



Awarding body monitoring report for: Securities & Investment Institute (SII)

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Introduction

Regulating external qualifications

Responsibility for regulating external qualifications lies jointly with three qualifications regulators:

- the Office of the Qualifications and Examinations Regulator (Ofqual)
- the Department for Children, Education, Lifelong Learning and Skills (DCELLS), the body for Wales
- and the Council for the Curriculum, Examinations and Assessment (CCEA), the authority for Northern Ireland.

Following the accreditation of a qualification, the regulators systematically monitor awarding bodies against the requirements set out in the statutory regulations. The aim of this activity is to promote continuing improvement and public confidence in the quality of external qualifications.

Where an awarding body is found not to comply with relevant criteria, the regulators set conditions of accreditation. Even if an awarding body is compliant, the monitoring team may make observations on ways that the awarding body could change its systems and procedures to improve clarity or reduce bureaucracy.

Accreditation conditions and observations arising from this monitoring activity are specified at the end of each section of this report. Awarding bodies are required to produce an action plan to show how they will deal with accreditation conditions imposed as a result of a monitoring activity. The regulators will agree the action plan and monitor its implementation.

The regulators will use the outcomes of monitoring and any subsequent action taken by awarding bodies to inform decisions on the re-accreditation of qualifications, or, if necessary, the withdrawal of accreditation.

Banked documents

As part of their awarding body recognition processes the regulators require awarding bodies to submit certain documents to Ofqual for the purposes of 'banking' centrally. Information from banked documents will be used to inform monitoring activities and may also affect the awarding body's risk rating.

A suite of documents has been identified as suitable for banking and are those that are considered to be most crucial in supporting an awarding body's ability to operate effectively. To maintain the currency of the banked documents awarding bodies are responsible for updating them as and when changes occur. They are also reminded to review them at least annually at the time of completion of the self-assessment return.

About this report

This is the second monitoring activity on the Securities & Investment Institute (SII) awarding body and was carried out in January 2009.

The monitoring focused on the regulatory criteria relating to the following key areas:

- corporate governance
- resources and expertise
- application of assessment methods:
 - the quality assurance and control
- determination and reporting of results
- registration and certification
- enquiries and appeals
- monitoring and self-assessment

The monitoring activities included desk research of information already held by the regulators, attendance at awarding body meetings and scrutiny of the awarding body's website. The regulators' monitoring team visited the SII's head office to conduct interviews with staff and review documentation.

This report draws together the regulators' findings from these monitoring activities.

About the SII

Formed in 1992, the SII is a company limited by guarantee and registered with the Charities Commission in England and Wales. Its aims are to set standards of professional excellence and integrity for the securities and investment industry, including providing qualifications. It has a recognised awarding body arm, the SII.

For more information on the SII visit the website at www.sii.org.uk.

Corporate governance

This is subject to *The statutory regulation of external qualifications in England, Wales and Northern Ireland (2004)*, paragraphs 5–7.

Findings

1. The Securities & Investment Institute is a membership organisation incorporated as a company limited by guarantee and registered with the Charities Commission in England and Wales. Control of the organisation is exercised by the trustees who are also directors of the company. The company has appointed a chief executive to whom both the managing director and the director of global business development report. The managing director controls qualifications, membership and professional development.
2. The single named point of accountability for maintaining the quality and standards of all accredited qualifications is the managing director. All the committees relating to qualifications report to the managing director although this is not completely clear in the terms of reference of the SII Examinations Board (SIIEB).
3. There is a flow of information and control from lower level subject and syllabus review panels through to Qualification Assessment Boards (QABs) and, from these, to the SIIEB. The SIIEB makes recommendations to the head of the awarding body (the managing director). The chair of the SIIEB is always a member of the Securities & Investment Institute's board of directors. The SIIEB is formally constituted as a committee of the Securities & Investment Institute's main board and is accountable to it.
4. The SIIEB meets twice a year. Its function is to advise on the direction of the SII's qualifications strategy. Membership, as seen through the minutes, is large and is drawn from many of the leading names in the industry.
5. Each unit of an accredited qualification has a subject and syllabus review panel. Some qualifications also have a QAB. (Single unit qualifications do not have a QAB and recently created qualifications only have a QAB once they have been fully launched.) The QABs meet annually. They take an overview of the qualification's performance as well as discussing industry trends and the continued relevance of the qualification. Where appropriate, changes will be recommended. Membership consists of leading members of the industry who are specialists in the area covered by the syllabus.

