



# FINANCIAL ADVISER ASSESSMENT FOR AUTHORISATION

## DELEGATED ASSESSMENT ORGANISATION [DAO] POLICY FRAMEWORK AND OPERATIONAL GUIDELINES

V3. [Approved for Issue]



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## EXECUTIVE SUMMARY

ETITO is the industry training organisation for the financial services industry. ETITO is working with stakeholders across the financial services sector including firms, industry associations and advisers, and also with the Securities Commission, the Code Committee, the Tertiary Education Commission and training providers, to design and operationalise a national training and assessment system for financial advisers who are preparing for authorisation under the Financial Advisers Act 2008.

The National Qualifications Framework provides industry endorsed measures of competence, established methods to record competence, and robust quality assurance systems to ensure the validity of the recognition of competence.

The Code Committee's proposals as they relate to the competence requirements for authorisation are based around the utilisation of ETITO's National Certificate in Financial Services [Financial Advice] [Level 5], a qualification registered on the National Qualifications Framework. For the purposes of adviser authorisation, some of the competence standards within this qualification are restricted in terms of the way in which they can be assessed, and who can assess them.

The Delegated Assessment Organisation [DAO] model has been developed by ETITO in consultation with the financial services industry to provide a means of rapidly building industry capability and capacity specifically in regard to assessing the competence standards contained within Standard Set C of the Code Committee's competence proposal in particular, and also the workplace evidence components of Standard Sets A, D or E if assessed through the ETITO centrally administered system.

The DAO model offers significant streamlining benefits especially to firms and industry associations that choose to embrace the model and enables training providers to offer assessment in conjunction with Standard Set C training to their enrolled trainees. Advisers will also enjoy streamlining benefits if they elect to nominate a DAO to conduct their assessment of Standard Set C and **the workplace evidence component relating to** Standard Sets A, D or E when they register to complete these assessments through ETITO. In particular:

The DAO model allows DAO firms to integrate assessment of workplace evidence activity into their business-as-usual activities for employees or nominated agents.

The DAO model allows industry associations to offer assessment services for workplace evidence as a benefit of membership.

The DAO model allows NZQA registered and accredited training providers to provide both training **and** assessment services across Standard Set C of the National Certificate in Financial Services [Financial Advice] [Level 5] for their enrolled trainees.

The DAO model is likely to facilitate access to assessment for workplace evidence at a lower cost than ETITO is able to provide if the DAO has even a moderate number of candidates nominated for assessment. The savings to the DAO increase as the number of candidates for assessment increases.

## 1 BACKGROUND INFORMATION

### 1.1 INTEGRITY AND GOOD PRACTICE IN ASSESSMENT

This policy framework is concerned with the conduct of assessment against unit standards contained within Standard Set C in particular, and the workplace evidence component of any ETITO assessment relating to Standard Sets A, D or E of the Code Committee's proposals, for the purposes of authorisation. The framework takes account of the need to maintain a balance between the quality and integrity of the assessment process and its outcomes, and the capacity of, and access to, the assessment system for financial advisers throughout New Zealand.

### 1.2 ETITO'S CENTRAL ROLE IN THE QUALIFICATION OF FINANCIAL ADVISERS

ETITO is recognised by government and industry as the national standards setting body for the financial services industry under the Industry Training Act 1992 and its amendment. Under this legislation, ETITO has a statutory mandate for:

**Skills leadership:** ETITO provides industry specific leadership on matters relating to skill, training and assessment needs.

**Unit standard and national qualification development:** ETITO works with financial services industry consultation groups to collect information that informs the development of national unit [competency] standards and national qualifications. These national unit standards and qualifications are registered on the National Qualifications Framework [NQF] by the New Zealand Qualifications Authority [NZQA].

**National training system management:** ETITO is not a training provider. ETITO quality assures the national training system by moderating assessment against national unit standards, undertaking the accreditation of training providers, and facilitating training delivery.

In relation to the Financial Advisers Act 2008, ETITO is also mandated to enable assessment of competency for the purposes of authorisation of financial advisers. ETITO acts as a bridge between industry, NZQA, the tertiary sector and the Securities Commission in matters relating to competency and industry qualifications.

ETITO operates within the parameters of a quality assurance system, articulated within the ETITO Accreditation Moderation Action Plan [AMAP]. Appendix 6 – Financial Services and Insurance Services Sector Accreditation Requirements, states that:

For the purposes of authorisation of a financial adviser under the Financial Advisers Act 2008, the Securities Commission will only recognise assessment that has been conducted by ETITO through its centrally-administered system for the Capstone unit standards 25650-25653 inclusive.

