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Agency website: www.accreditation.aust.com

MESSAGE FROM THE CHAIRMAN

The 2000-01 financial year was a landmark period for the Aged Care Standards and Accreditation Agency, and for the aged care industry.

Up to 31 December 2000, accreditation was not mandatory, and for non-accredited homes, the Residential Care Standards only were required to be met. In the period between September 1999 and December 2000, while the Agency processed approximately 3000 accreditation applications, it concurrently managed the supervision of homes not yet accredited; homes with improvements required; and homes preparing to close or sell because they would not or could not meet the new standards.

Under the *Aged Care Act 1997*, from 1 January 2001 – ‘accreditation day’ – all aged care homes in Australia had to meet an accreditation requirement to continue to receive Commonwealth residential aged care subsidies. The Accreditation Standards, which contain nine expected outcomes over and above those included in the Residential Care Standards, became the legislated benchmark for aged care quality.

Meeting the accreditation deadline while successfully managing the transition period was a significant challenge – and achievement – for the Agency and the aged care industry.

From the outset, the Board was resolute that the Agency would deliver accreditation by the due date, and improved quality of care for older Australians in residential aged care.

With the hard work, skill and enthusiasm of quality assessors and Agency staff, coupled with the commitment and dedication of the industry, I was pleased to announce on 1 January 2001 that our goals had been achieved.

However, accreditation is not a one-off event; it is an ongoing endeavour, for both the Agency and the industry. Accreditation is set in a framework of continuous improvement and the pursuit of quality – in both aged care, and in the accreditation process – did not cease with the celebration of the 1 January milestone.

The Agency continues to supervise all homes to ensure standards are maintained and continuous improvement is undertaken. In the last six months alone, more than 1800 visits – including spot checks – have been made by the Agency to monitor homes’ progress.

Also since January, the Board has been leading an internal review of the Agency’s policies and procedures, focusing on core processes and products, such as the *Accreditation Guide*, *Application Kit* and published reports.

Integral to accreditation is transparency of process and public accountability. All review audit reports and accreditation decisions are published on the Agency's website, giving the community unprecedented access to information about aged care homes. The review is examining ways to make this information even more accessible and meaningful to the different audiences, who include residents and relatives, prospective residents, the aged care industry and the general community.

Informed by feedback from the industry and other stakeholders, the review will ensure that the next major cycle of accreditation benefits from the experiences of the past. In addition, the Agency has been contributing to the Aged Care Forum's Working Group on the Lessons Learned from Accreditation, and is actively engaged with that process to ensure any lessons relevant to the Agency are heeded.

Notwithstanding the high quality standards of care, service and professionalism in the overwhelming majority of Australia's aged care homes, there are regrettably a small number that do not consistently meet the required standards. The high profile given to these homes can misrepresent the industry as a whole, and frequently causes unnecessary alarm.

This is unfortunate, as accreditation has in fact led to significant improvements in the quality of aged care, with most homes actively pursuing continuous improvement. Accreditation means that the industry itself – not just the Agency – is taking action to raise the quality of care and services in aged care homes.

The community can be assured that the Agency is supervising all accredited aged care homes: through spot checks, review audits and support contacts. When homes fail to meet the Standards, the Agency can, will and does take action.



Jim Harrowell
Chairman

MESSAGE FROM THE GENERAL MANAGER

The successful completion of the first round of accreditation by the due date of 1 January 2001 was a significant achievement for the Agency. Over three thousand accreditation applications were processed, accreditation site visits conducted and accreditation decisions made between September 1999 and December 2000. In addition to this the Agency continued with a busy schedule of ongoing review audits, support visits and spot checks. The legislated target could not have been achieved without the skills and efforts of all Agency staff and our contracted quality assessors.

The outcomes of this first round of accreditation clearly demonstrate that there is a high level of compliance with the Accreditation Standards, with 2938 aged care homes accredited by the accreditation date. The commitment of the great majority of homes to the accreditation process was clearly evident to assessment teams. During the accreditation site visits, quality assessors met with over 13,000 residents and carers to receive their input into the assessment. In very many cases the residents and their carers confirmed to our assessors that they were receiving excellent care. Residents were also very forthcoming about things that they would like to see improved in their home.

As with any major new initiative there are important lessons to be learned from the initial round. The Agency has a strong commitment, led by the Board, to continually improve its own standards. As the Chairman has indicated in his report, immediately after the accreditation date the Agency commenced a rigorous review of its processes. The Agency established a project team to assess all the feedback received and to make recommendations for improvements. Comprehensive and important feedback from all homes was collected at several stages in the accreditation process. Although this indicated a very high level of satisfaction with accreditation (89 per cent of services agreed that they found the site audit a satisfying and useful experience) there were valuable improvement suggestions made which will be incorporated into the next round of accreditation.

I would like to thank the Agency Board and staff of the Agency for their commitment to the process of accreditation; to the officers and staff of the Department of Health and Aged Care for their support of the Agency's role; to the many aged care providers who responded to the recommendations of the Agency; and finally to all those residents of Australia's aged care homes who welcomed our assessors into their homes.



Tim Burns
General Manager

OVERVIEW OF THE AGENCY

The Aged Care Standards and Accreditation Agency (the Agency) is an independent company established by the Commonwealth under the *Aged Care Act 1997* for the accreditation of residential aged care homes.

Functions

The core functions of the Agency are set down through a written agreement with the Commonwealth made under s.80-1 of the *Aged Care Act 1997*. The functions of the Agency set out in the *Accreditation Grant Principles 1999* are to:

- Manage the residential aged care accreditation process using the Accreditation Standards
- Promote high quality care and assist industry to improve service quality by identifying best practice, and providing information, education and training
- Assess and strategically manage services working towards accreditation
- Liaise with the Department of Health and Aged Care about services that do not comply with the relevant Standards.

