

Annual report

2007/2008



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Aged Care

Standards and Accreditation Agency Ltd

Annual Report 2007-2008

Aged Care Standards and Accreditation Agency Ltd

ABN 64 079 618 652

ACN 079 618 652

ISSN 1447 – 4123

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Aged Care Standards and Accreditation Agency Ltd's Annual Report 2007/2008 can be accessed via the internet at www.accreditation.org.au.

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Annual Report 2007/2008

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Jim Harrowell AM
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 2007/08.

The Agency was established as an independent accrediting body, wholly-owned by the Australian Government, 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.

This year marked the 10th year of operations for the Company, which was registered on 30 October, 1997.

In that time, the Company has grown in both the scope of its operations, and in reputation.

In June, the Government released the report of the evaluation of the impact of accreditation on the delivery of quality of care and quality of life to residents in Australian Government-subsidised residential aged care homes.

The introduction of accreditation was found to have served a number of functions related to quality including to:

- remove under-performing homes from the sector;
- set a minimum standard for quality;
- raise the standards of quality across the sector;
- establish a degree of consistency across the sector; and
- develop a focus on continuous quality improvement and resident-focused care.

The research also found that accreditation has become more positively received by the sector over time with increased experience in successive rounds of accreditation.

It is regrettable that the relatively few incidents of poor care are portrayed in the media and by interest groups as a proxy for the industry more broadly.

The evidence is otherwise. As we head into the accreditation peak, it is worth reviewing industry's performance following the previous accreditation round.

A review of the most recent site audit or review audit decisions taken prior to 31 December 2006 showed that 92 per cent of homes were assessed as complying with all 44 expected outcomes to the Accreditation Standards.

A further five per cent of homes had only one or two non-compliant expected outcomes, and these were quickly rectified.

I am sure the industry will meet the challenge to continue to improve.

In addition to our accreditation activities, the Agency makes a significant investment in providing education services to assist industry improve their care for residents.

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

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

The Education division has grown over time and now offers a diverse range of programs including the annual series of Better Practice events, one-day seminars, assessor courses and the very popular QUEST program which is delivered free to front-line aged care staff in their workplace.

During the year, we farewelled John Lang and Peter Toohey as directors. Both have been with us for many years and were inaugural directors. On behalf of the Board, I thank them for their outstanding long service.

We also welcomed a new Minister, the Hon Justine Elliot MP.

Mrs Elliot has had an immediate impact on her portfolio and has made it clear that the care and protection of residents is her absolute priority. The Board endorses Mrs Elliot's commitment.

I would also like to congratulate our Chief Executive Officer, Mark Brandon. Mr Brandon joined the Company in November 2002 and has worked tirelessly to improve the Company's performance.

The Board was unanimous in its desire to appoint Mr Brandon for a further three-year contract and we look forward to his continued efforts to develop the Company.

I would like to thank my fellow directors for their contribution during the year, and place on record the Board's appreciation of the staff of the Agency.

Together we share an unwavering commitment to improving the quality of residential aged care for the benefit of current and future older Australians.



Jim Harrowell AM
Chairman



Mark Brandon
Chief Executive Officer

Message from the Chief Executive Officer

The year 2007/08 was a year of consolidation during which we built a platform for future growth by improving our systems, our processes and our people.

In April, we completed a significant IT project to replace our accreditation operating system. This removed a significant risk from the Company and should result in more secure, effective and efficient communications with providers in relation to our accreditation activities and decisions.

The challenge for us now is to build on this new “Better Business” IT architecture to upgrade and streamline our other business processes.

We invested heavily in our people during the year. Users of the Better Business system were trained in its use, recruiting managers were trained in behavioural interviewing to improve the effectiveness of our recruitment decisions, and we implemented a new performance management system – coaching for performance – *everyday*.

Residential aged care homes throughout Australia submit themselves to scrutiny of

performance by us as the independent accreditation body appointed under the *Aged Care Act 1997*.

We too submit ourselves to independent external scrutiny. During the year, we were subject to our triennial audit by SAI Global Limited which re-certified our management systems against the ISO 9001:2000 standard.

Separately, we gained certification of our assessor training and management program by the International Society for Quality in health care (ISQua).

This was a world first for an accrediting body, and confirmed that our initial and on-going assessor training is at world’s best practice.

The challenge for 2008/09 is to gain Company certification by ISQua - the accreditation body of accreditation bodies.

Operationally, the Company achieved both its accreditation monitoring program, and an expanding education program, while recording a modest surplus.

As at 30 June 2008, there were 2,846 accredited residential aged care homes throughout Australia. During the year,

we conducted 4,731 support contacts, of which 3,056 were unannounced. The Australian Government requires that each home receive at least one unannounced visit each year and this was achieved. We also conducted 426 site audits to determine accreditation and 87 review audits.

I am also pleased to report that industry feedback in relation to the performance of the Agency and our assessor workforce remains positive with 87 per cent of homes rating the assessment team's overall performance as either excellent or very good.

Our Education program continues to expand. A new seminar series, 'Managing risk to avoid non-compliance', was launched, and a Governance and accreditation toolbox was developed to help boards of residential aged care organisations keep pace with the more demanding governance environment.

Participant feedback from education activities is very positive.

Outlook

In the year ahead we will undertake 7,000 visits to residential aged care homes around Australia. These will be a combination of announced and unannounced visits as decided through our established case management system.

The Australian Government also requires that each home receive at least one unannounced visit each year, and this is an important safeguard for the protection of residents, and community confidence in the residential aged care sector.

The Company's balance sheet remains strong, and this allows us to fund IT redevelopments and other special projects.

During the year, the Government released the report on the evaluation of the impact of accreditation. Following release of the report, the Minister for Ageing, the Hon Justine Elliot MP, announced a review of the Accreditation Standards and the accreditation arrangements.

We look forward to participating in that review and bring to the table a strong evidence base through our experience of more than 10 years as the accreditation body, having made more than 10,000 accreditation decisions and with established links to other accreditation bodies both in Australia and overseas.



Mark Brandon
Chief Executive Officer



Part one The Agency

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 through seeking and providing feedback.

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 company, limited by guarantee, wholly owned by the Australian Government, 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 Company's organisation structure reflects its national role as the independent accreditation body, with divisional offices responsible for policy, 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 in the Appendix.

The Board of Directors has overall responsibility for the Company's strategic direction and performance. The Board's role is corporate governance: ensuring that the Company 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 2007/08 are included in the Directors' Report.

The Chief Executive Officer (CEO) is responsible for the operational management of the Company and for ensuring the delivery of the core functions. The CEO reports to the Board and maintains regular communication with senior executives of the Department of Health and Ageing.

The CEO and the divisional General Managers form the executive management team (EMT). The EMT meets to monitor performance against the corporate plan.

The national leadership team (NLT) meets regularly and comprises the CEO, divisional General Managers, Director Information Services and Projects, and the State Managers. 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.

Relationship with the Department of Health and Ageing

The Agency contributes to the achievement of outcome four, a portfolio outcome set by the Australian Government for the Department of Health and Ageing (the Department). Outcome four is described as: "Older Australians have access to quality and affordable aged care and carer support services, through subsidies and grants, sector collaboration, training and regulation of the aged care sector."

The Company 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 seven 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.