Note: There are five Capstone unit standards including Standard Set B unit standard 26360, and Standard Set C, incorporating unit standards 25650-25653.

The Securities Commission, as the regulator of financial advisers, requires ETITO to be wholly responsible for the assessment of Standard Set B and Standard Set C through a centrally-administered assessment system.

## 1.3 ASSESSMENT PRINCIPLES

### Accessibility

Assessment should be available to all financial advisers who seek it for the purposes of authorisation.

### Credibility and integrity

Assessment processes will be

- **Systematic:** Planning and recording will be rigorous to ensure sufficiency and fairness in assessment.
- **Open:** Candidates will understand the assessment process and the criteria to be applied, and can contribute to the planning and accumulation of evidence.
- **Consistent:** Given similar circumstances, the assessor would make the same judgement again and the judgement will be similar to judgements that other assessors would make.

Assessment methods will be:

- **Appropriate:** Assessment methods will be suited to the performance being assessed.
- **Fair:** Assessment methods will not disadvantage individuals by hindering or limiting them in ways unrelated to the evidence sought.
- **Integrated with work or learning:** Evidence collection should be ongoing, linked with normal learning or work.
- **Manageable:** The methods used will be straightforward, readily arranged and not interfere unduly with learning or work.

Evidence will be

- **Valid:** Assessment will be fit for purpose, so that assessment focuses on the requirements specified in the standards.
- **Direct:** Assessment activities will be similar as possible to the conditions of actual performance.
- **Authentic:** The assessor will be confident that the work being assessed is attributable to the person being assessed.
- **Sufficient:** The evidence will establish with confidence that all criteria have been met and that the performance to the required standard could be repeated with consistency.

**Flexibility**

Assessment processes must be sufficiently flexible to function effectively across the range of intended DAO contexts, including firms from various sectors within the financial services industry, professional associations and registered and accredited training providers.

**Information security**

The principles of the Privacy Act 1993 apply. Information submitted for assessment will be subject to confidentiality and privacy protocols.

**Quality**

Assessment will be conducted in accordance with ETITO's documented quality assurance processes. It will be subject to validation by ETITO, and it will be the subject of internal and national external moderation.

## 1.4 NATIONAL CERTIFICATE IN FINANCIAL SERVICES [FINANCIAL ADVICE] [LEVEL 5]

To achieve this qualification, candidates must achieve the following unit standards:

Unit no.	Unit standard title	Level	Credit
<b>Standard Set C – Capstone professional practice</b> <b>Applying the six step advice process and complying with legislation</b>			
25650	Demonstrate the steps in the financial advice process relating to client relationships and gathering information	5	4
25651	Demonstrate the steps in the financial advice process relating to the development and presentation of recommendations	5	5
25652	Demonstrate the steps in the financial advice process relating to the implementation and review processes	5	4
25653	Apply requirements of regulations, professional practice standards, and operational guidelines as a financial adviser	5	5
<b>Standard Set A – Core knowledge</b> <b>Knowledge of the industry, financial markets, the advice process and products</b>			
24755	Demonstrate knowledge of the industry and apply professional practice in a financial services organisation	4	5
25642	Demonstrate understanding of relationships between economic environments, financial markets and their participants	5	5
25643	Demonstrate understanding of the stages of financial advice and the products used by financial advisers	5	5
<b>Standard Set B – Capstone knowledge of the code</b> <b>Specific knowledge the requirements for authorisation</b>			
26360	Demonstrate understanding of legislative requirements for registration and authorisation of financial advisers	5	5

Candidates will also need to complete **ONE** specialist area from the following standard sets:

Unit no.	Unit standard title	Level	Credit
<b>Standard Set D – Investment specialist standards</b>			
25648	Demonstrate understanding of investment concepts used by financial advisers	5	10
25649	Apply principles of investment advice	5	7
<b>Standard Set E – Insurance specialist standards</b>			
25644	Demonstrate understanding of insurance structures, principles, products; and risk principles used by financial advisers	5	5
And at least one of the following:			
25645	Demonstrate understanding the life insurance market and life insurance	5	5
25646	Demonstrate understanding of the health insurance market and health insurance	5	5
25647	Demonstrate understanding of the fire and general insurance market and fire and general insurance	5	5
<b>Standard Set E – Residential property lending specialist standards</b>			
26286	Demonstrate knowledge of the mortgage industry, lending principles, home loan products and apply the application process	4	5
26287	Demonstrate understanding of the residential property market and residential property lending as a financial adviser	5	8

Some individuals may also need to attain additional credits to reach the 50 credits necessary to complete the qualification. They can do so by undertaking assessment against other specialist unit standards.

