



CHARTERED MEMBER ASSESSMENT

Candidate Handbook



Institute of
DIRECTORS
NEW ZEALAND



Welcome to the IoD's Chartered Member Assessment Candidate Handbook

This handbook has been designed to provide you with the key information you need about the Chartered Member Assessment. By choosing to work towards becoming a Chartered Member of the Institute of Directors you are demonstrating your commitment to being the best director you can be.

You will likely find your director roles challenging and rewarding in equal measure. But by committing to achieving the Chartered designation, you will build your skills, knowledge and confidence – and increase your credibility as a director.

We hope you find everything you need to know here. If you require further information you can look online at iod.org.nz or speak to one of our team. Phone 0800 846 369

We look forward to welcoming you as a Chartered Member.

“The secret of getting ahead is getting started”

MARK TWAIN

A snapshot of the assessment process

1.

Register your interest

Log in to www.iod.org.nz and register your interest via **My Profile**.

You will receive an email confirming your eligibility and instructions for your next steps.

2.

Book your exam and register for the assignment

For best results, we strongly recommend you start with the exam, and once you have passed the exam, begin work on your assignment.

You'll be provided instructions to set up your profile via our assessment provider, Aspeq. From there, you'll book your exam online via the Aspeq portal. You can choose from regular session times at more than 20 locations nationwide.

You may also choose to register for the assignment at the same time.

3.

Examination

You can sit the exam at the centre and time of your choice (details will be confirmed by email).

You will be notified of the results within 48 hours of sitting the exam.

Assignment

The assignment case study will be provided to you when you register.

Once you have registered for the assignment, you will receive an email from the IoD a few days later asking you for your preferred dispatch date. When you receive the assignment, you will have three weeks to complete and submit the assignment via email.

Assignments are marked and moderated and you will receive the results within six weeks.

4.

Pass

If you pass the Chartered Member Assessment and you meet the required criteria, you can apply to upgrade to a Chartered Member.

or

Fail

You are able to re-sit the examination once and/or provide one assignment resubmission.

Four steps to becoming a Chartered Member

Step 1.

Complete the IoD Company Directors' Course (or equivalent)

Step 2.

Pass the Chartered Member Assessment (or equivalent)

Step 3.

Hold a position on the board of a qualifying organisation

Step 4.

Confirm you uphold the principles of the IoD Charter, including that you are of good character.



Chartered Member Assessment – a summary of key information

The Chartered Member Assessment (CMA) is a robust assessment process and achieving the Chartered Member designation is a strong demonstration of your commitment in developing the skills and knowledge you need to be an effective director.

Chartered Members and Chartered Fellows of the Institute of Directors make an annual declaration of good character, commit to continuing professional development and to upholding the principles of the IoD Charter.

Criteria

To sit the Chartered Member Assessment you must have completed the IoD Company Directors' Course (CDC) or equivalent.

The Chartered Member Assessment has two parts:

- **The exam:** a computer- based multi-choice exam (60 questions in 75 minutes)
- **The assignment:** a 3,000 word assignment based on a case study (three weeks to complete)

These will assess your knowledge and understanding of *The Four Pillars of Governance Best Practice*, and the content of the Company Directors' Course.

You will need to achieve a 70% mark in both the exam and the assignment to pass the assessment.

Preparing for the Chartered Member Assessment

When preparing for the assessment there are a number of things you should consider:

- It takes about 30 hours on average to prepare for and sit the exam and another 15-30 hours to prepare for and answer the assignment. Your level of governance experience and familiarity with the study materials will determine the amount of time you will need to prepare for the assignment
- Begin preparation about four to six weeks before you apply for the assessment by reading:
 - *The Four Pillars of Governance Best Practice*
 - Relevant sections of the Companies Act 1993
 - Your Company Directors' Course workbooks and notes
- You may also find it helpful to review:
 - Finance Essentials course materials
 - IoD publications and other resources
 - Health and safety guidance
 - Risk management articles

Completing the Assessment

We strongly recommend you sit the exam first, and then complete your assignment.

