

# Strata Management Practice Standard



# Audit



## Information Booklet

[www.strata.community](http://www.strata.community)

# INTRODUCTION

## What is the SPS?

Strata Community Association (SCA) has developed a Strata Management Practice Standard (SPS), which is offered to SCA members as an opportunity to further their professional standing in the strata management industry.

The SPS is a voluntary practice standard for strata community management businesses, in relation to their own internal procedures as well as contractual relationships with strata communities.

Through an independent audited process, the SPS recognises businesses that have developed and adhered to documented internal processes, which are implemented to improve both client satisfaction and internal business processes.



## Why should a business consider SPS Certification?

Through the SPS program the Business will establish systems and procedures that will allow an increase in operation, customer satisfaction, productivity, and consistency in delivering service to their clients.

SPS Certification offers your business the following benefits:

- A listing on the 'Certified Members Directory' on the SCA website that all enquirers to SCA are referred to when seeking a strata manager
- Provides peace of mind for existing and prospective clients knowing the business's policies, procedures and accounts are audited annually
- Provides a beneficial training tool for employees, provides employee certainty and promotes retention
- Reduces risk of professional indemnity claims
- Provides a competitive advantage and point of difference
- Use of the SPS Certified logo for marketing and promotion

## Endorsement from SCA WA President



To date there is no prescribed licensing of Strata Community Management Businesses in Western Australia. It is currently a voluntary self-regulated process to ensure professionalism. Until such time as there is a unified Australian industry approved Strata Community Management

model or ideally a prescribed model of rules and regulations pertaining to Strata Community Management, SCA proposes and endorses the SPS.

The SPS has been developed and produced by SCA WA with the intent to have a National SPS program.

The primary purpose of encouraging the implementation of the SPS within a Strata Community Management Business is to deliver a professional, predictable and reliable level of customer service that can be advertised to prospective clients who can have a level of assurance from the SCA WA SPS Certification process that the Business is operating to the standards set out in their SPS document.

Scott Bellerby  
SCA WA President

# ABOUT THE SPS

## The SPS addresses three areas

1. The strata management business (the Business)
2. The relationship between the Business and a strata community
3. Other procedures

### SECTION 1:

#### The Strata Management Business

The Business will have a Manual of procedures stipulated by the SPS that need to be implemented to obtain, and maintain, certification. The Business is to ensure that it:

- Adheres to the Code of Conduct and relevant legislation;
- Undertakes professional responsibilities within its competency or authority;
- Has a process for record management and reporting;
- Is able to identify and manage conflicts of interest;
- Provides relevant training for staff including the necessary support to enable strata managers to achieve SCA Accreditation;
- Keeps client funds in separate client accounts and/or operates a trust or bank account (as required) which are subject to an annual audit by a registered auditor;
- Maintains adequate insurance coverage for the Business and its employees.

### SECTION 2:

#### The Relationship between the Business and a strata community

The Business must:

- Complete a written strata management agreement when a strata community engages the services of the Business. The Agreement terms will:
  - be consistent with the Code of Conduct;
  - disclose all commissions;
  - allow for the certificate of indemnity insurance to be disclosed upon request;
  - set out the termination requirements; and
  - have a dispute resolution clause.
- Ensure that there are procedures that address obtaining insurance quotations;
- Ensure that there are procedures that address auditing of strata community accounts;
- Ensure that there is a records management procedure that details records are to be maintained securely and the applicable time limits that may apply, for each strata community.

### SECTION 3:

#### Other procedures

The Business is to have procedures to address matters such as:

- Handover of strata communities when a strata manager is changed or upon termination of the agreement;
- Inductions for new personnel;
- Handling of complaints;
- Use of technology;
- Privacy;
- Mental health and wellbeing;
- Occupational Health and Safety; and
- Communication, both internally amongst staff and externally with clients and other parties that the Business associates with.

## SCHEDULE OF COSTS

The costs are split in to three categories depending on the number of lots that the business has under management:

All costs exclude GST.

Less than 1,500 lots under management	
Application Fee	\$250
Initial Desktop Audit	\$600
Initial Internal Audit	\$600
Annual Review Audit	\$600
2 Yearly Workshop	\$150
Hourly Charge*	\$150
1,500 to 4,999 lots under management	
Application Fee	\$250
Initial Desktop Audit	\$600
Initial Internal Audit	\$1,200
Annual Review Audit	\$1,200
2 Yearly Workshop	\$150
Hourly Charge*	\$150
5,000 lots and above under management	
Application Fee	\$250
Initial Desktop Audit	\$600
Initial Internal Audit	\$1,800
Annual Review Audit	\$1,800
2 Yearly Workshop	\$150
Hourly Charge*	\$150

\* Applicable only in unusual cases where the business requires additional work from the auditor.

