk Management of IFoA subsidiary companies are managed independently within each legal entity. Risk contagion that could impact the IFoA arising from the actions of any subsidiary (or vice versa) is considered as part of both the IFoA and subsidiary company risk management activities.

The overall risk appetite has been set by Council and forms part of decision-making throughout the IFoA.

Council has approved the ownership of risks across the IFoA. There is continual work to assess and review all the main threats that the IFoA faces within the risk framework at Management Board (operational) and Council (strategic) level.

Delivery of the Corporate Plan, and operational risks, are largely owned by Management Board. The IFoA's Head of Risk provided an independent review of the agreed Corporate Plan to Management Board and Council, in which risks and challenges to the successful delivery of the plan are identified and an assessment of the measures in place, or proposed, to manage or mitigate those risks are identified.

The Executive Leadership Team provide risk oversight and a positive risk culture by contributing to the identification and mitigation of risks across all categories and ensuring balanced risk-taking within approved risk appetite tolerances is achieved, with effective reporting to support decision-making.

Decision-making across the IFoA is driven by consideration of risks and opportunities in the context of the overall appetite and all potential barriers to achieving the Corporate Plan. All categories of potential internal and external risk to the IFoA have been under active consideration and reported on throughout the past year.

In order to achieve the correct balance of risk and mitigation strategies, the costs of risks and their mitigation are examined with close reference to the IFoA's appetite for risk and its commitments within its Charter, and to the principles, purpose and values of the organisation. These include commitments to colleague opportunities and diversity, equity and inclusion goals.

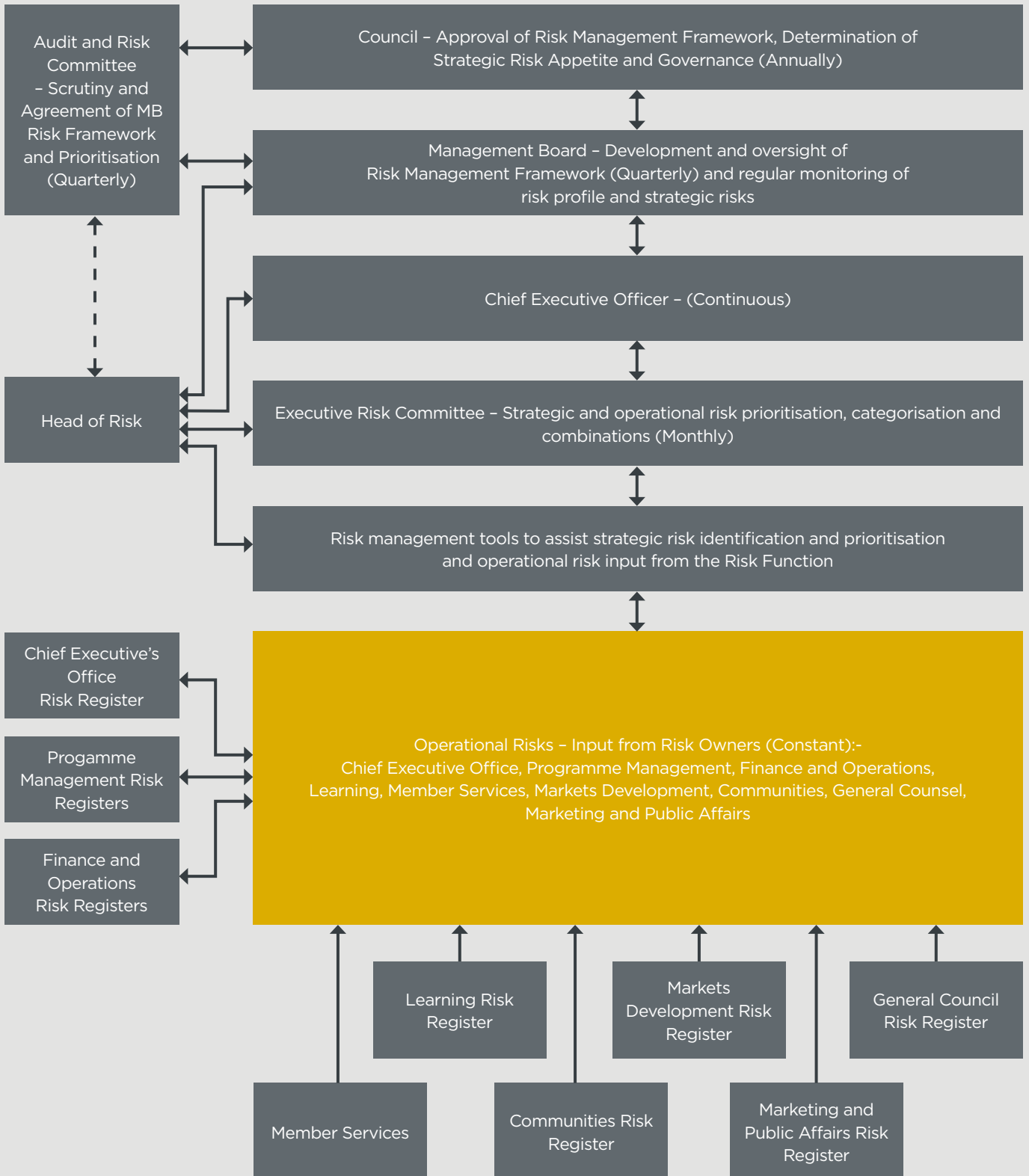
Where events occur that exceed the IFoA's risk appetite, they are recorded as 'risk events' and lessons learned are monitored and recorded. Where risks are outside of appetite, actions are required, within appropriate timelines, to bring them within the requisite appetite. Appetites themselves are formally reviewed yearly as the needs of the IFoA and the environment it operates in change.