The Agency fulfils its functions using processes and principles set down in legislation, notably the *Aged Care Act 1997*, the *Accountability Principles 1998*, the *Accreditation Grant Principles 1999* and the *Commonwealth Authorities and Companies Act 1997*.

Mission statement

The Agency's mission is to:

- Ensure legislated standards are achieved
- Promote innovation and best practice
- Enhance quality of life for residents
- Work with the aged care industry to continuously improve services.

Vision statement

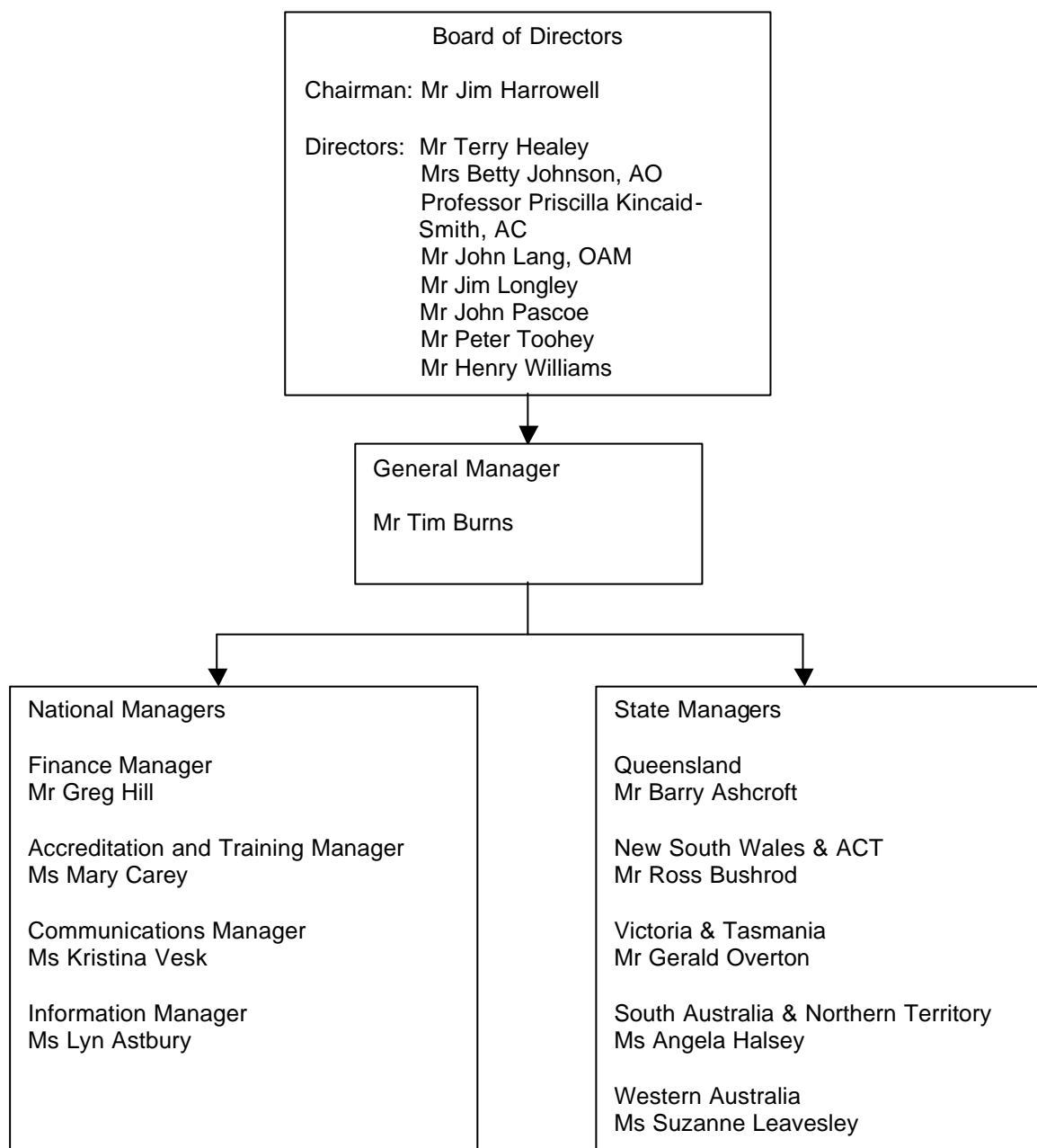
The Agency's vision is that:

Individuals enjoy quality care and services provided by an aged care industry that is setting world benchmarks.

Agency structure

The corporate structure of the Agency is illustrated below at Figure 1.

Figure 1: Organisation chart



The Board of Directors has overall responsibility for the Agency's strategic direction and performance. The Board's role is corporate governance: ensuring that the Agency fulfils the functions given to it by the Parliament in the legislation, and ensuring proper prudential management of its funds.

Details about Board Directors for the period 2000-2001 are included in section 4, *Directors' Report*.

The General Manager is responsible for the operational management of the company and for ensuring the delivery of the Agency's core functions. The General Manager reports to the Board and maintains regular communication with the Commonwealth Department of Health and Aged Care.

The General Manager is supported by a small team in the national office who develop and implement national policies covering accreditation, monitoring, education and training, communications and finance.

Five state-based offices deliver the day to day functions of the Agency, focused particularly on managing accreditation and monitoring the ongoing compliance and continuous improvement of aged care homes. State offices are located in Sydney (covering the ACT), Melbourne (covering Tasmania), Brisbane, Perth and Adelaide (covering the Northern Territory). Each State office has a State Manager responsible for its activities. Contact details for each State office can be found on the back cover of this report.

