



Australian Government  
Australian Aged Care Quality Agency

# ANNUALREPORT

2014-15



# Annual Report 2014–2015

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# LETTER OF TRANSMITTAL

The Hon Sussan Ley MP  
Minister for Health  
Minister for Aged Care  
Minister for Sport  
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 Chief Executive Officer of the Australian Aged Care Quality Agency during the period 1 July 2014 to 30 June 2015.

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.

I should note that on 1 July 2015, an organisational restructure was implemented which was followed by the appointment of three Senior Executive Service Officers, which completed the creation of the Quality Agency as an APS agency.

The annual report is also provided to satisfy the requirements of section 46 of the *Public Governance, Performance and Accountability Act 2013* and section 70 of the *Public Service Act 1999*.



Nick Ryan  
Chief Executive Officer  
2 October 2015

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# LETTER FROM THE CEO

I am pleased to present the annual report and accounts of activities for the Australian Aged Care Quality Agency (Quality Agency) for the period 1 July 2014 - 30 June 2015.

We believe that older Australians should have quality care choices that enhance their lives.

Our role as the independent regulator of quality across the range of Australian Government-subsidised aged care services provides assurance to consumers that community expectations about standards of care and services are being rigorously assessed.

Aged care in Australia has continued to undergo significant changes with a renewed focus on the consumer. Listening to those who receive aged care services is fundamental to our role. During the year, we interviewed and listened to more than 54,000 people in care, and their families and representatives, about the quality of care and services they received. The information gathered at these interviews has helped us to understand their individual experience of care which in turn has informed our audit processes and our education programs.

In 2014-15, more than 95 per cent of all residential aged care facilities that went through a full audit were assessed as meeting all expected outcomes of the Accreditation Standards.

This result demonstrates the maturity of residential aged care accreditation in Australia. The aged care industry's response to accreditation of residential care and the now quality review of home care services has raised the quality of care provided to older Australians to the extent where consumers and their families can be confident in the high level of care they are receiving.

Over time, poorer-performing providers have exited the industry, and this is also a significant factor in the strong and sustained improvement in overall industry performance.

The level of maturity and sustained performance will inform the review of the Standards and the Quality Agency will play a critical role in contributing to the Australian Government's review of the Standards.

We commenced Quality Review of home care services from 1 July 2014 and have been working hard to better align our accreditation and home care programs to reduce red tape and ensure consistent practices across Australia.

Our aim is to establish industry-wide performance benchmarks for home care services in the first three-year tranche of quality reviews. In this our first year of quality review, we saw many services delivering client-focused care, but not always against a Standards framework. We also saw many examples of industry-leading programs built on individual client focus, and I look forward to the results of our 2015 Better Practice Awards which celebrate high performance in both residential and home care services, and with specific categories to recognise remote/very remote service delivery, and special needs including programs for Aboriginal and Torres Strait Islander people, Culturally and Linguistically Diverse People, Lesbian, Gay, Bisexual, Transgender and Intersex people, older Veterans and homeless people.



Industry education and training have been crucial to our role in promoting high quality care and fostering innovation and continuous improvement. In 2014-15 we provided a comprehensive program of information, education and training, ranging from Better Practice conferences, courses in Understanding Accreditation and Understanding Quality Review, education sessions on the Standards for front-line care workers, and a new downloadable package for the home care sector, *Qhome*.

Australians have high expectations of aged care service providers, and they have strong expectations that we will hold poor performers to account, but equally that we will work constructively with aged care service providers to support industry innovation overall, with a focus on quality care choices for individual consumers.



A handwritten signature in black ink that reads "Nick" followed by a stylized, cursive flourish.

Nick Ryan

Chief Executive Officer

20 October 2015



# GENERAL OVERVIEW



# OVERVIEW

The Australian Aged Care Quality Agency is the sole agency for approved providers of home care and residential care to deal with quality assurance of their services. The Quality Agency is committed to achieving greater efficiencies, reduced costs and a further commitment to a high-quality outcome, end-to-end aged care system.

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## BETTER PRACTICE AWARDS



The Quality Agency's Better Practice Awards program celebrates the aged care industry's high achievers, be they organisations, individuals, or teams of people who dedicate themselves to ensuring that people in their care receive the absolute best quality of care and services.

They recognise that achieving minimum Standards is just that: the minimum.

The Better Practice Awards are presented each year for projects, initiatives or programs that act as exemplars for other aged care providers and to encourage continuous improvement.

In 2014 we made 37 awards from 127 applications received. Awards represented 26 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 history around the time of various composers.

In 2015, the Better Practice Awards program was restructured and opened to all aged care service providers. We have had a record number of nominations this year, with 247 nominations received.

Judging took place over September/October and the 2015 winners will be announced at Better Practice Brisbane in November. **The full list of Better Practice Award winners and profiles are available on our website [www.aacqa.gov.au](http://www.aacqa.gov.au).**

## Striving for excellence – Bucket list program a winner!

The Agency's Better Practice awards uncover and showcase the innovations and efforts of a diverse and constantly improving industry. They are fundamental to promoting and disseminating better practice in aged care services. UnitingCare Ageing's Starrett Lodge in NSW won a Better Practice Award in 2014 for its 'bucket list' program. We enjoy learning about what is possible and are inspired by such stories.

*"The how it's done is not as important as the why.*

*The reason for living, the essence of why should I still be alive?... the will to live, the will to do things... you've got to live, until you die."*

**Colin McDonnell, Environmental and Lifestyle Coach – UnitingCare Ageing.**

UnitingCare's Starrett Lodge worked to enable residents to fulfil lifelong dreams, ranging from a fancy restaurant meal and deep sea fishing to parachute jumping and hot air balloon rides. Colin McDonnell went on to present at Better Practice conferences around the country, sharing his view that you've got to live, until you die.

*"For the first twenty feet I felt numb. Then I opened my arms, and soared. I felt ageless"*

**86 year old Allen Rigby after fulfilling his 'bucket list' dream of sky diving.**

# SUPPORTING THE SOUTH AUSTRALIA INNOVATION HUB

## The Hub Governance Project

The Hub is an initiative between a small group of providers in South Australia, the Department of Social Services, COTA Australia, the Australian Aged Care Quality Agency and the Aged Care Financing Authority. The objective of the South Australia Innovation Hub (the Hub) trial is to improve and sustain better outcomes for older Australians. This will be achieved through developing an earned autonomy approach for aged care in support of the Government's deregulation and social policies. It showcases collaboration and partnership between industry, government, regulators and the community.

The Hub is being run as a trial as part of the Government's commitment to reduce unnecessary regulatory intervention and the cost this imposes on industry. An earned autonomy approach offers reduced regulatory intervention to higher performing providers of aged care services in exchange for better practice approaches to consumer engagement and governance, and a focus on innovation and delivering quality care.

The Quality Agency supported a particular implementation project to improve governance in aged care.

The Hub provider group provided an opportunity to work cooperatively, to learn, share information and consider better practice. We supported the Hub trial in a collaborative project with the Department of Social Services to undertake an iterative exploration of the concepts of quality, high performance and leadership in relation to aged care governance.

By providing a forum for co-design the Hub provides an opportunity for its Governance Working Group to shape Government policy by:

- ✓ Assisting Government to understand what better practice in aged care governance looks like, including the integration of consumer engagement.
- ✓ Developing better practice resources in governance in aged care which can be used to assist build industry capacity.

## Collaboration and partnership between industry, government, regulators and the aged care community.

Quality Agency involvement in the Hub project encouraged new ways of working between providers and supported continuous improvement beyond the boundaries of a particular entity. The SA Innovation Hub Governance project Board and CEO members found the Community of Practice model for shared learning that underpinned the project to be of significant value:

*“..It brought organisations together, notwithstanding their diversity and different existing governance systems, and given prominence to the importance of good and better governance for high performing organisations in aged care.”*

What worked in this project?

*“..the opportunity to meet with other providers and their Boards with the shared learning and experiences of good and high performing governance in aged care.*

*“The framework that evolved and was used in the project.”*

The governance project and the Community of Practice model that underpins it have demonstrated a sustainable model of shared learning and quality improvement that is continuing beyond the life of this project with a Plan of Works for the next 5 years underway by the Hub.

*“Members have indicated their Boards have and will continue to focus on review and improvement of their governance systems both individually and together.”*

Source: Effective Governance in Aged Care:  
SA Innovation Hub Implementation project report 2015

# CONSUMER ENGAGEMENT

Listening to those who receive aged care services is fundamental to our role. During the year, we interviewed and listened to more than 54,000 people receiving some form of care services, and their families and representatives, about the quality of care and services they receive.

Whenever we conduct a re-accreditation audit of an aged care home, or a quality review of home care services, the service provider is required by law to give notice of the audit/review, and to ensure that care recipients have the opportunity to provide confidential feedback about the quality of care and services they receive.

The information gathered at these interviews has helped us to understand their individual; experience of care which in turn has informed our audit processes and our education programs.

In order to support Culturally and Linguistically Diverse (CALD) communities' participation, our posters and letters advising of a visit are available in 21 community languages.

All assessors have received training in interview techniques, including how to interview residents with dementia. Where there are identified CALD care recipients, we consider whether utilising an interpreter is beneficial and if so hire one for at least part of the visit.

## PRE-AUDIT SURVEY

Giving notice of an audit, or quality review, allows relatives and representatives, the opportunity to re-arrange work, personal or other family commitments in order to participate by providing their views direct to our assessment/quality review teams.

However we also acknowledge that not everyone can re-arrange their work or private commitments, and that some people might prefer to provide their feedback through web-based platforms.

Campbell Research and Consulting was commissioned to research and develop questions that could be used by relatives and representatives to provide feedback about the services provided to their loved one or for whom they are the legal guardian if they are unable to be at the aged care home when our audit teams are on-site.

The questions were then confidentially tested with people who either had relatives in care, or had recent experience of the aged care system, so that we would be asking questions that are important to families and friends of people receiving care.

Southern Cross Care NSW and ACT has agreed to pilot the pre-audit survey for a number of their homes and once we have evaluated the outcomes from the pilot we will then consider making the pre-audit survey available ahead of all audits.

# 2014-15 AT A GLANCE



## Education

### Conferences

Better Practice conferences in Brisbane, Sydney, Melbourne, Hobart, Adelaide, Darwin and Perth were attended by 1,567 delegates.



### QUEST Sessions

8,863 people attended 598 QUEST sessions.



### Workshops

1,846 people attended 123 education workshops and courses.

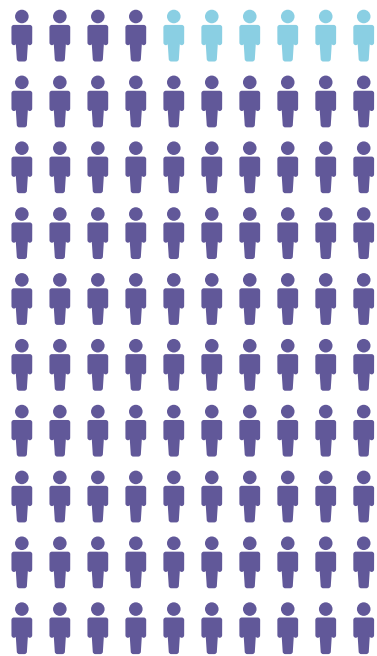


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# People

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Staff turnover  
for 2014/15



SIX PERCENT

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Total FTE as at 30 June 2015



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Assessors on the register

- ✓ 356 in total
- ✓ 121.2 FTE permanent employees

Assessors average length of time on the register - eight years two months





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## Reviewing performance

---

5,152

visits to aged care residential homes, including:

✓ 1,425

re-accreditation site audits where a home was assessed against all outcomes of the Accreditation Standards

✓ 23

review audits where we had concerns that the Standards may not be met

✓ 2,878

unannounced visits where we monitor performance as part of the Australian Government's requirement that every aged care home receive at least one unannounced visit each year

✓ 826

announced assessment contacts where we were doing follow-up visits to monitor required improvements.

✓ 80

homes had a timetable for improvement imposed

565

home care quality reviews were conducted

87

home care assessment contacts were conducted

82

services had a timetable for improvement imposed

54,369

Care recipients and their representatives were interviewed



# PARTONE

The Quality Agency



# OVERVIEW OF THE QUALITY AGENCY

The role and functions of the Quality Agency are set out in the *Australian Aged Care Quality Agency Act 2013 (the Act)* and the associated Quality Agency Principles 2013.

The Act sets out the following functions for the Quality Agency for the CEO and Quality Agency staff:

- ✔ to accredit residential care services in accordance with the Quality Agency Principles, and the Accreditation Standards made under the *Aged Care Act 1997*;
- ✔ to conduct the quality review of home care services in accordance with the Quality Agency Principles 2013, 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 2013;
- ✔ 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 2013;
- ✔ 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.

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)*.

It is a portfolio body in the Social Services portfolio.

Mr Nick Ryan is the Chief Executive Officer.

# OUR VALUES

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

## Impartial

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.

# RESPONSIBLE MINISTER

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

## AGED CARE QUALITY ADVISORY COUNCIL

The Aged Care Quality Advisory Council (Advisory Council) was appointed in February 2015 and is chaired by Ms Andrea Coote.

Each Advisory Council member is appointed by the Minister and the Advisory Council provides advice to the Australian Government and the Quality Agency on its functions and operations.

The Advisory Council's functions, as set out in the Act, are:

- ✓ on its own initiative, to provide advice to the CEO in relation to the CEO's functions; and
- ✓ 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 Advisory Council had its inaugural meeting on 15 April 2015. The following Advisory Council Members were in attendance:

- ✓ Ms Andrea Coote (Chair)
- ✓ Ms Carol Bennett
- ✓ Dr Matthew Cullen
- ✓ Dr Stephen Judd
- ✓ Mr Paul Sadler
- ✓ Mr Ian Yates
- ✓ Ms Rae Lamb (ex officio) Aged Care Commissioner
- ✓ Ms Carolyn Smith (ex officio) Acting Deputy Secretary Department of Social Services

The Advisory Council met again in June and was addressed by Minister Fifield.