NOTE: The above costs do not include the cost of the Business engaging a registered auditor to conduct the annual audit of the account/s in accordance with item 2.8 of the SPS which is to be organised and paid for independently by the Business.

## HOW THE SPS PROGRAM WORKS

### Step One: Attend Workshops

It is a prerequisite for members to have attended two compulsory workshops prior to applying to commence the SPS program. The workshops provide detailed information on the processes required to gain SPS certification, and how to go about writing and implementing those processes as they apply to the Business.

Workshop One will cover the following:

- An overview of the SPS
- Understanding and implementing the SPS
- Documentation requirements
- Any SCA best practice or minimum standards, or templates that must be used
- Practical examples
- The audit process

Workshop Two will cover the following:

- Opportunity to discuss matters arising from workshop one
- Assistance with procedure writing
- Tools to prepare for the audit
- How to conduct an internal assessment prior to the audit

The workshops will typically be held approximately two months apart. During that time, the member is encouraged to commence identifying the processes and procedures that will need to be developed and implemented.

### Step Two: Development and Implementation

Once Workshops One and Two have been attended, the member, in their own time, will complete the development and implementation of the necessary processes, policies and procedures to reflect their business activities. There is no timeframe prescribed in which this must be completed.

### Step Three: Internal Assessment

Once the member is confident that they have developed and implemented the necessary procedures, they are encouraged to carry out their own internal assessment or 'audit' to identify any remaining gaps. Information on how to conduct the internal assessment is covered in Workshop Two.



## HOW THE SPS PROGRAM WORKS

### Step Four: Apply

Having completed the internal assessment and being satisfied with the outcome, the member may apply to join the SPS program by completing and returning the Application Form to the SCA office. An Application Fee of \$250 + GST is payable to SCA upon application.

### Step Five: Initial Desktop Audit

The first stage of the audit is a desktop audit conducted by the SCA approved auditor to review and confirm the suitability of the Business's documentation. A Desktop Audit Fee of \$600 + GST will be payable to SCA prior to the auditor contacting the applicant to schedule the desktop audit.

### Step Six: Initial Internal Audit

Once the auditor is satisfied that the Business's documentation meets the requirements, an Internal Audit Fee (according to the size of the Business) will be payable to SCA prior to the auditor contacting the applicant to schedule the internal audit.

The internal audit will confirm the Business's compliance with the SPS and their own business activities. Essentially, this audit will check to ensure that the Business is doing what their policies and procedures say they are doing, and that those policies and procedures are in line with the SPS and any other standards set by SCA.

### Step Seven: Certification

The auditor will provide a recommendation to SCA on whether or not the Business is to receive SPS Certification. The SCA office will issue a certificate of Certification upon receipt of a recommendation to certify, or a letter of decline upon receipt of a recommendation to do so.

Typically, the auditor will work with the Business to rectify any areas that do not meet the standard prior to recommending a decline. In many cases, with the commitment of the Business, problematic areas will generally be resolved so that certification is possible.

The auditor will discuss their findings with the Business prior to issuing the recommendation to SCA. It is important to note that only the auditor's recommendation is passed on to the SCA office and not the auditor's findings.



## Step Eight: Maintaining Certification

### Annual Review Audit

An Annual Review Audit is required in order for the Business to maintain certification. The auditor will contact the Business to advise that the Annual Review Audit is due, and the audit will be scheduled upon payment of the Annual Review Audit Fee (according to the size of the Business) to SCA.

Having completed the audit, the auditor will provide a recommendation to SCA on whether or not the Business is to receive SPS Certification. The SCA office will issue a notice of renewal upon receipt of a recommendation to maintain certification, or a letter of suspension or expulsion upon receipt of a recommendation to do so.

Typically, the auditor will work with the Business to rectify any areas that do not meet the standard prior to recommending a suspension or expulsion. In many cases, with the commitment of the Business, problematic areas will generally be resolved so that maintaining certification is possible.

The auditor will discuss their findings with the Business prior to issuing the recommendation to SCA.

### 2 Yearly Workshop

The Responsible Officer or authorised representative on behalf of the Business will be required to attend a 'refresher' workshop every two (2) years from the date of certification, to receive updates on any important changes and to encourage maintenance and ongoing improvement of the SPS document and associated policies and procedures.

## DISCLAIMER

SCA Ltd, SCA NSW, SCA QLD, SCA VIC, and SCA WA does not warrant or guarantee the work undertaken by any strata management business and/ or strata manager and/ or individual who is SPS certified and is not liable in relation to any aspect of services they may provide to their clients.

Certification obtained from the SPS process relates only to the adequacy of the process controls established by written procedures, policies and process specifications.





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