

SCA NSW

Code of Ethics

(Constitution Rule 13)

A code of ethics to establish the principles that govern the conduct of Members of SCA NSW in the context of the strata living environment.



Explanatory Note

This **Code of Ethics (Code)** was prepared by the SCA (NSW).

As a rule, applying common sense, good judgment and integrity to the issues faced on a day-to-day basis will help ensure that Member's business decisions are consistent with SCA (NSW) values and this Code.

SCA (NSW) is determined to protect and enhance the reputation of its collective Membership. In a service business, the Integrity that the brand SCA (NSW) represents is one of our most valuable assets.

Good business practice and policy is acting with Integrity and the highest ethical standards. Each Member of SCA (NSW) must adhere to both the letter and the spirit of this Code.

Whilst this Code does not attempt to list every possible ethical issue that may arise, it does set out clear requirements for members' conduct.

Failure to comply with this Code may result in members being subject to disciplinary procedures in this Code and the SCA (NSW) Constitution.

This Code is in four parts:

| | |
|------------|---|
| Part One | Membership and Chapters Applies to all Chapters within the SCA (NSW) being: Licensee in Charge Professional Strata Manager (LICPSM) Professional Strata Manager (Licensed) (PSM) Associate Professional Strata Manager (APSM) Professional Strata Practice Principal (PSPP); or Other Member Certification types as established by the Board in the future |
| Part Two | Strata Practice Standards |
| Part Three | Continuous Professional Development |
| Part Four | Risk Management |

Part 1

Membership and Chapters

This part of the **Code** applies to all **Members**.

Whom the Professional Standards Scheme (PSS) Applies

The PSS is to apply to all participating Professional Strata Manager Members of SCA (NSW). The PSS does not apply to claims before their commencement date.

Limitation of liability to apply to all Professional Strata Manager Members within the organisation who wish to benefit from the PSS and must have the relevant qualifications mandated by the License Regulator, the NSW Department of Fair Trading.

This Code of Ethics applies to all Chapter Members of the SCA (NSW) as noted in Section B, Clauses 7 of the SCA (NSW) Constitution.

Exclusive elements of the Code apply to the Professional Strata Managers Chapter.

Professional Strata Managers Chapter members must renew their Membership of SCA (NSW) each year to become members of the PSS.

Duty

All Members have a duty to look after the best interests of their principal. In particular:

- a) Professional Strata Managers owe a duty to the Owners Corporation with which they manage. Their relationship is fiduciary in nature.
- b) A Strata Service provider owes that duty to the Owners Corporation for whom they are working.
- c) In accordance with the law, Professional Strata Managers owe that duty to all Owners in that Owners Corporation, and a Strata Committee owes that duty to their Owners Corporation members.

Duties of all Members

All Members must always:

- Act ethically.
- Act honestly, be straightforward and sincere.
- Not provide false, misleading, or deceptive information to anyone.
- Be objective and fair, and do not allow prejudice or bias to override that objectivity.
- Be and appear to be free of any interest, which might be regarded as incompatible with Integrity and objectivity.
- Use professional courtesy and deal with all Members, Strata Managers, Strata Committee Members, Owners, and any other persons in a respectful manner always.

- Act in a lawful manner and comply with the law as may apply from time to time.
- Act at minimum in accordance with the generally accepted standards of their industry and carry out their work in accordance with the technical and professional standards relevant to that work.
- Perform their duties diligently and with competence, maintain their level of competence, and only undertake work that they reasonably expect to be able to complete competently and in a timely manner.
- Disclose and deal with Conflict of Interest issues in an open and fair manner, and do not pay or accept secret commissions, either directly or indirectly.
- Treat confidential information obtained while acting for an Owners Corporation that has not been made public and that:
 - Is by its nature confidential
 - Was specified as confidential by the person who supplied it or
 - Is known by the Member to be confidential, unless.
 - The disclosure of the information is required by law; or
 - The Owners Corporation is fully informed of the proposed disclosure and agrees to it in writing.
- Not engage in any conduct that wrongfully brings disrepute to the SCA (NSW), its Members or the consumers of their services.
- Comply with the rules regarding displaying the SCA (NSW) logo and the Professional Strata Managers Scheme logo as promulgated by the SCA (NSW) Board from time to time.
- Not advertise in a way that is false, misleading, or deceptive which
 - Creates false or unjustified expectations of favourable results; or
 - Consists of self-laudatory or misleading statements that are not based on verifiable facts or
 - Contains unidentified testimonials.
- Not induce or attempt to induce a breach of contract between an Owners Corporation and its Strata Managing Agent.
- Not denigrate another Member, any individual, company or profession in general.
- Observe the Constitution of SCA (NSW) and any other guideline or standard formally approved and adopted by SCA (NSW).
- Conduct their business in accordance with the SCA (NSW) guidelines.
- Promote the aims and objectives of SCA (NSW) and strive for the highest degree of professionalism in the practice of Strata Management.
- Be active in SCA (NSW) and willingly share the lessons of their experience with fellow Members.
- Be responsible for the actions of their employees in their business relations with fellow Members and Owners of Corporations they manage.
- Conform to any CPD training as may be required by the NSW Department of Fair Trading and SCA (NSW) in accordance with the SCA (NSW) CPD Policy to retain Membership of SCA (NSW)
- Not knowingly or negligently include false information in their individual CPD records or any other declaration made to the board.
- Implement and abide by all requirements of the Strata Insurance Disclosure Best Practice Guide.