Relationship with the Department of Health and Aged Care

The Agency contributes to the achievement of 'Enhanced Quality of Life for Older Australians', a portfolio outcome set for the Commonwealth Department of Health and Aged Care ('the Department'). The objectives of this outcome are to improve the quality of care, quality of life and respect for the dignity of consumers of residential aged care.

The Agency works with the Department in the promotion of quality of aged care by, for example:

- Liaising with the Department about homes that do not meet their obligations under the Act
- Providing recommendations to the Secretary (or his delegate) about whether or not sanctions should be imposed on homes that do not comply with the Accreditation Standards or other obligations
- Responding to requests from the Secretary (or his delegate) to conduct review audits
- Reporting regularly about the status and performance of aged care homes.

The information provided in this Report complements and expands on material provided in the Department of Health and Aged Care Annual Report 2000-2001 and associated Portfolio Budget Statements.

The following table lists Agency performance in 2000-2001 against targets specified by the Department of Health and Aged Care.

Table 1: Agency performance 2000-2001

Performance target	Result achieved	Variance
100% of residential aged care homes are accredited	Target achieved. 100% accredited.	
50% of all accredited homes are accredited for 3 years	Target exceeded. Approximately 90% of homes accredited for 3 years.	Reflects stronger than anticipated performance and response by industry to quality improvement.
80% of services accessing information and training on quality management	Partly achieved. Publication of newsletter resumed first quarter of 2001.	Until 1 January 2001, priority was given to ensuring the accreditation deadline was met. Production of the Agency's newsletter, <i>The Standard</i> , resumed in early 2001 and preparation for training and education initiatives commenced.
Minister and Department are satisfied with advice and reports	Partly achieved.	Advice data and information provided in a timely manner, with a high degree of accuracy and quality. There were delays in presentation of previous annual reports due to accreditation priorities.

DIRECTORS' REPORT

Your directors submit the financial accounts for the financial year ended 30 June 2001.

Directors

The names of directors in office at any time since 30 June 2000 are:

Dr Penny Flett (resigned 22 September 2000)
Mr Jim Harrowell (Chairman)
Mr Terry Healey
Mrs Betty Johnson, AO
Professor Priscilla Kincaid-Smith, AC
Mr John Lang, OAM
Mr Jim Longley
Mr John Pascoe (commenced 4 June 2001)
Mr Peter Toohey
Mr Henry Williams

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Dr Penny Flett (former Chairman)

Appointed 22/09/97

Resigned 22/09/00

Dr Flett is Executive Director of Brightwater Care Group (formerly Homes of Peace) a not-for-profit organisation providing a wide range of residential and at-home services for 700 elderly and young people at many locations in Perth.

Dr Flett was appointed as Chair of the Board in November 1997. Her term expired in September 2000.

Mr Jim Harrowell, Chairman

Appointed 21/06/99

Current appointment until 20/06/04

Chairman of Remuneration Committee

Mr Harrowell is a qualified lawyer and accountant. He is a Fellow of the Australian Institute of Company Directors and a Fellow of the Taxation Institute of Australia.

He is the Managing Partner of the Hunt & Hunt Legal Group and has over 20 years experience in litigation in all jurisdictional levels in NSW and interstate.

He lives in Sydney.

Directors

Mr Terry Healey

Appointed 22/09/97

Current appointment until 22/09/01

Member of Audit and Finance Committee

Until his retirement in December 2000, Mr Healey was the Chief Executive Officer of Eldercare Inc., an independently incorporated community service of the Uniting Church in Australia which operates nursing homes, hostels and independent living units in South Australia.

He lives in Adelaide.

Mrs Betty Johnson, AO

Appointed 22/09/97

Current appointment until 21/11/03

Member of Education and Training Committee

Mrs Johnson is involved with the Older Women's Network (Australia) and she is also involved with the Australian Pensioners and Superannuants Federation. Mrs Johnson holds the position of consumer representative on many aged care committees and working groups.

She lives in Sydney.

Professor Priscilla Kincaid-Smith, AC

Appointed 22/09/97

Current appointment until 21/11/03

Member of Education and Training Committee

Professor Kincaid-Smith is Professor Emeritus University of Melbourne and the Medical Director and Director of Nephrology, Epworth Hospital, Melbourne. Formerly Chairman Australian Medical Association Committee on the Care of Older People.

She lives in Melbourne.

Mr John Lang, AOM

Appointed 22/09/97

Current appointment until 22/09/01

Member of Audit and Finance Committee and Remuneration Committee

Mr John Lang is retired Company Director with qualifications in both accounting and marketing. He has wide business experience domestically and internationally.

He currently serves on the Boards of SCEGGS Redlands Limited (an educational group) and the Vasey Housing Association NSW (providers of independent living for war widows and other defence related women).

Mr Lang remains most active in community activities, especially Rotary. As an ex-serviceman he serves with the Department of Veterans Affairs on their NSW and National Forums for Aged Care.

He lives in Sydney.

Mr Jim Longley

Appointed 22/09/97

Current appointment until 22/09/01

Mr Longley is a senior Finance Executive with the Commonwealth Bank of Australia. Prior to this he was the Chief Executive Officer of the Anglican Retirement Villages, Sydney. Mr Longley was New South Wales' first Minister on Ageing (1993-95) and was also a Councillor on the NSW Aged Services Association Board (the peak body for charitable aged care organisations) from 1997-00.

He lives in Sydney.

Mr John Pascoe

Appointed 4/06/01

Current appointment until 19/03/04

Mr Pascoe is a qualified lawyer and the Managing Director of the Insurance and Financial Services Group for Phillips Fox Lawyers. He is also the Chairman of George Weston Foods Limited and a director of a number of other boards.

He lives in Sydney.