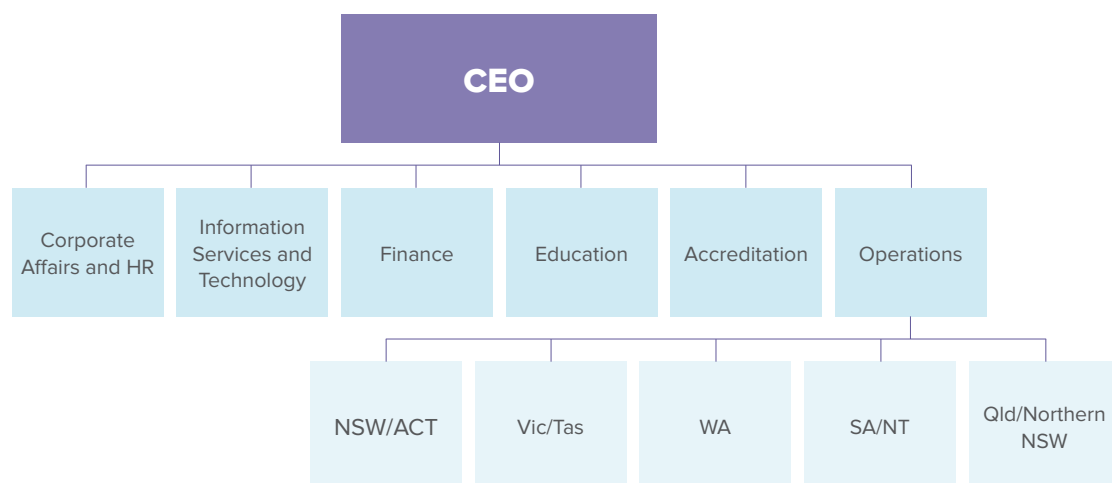
# ADVISORY COUNCIL



Left to right: *Dr Stephen Judd, Ms Carol Bennett, Dr Matthew Cullen, Mr Ian Yates AM, Ms Andrea Coote, Ms Fiona Buffinton (ex officio and replaced Ms Carolyn Smith in August 2015), CEO Mr Nick Ryan, Mr Paul Sadler, Ms Rae Lamb (ex officio).*

# ORGANISATION STRUCTURE

## up to 30 June 2015



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>✓ Quality assurance accreditation / review programs</li> <li>✓ Reviews and reconsiderations</li> </ul>	<ul style="list-style-type: none"> <li>✓ State offices</li> <li>✓ Case management</li> <li>✓ Accreditation activity</li> <li>✓ Education delivery</li> </ul>

# GOVERNANCE CHANGES

## From 1 July 2015

The organisation was restructured on 1 July 2015 to streamline national office operations.

The restructure included the creation of three Senior Executive Service roles overseeing three branches:

- ✓ Corporate Services and Strategy
- ✓ Programs and Education
- ✓ Operations.

The appointment of the three Senior Executives completed the creation of the Quality Agency as a statutory APS agency, as envisaged in the enabling legislation passed by the Parliament in 2013. The appointed Senior Executives are:



**Ms Seema Srivastava**

Deputy Chief Executive Officer  
and Executive Director  
Corporate Services and Strategy



**Ms Christina Bolger**

Executive Director Programs and Education



**Ms Ann Wunsch**

Executive Director Operations

Profiles are available on our website [www.aacqa.gov.au](http://www.aacqa.gov.au)



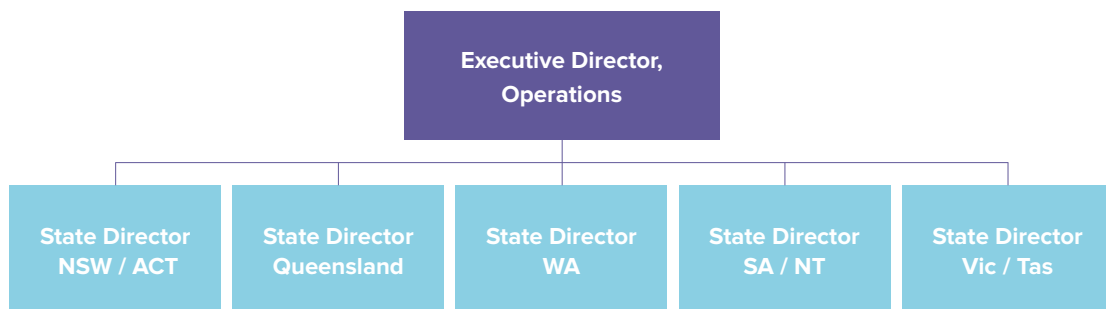
# NEW QUALITY AGENCY STRUCTURE

From 1 July 2015



# NEW STATE OFFICE STRUCTURE

From 1 July 2015



# 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 Executive Coordination Group comprising of Executive Directors to assist in fulfilling the functions under the Act.

The Quality Agency established, in accordance with the PGPA Act 2013 an Audit Committee. The Audit Committee function is to report to the CEO on matters relating to compliance with obligations under the PGPA Act 2013, any regulations and Finance Minister's Orders, providing a forum of communication between the Chief Executive, senior managers, internal auditors of the Quality 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 includes two external members and a senior Quality Agency manager.

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 in place are working efficiently and effectively in order to satisfy the compliance requirements of the Act, the PGPA Act 2013 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.

# AGENCY RESOURCES STATEMENT 2014-15

		Actual available appropriation 2014-15 \$'000 (a)	Payments made 2014-15 \$'000 (b)	Balance remaining 2014-15 \$'000 (a)-(b)
<b>Ordinary annual services<sup>1</sup></b>				
<b>Departmental appropriation</b>		20,142		
s74 Relevant agency receipts		24,111		
s75 Transfer of appropriation		4,517		
<b>Total</b>		<b>48,770</b>	<b>38,358</b>	<b>10,412</b>
<b>Total ordinary annual services</b>	<b>A</b>	<b>48,770</b>	38,358	
<b>Other services</b>				
<b>Total other services</b>	<b>B</b>	-		
<b>Total available annual appropriations</b>		<b>48,770</b>		
<b>Special appropriations</b>				
<b>Total special appropriations</b>	<b>C</b>	-		
<b>Total appropriations excluding Special Accounts</b>		<b>48,770</b>		
<b>Special Accounts</b>				
<b>Total Special Accounts</b>	<b>D</b>			
<b>Total Resourcing A+B+C+D</b>		<b>48,770</b>		
<b>Total net resourcing for the Australian Aged Care Quality Agency</b>		<b>48,770</b>		

<sup>1</sup>For the year 2014-2015.

# INDIGENOUS RECOGNITION

In 2014-15 we undertook the following initiatives to promote recognition of indigenous people and their needs in aged care:

- ✓ We invite a local elder to conduct 'Welcome to Country' at each Better Practice conference.
- ✓ We include a number of themes in every Better Practice conference that looks at quality of life in aged care and the experience of providing care in rural and remote areas in our concurrent sessions.
- ✓ The 2015 Better Practice Awards program included a 'special needs' category to recognise programs directed at Aboriginal and Torres Strait Islanders.
- ✓ We helped celebrate NAIDOC Week by raising awareness, through visual reminders including intranet and signature block logos for NAIDOC week, and held special gatherings and so on with Indigenous guest speakers.

We commenced and will continue with:

- ✓ Cultural awareness training, already provided to assessors and reviewers, will be broadened across our organisation.
- ✓ We're also looking to use our purchasing power to support Indigenous businesses. Our 'Supporting Indigenous Procurement' policy supports the whole-of-government initiative to use our purchasing power to support and help make sustainable Indigenous-owned businesses and employment.
- ✓ When we book accommodation, where reasonably possible we will support Indigenous-owned businesses, particularly now that we have more regional, rural and remote visits.

The Quality Agency is a corporate member of Supply Nation and seeks to source goods and services through businesses registered with Supply Nation. Supply Nation is the Australian leader in supplier diversity, established in 2009 to connect members with Indigenous businesses across the country.





# PARTTWO

Accreditation and Quality Review



# OVERVIEW

We review and assess the performance of aged care service providers across a number of programs. We review and assess the performance of residential aged care providers through the ‘accreditation’ process, and we review and assess the performance of home care service providers through the ‘quality review’ process.

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## RESIDENTIAL 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 PERFORMANCE OF HOMES 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.

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. Unannounced is unannounced. No notice is given.

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, we set a timetable for improvement (TFI) by which the approved provider must demonstrate they meet the Standards. TFIs are generally three months and we will visit throughout the TFI period to assess progress. These visits may be weekly or monthly depending on the extent of failure identified.

In 2014-15, 80 homes were placed on a time table for improvement. 90 TFIs were resolved within the timeframe. This includes homes that were on an existing TFI prior to the start of the financial year.

## 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.



# 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 takes 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.

## ASSESSMENT CONTACTS

An assessment contact is a visit where we assess performance against the Accreditation Standards.

In 2014-15 we conducted 3,704 assessment contacts.

There are two types of assessment contacts:

- ✓ Announced. This is usually a follow-up visit where we are monitoring a home's progress against a timetable for improvement, or where we have given notice that we want to assess the sustainability of improvements made;
- ✓ Unannounced. This can be where we have information which would indicate concerns about a provider's performance, or where we wish to conduct an 'in-between monitoring visit' to ensure the aged care service provider is maintaining services in accordance with standards, or where we want to assess the sustainability of improvements made.

It is an Australian Government policy requirement that every aged care home receive at least one unannounced visit each year. Unannounced means unannounced and no notice is given.

Assessment contacts, whether announced or unannounced, 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 are usually focused on certain aspects of care and services and may involve:

- ✓ a targeted review of specific expected outcomes.
- ✓ a thematic review eg care assessment, planning and action; or staffing management systems; or complaints, comments and suggestions.
- ✓ or a combination of the above.

Assessment contacts may also involve an overview of the home's performance against all the Accreditation Standards.



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. 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.

## 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 2014-15 year, we made 1,280 reviewable decisions and were asked to reconsider nine.

In the 2014-15 one application for review of a decision was made to the AAT.

## 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.

# HOME CARE ASSESSMENT CONTACTS

Assessment contacts for home care services were introduced in legislation in the Quality Agency Principles 2013. Assessment contacts may be in the form of a site visit or a telephone call (Assessment contact – desk). Quality reviewers assess the performance of the service against the Standards and may review the service’s plan for continuous improvement. The Quality Agency must notify services of an assessment contact in the form of a visit at least 14 days prior to the planned date.

## 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 CEO 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.

## CASE MANAGEMENT

Our tailored approach to monitoring of aged care service providers is referred to as ‘case management’. The purpose of case management is to protect the health, safety and wellbeing of those who receive care and services 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 service provider’s performance.

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

Our case management approach means that any new information we receive 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 monitoring program is based on a continually updated assessment of all information that we have about each aged care service provider, aged care home, or home care service outlet.

# QUALITY REVIEW OF AGED CARE IN THE COMMUNITY

From 1 July 2014, we have been responsible for the quality review of aged care services in the community.

Participating services and programs include:

- ✓ Home care services (home care level 1-4 packages)
- ✓ Commonwealth Home Support Program (CHSP)
- ✓ National Aboriginal and Torres Strait Islander Flexible Aged Care Program (From 1 August 2014)

We conduct quality review of services under these programs to assess their performance against the Home Care Standards. It is the responsibility of providers to demonstrate that care and services are provided in a way that meets the Home Care Standards.

The Home Care Standards comprise of three Standards and 18 expected outcomes. All home care services and services under CHSP undergo a quality review at least once every three years.

There are a set of Quality Standards for the National Aboriginal and Torres Strait Islander Flexible Aged Care Program under the Quality framework. The Quality Standards consist of two Standards and nine expected outcomes. All services under the Quality framework undergo a quality review at least once every two years.

Quality review involves a visit to the service to carry out an assessment, interview staff and management about their systems, processes and practices. Sampling care recipient records, review documents such as policies, procedures, agreements and registers, interview available care recipients or representatives, observing any activities in progress and any interaction with care recipients or representatives. Care recipients or representatives are invited to contact the Quality Agency and provide feedback about the care and services they receive prior to the quality review.

The quality review team prepares an Interim quality review report setting out the interim assessment of the performance of the service against the Home Care Standards or Quality Standards. The service is invited to respond to the information in the Interim quality review report before a final report is prepared. An independent decision-maker from the Quality Agency considers the information from the quality review team, any response from the service and any other information we may have about the provider and the service. A decision is then made about the service's performance against the Standards. A Final quality review report is then given to the provider which sets out the results of the decision and any areas for improvement should there be any failure to meet the Standards.

# COMMONWEALTH HOME SUPPORT PROGRAM

The Commonwealth Home Support Program (CHSP) commenced on 1 July 2015. The CHSP is one of the changes being made to help older people stay independent and in their homes and communities for longer.

The CHSP brings together four programs:

- ✔ Commonwealth Home and Community Care (HACC) Program
- ✔ Planned respite from the National Respite for Carers Program (NRCP)
- ✔ Day Therapy Centres (DTC) Program
- ✔ Assistance with Care and Housing for the Aged (ACHA) Program

The CHSP is one consolidated program that provides entry-level home support for older people who need assistance to keep living independently at home and in their community.

## 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 AND HOME CARE SERVICES STATUS

**Accreditation status of residential aged care homes** as as 30 June 2015

Number of homes accredited for:	NSW	VIC	QLD	SA	WA	TAS	ACT	NT	Australia
Less than one year	0	0	0	0	0	0	0	0	0
One year - Commencing homes	5	8	4	1	1	1	1	0	21
One year - Existing homes	2	0	3	1	2	0	0	0	8
More than one year but less than two years	1	0	1	0	0	0	0	0	2
Two years	15	10	16	4	2	0	0	2	49
More than two years but less than three years	3	1	1	0	0	0	0	0	5
Three years	849	737	421	203	233	77	24	12	2,661
Five years *	0	0	0	46	0	0	0	1	47
Total accredited homes	875	753	446	255	238	78	25	12	2,682

**Home care services** as at 30 June 2015

Number of Services	NSW	VIC	QLD	SA	WA	TAS	ACT	NT	Australia
	910	245	768	207	109	124	36	98	2,497

\* Residential aged care homes receiving five year accreditation were part of the South Australia Innovation Hub.



# PARTTHREE

Education



# OVERVIEW

The Quality Agency has a statutory function to promote high quality care through information, education and training. This was a busy year with new education products developed and implemented for home care services.

## Highlights this year:

### HOME CARE

- ✔ We engaged with home care services about their educational needs and preferences and developed and launched our first home care educational products.
- ✔ A new workshop for residential aged care – Managing accreditation performance everyday – was developed and launched.
- ✔ Our move into the eLearning environment began with scoping of our online needs and the establishment of an agreement with LearnHub – a shared services APS eLearning platform provider – that can support both industry education and the Quality Agency's learning needs in the digital environment.

### EDUCATION

- ✔ QUEST sessions were attended by 8,863 participants.
- ✔ Workshops and courses were attended by 1,846 participants.
- ✔ Better Practice conferences were attended by 1,567 delegates, and we extended our reach by taking this program to Darwin for the first time.

# MEETING EVOLVING NEEDS IN A CHANGING SECTOR

The Quality Agency developed a new two-day course to better equip home care service managers to understand the quality review and audit processes and to assist them with the information they needed to comply with the standards.