Audit and Risk Committee provide independent assurance to Council on the operation of the Risk Management process. In doing so they consider the adequacy of the overall risk management policies and processes in place and assures itself that they are relevant and appropriate to the needs of the organisation. Council reviews and provided challenge on the Strategic Risk Profile for the IFoA (which is incorporated into the Council risk framework), the activities undertaken to mitigate strategic risks, and the outcomes of the Risk Management activities. Council also set an appropriate level of risk appetite going forward in 2024 - that is the acceptable limit of risk that Management Board and Executive adopt in their Risk Management activities.

In this way Council reviewed, endorse and delegates the specific Risk Management policies and processes adopted by Management Board and the Executive in all Risk Management activities, helping to ensure that full account is taken of reasonably foreseeable risks and opportunities in strategic and corporate planning.

As part of the implementation of the IFoA's governance reforms, effective 1 April 2024, the IFoA Board will be responsible for determining the IFoA's overall risk appetite, subject to consultation with Council. The IFoA Board will also be responsible for agreeing the IFoA's Risk Management Framework, in line with the overall risk appetite, subject to consultation with the Audit and Risk Committee. The Audit and Risk Committee will be responsible for keeping the framework and process under review, and the Chief Executive will conduct regular operational reviews subject to oversight responsibility by the IFoA Board.

Schematic approach to risk governance



Management Board

The IFoA has an Enterprise-wide Risk Management Framework which is managed with engagement from members and internally under the stewardship of the Head of Risk.

The Board has oversight and ownership of the operational and plan delivery risks through the framework. Each major threat is examined and analysed within the framework so that the effectiveness of controls can be determined. The Enterprise-wide Risk Management Framework remains under continual review to ensure it presents a robust, proportionate and effective risk management process which aligns with good practice.

Action on the risks owned by the Management Board relates to the identification and treatment of major threats from whatever cause (internal or external). Each risk is also

considered in the context of reasonably foreseeable scenarios and the robustness of the organisation to withstand these. Any risks beyond appetite are constantly monitored and mitigation strategies agreed where appropriate with Council.

Management Board regularly sees reports covering the overall risk profile and specific risk topics, such as data security and employee-related risks.