## 2 DAO ASSESSMENT FRAMEWORK

### 2.1 CENTRALLY-ADMINISTERED ASSESSMENT SYSTEM

In accordance with the requirements of the Securities Commission and as articulated within the ETITO AMAP, a national, centrally-administered assessment system is under development to provide for the assessment of capstone unit standards [Standard Set B and Standard Set C] in the National Certificate in Financial Services [Financial Advice] [Level 5].

ETITO will supply periodic reports to the Securities Commission confirming that candidates for authorisation have met the competency requirements for the standard sets within the National Certificate in Financial Services [Financial Advice] [Level 5]. For the purposes of Standard Set C, assessment requires the collection of naturally occurring workplace evidence, including a competency interview with an assessor. ETITO will also offer assessment across Standard Sets A, D and E through the national centrally-administered system to ensure national access to assessment for all financial advisers seeking authorisation.

A key strategy is to provide a centrally-administered assessment system that is fair, flexible and efficient whilst at the same time delivering authenticity, consistency, validity, sufficiency and repeatability across all candidates and in all parts of the sector.

To ensure the system is flexible, efficient, and meets the industry demand for quality assessment in a relatively short timeframe, ETITO has developed two models for candidate assessment against these four capstone unit standards in Standard Set C and against the **workplace evidence components** in Standard Sets A, D or E:

Registration by an individual candidate directly into the ETITO centrally-administered system, where they will be allocated an ETITO Financial Adviser assessor; or

Registration via a Delegated Assessment Organisation [DAO], where they are allocated a registered delegated assessor who will conduct the initial assessment on behalf of ETITO.

### 2.2 DELEGATED ASSESSMENT ORGANISATIONS [DAO]

The Delegated Assessment Organisation model has been developed in consultation with industry to provide a means of rapidly building industry capability and capacity specifically in regard to assessing workplace evidence.

This model requires potential Delegated Assessment Organisations to meet certain criteria and to adhere to the policy statements contained in this document and any contractual obligations in order to be registered and to maintain registration over the registration period.

DAOs will primarily be involved with the assessment of workplace evidence required for Standard Set C, the key professional practice unit standards, for the National Certificate in Financial Services [Financial Advice] [Level 5].

DAOs may also be involved with assessing **workplace evidence components** for Standard Sets A, D and E, alongside ETITO-administered examinations. See 2.3 for further information.

The DAO will nominate delegated assessors, to be trained and registered by ETITO, who will then undertake the assessment of the candidate's portfolio of evidence, conduct the competency interview, and subsequently provide an assessment recommendation to ETITO.

ETITO will retain the required control of the final decision to award credit to NZQA through an internal quality assurance process of validation of assessment recommendations. Assessments will also be subject to ETITO internal and external moderation processes as part of ETITO's customary quality assurance process.

## 2.3 OUTLINE OF THE DAO MODEL

An organisation will apply to ETITO for registration as a Delegated Assessment Organisation [DAO]. Their application will be evaluated against the DAO registration criteria, which focuses on the organisation's ability to:

- perform the roles and responsibilities of a DAO,
- manage the assessment process internally including their nominated delegated assessors; and
- to comply with all contractual obligations .

Each DAO will be allocated with an ETITO Assessment Network Consultant to provide assistance in the smooth operation of the process and the provision of support to DAO assessors. Note: The DAO is fully responsible for any remuneration to their delegated assessors.

Once approved, the DAO will nominate delegated assessors [current employees, financial members, or contracted representatives of the organisation] and recommend them to ETITO for training and subsequent registration. A delegated assessor must possess sufficient skill and expertise to carry out the role of assessment of **workplace evidence for Standard Set C** and for **Standard Sets A and D or E** if the DAO intends to have candidates assessed against these through ETITO.