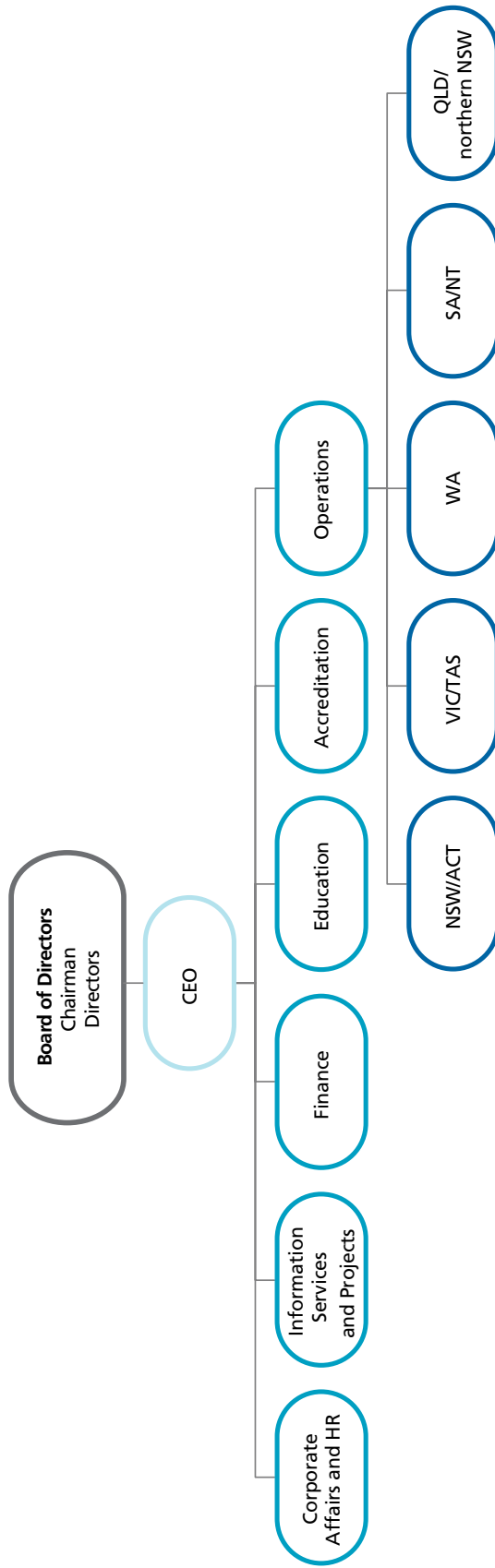
The Agency and the Department of Health and Ageing have a protocol regarding actions each organisation takes where non-compliance is identified or suspected. The protocol supports coordination of actions to deal with non-compliance, with the Department and the Agency making independent decisions about 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 Accreditation Grant Principles 1999 require the Agency to recommend to the Department that sanctions be imposed. The Department makes an independent decision on what sanctions, if any, are imposed.

The 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.

Company organisation chart, as at 30 June 2008



Corporate Affairs and Human Resources

- Stakeholder relations
- Human Resources
- Media/Marketing
- Government Liaison

Information Services and Projects

- Computer hardware and software management
- Information management

Finance

- Accounts
- Purchasing
- Property management
- Quality Assurance
- Risk
- Statutory reporting

Education

- QUEST
- Better Practice
- Assessor courses
- Seminars
- Flexible learning packages

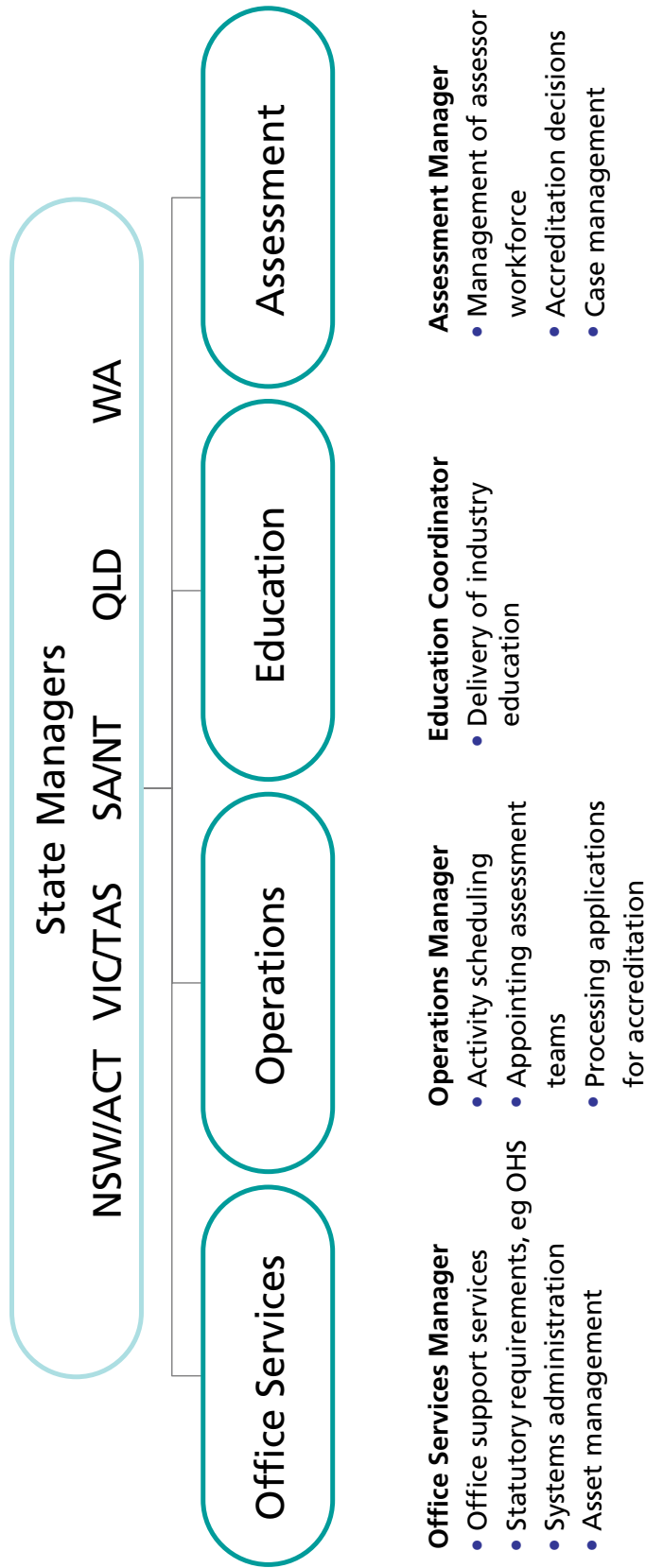
Accreditation

- Policy development
- Research
- Quality Assurance on accreditation program
- Reviews and reconsiderations

Operations

- Accreditation visits
- Accreditation decisions
- Education delivery
- DHA liaison accreditation
- Case management

Company organisation chart state offices, as at 30 June 2008



Part two Accreditation and Operations

Accreditation overview

Australian Government subsidised residential aged care homes must be accredited in order to receive residential care subsidies. The main accreditation arrangements for residential 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 residential aged care homes to ensure quality care is provided to residents in a way that meets the Accreditation Standards. A case management approach is used to determine the type and frequency of contacts 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. This case management approach is also applied to approved providers who are responsible for groups of homes.

Visits to homes to monitor and assess their performance may be 'support contacts' or 'review audits'. These visits may be announced or unannounced.

The Australian Government requires that each home receives at least one unannounced visit each year. The Agency has a national program of unannounced visits to ensure this requirement is met.

The Australian community has high expectations of residential 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.

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 a need for a review audit, or
- providing additional information or education.

Support contacts are usually conducted over one 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 known 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 the 'assessment modules'. In particular, any matters previously identified as requiring 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.

Site audits

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

A site audit is scheduled after a provider applies for a further period of accreditation. The provider must submit a self-assessment as part of their application, and providers must also notify residents, and their representatives, of the date of the audit so that residents and their representatives can meet with the assessment team to provide their views as to the quality of care and services provided. The views of residents and their representatives is a very important aspect to the process of corroboration of information gathered during the audit.

Review audits

A review audit is an assessment of the quality of care provided by a home against all 44 expected outcomes to the Accreditation Standards. Review audits occur when there are concerns about a home's compliance with 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. The 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 admit 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 a maximum of 12 months. 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.

Existing homes

Accredited aged care homes must apply for a further period of accreditation before their current period expires. The aged care home must make an application for accreditation, which includes a self-assessment against the Accreditation Standards. The assessment team 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.

Decisions

The role of the assessment team is to assess the level of care provided to residents, assessed against the Accreditation Standards. The assessment team is required to gather and corroborate information, including the views of residents. The assessment team makes recommendations about a home's compliance with the Accreditation Standards, about accreditation of the home, the period of accreditation and support contacts.