Mr Peter Toohey

Appointed 22/09/97

Current appointment until 21/11/03

Chairman of Education and Training Committee and member of Remuneration Committee

Mr Toohey is a management consultant to the aged care industry and a former Executive Chairman of TriCare Limited, the largest private aged care group in Queensland.

He has 20 years experience in the aged care industry and is a Fellow of the Company Directors Association of Australia.

He lives in Brisbane.

Mr Henry Williams

Appointed 21/06/99

Current appointment until 21/06/04

Chairman of Audit and Finance Committee

Mr Williams is the Health and Aged Care Partner in Bentley's MRI Brisbane. He has over 20 years experience and expertise in areas of taxation, business advising, audit and information technology. He has significant experience in implementing internal control functions over new systems and overseeing quality assurance processes.

He lives in Brisbane.

Principal activities

- Manage the residential aged care accreditation process using the Accreditation Standards
- Promote high quality care and assist industry to improve service quality by identifying best practice, and providing information, education and training
- Assess and strategically manage services working towards accreditation
- Liaise with the Department of Health and Aged Care about services that do not comply with the relevant Standards.

There were no significant changes in the nature of the economic entity's principal activities during the financial year.

Operating results

Accreditation

The *Aged Care Act 1997* requires that from 1 January 2001, all aged care homes are accredited.

In the period between September 1999 and December 2000, the Agency managed the accreditation process for every operating aged care home that applied for accreditation.

Every service that applied for accreditation by the due date had been assessed against the Accreditation Standards, and had received their accreditation decision prior to the 1 January 2001 deadline.

On 1 January 2001, the Agency announced that a total of 2938 homes in Australia were accredited, with more than 90 per cent of those homes receiving the maximum period of three-years accreditation.

A small number of homes (21) did not achieve accreditation. The Department of Health and Aged Care worked closely with the approved providers of those homes to ensure that residents' best interests were protected.

Accreditation process

Accreditation is the evaluation process that aged care homes must undergo to continue to receive residential care subsidy. The main steps in the accreditation process are specified in the *Accreditation Grant Principles 1999* ('the Principles'). The accreditation process is managed by the Aged Care Standards and Accreditation Agency ('the Agency').

Commencing services (new homes)

In order to receive residential care subsidies, homes must be accredited. Therefore, new homes apply for accreditation usually before they have admitted residents. The application requires the home to identify how it will meet the Accreditation Standards when it is operating, and to give the Agency an undertaking that the home will undertake continuous improvement.

By law, commencing services can only be accredited for a maximum of 12 months, and their accreditation is determined on the basis of a written application. During the accredited period, the home will receive support contacts from the Agency and will be required to apply for a further period of accreditation, as an 'existing service'.

Existing homes

In simple terms, there are three basic steps in the accreditation process:

1. The home applies for accreditation by completing a self-assessment of its performance against the Accreditation Standards. The application is reviewed by a team of registered quality assessors (the 'assessment team') in a process known as the '**desk audit**'.
2. The assessment team conducts an on-site audit of the home's performance against the Accreditation Standards. This is known as the '**site audit**'.
3. An authorised decision-maker within the Agency considers the findings of the assessment team, in conjunction with feedback from the home and any relevant information from the Secretary to the Department of Health and Aged Care, and makes an accreditation decision.

During the period 152 applications (excluding commencing services) for accreditation were received by the Agency.

Site audit

During the site audit, the team assesses the quality of care provided against the Accreditation Standards. This is done by: reviewing documents (eg policies, care plans); interviewing staff, residents, relatives and other relevant people (eg visiting doctors, pharmacists); and observing the environment and practices of the home.

Requirements of the *Accreditation Grant Principles 1999* include:

- Prior to the audit, providers must tell residents and relatives when the site audit will occur, and that residents and relatives will have an opportunity to talk to members of the team in confidence
- During the audit, the assessment team must meet with at least 10 per cent of the residents (or their representatives).

Typically a site audit occurs over two days and is conducted by a team of two quality assessors. The audit begins with an entry meeting and tour of the home, and concludes with an exit meeting, during which feedback is provided from the team to the management of the home about the findings of the audit.

A preliminary written report, called the Statement of Major Findings, is presented at the exit meeting. The home has 14 days to provide the Agency with a written response to this Statement.

Also within 14 days, the assessment team completes its final report (the 'site audit report') and submits this to the Agency.

In 2000-2001 a total of 1413 desk audits and 1490 site audits were completed.

It is important to note that while assessment teams conduct audits, it is the Agency that makes accreditation decisions.

Accreditation decision

In making an accreditation decision, the Agency takes into consideration:

- The desk audit report (if any – accreditation can be processed without a desk audit occurring)
- The site audit report
- Information (if any) received from the Secretary to the Department, regarding certification
- Other information (if any) received from the Secretary to the Department
- Information received from the approved provider in response to the preliminary report provided to it by the assessment team
- Whether it is satisfied that the service will undertake continuous improvement.

In deciding to accredit a home, the Agency also decides the period of accreditation, the form and frequency of support contacts and whether there are any required improvements.

Each decision is made carefully based on the individual merits and facts of the case, and in accordance with the Principles and administrative law. In general terms, accreditation is awarded for three years where homes are performing satisfactorily and for lesser periods when there are areas of non-compliance or a history of non-compliance.

It is not unusual for a decision-maker to make a decision different from a team's recommendation because he or she may be in possession of further information and may, under administrative law, give different weight to the matters that must be considered.

Of paramount concern in making accreditation decisions is the health, safety and well-being of residents. Where there is non-compliance with the Standards, the Agency maintains close supervision of the home to ensure that improvements are implemented and residents are protected. The Department of Health and Aged Care is kept informed, and may take its own compliance and monitoring action.

Accreditation activity and outcomes

In the reporting period, 2033 accreditation decisions were made, 1795 of which were decisions to grant 3-year accreditation.

