Audit Report

SFEDI Awards

31 January 2017

Contents

1 Background

This was the second audit of SFEDI Awards since it was approved as an awarding body by SQA Accreditation in January 2013.

SFEDI Awards is the awarding body for Business Support and Enterprise. The organisation develops and delivers a range of qualifications as a means of enabling those who wish to start and grow their own business and the business support professionals who work with them.

SFEDI Awards' headquarters are in Darlington.

1.1 Scope

SQA Accreditation carries out quality assurance activity in line with its *Quality Assurance of Approved Awarding Bodies Policy*. This states the type and frequency of our quality assurance activities, describes our reporting procedures and indicates how the awarding body's Quality Enhancement Rating is calculated.

This was a scoped audit of SFEDI Awards, conducted remotely, and not all regulatory requirements were reviewed. Regulatory Principles 1, 2, 4, 9, 10 and 15 provided the context for both the discussions and the information reviewed during the audit. More specifically, the main focus was upon a number of actions identified within SFEDI Awards' self-assessment report for 2016, including proposed operational management changes, the review of the awarding body website, an introduction of digital badging, the development of a new 'in house' quality assurance model, the review of current accredited provision, as well as candidate registrations and certifications.

Our quality assurance activities are conducted on a sampling basis and, consequently, not all aspects of the awarding body's systems, procedures and performance have been considered in this report to the same depth.

SQA Accreditation audit reports are written by exception focusing only on those areas where corrective action is required or recommended. Consequently, this approach to audit reporting does not detail areas where compliance or good practice was found.

The audit was designed to ensure SFEDI Awards complies with SQA Accreditation's regulatory requirements namely:

♦ SQA *Accreditation's Regulatory Principles* (2014)
♦ all *Regulatory Principles* Directives
♦ the awarding body's Accreditation Licence

Awarding body documentation considered for review by the Audit Team includes all documents banked on SFEDI Awards' Quickr Place at the time of audit and information supplied to support audit activity. Restricted or commercially sensitive information gathered during SQA Accreditation's quality assurance activities is treated in the strictest confidence.

1.2 Audit Report and Action Plan Timescales

SFEDI Awards audit date: 31 January 2017
Audit Report approved by
Accreditation Co-ordination Group on: 22 February 2017
Audit Report to be signed by SFEDI Awards: 6 April 2017
Action Plan to be e-mailed
to regulation@sqa.org.uk by SFEDI Awards: 6 April 2017

The process will apply in relation to the timescales specified above:

♦ The awarding body will be sent two signed copies of the Audit Report by post.
♦ The awarding body must sign both copies of the Audit Report and return one by post to SQA Accreditation in accordance with the timescale specified above.
♦ The awarding body will also be e-mailed a copy of the Audit Report (for information only) and an electronic copy of the Action Plan.
♦ The awarding body must complete and return the Action Plan in accordance with the timescale specified above and e-mail this in Microsoft Word format to regulation@sqa.org.uk.
♦ SQA Accreditation will confirm when the Action Plan is appropriate to address the Issues and present it to Accreditation Co-ordination Group (ACG) for approval.
♦ Following approval by ACG, the awarding body will be sent two signed copies of the approved Action Plan by post.
♦ The awarding body must sign both copies of the Action Plan and return one by post to SQA Accreditation.

The findings of this Audit Report and the associated Action Plan will be published on SQA Accreditation's website following signed agreement.

SQA Accreditation will continually monitor progress towards completion of the proposed actions identified in the Action Plan and update the awarding body's Quality Enhancement Rating as appropriate.

1.3 Summary of Audit Issues and Recommendations

An Issue has been recorded where evidence shows that the awarding body is not compliant with SQA Accreditation's regulatory requirements. The awarding body must address the Issues and specify corrective and preventative measures to address them through its Action Plan.

The Action Plan is e-mailed to SFEDI Awards as a separate document to the Audit Report, and must be submitted to SQA Accreditation in accordance with the timescale specified in 1.2. As a result of the audit and post-audit activities, one Issue has been recorded and six Recommendations have been noted.