Professional Strata Managers

This part of **this Code** is specific to **Professional Strata Manager Members**.

All Strata Managing Agents must comply with the provisions of the:

- Strata Schemes Management Act
- Strata Schemes Development Act
- Community Land Management Act
- Property and Stock Agents Regulation
- Strata Schemes Management Regulation
- Property and Stock Agents Act
- Residential Tenancies Act
- Residential Tenancies Regulation
- Environmental Planning and Assessment Act
- Competition and Consumer Act
- Anti-Discrimination Act
- Privacy Act
- Dividing Fences Act
- Agricultural Tenancies Act
- Work Health and Safety Act
- Conveyancing (Sale of Land) Regulation – under the Conveyancing Act
- NSW Fair Trading Act
- As amended from time to time and any other relevant legislation.

In some instances, members may hold several certifications within the professional member chapters. For instance, a Licensed Professional Strata Manager (LPSM) must also be a Professional Strata Manager (PSM) and is also likely to be a Principal of a Professional Strata Practice (PSMP). For clarity, a member holding several certifications is subject to the professional obligations of each of them concurrently.

All Professional Strata Manager Members must ensure they hold Professional Indemnity Insurance and uphold the CPD requirements stipulated by the Professional Standards Scheme and the NSW Department of Fair Trading.

Without limitations, a Professional Strata Manager Member who recommends any service provider to an Owners Corporation must:

- Disclose in writing to the Owners Corporation any rebate, discount, or commission as required; and
- Disclose in writing to the Owners Corporation any potential Conflict of Interest required to be disclosed; and
- Not accept, directly or indirectly, any undisclosed commission from any person for the recommendation.

Professional Strata Manager Members must not charge fees or disbursements that are not permitted under the signed Agency Agreement/contract of appointment or any variation of it without the consent of the Owners Corporation.

A Professional Strata Manager Member must not demand or receive a commission, reward, or other valuable consideration from any person for the provision of a service that is greater than the amount agreed in writing with the client.

A Professional Strata Manager Member must not demand or receive a commission, reward or other valuable financial consideration from any person for the provision of the following services unless agreed in writing by the Owners Corporation in engagement documents prior to the services being obtained:

- Plans, forecasts, assessments, and the like for reserve funds; or
- Insurance valuations for the replacement of insurable assets and the like; or
- Reports that identify asbestos and asbestos-containing material; or
- Reports that identify hazards and the associated risks for a Strata Community; or
- Reports and audits that deal with the Compliance or otherwise of essential services or fire services for a Strata Community.

A Professional Strata Manager Member will not unreasonably charge for additional duties and must be able to demonstrate that the expense was properly incurred by the Strata Manager Member.

A Professional Strata Manager Member being an Owner that is managed by another Strata Manager must not unethically use information obtained as such to seek the change or transfer of the management of that Strata Scheme to that first Strata Managing Agent.

A Professional Strata Manager Member must not refuse or delay convening a meeting, where one of the motions to be considered is the termination of its appointment or the appointment of another Strata Manager.

Professional Strata Manager Member must not use information obtained whilst undertaking searches regarding an Owners Corporation managed by another Professional Strata Manager Member for the purpose of contacting that Owners Corporation with a view to effect the change or transfer of the management of that Owners Corporation to that first Strata Managing Agent.

A Professional Strata Manager Member must:

- Comply with their duties in relation to record-keeping in accordance with the generally accepted standards of their industry and as required by law; and
- Take due care of records in their possession or under their control and do so in accordance with this Code and any applicable law.