Timeframe

You will need to complete both parts of the assessment within three months of each other. Once you have completed your exam, you have three months to register for and submit your assignment. Upon receiving your assignment questions, you have three weeks to submit your assignment. Failure to meet the timeframe will give you a null mark for the completed part of the assessment.

Results

You will be notified of your exam results within 48 hours of sitting the exam. You'll also receive an email from IoD the day after your exam detailing your next steps. The IoD will communicate assignment results by email within six weeks of receiving your assignment.

Fees

The fees for the assessment are charged separately for each part. Please note all fees are subject to change.

- **Examination:** \$385 incl GST, paid on registration
- **Assignment:** \$385 incl GST, paid on registration
- **CPD points:** 10 CPD points are allocated to each part of the assessment. Points are not dependent on a pass mark

If you have completed the Company Directors' Course within the last six months, you may be eligible to complete the assessment for free. Please **contact our team** for more information.

Study materials

- *The Four Pillars of Governance Best Practice:*
 - The Four Pillars is the IoD's comprehensive reference guide for directors in New Zealand and it is the key text on which the assessment is based
 - The Four Pillars blends high level principles in governance best practice with practical guidance on day-to-day directorship and an interpretation of legislation affecting directors
- Companies Act 1993
 - Candidates are expected to have sound knowledge of the Companies Act 1993
- Your Company Directors' Course workbooks and notes

At the examination center you will be provided with an unmarked copy of The Four Pillars and the following sections of the Companies Act 1993 as reference material to use during the exam:

- **Part 8:** Directors and their powers and duties, s.126 through s.159
- **Schedule 1:** Proceedings at meetings of shareholders
- **Schedule 3:** Proceedings of the board of a company



The exam

Candidates have 75 minutes to answer 60 questions on the following topics:

Corporate governance

12 QUESTIONS

- *IoD Code of Practice*
- *The Four Pillars of Governance Best Practice*
- The Companies Act 1993
- Board structure
- Role of the chair
- Accountability

Finance

21 QUESTIONS

- Fundamentals (financial statements, reporting, accounting concepts)
- Compliance
- Monitoring financial performance
- Building business value

Law and compliance

20 QUESTIONS

- Law (legislation and directors' duties)
- Compliance (delegations, policies and responsibilities to regulators)
- Best practice (records, proceedings and indemnities)

Risk governance

7 QUESTIONS

- Risk definition
- Risk appetite
- Director's role in protecting business value
- Risk culture



Exam format

- The exam is a mix of multi-choice and multi-select questions. The questions will test your knowledge of material from *The Four Pillars of Governance Best Practice* for New Zealand Directors, the Companies Act 1993 and the IoD's Company Directors' Course.
- The exam is an open book exam and you will be provided with a clean copy of *The Four Pillars of Governance Best Practice* and a copy of the relevant sections of the Companies Act to use. You won't be able to take your own materials into the exam.
- The finance section of the exam does not require complex mathematical analysis and therefore a calculator isn't needed.

Sitting the exam

The exam is delivered by Aspeq Limited at more than 20 locations nationwide and you may be in exam sessions with other Aspeq clients who will be sitting exams for other qualifications. At the exam the invigilator will provide individual instructions to you, as required.

Information about locations and dates can be found on our Aspeq portal site iodcma.aspeqexams.com/home

Exam tips

- The multi-choice and multi-select questions can be completed in any order
- Be aware that there are some multiple correct answer questions
- Remember to go back and check your answers before finally submitting

Sample exam questions

The exam questions are varied. Some are simple questions of knowledge and others are more difficult. All the questions have a source reference in either *The Four Pillars*, the Company Directors' Course content or the Companies Act.

Multi-choice and multi-select questions are written to include answers that may at first appear to be right but may not be right, if you read the question more closely. So do make sure you take your time to fully understand the question.

Below are some sample questions (these won't appear in the exam but will give you some idea of the type of questions you will encounter).

Sample multi-choice question

Directors should consider resigning if they have:

- a continuing, unresolved, material conflict of interest
- any conflict of interest
- overlooked disclosing an immaterial conflict of interest

Answer A

Sample multi-select question

(You are required to select the two correct answers).