**NOTE: A DAO can only assess Standard Set C, and the WORKPLACE EVIDENCE pertaining to Standard Sets A, D or E alongside ETITO-administered examinations.**

**If a financial adviser wishes to use a DAO for their assessment against Standard Sets A, D or E, they must still sit ETITO-administered examinations relating to these Standard Sets PRIOR to DAO workplace assessment. DAOs are not able to assess Standard Sets A, D or E without the adviser sitting ETITO-administered examinations unless the DAO is an NZQA registered and accredited training provider.**

The table below indicates the scope of practice possible for a DAO [indicated in bold], unless the DAO is a registered and accredited training provider. Candidates who use the DAO for the conduct of their workplace assessment for Standard Sets A, D or E must enroll in ETITO-administered examinations for these Standard Sets, which are designed as complimentary to the workplace assessment activity.

ETITO DAO ASSESSMENT SYSTEM STRUCTURE	
Standard Set A	ETITO examination and <b>DAO workplace assessment</b>
Standard Set B	ETITO examination only
Standard Set C	<b>DAO workplace assessment only</b>
Standard Set D	ETITO examination and <b>DAO workplace assessment</b>
Standard Set E - Insurance	ETITO examination and <b>DAO workplace assessment</b>
Standard Set E - Property	ETITO examination and <b>DAO workplace assessment</b>

Nominated assessors will undergo training with ETITO and must pass assessment before being registered as a delegated assessor.

The DAO is responsible for identifying and nominating candidates who are ready for workplace assessment. These candidates will then be allocated by the DAO to an appropriate assessor. ETITO is providing a web-enabled facility for evidence from candidates to be uploaded as a portfolio for assessment. The effect of this is that the delegated assessor will not necessarily need to be on site with the candidate for the purposes of assessment. The delegated assessor will also be required to conduct a competency interview, which will be recorded. The interview may be conducted by telephone or it may be conducted in a face-to-face discussion.

Once the delegated assessor is satisfied that the candidate has submitted sufficient evidence, they will complete a written recommendation to ETITO. ETITO will validate the evidence provided and make the final judgment on competence before filing credits with NZQA.

Assessments will also be subject to ETITO internal and external moderation processes as part of ETITO's customary quality assurance process.

## 2.4 SECURITY OF CLIENT INFORMATION

The principles of the Privacy Act 1993 apply. Client information submitted for assessment as part of the portfolio of evidence will be subject to strict confidentiality and privacy protocols.

Candidate and assessor guidelines will direct how client information is to be handled so that full protection is given to the client's identification and confidential details.

## 2.5 KEY STEPS IN THE DAO PROCESS

The following table outlines key steps in the DAO process and provides additional detail in relation to each step. There is a flowchart to support this table in Appendix A.

Steps		Key points
1	ETITO Assessment Network Consultant agrees contract with prospective DAO	ETITO consultant will explain all parts of the DAO model to the organisation, clarifying requirements and responsibilities, and ensuring that the DAO can enter into a mutually beneficial contract with ETITO.
2	Contract ratified and signed off by ETITO	ETITO confirms details. Contract is signed and financial requirements completed.
3	DAO registered	ETITO allocates unique DAO reference number which will then establish identity in the ETITO system. Additional DAO details are set up to enable link to candidates to be established.
4	DAO nominates their delegated assessors	DAO identifies and nominates the necessary number of delegated assessors to undertake assessments according to delegated assessor availability and numbers of candidates expected.
5	ETITO trains, validates and registers delegated assessors	ETITO trains delegated assessors to meet required standards, and validates that they are met. ETITO subsequently registers delegated assessors in order that they can commence assessment. This is to ensure that that integrity and quality of assessment will be consistent across all organisations.
6	Delegated assessors are ready to begin assessment	Delegated assessors are qualified, competent and registered, so are ready to begin assessment.
7	DAO establishes their list of potential candidates	DAO may or may not be able to guarantee all candidates will agree to assessment with them.  DAO to confirm their offer and costs.
8	Details of offer sent to each candidate	Each candidate may receive several offers but must decide if they will accept one or progress through the assessment independently through ETITO.
9	Candidate decides to align with DAO and registers	This becomes a contract to progress. The candidate will commit to any cost indicated by the DAO and will be assessed by them.
10	DAO sends file of candidate details to ETITO	ETITO registers the candidate and relationship in assessment system.
11	Candidate is ready to prepare for assessment	The candidate and delegated assessor can now begin preparing for the assessment process.

## 3 DAO REGISTRATION POLICIES

### 3.1 DAO REGISTRATION QUALIFYING RULES AND CRITERIA

A prospective DAO must meet the qualifying rules and each of the criteria for DAO registration before being licensed as a DAO by ETITO.