A Professional Strata Manager Member must implement and maintain adequate systems and procedures to ensure accountability and transparency in all financial transactions. This includes appropriate financial records, reports, and measures to minimise fraud and ensure all monies held on trust or otherwise under their control are used properly and in accordance with the law.

Professional Strata Manager Member who does not have an appointment to act in the form of a Strata Agency Agreement from an Owners Corporation must not:

- Act as a Professional Strata Manager Member for the Client; or
- Represent that the Professional Strata Manager Member is acting for the Client.

A Professional Strata Manager Member must ensure any changes made to the appointment to act is placed in writing and may be made by way of amendment to the original document that appointed the Strata Manager Member.

A Professional Strata Manager Member must not provide payments to developers to induce them to enter into management agreements.

A Professional Strata Manager Member must not provide marketing of developer projects to induce developers to enter into management agreements.

Without limiting the legislative requirements, if a Professional Strata Manager Member ceases to manage a Strata Scheme, they must, within 28 days after satisfactory provision is made for the remuneration of the Strata Community Manager, make available for collection by a person or company authorised in writing by the Owners Corporation, all records and property of the Owners Corporation.

Professional Strata Practices

This part of **this Code** is specific to **Professional Strata Practice (PSP) Members**.

PSPs are responsible for ensuring the good practice of their employed professional community. As such, they have responsibility for direct oversight of employee's conduct and maintaining high standards of professional conduct in accordance with the Code of Ethics.

They are deemed to be responsible for ensuring that the Strata Practice Standards (Code of Ethics, Part 3) are implemented and operating in the interests of good practice and consumer protection.

PSP Members are responsible for the professional conduct and oversight of their employees. A breach of the professional obligations in this Code by a Professional Strata Manager may be seen as a breach of the Code by the Professional Strata Practice.

PSP Members will confirm they meet these obligations by:

- Participating in Compliance Audits of their practice. This program includes:
 - a compliance questionnaire and declaration that is designed to capture information about Practices (and individual Members):
 - Professional Indemnity (PI) Claims experiences throughout the period.
 - Experiences of conduct or market or professional risk (include notices from regulators, etc.).
 - Copies of Professional Indemnity Insurance policy to check compliance with the Standard.
 - Confirm disclosure obligations with PSS (stationery, email review, etc.)
 - Changes in the number of staff (professional and support)
 - Material changes in ownership or scale.
- Participating in Compliance Audits of Professional Indemnity Claims.
- Site visits and inspections of practices that, based on the results of the Compliance Audit, show evidence of creating potential high risk to consumers.

Strata Services Providers

This part of **this Code** is specific to **Strata Service Providers**.

Many Strata Services Providers also belong to their own industry association or institute, and this Code requires that they act ethically when observing that association or institute's Code of Ethics or Conduct and this Code.

Strata Services Providers must not use information obtained in a commercial relationship with a Professional Strata Manager Member for the purpose of contacting an Owners Corporation managed by that Professional Strata Manager Member with a view to effect the change of transfer of the management of that Strata Agency to another Agency unless instructions to effect that change originated from that Owners Corporation.

Strata Services Providers must not distribute unauthorised marketing material at SCA (NSW) events.

Strata Services Providers must comply with any disclosure requirements under law, including, if applicable, any law in respect to Acts and Regulations.

Part 2

Strata Practice Standards

Introduction

The purpose of this document is to provide a minimum framework for a Business to improve its performance by specifying repeatable steps that the Strata Managing Agent can consciously implement to achieve goals and objectives and to create a business culture that reflexively engages in a continuous cycle of self-evaluation, correction and improvement of operations and processes through heightened employee awareness and management leadership and commitment.

Strata Management Business Practice Manual

Practice Manual

The Professional Strata Managing Agent must have a Strata Management Practice Standard Manual (the Manual) setting out the procedures that address the Business' requirements to manage its own internal processes, Owners Corporations, the implementation of relevant legislation, and follow the SCA (NSW) Code of Ethics.

Authorisation

The Manual must be authorised by the Licensee in Charge of the Business.

Procedural Implementation

The Professional Strata Managing Agent must implement all nominated procedures in the Manual, including but not limited to:

- Conflict of Interest, including conflicts of interest register
- Owners Corporation Accounts Audit
- Uninsured exposures
- Obtaining insurance quotations for the Owners Corporation
- Arranging a valuation of common property and personal property vested in the Owners corporation
- Records Management
- Minuting Minutes
- Handover of strata communities when a Strata Manager is changed or upon termination of the agreement
- Staff Management Policies and Procedures
- Inductions for new personnel
- Performance management
- Training and CPD
- Occupational Health and Safety
- Termination
- Handling of complaints
- Use of technology
- Privacy
- Mental health and wellbeing
- Communication, internally amongst staff and externally with clients and other parties that the Strata Managing Agent associates with.

