



# Annual Report 2013/2014



Australian Government  
Australian Aged Care Quality Agency

## **Annual Report 2013–2014**

Australian Aged Care Quality Agency

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can be accessed via the internet at [www.aacqa.gov.au](http://www.aacqa.gov.au).

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### **Photography:**

Photography features residents, staff and volunteers at Waitara Wellness Centre - Catholic Community Services NSW/ ACT and Fairmont Aged Care Centre. These photos are excluded from the Creative Commons licence.

Photographs taken by Lucy Parakhina.

# Letter of transmittal

1 October 2014

Senator the Hon Mitch Fifield  
Assistant Minister for Social Services  
Parliament House  
CANBERRA ACT 2600

Dear Minister

I hereby submit my Annual Report pursuant to my obligations under section 47 of the *Australian Aged Care Quality Agency Act 2013*. The report includes information related to the functions of the CEO of the Australian Aged Care Quality Agency during the period 1 January 2014 to 30 June 2014.

I certify that I am satisfied the Quality Agency has:

- prepared appropriate fraud risk assessments and a fraud control plan
- put in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes
- taken all reasonable measures to minimise the incidence, and to investigate and recover the proceeds of fraud.

Under my obligations of the *Australian Aged Care Quality Agency (Transitional Provisions) Act 2013* I submit the accounts for the former ACSAA Limited from 1 July to 31 December 2013. The company was deregistered on 28 May 2014.

During its existence, the former ACSAA Limited was subject to the *Commonwealth Authorities and Companies Act 1997*. Subsection 9(1) of the CAC Act makes it a requirement to prepare an annual report including financial statements under Section 2 of the Schedule and given to the responsible Minister.

Yours sincerely,

Nick Ryan  
Chief Executive Officer

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# Review by the Chief Executive Officer

I am pleased to present the annual report and accounts of activities for the Australian Aged Care Quality Agency (Quality Agency).

The Quality Agency commenced operations on 1 January 2014 as the body responsible for residential aged care accreditation, and from 1 July 2014, the quality review of Commonwealth-funded home care services.

Residential accreditation was previously undertaken by the former Aged Care Standards and Accreditation Agency Ltd (ACSAA Ltd).

This report provides six-monthly financial data for the Quality Agency, and operational data which combines the operations of ACSAA Ltd for the six months to 31 December 2013, and operational data for the Quality Agency for the period 1 January-30 June 2014.

The creation of the Quality Agency is an important element of the Australian Government's overall reforms to aged care services.

We have recognised expertise in assessing aged care against standards, be they the Accreditation Standards which apply to residential aged care homes, or the Home Care Standards which apply to a range of services delivered to Australians in their own homes.

We will also be expanding our industry education program to home care providers, who like residential aged care providers, will benefit from high quality education. A range of educational services assist providers in improving their quality of care and services contributing to the overall quality of life of older Australians.

Importantly, the word 'quality' is in both our organisational title and *governing* legislation (the *Australian Aged Care Quality Act 2013*, the Quality Agency Principles 2013, and the Quality of Care Principles 2014) and our functions under the Act include promoting "*high quality care, innovation in quality management and continuous improvement amongst providers of aged care*".

I am determined to ensure that our organisation fulfils this expanded mandate given to us by the Australian Government.



**Nick Ryan,**  
**Chief Executive Officer**



# Better Practice Awards

An important part of our role is the promotion of improvement in quality of care through encouraging innovation and best practice.

Our Better Practice Awards recognise high performance, innovation, quality improvement and better practice in aged care.

- Environmental management/living environment
- Health and personal care
- Innovation
- Resident lifestyle
- Staff development and retention.

## 2014

In 2014 we made 37 awards from 127 applications received. Awards represent 24 approved providers and a total of 124 homes. Award winning programs included a cultural diversity program that researched and individualised care based on resident backgrounds, a multimedia program that used technology to provide person-centred care, a bucket list program that allows residents to live out their dreams, and music appreciation program that went further than just the music and looked at the lives and history around the time of various composers.

The full list of Better Practice Award winners and profiles are available on our website, [www.aacqa.gov.au](http://www.aacqa.gov.au).





# Key numbers or highlights

## Financial outcomes

Surplus exceeded budget by \$574,000  
Revenue was over budget by \$53,000 (0.3 per cent)  
Expenditure under budget by \$521,000 (3.2 per cent)

## Accreditation

Visits - 5,313 visits to homes  
Site audits – 484  
Review audits – 35  
Assessment contacts – 4,794  
Unannounced visits – 3,023  
Interviewed 50,620 residents and their representatives  
Timetables for improvement imposed – 134 homes

## Education

Better Practice conferences – 1,149 delegates  
QUEST – 595 sessions and 8,046 people attended  
Other education workshops and courses – 1,444 people

## People

Staff turnover – Nine per cent for 2013/14  
Total FTE as at 30 June 2014 – 198.6  
Assessors on the register

- 324 in total
- 129 permanent employees

Assessors average length of time on the register – nine years

# 1

## Part one: The Quality Agency

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The Quality Agency is the sole agency for approved providers of home care and residential care to deal with quality assurance of their services. This will lead to greater efficiencies, reduced costs and a further commitment to an end-to-end aged-care system.

The Quality Agency assesses residential aged care homes, and aged care services in the community including National Respite for Carers Program (NRCP), Home and Community Care (HACC) and National Aboriginal and Torres Strait Islander Flexible Aged Care Program (ATSI flex).

### Our values

As an Australian Public Service (APS) agency, we commit to the APS values and APS Code of conduct.

#### **APS Values**

The APS is apolitical and provides the Government with advice that is frank, honest, timely and based on the best available evidence.

#### **Committed to service**

The APS is professional, objective, innovative and efficient, and works collaboratively to achieve the best results for the Australian community and the Government.

#### **Accountable**

The APS is open and accountable to the Australian community under the law and within the framework of Ministerial responsibility.

#### **Respectful**

The APS respects all people, including their rights and their heritage.

#### **Ethical**

The APS demonstrates leadership, is trustworthy, and acts with integrity, in all that it does.

## Overview of the Quality Agency

The *Australian Aged Care Quality Agency Act 2013* and the *Australian Aged Care Quality Agency (Transitional Provisions) Act 2013* were passed by Parliament on 28 June 2013.

The Quality Agency is an Australian Public Service agency that engages staff under the *Public Service Act 1999* and is subject to the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*.

The Quality Agency commenced operations on 1 January 2014, becoming responsible for the residential aged care accreditation process from that date, and the additional responsibilities of quality review of aged care services in the community from 1 July 2014.

This means that the Quality Agency is the sole agency that providers of aged care, approved under the *Aged Care Act 1997*, will deal with in relation to the quality assurance of the aged care services that they deliver, whether those services are delivered through a residential aged care service or in the person's own home.

Staff previously employed by ACSAA Ltd were transferred to the Quality Agency and became engaged by the Quality Agency under the *Public Service Act 1999*.

Additionally, staff previously employed by the Department of Social Services (DSS) on quality review were transferred to the Quality Agency on 1 July 2014 to support the quality review program.

## Responsible Minister

For the reporting period, the Assistant Minister for Social Services, Senator the Hon Mitch Fifield, was the Minister responsible for the Quality Agency.

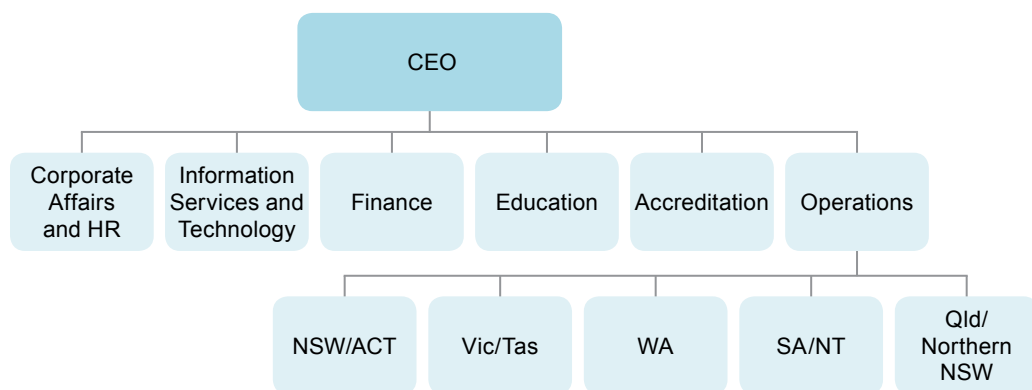
## Role and functions

The Chief Executive Officer (CEO) Mr Nick Ryan, has the following functions:

- to accredit residential care services in accordance with the Quality Agency Principles, and the Accreditation Standards made under the *Aged Care Act 1997*;
- from 1 July 2014, to conduct the quality review of home care services in accordance with the Quality Agency Principles, and the Home Care Standards made under the *Aged Care Act 1997*;
- to register quality assessors of residential and home care services in accordance with the Quality Agency Principles;
- to advise the Secretary of the Department of Social Services about aged care services that do not meet the Accreditation Standards or the Home Care Standards;
- to promote high quality care, innovation in quality management and continuous improvement amongst approved providers of aged care;
- to provide information, education and training to approved providers of aged care in accordance with the Quality Agency Principles;
- such other functions as are conferred on the CEO by this Act, the *Aged Care Act 1997* or any other Commonwealth law;
- such other functions (if any) as are specified by the Minister by legislative instrument;
- to do anything incidental to or conducive to the performance of any of the above functions.

## Quality Agency structure

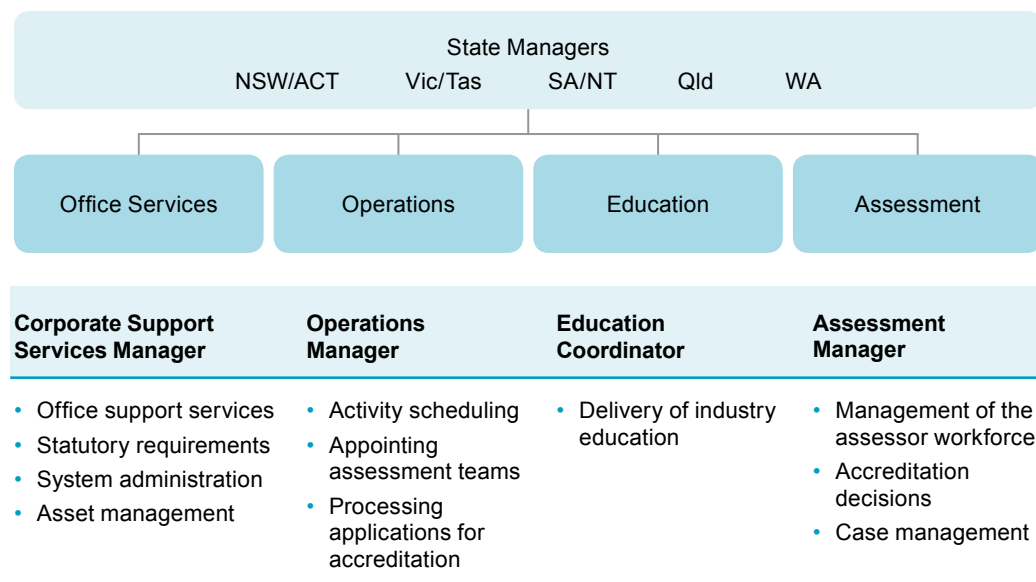
As at 30 June 2014



Corporate Affairs and Human Resources	Information Services and Technology	Finance	Education	Accreditation	Operations
<ul style="list-style-type: none"> <li>Human resources</li> <li>Media</li> <li>Marketing</li> <li>Government liaison</li> <li>Stakeholder relations</li> </ul>	<ul style="list-style-type: none"> <li>Computer hardware and software management</li> <li>Information management</li> <li>Risk management</li> </ul>	<ul style="list-style-type: none"> <li>Accounts</li> <li>Accounts payable</li> <li>Property management</li> <li>Statutory reporting</li> </ul>	<ul style="list-style-type: none"> <li>QUEST</li> <li>Better Practice</li> <li>Assessor courses</li> <li>One-day workshops</li> <li>Flexible learning packages</li> </ul>	<ul style="list-style-type: none"> <li>Policy development</li> <li>Research</li> <li>Internal quality assurance</li> <li>Reviews and reconsiderations</li> </ul>	<ul style="list-style-type: none"> <li>Case management</li> <li>Accreditation activity</li> <li>Education delivery</li> </ul>

## Quality Agency organisational chart regional offices

As at 30 June 2014



## Our outcome and programme structure

### Outcome

High-quality care for persons receiving Australian Government subsidised residential aged care through the accreditation of residential aged care services, and the provision of information, education and training to the aged care sector.

From 1 July 2014 this outcome includes high quality aged care in the community through the quality review of aged care services including services provided in the community.

### Outcome strategy

The Australian Government is committed to providing high quality residential aged care for older people. One mechanism to achieve this is through the residential aged care accreditation process. This accreditation process assesses a residential aged care home's performance against the Accreditation Standards. The Australian Government, through the Quality Agency, supervises and monitors performance against the Accreditation Standards to ensure residents receive a high standard of care in aged care homes.

The Quality Agency actively engages with industry and the public about issues and developments in aged care. Its role assists to raise aged care industry standards in general, leading to better outcomes in the provision of care to older people.

### Consultancies

	Number	Expenditure \$000's (GST inclusive)
New consultancies let in current year	1	41.4
Ongoing active consultancies	1	48.0

The Quality Agency contracts providers of professional services after considering the skills and resources required for the task, internal capacity, and the cost-effectiveness of contracting an external service provider. The decision to engage a consultant is made in accordance with the *Financial Management and Accountability Act 1997* and related regulations.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender web site ([www.tenders.gov.au](http://www.tenders.gov.au)).

### Australian National Audit Office access clauses

During 2013-14, no contracts were let that did not require the Auditor-General to have access to the contractor's premises.

### Exempt contracts

During 2013-14, there were no contracts considered exempt from publication in AusTender.

### Governance structure

The Australian Aged Care Quality Agency (Quality Agency) is governed under the *Australian Aged Care Quality Act 2013 (the Act)*. Under the Act, the CEO has the power to do all things necessary or convenient to be done for or in connection with the performance of his or her functions. The functions of the CEO are described in the Act.

The CEO has the power to delegate all or any of the CEO's functions and powers to a member of the staff of the Quality Agency. The CEO has established an internal Board comprising senior management to assist in fulfilling the functions under the Act.



Under the Act the Minister will appoint members of an Advisory Council. The Advisory Council's functions include:

- on its own initiative, to provide advice to the CEO in relation to the CEO's functions;
- at the request of the CEO, to provide advice to the CEO in relation to the CEO's functions; and
- at the request of the Minister, to provide advice to the Minister in relation to the operations of the Quality Agency and matters relating to the performance of the CEO's functions.

The Quality Agency has established, in accordance with the *Financial Management and Accountability Act 1997 (FMA Act)*, an Audit Committee. The Audit Committee function is to report to the CEO on matters relating to compliance with obligations under the FMA Act, any regulations and Finance Minister's Orders, providing a forum of communication between the Chief Executive, senior managers, internal auditors of the Agency and the Auditor General. The focus of the Audit Committee includes review of the business continuity plan, risk management and fraud control.

The members of the Audit Committee included an external representative and two senior members of Quality Agency Executive Management Team.

The Quality Agency engages an external professional service firm to conduct financial internal audits on the functions of the Quality Agency. This is to ensure that appropriate systems and internal controls are in place that are working efficiently and effectively in order to satisfy the compliance requirements of the Act, the FMA Act and associated regulations. The internal auditor reports their findings to the Audit Committee.