A decision as to a home's compliance, and the period of accreditation is made by an authorised decision-maker who is usually a senior manager within the Agency. In coming to a conclusion, the decision-maker will take into account the report of the assessment team and any other information known about the home. This is set out in Part two, Division three, Subdivision four of the Accreditation Grant Principles 1999.

Reconsideration and review

The approved provider may seek reconsideration of decisions made about the period of accreditation awarded to a home. The General Manager Accreditation usually makes the reconsidered decisions. A reconsideration takes into account the circumstances of the home at the time the reconsideration decision is being made.

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.

Reconsiderations were sought for 7.4 per cent of decisions about accreditation.

Seven applications were made for review by the AAT during the reporting period. Four applications have been withdrawn during the period, two are ongoing and one resulted in the decision being set aside.

Accreditation status of residential aged care homes as at 30 June 2008

Accreditation Period as at 30/06/2008	Unit	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
< 1 year	No.	1	0	1	0	2	1	0	0	5
1 year - Commencing homes	No.	11	14	4	3	3	1	0	0	36
1 year - Existing homes	No.	2	12	22	8	11	0	0	2	57
> 1 year < 2 years	No.	1	1	2	0	0	1	0	0	5
2 years	No.	11	17	38	6	6	2	2	0	82
> 2 years < 3 years	No.	6	8	10	2	5	2	0	0	33
3 years	No.	871	744	403	233	256	82	22	13	2624
> 3 years	No.	2	1	1	0	0	0	0	0	4
Total accredited services	No.	905	797	481	252	283	89	24	15	2846
Accreditation period										
< 2 years	%	1.7%	3.4%	6.0%	4.4%	5.7%	3.4%	0.0%	13.3%	3.6%
2 years or more but < 3 years	%	1.9%	3.1%	10.0%	3.2%	3.9%	4.5%	8.3%	0.0%	4.0%
3 years or more	%	96.5%	93.5%	84.0%	92.5%	90.5%	92.1%	91.7%	86.7%	92.3%
Total	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Part three Education

The Agency recognises the importance of education in the improvement of quality care. The Education Division provides education to industry 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.

Better Practice events

Better Practice events were held in Sydney, Melbourne, Brisbane, Adelaide and Hobart. 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.

Around 1,500 delegates attended the Better Practice events over the reporting period, and feedback continues to be positive.

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. A total of 138 people attended the course during

the period, bringing to 271 the total number of people who have attended the course since it was first offered in September 2006. During the year, the Agency achieved certification of its assessor training and management program by the International Society for Quality in health care, becoming the first accreditation body in the world to achieve this distinction.

Seminars

The Agency has developed a series of one-day seminars to equip key personnel with the skills and knowledge that will help improve quality of care for residents.

Seminar topics include 'Turn data into action', 'Continuous improvement', and 'Evidence-based practice'. During the year, a new seminar topic, 'Managing risk to avoid non-compliance' was introduced.

During the reporting period, 91 seminars were staged in the major capitals as well as regional centres. Around 1,300 people attended the various seminars.

QUEST

This highly popular program is a free education session of



up to one and a half hours delivered by an experienced assessor to front-line care staff in residential aged care homes.

The interactive sessions are delivered to groups of around 15 participants and includes group activities, discussion and questions. Some homes choose to have joint sessions with neighbouring homes.

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 2007/08, 642 QUEST sessions were provided to around 7,900 people from 764 aged care homes. Since the introduction of QUEST, the Agency has conducted 2,300 QUEST sessions to around 2,000 homes and more than 32,350 front-line staff.

Governance and accreditation toolbox

During the year, the Agency launched a Governance and accreditation toolbox to help boards of residential aged care organisations keep pace with the more demanding governance environment. The Governance and accreditation toolbox was designed with feedback from an industry reference group and is an easy-to-use package that provides directors

with clear guidance on their roles and responsibilities, and a set of useful tools and reporting templates that can be used off the shelf or customised to suit the particular organisation.

A total of 220 packages were sold during the year.

Self-directed learning packages

There are four self-directed learning packages on our website:

- Continuous improvement
- Data and measurement
- Self-assessment
- Demystifying dementia

These free self-directed packages are some of the most consistently popular downloads from our website, and have also attracted international interest.

“You do a fantastic job of describing scenarios and examples for the staff to understand easily. I like your approach to teaching others to give excellent person centered care. Thanks for what you do”.

Part four Communication and consultation

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. The Agency is also seen to be contributing to solving some of the bigger problems that confront the aged care sector.

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

The Chief Executive Officer, General Managers and State Managers also attend and make presentations to industry conferences to update industry on our work as the accreditation body and to provide information on issues such as risk management, reasons for non-compliance, and industry performance.

Relationship managers have been appointed for larger providers, and for those providers whose operations cross state borders. The relationship manager is responsible for coordinating the overall relationship between the Agency and the provider, and for providing internal advice on case management of the group, and homes within the group. 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 provider in relation to all homes within the group.

The Agency's Board has a comprehensive stakeholder relationship program whereby a function is held prior to each meeting of the Board. This allows Directors to obtain direct feedback from stakeholders in relation to the Agency's performance and a broader understanding of the issues facing industry.

The Agency's Chief Executive Officer chairs the National Agency Liaison Group and State Managers chair each



of the state Agency Liaison Groups. The groups meet to discuss industry trends, provide feedback on Agency activities, ideas for improvement, and be informed about Agency initiatives.

The Standard

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 included medication management, cultural and spiritual life, infection control and pain management.

A special edition of *The Standard* was published in September 2007 providing a comprehensive analysis of the industry's performance over time, changes in industry structure, and information on identified risk factors.

Circulation of *The Standard* is stable at around 6,850 per month. However the number of web downloads of *The Standard* has increased from 1,700 per month to 2,400 per month. The September special edition reporting industry performance has had 3,000 downloads.

Complaints and feedback

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.

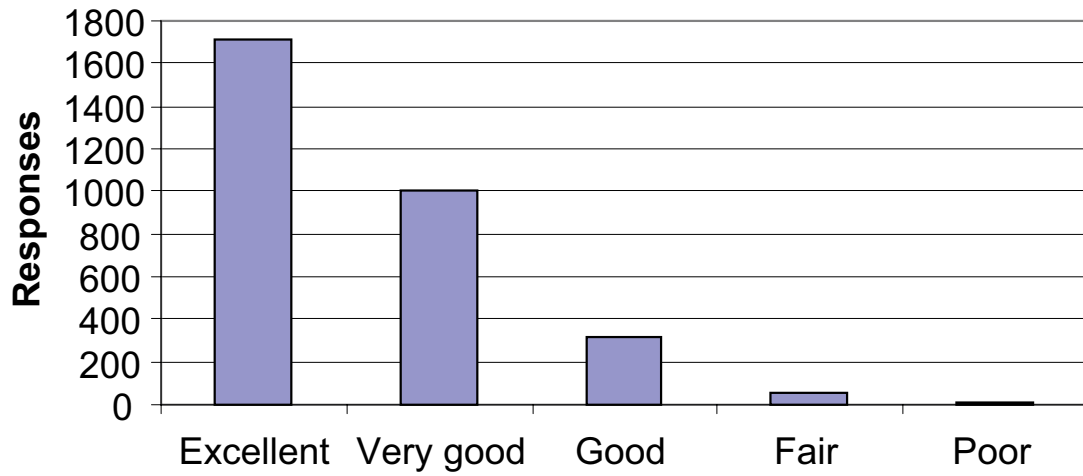
The number of complaints received has fallen significantly, to 60 in 2007/08 from 111 the previous year. This follows a sustained effort over the past 18 months directed at improving our on-site relationship management.

There were five complaints lodged with the Aged Care Commissioner. Two were minor, one was withdrawn and two were unresolved as at 30 June 2008. The Agency has co-operated with the Commissioner's examination of complaints.