#### Qualifying rules for DAO registration

Any of the following organisational groups can become a Delegated Assessment Organisation:

A **company or partnership** operating in the financial services sector with employees and nominated agents who qualify for application to be authorised as a financial adviser with the Securities Commission.

An **industry association** with financial members who qualify for application to be authorised as a financial adviser with the Securities Commission.

An NZQA **registered and accredited Training Provider** training against unit standards in the Financial Services subfield with enrolled students who can qualify for application to be authorised as a financial adviser with the Securities Commission.

#### Criteria for DAO registration

Before registration, a DAO must comply with the following criteria:

Demonstrate that they constitute one or more of the organisational entities outlined in the paragraph above.

Formally agree to comply with the ETITO Policies and Operational Guidelines as a DAO.

Possess a pool of individuals that meet the delegated assessor selection criteria, and that are available to perform assessment.

Demonstrate ability to maintain a sufficient ratio of delegated assessors to nominated candidates to perform the required assessment activity by December 2010 as per the Securities Commission's current timeline.

Demonstrate ability to comply with the guidelines for the suitable preparation and support of candidates.

## 3.2 DAO FUNCTIONS AND ACTIVITIES

A registered DAO is responsible for performing a number of key functions in accordance with these Operational Guidelines.

### Key functions of a DAO

A Delegated Assessment Organisation [DAO] will be responsible for the following key functions:

Nominating selected personnel to perform the role of delegated assessor.

Conduct the required criminal, credit and companies office checks on all nominated assessors.

Funding and supporting the nominated delegated assessor[s] to be trained by ETITO.

Supporting the activities of ETITO registered delegated assessors for the specific purpose of assessing candidates formally associated with the DAO and any costs incurred in this process.

Nominating candidates for assessment for whom the DAO agrees to undertake delegated assessment.

Confirming the valid identity of all nominated candidates [facilitated by ETITO personnel].

Providing an undertaking to maintain a formal relationship with all candidates who commit to confirm their association with the DAO as assessment candidates for the purposes of assessment of Standard Set C and for the **workplace evidence components** of Standard Sets A , D or E

Retaining completed assessment material documentation for at least 12 months for moderation purposes.

**NOTE: To assist DAOs in calculating the number of delegated assessors required, ETITO recommends an allowance of up to four hours of time per assessment of Standard Set C per candidate. Additional time required to assess workplace evidence for Standard Sets A, D or E will depend on the results from the examinations [which candidates are required to have completed prior to the workplace assessment activity].**

**The DAO is encouraged to incorporate this into business as usual activities where possible.**

## 4 DELEGATED ASSESSOR POLICIES

A delegated assessor must meet all of the qualifying criteria as determined by ETITO and successfully meet the requirements of assessor training and assessment before becoming a registered delegated assessor with ETITO.

### 4.1 DELEGATED ASSESSOR RESPONSIBILITIES AND ACTIVITIES

#### **Delegated assessor responsibilities**

Before nominating a person to become a registered delegated assessor with ETITO, the DAO should ensure that prospective delegated assessors have a clear credit and criminal status report and are committed to meeting the following responsibilities:

Providing fair, valid assessment of candidates that is consistent with the national standard [as determined by ETITO].

Ensuring that the assessment process for each candidate is conducted inside the permissible timeframe [as determined by ETITO].

Providing assessment recommendations to ETITO in a timely fashion in accordance with ETITO and workplace policies and procedures.

Maintaining current knowledge of industry processes, procedures, technical requirements, and the national standards.

Ensuring that current versions of the unit standards are used at all times.

Ensuring that only relevant ETITO assessment resources are used at all times when conducting assessment.

Taking part in all delegated assessor performance reviews, validation and moderation activities as requested by ETITO.

Informing ETITO when there is any change in circumstances for the delegated assessor, including:

- any changes in credit or criminal clearance status;
- resignation or termination as a delegated assessor;
- transfer or employment with another organisation; and / or
- change to contact details.

#### **Delegated assessor activities**

Delegated assessors will be required to carry out the following activities in the performance of their role as assessor:

Communicate and confirm expectations, process and timeframes with the allocated candidate.

Distribute the appropriate assessment resources to the candidate.

Plan and schedule assessment activity.

Ensure the candidate is well prepared for assessment and conduct pre-assessment briefing.