In addition to the externally engaged internal auditor, with a commitment to quality assurance, there are regular internal quality audits conducted by the Quality Manager on policies and procedures. The results of these audits are published in the document management system maintained by the Quality Agency and reported to the CEO's office.

### Programme deliverables and key performance indicators

From 1 January, 2014 the Quality Agency continued the programme previously undertaken by the former Aged Care Standards and Accreditation Agency Ltd.

The Quality Agency has successfully completed planned activity to achieve the three programme objectives to contribute to the outcome. Those objectives are to manage accreditation of aged care services; monitor compliance with the accreditation standards; and develop and deliver information publications and education services that promote high quality aged care.

As this is the first year of the Quality Agency there is no trend data or analysis.

## Quantitative deliverable targets

### Deliverable

Manage accreditation of aged care services.

### Target and Outcome

Number of aged care homes audited for re-accreditation: Target 236, achieved 238.

Percentage of site audits completed within statutory timeframes following receipt of a valid application: Target 100%, achieved 100%.

### Key performance indicator target

Percentage of aged care homes that complied with the Accreditation Standards at the last accreditation audit: 97% achieved, exceeding target of >92%.

### Deliverable

Monitor compliance with the Accreditation Standards.

### Target and Outcome

Number of unannounced visits per aged care home per year: Target of  $\geq 1$  achieved.

### Key performance indicator target

Number of homes assessed to be non-compliant during the year: Target of <300 achieved, with number of non-compliant homes only 140.

Percentage of homes achieving compliance by the end of the 'timetable for improvement' period: 95% achieved, exceeding target of  $\geq 90\%$ .

### Deliverable

Develop and deliver information publications and education services that promote high quality aged care.

### Target

Delivery of Better Practice conferences, workshops, courses and QUEST sessions; and

Attendance by aged care providers at Better Practice conferences, workshops, courses and QUEST sessions held by the Quality Agency.

### Key performance indicator

Residential aged care providers are made aware of methods and strategies to improve aged care and strengthen management systems.

### Outcome

During the six month period:

One Better Practice conference was held in Melbourne with 264 delegates attending; 18 workshops were presented against the target of 14 and 259 participants attended compared to the target of 117;

26 Understanding Accreditation courses were held with 394 participants compared to the target of 23 courses and 184 participants; and

351 QUEST sessions were held for 4,890 participants compared to the target of 246 sessions with 3,358 participants.

## Agency resource statement 2013–2014

		Actual available appropriation 2013–2014 \$'000	Payments made 2013–2014 \$'000	Balance remaining 2013–2014 \$'000
		(a)	(b)	(a)-(b)
<b>Ordinary annual services<sup>1</sup></b>				
<b>Departmental appropriation</b>				
Departmental appropriation		13,038		
s31 Relevant agency receipts		5,114		
<b>Total</b>		<b>18,152</b>	<b>14,386</b>	<b>3,766</b>
<b>Total ordinary annual services</b>	<b>A</b>	<b>18,152</b>		
<b>Other services</b>		-	-	-
<b>Total other services</b>	<b>B</b>	-	-	-
<b>Total available annual</b>		-	-	-
<b>Appropriations</b>		<b>18,152</b>	-	-
<b>Special appropriations</b>		-	-	-
<b>Total special appropriations</b>	<b>C</b>	-	-	-
<b>Total appropriations excluding Special Accounts</b>		<b>18,152</b>	-	-
<b>Special Accounts</b>		-	-	-
<b>Total Special Accounts</b>	<b>D</b>	-	-	-
<b>Total Resourcing A + B + C + D</b>		<b>18,152</b>	-	-
<b>Total net resourcing for the Australian Aged Care Quality Agency</b>		<b>18,152</b>		

<sup>1</sup> For six months from 1.1.2014 to 30.6.2014.

## Significant changes

As the Quality Agency commenced operations on 1 January 2014, significant changes from the prior year are not applicable. There are no significant changes from the budget.

The Quality Agency became responsible for quality review of aged care services in the community from 1 July 2014. This will have a significant impact on future operations with the introduction of procedures and processes and staff resources to properly undertake this new function. Thirty three staff were transferred from DSS to support the Quality Review function.

## Assessment of effectiveness of assets management

This item is not applicable because “assets management is not a significant aspect of the strategic business of the Quality Agency” and “none of the asset base has a life of 50 years or greater.”

# 2

## Part two: Accreditation and operations

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### Accreditation overview

Australian Government subsidised residential aged care homes must be accredited in order to receive residential care subsidies.

The high level accreditation processes for residential aged care homes are set out in the Quality Agency Principles 2013.

### Assessing homes' performance against the Accreditation Standards

We assess the performance of residential aged care homes against the Accreditation Standards. The Accreditation Standards include 44 expected outcomes. Assessing performance against the Accreditation Standards includes visits to homes and consideration of information, such as changes at homes that may affect the provision of care and services, and information referrals by the Department of Social Services (DSS).

A case management approach is used to determine the type, scope and frequency of visits to homes.

Our approach ensures that we consider the individual circumstances of each home to determine the appropriate review and assessment actions. This approach is also used to consider the performance of homes, as a group, where an approved provider manages a number of homes.

Visits to homes may be re-accreditation audits, assessment contacts or review audits. Assessment contacts or review audits may be announced or unannounced. Information about these different types of visits is provided below.

The Australian Government requires that every home receives at least one unannounced visit each year. We have a program that ensures this requirement is met and that each of these unannounced visits is targeted based on what we know about the circumstances of the home and the organisation that operates it.

Residents and their representatives are interviewed by assessment teams during visits to homes. Resident and representative feedback is an integral part of assessing a home's performance against the Accreditation Standards, indicating how homes meet the care needs of residents. While we consider information about complaints received from DSS we do not investigate complaints.

When a home fails to meet one or more of the Accreditation Standards the approved provider must demonstrate that the home meets the Accreditation Standards within a time for improvement (TFI). In 2013/14, 134 TFIs were imposed.

## Case management

Our tailored approach to managing the assessment and monitoring of homes is referred to as 'case management'. The purpose of case management is to protect the health, safety and wellbeing of residents by initiating timely action to address risks of poor care and services and to support improvements.

Case management decisions may take into account a range of information, including information from the public or the media; or awareness of administrative changes or governance issues that have the potential to affect a home's performance.

We adopt a case management approach when deciding upon actions and through our visit program in relation to each aged care home and approved provider. There is a Case Management Committee in each state office through which appropriate actions are planned. A national Case Management Committee meets weekly to review case progress and actions.

Our case management approach means that new information we receive about a home or an approved provider is considered along with other information that we have to determine if any action is warranted and what this action should be. In this way, our visit program to homes is based on an assessment of all information that we have about each home.

## Assessment contacts

An assessment contact is a visit by aged care quality assessors to an aged care home for the purpose of assessing performance against the Accreditation Standards. In 2013/14 we conducted 4,794 assessment contacts.



Assessment contacts are usually conducted over a full day by a team of assessors. The time on-site and number of assessors assigned is determined on a case-by-case basis taking into account the size and configuration of the home and information we have about the circumstances of the home.

Assessment contacts may involve an overview of the home's performance against all the Accreditation Standards, may be focused on certain aspects of care or services, or cover one or more of the 'assessment modules'. In particular, any matters previously identified as requiring improvement will be reviewed.

Following an assessment contact, a report is given to the home setting out the findings of the assessment team. The home has the opportunity to provide a response before a decision is made. A decision as to the home's performance is made separately by a decision-maker appointed by the CEO under section 2.6 of the Quality Agency Principles 2013. The decision may also include information about areas in which the home needs to improve and whether the home's assessment contact arrangements need to be varied or whether a review audit is necessary.

## Review audits

A review audit is an assessment of the quality of care provided by a home against all 44 expected outcomes of the Accreditation Standards. Review audits occur when there are concerns about a home's performance against the Accreditation Standards.

Review audits are carried out on-site by an assessment team made up of at least two quality assessors and generally take two to four days. The assessment team reviews documents, interviews staff, residents, relatives and other relevant people and observes the environment and practices of the home.

## New homes

Applications can be made for the accreditation of new homes (called 'commencing services' in the Principles) before residents move into the home. Accreditations for new homes must identify how the Accreditation Standards will be met once residents move into the home and also require a commitment to undertake continuous improvement. Under the Quality Agency Principles 2013, new homes can be accredited for a maximum of 12 months. They are then required to make an application for a further period of accreditation.

## Re-accreditation audits

A re-accreditation audit is undertaken after a provider of residential aged care has applied for a further period of accreditation. The provider must submit an application for accreditation and notify residents, or their representatives, of the date of the audit so that they have the opportunity to meet with the assessment team to provide their views as to the quality of care and services provided.

A re-accreditation audit is an assessment of the quality of care provided by a home against all 44 expected outcomes of the Accreditation Standards. The assessment team interviews staff, residents, relatives and other relevant people, observes the environment and practices of the home and reviews documentation.

The assessment team is required to gather and corroborate information including the views of residents. The views of residents and their representatives is a very important aspect of the process of assessment.

## Consumer engagement

As part of obtaining a better understanding of the life residents experience in each residential aged care home, we interview care recipients during all visits.

Feedback from residents and their representatives is an important aspect of assessing care for residents. During our visits to homes in 2013/14, we interviewed 50,620 residents or their representatives. This was around 23 per cent of residents/representatives – more than double the legislative requirement.

Interviews with residents are confidential, however the information they give to assessment teams is used by teams as part of their audits and cross-checking with other sources of information.

To ensure residents, their families and other representatives are given sufficient notification of when announced visits will occur, the Quality Agency provides written advice to each home so they can disseminate the information, including a poster, prior to the visit. These are available in 21 community languages.

All assessors have received training in interview techniques, including how to interview residents with dementia. Where there are culturally and linguistically diverse residents we consider whether utilising an interpreter is beneficial and if so hire one for at least part of the visit. Assessors have also received training on communicating with Indigenous residents.

## Decisions

The Quality Agency Principles 2013 provide that decisions of the accreditation body are made by an authorised decision-maker, taking into account the assessment team's report, responses to the assessment team's report and other information known about the home. Accreditation decision-makers are senior staff appointed by the Chief Executive Officer and trained to make decisions. Assessment teams do not make accreditation decisions.

The decision-maker not only determines whether a home is accredited and which expected outcomes have been met, but also applies all of our information about a home to determine the timing and focus of future assessment activity.

## Reconsideration and review

The Quality Agency Principles 2013 provide the opportunity for approved providers to seek reconsideration and review of some decisions:

- Refuse to accredit a new home, or to re-accredit an accredited home;
- Revoke the accreditation of an accredited home; or
- Vary the accreditation period for an accredited home.

We may reconsider a decision on our own motion if we decide it is appropriate to do so. Reconsideration decisions are usually made by a senior executive.

A reconsideration decision confirms the original decision or sets the decision aside and substitutes a new decision.

If the provider remains dissatisfied with the decision made upon reconsideration, they may apply to the Administrative Appeals Tribunal (AAT) for review of the decision.

In the 2013/14 year, there were 20 decisions for reconsideration. There were 543 reviewable decisions made in the same period.

In the 2013/14 financial period two applications for review of a decision were made to the AAT. Both applications were withdrawn.

## Relationship with the Department of Social Services

We contribute to the achievement of Outcome Eight, a portfolio outcome set by the Australian Government Department of Social Services (DSS).

Outcome Eight is described as: “Access to quality and affordable aged care and carer support services for older people, including through subsidies and grants, industry assistance, training and regulation of the aged care sector.”

The Quality Agency and DSS have a protocol regarding actions each organisation takes where failure to meet the Accreditation Standards is identified or suspected. The protocol supports coordination of actions to deal with failures, with DSS and the Quality Agency making independent decisions about appropriate action.

We are required to inform DSS of any failure to meet the Accreditation Standards identified from an assessment. We will then put in place a timetable for improvement and monitor the home’s progress in meeting the Accreditation Standards.

## Accreditation status of residential aged care homes

as at 30 June 2014

Number of homes accredited for:	NSW	VIC	QLD	SA	WA	TAS	ACT	NT	Australia
Less than one year	1	0	1	0	0	0	0	0	2
One year - Commencing homes	7	12	5	2	1	1	0	0	28
One year - Existing homes	1	5	7	4	1	0	0	2	20
More than one year but less than two years	1	0	1	0	0	0	0	0	2
Two years	12	11	15	3	5	0	2	3	51
More than two years but less than three years	1	3	5	2	2	0	0	0	13
Three years	852	728	412	249	229	77	23	7	2,577
<b>Total accredited homes</b>	<b>875</b>	<b>759</b>	<b>446</b>	<b>260</b>	<b>238</b>	<b>78</b>	<b>25</b>	<b>12</b>	<b>2,693</b>

# 3

## Part three: Education

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The Quality Agency's industry education program continues to grow, both in terms of participants and the range of educational activities, and is vitally important in contributing to improved quality care for residents.

Many of the programs such as the Better Practice conferences attended by 1,149 delegates, are directed at aged care managers with the capacity to influence quality improvement; however other programs such as Quality Education on the Standards (QUEST) sessions attended by 8,046 attendees, are designed for front-line care staff. Other education workshops and courses were attended by 1,444 people.

### QUEST

The QUEST program continues to be popular with approved providers. QUEST sessions covered such topics as using resident feedback, privacy and dignity, accreditation overview, assessing the Standards, accreditation for consumers and continuous improvement and risk. Participant feedback continues to be positive and the revised interactive learning design has been well received by both participants and facilitators.

8,046 participants attended 595 QUEST sessions during the year.

### Free education resources

Through our collaboration with the Aged Care Channel we co-produced two programs, *The Power of Storytelling* and *Innovation versus compliance*.

Both programs have been made available to aged care providers on DVD. The programs are also available on our YouTube channel.

## Results and processes app

We revised our *Results and processes guide* to align with the Quality of Care Principles 2014. The *R&P Guide app* version 1.1 can be downloaded on mobile phones and tablet devices.

Our newsletter *Quality Standard* promotes examples of better practice and is designed to provide practical advice to homes which can be readily adapted or implemented and used in staff training sessions.

We have developed a range of 'fact sheets' that cover key topics such as risk management, emergency planning, continuous improvement and infection control. These fact sheets are important educational tools that assessors leave with homes during visits.

Presentations were made by Quality Agency executives and senior staff at a number of industry conferences and forums.

## Better Practice conferences

Better Practice conferences provide a two-day program covering clinical, management and lifestyle issues in residential aged care homes. This year Better Practice conferences have involved 237 presenters covering new, emerging, changing and sometimes controversial issues in a range of plenary presentations, workshops and concurrent sessions.

We continued to promote the provision of quality care and service delivery for residents with presentations on human rights, storytelling, cultural diversity, evidence based practice and dementia care. A number of key highlights included The Hon Michael Kirby AC CMG presenting on human rights and the acclaimed writer Arnold Zable presenting on the power of storytelling.

The program this year also included a special screening of 'Gen Silent' – a documentary about lesbian, gay, bisexual and transgender ageing.

In 2013/14 six Better Practice conferences were held with 1,149 delegates attending.

The evaluation and post-conference survey results continue to show a high satisfaction rate with delegates finding the professional development opportunity and the networking valuable in improving practice in their homes. Post-conference surveys indicate wide adoption of ideas taken from the conferences.

#### *Comments from delegates:*

*Great conference, most valuable information was from award winning nursing homes and their improvements they have made for their residents. These better practices will be taken back to my workplace and hopefully I will be successful in making small changes for better quality of life.*

*This was my first conference as I am new to aged care and I loved it! Thank you so much. I very much enjoyed my time and learnt a lot. I am very inspired to try and implement some different strategies into our facility.*

### Improving the aged care quality assessor course

We undertook a continuous improvement project and conducted a full review of the Assessor course content and assessment components against the requirements of the Quality Assessor job role. We sought feedback for a range of stakeholders including past participants and other staff. This project resulted with improvements to the course content and structure in a number of focus areas. We also improved the assessment strategy and participants guides and information.