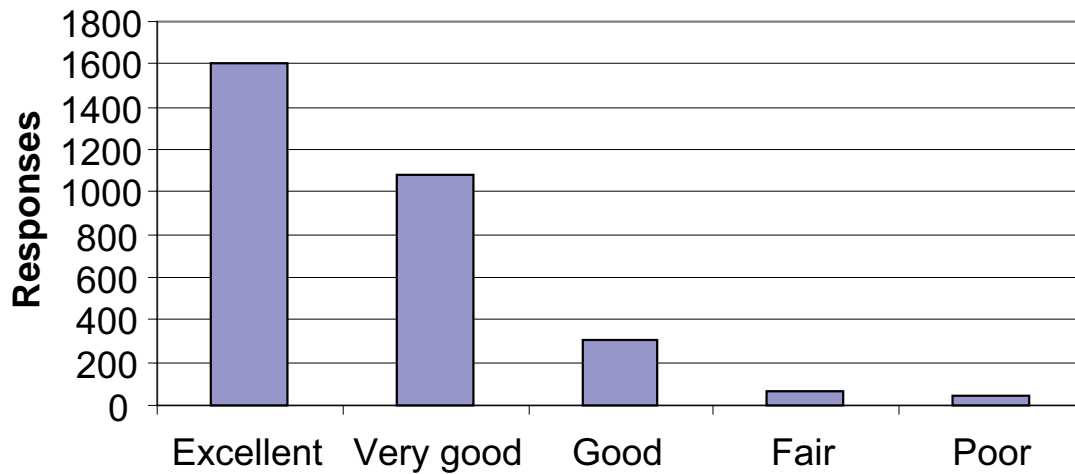
Following a review of feedback, we implemented a new feedback management system to assure homes of confidentiality. A new questionnaire was also developed by an accredited market research company, and the questions road tested with providers to ensure we were asking the pertinent questions of our own performance.

Following each visit to a home, assessors leave a feedback form which can be filled out confidentially and returned by reply-paid post to an independent company which provides a monthly report on collated and aggregated data. The Agency does not have access to the responses of individual residential aged care homes.

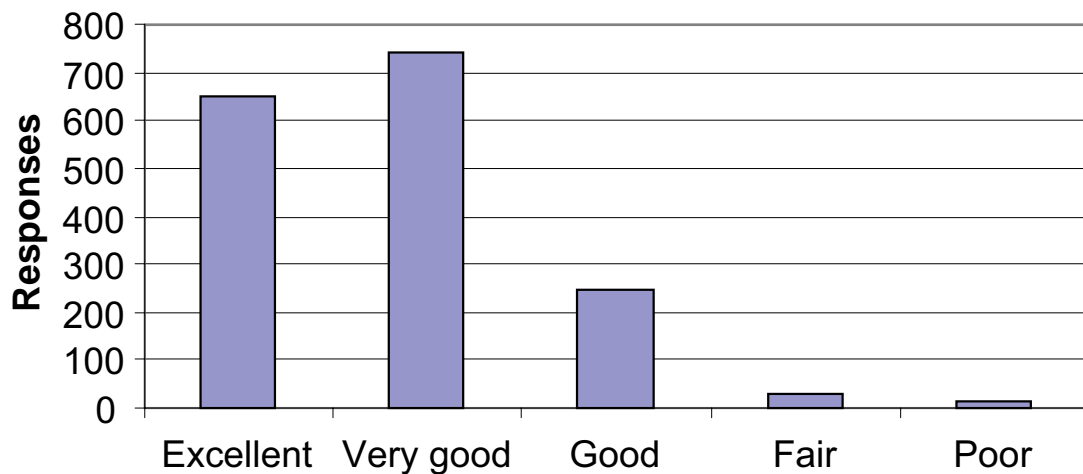
The team's knowledge and understanding of aged care.



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



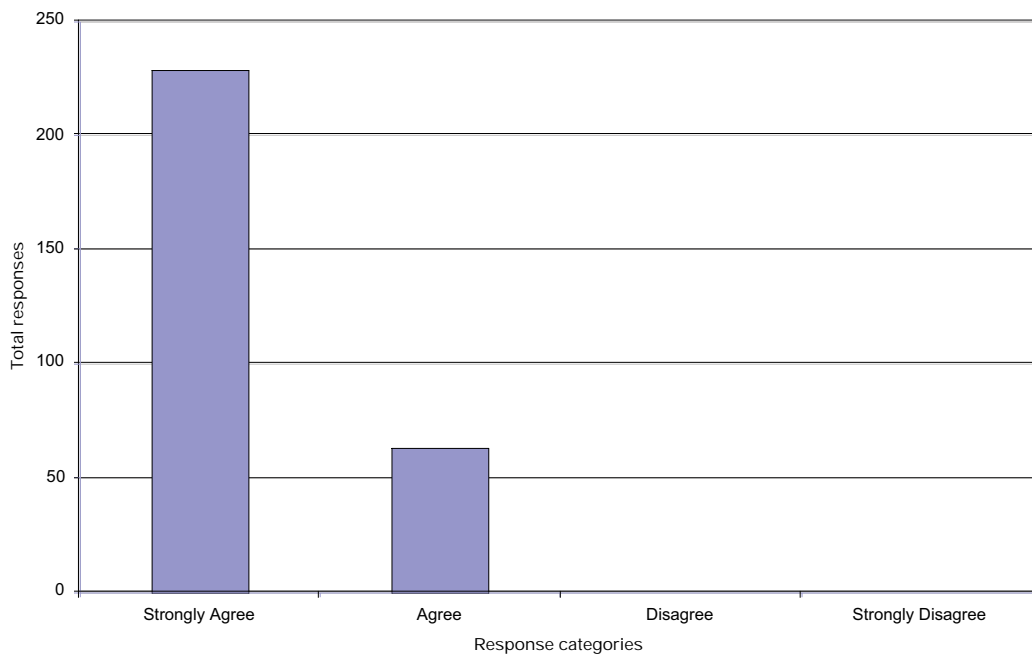
The advice that the Agency provided about the home's responsibilities for the audit



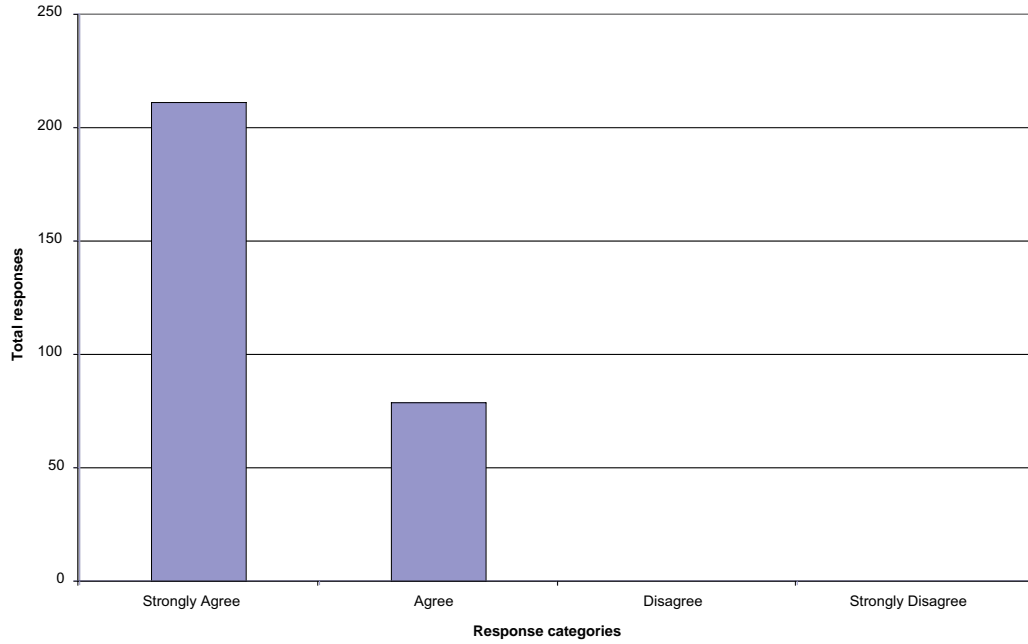
Education feedback

Assessor Course 2007 - 2008

The content was relevant to my work and career needs.



Assessor courses The learning outcomes of the education event were met



Part five Quality assurance and improvement

The Agency is committed to the continuous improvement of its own processes and uses the feedback provided by its stakeholders, as well as complaints information, to guide improvements.

Staff are encouraged to submit 'improvement requests' which are logged and responded to through the Company's quality management system.