Maintenance of Manual

The manual must be maintained and updated. Therefore, any business management changes should be included within 3 months.

Availability

The Manual must be made available to all staff, including non-Strata Managers.

Manual Review

The Manual must be reviewed and revised as necessary at least once a year.

Audit of Manual

The Manual and associated procedures must be independently audited by an SCA (NSW) authorised auditor. The Strata Managing Agent must maintain certification through an annual review audit.

Owners Corporation accounts

The Strata Managing Agent must comply with legislative obligations to account fully to its clients upon reasonable requests:

- a) Receipt by it of moneys or other property of value for or on behalf of each client.
- b) Payment by it of moneys or disposal of property of value for or on behalf of each client.

The Strata Managing Agent must take all reasonable care not to allow the funds of any client to be deposited into, co-mingled with, or paid from the funds of any other client. Client funds are to be kept as prescribed and otherwise in separate client accounts and/or operated as a trust or bank account, which are annually audited by an independent registered auditor.

The Strata Managing Agent must comply with legislative obligations and have a procedure in place for the annual audit for those Owners Corporation that approves such audit to be conducted.

Insurance

The Strata Managing Agent must maintain appropriate Workers Compensation, Public Liability, Professional Indemnity, Cyber, and Director's Liability insurance for the Strata Managing Agent and all their employees.

Strata Management

Strata Management Agency Agreement

The Strata Managing Agent must complete in writing a Strata Management Agency Agreement when an Owners Corporation wishes to engage a strata management business.

Agreement Copies

The Strata Managing Agent must maintain a copy of the completed Strata Management Agreement for record purposes and provide a written and complete copy to the Strata Committee Representative.

Agreement Terms

The Strata Management Agreement must clearly set out all the contract terms.

The Strata Management Agreement must not be inconsistent with the Code, the Act, and the Regulations, or any of the clauses of the SCA (NSW) standard contract.

Schedule of Fees

The Strata Management Agreement must clearly set out a schedule of fees.

Payment Terms

The Strata Management Agreement must clearly set out the payment terms.

Disclosures

The Strata Management Agreement must clearly set out all commissions or remuneration payable for insurance policies or other contract services, and any other conflicts of interest.

The Strata Managing Agent must in accordance with regulatory requirements and upon reasonable request disclose its certificate of current professional indemnity insurance.

Termination

The Strata Management Agreement must clearly set out the termination requirements including early termination of the Strata Management Agreement.

Dispute Resolution

The Strata Management Agreement must have a dispute resolution clause detailing the steps to be taken if a dispute should arise under the Strata Management Agreement. All proposed actions must be provided in writing.

Insurance and Risk Management

The Strata Managing Agent if instructed to do so must seek necessary insurance quotations for the Owners Corporation to ensure statutory insurance obligations are maintained.

The Strata Managing Agent must establish a procedure for an Owners Corporation to consider other uninsured exposures.

The Strata Managing Agent must have a procedure for obtaining insurance quotations for the Owners Corporation that considers the building replacement value, including escalation factors. The agent must also recommend that a qualified valuation company commission a valuation of the building and common property at least every five years.

The Strata Managing Agent must have a procedure for arranging the valuation of common property and personal property vested in the Strata Community.

Owners Corporation Documents

Books and Records

The Strata Managing Agent must have a records management procedure that details the records to be maintained securely and the applicable time limits that may apply for each Strata Community.

Records to be kept and maintained as prescribed by legislation and otherwise include, but are not limited to:

- a) Strata Plan
- b) By-laws
- c) Strata Plan encumbering instruments
- d) Agendas and minutes of meetings
- e) Contracts and agreements
- f) Strata building plans (where available)
- g) Proprietor rolls
- h) Accounting source documentation (including income tax returns)
- i) Common seal
- j) Common property access devices (where applicable)
- k) Strata Manager activities delegated by the Owners Corporation
- l) Insurance policies and latest certificates of currency
- m) Other documents required by state regulations
- n) Building valuations, land valuations, capital works fund plan

Other Procedures

Meetings

The Strata Managing Agent must have a procedure for minuting meetings, including the annual general meeting. The procedure must detail the timing of all meetings, the personnel who are to attend meetings, and the required agenda.