### Understanding accreditation course

This course has proved to be a popular option for homes and aged care professionals to access and understand information about the accreditation process, learn strategies for continuous improvement and share ideas with peers.

We have successfully completed a number of public courses through our partnership with the industry associations. In 2013, we have renewed our partnership agreement / Memorandum of Understanding with Leading Age Services NSW, Victoria, South Australia and Queensland, and Aged and Community Services in South Australia/ Northern Territory and New South Wales/ACT to conduct this course.

Our organisation direct courses have also been equally popular with a lot of organisations especially in faraway geographical locations where we have delivered courses to these homes directly.

During the year, we delivered a total of 54 'Understanding Accreditation' courses including both public and in house courses completed by a total of 750 participants.

Pearl Supported Care requested and hosted an Understanding accreditation course in Darwin during the reporting period. Their assistance made the cost of the course more affordable to other participants. The course was well supported and was well attended.



## One-day workshops

During the year we also offered the following one-day industry education workshops: Making the most of complaints, Foundations for managing risk, and Information systems – keys to delivering quality care.

During the year, we completed a total of 47 workshops on various topics offered as both public and in house workshops. A total of 694 age care managers and other staff attended our one-day workshops.

## Development of new workshop on 'Cultural diversity: creating opportunities'

We have been working on the development of a new one day workshop Cultural Diversity: creating opportunities. The development of this workshop followed on from the success of cultural diversity theme on our Better Practice 2013 program.

# 4

## Part four: Stakeholder relationship management

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### Getting close to stakeholders

We are committed to consultation with stakeholders, and contributing as a key participant in quality initiatives, industry forums and working groups.

Management and staff participate in a number of industry committees and working groups as well as participate in Better Practice conferences as session chairs and speakers. The Chief Executive Officer, General Managers and State Managers also attend and make presentations to industry conferences and at accreditation and safety and quality conferences. This enables them to meet with a range of stakeholders and obtain direct feedback regarding the Quality Agency and to gain a broader understanding of the issues facing the industry.

We also briefed a number of delegations from overseas.

The Chief Executive Officer has presented to a number of forums including national and state industry associations' conferences and the National Aged Care Alliance.

The State Managers chair each of the State Agency Liaison Groups. The liaison groups comprise representatives of industry associations, unions, and consumer groups and discuss industry trends and provide feedback.

## Relationship managers

Relationship managers have been appointed for larger approved providers, and for those providers whose operations cross state borders. The relationship manager is responsible for coordinating the overall relationship with the provider, and give internal advice on case management of the provider, and homes of the provider.

The relationship manager meets with the approved provider at least twice a year and acts as a central point for enquiries, service planning and contact for the provider in relation to all homes within the group.

## Quality Standard

Our industry newsletter is distributed monthly and includes information on how we conduct assessments, changes to operations, and other corporate information, as well as articles containing practical advice to homes which can be readily adapted or implemented and used in staff training sessions.

On 1 January 2014, our first day of operation as the Quality Agency we launched the new *Quality Standard* newsletter to the aged care industry.

The *Quality Standard* focuses strongly on promoting quality, research and evidence-based practice, designed to highlight latest evidence in relation to aged care in Australia and internationally. There is also a focus on telling stories of how particular homes have implemented programs, to inspire and inform other homes.

In 2014/15, we will broaden the *Quality Standard* to incorporate editorial content relevant to home care service providers, including the processes for quality review.

Overall distribution of *Quality Standard* has increased by 10 per cent with growth in the online format at 48 per cent, emailing over 4,300 subscribers, home contacts, staff and assessors with print remaining steady at 8,000 per month.

## Advertising and market research

Under section 311A of the *Commonwealth Electoral Act 1918* the Quality Agency is required to disclose payments of \$11,200 or more (inclusive of GST) to specific types of organisations.

Market research was conducted by Campbell Research and Consulting Pty to research the possibility of developing a pre-audit relatives and resident survey (\$27,830 inclusive of GST).

## Grants

The Quality Agency does not make any grants.

## Information publication scheme

The Quality Agency is required by s11C of the *Freedom of Information Act 1982* (FOI Act) to publish a disclosure log on the website and we are also required to comply with the Information Publication Scheme (IPS) requirements.

The disclosure log is on our website [www.aacqa.gov.au](http://www.aacqa.gov.au).

## Corrections for previous annual report

This is the first annual report for the Quality Agency. This mandatory requirement is not applicable in the Quality Agency's first year as an Australian Public Service agency.

# 5

## Part five: Quality assurance and quality improvement

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Our role as an accrediting body is to assess the performance of others against the Accreditation Standards. Any organisation involved in such activity should require no less of themselves and so we subject ourselves to external scrutiny by independent third-party reviewers who assess our performance against international standards.

We engage with stakeholders to gauge our performance and we use complaints and feedback to guide improvements. We are also subject to scrutiny by the Australian National Audit Office and the Parliament through the Community Affairs Senate Committee.

### ISQua accreditation

The Quality Agency is accredited by the International Society for Quality in Health Care (ISQua) – formal recognition that our performance as an accrediting body has been assessed by peer reviewers against international standards. The ISQua reaccreditation surveyors were from other international accrediting bodies.

The Quality Agency has ISQua organisational accreditation and accreditation for the assessor training. We have organisational accreditation until August 2017. Our assessor training program is accredited until November 2015.

### Improvement requests

Our internal improvement request process is part of our internal continuous improvement culture.

Staff are an important part of the quality assurance. Through following policies and procedures and using our improvement request system to tell us where policy and procedure improvements can be made.

## Improvement request statistics



## Audit findings

The Quality Agency has had no material findings by Internal Audit or ANAO external audit.

## Complaints and feedback

We are committed to the continuous improvement of our own processes and use the feedback provided by our stakeholders, as well as complaints information, to guide improvements.

All complaints are reviewed by the Chief Executive Officer on receipt, and are followed through by the relevant State Manager or General Manager. All complaint responses are reviewed by the General Manager Corporate Affairs who has overall responsibility for complaints management.

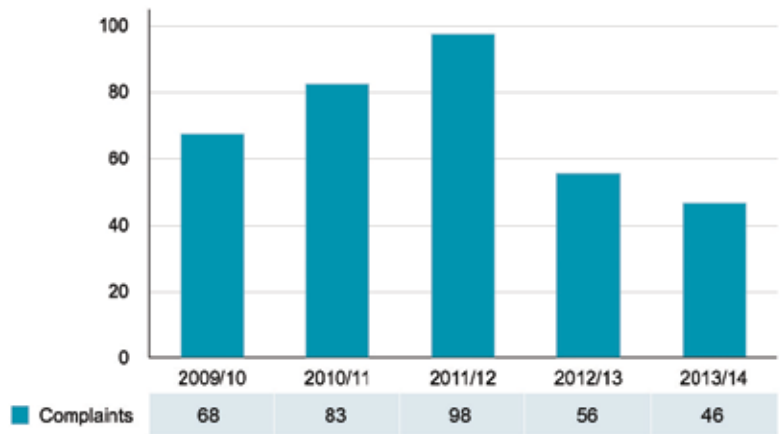
We aim to provide a finalised written response within 28 days or, where this is not possible, we keep the complainant informed about progress. A small number of complaints were complex and required more thorough investigation.

We received 46 complaints during the year, compared with 56 the previous financial year. We closed 49 complaints during 2013/14 which included ten complaints received in 2012/13.

When a complaint is received, the complaint is referred directly to the person who is the subject of the complaint, and a written response is sought. Responding to and dealing with complaints is also a part of the corporate induction process for new employees.

Complaints are collated and analysed to identify improvement opportunities and to inform learning and development programs, including assessor training sessions dealing with effective on-site relationship management during the conduct of audits and assessment contacts, including unannounced visits.

### Complaint trends



### Feedback

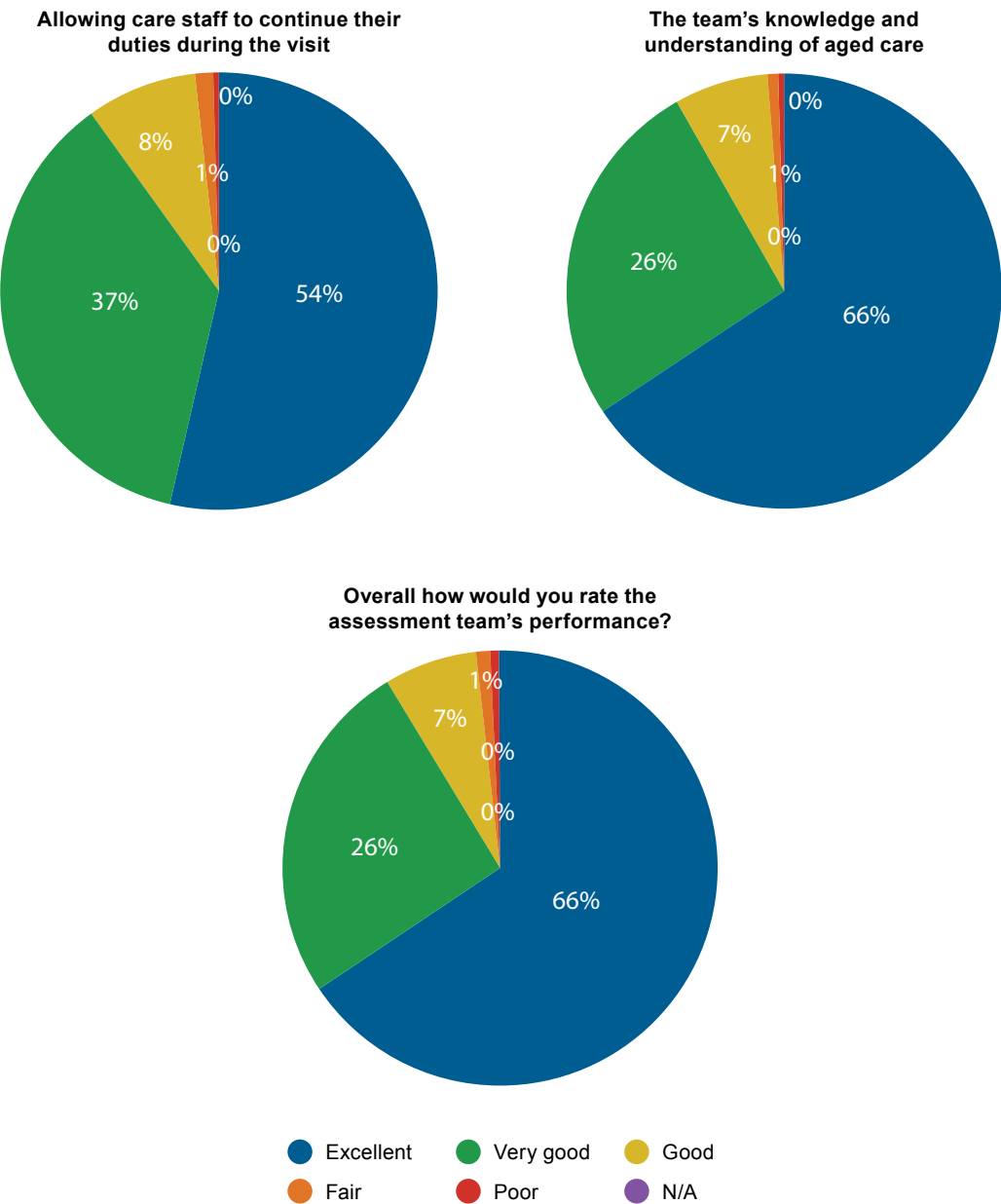
Following each visit to a home, assessors leave a feedback form which can be filled out anonymously and returned by reply-paid post to an independent company which provides a monthly report on collated and aggregated data. The Quality Agency only has access to the responses of individual residential aged care homes if the home identifies itself and therefore wishes to have the issues followed up.



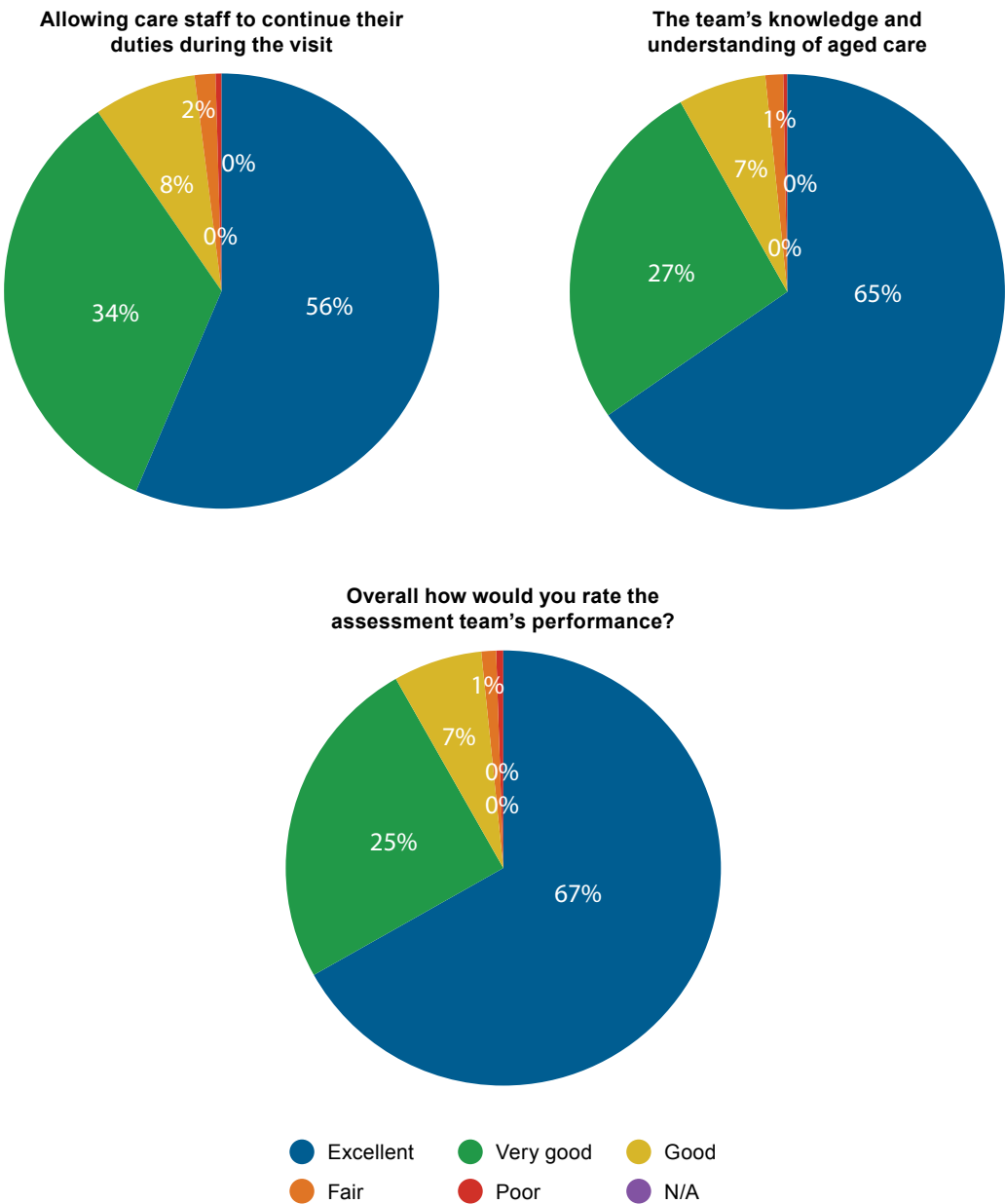
There were 2,870 forms returned in the reporting period. This represents a return rate of 54 per cent. Of the responses received, 2,016 people identified themselves representing 70 per cent of returned questionnaires. The comments made on the feedback forms were both positive and negative and are used to inform our quality improvement program.

