



## Statement of Compliance (SoC) 2023: compliance questions

We will release our full user guide, including supporting information and full instructions for submission, at the time of the SoC launch on Monday 16 October.

The user guide will closely replicate the way that the questions are formatted on the Portal system. Ahead of this, please see below the compliance questions which you will be asked as part of your SoC this year, including:

- [Declarations of Current and Future Compliance](#)
- [Key Line of Enquiry 1: Organisational stability](#)
- [Key Line of Enquiry 2: Preventing and managing malpractice and maladministration](#)
- [Key Line of Enquiry 3: Capability and capacity to develop and maintain qualifications](#)

## Part 1 - Declarations of Current and Future Compliance

### **Current compliance**

1. Complete the following declaration in relation to your organisation's current compliance.
  - We are currently compliant with all Conditions of Recognition (except where alternative Ofqual/CCEA Regulation/Qualifications Wales regulatory frameworks are in place).
    - If selected, move to question 2.
  - We are not currently compliant with all Conditions of Recognition (except where alternative Ofqual/CCEA Regulation/Qualifications Wales regulatory frameworks are in place).
    - If selected, move to question 1a.

The following details will need to be completed separately for each instance of non-compliance.

- a) Please describe the instance of non-compliance.
- b) Select the General Condition(s) you are non-compliant with from the drop down list.
- c) Select the Qualification Condition(s) you are non-compliant with from the drop down list.
- d) Select the Subject Condition(s) you are non-compliant with from the drop down list.
- e) List any Qualification Wales or CCEA Regulation specific Condition(s) you are non-compliant with here.
- f) Please describe how you plan to address this non-compliance.
- g) Please select the date by which you will become compliant.

## **Future compliance**

2. Complete the following declaration in relation to your organisation's future compliance.
  - We believe that we are likely to be compliant in the next 12 months with all Conditions of Recognition (except where alternative Ofqual/CCEA Regulation/Qualifications Wales regulatory frameworks are in place).
    - If selected, move to key line of enquiry 1.
  - We believe that we are likely to fail to fully comply with all Conditions of Recognition in the next 12 months (except where alternative Ofqual/CCEA Regulation/Qualifications Wales regulatory frameworks are in place).
    - If selected, move to question 2a.
- a) Please describe the instance of potential non-compliance.
- b) Select the General Condition(s) you believe you are likely to be non-compliant with from the drop down list.
- c) Select the Qualification Condition(s) you believe you are likely to be non-compliant with from the drop down list.
- d) Select the Subject Condition(s) you believe you are likely to be non-compliant with from the drop down list.
- e) List any Qualification Wales or CCEA Regulation specific Condition(s) you believe you are likely to be non-compliant with.
- f) Please explain how you know you are likely to fail to comply.
- g) Please describe how you plan to address this potential non-compliance.

## Part 2 - Key lines of enquiry

### Key Line of Enquiry 1: Organisational stability

#### 3. Current Performance

As mentioned in our SoC letter dated 19 August 2023, we will request your 2023 full accounts to be submitted by the deadline on 19 January 2024. For question 3a, please ensure you have uploaded your accounts in the message chain when you submit your return. The accounts **do not** have to be audited at the time of submission.

If your financial year-end falls in October, November, and December 2023, we acknowledge that you may not be able to provide the accounts by the deadline so please submit them as soon as they become available and within 3 months of the year-end date.

- a) Have you uploaded to the message chain your full accounts for 2023 that include a profit & loss statement, full balance sheet and notes?
- Yes
  - No, but they will be uploaded within 3 months of our year end
  - No, but there are exceptional circumstances and we have agreed a timeline to upload with our regulators
- b) Please provide a summary of your financial performance for 2023 and explain any material changes in your accounts compared to the previous year.

#### 4. Future Performance

- a) Please provide your 2024 forecast for the following metrics:
- i. Total Income / Revenue
  - ii. Total Expenditure
  - iii. Net Surplus / Profit
  - iv. Cash at bank and in hand

- b) Please explain the assumptions used to generate the forecasts and any material changes versus the previous year.

## 5. Financial Resilience

Condition A5.4 states an awarding organisation must ensure that it will have available sufficient financial resources and facilities to enable it to develop, deliver and award qualifications in a way that complies with its Conditions of Recognition until at least the time by which every Learner for a qualification it makes available has had the opportunity to complete that qualification. This means that an AO should ensure it always has the appropriate level of financial resources to protect students / apprentices. We want to understand how you determine the 'sufficient' level of financial resources.

- a) Cash reserves
- i. Do you have a cash reserves policy?
  - ii. If yes, please give a short summary of the policy which includes your
  - iii. target level of cash reserves (if it is easier, you can attach the policy to the message chain). If no, please explain how you ensure that you maintain appropriate levels of cash reserves if you don't have a policy.
  - iv. Do you currently meet your reserves policy?
  - v. If not, what actions are you taking to rebuild your reserves?
- b) Please provide the following metric - Annual fixed operating costs.
- c) Please provide details of anything that would override the cash reserves policy or cause you to deplete reserves (e.g., development costs, dividend payments, obligations, commitments to support other entities, etc.)?
- d) Funding
- a) Do you have access to other sources of funding in case of cashflow issues (e.g., unused agreed overdraft, credit line, liquid assets, commitment from shareholders/directors/related companies)
    - Yes / No

b) Please provide details of your other sources of funding.