The Board directs specific activities to further identify risks and opportunities through regular membership and employee surveys, the results of which are cascaded appropriately.

The IFoA's Head of Risk attends the Board meetings and reports to the Board accordingly.

Audit and Risk Committee

The Audit and Risk Committee regularly receives reports providing assurance over the overall risk profile and risks in relation to the IFoA's strategic objectives and the effectiveness of the relevant systems of risk management. The Committee actively reviews enhancements to the Enterprise-wide Risk Management Framework to provide independent assurance that a robust and effective process is followed which aligns with good practice. The Committee has authority to commission 'deep dive' reviews on a themed

basis across all areas of the IFoA's business, in order to establish and monitor how risks are identified and managed across the organisation.

The IFoA's Head of Risk attends the Committee's meetings and reports to the Committee accordingly.

Executive Leadership Team

The Executive Leadership Team regularly hold dedicated Executive Risk Committee meetings to consider and discuss risk matters in order to fulfil their remit for protecting IFoA assets, ensuring financial and reputational stability, and reflecting its commitments to the public interest and its obligations under the Royal Charter.

The Committee drives a culture of effective risk management and risk-taking across the organisation through upholding the IFoA's Risk Management Policy and Framework, contributing

to and maintaining records of both current and emerging risks (strategic, operational, financial, regulatory, reputational and membership), identifying and applying mitigations as authorised, supporting and complying with the risk appetites approved by Council, and acting as exemplars in risk oversight, risk-taking, risk culture and risk reporting.

The Head of Risk attends the Committee's meetings, providing updates and encouraging consideration and collaborative discussion of risk matters.

Opportunities and risks

We analyse and act upon the views of our employees and volunteers. This is integral to how we understand the culture of our organisation, and how that culture helps inform our management of risk and the opportunities that might be available to improve what we offer to our members.

There are numerous opportunities available to us. We seek to ensure that in developing these we take only appropriate and well-managed risks.

Control functions

Council, through Management Board and Audit and Risk Committee, has oversight responsibility for the systems of internal control and their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. They can therefore only provide reasonable, and not absolute, assurance against material misstatement or loss.

Key elements in the system of internal control during the last financial year were:

Delegation

There is a published scheme of delegations in place. There is a clear organisational structure, detailing lines of authority and control responsibilities. There are defined revenue and capital spend authorisation limits in place.

Budgets

Detailed annual budgets were prepared by the Executive and approved by Management Board. Actual results are compared to approved budgets on a periodic basis and reported to the Board. Revised annual forecasts are also prepared and reported quarterly.

Policies and Procedures

Appropriate and up-to-date policies and processes for the IFoA's employees, members, and/or key stakeholders, are maintained and subject to periodic review by the relevant owner(s). Understanding of and compliance with these policies and processes is underpinned by training, produced and/or delivered by suitably qualified persons, including specialist external providers where appropriate.

Competence

Executive skills are maintained and reviewed by both a formal recruitment process and a performance development system coupled with a yearly Management Board update provided by the CEO on talent and retention considerations. Together, they provide regular opportunities for feedback on performance and identification of training and development needs.

Gift register

A register of gifts and hospitality is maintained, listing all offers of gifts or hospitality offered to volunteers or members of the Executive by commercial entities.

Review

Council, through reports from Management Board and the Audit and Risk Committee, review the effectiveness of the IFoA's system of internal control in operation during the financial year.

In addition, the IFoA's external and internal auditors provide assurances on the effectiveness of internal controls.



Decision-making across the IFoA is driven by consideration of risks and opportunities in the context of the overall appetite and all potential barriers to achieving the Corporate Plan.

Attendance lists

From 1 March 2023 until 29 February 2024.