We recognise that an unannounced visit may disrupt the home's management during the time of the visit. The feedback statistics, however, suggest the level of disruption is not as extensive as some commentators have suggested. Our feedback program asks for responses on the question "Please rate the performance of the team in terms of allowing care staff to continue their duties during the visit". In 2013/14, 98 per cent of responses from unannounced visits rated the assessment team's performance on this measure as either 'excellent', 'very good', or 'good'. This has been a consistently positive trend over a number of years and we continue to closely monitor this measure.

July 2013 to December 2013



January 2014 to June 2014:



## Aged Care Commissioner

The Aged Care Commissioner can examine complaints about the Quality Agency's processes for accrediting aged care homes, and, from 1 July 2014, the Quality Agency's processes for conducting the quality review of home care services. The Commissioner may also initiate an examination of our processes for accrediting residential care services. The Commissioner did not examine any complaints about the Quality Agency's accrediting processes during the period 1 January to 30 June 2014. In May 2014 the Commissioner notified her decision to initiate an examination of the process of referral of information between the Aged Care Complaints Scheme and the Quality Agency. This examination is continuing.

During the year a new Protocol was developed and agreed between the Aged Care Commissioner and the CEO of the Quality Agency. The Protocol guides communication and interaction between staff within the Office of the Aged Care Commissioner and the Quality Agency.

This Protocol is available on the Quality Agency's website [www.aacqa.gov.au](http://www.aacqa.gov.au).

## Improvements

We reviewed all review audit decisions, all less than three year accreditation decisions and 11 per cent of all three year decisions for 2013/14.

Results of reviews of decisions have shown a nationally consistent approach to decision making. The reviews have also shown assessors' reports are informative for decision makers, and consistent with our processes. Outcomes of this quality assurance activity have directly fed into training for assessors and review of the assessor resources.

We conduct regular reviews of best practice and professional guidelines, legislation and national and international human services accreditation schemes. This information has been used to improve our current processes and documents such as policies and procedures, and to inform projects aimed at improving our processes.

During the year a range of quality assurance and review activities were conducted.

The major actions were:

- observers on some visits to evaluate the performance of assessors and the effectiveness of audit practice
- reviewing samples of accreditation decisions and audit reports to evaluate their conformance with Quality Agency standards
- reviewing audit reports and the reasons for changes in performance against the Accreditation Standards whenever a significant change in a home's performance against the Accreditation Standards occurs
- reviewing our processes and improvement of documentation.

## Charter of commitment to service quality

We are committed to providing quality products and services.

In doing our work, we will:

- give highest priority to the health, safety and wellbeing of residents in aged care homes and recipients of aged care services in their own home
- be ethical, honest, courteous, professional and respect confidentiality
- be helpful
- provide accurate information in plain language
- work with aged care providers to promote continuous improvement and better practice in aged care homes and in the community
- be accountable for our actions
- be fair and unbiased in our actions and decision making
- seek feedback on our products and services and use the information to monitor quality and to continuously improve
- welcome comments, suggestions and complaints
- analyse comments and complaints individually, and review collectively to identify and respond to any systemic issues
- consult, on a regular basis, with representatives of the aged care sector and consumers
- be customer-focused and efficient
- meet all our statutory obligations.

At an individual and at a corporate level, we strive to continuously improve.

Client contact standards	
We aim to respond to general enquiries within seven working days. More complex correspondence will be acknowledged within seven working days and responded to within 28 working days.	• Met
Complaints will be acknowledged in writing within three working days and seek to be resolved as quickly as possible, in consultation with the complainant where appropriate.	• Met
Accounts are settled within the trading terms of the supplier.	• Met
Wherever possible, we will provide for transactions to be made electronically. We will provide information or material in hard copy for people who do not have access to the internet.	• Met
Review and measures	
We will review this charter for relevance, compliance and performance on a regular basis. The commitments in this charter align with our corporate goals and key performance indicators.	• Met
<b>The following measures will be used to assist monitoring our compliance with our commitment to service quality:</b> <ul style="list-style-type: none"> <li>• Feedback shows 95 per cent of approved providers are satisfied with the Quality Agency's performance</li> <li>• 100 per cent compliance with the <i>FMA Act</i>, and Government requirements</li> <li>• Maintenance of Quality Management System to ensure certification is maintained.</li> </ul>	<ul style="list-style-type: none"> <li>• Met</li> <li>• Met</li> <li>• Met</li> </ul>
Accreditation quality assurance	
The accreditation quality assurance program is a program of activities and processes designed to maintain conformance with set processes and to find better ways of performing accreditation activities. This sits within our broader quality assurance program and ensures information on how residential aged care homes provide care and services to residents is accurate.	• Met
<b>Implementation of the quality assurance program reflects:</b> <ul style="list-style-type: none"> <li>• Our commitment to performing high quality work in a way that is consistent with our values, code of conduct, and approved audit methodology</li> <li>• Our commitment to effective and accurate assessment and decision-making of residential aged care homes' care and services to residents</li> <li>• Our commitment to providing information about performance and better practice in a way that promotes quality improvement of resident care and services.</li> </ul>	<ul style="list-style-type: none"> <li>• Met</li> <li>• Met</li> <li>• Met</li> </ul>

## ComCover insurance

The Quality Agency scored 80/100 compared to the cohort (135 agencies) average of 70/100 against the 10 key elements of the ComCover 2014 Benchmarking Survey which assesses the maturity of an agency's risk management framework. This led to an 8.77 per cent premium discount compared to an 8.28 per cent discount in 2012/13.

## Major IT refreshment program

During the year, we updated and replaced major infrastructure hardware and software across the organisation. This included server replacements, and migrating desktops to Windows 7 and Office 2010, and maintaining our program of replacing laptops and desktops for both office-based staff and field-based assessors.

## Better Business program releases

Better Business is our accreditation operating platform and our flagship business application. The Better Business team rolled out six major releases incorporating 46 system improvements incorporating improvement requests to improve functionality, efficiency and usability.

## A presence in social media

The Quality Agency has an organisational presence in the social media arena.

Our YouTube channel hosts seven videos for the aged care industry and these videos have had some good 'views'. The lead video is a message from our Chief Executive Officer, Nick Ryan.

Better Practice conference Facebook page gives 'followers' the opportunity to learn about the exciting array of reputable speakers and relevant aged care topics. The Better Practice Facebook page keeps delegates informed with the specific state-based events as they are confirmed. Especially when these one-off activities were confirmed after the conference brochure was published.

## The environment

We are a low impact operation where we recycle paper, toner cartridges, and we use electronic communication instead of paper-based wherever possible. We are a tenant in a number of buildings where the building owner/ manager undertakes recycling of glass and other waste, and provides energy-efficient lighting and waste water systems.

Our environmental sustainability objectives are:

- **Reduce the Quality Agency's paper consumption and maintain consumption** below 1 million pages per annum. For the reporting period 2013/14 paper consumption was 736,346 pages.
- **Reduce electricity consumption** Electricity consumption continues to be monitored and reviewed. National kilowatt consumption ranges between 343,000 and 349,000 per annum.
- **Recycle all paper materials** by continuing to supply recycling bins throughout the Quality Agency.



# 6

## Part six: People

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The size of our workforce varies according to the cyclical accreditation workload.

As at 30 June 2014, staff numbers were at 198.6 fulltime equivalent. This includes term-defined employees and 33 staff who are on part-time or other forms of flexible working arrangements.

Eighty five per cent of our staff are female and 85 per cent of all staff have at least one tertiary qualification.

Due to a number of successful initiatives, staff turnover has reduced to nine per cent and staff retention has increased as has staff length of service.

On 1 July 2014, 33 staff joined us from DSS to support the quality review function.

## Workplace arrangements

The *Australian Aged Care Quality Agency Section 24 determination of terms and conditions for non-SES employees* (as per section 24 of the *Public Service Act 1991*) was in force during this reporting period.

This section 24 determination used terms and condition from the previous Enterprise Agreement (EA) as well as the Public Service Award (award).

During the reporting period the Federal Government released the Australian Government public sector workplace bargaining policy, which is policy guidance for enterprise bargaining in the Australian Public Service.

After 1 July 2014 the Quality Agency was joined by the Quality Review staff. Formal negotiations will take place in 2014/15 to ensure these colleagues have the opportunity to be fully involved in the negotiation of the new EA.

## Learning and development

*Coaching for performance everyday* is our approach to people management focusing on the importance of coaching every day. It is not just about our annual performance management process but this is part of it. There is a strong link to our learning and development framework as individual professional development is a key aspect of the process as well.

Our online annual performance management system maintains the focus and intent of *Coaching for performance everyday* and has proved popular with staff. It is easy to use, provides immediate access to current and past reviews, provides more accurate data collection and storage of records and less paper waste.

The Quality Agency has a business qualifications program that included the Diploma of Management and a Certificate IV in Frontline Management. Twenty-seven graduates celebrated completing their studies in June 2014.

In addition we also offered a two-day Promote Team Effectiveness course to all staff. This award can be allocated toward a formal qualification at a later date if staff wish to pursue their studies.

We encourage staff to undertake formal study and assistance is available for courses through approved training providers. In 2014, nine people were assisted through our study assistance scheme.

Within the Quality Agency we have a network of trained mentors that were developed through a mentoring program *Mentoring for all*. This program is a two-tiered approach, catering to the needs of new and existing staff in all parts of the Quality Agency. We conduct a two-day workshop to give new mentors the behaviours and skills in communication, problem solving, goal setting, working with diversity and adult learning. We now have 39 formally trained mentors in every office and in all work areas.

*Beyondblue* developed and implemented the *beyondblue* National Workplace Program, designed as an awareness, early intervention and prevention program specifically for workplace settings. We engaged *beyondblue* to provide training for staff and managers in all states. This is part of our core training programs in our Learning and development framework.

## Care reporting

The Quality Agency will develop its Care recognition awareness strategy in the first half of 2014/15.

## Commonwealth Disability Strategy

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007-08 reporting on the employer role was transferred to the Australian Public Service Commission's *State of the Service Report* and the *APS Statistical Bulletin*. These reports are available at [www.apsc.gov.au](http://www.apsc.gov.au). From 2010-11 departments and agencies have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by a new National Disability Strategy 2010-20 which sets out a ten year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high level two-yearly report will track progress against each of the six outcome areas of the Strategy and present a picture of how people are faring. The first of these reports will be available in 2014 at [www.dss.gov.au](http://www.dss.gov.au).

## #Q

#Q is the Quality Agency's weekly newsletter for staff and external assessors. #Q contains important information relevant for all staff, accreditation news, research, assessor updates (regulatory and legislative), upcoming events, etc. #Q is part of our commitment to strong internal communications.

## Assessors

Of the 324 assessors on the register for aged care quality assessors as at 30 June 2014, 129 are permanent employees of the Quality Agency. The assessor employees are generally employed in assessor specific roles.

We also have a number of line managers and specialists who are also trained assessors and who are available to do assessments. The balance are engaged on a contract or casual basis to meet workload demands as required.

From our international contacts, we know that all accreditation bodies face the challenge of ensuring their audits are accurate, reliable and evidence-based.

Our approach is to use strict recruitment criteria and rigorous selection techniques including behavioural interviewing and role-play so that we have a high degree of assurance that selected candidates will develop into reliable assessors.

Following selection, we support new employees through a rigorous two-week assessor course which involves a daily review of their activities and progress including feedback; followed by a structured program of induction and orientation.

After registration as an assessor, we provide on-going training of assessors in relation to contemporary audit techniques and methodologies, as well as general industry developments, legislative updates, etc.

Assessor Development Program (ADP) sessions are held bi-monthly in most capital cities and are available for both employed and contract assessors. ADP online is a part of the Assessor Development program and is an adjunct to the workshops that are conducted throughout the year. After each workshop, a related self-directed learning package is available online (via a password protected website). This is particularly useful for assessors who are unable to attend workshops.

## SOFI 2 implementation

Observation has always been an important element of the assessors' toolkit. Following a successful pilot, we trained our assessors in the use of a new tool, SOFI 2 (short observational framework for inspection), to help us better understand the resident's experience, through observation.

We are committed to promoting innovation and striving to improve the way we do things.

This includes considering the work and tools of other accreditation bodies in the way they conduct assessments.

SOFI was developed in 2006 by the United Kingdom Care Quality Commission and the Bradford Dementia Group of the University of Bradford. It was revised in 2011 and released as SOFI 2.

We then worked with Bradford University to adopt SOFI 2 to the Australian context, and conducted a pilot in 2013 and we now incorporate it on all visits.

The assessor's role remains the same - to gather information so they can assess the home is performing against the Accreditation Standards. The only difference is the assessor will observe what is happening for residents in a communal area for a dedicated period of time rather than just in passing. There should be no impact on residents or staff.

The process is designed to gather more detailed information from observations which will help assessors provide more specific information to management.

The team will give feedback to management about the information they have found and any relevant information will be included in reports.

Further information on SOFI 2 is available from the University of Bradford website: [http://www.bradford.ac.uk/health/career-areas/bradford-dementia-group/short-observational-framework-for-inspection-\(sofi-2\)/](http://www.bradford.ac.uk/health/career-areas/bradford-dementia-group/short-observational-framework-for-inspection-(sofi-2)/)

By carefully recruiting and selecting our assessors, putting them through rigorous initial training and providing them with on-going education, and equipping them with standardised tools, we maximise our ability to “get it right” and to do so consistently.

While assessing for us, assessors will be subject to observer visits where senior staff will evaluate the performance of assessors and the effectiveness of their audit practice.

Our program of selection, training and management of our assessors has been accredited by the International Society for Quality in Health Care (ISQua) under their International Accreditation Program. In addition to their initial training, assessors participate in regular update training through the Assessor Development Program (ADP). The provision of ADP helps assessors meet their professional development requirements of 15 hours each year.

## Work Health and Safety

The Quality Agency is subject to the *Commonwealth Work Health and Safety Act 2011*.

Each state office continues to proactively manage their Occupational Health and Safety issues and we remain a safe organisation.

We have Health and Safety Committees for each of our work groups. Health and safety representatives and first aid officers are trained for each work group, in accordance with the Commonwealth legislation.

During the year, there were 107 days lost due to injury. There was one new claim during period 1 January to 30 June 2014.

## Performance pay

The CEO is currently reviewing the performance pay arrangements for employees of the Quality Agency.

General Managers and State Managers who were previously employees of ACSAA Ltd and who were transferred to the Quality Agency were eligible for performance payments in delivering specified outcomes across 2013/14 in accordance with individual common law contracts made when they were employees of ACSAA Ltd.