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After testing a pilot course with the industry we have now implemented the course for the home care sector.

*"The course has given greater insight into home care common standards and confidence in the quality review process."*

*"Good to understand the bigger picture."*

*"Gave us the opportunity for some hands-on practice."*

*"It has been a great learning experience."*

*"Enjoyable session with practical applications... always useful to improve understanding."*

*"Great information on LGBTI, in particular cross-referencing against the expected outcomes."*

*"So great to have the process and timeframes clearly articulated."*

## **Feedback from participants of the pilot course**

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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 and quality of life for care recipients.



## Launching into home care education

Our industry education needs analysis is conducted every two years. This year we engaged with home care services for the first time to learn more about their educational needs, preferences and expectations. Home care services told us they wanted accessible, affordable and flexible educational products that they can access through multiple learning channels. As a result we developed and launched Qhome - a free, online, work-based learning resource to support home care service provider and staff. Qhome contains general information about the quality review process and the Agency, together with nine topics supporting performance against the Home care standards – including the Home Care Standards, Quality review overview, regulatory compliance, continuous improvement, risk management, assessment, care planning and re-assessment, privacy and confidentiality and using care recipient feedback. Qhome is available for free download from our website.

We have also been working on the development of a two-day Understanding quality review course for the home care sector. This course is designed to support home care services demonstrate performance against the Home Care Common Standards. The course is due for industry pilot in August 2015 and will be provided to industry through our existing partnerships with peak aged care industry associations.

Qhome



# QUEST

The QUEST program continues to be popular with residential aged care 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. Participants and approved provider feedback demonstrates the value of these sessions in terms of relevance of content and relationship building between the Agency and homes' staff.

*"Thanks for coming out to our home for the QUEST education. It was a very important opportunity for my team to realise that accreditation is about building strong relationship with the agency. This will help change to long held views by some people about accreditation. Once again thank you very much. We are looking forward to our re-accreditation site audit."*



## UNDERSTANDING ACCREDITATION COURSE

This course continues to be a popular option for aged care homes and 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 2014, we have renewed our partnership agreement/Memorandum of Understanding (MOU) 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. We also signed a new MOU with Aged and Community Services Tasmania to run the course from June 2015.

Our organisation direct courses have been equally popular with organisations especially in remote locations where we have delivered courses to aged care homes directly (for example Flinders Island in Tasmania).

During the year, we delivered a total of 73 Understanding Accreditation courses including both public and in house courses completed by a total of 1,069 participants.

## ONE-DAY WORKSHOPS

A new workshop topic, Managing accreditation performance was developed in response to an unmet need for staff that have a good understanding of accreditation but want to learn more about achieving consistent and improved quality performance. The workshop has been very popular with all five public workshops across all states at full capacity and two in house workshops conducted.

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 have delivered a total of 44 workshops on various topics offered as both public and in house workshops. A total of 704 participants attended our one-day workshops.

## QUALITY ASSESSOR AND QUALITY REVIEWER TRAINING PROGRAMS

The Assessor course is a rigorous program which includes pre-course learning, an on-site observation, and a two-week classroom-based program facilitated by expert trainers. The assessor course is based on adult learning principles and includes both formative and summative assessments.

To support our workforce needs during this year's accreditation round, six assessor courses were conducted with a total of 73 participants successfully completing the course and gaining registration as quality assessors.

We also developed a new quality reviewer course to support the foundation training of new quality review staff. This program was conducted with 14 participants successfully completing the course.



# RESOURCES, INFORMATION AND SUPPORTING INDUSTRY



## YouTube channel videos

Through our collaboration with the Aged Care Channel we have co-produced three programs, *Conversations about Death*, *The Power of Storytelling* and *Innovation versus compliance*. The programs are available to view on our YouTube channel..



## Results and processes guide app for smartphones and tablets



(available on itunes and Google play)

The R&P Guide app version 1.1 can be downloaded on mobile phones and tablet devices.

## Quality Standard



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

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.

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, content of the Quality Standard has broadened to include information that is relevant to home care service providers, including the processes for quality review.

Overall distribution of Quality Standard continues to grow, with an increase of 16 per cent in the online format, emailing over 5,000 subscribers, home contacts, staff and assessors each month. Print distribution has remained steady at 8,000 per month. From July 2015, the Quality Standard will be distributed online only, via email and on the website, with a pdf version available for downloading and printing.

## Fact sheets

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. Fact sheets can be found under resources on our website [www.aacqa.gov.au](http://www.aacqa.gov.au).





# BETTER PRACTICE CONFERENCES

During the year seven Better Practice conferences were held with 1,567 delegates attending. The theme for the 2014 Better Practice conferences was Choose your own adventure. What does choose your own adventure mean? It's about taking control of your life and where you are heading. Care recipients want to choose how they live their lives – when they shower, when they eat, and how they spend their time each day.

Our international key note speakers provided insightful presentations on dementia care. Dr Claire Surr from Bradford University explored perspectives on understanding the experience of residents through observation and Dr David Sheard, Chief Executive/Founder of Dementia Care Matters in the UK, focused on creating a new culture of care where people with dementia are no longer seen as a body with symptoms but where feelings really matter most.

The program also explored conversations about death, grief and living. Delegates were thoughtfully engaged by a play Four Funerals in One Day, which was followed by a robust and challenging facilitated panel discussion.

During lunch delegates had the opportunity to view a riveting and inspiring story, Ping Pong – never too old for gold. This documentary follows the lives of eight table tennis players from four continents, as they train to compete in the World Over 80s Table Tennis Championships in China.

## What our conference delegates are saying:

*"It was a pleasure attending the conference again and to take on board new ideas and suggestions and be able to make a difference in applying them to my facility. This conference also recharges your batteries and sheds a fresh light on your work each year."*

*"I have enjoyed the conference as it is a way for us to share inspiring stories across home care services. The panel discussion encouraged us to focus on individualised care and improve innovation and quality in aged care services."*

*"Highlight of my year and this year was no exception! Always organised, interesting and makes you try to implement ideas and think of new innovations. For us small stand-alone facilities it is priceless, the ability to network and learn from others. Fabulous energy."*





# PARTFOUR

Stakeholder relationship management



# ENGAGING WITH AND LEARNING FROM STAKEHOLDERS

We recognise that the decisions we make and the actions we take in performing our regulatory roles and other activities affect a wide range of consumers, businesses and organisations. 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, Executive Directors and State Directors 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 Directors 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.

## GRANTS

The Quality Agency does not award any grants.

## INFORMATION PUBLICATION SCHEME

As part of major reforms to FOI legislation, the Information Publication Scheme (IPS) was established in 2011 (see Part II of the *Freedom of Information Act 1982* (FOI Act)). The IPS replaces the former annual report publication requirements in section 8 of the FOI Act. The IPS provides a statutory framework for pro-active publication of information by agencies.

As part of the IPS, agencies are required to publish, on a website, 10 categories of information, including information about the agency's structure, functions and statutory appointments. Agencies must also publish 'operational information' that guides decisions or recommendations affecting members of the public as well as information about how the public can comment on policy proposals. Further information about the IPS is available online at [www.oaic.gov.au/freedom-of-information/freedom-of-information-act/the-information-publication-scheme](http://www.oaic.gov.au/freedom-of-information/freedom-of-information-act/the-information-publication-scheme).

# PRESENTATIONS

Presentations were made by Quality Agency executives and senior staff at a number of industry conferences and forums, available on our website.

Presentations	Presenter
Presentation to Aged and Community Services Association, SA/NT	Chief Executive Officer, Nick Ryan
Presentation to Aged and Community Services Association, NSW/ACT	Chief Executive Officer, Nick Ryan
Leading Aged Services Q Conference	General Manager Accreditation, Ross Bushrod
Tristate Albury	Acting Chief Executive Officer, Chris Falvey
Better Practice Conference audio recording	Chief Executive Officer, Nick Ryan
LASA Queensland	State Manager Queensland, Tracey Rees



# PARTFIVE

Quality assurance and quality improvement



## Benchmarking against international best practice in accreditation programs

We seek to be a best practice regulator and ensure our accreditation frameworks stack up against recognised accreditation frameworks internationally. We are accredited by the International Society for Quality in Health Care (ISQua). ISQua is the international body that accredits accreditation bodies and is recognised worldwide for promoting quality and best practice in health care. ISQua members play a critical role in developing standards, particularly for developing countries.

Our ISQua accreditation extends to our assessor training program and is formal recognition that our performance has been assessed by peer reviewers against international standards.

As a member of ISQua, we also conduct peer reviews of other accreditation organisations and exchange our knowledge, experience and insight with accreditation bodies across Australia and internationally.



# QUALITY ASSURANCE AND QUALITY IMPROVEMENT

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 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.

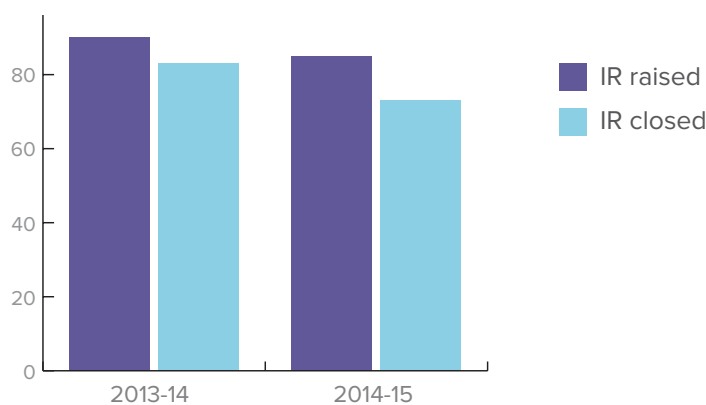
The Quality Agency has ISQua organisational accreditation and accreditation for the assessor training. We have organisational accreditation until August 2017. Our assessor training program is accredited until November 2015.

# 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



### Continuous improvement starts on the inside - modelling a learning culture

The Quality Agency seeks to model the type of behaviour we expect to see in those we regulate. Staff are actively encouraged to identify improvement to strengthen process, achieve efficiencies and improve regulatory outcomes.

We have made changes to improve our communication, our documentation of audits and to improve systems and processes. For example: One of the suggestions from staff was to improve communication with recipients of home care, around the process of quality review and how they can be involved. We conducted a telephone survey of home care providers and gathered feedback from our quality reviewers and operations team. Using the feedback, we were able to compile an easy to understand letter for care recipients, simplifying the process and inviting them to get involved. This letter was then translated into 20 community languages.

Another suggestion from staff was around ensuring safety of staff by assessing the risk factors associated with travelling to various locations – such as weather conditions, flood, bushfire, cyclone and wildlife on the roads. Information was collected and recorded in our system so that our assessors and quality reviewers are equipped and the agency prepared e.g. the requirement for a 4WD in certain locations, look out for wildlife on the roads, watch out for ice on the road and what to do in the event of a flooded road.

# 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.

In 2014-15 all complaint responses were reviewed by the Director Strategy and Governance who has overall responsibility for complaints management. All complaints are reviewed and are followed through by the relevant Director or State Director.

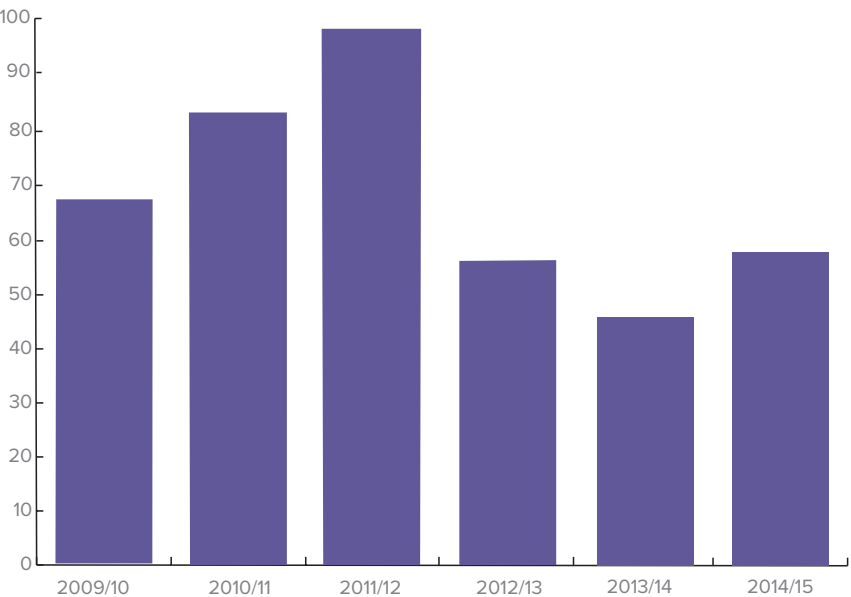
As part of our complaint processes, we aim to provide a finalised written response within 28 days or, where this is not possible, we keep the complainant informed about progress. A small number of complaints were complex and required more thorough investigation.

We received 57 complaints during the year, compared with 46 the previous financial year. We closed 55 complaints during 2014-15 which included three complaints received in 2013-14.

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.

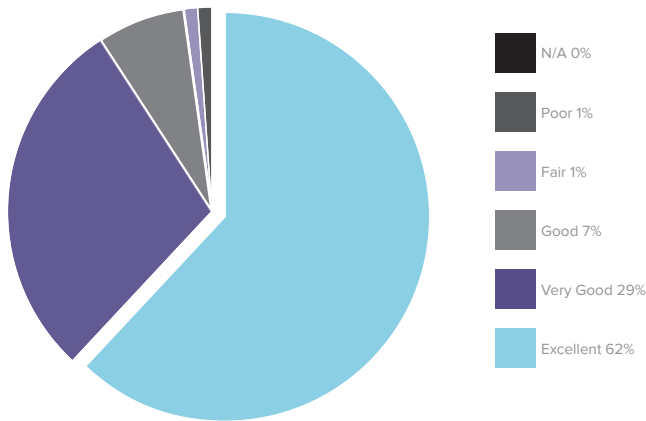
There were 3,042 forms returned in the reporting period. This represents a return rate of 59 per cent. Of the responses received, 2,199 people identified themselves representing 72 per cent of returned questionnaires. The comments made on the feedback forms were both positive and negative and are used 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 2014-15, 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.

