Answers

In the Strategic Professional Examinations it is not always possible to publish suggested answers which comprehensively cover all the valid points which candidates might make. Credit will be given to candidates for points not included in the suggested answers, but which, nevertheless, are relevant to the requirements. In addition, in this integrated case study examination candidates may re-introduce points made in other questions or parts of questions as long as these are made in the specific context of the requirements of the question being answered.

The suggested answers presented below inevitably give much more detail than would be expected from most candidates under examination conditions, and include most of the obvious points evidenced from the case information. The answers are therefore intended to provide a structure of the approach required from candidates, and cover the range and depth of knowledge relating to each task which might be demonstrated by the most well prepared and able candidates. They are also intended to support revision and tuition for future examinations.

1 Report

To: The board of directors, NCCP
From: A. Consultant
Subject: Stakeholders and mission
Date: 15 June 20X5

This report assesses NCCP's internal and external stakeholders and recommends how they should be managed. It goes on to evaluate NCCP's mission statement and assess its sources of competitive advantage.

(a) Stakeholder management

Staff

Both paid employees and unpaid volunteers have high interest in NCCP: paid staff because they rely on NCCP for their salaries and unpaid volunteers because of the commitment they show to NCCP by working unpaid. Despite issues highlighted in the survey, 82% of respondents are possibly/definitely expecting to be working at NCCP in one year's time, indicating that this interest is likely to continue.

The survey results suggest that individual power has reduced over the year as staff now need to seek permission from managers rather than make their own decisions. However, it sounds like there is a strong team culture at NCCP, with individuals working very effectively together. This increases their collective power, especially given the relatively small number of people involved (12 employees not on the executive board).

The board should keep employees and volunteers informed of plans for the future. It will be particularly important to explain and sell any new strategies, such as launching the new art courses, which are at odds with staff's current understanding of NCCP's mission. Where possible, they should also be consulted to ensure that they retain a sense of involvement and participation.

Donors

Corporate donors have high power – on average, each donation represents 3·5% of NCCP's total income. Levels of interest in NCCP may vary – the corporate donors have some sort of personal link to NCCP but, in the light of media reports, there are indications that they are also taking a keener interest in how their donations are being used.

NCCP should therefore keep corporate donors satisfied by demonstrating good corporate governance.

Personal donors are likely to have high interest in NCCP as they have made a personal choice to donate money. At the same time, the average personal donation of $24 is not significant; the total value of all personal donations over a year is less than one average corporate donation.

Personal donors should still be kept informed about NCCP, but they will be given less priority than corporate donors.

Ceeville Council

Ceeville Council is a key player whom NCCP will need to engage with closely. The Council provides 31% of NCCP's funding and, faced with its own budgetary restrictions, is taking a much closer interest in how recipients of its funding behave. NCCP must therefore ensure that it complies with any funding requirements, even if they do not see it as a priority. For example, NCCP needs to run Business Skills courses to secure its funding, even though they require a high subsidy and are not well attended.

Board of trustees

The board of trustees is also a key player. It was set up by Richard Tempest to oversee the executive board and therefore has high power and high interest in the way the charity is being run. The executive board therefore needs to ensure that it can demonstrate how its actions are supporting NCCP's mission and objectives.

Course participants

North Ceeville inhabitants who attend an NCCP course are likely to have a significant level of interest in NCCP's current and future course offerings, but low power individually to influence NCCP's behaviour.

Although NCCP does not need to meet every request from course participants, it would be sensible to seek feedback from the group as a whole as to what demand might or might not be for future courses.

The North Ceeville community

Members of the North Ceeville community who do not fall into the categories above are likely to have low power to influence NCCP's behaviour and, based on the fact they are not currently involved with the charity, relatively low interest.

Although minimal effort would normally be required for this stakeholder group, the recent media coverage means that it would be appropriate to keep the wider community informed about NCCP's plans in order to protect NCCP's brand.

(b) Sources of competitive advantage

NCCP's model is to heavily subsidise the courses which it offers. The objective is to make education affordable for those who would not otherwise have the opportunity. However, the pricing structure does not differentiate between those who can and cannot afford the courses; there is therefore a risk that those who can afford to pay the full price for a course benefit from the subsidy to the detriment of those who cannot.

