

## Guidance

# Professional risk management strategies

## Using this guidance

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You must include your association's professional risk management strategies as part of your professional standards scheme application. This guidance will help you to understand and complete [Module 4](#) and the Professional risk management strategies [template](#).

It details the module's terminology and application requirements. In particular, it helps to explain how professional risk management can help achieve the regulatory aim of strengthening consumer safeguards in your members' activities. It includes advice on:

- [understanding the requirements for this module](#)
- [completing the questions](#), including explanations of the questions in the template, how they apply to professional risk management and how we assess your responses
- [presenting your professional risks and treatment plans](#).

When completing this module, we recommend that you also refer to our resources on [Professions and Risk](#) and [Public Risk](#). These are available on our website under the Research Library tab in the Risk category.

## Understanding the requirements for this module

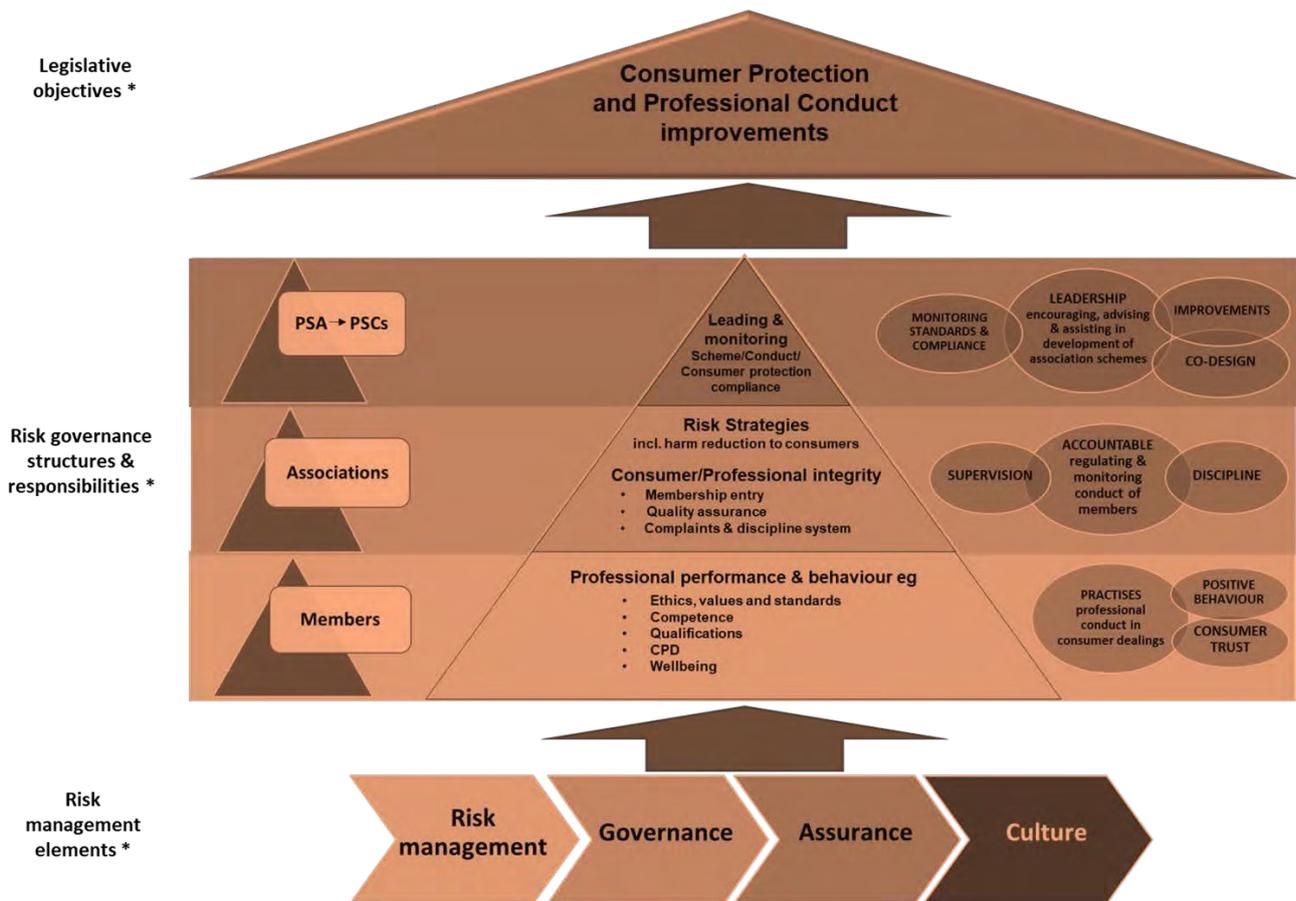
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Our professional risk management structure is set out below. Its key legislative objectives are **consumer protection** and **professional conduct improvements**.

Consumer protection involves minimising both consumer risk and consumer harm. Consumer risk refers to uncertainty about the outcomes of consumers' experiences dealing with an association or its members. Consumer harm is the suffering that consumers may experience from an adverse dealing with an association or its members.