Handovers

The Strata Managing Agent must have a handover procedure that incorporates and complies with relevant legislative obligations and details the methods to be applied when a Strata Manager is to be changed, upon termination, or a new strata management business is to be engaged by a Strata Community. The handover procedure must indicate a time frame, the professionalism to use, respect to fellow members during the handover, and the commitment to comply.

Staff Management Policies and Procedures

The Strata Managing Agent must have Policies and procedures covering induction, performance management, training and CPD, WHS management, and termination. The induction procedure must ensure that all new personnel undergo a documented induction process, which includes training on the Manual.

Records must be kept of all personnel qualifications, training, and experience.

All personnel must be provided with training for them to achieve and maintain a level of knowledge and competence that is sufficient to perform the functions of the position held by the personnel.

Complaints/Feedback

The Strata Managing Agent must have a complaints procedure detailing who will deal with complaints and what action will be taken.

Complaints are to be responded to promptly and followed up in writing. The actions to redress the Complaint and any preventative actions to be taken will be explained to the Complainant. The person dealing with the Complaint must contact the Complainant to ensure that corrective and preventive actions are satisfactorily implemented.

Technology

The Strata Managing Agent must have a technology and cyber-technology procedure detailing the use of the company's computer system, data storage and recovery, emergency procedures, and any restrictions on its use. Consideration must be given to staff members' sending of e-mails and access to electronic media. Virus detection, protection, and the electronic storage of records must also be implemented, as necessary.

Privacy

The Strata Managing Agent must have a privacy policy and, where applicable, Compliance with the Privacy Act (1988) that details how a person's information will be secured, who may have access to that information, and for what reasons.

Mental Health and Wellbeing

The Strata Managing Agent must have a policy that provides a framework for promoting good mental health and well-being in the workplace.

Work Health and Safety

The Strata Managing Agent must have and implement a procedure for creating and maintaining a safe and healthy working environment wherever the Strata Managing Agent is active.

Communications Policy

The Strata Managing Agent must have a procedure that acts as a framework for good communication internally amongst staff members and externally with clients and other parties that the Strata Managing Agent associates with.

Part 3

Continuing Professional Development (CPD) Policy

Policy Scope and Statement

SCA (NSW) Continuing Professional Development Policy is an integral part of a Professional framework. This enables Professional Strata Managers to develop and expand their professional competence by meeting legislative requirement and increasing their ongoing education, thereby maintaining, and improving an effective and competent service to their clients.

This Policy will also maintain and improve public confidence in the sector as it defines the pathway members take to stay abreast with legislation and developmental changes in the Strata Community within each region.

SCA (NSW) CDP Framework supports our Professional Membership, Professional Conduct, and Complaints and Disciplinary systems.

When you renew your Membership each year, you declare to comply with the SCA (NSW) constitution By-Laws and CPD obligations.

Who is required to complete CPD?

Members who are Chapter Members of the following Chapters are required to complete CPD.

- Licensee in Charge Professional Strata Manager (LICPSM)
- Professional Strata Manager Licensed (PSM)
- Associate Professional Strata Manager (Assistant Agent) (APSM)
- Principal of a Professional Strata Practice (PSMP)

The annual CPD and Professional Standards Scheme (PSS) Education requirements are as follows, or as amended from time to time upon Board approval:

| Members Type Licence | Fair Trading CPD Compulsory Hours | SCA (NSW) PSS Compulsory Hours | SCA (NSW) PSS Elective Hours |
|------------------------|-----------------------------------|--------------------------------|------------------------------|
| LICPSM: Class 1 | 5 | 3 | 6 |
| PSM: Class 2 | 5 | 3 | 3 |
| Assistant Agent | 0 | 2 | 1 |

Total Hours Required:

Licensee in Charge Professional Strata Manager (Class 1)

14 Hours, including NSW FT CPD

Professional Strata Manager (Class 1 or 2)

11 Hours, including NSW FT CPD

Associate Professional Strata Manager (Assistant Agent)

3 PSS Education hours.

CPD Obligations per CPD Year

Licensing Requirements mandated by the NSW Department of Fair Trading

To comply with the SCA (NSW) membership policy, all Members who are Licensed Managers and certificate holders are required to adhere to the CPD guidelines from the NSW Department of Fair Trading. For further information, please click on this link: [Fair Trading CPD Requirements](#).

The Professional Standards Scheme (PSS) Education year will follow the CPD year under the NSW Department of Fair-Trading guidelines.