# 7

## Part seven: Financial statements

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## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Social Services

I have audited the accompanying financial statements of the Australian Aged Care Quality Agency for the period ended 30 June 2014, which comprise: a Statement by the Chief Executive and Chief Financial Officer; Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; and Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

#### *Chief Executive's Responsibility for the Financial Statements*

The Chief Executive of the Australian Aged Care Quality Agency is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Australian Aged Care Quality Agency preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Australian Aged Care Quality Agency internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive of the Australian Aged Care Quality Agency, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

GPO Box 707 CANBERRA ACT 2601  
19 National Circuit BARTON ACT  
Phone (02) 6203 7300 Fax (02) 6203 7777



### ***Independence***

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

### ***Opinion***

In my opinion, the financial statements of the Australian Aged Care Quality Agency:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders, including the Australian Aged Care Quality Agency financial position as at 30 June 2014 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Kristian Gage  
Acting Executive Director  
Delegate of the Auditor-General  
Canberra  
26 September 2014



Australian Government  
Australian Aged Care Quality Agency

**Australian Aged Care Quality Agency  
Statement by the Chief Executive and Chief Financial Officer**

In our opinion, the attached financial statements for the period ended 30 June 2014 **are based** on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

Signed 

Nick Ryan  
Chief Executive Officer

25 September 2014

Signed 

Rex Shaw  
Chief Financial Officer

25 September 2014

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ABN 69 605 091 341

# Australian Aged Care Quality Agency

## Statement of Comprehensive Income

*For the six months ended 30 June 2014*

<b>NET COST OF SERVICES</b>	<b>Notes</b>	<b>2014 \$</b>
<b>Expenses</b>		
Employee benefits	3A	11,783,919
Suppliers	3B	3,960,880
Depreciation and amortisation	3C	230,864
Finance costs	3D	7,583
<b>Total expenses</b>		<b>15,983,246</b>
<b>Own-Source Income</b>		
<b>Own-Source revenue</b>		
Sale of goods and rendering of services	4A	3,320,091
Interest	4B	5,124
Other revenue	4C	131,507
<b>Total own-source revenue</b>		<b>3,456,722</b>
<b>Gains</b>		
Sale of assets	4D	8,585
Other gains	4E	37,000
<b>Total gains</b>		<b>45,585</b>
<b>Total own-source income</b>		<b>3,502,307</b>
<b>Net cost of services</b>		<b>(12,480,939)</b>
Revenue from Government	4F	13,038,000
<b>Surplus/(deficit) attributable to the Australian Government</b>		<b>557,061</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Total other comprehensive income</b>		<b>-</b>
<b>Total comprehensive income attributable to the Australian Government</b>		<b>557,061</b>

The above statement should be read in conjunction with the accompanying notes.

# Australian Aged Care Quality Agency

## Statement of Financial Position

*As at 30 June 2014*

<b>ASSETS</b>	<b>Notes</b>	<b>2014 \$</b>
<b>Financial assets</b>		
Cash and cash equivalents	6A	19,263,385
Prepayments	6B	826,068
Trade and other receivables	6C	3,152,704
<b>Total financial assets</b>		<u>23,242,157</u>
<b>Non-financial assets</b>		
Property, plant and equipment	7A	1,077,256
Intangibles	7C	431,945
<b>Total non-financial assets</b>		<u>1,509,201</u>
<b>Total assets</b>		<u>24,751,358</u>
<b>LIABILITIES</b>		
<b>Payables</b>		
Suppliers	8A	911,912
Unearned revenue	8B	2,800,809
Other payables	8C	597,890
<b>Total payables</b>		<u>4,310,611</u>
<b>Provisions</b>		
Employee provisions	9A	4,894,708
Other provisions	9B	284,897
<b>Total provisions</b>		<u>5,179,605</u>
<b>Total liabilities</b>		<u>9,490,216</u>
<b>Net assets</b>		<u>15,261,142</u>
<b>Equity</b>		
Contributed equity		14,704,081
Retained surplus		<u>557,061</u>
<b>Total equity</b>		<u>15,261,142</u>

The above statement should be read in conjunction with the accompanying notes.

## Australian Aged Care Quality Agency

### Statement of Changes in Equity

*For the six months ended 30 June 2014*

	<b>Retained surplus/ (accumulated deficit) 2014 \$</b>	<b>Contributed equity / capital 2014 \$</b>	<b>Total equity 2014 \$</b>
<b>Opening balance</b>			
Balance transferred from Aged Care Standards and Accreditation Agency Ltd	-	14,704,081	<b>14,704,081</b>
<b>Total opening balance</b>	-	<b>14,704,081</b>	<b>14,704,081</b>
<b>Comprehensive income</b>			
Other comprehensive income	-	-	-
Surplus / (deficit) for the period	557,061	-	557,061
<b>Total comprehensive income</b>	<b>557,061</b>	-	<b>557,061</b>
<b>Closing balance attributable to the Australian Government</b>	<b>557,061</b>	<b>14,704,081</b>	<b>15,261,142</b>

The above statement should be read in conjunction with the accompanying notes.

# Australian Aged Care Quality Agency

## Cash Flow Statement

*For the six months ended 30 June 2014*

<b>OPERATING ACTIVITIES</b>	<b>Notes</b>	<b>2014 \$</b>
<b>Cash received</b>		
Appropriations		10,040,000
Sale of goods and rendering of services		4,800,955
Interest		5,124
Other		298,492
<b>Total cash received</b>		<b>15,144,571</b>
<b>Cash used</b>		
Employees		10,933,471
Suppliers		2,966,904
Other		7,583
<b>Total cash used</b>		<b>13,907,958</b>
<b>Net Cash from/(used by) operating activities</b>	<b>11</b>	<b>1,236,613</b>
<b>INVESTING ACTIVITIES</b>		
<b>Cash received</b>		
Proceeds from sales of property, plant and equipment	4D	9,022
<b>Total cash received</b>		<b>9,022</b>
<b>Cash used</b>		
Purchase of property, plant and equipment	7B	350,844
Purchase of intangibles	7D	127,286
<b>Total cash used</b>		<b>478,130</b>
<b>Net cash used by investing activities</b>		<b>(469,108)</b>
<b>FINANCING ACTIVITIES</b>		
<b>Cash received</b>		
Restructure	10	18,495,880
<b>Net cash from financing activities</b>		<b>18,495,880</b>
<b>Net increase in cash held</b>		<b>19,263,385</b>
Cash and cash equivalents at the beginning of the reporting period		-
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>6A</b>	<b>19,263,385</b>

The above statement should be read in conjunction with the accompanying notes.

## Australian Aged Care Quality Agency

### Schedule of Commitments

*As at 30 June 2014*

<b>BY TYPE</b>	<b>2014 \$</b>
<b>Commitments receivable</b>	
Net GST recoverable on commitments	(493,858)
Total commitments receivable	(493,858)
<b>Commitments payable</b>	
Operating leases <sup>1</sup>	5,432,436
Total commitments payable	5,432,436
<b>Net commitments by type</b>	<b>4,938,578</b>
<b>BY MATURITY</b>	
<b>Net GST receivable on commitments</b>	
One year or less	171,848
From one to five years	310,952
More than five years	11,058
<b>Total net GST receivable commitments</b>	<b>493,858</b>
<b>Commitments payable</b>	
<b>Operating leases</b>	
One year or less	1,890,326
From one to five years	3,420,469
More than five years	121,641
<b>Total operating lease commitments</b>	<b>5,432,436</b>
<b>Net commitments by maturity</b>	<b>4,938,578</b>

Note: All Commitments are inclusive GST.

<sup>1</sup> Operating leases commitments comprise contractual obligations for offices, accommodation, motor vehicles and mobile. The lease payments for offices are subject to annual CPI Increase or fixed annual percentage and current market rate at the review date, in accordance with the respective lease contracts.

## Australian Aged Care Quality Agency

### Schedule of Contingencies

*As at 30 June 2014*

	<b>2014</b>
	<b>\$</b>
<b>Contingent liabilities</b>	
Guarantees	279,968
<b>Total contingent liabilities</b>	<u>279,968</u>
<b>Net contingent liabilities</b>	<u>279,968</u>

Further detail is disclosed in Note 12 with information on significant remote contingencies and contingencies that cannot be quantified.



# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

*For the six months ended 30 June 2014*

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## Note 1: Summary of Significant Accounting Policies

### 1.1 Objectives of Australian Aged Care Quality Agency

Australian Aged Care Quality Agency (Quality Agency) is a government controlled entity established under the *Australian Aged Care Quality Agency Act 2013*. It is a not for profit entity. The Quality Agency started on 1 January 2014 replacing Aged Care Standards and Accreditation Agency Ltd as the accreditation body for residential aged care.

The Quality Agency is structured to meet one outcome:

#### **Outcome**

High-quality care for persons receiving Australian Government subsidised residential aged care and aged care in the community through the accreditation of residential aged care services, the quality review of aged care services including services provided in the community, and the provision of information, education and training to the aged care sector.

The continued existence of the Quality Agency in its present form and with its present programs is dependent on government policy and continuing appropriations by Parliament for the Quality Agency's administration and programs.

The Quality Agency's activities contributing toward this outcome are classified as departmental. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the agency in its own right. The Quality Agency has no administered activities.

### 1.2 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and are required by section 49 of the *Financial Management and Accountability Act 1997*.

The financial statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2011, as amended; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis, and accordance with the historical costs convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow to the Quality Agency or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments or the Schedule of Contingencies.

Unless an alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

### 1.3 Significant accounting judgement and estimates

No accounting assumptions or estimates or other judgements have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period.

### 1.4 New Australian Accounting Standards

#### **Adoption of new Australian Accounting Standards requirements**

No accounting pronouncement has been adopted earlier than the application date as stated in the standard or interpretation.

No new accounting standards, amendments to standards and interpretations issued by the Australian Accounting Standards Board that are applicable in the current period, have had a material financial effect on the Quality Agency.

AASB 13 'Fair Value' was applied by the Quality Agency from 1 January 2014. AASB 13 explains how to measure fair value and aims to enhance fair value disclosures. Initial application has not resulted in any impact to the Quality Agency. All non-financial assets were estimated to the fair values using level 3 fair value measurement technique. A definition of level 3 is included in Note 5.

#### **Future Australian Accounting Standard requirements**

No new or revised standard were issued by the Australian Accounting Standards Board prior to the sign-off date and apply to future reporting periods which are expected to have a material financial impact on the Quality Agency.

The issuance of AASB 1055 *Budgetary Reporting* will require the Quality Agency to disclose budgeted information, presented to Parliament in the Portfolio Budget Statements. The Quality Agency will also be required to provide explanations of significant variances between budget and actual expenditure.

## 1.5 Revenue

### **Sale of goods and services**

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the Quality Agency retains no managerial involvement or effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Quality Agency.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probably economic benefits associated with the transaction will flow to the Quality Agency.

The Quality Agency receives its main source of income from accreditation fees and providing educational activities.

Accreditation fees are paid on application and 25% is brought to revenue in the following month and 75% three months after the money is received unless the accreditation audit has not yet been completed, in which case the revenue is recognised on completion. The funds are shown as unearned income on the Statement of Financial Position until brought to revenue.

Education income is recognised in the same period in which training is conducted. Income received from publications is recognised upon receipt.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

### **Revenue from Government**

Amounts appropriated for departmental outcomes for the period are recognised as Revenue from Government when the Quality Agency gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal accounts.

## 1.6 Gains

### **Resources received free of charge**

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature. Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements (Refer to Note 4E).

### **Sale of assets**

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

## 1.7 Transactions with the Australian Government as Owner

### **Equity Injections**

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

### **Restructuring of Administrative Arrangements**

Net assets received from or relinquished to another Australian Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

### **Other Distributions to Owners**

The FMOs require that distributions to owners be debited to contribute equity unless it is in the nature of a dividend.

## 1.8 Employee benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as the net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

## **Leave**

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the agency is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the Quality Agency's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the estimated future cash flows to be made in respect to all employees as at 30 June 2014. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

## **Separation and Redundancy**

No provision has been made for separation and redundancy benefit payment as the Quality Agency has not formally identified any positions as excess to requirement at 30 June 2014.

## **Superannuation**

The majority of the staff of the Quality Agency are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap) as nominated by the employee.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The Quality Agency makes employer contributions to the CSS and PSS superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The entity accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the period.

## 1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all risks and benefits.

The Quality Agency does not have any finance leases.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

## 1.10 Fair value measurement

The Quality Agency deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period.

## 1.11 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include:

- cash on hand; and
- demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

## 1.12 Financial Assets

The Quality Agency classifies its financial assets in the category of loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date. Loans and receivables comprise trade and other receivables that have fixed or determinable payments that are not quoted in an active market. Loans and receivable are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

### **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets at fair value through profit or loss.

## **Loans and receivables**

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

## **Impairment of financial assets**

Financial assets held at amortised cost are assessed for impairment at the end of each reporting period. If there is objective evidence that an impairment loss has been incurred for loans and receivables or held-to-maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

### **1.13 Financial Liabilities**

Financial liabilities are classified as other financial liabilities. This comprises supplier and other payables that are recognised at amortised cost. Financial liabilities are recognised and derecognised upon 'trade date'.

These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

### **1.14 Contingent liabilities and contingent assets**

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.



## 1.15 Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to restructuring.

## 1.16 Property, plant and equipment

### Assets recognition threshold

Purchases of property, plant and equipment are initially recognised at cost in the Statement of Financial Position, except for purchases costing less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

### Revaluation

Fair values for each class of asset are determined as shown below:

Asset class	Fair value measurement
Property, Plant and Equipment	Depreciated replacement cost

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to the asset revaluation reserve in equity except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the Statement of Comprehensive Income except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Revaluation decrements for a class of assets are recognised directly through the Statement of Comprehensive Income except to the extent that they reverse a previous revaluation increment for that class or asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

### **Depreciation**

Depreciable property, Property, plant and equipment assets are written down to their estimated residual values over their estimated useful lives to the Quality Agency using, in all cases, the straight line method of depreciation. Depreciation commences from the time the assets are first held ready for use.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods as appropriate.

The current straight line rates of depreciation are:

Asset class	Depreciation rate
Property, Plant and Equipment	3 to 5 years

### **Impairment**

All assets were assessed for impairment at 30 June 2014. Where indicators of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment is made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Quality Agency were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

### **Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

### 1.17 Intangibles

The entity's intangibles comprise purchased software and internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Quality Agency's software are 3 to 5 years.

All software assets were assessed for indications of impairment as at 30 June 2014.

### 1.18 Taxation

The Quality Agency is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). Revenues, expenses and assets are recognised net of GST except:

- Where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

### 1.19 Comparative figures

There are no comparative figures available as the Quality Agency commenced its business on 1 January 2014.

### **Note 2: Events after the reporting period**

There were no significant events after the reporting period that would significantly affect the ongoing structure and financial activities of the Quality Agency.

