



Strata Management Practice Standard (SMPS)

Implementation Guideline

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

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Introduction

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

The benefits of using this document include:

- » Improved risk management and protection of people and the business environment;
- » Increased capability to deliver consistent and improved services, thereby increasing value to customers and stakeholders; and
- » More efficient use of resources and improved financial management of Strata Community accounts.

1. Strata Management Business Practice Manual

1.1. Practice Manual

The Business must have a strata management practice standard manual (the **Manual**) setting out the procedures that address the Business's requirements to manage its own internal processes, strata community schemes, the implementation of relevant legislation, and follow the SCA Code of Conduct. The Manual must be in an electronic format and a hard copy document if required.

Ongoing maintenance of the Practice Manual is required to be eligible for participation in the SMPS certification.

1.1.1. Authorisation

The Manual must be authorised by the owner or principal of the Business.

1.1.2. Procedural Implementation

The Business must implement all nominated procedures (listed in Appendix B) in the Manual.

1.1.3. Maintenance of Manual

The Manual must be kept up to date, therefore any business management changes should be included within 3 months.

1.1.4. Availability

The Manual must be made available to all staff including non-strata managers.

1.1.5. Manual Review

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

1.1.6. Audit of Manual

The Manual and associated procedures must be independently audited by an SCA authorised auditor. An Annual Review Audit is required for the Business to maintain certification.

2. Strata Management Business Procedures

2.1. Strata Community Association Membership

The Business must be a current financial company member of SCA and must have been a member of SCA for not less than the last two years.

The Business must not have had their SCA Membership suspended by an SCA Professional Standards Committee over the last two years nor have had their SCA Membership terminated at any point over the last five years.

Should the SCA membership not remain financial, or the membership be suspended/terminated, the SMPS certification will be withdrawn.

2.2. Code of Conduct

The Business must adhere to the SCA Code of Conduct (the Code) and the Code must be made available to all staff members.

The Code are rules of conduct based on honesty, integrity, fairness, courtesy and mutual respect. Where the Business is in doubt as to the application or interpretation of the provisions of the Code, they may apply to SCA for advice on the matter.

Should the Business not adhere to the Code, a review will take place and the SMPS certification will be removed.

2.3. SCA Practice Guidelines

SCA has set minimum standards for the sector. The Business may implement policies and procedures in excess of but not less than these guidelines.

2.4. Due Care and Diligence

The Business must at all times use due care and diligence before acting or advising a client in respect to matters about which the Business' services or advice are sought.

The Business must ensure that its business is efficiently and properly administered and must take all reasonable and practicable steps to ensure that professional engagements are fulfilled in accordance with the agreed terms of that engagement and that prompt notice is given if they cannot be fulfilled as agreed or expected.

The Business must ensure that they competently discharge their duty to their clients so as to promote and protect their client's best interests.

The Business must at all times use its best endeavours to provide any advice or service or carry out any work on behalf of a client within the agreed time or if time is not of the essence, then as soon as is reasonably possible and if the Business receives instructions and it is or becomes apparent that it cannot complete the work within the agreed or a reasonable time, it must inform its client.

The Business must not accept or undertake professional responsibilities beyond its competence or authority nor allow their employees to do so, unless advised by a suitably qualified consultant or professional.

2.5. The Act and Regulations

The Business must adhere to the relevant State or Territory Act and the Regulations, which must be made available to all staff members.

2.6. Conflict of Interest

The Business must have a procedure for identifying, declaring and managing a perceived, potential or actual conflict of interest with their client(s).

The procedure must address the following situations so that the Business will not:

- a. allow a position to be reached where the Business' duty to a client and the Business' own interest conflicts with that of their client.
- b. give advice to a person when they know that the interests of that person are in conflict or likely to conflict with the interests of their client other than the advice to secure the services of another adviser.
- c. demand, accept or retain any form of consideration for a particular service from more than one client without disclosing the circumstances and receiving prior approval from all of the parties concerned.
- d. without the prior written consent of their client be directly or indirectly concerned or interested in another business or transaction in which the Business, including its employees, and/or related entities stands to gain as a result of their relationship with their client.

