

6.0.1 Guidance

# Annual Professional Standards Report (APSR) (formerly PSIP)

For Schemes being prepared under Professional Standards  
Legislation

June 2021





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<b>Written By</b>	Director, Professional Standards Regulation
<b>Approved By</b>	Chief Executive Officer, Professional Standards Councils

### Revision History

Version	Approved by	Approval date	Effective date	Sections modified
1.0	PSC	18 June 2021	1 July 2021	This is a new guidance

### Disclaimer

This guidance is applicable only to an occupational association preparing a Scheme for approval under Professional Standards Legislation. It does not constitute legal or other professional advice and should not be relied on as such. An occupational associations 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. For access to legislation in force in NSW, go to the official NSW Government website for online publication of legislation at [www.legislation.nsw.gov.au](http://www.legislation.nsw.gov.au).

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Pilot



## 1. Guidance statement

A key aim of this guidance is to assist your association in completing Module 6.0 *Annual Professional Standards Report capacity and capability*. This covers the relevant annual reporting information under the Professional Standards Legislation which is mandatory for an association with an approved Scheme to complete and submit to the Professional Standards Councils.

The guidance has been developed to assist you to understand and respond to the module's terminology and annual reporting requirements.

**Please note that this module is intended to make successful first-time applicants for a Scheme aware of their ongoing compliance obligations – it does not require you to complete an Associations Professional Standards Report, or APSR (previously termed the Professional Standards Improvement Plan, or PSIP) as part of the application process.**

However, first-time applicants are expected to prepare information to be discussed at a workshop, facilitated by the Authority, as detailed in the module.

If your association is unable to complete the module or seeks clarification on any of the module's questions, contact the Authority for assistance. The Councils have a statutory function to advise, assist and encourage associations with their occupational standards and member regulation and to monitor the compliance by associations with their risk management strategies (refer to section 43 of the *Professional Standards Act 1994* (NSW) for example<sup>1</sup>).

Associations applying to re-make or amend a Professional Standards Scheme will already be familiar with the annual reporting information to be submitted to the Councils. Your annual reporting compliance obligations do not change if you are re-making or amending a Scheme.

## 2. Legislative obligations

Section 37 of the legislation (using the *Professional Standards Act 1994* (NSW) as an example) requires associations to provide an annual report to the Councils as to the implementation and monitoring of their risk management strategies, the effect of those strategies and any changes made or proposed to be made to them, and also requires associations to provide information at any time if requested to do so, concerning the association's risk management strategies.

Both the module and this guidance are designed to promote the objects of the legislation which are (using the *Professional Standards Act 1994* (NSW) as an example (our emphasis)):

- a) to enable the creation of Schemes to limit the civil liability of professionals and others
- b) to **facilitate the improvement of occupational standards** of professionals and others

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<sup>1</sup> In this guidance, for convenience the *Professional Standards Act 1994* (NSW) is used, noting that each State has its own equivalent legislation. The Council can assist with providing relevant references on request.



- c) **to protect the consumers of the services provided by professionals and others**
- d) to constitute the Professional Standards Council to supervise the preparation and application of Schemes and **to assist in the improvement of occupational standards and protection of consumers.**

Note that information from the association's annual report is incorporated in the Council's Annual Report to each jurisdiction's Minister, which is laid before most Parliaments.

### 3. Recent improvements

Following extensive review and consultation, the Professional Standards Improvement Program (PSIP) report has been amended and renamed the Annual Professional Standards Report (APSR). The framework for the report is set out below.

The report aims to assist and encourage your association to provide improved information to the Councils, with the focus on consumer protection and improved occupation standards in fulfillment of the objects of the legislation (above).

Following the reporting initiatives introduced in PSIP reporting in 2019, root cause analysis is strongly encouraged. Your association will be asked to state the learnings from your analysis and monitoring activities. **Learnings** refers to trend and risk analysis, and analysis of developing or emerging trends and risks which may be apparent from the data, or from sources other than the data provider.

While changes will be necessary to prepare the first report, the format will assist your association to provide information in a more focussed, meaningful, and timely manner, and encourage a focus on consumer protection and improved occupational standards.

Most of the information provided in the former PSIP is still included in the APSR (see Table 1 - PSIP / APSR Comparative Chart below), and an important improvement is one where associations are encouraged to choose how they present their report and data.