6. Each subject panel is managed by an awarding body examinations manager. Subject panels meet frequently as required. Membership includes leading practitioners in the area being examined. Subject panels for computer based assessed units are only involved in syllabus and assessment creation. For non computer based assessments (i.e. written papers), the subject panel is also responsible for moderation and awarding of the qualification.
7. The regulators examined the terms of reference and minutes of several committees and had occasional difficulty in understanding them. Membership was not defined other than by phrases such as 'membership will be refreshed at the discretion of the SII'. Certain functions of the subject panels had been written into terms of reference for what looked like two separate committees dealing with syllabus review and subject review. In fact these were addenda to each subject panel's terms of reference.
8. No committee exercised any ultimate authority. In practice, they all reported to the managing director and made comments and recommendations. However, the minutes contained appropriate reports on awarding body matters. The regulators concluded that the panels and boards were involved in appropriate work and all authority was vested in the single named point of accountability.
9. The individual examinations managers hold regular meetings, which the head of qualifications management and the assistant director also attend. The self-assessment report, commented on later in this report, was of high quality and indicated that there was a good understanding and overview of the awarding body's activities being exercised at the time of monitoring.
10. The regulators concluded, therefore, that control was being exercised effectively. This was due to the day-to-day involvement of the head of qualifications management and the assistant director.
11. Throughout the SII's activities, there was a considerable emphasis on assessment being in accordance with the work book rather than the syllabus. The work book is an optional extra for qualification preparation and usually costs £75. This raised the question of a potential conflict of interest since the SII clearly benefits financially from the sale of these books.
12. At meetings of the awarding body attended by the regulators there were comments from the panel members that showed they valued the inclusion of matters in the work books as if it were the syllabus. Even though representatives of the awarding body

were quick to correct these comments the regulators were concerned that this impression had been created. An earlier examiner's report commented frequently on how close to the work book the questions were. The regulators considered that a fuller set of internal procedures would assist in clarifying such matters.

13. At one meeting it was clear that there was a line of communication with a training provider writing a work book, to keep the training provider aware of the performance of the qualification's assessment. The SII told the regulators that there was no financial benefit to the awarding body in such communication.
14. Awarding bodies must bank with the regulators, and keep up to date, certain documents. The SII must make some adjustments to bring its documentation into line with the 2004 regulatory criteria. It should also aim to make this documentation intelligible to an independent reader by utilising the accredited qualification titles and not its own. Any candidate trying to match the information on the National Database of Accredited Qualifications with that on the SII website will have difficulties.
15. The regulators discussed, in confidence, the policy on fees setting and were satisfied with the information provided.

Accreditation conditions

1. The SII must bring up to date and bank specified documentation:
 - full, unit and replacement certificates
 - organisation charts and committees terms of reference, including membership and reporting lines
 - equal opportunities policy
 - malpractice
 - reasonable adjustments and special consideration
 - enquiries and appeals
 - position statement on the use of Welsh and Irish

In all of its documents, where appropriate, the SII must make clear the equivalences of its names for qualifications and units with the accredited titles.

(The statutory regulation of external qualifications in England, Wales and Northern Ireland (2004), paragraph 6c).

Observations

1. The SII should consider amplifying the terms of reference of committees to include the criteria for membership.
2. The SII should consider setting up a comprehensive internal procedures book for its written examinations and including the best practice activities of its staff.

Resources and expertise

This is subject to *The statutory regulation of external qualifications in England, Wales and Northern Ireland (2004)*, paragraphs 8 and 10.