## Australian Aged Care Quality Agency

### Notes to and Forming Part of the Financial Statements

*For the six months ended 30 June 2014*

**2014**  
**\$**

#### **Note 3: Expenses**

##### **Note 3A: Employee benefits**

Wages and Salaries	8,776,245
Superannuation	
Defined contribution plans	1,437,654
Defined benefit plans	118,233
Leave and other entitlements	1,416,204
Other employee benefits	35,583
<b>Total employee benefits</b>	<b>11,783,919</b>

##### **Note 3B: Suppliers**

Contractors and Consultants	662,482
Travel	987,252
IT Services	221,049
Other	940,289
<b>Total goods and services</b>	<b>2,811,072</b>

Goods and services are provided in connection with:

Provision of goods-external entities	110,398
Rendering of services-related parties	209,987
Rendering of services-external parties	2,490,687
<b>Total goods and services</b>	<b>2,811,072</b>

##### **Other suppliers**

Operating lease rentals-external parties:

Minimum lease payments	1,055,423
Workers compensation expenses	94,385
<b>Total other supplier expenses</b>	<b>1,149,808</b>
<b>Total supplier expenses</b>	<b>3,960,880</b>

## Australian Aged Care Quality Agency

### Notes to and Forming Part of the Financial Statements

2014  
\$

#### Note 3C: Depreciation and amortisation

##### Depreciation

Property, plant and equipment	7B	222,277
<b>Total depreciation</b>		<b>222,277</b>

##### Amortisation

Intangibles	7D	8,587
<b>Total amortisation</b>		<b>8,587</b>

<b>Total depreciation and amortisation</b>		<b>230,864</b>
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#### Note 3D: Finance expenses

Other	7,583
<b>Total finance expenses</b>	<b>7,583</b>

# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

*For the six months ended 30 June 2014*

2014  
\$

### Note 4: Own-Source Income

#### Own-source revenue

##### Note 4A: Sale of goods and rendering of services

Provision of goods-external entities	8,050
Rendering of services-external entities	3,312,041
<b>Total sale of goods and rendering of services</b>	<b>3,320,091</b>

##### Note 4B: Interest

Deposits	5,124
<b>Total interest</b>	<b>5,124</b>

##### Note 4C: Other revenue

Other	131,507
<b>Total other revenue</b>	<b>131,507</b>

#### Gains

##### Note 4D: Gains from Sale of Assets

Property, Plant and equipment	
Proceeds from sale	9,022
Carrying value of assets sold	(437)
	<b>8,585</b>

##### Net gain from sale of assets

##### Note 4E: Other gains

Resources received free of charge	37,000
<b>Total other gains</b>	<b>37,000</b>

##### Note 4F: Revenue from Government

###### Appropriations:

Departmental appropriations	13,038,000
<b>Total revenue from Government</b>	<b>13,038,000</b>

## Australian Aged Care Quality Agency

### Notes to and Forming Part of the Financial Statements

*For the six months ended 30 June 2014*

#### **Note 5: Fair Value Measurement**

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

#### **Note 5A: Fair Value Measurements**

**Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2014**

	<b>Fair value measurements at the end of the reporting period using -</b>			
	<b>Fair Value</b>	<b>Level 1 Inputs</b>	<b>Level 2 Inputs</b>	<b>Level 3 Inputs</b>
<b>Non-financial assets</b>				
Property, plant and equipment	1,077,256	-	-	1,077,256
<b>Total non-financial assets</b>	1,077,256	-	-	1,077,256
<b>Total fair value measurements of assets in the statement of financial position</b>	<b>1,077,256</b>	<b>-</b>	<b>-</b>	<b>1,077,256</b>

The Quality Agency determines the fair value of non-financial assets using level 3 inputs in the fair value hierarchy. The following table discloses the fair value at 30 June 2014 and the valuation techniques used to derive fair value.

## Australian Aged Care Quality Agency

### Notes to and Forming Part of the Financial Statements

#### Note 5B: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements

##### Level 2 and 3 fair value measurements - valuation technique and the inputs used for assets and liabilities in 2014

	Category (Level 2 or Level 3)	Fair Value	Valuation technique	Input used	Range (weighted average)
<b>Non-financial assets</b> Property, plant and equipment	3	1,077,256	Depreciated replacement method	Replacement costs of new assets based on consumption of economic benefit.	not applicable

1. Due to the nature of some non-financial assets, these assets are valued at Level 3 of the fair value hierarchy on a Depreciated replacement cost.
2. The highest and best use of all non-financial assets are the same as their current use. No change in valuation technique occurred during the period.
3. A reconciliation of movements in property plant and equipment has been included in Note 7.



# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

For the six months ended 30 June 2014

2014

\$

### Note 6: Financial assets

#### Note 6A: Cash and cash equivalents

Cash at bank	19,263,385
<b>Total cash and cash equivalents</b>	<b>19,263,385</b>

#### Note 6B: Prepayments

Prepayments	826,068
<b>Total other non-financial assets</b>	<b>826,068</b>

Prepayment assets expected to be recovered in:

No more than 12 months	782,149
More than 12 months	43,919
<b>Total prepayment assets</b>	<b>826,068</b>

#### Note 6C: Trade and other receivables

##### Goods and services receivables in connection with

External parties	68,381
<b>Total receivables for goods and services</b>	<b>68,381</b>

##### Appropriations receivable

Departmental appropriations	2,998,000
<b>Total appropriations receivable</b>	<b>2,998,000</b>

##### Other receivables

GST receivable from the Australian Taxation Office	86,323
<b>Total other receivables</b>	<b>86,323</b>
<b>Total trade and other receivables (gross)</b>	<b>3,152,704</b>

##### Trade and other receivables (net) expected to be recovered

No more than 12 months	3,152,704
<b>Total trade and other receivables (net)</b>	<b>3,152,704</b>

##### Trade and other receivables (gross) aged as follows

Not overdue	3,152,704
<b>Total trade and other receivables (gross)</b>	<b>3,152,704</b>

# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

*For the six months ended 30 June 2014*

2014

\$

### Note 7: Non-financial assets

#### Note 7A: Property, plant and equipment

Fair Value	3,462,982
Accumulated depreciation	(2,385,726)
<b>Total property, plant and equipment</b>	<b>1,077,256</b>

No indicators of impairment were found for Property, Plant and Equipment. No property, plant and equipment are expected to be sold or disposed of within the next 12 months

#### Note 7B: Reconciliation of Opening and closing balances of Property, plant and equipment

##### Property, plant and equipment

As at 1 January 2014

Gross book value	3,586,260
Accumulated depreciation and impairment	(2,637,132)
Total as at 1 January 2014	949,128
Additions: By purchase	350,844
Disposal	(439)
Depreciation expense	(222,227)
<b>Total as at 30 June 2014</b>	<b>1,077,256</b>

##### Total as at 30 June 2014 represented by

Gross book value	3,462,982
Accumulated depreciation	(2,385,726)
<b>Total as at 30 June 2014</b>	<b>1,077,256</b>

#### Note 7C: Intangibles

As at 1 January 2014	3,020,137
Gross book value	
Accumulated depreciation	(2,588,192)
Total intangibles as at 30 June 2014	431,945

## Australian Aged Care Quality Agency

### Notes to and Forming Part of the Financial Statements

#### Note 7D: Reconciliation of Opening and closing balances of Intangibles

##### Intangibles

As at 1 January 2014

Gross book value	2,892,851
Accumulated Depreciation and impairment	(2,579,605)
Total as at 1 January 2014	313,246
Additions: By purchase	127,286
Amortisation expense	(8,587)
<b>Total as at 30 June 2014</b>	<b>431,945</b>

##### Total as at 30 June 2014

##### represented by

Gross book value	3,020,137
Accumulated amortisation	(2,588,192)
<b>Total as at 30 June 2014</b>	<b>431,945</b>

No Intangibles are expected to be disposed of within the next 12 months.

# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

*For the six months ended 30 June 2014*

2014

\$

### Note 8: Payables

#### Note 8A: Suppliers

Trade creditors and accruals	911,912
------------------------------	---------

<b>Total suppliers</b>	<b>911,912</b>
------------------------	----------------

#### Suppliers expected to be settled

No more than 12 months	911,912
------------------------	---------

<b>Total suppliers</b>	<b>911,912</b>
------------------------	----------------

#### Suppliers in connection with

External parties	911,912
------------------	---------

<b>Total suppliers</b>	<b>911,912</b>
------------------------	----------------

Settlement is usually made within 30 days

#### Note 8B: Unearned revenue

External parties	2,800,809
------------------	-----------

<b>Total unearned revenue</b>	<b>2,800,809</b>
-------------------------------	------------------

#### Unearned revenue expected to be settled

No more than 12 months	2,800,809
------------------------	-----------

<b>Total unearned revenue</b>	<b>2,800,809</b>
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#### Note 8C: Other payables

Wages and salaries	6,684
--------------------	-------

Superannuation	164,427
----------------	---------

Accrued expense	154,174
-----------------	---------

Other payables	272,605
----------------	---------

<b>Total other payables</b>	<b>597,890</b>
-----------------------------	----------------

#### Other payables expected to be settled

No more than 12 months	597,890
------------------------	---------

<b>Total other payables</b>	<b>597,890</b>
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# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

*For the six months ended 30 June 2014*

**2014**

**\$**

### **Note 9: Provisions**

#### **Note 9A: Employee provisions**

Leave	4,894,708
<b>Total employee provisions</b>	<b>4,894,708</b>

#### **Employee provisions are expected to be settled**

No more than 12 months	1,833,078
More than 12 months	3,061,630
<b>Total employee provisions</b>	<b>4,894,708</b>

#### **Note 9B: Other provisions**

Provision for make good	284,897
<b>Total other provisions</b>	<b>284,897</b>

#### **Other provisions are expected to be settled in:**

More than 12 months	284,897
<b>Total other provisions</b>	<b>284,897</b>

#### **Reconciliation of provision for make good<sup>2</sup>:**

As at 1 January 2014	279,613
Additional provisions made	5,284
<b>Total as at 30 June 2014</b>	<b>284,897</b>

<sup>2</sup> The Quality Agency currently has agreements for the leasing of office accommodation which have provisions requiring the entity to restore the premises to their original condition at the conclusion of the lease. The entity has made a provision to reflect the present value of this obligation.

## Australian Aged Care Quality Agency

### Notes to and Forming Part of the Financial Statements

#### Note 10: Restructuring

##### Note 10A: Departmental Restructuring

	2014 \$
<b>Functions</b>	<b>Aged Care Standards and Accreditation Agency Ltd</b>
<b>Functions Assumed</b>	
<b>Assets recognised</b>	
Cash and cash equivalents	18,495,880
Trade and other receivables	234,189
Prepayments	967,795
Property, plant and equipment	949,128
Intangibles	313,246
<b>Total assets recognised</b>	<b>20,960,238</b>
<b>Liabilities recognised</b>	
Trade and other payables	2,016,261
Employee and other provisions	4,239,896
<b>Total liabilities recognised</b>	<b>6,256,157</b>
<b>Net assets recognised</b>	<b>14,704,081</b>

1. On 1st January 2014, all assets and liabilities of Aged Care Standards and Accreditation Agency Ltd were transferred to Australian Aged Care Quality Agency.
2. In respect of functions assumed, the net book values of assets and liabilities were transferred to the Quality Agency for no consideration.

# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

*For the six months ended 30 June 2014*

**2014**

**\$**

### **Note 11: Cash flow reconciliation**

#### **Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement**

##### **Cash and cash equivalents as per**

Cash Flow Statement	19,263,385
Statement of financial position	19,263,385

<b>Discrepancy</b>	<b>-</b>
--------------------	----------

##### **Reconciliation of net cost of services to net cash from operating activities:**

Net cost of services	(12,480,939)
Revenue from Government	13,038,000
Adjustments for non-cash items:	
Depreciation and amortisation	230,864
Loss /(gain) on sale of property, plant and equipment	(8,585)

##### **Movements in assets and liabilities**

###### **Assets**

(Increase)/decrease in net receivables	(2,918,515)
(Increase)/decrease in prepayments	141,727

###### **Liabilities**

Increase/(decrease) in supplier payables	385,433
Increase/(decrease) in unearned revenue	1,533,065
Increase/(decrease) in other payables	375,855
Increase/(decrease) in other employee provisions	932,126
Increase/(decrease) in other provisions	7,583
<b>Net cash from operating activities</b>	<b>1,236,613</b>

## **Australian Aged Care Quality Agency**

### **Notes to and Forming Part of the Financial Statements**

#### **Note 12: Contingent assets and liabilities**

##### **Quantifiable contingencies**

The Quality Agency has four bank guarantees in respect to office lease guarantees.

##### **Unquantifiable contingencies**

At 30 June 2014, the Quality Agency had no unquantifiable contingencies.

##### **Significant remote contingencies**

The Quality Agency had no significant remote contingencies.



## Australian Aged Care Quality Agency

### Notes to and Forming Part of the Financial Statements

#### Note 13: Senior executive remuneration

##### Note 13A: Senior executive remuneration expense for the reporting period

There were no senior executive staff who were employed by the Quality Agency for the full reporting period whose reportable remuneration was \$195,000 or more for the financial period.

##### Note 13B: Average annual reportable remuneration paid to substantive senior executives in 2014

Average annual reportable remuneration <sup>1</sup>	Substantive senior executives No.	Reportable salary <sup>2</sup> \$	Contributed superannuation <sup>3</sup> \$	Total reportable remuneration \$
Total reportable remuneration (including part-time arrangements)				
Less than \$195,000	1	84,151	10,659	94,810
Total number of substantive senior executives	1			

#### Notes:

1. This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
2. 'Reportable salary' includes the following:
  - a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
  - b) reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes);
  - c) reportable employer superannuation contributions; and
  - d) exempt foreign employment income.
3. The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.

Australian Aged Care Quality Agency

Notes to and Forming Part of the Financial Statements

**Note 13C: Average Annual Reportable Remuneration Paid to Other Highly Paid Staff during the Reporting Period**

There were no non-senior executive staff who were employed by the Quality Agency during the reportable period whose reportable remuneration was \$195,000 or more for the financial period.

*For the six months ended 30 June 2014*

2014  
\$

**Note 14: Remuneration of auditors**

Financial statement audit services were provided free of charge to the Quality Agency by the Australian National Audit Office (ANAO).

<b>Fair value of the services received:</b>	<hr/>	37,000
	<hr/>	

No other services were provided by the ANAO.

## Australian Aged Care Quality Agency

### Notes to and Forming Part of the Financial Statements

*For the six months ended 30 June 2014*

2014

\$

#### **Note 15: Financial instruments:**

##### **Note 15A: Categories of financial instruments**

###### **Financial assets**

Loans and Receivables

Cash and cash equivalents

19,263,385

Trade and other receivables

68,381

###### **Carrying amount of financial assets**

19,331,766

###### **Financial liabilities**

Financial liabilities measured at amortised cost

Supplier payables

911,912

Unearned revenue

2,800,809

Other payables

597,890

###### **Total financial liabilities measured at amortised cost**

4,310,611

##### **Note 15B: Net Gains or Losses on Financial Assets**

Loans and Receivables

Interest revenue

5,124

###### **Net gain / (loss) on loans and receivables**

5,124

The interest income from financial assets not at fair-value through profit and loss is \$5,124.

##### **Note 15C: Net Gains or Losses on Financial Liabilities**

There was no income/ expenses from financial liabilities not at fair value through profit and loss in the six months ended 30 June 2014.

##### **Note 15D: Fair value of financial instruments**

A comparison between the fair value and the carrying amount of the Quality Agency's financial assets and liabilities is not required because the Quality Agency considers that the carrying amounts reported in the Statement of Financial Position are a reasonable approximation of the fair value of these financial assets and liabilities.

## Australian Aged Care Quality Agency

### Notes to and Forming Part of the Financial Statements

#### Note 15E: Credit risk

The Quality Agency is exposed to minimal credit risk. The maximum exposure to credit risk is the amount held as trade and other receivables should a default occur. This amount is equal to the total amount of receivables for services of \$68,381.

#### Note 15F: Liquidity risk

The Quality Agency has sufficient available financial assets to meet all financial liabilities at 30 June 2014.

#### Note 16: Financial assets reconciliation

	<b>2014</b>
<b>Financial assets</b>	<b>\$</b>
Total financial assets as per Statement of Financial Position	23,242,157
Less: non-financial instrument components:	
Appropriations receivable	2,998,000
Prepayments	826,068
GST receivable from Australian Taxation Office	86,323
<b>Total non-financial instrument components</b>	<u>3,910,391</u>
Total financial assets as per financial instruments note	<u>19,331,766</u>

# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

### Note 17: Appropriations

**Table 17A: Annual appropriations (“recoverable GST exclusive”)**

#### Appropriations for six months to 30 June 2014

	Appropriation Act			FMA Act			Total appropriation	Appropriation applied	Variance
	Annual Appropriation	Appropriations reduced <sup>1</sup>	AFM <sup>2</sup>	Section 30	Section 31	Section 32			
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Departmental</b>									
Ordinary annual services		-	-	-	5,113,593	13,038,000	18,151,593	(14,386,088)	3,765,505
<b>Total departmental</b>		-	-	-	5,113,593	13,038,000	18,151,593	(14,386,088)	3,765,505

1. Appropriations reduced under *Appropriation Acts (Nos. 1,3 & 5) 2013-2014: sections 10, 11, 12 and 15* and under *Appropriation Acts (Nos. 2, 4 & 6) 2013-2014: sections 12, 13, 14 and 17*. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. In 2014, there was no reduction in departmental appropriations.
2. Advance to the Finance Minister (AFM) - *Appropriation Acts (Nos. 1,3 & 5) 2013-2014: Reduction 13* and *Appropriation Acts (2,4 & 6) 2013-14: section 15*.
3. In 2014, there were no adjustments that met the recognition criteria of a formal addition or reduction in revenue (in accordance with FMO Div 101) but at law the appropriations had not been amended before the end of reporting period.

