

Ofqual
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Awarding body monitoring report

CFA Society of the UK

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Introduction

Regulating external qualifications

Responsibility for regulating external qualifications lies jointly with three regulatory authorities:

- The Office of Qualifications and Examinations Regulation (Ofqual)
- the Department for Education, Lifelong Learning and Skills (DELLS), the regulator for Wales
- the Council for the Curriculum, Examinations and Assessment (CCEA), the regulator for Northern Ireland.

Following the accreditation of a qualification, the regulators systematically monitor awarding organisations 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 action plan will be agreed by the regulators and its implementation monitored.

The regulatory authorities 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 its awarding organisation recognition processes, the regulators require awarding organisations to submit certain documents to Ofqual for the purposes of 'banking' them centrally. Information from banked documents will be used to inform monitoring activities and may also affect the awarding organisation's risk rating.

A suite of documents has been identified as suitable for banking and are those that are considered to be the most crucial in supporting an awarding organisation's ability to operate effectively. To maintain the currency of the banked documents awarding organisations are

responsible for updating them as and when changes occur. They are also reminded to review them at least annually as part of the annual self-assessment return.

About this report

This report is the outcome of a monitoring activity on the CFA Society of the UK awarding organisation and was carried out by Ofqual on behalf of the regulators in June 2008. It draws together the regulator's findings on areas of:

- corporate governance
- resources and expertise
- quality assurance and control of independent assessment
- determination and reporting of results
- registration.

This is the first post-accreditation monitoring activity on CFA Society of the UK activities since UKSIP became CFA Society of the UK in November 2007.

The monitoring activities included desk research of information already held by the regulators, including the monitoring report as UKSIP and scrutiny of the CFA Society of the UK website. The monitoring team visited CFA Society of the UK's head office to conduct interviews with staff and review documentation.

About CFA Society of the UK

CFA Society of the UK has one accredited qualification, which is the CFA Society of the UK level 3 certificate in investment management. CFA Society of the UK was created in November 2007. Formerly the society was known as UKSIP, which came about from the merger of two bodies, the Institute of Investment Management and Research, and the London Society of Investment Professionals. CFA Society of the UK is one of the largest member societies of the CFA Institute. For more information on CFA Society of the UK and the qualification it offers, visit the CFA Society of the UK website at www.cfauk.org.uk.

Corporate governance

This is subject to *The statutory regulation of external qualifications in England, Wales and Northern Ireland* (QCA/04/1293), paragraphs 5, 6 and 7.

Findings

1. UKSIP underwent a change of name in November 2007. It is now known as CFA Society of the UK. This reflects the fact that it is the UK arm of the CFA Society, a global organisation.
2. The awarding body's governance structure is transparent, however they must produce an organisational chart that clearly shows where the awarding body sits in relation to the CFA Society and includes the relevant committees. Currently, the banked organisation chart only shows the awarding body in isolation.
3. CFA Society of the UK has a number of committees of which two are specific to the awarding body. These are the examinations and education committee (EEC) and the investment management certificate (IMC) panel. The IMC panel focuses on the IMC exam and meets every month. CFA Society of the UK employs two academic advisers and they sit on this committee. The EEC meets quarterly. It is more concerned with strategic issues and looking at and preparing its self-assessment report. The chair of the IMC panel sits on this committee. Major decisions are taken to the CFA Society of the UK board. The board oversees the top level of governance. The monitoring team saw terms of reference for both the panel and the board during the monitoring activity.
4. The awarding body produces a training manual for the level 3 certificate in investment management, but it is not obligatory for candidates to purchase it. As the majority of candidates train for the exam through the leading training providers, the training manual is mainly bought by a small number of candidates who have opted for self study.
5. CFA Society of the UK contracts with an external organisation to run the examination for its qualification. The contracted organisation is also responsible for gathering the results and producing the necessary statistics. The move from paper-based testing to computer-based testing took place in 2006 and has so far been successful. To oversee the running of the examination, CFA Society of the UK has regular meetings with the external organisation. These are minuted and feed into the awarding body's key performance indicators. There is a contractual relationship between CFA Society of the UK and the e-assessment provider detailing specific key performance indicators (KPIs), which have to be met. Both organisations meet monthly to discuss the statistics from

examinations and KPIs are checked. The monitoring team saw the service level agreement between CFA Society of the UK and the external organisation.