2.7. Contract Documentation with third parties

The Business must provide all parties entering into a business relationship with the Business with a written contract, which must be signed and witnessed by an authorised member of the Business and the other parties. A copy of the written contract must be maintained by the Business for record purposes and a copy of the written contract provided to the other parties.

2.8. Reporting

The Business must provide reports of the Business's activities in accordance with contractual and legislative duties regarding the relevant strata community and make the report(s) available whenever required as per legislated requirements and upon reasonable requests by that strata community client and/or authorised body.

2.9. Strata community accounts managed by the Business

The Business must, whenever required as per legislated requirements, account fully by providing a Financial Report to its clients upon reasonable requests within in the prescribed legislative timeframe or 10 business days whichever is the sooner.

- » receipt by it of moneys or other property of value for or on behalf of each client.
- » payment by it of moneys or disposal of property of value for or on behalf of each client.

The Business must take all reasonable care to not allow the funds of any client to be deposited into, co-mingled or paid from the funds of any other client, and client funds are to be kept as prescribed as per legislated requirements 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 Business must comply with legislative obligations and have a procedure in place for the annual audit of a percentage of strata community accounts managed by the Business and an annual audit must be completed by an independent registered auditor.

2.10. Strata Manager Accreditation

The Business must appoint a Responsible Officer who is an SCA Level 2 certified strata community manager (CSCM).

50% of strata managers employed by the Business must achieve Level 1 strata manager accreditation through SCA within the next 2 years (enabling 24 CPD points to be achieved). The business must provide their strata managers with the necessary support to enable them to achieve accreditation and provide relevant training for support staff.

2.11. Insurance

The Business must maintain Workers Compensation, Public Liability, Professional Indemnity, Cyber, and Director's Liability insurance for the Business and all of their employees.

2.12. Responsible Officer

The Responsible Officer is responsible for implementation and oversight of the SMPS within the Business.

3. Strata Community Management

3.1. Strata Management Agreement

The Business must complete in writing a Strata Management Agreement when a strata community wishes to engage a strata management business.

SCA has a Strata Management Agreement available for members should one be required.

3.1.1. Agreement Copies

The Business must maintain a copy of the completed Strata Management Agreement for record purposes and provide a written and complete copy to the strata community.

3.2. Agreement Terms

The Strata Management Agreement must clearly set out all of 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 standard contract.

Should the SCA contract be used the current version for that year must be used and the Business should report what "special conditions" have been agreed to.

Should the SCA contract not be used, the Business must provide a register of differences.

3.2.1. Schedule of Fees

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

3.2.2. Payment Terms

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

3.2.3. 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 Business must whenever required as per legislated requirements and also upon reasonable request, disclose its certificate of current professional indemnity insurance.

3.2.4. Termination

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

3.2.5. 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.

3.3. Insurance and Risk Management

The Business if instructed to do so must seek necessary insurance quotations for the strata community to ensure statutory insurance obligations are maintained.

The Business must establish a procedure for a strata community to consider other uninsured exposures.

The Business must have a procedure to obtain insurance quotations for the strata community to take into consideration the building replacement value, including escalation factors, together with recommending a valuation of the building and common property to be commissioned by a qualified valuation company at least every 5 years unless otherwise specified by legislated requirements.

The Business must have a procedure in place for arranging a valuation of common property and personal property vested in the strata community.

4. Strata Community Documents

4.1. Books and Records

The Business 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:

- » Strata Plan
- » By-laws
- » Strata Plan encumbering instruments
- » Building manual
- » Agendas and minutes of meetings
- » Contracts and agreements
- » Strata building plans (where available)
- » Proprietor rolls
- » Accounting source documentation (including income tax returns)
- » Common seal
- » Common property access devices (where applicable)
- » Strata manager activities delegated by the strata community
- » Insurance policies and latest certificates of currency
- » Other documents required by state regulations
- » Building valuations, land valuations, capital works/sinking fund/maintenance 10 year plan

5. Other Procedures

5.1. Meetings

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

5.2. Handovers

The Business 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 handover, and the commitment to comply.