Table 2 shows the accreditation status of homes as at 30 June 2001.

Table 2: Accreditation status as at 30 June 2001

Status	Number of homes
Accredited for 3 years	2736
Accredited for 1 year	162
Accredited for other periods	50

Reconsideration and review

There is a high level of acceptance of Agency decisions. During the reporting period, only two per cent of decisions about accreditation or review audits were subject to reconsideration, and only two matters proceeded to the Administrative Appeals Tribunal.

The approved provider of a home may seek reconsideration of a decision not to accredit, or reconsideration of the period of accreditation. Reconsideration means making a fresh decision in relation to that application, and can involve a further site audit.

If a home is still refused accreditation after reconsideration, or is dissatisfied with a reconsideration decision about the period of accreditation, it may apply to the Administrative Appeals Tribunal (AAT) for review of the decision. Reconsideration and review are also available in respect of decisions made following review audits.

Ongoing supervision

Continuous improvement is the cornerstone of accreditation: it means that homes actively seek feedback from their residents, and are able to understand and respond to their changing needs and preferences; it is the pursuit of quality in all facets of a home's care and services.

Once accredited, homes continue to be supervised for their ongoing compliance with the Accreditation Standards and their undertaking of continuous improvement. Supervision occurs through support contacts and review audits. The Agency also carries out both random and targeted spot checks (unannounced visits).

Spot checks

Spot checks (unannounced visits) are carried out both as random visits (where there is no indicator to suggest that the home is not meeting its obligations) and targeted visits (to homes where the Agency has reason to believe there may be non-compliance). Spot checks may occur at any home, at any time, including weekends.

In the reporting period, 360 spot checks were conducted.

Support contacts

A support contact is a visit or telephone call to a home by a registered quality assessor. A support contact aims to:

- Ensure homes are complying with the Accreditation Standards and other responsibilities under the *Aged Care Act 1997*

- Help homes to undertake continuous improvement
- Identify whether there is the need for a review audit, or
- Provide additional information or training

A support contact may be either an overview of the home's performance against the Accreditation Standards, or may focus on specific aspects of care or services. Matters that were noted as requiring improvement following the accreditation decision will be assessed.

During 2000-2001, 3062 support contacts were carried out, 2808 to accredited services and 254 to non-accredited services.

Review audits

A review audit is an assessment of the quality of care provided by a home against the Accreditation Standards.

An assessment team reviews documents, interviews staff, residents, relatives and other relevant people and observes the environment and practices of the home.

The Agency may arrange for an assessment team to conduct a review audit of a home if:

- It has reason to believe that the home may not be complying with the Accreditation Standards
- There has been a change to the home such as a change of ownership or key personnel
- There has been a transfer of allocated places
- There has been a change to the premises of the home, or
- The home has not complied with the arrangements made for support contacts.

The Agency will also arrange review audits at the request of the Department of Health and Aged Care.

During 2000-2001, 125 review audits were conducted, 31 of these being review audits of unaccredited homes.

Education, training and information

In April 2001, the National Education, Training and Best Practice Plan was formally approved by the Agency Board. The plan covers the period of 2001-2004 and was developed to meet the Agency's legislated responsibilities in relation to the provision of information and education and training to the industry.

The three key themes of the National Education, Training and Best Practice Plan are self-assessment, continuous improvement and data and

measurement. During the reporting period, the Agency commenced work on the development of introductory education packages on self-assessment and continuous improvement, which will be released to the industry in September 2001.

A major source of information for industry, the community and consumers and their families is via the Agency's website at www.accreditation.aust.com. Over the period the average number of page views was 20,000 per month, with a peak of 31,000 in October 2000. The most accessed page on the website is the reports page. All accreditation decisions and review audit reports are published on the site.

The Agency's regular publication, *The Standard*, was suspended during 2000 due to the workload commitments necessary to meet the accreditation deadline, however, publication resumed in 2001 with the Autumn edition.

In addition to its formal education and training function, the Agency provided input to a number of National and State consultative forums and contributed to numerous conferences and seminars.

The Agency contributed to several key government initiatives in 2000-2001 attending, participating and providing information for national initiatives and forums, including the Aged Care Forum and the Lessons Learned from Accreditation Working Group (a working group of the Aged Care Forum).

Consultation

Consultation is important for achieving the Agency's mission and core functions. The Agency has established formal consultative mechanisms through Agency Liaison Groups in each State and Territory and nationally. Membership is drawn from a wide range of stakeholders including providers, industry, government and consumer representatives.

Agency Liaison Groups meet regularly to discuss industry trends, provide feedback on Agency policies and processes and suggest areas for improvement. Conversely, the Agency provides feedback and information to the Groups, who then communicate back through their organisations.

Financial results

The operating profit amounted to \$2,568,954. Dividends are not applicable for this entity as no beneficial interest exists.

As the Agency is a company limited by guarantee, it has not and cannot issue options or shares.

Significant changes in state of affairs

As at 31 December 2000, the Agency had accredited 2938 aged care homes. Since that time the Agency's focus has changed significantly, from accreditation audits to the monitoring of ongoing compliance with the Accreditation Standards through spot checks, support contacts and review audits. The Agency has conducted 1578 compliance monitoring visits since 1 January 2001. The Directors have been reviewing the Agency's accreditation processes in preparation for the next major round of accreditation and will publish revisions to the *Accreditation Guide*, the *Application Kit* and the *Self Assessment Tool*.

Areas of risk and likely developments

The Agency has a funding agreement with the Commonwealth Department of Health and Aged Care, pursuant to which it carries out its functions in accordance with the *Accreditation Grant Principles 1999*. The Principles have the force of legislation and can be amended by the Parliament.