Issue	Detail of Issue recorded	Risk rating
1. Principle 15	A comparison between the figures provided as part of SFEDI Award's quarterly data returns and the equivalent information submitted as part of the approved provider list for the 12 month period from January 2016 highlighted a number of inconsistencies in respect of the total number of candidate registrations and certifications. A further review of the figures reported within the quarterly data returns extending back to the period shortly after the previous awarding body audit, which took place in October 2013, also highlighted a concern in respect of the consistently low number of certifications relative to candidate registrations over the stated period.	Low

A Recommendation has been noted where SQA Accreditation considers there is potential for improvement. The awarding body is advised to address any Recommendations noted as good practice. However, measures to correct or prevent these are not mandatory and therefore do not form part of the Action Plan.

Recommendation	Detail of Recommendation noted
1. Principle 1	SFEDI Awards may wish to provide SQA Accreditation with an organisation structure that reflects the wider SFEDI Group and the awarding body's place within the group structure. In addition, SFEDI Awards may wish to update the regulator on any awarding body functions that are now impacted upon or that sit solely with an identified appointed member of SFEDI Group staff.
2. Principle 4	SFEDI Awards may wish to provide SQA Accreditation with an updated development and implementation plan in respect of the intention to introduce a programme of digital badging. This should include the interim and final objectives, as well as indicative achievement dates.
3. Principle 9	SFEDI Awards may wish to make sure that SQA Accreditation has access to relevant documentation that outlines the timescales for qualification review as determined by the awarding body.
4. Principle 10	SFEDI Awards may wish to provide SQA Accreditation with a copy of a 'contact log' and any guidance for its uses by Monitoring Officers, over and above that already specified within *A Guide to Quality Assurance: Monitoring Activities*.
5. Principle 10	SFEDI Awards may wish to provide further clarification around the content of Annex 2 of *A Guide to Quality Assurance: Monitoring Activities* in respect of the inclusion of allocated risk ratings for each sub-section, as it was not clear if those provided were present as an exemplar for stakeholders or indicative of what Monitoring Officers would deem acceptable at centre approval/monitoring stage.
6. Principle 15	SFEDI Awards should ensure that qualification and unit exemplar certificates are available for review by SQA Accreditation at the earliest opportunity.

1.4 Risk Rating of Issues

SQA Accreditation assigns a rating to each Issue recorded, depending on the impact on or risk to the awarding body's operations, its SQA accredited qualifications and/or the learner. Issues recorded during the audit will count towards SFEDI Awards' Quality Enhancement Rating which will, in turn, contribute towards future quality assurance activity. Further detail on how the Quality Enhancement Rating is calculated can be found on the SQA Accreditation website.

2 Detail of Audit Issues and Recommendations

The following sections detail Issues recorded and Recommendations noted against SQA Accreditation's regulatory requirements.

2.1 Issues

Regulatory Principle 15. The awarding body and its providers shall have effective, reliable and secure systems for the registration and certification of learners.

A comparison between the figures provided as part of the awarding body's quarterly data returns and the equivalent information submitted as part of the approved provider list for the 12 month period from January 2016 highlighted a number of inconsistencies in respect of the total number of candidate registrations and certifications.

A further review of the figures reported within the quarterly data returns extending back to the period shortly after the previous awarding body audit, which took place in October 2013, also highlighted a concern in respect of the consistently low number of certifications relative to candidate registrations over the stated period.

Following discussion, and upon investigation, the awarding body's representative noted that a weakness in the IT reporting system had resulted in a failure to recognise and report all certifications within a requested quarter.

The awarding body has already taken action by submitting revised registration and certification data. This resulted in minor adjustments to the previously submitted candidate registration figures but a significant increase in the level of candidate certifications. The awarding body will seek solutions to the problem through either amendments to the IT system itself or through additional checks designed to validate the data produced before submitting to SQA Accreditation.

This has been recorded as **Issue 1**.

2.2 Recommendations

Regulatory Principle 1. The awarding body shall have clearly defined and effective governance arrangements.

SFEDI Awards' self-assessment plan for 2016 notes that 'closer working is taking place to upskill the Operations Manager' with an eventual outcome of re-assigning responsibility for the Accountable Officer role 'at an appropriate time in the future'.

As the available SFEDI Awards organisational structure on Quickr made no reference to the above change, the Auditor sought an update on the progress of the transfer of responsibility. Particularly with a view to understanding if a documented development plan was in place for the Operations Manager, as well as an indicative timescale for the completion of this action.

However, during the audit it was noted that the Operations Manager had now left the employment of SFEDI Awards and that this particular operational change was now on hold for the foreseeable future.

