



The **Aged Care**
Standards and Accreditation Agency Ltd



Annual Report 2006 – 2007

Annual Report 2006-2007
The Aged Care Standards and Accreditation Agency Ltd

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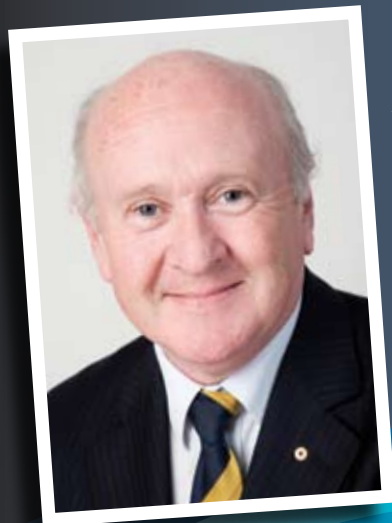
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◀ Jim Harrowell
Chairman

Message from the Chairman



I am pleased to present the annual report and financial accounts of the activities of the Aged Care Standards and Accreditation Agency Ltd for 2006/07.

The Agency was established as an accrediting company, wholly-owned by the Commonwealth, to fulfil the functions of the accreditation body as described in the *Aged Care Act 1997*. The Agency undertakes its activities as set out in the *Aged Care Principles*.

It has been a very successful year for the Agency, and one in which the industry has managed to improve on an already-creditable performance.

During the period, most residential aged care facilities applied for further periods of accreditation. This meant they were subject to a full audit against all 44 expected outcomes of the Accreditation Standards. The responsibility of industry is to demonstrate compliance. The responsibility of the Agency is to ensure that each home receives its audit in a timely manner so that no home's period of accreditation lapses prior to an audit. I am pleased to report that this was achieved.

The Agency has undertaken an analysis of the industry's performance. An important outcome of this analysis is that there is no longer a defined 'accreditation round'. While most homes started out with the same period of accreditation, over a 10-year period, many homes have received varying periods of accreditation, while others have had their

Message from the Chairman



accreditation periods varied following a review audit. Also, commencing services coming on line have also contributed to this.

We therefore looked at the most recent site audit or review audit decision taken prior to 31 December 2006 – a total of 2,872 decisions – to benchmark industry performance.

The result was that 91.8 per cent of homes were assessed as complying with all 44 expected outcomes of the Accreditation Standards. A further 5.2 per cent of homes had only one or two non-compliant expected outcomes, and these were quickly rectified. Only three per cent of homes had more than two non-compliant expected outcomes. As at 30 June 2007, the Agency was managing non-compliance in only 85 homes.

This is welcome evidence that Australia's residential aged care sector is providing high quality care for residents.

It also confirms that the industry's performance overall in delivering quality care to older Australians has improved considerably in the 10 years since the *Aged Care Act 1997* was introduced and continues to improve.

The comparable figure for 2000 was 63.5 per cent of homes fully compliant with the Accreditation Standards, while in 2003 it was 87.9 per cent. Many industries would find it difficult to further improve from such a high level. It is testimony to the dedication and commitment of approved providers and nursing home staff, as well as volunteers. On behalf of the Board, I extend my congratulations to the industry.

In addition to our accreditation activities of undertaking audits and support contacts, the Agency makes a significant investment in industry performance and continuous improvement through our education activities.

The Board of the Agency firmly believes that ongoing improvement will not be achieved through accreditation alone.

Our corporate vision statement is "to make a significant contribution to quality consumer focused care through accreditation and education."

During the 2006 calendar year, the Agency staged its fourth national Better Practice series of events which attracted 1,522 delegates.

In addition, the Agency conducted a national seminar series on strategic continuous improvement, and successfully introduced courses in assessment.

For front-line staff, Agency assessors deliver Quality Education on the Standards (QUEST) sessions free to homes. QUEST topics include an overview of accreditation, assessing the Standards, continuous improvement, and using resident feedback.

Since inception, we have delivered 1,648 QUEST sessions to 2,136 homes and more than 24,000 front-line staff.

During the year, we farewelled a number of directors and welcomed some new faces.

Message from the Chairman



I would like to thank Ms Mary Lyttle and Mr Paul Wilmot for their contributions and their commitment to residents as directors of the Agency, as well as Ms Rhonda Parker, who resigned to take up the new position of Aged Care Commissioner.

New directors David Deans, Richard Gray, Jon Gregerson, Sue Macri AM and Doug Strain have brought broad experience and new perspectives to the Board.

The Board holds its meetings in various capital cities and regional centres and directors use the opportunity to meet with Agency staff and industry stakeholders. Directors value this interaction which is an important element of the Agency's broader consultation with industry.

I would like to thank my fellow directors for their contribution during the year, and I pay particular tribute to the Chief Executive Officer Mark Brandon and staff of the Agency. Mark has built an excellent team and they can be proud of their achievements. Staff of the Agency have an unwavering commitment to improving the quality of residential aged care for the benefit of current and future older Australians.

Jim Harrowell
Chairman



◀ *Mark Brandon*
Chief Executive Officer

Message from the Chief Executive Officer



The year has been successful from a financial and a program delivery perspective, and one in which the industry demonstrated it has been able to improve on an already high standard of care provided to residents.

91.8 per cent of homes were assessed as fully compliant with all 44 expected outcomes of the Accreditation Standards at their most recent site audit or review audit. A further 5.2 per cent had only one or two non-compliant expected outcomes and these were quickly rectified.

As at 30 June 2007, the Agency was monitoring required improvements in 85 homes which had non-compliance. This equates to less than three per cent of all homes.

This represents a satisfying outcome for residents and relatives. It is an achievement of which all who work in aged care can be proud.

At the start of the year 2006/07, the Agency faced four significant challenges:

- complete a program of site audits to ensure all homes seeking a further period of accreditation were duly processed within timeframes
- implement a national program of unannounced visits so that each home received at least one unannounced visit during the year (in addition to a full audit where applicable)



- maintain and develop a suite of contemporary and targeted educational products and services to assist the industry with its continuous improvement challenge, and
- maintain strong and positive relations with industry through various consultative mechanisms, and by seeking formal and informal feedback on our performance.

These were achieved.

During the year, we conducted 1,014 site audits to determine accreditation. We also conducted 94 review audits and accredited 31 commencing services.

We also conducted 5,221 support contacts, of which 3,566 were unannounced. This compares with 886 unannounced support contacts the previous year, and follows the Australian Government's requirement that each home receive at least one unannounced visit each year.

I am also pleased to report that industry feedback remained positive throughout, notwithstanding some initial tensions in relation to the unannounced visits program.

From 884 survey responses received following a site audit, 94 per cent said they found the audit a useful and satisfying experience. Responses to support contacts were also highly favourable with 95 per cent saying they found the visit by assessors satisfying and useful.

To support the national program of unannounced visits, the Agency developed a set of 12 assessment modules to assist assessors to focus on the key systems and processes of aged care homes that ensure the provision of quality care and services for residents. This thematic approach to assessment has been developed specifically to provide advice to homes regarding weaknesses in systems, and to therefore improve compliance against the Accreditation Standards.

Consistent with the Agency's approach to transparency, the modules have been placed on the Agency's website, along with the other tools used by assessors when auditing homes. The assessment modules have been a popular download, with many homes using them as part of their self-assessment process, or as part of their staff education and training programs.

Registrations for Better Practice also increased, with 1,522 people nationally attending one of the two-day events in 2006, with a focus on evidence-based practice. A survey found 97% of delegates said that the Better Practice events were a 'valuable or very valuable' learning experience.

A total of 2,081 participants representing 1,002 homes attended the national seminar series on strategic continuous improvement of which many were over-subscribed, as were our assessor courses.

Assessors delivered 542 Quality Education on the Standards (QUEST) sessions direct to 6,911 front-line staff in 649 aged care homes. Feedback evaluation showed 96 per cent satisfaction rating, with most people saying they valued the informative and relaxed method of delivery of QUEST sessions.

The Agency's website is increasingly being used by industry. During the year, the website recorded 185,000 visitors, and an average of 7,000 unique visitors each month. This is around double the number of hits before the website was updated in August 2005.

The most popular downloads are the tools used by assessors such as the *Results and processes guide*, the *Audit handbook*, and the assessment modules; information brochures and order forms in relation to educational products, and the self-directed educational packages.

We are committed to further developing the website as a quality, reliable information resource for homes.

Message from the CEO



Outlook

The Company is financially and operationally sound, and our role and performance as the accreditation body is now widely accepted by industry and other stakeholders.

Having managed the industry through the accreditation cycle, our challenge is to lay the platform for future growth through improving our systems, our processes and our people.

The Board has approved a new three-year corporate plan which is underpinned by four enabling strategies dealing with human resource management, information technology, financial management, and governance.

Recruitment processes are being strengthened to ensure we recruit the right people for the right jobs, while a new learning and development framework will provide opportunities for staff to improve their skills consistent with the needs of the organisation.

We are simplifying and streamlining our business processes as part of the Better Business program which will deliver a contemporary IT platform that is responsive to existing and new business opportunities.

Better Business will deliver a consolidated single view of each home, and will also support new activities such as data mining and analysis which can be used to assist industry improve compliance, while also supporting business to business opportunities for the benefit of industry.

At the time of writing, the Agency was undergoing an independent audit by SAI Global to continue the certification of our management systems against the ISO 9000:2001 standard. Separately, we have also applied for accreditation by the International Society for Quality in Health Care (ISQua) of the Agency's assessor training course. If achieved, this international recognition would confirm our training of assessors is at world's best practice.