Council

Kalpana Shah	President-elect at 1 March 2023, President from 6 September 2023	7/7	Hannah Long	On maternity leave across four meetings	3/3
Matt Saker	President at 1 March 2023, Immediate Past President from 6 September 2023	7/7	Janet Moss	Elected 6 September 2023	3/3
			Sarah Neil*	Retired 6 September 2023	4/4
			Mukami Njeru	Re-elected 6 September 2023	6/7
Kartina Tahir Thomson	President-elect from 6 September 2023	7/7	Matthew Pearlman		7/7
			Louise Pryor	Immediate Past President at 1 March 2023. Retired 6 September 2023	4/4
			Danny Quant	Retired 6 September 2023	3/4
Nico Aspinall	Elected 6 September 2023	3/3	Alan Rae	Elected 6 September 2023	3/3
Oliver Bettis		7/7	Craig Ritchie*	Retired 6 September 2023	1/4
Cherry Chan	Re-elected 6 September 2023	7/7	Hilary Salt		6/7
Kudzai Chigiji		6/7	Hitesh Shah		7/7
Charles Cowling		7/7	Sunil Sharma		7/7
Michelle Darracott	Retired 6 September 2023	1/4	Malcolm Slee		7/7
Matthew Edwards	Elected 6 September 2023	2/3	Katie Sokolowski	(Elected 6 September 2023)	3/3
Richard Galbraith	Elected 6 September 2023	3/3	Nick Spencer	Resigned July 2023	4/4
Dan Georgescu		7/7	Peter Tompkins	Re-elected 6 September 2023	7/7
Dermot Grenham*	Retired 6 September 2023	4/4	Sandy Trust	Elected 6 September 2023	3/3
Jennifer Hartley	Retired 6 September 2023	4/4	Mark Williams		7/7
Simon Jones*	Elected 6 September 2023	2/3	Cynthia Yuan		7/7
Patrick Kelliher*		5/7	Masimba Zata		5/7
Yan Liu*		7/7			

* Member of the Scottish constituency. (Otherwise, member of the General constituency)

Management Board

Grahame Stott	Chair of Management Board	13/13	Mukami Njeru	Council member to 6 September 2023	7/8
Matt Saker	President to 6 September 2023	8/8	Hilary Salt	Council member from 6 September 2023	5/5
Kalpana Shah	President-elect at 1 March 2023, President from 6 September 2023	13/13	Hitesh Shah	Council member	11/13
Kartina Tahir Thomson	President-elect from 6 September 2023	5/5	Trevor Spires	Independent Lay Member	12/13
Patrick Kelliher	Council member	9/13	Beate Degen	Chair of Member Engagement Committee. Resigned December 2023	11/11

Audit and Risk Committee

Trevor Spires	Lay Chair	5/5	Matthew Pearlman	Council member from 6 September 2023	3/3
Donall Curtin	Independent member	5/5	Kartina Tahir Thomson	Council member to 6 September 2023	2/3
Richard Galbraith	Council member from October 2023	2/2			
Dermot Grenham	Council member to 6 September 2023	2/3			

Nominations Committee

Louise Pryor	Immediate Past President to 6 September 2023. Recused from two meetings	2/2	Nico Aspinall	Council member from 31 October 2023	3/3
			Cherry Chan	Council member from 31 October 2023	3/3
Matt Saker	President at 1 March 2023, Immediate Past President from 6 September 2023. Recused from two meetings	6/7	Charles Cowling	Council member	8/9
			Jennifer Hartley	Council member to 6 September 2023	3/4
Kalpana Shah	President-elect at 1 March 2023, President from 6 September 2023	9/9	Peter Tompkins	Council member to 6 September 2023. Recused from three meetings	1/1
Kartina Tahir Thomson	President-elect from 6 September 2023. Recused from one meeting	4/4			

Remuneration Committee

Catherine Hearn	Chair	4/4	Kalpana Shah	President-elect at 1 March 2023, President from 6 September 2023	3/3
Barry Hoffman	Lay independent member	3/4			
Matt Saker	President to 6 September 2023	1/1	Grahame Stott	Chair of Management Board	4/4