NCCP is reliant on Council funding and corporate donations to subsidise its courses. The Council funding is not exclusive to NCCP – in fact, more stringent compliance criteria means that NCCP may fall behind in this field. Its corporate donations rely on long-standing relationships which have been nurtured over many years and could be seen as a source of competitive advantage.

NCCP is described as 'well-respected' for its good value courses and social environment. This reputation would have been a source of competitive advantage, but it has apparently been undermined by Mr Allen's plans for premium courses aimed at the more affluent members of the community and the associated negative publicity with that development.

As a service organisation, NCCP is reliant on its employees and volunteers to provide a good service. An experienced, motivated member of staff is likely to be a key source of competitive advantage. According to the Ceeville Echo, NCCP 'used to be well-respected', which carries with it an implication that this is no longer the case. This is reinforced by the staff survey which reports that 31% of staff are no longer happy to be working at NCCP. One year ago, this figure was nil. A fall in happiness is likely to undermine levels of service as a source of competitive advantage, although 78% of survey respondents still believe they work effectively (84% one year ago). All this suggests that levels of service have not fallen yet but, if staff issues are not addressed, this could become more of a problem.

In addition, most educational organisations would seek to differentiate themselves based on the quality of their courses. However, most of NCCP's courses are run by freelancers who, by definition, would also be available to any other educational provider.

Overall, there is a risk that NCCP gets stuck in the middle. Its ability to secure significant funding (whether through Richard Tempest or Ceeville Council) is reducing and there is nothing to indicate that NCCP is able to add value through efficient processes. Its most influential source of differentiation would be the social dimension which retains existing participants and attracts new ones. However, the disruption caused by the new CEO risks alienating existing participants, with the result that any social benefits will have to be re-built from scratch.

2 Briefing notes

(a) Evaluation of current risk management process

It is encouraging that the executive board undertook a thorough risk identification exercise which lasted for a full day and involved relevant operational staff. However, the thoroughness of this exercise is undermined by the fact that it has been treated as a one-off project which is now completed. Instead, risk identification should be a permanent and on-going activity. The suggestion that the exercise will be repeated 'at some point in the future' is too vague.

Having identified a large number of risks, there has been no attempt to assess them. This makes it very difficult to prioritise the most important risks, especially given that the list runs to 150 items requiring investigation. It would be appropriate to estimate the likelihood and impact of each risk and record this on the risk register. These factors (which can be given a numerical ranking if necessary) will allow the executive board to address the most serious risks first.

Without effective risk assessment, the risk planning becomes much harder. The challenge of sharing 150 risks between the four members of the executive board is compounded by the two-week deadline to identify and implement an appropriate action. There is a risk that, in an attempt to hit the deadline, the directors do not consider a full range of risk management strategies or that they do not implement them as effectively as they should.

Finally, even if the controls were sufficient (see above), NCCP's risks can change dramatically and without warning. Historically, Ceeville Council's criteria have changed annually and this trend is expected to continue. It is highly unlikely that the board's actions identified on the current register would be sufficient to deal with this risk without further intervention.

Actions to improve the risk management process

Risk assessment should be added to the register in the form of 'likelihood' and 'impact' columns.

A further column should be added to the register to identify when the risk should be reviewed. Constant risks such as fire can be reviewed less regularly in line with health and safety regulation. However, volatile risks such as cybersecurity will need to be reviewed much more often.

In order to ensure that the executive board is meeting its corporate responsibilities, it would be appropriate to review the risk register monthly, with priority given to those risks which are due for review or which have the highest likelihood and impact.

The board should also communicate with staff and volunteers to explain the ongoing nature of risk management and encourage dialogue which will allow risks to be identified and managed. Given the tension between the CEO and some staff and volunteers, this may be a challenge to implement.

(b) Although the executive board of NCCP is responsible for identifying risk and developing suitable internal controls, other stakeholders will have an interest in these controls and it is often appropriate (and sometimes compulsory) for them to be kept informed.

Government departments

Some of NCCP's internal controls address fundamental aspects of safety and privacy, and NCCP may have a legal obligation to share information about this with the relevant authority. For example, government bodies may demand evidence of appropriate controls in the fields of health and safety or data protection. Failure to comply with these demands could have serious legal repercussions.