Industry

The challenge for industry is to become increasingly resident-focused, while maintaining its exemplary track record of providing high quality care. The Accreditation Standards are broadly written to allow innovation which takes account of the circumstances of individual homes, or groups of homes owned by the one approved provider.

As in previous years, a small number of homes will stumble from time to time. But they are a minority and the legislative and policy framework is there to bring about a return to compliance with the Accreditation Standards in as short a time frame as possible.

Mark Brandon
Chief Executive Officer



Part 1 The Agency

1

Vision

To make a significant contribution to quality consumer focused aged care through accreditation and education.

Mission

To ensure the delivery of high quality aged care by:

- promoting innovation and best practice
- accrediting services that meet the Accreditation Standards
- working with services to continually improve their performance
- providing information about industry performance
- providing education directed at improving practice.

Our values

The values of the company are:

Integrity

We treat all people with dignity and respect.

Quality

We always aspire and strive to do our best and to improve the way we do things.



Collaborative relationships	We work together to achieve better results.
Responsibility	We accept responsibility for our actions and aim to achieve the best possible outcomes.
Service focus	We work towards improving the quality of services delivered to the clients of our clients.
Ethical conduct	We carry out our functions according to approved practice with integrity, fairness and with a balanced consideration of facts.

Overview of the Agency

The Agency is a company established by the Australian Government and appointed by the Secretary of the Department of Health and Ageing as the accreditation body under the *Aged Care Act 1997*. The Agency is a limited liability company, wholly owned by the Commonwealth, established under the *Corporations Act 2001* and the *Commonwealth Authorities and Companies Act 1997*.

Role and functions

The core functions of the accreditation body (the Agency) are set out in the *Accreditation Grant Principles 1999*. These are:

- 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 towards accreditation
- liaise with the Department of Health and Ageing about services that do not comply with the Accreditation Standards.

The Agency fulfils its functions using processes and principles set in legislation, notably the *Aged Care Act 1997*, the *Accountability Principles 1998* and the *Accreditation Grant Principles 1999*. The delivery of these functions is subject to a written agreement with the Department of Health and Ageing made under s.80-1 of the *Aged Care Act 1997*.

Agency structure and governance

The Agency has responsibilities relating to residential aged care Australia-wide. Its organisational structure reflects this national role, with divisional offices responsible for policies, procedures and corporate functions, and state offices responsible for program and product delivery.

Offices are located in Sydney (executive management and divisional staff, State operations New South Wales/Australian Capital Territory), Melbourne (State operations Victoria/Tasmania with a branch office in Hobart), Brisbane (Queensland and northern NSW), Perth (Western Australia) and Adelaide (South Australia and the Northern Territory). Each main office has a senior executive responsible for its activities. Contact details for each office are at Appendix 1.



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 specified in its agreement with the Department of Health and Ageing and in accordance with the requirements of legislation, and ensuring proper prudential management of its funds. Details of the Board for the period of 2006-07 are included in the Directors' Report.

The Chief Executive Officer is responsible for the operational management of the company and for ensuring the delivery of the Agency's core functions. The Chief Executive Officer reports to the Board and maintains regular communication with senior executives from the Department of Health and Ageing.

The organisation was restructured during the year with the creation of an Operations Division to focus on operational efficiency and delivery, and an Accreditation Division to focus on policy development and accreditation quality assurance. Other divisions are Education, Finance and Corporate Affairs. Each is headed by a general manager. Separately, the Better Business Program Director reports direct to the CEO.

The Chief Executive Officer and the divisional general managers form the executive management team (EMT). The EMT meets to monitor business performance against the corporate plan.

The national leadership team (NLT) meets quarterly and comprises the CEO, divisional general managers, state managers and the Better Business Program Director. The NLT meeting is the major forum for interaction, exchange of information, quality improvement and forward planning as well as providing input into significant issues.

The organisation chart of the Agency as at 30 June 2007 is illustrated at Figure 1 (page 12-13).

Relationship with the Department of Health and Ageing

The Agency contributes to the achievement of 'enhanced quality of life for older Australians', a portfolio outcome set by the Australian Government for the Department of Health and Ageing (the Department). This outcome is described as "support for healthy ageing for older Australians and quality and cost-effective care for frail older people and support for their carers."

The Agency reports twice a year to the Department of Health and Ageing on the key performance indicators listed in the Deed of Funding. These key performance indicators are reported in part five of this annual report under Agency performance.

The Agency works with the Department to promote quality aged care by:

- liaising with the Department about homes not meeting their obligations under the Act, including providing reports about non-compliance as required under the *Accreditation Grant Principles 1999*
- providing recommendations about whether sanctions should be imposed on homes not complying with the Accreditation Standards or other obligations
- responding to requests from the Department to conduct review audits
- reporting regularly about the status and performance of aged care homes.



The Agency and the Department of Health and Ageing have a protocol regarding actions each organisation takes where non-compliance is identified or suspected. The protocol supports coordination of actions to deal with non-compliance, with the Department and the Agency making independent decisions about appropriate action.

The Agency informs the Department of any non-compliance during audits. The Agency will impose a timetable for improvement and monitor the home's progress in rectifying any identified non-compliance. Where homes fail to rectify compliance within the timetable for improvement period, the Agency recommends to the Department that sanctions be imposed. The Department makes an independent decision on what sanctions, if any, are imposed.

The Agency's CEO represents the Agency at Senate Estimates Community Affairs Committee hearings.

There is also a protocol between the Agency and the Department about the regular exchange of data in relation to activity and outcomes.

Agency representation on committees, meetings and industry liaison

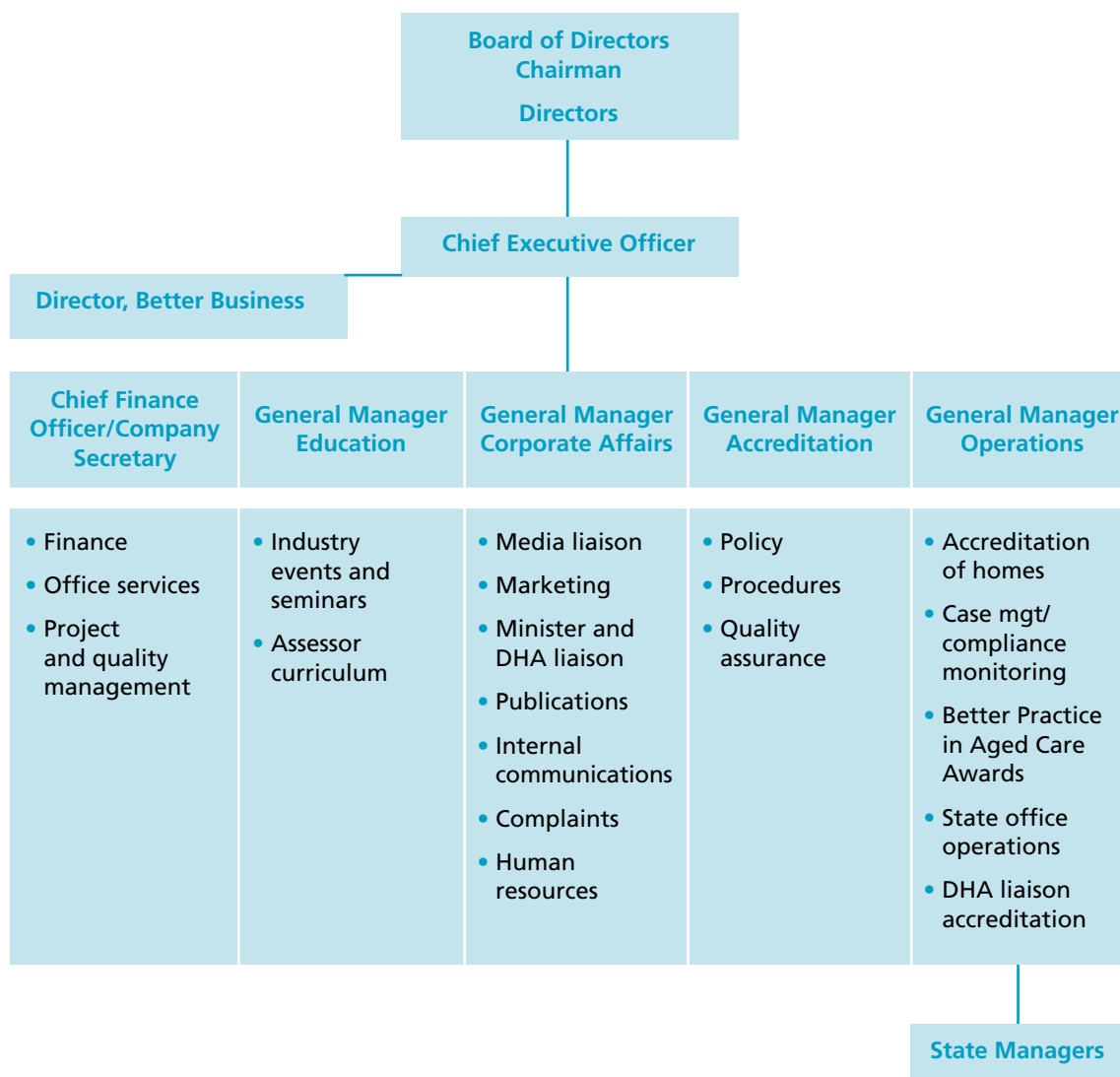
Agency management and staff participate in a number of industry committees and working groups including:

- the Minister's Aged Care Advisory Committee (ACAC)
- ACFI reference group
- Expert Committee on Safety and Quality in Aged Care
- Divisions of General Practice
- Alzheimer's Association
- National Institute of Clinical Studies working group
- FSANZ advisory group for vulnerable populations
- Quality reporting industry reference group.