You must comply with the CPD policy and achieve the required CPD and PSS Education points through ongoing professional development each CPD year.

Education Requirements under the Professional Standards Scheme

Professional Association Activity

Under this Category, SCA (NSW) Members who volunteer their time, expertise and knowledge with SCA (NSW) and are giving back to the industry by participating in SCA (NSW) boards and committees, presenting at SCA (NSW) delivered training events, training SCA (NSW) Members or otherwise actively involved with the development of relevant professional development content for SCA (NSW), are being awarded CPD points as follows:

| Description – Structured | Applicable Hours |
|--|--|
| SCA (NSW) Board / Board Advisory Group / Discussion groups, Workshops, State/Chapter Board & Committee meeting | 1 hour per meeting attendance maximum 6 hours per annum |
| Presenter at SCA (NSW) educational events/seminars/courses | 1-hour presentation, max. 6 Hours per annum. |
| SCA Educational/Best Practice Content Development | 3 hours awarded per final content |
| Task Force, Sub Committee, and Focus Groups to create SCA content | 1-hour per meeting attendance maximum 6 hours per annum. |
| Participation as a mentor for SCA (NSW) mentoring program | Hours as applicable to the mentoring program |

Formal Activity

Structured learning with an assessed learning outcome linked to a relevant Australian qualification or a relevant national training package outcome delivered by a registered training organisation or accredited training organisation.

| Description | Applicable Hours |
|--|--|
| Studies undertaken through an RTO | 1 hour per unit of competency. Max 6 hours per year |
| Certificate of Registration (NSW) | 1 hour per unit of competency. Max 7 hours per year |
| Certificate IV or Diploma qualification in Strata Community Management | 2 Hours per completed individual unit of competency. |
| Certificate IV in Training & Assessment | Max. 12 Hours (can only be claimed once in the year of completion) |

Informal Activity

This activity has an identifiable, non-assessed learning outcome. The training must be delivered interactively through workshops (external and internal, such as company in-house training), web-based tools (webinars, eLearning, etc.), strata-related forums, seminars, breakfasts, workshops, and conference presentations. Proof of attendance is required.

Informal activity hours are additional to the Department of Fair Trading requirements for CPD each CPD year.

| Description | Applicable Hours |
|--|---|
| Non-SCA (NSW) delivered training (other than through an RTO) | 1 Hour allocated per 2 hours of training |
| SCA delivered training | 1 hour allocated for every hour (includes up to 1 hour) |
| SCA State / Chapter Conference / Symposium | Max. 6 hours per day |
| SCA Annual Conference | Max. 6 hours per day |
| SCA State/Chapter Principal / Leader Forums | Max. 3 hours per day |

Training Providers to SCA Members

SCA (NSW) Member's applying to obtain CPD points either prior or in the retrospective of attending the training - must provide full details of the training provided including content and where applicable the learning outcome of the training, the date and duration of the training and the full details of the training provider. Applications made in the retrospective require proof of attendance at the training by providing attendance certificates or written proof by the training provider of the applicant's attendance.

Record Keeping of CPD Hours

Each SCA(NSW) Member is responsible for monitoring their CPD points and retaining supporting documents. SCA(NSW) will provide a quarterly CPD update with the current total for your record to enable you to monitor when you should undertake more CPD activities.

Members of SCA (NSW) who knowingly or negligently include false information in their individual CPD records shall be liable to be disciplined for professional misconduct.

Medical or Extended Leave Exemptions

Under exceptional circumstances, an SCA (NSW) Member can apply in writing for a partial exemption of the CPD points requirements for the CPD under the Professional Standards scheme. Exemption for CPD under the NSW Fair Trading Requirements would have to be made directly with the regulator.

Exceptional circumstances show the following criteria for exemptions under the PSS:

- a) Due to geographical location, a physical disability or any exigency of the Member's business, the Member has experienced hardship or difficulty complying with the CPD points policy.
- b) The Member has been or will be substantially absent from the business because of parental leave or illness.
- c) The Member has been or will be substantially absent due to long service leave, overseas study, or similar occurrence; or
- d) The SCA (NSW) Board considers that exceptional circumstances warrant granting a partial exemption.

At the discretion of the SCA (NSW) Board, the Member may be required to provide written evidence in support of their application such as medical certificates and reference and confirmation from the employer.

A decision by the SCA (NSW) Board to grant or not to grant an exemption/extension is final.