Ceeville Council

NCCP relies on Ceeville Council for approximately 30% of its annual income. The executive board would therefore be wise to comply with any requests from the Council for information about internal controls which may arise as part of its compliance conditions. While NCCP has no legal obligation to share this information, failure to do so is highly likely to result in funding being removed.

Donors

Corporate and personal donations form another 30% of NCCP's income. Due to some high profile cases of charities misappropriating funds, there is an increased interest in the way donations are being managed. While such donors are unlikely to demand the level of detail which the Council is seeking, it would be appropriate for NCCP to share general information about how it makes effective use of the assets which it has been entrusted with.

Course participants

Participants who attend NCCP's courses benefit from subsidised education. However, they will also be interested in the controls surrounding the courses. For example, they may be concerned about how their personal information is used – whether it is kept confidential and whether it is used for other marketing purposes.

Local community

NCCP is clearly well-established in the local community. It has a reputation to maintain, even among those who are not current participants or donors. It would therefore be appropriate to reinforce this reputation (brand) by demonstrating good stewardship on the part of the executive board.

In the modern business environment, shareholders would expect to receive an annual risk report from the board of directors as part of corporate governance. Although NCCP does not have shareholders, it would be appropriate for the board to publish an annual risk report as good practice.

3 Report

To: Philip Allen, Chief executive
From: A. Consultant
Subject: Course offerings
Date: 15 June 20X5

This report assesses NCCP's current course offerings and evaluates the proposal to launch art courses.

Current course offerings

The overall number of NCCP course bookings has risen for the past two years (up 7·4% in 20X5). This suggests that NCCP is being effective in attracting people to its courses but, to validate this suggestion, it would be necessary to identify the overall size of the market and NCCP's relative share.

This overall increase masks issues at course level. The computers for beginners course has been running unchanged for 20 years and saw a 21% fall in bookings in 20X5. Considering how much technology and IT-literacy have changed in 20 years, this course is almost certainly obsolete.

The dramatic growth of the web design course (up 15% in 20X5) indicates that demand is high for IT courses which are relevant to the modern business environment. This course now represents 61% of all courses run by NCCP. This creates an opportunity which NCCP could take advantage of.

The new business skills course has been offered under the funding condition imposed by Ceeville Council. NCCP appears to have had no choice in this decision as their funding was conditional on this running. Attendances have been very low and heavily subsidised. Low attendance may be due to a lack of promotion by NCCP, but is more likely to be driven by the lack of participants in North Ceeville who are 'self-employed or looking to start their own business'.

The Finding a job course has remained relatively stable, representing 31% of NCCP's bookings in 20X5. As this course is run by volunteers, it generates a positive contribution to NCCP.

There is no evidence that any market research has been undertaken. Courses appear to operate because they always have in the past (Computers for beginners), because of funding obligations (Business skills) or because volunteers exist to run them (Finding a job). However, demand for relevant courses is high (Web design), so NCCP should undertake market research to understand what courses would be most popular.

Art courses

Financial factors

All calculations are contained in Appendix 1.

The Art course requires an up-front investment of $20k, which includes the design fee and purchasing the first year's materials and books. This represents 42% of NCCP's cash reserves which is a significant piece of expenditure which could have implications for other initiatives.

It will take 12 courses (12 months) at expected capacity to pay back the initial course design investment. However, if demand for a single course falls below nine participants, that course will run at a loss.

Given the up-front investment required, it is crucial that market research is carried out to validate expected attendance figures before any financial commitment is made. Otherwise, there is a risk that the investment could generate a loss.

Finally, there is a suggestion in the newspaper article that the Council may cut NCCP's funding if its 'agenda is not consistent with the Council's priorities'. If there is a conflict between the two, it is crucial for NCCP's long-term financial stability that the Council's criteria are given priority.

Non-financial factors

Although it is difficult to envisage any work-related applications of this course, the social aspects mean that it is consistent with NCCP's mission. However, the cost of the course combined with the reference to 'wealthy' individuals and 'premium' courses suggest that this may not be consistent with Richard Tempest's vision to support those in the community who have been neglected.

Undertaking this course at a busy time (the weekend) creates a risk that other courses may not be able to run. It will be important to consider any lost opportunities from both financial and non-financial perspectives.