During the year, 92 improvement requests were raised by staff nationally, and 118 were finalised during the same period. This represented 84 for the 2007/08 financial year and 34 from the previous financial period. This level of staff involvement proactively assists in ensuring that the Company's Quality Management System is relevant to business operations.

The Agency's Quality Management System is certified to ISO Standard 9001:2000. During the year, we had our triennial re-certification audit by the independent company, SAI Global Limited. Each state office was audited and certified separately.

SAI Global Limited commented positively on the maturity of our Quality Management System, its control and evidence of continual improvement, and most particularly the commitment of all staff and management interviewed throughout the audit process.

During the year, the Agency gained certification by the International Society for Quality in health care (ISQua) of its assessor training and management program. This was a world first for an accrediting body, and confirmed that initial and on-going assessor training is at world's best practice.

"The Aged Care Standards and Accreditation Agency is congratulated on being the first external evaluation body to have its assessor training program assessed for ISQua accreditation." – ISQua Board

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. This means we



maximise the prospects of 'getting it right'.

During the year a range of quality assurance and review activities were conducted. The major actions were:

- inclusion of observers on visits 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
- reviewing audit reports and reasons for changes in compliance whenever a significant change in a home's compliance with the Accreditation Standards occurs
- reviewing Agency processes and enhancement of documentation.

The majority of internal, staff assessors received at least one observation during 2007/08. External (casual and contractor) assessors who complete regular work for the Agency were also observed. Outcomes of the observers on visits program have included improvements to Agency documents such as the Audit handbook and Results and processes guide. Such activities also provide increased opportunity for assessors to make suggestions to improve Agency processes. The observers on visits program has shown assessors have a consistent approach to assessment, and have provided another avenue to monitor performance and assist with coaching less experienced assessors.

The Agency reviews all review audit decisions, all less than three year decisions (excluding commencing homes) and 5 per cent of all three year decisions. During 2007/08 a review of all support contact decisions resulting in non-compliance

was also commenced. As part of this program, assessment teams' reports are also reviewed. Results of reviews of decisions have shown a national, consistent approach to decision-making is applied. Reviews of reports has also shown assessors' reports are informative for decision-makers, and consistent with Agency processes. Outcomes of this quality assurance activity have directly fed into training for decision-makers and assessors.

Quality assurance reviews of audit reports and reasons for changes in compliance has shown the Agency consistently applies a case management approach to decision-making.

The Agency conducts regular reviews of best practice and professional guidelines, legislation, and national and international human service accreditation schemes. This information has been used to enhance current Agency processes and documents such as policies and procedures, and to inform projects aimed at improving Agency processes. In 2007/08 a major review of all accreditation documentation was commenced, and is expected to be complete in the next financial year.

Part six Our people

Staffing as at 30 June 2008 is 183.4 full time equivalent. This includes term-defined employees. The number of employed staff vary according to the accreditation workload.

Around 81 per cent of staff are women. 15 staff are employed on a part-time basis.

Of the 393 assessors on the RABQSA International register, 95 are employed by the Agency. The balance is used on a contract or casual basis to meet workload demands.

63 per cent of all staff have at least one tertiary qualification.

There are three scopes of registration for registered aged care assessors which assist the company to team assessors for visits. They are:

- registered nurse
- cultural specific experience ie have worked with indigenous cultures or with various cultures overseas
- language skills.

The Agency's program of training and management of its assessors has been certified by the International Society for Quality in health care (ISQua). The Agency was the first

accreditation body in the world to achieve this distinction which confirms that our assessor training is at world's best practice and represents an important quality assurance of our assessing activity.

In addition to their initial training, staff and contract assessors participate in regular update training through the Quality Assessor Information and Training (QAiT) program. QAiT sessions are conducted every two months in each of the major capitals. Update training topics for 2007/08 included effective on-site relationship management; assessing expected outcome 4.6 Fire, security and other emergencies; expected outcome 2.16 Sensory loss. The Department of Health and Ageing also presented a QAiT session on the new Aged Care Funding Instrument.

The Agency has developed a company-wide learning and development framework to help build organisational leadership capacity and to provide staff with clearer career paths. The framework allocates staff to defined work streams, and includes structured learning blocks



as well as individual learning and development opportunities.

Managers and other staff involved in recruiting are trained in behavioural interviewing, middle management are provided with training in effective people management, and staff who may be involved in either presenting or industry training participate in facilitate group-based learning.

During the year, the Agency reviewed its approach to performance management and introduced a new program, Coaching for performance - *everyday*. New staff learn about the program as part of their induction.

Managers conduct regular staff meetings, and the CEO undertakes an annual roadshow to brief staff on the year in review and the corporate plan and outlook.

A number of staff have achieved 10 years service with the company and their service has been celebrated as part of a staff recognition and reward program.

OH&S

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

OH&S committees and first aid officers are trained for each office, in accordance with state legislation.

During the year there were 169 days lost due to injury.

The Agency's operations have a low impact on the environment. Initiatives include recycling of paper, toner cartridges, and use of electronic communication instead of paper-based wherever possible. The Agency is a

tenant in a number of buildings where the building owner/manager undertakes recycling of glass and other waste, and provides energy-efficient lighting and waste water systems.

Part seven Agency performance

Progress against performance targets – as at 30 June 2008

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 2008, 1.6 per cent were identified as having some non-compliance.
	Conduct 100% of site audits in response to valid accreditation applications.	Achieved. 540 applications for further periods of accreditation were received. 426 accreditation site audits were completed. 429 accreditation decisions were made – 317 homes were granted three years accreditation and 112 less than three years. No homes were refused accreditation.
	Maintain an average visiting schedule of 1.75 visits per home per year.	Achieved. The Agency conducted an average of 1.84 visits per home during the financial year.



Performance indicator	Performance target	Relevant activities and initiatives undertaken and outcomes achieved
	<p>Conduct at least one unannounced visit to each home per year.</p> <p>Carry out approximately 132 review audits (pa), including 100% as directed by the Department.</p> <p>Daily visits by quality assessors where serious risk is identified, until the serious risk has been mitigated.</p> <p>Timeliness and appropriateness of response to referrals from the Department in accordance with protocols established between the Department and the Agency.</p>	<p>Achieved. 4,731 support contacts were conducted. Of these, 3,056 were unannounced. Every aged care home received at least one unannounced support contact during the year. In addition, there were 49 unannounced review audits. Further, quality assessors undertook 258 interviews of key personnel or approved providers of homes by phone as part of the program of monitoring the homes.</p> <p>87 review audits conducted. 65 review audits were initiated by the Agency and 22 review audits were at the request of the Department of Health and Ageing.</p> <p>Achieved.</p> <p>Achieved.</p>

Performance indicator	Performance target	Relevant activities and initiatives undertaken and outcomes achieved
	<p>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.</p>	<p>A pool of 393 staff and contract assessors ensure that visits are conducted in a timely manner.</p>
<p>Promotion of high quality care.</p>	<p>Provision of sector and consumer education through:</p> <p>Conferences.</p> <p>Publications.</p>	<p>Better Practice events held during 2007/08 were highly successful. They all featured speakers on practical applications related to accreditation outcomes. 1,511 delegates attended over the year. In the evaluation 98% of respondents indicated they would recommend the event to others.</p> <p><i>The Standard</i> monthly newsletter increased distribution and is available electronically.</p> <p>1,820 copies of the <i>Pocket guide to the Accreditation Standards</i> were distributed during the reporting period.</p> <p>Agency advertisements appear in all five state versions of the <i>DPS Aged Care Guide</i>.</p> <p>More than 11,500 self-directed learning packages were downloaded from the website during the year. ie: Self assessment 6,540; Continuous improvement 1,947; Demystifying dementia 1,688; and Data measurement 1,413.</p>