Accreditation conditions

1. CFA Society of the UK must produce a new organisation chart showing where the awarding body sits in relation to the organisation as a whole. (*The statutory regulation of external qualifications in England, Wales and Northern Ireland* (QCA/04/1293), paragraph 6c.)

Observations

1. CFA Society of the UK should refer to the awarding body arm on its website.

Resources and expertise

This is subject to *The statutory regulation of external qualifications in England, Wales and Northern Ireland* (QCA/04/1293), paragraphs 8 and 10.

Findings

1. To ensure that its resources are sufficient CFA Society of the UK has outsourced certain operations to external computer companies which enables it as a small awarding body to function efficiently and economically.
2. CFA Society of the UK's internal staff will begin to receive formal appraisals from this year. There was a more informal arrangement before the arrival of the director of education, but now each member of staff has been set objectives and given a timescale for completing with which to complete them. The director of education's objectives are set by the chief executive.
3. The academic advisers are issued with letters of agreement. They are required to write questions which after review may be accepted and added to the question bank. The new academic adviser has had mentoring and feedback about the standard of his question writing and therefore received sufficient training.
4. The awarding body has recently recruited an academic adviser who was recommended to them. The IMC panel were involved in deciding his suitability as an academic adviser and looked at his curriculum vitae (CV). However, there are no procedures for the recruitment of staff and the awarding body would benefit from creating one so future members of staff are aware of what to look for and how to go about it.

Accreditation Conditions

There are no accreditation conditions for this section.

Observations

2. CFA Society of the UK should consider formalising its recruitment procedures by writing a policy for hiring academic advisers and awarding body staff.
3. CFA Society of the UK should produce more extensive item writer guidance.

Quality assurance and control of independent assessment

This is subject to *The statutory regulation of external qualifications in England, Wales and Northern Ireland* (QCA/04/1293), paragraphs 13, 36, 38–42 and 56–62.

Findings

1. The monitoring team looked at the quality assurance and control systems in place to support the assessment of the IMC and considered how well the awarding body met the *Principles of e-assessment* published by the Qualifications and Curriculum Authority (QCA). The qualification consists of two units, which are independently assessed using computer-based testing.
2. The awarding body stated that if the IT systems failed in any of the regional centres, the test would be rearranged for a later date with no additional charges to candidates. CFA Society of the UK outsources the operation and delivery of e-assessment to a specialist provider, but retains control of the development of items for the examinations.
3. Candidates have access to 13 centres in the UK, two in Scotland and 10 overseas (although the latter are not very active). CFA Society of the UK carries out spot checks on these centres, identifying issues with the environment, facilities or attitude of staff. CFA Society of the UK collects comments from candidates and the majority have given positive feedback about the use of regional centres. The monitoring team were satisfied that where issues had been identified, these had been rectified and recorded accordingly. CFA Society of the UK's contractors are responsible for spot-checking the awarding body's overseas centres.
4. CFA Society of the UK has robust systems in place for quality assuring the development of items for independent assessment supported by documented procedures. The IMC agrees the number of questions for each section and across the two units so that there is sufficient coverage of the specification.
5. The writing and evaluation of the items is done online using a secure remote system called 'CITRIX'. This system is password protected and allocates time codes to allow access. All items go through a series of checks and balances before they can be used in examinations.
6. There are two academic advisers responsible for writing items. The most recent appointee is being mentored by the established academic adviser. Initial questions are written in a programme called CERTs by one of the academic advisers and reviewed by the other before they are passed to the next stage. The CERTs programme is the item banking system that is linked to the CITRIX

server. The CERTs programme is password protected and can only be accessed by three members of staff at the awarding body.