Company Organisation Chart, as at 30 June 2007

National office



Company Organisation Chart, as at 30 June 2007

State offices

State Managers			
NSW & ACT Vic & Tas SA & NT Qld WA			
Office Services Manager	Education Coordinator	Operations Manager	Assessment Manager
<ul style="list-style-type: none">• Office support services• Resources management• Statutory requirements, eg OH&S• Systems administration• Implementation of Company HR & finance policies and processes• Asset management	<ul style="list-style-type: none">• Support for delivery of national education strategies• Staff training and development• Delivery of industry education	<ul style="list-style-type: none">• Scheduling activities• Appointing assessment teams• Processing applications for accreditation• Management support in relation to management reporting• Publication of reports on the Agency's website	<ul style="list-style-type: none">• Management of assessor workforce• Make accreditation decisions• Case management of homes



Part 2 Accreditation and operations

2

Accreditation overview

Australian Government subsidised aged care homes must be accredited in order to receive residential care subsidies. The main accreditation processes for aged care homes are specified in the *Accreditation Grant Principles 1999* (the Principles) and are described below.

Ongoing supervision

The Agency monitors the performance of all accredited aged care homes to ensure quality care is provided to residents in a way that continues to satisfy the Accreditation Standards. A case management approach is used to determine the type and frequency of contacts and activities undertaken with aged care providers. Monitoring performance includes visits to homes and consideration of information such as complaints against homes and information about changes at homes that may affect the provision of care and services.

The case management approach ensures that the Agency considers the individual circumstances of each home to determine appropriate monitoring and assessment actions.

Visits to homes to monitor and assess their performance may be 'support contacts' or 'review audits'. These visits may be announced or unannounced. As an aspect of its monitoring program, the Agency

Part 2 Accreditation and operations



aims to provide information to the operators of homes that will help them ensure their care and services are high quality and to undertake continuous improvement.

Support contacts

A support contact is a contact between one or more aged care quality assessors and an aged care home for the purpose of:

- ensuring compliance with the Accreditation Standards and other responsibilities under the *Aged Care Act 1997*
- assisting the home to undertake continuous improvement
- identifying whether there is the need for a review audit, or
- providing additional information or education.

Support contacts are usually conducted over a half to a full day by one to three assessors. However, the duration of support contacts is determined case by case taking into account the circumstances of the home. Support contacts may involve an overview of the home's performance against all the Accreditation Standards, may be focused on certain aspects of care or services, or cover one or more of 12 'assessment modules'. In particular, any matters previously identified as needing improvement will be assessed.

Following a support contact, a report is given to the home setting out the observations of the assessment team. This helps the approved provider to identify how the home is performing and to identify any areas where improvements can be made.

Assessment modules

Assessment modules have been created to assist assessors and homes understand how well a home is performing. They have been developed as a series of themes and as a whole, cover all aspects of the Accreditation Standards.

Each module identifies what themes are being considered, the process the assessors should follow, which expected outcomes are most likely to be related to the module and broader considerations to be thought about. Importantly, each module is focused on residents.

If weaknesses in the home's systems are identified, assessors will follow-up to determine if there is any non-compliance in relation to the Accreditation Standards.

Assessment modules are not a new set of standards as they are based on the Accreditation Standards. The Agency's *Results and processes guide* is reflected in their content. They are simply a guide for assessors and bring a greater consistency to how the Agency manages support contacts.

Unannounced visits

The Australian community has high expectations of aged care homes, and conducting unannounced visits is part of a wider program that helps to assure the community that homes provide high quality care at all times.



In May 2006, the Minister for Ageing announced a four-year program that all Australian Government funded residential aged care homes would receive at least one unannounced visit each year from the Agency. In the reporting period, the introduction of a national program of unannounced visits has seen the Agency achieve the goal of conducting at least one unannounced visit at every aged care home.

Legislation was amended within the reporting period so that Agency assessors may access an approved provider's residential care service without giving notice to the approved provider. Previously the Agency was required to give written notice to the approved provider before conducting an unannounced visit. However, the requirement that assessors must receive consent before entering the premises remains. Assessors must seek the consent of the approved provider or a person who is "apparently in charge of the premises."

Review audits

A review audit is an assessment of the quality of care provided by a home against the Accreditation Standards. It is carried out on-site by an assessment team made up of at least two aged care quality assessors and generally takes two to four days.

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 the home is not 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 must arrange a review audit if the Secretary of the Department of Health and Ageing requests it.

New homes

Applications can be made for the accreditation of new homes (called 'commencing services' in the Principles) before they have admitted residents. Accreditation applications for new homes must identify how the Accreditation Standards will be satisfied once residents are admitted and also require a commitment to undertake continuous improvement. Under the law, new homes can be accredited for 12 months only. They are then required to make application and satisfy an audit of their performance against the Accreditation Standards, to qualify for a further period of accreditation.

Part 2 Accreditation and operations



Existing homes

Accredited aged care homes must apply for a further period of accreditation before their current period expires, in order to ensure they continue to receive Commonwealth subsidies. The aged care home must make an application for accreditation, which includes a self-assessment against the Accreditation Standards. The Agency conducts a desk audit and a site audit of the home's performance against the Accreditation Standards as part of the Agency's assessment and to determine whether to accredit the home, and the period of accreditation.

Reconsideration and review

The approved provider of a home may seek reconsideration of decisions made about its accreditation.

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.

Better Practice in Aged Care Awards

The goals of the Better Practice awards scheme are to identify and recognise better practice programs, promote adoption of better practice and encourage sharing of better practice amongst homes.

Each submission for an award is assessed against the following criteria:

- Is the program/activity based on the findings of research/feedback?
- Has its effectiveness been measured and monitored?
- Is it focused on achieving better outcomes for the residents?
- Does the program/activity demonstrate evolving and improving, finding the best way of doing things?
- How does it link with the home's continuous improvement system?

To be considered for an award, a home must be fully compliant with the Accreditation Standards for two years. Homes may apply for awards for up to three separate programs.



Activity during 2006-07

Support contacts	<p>5,221 support contacts were conducted. Of these, 3,566 were unannounced support contacts. Every aged care home received at least one unannounced support contact during the year.</p> <p>In addition, quality assessors undertook 99 interviews of key personnel or approved providers of homes by phone as part of the program of monitoring the homes.</p>
Review audits	<p>94 review audits were conducted. Of these, 61 were unannounced review audits.</p> <p>75 of the review audits were initiated by the Agency and 19 were at the request of the Department of Health and Ageing.</p> <p>55 homes had their periods of accreditation reduced as a result, 34 had their periods unchanged and two were given notice of revocation. Of the two homes with accreditation revoked, one home has successfully been granted a new period of accreditation following transfer of ownership to another approved provider with an established track record and having been assessed as complying with all 44 of the expected outcomes of the Accreditation Standards. The other home requested reconsideration of the decision to revoke accreditation. The Agency's decision on reconsideration was not to revoke the home's accreditation and to shorten its period of accreditation. Three decisions following review audits were pending.</p>
New homes	31 new homes were accredited during 2006-07
Accreditation site audits	<p>385 applications for further periods of accreditation were received.</p> <p>1,014 accreditation site audits were completed.</p> <p>1,274 accreditation decisions were made – 1,166 homes were granted three years' accreditation and 107 less than three years. One home was refused accreditation. Following refusal of accreditation, the home was sold to another approved provider with an established track record and since then has been assessed as fully compliant at a further site audit.</p>
Reconsideration and appeal	<p>Reconsideration was sought on 2.2 per cent of decisions about accreditation and review audits.</p> <p>Five applications were made for review by the Administrative Appeals Tribunal during the reporting period. Three appeals have been withdrawn during the period, three are ongoing and one resulted in 'agree to consent orders' by both parties.</p>
Better Practice in Aged Care Awards	15 homes applied for at least one Better Practice in Aged Care Award. 45 awards were granted to 39 homes (some carried over from previous year).

Part 2 Accreditation and operations



Analysis following Round 3 accreditation

Following the end of the most recent round of accreditation, analysis was conducted to assess the industry's performance, as well as its performance over time. There is no longer a defined 'round' of accreditation due to homes being awarded varying periods of accreditation, having their periods varied after a review audit, and commencing services.

As there are no longer defined 'rounds' of accreditation, the analysis was based on the last accreditation decision (either site audit or review audit) as at 31 December 2006, comprising 2,872 accreditation decisions and revealed:

- Of all aged care homes nationally, 91.8 per cent were assessed as fully compliant with the Accreditation Standards at their most recent full audit
- 5.2 per cent had only one or two non-compliant outcomes
- only three per cent of homes had more than two non-compliant outcomes
- around 97 per cent of homes remedied identified non-compliance within their Timetable For Improvement imposed.

This shows an improvement on both 2003 outcomes, and the initial accreditation 'round' in 2000.

Homes assessed at most recent accreditation site audit as fully compliant with the Accreditation Standards

Round 1	Round 2	'Round 3' (as at 31 December 2006)
63.5%	87.9%	91.8%

Risk indicators

The Agency has identified through research and experience the following risk factors that could lead to non-compliance. As a result, through a case management approach, the Agency more closely monitors homes with such risk factors in place.