## Australian Aged Care Quality Agency

### Notes to and Forming Part of the Financial Statements

#### Note 17B: Departmental capital budgets ('recoverable GST exclusive')

There were no appropriations received for Capital expenditures in 2013-2014.

#### Note 17C: Unspent annual appropriations ('recoverable GST exclusive')

##### Authority

	2014
	\$
<b>Departmental</b>	
<i>Appropriation Act (No. 1) 2013-2014</i>	2,998,000
Cash at Bank	19,263,385
<b>Total unspent departmental annual appropriations</b>	<b>22,261,385</b>

## Australian Aged Care Quality Agency

### Notes to and Forming Part of the Financial Statements

#### Note 18: Compliance with Statutory Conditions for Payments from the Consolidated Revenue Fund

Section 83 of the Constitution provides that no amount may be paid out of the Consolidated Revenue Fund except under an appropriation made by law. In 2011-12, the Department of Finance issued a guidance paper on how Commonwealth Agencies were to address concerns about the potential for breaches of section 83 to occur.

These requirements arose because Department of Finance had become aware that there was an increased risk for all agencies of non-compliance with section 83 where payments are made from special appropriations that do not accord with conditions in the relevant legislation.

The Quality Agency does not have any special appropriations. The Quality Agency has in place policies, procedures and internal control design to strengthen agencies assets from fraud and other losses. The Quality Agency engages an external professional service firm to conduct financial internal audits on the functions of the Quality Agency. This is to ensure that appropriate systems and internal controls are in place and are working efficiently and effectively in order to satisfy the compliance requirements of the Act, the FMA Act and associated regulations.

#### Note 19: Compensation and debt relief

	2014 \$
<b>Departmental</b>	
No 'Act of Grace' payments were incurred during the reporting period	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> .	-
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period.	-
No ex-gratia payments were provided for during the reporting period.	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the <i>Public Service Act 1999</i> (PS Act) during the reporting period.	-

#### Note 20: Reporting of outcomes

The Quality Agency has one outcome, therefore the major classes of expense, income, assets and liabilities by outcome table has not been prepared.

## Former ASCAA Limited

### Former Board details

#### Dr Andrew Refshauge

Appointed 9 December 2008. Appointed Chair from 1 July 2012.

##### Current appointments:

- Chair, Australian Institute of Health and Welfare
- Chair, Careflight (NSW)
- Chair, Investment Committee of the NSW Aboriginal Land Council.

##### Previous appointments:

- Chair, former ACSAA Ltd
- Director, Family Care Medical Services
- Director, Neuroscience Research Australia
- Member, Foundation for Research and Treatment of Alcoholism and Drug Dependence
- Member, Evatt Foundation
- Member, Mandela Foundation
- Deputy Premier, NSW
- Minister for Health, NSW
- Minister for Aboriginal Affairs, NSW
- Treasurer, NSW
- Medical Officer, Aboriginal Medical Services, Redfern, NSW.
- MBBS FAICO
- Eligible to attend four board meetings and attended four board meetings.

#### Ms Venessa Curnow

Appointed 2 April 2012.

##### Current appointments:

- Director, National Board, National Congress of Australia's First Peoples
- Member, National Aboriginal and Torres Strait Islander Dementia Advisory Group
- Member, Steering Committee Aboriginal and Torres Strait Islander Rural and Remote Aged Care Training Queensland
- Member, Queensland Aboriginal and Torres Strait Islander Nurse and Midwifery Leadership Advisory Group.

##### Previous appointments:

- Board Member, former ACSAA Ltd
- National Aboriginal and Torres Strait Islander Liaison Officer, Alzheimer's Australia
- Training and Resource Officer for Indigenous Aged Care Services, Aged Care Queensland Inc
- Member, Dementia Clinical Knowledge Network Steering Committee Queensland Health.

RN

Eligible to attend four board meetings and attended four board meetings.



### **Mrs Karen Frost FCPA**

Appointed 13 February 2012.

#### **Current appointments:**

- Executive Officer, Independent Living Centre (Tasmania) Inc
- Honorary Auditor, Launceston Historical Society Inc
- Board Member, Arthritis Tasmania Inc
- Company Secretary and Treasurer, Australasian Disability Professionals Ltd.

#### **Previous appointments:**

- Board Member, former ACSAA Ltd
- Credit and Commercial Manager, Boral Construction Materials
- Financial Controller and Office Manager, Masonic Peace Memorial Haven of Northern Tasmania Inc
- Cost Accountant, ACL Bearing Company
- President, CPA Australia Tasmanian division for 2010
- Divisional Councillor, CPA Australia Tasmanian division
- Treasurer, ARAFMI Tasmania Inc

Board Member, Richmond Fellowship Tasmania Inc. B.Bus FCPA FAIM

Eligible to attend four board meetings and attended four board meetings.

### **Mrs June Heinrich AM**

Appointed 9 December 2008.

#### **Current appointments:**

- Chief Executive Officer, Macquarie Community College
- Member, Central Coast Local Health District Board and Member, Finance and Performance Committee
- Member, NSW Home Care Advisory Board
- Director, Sunnyfield Disability Services
- Member, Citizens Engagement Committee of Clinical Excellence Commission
- Deputy Chair, Assembly Council of the Baptist Churches, NSW & ACT.

#### **Previous appointments:**

- Board Member, former ACSAA Ltd
- Chair, Accreditation Agency Audit and Risk Committee
- Chief Executive Officer, Baptist Community Services - NSW & ACT
- Chair, Baptist Care Australia
- Director, St Vincent de Paul Aged Care Services
- Deputy Chair and Director, Aged Care Services NSW
- President, Baptist Churches of NSW & ACT
- Consultant, University of Western Sydney
- Consultant and Chair, Strategic Advisory Council, Aged Care Channel.

BA (Hons) MSc D Educ Centenary Medal

Eligible to attend four board meetings and attended four board meetings.

## **Associate Professor Barbara Horner**

Appointed 2 April 2012.

### **Current appointments:**

- Senior Researcher, Ageing and Dementia, Curtin University
- Director, Rosewood Care Group Inc
- Member, Australasian Association of Gerontology
- Fellow, Australian Council of Health Services Managers
- Member Expert Panel, Aged Care Management Journal
- Member Advisory Board, Australian *Journal of Dementia Care*.

### **Previous appointments:**

- Board Member, former ACSAA Ltd
- Director, Centre for Research on Ageing, Curtin Health Innovation Research Institute, Curtin University
- Director, WA Dementia Training Study Centre, Curtin University
- Dean, Research and Graduate Studies, Faculty of Health Sciences Curtin University
- Clinical Director, Curtin Health Innovation Research Institute, Curtin University
- Member, National Prescribing Service (NPS) Curriculum and Training Working Group
- Member, Curtin University School of Nursing Curriculum Committee
- President WA Chapter, Royal College of Nursing Australia.

PhD, MEd, BAppSc, RN, AFCHSM, MAAG

Eligible to attend four board meetings and attended four board meetings.

## **Dr Helen McGowan**

Appointed 12 November 2012.

### **Current appointments:**

- Clinical Director, Older Adult Mental Health Program, North Metro Health Service, WA
- Member, WA Ministerial Aged Care Advisory Council
- Member, WA Health Clinical Senate
- RANZCP, Faculty of Psychiatry of Old Age, Member of Binational Committee
- Secretary, WA Branch, RANZCP
- WA delegate, National Mental Health Service Planning Framework.

### **Previous appointments:**

- Board Member, former ACSAA Ltd
- DoHA Psychogeriatric Expert Reference Group
- Faculty of Psychiatry of Old Age, Chair WA branch
- Chair, WA Health, Older Adult Mental Health Planning and Advisory Committee.

BSC, PhD, MBBS, FRANZCP, Cert. Advanced Training FPOA.

Eligible to attend four board meetings and attended three board meetings.

## Former Aged Care Standard and Accreditation Agency Limited

### Dr Mike Rungie

Appointed 9 December 2008.

#### Current appointments:

- Chief Executive Officer, ACH Group
- Director, Aged and Community Services SA/NT Board
- Churchill Fellow 2013 (Roles for people in their 70s, 80s, 90s).

#### Previous appointments:

- Board Member, former ACSAA Ltd
- Member, Expert Panel- Nursing Home for the Ministry of Health, Singapore
- Member, Alzheimer's Australia Quality Dementia Care Network
- Member, Minister's Ageing Consultative Committee
- Member, Monarch Board
- Member, Insite Editorial Advisory Board
- Member, Consumer Directed Care Working Group
- Member, Central Northern Adelaide Health Services Board
- Member, North Eastern Community Nursing Home Board
- Member, Prime Minister's Australia 2020 Summit
- Member, Study Group on Teaching Nursing Homes Norway and Holland
- Management Committee Member, *Australasian Journal on Ageing*.

BSc. (Hons) PhD Centenary Medal National ACSA Award for Excellence (2010)  
Eligible to attend four board meetings and attended four board meetings.

### Mr Ian Yates AM

Appointed 1 July 2011.

#### Current appointments:

- Chief Executive, COTA Australia (Council on the Ageing)
- Director and Secretary, COTA Member Services Pty Ltd
- Director, COTA Insurance Ltd
- Member, Aged Care Financing Authority Deputy Chancellor, Flinders University Board
- Member, Aged Rights Advocacy Service
- Member, Consumer Advisory Panel, Australian Securities and Investments Commission
- Member, Consumer Consultative Committee, Australian Competition and Consumer Commission Sponsor
- Member, National Aged Care Alliance.

## **Former Aged Care Standard and Accreditation Agency Limited**

### **Previous appointments:**

#### **Board Member, ACSAA Ltd**

- Chief Executive, COTA South Australia.
- Member, SA Government Health Performance Council
- Chair, Cancer Council SA
- Member, Minister's Ageing Consultative Committee
- Deputy Chair, Repatriation General Hospital, SA
- Director, Southern Adelaide Health Service
- Member, Consumer Advisory Committee, Australian Energy Regulator.

#### **BAMAICD**


Eligible to attend four board meetings and attended four board meetings.

## Former Aged Care Standard and Accreditation Agency Limited

### **Aged Care Standards and Accreditation Agency Ltd Statement by the Chief Executive and Chief Financial Officer**

In our opinion, the attached financial statements and notes thereto for the six month period ended 31 December 2013 are in compliance with accounting standards and give a true and fair view of the financial position and performance of the entity.

This Statement is made by the Chief Executive Officer and Chief Financial Officer of the Quality Agency. At the date of signing, we are not officers of the Company (which ceased to exist on 28 May 2014) nor have we, for the period covered by the financial statements or since, been directors of the Company.

Signed.....

Nick Ryan  
Chief Executive Officer

30 September 2014

Signed.....

Rex Shaw  
Chief Financial Officer

30 September 2014

## Former Aged Care Standard and Accreditation Agency Limited

### Aged Care Standards and Accreditation Agency Limited

#### Statement of Comprehensive Income

For the six months ended 31 December 2013	Note	6 months to Dec 2013 \$	12 months to June 2013 \$
Revenue	2	18,415,618	36,448,090
Labour expenditure		(13,941,881)	(27,624,020)
Depreciation and amortisation	2	(187,249)	(317,011)
Finance costs		(5,990)	(31,980)
Other expenses	2	(4,416,137)	(8,186,863)
<b>(Loss)/Surplus for the period</b>		<b>(135,639)</b>	<b>288,216</b>
<b>Other Comprehensive Income for the period</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive (Loss)/Income for the period attributable to the Australian Government</b>		<b>(135,639)</b>	<b>288,216</b>

The accompanying notes should be read in conjunction with this Statement of Comprehensive Income.

## Former Aged Care Standard and Accreditation Agency Limited

### Aged Care Standards and Accreditation Agency Limited

#### Statement of Financial Position

As at 31 December 2013	Note	31 Dec 2013 \$	30 June 2013 \$
<b>Current assets</b>			
Cash and cash equivalents	5	18,495,880	21,233,038
Trade and other receivables	6	234,189	247,209
Prepayments		967,795	940,998
Property, plant and equipment	7	1,262,374	1,036,200
Intangibles	8	-	-
<b>Total current assets</b>		<b>20,960,238</b>	<b>23,457,445</b>
<b>Total non-current assets</b>		<b>-</b>	<b>-</b>
<b>Total assets</b>		<b>20,960,238</b>	<b>23,457,445</b>
<b>Current liabilities</b>			
Trade and other payables	9	2,010,527	4,179,485
Other current provisions	10	277,314	271,324
Employee provisions	11	3,962,582	4,161,182
<b>Total current liabilities</b>		<b>6,250,423</b>	<b>8,611,991</b>
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>6,250,423</b>	<b>8,611,991</b>
<b>Net assets</b>		<b>14,709,815</b>	<b>14,845,454</b>
<b>Equity</b>			
Retained earnings		14,709,815	14,845,454
<b>Total equity</b>		<b>14,709,815</b>	<b>14,845,454</b>

The accompanying notes should be read in conjunction with this Statement of Financial Position.

## Former Aged Care Standard and Accreditation Agency Limited

### Aged Care Standards and Accreditation Agency Limited

#### Cash Flow Statement

For the six months ended 31 December 2013	Note	6 months to Dec 2013 \$	12 months to June 2013 \$
<b>Cash flows from operating activities</b>			
Receipts from customers and government grants		16,671,982	32,097,919
Interest received		440,557	1,067,484
Other income and net GST paid		98,913	131,993
Payments to suppliers and employees		(19,529,132)	(36,115,825)
Finance costs		(5,990)	(31,980)
<b>Net cash from operating activities</b>	4	<b>(2,323,670)</b>	<b>(2,850,409)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(414,128)	(684,993)
Proceeds on disposal of property, plant and equipment		640	5,797
<b>Net cash (used by) investing activities</b>		<b>(413,488)</b>	<b>(679,196)</b>
Net increase in cash and cash equivalents		(2,737,158)	(3,529,605)
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>21,233,038</b>	<b>24,762,643</b>
<b>Cash and cash equivalents at the end of the financial year</b>	5	<b>18,495,880</b>	<b>21,233,038</b>

The accompanying notes should be read in conjunction with this Cash Flow Statement.



## Former Aged Care Standard and Accreditation Agency Limited

### Aged Care Standards and Accreditation Agency Limited

#### Statement of Changes in Equity

For the six months ended 31 December 2013	Note	31 Dec 2013 \$	30 June 2013 \$
<b>Retained earnings</b>			
Balance as at 1 July 2013		14,845,454	14,557,238
(Loss)/Surplus for the period		(135,639)	288,216
<b>Balance at 31 December 2013</b>		<b>14,709,815</b>	<b>14,845,454</b>

The accompanying notes should be read in conjunction form part of this Statement of Changes in Equity.

## **Former Aged Care Standard and Accreditation Agency Limited**

### **Notes to the Financial Statements**

**For the six months ended 31 December 2013**

#### **Note 1. Statement of accounting policies**

The financial statements are special purpose financial statements that have been prepared in accordance with accounting standards and interpretations issued by the Australian Accounting Standards Board.

The financial statements cover the economic entity of Aged Care Standards and Accreditation Agency Limited (the Company). The Company is a public, unlisted Company limited by guarantee, incorporated and domiciled in Australia.

The financial statements have been prepared on an accrual basis, and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial statements.