Findings

1. The SII provided a clear organisation chart for the awarding body and for the wider organisation of the SII. No evidence was found to suggest that the SII did not have sufficient financial, technical and staffing resources. Committees had large memberships and the awarding body drew upon the expertise freely given of specialists in the industry. It was monitoring attendance of its volunteers to ensure that committees did not become cluttered with dormant members.
2. Examinations managers maintained close contact with their own areas of responsibility and were aware of activities in others' areas through the regular meetings that occurred. The regulators attended one such meeting and examined the minutes of others and were satisfied with their conduct and content.
3. Sample job and person descriptions were provided by the SII and these were used in recruitment and appraisal. The only exceptions were examiners where, like many professional organisations, recruitment tended to be by means of recommendation and reputation within the industry. Here the criteria were the person's knowledge and experience as indicated by the appropriate qualification's syllabus.
4. The SII has considerable industry expertise available to it from its volunteers. The exam managers provide the assessment and awarding expertise. All accredited qualifications are currently assessed in English.
5. Numerically, the majority of qualifications are assessed by multiple choice questioning. The records of these are kept and statistics used to measure performance across time and qualifications. Specimen statistical information was provided to the regulators and seen to be satisfactory. Arrangements were in place to keep the relatively small sample of written texts in an archive that would allow relevant information to be kept, such as specimen papers at grade boundaries.
6. The SII staff mentioned other ways in which they supplement the resources of the awarding body, including membership of, and attendance at, Federation of Awarding Body meetings and other relevant organisations.
7. The regulators were satisfied that there is no evidence of pressure due to lack of resources or expertise at the awarding body.

Accreditation conditions

There are no accreditation conditions for this section.

Observations

There are no observations for this section.

Application of assessment methods: the quality assurance and control of assessment

This is subject to *The statutory regulation of external qualifications in England, Wales and Northern Ireland (2004)*, paragraphs 13, 36, 38–42 and 56–58.

Findings

1. The SII has six accredited qualifications all of which are externally assessed. The level 6 Diploma in wealth management is assessed via written examinations held twice a year whilst the remainder of qualifications are assessed via on demand multiple choice examinations through the medium of computer based testing (CBT). CBT was the focus of the previous monitoring report so the regulators concentrated on the written examinations on this occasion.
2. The written examination paper is drawn up by an examiner who is the sole marker of each unit. The papers are checked by a technically competent panel who agree any changes required. Amendments are usually made at the paper setting meeting and the agreed paper is signed off on the day. In cases where the examination paper has to be taken back for amendment, sign off is done via e-mail. The appropriate examinations manager keeps a record of this. All the examiners and reviewers sign declarations of confidentiality and must disclose any potential conflicts of interest.
3. The awarding body outsources the printing of examination materials. There is a security agreement surrounding this procedure. Once the examination paper has been finalised it is sent as a password protected file to the print company, who produce a hard copy for approval by the SII before proceeding with the print run. The examination papers are sent by the print company directly to examination centres.
4. A member of the awarding body staff carries out spot checks on examination centres to ensure that SII requirements are being met. For example, centres must check the identity of candidates before permitting them entry to the exam room.
5. At the end of the examination all scripts are sent back to the awarding body. The examiner who prepared the paper is responsible for marking and gives guidance on where the grade boundaries lie on the basis of the scripts in that session. The suggested pass mark is published as 'not lower than 50 % and subject to moderation'.