Regulatory Board

Neil Buckley	Lay Chair	5/5	Simon Martin	Actuary member	5/5
Oliver Bettis	Council member	4/5	Melanie Puri	Actuary member to 6 September 2023	1/2
David Broadbent	Actuary member	4/5	Edwin Sheaf	Actuary member	5/5
Helen Brown	Lay member	4/5	Mike Smedley	Actuary member	4/5
Emma Gilpin	General Counsel's nominee from 1 January 2024	1/1	Mitesh Soni	Lay member	4/5
David Innes	Actuary member from 6 February 2024	1/1	Nicola Williams	Lay member - Disciplinary Committee Chair	5/5
Ben Kemp	General Counsel to 26 September 2023	2/3			
Sue Lewis	Lay member	5/5			

Accounts

Consolidated statement of income for the year ended 29 February 2024

	2024		2023	
	Group £000	IFoA £000	Group £000	IFoA £000
Revenue				
Subscriptions and other operating income	17,217	15,652	16,610	15,024
Pre-qualification learning and development	20,511	12,496	18,739	11,483
Post-qualification learning and development	2,364	2,364	2,119	2,119
	40,092	30,512	37,468	28,626
Expenditure				
Employment costs	(13,292)	(12,847)	(12,244)	(11,847)
Other operating charges	(26,997)	(17,617)	(23,518)	(15,214)
	(40,289)	(30,464)	(35,762)	(27,061)
Operating (Deficit) / Profit	(197)	48	1,706	1,565
Finance and other income	508	471	299	286
Lease Liability Interest	(44)	(44)	(126)	(126)
Profit on disposal of financial assets	709	709	-	-
Share of losses of Joint Venture	(78)	(78)	(69)	(69)
Profit before tax	898	1,106	1,810	1,656
Taxation	(359)	(382)	(60)	(57)
Profit for the year	539	724	1,750	1,599

Statement of Comprehensive Income for the year ended 29 February 2024

	2024		2023	
	Group £000	IFoA £000	Group £000	IFoA £000
Profit for the year	539	724	1,750	1,599
Other Comprehensive Income				
Unrealised loss on revaluation of investments	-	-	(1,038)	(1,038)
Movement in Endowment Fund	(20)	(20)	(11)	(11)
Movement in Deferred Tax for the year	268	268	(8)	(8)
Other comprehensive (expenditure) for the year net of tax	248	248	(1,057)	(1,057)
Total comprehensive income for the year	787	972	693	542

Consolidated Statement of Financial Position for the year ended 29 February 2024

	2024		2023	
	Group £000	IFoA £000	Group £000	IFoA £000
Non-current assets				
Property, plant and equipment	-	-	382	382
Lease Asset	967	967	1,027	1,027
Intangible assets	838	838	517	517
Available for sale financial assets	10,994	10,994	9,641	9,641
Historical assets	1,385	1,385	1,375	1,375
	14,184	14,184	12,942	12,942
Current assets				
Inventories	1	1	6	6
Trade and other receivables	7,814	6,343	3,084	1,882
Short Term Notice (>3months)	2,893	2,364	6,506	5,776
Cash and cash equivalents	11,308	10,306	11,897	10,730
	22,016	19,014	21,493	18,394
Total assets	36,200	33,198	34,435	31,336
Current liabilities				
Trade and other payables	(3,265)	(2,114)	(3,297)	(2,101)
Investment in associate	(147)	(147)	(69)	(69)
Contract Liabilities	(16,153)	(14,891)	(14,624)	(13,520)
Lease Liability	(181)	(181)	(515)	(515)
Corporation tax	(359)	(382)	(2)	-
	(20,105)	(17,715)	(18,507)	(16,205)
Non-current liabilities				
Deferred taxation	-	-	(268)	(268)
Lease Liability	(874)	(874)	(709)	(709)
Dilapidations	-	-	(517)	(517)
	(874)	(874)	(1,494)	(1,494)
Total liabilities	(20,979)	(18,589)	(20,001)	(17,699)
Net assets	15,221	14,609	14,434	13,637
Reserves				
General fund	14,657	14,045	13,786	12,989
Investment revaluation reserve	564	564	648	648
	15,221	14,609	14,434	13,637



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