The Agency is also required to comply with certain directions in relation to the general policies of the government, in accordance with the *Commonwealth Authorities and Companies Act 1997* and these or amendments to legislation could have a direct impact on the Agency's operations.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Audit and Finance Committee

The Committee's responsibilities are to:

- Oversee the existence and maintenance of internal controls and accounting systems
- Oversee the financial reporting process
- Nominate external auditors
- Review the existing external audit arrangements
- Help the Company and the Directors to comply with their obligations under articles and the law
- Provide a forum for communication between Directors, senior management and auditors.

Education and Training Committee

The Committee sets the strategic direction for the Agency's external education and training initiatives. It meets regularly with Agency management to oversee the development and implementation of industry education packages and other information products.

The Committee was instrumental in the development of the 2001-2004 National Education, Training and Best Practice Plan. Board Directors other than members of the Committee join its meetings from time to time.

Remuneration Committee

The Remuneration Committee was established to consider proposals and make determinations in respect of executive remuneration.

Meetings of Directors

During the financial year, meetings of Directors and attendance were as detailed in Table 3.

Table 3: Meeting of Directors 2000-2001

	Board	Audit and Finance Committee	Remuneration Committee	Education and Training Committee
P Flett	3 (resigned 22/09/00)	-	-	-
J Harrowell	10	-	1	1
T Healey	9	5	-	1
B Johnson	10	-	-	3
P Kincaid-Smith	6	-	-	1
J Lang	10	8	1	-
J Longley	10	3 (resigned 20/11/00)	-	-
J Pascoe	-	-	-	-
P Toohey	10	-	1	4
H Williams	10	8	-	-
Total number of meetings held	10	8	1	5

Directors' and officers' indemnification

The Company has, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- Indemnified against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; and
- Paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.



During or since the financial year the Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of the conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium paid was \$ 8,577 for all Directors and officers.

Directors' benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company or a related body corporate with a Director, a firm of which a Director is a member or any entity in which a Director has a substantial financial interest.

This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors and shown in the Company's accounts, or the fixed salary of a full-time employee of the parent entity, controlled entity or related body corporate.

Signed in accordance with a resolution of the Board of Directors


Director

Director

Dated this 4TH day of SEPTEMBER 2001

Aged Care Standards & Accreditation Agency Ltd

ACN 079 618 652

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 \$	2000 \$
Revenue from ordinary activities	2	23,859,806	16,810,182
Employee expenses		(14,954,365)	(11,066,030)
Depreciation and amortisation		(1,175,538)	(513,940)
Other expenses from ordinary activities		(5,160,949)	(3,273,796)
Net Profit	2	2,568,954	1,956,416
Total changes in equity other than those resulting from transactions with owners as owners		2,568,954	1,956,416

The accompanying notes form part of these financial statements.

The Aged Care Standards & Accreditation Agency Ltd

ACN 079 618 652

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2001

Current Assets	Note	2001 \$	2000 \$
Cash	6	6,632,968	14,528,123
Other	8	386,620	983,111
Total current assets		7,019,588	15,511,234
Non-Current Assets			
Property, plant and equipment	7	2,077,703	2,827,301
Total non-current assets		2,077,703	2,827,301
Total assets		9,097,291	18,338,535
Current Liabilities			
Accounts payable	9	762,283	1,355,190
Provisions	10	684,141	577,978
Other	11	1,023,758	12,347,212
Total current liabilities		2,470,182	14,280,380
Total liabilities		2,470,182	14,280,380
Net assets		6,627,109	4,058,155
Equity			
Retained profits	12	6,627,109	4,058,155
Total equity		6,627,109	4,058,155
Capital and leasing commitments	13		

The accompanying notes form part of these financial statements.

The Aged Care Standards & Accreditation Agency Ltd

ACN 079 618 652

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2001

Cash Flows from Operating Activities	Note	2001 \$	2000 \$
Receipts from customers		12,285,196	27,577,254
Payments to suppliers and employees		(20,230,757)	(12,924,829)
Interest received		472,419	213,397
Net cash provided by (used in) operating activities	5	(7,473,142)	14,865,822
Cash flows from Investing Activities			
Purchase of fixed assets		(436,569)	(1,744,720)
Proceeds on disposal of fixed assets		14,556	700
Net cash provided by (used in) investing activities		(422,013)	(1,744,020)
Net increase (decrease) in cash held		(7,895,155)	13,121,802
Cash at 1 July 2000		14,528,123	1,406,321
Cash at 30 June 2001	6	6,632,968	14,528,123

The accompanying notes form part of these financial statements.

The Aged Care Standards & Accreditation Agency Ltd

ACN 079 618 652

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

Note 1: Statement of accounting policies

The financial statements are a general purpose financial report that have been prepared in accordance with applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Corporations Act 2001. The financial statements have also been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

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

Revenue recognition

Accreditation fees are paid at application and brought to revenue proportionately as work is complete at the desk and site audits. Monies not brought to revenue are carried as unearned income.

Income tax

The Company has received a private ruling exempting it from income tax.

Property, plant and equipment

Property, plant and equipment are brought to account at cost or at independent or Directors' valuation, less, where applicable, any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets is depreciated over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The current rates of depreciation by category are:

Computers 40%

Furniture and Fittings 20%

Other Equipment 25%

Leases

No finance leases are held.