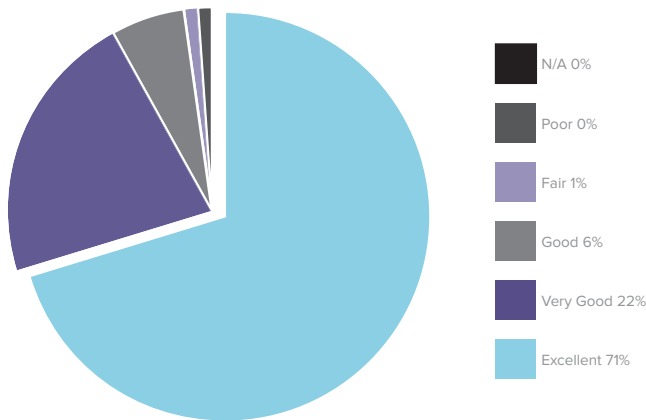


# Feedback 1 July 2014 – 30 June 2015

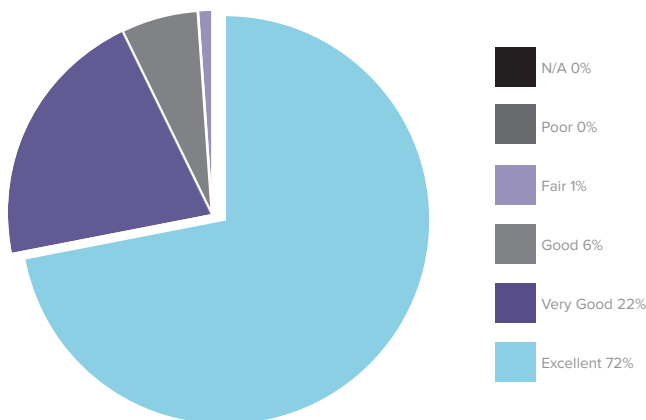
Allowing care staff to continue their duties during the visit



Overall how would you rate the assessment team's performance?



The team's knowledge and understanding of aged care



# 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 examined one complaint about the Quality Agency and made recommendations to improve its processes. The Quality Agency accepted all four recommendations and has implemented two of them. The Commissioner may also initiate an examination of our processes for accrediting residential care services. The Commissioner completed an own initiative examination of the process of referral of information between the Aged Care Complaints Scheme and the Quality Agency. The Quality Agency accepted all recommendations related to it and had implemented one as at 30 June 2015.

A 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).

The Government has determined that as of 1 January 2016 the aged care complaints will transition to the Aged Care Complaints Commissioner.

## IMPROVEMENTS

In 2015 we reviewed all review audit decisions, all less than three year accreditation decisions and a sample of all three year decisions for 2014-15.

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.

- ✔ 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 level and at an organisational level, we strive to continuously improve.

Client contact standards	
We aim to respond to general inquiries 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
The following measures will be used to assist monitoring our compliance with our commitment to service quality:	
✓ Feedback shows 95 per cent of approved providers are satisfied with the Quality Agency's performance	✓ Met
✓ 100 per cent compliance with the PGPA Act, and Government requirements	✓ Met
✓ Maintenance of Quality Management System to ensure certification is maintained.	✓ Met
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
Implementation of the quality assurance program reflects:	
✓ Our commitment to performing high quality work in a way that is consistent with our values, code of conduct, and approved audit methodology	✓ Met
✓ Our commitment to effective and accurate assessment and decision-making of residential aged care homes' care and services to residents	✓ Met
✓ Our commitment to providing information about performance and better practice in a way that promotes quality improvement of resident care and services.	✓ Met

# COMCOVER INSURANCE

The Quality Agency's results for the ComCover 2014 Risk Benchmarking Survey placed the Agency in the top 70 per cent of all agencies.

An overall level of risk maturity of rating of 'integrated' was achieved, indicating that our risk management framework is embedded into the operations of the Quality Agency and is an ongoing part of the Quality Agency overarching governance and management practices.

## MAJOR IT SYSTEMS ROLLOUT

### E-tivity

Better Business Program (BBP) is our accreditation operating platform and our flagship business application. The agency implemented a planning and scheduling application called E-tivity that standardises scheduling across the different states and supports automated operational data exchange in BBP.

E-tivity includes an online portal where assessors can view schedule, travel arrangements and update their availability. E-tivity has improved scheduling efficiency and facilitates a more granular and holistic operational reporting to support management decision making assisting our productivity progress.

### BBP and home care information

During the year, we became responsible for accrediting home care services and acquired Home Care Quality Review Program and its related quality review operations.

In July 2014 we began working with our Quality Review colleagues to understand their workflows and processes with a view to managing home care information in BBP. By November we commenced user acceptance testing and through some detailed work by various state and administration teams, home care information was successfully integrated into BBP to support the quality review activities in January.

### BBP releases

Throughout the year our Better Business team continued their ongoing maintenance of BBP and rolled out four major releases incorporating 51 system improvement requests to improve functionality, efficiency and usability.

# COMMONWEALTH COMPLIANCE PROJECTS

Since becoming a portfolio agency of DSS, the Quality Agency has a number of current projects to ensure various APS compliance.

Some of these areas are:

- ✔ Protective Security Policy Framework (PSPF) to ensure agency's security comply against Commonwealth Security.
- ✔ Information and Record Management to ensure agency comply with National Archives of Australia (NAA).
- ✔ Web Accessibility Guidelines 2.0 to ensure agency comply with Australian Government Information Management Office (AGIMO).

## IT INFRASTRUCTURE AND NETWORK

During the year, we relocated our Melbourne and Adelaide offices. This involved ICT infrastructure, network and telephony migration from old to new offices.

As our offices' leases expired, ICT infrastructure had to be relocated to these new sites.

ICT infrastructure at these new offices provide our staff with faster and more economical services with the provision for future infrastructure expansion. Additionally we ensured this work complied with the Protective Security Policy Framework.

## 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 CEO, 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.

# ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE

The Quality Agency is committed to the ecologically sustainable development goals of the *Environment Protection and Biodiversity Conservation Act 1999*.

The Quality Agency promotes reduction in use of resources and 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 2014-15 paper consumption was 796,449 pages.
- ✔ Reduce electricity consumption Electricity consumption continues to be monitored and reviewed. National kilowatt consumption ranges between 315,000 and 320,000 per annum.
- ✔ Recycle all paper materials by continuing to supply recycling bins throughout the Quality Agency.







# PARTSIX

People



# WORKFORCE PLANNING, STAFF RETENTION AND TURNOVER

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

As at 30 June 2015, staff numbers were at 266.55 fulltime equivalent. This includes term-defined employees and 39 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 six per cent, down three per cent on the previous year. Staff retention has increased as has staff length of service.

The Quality Agency attracts and employs a large number of older employees. Of the Quality Agency's 286 employees, 175 (61%) are over 50 years of age, and 73 (25%) are over 60 years of age. The Quality Agency also has staff over 75 years of age.

## Staff by classification/gender/location (FTE)

Classification	Gender	NSW Divisional	NSW State	QLD	SA	TAS	VIC	WA	Totals
<b>APS3</b>	Female	7.53	10.00	5.00	3.00		6.20	3.03	34.76
	Male	1.00					1.40		2.40
<b>APS4</b>	Female	12.20	3.00	1.00			3.00		19.20
	Male	4.00		1.00					5.00
<b>APS5</b>	Female	8.39	6.00	4.50	9.00		9.60	6.00	43.49
	Male	3.00	2.00		1.00		5.00	1.00	12.00
<b>APS6</b>	Female	4.00	32.45	21.89	13.50	2.00	26.30	6.50	106.64
	Male	4.00	4.00	4.00			6.00	2.00	20.00
<b>EL1</b>	Female	2.00	2.00	2.00	1.00		1.00	1.00	9.00
	Male	4.00					1.00		5.00
<b>EL2</b>	Female	3.00	1.00	1.00	1.00		1.00		7.00
	Male	4.00						1.00	5.00
<b>TOTAL</b>		<b>57.12</b>	<b>60.45</b>			<b>2.00</b>	<b>60.5</b>		<b>269.49</b>

## Workforce planning, staff retention and turnover

Staff	Headcount	FTE
Total	285	269.50
Ongoing	248	232.70
Non-ongoing	37	36.80
SES	0	0.00
EL1 and 2	26	26.00
APS 1-6	259	243.50
Average Age	52	n/a
Average length of service in Agency (years)	5.64	n/a
Female (per cent)	82	n/a
Proportion Male (per cent)	18	n/a
Proportion Part-Time	15	n/a

## Staff by classification/gender/location (headcount)

Classification	Gender	Non-ongoing Full-time	Non-ongoing Part-time	Ongoing Full-time	Ongoing Part-time	Totals
APS3	Female	7	1	21	9	38
	Male			2	1	3
APS4	Female	3		14	3	20
	Male	1		4		5
APS5	Female	18		22	5	45
	Male	2		10		12
APS6	Female	1		92	23	116
	Male	1		19		20
EL1	Female			9		9
	Male	1		4		5
EL2	Female	2		5		7
	Male			5		5
Totals		36	1	207	41	285

# 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 1997*) 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).

The Quality Agency is currently negotiating an Enterprise Agreement.

274 staff are covered by the Australian Aged Care Quality Agency Determination of terms and conditions of employment for non-SES staff 2014-2015. This took affect 1 January 2014.

In addition 11 staff are covered by individual section 24 (1) determinations which set out their terms and conditions. This also took affect 1 January 2014.

Non salary benefits available to staff are access to Employee Assistance Program; study assistance; purchased leave; paid maternity and parental leave; home-based work; flex time and healthy lifestyle reimbursement allowance.

## Salary ranges

The current section 24 (1) Determinations does not contain salary ranges. These will be included in the EA currently being negotiated.

# LEARNING AND DEVELOPMENT

The Quality Agency has continued to provide a wide range of learning and development opportunities to all employees. In late 2014, a review of the Quality Agency development opportunities to all employees was undertaken and this has led to some changes in the way we deliver opportunities. Key changes centre on prioritising Quality Agency strategic learning and development needs and on the adoption of the learning model 70:20:10 which recognises the effectiveness of on-the-job learning.

Formal studies continue to be supported and in 2014, 47 staff accessed Study Assistance and/or Study leave. 112 days of study leave were recorded. This almost doubled the assistance and leave recorded in 2013. An impact evaluation of the successful business qualifications program that ran in 2013-14 was undertaken and confirmed both qualitative and quantitative benefits were gained by both individuals and the Agency. A total of 53 graduates gained Advanced Diplomas (10), and Diplomas of Business Management (34) and Certificate IV in Frontline Management (9).

For participating individuals advised, it lifted personal confidence and job satisfaction levels and for many experienced workers delivered them their first formal qualification. The program also delivered modest productivity gains for the organisation based on improvements to work efficiencies of up to two hours per person per week.

*Coaching for performance everyday* is our approach to people management focusing on the importance of coaching every day. There is a strong link to our learning and development framework as the learning and development needs of employees are often identified through the discussions managers and employees have during the performance management cycles.

*Coaching for performance everyday* and has proved popular with staff. It is easy to use, provides immediate access to current and past reviews, and provides more accurate data collection and storage of records and less paper waste.

The Quality Agency has been running the *Mentoring for all program* since 2010. An evaluation of the program carried out in late 2014 confirmed it is highly valued by both new employees and the experienced staff who enjoy being able to share their skills and knowledge.

High levels of recruitment during 2014 meant we needed more mentors trained. A two-day workshop to give new mentors the behaviours and skills in communication, problem solving, goal setting, and working with diversity and adult learning was delivered in-house in October 2014.

The Agency currently has 52 mentors across the organisation and over the last year alone they delivered mentoring to 56 new employees.

*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.

## CARER REPORTING

Through its *Carer Recognition Act 2010* (the Carers Act), the Australian Government recognises the exceptional contribution made by unpaid carers.

The Carers Act stipulates that carers should have the same rights, choices and opportunities as other Australians. To help achieve this, the Carers Act sets out reporting and consultation obligations for Australian Public Service agencies with responsibilities towards carers.

We are committed to providing and maintaining a safe and healthy workplace and meeting its responsibilities under *Commonwealth Work Health and Safety Act 2011*.

We are currently developing an integrated carer recognition strategy in our first full year of operation.

The strategy will address the agency's obligations to take all practicable measures to ensure that employees are aware of the Statement for Australia's Carers through our learning and development strategy.

This strategy will be integrated within our existing human resources policies.

# DISABILITY REPORTING

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 [aps.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 *2010-2020 National Disability Strategy* 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 at [disability.gov.au](#).

## #Q WEEKLY NEWSLETTER

#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 363 assessors on the register for aged care quality assessors as at 30 June 2015, 183 are permanent employees of the Quality Agency. Our 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.

## Continuing Professional Development (CPD)

With the arrival of Quality Reviewers into our workforce, a review of the original Assessor Development Program (ADP) was undertaken.

The aims of the newly created CPD program remain the same:

- ✓ Develop assessor/reviewer skills and knowledge and maintain currency related to industry environment and government policy agenda.
- ✓ Contribute to the annual 15 hours of professional development required to be undertaken by all assessors to maintain their registration.

CPD half day sessions, held approximately every two months in all State offices, provide on-going training to assessors and reviewers about contemporary audit techniques and methodologies, as well as general industry developments, government policy and legislative updates. Sessions utilise a range of approaches for professional development. Learning methodologies include workshops, on line activities and other learning options e.g. webinars. 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.

Over the last year we have created effective partnerships with many industry groups in order to access technical experts to help deliver a range of learning opportunities to our assessor and reviewer workforce, both face to face and online, covering issues such as: difficult conversations, dementia, special needs groups such as the Lesbian, Gay, Bi-sexual, Transgender and Intersex people and Consumer Directed Care.

## WORK HEALTH AND SAFETY

The Quality Agency is subject to the Commonwealth *Work Health and Safety Act 2011*. We are committed to providing and maintaining a safe and healthy workplace and meeting its responsibilities under the Commonwealth *Work Health and Safety Act 2011*.

We are committed to providing and maintaining a safe and healthy workplace and meeting its responsibilities under 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.

On an annual basis, the Quality Agency runs a free flu vaccination program for all employees.



An amount of up to \$200 may be reimbursed each financial year upon production of receipts for costs spent on Healthy Lifestyle initiatives.

We also provide free confidential professional counselling services via the Employee Assistance Program and regular ergonomic assessments.

Any corrective measures identified as a result of these assessments, such as specifically tailored ergonomic equipment, are provided as quickly as possible. We will continue to review our health and wellbeing strategies during 2015–16.

During the year, there were ten days lost due to injury. There were four new claims during the reporting period.

# INDIGENOUS REPORTING

As a part of its response to the Forrest Review, Creating Parity, the Australian Government announced a new Indigenous employment target across the Commonwealth public sector. Departments are required to report on their rates of Indigenous employment in their annual reports for 2014-15 and annually thereafter.

Our staff can nominate as being either of Aboriginal or Torres Strait Islander origin. One staff member has anonymously nominated they are of Aboriginal or Torres Strait Islander origin.