- Loss of key personnel (sometimes more than one in a short period)
- Changes in management systems
- Quick growth in resident numbers
- Change in resident mix, therefore care needs at the home
- A move to new premises or changes to the premises
- Industrial action
- Reduced attention to monitoring performance, assessment and planning in relation to changing care needs (direct care given priority over managing care)
- Restructuring
- Changes in processes and procedures not supported by robust staff training.



Part 3 Agency Education

3

The Agency recognises the importance of education in the improvement of quality care. The Education Division has been operating since 2003 and provides education to industry (boards, management, care staff and consumers) through a range of programs including Better Practice events, Quality Education on the Standards (QUEST), assessor courses, seminars and self-directed learning packages available on the Agency's website.

Since the inception of the Education division, there is now widespread industry acceptance of its role in providing educational services in order to promote continuous improvement in the aged care industry. Agency Education services and products are well received and continue to be in high demand.





Better Practice events

Better Practice events were held in Sydney, Melbourne, Brisbane, Adelaide, Hobart and Perth. With a focus on evidence-based practice, the events provided a dynamic forum to share innovations and practical ideas about achieving better practice and improving the quality of life for older Australians.

A total of 1,522 delegates attended the Better Practice events over the 2006 calendar year.

An independent telephone survey conducted following the 2006 Better Practice events revealed that after four years of the events, they continue to be popular, relevant and well-attended. 97% of delegates surveyed said that the Better Practice events were a 'valuable or very valuable' learning experience and 94% reported that they would recommend the event to others.

Subsidy for regional homes receiving the Commonwealth Viability Supplement

Following the success of the previous year's subsidies to homes receiving the Commonwealth Viability Supplement to attend Better Practice events, the Agency obtained funding from the Department of Health and Ageing to continue the subsidy in 2006/07.

The subsidy assists homes in regional areas with the costs of travelling to attend Better Practice events.

In the reporting period, 89 delegates attended Better Practice events under this program.

Courses for assessing accreditation

The Agency conducts two courses for assessing in accreditation:

Assessor course

This course aims to equip individuals with the skills and knowledge to conduct assessments of their own aged care homes.

The course has been designed for staff working in the aged care industry who are seeking to develop their skills and knowledge in assessment and accreditation processes.

During the reporting period, 19 courses were held, with 241 people completing the course. The Agency also conducts the course direct to organisations who bring a number of staff together.

Aged care quality assessment course

During the year, the Agency made available to the market its redeveloped aged care quality assessment course. This course aims to equip individuals with the skills and knowledge to conduct assessments for the Agency as a registered aged care quality assessor.

The new course curriculum was structured to include a self-directed module completed prior to attendance, interactive learning activities and reflective learning activities prior to the formal assessment. It also included updated modules on the fundamentals of auditing and legislative requirements, preparing for and participating in an audit, and reporting on the audit.

During the reporting period, 13 courses were held, with 133 delegates attending.



Seminars

A series of one-day seminars to the industry have been developed by the Agency, aimed to equip key personnel with the skills and knowledge that will improve quality of care for residents. Objectives of the seminars included providing cost-effective education that is highly practical and interactive so that participants feel confident that they can implement concepts covered in the seminars.

Seminar topics developed so far include Turn data into action and Strategic continuous improvement. The next seminar for 2007 is Evidence-based practice.

During 2007, 94 seminars on strategic continuous improvement were conducted in metropolitan and regional areas to provide practical tools and approaches for applying a strategic approach to continuous improvement. 2081 people attended the seminars, of which many were over-subscribed.

The strategic continuous improvement seminars aimed to equip participants with the knowledge and skills to implement a planned organisational strategy for continuous improvement that will result in measurable improvements for residents, staff and the organisation as a whole.

Feedback was obtained through evaluation forms at the seminar. More than 85 per cent of delegates filled out an evaluation form. Feedback showed:

- 94% of respondents said they were confident of being able to implement what they learnt
- 94% said the presentation was well prepared and organised
- 96% said the participant's guide was useful and relevant
- 93% said it was a worthwhile learning experience
- 93% said it taught them how to more effectively monitor and evaluate a continuous improvement program
- 93% said they will be able to develop a continuous improvement program with a more strategic approach
- 93% said the seminar gave them a sound understanding between strategic planning and continuous improvement
- 91% said the seminar gave them a new perspective on continuous improvement
- 92% said overall, they were satisfied with the quality of the program.

Part 3 Agency Education



QUEST

The Agency has developed an education program offering all homes the opportunity to participate in the QUEST program. This is a free education session of up to one and a half hours delivered by an aged care quality assessor (or other suitably qualified person) in the residential aged care home. The interactive sessions are delivered to groups of around 15 participants. This allows time for group activities, discussion and questions. Some homes choose to have joint sessions with other homes. These sessions are designed primarily for front line staff.

Program topics include Accreditation overview, Assessing the Standards, Accreditation for consumers – your role in aged care; Continuous improvement for residential aged care; Turn data into action; and Using resident feedback.

During the 2006/07 financial year, 542 QUEST sessions were provided to 6,911 people from 649 aged care homes. Since the introduction of QUEST, the Agency has conducted 1,648 sessions to 2,136 homes and more than 24,000 front-line staff.

Feedback showed that 96 per cent of QUEST participants surveyed stated they were satisfied with the quality of the sessions. They rated the style of delivery as being the main reason for their satisfaction.

Self-directed learning packages

The Agency has provided four free self-directed learning packages for the industry. They have proved to be some of the most consistently popular downloads throughout the year.

- Continuous improvement – 2,997 downloads (average 250 per month)
- Data and measurement – 2,271 downloads (average 189 per month)
- Self-assessment – 2,041 downloads (average 170 per month)
- Demystifying Dementia – 2,491 downloads (average 208 per month)



Part 4 Communication and consultation

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Website www.accreditation.org.au

The Agency's website, www.accreditation.org.au is increasingly being used by industry and assessors as a rich source of reliable information.

During the year, the website recorded 185,000 visitors, and an average of 7,000 unique visitors each month. This is around double the number of visits before the website was updated in August 2005.

The most popular downloads are the tools used by assessors such as the *Results and processes guide*, the *Audit handbook*, and the assessment modules; information brochures and order forms in relation to educational products, and the self-directed educational packages.

The 'Industry education' section includes four self-directed learning packages, including an education package on 'Demystifying Dementia' which has attracted international attention.

During the year, there were an average 2,450 downloads of each of these self-directed packages, with the continuous improvement education package the most popular with just under 3,000 downloads.

We are committed to further developing the website as a quality, reliable information resource for homes.

The 'For assessors' section of the website is designed to be used by both staff and contractor assessors, as well as industry generally.

Part 4 Communication and consultation



The 'For assessors' section includes all the tools used by assessors, including the *Results and processes guide*, the *Audit handbook*, and all 12 assessment modules. This is consistent with the Agency's approach to transparency.

The assessment modules were developed to support the national program of unannounced visits, and are an adjunct to the *Results and processes guide*. They are a tool to assist assessors to focus on the key systems and processes of aged care homes that ensure the provision of quality care and services.

The assessment modules were placed on the Agency's website at the end of January 2007, and have proved one of the most in-demand downloads. In the first month alone, the assessment modules page was viewed 12,400 times, with 1,800 individual visitors downloading at least one of the modules. The modules can be downloaded individually to assist homes with their programs of self assessment.

The 'For assessors' section also includes a resources section containing a comprehensive list of links to useful websites. In addition, links are categorised according to each of the Accreditation Standards.

Other communication with the industry

The Agency's newsletter *The Standard* is distributed monthly and is designed to provide practical advice to homes which can be readily adapted or implemented, and used in staff training sessions.

A different topic or expected outcome is featured each month. Issues covered during the year include strategic continuous improvement, the use of evidence-based practice, infection control, resident lifestyle, and oral and dental care. Homes demonstrating better practice are also profiled.

In May, the Agency prepared a special information package for industry that included a special edition of *The Standard* on preparing for an unannounced visit, and a copy of the *Results and processes guide*. It also included an Agency-branded wall planner which contained helpful websites that homes can visit to assist them with their care for residents. The package was sent to every home throughout Australia and generated substantial interest. More than 400 additional wall planners were sent to homes on request, along with additional copies of *The Standard* special edition on unannounced visits. There have also been 370 downloads of the special edition since it was placed on the website.

The design for *The Standard* was refreshed and circulation is steady at around 6,850 per month. A small number of homes have also opted to receive *The Standard* electronically.

The Agency provides homes with a 'noticeboard poster' template and a letter template to help homes keep residents informed of scheduled site audits, and the rights of residents to meet privately with assessors.

These documents have now been translated into 15 community languages to ensure residents from culturally and linguistically diverse backgrounds are informed of the site audit and have an opportunity to speak to assessors through an interpreter if required.



Industry relations

The Agency is committed to consultation with the aged care sector. Consultation and interaction occurs at a range of levels, both formal and informal.

Agency management and staff participate in a number of industry committees and working groups. Our participants generally both contribute and add to the corporate store of knowledge. The Agency is also seen to be contributing to solving some of the bigger problems that confront the aged care sector.

Industry working parties on which the Agency has representation include:

- ACFI reference group
- The Minister's Aged Care Advisory Committee (ACAC)
- Alzheimer's Association
- Tasmanian Aged Care Working Group
- AMA Qld Aged Care Coalition
- FSANZ – Advisory Group for vulnerable populations.