5.3. Staff Management Policies and Procedures

The Business must have policy and procedures to cover induction, performance management, training and CPD, WHS management, and termination. The induction procedure must ensure that all new personnel go through a documented induction process, which includes training on the Manual.

Records must be kept of all personnel's 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.

5.4. Complaints/Feedback

The Business must have a complaints procedure detailing who is to deal with complaints and the course of action to be followed.

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.

5.5. Business Continuity

The Business 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 the sending of e-mails and the accessing of electronic media by staff members. Virus detection, protection and the electronic storage of records must also be implemented as necessary.

5.6. Privacy

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

5.7. Mental Health and Wellbeing

The Business must have a policy that provides a framework for the promotion of good mental health and wellbeing in the workplace.

5.8. Work Health and Safety

The Business must have, and implement, a procedure for creating and maintaining a safe and healthy working environment wherever the Business is active.

5.9. Communications Customer Charter

The Business 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 Business associates with.

6. Glossary

“Act” means the legislation passed by the Parliament

- » ACT –
 - *Unit Titles (Management) Act 2011*
 - *Community Title Act 2001*
- » QLD –
 - *Body Corporate and Community Management Act 1997*
 - *Body Corporate and Community Management Act (Accommodation Module) 2008*
 - *Body Corporate and Community Management Act (Standard Module) 2008*
 - *Body Corporate and Community Management Act (Commercial Module) 2008*
 - *Body Corporate and Community Management Act (Small Schemes Module) 2008*
- » NZ –
 - *Unit Titles Act 2010*
- » VIC –
 - *Owners Corporations Act 2006*
 - *Subdivision Act 1988*
- » WA –
 - *Strata Titles Act 1985*

“Code” means the SCA Code of Conduct as adopted by SCA from time to time, presently the Strata Community Association Code of Conduct

“Reasonable/ly” means undertaking action in an acceptable degree or will ensure the health and safety of workers and others

“Regulations” means the “subsidiary legislation” published by the Government

- » ACT –
 - *Unit Titles (Management) Regulation 2011*
- » NZ –
 - *Unit Titles Regulations 2011*
- » VIC –
 - *Owners Corporations Regulations 2018*
 - *Subdivision Regulations.*
- » WA –
 - *Strata Titles (General) Regulations 2019*

“Requests” means in writing, committee resolution

“SCA” means Strata Community Association

“SCA Certified Strata Manager” means an SCA member who holds the Level 2 Post Nominal of CSCM

“SMPS” means the Strata Management Practice Standard, as amended from time to time

“strata community” means a body corporate, owners corporation, strata company, or the equivalent in your jurisdiction

“Strata Management Agreement” means the contract for services between a strata management business and strata community (as above)

“strata manager” means a body corporate manager, owners corporation manager, strata community manager, or the equivalent in your jurisdiction

“the Business” or “strata management business” means a person and or company, including its employees, engaged to provide strata manager services to a strata community. Each business of a franchise (or franchisee) is deemed a separate Business for the purposes of the SMPS

“Timeframe” means a specified period of time in which something occurs or is planned to take place, or as required per legislated requirements

“Work Health and Safety” also known as Occupational Health and Safety

Schedule 1

Appendix A – SCA Practice Guidelines

Handling clients' money
Scope for auditor
Privacy
Mental health & wellbeing
Code of conduct
Conflict of Interest

Appendix B – Nominated Policies and Procedures

Conflict of Interest
Strata community Accounts Audit
Uninsured exposures
Obtaining insurance quotations for the strata community
Arranging a valuation of common property and personal property vested in the strata community
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, both internally amongst staff and externally with clients and other parties that the Business associates with.

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