- Facilitate the gathering of a portfolio of evidence by the candidate.
- Evaluate candidate's evidence, including the competency interview.
- Provide feedback to candidate and request any additional evidence if required.
- Complete documentation.
- Report recommendations to ETITO.

**NOTE: A DAO delegated assessor is trained and authorised to make assessment recommendations only.**

**The final decision before credits are registered with NZQA is performed by an ETITO validator. The validator reviews the delegated assessor's recommendation, and if deemed satisfactory, provides the final approval for credit for unit standards to be registered against the candidate's record of learning.**

## 4.2 DELEGATED ASSESSOR SELECTION CRITERIA

All ETITO delegated assessors must meet ETITO's industry-specific assessor registration criteria in order to be registered. Nominated delegated assessors must also have formal support from their DAO before undergoing any assessor training and they must complete the ETITO delegated assessor application form.

### **Delegated assessor selection criteria**

Relevant industry experience [minimum three years], and qualifications in the financial advisory process as covered by the capstone unit standards.

A sound understanding of legislative requirements for authorised financial advisers.

Well organised, with accurate and efficient record keeping and administrative skills.

Excellent written and verbal communication skills. Displays sound judgment, evaluation and problem solving skills.

Professional, objective, honest, firm, fair and systematic in their approach to assessment activity.

Culturally aware and able to work with diverse cultural groups.

Does not have any criminal convictions

Has a clear credit report

Has never been declared insolvent or adjudged bankrupt

## 4.3 DELEGATED ASSESSOR TRAINING

### Delegated assessor training

A nominated delegated assessor must meet the selection criteria and demonstrate they have sufficient skill and expertise to carry out the role of assessment of evidence for Standard Set C and for Standard Sets A, D or E.

Nominated delegated assessors will undergo training with ETITO before being registered as a delegated assessor. Delegated assessors will be expected to attain the following unit standards [in a financial services context] as part of their training:

Unit standard 4098: Use standards to assess candidate performance - 6 credits, Level 5

Unit standard 11281: Prepare candidate[s] for assessment against standards - 3 credits, Level 4

Unit standard 18203: Verify evidence for assessment for candidate - 3 credits, Level 4

The assessor training will be 5 days in duration and will include delegated assessors working through a number of industry specific case studies and taking part in several peer group evaluations for the purposes of establishing the required accuracy and confidence in repeatability of assessment.

The assessor training will be paid for by the DAO. The fee for this training will include assessment of the above unit standards and also provide the assessor with all the resources required to conduct assessment.

Once the delegated assessor has successfully completed their training and assessment, they will be registered with ETITO and the DAO will be notified.

Note: For more information in relation to the delegated assessor registration process, refer to Appendix B.

## 5 DAO CANDIDATE POLICIES

### 5.1 FORMAL CANDIDATE RELATIONSHIPS WITH DAOS

The DAO must nominate candidates and enter into a formal agreement with a candidate before registering them for assessment.

#### Candidate relationships with DAOs

A candidate for the National Certificate in Financial Services [Financial Advice] [Level 5] may hold many associations with several qualifying DAOs but can choose only one for the purposes of the assessment of Standard Set C and for the **workplace evidence components** of Standard Sets A, D or E.

For example, a candidate may simultaneously be an employee of a financial institution, a member of an industry association and an enrolled student of a registered training provider.

The key requirement for the candidate is that they enter into an agreement with only **one of the DAOs** of the several possibilities that may be open to them.

Candidates also have the choice of approaching ETITO directly for independent assessment of Standard Set C and for Standard Sets A and D or E. In this case, the candidate will not be required to enter into any other assessment arrangement with a DAO, and will contract directly with ETITO for this assessment service.

Qualifying DAOs will be required to formally contract with candidates and their delegated assessors to confirm the DAO's preparedness to process the candidate through their system.

The DAO will provide details of the confirmed candidate and delegated assessor to ETITO for registration in the centrally-administered assessment system. Each nominated candidate will be required to register with ETITO, including the verification of their identity for NZQA records purposes. ETITO Assessment Network Consultants will work with each DAO to facilitate the registration and verification process.

#### DAO registered candidates

A DAO-registered candidate will need the time to accumulate the relevant evidence for the purposes of their assessment; this may include undertaking work activities and assignments relevant to the scope of evidence required.