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

Employee entitlements

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

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

Cash

For the purpose of the statement of cash flows, cash includes:

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

Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Note 2A: Operating Profit

Operating profit has been determined after:

- 1. Charging as expenses

		2001 \$	2000 \$
Movements in Provisions			
Depreciation of non-current assets:			
Property, plant and equipment		1,175,538	513,940
Other provisions:			
Employee entitlements		799,585	538,608
Net expense resulting from movement in provisions		1,975,123	1,052,548
Net gain on sale of fixed assets		(3,928)	2,670
Rental expense on operating leases		971,107	769,781

- 2. Crediting as income

		2001 \$	2000 \$
Operating Revenue			
Interest received		472,419	285,827
Training revenue		(178)	11,666
Proceeds on disposal of property, plant and equipment		14,556	700
Government grants received		10,618,000	6,033,000
Accreditation revenue		12,615,664	9,618,334
Spot check revenue		139,345	860,655

**NOTES TO AND FORMING PARTY OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001**

Note 3: Remuneration and Retirement Benefits	Note	2001 \$	2000 \$
Directors Remuneration			
Income paid or payable to all Directors		160,751	159,631
\$10,000 - \$19,999		9	8
\$30,000 - \$39,999		1	1
The names of directors who have held office during the financial year are: Dr Penny Flett Mr James Harrowell Mr Terry Healey Mrs Betty Johnson, AO Professor Priscilla Kincaid-Smith, AC Mr John Lang, OAM Mr Jim Longley Mr John Pascoe Mr Peter Toohey Mr Henry Williams			

Note 4: Auditors Remuneration			
Auditing the accounts		18,000	14,000

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001**

Note 5: Reconciliation of Cash Flow from Operations with Operating Profit	Note	2001 \$	2000 \$
Operating profit		2,568,954	1,956,416
Non-cash flows in operating profit			
Depreciation		1,175,538	513,940
Changes to provisions		106,163	132,527
Loss / (Gain) on sale of fixed asset		(3,928)	2,670
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries			
Decrease in receivables		619,443	(938,297)
Increase in prepayments		(22,952)	11,143
Decrease in liabilities		(11,916,360)	13,187,423
Cash flows from operations		(7,473,142)	14,865,822

Note 6: Cash			
Cash at bank		6,632,968	14,528,123

Note 7: Property, Plant and Equipment	Note	2001 \$	2000 \$
Furniture & fittings			
At cost		1,473,901	1,075,968
Accumulated depreciation		<u>(556,264)</u> 917,637	<u>(308,466)</u> 767,502
Computers			
At cost		2,500,444	2,351,336
Accumulated depreciation		<u>(1,422,371)</u> 1,078,073	<u>(535,088)</u> 1,816,248
Office equipment			
At cost		171,122	158,744
Accumulated depreciation		<u>(89,129)</u> 81,993	<u>(55,405)</u> 103,339
Motor vehicles			
At cost		-	-
Accumulated depreciation		-	-
Capital works in progress		-	140,212
Total property, plant and equipment		2,077,703	2,827,301

Note 8: Other Assets	Note	2001 \$	2000 \$
Current			
Prepayments		67,766	44,814
Receivables		<u>318,854</u> 386,620	<u>938,297</u> 983,111

Note 9: Accounts Payable	Note	2001 \$	2000 \$
Current			
Unsecured liabilities			
Trade creditors		762,283	1,355,190

Note 10: Provisions	Note	2001 \$	2000 \$
Current			
Employee entitlements		684,141	577,978

Note 11: Other Current Liabilities	Note	2001 \$	2000 \$
Unearned income		830,367	11,918,002
Accrued expenses		193,391	429,210

Note 12: Issued capital

The Company is limited by guarantee. If the Company is wound up, the Articles of Association state that each member is required to contribute a maximum of \$15 each towards meeting any outstanding obligations of the Company. At 30 June 2001 the number of members was five (2000, five).

Note 13: Expenditure Commitments	Note	2001 \$	2000 \$
(a) Operating lease commitments			
Non-cancellable operating leases contracted for but not capitalised in the accounts			
Payable:			
Not longer than 1 year		572,244	501,017
Longer than 1 year but not longer than 2 years		293,682	133,607
Longer than 2 years but not longer than 5 years		409,854	-
Longer than 5 years		-	-
(b) Capital expenditure commitments			
Capital expenditure commitments contracted for:			
Furniture and fittings		-	202,892
(c) Chiron licence fees to be paid 2 July 2001		210,000	-

Note 14: Contingent liabilities

Two AAT matters were pending at year end with no liability expected and costs estimated at \$40,000.

There was one industrial relations action pending where any settlement is expected to be not material to the Agency and costs are estimated at \$20,000.

Note 15: Financial instruments

Financial assets

Cash and deposits are recognised in the Statement of Financial Position at their nominal value. Interest is credited to revenue as received. The effective weighted average interest rate for cash deposits at 30 June was 4.72%
Receivables are normally settled within 30 days.

Financial liabilities

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

Credit risk

The Agency's credit risk is limited to the value of assets carried in our Statement of Financial Position. Receivables included in these balances are monies outstanding from the Department of Health and Aged Care.

Note 16: Economic dependency

The operations of the Company are dependent on an annual monetary grant from the Commonwealth Government.

DIRECTORS' DECLARATION

The Directors declare that:

- a) the financial statements and associated notes comply with the Accounting Standards and Urgent Issues Group Consensus Views;
- (b) The financial statements and notes give a true and fair view of the financial position as at 30 June 2001 and performance of the Company for the year then ended;
- (c) In the Directors' opinion;
 - (i) there are reasonable grounds to believe that the Company will be able to pay its debts as when they become due and payable.
 - (ii) The financial statements and notes are in accordance with the Corporations Act 2001.