Change of Employment Provisions

If an SCA (NSW) Member individual is changing employer within their region, they must notify SCA (NSW) immediately once the new employment comes into effect in order not to forfeit their Membership. The new employer must be a Corporate Strata Manager Business member of SCA (NSW).

If an SCA (NSW) Member changes employers and does not find new employment within 6 months, their membership lapses. Therefore, they would be required to apply for SCA (NSW) membership under their current employer again. In this instance, an application is applicable for restoration of their Membership.

The use of the “credentials” for Membership under SCA (NSW) is prohibited if a member is working for a Strata Management Business that is not a Member of SCA (NSW) and/or has not been nominated by a Strata Management Corporate Member as an SCA (NSW) Member.

During their time of unemployment, it is understood that the SCA(NSW) Member individual will not be operating in their role and, therefore, will not be granted permission to use the credentials under the PSS or SCA(NSW) Membership.

Auditing a Member CPD activities

All members are subject to a CPD audit.

Failure to comply with CPD requirements may result in a member being suspended or forfeiture of their Membership.

Dispute resolution process

If an SCA (NSW) member disputes the Association over the validity of the CPD completed, the Member has the right to escalate the dispute to the Secretariat for final determination.

Part 5

Risk Management

SCA (NSW) Risk Management Strategy

The Risk Management Strategy (RMS) describes the strategy for managing risk for SCA (NSW) as a professional association and business entity.

The RMS supports SCA(NSW) in achieving its objectives through the clear articulation of how risk is to be effectively and efficiently managed to:

- a) Continually improve member outcomes
- b) Fulfil obligations, including acting in the best interest of members
- c) Meet the expectations of stakeholders and the community
- d) Maintain reputational integrity
- e) Deliver financial results against budget

The risk management strategy is to embed a strong and defined framework of proactive risk identification, continuous risk assessment against appetite and diligent management of risk. The strategy is underpinned by clear accountability, a culture that both recognises risk weaknesses and that encourages positive risk behaviours and by establishing robust management and board-level governance structures.



The strategy revolves around the four pillars of Risk Management:

- Risks are identified through continuous observation of the changing regulatory and operational environment to detect any emerging and current risks. Once identified, we must evaluate those risks.
- Assess risks against our risk appetite and risk profiles to determine our actions.
- Through the establishment of controls, mitigate risk. These controls may prevent actions, correct actions, or detect actions and are implemented according to the risk appetite statement.
- The transparent and accurate recording and reporting of risk events assists all of those in the industry.

Culture

A sound risk culture is a fundamental part of the broader culture of SCA (NSW) and its members, and both are crucial for success from the perspective of members and community outcomes.

SCA (NSW)'s role is to appropriately consider risk against reward without jeopardising member outcomes and where actions remain within the SCA (NSW) Code of Ethics. To do this, the Board promotes a risk culture aimed at transparent recognition, assessment, monitoring, reporting and management of risks.

Governance

The SCA (NSW) Board is responsible for the risk management framework and has established the Risk and Finance Committee which is delegated specific responsibilities for audit and risk governance. The Board also delegates authority to other committees as it is constitutionally able to do so.

Whilst the committees have specific delegations in place, the SCA (NSW) Board will continue to monitor accountabilities and deliverables and it expects transparent and comprehensive reporting from these delegated bodies.

Committees and their Role in Risk Management

The SCA (NSW) Board can delegate operational responsibility to various committees. The list below details each committee that has been formed as part of the SCA (NSW) governance framework, and the roles and responsibilities those committees fulfil.

Policy and Legislative Committee

The responsibilities of this Committee are:

- Policies relating to matters of public interest arising from the strata sector, for wide dissemination to interested parties;
- Responses, in a timely manner, to proposed legislative interventions affecting the strata sector;
- Assessing and recommending changes to the Policy & Legislative landscape;
- Reviewing of, and advocacy on, relevant legislative change;
- Policy & Legislative submissions; and
- Informing Membership regarding legislative change/best practice.

Professional Conduct and Oversight Committee

The Professional Conduct and Oversight Committee (PCOC) is responsible for the oversight of trends in ethical behaviours of Members and reporting to the SCA (NSW) Board on areas requiring development. The PCOC's functions include regular review of complaints data to identify trends in relation to Members ethical behaviours, including recommendations to the Board. The PCOC is also responsible to consider and provide recommendations of identified shortfalls in educational development areas of Members.

The PCOC will review the Annual Membership survey report to monitor trends in Professional Indemnity Claims, Conflict of Interest management, and any disclosure shortfalls.