The Chief Executive Officer (CEO) role will formally retain all existing areas of responsibility. The focus, however, will be all matters relating to quality assurance, with support for business development activities being provided through another member of staff from the SFEDI Group.

Although this interim structure has only been in place a few months, the Auditor raised some concerns around the fact that it would appear that the handling of business development opportunities now sat outwith the awarding body's control. However, the awarding body advised that a system of weekly telekits has been put in place to ensure that the awarding body is fully apprised of all business development that may have a potential impact on it. This process is also underpinned by monthly management meetings at which individuals are in attendance.

Post-audit checks highlighted that business development support is being provided by a senior member of staff from the Institute of Enterprise and Entrepreneurs. Given this fact, and the concerns noted above, SFEDI Awards may wish to provide SQA Accreditation with an organisation structure that reflects the wider SFEDI Group and the awarding body's place within the group structure. In addition, SFEDI Awards may wish to update the regulator on any awarding body functions that are now impacted upon or that sit solely with an identified appointed member of SFEDI Group staff.

This has been noted as **Recommendation 1**.

Regulatory Principle 4. The awarding body shall continually review the effectiveness of its business services, systems, policies and processes.

The awarding body's self-assessment plan for 2016 noted that a 'review of the organisation's website will be completed following the development of additional services to be offered to the centre network including digital badging'.

The awarding body views the development of digital badging facilities as a means 'to complement the certification of units and qualifications issued by SFEDI Awards to enable learners to promote these achievements through digital badging and also provide those who wish to validate what the learner has had to complete in order to achieve the badge a conduit to access additional information on the SFEDI Awards' website'.

As the website appeared to contain no references to digital badging the Auditor sought an update on progress so far, as well as further clarification on what constituted digital badging as such.

Discussions confirmed that the revamp of SFEDI Awards' website was considered to be complete despite the absence of information on digital badging. The Auditor was advised that an operational decision had been taken to refrain from including any references to digital badging until the point that it was likely to be fully operational and available to stakeholders.

The awarding body's representative explained that the purpose of digital badging was three-fold in the longer term. Firstly, to allow learners to make best use of existing social media platforms, such as LinkedIn, Instagram or Facebook, by allowing them to download and attach a digital badge, in the form of a small icon, to their avatar or profile picture. Thus, allowing them to further promote unit or full qualification achievement.

Secondly, the presence of the digital badge allows interested parties to see content of the unit or qualification that is being promoted by the learner, through the presence of an e-mail link within the digital badge itself which is linked to the appropriate qualification specification on the SFEDI Awards' website.

The awarding body has already been granted a licence by one of the United Kingdom's largest software providers supporting the use of digital badges and is now in the process of determining its own level of input in the design, development and implementation of the relevant digital badges. The aim will be to have the first two stages of the digital badging programme operational by the middle of 2017.

The third and final stage of the digital badging programme is some way off as yet with no specified deadline. The hope is to link the digital badging process to a process of authenticating actual candidate achievement. The awarding body has yet to fully determine the compatibility of the third party software system with its own Registr8te database, as well as the impact upon current certificates.

Therefore, SFEDI Awards may wish to provide SQA Accreditation with an updated development and implementation plan in respect of the intention to introduce a programme of digital badging. This should include the interim and final objectives, as well as indicative achievement dates.

This has been noted as **Recommendation 2**.

Regulatory Principle 9. The awarding body shall ensure that it has robust systems and processes for the identification, design, development, implementation and review of qualifications, which meet the needs of users.

Currently, SFEDI Awards offers one accredited qualification, the *Diploma in Business and Enterprise Support, R276 04.* The accreditation end date for this qualification is 31 October 2017 and the awarding body's self-assessment action plan notes that it 'will fall under existing review procedures and timescales in May 2017'.

The awarding body's representative noted that the process for undertaking the review in May has already begun with key stakeholders being invited to an initial meeting tentatively scheduled to take place in March 2017. A copy of this invitation will be forwarded to SQA Accreditation for information in due course.

The Auditor was also advised that the formal review timescale of May 2017 was determined by the awarding body's own policy on appropriate review cycles for qualifications. However, the Auditor was unable to evidence information on Quickr that outlined acceptable timescales for review, despite the presence of the awarding body's *Qualification Development Tool* there.

Therefore, SFEDI Awards may wish to make sure that SQA Accreditation has access to relevant documentation that outlines the timescales for qualification review as determined by the awarding body.