6. At the end of the assessment process all scripts are returned to the SII where a sample surrounding each grade boundary is archived. The remainder of scripts are kept for a period of three years before being destroyed.
7. For the purposes of CBT the awarding body maintains a question bank for each qualification. Owing to the frequent changing of rules and regulations in subject areas, it is necessary to carry out a syllabus review every 8 to 12 months to ensure the qualifications are still valid. This is conducted by a panel of experts who check each learning objective as well as the question bank.
8. Item writers are responsible for writing questions for the question bank. They receive guidelines including exemplar materials. When CBT was introduced in 2004, item writers were given training but this has not occurred regularly for the last two years. Instead, written guidelines have been sent to all new item writers. The SII advised that training will be provided for item writers, both existing and new, in 2009.
9. Item writers are given batches of questions to write and a timeframe to write them in. Two separate question editors then check each item. Once this process is completed the items are sent to the examinations manager who checks them against item writing guidelines and the syllabus before authorising them for inclusion into the question bank. The appropriate subject panel further reviews the questions as they go into the examination papers or 'forms'. The panel makes good use of the statistical information available on each question's performance.
10. The SII keep pre-planned sets of questions in what they call 'forms'. A form is a final examination comprising all the questions a candidate will see during their examination. A number of forms are kept for each qualification. The awarding body works with one main supplier of CBT to whom they submit a spreadsheet of forms that are then uploaded onto their system. There is also a second CBT supplier used specifically for schools and colleges. It is the outsourced CBT supplier's version that the candidate will use.
11. The awarding body advised that candidates are permitted to sit the same unit in CBT examinations a maximum of six times in any one year. No paper is allowed to be taken out of the exam room. These measures are in place to avoid compromising the question bank.

Accreditation conditions

There are no accreditation conditions for this section.

Observations

3. The SII should ensure its item writers' training occurs as planned in 2009 and regularly afterwards.

Determination and reporting of results

This is subject to *The statutory regulation of external qualifications in England, Wales and Northern Ireland (2004)*, paragraphs 63–67.

Findings

1. Candidates sitting CBT examinations receive a provisional result at the end of the examination. This is followed within two weeks by a final result which is also available for the candidate to view online. Certificates are issued alongside the results slips.
2. The overall qualification is 'pass' or 'fail' only and all units must be passed to achieve the full award. Unit results are graded and candidates may achieve fail, marginal fail, pass and pass with credit. The marks corresponding to these grade boundaries are pre-set and information on what percentage of marks is needed for each grade is available on the SII website.
3. The awarding body conducts a statistical analysis of the performance of its examination papers and individual items over time in order to assess their validity.
4. The level 6 Diploma in wealth management is assessed via written papers, which means the process of determining results is quite different to that for the CBT examinations.
5. Unit results are given in the format of unclassified, fail, marginal fail, pass, pass with credit and pass with distinction. Upon completion of the marking of scripts the examiner reviews where the grade boundaries should lie in comparison with previous years. As grade boundaries may vary each time, the awarding body publishes information only on the minimum percentage required to pass the units. Candidates must pass each unit for the full qualification, which is awarded as pass or fail only.
6. An awarding meeting is convened with the subject panel to which the examinations manager submits a selection of scripts from above and below each grade boundary. The aim of the panel is to agree or amend these grade boundaries as relevant. The final sign off of the results is done by the managing director of the SII.
7. The regulators observed an awarding meeting at which there was debate as to the marks candidates should have been given in certain papers. The regulators considered that the provision of a detailed mark scheme is essential. It would facilitate resolution of the challenges seen at this meeting by those reviewing the marking. The mark scheme was subsequently provided to the regulators.

8. The regulators were surprised to find that the additions of marks on the papers had not been checked before the awarding meeting. Errors were found by the regulators (but not the panel) in the small sample provided by the examinations manager. The regulators considered that it was incorrect to consider marginal papers before the accuracy of the additions had been confirmed even though it understood that the additions were checked at a subsequent stage.
9. At the awarding meeting, when trying to allocate 'pass with credit', the panel members debated an impromptu weighting of the paper to give candidates who achieved the same mark different results at the higher grades. Any such weighting must be justified in advance and published to candidates. This was pointed out by the awarding body staff present. The grade 'pass with credit' is incompatible with the regulations for the new Qualifications and Credit Framework (QCF) to which these units have been accredited.
10. Following the awarding meeting it is the responsibility of the examinations manager to manually input results into the database based on the spreadsheet used by the examiner. The input is checked by a second person who compares the marks awarded on the scripts with those on the database to ensure no errors have occurred. There is no procedure for this important check and no auditable evidence of its taking place.
11. Results letters are posted to candidates alongside certificates and, as with the CBT examinations, candidates may log on to check their results on the SII website.