In addition, the Agency provides information booths at the national conferences of Aged and Community Services Australia, the Aged Care Association Australia, and the Australian Association of Gerontology.

The Agency has appointed relationship managers for larger approved providers whose operations cross state borders. The relationship manager is responsible for coordinating the relationship between the Agency and the approved provider. The relationship manager will meet with the approved provider at least twice a year and acts as a central point for enquiries, service planning and contact for the approved provider in relation to all of the provider's homes.

During the year, the General Manager Operations conducted a national 'round table' tour of informal discussions with chief executive officers and other senior industry personnel.

The broad feedback was that there had been significant improvement in Agency processes, documentation, and the conduct and consistency of audits. The Agency's education activities were commented upon very favourably.

The Agency's Board has a comprehensive stakeholder program whereby a stakeholder function is held prior to each meeting of the Board. During the year, the Board met in the major cities as well as regional centres Maroochydore, Queensland and Bendigo, Victoria. There were around 250 stakeholder acceptances, which allows directors to obtain direct feedback in relation to the Agency's performance and a broader understanding of issues facing industry.

The Agency's Chief Executive Officer chairs the National Agency Liaison Group (NALG). State Managers chair each of the State Agency Liaison Groups (SALGs). The groups meet regularly to

Part 4 Communication and consultation



discuss industry trends, provide feedback on Agency activities, ideas for improvement, and be informed about Agency initiatives. Members of the liaison groups share this information with their colleagues or organisation membership.

Feedback

There are a number of formal feedback mechanisms through the accreditation process and education activities, to help the Agency monitor client satisfaction with products and services.

● Accreditation

At the conclusion of every audit and support contact, homes are given a questionnaire to provide feedback about the process. During the year, 94 per cent of respondents said that their site audit was a satisfying and useful experience. Similar results were achieved for review audits and support contacts.

New feedback forms were trialed in June and tested confidentially with approved providers. A new feedback system is to be implemented from 1 July, and the feedback questionnaires will be collected, collated, aggregated and analysed by an independent company to assure homes of confidentiality.

● Education

All QUEST participants were surveyed, with 96 per cent saying they were satisfied with the quality of the sessions. They rated the style of delivery as being the main reason for their satisfaction.

Of the 2,081 participants who attended the national seminar series on strategic continuous improvement, 92 per cent said they were satisfied with the overall quality of the program, and 93 per cent indicated they will be able to develop a continuous improvement program with a more strategic approach.

Feedback shows that the Better Practice events, now in their fourth year, continue to be popular, relevant and well-attended. An independent telephone survey of 545 delegates who attended Better Practice 2006 found that 97 per cent said that the Better Practice events were a 'valuable or very valuable' learning experience and 94 per cent reported that they would recommend the event to others.

Complaints

All complaints are reviewed by the Chief Executive Officer and followed through by the relevant general manager. Complaints are collated and analysed to identify improvement opportunities.

If appropriate, the outcome of an investigation concerning an aged care quality assessor is forwarded to RABQSA International and may result in withdrawal of registration.

The Agency welcomes all feedback and has a formal complaints management policy. Complaints can be submitted by phone or a form is available on the Agency's website, making it easier to submit comments and complaints.



During 2006-07, we actively promoted our complaints system and 111 complaints were received compared with 45 the previous year. The number of complaints increased noticeably in the December and March quarters, but settled back in the June quarter.

The Agency monitors complaints as well as feedback for trends and to feed into internal continuous improvement.

Most formal complaints related to either conduct or attitudes of assessors, and this was used as input to the development of the program for the assessor conference. Homes can also use the feedback form to comment on assessors' skills and attitudes. Of the 3,910 feedback forms received following site audits and support contacts during the period, 569 contained positive comments in relation to assessors, while only 78 contained negative comments.

Quality assurance and improvement

The Agency is committed to the continuous improvement of its own processes and uses the feedback provided by its stakeholders to guide improvements. The Agency has established systems to invite feedback on its activities. Staff are encouraged to submit improvement requests which are logged and responded to through the company's quality management system.

There were 131 improvement requests raised during the year, 78 carried forward from the previous year, and a total of 171 closed during the period. The Agency's complaints management systems, policies and procedures were reviewed and significant improvements made.

The Agency's management systems are certified to ISO Standard 9000:2001 and the Agency has retained certification following regular surveillance audits by an external auditor. Each office is audited and certified separately. Since certification in October 2004, every office has received two internal, and two external audits every year. In 2006, as a result of favourable external audit results, SAI –Global Limited reduced the annual frequency for the Brisbane, Adelaide and Perth offices to an annual audit.

There are eight parts to the quality management system, covering five main areas of assessment – quality management system, management responsibility, resource management, product realisation, measurement analysis and improvement.

The Agency places a strong emphasis on quality assurance as it recognises that its effectiveness is underpinned by the accuracy of its assessment processes and the quality of its decisions. During the year a range of quality assurance and review activities were conducted. The major actions were:

- inclusion of observers on assessments on a sampling basis 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 Agency standards
- maintaining state and national case management committees
- reviewing audit reports and reasons for changes in compliance whenever a significant change in a home's compliance with the Accreditation Standards occurs.

Part 4 Communication and consultation



During the year, the Agency conducted a two-day conference for staff assessors from throughout Australia. Topics included aspects of on-site relationship management from both an Agency and approved provider perspective, and alternative accreditation systems.

The creation of a new position of General Manager Operations has allowed the General Manager Accreditation to create greater focus on policy development and quality assurance of accreditation activities. Previously the General Manager Accreditation was responsible for both accreditation policy and operations. A review of all accreditation policies and standard operating procedures has commenced.

The Accreditation Division completed a review of the *Results and processes guide*, and the *Audit handbook*. These are the principal tools used by assessors during audits and support contacts. The Agency also developed the assessment modules to support the national program of unannounced visits. The assessment modules are an adjunct to the *Results and processes guide*.

The Accreditation Division also led the Agency's program of compliance with new legislation in relation to police checks for assessors. In order to meet its obligations under the *Accreditation Grant Principles 1999* and the *Accountability Principles 1998*, the Agency required existing registered aged care quality assessors to submit an application for a police check by 1 June 2007. All new assessors are required to submit an application for a police check as part of their registration with RABQSA International.

Our people

The Agency staffing is 205 (193 FTE) as at 30 June 2007. This includes term-defined positions. The employed staff numbers vary according to the accreditation workload.

Approximately 6.8 per cent of Agency staff are employed on a part-time basis. The percentage of female employees is 83 per cent.

Of the 399 aged care quality assessors on the RABQSA International register, 104 are permanently employed by the Agency. The balance is used on a contract or casual basis to meet the workload demands.

Eighty-six percent of staff have at least one tertiary qualification – including 28 Masters degrees, 41 postgraduate degrees, 53 registered nurses and 97 bachelor degrees. Some staff have more than one degree.

Staff learning and development

Staff training focused on skill development and programs such as facilitate group-based learning, training for administration staff in IT and OH&S training to meet statutory requirements. The induction program for all new staff was reviewed to include a more structured program and processes for national consistency. The orientation program for all new assessors was also revised.

A structured program of update training is provided to assessors to improve their skills and to achieve national consistency.



Quality Assessor Information and Training (QAiT) sessions are conducted around Australia every two months. Attendance is mandatory for Agency-employed assessors, and contract assessors are invited to attend free of charge.

All QAiT sessions cover current issues in aged care, changes to Agency procedures, and contemporary assessment practice. Topics covered during the year included:

- National program of unannounced visits
- Focus on standard two: Health and personal care – expected outcomes 2.8 Pain management and 2.9 Palliative care
- Focus on clarity of reporting
- Interviewing residents
- Legislation change and support contacts
- Regulatory compliance
- Continuous improvement.

During the year, the Agency opened its assessor training course to external participants. The new course curriculum was structured to include a self-directed module completed prior to attendance, interactive learning activities and reflection of learning prior to the formal assessment, and updated modules on the fundamentals of auditing and legislative requirements, preparing for and participating in an audit, and reporting on the audit.

Successful completion of an accredited aged care quality assessment course is a pre-requisite to registration by the registrar, RABQSA International.

The Agency has applied for accreditation of the aged care quality assessment course by the International Society for Quality in Health Care (ISQua). If achieved, this would confirm that the Agency's training of assessors is at world's best practice.

Occupational health and safety

In recognition of the legal responsibility to safeguard the health of employees while they work, the Agency provides and maintains a safe and healthy working environment for its staff.

OH&S committees and first aid officers continue to be trained and are in place in all offices, in accordance with state legislation.

In 2006-07, there were 118 days lost due to injury.

Part 4 Communication and consultation



Protecting the environment

An analysis of the environmental impact of the Agency has shown a low to medium impact on the environment. However, there are a number of ways the Agency attempts to further reduce its environmental impact including:

- recycling paper
- the use of electronic communication instead of paper-based wherever possible (including electronic payslips)
- recycling toner cartridges
- recycling other waste (cans, glass etc)
- purchase of energy-efficient electrical items
- office lights switched off when office not occupied.



Part 5 Agency performance

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Agency performance for the 2006-2007 financial year

Under the *Deed of Funding Agreement* with the Commonwealth, the Aged Care Standards and Accreditation Agency Ltd is funded to meet a list of key performance indicators and targets.

Following is the Agency's performance for the 2006-2007 financial year, against the key performance indicators and targets outlined in the *Deed of Funding Agreement*.