Performance indicator	Performance target	Relevant activities and initiatives undertaken and outcomes achieved
	<p>Development of accredited training courses that meet the needs of the sector.</p> <p>Inclusion of an education component in 50% of support visits.</p> <p>Utilising well trained and skilled Agency staff and establishing a process to ensure ongoing training and skills development.</p> <p>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).</p>	<p>138 participants completed the Aged Care Assessment Course. 115 participants successfully completed the exam.</p> <p>QUEST (Quality education on standards) continues to be a popular form of education for homes. During the reporting period, sessions were conducted at 764 homes to 7,893 participants. Assessors also provide information during support contacts and audits.</p> <p>Assessors regularly attend assessor forums. Also, competency and skills matrixes are used to match position descriptions and ensure appropriate training and development.</p> <p>The focus for the 2007/08 seminars was continuous improvement, evidence-based practice and managing risk to avoid non-compliance. Positive feedback was received for all the seminars.</p>

Performance indicator	Performance target	Relevant activities and initiatives undertaken and outcomes achieved
<p>Effective decision making and reporting.</p>	<p>Timeliness and appropriateness of decisions.</p> <p>Consistency of decisions across assessors and across jurisdictions.</p> <p>Quality and timeliness of reports.</p> <p>Appropriate approved provider and public access to reports.</p>	<p>100% of decisions were made before the accreditation expiry date.</p> <p>No statistically significant inconsistencies.</p> <p>Review of reports undertaken through a sampling process.</p> <p>All accreditation decisions are published on the Agency's website.</p>
<p>Assessing and strategically managing services working towards accreditation.</p>	<p>Timeliness and quality of support, information and education provided to:</p> <p>Potential providers.</p> <p>Homes granted exceptional circumstances.</p>	<p>The Agency provides potential approved providers with the application and refers them to accreditation materials on the website. If they are unable to access the web, hard copies are sent.</p> <p>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.</p>

Performance indicator	Performance target	Relevant activities and initiatives undertaken and outcomes achieved
	<p>Commencing services.</p> <p>Homes with accreditation revoked or reduced.</p>	<p>All valid commencing services receive one year's accreditation with support visits and education as appropriate to their circumstances.</p> <p>Additional support contacts have been planned and conducted.</p>

Part eight Financial statements

Directors' report

Directors submit the financial accounts of the entity for the financial year ended 30 June 2008.

Directors

The names of directors in office as at 30 June 2008 are:

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



Information on Directors



Mr James Harrowell AM, Chairman

Appointed 21 June 1999. Current appointment until 30 June 2011

Partner and a former managing partner of Hunt & Hunt Legal Group

Qualified lawyer and accountant

Director and former Chairman of Interlaw Limited

President, 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

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

Chairman of the Commonwealth Government's Complementary Medicine Implementation Reference Group

Chairman Civil Aviation Safety Authority's Expert Panel on Aircraft Air Quality

Previous appointments:

- Foundation Executive Chair, Ingle Farm Community Health Centre
- Foundation Executive Chair, Department of Primary and Emergency Care, John Hunter Hospital
- 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

AM MBBS FRACGP FAICD



Mr David Deans

Appointed 4 December 2006. Current appointment until 3 December 2009

Director, International Federation on Ageing
Consultant to Australian Seniors Finance Ltd Board

Previous appointments:

- Member, Public Service Medal Committee
- Chief Executive of National Seniors Association (1991-2006)
- Director and Chairman of Audit Committee of Centrelink

Recipient of Centenary of Federation Medal for services to Australians 50 and over



Mr 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

Previous appointments:

- Manager regional commercial TV station and General Manager commercial radio station Melbourne
- CEO/Company Secretary, Spastic Society of Victoria
- National Executive Director, Aged Care Australia
- Board member ACROD Ltd
- Board member Villaggio Sant'Antonio Ltd
- Board member Cerebral Palsy Overseas UK
- Chair Victorian Consultative Council on Rehabilitation



Mr Jon Gregerson

Appointed 18 June 2007. Current appointment until 17 June 2010

Consultant to Finlaysons Law Firm SA

Governor of the Wyatt Benevolent Institution Inc

Member Law Council of Australia, Business Law Section

Council member of Neurosurgical Research Foundation Inc

Previous appointments:

- SA Chair of Trade Practices Committee and Resources and Energy Committee of Law Council
- Board member Adelaide Festival Centre Foundation Inc
- SA Chair of Australian Mining and Petroleum Law Association
- Member of Professional Conduct Committee of Law Society of SA

LLB



Professor Joseph E Ibrahim

Appointed 14 November 2002. Current appointment until 14 November 2008

Associate Director NHMRC Centre of Research Excellence in Patient Safety Department of Epidemiology and Preventive Medicine, Monash University

Adjunct Professor, Australian Centre for Evidence Based Aged Care, Faculty of Health Sciences, La Trobe University

Inaugural member of the Clinical Liaison Service, Specialist Investigations Unit at the Victorian Institute of Forensic Medicine

Doctorate of Philosophy investigating the relationship between quality of care and performance indicators

Researcher on projects researching the quality of clinical care, patient safety and performance indicators

Consultant physician, Ballarat Health Service

Previous appointments:

- Regional editor for the International Journal for Quality in Health Care (2000-2004)

MBBS GradCertHE PhD MRACMA FAFPHM FRACP



Ms 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 to the Guild Group of Companies

Fellow, College of Nursing (NSW)

Member, Royal College of Nursing Australia

Member, Australian Institute of Company Directors

Previous appointments:

- CEO of ANHECA/ACAA federally for two years (1993-1995) and of NSW for 13 years (1993-2006)

Honorary Doctor of the Australian Catholic University for outstanding contribution to aged care and to nursing and nursing education and training (May 2007)



Professor Rhonda Nay

Appointed 24 June 2002. Current appointment until 18 June 2011

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 and Tas Centre

Member International Research Centre for Healthy Ageing and Longevity

Previous appointments:

- Member of the National Advisory Committee on Ageing
- Consultant Editor Coroner's Communiqué
- Regional Editor International Journal of Older People Nursing
- Expert Advisor International Council of Nurses

RN BA MLitt PhD FRCNA FCN FAAG



Mr Douglas Strain

Appointed 4 December 2006. Current appointment until 3 December 2009

CEO, Masonic Homes Limited since July 2003

Fellow of the Australian Institute of Company Directors

Trustee of the Committee for the Economic Development of Australia

Graduate of the Royal Military College, Duntroon

MBA (Adv), BEc, BA (Mil)

Operating results

The operating profit amounted to \$594,255. Dividends are not applicable for this entity, as no beneficial interest exists.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the company during the twelve months to 30 June, 2008.

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 2008/09 financial year. The company will seek to renegotiate the funding agreement with the Commonwealth in the upcoming financial year.

Audit Committee

The Audit Committee is established by the Board of Directors. The objective of the committee is to provide assistance to the Board concerning ACSAA's risk, control and compliance framework, and its external accountability responsibilities. The members are responsible to apply good analytical skills, objectivity and good judgement in relation to:

- Risk management systems
- Internal control systems and relevant policies and procedures
- Reporting of financial information in the annual report and other reports
- Legislative compliance
- The performance of the internal audit function while providing a forum for communication between the Board, senior management and internal and external audit
- External audit.

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 \$22,627 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 AM
Director



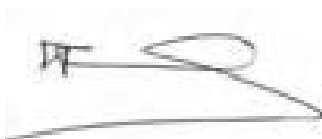
David Deans
Director

Dated 12 September 2008

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 2008 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 AM
Director



David Deans
Director

Dated 12 September 2008



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

In relation to our audit of the financial report of the Aged Care Standards and Accreditation Agency Ltd for the year ended 30 June 2008, 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

Sydney
12 September 2008

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

Income Statement

For the year ended 30 June 2008	Note	2008 \$	2007 \$
Revenue from ordinary activities	2	27,691,757	31,310,480
Employee expenses		(19,238,613)	(22,400,992)
Depreciation and amortisation		(540,033)	(625,517)
Finance costs		(9,955)	(12,641)
Other expenses from ordinary activities	2	(7,308,901)	(7,257,027)
Net operating result from ordinary activities		594,255	1,014,303
Total changes in equity		594,255	1,014,303

The accompanying notes form part of this Income Statement.