# PERFORMANCE PAY

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

Eligible EL 1 and EL 2 employees on Section 24 (1) Determination may qualify for a performance bonus of up to 7 per cent if they achieve performance targets set.

The table below outlines performance payment information for the 2014-15 performance cycle.

Level	Number	Aggregated amount	Average	Minimum	Maximum
EL1 and EL2	13	\$133,550.00	\$10,269.23	\$2,600.00	\$17,000.00



# PARTSEVEN

Financial statements





## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Social Services

I have audited the accompanying annual financial statements of the Australian Aged Care Quality Agency for the year ended 30 June 2015, which comprise:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Schedule of Commitments; 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 under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act. The Chief Executive of the Australian Aged Care Quality Agency is also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that 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 entity's preparation and fair presentation of the financial statements 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 entity's 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.

### ***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) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Australian Aged Care Quality Agency as at 30 June 2015 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Kristian Gage  
Audit Principal

Delegate of the Auditor-General

Canberra

10 September 2015



Australian Government

Australian Aged Care Quality Agency

## Australian Aged Care Quality Agency

### Statement by the Accountable Authority and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2015 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the non-corporate Commonwealth entity will be able to pay its debts as and when they fall due.

Signed.....  
Nick Ryan  
Accountable Authority

Signed.....  
Rex Shaw  
Chief Financial Officer

10 September 2015

10 September 2015

**Australian Aged Care Quality Agency**  
**Statement of Comprehensive Income**  
*For the year ended 30 June 2015*

	Notes	2015 \$	For the six months ending 2014 \$
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits	4A	30,679,414	11,783,919
Suppliers	4B	13,435,784	3,960,880
Depreciation and amortisation	4C	610,412	230,864
Finance costs		25,338	7,583
<b>Total expenses</b>		<u>44,750,948</u>	<u>15,983,246</u>
<b>Own-Source Income</b>			
<b>Own-Source revenue</b>			
Sale of goods and rendering of services	5A	19,474,918	3,320,091
Interest - deposits		224	5,124
Other revenue		2,158,164	131,507
<b>Total own-source revenue</b>		<u>21,633,306</u>	<u>3,456,722</u>
<b>Gains</b>			
Sale of assets	5B	260	8,585
Other gains – audit fees received free of charge	5C	37,000	37,000
<b>Total gains</b>		<u>37,260</u>	<u>45,585</u>
<b>Total own-source income</b>		<u>21,670,566</u>	<u>3,502,307</u>
<b>Net cost of services</b>		<u>(23,080,382)</u>	<u>(12,480,939)</u>
Revenue from Government	5D	24,659,000	13,038,000
<b>Surplus</b>		<u>1,578,618</u>	<u>557,061</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Total other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income attributable to the Australian Government</b>		<u>1,578,618</u>	<u>557,061</u>

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 2015**

	Notes	2015 \$	2014 \$
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	7A	21,222,700	19,263,385
Trade and other receivables	7B	11,393,848	3,152,704
<b>Total financial assets</b>		<u>32,616,548</u>	<u>22,416,089</u>
<b>Non-financial assets</b>			
Property, plant and equipment	8A, 8B	1,815,946	1,077,256
Intangibles	8C, 8D	466,938	431,945
Prepayments	8E	740,393	826,068
<b>Total non-financial assets</b>		<u>3,023,277</u>	<u>2,335,269</u>
<b>Total assets</b>		<u>35,639,825</u>	<u>24,751,358</u>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	9A	2,458,968	911,912
Unearned revenue	9B	5,294,062	2,800,809
Other payables	9C	96,148	597,890
<b>Total payables</b>		<u>7,849,178</u>	<u>4,310,611</u>
<b>Provisions</b>			
Employee provisions	10A	9,544,191	4,894,708
Other provisions	10B	306,466	284,897
<b>Total provisions</b>		<u>9,850,657</u>	<u>5,179,605</u>
<b>Total liabilities</b>		<u>17,699,835</u>	<u>9,490,216</u>
<b>Net assets</b>		<u>17,939,990</u>	<u>15,261,142</u>
<b>Equity</b>			
Contributed equity		15,804,311	14,704,081
Retained surplus		<u>2,135,679</u>	<u>557,061</u>
<b>Total equity</b>		<u>17,939,990</u>	<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 period ended 30 June 2015*

	Retained earnings		Contributed equity / capital		Total equity	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
<b>Opening balance</b>	<b>557,061</b>	<b>-</b>	<b>14,704,081</b>	<b>14,704,081</b>	<b>15,261,142</b>	<b>14,704,081</b>
<b>Comprehensive income</b>						
Other comprehensive income	-	-	-	-	-	-
Surplus for the period	1,578,618	557,061	-	-	1,578,618	557,061
<b>Total comprehensive income</b>	<b>1,578,618</b>	<b>557,061</b>	<b>-</b>	<b>-</b>	<b>1,578,618</b>	<b>557,061</b>
<b>Transactions with owners</b>						
<b>Contributions owners</b>						
Department capital budget	-	-	1,106,000	-	1,106,000	-
Restructuring	-	-	(5,770)	-	(5,770)	-
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>1,100,230</b>	<b>-</b>	<b>1,100,230</b>	<b>-</b>
<b>Closing balance as at 30 June</b>	<b>2,135,679</b>	<b>557,061</b>	<b>15,804,311</b>	<b>14,704,081</b>	<b>17,939,990</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 period ended 30 June 2015

			For the six months to 30 June 2014
	Notes	2015 \$	\$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations		16,492,000	10,040,000
Sale of goods and rendering of services		21,991,911	4,800,955
Interest		224	5,124
Other		2,116,766	298,492
<b>Total cash received</b>		<u>40,600,901</u>	<u>15,144,571</u>
<b>Cash used</b>			
Employees		26,182,801	10,933,471
Suppliers		12,149,843	2,966,904
Other		25,338	7,583
<b>Total cash used</b>		<u>38,357,982</u>	<u>13,907,958</u>
<b>Net Cash from operating activities</b>	12	<u>2,242,919</u>	<u>1,236,613</u>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of property, plant and equipment		2,444	9,022
<b>Total cash received</b>		<u>2,444</u>	<u>9,022</u>
<b>Cash used</b>			
Purchase of property, plant and equipment		1,273,428	350,844
Purchase of Intangibles		112,850	127,286
<b>Total cash used</b>		<u>1,386,278</u>	<u>478,130</u>
<b>Net cash used by investing activities</b>		<u>(1,383,834)</u>	<u>(469,108)</u>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Restructure		(5,770)	18,495,880
Departmental capital budget		1,106,000	-
<b>Net cash from financing activities</b>		<u>1,100,230</u>	<u>18,495,880</u>
<b>Net increase in cash held</b>		<u>1,959,315</u>	<u>19,263,385</u>
Cash and cash equivalents at the beginning of the reporting period		19,263,385	-
<b>Cash and cash equivalents at the end of the reporting period</b>	7A	<u>21,222,700</u>	<u>19,263,385</u>

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

## Australian Aged Care Quality Agency

### Schedule of Commitments

As at 30 June 2015

	2015 \$	2014 \$
<b>BY TYPE</b>		
<b>Commitments receivable</b>		
Rendering of services	(31,306)	-
Net GST recoverable on commitments	(647,121)	(493,858)
<b>Total commitments receivable</b>	<u>(678,427)</u>	<u>(493,858)</u>
<b>Commitments payable</b>		
Operating leases <sup>1</sup>	7,149,634	5,432,436
<b>Total commitments payable</b>	<u>7,149,634</u>	<u>5,432,436</u>
<b>Net commitments by type</b>	<u>6,471,207</u>	<u>4,938,578</u>
<b>BY MATURITY</b>		
<b>Commitments receivable</b>		
One year or less	193,848	171,848
From one to five years	438,310	310,952
More than five years	46,269	11,058
<b>Total commitments receivable</b>	<u>678,427</u>	<u>493,858</u>
<b>Commitments payable</b>		
<b>Operating leases</b>		
Within one year	1,819,270	1,890,326
Between one to five years	4,821,409	3,420,469
More than five years	508,955	121,641
<b>Total operating lease commitments</b>	<u>7,149,634</u>	<u>5,432,436</u>
<b>Net commitments by maturity</b>	<u>6,471,207</u>	<u>4,938,578</u>

Note: All commitments are GST inclusive.

1. Operating leases commitments comprise contractual obligations for offices, accommodation, motor vehicles and mobile devices. 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.

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# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

### 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 statutory agency established under the *Australian Aged Care Quality Agency Act 2013*. The Quality Agency is subject to the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). It became responsible for quality review of aged care services in the community on 1 July 2014.

The Quality Agency manages the accreditation and ongoing supervision of Australian Government subsidised aged care facilities, and the quality review of aged care in the community. It promotes high quality care to care recipients by providing information, education and training services.

The role and functions of the Quality Agency are set out under the *Australian Aged Care Quality Agency Act 2013* and the Quality Agency Principles 2013.

The Quality Agency is structured to meet one 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.

#### 1.2 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and are required by Section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- Financial Reporting Rule (FRR) for reporting periods ending on or after 1 July 2014; 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 in 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 FRR, 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 note.

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.

# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

### 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 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 Quality Agency.

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

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

No new or revised standard was 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.

### 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 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 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.

# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

### 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 5C).

### 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 FRR require that distributions to owners be debited to contributed 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.

# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

### 1.8 Employee benefits (continued)

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 2015. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

#### **Separation and Redundancy**

Provision is made for separation and redundancy benefit payments. The Quality Agency recognises a provision for termination when it has developed a detailed formal plan for the terminations.

#### **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).

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 for all staff.

### 1.9 Leases

An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits. 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:

- 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.

#### 1.12 Financial Assets

The Quality Agency classifies its financial assets as loans and receivables. 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.

# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

### Effective interest method (continued)

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.

## **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.

### **Quantifiable contingencies**

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

### **Unquantifiable contingencies**

At 30 June 2015, the Quality Agency had no unquantifiable contingencies.

### **Significant remote contingencies**

The Quality Agency had no significant remote contingencies.

## **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.



# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

### 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, 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 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	
	2014-2015	2013-2014
Property, Plant and Equipment	3 to 5 years	3 to 5 years

#### Impairment

All assets were assessed for impairment at 30 June 2015. 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.

# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

### Impairment (continued)

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 Quality Agency'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, (2013-14: 3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2015.

### 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

The Quality Agency commenced operations on 1 January 2014. Therefor the 2014 comparatives represents the six months to 30 June 2014.

## **Australian Aged Care Quality Agency**

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

#### **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**

**Note 3: Net Cash Appropriations Arrangements**

	<b>2015</b> \$	<b>For the six months 2014</b> \$
<b>Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations<sup>1</sup></b>	2,189,030	787,925
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(610,412)	(230,864)
<b>Total comprehensive income – as per the Statement of Comprehensive Income</b>	1,578,618	557,061

1. From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

<i>For the period ended 30 June 2015</i>	<b>2015</b> \$	<b>For the six months ending 2014</b> \$
<b>Note 4: Expenses</b>		
<b>Note 4A: Employee benefits</b>		
Wages and Salaries	24,148,329	8,776,245
Superannuation		
Defined contribution plans	3,167,592	1,437,654
Defined benefit plans	551,295	118,233
Leave and other entitlements	2,711,281	1,416,204
Other employee benefits	100,917	35,583
<b>Total employee benefits</b>	<b>30,679,414</b>	<b>11,783,919</b>
<b>Note 4B: Suppliers</b>		
<b>Goods and services provided</b>		
Contractors and Consultants	4,662,016	662,482
Travel	3,157,362	987,252
IT Services	623,335	221,049
Other	1,948,829	940,289
<b>Total goods and services provided</b>	<b>10,391,542</b>	<b>2,811,072</b>
<b>Goods and services are provided in connection with:</b>		
Provision of goods-external entities	70,687	110,398
Rendering of services-related parties	523,837	209,987
Rendering of services-external parties	9,797,018	2,490,687
<b>Total goods and services</b>	<b>10,391,542</b>	<b>2,811,072</b>
<b>Other suppliers</b>		
Operating lease rentals-external parties:		
Minimum lease payments	2,688,509	1,055,423
Workers compensation expenses	355,733	94,385
<b>Total other supplier expenses</b>	<b>3,044,242</b>	<b>1,149,808</b>
<b>Total supplier expenses</b>	<b>13,435,784</b>	<b>3,960,880</b>
<b>Note 4C: Depreciation and amortisation</b>		
<b>Depreciation</b>		
Property, plant and equipment	532,555	222,277
<b>Total depreciation</b>	<b>532,555</b>	<b>222,277</b>
<b>Amortisation</b>		
Intangibles	77,857	8,587
<b>Total amortisation</b>	<b>77,857</b>	<b>8,587</b>
<b>Total depreciation and amortisation</b>	<b>610,412</b>	<b>230,864</b>

**Australian Aged Care Quality Agency**  
**Notes to and Forming Part of the Financial Statements**

	2015 \$	For the six months ending 2014 \$
<b>Note 5: Own-source Income</b>		
<b>Own-source revenue</b>		
<b>Note 5A: Sale of goods and rendering of services</b>		
Provision of goods-external entities	37,971	8,050
Rendering of services-external entities	19,436,947	3,312,041
<b>Total sale of goods and rendering of services</b>	<u>19,474,918</u>	<u>3,320,091</u>
<b>Gains</b>		
<b>Note 5B: Gains from Sale of Assets</b>		
Property, Plant and equipment		
Proceeds from sale	2,444	9,022
Carrying value of assets sold	(2,184)	(437)
<b>Net gain from sale of assets</b>	<u>260</u>	<u>8,585</u>
<b>Note 5C: Other gains</b>		
Resources received free of charge	37,000	37,000
<b>Total other gains</b>	<u>37,000</u>	<u>37,000</u>
<b>Note 5D: Revenue from Government</b>		
Appropriations:		
Departmental appropriations	24,659,000	13,038,000
<b>Total revenue from Government</b>	<u>24,659,000</u>	<u>13,038,000</u>

# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

### Note 6: 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.

#### Fair value measurements at the end of the reporting period by hierarchy for assets in 2015.

	Fair value measurements at the end of the reporting period using			
	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
<b>Non-financial assets</b>				
Property, plant and equipment	1,815,946	-	-	1,815,946
<b>Total non-financial assets</b>	1,815,946	-	-	1,815,946
<b>Total fair value measurements of assets in the statement of financial position</b>	1,815,946	-	-	1,815,946

#### Fair value measurements at the end of the reporting period by hierarchy for assets in 2014.

	Fair value measurements at the end of the reporting period using			
	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
<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>	1,077,256	-	-	1,077,256

The Quality Agency determines the fair value of non-financial assets using level 3 inputs in the fair value hierarchy.



# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

	2015 \$	2014 \$
<b>Note 7: Financial Assets</b>		
<b>Note 7A: Cash and cash equivalents</b>		
Cash at bank	21,222,700	19,263,385
<b>Total cash and cash equivalents</b>	<u>21,222,700</u>	<u>19,263,385</u>
<b>Note 7B: Trade and other receivables</b>		
<b>Goods and services receivables in connection with</b>		
External parties	47,946	68,381
<b>Total receivables for goods and services</b>	<u>47,946</u>	<u>68,381</u>
<b>Appropriations receivable</b>		
Departmental appropriations	11,165,000	2,998,000
<b>Total appropriations receivable</b>	<u>11,165,000</u>	<u>2,998,000</u>
<b>Other receivables</b>		
GST receivable from the Australian Taxation Office	180,902	86,323
<b>Total other receivables</b>	<u>180,902</u>	<u>86,323</u>
<b>Total trade and other receivables (gross)</b>	<u>11,393,848</u>	<u>3,152,704</u>
<b>Trade and other receivables (net) expected to be recovered</b>		
No more than 12 months	11,393,848	3,152,704
<b>Total trade and other receivables (net)</b>	<u>11,393,848</u>	<u>3,152,704</u>
<b>Trade and other receivables (gross) aged as follows</b>		
Not overdue	11,393,848	3,152,704
<b>Total trade and other receivables (gross)</b>	<u>11,393,848</u>	<u>3,152,704</u>

# Australian Aged Care Quality Agency

## Notes to and forming part of the financial statements

	2015 \$	2014 \$
<b>Note 8: Non-financial Assets</b>		
<b>Note 8A: Property, plant and equipment</b>		
Fair Value	4,278,718	3,462,982
Accumulated depreciation	(2,462,772)	(2,385,726)
<b>Total property, plant and equipment</b>	<u>1,815,946</u>	<u>1,077,256</u>

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 8B: Reconciliation of Opening and closing balances of Property, Plant and Equipment**

	2015 \$	2014 \$
As at 1 July		
Gross book value	3,462,982	3,586,260
Accumulated depreciation and impairment	(2,385,726)	(2,637,132)
Total as at 1 July	<u>1,077,256</u>	<u>949,128</u>
Additions: By purchase	1,273,428	350,844
Disposal	(2,183)	(439)
Depreciation expense	(532,555)	(222,277)
<b>Total as at 30 June</b>	<u>1,815,946</u>	<u>1,077,256</u>
<b>Total as at 30 June represented by</b>		
Gross book value	4,278,718	3,462,982
Accumulated depreciation	(2,462,772)	(2,385,726)
<b>Total as at 30 June</b>	<u>1,815,946</u>	<u>1,077,256</u>

## Australian Aged Care Quality Agency

### Notes to and forming part of financial statements

	2015 \$	2014 \$
<b>Note 8C: Intangibles</b>		
As at 1 July	3,132,987	3,020,137
Gross book value		
Accumulated amortisation	(2,666,049)	(2,588,192)
Total intangibles as at 30 June	<u>466,938</u>	<u>431,945</u>

### Note 8D: Reconciliation of Opening and closing balances of Intangibles

	2015 \$	2014 \$
<b>Intangibles</b>		
As at 1 July		
Gross book value	3,020,137	2,892,851
Accumulated Depreciation and impairment	(2,588,192)	(2,579,605)
Total as at 1 July	<u>431,945</u>	<u>313,246</u>
Additions: By purchase	112,850	127,286
Amortisation expense	(77,857)	(8,587)
<b>Total as at 30 June</b>	<u>466,938</u>	<u>431,945</u>

### Total as at 30 June represented by

Gross book value	3,132,987	3,020,137
Accumulated amortisation	(2,666,049)	(2,588,192)
<b>Total as at 30 June</b>	<u>466,938</u>	<u>431,945</u>

No indicators of impairment were found for intangible assets. No intangibles are expected to be sold or disposed of within the next 12 months.

## Australian Aged Care Quality Agency

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

	2015 \$	2014 \$
<b>Note 8E: Prepayments</b>		
Prepayments	740,393	826,068
<b>Total other prepayments</b>	<u>740,393</u>	<u>826,068</u>
<b>Total Prepayments expected to be recovered in:</b>		
No more than 12 months	717,680	782,149
More than 12 months	22,713	43,919
<b>Total prepayments</b>	<u>740,393</u>	<u>826,068</u>

# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

	2015 \$	2014 \$
<b>Note 9: Payables</b>		
<b>Note 9A: Suppliers</b>		
Trade creditors and accruals	2,458,968	911,912
<b>Total suppliers</b>	<u>2,458,968</u>	<u>911,912</u>
<b>Suppliers expected to be settled</b>		
No more than 12 months	2,458,968	911,912
<b>Total suppliers</b>	<u>2,458,968</u>	<u>911,912</u>
<b>Suppliers in connection with</b>		
External parties	2,458,968	911,912
<b>Total suppliers</b>	<u>2,458,968</u>	<u>911,912</u>
Settlement is usually made within 30 days		
<b>Note 9B: Unearned revenue</b>		
External parties	5,294,062	2,800,809
<b>Total unearned revenue</b>	<u>5,294,062</u>	<u>2,800,809</u>
<b>Unearned revenue expected to be settled</b>		
No more than 12 months	5,294,062	2,800,809
<b>Total unearned revenue</b>	<u>5,294,062</u>	<u>2,800,809</u>
<b>Note 9C: Other payables</b>		
Wages and salaries	-	6,684
Superannuation	-	164,427
Accrued expenses	-	154,174
Other payables	96,148	272,605
<b>Total other payables</b>	<u>96,148</u>	<u>597,890</u>
<b>Other payables expected to be settled</b>		
No more than 12 months	96,148	597,890
<b>Total other payables</b>	<u>96,148</u>	<u>597,890</u>

# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

	2015 \$	2014 \$
<b>Note 10: Provisions</b>		
<b>Note 10A: Employee provisions</b>		
Leave	6,694,191	4,894,708
Separations and redundancies	2,850,000	-
<b>Total employee provisions</b>	<u>9,544,191</u>	<u>4,894,708</u>
<b>Employee provisions are expected to be settled</b>		
No more than 12 months	7,159,967	1,833,078
More than 12 months	2,384,224	3,061,630
<b>Total employee provisions</b>	<u>9,544,191</u>	<u>4,894,708</u>
<b>Note 10B: Other provisions</b>		
Provision for restoration	306,466	284,897
<b>Total other provisions</b>	<u>306,466</u>	<u>284,897</u>
<b>Other provisions are expected to be settled in:</b>		
No more than 12 months	42,596	-
More than 12 months	263,870	284,897
<b>Total other provisions</b>	<u>306,466</u>	<u>284,897</u>
<b>Reconciliation of provision for restoration<sup>1</sup>:</b>		
<b>As at 1 July 2014</b>	284,897	279,613
Additional provisions made	21,569	5,284
<b>Total as at 30 June 2015</b>	<u>306,466</u>	<u>284,897</u>

1. 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 11: Departmental Restructuring

	Department of Social Services <sup>1</sup>	Aged Care Standards and Accreditation Agency Ltd <sup>2</sup>
	2015 \$	2014 \$
<b>FUNCTIONS ASSUMED</b>		
<b>Assets recognised</b>		
Cash and cash equivalents	855,435	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>	<u>855,435</u>	<u>20,960,238</u>
<b>Liabilities recognised</b>		
Trade and other payables	-	2,016,261
Employee and other provisions	(861,205)	4,239,896
<b>Total liabilities recognised</b>	<u>861,205</u>	<u>6,256,157</u>
<b>Net assets (liabilities) recognised</b>	<u>(5,770)<sup>2</sup></u>	<u>14,704,081<sup>4</sup></u>

1. The Quality review function was assumed by the Quality Agency from Department of Social Services on 1 July 2014.

2. The net liabilities assumed from Department of Social Services were for \$5,770.

3. On 1st January 2014, All assets and liabilities of Aged Care Standards and Accreditation Agency Ltd were transferred to Australian Aged Care Quality Agency.

4. In respect of functions assumed, the net book values of assets and liabilities were transferred in 2013-2014 to the Quality Agency for no consideration.



# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

	2015 \$	For the six months ending 2014 \$
<b>Note 12: Cash Flow Reconciliation</b>		
<b>Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement</b>		
<b>Cash and cash equivalents as per</b>		
Cash Flow Statement	21,222,700	19,263,385
Statement of financial position	21,222,700	19,263,385
<b>Discrepancy</b>	-	-
<b>Reconciliation of net cost of services to net cash from operating activities:</b>		
Net cost of services	(23,080,382)	(12,480,939)
Revenue from government	24,659,000	13,038,000
<b>Adjustments for non-cash items:</b>		
Depreciation and amortisation	610,412	230,864
(Gain) on sale of property, plant and equipment	(260)	(8,585)
<b>Movements in assets and liabilities</b>		
<b>Assets</b>		
(Increase)/decrease in net receivables	85,675	(2,918,515)
(Increase)/decrease in prepayments	(8,241,144)	141,727
<b>Liabilities</b>		
Increase in supplier payables	1,547,056	385,433
Increase in unearned revenue	2,493,253	1,533,065
Increase/(decrease) in other payables	(501,742)	375,855
Increase in other employee provisions	4,649,483	932,126
Increase in other provisions	21,568	7,583
<b>Net cash from operating activities</b>	<b>2,242,919</b>	<b>1,236,613</b>

## Australian Aged Care Quality Agency

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

	2015 \$	For the six months ending 2014 \$
<b>Note 13: Senior Management Personnel Remuneration</b>		
<b>Short-term employee benefits</b>		
Salary	302,045	84,151
<b>Total short-term employee benefits</b>	<u>302,045</u>	<u>84,151</u>
<b>Post-employment benefits</b>		
Superannuation	40,164	10,659
<b>Total post-employment benefits</b>	<u>40,164</u>	<u>10,659</u>
<b>Other long-term employee benefits</b>		
Annual leave	25,009	5,002
Long-service leave	8,058	1,613
<b>Total other long-term employee benefits</b>	<u>33,067</u>	<u>6,615</u>
<b>Total senior executive remuneration expenses</b>	<u>375,276</u>	<u>101,425</u>

The total number of senior management personnel included in the above table is one for the years 2014-2015 and 2013-2014.

# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

	2015 \$	2014 \$
<b>Note 14. Financial Instruments:</b>		
<b>Note 14A: Categories of financial instruments</b>		
<b>Financial assets</b>		
Loans and Receivables		
Cash and cash equivalents	21,222,700	19,263,385
Trade and other receivables	47,946	68,381
<b>Carrying amount of financial assets</b>	<u>21,270,646</u>	<u>19,331,766</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost		
Supplier payables	2,458,968	911,912
Unearned revenue	5,294,062	2,800,809
Other payables	96,148	597,890
<b>Total financial liabilities measured at amortised cost</b>	<u>7,849,178</u>	<u>4,310,611</u>
<b>Note 14B: Net Gains or Losses on Financial Assets</b>		
<b>Loans and Receivables</b>		
Interest revenue	224	5,124
<b>Net gain on loans and receivables</b>	<u>224</u>	<u>5,124</u>

The interest income from financial assets not at fair-value through profit and loss is \$224.

### **Note 14C: Net Gains or Losses on Financial Liabilities**

There was no income or expenses from financial liabilities not at fair value through profit and loss in the year ended 30 June 2015.

### **Note 14D: 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.

### **Note 14E: 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 in 2015: \$47,946 and 2014: \$68,381.

### **Note 14F: Liquidity risk**

The Quality Agency has sufficient available financial assets to meet all financial liabilities at 30 June 2015.

## **Note 15: Financial Assets Reconciliation**

Financial assets	2015 \$	2014 \$
Total financial assets as per Statement of Financial Position	32,616,548	22,416,089
Less: non-financial instrument components:		
Appropriations receivable	11,165,000	2,998,000
GST receivable from Australian Taxation Office	180,902	86,323
<b>Total non-financial instrument components</b>	<u>11,345,902</u>	<u>3,084,323</u>
<b>Total financial assets as per financial instruments note</b>	<u>21,270,646</u>	<u>19,331,766</u>

# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

### Note 16: Appropriations

#### Note 16A: Annual appropriations ("recoverable GST exclusive")

#### Annual Appropriations for year to June 2015

	Appropriation Act		PGPA Act		Total appropriation	Appropriation applied in 2015 (current and prior years)	Variance	Section 51 determination s5
	Annual Appropriation	AFM	Section 74	Section 75				
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Departmental</b>								
Ordinary annual services	20,142,000	-	24,111,345	4,517,000	48,770,345	(38,357,982)	10,412,363	-
<b>Total departmental</b>	<b>20,142,000</b>	<b>-</b>	<b>24,111,345</b>	<b>4,517,000</b>	<b>48,770,345</b>	<b>(38,357,982)</b>	<b>10,412,363</b>	<b>-</b>

#### Annual Appropriations for the six months to 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>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,113,593</b>	<b>13,038,000</b>	<b>18,151,593</b>	<b>(14,386,088)</b>	<b>3,765,505</b>

1. Appropriations reduced under Appropriation Acts (Nos. 1, 3 & 5) 2014-2015: 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 2015, 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 2015, Additional Appropriation was received under Appropriations bill 5 for Home care services.
4. The variance in departmental ordinary annual services is mainly due to the remaining current year appropriations.

#### Note 16B: Departmental capital budgets ('recoverable GST exclusive')

	2015 Capital Budget Appropriations			Capital Budget Appropriations applied in 2015 (current and prior years)			
	Appropriation Act	PGPA Act	Total Capital Budget Appropriations	Payments for non-financial assets <sup>2</sup>	Payments for other purposes	Total payments	Variance <sup>3</sup>
	Annual Capital Budget	Section 75					
	\$	\$	\$	\$	\$	\$	\$
<b>Departmental</b>							
Ordinary annual services - Departmental Capital Budget <sup>1</sup>	1,106,000	-	1,106,000	1,106,000	-	-	-
<b>Total departmental</b>	<b>1,106,000</b>	<b>-</b>	<b>1,106,000</b>	<b>1,106,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

1. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Note 36A: Annual Appropriations.
2. Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

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

# Australian Aged Care Quality Agency

## Notes to and Forming Part of the Financial Statements

### Note 16: Appropriations (continued)

#### Note 16C: Unspent annual appropriations ('recoverable GST exclusive')

	2015 \$	2014 \$
<b>Departmental</b>		
Appropriation Act (No. 1 & No.5) 2014-2015	11,165,000	2,998,000
Cash at Bank	21,222,700	19,263,385
<b>Total unspent departmental annual appropriations</b>	<b>32,387,700</b>	<b>22,261,385</b>

## Australian Aged Care Quality Agency

### Note 17: Budgetary Reports and Explanations of Major Variances

The following tables provide a comparison of the original budget as presented in the 2014-2015 Portfolio Budget Statements (PBS) to the 2014-2015 final outcome as presented in accordance with Australian Accounting Standards for the Quality Agency. The Budget is not audited.