Part 5 Agency performance



Progress against performance targets – as at 30 June 2007

Performance indicator	Performance target	Relevant activities and initiatives undertaken and outcomes achieved
Percentage of services with 44 compliant expected outcomes	To achieve 97% of services compliant, an indicative level of monitoring would be to:	Of the homes accredited as at 30 June 2007, 2.9 per cent were identified as having some non-compliance.
	Conduct 100% of site audits in response to valid accreditation applications	Achieved.
	Maintain an average visiting schedule of 1.75 visits per home per year	The Agency conducted an average of 2.19 visits per home during the financial year.
	Conduct at least one unannounced visit to each home per year	Achieved.
	Carry out approximately 132 review audits (pa), including 100% as directed by the Department	94 review audits conducted, 19 initiated by the Department.
	Daily visits by quality assessors where serious risk is identified, until the serious risk has been mitigated	Achieved.
	Timeliness and appropriateness of response to referrals from the Department in accordance with protocols established between the Department and the Agency	Achieved.
	Maintain an adequate number of suitably qualified and experienced staff to conduct audits and support contacts in a timely manner and ensure the skills of each audit team are relevant to the identified outcomes of concern	A pool of 399 staff and contract assessors ensure that visits are conducted in a timely manner.



Progress against performance targets – as at 30 June 2007 (continued)

Performance indicator	Performance target	Relevant activities and initiatives undertaken and outcomes achieved
Promotion of high quality care	Provision of sector and consumer education through:	
	Seminars	Better Practice events held during 2006/07 were highly successful. 1,522 delegates attended over the course of the 2006 series. The Agency also conducted 94 one-day seminars on strategic continuous improvement, with 2081 people attending.
	Publications	<p><i>The Standard</i> quarterly newsletter increased distribution and is available electronically.</p> <p>1,613 copies of the pocket guide to the Accreditation Standards were distributed during the reporting period.</p> <p>Agency advertisements appear in all five state versions of the DPS Aged Care Guide.</p> <p>Self-directed learning packages available on the website are consistently popular downloads. More than 200 people on average each month downloaded The 'Demystifying Dementia' package developed in 2004, and 250 on average download the continuous improvement package.</p>
	Development of accredited training courses that meet the needs of the sector	270 participants completed the Aged Care Assessment Course (both the Agency-run course and the Systems 3 Group course).

Part 5 Agency performance



Progress against performance targets – as at 30 June 2007 (continued)

Performance indicator	Performance target	Relevant activities and initiatives undertaken and outcomes achieved
		180 participants successfully completed the exam. Assessors also regularly attend assessor forums.
	Inclusion of an education component in 50% of support visits	QUEST (Quality education on standards) continues to be a popular form of education for homes. During the reporting period, sessions were conducted at 649 homes to 6,911 participants.
	Utilising well trained and skilled Agency staff and establishing a process to ensure ongoing training and skills development	Competency and skills matrixes are used to match position descriptions and ensure appropriate training and development.
	Provision of relevant education and training, identified by the Agency or the Department through analysis of trends in compliance against specific accreditation outcomes (eg. medication management, clinical care etc)	All Better Practice events featured speakers on practical applications related to accreditation outcomes. The focus for the 2006 events was evidence-based practice. The focus in 2007 is continuous improvement.
Effective decision making and reporting	Timeliness and appropriateness of decisions	100% of decisions were made before the accreditation expiry date.
	Consistency of decisions across assessors and across jurisdictions	No statistically significant inconsistencies.
	Quality and timeliness of reports	Internal review of all reports.

Part 5 Agency performance



Progress against performance targets – as at 30 June 2007 (continued)

Performance indicator	Performance target	Relevant activities and initiatives undertaken and outcomes achieved
	Appropriate approved provider and public access to reports	All accreditation decisions are published on the Agency's website.
Assessing and strategically managing services working towards accreditation	Timeliness and quality of support, information and education provided to:	
	Potential providers	The Agency provides potential approved providers with copies of the <i>Audit Handbook</i> , the application and refers them to other material on the website. If they are unable to access the web, hard copies are sent.
	Homes granted exceptional circumstances	Homes that are granted exceptional circumstances continue to receive support visits from the Agency and education as appropriate, while awaiting a new application for accreditation.
	Commencing services	All valid commencing services receive one year's accreditation with support visits and education as appropriate to their circumstances.
	Homes with accreditation revoked or reduced	Additional support contacts have been planned and conducted.



Part 6 Financial statements

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Directors' report

Directors submit the financial accounts of the entity for the financial year ended 30 June 2007.

Directors

The names of directors in office as at 30 June 2007 are:

- Mr James Harrowell AM (*Chairman*)
- Dr Michael Bollen AM
- Mr David Deans
- Mr Richard Gray
- Mr Jon Gregerson
- Prof Joseph Ibrahim
- Mr John Lang OAM
- Ms Sue Macri AM
- Prof Rhonda Nay
- Mr Doug Strain
- Mr Peter Toohey



Information on directors



James Harrowell AM, Chairman

Appointed 21 June 1999. Current appointment until 30 June 2008

- Partner and a former managing partner of Hunt & Hunt Legal Group
- Director and Immediate Past Chairman of Interlaw Limited
- President Elect Australia China Business Council (NSW)
- Fellow of the Australian Institute of Company Directors
- Fellow of the Taxation Institute of Australia
- 20 years' experience in litigation in all jurisdictional levels in NSW and interstate
- Qualified lawyer and accountant
- LLB BComm AASA AHKSA FTIA FAICD



Dr Michael Bollen AM

Appointed 17 June 2004. Current appointment until 17 June 2010

- Principal of BMP Healthcare Consulting
- Extensive experience in health care and medical education including 25 years as a general practitioner
- Chairman of the Victorian WorkCover Authority's Independent Medical Examiners Selection and Quality Assurance Committee and Chairman of the Commonwealth Government's Complementary Medicine Implementation Reference Group
- Formerly Foundation Executive Chair, Ingle Farm Community Health Centre, Foundation Chair, Department of Primary and Emergency Care, John Hunter Hospital and Secretary General of the Royal Australian College of General Practitioners, Commissioner, SA Health Commission, Board member, Medibank Private, Member, National Health and Medical Research Council



David Deans

Appointed 4 December 2006. Current appointment until 3 December 2009

- Member of Ministerial Advisory Committee on Community Care
- Member of Ministerial Forum, Welfare to Work
- Member, Public Service Medal Committee
- Director, International Federation on Ageing
- Consultant to Australian Seniors Finance Ltd Board
- Former Chief Executive of National Seniors Association (1991-2006)
- Former Director and Chairman of Audit Committee of Centrelink
- Background in construction industry and arbitration
- Recipient of Centenary of Federation Medal for services to Australians 50 and over

Part 6 Financial statements



Information on directors (continued)



Richard Gray

Appointed 4 December 2006. Current appointment until 3 December 2009

- Director Aged Care Services, Catholic Health Australia
- Currently serves on a number of Federal Government consultative committees
- Former Manager regional commercial TV station and General Manager commercial radio station Melbourne
- Former CEO/Company Secretary, Spastic Society of Victoria
- Former National Executive Director, Aged Care Australia
- Former Board member ACROD Ltd
- Former Board member Villaggio Sant'Antonio Ltd
- Former Board member Cerebral Palsy Overseas UK
- Former Chair Victorian Consultative Council on Rehabilitation



Jon Gregerson

Appointed 18 June 2007. Current appointment until 17 June 2010

- Consultant to Finlaysons Law Firm SA
- Member of Law Council of Australia, Business Law Section
- Council member of Neurosurgical Research Foundation Inc
- Lecturer for Trade Practices module of Australian Institute of Company Directors – Company Directors Course 1998-2000
- Past SA Chair of Trade Practices Committee and Resources and Energy Committee
- Past Board member Adelaide Festival Centre Foundation Inc
- Past SA Chair of Australian Mining and Petroleum Law Association
- Past member of Professional Conduct Committee



Professor Joseph E Ibrahim

Appointed 14 November 2002. Current appointment until 14 November 2008

- Foundation Professor of Aged Care Medicine at Peninsula Health
- Associate Director NHMRC Centre of Research Excellence in Patient Safety Department of Epidemiology and Preventive Medicine, Monash University
- Inaugural member of the Clinical Liaison Service, Specialist Investigations Unit at the Victorian Institute of Forensic Medicine & State Coroner's Office
- Doctorate of Philosophy investigating the relationship between quality of care and performance indicators
- Research investigator on projects researching the quality of clinical care, patient safety and performance indicators
- Former regional editor for the International Journal for Quality in Health Care (2000-2004)
- MBBS GradCertHE PhD MRACMA FAFPHM FRACP



Information on directors (continued)



Mr John Lang

Appointed 22 September 1997. Current appointment until 15 July 2008

- Former international corporate director
- Currently serves in a number of not for profit organisations in the field of education, housing, indigenous volunteers, and aged care accreditation. He remains active in the Rotary Organisation
- He specialises in professional services of accounting, marketing, corporate governance and aged care



Sue Macri AM

Appointed 18 June 2007. Current appointment until 17 June 2010

- Consultant, health and aged care industry
- Director, RSL LifeCare, The War Vets Village, Narrabeen NSW
- Advisor, Kell and Rigby Living Pty Ltd NSW
- Advisor, Saccasan and Bailey Partners, Chartered Accountants NSW
- Fellow, College of Nursing (NSW)
- Member, Royal College of Nursing Australia
- Member, Australian Institute of Company Directors
- Previously CEO of ANHECA/ACAA federally for two years (1993-1995) and of NSW for 13 years (1993-2006)
- Awarded honorary Doctor of the Australian Catholic University in May 2007 for outstanding contribution to aged care and to nursing and nursing education and training