Balance Sheet

As at 30 June 2008	Note	2008 \$	2007 \$
Current assets			
Cash and cash equivalents	6	11,534,345	14,712,774
Trade and other receivables	7	238,206	272,641
Prepayments		189,265	322,557
Total current assets		11,961,816	15,307,972
Non-current assets			
Property, plant and equipment	8	773,506	769,459
Intangibles	9	2,328,805	0
Total non-current assets		3,102,311	769,459
Total assets		15,064,127	16,077,431
Current liabilities			
Trade and other payables	10	3,157,797	5,049,307
Other current provisions	11	18,612	0
Employees provisions	12	1,414,119	1,132,589
Total current liabilities		4,590,528	6,181,896
Non-current liabilities			
Employees provisions	13	518,786	550,589
Other non-current provisions	14	181,445	185,461
Trade and other payables	15	298,176	278,548
Total non-current liabilities		998,407	1,014,598
Total liabilities		5,588,935	7,196,494
Net assets		9,475,192	8,880,937
Equity			
Retained earnings		9,475,192	8,880,937
Total equity		9,475,192	8,880,937

The accompanying notes form part of this Balance Sheet.

Cash Flow Statement

For the year ended 30 June 2008	Note	2008 \$	2007 \$
Cash flows from operating activities			
Receipts from customers and government grants		25,614,606	28,667,256
Interest received		868,153	822,250
GST received/(paid)		43,472	62,534
Payments to suppliers and employees		(26,859,577)	(29,140,188)
Finance costs		(9,955)	(12,641)
Net cash from/(used by) operating activities	5	(343,301)	399,211
Cash flows from investing activities			
Purchase of property, plant & equipment		(2,871,809)	(354,437)
Proceeds on disposal of property, plant & equipment		36,681	380
Net cash used by investing activities		(2,835,128)	(354,057)
Net increase/(decrease) in cash and cash equivalents		(3,178,429)	45,154
Cash and cash equivalents at the beginning of the financial year		14,712,774	14,667,620
Cash and cash equivalents at the end of the financial year	6	11,534,345	14,712,774

The accompanying notes form part of this Cash Flow Statement.

Changes in Equity Statement

For the year ended 30 June 2008	Note	2008 \$	2007 \$
Opening balance			
Balance carried forward from previous period		8,880,937	7,866,634
Income and expense			
Net operating result			
Income and expenses recognised directly in equity		594,255	1,014,303
Closing balance		9,475,192	8,880,937

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

Notes to the Financial Statements

For the year ended 30 June 2008

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.

Education income is recognised in the same period in which training is conducted.

Income received from publications is recognised upon receipt.

Income tax

The Company has received a private ruling 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 2008.

The current rates of depreciation by category are:

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

Impairment of assets

All assets were assessed for impairment at 30 June 2008. 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 Company 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.

Employee benefits

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

have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

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

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

Goods and service tax (GST)

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

Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Finance Reporting Standards (A-IFRS).

In the current year the Company adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current period.

The following new standards, amendments to standards and interpretations for the current financial year have no material impact on any of the amounts recognised in the financial report but do increase the disclosures required in the Company's financial report for financial instruments where relevant:

AASB 7 'Financial Instrument : Disclosure'	Effective for annual reporting periods beginning on or after 1 July 2007
AASB 2005-10 Amendments to Australian Accounting Standards arising from AASB 7	Effective for annual reporting periods beginning on or after 1 July 2007

The following new standards (including reissued standards), amendments to standards and interpretations for the current financial year have no material impact on the Company's financial report:

AASB 101 'Presentation of Financial Statements' (issued October 2006)	Effective for annual reporting periods beginning on or after 1 July 2007
AASB 1048 'Presentation and Application of Standards' (issued September 2007)	Effective for annual reporting periods ending on or after 30 September 2007
AASB 2007-4 Amendments to Australian Accounting Standards arising from ED151 'Proportionate Consolidation'	Effective for annual reporting periods beginning on or after 1 July 2007
AASB Interpretation 11 ' Group and Treasury Share Transactions'	Effective for annual reporting periods beginning on or after 1 March 2007
AASB 1003 'Australia Petroleum Resource Rent Tax'	Effective for annual reporting periods ending on or after 30 June 2008

At the date of authorisation of the report, the standards and interpretations listed below were in issue but not yet effective.

Initial application of the following standards will not affect any of the amounts recognised in the financial report, but may change the disclosures presently made in relation to the Company's financial report:

AASB 101 'Presentation of Financial Statements' (issued September 2007)	Effective for annual reporting periods beginning on or after 1 January 2009
AASB 2007-8 Amendments to Accounting Standards arising from AASB 101	Effective for annual reporting periods beginning on or after 1 January 2009

Initial application of the following standards and interpretations is not expected to have any material impact on the financial report of the Company:

AASB Interpretation 12 'Service Concession Arrangements'	Effective for annual reporting periods beginning on or after 1 January 2008
AASB Interpretation 129 'Service Concession Arrangements Disclosures'	Effective for annual reporting periods beginning on or after 1 January 2008
AASB Interpretation 14 'AASB 119 – The Limit on a Define Benefit Asset, Minimum Funding Requirements and their Interaction'	Effective for annual reporting periods beginning on or after 1 January 2008
AASB Interpretation 4 'Determining whether an Arrangement Contains a Lease'	Effective for annual reporting periods beginning on or after 1 July 2008
AASB Interpretation 13 " Customer Loyalty Programmes'	Effective for annual reporting periods beginning on or after 1 July 2008
AASB 1004 ' Contributions'	Effective for annual reporting periods beginning on or after 1 July 2008
AASB 1050 ' Administered Items'	Effective for annual reporting periods beginning on or after 1 July 2008
AASB 1051 ' Land Under Roads'	Effective for annual reporting periods beginning on or after 1 July 2008
AASB 1052 'Disaggregated Disclosures'	Effective for annual reporting periods beginning on or after 1 July 2008

AASB 2007-9 Amendments to Australia Accounting Standards arising from review of AASB's 27,29 and 31	Effective for annual reporting periods beginning on or after 1 July 2008
AASB Interpretation 1038 'Contributions by Owners Made to Wholly-owned Public Section Entities'	Effective for annual reporting periods beginning on or after 1 July 2008
AASB 8 'Operating Segments'	Effective for annual reporting periods beginning on or after 1 January 2009
AASB Interpretation 1 'Liabilities – Changes in Decommissioning, Restoration and Similar'	Effective for annual reporting periods beginning on or after 1 January 2009
AASB 2007-2 Amendments to Australia Accounting Standards arising from AASB Interpretation 12 'Service Concession Arrangements'	Effective for annual reporting periods beginning on or after 1 January 2009
AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8	Effective for annual reporting periods beginning on or after 1 January 2009
AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123	Effective for annual reporting periods beginning on or after 1 January 2009
AASB 2008-1 Amendments to Australian Accounting Standard 'Share Based Payments – Vesting Conditions and Cancellations'	Effective for annual reporting periods beginning on or after 1 January 2009
AASB 123 'Borrowing Costs' (revised)	Effective for annual reporting periods beginning on or after 1 January 2009
AASB 2008-2 'Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation'	Effective for annual reporting periods beginning on or after 1 January 2009
AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Effective for annual reporting periods beginning on or after 1 July 2009
AASB 3 'Business Combinations'	Effective for annual reporting periods beginning on or after 1 July 2009
AASB 127 'Consolidated & Separate Financial Statements'	Effective for annual reporting periods beginning on or after 1 July 2009

The following standards and interpretations have been issued but are not applicable to the operations of the Company:

AASB 1049 'Financial reporting of General Government Sectors by Governments'	Effective for annual reporting periods beginning on or after 1 July 2008.
AASB 2008-4 'Amendments to Australian Accounting Standard – Key Management Personnel Disclosures by Disclosing Entities' arising from AASB 124.	Effective for annual reporting periods ending on or after 30 June 2008.