#### Note 17A: Departmental Budgetary Reports

##### Statement of Comprehensive Income for Australian Aged Care Quality Agency

<i>For the period ended 30 June 2015</i>	<b>Actual 2015 \$</b>	<b>Budget Estimates Original<sup>1</sup> 2015 \$</b>	<b>Variance<sup>2</sup> 2015 \$</b>
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits	30,679,414	26,838,000	(3,841,414)
Suppliers	13,435,784	14,022,000	586,216
Depreciation and amortisation	610,412	1,046,000	435,588
Finance costs	25,338	-	(25,338)
(Profit)/Losses from asset sales	-	-	-
Other expenses	-	-	-
<b>Total expenses</b>	<b>44,750,948</b>	<b>41,906,000</b>	<b>(2,844,948)</b>
<b>Own-Source Income</b>			
<b>Own-source revenue</b>			
Sale of goods and rendering of services	19,474,918	20,718,000	(1,243,082)
Interest	224	-	224
Other revenue	2,158,164	-	2,158,164
<b>Total own-source revenue</b>	<b>21,633,306</b>	<b>20,718,000</b>	<b>915,306</b>
<b>Gains</b>			
Gains from sale of assets	260	-	260
Other gains	37,000	-	37,000
<b>Total gains</b>	<b>37,260</b>	<b>-</b>	<b>37,260</b>
<b>Total own-source income</b>	<b>21,670,566</b>	<b>20,718,000</b>	<b>952,566</b>
<b>Net (cost of)/contribution by services</b>	<b>(23,080,382)</b>	<b>(21,188,000)</b>	<b>(1,892,382)</b>
Revenue from Government	24,659,000	20,142,000	4,517,000
<b>Surplus/(Deficit) before income tax on continuing operations</b>	<b>1,578,618</b>	<b>(1,046,000)</b>	<b>2,624,618</b>
Income tax expense	-	-	-
<b>Surplus/(Deficit) after income tax on continuing operations</b>	<b>1,578,618</b>	<b>(1,046,000)</b>	<b>2,624,618</b>
Discontinued operations	-	-	-
<b>Surplus/(Deficit) after income tax</b>	<b>1,578,618</b>	<b>(1,046,000)</b>	<b>2,624,618</b>
<b>Surplus/(Deficit) attributable to non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(Deficit) attributable to the Australian Government</b>	<b>1,578,618</b>	<b>(1,046,000)</b>	<b>2,624,618</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Total other comprehensive income before income tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
Income tax expense - other comprehensive income	-	-	-
<b>Total other comprehensive income after income tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss)</b>	<b>1,578,618</b>	<b>(1,046,000)</b>	<b>2,624,618</b>
<b>Total comprehensive income/(loss) attributable to non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>1,578,618</b>	<b>(1,046,000)</b>	<b>2,624,618</b>

## Australian Aged Care Quality Agency

### Note 17A: Departmental Budgetary Reports (continued)

#### Statement of Financial Position for Australian Aged Care Quality Agency as at 30 June 2015

	Actual 2015 \$	Budget Estimates Original <sup>1</sup> 2015 \$	Variance <sup>2</sup> 2015 \$
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	21,222,700	1,105,000	20,117,700
Trade and other receivables	11,393,848	18,460,000	(7,066,152)
Other financial assets	740,393	2,124,000	(1,383,607)
<b>Total financial assets</b>	<b>33,356,941</b>	<b>21,689,000</b>	<b>11,667,941</b>
<b>Non-financial assets</b>			
Property, plant and equipment	1,815,946	739,000	1,076,946
Intangibles	466,938	470,000	(3,062)
<b>Total non-financial assets</b>	<b>2,282,884</b>	<b>1,209,000</b>	<b>1,073,884</b>
Assets held for sale	-	-	-
<b>Total assets</b>	<b>35,639,825</b>	<b>22,898,000</b>	<b>12,741,825</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	2,458,968	1,136,000	(1,322,968)
Unearned revenue	5,294,062	-	(5,294,062)
Other payables	96,148	2,021,000	1,924,852
<b>Total payables</b>	<b>7,849,178</b>	<b>3,157,000</b>	<b>(4,692,178)</b>
<b>Interest bearing liabilities</b>			
<b>Total interest bearing liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Provisions</b>			
Employee provisions	9,544,191	4,739,000	(4,805,191)
Other provisions	306,466	395,000	88,534
<b>Total provisions</b>	<b>9,850,657</b>	<b>5,134,000</b>	<b>(4,716,657)</b>
<b>Total liabilities</b>	<b>17,699,835</b>	<b>8,291,000</b>	<b>(9,408,835)</b>
<b>Net assets</b>	<b>17,939,990</b>	<b>14,607,000</b>	<b>3,332,990</b>
<b>EQUITY</b>			
<b>Parent entity interest</b>			
Contributed equity	15,804,311	15,653,000	151,311
Reserves	-	-	-
Retained surplus/(Accumulated deficit)	2,135,679	(1,046,000)	3,181,679
<b>Total parent entity interest</b>	<b>17,939,990</b>	<b>14,607,000</b>	<b>3,332,990</b>
<b>Non-controlling interest</b>			
<b>Total non-controlling interest</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>17,939,990</b>	<b>14,607,000</b>	<b>3,332,990</b>

1. The Quality Agency's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from the entity's 2014-15 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided below.

## Australian Aged Care Quality Agency

### Note 17A: Departmental Budgetary Reports (continued)

For the period ended 30 June 2015

#### Statement of Changes in Equity for Australian Aged Care Quality Agency

	Retained earnings			Contributed equity / capital			Total equity		
	Actual	Budget Estimates <sup>1</sup>	Variance <sup>2</sup>	Actual	Budget Estimates <sup>1</sup>	Variance <sup>2</sup>	Actual	Budget Estimates <sup>1</sup>	Variance <sup>2</sup>
	2015	2015	2015	2015	2015	2015	2015	2015	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance	557,061	-	557,061	14,704,081	14,607,000	97,081	15,261,142	14,607,000	654,142
Comprehensive income									
Surplus / (Deficit) for the period	1,578,618	(1,046,000)	2,624,618	-	-	-	1,578,618	(1,046,000)	2,624,618
Other comprehensive income									
Total comprehensive income	1,578,618	(1,046,000)	2,624,618	-	-	-	1,578,618	(1,046,000)	2,624,618
Transactions with owners									
Contributions owners									
Equity injection – Appropriations				1,106,000	1,046,000	60,000	1,106,000	1,046,000	60,000
Department capital budget									
Restructuring				(5,770)		(5,770)	(5,770)		(5,770)
Total transactions with owners	-	-	-	1,100,230	1,046,000	54,230	1,100,230	1,046,000	54,230
Closing balance as at 30 June	2,135,679	(1,046,000)	3,181,679	15,804,311	15,653,000	151,311	17,939,990	14,607,000	3,332,990

1. The Quality Agency's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from the entity's 2014-15 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided below.



## Australian Aged Care Quality Agency

### Note 17A: Departmental Budgetary Reports (continued)

For the period ended 30 June 2015

#### Cash Flow Statement for Aged Care Quality Agency

	Actual	Budget estimate	
		Original <sup>1</sup>	Variance <sup>2</sup>
	2015	2015	2015
	\$	\$	\$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations	16,492,000	20,142,000	(3,650,000)
Sale of goods and rendering of services	21,991,911	20,718,000	1,273,911
Interest	224	-	224
Net GST received	79,766	-	79,766
Other	2,037,000	582,000	1,455,000
<b>Total cash received</b>	<b>40,600,901</b>	<b>41,442,000</b>	<b>(841,099)</b>
<b>Cash used</b>			
Employees	26,182,801	26,963,000	780,199
Suppliers	12,149,843	13,441,000	1,291,157
Other	25,338	17,695,000	17,669,662
<b>Total cash used</b>	<b>38,357,982</b>	<b>58,099,000</b>	<b>19,741,018</b>
<b>Net cash from/(used by) operating activities</b>	<b>2,242,919</b>	<b>(16,657,000)</b>	<b>18,899,919</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of property, plant and equipment	2,444	-	2,444
<b>Total cash received</b>	<b>2,444</b>	<b>-</b>	<b>2,444</b>
<b>Cash used</b>			
Purchase of property, plant and equipment	1,386,278	1,046,000	(340,278)
<b>Total cash used</b>	<b>1,386,278</b>	<b>1,046,000</b>	<b>(340,278)</b>
<b>Net cash from/(used by) investing activities</b>	<b>(1,383,834)</b>	<b>(1,046,000)</b>	<b>(337,834)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Contributed equity	1,106,000	1,046,000	60,000
Restructuring	(5,770)	-	(5,770)
<b>Total cash received</b>	<b>1,100,230</b>	<b>1,046,000</b>	<b>54,230</b>
<b>Cash used</b>			
<b>Total cash used</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from (used by) financing activities</b>	<b>1,100,230</b>	<b>1,046,000</b>	<b>54,230</b>
<b>Net increase/(decrease) in cash held</b>	<b>1,959,315</b>	<b>(16,657,000)</b>	<b>18,616,315</b>
Cash and cash equivalents at the beginning of the reporting period	19,263,385	17,762,000	1,501,385
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>21,222,700</b>	<b>1,105,000</b>	<b>20,117,700</b>

1. The Quality Agency's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from the entity's 2014-15 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided below.

## Note 17B: Departmental Major Budget Variances for 2015

Explanation of major variances	Affected line items (and statement)
<b>Employees</b> Additional staff transferred from Department of Social Services with Machinery of Government transfer of the Quality Review of Aged care services in the community; Partly offset by lower employee costs for residential aged care audits.	<i>Employee benefits expense (Statement of comprehensive income). Employee provisions (Statement of Financial Position), Operating cash used – employees (Cash Flow Statement).</i>
<b>Own-Source Income</b> Reaccreditation fee income below budget due to timing of accreditation audits.	<i>Sale of goods and rendering of services (Statement of Comprehensive Income), Operating cash received (Cash Flow Statement).</i>
<b>Revenue from Government</b> Being transfer of \$4.500 million appropriations from Department of Social Services with Machinery of Government transfer of the Quality Review of Aged care services in the community in July, 2014.	<i>Revenue from Income (Statement of Comprehensive Income), Trade and other receivables (Statement of Financial Position) Operating cash received (Cash Flow Statement).</i>
<b>Cash at Bank</b> Variance of \$20.118 million made up of equity transferred from Aged Care Standards and Accreditation Agency Ltd on commencement of Quality Agency \$14.704 million; plus retained earnings; and increases in liabilities.	<i>Cash and Cash equivalents, Unearned Revenue (Statement of Financial Positions), Cash and Cash equivalents at the end of reporting period (Cash Flow Statement), Contributed equity (Statement of Changes in Equity).</i>
<b>Trade and other receivables</b> Equity transfer from Aged Care Standards and Accreditation Ltd maintained as cash instead of receivables; offset by appropriations not yet drawn.	<i>Trade and other receivables, cash and cash equivalents ( Statement of Financial Positions), Contributed equity (Statement of Changes in Equity)</i>
<b>Non-financial Assets</b> Variance of \$1.073 million made up of: Actual opening balance higher than PBS; Actual depreciation expenses less than PBS; Additional asset purchases funded by own-source income less sale of assets.	<i>Non-financial assets (Statement of Financial Position), Cash used-Investing activities (Cash Flow Statement).</i>
<b>Unearned Revenue</b> Variance being reaccreditation payment received in advance.	<i>Unearned revenue (Statement of Financial Position)</i>





# PARTEIGHT

Mandatory information

# PRODUCTIVITY GAINS

Work continues on information management and technology improvements and efficiencies to create further productivity gains in communication and administrative processes, including E-tivity, our enterprise agreement and from July 2015, our restructure. The development of annual work plans linked to staff Performance Development and Review plans and relevant plans provides clarity to individuals on expected outcomes.

The Quality Agency and its staff will continue to increase productivity savings by reducing travel costs through participation in whole-of-Australian-Government travel arrangements, and improved management and reporting of unscheduled absences in 2014–15.

## OUR OUTCOME AND PROGRAM STRUCTURE

This section covers the Quality Agency's performance in areas for which activity is measured across the Quality Agency. This includes performance reports based on the outcome and program's framework and performance information set out in the *Portfolio Budget Statements 2014-15*.

### 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.

### 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 Australian Government is also committed to providing high quality care for older people in the community. It achieves this through the quality review of aged care services provided in the

community against the Home Care Standards set out in the Quality of Care Principles made under section 96-1 of the *Aged Care Act 1997*.

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.

# PROGRAM DELIVERABLE AND PERFORMANCE INDICATORS

The Quality Agency has successfully completed planned activity to achieve the three program objectives that 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.

This is the first full year of operation of the Quality Agency. Trend data provided refers to the previous entity, the Aged Care Standards and Accreditation Agency Pty Ltd in relation to the residential aged care accreditation program.

## PROGRAM 1.1

Accrediting, monitoring and promoting high quality care through information, education and training for Australian Government funded aged care homes and community care providers.

### Program 1.1 quantitative deliverables

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

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

#### Target

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

- ✓ One Better Practice conference was held in Melbourne with 264 delegates attending; Seven Better Practice conferences were held, including an inaugural conference in Darwin. They were attended by 1,567 delegates compared to the target of 1,502.



- ✔ A total of 44 one-day workshops were presented against the target of 48 and 704 participants attended compared to the target of 480;
- ✔ A total of 73 Understanding Accreditation courses were held with 1,069 participants compared to the target of 50 courses and 400 participants; and
- ✔ A total of 598 QUEST sessions were held for 8,863 participants compared to the target of 450 sessions with 5,850 participants.

## Program 1.1 quantitative deliverable targets

### Manage accreditation of aged care services.

#### Target and achievements

- ✔ Number of aged care homes audited for re-accreditation: Target 1,425 achieved 1,425.
- ✔ Percentage of site audits completed within statutory timeframes following receipt of a valid application: Target 100%, achieved 100%.

### Monitor compliance with the Accreditation Standards

#### Target and achievements

- ✔ Number of unannounced visits per aged care home per year: Target of ≥1 achieved.

## Program 1.1 key performance indicators

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

#### Key performance indicators

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

#### Target

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

#### Quantitative key performance indicator targets

Manage accreditation of aged care services.