Your association will be required to submit your annual report by 31 March each year. In addition, during the course of the year your association is required to report any **significant** event, change or development which effects the Scheme, as soon as practicable, including any claims, or notifications of claims, at or above \$500,000.

### 4. Governance – review, approval, declaration, and signatory

Your report is a required statutory annual compliance report to the Councils. Your annual report is incorporated into the Councils' annual report which is provided to the relevant Ministers who (in most jurisdictions) must table the Council annual report in Parliament.

Your association's governing body is required to **review** and **approve** the report prior to submission to the Councils on or before 31 March each year. The CEO and Chair or President of the association will be required to complete the following declaration and signatory details:

#### DECLARATION & SIGNATORY

*I, the undersigned, am authorised to declare on behalf of the association:*



*that to the best of its knowledge and having made reasonable enquiries, the information supplied in this Report is complete and accurate.*

*The association acknowledges that:*

- the Councils may act to verify the information provided in this report and that the report will be checked for discrepancies; and*
- if any discrepancies are found in the report, the association will be provided with a list describing the discrepancies and the association will correct them and resubmit the report; and*
- if there are no discrepancies, the report will be accepted for analysis by the Councils.*

Authority	CEO	Chair/President/Other authority (identify which applies)
Signature		
Full Name		
Capacity	CEO	Director/Secretary/Other (identify which applies)
Date		

## 5. Association Professional Standards Report framework

The APSR framework, which is provided to associations annually as a reporting template, is summarised below:

### PREAMBLE

The **Signature/Approval/Declarations** from your governing body, previously at the end of the PSIP, will be provided at the start of the APSR, together with an undertaking to provide the next APSR, and details of any significant event which occurs during the following year.

#### *Explanatory notes*

- To recap, this is the report that must be provided annually by Associations under section 37(2) of the Professional Standards Act 1994 (NSW) [and other State equivalents].*
- Information from the report is incorporated into the Council's Annual Report to the Minister which is laid before Parliament under section 37(3) and section 47.*
- Associations must also provide information to the Councils if requested to do so under section 37(1).*
- For 2021, Associations will be required to lodge their APSR as usual by 31 March 2022. In addition, during the year they will be required to report any significant event, change or development which effects the Scheme, as soon as practicable.*



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## A. HIGHLIGHTS

In this Part, associations will be required to report on:

- a) the biggest achievement in occupational standards during the year. For example, this may include new standards, publications, reports, policies, procedures, reviews, reforms, or developments relevant to the Scheme, and
- b) any new risks that emerged for consumers of members' services during the year.

*Explanatory notes*

*This Part is designed to be used by the Councils in compiling the Annual Report to the relevant Minister, which is laid before Parliament in each jurisdiction.*

## B. INFORMING CONSUMERS

In this Part, associations will be required to report on:

- a) what they do to inform consumers about the Scheme
- b) what they do to ensure members are complying with the disclosure obligations under section 33
- c) procedures and details of any reports to the Councils of any contravention of the Disclosure obligations
- d) what they do to feed learnings from monitoring into education or other activities; and
- e) what learnings there were from monitoring activities in the previous year and how they were addressed.

**Learnings** refers to trend and risk analysis, and analysis of developing or emerging trends and risks which may be apparent from the data. Together with root cause analysis, identification and analysis of trends will allow you to diagnose what caused a situation, or recognise links between seemingly unrelated events, and develop targeted strategies to prevent reoccurrence.

## C. PROTECTING CONSUMERS

In this Part, associations will be asked to report on:

- a) the harms from which the association seeks to protect consumers
- b) risk management reporting under section 37, including strategies, implementation, monitoring, effect, and changes
- c) their Standards, including
  - i. Initiation
  - ii. Consumer input and focus
  - iii. How they protect: the association; the occupational group; the members; and consumers
  - iv. Education
  - v. Monitoring / root cause analysis
  - vi. Review / reform
  - vii. Learnings



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- d) Code of ethics - what were the changes and improvements to your Code and its enforcement?
  - e) CPD Data including risks addressed or mitigated
  - f) Insurance data, including
    - i. Structure of professional indemnity cover
    - ii. Premiums as % of gross fees for minimum cover
    - iii. % Scheme participants with top-up cover
    - iv. Availability
    - v. State of market

#### **D. REDRESS FOR CONSUMERS**

In this Part, associations will be asked to report on:

- (a) Complaints, including
    - i. system for handling complaints by consumers
    - ii. monitoring consumer complaints
    - iii. any external parties involved
    - iv. data gathering
    - v. monitoring / root cause analysis
    - vi. Learnings, and how they were addressed
  - (b) Claims, including
    - i. system for recording claims data from members
    - ii. adequacy of insurance
    - iii. any external parties involved
    - iv. data gathering
    - v. monitoring / root cause analysis
    - vi. Claims monitoring committee
    - vii. Top 10 causes / root causes
    - viii. Claims of over 50% of cap
    - ix. Learnings, and how they were addressed
  - (c) Disciplinary Action, including
    - i. the disciplinary process
    - ii. any external parties
    - iii. data gathering
    - iv. monitoring / root cause analysis
    - v. Learnings, and how they were addressed.
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## E. SCHEME ADMINISTRATION

In this Part, associations will be asked to report on or provide:

- a) Governance
- b) Annual Report and financial statements
- c) Board and Committee detail
- d) Scheme administration resources
- e) Entry requirements
- f) Agreement
- g) Exemptions and discretionary higher caps
- h) Member data
- i) Compliance plan
- j) Total Scheme coverage (membership and industry)
- k) Mutual recognition
- l) Demographics and risks presented
- m) Geographic spread and risks presented
- n) Financial services additional reporting (for accounting bodies with members who provide financial services under the *Corporations Act 2001* (Cth))
- o) Topics of interest for future forums

## 6. Comparison of APSR with PSIP

Some, but not all, of the information in the previous PSIP is required in the APSR.

*Table 1* below is a comparative table which sets out the 2019 PSIP sections against the APSR with commentary on the new form.

**Table 1. Comparative Table –PSIP v. APSR**

PSIP Section No. & Topic	APSR Equivalent - Part & Topic
-	A. Highlights
Root Cause Analysis	B. Informing Consumers C. Protecting Consumers D. Redress for Consumers
<b>1.Association and Scheme Administration Data</b>	
1.1 Governance	E. Scheme Administration
1.2 Administration detail	E. Scheme Administration
<b>2.Scheme Monitoring</b>	
2.1 Membership & participants	E. Scheme Administration
2.2 Agreement	E. Scheme Administration
2.3 Membership entry requirements	E. Scheme Administration
2.4 CPD requirements	C. Protecting Consumers
2.5 Insurance standards	C. Protecting Consumers
2.6 Disclosure	B. Informing Consumers



2.7 TM cessation	-
<b>3.Scheme Monitoring improvements</b>	C. Protecting Consumers
<b>4.Risk Analysis</b>	C. Protecting Consumers
<b>5.Risk Management improvements</b>	C. Protecting Consumers
<b>6.Complaints &amp; discipline</b>	D. Redress for Consumers
<b>7.C&amp;D system improvements</b>	D. Redress for Consumers
<b>8.PI Claims Data</b>	C. Protecting Consumers
<b>9.Assoc.Insurance Standards</b>	
9.1 Insurance standards changes	C. Protecting Consumers
9.2 Insurance data	C. Protecting Consumers
9.3 Discretionary caps & exemptions	E. Scheme Administration
<b>10. Occupational Association Admin</b>	
10.1 Membership Detail	E. Scheme Administration
10.2 Compliance Plan	E. Scheme Administration
FINANCIAL SERVICES ADDITIONAL REPORTING	E. Scheme Administration
<b>11.Certification, Declaration and Signature</b>	
11.1 AMVC/AMDC Compliance	E. Scheme Administration
11.2 Governing body review / appl	PRELIMINARY
11.3 Declaration & signatory	PRELIMINARY

## 7. Annual Membership Assurance Report

Your association must provide an Annual Membership Assurance Report, in the format provided with the Association Professional Standards Report, within two months of each anniversary of the annual fee due date (first calendar quarter after Scheme commencement date anniversary).

An association is required to provide either:

- i. where eligible member numbers are 100 or more, an independent Annual Membership Assurance Report signed by a member of a professional accounting body (Certified Practising Accountants Australia, the Chartered Accountants Australia & New Zealand, and the Institute of Public Accountants); or,
- ii. where the eligible member numbers are less than 100, it may provide the Annual Membership Declaration Certificate signed by its Chief Executive Officer (or nominee) and senior Finance Officer.