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

	2008 \$	2007 \$
Income from operating activities		
Government grants received	21,042,000	22,120,000
Accreditation revenue	4,331,945	7,002,951
Training revenue	1,439,048	1,284,387
Interest	833,454	825,567
Other income	45,310	77,575
Income from ordinary activities	27,691,757	31,310,480

Charging as expenses

	2008 \$	2007 \$
Depreciation of non-current assets:		
Property, plant and equipment	519,802	586,716
Makegood	20,231	38,801
Total depreciation	540,033	625,517
Other expenses		
IT	450,273	252,678
Legal	444,232	203,898
Other professional fees	175,415	162,337
Printing and stationery	461,646	411,408
Rental expense on operating leases	2,119,266	1,870,193
Seminars and conferences	54,427	205,691
Telephones and communications	295,975	251,132
Training and recruitment	441,116	407,805
Travel	2,300,702	2,916,352
Other	565,849	575,533
Total other expenses from ordinary activities	7,308,901	7,257,027

Note 3. Remuneration of directors

	2008 \$	2007 \$
Total directors' remuneration for the financial year	285,159	222,017
\$0 - \$ 9,999	0	4
\$10,000 - \$19,999	1	4
\$20,000 - \$29,999	9	5
\$40,000 - \$49,999	1	1
Total number of directors	11	14

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 (ceased 30/4/2008)
 Ms Susanne Macri AM
 Professor Rhonda Nay
 Mr. Douglas Strain
 Mr Peter Toohey (ceased 30/4/2008)

Note 4. Remuneration of auditors

	2008 \$	2007 \$
Audit of financial report	37,000	34,000

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

Note 5. Reconciliation 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

	2008 \$	2007 \$
Operating result from ordinary activities	594,255	1,014,303
Non-cash flows in operating result		
Depreciation	540,033	625,517
Loss /(gain) on sale of property, plant and equipment	(37,759)	380
Changes in assets and liabilities		
(Increase)/Decrease in receivables	34,435	273,973
(Increase)/Decrease in prepayments	133,292	(63,378)
Increase/(Decrease) in payables	(1,891,508)	(1,709,333)
Increase/(Decrease) in current provisions	300,142	140,936
Increase/(Decrease) in non-current provisions	(16,191)	116,813
Net cash from/(used by) operating activities	(343,301)	399,211

Note 6. Cash and cash equivalents

	2008 \$	2007 \$
Cash at bank and on hand	11,534,345	14,712,774

Note 7. Trade and other receivables

	2008 \$	2007 \$
Goods and services	119,674	144,446
GST receivable from the Australian Tax Office	105,095	111,414
Other	13,437	16,781
Total trade and other receivables	238,206	272,641

Note 8. Property, plant and equipment

	2008 \$	2007 \$
Furniture & fittings		
Cost		
Opening	1,018,020	891,154
Additions	162,266	127,573
Disposals	(115,210)	(707)
Closing	1,065,076	1,018,020
Accumulated depreciation		
Opening	(721,354)	(498,396)
Depreciation expense	(163,149)	(223,509)
Write back on disposals	115,210	551
Closing	(769,293)	(721,354)
Net furniture and fittings	295,783	296,666
Computers		
Cost		
Opening	2,097,587	2,038,381
Additions	209,636	187,971
Disposals	(1,056,164)	(128,765)
Closing	1,251,059	2,097,587

Note 8. Property, plant and equipment continued

	2008 \$	2007 \$
Accumulated depreciation		
Opening	(1,841,847)	(1,680,864)
Depreciation expense	(153,350)	(287,141)
Write back on disposals	1,054,164	126,158
Closing	(941,033)	(1,841,847)
Net computers	310,026	255,740
Office equipment		
Cost		
Opening	463,295	422,400
Additions	10,392	40,895
Disposals	(40,763)	-
Closing	432,924	463,295
Accumulated depreciation		
Opening	(292,948)	(216,883)
Depreciation expense	(61,597)	(76,065)
Write back on disposals	40,212	-
Closing	(314,333)	(292,948)
Net office equipment	118,591	170,347
Leasehold improvements		
Cost		
Opening	149,038	149,038
Additions	22,631	-
Disposals	-	-
Closing	171,669	149,038
Accumulated depreciation		
Opening	(102,332)	(63,531)
Depreciation expense	(20,231)	(38,801)
Closing	(122,563)	(102,332)
Net leasehold improvements	49,106	46,706
Total property, plant and equipment	773,506	769,459

Note 9. Intangibles

	2008 \$	2007 \$
Software – internally developed		
Cost		
Opening	0	0
Additions	2,478,821	0
Closing	2,478,821	0
Accumulated amortisation		
Opening	0	0
Amortisation expense	(150,016)	0
Closing	(150,016)	0
Net software	2,328,805	0

Note 10. Current liabilities – trade and other payables

	2008 \$	2007 \$
Lease incentives	57,225	78,569
Trade creditors and accruals	1,328,877	2,002,426
Unearned income	1,771,695	2,968,312
Total trade and other payables	3,157,797	5,049,307

Note 11. Current liabilities – other current provisions

	2008 \$	2007 \$
Makegood	18,612	0
Total current liabilities - other provisions	18,612	0

Note 12. Current liabilities – employee provisions

	2008 \$	2007 \$
Annual leave	1,030,115	982,359
Long service leave	48,557	0
Salary and wages	335,447	150,230
Total employee provisions	1,414,119	1,132,589

Note 13. Non-current liabilities – employee provisions

	2008 \$	2007 \$
Long service leave	518,786	550,589
Total non-current employee provisions	518,786	550,589
Aggregate employee benefit liability (refer to notes 12 and 13)	1,932,905	1,683,178

Note 14. Non-current liabilities – other non-current provisions

	2008 \$	2007 \$
Makegood	181,445	185,461
Total other non-current provisions	181,445	185,461

Note 15. Non-current liabilities – trade and other payables

	2008 \$	2007 \$
Lease incentives	298,176	278,548
Total trade and other payables	298,176	278,548

Note 16. 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 17. Expenditure commitments

	2008 \$	2007 \$
(a) Operating leases		
Non-cancellable operating leases contracted for but not capitalised in the accounts		
Payable:		
Within one year	1,363,544	1,099,309
Later than one year but not later than 5 years	3,853,275	3,241,310
Later than 5 years	0	515,474
	5,216,819	4,856,093

Note 17. Expenditure commitments continued

	2008 \$	2007 \$
(b) Capital commitments		
Commitments contracted for plant and equipment purchases or capital expenditure projects.		
Payable within one year:	32,200	304,228
	32,200	304,228

Note 18. Contingent liabilities and assets

	2008 \$	2007 \$
Estimates of the potential financial effect of contingent liabilities that may become payable		
The Company has three Bank Security Deposit Guarantees for rental properties	190,088	229,300
	190,088	229,300

Note 19. 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 2008 was 7.55% (30 June 2007: 6.26%).

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

2008	Floating interest rate \$	Non interest bearing \$	Total \$	Weighted average effective interest rate %
Financial assets				
Cash	11,534,345	-	11,534,345	7.55%
Receivables	-	238,206	238,206	
	11,534,345	238,206	11,772,551	
Total assets			15,064,127	
Financial liabilities				
Payables	-	1,328,877	1,328,877	
Other	-	1,414,119	1,414,119	
Provisions	-	57,225	57,225	
	-	2,800,221	2,800,221	
Total liabilities			5,588,935	
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	
Other	-	1,168,421	1,168,421	
Provisions	-	78,569	78,569	
	-	3,213,584	3,213,584	
Total liabilities			7,196,494	

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 20. 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 & Ageing in the form of the accreditation grant.

Note 21. 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 Ltd

Scope

We have audited the accompanying financial report of the Aged Care Standards and Accreditation Agency Ltd, which comprises the Balance Sheet as at 30 June 2008, and the Income Statement, Cash Flow Statement and Changes in Equity Statement for the year ended on that date, Notes to the Financial Statements, including a Summary of Significant Accounting Policies and the Directors' Declaration.

The Directors' Responsibility for the Financial Report

The Directors of the Aged Care Standards and Accreditation Agency Ltd are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards including the 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 the 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 whether 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of 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 I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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

Independence

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

Auditor's Opinion

In my opinion:

- (a) the financial report of the Aged Care Standards and Accreditation Agency Ltd is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Aged Care Standards and Accreditation Agency Ltd's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Australian National Audit Office



P Hinchey
Senior Director
Delegate of the Auditor-General

Sydney
12 September 2008

Appendix

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Aged Care

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