## 6. Key Financial Risks and Opportunities

a) Customer risk (also known as counterparty risk) has been identified as an emerging risk that could materially impact your financial performance. This group of risks includes:

- Customers paying late;
- Customers not being able to pay;
- Customers leaving the market (and thereby reducing future business).

Customers could include schools, colleges, independent training providers, employers, charities, or individual learners / teachers. We therefore want to understand how you identify, prevent and manage this risk as required by Condition A6.

- i. As a result of the ongoing economic pressures, what customer risks have you identified?
- ii. What have you put in place to manage these customer risks in line with A6?

b) Aside from customer risk, what are the main financial risks and opportunities facing your organisation over the next 12 months? For each risk highlighted, please explain how you comply with A6. These risks could be short-term, or long-term, and they might relate to the wider economy, political risk, the qualifications market or be specific to your organisation.

## **Key Line of Enquiry 2: Preventing and managing malpractice and maladministration**

- Linked to [Condition A8 – Malpractice and maladministration](#)

These questions are about your capacity and aspects of your internal controls to prevent, investigate and manage all instances of malpractice and maladministration, specifically linked with Condition A8: Malpractice and maladministration.

Where we refer to a 'Centre', we mean an organisation undertaking the delivery of assessment (and potentially other activities) to Learners on behalf of an awarding organisation. Centres are typically educational institutions, training providers, or employers.

### **Capacity and capability to prevent and manage malpractice and maladministration**

7. Please describe the internal governance arrangements you have to assess the risk of malpractice and how you monitor the organisation's effectiveness in preventing and managing malpractice and maladministration on an ongoing basis.
8. Please describe the type of operational expertise, skills and experience you currently have in your organisation to support the prevention and management of malpractice or maladministration. How do you keep the expertise and skills you need up to date?
9. How do you maintain sufficient resource to investigate incidents of malpractice and maladministration at all times?

### **Dealing with malpractice and maladministration**

10. What decision-making processes do you have in place for informing:
  - a) your Regulator(s) of an incident about malpractice and or maladministration that could have an adverse effect?
  - b) other awarding organisations of an occurrence of malpractice and or maladministration that may affect them?
  - c) how you decide which AOs to notify of an occurrence of malpractice?

11. If you receive intelligence from another awarding organisation about malpractice by a centre or centre staff, how do you record, monitor, manage and use that information to manage any associated risks to the delivery of your qualifications? You might wish to include information in relation to your:

- Centre approvals
- Centre agreements, and
- Centre monitoring.

## **Generative Artificial Intelligence (AI) and malpractice and maladministration**

12. Although generative AI is not new, recent advances and public access to the technology mean that the public can now use it more easily. This poses opportunities and challenges for the qualifications and assessment sector. We wish to gather information about how awarding organisations are considering the impact of generative AI in relation to malpractice and maladministration.

### Generative AI definition:

*Generative AI technology uses foundation models trained on large volumes of data. It can be used to produce artificially generated content such as text, audio, code, images, and videos.*

*Examples of generative AI tools include ChatGPT, Google Bard, Claude and Midjourney. This technology is also being integrated into other tools.*

- a) What potential risks and opportunities have you identified with generative AI, in relation to the prevention and management of malpractice and maladministration in your qualifications?
- b) What systems and processes do you have in place for identifying, preventing and managing the risks of malpractice and maladministration associated with the use of generative AI?
- c) How do you support Centres to identify and manage the risk of generative AI related malpractice and maladministration, where Centres deliver assessments on your behalf?



## **Key Line of Enquiry 3: Capability and capacity to develop and maintain qualifications**

- Linked to Conditions [A5.1](#), [A5.2](#), [A5.3](#) and [E4.1](#)

These questions are about your internal processes and systems to determine, acquire and retain relevant expertise on an ongoing basis.

### **Acquiring and determining expertise**

13. As part of your qualification development or review processes, what processes do you have in place to consider:
- a) the types of expertise and resource required to support your qualification offer on an ongoing basis.
  - b) the availability of the required expertise within your organisation and/or your ability to recruit the necessary expertise (where appropriate).
14. How, and when, is relevant expertise and resource determined and acquired when you decide to expand your qualification offer, especially into a subject area or a qualification type that you have not previously offered?

### **Maintaining expertise**

15. Please explain your review processes for ensuring that you have sufficient resource and appropriate competence on an ongoing basis, including:
- a) how you ensure that you acquire and retain appropriate expertise to maintain the validity of your qualifications
  - b) how you monitor and review the sufficiency and capability of the expertise.
16. How do you decide whether to acquire the different types of expertise in-house or to outsource them? Where you decide to outsource the expertise, how do you ensure that the arrangement is sustainable, and that the expertise is sufficiently embedded within your organisation?

For this question, we are specifically interested in **assessment and/or technical expertise** needed to develop and maintain the validity of your qualifications, including the design of any assessment strategies relevant to these qualifications.