This has been noted as **Recommendation 3**.

Regulatory Principle 10. The awarding body shall ensure that it has the necessary arrangements and resources for the effective delivery, assessment and quality assurance of SQA accredited qualifications.

The Auditor was advised that SFEDI Awards has implemented a new 'contact log' system for use by Monitoring Officers in respect of approved providers that have no candidate activity.

Currently, SFEDI Awards' *A Guide to Quality Assurance: Monitoring Activities* notes that the minimum level of contact with an approved provider is every 12 months. Should there be no candidate activity at a centre across this period, there is a perceived risk that any monitoring intervention may not capture sufficient information on how a provider is performing beyond the compliance aspects of meeting SFEDI Awards' nine Core Principles, which appear to be the primary focus of the current *Monitoring Report*.

The introduction of the 'contact log' is seen as a more flexible way for the Monitoring Officer to record information and intelligence about an approved provider which may give greater insight into business performance and regulatory compliance.

The Auditor was advised that the process of completing a 'contact log' is accounted for in the 'Additional Monitoring Activities' section of *A Guide to Quality Assurance: Monitoring Activities.* However, this was not apparent to the Auditor upon reading this section. Equally, the Auditor was unable to see an example of a 'contact log'.

Therefore, SFEDI Awards may wish to provide SQA Accreditation with a copy of a 'contact log' and any guidance for its uses by Monitoring Officers, over and above that already specified within *A Guide to Quality Assurance: Monitoring Activities.*

This has been noted as **Recommendation 4**.

A Guide to Quality Assurance: Monitoring Activities outlines the awarding body's five-stage risk rating system which it applies to providers in respect of compliance with its nine Core Principles.

The document notes 'a risk rating is allocated to each sub-section, as seen in Annex 2 of this guide, within the Core Principles according to the potential effect that not meeting that particular requirement could have on both the delivery and certification of the qualification or on the learners themselves'.

Annex 2 details all nine of the Core Principles, including all of the relevant sub-sections, has included a risk rating against each one, and has the following overarching statement:

'The following provides the risk ratings allocated to each of the sub-sections of the nine Core Principles used by SFEDI Awards to monitor consistency and quality of qualification delivery across our approved delivery network.'

It was noted that in a number of sub-sections across the nine Core Principles the risk rating was stated as Amber. An example being sub-section 1.7 which contains the following compliance measure:

'Does the organisation have arrangements to ensure that it retains at all times a workforce of appropriate size and competence for the delivery of its products and services including the qualification(s) applied for in this application form.'

On initial reading, the Auditor assumed that the implication being made was that the Monitoring Officer could deem an Amber rating acceptable when undertaking any quality assurance activity of this sub-section.

However, this did not appear to make sense in light of the description within Annex 1 which indicates that an Amber rating constitutes the finding of an issue 'resulting in the potential or actual disadvantage of a learner or a significant procedural or policy issue identified' as a consequence of 'a minimum of one Core Principle sub-section with a risk rating of Amber'. The outcome of which being that a provider would be subject to an action plan, a visit cycle of six months and additional monitoring activities to monitor progress if deemed necessary. Also, the provider would not be considered for Direct Claim Status (DCS).

Therefore, SFEDI Awards may wish to provide further clarification around the content of Annex 2 of *A Guide to Quality Assurance: Monitoring Activities* in respect of the inclusion of allocated risk ratings for each sub-section, as it was not clear if those provided were present as an exemplar for stakeholders or indicative of what Monitoring Officers would deem acceptable when undertaking centre approval or monitoring activities.

This has been noted as **Recommendation 5**.

Regulatory Principle 15. The awarding body and its providers shall have effective, reliable and secure systems for the registration and certification of learners.

In considering the potential impact of the digital badging programme as described in Recommendation 2 above, the Auditor sought to review the current exemplar unit and qualification certificates used by SFEDI Awards. However, it was noted that they were no longer present on Quickr.

Therefore, SFEDI Awards should ensure that they are once again available for review by SQA Accreditation at the earliest opportunity.

This has been noted as **Recommendation 6**.

3 Acceptance of Audit Findings

For and on behalf of the SFEDI Awards: For and on behalf of SQA Accreditation:

Print name   **Print name**

....

Signature   **Signature**

....

Designation   **Designation**

....

Date   **Date**

....