Professor Rhonda Nay

Appointed 24 June 2002. Current appointment until 18 June 2008

- Foundation Professor of Gerontic Nursing at La Trobe University
- Director Australian Centre for Evidence Based Aged Care
- Director TIME for Dementia – the Australian Government funded Vic & Tas Centre
- Member International Research Centre for Healthy Ageing and Longevity
- Former Member of the National Advisory Committee on Ageing
- President of the Australian Association of Gerontology (Victoria) 2002-2005
- Consultant Editor *Coroner's Communiqué*
- Regional Editor *International Journal of Older People Nursing*
- Expert Advisor International Council of Nurses

Part 6 Financial statements



Information on directors (continued)



Douglas Strain

Appointed 4 December 2006. Current appointment until 3 December 2009

- CEO, Masonic Homes Incorporated since July 2003
- Fellow of the Australian Institute of Company Directors
- Trustee, Committee for the Economic Development of Australia (CEDA)
- Deputy Member, SA Training and Skills Commission
- Graduate of the Royal Military College, Duntroon
- Key experience in change management, organisational governance and risk, managing technological innovation and strategic planning
- MBA (Adv) Adl, BEc Qld, BA (Mil) NSW



Peter Toohey

Appointed 22 September 1997. Current appointment until 3 December 2009

- Sessional member of the Queensland Commercial and Consumer Tribunal
- More than 20 years' experience in the aged care industry
- Fellow of the Australian Institute of Company Directors
- Former Executive Chairman of TriCare Limited

Operating results

The operating profit amounted to \$1,014,303. Dividends are not applicable for this entity, as no beneficial interest exists.

Significant changes in state of affairs

A Deed of Funding has been signed between the company and the Department, setting out the accreditation grant arrangements for the company over four years.

The Deed of Funding has been amended to allow for the requirement for the Agency to conduct at least one unannounced visit per home each year.



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 Agency, the results of those operations, or the state of affairs of the Agency in subsequent financial years.

Areas of risk and likely development

The company has a funding agreement with the Commonwealth Department of Health and Ageing, pursuant to which it carries out its functions in accordance with the *Accreditation Grant Principles 1999*.

The Deed of Funding provides funds for the company to meet its responsibilities under the Deed and as the accreditation body appointed under the *Aged Care Act 1997*. The current Deed of Funding is due for renewal at the end of 2007-08 financial year. The company will seek to renegotiate the funding agreement with the Commonwealth in upcoming financial year.

Audit and Finance Committee

The Audit and Finance Committee is established by the Board of Directors. The objectives are to assist the Board of Directors to:

- discharge its responsibility to exercise due care, diligence and skill in relation to:
 - reporting of financial information
 - application of accounting policies
 - financial management
 - internal control systems
 - risk management systems
 - policies and practices
 - protection of the company's assets
 - financial assessment of new business
 - proposals
 - compliance with applicable laws
 - regulations and standards.
- provide a formal forum for communication between the Board and management, internal and external auditors; thus improving the efficiency and effectiveness of the Board
- improving the quality of internal and external reporting of financial and non-financial information
- providing a structured reporting line for internal audit and facilitating the maintenance of the objectivity of the internal auditor
- fostering an ethical culture throughout the company.

Part 6 Financial statements



Directors' and officers' indemnification

The Agency 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 of 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 their 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 \$25,461.31 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 amounts 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.

Jim Harrowell
Director

John Lang
Director

Dated 13 September 2007



Directors' declaration

The directors declare that:

- a) the financial statements and notes comply with the *Accounting Standards and Corporations Act 2001*;
- b) the financial statements and notes give a true and fair view of the financial position as at 30 June 2007 of the performance of the company and the cashflows for the year then ended;
- c) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due and payable.

Jim Harrowell
Director

John Lang
Director

Dated 13 September 2007



Auditor's Independence Declaration to the Directors of the Aged Care Standards and Accreditation Agency

In relation to the audit of the financial report of the Aged Care Standards and Accreditation Agency for the year ended 30 June 2007, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contravention of any applicable code of professional conduct.

Australian National Audit Office



P Hinchey
Senior Director
Delegate of the Auditor-General
14 September 2007



Income Statement

For the year ended 30 June 2007	Note	2007 \$	2006 \$
Revenue from ordinary activities	2	31,310,480	26,324,534
Employee expenses		(22,400,992)	(18,323,288)
Depreciation and amortisation		(625,517)	(349,681)
Finance costs		(12,641)	(8,229)
Other expenses from ordinary activities	2	(7,257,027)	(5,394,371)
Net operating result from ordinary activities		1,014,303	2,248,965
Total changes in equity other than those resulting from transactions with owners as owners		1,014,303	2,248,965

The accompanying notes form part of this Income Statement.

Part 6 Financial statements



Balance Sheet

As at 30 June 2007	Note	2007 \$	2006 \$
Current assets			
Cash and cash equivalents	6	14,712,774	14,667,620
Trade and other receivables	7	272,641	546,614
Prepayments		322,557	259,179
Total current assets		15,307,972	15,473,413
Non-current assets			
Property, plant and equipment	8	769,459	1,041,299
Total non-current assets		769,459	1,041,299
Total assets		16,077,431	16,514,712
Current liabilities			
Trade and other payables	9	5,049,307	6,758,640
Employee provisions	10	1,132,589	991,653
Total current liabilities		6,181,896	7,750,293
Non-current liabilities			
Provisions	11	736,050	628,543
Trade and other payables	12	278,548	269,242
Total non-current liabilities		1,014,598	897,785
Total liabilities		7,196,494	8,648,078
Net assets		8,880,937	7,866,634
Equity			
Retained earnings		8,880,937	7,866,634
Total equity		8,880,937	7,866,634

The accompanying notes form part of this Balance Sheet.



Cash Flow Statement

For the year ended 30 June 2007	Note	2007 \$	2006 \$
Cash flows from operating activities			
Receipts from customers and government grants		28,667,256	28,131,523
Interest received		822,250	510,095
GST received/(paid)		62,534	(23,809)
Payments to suppliers and employees		(29,140,188)	(23,038,673)
Finance costs		(12,641)	(8,229)
Net cash from/(used by) operating activities	5	399,211	5,570,907
Cash flows from investing activities			
Purchase of property, plant & equipment		(354,437)	(352,423)
Proceeds on disposal of property, plant & equipment		380	21,054
Net cash used by investing activities		(354,057)	(331,369)
Net increase/(decrease) in cash and cash equivalents		45,154	5,239,538
Cash and cash equivalents at the beginning of the financial year		14,667,620	9,428,082
Cash and cash equivalents at the end of the financial year	6	14,712,774	14,667,620

The accompanying notes form part of this Cash Flow Statement.

Changes in Equity Statement

For the year ended 30 June 2007	Note	2007 \$	2006 \$
Opening balance			
Balance carried forward from previous period		7,866,634	5,617,669
Income and expense			
Net operating result			
Income and expenses recognised directly in equity		1,014,303	2,248,965
Closing balance		8,880,937	7,866,634

The accompanying notes form part of this Changes in Equity Statement.



Notes to the Financial Statements

For the year ended 30 June 2007

Note 1. Statement of accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with accounting standards and interpretations issued by the Australian Accounting Standards Board, and the *Corporations Act 2001*.

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

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

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied with those of the previous year, unless otherwise stated.

Income recognition

Accreditation fees are paid at application and brought to revenue in the following manner: 25% of the fee is recognised on receipt of application and the 75% balance is recognised on completion of the site audit.

Commonwealth Government funding and interest income is brought to account in the month it is earned.

Income received from the Department of Health and Ageing is recognised in the same period in which training is conducted.

Income received from publications is recognised upon receipt.

Income tax

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

Property, plant and equipment

Property, plant and equipment are measured on the cost basis.

From 1 July 2003, the depreciable amount for all newly acquired property, plant and equipment is depreciated over their useful lives to the Company on a straight-line basis commencing from the time the asset is held ready for use.

The remaining plant and equipment was depreciated over their useful lives on a diminishing value basis and is fully depreciated at 30 June 2007.



The current rates of depreciation by category are:

	Straight line
Computers	33%
Furniture and fittings	20%
Other equipment	20%
Leasehold	20% (or term of lease, whichever is shorter)

Impairment of assets

All assets were assessed for impairment at 30 June 2007. Where indicators of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment is made if the asset's recoverable amount is less than its carrying amount. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed, and subsequent disposal.

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

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

Leases

Leases of plant and equipment where substantially the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the economic entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight-line basis over their estimated useful lives, where it is likely that the Company will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

Lease incentives

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

Part 6 Financial statements



Employee benefits

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

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

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

Goods and Service Tax (GST)

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

Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Finance Reporting Standards (AEIFRS). The Australian Accounting Standards Board (AASB) has issued amendments to existing standards, which are not effective at the reporting date. The Company intends to adopt all standards upon their application date. As at the reporting date, there is no expected effect from application of these standards.

Comparative figures

Where required, comparative figures have been adjusted to conform to changes in presentation for the current financial year.