7. All items are held in an activity queue. Subject matter experts from the IMC look at the items and make amendments if applicable. The chair of the IMC also checks if the items are suitable before they are signed off by CFA Society of the UK. This process is very thorough. It enables CFA Society of the UK to check the status of each item and who made the amendments in the case of any queries. This is good practice.
8. CFA Society of the UK does not have formal arrangements for monitoring the work of its academic advisers. The IMC panel can review the activity queue, suitability of written items and statistics from the technical report to review their performance. CFA Society of the UK recognises that this is an area for development, particularly if additional academic advisers are recruited.
9. Quality assurance is front-ended. The complete question bank, including new items and answers, is uploaded to the e-assessment provider. The agreed forms are finalised by the e-assessment provider and tested by in-house staff who deliberately fail or pass the examination by one mark. All of the final examination papers include trial questions, which do not form part of the final mark. These enable the e-assessment provider to monitor the performance of the items and recommend if they need to be re-calibrated or deactivated. The monitoring team looked at the technical reports for the past 12 months from the e-assessment provider. These provided detailed analysis of the items. It was noted that the analysis had identified a number of weak discriminatory items for review by CFA Society of the UK. This shows that the process meets the requirements of the criteria.
10. CFA Society of the UK has suitable procedures in place to support the technology for these examinations. An external provider runs weekly checks on the IT systems to ensure that they are working. In addition, the e-assessment provider has a disaster recovery programme in place to protect data.
11. Robust checks are carried out to authenticate candidates' identity (ID) by the e-assessment provider. These include an initial check of photographic ID such as a passport or driving licence, and candidates without suitable ID are refused entry.
12. CFA Society of the UK has responded to feedback from employers and candidates by providing online access to results. These are available three days after the examination.
13. The monitoring team considers that CFA Society of the UK has worked hard to meet the principles of e-assessment, developing a range of security measures

to protect the integrity of data throughout the development of items and testing. CFA Society of the UK monitors closely the operation and delivery of its examinations through the e-assessment provider.

Accreditation conditions

There are no accreditation conditions for this section.

Observations

4. CFA Society of the UK should formalise the arrangements for monitoring its academic advisers.

5. CFA Society of the UK should ensure that it informs its clients that the regulators' logos on the certificate indicate that the qualification is accredited only for England, Wales and Northern Ireland.

Determination and reporting of results

This is subject to *The statutory regulation of external qualifications in England, Wales and Northern Ireland* (QCA/04/1293), paragraphs 63–67.

Findings

1. Two units of the IMC are graded as a pass or fail only. Candidates can take both units at the same time or independently, but must pass both to achieve the qualification.
2. There are no formal awarding procedures in-house. The pass mark is determined by the analysis of items based on the item response theory prior to the forms going 'live'. The level of difficulty for each examination is set against the theta score. This is the underlying score pass mark or baseline pass. All actual pass marks will relate to this.
3. Data is collated by the psychometrician and issued to CFA Society of the UK with the pass mark for each paper. The final pass mark is adjusted according to the difficulty so that the standard is consistent over time. It can vary between 65 and 75 per cent if one examination is shown to be more difficult. The main issue for CFA Society of the UK is that they are not confirming agreement of the pass mark and the control has passed to the e-assessment provider. The monitoring team recognises the thorough process used to set the pass mark, but CFA Society of the UK must implement a formal signing-off process confirming the pass mark.
4. The awarding body publishes information about pass marks on its website together with a breakdown of the fail grade, from slight fail to severe fail, indicating the percentage of the pass mark. Failed candidates receive a letter confirming the areas of weakness for each section, stating if it is a slight, moderate or severe fail. This is good practice.
5. The monitoring team noted that the results letter is out-of-date and were shown the replacement letter, which is in draft format.
6. CFA Society of the UK has systems in place to adjust marks if errors are identified. Marks can be adjusted as a result of an enquiry, appeal or identified inaccuracies in items after results have been issued.

Accreditation conditions

2. CFA must determine the pass mark for its qualification (*The statutory regulation of external qualifications in England, Wales and Northern Ireland* (QCA/04/1293), paragraph 63a).

Observations

6. CFA should update the results letter so that the information is accurate.

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