A specific tutor has been selected for this work and a fee agreed for the course design. Care needs to be taken whenever work is commissioned from friends, and it would therefore be appropriate to encourage a number of people to submit tenders for the work, which should then be judged by a neutral panel.

Retaining the copyright of this course could be a source of competitive advantage. However, a clear contract will need to be agreed with the presenter, including the number of courses to be run and the dates. This will become more difficult in the second year, as fees, availability and number of courses may need to be reviewed in the light of demand.

Overall, this course is only expected to be delivered to 240 people in the first year. This represents just 1·3% of bookings received in 20X5 and is smaller than any other course. It should be questioned whether the time and money which would need to be invested in this course could be used more effectively elsewhere.

The Ceeville Echo article has reported complaints from locals about the high price of new courses. This position is reinforced by the staff survey which describes how existing participants are deterred from coming to NCCP. This new course will act as a further provocation to those who are concerned about whether NCCP is losing sight of the people it was set up to help.

This unrest is particularly relevant to staff. The latest survey demonstrates a dramatic fall in levels of happiness and trust in the executive board. The numbers of staff and volunteers who definitely expect to be working at NCCP in one year's time has fallen from 80% to 45%. It could be argued that some turnover of staff and volunteers is important to bring in fresh ideas, and 18% leaving over a year could be managed. However, there is a risk that the new courses will provoke further unrest and NCCP may find it difficult to replace volunteers who leave.

Appendix 1

Payback = $12,000 design fee/$1,040 profit per course = 11·5, rounded to 12 courses

Initial cash investment = $12,000 (design fee) + (($25 artist materials + $8 book) x 20 participants x 12 courses) = $19,920

Breakeven point for a course = $800 fixed cost/($125 – $25 – $8) contribution per booking
= 8·7, rounded up to 9 participants.

4 (a) To: Operations director
From: A. Consultant
Subject: Cybersecurity
Date: 15 June 20X5

As requested, please see below sections for your report to board members about cybersecurity.

The need for cybersecurity

Cybersecurity is the protection of an individual's or organisation's technology and data from unauthorised access or attack. Because NCCP, like all individuals and organisations, uses technology, it is at risk of a cyber-attack.

NCCP relies on technology to operate. For example, technology is used to teach courses (Computers for beginners; Website design) and for administration (email, administration, banking). It also has a website. Any of these could be at risk from a cyber-attack.

Although NCCP currently has controls in place around staff passwords, this only represents one aspect of cybersecurity. Many hackers can circumvent password controls, so a more robust set of controls needs to be considered and implemented.

In practical terms, hackers might:

– Alter NCCP's website to include inaccurate or offensive content.
– Impersonate NCCP to its stakeholders to commit fraud (e.g. sending a fake email to course participants seeking payments).
– Infect NCCP hardware with a virus which could result in computer-based courses having to be cancelled.

Unfortunately, there is no evidence that NCCP's small size and charitable status make it less likely to fall victim to a cyber-attack. In fact, the recent media article illustrates that small charities are being targeted.

Any organisation which has weak cybersecurity controls is likely to be attractive to a hacker. In addition, NCCP may be targeted by a disgruntled stakeholder – for example, a course participant who disagrees with the new premium courses or a member of staff who no longer feels respected and valued.

Organisations have a legal duty to protect the data of their donors, participants and staff. The board of directors could find themselves liable for any loss of data which arose as a result of insufficient cybersecurity controls.

Actions by the board

The board of directors is collectively responsible for managing NCCP's cybersecurity alongside other risks faced by the organisation. For this reason, the following practical steps are recommended:

Be seen to make cybersecurity a priority

Currently, cybersecurity is seen as being the sole responsibility of the finance director. However, as all parts of NCCP could be impacted, it is important that all directors are seen to be making cybersecurity a priority. This means including it on the agenda of board meetings and taking other active steps (see below).

Seek expert advice where necessary

Directors are not expected to be technical experts in cybersecurity. Given an apparent lack of practical expertise in this area, and the rapid change within this field, it would be appropriate to seek expert advice from an independent consultant.

Establish and communicate a clear cybersecurity policy

The processes communicated to staff about password controls are a good start in terms of raising awareness of cybersecurity, and can form the basis for a more complete policy.