Our framework is based on the following governance relationships:

- We provide leadership in encouraging, advising and supporting consumer safeguards
- Associations develop and implement consumer-focused risk strategies
- Members maintain professional performance and behaviours.



\* Note: the association needs to position its professional risks management system in the context of other statutory requirements and regulators, by identifying the part of the professional standards regulatory environment which is regulated by your association

The module captures elements of integration, design, implementation, evaluation and improvement in line with Australian standards on leadership and commitment.

## Completing the questions

This section explains the relevance of the information we ask for in the Professional risk management strategies [template](#).

The template asks about your association’s member-facing professional risk management strategies in 4 key areas:

1. **Membership requirements** (entry, annual, ongoing, fit and proper person person)
2. **Continuing occupational education requirements** (continuing professional development)
3. **Quality management** (including member audits and quality reviews by your association)
4. **Risk management required of members** (by your association or their firms).

Here we explain the information you need to provide in each section of the template and how the questions relate to professional risk management.

## Structure

**Question 1** asks for your association’s current, or proposed, professional risk management strategies in each of the 4 focus areas.



Please provide evidence from a range of sources. You only need to provide more detail if the documents you submit are not self-explanatory.

These documents help us to understand the range of strategies and processes that your association has in place. We use the documents to assess both:

- the depth and scale of your current or proposed strategies
- how consistently you apply these strategies.

## Implementation and other statutory or regulatory requirements

These sections ask about how you implement your professional risk management strategies and whether any statutory or regulatory requirements also apply.

**Question 3** is particularly important, as your answer helps us to better understand the statutory context that your association and its members operate in. This will ensure that your association has an effective regulatory relationship with us, alongside the provisions that other statutes require.

This information also relates to [Submodule 1.4 – Other statutory requirements](#).

## Improvement and consumer protection outcomes

**Questions 4 to 10** explore the dynamics of governance, communication and stakeholder participation within your association to assess whether your strategies operate effectively.

Your responses will show us the scale and quality of the governance, improvement and consumer protection outcomes of your strategies. This includes, for example:

- whether your executive and governing body are actively committed to establishing and continuously reinforcing the importance of your strategies to your association and its members
- what independent advice your executive and governing body use to verify decision-making in areas such as protecting consumers of your members' services
- how you use data (such as emerging trends from consumer claims and complaints data) to revise your strategies
- how you communicate across all levels of the association and actively engage and consult with stakeholders (such as members, the public, consumers and related occupational associations) to ensure alignment with your strategies
- the extent and quality of resources your association has assigned to identify and make improvements.

It is important that your association's strategies address consumer risks and harms. Some examples of consumer risks and harms from professional work categories are:

Category	Professional activity	Example of consumer harm
Non-technical (behavioural interaction)	Market practice	Vulnerable or disadvantaged consumers suffer financial loss
	Delivering or providing goods and services	Consumers suffer due to lost time or delays
Technical (exclusive, competency-based)	Managing personal information and privacy Protecting data	Consumers suffer due to inappropriate use or inadequate protection of their data



This information also relates to [Submodule 3.1 – Consumers and consumer harms](#).

**Question 8** asks what practical measures you use to show that your risk management strategies are effective. These measures may be qualitative or quantitative. It is vital that you have these measures and explain how these will gauge the success of the strategies.

**Question 10** asks about how your association sources, collates and assesses data to identify and manage professional risks. Data sources can include information from the regulators, other associations, press and social media, legal decisions and settlements, insurance claims, your complaints and disciplinary systems and member surveys and feedback.

The information on your strategies' continuous improvement is also linked to our annual reporting (APSR) process (see [Module 6 – Annual Professional Standards Report](#)).

## Presenting your professional risks and treatment plans

This section provides best practice examples of how you could present your professional risks and related treatment plans. Please note that these examples are generic – use them as a guide only.

<b>Risk focus</b>	Profession-specific knowledge gap
<b>Cause</b>	Members are not maintaining practice or procedural profession-specific knowledge. There is a lack of ongoing education in this area.
<b>Risk status</b>	Low/Moderate
<b>Strategy objectives</b>	<ul style="list-style-type: none"><li>• Ensure that members keep up to date with profession-specific knowledge</li><li>• Raise awareness of networking forums</li><li>• Facilitate access to more education programs (eg CPD) that maximise new technologies</li></ul>
<b>Treatments</b>	<ul style="list-style-type: none"><li>• Oblige members to comply with CPD requirements</li><li>• Assess complaint and claims data annually</li></ul>
<b>Monitoring implementation</b>	<ul style="list-style-type: none"><li>• Impose extra membership conditions</li><li>• Maintain professional responsibility website</li><li>• Provide practice area support services</li></ul>
<b>Measuring effectiveness</b>	<ul style="list-style-type: none"><li>• Review compliance with CPD requirements</li><li>• Conduct annual audits</li></ul>