The *Australian Aged Care Quality Agency Act 2013* and the *Australian Aged Care Quality Agency (Transitional Provisions) Act 2013* (the Acts) received Royal Assent on 28 June 2013. The Acts establish the Australian Aged Care Quality Agency as a Statutory Agency and make transitional provisions for the transfer of assets and liabilities of the Company to the Quality Agency on 1 January 2014. Accordingly, the company is not a going concern.

As a result, the financial statements have been prepared on the non-going concern basis whereby all assets and liabilities have been classified as current.

The financial statements have been prepared in accordance with accounting standards and interpretations issued by the Australian Accounting Standards Board. This reflects the continuity of operations provided for in the legislated transitional provisions. The Acts provide that the assets of the Company will become the assets of the Commonwealth (the member of the Company) for nil consideration. The Commonwealth will also take over the liabilities of the Company on 1 January 2014.

## **Former Aged Care Standard and Accreditation Agency Limited**

### **Cash**

Cash is recognised at its nominal amount. Cash and cash equivalents include:

- (a) cash on hand; and
- (b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

### **Revenue recognition**

Accreditation fees are paid on application and 25% is brought to revenue in the following month and 75% three months after the money is received unless the accreditation audit has not yet been completed, in which case the revenue is recognised on completion. The funds are shown as unearned income on the Balance Sheet until brought to revenue. Unearned income for the six month period has been adjusted to reflect the principle that funds are recorded as revenue when the related work has been undertaken.

Australian Government funding and interest income is brought to account in the month it is receipted. Education income is recognised in the same period in which training is conducted. Income received from publications is recognised upon receipt.

### **Income tax**

The Company has received a private ruling from the Australian Taxation Office exempting it from income tax.

The basis of the application for the ruling in 1998 was the public benefit created by the activities of the Company and that the member of the Company (the Commonwealth) was prohibited by the Company constitution (Clause 3.3) from deriving a financial benefit from the company. The Company had nil retained earnings at the time of the ruling.

In the event that the acquisition of the assets by way of legislation creates a tax liability, this liability will be assumed by the Commonwealth under the provisions of the Acts.

### **Financial assets**

The Company classifies its financial assets in the category of loans and receivables which comprise trade and other receivables that have fixed or determinable payments that are not quoted in an active market.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

## **Former Aged Care Standard and Accreditation Agency Limited**

### **Property, plant and equipment**

Property, plant and equipment are recognised at cost less accumulated depreciation.

The depreciable amount for all newly acquired property, plant and equipment is depreciated over their useful lives to the Company on a straight line basis commencing from the time the asset is held ready for use.

The current straight line rates of depreciation by categories are unchanged from the previous year:

Computers	33%
Software internally developed	25%
Furniture and fittings	20%
Other equipment	20%
Leasehold	20% (or term of lease, whichever is shorter)

### **Impairment of assets**

All assets were assessed for impairment at 31 December 2013. Where indicators of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment is made if the asset's recoverable amount is less than its carrying amount. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed, and subsequent disposal.

The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

There has been no objective evidence that impairment of assets has occurred at balance date.

### **Intangibles**

The entity's intangibles comprise internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

All software assets were assessed for indications of impairment as at 31 December 2013.

### **Financial Liabilities**

Financial liabilities are classified as other financial liabilities which include supplier and other payables that are recognised at amortised cost. Financial liabilities are recognised and derecognised upon 'trade date'.

## **Former Aged Care Standard and Accreditation Agency Limited**

### **Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

### **Lease incentives**

The lease incentives derived from the negotiation of new or renewed operating leases have been recognised as the aggregate benefit of incentives, as a reduction of rental expense over the term of the lease, on a straight line basis.

### **Employee benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries and annual leave, which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Long service leave provision continues to be provided in accordance with AASB119.

Contributions made by the Company to employee superannuation funds are charged as expenses when incurred.

### **Goods and service tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

### **Adoption of new Australian Accounting Standards requirements**

No accounting standard has been adopted earlier than the application date as stated in the standard. No new accounting standards, amendments to standards and interpretations issued by the Australian Accounting Standards Board that are applicable in the current period, have had a material financial effect on the Company.

### **Future Australian Accounting Standard requirements**

New standards, amendments to standards, and interpretations that are applicable to future periods have been issued by the Australian Accounting Standards Board. It is estimated that adopting these pronouncements, when effective, will have no material impact on future reporting periods.

## Former Aged Care Standard and Accreditation Agency Limited

### Note 2. Operating result

Operating result has been determined after:

Crediting as income	6 months to Dec 2013 \$	12 months to June 2013 \$
Income from ordinary activities		
Government grants received	14,165,000	25,126,623
Accreditation revenue	2,968,631	9,042,147
Training revenue	755,091	1,169,976
Interest	353,439	971,545
Other income	173,457	137,799
Income	18,415,618	36,448,090

## Former Aged Care Standard and Accreditation Agency Limited

Charging as expenses	6 months to Dec 2013 \$	12 months to June 2013 \$
Depreciation and amortisation of non-current assets:		
Property, plant and equipment	187,249	297,404
Intangibles	0	19,607
Total depreciation and amortisation	187,249	317,011
Other expenses		
IT	304,911	608,299
Legal	149,754	263,970
Other professional fees	105,767	72,605
Printing and stationery	80,524	169,751
Occupancy, leases and other rental cost	1,421,871	2,463,932
Seminars and conferences	21,511	112,451
Telephones and communications	211,239	330,235
Training and recruitment	239,881	340,291
Travel	1,389,781	2,947,475
Other	490,898	877,854
Total other expenses	4,416,137	8,186,863

## Former Aged Care Standard and Accreditation Agency Limited

### Note 3. Remuneration of auditors

	6 months to Dec 2013 \$	12 months to June 2013 \$
Audit of financial statements	32,300	36,700

No other services were provided by the Auditor General during the reporting period.

### Note 4. Reconciliations of cash flow from operations with operating profit

#### Cash

For the purpose of the cash flow statement, cash and cash equivalents include:

- cash on hand and on call deposits with banks or financial institutions, net of bank overdrafts; and
- investments in money market instruments with less than 90 days to maturity.

#### Reconciliation of surplus for the year to net cash flow from operating activities

	31 Dec 2013 \$	30 June 2013 \$
(Loss)/Surplus for the period	(135,639)	288,216
Non-cash flows in operating result		
Depreciation and amortisation	187,249	317,011
Loss /(gain) on sale of property, plant and equipment	65	(5,722)
Changes in assets and liabilities		
Decrease in receivables	13,020	225,082
(Increase) in prepayments	(26,797)	(127,891)
(Decrease) in payables	(2,168,958)	(4,201,293)
(Decrease) in current provisions	(192,610)	2,219,877
Increase/(decrease) in non-current provisions	-	(1,565,689)
Net cash from operating activities	(2,323,670)	(2,850,409)



## Former Aged Care Standard and Accreditation Agency Limited

### Note 5. Cash and cash equivalents

	31 Dec 2013 \$	30 June 2013 \$
Cash at bank and on hand	18,495,880	21,233,038

### Note 6. Trade and other receivables

	31 Dec 2013 \$	30 June 2013 \$
Trade receivables	4,970	101,002
GST receivable from the Australian Tax Office	106,327	144,060
Other	122,892	2,147
Total trade and other receivables	234,189	247,209

Trade and other receivable are unsecured and non-interest bearing.

## Former Aged Care Standard and Accreditation Agency Limited

### Note 7. Property, plant and equipment

	31 Dec 2013 \$	30 June 2013 \$
Furniture and fittings		
Cost		
Opening	1,153,326	1,169,749
Additions	2,302	12,397
Disposals	-	(28,820)
Closing	1,155,628	1,153,326
Accumulated depreciation		
Opening	(1,091,304)	(1,082,356)
Depreciation expense	(15,402)	(37,768)
Write back on disposals	-	28,820
Closing	(1,106,706)	(1,091,304)
Net furniture and fittings	48,922	62,022
Computers		
Cost		
Opening	1,645,776	1,233,102
Additions	411,044	616,631
Disposals	(5,360)	(203,957)
Closing	2,051,460	1,645,776
Accumulated depreciation		
Opening	(842,796)	(852,520)
Depreciation expense	(138,231)	(194,160)
Write back on disposals	4,655	203,884
Closing	(976,372)	(842,796)
Net computers	1,075,088	802,980

## Former Aged Care Standard and Accreditation Agency Limited

### Note 7. Property, plant and equipment (continued)

	31 Dec 2013 \$	30 June 2013 \$
Office equipment		
Cost		
Opening	392,607	412,504
Additions	782	13,115
Disposals	-	(33,012)
Closing	393,389	392,607
Accumulated depreciation		
Opening	(313,296)	(305,407)
Depreciation expense	(20,517)	(40,901)
Write back on disposals	-	33,012
Closing	(333,813)	(313,296)
Net office equipment	59,576	79,311
Leasehold improvements		
Cost		
Opening	299,029	256,179
Additions	-	42,850
Disposals	-	-
Closing	299,029	299,029
Accumulated depreciation		
Opening	(207,142)	(182,566)
Depreciation expense	(13,099)	(24,576)
Closing	(220,241)	(207,142)
Net leasehold improvements	78,788	91,887
Total property, plant and equipment	1,262,374	1,036,200

## Former Aged Care Standard and Accreditation Agency Limited

### Note 8. Intangibles

	31 Dec 2013 \$	30 June 2013 \$
Software – internally developed		
Cost		
Opening	2,579,605	2,579,605
Additions	-	-
Closing	2,579,605	2,579,605
Accumulated amortisation		
Opening	(2,579,605)	(2,559,998)
Amortisation expense	-	(19,607)
Closing	(2,579,605)	(2,579,605)
Net Software	-	-

The value of the intangible assets is sustained only so long as they contribute to the Company achieving its goals as an ongoing organisation. Normally their value is depreciated over four years at 25% per annum.

### Note 9. Current liabilities – trade and other payables

	31 Dec 2013 \$	30 June 2013 \$
Lease incentives	9,570	12,760
Trade creditors and accruals	733,212	1,682,241
Unearned income	1,267,745	2,484,484
Total trade and other payables	2,010,527	4,179,485

### Note 10. Current liabilities – other current provisions

	31 Dec 2013 \$	30 June 2013 \$
Make good	277,314	271,324
Total current liabilities - other provisions	277,314	271,324

## Former Aged Care Standard and Accreditation Agency Limited

### Note 11. Current liabilities – employee provisions

	31 Dec 2013 \$	30 June 2013 \$
Annual leave	1,729,052	1,908,854
Long service leave	2,233,530	2,234,567
Salary and wages	-	17,761
Total employee provisions	3,962,582	4,161,182

### Note 12. Issued capital

Aged Care Standards and Accreditation Agency Limited is a public company limited by guarantee.

The Member undertakes to contribute to the assets of the Company (up to an amount not exceeding \$5) in the event of the Company being wound up while a member of the Company, or within one year after ceasing to be a member, for payment of the debts and liabilities of the Company including the costs, charges and expenses of the winding up.

### Note 13. Expenditure commitments

	31 Dec 2013 \$	30 June 2013 \$
<b>Operating leases</b>		
Non-cancellable operating leases contracted for but not capitalised in the financial statement Payable:		
Within one year	1,101,065	1,492,961
Later than one year but not later than 5 years	4,411,729	1,348,647
Later than 5 years	-	76,331
	5,512,794	2,917,939

Operating lease commitments comprise contractual obligations for offices, accommodation, motor vehicles and mobile. The lease payments for offices are subject to annual CPI Increase or fixed annual percentage and current market rate at the review date, in accordance with the respective lease contracts. The expenditure commitment figures shown above exclude GST.

## Former Aged Care Standard and Accreditation Agency Limited

### Note 14. Contingent liabilities and assets

	31 Dec 2013 \$	30 June 2013 \$
Estimates of the potential financial effect of <i>contingent liabilities that may become payable</i> : The Company has three bank security deposit guarantees for rental properties	279,455	279,455
	<u>279,455</u>	<u>279,455</u>

### Note 15. Financial instruments

#### Financial assets includes Cash and Trade Receivables

Cash and deposits are recognised in the Statement of Financial Position at their nominal value. Interest is credited to revenue as it is earned. The effective weighted average interest rate for cash deposits at 31 December 2013 was 3.44% (30 June 2013 3.68%).

Receivables are normally settled within 30 days.

#### Financial liabilities includes Trade and Other Payables

Liabilities are recognised at their nominal value in the Statement of Financial Position for amounts to be paid in the future for goods and services received, whether or not billed. Trade creditors are normally settled within 30 days.

#### Interest rate risk exposures

31 December 2013	Floating interest rate \$	Non-interest bearing \$	Total \$	Weighted average effective interest rate %
<b>Financial assets</b>				
Cash	18,495,880	-	18,495,880	3.44%
Receivables		234,189	234,189	
<b>Total financial assets</b>	<u>18,495,880</u>	<u>234,189</u>	<u>18,730,069</u>	
<b>Total assets</b>			<u>20,960,238</u>	
<b>Financial liabilities</b>				
Payables		733,212	733,212	
<b>Total financial liabilities</b>		<u>733,212</u>	<u>733,212</u>	
<b>Total liabilities</b>			<u>6,250,423</u>	

## Former Aged Care Standard and Accreditation Agency Limited

30 June 2013	Floating interest rate \$	Non-interest bearing \$	Total \$	Weighted average effective interest rate %
<b>Financial assets</b>				
Cash	21,233,038	-	21,233,038	3.68%
Receivables		247,209	247,209	
<b>Total financial assets</b>	<b>21,233,038</b>	<b>247,209</b>	<b>21,480,247</b>	
<b>Total assets</b>			<b>23,457,445</b>	
<b>Financial liabilities</b>				
Payables		1,682,241	1,682,241	
<b>Total financial liabilities</b>		<b>1,682,241</b>	<b>1,682,241</b>	
<b>Total liabilities</b>			<b>8,611,991</b>	

### Net fair value

All financial assets and liabilities have been recognised at the balance date at their net fair values.

### Credit risk

The Company's maximum exposure to credit risk is limited to the risk that arises from potential default of its debtors.

### Note 16. Economic dependency

The operations of the Company was dependent on income from the Department of Health and Ageing in the form of the accreditation grant, income from fees paid by registered aged care facilities and income from education activities. The Company ceased operations on 31st December, 2013.

### Note 17. Subsequent events

The Company ceased operations on 31st December, 2013 and was deregistered on 28th May, 2014.

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# Glossary

ACSAA Ltd	Aged Care Standards and Accreditation Agency Ltd
ADP	Assessor Development Program
ANAO	Australian National Audit Office
APS	Australian Public Service
ATSI flex	National Aboriginal and Torres Strait Islander flexible aged care programme
Award	Public Service Award
BBP	Better Business Program
CEO	Chief Executive Officer
Commencing homes	Accreditation for new residential aged care homes
Commissioner	Aged Care Commissioner
CommLaw	CommLaw website <a href="http://www.comlaw.gov.au/Home">http://www.comlaw.gov.au/Home</a>
DSS	Department of Social Services
EA	Enterprise Agreement
FTE	Full-time Equivalent
HACC	Home and Community Care
IS&T	Information Systems and Technology
ISQua	International Society for Quality in Health Care
NRCP	National Respite for Carer Programme
<i>PGPA Act</i>	<i>Public Governance, Performance and Accountability Act 2013</i>
Quality Agency	Australian Aged Care Quality Agency
QR	Quality Review
Quality Standard	Industry newsletter from the Quality Agency
QUEST	Quality Education on the Standards
SOFI 2	Short Observational Framework for Inspection
TFI	Timetable for Improvement
#Q	Quality Agency's weekly newsletter

# Contact details

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**Australian Aged Care Quality Agency**

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