A cybersecurity policy explains what is and is not acceptable practice within NCCP. This policy needs to be shared with all relevant stakeholders. As staff and course participants will be working on NCCP's network, it is especially important that they understand their responsibilities (e.g. what types of internet use are and are not allowed on the NCCP network).

Contingency plans

No cybersecurity controls are 100% secure. It is therefore important that NCCP has contingency plans in place so that they can be implemented rapidly in the case of a breach. This might include protocols for backing up and retrieving data.

Regular review of cybersecurity risks

Although cybersecurity risks appear to have been included in NCCP's wider risk management programme, a more regular review of these risks is especially important as new cybersecurity risks are emerging all the time in the light of new technology.

(b) To: Operations director
From: A. Consultant
Subject: Project sponsor/manager
Date: 15 June 20X1

As requested, please see below content for your email to the CEO regarding your role as a project sponsor and project manager:

Draft

Further to our discussions about a cybersecurity project, I would like to recommend why it would not be appropriate for me to act as both project sponsor and project manager and why, in my executive role, I would be most suited to being the project sponsor rather than the project manager.

Separating sponsor and manager roles is advisable from a corporate governance perspective. It means that there is no single person who secures resource, spends it and reports on its use.

Acting at a senior level, the project sponsor is an ambassador for the project and ensures that other senior leaders in the organisation understand and buy into the project brief. The project manager, on the other hand, needs more detailed operational expertise and works with members of the project team in order to provide immediate direction in terms of actual delivery.

As operations director I should only act as the project sponsor. The project sponsor sets the overall direction for the project while the project manager manages the actual delivery of the project; as operations director I have the seniority, the capabilities and authority to undertake that role most effectively.

In my role as operations director and acting as project sponsor, I would be able to represent the project to the board and ensure that all those impacted by the project are aware of progress and any issues. By separating the project sponsor and project manager role, I would be able to concentrate more effectively on the more senior role and at the same time I would be able to provide an independent perspective on the project manager's operational activities.

As operations director, I am in a good position to advise in broad terms how resources are being used operationally.

At the initial stages of a project, it would be important for me as the sponsor to ensure that the appropriate resources are made available. These resources are primarily financial (budget) but may also include access to key resources (e.g. specific members of staff). Once these resources have been determined, it is up to the project manager to decide how best to use them in order to deliver the project. My lack of in-depth knowledge of cybersecurity technology means it would be difficult for me to manage the required operational activities to deliver this project, making me much less suitable for the project manager role than I am for the project sponsor role.

I trust that this sounds reasonable to you, but please do not hesitate to get in touch if you would like to discuss this further.

Kind regards

1 (a) Up to 2 marks per well explained point which assesses internal and external stakeholders. Up to 2 marks per well explained point which recommends how a relevant stakeholder should be managed.

Points could include, but are not restricted to:

- Paid employees/unpaid volunteers: high interest, low power individually but higher power collectively (volunteers higher power than paid staff)
- Need to keep staff informed of changes (sell new board approach) and consult on negotiable matters to retain sense of ownership/participation
- Corporate donors: high power, lower interest (but increasing in the light of media reports)
- Keep corporate donors satisfied by demonstrating good corporate governance
- Ceeville Council: high interest, high power. Council controls 31% of funding and faces restrictions; asking for further information from NCCP to validate funding
- Council is a key player – must ensure that strategy is consistent with funding requirements
- The board of trustees has high interest and high power by virtue of their position
- Board of trustees is also a key player – must ensure that strategy is consistent with NCCP's mission
- NCCP course participants: current confusion over direction of courses. Need to keep individuals informed of new courses, but also consult collectively to ascertain impact of new/future courses
- The wider community is likely to be low power, low/medium interest. Keep informed about NCCP's developments, especially in the context of negative media coverage

(Up to a maximum of 16 marks in total)

Professional skills may be additionally rewarded as in the following rubric:

How well has the candidate demonstrated professional skills as follows:	Not at all	Not so well	Quite well	Very well
1 (a) *Analysis skills* in carefully considering how different stakeholders can be managed most effectively.	*The candidate has demonstrated no analysis skills. They have not considered the information provided or reflected on its implications.*	*The candidate has demonstrated some basic analysis skills, by identifying some relevant pieces of information. However, most of the answer is merely restatement of the information provided rather than a clear demonstration of analysis.*	*The candidate has delivered a report in a tone suitable for the board and demonstrated some good analysis skills. The candidate has considered the information relating to specific stakeholders carefully and, in most cases, reflected on the implications for how they should be managed.* *Answer is in the format of a report.*	*The candidate has delivered a well-structured report in a tone suitable for the board and demonstrated excellent analysis skills. They have considered all the relevant information carefully and reflected on specific implications which this would have for the way NCCP manages them.* *Answer is in the format of a report.*
	1	$1^1/_3$	$2^2/_3$	4

(b) Up to 2 marks per well explained point which critically assesses NCCP's sources of competitive advantage.

Points could include, but are not restricted to:

- Heavy subsidy on courses to make them affordable
- Risk that subsidy is used by those who do not need it, leaving those in most need to go without
- Funding from Council is not a source of competitive advantage (eligibility) but corporate donations might be (personal contact)
- Increased mobility (e.g. online) reduces value of this
- Reputation of NCCP in North Ceeville (social)
- Undermined by recent news reports
- Most courses are hosted by freelancers, so no source of competitive advantage
- Motivation of staff could be a source of competitive advantage (enthusiasm/commitment), but this appears to be falling based on survey
- Risk of getting stuck in the middle – cannot afford to continue to subsidise, but no way of adding value to courses either as a cost leader or a differentiator

(Up to a maximum of 10 marks in total)

Professional skills may be additionally rewarded as in the following rubric:

How well has the candidate demonstrated professional skills as follows:	Not at all	Not so well	Quite well	Very well
1 (b) *Evaluation skills* in assessing NCCP's most important sources of competitive advantage.	*The candidate has demonstrated poor evaluation skills. They have not made use of the information provided to evaluate sources of competitive advantage.*	*The candidate has demonstrated limited evaluation skills in appraising some of the information provided. However, the balance and objectivity of the evaluation was weak and missed key issues.*	*The candidate has presented a report in a tone suitable for the board and demonstrated good evaluation skills by providing an objective and well-balanced appraisal of the information available. They demonstrated sound evidence of professional judgement in evaluating the information provided.*	*The candidate has presented a report in a tone suitable for the board and demonstrated excellent evaluation skills by appraising all the information provided in an objective and balanced manner. This resulted in a professional and objective report which evaluates the sources of competitive advantage.*
	1	$1^1/_3$	$2^2/_3$	4

2 (a) Up to 2 marks for each relevant point evaluating the board's approach to risk management.

Points could include, but are not restricted to:

- One-off project rather than an ongoing process
- Process formally asked for by trustees – indicates executive board had not been doing it proactively
- Gap between reviews is too long (last year to 'some point in the future')
- Good risk identification – involvement of stakeholders across the organisation
- Weak risk assessment – no attempt to prioritise key risks
- Risk planning made more difficult due to lack of prioritisation
- The two-week deadline for action may result in unnecessary haste
- Concern over delegation of key risks (e.g. loss of council funding)
- No risk monitoring – crucial because risks are not static

(Up to a maximum of 8 marks)

Up to 2 marks for each relevant point recommending how the approach to risk management could be improved.

Points could include, but are not restricted to:

- Add columns to risk register which record likelihood and impact
- Add column to risk register to identify when risk will be reviewed
- Include review of risk register at executive board meetings
- Communicate risk management policy to staff and volunteers

(Up to a maximum of 6 marks)

(Up to a maximum of 12 marks in total)

Professional skills may be additionally rewarded as in the following rubric:

How well has the candidate demonstrated professional skills as follows:	**Not at all**	**Not so well**	**Quite well**	**Very well**
2 (a) *Communication skills* in clarifying the board's responsibilities in a way that adopts an appropriate tone and is easily understood by the board.	*The candidate has demonstrated poor communication skills. Key issues around NCCP's approach to risk management have not been communicated clearly.*	*The candidate has demonstrated limited communication skills. The communication may be appropriate for the board but it lacks clarity and does not recommend clear actions for the directors to take.*	*The candidate has demonstrated reasonable communication skills. The briefing notes are appropriate for presentation to the board and will help to convince directors of the need to change the risk management process. However, the report does not address all the issues.* *Answer is in the format of a briefing note.*	*The candidate has demonstrated excellent communication skills, adopting a tone suitable for the board. The briefing notes are well presented and concise, and clearly impress on directors the need to improve the risk management process. Each point made is clear and reinforces the message effectively.* *Answer is in the format of a briefing note.*
	0	1	2	3

(b) Up to 2 marks for each relevant point identifying relevant external stakeholders and justifying why information on internal controls should be shared with them.