Directors of listed companies may only disclose non-public information:

- with the authority of the board
- to a selected group of shareholders if the board and the law both permit the same disclosure
- if the same information goes to all shareholders
- when the annual and half-year results are released

Answer A and B

Re-sit, re-submit and review

Don't give up if you don't pass either your exam or assignment. You have one opportunity to resit the exam and/or the assignment as required.

Note the exams are randomly generated so the second one will not be the same as the first. Fees of \$325 per resit/resubmit apply.

Exam feedback

If you achieved between 50-70 percent in the exam you will receive an Examination Feedback Statement from the IoD. This is prepared by the marker/moderator. This is provided to help you understand the topic areas for any incorrect answers you submitted. This is intended to help you to prepare to re-sit the exam. If you scored less than 50 percent it is more beneficial for you to fully revise the exam topics.

Assignment feedback

If you achieved between 50-70 percent for the assignment you will receive an Assignment Feedback Statement to indicate the areas for improvement and for use in preparing to re-submit your assignment.

Review

If you feel that your exam or assignment requires a review, you must apply within 10 working days of the release of the result for your exam or assignment (depending on which you want reviewed).

Review fees

- **Examination:** \$325 incl. GST
- **Assignment:** \$455 incl. GST



The assignment

The assignment is designed to test a candidate's ability to apply governance knowledge. Candidates will need to demonstrate they can think like a director while using judgement and experience to prepare notes for an upcoming board meeting.

The material provided for the assignment is a case study that includes:

- Background information on an organisation
- A set of board papers for the next meeting

Candidates have to complete a 3,000 word response to questions on five topics. Information about the topics and mark allocations are provided on the next page.



Getting your assignment questions

You will register for the assignment via the Aspeq portal, then email IoD on cma@iod.org.nz to request your preferred dispatch date for the case study and questions. However if you pass your exam first, you'll receive an email from IoD the following day with next steps.

You'll receive your assignment case study and questions via email, from which point you will have three weeks to submit the assignment.

Writing and submitting your assignment

- The assignment is not assessing your ability to write prose. We encourage you to use bullet points and brief descriptions in your response.
- We are looking for a clear, succinct and well-presented response.
- Your answers should be legible and presented in clear English.
- All assignments must be submitted by email in a Word document.
- We use a tool to test all assignment submissions for plagiarism. Further instructions will be included in your assignment package.

Assignment tips

- Don't get bogged down in details when analysing the board papers, focus on the material things that really matter.
- Don't get sucked into the red herrings or things that appear 'wrong' with the case study.
- Remember to put on your governance hat not a management one, and apply your lived governance experience to the case study.
- Check to make sure that your answer addresses all parts of the question to ensure you receive full marks.
- Use headings and other layout options, such as tables, to structure information.
- Try to keep to the word count guide. Being too far over or under could impact your mark.
- A good answer may be quite succinct – bullet points are welcome.

The table below outlines the topics and allocation of marks for the assignment.

Topic	Word guide	%
Strategy	750	25
Risk	450	15
Finance and legal	600	20
Board effectiveness and dynamics	750	25
Ethics	450	15
	3000	100

Becoming a Chartered Member

It's a great achievement to pass the Chartered Member Assessment (CMA). Once you have passed you will be invited to apply to upgrade to Chartered Member.

Your first step will be to complete the upgrade form which will require you to demonstrate you are a member of a governing body of a qualifying organisation.

A qualifying organisation is one where there is a meaningful separation of the executive function from the oversight and governance function of the organisation. The size of the organisation doesn't matter as long as there is a meaningful separation between management and governance. School boards and many other trusts or not-for-profit boards qualify.

Don't have a current board role?

You don't need to worry, the Chartered Member Assessment does not expire. You can complete the last step to upgrade to Chartered as soon as you obtain a qualifying board role.

We encourage members to sit the assessment following completion of the Company Directors' Course because it can be a great way to test your knowledge and assist your learning.

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MEMBERSHIP

Phone 0800 846 369

Email cma@iod.org.nz

Visit iod.org.nz

For more information see the Chartered Membership Pathway section of our website iod.org.nz