<b>Risk focus</b>	<b>Poor practice management, business skills and processes</b>
<b>Cause</b>	Members do not have adequate knowledge and practical skills to manage their business. They lack knowledge of profession-specific, accounting and risk management processes.
<b>Risk status</b>	Moderate
<b>Strategy objectives</b>	Provide members with information, advice and profession-specific support to improve standards
<b>Treatments</b>	Impose stricter conditions on members conducting profession-specific services
<b>Monitoring implementation</b>	Address the risk identified with CPD programs
<b>Measuring effectiveness</b>	<ul style="list-style-type: none"><li>• Assess feedback from profession-specific management education courses</li><li>• Review relevant complaint data</li></ul>

<b>Risk focus</b>	<b>Poor service delivery and communication</b>
<b>Cause</b>	Members communicate with consumers unprofessionally, leading to poor service delivery and failure to communicate and explain delays.
<b>Risk status</b>	Moderate
<b>Strategy objectives</b>	Provide members with information, advice and profession-specific support services to improve communication and service delivery standards
<b>Treatments</b>	Develop and promote seminars on service delivery and good communication practices
<b>Monitoring implementation</b>	Review the level of access about CPD seminars on service delivery and communication awareness
<b>Measuring effectiveness</b>	Review relevant claims data



<b>Risk focus</b>	<b>Poor professional interaction with vulnerable consumers</b>
<b>Cause</b>	Members fail to identify vulnerable consumers. Cross-cultural differences lead to misunderstandings between the member and the consumer.
<b>Risk status</b>	Moderate
<b>Strategy objectives</b>	Provide information, advice and profession-specific support to improve members' communication with and service delivery standards for vulnerable or unsophisticated consumers
<b>Treatments</b>	Develop and promote CPD seminars about managing service delivery for and communicating effectively with vulnerable consumers
<b>Monitoring implementation</b>	Review members' engagement with relevant CPD seminars
<b>Measuring effectiveness</b>	Review relevant complaint data

<b>Risk focus</b>	<b>Poor member wellbeing</b>
<b>Cause</b>	Members' physical or mental wellbeing breaks down, which leads to or accelerates the risk of service failures.
<b>Risk status</b>	Moderate
<b>Strategy objectives</b>	<ul style="list-style-type: none"><li>• Ensure that members have access to physical and mental wellbeing support services</li><li>• Focus on preventing possible escalation</li></ul>
<b>Treatments</b>	<ul style="list-style-type: none"><li>• Raise members' awareness of wellbeing support services</li><li>• Encourage members to access services</li></ul>
<b>Monitoring implementation</b>	Regularly review the support services provided
<b>Measuring effectiveness</b>	<ul style="list-style-type: none"><li>• Analyse claims and complaint data to identify trends</li><li>• Respond with guidance or educational programs as needed</li></ul>



<b>Risk focus</b>	<b>Changing profession-specific services and landscape</b>
<b>Cause</b>	Members fail to embrace changes in the types of profession-specific services they provide and the market landscape they operate in, leading to service failures. These changes could include new technologies, business structures and service delivery methods.
<b>Risk status</b>	Low/Moderate
<b>Strategy objectives</b>	Provide information, advice and profession-specific support services to improve members' ability to meet the demands of consumers of their services. This includes taking up and using the latest technologies.
<b>Treatments</b>	Offer CPD seminars on how new technology can impact members' provision of profession-specific services
<b>Monitoring implementation</b>	Review members' engagement with CPD seminars on: <ul style="list-style-type: none"><li>• technology changes</li><li>• cybersecurity</li><li>• data privacy and management</li><li>• managing service delivery and communicating effectively in the changing landscape</li></ul>
<b>Measuring effectiveness</b>	Analyse feedback from CPD courses on changing technologies, cyber-security and data privacy.

<b>Risk focus</b>	<b>Accelerants of risk</b>
<b>Cause</b>	Accelerants relate to all core risks, resulting in poor quality and inadequate services that do not meet professional standards.
<b>Risk status</b>	Low/Moderate
<b>Strategy objectives</b>	Provide members with information, advice and practice support services to manage pre-existing or accelerating risks
<b>Treatments</b>	<ul style="list-style-type: none"><li>• CPD programs</li><li>• Education support</li></ul>
<b>Monitoring implementation</b>	Monitor compliance with statutory requirements
<b>Measuring effectiveness</b>	Gather feedback on members' use of wellbeing courses and resources



## Copyright and document control

<b>Document version</b>	1.0
<b>Last endorsed</b>	New document
<b>Next review</b>	1 year after the application framework pilot program begins, then every 3 years
<b>Written by</b>	Director, Professional Standards Regulation
<b>Approved by</b>	Chief Executive Officer, Professional Standards Councils

## Revision history

<b>Version</b>	<b>Approved by</b>	<b>Approval date</b>	<b>Effective date</b>	<b>Sections modified</b>
1.0	PSC	18 June 2021	1 July 2021	This is new guidance

## Disclaimer

This guidance applies only to an occupational association preparing a scheme for approval under professional standards legislation. It is not legal or other professional advice and should not be relied on as such. An occupational association should seek its own legal/professional advice to find out how the professional standards legislation and other relevant laws and regulations may apply to it. Go to [www.legislation.nsw.gov.au](http://www.legislation.nsw.gov.au) to access NSW legislation.

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