Points could include, but are not restricted to:

- Government departments: legal requirement (e.g. health & safety, GDPR)
- Donor assurance: visibility of how donations are used
- Course participants: protection of personal information
- Ceeville Council: funding compliance
- Local community: CSR benefits
- Consistent with wider corporate governance (accountability)

(Up to a maximum of 12 marks in total)

Professional skills may be additionally rewarded as in the following rubric:

How well has the candidate demonstrated professional skills as follows:	Not at all	Not so well	Quite well	Very well
2 (b) *Communication skills* in persuading using compelling and logical arguments to justify the sharing of internal controls with external stakeholders.	*The candidate has demonstrated poor communication skills. The issues identified are not relevant in persuading the executive board to share information about their internal controls.*	*The candidate has demonstrated limited communication skills. Some relevant issues are identified, but they are not presented in a logical or compelling manner.*	*The candidate has demonstrated reasonable communication skills, adopting a tone suitable for the board. The briefing notes are appropriate for presentation to the board. A number of relevant issues have been identified and there has been a reasonable attempt to justify the need in a logical manner.*	*The candidate has demonstrated excellent communication skills, adopting a tone suitable for the board. The briefing notes are well presented and concise. A compelling and logical argument is developed which clearly justifies why NCCP should share information about its internal controls.*
	0	$^{2}/_{3}$	$1^{1}/_{3}$	2

3 **(a)** Up to 2 marks per well explained point which assesses the viability of NCCP's current courses.

Points could include, but are not limited to:

- Overall number of bookings has increased for the past three years, indicating close connection with the environment although there is no indication of the overall size of the market
- No evidence of market research having been conducted
- Some courses are clearly unsuitable: Computers for beginners is obsolete and increasingly unpopular, but still being run. Consistent with overall resistance to change described on the part of staff
- Website design very popular (61% of NCCP's course in 20X5). Suggests an opportunity for growth
- New Business skills course at risk of meeting Council's needs but not those of the local community, suggesting some drift

(Up to a maximum of 6 marks in total)

(b) Up to 2 marks per well explained point which evaluates the CEO's proposal.

Points could include, but are not limited to:

Financial factors:
- Up-front investment of $20k ($12k fee + (($25 + $8) x 20 participants x 12 months)) represents 42% of cash reserves ($48k)
- Need nine participants each course to cover presenter fee, or course will run at a loss
- Payback is 12 months ($12,000/$1,040 profit per month)
- Level of investment means this must be a long-term undertaking
- Need market research to support assumptions about demand
- Need to consider impact on council funding

Note: *Candidates should be awarded credit for other relevant calculations which are not explicitly referred to above.*

(Up to a maximum of 5 marks)

Non-financial factors:
- Technically consistent with mission but against Richard Tempest's intention
- Courses social but not educational – not an issue in itself, but risk that social courses overwhelm educational ones
- Close friend raises questions of integrity/objectivity
- Intellectual property held by NCCP so could be a source of competitive advantage
- Contract with presenter – commitment/fees/availability, etc
- Only 240 participants each year – smaller than any other course (including Business skills)
- Opportunity cost – availability of NCCP facilities – risk of pushing out existing courses/events
- Risk of alienating less affluent course participants (already happening)
- Risk of alienating staff and volunteers (per survey); reliant on goodwill from volunteers
- Possibility of participants going on to attend subsidised courses (positive and negative aspects)

(Up to a maximum of 5 marks)

(Up to a maximum of 8 marks in total)

Professional skills may be additionally rewarded as in the following rubric:

How well has the candidate demonstrated professional skills as follows:	**Not at all**	**Not so well**	**Quite well**	**Very well**
3 *Scepticism skills* in probing deeply into the underlying issues relating to the CEO's proposal.	*The candidate has demonstrated no scepticism skills. They have not probed into issues relating to the CEO's proposal.*	*The candidate has demonstrated some, but limited, scepticism skills. There is some evidence identifying relevant issues, but the points are brief and simplistic.*	*The candidate has presented a report in a tone suitable for the CEO and demonstrated a reasonable level of scepticism. They have done some probing into the issues relevant to the CEO's proposal.* *Answer is in the format of a report.*	*The candidate has presented a report in a tone suitable for the CEO and demonstrated excellent scepticism. They have probed effectively into the most important issues.* *Answer is in the format of a report.*
	0	1	2	3

4 (a) Up to 2 marks per well explained point which explains the need for cybersecurity at NCCP.

Points could include, but are not limited to:

- Cybersecurity is an issue for all organisations and individuals due to society's dependency on technology
- NCCP uses technology so is at risk (website, administration, on-site hardware for courses, banking, etc)
- Impact on NCCP could be considerable (finance, bookings, email, alteration of website, etc)
- No reason to suppose that small charities are exempt from cyber-attack: motivation of hackers, disgruntled stakeholders (e.g. staff/participants)
- News report confirms that small charities can be targeted, demonstrating that the risk has not been fully appreciated
- Current approach underestimates importance of cybersecurity; passwords are only one aspect of cybersecurity and many hackers can circumvent them
- Also need to consider data protection (participant/donor/staff details)

(Up to a maximum of 6 marks)

Up to 2 marks per well explained point which recommends actions the board should take to meet its cybersecurity responsibilities.

Points could include, but are not limited to:

- Board needs to be seen to take ownership of cybersecurity (ultimately accountable). This must be seen to be a priority by all members of the board and NCCP as a whole
- Reasonable for operations director (OD) to be responsible for monitoring cybersecurity and reporting to board
- However, OD needs expert advice due to lack of experience and limited technical understanding
- Clear cybersecurity policy needed (what is and is not acceptable at work) which is communicated to relevant stakeholders (especially staff)
- Establish contingency plans in event of cyber breach
- Regular review of cybersecurity risk (at least quarterly) – current risk management approach is not sufficient to address this

(Up to a maximum of 6 marks)

(Up to a maximum of 10 marks in total)

Professional skills may be additionally rewarded as in the following rubric:

How well has the candidate demonstrated professional skills as follows:	Not at all	Not so well	Quite well	Very well
4 (a) *Commercial acumen skills* in highlighting the key benefits to NCCP of cybersecurity and recommending practical actions for the board to take.	*The candidate has demonstrated no commercial acumen skills and has demonstrated poor awareness of how cybersecurity is relevant for NCCP.*	*The candidate has demonstrated limited commercial acumen skills. Having shown some limited awareness of cybersecurity, the issues are not sufficiently related to NCCP.*	*The candidate has presented sections of a report in a tone suitable for the operations director and demonstrated reasonably good commercial acumen skills. They have demonstrated sound judgement in identifying cybersecurity issues relating to NCCP.* *Answer is in the format of a report.*	*The candidate has presented sections of a report in a tone suitable for the operations director and demonstrated excellent commercial acumen skills. They have shown strong commercial awareness of how cybersecurity issues are relevant for NCCP.* *Answer is in the format of a report.*
	0	$1^1/_3$	$2^2/_3$	4

(b) Up to 2 marks per well explained point which justifies why the operations director (OD) would be an appropriate project sponsor but not project manager for the cybersecurity project.

Points could include, but are not limited to:

- OD manages resources at a strategic level which is the expertise required by the project sponsor. Project manager should have in-depth knowledge of cybersecurity, OD's lack of in-depth knowledge of cybersecurity might put the project at risk
- Stakeholder management – OD ideally placed to secure buy-in to brief from other directors; project manager manages team
- Separating project sponsor and project manager is good from a corporate governance approach (no one person securing funds, making decisions, etc)
- Project sponsor can offer an independent perspective on project manager's operational project activities
- Operations director remains the key point of contact with the project manager, meaning that other members of the board do not have to take on a project sponsor role

(Up to a maximum of 6 marks in total)