This statement is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Director



Director



Dated this

.....^{4TH}..... day of^{SEPTEMBER}.....2001



INDEPENDENT AUDIT REPORT

To the members of Aged Care Standards and Accreditation Agency Limited

Scope

I have audited the financial report of Aged Care Standards and Accreditation Agency Limited for the financial year ended 30 June 2001. The financial report comprises:

- Statement of Financial Performance;
- Statement of Financial Position;
- Statement of Cash flows;
- Directors' Declaration; and
- Notes to and forming part of the Financial Report

The Company's directors are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

The audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance whether the financial report is free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view which is consistent with my understanding of the Company's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

PO Box A456 Sydney South NSW 1235
130 Elizabeth Street
SYDNEY NSW
Phone (02) 9367 7100 Fax (02) 9367 7102

Audit Opinion

In my opinion, the financial report of Aged Care Standards and Accreditation Agency Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2001 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

Australian National Audit Office



P Hinchey
Senior Director

For the Auditor-General

Sydney
10 September 2001

MANAGEMENT AND ACCOUNTABILITY

Management approach

Under the direction of the Board, the Agency is committed to the continuous improvement of its own processes and relies very much on feedback provided by its stakeholders. The Agency has established systems for inviting feedback on all its processes and the results of this feedback are presented below. All residential aged care homes in the country were invited to comment on the accreditation process and make suggestions for improvement. Many suggestions for improvement will be incorporated into the Agency's future approach to accreditation.

The legislative framework establishes the Agency's operating environment. The Agency's relationship with the Commonwealth government, through the Department of Health and Aged Care, further clarifies strategic and corporate goals. Within this legislated framework, the Agency has absolute independence in its decision making. Decision-making is delegated by the General Manager to authorised decision-makers in each state office.

Workforce planning

The staff of the Agency are employed on limited period, individual contracts. Staff are encouraged to participate in operational planning, decision-making and improvement cycles. There are annual performance reviews. In addition, the Agency relies on an external contracted workforce, of clerical staff and registered quality assessors, to meet the higher resource requirements during the peak accreditation periods.

Human resource management

Table 4 identifies the number of staff employed by the Agency as at June 2001.

Table 4: Agency staff as at June 2001

	NAT	NSW	VIC	TAS	QLD	S.A	W.A	Total
Managers	5.0	1.0	1.0		1.0	1.0	1.0	10.0
Coordinators		2.0	1.0		1.0	1.0	1.0	6.0
Assessors		18.0	26.6	2.1	16.6	8.8	9.0	81.1
Clerical	7.6	14.4	14.0		7.0	3.0	5.0	51.0
Directors	9.0							9.0
Total	21.6	35.4	42.6	2.1	25.6	13.8	16.0	157.1

There were 157.1 staff employed across Australia as at June 2001, 52 per cent of whom were registered aged care quality assessors undertaking assessment functions.

External assessor workforce

During the period 2000-2001, the Agency focused on keeping the external assessor workforce informed and up-to-date. This was achieved using a variety of strategies including:

- Regular seminars and workshops offered by Agency state offices
- A national self-directed learning package on report writing.

There were 472 registered external quality assessors at 30 June 2001. An external assessor workforce has delivered a range of benefits including:

- Enabling aged care homes to choose both Agency quality assessors and contract assessors for inclusion in assessment teams
- Providing industry input and expertise by engaging experienced professionals from the sector
- Supporting the flexible workforce required for the cost-effective management of a cyclical accreditation process.

Feedback mechanisms

The Agency has put in place a number of mechanisms to ensure it gains feedback on its own performance. Formal feedback is sought via questionnaires on the site audit process, site audit report and support contact (site).

The tables 5, 6 and 7, illustrate the proportion of respondents who agreed or strongly agreed with the statements indicated from the site audit (process) feedback questionnaire, site audit report feedback questionnaire and support contact (site) feedback questionnaire.

Table 5: Satisfaction with site audit

Statement	Strongly Agree	Agree	Disagree/ Strongly Disagree	Did not answer
The Statement of Major Findings was useful in providing a summary of the team's findings.	48.02%	45.02%	4.03%	2.93%
Overall, the site audit was a satisfying and useful experience.	54.54%	34.70%	8.71%	2.05%

Table 6: Satisfaction with site audit report

Statement	Strongly Agree	Agree	Disagree/ Strongly Disagree	Did not answer
The Site Audit Report will be useful in guiding planning for improvement in our service.	42.10%	51.11%	5.8%	0.99%
Overall, we are satisfied with the Site Audit Report.	33.21%	58.40%	4.69%	3.70%

Table 7: Satisfaction with support contact (site)

Statement	Strongly Agree	Agree	Disagree/ Strongly Disagree	Did not answer
The assessor/s were professional and courteous throughout the visit.	71.47%	25.53%	0.96%	2.04%
Overall, the support contact (site) was a satisfying and useful experience.	62.61%	30.97%	4.43%	1.99%

Complaints

Complaints about the conduct of registered assessors can be made to the Registrar, Quality Society of Australasia. Any complaints will be acknowledged and investigated by QSA and the Agency. If necessary, the outcome of the investigation will be forwarded to the Auditor Certification Panel and the Certification Review Board, for consideration and a ruling. Substantiated evidence of unacceptable performance or misconduct may result in withdrawal of registration. In the period 2000-2001, four written complaints were received by QSA. Three of these complaints have been resolved and one, as at 30 June 2001, is still under investigation.

Occupational health and safety

The Agency policy is to maintain a safe and healthy working environment for its staff. Occupational health and safety committees are established at each office location and are supported by corporate occupational health and safety policies. In 2000-2001, there were no incidents or issues of concern relating to occupational health and safety.

Outlook in 2000-2001

The focus for the year ahead will be on monitoring continuous improvement and compliance with the Accreditation Standards in all residential aged care homes; the development of education packages for the industry; and the development and promulgation of the *Accreditation Guide*, the *Application Kit* and the *Self-Assessment Tool*. In addition, the Agency will complete the installation of its information management system, which will enhance its reporting capability.

Applications for the next major round of accreditation will commence in the latter part of the year.