Once a candidate has entered into a formal arrangement with a DAO for the purposes of delegated workplace assessment and their assessment fees have been paid, they are required to maintain that relationship for the purposes of this assessment. If for any reason a DAO registered candidate discontinues their assessment process with a DAO [for example, due a shift in employment or business association], they must re-register for assessment directly with ETITO. This will require the payment of an appropriate fee and they will be reassigned to an independent ETITO assessor.

Note: For more information on the DAO candidate registration process, refer to Appendix C.

## 6 ADDITIONAL INFORMATION

### 6.1 ETITO FEES

The fees payable to ETITO are structured on the basis of three components:

- DAO registration.
- Delegated assessor training.
- DAO candidate assessment of workplace evidence.

Component	Charge
DAO Registration	\$10,000 +GST
Delegated Assessor Training	\$1,733 +GST
DAO Candidate Assessment	\$260 +GST

The DAO is directly responsible for any other costs incurred in the assessment process including assessor remuneration.

#### DAO registration

An initial registration fee is paid to ETITO for the registration of a DAO. This fee covers the following services:

- Assessment support.
- Provision of assessment materials.
- Services of an ETITO Assessment Network Consultant

#### Delegated assessor training

A training fee is paid to ETITO on commencement of delegated assessor training. This fee covers the following services:

- All training resources and course materials.
- Assessment against assessor required unit standards and registration of credits with NZQA upon achieving these.
- All training administration costs including the production of certificates.

#### DAO candidate assessment of workplace evidence

A per candidate fee is payable to ETITO for workplace assessment. The candidate fee can be paid by the DAO or by each candidate.

[Note: If a candidate is being assessed against standard sets other than Standard Set C, there is also an examination fee]

This fee covers the following services:

- Administration and registration.
- Validation of assessment of workplace evidence.
- NZQA credit registration.
- Reporting of competency results to the Securities Commission.

## 6.2 SCHEDULE

Expected DAO roll-out schedule [as at 19 March 2010]

DAOs begin registering with ETITO	March 2010
Delegated assessors commence training with ETITO	April 2010
Delegated assessors complete training and are registered by ETITO	April 2010
Candidates begin registering for assessment	April 2010
Assessment processing by ETITO commences	31 May 2010

## 6.3 NEXT STEPS

Please contact ETITO to initiate your registration process, or for further information or clarification about the operation of the DAO model.

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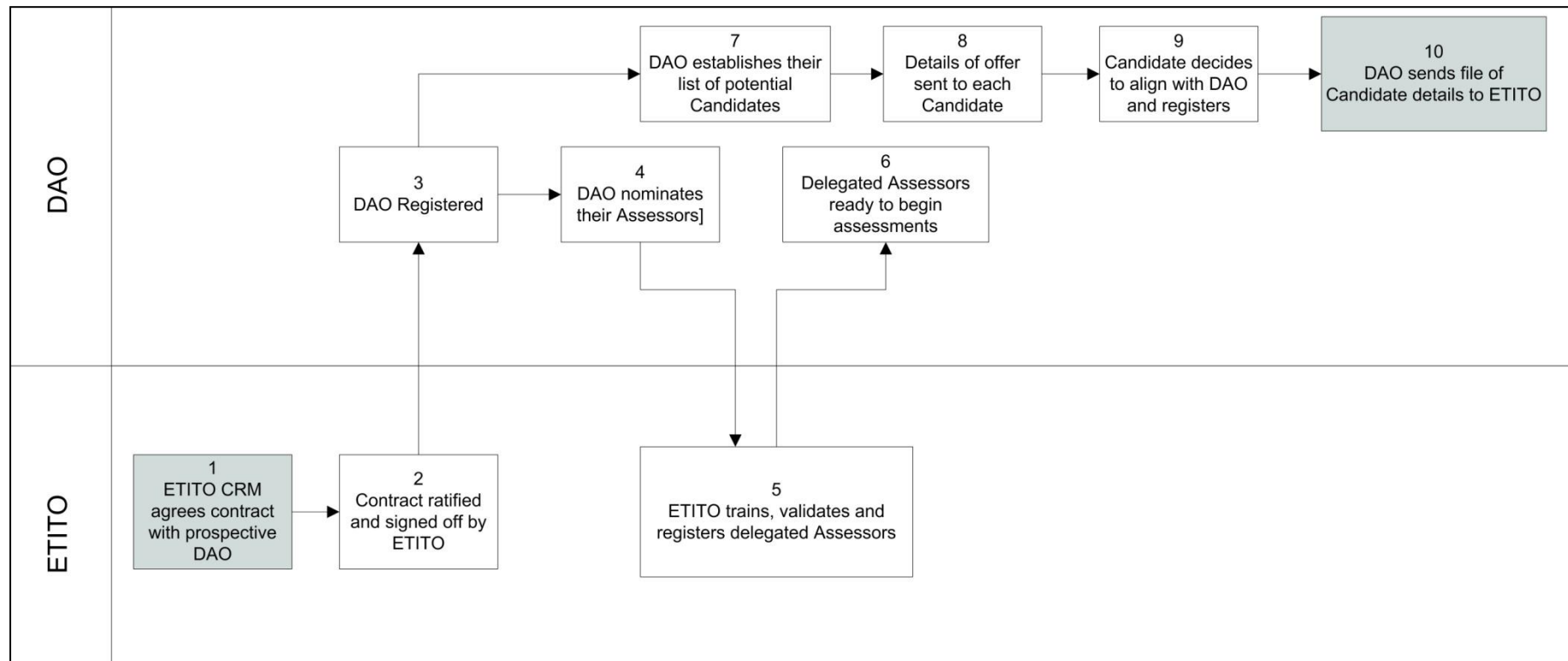