#### Target and achievements

- ✔ Percentage of aged care homes that complied with the Accreditation Standards at the last accreditation audit: 97.3% achieved, exceeding target of >92%.

## Monitor compliance with the Accreditation Standards.

### Target and achievements

- ✓ Number of unannounced visits per aged care home per year: Target of  $\geq 1$  achieved.
- ✓ Number of homes assessed to be non-compliant during the year: Target of  $< 300$  achieved, with number of non-compliant homes only 81.
- ✓ Percentage of homes achieving compliance by the end of the 'timetable for improvement' period: 100% achieved, exceeding target of  $\geq 90\%$ .

### Program 1.1 Program objective

#### Review quality of aged care to older people in the community.

#### Target and Outcome

- ✓ Number of homes assessed to be non-compliant during the year: Target of  $< 300$  achieved, with number of non-compliant homes only 81.
- ✓ Percentage of homes achieving compliance by the end of the 'timetable for improvement' period: 100% achieved, exceeding target of  $\geq 90\%$ .

# SIGNIFICANT CHANGES

The Quality Agency had no significant event as defined by the *PGPA Act 2013*.

# ANY SIGNIFICANT CHANGES WITHIN THE BUDGET

## Changes from prior year

The Quality Agency commenced on 1 January 2014 replacing Aged Care Standards and Accreditation Agency Ltd as the accreditation body for residential aged care. The prior year is therefore only a six month period. Accreditation of residential aged care facilities is generally a three year cycle and 2014-15 was a peak year of activity. This resulted in a relatively high own source income being accreditation income from facilities applying for reaccreditation. Field staff labour and travel costs were also higher in 2014-15.

On 1 July 2014 the Quality Agency assumed responsibility for the Quality Review of home care services. A number of staff transferred from Department of Social Services to resource that work.



# Changes from budget

Explanation of major variances to budget is provided in Note 17B of the financial statements.

# Significant impact on future operations

None.

# 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.”

# CONSULTANCIES

During 2014-15 new consultancy contracts were entered into involving total actual expenditure of \$387,700. In addition, one ongoing consultancy contract was active during the 2014-15 year, involving total actual expenditure of \$21,400.

	Number	Expenditure \$000's (GST inclusive)
New consultancies let in current year	19	387.7
Ongoing active consultancies	1	21.4

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 *Public Governance, Performance and Accountability Act 2013 (PGPA Act)* and related regulations.

Trend data about consultancies will be available in the next annual report.

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)

# ADVERTISING AND MARKET RESEARCH

Under section 311A of the *Commonwealth Electoral Act 1918* the Quality Agency is required to disclose payments of \$12,565 or more (inclusive of GST) to specific types of organisations.

Research was conducted by Lorraine Poulos and Associates Pty Ltd to research the industry education needs of the residential aged and home care sectors to assist us to develop our industry education program. (\$32,340 inclusive of GST).

## AUDIT FINDINGS

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

## AUSTRALIAN NATIONAL AUDIT OFFICE ACCESS CLAUSES

Departments must provide details of any contract let during the reporting period of \$100,000 or more (inclusive of GST) that does not provide for the Auditor-General to have access to the contractor's premises.

During 2014-15, no contracts were let that did not require the Auditor-General to have access to the contractor's premises.

## EXEMPT CONTRACTS

If any contract in excess of \$10,000 (inclusive of GST) or a standing offer has been exempted by the Chief Executive from being published in AusTender on the basis that it would disclose exempt matters under the *Freedom of Information Act 1982*, the fact that the contract has been exempted and the value of the contract or standing offer must be reported to the extent that doing so does not in itself disclose the exempt matters.

During 2014-15, there were no contracts considered exempt from publication in AusTender.

# FRAUD CONTROL

## Fraud control policy

The Quality Agency fraud control plan is designed to prevent, detect and deter fraud. It includes a:

- ✓ statement of the Quality Agency's policy on, and approach to fraud risks
- ✓ description of our fraud control responsibilities and strategies
- ✓ direction for fraud control, fraud response and fraud awareness
- ✓ description of fraud reporting obligations within the Quality Agency.

## Fraud awareness training

Our fraud awareness policy encompasses staff training in minimizing the risk of fraud and corruption from both internal and external threats. Fraud awareness and security training is provided to staff as they enter the Quality Agency and on an ongoing basis as required.

## PROCUREMENT INITIATIVES TO SUPPORT SMALL BUSINESSES



The Quality Agency supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website: [www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/](http://www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/)

The assessment of residential aged care homes and aged care services in the community involves site visits to the providers of those services. During 2014-15 we undertook 5,152 visits

to residential homes and conducted 565 home care quality reviews. A major expenditure in carrying out this work is on accommodation and meals, often with SMEs, including in metropolitan, rural and remote areas. In peak periods of activity the Quality Agency utilises the resource of contract assessors. In many instances these contractors are SMEs.

In addition we are a corporate member of Supply Nation and seeks to source goods and services through businesses registered with Supply Nation. We're also looking to use our purchasing power to support Indigenous businesses many being SMEs.

When we book accommodation, we'll be seeing if we can support Indigenous-owned businesses, particularly now that we have more regional, rural and remote visits.

In all cases we ensure that SMEs are paid promptly according to their trading terms.

## PERFORMANCE AGAINST OUR QUALITY AGENCY OPERATIONAL PLAN

Our inaugural 2015-16 Operational Plan came into effect on 1 July 2015. Our operational plan was developed in consultation with the Aged Care Quality Advisory Council.

Under section 46 of the *PGPA Act 2013*, the 2015-16 Annual Report will include:

- ✓ an assessment of the extent to which the Quality Agency's operations during the period have contributed to the priorities set out in the annual operational plan for the period; and
- ✓ particulars of any variations of the annual operational plan during the period; and
- ✓ an evaluation of the Quality Agency's overall performance during the period against the performance indicators set out in the annual operational plan for the period.

## CORRECTIONS FOR PREVIOUS ANNUAL REPORT

There were no corrections in the previous annual report.

# REPORT ON PERFORMANCE – FINANCIAL ACTIVITIES

## Operating results

As shown in Part Seven of the annual report – Financial statements, the Quality Agency returned a surplus of \$1,578,618 for the financial year. This compares to a surplus of \$557,061 for the six months period in the previous financial year. The previous year was for six months as the Quality Agency commenced operations on 1 January 2014.

## Operating revenue

The total operating income was \$46,329,566 and consisted of the following:

- ✔ Government appropriations of \$24,659,000;
- ✔ Sale of goods and rendering of services \$19,474,918; and
- ✔ Other revenue \$2,195,648.

## Operating expenses

Total operating expenses were \$44,750,948 and consisted of:

- ✔ Employee benefits of \$30,679,414;
- ✔ Supplier expenses of \$13,435,784;
- ✔ Depreciation and amortisation of \$610,412; and
- ✔ Finance costs of \$25,338.

## Balance sheet

### Net asset position

The net asset position at 30 June 2015 was \$17,939,990 (2013-14: \$15,261,142).

## Total assets

Total assets at 30 June 2015 were \$35,639,825 (2013-14: \$24,751,358). Financial assets increased by \$10,200,459 from the previous year. This is mainly due to an increase in Departmental appropriations not yet drawn of \$8,167,000 in Trade and other receivables. Cash at bank increased by \$1,959,315.

## Total liabilities

Total liabilities at 30 June 2015 were \$17,699,835 (2013-14: \$9,490,216). The difference is mainly due to an increase in suppliers and other payables of \$1,045,314; an increase in unearned revenue \$2,493,253; and an increase in employee provisions of \$4,649,483.

# PURCHASING

All purchasing is carried out in line with the requirements of the Commonwealth Procurement Rules, as detailed in the Chief Executive's Instructions and Financial policies and procedures, and in keeping with the core principles of ethical, efficient, effective and economical conduct. Templates covering all aspects of purchasing and approval have been developed and are used consistently.

All procurements in excess of \$10,000 are reported in AusTender.

## Glossary

ADP	Assessor Development Program
ANAO	Australian National Audit Office
APS	Australian Public Service
ATSI flex	National Aboriginal and Torres Strait Islander flexible aged care program
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/">http://www.comlaw.gov.au/</a> Home
CPD	Continuing Professional Development
DSS	Department of Social Services
EA	Enterprise Agreement
FOI	Freedom of Information Act 1982
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 Program
<i>PGPA Act</i>	<i>Public Governance, Performance and Accountability Act 2013</i>
Quality Agency	Australian Aged Care Quality Agency
QR	Quality Review
<i>Quality Standard</i>	Industry newsletter from the Quality Agency
QUEST	Quality Education on the Standards
TFI	Timetable for Improvement
#Q	Quality Agency's weekly newsletter

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# INDEX OF MANDATORY REQUIREMENTS

The Annual Report is prepared in accordance with the Requirements for Annual Reports approved by the Joint Committee of Public Accounts and Audit. This index refers to mandatory and suggested reporting items.

Ref	Part of Report	Description	Requirement
8(3) & A.4	p3	Letter of transmittal	Mandatory
A.5	p5	Table of contents	Mandatory
A.5	p122	Index	Mandatory
A.5	p121	Glossary	Mandatory
A.5	p2	Contact officer(s)	Mandatory
A.5	p2	Internet home page address and Internet address for report	Mandatory
9	Review by Secretary		
9(1)	p8	Review by departmental secretary	Mandatory
9(2)	p114	Summary of significant issues and developments	Suggested
9(2)	p119	Overview of department's performance and financial results	Suggested
9(2)	p8	Outlook for following year	Suggested
9(3)	p114	Significant issues and developments – portfolio	Portfolio departments – suggested
10	Departmental Overview		
10(1)	p20	Role and functions	Mandatory
10(1)	p123	Organisational structure	Mandatory
10(1)	p111	Outcome and programme structure	Mandatory
10(2)	Nil	Where outcome and programme structures differ from PB Statements/ PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory
10(3)	p23 - 24	Portfolio structure	Portfolio departments - mandatory

11	Report on Performance		
11(1)	p112 - 114	Review of performance during the year in relation to programmes and contribution to outcomes	Mandatory
11(2)	p112 - 114	Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	Mandatory
11(2)	Nil	Where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change	Mandatory
11(2)	p119	Narrative discussion and analysis of performance	Mandatory
11(2)	p112	Trend information	Mandatory
11(3)		Significant changes in nature of principal functions/services	Suggested
11(3)		Performance of purchaser/provider arrangements	Suggested
11(3)		Factors, events or trends influencing departmental performance	Suggested
11(3)		Contribution of risk management in achieving objectives	Suggested
11(4)	p58	Performance against service charter customer service standards, complaints data, and the department's response to complaints	If applicable, mandatory
11(5)	p119	Discussion and analysis of the department's financial performance	Mandatory
11(6)	p119	Discussion of any significant changes in financial results from the prior year, from budget or anticipated to have a significant impact on future operations.	Mandatory
11(7)	p27	Agency resource statement and summary resource tables by outcomes	Mandatory
12	Management and Accountability      Corporate Governance		
12(1)	p3	Agency heads are required to certify their agency's actions in dealing with fraud.	Mandatory
12(2)	p26	Statement of the main corporate governance practices in place	Mandatory
12(3)	p24	Names of the senior executive and their responsibilities	Suggested
12(3)	p23 and p26	Senior management committees and their roles	Suggested

12(3)	p118	Corporate and operational plans and associated performance reporting and review	Suggested
12(3)	p 71	Internal audit arrangements including approach adopted to identifying areas of significant financial or operational risk and arrangements to manage those risks	Suggested
12(3)		Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested
12(3)	p69	How nature and amount of remuneration for SES officers is determined	Suggested
External Scrutiny			
12(4)	NA	Significant developments in external scrutiny	Mandatory
12(4)	Nil	Judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner	Mandatory
12(4)	Nil	Reports by the Auditor-General, a Parliamentary Committee, the Commonwealth Ombudsman or an agency capability review	Mandatory
Management of Human Resources			
12(5)	p63	Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory
12(6)	p63	Workforce planning, staff retention and turnover	Suggested
12(6)	p65	Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and Australian Workplace Agreements (AWAs)	Suggested
12(6)	p65	Training and development undertaken and its impact	Suggested
12(6)	p68	Work health and safety performance	Suggested
12(6)	P111	Productivity gains	Suggested
12(7)	p63 - 64	Statistics on staffing	Mandatory
12(8)	p69	Statistics on employees who identify as Indigenous	Mandatory

12(9)	p65	Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory
12(10) & B	p69	Performance pay	Mandatory
12(11)-(12)	p115	Assessment of effectiveness of assets management	If applicable, mandatory
12(13)	p120	Assessment of purchasing against core policies and principles	Mandatory
12(14)-(23)	p115	The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website.	Mandatory
12(24)	p116	Absence of provisions in contracts allowing access by the Auditor-General	Mandatory
12(25)	p116	Contracts exempted from publication in AusTender	Mandatory
12(26)-(28)	p117	Procurement initiatives to support small business	Mandatory
13	p71 - 107	Financial Statements	Mandatory
Other Mandatory Information			
14(1) & C.1	p68	Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i> )	Mandatory
14(1) & C.2	p116	Advertising and Market Research (Section 311A of the <i>Commonwealth Electoral Act 1918</i> ) and statement on advertising campaigns	Mandatory

14(1) & C.3	p61	Ecologically sustainable development and environmental performance (Section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i> )	Mandatory
14(1)	p66	Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory
14(2) & D.1	p48	Grant programmes	Mandatory
14(3) & D.2	p67	Disability reporting – explicit and transparent reference to agency level information available through other reporting mechanisms	Mandatory
14(4) & D.3	p48	Information Publication Scheme statement	Mandatory
14(5)	p118	Correction of material errors in previous annual report	If applicable, mandatory
E	p112	Agency Resource Statements and Resources for Outcomes	Mandatory
F	P 123	List of Requirements	Mandatory

## Index of Annual Report requirements of the *Australian Aged Care Quality Agency Act 2013*

The Annual Report is prepared in accordance with Section 47 (2) content of annual report within the *Australian Aged Care Quality Agency Act 2013*.

Ref *	Part of Report	Description	Requirement
47 (a)	p116	<p>The annual report prepared by the CEO and given to the Minister under section 46 of the Public Governance, Performance and Accountability Act 2013 for a period must include:</p> <p>(a) an assessment of the extent to which the Quality Agency's operations during the period have contributed to the priorities set out in the annual operational plan for the period; and</p>	Mandatory
47 (b)	p116	(b) particulars of any variations of the annual operational plan during the period; and	Mandatory
47 (c)	p116	(c) an evaluation of the Quality Agency's overall performance during the period against the performance indicators set out in the annual operational plan for the period.	Mandatory

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**Australian Government**  
**Australian Aged Care Quality Agency**

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