Note 2. Operating result

Operating result from ordinary activities has been determined after:

Crediting as income

	2007 \$	2006 \$
Income from operating activities		
Government grants received	22,120,000	8,461,000
Accreditation revenue	7,002,951	16,464,895
Training revenue	1,284,387	682,245
Interest	825,567	565,308
Other income	77,575	151,086
Income from ordinary activities	31,310,480	26,324,534

Charging as expenses

	2007 \$	2006 \$
Depreciation of non-current assets:		
Property, plant and equipment	586,716	311,508
Makegood	38,801	38,173
Total depreciation	625,517	349,681
Other expenses		
IT	252,678	266,266
Legal	203,898	115,473
Other professional fees	162,337	146,423
Printing and stationery	411,408	240,367
Rental expense on operating leases	1,870,193	1,536,275
Seminars and conferences	205,691	67,528
Telephones and communications	251,132	223,981
Training and recruitment	407,805	296,835
Travel	2,916,352	1,945,532
Other	575,533	555,692
Total other expenses from ordinary activities	7,257,027	5,394,372

Part 6 Financial statements



Note 3. Remuneration of directors

	2007 \$	2006 \$
Total Directors' remuneration for the financial year	222,017	232,203
\$0 - \$ 9,999	4	-
\$10,000 - \$19,999	4	1
\$20,000 - \$29,999	5	8
\$40,000 - \$49,999	1	1
Total number of directors	14	10

The names of directors who have held office during the financial year are:

- Mr James Harrowell AM
- Dr Michael Bollen AM
- Mr David Deans
- Mr Richard Gray
- Mr Jon Gregerson
- Professor Joseph Ibrahim
- Mr John Lang OAM
- Ms Mary Lyttle (appointment ceased 21/11/06)
- Ms Susanne Macri AM
- Professor Rhonda Nay
- Ms Rhonda Parker (appointment ceased 30/03/07)
- Mr Douglas Strain
- Mr Peter Toohey
- Mr Paul Wilmot (appointment ceased 21/11/06)



Note 4. Remuneration of auditors

	2007 \$	2006 \$
Audit of financial report	34,000	30,000

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

Note 5. Reconciliations of cashflow from operations with operating profit

Cash

For the purpose of the Cash Flow Statement, cash and cash equivalents include:

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

Reconciliation of operating result from ordinary activities to net cash flow from operating activities

	2007 \$	2006 \$
Operating result from ordinary activities	1,014,303	2,248,965
Non-cash flows in operating result		
Depreciation	625,517	349,681
Loss/(gain) on sale of property, plant and equipment	380	19,706
Changes in assets and liabilities		
(Increase)/decrease in receivables	273,973	(273,161)
(Increase)/decrease in prepayments	(63,378)	(53,747)
Increase/(decrease) in payables	(1,709,333)	3,027,298
Increase/(decrease) in current provisions	140,936	243,837
Increase/(decrease) in non-current provisions	116,813	62,085
Net cash from/(used by) operating activities	399,211	5,570,907

Part 6 Financial statements



Note 6. Cash and cash equivalents

	2007 \$	2006 \$
Cash at bank and on hand	14,712,774	14,667,620

Note 7. Trade and other receivables

	2007 \$	2006 \$
Goods and services	144,446	436,415
GST receivable from the Australian Tax Office	111,414	100,594
Other	16,781	9,605
Total trade and other receivables	272,641	546,614

Note 8. Property, plant and equipment

	2007 \$	2006 \$
Furniture & fittings		
Cost		
Opening	891,154	764,490
Additions	127,573	150,197
Disposals	(707)	(23,533)
Closing	1,018,020	891,154
Accumulated depreciation		
Opening	(498,396)	(438,891)
Depreciation expense	(223,509)	(75,472)
Write back on disposals	551	15,967
Closing	(721,354)	(498,396)
Net, furniture and fittings	296,666	392,758



Note 8. Property, plant and equipment (continued)

	2007 \$	2006 \$
Computers		
Cost		
Opening	2,038,381	2,081,888
Additions	187,971	171,988
Disposals	(128,765)	(215,495)
Closing	2,097,587	2,038,381
Accumulated depreciation		
Opening	(1,680,864)	(1,683,365)
Depreciation expense	(287,141)	(182,234)
Write back on disposals	126,158	184,735
Closing	(1,841,847)	(1,680,864)
Net, computers	255,740	357,517
Office equipment		
Cost		
Opening	422,400	396,070
Additions	40,895	28,017
Disposals	-	(1,687)
Closing	463,295	422,400
Accumulated depreciation		
Opening	(216,883)	(164,554)
Depreciation expense	(76,065)	(53,801)
Write back on disposals	-	1,472
Closing	(292,948)	(216,883)
Net, office equipment	170,347	205,517

Part 6 Financial statements



Note 8. Property, plant and equipment (continued)

	2007 \$	2006 \$
Leasehold improvements		
Cost	149,038	149,038
Opening	-	-
Additions	-	-
Disposals	149,038	149,038
Closing	(63,531)	(25,358)
Accumulated depreciation	(38,801)	(38,173)
Opening		
Depreciation expense	102,332	(63,531)
Closing	46,706	85,507
Net, leasehold improvements	769,459	1,041,299
Total property, plant and equipment		

Note 9. Current liabilities – trade and other payables

	2007 \$	2006 \$
Lease incentives	78,569	76,669
Trade creditors and accruals	2,002,426	1,674,070
Unearned income	2,968,312	5,007,901
Total trade and other payables	5,049,307	6,758,640



Note 10. Current liabilities – employee provisions

	2007 \$	2006 \$
Annual leave	982,359	850,785
Salary and wages	150,230	140,868
Total employee provisions	1,132,589	991,653

Note 11. Non-current liabilities – provisions

	2007 \$	2006 \$
Long service leave	550,589	455,723
Makegood	185,461	172,820
Total non-current provisions	736,050	628,543
Aggregate employee benefit liability (refer to notes 10 and 11)	1,683,178	1,447,376
The number of full time equivalent staff employed as at 30 June is:	193	207

Note 12. Non-current liabilities – trade and other payables

	2007 \$	2006 \$
Lease incentives	278,548	269,242
Total trade and other payables	278,548	269,242

Part 6 Financial statements



Note 13. Issued capital

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

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

Note 14. Expenditure commitments

	2007 \$	2006 \$
(a) Operating leases Non-cancellable operating leases contracted for but not capitalised in the accounts		
Payable:		
Within one year	1,099,309	1,085,560
Later than one year but not later than 5 years	3,241,310	3,018,250
Later than 5 years	515,474	872,286
	4,856,093	4,976,096
(b) Capital commitments Commitments contracted for plant and equipment purchases or capital expenditure projects payable within one year:		
	304,228	62,306
	304,228	62,306

Note 15. Contingent liabilities and assets

	2007 \$	2006 \$
Estimates of the potential financial effect of contingent liabilities that may become payable		
The company has three Bank Security Deposit Guarantees for rental properties	229,300	209,535
	229,300	209,535



Note 16. Financial instruments

Financial assets

Cash and deposits are recognised in the Balance Sheet at their nominal value. Interest is credited to revenue as it is earned. The effective weighted average interest rate for cash deposits at 30 June 2007 was 6.26% (30 June 2006: 5.26%).

Receivables are normally settled within 30 days.

Financial liabilities

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

Interest rate risk exposures

2007	Floating interest rate \$	Non interest bearing \$	Total \$	Weighted average effective interest rate %
Financial assets				
Cash	14,712,774	-	14,712,774	6.26%
Receivables	-	272,641	272,641	
	14,712,774	272,641	14,985,415	
Total assets			16,077,431	
Financial liabilities				
Payables	-	1,966,594	1,966,594	6.26%
Other	-	1,168,421	1,168,421	
Provisions	-	78,569	78,569	
	-	3,213,584	3,213,584	
Total liabilities			7,196,494	

Part 6 Financial statements



2006	Floating interest rate \$	Non interest bearing \$	Total \$	Weighted average effective interest rate %
Financial assets				5.26%
Cash	14,667,620	-	14,667,620	
Receivables	-	546,614	546,614	
	14,667,620	546,614	15,214,234	
Total assets			16,514,712	
Financial liabilities				
Payables	-	1,674,070	1,674,070	
Other	-	991,653	991,653	
Provisions	-	76,669	76,669	
	-	2,742,392	2,742,392	
Total liabilities			8,648,078	

Net fair value

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

Credit risk

The Company's credit risk is limited to the value of assets carried in our Balance Sheet.

Note 17. Economic dependency

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

Note 18. Segment reporting

The Company operates in one industry (Aged Care) within one geographical location (Australia).



INDEPENDENT AUDITOR'S REPORT

To the members of the Aged Care Standards and Accreditation Agency

Scope

We have audited the accompanying financial report of the Aged Care Standards and Accreditation Agency, which comprises the income statement, the balance sheet as at 30 June 2007, a cash flow statement and a statement of recognised income and expense for the year ended on that date; a summary of significant accounting policies and other explanatory notes, and the directors' declaration.

The Directors' Responsibility for the Financial Report

The directors of the Aged Care Standards and Accreditation Agency are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, including Australian Accounting Interpretations and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian National Audit Office Auditing Standards, which incorporate Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance that the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, 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 report 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 evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In my opinion;

the financial report of the Aged Care Standards and Accreditation Agency is in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the Aged Care Standards and Accreditation Agency's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
- ii) complying with Australian Accounting Standards, including the Australian Accounting Interpretations and the *Corporations Regulations 2001*.

Australian National Audit Office



P Hinchey
Senior Director
Delegate of the Auditor-General

Sydney
14 September 2007



The Aged Care Standards and Accreditation Agency Ltd

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