## APPENDIX A

### DAO OVERVIEW

When a DAO is ready for registration and believes it has met all the requirements regarding delegated assessors and the nomination of candidates, ETITO will enter into a contract with the DAO for the purposes of providing delegated assessment authority to maintain a pool of delegated assessors to work with the DAO's candidates.

The following flowchart outlines the key steps in the DAO process [and relates to the table provided in Section 2.7].



## APPENDIX B

### DELEGATED ASSESSOR REGISTRATION

Once a delegated assessor is nominated by the DAO, the delegated assessor registration process begins with training. The following table provides more detail about processes that occur.

Step		Key points
1	DAO registered with ETITO	The DAO has already completed the initial registration process with ETITO.
2	DAO nominates delegated assessors	The DAO identifies and nominates the number of assessors required to assess their candidates within the required timeframe.
3	ETITO processes applications	ETITO receives applications and begins the registration process.
4	Nominated delegated assessors booked on training course	Nominated delegated assessors are enrolled on five days of training.
5	Nominated delegated assessors undergo training and assessment	Training is conducted.
6	ETITO makes assessment decision	ETITO makes the assessment decision in relation to assessor standards.
7	Nominated delegated assessors may have to provide further evidence and be reassessed	If further information is required, nominated delegated assessors will collect this information, submit it to ETITO for reassessment.
8	ETITO issues certificate of registration	ETITO completes the assessment and verification process and the status of the nominated delegated assessor is changed to registered delegated assessor.
9	Delegated assessors are now ready to commence assessment.	Delegated assessors are registered and competent to commence assessment of workplace evidence for DAO registered candidates.

## APPENDIX C

### DAO CANDIDATE REGISTRATION PROCESS

After the DAO has been registered and its assessors have been trained and registered, the DAO also manages the registration of its nominated advisers for assessment.

The following table provides more detail on how advisers link to a DAO and are subsequently entered into the ETITO system in readiness for assessment.

Steps		Key points
1	Candidate ready to begin assessment process	All candidates enter the registration process at this point.
2	Candidate aligned to a DAO?	Candidate decides whether they have a possible relationship with one or more DAOs.
3	Review offers from all qualifying DAOs	Each candidate may receive several offers but must decide if they will accept one or procure assessment independently through ETITO.
4	Candidate decides to align?	This choice may result in a candidate opting for an assessment with either a DAO or independently with ETITO.
5	Enter registration details for assessment with ETITO and provide copies of ID	If the candidate decides not to align with a DAO, they register for assessment directly with ETITO.
6	DAO and candidate agree to enter contract	This becomes a contract to progress. The candidate will commit to any cost indicated by the DAO and will be assessed by them.
7	Contract signed and validated by ETITO Assessment Network Consultant	ETITO Assessment Network Consultant confirms that all details are complete and that proof of identity has been established.
8	Bulk upload of candidate details	Electronic upload of details into ETITO assessment system including DAO association and assigned delegated assessor.
9	Information loaded into ETITO assessment system	Unique ETITO number assigned which completes the candidate registration and identification process.
10	Initial registration complete	Registration is complete and candidate is now ready to prepare for assessment.

## APPENDIX D

## THE DELEGATED ASSESSMENT PROCESS SUMMARY