Accreditation conditions

2. The SII must ensure that additions of the marks allocated are correct before decisions are made on where pass boundaries should be drawn for the written examinations and input of the raw marks must be checked, and be auditable as checked (*The statutory regulation of external qualifications in England, Wales and Northern Ireland (2004)*, paragraphs 63b and 63g).
3. The SII must not use the term 'credit' in its grading of qualifications accredited to the Qualifications and Credit Framework (*The statutory regulation of external qualifications in England, Wales and Northern Ireland (2004)*, paragraph 6c and the *Regulatory arrangements for the Qualifications and Credit Framework (August 2008)*, paragraph 1.29d).

Observations

4. The SII must ensure that detailed mark schemes are provided at awarding meetings for its written examinations which show how the total marks available are allocated in order to allow greater certainty at the awarding stage.

Registration and certification

This is subject to *The statutory regulation of external qualifications in England, Wales and Northern Ireland (2004)*, paragraphs 11, 12, 21–24 and 25.

Findings

1. Candidates enroll for examinations via two methods: either by filling out an online booking form or by employers sending an e-mail to client services with the basic details of each candidate.
2. Once the candidate details are on the SII system the database creates batches of candidates every hour and automatically sends an e-mail to confirm registration. For any candidate who has not submitted an e-mail address the system automatically prints a letter.
3. Following on from the initial registration, candidates must also complete a qualification registration form which asks for additional information. Candidates are advised to complete this prior to the examination. Any candidate who has not completed the form by results day will not have certificates released to them until they submit the form.
4. The regulators noted that the SII did not request any personal information from candidates in order to facilitate equal opportunities monitoring. The awarding body advised that this had previously been part of the registration form but negative feedback had been received about it, leading to its removal. The regulators thought that the data could be useful to the awarding body if the regulators ever requested such information and that it would be an optional part of the form.
5. There are three types of examination centres used by the SII for their examinations: the first is for the written examinations and the other two are the result of two different ways of delivering CBT.
6. The centres used for written examinations are checked by the SII prior to use. There are also spot checks carried out at these centres before and during the examination period.
7. For CBT centres that are schools and colleges, the administration of examinations is undertaken by centre staff. These are in the minority, however, and the main bulk of testing is conducted in test centres which belong to the supplier of the main CBT system.

8. A service level agreement is in place with the supplier of CBT examinations. Part of this includes the awarding body's right of access to the centres. The monitoring team advised that it should be clarified that all centres must extend this right of access to the regulators.
9. The awarding body sends 'mystery shoppers' to CBT centres as candidates to check that SII requirements are being adhered to. Each centre is checked over the course of a year.
10. Following the confirmation of results, the awarding body prints certificates in-house. Blank certificate paper is kept in a locked room that only authorised personnel have access to. The regulators were satisfied with the level of security observed.
11. Since the certificates are awarded to candidates from overseas, the awarding body must advise that the regulators' logos only indicate that the qualification is accredited for England, Wales and Northern Ireland. The easiest way to do this is usually by stating the fact on the certificate but the awarding body must decide how it will ensure this is done.
12. The certificates that SII currently produces require some amendment to meet regulatory criteria as mentioned earlier in this report in the section on awarding. There were also a number of other issues noticed, such as the incorrect titling of a unit. The SII should avoid confusion between its in-house titles and the accredited titles of qualifications and units on certificates.
13. The awarding body informed the regulators that any candidate who sits and passes its qualifications more than once, and is a training provider, only receives the unit certificates and not the full award certificate. Training providers may only sit the units once in any 12 month period to prevent them becoming familiar with the question bank content.
14. Replacement certificates must be labelled as such rather than as 'duplicates'.

Accreditation conditions

4. The SII must ensure that its examination venues understand that the right of access the SII enjoys applies also to the regulators (*The statutory regulation of external qualifications in England, Wales and Northern Ireland 2004*, paragraph 11f).
5. The SII must inform its clients that the regulators' logos on its certificates only indicate accreditation within England, Wales and Northern Ireland (*The statutory*

regulation of external qualifications in England, Wales and Northern Ireland 2004, paragraph 21b).