The PCOC will review the results of Member audits quarterly. The Audit framework requires 100% Member rotation coverage in each two-year period.

Risk and Finance Committee

The Risk and Finance Committee contributes to the organisational improvement by providing SCA (NSW) management insight into identified risks and their impacts, assessment of management procedures, advice on adherence to policies, and compliance with statutory requirements and regulations. This Committee aims to help SCA (NSW) maintain high ethical standards of conduct, ensuring proper corporate practices and community standards are adhered to.

The Committee assists in monitoring the accounting policies and financial accounts of SCA (NSW) to ensure that the financial statements comply with current accounting standards, reviews the scope and assists with the external audit process to identify any financial risks, and ensures the financial wellbeing of SCA (NSW).

Education Committee

The Education Committee will undertake the following tasks and projects to provide recommendations and advice to the SCA (NSW) Board for their consideration and endorsement:

- Review and make recommendations on the structure and content of NSW CPD requirements.
- Ensure that education courses and programs are ready for implementation at the start of each CPD year
- Draft education content outcomes for new CPD topics to assist the content writers/Education Manager for each CPD year.
- Provide advice and assistance to the SCA (NSW) Board as required within this scope or as requested by the SCA (NSW) Board.
- Work closely and liaise with the Professional Standards Authority to ensure that relevant professional development is recognised in accordance with the CPD requirements for the PSS.

Additionally, the Committee will deliver recommendations to the SCA National Education Advisory Board when requested from time to time.

Implementation of the Risk Management Strategy (RMS)

The RMS is implemented by establishing risk management processes, frameworks, accountabilities, technology, risk identification processes, risk assessment processes, risk controls and risk policies. A sound system of internal controls within key processes avoids or minimises losses and poor member outcomes where adverse risk events arise.

Continuous and structured risk reporting and disclosure requirements are set by the Risk Management Committee and are in line with the PSC standards.

Risk Management reporting to the SCA (NSW) Board includes any changes to the Risk Profile of any areas that need to be addressed.

Risk Management Process

The table below provides an overview of the key risk management processes in place to manage material risks that are identified through the RMF.

| Risk Category | Key Risk Management Processes |
|------------------|--|
| Strategic Risk | <p>Strategic changes to the environment caused by economic, competitive, social, and regulatory change. These impacts are compared to the risk appetite and its tolerances to determine if there needs to be a change to operations.</p> <p>Monitoring of strategic risks, the external environment & business operations support the identification and assessment of risks that may impact upon the achievement of strategic objectives.</p> <p>Risks are managed by identification, mitigation, prioritisation, and operational implementation.</p> |
| Compliance Risk | <p>The Compliance Management Framework (CMF) ensures the SCA (NSW) members comply with the obligations in all business activities, through developing and maintaining a compliance framework which is embedded in the way Strata Managers operate.</p> <p>In addition, compliance risk may be through:</p> <ul style="list-style-type: none"> • Maintaining pro-active relationships with regulators always. • Monitoring of Australian and global changes to applicable laws and regulations. • Establishing appropriate policies, processes, and procedures. • Support provided by the occupational organisation to keep informed of regulatory and legislative change; and • Employing appropriate management, monitoring, and reporting of compliance activities. |
| Operational Risk | Operational Risk is overseen by the Risk and Finance Committee through the Risk Matrix. |
| Financial Risk | Financial Risk is overseen by the Risk and Finance Committee through the Risk Matrix. |
| Conduct Risk | <p>The RMF has systems, processes, and frameworks, including Conflicts of Interest.</p> <p>A policy and Framework are in place to manage the conduct risks that arise. The RMF identifies, monitors, and manages operational and conduct risks.</p> <p>Members are required to complete mandatory training regarding expected behaviours and conduct. Mandatory training completion rates are monitored as</p> |

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|------------------------|---|
| | <p>part of the COE policy audit. Members are required to follow the Code of Ethics. Conduct Risk is monitored through line management supervision, controls, and control testing.</p> <p>Members who do not meet the Code of Ethics face disciplinary measures ranging from additional training to expulsion.</p> |
| <p>Reputation Risk</p> | <p>Risk culture is measured and reported through regular membership survey results.</p> <p>Reputation risk is managed by:</p> <ul style="list-style-type: none"> • Oversight by the Boards and management committees. • Active management of other material risks that may result in reputation risk. • Understanding the impact of business actions on members and other stakeholders. • Considering what is ethically appropriate as part of the general business decision-making. • Continuous oversight of current, emerging, and potential issues relating to reputation. • Active monitoring of media coverage. |