6. The SII must ensure that:

- the design of certificates meets the requirements set out by the regulatory authorities
- replacement certificates must be labelled as such

(The statutory regulation of external qualifications in England, Wales and Northern Ireland (2004), paragraph 22 and Appendix 5; Regulatory arrangements for the Qualifications and Credit Framework (August 2008), paragraph 1.29d and Annexes C and D).

Observations

5. The SII should attempt to collect data about its candidates in order to facilitate equal opportunities monitoring.

Enquiries and appeals

This is subject to *The statutory regulation of external qualifications in England, Wales and Northern Ireland (2004)*, paragraphs 23–27.

Findings

1. The SII alerts all candidates on registration that there is an enquiries and appeals procedure. In its document, the awarding body attempts to define the grounds on which a candidate may appeal. The regulators understood the reasons for this included wanting to prevent candidates wasting money on futile appeals, but there is the risk of narrowing the grounds too far.
2. The procedures themselves had one omission: the need to state clearly that any appeal that was successful would lead to other candidates benefiting even though they had not appealed. This is not included as an accreditation condition here, since the enquiries and appeals procedure is a bankable document and, therefore, already covered by accreditation condition 1.
3. The SII conceded that there was no annual monitoring, evaluating and reporting of the operation of its enquiries and appeals arrangements, although this was due in part to the fact that a formal appeals panel had only been convened once, in 2007 (see next paragraph). The regulators noted that monitoring and evaluation of appeals had been covered to some extent in the SII's self-assessment report (see next section of this report).
4. The SII produced the minutes of a meeting of the enquiries and appeals panel in 2007, which evidenced proper procedures being followed including the presence of an independent member in the decision making.

Accreditation conditions

7. The SII must have internal procedures that ensure it monitors, evaluates and reports annually on the operation of its enquiry and appeals arrangements, including the number and nature of enquiries and appeals and their outcomes (*The statutory regulation of external qualifications in England, Wales and Northern Ireland (2004)*, paragraph 27).

Observations

6. The SII should consider rewording the preamble to its enquiries and appeals procedure where it attempts to define grounds for appeal.

Monitoring and self-assessment

This is subject to *The statutory regulation of external qualifications in England, Wales and Northern Ireland (2004)*, paragraphs 20, 33–35 and 37.

Findings

1. Although a log of requests and decisions relating to reasonable adjustments and special consideration was kept, there was no monitoring and evaluating of their use. This must be implemented.
2. Similarly, although the SII has procedures in place to monitor the awarding body's performance against customer service targets, these are part of operational procedures rather than a more formal monitoring and evaluation process as part of the SII's self-assessment process.
3. The regulators could not see that there was a written procedure for monitoring the SII's compliance with the regulatory criteria. Nevertheless, the self-assessment report required by the regulators had been completed in an extremely competent manner and was a best practice exemplar of how to self-assess against the criteria. There is the danger, however, that without procedures in place, as staff change the methodology could change. It would be better if the SII could record what it has done in the past to ensure repetition of this excellent process.
4. The SII had evidence of several ways in which it encouraged candidates and those in the industry to provide it with feedback, including wide membership of its committees, particularly the examinations board. Its website had several forms that could be used to give feedback and its customer service statement gave an open invitation to feedback to the awarding body.
5. The SII does not have conventional centres since all assessment is external but the examination venues are well monitored, including mystery shopper candidates at its CBT venues. There is also a visit programme for the relatively small number of college and school CBT venues. Candidate feedback is encouraged.

Accreditation conditions

8. The SII must have procedures in place to facilitate its monitoring and evaluation of the use of reasonable adjustments and special consideration in order to ensure that they are effective and meet the requirements of current legislation (*The statutory regulation of external qualifications in England, Wales and Northern Ireland (2004)*, paragraph 20).

9. The SII must have written procedures in place to monitor its compliance with the regulatory criteria and its performance against customer service targets (*The statutory regulation of external qualifications in England, Wales and Northern Ireland (2004)*, paragraph 33).

Observations

7. The SII should consider a more formal monitoring and evaluation process for its performance against customer service targets.